

Southeastern MA Regional SBDC Newsletter

Contributing to the Economic & Entrepreneurial Growth in Massachusetts Since 1980

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Twenty years ago, Chuck Rogers started Full Circle Padding Inc., a small company that manufactured exercise equipment pads for the Fitness Industry. A few years later there was a need for help in the manufacturing process and his brother Colin came on board to manage the shop. After a few more years passed, his wife Laura joined in to take over the financials.

Although the family business began to grow steadily, from 2 to 18 employees, as time progressed the company started to flatten out. Sales remained flat and at the company's profit began to level off. The company saw the need for outside help and looked to financial consultants for advice. "After several interviews we discovered the consultants were either too much money or talked over our heads instead of listening to our needs" says Laura Rogers. The company, ready to give up seeking assistance until they noticed an article in the Chamber of Commerce newsletter regarding free business consulting services offered by the SBDC. "We immediately called and made our first appointment with Melinda Ailes and have been meeting with her once every other month for the past 2 years."

Melinda recognized that the company needed help in their manufacturing process and referred them to the Greater Boston Manufacturing Partnership and the Work Force Training program of Massachusetts. Following her advice the company received a grant for training in the practice of "Lean Manufacturing". "This training is ongoing. Everyday we continue to improve our productivity and satisfy our customer's needs" says Full Circle's President, Chuck Rogers.

To the surprise of all at the company, the most productive result from the SBDC's advice was not financial at all. It was actually teaching them to think strategically about their business. According to Chuck, "First we learned how to improve our quality and the productivity of our employees. We realized that the expectations and guidelines we created were important to them as well as the company." The SBDC also taught the company how to continually generate new sales, not simply manage existing customers.

continued on page 2



The Southeastern Massachusetts Regional Small Business Development Center (SBDC) is a counseling center of the Massachusetts Small Business Development Center Network. The SBDC provides free and confidential one-on-one management counseling to the small business community in Southeastern Massachusetts in the counties of Bristol, Barnstable, Dukes, Nantucket, Plymouth and part of Norfolk.

SBDC assistance is tailored to the needs of individual clients. Our mission is to support the future success of your business.

Management Counseling Services include, but are not limited to:

- ✍ Start-up Businesses
- ✍ Business Plan Development
- ✍ Financial Plan Development
- ✍ Marketing & Sales Strategies
- ✍ Cash Flow Analysis
- ✍ Organizational & Personnel Issues
- ✍ Government Procurement Assistance
- ✍ Minority Business Assistance
- ✍ International Trade Assistance

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INSIDE THIS ISSUE

- 1 **Success Story: Full Circle Padding, Inc.**
- 2 **SBDC Staff**
- 3 **Spotlight: Michael Sullivan**
- 4 **FAQ's (Frequently Asked Questions)**
- 5 **Calendar of Events**

Success Story (cont.)

The company started to follow up on unsuccessful past quotes and finished their website which now generates at least 2 new customers per week. They are currently looking into new ways to increase sales. New strategies include direct mail and attending trade shows to generate a larger customer base.

According to Chuck, "Once we learned to think differently the results were obvious. Since working with Melinda over the last 2 years our sales have increased 10% and the company is showing an increased profit. We have now set goals to keep this momentum going and really feel our time and effort is paying off."

SBDC SPOTLIGHT

Michael Sullivan joined the Massachusetts Export Center of the MSBDC network as an international trade specialist in 2000 where he provides services for exporters, including one on one counseling, training, research and technical assistance. Mike helps companies with:

- ✍ Export planning and preparation,
- ✍ Assessment of export readiness ,
- ✍ Export strategy and international business plan development ,
- ✍ International sales, marketing and distribution channel development/management,
- ✍ International payment and financing,
- ✍ Export Compliance Assistance Program , and
- ✍ Export logistics, including shipping, documentation, terms, controls, etc.

Recognizing the need to make export services easily accessible to companies of all sizes, the Massachusetts Export Center works closely with state, federal and trade organizations to deliver quality service customized to the client's needs. In 2002, Associated Industries of Massachusetts (AIM) bestowed the Massachusetts Export Center with its highest international award -- the Global Leadership Award. In 2005 the Export Center received the MSBDC Star Award being recognized for their state-wide contributions to the small business community.

With over 25 years of international trade experience Sullivan's background includes positions as a Sales and Marketing manager at an international consumer products company and extensive background in logistics and distribution management where he traveled extensively in global trade pursuits. In the 1980's he was a founding partner of a successful home fashions wholesale business which was eventually sold to a global conglomerate. Sullivan holds a degree in management from Suffolk University and is pursuing an MBA at the University of Massachusetts –Dartmouth.

The Massachusetts Export Center regional office is located at the New Bedford Chamber of Commerce Building. 794 Purchase Street, (508) 999-1388. Email: Sullivan@msbdc.umass.edu
Website: www.Mass.gov/export.

FAQ's

Q: "I'd like to buy a retail store. What do I do?"

Some of the items to consider when collecting information about a business are finance, control, marketing, sales and service retail.

Is it worth it?

The first step is to determine a purchase price. There will probably be an asking price, and you'll have to determine if it is reasonable. What exactly is being sold: inventory; receivables; other assets; real estate? What are the values of the assets being sold? Remember, obsolescence reduces a businesses value. And unreported profit (disappearing or undeclared cash) can't be purchased or sold. Never pay too much. Financial autonomy is your goal.

