



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

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# 2013 SEMI-ANNUAL REPORT

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# 2013 SEMI-ANNUAL REPORT

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## INTRODUCTION

Established in 1980 with a mission to grow the economy of Pennsylvania through its entrepreneurs, the Pennsylvania SBDC's 18 university- and college-based centers provide 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 network to support small businesses from January 1, 2013 to June 30, 2013.

The SBDC utilizes a staff of experienced professionals to serve their customers in both traditional business assistance as well as offering specialized consulting. During the first six months of 2013, the SBDC delivered **44,597 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.

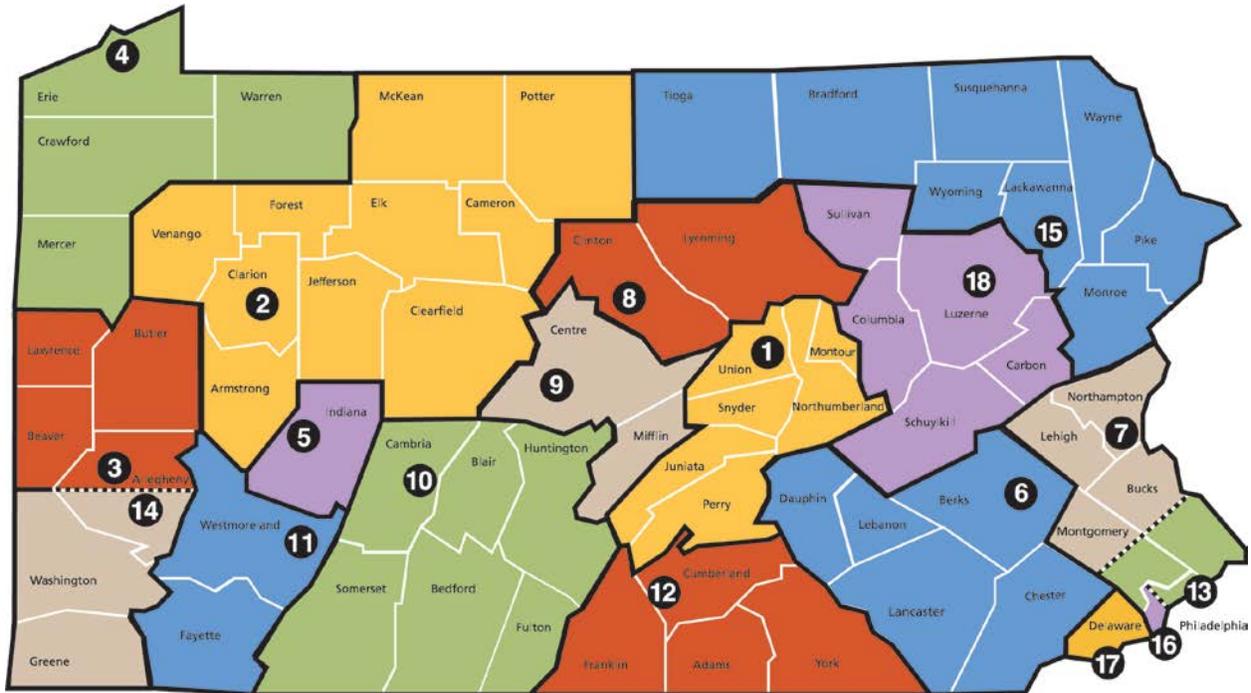
Educational workshops and conferences aid entrepreneurs in articulating goals, evaluating and improving business ideas, researching and attracting needed advisors and resources, and writing business plans to build their businesses. During the first half of this year, **4,632 individuals and firms benefited directly from 274 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.

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

## MISSION

The mission of the network of Pennsylvania Small Business Development Centers is to grow the economy of Pennsylvania by providing entrepreneurs with the education, information and tools necessary to build successful businesses.

PENNSYLVANIA SBDC LOCATIONS



- |                                       |                                   |   |
|---------------------------------------|-----------------------------------|---|
| 1. Bucknell University SBDC           | 8. Lock Haven University SBDC     | 15. University of Scranton SBDC                         |
| 2. Clarion University SBDC            | 9. Penn State University SBDC     | 16. The Wharton School, University of Pennsylvania SBDC |
| 3. Duquesne University SBDC           | 10. Saint Francis University SBDC | 17. Widener University SBDC                             |
| 4. Gannon University SBDC             | 11. Saint Vincent College SBDC    | 18. Wilkes University SBDC                              |
| 5. Indiana Univ. of Pennsylvania SBDC | 12. Shippensburg University SBDC  |   |
| 6. Kutztown University SBDC           | 13. Temple University SBDC        |   |
| 7. Lehigh University SBDC             | 14. University of Pittsburgh SBDC |   |

IMPACT

Since its inception, the Pennsylvania 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 30,000 new companies, and sell \$12 billion worth of Pennsylvania products and services globally. As a result, SBDC clients have created over 140,000 new jobs and generated more than \$796 million in new state income tax revenue.

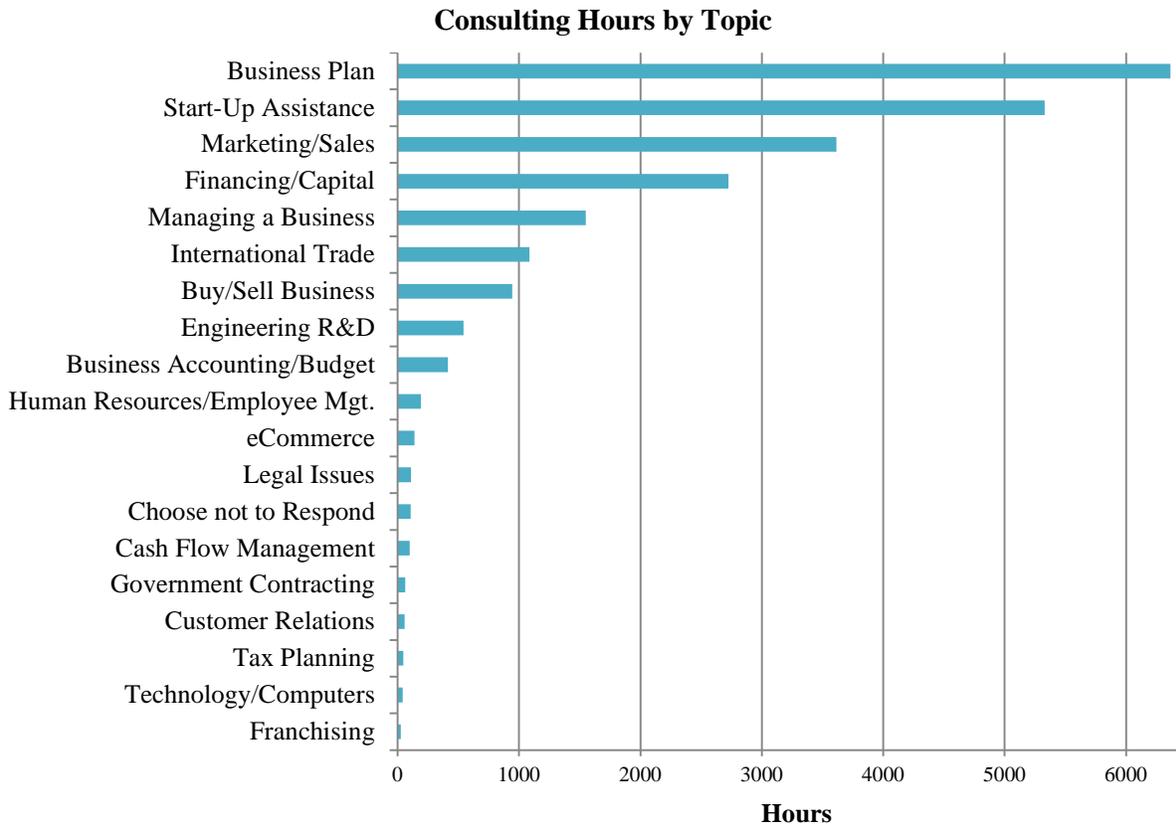
For the first half of 2013, the Pennsylvania SBDC network reported the following initial outcomes:

- |                                     |                    |                              |                     |
|-------------------------------------|--------------------|------------------------------|---------------------|
| • <b>Bought/Started a Business</b>  | <b>210</b>         | • <b>SBA Loans (4)</b>       | <b>\$4,017,000</b>  |
| • <b>Jobs Created</b>               | <b>639</b>         | • <b>Non-SBA Loans (122)</b> | <b>\$24,734,676</b> |
| • <b>Jobs Retained</b>              | <b>754</b>         | • <b>Equity Capital</b>      | <b>\$7,616,586</b>  |
| • <b>Increased Sales (domestic)</b> | <b>\$8,323,087</b> |                              |                     |

**SUMMARY**

*Consulting*

In the first six months of 2013, the Pennsylvania SBDC provided **4,666 entrepreneurs** with a total of **44,597 consulting hours**. A detailed breakdown may be found in SECTION 2 – DELIVERABLES and is described throughout this report.

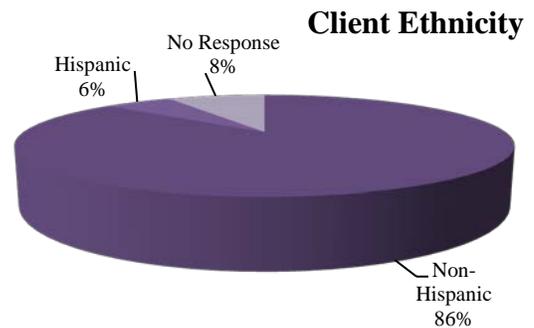
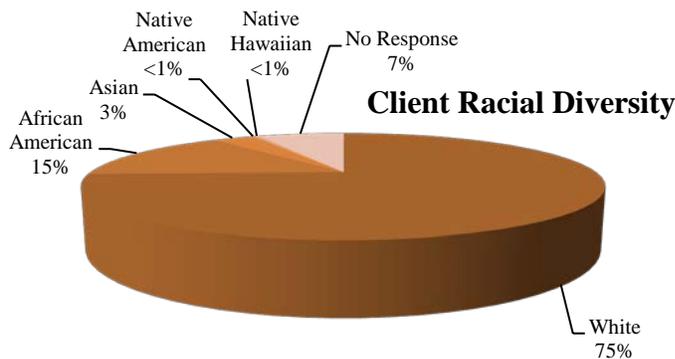
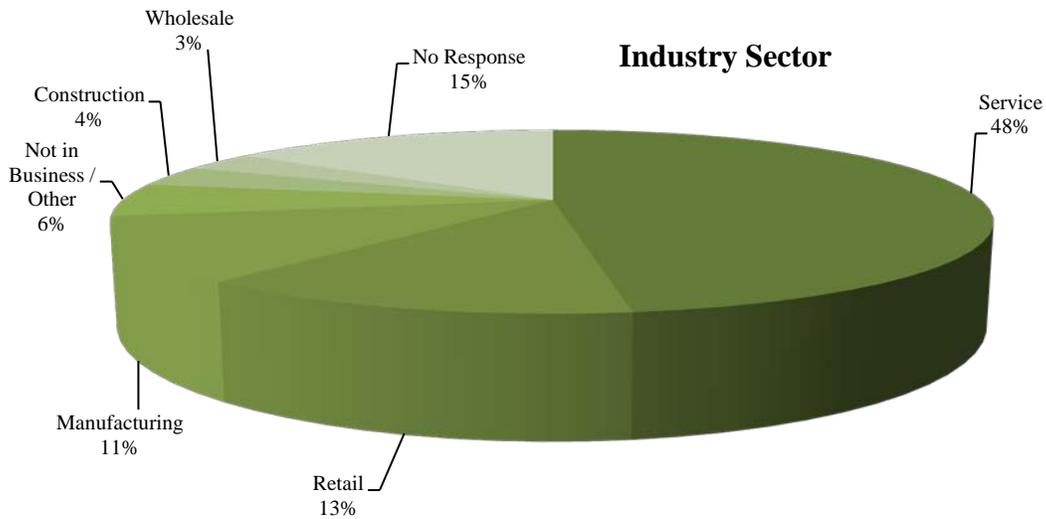
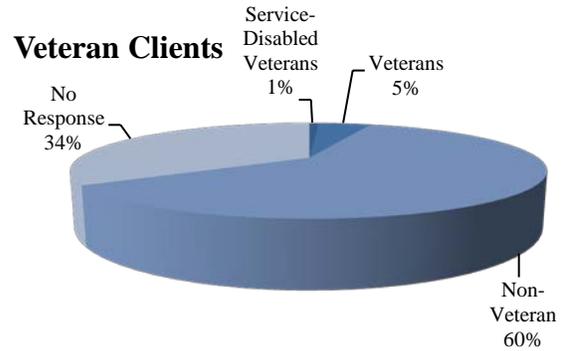
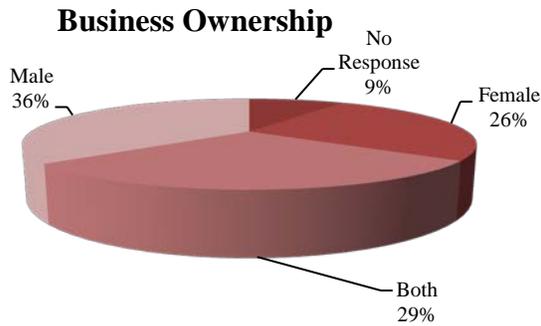


*Education*

The Pennsylvania SBDC network collectively **educated 4,632 individuals in 274 seminars and workshops** in the first half of 2013, which included topics such as “Shale Energy 101” and “Social Media for Small Business.” A detailed breakdown may be found in SECTION 2 – DELIVERABLES and is described throughout this report.

