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November 1989

Final Report

Contract No. MDA903-R-88-0096
GSRC Project No. 25308101

**ECONOMIC DEVELOPMENT AND DIVERSIFICATION
IN SOUTHWEST LOUISIANA**

Government Sponsor
U.S. Department of Defense
Office of Economic Adjustment
400 Army/Navy Drive, Room 200
Arlington, Virginia 22202

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Contractor
Gulf South Research Corporation
Baton Rouge, Louisiana

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GULF SOUTH RESEARCH CORPORATION

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In response for a need to both diversify and expand the economic base in SW Louisiana, an approach to support local entrepreneurship through Defense contracting. A Technical Advisory Panel (TAP) was established to oversee potential projects that would base the potential for success. TAP was established as a nonprofit corporation, Southwest LA Diversification Council to contract out services to firms showing growth potential. During the conduct of the study, six case studies were supported to test the concept of support through the Council. Of the six firms four were existing firms and two were startups. A database of organizations in the SW LA region was developed to assist potential firms.

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- Lafayette Economic Development Authority
- Louisiana Productivity Center
- McNeese University Small Business Development Center
- Southwest Louisiana Community Development Foundation

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I. INTRODUCTION

I. INTRODUCTION

This project was initiated at a low point in the economy of Southwest Louisiana, which had been ravaged by the general downturn in the U.S. economy and the particular problems associated with the oil and gas industry. A consensus had been reached that the region needed to diversify into other industries. A group of agencies and organizations joined together under the common assumption that one potential route to diversification was the provision of intense services to selected businesses experiencing growth difficulties.

Funding for service provision was obtained from the U.S. Department of Defense through its Community Planning Assistance Program, and Gulf South Research Corporation was awarded a contract on a competitive basis to provide the needed assistance. The agencies and organizations of the region formed a Technical Advisory Panel (TAP) to direct the project and monitor the activities of the contractor. Meetings were held periodically throughout the project period, which extended from September 1988 through September 1989.

Candidate firms were chosen by the TAP. The contractor met with the candidate firms, determined the type of services needed and their feasibility, reported back to the TAP, and received final instructions on which firms should be served. Six firms received services of various sorts, depending on the particular situation of each firm. The services were generally intense and long term and required the full cooperation of the firms served. The selection process and services rendered to each firm are described in Chapter IV.

The project was conceived as a pilot program. If the service effort proved successful, it was assumed that a permanent organization would be formed to provide diversification services over the long term for the members of the Southwest Louisiana communities, and it was the responsibility of the contractor to provide a design for the organization. Since the services were successful, an organization has been designed and is now coming into existence under the name of the Southwest Louisiana Diversification Council (SLDC), which will be incorporated as a nonprofit. The SLDC is described in Chapter III.

An additional responsibility of the contractor was to prepare a diversification strategy for the region, incorporating the experiences of the service effort, the new organizational structure, and other procedures that could contribute to regional diversification. This strategy is described in Chapter II. The SLDC has committed itself to the provision of diversification services to potential high-growth firms. One of the critical features of the strategy is a discussion of how such firms can be identified and the types and quality of services that should be provided to them.

The SLDC will be a unique organization and will operate outside of the constraints of existing organizations and programs. It will be the first organization to devote its efforts specifically to diversification on a region-wide basis, with clear cooperation among the participating communities. And, it will provide intense services to select firms on the basis of their capacity to contribute significantly to regional

diversification. This is a new approach to economic development and may serve as a model to other regions experiencing similar difficulties.

Appendix A includes the economic development services database, which lists agencies and companies providing economic development and related services. This database is intended as a resource for the director of the SLDC. A printout of the database and a description of how to use it are included as Appendix A.

II. ECONOMIC DEVELOPMENT AND DIVERSIFICATION IN SOUTHWEST LOUISIANA

II. ECONOMIC DEVELOPMENT AND DIVERSIFICATION IN SOUTHWEST LOUISIANA

The Situation

From 1970-1981, Southwest Louisiana experienced tremendous growth as measured by labor force size, employment, and per-capita income. This growth was primarily the result of greatly increased demand for oil and gas and a continued strong performance in petrochemicals. Employment peaked in 1981 and then began falling, with a concomitant rise in unemployment that is still well above the national average. Much of the immediate drop in employment was attributable to the national recession. However, as the Nation pulled out of the recession, the economy of Southwest Louisiana remained largely static.

The sharp growth, decline, and present status of the region's economy is attributable to the fact that it is largely driven by a single natural-resource-based industrial sector: oil and gas and related petrochemicals. Increased oil and gas prices gave rise to increased extraction activities, with related increases in construction, shipbuilding, pipeline operation, oilfield machinery production, and water and helicopter transportation. Increasing employment and high salaries provided the basis for expanded trade, services, and banking.

The economy was then dealt a severe blow by the collapse of OPEC and a declining demand for oil and gas. Energy conservation measures had emerged worldwide; oil and gas prices went down; Southwest Louisiana lost competitive advantages in the cost of energy; the recession produced a sluggish demand for petrochemical products; and petrochemical capacity in developing nations grew. The source of Southwest Louisiana's progress became the vehicle of its decline.

The prospects for the region's economy are both better and worse than current analyses would lead one to conclude. Oil and gas and petrochemicals have now stabilized, but there should be no expectation of a return to the glory days of the 1970s. Neither, ironically, would this be entirely beneficial, since future fluctuations would thrust the region back in the difficulties it presently is in.

Natural resources have been both a blessing and a curse. Most of the region's talent and capital resources have been invested in a single industrial sector, and the region would have been further along the path of industrial diversification if the opportunities had not been so great. An abundance of natural resources has also produced a disinclination to make the best use of those resources through development and sophisticated exploitation (fisheries is an example).

On the positive side, the region has weathered the recession and is in the midst of a modest recovery that is expected to continue. Present economic indicators suggest that the region is fairly healthy and has a good base from which to advance. Part of this base is constituted by the businesses and industries that survived the economic downturn, thereby demonstrating their strengths. Another part of the base is a strong entrepreneurial tradition. Business startup rates in the region were much higher than

national rates in the 1970s. Although the startups were strongly related to oil and gas, the entrepreneurial spirit and talent is still in the region. Lastly, there is a significant amount of informal venture capital in private hands.

Recent reports on the Louisiana economy are encouraging. The unemployment rate, though still high, has been slowly, but steadily, declining. James Michael of Louisiana Tech has recently shown that Louisiana's farm sector and primary industries (mining, construction, and manufacturing) outpaced national job growth levels (although there is a lag recession in the secondary industries of services; retail trade; and finance, insurance, and real estate). A Louisiana Department of Economic Development survey of manufacturers with 10 or more employees revealed that 58 percent plan expansions, with 52 percent anticipating production increases and 38 percent anticipating hiring more people. Economic developers in Southwest Louisiana indicate that the region is participating in these positive state trends

Diversification

An interest in diversification has arisen in Southwest Louisiana as a result of the immense difficulties experienced during the 1980s. It is assumed that diversity would provide a degree of stability and would assure that the region would not be devastated by a change in a particular economic sector. Unfortunately, the problem of diversification has not yet been clearly thought out. Most of the literature on diversification, such as Michael Conroy's Regional Economic Diversification, are highly theoretical and of little relevance to the practical concerns of economic developers.

An exception is Glenn Norcliffe's "Industrial Specialization versus Industrial Diversification: An Assessment of Policy Alternatives" (in Breton, Barr, ed., Regional Diversification and Structural Change), which concentrates on the Canadian situation. Norcliffe points out that there are good arguments for specialization and diversification and that public policy should address both. For our purposes, the key insight is that regions tend to specialize because of internalities (e.g., skills base, natural resources, geographic location) and externalities (e.g., economies brought about by the proliferation of mutually supportive firms).

In addition, it should be understood that diversification is not a panacea. It does not ensure full employment, high-quality jobs, an equitable distribution of benefits, or even lastingness in an economic structure, for a region could be characterized by highly different, weak, small-employment, no-growth firms. Thus, a diversification strategy must concentrate not only on diversity, but on the promotion of firms that are high-growth job producers with competitive strengths that will ensure survival. Only through the existence of such firms can we truly speak of a diversified economy, since only such firms have the capacity to affect economic indicators in a dramatic way.

Diversification provides the base for a dynamic and innovative economy. Southwest Louisiana is in a good position to undergo diversification. The region is rich in human capital, entrepreneurial spirit, and business acumen and has a substantial amount of risk capital in the hands of private individuals. It is only necessary for these assets to be turned to other modes of endeavor. Diversification is already underway through the movement of existing businesses into new products and markets. And, both

the public and private sectors contain significant resources for assisting in business development.

The project that is the subject of this report was a pilot effort to determine whether a new form of service provision to existing businesses could be used to enhance regional diversification in Southwest Louisiana. It was recognized that: (1) expansion of indigenous firms is a key element in diversification; (2) high-growth firms have the greatest need for business assistance precisely when they are most strapped for cash; (3) provision of assistance at this critical juncture could contribute to survival and enhance growth; and (4) existing economic development organizations did not have the capacity to provide the intense, costly, long-term services that were needed.

As a consequence, the economic development organizations of the region joined together to secure funding for a pilot program and established themselves as a Technical Advisory Panel (TAP) to administer the program. Services were provided to six firms in the areas of management, marketing, and finance. When the pilot efforts proved successful, the TAP established itself as a nonprofit corporation under the name "Southwest Louisiana Diversification Council" (SLDC). The SLDC will take a unique approach to regional diversification by contracting out intense services to firms showing growth potential.

In embarking on a diversification strategy, the SLDC should keep in mind that it is engaged in an innovative activity; that is, it is entering into a realm of action without historic models and about which very little is known. The SLDC will need to grow in understanding through its own experiences and has the capacity to be an educator for other regions interested in diversification. In embarking on this course of action, the SLDC should keep two things in mind:

1. A strong economy is both specialized and diversified. Assumptions about specialization were implicit in the initial round of selection, which chose firms emerging out of the economic environment of Southwest Louisiana and particularly suited to thriving in that environment. This should continue to occur in the future. There should also be opportunities to assist firms similar to those assisted in the past or that could complement those assisted in the past (e.g., as suppliers), which would contribute to the development of growth nodes.
2. The SLDC cannot be effective unless it seeks particular types of firms. It should provide services to firms that show a potential for high growth in terms of sales and employment. Only in this way can it assist in the creation of a strong and expanding economy. Most of these will be new, small companies. However, there would also be opportunities to assist older companies that are setting out on a growth path and larger companies that might need limited assistance at a critical juncture.

Paths to Diversification

How does a region diversify? Essentially, diversification is a process constituted by the private-sector through decisions made by individuals or groups of individuals who start or own their own firms. Firms affect diversification by making decisions to : (1) move or branch to a particular location; (2) transform themselves internally by expanding sales and employment, taking on new products or services, and tapping new markets; and (3) stay where they are located. In addition, individuals make decisions to start firms. These private-sector initiatives give rise to four public-sector responses that are oriented on attempts to: (1) bring firms in; (2) help with expansion and diversification; (3) encourage firms to stay where they are; and (4) create new ones.

The public sector responses give rise to a fourfold approach to economic development: (1) attraction; (2) expansion; (3) retention; and (4) entrepreneurship. This fourfold approach does not appear to have served as the basis for a regional economic development plan. At least, it has not been mentioned in the published economic development literature. Interestingly, this conceptual approach is being taken by the Southwest Louisiana Community Development Foundation, indicating a degree of initial consensus on what needs to be done.

Historically, it has been assumed that the public sector has been the driving force behind economic development. This has been an unfortunate consequence of the publicity surrounding plant location decisions. But economic development as a profession emerged as a response to private-sector initiatives, arising out of an attempt to marginally influence the flow of firms to the South. These firms were on the move for purely economic reasons, and public agencies sprang up to encourage location within a particular state or locality. There is an emerging consensus that economic development as a public-sector initiative is a facilitator of private-sector decisions, requiring a client-oriented approach to the private sector.

The SLDC has established itself in this service posture and has wisely chosen to direct its efforts toward direct provision of services through third parties rather than through organization building. It has also chosen to concentrate on one approach to regional diversification: business expansion of firms in selected industries. It will not be involved in industrial attraction or efforts to create new businesses, although its activities will contribute to business retention. The primary reason for this choice was the observed need for business assistance on the part of many firms and the limitations of existing public programs.

Business expansion as an approach to diversification would probably not have been entertained were it not for the ground breaking work by David Birch on the importance of new and small firms to job creation. However, Birch has been misunderstood. Even in his initial publications, Birch was clear that it is not small firms per se that are job creators, but the small percentage of new and small firms that are high growth. This does not lead to a small business development strategy but to a targeted assistance strategy.

In addition, Birch was clear that he was not talking about new jobs per se but net new jobs. Some large firms were adding as well as subtracting employees, and others

were simply adding, but their effect was nullified by losses elsewhere. Birch should never have been understood as depreciating the importance of large firms. In recent work, Birch has made it clear that the dramatic quality of his initial figures were due to historic circumstances and that national trends are not always relevant to local conditions. In addition, he has isolated the contribution of older firms that suddenly begin to expand in "Late Bloomers" (INC., September 1988).

Birch's positive contribution to economic development has been his demonstration of the importance of entrepreneurship and small high-growth firms. This is a permanent addition to our understanding of economic development. However, the weight that should be given to each economic development factor is still a matter of controversy and is dependent on the particular geographic area under analysis and the particular time period of the analysis. A full understanding of the dynamics of a regional economy is dependent on the use of micro-data on the behavior of firms (rather than the broad-scale indicators for economic sectors). The importance of such an approach is clarified in "The Disciples of David Birch" (INC., January 1989) and would be an excellent initiative for the SLDC to undertake.

Business Expansion

Whatever the final judgment on these factors, it is obvious that business expansion can make an important contribution to the diversification of Southwest Louisiana. There are many different approaches to expansion, including such things as innovation centers, procurement centers, Small Business Development Center (SBDC) Programs, Chamber programs, technology transfer programs, and productivity centers. However, the specific approach that has been chosen by the SLDC is to provide intense, long-term, and fairly costly services in the broad categories of management, marketing, and finance to firms showing high-growth potential.

The following questions then arise:

1. What type of clients should the SLDC be looking for?
2. Can potential high-growth firms be identified?
3. Do they need help?
4. Can they be helped?

Types of Clients

In addition to Birch and his "disciples," important contributions to our understanding of economic vitality have been made by Donald Clifford and Richard Cavanagh in The Winning Performance, which deals with mid-sized high-growth companies (defined in terms of sales between \$25 million and \$1 billion and annual sales growth of 15 percent over five years). These companies are located in all geographic and economic sectors and are characterized by innovation, penetration of market niches, building on strength, competing on value rather than price, shared values,

strong leadership, experimentation, concentration on business fundamentals, and emphasis on customer needs and interests.

Works such as this are leading us back to a general theory of entrepreneurship that must take as its point of departure Joseph Schumpeter's analysis of entrepreneurial motivation in The Theory of Economic Development. Schumpeter dismisses visions of wealth as a motivator for entrepreneurs as incompatible with the evidence and says that they are driven by:

1. The dream and the will to found a private Kingdom, usually, though not necessarily, also a dynasty.
2. The will to conquer; the impulse to fight...to succeed for the sake of, not the fruits of success but, rather, success itself.
3. The job of creating, getting things done, or simply of exercising one's energy and ingenuity.

The SLDC should be in search of people of this type, whatever decisions are made regarding the type, size, or age of firms that will be served. For success to take place, energy and vision must be accompanied by knowledge. This is the foundation for Peter Drucker's analysis of entrepreneurial management in Innovation and Entrepreneurship. The SLDC should seek persons with the drive to expand but with the awareness that expansion cannot take place without attention to business fundamentals. These business fundamentals are precisely the area in which the SLDC has chosen to concentrate its service effort.

Identification

Besides these subjective factors, are there any objective measures that can be used to identify potential high-growth firms? Work by David Storey of the Centre for Urban and Regional Development Studies at the University of Newcastle upon Tyne and by Paul Reynolds of the University of Minnesota's Center for Urban and Regional Affairs suggests that criteria are available. It should be noted that Storey and Reynolds are interested solely in the identification of new, and therefore small, firms with growth potential and do not address growth characteristics of larger or older firms. However, this makes their work particularly valuable to the SLDC, which will be concentrating on such firms. These targeting efforts have just begun, and the SLDC should keep an eye on unfolding discoveries.

In 1988, Reynolds published a study of firms founded in Minnesota between 1979 and 1984 and active in 1986 titled 1987 Minnesota New Firms Study: An Exploration of New Firms and Their Economic Contributions. Reynolds found that these new firms, which were all founded by Minnesota residents, contributed significantly to the net increase in jobs and personal income (probably almost all of the net increase in jobs if extrapolations from the sample are correct). However, two-thirds of the firms started small and stayed small. One-tenth were classified as high-start, high-growth (first-year sales of \$250,000 or more and average annual sales growth of \$100,000 or more). One-fourth were classified as high growth, and two-thirds of these began low. The high-

growth group accounted for 60 percent of the jobs generated by new firms. Particularly significant contributions were made by the export-oriented (emphasizing out-of-state sales) high-growth firms, which were found primarily in the Twin Cities area in the sectors of manufacturing, distributive services (mostly wholesale), and business services.

Reynolds recommends that economic development efforts concentrate on new firms showing a potential for high growth since they provide an inordinate contribution to regional well-being. This would exclude old firms and new firms that do not show promise. The high-growth firms can be identified by high annual sales growth, which is obvious early within the life of a new firm, usually within 24 months of initial sales.

David Storey in England has been operating along similar lines. He has written and edited numerous books on small firms and has begun to concentrate on high-growth firms and their contributions from the perspective of public policy. In The Performance of Small Firms, which is based on an empirical study of small manufacturing establishments in the United Kingdom, he concludes, "The key point is that, in terms of job creation, only a few firms matter, and it is those firms which should become the focus of public policy." Storey defines a fast-growth small manufacturer as one that reaches 50 employees within five years of incorporation (the median fast-growth company reached this point in three years) and identifies the following characteristics:

1. By its second year of life, the median fast-growth company is three times larger in assets and employment than the non-fast-growth company .
2. After its second year, although it continues to grow in terms of employment, it grows no faster in terms of assets than the non-fast-growth company.
3. The fast-growth company in its first five years of life has lower profit margins but higher retained profits than the non-fast-growth company, supporting the view that the crucial element is a willingness to retain profits for reinvestment.
4. The fast-growth companies are owned by directors who are already directors of other companies, whereas the non-fast-growth companies are more likely to be family or "one-man-band" firms.
5. Fast-growth companies tend to start much larger and to be more professionally managed than the non-fast-growth firms.

