

# THE SMALL BUSINESS



# ADVOCATE

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## National Advocacy Award Winners To Be Honored During National Entrepreneurial Conference and Expo

SBA's 50th anniversary is an opportunity to celebrate the incredible contributions that small businesses have made to the United States. Small business is an enduring symbol of the American Dream. Nowhere is this more evident than in the stories of the national advocacy and special award winners. Combining vision, perseverance, and ingenuity, each of these 10 individuals has made an indelible impact on their industries, communities, and peers. (Their stories begin on page 4.)

The winners will be honored at the National Entrepreneurial Conference and Expo, the primary

50th anniversary event. At the same time, SBA is sponsoring regional anniversary events throughout the country between August 2003 and June 2004. These events will bring together small businesses, SBA's resource partners, community leaders, and elected officials to discuss the challenges and opportunities for small businesses throughout America. They will also let entrepreneurs and small business owners meet with local bankers, venture capitalists, resource and trade partners, and local SBA staff.

For a complete schedule, visit [www.sba.gov/50](http://www.sba.gov/50) or call 1-800-ASK-SBA (1-800-827-5722).



On a recent trip to the Northwest, Chief Counsel Tom Sullivan and Region 10 Advocate Norm Proctor paid a visit to a preeminent Seattle small business, the Pike Place Fish Company at the Pike Street Market, known equally for the quality of the fish it sells and the staff's enthusiasm. Shown here with Norm and Tom are fish mongers Ben Bish (left) and Jaison Scott (right).



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## Regulatory News

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### FCC Stays "Do Not Fax" Rule until January '05

Following requests from Advocacy and numerous trade groups, the Federal Communications Commission extended the effective date of new rules that would require the written consent of recipients before sending advertising faxes.

Advocacy based its petition for reconsideration on the impact of the rule on small entities. Advocacy suggested ways that the FCC could lighten the burden on small entities, for instance reinstating the "established business relationship" provision, exempting nonprofit organizations, creating a presumption that membership in a trade association implies consent, and clarifying the definition of an unsolicited commercial advertisement.

The FCC's action does not change the effective date for the comprehensive telemarketing rules, or other rules regarding faxes. The extension of time permits entities sending fax advertisements more time to comply with the new rules and obtain written consent and sig-

natures from parties to whom they wish to fax. It will also allow the commission time to consider any petitions for reconsideration and other filings that may be made on this issue. The extension keeps in effect, until Jan. 1, 2005, the exemption that allows entities to send unsolicited fax advertisements to individuals and businesses with which they have established business relationships. Until Jan. 1, 2005, fax senders do not have to obtain the express written consent, including signatures, from recipients with whom they have established business relationships. Regardless of the extension, however, fax transmitters still must obtain prior express permission from fax recipients with whom they do not have established business relationships, as required by previously existing rules.

For more information contact Assistant Advocate Eric Menge, [eric.menge@sba.gov](mailto:eric.menge@sba.gov) or (202) 205-6949.

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## Economic News

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### 2003 Small Business Profiles for States and Territories Now Available

Small businesses play a central role in the U.S. economy's overall health, as the *2003 State Small Business Profiles* illustrate. Small firms account for roughly 75 percent of the net new jobs and represent 99.7 percent of employer firms in the United States. These dynamic firms continue to bring new ideas to market, and they employ half of the nation's nonfarm work force.

The *2003 Small Business Profiles for States and Territories* are a quick source of information

for state and territory data. This 14th edition provides data on small business employment, turnover, income, finance, and also on the number of minority-, and women-owned businesses per state. For the first time this edition provides available small business data for the U.S. territories of Puerto Rico, Guam, the Northern Mariana Islands, the U.S. Virgin Islands, and American Samoa.

