

PROGRAM SERVICES GUIDELINES



WHAT IS PROJECT OPEN?

Project OPEN is an e-community with the purpose of assisting small business development and retention by assisting aspiring entrepreneurs and established small business owners with the financial and technical resources needed to create and expand successful businesses.

Project OPEN exists thanks to the assistance of the Kansas Center for Entrepreneurship, also known as Network Kansas. Network Kansas, established by the Kansas Economic Growth Act of 2004, mission is "to promote an entrepreneurial environment throughout the state of Kansas by establishing a central portal that connects entrepreneurs and small business owners with the right resources – expertise, education, and economic resources when they are needed most."

HOW THE PROGRAM WORKS

Project OPEN provides gap financing for new and existing entrepreneurs. *Gap financing* is the amount of money needed when conventional lenders are unwilling to assume 100% of the risk of lending. Per state law, to access funds from Project OPEN, applicants must secure at least 20- 40% of the gap financing needed from some other source.

	E-Community Loan	Grow KS Loan
Loan Cap	\$45,000	\$100,000
Bank Match	At least 40% of project total	At least 20% of project total
Match Rate	1.5 X	1.5 X - Rural and Distressed 2 X – Minority & Women Owned
Loan Terms	3% for 1-5 years 4% for 6-10 years	4% for 1-5 years 6% for 6-10 years

ASSISTANCE PLAN

An assistance plan will be developed with each Project OPEN applicant. Intake staff recommendations will be included in the assistance plan.

As a prerequisite, startup business applicants are required to successfully complete an approved business training program as part of their Project OPEN assistance plan prior to applying for gap loan funding. *For business applicants not considered a startup business*, completion of business training as recommended in the assistance plan is not required to be formally considered for funding.

All applicants are required to write or provide a current and up-to-date business plan to apply for Project OPEN funding. Any funds awarded by Project OPEN are related to meeting program objectives and will primarily rely upon the strength of the business plan submitted for such funding assistance.

ENTREPRENEUR TRAINING

In a special collaboration with Kansas State University – Salina, we offer FREE business training courses. These courses are intended to be taken together and will walk an aspiring entrepreneur through a full business plan. They are also mandatory for startup businesses applying for Project OPEN gap-financing.

Basics of Marketing, Management, and Strategy - *Focused training on essential information to assess the feasibility of your ideas to start or grow your business. Those completing this step will have the base knowledge of the components of a standard business plan.*

Includes the following concepts:

- Your mission: What you do, who you serve, and why
- Your vision for the future: A picture of your business in 5 years, how you will get there
- Your Team
- Knowing the options: How to structure / organize your business
- External and internal environment: customers, competitors, regulatory environment
- The 4 Ps of Marketing: Product, price, place, promotion
- What is your target market; how will you communicate with prospective buyers
- Who are your competitors and what is your competitive advantage
- Intellectual property and product development / life cycle
- Potential for growth

Financial Basics and Tools – *Training geared to accurately calculate future sales and costs, determine working capital needs, and prepare for the future needs of new and existing businesses.*

Includes the following concepts:

- Conducting break-even analysis
- Forecasting sales, costs, assets, liabilities
- Understanding tax compliance
- Exploring financial statements
- Determining working capital needs
- Define funding needs
- The Go No-Go Decision

ELIGIBLE USE OF FUNDS

Development funds may be used to assist owner-operated businesses with objectives identified in their business plan. Some of those objectives may include:

Continuing Education: This is defined as tuition reimbursement for post-secondary business courses offered through an accredited associate or degreed business program and/or vocational training or certification training defined in and required for implementation of the business plan. This is not a scholarship or grant to assist individuals seeking post-secondary business degrees. Transcripts with a minimum 2.0 GPA and/or a certificate of course completion will be required before reimbursement.

Professional Services: May include services of professionals identified within the business plan. Professional unit service rates will be subject to review and approval of the Financial Review Board. These professionals may include but are not limited to:

- Accountants
- Architects
- Legal Counsel
- Marketing Professionals
- Design Professionals

Brick and Mortar Improvements: Projects may include but are not limited to:

- Building expansion
- Vacant building redevelopment
- Facade renovation and restoration (emphasis on removal of façade modifications which have not reached historical significance on building aged 50 years or older)
- For SDI District applicants ONLY - Work complying with District Design Guidelines and contingent on Design Review Board approval. District businesses may include up to 50% funds received from the Business Development Program as a source of matching funds for Salina Downtown, Inc. Development Incentive Program.

Marketing: Projects may include but are not limited to:

- Marketing Research
- Printing
- Design
- Signage

- Marketing/advertising costs identified in the business plan. For existing businesses, these must be new costs above the previous annual marketing costs.

Equipment: Equipment critical to implementation of the business plan

Additional product lines: Product lines or major product line expansion as projected in the business plan

Additional or significantly expanded services: As projected in the business plan.

Financial Review Board

The Financial Review Board evaluates applications for all grant and/or loan funds based on the established scoring matrix (See Chart 1). Applications for all business development funds will be reviewed within 30 days of the application deadline.

CHART 1. Application Scoring Criteria

CRITERIA	Strength (1 low-5 high)	Weight (Point Value)	Weighted Score
1. Financial soundness		20	
2. Owner/operator experience		15	
3. Business Plan		15	
4. The potential economic impact on			
A. Business on community		10	
B. Project OPEN funding on business		10	
5. Owner/3rd party funding		15	
6. Future prospects for growth		10	
7. Quality of life impact		5	
TOTAL		100	

NOTE: A weighted score of ZERO in any one of criteria 1-7 will disqualify the application for funding at the time of review. The applicant may reapply during a later application period.

Maximum score is: 500 points/Weighted Score below 100 is not considered for funding.

A weighted average score is obtained by compiling all individual score sheets and listing the scores from high to low prior to making any funding decisions. The higher the score, the more likely that funds will be awarded in that quarter.

Criteria Definitions

The Project OPEN Financial Review Board will use the following definitions to evaluate applications:

Financial Soundness (20 points)

The business plan must include a financial plan based on sound financial principles. A personal financial statement is required as part of the application.

For existing businesses three (3) years or older, the financial plan must include current history of the following:

- Cash flow
- Actual profit loss statements
- Yearend balance sheet
- Three-year cash flow
- Three-year income/expense statement
- Three-year balance sheet

For startup and new businesses (less than three years in operation) the plan must include projected:

- Startup/expense costs
- Operating expenses
- Capital budget
- Three-year cash flow
- Three-year income/expense statement
- Three-year balance sheet

Owner Operator Experience (15 points)

The management team's business experience that directly or indirectly relates to their business.

Business Plan (15 points)

The business plan should precisely define its business, identifies its goals, and serves as the firm's resume. The business plan should include:

- Venture/project description
- Management and organization plan
- Marketing plan
- Financial plan

Potential Economic Impact On:

- The business on the community (10 points)

The economic impact of this business startup or expansion on the community in which it is located.

- Of Project OPEN funding on the business (10 points)

The economic impact of Project OPEN funding on the startup or expansion of this business.

Project OPEN funding should be essential for implementation of the business plan. Project OPEN support needs to be essential for the plan to be implemented at the level and time frame as proposed.

Owners/3rd Party Funding (15 points)

The business plan must indicate all anticipated or secured funding sources. These may include:

- Owner investment
- Traditional commercial loan
- Other private investment
- Credit card financing
- Other

Prospects for Growth (10 points)

The prospects for short- and long-term growth of the business.

Quality of Life Impact (5 points)

The business' impact on the quality of life of the community in which the business is located.