

Summer 2004

### SBA - Helping Small Businesses Succeed

## SBA Breaks All-Time Loan Record

### Agency Has Already Surpassed 2003 Loan Numbers

U.S. Small Business Administration announced that, with almost two full months still remaining in the fiscal year, the SBA has already backed more loans in its 7(a) and 504 programs than ever before in its 51-year history.

The SBA's 7(a) loan program had guaranteed 67,493 loans in fiscal year 2004, more than the record 67,306 7(a) loans made in all of fiscal year 2003. In addition, the agency has backed 6,974 loans through its 504 program, surpassing the 2003 record of 6,863. The 2004 fiscal year ends on September 30. When compared to the same time period last year, these record-breaking numbers represent dramatic increases: 23 percent for 7(a) and 27 percent for 504. Loans to women are up by 25 percent, and rural loans are 11 percent ahead.



Andrew Poepoe

"Our SBA lending in Hawaii follows the pattern of national loan activity this year," said Andrew Poepoe, District Director or SBA's Hawaii District Office. "For the first time, we've broken a record, making over 400 loans this fiscal year with more than six weeks to go! It's just great to see our local banks responding more and more to the needs of our small businesses and really using some of the SBA financing the Community Express program very creatively. We hope to see other banks follow that leadership."

The Community Express Loan was developed by SBA to encourage economic growth and business development in low to moderate income areas and for small businesses owned and operated by minorities, women and veterans. Certain lenders may apply to participate with the Community Express based on their performance record with SBA and by establishing their own procedures or niche market products that meet SBA criteria for the program. Pre and post loan technical and management assistance from approved providers must be included for the borrower and is designed to help increase the loan applicant's chances of success. In Hawaii, Central Pacific Bank and Innovative Bank currently offer special SBA Community Express Loans.

### SBRC Welcomes New Staff

When it rains it pours, they say. It has been raining staff at the **SBRC** in the past few months. **Susan Judah** is the SBRC's new Administrative Assistant and will share the front desk with **Phyllis Langley** and **Nancy Goldsmith**. **Marsha Kimura** has become the Hawaii Women's Business Center's Administrative Assistant and **Sarah Marston** is working with SCORE in their administrative role. Heald College students **Janet Bala** and **Masami Nakayama** are completing an internship at the SBRC in accounting and Information Technology. **Oliv'e Uhrle** has taken an administrative position with the Hawaii Small Business Development Center. Oliv'e had first begun working as an SBA intern before being hired by the Hawaii Women's Business Center in 1999.

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Honolulu, Hawaii, 96817

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[www.sbahawaii.org](http://www.sbahawaii.org)

Hawaii Small Business Development

Center Network

808/522-8136 (Oahu)

[www.hawaii-sbdc.org](http://www.hawaii-sbdc.org)

Hawaii Women's Business Center

808/522-8136

[www.hwbc.org](http://www.hwbc.org)

SCORE

808/522-8130

[www.hawaiiscore.org](http://www.hawaiiscore.org)

## **Legislation Affecting Native Hawaiians**

Two developments in federal procurement will affect Native Hawaiian-owned businesses.

A “Native Hawaiian” owned company must be a small business as defined by SBA; be 51% owned by a “Native Hawaiian” defined as: a citizen of the United States; and a descendant of the aboriginal people, who, prior to 1778, occupied and exercised sovereignty in the area that currently constitutes the State of Hawaii, as evidenced by genealogical records; verification by kupuna or kamaaina; or birth records of the State of Hawaii. In the event of a challenge or protest of the “Native Hawaiian” status of the small business owner, the Department of Hawaiian Home Lands will decide.

The first pertains to legislation that allows Department of Defense (DoD) prime contractors and subcontractors at any tier to seek a 5% incentive payment for using **Native Hawaiian owned small businesses** on DoD contracts and subcontracts over \$500,000 if appropriated incentive money is available. Prior to this legislation, the 5% incentive only applied to businesses owned by Alaska Natives and Indian tribes.

A Native Hawaiian owned small business will now have the opportunity to market its “Native Hawaiian” ownership along with its services and products to DoD contractors. As an incentive to subcontract to the Native Hawaiian owned small business, the contractor may seek a 5% incentive for subcontracts over \$500,000 to Native Hawaiian owned small businesses. Procedures to seek the 5% incentive payment will be implemented by the respective DoD agency.

