Compliance

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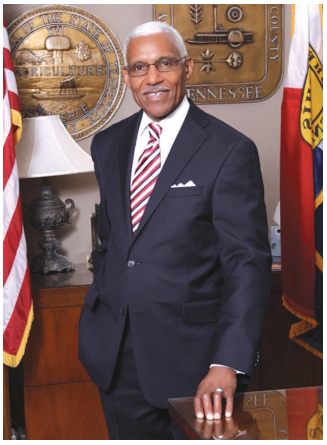
VOL. 1 • ISSUE 7 CITY OF MEMPHIS-OFFICE OF CONTRACT COMPLIANCE NEWSLETTER OCTOBER 2010

Message from the Mayor



City of Memphis
Mayor A C Wharton, Jr.

On September 27, 2010, President Barack Obama signed the Small Business Jobs Act, a bill designed to offer our small businesses much needed support and incentives in helping them grow. More pointedly though, the act restarts the Small Business Administration's Recovery lending program, which will allow 1400 small businesses to receive loans totaling $700 million.

Now more than ever, it is imperative that this money gets into the hands of small businesses, as it will be the efforts and vitality of small businesses that help jump start this economy. Via this act, loan limits have been raised and tax incentives have been created. Incentives have also been included for new investments and expansion of small businesses. In addition, health insurance costs are 100% deductible from self-employment taxes for both you and your family.

I encourage all small businesses to become familiar with this legislation and utilize the opportunities to grow your businesses. Our entire community depends on your strength and stability. And we look forward to the spurring of the economy with the job stability and growth that is sure to come from this historic legislation.

Warm regards,

A C Wharton, Jr.
A C Wharton, Jr.
Mayor

City of Memphis
OFFICE OF CONTRACT COMPLIANCE

A C Wharton, Jr., *Mayor*

Herman Morris, Jr., City *Attorney*

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Featured Certified M/WBE

Beyond Expectations: Interior Focus, Inc.

Amy Barkley

Interior Focus, Inc. is a commercial flooring business that specializes in supply and installation of carpet, ceramic, linoleum, wood, vinyl, rubber and resilient flooring products. Amy Barkley, the president of Interior Focus, established the company in 2001.

Since its inception, Interior Focus has been committed to providing their customers with the highest level of quality products and installation at fair and competitive pricing. Interior Focus participates in a variety of project types, including churches, dealerships, educational, healthcare, hospitality, multi-family, office renovation, and retail.

Furthermore, Interior Focus' completed projects include AOC World Headquarters, Bed Bath & Beyond, Christian Brothers University Life Sciences Center, Douglas High School, FedEx Office, Grenada Lake Medical Center, Hope Presbyterian Church, Memphis Mental Health Institute, Colonial Middle School, Manassas High School, Legends Park East Complex and Multi-Use Building, Sutherland Cardiology Clinic, and WKNO Headquarters just to name a few.

Ms. Barkley believes the secret to her success has been establishing strong and lasting relationships with her clients by exceeding their expectations and gaining their trust with exceptional performance, extraordinary service, and professional integrity throughout the construction process.

For additional information please contact:
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Interior Focus, Inc.
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CITY OF MEMPHIS-OFFICE OF CONTRACT COMPLIANCE NEWSLETTER

Compliance NEWS

B2GNOW

B2Gnow's Diversity Management Software

The Office of Contract Compliance (OCC) has adopted the use of the new software system, B2GNow. This software system is built especially for government agencies. It will allow the City of Memphis to track MWBE participation and payments electronically as well as expand our outreach efforts. Training for Prime/General Contractors with this software system will continue during the month of October.

In addition, this user-friendly system will allow tracking of all subcontractors on City of Memphis projects. The OCC will be sending notices via e-mail of upcoming training dates and times. Certainly, we hope this software system will make your experience with doing business with the City of Memphis more convenient.

Update! Small Business Enterprise Program: A Prime Contractor's Program

The Office of Contract Compliance would like to remind all MWBEs, if you plan to participate in the Small Business Enterprise (SBE) Program, please register and/or update your information on-line with the City of Memphis by doing the following:

The process to register as a vendor with the City of Memphis is as follows:

1. Go to the following website: www.memphistn.gov
2. Once at the website you will see the following drop-down menus: HOME GOVERNMENT RESIDENT VISITORS BUSINESS CHILDREN CONTACT US
3. Click on the BUSINESS menu.
4. Under the BUSINESS menu you will see the SUPPLIER REGISTRATION MENU.
5. Click on the Supplier Registration MENU.
6. Once you are at this page, you will need to complete the following two links (Online Suppliers Registration Form and IRS Form W-9)
7. The W-9 form must be faxed to us at 901-576-6191 the same day.
8. Please read the FURTHER STEPS sections.
9. I encourage you to view the Supplier Training Procedures (Video) listed on the registration page.
   While on the Supplier Registration Page you will see to the right a LINKS section.
   Click on DURING BUSINESS WITH THE CITY.
   Once on this page you will see another LINKS section.
   Click on SUPPLIER TRAINING PROCEDURE (VIDEO).

