

North Carolina
Military Business Center



**Interim Report
Activities, Accomplishments
and Expenditure of Funds**

**North Carolina
Military Business Center**

August 31, 2005



Purpose. This Interim Report provides a summary of the activities and accomplishments of the North Carolina Military Business Center (NCMBC) since the General Assembly provided funding for this organization effective July 1, 2004. It also provides information on the budgeting and expenditure of appropriated funds. The NCMBC became operational on January 4, 2005. A full annual report of NCMBC operations, as of December 31, 2005, will follow not later than January 31, 2006.

Background. North Carolina has the fourth highest presence of active duty military personnel in the country - over 107,000 soldiers, sailors, airmen and marines, on five major installations. The military has an \$18 billion impact on the statewide economy. However, North Carolina businesses captured less than 1% of over \$230 billion in Department of Defense (DoD) procurement spending in 2004, and this percentage has been dropping since 2001. The General Assembly created the NCMBC to redress this imbalance – to help North Carolina businesses capture more federal contracts, retain and attract federal revenues, create jobs, and improve quality of life in our state.

Establishment.

- Section 8.17 (“Statewide Military Business Center and Homeland Security Business Incubator”) of the 2004 Appropriations Act (House Bill 1414 / S.L. 2004-124) appropriated funds to the Community Colleges System Office for:
 - The North Carolina Technology Association (NCTA) to develop a proposal for a homeland security incubator (\$200,000)
 - Fayetteville Technical Community College (FTCC) to develop and operate a statewide military business center (\$1,800,000)
- Specifically, the Act tasked the Military Business Center to:
 - Establish a business assistance office to train, mentor, and assist small- and medium-sized businesses to successfully win and complete military contracts
 - Develop and operate an internet-based system to match military-related jobseekers to employment with North Carolina businesses
 - Conduct a study to identify future Department of Defense opportunities for existing businesses, and support the recruitment of new businesses to the state
 - Market its services across the state
 - Support the development of an industrial park for military contractors

Activities and Accomplishments.

Since July 1, 2004, the Community College System, FTCC and the NCMBC have conducted **organizational, operational and strategic activities** to comply with the above requirements. The following sections outline these activities and associated accomplishments.

Organizational Activities and Accomplishments. Creating the **first military business center in the United States** required considerable organizational effort. These activities occurred intensively from July 1, 2004 through January 3, 2005 and continue today, as dictated by operational requirements. Specific activities and accomplishments include:

- **Advisory Committee:** established a statewide Advisory Committee, which meets quarterly to advise the NCMBC on operational and strategic initiatives. A business representative, elected by the members, chairs the Advisory Committee. Voting members include business, chamber of commerce, economic development and Community College representatives from Craven, Cumberland, Onslow and Wayne Counties. Ex officio members include representatives from the military installations, the offices of the Governor and Lieutenant Governor, the economic development regional partnerships, trade organizations and the University of North Carolina (SBTDC).
- **Strategic framework:** established a framework and operational design, including the following:
 - **Mission:** To leverage military business opportunities nationwide for economic development and quality of life in North Carolina
 - **Goals:** Increase military business for existing North Carolina companies; integrate transitioning military personnel and family members into the workforce; and support recruitment and development of defense-related businesses in North Carolina
 - **Operational design:** Focus on three tasks: identifying current and future DoD opportunities; identifying and recruiting North Carolina businesses to compete; and providing hands on, one-on-one assistance to help North Carolina businesses bid on and win government contracts. Utilize a business assistance team and an internet-based system to connect businesses to opportunities.
- **Community Colleges:** secured the involvement of Community Colleges across the state, especially those designated to house NCMBC staff and directly support NCMBC operations (FTCC, Craven Community College, Coastal Carolina Community College, and Wayne Community College).
- **Facilities:** secured and equipped seven no-cost or low-cost facilities for the NCMBC, including a headquarters at FTCC and six regional and local offices across the state (see staffing). The headquarters is located in a facility owned by the City of Fayetteville and leased to FTCC at 515 Ramsey Street, Fayetteville, North Carolina.

- **Military Installations:** secured the support and active participation of the five military installations (Fort Bragg, Pope AFB, Seymour Johnson AFB, Marine Corps Base Camp Lejeune, and Marine Corps Air Station Cherry Point). Included at each installation are:

| | |
|----------------------------------|--------------------------------|
| Command group | Commissaries |
| Contracting offices | Exchange systems |
| Construction management offices | Family services offices |
| Non-appropriated fund activities | Transition assistance programs |
| Major prime contractors | Spouse employment programs |

