Sinfonia Now

This reference to the 2009 Notice of Federal Funding Opportunity (FFO) is provided to help applicants preparing their application. It is not required to include such references in an application.

1. Executive summary *(VIII.C.1.)*

Applicant	American Widget Association (AWA) Phoenix, AZ AmWidgetAssoc.org
Partner	Audio Jamming Device Association (AJDA)
ITA and other federal personnel with a logical stake in project success	MAS, Office of Materials and Machinery (Kerry Drake) CS, Phoenix Export Assistance Center (Della Street) CS, Foreign Commercial Service, Treble, Sinfonia (Clark Kent) MAC, Office of European Union (Jane Ford)
Federal share	$ 341,617
Total project budget	$1,052,131
Award period	January 1, 2010 – December 31, 2012
Foreign markets targeted	Sinfonia
U.S. industry	Widgets
Project description	1. Establish AWA office in Treble, Sinfonia. 2. Translate AWA and industry promotional matierals. 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. 6. Establish AJDA office in Treble, Sinfonia.
Exports projected	$79,000,000 over 3-year award period.

Executive summary should be no longer than one page. Using a matrix or table as done here is not mandatory, but most reviewers report that this type of format makes it easier to read.

The outline form used here is not mandatory. Do ensure that you touch on all relevant points in the FFO, but make sure that you organize your application in a way that makes it easy for the reviewers to understand.

2. Background (VIII.C.2.)

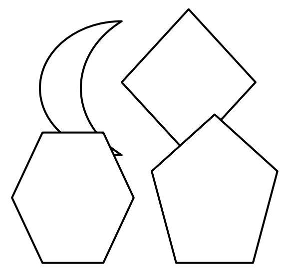
a. Competitive position of U.S. industry and market potential (VIII.C.2.a.)

(1) The industry

(a) 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 vibrations. 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.

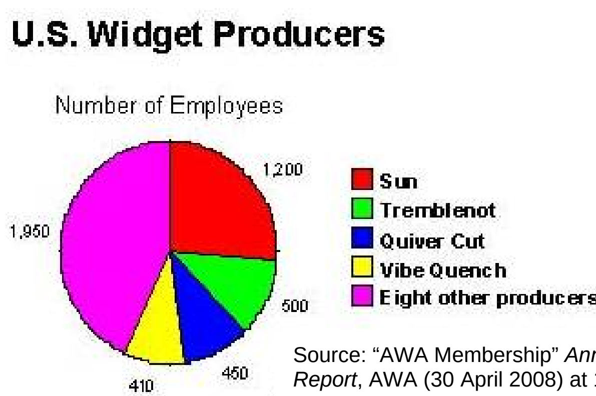
The widget industry did not take off until 1976, when Sun came out with its "B-G Jammer". This device allowed radio listeners to selectively tune out music without adjusting the volume of their radios. By 1980, widget sales were in the millions and several companies had begun production to meet the demand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

(b) Widget producers

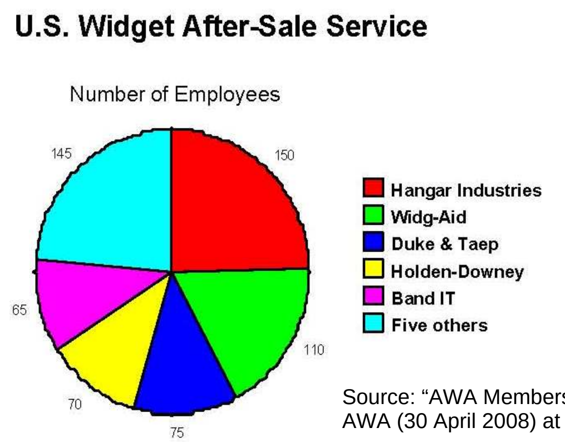
Sun, with about 1,200 employees, and annual sales of $400 million is by far the biggest player in the widget market in the U.S. and globally. The next biggest company is Shake Break, a UK firm with about 1,000 employees and $350 million in annual sales. The rest of the U.S. producers, including Tremblenot,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



Source: "AWA Membership" *Annual Report*, AWA (30 April 2008) at 17.

