



WOMEN CONSTRUCTION OWNERS & EXECUTIVES, USA

April 2006

Message from the President

By Ida B. Brooker

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Another great conference at the seat of the Government for this great nation. I will tell you that the days were chock a block full with briefings, presentations and meetings. For those of you who were able to attend I hope the information distributed by the various governmental agencies and the opportunity to meet with your elected officials was informative and productive. For those of you who were unable to attend, well, you just plain missed an outstanding opportunity to increase your understanding of the federal government and how it works. My thanks to Shannon Schaeffer and Deborah E. G. Wilder, Esq. for making the meeting so memorable. The many hours of hard work certainly paid off.

I am happy to report that I have been elected to serve another term as President. I am thrilled. Have I got an agenda that I want to complete this year! The Board was good enough to approve a budget that will allow us to attend Trade Fairs and other events across the country to get the word out that we are here to assist women in the Construction Industry. This is fair warning to all you members out there that we need two things from you. First, we need to know of any Trade Fairs that will be occurring in your area that would be of value for WCOE to attend. The second is, while we are planning to send someone there, we will need your help in attending the affair and to help promote WCOE during the event. Be ready for our call. We need each and every one of you to get the word out.

We are not planning to have a Mid-Year Conference this year but we are planning a Board Meeting that will be held sometime after school starts this fall. While it will not have a formal program, so to speak, it will be filled with meetings and valuable discussions that would benefit from input from any members who would like to attend. I will keep you posted on the dates.

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Board of Directors 2006 - 2007

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Senior Vice President –	Deborah Wilder
Vice President –	Arnice Lamb
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National Associate Director-at-Large –	Nancy Goshow

Message from the President

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The next conference will be next spring, again, in Washington DC. The dates have not been set in concrete yet so if you have any dates that you would like for us to avoid, please let me know (ida.b.brooker@boeing.com).

One of the products of the conference was our Position Paper that is on the next page and is also posted on the website. You are free to print it and take it to any meetings that you may have with your local elected officials as talking points. This information is very useful for our electorate so that they know what issues are important to us and in some cases how they can support our issues.

In order for WCOE to be successful we need your involvement and in doing so you will gain from the experience of all the other members who have been there and done that. Join together with other local member for a meal and sharing. I would love to meet each and every one of you soon.

16th Annual OSDBU Procurement Conference April 19-20, 2006

Date: Thursday, April 20, 2006

Location: The Show Place Arena
14900 Pennsylvania Avenue
Upper Marlboro, MD

Time: 8:00 a.m. - 3:00 p.m.

Purpose: The purpose of the conference is to provide networking and educational opportunities to all conference participants. The goal is to bring small businesses, large corporations and government agencies together in one place. In addition to networking opportunities on the Exhibit Floor, there will be four seminars, the ever-popular Procurement Matchmaking with program managers and procurement representatives, and offer on-site procurement opportunities.

For more information, please visit:

<http://www.fbcinc.com/osdbu/default.asp>

How to Run Your Business So You Can Leave It in Style

By Marilyn Thureau

One of the best seminars I ever attended was one offered at the Denver WCOE meeting a few years ago based on a book by John Brown, a Denver attorney, and given by a member of his staff, "How to Run Your Business So You Can Leave It in Style." In addition to the practical matter of passing your business on through inheritance or sale, it was a good manual of business practice.

Although we had a well-run company that was very profitable, I had always figured that when it came time to retire, I'd just fold my tent and steal away. Imagine my surprise when I realized there might be real value in the business—something that would be worth money to someone else. The book offered a blueprint of what to do to prepare yourself for the sale of a business.

There were many parts of Mr. Brown's outline that did not pertain to us. We had no inventory to speak of because we drop-shipped almost everything direct from the supplier; no building, no lease, no employees, no exclusive supplier contracts. On the other hand we had an excellent reputation, excellent credit rating, no outstanding insurance claims or lawsuits, and a loyal and growing customer list. We'd expanded our product line so that we could offer a solution to almost any radiant heating problem that could be solved by an electric product. Our suppliers and manufacturers were willing to warranty the products we sold. In short, it was a very simple, uncomplicated business.

