

# Newsline

A Monthly Newsletter from the San Diego District Office



Volume 2 Issue 7

## Training Calendar

A list of events from SBA and our resource partners: SCORE, the SBDC, and the WBCC may be found at [www.sba.gov/ca/sandiego](http://www.sba.gov/ca/sandiego) under Training Calendar.

**August 15 – Spice Up Your Recipe for Success for Established Restaurant Owners** in Chula Vista, CA.

**August 19 – Marketing, Advertising, and Branding!** In San Diego, CA.

**August 29 – 2006 Small Business Services Expo & Awards Luncheon** in San Diego, CA.

**September 15 – Human Resources and Employee Issues** in Oceanside, CA.

**September 19 – Franchising: How to Choose and Buy the Right Franchise for You** in San Diego, CA.

## SBA Ombudsman Nicholas Owens Met with San Diego Small Business Owners on July 20 to Discuss Regulatory Fairness Issues



Garcia, Owens, Cushman, Abedin, Reyes, Mendez (L to R)



Reg. Fairness Hearing Board Members



Owens meets with Asian Business Association



Owens speaks to Vets, SDCHCC Members, & Others

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## Steven C. Preston Sworn In As Administrator of SBA

Steven C. Preston was sworn in Monday, July 10, 2006, as Administrator of the U.S. Small Business Administration.

Preston, nominated to the position by President Bush, is a former business executive with broad experience in financial management and executive leadership. He is the 22<sup>nd</sup> Administrator of the SBA since the agency's establishment in 1953, succeeding Hector V. Barreto, who took office on



Steven C. Preston  
Administrator

July 25, 2001.

He was confirmed by the U.S. Senate by unanimous consent on June 29. The Senate Committee on Small Business and Entrepreneurship had unanimously recommended Preston's confirmation earlier in the day.

"I am grateful to President Bush for the opportunity to serve in a way that so directly affects the lives of so many Americans," Pre-

See Preston on Page 2

## SBA Success Story – The Lavender Fields®

The Lavender Fields® started as a dream in June 1998 when owners Ellen Sullivan and Paul Bernhardt moved to a nine-acre farm in the foothills of the Palomar Mountains in northern San Diego County. Ellen planted her first three lavender fields in May of 2000.

Ellen's dream has grown a bit since her humble beginnings in 2000. Her certified organic farm now includes a 600-square-foot greenhouse used as a nursery for the propagation and nurturing of thousands of baby lavenders and a small workshop used to manufacture products. The Lavender Fields® today has over 10,00 plants in dozens of varieties of French and English lavender.

The harvested lavender is

cut, dried, and the buds are stripped. Finally it is distilled for oil production. The oil and floral water (called hydrosol) are used to produce body mists, crèmes and lotions. The lavender is also



**Paul Bernhardt and  
Ellen Sullivan, Owners**

used to produce lavender baskets, wreaths, sachets and various other delightful lavender products. Customers can visit The Lavender Fields® general store, take

classes on crafting and cooking with lavender, and can also take a walking, self-guided tour through the farm where signage provides varietal names and brief statements about each variety.

When Ellen wanted to expand her business she sought assistance through the North San Diego County Small Business Development Center (SBDC) and connected with Mark Oakes an SBDC consultant. Mark helped Ellen with permits, her website, marketing plans, and expansion efforts. He also spent time consulting with Ellen on QuickBooks and accounting challenges. He reviewed accounts payable transactions and helped her to correct entry and category

errors. With the help of Mark at the SBDC Ellen's plans to expand further will come about in a manner that will benefit the company. Ellen will expand by planting more acreage in lavender for oil production and testing gardens.

Additional information on The Lavender Fields®, Ellen Sullivan, and Paul Bernhardt is available on the Internet at [www.thelavenderfields.com](http://www.thelavenderfields.com).



## Preston

*Continued from Page 1*

ston said. "I am also humbled by the bipartisan support I have received in Congress and am committed to fostering a strong relationship with the many stakeholders of the SBA."

During his confirmation hearing on June 21, Preston emphasized the importance of sophisticated financial management, operational responsiveness and a customer service culture at the SBA. "None of this happens by accident," he said. "It requires dogged focus to move the ball forward each and every day."

Until recently, Preston was Executive Vice President of The ServiceMaster Company, a major franchising organiza-

tion with thousands of small businesses in its network. Preston also had served as Chief Financial Officer. He previously had been Senior Vice President and Treasurer of First Data Corporation, and an investment banker at Lehman Brothers.

He currently serves as vice chairman of the Board of Visitors for the Weinberg College of Arts and Sciences at Northwestern University, and has served on numerous boards of philanthropic and other organizations.

Preston graduated from Northwestern University with a political science degree, and received an MBA from the University Of Chicago Graduate School Of Business.

