

SBA NEW JERSEY

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About SBA New Jersey

SBA New Jersey is a quarterly newsletter written and distributed by the U.S. Small Business Administration's New Jersey District Office.

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Helping small businesses **start, grow and succeed.**



Your Small Business Resource

CHANGE IS COMING TO SBA

Prior to his inauguration as the 44th President of the United States, President Barack Obama nominated

Karen Gordon Mills, a venture capitalist from Maine, to become the next Administrator of the U.S. Small Business Administration.

Mills is a founding partner of the New York-based equity firm Solera Capital and the chairwoman of the Main Governor's Council on Competitiveness and the Economy. She is also president of the MMP Group in Brunswick, Maine, and she serves on the boards of directors for the Maine Technology Institute and the Maine Chapter of the Nature Conservancy.

Mills graduated magna cum laude



Karen Gordon Mills seen here with President Barack Obama at a press briefing, where he introduced her as his nominee to become the next Administrator of the U.S. Small Business Administration.

from Radcliffe College, part of Harvard University, with a degree in economics. She received her master's degree from Harvard Business School in 1977. Mills' Senate confirmation hearings have not yet been scheduled, but are expected to take place some time in February.

New Jersey's Economic Recovery Depends on Small Business

New Jersey's economic recovery will depend on small business. That message is driven home in the newly updated New Jersey Small Business Profile released today by the Office of Advocacy of the U.S. Small Business Administration. The most recent data show that the state has 205,321 small employers, and they employ 51.1 % of the state's workforce.

"New Jersey depends on small business for jobs and economic growth," said Shawne McGibbon, Acting Chief Counsel for Advocacy. "During this time of financial stress and economic instabil-

ity, policymakers need to remember that the state's small businesses provide the economic base for its families and communities."

To further highlight the importance of small business, the updated profile notes that small businesses created all of the state's net new jobs from 2004 to 2005 (latest available data).

Not only does the state's economy depend on the health of its small businesses, so too does the economy of the United States.

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PUMPED UP ABOUT HIS SUCCESS

Alfredo Ciotola has good reason to be pumped up these days. Despite a sluggish economy, the owner of Frontline Industries, an Irvington manufacturer is doing just fine selling and repairing pumps and seals to his customers.

For Ciotola it all started in 1970, when he emigrated from Italy to the United States. For 10 years he worked for Con Edison in different jobs while studying Mechanical Engineering at nights at the City College of New York.

In 1980, an opportunity came along to buy a valve repair shop in Roselle. So Ciotola and a partner purchased the business. "It was a valve repair shop with very few customers left," said Ciotola. "We basically purchased the equipment."

So Ciotola and his partner moved the business to Irvington and quickly began offering repairs of pumps and mechanical seals in order to attract more customers. The strategy paid off and the business began to grow. After he bought out his partner, the company evolved into a firm that provides custom engineered mechanical solutions to companies using industrial equipment.

The turning point for the company came in 1999, when Ciotola received three patents on the Big Boy® Line of Couplings he designed. "On our repair calls I observed the poor quality of couplings that were on the market," said Ciotola. "I felt compelled to develop something that was superior. Basically, the coupling connects the motor to a pump which allows a machine to function properly. A superior coupling means that our customers get maximum production from their machines and in the long run less maintenance costs."

The development of the Big Boy® Line of Couplings enabled Ciotola to take his company to the next level. What he didn't count on was running out of space at his 11,000 square foot facility in Irvington.

Needing a new facility to keep up



What Economy? Despite reports of massive layoffs and a sluggish economy, small business owner Alfredo Ciotola and his company Frontline Industries, Inc. of Irvington are thriving. Ciotola recently received an SBA 504 Loan for \$3.3 million to purchase a 27,000 square foot facility so he could keep his 17 employees in Irvington. Ciotola is seen here pointing to numerous pumps waiting to be repaired at his shop. He also noted that expansion is on the horizon.

with the company's growth, Ciotola found a 27,000 square foot facility also in Irvington. During that time, he also learned of the Regional Business Assistance Corporation (RBAC) in Mercerville. RBAC is a non-profit community wide loan program that provides financing to both new and existing small businesses in New Jersey. The organization also partners with U.S. Small Business Administration (SBA) in the agency's MicroLoan and 504 Certified Development Company (CDC) loan program.

