



MINORITY SUCCESS STORIES

MAKING IT!™ DIGEST

COMPILED BY AMERICA'S MOST LAUDED SMALL BUSINESS TV

ISSUE #5

WWW.MAKINGITTV.COM JANUARY/FEBRUARY 2005

Small Business, One-Man Shops Are On The Rise

By J.N. Sbranti (Excerpts Taken)
www.modbee.com

More people than ever are starting their own businesses, and record numbers of them are working alone rather than hiring employees, just-released U.S. census data shows.

The number of businesses with one or more owners but no paid employees grew nationwide to 17.6 million in 2002. That was 3.9 percent more than the previous year. Those businesses generated \$770 billion in income, up 5.5 percent.

Nationally, small businesses make up 70 percent of all companies. They may be run by one or more individuals; can range from home-based businesses to corner stores or construction contractors; and often are part-time ventures with owners operating more than one business at a time.

Owner-only businesses that grew fastest nationally included: landscaping services (21.5 percent), janitorial services (20.4), real estate agents (7.1), child-care providers (5.9) and beauty salons (5.6). The census report was based on data from 15.4 million individual proprietorships, 1.1 million corporations and 1.1 million partnerships.

Businesses Owned by Women of Color

By Myra M Hart (Excerpts Taken)
www.womensbusinessresearch.org

Top 5 states for women-owned firms:

1. California
2. Texas
3. Illinois
4. New York
5. Florida

Between 1997 and 2004, African-American women-owned businesses grew by 32%, while Hispanic women-owned businesses grew nearly 64%. The two groups seeing the largest growth in women-owned firms are Asian and Pacific Islanders and Native Americans/Alaskan Natives both growing by 69%.

THE MAKING IT!™ DIGEST: MAKING IT! compiles news and information for and about small business, from various sources, for your convenience!

Tax Planning Advice For Small Business

By Joyce Rosenberg (Excerpts Taken)
www.metrowestdailynews.com



As small business owners start thinking about year-end tax matters, they shouldn't focus on their companies' finances to the exclusion of their individual taxes.

For owners who file their business returns on a Schedule C that's appended to Form 1040, the decisions they make in running their companies can certainly affect their individual taxes. So it's best to take a holistic approach to tax planning.

The common wisdom offered by tax professionals is to try to defer income until the new year and move up deductions into the current year -- but only if doing so makes tax and business sense.

In trying to accomplish either of those feats, some owners need to be sure they don't run into a huge tax pitfall, propelling themselves into a bracket where they'll have to pay the alternative minimum tax on individuals. The AMT is an additional tax some people pay, especially if they have large incomes or many deductions.

One way business owners can find themselves saddled with the AMT is if they decide to make their January estimated state and local tax payment early, by Dec. 31. It seems like a natural thing to do, because the accelerated payment allows owners to deduct these taxes on their 2004 returns, instead of waiting to file for 2005.

But if that tax payment is hefty -- and it can be in states like New York, California and Massachusetts, where tax rates run high -- it can put them into AMT jeopardy.

You can also stumble into the AMT by having too much income. So if you're not taking advantage of the business deductions you're entitled to -- such as using your \$100,000 Section 179 deduction on equipment purchases -- you can get hurt.

SBA and the HP Small Business Foundation Kickoff 2005 Business Matchmaking Season

By HP Newsroom (Excerpts Taken)
www.hp.com

The U.S. Small Business Administration (SBA) and the HP Small Business Foundation, a non-profit subsidiary of HP, today officially announced the Business Matchmaking schedule of both one-on-one and online matchmaking events for 2005. Tennessee Governor Phil Bredesen joined SBA Administrator Hector V. Barreto and Michael Pinckert, general manager of Small and Medium Business for HP, in the announcement.

Business Matchmaking is a public-private sector contracting initiative made possible through a cooperative agreement between the SBA and the HP Small Business Foundation. The program works by matching small companies with government agencies and private sector corporations, including Fortune 500 companies. The small business and the buyer then have a chance to meet one-on-one or via phone and negotiate a business deal for potential contracts.



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5 Chronic Small-Biz Mistakes To Correct

By Jeff Wuorio (Excerpts Taken)
www.microsoft.com/smallbusiness

Missteps, miscalculations and outright duds are unfortunate, yet ever-present starters in any small-business lineup. If nothing else, if it weren't for the battalion of snafus that lay in wait, every mom and pop kiosk would sport a bottom line that rivaled the New York Yankees'.

Mistake 1: Advertising always works.

If, say, you've been running a particular ad spot for years but with little to show for the expense, you've tripped over the assumption that advertising in and of itself never fails. Not so. Not only is it critical to understand and embrace your business's particular niche, it's equally imperative that you know your target market and, in turn, pin down the advertising media that best hits that segment.

Mistake 2: Build it and they will come storming to your door.

Akin to the mistaken sanctity of advertising is misdirected faith in the inherent appeal of your business. Just be there, slap a few ads in the local fishwrap and customers are queuing up by the break of dawn. Success mandates legwork. Related to that, another ongoing oversight is failure to get out into the community and network on a personal level, both with potential clients as well as business associates. "Networking creates buyers who will come to you because they know you or have heard of you, not from a cold ad."

Mistake 3: Love you, no matter what.

Although the human element to gaining attention and relationships is essential, don't look past any relationship that, over time, is more problematic than productive. Perhaps you've had a client for years who chronically moves with the speed of erosion

when it comes to paying his tab. By the same token, you may have held onto a sub-par employee in hopes that her performance would improve over time. Take some time to review carefully the people with whom you work to see if any element of your relationship has deteriorated over time. If, by chance, you spot someone whose presence may be doing your business more harm than good, don't play the nice guy at the expense of your operation.

Mistake 4: One size fits all — always.

Many chronic problems are creepers — those seemingly innocuous twinges that grow into chronic pain, often at a slow enough crawl that makes them tough to spot. Nowhere is that more the case than in your physical workplace. Give your workspace the once-over routinely to make certain that what you have for space is, in fact, what you need. Pay particular attention to home-office space where the price of success can, after a year or so, mean needlessly cramped quarters.

Mistake 5: Alone is best.

Locked in a lone wolf persona, one final persistent pitfall — particularly for home-based and startups in the first few years — is the mistaken notion that it's more efficient to do it all yourself. Trouble is, looking after one task means idling another — and that may ultimately slow profitability and growth. If you're spreading yourself too thinly or feel that even 24/7 doesn't allow enough time to address every need, see if bringing on some help may, in fact, generate more income than outgo. Break down the numbers to see if the expense of a sales rep or marketer may be more than offset by the productivity it frees up for you.

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