(c) Widget after-sale service providers *(VIII.C.2.f.)*

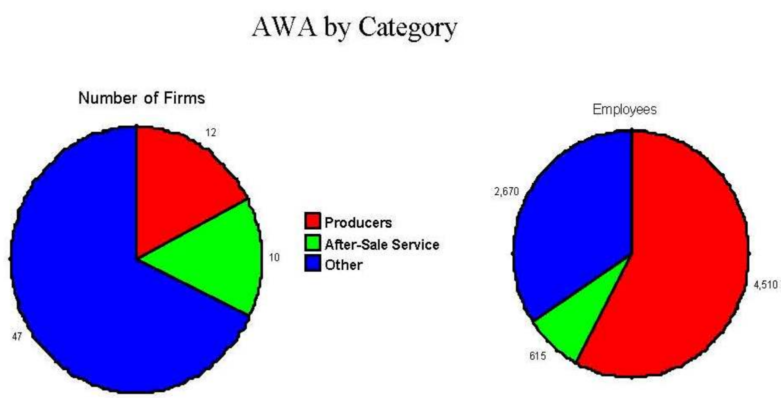
In addition to the manufacturers, several U.S. firms have specialized in after-sales service of devices that employ widgets and the attendant technology. These include Hangar Industries, Widg-Aid, and Duke & Taep, Ltd. As summarized in the chart below, these after-sales service firms are all small- to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



Source: "AWA Membership" *Annual Report*, AWA (30 April 2008) at 17.

(d) 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 370-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 AWA-member companies fall into this basket category of widget related industries



(e) U.S. capacity utilization *(VIII.C.2.d.)*

Production capacity has been driven by steadily increasing domestic demand from the vibration processing industry in the United States. Average capacity utilization was as high as 92% as recently as 2003.[1] While the widget industry continued to invest in plant modernization and research and development, the demand since 2006 has declined. By the end of 2008, 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 a widget producer to be profitable in the long-term. Financial analysts estimate that because of the high cost of capital investment, a long-term average utilization rate of a least 80% is required for sustained profitability.[2]

The handful of companies in the 250-500 employee range 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. The 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.[3]

(2) Foreign markets

(a) Worldwide demand

In 1993, U.S. producers of vibration processing devices, the industry that uses widgets as components in its products, accounted for roughly 2/3 of world demand for widgets. By 2008, U.S. demand accounted for less than half of the world total. As indicated in the chart, most of the growth in demand will come from Europe. European 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. Korea's standing as a market player is due mostly to a joint venture with Sun in the 1990s.[4] After Korea beat Japan to market, no Japanese producers ever materialized. U.S. and European producers have toyed with the idea of joint ventures or wholly owned subsidiaries in China, but nothing is currently planned. Because widget manufacture is capital-intensive with labor as a minor cost component, Both European and American producers have focused on getting better returns out of the capital investments they have already made.

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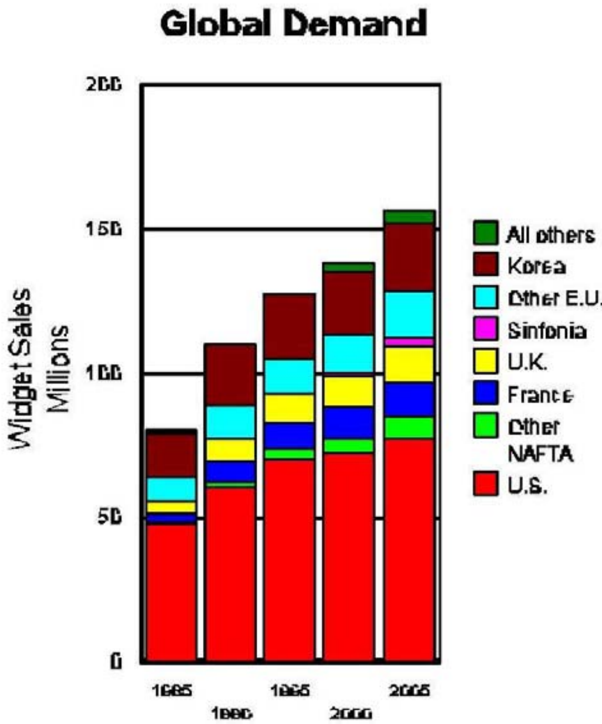
[1] In the late 1990s and early 2000s, industry-wide capacity utilization during some months was as high as 98%.

