2023 ALASKA SBDC ANNUAL REPORT We grow small business

TIPPECANOE, PHOTO BY COOK INLET HOUSING



Statewide data collected between October 2022 - December 2023

2023 SBDC ANNUAL REPORT



JON BITTNER ALASKA SBDC STATE DIRECTOR

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The past year has presented challenges and opportunities for Alaska's small businesses. While economic headwinds continued, Alaskans' entrepreneurial spirit remained strong. This report details the impactful work of the Alaska SBDC in 2023, highlighting our commitment to supporting the growth and success of Alaska's small business community.

While our 2023 annual report arrives a bit later this year and aligns with the University of Alaska Anchorage (UAA) year-end, it **introduces a new State of Small Business section in partnership with the** <u>University of</u> <u>Alaska Center for Economic Development</u> at the UAA Business **Enterprise Institute.** This collaboration aims to assess the status of small businesses in Alaska amidst the evolving economic landscape, providing a strong foundation of research for Alaska SBDC to build initiatives supporting the success of Alaska's entrepreneurs.

In 2023, our dedicated business advisors provided invaluable **support to more than 1,750 businesses in 100 communities across Alaska**, with a continued focus on supporting rural entrepreneurs across Alaska, including 78 communities. Through our guidance, **over 165 new businesses have been established**, and our clients have successfully raised **over \$37 million in new funding**. Our **advisors delivered over 7,750 hours of experienced advising** and assistance directly to Alaskans, contributing to the growth and success of their businesses.

We are proud to report that in 2023, **45% of new businesses created with our assistance were woman-owned**, **26% were minority-owned**, **13% were veteran-owned**, **and 8% identified as Alaska Nativeowned**. These numbers reflect a commitment to fostering a more inclusive entrepreneurial ecosystem in Alaska, and we look forward to seeing them continue to increase.

In addition to core services, our Special Programs provided targeted support to small businesses across the state. The BuyAlaska program empowered Alaskan-owned businesses to connect with a wider audience. At the same time, the Technology Research Education and Development Center (TREND) assisted businesses in securing **nearly \$50,000 in federal research and development grants**. Notably, the Alaska State Small Business Credit Initiative (SSBCI) provided crucial **access to capital (\$28,918,345 for 34 businesses)** that might not otherwise qualify for traditional loans.

We invite you to explore the detailed information in this report, including success stories, key advising topics, and valuable resources available to Alaska's small businesses.

100	14	25	136K	11.4K
COMMUNITIES SUPPORTED	EXPERT ADVISORS	CLIENT SUCCESS STORY FEATURES	TOTAL WEBSITE VISITS	SOCIAL MEDIA FOLLOWERS
	2023	ALASKA SBDC ANNUAL REPO	RT - 1	

STATE OF SMALL BUSINESS

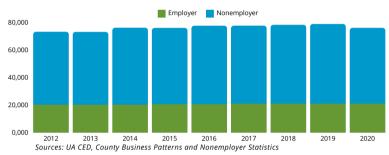
Alaska's small business community is encountering a challenging economic environment. To delve deeper into this matter, Alaska SBDC collaborated with the <u>University of Alaska Center for Economic Development</u> at the UAA Business Enterprise Institute to assess the status of small businesses. By analyzing our recent surveys and publicly accessible data, we aim to compare the results and illuminate the current situation of small businesses in Alaska.

A DIVERSE BUSINESS LANDSCAPE

Alaska boasts a vibrant small business scene with nearly **76,500 establishments in 2020**. Interestingly, the majority (around 60%) are non-employer businesses, highlighting a strong presence of solopreneurs alongside traditional firms.

Geographically, businesses are concentrated in Anchorage, with rural areas having a lower density. However, these areas with large seasonal populations often have a higher business density per capita.

Total Establishments in Alaska



The geographical distribution of businesses reveals interesting patterns. While **Anchorage houses almost 40% of all small businesses, per capita density is highest in areas with fluctuating seasonal populations.** Rural regions in western and northern Alaska see a lower concentration of businesses.

DEMOGRAPHICS & REPRESENTATION

A notable finding is Alaska's high percentage of women-owned businesses. **At 36%, Alaska surpasses the national average**, suggesting a trend in female entrepreneurship statewide.

