

# THE SMALL BUSINESS ADVOCATE

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## Advocacy Salutes National Award Winners' Determination and Success

Every spring during National Small Business Week, the U.S. Small Business Administration celebrates the determination and success of small business across America. The theme of this year's celebration, "A History of Success, A Millennium of Opportunity," salutes the confidence and achievements of all small businesses. In addition, the 2001 conference will feature a partnership with the 34th Annual Joint Industry/SBA Procurement Conference. This year's Small Business Week award winners will be the honored guests at events in Washington, D.C., on May 7-9.

The winners were selected according to criteria that go beyond financial business success to include employee growth, innovation, and community involvement.

The SBA celebration will feature award ceremonies and presentations by notable speakers from industry and government on issues of vital interest to the small business community. The national Advocacy awards are presented for outstanding advocacy efforts on behalf of small business and for outstanding achievements in exporting and entrepreneurship. The awards will be presented at a congressional luncheon on Wednesday, May 9. Members of Congress are invited to join award winners, family, and friends to celebrate their success.

The Office of Advocacy is happy to present the 2001 winners. Profiles of the winners begin on page 4. Full biographical sketches are located at [www.sba.gov/advo/winners01.html](http://www.sba.gov/advo/winners01.html).



Minority Small Business Advocate of the Year John Baines is shown at work in Denton, Texas. See story on page 5. (Photo by Thomas Judd Photography.)

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## Legislative Update

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### New Congress Makes Fast Start On Small Business Legislation

The 107th Congress has begun with a flurry of bills and hearings relevant to small business. The Office of Advocacy has been involved in many of these issues.

**Ergonomics.** Congress made its first use of the Congressional Review Act to overturn an Occupational Safety and Health Administration (OSHA) regulation issued in the waning days of the Clinton administration. The rule would have required businesses to increase recordkeeping and remedial actions for injuries and illnesses deemed to be workplace-related. Advocacy had argued during the rulemaking that OSHA was vastly underestimating the costs that the rule would impose on small employers, costs which would be disproportionate and would greatly outweigh the calculated benefits.

**Tax Policy.** Advocacy Chief Economist Robert Berney testified March 28 before the Senate Finance Committee on income tax changes that would be significant for small business. Berney stressed the importance of simplification and reducing rates in each individual income tax bracket, along with several targeted provisions (see p.7). Separately, Senate Small Business Committee Chairman Kit Bond (R-Mo.) and the chair and ranking member of the House Small Business Committee, Rep. Donald Manzullo (R-Ill.), and Rep. Nydia Velazquez (D-N.Y.), have introduced bills that incorporate numerous small business tax relief provisions. More limited bills have been introduced by members of the Finance Committee and the House Ways and Means Committee but no date has been set for deciding on business tax provisions.

**Bankruptcy.** Both houses of Congress have passed bills that would make filing for bankruptcy more difficult, as well as other changes, with mixed effects on small businesses. The next step is a conference committee, which must produce a blended bill for both houses to pass and send to the president for signing.

**Paperwork Relief.** The House unanimously passed the Small Business Paperwork Relief Act, which would strengthen processes to reduce federal paperwork burdens and ease electronic reporting for small businesses.

**Independent Advocacy Agency.** The Senate on March 26 passed a bill to make Advocacy a separate agency from the Small Business Administration. The House Small Business Committee held a hearing March 22 on the concept and invited comment on a draft bill, but Chairman Manzullo indicated that he would like more input before deciding if the committee should proceed with legislation.

**Small Business Summit.** The Senate Small Business Committee approved a bill calling for a small business summit to be held every four years. The fixed interval and advance authorization differ from the timing of the 1980, 1986, and 1995 White House Conferences, each of which was set up by separate legislation. At press time, an early Senate vote was considered likely but there was no House bill yet.

