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"Success normally follows an intense commitment to excellence"

– Taken from Dare to Soar
by Byrd Baggett

Protect Trademarks from Insiders

In today's global economy, an increasing number of business owners seek to protect their intellectual property from competitors worldwide. Most business owners also protect their trade secrets, such as Coca Cola's famous formula, from "insiders" as well as from global competitors. However, many business owners who protect their trademarks from competitors disregard the importance of protecting them from "insiders." Failure to protect a valuable trademark from "insiders" creates a potential threat to the ongoing success of the business, as illustrated in the following examples:

The first example involves a successful small business. Over many years, the business successfully provided a service under its service mark (Mark), but never registered the Mark in the United States Patent and Trademark Office (Trademark Office). Due to the success of the business, significant goodwill was built up under the Mark, increasing the value of the Mark. Apparently, one of the owners noticed the increasing value of the Mark, and without warning, registered the valuable Mark in the Trademark Office. Unfortunately, she registered the Mark in the name of her new corporation. The distressing result is that the business which built up the value of the goodwill in the Mark has lost its unfettered claim to its Mark.

The second example involves a non-profit which benefited children through a successful product. Over the years, significant goodwill was built up under the product name (the "Trademark"), but the Trademark was never registered in the Trademark Office. Apparently, a volunteer noticed the increasing value of the Trademark and appropriated the Trademark for himself by registering the Trademark in his personal name in the Trademark Office. Again, the distressing result is that the non-profit, which built up the value of the goodwill under the Trademark, has lost its unfettered ownership of its Trademark.

Either the business or the non-profit could file an action to cancel the registrations of their respective marks on the grounds of fraud. It is likely the business and the non-profit would prevail, based on the facts of each case. Sadly, the reality is that neither the company nor the non-profit has sufficient funds, probably \$30,000 or more, to legally reclaim its mark.

How could this business and this non-profit have avoided such a devastating outcome? Either organization could have avoided this negative outcome by simply registering its trademark or service mark in the Trademark Office in the name of the rightful owner

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Balanced Scorecard: A Powerful Management Tool

Failing to plan is planning to fail, according to time management expert Alan Lakein. How many times have you heard a similar saying?

Many business owners have rough ideas for their businesses, but many others *wing it*. One has to wonder what they could achieve if they actually developed a plan or a way to reach their goals. Better yet, what if they could get everyone in the business to also focus on those goals?

Leaders of large companies often list one of their top problems as “getting all the horses headed in the same direction.” The same problem exists in small companies, only on a smaller scale. One helpful tool for fine-tuning your company’s management is the *balanced scorecard*. It’s designed to help a business reach its goals by focusing everyone in the same direction.

The balanced scorecard is a measurement and management system that focuses energies, abilities and specific knowledge held by people in a company toward reaching long-term strategic goals. It lets a company measure its performance in critical areas that are vital to its success. Since each company is unique, the steps involved in building a balanced scorecard force a company to clarify its strategy and key success factors. The measurements developed in this process focus on activities that are important to success. The scorecard then becomes a tool that improves communication, helps people make informed decisions and aligns work in the company to focus on reaching those goals.



Drs. Kaplan and Norton, the Harvard University professors who developed the balanced scorecard, emphasize five key principles for using the tool successfully:

- 1) Ensure everyone in the company understands the strategy for the company.
- 2) Translate the company’s strategy into daily operational terms.
- 3) Make strategy everyone’s everyday job by emphasizing how each process contributes to achieving strategy.
- 4) Make strategy a continual process.
- 5) Mobilize change through executive leadership.

Don’t let the fact that the balanced scorecard was born on an ivy-league university campus fool you. It does have application to small businesses.

The Missouri Small Business Development Centers (SBDC) have broken the above principles down into nine action steps. The SBDC helps clients cover these nine steps in three, three-hour

sessions with an additional hour of work between each session.

