

Society's Successes Spawn Busy Season

by Mary Bernard, CPA

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Women-Owned Businesses Increasing Nationally Rhode Island women benefit from regional agency

Women-owned firms increased nearly 20 percent nationally from 1997 to 2002, according to a report by the Office of Advocacy of the U.S.

Small Business Administration (SBA), while all U.S. firms grew by only about 10 percent. Rhode Island ranked 43rd in the number of privately-held, majority (51% or more) women-owned firms in 2006, 42nd in employment and 40th in sales. Overall, Rhode Island ranked 42nd among the states, according to the Center for Women's Business Research. By contrast, neighboring Massachusetts ranked 13th overall. Boston was the sixth largest metropolitan area for majority women-owned firms in 2006.

Carol Malysz, director of the Center for Women and Enterprise (CWE) Rhode Island says that overall, it's difficult to do business in Rhode Island, but feels we're making progress.

With offices in Boston, Worcester and Providence, the CWE is a regional organization and one of more than 100 SBA-funded business centers that exist to help women professionals. CWE was started in 1995 to overcome a lack of access to capital. In fact, during the 1970s, a woman still had to go to the bank with her husband to secure funding. Malysz says it takes time to overcome how things were done in the past.

"We need to establish history for women in business and eventually it will influence all people, including lenders," said Malysz. "You'll find today that more women are even hired as lending officers. There's definitely a heightened awareness that women are as able as men to run a business."

The center's mission is to empower women to be economically self sufficient and prosperous through entrepreneurship. Training, counseling, technical assistance and loan packaging are all part of its programs but most importantly, they offer clients access to people and services, such as attorneys, bankers, insurers, marketing consultants, all who donate their time to help emerging business owners.

Since the CWE opened in 2000 in Providence, they've served more than 4,000 women, helped start more than



Quonset Business Park Caters to RI's Small- Business Economy

Transforming a 3,047-acre military complex into a pedestrian-friendly "village" of offices, retail and leisure space is no small task. It requires keeping local and state officials, residents and, most importantly, the Statewide Planning Council, pleased with plans for the large-scale, \$147-million development. Also, it requires thoughtful consideration of R.I.'s economy and needs – an economy largely comprised of small, private and, oftentimes, family-run businesses.

The Quonset Development Corporation (QDC), an agency of the Rhode Island Economic Development Corporation (RIEDC) created to oversee the Quonset Davisville Port & Commerce Park in North Kingstown, R.I., and developer New Boston Development Partners LLC, have overcome obstacles throughout the project's planning. For one, the North Kingstown Planning Commission called initial plans for the Quonset Gateway (the entrance to the park), "grossly inconsistent" with what they had had in mind for the former navy base. The

Society's Successes Spawn a Busy Season

As time marches on, the Society is keeping pace. During the summer, we continued to make progress on our long term strategic plan for our members. Our new public relations firm, Cote and D'Ambrosio, conducted a brief survey to solicit opinions from our members. The board will be using the results to help implement our strategic plan to improve communication and benefits to our membership.

Our 14th Annual Golf Outing at Warwick Country Club this summer was a sellout. This was the first year the playing field was opened to attorneys and bankers. The weather cooperated as we enjoyed a beautiful day on the waterfront course. Fidelity Investments generously sponsored the event, enabling us to contribute \$7,300 to our designated charity, Sojourner House, which offers programs for victims of abuse.

My goal for this year is to promote the accounting profession to the student population and involve our young CPAs in Society activities. We'll make another round of visits to Rhode Island college campuses. Our "Campus Gatherings" held last year were tremendously successful in exposing accounting students to the different facets of the profession. Society members volunteer to

share with students their experiences in building careers in industry, government, nonprofit organizations, and public accounting. At the same time, Society member firms are able to offer internships to qualified accounting students. Our goal has been to increase the number of accounting students becoming CPAs by encouraging them to learn more about the opportunities offered by the profession. Our Cooperation with Education Committee has promoted these events through the accounting departments in area colleges and has been rewarded with a terrific turnout.

In an effort to keep the "young CPAs" involved with the Society, we are hosting a series of exclusive events appealing to the younger crowd. The spring and summer events held this year provided a networking opportunity for the CPAs to begin building referral contacts. The relaxed atmosphere of the Pawtucket Red Sox game and McFadden's Restaurant & Saloon enabled the new accountants to network in a familiar social setting.

The Society will continue to work with the Board of Accountancy to enable a smooth transition to the multi-year license concept. An attempt is being made to coordinate the Continuing Professional Education (CPE) classifications with those recommended by the National Association of Boards of Accounting (NASBA) and the American Institute of CPAs (AICPA). To streamline the CPE reporting process, we are exploring options to export our CPE information to the board in a manner more efficient for our members.

