

Business Source

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

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*Without vision,
we are blind to
opportunity."*

– Taken from "Dare to Soar" by Byrd Baggett

Services for High-Tech & Innovative Entrepreneurs

Missouri's entrepreneurs and university researchers interested in commercializing their technological innovations now have a home-team advantage.

Through a grant from the U.S. Small Business Administration, the Missouri Small Business Development Centers (MO SBDC), an outreach program of University of Missouri Outreach and Extension, have established the Missouri Federal and State Technology (MoFAST) Assistance Center in Columbia, Kansas City and St. Louis.

The goal of the MoFAST program is simple: help Missouri businesses and researchers win more Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards.

In 2002, the federal government had more than \$1.6 billion available to award businesses and institutions that wanted to develop technologies and innovations for potential commercial use. Missouri has historically received a disproportionately small share of those federal dollars. The MoFAST program is designed to reverse that trend and to provide hands-on assistance to entrepreneurs who wish to enter this arena.

The SBIR program was initiated in 1982. Under this legislation, any

federal agency with an extramural research and development budget of more than \$100 million must set aside 2.5 percent of that budget for SBIR awards.

The purposes of the SBIR program are to stimulate technological innovation; partner with small businesses to meet federal research and development needs; encourage the participation of disadvantaged businesses and minority-owned firms in technological innovation and increase private sector commercialization derived from federal research and development funding.

SBIR targets the entrepreneurial sector because that is where most innovation and innovators thrive. However, the risk and expense of conducting serious R&D efforts are often beyond the means of many small businesses. By reserving a specific percentage of federal R&D funds for small business, SBIR protects the small business and enables it to compete on the same level as larger businesses. SBIR funds the critical startup and development stages, and it encourages the commercialization of the technology, product or service, which in turn stimulates the U.S. economy.

Since its enactment in 1982, as part of the Small Business Innovation Development Act, SBIR has helped

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thousands of small businesses to compete for federal research and development awards. Their contributions have enhanced the nation's defense, protected our environment, advanced health care and improved our ability to manage information and manipulate data.

The STTR program was initiated in 1992. Under this legislation, federal agencies may enter joint venture relationships with small businesses and the nation's premier not-for-profit research institutions. The agency set-aside for fiscal year 2004 is 0.3 percent. In 2002, total funding for the STTR program was more than \$63 million.

Since funding from the SBIR/STTR grant program neither creates debt or dilutes equity, the program provides a significant source of capital to support research and development for seed and early-stage companies, as well as leverage other investment capital.

During the past year, 19 SBIR/STTR grants have been awarded to Missouri companies. Fourteen of these awards have gone to **ten St. Louis-based companies.**

VirRx, Inc. recently received a Phase I STTR grant from the National Institute of Health for investigating Chaperone-Based Tumor Therapy Delivered By Viral Vectors. This marks the fourth SBIR/STTR grant received by VirRx since its inception in 1999 totaling over \$1 million in funding from the program. VirRx, Inc., is a St. Louis based biotechnology company with primary interest in cancer gene therapy. Its broad mission is to develop genetically modified "smart bomb" adenoviruses (benign viruses

that are one of the causes of the common cold) for use in treating human cancers. VirRx CEO, Dr. William Wold, says the grant program was "crucial to getting our company started by providing the resources for evaluating the technology and gaining credibility with potential investors. Ongoing funding has been essential for the continued development of our technology platform."



Several companies in the St. Louis region have taken advantage of the federal grant program by winning multiple awards. Apath LLC, located in the Nidus Center, has been awarded three grants in the past year. Overall, however, the company has won nine SBIR/STTR grants (plus two grants from the NIH PA Program) totaling over \$ 4.5 million in funding since 1999. Founded in 1997 by Dr. Charles Rice, formerly of Washington University Medical School, Apath is a privately held drug discovery company providing technology and viral molecular biology capabilities with a focus on RNA viruses, which account for a majority of human pathogens.

