



**Oregon Technology Business Center
3800 SW Cedar Hills Blvd, Suite 260
Beaverton, Oregon 97005
(971) 223-4660**

March 13, 2015

**TO: Joint Committee On Ways and Means Subcommittee On
Transportation and Economic Development**

**FROM: Jim McCreight, Director Strategic Partnerships
Oregon Technology Business Center**

RE: Economic Development in Rural Oregon

Thank you for the opportunity to testify before your committee on Thursday March 19, 2015 as you consider the BusinessOregon/SBDC budget and questions concerning economic development especially in rural Oregon.

There has been much talk about rural Oregon economic development but not as much progress as many would like. We are proud to be implementing a program in rural Oregon that we believe could be expanded state-wide enabling rural entrepreneurs to start, build and grow a business. The program is called the Virtual Incubation Program (VIP).

Funded last fall with a grant from the Oregon Community Foundation Fund we partnered with the Small Business Development Center's in Pendleton and Astoria to assist four start-up companies in each area. VIP offered bi-weekly live video conferences from Beaverton to rural Oregon entrepreneurs featuring successful Portland area business leaders, investors, and experts. Between bi-weekly video conferences we mentored the entrepreneurs by phone. The pilot project was so successful the Oregon Community Foundation Fund gave us a second grant to conduct the program this spring in four rural areas; Pendleton/La Grande, Astoria/Tillamook, Klamath Falls and Coos Bay. The program in partnership the four SBDC offices in those areas and the Oregon Entrepreneurs Forum with its statewide base of mentors will assist up to sixteen entrepreneurs start, build, and grow their companies!

We are asking your committee to consider enabling this program to be carried out state-wide in rural Oregon thru a partnership of OTBC, BusinessOregon, SBDC's, and OEN. We estimate the cost for two years to be in the range of \$200,000 to \$300,000 and could be an addition to the BusinessOregon or SBDC budgets with OTBC designated as the primary organizer and implementer of the program.

Additional information is enclosed for your review. We will be happy to answer any questions at during public testimony on Thursday, March 19.

This program is a real program, on the ground trying to help rural Oregon entrepreneurs. As I've told many rural Oregon entrepreneurs over the years "if you can't find a job, create a job." With your help we can do just that and begin to rebuild the economies of rural Oregon.



OREGON SMALL BUSINESS DEVELOPMENT CENTER NETWORK

Helping Build Oregon's Best Businesses

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December 15, 2014

Regarding: Oregon Technology Business Center Grant Request

Dear Oregon Community Foundation,

The Oregon Small Business Development Center Network and our 19 community college and university hosted Centers from around Oregon, have greatly benefited from the Virtual Incubation Program (VIP) project hosted by the Oregon Technology Business Center. Two of our rural Centers in Pendleton and Astoria participated in the program this past year. The program allowed our clients to access well organized business resources in the Portland area from across the state, utilizing high definition videoconferencing.

Our Clients and Advisors could not say enough about how the program linked companies with "west side" expertise and resources. Supplemental webinars and videos offered great content in meeting the small business needs assessed in early meetings with our clients. Our Blue Mountain Community College SBDC and Clatsop Community College SBDC plan to continue participation in the program (were grant funding approved) next year. We additionally plan to greatly expand the program through two additional Centers. We will meet in January with our four participating Centers, with anticipation of the VIP program launch. We also intend to discuss the benefits of this program with all of our Centers during our Statewide Directors Meeting in Portland in late January.

We are thankful for the support of the Oregon Community Foundation and Oregon Technology Business Center. This close partnership serves as a great model for assisting small businesses in rural Oregon. Further support to expand this effort, establishes a number of best practices utilizing a virtual approach, while leveraging statewide business expertise toward a greater economic benefit.

Warm Regards,

Mark Gregory
State Director, Oregon Small Business Development Center Network



Blue Mountain
Community College



Arthur J. Hill, Vice President Economic Development
Director, Small Business Development Centers

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December 5, 2014

Steve Morris, Executive Director
Oregon Technology Business Center
3800 SW Cedar Hills Blvd, STE 260
Beaverton OR 97005

Subject: VIP Program

This letter documents our conversations about the quality and benefits of our recent Virtual Incubator Program (VIP). This is the program you developed and delivered via Web video conference to our BMCC and Clatsop SBDC clients.

Having paid for the program myself and participated as a company owner, I can say from a participant's perspective that it was the most content-rich, well-designed and delivered series of professional training workshops I've attended.

As Director of our Small Business Development Centers here at Blue Mountain Community College, I can also say from an SBDC perspective that it was the best conceived, delivered and managed program we've offered in my 13 years as Director.

The benefits to our SBDC clients who participated go beyond the understanding they gained in the topics covered, from protection of intellectual property to preparing for outside investment. Additional benefits include your introduction of our clients to networks and resources that now extend from rural eastern Oregon to metro Portland and beyond.

Perhaps the most gratifying benefit is to see VIP program impacts on participants like Clint Carlson who has not only stepped up marketing activity on his products, but also redoubled his work with our business advisor to complete and execute his overall business plan. My own success in identifying independent reps for my company is directly attributable to setting and achieving the goals of the VIP program.

VIP has not only been a bellwether program for our SBDC, it marks the first program of our Eastern Oregon Business Accelerator. This is a major step toward meeting the goals of the Governor's Oregon Growth Board to enhance access to capital and grow a statewide entrepreneurial ecosystem in our rural communities as well as our urban centers.

