



O'ahu SBDC Center staff, Constance Cate and Laura Noda.

O`AHU CENTER REPORT

The O`ahu Center of the Hawai`i SBDC Network is located in the central downtown business district of Honolulu two blocks from the State Capitol. The center is a founding member and co-tenant in the Business Information and Counseling Center (BICC) along with the U.S. Small Business Administration (SBA), Service Corps of Retired Executives (SCORE), and the Hawai`i Women's Business Center.

The O`ahu Center is staffed by Center Director Laura Noda, Business Development Specialist Constance Cate, and Administrative Assistant Winona Chin, who oversee a beehive of activity. Noda works with clients from Honolulu to the east and Cate handles clients from the leeward, north shore, and central valley areas of the island.

Hilo-native and graduate of the University of Hawai`i, Laura Noda moved back to Hawai`i six years ago. With an MBA from the University of California at Los Angeles and a master's degree in Japanese Studies from the University of Michigan, Noda worked as a consultant with Price Waterhouse in Tokyo and Ernst & Young in Chicago, followed later with other positions in Vancouver, Canada. Constance Cate lived on the Big Island for over 30 years, earning a bachelor's degree from the University of Hawai`i at Hilo and becoming a Certified Public Accountant. She then left to obtain an MBA from Grand Valley State University in Michigan. After receiving her degree there, she worked for the Michigan SBDC before returning to Hawai`i.

The O`ahu Center recently joined forces with the Hawai`i Healthcare Business Incubator (HHBI), a newly formed business incubator that provides facilities and services specifically for small companies in the health care industry. Once a client is referred by HHBI to the SBDC, the SBDC consultant provides individualized business consulting and customized business research through the SBDC's Business Research Library. The alliance is expected to produce benefits for both the O`ahu Center and the HHBI.

Center Director Laura Noda was on the planning committee of the Hawai`i Business Forum, an all-day conference held in conjunction with the Pacific Basin Economic Council (PBEC) conference at the Hawai`i Convention Center. This business forum, which attracted more than 500 attendees, featured speakers from across the Asia/Pacific Region. Coach June Jones of the UH Warriors, the keynote speaker, shared his strategies that are directly applicable to the business sector.

In 2000, the SBA began implementation of a program that involved providing a range of services to small business at the Bank of Hawai`i Waikale Branch. This program has been called "Small Business Day At The Bank." The O`ahu Center and other business assistance providers--SBA, Hawai`i Women's Business Center, SCORE, and the IRS, began meeting with small business clients two days a week at the Bank of Hawai`i Waikale branch. Because of this innovative program, the O`ahu Center has been able to broaden its reach into the Waipahu, Waikale, and surrounding communities by providing small business counseling services to entrepreneurs in their own area.

Island of O`ahu	
Population:	876,156 people
Density:	1,467 people/sq. mile
Urban/Rural:	96% urban/4% rural
Size:	597 square miles
Major Cities:	Honolulu and Pearl City
Ethnicity:	41% Others 20% Caucasian 20% Japanese 19% Part Hawaiian
Gross Product:	\$24.99 Billion
Industries:	Services, tourism, government, military
Income:	\$28,670 per capita
Unemployed:	3.8%
Clients:	428 clients 2,384 counseling hours
Training:	46 events, 872 attendees
Description:	Honolulu, with approximately 74% of the state's population, is characterized by tourism in Waikiki, military in and around Pearl Harbor, the state government, and the University of Hawai`i at Manoa.



From left to right: Dave Yanazaki, Laura Noda, and James Chan.

O`AHU CENTER CASE STUDY

Hawaiian Chip Company

No one thought that friendships between high school soccer teammates from Hilo would evolve into young, talented entrepreneurs manufacturing and marketing sweet potato chip products. James Chan and Dave Yanazaki formed the Hawaiian Chip Company (a limited liability company) less than a year ago and the business is rapidly growing as more people are trying their tasty-flavored sweet potato and taro chips.

The sweet potato chips are available in four different flavors: the sweet potato original flavor, sugar coated, jalapeno, and an extra spicy. A shortage of sweet potato during the holidays allowed the company to expand its line to taro chips, flavored in salt and vinegar, barbeque, and garlic-jalapeno.

Less than two years ago, Chan, who likes to cook, started concocting different recipes from a small deep fat fryer at home. Yanazaki remarked, "James got a few chuckles from us when he first presented his idea and chips to us, but after realizing the potential our chuckles changed to excitement, and we all wanted to jump in and help." Chan remembers using Jonathan's Restaurant after the restaurant closed at night and working until about two in the morning. He then went home to bag the chips and headed to the swap meet to sell the chips, which were usually sold within a few hours.

The company landed Neiman Marcus as an account in March 2000 when the unique taste of Chan's chips caught the attention of the general manager of Neiman Marcus at a local high school's fair. A new eye-catching label needed to be designed exclusively for Neiman Marcus. This was not a problem because Yanazaki is a talented graphic designer. In fact, they've gone through three different label designs, with the latest being more elaborate and colorful.

