



SOUTHSIDE BUSINESS TECHNOLOGY CENTER

**ANNUAL ACTIVITY REPORT
FOR FISCAL YEAR 2005-2006**

Submitted to: the Harvest Foundation

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I. Executive Summary

The Southside Business Technology Center (SBTC) completed its first full year of operations on June 30, 2006. The SBTC was created to implement the common goal of concerned citizens and business leaders to improve the economic outlook of the Southside region in coordination with the Virginia Tech Business Technology Center, Martinsville-Henry County Chamber of Commerce and the Chamber's Partnership for Economic Growth (C-PEG). The center officially opened its doors on May 17, 2005. The SBTC was funded by the Harvest Foundation and the Lucy P. Sale Foundation in August, 2004.

Although the SBTC was initially modeled after the Virginia Tech Business Technology Center (VT BTC), in Blacksburg, Virginia, it has evolved during the past year to match the needs of and resources available in Southside Virginia.

In summary, during the fiscal year of 2005-2006 the SBTC:

- Delivered 24 in-depth management consulting projects to Southside companies and assisted 40 + companies;
- Generated \$22,285 in revenues from client fees;
- Provided 4,094 consulting hours to Southside businesses;
- Recruited and trained 5 interns from local colleges and 10 Virginia Tech student interns to work on SBTC consulting projects;
- Hired two additional full time staff employees to manage the client demand that was higher than originally anticipated;
- Received its independent 501 (c) (3) status from the IRS;
- Received additional grant funding for FY 06-07 from the Virginia Tobacco Indemnification and Community Revitalization Commission (TICRC) in the amount of \$75,000;
- Received additional funding for a three year-period to cover SBTC rent from the Lucy P. Sale Foundation in the amount of \$30,000;
- Developed its three-year Strategic Plan;
- Expanded SBTC Board of Directors membership.

SBTC is in its organizational development stage and the purpose of this annual report is to document its activities for the fiscal year 2005-2006.

II. Overview

Vision for Southside Virginia

The economic transformation in the Southside region and Southside diversification can only happen by further developing the region's human infrastructure, technology infrastructure, competitiveness in economic development, and civic infrastructure. The Southside Business Technology Center (SBTC) is envisioned to be a partner in non-traditional economic development that provides new enhancement opportunities to existing and emerging businesses.

Mission of the Southside Business Technology Center

The mission of the Southside Business Technology Center was modified during the SBTC Strategic Plan development process in the spring of 2006 to better describe the organization's long-term objectives. The new SBTC mission is to provide strategic planning and business development services to existing and emerging businesses in order to promote economic development in Southside Virginia.

The Purpose of the Southside Business Technology Center

Also during the strategic planning process, the SBTC purpose was slightly modified to reflect its revised mission. The SBTC's primary purpose is to promote economic development in Southside Virginia by providing strategic planning and business development services to existing and emerging businesses.

The Southside Business Technology Center is committed to achieving economic development via entrepreneurial innovation, technology transfer and small business prosperity. The SBTC exposes students to entrepreneurial thinking and develops their business skills; while at the same time benefiting the emergence of small and medium size manufacturing and technology related firms. SBTC uses faculty members, student interns and expert consultants to offer on-site support to its clients in strategic planning, business planning, market research and analysis, organizational analysis and financial modeling.

SBTC coordinates and maintains a mutually beneficial working relationship with regional partners to promote economic development and to recruit clients from the entire Southside region. SBTC's goal is to add a technology element and tangible deliverables to the list of counseling/referral agencies that currently exist in the area. By the creation of the SBTC, the Southside region of Virginia is able to serve the needs of all business segments.

III. Report on the SBTC Annual Work Plan Evaluation for FY 2005-2006

The Southside Business Technology Center Board of Directors approved the SBTC Annual Work Plan for Fiscal Year 2005-2006 at its FY 04-05 Annual Board meeting in June 2005. The SBTC implemented its objectives, both programmatic and organizational, based on the approved work plan and the implementation results are presented in detail in **Table III.1. SBTC FY 2005-2006 ANNUAL WORK PLAN EVALUTION.**

