

celebrating 20 YEARS

of Helping Entrepreneurs Succeed
University of North Dakota's SBDC



Every Business Day

Ten entrepreneurs, on average, come to the SBDC every day for business advice and training—this represents an increase of **125 percent** from 3 years ago. Overwhelmingly, our clients rate us highly on multiple satisfaction dimensions, with over 95 percent saying they would recommend the SBDC to others. The most popular assistance with pre-venture clients is start up information, while existing businesses say they would like additional marketing assistance after financial issues are addressed.



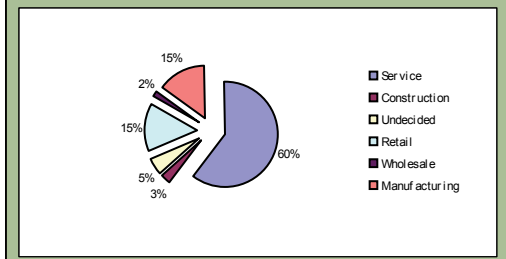
www.ndsbdc.org

	2005	2004
Unique website visitors	31,524	10,117
Downloaded pages/files	3,031	195
Online Training Attendees	181	89

A growing number of users research small business information using the SBDC website.

45 percent of website users responding to an online survey identified Retail Industry as their main entrepreneurial interest.

The Service Industry continues to represent the greatest entrepreneurial interest for both start ups and existing businesses. The SBDC is now offering more start up classes in more centers to serve those interested in starting a business.



The College of Business and Public Administration (CoBPA) is proud to be associated with the SBDC, as it provides vital outreach and resources to stimulate economic development across North Dakota. UND is committed to bringing together all types of resources; federal, state, regional, and local, for the true benefit of North Dakota entrepreneurs and small business owners. This annual report is a testament to what happens when partnerships—like the College of Business and Public Administration, SBDC, U.S. Small Business Administration, and the North Dakota Department of Commerce work in unison towards a better future in North Dakota.

*Dr. Dennis Elbert, Dean
University of North Dakota*

U.S. Small Business Administration



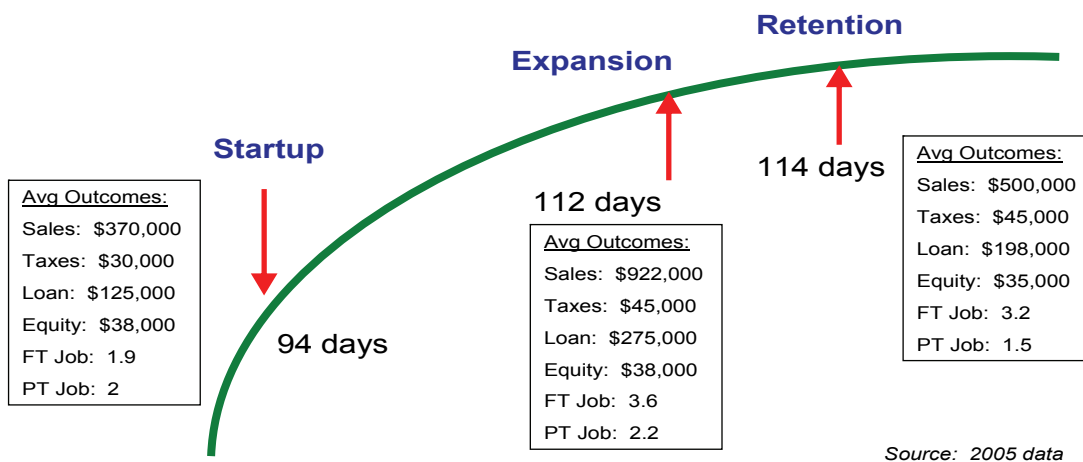
Funded in part through a cooperative agreement with the U.S. SBA. All opinions, conclusions, or recommendations expressed are those of the author's and do not necessarily reflect the views of the SBA.

The SBA is proud to have a close and valued working relationship with the North Dakota Small Business Development Center; its host, the University of North Dakota; and funding partners including the North Dakota Department of Commerce. Together, we are able to reach all areas of the state. Alliances with the Manufacturing Extension Partnership, Regional Councils, Colleges and Universities, and Tribal entities help to diversify the types of services and the delivery of these services in the state. Through an effective system that tracks the SBDC effort to real and measurable impact, we are able to deliver a meaningful service efficiently employing federal, state, and local funds.

James Stai, District Director

Strength in Numbers . . .

