

# COAST

## COMMENTS

Volume 17, No.1

SPRING 2004

PACIFIC COAST REGIONAL SMALL BUSINESS DEVELOPMENT CORPORATION

## One of Our Own - Mark Robertson Named LA City Commissioner



**C**ongratulations to PCR's President Mark Robertson, who was recently selected as a LA City Commissioner. Robertson was unanimously approved by the Los Angeles City Council as a Commissioner for the LA Industrial Development Authority (IDA) of the Community Development

Department. Robertson was selected for the position by City Council president Alex Padilla. During his 3-year term Robertson will serve on the seven-member IDA Commission, to advise the City Council in its approval of transactions under the city's Industrial Development Bond (IDB) program.

IDB financing is a low-cost mechanism that provides private businesses, small and large (including non-profits) with the ability to borrow funds at interest rates generally reserved for governments. IDBs are available to Los Angeles-based businesses desiring to expand, or those desiring to relocate to Los Angeles, especially to the city's federally designated Empowerment Zone. The bond proceeds can be used to finance the cost of land, building or equipment; and while the business owner benefits from the lower interest cost of the bonds, its neighboring residents can also benefit from new jobs, and the reduction of blight and slum conditions.

Robertson's commission appointment is consistent with his long career in finance, and economic development as evidenced by his 12 years as a commercial banker, and 12 years at Pacific Coast Regional Small Business Development Corporation where for two years he has served as President/CEO.

Robertson advises that business owners wishing to inquire about IDB financing should contact Clarence Espinosa or May Smith of the city's Industrial Development Authority. They can be reached at (213) 485-2412, or (213) 485-1099.

### SBA RECOGNIZES PCR

Accolades to the staff of Pacific Coast Regional on receiving the Small Business Administration 2003 MED Week Technical Assistance Advocate Award. PCR staff and members of the board of directors attended the 17th annual Minority Enterprise Development Awards breakfast on January 15, 2004 at the Beverly Hilton Hotel.

The award was accepted by PCR's president Mark Robertson who thanked the SBA for the honor, and for their recognition that "it costs to provide these services to small businesses". Robertson went on to acknowledge the SBA for their technical assistance grants to PCR for its operation of the SBA Micro Loan Program. He told the crowd that such grants and outside contributions for small business training, are absolutely vital to the success of small businesses, and thus to the success of PCR and similar organizations as lenders to those businesses.

## DO YOU WANT TO BUY A FRANCHISE?

**F**ranchised businesses accounted for an excess of one trillion dollars in sales in the United States in 2000, making up over 40% of all retail sales and employing in excess of 8,000,000 people. One out of every 12 business establishments is a franchise, in almost 80 different industries, of which fast food is only one.

Given the tremendous success of the franchised form of doing business, it is understandable that a great number of people consider franchising their businesses or purchasing a franchise. Many of them view it as an almost “automatic” road to success. However, no method of business operation, including franchising, guarantees success.

For the franchisee, success will be based on three primary factors:

1. the franchisee’s ability to build the value inherent in the brand,
2. the inherent validity of the business model, and
3. the skill of the franchisor in managing the franchise system.