Like Reynolds, Storey says that the potential winners can usually be identified in their second year of operation. However, he warns against attempting to make too many assumptions about predictability, particularly in light of the fact that the presence of a professional director was associated both with high-growth and high-failure-rate companies.

Need for Assistance

Storey points out that fast-growth companies encounter more problems than slow-growth firms precisely because they are fast growing and are likely to have facility, labor, and capital needs as well as to be desirous of information on new markets and opportunities. Because profits are used to expand the business, money is often not available for the acquisition of business services from the private sector. This is Storey's major argument for the need for public-sector intervention.

What types of services are needed by high-growth firms? These are listed in Reynolds' survey of Minnesota firms and are displayed in Table 1 for the high-growth export-oriented (out-of-state) and high-growth local market firms. It should be noted that the top five areas of need are precisely the areas that have been chosen by the SLDC for service provision.

Helping Potentials

Can such firms be helped? The general outlines of an approach are presented by Storey and Johnson in Job Generation and Labour Market Change. In contrast to small business programs that provide arms-length advice on a wide variety of topics, assistance to fast-growth firms requires a full understanding of the business and must be personal, intensive, and time consuming if substantial impact is to be achieved. These are the service-provision procedures that will be employed by the SLDC.

There do not appear to be any organizations in the United States that are systematically targeting potential high-growth firms as an economic development strategy. Part of the problem is that public agencies have difficulties in being selective. This will not be a problem for the SLDC because of its nonprofit status and independent sources of funding.

In an essay on small firms in the "Federal Republic of Germany" (in D.J. Storey, ed., The Small Firm: An International Survey), Chris Hull of the International Institute of Management in Berlin discusses small firms in general (not specifically high-growth firms). He points out that although small firms experience fewer problems in general than large firms, these problems (particularly in the area of management) tend to be a more powerful constraint on their development. Most of these problems are, in principle, resolvable, and many can be resolved through business services provided by the public and private sectors. These resources are often ignored, partly through ignorance of their availability or applicability and partly because of a distrust of outside interference.

These observations lead to the conclusion that attention must be paid to the development of an institutional climate that best serves small firms by generating trust. Hull uses the example of a German economic developer operating at the county level who made significant contributions to a markedly above-average rate of new job development by taking a personal interest in the county's firms, building up trust over a long period of time, and acting as an intermediary between "his" firms and public and

TABLE 1
INTEREST IN GOVERNMENT SERVICES
EXPRESSED BY HIGH-GROWTH FIRMS

<u>Service</u>	<u>Export</u>	<u>Import</u>
Marketing skills development	1.90	2.08
General business management development	1.71	1.92
Working capital financing	2.00	1.92
Finance skill development	1.66	1.71
Personnel management skill development	1.78	1.87
Training new employees	1.70	1.65
Knowledge of government regulations	1.46	1.64
AVTI small-business programs ^a	1.05	1.25
Machinery, equipment financing	1.34	1.27
Small-business development centers	0.84	1.12
Community college small-business programs	1.05	1.23
Entrepreneurial training	1.24	1.39
Skills in labor-management relations	1.25	1.32
Retraining existing employees	1.31	1.55
New technology for productivity gains	1.40	1.30
Venture, seed capital financing	0.87	1.18
Land acquisition financing	1.00	1.11
Employee ownership financing	1.14	0.74
New site locations within a county	0.43	1.19
Engineering, scientific skill development	0.90	0.95
New site locations within Minnesota	0.69	1.02
Energy audits, conservation projects	0.82	0.64
Applying R&D in new markets	0.97	0.63
Federal procurement assistance	0.78	0.96
Infrastructure financing	0.83	0.71
Tourism market development	0.24	0.40
Energy development opportunities	0.67	0.76
Joint research and development	0.77	0.56
Small-business incubator sites	0.46	0.73
Develop foreign export markets	0.77	0.29
Average	0.85	1.11

Note: Interest scale: High, 3; Moderate, 2; Low, 1; None, 0.

^a AVTI refers to area vocation technical institutes, a post-high school training system in operation in Minnesota.

Source: 1987 Minnesota New Firms Study; and Policy Research Associates.

private resources that could provide assistance in solving problems. Hull's conclusion is that assistance to small firms is a long-term process requiring trust and that people are more important than institutional types. The SLDC should keep these factors in mind in the selection of an executive director and contractors and in the development of the organization over time.

SLDC Procedures

The existence of criteria for the identification of potential high-growth firms within the new and small firm realm argues strongly for a more systematic approach by the SLDC to the identification of candidate firms and to selection of firms for assistance. Although opportunities are available with respect to larger and older firms, the SLDC should consider concentrating its services on newer and smaller firms. These have the most needs that cannot be fulfilled by internal resources or external purchases, and concentration on this set of firms would enable the SLDC to establish a particular expertise.

The SLDC may wish to give special consideration to firms in their second or third year of operation, since these are the ones that would have established a record for growth. At a minimum, the executive director of the SLDC should be aware of the criteria for identifying potential high-growth firms in determining which among the candidate firms should be chosen for services. Incorporators are readily identifiable, and it would not be too difficult to determine which were still in existence in the second or third year. All of the information that would be needed for the identification of potential growth firms is available through ES202 forms, but these are held in the highest confidence by the Louisiana Department of Employment Security. Perhaps the Department could be persuaded to supply a list of firm names meeting established criteria without revealing anything about particular companies.

A more lengthy approach would be through firm surveys, which could be conducted as part of business retention programs by SLDC participants. To be useful for SLDC purposes, the surveys would need to establish sales and employment histories.

Other Approaches

Besides business expansion, the three other approaches to diversification are business attraction, entrepreneurship, and business retention. These are activities carried out to one degree or another by the organizations participating in the SLDC, and they all have the capacity to contribute to diversification.

Industrial attraction slowed considerably in the last decade but is beginning to revive as a result of upturns in the U.S. economy. Increased firm movements and attendant attraction efforts are already observable in Louisiana and in its Southwest portion. Industrial attraction has been criticized as an approach to economic development because the movement of firms does not result in important gains for the U.S. economy. The disadvantage of such an approach is that it involves too many

people chasing too few opportunities, induces public costs in the form of such things as tax exemptions, produces unstable conditions when branches are involved (which may retract or go offshore), and carries with it opportunity costs (the time could be spent doing other things).

It is, however, a popular approach among economic developers; provides some gains in terms of economy of operations (or else movement would not take place); and is important to the regions, states, and cities that acquire firms. The popularity of the approach among economic developers is due to its high visibility and its capacity to produce dramatic results in a short period of time. As such, it is the antithesis of the approach that will be undertaken by the SLDC. One danger of the industrial attraction approach from a diversification standpoint is that the firms that are attracted tend to be similar to the ones in place, since firms generally move to take advantage of conditions in which they will function most effectively. Another danger is the popularity, which often leads to diminished efforts with respect to other approaches. There may be some opportunities for the SLDC to take advantage of new locations by providing services to potential suppliers.

Entrepreneurship is a significant and continually growing force in the United States. It is of interest to economic developers because economic growth centers in the United States are characterized by high rates of business startups. Failure rates are highly exaggerated and do not make a difference from an economic development perspective since the growth centers are characterized by high failure rates as well as high startup rates. Thriving areas are characterized by a spirit of enterprise.

There is a large body of literature on entrepreneurship, including analyses of various approaches to stimulation and enhancement. There are in fact two different kinds of entrepreneurs: income substitutors (people who are engaged in self-employment as an employment alternative) and others who are interested in mobilizing resources to build large organizations. This should give rise to two policies: general stimulation of startups and concentration on people who want to do something grandiose. The latter approach is blocked by lack of criteria for identifying those who will succeed before the fact.

General stimulation requires a wide range of initiatives, including media work, school and university courses, seminars, entrepreneurial training, and the assistance provided by such organizations as small business development centers and retired executives. Highly visible structures such as incubators have not been found to be particularly effective, particularly when they lack a technical assistance component. In general, it has been found that they do not affect startup rates and do not incubate (occupants tend to stay where they are and stay small).

The seed capital needs of startup firms and the lack of interest among banks and formal venture capital organizations in supplying those needs has led to an attempt to tap financial resources in private hands. William Wetzel has established a blind system in the New England states for matching entrepreneurs with potential investors that shows some promise. An operation of this type could be promoted by the SLDC. In general, the SLDC should have some interest in the regional promotion of entrepreneurship for the simple reason that startups provide a pool for later services.

All of the new firms in Minnesota surveyed by Reynolds were founded by Minnesota residents.

Business retention has achieved prominence because of the acceleration of plant closings and offshore movement in the last decade. Retention contributes to diversification in the sense that high-growth firms should be encouraged to stay where they begin. Although plant closings are beginning to decline and there will be less interest in this area in the future, business retention has become an established economic development approach because its essence is a business relations program that is beneficial whether plants are closing or not. Survey procedures and appropriate response mechanisms for business retention have been standardized and are readily available. The SLDC could use survey information to identify potential high-growth firms.

Fundamental Development

The term "economic development" is currently used in two senses: (1) with respect to job creation and retention efforts; and (2) with respect to the improvement of underlying factors such as education and infrastructure that provide a base for development. The agencies and organizations devoted to economic development have supplemented their traditional interest in industrial attraction with increasing concern for business creation, expansion, and retention. This emerging fourfold approach to economic development constitutes a gain over traditional, limited conceptions.

The linkage between direct efforts and underlying factors is understood by economic developers; for example, in the importance of infrastructure, education, and training in plant location. But the full implications of these relations have not yet been spelled out, and economic developers have generally relied on others to carry the banner of such things as educational reform. Diversification is dependent on these underlying factors, as are the four approaches to diversification. Business expansion, in particular, is highly dependent on the availability of qualified workers, which leads back to issues of human capital development.

The SLDC could become a forum for regional understanding along these lines. This is particularly important because the fourfold model of economic development is emerging from a concern with strategies for job retention and creation, which grew out of the peculiar economic conditions of the 1980s and will not be the issues of the future.

During the coming decade and beyond, the two major economic development issues will be competitiveness and adjustment to a full-employment economy. Competitiveness will not center on such traditional areas as science, technology, and technology transfer but on innovation (in whatever sector it may occur) and its management and on issues related to commercialization (e.g., product quality and consumer desires). The resolution of these problems will ultimately depend on human capital development and particularly on the quality of education, technical training, and engineering education.

The ultimate focus of economic development is the vitality of businesses. This understanding is implicit in the approach that will be undertaken by the SLDC.

Business vitality can be encouraged by short-term direct efforts such as those envisioned by the SLDC, but it is highly dependent, particularly in the long-run, on the cultivation of underlying factors. This larger sense of economic development is a legitimate concern of the SLDC since it is fundamental to the full realization of the organization's objectives and to other efforts at diversification that may be undertaken in the region.

Organizational Roles

How should the diversification of Southwest Louisiana be approached? The following recommendations on role allocations for the various organizations of the region is based on three factors: (1) the availability of four different approaches; (2) the fact that the SLDC will be concentrating on business expansion and has committed itself to serving potential high-growth firms; and (3) the existence of a larger dimension of economic development that must be addressed to enhance the objectives of the SLDC and to meet future regional needs. This discussion will concentrate on what the SLDC and its members can do to provide or promote efforts in the various areas.

1. The SLDC has decided to provide services to potential high-growth firms. Thus, it is not a small business development organization. This is appropriate since it is only firms that become large (or larger in the case of those that are already large) that will have an impact on the regional economy. The next important decision point is whether the SLDC will deal with all potential high-growth firms, including those that are old or already of substantial size, or concentrate on new, small firms. The latter course of action might be pursued because: (a) criteria for the identification of potential high-growth firms within the realm of new, small firms are available; (b) the new, small firms are most in need and most lacking in resources to fulfill those needs (e.g., in comparison to larger firms); and, (c) expertise could be gained fairly quickly in dealing with a particular set of firms.
2. The SLDC will be only a paper organization unless funds are raised. It is a primary responsibility of all participating organizations to raise funds.
3. The impetus generated through the project could be lost if there is a long period of time in which the SLDC is attempting to raise funds but not providing services. A strategy needs to be developed for the interim.
4. The quality of the person chosen as the executive director will determine the fate of the organization. Criteria for the selection of an executive director should be established in keeping with a firm understanding of the organization's purpose and what is known about the personal skills and qualities that would be needed to achieve that purpose.
5. The SLDC should attempt to expand its membership since the more windows that it has on the regional economy the better. However, members must be committed or else dissention will arise with respect to funds raised and their allocation, and the organization must be able to ensure a quorum for each of its meetings.

6. In contracting for services, the SLDC should deal with the Small Business Development Center at McNeese and the Louisiana Productivity Center in terms of their ability to provide quality services on a competitive basis. There are other potential service providers in the region who are included in Appendix A.
7. The SLDC should attempt to find special funding (not as part of its general fundraising activities) for a micro-analysis of the regional economy. Such an analysis is based on an understanding of the behavior of individual firms and provides a much better perspective on a regional economy than traditional sectoral approaches from standard data sources. It would enable the identification of growth segments within the larger sectors and would provide information to the SLDC on both the types of firms and specific firms that should be helped.
8. A good continuing source of information on potential candidates would be firm surveys conducted as part of business relations programs. SLDC members should conduct such surveys and encourage others to do so.
9. SLDC members should continue their traditional activities with respect to industrial attraction, entrepreneurship, business retention, and productivity enhancement, with greater emphasis on the latter three elements.
10. The SLDC is in a good position to serve as a forum for promoting a larger conception of economic development, dealing with such issues as infrastructure, education, and training.
11. The SLDC should encourage diversification on a regional basis.

III. SOUTHWEST LOUISIANA DIVERSIFICATION COUNCIL

III. SOUTHWEST LOUISIANA DIVERSIFICATION COUNCIL

One major objective of the project was to provide diversification services to firms. Another major objective was to establish an organization to continue such services if the pilot program proved successful. Early in the project it became obvious that the services were making a substantial contribution to many of the firms that were being helped. Consequently, a nonprofit organization was designed and is now coming into existence under the name "Southwest Louisiana Diversification Council, Inc."

Essentially the SLDC is a continuation of the project's Technical Advisory Panel (TAP), since the TAP members are organizing themselves into a corporation. In addition, the SLDC will continue the project procedures by contracting out its service provision effort. The major difference is that the organization will be formal and permanent and will employ an executive director to conduct its day-to-day business.

Although obvious retrospectively as an appropriate course of action, the continuation of TAP and its operational procedures as the core of the new organization was not evident at the beginning. As the project developed, it became apparent that the TAP members had done a good job in selecting firms and that they were sincerely interested in regional diversification rather than simply in monitoring a short-term contract. This was reflected in their full participation in the project without remuneration. As a result, the TAP members were designated as the board of directors for the new organization.

A second major consideration was whether the new organization should be entirely new or an expansion of the capacities of an existing organization or organizations in the region. One possible approach initially entertained by the TAP was to create the SLDC as a joint program of two of its member organizations. This created problems because one of the organizations has a statewide mandate and the other is limited in its operations to a portion of the region. In addition, someone must be in charge, which meant a choice of one organization over the other for leadership and actual receipt of funds.

This quandary led the contractor to speculate on other forms of organization. It was obvious that the use of third-party vendors had been a successful approach since it allowed project funds to be concentrated heavily on service delivery. In addition, it was assumed by the contractor that the enhancement of existing organizations should be a subordinate concern and that recommendations should be directed toward an organizational form that would ensure maximization of service delivery. Since there was to be no continued funding through the Department of Defense, it was assumed that the TAP members would have greater incentives in fund raising if it were for formation of an entirely new organization.

The third major hurdle was to decide on the structure of the new organization. It was decided that a facility was not needed nor desired and that the SLDC should operate through an executive director who would contract for services. This would make fund raising easier, avoid organization building with its attendant costs, and provide the executive director flexibility in choosing the best contractors for service delivery.

The last problem was connected with the composition of the board of directors for the new organization. The two TAP members originally considered for formation of a joint program were instrumental in initiating the project and making it successful. However, since they were possible candidates for SLDC contracts, they could not be voting members with an influence on contractual decisions. As a consequence, the SLDC will have two types of members: voting members, who will constitute the SLDC's board of directors, and non-voting members.

The composition of the SLDC and the way in which it will operate are fully explained in the draft Articles of Incorporation and Bylaws and in a prospectus designed for fund raising, which are included in the following pages.

UNITED STATES OF AMERICA
STATE OF LOUISIANA
PARISH OF _____

ARTICLES OF INCORPORATION OF:
SOUTHWEST LOUISIANA DIVERSIFI-
CATION COUNCIL, INC.

WITNESS that on this ____ day of October, 1989, before me the undersigned notary public duly qualified in and for the State of Louisiana, personally came and appeared the competent major whose name is hereinafter subscribed who declares, in the presence of the undersigned witnesses, that availing himself of the provisions of the Louisiana Nonprofit Corporation Law, La. R.S. 12:201 et seq. (as amended), he does hereby organize a nonprofit corporation as follows:

ARTICLE I

The name of the corporation is Southwest Louisiana Diversification Council, Inc.

ARTICLE II

This corporation is organized and shall be operated exclusively to assist in the development, expansion, and diversification of the business and industry of Southwest Louisiana by the rendition of management, marketing, and finance assistance and guidance, including but not limited to the formulation of business plans, and for related purposes, all of which qualify the corporation for a tax exemption under Section 501(c)(6) of the Internal Revenue Code of 1954 or the corresponding provision of any future Internal Revenue Law.

ARTICLE III

The initial location of its registered office is:

100 Rue Acadian
P.O. Box 1209
Jennings, LA 70546

with the permanent location to be fixed by the Board of Directors in conjunction with the selection and employment of an Executive Director.

