



# FEDERALLY SPEAKING



by Barry J. Lipson

Number 54

Welcome to *Federally Speaking*, an editorial column for **ALL** interested in the **Federal Scene**, originally compiled for the members of the Western Pennsylvania Chapter of the Federal Bar Association and all FBA members. Its purpose is to keep you abreast of what is happening in the Federal arena, whether it be a landmark US Supreme Court decision, a new Federal regulation or enforcement action, a “heads ups” to Federal CLE opportunities, or other Federal legal and related occurrences of note. Its threefold objective is to educate, to provoke thought, and to entertain. This is the 54th column in this series, and together with prior columns is available on the website of the U.S. District Court for the Western District of Pennsylvania: <http://www.pawd.uscourts.gov/Pages/federallyspeaking.htm>.

## **Scoring With SCORE!**

This issue is dedicated and devoted to **SCORE**, *"Counselors to America's Small Business."* SCORE, incorporated in 1975 as a 501(c)(3) Nonprofit Organization, receives annual appropriations from the U.S. Congress for counseling small businesses. SCORE is dedicated to entrepreneur education and the formation, growth and success of small business nationwide. With nearly 400 Chapters in locations throughout the United States and its territories, and nearly 11,000 volunteers nationwide, SCORE provides free counseling, professional referrals and low-cost workshops to aid in counteracting failures through inexperience of small businesses, and to help the budding entrepreneur in “doing it right” the first time.

SCORE is the “adopted” child of, and a resource partner with the U.S Small Business Administration (SBA). SCORE, originally stood for “Service Corps Of Retired Executive,” but today SCORE is much more. It provides “Counselors to America's Small Business,” offering to small businesses and to those wishing to start small businesses, the voluntary services of “working professionals” and “retired executives” who donate their time and business expertise, to help them “get it right.” In the spirit of full disclosure, your columnist is Chair of SCOREPittsburgh.

## **Papa/Momma SBA**

The U.S. Small Business Administration was officially established in 1953, though “its philosophy and mission were shaped years earlier through predecessor agencies, largely as a response to the pressures of the Great Depression and World War II. The Reconstruction Finance Corporation, created by President Herbert Hoover in 1932 to alleviate the financial crisis of the Great Depression, was SBA’s grandparent.”

During World War II, to “help small businesses participate in war production and give them more financial viability, Congress created the Smaller War Plants Corporation in 1942.” The SWPC was dissolved after the war, and the RFC, and a newly formed Office of Small Business in the Department of Commerce assumed its responsibilities. At the advent of the Korean conflict, Congress “created another wartime organization to handle small business concerns ..., this time called the Small Defense Plants Administration.”

Then in 1953 Congress created the Small Business Administration (SBA), to “aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns;” and to “ensure small businesses a ‘fair proportion’ of government contracts and sales of surplus property” (*Small Business Act of July 30, 1953*). In that same year “Maurice du Pont Lee of Wilmington, Delaware gathered a small group and formed a consulting and advisory service for small businesses,” which during the following decade spread

so that by 1963 there were more than “50 independent groups across the country ... providing low-cost or no-cost business counseling.”

On “October 5, 1964, SBA Administrator Eugene P. Foley officially launched SCORE as a national volunteer group with 2,000 members, uniting these independent efforts into a national force.” SCORE organized itself nationally and in 1975 incorporated as a 501(c)(3) Nonprofit Organization. From 1964 to 1978 SCORE provided “small business counseling service to 2 million Americans;” served its “7.5 millionth client” in 2006; and as of now the number is “7.8 million.” Today, SCORE volunteers donate well over a million hours annually, working with entrepreneurs through every phase of their entrepreneurial venture, from generating and assessing ideas, and assisting with business plans and raising capital; to making professional referrals and aiding in managing the operations and finances of growing ventures.

