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DATE: February 18, 2012
TO: Janice Washington, State Director
FROM: Tracy Mancuso, Director
CC: Dr. Jeanne Swarthout, President
RE: 2012 SBA Annual Report

The following is the 2012 Annual Report for the Northland SBDC, in the required format, with some modifications to show goal progress and other activity. The Northland SBDC is served by our headquarters in Show Low which is manned by a director and a part-time program assistant. The SBDC hired a full-time business analyst in December of 2012 and maintains 2 part-time business analysts to complete this team. With 3 FTE staff, the NPC-SBDC center covers 9 NPC locations in Apache and Navajo County including Navajo, Apache and Hopi Native American Reservations.

0100 Advocacy

NPC-SBDC regularly participates in Regional Economic Development events through the Real Arizona Development Council (RADC) which is based out of Snowflake Arizona. (www.realazcorridor.com) In addition, the director and business analysts partner with local Chambers of Commerce to coordinate regional training events that benefit small business owners. In the 2nd ½ of 2012, the RADC applied for and received a \$50,000 Vision grant from the Arizona Commerce Authority citing the following Project Outcomes. "The successful completion of this initiative will facilitate efforts to create significant direct jobs in the (4-Fri and Potash Mining) target sectors; create significant indirect jobs in the greater economy; increase wages in the region by creating skilled and specialty jobs in both categories, but especially in potash mining; produce significant new capital investment in the region, within the target sectors and as supporting or complimentary businesses develop; and produce an extraordinary return on investment when dollars and resources invested in this effort are compared to jobs created (annual payroll growth); incremental wage growth; facility construction; new business development and, indirectly, the retention and expansion of existing businesses that benefit from the expanding regional economy." Tracy Mancuso, was listed as a member of the management team in the grant proposal: "The Center Director for the Northland Pioneer College Small Business Development Center (SBDC) will serve as an ex-officio member of the team, providing direct access to business development (launch and expansion) programs and tools, and to SBA and SBDC capital development, clean technology and government procurement programs (PTAC) that facilitate job creation and sector growth." This grant funding was received in October 2012. A grant progress report will be provided in the 2013 Semi- Annual SBA report due in July.

0200 Capital Formation

The director regularly meets with local bankers to keep referral relationships alive, and interacts periodically with the SBA District Office. In 2012, the SBDC assisted eleven clients with business plans and loan packaging that resulted in \$2,037,480 in new loans for this region. One loan for \$375,000 was an SBA guaranteed loan.

0300 Innovation and Technology Transfer

In August 2012, the SBDC developed a survey that will be used to identify the business training needs and challenges for new and renewing businesses coming into the City of Show Low. The survey will be included in the new or renewing business permit package. This data will be tabulated and provided as an annual report to the Show Low City Council as well as the Executive Management team at Northland Pioneer College. This recommendation came out of the Focused Future II community strategic planning workshop that was facilitated by APS in 2010. The survey was created to identify training and educational gaps that can be filled by NPC, the NPC SBDC and the new City of Show Low Business Resource Center. The overall mission is to help the City of Show Low realize its goal of becoming a more “entrepreneur friendly” community.

0400 International Trade

The NPC SBDC Center hired Richard Ostroki as a part-time business analyst for his experience in international trade, engineering, manufacturing, intellectual property and government contracting. In December 2012, Dick Ostroski successfully completed the Export and Trade Counseling Certification program given by the SBA. Now that trained personnel are in place, the NPC SBDC will conduct active recruitment and training events to locate business owners in north east Arizona who are interested in exporting and who can quickly become export ready with the help of Arizona Commerce Authority resources.

0500 Minority Business Development

In September 2012, the NPC SBDC partnered with the Northern Arizona Center for Entrepreneurship and Technology (NACET) to provide technical assistance on the Apache reservation. NACET installed video conferencing units so that start-up entrepreneur's on the Apache reservation would have access to a group of over 60 NACET trained mentors. In addition, the NPC SBDC director and counselors have participated in monthly meet and great sessions that have been coordinated by the Apache Economic Development office and is working with potential start-up's on their business plans. In May 2012, the director visited the RBDO (Regional Business Development Office) in Chinle, Arizona and conducted a full-day workshop on the topic of how to do financial projections using an excel spreadsheet template designed to calculate start-up expenses, monthly cash flow projections, the income statement, balance sheet and break-even analysis, all on one form. In August 2012, this template was explained and shared with participants in Kayenta, Arizona at an NPC job fair as the format used to complete financial projections needed for any business plan.

