



Annual Report 2013



Helping Maine's Small Businesses Succeed Since 1977



February 2014

Dear Maine SBDC Clients, Staff, Stakeholders and Friends:

Small businesses across Maine continue to start and grow as we make our way through the slow recovery from the recession of 2008-9. As all of you know, small business and entrepreneurship are the heart and soul of the Maine economy. Almost 33,000 or 97% of all businesses in Maine are small businesses and 58.7% of us work for them. This past year there has been a renewed focus on the importance of micro-businesses (5 or fewer employees) to the economy of Maine. The most recent data show that there are 133,747 micro-businesses in Maine, of which, 110,500 are self-employed. These micro-businesses represent 21.7% of the total employment in Maine.

The Maine SBDC had a strong year providing business counseling to almost 1,800 clients, creating or saving over 900 jobs, launching over 100 new businesses and helping our clients access almost \$34 million to start and grow their businesses. Our business counselors work hard every day to produce those results both for our clients and the State of Maine.

Every five years, the SBDC must be reviewed and accredited by the Association of Small Business Development Centers (ASBDC) under contract with the SBA. In June 2013, a team of reviewers visited Maine for a week and conducted a thorough Baldrige-based review. I am pleased to say that we received an excellent report with many recommendations and commendations regarding the program. We will be incorporating some of the recommendations into our strategic planning process.

For over 35 years, the Maine SBDC has been providing training and one-on-one business counseling to Maine's entrepreneurs and small business owners. Today, we are as committed as ever to our mission of helping those entrepreneurs create and grow small businesses. Together with our partners around the state, we can continue to provide that critical element for an entrepreneur's success – information and connections – that will lead to greater prosperity for all of Maine.

Sincerely,

A handwritten signature in black ink that reads "M. Delisle". The signature is fluid and cursive.

Mark Delisle
State Director



2013 PROGRAM RESULTS

Activities that yield positive returns over an extended period, such as those carried out by the Maine SBDC, stand as a solid investment. The program's enduring performance over 35 years is owed in great part to its unique model — highly-skilled business counselors working directly with the private sector to fuel economic development.

The Maine SBDC program supports the efforts of small business owners and entrepreneurs in starting or expanding their businesses. Fifteen certified business counselors at contracted host organizations offer advice, coach, help identify and access capital, conduct research, hold workshops and provide technical assistance. Host organizations in 2013 were the Androscoggin Valley Council of Governments, CEI, the Northern Maine Development Commission and the University of Southern Maine.

The Maine SBDC has a distinguished history and a legacy of satisfied clients. The shared commitment by host organizations is critical and the program's results are undeniable. In 2013, counselors worked with 1,785 clients. They also helped start 103 businesses.



