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May 2005

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Dynamic Business



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- 67% buy banking services
- 65% buy printing products
- 60% buy computers

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Cliff Notes

HISS HISS HOORAY

HOORAY for Representative Mike Turzai for spearheading the Keystone Manufacturing Initiative, a package of measures to help Pennsylvania manufacturers. (Representative Turzai is the 2005 recipient of the Leo McDonough Award, presented by SMC to western Pennsylvania's most outstanding Public Official Advocate for smaller businesses.)

HISS on the Governor and Pennsylvania Insurance Department for pulling a fast one regarding the Blues' financial reserves. Once and for all, the \$4+ billion in Blues' reserves aren't tax dollars or a political slush fund. The money is ours — excess premiums paid by us, plus accumulated interest.

HISS on health insurers' huge profits. In exchange for a \$1 billion "contribution" from the Blues, the Governor and the Insurance Department agreed to pretend the Blues' reserves aren't excessive, and opened the door for further outrages like Highmark's 2004 after-tax profit of \$300+ million (on about \$9 billion in gross revenue). And let's NOT overlook 15-20 percent profits being recorded by the big for-profit insurers. The status quo is super for politicians, insurers, etc., but certainly not for those who need health coverage.

HOORAY for Allegheny County Row Office Reform. On the primary election ballot on Tuesday, May 17 will be a referendum question regarding whether to amend the county's home rule charter and abolish 6 of the county's 10 independent row offices. It would be preferable to do away with 8 of the 10 (i.e., all but the county controller and district attorney), but terminating a half-dozen of these 19th Century relics is a good start toward eliminating rampant corruption, millions in over-spending, and abject inefficiency. If you vote in Allegheny County, please go the polls on May 17, and vote YES to amend the charter and end the row offices' rip-offs.

HOORAY for 27 State Senators who have cosponsored small group reform legislation (prohibits medical underwriting). The list of our Senate supporters is enshrined at www.smc.org. A similar list of House cosponsors will be up shortly.

HOORAY for SMCers who traveled to Harrisburg and Washington, DC. Many thanks to thousands of member-company owners and employees who have signed petitions, sent letters and e-mails, and just stirred the pot about skyrocketing health insurance costs. And for the scores of people who took one or several days away from their businesses in order to lobby in-person for all small businesses, there's a special place in Heaven.

HISS on gender-based rating. I am mystified that only SMC is questioning health insurers' blatant price discrimination against women. How is it that not a single women's business group or politician has said a peep about insurers' routinely increasing health insurance premiums by 35 percent for companies that are owned and/or staffed by women.

HISS on the IRS' new "tax gap." Remember the kinder, gentler IRS? Well, forget about it. Our favorite government agency reported recently that taxpayers shortchange Uncle Sam by several hundred billion dollars per year. The cure? The IRS is asking Congress for authorization to target S corporations and partnerships for a major auditing and enforcement initiative.

HOORAY for the winners of the 2005 Tepper School of Business at Carnegie Mellon University Venture Challenge Business Plan and Elevator Pitch Competition. SMC Business Councils was pleased to cosponsor this competition in conjunction with Meyer Unkovic & Scott LLP and Pittsburgh Business and Technology Review (PCTV-21). A special thanks to the Judges: Marilyn Landis, Basic Business Concepts; Luke Skurman, CollegeProwler; David Oberdick, Meyer Unkovic & Scott; and, Neil Fogarty, Fogarty & Associates. You'll find detailed information and pictures of the winners in the Newsmakers section of this issue on page 7.

HISS on Commonwealth Court for requiring employers to be represented by an attorney at all unemployment compensation appeals hearings. Dim bulbs have their places — for instance, illuminating the interior of home appliances. But they don't belong in the state courts. ▼


Cliff Shannon, Publisher



One hundred fifty years young.

Imagine what he has seen.

Since the mid 19th century, he has been a silent sentry at the entrance to Dollar Bank on Fourth Avenue.

Through the steamboat era and the early railroad days when Dollar was the first bank to enable any individual of whatever means to open a savings account with one single dollar.

Through the Civil War and the rise of our industrial base. Through the Great Depression, during which Dollar Bank's doors never closed and we exhibited one million dollars in cash in the Fourth Avenue branch lobby, just to reassure our customers that their money was safe and secure.

Through the boom and bust cycles of heavy industry. The emergence of the technology economy.

He has seen it all.

And through those 150 years Dollar Bank has remained steadfastly independent.

Answering only to the needs of our customers

and the six generations of people who have called southwestern Pennsylvania their home. Creating a unique relationship with this region. One that is built on a 150-year understanding of regional needs.

As we celebrate our 150th anniversary this year, as well as one and one half centuries of this region's heritage of invention and enterprise, we look forward, not back.

Driven by the same independent spirit that has allowed us to grow, not by merger or acquisition, but through an uncommonly high regard for our customers. We will stay true to our mission of serving Main Street needs, not Wall Street interests.

In the ever-changing financial landscape of mergers and acquisitions, of banks coming and going away, there's one thing you can count on.

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Legislative Report

Health Care Cost Rally Huge Success

by Lee C. Taddonio

On April 11, over 100 SMC members rallied at a press conference in the Capitol Rotunda in Harrisburg to protest the rising costs of health care and to urge enactment of S.B. 671 and H.B. 1201. Enactment of these measures relating to "medical underwriting" would end for-profit insurers' use of personal health status information to set individual small businesses' premium rates. The delegation also urged passage of H.B. 107 – to give deposits to health savings accounts the same tax advantages granted currently only to health-insurance premiums. Other issues were discussed such as: the Blues' financial reserves, tax credits, medical malpractice reform, and the Pay for Performance concept. SMC members, working in teams, visited the offices of 104 senators and representatives. While there, they left behind copies of our petition, which carried over 3,000 signatures urging the legislature to ACT NOW. ▼

Editor's Note: Lee C. Taddonio is a vice president of SMC Business Councils and director of the grassroots lobbying campaign. He can be reached via e-mail at lee@smc.org. For additional information about SMC's health care positions, please visit our website (www.smc.org). To read members' comments and the "Rant of the Day" visit our blogsite at <http://smcbusinesscouncils.blogspot.com>.



We came. We saw. We...

We Came, We Saw, We.....



Lee Taddonio conducted a strategy session



"Tribune-Review" Reporter Rick Stouffer interviewed Marilyn Landis



Boarding the bus in Pittsburgh



Rocky Pacelli and Carole Bowman



The bus from Pittsburgh was filled to capacity



Cliff Shannon



SMC members rallied in the Capitol Rotunda



Senator Rob Wonderling



Representative Mike Turzai



Media from across the state covered the rally



Sherwood Stephens, Senator Sean Logan, Carol Venzin, Jerry DiFrango



Sandra Gerhardt, Representative Frank Pistella, Harry Gerhardt



Sandra Gerhardt, Eileen Anderson, Robert Chase, Senator John Pippy, Cheryl Saylor



Senator John Pippy



Harry Gerhardt, Bob Joseph



Harry Gerhardt, Sandra Gerhardt, Representative John Pallone



Deborah Mangelli



Donald Angel



Emily Fitch



Kathlyn Kraus



Julie Muehlman



Kathleen Green



Ann Cannoni



Marilyn Landis



Bruce Rudoy



Beth Lang



Dan Van Dyke

NewsMakers

Frederick Anton has been named president of the *Pennsylvania Manufacturers' Association* succeeding **Jim Panyard** who retired.

DB **Deborah L. Mangelli**, an accountant and information technology specialist, and **Donald W. Angel**, a financial planner, have joined the New Brighton office of *Cottrill Arbutina Professional Services*. Information: www.cottrillar-butina.com

DB **Emily Fitch** has been promoted to Media director and **Kathlyn Kraus** was named Advertising and Public Relations assistant at *Larson O'Brien Advertising and Public Relations*. Information: www.larsonobrien.com.

DB **Julie Muehlman** has joined *Kreamer Connect, Inc.* as office manager and residential organizer. Information: www.ByeByeClutter.com.

DB **Kathleen Green**, director of Employment and HR consultant at *SMC Business Councils*, has been elected vice president and treasurer of the Pittsburgh Human Resources Association.

DB **Ann M. Cannoni** has joined *The Webb Law Firm*, a legal practice concentrating exclusively in intellectual property, as a patent attorney. Information: www.webblaw.com.

SMC President Cliff Shannon discussed the health care campaign at a Rotary Club of Pittsburgh meeting and was interviewed by KDKA Radio's Fred Honsberger after the Health Care Cost Rally in Harrisburg.

DB *SMC's Vice Chairwoman of Government Relations Marilyn Landis* (Basic Business Concepts, Inc.) spoke at a press conference devoted to access to capital and small business lending during Small Business Week activities in Washington, D.C. Ms. Landis is also a member of the board of the National Small Business Association, SMC's national affiliate.

DB **Bruce F. Rudoy** has joined the law firm of Tucker Arensberg, P.C. as a shareholder. Information: www.tuckerlaw.com.

DB **Beth Lang**, principal and COO of *Gateway Financial Group*, has been named board vice chair of the Pennsylvania Lawyers Fund for Client Security.

Randy A. Pingree has been named president and CFO at *Chiz Brothers, Inc.* in Elizabeth, PA. **Mark Rhoa** will continue as vice president and **George A. (Al) Chiz** will continue as chairman of the board of directors and secretary. For 30 years, Chiz Brothers has been a leading refractory contractor, distributor of ceramic fiber products and refractories and an installation service specialist in southwestern Pennsylvania. Information: www.chizbros.com.

DB **Dan Van Dyke** of *Island InkJet* announced B2B services created especially for business customers at the opening of a new store on Forbes Avenue in Oakland. A quality cartridge refilling and remanufacturing firm, Island InkJet now has five locations in the Pittsburgh market and over 220 stores across North America.

In Memoriam

Frank B. Fairbanks, Jr.

1931-2005

Frank B. Fairbanks, Jr. passed away in his sleep on March 30, 2005. Frank was a 1950 graduate of M.I.T., the CEO of *Horix Manufacturing Company* until his retirement, and served as SMC's chairman of the board in 1983. His wife, Joan Gorny Fairbanks, two daughters, a son, and five grandchildren survive him. The family suggests memorial contributions to the Simmons Center for Interstitial Lung Disease.

Tepper School Undergraduate Business Plan Competition

The Tepper School of Business at Carnegie Mellon University Venture Challenge Business Plan and Elevator Pitch Competition was an extremely close competition with a record-breaking 27 entries from undergraduate students. Financial sponsorship for the 2005 competition was provided by: SMC Business Councils; Meyer Unkovic & Scott LLP; and, Pittsburgh Business & Technology Review (PCTV-21). For the sixth consecutive year, the Undergraduate Entrepreneurship Association took a leadership role in promoting the Tepper Venture Challenge under the direction of UEA President Simon Ng and Faculty Advisor Dr. Art Boni, the John R. Thorne Chair of Entrepreneurship at the Tepper School. The 2005 Business Plan Competition was co-chaired by James Tong, Greg Riches, and Saravana Sivasankaran.