While Alaska reflects national trends in business ownership, **skewing older and predominantly white** (over 60% of owners are 45+), BIPOC ownership remains underrepresented compared to their population share.

The Alaska SBDC's client base is more diverse than the general small business population in the state. It includes a higher percentage of female, BIPOC, and veteran-owned businesses.

Notably, Alaska has the second-largest share of American Indian and Alaska Native-owned businesses (11%) in the nation.

However, there's still a **gap between the 19% Alaska Native or American Indian population and their representation in business ownership**.

This disparity extends to other non-white racial demographics in Alaska.

Alaska Business Owners by Gender



Source: UA CED, Nonemployer Statistics and Annual Business Survey, 2019 • Created with Datawrapper

Age of Business Owners in Alaska



Source: UA CED, Nonemployer Statistics and Annual Business Survey, 2020 • Created with Datawrapper

Alaska Business Owners Race/Ethnicity

Share of Business Owners Share of Population

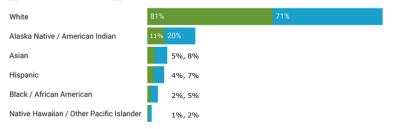


Chart: UA CED, Nonemployer Statistics and Annual Business Survey, and American Community Survey, 2019. • Source: 2023 Alaska SBDC Annual Report • Created with Datawrapper

STATE OF SMALL BUSINESS

ECONOMY & BUSINESS CLIMATE

Since 2018, a consistent theme has emerged in Alaska: small businesses face hurdles related to staffing, running their day-to-day operations (operating costs), and securing funding. These challenges haven't disappeared, but their relative importance has shifted slightly.

After 2020, concerns about workforce shortages and managing operating costs intensified. According to the Alaska SBDC 2023 Small Business Survey, **inflation emerged as the top challenge facing Alaska's small businesses**.

This concern was followed closely by operating costs, workforce shortages, and securing funding. The survey format allowed respondents to select their top three challenges (without ranking). Interestingly, when asked to identify the single biggest challenge facing their own business specifically, **only 12% named inflation their primary concern**.

Workforce shortages and finding clients/customers were cited more frequently. This data suggests that while inflation is a broader economic concern for many business owners, **they may view workforce issues and customer acquisition as more immediate threats to their businesses.**

LOOKING AHEAD

Despite navigating economic challenges like the 2015-2018 recession and the pandemic, Alaska's small businesses have proven resilient. They are critical for innovation and the driving force behind job creation in the state.

The data speaks for itself: in 2021, while total private sector employment dipped, **very small businesses (1-4 employees) were the only ones generating new jobs. Small businesses with fewer than 500 employees also employed over 134,000 Alaskans**, representing more than half of the state's private sector workforce.

This report serves as a springboard to propel this vital sector forward. By understanding their unique characteristics and needs, policymakers, the Alaska SBDC, and service providers can collaborate to create a thriving entrepreneurial ecosystem for the future.

The UA Center for Economic Development prepared the State of Small Business report at the request of the Alaska SBDC with support from the Denali Commission.

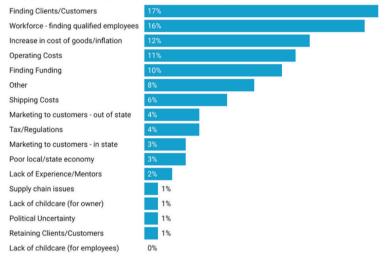


Top Three Challenges Facing Small Businesses in Alaska

Increase in cost of goods/inflation	17%	
Operating Costs	13%	
Workforce - finding qualified employees	12%	

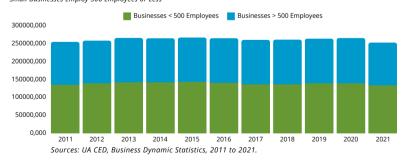
Source: 2023 Alaska SBDC Annual Report • Created with Datawrapper

Biggest Challenge Business Currently Faces



Source: 2023 Alaska SBDC Annual Report • Created with Datawrapper

Small Business Employment vs. Total Employment Small Businesses Employ 500 Employees or Less



Alaska Businesses by Employment Size



Source: UA CED, Nonemployer Statistics, 2020, and Business Dynamic Statistics, 2021. • Created with Datawrapper

SPECIAL PROGRAMS



MISSION: To amplify Alaska businesses through connection, awareness, and access to resources

040 120K

COMMUNITIES REPRESENTED BUSINESSES IN DIRECTORY

WEBSITE PAGEVIEWS SOCIAL MEDIA FOLLOWERS

SOCIAL MEDIA IMPRESSIONS

In 2023, the BuyAlaska program amplified its impact on the local economy and community. By refreshing its brand and investing in new outreach initiatives, BuyAlaska improved program recognition, serving as a constant reminder for Alaskans to support local businesses.

