



# Business Source

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

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## SBDC to Boost Micro Enterprise Development

The Greater St. Louis Empowerment Zone has awarded \$350,000 to the St. Louis Small Business Development Center (SBDC) for continuing and enhancing the SBDCs work to encourage the growth of micro enterprises in the St. Louis area.

Effective in January 2006, the three-year funding commitment will provide individualized counseling, training and financial analysis for founders of micro enterprises within the St. Louis Empowerment Zone. It will also help promote and coordinate business loan investment of approximately \$1.5 million in such firms. A micro enterprise is defined as a sole proprietorship, partnership or family enterprise with fewer than five employees.

Kevin Wilson, business counselor and director of the St. Louis SBDCs effort with the Empowerment Zone says, "such businesses are small enough to benefit from loans under \$25,000 and generally are too small to access commercial banking services."

It is estimated the program funded by the award will lead to the birth of 30 new businesses, the creation of 60-100 jobs, a sales increase of 20 percent among existing SBDC micro enterprise clients and a 10-20 percent increase in after-tax profits for those firms.

The three-year funding enhances a commitment started in 2003 when the Greater St. Louis Empowerment Zone awarded \$390,000 to establish an operations base within the boundaries of the Empowerment Zone and encourage the SBDC to serve micro enterprises in the area.

The funding helps the University of Missouri Extension program continue its commitment to the urban core and provide quality SBDC services to underserved populations.

Among other activities the Greater St. Louis Empowerment Zone supports the expansion and creation of businesses through technical assistance, loans, tax credits and the facilitation of training and sustainable employment opportunities.

"The Empowerment Zone's goals are to increase the number of successful businesses and jobs in the communities we serve," says Ann Robertson, director of the organization, a federally funded program started in 1999. "In addition, the technical assistance for businesses in our loan portfolio ensures that the money is repaid and revolved back into the community.

"We have been very happy with the technical assistance provided by the SBDC and Kevin Wilson, in particular, to Empowerment Zone businesses.

*"I will prepare  
and some day my  
chance will come."*

— Abraham Lincoln

Continued on page 5

# California Privacy Laws Could Impact Your Business

Does your company conduct business with California residents via your company's website? If so, the privacy of Californians may be very important to your business. A company, domiciled and registered in Missouri, can be sued in California if the company conducts business on its website with California residents.

Four recent California Privacy Laws, which may impact Missouri companies operating web-based businesses, are highlighted in this article.

## California Database Protection Act Effective July 1, 2003

This law, made famous by security problems at Choice Point and Bank of America, is probably familiar to you. It requires organizations, which store computerized data containing the personal information of California residents, to notify those residents in the event of a security breach, without delay.

## California Online Privacy Protection Act Effective July 1, 2004

Recently, California implemented a new law regarding the handling of personal identifying information collected from California consumers by commercial website operators. Personal identifying information is defined as any information that would identify an individual, such as first and last name, address, phone number, social security number, or email address. If such information is collected from California consumers, certain requirements must be met, including:

- a conspicuously posted privacy policy which identifies the information collected
- third parties with access to the information
- a process to correct the personal identifying information
- a process to notify consumers of policy changes
- the effective date of the privacy policy

If a website is not in compliance with the law, the operator should be given notice and a grace period in which to comply.

## California Direct Marketing Disclosure Statute Effective January 1, 2005

This new California law requires any company that shares consumers' personal identifying information with third parties, for marketing purposes, to disclose such sharing to consumers. Companies must provide contact information to enable consumers to make an annual request for disclosure.

The statute applies to companies that have:

- established a business relationship with a consumer who is a California resident
- have disclosed personal information to third party marketers within the year
- employ 20 or more employees

Certain organizations are exempt from the law, including any business

that provides consumers with the opportunity to opt-out of the sale of their personal information.

## California Data Security Law Effective January 1, 2005

This new California law requires companies that license or own unencrypted personal identifying information to implement and maintain reasonable practices and procedures to protect the personal identifying information. In addition, companies that disclose such personal identifying information to third parties under an agreement must require the third party to adhere to the same security practices and procedures.