NATIONAL NEWS

$30B Small Business Lending Bill

The Small Business Jobs Act will increase loan limits and provide 90% guarantees on loans from Community Banks. A few details of the Act are as follows:

1. $55 Billion in tax cuts
2. Renews the SBA Recovery Act provisions
   a. Loans immediately available to 1400 businesses already preapproved on the waiting lists
3. 90% loan guarantees
4. Doubles the size limits of many of the popular SBA loans
5. Express loan temporarily raised from $350M to $1M
6. Deducts health insurance costs for the self-employed
7. Increases deductions for start-up expenses
8. Simplifies reporting on certain deductions

Small businesses are the engine for economic growth in the United States, account for 65% of new jobs, and employ half of the nation's private sector. This legislation was much needed to spur the banks to get money into the hands of those that need it most.

For additional information about the "Small Business Jobs Act of 2010" contact your local community bank or please visit: www.whitehouse.gov/briefing-room/signed-legislation

Rebates for Electric Vehicle Purchases

On September 8, 2010, Governor Phil Bredesen announced the "state of Tennessee, through participation in the national Electric Vehicle (EV) Project will offer a $2,500 rebate on the first 1,000 electric vehicles purchased in Tennessee. The state rebate will complement a federal tax credit of up to $7,500 for the purchase of electric vehicles."

For additional information about state energy tax incentives please visit: http://news.tennesseeanytime.org/node/5911 or www.nissanusa.com

For additional information about federal energy tax breaks please visit: www.energy.gov/business_tax_incentives.htm

TRENDSETTER

Travel Services, Inc.

Vicki Rush

Exclusive: Vicki Rush, CEO of A & I Travel Service, Inc. *by Joyce Douglas, Contract Compliance Analyst*

Joyce: How did you become interested in the Travel Industry and how long have you been in that field?

Ms. Rush: Shortly after graduating from college with a political science degree, I was picking up airline tickets at A & I Travel for my boss and I thought "This looks like a fun job." The president of A & I Travel was looking for a secretary at the time and I was hired and hooked by the travel business in 1977. I soon became a front-line agent and was promoted into various management roles along the way. In 2001, I became A & I Travel's CEO and part-owner when the company was sold to a small group of long-term employees. I think my path is somewhat of a traditional American dream – starting as a secretary and working up to an ownership position. I say "traditional" because these days it is pretty rare to find someone who has worked, enthusiastically so, for the same company for 33 years.

Joyce: Who is your target audience?

Ms. Rush: Just a little over 10 years ago A & I Travel had six branch offices scattered around the city and our business mix was 50% business travel and 50% vacation travel. The rise of the Internet as a source of travel information, the move to electronic tickets, and the changes that have taken place in travel agency revenue streams from a supplier-commission basis to a customer-fee basis have all contributed to some rather significant changes in our business. Today, we have one East Memphis location, many of our employees work virtually from all over the country, our customer base is no longer limited by geography, and 96% of our business is dedicated to corporate travel. Our clients are companies with annual travel budgets that range from $250,000 to $10 million.

Joyce: What are your company's biggest challenges?

Ms. Rush: Our biggest challenge might be dispelling the myth that our business has been replaced by the Internet! Beyond that, it's a matter of educating prospects on the value of a professionally managed corporate travel program. Most companies have central buying programs in place for everything from office supplies to IT purchases.

But because travel arrangements can be easily purchased from a variety of Internet sites, many companies who wouldn't think of allowing an employee to purchase a $700 work computer with the vendor of their choice think nothing of allowing them to purchase a $700 airline ticket without oversight or control.

We recently participated in an exercise where we had to describe our company value proposition in a six word story (inspired by Ernest Hemingway's famous challenge). At first it seemed an impossible task since travel is so complex and involves so many constantly moving parts (no pun intended). After much thought, though, we came up with the following submission: Costs reduced, spend optimized, travelers coddled.

Joyce: Do you have a "top strategy" for success that you'd like to share?

Ms. Rush: Keep income and expenses in balance, but when it comes to the long-term success of your company's bottom line you should focus on the length and quality of your existing customer relationships and do all that you can to continually court and earn their allegiances. The cost of attaining new customers is six to ten times greater than the cost of retaining existing customers. Growth is important, but for us it's not as important as client retention.

Joyce: Ms. Rush, thank you for taking the time to speak with the Compliance online newsletter and the Memphis Business Community. We wish you continued success.