As part of our commitment to them, we instituted a troubleshooting program. This was as much to educate ourselves about the products and installation as to solve the clients' problems of "no heat" and the "system isn't working". Therefore, when we needed to go to the manufacturers for help, we could give them a fairly complete picture of what was wrong.

We also had no contractor's license to transfer. I decided against a licenses in order to limit my liability. In the remodeling sector where we worked, there were too many variables, and since we did no installation, we did not need a license. Instead I took advantage of the certification programs for Certified Remodeler, and Certified Remodeling Associate offered by the National Association of HomeBuilders and the National Association of the Remodeling Industry. A series of classes followed by comprehensive tests. These gave me credibility in the two sectors in addition to serving as networking opportunities.

We have always been a supporter, yes fan of trade associations. In addition to NAHB and NARI, we belonged to the Radiant Panel Association which was established to set standards and work with manufacturers to determine the guidelines for radiant products and installation. Although the RPA's membership was heavy on the hydronic (water) products, they also included electric cable, electric thin-film technology and anything that produced radiant heat.

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2006 Issue & Position Paper

Women Construction Owner & Executives, USA (WCOE) is a national association representing women owners and executives in the construction industry. Woman-owned businesses have more employees than all of the Fortune 500 companies combined. Small business is the primary avenue through which women enter the business community. Small businesses should not bear the cost of social reform with disproportionate benefits, costs, and taxes. Small businesses must be encouraged.

WCOE supports contracting programs that:

- Advocate education, mentoring, and training as a means of achieving equal opportunity.
- Advocate enhanced opportunities for all qualified bidders to participate in the competitive bidding process.
- Advocate the utilization of goals (*not quotas*) to encourage equal access to bidding opportunities.

Women, as business owners, face additional barriers of socio-economic stereotyping, which inhibit their ability to obtain capital, contracts, bonding, and access to market opportunities. This is especially true in nontraditional fields, such as construction. WCOE advocates laws and regulations that help all small businesses, particularly those that will create a level playing field for women business owners. WCOE advocates stronger enforcement of equal credit opportunity and financial assistance to all women-owned businesses. Stronger enforcement of existing legislation must continue to be a priority to assure equal access to capital.

SUBCONTRACTING PLANS-SMALL BUSINESS REAUTHORIZATION ACT

Subcontracting Plans must have accountability standards and an enforcement mechanism to ensure that small business participation promised by prime contractor's is met. For many years large federal contractors have been required to submit subcontracting plans demonstrating their utilization of small businesses (including businesses owned by women and minorities, HUB Zone, Disabled Veterans and other small business categories) on various federal procurement/construction projects. However, there has been little tracking and nearly no enforcement mechanism so that prime contractors get credit for using small businesses whether they actually do so or not. Realizing that procurement officers and contract administrators for the government do not have the resources to audit and enforce subcontracting requirements on all subcontracting plans, WCOE proposes that the provisions relating to Subcontracting Plans be amended to require:

- 1) Identification of the small business to be used on the project with a brief description of the work and the approximate dollar value of the work to be performed;
- 2) Provide grounds for the removal or substitution of a subcontractor who is unable or unwilling to perform certain contract requirements;
- 3) Require the government agency to withhold payment from the prime contractor if a subcontractor who is listed, is not contracted to perform the work (and has not been properly removed or replaced);
- 4) Allow a private right of action by subcontractors who are listed in Subcontracting Plans but who are not used or replaced according to the removal or substitution provisions herein.

