



Small Business Development Centers
Helping businesses start, grow, and prosper.

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2011 SEMI-ANNUAL REPORT

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INTRODUCTION

Established in 1980 with a mission to grow the economy of Pennsylvania through its entrepreneurs, the network of 18 university- and college-based centers provides timely consulting, education, and information to new and existing business owners. The SBDC focuses on three core areas: no-fee confidential business consulting, educational programming, and timely, useful information. This report reviews the economic environment and SBA-funded activities of the centers to support small businesses from January-June 2011.

The SBDC utilizes a staff of experienced professionals to serve their clients in both traditional business assistance as well as offering specialized consulting. In the first half of calendar year 2011, the SBDC delivered **49,391 hours of no-fee management consulting**. Consulting is confidential and provided at no charge by a staff of skilled professionals that emphasize education and guidance in finding practical solutions to business problems.

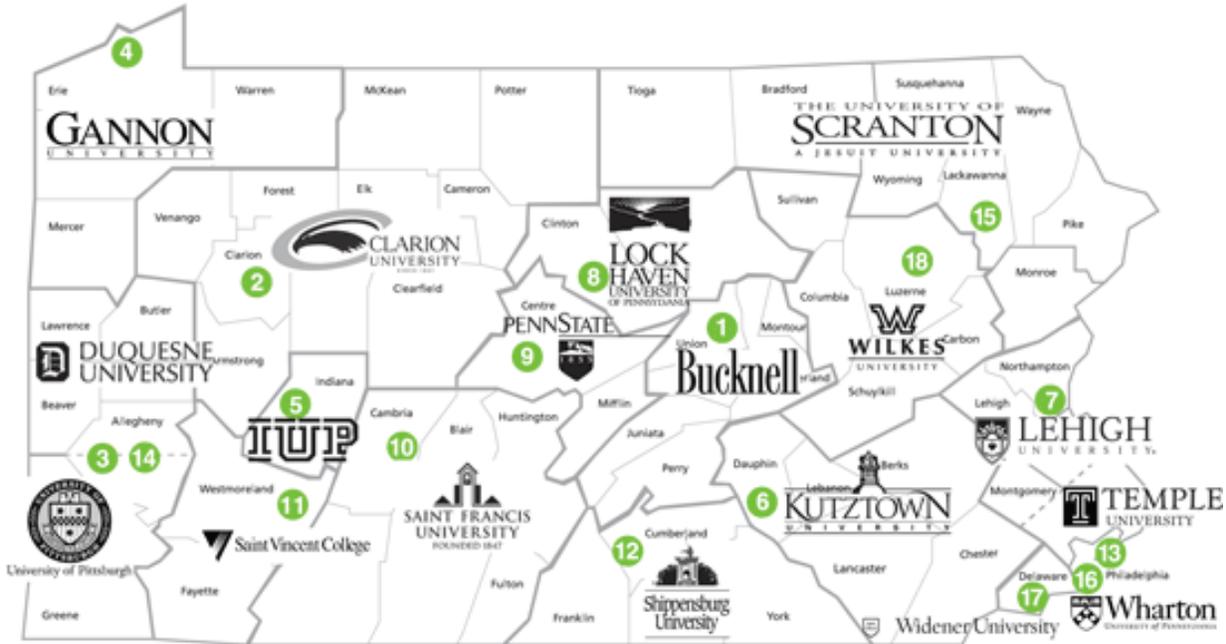
Educational workshops and conferences aid entrepreneurs in articulating goals, evaluating and improving business ideas, researching and attracting needed advisors and resources, and writing business plans to build their businesses. During the first half of the calendar year, **6,024 individuals and firms benefited directly from 347 educational programs**. The Pennsylvania SBDC network also responded to numerous inquiries, circulated printed materials, updated websites, and provided critical information to partners to address small business concerns.

Highlights include:

- Start-up assistance for unemployed individuals pursuing business ownership;
- Alternate sources of capital for businesses experiencing tighter lending requirements and restricted credit lines;
- Survival strategies for existing businesses seeing a decrease in sales, including those presented in “Gaining Ground in an Economic Slowdown” workshops; and
- Industry-specific outreach to businesses looking to enter new markets.

Impact resulting from these activities is evidenced by the success stories in Section 3 – APPENDECIES and described in detail throughout this report.

PENNSYLVANIA SBDC LOCATIONS



MISSION

The mission of the network of Pennsylvania Small Business Development Centers (SBDC) is to support the economic development of Pennsylvania by providing entrepreneurs with individual consultation, comprehensive education and information necessary to help their businesses start, grow, and prosper.

PROGRAM HISTORY

Since its inception in 1980, the Pennsylvania Small Business Development Centers (SBDC) has evolved into a network of 18 centers based at institutions of higher education and more than 90 outreach locations operating under the guidance of the State Director located at the University of Pennsylvania.

The Pennsylvania SBDC provides consulting services and educational programs to entrepreneurs looking to start or grow a small business. SBDC consultants work with entrepreneurs in one-to-one sessions to help test a new business proposition, shape a business plan, or investigate funding opportunities. Addressing topics ranging from compliance issues to marketing tactics, SBDC programs serve to inform and assist entrepreneurs with the many tasks business owners face.

IMPACT

Since its inception, the Pennsylvania Small Business Development Centers (SBDC) has provided over 2.5 million hours of consulting to more than 216,000 entrepreneurs and offered over 14,000 courses, workshops and seminars attended by 334,000 Pennsylvanians. SBDC services have helped small firms

throughout the Commonwealth raise more than \$2.5 billion in start-up and expansion capital, start more than 24,000 new companies, and sell \$10 billion worth of Pennsylvania products and services throughout the world. As a result, SBDC clients have created over 120,000 new jobs and generated more than \$5.68 million in new state income tax revenue.

In the first half of 2011, the Pennsylvania SBDC network reported the following outcomes:

- **Bought/Started a Business** **192**
- **Jobs Created** **727**
- **Jobs Retained** **1,195**
- **Increased Sales** **\$49,301,146**
- **SBA Loans (16)** **\$9,874,450**
- **Non-SBA Loans (92)** **\$26,970,327**
- **Equity Capital** **\$17,682,133**

SUMMARY

Consulting

During the first half of the year, the Pennsylvania SBDC provided **4,958 entrepreneurs** with a total of **49,391 consulting hours**. A detailed breakdown may be found in SECTION 2 – DELIVERABLES and is described throughout this report.