Secondly, **firms certified under SBA’s 8(a) Program and owned by “Native Hawaiian Organizations”** may now obtain 8(a) contracts over \$3 million for construction and \$5 million for all other requirements from DoD agencies on a sole source basis. Previously, only Alaska Native Corporation and Indian tribe owned 8(a) firms were eligible for these sole source contracts.

A “Native Hawaiian Organization” is defined as a community service nonprofit organization serving Native Hawaiians in the State of Hawaii that has filed articles of incorporation with the Hawaii Department of Commerce and Consumer Affairs, which is controlled by Native Hawaiians, whose activities will principally benefit Native Hawaiians, and is economically disadvantaged.

All other 8(a) firms continue to be eligible for these larger contracts through 8(a) competition only.

Please consult a Business Opportunity Specialist at the Hawaii District Office for more information.

## **Dawson Group Secures Federal Contract Based On Native Hawaiian Ownership**

**HONOLULU** – Dawson Group, Inc., is proud to have been selected as the first Native Hawaiian Organization to win a U.S. Navy – Naval Facilities Engineering Command, Pacific Division (PACDIV) contract. “This \$30 million dollar contract is the first of its kind” said Christopher Dawson, President of Dawson Group, Inc. Congress enacted legislation that enabled Native Hawaiian Organizations (NHO) to have Federal contracting capabilities similar to Alaska Native Corporations (ANC) in late 2003. Specifically, Direct Award contracts of unlimited value.

This legislation, which enabled the contract award, was a collaborative effort, spearheaded by Senator Inouye and supported by Congressman Abercrombie, Governor Lingle and SBA in Hawaii.

The Navy understood the opportunities provided by this new legislation and PACDIV proactively spearheaded this contract with a Native Hawaiian Organization, in this case the Dawson Group. “This is groundbreaking legislation and a historic event for Hawaii as well as Native Hawaiian Organizations.

This legislation will set the pace for the small business community in Hawaii, the program will create a large number of jobs, and will be of great assistance to Native Hawaiian Organizations in the future” said Andy Poepoe, Director of Small Business Administration of Hawaii.

“Dawson Group made a decision ten years ago to focus on small business and minority contracting opportunities with the Federal Government,” said Dawson. “Our primary objective was to develop a company that focused on serving the needs of Department of Defense (DoD) clients. To do this we needed to invest in talented personnel and develop a comprehensive administrative infrastructure that supported project execution. It has been a very long road for Dawson Group and I am very proud of our collective accomplishments.”

Dawson Group, Inc. is an affiliate of the Hawaiian Native Corporation and certified by the Small Business Administration under its 8(a) program. Specialties include environmental, fuels construction and information technology services. Dawson Group, Inc. holds DoD contracts in Hawaii, Korea, Japan, and US Mainland.

**On the Web...**

SBA's upgraded 'Business.Gov' Web Site Will connect business with many other federal agencies. The U.S. Small Business Administration has launched the site that serves as *the* business gateway for American businesses to connect with federal agencies, providing specific business tools and resources.



One 24 "e-government" initiatives of the federal government, [www.Business.gov](http://www.Business.gov), is an official Web site of the U.S. Government and is operated and maintained by the SBA.

**Business.gov provides information and links to:**

- *Business Development*: information on starting, managing, and marketing a business.
- *Financial Assistance*: resources for capital and credit.
- *Taxes*: federal and state tax resources, forms and assistance.
- *Laws and Regulations*: Laws, regulations and other resources that affect business.
- *Federal forms and Buying and Selling*: links for doing business with the federal government.

**Protect Your Business from Hackers and Cyber-Attackers**

The Computer Security Institute's latest "Computer Crime and Security Survey" confirms that cyber-attacks continue to plague American businesses and institutions. Ninety percent of survey respondents experienced security breaches within the last year, and eighty percent suffered financial losses. The 223 respondents who could calculate the financial costs reported total losses of over \$455 million.<sup>1</sup>

Your business credit impacts all aspects of your business from the terms vendors will negotiate with you to your chances of obtaining a business loan. The following steps are recommended to insure your credit rating is in tip-top shape:

- Review your credit report regularly.
- Update the details, such as your annual revenues.
- Fix mistakes by submitting them in writing and providing your tax identification number.
- Pay your bills when they are due.
- Apply for bank loans and secured credit to demonstrate creditworthiness.

