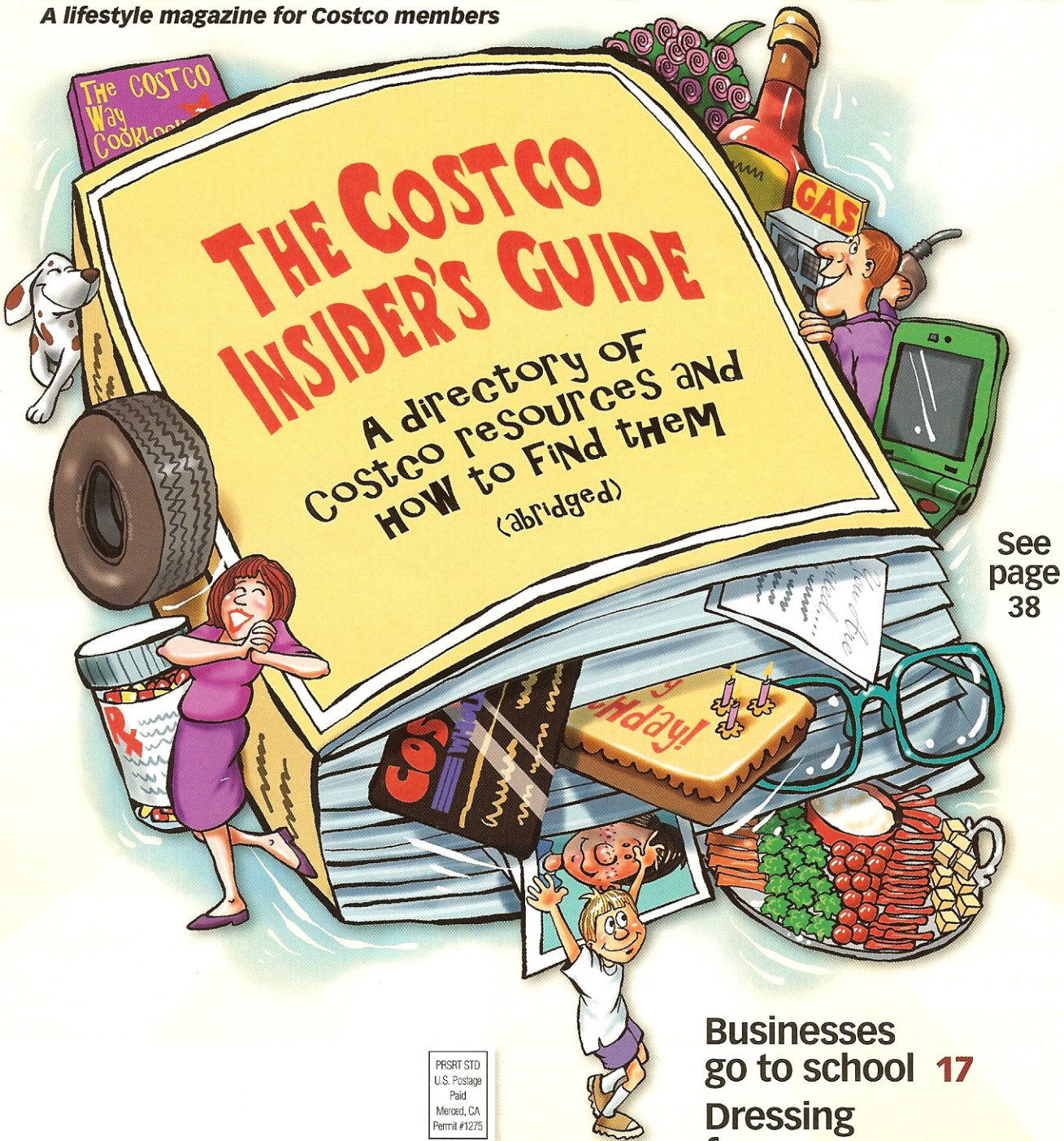


# THE COSTCO CONNECTION

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A lifestyle magazine for Costco members



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Businesses  
go to school **17**  
Dressing  
for success **25**  
Buying Smart:  
Vitamin water **56**

TECH CONNECTION **13** BOOK PICK RECAP **29** TRAVEL: CRUISING **65**



# Business 101

## Students provide invaluable advice to small-business owners

By Alan S. Horowitz

**C**OSTCO MEMBER Kim Reardon's growing sports specialty e-commerce company, Netline Sports, in Newport News, Virginia, needed marketing help. She couldn't afford a high-powered marketing consultant, so she contacted the Small Business Institute (SBI) at Christopher Newport University in Newport News. The SBI produced a report that included a business plan and some very effective marketing strategies. "Within two years, I implemented almost all of their recommendations," says Reardon. "They helped me focus on the direction I should take my company."

