



TENNESSEE INVENTORS ASSOCIATION

P.O. BOX 11225

KNOXVILLE, TENNESSEE 37939-1225

April 15, 2006

Forthcoming Meeting, April 15, 2006 (% TIA Vice President, Terry Brewster)

Inventor **Charles Gibbs** will talk on several of his successfully patented and commercialized inventions. These include a device to detect and evaluate gum disease, a device for climbing ropes for cave explorers, mountain climbers, and rescue groups, and a device to measure the effectiveness of pain medication on rats and mice

"I am a mechanical engineer who has worked in Dentistry at two universities: 1) Case Western Reserve University in Cleveland, Ohio and 2) The University of Florida in Gainesville, Florida. I will retire from UF on Dec. 31, 2005. In dentistry, I have studied jaw movements and biting forces during chewing and developed a measuring system to diagnose gum disease.

The UF decided not to exert an interest in the gum disease diagnostic system, so four of us formed our own corporation (Florida Probe Corp.). Obtained a patent and FDA approval and began manufacturing the system in 1987. My son, Chris, currently runs this Company. We have 5 full time employees and 3 part timers, like myself. Sales are finally beginning to increase. At a minimum, I have made an interesting job for my son.

I developed a rope ascender, the Gibbs Ascender, which is used by cave explorers, mountain climbers and rescue groups. My brother manufactured this product successfully in his basement, for many years, and recently sold his company to his employee. I developed the ascender and rigging as a result of a bad scare during a cave exploring trip to West Virginia in 1967. (need is the Mother of invention.)

I have developed a few other devices which never made it to market including: a mini-motorized drain snake; a clown face that smiles or frowns depending on the noise level; an orthodontic facebow that records force applied to the teeth and a dental articulator for making bridges and dentures. Recently four of us established a small company to develop a pain sensitivity device to measure the effectiveness of pain medication on rats and mice. We received a SBIR Phase 1 grant to support the development. We are ready to prepare our Phase 11 application and continue the project." (Quoting Charles Gibbs.)

Past Meeting March 18, 2006 (% Recording Secretary Tom Kulaga)

The speaker was **Jacqueline Merritt** from the Small Business in Nashville. She spoke on "**Financing Your Business the SBA Way**". We thank Vice President Terry Brewster for obtaining this very pertinent speaker. TIA March 18, 2006 Meeting notes

Jacqueline Merritt of the Small Business Administration gave a very spirited and interesting presentation on the available SBA financing resources. Jacqueline is a Business Development Specialist in the SBA Tennessee District Office in Nashville. SBA information is available on the Internet at www.SBA.gov.

The SBA assists inventors and small businesses in obtaining loans. The SBA guarantees a portion of the loan, thereby giving an incentive to banks and financial institutions to finance small businesses and start-up companies. The person wanting the loan applies to the SBA. The SBA determines the suitability of loaning money to the person by looking at the five-Cs.

The five-Cs include Character, Cash flow, Collateral, Capitalization, and Conditions.

Character includes the character of the person seeking the loan. The SBA looks at the person's credit history for information on the person's past behavior. Jacqueline discussed the effects of identity theft and fraud on a person's credit history.

Cash flow is a heavily weighted factor in the loan approval process. The SBA likes to review the business plan to answer four questions: Where is the person now? Where does that person want to go? How does the person plan on getting there? How will the person know when they are there? Jacqueline recommended the Tennessee Small Business Development Center <www.TSBDC.org> and the Service Corps of Retired Executives <www.SCORE.org> as good resources for developing a business plan.

Collateral is another factor in the loan approval process. Is the borrowed money to be used to purchase an asset, such as a building or machinery? Does the borrower have personal assets that will be pledged against the loan?

Capitalization is the fourth C in the loan approval process. How much is the person or company worth? Are there any assets?

Conditions is the fifth C in the loan approval process. These conditions are market conditions, which are important for the SBA to determine if the business requesting the loan has a viable chance for success in the current marketplace. For example, after 9-11 there was a slump in the travel industry. At that time, the marketplace would not support opening a travel related business, such as a hotel in a resort area.