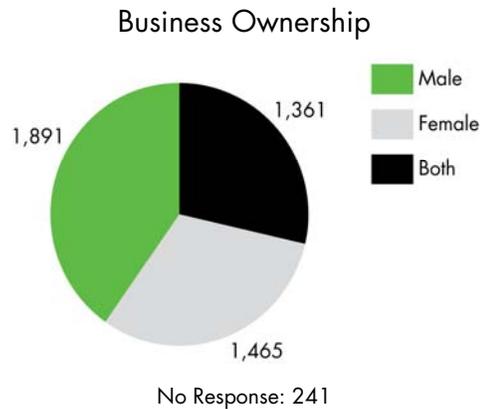
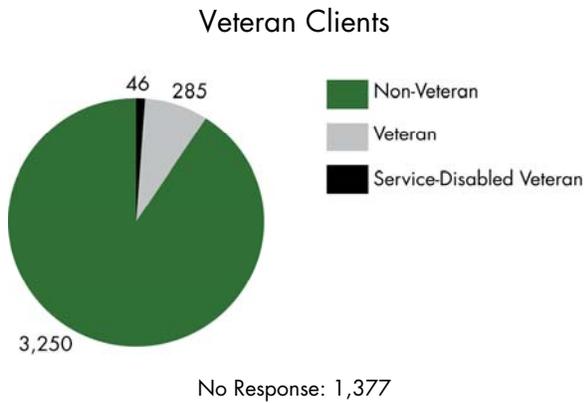
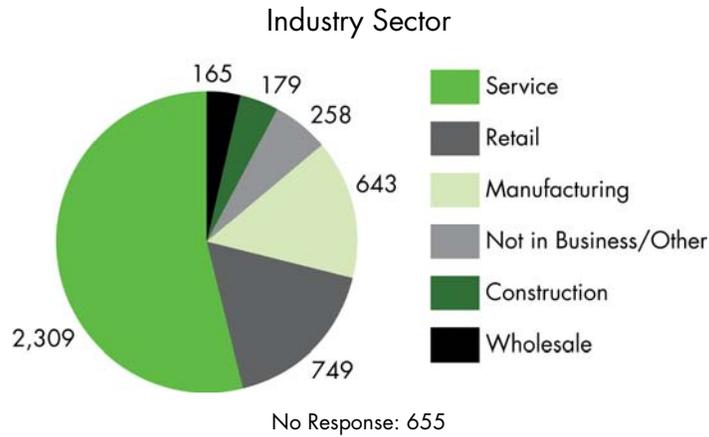


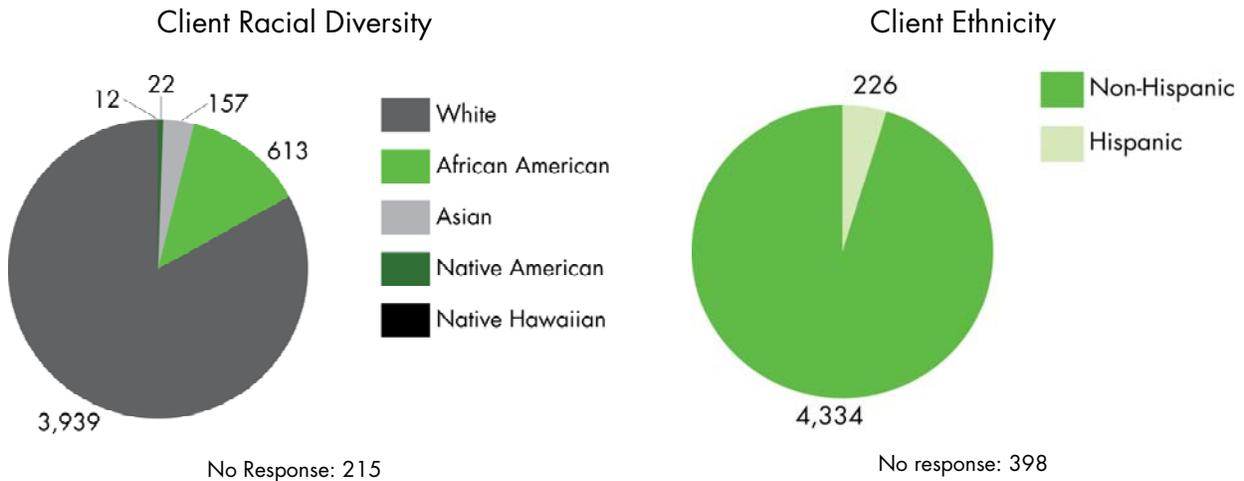
Education

The Pennsylvania SBDC network collectively **educated 6,024 individuals in 347 seminars and workshops** thus far, which included everything from the SBDC’s First Step workshops to seminars covering topics such as social media and emergency management planning. A detailed breakdown may be found in SECTION 2 – DELIVERABLES and is described throughout this report.

Demographics

Clients served by the SBDC so far this year represent the diversity of the Commonwealth as a whole. More than half of all clients assisted were woman and jointly-owned firms and 19% represented minorities. Clients also represented a variety of industries, as shown below.





100 ADVOCACY

The Pennsylvania SBDC is being proactive, within its financial constraints, in meeting the needs of the Commonwealth’s small business community. The SBDC continues to meet with key program partners on a regular basis to keep a pulse on regional activities and respond appropriately.

For instance:

- Centers have been actively involved in regional Partnership for Regional Economic Performance (PREP) meetings to help prepare a regional focus that ensures State funding is best used to serve the economic development needs of the region. For instance, the Gannon SBDC Crawford Outreach Consultant coordinated and participated in a luncheon meeting with the area’s state legislators, bankers, and economic development lending agencies on June 2, 2011 to discuss the status of the regional PREP planning efforts, and the potential business financing implications of the PREP Program in Crawford County.
- Duquesne University SBDC Director, Dr. Mary McKinney, and the University of Pittsburgh SBDC Director, Raymond Vargo, testified to the Senate Democratic Caucus Policy Committee regarding how the PASBDC plays a vital role in the economic development world in Pennsylvania.

