



## 2004 ANNUAL REPORT OF PROGRAM RESULTS

The year 2004 was the best year ever for our SBDC in terms of counseling hours, economic impact clients, training programs, and overall production. The year did present some challenges, however, especially in terms of actual economic progress by clients. The region is still recovering from the recent U.S. recession, along with regional impacts from 2002 fire devastation, and region showed rather lackluster progress. For example, while Arizona as a state is realizing continued population growth among the highest in the nation, in 2003 the second fastest growing state at 3% compared to 1% nationally, our service area grew by a rate far lower, at 1.9% for Navajo and .7% for Apache Counties.

The economic health of the two Counties in our service area continue to be among the poorest in the state of Arizona and in the nation. Our unemployment rates are among the highest in the state, 12% and 10.5% respectively for Apache and Navajo Counties, compared with 4.7% for Arizona and 4.8% for the U.S. Our annual per capita incomes are also among the lowest, with Apache County per capita income of \$16,457 13<sup>th</sup> out of 15 Counties, and Navajo County at \$15,917 the lowest in the State. We have the three largest Native American reservations in the state in our service area, and the population of Native Americans is nearly 59% 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 small business sector's contribution to the local economy. The SBDC is one of the best means to help with small business success and help the local economy progress.

After spending nearly eleven years with the Northland SBDC I am moving to Albuquerque and pursuing my own small business opportunity, by starting a private consulting practice. It is with mixed emotions that I make this change; on one hand I recognize that change is good, and I am excited about the opportunities that lie ahead. On the other, I will truly miss the many, many friends and small business colleagues that have made working with the SBDC the best job of my life. My replacement, David Anderson, hails from Montana, where he was an SBDC Director for many years. I know that the SBDC will be in good hands under his stewardship.

Respectfully submitted,

-Mark Engle, Director

MILESTONE GOALS & RESULTS AS OF 12-31-04

**MAJOR PROGRAM OBJECTIVES:** Brief description of planned activities. (List primary areas of SBDC focus).

Economic Impact Goals:	12-Month Results
1) 200 new jobs;	92
2) \$10MM increased revenues;	\$4.95MM
3) \$5MM financings;	\$10.4MM
4) \$5MM investment capital	\$1.7MM

**COUNSELING and TRAINING CLIENTS SERVED** (To be supported by SBDC Quarterly Counseling Report).

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
<u>Total Clients Served</u>	<u>Goal</u>	<u>206</u>	<u>205</u>	<u>205</u>	<u>205</u>	<u>821</u>
Counseling Clients	Actual	158	132	136	94	276
Training Clients	Actual	316	410	58	269	1053
Total Clients Served	Actual	474	542	194	363	1329
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<u>Total Counseling &amp; Training Hours</u>	<u>Goal</u>	<u>542</u>	<u>543</u>	<u>542</u>	<u>543</u>	<u>2170</u>
Training Hours	Actual	1226	3869	953	3095	9143
Counseling Hours	Actual	587	573	375	383	1919
Total Hours	Actual	1813	4442	1328	3478	11062
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<u>Total Seminars</u>	<u>Goal</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>20</u>
Actual Seminars Held	Actual	22	20	5	5	52

**SPECIAL PROJECTS:**

- A. Continued Assistance with reforestation efforts of USDA, including technical assistance, grant writing assistance & leadership with local organizations involved in the efforts. Reforestation involves creating industry to utilize small diameter timber, that reduces fire danger and creates economic development locally.
- B. Continue development of Native American Enterprise program, offering entrepreneurial training and assistance to Apache, Navajo and Hopi clients within the region.

### **CHAMBER ASSISTANCE**

We continue to provide direct assistance to our local Chambers by serving on committees and cosponsoring training. Our Director and staff attended meetings whenever possible. We involved five local Chambers for a customer service training program during the period. Working with these Chambers and private business sponsors, we cosponsored with HonDah Resort and Casino in offering the “Gathering of Leaders,” this year featuring a Spring one-day event and our fifth Fall conference, which involved over 300 attendees, representing over 2,500 hours of training. Continuing a program we started in 2002 we continue to do outreach utilizing our Chamber partners in outlying communities we serve. We have an SBDC counselor making regular trips to Springerville, St. Johns, Holbrook, Winslow, and use Chamber facilities and work with the local Chambers clients.

