

References to particular sections of the 2012 Notice of Federal Funding Opportunity (FFO), e.g. IV.B.2.a., are provided to help you check the FFO requirements against your application. It is *not* necessary to include such references in an application. Also, it is *not* necessary to strictly follow the outline logic in the FFO.



Sinfonia Now

For some MDCP projects it will make sense to have one or more partners in addition to ITA. The majority of MDCP award winners (cooperators) do not have formal partners beyond ITA. AJDA is just an example of how to document a partnership.

Project Narrative

Executive summary (IV.B.2.a.)

Applicant	American Widget Association (AWA) Phoenix, AZ AmWidgetAssoc.org
Partner	Audio Jamming Device Association (AJDA)
ITA and other federal collaborators	MAS/Office of Materials and Machinery (Kerry Drake) USEAC/Phoenix (Della Street) CS/Treble, Sinfonia (Clark Kent) MAC/Office of European Union (Jane Ford)
Federal share/match	\$282,298 / \$718,680
Project period	July 1, 2012 – June 30, 2015
Exports: Project period	\$ 79,000,000
4 years after project period	\$105,333,333
Foreign markets targeted	Sinfonia
Size	\$155,000,000
Current U.S. share	\$ 2,000,000
U.S. industry	Widgets

One award lasts for the entire award period you designate. Award winners will draw FY 2012 award funds over course of the award period.

Can start no earlier than July 1, 2012. Period is limited to three years.

Project description

1. Establish AWA office in Treble, Sinfonia.
2. Translate AWA and industry promotional materials.
3. Get U.S. firms to put on technical seminars in Sinfonia.
4. Lead trade missions to Sinfonia.
5. Bring Sinfonian customers to WidgExpo in U.S.

Less is more. A one-page executive summary in table format makes the entire application easier to read and recall to memory. (Merit review panelists appreciate succinct executive summaries.)

Estimate the size of the target market and the U.S. share—not just U.S. exports that you generate. Report separately for each market.

Use whatever level of additional outline detail, if any, is appropriate for your project narrative.

Address only considerations noted in the FFO that are appropriate for your MDCP project. Also address any considerations *not* in the FFO that you feel are relevant. Use of an outline is *not* required.

Background (IV.B.2.b.)

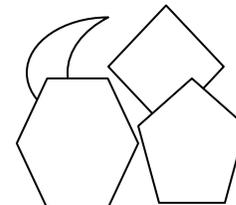
(1) Competitive position of U.S. industry and market potential (IV.B.2.b.(1))

(a) The industry

i. Widget characteristics and uses

The widget was developed by seismologist Rick Torr in 1970. Dr. Torr developed the widget to use in highly sensitive weight measuring equipment to counter the effects of localized ground vibration. The company he founded, Rick Torr Scales, is still the industry leader in the helium measurement industry; however, widespread use of the widget did not begin until 1974, when inventor and amateur vocalist Eddy Sun proved that the widget was effective in detecting falsetto notes. His company, Sun Technologies, provides falsetto detectors to every opera house in the world that uses falsetto detection.

The widget industry did not take off until 1976, when Sun came out with its "B-G Jammer". This device allowed radio listeners to selectively tune out music without adjusting the volume of their radios. By 1980, widget sales were in the millions and several companies had begun production to meet the demand of manufacturers like Sun. Several others began to produce jammers of their own design and brand name.



Manufacturers make widgets to meet a variety of customer specifications.

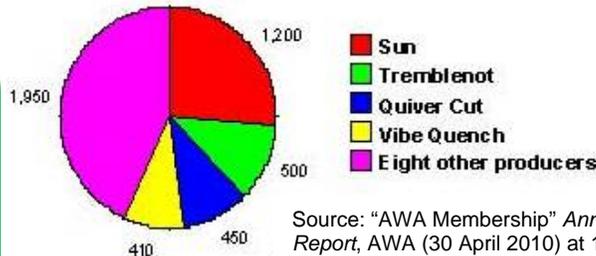
For AWA, description of the industry and its primary products is important. However, if your product or service is well-known, you may be able to get by with much less.

ii. Widget producers

Sun, with about 1,200 employees, and annual sales of \$400 million is by far the biggest player in the widget market in the U.S. and globally. The next biggest company is Shake Break, a UK firm with about 1,000 employees and \$350 million in annual sales. The rest of the U.S. producers, including Tremblenot, Quiver Cut, and Vibe Quench, are much smaller as illustrated in the chart.

U.S. Widget Producers

Number of Employees



Source: "AWA Membership" Annual Report, AWA (30 April 2010) at 17.

Date you submit or date due on each page can help you and ITA both distinguish this application from others you may make.

A footer identifying the part of the application, 2, 3, or 4, can help ITA put your application back together in case the various parts are disaggregated. (Part 1, forms, is formatted by grants.gov when you upload your forms.)

Page number/of total pages will help you stay within the 25-page limit for part 2. Project Narrative.

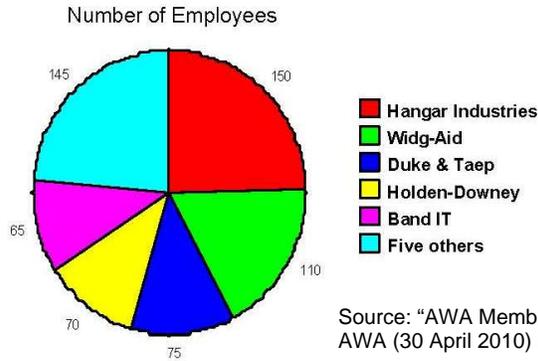
A header or footer with your organization name and /or project title on each page helps brand your project.

As with this example, it is okay to address a consideration noted in FFO in an order other than that set forth in the FFO.

iii. Widget after-sale service providers (IV.B.2.b.(6))

In addition to the manufacturers, several U.S. firms have specialized in after-sales service of devices that employ widgets and the attendant technology. These include Hangar Industries, Widg-Aid, and Duke & Taep, Ltd. As summarized in the chart below, these after-sales service firms are all small- to medium-size operations. It is possible that one or more U.S. firms could establish a presence in country.

U.S. Widget After-Sale Service

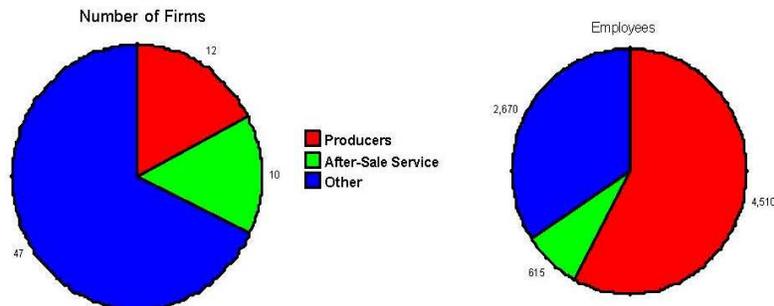


Source: "AWA Membership" *Annual Report*, AWA (30 April 2010) at 17.

iv. Other widget-related businesses

Several AWA members do not produce widgets or provide after-sale service support for widget-rich products. The biggest of these is Widg-bot, a 70-employee firm that specializes in robotic equipment for manufacturing widgets. Other firms in this category sell widget handling and special storage services, widget sleeves, inserts, mountings, and widget control devices. Forty-seven (47) AWA-member companies fall into this basket category of widget related industries

