

Thinking of Starting Your Own Business?

By Wendi Landreth, Morgan Stanley

Many of us have given at least some thought to starting our own business. For the most part, these thoughts go no further than daydreams that help pass the time in traffic or are used to smooth over the rough edges of a difficult day. Over the past 10 years, however, more and more Americans have taken these dreams and turned them into reality. Whether owned by early retirees, MBAs just out of graduate school or the married couple on the next block, tens of thousands of small businesses are established every year. In fact, it's generally recognized that small businesses account for more than half of the U.S. workforce. Ongoing advances in information technology and telecommunications have helped turn many a former employee into an owner—at least temporarily.

Successful entrepreneurship, however, remains an elusive prospect. Starting your own business is an extremely serious undertaking—especially for people who have become accustomed to the security of working for an established company. Without a doubt, the odds of achieving long-term success are small. It is generally recognized that most new small businesses fail within their first year of operation and that around nine out of ten last no longer than five years.

Yet, for all that, success can happen. Patience, hard work and careful planning are some of the necessary ingredients. Although a thorough examination of the ins and outs of starting a small business would fill several volumes, the following sections can help give prospective entrepreneurs a rough idea of the challenges ahead.

Know Yourself

The prospect of owning your own business may seem attractive, but it isn't for everyone. People unable to thrive in a challenging environment, who are averse to taking risks or who find it difficult to make decisions and accept the resulting responsibility are poor candidates for entrepreneurship. As a small business owner you have to make a total commitment, since your business will require tremendous amounts of your time and energy.

Prepare

As is true of life's other major decisions, such as choosing a college, buying a home or raising a family, starting a business requires considerable planning. Without a comprehensive business plan your chances of success are greatly reduced. Hopes for outside funding and credit from suppliers depend largely on how favorably banks and other lenders view your plan. In addition, inadequate planning will make it difficult to manage overall operations, since a good business plan serves as your blueprint for the future. To be effective, your business plan should answer these basic questions:

- What will the business do?
- What are its resources?
- Where is it going?
- How will it get there?
- How will you measure success?

A well-prepared business plan also demonstrates that you've given serious thought to creating your business and that you view the future pragmatically. Professionally prepared plans, should you decide to take that route, will fully describe every major aspect of the proposed venture. These include, but are not limited to:

- principal owners
- products and services
- marketing strategy
- problems and opportunities
- realistic sales, market share and profit objectives
- preliminary budgets

Managing Money

Inadequate start-up funding leads to many small business failures. Having too little money in reserve as your business struggles to get off the ground can quickly lead to disaster. Many small business owners overlook the time gap separating the ribbon-cutting ceremony from the first quarterly flow of profits. Having only enough cash on hand for a few months' rent, essential equipment and a basic inventory will leave you vulnerable to unforeseen difficulties.

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Business

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Operating a business would be considerably easier if enthusiasm, hard work and dedication were the sole requirements for success. But the fate of every enterprise ultimately depends on the numbers. An accurate, easily understood and timely accounting system, therefore, is an absolute must. Otherwise, accurate records will be impossible to keep—one of the worst mistakes a small business owner can make.

Managing People

Another leading cause of small business failure is poor management. Unable to rely on subsidiaries or other divisions to help carry the load when profits turn scarce, small business owners must stay in constant touch with the needs of their businesses. This will help prevent small problems from growing larger. Yet, managers must also be flexible in order to cope successfully with personality differences and changes in economic conditions.

The small business owner must also be capable of gathering and maintaining an effective workforce. Unless you are running a one-person operation, your employees will have a considerable amount of contact with your customers. And their actions will serve as a direct reflection on your company. To help assemble the right people for the right job, take the time to completely spell out all:

- job descriptions
- required experience and education levels
- salaries and benefits
- training and promotion procedures

Help!

Most small business owners take pride in their independence and problem-handling skills. But, even

the most skilled entrepreneur may need the assistance of a professional from time to time—often when it can least be afforded. Fortunately, however, professional business advice need not be expensive. Business and trade associations, chambers of commerce and the local library, just to name a few, are all sources of modestly priced (or even free) expertise. Don't let a misplaced sense of pride prevent you from discovering the correct solutions to your business problems. Determine how much help you need and try to get it as early as possible.

For further information, please contact *Wendi Landreth of Morgan Stanley* at (800) 745-4550 x8025.

Note: This article does not constitute tax or legal advice. Consult your tax or legal advisor before making any tax- or legally-related investment decisions. This article is published for general informational purposes only and is not an offer or solicitation to sell or buy any securities or commodities. Any particular investment should be analyzed based on its terms and risks as they relate to your circumstances and objectives.