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SMALL BUSINESS HEALTH CARE PLANS - S 1955

WCOE supports legislation which allows small businesses to form a consortium to procure insurance at a lower rate through an industry group. Currently, conflicting state laws make it cumbersome, if not virtually impossible, for small business to obtain health care coverage for a small number of employees at rates comparable to larger employer group rate health plans. The House of Representative has already passed legislation on this issue. Senate Bill 1955 "The Health Insurance Marketplace Modernization and Affordability Act of 2005" has passed out of the Senate Health, Education, Labor and Pension (HELP) Committee. This legislation allows competitive rates and programs to be offered to small businesses throughout the country and will address a critical need for affordable health care for small businesses and their employees. WCOE urges all Senators to vote in favor of this important legislation.

BUNDLING/STRATEGIC SOURCING/FAR REGULATIONS

In March 2002, President Bush directed the Office of Management and Budget to prepare a strategy for unbundling contracts. The OMB's failure in this area now necessitates that Congress take action. All agencies must be held accountable for strict enforcement of their subcontracting plans.

Bundling has resulted in substantially fewer small businesses receiving federal contracts and the federal government is suffering from a reduced supplier base. American small business brings innovation, creativity, competition and lower costs to the federal table. When small businesses are excluded from federal opportunities through contract bundling, agencies, small businesses and taxpayers lose. Large bundled projects impose excessive bonding limits and require long term cash flow commitments which small businesses cannot meet. Bundling also creates an additional layer of management, adding cost without value to the taxpayer.

WCOE proposes that regulations and/or legislation require that construction contracts be unbundled when they exceed \$7 million (for Department of Defense), \$5 million (for Department of Energy, General Services Administration and NASA) and \$2 million (for all other agencies). If an agency proposes any bundled contract in excess of these amounts, the Procurement Center Representative and OSBDU offices must give approval prior to the contract solicitation being published.

ONE-STEP CERTIFICATION

WCOE supports the establishment of one-step certification of woman-owned small business (WOSB) firms. Such certification must be recognized by all Federal, State and local agencies receiving any federal dollars. Providing a single certification process will save the government tax dollars through the elimination of multiple certification programs in multiple agencies. WOSB firms will save both time and money in complying with only one, as opposed to dozens of certifying agencies and departments. WCOE supports strong certification guidelines and opposes any type of self-certification process. WCOE applauds the legislation passed in 2004 which mandated all federal and state agencies recognize one-step certification for 8(a) contractors. We support expanding this effort for all certification processes for WOSBs.

SMALL DISADVANTAGED BUSINESS THRESHHOLDS

The income cap of \$750,000 for qualification of a SDB was established over a decade ago. This threshold needs to be reevaluated, increased and indexed to address cost of living increases.

WOMEN BUSINESS CENTERS

WCOE supports the permanent funding for the Women Business Centers (WBC) through the Small Business Administration. The WBCs is a critical component to address the significant disparity in the lack of federal contracts awarded to WOSBs. The services provided by the WBCs have enhanced the utilization of WOSBs. These efforts need to continue to allow WOSBs to gain the expertise necessary to be a viable competitor and receive federal contracts.

Doing Business with the Department of Energy

The following is the process on how to get into the Department of Energy database:

1. If you are not registered in the CCR, please go to www.ccr.gov to register your company. Make sure to include your website in your profile. This is very important and your company may not be looked at if you do not include this information. CCR is the Central Contracting Registration to centralize the registration process so that you do not have to register with each site separately.
2. Once you are registered on the CCR website, you want to email that number and your DUNS number to small.business@hq.doe.gov. The DOE will use your DUNS number to download data from the CCR and include it in their database. Once you are included in the database, your firm's capability will be accessible to all of our program offices and prime contractors.
3. Next, review DOE's forecast at <https://hqInc.doe.gov/Forecast>. It identifies both prime and subcontracting opportunities. This site is updated twice a year. Once you find an opportunity, compatible with your firm's capability, communicate with the point of contact and please copy Michelle Alvarado (her contact information is on the right). This way she will be able to follow-up with you.
4. Additionally, once you identify an opportunity in the forecast, and are interested in meeting, calling, or emailing the respective program office, she will help make it possible.

