

NORTHLAND PIONEER COLLEGE SBDC
2000 ANNUAL REPORT OF PROGRAM RESULTS

Date: 15-JAN 2001



• PREPARED BY:

MARK ENGLE, DIRECTOR

P.O. BOX 610, HOLBROOK

ARIZONA 86025

PHONE 520-532-6172

We are pleased to report another year of progress for the Small Business Development Center and for the local small businesses we serve. This report focuses on the activities of the SBDC as well as the specific results and progress noted.

The economic health of the two Counties in our service area are the poorest in the state of Arizona, and among the weakest in the nation. Our unemployment rates are the highest in the state, and our annual per capita incomes are the lowest. We have the three largest Native American reservations in the state in our service area, and the population of Native Americans is nearly 50% of the total. The economic progress on the reservations continues to be slow, with extremely high unemployment and an overall lack of business and tax base. All the above serve to underscore the importance of the SBDC's contribution to the local economy. With few success stories in large scale new business development, much of our local success has to come from new small businesses and improved results of existing ones.

Our resources and funding for the last seven years have been unchanged. We still have only one full-time employee, our Director, and a 30-hour employee whose time is split between support and client assistance. We use hourly counselors for other assistance, but with the effects of inflation we have been challenged in providing continually better service.

We have an opportunity in the coming year to increase funding for our state SBDC Network. Recently, the Governor's Task Force On Higher Education recommended the state fund an additional \$975,000 to the Arizona SBDC Network to allow an expansion of the program statewide. Arizona is only one of two states that do not provide funds to their SBDC programs. With the increased funding the network would be able to expand the number of counselors at each center, and nearly double our impact. In the case of Northland Pioneer College we would anticipate adding another full-time counselor to our staff, which would extend our assistance greatly.

It is with great pride and a sense of satisfaction that I report our program results for 2000. Our states economy continued to perform well, and much of our local progress is a result of that performance. Many of our local communities reported continued high growths in population, mostly from the migration of populations from the metropolitan areas of the state. More population brings challenges, but also increases the demand for service which the small business community can fulfill.

Respectfully submitted,

-Mark Engle, Director
Northland Pioneer College SBDC

HIGHLIGHTS OF 2000

- COUNSELING ASSISTED LOCAL BUSINESSES WITH CREATION OF 58 NEW JOBS, \$1,000,000 IN NEW LOANS, \$1,317,000 IN INCREASED SALES, AND \$8,596,000 IN NEW BUSINESS INVESTMENT
- TRAINING PROGRAM RESULTED IN RECORD 95 SEPARATE EVENTS, WITH 2,007 ATTENDEES, TOTALING 12,638 HOURS OF TRAINING
- FORMED PARTNERSHIP TO OFFER TECHNICAL ASSISTANCE AND ACCESS FOR MICRO-LOANS TO LOCAL SMALL BUSINESSES THROUGH NAU-SIFE PROGRAM
- COSPONSORED "GATHERING OF LEADERS" CONFERENCE WHICH INVOLVED 385 ATTENDEES TRAINED IN 27 DIFFERENT SEMINARS
- DEVELOPED NATIVE AMERICAN ENTERPRISE PROGRAM FOR TWO-YEAR DEGREE FOR NATIVE AMERICAN ENTREPRENEURS AND LEADERSHIP SKILLS DEVELOPMENT

CHAMBER ASSISTANCE

We continue to provide direct assistance to our local Chambers by serving on committees and cosponsoring training. Our Director serves on the Board of Directors for the Snowflake-Taylor Chamber, and on the Business Retention Committees for Show Low and Pinetop-Lakeside. We initiated a new training program involving seven local Chambers for customer service training during the year. Working with these Chambers and private business sponsors we cosponsored with HonDah Resort and Casino in offering "A Gathering of Leaders," a two-day conference in leadership development training. This conference involved 385 attendees and over 27 different seminars. This was a kickoff to the Customer Service Academy, a customer service certification program that will continue into the future.

ECONOMIC DEVELOPMENT AGENCY ASSISTANCE

We work closely with various entities, including White Mountain Regional Development Corporation (WMRDC), Apache County Economic Development (ACES), and The Holbrook-Winslow-Reservation Tourism Group. The Director serves on the Board of Directors for WMRDC, and we have cosponsored training and other programs. We have partnered with ACES in providing counseling through their St. Johns facility, along with training and other requirements. We have continued to maintain relationships with the Economic Development Agencies for the White Mountain Apache Tribe, the Navajo Nation, and the Hopi Tribe. We assist whenever possible with small business assistance and other loan initiatives.

MICRO-LOAN PROGRAM

Working with WMRDC and other local partners, we began offering local clients access to the NAU-SIFE Micro Loan Program in Flagstaff. We have provided access to nine local communities via our TeleCounseling system, that involves two-way communication via Videoconferencing units housed at the local offices. The NAU-SIFE program involves SBA Microloan funding via Chicanos Por La Causa, a statewide provider.

PREQUALIFICATION PROGRAM

We continue to provide service as an Intermediary with this program, and provided assistance to four clients during the year, which led in funding of \$710,000 in small business loans. Our assistance consists of pre-approval by the Small Business Administration of a clients loan, which is then taken to a Bank for funding. We assist with loan packaging, placement and follow-up with clients in compliance issues.

INNOVATION & TECHNOLOGY TRANSFER

We continue to provide information to local clients on federal and state programs available to assist in this area. We had only two inquiries during the year, and provided information.

INTERNATIONAL TRADE

We were involved in one program where the Department of Commerce's International Trade Representative visited our area and made a presentation to approx. twenty local business persons.

