



Small Business Environment and Program Options

Economic Development Committee
Mecklenburg Board of County Commissioners
March 7, 2017



Economic Development Strategic Plan

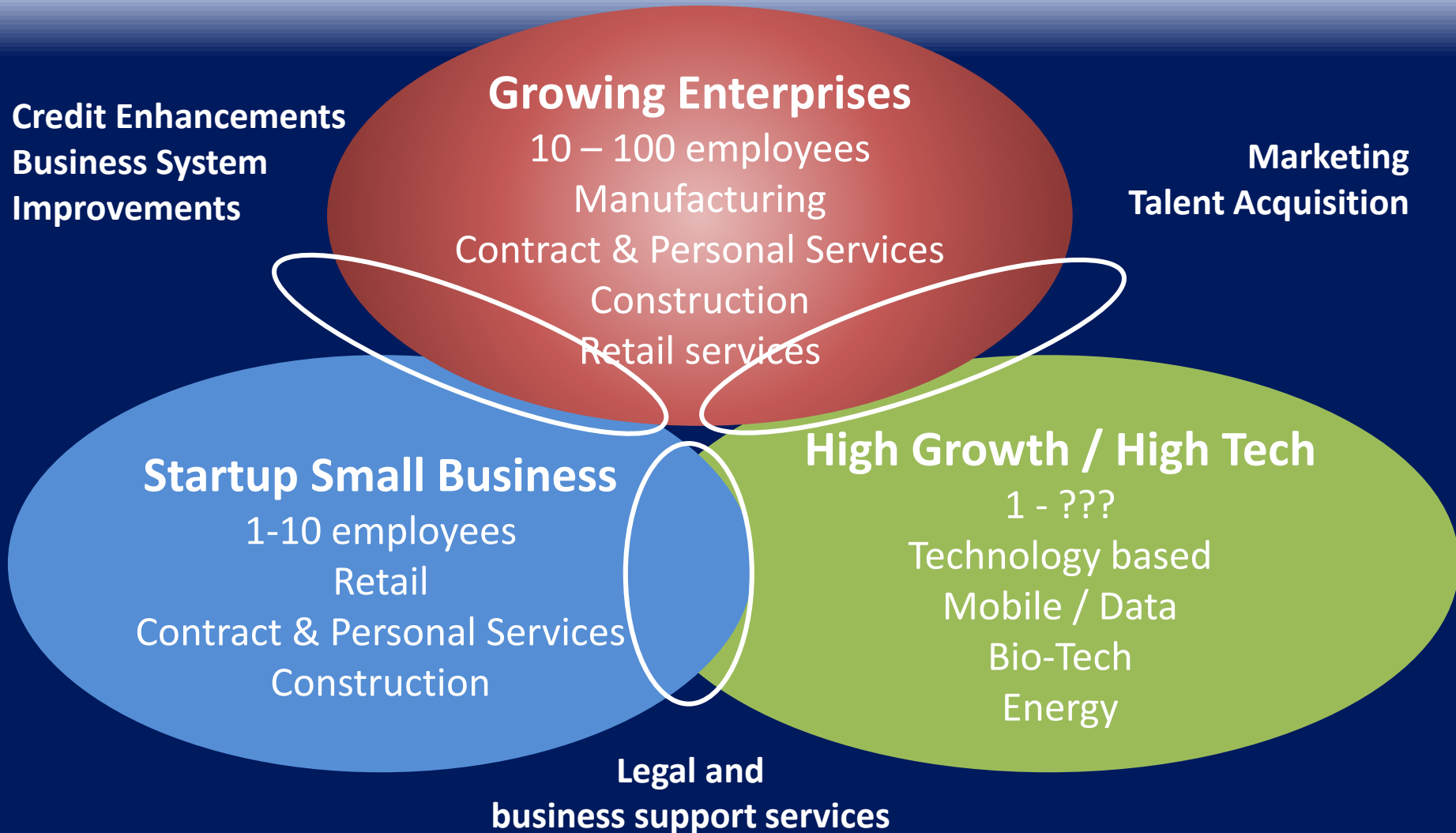
2014 Board of County Commissioners Retreat

