

# THE SMALL BUSINESS

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## How Will Small Firms Fare in the "Mega-Bank" Era?

Mergers of mega-financial institutions, such as the \$60 billion NationsBank/BankAmerica deal, were the harbingers of spring 1998. The once-largest, now smaller, banks, witnessing the "gigantification" of their peers, are rushing to consolidate to remain competitive in an increasingly global financial services market.

How will small firms seeking loans fare in this brave new banking world? The Office of Advocacy has just published a study that provides insight into the lending patterns of these multi-billion-dollar bank holding companies (BHCs). The study follows on an Advocacy conference held in October 1997 that discussed the findings of five leading researchers about the effects of bank mergers on small business lending.

In *The Bank Holding Company Study, 1997*, released in April, the Office of Advocacy found that of the \$184 billion in small business loans outstanding from all banks in June 1997, \$68 billion was in 57 multi-billion-dollar BHCs. The small-business-loan-to-asset ratio in these banks is about 3 percent, compared with more than 11 percent in banks overall.

Although the number of small business loans (that is, loans under \$250,000) from these bank holding companies increased significantly, the growth in dollars lent to small firms lagged far behind the growth in total business loans and assets in 1997, the study finds. The number of BHCs with more than \$1 billion in loans outstanding to small firms declined from 27 in 1996 to 23 in 1997. The disappearance of several

*Continued on page 2*

## Going Global



Small businesses have been busy making the global marketplace their own. For more information, turn to the story on page 8. (Photo of Port of Charleston courtesy of South Carolina State Ports Authority)

## Bank Mergers, from page 1

major lenders may be attributed to mergers and acquisitions among very large banks.

"We're watching the trend toward consolidation in the banking industry closely, to see what effect it will have on small business lending," said Chief Counsel for Advocacy Jere W. Glover. "While consolidation may create some new efficiencies, we will have to wait to see if the market remains competitive."

The impetus on the part of large banks to merge has been attributed to several factors, among them federal legislation in 1994 that weakened the ability of states to restrict outside banks from operating branches within their borders. The mega-banks are counting on more restrictions to fall away as the banking industry is pushed by market forces. With mergers such as

that of NationsBank and Bank-America resulting in instant coast-to-coast coverage, analysts foresee nationwide, and even global, banks becoming as ubiquitous as McDonald's or WalMart in the near future.

At Advocacy's October 1997 conference, summarized in *The Impact of Bank Mergers on Small Business Lending: A Conference Report*, researchers reported that bank mergers have complex effects, depending on the type of merger, the size of the banks involved, and other factors. The reactions of other banks in markets affected by consolidations often offset declines in small business lending by the consolidating institutions, but there are short-term costs, including disruptions in credit availability, until new banking relationships develop.

Indeed, a nationwide banking system can result in reduced costs because of economies of scale and in increased convenience for some — easy access to nationwide ATMs, for example. But consumers, borrowers, and analysts have been heard voicing concerns about the downsides of a decrease in competition: declines in service, fewer choices, and higher fees. The mega-banks are less likely to be flexible and consumer-friendly than smaller banks can be.

*The Bank Holding Company Study, 1997*, is an expanded version of previous years' studies designed to help small businesses identify the very large bank holding companies that are "small-business-friendly." The report is a companion to *Small Business Lending in the United States*, released earlier in April, a comprehensive state-by-state ranking of all 9,293 U.S. banks, based on lending data reported to federal bank regulators in June 1997. (See story in the March issue of *The Small Business Advocate*.)

As a group, the 57 BHCs in the

## For More Information

The full text of *The Bank Holding Company Study, 1997* is available on the Internet at <http://www.sba.gov/ADVO/lendinginus2.html/>. Paper or microfiche copies are available for purchase from the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, VA 22161; telephone (703) 605-6000. Ask for document no. PB98-137318.

The related report on Advocacy's October 1997 conference on bank mergers, *The Impact of Bank Mergers and Acquisitions on Small Business Lending: A Conference Report*, may also be found on the Internet at <http://www.sba.gov/ADVO/stats>. Paper or microfiche copies are available for purchase from NTIS; ask for document no. PB98-127236.

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study accounted for almost 37 percent of the value of small business loans under \$250,000 and 66 percent of total domestic bank assets in the United States in 1997. The five most small-business-friendly BHCs in 1997 were BB&T Corporation, Wells Fargo, Norwest, American Express Centurion, and Union Planters. The "small business friendliness" rating is based on the sum of the BHC's rankings relative to other BHCs in four categories: the number and amount of small business loans, and the ratios of small business loans to total bank assets and to total business loans.

