

DAKOTA BUSINESS

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Daniel Hannaber Appointed Regional Administrator for Region VIII

The U.S. Small Business Administration has announced the appointment of Daniel Hannaber, as the regional administrator in Region VIII, to oversee the SBA's programs and services in Colorado, Montana, North Dakota, South Dakota, Utah and Wyoming.

"Both the SBA and small businesses of Region VIII will benefit greatly from Dan's entrepreneurial background," said SBA Administrator Karen G. Mills in welcoming Hannaber. "With his experience in both the public and private sectors, as well as his commitment to serving the community, Dan will be a tremendous asset and advocate for small businesses and entrepreneurs across the region, especially at this critical time when so many are facing

tough challenges as a result of the recession."

"The opportunity to serve my country at the U.S. Small Business Administration is a tremendous honor," said Hannaber. "I look forward to working with SBA Administrator Karen Mills and everyone at the agency on the frontlines of America's economic recovery, strengthening small businesses and growing jobs. This appointment by President Obama is a privilege of a lifetime, and I am grateful."

Region VIII is SBA's most rural region in the country. With 27 separate tribal nations and more than 500,000 square miles of territory, this region is as diverse as any in the country. The regional office serves district offices in Fargo, ND; Casper, WY; Sioux Falls, SD;

Salt Lake City, UT; Helena, MT; and Denver, CO.

Hannaber was named president of Hannaber's, Inc., a retailer of office furniture and design services in Fargo, North Dakota, in 1987. Hannaber has an extensive record of community service. His work in his community includes, serving as chair of the MeritCare Foundation Board and as member of the boards of The Village Family Service Center and the Fargo Public Library Board of Trustees. He has volunteered for many Democratic organizations in North Dakota.

Hannaber is a North Dakota native and graduate of Minnesota State University Moorhead. He and his wife, Loral, have one daughter, Lily. ♦

SBA Loan Activity Rebounds through ARRA

By: Mike Gallagher
North Dakota District Office

Since accepting applications on June 15th, the SBA's ARC (American Recovery Capital) loan program has resulted in 17 loans in 10 different communities, utilizing 14 different financial institutions and resulting in \$533,701 of "bridge" financing for viable small businesses. The ARC loan program provides loans of up to \$35,000 to small businesses with an immedi-

ate financial hardship—to keep their doors open until they get back on track.

The ARC loan provides deferred-payment loans with a 100 percent guarantee by the SBA and has no SBA fees associated with it. The ARC loan was just one of the most recent installments on changes to SBA programs coming out of the American Recovery and Reinvestment Act (ARRA).

Fiscal year to date, October 1, 2008 through September 4, 2009, SBA has approved 267 loans for a total of \$51,857,407. With the implementation of ARRA in February 2009, SBA provides up to a 90% guarantee on most 7(a) loans. SBA also eliminated the guarantee fee on these loans. This resulted in 58 loans with the 90% guarantee approved through September 4th and resulted in

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Helping small businesses **start, grow and succeed.**



Your Small Business Resource

Recovery Act Opportunities: How to Win Federal Contracts

The comprehensive online course uses both audio and script to provide information about the federal marketplace, contract rules and, most importantly, how to sell to the government and where to find contract and Recovery Act opportunities. The self-paced, instructional guide provides an overview of the federal procurement process. The comprehensive online course uses both audio and script to provide information about the federal marketplace, contract rules and, most importantly, how to sell to the government and where to find contract and Recovery Act opportunities. The self-paced, instructional guide provides an overview of the federal procurement process. The course is indexed by subject matter to allow ease of use, and it includes multiple direct links to additional contracting resources.

It is available on SBA's Web site at www.sba.gov or directly at www.sba.gov/fedcontractingtraining.

SBA Loan Activity Rebounds through ARRA

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\$15.4 million of financing and savings of over \$500,000 to small businesses in North Dakota.

The elimination of the guarantee fee and the ability to refinance some projects using the SBA 504 program has increased activity for this fixed-asset financing program. 504 loans have been approved year-to-date resulting

in \$14,024,000 of financing for projects in North Dakota.

Small Business owners in North Dakota have seen the opportunities presented through the ARRA efforts. With funding still available for the ARRA effort, additional small businesses will be able to access credit for expansion and growth or to start their small business. ♦

Mike Gallagher has been a Business Development Specialist for the U.S. Small Business Administration since 1984, and the Deputy District Director since 2005. A graduate of the University of North Dakota, Mike is a Certified Public Accountant and a former business owner and educator. He can be reached at michael.gallagher@sba.gov.