ARTICLE IV

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The name and address of the registered agent is:

ARTICLE V

This corporation shall be a nonprofit corporation and shall have no capital stock. It shall be operated by such dues and assessments as the Board of Directors may fix and by such contributions as may be solicited in both the private and public sectors. Under no circumstances shall the revenue, assets, or net earnings inure or be distributed to the benefit of its members, directors, officers, or private persons, except that upon liquidation of the corporation, after provision for retirement of all liabilities of the corporation, any remaining assets may be distributed to any members that themselves have qualified for an exemption under Section 501(c)(3) of the Internal Revenue Code. Otherwise, the corporation is authorized to pay reasonable salaries and to reimburse for expenses made in furtherance of the purposes for which the corporation is organized. The corporation may attempt to influence legislation which in the judgement of the Board of Directors made at a duly called meeting may affect the growth and diversification of business and industry in Southwest Louisiana, but the corporation shall engage in no activity that will jeopardize its tax exemption.

ARTICLE VI

The membership of the corporation shall be restricted to those organizations having an interest in the diversification of Southwest Louisiana, provided however that no organization will be considered for membership that is a potential recipient of services rendered through corporation funds or that is a potential competitor of any firm that may be served by the corporation. The corporation will have two (2) classes of members, namely voting and non-voting, depending upon whether the member might contract for services to firms served by the corporation. A member's status will be determined initially and may not thereafter be changed. Membership will terminate automatically for failure to send a representative to four consecutive meetings that have been duly noticed. A member may resign at any time upon written notification to the Board of Directors. Each voting member will have one (1) vote at any meeting, and a

member may vote by written proxy filed with the Board of Directors prior to or at the commencement of a meeting. New members will be elected by a two-thirds vote of the Board of Directors, and the initial membership consists of the following members:

Crowley Chamber of Commerce, Inc.
Evangeline Economic and Planning District
Greater DeRidder Area Chamber of Commerce
Greater Jennings Chamber of Commerce
Imperial Calcasieu Regional Planning and Development Commission
Lafayette Economic Development Authority
Louisiana Productivity Center
McNeese University Small Business Development Center
Southwest Louisiana Community Development Foundation

ARTICLE VII

The powers of the corporation shall be exercised by a Board of Directors that shall be composed of all voting members of the corporation. The officers of the corporation shall be a president, vice-president, secretary, and treasurer selected by plurality vote at a meeting of the Board of Directors from among the representatives of the voting members only; that is to say, representatives of non-voting members are not eligible for selection as a corporate officer. The officers serve for a term of one (1) year and may succeed themselves in the same or another office. Officers may be removed by a three-fourths vote of the Board of Directors. Matters pertaining to any capital outlay and amendment of the Articles of Incorporation shall be by two-thirds vote. A quorum consisting of a majority of the voting members is necessary for the conduct of any corporate business, but the Board of Directors may designate an Executive Committee, one member of which must be the president, to conduct routine business of the corporation as defined in the Bylaws to be enacted by the Board of Directors. All business conducted by the Executive Committee shall be presented at the next meeting of the Board. Urgent matters may be decided by telephone poll of all members of the Board of Directors.

ARTICLE VIII

The Board of Directors shall meet at least once a year and may meet more frequently as may be provided in the Bylaws. Likewise, the Bylaws shall provide for the

time and method of notice of the convening of a meeting of the Board of Directors and for the method of calling by the membership of an unscheduled meeting. The Bylaws likewise may provide for corporate action by unanimous consent conducted by telephone poll without the necessity of the convening of a meeting.

ARTICLE IX

The Incorporators, officers, and directors of this corporation claim the benefits of the limitation of liability of the provisions of La. R.S. 12:24C, as amended, as though said provisions were recited herein in full.

THUS DONE AND PASSED before me, in _____, Louisiana, on the _____ day, month, and year first above written, in the presence of the undersigned competent witnesses, residing in the Parish of _____, after due reading of the whole.

WITNESSES:

INCORPORATOR:

NOTARY PUBLIC

**BYLAWS
SOUTHWEST LOUISIANA DIVERSIFICATION COUNCIL, INC.**

**Article I
Name**

1. The name of the corporation shall be the Southwest Louisiana Diversification Council, Inc.
2. The term "Southwest Louisiana" shall refer to Louisiana State Planning Districts IV and V.
3. The name may be changed by a three-fourths vote.

**Article II
Purpose**

1. The purpose of the corporation will be to contribute to the diversification of Southwest Louisiana through the provision of services to firms showing growth potential.

**Article III
Services**

1. Services will be provided to for-profit firms located in Southwest Louisiana.
2. The types of services that will be provided are the normal business services covered by the broad categories of management, marketing, and finance, including assistance in the development of business plans.
3. Services will be provided to firms showing growth potential.
4. Potential candidates for services will be identified by member organizations and the Executive Director through normal business contacts and referrals.
5. In the selection of firms, questions of equity and/or regional distribution will be taken into consideration but will not be determinative.
6. The corporation, as such, will not provide any direct services to firms although its members may do so at their own cost.
7. The corporation does not seek to replace existing public or private organizations providing services to businesses or to subsidize the existing activities of public organizations.

8. Before any services are provided through corporation funds, the corporation will first determine whether the services can be provided through the normal activities of existing organizations, including Federal, State, regional, and local programs.
9. The enhancement of programs of existing public organizations in Southwest Louisiana will be taken into consideration in establishing contractual relationships but will not be determinative.
10. In no case will contracts be established with voting member organizations.
11. Contracts may be established with organizations located outside of Southwest Louisiana.
12. Client firms will pay no fees other than an application fee of fifty dollars (\$50.00). However, they will be requested to contribute to the corporation should the provided services contribute to business success.
13. The level of services provided to any one firm will generally not exceed ten thousand dollars (\$10,000.00) but may exceed that amount if so decided by a two-thirds vote.

Article IV Funding

1. The corporation will seek private-sector funding for its services.
2. The corporation may seek public-sector funding to supplement its primary funding source.
3. In the selection of clients for services, the desires of contributors will be taken into account if expressed but will not be considered determinative.
4. Contributors will be informed by the corporation concerning how their contributions have been used.

Article V Members

1. The membership will be composed of organizations with an interest in the diversification of Southwest Louisiana.
2. Member organizations may not necessarily be domiciled in Southwest Louisiana.

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3. No organization will be considered for membership that is a potential recipient of services rendered through corporation funds.
4. No organization will be considered for membership that is a potential competitor of the firms that will be served by the corporation.
5. The corporation will have two classes of members, voting and non-voting. Non-voting members shall be those with whom the organization might contract for provision of services to firms served by the organization. Voting members shall be those who would not provide contractual services to firms through the corporation.
6. The voting member organizations will constitute the Board of Directors of the corporation.
7. New members will be elected by a two-thirds vote.
8. Members may resign from the corporation through written notification to the President of the corporation.
9. Failure of any organization to send a representative to four consecutive meetings will constitute resignation by the organization.
10. Members will be provided with a certificate of membership signed by the President and Secretary of the corporation.

Article VI Rights and Responsibilities of Members

1. The activities, assets, and affairs of the corporation will be managed by its Board of Directors.
2. The primary duties of the Board of Directors will be to raise funds for the conduct of corporation services and to recommend and vote on the firms to whom services will be rendered.
3. Members will keep in the highest confidence any information divulged to them concerning client firms unless written permission is given by a firm to disseminate information about itself.
4. Members will not receive any compensation for their participation.
5. Voting members will be assessed two hundred dollars (\$200.00) annually in dues.
6. Members will have a right to perpetual membership unless forfeited by other provisions of these Bylaws.

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7. Member organizations must appoint (in writing by a letter to the President or Secretary) an authorized representative to serve as their official spokesman during meetings.
8. The authorized representative may be changed at any time by the organization through written notification to the President of the corporation.

Article VII Fiscal Year

1. The fiscal year of the corporation shall be from October 1 through September 30.

Article VIII Meetings

1. Meetings will be held on a regular basis every two months.
2. The date and time of the meetings will be _____.
3. Special meetings may be called at any time by the President.
4. Members will be informed of the meeting time and place at least seven days prior to the meeting. The meeting notice will include an agenda. The agenda may be added to by a two-thirds vote.
5. Regular meetings will be held alternately in Districts IV and V at a location chosen by the Executive Director, unless decided otherwise by a two-thirds vote of the authorized representatives present at the previous meeting.
6. Members may invite other persons to any meeting with the approval of the President.

Article IX Voting

1. Every voting member of the corporation will be entitled to one vote, which will be exercised through its authorized representative.
2. A member or its authorized representative may designate its vote by proxy duly authorized in writing and submitted to the Secretary at or before the meeting.

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3. All actions will be decided by a majority vote of authorized representatives or their proxies present at the meeting, with the exceptions designated in the Bylaws and Articles of Incorporation.
4. A quorum for the conduct of business will be established by a majority of the authorized representatives or their proxies.

Article X Officers

1. The officers of the corporation will be a President, Vice President, Secretary, and Treasurer.
2. The officers will be elected from among the voting members.
3. The officers will be elected by a plurality vote.
4. Should any officer be removed by a member organization as its authorized representative or be unable to continue his duties for any reason, a new officer will be elected by a plurality vote.
5. Officers will serve for a term of one year and may be reelected.
6. Officers may be removed by a three-fourths vote.
7. The President shall be the chief executive of the corporation, shall preside at all meetings, and shall have the general powers and duties of supervision and management.
8. The Vice President shall serve as acting president in the President's absence and take over that office if it becomes vacant until a new president can be duly elected. The Vice President shall have such powers and duties as may be delegated by the President.
9. The Secretary shall attend all meetings of the corporation, keep the minutes of such meetings, notify members of meetings, and perform such additional duties as assigned by the President.
10. The Treasurer shall keep the accounts of the corporation, pay all bills in accordance with the instructions of the President, present a brief report at each meeting, and perform such additional duties as assigned by the President.
11. The officers of the corporation will not receive compensation for their services.
12. The President, Executive Director, and at least one non-officer will comprise the Executive Committee.

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Article XI Audit

1. The accounts of the corporation shall be audited each year by a certified public accountant.
2. At the end of each Fiscal Year, the Treasurer shall present a summary report on the finances of the corporation.

Article XII Executive Director

1. An Executive Director will be employed by the corporation to conduct the everyday business of the corporation in the rendering of services to firms.
2. The Executive Director will reside in Southwest Louisiana.
3. The Executive Director will be chosen from among the recommendations made by member organizations, after a personal appearance before the member organizations at a meeting, and on the basis of a majority vote.
4. The Executive Director will receive compensation and benefits as determined by the Board of Directors.
5. The Executive Director will maintain an up-to-date list of organizations and agencies capable of providing the services that will be rendered by the corporation.
6. The Executive Director will conduct a preliminary analysis of the needs of candidate firms, determine whether services are feasible, decide on the nature and price of the services to be rendered, and determine the organization or organizations to render the needed services.
7. The Executive Director will attend all Board meetings, unless excused by the President, and report to the assembled members on all activities undertaken by him since the last Board meeting. In the absence of the Executive Director, the Executive Committee will report on these activities.
8. The Executive Director will assist in fund-raising activities.

Article XIII Budgeting

1. The Executive Committee will formulate an annual budget to be presented to the Board of Directors for review, modification, and approval. The budget will be formulated in accordance with generally accepted accounting principles and at a minimum will include an operating budget for expenses normally considered as overhead and a program budget for expenditures under contracts for the services to be rendered by the corporation.
2. After adoption of the budget, any modification in excess of one thousand dollars (\$1,000.00) may be made only upon a two-thirds vote of the Board of Directors.

Article XIV Dissolution

1. In the event of dissolution, the corporation will: (1) pay or make provisions for paying all liabilities of the corporation and then (2) dispose of the remaining assets by distributing them to organizations the nature of which will not jeopardize the corporation's tax-exempt status.
2. A condition of the distribution of assets is that they will be used for the provision of services to firms in Southwest Louisiana.

Article XV Amendments

1. No amendments to the Articles of Incorporation may be adopted that could jeopardize the Federal income tax exemption of the corporation.
2. The member organizations may make, amend, and repeal the Bylaws of the corporation by a majority vote.

PROSPECTUS

SOUTHWEST LOUISIANA DIVERSIFICATION COUNCIL (SLDC)

Purpose

The SLDC is a nonprofit corporation contributing to the diversification of Southwest Louisiana through the provision of services to firms showing growth potential. It grew out of a successful, Federally funded demonstration project and was created in recognition that:

- * The region suffers from lack of diversification and related job-creation capacities.
- * The expansion of indigenous firms is a key element in diversification and job creation.
- * Most of the jobs in the regional economy will be created by a small percentage of firms that experience rapid growth.
- * Such firms have the greatest need for business assistance precisely when they are most strapped for cash.
- * Provision of assistance at this critical juncture can contribute to survival and enhance growth, thereby promoting a diversified full-employment economy.

Organization

The SLDC is composed of a board and an executive director. The board consists of regional and local economic development agencies and private-sector groups interested in regional diversification. The board is unpaid, and member organizations contribute to the SLDC with time.

The board is responsible for the identification of firms in need of services and that have the capacity to contribute to regional growth and diversification. This is done through the normal business contacts of participating organizations and through referrals from other organizations.

Selection criteria include equity and regional distribution. The board identifies needed services on a provisional basis and first determines whether such services are available through existing programs. If not, the board uses SLDC funds to obtain the needed services.

The board operates through its executive director, who is responsible for:

- (1) Making the initial field contact with selected firms to clarify need;

WORKING DRAFT

- (2) Identifying organizations, agencies, firms, and consultants, that can meet the need on a contract basis;
- (3) Monitoring the progress of services;
- (4) Paying bills; and
- (5) Reporting back to the board.

Services

The SLDC does not provide any direct services to businesses. Rather, it identifies potential service providers through its understanding of the present capacity of existing organizations and by contracting for service provision when existing capacity is unable to meet the needs.

The types of contracted services that will be provided to client firms are the normal business services covered by the broad categories of management, marketing, and finance, including assistance in the development of business plans.

Existing agencies within the region are not presently able to provide the intense, long term, and fairly costly services needed by firms with high-growth potential. Many of these will languish or develop only slowly without assistance. Client firms pay no fees. Normally the level of services provided to any particular firm will not exceed \$10,000.

Use of Funds

The SLDC is a low-key organization. It does not seek building or staff (with the exception of the executive director) and is interested in maximum utilization of its funds in service delivery. It does not look to government for financing because this would involve restrictions that would limit its service delivery effort.

The SLDC is seeking private-sector funding, primarily from organizations with a stake in diversification of the regional economy. The board will inform sponsors of how their money has been used.

Preliminary Budget--Year One

Salary	\$25,000
Payroll Tax and Fringes (35%)	8,750
Telephone	5,000
Mileage (@ \$0.21/mile)	5,040
Per Diem	2,400
Supplies	1,810
Discretionary Funds	2,000

WORKING DRAFT

Accounting and Legal Fees	(Donated)
Computer	(Donated)
Xerox Machine	(Donated)
Secretarial Assistance	(Donated)
Direct Services*	<u>50,000</u>
Total	\$100,000

*Based on the assumption that at least five firms will be served during the first year.

Comments

The following are comments from firms served during the demonstration project:

The marketing plan that you put together was well done, meticulous and thorough. Even though I have been associated with the industry for nearly thirty years, my perception of the market itself was sketchy. The information that you compiled gives me/us a better view of the market and an insight as to potential growth for Mainstream Seafood Corporation.

The marketing plan will be a key element in the acquisition of capital and finance for the corporation.

The service that Gulf South Research Corporation has provided us was badly needed and is sincerely appreciated.

Rudy Aplin
President
Mainstream Seafood Corporation

Thank you for your extreme effort in assisting us with our brochure. We were floundering and unsure until you appeared with your expertise to guide us to its completion.

It was a pleasure working the Gulf South Research. With our best wishes and thanks,

Dan Rogers
President
Acadia Industries, Inc.

IV. COMPANIES

IV. COMPANIES

Introduction

As a part of this contract, the project team provided business services in the areas of management, marketing, and finance to six firms recommended by the TAP for this project. This assistance was intended to help area firms in their diversification efforts by providing a key service at a time when the firm is not otherwise able to obtain outside assistance.

Firms were chosen by TAP members based on general criteria. The members wanted to include firms from throughout the region, and they wanted to include small firms, at least one large firm, a minority-owned firm, and a woman-owned firm. In addition, it was obvious that they were recommending firms believed to need assistance and were in a particularly good position to diversify and expand.

Initially, seven firms were recommended for assistance. Four of those firms did not receive assistance. These firms decided not to participate, or, in one case, the firm's home office (out of state) would not allow it to participate.

Four additional firms were recommended by TAP members. One of these firms decided not to participate, leaving six firms to receive services provided by the study team. The first meeting with each of the six firms was a meeting to explain the purpose of the project and the services to be provided. The TAP member who had recommended the firm also attended the first meeting in order to reassure the firm that the purpose of the project was to provide assistance and that all information would be held confidential. The companies were told that their participation in the project would be crucial.

After the preliminary meeting, the project team visited the company's plant, obtained additional information on the company, and along with company officials decided on the type of service(s) to be provided. The project team had originally envisioned doing business plans for each of the selected companies. However, it soon became obvious that most of the companies needed other types of business services more than they needed a business plan. With approval of the TAP and the project's Contracting Officer's Representative, the services needed by the companies were substituted for the business plan. A full business plan was completed for only one of the companies.

General information on the companies and the services to be provided were summarized for the TAP in a strategic action plan for each company. These strategic action plans were presented to and approved by the TAP. After approval, work with the companies proceeded.

The remainder of this chapter includes information on each of the companies assisted. The strategic action plan, written at the beginning of the project, is included, followed by a case history that summarizes the assistance provided to the company.

It should be noted that in some cases the services that were actually provided were different from those outlined in the Strategic Action Plan. It is important to realize that businesses are greatly affected by changing circumstances. Organizations and consultants assisting businesses need to be sensitive to management's perceptions and needs to have a successful project. Recognizing the need to provide services that would produce the greatest immediate effects, some anticipated services were changed to more effectively meet the needs of the business.