Capital for Opportunity and Change



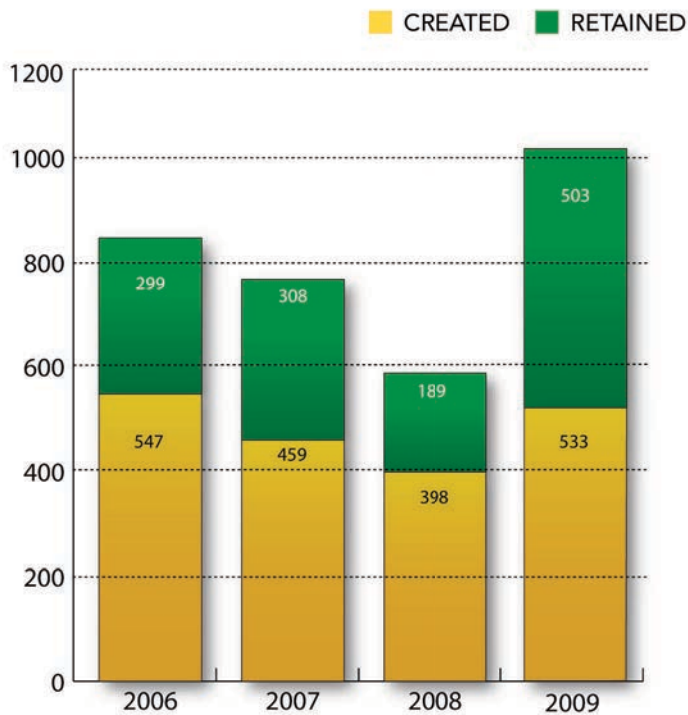
PORTLAND • GORHAM • LEWISTON • ONLINE

STRATEGIC FOCUS USHERS IN EMPLOYMENT

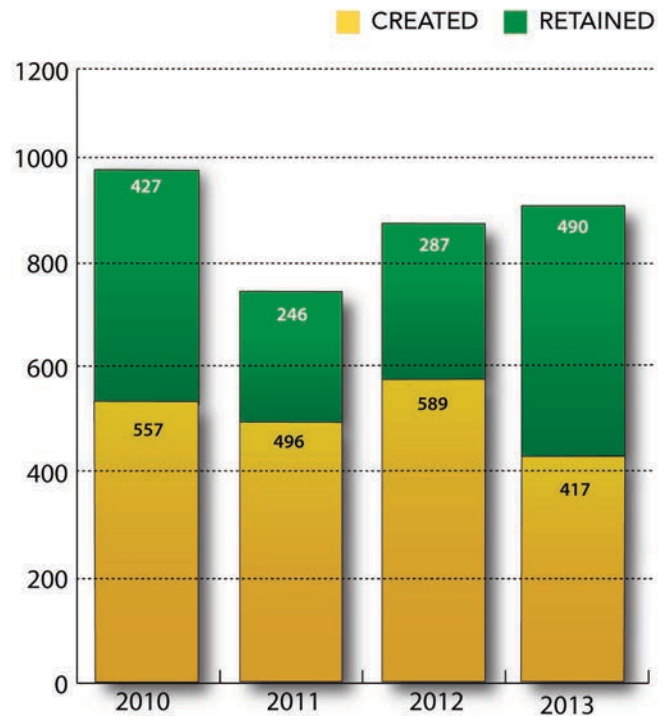
Maine SBDC clients created and retained 273 more jobs since 2010 than in the prior four years combined.



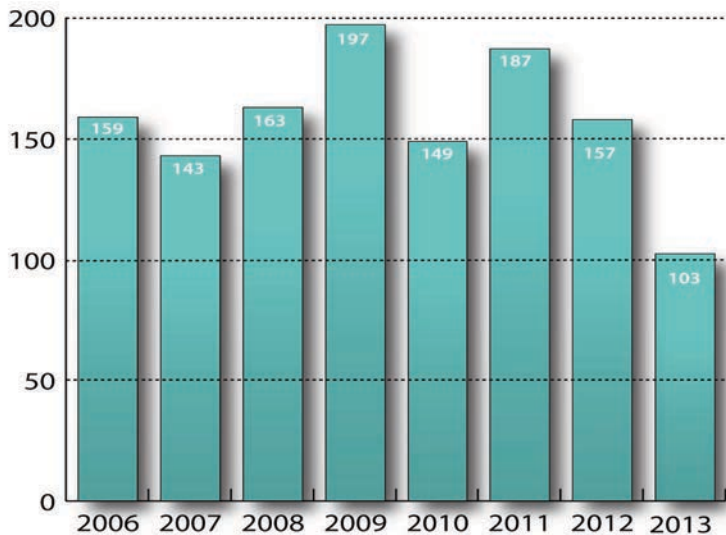
**2006-2009
TOTAL 3,236 JOBS**



**2010-2013
TOTAL 3,509 JOBS**



BUSINESS STARTS



ENTREPRENEURSHIP PERSEVERES

Maine SBDC-counseled businesses have been a consistent source of employment and catalyst for growth. Counselors have worked with clients, partners, lenders and organizations around the state, contributing to the establishment of 103 new sources of employment, tax revenue and prosperity.

PRIVATE SECTOR KEY TO MILLIONS INVESTED

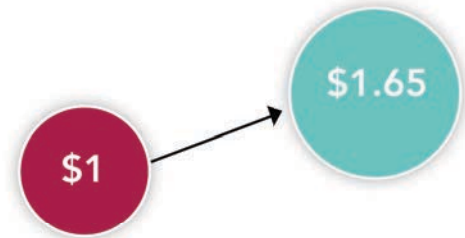
This indicator is a compilation of owner investment, lender financing and other capital generated by Maine SBDC clients. During 2013, Maine SBDC clients generated \$33.9 million in capital formation, a significant positive impact on the state's economic development and continued recovery.

CAPITAL GENERATED



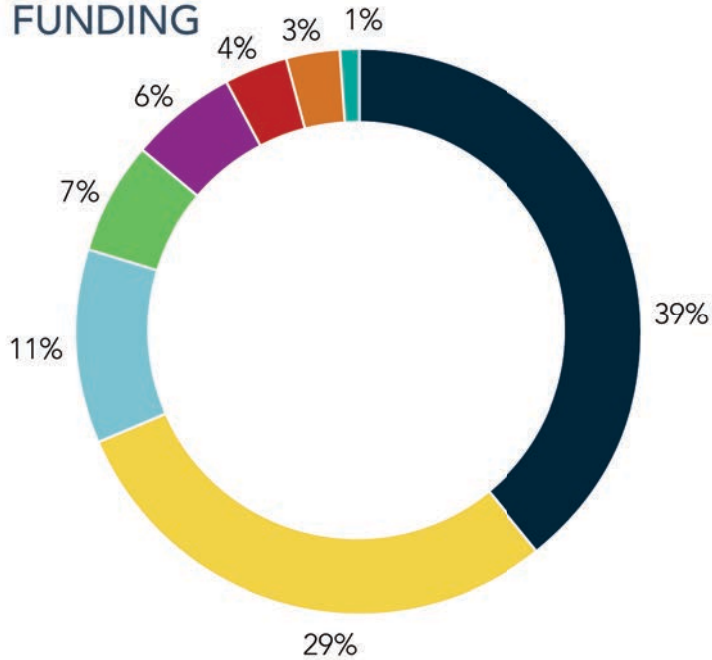
INVESTMENT RETURN VALIDATED

Return on investment for the Maine SBDC is evaluated, analyzed and reviewed annually through an independent study of the program conducted by Dr. James J. Chrisman at Mississippi State University. Since 2003, the clients that received five hours or more of business counseling generated \$30,238,575 in incremental federal and state tax revenue. For every \$1 invested in the Maine SBDC over that period, \$1.65 was returned in incremental tax revenue.



