

Business Source


INFORMATION AND NEWS FOR SMALL BUSINESSES IN THE ST. CHARLES/ST. LOUIS REGION

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—Winners do the little things exceptionally well.

—Taken from
 “Dare to Soar” by Byrd Baggett

Trend Watch

Five Forces That Will Shape Your Future

Regardless of your market niche, trends in technology, health, sciences, advertising and customer care can significantly influence your business. The better you understand these trends, the more opportunities you can create.

Smart technology

1 Trend: A single card will replace cash, credit cards, drivers’ licenses, medical records and even car keys. Consumers can load the card with personal data — from product preferences to golf scores — and easily access that information, even while enroute to the store. Some banks are already pioneering this technology.

Action: When you select new point-of-service terminals or card readers for other functions, be sure they’re smart-card ready or easily upgradable.

Warning: Although consumers crave technology that simplifies daily chores, they don’t want it to replace personal contact.

2 Trend: Electronic Product Code (ePC) is a smart-tag technology that’s about 10 years away from widespread use. With ePC, a tiny, radio-frequency identification tag (a computer chip) is attached to the

product. This tag contains data that allows retailers to instantly identify an item’s location, size, color, price and other information. These tags could even communicate an item’s laundering requirements to the washing machine.

Indeed, ePC is expected to replace the barcode. Smart tags could free retailers from inventory and other chores, enabling them to spend more time with customers.

Action: Although ePC technology is in its infancy, price-optimization programs already exist. Evaluate your current technology and software to determine if they maximize efficiency and help provide personal service.

Mind and body

3 Trend: Simplicity and comfort become key themes as holistic health gains momentum in 2003. Consumers are willing to experiment with alternative medical therapies, such as acupuncture and homeopathic pharmacies. High-impact aerobics are out; yoga, Pilates and other mind-body regimens are in. Family car trips, retreat centers and spa vacations will gain popularity, along with organic food and beauty products. In addition, comfort foods will evolve into health

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Fast Trac: New Venture Workshops Held For Dislocated Workers

When people are in transition due to job loss, becoming employed by another company may not be the only option. A new program, *Fast Trac New Venture*, is now being offered to laid-off individuals who are interested in becoming entrepreneurs.

Fast Trac New Venture was developed by Ewing Marion Kauffman Foundation to reach people in the general population who were interested in starting their own businesses. The traditional

“Before you start a business, come here first. You can avoid a lot of problems.”

program, an 11 week course, is offered to potential entrepreneurs in Missouri and throughout the country at fees ranging up to \$700 per person. The dislocated-worker program is compressed into a five-day format. Grant funding in Missouri allows laid-off workers to attend free of charge.

Many potentially terrific businesses never get started because people do not know where to begin. *Fast Trac New Venture* is a practical, hands-on business development program



Fast Trac workshop held at the St. Charles County Economic Development Center.

designed to help individuals obtain the skills needed to create, manage and grow a successful business. This comprehensive course includes a combination of small-group exercises, guest speakers and sharing of ideas with other participants and business counselors. Participants develop and evaluate a business idea and determine if that idea is feasible.

Topics covered include: Entrepreneurial Profiles, Identifying and Assessing Venture Opportunities, Concept Development, Entry Strategies, Market Information, Pricing and Profitability, Market Penetration, Budgeting and Money Sources.

Recently, workers laid off from various large companies, including American Airlines, as well as those from smaller businesses participated in two *Fast Trac*

New Venture workshops held in Clayton and St. Charles.

Fast Trac New Venture workshops are funded through the Workforce Investment Act, the Missouri Division of Workforce Development's Dislocated Worker Program for eligible laid-off workers. These workshops are made available through the cooperation of

“All the instructors were upbeat, knowledgeable, informative and willing to help.”

the Missouri Department of Economic Development, Division of Workforce Development, University of Missouri Outreach and Extension, Small Business Development Centers, Missouri Career Centers and the Ewing Marion Kauffman Foundation.

For more information or to enroll in a *Fast Trac New Venture* workshop, contact one of the small business counselors listed on page 7.



Written by Carole Price
UO/E
Business and Industry Specialist

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products, such as chocolate-chip body wash and ginger-based moisturizer.