### **ECONOMIC DEVELOPMENT AGENCY ASSISTANCE**

We worked closely with various entities, including White Mountain Regional Development Corporation (WMRDC), and Economic Development for Apache County (EDAC). The Director served on the Board of Directors for WMRDC, and we have cosponsored training and other programs. We have partnered with EDAC 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. We continue to cosponsor meetings for the Arizona Sustainable Forestry Partnership, part of the Four Corners Forestry Initiative, a project that involves creating economic development from our forestry resources and reduction of slash in urban interface areas to reduce fire danger. This has led to increased counseling and many of our success stories stem from this program.

### **INNOVATION & TECHNOLOGY TRANSFER**

We continued to provide information to local clients on federal and state programs available to assist in this area. We had no inquiries during the year.

### **INTERNATIONAL TRADE**

We continue to provide information to local clients, and refer to our state Dept. of Commerce International department.

### **MINORITY SMALL BUSINESS DEVELOPMENT**

We continue to focus on Native American assistance via counseling and education. We have continued to report success stories for clients. We have assisted Navajo, Hopi and Apache tribal economic development entities with counseling to assist small businesses and

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startups with leasing and other business issues. We offer a two-year degree in Native American Enterprise, and offer classes in business and leadership development in reservation communities we serve. We did a series seminars on the Navajo reservation during the year, extending our service to various Chapters in the outlying areas in Navajo and Apache Counties. We assisted the Apache Tribe and Fire Recovery program with seminars, and did one NxLevel Entrepreneurial training program in Whiteriver, held Tuesday evenings during the Fall. We sponsored two NxLevel classes for the Hopi Tribe during the year, working with their Economic Development department and Hopi Credit, a local micro-loan sponsor.

**RESOURCE DEVELOPMENT**

Our Director has served as a member of the Arizona Department of Commerce's steering committee for forestry issues. This committee meets quarterly to develop recommendations for the Governor and act as advisor in forestry and fire management issues statewide. This committee contributed to statewide forestry industry initiatives approved in 2004, and continues to work on improving incentives for the 2005 legislative session.

**PROCUREMENT**

We serve as a reference site for SBA, and have two Internet stations at our office in Show Low to assist clients. We provide information on State Contracting opportunities and procedures, and will assist clients with 8(a) applications as needed. We did a Procurement Fair during the year with our local SBA representative and other statewide representatives.

**SPECIAL FOCUS GROUPS**

We have assisted local communities with economic analysis, including a Business Retention and Expansion program for the joint White Mountain communities, which was completed in early 2004. We presented the survey results regionally and to City Councils for various communities. The Director also served on a committee to assist with retail development for the Show Low Main Street organization.

**ECONOMIC DEVELOPMENT**

The Director is active as a participant in regional projects dealing with economic development. The SBDC is acting as a leader Northern Arizona Wood Products Association to help spur development and growth of small diameter wood businesses to help with reforestation issues locally.

## **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**

We reported out of state travel for the Director to attend a conference in New Mexico and one counselor to attend the national ASBDC conference in Louisiana, for professional development purposes.

## **PROBLEMS**

Nothing to report.

## **FINANCIAL REPORTS**

Submitted to Arizona SBDC Network Office under separate cover

## **WOMAN-OWNED BUSINESS**

We counsel a large percentage of Woman-Owned businesses, and helped one receive SBA 8(a) contract opportunities during the year. The Director and one counselor have participated in local efforts to organize Women in small business mentoring groups in the area.

## **STUDENT/FACULTY INVOLVEMENT**

We continue to involve Faculty in the SBDC educational offerings. Our Native American Enterprise program is offered at five NPC locations using NPC regular faculty. Two of our counselors teach NPC classes in small business outside of their SBDC counseling efforts.

## **SUCCESS STORIES**

Included in the economic progress results shown previously are the following notable successes:

- A couple who recently moved to Pinetop-Lakeside from the Phoenix area decided to pursue their dream of starting a theme restaurant with African motif. Their new restaurant/night club was started in 2003, and caters to younger, entertainment oriented adults in the area. They opened to sellout crowds and have been an immediate success, adding 23 jobs, \$200,000 in investment capital, \$350,000 in

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loans, and annual revenues of over \$500,000. They were our 2004 Statewide Success Award winners, and continued to progress as they made it to their one-year anniversary during the year.

- A Pinetop business woman received her 8(a) minority certification with the assistance of the SBDC. She subsequently received her first contracts during the year, and we assisted with an additional financing and business acquisition during the year.
- We assisted a local theatre operation in doing a feasibility study and business plan, that led to a commitment for a \$1.8 million SBA 504 loan during the year. Construction delays have stalled their grand opening of an eight-screen theatre in Lakeside to Summer of 2005.

Respectfully submitted,

-Mark Engle, Director