First Prize of \$3,000 was awarded to **Samuel Levin** of **Levin & Haydak Investments, LLC** for a proposal to provide ownership opportunities of affordable, low maintenance small condominiums for weekend vacationers at the Jersey Shore. **Marilyn Landis** presented the award to **Mr. Levin**.

For the first time this year, an Elevator Pitch Competition was held producing a tie. Winners of this event shared a \$500 prize:



Jason Berger of the University of Pittsburgh was cited for **Innovative Leasing Corporation**, a unique concept in automotive leasing, which allows the person to drive a sports car in the summer and a durable SUV during the winter months. **Mr. Berger** is shown accepting the award while **Luke Skurman** looks on.



Second Prize of \$2,000 was awarded to **Ahmed Hussain, Rohan Kumar, MeiZee Yong, and Simon Xi** for **NuSun**, a heating device that provides under floor radiant heating. **Mr. Hussain, Ms. Yong, and Mr. Xi** are shown in the photo.



Carnegie Mellon University's Marta DePaul was cited for **OnBoard, LLC**, a proposal to combine current automotive diagnostics and drive train controls into one compact computer, allowing for quick and easy integration by automakers.



Third Prize of \$1,000 was awarded to **Stanley Sun** for **Blendopedia.com Inc.**, for an online "encyclopedia" of all the resources Chinese students/immigrants would need to blend into mainstream American culture. **Neil Fogarty** is shown congratulating **Mr. Sun**.



Judges for the competition were: **Neil Fogarty, Esq.**, **Fogarty and Associates** and host/producer of the TV program "Pittsburgh Business & Technology Review;" **Marilyn Landis**, president, **Basic Business Concepts, Inc.**; and **David Oberdick, Esq.**, **Meyer Unkovic & Scott LLP**. **Luke Skurman**, CEO and co-founder of **CollegeProwler** and winner of the 2002 UEA Business Plan Competition (not shown) also served as a judge.

Editor's Note: Information about the Undergraduate Entrepreneurship Association, the Tepper Venture Challenge, and SMC's support of this program can be found on the Internet at www.andrew.cmu.edu/user/uea.



Celebrating the Entrepreneurial Spirit

by Raymond N. Becki

As we gather for the 29th Annual Small Business Awards Luncheon to honor winners of 2005 Small Business Advocate Awards, we take this opportunity to thank the Western Pennsylvania Small Business Network, the organization which sponsors the SBA Awards luncheon, and the Pittsburgh Regional Alliance, which serves as the luncheon convener, for their efforts throughout this past year to ensure the success of this event.

We also thank our sponsors for their support.

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*And now, Congratulations
to the Winners...*

**Pennsylvania Small Business
Persons of the Year**



Brian Uffelman
President
Shawn McCall
Executive Vice President, and
Edward Chezosky
Senior Vice President
iMortgage Services LLC

Brian Uffelman, Shawn McCall, and Ed Chezosky are innovative entrepreneurs who started a service providing appraisal and title information for the financial services industry just four years ago. Since the company's founding, the three partners have experienced a significant increase in sales from one million dollars in 2000 to a projected 12 million dollars in 2004. This sales growth has been accompanied by a 2,375 percent increase in employment. The company now employs 95 individuals in well-paying jobs starting at 25K plus benefits. The fantastic growth of iMortgage Services can be directly attributed to the three owner's commitment to excellent customer service, a strong and knowledgeable sales force, and an extremely efficient proprietary technology, "Property Smart." In October 2004, "Inc." magazine recognized iMortgage Services LLC as one of America's 500 Fastest-Growing Private Businesses, placing them 111th in the overall listing.

The owners have created and maintain an in-house IT department to help service and upgrade their software. Each year, the owners invest significant dollars in new technology to increase efficiency. Internal paperwork has been virtually eliminated. iMortgage Services LLC has also developed a national inbound call center, which provides a single point of contact for its customers. The call center provides a powerful competitive and marketing edge, as few companies in the financial services industry utilize call centers or stress prompt response to inquiries.

The entrepreneurs overcame the initial obstacle of raising sufficient capital to launch the business in the spring of 2000, shortly after the dot-com bubble burst. From the beginning, their biggest challenge has been finding the right employees. The owners have been able to build their organization into one of the premier providers of mortgage services nationally. They have done this by hiring individuals who are not experienced in the mortgage industry. This policy enables the entrepreneurs to educate their

employees about the company culture and the iMortgage business model. Their employees share the core values of the company and have worked tirelessly to ensure the firm's success.

A significant challenge occurred in the first quarter of 2004 due to declining refinancing of homes and the closing of its largest customer. This potential severe drop in revenues was addressed by offering expanded services to the financial industry and by an aggressive marketing and sales campaign. By the second quarter, the company was back on track.

The entrepreneurs make every effort to make a difference in the community they serve. The owners and their employees have formed a Stewardship Committee within the company for the purposes of identifying those organizations in need. Each month a designated charity is selected and various activities are conducted to raise money for that charity. Charitable organizations that have benefited include: the Muscular Dystrophy Association, American Cancer Society, March of Dimes, Vietnam Veterans Clothing Drive, Multiple Sclerosis Society, City of Hope Cancer Society, Greater Pittsburgh Flood Relief Fund, Greater Pittsburgh Community Food Bank, and the Pittsburgh Children's Hospital.

Nominated by: Roy Martin, vice president, Corporate Banking, and Linda Stevenson, SBA program manager, National City Bank of PA.

National Winners

**National Phoenix Award for
Outstanding Contributions to
Disaster Recovery by
Private Citizens**



**Beth Sieminski
and Dawn Wyble**

After severe flooding struck the Tarentum area, Beth Sieminski helped her aunt and uncle clear out the soggy debris in their home and supported them as they began the recovery process. A week later Beth met Dawn Wyble at a yard sale. As they talked about the flood, they wondered aloud what they could do to help those who had lost so much. Beth and Dawn started collecting and distributing donated items to flood victims. They enlisted the aid of a trucking company, who lent them three trailers to store material. The local media got involved and the pair was deluged with more donations. After re-organizing their supplies, they went out a second time to look for those who still needed help. As a result, Beth and Dawn helped nearly 350 fami-

lies, delivering food, clothing, and cleaning products to Tarentum flood victims.

Nominated by the SBA Niagara Falls Disaster Area Office Number 1.

**Regional Winners in
SBA Region III -**

Encompassing the Mid-Atlantic states of Pennsylvania, West Virginia, Virginia, Delaware, Maryland, and the District of Columbia.

Regional Small Business Exporter



**Stefan
Frembgen,
Ph.D.**
President
IngMar Medical, Ltd

Dr. Frembgen has been extremely active and fervent in making IngMar Medical an active international competitor and worldwide leader in the manufacture of lung simulation equipment. This equipment is used in respiratory care training as well as respiratory device development, research, and evaluation. Dr. Frembgen has participated in overseas trade missions, hosting foreign delegations, and attending trade shows. As a result of his pro-active approach to exporting and the detailed, hands-on assistance provided by the Duquesne University Global Business Program, Dr. Frembgen had been able to increase the company's sales and its exports have skyrocketed. He has developed a unique quality management philosophy that has made IngMar Medical a global leader in its field.

Nominated by Mary McKinney, director and Brent Rondon, manager, International Programs, Duquesne University SBDC.

**Regional Family-Owned Business
Champion**



The Hanaway Family
Front Row: Eva and Mark
Back Row: Scott, Russell and Doug

**Scott
Hanaway**
President
**Tech Tool and
Mold, Inc. and
Tech Molded
Plastics**

Tech Tool & Mold and Tech Molded Plastics are product development partners specializing in total project management and engineering services for high tolerance and highly precise plastic components. This family-owned business has been a jewel in Meadville's Industrial Crown for

(Continued on Page 10)

The Western Pennsylvania Small Business Network

The annual Small Business Week Awards Luncheon is sponsored by the Western Pennsylvania Small Business Network, which was formed in June 1988 by nine organizations who worked together on behalf of small businesses in western Pennsylvania. Since that time, the Network has grown and expanded to include:

- African American Chamber of Commerce of Western Pennsylvania
- Allegheny Conference on Community Development
- Duquesne University SBDC
- Monroeville Area Chamber of Commerce
- National Association of Women Business Owners (NAWBO)
- Pittsburgh Metropolitan Area Hispanic Chamber of Commerce
- Pittsburgh Regional Alliance
- Pittsburgh SCORE Chapter #7
- Riverside Center for Innovation
- Saint Francis University SBDC
- Saint Vincent College SBDC
- SMC Business Councils
- South Hills Chamber of Commerce
- University of Pittsburgh SBDC
- Western Pennsylvania SBA Guaranteed Lenders
- Western Pennsylvania SBA District Office (non-voting member)
- Media Sponsor: "Dynamic Business" magazine — "The Voice of Smaller Business" — since 1944

over 30 years. The company was founded in 1973 by Bill and Eva Hanaway and is currently operated by their sons. As a family-owned business they continue to make a commitment to providing the best possible work environment for their employees. Tech Tool and Mold was recognized as one of Pennsylvania's "Top 50 Medium Sized Companies" for the fourth year in a row, and received the Gannon University SBDC "2004 Manufacturer of the Year" Award.

Nominated by: Debra Steiner, director, and Pat Zykowski, consulting manager, Gannon University SBDC.

Pennsylvania Winners

Pennsylvania Home-Based Business Champion



Thomas Joseph
President
Bookminders, Inc.

Bookminders provides automated accounting and financial information management services, relieving small business owners and non-profit organizations of burdensome, expensive, and time-consuming tasks. Thomas Joseph founded the company in 1991 to provide employment opportunities for a growing population of professionals seeking to work out of their homes. The firm has become a premier provider of outsourced accounting services. Mr. Joseph developed a unique business that provides his homeworkers with the flexibility and incentives enjoyed by independent business owners, while also providing the stability and support of working within a corporate environment. Joseph calls this approach a "cottage corporation" which he defines as a business designed to employ a mass market of home-based workers.

Nominated by Mary McKinney, director, Duquesne University Small Business Development Center.

