

# DRAFT

Norton Sound Economic  
Development Corporation



## NSED Small Business Initiative

### 2011 Application

*This draft version of the 2011 SBI application is provided as guide to help those preparing for the 2012 SBI competition. Please note that the 2012 application may not be identical to this version. However, preparations made following this application should leave a potential applicant well prepared for the 2012 SBI process. The 2012 application should be available in April 2012.*

#### Additional Contact Information:

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## IMPORTANT INFORMATION

### **Applicant Eligibility**

To be eligible, applicants must 18 years of age and qualify as a Norton Sound resident as specified in the NSEDC Norton Sound Residency Requirements, have no outstanding financial liens or judgments against the applicant or the business, and the proposed business concept must directly benefit at least one (1) of NSEDC's fifteen (15) member communities by either expanding or establishing a business. Proposed commercial fishing ventures (i.e. vessels, permits, gear, etc.) will not be considered.

### **Submission Deadline**

Applications and all supporting documentation must be postmarked or received by **July 15, 2011**. Applications postmarked or delivered after July 15, 2011 will not be considered.

### **Review of Proposals**

Complete applications meeting the submission deadline will be reviewed by an independent panel of judges. The first review of applications will be held in August. Finalists will be chosen to advance to the final review that will be held in September. Awards will be announced after the final review.

### **Fax & Email**

Faxed or emailed applications will not be accepted. It is the responsibility of the applicant to ensure that NSEDC receives a signed, original application and all supporting attachments on or before the submission deadline.

### **Preparation Costs**

All costs incurred by the applicant during the application preparation process shall be the sole responsibility of the applicant.

### **Application Clarification, Modification, and Rejection**

NSEDC reserves the right to modify the requirements for completing this application. In the event of modification, all applicants will be given an opportunity to revise and re-submit their application(s) in the specific areas affected. Submission of an application does not obligate NSEDC to fund the proposed business. All decisions relating to this application and the SBI program process shall be made at the sole discretion of NSEDC. All funding decisions shall be made by an independent panel of judges.

### **Business Implementation**

Award recipients must begin implementing the awarded business plan within six (6) months of notification of the award or the recipient must forfeit the financial award. NSEDC staff shall determine, at its sole discretion, whether business implementation has commenced.

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**Accessing Grant Funds**

If awarded, NSEDC will provide the grant recipient a Grant Packet to complete. Once the required Grant Agreement documents are received by NSEDC staff, the grant recipient can start accessing the grant funds. Grant funds are available to the recipient through reimbursements for approved expenses outlined in the budget presented in the application or by direct vendor payments for the same approved expenses.

**Confidentiality of Application Materials**

All application materials will be reviewed by NSEDC staff to determine completeness and by the SBI Judges as part of the evaluation and award process. NSEDC reserves the right to publicize or otherwise announce SBI applicant names and to provide descriptions of the businesses that are the subject of SBI applications in order to publicize the SBI program, SBI awards, and related events. However, SBI applications will not be released to any other person or entity, except as required by law, and the financial analysis and financial data portions of the application will be treated as being confidential by NSEDC and selected SBI judges.

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## NSEDC Small Business Initiative 2011 Application

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Application must be postmarked or delivered by July 15, 2011

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Establish New Business

Expand Existing Business

Business Name \_\_\_\_\_

Applicant Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

Total Amount Requested \$ \_\_\_\_\_  
*(Not to exceed \$35,000)*

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Please attach this completed page to your application.

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*Please type answers to the following criteria in a separate Word document and submit with application.*

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Your business plan and budget must address each aspect of and adhere to this 2011 NSEDC Small Business Initiative Application. Please do not exceed the maximum length restrictions as prescribed.

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## **Business Objective** (Maximum of 500 words)

Describe the business. What are the product(s) or service(s) provided? How will the proposed business directly benefit NSEDC member communities? What are the short- and long-term goals of the proposed business venture?

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## **Market Analysis** (Maximum of 500 words)

*Consider the following elements while describing your analysis of the market:*

- **Market Description** – What is the target market (describe your customers)? How will your product or service be different from others that offer the same value? Is your target market local or broad-based (in Alaska or the lower 48)?
  - **Market Trends** – How will you price your product? What factors increase demand and/or help you sell the product? Can the intended market-base afford the product on a consistent basis? Is the product part of a trend? If so, please explain the trend and your expectations for future growth.
  - **Competition** – Are there other companies or organizations offering the same product? How big are the competing companies? Where are they located? Are they successful? How will you distinguish your product from other like-products in the market (price, quality, service)?
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## **Organization and Management** (Maximum of 500 words)

- **Form of Organization** – Please indicate how your business will be or is currently formed (corporation, partnership, limited liability company (LLC), sole proprietorship, or joint venture) and include ownership, legal and financial implications.