What interested Ciotola the most was the SBA's 504 CDC loan program. Typically, a 504 project includes: a third party loan secured with a senior lien on the financed asset from a private-sector lender covering 50 percent of the project cost; a 504 loan secured with a junior lien made by a CDC (funded by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the project cost; and a contribution of at least 10 percent equity from the borrower. Generally, a business must create or retain one job for every \$50,000 provided by SBA, except for manufacturing loans, which must create or retain one job for every \$100,000 provided by SBA.

"The purpose behind SBA's 504 loan program is to provide small businesses like

Frontline Industries with long-term financing at a fixed rate for assets such as land, buildings and equipment," said SBA's New Jersey District Director James A. Kocsi. "Partnerships with lenders like the Regional Business Assistance Corporation and Bank of America, who also provided financing for this project, give small business owners access to capital that is necessary to generate substantial economic and job growth throughout the United States. The great part of this story is that Frontline Industries remains in the inner city of Irvington where good paying jobs are most needed."

As a result of utilizing SBA's 504 loan program, Ciotola was able to secure a \$3.3 million to purchase a 27,000 square foot facility in Irvington. The new space allows the company to plan for future growth.

"We were overcrowded at the old facility and the purchase of this new building will make us more productive and will allow us to gradually expand over time," said Ciotola. "Without the assistance from the SBA, Regional Business Assistance Corporation and Bank of America there is no way that we could have financed this project on our own."

Today, Frontline Industries employs 17 people with a staff that includes engineers, highly qualified technicians, and trained machinists. The company provides a wide array of products and services to customers in the following industries: Municipalities (Potable & Waste Water), Utilities, Marine, Industrial, Chemical, Petro Chemical, Food & Beverage, Pharmaceuticals, Power Plants in general and Universities' R&D Departments.

The company offers its customers a pick-up service and delivery within a 100 mile radius. However, the company does allow for out of state customers to ship equipment that need repairs to their Irvington facility. In addition to its repair service, Frontline Industries has distributors in over 25 states, including the District of Columbia and Puerto Rico, as well as international distribution networks in Canada, Argentina, Colombia and Ecuador.

According to Ciotola, Frontline works on all types of pumps and has done work for Key Span, PSE&G, Reliant Energy, Coca Cola and Anheuser Busch to name a few. "The good thing is the economy does not affect us," said Ciotola. "We are either servicing pumps or selling new ones," said Ciotola. "We are very busy now."

"Frontline Industries is about implementing specific solutions for very tough problems," said Ciotola. "There is no competition at the level of quality and service that we provide our customers."

And for Alfredo Ciotola that is enough to keep him and his employees pumped up about the success they are currently enjoying.

Top SBA Lenders

(Results for 1st Quarter of SBA's Fiscal Year 2009 - Oct. 1, 2008 through Dec. 31, 2008)

Lender	# of Loans	\$ Amount
1) TD Bank	36	\$16.5 million
2) BNB Bank	22	\$ 9.3 million
3) Innovative Bank	20	\$ 1.2 million
4) New Jersey Business Finance Corp.	11	\$ 8.0 million
5) 1st Constitution Bank	8	\$ 3.4 million
6) Central Jersey Bank NA	8	\$ 3.0 million
7) Unity Bank	7	\$ 4.1 million
8) PNC Bank	7	\$ 3.7 million
9) JPMorgan Chase Bank	7	\$.9 million
10) Bank of America	7	\$.2 million

NJ Economic Recovery Depends on Small Business

Continued from Page One

The U.S. has slightly more than 6 million small employers, or 99.7% of all employer firms, and they provide 50.4% of its private sector employment. These firms created 78.9% of the nation's net new jobs from 2004 to 2005, and they generated more than half of the private non-farm gross domestic product.

The Office of Advocacy, the "small business watchdog" of the federal government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats, and it funds research into small business issues.

For more information and a complete copy of state and territory small business profiles, visit the Office of Advocacy website at www.sba.gov/advo.

NJSBDC Celebrates 30 Years



Celebrating Success - - SBA's NJ District Director, James A. Kocsi is seen here with Brenda Hopper, State Director for the New Jersey Small Business Development Centers at the **NJSBDCs Small Business Growth and Success Awards Luncheon**. The network of eleven NJSBDCs paid tribute to the leadership and innovation skills that each of their clients have demonstrated since receiving individual business consulting services from their local SBDC.

From a maker of organic gelato desserts to a baker of gourmet cheesecakes, the New Jersey Small Business Development Centers honored 13 entrepreneurs for their business leadership and innovations skills.