Demographics

Individuals served by the Pennsylvania SBDC thus far represent Pennsylvania’s diverse populace. **55 percent of clients assisted were woman- and jointly-owned firms and 18 percent counted themselves as minorities.** Clients also represent a variety of industries as shown.



## 100 ADVOCACY

In the first half of 2013, boundary changes from redistricting coupled with many new elected officials meant increased outreach and advocacy efforts to Pennsylvania legislators. The SBDC continues to meet with key program partners on a regular basis to keep a pulse on regional activities and share impacts of the program.

For instance:

- In partnership with State Representatives Linda Culver and Representative Kurt Masser, the Bucknell University SBDC continued its consulting outreach program through the spring and summer. Consultants from the SBDC were available at the legislators' offices to provide entrepreneurs with free consulting services and information.
- A national bipartisan effort launched by the Association of Small Business Development Centers in May included a "Dear Colleague" letter that was circulated to Congress which requested \$114.5 million in funding for the SBDC program in CY 2014. Pennsylvania Representatives Cartwright (D-17), Fitzpatrick (R-8), Gerlach (R-6), Marino (R-10) and Schwartz (D-13) all signed this letter to show their support for the SBDC program. To recognize this support, a "Small Business Champion" award was presented to Representatives Fitzpatrick, Marino and Schwartz at their Washington D.C. offices in June. Award certificates to Representatives Gerlach and Cartwright are forthcoming.
- The Temple University SBDC participated in the "Business Opportunity and Resource Roundtable," sponsored by Representative Curtis Thomas. The event was organized jointly between the legislator's office and the Fox School of Business. The SBDC coordinated and hosted the event in May. Similar events organized with legislators in which the SBDC participated included a "Business Leadership Series" hosted by Senator Larry Farnese and a networking event by Representative Kate Harper.

### *National Small Business Week*

- On June 20, SBA's National Small Business Week made a stop in Pittsburgh presenting a day of networking and small business events in Oakdale. The event was attended by State Director Christian Conroy, as well as the directors of the Clarion University, Gannon University, Duquesne University, St. Francis University and St. Vincent College SBDCs. Many of the Western Pennsylvania SBDCs helped in assembling companies and speakers for this feature

event. Having such a high-profile meeting in Pittsburgh was a great way to showcase Pennsylvania's small business resources and support system for entrepreneurs.

- Lehigh University celebrated Small Business week by once again partnering with U.S. Representative Charlie Dent to bring a full week of free educational programs to Lehigh Valley entrepreneurs. Congressman Dent welcomed all participants at each session and also allowed time for questions and answers followed by delivery of the educational materials by the staff of the Lehigh University SBDC and several other speakers. Five seminars were conducted, including two Pre-venture First Steps; one International Business; one Small Business Financing; and one Selling to the Government. The sessions were well received and several attendees have now become clients of the SBDC.

## 200 CAPITAL FORMATION

One of the greatest challenges facing small businesses today is not necessarily the economy but the inability to obtain the financing they need. Because of this more and more businesses are falling behind on their short-term payment obligations and in turn this is having a ripple effect with the cash flow of their suppliers. Companies are producing their products and sending them to their customers but because their customers are taking more than 90 days for payment, the suppliers must wait longer for their payment. In years past, as long as the person had good credit and had adequate collateral, the financing was usually available. Today, with new banking regulations, credit is everything and credit scores generally need to be well above 600 for funding to be approved by both banks and low-interest government loans.

In nearly every case, businesses with a long-standing history with a bank were challenged when it came to the ability to expand lines of credit or secure new financing. For start-ups, credit is everything. Even in cases where a person is willing to utilize their home for collateral and their collateral position is three times what they are asking for, if they have sub-par credit, the loan has been turned-down. The banks are simply risk-adverse in the current environment.

Examples of client success stories relating to capital formation can be found in Section 3 – APPENDICES. A total of **4 SBA-guaranteed loans were approved, totaling \$4,017,000**. As for non-SBA loans, **122 were approved for a total of \$24,734,676**.

Examples of other activities include:

- In a strategic effort to help clients connect with the sources of capital they need to start and grow their businesses, the Bucknell University SBDC collaborated with the Lock Haven and Penn State SBDCs to host a Borrower/Lender Matchmaking event featuring regional banks, credit unions, representatives of the SBA, SEDA-COG's financial program director, legislative staffers, IDC representatives, and the regional manager for Ben Franklin Technology Partners of Northeast Pennsylvania. The event featured a one-stop "speed dating" format designed to spark lending relationships across the region. Entrepreneurs and small business owners engaged in 15 minute sessions to pitch their financing needs to a variety of lenders in a series of one-on-one interactions with representative funding sources throughout the Central PREP Region.
- The University of Pittsburgh has implemented a new group consulting technique called the "Third Step." After aspiring entrepreneurs attend the First and Second Step training programs, a small group of 4-5 clients are formed to help address similar issues and challenges many clients have in the early stages of business plan development and securing financing.

### 300 INNOVATION & TECHNOLOGY TRANSFER

#### Innovation and Technology Development

The Pennsylvania SBDC continued to offer confidential technology services. The technology services were re-accredited by the Association of Small Business Development Centers in 2011.

Services were marketed statewide and delivered by the technology consultants located at Kutztown SBDC (eastern PA) and Duquesne SBDC (western PA). Services included:

- Early stage product feasibility, planning and commercialization
- Networking and resource development
- R&D grant identification and proposal reviews
- SBIR/STTR proposal assistance
- Intellectual property assistance
- Identification of financing sources and investor pitch preparation

In the last six months, the technology consultants provided **884 hours of consulting to 99 small firms looking to advance, protect, and commercialize their research, innovations and new technology.**

The funding to support the two technology consultants ended June 30, 2013. Technology assistance will continue to be provided by consultants who are part of the Pennsylvania SBDC Technology Team.

Training will be provided at the Annual ASBDC Conference in Orlando, Florida and a statewide professional development event is planned for November, 2013.