The program's distribution of **18,000 maps to visitors** arriving in Southeast Alaska via Celebrity and Carnival cruise lines highlighted local enterprises, encouraging tourists to contribute to the local economy.

The holiday shopping campaign was another success, featuring a gift guide with **85 unique ideas from our network of businesses**, which boosted holiday sales and visibility for local entrepreneurs.

The growth of the program since its relaunch in 2020 has cemented BuyAlaska as a household name, working to foster a culture where both locals and visitors are inspired to think local first.

The increased awareness and support for local businesses have positively impacted communities, encouraging more people to discover and shop at Alaskan-owned businesses.

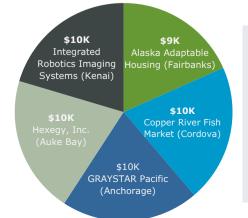


BuyAlaska's initiatives in 2023 have played a crucial role in promoting local shopping and supporting the diverse and vibrant Alaskan business landscape.

MISSION: To teach Alaskan innovators how they can access government programs with a focus on SBIR/STTR, provide the technical assistance and know-how needed to access government research dollars, and host discussions with technology research & development leaders from around the world to generate a whole-of-state approach towards improving Alaska's last-place ranking for technology and innovation research.



2023 TREND PHASE 0 GRANT RECIPIENTS AWARDED A COMBINED \$49,000 IN GRANTS!



Five Phase 0 grants were awarded after the selection committee carefully examined six applications. Applications were evaluated in two stages based on eight parameters: scalability, achievability, technical merit, and innovation. This is the most geographically diverse set of Phase 0 winners that TREND has seen throughout the program's history.

After five years, over half of all SBIR/STTR recipients in the State of Alaska have been previous TREND Phase 0 award winners. The program's success rate is 30%, twice the national average.

SPECIAL PROGRAMS

ALASKA STATE SMALL BUSINESS CREDIT INITIATIVE ALASKA SMALL BUSINESS DEVELOPMENT CENTER

The Alaska SBDC is the only SBDC in

administrative lead for a State Small Business Credit Initiative program, an objective of the U.S. Treasury.

\$59,905,891 throughout the 10-year program. The program requires private

funds to match each allocated dollar, creating a \$120 million impact on the

Particularly significant in the aftermath of COVID-19, Alaska SSBCI serves as a

key instrument in rebuilding Alaska's economy by addressing the needs of vulnerable individuals, promoting growth in underserved areas, and combating long-standing structural

inequalities in access to credit.

support for Socially and Economically Disadvantaged

to revitalizing Alaska.

Alaska SSBCI prioritizes financial

Individuals (SEDI) and Very Small

Businesses (VSB), including incentive funds for states and tribal entities

demonstrating support for SEDI-owned

businesses. The program is crucial in

economic inclusivity, and contributing

unlocking funding opportunities for these marginalized groups, fostering

the nation to serve as an

Alaska is allocated to receive

Alaskan economy.

MISSION: To attract lenders and investors in helping fund businesses that cannot obtain conventional business loans.

IN THE FIRST NINE MONTHS OF OPERATION

March 2023 - December 2023

Alaska's State Small Business Credit Initiative closed a wide range of loans, with **amounts as low as \$21,000 and as high as \$8,000,000.**

\$28,918,345 3

CLOSED LOAN VALUE

BUSINESSES SUPPORTED



22

SEDI BUSINESSES SUPPORTED

COMMUNITIES SUPPORTED

PROVIDING TECHNICAL ASSISTANCE

The SSBCI Technical Assistance (TA) program expands access to capital, promotes economic resiliency, creates new jobs, and increases economic opportunity for SEDI-owned businesses and VSBs. The TA team focuses on qualifying businesses that are applying for, preparing to apply for, or have previously applied for federal or other jurisdictional funding.

SBDC's Business and Funding Specialists offer financial expertise and access to legal, accounting, and financial services via a mini-grant program (up to \$5,000) set to launch in 2024.