In each case, the company assisted in the process by providing information, feedback, and making necessary decisions along the way. Full cooperation from the firm was necessary for the company to receive maximum benefit from these services.

A listing of the firms assisted is provided in Table 2.

TABLE 2
BUSINESS ASSISTED AS PART OF THE
SOUTHWEST LOUISIANA DIVERSIFICATION PROJECT

<u>Company</u>	<u>Location</u>	<u>Products/ Services</u>	<u>Existing</u>	<u>Startup</u>
Ball Seasoning Co., Inc.	Lake Charles, LA	Cajun Seasonings Prepackaged Cajun Mixes	X	
Bumline USA, Inc.	Sulphur, LA	Insulation Blankets Equipment Covers Hospital Pads and Pillows	X	
Modern Engineering, Inc.	Abbeville, LA	Machining and Fabrication	X	
Acadia Industries, Inc.	Crowley, LA	Polypropylene Bags Flexible Intermediate Bulk Containers	X	
Mainstream Seafood Corp.	Grand Chenier, LA	Depurated Oysters		X
BioCom USA, Limited	Jennings, LA	Ethanol		X

Source: Gulf South Research Corporation.

BALL SEASONING CO., INC.

BALL SEASONING CO., INC., Strategic Action Plan (November 1988)

Company History

Ball's Seasoning was founded in 1984 by Mr. Reginald Ball, Jr., to market a Cajun seasoning mix that was formulated by Mr. Reginald Ball, Sr. Located in Lake Charles, Louisiana, the company is presently operated by Mr. and Mrs. Ball.

The company's objective is to produce a high quality product that will bring out the best taste in foods and to enhance culinary talents by promoting cooking as an adventure rather than a dull chore.

The plant is approximately 4,000 square feet, about half of which is subleased to another company. There is room for expansion when necessary. The present facility can accommodate about 1,500 cases of finished product and raw materials. Equipment includes a filler, blender, bag sealer, can seamer, and a Hobart mixer. Most of this equipment is hand-operated but has been adequate to meet the market demand. The company projects sales of about \$92,000 by the end of 1988.

Primary Markets and Products

Ball's Seasoning has developed a product line consisting of blended Cajun spices, Cajun gumbo mix, Cajun Spaghetti mix, and hush puppy mix. For blended spices, the major competitors are Tony's of Opelousas, Louisiana, and Louisiana Fish Fry of Baton Rouge, Louisiana. Drusilla Seafood, also of Baton Rouge, and Konriko of New Iberia have recently introduced a spice mix. Several Louisiana companies market gumbo and hush puppy mixes.

These products are sold primarily in grocery stores to the consumer market. The first step in accomplishing sales in this market is to convince the store manager to provide shelf space. Mr. Ball approaches this task by providing in-store cooking demonstrations for customers. Once accepted for shelf space, Ball's achieves an advantage because its products have a much lower salt content than its competitors. The company has approached several major chains, including Market Basket Stores, Safeway, and Kroger and has achieved some success in this market.

Ball's is capitalizing on two trends: (1) the increasing national interest in Cajun cuisine; and (2) consumer demand for products with less sodium content.

The second market that Ball's has pursued is major mass merchandising discount outlets. The company has approached Wal-Mart and Sam's Wholesale with success. In-store demonstrations have also been used effectively in this market. By conducting two demonstrations in Texas, the company was able to secure orders from nine Wal-Mart stores. Once the product is carried by 45 stores (by authorization of the store manager), the product can be authorized at all of the Wal-Mart stores nationwide. Ball's has been successful in obtaining orders from 24 Wal-Mart stores.

Mr. Ball is also pursuing leads with Sam's Wholesale. This company has recently placed orders for eight stores.

The government represents a third potential market that the company has investigated. Contacts with the Navy have resulted in a first order to supply the Navy Commissary in Oakland, California. The Navy has informed the company that if the product delivery is timely and the product is satisfactory, that it will be placing a monthly order.

Diversification Strategy

Ball's Seasonings is a growing company operating in markets that are not related to oil and gas and therefore supports a regional diversification effort. The company itself has embarked on its own internal diversification strategy by continuing to develop new markets for its products.

There are many other potential outlets for distribution within the selected markets, and several others that can be pursued as time, personnel, and financing permit to ensure the growth of this company. For example, other Federal agencies can and should be approached (e.g., Veterans Administration and other military branches). Other regional Navy commissaries are also a strong potential for increased sales.

The institutional market presents some opportunities (e.g., schools), as do restaurants and health food stores. In addition, large manufacturers and packagers of spices (e.g., McCormick) should be approached as a possible distribution outlet.

Requirements for Diversification

Ball's Seasonings initial marketing efforts in the discount and government markets have resulted in more demand for the company's products. The immediate problem is to fill the existing orders. The longer-term problem is to get the company on solid financial and administrative ground so that it can implement and expand its diversification and growth strategy. These problems are related, and solving the first problem will also begin to solve the second one.

There are several areas that require immediate attention in order to capitalize on the company's successful marketing efforts:

- . Purchase additional equipment to increase capacity.
- . Purchase raw materials in enough quantity to fill existing and short-term projected orders.
- . Expand marketing efforts, including possibly redesigning the product labels.
- . Increase plant and marketing personnel.

Obtain working capital for the immediate needs (\$10,000 - \$20,000) and financing for long-term stability (\$100,000).

Assessment of the Opportunity

Ball's Seasonings Company has major growth opportunities that can be realized by fully developing and consistently implementing a diversification strategy. The company produces high quality products that have been accepted by consumers. Management has accomplished significant marketing success with very limited resources. Cajun food is fast becoming an accepted ethnic food in many parts of the United States, and the proper seasonings are critical to the proper preparation.

Although there is considerable local competition for the company's products, the major market opportunities lie outside of Louisiana. Although we have not yet investigated the full market potential for these products, the project team feels that Cajun spices and food products is a growth market nationally that should be large enough for participation by all of the existing Louisiana companies, including Ball's Seasonings.

Nevertheless, Ball's Seasonings has several strengths that will enhance its chance of success. The first strength is that the products have a much lower salt content than other similar items. The second is that the company is minority-owned. The minority status is by no means a sufficient factor for growth, but it does provide somewhat of an edge when the company produces a high-quality product.

The larger retail chains, discount outlets, and government agencies will all look very favorably on a minority company as a vendor. The criteria are that the company must produce good products that will sell to the outlet's customers and fill orders promptly and efficiently. Ball's Seasonings has succeeded in producing good products and in "getting a foot in the door." The test will now come on the second requirement. If the company is able to perform well on these initial purchase orders, it has very strong growth potential. If it is unable to meet these obligations, the opportunity will not be lost but could be delayed considerably.

BALL SEASONING CO., INC., Case History (September 1989)

Project History

Ball's Seasoning was selected as a project participant by the TAP. The company demonstrated perseverance and the ability to market its products successfully with very few capital resources. The company was seeking to diversify from local to national markets, and from small grocery to large discount chain and military markets. The company's status as a minority vendor in a growth market (Cajun food) and the demonstrated ability to deliver high quality seasoning products gives Ball's Seasoning a competitive edge in markets with very little competition.

Following detailed conversations with management, extensive market research, and analysis of the company's financial history, a business plan was prepared. The company is seeking \$75,000 in expansion capital. These funds will be used to purchase used automated equipment and inventory, and to conduct marketing activities in specific markets, particularly the military.

Revenues are projected to reach \$1.2 million in three years, with a net profit of about nine percent. During the three year period, it is anticipated that the company will grow from three to 22 employees.

Initially, management was interested in obtaining \$175,000 in capital. About \$90,000 was to be used for automated equipment. The purchase of this equipment would require relocating the plant, due to limited ceiling space of the existing facility. The real estate market in Lake Charles is soft, offering many commercial and manufacturing facilities. Also, it was felt by project staff that there were good possibilities of obtaining State monies for the capital expenditures for building and equipment. Contacts were made with State agencies confirming their interest in looking at the completed business plan.

At the same time, two independent analyses of the existing plant facility were conducted. Several visual inspections for production capacity and layout and one statistical analysis both concluded that projected production capacity could be handled in the existing facility at much less financial burden to the company. It was estimated that the existing capacity could accommodate an increase of eight times the existing production, by rearranging the work space. A larger capacity could be achieved by adding an automatic blender, reducing the blending time (the major bottleneck) and altering the blending schedule.

Financial projections were prepared using both scenarios of \$175,000 and \$75,000 in financing. Also discussions were held with the owner's attorney and accountant to determine the legal and tax situation with respect to selling the existing property and acquiring new facilities. Following the completion of the financial analyses and a review of legal and tax considerations, management selected the less costly option which allowed continuing operations in the same facility, but adding some of the previously discussed equipment and providing a more efficient production layout and schedule.

As the company grows past the first three year projections, the company will probably need to expand to a larger facility and increase the amount of automated equipment. At that time, the company should be in a sound financial situation to capitalize its expansion or to take advantage of State programs encouraging expansion.

In the consultant's opinion, Ball's Seasonings offers a good opportunity to diversify the local economy and to create jobs. This project will essentially initiate the first phase of expansion, with a second phase expected to occur in about three years. Although there is considerable potential with this company, the first year of implementing the business plan will be critical. Cash flow will be adequate, but tight. The burden of production and marketing will remain with the owner basically until Year 2. Consequently, it is recommended that financial management and marketing assistance should be continued with this firm to move the company into a solid second and third year position.

Accomplishments

1. A business plan was completed for Ball's Seasonings Co., Inc. Management intended to use the business plan for the purpose of securing \$75,000 in financing to expand the business. The company was successful in securing \$25,000 in immediate financing, with a commitment for the remaining \$50,000.
2. The Minority Certification process was completed with the State of Louisiana, thus allowing the company to participate in State government set asides.
3. New contracts were secured with the U.S. Army/Air Force Exchange Service in Dallas/Ft. Worth, Texas.

BRUMLINE USA, INC.

BRUMLINE USA, INC., Strategic Action Plan (November 1988)

Company History

BrumLine USA, Inc., is the successor company to Custom Tack, founded as a sole proprietorship in 1978 by Caroline Landry. This company specialized in cut and sewn products for horse racing and veterinary specialty uses. The company moved from Texas to Sulphur, Louisiana, in 1981 and has consistently expanded its operations by broadening its markets.

By 1984, the company had diversified into several areas and the name was changed to BrumLine USA to allow broader marketing efforts. At the same time, the company was restructured as a corporation with five stockholders. Ms. Landry retains majority control and is the Chief Operating Officer and General Manager.

The purpose of the company has evolved as the company has grown. From its beginnings as a cut and sew operation operating in one specialized market (custom tack), the company's purpose now can be defined as the development and manufacture of quality cut and sewn products for the aerospace, petrochemical, and medical care industries.

BrumLine's 1986 sales of \$89,000 increased to \$590,000 in 1987 and are expected to reach \$1 million by the end of 1988. The company presently occupies 15,000 square feet of manufacturing area, and employs 30 to 35 people fulltime, with a periodic demand for up to 60.

Most of the company's business is operated on a contract basis; however, BrumLine has developed its own product line in the medical care field and intends to both manufacture and sell these products. R&D will become an increasingly important aspect in the company's growth strategy.

Primary Markets and Products

BrumLine USA presently operates in three main markets: (1) aerospace, (2) petrochemical plants, and (3) medical care products.

Its primary client is Boeing Louisiana, Inc., which accounts for about 50 percent of revenues. BrumLine has a contract to make noise abatement and temperature insulation kits for the interior of the USAF KC-135 refueling aircraft. These contracts should extend through 1996. The company also provides miscellaneous support products, including respirator bags, parts bags, wing socks, and fabric gaskets.

Last year, BrumLine entered into an agreement with manufacturing representatives to market its REST-EZZ (TM) products for the patient care industry. The core product is the company's hospital bed pads and wheelchair seat pads. A major marketing effort expects to generate 36 percent of the company's revenues this year.

BrumLine has successfully completed work for petrochemical plants in southwest Louisiana and southeast Texas by supplying a variety of blankets, covers, and bags. Examples include removable insulation blankets, valve covers, respirator bags, equipment bags, and safety shower curtains. Most of the items the company supplies are related to plant maintenance activity, with replacement sales occurring periodically. These sales account for about nine percent of total revenues.

The company also is contracted for a number of miscellaneous items, such as athletic team jackets, outer wear for hunters, and specialized jackets for Federal agencies (e.g., U.S. Immigration Service).

It is management's intention to continue the company's growth in the next three years by building upon its strengths and expertise to further penetrate its existing markets. Marketing of its patented hospital pads will contribute significantly to achieving the company's financial goals.

Diversification Strategy

BrumLine intends to diversify the company. Focusing on a particular product in a particular market (i.e., horse leg warmers) was a strategy appropriate for a startup company. Expansion into the petrochemical market and the government market through its contract with Boeing Louisiana, Inc. constituted the initial stages of a diversification and growth strategy.

However, it has become clear to management that none of these markets are permanent. The petrochemical market has shown evidence of its vulnerability. The Boeing Louisiana, Inc. contract, although lucrative and fairly long-term, constitutes over 50 percent of the company's revenues. As such, any problem with this single contract would result in a major problem for the company. At present, it is too dependent on one source. Consequently, BrumLine's management is convinced of the necessity for diversification in order to assure the company's operations at the existing level and to encourage long-term growth.

There are several diversification opportunities for this company. Because the company has gained experience in a variety of product lines, it can diversify in two major ways: (1) sell its expertise in manufacturing specific products in different markets in terms of types of customers or geographic areas; and (2) manufacture different products for more customers in familiar markets.

The company has chosen a combination of both of these methods. The strategy is to expand the market for its camouflage products from a local to a national base; to expand the penetration of its industrial market by expanding the geographical area; and to pursue additional government contracts for equipment covers.

Requirements for Diversification

Management has determined that the diversification strategy can be accomplished in the short-term with existing equipment and facilities. Problem areas include financing the expansion and developing the strategy for penetrating and developing the new targeted market. The company is arranging bank financing for working capital that should relieve some cash flow problems experienced as a result of rapid growth.

The immediate problem is research to target the appropriate markets and to determine appropriate sales strategies for several products. There is also a need to develop the promotional materials that can be used to effectively market BrumLine's products.

In the area of government procurement activities, there appear to be immediate opportunities in the area of equipment covers for several government agencies. In order to pursue these areas, it will be necessary for BrumLine to develop a quality control manual to meet the basic criteria for competing on these types of contracts.

Assessment of the Opportunity

The project team feels that BrumLine is an excellent candidate for participation in this pilot program. The company is aggressive. Management is open to diversification and amenable to assistance in attaining corporate goals and objectives. Viable market opportunities exist, and with proper groundwork, the company should be able to compete effectively in wholesale, industrial, and government markets. The preliminary goal is to expand company revenues to \$2 million by the end of 1990, which would result in creating approximately 30 new jobs in the local area.

The project team will undertake market research and development of appropriate marketing materials in the areas of camouflage products and related products in the industrial or equestrian markets. Assistance will also be provided on developing an appropriate quality control system to allow the company to compete effectively in the defense contractor markets.

BRUMLINE USA, INC., Case History (September 1989)

Project History

BrumLine USA, Inc. was selected to participate in the TAP's project because of the fast growth the company had exhibited since 1986 and its potential to increase jobs in the Sulphur area. Additionally, BrumLine's management recognized the need to diversify the company. With 50 percent of its revenues derived from Boeing USA (under Federal contract), management felt the company was too vulnerable to a single source contract.

As outlined in the company's Diversification Strategy, the company intends to continue and expand its government work by gaining clients in other branches of the Department of Defense and in other agencies. In order to continue the Boeing work and to be in a position to bid other government contracts, a formal Quality Control Manual was necessary.

With the government market expected to expand, it was considered prudent to increase the company's percentage of sales to local and regional industrial plants. Because significant potential existed for the company's industrial custom equipment covers, this market showed the most promise. Marketing materials would be required to penetrate this market effectively.

The project team undertook the design, layout, and narrative of a brochure presenting the company's custom product design and manufacture service for a large variety of equipment covers. The company would pay for the photography and printing costs.

After completing some preliminary market research, project staff recommended promoting these products as "Equipment Protectors," capitalizing on the primary needs of industrial plants to protect their investment in equipment and to protect their employees from hazards.

This company is aggressive in pursuing growth and new markets. The major limiting factor at this point is lack of marketing materials and a sales force to develop the company's potential markets. Participation in the TAP's project has assisted the company in establishing a formal marketing program, with anticipated results comparable to those derived from initiating a formal quality control program.

Accomplishments

1. A Quality Control Manual was completed for BrumLine USA. Since its completion, and based on the company's performance, BrumLine has successfully acquired all of Boeing's cut and sew business at the lake Charles facility.
2. Management also has contacted the military branches and has secured interest in the company competing as a vendor for military uniforms.

3. Procedures have been initiated which would qualify the company to become one of only 13 authorized military repair facilities in the United States.
4. Management hired two salesmen to contact the plants and administer a questionnaire to be used in further defining the company's marketing strategy and to gain access to the proper personnel within the plants.
5. At the time of this report, the brochure layout and photographs are in the final stages of preparation. The brochure should be ready for printing within a few weeks.
6. During the project period, this company substantially increased its revenues and added 30 new jobs.
7. The owner was selected as the State's Small Business Person of the Year for 1989.

MODERN ENGINEERING, INC.

MODERN ENGINEERING, INC., Strategic Action Plan (November 1988)

Company History

Modern Engineering, Inc., was founded by Mr. Jimmy Steen in 1982. The company is a Subchapter S corporation located in Abbeville, Louisiana. Mr. Steen holds 90 percent of the corporate stock, and has one minority shareholder.

The company's plant consists of about 4,000 square feet of working area. Employing 12 machinists, the company operates as a specialty job shop manufacturer of precision fabricated components and assemblies.

Specializing in structural steel, aluminum, stainless, and exotic alloy welding processes, most of the company's experience has been in servicing Louisiana's oil and gas industry and petrochemical markets. With the downturn in the oil and gas market, the company experienced some loss of work, but has managed to retain its employees despite the reduced workload. The major effect of the poor economy has been the inability of the company to grow.

