Growing Small Businesses
By
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Amy Background

- 17 years in community development
- Focus on Entrepreneurship
- Communities don’t typically want to support small businesses
- My perspective currently as a consultant/project manager
What we’ll discuss today

- What a small business really is
- Common myths or barriers to helping small businesses succeed
- Why small businesses matter
- How to help them succeed
- Insights about revolving loan programs
- Examples of success from Indiana
What is a small business anyway?

- Federal Government says... independent business with fewer than 500 employees.

For our discussion today:
- Fewer than 50 employees and less than $1 million in gross annual sales.
Myths or Barriers

- We have some resources for small business (loans, seminars, SBDC counseling) but few people take advantage of them.
- Too many “unrealistic” people want to start businesses; they just want our money.
- Small businesses don’t create jobs.
- Small businesses fail too often.
- Small businesses aren’t exciting/”sexy” enough.
Knocking Down Barriers

“We have some resources for small businesses but few people take advantage of them”

- Be consistent - Commit. Fill your toolbox slowly
- Present a united front (economic development, mayor, SBDC, chamber, main street, county, other not for profits) - luncheon maybe?
- Hit the streets!
- Publicize your success - to the community and to your funders
- Remember, businesses owners talk among themselves - get them on board
Knocking down barriers

“There are too many unrealistic people or people who only want money”

- SBDC
- Have procedures in place
- Train your gatekeepers
Knocking down barriers

“Small Businesses don’t create jobs; They aren’t sexy enough”
Small Business Impact

500 Employees or Less
(The Federal standard and talking point)

- Represent 99.7% of U.S. employer firms
- 64% of net new sector private jobs
- 49% of private sector employment
- 98% of firms exporting goods
- 16 times more patents per employee than large patent firms

Source: SBA website 2017

They really are sexy!

Knocking down barriers
Knocking down barriers

Small Business Impact

They really are sexy!

50 Employees or Less (a more realistic number)
- Represent 95% of all US companies
- Represent 30% of workforce nationwide

20 employees or less
- 89% of all companies
- 17% of workforce
- There are more of these businesses. 4.5 million compared to 82,000 with 100-500 employees

Source: U.S. Census 2014
**EMPLOYMENT STAGES & BUSINESS TYPE - ALL BUSINESSES**

<table>
<thead>
<tr>
<th>BUSINESSES</th>
<th>Wyoming 2016</th>
<th>% of TOTAL</th>
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<tbody>
<tr>
<td>ALL</td>
<td>52,307</td>
<td>100</td>
</tr>
<tr>
<td>Self Employed</td>
<td>7,786</td>
<td>14.9</td>
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<tr>
<td>2-9 Employees</td>
<td>35,203</td>
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<td>10-99 Employees</td>
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<td>100-499 Employees</td>
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</tr>
<tr>
<td>500+ Employees</td>
<td>33</td>
<td>0.1</td>
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</table>

Source: youreconomy.org
Wyoming Employment - 2013
U.S. Small Business Administration Office of Advocacy

- Businesses with 20 - 99 employees employ 20.4% of private workforce.
- Businesses with 1-19 employees employ 28% of private workforce.
Knocking down barriers

Small Business Impact

They really are sexy!

- Community Identity
- Local involvement
- Community health - relationships with customers and each other
- Less infrastructure
- Diversified tax base
The impact of our industry’s vitality extends far beyond our own restaurants’ walls. Restaurant sales generate tax dollars for local communities. For every dollar spent in restaurants, an additional $2 is generated in sales for other industries, generating even more tax dollars and economic activity.

— Dawn Sweeney, President and CEO, National Restaurant Association
Innovation is sexy! Brad Feld

Let’s say you are the mayor. Would you rather bring Boeing to your city or have a startup scene?

“I’d rather have a vibrant startup community. Governments spend all their time trying to get big companies to relocate their headquarters and they end up subsidizing the move with tax breaks. And companies that relocate their headquarters are often not meaningful job creators. What’s more, you’re just playing a zero-sum game with some other place. You’re not creating an environment that allows the next Google, Microsoft, Facebook, or Genentech to get creative.”

Brad Feld - Investor, entrepreneur, best-selling author
Knocking down barriers

“Small businesses fail too often”

- 66% of businesses survive 2 years
- 50% survive 5 years

Decline in start ups since the recession but seeing some rebounding*

Why do they fail?
- Various Reasons: Lack of Planning and Poor Management

*(Kaufman Foundation, Moody’s Analytics - CNN Money 9/2016)
Resources That Work
How to help them succeed

- Loans (USDA and others)
- Business Planning
- Training funds
- Seminars
- Competitions
- Small Business Development Center
- Support – someone to talk to in good and bad times
- Connections (them to others like them, them to resources)
Revolving Loan Program

Insights from the trenches

- Hoops for start ups/existing businesses are different
- Collateralize
- Be flexible and casual
- Partner with local lenders
- Assemble a good loan committee (expertise, diversity, discretion, interest)
- Stay in touch with your loan clients
- Make sure you’re prepared (staff) and have the right skills
Results from Fulton County, INDIANA population 20,300

Towns & Population
Rochester  6021
Akron     1200
Kewanna   597
Fulton    324
Results from Fulton County, IN population 20,300

2012 - 2017

- $412,000 loaned
- Jobs created due to funding = 43

Training funds disbursed

- $25,750 to 125 businesses
Results from Fulton County Indiana

- 93 students have taken the Business Planning Course
- 11 businesses started
- 18 jobs created
- 11 businesses have expanded
- Start ups have 72% success rate after 5 years (surpasses SBA stat of 50%)
Outcomes from Fulton County, IN

Because of the NxLevel course, I am more aware of the importance of business planning and more likely to develop a business plan.

- 100% of students said Yes

Start-up Businesses

I feel more confident starting a business because of FEDCO’s resources (SBDC counseling, NxLevel course, loans, technical assistance funding, seminars).

- 100% of students said Yes
The Faces of Success

Jarrety’s Place
Restaurant & Catering
The Faces of Success

Hoffman Body Shop and Graphics
Faces of Success

Miss Pamela’s Plus Size Bridal Salon
Faces of Success

Northern Traders
Small business development is an important part of an economic development strategy.

Small businesses represent 20-30% of our workforce.

There are proven resources that can help them succeed — education, money, networking.

Loans and training funds are powerful but draw them in with money and keep them with education.
Thoughts? Questions?