For a copy of this report, go to [www.sba.gov/advo/stats/profiles](http://www.sba.gov/advo/stats/profiles). To

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## The Small Business Advocate

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## Message from the Chief Counsel

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### Advocacy Heads Back to School

by Thomas M. Sullivan, Chief Counsel for Advocacy

The sight of students across the country returning to school serves as a reminder that today's students are tomorrow's entrepreneurs and small business researchers. Research continues to show that those individuals with more education are more likely to engage in entrepreneurial activity and those entrepreneurs with higher degrees are more likely to be successful. Moreover, according to the 2002 *Global Entrepreneurship Monitor* report, "the more educated the entrepreneur, the more jobs they expect to create."

More entrepreneurship means more jobs and growth. Small businesses account for half of our domestic nonfarm output, employ half of our work force, and create 75 percent of net new jobs. A recent study showed that start-ups in the first two years of operation accounted for virtually all of the net new jobs in the economy. Since education is a well-proven determinant of start-up success, this makes our goal of reaching today's students all the more relevant.

How can Advocacy reach current students and supply the information and resources that will nurture the next generation of researchers and entrepreneurs? Advocacy is currently reaching out in six important ways.

- **Focus Groups with**

**Academics.** Advocacy's regional focus groups led by Chief Economist Chad Moutray are providing valuable feedback on our research and data. They also provide an opportunity to engage university faculty members in a dialogue that may result in future avenues of research. Through this dialogue, we hope to involve them in future endeavors and promote

small business and entrepreneurship research to the students in their classrooms.

- **Contacting Professors in Top Programs.** One participant in the Chicago focus group suggested that Advocacy's *Small Business by the Numbers* handout should be in the hands of every student. We agree and plan to contact professors and textbook authors to more widely circulate this information.

- **Presence at Conferences.** Focus group participants stress the need for Advocacy staff and research to be visible at economic conferences and for us to organize our own conferences and workshops. We will work toward this in the coming year, since this provides an excellent forum to present our research and direct the attention of scholars and students to the findings.

- **Partnering with Other Entities.** There are a number of organizations pursuing entrepreneurship research and education, but there are limits to what each of us can accomplish by ourselves. Collaborations provide an excellent opportunity to share resources, pursue projects that might otherwise be out of reach, and enhance the distribution of our findings.

- **Support Graduate Research.** For the past several years, we have

promoted graduate student research in small business through our competitive solicitations. Moreover, Advocacy presented a best paper award this year and published the winning paper.

- **Document Our Data Sources.** Research is difficult to conduct without data, and small business studies are no different. We are in the process of preparing a handbook on data sources for small business researchers.

The beginning of the school year reminds us of the important role education has played in our lives. Entrepreneurs depend on the educational talents and the shared knowledge that small business researchers contribute. By studying entrepreneurial successes and failures, policymakers, business development centers, and future entrepreneurs learn new techniques for successful ventures to come.

The more researchers and students we can engage in small business studies, the stronger the case we can make for the importance of entrepreneurship and small business to the U.S. economy. Advocacy is engaged in doing its part to ensure that the current crop of students consider small business research as a crucial research endeavor.

### For More Information

- *The Panel Study of Entrepreneurial Dynamics* (PSED) and *Global Entrepreneurship Monitor* (GEM) explore characteristics of nascent entrepreneurs, and the importance of education. [www.kauffman.org](http://www.kauffman.org)
- The impact of start-ups on job creation is explored in *Endogenous Growth and Entrepreneurial Activity in Cities* by Zoltan J. Acs and Catherine Armington, Center for Economic Studies, U.S. Bureau of the Census, January 2003, [www.ces.census.gov/paper.php?paper=101665](http://www.ces.census.gov/paper.php?paper=101665).
- Rankings of university-level entrepreneurship programs can be found in the April 2003 issue of *Entrepreneurship*, or link to [www.entrepreneur.com/topcolleges](http://www.entrepreneur.com/topcolleges).