The one common thread that each entrepreneur shared was that they utilized the programs and services of the 11 New Jersey Small Business Development Centers located at colleges and universities around the state.

U.S. Small Business Administration's (SBA) NJ District Director James A. Kocsi said, "The SBA is very proud of our long-term relationship with the New Jersey Small Business Development Centers. I also congratulate them on their 30th Anniversary and for providing outstanding support to small business owners."

Those interested in learning more about the programs and services of the SBDCs should visit their Web site at www.njsbdc.com

Upcoming Events

Win "More" Deals in Tough Times
Thursday, February 19, 2009
10:00 a.m.—1:00 p.m.
NJAWBO at the SBA
Two Gateway Center –15th Fl.
Newark, NJ 07102
Fee: None
For Information:
(973) 507-9700

Building & Financing Your Business with the SBA
Wednesday, Feb. 25, 2009
6:00 p.m.— 9:00 p.m.
Atlantic County Library
40 Farragut Avenue
Mays Landing, NJ
Fee: None
For Information:
(609) 625-2776 Ext-6304

Building & Financing Your Business with the SBA
Thursday, February 26, 2009
3:30 p.m. 6:00 p.m.
The Ciarco Learning Center
355 Main Street
Hackensack, NJ 07601
Fee: None
For Information:
(201) 489-8670

Starting and Managing Your Own Business
Tuesday, March 17, 2009
9:00 a.m.— 2:30 p.m.
SCORE at the SBA
Two Gateway Center—15th Fl.
Newark, NJ 07102
Fee: \$35 Includes book
For Info: (973) 645-2434

Business Leader's Forum
Saturday, March 28, 2009
8:00 a.m.— 5:00 p.m.
Centenary College
400 Jefferson Street
Hackettstown, NJ 07840
Fee: \$99
For Info:
(908) 852-1400 Ext.-2136

New Online Resources for Small Businesses to Help with Economic Recovery

Entrepreneurs can take advantage of new, free online training and other resources offered by the U.S. Small Business Administration to assist them during this period of economic recovery.

The SBA offers a variety of online courses to assist small businesses in more effectively managing their firms in the current economy. The new course topics, available directly at www.sba.gov/services/training/onlinecourses, include revising business plans to reposition with current conditions, winning customers in a slowing economy, restructuring existing debt, and diversifying your customer base with federal contracts.

The most recently added course is **"Downshifting in a Slowing Economy: A Business Planning Guide."** This course is designed to help business owners reorganize and streamline their business strategies. Other related business tools include a new automated business plan template, and an assessment and strategies guide for surviving in a slowing economy.

"The SBA is helping small businesses with the resources and tools they need in the current business cycle," said Jeff Andrade, Associate Administrator for Entrepreneurial Development. "In addition, SBA offers a variety of resources and referrals to small businesses uncertain about what to do in the current economy on its Web page on Economic Recovery at www.sba.gov/helpingmainstreet."

Each free course is self-paced, and provides practical guidance on how to stay on top of economic conditions. These and other courses can be accessed from the SBA's Web site at www.sba.gov/training. To access them, **click on "Free Online Courses,"** then make a selection under the header **"Surviving in a Down Economy."**

The SBA can also help to find local agency offices and lenders. Business owners can talk with an SBA representative about financing options and identify local, participating SBA lenders; learn about SBA's Loan Guaranty Program using an electronic guide with audio and many targeted links; and train with expert counseling and mentoring services by talking with an SBA representative or resource partner about management assistance.

Small Business Procurement Fair Slated for March 4th in Atlantic City



Where:
Atlantic City Convention Center
2314 Pacific Avenue
Atlantic City, NJ 08401

When: March 4, 2009

Time: 7:30 a.m.-4:00 p.m.

Info: (509) 838-8755

The U.S. Small Business Administration will be participating in the **9th Annual Alliance Mid-Atlantic Small Business Procurement Fair**, Wednesday, March 4, 2009 at the Atlantic City Convention Center.

"Last year's event brought 800 business owners and vendors together," said SBA's New Jersey District Director, James A. Kocsi. "Each year the size and depth of this conference has grown and we are excited about the prospects and networking opportunities this year's conference will bring to participants."

Early registration through February 4th is \$150. Standard registration is \$175 through February 27th. To register online, please visit <http://www.allianceforbiz.com/events/> or call (509) 838-8755