

CAPITAL ACCESS PROGRAM

The Capital Access Program (CAP) is one of the Michigan Economic Development Corporation's (MEDC)SM innovative programs available to assist businesses with capital needs. The CAP uses small amounts of public resources to generate private bank financing, providing small Michigan businesses access to capital that might not otherwise be available.

Under the CAP, more than 11,211 loans have been provided to Michigan businesses over the past 22 years. The \$24.3 million in public/state/MEDC/MSF resources committed to the program supported approximately \$628.7 million in bank lending—a private/public ratio of 27 to one.

After a three year absence, the CAP was re-established in April of 2006 to continue assisting small businesses with their financing needs. The program can be used to finance most types of business (with the exceptions of construction, renovation, purchase of residential or rental housing, or rental property). The only restriction on the loan size or term is a maximum loan amount of \$5 million.

Participating banks throughout Michigan offer CAP loans directly to companies that need credit enhancement. Similar to a loan loss reserve fund, the bank, the company and the MEDC pay a small premium into a reserve that makes it possible for the company to receive fixed asset and working capital financing.

DIRECT BANK-BUSINESS TRANSACTION

- CAP loans are private transactions between banks and borrowers
- MEDC plays no role in lending decisions nor in setting loan terms & conditions
- The bank assumes the risk of the loan

FLEXIBLE, NON-BUREAUCRATIC

- CAP loans can be long- or short-term, term loans or lines of credit
- The bank has the flexibility to recast, extend or refinance the loan to address the needs of the business owner

ELIGIBLE BORROWERS

- CAP loans are available to most businesses located and legally authorized to do business in Michigan that satisfy the bank's criteria
- Small businesses—less than 250 employees OR \$6 million in gross annual sales
- Must be for profit institutions

PARTICIPATING FINANCIAL INSTITUTIONS

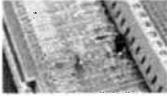
To date, 54 financial institutions in Michigan have signed on to participate. More are being added as the MEDC continues to market the program statewide. (Participants are shown on the following page.)

- Ann Arbor Commerce Bank
- Bank of Auburn Hills
- Bank of Lenawee
- Bank of Michigan
- Byron Bank
- Capitol National Bank
- Central Macomb Community Credit Union
- Century Bank and Trust
- Chelsea State Bank
- Chemical Bank
- ChoiceOne Bank
- Christian Financial Credit Union
- Citizens National Bank
- Citizens State Bank
- Comerica Bank
- Commercial Bank
- County National Bank
- Dart Bank
- Detroit Edison Credit Union
- Fifth Third Bank
- First National Bank in Howell
- First State Bank
- Grand Haven Bank
- The Huntington National Bank
- Huron Community Bank
- Independent Bank
- Ionia County National Bank
- Irwin Union Bank & Trust
- Isabella Bank & Trust
- Kent Commerce Bank
- Keystone Community Bank
- Lake-Osceola State Bank
- Lapeer County Bank and Trust
- LaSalle Bank Midwest
- Macomb Community Bank
- Macatawa Bank
- Main Street Bank
- Mercantile Bank of Michigan
- MidWest Financial Credit Union
- Muskegon Commerce Bank
- National City Bank
- NuUnion Credit Union
- Option 1 Credit Union
- Paragon Bank & Trust
- Peoples State Bank
- Portage Commerce Bank
- Southern Michigan Bank & Trust
- Sturgis Bank & Trust Company
- United Bank & Trust
- United Bank & Trust-Washtenaw
- University Bank
- Upper Peninsula State Bank
- West Michigan Community Bank
- West Shore Bank

For further information, contact the MEDC Customer Assistance Center at 517.373.9808 or CAD@michigan.org.



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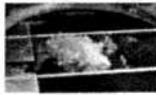


MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
in Program 076

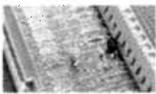
**Michigan Economic Development Corporation &
 Small Business and Technology Development Center**

House Commerce Committee
 Honorable Rep. Robert Jones, Chair
 February 24, 2010

Presented by:
 James McBryde, MEDC Legislative Liaison
 Phil Tepley, SBTDC
 Tamara Davis, SBTDC



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in Program 076

**Strategic Partners:
 Helping Deliver Services**

- Small Business and Technology Development Centers (sbTdc)
- Procurement Technical Assistance Centers (PTACs)
- Michigan Manufacturing Technology Center (MMTC)
- NextEnergy

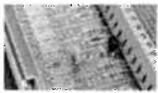
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Strategic Partners: Helping Deliver Services Small Business and Technology Development Center

- Network supported by the Michigan Economic Development Corporation
- 12 regional/20 satellite offices serving all 83 counties
- From 2007 to 2009, assisted start-up of **1,179 new businesses** with **9,793 jobs created by these companies ***
- Centers provide the following services to businesses with less than 500 employees – core of which is companies with under 50:
 - provide no-cost business management consulting and low-cost training to Michigan's small business community
 - certified counselors assist businesses in handling cash flow problems, developing sound accounting practices
 - producing marketing materials
 - packaging loan proposals
 - addressing personnel issues
 - referring clients to experts who partner with the MI-SBTDC network.
 - links resources of federal and local governments with community colleges, universities, and the private sector to produce practical solutions to business problems

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MI-SBTDC
MICHIGAN
SMALL BUSINESS
& TECHNOLOGY
DEVELOPMENT CENTER

MI-SBTDC™ – FEET ON THE STREET!