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## The 2003 National Advocate and Special Award Winners

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### Entrepreneurial Success Award

In 1993, Himanshu “Sue” Bhatia, and her husband, Gulab, founded Rose International in St. Louis, Mo. In just 10 years, Rose International has evolved from a small technology staffing firm into a complete information technology services firm. By paying close attention to her clients’ needs, Sue became aware that they needed more than warm bodies staffing their IT departments—they needed accomplished individuals who could help them develop broad-based, personalized solutions to suit their technological needs. Whether it’s a network, database, or application problem, Rose has developed the expertise to deliver rapid, practical solutions customized for its clients. As a result, Rose has gone from a local, five-person company to a national firm with a staff of 400. Rose has won contracts with such large companies as Anheuser-Busch and ChevronTexaco and has been a prime contractor to 13 federal agencies. When you consider that Sue came to the United States as a student in 1987, and today is the chief executive of a world-class firm, you know this is a story that could only happen in America.



Entrepreneurial Success Award Winner  
Himanshu “Sue” Bhatia

### Small Business Exporter of the Year

Wilson Forest Products has been family owned and operated for three generations. The plant, located in the heart of Pennsylvania’s Appalachian region, covers more



Small Business Exporter of the Year  
William A. Wilson

than 50 acres and includes a stave mill, a barrel plant, more than 30 acres of drying yards, and 55 employees. Under the leadership of William A. Wilson, president since 1970, the company now sells 99 percent of its product—worth \$6.7 million—in overseas markets. Through its subsidiary, Keystone Cooperage, the firm supplies oak barrels and staves to winemakers at home and abroad. Keystone employs skilled coopers to tighten and level the staves into hoops and sand the barrels into fine furniture. The price of a barrel, \$280, is a bargain compared to competing products, which can cost three times as much. As a result of Wilson’s innovations, sales have increased 97 percent in the past seven years and employment has increased 267 percent. Bill encourages other small businesses to enter export markets and guides them over financing and other hurdles.

### Financial Services Advocate of the Year

As an entrepreneur and educator, Fran Jabara has helped shape generations of entrepreneurs and business people. The son of Lebanese immigrants, Fran served on the faculty of Wichita State University for 40 years. Recognizing a need for students to learn the fundamentals of entrepreneurship and how to apply them, Fran created a summer workshop in 1977 which ultimately evolved into Wichita State’s Center for Entrepreneurship. The center was one of the first academic programs dedicated to entrepreneurship. Fran served as its director for more than a decade and has helped other universities start similar centers. In 1991, Fran founded Venture Kids to enable minority fifth graders to learn about the opportunities business may offer. After retiring in 1989, Fran and his son, Harvey, created Jabara Ventures Group, a merchant banking and investment company. The company has invested, ventured, financed, or consulted with more than 150 clients and created a reputation for fairness and quality service. A child of the Great Depression, Fran’s advice to entrepreneurial hopefuls looking for money is the four S’s: “Stop spending, start saving!”



Financial Services Advocate of the Year  
Fran Jabara

### Home Based Business Advocate of the Year

Christopher L. Hansen is on a crusade to bring New Jersey zoning in step with the 21st century. His Home Based Business Council has worked since 1995 to address antiquated New Jersey zoning laws that make it illegal to operate a business in the home. Because of their



Home Based Business Advocate of the Year Christopher L. Hansen

extralegal status, successful home-based entrepreneurs in New Jersey are unable to purchase affordable health insurance, qualify for commercial liability insurance, or fully participate in their communities. A determined crusader, Chris helped establish the Partnership for Work at Home in 1996 to educate state and local officials. He has developed a model home occupation zoning ordinance and produced a weekly cable television program, *Reuniting Work and Home*. He has worked with the state legislature for five years to craft legislation legalizing home occupations, and he has built a statewide coalition of support, the New Jersey Coalition for Jobs and Entrepreneurship. Since its founding, the Home Based Business Council now has members in 27 states. Chris continues to fight for his state to recognize the indispensable contribution home businesses make to today's society.