The family pet isn't left out: Doggy spas and natural pet care will become a priority for animal lovers.

Watch for innovative wellness products, such as lotion-saturated

pantyhose or clothing with fibers containing vitamin C and other nutrients the skin can absorb.

Warning: The holistic trend also affects the workplace. Businesses must respond by creating a healthy work environment.

Action: Take stock of your products and services; see if what you offer improves lives. Do you accommodate pets and children? Are your purchasing processes efficient and personal? How are stress levels in your workplace? Some companies are using aromatherapy and feng shui to create a comfort zone that helps retain staff.

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Focus on Marketing



How well do you know your changing market? Can you describe your customer? Do you know your competitors?

Typically the entrepreneur does not think about these questions when considering their business idea. Often the small-business person is so focused on obtaining financing for start-up or expansion that he or she doesn't see the forest for the trees. The thought is **"money will solve all of my problems."** However, without an identified target market and market knowledge, money will not solve the problems from flat or declining sales.

The most important aspect of any successful business is customer and market knowledge; specifically understanding the target market or *niche*. Can you describe your target market? What changes are occurring in your market? Do you know your competition? Where is your business *positioned* in the market place?

Customers and competitors change on a daily basis. Knowing the wants and needs of the customer as well as the benefits your product or service provides on an ongoing basis is critical. Why do your customers buy your product or service? What benefit is your product providing that your competition is not providing?

Keeping an open mind is paramount when considering competition. Soft drink manufacturers never considered water as a potential competitor prior to the 1990s. The large movie theatre chains never considered the impact that video rentals would have on their market as they were building larger, more expensive theatres to accommo-

date the baby boomers. Regardless of the business, competition exists, even if that competition is the status quo.

Every successful business maintains a specific position in the marketplace. When thinking from a **customer perspective**, it is typically easy to see the position a particular business maintains. Market position is often illustrated through price. Small businesses often attempt to be cheaper than the competition and assume that lower prices will bring customers through the door. Lower prices alone, as a rule, will not bring customers to the business. How many products or services do you (thinking from the customer perspective) purchase based simply upon price? What would happen to Mercedes-Benz, Starbucks Coffee or Haagen-Dazs if they lowered their prices to meet the competition? Their current target market would move to a competitive product that maintains a higher position. Their niche customer actually does not expect a lower price!

The important concept, beyond price, is the position of the product or service in the market. Where is your product or service positioned? Why can Starbucks charge so much more for a cup of coffee than the local convenience store? The position of a product or service is based upon the mix of what is commonly referred to as the "4-P's of Marketing:" Product, Price, Place, and Promotion. Think about Starbucks from a customer

perspective. Product, place and promotion are much more important than pricing in determining the position of their coffee in their marketplace, therefore a premium price is justified. The customer actually wants to pay more for the benefits of this premium product.

Many small businesses are started and operated without the benefit of a well-researched business/feasibility plan, much less a marketing plan! Market research is often trivialized or even overlooked. Always remember: **Hope is not a business strategy!**

In an effort to assist entrepreneurs think from the *customer perspective* and to further understand *market position*, the Missouri Small Business Development Centers and University of Missouri Outreach and Extension have developed *Foundations Of Marketing*. The program is a multimedia, interactive learning experience that uses Web presentations and pre-work assignments. Through roundtable discussions participants learn from other entrepreneurs and develop a marketing strategy while looking at their business from the customer perspective. *Foundations of Marketing* consists of five modules: Customer and Market Knowledge; Understanding the Competition; Customer Relationships and Satisfaction; Pricing and Promotions.

For more information, contact one of the small business counselors listed on page 7.



Written by Greg Tucker
SBDC
Program Specialist

Business Spotlight: *Westinn Kennels, St. Charles*

Canine Success! That's what Sharon West has found with her business – it's going to the dogs and proving very profitable. Sharon is the owner of Westinn Kennels, which provides a temporary home for dogs while their owners are away. The facility also features obedience classes and serves as a competition ground for two dog sport clubs.