AWA by Category

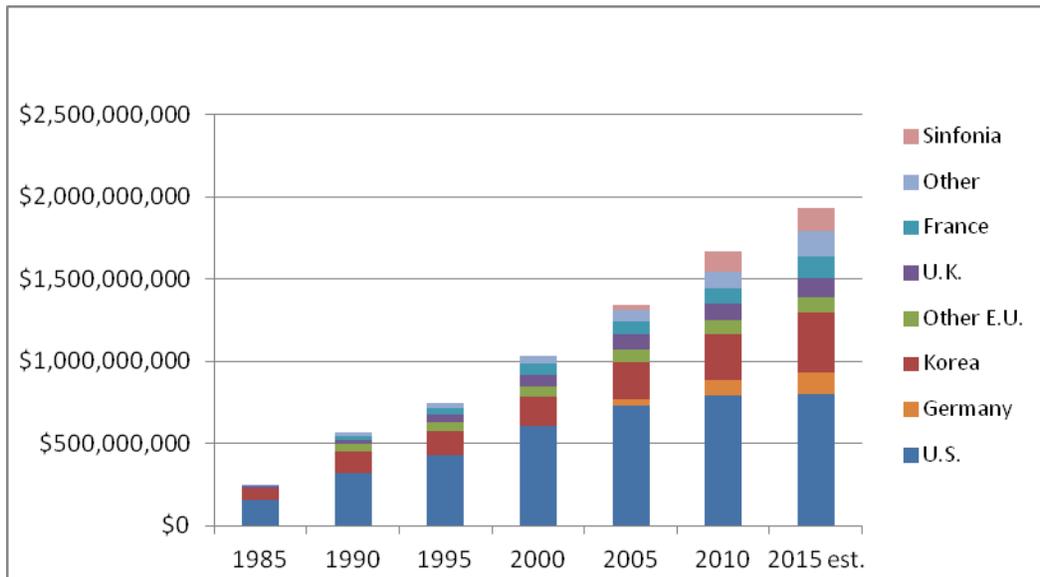


(b) AWA and the widget industry’s resources (IV.B.2.b.(4)) (IV.B.2.f.(2)&(3))

AWA was founded in 1977 by Eddy Sun as the first association to represent the new widget industry. The seven-person staff of the association remains headquartered in Phoenix, which continues to have the highest concentration of widget industry activity in the United States. AWA is the only association that claims to represent the industry. It has an annual budget of about \$2 million and manages the WidgeTech annual trade show in Phoenix each February.

(c) Worldwide vibration processing device demand for widgets

In 2008, U.S. producers of vibration processing devices (VPD), the industry that uses widgets as components in its products, accounted for roughly 2/3 of world demand for widgets. By 2010, U.S. demand accounted for just over half of the world total. As indicated in the chart, most of the growth in demand will come from Europe. European VPD producers, prodded by state-subsidized research and development investments in the late 1980s and early 1990s, have always had a substantial presence in the market. Demand in Germany is growing as it ramps up its capacity for VPD production. This increase in capacity is driven by demand for VPD products in Russia, other Eastern European markets, India, and China, as well as Japan and Korea. As a result, the financial uncertainty that has gripped Southern and Western Europe has had very little negative effect. Investment in German capacity has been years in the making and should not be affected by the eurozone crisis as investors see Germany’s build-up to fill market demand as a safe bet. Germany’s surging demand for widgets also represents a future market for both AWA and AJDA member companies.



Korea’s standing as a market player in the VPD industry is due mostly to a joint venture with Sun in the 1990s.¹ After Korea beat Japan to market, no Japanese producers ever materialized. Because widget manufacture is capital-intensive with labor as a minor cost component, low-labor-cost countries like China, India, and Vietnam have not entered the market. Both European and American producers have focused on getting better returns out of the capital investments they have already made.

¹ Most of Sun’s BG-Jammer product line is now produced in Korea. Sun’s vertical integration is unique. It is the only widget producer worldwide that also produces a VPD end-user product.

(2) Target market economic conditions and likelihood of U.S. exports (IV.B.2.b.(3))

Situated in the Atlantic Ocean between Ireland and Spain, Sinfonia is an Island nation about the size of Ireland. It is difficult to compare Sinfonia with other countries. Although it is the westernmost country of Western Europe, Sinfonia has not benefitted from the region’s high level of prosperity. The per-capita gross domestic product (GDP) is much higher in the UK, France, Ireland, and Spain. Portugal’s per-capita GDP is higher than Sinfonia’s as well. However, these figures are misleading. The low per-capita figures result primarily from large families that usually feature one parent in full-time paid employment and one in the home.² When this demographic distinction is considered, household income is much closer to Western European norms than per-capita income alone indicates. Moreover, Sinfonia is reaping the benefits of integration, including a new power grid, made possible through EU loan guarantees and grants.

(a) Macroeconomic summary of Sinfonia

Sinfonia has always been capitalist; however, the Pranoista Party reined in much of the Sinfonian entrepreneurial spirit with numerous regulations and periodic intervention, including the nationalization of the cork industry in 1970. Sara Prano, the party’s founder, died in 1992. The last Pranoista Prime Minister was defeated the next year and the country has pursued a more business-friendly policy ever since. Plans to join European Monetary Union are currently on hold due to the eurozone crisis.

Sinfonia			
GDP per capita			\$10,600 (purchasing power parity)
GDP real growth rate per year			3.1%
Sector composition		<u>GDP</u>	<u>Labor force</u>
	Agriculture	14%	27%
	Industry	65%	47%
	Services	21%	26%
Literacy rate			99%
Post-secondary education			47%
Population			21,753,000
Labor force ³			12,600,000
Currency			Clef = \$.042

Sinfonia’s recent inclusion in the European Union has been greeted with optimism by many Sinfonian business people. Foreign entities can invest with very few restrictions now. Local firms, though still underfinanced, are more likely to get loans if they do decide to borrow. Some are even warming to the idea of selling equity shares. Since the demise of the Pranoistas in 2001, the clef, after five years of instability, has been fairly stable in relation to the U.S. dollar.⁴ Outside the eurozone and with EU

² See *Economy, Demographics, and Sociology of Sinfonia*, University of Bilbao (12 April 2004) at 24.

³ “Sinfonia”, *The World Factbook 2009*, Central Intelligence Agency (www.odci.gov/cia/publications/factbook accessed on 7 Dec. 2010).

⁴ *Sinfonia in the World Economy*, Economist Intelligence Unit (19 April 2010) at 32.

membership still measured in months, Sinfonia has not been subject to the same uncertainties that have plagued eurozone countries.

(b) Microeconomic considerations

(i) Sinfonian industrial customers

In the past, Sinfonian companies in all sectors shared one obvious impediment to business expansion: lack of capital. The regulations and lack of available capital that characterized Pranoista governments up through 2001 hurt all Sinfonian companies. Current Prime Minister Felipe Harmonia's government has liberalized the banking and securities industries. Since 2007, foreign banks have had practically no restrictions on operating in Sinfonia.⁵ Treble's tiny stock exchange has also benefitted. Since 2006, London's stock exchange has been working with it in an advisory capacity.⁶

(ii) Sinfonian widget consumers

AWA's near-term target is industrial consumers of disposable widgets. AJDA is confident that within a few years, per capita income and consumer attitudes will change enough to make Sinfonia a viable market for widget-based consumer products. On average, economists have found high-end consumer audio products to be viable in markets where average per-capita GDP reaches \$12,000 per year. At \$10,600 per year, Sinfonia is close to that level. AJDA calculates that demand in Sinfonia will take off as soon as the average Sinfonian has the means to buy audio jammers. Although the Pranoista regime is now a thing of the past, there is still a fair amount of nostalgia for some Pranoista traditions. One of these is the playing of "Sin Salsa" in restaurants, stores, and other places of public accommodation.