About 25 percent of the SBDC clients attain a measurable outcome, such as starting, expanding, or retaining their business (223 in 2005). In terms of timeframe, **Startups** can open their doors an average of 94 days after their first meeting with an SBDC advisor. **Expansion** projects achieved average new sales of \$922k, and obtained an average loan of \$275k, while creating the greatest average number of jobs. Turnaround plans implemented by **Retention** projects were accepted by lenders with less equity than startups or expansions, demonstrating one aspect of the efforts undertaken locally to work with existing small businesses through difficult periods.



The growth in demand and use of SBDC services is a real testament to the value of their programs and technical assistance. With 13 offices throughout the state, the SBDC serves as a main contact point for the Department of Commerce in many of our rural and urban areas. Our partnership with SBDC is a vital component of the state's overall economic development services, and we appreciate the way in which the SBDC delivers quality, responsive programs to existing and potential businesses throughout North Dakota.

*Shane Goettle, Commissioner
ND Department of Commerce*



Working with the SBDC Regional Directors and Business Consultants keeps getting better and better every year! Many businesses applying for a loan through Dakota CDC have received very beneficial assistance from the SBDCs in all parts of North Dakota. The excellent quality of business plans and financial projections submitted by clients assisted by the SBDCs has helped

them receive sincere attention from lenders.

*Toby Sticka, President
Dakota CDC*

The SBDC and Bank of North Dakota know small businesses have special financing needs. The development center's knowledge of BND programs helps the customer with business planning. BND's partnership with SBDC and their clients allows us to create the best financial package to meet customer needs.

*Eric Hardmeyer, President
Bank of North Dakota*

Start Up Business Success

	2005	2004
SBDC's Beginning Entrepreneurs enjoyed:		
28 percent increase in dollars obtained and invested in commercial assets and working capital	\$24.5 million	\$19.1 million
72 percent increase in projected 'next year' new sales	\$54.1 million	\$31.4 million
Which Resulted in:		
30 percent increase in estimated tax contributions	\$3.2 million	\$2.4 million
And new FTE jobs created	350	357

Zorells Jewelry: Creating An Experience



BISMARCK—A many-year dream of co-owners Tim Ell and Keith Zhorela, Zorells Jewelry, Inc. officially opened for business August 1, 2005, their grand opening taking place September 1. “We wanted Zorells to be comfortable, like walking into your living room—to us, everyone is family that comes in here. Besides, it’s a family operation,” says Keith Zhorela of Zorells Jewelry.

But their dream wasn’t realized overnight and took years of preparation, finding the ideal location, and finally, talking to Dakota Community Bank about financing. *“Our bank referred us to the Small Business Development Center. We wished we would have known about Nancy before we started all this as we could have used the help.”*

Thankful for all the SBDC has done for them, Ell and Zhorela said Nancy Krogen-Abel, director of the Bismarck SBDC center, helped them visualize their direction, put their information into charts, and prepare the financial documentation they needed to secure the financing that transformed Zorells from concept to reality. *“She (Krogen-Abel) made sure we were not set up to fail.”* said Zhorela.

Existing Business Results

	2005	2004
SBDC's Existing Business clients achieved:		
41 percent increase in dollars obtained and invested in commercial assets and working capital	\$29.7 million	\$21.0 million
70 percent increase in projected 'next year' sales	\$78.4 million	\$46.1 million
Which Resulted in:		
48 percent increase in estimated tax contributions	\$4.3 million	\$2.9 million
49 percent increase in FTE jobs	546	366

Dakota Brands International: Taking it to the Next Level

JAMESTOWN — Owner Don Kerr, Dakota Brands International, realized that it was time to consider expanding his business. Dakota Brands produces prepared bagels and dough products for the food service industry, and the company had discovered new opportunities to increase sales.



However, these sales could not be achieved without making more efficient use of processing time, increasing productivity and lowering costs.

Dick Earle, general manager, worked closely with Jim Lees, business consultant with the Jamestown SBDC center, who assisted Dakota Brands in effectively developing a concise message that presented the ideas for improving efficiencies and expanding sales, along with orchestrating funding sources from a local bank, state fund, local loan fund, and the local utility to support the business expansion.

Kerr's advice for others, *"I would encourage any business owner who is contemplating expansion or business development to use the resources available at the SBDC. You will find that they are able to effectively guide you as you develop your business plan and expansion strategy."*

Business Success

Comments from SBDC Clients:

"I had never heard of the SBDC until two years ago. It is one of the best kept secrets in the state. That is unfortunate, because I found out during our period of development, this agency is one that really works for its clients. Some departments give you a lot of lip service; this group of people back up what they say. How refreshing! On behalf of Jackalope Conversations and our community, I want to thank you for supporting the SBDC. They are a great group and they have earned this accolade."