- **Internet resources:** established a high quality internet presence at www.ncmbc.us. The website provides essential information and links to business and individual customers across the state. The NCMBC also established an internet-based business opportunity and employment matching portal (see below).
- **Staffing:** secured employed (full- and part-time) and contracted staffing (through CMT Solutions), including:

| | |
|--------------|--|
| Headquarters | Executive Director (hired Dec 2004) (FTCC) |
| Headquarters | Data Management Technician (FTCC) |
| Headquarters | Business Assistance Team Manager (Contractor) |
| Havelock | Military Business Coordinator (Craven Community College) |
| Jacksonville | Military Business Coordinator (Coastal Carolina Community College) |
| Goldsboro | Military Business Coordinator (Wayne Community College) |
| Fayetteville | Military Business Coordinator (FTCC) |
| Greensboro | Regional Business Development Specialist (contractor) |
| Pinehurst | Regional Business Development Specialist (contractor) |
| Jacksonville | Regional Business Development Specialist (contractor) |
| Hickory | Procurement Counselor (contractor) |

Operational Activities and Accomplishments.

The essential task of the NCMBC is to **connect North Carolina businesses to military and other federal business opportunities**. All NCMBC activities are oriented to accomplish this task and correspond to those outlined by the General Assembly in the Appropriations Act. The NCMBC partners with 58 Community College Small Business Centers, chambers of commerce, economic development agencies, the Department of Commerce, the University of North Carolina (SBTDC), the U.S. Small Business Administration, trade associations and other business organizations to accomplish this task. Specific activities have included:

- **Public information.** All NCMBC offices engaged in public activities to establish the profile of the organization and serve customers statewide. The NCMBC headquarters, alone, conducted:

- 31 training sessions with small businesses, hosted by Community Colleges, chambers of commerce, and/or trade associations from Jacksonville to Hendersonville. Nine additional training events are already scheduled. Other NCMBC offices conducted similar training sessions.
- 65 briefings and meetings with government agencies, chamber leaderships, military groups, civic organizations and other customers across the state. Other NCMBC offices conducted similar briefings and meetings.
- A direct e-mail campaign to over 6,000 North Carolina businesses. The North Carolina Department of Administration (Vendor Link NC) and the U.S. Small Business Administration provided databases of over 10,000 businesses. This campaign is on-going, and has already resulted in over 300 registrations in the NCMBC's MatchForce portal.
- A direct mail campaign to nearly 200 chambers and trade associations across the state. This campaign resulted in the training opportunities for small businesses (see above).
- Numerous press interviews that resulted in articles and broadcasts about the NCMBC in media across the state.
- Marketing. In accordance with the statute, the NCMBC initiated a comprehensive branding and marketing campaign. The NCMBC selected Fleishman-Hillard, from Charlotte, to develop and execute this campaign. The campaign includes advertising, public information, media relations and government relations components. Advertising includes print ads in newspapers and business journals in key markets across the state, outdoor advertising on I-85 near Charlotte, direct mail and flash email components. The print and outdoor placements began appearing in August and September 2005.
- Internet-based Portal (MatchForce).
 - Purpose. In accordance with the statute, the NCMBC, in partnership with Advanced Internet Technologies, Inc. (Fayetteville, NC), has developed, fielded and is operating an internet matching portal (www.MatchForce.org). The purpose of MatchForce is to leverage technology to **connect North Carolina businesses to military and other federal business opportunities**.
 - Functionality. This portal, which is available free of charge, **automatically matches** North Carolina businesses to current federal business opportunities. It also automatically matches jobseekers to employment opportunities posted by registered North Carolina employers.
 - Accomplishments. This portal became available statewide in November 2004. Mass marketing has only recently been initiated. As of August 31, 2005, data show:
 - **4,265 businesses** have registered, from **86 counties** in North Carolina. Currently, approximately 100 businesses register in MatchForce every week. This rate of registration is attributed to the public information and marketing initiatives.

- **2,889 individual jobseekers** have registered, from **42 states** and the Philippines (individuals may register worldwide to support military spouses moving to North Carolina).
 - **7,612 federal opportunities** are currently available; MatchForce matches over 7,000 opportunities to registered businesses every day.
 - 194 jobs are currently available. This number normally ranges from 200 to 350 daily.
 - MatchForce made **over 600,000 business-to-opportunity matches** each month, during July and August 2005. This rate depends on the volume of opportunities posted by federal buyers.
 - Matchforce made **3,621 job matches** in July 2005, and nearly 2,200 in August 2005. This rate depends on the volume of jobs posted and the accuracy of skill keywords posted by registered individuals.
 - The NCMBC recently tightened the system's matching criteria, allowed business users to narrow their matching geographically and expanded MatchForce to accommodate sub-contracting. The NCMBC expects these changes to further increase the volume of opportunity posting and business matching.
 - A MatchForce-generated e-mail, distributed daily to all 58 Small Business Center Directors, registered chambers and other business organizations, identifies all federal opportunities with work to be performed in North Carolina. Recipients distribute these opportunities to small businesses across the state, encourage them to register in MatchForce and connect them to business assistance resources in the NCMBC and other agencies.
 - The NCMBC has established feedback and success story tools for users to report their business and job placement successes. The NCMBC is gathering this data as submitted.
- Business Assistance Team.
 - With 9 of the 11 personnel assigned to the NCMBC, the business assistance team is the heart of the organization. The Business Assistance Team's mission is to **connect existing North Carolina businesses to military and other federal business opportunities**. The team performs three tasks:
 - Identifies military and other federal opportunities. The four Military Business Coordinators at FTCC, Craven, Coastal Carolina and Wayne Community Colleges primarily focus on opportunities from the local bases. The three Business Development Specialists focus functionally by industrial sector (e.g., textiles, construction, and furniture). The manager allocates other opportunities to team members and manages the work flow.
 - Identifies and recruits North Carolina businesses to participate. The seven business developers use MatchForce, the federal government's central contractor registry, the Department of Commerce, chambers, trade associations and other sources to identify North Carolina businesses to compete for the opportunities.

