

SMALL BUSINESS DEVELOPMENT CENTER



2006 ANNUAL REPORT

Mission

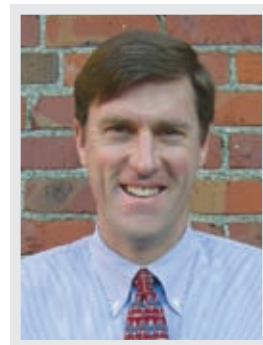
Advancing success in our community through economic development activities and empowering owners and managers with business knowledge and tools

Vision

Driving economic excellence in our community

Letter From the Director

Tom Dorr



Dear Stakeholders:

Our 2006 annual report is a celebration of the synergy and the success of a special partnership that exists in Whatcom County between organizations that fund our activities, the companies that we are privileged to work with and the Small Business Development Center (SBDC).

As you read about our clients' highs and lows of owning a business in this report, please note one of the reasons they are able to be successful is because of our funders' commitment to the expansion and retention of our local businesses. Our services would not be possible without the financial support of the Port of Bellingham, the U.S. Small Business Administration, Western Washington University's College of Business and Economics, the cities of Bellingham, Ferndale, Blaine, Lynden, and Sumas, Whatcom County, the Economic Development Administration, and community donations.

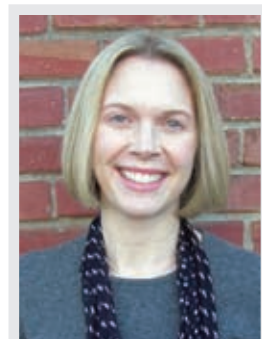
This amazing partnership has served and continues to serve as an important life-line for many businesses in Whatcom County. And this investment in our local businesses and the SBDC is paying dividends and improving our community's vitality.

SBDC advisors helped 376 companies to stay in business or expand in 2006. Those clients, in turn, created or saved over 510 jobs and generated over \$27 million in new capital investment. These impacts benefited all of Whatcom County, not just the business owners who took advantage of our services.

This annual report gives us a chance to acknowledge our partners and honor our clients' successes. It is in working together that we can create something far greater than any of us can do alone. Join us as we celebrate our shared vision and shared accomplishments!

With warm regards,

Tom Dorr
Director



Megan Watt
Business Services Manager and
Certified Business Advisor

Small Business Development Center
119 N. Commercial St.
Suite 195
Bellingham, WA 98225
(360) 733-4014
www.cbe.wvu.edu/sbdc

BUSINESSES EXPAND

"I am so thankful that I contacted the SBDC. My company was losing money, employees were quitting, and the banks were losing patience. I was lost.

With the guidance of Tom Dorr and the SBDC staff, we have tripled sales, saved and even added jobs, and increased our sales volume consistently over the past five years. Our company has been doing so well that because of Tom's support we recently bought a new building and are expanding. The SBDC changed our lives!"

*Don Hale
President
Industrial Supply, Inc.
Bellingham*



"One of the valuable resources provided by the SBDC staff is the review of my website and marketing materials text with honest feedback and commentary. It is easy for an entrepreneur to spend hours – or weeks – at the computer and wind up completely off track. Feedback from an expert in critical thinking and successful business practices is essential."

*Laura Vestanen
Professional Notary
Bellingham*

SBDC Services

Counseling/Technical Assistance

Offering no-cost, one-to-one confidential customized business counseling and technical assistance to businesses in Whatcom County

Utilizing both formal business education and years of practical business experience, each certified business advisor understands what it takes to successfully manage a business in today's competitive world. As a result, our advisors are able to provide real-world business advice in:

- Business plan development
- Marketing plan development
- Cost/financial analysis
- Export assistance
- Access to capital, loan information and finance packaging
- Market research and strategies
- Labor and personnel issue solutions
- Valuing a business for sale or purchase
- Developing personnel policies
- Strategic planning
- Succession planning

Research Center

Providing in-depth research services for SBDC clients

The Research Center works in partnership with SBDC certified business advisors to provide secondary research to help companies plan for the future, adjust to changes in the marketplace and/or identify business problem areas. Research services include:

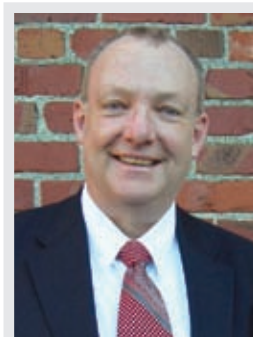
- Local/regional/national demographics
- Financial analysis
- Industry trends and outlooks

Who We Serve

Small-to-medium size businesses (less than 500 employees) doing business in Whatcom County

Cost

The financial support from our funding partners enables us to provide 1:1 confidential business counseling at **no-cost** to businesses.