2013 FINANCIAL OVERVIEW

FUNDING

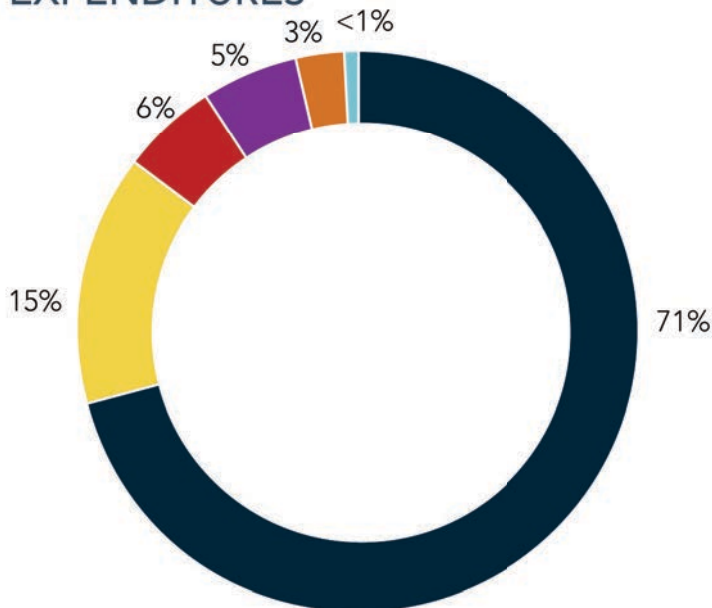


- ME Dept. of Economic and Community Development \$793,360
- U.S. Small Business Administration \$589,667
- Federal Contracts \$223,092
- Host Organizations \$131,510
- University of Southern Maine \$120,991
- State Contracts \$72,638
- Community Development Block Grant \$62,500
- Nonprofit Contracts, Program Income, Misc. \$20,395

TOTAL: \$2,014,153

-Excludes USM cost share and in-kind \$129,243
-Various project years adjusted to calendar year

EXPENDITURES



- Personnel \$1,438,508
- Indirect Costs \$292,261
- Operating Expenses \$113,882
- Contracted Program Services \$108,105
- Travel \$57,658
- Equipment & Software \$3,739

TOTAL: \$2,014,153

HIGHLIGHTS OF 2013

ACCREDITATION

Every five years, the Maine SBDC program is subject to a rigorous evaluation to ensure that the high standards set forth by the Association of Small Business Development Centers (ASBDC) are being met.



In June, a team of reviewers traveled to Maine. They visited each Maine SBDC host organization (University of Southern Maine, Androscoggin Valley Council of Governments, Northern Maine Development Commission and CEI) as well as making stops at Maine State Department of Economic and Community Development, Finance Authority of Maine and the Small Business Administration. Traveling over 600 miles, the team met with each Maine SBDC staff member.

Maine SBDC received an excellent report with many good recommendations on program improvements. The team noted the impressive collaborations and partnerships with other small business resources throughout the state, and longevity of the staff within the organization.



MTI PARTNERSHIP

Maine SBDC is pleased to announce a renewed partnership with the Maine Technology Institute (MTI).



MTI helps fund Maine entrepreneurs and companies who engage in technology to develop innovative products and connect them to resources to help them grow profitable enterprises. With shared goals, the Maine SBDC and MTI will help businesses within Maine toward sustainable economic growth.

The partnership will provide Maine SBDC business counselor support to those entrepreneurs looking to access MTI programs and funds as well as assisting current companies in MTI's portfolio.

BLAINE HOUSE FOCUSES ON MICRO-BUSINESS

On August 6th, Maine SBDC State Director, Mark Delisle, was among those invited to a dialogue on the challenges facing micro-businesses (having five or fewer employees) hosted by Governor Paul LePage.



The group of mostly small business owners was invited to discuss issues they are encountering in operating their companies. Concerns included internet connectivity, access to financing and basic business know-how such as marketing.

According to information compiled by Jim McConnon, Professor of Economics at the University of Maine, there

are 133,747 micro-businesses in Maine employing 171,407 people.

"These small enterprises are an economic powerhouse harnessing enormous potential; collaboration and innovation are key to ensuring we deliver the services, resources and expertise they need," said Delisle.

EXCELLENCE IN BUSINESS COUNSELING STATE STAR 2013

Michael Kasputes was recognized by the Association of Small Business Development Centers as Maine's State Star in 2013. Kasputes is a business counselor at the University of Southern Maine in Portland, covering York and Cumberland counties.



In the 11 years that Kasputes has been with the Maine SBDC, he has counseled 1,307 clients, helping to start 57 businesses, create/retain 485 jobs, and generated almost \$16 million in capital.