#### The Small Business Advocate

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Editor Rebecca Krafft

Managing Editor Rob Kleinsteuber

Contributing Editors Kathryn J. Tobias, Kenneth Simonson

Production Assistant Darlene Moyer-Mahmoud

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#### New E-mail Option for *The Advocate*

Readers of *The Small Business Advocate* have a new delivery option for the Office of Advocacy's newsletter. Electronic delivery of *The Small Business Advocate* is available by visiting [www.sba.gov/advo/news/](http://www.sba.gov/advo/news/). A link from that webpage will allow individuals to sign up to receive the newsletter via e-mail. Subscriber information will be kept confidential and not used for any purpose except for newsletter delivery.

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### For More Information

For Advocacy's testimony before Congress, visit [www.sba.gov/advo/laws/testimon.html](http://www.sba.gov/advo/laws/testimon.html)

For Senate bills and committee documents, such as testimony from hearings, visit [www.senate.gov](http://www.senate.gov)

For House bills, committee documents, and testimony, visit [www.house.gov](http://www.house.gov)

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## Message from the Acting Chief Counsel

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### Salute to the 2001 Small Business Advocates and Special Award Winners

by Susan M. Walthall, Acting Chief Counsel, Office of Advocacy

Small businesses make an indispensable contribution to the American economy. They generate three-quarters of new jobs and more than half of private-sector output. As sources of constant experimentation and innovation, they are a key part of the renewal process in our market economy. As leaders of technological change and productivity growth, they help market structures evolve. And by creating opportunities for women, minorities, immigrants, and others, they open the door for millions of Americans to enter the economic and social mainstream.

Yet small companies often find their ability to compete hindered by limited access to capital or government procurement opportunities and by government regulation that subjects them to a compliance burden out of proportion with their size.

Each year during Small Business Week, it is our privilege to honor a group of individuals who have made outstanding contributions to improving the climate for small

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#### **The Office of Advocacy is honored to be a part of this robust community of small business advocates.**

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business success. These articulate men and women—accountants, bankers, home-based business advocates, members of the media, and advocates for women, minorities and veterans—bring the particular concerns and contributions of small firms to the attention of government agencies, legislative bodies, financial institutions, and the American public. The Office of Advocacy is honored to be a part of this robust community of small business advocates.

In this 25th anniversary year of the SBA's Office of Advocacy, I am pleased to note that small business advocacy efforts continue to show results. For example, advocacy efforts going back to 1980 helped bring about passage of the

Regulatory Flexibility Act, requiring federal agencies to consider the effects their proposed regulations would have on small businesses. Subsequent advocacy efforts have strengthened enforcement of the act, and in the last three years alone, the act has saved small firms billions of dollars in federal regulatory costs. Yet much work remains to be done to open doors for women, minorities, and veterans to small business ownership; to reduce tax, regulatory, and paperwork burdens that hinder small firms' ability to compete; and to improve small business access to capital and government procurement opportunities.

On behalf of the Small Business Administration's Office of Advocacy, I am especially pleased to congratulate the 2001 Small Business Persons, Advocates, and Special Award winners and to wish them every success in their continuing efforts on behalf of small business.

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### PRO-Net—An E-Commerce Tool for Small Firms in the Federal Market

Small businesses that want to do business in the \$200 billion a year federal government marketplace have a powerful tool to help them—the Procurement Marketing and Access Network (PRO-Net). PRO-Net is the U.S. Small Business Administration's Internet database.

Small businesses are a major source for federal agencies. In FY 1999, the government purchased \$43 billion worth of goods and services from small firms.

PRO-Net is the federal government's officially established and recognized database of small firms that want to sell to the government. Launched in 1997 with about 6,500

small business profiles, it now holds profiles of approximately 210,000 small firms, including small disadvantaged businesses, veteran-owned, Native American-owned, and woman-owned small businesses. PRO-Net is the authoritative listing of firms certified under the 8(a) Business Development and HUBZone Empowerment Contracting programs and of firms certified as small disadvantaged businesses.