### Five Important Things a Franchisee Needs to Know and Do Before Purchasing a Franchise

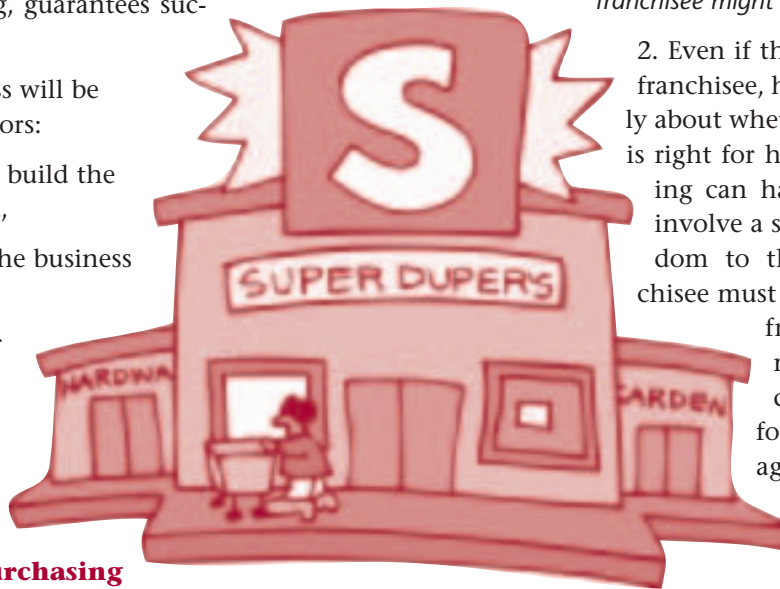
1. A franchisee needs to have done “due diligence” in investigating the franchisor and the satisfaction (or dissatisfaction!) level experienced by current and past franchisees. At a minimum, the franchisee should have spoken with a number of existing franchisees, and those who have left the system, to ask them a series of questions.

For example, answers to questions such as the following would be very relevant:

- *Are the franchisees satisfied with the performance of the business?*
- *Are they making the amount of money they expected? (They may even be willing to share sales figures.)*
- *Would they recommend the franchise to their best friend or a close relative?*
- *What would they tell a prospective franchisee to be concerned about?*
- *Do they enjoy the daily operation of the business or has it*

*become unpleasant and stressful?*

- *Did what the franchisor tell them prior to their purchase turn out to be complete and correct or was there anything untrue or was anything important left out?*
- *Does the franchisor honor its commitments?*
- *Is there an advertising program and how is it working?*
- *Have they reached breakeven yet and how long did it take?*
- *For franchises that have left the system, why did they leave and how relevant were their problems to what a prospective franchisee might face?*



2. Even if the business is attractive to a franchisee, he or she should think clearly about whether franchising, in general, is right for him or her. While franchising can have many benefits, it does involve a significant surrender of freedom to the franchisor and a franchisee must be willing to take direction from the franchisor in a number of areas. The franchisees should be prepared for the fact that the franchise agreement and the related business deal will be non-negotiable, which is typically the case with established systems.

3. In addition, while the franchisee can, in well run systems, receive many benefits from the franchisor, the franchisee will have to pay for those, typically through a periodic royalty. Ultimately, this is related to the question of whether the benefits of participating in the industry as part of a franchised/licensed system more than overcome the costs and restrictions allowed?

4. Is the franchisor a “baby franchisor,” with little experience in franchising? If so, there may be risks that the franchisor will be unskilled in managing a franchise system, notwithstanding that they may have had many years of experience in the relevant industry.

5. The prospective franchisee should develop a business plan with conservative financial forecasts, including draft financial statements, and then have them reviewed by an accountant operating from a devil’s advocate position.

*by Steven J. Cote, Counsel Ivanjack & Lambirth, LLP 213-624-0222. Mr. Cote is a regular instructor for PCR's Entrepreneurial Training Institute, teaching the course on Small Business Legal Issues.*

# Winning Strategies for Women Entrepreneurs

## Marketing to Corporations

**W**omen Entrepreneurs now have a one-stop resource guide to help them be successful in one of the nation's largest business markets, corporate America. *Methods that Work for Creating Corporate Clients, A Resource Guide for Women Business Owners*, was prepared by the Center for Women's Business Research and underwritten by the PepsiCo Foundation to provide knowledge, tools and best practices to help women business owners successfully navigate the challenges of corporate markets.

The resource guide is the outcome of the study *Access to Markets: Perspectives from Large Corporations and Women's Business Enterprises* by the Center for Women Business Research released earlier this year.

"On average, nearly half (48%) of the revenues of the women's business enterprises surveyed came from large corporations," said Myra M. Hart, Chair, Center for Women's Business Research and Professor, Harvard Business School. "Gaining access to this market has a very positive impact on the bottom line. The



resource guide distills the findings of our comprehensive study into research-based intelligence that individual women business owners can use to be successful in this lucrative market."