Table III.1: SBTC FY 2005-2006 ANNUAL WORK PLAN EVALUATION

Southside Business Technology Center (SBTC) Performance Planning and Review for Fiscal Year 2005-2006							
SBTC FY 2005-2006 ANNUAL WORK PLAN EVALUATION							
Name:	Eva Doss	Title:	Executive Director	From:	7-01-2005	To:	6-30-2006
Major Performance Objectives (functions, assignments, projects)			Performance Standards & Results (cost, quality, quantity, timeliness)			Weight %	
#1	Contribute to the Overall Economic Development of the Southside Region		<ul style="list-style-type: none"> - 6 businesses recruited: 1 confidential, Goat Farm, Fleet Painting Plus, Alltrust NM, Global Strategic Services, For FY 06-07 – Elements Spa - 5 businesses being incorporated: 1 confidential, Goat Farm, Fleet Painting Plus, Alltrust NM, Global Strategic Services <ul style="list-style-type: none"> - 5 businesses requesting investment: 1 confidential, Alltrust NM, Goat Farm, Fleet Painting Plus, Global Strategic Services 			20%	
	1.1 Facilitate new business entity formation						
	<ul style="list-style-type: none"> - Recruit 5 entrepreneurs/groups with feasible business ideas to establish new businesses in the Southside - Incorporate 5 new client firms in the Southside based on SBTC's Business Plans - Write 5 Business Plans to be presented to outside investors to start the new businesses 						
	1.2 Enhance Prosperity for existing businesses		<ul style="list-style-type: none"> - 16 businesses recruited: ASBS, J.G. Edelen (2), Ashbrook Audiology (2), Stuart Tire, Woodberry Inn, Southside Vaults, Chatham Communications, Carlisle School, K-BEL (2), Elegant Design, Duffie Graphics, HerDesign (2), IALR (2), Carter, For FY 06-07: <u>Honduras Coffee, Landmark</u> - 19 projects delivered <p>TOTAL (new & established business consulting projects): 24</p>			30%	
	<ul style="list-style-type: none"> - Recruit 15 established businesses for consulting projects - Deliver 15 SBTC consulting projects to increase efficiency of existing Southside businesses 						

<p>#2</p>	<p>Establish organizational self-sustainability</p> <ul style="list-style-type: none"> - Develop SBTC Book of Organizational Procedures - Develop SBTC 3 year Strategic Plan to achieve organizational self-sustainability - Develop 5 strategic alliances with regional organizations <u>as potential paying Board members (changed)</u> - Define long-term Grant possibilities from private, federal, and state government sources - Client Fees: \$1,000/project - Total Client Fees: \$20,000 - Total Consulting Hours: 4,000 	<ul style="list-style-type: none"> - Basic SBTC Organizational Manual Developed - SBTC Strategic Plan developed - Developed alliances with: MHC EDC, Danville EDC, Patrick County EDC, Halifax County IA, Town of Rocky Mount - Received \$75,000 Tobacco Commission grant, EDA, Harvest Foundation, Lucy P. Sale funding of \$10,000 for three additional years - Client fees: \$1,012.95 average <p>TOTAL CLIENT FEES: \$22,285</p> <ul style="list-style-type: none"> - Total Consulting Hours: 3302 (work hours), 792 (overtime) <p>TOTAL CONSULTING HOURS: 4,094</p>	<p>30%</p>
<p>#3</p>	<p>Provide experiential learning opportunities to graduate and undergraduate students to increase entrepreneurial thinking</p> <ul style="list-style-type: none"> - Recruit interns to work on SBTC Consulting Projects - Provide mentoring and training to interns in business management and strategic thinking 	<ul style="list-style-type: none"> - 5 interns recruited: 2 Ferrum, 1 Averett, 1 VT, 1 UNCG - 10 Virginia Tech business students worked on class projects 	<p>10%</p>
<p>#4</p>	<p>MANAGERIAL / LEADERSHIP :</p> <p>Create a learning organization</p> <ul style="list-style-type: none"> - Actively work with employees supervised to encourage commitment in the values of the organization, foster an environment of openness and learning, and work with the employee/intern to increase skill levels through coaching, training, and mentoring - Effectively recruit staff to achieve departmental and organizational goals. (Measured by Annual Report results regarding organizational goal accomplishments.) 	<ul style="list-style-type: none"> - Weekly staff meetings, staff participation in the Strategic Plan development, regular after hour social gatherings, 2 professional training seminars for staff, 0 employee turnover rate, Intern became full-time assistant through coaching and mentoring, all interns requested repeat internships - Recruited two (2) full time employees to achieve organizational goals 	<p>10%</p>
<p>TOTAL WEIGHT</p>			<p>100%</p>

III. A. Report on SBTC Client Activity

The SBTC Annual Work Plan for FY 2005-2006 established the goal to deliver 20 consulting projects to 5 new and 15 established companies in the Southside region. The SBTC exceeded this goal and delivered 24 projects combined (5 new business and 19 existing industry projects). The projects' scopes ranged from business plan writing (9), market research and analysis (6), financial modeling (1), organizational analysis (5), feasibility study (1) and marketing plan development (2). The 24 projects represented companies from the entire Southside region, including: 15 projects from Martinsville-Henry County, 5 projects from Danville-Pittsylvania County, and additional projects from Stuart-Patrick County, Floyd and Halifax Counties. Additionally, through walk-ins, ad-hoc meetings and on-site training, the SBTC assisted another 40+ client companies.

The targeted client fee for FY 05-06 was \$1,000 per client project: the year-end results show that the average client fee per project exceeded the plans by \$12.95. The SBTC was successful in securing a project subsidy from Virginia's Small Manufacturing Assistance Program in the amount of \$2,000 on behalf of one SBTC client - Southside Grave & Vaults, Inc. In addition, two of the 24 projects were delivered free of charge, as they were partially developed by Virginia Tech's business program students as class projects.