**SBA Hawaii District Office**

**Loan Activity**

<b>Bank</b>	<b>No. of Loans</b>	<b>Loan Amount (000's)</b>
Bank of Hawaii	87	\$8,882.7
First Hawaiian Bank	59	6,619.4
Central Pacific Bank	31	3,677.0
Citizens Security Bank	16	3,589.3
American Savings Bank	14	2,659.5
Bank of Guam	8	1,179.4
City Bank	8	1,175.1
Hawaii National Bank	5	484.6
BankPacific	2	125.0
Business Loan Center	1	1,162.0
Comerica Bank	1	341.0
<b>Subtotal</b>	<b>232</b>	<b>29,895.0</b>
Innovative Bank	128	911
Capital One	5	225
Microloan	6	37.5
<b>Total 7(a) Loans</b>	<b>371</b>	<b>31,068.5</b>
<b>HEDCO 504 Loans</b>	<b>33</b>	<b>12,930.0</b>
<b>Lokahi Pacific 504 Loans</b>	<b>5</b>	<b>2,486.0</b>
<b>Grand Total</b>	<b>409</b>	<b>46,484.5</b>

**SCORE Expansion Plan gets Results**

SCORE (Service Corps of Retired Executives), a nonprofit organization funded by the U.S. Small Business Administration, provides counseling services at no cost to entrepreneurs and business owners. Through the organization, working and retired executives and business owners donate their time and expertise as business counselors.

In a recent effort to increase their strength, Hawaii SCORE Chapter 159 has recruited 11 new members. These new members have backgrounds in tourism, banking, aerospace, restaurants, real estate, healthcare, retail grocery & consumer goods as well as research, human resources, taxes, marketing, and general management.

With the establishment of a SCORE sub chapter organization on Maui, the volunteer consulting organization has agreed to participate in the Maui County Business Resource Center by providing consulting and support services.

Richard Kehoe has been selected to lead the SCORE program on Maui. A small business owner himself, Kehoe has a background in corporate operation, tax preparation/planning, business planning, financing, accounting, and payroll. He is joined by several other successful small business entrepreneurs who counsel business owners by appointment at the Maui Mall location. Call 808/ 270-7710 or 808/873-8246 to arrange your appointment..

## “Entrepreneurs on the Grow”

Thinking Big: Entrepreneurs Making Their Mark

The third forum of the “Entrepreneurs on the Grow” series will feature three local young entrepreneurs that have succeeded in business through innovation, vision, and hard work. Christine Camp Friedman, Tao Miller, and Tim Dick will discuss their experiences in starting their business ventures, growing them, and becoming leaders in the business community. Friedman is the Managing Director of Avalon Development Company, LLC – a real estate development and investment services firm she founded in 1999. Miller is the President and CEO of Body and Soul, a retailer of a complete line of high-end cosmetics, which has successfully established a sales network in Asia. Dick is the founder of Hawaii Superferry, the founder and president of Grassroots, and the founding CEO of WorldPages.com.

Entrepreneurs on the Grow is a series of business forums to address the latest ideas and issues that are driving our local economy. Presented by American Savings Bank, Pacific Business News, Hawaii Women’s Business Center, and SBA, these quarterly events feature business leaders and experts discussing opportunities and challenges for our top business and industry sectors in 2004 and the impacts they foresee on the creation of a more dynamic business environment in Hawaii.

Thinking Big: Entrepreneurs Making Their Mark will be on Wednesday, September 15th from 5:00 PM to 7:30 PM at the Plaza Club. For more information, or to register, call the Hawaii Women’s Business Center at 522-8136.

## Thanks for calling the SBRC!

New Phone System to Improve Customer Service



Through a generous donation from American Savings Bank, the Small Business Resource Center is installing a new telephone system to not only restore but expand telecommunication functions for all resource partners at the center. As many clients are aware, the existing telephone system has been failing for several months leaving limited capacity and causing significant problems in reaching agencies or leaving messages.

“ American Savings Bank has been a great friend and supporter of small businesses in Hawaii and we truly appreciate their proactive response to the dilemma of the resource center” said Bev Cabrera, the director of the Hawaii Women’s Business Center. “ We are so happy to accept this gift on behalf of the SBRC. And we are thrilled to be better able to help our clients, too.”

The new system will increase the telephone functions for the Hawaii Women’s Business Center, the Hawaii SBDC Network Oahu Center, SBA and SCORE at the Small Business Resource Center. All phone numbers will remain the same.