"PepsiCo is committed to ensuring that women's business enterprises have every opportunity to participate in corporate markets," said Bob Gonzalez, vice president of supplier diversity, PepsiCo. "We are so pleased to participate in a project which helps further this commitment, and we recognize the contributions that women-owned firms make to supplying quality products and services at a good price."

The guide has five success strategies that serve as a roadmap for women entrepreneurs to gain access to corporate markets. Along with the core strategies, the guide gives real-life examples of business owners who have successfully marketed to corporations. It also gives women entrepreneurs the overall trends in corporate purchasing as well as step-by-step guidance on how and where to become "certified" as a women's business enterprise, and a list of useful Web sites, organizations and publications that can help create corporate clients.

*Source: Center for Women's Business Research*

## Managing change... carefully

Be careful how you introduce change to your team members. The manufacturing director of a large steel plant learned that lesson the hard way.

One day, he went down to the factory floor and told the workers that he wanted to make some changes. He said the changes would improve efficiency and that the workers would really come to like them.

The director was in his office a couple of days later when a group of workers walked in and, without a word, unplugged his phone and moved it to a different table. They took some papers and envelopes from his desk and moved them somewhere else, then they moved his bookshelf.

As they left, they said, "There. That will work a lot better." He got their point.

-Adapted from *Corporate Kinetics*, Michael Fradette and Steve Michaud, Simon & Schuster, 1230 Ave. of the Americas, New York, NY 10020.

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# For Small Business Owners

## Scholarships Made Available By Institute Sponsors

### Offers



### Costs & Requirements



- Low cost business assistance training through the Entrepreneurial Strategic Planning (ESP) Program. (*valued at \$800 per person enrolled*).
- Intimate, personalized instruction in key areas of business management including financing options, computerization, new business strategies, new ways of organizing work, and other changes in the business world especially designed for the small business owner.
- Based on a nine-week 50-hour class curriculum. (Turn over to see schedule). Certificate awarded to each participant upon completion of the program.
- \$125 Registration fee.
- Open to existing and potential entrepreneurs.

PCR is one of Los Angeles' oldest non-profit business development organizations, providing finance, consulting and training to businesses throughout Southern California.

#### Financing

- State Loan Guarantee Program  
Maximum Guarantee \$500,000
- SBA Micro Loans up to \$35,000
- Economic Development Administration (EDA) Financial Restructuring Assistance Program
- State Bond Guarantee Program
- State Disaster Assistance

#### Consulting

- One on one professional consulting on business challenges, Expansion, Finances, Business Planning
- Business Resource Materials

#### Training

- Classes on core business topics
- ESP-Entrepreneurial Strategic Planning - A dynamic nine week, all-inclusive course designed to help business owner's kick-start growth and achieve success.



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**CURRICULUM FOR APRIL 6, 2004 – JUNE 3, 2004**

