

## News You Can Use From Your SBDC



**LONE STAR COLLEGE SYSTEM**  
**SMALL BUSINESS**  
**DEVELOPMENT CENTER**

*Consulting ★ Training ★ Solutions*

April 2009

[Visit our website!](#)



### SBDC Success Story: Gulf Coast Environmental Systems, LLC A Global Leader in Air Pollution Control Technology

Gulf Coast Environmental Systems, LLC (GCE), located in Willis Texas is a provider of Air Pollution Control Technology and Equipment to worldwide markets.

GCE was founded in 2003 in The Woodlands, Texas as an engineering company specializing in air pollution control technology. Equipment, mainly thermal oxidizers, was carefully engineered to specifically match each customer's unique application. Manufacturing was initially performed at a subcontractor's facility near Chicago.

By 2006 GCE's business had grown to a point where in order to maintain the desired quality and production commitments, in-house manufacturing was necessary. Locations in Illinois, California, Nevada, Oklahoma and Texas were considered. In order to finalize our decision we engaged the SBDC office in The Woodlands and was introduced to a site in Willis, Texas. The site in Willis was eventually chosen for the following reasons; a suitable manufacturing facility already existed, a knowledgeable management team and workforce was locally available and Texas offered a cooperative business minded mentality.

Ken Rogers, GCE's President said; "In the end the decision was simple. We located the plant in the area where we felt we would get the most local support. The Small Business Development Center

#### In This Issue

[SBDC Success Story](#)

[SBA 2009 recovery Act](#)

[For COBRA Employers](#)

[Net Operating Loss Carryback](#)

[SBA Upgrades Podcasting](#)

[Top 10 social networks for Entrepreneurs](#)

[The 5 C's of Credit](#)

[Free Consultation](#)

[New Consultant](#)

#### Free Consultation

The success of your business is our only priority. Contact a Senior Consultant in your area today:

**Sal Mira, Director**  
 Lone Star College System Office  
 The Woodlands  
 832-813-6673  
[sal.mira@lonestar.edu](mailto:sal.mira@lonestar.edu)

was a major factor in the decision; "it has proven to be a sounding board which I personally find to be extremely important. Their help in assessing property values, labor availabilities and lending options was very helpful". An added benefit has been the work ethic that seems to be built in to the local labor. Not only are we able to hire skilled workers but they bring with them a culture of giving a good days work every day. I can truthfully say that I believe we produce the best quality in the industry and we do it at a competitive price."

GCE's equipment is used in many industries to clean the air, eliminate odors and reduce greenhouse gasses. GCE has installed many pieces of equipment in and around the Houston area as well as Canada, Mexico, Israel, Abu Dhabi, Australia and China. Projects currently on the books include domestic customers as well as several in the Middle East and elsewhere.

GCE is in the process of creating a subsidiary in Shanghai, China in order to service a multimillion dollar contract for equipment in that country to reduce greenhouse gasses. Much of that equipment will be built in Willis.

Mr. Rogers says that what separates GCE from the competition is the ability to engineer the equipment to meet the application. In fact the large contract for equipment for China was placed after the customer interviewed 31 builders of similar equipment worldwide. GCE was selected because of its ability to create innovative and cost effective designs as well as its ability to build install and provide service in China.

Ken Rogers, President of GCE is a graduate of National University in San Diego with a business major. He has owned or managed manufacturing companies and for 10 years prior to coming to GCE, acted as a consultant for businesses in the defense, nuclear and commercial industries.

Chad Clark, Chief Engineer is a graduate of Vanderbilt University in Nashville with a Mechanical Engineering degree. He has extensive experience in the industry and is mainly responsible for GCE's innovative engineering approach and customer specific designs.

Winton Hood, General Manager of the Willis facility has extensive experience managing manufacturing facilities. Mr. Hood brings to GCE the management, logistics and quality control experience to make GCE a true world class manufacturer.

Mr. Rogers further says that even through the current economic downturn GCE's business is growing. "Companies are looking for better value. That means us. Orders so far this year have actually surpassed last year at this time and as our reputation grows so do our opportunities. Business is international. So far this year I have been to Germany and London to negotiate new contracts. The new administrations stated goals of reducing greenhouse gasses will add to the demand for our equipment domestically. We fully expect our business to grow dramatically in the coming years." In addition to the Willis Facility, GCE has offices in Brazil, China and Australia. GCE's engineering office is located in Chicago. Please see GCE's web site at [www.gcesystems.com](http://www.gcesystems.com).