## The Importance of Small Business to the U.S. Economy?

### Small firms:

- Represent 99.7 percent of all employer firms.
- Employ half of all private sector employees.
- Pay more than 45 percent of total U.S. private payroll.
- Have generated 60 to 80 percent of net new jobs annually over the last decade.
- Supplied more than 23 percent of the total value of federal prime contracts in FY 2005.
- Produce 13 to 14 times more patents per employee than large patenting firms. These patents are twice as likely as large firm patents to be among the one percent most cited.
- Are employers of 41 percent of high tech workers (such as scientists, engineers, and computer workers).
- Are 53 percent home-based and 3 percent franchises.
- Made up 97 percent of all identified exporters and produced 28.6 percent of the known export value in FY 2004.

*Sources: U.S. Bureau of the Census; Advocacy-funded research by Joel Popkin and Company, Jan. 2002; Federal Procurement Data System; Advocacy-funded research by CHI Research, Inc., Feb. 2003; Bureau of Labor Statistics, Current Population Survey; U.S. Department of Commerce, International*

## Ask SCORE for Business Advice

By Barry Graceman  
Vice President of Marketing

Question: *I am selling my business and was told I need a special type of Escrow company to handle the transaction. Would you please explain this to me?*

Answer: Don't try to make the residential model fit the Business Escrow or you will just become frustrated. Business Escrows (Bulk Transfers) are unique because they are controlled by a different set of rules.

There can be as many as four or five government agencies involved in a Bulk Transfer: Franchise tax board, Employment Development Department, State Board of

Equalization as well as the County Assessor or Tax Collector and perhaps the IRS or Alcohol Beverage Control. All these agencies are alerted as part of the escrow process when their permit holders or taxpayers are preparing to sell their businesses.

In addition to coordinating with the government agencies, escrows job is to: (1) make sure all the conditions set forth in the purchase agreement are met by the parties to the escrow. (2) Notify the public that the business is being sold. (3) Accept in to escrow and verify creditor claims. (4) Search the state and county records for liens against the business. (5) Transfer ownership of the business name from the seller to the buyer. (6) Coordinate with the land-

lord for the lease assignment or new lease. (7) Verify that the buyers or the sellers who are LLCs or Corporations are in Good Standing with the Secretary of State. (8) Coordinate with lending institutions to pay off existing loans for the seller and/or secure new loans for the buyer. (9) Draw Notes and Security Agreements in the event of seller financing and file related UCC-1 financing statements with the State and County. (10) Prepare the Bill of Sale and Covenant Not to Compete for the seller's signature. Of course every es-

crow is different so other items may be required for escrow to fully follow buyer's and seller's instructions.

Thank you goes to Joyce Harp, Escrow Officer at Asset Escrow Services in Carlsbad, CA.

Ask SCORE your question. Email your questions to [sd.score@sba.gov](mailto:sd.score@sba.gov) or go to the SCORE website at [www.score-sandiego.org](http://www.score-sandiego.org). We will answer all emails and select questions will be used in future articles.

**SCORE**<sup>®</sup>  
Counselors to America's Small Business

## SBA Seeks Preliminary Nominations for 2007 Small Business Awards

The U.S. Small Business Administration (SBA) is currently soliciting preliminary nominations of small business owners and small business advocates (Champions) as part of SBA's annual Small Business Week Awards. Nominations are due to the SBA San Diego District Office by November 3, 2006. The awards will be presented during the Small Business Week Awards program in May 2007.

Small Business Week honors America's entrepreneurs – the men and women who start and grow the small businesses that drive our nation's economy. As part of the celebration, the SBA and its partners recognize small

business owners and advocates from across the country.

Outstanding small business owners are honored in the following categories: Small Business Person of the Year, Small Business Exporter of the Year, SBA Young Entrepreneur (Must be under 30 by June 1, 2007), and the SBA Family-Owned Small Business of the Year (Must demonstrate a minimum 15 year track record). Additionally, the SBA San Diego District Office presents local awards to businesses in the following categories: Minority-Owned Small Business of the Year, Women-Owned Small Business of the Year, and Veteran-Owned Small

Business of the Year.

Champion awards are presented to persons who have used their professional skills or personal talents to further public understanding and awareness of small business. The categories include: Minority Small Business Champion of the Year, Women in Business Champion of the Year, Veteran Small Business Champion of the Year, Home-Based Business Champion of the Year, Financial Services Champion of the Year, and Small Business Journalist of the Year.

Nominations in all Small Business Week Award categories can be made by any individual, or organization,

such as professional and trade associations, business organizations, chambers of commerce, banks, and/or small business employees.

Nomination guidelines and forms from 2006 are available online at:

[www.sba.gov/nominationsguideline.html](http://www.sba.gov/nominationsguideline.html). A nomination form is also available on Page 4 and 5.

Additional information on the nomination process may be obtained by contacting Cynthia Harris at the SBA at (619) 557-7250, extension 1155, or [cynthia.harris@sba.gov](mailto:cynthia.harris@sba.gov).