### **What Is The SCORE?**

We have often heard said “that 90% of new businesses fail.” Rhonda Abrams, “one of the nation’s most recognized advocates for small business,” disputes this: “I know those statistics scare people away from starting their own businesses, but I’ve looked at statistics of business births and deaths closely, and I know of no credible study showing anything close to a 90% failure rate.” Ms. Abrams’ positive outlook is born out by SBA findings that “two-thirds of new employer firms survive at least two years, and about 44% survive at least four,” and these “findings do not differ greatly across industry sectors.” But what of “non-employer firms that make up the majority of businesses”? In his article “***Failure to Launch? Debunking the Myth that Most Startups Crash and Burn,***” Mark Henricks, “lifestyle entrepreneurship” author, advises that this unknown should become “known” shortly, as “SBA’s Office of Advocacy has convinced the Census Bureau to do a study of annual entry and exit rates of even the smallest businesses” (*Entrepreneur Magazine*, February 2007). But key is the truism that businesses that beforehand are aware of the possible pitfalls, pratfalls, shortfalls, silver linings, and/or, best of all, windfalls, are much more likely to succeed.

The SBA also shares with us the many benefits conferred by small business on our economy. According to their findings the “estimated 25.8 million small businesses in the United States” have “generated 60 to 80 percent of net new jobs annually over the last decade,” and employ “50.6 percent of the country’s private sector workforce.” Indeed, small businesses represent “99.7 percent of all employer firms” and “97 percent of all the exporters of goods.” ***Most interesting, small businesses “generate a majority of the innovations that come from United States companies.”***

During “1979-2003, self-employment increased: 33 percent for women; 37 percent for African Americans, 15 percent for Latinos, 10 [percent] for White Americans and 2.5 percent for men” (*SBA Office of Advocacy*). Then too, women not only ask directions, but “are more likely to seek business advice -- 69 percent women vs. 47 percent men” (*American Express*); and as two SCORE counseled women business partners have advised: “***We have lots of female friends who have started their own businesses. We refer them all to SCORE. It’s a great organization***” (*Little Scoops, infra.*).

### **The Proof Of The “BROWNIES” .....**

Following are examples of entrepreneurs who “***Scored With SCORE,***” ideal success stories that deal with start-up businesses and/or concern going business concerns, whose SCORE Counselors “***Scored For SCORE.***” Please note the differing SCORE referral sources, the SBA, Mass Media, and Word of Mouth. ***If you need business counseling, or would like to be consider as a SCORE Counselor,*** please contact SCOREPittsburgh at: <http://www.scorepittsburgh.org> (412-395-6560 ext. 130).

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***"I couldn't imagine starting a business without a mentor. I wouldn't have done this without SCORE. I started as a novice and learned about the specialty food industry from the ground up. With SCORE's advice and a lot of hard work, No Pudge!, is experiencing dramatic growth."*** Lindsay Frucci, Founder

“My name is Lindsay Frucci and I am a ***brownieholi***c. I love thick, fudgy, chewy brownies. I hate fat. In my food or on my hips, fat is something I like to live without. Since most thick, fudgy, chewy brownies are loaded with fat this created quite a problem. Were brownies without guilt a possibility? ... I decided to try and find out.... Enter my local SCORE (Service Corps of Retired Executives) office. There, I was incredibly lucky to be connected with two wonderful gentlemen who had had extensive experience in the food industry. With their expertise and guidance, No Pudge! Foods was begun” (quoted directly from <http://www.nopudge.com/common/ourstory.html> web site).

She had learned about SCORE through a **magazine article** and decided to ask for SCORE business counseling. The first question SCORE asked her was -- Do you want a business or a hobby? She replied "a business," and from there SCORE advised her to find a manufacturing company for her product and not to make her home kitchen into a commercial kitchen. When she began planning her business start-up, she started meeting with her SCORE counselors every two-four weeks, and three years later she was still meeting with them. ***"SCORE has really become an advisory board. I'm busy running my business day-to-day and with these regular SCORE meetings, I can step back and look at the big picture and talk about new ideas with my trusted advisors."***

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***"It was great having the advice of someone who knows the business world. The fact that a wealth of knowledge and expertise is just a phone call away is very comforting."*** Kyra Raimey, owner, Law Offices of Kyra M. Raimey, LLC

After working as an attorney for a law firm involved in environmental corporate law, Kyra Raimey, Esq. realized she had a passion for family and labor law and decided to go into private practice for herself. While working to start her law office, she **consulted the SBA** for information on business funding, and was put in touch with her local SCORE chapter for help in obtaining a loan. She began meeting with her SCORE Counselor at a local book store, as well as the chapter office, to discuss her new business. He reviewed her business plan and successfully helped her through the loan process. But he did not stop there; he also worked with her on marketing strategies. ***"Some of the ideas we discussed included creating an information card about my business to give to other attorneys, contacting the local bar association for referrals, scheduling speaking engagements, and identifying business columnists who could write a story about my business... It was great having the advice of someone who knows the business world."*** In fact, it worked so well that she was named a ***"Rising Star"*** family law attorney in a regional legal publication and in a local general circulation magazine.