Another recent grantee, Tripos, is a leader in drug discovery services, software informatics and products for life science organizations worldwide. Since 1984, Tripos has received six SBIR/STTR grants. According to Dr. John McAlister, President and CEO of Tripos, "An SBIR grant to Tripos early

in its history served as the basis of one of our pivotal strategic initiatives. The resulting scientific application has become an industry standard and remains a key centerpiece for Tripos' competitive edge in drug discovery research worldwide."

Divergence, another startup company at the Nidus Center, is a nematode genomics company dedicated to the discovery of highly effective and ecologically sound strategies for parasite pest control. Divergence recently received another grant bringing their total to four awards since their inception in 1999 and nearly \$1 million in funding.

Other recent awardees of SBIR/STTR grants in the St. Louis region include: AP Materials and Biosynthema (located in the Center for Emerging Technologies/St. Louis), Strantum Engineering (Bridgeton), Everest Biomedical (Chesterfield), Lifeline Technologies (Chesterfield) and Engineering Software (St. Louis).

Companies may qualify for an SBIR award if they are American-owned and independently operated for-profit. The principal researcher on the innovation must be an employee of the business, which must be smaller than 500 employees.

To qualify for an STTR grant, a small business may collaborate with (1) a non-profit college or university, (2) a non-profit private research foundation or (3) a federally funded research laboratory for up to 60 percent of the grant award. In this case, the principal investigator does not need to be an employee of the small business, but still needs to meet the general ownership and employee requirements previously mentioned.

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St. Charles County Incubators: *Giving Life to New Businesses*

The Economic Development Center of St. Charles County (EDC) is pleased to make available a not-for-profit business incubator designed to foster the growth and development of new and emerging small businesses. The incubator was planned and constructed specifically to provide a professional business environment with office and light manufacturing space; conference rooms; shared services and office equipment; business management consultation services; administrative and technical assistance; access to management/financial analyses; and access to financial programs. The EDC's goal is to help nurture entrepreneurs, enabling them to grow their businesses and create jobs in St. Charles County.

Apparently, the EDC is meeting its goals. According to data released in July by the EDC, after more than 10 years in operation at 5988 Mid Rivers Mall Drive, 58 of its 88 "graduates"—two-thirds—are still in business and are home to 326 jobs.

According to Craig Frahm, EDC Operations Manager, that compares with SBA data that shows two-thirds of business start-ups survive two years. But within six years, more than 60 percent close their doors.

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Participating SBIR agencies include the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services and Transportation, along with the Environmental Protection Agency, the National Aeronautics and Space

Administration, the National Science Foundation and the Nuclear Regulatory Commission.

Job creation is an important and quantifiable measure of the EDC's performance. But there's more: We want to help our people build the strongest company they possibly can. These figures suggest that, number one, incubation helps boost jobs in the



county. They also suggest that by graduating more vigorous businesses, incubation strengthens the fabric — 'vitality' is the word we use in our mission statement - of the economy here."

The EDC's second incubator, located at 118 North Second Street in St. Charles and on line just since late 2001, may have to wait until next year to graduate its first employer. The companies there show a lot of promise and innovation; but they're still young in their cycle.

Participating STTR agencies include the Departments of Defense, Energy, and Health and Human Services as well as the National Aeronautics and Space Administration and the National Science Foundation.

To learn more about the MoFAST program or to request services, visit www.mofast.net or contact: Wayne Harvey, Program Specialist/Director at 314-631-5509.

Occupancy at St. Charles jumped from 36 percent to 69 percent in June when Steamers Marketing LLC moved 12 staffers into 1,500 square feet. Occupancy at the St. Peters incubator hovers at 92 to 95 percent.

Potential incubator clients may pick up an application packet at the EDC-St. Peters office, 5988 Mid Rivers Mall Drive in St. Peters, 8-5 p.m. Monday through Friday. There are no membership dues or application fees. A business plan is required for review at a meeting of the EDC's Incubator Advisory Committee. Criteria for approval is based on: job creation; growth potential; new or improved products/services; advanced technology; innovation; displaced workers; woman, handicapped and/or minority-owned businesses.