## 2007 SBA SMALL BUSINESS AWARDS PRELIMINARY NOMINATION

*Help us recognize outstanding leaders in the small business community.*

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### AWARD CATEGORIES

Please check one or more potential categories:

*Must be meet SBA size standards as a small business and be in business 3 or more years.*

- Small Business Person of the Year:** For developing an outstanding, growing business; innovative product(s), increasing jobs, increasing sales, overcoming adversity, and community contributions.
- Small Business Exporter of the Year:** Business owner who has significantly increased export sales and profits, encouraging other firms to export, increased jobs through exports, and innovative methods of creating markets.
- SBA Young Entrepreneur of the Year:** Owner will not reach 30th birthday by June 1, 2007, three-year evidence of success in sales and profits, increased jobs, innovative products, demonstrated potential.
- SBA Family-Owned Small Business of the Year:** Family owned and operated business which has been passed on from one generation to another. *(Business must have a 15-year track record.)*

**Small Business Champions of the Year:** Those who have fulfilled a commitment to the advancement of small business, including volunteering time and services to small business interests and groups, championing the cause of small business in the legislative process. Champions may or may not be small business owners.

- Minority Small Business Champion of the Year:** Has fulfilled a commitment to support minority entrepreneurship.
- Women in Business Champion of the Year:** Has fulfilled a commitment to the advancement of women's business ownership.
- Veteran Small Business Champion of the Year:** Has fulfilled a commitment to advancing small business opportunities for veterans of the U.S. armed forces.
- Financial Services Champion of the Year:** Individuals who help small businesses increase the usefulness and availability of accounting or financial services.
- Small Business Journalist of the Year:** Journalists/media who promote small business issues, increasing the public's understanding of the importance of small business contributions to the economy.
- Home-Based Business Champion of the Year:** Has experienced the rewards and difficulties of home-based businesses and has volunteered to improve the climate for these businesses.

**San Diego Local Awards – must be in business 3 or more years (not judged at state or national level)**

- Women-Owned Small Business of the Year:** Women who own and operate or bear principle responsibility for operating a small business.
- Minority-Owned Small Business of the Year:** Ethnic minorities who own and operate or bear principle responsibility for operating a small business.
- Veteran-Owned Small Business of the Year:** Veterans who own and operate or bear principle responsibility for operating a small business.

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### NOMINEE INFORMATION

Award Category \_\_\_\_\_

\_\_\_\_\_

I Nominate \* \_\_\_\_\_

Title \_\_\_\_\_

Company/Organization \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone ( ) \_\_\_\_\_ Fax ( ) \_\_\_\_\_ Email \_\_\_\_\_

(Only if checked frequently)

### NOMINATOR'S INFORMATION

Nominator Name \_\_\_\_\_

Title \_\_\_\_\_

Company/Organization \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone ( ) \_\_\_\_\_ Fax ( ) \_\_\_\_\_ Email \_\_\_\_\_

(Only if checked frequently)

Please fax both sides to (619) 557-5894 or mail this form A.S.A.P. to:

U.S. Small Business Administration, Attn: Cyndi Harris  
550 West C Street, Suite 550  
San Diego, CA 92101-3500

*For more information, please contact: Cyndi Harris at (619) 557-7250 ext: 1155 or email: [Cynthia.harris@sba.gov](mailto:Cynthia.harris@sba.gov) . Feel free to copy this form for additional nominations. **A FORMAL NOMINATION BINDER with detailed materials will need to be prepared and submitted for each category by November 3, 2006 to compete.** SBA will send the nominator details.*

Thanks for your support!

\*YES! You may nominate yourself.

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The U. S. Small Business Administration was created in 1953 to maintain and strengthen the nation's economy by aiding, counseling, assisting, and protecting the interests of small businesses and by helping families and businesses recover from national disasters.

SBA's San Diego District Office is your small business resource for access to capital, counseling services, training, and government contracting opportunities, to help start or grow a small business in San Diego and Imperial counties. Our programs and services are delivered through participating lenders and our resource partners, SCORE: Counselors to America's Small Businesses, the Small Business Development Center, and the Women's Business Center.

Newsline is produced by the U. S. Small Business Administration's San Diego District Office. Subscribe to Newsline by registering online at [web.sba.gov/list](http://web.sba.gov/list). Look for San Diego News.

## San Diego District Office Fiscal Year 2006—Year to Date Activity

October 1, 2005 through July 30, 2006

	Number of Loans	Dollar Amount
7(a) Loans	1,083	\$197,646,000
504 Loans	139	\$80,732,000
<b>Total</b>	<b>1,222</b>	<b>\$278,378,000</b>

Bank of America, NA	171	\$5,821,000
Wells Fargo Bank, NA	116	\$16,339,400
CDC Small Business Finance Corporation	95	\$57,039,000
Union Bank of California, NA	90	\$2,339,600
U.S. Bank, NA	77	\$7,318,600
Business Loan Center, LLC	76	\$8,389,000
Washington Mutual Bank	65	\$1,717,700
Capital One, FSB	62	\$2,580,000
California Bank & Trust	57	\$4,416,200
Innovative Bank	32	\$405,000

The San Diego District Office year-to-date has provided approximately 17,896 clients with counseling assistance and training through the assistance of our Resource Partners, SCORE: *Counselors to America's Small Business*, the Small Business Development Center Network of San Diego and Imperial Counties, and the Women's Business Center of California. Additionally, we made 394 8(a) contracts, including modifications, worth \$68,840,920 year-to-date.