

*MSBDC Clients:
Enterprising People*



*Massachusetts Small Business Development Center
Annual Report FY 1985
September 30, 1984—September 29, 1985
January 1986*

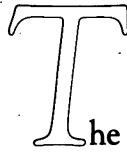
*School of Management
University of Massachusetts at Amherst*

Dedication

The Fifth Annual Report of the Massachusetts Small Business Development Center program is dedicated to Harry T. Allan, Dean of the School of Management at the University of Massachusetts at Amherst who retired in August of 1985.

Dean Harry Allan was an outstanding source of strength in his commitment of the resources of the School of Management to public service and the SBDC program. Dean Allan took very seriously the public service aspect of a land-grant institution such as the University of Massachusetts, and throughout his tenure as Dean strived to insure that the School of Management serve the community. The SBDC program was a perfect opportunity for Dean Allan to strengthen that commitment and throughout his tenure he provided the SBDC program with sound counsel, advice, and support. No matter how difficult the times, Dean Allan was always there to make it known that he and the School were behind this commitment to public service. He remains a very welcome friend to the MSBDC program, and we dedicate this report to Harry Allan for his dedication and sponsorship of the SBDC program.

Report from The State Director



The University of Massachusetts'

School of Management and the consortium of higher educational institutions which comprise the Massachusetts Small Business Development Center Network are pleased to provide you with its Fifth Annual Report for the period September 30, 1984 through September 29, 1985.

The completion of the fifth program year marks a milestone in the history of the Massachusetts Small Business Development Center program's service to the Commonwealth's small business community. During these five years a tremendous metamorphosis has taken place in economic development policy. Starting in January of 1980 at the First White House Conference on Small Business, new and exciting research on job generation and creation by Dr. David Birch of MIT and a changing economy which has unleashed the entrepreneurial spirit in Massachusetts and the nation, have heightened the emergence of the concept that one of the key elements to economic growth is support of small business.

Today it is more the norm than the exception that economic development policies on the national, state, and local levels must include support of small businesses if they are to be successful. In particular, the policies and programs which the Commonwealth and its local governments are reviewing are now multi-faceted and include significant support and nurturing of locally-owned businesses.

The entrepreneurial spirit exhibited by our clients has provided us with the opportunity to utilize the resources available to the MSBDC to assist them in their growth. Their energy and enthusiasm for the economy of Massachusetts has allowed a professional staff of counselors in each of the MSBDC's regional and specialty centers to provide owners with the expertise needed to support these entrepreneurs at a critical junction in their businesses. This has given many individuals the chance to enjoy the opportunity of creating jobs, new products, and services to support their local and state economies, and in time, hopefully, a national and international economy as they grow and become more innovative in their products and services.

The next several pages of our report will identify only a few of the thousands of clients who have called upon us in our first five years. To the over 10,000 clients who have availed themselves of our services, we wish to thank them for their support of the MSBDC program and for providing us with the opportunity to serve them.

The MSBDC program is proud of the important role it has played to identify and assist federal government through the U.S. Small Business Administration, state government through the Massachusetts Department of Commerce, a consortium of educational institutions led by the University of Massachusetts at Amherst, and including Boston College, Clark University, the University of Lowell, Southeastern Massachusetts University, and Roxbury Community College, and private sector involvement which in the fifth year assisted the MSBDC program to accomplish the following:

Clients Served	2,673
Training Programs	179
Attendees	3,752
Jobs Created	249
Financing Secured	\$22 million

The MSBDC program is proud that it has been a part of the recognition of small business and will continue to provide to small business in Massachusetts the quality management and technical assistance services and educational programs which are needed to insure business success in the 80s and beyond.



John F. Ciccarelli,
State Director

Garden Path Inc.

d/b/a/ Bay State Home Care Services

Springfield, Massachusetts



left to right:
Merwin Tober,
MSBDC, Western
Massachusetts
Regional Office,
University of Massa-
chusetts; Charles and
Susan Anderson,
Garden Path Inc.
d/b/a/ Bay State
Home Care Services.

“We have found the SBDC an agency that understands small business on a local level.”

— Charles and Susan Anderson

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he University of Massachusetts' Small Business Development Center (Western Massachusetts Regional Office) helped Garden Path Inc. d/b/a/ Bay State Home Care Services in the areas of management and finance.