(iii) World Demand for Sinfonia products that rely on widgets

When Sinfonia automates its notal chord processing, it will be able to make several times the number of five-bar billets that it currently produces. Fortunately, the primary use for these billets, karaoke, should be able to absorb the likely increase in production. Karaoke has taken off in China in the last year. Moreover, in Japan, a new sumo-karaoke is coming out that produces much higher volume by consuming five-bar billets at a rate three times the traditional machines.⁷

As indicated on the chart, Sinfonia is just emerging as a market for widgets. AWA estimates that Sinfonia has imported as many as 100,000 widgets beginning in 2010.⁸ Because of the variety of sources and the relatively small quantity, AWA believes that the imports are being used for trials and research and development. Sinfonian labs are currently experimenting with technology that will allow mass processing of notal chords. These rare plants are the raw material used to produce the standard five-bar billets used in

⁵ "Sinfonia Bank Restrictions Fall", *Economist* (7 February 2007) at 45.

⁶ "Sinfonia Plays FTSE", *Economist* (27 May 2006) at 41.

⁷ "New Product Will Meet Rising World Demand", *Karaoke Monthly* (16 June 2010) at 32.

⁸ AWA's estimate is based on a market research report commissioned through ITA's Commercial Service in Treble, Sinfonia's capital, and sources familiar with the widget industry in Europe.

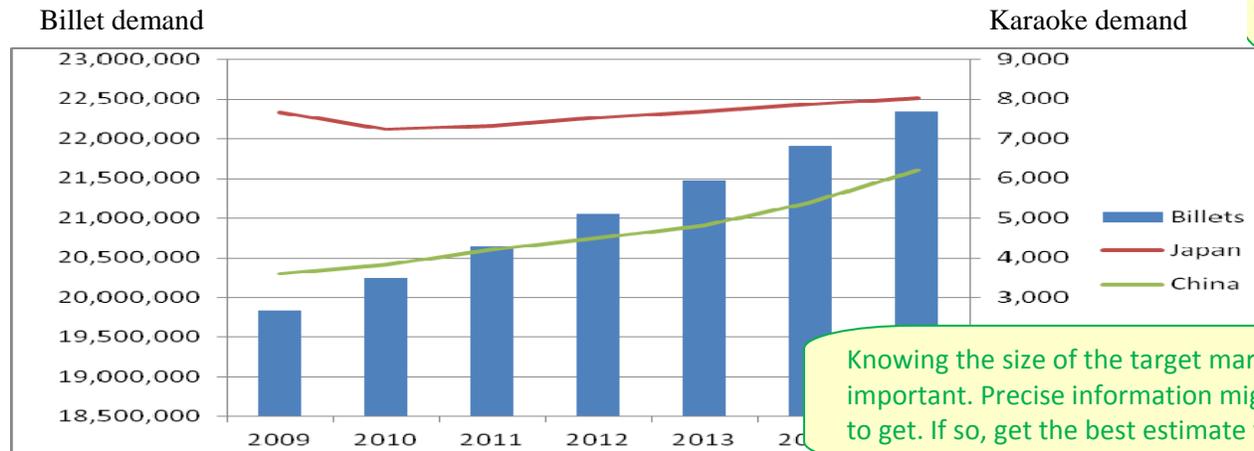
applications ranging from karaoke machines to coral arrangements, both natural and cultured.

Sinfonian notal chords are of the highest quality in the world. Because of this, and the fact that Sinfonian hand processors are skilled, efficient, and have relatively low labor rates, Sinfonian companies have been able to charge a premium for their five-bar billets.⁹ Sinfonian labs are experimenting with widget-based technology in order to cut labor costs. Sinfonian industry leaders must recognize that, with admission to the European Union and accession to the World Trade Organization, labor costs will rise. Reducing the labor inputs in this highly profitable export is, perhaps, the most logical next step.

The technology for automated processing of notal chords was developed by the University of Baritona in 2008. The basic principal is to feed raw notal chord through a torque chamber whose chief feature is a serial widget array. The audio tension produced in a torque chamber extrudes the raw material into the five-bar billet.

With automated notal chord processing, Sinfonia's demand for widget inserts will take off. Test results show that Sinfonian processors should be able to achieve a consumption rate of 7/10 of a widget for every billet produced.¹⁰ In 2009, Sinfonia sold 178,571,000 billets.¹¹ If these had been processed using widget technology, they would have translated into sales of 13,889,000 widgets. ($178,571,000 \times 0.7 = 13,889,000$). AWA's estimates that Sinfonia's billet production could be completely automated by 2017. Because the annual growth rate in billet demand worldwide is about 2%, Sinfonia could easily need 15,641,000 widgets per year by 2015.¹² (13,889,000 increased by 2% over 5 years.)¹³

If your industry is well known with recognized products, you won't need much description of the industry. If it is more obscure, you should probably invest more in describing it



Knowing the size of the target market is very important. Precise information might be hard to get. If so, get the best estimate you can find.

⁹ In the mid-1990s, a French company considered growing and processing notal chords in Madagascar, but abandoned the project early on due to low plant quality and difficulty finding or training qualified personnel. See *Plantation Today*, (17 Sept. 1996) at 17.

¹⁰ *Industrial Séance*, (15 Dec. 1999) at 78.

¹¹ *Républiqa Sinfonia Commerciastatistica*, (30 June 2010) HTS no: 456.999.00034.

¹² *Républiqa Sinfonia Commerciastatistica*, (30 June 2010) HTS no: 456.999.00034. See historical trends on page 321.

¹³ The 2% growth rate is low. It was calculated before sumo karaoke was announced.

Sinfonia's adoption of automated billet production should translate into a new widget market worth over \$141 million per year. (15,641,000 x \$9 per widget.) Automation of notal chord processing has now moved from technical possibility to economic reality. Economists with the European Bank for Reconstruction and Development (EBRD) reviewed the notal chord processing industry in 2009. EBRD determined that the current labor-intensive production methods, new technology and new access to capital through EU membership make this industry "ripe for automation."¹⁴

(c) Choice of Sinfonia as target market

Although the Widget Institute's widget demand statistics show very low widget consumption currently in Sinfonia, the adoption of automated notal chord processing technology will increase its demand dramatically. In fact, of all the markets, Sinfonia shows the best potential for short-term growth, with demand more than tripling in five years.¹⁵

The \$141 million Sinfonian market is not the biggest market, but it is the most promising. AWA estimates that with the drop in production cost, Sinfonian billet-makers will increase production. This, in turn, will increase Sinfonian demand for widgets. Sinfonian billet producers are not the only target customers for widget technology. As Sinfonian affluence increases, so will the market for audio jamming devices.¹⁶ These devices are the more traditional use of widgets. Because of this prospect, the Audio Jamming Device Association (AJDA) has joined this project as our partner. AJDA's export success may not be as imminent as AWA's, but now is the time to start preparing to exploit this potential market. Sinfonia can also serve as a base for increasing widget-related sales to the rest of the European Union.

(d) Marketing

Sinfonian and U.S. marketing channels are similar: relatively small companies operating their own production facilities for products that require widgets. The major difference is that in the beginning, practically all of the widgets sold to Sinfonia will be consumed in the manufacturing process instead of incorporated into finished product. Eight AWA members have already developed and sold widgets to customers that use widgets as consumables instead of as components. Several other AWA members that do not actually produce widgets, specialize in services for the budding consumable widget industry.¹⁷

The biggest challenge to selling to Sinfonian executives is usually Sinfonian business etiquette. In Sinfonia, business is never discussed over a meal, at least not until the non-Sinfonian has proved

¹⁴ *Notal Chord Processing in Sinfonia*, EBRD (15 June 2009) Pub No: 007099.