Commissioners identified 5 priority areas for Economic Development Policy for development and implementation

1. New & Existing Business Growth
2. Small Business & Entrepreneurial Growth
3. Strong Communities & Neighborhoods
4. Workforce Development
5. Tourism, Art and Culture



Small Business / Entrepreneur Needs





Small Business / Entrepreneur Needs

Startup Small Business

Business Planning

Business Operation Skills

Legal Counseling

Capital Access

Marketing

Contracts

- Most directly impacts economic mobility challenges
- Provides best opportunity to stimulate investment in challenged corridors
- Equitable access for all County residents



Review of Project Process

September 2016

Thomas P. Miller & Associates engaged to provide following deliverables:

1. Benchmark Mecklenburg County small businesses environment against national data and peer set
2. Collect input from small business owners, aspiring owners, support service providers, lenders
3. Inventory and map small business resources in County
4. Research national best practices for small business development
5. Identify strategic opportunities
6. Provide staff and capital needs analysis



Review of Project Process

Task 1 – Benchmark Performance Indicators

- Mecklenburg County compared to 5 peer communities
 - Pittsburgh, PA
 - Nashville, TN
 - Indianapolis, IN
 - Austin, TX
 - Raleigh, NC
- Multiple factors for comparison
 - Demographics
 - Small Business Ownership
 - Establishment Size
 - Entrepreneurship Statistics
 - Small Business Loans



Benchmark Indicators

Mecklenburg County Ranking Among Peer Study Cities

- #1 in Minority-Owned Businesses
- #2 in Foreign-Born Population
- #3 in % of Establishments with <5 Employees
- #3 in Startup Activity
- #3 in Survival Rate
- #4 in Rate of Business Owners
- #4 in SBA 7a Loans
- #5 in # of Microloan Intermediaries



Review of Project Process

Task 2 – Collect Input

- 14 Focus Groups
 - Small Business owners, Representatives from CBR, Small Business Lenders, County Govt., Towns in Mecklenburg County, Business Associations, and Minority Chambers of Commerce
- 9 Interviews
 - Representatives from BEFCOR, Government, Education Institutions, SCORE, and nonprofit/private small business firms.
- Surveys
 - 214 Participants
 - Widely distributed on social media, City of Charlotte, and CBR



Collect Input

Focus Group and Interview Findings

- Strengths
 - Population growth
 - Welcoming small business community
- Barriers, Gaps, and Threats
 - Lack of targeted training
 - Fragmented support network
 - Miscommunication
- Opportunities
 - Increased transparency
 - Concierge service for small businesses