The no-growth posture means that it may be difficult for the company to meet financial obligations that were predicated upon growth as the basis for repayment. Therefore, the potential for job creation would be non-existent and existing jobs are potentially threatened. Consequently, the management is acutely aware of the urgent need to diversify both its services and markets.

Primary Markets and Services

For the first few years of its operation, Modern Engineering has been a captive company. That is, it was reliant on one major client for most of its \$500,000 in revenues. This customer is engaged in well completion services for the oil and gas industry. Modern Engineering produces a variety of small- to medium-sized custom components for this company by manual machining methods.

Only a small portion of Modern Engineering's revenues is derived from other customers. These customers are primarily in the local petrochemical industry. Although some specialty items are produced in this market, most of these additional revenues are generated by performing periodic repair work.

Diversification Strategy

Modern Engineering is developing a diversification strategy that includes diversification of both markets and services. The objective is to double the company's sales within one year.

The target markets include near-term expansion of opportunities in the oil and gas and petrochemical activities. As this is the company's present base, it makes sense

to expand these activities to a larger geographic area. The company plans to include Texas companies as potential customers.

The company seeks to diversify by obtaining work in the defense and aerospace sectors. Companies within a 600 mile radius of Abbeville will be contacted through increased marketing efforts. This geographic area encompasses the area roughly between Austin, Texas to St. Louis, Missouri, and Atlanta, Georgia. Although the two markets may be related, they are not identical. The company will pursue bids with defense industry contractors, such as Boeing Louisiana, Inc. and aggressively pursue these contacts to obtain work with the same company's commercial aircraft divisions.

The OEM (original equipment manufacturers) market represents another opportunity for Modern Engineering. Concentrating on OEMs in Louisiana and Texas, Modern Engineering can offer its services for small- to medium-sized production runs. These services would provide a steady stream of dependable high volume work to the company's workload and would help to maintain a predictable cash flow position.

Modern Engineering also plans to diversify its services. It will continue to excel in manual machining but seeks to expand in this area by developing CNC precision machining. It is these capabilities that will allow the company to effectively compete in the OEM market for production work.

Additionally, the company plans to expand its fabrication services to include structural, tooling and fixturing, as well as repair capabilities. The immediate opportunities appear to lie in the area of structural fabrication for the Louisiana and Texas oil and gas industry.

Requirements for Diversification

Modern Engineering has already embarked on its diversification strategy and has proceeded to the stage of having a fairly clear sense of what it will take to accomplish its objectives. The company's needs to implement its diversification strategy have been targeted on a preliminary basis. These needs include:

- . Purchase of CNC equipment.
- . Increased marketing efforts, including the development of professional brochures that describe the company's services and capabilities.
- . Increased sales staff and expertise to market effectively to new target companies, particularly in the defense and aerospace businesses.
- . The development and implementation of a quality assurance system (specifically, a Mil I-45208 system) to participate in defense and aerospace prime contracting markets.

- . Adequate financing to capitalize the company's planned growth and development.
- . Increased personnel training.

Assessment of the Opportunity

Opportunities for Modern Engineering's growth and diversification are promising. Management is aggressively pursuing new markets and taking affirmative action in other areas of the business to position the company for growth.

Diversification is an appropriate strategy for Modern Engineering because competition is fierce in the company's core business area of oil and gas. There are approximately 500 machine shops and 700 fabricators in Louisiana. Each of these companies competes primarily in the local market. Consequently, the downturn in this industry and the present low oil price continue to inhibit Modern Engineering's development.

Several portions of the overall strategy appear particularly promising and should be further investigated. There is no geographic limit to the company's ability to compete in national markets in the defense and aerospace markets. With the proper quality assurance (QA) system in place, the company should be able to generate sales within the southeastern United States without major transportation costs for product delivery. The company has already begun to develop and implement the proper QA program.

With the acquisition of CNC machines, a programmer, and training for employees, new markets will also become available to the company. This equipment will allow management to pursue small production runs for OEM manufacturers and for new product developers.

This is an area that is particularly promising because there are very few machine shops in Louisiana that have upgraded equipment to get into the production state, rather than concentrating on custom manufacture and repair. Production recruited from surrounding states can be obtained without a great deal of logistical difficulty. A sales force can be assembled, managed, and trained to develop this area, and competition in this niche market is somewhat limited.

There are several beneficial services that can be pursued with Modern Engineering during the course of this project. The company is in need of a business plan, assistance with loan applications, market research, and development of marketing materials to enhance management's ability to raise the necessary capital for expansion and to pursue new market opportunities. The project team is working with management to determine the most effective and beneficial use of the project's resources to assist in the company's diversification efforts.

MODERN ENGINEERING, INC., Case History (September 1989)

Project History

Modern Engineering was selected as a project participant by the TAP. Several options for services were reviewed with management. Initially, a business plan was discussed; however, management was able to secure the financial restructuring that was needed. With that important step accomplished, management and project staff turned their attention to the next priority: finding new markets. The criteria for the analysis were a growth market in the geographic region for which services could be provided with existing equipment and procedures. The company had bid one job for a municipal sewerage facility and had successfully completed the project and was interested to know if there were more opportunities in this area.

Project staff initiated some preliminary inquiries at the State level to determine any State plans operating in this market. As a result of Federal legislation requiring States to upgrade sewerage facilities and deadlines for compliance, the State had recently secured one of a few pilot loan programs for municipal improvements. Consequently, it was determined that the financing to municipalities was available and a larger market in fact exists. Project staff then completed a telephone survey of the municipalities in Southern Louisiana to determine concrete opportunities. Information was obtained detailing immediate and long range plans, identifying contact points, and outlining probable costs. From this information, the client is able to systematically make marketing contacts and prepare appropriate bids.

Project staff then secured additional information from Federal and State authorities concerning regulations for construction loans that will better assist the company in preparing competitive bids.

If Modern Engineering is successful in entering the municipal market, not only will a new market have been found, but the company will significantly diversify the business structure as it completes the transition from machine shop to fabricator.

This project was relatively straightforward and uncomplicated. There was some initial shifting of tasks because of the changes in the company's financial situation. The project staff was prepared to go in either direction of providing a business plan or market research. The overriding consideration was what management felt was most needed and the timing of the needs.

Although management would have liked to have a business plan and recognized its value, the new market direction was perceived as the most valuable contribution by both management and the consultants.

Accomplishments

1. Project staff completed a market analysis for Modern Engineering, Inc. during the project period. The purpose of the analysis was to assist the company's efforts to

diversify its markets, moving from its dependence on oil and gas activities to other areas.

2. A growth market for Municipal Sewerage and Water Treatment Facilities was discovered and detailed.
3. Project staff obtained all necessary regulations and provided explanations of the bid and contract procedures to management.
4. Provided with a market survey, contacts, time schedule, and applicable regulations, the company is in a sound position to pursue its diversification strategy. The company will be on the "ground floor" with experience in a new market (fueled by Federal dollars) that should last for at least five to 10 years. With the shift from machine shop to machine shop/fabricator, the company should be able to expand its business, and eventually to hire additional personnel.

ACADIA INDUSTRIES, INC.

ACADIA INDUSTRIES, INC., Strategic Action Plan (January 1989)

Company History

Acadia Industries, Inc., is owned and operated by the Dan Rogers family in Crowley, Louisiana. Since 1971, when the company was founded by the Rogers, the company has manufactured bags for rice, feed, and seed. In 1981, the company expanded into bulk bags. Bags are custom designed to meet the needs of the client.

Acadia Industries has grown substantially in the last three years, primarily as a result of increases in bulk bag sales. Revenues from bulk bags doubled in two of the last three years. Revenues from bulk bags make up about 40 percent of total sales.

Employment has increased from 20 three years ago to 44 at the present time. The company expects to hire an additional five or six employees in the coming months.

The company added a 7,500 square foot warehouse last summer. It has additional room for expansion, if needed.

Primary Products and Markets

Acadia Industries' primary product is polypropylene bags. In addition, the company sometimes makes bags out of burlap and mesh bags for crawfish.

The company makes two types of polypropylene bags. "Rice" bags are simple bags used primarily for rice, feed, and seed. They are often used for exporting these commodities, although the domestic market has been increasing. Sizes of these bags range from 10 to 125 pounds.

Bulk bags are larger bags used to transport any dry commodity that will flow, such as chemicals, fertilizer, cement, some agricultural products, and food. They hold from 500 to 5,000 pounds, although the most common sizes are 1,000 and 2,000 pound bags.

Markets for the "rice" bags include the rice mills, grain and seed companies, and the U.S. Department of Agriculture (USDA). Most of these bags are sold in Louisiana, Texas, Mississippi, and Arkansas. Although the domestic markets are increasing, most of these bags are sold to companies that will use them for exporting commodities. As a result, factors beyond the company's control, such as the value of the dollar and crop losses in other countries, can significantly impact sales. There is also some seasonality in sales of these bags, since they are mainly used for agricultural products.

Acadia Industries sells most of its bulk bags for the transport of chemicals, although they are also used for sand, food and agricultural products, and other bulky items. Most of the bulk bags are sold to companies in Louisiana, Texas, Arkansas, and Alabama, although it has sold bags in other parts of the country.

Diversification Strategy

Acadia Industries is a growing company in markets not related to the oil and gas industry and therefore supports a regional diversification effort. The company is constantly pursuing additional customers and new markets. It hired a full-time salesman about six months ago, and Danny Rogers does some sales in addition to his other responsibilities. The company is trying hard to balance its recent growth with proper quality control, maintaining sufficient inventory of materials, and cash flow.

New markets that can be pursued include (but are not limited to) pharmaceuticals, the Corps of Engineers, U.S. Department of Agriculture, and other Federal agencies. Sales to additional companies within existing markets can also be pursued.

Requirements for Diversification

Although the company has been growing as quickly as it believes it should, there are new markets it would like to pursue to allow for additional growth and diversification. Management has attempted to obtain information on potential markets it has identified; however, in some cases little progress has been made because information was not easily obtained and time to pursue the information was not available.

The Rogers are also beginning to understand that if the company continues to grow, it will need additional management personnel. For a company that has always been managed within the family, the hiring of outsiders to assist in managing the company is not an easy step to take.

To assist in Acadia Industries' diversification, the Rogers need to thoroughly assess their plans for the future. In addition, management sees a need for information on potential new markets.

Assessment of the Opportunity

Acadia Industries appears to be a strong company with the potential to expand substantially. The company produces high quality products, as evidenced by repeat business with many companies and with the Federal government. The company has strict standards for controlling the quality of its products and has a Quality Control manual on file with the Federal government.

Although we have not yet investigated the full market potential, initial indications are that the market for polypropylene bulk bags is growing rapidly. There are many uses for these bags in many different industries, and it appears that the total market is growing as companies realize the advantages of using bulk bags rather than paper bags or cardboard drums.

To assist Acadia Industries in its efforts to diversify into new markets, a business plan and a strategic marketing plan would be useful. The project team is working with management to determine how the team can best assist in the company's diversification efforts.

ACADIA INDUSTRIES, INC., Case History (September 1989)

Project History

Acadia Industries was selected as a project participant by the TAP. At the project team's first meeting with Acacia Industries, the purpose of the project and the services available to the company were discussed. The consultant agreed to do some preliminary investigations into new markets of interest to Acadia Industries, and a decision as to whether the company most needed a strategic marketing plan or a business plan would be made in the coming weeks. In either case, the market investigations underway would be used.

Through further discussions, the consultant and the owners of Acadia Industries determined that the company was most in need of promotional materials. Their competitors have nice brochures, while Acadia Industries' salesman has only typewritten copies of information on the company. The remainder of the study team's efforts concentrated on the development of promotional materials. The consultant prepared several drafts of text, including layout. Plans were made for photographs and drawings to be used. The company is responsible for obtaining the necessary photos, drawings, and printing. The consultant obtained printing cost estimates from several Baton Rouge printers. Acadia Industries will obtain estimates from printers in Crowley and Lafayette.

Work with Acadia Industries went very smoothly once the decision to prepare promotional materials was made. The company is slowly expanding production, as bulk bag sales increase. Management understands that it will need a business plan and a detailed market analysis when it needs to borrow money to expand. However, the company can increase production to some extent using the present facility. Management believed that the company's most immediate need was promotional materials.

Accomplishments

1. Promotional materials were prepared for Acadia Industries, Inc., as a part of this project. Company officials believed the lack of a promotional brochure was inhibiting its efforts to further expand bulk bag sales, so this brochure was the company's most pressing need.
2. Information on an upcoming Corps of Engineers' project that will utilize bulk bags was obtained. The company had heard that a project was being planned, but had been unable to find out any of the details. The project has been postponed several times but is now scheduled to be let out for bids in December. Acadia Industries is prepared to monitor the status of the project, so they can respond in a timely manner.
3. Other Federal markets for bulk bags were investigated; however, it appears that the Corps of Engineers and U.S. Department of Agriculture are the only agencies now purchasing bulk bags. The company is on the U.S. Department of Agriculture's bid list and has successfully bid on contracts.

MAINSTREAM SEAFOOD CORPORATION

MAINSTREAM SEAFOOD CORPORATION, Strategic Action Plan (November 1988)

Company History

Mainstream Seafood Corporation is a startup company located in Cameron, Louisiana. The corporation was formed in January 1988 by five people, including Rudy Aplin, a shrimper/oyster fisherman who had been working on the idea for about two years. Today, there are about 220 shareholders. Most of these people are employed in some aspect of the seafood industry, and many are fishermen.

The purpose of the company is to harvest, process, and market (wholesale) oysters from areas previously closed because they do not meet Federal and state regulatory requirements for cleanliness. Many of Louisiana's oysters are located in areas with unusually high bacteriological concentrations. This company will install a depuration system to purge the oysters of bacteria, allowing oysters from "closed" areas to be harvested, cleaned, and sold.

Recently, the company has run into some delays as a result of some legal problems (legal work that should have been done when the corporation was formed was not done properly). These problems should be resolved within the next three to four weeks. At that time, a business plan and a prospectus will be complete. The next step is to obtain financing.

The company is trying to obtain financing through a loan guarantee program through the Louisiana Department of Agriculture. A local bank is expected to provide the \$750,000 that will be guaranteed by the Department of Agriculture as soon as the loan guarantee is approved. In addition, approximately \$200,000 will be raised locally. This amount will cover construction costs and provide a small amount of working capital. Mr. Aplin does not anticipate any problems raising that money.

Mr. Aplin's timetable calls for legal problems to be resolved in December 1988, the loan application to be submitted to the Department of Agriculture and the local money raised by the middle of January, construction to be done in February and March (a contract for the construction as already been arranged, with 60 days allowed for construction and testing), and the facility to go online in April.

Mainstream Seafood has already obtained permission from the Louisiana Legislature to harvest from unapproved areas (Calcasieu and Sabine lakes).

Mainstream Seafood projects annual gross revenues of \$5 to \$12 million, depending on the price obtained for the oysters. These projections are based on the sale of 400 sacks of oysters per day, with prices ranging from \$32 to \$80 per gallon for shucked oysters and \$35 to \$80 per bushel for half-shell oysters. According to the New York Fulton Market Report (published by the National Marine Fisheries Service) for August 26 through September 1, 1988, the wholesale price for shucked oysters was \$40 per gallon and the wholesale price for half-shell oysters was \$42 to \$80 per bushel.

Primary Markets and End Products

Initially, the products sold by this company will be shucked oysters and oysters for the half-shell market. Oysters destined for the half-shell market will be put in boxes and placed in cold storage until they are loaded on trucks for shipment. Shucking oysters will go to the shucking house, located at the plant site, where they will be opened, separated into three grades, placed in proper containers, and placed in cold storage awaiting shipment. All financial projections are based on these two products. However, Mr. Aplin expects that eventually the company will be depurating and selling Rangia clams, a local, very plentiful clam that is not commercially harvested at this time. LSU has been studying these clams for several years; however, there are still some taste problems that must be overcome before they can be marketed.

Mainstream Seafood plans to serve as a wholesaler, generally selling directly to restaurants and seafood retailers. The company expects to hire a marketing manager to coordinate all marketing activities. Mr. Aplin has made some phone calls to retailers in other parts of the country and does not foresee any problems selling the depurated oysters.

Diversification Strategy

Mainstream Seafood is a startup company involved in further development of Louisiana's seafood industry. Currently, only a small portion of the oysters available in the Cameron area can be harvested because of problems with bacterial pollution. Mainstream Seafood will install a depuration facility to cleanse the oysters of bacterial pollution, thus allowing oysters to be harvested on a year round basis from areas that are now closed to oyster fishing.

Depuration to clean oysters and clams of bacterial contamination may be required by FDA in the coming years. Given the large oyster producing areas that are currently closed to fishing as a result of bacterial pollution, a technology that will clean the oysters so they can be sold may be essential to the future of the Louisiana industry.

Assessment of the Opportunity

The study team believes Mainstream Seafood is a good candidate for participation in this pilot program. It will be using a technology that is not yet in commercial use in the United States. Although the company is dealing with a relatively new technology, there is reason to believe that it can work. There are several depuration ventures now underway in this country that may allow the sale of oysters from closed areas in the near future, and the technology is currently used in Europe. This technology will allow the use of resources (oysters from beds in unapproved areas and possibly clams) that are now unusable.

Mainstream Seafood believes it can produce depurated oysters, sell them at prices competitive with oysters now sold throughout the country, and realize a reasonable profit. The company reports that the costs associated with the depuration process are

less than the costs of hauling the oysters to Florida (apparently where many of them are now processed), processing them, and selling them.

Management is currently concentrating on completing the business plan and prospectus in order to resolve the company's legal problems. When the problems are resolved, obtaining financing will become the priority.

There are several ways the study team may be able to assist the company. Although a business plan for the company is nearing completion, additional market research might be of assistance to the company. In addition, the company would like some assistance in putting together the loan application that will go to the Department of Agriculture, if the company's timetable permits. The project team is working with management to determine how the project team can best assist in the company's diversification efforts.