Sharon opened Westinn Kennels in November 1997 as a dog obedience school with 15 outdoor kennels. She began a \$140,000 expansion project in October, 1999 that allowed her to turn the business into a boarding and training facility. Westinn Kennels now has two new buildings that house 68 indoor, climate-controlled kennels, a grooming area and dog school with state-of-the-art floor and mirrors.



Dixie, one of Sharon West's trained dogs, retrieves mail from a mailbox.

Westinn Kennels specializes in care for animals with medical and behavioral problems. Services include boarding by day or week, day-care programs, potty training and grooming. The obedience school offers professional instruction that ranges from pets to competition obedience classes. Board-and-train programs are available as well as private lessons.

Sharon has five fulltime and three part-time employees. During the busy season she employs an additional five to eight part-time people. Sharon has a certificate in Applied Animal Behavior from Purdue University, and staffs two professional instructors.

Sharon is involved in several community service projects including dog bite prevention for children, nursing home visits and, in the very near future, a Dog Scout program. Yes that's right just like the boy and girl scouts!

In its first year, Westinn Kennels generated approximately \$40,000 in profit and tripled that figure the second year. It has grown from a client base of approximately 150 to over 4,000. Clientele come from the greater St. Louis and St. Charles



Sharon West poses with her five dogs.

areas. Sharon is currently looking at another big move that would expand the business to include indoor agility classes and a facility large enough to hold dog events such as obedience and agility trials. The new facility will be the only one to host indoor agility in the St. Charles/St. Louis area. A veterinarian, groom shop, pet supply store and kennel will also be housed in the new building.

Virginia Wilson, Business and Industry Specialist with University Outreach and Extension, worked with Sharon to develop the first expansion business plan for the \$140,000 loan and will work with Sharon on her current expansion project. Westinn Kennels is located at 7333 Weldon Spring Road, St. Charles, MO 63304, 636-441-8948, westinnkennels@sbcglobal.net.

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A big opportunity exists for companies that can help consumers identify potential food and drug interactions, a hazard causing more than 200,000 U.S. deaths each year.

Capturing the consumer

4 Trend: Marketing and advertising is shifting from a mass-market approach to one that fosters trust and relationships with customers. It takes

more than low prices to draw cynical consumers.

Action: Evaluate your advertising and marketing materials. Do you make personal contact with customers? Get involved in the community; get to know the people who use your products and services. Familiar, accountable business owners will minimize consumer skepticism and get the best results.

5 Trend: Technology-based, one-on-one marketing. Cell phones and personal digital assistants (PDAs) will merge soon. Companies will use technology to learn even more about individual consumer preferences and then transmit targeted advertising messages directly to the person's hand-held device.

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St. Louis Empowerment Zone: Stenghtening the Urban Core

Small Business Development Center provides resources for urban business.

It is widely assumed that the primary barrier to small business development is the absence of adequate capital. While this may be a reality, the lack of effective technical assistance is also a barrier that prevents small businesses from achieving success. Putting together a sound business plan and pro forma that can attract financing is equally important.

In response, the Greater St. Louis Regional Empowerment Zone (EZ) established the Business Development Center, which is physically located within the EZ office. Technical assistance, in the areas of research, business plan development, marketing, loan packaging and financial analysis is provided in partnership with the U.S. Small Business Administration; RMI, a micro business lender; Missouri Small Business Development Center (SBDC); Great Rivers Community

Capital and Service Corps of Retired Executives (SCORE). Financial assistance, such as low-interest loans, tax incentives and grant programs, is offered by the EZ.

In 2002, five projects were supported through a direct investment of \$890,000 in EZ business loans. These funds are being used by existing small businesses in the EZ to facilitate property acquisition for expansion, to spark re-investment in under capitalized commercial districts and to attract private investment for new business development and job creation. This federal seed money leveraged an additional \$2,537,316 in private development dollars and retained or created 92 jobs.

The projects include retail, light manufacturing, and quasi-retail centers: DMX Industries, Lackey Sheet Metal, Wicks Mobil Plaza, Cecil Whittaker's Pizzeria and Arvin's Furniture Appliance and AC. A recent industry analysis targeting St. Louis' urban core, which was conducted by

The Initiative for Competitive Inner City, projects growth potential for both clusters. Kevin Cahill, the Chief Operating Officer of the Inner City Competitive Alliance says, "Consistent with trends nationwide, St. Louis' growth is anchored by small business development. The creation of this Business Development Center is critical to retaining and encouraging sustainable business development and job creation."

