



SMALL BUSINESS

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A REPORT ON SMALL BUSINESS AND ENTREPRENEURSHIP

PAGE 7A

Briefcase



New tax credit

The Internal Revenue Service has issued new guidance on the health care tax credit now available to small businesses.

According to a news release from U.S. Rep. Lois Capps, D-Santa Barbara, more than 13,000 small businesses in the 23rd Congressional District, which covers most of Santa Barbara and San Luis Obispo counties, have received postcards from the IRS notifying them that they may qualify for the credit.

The tax credit is available to businesses that provide health insurance for their employees and have 25 or fewer employees and an average wage of \$50,000 or less. The maximum credit is 35 percent of what the employer is paying for employee insurance coverage, rising to 50 percent in 2014.

Free MBA help

MBA students at California Lutheran University in Thousand Oaks will offer their consulting services to local business free of charge as part of their final course, "Consulting to Business." The course will give students an opportunity to deal with real business problems while providing free service to companies.

The class begins May 25. Interested business owners can contact Ronald E. Hagler, director of CLU's MBA Program, at (805) 493-3371 or hagler@callutheran.edu.

Women's workshop

Kipp Financial Group will host a Women's Health, Wealth and Life Goals Summit from 8 a.m. to 5:30 p.m. on June 5 at the Ventura Beach Marriott.

Guest speakers will gear their speeches toward women, discussing life goals, core values and personal habit issues. Among the lecturers will be Stephen Kipp, CEO of Ventura-based financial planning firm Kipp Financial Group.

Tickets must be purchased in advance and are \$35 per person. To purchase tickets, call Pat Zanuzoski at (805) 650-7654.

CPA office expands

The Santa Maria-based accounting firm McDermott & Apkarian has opened a new office in Orcutt.

The firm, founded by Patrick McDermott, has also recently added a new partner, Thomas Apkarian.

The new office is at 241 South Broadway St., Ste. 201, in Orcutt.

Whole Foods: thinking local

Area products hit the shelves

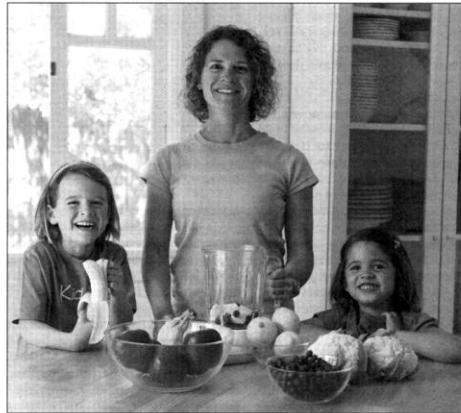
BY STEPHEN NELLIS
Staff Writer

Whole Foods Market has been in expansion mode for the better part of two decades. As it has opened stores in the Tri-Counties, entrepreneurs have worked to get their products on the stores' shelves.

Beth Bailey is a Santa Barbara mother of two who founded The Kiddo Co. The company makes all-natural, all-organic "squeezies," resealable servings of squeezable snacks. The first two flavors are "super sweet potato" and "wild blueberry apple," and the snacks are on shelves at the Santa Barbara Whole Foods and Lazy Acres, the longtime Santa Barbara natural foods store.

"Only so many people are going to go to the Santa Barbara farmer's market, get some broccoli, steam it and put it in the perfect containers for their kids. It's very time-consuming," said Bailey, who has an MBA from the UCLA Anderson School of Management and once worked for Procter & Gamble. "Kids love healthy foods. You take a kid to a farmer's market, and they have a great time eating things they wouldn't otherwise see."

Bailey's produce is all sourced in the U.S. and prepared in certified organic kitchens. She used her own children and other families to perfect her recipes. "The kids of Santa Barbara



Beth Bailey of Santa Barbara and her children, the inspiration for her business, The Kiddo Co. The company makes organic snacks that are sold in Whole Foods Markets.

helped make sure I was doing it right," Bailey said. "It was really fun to have the kids make the choice."

Bailey approached John Jurey, the store team leader of the Santa Barbara Whole Foods, which opened late last year, about getting on the shelf. "They've been really supportive," Bailey said. "It took us longer than we ever could have dreamed, but they basically said 'Just call us when it's here.'"

Jurey said all Whole Foods stores search out local products and that the company is recruiting a "forager" to find new offerings in the region. "I can

bring them into this store first, and then if they do well and work well, they can get into other stores," Jurey said. "If three stores pick up the products, they can go regional."

One product that's gone regional is Marshall Schmidt's barbecue sauce, a complement to his Marshall's Bodacious BBQ restaurant in Ventura (see story on page 8A).

Marshall's Rib Sauce is at Whole Foods Markets in Southern California, Arizona and Nevada. He regularly trucks his barbecue trailer to Whole Foods loca-

see **WHOLE FOODS** on page 8A

SLO entrepreneur returns to his roots

BY TONY BIASOTTI
Staff Writer

Buying his old company back last year was a business decision, but James Whitaker admits pride had something to do with it.

Quickcondoms.com — as the name suggests, the company sells condoms online — was struggling. Whitaker started the business as a 19-year-old Cal Poly San Luis Obispo student and sold his half to his brother and business partner in 2006, so he could move to Berlin for a few years. By the time he returned, sales at Quickcondoms were a fraction of what they'd been when he sold, and the company was losing money.

Whitaker had stayed in touch with the new owner, a woman in New Jersey, and last year, he said, "she threw her hands up and said, 'James, can you run this company?'"

He could, because he had. So he bought it back, and now here he is, 30 years old and back in his old college town, doing the same thing he was doing a decade ago: building the business from the ground up.

"I think pride was a significant amount of it," he said of his decision to rescue his own creation. "It's not so much that I didn't want to see it fail, but after I sold it I realized it was a really good business. ... There's a lot of goodwill in the brand, because it's been online for 10 years. It can be repaired;

there's some equity in the brand."

Whitaker said the company has returned to profitability since he bought it eight months ago and moved it back to San Luis Obispo. Sales were in the \$500,000 to \$1 million a year range when Whitaker first sold in 2006. By last year they had dipped to about \$100,000 a year, but they've doubled since the purchase, and Whitaker said he expects them to double again in the next year.

The last owner had outsourced management of the website, and Whitaker has taken that task back. He runs Quickcondoms.com

see **QUICKCONDOMS** on page 8A

WHOLE FOODS

Continued from page 7A

tions to show off his product, but Schmidt said a Las Vegas store he's never visited moves the most cases of sauce.

"There's no doubt you can win [customers] over with good beef," Schmidt said, describing where his store product fits into his barbecue empire. "And if you can win them over with good barbecue sauce, it's a home run."

Clark Staub is another tri-county entrepreneur who's a veteran at distributing through Whole Foods. His Full

of Life flatbread pizzas are hand-made and wood-fired in a brick oven in downtown Los Alamos, between Buellton and Santa Maria. They're available in 25 states in Whole Foods and other grocers such as Gelson's Market.

Staub's pizza ingredients are sourced from California, but the company has been so successful that he's considering regional bakeries to integrate more local ingredients in his wide distribution.

That's important to building loyal followings in all the states where his pizzas land, Staub said. "We can't afford to play the advertising and promotion game," he said. "You really have

to create a personality your consumers can identify with."

Staub, who's been distributing through Whole Foods since the early 2000s, said getting on store shelves is the easy part. It's staying there that takes work.

"It's not until it actually leaves the store in a customer's hand and the customer comes back and creates word of mouth that you have success," Staub said. "It's very important that you create a community of end customers who pull your product through the stores."

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