MAINSTREAM SEAFOOD CORPORATION, Case History (September 1989)

Project History

Mainstream Seafood Corporation was a startup firm chosen by the TAP for inclusion in this project. GSRC first met with the company in late October, 1988 and had further initial conversations in November. Mr. Aplin explained that the company had encountered some delays due to legal problems with the stock offering. The group was working on a business plan. Mr. Aplin expected the legal problems to be worked out within two to three weeks, the business plan would soon be completed, and they would quickly raise the nearly \$200,000 match needed for the State Market Commission guaranteed loan. Then the loan application would need to be completed. Mr. Aplin hoped to raise the money and have the loan application completed by mid January.

After minimal research on the depuration process and the first meeting, the study team's assessment of the company was that: (1) depuration will be demanded in the future; (2) this type of company would be very good for Louisiana; and (3) this group is much further from commercialization than they realize. The group did not believe there was a need for a pilot facility or for further research.

At the November meeting, the study team agreed to talk with Mr. Aplin in early January to determine how to best assist the company. Most likely, the study team would put together the State Market Commission loan application or conduct additional research on the market for depurated oysters.

As the project team anticipated, completion of the business plan, resolution of the legal problems, and fund raising took much longer than Mr. Aplin had anticipated. The business plan was completed in March, the legal problems were solved soon after that time.

In April, the State Market Commission reviewed the business plan to determine whether the information required by that office was included. The Market Commission outlined several areas that Mainstream Seafood needed to address before formally applying for the loan guarantee. One of the areas that needed additional work was marketing.

Over the next three months, GSRC assessed the market for depurated oysters for the company. Project staff surveyed oyster wholesalers and distributors and restaurants that specialized in raw oysters across the country. Information gathered provided insight into regions where oysters are most in demand, distribution channels, and prices. The project team projected sales based on these findings and suggested that Mainstream's production projections be modified to reflect the estimated revenues projected in the marketing study.

Early in this project, some members of the Council were hesitant to continue to include Mainstream Seafood in this project. These Council members believed that

principals in the company had unrealistic expectations about the company's operating capacity. The project staff shared the belief that the expectations about how quickly startup could occur and how fast they could gear up to maximum production were unrealistic. However, research showed that the idea is good and that depuration will be demanded in the future. In addition, the company's founder and president is hard working and determined to make the project work. The project team understands that company founders are often optimistic about the amount of time it takes to accomplish tasks such as completing a business plan and obtaining financing. As the project team expected, Mr. Aplin's expectations became more realistic as the year progressed and tasks took longer than he had anticipated.

The company is still some time away from startup. In September, the equity required by the State Market Commission still had not been raised. To obtain this financing, the production projections in the business plan need to be modified to reflect the market situation (the original projections are based on production capabilities, rather than market factors). However, the company must also meet other criteria required by the Market Commission, including a substantial amount of cash collateral.

Accomplishments

1. A market analysis was completed for Mainstream Seafood Corporation during the project period. This market analysis is one of the items the company needs to obtain a Louisiana Market Commission loan guarantee to provide startup financing. It will also be used to obtain other financing.
2. During the project period, the company completed its business plan.
3. The company's legal problems were resolved.

BIOCOM USA, LIMITED

BIOCOM USA, LIMITED, Strategic Action Plan (January 1989)

Company History

BioCom USA, Limited (Atlanta, Georgia), has recently purchased the Shepherd Oil ethanol facility in Jennings, Louisiana. This facility, which began production in 1984 and filed for bankruptcy the same year, is a relatively large facility that is capable of producing ethanol using either grain or molasses as feedstock. The plant closed in 1987 after state subsidies were withdrawn.

BioCom intends to produce ethanol using primarily grain sorghum. They will create over 100 new jobs within two months of startup. Startup is expected by May 15, 1989.

Within about two years, the Company plans to expand the Jennings facility to include an isobutylene plant (which could utilize butanes from area refineries), so ethyl tertiary butyl ether (ETBE) can be manufactured at the Jennings facility. At that time, total employment would be expected to increase to about 200.

The Jennings facility is capable of producing 35 million gallons of 200 proof, fuel-grade ethanol from grain annually and an extra five million gallons of 190 proof ethanol. A BioCom subsidiary has a plant located in St. Croix, Virgin Islands that is capable of producing 50 million gallons of 200 proof ethanol annually (although this facility does not have the grain to 190 proof ethanol production capability). With combined capacity of 85 million gallons of fuel-grade ethanol annually, BioCom is positioning itself to be a major player in the ETBE market.

BioCom also has a research and development subsidiary, American Eagle Fuels, located in Nebraska. This company is engaged in R&D related to new technologies for manufacturing ETBE and associated products. BioCom is developing a new method for producing ETBE (for which a patent application will be filed), has developed a new leaded fuel for the leaded fuel market (for which a patent application was filed in December 1987), and has licensed a new technology for producing fuel grade alcohol from Queensland Science and Technology Ltd. (Australia).

Primary Products and Markets

The use of fuel additives to provide gasoline with special performance characteristics is widespread. Historically, lead has been used to boost octane levels in gasoline. However, the use of lead is now being phased out, and other additives to boost octane are being sought.

Ethanol and methyl tertiary butyl ether (MTBE) are two of the most common additives used to increase octane levels. Recently, attention has increased for the use of ethyl tertiary butyl ether (ETBE). ETBE is made using ethanol, rather than methanol, which is used to make MTBE. BioCom reports that MTBE is made primarily by the large oil companies using imported methane.

ETBE has a number of advantages over MTBE. ETBE can be produced utilizing domestic ethanol (in this case from Louisiana grown grain). It can boost octane, while decreasing benzene and carbon monoxide emissions and reducing gasoline vapors. By reducing benzene emissions and gasoline vapors, ETBE can help to decrease ozone pollution and other toxic emissions associated with gasoline fuels and additives.

A major advantage of ETBE over ethanol is that ETBE can be mixed with gasoline and distributed via pipelines (unlike ethanol, which must be mixed after gasoline is pipelined). ETBE also contains more oxygen molecules than ethanol. This results in a reduction in carbon monoxide and unburned hydrocarbon emissions through increased burning efficiency.

BioCom's primary product will be ethanol. Immediately, this ethanol will be sold to the large independent oil companies that are currently blending ethanol with gasoline. BioCom believes that companies now producing MTBE (including some of the large oil companies) will begin producing ETBE in the next few months if they have a dependable source for ethanol. BioCom plans to be that dependable source.

Substantial quantities of ethanol are made in the Midwest. However, BioCom believes a year-round Gulf Coast supplier of ethanol is required to compete in the ETBE market, since most of the companies (refineries) expected to manufacture ETBE are located along the Gulf Coast. The use of ethanol made in the Midwest to satisfy the strong demand for ethanol blended gasolines in that region, high transportation costs to Gulf Coast ETBE (now MTBE) production facilities, and the fact that much of the capacity in the Midwest is used to produce high-fructose corn sweeteners for about six months each year indicate that a year-round supplier located near the refineries is needed.

There are two important byproducts of the ethanol production process: a thin slurry residue and carbon dioxide. The slurry residue is commonly used as an animal feed. It is generally dried and marketed as distillers dried grain (DDG). BioCom has secured contracts to sell the DDG produced at the Jennings facility in Europe.

Carbon dioxide is also produced when ethanol is made. Carbon dioxide is commonly used in the beverage industry or for tertiary oil recovery. BioCom does not have a buyer for carbon dioxide at this time. The sale of the carbon dioxide is not critical to the financial success of this project.

Diversification Strategy

BioCom is essentially a startup operation related to the agriculture and petrochemical activities ongoing in the region. Although related to the petrochemical industry, it is not heavily dependent upon it. The demand for ETBE is expected to be related to the demand for gasoline.

BioCom intends to produce ethanol for the ETBE market (and ultimately hopes to produce ETBE). Louisiana's recent experience with ethanol facilities, all of which have now closed, would indicate that the production of ethanol is not diversification. In fact, Louisiana's track record would indicate that an ethanol facility would be a poor investment. Louisiana ethanol plants survived only as a result of the large State subsidies and closed when those subsidies were removed.

However, BioCom believes that the demand for new octane enhancers, the demand for cleaner fuels as a result of Environmental Protection Agency (EPA) mandates and public demands, Federal subsidies, and the company's new proprietary technologies that will lower production costs for ethanol and ETBE combine to make the production of ethanol at the Jennings facility a profitable operation.

The BioCom facility will assist in the diversification of the region in several ways. The company intends to purchase grain (grain sorghum and corn) from area farmers to the extent this grain is available, thus providing area farmers with a new market. It will produce a product that can be sold immediately to the large gasoline distributors who must now obtain ethanol from distant sources. In the coming months, the company anticipates that the demand for ETBE will increase substantially, at which time the major oil companies (those that now produce MTBE) will become the primary users. Finally, as EPA enacts stricter regulations governing air emissions, the refineries will be required to remove butane from their gasoline. One of the best uses for butane is to dehydrogenize it into isobutylene, the component that must be mixed with ethanol to produce ETBE.

Requirements for Diversification

BioCom reports that it needs to raise approximately \$10 million to capitalize the facility. They hope to raise this money through sale of an Industrial Revenue Bond (IRB). The money would be used to purchase equipment that is now being leased and for recommissioning the plant for startup. The company reports that the equipment lessors will remove their equipment unless it is purchased soon.

Assessment of the Opportunity

BioCom appears to have significant potential for growth and diversification. The company intends to expand into related areas, rather than simply remain an ethanol supplier. The product they ultimately intend to produce is a fuel additive that reportedly boosts octane levels while decreasing toxic emissions. The product would be of particular interest to some areas of Louisiana that are currently nonattainment areas for ozone. Nineteen Louisiana parishes were not in attainment last year, including the areas around Baton Rouge, New Orleans, Lake Charles, Shreveport, and along the Mississippi River. ETBE lowers emissions that contribute to ozone problems. In some areas, problems with ozone are preventing new plants from moving into the area (because then cannot obtain the required permits).

There are several ways the study team may be able to assist BioCom. Most immediately, the company is seeking to raise \$10 million, hopefully through the sale of an IRB. They would like some assistance in this endeavor. It is unclear at this time precisely how the study team can best assist them, although it may involve coordination with local officials, some assistance with revisions to the business plan, and/or market research. GSRC has made some contacts to obtain information on IRBs as well as taxable bonds, and the Company is meeting with investment bankers to investigate its options. It is anticipated that GSRC's role can be specified within the next two weeks.

BIOCOM USA, LIMITED, Case History (September 1989)

Project History

BioCom was selected as a project participant by the TAP. This company was larger than others chosen in terms of employment, and hopes to expand within a couple of years. The TAP believed it was important to assist this large employer in its recommissioning and startup efforts. The facility would be assisting local farmers by providing a market for corn or grain sorghum and would be assisting the region by providing the ethanol necessary for production of a new, cleaner gasoline additive for the region's refineries.

The study team first spoke with company officials in December, just prior to their purchasing the facility. Initial discussions with the company about the type of assistance needed indicated that it might need assistance in obtaining startup financing or with updating the business plan. The company hoped to obtain the necessary financing in order to startup by mid May.

The project team had planned to assist BioCom by doing one larger project, as was done for the other companies assisted as a part of this project. However, the company's internal restructuring, which took place in Atlanta and New York, occupied most of the company principals' time during the project period. Officials at the plant were waiting for the restructuring to occur, then were very busy trying to get the plant recommissioned and online. As a result, the project team was asked to assist with several smaller research efforts throughout the year.

Accomplishments

1. Use of Industrial Revenue Bonds (IRBs) for startup financing was investigated.
2. Information on wages and salaries for similar industries by employee category was obtained.
3. Aquaculture markets were investigated. The company is investigating options for use of some of its byproducts and facilities. It believes that unused tanks and waste heat can be used to provide enclosed, temperature controlled ponds for aquaculture systems. The company also believes that the principle byproduct of the ethanol process, which is normally dried to form distillers dried grain (DDG), can be used as the basis for fish food.
4. The market for leaded fuels was investigated. The company has a product that is expected to be a good additive for leaded fuel. The company believed that there was still a sizable market for leaded fuel for farm equipment and some government vehicles. The consultant found that the market for leaded fuels is small and shrinking rapidly.

5. BioCom began commercial operations in August 1989. They hired 112 permanent employees.

Appendix A

ECONOMIC DEVELOPMENT SERVICES DATABASE

Appendix A

ECONOMIC DEVELOPMENT SERVICES DATABASE

Introduction

As part of this project, the consultant prepared a database listing agencies providing economic development and related services. This database is intended as a resource for the director of the SLDC.

Included in this database is information on regional port authorities, planning districts, chambers of commerce, votech schools and private vocational schools, utilities, private companies providing business and marketing services, the Louisiana Productivity Center, the Small Business Development Centers at McNeese and the University of Southwest Louisiana, and other groups and agencies with economic development responsibilities.

How To Use Database

This section describes the uses of the AGENCY data file. The file is a Wordperfect 5.0 document containing names, addresses, phone numbers and descriptions of services provided by various organizations available to help the business person. It was created on an IBM PC compatible machine. The file can be used to produce mailings, to create lists of useful agencies and mail merge letters. With Wordperfect, the user can sort and select by categories (*e.g. port authorities or chambers of commerce*).

The system consists of several files:

AGENCY	the main data file containing the agency names, contacts, addresses, etc. (referred to by Wordperfect as a secondary file)
AGENCY.PRI	a primary file to use in mail merge with AGENCY
AGENCY.MER	a file created by merging AGENCY with AGENCY.PRI and printed below
AUTOMERG.WPM	a macro file to help in adding new names to AGENCY
RESTART.WPM	a macro file to restart the process of adding names to AGENCY

The AGENCY file can be accessed simply by retrieving it using the ALT-F10 key combination and then answering **a:agency** when Wordperfect asks for the name of the file to be retrieved. Changes and additions can be made to the file if the operator understands the entry of secondary files. See merge and merge codes in the reference section of the Wordperfect 5.0 manual.

To automate the entry of new names use the following process. (It is assumed that the user is running Wordperfect 5.0 on an IBM PC compatible machine with a hard drive and that Wordperfect resides in the WP50 subdirectory. It also assumed that Wordperfect macros reside in the same subdirectory.) First copy all files from the diskette into your Wordperfect subdirectory by inserting the diskette into the A drive and using the following command:

```
copy a:*. * c:\wp50
```

followed by the enter or return key. Go to the Wordperfect subdirectory by typing

```
cd\wp50
```

and hitting return. To begin the automated process type

```
wp /m-automerg
```

and hit return. Wordperfect will start and ask a series of questions about the additional entries. The categories or fields are:

1. Agency code - an abbreviation for the type of agency, e.g. PA for port authority

MI:	Miscellaneous
PA:	Port authorities
SCH:	Schools
UT:	Utilities
PL:	Planning districts
CC:	Chamber of Commerce

2. Agency name
3. Agency street address
4. Agency mailing address
5. City
6. State
7. Zip code
8. Phone number
9. Contact name
10. Parish

11. Description of services available

When you finish adding entries, the program will prompt you to determine whether you want to save the file and/or leave Wordperfect. If you stay in Wordperfect and later want to continue to add entries you will need to use the RESTART.WPM macro. Hold down the ALT key and press F10. Wordperfect will prompt you for the name of the macro. Type in RESTART and hit the return key. Wordperfect will begin asking you the same series of questions.

The file AGENCY is designed to be used with primary files like AGENCY.PRI. A primary file tells Wordperfect where to place information from the secondary file in, for example, a form letter. For example the following primary file would create a mail merge letter:

^F9^
^F2^
^F4^
^F5^, ^F6^ ^F7^

Dear Sir:

Please find enclosed a copy of our latest catalog. If you require further information please contact me at (504)-799-9999. We appreciate your business.

Sincerely,

John Doe
Marketing Manager

enclosure

When merged with a secondary file like AGENCY, ^F9^ would be replaced with the agency contact name, ^F2^ with the agency name, ^F4^ with the mailing address, etc. where the numbers refer to the fields listed above. See AGENCY.PRI for an example of a primary file.

To merge a primary and a secondary file do the following. Hold down the CTRL key and hit F9. Wordperfect will prompt for merge or sort. Hit 1 for merge. Wordperfect will ask for the primary file name, e.g. AGENCY.PRI, and then the secondary file name, e.g. AGENCY. The files will then be merged and the resulting file can be saved and printed like any Wordperfect file. The result of merging AGENCY and AGENCY.PRI is found in AGENCY.MER printed below.

The sorting and selecting features of Wordperfect are not difficult but are too involved to be explained here. Refer to the Wordperfect manual under sorting or refer to a help book such as Mastering Wordperfect by Susan Kelly.

DATABASE

Code: MI Name: SCORE
Street Address: c/o Lafayette Chamber of Commerce
Mailing Address: 804 East St. Mary Blvd.
City: Lafayette Parish: Lafayette State: LA Zip: 70705
Phone: 318/233-2705 Contact: Mr. Harvey Broussard

Services: SCORE (Service Corps of Retired Executives) is a network of retired volunteer business executives and professionals that provides small business with free counseling and advice on problems related to their companies.

Code: MI Name: SCORE
Street Address: c/o Lake Charles Chamber of Commerce
Mailing Address: 900 North Lakeshore Dr.
City: Lake Charles Parish: Calcasieu State: LA Zip: 70601
Phone: 318/433-3632 Contact: Mr. R. C. Stanson

Services: SCORE (Service Corps of Retired Executives) is a network of retired volunteer business executives and professionals that provides small business with free counseling and advice on problems related to their companies.

Code: SCH Name: Evangeline Vocational-Technical School
Street Address:
Mailing Address: P.O. Box 68
City: St. Martinville Parish: St. Martinville State: LA Zip: 70582
Phone: 318/394-6466 Contact: Prosper Chretien, Director

Services: Training courses in various occupations.

Code: SCH Name: Gulf Area Vocational-Technical School
Street Address:
Mailing Address: P.O. Box 878
City: Abbeville Parish: Vermilion State: LA Zip: 70510
Phone: 318/893-4984 Contact: Mr. Ray E. Lavergne, Director

Services: Training courses in various occupations.

Code: SCH Name: Lafayette Regional Vocational-Technical Institute
Street Address:
Mailing Address: P.O. Box 4909
City: Lafayette Parish: Lafayette State: LA Zip: 70502-4909
Phone: 318/235-5541 Contact: Mr. Shelton J. Cobb, Director
Services: Training courses in various occupations.