In the fall of 1984, Charles and Susan Anderson were working toward the development and implementation of a better management information system. They wanted to include the computerization of their company's financial records and the payroll system used to pay their direct service staff. The SBDC staff helped them determine what system could meet their needs now and in the future, and helped find the professional resources to implement the new programs. The high degree of support from the SBDC staff assured that the new management information system would provide useful and timely information about the condition of the company, and helped cut down on the time needed to prepare payroll on a weekly basis for approximately 300 employees.

The Western Massachusetts Regional Office also helped obtain working capital financing. The Andersons had obtained help from the U.S. Small Business Administration in the past, and were now trying to establish themselves with a bank without the backing of the SBA. The SBDC staff helped them develop and present a business plan to the Ludlow Savings Bank to obtain enough working capital to meet short-term needs along with the development of a revolving line of credit to meet long-term needs.

According to Charles and Susan Anderson:
"We here at Garden Path Inc. d/b/a/ Bay State Home Care Services have found the SBDC an agency that understands small business on a local level and that has the ability to respond positively to a specific need expressed by a small business owner. When we needed systems, financing, or understanding, the SBDC staff were there to be counted on. Thank you is just one way to express our gratitude; another is running a sound small business operation."

Health Tec, Inc.

Palmer, Massachusetts



left to right: (front)
Anthony and John
Hay, Health Tec., Inc.;
(rear) Larry Jures,
MSBDC Capital
Formation Service.

*"We want to be expanding
100% every year."*

— John Hay, President

H

Health Tec, Inc., was founded by John and Anthony Hay and incorporated in July 1981. The company manufactures and markets adult disposable diapers and has since April 1982, manufactured its "DryComfort"TM brand diaper. At that time, the adult disposable diaper industry was just beginning to explode. National industry sales in 1980 were only \$20 million. In 1983, sales reached \$300 million, and by 1986 projected sales were to be \$1 billion.

Health Tec approached the Massachusetts Small Business Development Center's Capital Formation Service in the fall of 1983. At that time the company was experiencing negative cash flow and insufficient working capital. Being initially under-capitalized and in a capital intensive industry, this created a break-even point in sales that would not be reached until another year. The promising signs were that the company's growth in sales was more than 100% annually. Once break-even was reached, this rapid growth would allow the company to expand facilities and production capacity.

During 1984, the Capital Formation Service helped John and Tony Hay evaluate alternatives in financing their growth. It was necessary to cultivate a delicate working relationship with a local bank that would understand the growing pains that the company was experiencing. Short-term financing was secured for the year of 1984, but by the beginning of 1985 it was evident that the company would have to expand in order to meet future sales growth.

Since the company was highly leveraged with little capital available for new investment, it was necessary to develop a package that could provide 100% financing for the new facility and equipment line. CFS worked closely with the company to generate the financial analysis and backup documentation essential in the approval process. CFS structured this by matching conventional bank financing with the Massachusetts' Economic Development Set-A-Side Program to cover full project cost. Total project cost of \$1,136,520 was approved in July 1985 and ground was broken in the fall for the building. Health Tec, Inc., is currently well on its way to becoming a major corporation in Western Massachusetts.

According to John Hay, President: "Our business is committed to growth. We want to be expanding 100% every year."

The Editors, inc.

Lowell, Massachusetts



left to right:
James Nelson, Jr.,
MSBDC Northeastern
Regional Office, Uni-
versity of Lowell;
JoAnne Weisman, The
Editors, inc.

“When I was ready to expand and change locations, the SBDC was there with the professional guidance that I could not have gotten elsewhere.”

— JoAnne Weisman

JoAnne Weisman and Eileen Segal created The Editors as a joint venture in 1977. Both women had strong backgrounds in copywriting and photography; neither had notable familiarity with business practice, yet they were determined to forge ahead based on intuition and energy.

For several years The Editors, inc., served clients in the greater Lowell area providing editorial services and copywriting. By 1980, when Eileen Segal decided to leave the company, JoAnne began to expand the editorial nature of her business to include full-scale advertising and public relations services. She became registered and certified as a Woman-Owned Business (WBE) enterprise, and began to bid competitively for state and federal contracts.