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Identify any existing or proposed partners and their affiliation to the business:

Partner Name \_\_\_\_\_  
Business Affiliation \_\_\_\_\_

Partner Name \_\_\_\_\_  
Business Affiliation \_\_\_\_\_

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**Organization Structure & Staffing** (Maximum of 500 words)

Management Plan – Requirements for pre-operations, construction, start-up, and final operations.

- Explain your management and operational experiences as they relate to your business.
- List the positions necessary for operations, pay rate(s), and employee availability to fill these positions.
- Will the jobs created be full-time, part-time or seasonal?
- If necessary, explain your employee training plan.

**Project Action Plan & Implementation Strategies**

Outline the schedule in which the business will be developed over a twelve (12) month period. *(Please note that grant recipients must begin implementation of their business plan within 6 months of receiving SBI funding.)*

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## Financial Analysis

Consider the following when preparing your budget:

- Project Budget – Amount of funding necessary for the business plan. Requirements for pre-operations, construction, start-up, and final operations.
- Sources of Funds – Equity, savings, grants, in-kind (approved or pending) matching funding.
- Key Assumptions – Production costs (labor, utilities, raw materials, transportation, facilities, insurance, and employees), product pricing, production volumes (start-up and long term operations), and sales based on market projections.
- Key Production Factors – Raw materials, utilities, transportation, labor availability, environmental and safety considerations, technical or equipment requirements.

### Financial Data –

Use the following table format in your application for estimated sales, start-up expenses, and recurring expenses for the first year of operation.

- A. **Estimated Sales** – Include all assumptions and compensate for major market trends and inflation. (If needed, provide estimated sales in a separate spreadsheet.)

Product or Service	Unit Cost	Monthly Sales	Total Year Sales
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$

- B. **Estimated Expenses** – Itemize all facets of the business that will require cash outlays. (If needed, provide estimated expenses in a separate spreadsheet.)

### Start-up Expenses (Fixed)

Task or Expense	Unit Cost	Expense	Total Year Expenses
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$

### Recurring Expenses (Variable)

Task or Expense	Unit Cost	Monthly Expense	Total Year Expenses
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$

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C. **Income Statement (Profit & Loss Statement)** – This statement provides a detailed account of the business over time. Start-up business applicants must provide two years projected income. Existing business applicants must provide one year historical and two year projected income.

*Note: The below Income Statement is provided as a template. Applicant must provide a separate Income Statement applicable to business plan.*

<b>REVENUE:</b>		
Gross product or service sales		\$ _____
Less: Sales returns and allowances		(\$ _____ )
<b>NET SALES</b>		\$ _____
<b>COST OF GOODS SOLD:</b>		
Beginning Inventory	\$ _____	
Add: Purchases	\$ _____	
	\$ _____	
Less: Ending Inventory	(\$ _____ )	
<b>COST OF GOODS SOLD</b>		\$ _____
<b>GROSS PROFIT (LOSS)</b>		\$ _____
<b>EXPENSES:</b> <i>(include all expenses related to your business)</i>		
Payroll	\$ _____	
Payroll Taxes & Benefits	\$ _____	
Rent	\$ _____	
Advertising	\$ _____	
Freight	\$ _____	
Utilities	\$ _____	
Maintenance	\$ _____	
Supplies	\$ _____	
Insurance	\$ _____	
Legal & Accounting	\$ _____	
Interest	\$ _____	
Depreciation	\$ _____	
Other _____	\$ _____	
<b>TOTAL EXPENSES</b>		\$ _____
<b>NET OPERATING INCOME</b>		\$ _____
<b>OTHER INCOME:</b>		
Other Income _____	\$ _____	
<b>TOTAL OTHER INCOME</b>		\$ _____
<b>NET INCOME (LOSS)</b>		\$ _____

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D. **Other Funding, Donors & Partners** – Please list other anticipated sources of funding, including any in-kind contributions.