The federal acquisition community, state and local governments, and prime contractors use PRO-Net in identifying qualified small business vendors. PRO-Net helps procurement

officers fill contracts, and small companies market themselves to agencies, prime contractors, and other businesses. At least 30,000 Internet users visit PRO-Net each week. SBA has been working to integrate PRO-Net into the e-commerce landscape.

"E-commerce is the 21st century's way of doing business, and PRO-Net is an SBA initiative that provides an Internet-based marketing tool for small businesses," said William A. Fisher, acting associate deputy administrator for government contracting and business development. "Increasingly, federal purchasers are using the Internet to

*Continued on page 8*



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## The 2001 National Advocates of the Year

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### Accountant Advocate of the Year

**Henry O. Aldana**, a Maryland businessman who emigrated from El Salvador at age 13, has helped build bridges to facilitate Hispanic entrepreneurs' entry into the world of small business. As the successful owner of an accounting practice and an advocate for small business, Aldana has worked to educate politicians, business leaders, government officials, and entrepreneurs about financial and regulatory requirements that affect small businesses. He has fought to increase the resources available to small businesses and helped create the Hispanic Chamber of Commerce of Montgomery County. He is a supporter of the Hispanic Business Institute and other educational institutions, and he continues to promote small businesses' interests through radio and other media.



Accountant Advocate of the Year  
Henry Aldana



Financial Services Advocate of the Year  
Gary Youmans

### Financial Services Advocate of the Year

The seeds of **Gary Youmans'** 30-year banking career were planted while he was an Eagle Scout, still in high school. In 1977 he joined the Bank of Commerce as head of a small installment loan department. He soon led the industry in the San Diego area, a community that would become one of the most active SBA lending environments nationwide. In 1991, Gary joined Community National Bank, where he has established an SBA loan department that ranks among the nation's top 25 banks in terms of overall lending and is a leader in minority business lending. Gary, now executive vice president, has worked with the SBA minority lending and LowDoc programs. Gary remains an active volunteer; he himself is now a mentor and counselor to a new generation of Eagle Scouts.  
([www.fallbrooknationalbank.com](http://www.fallbrooknationalbank.com))

### Home-Based Business Advocate of the Year

**Julie V. Damon** first dreamed of running her own business while helping her father in his home-based electronics firm. But in college, Julie developed Best's disease, which causes permanent central vision loss. She enrolled at the Braille Institute, but the lack of business books frustrated her. Using special magnifying glasses, Julie painstakingly taught herself to read type. While fighting to overcome her own disability, Julie became aware of an overwhelming desire by the disabled to start businesses. She developed a one-day seminar for disabled people who aspire to be entrepreneurs—and met with resounding success. Building on this work, in February 1996, Julie co-founded the non-profit SEED Institute (Self-Employment of the Enterprising Disabled). By 2000, SEED's budget had reached \$200,000. It continues to be a model program, providing extensive and valuable support for disabled people who strive to be productive participants in the economy. (<http://disabilityexpo.com/seed/seed.html>)



Home-Based Business Advocate of the Year  
Julie Damon



Small Business Journalist of the Year  
Jeff Zbar

### Small Business Journalist of the Year

**Jeffery Zbar** is passionate about sharing his experiences to help guide others. As president and owner of Goin' Soho (Small Office Home Office), Jeff provides information to current and prospective at-home workers, including entrepreneurs and telecommuters. He writes exclusively on the topic of small business. He is the author of three books and contributes to more than a dozen publications and websites. Jeff makes regular television appearances on the CBS affiliate in Miami-Fort Lauderdale. (He is best known for his tips on minimizing hurricane damage and disruption to the home office.) He appears on the Small Business Advocate radio program and recently gave advice on MSNBC. A tireless small business advocate, Jeff volunteers his time as a speaker for business organizations, and he contributes free articles to many publications. ([www.goinsoho.com](http://www.goinsoho.com))