In the spring of 1984, The Editors was growing so rapidly that JoAnne needed some guidelines for controlling the growth and expanding at a reasonable rate. She contacted the Northeastern Regional Office of the Massachusetts Small Business Development Center, University of Lowell. Their marketing consultant encouraged JoAnne to chart a course for The Editors which included increasing the full-time staff, becoming incorporated, and moving her growing agency from her basement office to a downtown Lowell location. The Editors, inc., established itself in impressive new headquarters in the heart of Lowell's renovated business district in the spring of 1984.

A staff of highly qualified and creative people were pulled together from their freelance days and put to work fulltime to help build what has now become one of the most impressive and well respected agencies north of Boston. From gross income of \$100,000 in 1983, the company is now doing well over \$1 million per year in billings, and represents clients in high tech, banking, and finance, the health field, education, retail business, and tourism. They are serving companies throughout New England in print, video, film, radio, and trade show production.

According to JoAnne Weisman: "When I was ready to expand and change locations, the SBDC was there with the professional guidance that I could not have gotten elsewhere."

The Sound Music Company

Fall River, Massachusetts



left to right:
James Sullivan,
MSBDC Southeastern
Regional Office,
Southeastern Massa-
chusetts University;
Lane Poor, The Sound
Music Company.

"I have had advice from many other sources, but the advice, manner, professionalism, and sincere interest on the part of the SBDC is far superior to any other."

— Lane Poor

Entrepreneurs want to move quickly to achieve a newly set goal. When the entrepreneur is an inventor and a musician, that spirit is hard to contain. Lane Poor's keen sense of his limitations brought him to the Southeastern Regional Office of the Massachusetts Small Business Development Center, Southeastern Massachusetts University.

Under the direction of Lane Poor, The Sound Music Company developed a method of recording and amplifying string instruments. The product developed, "the moving-coil pickup," makes use of technology within the strings of the instrument.

With the SBDC's advice, Lane's company was able to secure a \$25,000 SBA guaranteed loan from the Bank of Boston-Bristol. The company was also granted an \$8,000 loan from the Fall River Office of Economic Development. The Southeastern Regional Office consultant worked with Lane, offering business advice and procedures, including finding the right place to set up shop. The Sound Music Company has managed a vast amount of good publicity, resulting in good contracts for their unique pick-up. This has resulted in third year projections destined to exceed \$750,000.

In summing up his reaction to the entire staff of the SBDC, Lane Poor says: "I have had advice from many other sources, but the advice, manner, professionalism, and sincere interest on the part of the SBDC is far superior to any other."

Watzman/Keyes Design Associates

Cambridge, Massachusetts



left to right:
(front) Elizabeth Keyes
and Suzanne Watzman,
Watzman/Keyes
Design Associates;
(rear) Bert Mendelsohn
and Jack McKiernan,
MSBDC Metro-Boston
Regional Office,
Boston College.

*"We found the SBDC to be valuable
in teaching and demonstrating to us
the importance of reaching for the
outside expertise which the SBDC
provides."*

— Elizabeth Keyes

Suzanne Watzman and Elizabeth Keyes of Watzman/Keyes Design Associates first came to the Metro-Boston Regional Office of the Massachusetts Small Business Development Center, Boston College, in October 1983. They had a graphic design studio specializing in serving the high tech industries. The company was just over 2 years old with annual revenues of \$250,000.

For some very good commercial reasons, and in spite of a relatively weak financial base, they had just signed a lease for new offices and studios, the rent for which was about to raise their break-even point by 30%.

While they were excellent, creative, and competent graphic designers, they came to us for assistance in business planning, financial planning, and marketing planning and strategy. We set forth their financial objectives, identified and defined the markets to be served, performed needs assessment programs, and then proceeded to develop and implement the marketing and selling strategies which would result in profitable sales for the young company.

Today they are recognized in their industry as one of the most professional and most successful graphics design groups in New England and these last six months have seen them expand their operations to include a national clientele. This year will see Watzman/Keyes Design Associates surpass \$1 million in revenues, with appropriate and excellent net operating profits from a business which now provides employment to 10 people.

Declares Elizabeth Keyes: "We found the SBDC to be particularly valuable in teaching us and demonstrating to us the importance of being able to reach for the outside expertise which the SBDC provides. Also, we learned that success has two components: the quality of the product (visual design of information) and the business/marketing component. The integration and coordination of these two components has allowed us to pursue the type of business we want and have our company enjoy profitable growth while doing it."