0600 Resource Development

As mentioned previously, the director is a member of the Real Arizona Development Council (RADC) and is working with this group to promote a regional branding strategy that will attract sustainable industry to the area. The RADC provides the SBDC with several networking and referral opportunities. The director has established relationships with most bank lenders in the region. In November of 2012, the director met with the regional business manager for Chase Bank to discuss how to establish a better “crosswalk” relationship between their business bankers and SBDC services. As a result, a product was created as a pilot specifically for Chase bankers to use when they identify a business owner in need of our services. The form looks like a prescription pad that can be kept on the banker’s desktop. The front side has SBDC services and the back side has the 4 different business type structures and relative costs. This template will help the banker improve their CRA credit, and keep them compliant with bank regulations that prohibit a bank from recommending how an entrepreneur should run or organize their business.

Now that the center has a full staff (first time since 2009), the director conducted the annual strategic planning meeting using the Malcolm Baldrige Continuing Improvement Model that was given to the SBDC centers by the State Director in June 2012. The goal of the two day planning session was to garner more focused engagement from the team, help them prioritize their workload in achievement of network economic impact goals, and align our efforts to the state’s new vision statements of being the “go-to” resource for economic development in the communities we serve. The NPC SBDC team identified (4) primary objectives for 2013:

1. Find business owners who are actively striving to achieve growth goals, not just solve logistics issues.
2. Conduct meaningful training programs to further the objectives of this group, i.e. strategic planning, targeted start-up workshops, mentor/partnerships.
3. Improve the referrals we receive from the COI’s (Center’s of Influence) like, Bank’s, CPA’s, Attorneys, ED groups and Chambers of Commerce, with a formal point of contact plan that spells out our center economic impact objectives and how each COI can benefit by referring people who have ready goal sets they want to achieve.
4. Track referrals and report an aggregate economic impact result to the COI’s who participate.

0700 Procurement

In March 2012, the NPC SBDC conducted 3 workshops around the service area on the topic of government contracting, SAM conversion and HUB Zone certification. The event was attended by 35 participants. In addition, Lori Hazous with the AZ PTAC provided one-to-one sessions for the center’s current government contracting clients. There were 11 clients who took advantage of this time to work with Lori to make sure their CCR files were up to date and ready for conversion to the new SAM procurement system. Lori also updated HUB zone client files during the one-to-one sessions.

0800 Special Emphasis Groups

Nothing noted.

0900 Economic Development, Faith-Based, and Community Initiatives

In September 2012, the NPC SBDC coordinated a Dave Ramsey Entreprerleadership simulcast with Larson Waste, the White Mountain Regional Chambers of Commerce, ITALK Radio, Computer Technologies and the Show Low Unified School District. This is a nationwide program designed to

provide business owners with a faith-based approach to building a strong team and successful business. The webinar was simulcast out of Brentwood, TN. The event brought in an audience of 115 people and reviews of the program were well received. The NPC SBDC hopes to make this an annual event.

1000 Research

Northland SBDC orders client research data from asbdc.net. This information has been shared and made available to other economic development entities in the region. The Center is participating in the City of Show Low Focused II survey as well as conducting research to keep the Real Arizona Corridor website up to date on educational statistic and economic outlook for this region.

1100 Other Activity

1200 Success Stories

On March 25th, 2012, K-Bar RV Resort was recognized as the NPC-SBDC small business award recipient for 2011. This company was selected as an example of how professional management and vision can help a business go from mediocre to top producing with just a few strategic steps. In addition, the owners of this company utilized NPC SBDC services for assistance with a loan package that helped them received permanent financing during a time when traditional banks were not approving many non-owner occupied business entities.

1300 Travel

In September 2012, Jim Austin attended the ASBDC conference in New Orleans, LA. While there, he attended professional development training workshops, and received NXLevel counselor certification as well as a Certified Business Planning Advisor. This was identified as an important strategy to keep jobs from dwindling down due to Baby Boomer retirement numbers. The goal is to provide this retiring segment with viable succession planning tools in order to keep jobs at current levels.

1400 Problems

The NPC SBDC continued to have staffing problems in 2012. The new part-time business analyst hired in January 2012, proved to be too overcommitted to provide sustainable assistance to the businesses of Apache County. In addition, she was not able to transition from part-time to full-time as originally expected, and ended up terminating her position with the center after only 5 months. In June 2012, the HR department at NPC announced the open position in 3 counties and 2 states in hopes of finding a qualified person to fill the full-time position. Thirty five applications were received and seven people were selected to interview for the job. A new interview method was employed in order to weed out those who could not demonstrate the ability to walk a client through a financial projection. The search committee conducted "open until filled" interviews from August to December. The new selection process resulted in finding two exceptional candidates and an offer was made to Richard Chanick to be the full-time business analyst for the SBDC center and, Richard Ostroski who

would be a part-time business analyst and provide services for manufacturing, and export clients as identified. Both were hired in the 4th quarter of 2012.