Vision to Reality

June 4, July 2, or August 6, 2002

9:00 a.m. – 11:00 a.m.

\$15/person

This seminar is designed for individuals interested in learning a practical step-by-step process for starting their own business. It will provide them with a network and resources to use when questions arise.

For more information contact the Business Development Center at 734-462-4438.

The Government and 13 is a Good Combination for Contractors

By Andrew Starr, Dykema Gossett PLLC

The Federal Government is able to avoid many of the cumbersome procedures used in sealed bids and negotiated procurements when making smaller dollar purchases. Agencies can now use simplified procedures instead of the "full and open competition" requirements used in larger purchases. Contracting Officers are using streamlined procedures to make low dollar purchases more efficient. This less complicated process for soliciting and evaluating bids benefits the government and contractors.

FAR Part 13 prescribes the policies and simplified procedures when the government purchases supplies or services costing between \$2,500 and \$100,000. For

certain commercial goods or services, the threshold can increase to \$5,000,000.

The purpose of Part 13 is to reduce administrative costs, improve opportunities for small businesses, and promote efficiency in contracting. Agencies are required to use these procedures to the "maximum extent practicable." Purchases of supplies or services between \$2,500 and \$100,000 are automatically set aside for small businesses unless there is no reasonable expectation that the agency will receive two or more offers from small businesses.

Soliciting and advertising procurements under simplified procedures is based on the dollar value of

the requirement. The purchase will be displayed in a public place if it is between \$10,000 and \$25,000. If the purchase is greater than \$25,000, then the contract action will be synopsisized in the government-wide point of entry, www.fedbizopps.gov.

The simplified acquisition procedures do not require Contracting Officers to follow a set buying process. The agency official acquiring the supplies or services under simplified procedures can

choose from one of several methods. Common buying methods for simplified acquisitions include Purchase Orders, Blanket Purchase Agreements, government wide purchase cards and electronic commerce.

The Contracting Officer is limited to using the method that is most suitable, efficient and economical for the item being procured.

One of the most common buying methods used by Contracting Officers is a Purchase Order. A Purchase Order is a government offer to purchase supplies or services. Typically, a Purchase Order is issued in response to a contractor's oral, written or electronic quote. A binding contract is formed when the supplier accepts the government's order by notifying the government of its acceptance or furnishing the supplies or services.

Many of the standard FAR clauses do not apply to purchases under the streamlined acquisition procedures. For example, Purchase Orders issued

pursuant to the simplified acquisition procedures should not contain FAR clauses implementing contingent fees and prohibitions on dealing with certain debarred businesses.

Another common method available to Contracting Officers is a Blanket Purchase Agreement ("BPA"). This method is used when the government anticipates making repetitive purchases over a set period of time.

The Contracting Officer and the contractor pre-negotiate the terms and conditions of the BPA, and a contract is formed when an order is placed against it. The prices are based upon market conditions at the time of the buy, not when the BPA was negotiated.

Simplified acquisition procedures should make it easier for small businesses to do work for the government. These procedures allow contractors, especially small businesses, to respond to solicitations and avoid unnecessary burdens that accompany many of the government's larger procurements.

Andrew Starr is an associate of the law firm of Dykema Gossett PLLC in Detroit, where he specializes exclusively in government procurement issues. He may be reached at (313) 568-6851.

Note: This article provides information of general interest presented in summary form, and does not constitute individual legal advice.



Government Contracting Seminar

June 20, August 15, or September 12, 2002

9:00 a.m. – 12:30 p.m.

\$35/person

Did you know that the Federal Government purchases more than \$200 billion dollars of goods and services every year? Find out what it takes to successfully sell your goods and services to the Federal Government and the State of Michigan. In addition, learn about the services and resources the Business Development Center has available to help your company with the contracting process.

Registration Assistance

June 27, August 22, or September 19, 2002

8:30 a.m. – 11:30 a.m.

\$15/person

Business Development Center clients looking for assistance completing their Central Contractor Registration (CCR), SBA's Procurement Marketing and Access Network (Pro-NET) or any other government contracting related online registration are invited to the BDC's open lab. Counselors will be available to help clients understand and complete their registrations, using the BDC's computer lab.

For more information contact the Business Development Center at 734-462-4438.

Strengthening Homeland Security Since 9/11

An excerpt from <http://www.whitehouse.gov/homeland/>

Immediately following the tragic events of September 11, departments and agencies from across the federal government took steps to strengthen the safety and security of the American people. At the federal level, \$10.6 billion from the Fiscal Year 2002 Emergency Budget Supplemental was dedicated to homeland security. The challenge is large, and much more remains to be done, but the foundation for a stronger, more secure America has been put in place.