The Pennsylvania SBDC has been fortunate to have additional resources to offer specialty assistance in the commercialization of energy related technologies. The SBDC provided in depth assistance to small businesses developing and deploying clean technologies through our Clean Technology Resource Center (CTRC) located at Penn State University. While the Pennsylvania SBDC has been very successful in helping drive the clean technology market through this program, dedicated funding for this initiative ended March 31, 2013.

Between January 1, 2013 and March 31, 2013, CTRC services in Pennsylvania were supported by a part-time CTRC Business Consultant, a part-time CTRC Technology Consultant, the Director of the Penn State SBDC and the CTRC, and a Penn State MBA candidate at Smeal Business School with an engineering degree in Petroleum Engineering. Additional staff, including marketing staff from Penn State and the Pennsylvania SBDC State Director's Office, the Penn State SBDC Educational Programming Coordinator, a part-time Penn State SBDC Business Consultant, and Penn State administrative and finance staff, supported this program as well.

In the last three months, **12 small businesses received 256 hours of in-depth clean technology consulting assistance.** Two webinars were held during this period. In January, the CTRC co-hosted a webinar Clean Energy and Solar PV Economics: Utilizing a Solar Calculator to Estimate the Payback and Return-on-Investment for Solar PV Systems with the Pennsylvania Technical Assistance Program (PennTAP). In March, the CTRC co-hosted a webinar Market Research Training and Tools: A Special Overview for Small and Medium-Sized Businesses with the Pennsylvania Technical Assistance Program (PennTAP). Also, in March, the CTRC co-hosted the, "Shale Energy 101 – Small Business Supply Chain Opportunities" workshop with Ben Franklin Shale Gas Innovation and Commercialization Center.

Another energy related resource has been offered through the Wharton SBDC as part of the Greater Philadelphia Innovation Cluster, with an emphasis on commercializing and deploying energy efficient technologies for existing buildings. As part of this initiative, the SBDC has been advising high potential businesses which are launching and growing new ventures to take advantage of opportunities in this sector. This includes companies who are commercializing new business models and businesses throughout the sector that are growing their traditional business models to include energy efficiency in buildings. The SBDC has launched the Commercialization Acceleration Program (CAP) for Energy-Efficient Buildings to assist start-up companies in establishing sound commercial pathways for the

technologies they develop and plan to grow and commercialize. The program is modeled on the Wharton SBDC's successful CAP for the Life Sciences.

The SBDC technology services also include the Engineering Development Services offered through the Bucknell SBDC.

#### Multi-Media Environmental Assistance: Environmental Management Assistance Program

During the first six months, the Pennsylvania SBDC Environmental Management Assistance Program (EMAP) provided environmental compliance assistance to **109 small businesses**. Statewide, through the toll-free hotline and direct contact, **EMAP consultants responded to 105 requests for environmental information and provided 1,151 hours of in-depth consulting assistance**. EMAP consultants were invited to conduct 25 on-site visits at a wide range of businesses, from retail and commercial entities to manufacturers.

EMAP consultants provided environmental compliance assistance with:

- Determining regulatory requirements
- Completion of air quality permit applications
- Development of new and modified air emission tracking systems
- MACT/NESHAP Area Source applicability reviews and notifications
- Outreach for new boiler NESHAP/MACT (including an on-line tool)
- Outreach to auto body shops (6H Rule)
- Outreach on the RICE rule
- Outreach to dry cleaners & assisting with 2013 compliance calendar
- Underground storage tanks and environmental cleanup issues
- Storm water compliance and permitting

In January 2013, the Pennsylvania SBDC launched an EPA-funded Energy, Environment Economy (E3) project to help small to medium manufacturers in the Shale Gas Supply Chain integrate practical and sustainable approaches to their operations.

#### **400 INTERNATIONAL TRADE**

The Pennsylvania SBDC continues to make progress in strengthening its international business offerings for small- and medium-sized businesses. The network continues to support its international trade partners

including the U.S. Department of Commerce's Commercial Service, the U.S. Trade Development Administration and the Pennsylvania Department of Community and Economic Development.

Through January 1, 2013 to June 30, 2013, the SBDC consulted with hundreds of clients on international trade issues while executing more than **15 educational programs** that were attended by **237 individuals**. Clients reported an **increase in export sales, totaling \$74,213, 715**, for the first half of 2013.

During this reporting period, **242 clients received exporting assistance during 1,085 consulting sessions**. Of this group, 19 clients started to export after they had received SBDC assistance. Also during this time, 11 referrals were recorded to export partners including the U.S. Department of Commerce, Regional Export Network, U.S. Export Assistance Centers and other Federal resources.

The SBDCs have been designated as a major contributor to fulfilling the goals of the National Export Initiative. To assure the network has the expertise to help more small firms sell Pennsylvania products and services around the world, staff at each center are receiving certification in international business. The Pennsylvania SBDC is proud to work toward fulfilling this requirement and currently has **20 out of 109 full-time employees certified in international trade**. The following staff members of the Pennsylvania network can be counted toward this goal:

- Lindsay Biddle, University of Pittsburgh SBDC, SBA/TPCC certified, 2012
- Martin Brill, Kutztown University SBDC, NASBITE certified, 2006
- Robin Burtner, Shippensburg University SBDC, SBA/TPCC certified, 2012
- Paul Caimi, Lock Haven University SBDC, SBA/TPCC certified, 2012
- Vickie Gyenes, Saint Vincent College SBDC, NASBITE certified, 2006
- Kate Hall, Clarion University SBDC, SBA/TPCC certified, 2012
- Ruth Hughes, Wilkes University SBDC, SBA/TPCC certified, 2012
- Ed Huttenhower, Saint Francis University SBDC, NASBITE certified, 2012
- Maria Kirby, Penn State University SBDC, SBA/TPCC certified, 2012
- Cora Landis, Lehigh University SBDC, SBA/TPCC certified, 2012
- Mary McKinney, Duquesne University SBDC, SBA/TPCC certified, 2012
- Mark Maguire, Wharton School SBDC, SBA/TPCC certified, 2012
- Glenn McAllister, Widener University SBDC, SBA/TPCC certified, 2012
- Holly Meng, Temple University SBDC, SBA/TPCC certified, 2012
- Maria Montenegro, The University of Scranton SBDC, SBA/TPCC certified, 2012
- Sofia Ozol, Pennsylvania SBDC State Director's Office, NASBITE certified, 2012

- Tony Palamone, Indiana University of Pennsylvania, SBA/TPCC certified, 2012
- Jim Porter, Widener University SBDC, SBA/TPCC certified, 2012
- Brent Rondon, Duquesne University SBDC, NASBITE certified, 2007
- Donna Simpson, The University of Scranton SBDC, SBA/TPCC certified, 2012
- Mary Beth Zingone, Lehigh University SBDC, SBA/TPCC certified, 2012