After discussing the loan approval process, Jacqueline presented a slide show of various SBA guaranteed loan programs. Loan amounts up to \$35,000 are available as Microloans. Loans up to \$250,000 are available as Community Express Loans. Loans up to \$350,000 are SBA Express Loans. Loans up to \$1.5 million are 504 Loans and up to \$2 million are Section 7(a) Loans.

Microloans are direct loans through nonprofit intermediaries that offer a fast turnaround for borrowers. These loans have a favorable interest rate, which is currently around 10 to 11 APR.

Community Express Loans are part of the New Markets Initiative and are for underrepresented minorities, veterans, and women business owners.

SBA Express Loans have a 50% guarantee by the SBA and the bank uses its own forms and procedures.

504 Loans are primarily available to purchase fixed assets and have a 40% guarantee by the SBA. A 504 Loan allows for highly leveraged financing with a long term payback.

Section 7(a) Loans are secured by applying at a financial institution, which seeks SBA approval.

Following the discussion of the various loan types, Jacqueline discussed the requirements for obtaining an SBA guaranteed loan. There is a maximum size requirement to ensure that the business is actually a small business. A two-step process is followed to determine whether a business is small enough to be eligible for an SBA loan. The first step is to determine the North American Industry Classification System (NAICS) code from <www.Census.gov/naics>. After the proper code for the business is determined, the SBA size table at <www.SBA.gov/size> is consulted, which will give either the maximum gross revenue or the maximum number of employees for a business eligible for SBA assistance.

Jacquiline concluded her presentation by answering questions from the members. She graciously offered to help anyone who called her office number at 615-736-5881, extension 241.

Forthcoming Second Meeting, May 20, 2006

Randy Boyd will speak on his company, **Radio Systems, Inc.** The company makes underground electric fencing for pets. There was a long article on the company in the News Sentinel of Friday, March 24, 2006.

Jacqueline Merritt

Financing your business the SBA way.



Registration is Now Open for

**The 2006 Spring National Small Business Innovation
Research Conference & Small Business Tech Expo
SBIR/STTR : Taking Ideas from the Bench to the Boardroom**



**May 15-18, 2006
Louisville Marriott Hotel Downtown- Louisville, Kentucky**

Conference Highlights

- **Four Tracks**

- Track A: Getting Started**

- Basics of Proposal Preparation; Basics of a Business Plan; Credible Team Building; Leveraging & Protecting I.P.; Partnering; Evaluation Process; and an Overview of a Commercialization Plan

- Track B: Making the Process Work**

- Valuation of Your Technology; Introduction to Phase II Cost Proposal; Corporate Alliances; Business Management Team for Commercialization & Business Development; Accounting & Auditing; Planning for Commercialization, including Licensing

- Track C: Using SBIR/STTR to Build Your Business**

- Basics of Marketing; Valuation of Your R&D Company; Success Stories; How to Pitch Your Story to VC, Angels, etc.; and Commercialization to Procurement

- Track D: Special Topics**

- Rural Technology Development & Commercialization; Tech Transfer - Easy or Difficult; How to Launch a Business; Success Stories of University Spinoffs or Partnerships; Faculty Entrepreneurship; Compatibility of Faculty & Students in a Business Environment

- **Bonus Sessions**

- Compliance and Regulatory Issues and Manufacturing Issues

- **E-submission** questions and answers from agencies using this submission method

- **Multiple Networking Opportunities**

- **Meet Federal Agency Representatives**

- **Exhibits and One-on-Ones**

- **Pre- and Post-Conference Workshops** (additional fee required), including Phase I and Phase II proposal preparation and basic accounting for government contracts

- **Small Business Tech Expo** co-located with the SBIR/STTR Conference

AND MUCH MORE!

Register Early and save money on your full conference registration fee. One-day registration options are also available!!