## Conclusion

Failure to implement appropriate policies and procedures consistent with the requirements of these new California Privacy Laws could have a significant impact on any company conducting business on the Internet with California residents. In view of recent security breaches and identity theft concerns, most legal commentators expect that other states and the U.S. government will follow California's lead and implement similar privacy laws.

*This article is a summary of California Privacy Laws and does not provide a complete analysis of the laws. This article is provided for educational and informational purposes only and should not be construed as legal advice. No attorney/client relationship is created by this article.*



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## Missouri Receives Technology Assistance Accreditation

The Missouri Small Business Development Center (SBDC) has been awarded accreditation for special assistance to high-growth and high-technology firms within Missouri.

The accreditation, awarded by the independent, national Association of Small Business Development Centers (ASBDC) based in Washington DC, fulfills of a multi-month process of preparation, site visits and reviews by members of the SBDC program leadership from other states.

States awarded this specialized accreditation have demonstrated to an ASBDC review team that they have the expertise, processes and staff in place to provide highly individualized assistance to firms experiencing rapid growth – particularly firms that employ some form of high-technology in providing products and services.

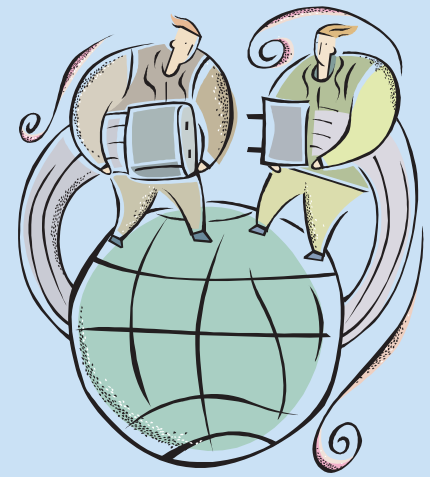
Max Summers, state director for the Missouri SBDC, says that only four other SBDC programs in the nation have been awarded this unique accreditation. Although the accreditation has been available since 2001, Missouri has been working toward it since 1999 by providing training to interested staff and initiat-

ing the Missouri Federal and State Technology Partnership Program (MoFAST), which assists entrepreneurs in obtaining Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) grants. These grants are issued by the federal government to commercialize innovation.

“The association’s endorsement of our qualifications to assist these innovators and entrepreneurs is a powerful stamp of approval for our program,” says Summers. “This represents the culmination of months of preparation, training and research into what these companies need to succeed and how we can best provide those services.”

Specifically, a group of 11 SBDC staff has been uniquely trained to identify and assess these firms and to assist with a specific action plan based on the company’s individual needs. These business management counselors are available at various SBDC locations across the state, enabling assistance at the time of need at any location.

“The challenges faced by high-growth and high-technology firms are often very individual,” Summers says. “While they may require assistance in some traditional areas such as strategic planning, marketing, accessing capital and human resources, they may also have very specific needs for patent searches, SBIR/STTR grant applications, nontraditional funding sources such as venture capital, market research and commercialization.



“We believe these firms are key to the state’s economic development success. These are the companies that create the innovation, create the jobs and enhance quality of life in their communities, so it’s critical that we are here to assist them. And there are more of them in Missouri than one might think.”

An April 2005 report entitled *Cyberstates* from AeA, the world’s largest organization of high-technology firms, ranks Missouri 19th in the number of high-technology workers with 87,100. Although the state lost some technology firms in 2003, the number is rebounding now, according to AeA. The study also found that technology workers in Missouri are well paid with an average salary that is 47 percent above the average private sector wage.

The ASBDC is a national organization that supports the 63 individual statewide and regional SBDC programs in the nation.

## Business Spotlight: *ISW Group, Inc.*

Monique Spann-Wade, president of ISW Group Inc., (ISW) is infiltrating the region's high-tech, biotech business network with a deceptively simple-sounding product: a cream to treat the red, irritated bumps that can come from shaving. Her three-year-old firm has already received investment funding. In exchange for equity, BioGenerator provided funding of \$250,000, plus services worth \$150,000. The BioGenerator is a non profit organization founded to help local life sciences startups get off the ground. Spann-Wade competed against 41 other entrepreneurs who have pitched their products to the BioGenerator since its October 2003 opening. Out of that pool, four firms have been approved for funding; ISW was the second deal to close. ISW also received investment from two angel investors in the St. Louis area. Prior to these investments, ISW survived on hundreds of thousands of dollars invested by friends and family. In addition, ISW has received significant assistance from Wayne Harvey (MoFAST) and Bill Stuby and Rich Fyke (MoPTAC), state-funded organizations that provide free business counseling services to small businesses for, respectively, government research grants and procurement.