The Society had great representation at the Rhode Island Business Leaders Day sponsored by

Senator Jack Reed. Our trip to Washington, D.C. was filled with political analysts' presentations as well as time with Ben Bernanke, chair of the Federal Reserve Board, and Henry Paulson, secretary of the Treasury. Our six-member contingency joined other business executives from Rhode Island to interact with our four elected officials.



Mary F. Bernard, CPA
RISCPA President

This fall will be busy with Leadership Day with Randy Fletchall, the incoming chair of the AICPA. The AICPA Fall Council meeting in Tampa in October will be well attended by the Society. This is a great opportunity for the Society to maintain communication with the national representatives of our industry. We are also continuing efforts on the mobility issue by reaching out to New England in a regional meeting to assist in the proposal of legislation. Our success in Massachusetts has greatly encouraged us in the attempt to eliminate the notice requirement for out-of-state CPAs temporarily working in another state.

Take time to enjoy the colorful fall season before busy season descends upon us!

Sincerely,
Mary F. Bernard

Mary F. Bernard, CPA and RISCPA president

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E v e n t s

OCTOBER 18, 2007

Networking at Dave and Busters for young CPAs, bankers and attorneys (35 & under).

JANUARY 29, 2008

Networking reception for CPAs, bankers and attorneys at the Providence Marriott from 5:30 p.m. to 7:30 p.m.



The RISCPA presented the RI Food Bank a \$600 donation from the Young CPAs After Tax Season Event. (L to R) Kris Moretti, Bob Mancini and Allison Abramson, major gifts manager

Government Affairs

R.I. Business Leaders Day Offers Insight and Access

Each fall, U.S. Senator Jack Reed (D-RI) invites Rhode Island business leaders to join him for Rhode Island Business Leaders Day. Attendees hear from members of Congress, government officials, and journalists on a broad range of topics and learn how these issues impact our country, our state, and their businesses.

"I look forward to Rhode Island Business Leaders Day every year. It is a chance for our business leaders to learn firsthand about what's going on in Washington and how it will impact them at the state and local level," said Senator Reed. "This program is a great opportunity for people to network and engage in discussions with some of the nation's leading newsmakers, like Fed Chairman Ben Bernanke, and policy experts like

Majority Leader Harry Reid and Treasury Secretary Henry Paulson. I am always impressed with the high level of discourse at these forums. There is always a great deal of give and take. And I think

the speakers really enjoy it just as much as the attendees."

This past September marked the 9th time Senator

Reed has convened the annual R.I. Business Leaders Day. The 2007 program featured an impressive roster of guest speakers, including: Senate Majority Leader Harry Reid (D-NV); Senator Chuck Hagel (R-NE); Ben S. Bernanke, Chairman, Board of Governors of the Federal Reserve System; Henry Paulson, Secretary of the Treasury, Al Hunt, Executive Editor, *Bloomberg News*; Jennifer Duffy, Editor and Political Analyst, *The Cook Political*

Report; Senator Jeff Bingaman (D-NM), Chairman, Senate Committee on Energy & Natural Resources; Senator Kent Conrad (D-ND), Chairman, Senate Committee on Budget; Senator Trent Lott (R-MS), Minority Whip; Lieutenant General Brent Scowcroft (ret.), former National Security Advisor and President of The Scowcroft Group, Senator Sheldon Whitehouse (D-RI); Representative Patrick Kennedy (D-RI); Representative Jim Langevin (D-RI), and Chris Jennings, President of Jennings



Policy Strategies (JPS), Inc.

More than 100 business leaders from all over Rhode Island participated in the forum this year. The day was well attended by RISCRA members, including Mary Bernard, R.I. Auditor General Ernie Almonte, Kevin Currier, Richard Carriere, Bob Mancini, and Cap Willey.

"The program gives attendees a better perspective on national issues," said Kevin Currier, CFO of Dimeo. "Sure you can read about them in the *Providence Journal* or *Boston Globe*, but this is an opportunity to hear from the top people who offer new insight on today's pressing issues."

Asked who was most impressive, Currier says that all speakers were top notch and some packed a lot of star power. "But General Scowcroft's evaluation of worldwide safety and security was truly fascinating," he said.

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One-on-One with Grafton “Cap” Willey

Grafton “Cap” Willey, managing shareholder of the Rhode Island offices of Tofias PC, has been working with, for and on behalf of small business since the early 1980s. This year his role as an advocate reached a top level. In January, Willey became chairman of the National Small Business Association (NSBA). As the first Rhode Islander elected to that position, Willey will continue NSBA’s advocacy of issues that are critical to the nation’s small businesses.