Examples of activities in international trade occurring in 2013 include:

- Clarion University SBDC client Brookville Equipment joined the Governor's business development mission to Brazil and Chile this past spring, along with C. Alan Walker of the Department of Community & Economic Development (DCED) and Team Pennsylvania Foundation. As part of the Governor's Jobs First initiative, the Department of Community and Economic Development and Team Pennsylvania Foundation organized the April 2013 jobs mission to Brazil and Chile. Brookville Equipment was able to pitch their mining products to developing countries to expand their export marketing opportunities.
- The Duquesne University SBDC worked with the Pennsylvania DCED Center for Trade Development (CTD) of their Office of International Business Development (OIBD) through the STEP grant to organize the trade mission of Pa companies to Panama and Colombia which was held from June 23-29, 2013. The SBDC worked with other SBDCs in the network, the Pennsylvania DCED CTD and U.S. Commercial Service. From the prospective list of twenty five to thirty companies, eight small businesses were accepted by and registered for the U.S. Commercial Service's Gold Key Service —7 for Colombia and 6 for Panama. Companies attending the mission covered a broad range of industries including: information technology, construction and manufacturers (i.e. medical devices, fiber optics, recycling, HVAC, labeling equipment, cylinder seals).
- This spring, Kutztown University SBDC client, Zeigler Bros., Inc. of Adams County, was awarded SBA's Eastern Pennsylvania, Region III and National Small Business Exporter of the Year Award, the U.S. Department of Commerce's 'E' Award and the Governor's Impact Award for Export for South Central Pennsylvania. This high profile recognition is a tribute to the client's long term commitment to quality products, unexcelled customer support and understated community service. The SBDC is proud to continue working with this client for over 15 years.
- In mid-March, the Kutztown University SBDC hosted a seminar on the new U.S. Free Trade Agreements with Colombia and Panama in Harrisburg which was simulcast to the Reading office. The Kutztown University SBDC along with the Shippensburg University SBDC exhibited at the

York Business Fair which Governor Corbett opened in May. The SBDC also participated in client meetings with six Pennsylvania overseas trade representatives acquiring several new clients for both international trade and government procurement services.

- The St. Francis University SBDC continues to be involved with Cambria County's interest in establishing a foreign trade zone centered at its airport in Johnstown. During the first half of the year, the center has assisted the president commissioner in meetings held in Washington D.C. with various foreign embassies as well as foreign trade groups. The center also arranged a meeting with the director of the foreign trade zone in Baltimore as well as other related activities. In May, the center submitted a draft proposal to provide ongoing work in relation to the application process and establishment of the zone. In addition, St. Francis University SBDC Director Ed Huttenhower represented the SBDC at the NASBITE conference for international trade educators in April.
- St. Vincent College SBDC's Center for Global Competitiveness hosted its Annual Global Growth Conference on March 21 & 22, 2013. This two-day conference was designed to address market development, financial risk associated with international business transactions, and to ensure ongoing compliance with U.S. Export Controls and Regulations. It attracted a total of 61 attendees and was sponsored by Fay-Penn Economic Development Council, Fifth Third Bank, Spirit Airlines, U.S. Commercial Service, Westmoreland County Industrial Development Corporation, and Southwestern Pennsylvania Commission. Featured presenters included representatives from Cohen & Grigsby PC, Compliance Assurance LLC, Alcoa, Bayer, Baker Hughes, Kennametal, U.S. Steel, Westinghouse, PPG, Fifth Third Bank, and a luncheon speaker from the Federal Bureau of Investigation. Specialized sessions focusing on the EAR and ITAR were included.
- At the beginning of this year, the Temple University SBDC was invited to collaborate with the Delaware Valley Industrial Resource Center to administer the Exportech Program. Exportech is a nationally recognized export acceleration program designed to assist manufacturers develop an international growth plan. The SBDC international specialist provided individualized coaching to the participants in the program during the three month training period. In addition, the SBDC also collaborated with various economic development organizations to provide educational programs for businesses interested in doing business overseas. Most of these organizations served as co-sponsors or provided expertise on international topics for events. Examples of events offered included the following: Doing Business in South America and Africa.

## 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 the first part of 2013. During the first six months of 2013, the SBDCs consulted with **875 minority clients**, representing **18 percent of the total client base**. Of the minority group, 30 percent counted themselves as Hispanic and 80 percent identified themselves as African-American.

Examples of activities to support Pennsylvania's diverse population include:

- In April, the Kutztown University SBDC's Latino Business Resource Center (LBRC) in partnership with National Penn Bank and the Latino Chamber of Commerce celebrated the graduation of 17 entrepreneurs from their 8-week bilingual program titled "Business Skills for Success for Latino Entrepreneurs." In June, the Lehigh University SBDC repeated the same program, partnering with Kutztown University's LBRC, National Penn Bank, and the Fowler Center at Northampton Community College to offer the program. The seminar series was taught in Spanish, with classes running for eight weeks. 19 graduates received their Certificates of Completion at the Lehigh series to acknowledge their dedication and effort to learning the start-up basics and develop their business plans. The LBRC uses an innovative learning model of classroom lessons, online business-plan workshops, unlimited mentoring from bilingual business consultants and interaction with business professionals and entrepreneurs.
- The Temple University SBDC participated in the Minority Supplier Development Council panel discussion that was held in June. SBDC Director Eustace Kangaju served on the panel and discussed Small Business Administration resources available for businesses. The panel was made up of SBA resource experts in the Philadelphia area and there were over 50 businesses in attendance. Also in June, a similar collaborative effort was done with the Hispanic Chamber of Commerce in Philadelphia. The Hispanic chamber held a technology forum for Hispanic businesses in the Philadelphia area where the SBDC director gave the welcome remarks.

## 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.

This year, 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:

- The Bucknell University SBDC continues to offer a robust educational program and was successful in securing sponsorship from area banks, credit unions, and other partners to be able to continue offering their Pre-business “First Step” Workshops at no charge to attendees. This expanded partnership also provided the center with new locations throughout their six county service area to present these programs, as well as promotional support from each of these partners. Sponsors during this reporting period include M&T Bank and 1st Credit Union.
- St. Francis University SBDC partnered with the Bedford County Chamber of Commerce on a state of the economy workshop and with Penn State-Altoona for workshops presented in Altoona on various topics related to starting and successfully operating a small business. The center also worked in conjunction with the Renewable Energy Center and the Science Outreach Center on campus to present a shale gas seminar with different sessions targeting businesses and educators.
- The Wilkes University SBDC has expanded its relationship with both the Carbon County Career Link office and the Schuylkill County Career Link offices who were extremely interested in offering SBDC services at their locations. Both offices have fully marketed SBDC services and routinely attract good numbers of interested participants. The clients referred from the Career Link offices will continue to be tracked to determine long term success rates.