"Michael was incredibly knowledgeable and helpful!"

"Mike is patient, kind and truly cares about the success of his clients"

VETERANS BUSINESS INITIATIVE

A grant from the SBA's Veterans Assistance and Services Program enabled the Maine SBDC to focus outreach to service members. In its fourth year, the program continued to work closely with Maine's military services provider network.

Maine SBDC assigned Business Counselor Gordon Platt as the key point of contact for the military community. He brings a wealth of knowledge and experience in both military affairs and small business development. Platt serves as a face to the Veterans Business Initiative, bringing a personal connection to Veterans as they explore their options in self-employment.

Platt has participated in more than a dozen briefings, events and stakeholder meetings as part of a coordinated strategy to reach the military community with information on the Maine SBDC.

MAINE'S WORKFORCE AND ECONOMIC FUTURE

Maine's 126th Legislature appointed the Joint Select Committee on Maine's Workforce and Economic Future with the charge to examine both workforce issues and the challenges facing Maine's entrepreneurs and small businesses. Maine SBDC has provided materials and testimony to the committee on several occasions.

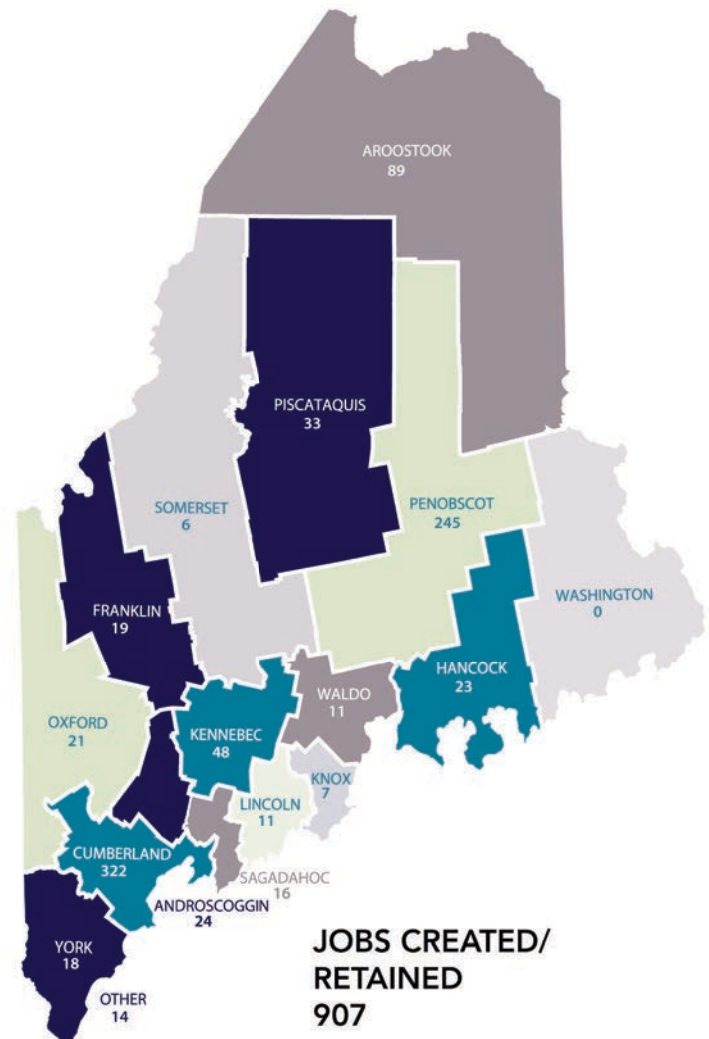
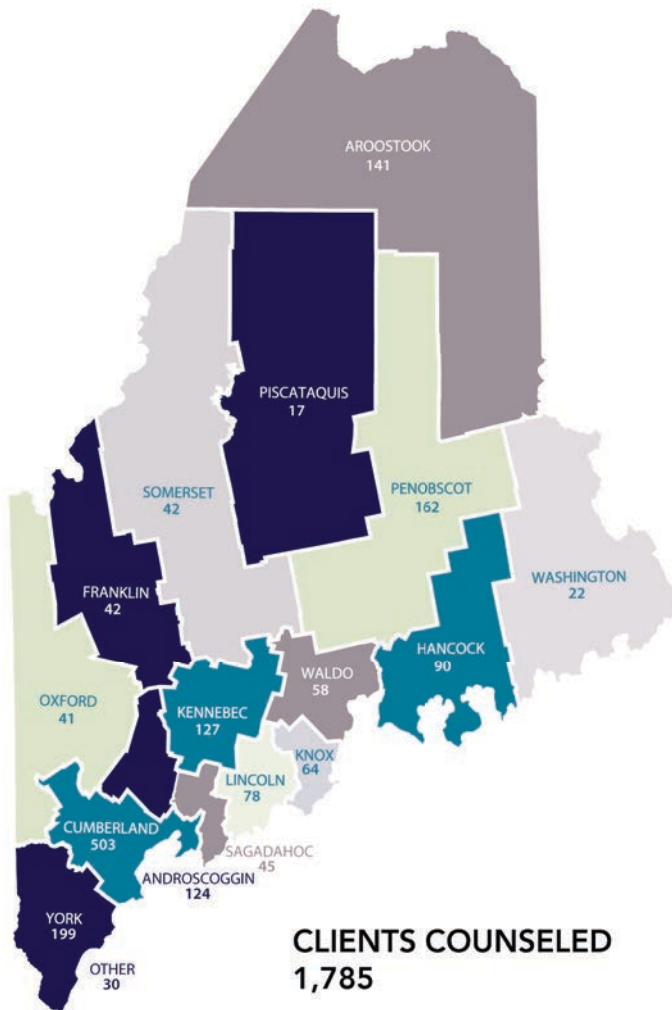


