

The Headwaters Fund Application for 2009 Grant Fund

Thank you for your interest in the Headwaters Grant Fund. All applications must include a **cover sheet, project narrative, project budget, and required attachments. In addition, please email a copy of your coversheet, narrative and attachments to: delsbree@co.humboldt.ca.us.** Complete application packages must be received in the Headwaters Fund office by 5:00PM on February 9, 2009. Send or drop off applications to: Headwaters Fund Coordinator, 520 E Street, Eureka, CA 95501. Late and incomplete application packages will not be accepted, but may be resubmitted in future grant cycles.

This application form, instructions, and information on the Grant Fund may be found on our website at www.theheadwatersfund.org - please review this information, especially the **Application Instructions**, before completing your application to ensure the project meets all requirements.

Please review the following Application Checklist to ensure your application package is complete. Do not submit an application with binders or folders – stapled or paper-clipped pages are preferred.

APPLICATION CHECKLIST

A completed application package consists of the following:

Nine (9) collated and stapled copies of the following items in order:

- _____ Coversheet (Page 1 of the Application, attached)
- _____ Narrative (no more than 10 pages single-sided, 12 point font, 1” margins)
- _____ Attachments in the order listed in Section III below

- _____ **Email copy of above documents to delsbree@co.humboldt.ca.us**

One (1) copy of each of the following enclosures:

- _____ Most recent IRS tax status certification (for non-profits only)
- _____ Most recent financial statements (expenses, revenue and balance sheet), audited if available
- _____ Organization’s current annual operating budget

*Please do not include this checklist page in your application package – this is for your use only.
Please make sure each of the nine packets have the Application Coversheet on top; nothing should be in front of this form.*

For Office Use Only

**The Headwaters Fund
2009 Grant Fund Application
COVERSHEET**

App. #:
Org. #:

Date of application: February 9, 2009

I. COVER SHEET SUMMARY INFORMATION

Type, word-process or print neatly. This form may be downloaded from our website. *Please submit your application with this one-page coversheet on top.*

A. Organization Information

Organization Name: Humboldt State University Sponsored Programs Foundation
on behalf of the Office for Economic, Community & Business Development

Address: P. O. Box 1185, Arcata, CA 95518-1185

Telephone number: 707-826-4189 Fax number: 707-826-4783

Director/CEO: Julie Davy, Interim Director

Organization Type: Gov't type: _____ (local, state, etc.) Nonprofit type: 501c3 (HSU SPF)

Total current year organizational budget: SPF=\$1,124,300/OECBD=\$800,000 # of FTE employees: SPF=10/OECBD=5

Summarize the organization's mission (*in the space provided*):

HSU Sponsored Programs Foundation primary services to the university are: 1) administration of grants and contracts, 2) administration of campus trust accounts, and 3) hosting of self-support programs.

The Office for Economic, Community & Business Development (OECBD) is the recently merged organization formerly known as the Northern CA Small Business Development Center Program –and- the Office for Economic and Community Development. Functions of the OECBD include local and regional business development, encouragement of on-campus entrepreneurship and innovation, and linking the community with HSU resources.

B. Project Information

Project title: Competitive Intelligence Services, Phase II

Amount requested: \$40,168 Total project cost: \$83,265 (including in-kind) Period covered: 4/2009-4/2010

Total match amount: \$43,097 (see Application Instructions for match requirements)

Cash match: \$20,000 In-kind match: \$23,097

Type of project (specify planning/technical assistance or implementation): Unsure of classification

Contact person and title: Kristin Johnson, Director, Office for Economic, Community & Business Development

Contact phone: 707-826-3920 Contact email: kristin.johnson@humboldt.edu

Contact address (if different from above): 1 Harpst Street, 209 Siemens Hall, Arcata CA, 95521

II. NARRATIVE

1. Summary of project/grant request

Competitive Intelligence (CI) is an existing service just completing its Pilot Phase, offered to Humboldt County businesses through the Office for Economic, Community and Business Development at HSU. Existing businesses within Humboldt County's base industry clusters/targets of opportunity can receive specialized research in one of the following categories:

- Competitors and their strategies
- Industry trends and forecasts
- Market size and sales
- Market demographics/psychographics
- Potential market niches
- Prospective partners and resources
- Marketing lists and leads
- GIS and social networking

Headwaters funds are being sought to transition CI from a grant-funded/underwritten service to a self-supporting service paid for by the businesses CI serves.