1500 Financial Reports

Submitted separately by State Office.

1600 Women-Owned Business

Nothing noted

1700 Economic Impact

The following spreadsheet was created to give an overview of the impact that was generated in 2012 by 2 FTE's at NPC SBDC in 11 cities in Apache and Navajo County.

Economic Impact By City as of December 31, 2012.

City	Type	Jobs Created	Jobs Retains	Applications Submitted	Loans Obtained	Owner Capital Investment	Sales Increase
Alpine	Startups						
	Existing			420,000	220,000	47,000	63,369
Concho	Startups						
	Existing						
Eagar	Startups	2	2			55,000	
	Existing					150,000	
Gilbert	Startups						
	Existing			350,000	375,000	270,800	
Heber	Startups	2	4	92,480	12,480	211,000	
	Existing						
Lakeside	Startups	2				60,000	
	Existing		4			6,500	502,708
Pinetop	Startups	1			100,000	140,000	80,600
	Existing					32,447	72,010
Show Low	Startups	5	6			64,785	30,000
	Existing	4	48	1,730,000	1,330,000	2,012,500	132,984
St. Johns	Startups	1				2,500	
	Existing						
St. Michaels	Startups	2				6,200	
	Existing						
Snowflake	Startups						
	Existing						
Springerville	Startups						
	Existing	2	0			128,000	200,000

Vernon	Startups	6				122,000	
	Existing						
Totals		27	64	2,592,480	2,037,480	3,308,732	1,081,671

The NPC SBDC center has begun to work in unison with the new Career Services Coordinator as well as the Business and Industry Coordinator at Northland Pioneer College to identify ways to help larger business owners find qualified applicants. The challenge in 2013 will be to help the hundreds of workers displaced by the closure of the Apache Railway, Biomass plant and Catalyst paper mill that shut down the last quarter of 2012. Several of these displaced workers have sought assistance from the NPC SBDC to discuss the feasibility of starting a business rather than having to relocate their families in search of similar paying jobs outside Snowflake/Taylor.

The Center's Year End 2012 performance numbers are shown below:

<u>Item</u>	<u>FYE 2012</u>	<u>2012 Goal</u>	<u>% of Goal</u>
Clients Counseled	73	n/a	
startups	13	22	59%
5+ hr relationships	43	72	60%
Long term relationships	29	85	34%
<u>Economic Impact</u>			
New Jobs	27	72	38%
Capital Formation \$000's	\$5,346	\$4,490	119%
Increased Sales \$000's	\$1,081	\$4,566	24%

1800 Veteran's Programs

A Veteran's program has been offered by this center annually for the last 10 years with only minimal attendance for the effort and expense invested. In 2011, after significant marketing efforts were made including color ads in 4 local and tribal newspapers, the program had only 5 attendees. According to a January 2012 survey of SBDC clients, only 4% of our 1300 members expressed an interest in knowing more about Veteran's programs. Many of the Vet's in this area are retired and are not interested in opening a business. Knowing this could be a survey outcome, we asked those interested in getting information on the Veteran's program to list their name and contact information on the survey. Three people requested assistance and were contacted individually by a counselor.

1900 Manufacturing

None Noted

2000 On-line Activity

The center is conducting more one-to-one counseling sessions via gotomeeting.com. Internet access and communication has improved on the reservations making on-line counseling a valuable tool to reach these remote locations. In 2012, the center conducted its first on-line webinar on the

topic of Branding and Marketing and had 30 participants. The center rebuilt its website to align with the AZSBDC.net website with Jennifer Wade taking the lead on this project as well as our Constant Contact marketing program and database. The center now has the ability to trend its monthly website hits as a key performance indicator to quantify if our “go-to” organization efforts through community centers of influence (CIO’s) are having the desired outcome. Jennifer’s website management skills allows the center to quickly respond to changing entrepreneurial opportunities including imbedding URL links for ticket sales (Dave Ramsey event) and URL links for training and survey’s we have created in Constant Contact. This will be important as we consider developing more social media content for LinkedIn, Facebook in the future. NPC SBDC counselors and staff are utilizing LinkedIn as a way to connect with other employees in the network, to solve client and administrative challenges.