On November 7th, the new SBA Regional Administrator, Seth Goodall, spoke eloquently in support of the business counseling the Maine SBDC provides as a resource to businesses. In this same meeting, three of four business owners on a panel had connections with the Maine SBDC – again, all positive and encouraging.

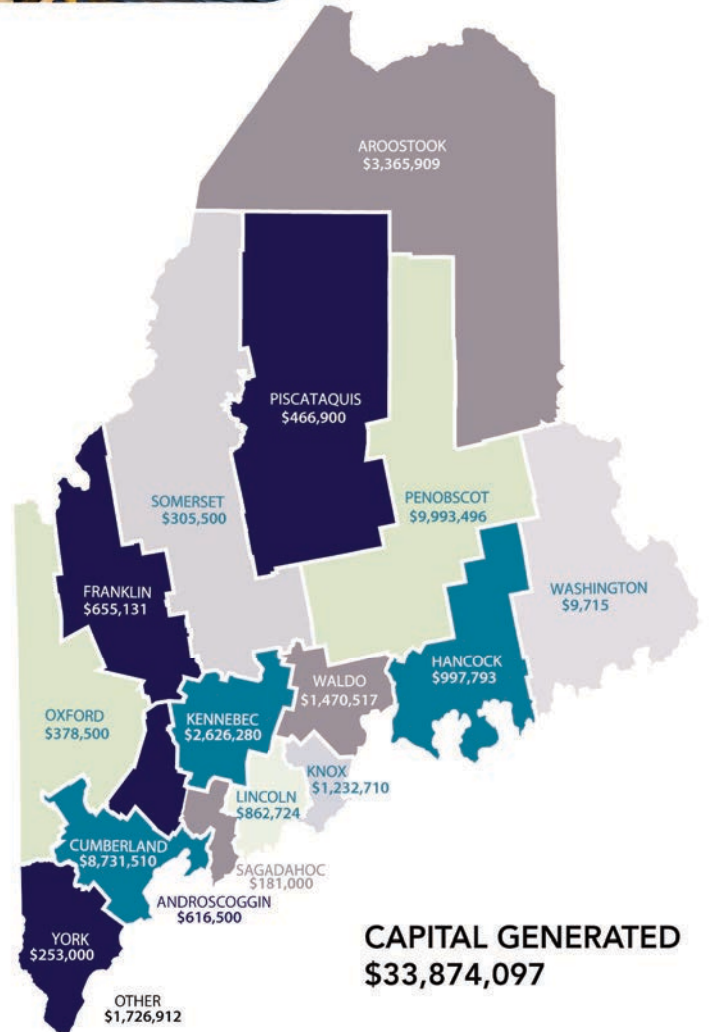
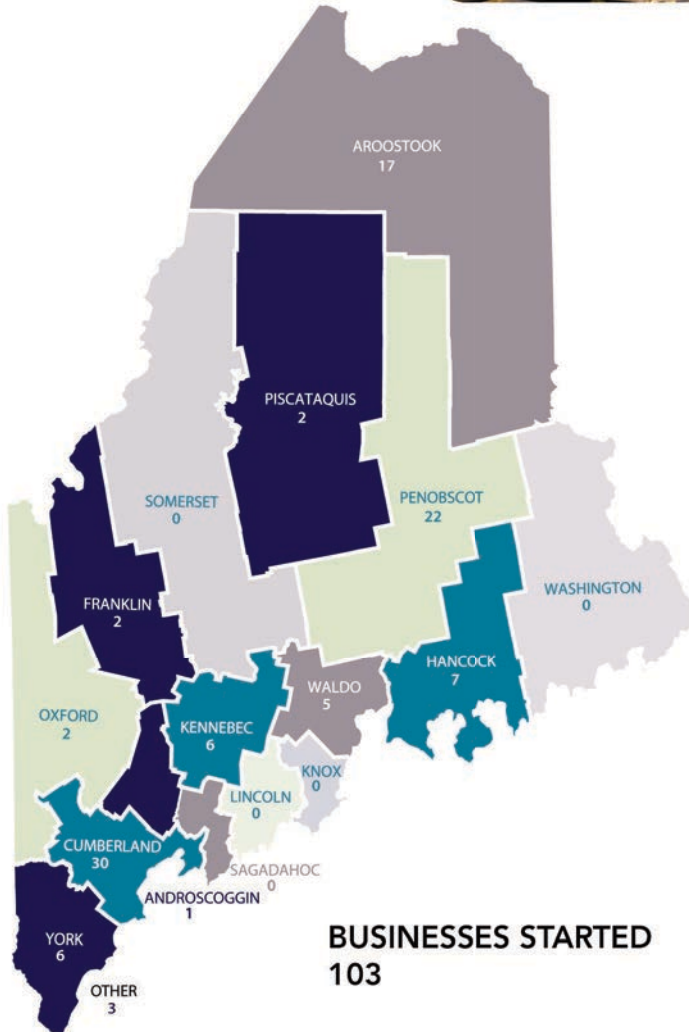
We look forward to continuing our work with the committee in 2014.