Pennsylvania Small Business Financial Services Champion



Janice Spicher
Assistant Vice President
Business Banking Division and SBA Liaison, Citizens Bank of PA

With tireless zeal, Janice Spicher serves as many small business owners as possible. Her passion for supporting small business has helped keep Citizens Bank at the top of the SBA Lenders List for the third consecutive year. Colleagues and associates regularly look to her for small business lending expertise. Ms. Spicher is a founding member of the Western Pennsylvania Association of SBA Guaranteed Lenders and has served on the organization's board since 2001. She advocates community support for small business through her support of the Pittsburgh SCORE Chapter, and spearheads Citizens Bank's involvement with the Minority Business Opportunity Committee. Janice is one of the great friends of the U.S. Small Business Administration's Pittsburgh District Office, serv-

ing as an outstanding champion of the small business community.

Nominated by Scott Brown, vice president, Citizens Bank of PA.

Western PA Winners -

Encompassing 27 Counties

Western Pennsylvania Young Entrepreneur of the Year



Michael Isbir, Jr.
Isbir Construction and Landscape Corporation

Michael Isbir is a tremendous example of outstanding entrepreneurship. He is 25 years old and has been in business since 1993, which means that he has been a small business owner since the age of 13! He personifies the entrepreneurial spirit. Few middle school students have the smarts and drive to start their own business, or have the motivation to continue the business for an extended period of time. Isbir Construction provides landscape and landscape-oriented construction services. Despite existing in various incarnations – the company really came to life in 2003 when Mike Isbir was graduated from Penn State. The company's growth in the last two years has been admirable and closely controlled. Mike Isbir personifies the qualities of an outstanding entrepreneur – continuous self-improvement, and a commitment to learning everything about the business to better serve his customers.

Nominated by Gerald Marshall, PNC Bank.

Western Pennsylvania Small Business Journalist Champion



Rick Stouffer
Reporter
Pittsburgh "Tribune-Review"

Rick Stouffer has been a tireless advocate for small business as a reporter for the Pittsburgh and Greensburg "Tribune Review." He has published many articles about the Saint Vincent College Small Business Development Center. Stouffer demonstrates a continuous commitment and dedication to the small business community and has been championing its cause since 1982. As a free-lance writer, Stouffer himself is something of an entrepreneur. He has covered industries as diverse as retail, energy, utilities, commercial fishing, and the oil and coal industries.

Stouffer is famously known for his efforts to spotlight the many creative ventures and micro-businesses in western and southwestern Pennsylvania

Nominated by James Kunkel, director, Saint Vincent College Small Business Development Center.

Western Pennsylvania Veteran Small Business Champion



Chris Hale

Publisher
"Veterans Business Journal"

Chris Hale is the only person to publish a bi-monthly Veterans magazine with a national distribution to 4.2 million veteran-owned and service-disabled small business owners in the United States. The publication addresses their specific needs and highlights business opportunities. As publisher, Chris Hale has been instrumental in raising awareness of Veteran's programs at the federal level. His magazine's efforts have helped bring more veteran-owned businesses into the contracting arena, provided the federal government and corporate America with an effective outreach to the veteran market, and served as a media champion in reaching these goals. "Veterans Business Journal" provides outstanding entrepreneurial editorial that assists the veteran-owned business in becoming more efficient and effective.

Nominated by Rocky Bleier, president, Rocky Bleier, Inc.

Western Pennsylvania Phoenix Award for Outstanding Contributions to Disaster Recovery by a Public Official



Dan Onorato

Chief Executive
Allegheny County

The impact of Hurricane Ivan swept through Allegheny County on Friday, September 17, 2004, flooding creeks and causing widespread evacuations. The impact of Ivan coupled with heavy rainfall resulted in one of the worst natural disasters in our region's history. Quick action was needed throughout Allegheny County. Chief Executive Onorato was at the forefront coordinating a myriad of relief activities. He immediately enlisted the cooperation of neighboring communities to help each other and called upon county resources to

provide much needed help. He visited each one of the damaged communities to meet with residents, assess the damage, and determine how to best provide assistance. One of Onorato's significant activities was to remain constantly on TV and radio, providing residents with much-needed updates regarding conditions, rescue assistance, disaster relief, and road closures.

Nominated by Mary McKinney, director, Duquesne University SBDC.

Western Pennsylvania Small Business Minority Champion



Rhonda Carson Leach

President
Savvy Consulting Group and President
Dial R Construction Company, Inc.

Rhonda Carson Leach is active and focused in support of programs geared to advance the positions of minorities in the economic community. Ms. Leach is coordinator of a special initiative of Duquesne University's Small Business Development Center in researching the various youth entrepreneurship programs available in Southwestern Pennsylvania. Rhonda has also demonstrated a keen sense of understanding for what minority business owners need to improve. She has proactively sought opportunities and environments that nurture and challenge minority business owners. During her tenure at the Duquesne University SBDC, Rhonda counseled 232 business owners and taught classes in the "Self Employment Assistance and Growing America through Entrepreneurship" programs.

Nominated by Mary McKinney, director, Duquesne University SBDC.

Western Pennsylvania Women in Business Champion



Debra Rhone

Vice President
National City Bank of PA

Debra Rhone exemplifies the qualities it takes to be a small business champion. She has been a trailblazer and a vigorous advocate of women business owners. Because of her commitment to making a difference in her community, and for women business owners, Debra has brought many programs to Washington County.

Among them are the Athena Awards Program, the Athena PowerLink program, Women's Economic Development Outreach (WEDO), Writeldea (Washington, Greene, Fayette and Westmoreland Counties), and Women & Co.

Nominated by Linda Stevenson, director, Women's Business Initiative, National City Bank of PA, and Jayne Huston, director, National Education Center for Women in Business, Seton Hill University.

Western Pennsylvania Woman-Owned Business of the Year



Mary F. Crawford

President
Crawford Consulting Services, Inc

Mary F. Crawford founded Crawford Consulting Services, Inc. (CCS) in March 1993. A Certified Professional Estimator with over 24 years of experience in the construction industry, Mary serves as president of CCS, a 100 percent Woman-Owned Small Business, 8(a), and Small Disadvantaged Business. Crawford Consulting Services provides cost estimating, CPM scheduling, project management, construction management, general construction, and contract support services for all phases of construction. CCS was one of the first construction-related firms whose concentration focused on cost estimating and the first woman-owned business specializing in this service. Since the firm's inception, CCS has become certified to do business in over 15 federal, state, and local entities. Much of the company's growth can be attributed to support received from numerous sources, the SBA 8(a) program in particular. Ms. Crawford received training and counseling through various SBA seminars, including assistance with marketing and finance. Additionally, the SBA directed CCS to a bonding company to help them attain bonding for general construction projects. And, of course, SBA has enabled CCS to obtain contracts with federal agencies through the 8(a) program. In 2002, Mary was selected by the Naval Facilities Engineering Command Headquarters as one of only six Woman-Owned Businesses in the United States to participate in a Department of Defense Business Technical Assistance Pilot Program. The Minority Business Opportunity Committee in Pittsburgh named CCS the "Woman Business of the Year" in 2004. Mary is an outstanding example of a successful and caring woman business owner and entrepreneur.

Nominated by: The employees of Crawford Consulting Services, Inc.

(Continued on Page 12)

**Western Pennsylvania SCORE
Volunteer of the Year**



Al Thompson
Pittsburgh SCORE
Chapter #7

Al Thompson has served in numerous capacities within the Pittsburgh SCORE Chapter, including Chapter Chairman, Chair of the Finance Committee, and Chapter Vice Chair. During his 14 years of service to SCORE and the small business community of western Pennsylvania, Mr. Thompson has

implemented numerous changes in the operation. These changes increased diversification and communication with the SBA Pittsburgh District Office and were instrumental in recruiting more highly trained and committed counselors.

*Nominated by the Pittsburgh SCORE Chapter —
Walter Becker and Dick Baker.*



Editor's Note: Raymond N. Becki is an economic development specialist and public information officer, U.S. Small Business Administration, Pittsburgh District Office. For information on how to nominate someone for the 2006 SBA Advocate Awards Program, call 412.395.6560.

**A Message from the
Regional Administrator**

by Stephanie A. Watkins

Thank you for joining the U.S. Small Business Administration's Annual Awards Celebration honoring the region's small business owners and the champions who advocate and support them.

SBA was established in 1953 as an independent agency of the federal government to aid, counsel, and protect the interests of small business concerns, to preserve free enterprise, and to maintain and strengthen the overall economy of our nation. SBA is doing more than ever before to help entrepreneurs realize their dreams of business ownership. We are committed to the President's mandate to create an environment where small businesses can flourish.



The President often refers to small business as the driving force behind America's economic growth. Well, I could not agree more with the President! Small Businesses represent 99.7 percent of all employers in the United States and generated 60 to 80 percent of net new jobs annually over the last decade. Because small businesses are vital to our prosperity, the President has taken important steps to assist small businesses and the hard working people they employ by reducing taxes, encouraging investment, and removing obstacles to growth.

Clearly, the small business contribution to the economic viability of this nation is deserving of our acknowledgement. It is fitting that we honor this tenacious dedication and drive to be successful. All of us at the SBA embrace the Administration's small business agenda and recognize the challenges entrepreneurs face. We will reinforce and encourage growth for America's small businesses. This positive response to your needs will encourage the creation of new jobs, generate support of workers, and provide much-needed fuel for our economy.

I am extremely proud to be part of an agency dedicated to creating a healthy environment that nurtures entrepreneurship. Small Business Week celebrations, such as this luncheon, give us an opportunity to say thank you for all that you do. Congratulations and I wish you continued success. ▼

Editor's Note: Stephanie A. Watkins is regional administrator of the U.S. Small Business Administration's Region 3. She can be reached at <http://www.sba.gov/region3> or via phone at 215.580.2807.

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A Message from The District Director

by Carl B. Knoblock

The economic vitality of America relies on its small businesses and the entrepreneurs who are the innovators and future of the Nation. Each year, the United States honors small businesses with one special week. This year the 2005 National Small Business Week celebration was held April 26-28 in Washington, D.C. The local 2005 Small Business Awards Luncheon honoring western Pennsylvania small business owners and champions will be celebrated on May 20, 2005 at the Westin Convention Center Pittsburgh.

Today's 23 million (and counting) small businesses are facing a new challenge that no small business has had to face throughout history. This new challenge is the "global economy." Technology has created this new challenge and the small businesses of our Nation helped create the technology.

America holds dear the concept of "free enterprise," a concept no other nation enjoys quite so well. This concept will help America face the global economy and maintain itself as the global leader. It is no better personified than in the millions of small businesses across our Nation.

Small businesses are also the creators of jobs and economic growth. At times, we focus on

large corporations for job creation. Yes, the large corporations create jobs in the short term, but the long-term job creators are small businesses. In addition, small businesses create economic stability for their communities over the long term.