¹⁵ Most of the Widget Institute's funding comes from AWA.

¹⁶ The experience of the European Union is telling. Wealthy countries France, the U.K., Germany, and Sweden all saw sales of personal audio devices (a category that includes audio jamming devices) rise fairly quickly after introduction of products in the market. Less wealthy consumers in Greece and Portugal are adopting more slowly. Ireland, whose consumers had fairly low per capita GDP when personal audio devices first hit the market in the late 1980s has seen sales of such products take off as its per capita GDP has increased dramatically in the 1990s. See "Personal Audio Device Adoption in the EU: 1986-2006", *EU Today*, European Commission (15 October 2007) at 34-38.

¹⁷ All of the AWA members in the consumable widget sector are CE Mark certified and ISO 9000 compliant.

themselves at karaoke.¹⁸

In preparation for this MDCP application, AWA's board polled its member executives about their willingness to do business in Sinfonia. Questionnaires were sent to executives from all 69 member companies, which we followed up with phone calls. We received responses from 63 companies. Only two companies responded that Sinfonian business practices would keep them away.

(3) U.S. industry's ability to meet potential market demand (IV.B.2.b.(5))

At 73% capacity utilization, the U.S. industry needs to increase production. With U.S. demand flat, the only short-term solution for the industry is to increase exports. Production capacity has been driven by steadily increasing domestic demand from the VPD industry in the United States. Average capacity utilization was as high as 92% as recently as 2006.¹⁹ While the widget industry continued to invest in plant modernization and research and development, the demand since 2008 has declined. By the end of 2010, total U.S. production capacity stood at 99,700,000 units per year. That same year total U.S. widget production was 72,200,000. Industry leaders agree that this 73% capacity utilization rate is too low for long-term profitability, that, according to financial analysts, would require a long-term average utilization rate of a least 80%.²⁰

A few firms with 250-500 employees have particularly low levels of capacity utilization, 66% on average. This amounts to 10,000 units per year of unused capacity for just these producers. Smaller producers have a much higher rate of 78%, mostly because they supply niche markets for scientific instrumentation that have not suffered from the downturn for mass-market consumer products.²¹

In March 2011, AWA's board identified Sinfonia as the most promising area for sales growth worldwide. With current unused capacity to produce another 27,500,000 widgets per year, the U.S. industry is poised to establish new export markets. As AWA's Chairman of the Board, Mona Kull put it, "If we don't increase exports, we won't survive."



Eight AWA member companies are already able to produce the consumable widgets the Sinfonia chord processors will need. Moreover, the Sinfonia Initiative is based on a long-term strategy that should

¹⁸ *Doing Business in Sinfonia*, G. Lee Rose (Maximillion, New York, 2006) at 41.

¹⁹ In the late 1990s and early 2000s, industry-wide capacity utilization during some months was as high as 98%.

²⁰ "Overcapacity in Widget Industry?", Wall Street Journal (17 Jan. 2009) at A-1.

²¹ *Widget Reporter*, AWA (5 Jan. 2011) at 5.

continue to help widget industry companies for some time to come. Gaining a foothold in Sinfonia for the consumable widgets will lay the groundwork for sales of durable widgets used as components in jammers and other next-generation VPD products.

(4) Local and third-country competitors in the target market (IV.B.2.b.(2))

(a) Sinfonian producers

There are no widget producers in Sinfonia. Widget production demands a highly skilled labor force, expensive capital investment, and a healthy amount of research and development. It is difficult to imagine Sinfonia overcoming such barriers to entry in the near term. Credit is more readily available now but most firms avoid debt. Raising funds on securities markets is still viewed with suspicion. Scientific and university communities lack both the funding and expertise required for widget R&D.²²

(b) Third-country producers

Of the 100,000 widgets Sinfonia imported for testing and evaluation in 2010, only 10,000 came from a U.S. widget producer. The rest came from the U.K. and France. This is not surprising given Sinfonia's lack of exposure to U.S. widget producers or even to products that employ U.S. widgets. (Audio jammers are practically unheard of in Sinfonia.)

AWA suspects that Shake Break, the second largest producer in the world, provides most of Sinfonia's imported widgets. This may be due, in part, to its proximity and to familiarity with the product. Treble and Baritona are both served by non-stop one-hour flights from London.²³ Moreover, Shake Break manufactures the only widget-based product sold in Sinfonia: the wild boar caller, introduced in 1995. Too expensive for the average Sinfonian hunter or wildlife photographer, only a few well-to-do Sinfonians have abandoned their traditional ram-horn callers for the new technology.²⁴

The widgets used in Shake Break's boar caller certainly provided the company with an "in" with Sinfonian business executives. It underlines the Europeans' dominance in the quadruped signaling sector of the industry. However, no European producer has gotten a long-term production contract for providing consumable widgets. U.S. firms are the only producers in the world to have landed prime contracts for this budding market sector. U.S. producers already supply Malaysian and Taiwanese firms that use consumable widgets in the production of sculpted Mylar products. Of the six other U.S. firms that can produce consumables, four are currently pursuing long-term supply contracts in China and Thailand.

Another advantage U.S. firms have is the depth of experience among companies that do not actually produce widgets. Four or five AWA companies specialize in consumable widget waste disposal, handling, and packaging. AWA is not aware of any such capability in Europe, although member-company

Reminder, this outline format is *not* required. In fact, you are *not* required to use an outline.

²² "Sinfonia in the World Economy", Economist Intelligence Unit (19 April 2010) at 62.

²³ Sinfonia's accession to the European Union also makes interchange easier. U.K. citizens, unlike their American counterparts, do not need visas and can work and live in Sinfonia for unlimited amounts of time. See "Primer on EU Labor and Immigration", *Europe Today*, European Commission (7 June 2009) at 73.

²⁴ "Boar-dom Yields to Excitement Over Game Call", *Euro Hunter* (30 Aug 2008) at 117.

executives have heard reports from East Asia clients that Shake Break and a French company, BougePlus, plan to offer some consumable-widget support services.

c. Project description (IV.B.2.c.)

A chart summarizing the staging of the work plan is provided in Part 3, Budget Narrative.

(1) Establish AWA office in Sinfonia

Because of proximity to Sinfonia and the marketing of at least one widget-based product in Sinfonia, our competitors from the UK and France are already “on the ground”. The U.S. industry must have a presence if it is to succeed. AWA’s Sinfonia Now will build on AWA’s short-term success with longer-term success by AJDA.

(2) Prepare promotional information for Sinfonian market

The U.S. widget industry must prepare to present information about companies and their products to Sinfonians in Sinfonian. This includes translation of brochures, which will be subsidized through the Sinfonia Initiative. It also includes basic export and e-commerce considerations for U.S. executives. These will be developed in cooperation with Ajax Software, which just completed a series of seminars across the United States on how to use e-business to export. The individual activities are listed below.

- Translate association and company literature into Sinfonian.
- Create Sinfonian version of websites.
- Create web-based executive briefing on web content guidelines and e-business.
- Help U.S. firms to develop appropriate content for their listings on the Sinfonian web page.
- Counsel U.S. widget companies on website upgrades and exporting.

(3) Take American widget-related firms to Sinfonia

U.S. widget industry companies are eager to go to Sinfonia (as evidenced our survey). AWA and AJDA will organize the initial effort to get U.S.officials to Sinfonia through the activities listed below.