What Counts: You’ve been an advocate for small business for decades. What prompted your interest?

Cap Willey: I’ve always worked for a small business, such as an accounting firm, or worked on small business accounts. The entrepreneur is my hero. Small businesses are the primary jobs creators, innovators and drivers of the U.S. economy. They are unique. There’s no other place that has the same entrepreneurial spirit that U.S. small businesses have.

WC: What types of businesses typically make up the small business market?

CW: All types. From manufacturing, to service businesses, to hospitality, even nonprofits can operate as a small business. In Rhode Island, you can count the number of large businesses on two hands. In the midwest, you may find more large businesses, with smaller business used to support them. But here we rely on the small business probably more than any other state.

WC: How does NSBA affect change?

CW: We’re the oldest small business organization and represent over 150,000 small businesses. In fact, we celebrated our 70th anniversary this past May. NSBA is made up of individual members and core group organizations such as Smaller Business Association of New England (SBANE), Small Business Association of Michigan and also groups based in Pittsburgh, California and Cleveland. The core groups work on local issues, but they really needed a national presence in

Washington. After the 1970s, the political process changed, and organizations like SBANE needed a concentrated lobbying effort in Washington to have an impact on Federal legislation. NSBA has a staff of about 15 people in Washington, D.C. and they’re on the hill every day. We focus on many grassroots tactics and rely on our members for response and direction on issues affecting Small Business. We have “issues committees” that meet monthly via teleconference. Topics are discussed, positions taken, when the



Cap Willey, CPA

issue positions are developed they are taken to our Legislative Action Committee and finally the board of directors.

WC: How does NSBA work with and differ from other small business organizations?

CW: There are two other Washington based organizations that advocate for small business: the U.S. Chamber of Commerce and the National Federation of Independent Business. In order to get anything done today you have to build coalitions so we work with other organizations to build consensus on issues. Occasionally we have to take stands by ourselves. The primary difference between NSBA and the other Small Business groups is largely in our political leaning. The other organizations tend to be more Republican. We pride ourselves in being non partisan or bi-partisan. We have the unique ability to work on both sides of the aisle, whereas the others tend to be more effective when the Republican party is in control. That being said, I belong to all three groups and work with all three groups.

WC: What are the key issues you and NSBA have on your agenda this year?

CW: Unfortunately there’s good news and bad news. The bad news is that Congress is so partisan and gridlocked that nothing is happening in Washington. The good news is that Congress is so partisan and gridlocked that nothing is happening. It is frustrating dealing with the partisanship right now. It’s the worst I have seen in my experience.

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However, we do have an agenda and the top three issues that concern small business are tax issues, healthcare and environmental/energy issues.

WC: Could you provide an overview of the issues?

CW: For healthcare, small businesses continue to be faced with double digit increases and it's killing them. Most respond by cost sharing with employees. It's a huge, all encompassing problem, but there are so many special interest groups involved, it's hard to make changes.

A federal solution is unlikely, especially now because of partisanship. The solution is most likely at the state level. The NSBA issued a white paper stating its position that healthcare should be an individual mandate. This concept was picked up by Massachusetts and is now being rolled out. We will be watching this experiment closely. My prediction is that as states experiment with different options for managing healthcare costs and coverage, the federal government will watch what's successful and then perhaps look to make a national change.

On the issue of taxes: first and foremost, the complexity of the tax system is driving people crazy, including accountants. Another issue is the tax gap. The IRS recently claimed that 75 percent of unpaid taxes is from small businesses. It's a claim that's unverified and CPAs are very concerned about this perception. The IRS has taken this position and subsequently ordered detailed audits of many small business. It's easier to pursue small businesses than a large company that has a string of lawyers and advisors at their discretion to fight them. A small business often settles as a matter of economics rather than principle.

The tax gap issues has a great impact on CPAs because most of us work with small businesses and the label could hurt their reputation and business. Unfortunately Congress thinks that the tax gap is a huge pile of money that they can use to increase their spending programs or balance the budget. In actuality, the unpaid taxes from offshore activity dwarfs what small businesses owe. But it's very difficult to go after.

WC: How have small businesses thrived nationally (they make up 50 percent of the Gross Domestic

Product) despite the many challenges?

CW: They're creative. They find ways to accomplish their goals, work hard and are innovative. Most R&D innovation comes from small business.

WC: What happened this past legislative session in Rhode Island that affects small business?