The SBTC planned to generate \$20,000 from client fees throughout FY 05-06; the total revenue generated from client fees exceeded the goal by \$2,285. The total planned consulting to businesses was determined at 4,000 hours, which was also exceeded, totaling 4,094 project consulting hours.

The Southside Business Technology Center was also able to recruit client companies beyond the borders of Martinsville and Henry County. 54.2% of SBTC clients in FY 2005-2006 were located in Martinsville – Henry County, while the remaining 45.8% of companies was located throughout Southside Virginia, making the SBTC a regional organization.

The SBTC measured the potential impact of its projects delivered to Southside companies through direct client feedback. The company owners/top managers were asked to fill out the SBTC Client Impact Evaluation Forms three to six months after project completion. The results of the Client Impact Evaluation Forms from 9 companies that are well into the 6th month period of their project implementation are presented in **Table III.A.1: SBTC Post Project Client Impact Estimate Results.**

Table III.A.1: SBTC Post Project Client Impact Estimate Results

Total Number of Clients Responding: 9 (nine) out of 10 (ten) projects			
Project types:	2 Business Plans, 2 Operational Analyses, 2 Marketing Research & Analyses, 1 Financial Analysis, 1 Legal Framework Plan		
<u>Pro-Project Estimated Quantitative Impacts</u>	Yes	How Much?	Number of companies
Increased Sales?	X	\$500K+, 80%, 11% 3 new clients (12%)	5
Retention of Sales that would otherwise have been lost?	X	15%	3
Inventory Reduction?	-	-	-
Cost Savings	X		3
Material Costs?	-	-	-
Labor Costs?	-	-	-
Energy Costs?	-	-	-
Overhead Costs?	X	-	2
Other?(advertising, legal)	X	50%, 50%, 50%	3
Retention of Jobs that otherwise would have been lost?	X	-	1
Creation of Additional Jobs?	X	3, 5, 2 part-time	4
<u>The Project has lead to/is expected to lead to an increased investment in:</u>			
Plant or Equipment?	X	5 trucks	3
Information systems or software?	-	-	-
Workforce practices or employee skills?	X	-	3
Other areas of business? (marketing, asset purchase)	X	-	6
<u>The Project has lead to/is expected to lead you to:</u>			
Avoid any unnecessary investments?	X	\$5,000, changed direction	5
Save on any investments that were made?	X	\$2,000	3
<u>The Project has lead to/is expected to lead to:</u>			
Increased competitiveness?	X	-	4
Start of a new business?	X	Added dispatch services	2
Introduction of new product(s)?	X	-	6
Any other effects?	X	More efficiency, increased productivity	6

Note:

Given the short period of time elapsed from the completion of most of the projects (in some cases, three weeks only) and the long term nature of SBTC's analyses and proposed measures, many of the clients have indicated that they are not yet in the position to completely measure the impact of SBTC's consulting. The data shown are just the first part of the overall impact evaluation conducted in late January of 2006. The second evaluation will take place in August/September 2006.

III. B. Report on SBTC Organizational Development

The Southside Business Technology Center was funded by the Harvest Foundation and the Lucy P. Sale Foundation in August 2004. The center officially opened on May 17, 2005, after the recruitment of Eva Doss, SBTC Executive Director in February 2005. The SBTC is currently located at the West Piedmont Business Development Center, on 22nd East Church Street, in Martinsville, VA.

The Martinsville-Henry County Chamber of Commerce served as SBTC's fiscal agent for the FY 2005-2006. The SBTC was officially granted an exemption from the Federal income tax under section 501 (c) (3) of the Internal Revenue Code in November 2005. Based on the 501 (c) (3) status, the SBTC Board of Directors decided that the SBTC will prepare its own accounting and financial reporting in house and will not utilize MHC Chamber as its fiscal agent in the future effective July 1, 2006 (FY 2006-2007).

Report on SBTC Board and Staff Development

The SBTC Board of Directors elected Phyllis Karavatakis, Senior Executive Vice President of Patrick Henry National Bank, to replace John Sayre on the SBTC Board. Sayre accepted a new position in a different location and moved out of town. Karavatakis has brought a valuable connection to and client referrals from the business/banking community to the SBTC. Doss was appointed by the SBTC Board of Directors to replace John Sayre at the Virginia Tech Business Technology Center's Advisory Board in Blacksburg, VA. The VT BTC Board assured the SBTC of Virginia Tech's continuous support of the SBTC and has provided access to VT resources.