ISW develops specialty pharmaceutical skincare products for inflammatory skin conditions in its lab space at the Nidus Center for Scientific Enterprise, an incubator in Creve Coeur. The company's objective is to commercialize the first FDA approved topical product for Pseudofolliculitis barbae (PFB) and to become a significant player in the origination of FDA approved dermatological products.

There are currently no FDA approved prescriptions or over-the-counter topicals with a primary indication for PFB. ISW seeks to fill this gap.

PFB is a medical condition also known as *razor bumps*, *shaving bumps*, or *razor burn* where the irritation is caused by an inflammatory reaction in response



Monique Spann-Wade,  
President of ISW Group, Inc.

to a foreign body being embedded into the skin. Hair, which in this case acts as a foreign body, leads to an inflammatory reaction that results in pustule and papule formation on the skin. The problem is most common among individuals who remove or shave hair from the face, underarms, legs or pubic region. An estimated 17% (48 million) of the U.S. population potentially suffers from the effects of PFB.

Although almost anyone can be affected by PFB, it disproportionately affects individuals of African descent and Hispanic origin. Especially affected are those in professions that require a clean-shaven face for job duties and responsibilities. PFB is particularly problematic for first-line responders (e.g., workers in the military, police, firefighting and healthcare professions and others who

come into contact with hazardous material) who may need to wear a self-contained breathing apparatus, including gas masks or respirators, as part of their duties. Additionally, PFB potentially affects women across all ethnic groups who remove hair from the underarm, pubis and/or face.

PFB has been recognized by Congress and the Department of Defense as a significant dermatologic disease in the US military, affecting combat readiness, personal safety, unit cohesion and individual morale. As a result, ISW Group was recently selected as one of fifteen new-start projects to receive FY 2005 funding under the Defense Acquisition Challenge Program, which provides opportunities for both U.S. innovators and the Department of Defense. For innovators, it means faster entry to the defense acquisition system. For the Department of Defense Program Manager it means increased technology insertions to improve systems.

Monique Spann-Wade earned a pre-med and economics undergraduate degree with an emphasis in chemistry. She then turned her attention to business, earning an MBA degree from the Wharton School at the University of Pennsylvania. She worked in the pharmaceutical industry from 1991 until 2002 with FMC Pharmaceuticals, the old Monsanto Company and Pharmacia Corporation. She knows the value of validated scientific data in winning over consumers, investors and corporate partners.

ISW Group, Inc.  
Nidus Center  
893 North Warson Road  
St. Louis, MO

## Don't Buy It! There is No Free Money!

**Y**ou've heard it a million times, but it still applies. If something sounds too good to be true, it probably is.

Late-night infomercials on television and radio try to convince you otherwise. If you need to pay off your personal debts, want to start a small business or seek cash to sell your invention, the government has free money for you! But it doesn't. It's a scam, and even though they tell you it's *not* a scam, it is.

"There are no government grants for the purposes these telemarketers describe," says Mary Paulsell, assistant director of the University of Missouri's business development programs.

Grants are usually made by government agencies for non-profit foundations. Very seldom are they intended to fund for-profit enterprises like a small business or to allow someone to pay off personal debts. The grants that are available for small companies tend to be focused on specific purposes, such as providing childcare or working with disadvantaged children. Grants of that type may not be used for general business operating purposes.

"A great deal of misinformation exists in the marketplace regarding the availability of money to start companies, expand existing firms or pay off debt," says Paulsell. "The reality is that the majority of capital available to the small business sector comes through loans. Some of those can be negotiated at a reasonable rate and some require a guarantee. But *free money* for small businesses or to pay debts is virtually non-existent."