Collect Input

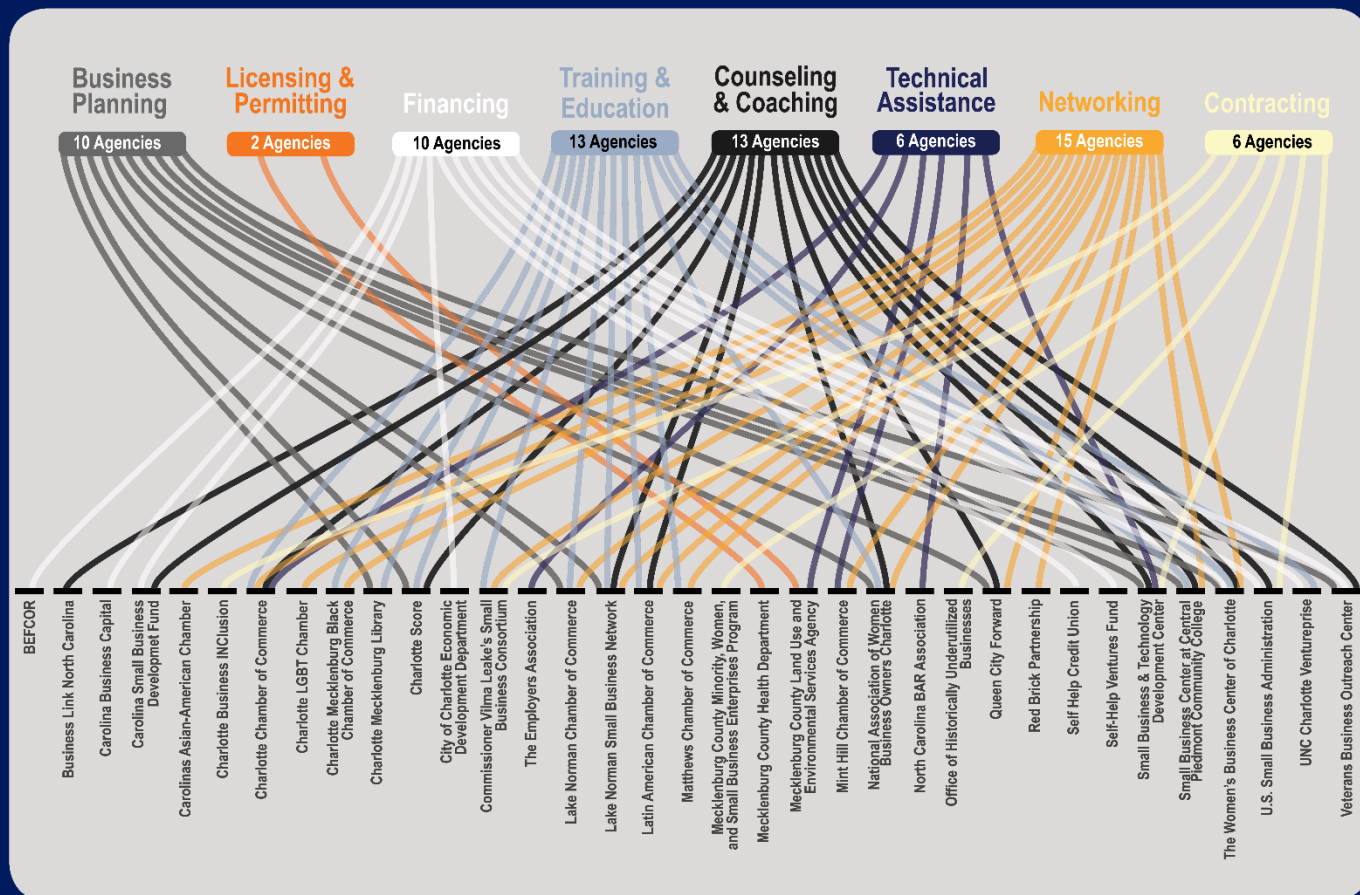
Survey Findings

- Strengths
 - Networking and Mentoring
 - Ease of startup
- Weaknesses
 - Favoritism for larger businesses
 - Difficulty growing
 - Finding resources, capital, and workforce
- Opportunities
 - Financial assistance
 - Web portal