In order to achieve the organization's long-term goal to become a regional economic development force, the SBTC Board of Directors membership was enlarged from 8 to 9 members. The new member, Harold Thornton, Executive Vice President of Davenport Energy, is a former SBTC client from Chatham, VA. Thornton has the capacity and connections necessary to promote the SBTC in Danville and Pittsylvania County and help in the client recruitment and fund-raising efforts in this region. The list of current Board of Directors members is as follows:

1. Candace Payne, SBTC Board of Directors Chairperson, Member of the SBTC Executive and Marketing Committee; President of Shenandoah Furniture;
2. Joe Cobbe, Member of the SBTC Finance Committee, Principal of Ford, Cobbe & Associates CPAs;
3. Phyllis Karavatakis, Senior Executive Vice President of Patrick Henry National Bank, Member of the SBTC Finance Committee;
4. Kim Adkins, Member of the SBTC Executive and Marketing Committee, MHC Chamber of Commerce President;
5. Dr. Richard Daugherty, Member of the SBTC Executive Committee; Director of the Virginia Tech Business Technology Center;
6. Jeff Kohler, Member of the SBTC Finance Committee, Executive Director of the Virginia Philpott Manufacturing Extension Partnership;
7. Dr. Ted Settle, Member of the SBTC Marketing Committee, Director of the Office of Economic Development and Outreach at Virginia Tech;
8. Dr. Tim Franklin, Executive Director of the Institute for Advanced Learning and Research;
9. Harold Thornton, Executive Vice President of Davenport Energy, Chatham, VA.

The Southside Business Technology Center hired Stere Mergeani, SBTC Business Analyst, as a full-time employee in October 2005. The creation of the Business Analyst full-time position was not part of the original SBTC Annual Work Plan for FY 2005-2006 adopted by the SBTC Board of Directors in June 2005; however, Mergeani was hired to meet the constantly growing client demand. The Business Analyst assured the delivery of 24 high quality management projects to Southside businesses. This new hire also assisted in training SBTC student interns and greatly contributed to the overall organizational development of the SBTC in FY 05-06.

The SBTC Executive Assistant position was also converted into a full-time employment as of July 1, 2006. Shannon Compton started working for the SBTC as a student intern from Averett University in May 2005 and in FY 05-06 through training and mentoring developed into a skilled professional. She accepted the full-time Executive Assistant position in July 2006; her main responsibility is to provide administrative and accounting support to the organization. Both full-time positions, SBTC Business Analyst and SBTC Executive Assistant, were extended to FY 2006-2007 as a result of the Virginia Tobacco Indemnification and Community Revitalization Commission grant awarded to the SBTC in the amount of \$75,000 in April 2006 (see details in section IV).

A SBTC Basic Operations Manual, including the Employee Handbook, was developed to manage the organization's expansion in the most professional manner.

Report on SBTC Strategic Plan Development

The Southside Business Technology Center conducted a Strategic Planning retreat for the SBTC Board of Directors members in February 2006. The objective of the retreat was to develop a comprehensive Strategic Plan for the SBTC. The 3-year SBTC Strategic Plan was developed in the Spring/Summer of 2006. The SBTC Board defined the organization's target market, Southside Virginia, to consist of the following locales: Halifax, Pittsylvania, Henry, Franklin, and Patrick counties, including the cities of Danville and Martinsville, and the towns of South Boston, Stuart, Rocky Mount, Moneta, and Chatham.

One of the major SBTC strategic objectives is to "Establish SBTC's financial sustainability through client fees and other means", such as:

- Annual local contributions from five counties of Halifax, Pittsylvania, Henry, Franklin and Patrick County and the two cities of Martinsville and Danville
- Annual contributions from local foundations such as Danville Regional Foundation and the Harvest Foundation, instead of independent grants.
- Other one-time grants from the Tobacco Commission and EDA. "

The long-term strategic objectives are further defined into 1-year annual objectives in the SBTC Annual Work Plans. The SBTC Annual Work Plan for FY 2006-2007 is attached in Appendix A. SBTC Annual Work Plan for FY 2006-2007.

The SBTC developed and implemented a comprehensive Marketing Plan, including the launch of the SBTC website at www.southsidebtc.org and several interviews with TV, radio and print media. In addition, several press articles were published and presentations were delivered to business network representatives and professional associations to address SBTC's target clientele. The SBTC logo has been developed and modified based on Virginia Tech's modifications; additional marketing and advertising brochures were designed and printed.

III. C. Report on SBTC Organizational Cooperation Development

The Southside Business Technology Center created a wide network of affiliated and referral organizations, including agreements on mutually beneficial cooperation and direct client referrals with the regional economic development organizations, local colleges and universities, chambers of commerce, local banks and other key institutions contributing to the overall economic development efforts of the Southside region.

The SBTC strengthened relationships with Virginia Tech, SBTC's official partner through memberships on their respective Boards, client referrals and VT class projects. The center established and is currently further developing relationships with municipalities, foundations and other donors for funding purposes (MHC, Rocky Mount, Pittsylvania County - Danville, Patrick County – Stuart, Chatham; Harvest Foundation, Lucy P. Sale Foundation, Tobacco Commission). These funding organizations should become SBTC's Sponsors. In addition, the SBTC strengthened relationships with the local and regional EDCs (South Boston IDA, MHC EDC, Danville EDC, and Patrick County IDA), Chambers of Commerce (memberships in and client referrals through MHC, Patrick, Franklin, Halifax and Danville/Pittsylvania Chambers of Commerce), universities and colleges (Averett University, Ferrum College, Virginia Tech, and Danville Community College) referred to as "SBTC affiliations". The SBTC is currently further developing these partnerships and is actively seeking the creation of additional client referral opportunities throughout the region. Co-operation amongst the regional service providers serves as a referral network and provides layers of assistance stimulating the growth of small/medium sized businesses at very little or no cost.