## 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. Training topics included “Doing Business with the Government” and “Certification Made Simple” where attendees can learn more about Disadvantaged, Minority and Women’s (DBE/MBE/WBE) business enterprise certifications.

Government markets are not a universal remedy for increasing revenues, and all centers encourage companies to self-evaluate products, processes and facilities to determine if they are prepared to compete efficiently in this marketplace. 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.

Examples of information sessions with SBDC participation include:

- The Clarion University SBDC attended the Northwest Pennsylvania Procurement Technical Assistance Center in partnership with the Erie Regional Chamber and Growth Partnership at the second annual Dynamic Networking for Small Business event at the Bayfront Convention Center in Erie. The event featured two matchmaking networking sessions giving businesses in the region the opportunity to meet face-to-face with government agencies, prime contractors and business resources on one day in one place. Prime Contractors in attendance were Lord Corporation, 84 Lumber Company, Erie Forge & Steel, Inc., Fisher Scientific, and U.S Army Corps of Engineers, Buffalo District and Pittsburgh District. Also attending were various business resource organizations including Clarion University SBDC, Gannon University SBDC, SBA, SCORE, Northwest PA Regional Planning and Development Commission, and Erie Regional Chamber and Growth Partnership.
- In May the Duquesne University, University of Pittsburgh and Penn State SBDCs partnered with Innovation Partnership to offer three seminars on government accounting. These seminars educated business owners interested in obtaining Federal funding for their small business with topics that included grant/contract requirements, chart of accounts, vendor payments, indirect rates, and audits.

## 800 SPECIAL FOCUS

### *Shale Gas*

Shale gas activities continue to increase in regions served by many of the centers. Several locations have continued to assist clients in capitalizing on opportunities presented by the development of the Shale Gas deposits. Starting in 2009, the Pennsylvania SBDC network has been specifically identifying and tracking client businesses which are involved with the shale gas supply chain. Since tracking began, the SBDC network has consulted 375 Shale Gas clients for a total of 16,100 consulting hours. These clients represent 44 out of 67 counties in Pennsylvania. 92 businesses have been started or expanded with 110

business plans completed and \$46 million of investment applied for with \$28 million approved. Overall, 367 jobs have been created with another 693 being saved totaling \$67 million in increased sales.

The Pennsylvania SBDC continues to analyze our data to better understand the statewide activity and impact from small businesses in the shale energy supply chain. After updating and revising the Pennsylvania SBDC Shale Gas webpage and curating resource links and tools for clients, many of the centers across the network have begun holding Shale 101 workshops in their regions. So far, the Shale 101 workshop has been offered eight times to 229 attendees. The SBDC network continues to work with resource partners including the Penn State Marcellus Center for Outreach and Research (MCOR) and Shale Net to better understand existing resources and gaps.

In the fall, the Pennsylvania SBDC will co-present three shale-related sessions as part of the national Association of Small Business Development Center (ASBDC) Shale Energy Interest Section at their annual conference in Orlando.

#### *Affordable Care Act (PPACA)*

With 2013 being the year the Affordable Care Act begins to take effect on area entrepreneurs and small business owners, Ruth Hughes, the Director of the Wilkes SBDC, took the lead on developing training on the act for SBDC staff and clients. Ruth was able to secure a partnership with Eric Pochas from Vantagen LLC, a subdivision of Parente Beard. Eric is a human resources consultant and has been a key asset to developing training for employers with 50 or more employees, as this part of the law contains a lot of technical details and requires a specialized human resources consultant. For employers with 49 or fewer employees, a group which represents the majority of SBDC clients, Ruth has studied the new law, the proposed Health Care Marketplaces, and has developed the training program to assist clients and SBDC consultants. With only two separate seminar offerings this spring, the seminar has attracted 59 participants from the area. Outreach partners have also requested this seminar and training from the SBDC and the SBDC does plan to roll it out to the outreach areas in the second half of 2013.

The Pennsylvania SBDC held a statewide network meeting in June to provide professional development to its consultants from all 18 centers to learn more about key provisions of PPACA. The session was led by internal and external experts on the PPACA. This event also coincided with the launch of the Pennsylvania SBDC's ACA 101 educational curricula for business owners. The ACA 101 educational sessions will be delivered statewide to educate entrepreneurs and business owners on their options as part

of PPACA outreach. The Pennsylvania SBDC network has also updated its website and resource guides to reflect the latest information from Federal agencies involved with PPACA implementation.

## 900 ECONOMIC DEVELOPMENT

The mission of the Pennsylvania SBDC is to grow the economy of Pennsylvania through its entrepreneurs which means participation in regional and statewide economic development initiatives. Examples of the network's economic development activities are numerous; activities around the state in the first six months of the year include:

- In 2013, Clarion University SBDC received a Community Fellows Grant from Clarion University in the area of economic development. The grant was designed to support direct interaction between business students in the MBA Program and profit/non-profit organizations in the region. As part of a capstone course, students performed an organizational strategic audit that resulted in the development of a strategic plan.
- The Duquesne University SBDC held its 15th Annual Entrepreneur's Growth Conference on May 10. The SBDC received proclamations from Allegheny County Executive, Rich Fitzgerald and the Mayor of Pittsburgh, Luke Ravenstahl. The day began with a panel of three successful entrepreneurs offering thoughts on their secrets to success. At lunch, Will Knecht, President of Wendell August Forge, spoke about his family-owned company and their story of history. After lunch, the 280 attendees were given an opportunity to meet with sponsors and exhibitors at the Business Building Tradeshow.
- The Jump Start Incubator (JSI) at Kutztown University SBDC introduced a pre-incubation program for the pre-venture businesses known as the Jump Start Launch Pad. The Launch Pad includes eight work areas and a consulting package to accommodate 8 businesses now. With the implementation of the Launch Pad program, the Jump Start Program capacity has increased to assist 16 businesses. Launch Pad participants receive dedicated space in one of the eight launch pad work areas, one hour of staff support, four hours of student support, and four hours of conference facility use per month. The Launch Pad is a month-to-month program designed to give entrepreneurs and Jump Start Program Staff the ability to work side-by-side to determine the entrepreneurs' next steps over a one to six month period.