### Government Competition: New Proposal for an Old Problem

A familiar thorn in the side of small business — government competition — may actually be removed during the second session of the 105th Congress. Legislation introduced in the first session by Rep. John Duncan (R-Tenn.), and recently amended by Sen. Sam Brownback (R-Kans.) and Rep. Steve Horn (R-Calif.) was the subject of a March 24th joint hearing of subcommittees of the Senate Governmental Affairs Committee and the House Government Reform and Oversight Committee.

The Competition in Commercial Activities Act of 1998 (H.R. 716 and S. 314) would require the federal government to obtain goods and services required by an agency to carry out a commercial activity from the most competitive source, including the private sector. All federal agencies would be required to publish annually a list of their commercial activities and subject them to a competition that is in accordance with the Federal Acquisition Regulation.

The bill does not mandate that the government contract out everything. Some important exemptions include declared national emergencies, matters of national defense, activities so inherently governmental in nature that it is in the public interest to require performance in-house, and where there is no capable private source.

Presenting testimony before the joint committee, Rep. Duncan described the new bill as a very modest proposal that champions the concept of public-private competition. “When private enterprise is permitted to compete in the marketplace for the right to win a contract to perform a commercial-type service or provide goods for the feder-

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**Federal agencies have long competed with the private sector to provide goods and services. This unfair competition would be curtailed if Congress passes new legislation.**

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al government, that competition will result in the best value for the money.”

A number of small business organizations support the bill, including the Small Business Legislative Council and the U.S. Chamber of Commerce. The House Government Reform and Oversight Committee is expected to mark up the bill in May. The Senate companion bill, now in committee, is being moved forward by Sen. Brownback.

#### Looking Back

For more than six decades, the business community and the government have had a running battle over the issue of whether the government should provide for itself goods and services that can be obtained from the private sector. For nearly 20 years, the Office of Advocacy has urged a change in federal policies, to better assure that small firms enjoy a level playing field when competing with tax-supported entities in the provision of goods and services to the federal government.

In a 1980 report, then-Chief Counsel for Advocacy Milton Stewart said, “[Small businesses’] central concern is the use government has made of its authority to create tax-supported instrumentalities which engage in direct economic competition with small, private, for-profit enterprises.” The

*Continued on page 4*

#### Up for Bid

##### Major Provisions of the Competition in Commercial Activities Act of 1998

- Requires federal agencies to annually publish a list of their activities that are not inherently governmental and that are performed by federal government employees.
- Permits interested parties to challenge omissions from these lists, and provides for an appeal process that includes challenges in federal court.
- Requires that activities included on the published lists be subject to competition.
- Establishes procedures for such competitions based on current procurement law and regulations.
- Uses current bid protest procedures for challenges to agency award decisions, including the General Accounting Office and the Court of Federal Claims.
- Requires agencies to publish a list of goods, services, and resources that they provide to non-federal entities and to certify that the fair market value was recovered.

✓ *hold these dates:*

**December 9 and 10,  
1998, when the  
Office of Advocacy  
hosts**

## **Vision 2000: The States and Small Business Conference**

- ✓ Learn about programs and policies that foster small business development.
- ✓ Hear about “models of excellence” — the programs that have helped small business the most.

Hosted by the  
U.S. Chamber of Commerce  
in Washington, D.C.

For details, see page 5  
of this issue of  
*The Small Business Advocate*.

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Business Administration's  
Office of Advocacy.*

### **Competition, from page 3**

concerns continue to be acute. Some estimates of the potential market lost to small business as a result of government competition are as high as \$30 billion. Questions about the excess cost to government for rejecting a competitive process trouble taxpayers.

Ironically, the executive branch has had a policy on the books for the last 40 years that calls for greater reliance on the private sector — the Office of Management and Budget's (OMB) Circular A-76. The purpose of this federal directive is to identify commercial activities that the government conducts in-house and then require the agencies to conduct a cost comparison between government and business performance. Because the OMB Circular A-76 is not based on any statutory requirement, federal agencies have discretion in its implementation regarding converting their in-house activities to contracts.

### **Input from the White House Conferences**

Delegates to the first White House Conference on Small Business (WHCSB), held in 1980, made unfair competition a top priority. They recommended that “[t]he federal government shall be required by statute to contract out to small business those supplies and services that the private sector can provide. The government should not compete with the private sector by accomplishing these efforts with its own or non-profit personnel and facilities.”