The Government responded in a wide variety of areas. They include:

Law Enforcement

- Established the Homeland Security Advisory System (HSAS), which is designed to be the foundation for building a comprehensive and effective communications structure for the dissemination of information regarding the risk of attacks to all levels of government and the American people.
- Deployed more than 4,000 FBI special agents and 3,000 support staff to the international investigation of the September 11 terrorist attacks—the largest criminal investigation in history.
- Responded to more than 8,000 cases of anthrax attacks or hoaxes.
- Implemented the USA PATRIOT Act which, among other things:
 - 1) Updated Federal laws to reflect the rapid and dramatic changes that have taken place in recent years in communications technology;
 - 2) Required the Department of the Treasury to require financial institutions to verify the identities of persons opening accounts, granted immunity to financial institutions that voluntarily disclosed suspicious transactions, and increased the penalties for money-laundering;
 - 3) Broadened the terrorism-related definitions in the Immigration and Nationality Act, expanded the grounds of inadmissibility to include aliens who publicly endorse terrorist activity, and required the Attorney General to detain aliens whom he certifies as threats to national security;
 - 4) Authorized grants that will enhance state and local governments' ability to respond to and prevent terrorism, and expanded information-sharing among law enforcement authorities at different levels of government.
- Established 56 Joint Terrorism Task Forces and nearly 100 Anti-Terrorism Task Forces to coordinate the investigations and improve communications among federal, state, and local law enforcement.

- Launched Operation Green Quest to dry up sources of terrorist funding. To date, the assets of 192 individuals and organizations connected with the al-Taqua, al-Barakaat, and Hamas organizations have been frozen.
- Established a Web site and toll-free hotline for citizens to report suspected terrorist activity.
- Adopted new, stronger encryption standards to safeguard sensitive, non-classified electronic information such as financial transactions, and ensure the privacy of digital information ranging from medical records and tax information, to PIN numbers for millions of Americans.

Border and Port Security

- Proposed INS regulations to eliminate the current minimum six months admission period for B-2 visitors for pleasure, replacing it with “a period of time that is fair and reasonable for the completion of the purpose of the visit.”
- Immediately required individuals planning to attend school in the United States to obtain the proper INS student visa before their admission to the country.
- Proposed INS regulations to reduce the maximum visa extension from one year to six months. Additionally, the visitor must prove there are adequate financial resources to continue to stay in the United States, and that he or she is maintaining a residency abroad.
- Placed the nation's air, land, and seaports of entry on Alert Level 1 following September 11, ensuring a more thorough examination of people and cargo.
- Created the new Customs Trade Partnership Against Terrorism (Customs-TPAT) initiative to enhance security throughout the entire import-export process.
- Launched the Container Security Initiative, which establishes a tough new international security standard for cargo containers.
- Deployed approximately 1,600 National Guardsmen to assist in securing the nation's borders.
- Increased National Park Service personnel and upgraded security equipment and the procedures at highly visible national monuments such as the Statue of Liberty in New York, the National Mall in Washington, the Liberty Bell and Independence Hall in Philadelphia, the Gateway Arch in St. Louis, and other sites in the 384-unit National Park System.

Transportation Security

- Recruited thousands of federal security personnel to perform screening duties and other functions at commercial airports.
- Significantly expanded the Federal Air Marshal program.
- Announced the first group of Federal Security Directors. These experienced law enforcement officers will be directly responsible for security at airports and provide a clear and direct line of authority.
- Developed new passenger boarding procedures and trained pilots and flight crews for hijacking scenarios.
- Required all airport personnel to undergo background checks.
- Limited airport access points and implemented secondary screening procedures.
- Deployed more than 9,000 National Guardsmen to help secure the nation's airports.

Health and Food Security

- Aided thousands of rescue workers involved in the September 11 recovery activities through Disaster Medical Assistance Teams (DMATs).
- Identified more than 750 victims of the World Trade Center attacks through Disaster Mortuary Operational Response Teams (DMORTs).
- Dispensed antibiotics to thousands of persons potentially exposed to anthrax mail attacks.
- Acquired more than a billion doses of antibiotics and signed agreements for the procurement of the small pox vaccine.
- Distributed \$1.1 billion to help states prepare for bioterrorism attacks.
- Strengthened systems to prevent, detect and eliminate threats to agriculture and the food supply — including dedicating \$328 million for pest and animal disease prevention, food safety, research, laboratory upgrades — and stepped up security at key facilities.
- Distributed \$2 million in grants to 32 states to bolster emergency animal disease prevention, preparedness, response and recovery systems.
- Improved inspection and testing of products destined for consumer markets in the United States.
- Provided millions of dollars through the Food Stamp and Women, Infants, and Children (WIC) programs to families of victims and displaced workers of the September 11 attacks.