Kevin Hault
Certified
Business Advisor

Rural Outreach Program

Offering start-up, retention and expansion support to rural communities

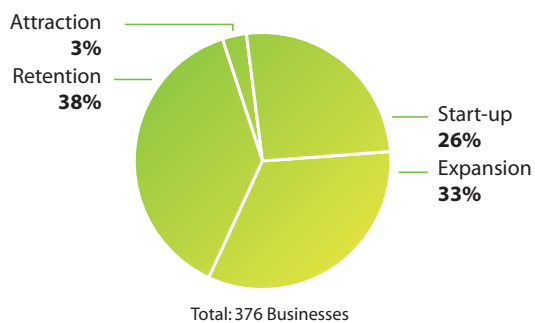
Our certified business advisors travel to the rural communities enabling clients to receive business counseling closer to home. SBDC satellite offices include:

Birch Bay	The Bank of the Pacific
Blaine	Sterling Savings Bank
Everson/Nooksack	The Bank of the Pacific
Ferndale	U.S. Bank and the City Annex
Lynden	Visitor's Center
Mt. Baker Foothills	Deming Library
Point Roberts	Sterling Savings Bank
Sumas	City Hall

Impacting Rural Communities

Rural clients served:	156
Rural jobs saved:	113
Rural jobs created:	161
Total new investments for rural clients:	\$15,621,090

Guiding All Stages Of Business Growth



"I can't say enough good things about the ongoing support K&K Industries has received from the Small Business Development Center in general and Megan Watt in particular! When Ben and I decided to start our business, the very first thing I did was to call the SBDC to schedule an appointment. That was the best decision I've made, and we still meet with Megan regularly. The SBDC has helped and supported us from conception (March 2004) through being named the 2006 Start-Up Business of the Year! Megan's still the first person I call when I have a problem, question or just need to be pointed in the right direction."

*Sandy Keathley
Ben Kinnebrew
K & K Industries
Ferndale*

"2006 has been a challenging yet rewarding year for Northern Meadows Specialty Gifts and Wine. This being our first full year in business there was a lot for us to learn. With the help of the SBDC in Bellingham, I made it through, and with a profit to boot! Sherri helped me with our business plan, budgets and loan applications. Every time I asked for help from the SBDC they were there for me. I owe a great deal to them for their role in making my business a success."

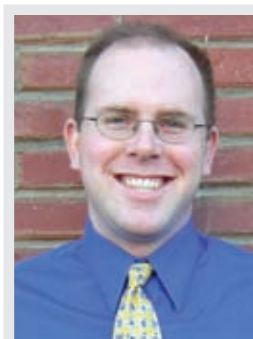
*Christy Lonquist
Northern Meadows
Specialty Gifts and Wine
Blaine*

"We have worked with Tom Dorr and his staff at SBDC for over three years and credit our continued success to their ongoing support. The SBDC offers guidance during planning stages, business growth, and strategic planning to aid with the ups and downs of all our business experiences."

*Cindy Heins
Controller
Parts Warehouse
Lynden*

"The SBDC has provided our business with invaluable consulting and advice that helped me change directions with my personal volunteering and get back to our business. With the help of the SBDC, I have refocused my efforts to improve our business."

*Anthony H. Kelley, CIC
Kelley Insurance Agency & Financial Services, Inc.
Everson*



Brian Morgans
Business Research Analyst

CREATE AND SAVE JOBS

Round Tables

Providing access to peer-to-peer mentorship and support

For five years, the six professionally-facilitated Round Table groups have been organized around industry sectors and have given participants the opportunity to discuss shared challenges and to ask for advice and support in a confidential setting. Over 50 companies participated in our Round Table program in 2006.