MINORITY SMALL BUSINESS DEVELOPMENT

We continue to focus on Native American assistance via counseling and education. We counseled clients for all three reservations during the year, and have continued to report success stories for clients. We offer a two-year degree in Native American Enterprise, and offer classes in business and leadership development in reservation communities we serve.

RESOURCE DEVELOPMENT

Our Director has served as Educational Chair for the Governmental Alliance for Rural Arizona. This group works with local Legislators and representatives on issues affecting rural communities throughout the state.

PROCUREMENT

We serve as a ProNet site for SBA, and have two Internet stations at our office in Show Low. We provide information on State Contracting opportunities and procedures, and will assist clients with 8(a) applications as needed.

SPECIAL FOCUS GROUPS

We have assisted local communities with economic analysis, including Focus Future projects in Snowflake-Taylor and Winslow. We have performed special studies, including a White Mountain retail leakage study and a survey of businesses needed for the region.

ECONOMIC DEVELOPMENT

The Director is certified by Business Retention and Expansion International, and assists local economic development agencies with BR&E programs. In both Show Low and Pinetop-Lakeside we have local "Partnership" programs, where the Cities, Chambers, WMRDC and SBDC assist local existing and new businesses with joint assistance.

RESEARCH

We assist local clients with direct research, primarily using our NPC libraries and internet sources. When appropriate we order research packages through our SBDC National Research Department in Texas.

TRAVEL

The Director and the Small Business Analyst traveled to Miami, Florida during the year to attend the annual meeting of the Association of Small Business Development Centers. This is a staff development/training event. The Director presented a financial analysis spreadsheet program to other participants as part of the program.

PROBLEMS

Nothing to report.

FINANCIAL REPORTS

Submitted to Arizona SBDC Network Office under separate cover.

WOMAN-OWNED BUSINESS

We held two seminars during the year to promote woman-owned issues. Our Northeast Arizona Small Business Symposium held in June was presented by all women presenters, and acted to promote the impact of women in business locally.

STUDENT/FACULTY INVOLVEMENT

We continued to work with a Federal Work Study student during the year, and she assisted with office and clerical tasks. We also involved students in an advisory capacity with our Hospitality Advisory Committee and Friends of Small Business Advisory Board. We continue to involve Faculty as hourly counselors and in the educational offerings. Our Native American Enterprise program is offered at five NPC locations using NPC regular faculty.

TRAINING

The year 2000 resulted in our best year ever in terms of involvement and offerings. Shown below are our training statistics for the year and two years prior for comparison.

<u>Item</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Number of trainings	81	50	95
Number of attendees	683	626	2,007
Total Hours of training	4,775	4,542	12,638

Examples of topics presented include: Starting Your New Business, Writing a Business Plan, Employment Issues for Small Business, Guerilla Marketing, Using the Internet to Create Success, Providing Outrageous Service, Motivating Your Employees, QuickBooks, Microsoft Office Applications, and many others.

HOURLY PRODUCTION

Our production is shown below for the last three years. We have essentially been able to maintain similar levels of hourly activity from year to year, without any significant increases in resource.

Item	1-time	Hours	Continuous	Hours	Total	Hours
2000	40	40	111	776	151	816
1999	49	80	102	838	151	914
1998	67	138	79	795	146	934
1997	93	169	71	648	164	817

ECONOMIC IMPACT CLIENT

Our state Network has been changing our key measurement of productivity from the hourly activity shown above to an Economic Impact Client (EIC) basis. An EIC is where we spend five or more hours with the client during the preceding twelve month period. The number of EIC clients can be more representative of our success and relationship to the actual economic progress we achieve. Our state office performs a survey annually of EIC clients to measure success with clients.

Our historical number of EIC clients is shown below:

Period Ending	6/30/99 12 Mos.	6/30/00 12 Mos.	12/31/00 6 Mos.
EIC Clients	44	44	24

Our goal for 2001 is 68 EIC's, which represents a 54% increase over the last two years. For the six months ended 12/31/00 we had 24, which is up over 9% over the prior two years, but short of year end goal.

ACTUAL ECONOMIC PROGRESS

We have conducted an annual survey for the last four years to assess our clients success and progress as a direct result of our assistance. Our clients results for the last three years are shown below:

Item	1998	1999	2000
New Jobs	136	86	57
Increased sales	\$6,600,000	\$5,562,000	\$1,000,000
Loans	\$4,500,000	\$1,823,000	\$1,317,000
Investments	\$3,000,000	\$6,300,000	\$8,596,000

SUCCESS STORIES

Included in the above are the following notable successes:

- We assisted a local partnership in starting a new, major tourist attraction for the region. A theme park with a museum, interactive park tour, and gift store on Interstate 40, this project should continue to grow and add local support jobs through local motel and restaurants in the coming years.
- Assistance for a Native American entrepreneur on a Micro-loan resulted in their obtaining a Indian Health Service contract to provide security services, and this new business provided six new jobs and \$150K in revenues.
- After two years of assisting a local businessman, he found an investor and started a manufacturing business in Pinetop-Lakeside. With the support of WMRDC and the Town of Pinetop-Lakeside they were able to locate in the new industrial park and could become a major employer for the region in the future.
- Our assistance with a Prequalification loan led to a new operator for a local ambulance service. The new entity has increased the local service and number of jobs in the process; a real win-win for the community.

We assisted a local specialty retailer in purchasing a new building and expanding their operation by nearly 50%. We helped them secure an SBA guarantee for the loan, and their business was recognized by Secretary of State Bayless as a 2000 Small Business Success Award Winner.