The Small Business Resource Center is a special initiative of the SBA, Hawaii SBDC Network, Hawaii Women’s Business Center, the City and County of Honolulu Office of Economic Development, Center for Entrepreneurship of the Pacific and SCORE. It is supported through grants and donations from both the public and private sector as well as revenue generated from some of the programs and services offered at the center.



# Training Opportunities

## How to Write an Effective Business Plan

Writing a well constructed business plan is a fundamental building block for business success! This four-hour course will stress the importance of planning and research, and will provide you with the fundamentals for writing a strong and winning plan while giving you steps to take after the plan is complete.

August 25, 2004 9-1pm \$45

## Website 201: Designing Your First Webpage Workshop

The Hawaii Women’s Business Center has invited back professional web designer, Dawn Sanders, to introduce HTML – the language used in Website design. This workshop will teach common HTML tags, HTML coding and style, and will also provide a question and answer period to address your specific needs. One lucky attendee will have a web page designed for them in class, so bring your creative ideas and web server information!! Date: Thursday, August 26, 2004 9-1pm The registration fee is \$60. Only 25 seats available!

## Micro Enterprise 101: Starting a New Business

Come learn about what it takes to start and operate a new business in Hawaii. This workshop will provide new business owners with the knowledge and guidelines necessary to operate a business in Hawaii. Dates: August 27 and September 17, 2004 \$20 in advance/\$25/door.

## **MBDA Presents Fusion 2004**

An exciting event is being held this September to assist and promote local minority-owned businesses. The US Department of Commerce Minority Business Development Agency (MBDA) is presenting "**MBDA Fusion 2004, Hawaii’s Emerging & Growth Stage Funding Showcase for Minority Enterprises**" which is both a platform and a workshop for local businesses to network with investors, emerging entrepreneurs, and financing experts.

Entrepreneurs will have the opportunity work closely with investors from both Hawaii and the mainland to fine-tune their business plans, presentations, and funding strategies. The event will bring in a number of capital sources from the private, nonprofit, and state sectors, and ten finalists will be chosen to present their business plans to these investors and to the public.

The showcase will be held on September 21 at the Hawaii Convention Center in Honolulu.

For more information, please visit the MBDA website at [www.mbda.org](http://www.mbda.org) or contact Lisa Labonte at [llabonte@pacificforums.com](mailto:llabonte@pacificforums.com).

# HAWAIIAN FUDGE SAUCE

## A Really Sweet Success Story

**HONOLULU** – It was good news for Hawaii's culinary industry and choc-a-holics to find that the **Hawaiian Fudge Sauce Company** began distributing three flavors of luscious fudge sauce through a limited number of specialty stores early this year. The fudge sauce, made from a secret family recipe passed down for generations, was previously only available for special occasions and enjoyed by family and friends of company president **Dan Belmont**.

"Whenever we've served our fudge sauce, everyone just raved about it. I had been encouraged, even begged, to put it on the market for so long that I finally just did it," said Belmont. "It been an amazing experience. The business is growing and we are even operating in the black!"

The Hawaiian Fudge Sauce opened for business in November 2003, but not before the company president had a solid foundation to get started and succeed with the new specialty product. Belmont became a regular visitor at the **Small Business Resource Center** and SBA as he researched the market, developed his business plan, and discovered resources to support his start up efforts. While taking a conservative approach to financing the business, he knew that production, packaging, and promotion would all require additional funds.

Enter **SBA's Community Express Loan Program**. Belmont heard about the small loan program available from Innovative Bank and decided to apply. He completed the application with one of the technical assistant providers as required and was approved for a \$5,000 loan. The proceeds of the loan would be used for inventory, labels and jars, and working capital to really get the business going. Belmont also found the commercial kitchen at Pacific Gateway Center Culinary Business Incubator a perfect solution to allow his fledgling operation to enter the marketplace without exorbitant overhead.

New products are already being added to meet demand for the fudge sauce. **Hawaiian Fudge Sauce Company** is now available in three flavors to entice you: Tutu's Original Recipe, Macadamia Nut, and Kona Coffee. Sticking with his specialty niche, Belmont also offers private labeling for individuals for weddings or Christmas gifts and for companies like Martin & MacArthur and Spotlight Magazine as promotional items or gifts. The product can be purchased in the original 8 ounce, a small gift size, and then quart and ½ gallon sizes for commercial accounts and for those who just couldn't bear to run out.