Code: SCH Name: Southwest Louisiana Vocational-Technical Institute
Street Address:
Mailing Address: P.O. Box 820
City: Crowley Parish: Acadia State: LA Zip: 70527-0820
Phone: 318/783-3723 Contact: Mr. Richard A. Arnaud, Director
Services: Training courses in various occupations.

Code: SCH Name: T.H. Harris Vocational-Technical School
Street Address:
Mailing Address: P.O. Box 713
City: Opelousas Parish: St. Landry State: LA Zip: 70570
Phone: 318/942-4902 Contact: Mr. Ceasar Veazie, Jr., Director
Services: Training courses in various occupations.

Code: SCH Name: Teche Area Vocational-Technical School
Street Address:
Mailing Address: P.O. Box 11057
City: New Iberia Parish: Iberia State: LA Zip: 70562-1057
Phone: 318/365-6672 Contact: Mr. Henry C. Segura, Director
Services: Training courses in various occupations.

Code: SCH Name: Ville Platte Vocational-Technical School
Street Address:
Mailing Address: P.O. Box 296
City: Ville Platte Parish: Evangeline State: LA Zip: 70586
Phone: 318/363-2197 Contact: Mr. Charles B. Coreil, Director
Services: Training courses in various occupations.

Code: SCH Name: Jefferson Davis Vocational-Technical School
Street Address:
Mailing Address: P.O. Box 1327
City: Jennings Parish: Jefferson Davis State: LA Zip: 70546-1327
Phone: 318/824-4811 Contact: Mr. Colin F. Fake, Director
Services: Training courses in various occupations.

Code: SCH Name: Oakdale Vocational-Technical School
Street Address:
Mailing Address: P.O. Box EM
City: Oakdale Parish: Allen State: LA Zip: 71463
Phone: 318/335-3944 Contact: Mr. Charles R. Baggett, Director
Services: Training courses in various occupations.

Code: SCH Name: Sowela Technical Institute
Street Address:
Mailing Address: P.O. Box 16950
City: Lake Charles Parish: Calcasieu State: LA Zip: 70616
Phone: 318/491-2698 Contact: Mr. Stanley Leger, Director
Services: Training courses in various occupations.

Code: SCH Name: Delta School of Nursing Assistant Division
Street Address: 1900 Cameron St.
Mailing Address: 1900 Cameron St.
City: Lafayette Parish: Lafayette State: LA Zip: 70506
Phone: 318/235-1147 Contact: Mr. John McCray, Administrator
Services: Courses in nursing assistant occupations.

Code: SCH Name: Delta Schools Inc.
Street Address: 4549 Johnston St.
Mailing Address: 4549 Johnston St.
City: Lafayette Parish: Lafayette State: LA Zip: 70603
Phone: 318/988-2211 Contact: Ms. Peggy Fassio, Administrator
Services: Courses in business, secretarial.

Code: SCH Name: H & R Block Income Tax School
Street Address: 317 Frontage Rd.
Mailing Address: 317 Frontage Rd.
City: Lafayette Parish: Lafayette State: LA Zip: 70501
Phone: 318/235-8407 Contact: Mr. Harold Pritchard, Administrator

Services: Courses in income tax preparation.

Code: SCH Name: Images Inc.
Street Address: 104 Merchants Blvd., Ste. 4
Mailing Address: 104 Merchants Blvd., Ste. 4
City: Lafayette Parish: Lafayette State: LA Zip: 70508
Phone: 318/232-6945 Contact: Ms. Gwendolyn Fontenot, Administrator

Services: Images Inc. is a modeling and talent agency.

Code: SCH Name: International Bartending Institute
Street Address: 502 Belle Downs St.
Mailing Address: P.O. Box 30970
City: Lafayette Parish: Lafayette State: LA Zip: 70506
Phone: 318/984-4181 Contact: Derenda Minyen, Administrator

Services: Bartending courses

Code: SCH Name: Southern Technical College of Lafayette, Inc.
Street Address: 303 Rue Louis XIV
Mailing Address: 303 Rue Louis XIV
City: Lafayette Parish: Lafayette State: LA Zip: 70508
Phone: 318/981-4010 Contact: Mr. C.W. Stewart, Administrator

Services: Courses in technical occupations.

Code: SCH Name: Travel Affair Inc. School of Travel Instruction
Street Address: 623 West Pinhook Rd.
Mailing Address: 623 West Pinhook Rd.
City: Lafayette Parish: Lafayette State: LA Zip: 70503
Phone: 318/235-7572 Contact: Ms. Gwendolyn Bourgeois, Administrator

Services: Travel agent, tour booking courses.

Code: SCH Name: BTS Health Careers
Street Address: 2013 Oak Park Blvd.
Mailing Address: 2013 Oak Park Blvd.
City: Lake Charles Parish: Calcasieu State: LA Zip: 70602
Phone: 318/478-6390 Contact: Mr. Ralph Allison, Administrator

Services: Courses in health careers.

Code: SCH Name: Delta School of Business
Street Address: 517 Broad St.
Mailing Address: 517 Broad St.
City: Lake Charles Parish: Calcasieu State: LA Zip: 70601
Phone: 318/439-5765 Contact: Mr. Gary Holt, Administrator

Services: Courses in business

Code: SCH Name: H & R Block Income Tax School
Street Address: 3309 Ryan St.
Mailing Address: 3309 Ryan St.
City: Lake Charles Parish: Calcasieu State: LA Zip: 70601
Phone: 318/478-6500 Contact: Ms. Shelia Bellais, Administrator

Services: Courses in income tax preparation.

Code: SCH Name: Institute of Electronic Technology
Street Address: 3505 Fifth Ave.
Mailing Address: 3505 Fifth Ave.
City: Lake Charles Parish: Calcasieu State: LA Zip: 70605
Phone: 318/478-8095 Contact: Mr. Julian Thompson, Administrator

Services: Courses in electronics

Code: SCH Name: I.E.T. School of Business, Electronics & Technology
Street Address: 3430 Fifth Ave.
Mailing Address: 3430 Fifth Ave.
City: Lake Charles Parish: Calcasieu State: LA Zip: 70605
Phone: 318/478-8095 Contact: Mr. Julian Thompson, Administrator

Services: Courses in business, electronics.

Code: SCH Name: Outrigger Marine Driving Academy
Street Address:
Mailing Address: P.O. Box 6709
City: Lake Charles Parish: Calcasieu State: LA Zip: 70601
Phone: 318/439-5940 Contact: Mr. Olen Clark, Administrator

Services: Training courses in truck and trailer driving.

Code: SCH Name: Delta Schools Inc.
Street Address: 413 West Admiral Doyle
Mailing Address: 413 West Admiral Doyle
City: New Iberia Parish: Iberia State: LA Zip: 70560
Phone: 318/365-7348 Contact: Ms. Peggy Fassio

Services: Courses in business, secretarial.

Code: PA Name: Abbeville Harbor & Terminal District
Street Address:
Mailing Address: P.O. Box 507
City: Abbeville Parish: Vermilion State: LA Zip: 70510
Phone: 318/893-9465 Contact: Mr. Jay Campbell, Exec. Director

Services: Abbeville Harbor is an industrial development park on the waterway and at present has a grain elevator, a diving company, a fabrication company, and a portable building manufacturer as tenants. As a designated Enterprise Zone, they are trying to attract industry to the area.

Code: PA Name: East Cameron Parish Port Commission
Street Address: Route 1, Box 14
Mailing Address: Route 1, Box 14
City: Grand Chenier Parish: Cameron State: LA Zip: 70643
Phone: 318/538-2537 Contact: Mr. Arnold Jones, Chairman

Services: At present, the port is used primarily to maintain the inlet to the Gulf and is used mostly by the oilfield industry and the fishing industry.

Code: PA Name: Port of Iberia District
Street Address:
Mailing Address: P.O. Box 9986
City: New Iberia Parish: Iberia State: LA Zip: 70562-9986

Phone: 318/364-1065 Contact: Mr. John J. Oubre, Exec. Director

Services: The Port of Iberia, with 1500 acres of waterfront property, has a full fledged industrial inducement program that is very active in attracting industry to the area. They use direct advertising in trade magazines, videos, brochures, direct mail, and trade shows to promote the port. At present there are 78 tenants at the port and several more have expressed interest in leasing. An additional 225 acres have been cleared and are now ready for tenants. A public dock facility enables the port to make use of the import/export trade.

Code: PA Name: Jennings Navigation District
Street Address: 306 West Academy Ave.
Mailing Address: 306 West Academy Ave.
City: Jennings Parish: Jefferson Davis State: LA Zip: 70546
Phone: 318/824-2870 Contact: Mr. Melvin Gorman, President

Services: At present, the Jennings Navigation District is not active.

Code: PA Name: Greater Krotz Springs Port Commission
Street Address:
Mailing Address: P.O. Box 155
City: Krotz Springs Parish: St. Landry State: LA Zip: 70750
Phone: 318/566-8867 Contact: Mr. Gary Soileau, Port Director

Services: Presently, there are only two tenants at the port; a grain elevator and an oil company. The port is actively seeking additional industry to locate at the port.

Code: PA Name: Lake Charles Harbor & Terminal District
Street Address:
Mailing Address: P.O. Box AAA
City: Lake Charles Parish: Calcasieu State: LA Zip: 70602
Phone: 318/439-3661 Contact: Mr. William Duke, Port Director

Services: The Lake Charles Harbor & Terminal District has an industrial park that is presently occupied by several tenants.

Code: PA Name: Mermentau River Harbor & Terminal District
Street Address:
Mailing Address: P.O. Box 228
City: Crowley Parish: Acadia State: LA Zip: 70526
Phone: 318/783-2520 Contact: Mr. Julius Meaux, President

Services:

Code: PA Name: Morgan City Harbor & Terminal District
Street Address:
Mailing Address: P.O. Box 1460
City: Morgan City Parish: St. Mary State: LA Zip: 70381
Phone: 504/384-0610 Contact: Mr. David Graf, President

Services: At present, the Morgan City Harbor & Terminal District participates in a program with the vocational schools in the area to retrain people as welders, electricians, plumbers, and other construction workers in the skills necessary to meet the requirements for the jobs.

Code: PA Name: Twin Parish Port Commission
Street Address:
Mailing Address: P.O. Box 101
City: Delcambre Parish: Iberia/Vermilion State: LA Zip: 70528
Phone: 318/893-2472 Contact: Mr. Noicy Langlanais, President

Services: The Twin Parish Port Commission at this time is developing property for an industrial park. The port has two tenants ready to lease.

Code: PA Name: Vinton Harbor & Terminal District
Street Address: 1426 Shaw Dr.
Mailing Address: P.O. Box 447
City: Vinton Parish: Calcasieu State: LA Zip: 70668
Phone: 318/589-7453 Contact: Mr. Charles Coprels, President

Services: At this time, operations at the Vinton Harbor are slow. They have 360 total acres cleared and ready for occupancy. Two tenants are now leasing and there is good potential for more.

Code: PA Name: West Calcasieu Port, Harbor & Terminal District
Street Address: 20 Horseshoe Lane
Mailing Address: 20 Horseshoe Lane
City: Sulphur Parish: Calcasieu State: LA Zip: 70763
Phone: 318/625-3517 Contact: Mr. John Dixon, Director

Services: Part of the port is leased at this time; the District is actively seeking additional tenants.

Code: PA Name: West Cameron Parish Port Commission
Street Address:
Mailing Address: Cameron Parish Police Jury
City: Cameron Parish: Cameron State: LA Zip: 70631
Phone: 318/775-5718 Contact: Mr. Hayes Picou, Jr.

Services: The West Cameron Parish Port Commission is in reorganization at this time.

Code: PA Name: West St. Mary Parish Port, Harbor & Terminal District
Street Address:
Mailing Address: P.O. Drawer 601
City: Franklin Parish: St. Mary State: LA Zip: 70538
Phone: 318/828-3410 Contact: Mr. Gary LaGrange, Exec. Director

Services: The West St. Mary Parish Port is an industrial park and development port. There are presently 8 tenants at the port who represent export, import, and domestic companies. They are actively seeking additional tenants for the park and port.

Code: UT Name: Gulf States Utilities
Street Address:
Mailing Address: P.O. Box 2892
City: Lake Charles Parish: Calcasieu State: LA Zip: 70602
Phone: 318/436-4351 Contact: Ms. Jane Dufrene

Services: Offers confidential and free business services to firms seeking buildings or sites in South Louisiana. Maintains community profiles, arranges site tours, conducts an aggressive marketing program and aids companies in expanding and lowering their cost of doing business.

Code: MI Name: Louisiana Public Facilities Authority
Street Address: 8555 United Plaza Blvd., Ste. 100
Mailing Address: 8555 United Plaza Blvd., Ste. 100
City: Baton Rouge Parish: East Baton Rouge State: LA Zip: 70809
Phone: 504/929-8560 Contact: Mr. Doug LeBleu

Services: In cooperation with the Louisiana Department of Economic Development, the LPFA assists economic development in Louisiana. They aid business in locating financial programs available to them for expansions, renovations, and new business ventures.

Code: PL Name: Evangeline Economic and Planning District
Street Address: 501 St. John St.
Mailing Address: P.O. Box 90070
City: Lafayette Parish: Lafayette State: LA Zip: 70509
Phone: 318/233-3215 Contact: Mr. B. J. Landry, Exec. Director

Services: The EEPD manages a comprehensive planning program for the eight parishes in its district. They provide comprehensive planning and technical assistance, procurement, trade and export assistance, grant services, business plan development, location assistance, feasibility studies, and other economic development assistance. EEPD also administers the Job Training and Partnership Act (JTPA) and Department of Housing and Urban Development "701" program, and the Community Development Block Grant (CDBG) program.

Code: PL Name: Imperial Calcasieu Regional Planning & Development Commission
Street Address: 326 Pujo St.
Mailing Address: P.O. Box 3164
City: Lake Charles Parish: Calcasieu State: LA Zip: 70602
Phone: 318/433-1771 Contact: Mr. Jake E. Mullican, Exec. Director

Services: IMCAL serves a five-parish area with small business assistance, grant application assistance, economic development, planning and and technical assistance, procurement assistance, and other economic and community planning activities. IMCAL is the only federally designated economic development organization in the five-parish area. IMCAL also has programs such as the Community Development Block Grants (CBDG), and the Urban Development Action Grants (UDAG) and has been certified as a 504 Development Company by the Small Business Administration.

Code: SCH Name: McNeese State University
Street Address: Small Business Development Center
Mailing Address: College of Business Administration
City: Lake Charles Parish: Calcasieu State: LA Zip: 70609
Phone: 318/475-5529 Contact: Mr. Paul R. Arnold, Director

Services: The Small Business Development Center (SBDC) provides counseling, training, and information to persons planning to start or who presently operate a small business. The SBDC also links the resources of its members with those of local, state and federal agencies and the private sector.

Code: SCH Name: University of Southwestern Louisiana
Street Address: Small Business Development Center
Mailing Address: College of Business Administration
City: Lafayette Parish: Lafayette State: LA Zip: 70504
Phone: 318/231-5751 Contact: James H. Wilkins, Ph.D., Director

Services: The Small Business Development Center (SBDC) provides counseling, training, and information to persons planning to start or who presently operate a small business. The SBDC also links the resources of its members with those of local, state and federal agencies and the private sector.

Code: MI Name: Minority Business Enterprises & Affairs
Street Address:
Mailing Address: P.O. Box 94004
City: Baton Rouge Parish: East Baton Rouge State: LA Zip: 70804
Phone: 504/342-0940 Contact: Ms. Angelisa M. Harris, Director

Services: Office advises minority business persons in areas of marketing, accounting, bid estimating, bonding, personnel management, and business training. They aid minority entrepreneurs to secure government and private sector contracts, locate financing sources. In addition, they help assemble financial packages for submission to lenders. There is a nominal fee for business services.

Code: MI Name: Lafayette Economic Development Authority
Street Address: 315 Audubon Blvd.
Mailing Address: P.O. Box 51439
City: Lafayette Parish: Lafayette State: LA Zip: 70505-1439
Phone: 318/234-2986 Contact: Mr. J. Allen Mouton, Exec. Director

Services: The Lafayette Economic Development Authority (LEDA) works in cooperation with the Louisiana Department of Economic Development and is responsible for the industrial and economic development of Lafayette Parish. LEDA can issue industrial revenue bonds and can provide links to other financing options such as small business loans, venture capital funds, job training partnership act funds, and networking with other financial institutions. LEDA also has economic, demographic, and business data from national, state and local agencies as well as private sources.

Code: MI Name: Southwest Louisiana Community Development
Foundation
Street Address: 900 North Lakeshore Dr.
Mailing Address: P.O. Box 3109

City: Lake Charles Parish: Calcasieu State: LA Zip: 70602
Phone: 318/433-3632 Contact: Mr. Mark F. Donham, Vice-President

Services: The Foundation has formed a task force whose goals are to diversify the economy, facilitate job creation, and create a positive, stable growth. In addition, they will work with local industries in finding new markets, in planning expansion, and financial assistance, and aid start-up companies in finding venture capital and locations.

Code: MI Name: Louisiana Economic Development Corporation
Street Address: 2 Maritime Plaza
Mailing Address: P.O. Box 94185
City: Baton Rouge Parish: East Baton Rouge State: LA Zip: 70804-9185
Phone: 504/342-5359 Contact: Mr. Arnold Lincove

Services: The Louisiana Economic Development Corporation (LEDC) is located in the Department of Economic Development and was formed to stimulate the creation of venture capital and to provide financial assistance to aid start-up, development, and expansion of Louisiana-based companies. The programs available are the Louisiana Small Business Innovative Research Matching Grant Program, the Louisiana Venture Capital Incentive Program, the Louisiana Minority and Women's Business Development Program, and the Louisiana Small Business Equity Program.

Code: MI Name: Louisiana Industrial Development Executives Association
Street Address:
Mailing Address: P.O. Box 2431
City: Baton Rouge Parish: East Baton Rouge State: LA Zip: 70821
Phone: 504/767-1802 Contact: Mrs. Janice S. Wynn, President

Services: Louisiana Industrial Development Executives Association (LIDEA) is an organization of business and industrial executives, both public and private, whose primary goal is aid communities and businesses in the areas of economic development.