The SBTC became a founding member of the small business assistance providers' round table organized by the MHC EDC. The purpose of the round table is to promote economic development in MHC through synchronized business assistance and entrepreneurial training programs.

IV. Report on SBTC Grant Awards

The Virginia Tobacco Indemnification and Community Revitalization Commission Grant Award (\$75,000)

The Southside Business Technology Center submitted a grant application to the Virginia Tobacco Indemnification and Community Revitalization Commission (TICRC) in February 2006 under the project title: "Expansion of the Southside Business Technology Center, a cross-regional top-quality business consulting organization, to improve economic development through new entrepreneurship creation and existing industry expansion in Southside Virginia."

The TICRC awarded the grant amount of \$75,000 to the SBTC to be used in FY 2006-2007 starting July 1, 2006. The SBTC requested and obtained funding from the Special Project Committee of TICRC to support its unprecedented demand-driven growth throughout the Tobacco Commission region in the Southside counties and cities. The principal objectives of the project is to maintain and further expand the multi-regional geographic service delivery/outreach in the Tobacco Commission region by funding SBTC's increased capacity - Business Analyst position. SBTC is currently servicing clients from the cities of Martinsville, Danville, towns of Stuart, Floyd, Clarksville, and Rocky Mount and from the counties of Floyd, Patrick, Henry, Franklin, Pittsylvania, Halifax and Mecklenburg. In order to maintain and increase the number of businesses served from this region the position of the Business Analyst was created with limited resources. In addition, the TICRC funds will also be used to cover portions of the SBTC Executive Assistant salary and benefits and office expansion expenses, including parts of the computer and IT, telecommunications, travel, and marketing and advertising costs of the SBTC.

The direct and indirect economic benefits of the TICRC project are in direct correlation with Building Human Infrastructure and Building Conditions for Innovation, as they result in: 1) Leadership in technology-assisted businesses via on-site business consulting, 2) Delivery of technology-assisted programs to college and university students via SBTC internships, 3) Providing supplementary consulting support and leadership in building modern business and civic entities, and 4) Encouraging regional ownership in businesses and institutions. The SBTC received letters of support from MHC Chamber, IALR, and Danville Community College.

The Lucy P. Sale Foundation Grant Award (\$30,000)

The Southside Business Technology Center requested and was awarded \$30,000 in funding from the Lucy P. Sale Foundation in May 2006. The Lucy P. Sale Foundation was one of the original financial founders of the SBTC, contributing \$25,500 to cover SBTC rent over a three year period. Given the positive results in SBTC's organizational development and client impact in MHC, the Lucy P. Sale Foundation extended its founding of the SBTC. The \$30,000 is intended to be used to cover SBTC rent for three consecutive fiscal years effective July 1, 2007.

V. Report on Financial Management and Budgeting

The SBTC Operating Budget for Fiscal Year 2005-2006 was developed and approved by the Board of Directors at the SBTC Annual Board meeting on June 30, 2005. The Year-End Budget vs. Actual results are shown below in **Table V.2.: SBTC FY 2005-2006 Year-end Budget vs. Actual.**

The Southside Business Technology Center has achieved its financial goals related to revenue generation from client fees and financial managerial practices resulting in reduction of planned expenses. The approved SBTC FY 2005-2006 Operating Budget planned for \$20,000 revenues from client fees; the actual revenues generated from clients in FY 2005-2006 was \$22,285. In addition, the planned operating expenses for FY 2005-2006 were \$198,949; the actual expenses at the end of the fiscal year were lower by \$12, 204.62 than expected resulting in total expenses of \$186,744.38. The detailed year-end financial reports, including the Profit & Loss Statement, Balance Sheet and Cash Flow are included in Appendix C.

The Client Fee Structure was developed as a guide for the SBTC Director. The fees charged to specific clients was ultimately determined by the SBTC Executive Director based on the client company's developmental stage, financial status and the depth of the projects rendered. Most of the student internships were offered either as for credit or unpaid internships and only the travel and other administrative expenses associated with the project development were reimbursable to the interns. **Table V.1: SBTC Client Fee Structure** shows the current SBTC guidelines for establishing client fees.