- Create web-based executive briefing on export financing, logistics, etc.
- Hold two technical seminars in Sinfonia to showcase U.S. technology.
- Lead two trade missions to follow up on technical seminars.

(4) Bring Sinfonian potential customers to U.S. trade show WidgExpo

Sinfonian companies are still pretty undercapitalized compared to most of their EU colleagues. Lack of money by Sinfonian executives should not keep them from WidgExpo in Las Vegas. One component of the Sinfonia Initiative is to pay the travel expenses of eight Sinfonian executives to WidgExpo in October 2012. AWA would choose the executives to travel. These executives would pay only for their registration fee. AWA and AJDA feel that it is very important to get Sinfonian executives away from our UK and French competitors. WidgExpo will show the Sinfonians a sampling of the widget industry worldwide. We are confident that they will come away impressed with the U.S. industry.

d. Performance measures

(1) ITA measures (IV.B.2.d.(1))

Measure (ITA #)		Goal		Explanation	Reporting method
		#	\$ Value		
Exporter class <i>(IV.B.2.d)</i>	NTE: New to export	3		Chances of making sales at foreign show: NTE:67%, NTM:67%, ITM:75% U.S. firms in project trade missions/shows: <u>NTE: 5, NTM:9, ITM:3.</u> NTE: 5x67%=3 NTM: 9x67%=6 ITM: 3x75%=2 17 firms 11 of which export by 2013.12	All firms sign success agreement to report as a condition of participation. AWA began member surveys in 2000. Survey will include requests for U.S. firm, city, state, email information.
	NTM: New to market	6			
	ITM: Increase to market	2			
Export transactions		11	79,000,000	NTE: 2x\$1m avg= 3m NTM: 6x6m avg= 36m ITM: 2x20m avg= $\frac{40m}{79m}$	
Export transactions four years following award period <i>(IV.B.2.d)</i>			105,333,333	Avg annual award period exports x 4 yrs = (79,000,000/3) x 4 = 26,333,333 x 4 = 105,333,333	
Export related developments	OISE:Overseas investment supporting exports	1	265,727	\$216,560 for AWA office opening & 1 st 2 nd yrs.	
Success agreement <i>(IV.B.2.d)</i>		1		15 weeks prior to every event. (Same basic agreement used for each event.)	Report date document first sent to firms.
Participation list to ITA		6		6 weeks prior to every event. (5 events.)	

Remember to set goals you plan to achieve during the award period.

(1) Applicant measures

Measure (AWA #)	Instances	Explanation ²⁵	Reporting method
U.S. firms participating in briefing on export finance, logistics, etc. (20)	30	Number of firms to participate in at least one of the two briefings.	Success agreement follow-up.
U.S. firms participating in technical seminars. (21)	17	Number of firms to participate in at least one of the two seminars.	
U.S. firms participating in trade missions. (22)	15	Number of firms to participate in at least one of the two missions.	
Sinfonian potential customers participating in WidgExpo. (23)	8	AWA to promote this event directly to each of Sinfonia's 22 firms in coordination with CS/Sinfonia.	Show registration.

²⁵ Two of the eight U.S. consumable widgets makers have declined AWA's invitation to pursue the Sinfonian market. The remaining six will participate in the technical seminars. Of the 47 widget-related companies, 31 say they will participate in web briefing. Based on our 41 years of experience, we estimate that a little more than 75% of these companies will actually participate, and that a little more than half that participate in the briefing will participate in a technical seminar or trade mission or both.

e. Partnership with ITA and other entities (IV.B.2.e)

(1) Manufacturing and Services' (MAS's) Office of Materials and Machinery

AWA and AJDA have discussed the Sinfonia Initiative with ITA officials from MAS's Office of Materials and Machinery. Some of the elements of the initiative resulted from those discussions. We believe that this office's participation in the technical seminars and trade missions will impress Sinfonians and be a great help to AWA and AJDA. We would also find MAS's help with our e-business strategy to be very useful.

(2) Market Access and Compliance's Office of European Union and Regional Affairs

Because of Sinfonia's recent absorption into the EU and the WTO, we do not anticipate any significant market access issues. However, we welcome the opportunity for a quick briefing from ITA's Market Access and Compliance well in advance of our first technical seminar.

(3) Commercial Service's Officers in Treble, Sinfonia

ITA's Senior Commercial Officer has already advised us informally about setting up an office in Baritona, Sinfonia. We will purchase the International Partner Search to identify candidates for our office director position as well as a few initial widget industry contacts to use for advertising our technical seminar.

(4) U.S. Commercial Service's Export Assistance Center officials nationwide

Wherever possible, we would like to have an ITA official from the nearest U.S. Export Assistance Center (USEAC) accompany AWA officials during visits to member companies to discuss the Sinfonia Initiative. Four weeks prior to each project event, AWA will provide to its ITA team a list of participating firms so participating firm's USEAC can contact it and help it to prepare for the event.

(5) Audio Jamming Device Association (AJDA)

As outlined in the work plan, AWA will be cooperating with AJDA, with AWA taking the lead. In the last ten years, AJDA has sponsored public relations campaigns in several EU countries, North America, Japan, and South Korea. AJDA has also organized trips to several trade shows in Europe and East Asia. Additional information about AJDA is provided in the appendices.

f. Credentials (IV.B.2.f)

As noted, there are three AWA membership categories: producers, after-sale service, and other widget-related businesses. AWA represents all U.S. widget manufacturers. All the after-sale servicers certified by Underwriters Lab are AWA members. As regards the "other" category, the definition of which companies should fall into the category is less precise. Most of the companies sell products and services to customers outside of the widget industry as well as to those inside. AWA estimates that at least 90% of companies that provide "other" widget-related products and services are AWA members.

U.S. widget companies made their first foreign sales to Canada in 1975. The first foreign sales beyond Canada were to Mexico in 1990. An AWA member established a joint venture in South Korea in 1994. AWA began doing foreign market development work in 1984 when we did a technical seminar in Monterrey. Since then, on an ongoing basis, AWA has counseled its members on exporting. In 1988,