For more information on business incubators, call (636) 441-6880 or visit the EDC website at <http://www.edcstcharlescounty.com/incubator/>.



*Written by Greg Prestemon
Economic Development Center of
St. Charles County
President*

*Written by Wayne Harvey
SBDC
SBIR/STTR Specialist*

Business Spotlight: *Baden Car Parts, Inc.*

“This equipment will allow Baden Car Parts to accept materials with heavier contamination that we now must reject and to provide a cleaner product to our customers.” Russell Gollaher, President, Baden Car Parts, Inc.

Baden Car Parts, Inc., located in St. Louis, processes various grades of plastics from industrial sources including containers, buckets, drums and film.

Established in 1966, Baden Car Parts, Inc. began its plastics recycling operation in 1997. The facility has operated with one processing line in service, processing approximately 161,000 pounds per month. By adding a second line, the business projects it will increase its monthly sales to 3,300,000 pounds per year. In addition, the new equipment enables the company to accept some material that is now rejected due to heavy contamination.

Baden Car Parts, Inc., with the help of the **Missouri Market Development Program**, purchased aspirators and conveyors to improve the quality of its plastics processing operation. This equipment will enable the company to provide its customers with a consistent source of plastics that meet quality control needs for use in manufacturing and to expand its supplier base by reducing the amount of rejected loads.

Baden Car Parts, Inc. obtains scrap material from various industrial sources, currently processing plastic grades 1, 2, 4, 5 and 6 as well as some engineering grade plastics. The majority of the material the company accepts is Grade 2 HDPE. Baden Car Parts sells processed material to customers that manufacture a variety of products including plastic lumber, drain tiles, buckets, trash bags and packaging.

Baden Car Parts, Inc.

8200 Hall Street
St. Louis, MO 63147
314-261-3019

Benefits

Waste Diverted: 1,650 Tons Annually
Waste Disposal Costs Avoided:
\$74,250 Annually
Jobs Created: 2



Stan Cope, Plant Manager (left) and Russell Gollaher, President, in front of plastic processing equipment at Baden Car Parts, Inc.

Missouri Market Development Program

In Missouri, innovative businesses are using a variety of recovered materials to make all sorts of everyday and novelty products. Recycling provides a myriad of opportunities for creating and retaining jobs, for encouraging new enterprise and for increasing the competitiveness of existing enterprise. The state Environmental Improvement and Energy Resources Authority (EIERA) administers the Missouri Market Development Program in cooperation with the departments of Economic Development and Natural Resources. EIERA partners with

University of Missouri Outreach and Extension and others to bring the program to Missouri businesses.

During the past year, **\$514,797.96** in financial assistance was provided to 12 projects. These 12 projects will result in the creation of **33 new Missouri jobs** with an estimated **payroll of \$1,079,100¹**. These projects will **divert 122,321,000 pounds** of materials from being deposited in the state's landfills. This diversion will result in a direct **savings of \$1,829,718.80** in disposal fees for Missouri businesses.

For information about how your business can participate in the Missouri Market Development Program, contact Lee Fox, University Outreach and Extension, 121 S. Meramec, Suite 501, Clayton, MO 63105, 314-615-7610, foxlb@missouri.edu.

¹ Based on average wages for recycling, reuse and remanufacturing industries. R. W. Beck, Inc.



Written by Lee Fox
UO/E
Business Counselor

And the Star Is ...

Congratulations! Greg Tucker from the St. Louis SBDC office located on Lemay Ferry Road was recognized as Missouri's "State Star" at the Annual Conference for the Association of Small Business Development Centers (ASBDC) on October 4 in San Diego, California.

The ASBDC recognizes an outstanding SBDC employee from each state every year at its annual conference. A "State Star" must be an exemplary performer, make a significant contribution to the state's SBDC program and show a strong commitment to small business. Greg was honored at a banquet during this year's conference.

Greg was nominated with these comments by his peers:

- ★ Greg has been instrumental in developing numerous educational programs for the SBDC, in particular, a successful contract with Logan Chiropractic College

to teach FastTrac. Greg has spent countless hours and several weekends of his free time to bring this program together.