- Provides one-on-one proposal development assistance. All former contracting officials, corporate proposal developers or small business owners, the business developers have considerable expertise to assist businesses in preparing winning proposals. They “team” large and small businesses together to compete, when appropriate, and position North Carolina businesses to compete for future opportunities.
- Successes. The Business Assistance Team functions to connect North Carolina businesses to opportunities. These connections represent the team’s successes. The ultimate “win” for this team occurs when the assisted-business wins a government contract. Although only fully staffed in June, 2005, the team has:
 - Managed roughly 50 federal opportunities every month (56 in June and 55 in July)
 - Notified or assisted 393 businesses in June and 553 businesses in July to pursue these opportunities
 - Helped North Carolina businesses “win” at least **\$44.1 million in government contracts** through July 2005. The actual number may be higher, as customers may not report their successes.
 - Expected that “wins” and opportunity matches will continue to increase with full implementation of the marketing campaign, growing MatchForce registrations, and expanded use of MatchForce and NCMBC services by government purchasers to meet their requirements.

Strategic Initiatives, Activities and Accomplishments. While MatchForce and the Business Assistance Team are focused on helping North Carolina businesses and individuals win current opportunities, the NCMBC is also focused on creating and winning future opportunities. The NCMBC partners with the Office of the Lieutenant Governor, the Department of Commerce, the University of North Carolina, Community Colleges and other economic development and business organizations to implement these initiatives. Activities and accomplishments to date include:

- Gap Analysis. In accordance with the statute, the NCMBC conducted a study of future DoD opportunities versus existing North Carolina business capacity.
 - AngelouEconomics partnered with Jane’s Information Group to conduct the study for the NCMBC.
 - Initiated in February 2005, the study methodology included numerous trips, meetings and focus groups across the state with business, government, military, education, research, economic development and other leaders. It also included considerable data analysis on North Carolina business capacity and anticipated DoD demand.
 - Concluded on June 1, 2005, the study outcome included four reports (available at www.ncmbc.us and from the NCMBC). The reports included 23 strategic recommendations and 23 target industrial sectors for recruitment to North Carolina.

- The study also produced numerous databases of information, which the NCMBC will make available to users statewide on the NCMBC website. This data includes specific information on future construction projects at bases in North Carolina. It also includes regionally tailored, company-specific data for economic developers to use in recruiting defense-related businesses to North Carolina.
- Per the recommendations, the NCMBC is working with the Department of Commerce to develop an enterprise team for the defense sector and to implement the other strategic recommendations of the Gap Analysis study.
- Construction initiatives. DoD will spend billions of dollars on military construction at the five installations in North Carolina over the next four years. If the BRAC recommendations are approved, this will increase considerably. As a result, the NCMBC is working to position North Carolina construction and construction-related businesses to compete for this future work. Specific initiatives underway include:
 - Coordinating with all construction-related trade associations to develop an integrated and comprehensive initiative. The NCMBC is involving the Lieutenant Governor's office and the Department of Commerce in this coordination.
 - Planning trade association visits to military construction commands to identify North Carolina's expectation that DoD will award a fair share of this future work to North Carolina businesses.
 - Organizing a Construction Industry Day for October 24, 2005 at the Dennis Wicker Civic Center in Sanford. This event will connect North Carolina businesses with these future opportunities and help develop winning design-build teams to compete for this work.
- Supporting business recruitment and development. When contacted by an out-of-state business, by a regional economic development organization, or by a North Carolina company with a unique product to introduce to DoD, the NCMBC is working to support the recruitment and/or development of these businesses. Examples include:
 - A Missouri-based building materials company, interested in expanding to central North Carolina to leverage the military construction market
 - An electronic component assembly business in Pennsylvania, interested in relocating to eastern North Carolina and leveraging the NCMBC to win DoD business
 - A Pennsylvania-based logistics business, which was awarded a contract at Cherry Point and is interested in utilizing MatchForce and other NCMBC services to support their staffing needs
 - Supporting North Carolina's Northeast Partnership, Inc. in connecting the developers of its Theater District project to Morale, Welfare and Recreation leaders at Fort Bragg, Camp Lejeune, and ultimately at the U.S. Army Community and Family Support Center in Alexandria, VA
 - Introducing North Carolina entrepreneurs with a microbe-based product to DoD chemical and biological systems specialists at Aberdeen Proving Grounds, Maryland