CW: Let's go back a year. In 2006, we had a good session. Leaders of the General Assembly recognized that business creates jobs and jobs create a healthy economy. The tax and regulatory environment at that time was giving Rhode Island a bad reputation for business. We were the fifth highest tax state, had a 9.9 percent marginal tax rate, had a structural budget deficit in which we were spending well beyond our means, and we were not competitive with neighboring states.

There were a number of legislative initiatives passed that year that helped improve the situation. They passed a flat tax alternative that is being phased in. They moved to phase out the inventory tax (over a 10-year period) and also the motor vehicle tax. In addition, with the support of Senator Teresa Paiva-Weed, the Senate attempted to tackle property taxes, which were the third highest in the country at the time. These were courageous decisions that were bucking a trend that had embattled our state for years.

In 2007, our state is faced with huge structural deficits and it was critical for us to hold on to these initiatives. It was more of a defensive year. Legislators realized that they couldn't continue to raise taxes and rely on one-time special solutions to fix the

issues. Given the current fiscal climate, I'd anticipate another defensive year coming up. As far as I am concerned the issue on the budget is on the expenditure side not the revenue side. Tough decisions have to be made.

WC: In your opinion, what does Rhode Island need to do to create a better business environment?

CW: First, from a budgetary standpoint, address the structural deficit and spending side of the equation. We also need to look at regulatory enforcement. Regulations and assessments are a form of taxation. For example, the compliance costs to meet the new fire code are so high, it can put a small company out of business. We need to develop regulations that make sense for everyone.

WC: What role can RISCPA members play?

CW: It's incumbent upon our members to be an advocate for all business in the state of Rhode Island. It's important to advocate for good business laws and a healthy business climate.

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Professional News

Changing GAAP: Are Changes Coming for Small Business?

For years, CPAs, bankers and investors, business owners and managers have debated whether one-size-fits-all Generally Accepted Accounting Principles (GAAP), created largely with large, public companies in mind, can be applied to small, private employers. They have questioned whether the costs of complying with such principles are justified by the benefits for those small companies. These same constituents have also discussed developing distinct GAAP for larger companies, a.k.a. “big GAAP,” and smaller companies, a.k.a. “little GAAP.” Ultimately, however, the Financial Accounting Standards Board (FASB) has only issued one set of standards.

More recently, the American Institute of Certified Public Accountants (AICPA) and the FASB formed the Private Company Financial Reporting Committee (PCFRC) to roll up their sleeves and delve deeper into the issue. To that end, the committee conducted focus groups and extensive surveys, and concluded that constituents believe, “many GAAP-specific requirements lack relevance or decision usefulness to private company constituents.” The PCFRC recommended that it be used to make formal recommendations to the FASB when it believes that differences in GAAP related to private companies are warranted, hoping to give voice to small, private companies in the

standards-setting process.

“The PCFRC is reviewing the ongoing standards-setting activities at the FASB, and has decided to address several of their current projects,” explains

RI’s economy is largely comprised of the kinds of small, private businesses not thoroughly considered during the financial reporting standards-setting process

Thomas Vignali, principal of Thomas W. Vignali CPA LLC in South Kingstown. Vignali’s firm provides bookkeeping, taxation and management

advisory services to small businesses in Rhode Island.

Yet Vignali warns that this may not solve the issues with current one-size-fits-all standards. “You’re looking at a committee that can issue recommendations only,” he said. Vignali is concerned the committee does not have the influence and authority to bring about actual change. “We’re hoping this committee will at least have their voice heard on a consistent basis,” he said. So far, they have issued two recommendations.

Rhode Island’s economy is largely comprised of the kinds of small, private businesses not thoroughly considered during the financial reporting standards-setting process. In fact, 89.7 percent of Rhode Island’s businesses employ fewer than 19 workers, according to a recent study by the Department of Labor and Training. Likewise, according to the study, very large companies with 1,000 or more employees account for less than .1 percent of Rhode Island’s businesses.

“We’re talking about small, owner-managed businesses – the local pizza place on the corner, family-run restaurants...places that don’t require the kinds of sophisticated transactions that a large, publicly-traded company has,” said Vignali. “Many of the new standards are geared toward large companies with complex transactions...It’s not that they don’t work, it’s that where they apply, they provide little or no value to the small business client, while also increasing professional fees,” he said.

Vignali does not see GAAP adapting to small company needs in the near future. In fact, he predicts instead, a change in GAAP in the opposite direction to reflect the needs of larger, global companies.