Michigan Small Business & Technology Development Center™

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MI-SBTDC™ MISSION

The Michigan Small Business & Technology Development Centers

...enhance Michigan's economic well-being by providing counseling, training, research and advocacy for new ventures, existing small businesses and innovative technology companies.

The MI-SBTDC network positively impacts the economy by strengthening existing companies, creating new jobs, retaining existing jobs and assisting companies in defining their path to success.

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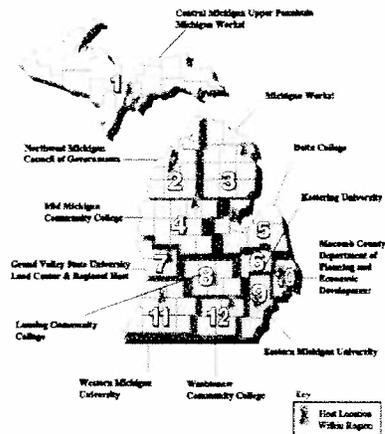
MI-SBTDC SNAPSHOT

- SBDCs were initially formed by Congress in 1985
- Are a Federal-State-Local Partnership of:
 - SBA, MEDC, and 12 regional host organizations
 - \$3.7 million annual funding through the Small Business Administration
 - MUST be matched by State and local funds-dollar for dollar to receive
- 2009 Michigan SBTDC statewide statistics:
 - Served 15,895 businesses
 - Helped those businesses raise \$247,478,883 in new capital
 - \$65,951,312 of that for tech companies; \$14,613,000 in SBIR/STTR (federal) commercialization dollars into Michigan-based businesses

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MI-SBTDC Regions & Regional Hosts



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SBA
U.S. Small Business Administration

MI-SBTDC SERVICES

- **CONSULTING** – provided at no cost/confidential
- **TRAINING** – provided at low or no cost
- **SECONDARY MARKET RESEARCH**
– low or no cost

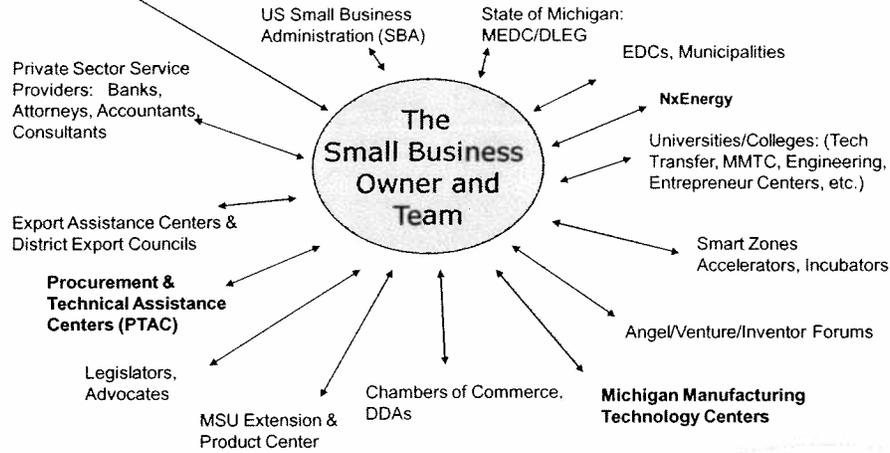
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SBA
U.S. Small Business Administration



RESOURCE PARTNERS FOR THE SMALL BUSINESS



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KEY SERVICES PROVIDED BY THE SBTDC CONSULTANT

- Business Venture Feasibility Analysis
- Business Plan Development
- Accessing Capital
- Financial Analysis
- Cash Flow Management
- Strategic Planning
- New Market Development

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TECHNOLOGY TEAM BACKGROUND

- Launched in 2002 – Now a seasoned group!
- Second “SBDC” to receive Technology Accreditation in the nation, now 1 of 7.
- Recognized nationally as a **Best Practice**
- An integrated program, working in conjunction with the 12 regional offices statewide