### Minority Small Business Advocate of the Year

When Stephen F. Mee took charge of Los Alamos National Laboratories' rehabilitation project following the Cerro Grande fires of 2000, most would have seen it as a land reclamation assignment. Steve, instead, used it as an opportunity to rebuild respect and trust between Anglo and Native American cultures. As program manager, Steve was responsible for \$120 million worth of work to manage erosion control, forest thinning, cultural site assessment, and restoration of over 43,000 acres. Steve sought out regional small businesses and contracted more than half of the field activities to 8(A), woman-owned, Native American-owned, or HUBZone-certified companies in northern New Mexico. He awarded significant contracts to the Pueblo Nation—the first such contracts in the laboratories' 59-year history—and provided professional training to pueblo accounting staffs, safety training for work crews, and procurement training to their business managers. In October 2002, the Northern New Mexico Supplier Alliance recognized Steve for his support of regional vendors. In establishing business relationships



Minority Small Business Advocate of the Year Stephen F. Mee

based on respect of traditional Native American cultural values, Steve has helped reclaim a cultural territory long overlooked in the history of Los Alamos.

### Research Advocate of the Year

Robert H. Brockhaus is a pioneering educator and researcher who also puts what he knows into practice. Since 1987, he has directed the Jefferson Smurfit Center for Entrepreneurial Studies at St. Louis



Research Advocate of the Year Robert H. Brockhaus

University. Under his leadership, the center's graduate program has been recognized as the best in the country in three consecutive years. He is also president of Progressive Management Enterprises, a family consulting and real estate management firm founded in 1969. He and his wife, Dr. Joyce Brockhaus, provide consultation services to family businesses and have spoken in over 20 countries. Bob conducts research on entrepreneurship from psychological, sociological, and environmental perspectives and is the author or co-author of 12 books and over 80 research papers. He is one of the most cited researchers on independent entrepreneurship in the world. Bob takes a special interest in family-owned businesses and has developed courses on the topic. Family is clearly important

*Continued on page 6*

## Winners, from page 5

to him; one of his most cherished awards is “Father of the Year,” bestowed on him by the Lindbergh High School Student Council for his active involvement in his children’s schools.

### Small Business Journalist of the Year

“Small business *is* business in New Hampshire—it’s basically the heart and soul of the state’s economy,” says Jeff Feingold, editor of the *New Hampshire Business Review*. The publication reaches 50,000 print subscribers and an equal number over the web. Through his dedication and personal experience, Jeff has used the media to increase public understanding of the importance of small businesses’ contributions to the economy. Jeff’s perceptive reporting is born of firsthand experience; his father and grandfather, a Romanian immigrant, ran Feingold Novelty and Button in New York City’s garment district for most of the 20th century. A frequent guest on New Hampshire radio and television programs, Jeff also works closely with the staff of the New Hampshire Small Business Development Center to publish *NH Entrepreneur*, the SBDC’s quarterly insert in the *New Hampshire Business Review*.



Small Business Journalist of the Year  
Jeff Feingold

### Veteran Small Business Advocate of the Year

Corp. Dennis DeMolet and a friend were eating lunch in the USO club in DaNang in December 1966 when Dennis saw a fire raging in the club’s kitchen. Rushing in, the two Marines saw that the fire had been caused by leaking butane.



Veteran Small Business Advocate of the Year  
Dennis DeMolet

They disconnected the bottle and carried it a safe distance from the club. As Dennis rushed back to make sure the building had been evacuated, sparks ignited the gas fumes, and a flash fire burned him severely. For his bold selflessness, Dennis received a Navy commendation. In the years since, Dennis has never stopped being a bold and fearless advocate for his fellow veterans. He has worked with veterans’ organizations as a professional counselor and created radio and television programs supporting veterans in the work force. In 1998, Dennis established DeMolet Consulting to serve companies interested in establishing a presence in the federal and state governments, particularly in the Department of Defense. One of his recent goals has been increasing awareness of the Veterans Entrepreneurship and Small Business Development Act of 1999. Dennis has gone out of his way to locate other service-disabled veteran business owners to fulfill

government contracts and has worked with the Veterans Administration to notify disability recipients about the law.

