

UNIVERSITY OF WASHINGTON BUSINESS SCHOOL

ANNUAL REPORT 2006

**CELEBRATING 10 YEARS OF
CHANGING LIVES AND CHANGING COMMUNITIES!**

BUSINESS AND ECONOMIC DEVELOPMENT CENTER





Dear Friends:

Thanks to your support, an idea that began as the Business and Economic Development Program has grown into the Business and Economic Development Center. During the last decade you've helped us deliver some impressive results for communities in Seattle and across Washington. You've helped us create futures and transform lives. This report will help you see what we've built with your support. Since 1995 we've:

- * **Created 500 new jobs** and **generated more than \$20 million** in new revenues for small business owners in economically distressed communities
- * **Awarded \$75,000 in scholarships to 30 under-represented minority students**
- * **Provided \$50,000 in Executive Education Scholarships** to 17 under-represented minority business owners to attend award winning courses
- * **Helped 250 business owners** reach their growth goals and increased the number of minority-owned businesses with **sales in excess of \$10 million**
- * **Mentored 100 High School students** of color to help them prepare for college
- * **Improved the management skills of 50 small business owners in the Yakima Valley and on the Yakama Nation Reservation** through classes offered in English and Spanish
- * **Increased the effectiveness and impact of 15 nonprofit organizations serving low-income families and communities** through the work of 30 MBA Board Fellows
- * **Placed 600 students, 100 alumni advisors and 75 mentors** from the Seattle Rotary Club to work with small businesses through our Business Assistance Program,
- * **Provided more than 300 hours of pro bono legal and risk management advise** for small businesses through a partnership with the King County Bar Association
- * **Increased the impact of 11 community-based development organizations** through the work of **18 MBA summer interns**
- * **Improved the management skills of emerging leaders for agencies of the Colville Tribe and companies of the Colville Tribal Enterprise Corporation**
- * **Initiated and supported the development of similar programs at 12 colleges and universities across the US**

With your continued partnership, the next decade will be even better.

- *Michael Verchot, Director*



Reaching escape velocity

Founded in 1996, Chesterfield Health Services has been named to *Inc. Magazine's* list of the fastest growing inner city businesses in the US for the last three years. In 2004, *Inc. Magazine* named the company's founder as one of the 25 most fascinating entrepreneurs in the nation along side of Amazon's Jeff Bezos and Apple's Steve Jobs.

With an accounting background, Stella Ogiale, navigated through the process of becoming a certified provider of home healthcare, completed industry and market research and developed a company that provides compassionate care in a home setting for children, adults, and seniors.

In 2001 the company approached the BEDC as it was preparing to open its first neighborhood pharmacy. The vision was to integrate the pharmacy's services into the home healthcare services the company already offered. Following market research and the development of a marketing plan, Chesterfield began marketing this integrated service to doctors and hospitals.

The successful integration of the pharmacy into the overall company accelerated growth even more. The BEDC next worked with the company to integrate its operations and better leverage technology to improve customer service.

Crossing over to fill a need

Tony and Judy Tam had 10 years experience as restaurateurs before starting a noodle manufacturing business in 1991. Judy named the business after the street she grew up on in Taiwan.

Since then, Wan Hua Foods has established a reputation as a high quality fresh noodle manufacturer and captured the markets of Chinese, Japanese, and Vietnamese restaurants in Seattle.

This early success fueled their desire to explore other potential markets for growth. In 2003, the company worked with the BEDC to investigate new distribution channels and to develop strategies to sell into new market niches.

BEDC students explored options in the restaurant industry, institutional customers, and supermarkets to determine which would be the prime target for the sales of large-quantity orders. The research led to changes in the company's branding and packaging strategy. The BEDC helped Wan Hua develop its strategy to reach mainstream consumers and to develop a sales strategy.

Wan Hua has seen strong results. They have secured accounts to offer its products in six new grocery store locations in the Central Puget Sound region and they will begin offering new product lines to appeal to their growing base of customers who use their noodles in home-cooked meals.



Meeting the needs of new immigrants

Founded in 1979, Multiservicios has grown into a well-known tax preparation company in Washington's Hispanic community.

When the company started working with the BEDC they had two Seattle offices that served 3,000 clients, making them the largest and most prominent Hispanic tax and immigration service provider in Washington.

Historically, national competitors have ignored most low-income markets for tax preparation services. Multiservicios has come to dominate the Latinos market in western Washington. But recently these national firms have begun to compete with Multiservicios and thus the company turned to the BEDC to increase its competitiveness.

A student consulting team from the BEDC analyzed the company's operations and developed a new organizational structure and operations plan to improve customer service and turn-around times. The BEDC also recommended changes in employee training and incentive programs. Finally the BEDC developed a technology-based solution to insure quality work as the customer base grew.

These changes have helped the company to continue its growth and expand the number of customers it serves. They have opened new offices in Bellevue and Everett and have continued to grow their sales.

Success breeding success

When Ezell Stephens and Lewis Rudd left the armed forces in 1978, they decided to start a restaurant cooking chicken. It took several years, lots of planning, plenty of hard work, and some frustration but finally Ezell and Lewis, with help from Faye Stephens (Lewis's sister) and Samuel Stephens (Ezell's brother), opened Ezell's Famous Chicken in Seattle's Central District. Their success was immediate.