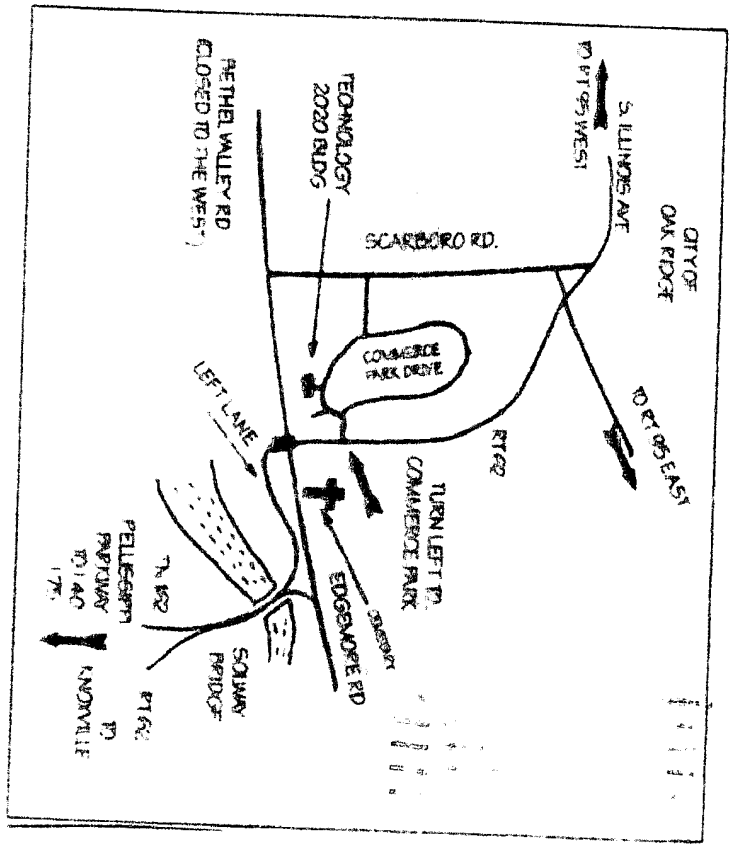
If you think that your business could benefit from part of the \$2+ billion available in government grants and contracts, this is an opportunity you cannot afford to miss.

Visit the National SBIR/STTR Conference Web site for program and registration details:

www.SBIRworld.com/KY

The National SBIR/STTR Conference is managed by DelaBarre & Associates, Inc.,
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E-mail: sbir@dhamtg.com

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REGULAR MEETINGS
 1020 COMMERCE PARK DR.
(2020 BUILDING)
THIRD SATURDAY EVERY MONTH
10:00 A.M. TILL NOON
FOR INFORMATION CALL

865-483-0151



TENNESSEE INVENTORS ASSOCIATION
 P.O. BOX 11228 KNOXVILLE, TN 37638-1228



OFFICERS FOR 2006

President – Igor Alexeff,
2790 Turnpike
Oak Ridge, TN 37830
Phone: 865-483-0151
e-mail: ialexeff@comcast.net

Vice President – Terry Bewster
1131 Brewstertown Rd.
Robbins, TN 37852
423-628-5438

Treasurer - Anne Alexeff
2790 Turnpike
Oak Ridge, TN 37830
865-483-0151

Recording Secretary –Thomas Kulaga
9111 Cross Park Dr
Knoxville, TN 37923
865-470-4212
www.knoxpatents.com

Corresponding Secretary- Martin Skinner
103 Lake View Pointe
Harriman, TN 37748
865-376-6894

Board of Directors:

A.J. Beal
11221 Concord Woods Dr.
Knoxville, TN 37922

Rainer Riffert
3804 Oak Hurst Dr.
Knoxville, TN 37919

Gordon Campbell
128 Albany Lane
Oak Ridge TN 37830

Joseph Angelini
9819 Hardin Ridge Way
Knoxville, TN 37930

Web Master- Laurel Bowen- P.O. Box 988, Clinton, TN 37717 - 865-457-1364
Newsletter Editor & Librarian – Igor Alexeff

MEMBERSHIP APPLICATION/ DUES RENEWAL

Mail to TIA Treasurer, P.O. Box 11225, Knoxville, TN 37939-1225

Dues are \$30.00 per year , and due in January. Anyone joining after January will pay a pro rated amount.
Please make checks payable to Tennessee Inventors Association.

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