Session one helps you clearly understand the critical strategies for your company’s success and start to develop measures for those things critical to your success. Session two focuses on establishing goals and narrowing them down to a critical few so you get a clear snapshot of those things that will lead to success in your company. Finally, session three works on guidelines for you to implement the scorecard in the daily work of your business.

The development of a balanced scorecard is in itself a powerful experience for a company. Focusing employees on a discussion of key processes and how to measure results is one of the best ways to ensure that everyone in the firm is *on the same page*. While it takes a few hours to complete the process, it is a small investment that can yield a big return.

Your local SBDC office is ready to help you with the Balanced Scorecard or any other business issue. Contact Virginia Wilson at 636-970-3000 or Greg Tucker at 314-631-5327.

Status of the Empowerment Zone Initiative

The federal government made urban and rural revitalization a priority by creating the Empowerment Zone (EZ)/Enterprise Communities (EC) Initiative in 1994. The objective is to create and sustain economic recovery and growth by infusing federal seed money into distressed communities that leverages substantial public and private investment. The return on that investment is measurable in specific areas: business development, commercial and industrial site development, workforce development and community development.

In the Greater St. Louis Empowerment Zone we continue our efforts to support the creation, expansion and retention of small business through the use of low interest loans, tax credits and technical assistance. We will continue to use these tools to provide a balance between market forces and the long-term development needs of EZ residents.

The low interest loan programs continue to focus on providing financing that bridges the gap between traditional financing and owner equity. We apply traditional underwriting standards to determine the feasibility of the project, but will use a community benefit standard to determine EZ participation in the project. We expect our loans to be between 100,000 and \$250,000. Combining these two approaches we believe our "but for" financing will continue to build upon the successes we enjoyed in the past.

Most people think the number one obstacle to small business develop-

ment in the urban core is a lack of access to financial capital. While this is a major issue, the lack of adequate technical support really stops projects from getting out of the starting block. The inability to put together a good business plan with sound pro forma increases the difficulty of attracting financing. We will continue to build on the successful collaboration with the Small Business Empowerment Center to help EZ businesses overcome this hurdle. An additional impact in mobilizing our effort is the recent integration of the St. Louis Inner City Competitive Alliance (ICCA) into the EZ administration. The Boston-based organization, Initiative for a Competitive Inner City (ICIC), conducted a study led by a Harvard professor focusing on the revitalization of St. Louis' urban core. It identified several viable business clusters through or with business expansion and workforce developments were more likely to create catalytic synergies and opportunities for growth.

Finally, for year 2004-2005 we will make a greater effort to increase the awareness and use of federal tax credits available to EZ businesses. These can be important tools in eliminating the perception, and sometime reality, of the urban core as a cost prohibitive place to locate and retain a business. For more information on the Greater St. Louis Empowerment Zone visit our website: <http://stlouisezone.org>.



Michael Jones
Greater St. Louis Empowerment Zone
Executive Director

SBDC/UM Extension Making An Impact

During fiscal year 2004, SBDC and UM Extension business counselors in the St. Louis and St. Charles area:

Assisted 426 clients and their companies with business start-up and business management issues.

Provided 2,687 hours of individualized business assistance, which helped client firms create the following economic impact:

- \$500,000 in business expansions
- \$26,549 in increased profits
- \$14.5 million in increased sales
- 331 new jobs
- 26 jobs saved



Assisted clients in obtaining nearly **\$21.3 million** in loans and investment in new business.

Conducted training programs for 896 participants.

Each year, an independent researcher assesses the economic impact of SBDC programs state-wide and nationwide. The 2003 results suggest the Missouri SBDC makes an important contribution to the economic development of the State of Missouri. Analysis indicated that SBDC clients added \$80.3 million in incremental sales and **634 new jobs** to the state.

Estimates suggest the one-year tax benefits, accruing as a consequence of the performance improvements of clients, generated a return of **\$1.58 for every dollar** spent on the entire SBDC operation in Missouri. Estimates indicate that **\$4.95** was returned for each dollar expended on counseling.

