



# News & Views

## Entrepreneurial Development

June-July 2009

SBA – Your Small Business Resource

### U.S. Small Business Administration

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#### SBA Resource Partners

Hawaii Small Business Development  
Center Network [www.hawaii.sbdc.org](http://www.hawaii.sbdc.org)  
Offices on Oahu, Kauai, Maui and Hawaii

Hawaii Women's Business Center  
808/526-1001 [www.hwbc.org](http://www.hwbc.org)

SCORE Oahu  
808/547-2700 [www.hawaiiscore.org](http://www.hawaiiscore.org)

## New 100% Guarantee ARC Loans to Help Struggling Small Businesses

***SBA Loan Now Available to Eligible Borrowers***

Small businesses suffering financial hardship as a result of the slow economy may be eligible to receive temporary relief to keep their doors open and get their cash flow back on track through to a new loan program, America's Recovery Capital (ARC) loans. The ARC program was created to help small businesses that have a history of good performance, but as a result of the tough economy, are struggling to make debt payments.

ARC loans are deferred-payment loans of up to \$35,000 available to established, viable, for-profit small businesses that need short-term help to make their principal and interest payments on existing qualifying debt. A viable small business is one that has a history of good performance that is beginning to struggle with making loan payments, but can reasonably project that it can get back on track with the infusion of ARC loan funds and the benefit of deferred payments. This loan is not for start up or for expansion needs.

ARC loans are interest-free to the borrower, 100 percent guaranteed by the SBA, and have no SBA fees associated with them. The loans will be disbursed within a period of up to six months and will provide funds to be used for payments of principal and interest for existing, qualifying small business debt. Qualifying loans/debts eligible for assistance with ARC loans include the following:

- Secured & unsecured conventional loans (mortgages, term and revolving lines of credit used for business purposes only);
- Capital leases
- Notes payable to vendors/suppliers/utilities
- Development Company Loan Program (504) first mortgage loans
- Credit card obligations
- Loans made with an SBA guaranty after February 17, 2009

Repayment will not begin until 12 months after the final disbursement. Borrowers don't have to pay interest on ARC loans. After the 12-month deferral period, borrowers will pay back the loan principal over a period of five years. ARC loans will be made by commercial lenders, not SBA directly. For more information on ARC loans, visit [www.sba.gov](http://www.sba.gov).



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## Improved SBA Financing to Start or Expand Your Small Business

If you're an entrepreneur starting or expanding your business, the U.S. Small Business Administration has some good news for you.

As part of the American Recovery and Reinvestment Act of 2009, the SBA is temporarily eliminating some borrower fees on two programs and temporarily increasing guarantees up to 90 percent on the 7(a) program, SBA's largest loan program. The fee elimination means more capital available to businesses at a lower cost. The increase in guarantee levels will help provide banks with the greater confidence they need to extend credit during the current economic crisis, which will mean more capital available to small business owners across the country.

The Act temporarily eliminates fees for borrowers for most loans in the 7(a) program and is effective for loans approved after Feb. 17, 2009, the date the Recovery Act was signed. The SBA will refund qualified fees that have already been paid on those loans to lenders, who will then be required to reimburse the borrowers who paid the qualified fees.

What does this mean to a prospective borrower? Before the Recovery Act, a typical 7(a) loan of \$300,000 carried a guarantee fee of between 2 and 3 percent. That same loan today, with the new 90 percent guarantee and the temporary fee elimination, would save a borrower about \$8,100.

Some fees are also temporarily eliminated for both borrowers and third-party lenders on 504 Certified Development Company loans. Borrowers are not required to pay a 1.5 percent CDC processing fee, which on a typical loan of \$600,000 would save them about \$9,000. This SBA program provides long-term, fixed-rate, subordinate mortgage financing for acquisition and/or renovation of capital assets, including land for buildings and purchase of large equipment. Loans are provided through CDCs that work with banks and third-party lenders to finance the overall project.

The temporary loan fee eliminations and increased guarantee provisions will support approximately \$8.7 billion of 7(a) loans and \$3.6 billion of 504 loans. SBA estimates this will cover lending in both of these programs through approximately the end of calendar year 2009.

### **FY 2008 Record in Hawaii for SBA Financing To Veteran-Owned Small Businesses**

Assisting veteran-owned businesses is a primary objective for SBA staff. In FY 2008, the Hawaii District Office provided 65 loans to veteran-owned businesses for over \$4 million, retaining over 200 jobs and creating 350 new jobs locally.

Female veterans (or spouses of veterans) received 17 SBA loans (over 26% of the total loan volume). New business ventures by veterans accounted for 22 SBA loans (34%). Many veterans with small businesses on neighbor islands also received financing and training.