Highlights from the Fifth Program Year

The State Office on November 2, 1984 held a special program entitled "Five-Year Projections, Five-Year Reflections, Five Years of Service to the Massachusetts Small Business Community." The program was celebrating the first five years of the SBDC program. The theme of the program was the heightened role in which small business had played in the economy over these past five years. Using the First White House Conference as the stepping stone, discussions were held regarding the accomplishments of small business since January of 1980 and the outlook for small business for the remainder of the 80s in looking ahead to the Second White House Conference on Small Business in 1986.

The MSBDC was honored to have as its keynote speaker Congressman Silvio O. Conte, a Republican from Pittsfield, who has been a strong supporter of small business since his election to the Congress in the late 1950s. In addition we were honored to have such dignitaries as the former Secretary of the State Office of Economic Affairs, Evelyn Murphy; Lewis Shattuck, Vice President of the Smaller Business Association of New England; John Motley, Director of Federal Legislation, NFIB; Francis Carroll, President of the Small Business Service Bureau; and John McNally and James Angevine of the U.S. Small Business Administration. In addition, experts in the field of state government, taxation and capital formation, procurement, innovation, women in business, and minority business also were in attendance with us to discuss the very specific issues in those topic areas.

Several awards were given to business owners and individuals who have helped to support and strengthen the SBDC program throughout the Commonwealth. It was a very exciting and dynamic day for the MSBDC program.

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omething Ventured Something Gained." This program was a unique endeavor lead by Dr. Joan Sweeney of the University of Massachusetts in cooperation with the State Office of the MSBDC program and its Capital Formation Service. The thrust of the program was to look at reasons why women-owned businesses are stagnating at a small micro level and not taking the risks which would help them to expand and enlarge their businesses. The program utilizing research done by Dr. Sweeney, coupled with the resources of an outstanding group of women executives from throughout Massachusetts, provided the context of both an analysis of risk from the business standpoint and from the psychological standpoint. The program was specifically marketed to women-owned businesses which were three years old or older. An outstanding group of women from throughout the six New England states convened at Wellesley College in June of 1985. The program received incredibly successful reviews from the participants. To this day many of the individuals are meeting on a regular basis to continue discussions and support each others endeavors to grow and become a very intrical part of the economy. Plans are now underway for the second annual conference which will be held in June of 1986.

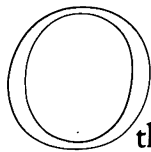
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he Minority Business Training and Resource Center located at Roxbury Community College brought on, in the beginning fifth year, Dr. Kenneth Edison as the new director of that Center. Dr. Edison, almost immediately upon his arrival, developed a very comprehensive needs analysis which was conducted door-to-door throughout the Greater Boston minority community to identify the needs of business owners and nonbusiness owners to focus their program specifically on the problems. The needs assessment identified a number of training programs which have been conducted throughout the year and were well received and well attended.

In addition, a more focused outreach effort has been accomplished and greater visibility has been given to the

Center in the minority community. Sessions have been conducted in Spanish to address the very particular needs of the Hispanic community. Programs have been co-sponsored with other educational institutions. Major business firms in the Boston area have also enhanced the ability of the MBTRC to address the specific needs of the minority business community.

Dr. Edison has achieved his goals of bringing more faculty into the program as well as outreaching to other universities in the area to identify graduate students and professional assistants to continue the very outstanding work which is being done at Roxbury Community College within the Minority Business Training and Resource Center.



Other highlights throughout the fifth year:

Central Mass. SBDC — conducted a year-long program with merchants of Water Street area of Worcester to provide development and marketing of the area.

Southeastern Mass. SBDC — worked with merchants of North Attleboro to analyze the effects of a proposed major new mall in the area.

Capital Formation Service — worked with employees of Athol Cutting and Carbide to secure financing through equity capital and conventional sources.

Metro Boston SBDC — implemented a unique Breakfast Club which addresses very specific small business issues as well as networking opportunities.

Western Mass. SBDC — expanded its outreach activities to include North Adams to provide assistance to small business owners and displaced workers.

State Office — worked with the Rural Development Finance program to provide capital to rural-based businesses.