Environmental and Energy Security

- Provided security training to drinking water and wastewater utility companies.
- Provided security guidance and support to private sector chemical and pesticide manufacturers.
- Conducted vulnerability assessments of energy infrastructure throughout the country.
- Created a 24-hour network to ensure energy producers have up-to-date information from law enforcement information.
- Provided 24 hour-per-day, 7 day-a-week security at 348 dams and reservoirs and 58 hydroelectric power plants, including Hoover, Grand Coulee, Glen Canyon, and Shasta Dams.
- Constructed biological, radiological, and nuclear mobile detection units to conduct threat-based searches.
- Placed nuclear power plants across the nation on the highest level of security.
- Developed pocket radiation detectors for first responders.
- Engaged in a top-to-bottom security review of nuclear facilities, including plant vulnerability to aircraft.

Citizen Engagement

- Established Citizen Corps to enable Americans to participate directly in homeland security efforts in their own communities. These components include:
 - *Medical Reserve Corps*: Enables retired healthcare professionals to effectively augment local health officials' capacity to respond to an emergency.
 - *Operation TIPS (Terrorist Information and Prevention System)*: Allows millions of American transportation workers, postal workers, and public utility employees to identify and report suspicious activities linked to terrorism and crime.
 - *Community Emergency Response Teams (CERT)*: Enables individual Americans to participate in emergency management planning in their communities and prepare to respond to disasters and other emergencies.
 - *Neighborhood Watch Programs*: Enhances the program by incorporating terrorism prevention into its mission.
- Developed the "Patriot Readiness Center" to help federal retirees return to active service; more than 15,000 people have responded.

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Communicating with Non-Native Speakers of English

By Cathleen A. Andonian, *Culturally Correct Papers*

In recent years there has been an increase in the number of foreign residents living in the United States. The proportion of foreign-born to native-born residents is now just under one in ten. Interacting with non-native speakers of English is no longer limited to those who travel abroad. Most Americans have daily contact with foreign nationals at work, in their neighborhoods, or in their social circles.

How can we improve communication with non-native speakers of English? Here are some points about language learning and tips to avoid misunderstanding in your interactions with foreign nationals.

First, consider what is involved in learning a second language. Since most Americans do not speak another language, it is easy to take for granted the amount of work involved in learning a second language. The process is difficult and time consuming. There are four basic skills required to learning a foreign language: reading, writing, comprehending, and speaking. People who have learned a second or third language may vary widely in their capabilities. An individual might be able to read and write the language, but comprehend very little. Or, they may be able to speak fluently, but not spell well enough to write the language.

Secondly, it takes a long time and a lot of hard work to learn to speak a second language well. Speaking at an intermediate level requires at least 500 hours of concentrated study. Again, since most Americans do not speak a second language, it is important to be patient with those who have made the effort to learn English.



Remember that having an accent does not mean that a person is not intelligent or cannot speak the language well. People who have succeeded in mastering another language are extremely bright. However, when a person learns a second language after early adolescence, they most likely will never lose their native accent.

Finally, when people are just learning a second language, they rarely know all of the nuances of the language and may sound blunt or impolite. Because their vocabulary is limited, these individuals frequently repeat the same words. They may even use the wrong word or a totally inappropriate word without realizing their error.

Tips for communicating with non-native speakers of English:

- 1) Use proper English.
- 2) Avoid slang and idiomatic expressions. Most people learn a second language from a textbook.
- 3) Speak slowly and clearly, not so slowly that you insult the person you are speaking with, but slowly enough to enunciate each word clearly and prepare ahead of time. Decide what information you need to know and then ask yes/no questions or specific questions that will provide short answers (What...? When...? How many...?).
- 7) If you are not sure that you were understood correctly, follow up your conversation with a written confirmation. Written communications are always easier to understand as long as you use clear, straightforward language.
- 8) If you are writing a note, make sure you print. Handwriting styles may differ from one culture to another.
- 9) To avoid being misunderstood when you are typing a memo or an e-mail, use standard type, not bold, not all caps.
- 10) Try to help your foreign friend or colleague save face. It shows your appreciation for their efforts. Also, people who are angry or embarrassed after a negative interaction may be difficult to work with or refuse to cooperate!