### Women in Business Advocate of the Year

Diane L. Browning created Appalachian by Design (ABD), a network of home-based machine knitters, in order to employ and empower rural women. Over the past 10 years she has developed a network of businesses in which work and home life are balanced while providing a source of greatly needed income to rural households.

ABD provides free or low cost training to people interested in starting home knitting businesses. Over 175 people have received this training since 1994, and 110 have had businesses in operation for two or more years. ABD has incentives for knitters to become trainers and designers, and to serve on the steering committee, a rare leadership opportunity for rural women. Diane opened a finishing shop to ship garments, reducing unit prices 25 percent. And she expanded the product line to include home furnishings,



Women in Business Advocate of the Year  
Diane L. Browning

baby clothes, and high-end custom apparel. Between 1997 and 2000, sales of ABD products quadrupled. In addition to technical training, ABD offers free business and legal

*Continued on page 8*

## Highlights of the Advocacy Summer Open House



Rachel Layborn and John Zimmerman of the National Association of Federal Credit Unions sample recent Advocacy research products.



Nancy Ing, Advocacy's web coordinator, discusses the Regulatory Alerts page with Fred Tarpley, former chief economist, and Selvin Inparaj and Sury Chudamani of the SBA.



Suey Howe, Advocacy's director of interagency affairs, and Charles E. Hawkins III of the National Stone, Sand, and Gravel Association discuss upcoming OSHA panels.



Wayne Gatewood of Quality Support, Inc., discusses Advocacy's state regulatory flexibility initiative with Advocacy staffers Jaime Willis and Linwood Rayford.



Michael Levin, of the law firm Leonard Frost Levin and Van Court, discusses Executive Order 13272 with Advocacy Senior Counsel Claudia Rayford Rodgers.



SBA Administrator Hector Barreto discusses SBA's 50th anniversary with Chief Counsel for Advocacy Thomas M. Sullivan.

**Winners, from page 6**

training specific to home-based businesses, and it is working to create a retirement savings program for knitters.

**SBA Young Entrepreneur of the Year**

Scott Jones sewed his first fleece jacket with the help of the campus craft center at the University of Oregon. Scott honed this new skill by designing and sewing jackets for friends as he developed the vision for Beyond Clothing. He began the business in earnest in 1996, despite the difficulty of fitting in three hours of sewing before class. After graduating in 1998, the company's website went live, and Scott began to sew full time. Custom sizes and options were standard from the beginning. Scott developed an algorithmic system that lets him develop a perfectly sized garment for anyone. Beyond Clothing's website allows shoppers to custom fit clothes—something no competitor has been able to do.

Scott's small-scale strategy has helped him maximize profitability. His innovative approach and website design have allowed for significant increases in sales with little additional capital expenditure. The growing company has created 13 full-time positions over the last three years—in stark contrast to the industry trend of moving jobs offshore. Scott's venture in niche marketing has been successful because he chose an area he feels passionate about and uses state-of-the-art techniques to offer an innovative, product at reasonable prices.



SBA Young Entrepreneur of the Year  
Scott Jones

**Award Winner Websites**

Would you like to know more about the national advocacy award winners? Here are some of the websites of the firms and nonprofits they are associated with.

- Rose International: [www.roseint.com](http://www.roseint.com)
- Wichita State Center for Entrepreneurship: [www.cfe.wichita.edu](http://www.cfe.wichita.edu)
- Home Based Business Council: [www.hbbc.org](http://www.hbbc.org)
- New Hampshire Business Review: [www.nhbr.com](http://www.nhbr.com)
- DeMolet Consulting: [www.demoleconsulting.com](http://www.demoleconsulting.com)
- Appalachian by Design: [www.abdinc.org](http://www.abdinc.org)
- Beyond Clothing: [www.beyondfleece.com](http://www.beyondfleece.com)

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