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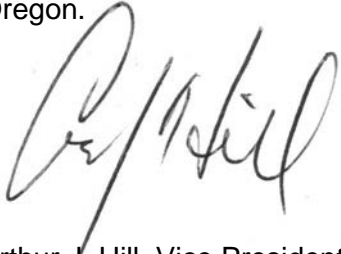
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We look forward to continued programs and collaboration with the Oregon Technology Business Center for the benefit of our SBDC clients and entrepreneurs throughout eastern Oregon.



Arthur J. Hill, Vice President Economic Development
Director, Small Business Development Centers
Blue Mountain Community College
Owner, Argo Resources

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Virtual Incubation Program - VIP

The Virtual Incubation Program (VIP) project is a 4 month series of workshops followed by ongoing monthly follow-up for growth-company entrepreneurs in rural Oregon. Our purpose is to help rural entrepreneurs increase their odds of success by helping them better understand key aspects of starting a growth company, and by helping them expand their networks.

The program is delivered by OTBC (a non-profit startup incubator in Beaverton) in partnership with multiple Small Business Development Center (SBDC) offices in Oregon.

What will Attendees Accomplish?

The first steps in the program are an assessment of each company's situation and development of a personalized action plan. Depending on the needs identified for a participant, in the assessment, the action plan may include:

- Validate the need & the solution
- Analyze value pricing
- Learn how to protect intellectual property
- Understood common stock, preferred stock, and stock compensation
- Developed financial projections & budgets
- Size and segment the target market
- Developed a funding plan
- Developed relationships with investors, service providers, and mentors in the Portland area and in their local area.

Who should apply?

All entrepreneurs who are building growth businesses in our target regions (to be determined) are encouraged to apply. What do we mean by "growth"? If your intent is to build a local business with local customers, that's not



what we mean by growth. If your goal is to build a product or service business that will ultimately sell to customers across the US or even internationally - that's what we mean by a growth business.

Is this Just for Tech Companies?

No - this program is for any company that has an objective to grow, and a business model that is scalable (i.e., a model that is capable of supporting growth). That might mean crafts, housewares, software, mobile app, clean tech, food, beverage, or any number of other markets. If your goal is to grow a growth product business or a scalable service business, then VIP is for you.

Is this just for companies that are seeking investors?

No, VIP is not limited to companies that are seeking investors. We'll discuss funding strategies that match the stage and goals of the participants.

The Flipped Classroom

For this program, we will use a "flipped classroom" approach, meaning that the "lecture" material will be delivered in the form of online videos, so that interactive time can focus on helping participating companies apply what they've learned to their own companies. At the same time, participating entrepreneurs will be building relationships with mentors and investors from their local area, and from the Portland area.

How it Works

Based on an assessment process, each participating company will develop a VIP action plan. That plan will likely involve viewing one or more of the VIP videos that relate to the action plan (these address the topics listed on the previous page under 'What will Attendees Accomplish?') and working on the deliverables that were identified in the action plan, with advice and help from VIP mentors.

Each month, we'll have two interactive video mentoring sessions. Participants will meet at their local participating SBDC office to participate in the video conferences - although entrepreneurs who are not close to the SBDC office can optionally participate by video or phone from their home or office (all that's needed for video is a laptop or pad device with a video camera and internet access).

During the sessions, each participant will report on their headway, and receive input/help from the other entrepreneurs as well as from VIP mentors. These programs will also typically include guest speakers who will provide brief educational programs. The guest speaker program is also an excellent opportunity for participants to grow their networks, meeting executives, bankers, investors, and mentors that they would not be likely to have met without the VIP program.

Follow-on Update Meetings

Once the 4-month program is complete, we encourage participants to continue participating in monthly online-video update sessions organized by the VIP staff, where program participants can keep in touch, update the group on headway they are making, and continue to receive help from the other participants and from the VIP mentors.

Time Commitment

The commitment you make as a participating entrepreneur is to:

- * One to two hours for the initial assessment, and to develop an action plan.
- * At least two to three hours a month to work on deliverables
- * Attend 2 interactive video sessions each month over the 4 month period of the program. These sessions will be held from 11:30am to 1:30pm.

We want to emphasize: there is no "busy work" involved. You'll be doing the work you need to do to grow your business. We'll help where we can - but nothing happens if you don't do the work!

What does the VIP program cost?

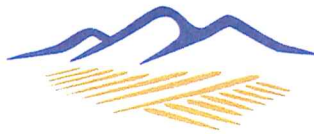
The fee for the program is \$250 per company. If a company successfully completes the program, having made a reasonable effort to attend the sessions and do the work, then we'll provide a \$75 rebate as a successful completion award.

Schedule Summary

We anticipate the program running from March through June. Specific dates are to-be-determined.

Pre-work

Entrepreneurs who are accepted into the program should complete some preparation work prior to the first interactive video session. In particular, the pre-work assignment is to view the VIP video on "Elevator Pitch" and prepare a compelling 1-minute elevator pitch explaining their business concept. At the first meeting, those elevator pitches are a great way to bring the entire group up to speed on each entrepreneur's business.



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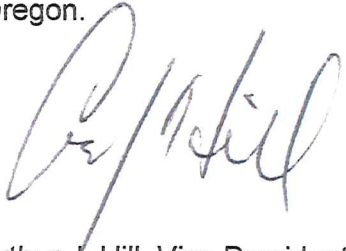
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Warm Regards,

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Mark Gregory
State Director, Oregon Small Business Development Center Network