*Jim Savaloja
President
Jackalope Conversations*

"Kevin and I are VERY pleased with the help we've been given. The questions we have had and the answers we have been given in a timely manner were much appreciated and helpful in buying the store. Without your help, it would have been hard to get this deal done! Thanks a million!"

*Kevin/Deanna Hager
D&K Grocery*

"We have a solid relationship with the Williston SBDC. Working together, the bank and the SBDC help the customer polish their skills in plan development, financial projections, and budgeting. The bank has more confidence in the customer's success when we know they are working with the SBDC."

*James Bervig
American State Bank & Trust*

La Playa Restaurant: A Daily Fiesta!



BEACH —In the western border town of Beach exists a special Mexican restaurant – La Playa. The owners, Natalie Muruato and her husband Gustavo, relocated from Las Vegas, after researching several communities. Beach offered these entrepreneurs a great business environment, plus inexpensive housing.

Looking back, Muruato said, "This was the hardest thing I've ever done in my life." She needed financing to get started, but no bank seemed willing to lend her funds. After being frustrated with the start up process, she met Ronald Newman, regional director of the SBDC in Dickinson, and today she says, "I wouldn't be here without him."

Newman's expertise with business operations and the restaurant industry were put to good use, not to mention his knowledge of lesser-known funding sources. Muruato credits the Bank of North Dakota's *Beginning Entrepreneur* loan program with being the magic touch needed to convince the local banker to accept her business proposal. Muruato's future plans are to keep growing her business and possibly expand with more locations someday.

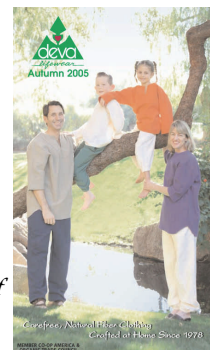
The last year has been a real learning experience for Muruato, and she recommends that other entrepreneurs work with the SBDC program. "I feel I can ask Ron about any questions or problems I may be having" she said. "He has a lot of suggestions, but ultimately, leaves the decision up to me."

deva Lifewear: A Natural Fit

WESTHOPE- In the aftermath of the Sept. 11, 2001 attacks in New York City, deva Lifewear's catalog business from the east coast dropped, requiring new options for expanding its customer base. Seeking help and ideas, owner Lori Berentson was referred to Mary Beth Votava at the Minot SBDC.

"Mary Beth assisted us with preparing a performance balance sheet and a projection over the next few years of what we hoped will happen with the company," Berentson said. "We also needed to expand our customer base and Mary Beth helped us buy lists of names of potential customers to whom we could send catalogs."

In the time since Berentson first sought assistance, she says deva Lifewear has received many orders from new customers. "We probably won't know how much our customer base has expanded for another five years," she said. Much of our growth depends on whether the new customers become repeat clients." And repeat clientele, for the family-owned, community-focused company with a 25-plus year track record of providing quality, natural clothing, is an attainable goal.



And More Business Success

Northwood Mills Ground Breaking



NORTHWOOD-Founders and partners, Paul Sproule and Clarence Leschied had a vision for rural Northwood – to create a business that would add value to the high quality soybeans harvested in northeastern counties. And they accomplished just that. As of last September, the project began breaking

ground and Northwood Mills is developing into a soybean crushing plant that processes soybeans into meal and oil, with hulls as a byproduct. All three are used for livestock feed.

Leschied reflected on this experience. *“Starting a new million-dollar business in a new region is a big undertaking. Putting the business plan together, locating in a community, discovering the support programs necessary to move it ahead, and securing the financing from a bank are all daunting tasks,”* he said. *“The SBDC skillfully orchestrated the meetings with government agencies to come up with a comprehensive package to present to American Federal Bank and the Bank of North Dakota. The involvement of the SBDC allowed us to spend our time pursuing the markets, engineering and capital needed to complete the business endeavor. Now that the business foundations have been laid, a successful commercial venture can move ahead in construction.”*

Anderson~Nelson Funeral Home

MOHALL- Jeff Brose, turning from funeral director to business owner, seized an opportunity which arose. He purchased the Anderson-Nelson Funeral Home in Mohall which has been in the community since 1945. *“I didn’t plan on owning my own place. The technical side is my first love, but this was a way for me to pursue my ideas,”* he said.