<b>Quantum Leap to Success</b> <i>April 6 and April 8, 2004</i>	<b>6 hours</b> (2 three-hour sessions) 7:00 p.m. – 10:00 p.m.	<b>Vernon Webb</b>
<b>Financial Intelligence</b> <i>April 13, 2004</i>	<b>3 hours</b> (1 three-hour session) 7:00 p.m. – 10:00 p.m.	<b>Faculty</b>
<b>Developing Your Business Plan</b> <i>April 15, April 20 and April 22, 2004</i>	<b>9 hours</b> (3 three-hour sessions) 7:00 p.m. – 10:00 p.m.	<b>Teke Negus</b>
<b>Marketing Your Business</b> <i>April 27 and April 29, 2004</i>	<b>6 hours</b> (2 three-hour sessions) 7:00 p.m. – 10:00 p.m.	<b>Shelley Warren</b>
<b>Employee Development/Customer Relations</b> <i>May 4, 2004</i>	<b>3 hours</b> (1 three-hour session) 7:00 p.m. – 10:00 p.m.	<b>Rosita Odom</b>
<b>Small Business Employee Relations</b> <i>May 6, 2004</i>	<b>3 hours</b> (1 three-hour session) 7:00 p.m. – 10:00 p.m.	<b>Emmit Willis</b>
<b>Small Business Legal Issues</b> <i>May 11, 2004</i>	<b>3 hours</b> (1 three-hour session) 7:00 p.m. – 10:00 p.m.	<b>Steve Coté</b>
<b>Small Business Resources on the Internet</b> <i>May 13, 2004</i>	<b>3 hours</b> (1 three-hour session) 7:00 p.m. – 10:00 p.m.	<b>Elizabeth Ghaffari</b>
<b>Recordkeeping/Accounting</b> <i>May 18 and May 20, 2004</i>	<b>6 hours</b> (2 three-hour sessions) 7:00 p.m. – 10:00 p.m.	<b>Jeffrey Hill</b>
<b>Analyzing Your Financial Statements</b> <i>May 25, 2004</i>	<b>3 hours</b> (1 three-hour session) 7:00 p.m. – 10:00 p.m.	<b>Farid Haqq</b>
<b>Financing Your Business</b> <i>May 27 and June 1, 2004</i>	<b>6 hours</b> (2 three-hour sessions) 7:00 p.m. – 10:00 p.m.	<b>Farid Haqq</b>
<b>Business Strategies and Projections</b> <i>June 3, 2004</i>	<b>2 hours</b> (1 two-hour session) 7:00 p.m. – 9:00 p.m.	<b>Teke Negus</b>

**For more information call  
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**Limited Attendance... Enroll Now!**

**Website [www.pccorp.org](http://www.pccorp.org)**

# Marketing and Sales Will Bring Positive Results

By Suzanne Lawrence - Advisor Business Solutions, Pasadena CA - Ph. (626) 791-9657

Many small business owners are very knowledgeable about their company products and services, but may not recognize the most effective ways to promote their company to potential customers. A crucial mistake which business owners make is not understanding how to be visible and connect with consumers in order to close the deal.

When determining the approach, you should assess the customer's needs first, then respond with a method to meet the need. Essentially, this is the difference between marketing and sales. When you are marketing your products and services, you are informing consumers, not selling them. You want to reach them in ways that they can consistently see your company and keep it "top of mind" for that particular product/service.

Next, in addition to your salesperson, you need to have professional representation of your company, whether it's in the form of brochures, pamphlets, website or other materials which are appropriate to describe what you are providing. These materials or marketing tools will be necessary to support the overall sales effort and should be utilized as opening discussion tools or for follow up after your contact has been completed with the prospective customer.

The information that you provide should be consistent, have a clear message and be as professional as your sales representation. It should include what you want people to know about your company, what makes your company different from the competition and have a format which eas-

**"... in addition to your salesperson, you need to have professional representation of your company, whether it's in the form of brochures, pamphlets, website or other materials which are appropriate to describe what you are providing..."**

ily describes your product/services. Remember, this will be a reminder to your customers after the interaction with the salesperson is complete. Each marketing tool must be a "stand-alone" piece that will continue to send the right message that you want your customers to think of until you connect again.

Combining marketing elements with sales efforts will bridge the gap between direct communication and indirect contact with prospective customers. This will strengthen your company's "brand" name with the target market and increase the familiarity with customers. Additionally, the marketing and sales collaboration will help create loyalty while building long-term relationships.