[2] "Overcapacity in Widget Industry?", Wall Street Journal (17 Jan. 2005) at A-1.

[3] *Widget Reporter*, AWA (5 Jan. 2008) at 5.

[4] 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 an end-user product.



Source: "Widget Demand" Widget Institute (15 July 2008) at 32.

(b) Sinfonian widget market *(VIII.C.2.c.)*

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 2007.[5] 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 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 inexpensive, Sinfonian companies have been able to charge a premium for their five-bar billets.[6] Sinfonian labs are experimenting with widget-based

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

[6] 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.

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.

Here, a notal chord is shown entering the torque chamber housing, with a five-bar billet exiting the front of the device. Courtesy Industrial Séance, (15 Dec. 2007) at 78.

The technology for automated processing of notal chords was developed by the University of Baritona in 2006. 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 the advent of automated notal chord processing, Sinfonia's demand for widget inserts should take off. Based on test results, Sinfonian processors should be able to achieve a consumption rate of 7/10 of a widget for every billet produced.[7] In 2000, Sinfonia sold 4,530,000 billets.[8] If these had been processed using widget technology, they would have translated into sales of 3,171,000 widgets. (4,530,000 * 0.7 = 3,171,000). Based on AWA's understanding of the technology, we estimate that Sinfonia's billet production could be completely automated by 2013. Because the annual growth rate in billet demand worldwide is about 2%, Sinfonia could easily need 3,500,000 widgets per year by 2012.[9] (3,171,000 increased by 2% over 5 years.)[10]

Sinfonia's adoption of automated billet production should translate into a new widget market worth over $70 million per year. (3,500,000 widgets per year * $20 per widget.) Automation of notal chord processing is more than a technical possibility. It is almost certain to become economic reality. Economists with the European Bank for Reconstruction and Development (EBRD) reviewed the notal chord processing industry in 2007. EBRD determined that the current labor-intensive production

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[7] *Industrial Séance*, (15 Dec. 1999) at 78.

[8] *Républiqa Sinfonia Commerciastatistica*, (30 June 2008) HTS no: 456.999.00034.

[9] *Républiqa Sinfonia Commerciastatistica*, (30 June 2008) HTS no: 456.999.00034. See historical trends on page 321.

[10] The 2% growth rate is low. It was calculated before sumo karaoke products were announced. See page 15, for a less conservative analysis of demand that projects the effect of this new product.

methods, new technology and new access to capital through EU membership makes this industry "ripe for automation."[11]

(c) Choice of Sinfonia as target market

Although the Widget Institute's widget demand statistics on page 5, 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.[12]

The $70 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.[13] 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.

(3) Marketing

The marketing channels for Sinfonia are not much different from those in the United States: 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.[14]

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 themself in the sauna. Like Russians and Finns, Sinfonians are famous for enjoying a sauna together. What makes them peculiar is their love of sauna karaoke. With very few exceptions, Sinfonians buy only

[11] *Notal Chord Processing in Sinfonia*, EBRD (15 June 2007) Pub No: 007099.

[12] Most of the Widget Institute's funding comes from AWA.

[13] 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: 1987-2007", *EU Today*, European Commission (15 October 2008) at 34-38.

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

from vendors who are willing to wrap themselves in a towel and sing their lungs out. As business consultant G. Lee Rose notes, "If you refuse to sweat in a towel while singing 'My Way,' you can't do business in Sinfonia."[15]

In preparation for this MDCP application, AWA's board polled its member executives about their willingness to do business in Sinfonia with the understanding that sauna karaoke may be required to ensure success. 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 could not come up with at least one executive willing to do sauna karaoke in order to make a significant sale.

(4) U.S. competitive position *(VIII.C.2.a.)*

In March 2008, after consulting with our International Business Development committee and the Finance committee, 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."

The $70 million Sinfonian market is not the biggest market, but it is the most promising.