Brose said his ideas of personalized flyers, memorial candles, and providing video tributes to families was simply a matter of following the trends. He added that owning his own business allows him to concentrate on the things that matter most at the loss of a loved one. *“You’re only limited by your imagination,”* Brose said. *“You have to know what is new, what will work and what might not. We will always keep trying to please our clients. We are open to trying any new ideas.”*

Celebrating his one year anniversary, Brose said he has been able to look back and see how beneficial it was to have someone with the Small Business Development Center working with him. *“The SBDC was a sounding board in such a big way,”* Brose says. *“In a sense, the seller is looking out for their best interest and SBDC was looking out for mine. They run the numbers; they know the financial aspects a lot better than I do. SBDC’s Mary Beth Votava was able to look things over and we were able to move forward with the decision.”* His advice for others: *“With a business, it’s always a crapshoot, but SBDC helps you to make it work more smoothly.”*

Comments from SBDC Partners:

“I really enjoyed working with the SBDC. Their financial analysis and projections aided Choice Financial in its loan package and as the numbers for the project changed daily, they were able to make the changes and have it to me the same day. Working with the SBDC made my job easier and I received many great compliments from the customers about the SBDC’s involvement.”

*Chris Johnson
Business Banking Officer
Choice Financial Group*

“The SBDC program in Jamestown is a partnership that is irreplaceable as far as we are concerned. Their expertise in business planning and counseling as well as training is first class. We could not get the job done as efficiently and effectively without them. Job development in our area would suffer a huge loss without the SBDC.”

*Connie Ova, CEO
Jamestown/Stutsman
Development Corporation*

“My experience with the SBDC has been all positive. The SBDC has been very helpful in assisting new business owners put together initial loan applications and they have also done a good job helping customers through the SBA 504 process.”

*Warren Hilde
State Bank & Trust*

And More Business Success

Comments from Clients working in partnership with SBDC and MEP:

"As the owner of MAC, Inc., I would like to thank C.L. Melenzyer with MEP and Mary Beth Votava with SBDC for assisting with their expertise and professionalism. A week was invested working with management and employees of our company to improve the quality and speed up production time of our heaters. A value stream map was developed that we are using as a guide to increase production and as of today, the quality and production are noticeably on the increase. Financial and business plans were also developed to show current and projected costs of sales. This plan will be used to help project growth for the future and has been of great value to us."

*Paul Christianson
President
Mac, Inc.*

The representatives we worked with were professional and knowledgeable. They gave us intuitive and meaningful feedback. We are in the process of implementing many of their suggestions in order to improve various aspects of the business. Going through this process also assisted us in understanding our own strengths and weaknesses better."

*Michael Robb
President
King Coal Furnace*

*The Dakota
MANUFACTURING
EXTENSION PARTNERSHIP Inc.*

Edward Wilkie: Making History



BELCOURT — Edward Wilkie made history on Sept. 2, 2005. Wilkie was awarded the first Trickle Up Program grant issued through the Belcourt SBDC. Wilkie used the funds to start his lawn care business.

"Thank you for all of your help," Wilkie said to SBDC consultant Betty Hamley when he accepted the grant.

Tribal Chairman Davis noted that Wilkie had completed his own business plan, which is one of the requirements of the grant. The SBDC office had provided guidance through the process. What does the grant mean to Wilkie? "More cash to work with," he said, particularly for purchasing necessary equipment. He said that this business will enable him to do what he wants to do: work in the outdoors in a healthy environment. He said it will also allow his sons to work with him as the business grows.

Founded in 1979, the Trickle Up Program is an international non-profit organization dedicated to helping the lowest income people worldwide by providing conditional seed capital, business training and relevant support services essential to the launch of a micro-enterprise. The ND SBDC is a coordinator of this program, bringing thousands of grants dollars to entrepreneurs each year.

Creative Destiny: An Inspiration!

GRAFTON—Inspired by a working gallery in Naples, Fla., artist Erin Gillie now owns her own gallery in downtown Grafton. Creative Destiny Art Center provides Gillie with a studio in which she can spread her wings, while also providing retail sales, art classes and open studio time for other area artists.



Having first cultivated a following of aspiring artists through her community education classes at North Valley Career and Technology Center, Gillie is offering a wide assortment of adult and student art classes in her studio. Registration for the classes is going well, particularly for the more common classes of pottery and fused glass. Gillie has developed a self-imposed schedule for working on each area of the artwork during different times of the week in her working gallery. You might even catch a glimpse of her demonstrations right on Hill Avenue in downtown Grafton during warm weather. She hopes that this will provide the public a better understanding of the other forms of her artwork.

Gillie worked through her financial projections with Dawn Keeley, Small Business Development Center, which was a key to a successful loan application with Choice Financial of Grafton. "I was very impressed with the speed of the financing - it was all wrapped up in less than a week!" Gillie said.

