

volume 4 number 7

# the laboratory connection

your community's link  
to information, opportunities, and people  
at Los Alamos National Laboratory

september 2003

**word from** the Associate Director for Administration

**S**ince January 2003, Los Alamos National Laboratory has undergone some of the most sweeping changes in its history. Many have involved its business and financial operations, not only in internal activities but also in the manner in which the Lab deals with outside contractors, vendors, and suppliers. Of most importance is communicating these changes to those in northern New Mexico with whom we do business, as well as sustaining our efforts to promote additional economic growth in the region.



Two new divisions called Chief Financial Officer (CFO) and Supply Chain Management have been created as part of a restructuring of Lab business operations. The new divisions have absorbed the duties and functions of what was the Business Operations Division. This allows Los Alamos to continue the improvement of its business practices begun in January 2003.

Through this period of change and growth, we remain committed to partnering with businesses in our region for our mutual benefit. It has long been recognized that the basic research done at LANL not only contributes to the Lab's primary mission of national defense but should also be available to our nation's private and public industry. In this issue, we explain how tech transfer applies to northern New Mexico.

A number of Laboratory initiatives to benefit regional small business were kicked off over the summer. From Fed Day and a Vendor Town Hall meeting in June to ongoing supplier training initiatives, the Laboratory continues to seek opportunities to reach out to our partners.

## Lab Partners With Regional Groups To Aid Small Businesses

With new business and financial leadership in place, the Laboratory is reinvigorating its efforts to reach out to the small business community in our region, historically the backbone of our procurement system. A number of Community Relations Office initiatives were kicked off over the summer and a number of these programs are ongoing.

In June, the Laboratory hosted a town-hall meeting in Santa Fe to hear from area business owners how the Laboratory can continue to improve its business practices and better assist regional businesses.

The "Laboratory Better Business Practices" town-hall meeting, held at Sweeney Convention Center in downtown Santa Fe, was part of Los Alamos' ongoing business practices improvement effort begun earlier in the year. Included in that effort were a restructuring of Los Alamos' Business Operations Division and the creation of two new Laboratory business organizations. (See related story on page 5.)

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David McCumber, the Lab's Communications and External Relations Division Director, confers with J.R. Trujillo at Fed Day at San Juan Pueblo. Trujillo, past president of the Northern New Mexico Supplier Alliance, is also an Española city councilor and owner of Quick Fix Home Improvement Centers.

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“It is important that we gain first-hand feedback from you so that we can further improve the way we do business,” Richard Marquez, Los Alamos’ associate director for administration, told the approximately 300 business owners who attended the meeting. “Improved vendor relationships and communication must be a central part of our future business model. That includes meaningful opportunities for small, disadvantaged and minority business. The end result of this gathering, I believe, will be an improved business practices model that will enhance our business capabilities, help us to better understand and meet our customer requirements, and provide the Laboratory with the flexibility it needs to meet the business challenges ahead.”

Last fiscal year, Los Alamos purchased nearly \$1 billion in goods and services, \$618 million of which was from New Mexico businesses; \$458.4 million were in purchases from Northern New Mexico businesses, according to Los Alamos’ new Supply Chain Management Division.

Participants in the town hall meeting asked questions of Marquez on topics including sole-source procurements, multicompany teams, specialized buyers, contract bundling and clearances for service people. When an answer was not readily available, procurement staff was tasked to follow up. Attendees were also invited to submit written questions, all of which will be personally answered by Lab staff.

Earlier in June, the Lab partnered with several agencies to improve procurement opportunities for small regional businesses by sponsoring Northern New Mexico Federal Procurement Day, or “Fed Day,” at San Juan Pueblo.

Cosponsored by the Northern New Mexico Supplier Alliance, a trade group of more than 400 small businesses in Northern New Mexico, the City of Española, the Regional Development Corporation and the Lab, Fed Day was also enabled by the federal Small Business Administration, whose Region-6 administrator, Joseph Montes, was the keynote speaker.