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***"SCORE is one of the first places to go when you start a business. You're dealing with something brand new, and their advice and moral support is critical to making it work."*** Karen DeKlinski, founder and owner, Perfectly Pennsylvania

“Pennsylvania has it all,” or so thought Karen DeKlinski when she opened Perfectly Pennsylvania, a store dedicated to the Keystone State’s rich mix of products. Perfectly Pennsylvania carries a variety of unique, high-quality products ranging from Crayola Crayons and Slinky toys to clothing and Amish-country quilts and Hex signs. A former government employee, retailing was the furthest thing from her mind until she and a friend “staffed a kiosk at a local farmers market twice a week and I got hooked on promoting Pennsylvania products. Visitors are always looking for something special to take home from the area, so it made sense to open a store with everything in one place.” She choose the Airport as her perfect location, and “had been working on my plan for three months when **a friend** at a Chamber of Commerce meeting told me about SCORE.... I called to ask if someone there might have time to look at my plan.... I couldn’t believe their response, they said I had done everything right, and provided valuable comments to help

address issues the banks would ask.” But most important, was “having these knowledgeable business experts put their faith in me. Their moral support helped convince me that this can work and that I should move forward.” So counseled she received an SBA backed loan for leasing space in the terminal and stocking her shelves with a variety of eye-catching items. The store was an immediate hit among travelers. The monthly sales increases have consistently exceeded projections, enabling her to open a second store in a major hotel. And most important: ***“We made an agreement that I’ll go back to my counselors to evaluate how everything’s going,” she says, “but I expect to be a student of SCORE’s for life.”***

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***“When you’re running your own business, you’re in the trenches and don’t always see what’s beyond. It pays to have an experienced professional come in and give you a broader, objective perspective.”*** Joe Stieber, Sears Franchise Owner

Joe Stieber was already **running his own business**. He enjoyed the name recognition of one of the nation's largest retailers, but as with many franchise organizations, Sears' advertising policies limited what he could do. Fortunately, he learned of SCORE through his local **newspaper** and was put in touch with a volunteer SCORE counselor who was a retired advertising executive. Though his retail store offered a wide range of in-stock merchandise including appliances, electronic items and durable goods for the home, he thought his store was mistakenly being by-passed by many as merely a Sear’s Catalog outlet, and he also was not connecting with the area's homebuilders, many of whom purchased large volumes of appliances either from discount chains or directly from manufacturers, both together costing him an estimated \$1 million worth of lost business annually. ***My SCORE Counselor “visited my store several times to discuss the business and what I wanted to do. He asked a lot of questions, and offered a lot of good advice and ideas.... The key was being more aggressive. We want customers to consider my store before they make their purchase....This January, our business was up 28 percent... It sure looks like we’re doing something right.... I don’t mind getting advice from professionals who know the business.”***

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***“[A]nyone interested in entrepreneurship will find everything they need at SCORE. We have lots of female friends who have started their own businesses. We refer them all to SCORE. It’s a great organization.”*** Michelle Violetto, co-owner, Little Scoops

Little Scoops has been named one of ***Entrepreneur Magazine’s*** “Hot New Franchises.” A female owned business offering at ten locations, in 1950s-Style Ice Cream Parlors, Kids’ Parties that include games, dancing and making your own sundaes. “None of this would have happened without the help of [SCORE] volunteer counselors,” who helped them develop their business plan, set up finances, and evaluate potential locations for the first Little Scoops shop; and as Little Scoops’ popularity grew and they became interested in franchising, ***“put us in touch with people who helped us with the legal and management aspects of franchising.... It’s a great organization.”***

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**This Column is dedicated to the preservation of the U.S. Constitution & the Bill of Rights.**

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