The government is trying to help small businesses by reducing taxes, eliminating antiquated regulations, and decreasing regulatory burdens. Despite these initiatives, small businesses still face two critical issues: rising health care costs and rising oil prices. We applaud the individuals and organizations that are trying to find innovative ways to bring health care costs under control and create new types of energy.

The Small Business Administration (SBA) was created in 1953 to help small businesses throughout the United States. President George Bush, SBA Administrator Hector Barreto, and Regional Administrator Stephanie Watkins have directed the SBA to not only help small businesses, but also expand SBA's scope to faith based and non-profit organizations. To meet these new demands, the SBA is changing to expand its reach further by becoming part of the community and by marketing and outreach.

Having been a small businessman and worked for small businesses, I know from personal experience that they are a special group of people. I am forever grateful for having been a part of this dynamic group. Being new to the Small Business Administration, I will work hard to bring a different perspective to helping the 270,000 small businesses in western Pennsylvania.

The Pittsburgh District office will work on meeting the needs of small businesses by first "listening" and then creating innovative solutions. The innovative solutions will be achieved by working closely with our resource partners (Small Business Development Centers, Lenders, Economic Development Groups, Chambers of Commerce, etc.).

Small Business Week is a time to recognize small businesses' accomplishments and contributions to help their communities grow and reach economic stability. It is also a time to recognize the challenges they face on a daily basis.

All small businesses and advocates who were nominated are already WINNERS! Unfortunately there are plenty of other small businesses and advocates that are WINNERS, but were not nominated. I am thankful that I did not have to choose the ultimate winners but I congratulate ALL of you on your achievements.

Please remember: if you are considering going into business, start by looking at the Small Business Administration's web site at www.sba.gov. The Pittsburgh District SBA office is always available to help. Please call us at 412.395.6560. Remember SBA can help if you are starting a business or expanding your business. ▼



Editor's Note: Carl B. Knoblock is the district director, Pittsburgh Office, U.S. Small Business Administration.



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Representative Turzai Wins McDonough Public Service Award

SMC Business Councils and the U.S. Small Business Administration presented the ninth annual Leo R. McDonough Distinguished Public Official Small Business Advocate Award to Pennsylvania Representative Mike Turzai during the Advocate Awards luncheon on May 20. This award is presented in honor of Leo McDonough's 29 years of dedicated service to the small business movement in the United States. Mr. McDonough is the president-emeritus of SMC Business Councils, one of the founding organizations of the Western Pennsylvania Small Business Network.



In making the presentation, SMC President Cliff Shannon said, "Representative Turzai was selected for this award because of his ongoing efforts to bring down the skyrocketing costs of liability insurance and to end lawsuit abuse." Turzai has been very active promoting the small business agenda including a package of bills known as the Keystone Manufacturing Initiative.

Representative Turzai has long been active in his community and brings to the House of Representative a distinguished record of public service. He was elected a State Representative for the 28th Legislative District in 2001. Mr. Turzi serves as secretary of the House Finance Committee and serves on the House Majority Oversight Committee, the House Labor Relations Committee, and the House Health and Human Services Committee. He was graduated from the University of Notre Dame with a B.A. degree in 1981 and earned his J.D. degree from the Duke University School of Law in 1987. Turzai and his wife Lidia, a pediatrician, and their three young sons reside in Bradford Woods.

Previous recipients of the McDonough Award are: Congressman Phil English (2004), Congressman Tim Murphy (2003), State Senator Jack Wagner (2002), PA Attorney General Mike Fisher (2001), State Senator Melissa Hart (2000), Small Business Advocate Jere Glover (1999), Congressman Mike Doyle (1998), and Senator Rick Santorum (1997). ▼



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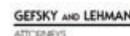


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BUSH ADMINISTRATION DELIVERS FOR SMALL BUSINESS

By Hector V. Barreto

In the last few weeks, I've had the privilege to speak before both the House and Senate Small Business Committees about SBA's proposed FY 2006 budget. Believe it or not, I like budget season. I like it because it's an opportunity to show that the resources we have to give small businesses are increasing despite tightening budgets. We're getting more efficient, more effective, and more innovative — just like a small business.

I know that in Washington, D.C. it's difficult to imagine strongly supporting a program without continually increasing its budget, but SBA has proven that it can be done. Since I became administrator in 2001, the Agency has operated under tighter budgets, yet each year SBA's programs have reached more and more American entrepreneurs. We're doing more for American small businesses with less taxpayer money. Here are some examples:

- Through late February, our flagship 7(a) loan program, used mainly for business operations, approved 29 percent more loans than the same period in 2004. Even better, we are now operating this program on a zero-subsidy rate, ensuring long-term stability of the program and eliminating taxpayer subsidy. Last year the SBA backed a record number of loans to women, minorities, and veterans. This year, we project another record for the program with up to \$16 billion in loan guarantees available to small businesses at no cost to the American public.
- Loans under our 504 program, used mainly for the purchase of real estate and capital equipment, are up 18 percent in FY05 over the same period in FY04. Loans to African Americans and women under 7(a)

"America's economy is the most prosperous in the world, and the small business sector is one of its great strengths. During Small Business Week, we honor small business owners and workers, and we reaffirm our commitment to keeping America the best place in the world to do business."

— President George W. Bush

"We have promoted a culture of ownership so that more people can start their own businesses."

— President George W. Bush

and 504 are up 59 percent and 53 percent respectively. Loans to Hispanics are up 17 percent and loans to Asians are up 21 percent. We estimate that in the first three months of the 2005 fiscal year, SBA programs facilitated the creation or retention of 168,000 jobs.

The numbers continue to astound some. But they shouldn't. Recognizing that small businesses are critical to growing our economy and creating new jobs, President Bush's agenda creates an environment for small businesses to flourish. His agenda combines not only government actions and programs, but also the effective implementation of tax and regulatory policies.

Let's take tax reform. In 2004, 25

million small-business owners received tax relief totaling about \$75 billion dollars, an average of \$3,000 each. The President reduced marginal income rates across the board, benefiting more than 90 percent of small businesses that pay taxes at the individual income tax rates. He raised the amount that small businesses can expense for new capital investments from \$25,000 to \$100,000, reducing their cost of purchasing new equipment and other investments. And the President has made tax relief permanence a top priority to help small businesses and their employees keep more of what they earn.

To reduce the cost of doing business in America, the President is working to ensure that small business owners and workers have access to high-quality health care and are protected from frivolous lawsuits. Recently, the President signed legislation curbing abusive class-action lawsuits. On the regulatory front, actions taken by the President's administration have saved American small businesses over \$30 billion since 2001 by reducing the complex maze of federal regulation and paperwork.

On the international scene, the President has expanded opportunities across the globe for American small businesses by completing free-trade agreements with 11 countries. Here at home, the Administration is working to ensure that small businesses can compete fairly for their share of federal government dollars. And they've been successful. In FY 2003, small businesses received \$65.5 billion of prime federal contract dollars, exceeding the 23 percent government-wide goal. Earlier this month small businesses received more great news when the Administration announced an additional \$15 billion in government contracting opportunities for small business.

Small businesses are vital to



Update

Information for SMC Members on Seminars, Benefits and Special Events

SMC Calendar

Editor's Note: SMC Members are cordially invited to attend any Committee meeting of their choice. All we ask is that you give us advance notice of your attendance by calling the staff member listed.

MAY
11

**Wednesday, May 11
and Thursday, May 12, 2005**

2005 Small Business Presentation to Congress

Bus departs Wednesday from SMC H.Q. at 8:30 a.m. and from Harrisburg at 9:15 a.m.
Bus returns Thursday evening, arriving in Harrisburg at 10:00 p.m. and Pittsburgh at 10:30 p.m.
Overnight accommodations: Wyndham Washington Hotel, 1400 M Street, N.W., Washington, D.C. 20005.
Entrepreneurs from Pennsylvania and across the nation will meet with national leaders and Members of Congress and hear briefings from the Bush Administration. In 2005, SMC's top issue will be HEALTH CARE REFORM. The Presentation to Congress is an annual event spearheaded by SMC's Washington affiliate, the National Small Business Association. SMC members have participated in this event since 1973.

MAY
13

Friday, May 13, 2005

National Association of Manufacturers' Breakfast

Omni William Penn Hotel, Pittsburgh
7:30 – 9:00 a.m.

Governor John Engler, president and CEO of the National Association of Manufacturers, will discuss regulatory barriers that harm U.S. manufacturers, providing recommendations on how to level the international playing field.

National Small Business Association —
www.nsba.biz — check out the "NSBA Biz" Newsletter produced by our national affiliate, NSBA, and circulated to 100,000 small business owners across the United States.

MAY
17

Tuesday, May 17, 2005

Benefits Committee

SMC H.Q., Churchill
12 noon – no charge
R.S.V.P. Joe Palermo, e-mail joe@smc.org

MAY
17

Tuesday, May 17, 2005

Spring Fling Patio Party

D'Imperio's Restaurant
3412 William Penn Highway (Wilkins Twp.), Pittsburgh
5:30 – 7:30 p.m.
\$10 per person – hot/cold hors d'oeuvres and special drink prices.
Reservations: www.smc.org

MAY
19

Thursday, May 19, 2005

Communications Committee

SMC H.Q., Churchill
11:30 a.m. – no charge
R.S.V.P. Mary Heindl, e-mail mary@smc.org

MAY
19

Thursday, May 19, 2005

Membership Committee

SMC H.Q., Churchill
12 Noon – no charge
R.S.V.P. Gerri Corvino, e-mail gerri@smc.org

MAY
19

Thursday, May 19, 2005

University Technology Transfer: Finding Ideas That Make Money

Regional Learning Center (Cranberry Twp.), Pittsburgh
3:45 – 7:00 p.m.
Cost: \$30 for SMC Members, \$45 for Non-Members
Reservations: Call Dan Special, 412.371.1500 x 244 or e-mail dan@smc.org

**Visit the SMC BLOG and check out
the healthcare RANT OF THE DAY!**
<http://smcbusinesscouncils.blogspot.com>

MAY
20

Friday, May 20, 2005
2005 Small Business Advocate Awards Luncheon

Sponsored by the Western Pennsylvania Small Business Network
Westin Convention Center, Pittsburgh
Keynote Speaker: Laura Wright, senior vice president Finance and SFO, Southwest Airlines
Cost: \$40 per person
Reservations: Phone - 412.392.4555 x 3564

MAY
20

Friday, May 20, 2005
Ladies Power Lunch

Chartiers Country Club, Baldwin Road (Thornburg), Pittsburgh
1:30 p.m.
Reservations: Notify Suzanne Froehlich two days before event. E-mail suzannefroehlich@msn.com. Bring cash and at least 75 business cards/data paks to promote your business.