THANK YOU TO OUR LENDING PARTNERS

For making the first nine months of operation a success!



- **Northrim Bank** led in loan amounts, covering over half the total value (\$16.5 million).
 - **First National Bank Alaska** stood out as the top lender in loan quantity, finalizing 18 small business loans.
- **Business Impact Northwest** was recognized for its commitment to providing financial assistance and supporting business growth.
- **Cook Inlet Lending Center** was praised for its commitment to financial backing and fostering business development.



The Alaska SBDC provides no-fee and low-fee business workshops through on-demand self-service videos, live webinars, and in-person classes throughout the state. Our goal is to introduce new workshops that address a variety of topics, industries, and business stages throughout the year.



WORKSHOPS OFFERED WORKSHOP ATTENDEES GUEST PRESENTERS LIVE WEBINAR WORKSHOPS ON-DEMAND WORKSHOPS

ENTREPRENEURSHIP FOR ALL

The Alaska SBDC plays a crucial role in empowering residents to turn their business ideas into reality by offering a range of no-fee and low-fee workshops on various entrepreneurial topics throughout the state.

This geographically inclusive approach ensures accessibility for aspiring entrepreneurs across the state, regardless of location or financial background.

These educational workshops equip participants with the knowledge and skills necessary to navigate the intricacies of business ownership, fostering a wave of innovation and economic growth within Alaskan communities.

Fantastic information. Everyone should pay attention to what's covered in this class.

-Credit - it is that important!

The SBDC is a great resource for aspiring business owners who need advice and structure to achieve goals.

-Starting a Business

10 MOST POPULAR SBDC WORKSHOPS (BASED ON ATTENDANCE)

- Starting a Business
- How to Get a Business License in Alaska
- Starting a Construction Business in Alaska
- Attracting Opportunities with Social Media (SBIR)
- Anchorage Health Department Cottage Food Permit Process
- Is QuickBooks Online the Right Accounting Tool for Your Business?
- Developing a Marketing/Sales Strategy (SBIR)
- SBA Loans and What the Lender Requires
- ADA Law: What Businesses Should Know
- Bookkeeping Basics

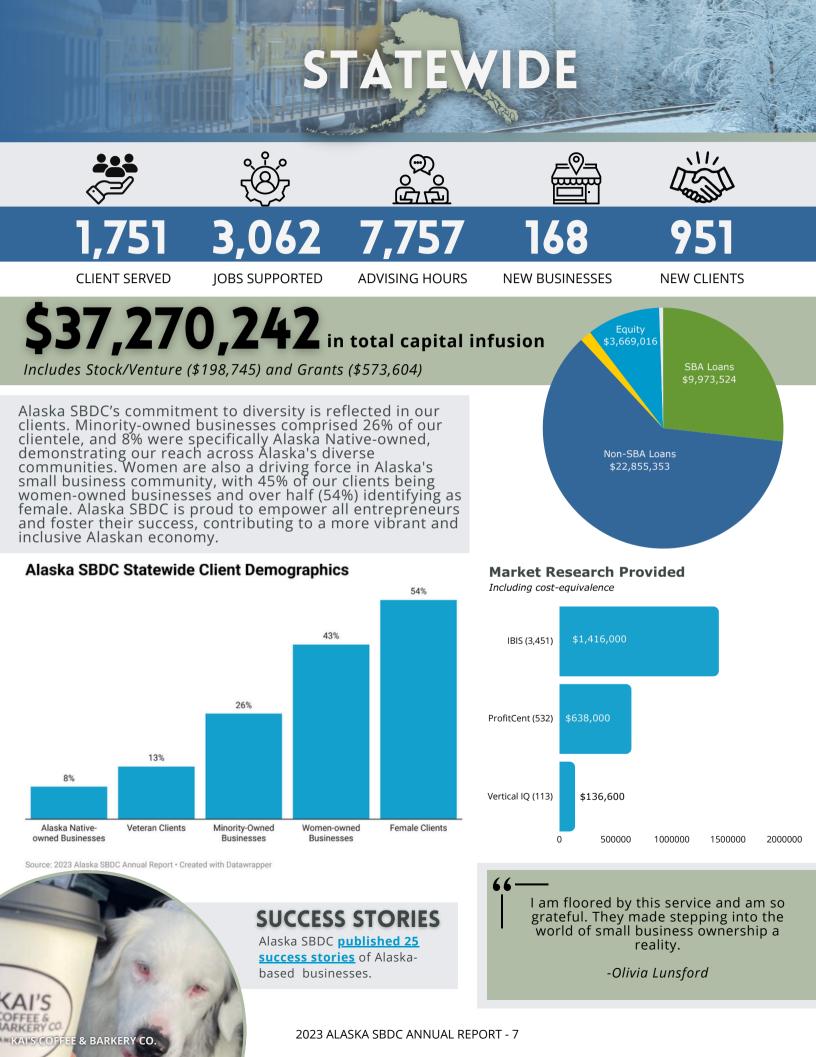
ENTREPRENEURIAL EDUCATION: YOUR TIME, YOUR PACE For the night owls and the early birds. For the brown-bag lunch learners and after-dinner studiers. Entrepreneurs are resilient and gritty. No matter the hour, we're right there with you. Visit **aksbdc.org** for a complete list of statewide workshops!

THANK YOU FOR YOUR SERVICE

The Alaska SBDC appreciates the service of America's military and veterans. To show our support for Alaska's military community, the Alaska SBDC proudly provides active military and veterans with no-fee access to workshops.



Showcasing the Alaska SBDC's dedication to assisting those who have served our nation by equipping them with the necessary tools and resources for success as entrepreneurs, Alaska SBDC proudly supported **226 veterans, military personnel, and spouses** through workshops, with 32 benefiting from discounted access, resulting in a **total savings of \$1,115**.





The Anchorage Center facilitated the creation of 51 new businesses, a decrease from the 68 established in 2022 but surpassing the number of startups in 2020 (37) and 2021 (53). Women-owned businesses thrived, comprising 67% of new ventures, minority-owned (39%), and veteran-owned (16%). The Anchorage Center job support efforts yielded 1,082 jobs, a figure lower than the peak years of 2020 (2,443) and 2021 (2,630) but surpasses the 772 jobs supported in 2022.

52%

ALASKA ROW TOURS

46%

TOP 3 ADVISING NEEDS

Non-SBA Loans

\$4,761,500

- Start-Up Assistance
- Business Plan
- Financing/Capital

TOP 5 INDUSTRIES

- Healthcare & Social Assistance
- Professional, Scientific & Technical
- Retail Trade
- Service

66

• Accommodation & Food Service

TOP COMMUNITIES SERVED

 Anchorage, Eagle River, Girdwood, Chugiak, and JBER
 13%
 14%

 10%
 10%

 Alaska Nativeowned Businesses
 Veteran Clients

 Minority-Owned Businesses
 Women-owned Businesses

Source: 2023 Alaska SBDC Annual Report • Created with Datawrapper

Anchorage Center Client Demographics

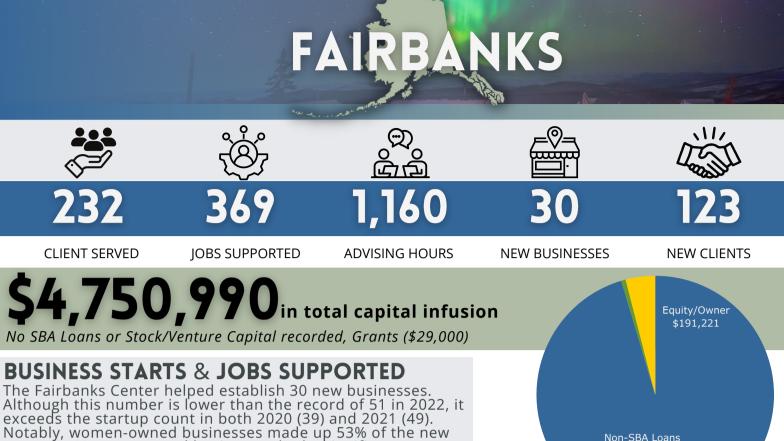
This has been a huge help getting me started and focused! I feel much more confident knowing there are resources available to help organize me!

-Jason Womble

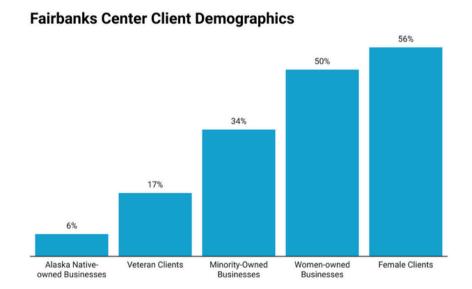
SUCCESS STORIES

Alaska SBDC <u>published 12</u> <u>success stories</u> of Anchoragebased businesses.

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exceeds the startup count in both 2020 (39) and 2021 (49). Notably, women-owned businesses made up 53% of the new ventures. Veteran-owned businesses had a significant presence at 23%, and minority-owned businesses accounted for 27%. In terms of job creation, the Fairbanks Center supported 369 jobs in 2023, showing a decrease from the peak in 2020 (518) but surpassing the numbers from 2021 (357) and 2022 (339).



Source: 2023 Alaska SBDC Annual Report • Created with Datawrapper



SUCCESS STORIES

Alaska SBDC <u>published 1</u> <u>success story</u> of a Fairbanksbased business.

TOP 3 ADVISING NEEDS

- Start-Up Assistance
- Financial Planning
- Managing a Business

TOP 5 INDUSTRIES ADVISED

\$4,530,769

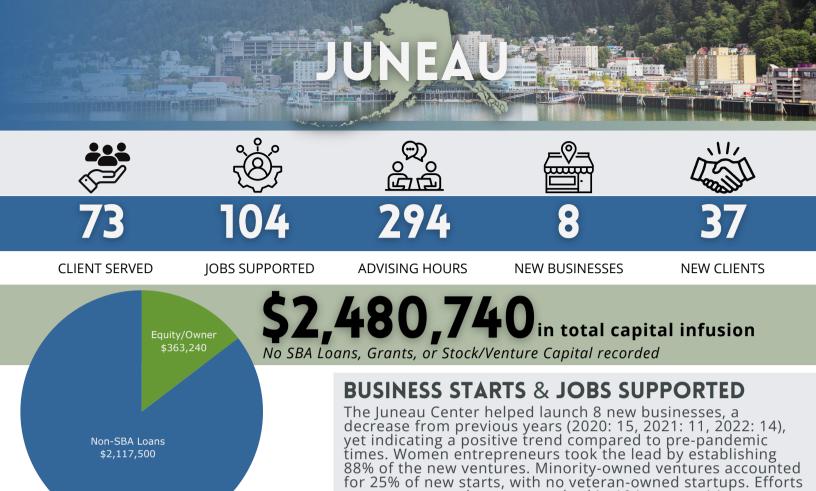
- Retail Trade
- Service
- Construction
- Accommodation & Food Service
- Professional, Scientific & Technical

TOP COMMUNITIES SERVED

• Fairbanks, North Pole, Ft. Wainwright, Eielson AFB, and Ester

I am floored by this service and am so grateful. They made stepping into the world of small business ownership a reality.

-Olivia Lunsford



TOP 3 ADVISING NEEDS

- Start-Up Assistance
- Financing/Capital
- Buy/Sell a Business

TOP 5 INDUSTRIES ADVISED

- Accommodation & Food Service
- Retail Trade
- Healthcare & Social Assistance
- Manufacturer/Producer
- Professional, Scientific & Technical

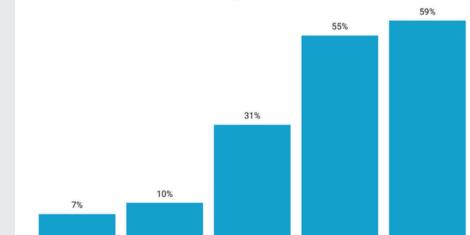
TOP COMMUNITIES SERVED

Wonderful help and service from [my

advisor]. I wish I had started taking advantage of the SBDC sooner!

-Carissa Ottoson

• Juneau, Douglas, and Auke Bay



Minority-Owned

Businesses

Women-owned

Businesses

to generate employment resulted in 104 new positions, a lower number than the peak year of 2020 (1095) but showing progress compared to 2021 (625) and 2022 (410).

Source: 2023 Alaska SBDC Annual Report • Created with Datawrapper

Alaska Native-

owned Businesses

Juneau Center Client Demographics

SUCCESS STORIES

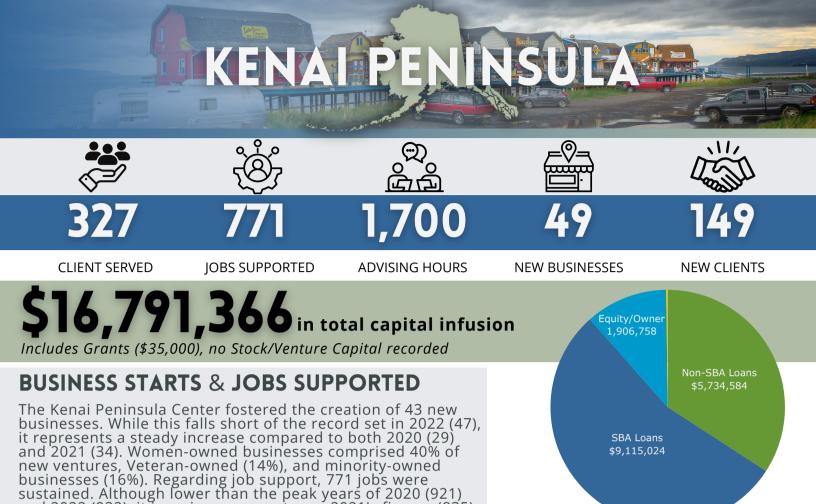
Alaska SBDC <u>published 3</u> <u>success stories</u> of Juneaubased businesses.

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Veteran Clients

MELINO'S MARINE SERVICES

Female Clients



TOP 3 ADVISING NEEDS

- Start-Up Assistance
- Financing/Capital
- Buy/Sell a Business

TOP 5 INDUSTRIES ADVISED

- Accommodation & Food Service
- Retail Trade
- Healthcare & Social Assistance
- Service
- Manufacturer/Producer

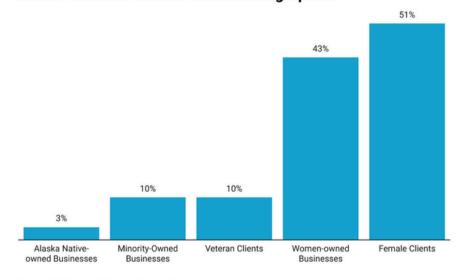
TOP COMMUNITIES SERVED

• Soldotna, Seward, Kenai, Homer, and Sterling

• SBDC was invaluable in framing the market potential for my business and identifying the risks and potential rewards of the business.

-Gary Alan Fisher

Kenai Peninsula Center Client Demographics



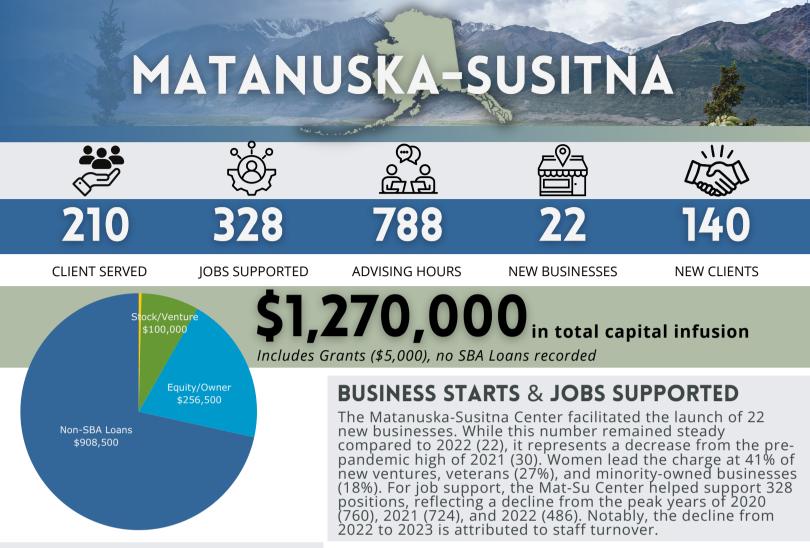
and 2022 (932), it is an improvement over 2021's figures (835).

Source: 2023 Alaska SBDC Annual Report • Created with Datawrapper



SUCCESS STORIES Alaska SBDC published 5

success stories of Kenai Peninsula-based business.



TOP 3 ADVISING NEEDS

- Start-up Assistance
- Financing/Capital
- Managing a Business

TOP 5 INDUSTRIES ADVISED

- Construction
- Service
- Professional, Scientific & Technical
- Accommodation & Food Service
- Healthcare & Social Assistance

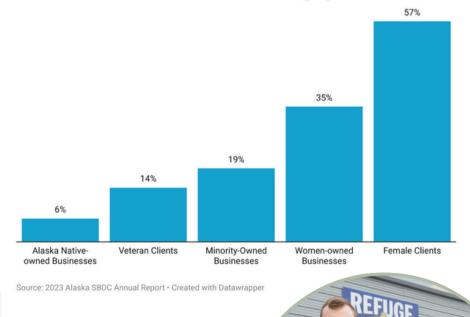
TOP COMMUNITIES SERVED

 Wasilla, Palmer, Talkeetna, Willow, and Big Lake

I found my initial meeting to be very valuable, and full of information. I now have a more clear path to walk down, and steps to take to achieve my goals.

-Marly Borovich Torres

Matanuska-Susitna Center Client Demographics

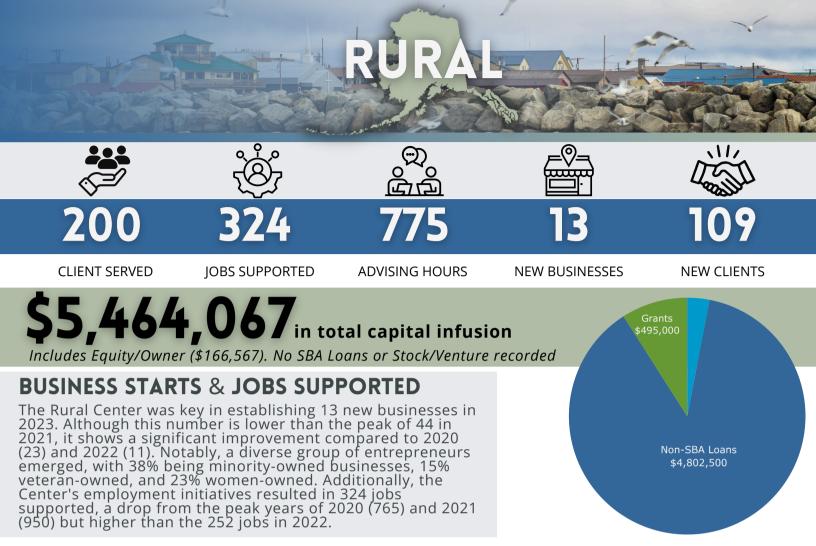


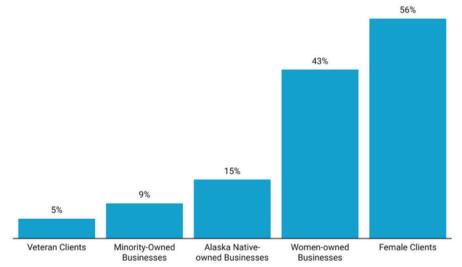
FFILRA

REFUGE CROSSFIT

SUCCESS STORIES

Alaska SBDC <u>published 3</u> <u>success stories</u> of Mat-Subased businesses.





Source: 2023 Alaska SBDC Annual Report • Created with Datawrapper



SUCCESS STORIES

Alaska SBDC <u>published 1</u> <u>success story</u> of a Rural-based businesses.

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TOP 3 ADVISING NEEDS

- Start-up Assistance
- Financing/Capital
- Business Plan

TOP 5 INDUSTRIES ADVISED

- Accommodation & Food Service
- Manufacturer/Producer
- Service
- Agriculture, Forestry, Fishing/Hunting
- Transportation & Warehousing

TOP COMMUNITIES SERVED

• Ketchikan, Sitka, Kodiak, Valdez, and Cordova

I've learned so much about developing my financial statement and starting my business plan that I feel more confident going forward with my business.

-Sonya Ash-Selanoff

Rural Center Client Demographics

SMALL BUSINESS, BIG IMPACT: ALASKA SBDC SERVES THE STATE

ANCHORAGE | FAIRBANKS | SOLDOTNA | HOMER | SEWARD | JUNEAU | MAT-SU | RURAL



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Alaska SBDC is a partner program of the UAA Business Enterprise Institute and is funded in part through a cooperative agreement with the U.S. Small Business Administration (SBA). Alaska SBDC is an accredited Association of Small Business Development Centers (ASBDC) member.