[15] *Doing Business in Sinfonia*, G. Lee Rose (Maximillion, New York, 2006) at 41. Rose goes on to acknowledge that this odd business practice is destined to disappear as Sinfonians open more to traditional West European business practices.

AWA brings more than the will to succeed to the project. 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 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 products.

b. Competition from target market industry and third-countries *(VIII.C.2.b.)*

(1) Sinfonian producers

There are no widget producers in Sinfonia. Widget production demands a highly skilled labor force, high capital investment costs, and a healthy amount of research and development. It is difficult to imagine Sinfonia overcoming such barriers to entry in the near term. Credit, though more readily available now, is too expensive for many companies. Equity is still viewed with suspicion,. And, the scientific and university communities lack both the funding and expertise required for widget research and development.[16]

(2) Third-country producers

Of the 100,000 widgets Sinfonia imported for testing and evaluation in 2008, 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.)

(a) Advantages for Third-Country Producers

AWA suspects that Shake Break, the second largest producer in the world, is the source for most of the widgets Sinfonia has imported. 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's Hedgerow Airport.[17] 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, business executives and high government officials have all abandoned their traditional ram-horn callers for the new technology.[18]

[16] "Sinfonia in the World Economy", Economist Intelligence Unit (19 April 2007) at 62.

[17] 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 2007) at 73.

[18] "Boar-dom Yields to Excitement Over Game Call", *Field and Scream* (30 Aug 2005) at 117.

(b) Advantages for U.S. producers

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 quadra-ped 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 producers of sculpted Mylar. 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 have already developed specialities as sub-contractors to turn-key integrators who build plants that use consumable widgets. A few other AWA companies specialize in consumable widget waste disposal, handling, and packaging. AWA is not aware of any such capability in Europe, although member-company 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. Economic condition and ability to import U.S. products

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. Sinfonians have a reputation for being proud about what distinguishes them from their better-known neighbors.

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.[19] When this demographic distinction is considered, household income is much closer to Western European norms than per-capita income alone indicates.

Sinfonia's uniqueness is based in history as well as economics and demography. For centuries, Sinfonia defied the great powers that surround it. In the 1500s and 1600s, it annoyed Spain by tolerating British pirates and privateers. During the Napoleonic wars, it confounded France by refusing to yield to rule by Napoleon's third cousin. In the 20th Century, Sinfonia remained neutral in WWII and rejected EU membership overtures several times before finally joining near the end of the century. Things have begun to change. Now, Sinfonia is reaping the benefits of integration, including a new power grid, made possible through EU loan guarantees and grants.

[19] Sociologists have speculated that Sinfonia's average of 3.6 children per family is most likely the direct result of frequent electrical power outages. The frailty of the country's power grid, coupled with a traditional relectance to use artificial contraception, has made for an interesting pattern of birth incidence. Researchers have noticed a spike in births nine months after every night-time black-out of eight hours or more. "If children are a blessing" quipped Dr. Pershans N. Meades, "then Sinfonia's unreliable electrical grid has showered the country with more than its share of blessings." See *Economy, Demographics, and Sociology of Sinfonia*, University of Bilbao (12 April 2004) at 24.

(1) 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. It hopes to join the European Monetary Union by 2013.

Sinfonia			
GDP per capita			$10,600 (purchasing power parity)
GDP real growth rate per year			3.1%
Sector composition		GDP	Labor force
	Agriculture	14%	27%
	Industry	65%	47%
	Services	21%	26%
Literacy rate			99%
Post-secondary education			47%
Population			21,753,000
Labor force[20]			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.[21]

(2) Microeconomic considerations

(a) 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, under the banner of complete European integration, liberalized the banking and securities industries. Since 2007, foreign banks have had practically no restrictions on operating in Sinfonia.[22] Treble's tiny stock exchange has also benefitted. Since 2006, London's stock exchange has been working with it in an advisory capacity.[23]

[20] "Sinfonia", *The World Factbook 2009,* Central Intelligence Agency (www.odci.gov/cia/publications/factbook accessed on 7 Dec. 2008).

[21] *Sinfonia in the World Economy*, Economist Intelligence Unit (19 April 2007) at 32.

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

(b) Sinfonian widget consumers

AWA's near-term target is industrial consumers of disposable widgets. However, AJDA is confident that within a few years, per capita income and consumer attitudes will have changed 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.