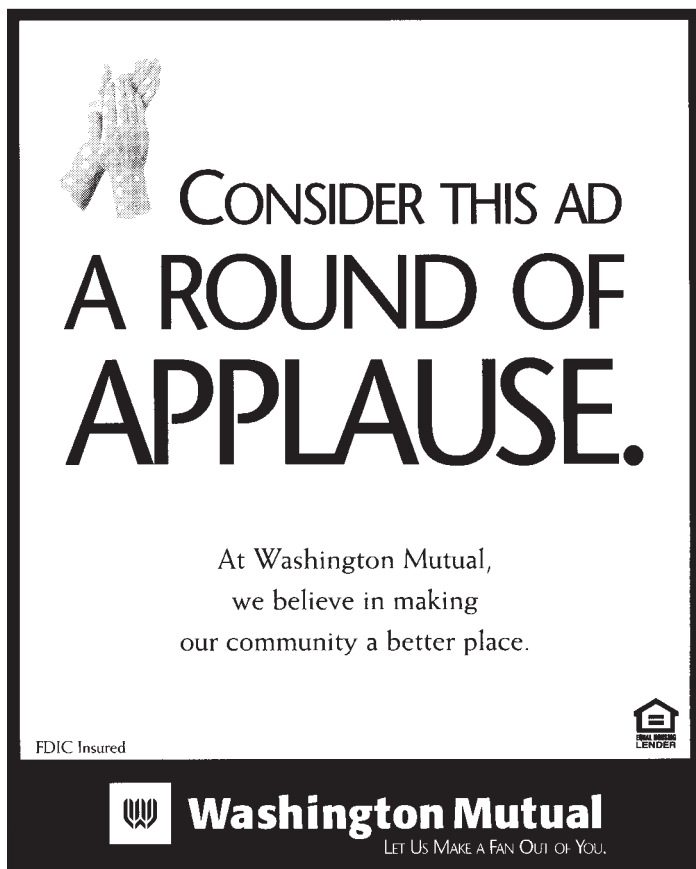
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ROBERT RABIN  
BUSINESS CONSULTANT AND WRITER

*What is important is to keep learning, to enjoy challenge, and to tolerate ambiguity. In the end there are no certain answers.*

MARINA HORNER

*Persevere to get results. Don't give up just because you tried and failed. Figure out what went wrong, make adjustments and try again.*

*Support yourself. Behind every successful effort is a network of family, friends, and peers who cheered us on to victory. Surround yourself with people who will encourage you to do your best.*

*Leaders are the ones who keep faith with the past, keep step with the present, and keep the promise to posterity.*

HAROLD J. SEYMOUR

*Nothing is impossible; there are ways that lead to everything, and if we had sufficient will we should always have sufficient means.*

FRANCOIS DE LA ROCHEFOUCAULD  
WRITER AND MORALIST

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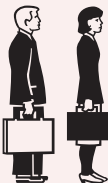


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Got a question about starting your own business? Need advice on writing your business plan? Or just want to discuss a business related **QUESTION** or **IDEA**? PCR's Small Business Consultants can be of service to you.

### This Service is Free

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- **Budgeting**
- **Business Planning**
- **Insurance**
- **Licenses**
- **Loan Packaging**
- **Taxes**

#### TO SCHEDULE AN APPOINTMENT CALL

Maria Marroquin at  
(213) 739-2999 ext. 221

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3255 Wilshire Boulevard, Suite 1501  
Los Angeles, California 90010  
or Fax (213) 739-0639  
www.pccorp.org

## PCR

### Pacific Coast Regional Corporation Mission Statement

PACIFIC COAST REGIONAL SMALL BUSINESS DEVELOPMENT CORPORATION (PCR) IS A PRIVATE, NON-PROFIT CORPORATION ORGANIZED FOR THE PURPOSE OF ENHANCING THE GROWTH AND WELL-BEING OF THE SMALL BUSINESS COMMUNITY, THEREBY CREATING AND SUSTAINING EMPLOYMENT OPPORTUNITIES.

THROUGH A HIGHLY PROFESSIONAL STAFF, IT IS PCR'S EXPRESSED GOAL TO MAXIMIZE THE DELIVERY OF ITS FINANCIAL, EDUCATION, AND MANAGEMENT ASSISTANCE PROGRAMS FOR THE BENEFIT OF THE STATE OF CALIFORNIA.

## Your PCR Team...



Top Left to right: Kenneth C. Smith, Teke Negus, Selena Davis, Peter D.Barash, Ellis Gordon, Jr., Nathaniel Jemison. Bottom Left to right: Lydia Nalls, Amina Almeida, Mark J. Robertson, Maria Marroquin and Constance Anderson.

## COAST COMMENTS

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**President**  
Mark J. Robertson, Sr.

**Editor**  
Constance Anderson

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