



THE ARIZONA DISTRICT OFFICE

DISPATCH

Information for the Small Business Community

June 2007

"SBA – Your Small Business Resource"

U.S. Small Business Administration

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DIRECTOR'S MESSAGE

On June 13, the SBA has announced the creation of the **Patriot Express Loan** program, a new loan program designed specifically for military community members including veterans, service-disabled veterans, active-duty service members participating in the military's Transition Assistance Program, Reservists and National Guard members, current spouses of any of the above, and the widowed spouse of a service member or veteran who died during service, or of a service-connected disability.

The **Patriot Express** Loan will be offered by SBA's network of participating lenders nationwide and features SBA's fastest turnaround time for loan approvals. Loans are available up to \$500,000 and feature SBA's lowest interest rates for business loans. The loans can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases.

With military activations and extensions having a profound impact on entrepreneurs in the military community, SBA is committed to helping America's service men and women, and we believe that **Patriot Express**, supported by SBA's other services, goes directly to the needs of veterans who wish to start a business or grow an existing enterprise.

SBA has long had veterans' business officers in each of its state offices. Jim Pippert fills that position in our Phoenix headquarters. Many veterans have come to know him over the years, and as a veteran himself he is highly dedicated to assisting entrepreneurial veterans succeed by providing full access to the SBA's range of programs and services.

In addition to district offices, SBA's resource partners SCORE, Small Business Development Centers, and Women's Business Centers provide local and online assistance with: writing a business plan, financing options to start or grow your business, managing the business, expanding the business and selling goods and services to the government.

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DID YOU KNOW?

* The top 10 largest employers in the state according to the Arizona Republic are in order: Wal-Mart, Banner Health, Wells Fargo, Honeywell, Kroger, Raytheon, Home Depot, Basha's Supermarkets, Intel, and U.S. Airways.

* Arizona businesses exported \$18.2 billion in goods and services to international markets in 2006, up more than \$3 billion from the year before, according to the International Trade Administration.

* The state's jobless rate hit 3.6 percent, down from 4 percent in April, according to the Arizona Department of Economic Security. The national jobless rate was 4.5 percent last month.

* Industrial-project spending is up significantly in Arizona, according to Industrial Info Resources research firm. Statewide, 123 projects totaling more than \$21 billion

are planned to start construction in 2007 or beyond. That's up 141 percent from the \$8.7 billion in projects that were being tracked in 2005.

SBA ADVICE: Finding Capital

Ask any entrepreneur, actual or potential, what their biggest holdup to launching or growing their business is, and the answer will come quick and sure: Money.

There is little doubt, if any, that finding capital to finance your business venture is the most basic and important of all your business activities. It also can be the most frustrating one if you don't know where and how to look, but it need not be so. Finding capital can be a smooth, rewarding experience provided you study diligently and plan effectively.

However obvious it may seem, the first thing you need to know before setting out how much money you need. Here, again, a thorough business plan will be critical in determining your financial needs.

Once you have determined how much money you need, there are several sources to consider when looking for financing. It is important to explore all of your options before making a decision.

Personal savings: The primary source of capital for most new businesses comes from savings and other personal resources. While credit cards are often used to finance

SUCCESS STORY:

GUIDANCE HELICOPTERS

PRESCOTT, AZ – From the time John Stonecipher, owner of Guidance Helicopters, Inc., was about 4 years, old his dream was to fly helicopters. John studied, worked hard, and right out of high school became a helicopter pilot. He's been involved with helicopters ever since.

John's been a pilot in passenger service and emergency medical services. He flew the Grand Canyon as a tour guide pilot and managed and provided instruction at a helicopter flight training school. Eventually, John opened his own flight school in Prescott and with the assistance of the Yavapai College Small Business Development Center created two degree programs at the college: an AA degree that is a hybrid Business and Helicopter Operations Degree, fully transferable to Embry-Riddle Aeronautical University, and a one year Small Business Entrepreneurship Certificate Program. These training programs now produce thirty percent of his students.

Small Business Development Centers are resource partners of the U.S. Small Business Administration, are affiliated with colleges throughout the state, provide free one-on-one business counseling and typically offer seminars on a broad array of business topics. In 1995, John observed a growing need for civilian

SBA EVENTS:

July 5, 2007

SCORE Loan Clinic at SBA District Office in Phoenix. Contact SCORE at 620-745-7250 or register online at www.sba.gov/az.

July 5, 2007

Selling to the Federal Government at SBA District Office in Phoenix. Contact Luz Guerrero 602-745-7232 or register online at www.sba.gov/az.

For a calendar of events throughout the state visit www.sba.gov/az and navigate to the events calendar.

SBA RESOURCE PARTNERS:

SCORE

SCORE, "Counselors to America's Small Business" is an organization of volunteers offering free confidential one-on-one business counseling. For a chapter in your area consult www.score.org and enter your zip code.

SMALL BUSINESS DEVELOPMENT CENTERS

Small Business Development Centers offer free one-on-one business counseling and often offer seminars on business related topics. For information on a center in your area consult www.asbdc-us.org and select Arizona.