MAY
24

Tuesday, May 24, 2005
Golf Outing – Westmoreland Country Club

1:30 p.m. Fee: \$145 per person
Reservations: Jerry DiFrango, e-mail jerry@smc.org

MAY
25

Wednesday, May 25, 2005
Doing Business with the Commonwealth

Westinghouse Research & Technology Park (Churchill), Pittsburgh
9:00 a.m. – Noon
Admission is Free
Register: Call 412.442.5872 or e-mail cjumba@state.pa.us
Christina Jumba, senior business consultant, Pennsylvania Bureau of Minority & Women Business Opportunities, will explain the certification process.

JUNE
8

Wednesday, June 8, 2005
Pirate Night at PNC Park, North Shore, Pittsburgh

Pre-Event at Firewaters, 120 Federal Street, Pittsburgh
5:00 – 7:00 p.m. – Firewaters is within walking distance of the ballpark
7:05 p.m. – First Pitch at PNC Park
This is double bobble-head and free baseball cap night at the ballpark.
\$25 per person includes game ticket and pre-event cash bar/munchies.
Register: www.smc.org

JUNE
16

Thursday, June 16, 2005
Communications Committee

SMC H.Q., Churchill
11:30 a.m. – no charge
R.S.V.P. Mary Heindl, e-mail mary@smc.org

JUNE
16

Thursday, June 16, 2005
Membership Committee

SMC H.Q., Churchill
12 noon – no charge
R.S.V.P. Gerri Corvino, e-mail gerri@smc.org

JUNE
17

Friday, June 17, 2005
Is Your Website Increasing Sales? What Industrial Manufacturers, Distributors, & Small Businesses Need to Know To Take Internet Marketing to the Next Level

Westinghouse Research & Technology Park (Churchill), Pittsburgh
8:00 a.m. – 12:30 p.m. No Charge
This seminar is co-sponsored by SMC Business Councils and ThomasNet.com in conjunction with the National Education Center for Women in Business at Seton Hill University, New Century Careers, St. Vincent College Small Business Development Center, and the Society for Protective Coatings.
Reservations: Jen Gurkweitz, 412.264.6002

JUNE
17

Friday, June 17
Ladies Power Lunch

Tonic Restaurant
Liberty Avenue at 10th Street, Pittsburgh
1:30 p.m. Order from menu
Reservations: Notify Suzane Froehlich at least 2 days before the event via e-mail suzannefroehlich@msn.com. Bring cash and at least 75 business cards/data paks to promote your business.

JUNE
21

Tuesday, June 21, 2005
Golf Outing – Totteridge Golf Club

Greensburg, PA
1:00 p.m. Fee: \$160
Reservations: Jerry DiFrango, e-mail jerry@smc.org

JULY
26

Tuesday, July 26, 2005
Golf Outing -- Longue Vue Golf Club

Verona, PA
1:00 p.m. Fee: \$190
Reservations: Jerry DiFrango, e-mail jerry@smc.org

AUGUST
6

Saturday, August 6, 2005
Racing Mixer at Penn National Race Course

Grantville, PA
SMC's annual night at the races.
Reservations: Call Lois Snell, 877.762.4748

To register for Western events, please refer to SMC Event Registration on our website www.smc.org

To register for Central events, please call 877.762.4748.

Volunteers Wanted – SMC's Special Events Committee is now forming. If you'd like to be part of our dynamic Events team, please call Kim Flowers for information at 412.371.1500 x 224 or e-mail kim@smc.org.

Kennywood Tickets Available Now....

Members of SMC and their employees/families can now purchase tickets for the 2005 season. Regular gate price is \$28.95 each – SMC members pay \$22.00 each (plus postage if mailed). General Admission (non-rider entry) is no longer offered. Tickets can be purchased/picked up the same day at SMC's office in Churchill. You can also purchase tickets via mail order from SMC Business Councils, 1382 Beulah Road, Building 801, Pittsburgh, PA 15235-5068. Tickets are valid on May 7-8; May 13-September 5; August 29-September 2; September 10/11; and, September 17/18. Tickets are not available for Phantom Fright Nights. Contact joe@smc.org or Sharon@smc.org or call 412.371.1500 and ask for ext 225 or ext 228.

Solutionist Strategy

WILL SOMEBODY PLEASE TELL ME WHAT'S GOING ON?

by Dan Galbraith

During a particularly hectic business day, during a stressful business week, during a less-than-profitable business month, an office manager walked out of her office and screamed to the hard-working staff in their maze of assigned cubicles "Will somebody please tell me what is going on?"

At the time, I thought the manager had finally gone off the deep end. But in retrospect, I can't help but think what a brilliant question, although I'm still convinced she did take that trip off the deep end. Do you know what's going on in your business? Do you want to find out?

Ask any five employees with differing responsibilities what your business does. List the answers. Then ask five customers. Then ask five vendors. The fifteen answers now in front of you can reveal a lot about your company. If they are all consistent, then congratulations, you may already know what is going on. But chances are that the people you count on the most are all over the board. Your goal is to get everybody on the same page.

The message you are communicating to the marketplace needs to be concise enough so that all employees can work toward accomplishing that message, your customers can tell other customers your message, and your vendors can provide better products and services to better help support that message. ▼

Editor's Note: Dan Galbraith is the owner of Solutinist, a print communications/marketing company in Greensburg. He can be reached via e-mail at solutionist@winbeam.com.



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MAKING THE CASE FOR SAFETY IN SMALL BUSINESS

by Richard C. Brown

Safety is the most overlooked core business value for businesses, especially small businesses. The focus tends to be production oriented, “let’s make more, and sell more in the shortest period of time,” and then there is a strong concern for Quality, “let’s offer a Quality product or service and achieve ISO 9001 status.” What about Safety? Are you ready to add a strong Safety & Loss Control Program to your business and increase your profitability?

Let’s look at the possible advantages of a strong Safety & Loss Control Program and how this can directly impact your bottom line.

Employee Safety – The most important aspect of making Safety a core business value for your business allows you as the business owner to identify potential hazards in the workplace, develop and implement controls to ensure the Health and Safety of each and every employee within your business.

Employee Morale – One of the most truly immeasurable advantages of making Safety a core business value for your business is increased employee morale. I truly believe that integrating Safety into your core business beliefs has an immediate impact on production and quality for your business. Recognizing Safety as the top priority for your business expresses to your employees that there is a concern for their well-being while at your workplace. It demonstrates a commitment to their welfare, which more often than not, inspires workers and adds a tremendous boost to employee morale.

OSHA Compliance – Making Safety a core business value for your business ensures that you are complying with all mandatory OSHA Regulations, which are required by all businesses with two or more employees. It is a big misconception among small businesses that the OSHA regulations do not apply to your business unless you have 10 or more employees, but the 10 or more employees only applies for the OSHA Recordkeeping standard. Implementing Safety, and developing a Safety & Loss Control Program allows you to secure your employees’ safety, while at the same time ensuring OSHA Compliance and thusly, avoiding costly OSHA Citations.

Accident Costs – Having Safety as a core business value for your business allows you to reduce and possibly eliminate accidents completely from your place of busi-

ness. Accidents cost a lot more than people realize. A small cut to an employees’ hand may cost your business \$5,000, when you consider the cost for three stitches was \$500, employee missed six hours of work, and another employee missed four hours driving him/her to the doctor’s office. Other costs to consider are the interview with two eyewitnesses, the supervisor and the Safety representative for the business, which in most small businesses will be you, the owner. There may be overtime work needed to make-up for all downtime during the accident. So, accidents really cost a lot more than the \$500 doctor bill.

Insurance Premiums – Safety as a core business value will reduce your accidents, which will directly ensure less use of your Workers’ Compensation insurance. By maintaining a three-year trend in your accidents and costs, you will be entitled to a possible savings in your workers’ compensation premium. The insurance savings will also be spread across all possible lines of coverage. Having a safe workplace, safe machinery, and a safe fleet of vehicles along with employees that are instructed and guided into working safely will lead to a reduction in the possibility of damaged machinery due to the unsafe operation of forklifts, and less auto incidents through defensive/safe driver training, and a reduction of general liability concerns of visitors, customers, and clients visiting your workplace, because it is safe.

Marketing – The commitment to Safety as a core business value for your business may have far-reaching dividends that are impossible to measure, such as lost business due to a high accident/incident rate, bad publicity in the press due to a major accident and or fatality or not being able to submit a Safety & Loss Control Program if a potential client requests the program during the proposal stage.

In a time where small businesses like yours are running neck and neck with other small businesses, trying to compete with the big guys, and trying to ensure all the work you can get for your employees during this tough economic time, you need every advantage that you can get, and that is why it is essential to have a strong Safety & Loss Control Program for your small business. ▼

Editor’s Note: Richard C. Brown, BS, MS, CISP is founder and chairman of the Small Business Safety Council (SBSC). He can be reached at 800.420.3858 or via e-mail at smallbizsafety@adelphia.net.



Hector Barreto and Marilyn Landis are shown during the Administrator's visit to SMC in November 2004.

American prosperity and, thankfully, they are flourishing. In part it's because the President has taken steps to reduce taxes, encourage investment, remove obstacles to growth and provide opportunity. And in part because American entrepreneurs are innovative, resilient, tenacious, and determined to achieve the American dream. ▼

Editor's Note: Hector V. Barreto was a small business owner and is now the 21st administrator of the Small Business Administration.

COUNTERPOINT

by Marilyn D. Landis

Anyone unfamiliar with small business financing would read Hector Barreto's article and think — wonderful, more businesses have benefited. But... for those who have actually worked with small business, we know the loan statistics equate to average loan amounts far too small to be viable. Not only are this year's loan amounts too small to permit business to access any meaningful level of funding, the loan amounts are, on average, seven percent smaller than they were last year. The trend toward smaller loan amounts marginalized the impact the SBA 7(A) loan programs can have, calling into question just where SBA's flagship program is leading the fleet.

All this said — small business shouldn't overlook what the "new" SBA is willing to focus on — regulatory reform. Entrepreneurs shouldn't discount the importance of this service. One thing we, as business owners, have trouble influencing at the ballot box are the policies set by non-elected officials — i.e. "regulations." SBA Field Offices, reduced by budget cuts and internal consolidation, are refocusing their energy on helping small business effectively deal with government regulation and policy procedural rules. This is definitely an area where small business needs a strong advocate — the jury is out on whether or not this is the best use of SBA talent — but it is a welcome new service.

Editor's Note: Marilyn D. Landis is president of Basic Business Concepts, Inc. and SMC's vice chairwoman / Government Relations. She can be reached at landis@basicbusiness.biz.