2. Describe the project including project goals

Project Context

In the past, many local entrepreneurs turned to HSU for assistance with research for their companies. HSU faculty and staff's ability to respond to local business requests was generally dictated by their teaching loads and when in the academic schedule that the request is received. Requests received before or at the beginning of a semester were more likely to be addressed by a faculty member, a student assignment, class project, or internship than requests received mid-semester or later. Frequently though, the needs of the local business were beyond what the faculty and staff could adequately address. This was a primary reason for creating CI—to leverage HSU resources and provide year-round, timely response to local business' research needs.

In its pilot year, CI services were established, a part-time research analyst was hired, and experts in the field of market research educated staff of the Office for Economic, Community and Business Development (OECBD) and a select group of local business leaders how CI could directly help local business expand their markets, increase sales, and ultimately, stay current and competitive in the global market.

To date, 20 businesses (from the identified industry clusters/targets of opportunity) have been served with in-depth research totaling more than 342 hours, and the model of service delivery has been refined. Without exception, the businesses that received these services have been very happy with the results—some asking for follow on research within the first year.

In the second phase of CI, the OECBD will continue providing deep research to companies in Humboldt County, but will begin charging the business owners for this service. During this phase we will also expand our research team, to allow for more projects to be completed each month. While CI services will reach self-sufficiency in the third year of operation, underwriting is still needed in year two.

Project Goals

Specific **short-term goals** for Phase II of Competitive Intelligence are as follows:

- A. Transition CI services to fee-based, and build level of delivery such that program is self-sufficient.
- B. Diversify research team to include multiple part-time (contractor) research analysts with different areas of specialty.
- C. As appropriate, engage HSU students and faculty in CI market research.
- D. Establish a partnership with the Small Business Administration National Clearing House (commonly known as SBDC.Net) such that all research fees (for access to publications and databases) are paid by SBA going forward.
- E. Support multi-business research projects with “white papers” that can inform Industry Clusters/groups of businesses that fall within the Targets of Opportunity.
- F. Measure the economic impact of research conducted in the first year, and report to all stakeholders on ROI for their initial funding.
- G. Provide out-of-the-box “ideas for how to stay afloat in a turbulent economy” for companies struggling due to the national economic crisis.
- H. Double the number of research projects from year one.

Overall **long-term goals** and possibilities of Competitive Intelligence Services include:

- I. Expanded markets and increased sales for local companies.
- J. Increased and higher-paying jobs within local companies.
- K. Improved competitiveness for local companies within the global market.
- L. Retain companies (and their employees) that may have had to close or move out of Humboldt County to survive the current national economic crisis.
- M. Inter-industry linkages.

3. How and to what degree will the project further economic development in Humboldt County? Quantify where possible. List measurable outcomes and how outcomes were calculated.

Competitive Intelligence Services **complement business assistance and lending** provided by the local Small Business Development Center, Arcata Economic and Community Development, Redwood Region Economic Development Commission, and other agencies. CI also brings HSU to the local economic development “table” in an appropriate way that leverages Humboldt State’s strength of being the only local 4-year institution of higher education. Rather than a short-term project that may make an impact, but that has sustainability issues, CI Services were envisioned and are becoming the **self-sustaining services** through which HSU’s research can positively impact local industry. Because of this, we feel that the creation and sustainability of CI Services for current and future business needs is in itself a contribution to local economic development.

Beyond this though, CI absolutely **creates new opportunities/reduces risk for every business served**. As stated above, CI clients see real, tangible and quantifiable results from this service.