Measuring Performance

More Important Now than ever Before

By: Eric Giltner

Grand Forks Area Office

Today's businesses are under increasing pressure to reduce costs and increase cash flows to stay afloat in difficult and uncertain markets. Unfortunately many decisions are made without the benefit of a systematic and comprehensive approach to measuring business performance. These hurried and uninformed decisions may lead to a successful, short-term realization of reduced costs and/or increased cash flows, but they may also undermine the chances for success in the long-term. For example, a decision to save costs by eliminating the use of overnight shipping for a key product may help the bottom line, but could create dissatisfied customers unconditioned to waiting and who may then take their business elsewhere.

How can a business feel comfortable about cutting costs in its operations? The answer is to truly understand what "results" from business activities are needed to ensure profitability in the long-run. These desired results are then carefully measured and monitored. By doing so, the business creates an in-depth understanding of the key ac-

tivities supporting each measure. Referring to the earlier example, if customer satisfaction levels were properly measured it would become evident the availability of overnight shipping was an important and key factor in this "result" category. The company may look at ways to reduce costs associated with overnight delivery, but still keep this important service for their customers.

What do we measure?

Results can be measured in financial, qualitative, market/external and activity parameters. Too often business decisions are based on just a few financial factors and this leads to the aforementioned short-term success yet long-



Select, measure, and monitor results from each of the four areas to get a true understanding of how the business model operates.

term failure syndrome. Therefore, a business owner needs to select, measure, and monitor results from each of the four areas to get a true understanding of how the business model operates. Once a company gains a keen understanding of the organizational processes generating these results, it becomes much easier to identify cost cutting measures to improve performance. Some examples of measurable results include:

Financial

- Sales volume
- Profit before tax
- Earnings per share
- Accounts Receivable turn
- Debt to equity
- Cash Flow
- Current ratio
- Cost per unit produced
- Coverage ratio

Qualitative

- Product Quality
- Service Quality
- Customer Satisfaction
- Brand Awareness
- Warranty claims

Market/External

- Market share
- Repeat business %
- New customers %
- Public Relations
- Environmental

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Measuring Performance

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Web Clicks
Returns
Cold Calls

Activity

Cycle Time
Inventory turns
Patents issued
Safety performance
Defect level
Scrap
Sales to assets
Retention

Where does one go to get assistance with identifying and measuring key performance results? Your account-

ant should be able to generate additional financial measures and compare them to industry averages and past performance for your consideration. Marketing agencies and manufacturing consultants are available to measure qualitative, market and activity results. Local colleges and universities often assist businesses in measuring performance in a variety of areas through the assignment of student groups to facilitate applied learning. Small Business Development Centers (SBDC's) offer free financial

counseling and often assist business owners learn more about the financial health of their businesses through financial ratio analysis. The Manufacturing Extension Partnership (MEP) has a large network of state offices in place to provide manufacturers with fee-based management and training assistance.

In summation, it is very important for a business to understand what "results" are key to the long-term success of the business and then to measure and monitor them against industry averages and

past performance. Gaining a greater understanding of how these results are produced will allow for more effective decision making in implementing cost-cutting measures. ♦

Eric Giltner has been a Business Development Specialist and the Grand Forks area manager for the U.S. Small Business Administration since 1998, having formerly been assistant to the dean of the UND College of Business and Public Administration. He can be reached at eric.giltner@sba.gov.

Ask the North Dakota District Office

Q. Can SBA provide financing to production agriculture, i.e. farms?

A. Federal financial assistance to agricultural enterprises is generally made by the United States Department of Agriculture (USDA), but may be made by SBA under the terms of a Memorandum of Understanding between SBA and USDA. Farm-related businesses which are not agricul-

tural enterprises are eligible businesses under SBA's business loan programs.

For purposes of SBA business loan lending, the term "farm enterprises" represents all for-profit businesses engaged in agriculture, whether actually engaged in the production of farm products or engaged in activities in connection with this production. All farm enterprises are eligible for SBA financial assistance and are

to be treated the same as any other applicant with some exceptions.

As a practical matter because of SBA lending limits and the fact that generally USDA or SBA take a blanket security interest in all assets, it is often difficult to secure credit by pledging specific assets as collateral.

Additionally the size standards for production agricul-

ture are generally low making most farms ineligible because of size. Remember, to qualify for SBA loans, the business must be considered small. As an example the general size standard for agriculture is \$750,000 in sales. If sales exceed that amount they would be considered a large business and not eligible for SBA programs. ♦

HUBZone Comes Back to Parity

By: Tom Linnertz

North Dakota District Office

In what could be considered an unusual move, the Executive Office of the President (EOP) issued an order which brings the HUBZone Program back into parity with the 8(a) and Service Disabled Veteran Owned Small Business (SDVOSB) programs.