The DOE has only one small business conference a year. This year the 7th Annual Small Business Conference will be held in Seattle, Washington at the Seattle Convention Center on June 28-30, 2006. For more information or to register visit www.smallbusiness-outreach.doe.gov.

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There is a matchmaking event (sponsored by a private party). The goal of this event is for prime contractors to bring real subcontracting opportunities and to match the prime with a sub. The event is limited to 300 people who have a buying need.

If you are interested in the Mentor-Protégé Program with the DOE contact Brenda DeGraffenreid at Brenda.degraffenreid@hq.doe.gov or 202-586-4620.

With any further questions, please contact:
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How to Run Your Business So You Can Leave It in Style

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WCOE played an important part in my personal development, it was never a determining factor in our business development except as you will see in a later article.

So these were our "assets". But of what value were they to a purchaser?

My first attempt at selling was to find a buyer. I answered a direct mail postcard. "Call us if you want to sell your business. We have thousands of leads." Like other programs with thousands of leads most of them were worthless. I phoned the more promising one and wrote enticing letters that went unanswered and chalked the whole thing up to "market research". The company did provide a financial review of sorts that was helpful. It at least gave me an idea of what someone else thought of our company.

My next attempt was with a local business broker who didn't have a clue about how to market our business. Only loss, consultation fee.

My next attempt was with a supplier who was interested if I would essentially buy the business for him. Maybe I was missing something, but I would work for him as an employee. Any earnings over the salary/expenses would go to funding his purchase. I'd have the benefit of a stockroom, office staff, and some advertising. Maybe it's a legitimate way, but I didn't like it.

The third prospect was a parallel company, one who had a very successful hydronic contracting business. Our relationship had been that they would refer the prospects they couldn't or didn't want to serve to us—small jobs, jobs that were better suited to electric than hydronic and so on. I tried to convince him that he could move my operation right into his with little or no disruption. He didn't want to fragment his cored business. He also pointed out that, whereas we had a prospect list of nearly a thousand names, they had 12,000 owners, contractors and architects.

Almost without exception these prospects were interested only in the bottom line, and what's in it for me, certainly matters of first concern and legitimacy, but I was looking for a different attitude: serving our client base and a commitment to quality. Being a child of the depression, I had foolishly built up a lot of case reserves. We decided to pay dividends, leaving enough cash for operating funds for the purchaser.

My family members had always been interested in Mom's business but each had his/her own businesses or established careers. So I was surprised when my son, a corporate pilot came to me with the idea of buying it. He thought he could operate it within the time allotment of his flying and showed me his plan for operation. He and his wife figured it would bring in extra money for projects they had planned. He had room for an office. He had space to carry inventory, he had time between flight obligations to his employer that he had used to remodeling their home. He had construction experience, and was highly thought of by his employer and friends. After consulting his boss he got an okay—as long as the business operation didn't infringe on his duties as a pilot. (He loves to fly, loves his job, loves the company he works for, so that was never a problem.) The other two children were not interested, as one is thoroughly involved in the mortgage business and the other is a successful framing contractor.

How to come up with a value? I turned to my accountant for a complete financial review. (Although we were a corporation we weren't large or complicated enough to require an audit.) We looked at sales which had been climbing steadily to a respectable amount for a one-person business although they were down for 2002. We felt that the economy would recover and the potential was there. We looked at gross and net profit, tax liability and came up with a value that surprised me. However, both my accountant and attorney felt it was fair based on their experience in dealing with small business, which was extensive. I presented it to Craig and his wife Dana, who works for a major bank. They consulted a small business attorney and their accountant and received a go-ahead.

The next step was the buyout agreement, prepared by my attorney, reviewed by theirs. The payment schedule was worked out to cover three years, quarterly and include the Federal rate of interest. All payments have been made on time and the last one is due June 15, 2006.

The best part was Craig's comment when the deal was done: "I'm not as worried about making money as I am about serving my customers as well as you have." It has been fun to watch him do both as he passes through the same stages of growth I did.