At the end of all CI projects, and then annually thereafter, **all CI clients are surveyed for economic success indicators:**

- Jobs created
- Jobs retained
- Increases in sales
- New businesses created
- Capital infusion into company (loans, equity, grants)

This information (and all CI client data) is tracked in a database called WebCATS: Web-based Client Activity Tracking Software. WebCATS is a proprietary database of the SBDC program, administered by the SBDC Lead Center—the primary program under the HSU OECBD umbrella. By using WebCATS, client information and economic impact can be tracked and reported in a variety of formats and for a variety of subsets—including a **breakdown of activity and/or impact by industry.**

4. Describe who and how many will benefit from the project.

Approximately 40 local businesses will receive Competitive Intelligence Services in the second year of the program. Specifically, CI will be targeted to businesses that are already in business and either prepared to grow or are facing significant job losses due to the economic downturn. Businesses within the Targets of Opportunity and identified Industry Clusters will receive the majority of services.

5. What methods will be used to achieve the expected results?

Scope of Work and Project Timeline

Project Component	Tasks	Who	Timeline
A. Design and implement fee-structure for CI services	Obtain feedback from prior CI clients about proposed fee-structure	Bob Judevine	3/09
	Develop and publish fee structure on brochure and website	Bob Judevine	3/09-4/09
	Get appropriate clearance from HSU and SBA on charging for CI services	Steve Karp	3/09-4/09
	Set goals for fee-income, ramping up quarterly	Kristin Johnson	3/09-4/09
	Track progress in % of services paid for out of client fees	Bob Judevine	Quarterly
	Adjust as appropriate	All	As needed
B. Diversity research team—increased	Post solicitation for research consultants on	Bob Judevine	3/09

specialties	campus and within the local community		
	Add 3-5 researchers to our team of consultants	Bob Judevine	4/09-5/09
	Do a trial project with each new researcher, give feedback as appropriate.	Bob Judevine	4/09-5/09
	Provide opportunities for researchers to meet each other, share ideas and best practices with each other	All	6/09, 9/09, 1/10
C. Engage HSU students and faculty in CI research	Hold meetings with targeted faculty that do research relevant to local industries. See if they would like to do some fee-for-service research through CI.	Bob Judevine and Kristin Johnson	6/09 – 9/09
	Hire 2-3 interns to work on entry-level research projects under supervision of CI professionals.	Bob Judevine	By 9/09
	Hold meetings with targeted faculty that conduct market research classes. Explore ways to integrate student research projects with CI.	Bob Judevine and Kristin Johnson	6/09 – 9/09
D. Establish partnership with SBDC.Net	Perform due diligence on SBDC.NET funding structure and gaps of service.	Bob Judevine and Kristin Johnson	ASAP
	Go to Texas to meet with SBDC.NET and propose a partnership that would provide HSU CI free access to databases and subscriptions for market research—and that would provide SBDC.NET free access to the Norcal SBDC’s Technology Advisory Program personnel for technology-based requests that come to SBDC.NET	Bob Judevine and Kristin Johnson	ASAP
	Write up a MOU and have it signed by appropriate parties.	Kristin Johnson	By 8/09
E. Begin creating industry “white papers”	Discuss concept in more detail with Kathy Moxon.	Bob Judevine and Kristin Johnson	4/09
	Establish method for prioritizing industry work relative to individual company request.	Bob Judevine	4/09
	Establish a fee structure for whitepapers	Bob Judevine	By 5/09

		and Kristin Johnson	
	Add whitepapers to our list of services	Bob Judevine	By 5/09
F. Measure and report economic impact	Survey for economic impact and report results to funders/stakeholders.	Bob Judevine, Intern	12/09, then annually
G. Assist struggling businesses with out-of-the-box ideas	As needed, work in-depth on research projects to realign struggling companies.	All	As needed
	Communicate with economic development partners about this focused effort and ask for referrals.	Bob Judevine	ASAP
	Promote service through media, website	Bob Judevine, Intern	ASAP
H. Double service level from year one.	“Objective H” will be realized through completion of tasks listed above, under project components A-G.	N/A	N/A

6. What qualifications do the organization, partners and project staff bring to the project?

Core staff of the Office for Economic, Community and Business Development (OECBD) have been administering and delivering training and assistance to local businesses for many years. We are knowledgeable about grant management, HSU resources (and politics), and have a “get-it-done” culture that local entrepreneurs identify with.