Delegates to the 1986 WHCSB asserted that government had failed to protect small business from damaging levels of unfair competition. They adopted as a leading plank that new federal, state, and local “laws . . . particularly at the federal level, should require strict government reliance on the private sector for performance of commercial-type functions.”

Delegates to the 1995 White House Conference also made this issue one of its top priorities. They recommended that Congress “. . . enact legislation that would prohibit government agencies and tax-exempt and anti-trust exempt organizations from engaging in commercial activities in direct competition with small businesses.” In response to their advice, the Office of Management and Budget issued a revised A-76 Circular to help protect small businesses from unfair government competition.

In related activity that comes in response to long-standing complaints voiced by small businesses, Congress is considering legislation that would remove the Federal Prison Industries' status as a mandatory source of federal supplies and require it to compete commercially for federal contracts.

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## Special Report

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### Vision 2000 Conference to Feature State "Models of Excellence"

On Dec. 9 and 10, 1998, the Office of Advocacy and the U.S. Chamber of Commerce will host Vision 2000: The States and Small Business Conference, an awards conference aimed at fostering a progressive public policy and economic climate for small businesses around the country.

SBA regional advocate and conference spokesperson Joan Coplan stated that a primary emphasis will be placed on recognizing innovative state- and local-level small business efforts. "Vision 2000 will showcase the best state and local initiatives that are helping small business and promote their replication throughout the country. Our expectation is that Vision 2000 will be a starting point for creating 'models of excellence' of state and local small business programs and policies."

Readers of *The Small Business Advocate* are encouraged to nominate state and/or local programs

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**A December conference will showcase the best state and local initiatives that are helping small business. Here are the details.**

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and leaders that are successfully fostering small business growth. (See accompanying box for details on the nomination procedure.)

The conference agenda also includes a variety of forward-thinking speakers and a series of workshops where attendees can learn about the small business innovations that have been created around the country and that will be key in their meeting the challenges of the 21st century. Vision 2000 will be an invaluable resource for state policymakers, state and local small busi-

ness program directors, small business owners, small business trade association executives, and all parties interested in fostering small business success.

Sponsors of Vision 2000 include National Small Business United, the Small Business Legislative Council, the National Federation of Independent Business, the National Association for the Self-Employed, and the National Association of Women Business Owners. The conference will be held at the U.S. Chamber of Commerce in Washington, D.C. For registration information, call Barbara George at the Office of Advocacy, (202) 205-6934. Conference updates will be posted on the Office of Advocacy's home page <http://www.sba.gov/ADVO/>.

### Looking for a Few Great Programs: The Nomination Process for Vision 2000

Vision 2000: the States and Small Business Conference will showcase outstanding state and local initiatives that advance small business growth. Awards will be given for program and policy "models of excellence" in such categories as small business incubator assistance, lending, small business development centers, minority entrepreneurship, women's business ownership, micro-enterprise development, international trade, paperwork reduction, and regulatory reform.

Nomination packages for a program or policy must include:

- a one-page letter of nomination;
- a two- to four-page narrative on the innovative program or policy, including documentation of positive results;
- copies of letters of commendation or public, media, and other official recognition for the program or policy success (up to five pages).

Nomination packages for individuals must include all of the above, plus:

- a two-page biography/resume;
- a completed SBA form 898 (containing biographical data).

All nomination packages must be received by Oct. 1, 1998. Send complete packages to: Nominations Committee, Vision 2000, U.S. Small Business Administration, 409 3rd Street, S.W., Washington, DC 20416. (To obtain a copy of SBA form 898, contact Barbara George in the Office of Advocacy at (202) 205-6531.)

### FCC Asked to Look at Billing Practices of Major Long-Distance Carriers

The nation's largest interexchange carriers (IXCs) are enjoying billions of dollars in telephone access charge reductions as a result of new regulations issued by the Federal Communications Commission (FCC). But after concerns were raised by the Office of Advocacy, the FCC is investigating the billing practices of these IXCs — AT&T, MCI, and Sprint — to see if they are passing along commensurable rate savings to their small business consumers.

The Office of Advocacy first requested that the FCC investigate the billing practices of the three IXCs on Feb. 17, 1998, in reply comments submitted in support of a petition for rulemaking to reopen access charge reform proceedings. The petition was prompted by the considerable increases seen in the January telephone bills of small businesses across the country. In its comments, the Office of Advocacy restated the position that it has held since early 1997: that the FCC-imposed flat rate charges are economically burdensome on small businesses. Advocacy also expressed concern that, given changes in the universal service plan, the IXCs were collecting a surplus in fees and not passing the savings along to customers. FCC Chairman William E. Kennard initiated an inquiry in late February.