#### **Don Ball**

Lone Star College-North Harris  
Greenspoint Center  
281-260-3178  
don.ball@lonestar.edu

#### **Kerry Woodson**

Lone Star College-Kingwood  
281-312-1770  
kerry.d.woodson@lonestar.edu

#### **Steve Hamilton**

Lone Star College-Montgomery and  
Conroe  
832-813-6523  
Lone Star College-Tomball  
281.357.3788  
steve.hamilton@lonestar.edu

#### **Karen Cavallaro**

Lone Star College System Office  
Lone Star College-CyFair  
and Magnolia  
832-482-1057  
281-290-5266 - Fax at LSC-CF  
karen.s.cavallaro@lonestar.edu

### **New Consultant**

We are pleased to **introduce** our new senior consultant Karen Cavallaro.




[Join Our Mailing List!](#)



**FREE SEMINARS**  
**For Small Business**  
*Learn More About Money and How to Manage It!*

APRIL 19-25, 2009






**Ask for more information about these seminars!**

<b>100 WAYS TO SUCCEED DURING FINANCIAL UNCERTAINTY</b> Tuesday, April 21, 2009 7:30 am - 9:30 am	<b>STARTING YOUR OWN SMALL BUSINESS</b> Thursday, April 23, 2009 7:30 am - 9:30 am
---	--

Sam's Club  
2000 Westview Blvd  
Conroe, Texas

**Presented By**

 **SMALL BUSINESS DEVELOPMENT CENTER**  
CONSULTING. TRAINING. SOLUTIONS.  
**LONE STAR COLLEGE SYSTEM**

For more information, visit: [www.moneyweekhouston.org](http://www.moneyweekhouston.org)

**Workforce questions?**

**We have answers.**

**2009 Workforce Compliance and Law:  
Navigating HR, Legal and Legislative Issues  
in the Current Economy**

**May 6, 13 and 20**

For business owners and human resources professionals

**U.S. DEPARTMENT OF COMMERCE  
SMALL BUSINESS  
DEVELOPMENT CENTER**

For more information and registration click [here](#).

## SBA 2009 Recovery Act - For information you need to know...

Click [Here](#).

## For COBRA Employers

The stimulus package signed into law by President Obama on February 17, 2009 included a temporary COBRA subsidy provision that became effective for most plans on March 1, 2009 (and even earlier for some). The COBRA subsidy provisions include:

- For certain involuntarily terminated employees and their dependents, group health plans must accept 35% of the required COBRA premium as full payment for the coverage.

- After receiving the 35% payment, the employer maintaining the group health plan may recover the remainder of the COBRA premium through offsets to payroll tax deposits or direct payment from the government, but the employer must provide certain information in order to receive reimbursement.
- In the case of certain employees involuntarily terminated since August 31, 2008 and their dependents, group health plans must allow a "second chance" COBRA election.
- Employers must provide notice of the availability of the subsidy and the second chance election (for some individuals the notice must be provided no later than April 18, 2009).
- Employers must report to the individuals receiving the subsidy and to the IRS the amount of subsidy provided under their plans.

Additional information on the COBRA subsidy provisions, as well as IRS and DOL guidance on implementing the provisions, is available [here](#) and [here](#).

## Net Operating Loss Carryback

As part of the administration's small-business initiative, the IRS announced Monday that small businesses with deductions exceeding their income in 2008 could use a new net operating loss tax provision to get a refund of taxes paid in prior years. The provision, enacted as part of the economic recovery plan, enables small businesses with a net operating loss in 2008 to elect to offset this loss against income earned in up to five prior years, instead of the usual two-year limit. "The new net operating loss provisions could throw a lifeline to struggling businesses, providing them with a quick infusion of cash," said the I.R.S. Commissioner Doug Shulman in a statement. "We want to make it as easy as possible for small businesses to take advantage of these key tax benefits."

To access an IRS news release on the new loss carryback provisions of the economic stimulus package, click [here](#).

For a well crafted Questions and Answers document on the new loss carryback tax law changes, click [here](#).

## SBA Upgrades Podcasting for Small Business Owners

WASHINGTON - The U.S. Small Business Administration has upgraded its podcasts to offer additional resources to the nation's entrepreneurs. Business owners can take advantage of this and other business resources from the SBA to help them more effectively manage their firms, including free online training courses and other business tools and resources.

The SBA podcasts, available [online](#), provide an introduction to a variety of small business topics, and provide useful business information and advice.

The newest podcast topics include Marketing to the Federal Government, Getting Your Small Business Ready for Tax Season and Online Reporting of Employee Wages. Existing podcasts for entrepreneurs are Is Entrepreneurship for You and Checklist for Starting a Business. New podcasts will be added regularly to provide insight and tips on such topics as downshifting in a slowing economy, going green and business plan development, along with programs for veterans and information to help entrepreneurs start, grow and succeed.