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TWO PERSPECTIVES ON MANAGING FOR QUALITY IN HEALTH CARE

A SMALL BUSINESS VIEW

by Eileen Anderson

I have become a political activist by necessity and am determined to work to improve the health care system in any way that I can. I tell people it's my parallel career.

For the past several years, I have been collecting articles and created a file on Highmark. I have developed a keen interest in health care reform because I am a self-employed business person and have had many years of insurance problems. As a health care consumer, I have witnessed the blizzard of incorrect paperwork that accompanies outpatient surgery, ER visits, etc. I served on the Suburban General Hospital Board of Directors until January when they merged with Allegheny General. I also have a son planning to enter Drexel University College of Medicine in fall '06, so medical malpractice is often on my mind. I joined SMC's Government Relations Committee and the Ad Hoc Health Care Committee to discuss health care policy.

In the early years, my family purchased a variety of insurance policies. We always thought we were buying a service, like a utility, and accepted the riders on numerous body parts as they were handed to us. When my son was four years old, we were rejected from CompleteCare because he experienced several ear infections, which were minor. We had a Medical Savings Account for seven years and watched as the premiums increased at unsustainable rates even with a \$4,800 deductible. During 2003, I had two rou-

tine outpatient surgeries and one ER visit. The accumulated bills from previous years, current bills, premiums, and self-employment taxes equaled one-third of our income.

Today, my husband and I have a new policy with \$20,000 worth of deductibles in order to keep the premium reasonable. So, in essence we pay all medical expenses out of pocket and insure our assets. I stopped requesting Highmark group quotes in 2003. The quote that year was over \$15,000 for three of us.

"I will continue to prod those who are in a position to act. As Samuel Adams said, 'It does not take a majority to prevail, but rather an irate, tireless minority keen to set brush fires in people's minds.'"

— Eileen Anderson

Adding on our dental and vision expenses and self-employment tax, I estimated that the cost would have approached \$20,000. In the July 4 "Post Gazette," Linda Dickerson interviewed Highmarks' CEO Dr. Kenneth Melani who said, "In groups under five we lost the business to the uninsured." I am close to that point but not there yet. At this point my choices are to: (1) work at Wal-Mart, or (2) refine my negotiating skills. I choose the latter.

I can't envision national health care in such an anti-tax society. I cannot picture what would tip the scales in favor of creating policy to cover the uninsured. Originally, I felt getting the consumer back into the loop would be the most

effective way to solve this problem. I thought if the consumer were paying the bills, he/she would make more thoughtful purchases. I have come to a different conclusion and now align my thinking to that of the great management guru, Peter Drucker – Focus on the Customer and Manage for Quality. That's what we do in business and what any excellent company does. So why not in health care?

I have adopted and actively support the SMC Business Councils' agenda for reining in health care costs. These reforms are aimed at slowing the growth of the underlying structure of health care by:

- Reining in prescription drug costs.
- Promoting medical malpractice reform.
- Reforming the insurance market.
- Encouraging individual responsibility for health and promoting "Pay for Performance."

In the future, the consumer will have a larger role in transforming the health care system.

For now, though, the necessary first step is Pay for Performance and the pursuit of Quality. This action will reduce unnecessary health care expenditures for preventable mistakes, preventable hospital acquired infections, and preventable medical errors. We really have no choice but to go down that road.

I will continue to prod those who are in a position to act. As Samuel Adams said, "It does not take a majority to prevail, but rather an irate, tireless minority keen to set brush fires in people's minds."

Editor's Note: Eileen Anderson and Anders Anderson operate Red Clay Tile Works, a design studio specializing in the production of hand-made art tile.

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HIGHMARK'S PERSPECTIVE

by *Kenneth R. Melani, M.D.*

Eileen Anderson's comments raise a variety of questions about the multiple challenges and potential solutions to problems facing the health care delivery and financing system. I'd like to stress, however, that many of the issues affecting the availability and affordability of health insurance are beyond the control of any single participant. All key industry stakeholders must work cooperatively to address the many factors that are driving up medical costs and increasing the number of people without health insurance.

I agree that escalating costs are the basic problem with health care. These concerns about cost and access to quality care are forcing many of us to rethink our country's health care policy.

There is no single reason why costs continue to climb at three times the rate of general inflation. Some of the factors – labor costs, medical malpractice insurance and mandates – can be controlled somewhat through legislative or regulatory changes at the state and federal levels, and may have a short-term impact on overall costs. However, consumer demand, technology, and demographics and lifestyles present more systemic challenges that may not be easily managed in the long run.

It's important to discuss demographics and lifestyles because it underscores the fact that consumers can influence health care costs and improve their quality of life. More of our members are availing themselves of Highmark's on-line lifestyle programs that focus on weight management, stress reduction, smoking cessation, and healthy eating habits. In addition, more than 300 employers are using our worksite wellness programs to improve the health of their employees.

These activities go a long way toward helping more people lead healthier lives, and ultimately controlling the incidence of chronic medical conditions that contribute to soaring medical costs.

In September 2004, Highmark and the Rand Corporation coordinated a summit meeting to explore ways in which the business and provider communities can collaborate to improve health care performance while controlling health care costs. One message that emerged was that current methods for paying health care providers do not reward the right behavior. Why should health plans pay physicians for preventable mistakes? Highmark has developed programs to provide additional payments to physicians delivering high quality care. We have also worked with hospitals in the region on "pay-for-

"All key industry stakeholders must work cooperatively to address the many factors that are driving up medical costs and increasing the number of people without health insurance."

– Dr. Kenneth Melani

performance" programs that tie some of their payments to measurable improvement in quality and patient safety. Over the next three years, in conjunction with health care institutions, we plan to step up our efforts to better align payment methods to encourage the delivery of high quality care.

The summit also discussed the need to automate the transmission and exchange of information in the health care system. Over the next few years, I anticipate steady movement in the health care community toward developing an electronic health record. An e-health record represents an important foundation for sharing information, although

privacy issues must be addressed prior to its implementation. I am hopeful that the community can work collaboratively toward greater acceptance of electronic drug prescribing tools to increase efficiency, increase informed patient use of new drugs, and reduce medication errors.

Finally, the need for reform of the health insurance market for small employers must be a focal point of health care policy in our state. Legislation is now being debated that will begin to lay the foundation for achieving greater stability in the small group market. Today, many insurers use a method known as medical underwriting to set insurance rates. Companies with workers in ill health or with chronic medical conditions can receive outrageously high rates sometimes forcing them to cut benefits or drop coverage.

Proposed legislation (H.B. 1240 and S.B. 671) will help restore the true purpose of health insurance, which is spreading the costs of health care over a large population of people so that people in good health help to cover the cost of services for people in poorer health. I believe that health insurance should be more affordable to all small employers – not only the healthy. Pennsylvania is only one of two states with a "double standard" for setting small employer insurance rates. This double standard allows certain for-profit insurance companies to target small employers in good health while avoiding small companies with employees in poor health. Passage of legislation is far from certain although small business allies across the state are working collaboratively to mobilize advocacy efforts to obtain legislative support for reform.

We must take the time to discuss these important cost and quality issues. In fact, everyone must become more involved on health care policy matters in order to craft reasonable solutions that promote the public's best interest.

Editor's Note: Kenneth R. Melani, M.D. is president and CEO of Highmark.

INNOVATE OR GO BUST!

IS YOUR COMPANY PREPARED FOR GLOBALIZATION?

PART IV IN A SERIES

by Richard C. Sussman, Ph.D.

In the last installment, I discussed some of the modern methods that companies use to conceive of new product and process ideas. Consumer product companies often rely heavily on customers and competitive analysis as the main source of idea generation. They use various marketing activities such as focus groups and direct consumer interviews to capture the ideas that are likely to have a good chance for success. Industrial companies usually use a combination of methods, including trade shows, customer input, and in-house idea generation.

When I was managing the advanced technical development for steel companies, we usually found ourselves with a large basket of new ideas at the start of each year. With limited resources, working on all of them would have been a sure way to fail with most of them. We needed a convenient way to drop out the product concepts that were least likely to get to market and the process ideas that were too far-fetched. Fortunately, there are methods that can guide this selection process. In the Seven Step Innovation Plan®, this is Step 2, the evaluation of new ideas.

Step 2 – New Idea Evaluation

Companies should check new product ideas against four criteria:

“You need a convenient way to drop out product concepts that are least likely to get to market.”

– Dr. Richard Sussman

1. Does the product match up with the other products of our company?
2. Does the company have the resources to bring them from concept to commercialization?
3. Is there a large enough market for the product?
4. Can the product be produced cost effectively in the manufacturing facilities?

I'll address the first two questions.

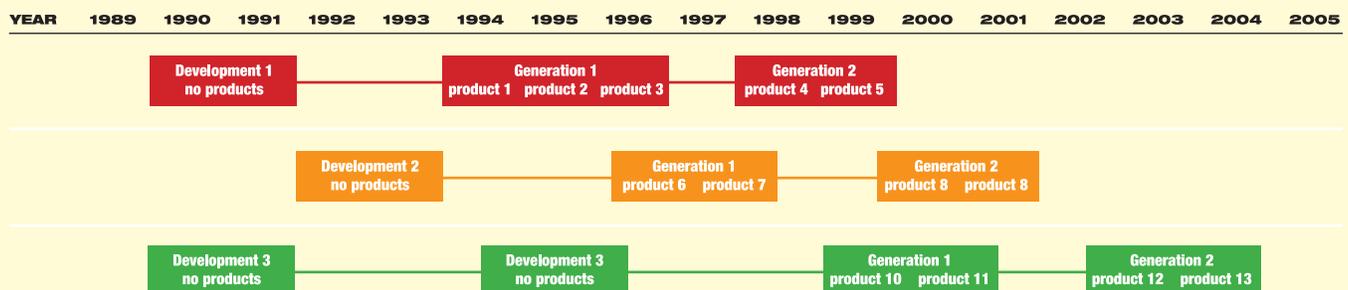
Product Mapping

A useful and simple way to evaluate the fit of new products within a company is to map the new ideas along with the existing products in a timeline. Each category is designated as a product family.

By mapping the products in this way, several important pieces of information are revealed. First, a company can see how the products have been developed over time. Have the product developments been consistent historically? Has the company fallen off on its new product introductions recently? Have new product families been created in recent years or has the company only been incrementally improving existing product families?

The new product ideas are plotted on these maps and placed into the existing product families. Are they a good fit? If they are, they usually represent an incremental change over the current product line. Those product ideas will fit comfortably within the existing product families. Even though they are not breakthrough products, they can still make a large contribution to the company's profitability very quickly, as they are

Product Family Template Example



easiest to bring to market.

Other product ideas can be fit into the product map only by creating a new product category. These ideas may be a breakthrough product and therefore, may be an exciting new business opportunity. However, they may also be an outlier product for the company, without a good strategy fit. In that case, the product may be better off developed by a company better suited to bring it to market.