Table V.1: SBTC Client Fee Structure

Client Fee Structure	50 hrs	100 hrs	150 hrs	200 hrs	250 hrs
SBTC Director's Time \$35/hour	350	700	1,050	1,400	1,750
SBTC Business Analyst Time \$20/hour	800	1,600	2,400	3,200	4,000
Print Cost	50	75	100	125	150
Meetings + travel	100	125	150	175	200
Subtotal:	1,300	2,500	3,700	4,900	6,100
Overhead 10%	130	250	370	490	610
Total Project Fee:	\$1,430	\$2,750	\$4,070	\$5,390	\$6,710

TABLE V.2: BUDGET VS ACTUAL	Jul '05 - Jun 06	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4000 · Client Fees	22,285.00	20,000.00	2,285.00	111.43%
4001 · Prior Year Harvest Income	155,000.00	155,000.00	0.00	100.0%
4002 · HUD Grant	0.00	31,840.00	-31,840.00	0.0%
4003 · Advisory Board Membership	0.00	0.00	0.00	0.0%
4004 · Other Sources	0.00	0.00	0.00	0.0%
4005 · Prior Year Lucy Sale Income	8,500.00	8,000.00	500.00	106.25%
4007 · Prior year cash carryover	34,864.92	34,864.00	0.92	100.0%
Total Income	220,649.92	249,704.00	-29,054.08	88.37%
Expense				
6232 · Professional Fees	0.00	0.00	0.00	0.0%
6546 · VA Tech BTC Support	25,000.00	25,000.00	0.00	100.0%
6547 · Travel Expense	4,768.71	2,880.00	1,888.71	165.58%
6548 · Student Interns Wages	0.00	6,000.00	-6,000.00	0.0%
6549 · Phone/Fax/Copies	1,726.55	2,400.00	-673.45	71.94%
6550 · Office Supplies	2,122.02	2,400.00	-277.98	88.42%
6551 · Office Space	5,951.34	8,000.00	-2,048.66	74.39%
6552 · Office Furniture	115.42	0.00	115.42	100.0%
6553 · Miscellaneous	1,844.98	1,800.00	44.98	102.5%
6554 · Marketing & Advertising	2,186.64	5,700.00	-3,513.36	38.36%
6555 · Web Design	2,428.87	4,200.00	-1,771.13	57.83%
6556 · SBTC Director Benefits + Taxes	11,668.72	14,879.00	-3,210.28	78.42%
6557 · Computer purchase + printer	2,114.19	2,640.00	-525.81	80.08%
6558 · SBTC Exec. Assistant Salary	13,965.00	14,000.00	-35.00	99.75%
6558-02 · BTC Executive Assistant Benefit	1,076.82	900.00	176.82	119.65%
6559 · MHC Chamber Admin. Fee	4,500.00	4,500.00	0.00	100.0%
6560 · SBTC Director Salary	71,400.08	70,000.00	1,400.08	102.0%
6561 · Legal	2,000.00	2,000.00	0.00	100.0%
6563 · Disability Insurance	0.00			
6564 · Consultants	2,100.00	1,500.00	600.00	140.0%
6565 · Companion Life	0.00			
6566 · Health Insurance	0.00			
6567 · Payroll taxes	0.00	0.00	0.00	0.0%
6568 · Taxes and licenses	55.00	0.00	55.00	100.0%
6569 · Depreciation Expense	0.00	0.00	0.00	0.0%
6600 · SBTC Business Analyst Salary	25,127.94	25,119.00	8.94	100.04%
6601 · SBTC Bus. Anal. Benefits+ Taxes	3,865.37	5,031.00	-1,165.63	76.83%
6602 · Exp. for FY 05 paid in FY 06	2,726.73			
Total Expense	186,744.38	198,949.00	-12,204.62	93.87%
Net Ordinary Income	33,905.54	50,755.00	-16,849.46	66.8%
Other Income/Expense				
Other Expense				
9999 · Temporary distribution	0.00	0.00	0.00	0.0%
Total Other Expense	0.00	0.00	0.00	0.0%
Net Other Income	0.00	0.00	0.00	0.0%
Net Income	33,905.54	50,755.00	-16,849.46	66.8%

A 5 Year Budget Estimate, a flexible document subject to change based on the SBTC's future development, was created to estimate SBTC's financial status for the next 5 years shown on **Table V.3: SBTC 5-year Budget Estimate.**