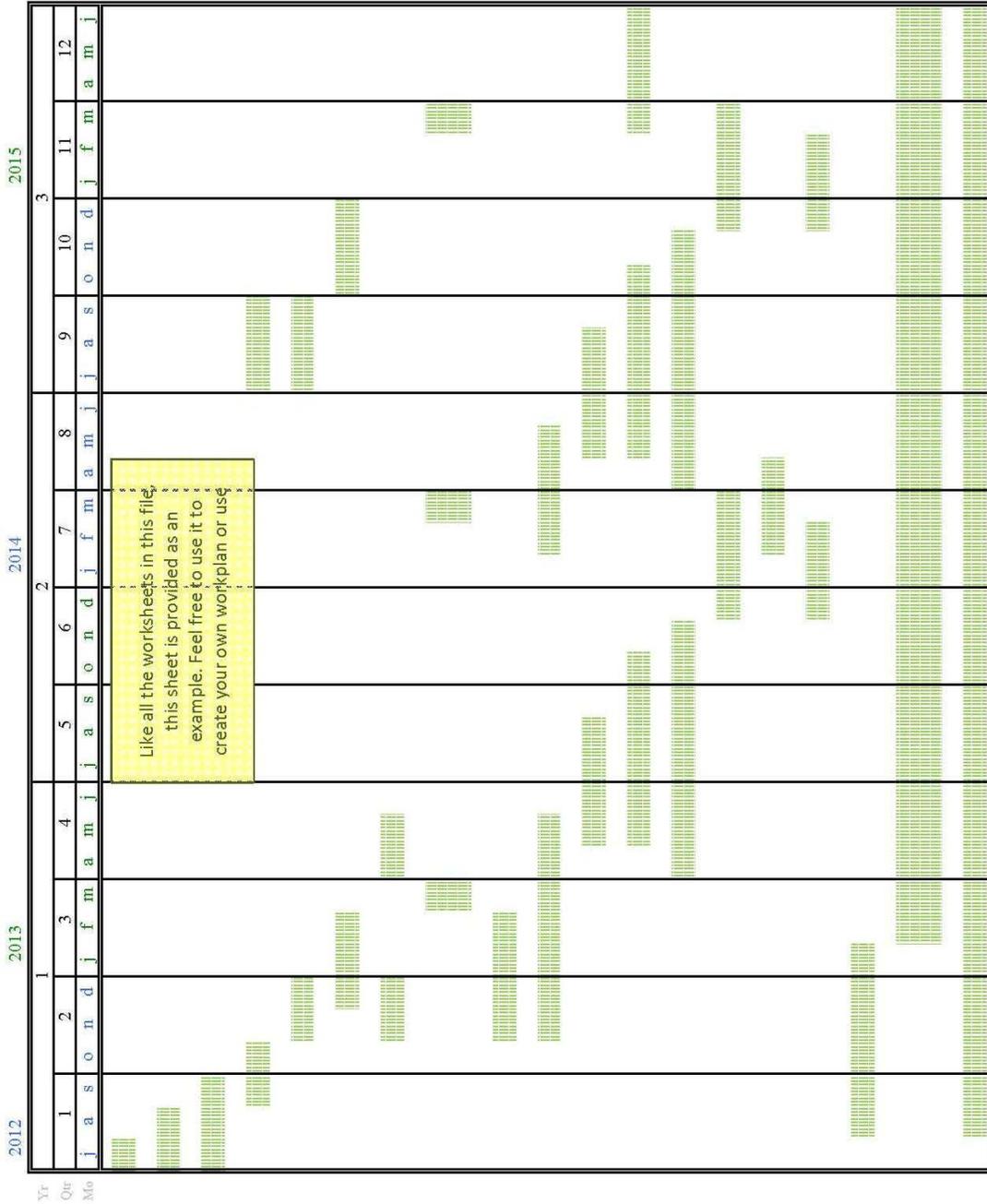
AWA brought one of its members together with a Korean firm to establish the first overseas widget joint venture. Since then, AWA has sponsored at least one trade mission per year. Destinations have included France, the UK, Germany, Korea, Italy, and Mexico. One AWA company, Linkletter, Ltd., is a Canadian after-sale service provider. Another Canadian company, LaFleur, Ltd., is an AWA member that falls into the “other” category. Neither company sits on any AWA governing committees. If involvement by either of these foreign companies on an AWA committee would jeopardize the Sinfonia Initiative, AWA requests that ITA notify it immediately.

The primary contact and project director will be AWA’s Marketing Manager. Resumes are attached. A projection of time each professional will devote to the project is included in the budget worksheets provided in Part 3. Budget Narrative.

g. Support letters, ITA emblem use, and success agreement

Several U.S. firms have indicated their commitment to participate in Sinfonia Now. Letters from these companies are attached. Also attached is a mock-up webpage showing proposed use of the ITA emblem, and the success agreement we plan to have each U.S. firm sign as a condition of participating in Sinfonia Now.

American Widget Association: Work Flow Chart



Activity

- 1 CPA acctg. changes.
- 2 CS Int'l Pantner Search.
- 3 Increase web-hosting capability.
- 4 Hire Sinfonian office director.
- 5 Rent office in Sinfonia.
- 6 Hire office staff.
- 7 Translate association brochure.
- 8 Sinfonian director training, annual meeting address, member visits.
- 9 Translate AWA.org, AIDA.org.
- 10 Recruit US firms for tech. sem.
- 11 Briefing: export fin., logistics, etc.
- 12 Member brochure translations.
- 13 Technical seminar.
- 14 Trade missions.
- 15 Bring Sinfonians to WidgeXpo.
- 16 Follow up on tech. seminar leads
- 17 Web content & ebiz guidelines.
- 18 Help mbrs. upgrade websites for Sinfonian mkt.
- 19 Counsel members.

American Widget Association - Members

Producers	Beta Manufacturing Cam-Ran Bay Haber-Dine Johnson Knowlton Maughan-Paw Nillson Quiver Cut Sun Tremblenot Vibe Quench Zillick
After-sale service	Band IT Duke & Taep Hangar Industries Holden-Downey Howard Services Linkletter, Ltd. Miller Paulsen SmithCo Widg-Aid
Other	Acme Andrew Benjamin Better Flow, Inc. Bronze Age Technologies Cleveland Coolidge Crabb & Goyle Dean Erlichman Fillmore Garner Accolades George Grover Haldeman Hammer Arno Hewlett Pack-mule Hudson and Sons Jackson Johns Quincy Kahn - Dew, llp Kahn - Knot Kha, Ching, and Cash LaFleur, Ltd. Millard Neely Slime Phorque and Nife Po and Elba Sel-Wasser & Spitz Siren Soothe Stangel - Klaxon Tae Services Theodore Truman and Potey Tuskegee Tone Wall -Russe Wavelength Technologies Widg-Bot

Audio Jamming Device Association - Members

All	Alpha Analogue Anpon Zipper, Ltd. Arcade Tech Bambi, Booze, and Schwartz Batt and Tubb Bay-Leef Beetle Benson Bieph Liptz Basin Boel-Winkler Boris & Natasha Brady, Inc. Brilliant Manufacturing Buche de Noel Capital Industries Cogburn Services Crabapple, Inc. Cyrus Klops Optical Dome Growth Technologies EinKlein, Inc. Emerald Productions Ergo Propter Hoc Ernest Flat Products Fellipectha Finks Grampon-Tyre Technology Howe & Fortune, Inc. Id Wizard Igloo Dome Jones and Sons Keeler Technologies King - Kahn of New York Kisling Products LHY-Co Lloyds Pale White Mason, Moon and Manning Maximal Radiation, Ltd. McKay, Inc. Merril Manufacturing Metzerot - Rhodes Mittlemarsh & Zatz Moore Manufacturing Mukluk Laces, Ltd. Parameters Unlimited Peeping Chick Partners Promethius and Sons Q-Time Technologies Reeder Inc. Shei - Knorr, Inc. Swisher Enterprises Tew, LaFore, de Bote Whun Eid Mann Whunlein-Zinger Wrass Liptz Atlantic Wye Deed IT Yuk-Yuk, Inc.
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Tremblenot, Inc.

130 Main Street
Truth or Consequences, NM

April 1, 2011

Anna Purna
Executive Director
American Widget Association
1717 Widget Lane
Phoenix, AZ 89999

Dear Ms. Purna,

I am happy to write in support of AWA's proposed Sinfonia Now initiative. As a long-time leader in the industry Tremblenot is anxious to capitalize on the changing market conditions in Sinfonia. Tremblenot very interested in developing the Sinfonia market.

We look forward to participating in AWA's planned trade events in Sinfonia.

Sincerely,



Arnold K. Hu
Chief Executive Officer

Your project is only as good as the commitment from companies that will actually participate.

QUIVER CUT

April 5, 2011

Anna Purna
Executive Director
American Widget Association
1717 Widget Lane
Phoenix, AZ 89999

Dear Anna,

I am happy to write in support of AWA's proposed Sinfonia Now initiative. Quiver Cut is ready to work with AWA to build a presence. Our company is committed to participating in AWA's planned trade events in Sinfonia.