SBA wants to continue that trend! Following the retirement of David Brown in December, Joan Makizuru was appointed Veterans Affairs Officer and is enthusiastic about her new role. Makizuru can be reached at (808) 541-2990, ext. 203.

### **Kauffman Study Finds Many Firms Created in Poor Economy Grow and Thrive**

According to a new study conducted by the Kauffman Foundation, challenging economic times can serve as the rebirth of entrepreneurial capitalism and lead to the creation of much-needed new jobs. The study, "The Economic Future Just Happened," finds that more than half of the companies on the 2009 Fortune 500 list were launched during a recession or bear market, along with nearly half on 2008's *Inc.* list of fastest-growing companies. The study points out that while recessions often create widespread economic grief, they also can encourage potential entrepreneurs due to weakened competition and the advantages of a larger available pool of employees.

Encouraged? For information or to read the study, visit: <http://www.kauffman.org/uploadedFiles/the-economic-future-just-happened.pdf>.

## **Recovery Act More Than Doubles SBA Surety Bond Guarantee Ceiling**

Small businesses that need surety bonds to compete for construction and service contracts can qualify for U.S. Small Business Administration-backed surety bonds of up to \$5 million. The higher amount, a result of the Recovery Act, is more than double the previous \$2 million maximum surety bond guaranteed by SBA.

Through the Surety Bond Guarantee program, SBA guarantees bid, payment and performance bonds. Surety bonds protect the project owner against financial loss if contractors default or fail to perform. SBA partners with the surety industry to help small businesses that would otherwise be unable to obtain bonding in the traditional commercial marketplace. SBA provides a guarantee to a participating surety company of between 70 and 90 percent of the bond amount. SBA will now be allowed to guarantee a bond on a federal contract up to \$10 million following certification by the contracting officer that the bond guarantee is required.

SBA has taken a number of steps to reinvigorate the program and has established a more flexible pricing structure. By implementing a new electronic application process, small businesses and surety companies are able to transmit applications electronically to help expedite review and approval processes. The SBA also re-engineered the claims process to shorten the cycle time between submission of a claim and payment.

SBA assistance in locating a participating surety company or agent and completing application forms is available online. For more information on SBA's Surety Bond Guarantee Program, go online to [www.sba.gov/osg](http://www.sba.gov/osg) or [www.sba.gov/hi](http://www.sba.gov/hi).

## **SBA Expands Eligibility for 7(a) Loans for More Small Businesses**

More businesses are now eligible for U.S. Small Business Administration-backed loans, meaning greater access to much-needed capital in this tough economy, as a result of a temporary alternate size standard for the agency's largest lending program.

The temporary 7(a) loan size standard will parallel the standard for the agency's 504 Certified Development Company loan, and will allow businesses to qualify based on net worth and average income. The net worth for the company and its affiliates can't be in excess of \$8.5 million and average net income after federal income taxes (excluding any carry-over losses) for the preceding two completed fiscal years can't be more than \$3 million.

As a result, more than 70,000 additional small businesses – including auto and RV dealerships, auto industry suppliers and others – could be eligible to apply for an SBA 7(a) loan. These small businesses may also take advantage of the reduced fees and the increased guarantee made possible through the Recovery Act on many SBA financial products.

Visit <http://www.sba.gov/size/indexwhatsnew.html> and click on "What's New about Small Business Size" for more information about the new standard for SBA loans.



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## ***Karen Gordon Mills Confirmed By Senate as SBA Administrator***

On April 3, 2009, the U.S. Senate confirmed by unanimous consent the nomination of Karen Gordon Mills as the 23rd Administrator of the U.S. Small Business Administration.

"Small business is the backbone of the American economy," Mills said upon her confirmation. "The SBA has a vital role to play in supporting our nation's small businesses so that they can be the key driver in getting our economy moving again."

Mills, of Brunswick, Maine, was president of MMP Group and has 25 years of experience in investing in and growing small businesses. In 2007, she was appointed the chair of the state's Council on Competitiveness and the Economy, where she focused on attracting investment in rural and regional development initiatives. Mills is also a member of the Council on Foreign Relations and has served as vice chairman of the Harvard Overseers. She holds a degree in economics from Harvard University and an MBA from Harvard Business School.



As Administrator of the SBA, Mills will direct a federal agency with more than 2,000 full-time employees, with a leading role in helping small business owners secure financing, technical assistance and training, and federal contracts. SBA also plays a leading role in disaster recovery by making low interest loans. Link to Mills' Statement to the Senate Committee on Small Business and Entrepreneurship: [http://sbc.senate.gov/hearings/testimony/09\\_04\\_01\\_Mills\\_hearing/Mills\\_statement.pdf](http://sbc.senate.gov/hearings/testimony/09_04_01_Mills_hearing/Mills_statement.pdf).