In today's business environment, working with a variety of people from different countries or cultures is almost unavoidable. By remembering how much effort it takes to learn a second language and by following these 10 easy tips, you'll improve your business relationships and may even develop new friendships along the way.

www.culturallycorrectpapers.com — Your source for information on international business and social etiquette

Upcoming Seminars and Events

Department of the Navy

June 11, 2002

9:00 a.m. – 4:00 p.m.

\$40/person (includes lunch)

Schoolcraft College and Congressman Joe Knollenberg host a team of specialists from the Navy's Small Business Office in Mechanicsburg, PA. This seminar will address the procurement needs of the Navy, including its current online business practices, finding opportunities, the SBIR Program, and registering with the Navy.

Veterans Small Business Conference

June 12, 2002

8:00 a.m. – 4:00 p.m.

\$35/person

Best Western Midway Hotel – Lansing, MI
Veteran business owners are invited to an all-day seminar focusing on new government initiatives for veteran-owned businesses. A representative from the Veteran's Administration will present an overview of the VA set-aside program. Other government agencies will attend to discuss the products or services they procure and their concentration on the VA set-aside program.

General Services Administration (GSA) IT Schedules

June 18, 2002

9:00 a.m. – 12:00 p.m.

\$35/person

GSA is the largest source for government procurement. Join a representative from Washington, D.C. in learning what is necessary to complete a Federal Supply Schedule for Information Technology. High-end information technology companies are welcome to learn more about the opportunities with this GSA program. This event is co-sponsored by Schoolcraft College and the SBA Detroit Office.

Team SBA Financing Roundtables

June 21, 2002

9:00 a.m. – 11:00 a.m.

No charge

If you are starting or expanding a business and need financing, plan to attend a TEAM SBA Financing Roundtable. You'll meet bankers, SBA loan officers, and small business consultants to discuss your financing needs. The roundtables are limited to a small number of business owners, and you must register to attend.

Women's Business Enterprise Certification

August 20, 2002

9:00 a.m. – 11:00 a.m.

\$25/person

The Michigan Women's Business Council invites women business owners to an orientation session to learn what it means to be certified as a Women's Business Enterprise. If you have a product or service you would like to market to American corporations, here's your chance to explore certification. Please call 734-677-1400 to register.

SBA Microloan Orientation

September 25, 2002

9:00 a.m. – 11:00 a.m.

No charge

If you have had difficulty obtaining a bank loan or you need a small amount of money, a microloan may be the solution. Microloans are available from the Center for Empowerment & Economic Development (CEED), a non-profit SBA approved intermediary. CEED encourages you to attend an orientation before applying for a microloan. Microloans are available for businesses located in Washtenaw, Livingston, Oakland, Macomb, and Wayne counties, except Detroit.

RESERVATIONS REQUIRED for all seminars!

Please register at least one week before the event – seating is limited! For more information on any of these seminars, contact the Business Development Center at 734-462-4438.

Doing Business with the State of Michigan

Recently the State of Michigan integrated the former Office of Management and Budget (OMB) web site into their new site at <http://www.michigan.gov/doingbusiness/>. This is a great tool for companies interested in selling their products and/or services to the state. The first step in doing business with Michigan is to complete your vendor registration. All companies interested in selling their products and/or services to the state must be registered vendors, go to <http://www.michigan.gov/doingbusiness/1,1607,7-146-6579—,00.html> for instructions on completing this registration. Another very important step is to monitor bidding opportunities. The Bids & Proposals page, at the OMB web site, provides a list of opportunities open for bid. The Building & Construction section lists construction and professional design service opportunities. The Commodities & Services section provides other products and services procured by state agencies.

Another useful tool for marketing to the state, is the Agency Procurement Staff list — found at http://www.michigan.gov/documents/VENDRLST_16352_7.doc — this list gives contact information for the purchasing agents at each

state agency. Companies are welcome to contact these individuals to learn about business opportunities with each agency.

The OMB site also provides an overview of state purchasing at http://www.michigan.gov/doingbusiness/1,1607,7-146-6579_8408-16655—,00.html. This is a detailed overview of doing business with the State of Michigan. Review this page for more tips regarding specific products and services, as well as additional marketing opportunities for businesses.

Annually, the State of Michigan Office of Purchasing hosts its Business Opportunities Forums in several locations around the state. Each forum provides the opportunity for businesses to meet one-on-one with buyers from state agencies. Companies will gain knowledge on winning state contracts by learning about the products and/or services state agencies use and what their procurement processes are. Please visit the Business Opportunities Forum web site for dates and locations:

http://www.michigan.gov/doingbusiness/1,1607,7-146-6579_8406—,00.html



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