Training and Education

Improving the local economy by helping businesses keep up with pertinent business issues

Whatcom Business Conference:

Co-created the largest business education event in Whatcom County for the 9th year in partnership with Whatcom Community College

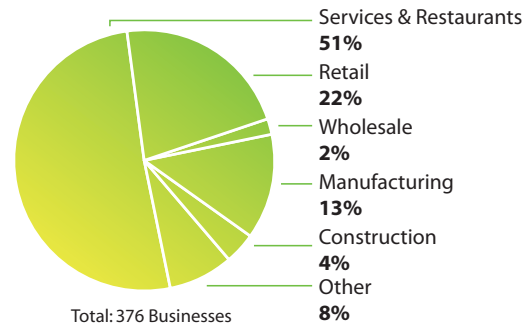
The one-day event encompassed 16 seminars that included marketing, management, and finance issues with over 400 attendees in October 2006. A few of the most popular topics included: networking and communication skills, succeeding as an entrepreneur, finding sources of financing, and finding and keeping the best employees.

Q & A Seminars:

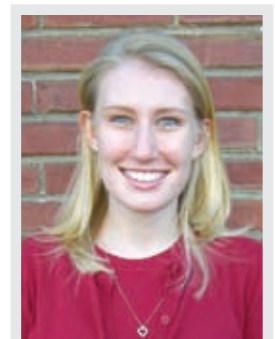
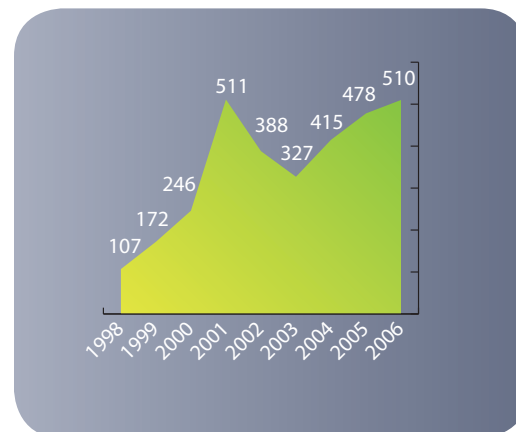
Offered free business sessions about some of the most burning business issues facing start-up businesses

These gatherings were co-sponsored in partnership with the Blaine Chamber of Commerce, Ferndale Chamber of Commerce and SCORE. Attendees were able to ask specific business questions and hear innovative ideas and practical solutions to issues of concern. Overall, the Q & A seminars served as a good introduction to SBDC services for over 100 Whatcom County businesses.

Serving All Sectors Of Our Economy



Saving And Creating Jobs In Whatcom County 1998-2006



Amelia Cook
Business Research Analyst

Participating in Economic Development Activities

Selecting and participating in special projects that support the endeavors of our community and economic development partners with work that has included surveys, business feasibility studies, cost/benefit analysis, and the development of business plans

"The City of Sumas enlisted and partnered with the SBDC and Tom Dorr in 1996 during a major transition time in this town's history. For the last eleven years that partnership has grown and created an attraction, expansion and retention of new and old businesses resulting in jobs being saved and created for our community. This has been our most successful resource that we have tapped into for local economic development."

*Bob Bromley
Mayor
City of Sumas*

Physician Retention Program

Providing ongoing support and business counseling services to physician practices

The SBDC has expanded its services to provide ongoing support and business counseling to existing medical practices through a partnership with Whatcom County's Department of Health and the Whatcom Alliance for Healthcare Access (WAHA). A survey to determine areas of physician shortage that are most critical to health care access was completed by the SBDC in August.

"The Whatcom Alliance for Healthcare Access sees the SBDC as a vital community partner in its work to improve access to health coverage and medical care in Whatcom County. A major Alliance initiative is to retain and recruit the physicians needed to serve our growing community. The SBDC offers business consulting services to local physicians to ensure that physicians maintain a viable practice model in these challenging health care times, and they have worked with the Alliance to recruit critical-needs physicians to this community. The SBDC is an important resource in supporting the health of our community.

*Sue Sharpe
Co-Director
Whatcom Alliance for Healthcare Access*

Native American Entrepreneurial Outreach Program

Assisting Nooksack, Lummi, Swinomish, and Upper Skagit tribes to develop sustainable businesses with the Native American Entrepreneurial Outreach Program

Initial efforts included the recruitment of the six members of the Native American Advisory Board: Perry Adams, Lummi Tribe; Henry Cagey, Lummi Tribe; Patricia Paul, Swinomish Tribe; Mike Rawley, 13th Regional Native Corporation, Alaska; Abby Smith, Nooksack Tribe; and Marilyn Scott, Upper Skagit Tribe.

The SBDC co-sponsored the "Small Business Workshop for Native Americans" with the Northwest American Indian Development, American Indian Procurement and Technical Assistance Center in September.