Representatives from 27 federal agencies, including Sandia National Laboratories, the National Park Service, the U.S. Forest Service, Department of Energy, the National Nuclear Security Administration, Kirtland Air Force Base, Bureau of Land Management, Bureau of Indian Affairs, and the General Services Administration, attended the Fed Day program to network with the 150 small-business owners and operators who attended.

“The event was designed to attract regional, small businesses that have goods or services to offer, not only to Los Alamos but also to other federal government agencies,” said Tim Martinez of the Laboratory’s Community Relations

Office. “This was an opportunity for those agencies to meet small business owners and learn about the many services they can provide. We’re always looking for growth opportunities for small businesses here at the Laboratory.”

Event organizers held “matchmaker sessions” to introduce small businesses to Laboratory organizations and other federal government agencies

Martinez said that federal agencies are particularly interested in providing procurement opportunities to minority, women-owned, and Historically Underutilized Business, or HUB-zone certified businesses, noting that there are about 50 small businesses in Northern New Mexico that are HUB-zone certified.

The Laboratory has also sponsored a series of certification training sessions for women or minority-owned or HUB-zone businesses. Twelve local firms attended a women or minority-owned session in August, and a HUB-zone training session is scheduled for September.



Approximately 300 regional business owners attended a Vendor Town Hall in Santa Fe in June to hear about the Lab’s business improvement initiatives and voice their concerns.

## Technology Transfer is Mission of Industrial Business Development Division

It has long been recognized that the basic research done at Los Alamos National Laboratory not only contributes to the Lab's primary mission of national defense but should also be available to our nation's private and public industry. Therefore, the concept of technology transfer has been developing over the years to provide a means through which, for example, Lab research might make your automobile operate pollution-free or your doctor able to diagnose disease more quickly and accurately.

Such is the mission of LANL's Industrial Business Development Division (IBD). It facilitates the transfer of leading-edge Laboratory technologies to U.S. industry and startup businesses. Last year, the number of new sponsored-research agreements grew by 133% to 112. These industrial partnerships are often in the form of cooperative research and development agreements (CRADAs) and commercial license agreements that involve areas like homeland security, high-temperature conductivity, and electrical fuel cells. Lab partners include such major corporations as Procter & Gamble, DuPont, General Electric, and Motorola.

But in serving such large national firms, the Lab has not neglected its northern New Mexico neighbors. LANL is partnering with the regional New Mexico business community to develop new ways to use emerging Laboratory technologies to stimulate high-tech business startups, create job opportunities, and attract businesses

and capital to the region. There is no better way to ensure the growth and sustainability of the regional economy.

The IBD offers a broad range of services to assist regional businesses as well as LANL scientists and potential entrepreneurs. In addition to ensuring that intellectual property protection is in place, this assistance includes help with business counseling, market assessments, training locations, networking opportunities, and potential funding sources.

Over the past six years, IBD has assisted approximately 200 clients, including emerging regional technology businesses, Lab scientists exploring business concepts that can be applied



IBD's highlights over the past decade include 60 collaborative R&D projects and partners such as Procter and Gamble, DuPont, General Electric and Motorola.

to the local area, and organizations considering collaboration with or licensing a new technology from the Lab. These clients include 70 new startup businesses that have created

more than 270 new jobs and attracted in excess of \$67,000,000 in external capital to the region.

Laboratory support and programs for New Mexico firms include the following:

- The Laboratory has issued 35 commercial licenses to local firms,
- The Lab has collaborated in 55 Cooperative Research and Development Agreements,
- The Lab has assisted New Mexico firms through 39 Work for Others Agreements,
- We provide access to LANL through 37 User Facility Agreements,
- Since 1998, 26 Lab employees have taken Entrepreneurial Leave of Absence to work with new or existing New Mexico small businesses,
- More than 200 regional press articles have appeared since 1997 featuring programs and events sponsored and client firms that have been assisted by IBD, and
- IBD's technology transfer and economic development programs have been recognized as "outstanding" and "best practices" by DOE, DOC, and the Federal Laboratory Consortium.