- In May, Jim Kunkel, Director of the Saint Vincent SBDC and Ed Huttenhower, Director of the Saint Francis SBDC journeyed to Washington, D.C. to meet with members of the legislative delegation as well as the contact person for the Center for Global Competitiveness (CGC) within the International Trade Administration. The meetings with staff at the offices of Congressmen Mark Critz and Bill Shuster dealt with funding for both the SBDC and the CGC.
- The Shippensburg SBDC set up displays and provided information and resources at two events hosted by Senator Richard Alloway for aspiring entrepreneurs and job seekers. Senator Alloway expressed his deep appreciation for the SBDC's participation as well as the work that it does in supporting entrepreneurship and small business development in Franklin and Adam counties. The center also established a new outreach office at the J.D. Brown Center for Entrepreneurship in January 2011.
- The Director of the Temple SBDC had meetings with legislators in their service area to give updates about the work the center does in their district and funding for the Pennsylvania SBDC program. The SBDC partnered with a number of legislators on outreach activities to the small business community in the Philadelphia area. For example, in May 2011, the SBDC Director was invited to serve as a guest panelist for a community town hall meeting hosted by Representative Dennis O'Brien in south Philadelphia.
- The Wilkes SBDC made it a priority to meet with both the incumbents and the newly elected to highlight the positive impact of its services on the local small business and entrepreneur population. In addition to the face-to-face meetings, the Wilkes SBDC has also organized two Client Grand Opening Events with an additional three planned in the upcoming months. The center has also generated 85 legislative support letters from 16 individual clients.

During the first half of the year, SBDC staff attended numerous networking events, participated in panel discussions, conducted workshops, and represented the SBDC on several committees. Through speaking engagements, service on advisory committees, and response to media requests, SBDC staff members position themselves as regional leaders in business knowledge and business services.

Hearing of the fiscal crisis facing the SBDC as a result of the state budget, small business clients, partners, and community members have offered support by contacting legislators to acknowledge the value of the SBDCs' programs and services.

200 CAPITAL FORMATION

Capital formation is vitally important to small business development and remains an important focus for the SBDCs. As such, the SBDCs undertook special efforts to educate lenders about small business needs and advise clients of realistic lending alternatives during the past six months. The inability to obtain sufficient funding remains at the top of the list of challenges for both start-up companies and those attempting to act on expansion strategies. Entrepreneurs are frustrated with tightened credit markets and lengthened credit underwriting processes. Area banks, still cautious, provide assistance to high-quality credit individuals. Financial institutions continue to review loan portfolios. If existing companies exhibit cash flow issues, more often than not, the lending institution will close their line of credit or request other loans be paid or be subject to higher interest rates. Businesses who want to begin, continue, or expand exports also have limited access to capital.

A total of **16 SBA-guaranteed loans and investments were approved, totaling \$9,874,450** in the first half of the year. As for non-SBA loans, **155 were approved for a total of \$26,970,327**. Examples of capital formation activities include:

- The Duquesne SBDC Entrepreneur's Growth Conference offered several sessions exploring financial opportunities and resources used to grow businesses. These types of workshops are always a favorite at the conference, including "Creative Ways to Finance Growth: Inside the Minds of Investors and Lenders."
- On April 13th, the Lehigh SBDC held its third annual Micro-Finance Fair in conjunction with Community Action Development Corp of Bethlehem along with the Lehigh University Micro-Finance Club in the Rauch Business Center. Forty-four businesses participated in this very successful event.
- The Saint Vincent College Small Business Development Center held an Alternative Financing Forum on the college's campus on June 9th. The event was designed to assist companies in securing non-traditional funds that are currently available for their businesses.
- The Widener SBDC has made a concerted effort to provide its clients with additional resources to make it easier to obtain this funding. Successful programs such as "Meet the Lenders" have helped provide access to lenders for the small business community. Also, the center recently published a Mastering Business Loan Proposals workbook which is a guide to help small businesses understand business expectations, types of loans, and business plans.

Successes

SBDC consultants supported clients in producing solid business plans, analyzing markets and identifying commercial funding sources and agencies that control government loans. The sources of financing secured by clients included SBA-guaranteed loans, commercial bank loans, county and community loans and state loans with notably higher owner investment in many instances.

- Alpha Hydraulic Services, LLC provides sales and service for hydraulic presses. They initially came to the Lehigh SBDC for assistance with securing a line of credit to purchase inventory and parts needed to fill their increasing orders. Due to the help from the SBDC, the client successfully secured a \$50,000 SBA Express line for working capital support and established an improved working relationship with their new bank.
- Mala Chaddha of Roots and Shoots Daycare completed her business plan and formulated her financial projections with the assistance of the Scranton SBDC. She submitted her loan request to Penn Security Bank and Trust as well as NEPA Alliance. At first her loan request from NEPA Alliance was turned down. She was given the option of modifying the proposed terms and the loan request was approved. Ms. Chaddha received loans totaling \$130,000. Along with her equity injection of \$35,000, she is ready to purchase real estate, renovate the building and grounds, hire 6 employees and start teaching and caring for 20 children in September of 2011.

300 INNOVATION & TECHNOLOGY TRANSFER

In leveraging local assets such as universities and partnerships with technology and economic development organizations, the SBDCs support fledgling technology companies, providing support through consulting services focused on property rights protection, trade financing, copyrighting, and patent searches. The SBDCs complement these services with market identification, financing sources including Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants, and educational training. Thus far this year, **10 businesses received \$990,000 in SBIR/STTR funding and R&D grants** as a result of SBDC assistance.

Examples of how the SBDCs supported technology companies in the first half of the year include:

- The Duquesne SBDC is planning a new conference as part of its Innovation Partnership funding and DETA program called the Technology Commercialization Conference (TCOMM) which is being planned in conjunction with the PA Clean Technology Forum. TCOMM will be held on

Oct 13, 2011 and planning is well underway to be followed by a one day seminar on “How to Win an SBIR Grant” on October 14, 2011. The center advised four clients who were actively considering applying for SBIR awards in the first half of the year.

- The Penn State SBDC Clean Technology Center provided a variety of statewide services in the first half of 2011, including evaluating market opportunities, assessing commercialization potential, securing financing, and providing education and training.
- The Shippensburg SBDC was approached to join an initiative called TechCelerator, which was born out of partnership between Ben Franklin Technology Partners and the Capital Region Economic Development Corporation. The center readily agreed. Eligible start-up companies in the TechCelerator receive \$1,000 in seed money and support services for an initial 60-day period to see if they can grow a good idea into a feasible business plan. Applications for the first round were accepted on June 15.