“In the future – based on my research – it looks like there is going to be a convergence between generally accepted accounting principles issued by the FASB and international financial reporting standards issued by the International Accounting Standards Board (IASB),” said Vignali. He and many other industry experts believe that instead of further compartmentalizing standards and creating standards that better suit the needs of smaller private businesses, the FASB appears to be considering making standards more universal to better suit the needs of larger, global companies. Unfortunately for Rhode Islanders, this means that financial reporting standards will not likely adapt to meet the needs of their small businesses anytime soon.

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QUONSET from page 1

plans, they said, failed to include the amount of office space they had envisioned and failed to resemble a "village." Instead New Boston Development Partners asked two big-box retailers to anchor the then, 65-acre Gateway, making it feel like "just another strip mall development," according to Town Manager Michael E. Embury. Despite subsequent adjustments based on the Planning Commission's complaints, the State Planning Council rejected the QDC's proposal in an 11-1 vote in March, also complaining that the layout discouraged the use of walking and public transportation.

After the firing of QDC's chief executive officer in the first week of August, the group submitted revised plans for the project. "It (the Gateway) is the entrance that needs to set the tone for the entire park, and it needs to be one we're all proud of," said Saul Kaplan, executive director of RIEDC.

Fortunately, the new plans seem to have helped this grand-scale project to move forward, receiving the approval of major stakeholders. The new plan cut retail space by 6.2 percent or 21,000 square feet, and adds 69.7 percent or 160,000 square feet of new office space. Addressing smart growth concerns, the new design increases the density of the park by 18.4 percent. Finally, the new plan aims to create a more "village-like" feel with the addition of a new multi-story office building at the park's entrance, and outdoor cafes and bus stops sprinkled throughout the park.

"We are excited because there is just short of 400,000 square feet of office space, including some attractive multi-story office buildings for smaller, service-type offices," said Kaplan. "The small business community is an important part of our economy and always will be."

According to a recent study by the Department of Labor and Training, 89.7 percent of R.I.'s businesses employ fewer than 19 workers. Small businesses account for more than a quarter of the state's workforce, the study revealed.

"The growth in businesses at Quonset Business Park has been predominantly in the area of small business," said Steven J. King, RIEDC's director of construction services and chief operating officer of QDC. King also serves as interim CEO of QDC. "Roughly 75 percent of the companies at Quonset employ 20 or fewer employees. We welcome small business since it serves to diversify and thus strengthen the employment base at Quonset."

The QDC has really worked to encourage small business growth at the business park. King points to the 4.3 acres of land which the agency sold in 2006 for the development of the West Davisville Small Business Center, in which 16 business condominiums were built for smaller businesses and are already occupied. Additionally, King notes that in 2002, QDC sold two, 200,000-square-foot warehouses to the West Davisville Reality LLC for subdivision into smaller units suitable for small businesses, and that Phase I of the Quonset Gateway will include almost 400,000 square feet of office space.

"Our role is to create the platform for businesses to come to Quonset and we believe that the business-friendly environment, the infrastructure and utilities available at the park, and almost 500,000 square feet of total quality small business space, encourages small businesses to locate and grow here," said King. Utilities designed to attract consumers and corporate tenants alike

at the park include a 138-acre, popular 18-hole public golf course, a marina, a high-speed ferry, a child day care facility, a 160-room Hampton Inn hotel in the Gateway, and restaurants with meeting and banquet facilities.


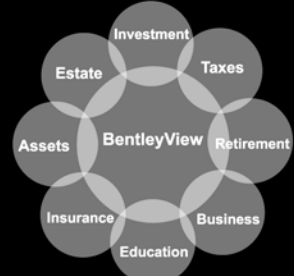
The park's recently announced amenity is the Plex at Quonset Point. The Plex, proposed by local developer RAWV Development LLC, will be an 88,000-square-foot, steel-framed structure with five indoor sports fields and will be the largest athletic complex of its kind in the state. Developers say they will lease 25,000 square feet to small businesses to operate a pro shop, physical therapy facility, fitness center and restaurant.

Other major recent developments at Quonset include a possible yacht service facility near the Davisville Pier. "We are still in discussions to bring IGY, a global player in the mega-yacht servicing market, to Quonset," said Kaplan. "This could bring up to 400 higher-wage jobs to Rhode Islanders."


IGY is typical of the kind of business Kaplan and RIEDC hopes Quonset will attract. "We are trying to build a 21st century innovation economy so we're focused on sectors that have the potential to produce higher-wage jobs for Rhode Islanders," said Kaplan.

It seems the QDC and New Boston Development Partners LLC did not forget about the little guy when it came to revising the plan for North Kingstown's old Navy yard. According to Kaplan and King, the planning and marketing of the Quonset Davisville Port & Commerce Park has always had R.I.'s small business economy in mind.