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TECHNOLOGY TEAM

BROAD EXPERIENCE & CREDENTIALS

Anna Bier, MS, MBA Physicist	- <i>SBIR / STTR</i>
Mary Sue Hoffman, J.D. Attorney	- <i>Corporate templates, due diligence</i>
Phil Tepley, BA Team Coordinator	- <i>Investor pitch, business plan development</i>
John Balbach, MA Finance	- <i>Banking, alternative financing</i>
Tom Kelly, MBA Marketing	- <i>Operations, sales, management</i>
Kayo Ramirez, J.D. Attorney	- <i>Venture Capital, business plan development</i>
Prafulla Pande, MS Engineering	- <i>Executive Coaching, industry partnerships</i>
Dave Grossman, ME Engineer	- <i>Technology roadmapping</i>
Sandra Cochran, MBA Life Sciences	- <i>Business plan development, networking</i>
Joe Batteiger, MBA Management	- <i>Company growth strategies, HR</i>

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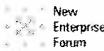
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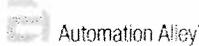


STATEWIDE TECHNOLOGY BUSINESS SUPPORT

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Plymouth Venture Partners
collaborating with partners for success



SPARK

MGCS



southwest michigan
innovation center



University of Michigan Business School
Samuel Zell & Robert H. Lurie
INSTITUTE FOR ENTREPRENEURIAL STUDIES



SWMFLIFE SCIENCE FUND



And many more...

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EMERGING TECHNOLOGIES FUND

- Matches federal SBIR/STTR research and development grants up to \$125,000
- Funds support technology commercialization
- \$1.4 M per year since 2008
- To date:
 - 34 awards - \$1.6 million disbursed
 - 138 applicants – 357 applications
 - 38 new FTE – 41 FTE retained

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MICHIGAN SMALL BUSINESS & TECHNOLOGY DEVELOPMENT CENTER

GRAND VALLEY UNIVERSITY MICHIGAN

Home

Michigan Emerging Technologies Fund

Welcome to the Michigan Emerging Technologies Fund web site!

Start an Application

Program Guidelines

The Michigan Emerging Technologies Fund (Michigan ETF) is designed to expand funding opportunities for Michigan Technology Based Companies in the Research, research and development areas. The Michigan Small Business and Technology Development Center (MSBTDTC) in partnership with the Michigan Economic Development Corporation (MEDC) awarded \$1.4 million in 2009 to match federal SBIR/STTR funding opportunities for exceptional research and technical innovation generated in Michigan. An additional \$1.4 million has been allocated to the ETF for 2009. The fund will make up both Phase I and Phase II SBIR/STTR awards until funds are exhausted.

Effective 4/16/09, the MSBTDTC guidelines have been updated and will apply to all new applications. Please review the new Program Guidelines prior to submitting new applications.

The purpose of the Michigan Emerging Technologies Fund is to:

- Encourage companies to pursue SBIR/STTR grants and contracts
- Increase Michigan's competitiveness in obtaining SBIR/STTR funds
- Increase governmental revenues of Michigan SBIR/STTR projects
- Promote high-tech technology investing activity in Michigan

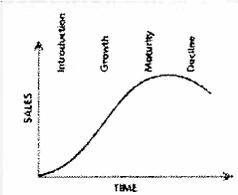
SBA

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MICHIGAN THE UPPER HAND SBA

MICHIGAN SMALL BUSINESS & TECHNOLOGY DEVELOPMENT CENTER

GROWTH GROUP (G2)



- Targeted to assist companies intending to grow
- Diverse industries including manufacturing, service and retail
- Revenues of \$1 million to \$50 million
- 9 to 99 employees
- Team includes expertise in finance, manufacturing, strategic planning, and marketing

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GROWTH GROUP TEAM

Melissa Angel, MBA Marketing/Finance	<i>-9 years with SBTDC, entrepreneur</i>
George McBean, MBA Physics/Finance	<i>-auto industry, finance, management</i>
Stan Pruski, MBA Engineering	<i>-medical, electronics, manufacture</i>
Kerri Michalowski, MBA Medical Tech.	<i>-19 with Dow Chemical</i>
Harry Blecker, M.S. Urban Planning	<i>-AME Director, strategic planning</i>
Nancy Boese, MBA Business Strategy	<i>-business tools, marketing</i>
Pat Salo, MBA Accounting	<i>-18 years with SBTDC, finance</i>
Cathy Kaiser, MBA Teaching Certification	<i>-facilitator, organizational consultant</i>
Joe Batteiger, MBA Marketing	<i>-entrepreneurial software companies</i>

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AN ANNUAL AWARDS PROGRAM CELEBRATING SECOND STAGE ENTREPRENEURS IN ASSOCIATION WITH THE EDWARD LOWE FOUNDATION

MI-SBTDC: Managing Partner – Event is entering its 6th year

Economic Impact in 2008 (2009 Event: April 29 2010)