Sincerely,



Susan Utton
President

It is not necessary to include a copy of each commitment letter from each company pledging to participate. Presenting the magnitude and depth of company commitment can be accomplished with lists or other abbreviated methods as long as it is clear that each company listed has specifically committed to participate in the project.

Vibe Quench, Inc.

390 Industry Way
Commerce, CA

April 2, 2011

Anna Purna
Executive Director
American Widget Association
1717 Widget Lane
Phoenix, AZ 89999

Dear Ms. Purna,

As a long-time leader in the industry Quiver Quench is anxious to capitalize on the changing market conditions in Sinfonia. Quiver Quench is very interested in developing the Sinfonia market. I am happy to write in support of AWA's proposed Sinfonia Now initiative.

We look forward to participating in AWA's planned trade events in Sinfonia.

Sincerely,



Jon William Serev
Chief Executive Officer

Maughan-Paw, Inc.

6840 Kettle Lane
Lopey, Kentucky

April 1, 2011

Anna Purna
Executive Director
American Widget Association
1717 Widget Lane
Phoenix, AZ 89999

Dear Ms. Purna,

I am writing in support of AWA's Sinfonia Now initiative. Maughan-Paw is anxious to capitalize on the changing market conditions in Sinfonia. Maughan-Paw is committed to making Sinfonia a top market for our products.

We look forward to participating in AWA's planned trade events in Sinfonia.

Sincerely,



Monelle Jaskee
Chief Executive Officer

Holden-Downey, Inc. 3499 Redwing Road, Sevier, Missouri

April 1, 2011

Anna Purna
Executive Director
American Widget Association
1717 Widget Lane
Phoenix, AZ 89999

Dear Ms. Purna,

Holden-Downey supports AWA's Sinfonia Now initiative. As a long-time leader in the industry Holden-Downey is anxious to increase sales by developing Sinfonia as a new market.

We plan to participate in AWA's planned trade events in Sinfonia.

Sincerely,



Kelvin L. Been
President

Widg-Aid

7130 Lyman Court
Chesapeake, Virginia

April 1, 2011

Anna Purna
Executive Director
American Widget Association
1717 Widget Lane
Phoenix, AZ 89999

Dear Ms. Purna,

I am happy to write in support of AWA's proposed Sinfonia Now initiative. As a long-time leader in the industry Widg-Aid is anxious to capitalize on the changing market conditions in Sinfonia.

Sincerely,



Theodore Namon Hansen
Chief Executive Officer

Resumes of Key Personnel

AWA Executive Director, Anna Purna, CAE

Ms. Purna has directed AWA since 2001. Prior to coming to AWA as executive director she was membership director for the Eggnog Institute (EI), the largest seasonal dairy product trade association in the United States. Ms. Purna has been a certified association executive (CAE) since 1997.

During her six years as membership director at EI, Ms. Purna doubled membership to 346. She also helped establish a conduit for Foreign Agricultural Service funding for regional marketing boards for dairy products destined for export to Canada, Mexico, and the Caribbean. Prior to working for EI, Ms. Purna ran her family's dairy distribution business in upstate New York for 21 years.

She has a bachelor of business administration degree from Cornell University and an MBA from Syracuse University. She also serves on the marketing committee of the American Society of Association Executives.

AWA, Marketing Manager, Wendy Whittle

Ms. Whittle came to AWA from the advertising firm Wilson and Sonren of Cleveland. From 1997 to 2002 she serviced several accounts, including several fastener companies. She has a bachelor of business administration with an emphasis in marketing from Ohio State University.

Ms. Whittle is fluent in Spanish and French. Since coming to AWA in 2002, Ms. Whittle has increased AWA membership 14% despite several consolidations in the industry.

AJDA Executive Director, Quentin Laru, CAE

Mr. Laru has held his current position since 2002. Prior to serving as executive director, he was AJDA's marketing manager, a position he held beginning in 1995. Prior to that Mr. Laru was director of member services and event management at the Sheet Metal Manufacturers Institute. (SMMI). In addition to a bachelor degree in Spanish and a master of international management from Thunderbird, Mr. Laru is a certified association executive.

Mr. Laru recently coordinated AJDA's opening of an office in Mexico City. From this office, 27 AJDA members have established agent or distributor relationships in Mexico, Costa Rica, and Colombia. He is fluent in Spanish

AJDA Marketing Project Manager, Laurel Reese, CAE

Laurel Reese has served in her current position since 1998. Prior to that, from 1994 to 1998, she worked as marketing manager for Acme Technologies in Garnersburg, IL. Ms. Reese began her career with Acme as a customer service representative in 1990. She has a bachelor of business administration from Chandler Community College. From 1998 to 2010, Ms. Reese was instrumental in doubling AJDA's net revenue from its annual JamMart trade show.

Position descriptions for Sinfonia offices of AWA

AWA Sinfonia Office Director

1. A successful applicant will:

- a. Demonstrate knowledge of the widget and/or allied industries in Sinfonia and/or Western Europe.
- b. Be personable and outgoing in demeanor so as to facilitate relations with industry players.
- c. Have experience managing marketing accounts or other commercial outreach whether in the widget and allied industries or in other industries.
- d. Be vetted by a Sinfonia headhunter or similar personnel firm, or by the U.S. Commercial Service through its partner search or other relevant program.
- e. Demonstrate the ability to put on a trade event.
- f. Be fluent in written and spoken English, in addition to Sinfonian.

2. Duties include:

- a. Establishing office space in Treble.
- b. Maintaining daily normal office hours during the Monday-Friday work week.
- c. Assisting AWA member companies with questions about the Sinfonia market.
- d. Establishing and maintaining good relations and frequent communications with relevant government regulators, industry organizations, and individual Sinfonia companies in the industry.
- e. Creating and maintaining a database of industry contacts and a calendar of industry events.
- f. Traveling to the United States once or twice a year for up to two weeks per trip.
- g. Traveling an average of two days per week to visit companies/events in Sinfonia and Western Europe.
- h. Reporting to AWA regularly on market conditions.

3. Salary and benefits.

- a. Salary not to exceed the equivalent of \$55,000 annually.
- b. Vacation, retirement, and sick leave all per Sinfonia government requirements.
- c. Health insurance is provided by the Sinfonia national health service.
- d. The position is full-time.

AWA Sinfonia Office Assistant

1. A successful applicant will:

- a. Be personable and outgoing in demeanor so as to facilitate relations with industry players.
- b. Be fluent in written and spoken English, in addition to Sinfonian.
- c. Have experience composing and finalizing correspondence.
- d. Demonstrate the ability to interpret Sinfonian to English and English to Sinfonian.

2. In addition to assisting the director as needed and directed, the assistant's duties include:

- a. Organizing, tracking, and preparing correspondence.
- b. Acting as virtual or actual reception for all initial inquiries.
- c. Updating and evergreening databases.
- d. Interpreting for AWA and/or its member companies when needed.
- e. Attending to the logistical/hospitality needs of AWA and/or member companies when they visit.

3. Salary and benefits.

- a. Salary not to exceed the equivalent of \$25,000 annually full-time, lower if part-time.
- b. Vacation, retirement, and sick leave all per Sinfonia government requirements.
- c. Health insurance is provided by the Sinfonia national health service.

Example of Proposed Use of ITA Emblem:
AWA homepage: AmWidgetAssoc.org

This shows your intent to credit ITA. We need an example of intended use in order to grant you permission to use the emblem in the event that you win an MDCP award.