For more information on the yummy fudge sauce, check the website at [www.hawaiianfudgesauce.com](http://www.hawaiianfudgesauce.com).

## Central Pacific Bank Joins SBA Community Express Program

**Honolulu -Central Pacific Bank** (CPB) (NYSE: CPF) has joined together with SBA to increase lending to small businesses operated by minorities, women or veterans. A number of local organizations will participate by providing technical assistance to qualified borrowers.

"We would like to commend Central Pacific Bank for its initiative and in being the first Hawaii-based bank to offer such a valuable program for minority small business owners here locally," said SBA District Director Andrew Poepoe. "On a national level this program has really made a difference in the start-up of businesses and the development of communities, and we are excited that a local bank is now able to provide such a service to our small business owners," added Poepoe.

Under the program, qualified small business owners can receive loans and lines of credit of up to \$50,000, with minimal paperwork and no collateral. Of the loan amount, SBA will guarantee 85%. Interest rates are competitive and based



on the strength of the borrower. Terms are up to seven years. To be eligible, the business must either be located in a low to moderate-income area or consist of a 51% ownership by a woman, minority or veteran.

To increase lending opportunities to minority small businesses, the program also provides technical assistance during the application process and the term of the loan. Technical assistance can range from bookkeeping to developing a business and marketing plan, as well as credit counseling and providing legal assistance for permitting and other special needs.

Central Pacific has partnered with the following organizations to provide the required technical assistance expertise:

- Hawaii SBDCenter Network
- Hawaii Women's Business Center
- Hawaii Center for Entrepreneurship
- Hawaii Community Loan Fund
- Honolulu Community Action Program
- Jean Williams, Inc
- Pacific Gateway Center
- Samoan Service Providers Association

For details on this new small business loan, call Gwen Lau at Central Pacific Bank's Business Banking Department at 544-0676.

## **Affluent travelers gravitate to quality brands**

Pacific Business News, July 6, 2004

Travelers with household income above \$150,000 look for the best prices, but prefer brands with quality reputations and show brand loyalty, according to a new survey of such households by Yesawich, Pepperdine, Brown & Russell.

According to the firm's "Portrait of Affluent Travelers," affluent travelers who stayed in a luxury hotel or resort in the past year prefer to buy products with a reputation for quality over prestige.

Affluent travelers are also more interested in enriching experiences over living a luxurious lifestyle, said the report, a summary of which was distributed Tuesday to Hawaii tourism executives by the Hawaii Visitors & Convention Bureau.

The top attributes of affluent traveler respondents include:

- 82 percent prefer to buy brands with a reputation for quality.
- 77 percent buy for value, not price.
- 74 percent believe enriching experiences are more important than a luxurious lifestyle.
- 72 percent avoid flaunting what they have.
- 68 percent stick with a specific brand they like.
- 68 percent look for the best prices when they buy things.

## **SBA-Backed Space Plane Makes Historic Flight**



In major news this summer, a privately developed rocket built by a company that got SBA financing when it needed working capital in 2001 soared 62 miles above the Earth's surface. The flight was considered a breakthrough in the space industry. The company, Scaled Composites, is competing for the \$10

million Ansari X Prize, a high-stakes international race to launch a manned, reusable private vehicle into space. The flight is seen as a preliminary step toward commercial space flight.

Private investors poured more than \$20 million into the project. Nonetheless, the company needed short term working capital and received an SBA CAPLine loan 2001 through the Fresno District Office. With the SBA loan repaid in full and the completion of successful launch, the future looks bright and several more launches are planned this year..

## **Hawaii Tourism: What's the Buzz?**

### **Summer Travel Trends and Statistics:**

#### **Domestic Arrivals to Hawai'i Set Records in 2004**

The visitor industry hopes that the numbers establish a trend that will continue throughout the year. Domestic visitor air arrivals to Hawai'i have reached record levels since April 2004, according to the state Department of Business, Economic Development and Tourism (DBEDT). The "best April on record" for domestic travel was driven by arrivals from the U.S. West (+8.0%) and U.S. East (+5.1%). Total visitor air arrivals (domestic and international) reached 548,599 in April, an increase of 14.4% over the same month last year.