And Even More . . .

Gartner Financial Network



FARGO— For Judy Gartner, who has always wanted to expand her business, Gartner Financial Network Inc., each day is filled with new obstacles to overcome and new skills to acquire. The decision to expand her business out of her home and into an office building has always been part of Gartner’s plan and it is now a reality.

In 1987, Gartner decided she would venture into business for herself. The next few decades were not all smooth sailing. “As a female, single parent, who had her own business, I wasn’t what the banks thought of as “solid investment”” she said.

Gartner attended several courses hosted by SBDC and worked with the SBDC office in Fargo. Gartner believes what made the SBDC such an asset was her advisor’s ability to illustrate the strengths and weakness of a business plan, “*She made it realistic and told me what would and wouldn’t work*”, she said.

The SBDC also gave Gartner tips on what to say when she in conversations with the banks. Gartner received a loan from the Lake Agassiz Regional Council and used the money to buy another agent’s business and to rent office space. She has also been learning how to delegate since hiring her first employee.

Education Station: Making the Grade

JAMESTOWN—The red brick building near the corner of Sixth Avenue and Second Street in Jamestown is home to the Education Station. Owned by Shelley Mansavage, a former teacher, the business sells school supplies.

“I used to shop at this kind of store when I was teaching,” she said. Her background guided her in stocking the store with great educational materials; everything from books to educational toys and games.

“We sell educational supplies for teachers, but we also have things for parents and grandparents,” Erin Fox, manager of Education Station, said. Even daycare providers and home schoolers are seeking out the store’s unique items.

She had been thinking about the business for five years, and it was a matter of having everything come together. “*My business would never have become a reality without the help of Jim Lees and the Jamestown SBDC,*” Mansavage said. “*They helped me extensively with my business plan and I also attended workshops set up to assist entrepreneurs and business owners.*”



Comments from SBDC Partners:

“The Dickinson SBDC provides professional level guidance, counseling, and education to people with new business ideas and helping existing businesses being efficient, thus improving the bottom line. The SBDC is having a positive impact on the economy in southwest ND”

*Rich Wardner
Executive Director
Dickinson Chamber*

“SBDC has streamlined the process for developing our rural area. The northeast centers have always been there to provide assistance vital to expanding our local economies. They make it look easy—it’s not! After a visit to the SBDC, the client’s best foot is always forward.”

*Tom Trenbeath
City Administrator
City of Cavalier*

“If you’re in business, you are going to have problems. The SBDC is there to help you find solutions when you are not sure how to proceed.”

*Tom Rolstad
Executive Director
Williston Economic
Development
Partnership*

“Mary Beth Votava of the SBDC is a great assistance to small businesses (potential or existing). She assists customers over the greatest hurdles of development and projections and preparation of a business plan.

*Michelle Peterson
V.P.—Lending
Minot Town & Country
Credit Union*

And Even More . . .

NDSBDC Locations:

Belcourt:

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barbnpc@gondtc.com

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Williston:

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keith.r.olson@wsc.nodak.edu

Two Blondes: Trendsetting



WILLISTON—The real strengths of successful retailers revolve around specialization, differentiation, and finding profitable, defendable and sustainable niches. Two Blondes, a women’s and children’s casual clothing store located on Main Street in Williston, owned and operated by Lana Sagaser and her daughter Angela Rivet, is a great example of a small independent retailer who is making its mark through a personal approach to business.

First, it’s a family-operated business. Sagaser operates the store on a daily basis, Rivet assists with buying inventory and supplier relations, and even their niece helps out as a salesperson. “We really get to know who our customers are and what they are interested in,” Sagaser said. Special orders, gift wrapping, and no-questions-asked refunds are all available to customers.

When asked about how Two Blondes deals with competition, Sagaser said from the beginning, they knew they had to find a niche. She also said she never even considered competing on price. Instead, the owners focus on specializing in unique, high-quality brands such as *Lucky jeans*, *Only USA*, *Trousers Etc.*, *Little Me*, *Kidorable*, and *Little Earth* recycled products. Two Blondes also prides itself on its community spirit, demonstrated through local donations, participating in the annual bridal show, special needs fund raising, and networking. Sagaser advises other small retailers to use the resources available to them by joining trade associations, such as the ND Retailers Association. She also reads trade journals and uses the free services of her local Small Business Development Center.

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Bruce Walker
Caldwell Banker Realty

Many thanks to board members completing their terms: Ken Dukart, Tara Holt, Jim Melland. They have been instrumental in supporting the SBDC since 2002.

The Board welcomes our newest member, Marty Opdahl, American State Bank.