You will need to get the sellers to release their financial statements, tax returns and year to date information of the business. You may also have to sign a nondisclosure agreement (NDA) before they'll give you that confidential data. A lender will require this information as part of your loan request.

The price is based on the terms, assets, revenue stream, management compensation, it's earning before interest and taxes (EBIT), and cash flow. A business has many values, for example, the value of its assets, the value of its customers, and the value of its cash flows. Remember if there is not enough cash flow, don't buy it unless you believe you can significantly improve the company's performance.

Take It Off the Street

After you've agreed to a purchase price, you should create a purchase and sales agreement (P&S.) It will probably require a small deposit (binder) to hold it. Remember to put in the requirement that the deposit will be refunded in full if you are unable to complete the sale in the time allotted. Use an attorney, this is too important.

Financial Due Diligence

You will also need to obtain three years of financial statements (tax returns) including an up to date Profit & Loss, a Balance Sheet, and a Cash Flow Statement. Seeking the assistance of an accountant or MSBDC counselor can help you understand the data if you are not versed in financial matters. Also, bank statements are good information for helping to determine the business's value.

Getting The Funding

Your contribution (20-25% of the purchase price plus other start up costs), your collateral, and your credit rating are important determinants for you to borrow money to purchase the business. But the biggest determinant is the pro forma cash flow statements that will appear in your business plan. That tells the lender how you'll be paying them back. Don't forget the seller can also be a source of funding if willing to take some payments over time rather than all at once.

The Business Plan

You may need to write a business plan to borrow money. The plan has to be compelling, clear, concise,... See our website for a business plan outline which includes information on businesses that are being acquired.

CALENDAR OF EVENTS

ENTREPRENEURIAL WORKSHOPS are repeated in a different location once a month. For reservations & directions please contact: Tamarah Barao @ SEED 508-822-1020. Cost for trainings are FREE.

Session I: Learn the fundamentals of planning, preparing for & financing your business.

Session II: Learn to understand financial statements how they help to determine the health of your business.

Session I: Tues. January 17 **Session II:** Tues. January 24

Time: 8:30 AM – 12 PM **Location:** Metro South Chamber, Brockton MA

Session I: Wed. February 8 **Session II:** Wed. February 15

Time: 8:30 AM – 12 PM **Location:** Ben Franklin Savings, Franklin MA

Session I: Tues. March 21 **Session II:** Tues. March 28

Time: 8:30 AM – 12 PM **Location:** Plymouth Chamber, Plymouth MA

Session I: Tues. April 11 **Session II:** Tues. April 18

Time: 8:30 AM – 12 PM **Location:** TD BankNorth, Hyannis MA

Session I: Wed. May 17 **Session II:** Wed. May 24

Time: 8:30 AM – 12 PM **Location:** Citizens Bank, Braintree MA

Session I: Wed. June 21 **Session II:** Wed. June 28

Time: 8:30 AM – 12 PM **Location:** Quest Center, New Bedford MA

SBA Ready – Set - Go

This workshop will help you gain a better understanding of the various SBA programs and services that are available to prospective or current entrepreneurs who need assistance in starting or expanding their businesses.

Location: Plymouth Career Center, 36 Cordage Park Circle, Ste. 200, Plymouth MA.

Dates: Feb. 16, Mar. 16, April 20, May 18, June 22, Aug. 17, Sept. 21, Oct. 19, Nov. 16, Dec. 14

Time: 10 AM – 12PM **Cost:** FREE **RSVP:** 508-732-5399

Location: Brockton Career Works, 34 School Street, Brockton, MA.

Dates: Feb. 15, Mar. 15, April 19, May 17, June 21, Aug. 16, Sept. 20, Oct. 18, Nov. 15, Dec. 13

Time: 2 PM – 4 PM **Cost:** FREE **RSVP:** 508-513-3400

Great Service and a Warm Sunny Day

Customers are the lifeblood of your business. Good customer service will assure customer retention and the growth of your business. The seminar will address all aspects of customer service including hiring, training, retention of employees as well as suggestions for keeping customers happy, and fixing problems when they are unhappy.

Date: Wednesday February 22 **Time:** 8 AM – 10 AM

Location: University of Massachusetts Dartmouth, Woodland Commons Conference Center, 285 Old Westport Road, N. Dartmouth MA

Cost: \$15.00

For reservations & directions please contact Ava Lescault @ 508-910-6435 or alescault@umassd.edu

The SBDC office in Fall River is easily accessible from Routes 195, 24 or 6. Facilities are handicapped accessible.

To better serve the Massachusetts small business community, the Southeastern Massachusetts Regional SBDC has outreach sites in conjunction with chambers of commerce and economic development entities.

Attleboro Chamber North Attleboro Chamber

Falmouth Chamber Yarmouth Chamber

Plymouth Chamber Tri Town Chamber

Cape Cod Chamber Metro South Chamber

New Bedford Quest Center

For general information, training information or to make an appointment, please contact Tammi A. Jacobsen at extension 104 or please go to our website:

www.msbdc.org/semass

"The Massachusetts Small Business Development Center Network is a partnership program with the U.S. Small Business Administration and the Massachusetts Department of Business and Technology under cooperative agreement 6-603001-Z-0022-26 through the University of Massachusetts Amherst. 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. For further information, contact the Fall River SBDC office at (508) 673-9783."



U.S. Small Business Administration



"Funded in part through a cooperative agreement with the SBA"