Business Spotlight: *Lee J.*

The Explore St. Louis website describes Lee J.'s as offering "the finest men's and women's clothing, shoes and accessories. Three blocks west of America's Center. Fashions from New York, Los Angeles, Chicago and Paris."

Established by Lethorne Johnson in 1999, Lee J. originally opened in the central west end of St. Louis. Johnson eventually sought to open a second location in the Washington Avenue revitalization district in the city. With the help of Aldis Jakubovskis and Kevin Wilson, business development counselors with the St. Louis Regional SBDC, Johnson was able to finalize plans for his new store, which includes a café/bar.

Based on the financial projections completed with Jakubovskis, Johnson was able to work with Wilson in approaching the St. Louis Development Corporation and the St. Louis Empowerment Zone for funding.

Downtown St. Louis is home to nearly 9,000 people living in houses, condominiums, lofts and apartments. In addition to the existing traditional housing, there are more than 14 housing developments underway in the area. Clearly the population was there to support a new business such as Johnson's.

With Wilson's help, not only did the SLDC and Empowerment Zone assist, the Downtown St. Louis partnership and the Minority Business Council

also saw the benefit of the business. The intricate financing structure worked, and Lee J. is now open on Washington Avenue.

In recognition of Johnson's contributions to the community and the opening of a highly successful business, St. Louis Mayor Francis G. Slay presented the Mayor's Spirit of St. Louis Award to Johnson in May of this



Lethorne Johnson receiving the Spirit of St. Louis award from Mayor Francis G. Slay.



Lee J.'s retail men's clothing store and cafe/bar located on Washington Avenue in downtown St. Louis.

year. In presenting the award, Mayor Slay said, "The Spirit of St. Louis award is reserved for members of the St. Louis business community who have the vision to recognize the enormous potential of our city and the dedication required to make that vision a reality."

Lee J.
1000 Washington Ave.
Merchandise Mart
St. Louis, MO 63101
(314) 241-0440

Fundamentals of Government Marketing

The different levels of government are federal, state and local. Marketing channels, seller differentiation and pricing strategies are similar at all the different levels. However, determining which markets are appropriate for federal and which ones are best suited for state and local can be an important consideration. The different nuances in each marketing channel make it important to determine which markets are most viable to target. Thus, an understanding of proper government target marketing is essential. Two primary considerations are:

- 1) What type of business a firm is engaged in.
- 2) Where does the business fit in the government marketplace.

Once this has been determined, a firm can focus its efforts on the levels of government that will be most beneficial to pursue.

For instance, in the marketing channel, manufacturers and distributors, as opposed to retailers, are generally best suited to compete for federal contracts. This is because federal contracts are often large-scale purchases that require

a firm's operating radius to be on a national, international, or at a minimum, regional scale. The original producer or large-scale distributor can more effectively compete than the retailer that has purchased its supply from the original manufacturer or larger distributor.

Obviously, in a competitive situation such as this, a small retailer will find it difficult to compete against one of their suppliers. Unless an original equipment manufacturer chooses to solely supply through their dealers and/or retailers, it is often futile for a retailer low on the marketing channel to compete. They simply cannot compete if they are competing against their own suppliers who have already provided the product to the firm at cost plus profit.

Thus, a retailer, or any firm with limited geographical scope, may be better suited to target and compete for state and local contracts as opposed to federal. Since state or local contracts are often smaller in dollar amount and are purchased at a more local level, the variables involved in passing down profits



throughout the marketing channel are minimized, making it easier for smaller firms to compete.

Thus, in what type of business a firm is engaged is an important factor in determining proper government target marketing. The question must be asked, "is the firm a manufacturer, distributor/wholesaler, retailer, service firm or construction?" The determination of what type of business a firm is, will determine where they are best suited to focus their government marketing efforts.