**Judgments or Liens** – Please describe any past or current legal or financial judgments or liens against the owner or business, if applicable.

**Supporting Documents** – Include any documents that will add support and credibility to your business plan.

- Resumes of management team members
- Copies of leases for office space
- Copies of contracts to supply the product/service to customers
- Copies of relevant intellectual property documentation
- Other documents relevant to successful execution of the business plan (quotes, invoices, etc.)

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## Business Assessment Criteria Used by Independent Panel of Judges

The following are the Business Assessment Criteria. Each section must be addressed or your proposal will not be eligible for review by the judges:

- 1) **Regional Relevance** – Your business concept must address how it will differ from existing approaches within the region and state. Consider the location and available physical facilities. (Maximum of 500 words)
- 2) **Economic Stimulation & Job Creation** – Your business concept must contribute to the stimulation of the economy and the creation of jobs in the targeted community. How does the business concept stimulate the economy and create employment opportunities, both directly and indirectly? Include tribal, local and/or regional benefits – revenues, employment, increased viability, and preserving, controlling or gaining access to local lands. Also mention any relation to local and regional economic development strategies. Does the concept have the potential for expansion? (Maximum of 500 words)
- 3) **Innovation** – Your business concept must present a creative approach and be sustainable. Businesses seeking to expand existing initiatives are eligible, provided that they exhibit new elements in design or implementation not found in the original initiatives. How does the business concept overcome many obstacles faced in terms of location, communication and high costs? (Maximum of 500 words)
- 4) **Sustainability & Profitability** – Your business concept must show how your business will continue to operate and benefit the targeted community beyond the period of the award. For enhancing or expanding an existing business, please explain the status of current operations – existing products,

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## **Certification**

By signing below, I, \_\_\_\_\_, certify that the information I have provided in the 2011 NSEDC Small Business Initiative (SBI) Application is true, correct and complete and that I meet all of the eligibility requirements for participation in the NSEDC SBI program and that I understand all of the obligations that acceptance of a grant entails. Specifically, I certify and represent that:

- I qualify as a Norton Sound resident under NSEDC's Norton Sound Residency Guidelines (Nov. 2009) and that I am willing and able to verify my residency if proof of residency is requested by NSEDC; and
- I do not have any outstanding judgments or liens against myself or my business.
- I understand that I am responsible for all costs associated with the preparation and presentation of this application.
- I understand that the awarded funds are for the 2011 SBI awardee and not transferable to another party.

Further, if awarded a grant, I understand that I will be required to:

- Sign an agreement with NSEDC, which obligates me to comply with the requirements of the SBI program in exchange for receiving grant funds.
- Implement the business plan within 6 months of receiving the grant.
- Identify and claim the grant income with the Internal Revenue Service and take full responsibility for payment of all applicable taxes on the grant award;
- Showcase my business at the 2012 Kawerak Bering Strait Regional Conference, if requested; and
- Provide Quarterly Activities Reports to NSEDC.

Signature \_\_\_\_\_

Date \_\_\_\_\_

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**PLEASE COMPLETE THIS PAGE AND INCLUDE IT WITH YOUR APPLICATION**

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Checklist – Please ensure that all sections of the application have been sufficiently addressed and completed.

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- Business Description and Contact Information
- Business Objectives
- Market Analysis
- Organization and Management
- Organization Structure and Staffing
- Project Action Plan and Implementation Strategies
- Financial Data
  - Estimated Sales
  - Estimated Expenses
  - Balance Sheet
  - Income Statement
  - Other Funding, Donors, and Partners
- Judgments and Liens
- Business Assessment Criteria
- Budget Spreadsheet
- Disclaimer and Signature Page

NSEDC, in cooperation with Kawerak Inc.'s Small Business Development Center, is offering services relating to personal credit, business plan writing, financing, marketing, financial projections, financial record keeping, and development of business ideas. Please contact Paul Ivanoff III at (800) 385-3190, Roy Ashenfelter at (888) 650-2477 or Galsy Ashenfelter at (800) 650-2248 for more information.

<b>For NSEDC Use Only</b>	
Date Received: _____	Proposal Number: _____
Amount Requested: \$ _____	
Type of Business: Arts & Crafts, Merchandise, Tourism, Service, Restaurant,	
Other _____	
Proposal Type:    Establish <input type="checkbox"/> Expand <input type="checkbox"/>	

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