\$405 million in total annual revenue

\$99 million increase in total annual revenue

1,530 employees

296 net new jobs

	2005	2006	2007	2008	2009 (projected)
Revenues (millions of dollars)	\$179	\$241	\$306	\$405	\$589
Employees	818	1,002	1,234	1,530	1,891

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MFG. ASSISTANCE TEAM

- Created in 2009 in response to economic stress in Michigan's manufacturing sector and MEDC's Manufacturing Diversification initiative
<http://www.michiganadvantage.org/diversification/>
- Dedicated to working with small and medium-sized Michigan manufacturers
- Team includes expertise in financial planning and control, access to capital, and strategic assessment and improvement

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MFG. ASSISTANCE TEAM

- Tom McFadden, MBA Access to capital *-banking manufacturing finance and entrepreneurship*
- Theresa Sickles, CPA, Financial analysis *-16 years public accounting experience*
- George McBean MBA Physics/Finance *-auto industry, finance, management*
- Stan Pruski, MBA Engineering *-medical, electronics, manufacture*

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MI-SBTDC REGIONAL PERSPECTIVE

CONNECTING THE DOTS AT THE LOCAL LEVEL

Services provided to meet the needs of the region

- Consulting
- Secondary Market Research
- Education through training and workshops
- Partnerships
 - Funding sources: Banks, Credit Unions and other sources of capital
 - Service providers:
 - MMTC, PTAC, SCORE, local Chambers of Commerce, Economic developers, SBA, USDA, MEDC, Michigan Works!, DDA's, local leaders, city managers
 - Professional services: Attorneys, CPAs, and Insurance providers

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EDUCATION THROUGH TRAINING

WORKSHOP	TOPICS
“Fundamentals of Entrepreneurship” training series	Allows individuals considering entrepreneurship access to low cost training and information. Topics include starting a business, business plan development, feasibility analysis, marketing a business, legal issues and finance fundamentals.
Fiscal Fitness	Allows for in-depth look at the essentials of using financial information to make effective business decisions and to improve company performance. Sponsored by 5/3rd Bank.
FastTrac training series	New Venture, Growth Ventures and Tech Ventures
Locally Developed Workshops	Provided to meet the needs at the local level. Workshops include: Evening with the Experts, Market Diversification Series, 8a Certification, SBA Roundtable, Buy Michigan First, Retail Survival, etc.

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KAUFFMAN FASTTRAC PROGRAM

**A 10-WEEK "BOOT CAMP" FOR ENTREPRENEURS
57 Certified Trainers Statewide**

KAUFFMAN
The Foundation of Entrepreneurship

	Actual 2009	Projected 2010
Total Trained in 2009	527	
Projected Participants in 2010		
NEI (10 SE Michigan Foundations)		
Detroit		390
Macomb		60
Ypsilanti		60
Kent County		90
MEDC 2010		400
TOTAL		1000

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TOOLS TO ASSIST CLIENTS

**Step 1: Assess and
strengthen company**

- Strategic Needs Assessment
- Financial Analysis
- Capital Needs
- Organizational Development

**Step 2: Assess future
growth opportunities**

- Strategic Actioning
- Marketing Growth Plan
- Process Improvement
- Capital Access
- Internal Management Tools

**Step 3: Implement
growth plan & monitor**

- Monitor and Analyze Metrics
- Implementation Accountability
- Quarterly Variance Analysis
- Leadership Coaching

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ASSISTING CLIENTS IN ACCESSING CAPITAL

- Assess capital and cash flow needs
- Assist with development of a business plan, financial forecast, loan proposal, and lender presentation
- Educate clients on financial ratios and lending criteria used by financial institutions
- Connect the business owner with appropriate funding sources
- Post-funding consulting to maximize success and promote an ongoing strong relationship with the bank or other funding source

FINANCIAL ANALYSIS

- Analyze data from financial statements for past 3-5 years:
 - Breakeven
 - Profits: Gross, Operating and Net
 - Working Capital, Inventory and Accounts Receivable
 - Asset Turnover
 - Cash Flow
 - Return on Assets
 - Interest and Debt Service Coverage
- Benchmark company against industry financial ratios
- Identify performance opportunities - "What If" and scenario building

CAPITAL ACCESS PATHS

Assist clients to identify the most appropriate capital sources

- MEDC Programs
<http://www.themedc.org/Products-Services/A-Z-Programs/Default.aspx>
 - Capital Access Program
 - Michigan Loan Participation Program
 - Michigan Collateral Support Program
- SBA Programs www.sba.gov
 - Regular 7(a)
 - 504 program
 - Export Assistance Working Capital
- Small Business Innovative Research grants (SBIR) program
- Credit Unions and traditional banks.

Q & A ...