(i) Ability to buy

At $10,600 per year, Sinfonia has a ways to go to reach that level. Sinfonia will probably become viable as a market before reaching the $12,000 threshold. Because Sinfonians have such large families, they benefit from economies of scale in household income. This frees up more disposable income than the standard per capita figure indicates.

More importantly, 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.

(ii) Interest in product

While many older Sinfonians love to hear the old music playing, most young people despise it. With the average age of legislators at 63, the likelihood of banning Sin Salsa from public places is not good in the short-term.[24] The legislators are old enough to like Sin Salsa but not so old as to be politically vulnerable. Until young Sinfonians come into their own politically, they will want to do all they can to jam Sin Salsa sounds. U.S. audio jamming products, based on widget technology, promise to be a big hit in Sinfonia.

(3) 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.[25]

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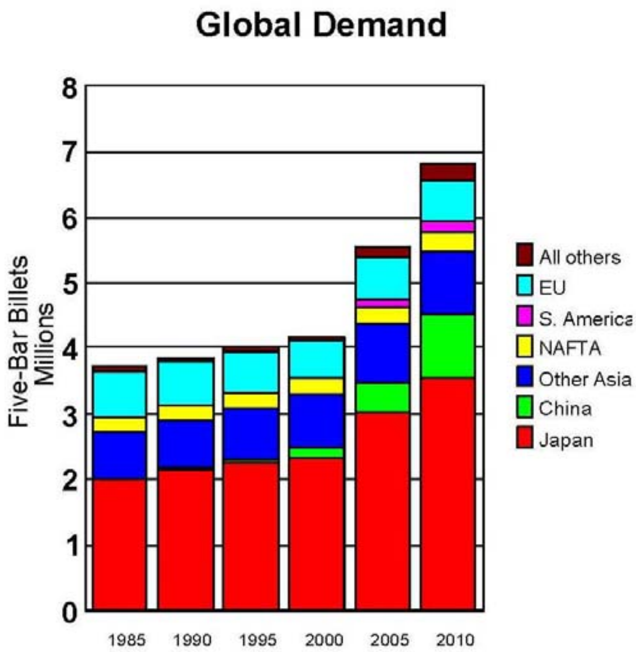
[23] "Sinfonia Plays FTSE", *Economist* (27 May 2006) at 41.

[24] "Still Out of Touch in Treble?", *Economist* (17 March 2008) at 24.

[25] "New Product Will Meet Rising World Demand", *Karaoke Monthly* (16 June 2008) at 32.



Source: "Billet Demand," *Karaoke Today*, (15 July 2008) at 19.

e. Ability to meet potential demand (VIII.C.2.e.)

As noted in 2.a.(1)(v) above, at a rate of 73% capacity utilization, the U.S. industry, the U.S. industry has ample un-used capacity. Because the demand curve in the United States has flattened, the only short-term solution for the industry is to increase exports.

3. Project description

a. Work plan *(VIII.C.3.a.)*

A chart summarizing the staging of the work plan is provided in Appendix 14.

(1) Establish AWA office in Sinfonia

Because of their 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. Part of the U.S. industry's strategy with this Sinfonia Initiative is to build on AWA's short-term success with longer-term success by AJDA, which will establish its Sinfonian office in the third year of the project.

(2) Prepare promotional information for Sinfonian market

AWA, AJDA, and widget industry companies all need to be prepared to present general information about their 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 the Software and Information Industry Association (SIIA), 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 ebusiness.
- 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 by the willingness of company officials to sing sauna karaoke). 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

Although the economic restrictions of the past have been lifted, 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 2004. 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.

(5) Establish AJDA office in Sinfonia

Establishing an AJDA office is a natural next step for the U.S. widget industry. Audio jamming devices represent a much larger potential market than the industrial widget customers that Sinfonia currently has to offer. The opening of the AJDA office won't come until the third year of the project. This will allow AJDA to build on AWA's experience. It will also allow AJDA to wait until Sinfonian per capita income is high enough to establish a viable market for audio jamming devices.

b. Performance measures *(VIII.C.3.b.)*

Failure to set goals for ITA performance measures is often reason enough to ruin the chances of an otherwise promising MDCP application.