- ★ Since Greg has been with Missouri SBDC, he has worked to raise his professional level. His achievements include: National Development Certification (NDC), FastTrac certifications and especially Greg's examiner work in the Missouri Quality Awards Program.
- ★ In May 2002, Greg delivered Balanced Scorecard training to SBDC Counselors at the SBA Regional VI conference, which includes New Mexico, Texas, Oklahoma, Arkansas and Louisiana. Evaluations at this training had the highest participant ratings of all the programs presented. Organizers indicated the evaluations were the highest they have seen for several years.

- ★ Greg is a valued member of the Marketing Work Group.

Alan Richter, St. Louis SBDC Director and the St. Louis UO/E and SBDC Business Counselors agree that Greg is very deserving of this honor and glad that he is part of the St. Louis team. Congratulations Greg !!



Greg Tucker, 2003 Missouri Small Business Development Center "State Star."

Tidbits

Women in business

In 1997, there were nearly 99,000 majority-owned, privately-held women-owned firms with \$1 million or more in revenues and nearly 7,500 with 100 or more employees. At present growth rates, as of 2002 there are 112,712 women-owned firms with revenues of \$1 million or more, and 8,480 with 100 or more employees. *The National Foundation for Women Business Owners*

- One in every 11 adult women owns a business.
- More than 18 million workers are employed by a woman business owner.
- One in seven workers is employed by a woman-owned business.
- Women entrepreneurs generate nearly \$2.3 trillion in revenues to the U.S. economy.

Taken from Center for Women's Business Research

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. *Three-hour workshop.*

St. Charles

Nov. 5; 6-9 p.m.
Call: 636-970-3000

St. Louis

Nov. 5; 9-Noon
Call: 314-539-6600 x 227

How to Control Cash Flow

Look at sources of cash and where it's used in day-to-day business. Learn to identify and correct cash-flow problems. *Three-hour workshop.*

St. Louis

Nov. 5; 1-4 p.m.
Call: 314-539-6600 x 227



QuickBooks – Beginner

Learn the basics of QuickBooks, an accounting software program for small business. *Six-hour workshop.*

St. Charles

Nov. 7; 9-3:30 p.m.
Call: 636-970-3000

Starting A Business in Missouri

Learn essential information for starting your own business. *Three-hour workshop.*

St. Charles

Oct. 7, Nov. 11, Dec. 9
6-9 p.m.
Call: 636-928-7714

St. Louis

Oct. 16, Nov. 13, Dec. 18
1-4 p.m.
Call: 314-539-6600 x 227

Small Business Tax Workshop

Learn about basic tax requirements and employment taxes and record keeping. *Three-hour workshop.*

St. Louis

Oct. 8; 6-9 p.m.
Call: 314-615-2911

Predicting Future Cash Needs

Learn to develop a realistic cash budget that reflects your business goals. *Three-hour workshop.*

St. Louis

Nov. 6; 9-Noon
Call: 314-539-6600 x 227

Writing a Business Plan

Learn the key components of a simple business plan. Time allowed for practice writing. *Three-hour workshop.*

St. Louis

Nov. 20; 1-4 p.m.
Call: 314-539-6600 x 227

Foundations of Marketing

Learn how to gather customer information, analyze the competition, maintain customer relationships, price and promote success. *Ten-hour course with five modules.*

St. Louis

Dec. 9; 9-4 p.m. and Dec. 10; 9-1 p.m.
Call: 314-539-6600 x 227

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



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University Outreach and Extension does not discriminate on the basis of race, color, national origin, sex, religion, age, disability or status as a Vietnam-era veteran in employment or programs.

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.

St. Charles County

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Internet Resources

- Missouri Business Development Network (MoBDN) combines 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>



260 Brown Road
St. Peters, MO 63376



MISSOURI
SMALL BUSINESS
DEVELOPMENT CENTERS

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 finance for start-ups and existing businesses, as well as workforce development. There is no fee for individual counseling.