Kevin Wilson, Director, EZ Satellite Center SBDC adds, "The service we offer and coordinate truly empowers business owners. They have a real opportunity to improve their circumstances."

For more information contact Ann Robertson, Director of Administration, Greater St. Louis Regional Empowerment Zone, 314-241-0002, www.stlouisezone.org.

Written by Myrtle Bailey
St. Louis Empowerment Zone
Marketing Director

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Interactive television, expected to be widespread by 2010, will enable companies to target advertising to individuals based on their preferences. One household could be watching a sitcom where the family is drinking Pepsi, while another household sees the same show with Coca-Cola drinkers. Interactive TV will also allow consumers to contact advertisers about product or service questions.

Warning: Consumers will be turned off by any direct-marketing approach that doesn't first seek their permission. One-on-one marketing could be seen as an annoying interruption or invasion of privacy.

Action: Tailor your marketing approach to meet customers' individual needs. Data mining is key to one-on-one marketing; it determines customer preferences by evaluating

patterns and data in a broad range of categories. Opportunities abound for entrepreneurs who perfect data-mining technology and processes.

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Small Business Training

Understanding Financial Statements

Turn financial statements into useful management tools by identifying key business information. Learn to understand ratios and interpret financial documents to drive business decisions.

St. Charles

May 21; 6-9 p.m.
Call: 636-970-3000

St. Louis

May 15; 6-9 p.m.
Call: 314-631-5327

April 17, June 19; 9-Noon
Call: 314-539-6600 x 227



QuickBooks – Beginner

Learn the basics of QuickBooks, an accounting software program for small business.

St. Charles

May 13; 9-3:30 p.m.
Call: 636-970-3000

Starting A Business in Missouri

Learn essential information for starting your own business.

St. Charles

April 8, May 13, June 10; 6-9 p.m.
Call: 636-928-7714

St. Louis

April 17, May 29, June 26; 6-9 p.m.
Call: 314-631-5327

April 24, May 29, June 26; 9-Noon
Call: 314-539-6600 x 227

How to Control Cash Flow

Look at where cash comes from, where it's used in day-to-day business and learn to identify and correct cash-flow problems.

St. Louis

April 24, June 19; 6-9 p.m.
Call: 314-631-5327

SMART Self-Assessment

Learn to identify your business' strengths and opportunities for improvement using the Criteria for Performance Excellence. *Four-week workshop.*

St. Charles

Wednesdays, June 11 – July 2
(6-9 p.m.)
Call: 636-970-3000

Call the phone number listed for registration, information or fees.



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Small Business Assistance

For business counseling, training opportunities or more information contact a Specialist with the Small Business Development Center or University of Missouri Outreach and Extension.

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Internet Resources

The Missouri Business Development Network (MoBDN) brings together the best of State and University business resources into one easy-to-access network at <http://www.missouribusiness.net>

University Outreach and Extension – St. Charles at <http://outreach.missouri.edu/stcharles/business.shtml>

University Outreach and Extension – St. Louis at <http://outreach.missouri.edu/stlouis/biz.shtml>

Small Business Development Center – St. Louis at <http://www.mo-sbdc.org/stlouis>



In 1980, Congress created the Small Business Development Centers in cooperation with the U.S. Small Business Administration to provide management assistance and stimulate economic growth. Missouri SBDCs provide assistance to clients according to SBA-defined standards for the size of small businesses. The SBDC is a part of the University of Missouri's Outreach and Extension.

University Outreach and Extension is the local link between the resources of the four University of Missouri campuses and people throughout the state. Business and Industry Specialists are faculty located across the state who help small businesses remain competitive and prosperous to create economic viability in the community.

In the St. Charles/St. Louis region the Business Development Program includes counselors and specialists at five SBDC branch offices and two UO/E county offices. Counselors and specialists use their expertise to help businesses in business planning, management, marketing and capitalization for start-ups and existing businesses, as well as workforce development. There is no fee for individual counseling.