Cathy Bechler's company, Feed This!, which is based in Sebastopol, California, and manufactures pet food, went to the SBI at Sonoma State University for help with improving her business' efficiency. Feed This! delivers to customers' homes, and the students recommended separating the loading function from driving the delivery trucks, among other suggestions. "We were kind of stuck," says Bechler, also a Costco member. "[The SBI helped] clean up loose ends we didn't have the time to look at."

Reardon and Bechler are two of the thousands of entrepreneurs who have benefited from the services of the SBI. Made up entirely of volunteers, the nonprofit SBI, with about 140 chapters nationwide, uses the services of college students who are in their last year of

"They helped me focus on the direction I should take my company."

—Kim Reardon

graduate or undergraduate business school to analyze small businesses and provide specific recommendations. Students receive credit for the project and are closely supervised by a faculty member.

### Tapping the ivory tower

The SBI is "dedicated to bridging the gap between academic understanding and actual small-business practices," says Bruce Kemelgor, associate professor of management at the University of Louisville and the SBI's president-elect.

The SBI works with for-profit and nonprofit organizations. The typical company or organization has one to 50 employees and can be in virtually any industry. "The business owner on the verge of expansion is typically the best client," says Stephanie Bardwell, director of

the SBI at Christopher Newport University and acting dean of its business school.

SBI services are typically free or of minimal cost (up to about \$500). Almost all business issues can be addressed, though some chapters may handle issues that others will not. But practically all SBI chapters analyze a business' marketing, finance, management, market research and human resources functions.

Because the students are supervised by a faculty member, the business owner benefits not only from the efforts of the students but also from the faculty member's expertise. But it is the specific recommendations that are most valuable.

### SBI success stories

Kay Hirai, a Costco member who owns Studio 904, a salon and spa with locations in Seattle and Mercer Island, Washington, used SBI advice from the Seattle University chapter to boost business at a struggling location. The student team conducted market research, including surveying Hirai's customers, and identified her target market. Its recommendations helped turn around the location, Hirai reports.

"The benefits were incalculable," she says.

Daniel Chakin used the services of the SBI at Rider University in Lawrenceville, New Jersey. His company, EB7 of Fayetteville, New York, develops time-and-expense tracking software. Initially, the product worked only on the Palm platform, but was expanded to other platforms because of student recommendations. Says Chakin: "They said don't wait too long [to develop other platforms]. They didn't know how prescient they were." That recom-

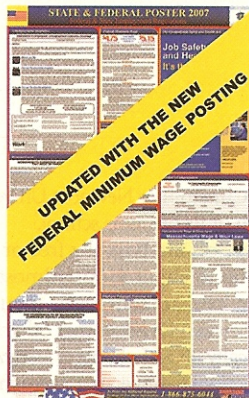
### Connecting

For more information on the Small Business Institute, go to its Web site at [www.smallbusinessinstitute.biz](http://www.smallbusinessinstitute.biz). (Note: the site is in the process of being updated.) To find an SBI near you, conduct an Internet search of "small business institute" and your state.

It's smart to plan in advance. Some SBIs operate one semester a year, others two and others nearly year-round. Also, be prepared to be available to provide information, give students access to data and otherwise support their efforts.

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FRANCE FREEMAN

Costco member Kay Hirai used the Small Business Institute to help boost her salon and spa business in the Seattle area.

recommendation was to create a database of her customers and send them e-mails about special offers and new products. "Although this is common practice to most e-commerce companies now," she notes, "at the time it was still not being utilized by small businesses. The e-mail campaign now generates a large percentage of our overall sales."

Ari Smith Cordtz, a Costco member and cofounder of Sonoma Sparkler in Healdsburg, California, which manufactures and distributes high-end sparkling beverages, used the SBI as a sounding board for her marketing strategy. The students' report gave Cordtz the confidence that her approach was the right one, and growth in her business since the report has confirmed this.

Sometimes, working with the SBI provides unexpected benefits. Both Reardon and Hirai hired SBI students, who proved to be valuable employees. [E]

mentation proved essential for the long-term health of the business.

Chakin says, "They [the students] put in maybe 225 to 275 hours. You can't pay for that kind of time." He goes on to note, "I've paid for consulting services that were not nearly as valuable."

Reardon, of Netline Sports, says one SBI

*Alan S. Horowitz is a freelance writer living in Morris Plains, New Jersey, where he writes about business, marketing and technology.*

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