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Academics

Rhode Island Business Plan Competition Heats Up for 2008

What do a sleep research company, an electronic long-range signal adaptor manufacturer, a worksite wellness program and GPS cell phone-based security system service have in common? They're all past winners of the Rhode Island Business Plan Competition (RIBPC) – and they all started viable businesses in the state. Creating jobs is one of the determining factors in the stiff competition for cash prizes and in-kind professional services. This fall, the RIBPC is launching its 2008 competition, and will award more than \$150,000 in prizes in May, 2008 to two deserving and emerging companies.

A collaboration of academia and business

Over the past seven years, the business plan competition has evolved amid joint ventures between the originating sole sponsor of the competition, Business Development Company of Rhode Island (BDCRI), TechCollective (formerly Rhode Island Technology Council) and Brown Forum for Enterprise. This year's program is led by representatives from BDCRI and Brown University along with support – direct grants or in-kind contributions – from more than 25 corporate, nonprofit and academic groups.

"It's a collective effort to help the business community," said Charles Kingdon, associate vice president of Brown Technology Partnerships, Brown

University and co-chair of the RIBPC 2008. "No single organization owns the program. I think that has ensured its continuing success."

According to Peter Lowy, spokesperson for the program, the Rhode Island

Business Plan Competition is unique because of the collaborative effort between the academic and business communities. While most similar competitions are sponsored by universities, RIBPC is open to anyone with an entrepreneurial spirit, solid business idea, and desire to contribute to the economy. The one requirement is that winning companies have offices in Rhode Island.

Established in 2001, the program was dormant from 2003 to 2005 due to lack of funding. In 2006, through the interest of Brown Forum for Enterprise, the competition was revitalized and now an award triple the value of the original prizes goes to two companies; one for each the Student and Entrepreneur track.

"Adding the students in 2007 has really bolstered the program. They bring sophisticated, well thought out plans" said Garrett B. Hunter, president of BDCRI and co-chair of 2008 RIBPC. Last year included applicants from Johnson & Wales, University of Rhode Island and Brown University. Bryant University will be participating this year due to the growing reputation of the competition.

Voyage to victory

Each year, about 50 applications are submitted and reviewed by a volunteer group of judges, comprised of corporate and academic leaders who have firsthand knowledge and experience in starting and running businesses. Judges narrow the field down to six semi-finalists in each track who are then asked to provide their comprehensive business plan for critique. Based on that review, three finalists in each group are invited to present their ideas in a private, 30-minute meeting with the judges.

"This presentation part is increasingly important. Ideas may look good on paper, but the applicant may not be fully on their game in person – or vice versa. A business' success often hinges on the principal's ability to present," said Lowy.

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RI BUSINESS PLAN COMPETITION from page 8

Competition sponsors a series of workshops in the months leading up to the application deadline. These events typically draw between 50 to 70 people and not only include informative presentations, but also provide a networking and mentoring environment for entrepreneurs at all stages of business building. The events are open to anyone, whether entering the competition or not.

"It's an opportunity to meet and talk with those who have gone through the trials and tribulations of starting and operating a company," said Hunter.

Past winners prove the competition works

The kick-off event in early October will provide first hand feedback from last year's winners and what's happened with them since being recognized.

Michael Glier, CEO and co-founder of Campus Guardian won for the Professional track and says that "the key benefit (to winning) was an objective validation that our business plan had merit compared to competing plans."

Glier says that winning has also been beneficial when presenting to potential investors and to prospective customers, and that the cash and in-kind awards have eased the company's financial stresses.

"This has given us some validation by business experts who are 'proven,'" said Glier. "Potentially more important, winning has increased our confidence that we have a business plan that can stand up to external scrutiny."

In the past year, Campus Guardian, which turns GPS-enabled cell phones into personal security devices that can notify a college security force, has continued with product development, sales, and their search for financing. They've completed demonstrations to two prospective customers who are now near pilot deployments, with strong interest from additional schools as well.

The competition helped Glier's team refine its vision and drive some of the tactical planning. Participating in the vigorous activities allowed the team to think through and resolve some issues which helped prepare them for meetings with prospective investors and customers. "The questions we were asked helped tell us what the issues were that would likely be of greatest concern, and that we must be prepared to address."

Last year's inaugural Student winner Brad Weinberg, co-founder of Providence Health Solutions found the entire process enlightening.

"Winning the competition has provided us with crucial legal and advisory services that we have used in organizing and seeking financing," said Weinberg.

Like Glier, Weinberg agrees that the prestige has given their business "legitimacy" with potential employees, advisors and clients. Most importantly, it has opened the doors to a network of people who are interested in helping their business succeed.