(1) ITA measures (VIII.C.3.b.(1))

Measure (ITA #)		Goal: #	Goal: $ Value	Explanation	Reporting method
Exporter class (5)	NTE: New to export	3	Value to be reported under ITA measure 6, export transactions.	Chances of making sales at foreign show: NTE:67%, NTM:67%, ITM:75% U.S. firms in project trade missions/shows: NTE: 5, NTM:9, ITM:3. NTE: 5x67%=3 NTM: 9x67%=6 ITM: 3x75%=2 17 firms 11 of which export by 2012.12	All firms sign success agreement to report as a condition of participation. AWA began member surveys in 2000. On average, 5-6 jobs created for every $1,000,000 in new exports. (See *Business Week*, Jan. 26, 2004, “So, Where Are the Jobs?”) Survey will include requests for firm, city, state, email information (ref 10-14).
	NTM: New to market	6			
	ITM: Increase to market	2			
Export transactions (6)		11	79,000,000	NTE: 2x$1m avg= 3m NTM: 6x6m avg= 36m ITM: 2x20m avg= 40m 79m	
Export related develop-ments (8)	OISE: Overseas investment supporting exports	2	170,000	$216,560 for AWA office opening & 1st 2 yrs. $49,167 for AJDA office opening and 6 mos. of operation beginning mid-2012.	
Jobs (9)		468		78m x 6 =468	
Firm, city, state, email (10-13)		10		Provided on 95% of all reported sales.	
CS Facilitators (14)		10			
Target market	U.S. share (15)		35,000,000	Current U.S. share is somewhat less than $1,000,000. AWA’s goal is to capture 50% of the market, approximately $35,000,000, by the end of 2012.	AWA estimate based on EBRD data. Annual figures.
	Total (16)		70,000,000		
Exports attributable to MDCP project activity (18)	AGGR: Aggregated export sales			AWA anticipates that all export sales will be reported as individual transactions.	
Success agreement (19.5)		1		15 weeks prior to every event. (Same basic agreement used for each event.)	
Participation list to ITA (19.6)		6		6 weeks prior to every event. (5 events.)	

(2) Applicant-designed measures (VIII.C.3.b.(2))

Measure (AWA #)		Explanation[26]	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.	Event sign-up list and/or success agreement.
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 will promote this event directly to each of Sinfonia's 22 firms in coordination with CS/Sinfonia.	Show registration.

c. Partnership with ITA and other entities *(VIII.E.)*

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

AWA and AJDA have discussed the Sinfonia Initiative with 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. MAS's partnership with SIIA on using e-business for exporting will guide us.

(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 Market Access and Compliance well in advance of our first technical seminar.

Remember, MDCP awards are cooperative agreements, not grants. If partnership opportunities with ITA are not evident in your application, your chances of success are low.

[26] Two of the eight U.S. makers of consumable widgets have already notified AWA that pursuing the Sinfonian market does not fit in their business plans at the moment. AWA has preliminary commitments from the remaining six to participate in the technical seminars. Of the 47 widget-related companies, 31 have indicated that they would participate in a briefing via webinar. Based on our 41 years of experience matching the intentions and the actions of our members, 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. The numbers for each measure listed in the table include the six consumable widget producers plus several widget-related firms.

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

The 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) Commercial Service's Export Assistance Center officials nationwide

Wherever we can arrange it, we would like to have an official from the nearest Export Assistance Center (EAC) 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. This way, each participating firm's EAC 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. The Sinfonia Initiative culminates with the opening of AJDA's Sinfonia office in the third year of the project. 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.

4. Credentials *(IV.F.2.)*

As noted above, AWA membership is divided into three 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 industr 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.

a. Role that non-U.S. membership plays in AWA affairs

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.
d. History of U.S. Widget Industry Competitiveness in International Markets 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.

b. AWA's competitiveness enhancement history

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.

c. Staffing

The primary contact and project director will be AWA's Marketing Manager. Curriculum vitae is provided in Appendix 16. A projection of time each professional will devote to the project is included in the budget worksheets provided in Appendix 7.