On July 10, 2009, over the signature of Peter R. Orsag, EOP Director the order was given which stated that; the

Executive Office of the President believes the GAO decision giving priority to HUBZone set-asides over other SBA programs was outside their authority and in direct conflict with SBA regulations and determinations which declare parity.

The EOP has stated that the Executive Order will remain in effect until legislation, now in front of the Senate, has been voted on. This legislation is

designed to clarify and remedy the question of parity and remove ambiguity in the current regulations.

The question of parity between SBA small business programs has resulted in conflicting approaches to government contracting preference for years. Hopefully a rapid decision will result from the new legislation

For a copy of the letter you can click on the following link:

http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-23.pdf. ♦

Tom Linnertz has been a Loan Officer and Business Development Specialist for the U.S. Small Business Administration since 1989, and the 8(a) Program Manager for the North Dakota District Office since 2002. Tom can be reached at thomas.linnertz@sba.gov.

Did You Know?

Did you know that in 2008 North Dakota ranked number one in the nation in the production of the following crops and produced the associated percentage of the total agricultural production?

Flaxseed 96%
Canola 90%
Pinto Beans 65%
Dry Edible Peas 65%

Why might this be of interest to small business? The growth in these industries opens a significant business opportunity potential for the processing of these ag commodities.

This newsletter is published monthly with email notification of each new edition of *Dakota Business* going out to subscribers. To sign up for email notification, go to <http://web.sba.gov/list/> and select *Dakota Business* Newsletter.

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All of SBA's programs and services are provided to the public on a nondiscriminatory basis.

Are You Positioned for Opportunity?

By: Tom Linnertz

North Dakota District Office

Out of any economic challenge or disaster there is often significant opportunities for those who are positioned to take advantage of these opportunities and those who recognize an opportunity when it presents itself. The winter storms and resulting floods this spring were no exception.

After the water subsided and clean up began, federal agency were looking to small businesses for dike removal and other clean up work. Many communities were looking to keep these federal dollars home, but were finding it a challenge to identify local small businesses who could participate with the federal government in the clean up effort.

The federal government provides contract opportunities to small businesses through an order of preference. At the present time, preference is given to service disabled veterans, small and disadvantaged firms (those participating in SBA's 8(a) program) and HUB Zone (Historically Utilized Business Zone) businesses.

To identify these businesses, the government turns to the Central Contract Registry (CCR). Registering on this database is a required first step for any business wishing to do business with the federal government. CCR can be found at www.ccr.gov. Generally the federal government turns to registered businesses and gives preference to those business registered as Service Disabled Veteran owned businesses, 8(a) firms and HUB Zone businesses. In the case of 8(a) and HUB Zone business, there is a certification process that is required and takes time to complete.

When the federal government turned to CCR to identify local small businesses that were HUB Zone Certified they found few available. This was not because local businesses were not available, but the local businesses had never positioned themselves to take advantage of potential opportunities by becoming certified and by registering on CCR.

In some cases this was also true for federal money funneled to local projects through the American Recovery and Reinvestment Act (ARRA). As many of us heard, projects had to be "shovel ready" meaning that the time frame was fairly short to get the project funded and implemented. Small businesses had to be positioned to take advantage of the opportunities.

Registration on the Central Contract Registry (CCR) is the required first step for any business wishing to do business with the federal government.

Unlike the 8(a) program and Service Disabled Veterans preference programs, HUB Zone is based on location (place based). To qualify as a HUB Zone business, the firm must be small by SBA standards. It must be located in an identified HUB Zone and at least 35% of the firms employees must reside in a HUB Zone. For more information on the HUB Zone program, visit SBA's WEB site at www.sba.gov/hubzone. HUB Zones are identified by census tracks with the lines drawn through census data where areas have high unemployment, low income or in many cases in North Dakota, are located in a rural county. The idea is to stimulate economic activity in these areas to increase job creation and growth through government

contracting and other assistance. To see if your business is located in a HUB Zone drill down on the map located at <http://map.sba.gov/hubzone/init.asp#address>

You may have to drill down to a very local area, as in the case of Fargo, only small areas are qualified as HUB Zones. Again, these are identified by census tracks which may be specific blocks so if you are located on one side of the street you are in a qualified HUB Zone, but if you are located on the other side of the street, you are not.

Because many businesses missed the opportunity to participate in federal contracts, we are encouraging them to review their situation so that they can position themselves for future opportunities. The first step is to register on CCR. The next step is to look at eligibility for specific certifications. Then pursue the application process if you wish to be considered for future contracts. As is true in any processes involving the federal government, they all take time, so action now will help to assure future success. . ♦

Tom Linnertz has been a Loan Officer and Business Development Specialist for the U.S. Small Business Administration since 1989, and the 8(a) Program Manager for the North Dakota District Office since 2002. Tom can be reached at thomas.linnertz@sba.gov.