#### **Consumer Poll:**

#### **Three out of Four Americans Plan to Travel This Summer**

Seventy-five percent (75%) of Americans planned to travel this summer, according to a summer U.S. travel forecast poll conducted by Harris Interactive for Yahoo! Travel

- 14 percent of respondents are still undecided on how or where they will vacation this summer
- 29 percent plan to spend their vacation visiting family and friends;
- 21 percent plan to vacation at the beach.
- 61 percent plan to return to a place they had visited previously;
- 41 percent say they are likely to try a new destination.

Americans plan to spend an average of \$1,756 per household on vacations this summer (including transportation, accommodations, food expenses and entertainment).

To view HVCB reports, presentations and links to other resources, visit: <http://www.hvcb.org/trends>

#### **"Vacation Deprivation" of Working Americans**

A study on working Americans' travel habits, conducted by Harris Interactive for Expedia.com, indicates that the nation's employed are "Vacation Deprived," as 30 percent of employed adults will give up vacation time they have earned -- a total of 415 million vacation days in 2004.

Employed Americans will give up an average of three vacation days this year, up 50 percent from 2003. Furthermore, one-third of respondents stated that they check office voicemail or e-mail during their holiday, suggesting that "working vacations" are becoming standard. Survey respondents agree that vacation time is an important priority in life, with 65 percent saying they come back feeling "rested, rejuvenated, and reconnected with family and friends," and 52 percent stating that they return feeling better about their jobs and are more productive at work.

## **Hawai'i among first to get free credit reports**

Residents of Hawai'i and other Western states can start requesting free credit reports this December. The Federal Trade Commission announced rules for a program approved by Congress last year. The program will be phased in across the rest of the country during the first nine months of next year. The FTC said staggering the request period should help the nation's three major credit bureaus — Equifax Inc., Experian Information Solutions and Trans Union — deal with the expected crush of consumers asking for free credit histories. Each credit bureau eventually will set up a Web site, a toll-free phone number and a mailing address for people to request reports.

The free credit reports were mandated in consumer privacy legislation intended to help consumers looking to buy homes or apply for loans or those worried about identity theft. Under the new rules, residents of Western states will be able to begin requesting free reports on Dec. 1

## **Phishing for your secrets**

Once a crime aimed at individuals, phishing can hurt your enterprise  
By [Wayne Rash](#) August 06, 2004

It's reached the point where it's not even a surprise. There was the usual e-mail from EarthLink with the usual clumsy English. When I expanded the headers, I found the usual spoofed IP address deep inside. Another day, another phishing e-mail. I forwarded the e-mail to the [Anti-Phishing Working Group](#) (APWG) and to [EarthLink](#) for their consideration. Normally I would have erased the e-mail at that point, but just below it in my mailbox was an e-mail from the APWG about the latest phishing stats.

Phishing is an illegal practice in which criminals send out e-mails that appear to be from legitimate companies. The e-mails direct the unwary to what seems to be a legitimate Web site where the victim will be asked for information such as credit card numbers, user names and passwords, Social Security numbers, and the like. When obtained, this information is used for a variety of nefarious purposes.

What's unsettling is the rate at which phishing is growing. According to a report just released by the APWG, phishing increased 52 percent in June since May of this year. What's also alarming is that the practice is apparently working well enough that new phishing schemes and new fraudulent Web sites are increasing dramatically. Worse, phishers have gained a great deal of sophistication. For example, the bogus Web sites they use to entrap their victims may exist for only a few days before they're harvested and moved.

"Web sites stay up only 2.25 days on the average," says Dan Hubbard, director of security and technology research at [Websense](#), a security products company. As big as the phishing problem is, Hubbard predicts that it will get much worse, and that it may not be long before it becomes a significant headache for IT departments.

There are things you can do to prevent phishing exploitation. The first is to make sure your network is protected against outside attacks. One favorite move for phishing is to turn an ordinary PC with an "always on" connection into a bogus server. The computers on your network are always on, right? Make sure you've got your firewalls and security systems patched and up to date.

Of course, you should also keep an eye on your Web servers, and use firewalls that can block phishing server access. But you must also train your employees not to blindly click on e-mailed links. Establish a policy that you will never ask for such information via e-mail. But you must act now before the problem gets out of hand. Enterprise phishing is now only in its infancy, but it's sure to grow quickly.