Fifth Year Standings

	<i>Objective</i>	<i>Achieved</i>
Long-Term Counseling _____ (12 hours or more)	696	688
Short-Term Counseling _____	1,439	1,985*
Total Counseling _____	2,135	2,673
Training Sessions _____	169	179
Attendees _____	4,690	3,752
Female Clients _____		31%
Minority Clients _____		10%
Veterans _____		16%
Financing Secured _____		\$22 million
Jobs Created _____		249

Total Numbers for 1980-1985

Total Clients _____	9,483
Training Programs _____	581
Attendees _____	16,060
Financing Secured _____	\$54,928,850
Jobs Created _____	1,700

**Figures unofficial at the time of printing.*

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Western Mass. Regional Office University of Massachusetts	Merwin Tober, <i>Director</i> Richard Dalton, <i>Sr. Management Counselor</i> Katherine Dew, <i>Management Counselor</i> Brenda Bergstrom, <i>Training Coordinator</i> Geraldine Calcasola, <i>Secretary</i>	101 State Street — Suite #216 Springfield, MA 01103 (413) 737-6712
Metro Boston Regional Office Boston College	Jack McKiernan, <i>Director</i> Don Rielly, <i>Sr. Management Counselor</i> Francis Lee, <i>Sr. Management Counselor</i> Bert Mendelsohn, <i>Management Counselor</i> Joan Antonellis, <i>Administrative Assistant</i> Marian Rodrigues, <i>Secretary</i>	96 College Road — Rahnner House Chestnut Hill, MA 02167 (617) 552-4091
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Southeastern Regional Office Southeastern Massachusetts University	Clyde Mitchell, <i>Director</i> Whaleland Cross, <i>Management Counselor</i> James Sullivan, <i>Management Counselor</i> Edmond Tremblay, <i>Management Counselor</i> Carol Richards, <i>Administrative Assistant</i>	200 Pocasset Street Fall River, MA 02722 (617) 673-9783
Central Mass. Regional Office Clark University	William Naumes, <i>Director</i> Lee Morrill, <i>Management Counselor</i> Michael Holbrook, <i>Management Counselor</i> Karen Morrison, <i>Secretary</i>	24 Maywood Street Worcester, MA 01610 (617) 793-7615

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Name and Title

Address

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UNIVERSITY OF MASSACHUSETTS
AT AMHERST

School of Management
Amherst, MA 01003
(413) 549-4930 Ext. 303

Small Business Development Center

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CAMBRIDGE MA.

April 9, 1986

Dear Friend,

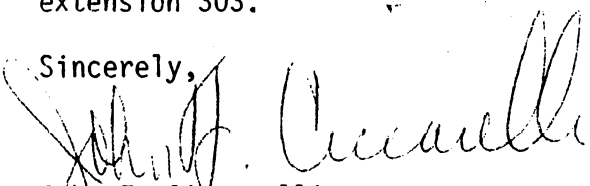
On behalf of the University of Massachusetts/Amherst's School of Management and the consortium of educational institutions that comprise the Massachusetts Small Business Development Center network we are pleased to provide you with a copy of our Fifth Annual Report. Our report this year highlights the extraordinary talents of several clients who have availed themselves of the assistance of the SBDC program. These are only a few of the thousands of small business people who have provided us with the opportunity to help them realize their entrepreneurial dreams.

The SBDC program is proud of its partnership arrangement with the U.S. Small Business Administration, the Massachusetts Department of Commerce, the University of Massachusetts, and the consortium of higher educational institutions which include Boston College, Clark University, the University of Lowell, Southeastern Massachusetts University, and Roxbury Community College and the private sector which allows us the opportunity to bring the necessary resources to bear for the highly innovative clientele which we service.

I hope you share with us the great sense of accomplishment and pride which we have had in conducting the MSBDC program for the first five years and we look forward to your continued support and help through the next five years.

If we can be of service to you or your constituents, please feel free to contact anyone of our regional offices or the State Office at (413) 549-4930, extension 303.

Sincerely,


John F. Ciccurelli
State Director

JFC:mab
J9/4/9/F

enclosure



Comm. from John F. Ciccarelli, State Director,
UMass at Amherst, transmitting a copy of the
5th Annual Report of their School of Manage-
ment.

In City Council,

April 28, 1986

Placed on file