Successes

- Craig Dwyer, Rich Potocek, and Eric Diamond started MainLine Solar with assistance from the Bucknell SBDC shortly after they graduated from Bucknell. Early in 2011 they came to the Wharton SBDC for assistance with growth. The company, a provider of commercial and utility photovoltaic solar installations, received a Pennsylvania Economic Development Authority’s (PEDA) grant in the amount of \$450,000 to support the overall system cost for what was the 4th largest system in Pennsylvania when the deal was signed. This client also serves as a great example of seeking specialized assistance from two different centers.
- In pursuit of designing a better telescoping pole, Kim Digenakis turned to the staff and student engineering consultants of the Bucknell SBDC’s Engineering Development Services for assistance with product development and improvement. In a series of projects, consultants have suggested concept designs for improved flagpole weatherability, strength, locking capability, and ease of manufacturing. Numerous computer aided design (CAD) models and rapid prototypes were made to help verify the form, fit, and function of components. In addition, new manufacturing processes were researched and his company’s quality control procedures were improved. Telepole Manufacturing Inc. soon took off, and its sales increased by 40% from the past year and his company has grown from annual sales of \$150,000 to nearly \$500,000.
- When Jim Sams had an idea for a new baseball bat, he came to the Duquesne SBDC for help with the product development process. He and his SBDC consultant covered legal issues, and the consultant encouraged the client to discuss with his attorney patenting, licensing, product liability insurance, and structuring outside investments. His consultant also provided information about

fulfillment firms if he chose to manufacture himself and gathered information on competitive products. Jim licensed his product — which he named SwingRep — to sporting goods manufacturer and distributor GameMaster which is licensed under the Louisville Slugger line of training items.

- Frank Buffington saw a great opportunity when a friend put a Laundromat in Halifax up for sale in 2009. After careful consideration, he made the investment and became the sole owner of Village Laundry, while still maintaining a full time job. The one thing that Frank didn't know how to do on his own was identify ways to reduce the energy use at Village Laundry. Luckily, Frank was referred to the Kutztown University Small Business Development Center (SBDC) through someone he knew. He worked closely with a SBDC environmental consultant, Chuck Haney, to get his business started on the right path toward energy efficiency.

400 INTERNATIONAL TRADE

Companies can see opportunity in the global economy as they expand their outreach of where their products can be sold. What existing businesses seeking these markets don't realize is that establishing overseas markets takes time — sometimes a year or longer. The SBDC works with companies new to exporting, through consulting, educational seminars and webinars, to explain the lengthy and complex system of exporting.

The SBDCs' international trade consultants help clients to identify the best foreign markets for products or services and to locate trade leads. The SBDCs also work closely with Pennsylvania's overseas offices, where in-country experts review international strategy. As an extension of consulting services, workshops are offered to help familiarize firms with international trade issues such as international insurance and cross-cultural communications.

During the first half of 2011, the SBDC consulted with clients on international trade issues in **910 consulting sessions**. A total of **nine educational programs**, including the "Economics of Exporting" and "Doing Business with Africa," were attended by **139 individuals**. Clients reported an **increase in export sales, totaling \$5,285,580**, for the six month reporting period.

Examples of activities in this area occurring in the first half of the year include:

- The Saint Francis SBDC represented nine companies at Mining World Russia. The show was held April 13 – 15, 2011 and attracted buyers from across Russia as well as a number of other countries. There were 226 leads generated for the nine companies. The SBDC’s Center for Global Competitiveness (CGC) Marketing Analyst Alina Otis was a tremendous resource at the show since she is a Russian native.
- The Saint Vincent College SBDC’s Center for Global Competitiveness held their 3rd Annual U.S. Export Controls and Compliance Conference on May 24 and 25. More than 30 delegates attended the two-day program to learn about current U.S. export control laws. Representatives from the U.S. Commercial Service, the U.S. Department of State, Alcoa, Inc., Federal Bureau of Investigation, Cohen & Grigsby PC, and UPS Management Services delivered the presentations and helped provide insight on compliance issues.

Successes

- Bioscience came to the Lehigh SBDC to request an application for a Market Access Grant through the PA Export Network program. The Lehigh SBDC International Trade Development Program (ITDP) worked with Bioscience to put together the application and recommendation letter, submitted to OIBD and the grant was approved. The ITDP worked with Bioscience and the PA Authorized Trade Representatives in both Czech Republic and France and submitted requests for pre-show research, distributor searches and qualified appointments. Through the efforts of the PA trade representative in the Czech Republic, Bioscience was successful in signing on a distributor for their products in the Czech and Slovak Republics. Although there are no sales to report to date, the potential sales through this distributor look very promising.
- On June 29, 2011, Rogers Brothers, a Saint Francis SBDC Center for Global Competitiveness (CGC) client from Albion in Erie County received an Export Achievement Award from the US Department of Commerce. This was for their fulfilling of a \$250,000 order with Southern Peru Copper Company for a trailer to be used in their mines. The Center was instrumental in Rogers obtaining this contract from the work done at the Extemin mining show in Peru in 2009.

500 MINORITY BUSINESS DEVELOPMENT

Assistance with certification programs, development of business plans, SBA 8(A) loan applications, and partnerships to increase outreach are just some of the ways the Pennsylvania SBDC supported minority business owners in 2011. In the first half of the year, the SBDCs consulted with **1,000 minority clients**,

representing **19% of the total client base**. Of this group, 23% counted themselves as Hispanic and 61% percent identified themselves as African-American.