Table V.3: 5-year Budget Estimate	<u>Year 0</u> 2004-2005	<u>Year 1</u> 2005-2006	<u>Year 2</u> 2006-2007	<u>Year 3</u> 2007-2008	<u>Year 4</u> 2008-2009	<u>Year 5</u> 2009-2010
Revenue:						
Previous Fiscal Year Budget Balance	0	34,861	30,000	23,007	-63,323	-240,888
Harvest Foundation Grant	110,000	155,000	100,000	90,000	0	0
Lucy P. Sale Foundation Grant	7,700	8,000	8,500	10,000	10,000	10,000
Client fees	1,000	20,000	37,500	45,000	50,000	60,000
Tobacco Commission Grant	0	0	75,000	0	0	0
External Sponsorship	0	0	0	0	0	0
Total Revenue:	118,700	217,861	251,000	168,007	-3,323	-170,888
Expenses:						
SBTC Executive Director	26,250	70,000	70,000	72,100	74,263	76,490
SBTC Exec. Dir. Fringe benefits	8,269	14,000	13,922	12,935	13,323	13,722
SBTC Executive Assistant	3,200	14,000	30,000	30,900	31,827	32,782
SBTC Exec. Assist. fringe benefits	0	900	7,444	6,180	6,365	6,556
SBTC Business Analyst	0	25,119	40,000	41,200	42,436	43,709
SBTC Business Analyst fringe benefits	0	5,031	8,494	7,816	8,050	8,292
Student employees / Consultants	1,000	7,500	0	0	0	0
Workmen's Compensation Insurance	0	0	662	1,000	1,000	1,000
Directors' and Officers' Insurance	0	0	1,994	2,200	2,200	2,200
Legal Fees	500	2,000	0	0	0	0
VaTech BTC support	18,750	25,000	25,000	25,000	25,000	0
Computer purchase (2); printer	2,500	2,640	3,600	2,700	2,700	2,700
Phone/fax/copies	1,670	2,400	2,340	2,400	2,400	2,400
Office Furniture	2,000	0	0	0	0	0
Office space	7,700	8,000	7,935	9,000	9,500	10,000
Office Supplies	2,000	2,400	2,088	2,200	2,300	2,400
Travel	1,500	2,880	4,800	5,000	5,200	5,400
Staff Training	0	0	1,200	1,500	1,800	2,000
Miscellaneous	2,000	1,800	1,800	2,000	2,000	2,000
MHC Chamber Admin Fee	4,500	4,500	0	0	0	0
Accounting & Audit Fees:	0	0	2,700	3,000	3,000	3,000
Web design & Up-date	1,000	4,200	1,200	1,200	1,200	1,200
Professional Membership	0	0	894			
Marketing & Advertising	1,000	5,700	1,920	3,000	3,000	3,000
Total Expenses:	83,839	198,070	227,993	231,330	237,564	218,851
Budget Balance:	34,861	30,000	23,007	-63,323	-240,888	-389,739
Other Revenue Sources Needed:				-63,323	-240,888	-389,739

VI. Conclusion

The Southside Business Technology Center was successful in meeting and exceeding its priority goals regarding: client recruitment, student/intern training, organizational development and growth, and financial sustainability in the fiscal year of 2005-2006.

The SBTC has provided in-depth management consulting projects to 24 Southside firms and assisted an additional 40 companies, and provided over 4,000 management consulting hours resulting in job creation, job retention, increased capital, higher sales volume, extended market shares, decreased operating costs, purchase of additional assets and overall improved efficiency of managerial and leadership practices.

The SBTC recruited and trained 15 student interns through management consulting internship opportunities and Virginia Tech business class projects providing valuable experiential learning opportunities to future business leaders and entrepreneurs.

The SBTC exceeded its goal of securing additional funds for fiscal year of 2005-2006. The center was awarded a total of \$100,000 in grant money from TICRC and the Lucy P. Sale Foundation contributing to the long-term sustainability of the organization and hence, contributing to the implementation of the SBTC mission of promoting economic development in Southside Virginia.

The SBTC exceeded its organizational development goals, mainly in capacity building: SBTC's staff grew from one full time employee to three full time staff. The center grew from a Martinsville-Henry County organization to a regional Southside entity providing management services in 5 counties and 2 cities.

SBTC's achievements and valuable services provided to the MHC business community were recognized by the Martinsville and Henry County Strategic Advisory Committee in a form of an Appreciation Award given to the SBTC.

Appendix A: SBTC FY 2006-2007 ANNUAL WORK PLAN

Southside Business Technology Center (SBTC) Annual Work Plan for Fiscal Year 2006-2007						
Name:	Eva Doss	Title:	Executive Director	From:	7-01-2006	To: 6-30-2007
Major Performance Objectives (functions, assignments, projects)		Performance Standards (cost, quality, quantity, timeliness)				Weight %
#1	Deliver projects that will enhance Southside's overall economic development	1.1 Facilitate new business entity formation <ul style="list-style-type: none"> - Recruit 5 entrepreneurs/groups with feasible business ideas to establish new businesses in the Southside - Write 5 Business Plans to be presented to outside investors/banks to start the new businesses - Incorporate 5 new client firms in the Southside based on SBTC's Business Plans 				10%
		1.2 Enhance Prosperity for existing businesses <ul style="list-style-type: none"> - Recruit 20 established businesses for consulting projects - Deliver 20 SBTC consulting projects to increase efficiency of existing Southside businesses 				30%
#2	Continue to establish the base for organizational sustainability	<ul style="list-style-type: none"> - Collect client fees: \$1,500/project minimum; Total: \$37,500; Total Consulting Hours: 4,200 (utilizing interns) - Develop 3 additional grant opportunities with private, state and federal organizations totaling minimum \$30,000 - Secure funding support from the Southside locals (Patrick, Franklin, Henry, Pittsylvania, and Halifax Counties) in the total amount of \$33,000 for FY 2007-2008 				35%