Product Portfolio Analysis

Other evaluation methods are also very useful. One of these is to plot the expected return or value against the probability for success with the new developments. All of the new product ideas can be placed on the same plot and compared to each other. The product ideas that have both a high value and high success probability should be given highest priority.



Another handy portfolio development technique is to plot the potential market value against the core competencies of the company. This method highlights the likelihood of the company to actually succeed with the development to full market penetration. It also can

reveal the strengths and weaknesses of the organization to innovate. This method is especially useful to determine the improvements that are needed in the organization of the company to develop, market, and sell the products.

Weeding out the new product concepts by these methods creates the final list of products that should be worked on and becomes the Strategic Innovation Plan for the future. ▼

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Editor's Note: Richard Sussman is president of Enhanced Technology Services LLC, a Pittsburgh-based consulting company that assists manufacturing companies with their innovation strategies by helping them conceive and execute new product and process developments. For more information, contact him at rc_sussman@yahoo.com or 724.933.8061.

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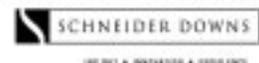
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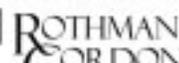
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KINKO'S FOUNDER HELPS LOCAL ENTREPRENEURS COPY HIS SUCCESS

by Amy Winn

As the founder of Kinko's, Paul Orfalea earned his fortune by providing printing and graphic services to small businesses around the world. Now he's telling other entrepreneurs how to copy his success.

Orfalea, currently chairperson emeritus of Kinko's Inc, will advise Pittsburgh's entrepreneurs when he speaks at the seventh annual Entrepreneur's Growth Conference on June 9, 2005. Each year, Duquesne University's Chrysler Corp. Small Business Development Center (SBDC) organizes the Conference to help small business owners launch and grow their enterprises.

"Paul's story is particularly inspiring for entrepreneurs because he didn't let his personal limitations prevent him from achieving his dreams," said Mary T. McKinney, director of the SBDC. "He overcame his dyslexia and created the world's leading business service chain."

After guiding Kinko's for 30 years, Orfalea retired from business management at the company in 2000. Today, Kinko's 1,200 retail locations are operated as FedEx Kinko's, following the company's 2004 acquisition by FedEx Corporation. Orfalea credits the respect and support he showed to Kinko's employees for much of his success. In fact, from 1999 to 2001, Kinko's earned three consecutive spots on *Fortune* magazine's list of "America's Best Companies to Work For." *Working Mother* magazine also has named Kinko's as one of the "Best Companies for Working Mothers."

"A manager's job is to remove

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obstacles," said Orfalea. "The only reason you have a boss in this world is to make your life easier, not harder."

According to Orfalea, happy employees will do more to provide excellent customer service, which ensures customer loyalty. To promote a positive workplace atmosphere and boost employee morale, he championed family-friendly policies at Kinko's. For example, he offered generous incentive programs for creative problem solving, profit sharing for all employees, depen-

dent care assistance and tuition reimbursement. By treating his employees well, Orfalea reasoned that he could insulate his company from the damaging actions of dissatisfied employees.

"As an employer, you think you're the boss," said Orfalea. "You think, 'what can that worker do to me?' Well, they can steal from you, fudge their hours, contaminate people with bad customer service, and say bad things about you."

Orfalea first learned the benefits of motivating employees when he founded Kinko's (named after the kinky red afro hairstyle Orfalea sported in college) in 1970 near the University of California at Santa Barbara. After observing the steep price of copies at the school's library, he started his company to offer a more affordable alternative for struggling college students. The company quickly expanded nationwide by allowing new branch managers to share in the profits of their stores.

Hundreds of the region's small business owners are expected to attend the Entrepreneur's Growth Conference on June 9, 2005, to learn about Orfalea's business philosophy. Additionally, the Conference will offer one-on-one mentoring sessions, networking opportunities, dozens of workshops and a showcase of organizations that provide products, services, and support to small businesses. ▼

Editor's Note: Amy Winn is a senior public relations specialist at Duquesne University. For more information about the Entrepreneur's Growth Conference, visit www.duq.edu/sbdc or call 412.396-6233.



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HOW TO BUY \$2.30 GAS FOR \$1.84/GALLON

by Wayne A. Russo, CFP®

I'm certainly going to tell you how easy it is to buy cheap gas at your favorite station later in this article. But first I wanted to use the above title to demonstrate how easy it is to peak people's interest when it comes to learning a "secret," especially when it can benefit them. Curiosity is inbred in all of us. The greater the inquisitiveness, the greater the learning curves. Many people who are willing to look at issues, and life in general from a different perspective are often very successful in heading off life's challenges as well as getting ahead of people whose thinking and actions are more traditional and one dimensional.

Let's think about this for a few minutes. Example 1. When some patients are on the verge of death on an operating table, we often hear that they have an out of body experience. Their spirits rise above their bodies and look down on those attending them. Of course as they are resuscitated things return to normal. But they always claim that now they see things differently. A new perspective perhaps? This is what I am talking about. It becomes refreshing to train ourselves to look for the unusual alternative. Example 2. In negotiations, the best negotiators run around to the other side of the table (figuratively, of course) to view the negotiations from the opposing side. This way it becomes easier to arrive at and offer solutions that make both sides appear to win.

Through the years, I learned many things from my father, who taught by example. He managed an auto parts store and was very organized while demanding cleanliness and orderliness. Instead of yelling at his workers for laziness, he would simply pick up a broom and start to sweep. Upon seeing him, the embarrassed employees would race to grab that broom from his hands to take over. That was how he got his message across. When I was in 6th grade I would go to the store after school to work, and boy did I earn my money? He gave me a cart and put me in aisle one, then directed me to begin by taking all the merchandise off the shelves, dust the shelf, then dust each item before I replaced it. He told me it would

teach me where everything was so I could wait on customers when I was older. But he really taught me much more. The task taught me patience (go slow enough to do the job correctly) and perseverance (get the job done because I hated it and wanted to do something else more enjoyable). So in order to finish more rapidly, I would design ways to stack the merchandise in order to replace it quickly and in proper order. Even though I thought he was an "evil taskmaster," I believe he knew what he was doing all along. Pat Morita,

"It becomes refreshing to train ourselves to look for the unusual alternative."

— Wayne Russo

in the movie Karate Kid, made his young protégé paint his house and wash his car, all the while he was subtly teaching him karate moves. Likewise my father, with all his dusting, cleaning, unloading trucks, etc. taught me the principles and values I live by today. (And have since taught to my kids). Now, when a challenge of any kind faces me, I develop a plan, I look at it from every angle, carry it out with integrity, and assure that it serves everybody's best interest.

The Holy Father, Pope John Paul II, recently passed away. A lot of the newscasters posed the question of his legacy to many Church leaders. But the best response came from Monsignor William Kerr. He said the Holy Father's greatest legacy was his "undaunting faith. He looked at the world through the lenses of his faith. So, trends, polls, unusual situations didn't bother him" because the zero point of his barometer was always his faith. How's that for looking at things from a different perspective?

So, we can place the Pope, most respectfully at the top of our pyramid of "great men" who look at things in com-

pletely different, converse reverse, and inverse ways. And as such have come up with very unusual, great, super and incredible results and solutions. The Pontiff was most responsible for dignity for human life, solidarity of millions of youth, and the downfall of communism. Bill Gates changed the way we do business and carry on our lives today. Edison "lit" us up. Alexander Graham Bell helped us communicate from a distance, Andrew Carnegie showed us how to make a fortune and then give it all away. We can build this pyramid as large as we want. I'm sure you get the idea.

The lesson is this: "don't just think outside the box. Build a whole new box!" This takes a lot of practice since we have been in the nasty "box" for so long. So just think of something you're working on, or a personal challenge you must overcome, or a problem to solve. Think of outrageous solutions. Come on, you can do it.

So how do you buy \$2.30 of gasoline for \$1.84? Simple. Cut back your driving by 20 percent! You then save \$0.46 per gallon. Save even more. Don't drive unless it is a good reason. Multitask. Make sure you have at least two or three errands to run before you go out. Try to take one day a week off from driving or ride more with your spouse. Car pool to work. Keep air in your tires as required. Drive consistently and relax. No jackrabbit starts, no slamming on brakes. Drive the speed limit or lower, not higher. Maintaining your vehicle with oil changes, clean air filters, and proper fluid levels also saves gas. I know these things because my dad taught me well. Drive safely while you think about building your new box! ▼



Editor's Note: Wayne A. Russo, CFP® is president of Pittsburgh Financial Consultants, a financial services firm with a specialty in Retirement Plans. He can be reached at 412.288.0178, 1300 Fifth Avenue, Pittsburgh, PA

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Unethical Business Practices Alarm Physician Leaders

by Bill Steiger

Physician leaders in hospitals, large group practices, and academic health centers are deeply concerned about ethical violations and unethical business practices impacting U.S. health care, according to results of a new survey.

Conducted by the American College of Physician Executives (ACPE), the survey found high percentages of physician leaders are either "very concerned" or "moderately concerned" about:

- Physicians refusing to accept calls on patients who don't have insurance (79 percent).
- Influence exerted by medical device manufacturers (79 percent).
- Over-treating patients to boost income (78 percent).

- Influence by pharmaceutical companies (76 percent).
- Board members with conflicts of interest (66 percent).
- Non-physician executive leaders with conflicts of interest (66 percent).

One of the most startling findings: nearly 54 percent of the survey respondents said there was a health care organization in their community they believed to be involved in unethical business practices.

The survey findings and companion articles that look at ways to avoid ethical conflicts in health care are published in a special report, "Ethical Debates/Ethical Breaches," which appears in the March/April issue of "The Physician Executive – Journal of Medical Management."

"The survey results show us a serious problem facing U.S. health care," ACPE President Marvin O. Kolb, M.D. said. "Our challenge at ACPE and other professional organizations is to teach health care leaders how to identify and eliminate unethical business practices and behaviors."

Nearly 1,500 physician leaders across the United States participated in the survey. About 10 percent were CEOs or the equivalent; 29 percent, senior executives; 18 percent, medical directors of hospitals or group practices; 25 percent, department chairs; and 19 percent, practicing physicians or consultants.

"In general, physicians compartmentalize these (ethical) issues well and have the best interest of patients as their first priority," one survey participant wrote in the survey's comment box. "When that does not occur for any reason, I am deeply concerned."

Summarized another survey respondent: "The secondhand smoke-like effects of unethical business practices can cause ethical cancers to develop throughout the health care system." ▼

Editor's Note: Bill Steiger represents the American College of Physician Executives. For a summary of the survey results and copies of related articles, contact him at bsteiger@acpe.org or call 800.562.8088. Additional information can be found on the Internet at www.acpe.org.