### Minority Advocate of the Year

**John E. Baines** (pictured on p. 1) switched from law to business after concluding that economic equality is the key to racial equality. John opened his accounting practice in Denton, Texas, in 1986 and has worked tirelessly to help minority

businesses take their place at the table. In 1995, he helped found the Denton Black Chamber of Commerce and has served as board chairman ever since. John's fluency in Spanish has helped him forge a working relationship with the Denton Hispanic Chamber of Commerce. Other volunteer activities include serving on the city's Historic Landmark Commission, chairing the Small Business Development Advisory Board, and creating a community development corporation to provide gap financing for new and expanding small business owners. And for fun, John is the organizer of Denton's Blues Fest, held every October.

(<http://gtesupersite.com/jebainescpa>)



Veteran Advocate of the Year  
George Boyer

### Veteran Advocate of the Year

**George David Boyer** entered the U.S. Army in 1971 and served for eight years. He later started Veterans Communication Services, Inc. (VCSI), a voice, data, and fiber installation company. As a service-connected disabled veteran, George worked with the California Disabled Veteran Business Enterprise Alliance (DVBE) in its efforts to change California's "good faith" laws, which affect disabled veteran- and other veteran-owned businesses, as well as other small businesses. He has also worked

with Rep. Joe Baca (D-Ca.) on behalf of the DVBE Los Angeles. George has been nominated to the board of directors for the California DVBE Alliance, and Rep. Baca has invited him to serve on the Veterans Advisory Committee, where he will be able to raise the concerns of America's disabled veteran- and veteran-owned small businesses directly to the White House.

### Women in Business Advocate of the Year

**Teresa "Teri" Cavanagh** is helping women break the glass ceiling by becoming business owners. With a background that spans banking and entrepreneurship, Teri built the Women Entrepreneurs' Connection from its inception at the former BankBoston. She now leads the program for FleetBoston and is responsible for developing and implementing a long-term strategy to meet women-owned businesses' specific credit and financial services needs. Over a five-year period, the Connection has committed \$2 billion to assist women with the capital, resources, and information needed for business success. Teri's extensive volunteer service includes many New England-based organizations, the National Foundation for Women Business Owners, and the Milken Institute. ([www.fleetboston.com](http://www.fleetboston.com))

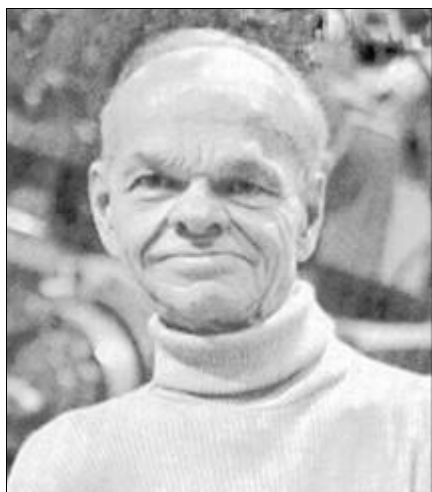


Women in Business Advocate of the Year  
Teri Cavanagh

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## The 2001 Special Award Winners

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Small Business Exporter of the Year  
Bill Hazelett

### Small Business Exporter of the Year

When **R. William “Bill” Hazelett** inherited his father’s fledgling process and machine technology business in 1956, he found little interest from American industry in this unproven, alternative method of producing metal sheets and rods. So Bill turned to Europe, where the Hazelett caster attracted attention because it requires substantially less equipment and energy consumption. Bill overcame suspicion of high-flown American ideas, and through his long-range outlook, succeeded in making his initial sales in Europe, then in Canada, Japan, and finally the United States. Today Hazelett Strip-Cast Corporation of Colchester, Vt., employs 140 engineers, machinists, and administrators. Seventy percent of Hazelett’s business comes from abroad. Now 81 years old, Bill continues to focus the company’s creative energies on the casting machine, and he encourages employees to pursue new ideas related to their work.