Major Performance Objectives (functions, assignments, projects)		Performance Standards (cost, quality, quantity, timeliness)	Weight %
#3	Maintain and increase client satisfaction for delivering top-quality consulting projects	<ul style="list-style-type: none"> - Continue to employ professional staff members at the current caliber - Recruit free interns to work on SBTC Consulting Projects - Provide mentoring and training to interns in business management and strategic thinking - Conduct periodic client satisfaction evaluations 	10%
#4	Continue to build SBTC's positive reputation in the Southside	<ul style="list-style-type: none"> - In addition to the current locals recruit clients from the following target cities/counties: Danville – Pittsylvania, South Boston – Halifax, Rocky Mount – Franklin - Participate in business receptions, chamber business after hours, seminars, networking events, etc. - Establish and improve strong client referral relationships with chambers, EDCs, etc. 	15%
TOTAL WEIGHT			100%

Appendix B: SBTC FY 2005-2006 Year-End Financial Statements

SBTC Profit and Loss Statement from July 1, 2005 – June 30, 2006

	Jul '05 - Jun 06
Ordinary Income/Expense	
Income	
4000 · Client Fees	22,285.00
4001 · Prior Year Harvest Income	155,000.00
4005 · Prior Year Lucy Sale Income	8,500.00
4007 · Prior year cash carryover	34,864.92
Total Income	220,649.92
Expense	
6546 · VA Tech BTC Support	25,000.00
6547 · Travel Expense	4,768.71
6549 · Phone/Fax/Copies	1,726.55
6550 · Office Supplies	2,122.02
6551 · Office Space	5,951.34
6552 · Office Furniture	115.42
6553 · Miscellaneous	1,844.98
6554 · Marketing & Advertising	2,186.64
6555 · Web Design	2,428.87
6556 · SBTC Director Benefits + Taxes	11,668.72
6557 · Computer purchase + printer	2,114.19
6558 · SBTC Executive Assistant Salary	13,965.00
6558-02 · BTC Executive Assistant Benefit	1,076.82
6559 · MHC Chamber Administrative Fee	4,500.00
6560 · SBTC Director Salary	71,400.08
6561 · Legal	2,000.00
6563 · Disability Insurance	0.00
6564 · Consultants	2,100.00
6565 · Companion Life	0.00
6566 · Health Insurance	0.00
6568 · Taxes and licenses	55.00
6600 · BTC Business Analyst Salary	25,127.94
6601 · BTC Bus Analyst Benefits+ Taxes	3,865.37
6602 · Expense for FY 05 paid in FY 06	2,726.73
Total Expense	186,744.38
Net Ordinary Income	33,905.54
Net Income	33,905.54

SBTC Balance Sheet as of June 30, 2006

	Jun 30, 06
ASSETS	
Current Assets	
Checking/Savings	
BB&T - Checking	25,804.51
BB&T - Checking 2	316.40
Total Checking/Savings	26,120.91
Accounts Receivable	
1110 · Accounts receivable	204,500.00
Total Accounts Receivable	204,500.00
Other Current Assets	
1108 · Prepaid rent	4,238.95
Total Other Current Assets	4,238.95
Total Current Assets	234,859.86
Fixed Assets	
1109 · Prepaid Insurance	1,458.55
1640 · Furniture, fixtures, & equip	3,744.79
1670 · Accumulated Depreciation	-87.38
Total Fixed Assets	5,115.96
TOTAL ASSETS	239,975.82
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2010 · Accounts payable	122.55
Total Accounts Payable	122.55
Total Current Liabilities	122.55
Total Liabilities	122.55
Equity	
3010 · Unrestricted Net Assets	9,047.73
3100 · Temporarily restrict net asset	196,900.00
Net Income	33,905.54
Total Equity	239,853.27
TOTAL LIABILITIES & EQUITY	239,975.82

SBTC Statement of Cash Flow for the period July 1, 2005 – June 30, 2006

	Jul '05 - Jun 06
OPERATING ACTIVITIES	
Net Income	33,905.54
Adjustments to reconcile Net Income to net cash provided by operations:	
1110 · Accounts receivable	-204,500.00
1107 · Harvest Found Grant	345,000.00
1111 · A/R - Lucy Sale	15,400.00
1801 · Credit Card Overpayment	1,897.49
2010 · Accounts payable	122.55
2302 · Payable to Chamber	-746.12
Net cash provided by Operating Activities	191,079.46
INVESTING ACTIVITIES	
1109 · Prepaid Insurance	-1,458.55
Net cash provided by Investing Activities	-1,458.55
FINANCING ACTIVITIES	
3010 · Unrestricted Net Assets	-395,264.92
3100 · Temporarily restrict net asset	196,900.00
Net cash provided by Financing Activities	-198,364.92
Net cash increase for period	-8,744.01
Cash at beginning of period	34,864.92
Cash at end of period	26,120.91