1,785 CLIENTS COUNSELED

KNOWLEDGE, EXPERIENCE AND COMMITMENT help realize the program's measurable impact as well as its intangible outcomes. These results ultimately define the Maine SBDC as they embolden its commitment to serve Maine and contribute to its economic growth and prosperity.



OTHER: OUT-OF-STATE, EXPANDING OR RELOCATING TO MAINE

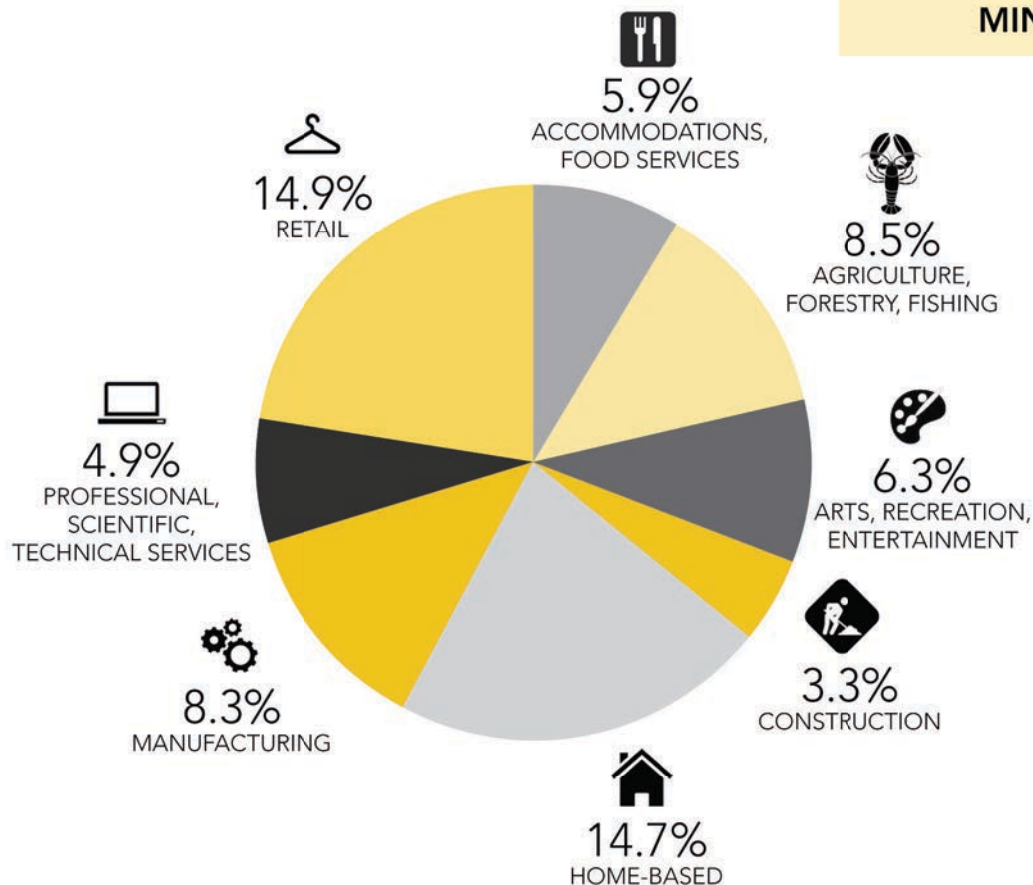


CLIENT COMPOSITION

WOMEN 44.1%

VETERAN 10.8%

MINORITY 4.6%



TRAINING AND WORKSHOPS

Online workshops at www.mainesbdc.org 596 Participants

83 workshops/seminars 1132 Participants

1,728 TOTAL PARTICIPANTS

CLIENT PROFILES



KMH MUSIC

PRESQUE ISLE

BUSINESS COUNSELOR: Rod Thompson,
Northern Maine Development Commission,
Caribou

IN BUSINESS: 1.5 years

CLIENT SINCE: 2012

INDUSTRY: Retail



Chris Morton knows about tempo, pitch and tone, but when it came time to build a business plan to purchase a music store in Presque Isle, he knew he had to find help. That person was Rod Thompson, his Maine SBDC business counselor.

Thompson worked with Morton over four months, focusing on the business plan, cash-flow analysis and market research. Together, the pair found a location and worked on the product mix and price points. All of this helped Morton approach banks and secure funding. In March of 2013, Morton opened the doors to KMH Music, located on Main Street in Presque Isle, offering sales/service of musical instruments and music lessons.