The few grants available to small businesses from government agencies are specifically designed to help the agency granting the funds meet its goals. For instance, the Small Business Innovation Research (SBIR) program makes grants to high-technology companies to conduct individualized research that will benefit the agency. A grant proposal is necessary, and the program is highly competitive. Only a few companies may actually qualify for this type of assistance.

"Unfortunately, there are some individuals and companies who take advantage of small business owners by selling them books and directories supposedly listing a myriad of grant programs for entrepreneurs," Paulsell says. "For \$50 or \$75, business owners are promised a comprehensive list of sources for *free money*. Our business development counselors often have to spend a great deal of time convincing folks that the claims are untrue.

"We can't offer you free money, but we can offer you technical assistance, counseling and other educational resources without a fee. We can help you prepare to access capital through other avenues. You will need to prepare a business plan and demonstrate a good understanding of finances and other factors affecting your company. But we can work with you on that, and in the end, you will have a healthier business."

There are many conventional business loans available as well as special loan programs through the U. S. Small Business Administration. The business development counselors available through the University's Missouri

Small Business Development Centers can assist in preparing applications and other documentation to apply for those loans.

Don't fall prey to the advertising that promises you something for virtually nothing. Save your money, and invest it wisely in your growing business! For more information on legitimate financial assistance for small business, you can find the center nearest you at [www.missouribusiness.net](http://www.missouribusiness.net) or by calling 573/882-0344.

You can report scams to the Missouri Attorney General's office by calling the Consumer Protection Hotline at 1-800-3920-8222, emailing to [ag@ago.mo.gov](mailto:ag@ago.mo.gov), visiting the website at <http://www.ago.state.mo.us/consumercomplaint.htm> or writing to: Attorney General's Office Consumer Protection Division, PO Box 899, Jefferson City, MO 65102.

*Contact any of the St. Louis SBDC Counselors for information on small business loans.*

*Micro Enterprise continued from page 1*

Additionally, the Empowerment Zone staff has received excellent technical assistance from the SBDC in evaluating business plans."

The MO SBDC network exists to help Missourians succeed in private enterprise. To learn more about this statewide business development network or to locate a business counselor near you, visit the web site: <http://missouribusiness.net>.



*Contact Kevin Wilson  
SBDC  
314-621-0816  
[wilsonkr@missouri.edu](mailto:wilsonkr@missouri.edu)*

# 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

Jul 19, 20, 21, 26, 27; 9:30 - 4 p.m.  
Call: 636-970-3000

### St. Louis

Sep 20, 21, 27, 28, 30; 9:30 - 4 p.m.  
Call: 636-970-3000

## 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

Aug 23, Sep 22; 5:30 - 9 p.m.  
Call: 636-928-7714

Oct 26; 5:30 - 8:30 p.m.  
Call: 636-970-3000

## Writing a Business Plan

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

### St. Charles

Jul 26; 5:30 - 9 p.m.  
Call: 636-928-7714

Sep 14; 5:30 - 8:30 p.m.  
Call: 636-970-3000

### St. Louis

Jul 20, Aug 24, Sep 28; 1 - 4 p.m.  
Call: 314-241-1511

## Starting A Business in Missouri

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

### St. Charles

Jul 12, Aug 9, Sep 13; 5:30 - 9 p.m.  
Call: 636-928-7714

Aug 23; 1 - 4 p.m.  
Call: 636-970-3000

### St. Louis

Jul 6, Aug 10, Sep 14; 1 - 4 p.m.  
Call: 314-241-1511

## SBIR/STTR Grant Writing

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

### St. Louis

Sep 30; 9 - 3 p.m.  
Call: 314-631-5509

## QuickBooks – Beginner

Learn the basics of QuickBooks, an accounting software program for small business. *A six-hour or two three-hour workshop(s).*

### St. Charles

Aug 2; 9 - 4 p.m.  
Sep 13 and 20; 5:30 - 8:30 p.m.  
Call: 636-970-3000



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

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SBDCs are a program supported by the U.S. Small Business Administration and extended to the public on a non-discriminatory basis. SBA cannot endorse any products, opinions or services of any external parties or activities. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance. Contact the phone number listed with the workshop description to make arrangements.

University of Missouri Extension does not discriminate on the basis of race, color, national origin, sex, sexual orientation, 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 Extension.

## St. Charles County

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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.