Human Resources Report

Total Compensation — A Strategic Rewards Approach

By Karen Campbell, SPHR, CCP

Why a Strategic Approach is Essential

As at companies, you may be asking the following questions:

- How can we *afford and sustain* our current level of reward spending (pay, benefits and work/life)?
- Is there a way to reallocate our reward dollars to achieve *better control over current and future spending*, particularly in health care and retirement?
- What is the best way for our company to *reward our highest performers*?
- Is it possible to *increase growth* through the use of competitive compensation, benefits and human capital strategies?

Implementing rewards changes may be difficult but, in this new economic environment, the options of either doing nothing or deciding that change is too sensitive and difficult to undertake are becoming far more dangerous.

With today's competition, companies can no longer tolerate automatic cost-of-living adjustments and expensive undervalued benefits packages. Intervention and a guiding total compensation strategy are necessary.

Using a Total Rewards Perspective

For most companies, the rewards investment often is the single largest annual expenditure. Therefore, knowing how much and where to invest is critical. With fewer dollars available, you want to know which investments will produce an appropriate return.

Total rewards is best defined as the financial components or investment for each employee. Examples of these components are:

- Compensation: Base pay, short-term incentives, long-term incentive, and recognition.
- Benefits: Health and group benefits, retirement, work/life programs, and perquisites.
- Careers: Training and development, stretch assignments, and career incentives.

A successful total rewards strategy considers all of these components to motivate the behaviors necessary for business success — while controlling cost so not to crowd out other important business investments.

Asking the right questions and balancing the employer, employee, and cost perspectives are first steps to take to develop your total rewards strategy.



For assistance with total rewards and compensation/benefits planning and design, please contact SMC People Management Resources to speak with one of our HR Consultants.

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Communicating the value of the total rewards strategy is also instrumental for a successful outcome, but often overlooked. A 2004 MetLife study found that few employees understand the full and growing magnitude of their company investment — only 27 percent could estimate their employers' contribution to medical insurance.

Be sure that your total rewards strategy links employees to your business objectives — and produces not only the right results, but the right behaviors and people. ▼

Editor's Note: Karen Campbell, SPHR, CCP, M.Ed., MBA is a vice president of SMC Business Councils and director of SMC's People Management Resources.



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Central Region News

by Lois A. Snell

Central Region Calendar

Saturday, August 6, 2005

Racing Mixer at Penn National Race Course

Grantville, PA

SMC's annual Night at the Races — if you attend only one SMC mixer, this is the one! It's always an exciting evening for members and guests to savor a sumptuous buffet in a private room overlooking the finish line, enjoy great company, and watch exciting racing entertainment. Call now to reserve your seat. Additional details will follow!

Please call the Central Region Office at 877.762.4748 to reserve your seat for any event.



SCENEAT...

Health Savings Account Seminar

March 29, 2005



Capital BlueCross Prescription Benefit Reminders

Prior Authorization Program - In order to receive the highest level of benefits with health care coverage through Capital BlueCross (CBC), it is necessary to obtain authorization for certain medications before being dispensed at a pharmacy. CBC's team of experts has carefully identified certain medications that are considered to be high-risk or high-cost, with a potential for misuse or abuse. Prior authorization helps encourage the appropriate and cost-effective use of these drugs by allowing coverage only after specific clinical criteria are met. Drugs requiring prior authorization are subject to change and a current listing is available on CBC's website: www.capbluecross.com/Members.

Drug Quantity Management Program - Some drug products may be subject to quantity level limits based on the drug manufacturer's packaging size or adopted clinical guidelines. These quantity limits are designed to encourage the appropriate use of selected prescription medications. The quantity limit for each selected drug is supported by FDA guidelines, drug studies, and/or actively practicing doctors. A current listing of these medications and the corresponding quantity limits are available on CBC's website: www.capbluecross.com/Members.

Physicians or pharmacists may contact CBC's pharmacy benefit manager, Express Scripts, Inc., to request prior authorization of a medical prescription or to request a quantity override of any of the listed managed medications. Express Scripts, Inc.'s Authorization Department is available at 800.417.8164. ▼

Editors Note: Lois A. Snell is a Member Benefits manager, SMC Business Councils, in the Central Region Office. Toll free 877.762.4784 or email lois@smc.org.

Peak Performance Selling

So What Happens Next?

by Jim Gaffney

Never leave a meeting or conversation without a clearly defined next step in the calendar with a prospect. How often do we follow that rule? Frequently, next steps are up in the air. We leave a sales call with the prospect saying, "Sounds good, I'll give you a call sometime next week and let you know." What's the ratio on that deal closing? We often don't have the guts to ask for a specific next step. We settle on following up with the prospect later. The problem is following up frequently means chasing them down and becoming a pest. When we set specific next steps we keep the sales process moving forward and prevent a prospect from hiding from making a decision.

Be a meaningful specific, not a wandering generality. Set a next step that means something. If we need to meet again to close the deal, tell the prospect, "We need to meet one final time to decide, yes we are moving forward, or no there is not a good fit." Same rule applies for timing. Don't let a prospect get away with saying, "I'll call you next week." Set a day, time, and amount of time to spend with them. When we set specific expectations about when to meet and what we will be doing, we prevent surprises.

Setting next steps also lets us deal with potential problems earlier. If a prospect is adamant about not setting a time to talk with us about a specific issue, they are probably saying no. Often times prospects set generalized next steps because they can get away from us without saying no. It is a way for them to avoid a possible confrontation. The problem is that we are left waiting in the wings. Have the guts to push for something specific. Even if we force a "no" out of them, it will save us the hassle of chasing them down. If they give us a no now, they were going to give us a no later. The difference is we avoided the struggle and annoyance of "following up."

Setting specific next steps is laying a game plan out for both prospect and salesperson. It assigns what each party will do next and what goal each hopes to accomplish. This eliminates bad opportunities from the sales pipeline and saves time not chasing bad prospects. The key to accomplishing this is to be gutsy in not accepting wishy-washy commitments. Be persistent in narrowing down what happens next. If we do this effectively we will save a lot of time and annoyance both for our prospects and ourselves. ▼



Editor's Note: Jim Gaffney is the managing partner of Peak Performance Management, a sales training and development company that helps businesses increase close ratios, increase margins, and shorten selling cycles. For information visit www.superiorselling.com or call 412.928.9933.

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While SMC's experts will endeavor to give you the most professional advice possible, it must be recognized that there could be instances where there is a misunderstanding or incomplete explanation of the issue. If your issue could have important legal implications, it would be best to get a second opinion before taking any final action. For those experts who are not employees, SMC is referring members for independent advice and consultation. Experts receive no remuneration from SMC.



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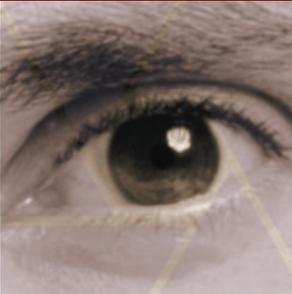
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GOVERNMENT AFFAIRS FOR THE SMALL BUSINESS

by Joe Kuklis

Every year, the federal government authorizes spending of almost 1 trillion dollars for goods and services that range from purchasing pencils to Apache helicopters. In addition, a significant portion of this funding is allocated to research and development projects, which can be used by small businesses to bolster their own products or bottom line. Yet with all this opportunity, it is not uncommon for small businesses to shy away from implementing a government affairs strategy that would help them obtain government grants and contracts because they believe that the process is cumbersome and often times a barrier to entry into the government marketplace.

However, the implementation of a comprehensive government affairs strategy can play an instrumental role in the vitality of businesses both large and small. Whether you're looking to sell a product, provide a service or obtain valuable research dollars, the opportunities to achieve success in the government marketplace are very tangible and should be a key component in any company's business strategy.

There are a few key reasons why small businesses should track government funding, first among them being direct business incentives to help their company grow. Small businesses are always looking to gain an edge over their competitors. Whether it is by renovating and expanding their site, hiring and training more employees to keep up with demand, or improving production with a technological advancement, small business owners are constantly trying to improve and innovate. Often times, small businesses lack sufficient funds to carry out these plans. That's where state and local governments in particular provide viable sources of funding through a variety of grant, low-interest loan and tax incentive programs which may provide growth or sustainability for small businesses. Taking advantage of these opportunities when

they present themselves can mean the difference between red or black ink for any given fiscal year.

Secondly, the federal, state and local governments are often times great clients, providing grant and contract opportunities for small businesses. Whether through small or disadvantaged business set-asides, research and development dollars for new technologies, or awarding grant funding for a pilot program or demonstration project, small businesses

"The opportunities to achieve success in the government marketplace are very tangible and should be a key component in any company's business strategy."

Joe Kuklis

should turn to government for sales and "non-dilutive" investment. The federal government alone runs over 1,600 grant programs each year and awards countless dollars in contracts to sole sourced vendors and those that participate through procurement avenues like the GSA schedule. Keep in mind that government R&D dollars frequently allow technology companies to continue their own R&D efforts on the public dime, not diluting the equity positions of their investors.

And lastly, small businesses will find support for their business development efforts at the governmental level through their elected officials. By the nature of their elected offices, legislators and government executives look to enhance economic development activity in their home municipalities, their districts or their states by supporting grant applications, making calls to department and

agencies on behalf of constituent companies and providing an equitable business climate through legislation and regulation. Acting as an advocate, an elected official can represent the interests of their small business constituency by amending impactful legislation or by modifying state and federal regulations to better serve their core constituencies. Making sure that your business remains active on issues that affect your industry such as tax reform, environmental laws, and business incentive programs are important.

Small businesses can start this process fairly simply and with little cost. The Catalogue of Federal Domestic Assistance, the Federal Register, and the website for the Small Business Administration all contain helpful **FREE** information on grants and contract search engines, as well as links to your elected officials with information on how to contact them. It is also important to maintain some level of contact with your industry association (Chamber of Commerce, SMC Business Councils, etc.) that will be monitoring governmental reform regularly. These associations can often put your business in touch with the right decision makers that can help your small business begin navigating the government marketplace. And, of course for those companies ready to pursue a more aggressive and comprehensive strategy, there are lobbying and government affairs firms that help companies achieve success in the government arena.

While it might seem overwhelming at first, recognizing that a government affairs strategy is both attainable and beneficial for your business is the first step in realizing the limitless opportunities that can result from working with your local, state, and federal governments. ▼

Editor's Note: Joe Kuklis is the co-founder of GSP Consulting, a Pittsburgh-based government affairs firm. Joe can be reached at 412.765.1180 or via e-mail at joe@gspconsulting.com.



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