- Through its business development incubator, the Temple University SBDC provides working space and technical support for aspiring entrepreneurs. During the first half of 2013, the incubator housed 15 companies.
- The City of Chester was named by the White House as one of 6 cities in the Strong Cities, Strong Communities pilot program in 2012. The Strong Cities, Strong Communities program will allow the city to leverage existing federal programs and expertise to create new public private partnerships, including partnerships with the Widener University SBDC. Specifically the community solutions team in Chester will help diversify the local economy, support small business development and revitalize the downtown.
- The University of Scranton SBDC teamed up with the University's Office of Community Relations, Lackawanna County Commissioners, Greater Scranton Chamber of Commerce, the City of Scranton, and Scranton Tomorrow to announce the Small Business Internship Initiative on Scranton's Courthouse Square in May. Designed to connect area college students with small businesses, the initiative is being piloted with three downtown Scranton small businesses with a goal of developing and expanding the program to the SBDC's entire eight-county service area in the future. The initiative stems from an increase in local small business inquiries about acquiring interns. To address that need, SBDC business consultants will provide no-cost consulting services to assist small businesses with the important work of determining whether internships are the right option for them, developing internship objectives and tasks, and providing guidance so they can conduct their own interviews and select the student interns most suited for the positions. In addition, the SBDC will offer supervisory skills training, along with guidance and support to the small businesses throughout the internships.

## 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 databases provided through the Regional Export Network and the Pennsylvania SBDC State Director's Office, including Hoovers Online, First Research, Fintel, CultureGrams 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 include the following:

- The Kutztown University SBDC successfully completed the third Cooperative Industry Partnership program with senior international business students from Elizabethtown College. The SBDC assisted four new clients in researching overseas markets, tariffs, distributors and tariffs.
- The St. Francis SBDC utilizes a number of students to work with clients to help resolve a range of issues from market research to financial analysis. The practice of using students provides the clients with additional timely assistance at no cost and enables the students to apply the theory they learn in class to real-world scenarios which promotes creative thinking and enhances decision making skills.
- The Temple University SBDC provided assistance by making use of business interns and student workers who sought experiential learning at the center. For example the international business interns provided country specific research on new markets for clients. Similarly, the Fox entrepreneurship business majors provided assistance on specific industries, highlighting trends and market potential.
- The Wharton SBDC's Commercialization Acceleration Program (CAP) continued to collaborate with the University's Center for Technology Transfer and other research organizations in the region to assist start-ups based on local research to develop strategic plans, identify markets and applications, and attract entrepreneurs and financing.
- The Wilkes University SBDC utilizes three graduate students currently pursuing their MBA at Wilkes University which allows the student to see firsthand how the education they are receiving through class work applies directly in the small business environment. Graduate Assistants work directly with clients and are relied on by the full time consultants to perform work and research that will benefit the client directly. Students who intern at the SBDC also receive first-hand experience in the small business environment by observing client meetings, reviewing business plans, and being assigned research projects in which the results are often passed on to the small business community through the SBDC.

## 1100 OTHER ACTIVITY

### *Network-wide Awards & Achievements*

- SBA Small Business Development Center Excellence & Innovation Award (Eastern Pennsylvania and Federal Region III winner) - Widener University SBDC – Chester, PA
- SBA Exporter of the Year (Eastern Pennsylvania, Federal Region III and National winner) Zeigler Brothers, Inc. – Gardners, PA (Nominated by the Kutztown University SBDC)
- SBA Family Business of the Year (Eastern Pennsylvania winner) Gresham's Chophouse – Hawley, PA (Nominated by The University of Scranton SBDC)
- SBA Small Business Person of the Year (Eastern Pennsylvania winner) David Wise II, Owner G.S. Madison (Owner of two 1-800-GOT-Junk? franchises) and BOXAROO – Reading, PA (Nominated by the Kutztown University SBDC and Jump Start Incubator)
- SBA Small Business Development Center Annual Impact Award (Western Pennsylvania winner) Clarion University SBDC – Clarion, PA
- SBA Exporter of the Year (Western Pennsylvania winner) Guy Chemical Company – Somerset, PA (Nominated by the Saint Francis University SBDC)
- SBA Young Entrepreneur of the Year (Western Pennsylvania winner) Jonathan Miller, Dimples LLC – Ashville, PA (Nominated by the Saint Francis University SBDC)
- Top 25 Women in Business (Northeastern Pennsylvania Business Journal) Lisa Hall-Zielinski, The University of Scranton SBDC Director
- Top 100 Business People (Central Penn Business Journal) Heather Fennessey, Penn State SBDC Director
- Inaugural Governor's ImPAct Awards, 11 award winners were Pennsylvania SBDC clients, who were nominated by their local SBDC in collaboration with other economic development partners as a part of the Pennsylvania Department of Community and Economic Development's Partnerships for Regional Economic Performance (PREP).
- The Alex G. McKenna School of Business, Economics and Government hosted a dinner on Thursday, June 6, 2013 to celebrate the 25th Anniversary of the Saint Vincent College SBDC.

This dinner was attended by over 150 guests representing the financial sector, various economic development agencies, as well as SBDC clients.

- Temple University SBDC Director Eustace Kangaju was recognized by the Temple Fox School of Business with a Fox Technology Innovation award for integrating cutting edge technology in program delivery. In addition, Faye Fitz, Procurement Specialist was recognized with a Fox Community Service Award for outstanding service to the community.

## 1200 SUCCESS STORIES

See SECTION 3, APPENDIX B – SUCCESS STORIES.

## 1300 TRAVEL

There is no unanticipated travel to report during this period.

## 1400 PROBLEMS

Funding reductions and uncertainty at the federal level continue to be a problem for the centers. Overall, the lack of funds has made it difficult to meet the continued demand for one-on-one consulting and provide the same level of programming to clients. This in turn has caused increased uncertainty for staff and in some cases, staff turnover. In many cases, staff positions remain unfilled due to the lack of funds.

## 1500 FINANCE

All invoices for the first six months of 2013 have been submitted for processing at the time of this report.

## 1600 WOMEN'S BUSINESS DEVELOPMENT

The Pennsylvania SBDC continued to support women-owned businesses through specialized services and educational programs in the first half of 2013. **55 percent of all clients represented women- and jointly-owned businesses.** Examples of outreach and successes include:

- The Gannon University SBDC held its 6th Annual Women in Leadership Development Conference on May 10, 2013. Martha Mertz, Founder of Athena International, and Barbara Van Dahlen, Founder of Give an Hour, were the keynote speakers and there were nine breakout sessions in three tracks: Woman Business Owner/Entrepreneur, Executive Leadership and Rising Leaders. The 2013 Philanthropy is the Junior Achievement of Western Pennsylvania. Proceeds from the Silent Auction in the amount of \$3,970 were donated to Junior Achievement. There

were over 500 attendees from Pennsylvania, New York, Ohio and West Virginia, 39 sponsors and 63 vendors at this year's conference. The Legacy Award Winner was Dr. Maureen Barber, Vice-President of The Barber Institute.