## 2009 SBA Award Winners Show Talent, Resilience and Entrepreneurial Spirit

The U. S. Small Business Administration named the Hawaii winners of the prestigious SBA Small Business Awards for 2009 in April. Each year, SBA honors outstanding small business owners, entrepreneurs and advocates who best illustrate the important contributions of small business to the local economy. The top entrepreneurs and business owners demonstrate the qualities, skills and drive to place them as leaders in their industry

The 2009 Small Business Person of the Year for the State of Hawaii is Vaughn Vasconcellos, president and CEO of Akimeka, LLC. With offices on Maui and Oahu, Vasconcellos provides high impact technology solutions and services to the Department of Defense and other government agencies. A graduate of SBA's 8(a) Business Development Program, Akimeka has grown under Vasconcellos' leadership, creating over 160 jobs for talented, highly educated professionals in our state and generating millions in annual revenues. Vasconcellos was honored in Washington, D.C. as the second runner up for the National Small Business Award.

Top small business owners were also selected to represent each county in the State. The county winners include:

- Oahu, Shelley J. Wilson, president and CEO of Wilson Homecare
- Hawaii, Dr. John Stover, president of Hilo Oral & Facial Surgery
- Kauai, Valerie Parker, president and CEO of The Parker Group
- Maui, Max Tsai, president and owner of TC Kokua

Two of Hawaii's state winners were also awarded regional titles in competition with winners from California, Arizona, Nevada:

- Michael Fairall, Mokulua Woodworking, SBA Young Entrepreneur
- Naomi Hazelton-Giambrone, Pacific Edge Magazine, SBA Small Business Journalist

Along with these noteworthy small businesses, other business owners and champions in nine different categories were also honored for their accomplishments and business acumen. Find the 2009 Award Winners and their stories on our SBA Resource page at [www.sba.gov/hi](http://www.sba.gov/hi) under "Spotlight" and click on "Presenting the 2009 SBA Winners" for a full listing, their profiles and success tips!

### Upcoming Small Business Events and Training:

#### SBA Workshops and Forums on Recovery Act Provisions

Visit [www.sba.gov/hi](http://www.sba.gov/hi) for more workshops and forums! Register for Event Updates!

#### Wahine in Business Forum 2009: Global Focus, Giving Back - July 14, 2009

8:00 a.m. – 2:00 p.m. Sheraton Waikiki - Hawaii Ballrooms For the island businesswoman and civic leader. Go to <http://thewahineforum.com> registration and information. Registration fee: \$150.

#### 7<sup>th</sup> Annual DOD Hawaii Small Business Conference – July 15, 2009

7:30 a.m. to 2:30 p.m. Honolulu Country Club – 1690 Ala Pu'umalu Street – Contracting opportunities with DOD, Joint Basing, American Recovery and Reinvestment Act opportunities and Procurement resources Advance registration fee: \$50 includes lunch. Go to [www.hawaii-sbdc.org](http://www.hawaii-sbdc.org) or call (808) 945-1430.

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MARKET, MARKET, MARKET!

## Use Your Business Fact Sheet as a Springboard for Better Branding

Use your fact sheet as a springboard to create your other strong company communications. Your business fact sheet condenses the most pertinent information about your company, products and/or services into one page. The fact sheet includes at-a-glance information broken up into categories, such as contact information, company history, vision, mission, purpose, future, etc. It is an invaluable template for all your communication materials & collaterals.

When creating a collaterals package which might include a website, presentation, brochure, business cards, and letterhead, start with your fact sheet. Why? Because the content in a fact sheet includes your core messages and they should always be consistent to promote a strong company brand. Inconsistencies in your messaging lead to confusion, internally and externally, and weaken your brand. The more repetition you have among your communications, the higher the likelihood that your target public will retain and act on your messages.

Every good fact sheet has a little gem that is used on all of your materials – your website, press releases, letterhead and business cards. That gem is your boilerplate and consists of your company's three to five key messages in one short paragraph. The verbiage can be used for many other promotional materials, including advertising copy, logo items, blogs, and so on.

Note that it's best to duplicate the copy on your fact sheet as closely as possible (taking into consideration search engine optimization for websites, etc.) in your other communication vehicles. When your consumers are exposed to the same messaging over and over, it helps them to process and comprehend it so that your business, product, and/or service is top of mind and one of their top "buys."

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More at [www.YourPublicIsWaiting.com](http://www.YourPublicIsWaiting.com).



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