Since winning the competition, Providence Health Solutions has set up an office in downtown Providence, and Weinberg with partner Rajiv Kumar are continuing to develop and market *Team Up* and *Link Up* corporate wellness programs in the New England area.

The team spent about 200 hours on the business plan to make sure that the vision was viable, easy to understand and agreed upon between the leaders. But he says that it was worth it.

"The business plan has provided us with a crucial framework that we refer back to on a continual basis," said Weinberg. "Others should do it. We are in medical school and found the time to do it. It takes sacrifices, but it has been one of the most amazing experiences in my life so far."

Campus Guardian and Providence Health Solutions are proof the competition works. Kingdon says the goal is to create real businesses and make a viable difference in Rhode Island. This year, the RIBPC hopes to raise enough funds to award all finalists a monetary prize. One of the criteria for becoming a finalist is the likelihood that prizes will enhance a business' success; therefore, widening the net of support will only foster greater achievement.

"Success has caught on. This competition is great for Rhode Island," said Hunter. "We're really looking to continue to work with businesses and provide a strong network and training process."

Lowy added, "We're gaining momentum. There's some serendipity and people are applying (to the competition) when they're ready."

For more information on the competition and events schedule, visit www.ri-bizplan.com.

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RI WOMEN IN BUSINESS *from page 1*

1,000 businesses, and created more than 4,000 jobs that resulted in about \$120 million in wages. Importantly, they also helped secure more than \$16 million in financing for 127 women-owned businesses.

As of 2006, the Center for Women's Business Research estimated that 36,219 privately-held (50% or more) women-owned firms existed in Rhode Island, generating \$7.8 billion in sales and employing 48,844 people. These firms account for 36.6 percent of all privately-held firms in the state, and include an estimated 27,990 privately-held, majority (51% or more) women-owned firms in Rhode Island, accounting for 28.3 percent of all privately-held firms in the state. These businesses generate \$5 billion in sales and employ 26,195 people. Between 1997 and 2006, the number of these firms increased by 56.6 percent, an encouraging number.

CWE hopes to see those numbers continue to grow, and is giving local women the tools to make it happen. At the core of the CWE program is helping aspiring women business owners write a "bank ready" business plan. They put together their financial projections, read operations reports, and realize how they can achieve financial success.

"One of the biggest joys our clients receive is learning to create financial projections," said Malysz. Once they have completed their balance sheets, income statements and cash flow projections, they've assembled the major components of a bank ready business plan.

Services are delivered in several ways: one-on-one, small groups, and classes. The first one-hour session is free so that members can learn about the center and see if they want to proceed in achieving their business goals through this route. Second is a two-hour class that teaches the steps to starting a business. Instructors ask important questions to encourage people to think about many facets of business ownership and if it's really for them. Other options include a 13-week business planning class, and one-on-one counseling for those seeking specific, expert advice on issues such as finance and marketing. And with less than 5 percent of women having access to venture capital, the CWE also offers courses on topics such as angel investors, or financing options other than traditional bank lending.

Once a potential business owner visits the center, the majority choose to move on to the next phase.

"For those who aren't ready, they become more knowledgeable, apply what they've learned to their next job, and develop new business contacts. Above



all, their confidence level increases dramatically," said Malysz.

CWE's clients include a continuum of people from all educational and ethnic backgrounds. Malysz outlines some key groups, however, that they help regularly. Often women who have recently terminated welfare benefits turn to CWE to find out if they have enough income to start their own business. Upper- to middle- income women, who have left the corporate world to go out on their own, make up another population. The segment that's the fastest growing, however, is women in their early 30s who do not want to follow the corporate path. She wants to be home, have a family and use technology to her advantage to have her own international business.

"It's fascinating to watch this group breaking out of the 'norm' of the past," said Malysz.

There's also an increase in women working in the life-sciences, turning to their own business ventures. Helen Greiner, owner of iRobot, was a former employee of NASA and MIT's Artificial Intelligence Laboratory, and is an alumna of the Center for Women and Enterprise.

Malysz points to a number of reasons why women turn to the Center for Women and Enterprise to help start a business. Some women want to break away from the corporate environment because of limited growth or the "glass ceiling" effect that still exists today. Others are looking for flexibility, additional income, the ability to pursue a passion, or alternative work environment. Most of them, though, have an idea or area of expertise and want to know if they can make it work and be financially successful.

"We help them think through this process and examine how owning a business will fit into their life," said Malysz. "We also help with an exit strategy for their business. Are they planning to leave the business to a family member? Will this be a lifestyle business? There's a lot to consider when starting or selling a business."