- On May 10, the Tory Burch Foundation, with The Office of Mayor Michael A. Nutter, Entrepreneur Works and the Greater Philadelphia Chamber of Commerce, hosted a Conversation on Women's Entrepreneurship in Philadelphia. The Foundation implements Tory Burch's commitment to help women entrepreneurs through mentoring, education and networking. The event included over 100 women entrepreneurs from our region and the leaders of several of our economic development organizations who especially serve women entrepreneurs. The panel was moderated by Wharton SBDC Director Therese Flaherty and featured Tory Burch, Alan Greenberger, Deputy Mayor for Planning and Economic Development, Sarah Van Aken, owner of SaVa Fashion.
- Efforts continued to further develop programs and services offered by The University of Scranton Women's Entrepreneurship Center (WEC), a partnership between the SBDC and the Kania School of Management. Pennstar Bank signed on once again to sponsor the spring WEC StartUP educational program series. 14 aspiring woman entrepreneurs completed the 6-week series, which taught participants what it takes to be an entrepreneur, business plan development, small business finance, goal setting, and marketing.

## 1700 ECONOMIC IMPACT

For examples of the impact of the Pennsylvania SBDC network, see Section 2, DELIVERABLES.

## 1800 VETERAN BUSINESS DEVELOPMENT

During this reporting period, the SBDCs supported a total of **215 veterans and 39 service-disabled veterans**, and **educated another 217 veterans** in seminars. Many centers continue to offer no-charge or reduced admission to veterans who attend educational programs. Examples of outreach and successes include:

- In conjunction with The Pennsylvania Career Link Crawford County Office, the Crawford County Veterans Service Office, and the Meadville-Western Crawford County Chamber of Commerce, the Gannon University SBDC is co-sponsoring and participating in a series of Veterans Outreach Workshops being conducted in both Meadville and Titusville. Thus far, in 2013, they have conducted three such events, attracting the participation of 32 veterans. The SBDC's portion of the program provides an initial overview of the SBDC's business startup

assistance methodologies, and then progresses through a more detailed discussion of specific veterans' business assistance programs, including applicable SBA programs; franchising assistance opportunities such as those featured in the Vetpreneur publications; and targeted financing options such as the SBA's Veteran's Express loan guarantee program. Thus far, the SBDC has received eight initial contacts from seminar participants and six of these contacts have become clients.

- The Shippensburg University SBDC partnered with Shippensburg University and Penn State Mont Alto's Career Services offices to offer a series called "Mission to Career" for military service members. The SBDC provided a workshop focused on assisting entrepreneurial veterans to understand how to utilize skills gained in their military careers to become a business owner. The SBDC also provided a workshop for spouses of senior military officers at the Carlisle barracks focused on transitioning from the military life to entrepreneurial opportunities. The program, titled "Life Changes," attracted fifteen attendees interested in learning how to plan for a small business launch.
- The St. Francis University SBDC worked in conjunction with Three Wire Systems and the St. Francis University School of Business to present a series of workshops targeting veterans entitled "From War to Entrepreneur." Seven participants completed the program. The seminars were conducted by SBDC staff. The pilot project went extremely well and it is anticipated that the series will continue in future years.

## 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.

Thus far in 2013, **522 manufacturers, representing 11 percent of the total client base** turned to the SBDCs for such assistance. Statewide developments in manufacturing include:

- In January 2013, the Pennsylvania SBDC State Director's Office and the Penn State SBDC learned that the U.S. Environmental Protection Agency (EPA) elected to fund their proposal for establishing Shale Supply Chain Services. The program utilizes the EPA E3 (Economy, Energy, and Environment) framework and introduces source reduction and lean manufacturing concepts at participating facilities. The focus is on continual improvement to the manufacturing operations

with regard to productivity, energy and environmental performance. The program will evaluate and use less time consuming and costly source reduction assessment procedures, such as the Pennsylvania SBDC EMAP Green Business Building Block Approach and the U.S. Environmental Protection Agency (EPA) Smart Steps to Sustainability, which may be better suited to small manufacturing firms compared to industry standard Lean Manufacturing approaches.

- While the overall economic climate in the Gannon University SBDC's service area is expected to remain stable to a slight improvement, recent news indicates that layoffs of approximately 1,050 employees can be expected from Erie's largest employer GE Transportation. How this might affect regional suppliers is not yet known. The Gannon University SBDC, because of the experience and training of its staff, is well able to train potential entrepreneurs from among those laid off who might want to start businesses in this area.
- Two factors helping the Indiana University of Pennsylvania SBDC's region have been a great deal of construction activity at the university and the resurgence of the natural gas industry in connection with the development of the Marcellus Shale gas deposits. These two factors have kept local hotels, motels, and campgrounds relatively full. Additionally, the university has record enrollments. Nonetheless, even most local stable retailers had to retrench their businesses, by limiting inventories and trimming costs. Businesses seem to be focused primarily on costs and see health care and fuel costs as their major problems.
- The Penn State SBDC reports that Mifflin County, a manufacturing hub, has remained steady in the first half of 2013 with a 7.5 percent unemployment rate, but is bracing for the closure of another manufacturer when Ames True Temper closes its doors by the end of 2013. The loss of the Ames facility will result in the loss of 135 permanent jobs and 85 temporary jobs.

## 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 in high demand. Marketing and sales—and social media in particular—continue to be among the most requested topics for training.

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. Many centers have moved the client engagement process online by receiving Requests for Counseling and Client Confidentiality forms through eCenter and email. Online activities for the first six months of 2013 include:

- The Indiana University of Pennsylvania SBDC has extended the cooperative work started with IUP's Communication's Media Department and their student interns and are preparing a number of promotional videos in order to extend the center's YouTube presence which was begun last summer and to establish an Entrepreneur's gallery on their Website. This summer the center has the SBDC interns working with the communications interns to help develop a branding strategy and materials for two start-up clients.
- On-line workshops have made the work of the Kutztown University SBDC more efficient and less expensive. Prior to the live online workshops, SBDC employees had to drive up to two hours, set up a classroom, teach the course, break down, and drive back. Now they simply log onto a Website and use a webcam to teach. This saves time, gas, and costs for printed materials. Clients find it convenient because they can learn more from home at any time. Plans are being developed to simulcast more bilingual learning programs to their other market areas where there is a gap for bilingual business education.

## **CONCLUSION**

In the remainder of 2013, The Pennsylvania SBDC will continue to focus on building its capacity in the key areas of international trade, disaster preparedness and changes related to the Patient Protection and Affordable Care Act. The Pennsylvania SBDC plans to continue to provide high quality services to small business clients remaining a critical partner in the advancement of Pennsylvania's economic development.