As related to Competitive Intelligence Services, following is an overview of who on our team is and will be involved in which aspect of the program.

Bob Judevine: Manages CI operations. Works with clients at the front-end of a project to make sure they have realistic expectations and works with the client to identify the focus of research to be conducted. Bob also tracks economic impact of the services and oversees the group of research analysts. Bob is a former entrepreneur and business consultant with many local business contacts.

Kristin Johnson: Principal Investigator for all contracts/grants of OECBD, including those that support Competitive Intelligence. Oversees resource allocation, alignment of goals across programs, securing new and additional resources and on-campus relationships. Kristin is a former entrepreneur and business consultant with many local business contacts.

Steve Karp: Financial manager for all OECBD contracts/grants, including those that support Competitive Intelligence. Oversees budgets, matching funds and contract compliance.

Adrienne Harling: Research Analyst for Competitive Intelligence Services. Adrienne does the research and reports results to clients. Also provides peer support for other CI researchers working for OECBD on a contract basis.

Outside of the OECBD, additional key contributors and partners to Competitive Intelligence include the following people and organizations:

Ray Wang, Dean of HSU's Library: Dean Wang is a very entrepreneurial person who is very engaged with OECBD in developing CI services. He has been and will continue to be a fabulous partner in growing the databases and resources CI can access through the HSU library and through the larger CSU network of library services.

SBA National Clearing House –aka- SBDCNet: provides free and low-cost custom market research to SBDC staff and their small business clients nationwide. Research conducted by SBDCNet is very similar to that conducted by Competitive Intelligence. Because of this, CI's depth and breadth can be complimented by projects referred out to SBDCNet. This is possible because of the recent merger of HSU's OECD and SBDC programs under the OECBD umbrella. It allows for us to grow CI and respond to periods of increased demand without adding excess overhead. Also, as stated above, a goal of CI in year two is to get free access to SBDCNet's paid research subscriptions—thereby significantly reducing CI's operating expenses. The consumer-side of SBDCNet can be accessed at www.sbdnet.org. The research side of SBDCNet is password protected, but can be shared with the Headwaters Fund Board by Bob Judevine in person, if requested.

North Coast SBDC: Many of the referrals to CI in the pilot year have come from the North Coast SBDC. Additionally, many of the companies who received CI services then needed assistance in implementation of new ideas—and accessed the North Coast SBDC for assistance with implementation. We expect the strong partnership with Michael Kraft and his staff to continue.

Local Business Community: In year two, we will call upon happy *clients from the CI pilot* to help others understand the benefits of CI. We will also work with agencies and partners involved with the *Prosperity Network* to get the word out about CI—with a focus on businesses facing major challenges from the economic downturn.

7. How do you know the project will succeed? What are the risks and challenges?

Competitive Intelligence has already proven very beneficial to local companies. We will shortly find out the measurable impact felt by clients served in our first year. We expect to see incremental sales growth, jobs created and/or saved, and a few cases of business expansion from first year activities.

In the above proposal, we feel very confident of our proposed tasks, and this confidence stems from our successful pilot. The risks/challenges for year two (and beyond) are to keep expenses low and to go from a subsidized program to a self-supporting program. From the beginning, we have shared with clients the real costs of what they would pay for CI services if it were not for subsidization. Most clients have expressed that they would be willing to pay for CI services in the future – at or above our breakeven. Further research as to our fee structure must be conducted, but we believe the market will bear the costs. Additionally, there are a number of universities offering market research for a fee in other communities. We have begun researching their

models and will take this information into consideration as we migrate towards our self-funding model.

Lastly, with our emerging partnership with SBDCNet, we believe we can reduce expenses per project to a level below the pilot year.

8. How will you evaluate the success of the project? What indicators will you look at (and when) to gauge success?

We have established both leading indicators and lagging indicators of success for CI. Our **leading indicators** of success are the *number of inquiries* that we receive and the *number of clients* that we provide completed CI research results to. In order to produce **40 research projects** (our target for year two), we will look to receive **80 solid inquiries**. Note: those inquiries that do not turn into projects will be referred to the North Coast SBDC or provided another appropriate resource to assist them in their business' needs.