Urban areas, such as Pittsburgh and Philadelphia, see more minority clients. For instance, **64% of the Temple SBDC’s client base** identified themselves as minorities. Examples of activities to support Pennsylvania’s diverse population include:

- The Pittsburgh SBDC continues to work with the Pittsburgh Public School’s Minority and Women’s Business Department, which supports and mentors minority and women-owned business enterprises (MBE/WBE).
- On March 23, staff from the Shippensburg SBDC set up a display and information booth at the annual Minority/Women Small Business Expo in Harrisburg. Speakers at the Expo included Governor Corbett, Representative Tim Holden, Representative Ronald Waters, and Harrisburg Mayor Linda Thompson. SBDC staff answered questions and provided information on resources and services to many attendees at the event.
- The Temple SBDC continued to work closely with organizations that cater to minority businesses in the Philadelphia area to increase outreach to minority entrepreneurs. The Center received lots of referrals from city and state agencies for technical assistance related to minority certifications. Its procurement department co-sponsored an event with SEPTA on this topic titled “Understanding Federal DBE Registrations”.

Successes

- Kutztown Latino Business Resource Center (LBRC) client Johanny Cepeda, owner of MiCasa Su Casa Café, was named winner of the Berks County Latino Chamber of Commerce’s business person of the year award.
- When Hector Ruiz approached the Kutztown SBDC for help opening his own restaurant, he had enjoyed employing his Latino background to make food for both Hispanic and Non-Hispanic patrons alike for 16 years. With the center’s help in business planning and financing, he acquired nearly \$400,000 in financing to successfully open Sofrito Latin Grille.

600 RESOURCE DEVELOPMENT

Partner relations are an important aspect in getting SBDC clients the information and resources they need to realize success. SBDC assistance is done in conjunction with many partners: regional and local

economic development organizations, chambers of commerce, financial institutions, state and federal agencies, and local legislative offices, among others. Clients have directly benefitted from the network's contacts and relationships with these entities. In addition, these relationships promote collaboration, avoid duplication of efforts and expand outreach and referrals. In a time of reduced budgets, this last point has proved valuable in continuing to provide high-quality services to the small business community.

Thus far in 2011, the SBDCs have formed stronger partnerships within their respective communities.

Many local agencies are also experiencing reduced revenues and are seeking greater partnership involvement. As a result, SBDC expertise in a variety of areas has been more widely recognized.

Examples include:

- Many centers co-host and co-sponsor events with organizations in their respective areas. On May 6th and 7th, the Lock Haven SBDC co-hosted, along with other economic development partners and gas industry sponsors, the 2011 Central Susquehanna Oil & Gas Expo at the Lycoming County Fairgrounds in Hughesville. In total, more than 1,000 visitors attended.
- The Saint Francis SBDC worked cooperatively in Blair County with Penn State Altoona on a series of seminars and in Huntingdon County with the Chamber of Commerce on a series of marketing seminars. Additionally, the Bedford County Career Link contacted the Center about conducting a leadership seminar for businesses in the county.
- To better meet the training needs of area small businesses and to avoid duplication of programs, the Scranton SBDC teamed up with MetroAction in June to organize a focus group of local small business owners. Seven local entrepreneurs attended and offered invaluable feedback, giving both organizations direction for small business training program offerings.
- Centers have also continued to enjoy strong relationships with their host institutions of higher education. For instance, Bucknell administrators traveled to Harrisburg to meet with the region's legislators and DCED Secretary Alan Walker to discuss the importance of having the SBDC located at Bucknell and the necessity for adequate funding to maintain the services to our regions small business community. Additionally, the President and Provost of Saint Francis University attend at least one Saint Francis SBDC staff meeting per year along with several other school administrators. The centers also hire student interns and working with teams of faculty and students on specific research projects for clients, and also often collaborate with the host institution on special programs and initiatives to help develop the area's economy.
- The Wharton SBDC strengthened a partnership with Pastor Napoleon Divine of Christ International Baptist Church in West Philadelphia. Pastor Divine is bringing together many small

businesses in the neighborhood and from his congregation, which includes many immigrants from Liberia.

- The Wharton SBDC has also teamed with the Greater Philadelphia Innovation Cluster for Energy Efficient Buildings, a U.S. DOE Energy Innovation Hub, which aims to improve energy efficiency and operability and reduce carbon emissions of new and existing buildings, and to stimulate private investment and quality job creation.
- As part of the regional partnership, the Wilkes SBDC has teamed up with the Pottsville Area Development Corporation, the Carbon County Economic Development Office, and the Back Mountain Business Association to bring business education and training to area small businesses and entrepreneurs. Along with these relationships, two consultants from the SBDC are active on MetroAction’s Loan Review committee and one serves on the Board of Directors. MetroAction is an SBA backed microloan program located in Scranton, Pennsylvania, and is active through most of the Wilkes University SBDC’s coverage area.

700 PROCUREMENT

The Pennsylvania SBDC is host to the Southeast Pennsylvania Procurement Technical Assistance Program (PTAP), a non-SBA project that assists companies with selling products and services to federal, state and/or local government agencies. In addition to training topics including government marketing and doing business with the Commonwealth, PTAP developed and co-sponsored various events that addressed opportunities related to funding opportunities.

However, government markets are not a universal remedy for increasing revenues, and the SBDC encourages companies to self-evaluate products, processes and facilities to determine if they are prepared to compete efficiently in this complicated marketplace. The network offers several tools to do so. For instance, a center may refer clients to the Pennsylvania SBDC website to view the “Basics of Government Marketing” tutorial. Centers also discuss the importance of Pennsylvania certifications, the certification requirements and benefits, how to identify state contracting opportunities, and how the state purchases goods and services in educational seminars. Attendance at training programs related to the certifications process was particularly strong. The network conducted **46 procurement-related training seminars or conferences with 1,091 attendees** in the first half of the year. In addition, **18 clients obtained MBE/WBE certification.**

Examples of procurement-related activities with SBDC participation include:

- On March, 25, 2011, the Duquesne SBDC welcomed Senator Robert Casey for an event about federal procurement opportunities on the Duquesne University campus which 113 business owners attended. The seminar was designed to provide information on alternative government markets to small businesses in the region affected by the economic downturn or to those interested in market expansion.
- The Kutztown Government Marketing program continues to be sought out by an increasing number of established companies. The center was instrumental in hosting the Your Fair Share: Doing Business with Public Universities event at Kutztown University. Kutztown SBDC Procurement Technical Assistance Program (PTAP) has remained active and attended the Greater Lebanon Medical Conference and Expo to deliver workshops.