## **Bar codes switching to 13 digits**

Retailers update systems to comply with Jan. 1 deadline  
By *Mary Ethridge Beacon Journal business writer*

Shoppers: There's a quiet revolution going on right under your nose. At its center is the ubiquitous bar code, that test pattern of lines and numbers on everything from canned soup to cars. Bar codes are nothing new, of course. They've been a part of our lives since 1974, when a pack of gum made history by passing over a scanner. But come Jan. 1, retailers must switch their bar code system to accept a 13-digit code instead of the current 12 digits or risk a computer crash like those predicted for Y2K. Although most consumers won't notice much, if anything, the shift is costly and time consuming for retailers who must buy all new hardware and software to keep up.

U.S. manufacturers don't have to worry about it. The new readers will still scan the 12-digit codes they use. The shift to 13 digits -- known as Sunrise Compliance because it takes effect at sunrise on New Year's Day -- is just the most immediate element of the technology boom that is revolutionizing the way retailers and manufacturers track products and customers. There's a global product registry in the works. It's called UCCnet, a network of the Uniform Commercial Code. It will allow manufacturers and retailers to access and update information on every single product made. UCCnet uses a 14-digit code, so those who want to take advantage of it will have to add yet another digit to their systems. The code council recommends those retailers who are contemplating a shift to a 13-digit system get ahead of the game by going for a 14-digit system.

Wal-Mart Stores Inc., the world's largest retailer, requires all its vendors to use the 14-digit system. Wal-Mart, whose technology leadership is undisputed, is also the force behind the biggest and most controversial technology facing retail. It's known as RFID for radio frequency identification. RFID is basically bar codes on steroids. The tags, which have built-in antennae, contain far more information than standard bar codes. Where a bar code may tell a retailer a crate contains two dozen cans of black beans, RFID can tell him the beans were canned on July 17 in Camden, N.J., at 2:30 p.m. and were handled by employees Beth, Fran and Bob who was filling in that day for a vacationing Frank.

One of its benefits over standard bar codes is its ability to read out of the line of sight. A manager on the sales floor can determine exactly what's in the back warehouse without leaving his post.

The RFID technology has led to an innovation called "smart shelves." When each product contains a radio tag, a grocery stocker will know immediately when the hamburger on the shelf has expired, for example, and replace it before a customer can choose it. Managers will be able to avoid the retail sin of an empty shelf by restocking before a supply runs out.

The 13-digit system was first proposed in the United States seven years ago in response to the complaints of manufacturers in other countries that have always used a 13-digit system. They had to repackage products just for the United States and Canada, which has also adhered to a 12-digit system. "It was costly and time consuming. It slowed down the flow of products to market," said Oddo of the UCC.

Come Jan. 1, foreign manufacturers will stop shipping products with 12-digit codes. You may not notice, but the revolution is on.

## New Rules for Service Disabled Veteran-Owned Small Business Concerns

On May 5, SBA Office of Government Contracting amended the Small Business Act to establish a procurement program for Service Disabled Veteran-Owned (SDVO) Small Business Concerns (SBC) (PL 108-183 Section 36)

Section 308 amended the Act to establish a procurement program for SDVO SBC's. This procurement program provides that contracting officers may award a sole source or set-aside contract to SDVO SBC's if certain conditions are met.

The key to understanding the regulations are the definitions of SDVO SBC's:

**Veteran** – A person who served in the active military, naval or air service and who was discharged or released under conditions other than dishonorable.

**Service-disabled Veteran** – A person with a disability that is service-connected which was incurred or aggravated in the line of duty in active military, naval or air service.

**Service-disabled Veteran with a Permanent Disability** – A Veteran with a service-connected disability that has been determined by the VA to have a permanent and total disability for purposes of receiving disability compensation or a disability pension.

## Veteran-Owned Businesses Receive More Federal Contract Dollars Previously Reported

WASHINGTON, D.C. – Veteran-owned firms receive substantially more federal contract dollars than official figures show, according to a study released by SBA's Office of Advocacy. The discrepancy results from inconsistent status coding of contracts across federal agencies and from difficulties in identifying veteran-owned businesses.

Official statistics from the Federal Procurement Data System (FPDS) indicate that veteran-owned businesses were awarded 0.6 percent of total prime contract dollars in Fiscal Year (FY) 2002 and 0.4 percent in FY 2001. However, according to the new analysis veteran-owned businesses received at least 1.7 percent of prime contract dollars in FY 2002 and 1.6 percent in FY 2001. Many federal agencies still have a long way to go to reach their procurement goals, particularly their three percent goal for service-disabled veteran-owned businesses," he said.