Each podcast delivers a broadcast quality recording that can now be downloaded through RSS feeds, in addition to portable media players and personal computers. RSS is a format for delivering regularly changing Web content, such as podcasts, that provides an easy way to keep up with news and information, and avoids searching for information on Web sites. It benefits readers who want to subscribe to timely updates that can be directly delivered. The content, known as a feed, can be read using a readily available RSS reader.

The podcasts are less than 10 minutes in length and feature expert interviews from government, industry and business professionals. SBA podcasts and other resources can be accessed online at [www.sba.gov/tools/index.html](http://www.sba.gov/tools/index.html).

## Top 10 Social Networks for Entrepreneurs

Dan Schawbel, author of *Me 2.0: Build a Powerful Brand to Achieve Career Success*, had a terrific article last week on [www.mashable.com](http://www.mashable.com). I think many of you may find Dan's article of interest. To access the "Top 10 Social Networks for Entrepreneurs," click [here](#).

## National Small Business Week Celebration- Houston Northwest Chamber of Commerce

- National Small Business Week Celebration - Monday & Tuesday May 18 and 19th 2009
- National Small Business Week is sponsored by the President of the United States and the Small Business Administration. It is a time for organizations across the country to honor our nation's outstanding entrepreneurs, owners, and employees.
- We are celebrating by Houston Northwest Chamber of Commerce hosting two events.
- The events will be held at the Northwest Houston Sam's Club at Hwy 249 and FM 1960.
- The seminars will focus on business success.
- There will also be an opportunity to gain more information on

what is going on in our Texas economy and the legislature.

- Please contact Houston Northwest Chamber of Commerce for additional information and registration at (281) 440-4160.

## The 5 C's of Credit

By Kerry Woodson

As a Senior Consultant with the Small Business Development Center, one of the most common challenges I see small businesses face is financing the venture. Traditional bank financing tends to be most entrepreneurs' first thought when looking for money to start or expand a business. Given this proclivity for borrowers to start their search for capital at the local bank, it could be helpful to know the criteria these financial institutions use to evaluate a business loan application. While specific standards will vary, most banks will incorporate some version of the Five C's of Credit - (1) Character (2) Capital (3) Capacity (4) Condition and (5) Collateral.

**Character** - Character refers to your fundamental integrity and reputation. How have you conducted yourself in the past? Are you responsible? How have you met previous obligations? Character issues go beyond a simple credit report about bill payment history but identify the true essence of a person and by extension, the business. Ethics and principles still form the best foundation of trust on which businesses should build their reputations.

**Capital** - In essence, Capital is the amount of money or assets you as the owner are contributing to the project. Loan officers want to know that you are committed enough to the endeavor that you are willing to put up your own hard-earned money and share in the risk. If you don't have anything to lose and things don't go as planned, it's too easy for you to abandon the project. On the other hand, if you have your life savings invested in your idea, you're going to do everything in your power to succeed and not lose your or the bank's money.

**Capacity** - Capacity is your ability to repay the loan and still meet your other obligations. If the proposed loan payment is added to the existing cash requirements, are there adequate resources to handle the additional burden? Especially for start-ups, there is an increasing requirement for an alternative source of income separate from the business. It creates somewhat of a catch 22 in that it is difficult to make a full-time commitment to the new effort while maintaining another job but lenders want to know they will be paid regardless of what happens to the business.

**Conditions** - Conditions can range from the general national economy and business cycle to the local situation or the industry in which you operate. Are there any adverse circumstances or trends that would negatively affect your business and thus your ability to repay the loan? For instance, do you want to do something that is already in the dying stages of a product cycle? Take into consideration the environment in which you want to operate to make sure your idea has merit when all things are considered.

**Collateral** - Collateral is something of value you pledge as security you will perform an obligation. It serves as a backup source of

payment in case you can't repay the loan. Quite often, collateral is tangible property like real estate or equipment but not necessarily. Even though you are getting the loan for business purposes, be prepared to sign a personal guarantee. Rarely will a new business be able to stand on its own merit without the owner's personal commitment.

During these challenging times for small businesses, it's important to know the Five C's of Credit so you can create a positive presentation for your company. There are important qualitative factors that play a role in credit decisions in addition to the quantitative data. If you have a great idea, a strong plan, and meet the criteria, don't let the financing challenge prevent your business dreams from becoming reality.

SBDC  
Small Business Development Center

[Forward email](#)

✉ [SafeUnsubscribe®](#)

This email was sent to charmaine@lonestar.edu by [sbdc@lonestar.edu](mailto:sbdc@lonestar.edu).  
[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Email Marketing by



Small Business Development Center | Lone Star College System | District Services & Training Center | 5000 Research Forest Drive | The Woodlands | TX | 77381