Successes

- Airline Hydraulics, an airline equipment company, became a Temple SBDC Procurement Technical Assistance Program client in November 2009. PTAP advised the team to follow stated guidelines as stipulated by agencies and complete all of the mandatory government registrations and certifications. Next, the company was advised to develop effective marketing materials such as a Capability Statement. The objective was to create market visibility by including government codes on marketing materials, thereby enabling Government Agencies to identify and categorize Airline's products and services. The next step included the development of the Bid Match profile to help them identify contracts. Over the first half of 2011, Airline Hydraulics had already secured \$340,000 in government contracts.
- Peter Munger of Three Evolutions of Carpet first came to the Widener SBDC through a referral and indicated a specific interest in learning how to market to the government in order to secure local contracts. He was connected with Bruce Downing, an on-site consultant and a member of the Procurement Technical Assistance Centers (PTAC). Bruce assisted Peter with a variety of initial programs such as the Central Contractor Registration (CCR) registration process to learn how to gain information about government vendors, the Bid Match Program, which is the tool that helped Peter to secure some of his early contracts, as well as other useful resources, which include ORCA and GSA Advantage.

800 SPECIAL FOCUS

The Marcellus Shale activities continue to increase in regions served by many of the Pennsylvania Small Business Development Centers. As of June 2011, the Department of Environmental Protection's Bureau of Oil and Gas Management reported that in Pennsylvania, 1,541 Marcellus gas well drilling permits have been issued and 654 Marcellus gas wells have been drilled. Several centers have continued to assist clients in capitalizing on opportunities presented by the development of the Marcellus Shale gas deposits.

- To date in 2011, the Clarion SBDC worked with at least 49 clients that are looking to capitalize on the Marcellus Shale activity and have secured financing of \$422,000. There have been 16 businesses started that are serving this industry and includes the following business sectors; accounting (1), construction (1), manufacturing (4), retail, mining (1), real estate (1), service (5), transportation (1), and wholesale (1). Numerous training events and expos hosted by various area economic development organizations have been attended by the Clarion SBDC staff.
- The Saint Francis SBDC in conjunction with the Saint Vincent College SBDC used the Marcellus Shale industry as the basis of a proposal to the Economic Development Administration under its University Center program. This would utilize the two Centers international trade programs and would look to target companies that sell to the Marcellus Shale industry.

Social media has also been a special focus for the centers. Assistance using social media as part of a marketing strategy has been in higher demand – both as platforms such as Twitter and Tumblr grow more popular, and as tighter budgets cause entrepreneurs to seek more cost-effective communications and marketing tools. In addition to hosting education workshops on best online practices, the centers have invested time in bolstering their own social media presence.

- The Social Media Marketing Bootcamp was a new addition to the Bucknell SBDC's seminar schedule. The two-day intensive hands-on training concluded with each attendee leaving with an established basic social media marketing plan. The bootcamp concentrated on the most effective means to manage various social media applications including Facebook, LinkedIn, and Twitter. Attendees learned how to create blogs to maximize their businesses online visibility through search engine optimization.
- The Clarion SBDC offered a number of marketing seminars that discuss social media networking as well as consulting hours devoted to social media. So far in 2011, the Clarion SBDC's own Facebook page has had 150 posts, 192 fans from 16 different countries, and approximately 107 monthly active users.

- The Gannon SBDC and a City of Erie team of consultants worked together to develop and deliver a series of hands-on social media workshops to help businesses within downtown Erie gain a better understanding and practical use of these new tools to help grow their businesses.
- Students at the Kutztown SBDC created a social media eBook to educate entrepreneurs on the advantages and processes of using social media tools to market a small business. This eBook has been shared with the Pennsylvania SBDC network.

900 ECONOMIC DEVELOPMENT

The mission of the Pennsylvania SBDC is to grow the economy of Pennsylvania through its entrepreneurs. Often, this involves participation in regional and state-wide initiatives. Examples of the network's economic development activities are numerous. Examples of the variety of activities around the state in the past six month include the following:

- The Clarion SBDC participates on the Marcellus Shale Task Force Committee, which was formed to learn, understand, and act on the needs of the production companies working in and around Clarion County.
- In order to be able to host more educational programs, the Indiana SBDC continues to work with several partners, the Indiana University of Pennsylvania Center for Family Business & E-magnify to put on more training/educational events. The center has also continued close cooperation with other economic development partners in the county, e.g. The Indiana County Department of Planning and Development and the Center for Economic Operations. This close cooperation has been a signature of economic development in Indiana County.
- As a strategic partner, the Lock Haven SBDC fully supports Downtown Lock Haven Inc.'s express purpose in promoting Lock Haven with a focus on revitalizing the downtown through community and economic development, educational programs, and implementing progressive ideas to vitalize the main street area. The SBDC will utilize a portion of Downtown Lock Haven's grant proceeds to increase outreach and support to downtown businesses in the areas identified within the grant project proposal.
- To help increase awareness of, and interest in, entrepreneurship among young people in the area, the Shippensburg SBDC partnered with the Students in Free Enterprise organization and the Entrepreneurial Leadership Center to conduct Lemonade Day in Franklin County. Lemonade Day is an event held each year in cities and towns across America. It is an experiential learning program that teaches youth how to start, own and operate their own business using a lemonade stand. Schools,

service organizations and community members in Greencastle, Mercersburg, Chambersburg and Shippensburg helped coordinate and manage the event which occurred on May 1st.

- The Pittsburgh SBDC also has staff that serve on the Small Business committee for East Liberty Development, Inc., the Economic Restructuring Committee of Waynesburg, Economic Development South, and the Washington County Agricultural Program Committee, which all aim to help strengthen various areas in the region.

1000 RESEARCH

Market, industry, and other research provided to clients plays an important part in the Pennsylvania SBDC consulting services. In many cases, research is conducted by students with the oversight of senior consultants. This has been a mutually beneficial arrangement; clients benefit from getting in-depth research to help them make better business decisions and students are given the opportunity to participate in a real-world learning experience.

Robust resources are available at host university libraries, through the Penn State Data Center, and on databases provided through the Regional Export Network such as Centradex and the Pennsylvania SBDC State Director's Office, including Hoovers Online, First Research, Profit Cents, and Demographics NOW. The SBDCs also maintain a current library of solicitations for SBIR and Ben Franklin grants to support R&D efforts.