Among the study's findings is the fact that thousands of companies flagged as veteran-owned in the Department of Defense's Central Contractor Registry, in the Small Business Administration's ProNet file, and by Dun and Bradstreet are not coded as veteran-owned in the General Service Administration's master prime contract file. Consequently, the FPDS substantially understated the number of veteran-owned businesses.

## ASK SBA



*Q. I own a small business expect to be called-up for National Guard duty. I expect my business to struggle during my absence, is there any help the SBA can give me?*

**A.** Small businesses that are owned by U.S. Military Reservists or members of the National Guard may qualify for Military Reservist Economic Injury Disaster Loans. The purpose of these low-interest loans is to help eligible small businesses meet ordinary and necessary operating expenses that it is unable to meet because an owner or essential employee was called-up to active duty. This applies to any small business that loses an employee due to military activation.

These loans are intended only to provide the amount of working capital needed by a small business to pay its necessary obligations as they mature until the employee is released from active duty and normal operations resume. The purpose of these low-interest loans is not to cover lost income or profits, however, and they cannot be used to take the place of regular commercial debt, to refinance long-term debt, or to expand a business. You may borrow up to \$1.5 million for a 30-year term. You may apply for a Military Reservist Economic Injury Disaster Loan on the date active duty begins and for up to 90 days after you or your employee(s) are discharged or released from active duty.

## Small Firms Take Advantage Of E-Procurement Tools Study Indicates Small Firms May Be More Reliant On E-Procurement

WASHINGTON, D.C. – A new study indicates that small firms may rely more on e-procurement tools for obtaining federal contracts than do their larger counterparts.

"Small businesses are clearly taking advantage of the federal government's newer e-procurement tools and simplified acquisition procedures," SBA Administrator Hector V. Barreto said. "These e-tools and the SBA's Business Matchmaking sessions are helping to save taxpayers dollars by ensuring full and open competition to government contracts."

Among their findings, the report's authors noted that certain barriers appear to prevent small businesses from more effective use of e-procurement. These include shifts in the government's e-procurement system, the expense of monitoring procurement offerings, and confusion over multiple points of entry to procurement systems.

The Office of Advocacy funded the report, Trends in Electronic Procurement and Electronic Commerce and Their Impact on Small Business,

(<http://www.sba.gov/advo/research/rs240tot.pdf>) For more information, visit the Office of Advocacy website at [www.sba.gov/advo](http://www.sba.gov/advo)

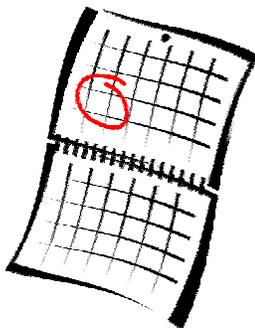
# Training Calendar

## AUGUST

- 25 – How to Write an Effective Business Plan
- 26 – Website 201 Designing Your First WebPage
- 27 – Micro Enterprise 101
- August 31 Community Express Loan Workshop

## SEPTEMBER

- 2 – Critical Collaboration  
Passion & Practically  
Computerized Bookkeeping
- 6 – LABOR DAY
- 9 - Computerized Bookkeeping
- 14 – State & federal Tax Procedures  
-- Computerized Bookkeeping 101
- 15 – Entrepreneurs on the Grow
- 16 – Computerized Bookkeeping 102
- 17 – Micro Enterprise 101
- 21 – E-Filing Seminar  
Computerized Bookkeeping 101
- 23 – Computerized Bookkeeping 102
- 28 - Computerized Bookkeeping 101
- 30 – Computerized Bookkeeping 102



## OCTOBER

- 5 - Computerized Bookkeeping 101
- 7 – Computerized Bookkeeping 102
- 12 – State & federal Tax Procedures  
Computerized Bookkeeping 101
- 14 – Computerized Bookkeeping 102
- 19 - Computerized Bookkeeping 101
- 21 – Computerized Bookkeeping 102
- 22 – Micro Enterprise 101
- 26 - Computerized Bookkeeping 101
- 27 – E-Filing Workshop

## SBRC Orientations

- Every Tuesday At 9:00 Am
- Every Thursday At 2:00 Pm
- 2nd & 4th Wednesday At 5:30 Pm

## Computer Boot Camp

- Every Tuesday At 3:00 Pm

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