Code: CC Name: Chamber/Southwest
Street Address: 900 North Lakeshore Dr.
Mailing Address: P.O. Box 3109
City: Lake Charles Parish: Calcasieu State: LA Zip: 70602
Phone: 318/433-3632 Contact: Mr. Joseph W. Cironi, President

Services: The New Business Venture Forum is a program of the Chamber/Southwest and is organized for the purpose of encouraging and assisting the creation of new businesses. It provides for an exchange of ideas, ways to finance new businesses, and the preparation and aid necessary to secure financing. It allows the formation of groups able

to support and supervise new ventures both from the standpoint of the entrepreneur and the investor.

Code: CC Name: Greater DeRidder Area Chamber of Commerce
Street Address: 100 South Washington Ave.
Mailing Address: P.O. Box 309
City: DeRidder Parish: Beauregard State: LA Zip: 70634
Phone: 318/463-5533 Contact: Mr. Leroy Ades, Exec. Vice-President

Services: The chamber provides small business counseling, seminars, advice on business, industrial and Enterprise Zone information, and business location services.

Code: CC Name: Greater Jennings Chamber of Commerce
Street Address: 311 North State St.
Mailing Address: P.O. Box 1209
City: Jennings Parish: Jefferson Davis State: LA Zip: 70546
Phone: 318/824-0933 Contact: Mr. Jerry Arceneaux, Exec. Director

Services: The chamber provides seminars, participates in the Main Street program, and aids in economic development for the city. It is also the tourist information center for the area.

Code: CC Name: Oakdale Area Chamber of Commerce
Street Address: 114 East 7th Ave.
Mailing Address: P.O. Box 838
City: Oakdale Parish: Allen State: LA Zip: 71463
Phone: 318/335-1729 Contact: Jackie Ballard, Manager

Services: The chamber assists business in solving their problems, aids newcomers, and promotes the area as a retirement community.

Code: MI Name: Louisiana Federal Information Center
Street Address: Federal Building & US Courthouse
Mailing Address: 515 Rusk Ave.
City: Houston Parish: Harris State: TX Zip: 77002
Phone: 504/589-6696&713/229-2552 Contact:

Services: The Federal Information for Louisiana can be reached by using the Louisiana phone number, but must use the Houston address when writing and requesting information. The Center supplies information about the federal programs and services available to individuals and businesses.

Code: SCH Name: Louisiana Productivity Center
Street Address: University of Southwestern Louisiana
Mailing Address: P.O. Box 44172
City: Lafayette Parish: Lafayette State: LA Zip: 70504
Phone: 318/235-6963 Contact: Dr. John Stephens, Director

Services: The Louisiana Productivity Center (LPC) is divided into four departments: Procurement-provides listings of manufacturing and service opportunities to clients and statewide economic development agencies; Plastics Application-provides technical assistance to Louisiana companies involved in mold design and manufacturing as well as the injection process; Manufacturing Application-provides manufacturing assistance to companies throughout Louisiana; and Continuing Education-provides assistance to industry through the reeducation of employees in application of new technology through the use of CAD/CAM hardware and software. An arm of the LPC is the Advanced Technology Center which aids Louisiana companies through computer-aided-design and manufacturing. In addition, the Technology Innovation Center was formed to provide industrial and product assistance to the inventor in patent research, product design, and product testing.

Code: MI Name: Vermilion Parish Economic Development Board
Street Address:
Mailing Address: P.O. Box 430
City: Abbeville Parish: Vermilion State: LA Zip: 70511-0430
Phone: 318/898-4300 Contact: Mr. Michael J. Bertrand, Sec.-Treas.

Services: Promotes economic development for the parish and serves as an information base for industries interested in locating in the area.

Code: MI Name: Iberia Parish Business Development Center
Street Address: 300 Iberia St., Ste. 310
Mailing Address: 300 Iberia St., Ste. 310
City: New Iberia Parish: Iberia State: LA Zip: 70560-4543
Phone: 318/369-4444 Contact: Ms. Michelle Broussard

Services: Provides business development assistance to individuals in the parish.

Code: MI Name: East St. Mary Economic Development Consortium
Street Address:
Mailing Address: P.O. Box 85
City: Morgan City Parish: St. Mary State: LA Zip: 70381-0085
Phone: 504/384-3844 Contact: Mrs. Pam Daniels

Services: Promotes economic development and aids in attracting industry to the area.

Code: CC Name: Eunice Chamber of Commerce
Street Address: 200 South First St.
Mailing Address: P.O. Box 508
City: Eunice Parish: Acadia/St. Landry State: LA Zip: 70535-0508
Phone: 318/457-2565 Contact: Ms. Sharon Fontenot, Exec. Vice-President

Services: Eunice chamber has a small business reference library; they promote seminars for business owners and employees, and they participate in the newcomer program.

Code: CC Name: Greater Abbeville Chamber of Commerce
Street Address:
Mailing Address: P.O. Box 507
City: Abbeville Parish: Vermilion State: LA Zip: 70511
Phone: 318/893-2491 Contact: Ms. Allison Gremillion, Exec. Director

Services: At present, they only have membership drives to get business owners to join the chamber.

Code: MI Name: Lafayette Parish Bayou Vermilion District
Street Address:
Mailing Address: P.O. Box 4736
City: Lafayette Parish: Lafayette State: LA Zip: 70502
Phone: 318/233-6220 Contact: Ms. Lorna H. Guynn, Exec. Director

Services: The Bayou Vermilion District was created by the state Legislature as an economic development and recreation resource.

Code: CC Name: Gueydan Chamber of Commerce
Street Address:
Mailing Address: P.O. Box 562
City: Gueydan Parish: Vermilion State: LA Zip: 70542
Phone: 318/536-6818 Contact: Mr. Ronnie Lougon, President

Services: The chamber is involved in the team city program, in business retention, and provides small business information to members.

Code: CC Name: Ville Platte Chamber of Commerce
Street Address:
Mailing Address: P.O. Box 331

City: Ville Platte Parish: Evangeline State: LA Zip: 70586
Phone: 318/363-1878 Contact: Mr. Max Hamlin, Exec. Vice-President

Services: At present, the chamber provides tax seminars for members and encourages business owners to join the chamber.

Code: MI Name: Opelousas Industrial Development Council
Street Address:
Mailing Address: P.O. Box 109
City: Opelousas Parish: St. Landry State: LA Zip: 70571
Phone: 318/942-2683 Contact: Rikki DeJean, President

Services: This group, along with the chamber and the Greater Opelousas Economic Development Corporation, promotes economic development for the city.

Code: MI Name: Premier Bank
Street Address:
Mailing Address: P.O. Box 3248
City: Lafayette Parish: Lafayette State: LA Zip: 70502
Phone: 318/236-7208 Contact: Mrs. Rae Robinson, Coordinator

Services: Premier Bank, with over 100 branches statewide, is a certified SBA lender; they have eight SBA locations in the state.

Code: MI Name: Industrial Development Board of
Elizabeth/Oakdale Inc.
Street Address:
Mailing Address: P.O. Box 438
City: Oakdale Parish: Allen State: LA Zip: 71463
Phone: 318/335-3275 Contact: Dr. James D. Sandefur, Chairman

Services: This board provides information to industries interested in locating in the area.

Code: UT Name: Central Louisiana Electric Co.
Street Address:
Mailing Address: P.O. Box 5000
City: Pineville Parish: Rapides State: LA Zip: 71361
Phone: 318/484-7400 Contact: Mr. Jim Holmes/Mr. Mike Tomlinson

Services: Three economic development specialists assist in industry attraction and setting electric utility rates for new and existing companies. CLECO maintains a database of various economic parameters and a photo directory of available industrial sites.

Code: SCH Name: Acadiana Technical College
Street Address: 500 Ambassador Caffery Parkway
Mailing Address: 500 Ambassador Caffery Parkway
City: Scott Parish: Lafayette State: LA Zip: 70583
Phone: 318/235-7327 Contact: Mr. Philip Vinciguerra

Services: Courses in various occupations.

Code: CC Name: New Crowley Chamber of Commerce
Street Address: 308 North Parkerson Ave.
Mailing Address: P.O. Box 2125
City: Crowley Parish: Acadia State: LA Zip: 70526
Phone: 318/788-0177 Contact: Ms. Katie Chaisson, Director

Services: Provides public relation services to businesses, small business seminars, and is active in tourism-related activities. Last year started Chamber Cash Program during the holidays. The chamber was a clearing house for gift certificates that could be purchased and used at any of the 120-member businesses.

Code: CC Name: Breaux Bridge Chamber of Commerce
Street Address: Route 3, Box 1288
Mailing Address: P.O. Box 88
City: Breaux Bridge Parish: St. Martin State: LA Zip: 70517
Phone: 318/332-5406 Contact: Mr. Larry Brasseaux, President

Services: The chamber participates in the city's beautification project, aids newcomers, and has a Gold Card program for honor students in the area. They provide business seminars and help with the JTPA program.

Code: CC Name: Franklin-West St. Mary Chamber of Commerce
Street Address: 3101 Franklin-Baldwin Hwy.
Mailing Address: P.O. Box 38
City: Franklin Parish: St. Mary State: LA Zip: 70538
Phone: 318/828-5608 Contact: Ms. Maxine Vaccarella, Exec. Director

Services: The chamber provides small business assistance, business location assistance, seminars, workshops, and participates in the newcomer program.

Code: CC Name: Jeanerette Chamber of Commerce
Street Address:
Mailing Address: P.O. Box 31
City: Jeanerette Parish: Iberia State: LA Zip: 70544
Phone: 318/276-4293 Contact: Ms. Sylvia Provost, Director

Services: The chamber holds business seminars, provides small business assistance, and promotes a downtown beautification program.

Code: CC Name: Kaplan Chamber of Commerce
Street Address: 200 East First St.
Mailing Address: P.O. Box 639
City: Kaplan Parish: Vermilion State: LA Zip: 70548
Phone: 318/643-2400 Contact: Mr. Roland Simon, President

Services: Provides small business assistance, has an annual home and trade show, participates in team city program, and promotes business/school partnership program.

Code: CC Name: Greater Lafayette Chamber of Commerce
Street Address: 804 East St. Mary Blvd.
Mailing Address: P.O. Box 51307
City: Lafayette Parish: Lafayette State: LA Zip: 70505
Phone: 318/233-2705 Contact: Mr. Rob Guidry, Exec. Vice-President

Services: Provides seminars, small business counseling, and business retention services; participates in adopt-a-school program and executive substitute program. The latter is a program where an executive is sent to a high school to substitute for a teacher that is absent. The students get a view of various businesses and how they are operated. This program has proven to be highly successful and might be extended to the junior high and elementary level.

Code: CC Name: East St. Mary Area Chamber of Commerce
Street Address:
Mailing Address: P.O. Box 2606
City: Morgan City Parish: St. Mary State: LA Zip: 70381
Phone: 504/384-3830 Contact: Mr. Cyrus Provost, Interim Director

Services: East St. Mary chamber promotes business retention services, seminars, and provides members with changes or additions to laws that are of interest to them.

Code: CC Name: Greater Iberia Chamber of Commerce
Street Address: 111 West Main St.
Mailing Address: P.O. Box 27
City: New Iberia Parish: Iberia State: LA Zip: 70561-0027
Phone: 318/364-1836 Contact: Mr. Roy Holleman, President and CEO

Services: Provides small business assistance, business retention services and participates in the newcomer program.

Code: CC Name: Opelousas-St. Landry Chamber of Commerce
Street Address: 121 West Vine St.
Mailing Address: P.O. Box 109
City: Opelousas Parish: St. Landry State: LA Zip: 70571-0109
Phone: 318/942-2683 Contact: Ms. Frankie Bertrand, Exec. Director

Services: Business seminars geared toward both business and employees; recently hired a certified industrial developer; and is working closely with LSU-E to promote business education for businesses and their employees.

Code: CC Name: St. Martinville Chamber of Commerce
Street Address: 201 South Main St.
Mailing Address: P.O. Box 436
City: St. Martinville Parish: St. Martinville State: LA Zip: 70582
Phone: 318/394-7578 Contact: Ms. Frances Delcambre, Director

Services: The chamber works with other groups to entice industry into the area; supports local service centers, provides seminars for business owners, and serves as the tourism information center for the area.

Code: CC Name: West Calcasieu Association of Commerce
Street Address: 800 Picard Rd.
Mailing Address: P.O. Box 1054
City: Sulphur Parish: Calcasieu State: LA Zip: 70664
Phone: 318/527-7142 Contact: Ms. Glenda L. Gros

Services: This chamber includes the towns of Sulphur, West Lake, and Vinton. They provide small business assistance, work to attract new industry and aid economic development, and serves as a tourism information center for the area.

Code: MI Name: Greater Opelousas Economic Development Corporation
Street Address:
Mailing Address: P.O. Box 350
City: Opelousas Parish: St. Landry State: LA Zip: 70570
Phone: 318/948-2433 Contact: Mr. Gerard Perron, CID

Services: This group, along with the Opelousas chamber and the Opelousas Industrial Development Council, works to attract industry to the area and to promote economic development for Opelousas and surrounding area.

Code: BU Name: Peter O'Carrol Advertising
Street Address: 701 W. Trien Lake Rd., Suite 209
Mailing Address: 701 W. Trien Lake Rd., Suite 209
City: Lake Charles Parish: Calcasieu State: LA Zip: 70601
Phone: 318/478-7396 Contact: Pam Duvic

Services: This agency produces full-scale advertising; radio and television ads.

Code: BU Name: Marcoin Management Services, SW
Street Address: 420 West Mc Neese
Mailing Address: 420 West Mc Neese
City: Lake Charles Parish: Calcasieu State: LA Zip: 70605
Phone: 318/478-4399 Contact: Frances Marcoin

Services: They help small businesses start up; clients keep daily books and they do monthly workup; they do bookkeeping and management consulting; they help clients maximize profits.

Code: BU Name: Gus Schramm, Jr., Ltd.
Street Address: 1409 Kirkman St
Mailing Address: P.O. Box 761
City: Lake Charles Parish: Calcasieu State: LA Zip: 70605
Phone: 318/433-1021 Contact: Gus Schramm, III

Services: This CPA firm does management consulting; full service accounting; computer consulting (selection, support, etc.); and helps with other business needs.

Code: BU Name: Bass & Associates
Street Address:
Mailing Address: P.O. Box 30730
City: Lafayette Parish: Lafayette State: LA Zip: 70593
Phone: 318/269-0096 Contact: Dr. Raymond Bass

Services: This firm does business plans, develops loan packages, helps with SBA loan applications, and helps clients locate potential investors.

Code: BU Name: T.P. Curtis & Associates
Street Address: 207 Stephanie Ave.
Mailing Address: 207 Stephanie Ave.
City: Lafayette Parish: Lafayette State: LA Zip: 70503
Phone: 318/235-5638 Contact: Sylvia Townsdin

Services: This is basically a field service data collection company that interviews and collects data but does not analyze it.

Code: BU Name: Bentley, Mire & Associates
Street Address:
Mailing Address: P.O. Box 51435
City: Lafayette Parish: Lafayette State: LA Zip: 70505
Phone: 318/865-6370 Contact: Eileen Bentley

Services: This is a business consulting firm that engages in business research, marketing, business and industry training, strategic planning, business plans, and grant administration.

Code: BU Name: Information Incorporated
Street Address: 1223 St. John Street
Mailing Address: 1223 St. John Street
City: Lafayette Parish: Lafayette State: LA Zip: 70502
Phone: 318/234-7243 Contact: Randolph Trappey

Services: This firm does marketing research. It takes products from development and testing through test marketing and marketing. It also does management consulting, turnarounds, workouts, acquisitions, and divestitures.

Code: BU Name: Calzone & Associates
Street Address: 315 1/2 Jefferson St.
Mailing Address: P.O. Box 2710
City: Lafayette Parish: Lafayette State: LA Zip: 70502
Phone: 318/235-2924 Contact: Julie Calzone

Services: This firm does marketing consulting, including full service advertising and public relations.

Code: BU Name: Deborah Duplechin Harkins
Street Address: 123 Theodora Blvd.
Mailing Address: 123 Theodora Blvd.
City: Lafayette Parish: Lafayette State: LA Zip: 70503
Phone: 318/232-9287 Contact: Deborah Harkins

Services: Ms. Harkins works with small businesses to help them get established in the marketplace. She gets them exposure and publicity, takes them to trade fairs, and helps them get major accounts.

Code: BU Name: Matrix Marketing Group
Street Address: 623 Verot School Rd
Mailing Address: 623 Verot School Rd
City: Lafayette Parish: Lafayette State: LA Zip: 70508
Phone: 318/237-6119 Contact: Al Touche

Services: This firm offers complete marketing and advertising, including television and radio.

Code: BU Name: Edgar Gesser
Street Address:
Mailing Address: P.O. Box 9787
City: New Iberia Parish: State: LA Zip: 70562
Phone: 318/365-8207 Contact: Edgar Gesser

Services: This business consulting firm does business plans, accounting, and SBA loan applications.

Code: BU Name: McGinity & Associates
Street Address: 201 Rayburn
Mailing Address: P.O. Box 54052
City: Lafayette Parish: Lafayette State: LA Zip: 70505
Phone: 318/234-8674 Contact: Pamela McGinity

Services: This company does telemarketing, conferences, grand openings, media work; helps establish a market for products; handles and schedules special events.

Code: BU Name: Foster Agency
Street Address: 409 Lee Ave.
Mailing Address: P.O. Box 3246
City: Lafayette Parish: Lafayette State: LA Zip: 70501(st) 70502 (POB)
Phone: 318/235-1848 Contact: George Foster

Services: This company provides full service advertising, marketing; they produce ads; do direct mail; large and small scale projects; collateral material; mass media.

Code: BU Name: ProMotions Marketing Network
Street Address: 612 Evangeline Dr.
Mailing Address: 612 Evangeline Dr.
City: Lafayette Parish: Lafayette State: LA Zip: 70501
Phone: 318/237-7971 Contact: Pat Raaz

Services: This firm does advertising, including the printing of specialty products (company names on promotional items).