([www.hazelett.com](http://www.hazelett.com))

### Young Entrepreneur of the Year

In January 1997, **Christopher Schmus** incorporated his basement-based commercial driving operation into ProDriver Leasing Systems (PDL). At age 23, Chris had driven commercially over a half million miles in all 48 contiguous states and had five years’ experience in all facets of the transportation industry. Now 27, Chris has succeeded by supplying highly qualified, commercial truck drivers to companies hurt by the national driver shortage. Drivers remain PDL employees.

PDL uses innovative business methods to retain and reward good employees. Since its inception, the Greenfield, Wisconsin-based company has seen its total net profit increase tenfold, ending 1999 with \$4 million in sales. The company now employs nearly 100 people. The Milwaukee Metropolitan Association of Commerce recently named PDL one of the “Future 50” companies predicted to maintain the economic health of the area, placing PDL number three in its “Fast-Five.”



Young Entrepreneur of the Year  
Chris Schmus



Entrepreneurial Success Award winner  
Ric Gonzalez

### Entrepreneurial Success Award

In 1975, **Fredrick “Ric” Gonzalez** and his father, Henry Gonzalez, founded Gonzalez Design Engineering, specializing in tool design for the Big Three automakers. The company billed only \$8,000 in the first year. But as the Big Three began to downsize in the 1970s, the company positioned itself to fill the voids created by downsizing. Since 1975, Gonzalez Design has grown into a group of companies that employs more than 1,200 people and expects to generate sales of \$150 million this year. Ric is active in numerous volunteer organizations involved in educational outreach, anti-gang activities, and youth mentoring, and serves on the boards of several higher education institutions. His volunteer involvement also extends to medical research, an interest born of direct experience. Ric has accomplished all that he has from a wheelchair. While still in high school, he was the victim of a car accident involving a drunk driver that left him permanently paralyzed.

([www.gonzalez-group.com](http://www.gonzalez-group.com))

### Advocacy's Chief Economist Offers Tax Prescription for "Main Street USA"

Across-the-board, evenly distributed reductions in individual tax rates and simplification of the business tax code are the tax revisions that would have the greatest impact on small business, Office of Advocacy Chief Economist Robert Berney told the Senate Finance Committee in testimony presented March 28.

The Committee asked Berney to testify at a hearing on "issues relating to preserving and protecting Main Street USA." Berney pointed out that small businesses create roughly three-fourths of private sector jobs. Thus, it is important to the entire economy that tax and regulatory policies provide a level playing field for startups and the expansion of existing small firms.

Approximately 90 percent of businesses are taxed at the individual level, as S corporations, partnerships, or proprietorships; only 10 percent are C corporations. Therefore, business-oriented tax relief should focus on individual income tax provisions.

Berney stressed that equity and efficiency are important goals of tax policy. In the small business context, equity means that tax rates paid by owners are not distorted by hidden phase-outs, limitations, and the alternative minimum tax (AMT). In addition, tax rates should be low enough and graduated gently enough from one bracket to the next that the tax system does not introduce unreasonable distinctions between competitors at different income levels.

Efficiency implies that business owners are not forced to spend undue amounts of money or time on learning the law, keeping records, filing returns, and planning tax strategies. Moreover, the tax system should not drive owners to choose one legal form of organization over another, for instance by

having lower rates and relief from AMT only for C corporations.

Berney cited several changes in individual and corporate taxation, in addition to cuts in each individual tax rate, that would be beneficial to small business. These include: eliminating or reducing the individual AMT; broadening cash accounting rules; increasing the limit on purchases eligible for expensing; modifying depreciation rules; simplifying estimated tax rules; and allowing spouses who run an unincorporated business together to use proprietorship status rather than the more complex partnership status. Tax provisions to encourage small firms to offer pension and health coverage can also be helpful if they are simple, fair, and widely available.