In additional comments, submitted March 3 to the FCC, the Office of Advocacy applauded the commission's billing inquiry and reiterated its concern that small businesses specifically are not sharing in any savings resulting from the FCC's rulemaking on access charge reform. (See "FCC Urged to Revisit Access Charge Reform," *The Small Business Advocate*, April 1998.)

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**Despite the fact that access charges were reduced, long-distance rates for small business have not gone down. At Advocacy's urging, the FCC is taking a second look.**

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The Office of Advocacy is especially concerned that small businesses using multiple lines "have not been the direct beneficiaries of promised lower long distance rates, particularly since they pay higher Subscriber Line Charges (SLC) and Presubscriber Interexchange Carrier Charges (PICC) than both residential and single-line businesses." The monthly PICC for single-line businesses and primary residential lines is \$0.53 per line; additional residential lines are assessed a PICC of \$1.50 per line. For multiple-line businesses, the PICC is \$2.75 per line.

"Simple arithmetic tells the simple truth," said S. Jenell Trigg, the Office of Advocacy's assistant chief counsel for telecommunications policy. "The IXCs' pass-through of PICCs to an average small business with four lines results in an increase of \$132 annually, or \$11.00 per month. When you figure in the additional monthly SLC, and the 5-percent universal service surcharges incurred by that small business, you get a hefty bill."

In its comments, the Office of Advocacy requested that the FCC require of each IXC an itemized report, rather than a general one, on the rate savings they purport to pass on. To further make the point that a general report would not present

the full picture, Advocacy stated, "The IXCs have responded to your inquiry in press reports by zealous promotion of programs that are primarily, if not exclusively, designed for residential customers. . . . MCI touts its 5 Cent Sundays as an 'obvious' illustration of its pass-through of access rate savings. However, MCI's 5 Cent Sundays may be great for Grandma and the kids, but it does nothing for a small business that needs to do business during traditional business hours."

Regarding Sprint's business-oriented "Fridays Free" campaign, Advocacy asserted that recent changes in the promotion appear to negate any rate savings for small businesses. According to complaints from Advocacy's small business constituents, Sprint now adds a \$50 minimum charge to its small business customers' monthly bill before it applies the "Fridays Free" promotion. This added charge could result in a net increase in rates, not a rate decrease. The Office of Advocacy also questioned whether Sprint's promotion is a legitimate example of cost savings for business consumers deriving from the FCC's access charge reforms, since the promotion was already in effect at least one year prior to the commission's mandate for rate reductions.

Acknowledging that a report containing such details may take longer to provide than the time requested for the IXCs' response, Advocacy concluded its comments, asserting that this information is essential if the FCC wants to ascertain whether its access charge reform has served the public interest and whether the IXCs have fulfilled their promise to benefit consumers.

## OSHA's Proposed TB Rule Still Troubling

The Office of Advocacy submitted comments on March 5 concerning the Occupational Safety and Health Administration's (OSHA) proposed rule for controlling workplace exposure to tuberculosis (published in the *Federal Register* on Oct. 17, 1997). OSHA's rule targets high-risk job settings, such as hospitals, nursing homes, homeless shelters and hospices. According to Advocacy, OSHA's proposal will have a significant impact on small entities that provide services to the sick, the homeless, and the elderly.

To illustrate that impact, Advocacy provided an overview of the effect of the rule on key service sectors. In the case of homeless shelters, for example, OSHA estimates that 10,000 homeless shelters will identify, isolate, and transfer TB cases in order to protect shelter workers from the disease. Based on information provided by OSHA and analyzed by the Office of Advocacy, the average cost to a homeless shelter for compliance with this rule would be \$1,000 per year; the cost for a homeless shelter with an active case of TB would be \$41,000.

Advocacy contended that the cost of the rule would put shelters in the position of choosing between

protecting employees and serving the homeless population. "In the case of shelters," said Chief Counsel for Advocacy Jere W. Glover, "the issue of controlling this disease should be left to local health organizations and programs, which are closer to the high-risk population — both employees and homeless."

Many of the concerns discussed in Advocacy's comments were first raised by small entities during the small business advocacy review panel session held for this rule in November 1996. While OSHA responded to some of the concerns, such as further clarification of key terms and definitions, Advocacy sought more fundamental changes to improve the rule and protect at-risk populations.