Highlights of IBD's investment in the northern New Mexico business economy include the following:

- IBD has participated in 60 collaborative R&D projects with regional small business between 1993 and 2000,



Technology Transfer is Mission  
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- LANL has made a \$700,000 investment in regional technology maturation awards, creating more than 50 jobs and generating \$3,000,000 in revenues.
- Fifty regional companies and Lab reps participated in 90 projects completed through the LANL/IBD's MBA internship program.
- LANL has sponsored 22 business development workshops throughout the region.
- Since 2001, 85 LANL staff participated in assessments of commercial potential of various inventions through "Commercialization and Entrepreneurship" Training Workshops.
- A \$450,000 "Technical Maturation Fund" reinvests a portion of licensing royalties and other funds to further develop early stage technologies.
- Lab is a frequent participant in the initiation or enhancement of regional networking activities.
- Eleven seed venture capital firms have established regional offices and invested \$194,000,000 in 12 emerging New Mexico technology firms.

In addition to the above, there are numerous other examples of successful Laboratory spinoffs and clients assisted by IBD. For additional information about IBD and its services available to our neighbors and businesses in northern New Mexico, phone 505-665-9091 or visit the IBD Web Site:

<http://www.lanl.gov/partnerships>.

## Business Briefs

### SBO Receives High Ratings for Small Business

During an audit conducted earlier this year, the Small Business Administration gave the Lab's Small Business Subcontracting Program an "Outstanding" rating. The Small Business Administration (SBA) conducted an audit to determine whether the Lab's Small Business Office (SBO) was in compliance with Public Law 95-507, Section 211. This law governs small business programs in federal agencies and identifies what institutions like the Laboratory should be doing and how they conduct business. When the audit was complete, the SBA informed Lab Director G. Peter Nanos that the Lab had earned an "outstanding" rating—the highest rating given by the SBA.

"Procurement buyers and employees of the SBO should be congratulated on a job well-done and for earning such a high rating," said Laboratory SBO Leader, Teresa Trujillo.

### ISO 9000 Workshops to Be Held in Santa Fe

On September 8, 2003, the New Mexico Economic Development Department (NMEDD) will begin its NM 9000 Program in northern New Mexico. The ISO 9000 workshops will be held at the Santa Fe Business incubator once a month and are expected to last until May 2004.

ISO 9000 is a program with a series of quality management standards that are accepted internationally. The program contains a set of requirements and guidelines defining an effective management system.

ISO 9000 is appropriate for all business types, including services, manufacturing, school systems, hospitals, hotels, and others.

### UNM-LA Small Business Development Center Workshop

On Thursday, September 25, 2003, from 3 to 6 p.m., the University of New Mexico, Los Alamos campus, will provide a free workshop titled "Negotiating a License with Los Alamos National Laboratory." This workshop will be held at the Los Alamos Research Park Conference Room. At this workshop, participants will be given the opportunity to hear from a panel of regional legal experts about how to effectively prepare for a technology licensing negotiation.

Participants will learn what terms to negotiate, how to understand royalty calculations and appropriate benchmarks, how to incorporate business planning forecasts into the negotiation process and how to move the process to completion. For more information, please contact Joy at 505-661-4803.

## Business Operations Restructure Creates Two New Lab Divisions

Two new divisions called Chief Financial Officer (CFO) and Supply Chain Management have been created as part of a restructuring of Los Alamos National Laboratory's business operations. The new divisions have absorbed the duties and functions of what was the Los Alamos Business Operations Division.

Both new organizations remain under the control of the Lab's associate director for administration and have been operating as such since late June 2003. The acting head of the CFO Division, Jay Johnson, functions as the Laboratory Controller and has access to the Lab director through a dotted line reporting arrangement.

The new organizational structure allows Los Alamos to continue the improvement of its business practices begun in January 2003 when the University of California (UC) and the Laboratory committed to demonstrating real, tangible results in response to lapses in oversight and abuses in process discovered during late 2002.

The Chief Financial Officer Division includes Accounting, Institutional/Nonweapons Budget, Weapons Budget, and Compliance and Control groups. The Supply Chain Management Division, headed by Acting Director John Bretzke, will include Procurement, Property Management, Materials Management groups and the Small Business Program Office.

