

COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND

2014 Legislative Session

Legislative Day No. 06

Resolution No. 24-2014

Introduced by: The President of the Council

A RESOLUTION ADOPTING THE LOCAL MARYLAND SMALL BUSINESS & TECHNOLOGY DEVELOPMENT CENTER NETWORK (SBTCD) CONSULTATION REPORT.

WHEREAS, under Section 305, titled "County Internal Auditor" of the Charter of Wicomico County, Maryland, the Internal Auditor is charged with the duty to report on internal accounting controls, administrative and operating practices and procedures, and other pertinent financial and compliance matters within Wicomico County; and

WHEREAS, the Internal Auditor has submitted a Consultation Report concerning the local Maryland Small Business & Technology Development Center Network (SBTDC) that focuses on the structure and operations of SBTDC.

NOW, THEREFORE, BE IT RESOLVED, by the County Council of Wicomico County, Maryland that the local Maryland Small Business & Technology Development Center Network (SBTDC) Consultation Report submitted by the County Internal Auditor, attached as Exhibit A, is approved and adopted.

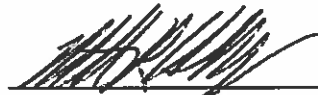
Done at Salisbury, Maryland, this 18th day of March, 2014.

ATTEST:

COUNTY COUNCIL OF
WICOMICO COUNTY, MARYLAND



Matthew E. Creamer,
Council Administrator

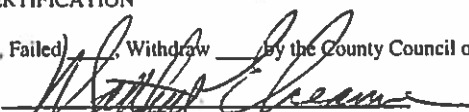


Matt Holloway,
Council President

CERTIFICATION

This Resolution was Adopted , Adopted with Amendments , Failed , Withdraw by the County Council on March 18, 2014.

Certified by


Matthew E. Creamer, Council Administrator



Wicomico County, Maryland
OFFICE OF THE INTERNAL AUDITOR

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Steve Roser, CPA/CIA/CFE
Internal Auditor

February 10, 2014

Internal Auditor's Consultation Report

The County Council and County Executive of Wicomico County, Maryland:

Pursuant to Section 305(D) of the Wicomico County Code and Council Resolution No. 106-2013, the Office of the internal Auditor (IA) has conducted an inquiry concerning the local Maryland Small Business & Technology Development Center Network (SBTDC). The purpose of the exercise was to gain a better understanding of SBTDC structure and operations.

The attached document was created for the County Executive and the County Council to describe the results of our inquiry. Any further inquiry will be at the discretion of the Council, the Executive, and the Internal Auditor.

Respectfully submitted,

J. Stephen Roser, CPA
Internal Auditor

Objectives:

The objectives of the consult were to gain an understanding of SBTDC operations and to learn how businesses were assisted through county funding.

Scope:

The scope of this consultation was open-ended. We focused on gaining an understanding of SBTDC operations. IA held an interview with SBTDC Regional Director John Hickman to inquire about the SBTDC purpose, mission, and methodology, and reviewed provided documentation:

- Summary of clients in the county by type
- Operational milestone report for SBTDC based on nine types of criteria
- Investments report

Additionally, IA interviewed two local business owners assisted by SBTDC, reviewed available SBTDC website information, and reviewed county records concerning the Wicomico County grant.

General Statistics and Highlights:

According to Director John Hickman, SBTDC's charge is to serve as community outreach. SBTDC is associated with Salisbury University Perdue School of Business. It is part of a national network and includes the University of Maryland and the U.S. Small Business Administration (SBA). The Perdue School of Business teaches a class in small business development. The course contains a research-heavy consulting project performed by students for the benefit of SBTDC clients. SBTDC provides resources for any stage of business including maturity and closing. Services are free to business starters and owners. The business clients cover any out-of-pocket expenses. SBTDC indicates that it devotes 85% of its budget to personnel. Some volunteers assist the center. Volunteers consist mostly of SU students and SCORE¹ volunteers. SBTDC spends no money on advertising. They maintain a "Constant Contact"² account that is free to SBTDC. Most of the clients served originate as referrals from bankers, CPAs, and elected officials.

According to Director Hickman, SBTDC must raise 50% of its operating funds. The SBA then matches the funds. Much of the funding comes from grants and donations, including the FY 2013 grant from Wicomico County of \$6,000. One hundred percent of the Wicomico County grant goes directly to the local office. Salisbury University waves many of the SBTDC indirect costs providing support "in kind". The University provides, among other things, the facility and utilities for the SBTDC offices in the Campus East Complex. "In-kind" donations qualify for SBA matching. Worcester, Somerset, and Wicomico Counties are served by this office. Additionally, Chesapeake College provides assistance to the SBTDC office in Wye Mills, Maryland.

¹ Service Corps of Retired Executives – for more information see: www.score.org

² Constant Contact is an internet marketing company – for more information see: www.constantcontact.com

As mentioned in the Scope section of this report, IA interviewed two business owners with a history of association with SBTDC. One was a financial advisory company and the other was a concrete contractor both located in Wicomico County. SBTDC assists both businesses on an ongoing basis and both were extremely positive when describing the relationship. The business owners enumerated assistance in the following areas:

- Goal setting
- Bookkeeping
- Targeting for profitability
- Financial statements
- Mentoring
- Business plan
- Succession planning
- Expansion planning
- Government contracting

SBTDC offers services during plant closings. According to Director Hickman, 5-10% of employees in a closing plant seek entrepreneurship. SBTDC offers one-stop coordination and career fair type seminars during plant closings. SBTDC tailors seminars to the population of workers. For example, the services offered to displaced workers during the Black & Decker plant closing in Easton catered primarily to engineers.

Some statistics for the period 10/1/2012 to 9/30/2013 offered by SBTDC for Wicomico County follow³:

Session Criteria	Number of Sessions	Total Hours
Start-up Assistance	48	65.20
Buy/Sell Business	6	16.25
Financing /Capital	34	47.15
Marketing/Sales	45	202.05
Government Contracting	2	1.00
Business Accounting/Budget	4	6.50
Cash Flow Management	15	33.25
Managing a Business	103	221.75
Engineering R&D	1	1.25
Human Resources/Managing Employees	3	2.25
Business Plan	90	225.85
Legal Issues	1	2.50
Total	352	825

³ The chart was developed from information provided by SBTDC...the number of clients served in Wicomico County during the period totaled 85

The chart shows that the most sessions were for business management followed by business planning assistance. Additionally, marketing and sales sessions required a large time investment. Start-up assistance ranked lower.

Conclusion:

IA offers no formal conclusion based on this exercise. We can state, however that the evidence presented indicates that SBTDC exhibits a robust effort to assist small business in Wicomico County.