



Small Business Guide

Paul J. Kostek / Denny O'Brien
9 January 2007



Topics

- Starting your own business
- Market
- Funding
- Employees
- Producing the product/delivering the service
- Partnering
- Getting the first contract
- Conclusion



Starting Your Own Business

- Today opportunities for businesses in aerospace have been growing
- Defense contracts require offset to small businesses
- Privatization of space
- Partnering opportunities with large firms e.g. The Insitu Group (UAV called Scan Eagle) partners w/Boeing
- More options for funding – venture capital, angel investors, SBIRs, corporate funding



Questions to Think About

- Do you have a product or service that you believe there is a market for?
- Have you identified your financing options?
 - SBIRs, Venture Capital, angel investors, funding from corporate partners, credit cards/home mortgage(s)?
- Do you have partners, employees, or corporate partners?
- Can you handle risk?



The Market

Questions to ask yourself:

- Do you have a clearly defined product or service?
- Have you investigated the market for your product or service?
- Is it a feature, a product or a company?



Marketing

- Let the World know you're here
 - *Articles in local business papers*
 - *Articles in technical journals*
 - *Papers at Conferences*
 - *Tutorials/short courses (for consultants/service providers)*
 - *Attend local chamber of commerce meetings/industry associations*



Funding

- Bootstrap
 - *Credit Cards*
 - *Mortgage the House*
 - *401(k)s, IRA's*
 - *Family, Friends*
- Venture Capital
 - *Hard to get*
 - *Control*
- Angel Investor
 - *One solution if you can find a believer*



Producing the Product

- Manufacturing
 - *Where? Does it make sense to outsource?*
 - *Who? Finding a company you can trust*
- Test
 - *Internal*
 - *Outsourced*
- QA
 - *Internal*
 - *Outsourced*



Employees

- Management Team
- Technical team
- Support team
- Contract for some services
- Consultants



Selling/Getting the First Contract

- Marketing plan for your product/service
- Contacts in industry/government/academe
 - *Many companies have small business group*
 - *You need to know these people and they need to understand what you can do.*
 - *Universities have incubator/technology centers*
- Team that can deliver
- Follow the market and make sure you know what projects are being bid out and who the contact is at the prime or the agency/company letting the bid
- What do you bring to the team?

Working With a Large Company – Raytheon

■ Mentor-Protégé

- 6 current, 13 Former
 - Minimum goal of one new per year

■ Company goals in SB, SDB, WOSB, SBHZ, HBCU and MI

■ Supplier Diversity Program

- Throughout Raytheon-Avocates at every business unit
- Specific percentage goals
- Listing of principle products to be subcontracted
- Designation of selected industry catalogries for special 2001 goal accomplishment

■ Partnerships

- 15 HBCU (current)
- Supplier recognition for Minority Industries

3



Why?

- **It's the right thing to do!**
 - *Good for ALL*
- **Growing number of high tech small businesses**
 - *State-of-the-art new technologies and services*
- **Set-aside requirements**
 - *Higher percentages/Specific areas*
- **Become cost competitive**
- **Fulfill “Niche” requirements**
- **Local customer knowledge**



How to Work with a Large Business

- **Get our attention!**
 - Look for local opportunities being bid by large companies
 - Be a local favorite of customers
 - Call on potential large company bidders
- **Prepare to provide corporate capabilities (email)**
 - Capabilities first, current contracts second, POC's
 - Concentrate on capabilities for the specific opportunity
- **If you have a “niche” capability in local area market that is needed for a specific contract, market it (We will listen)**
- **Ask to be added to our small business data base**
 - Maximum use of “buzz words” in presentations for placement in our database

4



How To Continued

- **Ask a large company to team with or subcontract to you on your bids**
 - We don't want to turn down even small work (set-asides/goals)
 - Especially true, if it introduces us to a new customer with whom you have an established relationship
 - Best way to enter Mentor Protégé program
- **Make sure large business BD/Marketing knows you exist**
 - Attend Industry conferences
 - Attend APBI's-look at attendee lists
 - Join Industry Associations
 - Be listed and known by your local SADBUs
 - If you have a small contract with a customer find out who has the large ones and provide your capabilities- not just to the incumbent, but to all the others who lost the last competition

5



Conclusion

- Not everyone can be an entrepreneur
- You need to understand the risk(s) and the effort it will take to start a company
- Persistence is critical to succeeding
- You have to love what you're doing, because you'll be doing it 24/7



Resources

- Commerce Business Daily – www.cbd-net.com
 - *Listing of contract awards, bidding opportunities*
- Small Business Administration – www.sba.gov
 - *Advice, contacts, funding*
- Aerospace Industries Association
www.aia-aerospace.org
 - *Supplier Management Council Working Groups*
- The National Venture Capital Association
(<http://www.nvca.org/>)
- Venture Capital Resource Directory
(<http://www.vfinance.com/home.asp?ToolPage=venc a.asp>)



The World's Forum for Aerospace Leadership