AMERICAN WIDGET ASSOCIATION-AWA
Home

Advocacy

- Federal legislation
- Federal regulation
- State & local issues
- Public service
- Congressional directory
- Key contacts

Membership

- Members only
- AWA staff
- Board
- About us

Events

- Widgets Today
- Bus tour
- Annual meeting
- WidgTech
- Scholarship auction
- Golf tournament

Sinfonia Now

- Fed. award spurs project
- Upcoming missions
- Prepare now to export
- The market



Over 90% of exhibitors and attendees at WidgTech 2007 voted it the best trade show of the year. Exhibitors were pleased that attendees were almost all potential customers. The hospitality booths are arranged to benefit all exhibitors.

Sponsors below helped make the show a great success.



Success Agreement

The best way for a widget firm to thrive in the future is to look beyond the U.S. market. AWA has identified Sinfonia as the best new market for many of our members. We want to help you to capitalize on some upcoming opportunities to develop this promising market.

AWA's Sinfonia Now initiative helps U.S. widget-related firms to export to Sinfonia. The U.S. Commerce Department's International Trade Administration (ITA) has agreed to pay for one-third of the \$636,000 project cost through its Market Development Cooperator Program (MDCP).

Agreement to Participate in AWA's Sinfonia Now Initiative

Benefits of the Sinfonia Now initiative and your responsibilities as a participant are set forth below. Send completed forms as soon as possible to the attention of AWA's Esther Williams ewilliams@AmWidgetAssoc.org, via fax at 555-222-1212, or via mail at AWA, 1717 Widget Lane, Phoenix, Arizona 89999. Please note that some of the benefits listed below are contingent on when you sign up to participate. We will assign time-sensitive benefits in the order that we receive completed participation agreements.

Make it clear to participating companies what they will get as a result of participating. Sell your project.

1. Benefits

Thanks to the \$282,298 MDCP partnership with ITA, we can act as a one-stop portal for entering Sinfonia's widget market. Here are a few of the benefits available to Sinfonia Now participants:

a. Free demonstration set-up at SinfoWidget.

AWA will pay your fees to set up your product demonstration up to \$2,000. This offer is limited to the first ten firms with fewer than 500 employees that sign up for Sinfonia Now.

b. "Ask ITA" questions and answers.

Thanks to our MDCP partnership, ITA industry specialists, market access professionals, and Commercial Service officers based in the U.S. and Sinfonia are available to help you get answers to many vexing questions. Sinfonia Now participants can submit inquiries and receive responses that, thanks to our partnership, usually come much quicker and are more accurately targeted than would otherwise be the case.

c. One free Gold Key Service from ITA's Commercial Service in Sinfonia.

Includes up to five targeted appointments, an interpreter, transportation, and help with follow-up. As a limited offer, AWA will pay for this valuable service, worth hundreds of dollars, for the first ten companies with fewer than 500 employees that sign up for Sinfonia Now.

d. Translation of product material.

We'll pay to translate to Sinfonian the equivalent of a one-page, double-sided brochure for the first ten companies with fewer than 500 employees to sign up for each mission or trade show.

e. Two trade missions.

We plan to visit Treble and one other city to be determined in November 2012, and Ba October 2013.

Each project will be different. Include whatever features make sense to attract companies and get them exporting.

f. Access to targeted trade information.

All Sinfonia Now participants will be notified of relevant export opportunities and market research gathered worldwide by nineteen (19) Federal agencies.

g. Pre-mission briefing by industry specialist from Sinfonia.

To help you decide whether or not you wish to participate in a Sinfonia Now trade mission or the SinfoWidget show in Treble, we've arranged with ITA for a Chinese widget expert to brief us at our annual meeting in Chicago and answer questions.

h. One-on-one counseling sessions with an industry specialist from Sinfonia.

The first twenty firms that sign up for the briefing will get one-on-one sessions following the briefing with ITA's Treble-based widget expert. This is a great opportunity to fine-tune your business plan for the Sinfonia market before ever going to Sinfonia.

i. Sinfonia website development and hosting.

Every Sinfonia Now participant that does not already have a Sinfonia-hosted Sinfonian website will get a home page hosted on AWA's Sinfonia server. The free hosting is good for Sinfonia Now participants through September 2008.

j. Business cards.

We'll translate into Sinfonian business cards

This is the most critical performance information to get. If there is only one question you feel you can ask of companies, ask this one or one similar to it.

2. Keeping track of how we are doing.

Our partner, ITA, is tasked by the U.S. Congress to help U.S. companies be more competitive. Perhaps the most straight-forward indication of competitiveness is a company's export performance. In order to help you and U.S. industry generally, ITA needs to know how well it is doing.

a. Sharing the good news with ITA.

Each quarter, Sinfonia Now participants share following information with ITA:

The dollar value and number of Sinfonia-bound export sales (deliveries or contracts for goods or services). Please share any additional information such as a non-proprietary description of the type of good or service sold, its application, steps you took to make the sale, etc. will help. This gives ITA a better idea of how U.S. firms are succeeding at exporting, and how ITA can best continue to help.

b. Confidentiality with ITA.

Your success information is submitted directly to ITA. Your competitors don't see it unless you give ITA permission to release it publicly. ITA professionals who have access to your success information have security clearances. They are accustomed to handling classified diplomatic cables and other media and transmissions that contain sensitive information. ITA will not share individual success information with AWA unless you expressly agree to it.

c. Public highlighting of your successes.

If ITA wants to publicize any of your successes, it will always show you what it proposes to do and secure your express approval in writing.

Strategies to encourage firms to report: (1) Export achievement award presented by top Commerce official at an industry event, (2) Reporting directly to ITA, (3) Reporting abbreviated information or export values that are rounded either way by a couple of percent, (4) Commerce official addressing export reporting at industry event and on your website.

d. Sharing the good news with AWA.

We have structured Sinfonia Now so that all we get at AWA is a consolidated total from ITA. We will know the total number of exports you and others make, and the number of transactions, but we won't have the individual information you share with ITA. Of course, we would love to know of your individual successes as well. We invite you to share them with AWA too, but we understand if you prefer not to.

e. Optional information to share with AWA.

In addition to the information you report to ITA, we would appreciate your helping us to keep track of AWA's performance on Sinfonia Now by reporting to us the number of occurrences of each of the following each quarter:

- (1) Other examples of your success developing the Sinfonia market.
- (2) Export-related agreements you conclude such as signing an agent or distributor.
- (3) Value of any trade complaint you are able to resolve as a result of help from AWA or ITA.
- (4) Value of export-related investment you make in Sinfonia.

AWA might be asking for too much information from companies. Better to get a little bit of good information than to get none at all.

3. U.S. product or service.

I certify that I am, that my company is, or that I or my company represents: (a) a United States citizen; (b) a corporation, partnership or other association created under the laws of the United States or of any State; or (c) a foreign corporation, partnership, or other association, more than 95 percent of which is owned by persons described in (a) and (b) above; AND I am, my company is, or the entity I or my company represents is, exporting, or seeks to export goods or services produced in the United States, or goods or services that contain at least 51 percent U.S. content.

I understand that this certification is a requirement to participate in the MDCP project activity described above and that an intentionally false certification may result in termination of participation in such activity.

Information provided to the International Trade Administration (ITA) is intended solely for internal use. ITA will protect business confidential information to the full extent permitted by law and Administration policy. U.S. law prohibits U.S. government employees from disclosing trade secrets

I agree to the terms of the success agreement with AWA as set forth above.

Company name

Email/Phone

Address

Name

Title

Signature

Date