"Without your help, this would have not happened."





PEAPOD JEWELRY

EDGECOMB

BUSINESS COUNSELOR: Brad Swanson, CEI, Bath

IN BUSINESS: 20+ years

CLIENT SINCE: 2001

INDUSTRY: Manufacturing, Retail

Ronna Lugosch relies on the counsel of Brad Swanson, her Maine SBDC business counselor, when making critical, strategic business

decisions that require sorting through a myriad of ideas. She has counted on this advice for over a decade and has nurtured her business acumen with each passing phase.

A hallmark in her business approach is listening and learning from her customers. For 11 years her gallery and workshop were located near Round Pond Village in the town of Bristol. Called Natural Expressions, her sterling and gold designs included a mix of peapod designs and other natural forms, but the realization that her peapod designs were what people remembered and returned for, led her to refocus, realign and rebrand the business.

With a new name and focus, Lugosch knew she was on to something that had broad appeal and would flourish in a more prominent location. At first she planned to open a second location. The idea was exciting, but Swanson helped her realize that as a hands-on manager who cherishes the customer experience, this was not an option. "Brad was right," she recalls. In June of 2011, she moved the company to a new location on Route 1 in Edgecomb. In two years, the company's sales have doubled and she has added 2 employees.

Lugosch will continue to seek the advice of Swanson as she plans for further growth.

"Brad is terrific"

SOUTH STREET LINEN

PORTLAND

BUSINESS COUNSELOR: Michael Kaspates,
University of Southern Maine, Portland

IN BUSINESS: 3 years

CLIENT SINCE: 2013

INDUSTRY: Manufacturing, Retail

Jane Ryan, and her business partners Mary Ruth Hedstrom and Lynn Krauss, first met with Maine SBDC business counselor Mike Kaspates, in January of 2013. All three partners are accomplished artists with diverse prior careers in psychotherapy and interior design. In February 2011, the women started their business - the design, manufacture, and retail of a select line of women's linen clothing.

The clients' first visit focused on challenges they were having with growth. Discussions over the next four months included: inventory controls, consignment sales, manufacturing, pricing models, local out-source production options, marketing plans/budgets and first employee hiring process. During this time the refinement to their marketing plan produced a jump in customer orders in excess of \$15,000 in just 2 weeks. Their growth stimulated an offer of a substantial line of credit from their lender, which they brought to Kaspates for discussion and consideration, along with the pros and cons of additional owner equity financing for their inventory and marketing needs.

By the end of the year, sales and gross margin percentage were up substantially over the previous year. Net profits for the year exceed projections. Growth is forecasted in the coming year as a result of a measured implementation of their marketing program into new regional markets. The artists are enjoying the business' success and look forward to a prosperous 2014.

"Our commitment to the re-emerging textile community in Maine means we keep our manufacturing local. We consider ourselves part of the growing 'slow fashion' movement, where quality and enduring design in small batches takes precedence over mass production."





SPRQ FITNESS

SABATTUS/POLAND

BUSINESS COUNSELOR: Larry Giroux,
Androscoggin Valley Council of
Governments, Auburn

IN BUSINESS: 3 years

CLIENT SINCE: 2010

INDUSTRY: Arts, Entertainment, and
Recreation

In early 2010, Kelli Gilzow came in to see
a Maine SBDC business counselor looking

to start a fitness studio in Sabattus. After working with her business counselor on her business plan and cash flow projections, Gilzow was able to secure the financing she needed through alternative sources and SPRQ Studio was started in June 2010. After only a year in business, she looked to her business counselor to help her secure the financing necessary to move SPRQ Fitness to a new, larger location. Through the next few years, Gilzow continued to seek advice from Maine SBDC business counselors in areas such as bookkeeping, marketing and business expansion. Most recently, Gilzow has worked with business counselor, Larry Giroux, who has helped her cut costs and improve energy consumption.

In late 2013, Gilzow was presented with an opportunity to expand. Gilzow and Giroux worked to crunch numbers and re-work her cash flow to find ways to make the new location a reality. In January 2014, Gilzow opened her second studio in Poland. In just the first month, Gilzow noted that nearly 20% of her sales were a result of the new location. Gilzow reports huge growth as she continues to expand the number of programs and services she offers including ones targeted to children and seniors in various towns. Gilzow adds, "SPRQ Studio was a dream that came to me - and a solution to my family's need for a full-time mom, part-time hours, and full-time pay! With the support from friends and family, 35 miles away and back to the roots of 'home' - SPRQ Studio came to be!"

"Thanks for everything you do!"



GEOFFREY WARNER STUDIO

STONINGTON

BUSINESS COUNSELOR: Tom Gallant, CEI,
Bangor

IN BUSINESS: 20+ years

CLIENT SINCE: 2011

INDUSTRY: Manufacturing



Geoffrey Warner has spent over two years and 50+ hours working with his business counselor, Tom Gallant. With input from his chiropractor, Warner developed the Owl, an ergonomic stool that relieves back pain, allowing the body to sit comfortably in healthy alignment for hours. His stools were selling well, but expanding distribution channels and profit margins were challenging so Warner sought advice from Maine SBDC.