WOMEN'S BUSINESS CENTERS

There are two Women's Business Centers in the state. Each offers counseling and mentoring services and

counsels both men and women. They provide training, workshops and seminars. Both are also micro-lenders offering loans from \$500 to \$35,000.

Phoenix: Self Employment Loan Fund, 1601 N. 7th St., Suite 340 Phoenix, AZ 85006 (ph) 602-340-8834 www.selfloanfund.org

Tucson: Microbusiness Advancement Center, 330 N. Commerce Park Loop, Suite 160 Tucson, AZ 85745 (ph) 520-620-1241 www.mac-sa.org

Helicopters continued:

helicopter pilots in an exploding industry. Vietnam-era pilots were retiring from civilian service and newer military-trained pilots needed more hands-on training in civilian aircraft. John saw this as an opportunity and in 1997 when the Robinson Helicopter Company R22 helicopter had proven its effectiveness, he bought one. This was his first step towards realizing his vision of a high altitude flight school in Prescott. The school became a reality in November of 1998.

As with any business, there have been hurdles to overcome. John knows the service he is offering very well, but was not well versed on the financial side of business. He was prepared to pay for assistance but instead, in the summer of 2005 he was referred to the Yavapai College Small Business Development Center (SBDC) by a business professor friend. According to John, "I needed help defining the bottom line. I didn't have a financial

background and had pretty much learned from the school of hard knocks. I was prepared to pay someone for the help, but this didn't cost me anything and has just been an incredible experience for me." John says, "The SBDC helped me greatly in budgeting for the future. My relationship with them continues today."

Among the help John received was assistance putting together the package required for accreditation. As a result, Guidance can now provide financial aid offered by numerous lending institutions that feature student loans. Offering financial aid opened the program up to more students and allowed it to be completely funded by student tuition.

Guidance Helicopters has grown tremendously, with revenue in 2006 reaching \$1.65 million. The number of employees has grown from 1 in 1998 to 18 and the number of helicopters from three to eleven. Enrollment is backlogged nine months and the company anticipates fifty percent growth in the next two to three years.

Good Advice:

"Find your passion and pursue it. I just don't take no for an answer. I have been told no so many times. Don't give up. Put your head down and tail up."

Secret of Success:

"There are a lot of things: integrity, ethics and hard work. I've found good people – employees and advisors – and surrounded myself with them."

Finding Capital continued:

business needs, there are usually better and less expensive options available, even for very small loans.

Friends and relatives: Many entrepreneurs look to private sources such as friends and family when starting out in a business venture. Often, money is loaned interest-free or at a low interest rate, which can be beneficial when getting started. Remember to put the details in writing so everyone involved understands the deal.

Banks and credit unions: The most common sources of funding, banks and credit unions, will provide a loan if you can show that your business proposal is sound and you can repay the loan. Your business plan will show this.

Angel Investors and Venture capital firms: These individuals and firms help expanding companies grow in exchange for equity or partial ownership.

Borrowing money from a bank or other financial institution to start a business –and even for established small businesses – is usually seen as difficult. Inexperienced or ill-prepared borrowers do not make matters any easier by



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submitting incomplete or poorly filed loan applications, or by showing up without a business plan, prompting lenders to assume that you may be a high risk.

To improve your chances of obtaining a loan, you must be prepared and organized. You must know exactly how much money you need, why you need it, and how you will pay it back. You must be able to convince your lender that you are a good credit risk. The process of writing a good business plan will answer these questions and demonstrate to the lender you are both serious and committed to your business venture.

Approval of your loan request depends on how well you present yourself, your business, and your financial needs to a lender.

Remember, lenders want to make loans, but they must make loans they know will be repaid. The best way to improve your chances of obtaining a loan is to prepare a written proposal.

In addition to general information – business name, names of principals, Social Security number for each principal, business address, purpose of the loan, amount required - a well-written loan proposal should contain, again, the main elements of your business plan: Business Description, Management Profile, Market Information, and Financial Information.

The SBA, through its district offices and resource partners, can help you prepare a sound loan application that will

enhance your chances of getting the funds you need. And if at first you are turned down by a lender, ask him or her about an SBA 7(a) loan guaranty. Often, there's very little additional paperwork, and a guaranty can often be approved within a couple of days.

For more information on how the SBA can help you find the money you need for your business, visit its Web site at www.sba.gov. For an online course on how to write a business plan see SBA's resources at <http://www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/index.html>.

Director's Message continued:

For those who are already small business owners and who expect call-up, the SBA and its resource partners have expertise to assist with preparing their businesses before deployment, managing their businesses, selling goods and services to the government, obtaining other SBA financing and financial assistance, and obtaining loans for economic injury. Military Reserve Economic Injury Disaster Loans of up to \$1.5 million are available for small businesses sustaining economic injury because an owner or essential employee has been called to active duty as a military reservist.

Full details on the Patriot Express program are available on SBA's website at: http://www.sba.gov/patriotexpress/SBA_PATRIOT_PRESS_KIT.html Please contact us for assistance.