The restructuring, achieved with the full support and active participation of the University of California, will enhance the Lab's business capabilities, help it to better understand and meet customer requirements, and

provide it with the flexibility to meet changing business requirements.

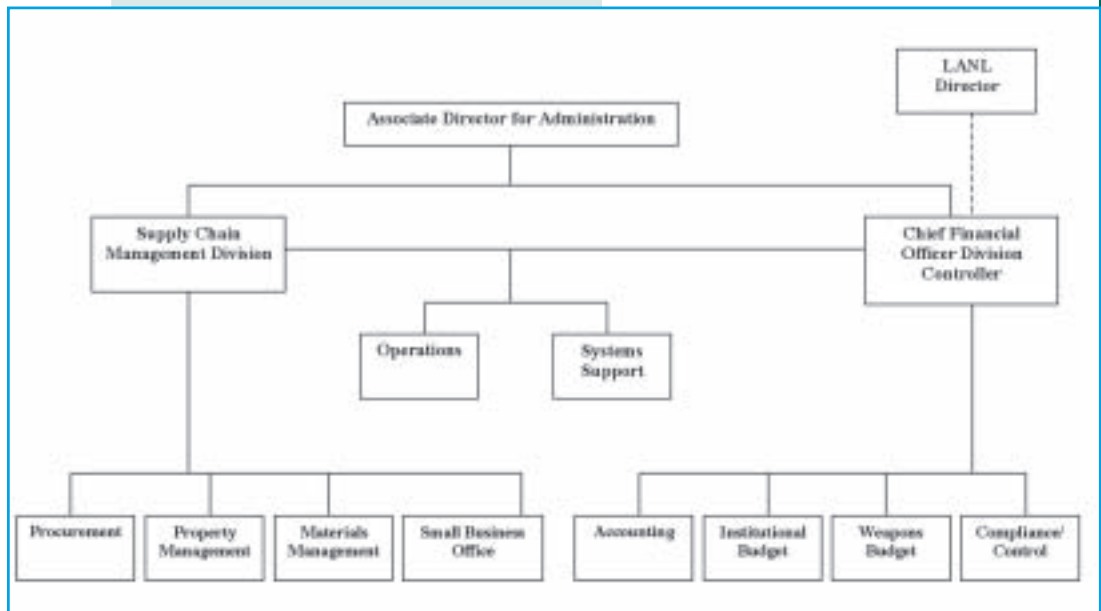
In acknowledging the overall effort and individual hard work of all involved, Lab director, G. Peter Nanos, indicated that the restructuring played a significant part in the Department of Energy's decision to allow the University of California to retain the operating contract through September 2005. (Editor's Note: DOE is currently working on specifications to be contained in a Request For Proposal for a new contract to manage LANL and will be open for bid sometime next year. At that time, after reviewing the specifications, UC will decide if it will bid on renewing the contract that it has held for more than 60 years.)

On June 24, 2003, the Laboratory hosted a town-hall meeting in Santa Fe to hear input from area business owners about how the Laboratory can continue to improve its business practices and better assist regional businesses. This was an open, give-and-take session

conducted by associate director for administration, Richard Marquez, that not only outlined the Lab's new business structure but also clearly demonstrated its willingness to develop a better and continuing dialogue with its regional business partners and neighbors.

All such restructuring is a sign of progress and planning for the future. By adapting to the latest trends in business practice and adopting the lessons learned from the past, the Lab continues in its pursuit of excellence in all aspects of its operation.

Further information can be found on the Small Business Office web page at [sbo.lanl.gov](http://sbo.lanl.gov). Business owners also can learn more about Laboratory business outreach efforts and procurement opportunities by electronic mail at [community@lanl.gov](mailto:community@lanl.gov) or [sbo@lanl.gov](mailto:sbo@lanl.gov), or by phoning toll free at 1-888-841-8256 or 1-800-472-9861 and FAX at 505-667-9819.