The BEDC has completed five projects for this company. Student teams have conducted market research, developed marketing plans, and written a human resources manual.

The largest project was an analysis of the company's operations manual and the development of strategies to improve the efficiency and productivity of their kitchen. Ezell's made a set of changes as a result, and productivity went up while labor costs went down. Hourly sales have increased, employees are happier, and the company is seeing greater profits.

The owners hope to add as many as three new company-owned locations in more affluent areas of Seattle where market research showed that demand exists for their product. Ezell's, with the help of another student team, also created a standard operating template to keep food and service quality high during this expansion.



Using partnerships to create business opportunities

In the summer of 2004, the BEDC partnered with Vulcan, Inc. and the Contractor Development & Competitiveness Center (CDCC) to devise a plan to channel work from the South Lake Union neighborhood project to small and minority-owned enterprises.

Vulcan, Inc., the largest landowner in the South Lake Union neighborhood, announced plans for a variety of commercial and residential projects in the area, with some already under construction. By the end of the construction more than 3 million square feet of development will be completed.

The CDCC is a non-profit organization that assists minority, women, disadvantaged, and small construction firms in becoming more competitive by improving their business operations skills and providing access to contracts.

Through the BEDC Summer Internship Program, two MBA students assisted the CDCC with developing a database of small and minority owned contractors from which Vulcan and other private and public construction firms can draw. This database will ensure the participation of such enterprises with the South Lake Union neighborhood project and other private and public owners, developers, and prime contractors throughout the region.

Building an infrastructure for economic growth

Habitat for Humanity, theYWCA, and the Urban League of Metropolitan Seattle are just a few of the 15 Seattle-area nonprofit organizations that have benefited from the BEDC's Board Fellows Program.

MBA students join the Board Fellows Program to use their business skills to strengthen non-profits that serve low-income families and communities while learning how to be an effective board member.

One Board Fellow joined the First Place School board of directors and jumped at the chance to serve on their fund raising committee. First Place School is a service agency devoted to educating and nurturing children whose families struggle with the risk or reality of homelessness. This Board Fellow helped organize one of this organization's largest annual fund raising breakfasts.

Another Board Fellow helped Community Capital Development improve employee performance. This organization provides loans and technical assistance to small businesses in economically distressed communities. The Fellow assisted in designing, implementing, and interpreting an employee satisfaction survey.



Reaching out across the state

The BEDC has been at the forefront of the University of Washington's work to support community and economic development efforts in Central and Eastern Washington. Since 2001, the BEDC has provided consulting services, business management education, and economic development research in the Yakima Valley, the Okanogan region, Spokane, and the Tri-Cities.

A memorandum of understanding between the Business School and the Confederated Tribes of the Colville Indian Reservation guides the BEDC's work in the Okanogan region. A customized executive education program is helping the tribe build the management skills for its emerging leaders. A regional entrepreneurial development strategy is being developed through research by BEDC faculty.

In the Yakima Valley, key partnerships with the Yakama Nation, local chambers of commerce, and Hispanic business owners has resulted in more than 40 business management seminars, in both English and Spanish. The BEDC has supported the Yakama Nation to develop their Business and Technology Training Center that serves tribal members living on the tribe's reservation who are early-stage entrepreneurs. The BEDC's efforts have contributed to job creation in communities throughout the lower Yakima Valley.

Management education seminars for the largest and fastest-growing minority-owned businesses in Spokane and the Tri-Cities have led to new business-to-business relationships.

Recognizing today's leaders while building tomorrow's

The BEDC Fellowship has already awarded \$100,000 in scholarships to under-represented minority undergraduate students at the UW Business School. These Fellows receive \$2,500 scholarships and participate in a program to mentor and tutor students of color at Seattle high schools.

Along with being a mentor, these Fellows also join the BEDC's core Business Assistance Program that provides consulting assistance for small companies in economically distressed/emerging communities.

These scholarships are raised through proceeds from the UW Minority Business of the Year Awards Ceremony. This awards ceremony recognizes the significant contributions and outstanding achievements made by people of color in building and sustaining businesses in Washington State. Thus, as this ceremony recognizes the minority business leaders of today, it also helps shape the leaders of tomorrow.



Thaddeus H. Spratlen Endowment

for the Business and Economic Development Center

The BEDC Endowment Fund was named after the founding Faculty Director for the center in 2002. As of December 31, 2005, this endowment had raised gifts and pledges totaling more than \$800,000 towards the goal of \$1 million to insure the long-term financial stability of the BEDC.

Founder's Circle (\$50,000-99,999)

Anonymous Corporation
Washington Mutual Bank
George & Ann Fisher

Leader's Circle (\$25,000-49,999)

Columbia Bank
Federal Home Loan Bank of Seattle
Key Bank
Puget Sound Energy
Safeco Insurance
The Boeing Company
Wells Fargo Bank
Thaddeus & Lois Price Spratlen

Neighbor's Circle (\$5,000-24,999)

Homestreet Bank
Merrill Lynch
Union Bank of California
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Wan Hua Foods
Yvonne Blumenthal
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Sherry Perrault
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US Bank
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The Business and Economic Development Center (BEDC) links students, faculty, and staff from the UW Business School with a racially and ethnically diverse business and nonprofit community to expand students' knowledge and skills, help small businesses grow, create and retain jobs, open educational opportunities for under-represented minority students, and stimulate innovative economic development research.