Lagging indicators of CI program success are judged against CI's *ability to create meaningful economic impact* and the *cost to create the economic impact* for the clients' businesses we serve. The following categories of economic impact (also listed above) are tracked annually for CI clients: jobs created, jobs retained, increases in sales, new businesses created and capital infusion into companies served (loans, equity, grants). It is too soon to be specific about what level of these economic impacts will be produced in clients' businesses, however we have already started tracking the data needed to compare costs associated with producing each economic impact from year-to-year. Example: CI's cost in year 1 to produce a job will be compared with CI's cost in year 2 to produce one job.

9. How will the project be sustained after the grant?

A. Client Fees: As stated above, in year two, Competitive Intelligence will begin charging a reasonable client fee for research projects conducted. The determining specifics of the fee structure and implementing the fees are areas of work that included in this proposal.

B. SBA Funding and SBDC Lead Center Support: The OECBD is investing an increased level of Small Business Administration funding (from the SBDC Lead Center) into Competitive Intelligence Services in the second year of operations. The recent merger at HSU between the OECD and the SBDC Lead Center allows for increased stability and sustainability of CI over time.

C. SBDCNet Research and Collaboration: By tapping the SBDC Lead Center's ability to utilize free research conducted by SBDCNet (described above), our overall costs of providing CI projects decreases. Also, we will seek a partnership with SBDCNet to access the common subscription databases we both are using—so to decrease CI's annual output for costly subscriptions.

D. Diversified Researchers, Student Interns: Nationwide, many universities offer market research similar to what CI is providing. Without exception, all that we have run across utilize student interns. We feel the use of interns will be a cost-effective way to conduct some of the basic

research needed in a variety of the CI projects we have seen to-date. Interns will not lead projects, however be involved under supervision of an OECBD employee.

E. Larger Research Projects: On a case by case basis, OECBD will entertain research projects that are larger in scope than for an individual business. (Examples: projects for industry clusters, feasibility research for economic development projects, etc.) These type of projects will be billed at a higher per-hour rate and will only be conducted as time allows.

III. ATTACHMENTS

Please attach the following after the project narrative:

A. Project budget – use the budget format outlined below in *Section V* of this application form.

Project Expense Item	Total Cost (\$)	Requested from HWF	Matching Funds (Cash)	In-Kind Match	Source of Matching Funds
Research Associate (0.5 FTE)	31,392	20,928	10,464		CI Research Fees
Bob Judevine (0.05 FTE)	3,806			3,806	SBA via SBDC Lead Center
Steve Karp (0.05 FTE)	3,990			3,990	SBA via SBDC Lead Center
Kristin Johnson (0.05 FTE)	4,801			4,801	SBA via SBDC Lead Center
OECBD Admin (0.1 FTE)	4,000			4,000	SBA via SBDC Lead Center
Student Interns	8,000	3,000	5,000		CI Research Fees
Sub-total: all Direct Salaries & Wages	55,989	23,928	15,464	16,597	
Benefits & Payroll Taxes: Harling + Interns	7,091	4,307	2,784		CI Research Fees
Consultation from CI Professionals	2,500	2,500			
Sub-total: all Labor (inclusive)	65,580	30,735	18,248	16,597	
Database subscriptions (for doing CI research)	11,882	5130	1752	5000	SBDCNet via SBDC Lead Center, and CI Research Fees
Use of WebCATS client database				750	SBA via SBDC Lead Center
In-area Travel (to clients' businesses)				750	SBA via SBDC Lead Center
TOTAL Direct Charges	78,962	35,865	20,000	23,097	
Overhead- non-staff	4,304	4,304			
All Overhead Costs as % of Total Project Cost		12%			
Total Project Cost	83,265	40,169	20,000	23,097	

Competitive Intelligence Services, Phase II

HSU Office for Economic, Community & Business Development

- Organization's current annual operating budget

Supplied under separate cover by Suzi Hendry of the HSU Sponsored Programs Foundation.