The U.S. Public Health Service's Centers for Disease Control and Prevention (CDC) has reported that the number of TB cases reported in the United States is declining. In fact, between 1992 and 1995 (the latest available numbers) TB has declined substantially, 14.5 percent. In order to control TB, OSHA is proposing fundamental changes to existing work practices, including: the development and implementation of a written plan to control

employee exposure to TB; the required use of respirators when administering certain job functions and patient care; provisions specifying medical management and recordkeeping for employees who may be exposed to TB; and detailed requirements for work practice and engineering controls.

The Office of Advocacy asserted that, as proposed, many small organizations will not be able to comply with this rule, rendering it ineffective. To improve the rule, Advocacy encouraged OSHA to consider existing programmatic alternatives that address the risk of TB to employees. Advocacy recommended that OSHA coordinate with existing public and private bodies with experience in controlling infectious disease in the general population, and look at state programs and private certification options that might have equally effective results at less cost.

OSHA will be holding a series of regional outreach hearings for the TB rulemaking this spring and summer. For a meeting schedule, or more information on this issue, contact Sarah Rice, assistant advocate in the Office of Advocacy, at (202) 205-6532, or by e-mail at [sarah.rice@sba.gov](mailto:sarah.rice@sba.gov).

## IRS' May 16 Problem Solving Day to Focus on Small Business

The Internal Revenue Service started its "Problem Solving Day" program last November, and so far it looks like a winning initiative. More than 20,000 taxpayers have met with IRS representatives to discuss their tax problems and many others who called to set up appointments were able to solve their particular problems right on the phone.

IRS locations across the country are gearing up for the next nationwide Problem Solving Day, which will be May 16, and special attention will be given to small business owners. Free small business tax publications will be distributed and educational videos will be available for loan on a first-come, first-served basis. A schedule of free IRS small business workshops

and information about the Small Business Taxpayer Education Program (STEP) will also be available.

To find the nearest participating IRS location, call 1-800-829-1040, or visit the IRS Web site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

### Small Firms Are Big Exporters, Says New Report

The world may be a big place, but the global marketplace is certainly within reach of America's small businesses. And a new study finds that small exporters export more intensively than their larger counterparts.

According to the Office of Advocacy report *Exporting by Small Firms*, small firms represent 95.7 percent of U.S. exporters and contribute 29.5 percent of the value of exported goods. Smaller firms are less likely than large firms to export, but those that do, on average, export more of their goods and services than larger firms. About 22.8 percent of the smallest exporting firms — those without employees — export more than half of the value of their products or services, compared with just 3.7 percent of the exporters with 100 or more employees.

The study, based on recently released — and latest available — 1992 Bureau of the Census and International Trade Administration data, also shows that exporting firms owned by minorities and women export more intensively than those owned by non-minority men: 50 percent of Hispanic-owned firms, 42.9 percent of firms owned by Asians, Pacific Islanders, American Indians or Aleut Eskimos, and 28.6 percent of firms owned by African Americans exported half or more of their product, compared with 18.1 percent of firms owned by Caucasians. Thirty percent of women-owned firms exported half or more of their product, compared with 21.9 percent of firms owned by men.

"Clearly the growth potential for small business in international markets is enormous," said Chief Counsel for Advocacy Jere Glover.

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**For a long time there was a dearth of hard data on how many (and what types of) small businesses were exporting. A new report now offers some information.**

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"We still have much to learn about how best to measure small business exporting and about the barriers that prevent small firms from entering international markets. But this report and the statistics it is based on represent real progress."

Overall, only a small percentage of firms (excluding C corporations) export — 1.8 percent. Larger firms are more likely to be exporters: 14.7 percent of firms with 100 or more employees export, compared with just 1.6 percent of firms with-

out employees. Hispanic and Asian-owned firms are also more often exporters than firms owned by business owners of other races and origins: 2.7 percent of Hispanic-owned firms and 2.3 percent of Asian-owned firms export.

The Office of Advocacy's Office of Economic Research has been working with the U.S. Department of Commerce's International Trade Administration (ITA), the Bureau of the Census, and the SBA's Office of International Trade (OIT) to develop the data that will allow measurement of exporting by firm size. This report draws upon two data sets. ITA's Exporter Data Base, partially funded by OIT, includes data on goods exporters with employees. The Census Bureau's Characteristics of Business Owners data base, produced with partial funding from the Office of Advocacy, covers non-C corporations with and without employees that export goods and services.