Gallant helped the client understand the limitations of his existing distribution system, making it clear that in order to be profitable he would need to tap into larger markets and develop a wholesale system. Gallant shared some of his contacts and helped Warner create a series of milestones. Together, they revised his pricing structure and developed various models for distribution.

A consult with Gallant's dentist provided several suggestions and, after making modifications, Warner sent the stool to be ergonomically tested and subsequently certified, with the help of a grant he received from the Maine Technology Institute (MTI).

In their ongoing relationship, Gallant supports Warner in honing his sales pitch and building a strong list of expert advisors as he prepares to approach national and international investors.

Warner reports that in each of the last three years Owl stool sales have doubled.

"By consulting with Tom, I have gained motivation, clarity and confidence for moving forward with a healthy plan..."



BRIBURN, LLC

PORTLAND

BUSINESS COUNSELOR: Steve Lovejoy,
University of Southern Maine, Portland

IN BUSINESS: 1 year

CLIENT SINCE: 2012

INDUSTRY: Professional Services

When Christopher Briley and Harry Hepburn IV got together they each brought a passion for architecture, especially for designing energy efficient and livable spaces for both residential and commercial projects. They characterize their philosophy as "Architecture for Life". Working with Maine SBDC business counselor Steve Lovejoy, they created a plan that helped them start BRIBURN LLC., a new architectural firm based in Portland that focuses on designing homes that range from small residential homes in rural towns, to homes on the ocean with incredible ocean views, and commercial buildings that offer beautiful and functional spaces that also offer energy efficiency, and long term savings to their clients.

Briley and Hepburn, already accredited architects, brought their passion and vision for energy efficient designs to their firm. In their first year, they have built a client base and have already expanded their firm with the hiring of another professional accredited designer to meet the growing demand for designs on the leading edge of architectural trends. Based in Portland, their work has already received recognition and has been featured on the cover of New Hampshire Home magazine as well as in Maine Home + Design magazine.

As professional architects, they recognized the value of working with a professional in business planning and turned to the Maine Small Business Development Centers to help them clarify their plans and make sure that they were positioned for success.

"The idea of starting a new business was daunting, however the Maine SBDC helped guide us to develop a business plan and budget that allowed us to focus on our mission to create innovative, energy efficient, green solutions for residential, commercial, institutional and civic projects that artfully reflect our clients' needs and interests."



QUALITY SAW & SUPPLY, LLC

WEST ENFIELD

BUSINESS COUNSELOR: Tom Gallant, CEI, Bangor

IN BUSINESS: 5 years

CLIENT SINCE: 2008

INDUSTRY: Retail



In 2008, Michael Brasslett, owner of Quality Saw & Supply, was sent to Business Counselor Tom Gallant by his banker. Specializing in the repair of saw blades and catering to Maine, New Hampshire and Vermont, Quality Saw was struggling financially – sawmills were closing, sales were down, business was slow, debts were mounting up and there was no cash. Four employees relied on him, and his business.

Gallant and Brasslett worked to develop new markets. He needed to transform his business from a service shop into a service and sales shop. Brasslett needed to learn how to sell more effectively, prepare proper financial statements and manage employees.

With the help of his business counselor, Brasslett successfully turned his business around. The lender was so impressed with Brasslett's progress, they agreed to provide working capital and a loan to purchase the building he was presently leasing.

Gallant has worked with them every step of the way. Today, the business now employs 10 people. In addition, Brasslett and his fiancée have opened two new businesses - Friends Gun, Pawn and Tackle, a gun and fishing retail store, and the West Enfield Event Center, which will hold events, banquets, and other functions.

The Maine SBDC has been an integral part of his past and will continue to work with him in the future.

"If our banker hadn't so strongly suggested that he work with Tom, we wouldn't be in business today. In fact, we probably would have been forced to move out of state."





AUGUSTA

Maine SBDC/CEI
Finance Authority of Maine
5 Community Drive
Augusta, ME 04332-0949
207-620-3521

BANGOR

Maine SBDC/CEI
One Cumberland Place - Suite 302
Bangor, ME 04401
207-942-1744

CARIBOU

Maine SBDC/Northern Maine
Development Commission
11 West Presque Isle Road
Caribou, ME 04736
207-498-8736

ELLSWORTH

Maine SBDC/CEI
210 Main Street - Suite 7
Ellsworth, ME 04605
207-664-2990

FAIRFIELD

Maine SBDC/CEI
Kennebec Valley Council of Governments
17 Main Street
Fairfield, ME 04937
207-453-4258 x215

LEWISTON/AUBURN

Maine SBDC/Androscoggin Valley Council
of Governments
125 Manley Road
Auburn, ME 04210
207-783-9186

PORTLAND

Maine SBDC/University of Southern Maine
501 Forest Avenue
PO Box 9300
Portland, ME 04104-9300
207-780-4949

SPRINGVALE/SANFORD

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21 Bradeen Street - Suite 304
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207-324-0316 x19

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