5. Finance and Budget

At the end of the MDCP project period, AWA will continue to maintain its office and organize missions and technical seminars as needed. These costs will be covered as part of AWA's normal operational budget, which is funded primarily by membership fees and event income. See Appendices 5-8 for a detailed budget, financial statements, and related information.

6. Forms

Standard forms are to be submitted online via Grants.gov.

7. Appendices *(VIII.F.1.)*

See the list of appendices. AWA and AJDA will include the ITA emblem on their websites and on all project-related literature. Appropriate verbal and written acknowledgements will be included in all project-related activities. See Appendix 18 for an example.

List of Appendices		Comments		
#	Title	Included in mock app.?	Notes	Complete online at Grants.gov or attach to Grants.gov submission?
1	Application for federal assistance (form 424)	Yes *	Use the xls file provided in the application kit to transfer most of the required information from your BPAP and populate the form fields. Print it out and refer to it when you complete these same forms online at Grants.gov. After using the xls-generated forms, you may discard them. The online version of these forms you complete at Grants.gov will be automatically included in your application.	Online (use xls to generate info)
2	Budget information (form 424A)	Yes*		
3	Assurances non-construction programs (form 424B)	no	Complete these online at Grants.gov.	online
4	Certifications: debarment, etc. (form CD-511)	no		
5	Budget for project award period (BPAP)	Yes*	Use the xls file provided in the application kit at trade.gov/mdcp.	Attach
6	Calculation of fringe benefits and indirect costs	Yes*		
7	Personnel expenses	Yes*		
8	Non-personnel expenses	Yes*		
9	AWA annual report 2008	no	All applicants must include their most recent annual report (financial statements), even if they have recently provided these as part of their eligibility determination request. Applicants that lack formal financial statements can submit their latest tax return.	
10	AWA list of members	no	This gives the selection panel a feel for who your industry is.	
11	AJDA list of members	no		
12	Letter of eligibility	no	Contact the MDCP Manager if you do not have one.	
13	Letters of partnership	no	If you have partners, you need to submit letters committing them to your project. This does not apply to ITA or any other federal government partners.	

List of Appendices		Comments		
#	Title	Included in mock app.?	Notes	Complete online at Grants.gov or attach to Grants.gov submission?
14	Work flow chart	Yes*	The xls file provided in the application kit at trade.gov/mdcp. Includes a simple example. Use whatever method you prefer.	Attach
15	AJDA annual report 2008	no		
16	Curriculum vitae for key AWA and AJDA personnel	no	One-to-three pages will usually suffice. We do not need to see every academic paper that someone has written. Focus on what is relevant to the proposed project.	
17	Letters of support from companies	no	This is your opportunity to show us how much support you already have from the industry you are trying to serve.	
18	Use of ITA emblem	no	See the example in the application kit at trade.gov/mdcp.	
19	Success agreement	Yes*		

*See trade.gov/mdcp application kit.

Other optional appendices commonly included in applications		
Short description	Notes	Complete online at Grants.gov or attach to Grants.gov submission?
Example table comparing proposal and current or past MDCP projects	Any applicant that has received an MDCP in the past must provide a table similar to the example in section VIII.D. of the FFO (page 24). Find the FFO at trade.gov/mdcp at application kit.	Attach
Brochures and supplemental information	If you have a brochure or literature about a relevant event or ongoing operations, you may wish to include it as an appendix. Be judicious. We do not need to see an example of everything you have ever done. Also, don't bury critical information in an appendix. If it is essential to your project, you must describe it up front in the narrative and indicate where additional information is in the appendices.	
Support letters from public officials	Sometimes it can be very helpful to include a letter from a public official. For example, if a state government entity has pledge in-kind match or a contribution that will be used as cash, a letter from the governor or other appropriate official helps us to ascertain whether you will have the needed match. Otherwise, letters of support from public officials are neither required nor expected. If you do solicit such letters, please do so in time to include them in the submission that you will attach on Grants.gov. Read more about this at the application preparation page at trade.gov/mdcp.	
Anecdotes that illustrate your work helping small- and medium-sized companies to succeed	By including success stories you demonstrate the likelihood that you will be able to report success stories in your MDCP quarterly performance reports.	