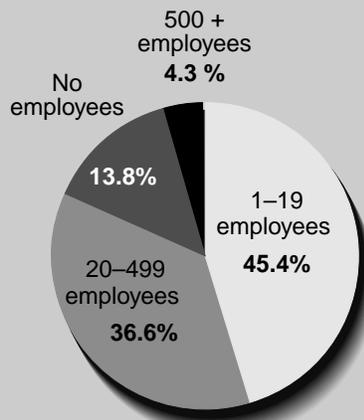
The report presents a number of findings by industry, business location, and receiving country. Some 45.1 percent of exporters in the 1992 data base are service firms. But only 1.5 percent of all service firms export, compared with 9.3 percent of manufacturers and 8 percent of wholesale trade firms.

Exporters, especially small business exporters, are concentrated in populous states like California, New York, and Florida. The small business share of exporters in each state ranged from 61.3 percent in West Virginia to 92.5 percent in California. Canada, the United Kingdom, Japan, and Germany received goods from the most exporters and had the highest percentages of goods from small businesses.

"We now have benchmarks

#### **Anchors Aweigh**

Exporters of goods by employment size of firm, 1992.



Note: Numbers do not add up to 100 due to rounding.

Source: SBA, Office of Advocacy, from data compiled by the International Trade Administration.

against which to measure small business inroads into exporting,” said OIT Deputy Assistant Administrator Jean Smith. “We can expect continuing growth in this arena, as small firms take advantage of export help such as that offered by the SBA, as well as the Internet and other information technologies, to learn about exporting opportunities.”

The SBA’s Office of International Trade works in cooperation with other federal agencies and public and private sector groups to assist small businesses seeking to export. OIT services are delivered primarily

ly through the U.S. Export Assistance Centers (USEACs), located in 19 cities nationwide (see accompanying box). The office is also developing strategic alliances of benefit to small businesses with other countries one-on-one. Information about SBA assistance to firms interested in exporting is available from the Office of International Trade at (202) 205-6720 or on the Internet at <http://www.sba.gov/oit/>.

## How to Get the Report

Copies of *Exporting by Small Firms* are available for purchase on paper or microfiche from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161; tel. (703) 605-6000. The full text of the report is also available on the Internet at <http://www.sba.gov>. Technical questions about the study should be addressed to Brian Headd at (202) 205-6593.

## Export Assistance Centers: Key Resources for Small Firms

The 19 U.S. Export Assistance Centers provide a full range of federal export programs and services under one roof, including the Office of International Trade’s flagship lending program, the Export Working Capital Program (EWCP). The EWCP provides short-term, transaction-specific financing for small business exporters. Exporters may use this program for financing at various stages of production and export. The EWCP provides repayment guarantees up to 90 percent of \$750,000 to commercial lenders.

To be eligible to participate, the small business concern must have been in operation for at least 12 months. Also, the International Trade Loan Program helps small businesses engaged or preparing to engage in international trade, as well as small businesses adversely affected by competition from imports. For more information, contact the USEAC nearest you (see listing at right) or contact the SBA’s Office of International Trade at (202) 205-6720 or visit the office’s Internet site <http://www.sba.gov/oit/>.

### The World Under One Roof

Locations of U.S. Export Assistance Centers

■ Long Beach, California	(310) 980-4550
■ San Jose, California	(415) 744-6820
■ Denver, Colorado	(303) 844-6622
■ Miami, Florida	(305) 526-7425
■ Atlanta, Georgia	(404) 657-1900
■ Chicago, Illinois	(312) 353-8040
■ New Orleans, Louisiana	(504) 589 6702
■ Baltimore, Maryland	(410) 962-4539
■ Boston, Massachusetts	(617) 424-5990
■ Detroit, Michigan	(313) 226-3650
■ Minneapolis, Minnesota	(612) 370-2306
■ St. Louis, Missouri	(314) 425-3304
■ Charlotte, North Carolina	(704) 344-6561
■ New York, New York	(212) 466-0600
■ Cleveland, Ohio	(216) 522-4180
■ Portland, Oregon	(503) 326-5498
■ Philadelphia, Pennsylvania	(215) 597-6101
■ Dallas, Texas	(214) 767-0543
■ Seattle, Washington	(206) 553-5615

### Advocacy Award Winners Recognized for Their Contributions

America's most outstanding small business persons and advocates will be visiting the nation's capital to be recognized during National Small Business Week for their extraordinary achievements and contributions. The festivities, to be held May 31–June 6, mark the 35th annual celebration that salutes the 23 million small businesses across the United States.