Examples of research projects conducted so far include the following:

- During the spring 2011 semester, four undergraduate honors students at Penn State performed an energy efficiency assessment for an SBDC client through a Penn State Energy and Mineral Engineering class (EGEE 101) and developed recommendations for that client to reduce energy consumption, based on what they had learned through coursework.
- A client of the Duquesne SBDC in the metals industry with slow sales wanted to explore other marketing opportunities. The SBDC explored other sales opportunities in the supply chain for this commodity, and was able to provide the client with two comprehensive market research reports: one on client's industry and another on opportunities in the next part of the supply chain.
- The Kutztown SBDC International Trade program launched an experimental senior international trade research project involving five clients with the senior international business seminar at Elizabethtown College. Five teams of four students visited each client's site, drafted a scope of work, and provided interim reports in March 2011 prior to making oral presentations to each

client and submitting a written report in early May. Based on the favorable reactions of the clients and the value of the research, the Kutztown SBDC plans to continue this initiative in the winter semester of 2012. Beyond the obvious benefits to its clients, this initiative leverages scarce consulting time to manage multiple client relationships to obtain additional consulting hours within the SBDC's quality standards and expectations.

1100 OTHER ACTIVITY

The Pennsylvania SBDC implements a staff professional development program to ensure all staff continue to expand their base of skills and knowledge. Network-wide professional development conference is being planned for this year.

1200 SUCCESS STORIES

See SECTION 3, APPENDIX B – SUCCESS STORIES.

1300 TRAVEL

The Pennsylvania SBDC conducted no out-of-state travel in the first half of 2011 for SBA activities other than travel identified in the 2011 proposal.

1400 PROBLEMS

The Pennsylvania SBDC network is continuing to investigate a number of initiatives to respond to increased requests for service with substantially reduced financial resources as a result of sustaining a severe reduction of 63% in state funding in state fiscal years 2010-2012.

1500 FINANCE

All invoices for the first half of the year will be submitted for processing.

1600 WOMEN'S BUSINESS DEVELOPMENT

The Pennsylvania SBDC continued to support women-owned businesses through specialized services and educational programs in 2011. So far, **57% of all clients represented women- and jointly-owned businesses**. Examples of outreach and successes include:

- The Gannon SBDC hosted the annual WILD (Women in Leadership Development) conference for women across the state. The Lock Haven SBDC coordinated a trip to the conference for local female business owners. The conference drew over 750 attendees.
- The Bucknell SBDC's Businesswomen's Roundtable topic was "Marketing for Women". Rhonda Campbell, Owner, Jarhon Communications, and Pat Hess, Owner, Colonial Candlecrafters, shared tips they learned along their paths to success including gender differences in marketing skills based mostly on relationship building.
- Pittsburgh SBDC Management Consultant Lindsey Biddle sits on Seton Hill University's Athena Powerlink Governing Body, which helps link a woman business owner with a volunteer advisory panel of business professionals selected to meet the needs of that specific business.
- The Temple SBDC co-hosted the Minority Business Women Leadership meeting at the Philadelphia Navy Yard. The event was done in collaboration with White House Representative Michael Blake and Secretary of Labor Hilda Solis.

1700 ECONOMIC IMPACT

Each year the SBDCs help thousands of entrepreneurs to start and grow their small businesses. As such, the Pennsylvania SBDC network has a significant economic impact on the Commonwealth. With help from experienced SBDC staff, small businesses have created new technologies, expanded operations, and created jobs.

Helping new businesses start is a hallmark of the SBDC program, which counts roughly half of its annual client base in the pre-venture or start-up category. New business activity has occurred across the state, even during the recession.

The SBDCs have also continued to respond to new needs of business communities which have been continually impacted by downturns in major industries and competition from offshore producers and mass merchandisers. Response is evidenced by the array of programs presented to clients and organizations in

the business community and other aspects of economic impact have been highlighted throughout other sections of this report.

For examples of client stories which evidence this impact, see Section 3, Appendix B – SUCCESS STORIES.

1800 VETERAN BUSINESS DEVELOPMENT

Thus far, the SBDCs supported a total of **283 veterans and 46 service-disabled veterans**, and **educated another 304 veterans** in seminars. Examples of outreach and successes include:

- Veteran Mike Pearson approached the Wharton SBDC for help growing Union Packaging LLC (UP), a business founded in 1999 dedicated to making FDA-compliant folding cartons in the Quick Service Restaurant market. In June 2011, he successfully used a multi-million dollar SBA loan from National Penn Bank to finance his buyout of his longtime partner and begin implementing his ambitious plan to grow jobs and revenues to \$20 million, taking on much bigger competitors in the food industry.
- Peter Munger, who approached the Widener SBDC for help with government marketing registration, is a veteran who was a member of the 30th Infantry Division that fought many a historic battle including the famous Battle of the Bulge, the last major incursion launched by the Germans against the Allies’ front line during WWII. Not surprisingly, Peter displayed courage in confronting the “enemy” – tough competition and an unforgiving economic landscape.

1900 MANUFACTURING

The Pennsylvania SBDC has a long history of providing assistance to manufacturers, still a significant industry in Pennsylvania. The SBDCs noted an uptick in assistance needed for the industry, specifically focused on marketing plans and marketing research to find new customers at home and abroad and new products to diversify their operations. In addition, the SBDCs provided financial analysis assistance to help manufactures identify operating efficiencies and to reduce costs. As a result, several companies were referred to the Pennsylvania SBDC’s Environmental Management Assistance Program (see section 2100) for energy efficiency assistance to help reduce operating expenses and identify grant funding opportunities.

In the first six months of 2011, **643 manufacturers, representing 13% of the total client base**, turned to

the SBDCs for such assistance, including:

- A new powder coating operation opened in May 2011 in Venango County. The Clarion SBDC assisted with business planning and financial proposals that assisted the company in securing \$300,000 in funding. To date the company has hired 12 full-time employees and already has plans to expand later in 2011.
- Ted Steiner of Latrobe Foundry, a family owned business that manufactures and machines high-quality threaded and flanged aluminum pipe fittings, approached the Saint Vincent SBDC for assistance as the company is interested in a more proactive international market initiative in the future. Research found that Aluminum is preferred over PVC in hot climates as it does not deteriorate from exposure to the sun; nor do joints come apart as they may with PVC in the heat. The client will continue to work with the Center and utilize Pennsylvania Trade Development Agency or U.S. Commercial Services for the selection of distribution partners in the targeted foreign markets.