The new divisions, called Chief Financial Officer (CFO) and Supply Chain Management have absorbed the duties and functions of what was the Los Alamos Business Operations Division.

## Jacobs Engineering Takes ACCION

ACCION New Mexico is a local, award-winning, nonprofit organization that increases access to business credit, makes loans, and provides training that enable entrepreneurs to realize their goals of economic development. It specializes in small business owners who have difficulty obtaining loans from traditional lending sources. Jacobs Engineering is a national firm specializing in engineering and consulting services.

As part of its contract with LANL, signed in 2000, Jacobs agreed to implement a northern New Mexico economic development plan. Because Jacobs has worked with ACCION since 1994 to ensure that small business owners can obtain a loan to either start up or expand their business, Jacobs encouraged ACCION to expand their services to the northern New Mexico region.

"We've worked with ACCION for several years before we began working with the Laboratory and when our company agreed to implement the northern New Mexico economic development plan, we felt ACCION services would be a perfect fit," said Larry Pinkel, economic development manager for Jacobs. "I did some research and found that many small business owners and potential business owners in the northern New Mexico community could benefit from the loan services that ACCION provides."

Pinkel said that Jacobs developed a partnership with ACCION to expand into the northern seven-county area and has since made loans to businesses in Las Vegas, Taos, Santa Fe, Española, and Los Alamos. More than 213 microenterprise loans have been made to local businesses totaling more than \$1,157,464. Clients in the northern New Mexico region report that 210 jobs have been created or sustained from the loans they've obtained from ACCION.

"Jacobs took on a leadership role in helping ACCION expand into northern New

Mexico," said Marisa Barrera, executive vice president for ACCION. "The company is an amazing advocate of increasing economic opportunity for small businesses in northern New Mexico, and we value that." Barrera develops and manages small business lending activities for ACCION New Mexico. As of the end of July 2003, ACCION has administered



"Starting a business can be scary and overwhelming. You need all the help you can get," said James Ghahate of Unknown Artists.

2,275 loans throughout New Mexico. Those loans went to finance the startup or growth of 1,315 businesses in more than 80 communities around the state. The dollar amount ACCION has lent has now exceeded \$7.1 million.

"We've had a busy year and we'd like to be busier," Barrera said. "We started off in the early years giving loans to businesses only in the Albuquerque area. Now, a highlight for our staff has been reaching out to small businesses in the entire state. We love working in northern New Mexico!"

"Our loans range from \$200 to \$50,000," Barrera said. "These may be small, tiny even, to the big banks, but they've made a dramatic impact on our clients' profitability and income."

Overall, about 2,000 jobs have been created or sustained from the companies who have received loans from ACCION New Mexico. The organization's clients range from one-person operations to businesses that have more than 40 employees.

After finishing a painting he planned to give as a gift, one client, Native American artist James Ghahate, couldn't afford a suitable frame for his work of art. So he crafted one himself.

Ghahate soon began making frames for relatives and friends. "Even though my frames were in demand, I couldn't get a loan for advertising and materials," he said, "so I gave my frames away to promote the product. But I couldn't make the business profitable without money to invest in its growth."

Ghahate said that ACCION was willing to take a chance with him. Today, Ghahate's frames are so popular that his home-based framing business, Unknown Artists, can barely keep up with the orders.

ACCION attributes a substantial part of their success to Jacobs. "Jacobs Engineering is a wonderful advocate in making sure there are resources for entrepreneurs in the small business community," Barrera explained. "Without their help, we wouldn't be nearly as successful as we are today."

Jacobs Engineering investments include substantial cash contributions, in-kind contributions (time volunteered by Jacobs' information technology staff), Pinkel's service on the ACCION Board of Directors, and a \$250,000 line of credit at zero percent interest.

"We are able to leverage money back into the community and find it extremely gratifying when our services help community businesses grow and become profitable," Barrera said. "Jacobs Engineering has already made a positive and lasting impact on ACCION as well as northern New Mexico, and we certainly hope the relationship continues."