As part of this celebration, on June 2 SBA Administrator Aida Alvarez and Chief Counsel for Advocacy Jere W. Glover will present special awards to “advocates of the year” in nine categories and

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**At a luncheon ceremony in Washington during Small Business Week, 11 “Advocates of the Year” will be recognized for their contributions to small business.**

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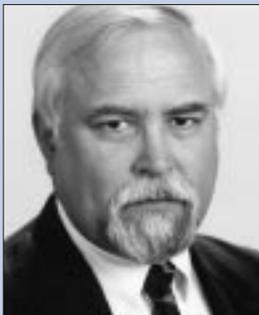
two “special award” winners at a luncheon on Capitol Hill. The honorees were selected for their commitment to helping small business succeed, demonstrated in large part

by a voluntary sharing of their expertise.

“Small businesses have hundreds, maybe thousands of true believers and true friends,” said Chief Counsel for Advocacy Glover. “You’ll find them fighting for simpler laws and regulations, or providing crucial counseling to small business owners. Their unselfish commitment ensures that small firms keep growing and creating the jobs and innovations that make our economy so dynamic.”

Here are some details on 11 of these “true friends.”

#### Special Advocacy Award: William J. Dennis



**William J. (“Denny”) Dennis’** empathy for small businesses can be traced to growing up in the small mid-

western town of Platteville, Wisconsin. “I knew every store and every store owner on Main Street,” says Dennis. “In a small town, successes are celebrated by all, and worries are shared by many shoulders.”

Today, Dennis is one of small business’ most committed advocates, with considerable expertise in small business research. Employed since 1976 in various research capacities by the National Federation of Independent Business (NFIB) —

the nation’s largest small business trade association — Dennis currently is the Senior Research Fellow, and directs the research activities of the NFIB Education Foundation.

Dennis’ research activities focus on smaller firms, their particular problems, business formation and dissolution, and the impact on small business of such policy issues as health care and access to capital.

There is no doubt that Dennis’ tireless work in small business’ behalf is lifting many burdens from the shoulders of small business owners on Main Street, Platteville — and on Main Streets across the country.

#### Accountant Advocate of the Year

“One person with an idea” is how **Peter Beck**, a partner in Umble, Gayhart and Jacobsen, CPAs, defines a small business owner. “Bring small business persons together,” he adds, “and you have the most important weave of fabric of American society.”

The West Chester, Ohio, accountant has been doing just that — bringing small business persons together — to arm them with knowledge and skills that are vital to their success.

Accounting and tax matters are among the most complex items that a small business owner must deal with, and Beck most generously shares his expertise in these subjects with fellow business owners, especially through his volunteerism at the Mason Landen Kings Chamber of Commerce.

#### Financial Services Advocate of the Year

“For every myth or negative story about SBA loans,” says **Scott D. Harvey**, “I can furnish 10 testimonials about the businesses that

made it because of the SBA's lending programs."

Harvey's staunch belief in SBA programs is well evidenced in his 16-year career of service to the small business community. The Port Orchard, Wash., banker established Kitsap Bank's SBA Loan Department in September 1995. Under his management the department excelled so much that, within just 17 months, Kitsap Bank was an SBA Preferred Lender.

### Media Advocate of the Year

Since 1993, **Dee DePass** has been bringing small businesses to life in Minneapolis, Minn., through her reporting for *The Star Tribune*. Her stories publicize the successes of the area's entrepreneurs, discuss the problems and challenges they face, keep the small business community and the general public informed about SBA programs, and educate and raise awareness about small business issues.

"Knowledge has a rippling effect," says DePass. "For example, when I report that a lender is assisting small businesses in the area, some other financial institution may be spurred into similar action."

Since 1993, when Ms. DePass took a job as a business writer with *The Star Tribune*, she has travelled extensively throughout the Minneapolis area, meeting with scores of entrepreneurs and learning firsthand their problems and concerns.

### Minority Advocate of the Year

When some people retire, they . . . well, retire. Not so for **Joy J. Turner** of Piscataway, N.J. In 1978, after a 26-year career as an accountant, federal tax analyst, and financial specialist for AT&T, Ms. Turner decided to start her own business services firm.

Through her company, Jeffers Business Services, Turner provides a wide range of financial services to private and non-profit organiza-

## Special Advocacy Award: Thomas G. Powers

"Having been trained as an attorney," recalls **Thomas G. Powers**, "I had already determined to be an 'advocate.' The remaining question was selection of a client."

A native of Des Moines, Iowa, Powers served as legal counsel to the Iowa General Assembly and for Polk County, Iowa, before coming to the nation's capital in 1971, where he began a remarkable career of service to America's small businesses.

Between 1971 and 1998, Powers served as counsel to the House Small Business Committee. During his service to the committee, Powers was general counsel, senior counsel, and minority counsel and was deeply involved in virtually all the small business legislation of the last quarter century, including the Office of Advocacy's authorizing legislation, the Regulatory Flexibility Act, the Prompt Payment Act, the

Equal Access to Justice Act, and procurement reform legislation.