A & I Travel at a Glance

- Established March 1953
- Recognized as the largest regional travel agency in the Memphis area
- Ranked 31st in the country by the 2010 Business Travel News list of the top corporate travel management companies
- Affiliate member of BCD Travel, the third largest global corporate management travel company in the world
- Focused on Corporate Travel Management with over 96% of business derived from this travel segment
- Certified WBE (Women Owned Minority Business)
- Privately owned Tennessee-based Corporation with active involvement in the day-to-day business by working owners

For additional information about A & I Travel Service, Inc., please visit www.aitvl.com.

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CITY OF MEMPHIS-OFFICE OF CONTRACT COMPLIANCE NEWSLETTER

MISSION

Minority and Women Business Enterprise Program

The Office of Contract Compliance serves as the support agency and administrative arm to the Minority and Women Business Enterprise (M/WBE) Participation Program and the Small Business Enterprise Program. The mission of the Office of Contract Compliance is to ensure that the legislative intent of City Ordinance #4388 and City Ordinance #5366 which created the M/WBE and the SBE Programs are carried out in all procurement activities and opportunities. Areas of administrative authority and/or enforcement include the three major areas of City procurement activity: construction, professional services, and goods & non-professional services.

Current M/WBE Goals

Construction 25%

Professional Services 24%

Goods & Non-Professional Services 37%

Current SBE Goals

25% of City Contracting & Purchasing dollars

EVENTS

SUN MON TUES WED THURS FRI SAT

Save The Date

Business Development: Workshop Series
"How to Respond to Bid Opportunities"

Wednesday, October 27, 2010

10:00 am- 12:00 pm

City Hall

125 N. Main St., Suite 538

Hosted by the Office of Contract Compliance

Limited Seating: Please call and reserve your seat today

@ 901.636.6210

Free event.

Greater Memphis Chamber:
In the Mix with Small Business

Come mingle with other professionals, meets veteran business leaders and expand your professional network!

Wednesday, October 13, 2010

Lichterman Nature Center

5:30pm to 7:00pm

Free for the first four employees of a member company,

$10 for each employ after four

$20 for prospective members.

Please RSVP by October 11th with Ericka Milford

@ 901.543-3518 or emilford@memphischamber.com

PUBLISHER'S CORNER

Carlee M. McCullough, Esq.

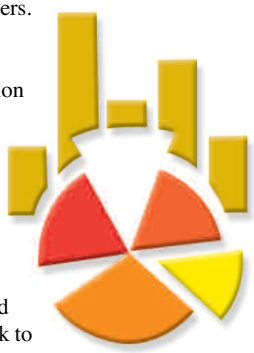
HOW TO START A BUSINESS
Part 6-The Exit Strategy

As you start a new business or develop strategies for an existing business, give significant attention to your business exit strategy. An exit strategy is a tool used to enhance the opportunity to get your money out of the business upon your departure. If angel investors or venture capitalists have invested, the exit strategy is almost mandatory. According to Stephen Covey, author of "The Seven Habits of Successful Living" an entrepreneur should "Begin with the end in mind." After years of building value in your business, it is only natural that you would want to capitalize and maximize the value upon your exit.

To help in planning, below is an overview of various business exit strategies.

Selling the company

The most commonly used exit strategy is selling the business. Typically the seller receives cash in exchange for transferring their ownership in the company. The wisest approach under this strategy is to maximize the company's value in order to walk away with more cash in hand. Issues that may arise when selling the business are determining the value and finding a suitable buyer. However, buyers can be found in obvious places such as selling to employees, customers, friends, or family members.



Acquisition

A close relative of selling the business is acquisition. Acquisition is another way to exit the business which entails a larger firm taking over the business. Some businesses have this approach as their initial strategy and all business transactions are directed at this goal.

Merger

A merger, unlike selling the business, is when two companies combine to form one big company. After the value is established for each company, typically the larger company will issue stock to the shareholders of the smaller company. So in essence, you may not receive cash in hand for this transaction but the assumption is that the two businesses together create more value as one company.

Initial Public Offering (IPO)

The IPO, which is the sale of equity in your company through an investment banking firm, is the option which potentially provides the biggest payout. The shares are subsequently traded in the stock market such as the NASDAQ or OTC. This is also the most intricate, complicated, and expensive of the exit strategies. This option is the hardest to predict because you do not control whether the markets are weak or strong. Also, the strength of the market and Wall Street's opinion affects the value of your firm and thus the value of the shares

Liquidation

Liquidation is when you close the doors of the business and sell everything including inventory, equipment and client lists, hopefully at market value. Frequently depending on the time allotted, assets are sold far below market rate resulting in fewer dollars recouped. If the assets hold a value, selling them and using the revenue to pay off any remaining debt is a wise move. Any remaining revenue will be take home money for the business owners. This exit strategy provides the least return and is probably the most emotionally driven because the goodwill, reputation, and relationships that took years to build have little to no value in this transaction.

In sum, as author Stephan Covey says "Begin with the end in mind."

Next month our focus will be "How to Sustain a Business."

Carlee M. McCullough

Carlee M. McCullough, Esq.
Contract Compliance Officer

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