- **Military Business Park.** Per the statute, the NCMBC is providing initial funding (\$100,000) for the planning, development and implementation of a prototype business park for military contractors. The agent for this project is the Cumberland County Business Council.
- **Future initiatives.** Future strategic initiatives include working with the North Carolina Congressional delegation to develop advantage programs for businesses in states that are home to military installations; leveraging relations with major DoD contractors to develop sub-contracting opportunities for North Carolina businesses; and implementing the strategic recommendations of the Gap Analysis study.

Expenditure of Funds. The NCMBC has budgeted and expended funds in accordance with the attached budget report. Details and additional information are available upon request.

Conclusion. With funds appropriated on July 1, 2004, the Community College System and Fayetteville Technical Community College have established the first statewide Military Business Center in the country. The NCMBC is a visionary, functional, frugal, and effective organization, operating to connect North Carolina businesses to military opportunities. North Carolina businesses are eager and ready to leverage this market. The General Assembly's investment in the North Carolina Military Business Center will result in more federal contracts, revenues and jobs for these businesses – and improved quality of life for everyone in North Carolina.

**NC MILITARY BUSINESS CENTER MAIN HEADQUARTERS
04-05 BUDGET REPORT**

| | <u>BUDGET</u> | <u>YTD SPENT</u> | <u>BALANCE</u> |
|---------------------------------|---------------------|-------------------|-------------------|
| Salaries | 69,124.00 | 61,660.64 | 7,463.36 |
| Benefits | 13,884.00 | 10,885.12 | 2,998.88 |
| Contracted Services: | | | |
| Administrative Services | 47,654.00 | 2,314.54 | 45,339.46 |
| MBC Public Relations/Comm | 150,000.00 | 6,358.75 | 143,641.25 |
| MBC BAO Contracted Services | 622,992.00 | 54,838.32 | 568,153.68 |
| MBC Business Park Contract | 100,000.00 | 0.00 | 100,000.00 |
| MBC GAP Analysis Contract | 246,899.00 | 224,000.00 | 22,899.00 |
| Contracted Svcs Biz Tools | 10,735.00 | 9,372.70 | 1,362.30 |
| Supplies/Copier Rental/Printing | 17,608.00 | 17,257.99 | 350.01 |
| Travel | 6,533.00 | 4,550.80 | 1,982.20 |
| Postage | 138.00 | 138.00 | 0.00 |
| Telephone | 941.00 | 940.80 | 0.20 |
| Utilities | 1,163.00 | 1,162.85 | 0.15 |
| ISP Charges | 1,000.00 | 829.79 | 170.21 |
| LAN Service | 273,000.00 | 172,239.68 | 100,760.32 |
| Maintenance Agreements | 720.00 | 532.00 | 188.00 |
| Advertising | 2,812.00 | 2,811.20 | 0.80 |
| Membership/Dues | 429.00 | 429.00 | 0.00 |
| Equipment | 34,368.00 | 34,367.50 | 0.50 |
| TOTALS | 1,600,000.00 | 604,689.68 | 995,310.32 |

***NC MILITARY BUSINESS CENTER SMALL BUSINESS CENTERS**

| | | | |
|---------------------|-------------------|------------------|-------------------|
| Salaries | 97,853.00 | 39,318.10 | 58,534.90 |
| Benefits | 13,878.00 | 6,711.19 | 7,166.81 |
| Contracted Services | 3,087.00 | 0.00 | 3,087.00 |
| Supplies | 15,087.00 | 483.31 | 14,603.69 |
| Travel | 14,000.00 | 308.28 | 13,691.72 |
| Advertising | 9,000.00 | 100.00 | 8,900.00 |
| Other Expense | 11,000.00 | 0.00 | 11,000.00 |
| Equipment | 36,095.00 | 0.00 | 36,095.00 |
| TOTALS | 200,000.00 | 46,920.88 | 153,079.12 |

| | | | |
|---------------------|---------------------|-------------------|---------------------|
| GRAND TOTALS | 1,800,000.00 | 651,610.56 | 1,148,389.44 |
|---------------------|---------------------|-------------------|---------------------|

*Craven Community College, Wayne Community College, Fayetteville Tech Community College, and Coastal Carolina Community College