2000 ONLINE ACTIVITIES

With many business owners seeking new markets and additional sales, many have turned to an Internet presence to broaden their market base. Some retailers have closed traditional storefronts to operate exclusively online, and many business owners are frustrated by the time required to learn new technologies. Facebook, Twitter, and search engine optimization continue to be enigmas. Marketing and sales—and social media in particular—continue to be among the most requested topics for training. The SBDC network has collaborated with local chambers and downtown partnerships to offer these programs.

Meanwhile, the Centers have concentrated on more online resources to compensate for the decrease in consulting hours per client and still meet Center goals in terms of the number of clients seen. Online activities for the first half of 2011 include:

- The State Director's Office is looking to launch its new website this summer. The new site features a more user-friendly design, space to host video and slideshows to better present future tutorials and to highlight successful clients, a comprehensive online database for workshops at all 18 centers, and more. The site also features a new blog to help disseminate important information regarding the Pennsylvania SBDC and the small business community at large.

- The Clarion SBDC alone reported that it distributed 95 information packets, saw 318 online training registrations, and received 9 online requests for counseling. It also plans to continue to enhance its web-based Research and Knowledgebase Blog to provide the tools and resources that pre-venture and existing business owners need in a convenient and efficient manner. Many centers saw similar numbers and have significant followings on social media platforms such as Facebook and Twitter.
- For the Lock Haven SBDC, the first half of 2011 marked the transition from the first targeted federal earmark grant to a second round of funding relative to an initiative focused toward client needs in the area of tax compliance assistance. The continuation of the funding for this initiative will be used to expand tax compliance resources electronically via online technical assistance and webinar educational outreach for the region's small business owners.

2100 ENVIRONMENTAL MANAGEMENT ASSISTANCE PROGRAM

The Pennsylvania SBDC Environmental Management Assistance Program (EMAP) provides consulting and education in the following areas:

- Compliance — assists small business owners in understanding and complying with the environmental rules and regulations specific to their business, helping them avoid costly fines.
- Energy Efficiency — offers a step-by-step program to help small businesses recognize and realize energy and cost savings. Businesses are able to make sound investments leading to real savings in monthly operating expenses.
- New Technology Development — assists firms in the development and commercialization of new energy and environmental technologies by helping prepare and review proposals, finding new markets and opportunities, and identifying potential funding sources and partners.
- Pollution Prevention — Pollution is a drain to a firm's bottom line. Whether from air emissions, solid or hazardous wastes, or wastewater discharges, pollution is a waste resulting from inefficiencies in a firm's operations. EMAP can help small businesses use pollution prevention to improve their efficiency and save money.
- Worker Health and Safety — All businesses must comply with the regulations of the Occupational Health and Safety Administration (OSHA). EMAP can help small businesses identify and address potential health and safety risks to keep their employees safe and avoid costly fines.

During the first six months, the Pennsylvania SBDC Environmental Management Assistance Program (EMAP) provided energy efficiency and environmental compliance assistance to 414 small businesses. Statewide, through the toll-free hotline and direct contact, EMAP consultants responded to 111 requests for environmental information and provided 2,262 hours of in-depth consulting assistance. EMAP consultants were invited to conduct 47 on-site visits at a wide range of businesses, from retail and commercial entities to manufacturers, assessing over 1,388,083 square feet of office and manufacturing space. EMAP consultants were again very successful in helping small businesses find sources of financing for the energy saving and waste reduction projects they recommended. In the last six months, EMAP clients received \$96,693 in grant funds.

Special outreach projects included working with the Korean Dry Cleaners Association and the Pennsylvania and Delaware Dry Cleaners Association (PACD) to provide additional outreach to the Korean Dry Cleaners, particularly those impacted by new regulations in Philadelphia that have limited the use of perchloroethylene. EMAP consultants were also invited to participate in many outreach events and produced and distributed a postcard alerting small firms to upcoming compliance deadlines for businesses with boilers of any size. The First Stop e-newsletter was distributed with timely regulatory and funding opportunity updates.

2200 KEYSTONE INNOVATION ZONES

Keystone Innovation Zones (KIZ) were introduced by the Commonwealth of Pennsylvania as a means of helping the state leverage one of its greatest assets – its colleges, universities and research institutions – to foster innovation and create entrepreneurial opportunities that lead to new companies and new jobs. In aligning the resources of educational institutions, private businesses, business support organizations, commercial lending institutions, venture capital networks, and foundations, the SBDCs are a natural partner in this initiative.

Developments regarding KIZ thus far in 2011 include:

- The Greater Susquehanna KIZ partnered with the Bucknell SBDC, the SBA, and Ben Franklin Technology Partners to help Roan Confer develop a business plan, identify sources of capital, and develop products for young solar energy company ASET Solar. By the close of 2010, the company had five employees and added an additional job in the first half of 2011.

- Students at the Kutztown SBDC won the Greater Reading Keystone Innovation Zone's Business Idea Challenge. Justin McCurdy, Michael Grimm, Margaret Haines, and Kelsey Godfrey submitted a competition-winning business plan for their business idea, uTriv Challenge, which is a Smartphone application to host trivia nights at establishments.

CONCLUSION

During the first week of April, 2011, the Pennsylvania SBDC network underwent an ASBDC accreditation review. On Wednesday, June 8, 2011, the ASBDC Accreditation Committee met to review and discuss the Pennsylvania SBDC Accreditation Report. After about 45 minutes of deliberation, they voted unanimously to accredit the Pennsylvania SBDC network without conditions, as well as to accredit it for its technology services. The Pennsylvania SBDC program is one of only 8 programs in the country that has the special supplemental technology accreditation.

The Pennsylvania SBDC will continue to provide high quality services to small business clients and expand its newly-fortified partnerships to enhance its expertise in a number of topic areas. In so doing, the network will remain a critical partner for fostering the state's economic recovery. The first half of 2011, while challenging, has evidenced that the network's unwavering focus on service delivery and understanding of clients' needs, as well as its flexibility in responding to these needs regionally, will allow the SBDC to continue to meet and surpass stakeholder expectations in the coming year. In continuing to provide high quality services to Pennsylvania's entrepreneurs, the Pennsylvania SBDC will return stakeholder investment many times over.