At the end of March



1998, Powers retired with one of the most outstanding public service career records ever known. Powers says of his work on the Small Business Committee, "I have attempted to keep those involved in government and the small business community mindful of the need to maintain a level playing field for small business." Powers' "attempts" have produced a legacy of achievements that will continue to work for small business well into the next millennium.

tions, including assistance with training issues, accounting and taxes, and problem solving.

Ms. Turner's efforts to help minority entrepreneurs is evidenced by the numerous seminars and workshops that she customizes to address clients' specific needs. Topics have included training, steps to business development, and automation of manual systems.

### Veteran Advocate of the Year

"When I help a veteran develop a business plan, or assist with vendor negotiations, I know I'm helping that veteran get closer to realizing dreams of business ownership," says **Charles J. Jones** of the U.S. Department of Veterans Affairs in St. Paul, Minn. "That is a tremendous reward to me."

Mr. Jones has made full use of both his experience as an Army veteran and as a specialist in business and accounting following his service. He has utilized his vocational rehabilitation specialist skills to maximum potential, making the St. Paul Vocational Rehabilitation and Counseling Division one of the top offices in the nation for the ratio of rehabilitated veterans to staff.

### Women in Business Advocate

As a young child, **Bernadette Marinelli** and her siblings worked in their father's flower shop. He proved to be a wonderful mentor. He loved his business and did everything possible to be the best he could be; these traits are well evidenced in Bernadette.

*Continued on page 12*

## Award Winners, from page 11

In 1989, Ms. Marinelli and her family relocated to Park City, Utah, where, in 1990, she started a business, "Blinds by Bern." As Marinelli developed the business, she became increasingly aware of the many women-owned businesses in the Park City area — and the concurrent lack of educational and networking opportunities for the owners of these businesses. Despite the enormous tasks of caring for her children and husband, and building her own business, Marinelli organized and founded the Park City Women's Business Network in November 1992 to provide an overall enhanced environment for creation and expansion of women-owned businesses in Park City and Summit and Wasatch Counties.

### Small Business Exporter of the Year

**Henry A. Mohrschladt** and **Michael H. Howarth** have shared a friendship and a partnership for more than 20 years. They also shared a common dream: to build the world's most dynamic sport-fishing boat!

After successfully starting, and then selling, their first business — Pacific Seacraft — Mohrschladt and Howarth in 1991 decided to establish a new boat building business, Cabo Yachts, Inc., of Adelanto, Calif.

Today, Cabo exports are making waves in nine countries. The addi-

tional sales volume has meant more jobs for Adelanto and the surrounding community: Cabo Yachts, Inc., has been hiring more than two new workers every three weeks.

### Young Entrepreneur of the Year

Young travelers on Hawaii's radio airwaves may encounter Captain Beep Beep, a radio character who leads the charge on behalf of Island Page, Inc., a 21st-century telecommunications firm. Island Page was founded by **Charles Wesley Fortner**, 28, the 1998 SBA Young Entrepreneur of the Year.

In less than four years, the business has grown from a one-man operation to a company with a trained staff of 18 employees. Fortner's motivational ability and management style encourage his employees to operate the business with a strong customer service attitude.

Mainland travelers can use the Island Page network and local sub-

scribers can travel anywhere in the country and receive a page from Hawaii.

"One of the most important things I've learned from having this business," says Fortner, "is that hard work does pay off. There is nothing like owning your own business!"

### Entrepreneurial Success Award

"We will hire you, train you, and promote you," says **Pamela Aguirre** to employees of Mexican Industries of Detroit, Mich. "We'll give you the life skills necessary to help you in your job and to help you support your family."

Aguirre was one of six original employees at Mexican Industries, a supplier of leather and soft-trim automotive products started in 1979 by her father, former Detroit Tigers pitcher Hank Aguirre.

The firm has since grown from an eight-person, one-plant operation, which posted sales of \$313,798 after its first year, into the more than 1,500-employee eight-plant corporation it is today, with 1996 sales of \$155 million.

Keeping true to her father's commitment to the Hispanic community, Aguirre remains committed to staying in Southwest Detroit. Recently, in *Working Woman* magazine, she indicated that moving to a country with lower labor costs was simply not an option. "We'll find another way," she said.

## For More Information

Information on Small Business Week 1998 — including the names of the state small business persons of the year for all 50 states — is available on the Internet at the following URL: <http://smallbusinesssuccess.sba.gov>.

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