Inventory of Services

Task 3 – Develop an inventory of services

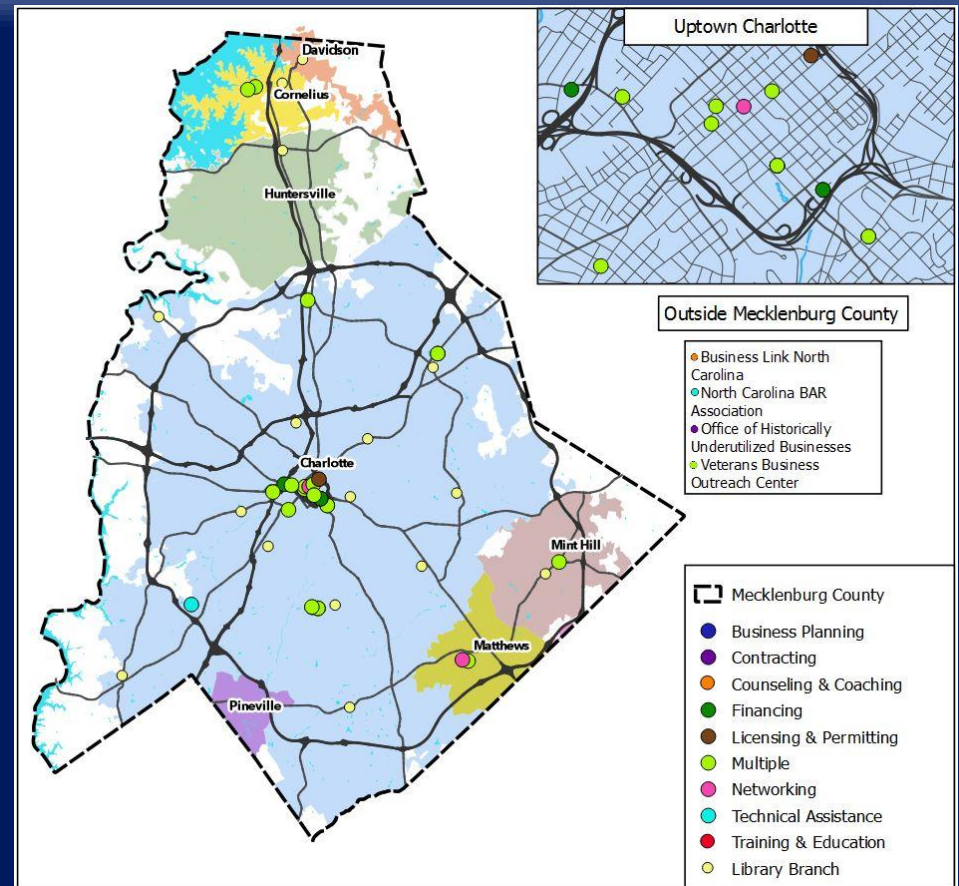




Inventory of Services

Task 3 – Develop an inventory of services

- Many resources
- Highly concentrated in Uptown
- Some categories lack options
 - Financing
 - Licensing & Permitting
 - Technical Assistance
- Some geographic gaps





Benchmark Best Practices

Task 4 – Benchmark National Best Practices

Funding Assistance

Urban Redevelopment Authority of Pittsburgh: The Pittsburgh Entrepreneur Fund

- Assists entrepreneurs to stimulate business
- Provides low-interest loans for working capital and start-up costs
- Coupled with targeted technical assistance.

Buffalo and Erie County Land Development Corporation: Erie County Business Development Fund

- Revolving Loan Fund
- \$15,000 to roughly \$100,000
- Bridge gaps in conventional financing



Benchmark Best Practices

Crowd Entrepreneurship Competitions

Hatch Detroit

- Public entrepreneurship competition
- \$50,000 grant to winner
- Applications narrowed to top tier
 - Receive business planning support
 - Receive feedback in public primary and final rounds
 - Voting online to determine the winner





Strategic Opportunities

Task 5: Identify Strategic Opportunities

Connect:

Many support programs for small businesses, but business owners struggle to connect with them

Establish:

Several financing options but borrowers not always prepared and few options for smaller-dollar loans

Sustain:

Mecklenburg has a high startup rate, but business are not surviving past 5 years

Promote:

General sense that community leaders do not value small businesses as much as large businesses



Recommendation #1: **Small Business Concierge Service**

- Help potential and existing business owners navigate which support providers are most appropriate for their needs
- Provide face to face consultation / coaching with follow up
- High touch / high impact
- Provide neighborhood based locations and weekend / evening opportunities
- Implement customer relationship management software with potential for support providers to access and share updates



Recommendation #2

Rebrand / Enhance CharlotteBusinessResources.com

- Rebrand site and expand to include Mecklenburg County name and all seven municipalities
- Enhance site usability and add new features to make it best in class
- Implement CRM to create shared support platform / client tracking among multiple service providers
- Partner with minority / immigrant communities to expand number of partners for site and promote accessibility for all users