## Longtime Resident Remembers Los Alamos in 1944

"I met my wife up here," said J.J. Wechsler. "In those days you did a lot of your socializing with the people you worked with regardless of whether you were a technician or a scientist at the Lab."

Wechsler arrived in Los Alamos in 1944 as part of a Special Engineering Detachment. He worked in what was then called G- Division with Otto Frisch. When he was discharged from the military in February of 1946, he came back to the Laboratory to work in the same Division. His work included explosive research and hydrodynamics.

Los Alamos was very much a closed society, Wechsler said, but that was the reason that many developed strong, trusted relationships.

"In the late '40s, some of us used to go down to El Nido—techs, scientists, everybody," Wechsler said. "We'd have division parties and everyone was invited. You got to know people who were in many other groups than your own."

Wechsler, eventually retired in 1982 as a Division Leader.

"You weren't that compartmentalized in those days, everyone socialized together," Wechsler explained. "I used to play in a little band. We played for dances in Theater #2."

Wechsler played the trombone and sometimes the piano, sometimes for a group called Gus Bustos and His Boys. Bustos lived in the Española Valley and he had a gate pass. Those who lived off the hill had to either have a gate pass or leave messages at the centralized telephone operator station called the PBX. Messages were then relayed to the Los Alamos residents.

"Whenever Gus wanted us to play for a dance, he'd call the PBX and say let Don and J.J. know we're playing at such and such place tonight," Wechsler said. "Then the operators would give us the message."

Wechsler explained that because he was able to get B stamps during the days of gas rations, and he could travel all over northern New Mexico to play for parties and dances. "A" stamps allowed the holders five gallons of gas per month and "B" stamps allowed the holders about 20 gallons of gas per month.

Wechsler said that once when he was playing with the band for a dance, Otto Frisch came over during an intermission and said they had work to do at the Laboratory later.

"So, at 2 a.m., there me and Otto were doing lab work," he said.

Private automobiles were in short supply in those days, so if you had one, Wechsler said, you were pretty popular. Also, if you had a car and had trouble with it, the service stations were in Santa Fe, so it helped to know a bit about fixing cars.

"One Christmas, I think it was in 1945, the train service that was available was limited and very crowded. So, a group of friends decided they'd get on the train at Pueblo, Colorado," Wechsler explained. "So I drove them to Pueblo at about 11 p.m. and I drove back to Los Alamos and got back at about 3 or 4 a.m. That was a horrible trip back by myself."

The other center of social activity was the old Civic Club. It had a kitchen, a bar, and a restaurant. There was a small membership fee, but big bands played at the weekly dances. "You had to have something up here," Wechsler explained. "Where were we going to go?"



"The people who were coming into Fuller Lodge at that time were from all walks of life," Wechsler said. "They were senior scientists, GIs, WACs...."

Los Alamos also had two movie theaters: a small theater and a large theater called Theater #2. Concerts and other large-scale activities were held at Theater #2, which was located somewhere around where Los Alamos National Bank stands now. Movies were shown at the smaller theater.

Other prominent Los Alamos features included unpaved roads and heavy snow storms.

"Trinity Drive wasn't paved, and it was the main drag," Wechsler said. "They kept it in pretty good shape, though. But hardly any other road up here was plowed."

Wechsler said he remembers putting snow chains on his vehicle in the dark in order to get to the old Beta Site, which was out on the end of South Mesa overlooking Mortendad Canyon. You got there by going down and around the skating pond and up the other side.

"You made do with what you had. We didn't have four-wheel drive vehicles except for Jeeps and Weapons-Carriers, which is why we used Plymouth station wagons so that we could haul explosives on the cushioned seats," he said. "People didn't ever say 'I can't make it out to work. There's too much snow.' Winters were different. People were different."



1943 - 2003

# Los Alamos

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## Summer Fun in Our Communities

Lab staff had a busy summer participating in community events. Below on the left, a Community Relations Office employee provides information about the Lab to a couple from Wisconsin on the Santa Fe Plaza during Santa Fe Fiesta. Below right, one of the teams battles to win the Tug-of-War contest at the Española Spirit Day event this year.



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