In 1999 Chan went to see Laura Noda, O`ahu Center Director, at the Hawai'i SBDC Network for assistance in starting his business. He had begun sub-leasing a commercial kitchen in Kalihi where he was manufacturing his chips on a small scale. Noda reviewed Chan's business plan, made suggestions for strengthening it, and assisted him with developing financial projections. Start-up capital for six months was received from investors. Noda referred Chan to several bankers, and he received a positive response from the first bank he contacted. A Low-Doc loan for \$35,000 from the Small Business Administration was quickly approved.

Chan says, "Laura's help was really critical in getting us the loan. Without this loan we wouldn't have been able to buy the fryers, the scale and the sealer. These are the bases of our whole operation." After receiving the loan, the kitchen was shut down from July to October 2000 for renovations.

Noda also helped Chan set pricing. The bags initially sold at the flea markets for \$2. Now, the bags sell for about \$4 each, and the chips are produced three times per week at an average of 300 bags per day. Chan notes, "By the end of summer, we hope to be manufacturing the chips on a daily basis." Chan is also pursuing the opportunity to sell smaller bags of his product to one of the local airlines.

Although the Hawaiian Chip Company has been acquiring wholesale accounts, the bulk of its sales are presently retail sales and through fairs. Yanazaki recalls, "We used to go to the fairs in the morning at 10:00 until 10:00 that evening, sell out, and come back to the kitchen to make more for the next day."

Chan says, "We would like to build our image as making a gourmet product, and we are putting the brakes on until everyone knows about our product. We would rather make less now. We don't want to see our chips just sitting on the shelf." You can find their product at Neiman Marcus, Hawai'i Kitchen and Spice, Samurai Snacks, Pat's Island Delights, the Mauna Kea Observatory, Hilo Hattie, DFS Galleria and other locations. They are looking into other sales in retail and are even investigating on-line sales. It doesn't appear that making less now will last very long for the Hawaiian Chip Company.





Left to right: Shaun Blevins, Constance Cate, and Catharine Lo.

O`AHU CENTER CASE STUDY

Free Surf Café

Ironically, the idea to open a café with internet-access on the north shore of O`ahu came about while snowboarding in Lake Tahoe. Catharine Lo, owner of the Free Surf Café, and her manager, Shaun Blevins, felt O`ahu's north shore did not have a place that offered free access to the internet and served fresh, healthful smoothies and food for both local residents and travelers...a combination of ocean surfing and internet surfing. Lo says, "I really felt that people should be able to get free access to the Internet. If people can afford to have access they will become that much more informed and knowledgeable."

"I was set on opening during the surf season which runs from October through February," says Lo. After two months of frantically renovating the 500 square foot space, the Free Surf Café opened its doors on December 16, 2000.

Located in Haleiwa's North Shore Market Place, its friendly, casual atmosphere has state-of-the-art computers that are available for emails or browsing through web sites at no charge. There are other computers available, at a minimum hourly charge, to burn a CD, scan photos, work on documents or even watch a surf DVD.

Smoothies are tailored to the individual's taste. Banana, strawberry, pineapple, apple, papaya, peanut butter, carrots and more are available to create any mix. Sandwiches, fresh garden salads and homemade soups compliment the north shore setting. Another feature the café offers is a large selection of books and magazines on surfing.

Catharine Lo came to the O`ahu Center for help in business planning. With assistance from Constance Cate, the Leeward O`ahu Center business development specialist, Lo wrote a high quality business plan which was used both as a blueprint for her business goals as well as a tool to help her obtain financing. Lo says, "Constance really saved the day on the financial aspects of the business plan. She showed me the SBA cash flow spreadsheet sample and helped me tailor it to my business. Another thing that helped me a lot was the "Start-up Guides for Entrepreneurs" in the resource center."

Lo recalls, "The confusing part was not knowing what to do. Constance is really good about setting out what the steps are and what the next step is. Her guidance in outlining each step was very helpful to me."

Lo approached several banks to obtain financing for her business but their responses were not favorable. Central Pacific Bank referred her to the Hawai`i Community Loan Fund, which required a co-signer. Lo contacted her father, who initially was less than supportive regarding Lo starting a business. After realizing that she was serious, the bank was serious, and her landlord was serious, her father loaned her most of the money (\$29,000) and HCLF loaned her the rest (\$9,000).

Lo says with laughter, "I remember Constance telling me, 'It takes only a small hole to sink the whole ship.' I think about this all the time. Could this be the small hole or could that be the small hole." Blevins adds, "She basically lives this 24 hours a day." Now Lo is learning the business and experiencing all the trials and tribulations that come with owning a business.

The Free Surf Café has been operating for almost three months and gets approximately 500-paid internet access minutes per day, in addition to retail and food sales. She will soon begin serving kava in the evenings, setting a different mood. Lo says, "During the surf season, there was a really nice mix of people from all over the world, speaking different languages, coming into the Free Surf Café. But now I can say that about 60-70% are regular customers and we know them on a first name basis."

However, Lo, is anxious to surpass her projections and would like to see quicker results. With such enthusiasm, she will definitely succeed. The North Shore has much to offer--great surf, both in the ocean and on the Internet...and they're both free.