More articles on government marketing will appear in future issues.



*Written by Rich Fyke
MO PTAC
Director*

Trademark continued from page 1

before an individual in the organization recognized the value in the goodwill built up under the mark and claimed it for himself/herself. If either mark had been registered by the rightful owner earlier, then the Trademark Office would have rejected the later applications. The attempts to appropriate the marks would have been thwarted by the Trademark Office.

In addition to avoiding appropriation of a valuable mark by an "insider," registration of a trademark or service mark on the Principle Register of the Trademark Office provides two very important benefits to the registered owners:

- 1) The owner acquires the right to use the mark throughout the U.S.
- 2) After five years of continuous use, the trademark or service mark becomes incontestable.

Trademarks are used on goods. Service marks are used to advertise services. Typically, the word trademark includes service marks. Trademarks are considered intellectual property along with patents, copyright and trade secrets.



*Written by Mary Lu Sanders-Zinser
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Small Business Training

FastTrac NewVenture for Dislocated Workers

Participants will develop a feasibility plan for starting a business. *Five-day course – each month's dates comprise one course.*

St. Charles

Jan 11, 12, 13, 19, 20; 9:30-4 p.m.
Feb 15, 16, 22, 23, 24; 9:30-4 p.m.
Mar 15, 16, 17, 22, 23; 9:30-4 p.m.
Call: 636-970-3000

FastTrac Tech

Learn to determine the economic feasibility of your business concept, reevaluate the feasibility of the technology, design a business model that matches your personal vision and create a business plan to communicate the opportunity to investors. *Ten-session course.*

St. Louis

Mondays, Mar 1 through May 3; 6-9 p.m.
Call: 314-631-5327 or 314-631-5509

Small Business Brown Bag Video Series

Bring your lunch and join fellow entrepreneurs for informative noon-time sessions. Topics change weekly. *One-hour session.*

St. Louis

Wednesdays Jan 5 - Mar 30
Noon-1 p.m.
Call: 314-621-0816

Writing a Business Plan

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

St. Charles

Jan 25; 5:30-9 p.m.
Call 636-928-7714

Feb 16; 1-4 p.m.
Call 636-970-3000

St. Louis

Jan 26, Feb 23, Mar 23; 1-4 p.m.
Call: 314-539-6600 x 227

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

Feb 22; 5:30 p.m - 9 p.m.
Call: 636-928-7714

Mar 2; 9-Noon
Call: 636-970-3000



Call the phone number listed for registration information or register at <http://missouribusiness.net>.

Starting A Business in Missouri

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

St. Charles

Jan 11, Feb 8, Mar 8; 5:30-9 p.m.
Call: 636-928-7714

Feb 2; 9-Noon
Call: 636-970-3000

St. Louis

Jan 12, Feb 9, Mar 9; 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

Jan 25, Mar 8; 9-3:30 p.m.
Call: 636-970-3000

SBIR/STTR Grant Writing

Gain the extra edge to make your firm's grant proposal as competitive as possible. *Six-hour workshop.*

St. Louis

Wednesdays Jan 5 - Mar 30
Noon-1 p.m.
Call: 314-621-0816

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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 Extension.

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Internet Resources

Missouri Business Resource Center combines the best of State and University business resources into one easy-to-access network at <http://missouribusiness.net>

University of Missouri Extension – St. Charles at <http://extension.missouri.edu/stcharles/business.shtml>

University of Missouri Extension – St. Louis at <http://extension.missouri.edu/stlouis/biz.shtml>

Small Business Development Center – St. Louis at <http://missouribusiness.net/sbdc>



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

University of Missouri's Business Development Program in the St. Charles/St. Louis region includes two UM Extension Specialists and five SBDC Business Counselors. It is the local link between the resources of the four UM campuses and people throughout the state. Counselors and specialists use their expertise to help startups and existing businesses in business planning, management, marketing and finance. There is no fee for individual counseling.