Besides tax changes, Berney addressed lessons from past recessions

and credit crunches that may be instructive for policymakers concerned about small businesses under current economic conditions. Berney summarized evidence from the 1980s on recession and from the early 1990s on credit tightening. "The evidence is suggestive that small firms are affected more severely in a downturn," he said. "And once a recession has started it can be made worse by inappropriate bank regulatory policies or perverse fiscal policies."

#### For More Information

The March 28 testimony before the Senate Finance Committee is posted on the Advocacy website at [www.sba.gov/advo/laws/test01\\_0328.html](http://www.sba.gov/advo/laws/test01_0328.html)

#### Census Releases Data on Minority- and Women-Owned Firms

In March and April, the Census Bureau announced the long-awaited release of 1997 economic census data on African-American, Hispanic-, and women-owned firms. The data on African-American and Hispanic-owned firms are the first from the Census Bureau's 1997 Survey of Minority-Owned Business Enterprises (SMOBE). Comparable reports on businesses owned by Asian and Pacific Islanders, and American Indians and Alaska Natives are forthcoming.

The data released in Census's 1997 Survey of Women-Owned Business Enterprises (SWOBE) differ in important respects from those covering 1992, the last year women-owned businesses were surveyed. One key difference is that the 1997 data cover nonfarm businesses that were 51 percent or more owned by women, while the 1992 survey covered firms in which women owned 50 percent or more of the business. To review definitional questions concerning the universe of women-owned businesses, the Office of Advocacy will participate in the National Women's Business Council's task force to examine women-owned business coverage.

SMOBE and SWOBE will be discussed further in the June issue of *The Small Business Advocate*.

To read Advocacy's press releases about the new Census surveys, visit [www.sba.gov/advo](http://www.sba.gov/advo)

Census's SMOBE and SWOBE releases are located at [www.census.gov/csd/mwb](http://www.census.gov/csd/mwb)



**PRO-Net**, from page 3

acquire goods and services. Just as we have seen retailing shift from bricks-and-mortar stores to the web, we are seeing contracting move from paper to electronic data interchange. By improving and expanding PRO-Net, we are helping small businesses transition to the evolving e-commerce environment.”

Recently, SBA has made a number of improvements to PRO-Net.

- The system now allows direct e-mail notification from contracting officials to interested firms, and small firms can elect to be notified of contracting opportunities by e-mail. One PRO-Net link connects to the Department of Defense’s central contractor registration. Another link connects to the General Services Administration’s electronic posting system, which relays contracting notices from a number of federal agencies.

- Small businesses that have “e-stores” in “e-malls” can now add their electronic address to their PRO-Net profiles. E-malls are

Internet locations that group an array of vendors or products together. Small businesses are using malls increasingly to market their products and services to government and industry. Contracting officers and prime contractors use e-malls as a convenient way to find small business sources.

- Teaming arrangements have emerged as a means for smaller businesses to collaborate to meet federal requirements for larger, more complex contracts. PRO-Net’s “protégé” feature help small businesses bid on larger contracts.

- As prime contracts have grown larger in light of acquisition reform and streamlining, subcontracting has become more important to small businesses. To help small firms take advantage of subcontracting opportunities, PRO-Net has a new component called SUB-Net.

Fisher noted “In addition to operating PRO-Net, SBA helps small businesses participate in the federal marketplace in many other

ways. We work with departments and agencies to establish procurement goals and monitor performance, advocate use of small business sources, and provide procurement training and technical assistance to small firms. Our objective is to increase procurement opportunities for small businesses so that they can fill federal requirements efficiently and cost-effectively, serve as a source of innovation, and contribute to our nation’s economic health and vitality.”

**For More Information**

Visit the PRO-Net website at

<http://pro-net.sba.gov>

Visit the site of PRO-Net’s

SUB-Net, a resource for subcontracting opportunities, at

<http://web.sba.gov/subnet>

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