International Business Assistance Project

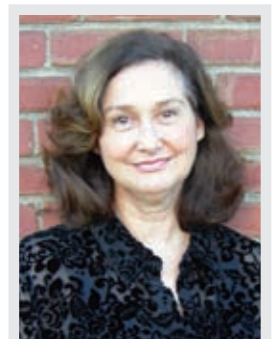
Researching the impacts of cross-border companies with the Border Policy Research Institute at Western Washington University

The SBDC and the College of Business and Economics are undertaking a primary survey with the Center for Economic and Business Research to identify the major impacts that cross-border-owned companies have on local economies. This research will be used to shape economic development policies and strategies, to support these businesses and to overcome impediments to their success.

Community Development Activities to Support Rural Chambers of Commerce

Taking the initiative to help develop a strong infrastructure and community connections for rural chambers of commerce in Northeast Whatcom County

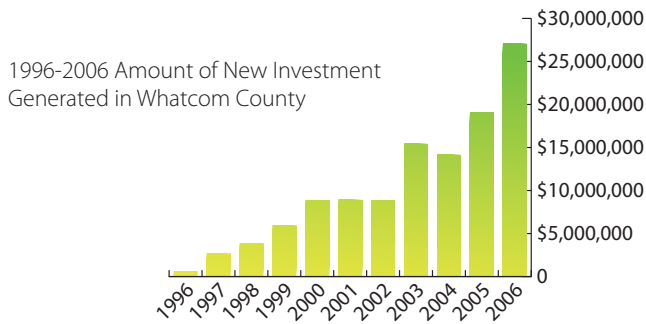
The SBDC received a VISTA (Volunteers in Service to America) grant from Washington Campus Compact to support the hiring of two VISTA community development coordinators. They will assist the Sumas, Everson/Nooksack and Foothills Chambers of Commerce. Efforts will focus on reducing poverty through community development activities, improved connections with the schools, Western Washington University, businesses, and citizens.



Marilyn Grady
Program Assistant

COMMUNITIES THRIVE

Helping Businesses Raise Capital



"New Investment" refers to loans and other business financing obtained by SBDC clients.



"We are well aware of the benefits of using the SBDC. With their help we have just completed an ownership transition which included the securing of SBA bank financing. We relied extensively on their expertise and research capabilities as well as their knowledge and contacts in the community. Simply put, we could not have done this without them.

Tom and the SBDC have helped me personally feel comfortable in stepping up to the leadership position in my company and in developing my own personal style of management. They have not only kept me sane, but have also supported me in a variety of roles including mediator, motivator, educator, and at times, counselor."

*Debbie Gann
Owner
Home Attendant Care
Bellingham*

"The Small Business Development Center at WWU has been a cornerstone of the small and medium-sized business community in Whatcom County for over 20 years. When I review a financing request for a new or growing business that has worked with an associate at the SBDC, I can know with confidence the business owner is well equipped to move forward in a thoughtful and well researched manner.

Likewise, we have referred several established clients to the SBDC over the years for professional hands-on assistance in managing the challenges of growth that impact all businesses. Whidbey Island Bank is pleased to support the SBDC in its on-going mission to serve the business community of Whatcom County."

*Peter Cutbill
Vice President
Regional Commercial Banking Manager
Whidbey Island Bank
Bellingham*



CJ Seitz
Certified Business Advisor

SALUTING SBDC FUNDING PARTNERS FOR 2006

Port of Bellingham	City of Blaine
U.S. Small Business Administration/Washington State University	City of Lynden
Western Washington University's College of Business and Economics	City of Sumas
City of Bellingham	Whatcom County
City of Ferndale	Economic Development Administration
	Washington Campus Compact
	Private donations

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What We Have Achieved

PERFORMANCE IMPACTS SURVEY FOR 2006				
	Rural Whatcom County	City of Bellingham	Total	
			2006	Since 1996
Number of clients counseled	156	220	376	4,222
Job saved/created	274	236	510	3,361
New investments created	\$15,621,090	\$11,451,715	\$27,072,805	\$115,531,999
New investment generated per client	\$100,135	\$52,053		
Number of counseling hours	1,596	1,742	3,338	32,829
Average number of hours per client	10.25	8		
Leveraged impact in 2006			\$40 : \$1	

Providing A Return On Investment Of Over \$40: \$1

We leveraged our financial partner's investment; **for every dollar** of local funding the SBDC received, our clients **generated over 40 new dollars** in new investments for our community.

The printing of this annual report is made possible by:

