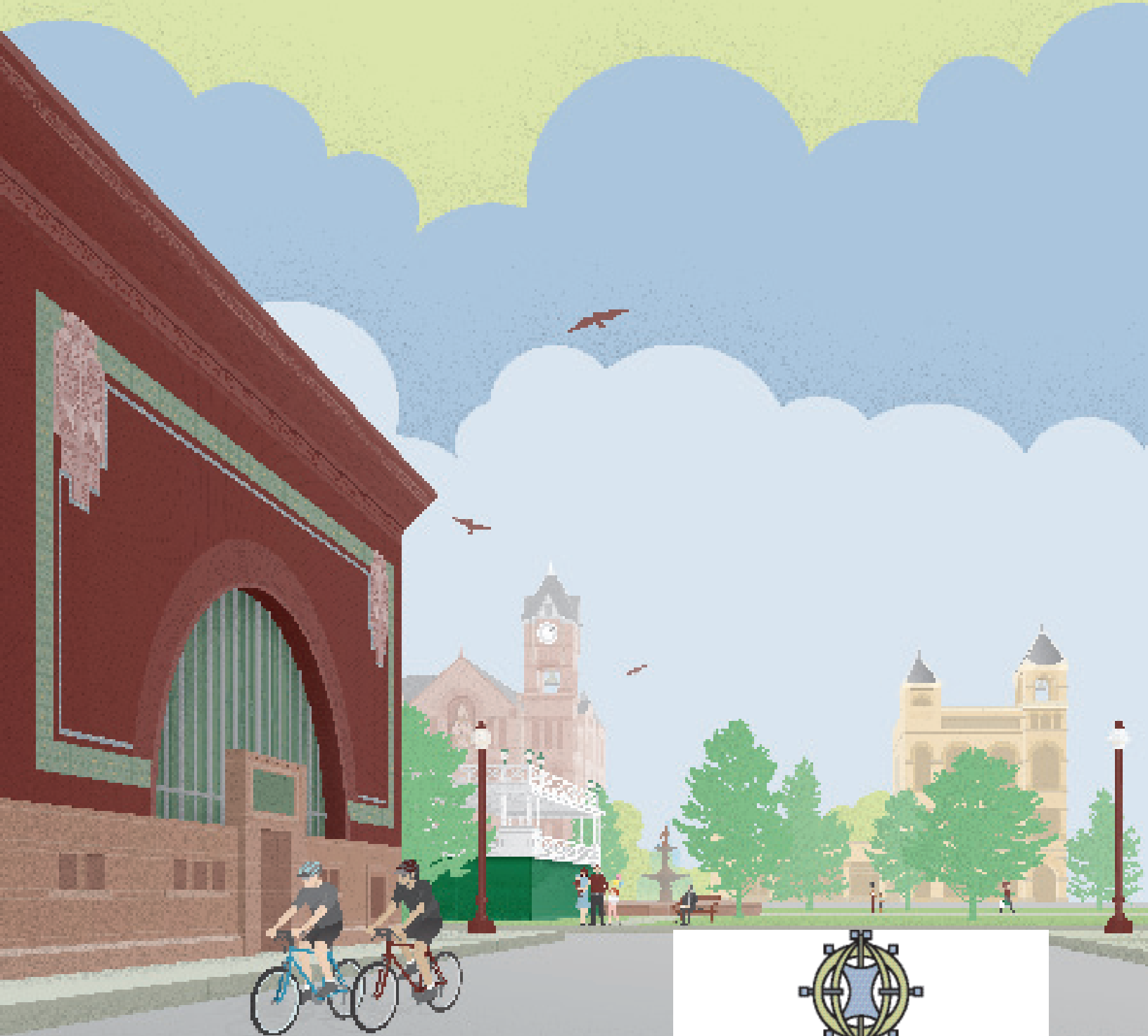


MainStreet Owatonna Retail Challenge



2018



CONTENTS

Overview	1
Retail Challenge	1
Summary	1
Phases of Competition	1
Judging	1
Goals	1
Partners	2
Competition	3
Phase 1 – Business Concept	3
Phase 2 – Business Plan	3
Phase 3 – Final Pitch	4
How to Apply	4
Submissions	4
Timeline/Deadlines	4
Questions	4
Incentive Package	5
Rules & Eligibility	7
Eligibility	7
Official Rules & Regulations	7
Winner	8
Resources	9
Business Pitch Tips	9
Owatonna Area Business Development Center	9
Map	10
Owatonna’s Historic Business District	10
Downtown Aesthetics	11
Streetscape Improvements	11

OVERVIEW

Retail Challenge

The Owatonna community is offering an incentive package worth up to nearly \$25,000 for one winning retail business that will open in Owatonna's historic downtown district by June 2019.

Summary

The Retail Challenge is an entrepreneurial start-up competition designed to spur economic growth in Owatonna's historic downtown area. Business concepts eligible for the competition are:

- New retail business
- Second or third retail satellite business from an existing location in another town
- Significant expansion of a current downtown retail business that includes an added business concept

The Retail Challenge is organized by MainStreet Owatonna Program with help and assistance from a variety of other businesses, organizations, and members of the Owatonna community.

Phases of Competition:

- Phase 1: Business Concept
- Phase 2: Business Plan
- Phase 3: Final Pitch

Judging

Judges will be comprised of a mix of retail business owners, community residents, local bankers, city officials and MainStreet Owatonna Advisory Committee members. Judges will evaluate each business idea, business plan and oral presentation and select those who will advance onto the next phases based upon a set of criteria listed in the Business Plan Scoring Sheet. The program sponsor reserves the right to modify the scoring sheet at their sole discretion. The judges reserve the right to accept or reject any and/or all business plans at their sole discretion. All decisions by judges are final. Participants retain the rights to their business plans at all times.

Goals

- Recruit businesses that will enhance the business mix in downtown Owatonna.-Provide businesses a head start during the toughest year of operation (the first year).
- Strengthen the local economy by attracting unique and specialty businesses.
- Transform empty business spaces into more attractive and beneficial locations.
- Build a "buzz" and promote Owatonna as a great place to start a business.
- Display the community's commitment to downtown Owatonna.

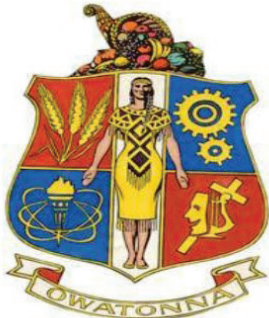
PARTNERS

Overview

In an effort to add to the retail mix, those in the city with a passion for buy local and great shopping created The Retail Challenge. MainStreet Owatonna and the Owatonna Economic Development Authority are partnering to organize a challenge that will truly benefit everyone, from those looking for unique shopping experiences to those looking to fill available space with new and exciting retail offerings.



▪ HISTORIC DOWNTOWN ▪
OWATONNA



OWATONNA AREA
BUSINESS DEVELOPMENT CENTER



MainStreet Owatonna Program

The MainStreet program's mission is 'to ensure that our downtown remains an important and prosperous part of our community.' MainStreet is continually seeking ways to revitalize and preserve our historic downtown. Inherent assets – rich architecture, personal service, and traditional values and most of all, a sense of place – the Main Street approach has rekindled entrepreneurship, downtown cooperation and civic concern. And because it is a locally driven program, all initiative stems from local issues and concerns.

Owatonna Economic Development Authority

As the economic development agency for the Owatonna, the Authority works to develop industrial properties, maintain a commercial and industrial loan program, and develop/administer various programs to promote economic development in Owatonna.

Owatonna Area Business Development Center

Starting a new business or expanding an existing one can be expensive and full of challenges for the entrepreneur. Since 1988, the Owatonna Area Business Development Center, formerly the Owatonna Business Incubator, a private 501 (c) 3 non-profit corporation, has been helping start new businesses and assisting in the growth of young companies.

South Central Minnesota SCORE

The experts at South Central Minnesota SCORE Chapter are here to help with no-cost business counseling and low-cost workshops and small business classes. We offer aspiring business owners and entrepreneurs with business mentoring, assistance writing a business plan, templates and more.

COMPETITION

Phase 1 – Business Concept

Applicants will be required to submit an official MainStreet application form. Applicants are encouraged to use creativity in the description. Please include the following information (in brief) in the application. A tour of potential buildings will be conducted during Phase 1.

1. What products and merchandise will be sold in your store?
2. Define and describe the market opportunity for this retail business. How will your business take advantage of that opportunity?
3. How will your retail business enhance downtown Owatonna and fit into the business mix?
4. What resources and assets do you have and what resources would be needed to develop this concept (personal, financing, equipment, etc.)?
5. What are your qualifications to develop/expand this business?
6. Are there any similar businesses around already? If so, how is yours different?
7. Any other information that may really “sell” the committee on your concept?

Applications received past the deadline will not be considered in this competition. Applicants selected to move onto Phase 2 are eligible for Business Plan and Financial Plan Writing assistance from a neutral third party, Owatonna Area Business Development Center.

Phase 2 – Business Plan

Applicants chosen to move on to Phase 2 shall submit a thorough business plan, including:

8. Company Summary including potential locations and hours of operation
Merchandise Summary and Market Analysis Summary
9. Challenges, Opportunities and Strategies to maximize success
10. Resume, management history and two references
11. Financial Plan: Financial Plan (projected income, net profit, wholesale cost, expenses, pricing, start-up expenses etc.). Include these forms given to Phase 2 Contestants.
 - Selling, General & Administration expenses (S,G& A) are required for the first year and estimates for the remaining four.
 - Proforma Balance Sheet: At least a “Starting” Balance Sheet but 5 Annual Balance Sheets are preferable & Proforma Profit & Loss (5 Years)
 - Monthly Cash Flow Projection (First Year) This reflects any seasonality of projected sales and illustrates the cash available to meet monthly obligations
 - Sources & Uses of Funds. This includes use of the prizes as well as any cash the contestant will be contributing to the business.
12. Please provide enough detail to explain your assumptions, as a profit/loss statement does not provide enough detail. Include potential suppliers/vendors and retail store address.
13. How many full time and part time employees?
14. Start-Up Summary (initial sources and uses)
15. Community Impact Summary stating: Why your business plan stands out:
 - How your business will enhance & complement existing businesses in Downtown.

COMPETITION

Phase 3 – Final Pitch

The Final Pitch will be a dialogue with the Retail Challenge Committee. Phase 3 participants will describe their idea in person in front of the committee. Phase 3 encompasses all of the previous steps, so participants should be prepared for a 30 minute presentation before the judges to display and show the business plan and answer questions. The presentation can be verbal and/or include media (video, PowerPoint, etc). The committee will fully examine the plans and presentations, will contact references and determine the grand prize winner based on all phases of the competition and scoring total on the Business Plan Evaluation Form.. Continued on Pitch Tips on page 9.

How to Apply

To apply, contact MainStreet Owatonna. An official application form must be completed and arrive at MainStreet Owatonna no later than 5:00 PM on September 14, 2018. Application form can be found online at www.owatonna.org and on Downtown Owatonna Facebook under events.

Submissions

All submissions can be submitted via mail or e-mail:

MainStreet Owatonna

c/o Retail Challenge

Owatonna Area Chamber of Commerce

320 Hoffman Drive

Owatonna, MN 55060

sschultz@owatonna.org (please put "Retail Challenge" in subject line)

Timeline/Deadlines

Business plans received past the deadline will not be considered for this competition.

- 07/20/18 Initial Press Release and Announcement of the Competition
- 09/14/18 Phase 1 – Business Concepts / Official Entry Form Due
- 09/26/18 Announcement of those advancing to Phase 2
- 11/02/18 Phase 2 – Business Plans Due
- 11/09/18 Announcement of those advancing to Phase 3
- 11/12/18 Final Proposal Presentations / Personal Interviews (Week of August 28, 2017)
- 11/21/18 Announcement of Grand Prize Winner
- 06/01/19 Business must be open no later than this date (unless an extension is granted)

Questions: Shirley Schultz, MainStreet Owatonna, 507-451-7970, sschultz@owatonna.org

INCENTIVE PACKAGE

PACKAGE DEAL

One Grand Prize winner will receive a package worth up to \$25,000. In addition to the prizes listed below, additional prizes are being added. Total package worth is dependent upon selection of business location. Program sponsors retain a right to modify the timeline at their sole discretion.

UP TO \$20,000 FROM THE EDA.

The Owatonna Economic Development Authority, EDA, is offering up to a \$20,000 that can be used on the following types of “hard” assets: office equipment, merchandising equipment, shelving, POS system, façade improvements, etc. In order to receive this grant, the Grand Prize Winner must enter into an agreement with the Owatonna Economic Development Program. All assets purchased with funds from this grant will be the property of MainStreet Owatonna for 5 years, after such time, the assets will become property of the winner. This ensures that the assets will remain in the Owatonna community during the duration of the agreement. (up to \$20,000 value)

LOW INTEREST LOAN

The Owatonna Economic Development Authority (EDA) will provide a low interest loan to qualified applicants. A formal agreement will be created with conditions. Applicants will be required to complete an application. Low interest loans are subject to the review and approval of the EDA (loan value will vary by applicant).

MARKETING/MERCHANDISING AWARD PACKAGE FOR 2018:

OWATONNA PEOPLE’S PRESS will provide \$1000 in advertising to be used within 3 months of opening business. Includes the following:

- 1 front page banner on Owatonna People’s Press

 - Must have space reserved ahead of time

- 1 Masthead on Owatonna People’s Press front page

 - Must have space reserved ahead of time

- 1 – ½ page ad in FORGE Business 2 Business Magazine

- 1 – ½ page ad in Girlfriends Magazine or Kids Konnect Magazine

- 1 – ROS (Run of Site) banner ad on Owatonna.com – 10,000 impressions

- ¼ page ad in full color in Owatonna Area Shopper or People’s Press

INCENTIVE PACKAGE - MARKETING & MEDIA CONTINUED

- KOWZ & KRUE Radio will provide radio services (\$1,000 value)
- INSTY-PRINTS will provide \$500 worth of design and printing services
- OWATONNA LIVE will provide Business Banners on the page of their choice for 3 months, a value of up to \$150.00
- TRI-M GRAPHICS will provide printing & design services (\$150)

PROFESSIONAL SERVICES

- CLIFTONLARSONALLEN LLP will provide accounting/tax services (\$500 value)
- EINHAUS, MATTISON, CARVER & HABERMAN will provide legal advice as to your choice of corporate entity, documentation and assistance with the filing process (\$500 value)

FINANCIAL

- US BANK will provide business checks and stamp (\$250 value) accounting

COMMUNITY/NETWORKING

- OACCT, Owatonna Area Chamber of Commerce & Tourism will provide one membership for 2018 (\$400 value)

EDUCATION

- RIVERLAND COMMUNITY COLLEGE will provide a 3-credit hour online business course (tuition and fees only, excludes textbook etc.) (\$600 value)

BUILDING IMPROVEMENTS

- ALEXANDER LUMBER will provide 10% off commercial flooring and 25% off paint
- LEGACY SIGNS will provide sign services (\$100 Value)

RULES & ELIGIBILITY

Eligibility

- The contest is open to all legal U.S. residents, 18 years of age and older at the time of entry.
- Proposed businesses must be for-profit.
- Proposed businesses can be independent operations or franchised.
- Proposed businesses can be a one-person concept or a team concept.
- Local businesses can apply as an expansion, so long as it introduces a new element in the current business.
- The contest boundaries are: within the historic downtown area (see map in this packet).

Official Rules & Regulations

- Prizes are non-transferable and may not be redeemed for cash; substitutions by Prize Winner are not allowed.
- Printed copies of business proposals submitted into the contest may not be returned.
- The Retail Challenge Committee will judge the business concepts and business plans. The Retail Challenge Committee will choose one winner.
- By participating in this contest, you agree to these Official Rules and to all decisions of the Supporting Partners and the Retail Challenge Committee, which are final and binding in all respects.
- MainStreet Owatonna reserves the right to use participant's names, likeness, picture, portrait, voice, and written submissions and written or oral statements, for advertising and promotional purposes without additional compensation unless required by law.
- Grand Prize Winner shall assume responsibility for the payment of all other items that are not part of the incentive package.
- Grand Prize Winner is required to have at least monthly contact with the Retail Challenge Committee prior to opening, in order to keep the Committee apprised of the progress.
- In accordance with the IRS Code regarding prizes and awards, a Form 1099-MISC may be issued by the Committee to the Grand Prize winner. Please consult your tax advisor for additional information.
- Contingency rules for any loans/agreements shall be given, which are separate from the contest rules.
- The Grand Prize Winner must have their business open by June 2019 unless an extension is requested in writing within one month from award date and granted by MainStreet Owatonna. If not completed thereafter, the grand prize is forfeited and may go to another entrant.

Continued on next page

RULES & ELIGIBILITY CONT.

- By accepting the Grand Prize, the Winner releases and discharges MainStreet Owatonna, the Retail Challenge Committee, their affiliated companies, participating sponsors, information providers, content providers, subsidiaries, advertisers, advertising agencies, promotional and marketing agencies, and any other companies involved with or otherwise providing services related to this promotion, and all their respective employees, officers, directors, representatives and agencies from the liability or damage due in whole or in part to the award, acceptance, possession, use or misuse of Grand Prize or from participation in this Competition.
- Information regarding the Grand Prize winner will be posted on Owatonna Area Chamber of Commerce and Tourism website and will be released to the public.
- The contest rules are not specifically bound by the category they are in (i.e., "Phase 1"). These category separations are for easier reading of the rules.
- The Retail Challenge Committee reserves the right to modify and/or extend the deadline dates.
- If a Grand Prize winner is unreachable after 15 days, an alternate Grand Prize winner will be selected.
- The committee reserves the right to take a phased approach and choose only one or two winners in the first round.
- The committee reserves the right to not award a winner if no proposal meets the standards of the review committee.

Winner

The Grand Prize Winner will be required to enter into a contract with the city of Owatonna Economic Development Authority to receive awarded funds. Contracts will be issued following the conclusion of the competition. Winner will be reimbursed funds upon submission of receipts showing funds used towards agreed upon eligible expenses. Funds may be applied in any manner that is consistent with business ideas presented in the sales pitch. Winner must maintain a physical retail location within the historic downtown Owatonna district (see map boundaries in this packet) from five years from their contract award date to receive full benefit of the forgivable loan from the EDA. This ensures that the business will open in Owatonna's historic business district for at least for five years. Winner will be required to do an interview with MainStreet Owatonna for promotional purposes of the event.

Business Pitch Tips

- The Retail Challenge aims to foster entrepreneurial development within Owatonna's historic downtown district while providing technical and financial support for businesses. One component of the competition is the "sales pitch" which is your chance to tell the judges everything about your business and convince them that you should be the winner! Here are some items to consider including in your "pitch" . . .
- Think Shark Tank! Be creative and have FUN!
- Make sure you include the what, why, and how related to your business.
- Judges will have access to your original entry form.
- You may use a PowerPoint presentation, product samples, or props. PowerPoints should be on a thumb drive.
- Be sure to include some of the financial aspects related to your business. Why do you need the prize money and what will you do with it? What are your current sales and what are your expected sales?
- What is your investment, experience in this business? It is vital that you have some "skin in the game".
- Who is your target customer and how will you reach them?
- Who is your competition? What is your competitive edge?
- How do you plan to market your business?
- How will your business benefit your downtown Owatonna?
- Time limit is 20 minutes. You will have 5 minutes for set-up and 5 minutes for take-down if needed. Practice your pitch several times, to different audiences, so you are comfortable with your presentation.
- Have someone video tape your pitch so you can watch it and evaluate.
- The judges will have 10 minutes to ask questions. Be prepared to answer.

RESOURCES

Owatonna Area Business Development Center

Owatonna Area Business Development Center operates the Small Business Development Center (SBDC) for the City of Owatonna and Steele County. SBDC services are provided through the U.S. Small Business Administration. The following services are available through the SBDC at no cost to you: Business Information, Business Assessment & Evaluation, Business Plan, Financial Analysis and Loan Packaging, Marketing. Contact Bill Owens for details. phone: 507-451-0517 email: billo@owatonna.biz

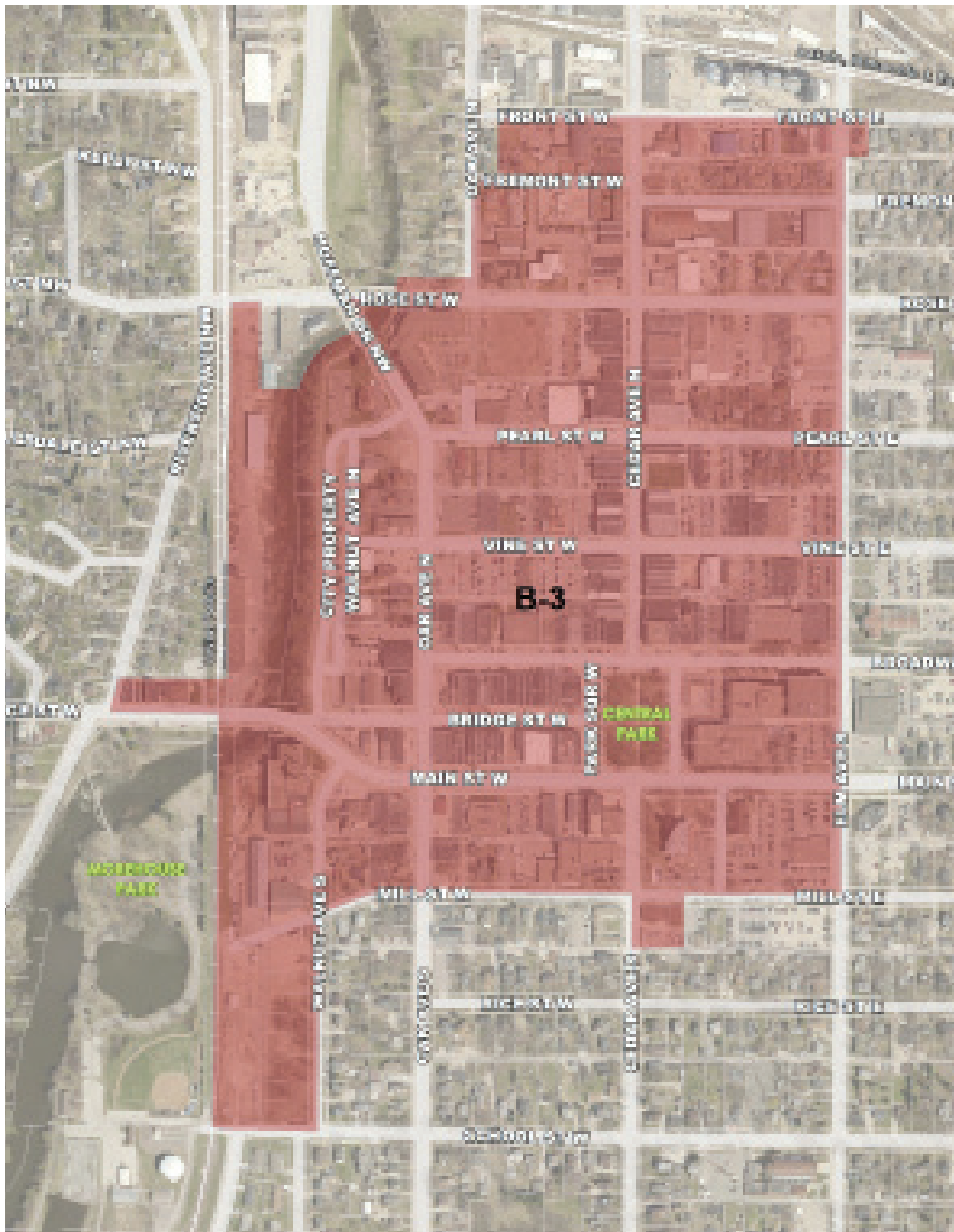
South Central Minnesota SCORE

The experts at South Central Minnesota SCORE Chapter are here to help with no-cost business counseling and low-cost workshops and small business classes. We offer aspiring business owners and entrepreneurs with business mentoring, assistance writing a business plan, templates and more. Contact S.C.O.R.E. for details. phone: 507-455-3215 ext 124 email: scmnscore@gmail.com

MAP

Owatonna's Historic Business District

Winner must maintain a physical retail location within the historic downtown Owatonna district (see map boundaries below) five years from their contract award date. This ensures that the business will open and remain open in the Owatonna historic business district for at least five years.

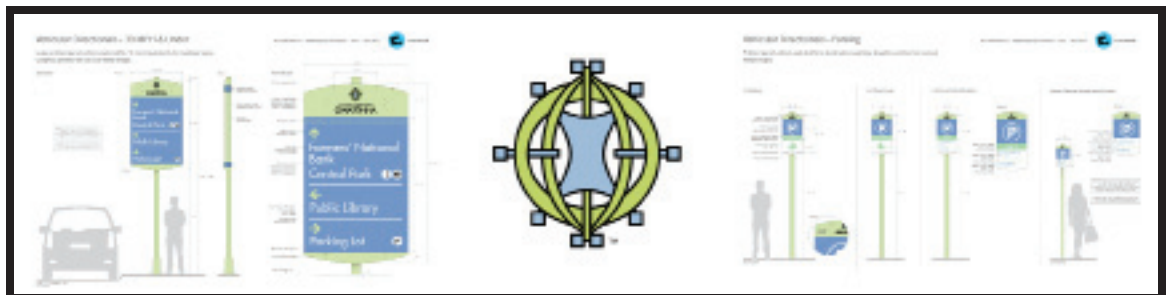


DOWNTOWN APPEAL

Why You Want to be in Downtown Owatonna's Historic Business District

This is an exciting time to open a business in downtown Owatonna.

- 2,000+ employees in downtown
- Comprehensive marketing & wayfinding project completed
- Streetscape plan underway in 2018
- Our business district was recently added to the National Register of Historic Places.



WE HAVE A NUMBER OF PROJECTS TAKING PLACE CURRENTLY:

- Vine St. Apartments, a new 56 unit apartment complex going up downtown.
- Pearl St. Apartments , a new 36 unit
- Gateway 2, completed, a new 36- unit apartment complex next to Gateway 1.