ESTABLISH

Recommendation #3

Prepare small businesses for accessing loans and capital

- Audit business and financing plans for loan readiness
- Help owners target lending programs that match needs most closely
- Help owners develop action plans to strengthen loan applications
- Work closely with lending institutions to solicit ongoing feedback and information on their new and evolving programs
- Work to establish bona fides of County program participants with lenders



ESTABLISH

Recommendation #4

Revolving Loan Fund

- \$50,000 and under
- Missing market segment
- Opportunity to explore offering different terms –
 - Aggressive interest rates
 - Interest only payments
 - Credits for job creation
 - Alternative credit scoring
 - Second positions to enhance other credits
- Administered by County
- Loan Committee approval



Recommendation #5

Scale-Up Education Series

- Partner with educational provider for a targeted training series
 - Financial and human resources challenges of businesses as they grow
 - Finding new customers / keeping existing customers
 - Identifying support provider programming
 - Strategies for successful partnering
- Potential webinar series and provided online for free



Recommendation #6

Mentor Event Program

- Small cohort of business owners chosen through application process
- Series of targeted topic sessions from home grown successful business owners / large corporation executives
 - Fiscal strategies for growth
 - Staff growth and acquiring management talent
 - Sourcing new customers
- Provide opportunity for small business owners to network / connect with each other and larger corporations
- Capstone event where each owner presents their biggest challenge and how they will address it



PROMOTE

Recommendation #7

Small Business Plan Competition

- Opportunity to win \$50,000 start-up grant
- Open Application process
- Five to ten competitors selected from three industry categories:
 - Retail/hospitality/food service
 - Personal services
 - Industrial/construction
- Competitors given 90 days to develop full plan for implementation
- Competitors given access to full range of support providers





PROMOTE

Small Business Plan Competition

- At end of 90 days, competitors pitch plan to industry panels at public event
- Weighted scoring
 - Quality of final plan as judged by panel
 - Quality of plan pitch as judged by panel
 - Event Audience voting
 - Web based public voting
- Strong media partnerships highlights small businesses and promotes buzz / awareness for small businesses and support providers
- Benefit extends community wide as there are now 15 to 30 well vetted and highly developed business plans ready for funding



Staff and Program Implementation

Phase 1

Programs

- **Connect**
 - Concierge Services
 - Rebrand & Enhance CBR
- **Promote**
 - Social Media and Marketing
- **Sustain**
 - Scale-Up Education Series

Staff

- Concierge / Coach - Community Business Development Coordinator

Phase 2

Programs

- **Establish**
 - Small Business Loan Preparedness
 - Revolving Loan Program
- **Sustain**
 - Mentor Event Program
- **Promote**
 - Small Business Plan Competition

Staff

- Concierge / Coach - CRM and Marketing Coordinator
- Credit Coach & Loan Officer



Estimated Costs

Description	Phase 1		Phase 2	
	Annual	One-Time	Annual	One-Time
Staff Resources				
CRM and Marketing Coordinator	\$96,000	-	-	-
Community Business Development	-	-	\$96,000	-
Credit Coach and Loan Officer	-	-	\$96,000	-
Staff Resources: Total	\$96,000	-	\$192,000	-
Program Resources				
Concierge Services	\$2,600	-	-	-
Web Enhancements	\$45,000	\$125,000	-	-
Revolving Loan Program	-	-	-	\$2,500,000
Scale-Up Series	\$18,500	-	-	-
Mentor Series	-	-	\$50,300	-
Crowd Entrepreneurship	-	-	\$217,200	\$16,500
Program Resources: Total	\$66,100	\$125,000	\$267,500	\$2,516,500
GRAND TOTAL	\$162,100	\$125,000	\$459,500	\$2,516,500

*Costs are preliminary and subject to change

**Phase 2 assumes Phase 1 Annual Costs will be carried forward



Questions?