Most CWE client businesses are service-based, but there are retail, construction and wholesale operations as well. In fact, take a stroll down any main street in Rhode Island and you'll run into a CWE client. Cafe Choklad and Bambini are just two of many on South Main Street in Providence.

Other regions are thriving as well. Last year, alternative medical services were on the rise and health-oriented practices such as yoga, pilates and elder-care sprouted, especially in South County.

In contrast, Providence's business market is growing in the area of arts, especially along Westminster Street, where artistic venues such as shops, restaurants and galleries are opening as more creative people crave to be in the middle of a growth environment.

It's no surprise that a number and combination of challenges exist for these ambitious entrepreneurs. Ability to access capital to start or grow a business tops the list, as well as the fact that many women are still the primary caregivers. Work/life balance issues are pressing for women business owners as a business is somewhat like a child. It's requires attention 24/7, making



TOPIC: Starting a Small Business

Question: What kind of insurance coverage do I need for my small business?

Your insurance needs will obviously depend in part on the type of business you operate. However, all business owners should consider at least three types of insurance.

One, you may need business property insurance to cover your assets against various losses that result from natural and man-made causes. Check the policy to determine what assets and events it covers, and purchase riders for any additional coverage you feel is necessary. You may want to cover any building you own and its contents (e.g., furniture, office equipment, inventory, and supplies). If you lease space, you may still want to purchase property insurance; your landlord's building insurance will not cover your business possessions. If you run your business from your home, you should consider purchasing separate business property insurance. In most cases, your homeowners policy does not cover the use of your home for business purposes.

Two, you may also need liability coverage to protect against lawsuits that could arise if the services or products you provide injure or harm your customers or their property. Liability insurance pays the cost of these damages, as well as attorney fees and costs. A similar type of protection for professionals is called Errors & Omissions insurance.

Three, if you have employees, your state may require you to purchase workers' compensation insurance. This insurance covers medical expenses

and at least a portion of lost wages for employees injured or taken ill as a result of their employment. Your state's laws determine the maximum number of workers you may employ to be excluded from mandatory coverage, and the types of employees (e.g., independent contractors) that you may exclude from coverage.

Question: Don't most small businesses fail?

Although it's true that many new small businesses go under within their first year or two, there are usually reasons that can explain their failure. If you're aware of the pitfalls associated with the start-up of a new enterprise, you can take steps now to maximize the chances that your business will succeed.

Don't start a business you know nothing about. If you're a pastry chef, don't open an auto-body shop. Your experience, skill, and knowledge of the business you wish to run are key to its success.

You'll want to conduct extensive market research to determine if the product or service you will offer is currently in demand. Define who you're marketing to and target your message to them. Also, consider the most favorable time to market your product or service (e.g., toys at Christmas). Of course, another key to your success is location, location, location. Finally, plan your advertising campaign and consider how you will distribute your product or service.

Pay attention to your competition. Be sure your product or service offers your customers something your competitors do not.

Set up a written business plan detailing the design of your business growth. Organize a start-up team of people who have abilities you lack. Determine how you will obtain the capital to finance your project, and be sure you have adequate capital. More importantly, make sure you have enough to live on. Many new businesses do not generate income immediately. Finally, include in your business plan an exit strategy for closing the business should things not work out as you had hoped.

Source: 360 Degrees of Financial Literacy (www.360financialliteracy.org), in partnership with Forefield Incorporated (www.forefield.com). 360 Degrees of Financial Literacy, is a national volunteer effort of the nation's Certified Public Accountants to help Americans understand their personal finances and develop money management skills.

According to the Small Business Administration, small businesses:

- Represent more than 99 percent of all employers
- Employ 51 percent of private-sector workers, 51 percent of workers on public assistance, and 38 percent of workers in high-tech occupations
- Represent nearly all of the self-employed, who make up 7 percent of the workforce

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flexibility difficult. Critical to overcoming such challenges is a solid team of professional business services in place to support a business owner.

And for these women, it's especially important for organizations like CWE to be well funded. This year, state funding was cut by 50 percent. As a nonprofit, CWE relies on state and federal funding, corporate, and individual donations to survive. Malysz says that the support from these organizations really fosters economic development in Rhode Island. Technology helps as well. Thanks to a

grant from Microsoft, CWE is now able to offer some online courses simultaneously to all three sites, making it more economic and efficient.

CWE and Malysz are doing their part as advocates as well. Malysz serves on Lt. Governor Elizabeth Robert's Small Business Advisory Council and educates legislators on why women-owned businesses are so important, focusing on issues such as access to capital, legislative changes to create a business supportive environment, and financial programs and services.

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