



## 5. Small Business Development Programs

### Introduction

Small businesses are vital to Greene County's economy. As such, the County conducts a number of activities aimed at strengthening the capacity of small businesses so that they can grow in a sustainable way and continue to generate employment for County residents.

In order to evaluate the range of business development services available in Greene County, the Project Team reviewed the level of small business activity in the County and gathered information on programs established to assist these businesses. This research included a review of annual reports of the Greene County Department of Planning and Economic Development (GCDPED), materials on the County's website, sections of the County's most recent (2006) CDBG Small Cities grant application, interviews with the Greene County Community Development Specialist, review of websites and interviews with staff of business development programs not run by the County but which are available to County businesses.

The Project Team summarized the information gathered and compared Greene County's programs to those offered by Cattaraugus County, NY and Lamoille County, VT, two of the counties used in the benchmarking process described in the resource assessment, from the perspective of both the content of business development services and the structure through which they are provided. In addition, the Project Team conducted research on best practices in the field of microenterprise development to find case studies and innovative approaches that apply to the context in Greene County.

Based on this research, the Project Team devised a set of recommendations aimed at enhancing Greene County's business development services so that they address the needs of County businesses and help them to succeed in today's increasingly competitive marketplace.



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### Small Businesses in Greene County

Small business development is a key component of continued economic growth in Greene County. Most private businesses in the County are small. Data from County Business Patterns, a Census Bureau product, indicates that 82% of the business establishments in the County have fewer than ten employees; and 63% have fewer than five employees.

Small and “micro” businesses are critical to the local economy. Two of the County’s largest employers – Stiefel Laboratories, a biotechnology company located in Oak Hill that makes dermatological products, and DynaBil Industries, a Coxsackie-based custom aircraft part maker – started in Greene County because of local entrepreneurship and have since grown to more than 100 employees. Greene County is in the top ten among counties in New York State in the percentage of workers who are employed in microenterprises, demonstrating the vitality of its small business sector relative to other areas.

According to the Association for Enterprise Opportunity (AEO), a national member-based organization dedicated to microenterprise development, microenterprise employment represents 28.2% of all private (non-farm) employment in Greene County.<sup>1</sup> In comparison, the percent of microenterprise employment is 20.9% in New York State and 17.9% in the entire U.S. The proportion of private employment attributable to microenterprise activity in the counties adjacent to Greene County ranges from 10.0% in Albany County to 27.2% in Ulster County.<sup>2</sup>

Nonemployer statistics provide economic data by industry for sole proprietorships and partnerships that have chosen not to incorporate. Compiled by the U.S. Census Bureau since 1997, the series is useful for studying the economic activity of small businesses and entrepreneurs.

A nonemployer business is defined as a business that has no paid employees, has annual business receipts of \$1,000 or more, or \$1 in the construction industries, and is subject to federal income taxes. Most nonemployers are self-employed individuals operating very small, unincorporated businesses that may or may not be the owner’s principal source of income. Nationally, nonemployers account for nearly three-quarters of all businesses.

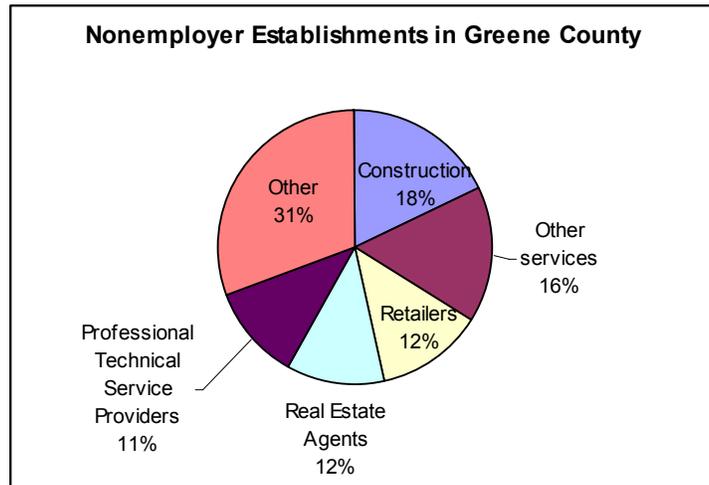
<sup>1</sup> A microenterprise is generally defined as a business with 1-4 employees. The AEO figures also include self-employed individuals (“nonemployer” businesses). Greene County had a total of 4,130 microenterprises, both with and without employees, in 2003.

<sup>2</sup> Source: <http://www.microenterpriseworks.org/services/policy/mees/statesynopsis.htm#newyork>



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According to the Census Bureau, Greene County had a total of 3,206 nonemployer establishments in 2003, the most recent year for which data are available. As shown in the chart, the largest segment of nonemployer businesses was construction, followed by other services (such as equipment repair, automotive repair and maintenance, personal care services, and pet care), retailers, real estate agents and professional and technical service providers.



Despite their small size, nonemployers in Greene County had receipts of nearly

\$130 million in 2003, which averages approximately \$40,550 per establishment. Nearly half of that total can be attributed to three industry sectors: construction, retail trade, and real estate.

The data on microenterprise employment and nonemployers underscore the importance of small businesses to the Greene County economy. According to the AEO, from 2000 to 2003, total microbusiness employment in rural areas of New York State grew by 6% while non-farm private employment was stable.<sup>3</sup> Support for small businesses has been and will continue to be a key component of economic development efforts in Greene County.

<sup>3</sup> Multi-year data is not available for individual counties.



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### Greene County Business Development Programs

The three business development programs administered by the Greene County Department of Planning and Economic Development (GCDPED) to assist local businesses are the Microenterprise Assistance Program (MAP), the Quantum Fund, and the Main Street Revitalization Program (MSRP).

#### MICROENTERPRISE ASSISTANCE PROGRAM (MAP)

The Greene County Microenterprise Assistance Program (MAP) was initially established with CDBG Small Cities funding from the U.S. Department of Housing & Urban Development (HUD) in 1998. Subsequent grants from the Governor's Office for Small Cities (GOSC) in 2002 and 2004 have allowed the GCDPED to recapitalize and expand the program. Greene County continues to offer microenterprise assistance with local funds in years where continue funding through the block grant program is absent.

The MAP offers business training, technical assistance, and low interest financing to new and existing microenterprises, and has been, by all accounts, very successful. In fact, the program has been the critical component in the development and expansion of many small businesses in Greene County.

The MAP is marketed in a variety of ways to target new and existing businesses. Typically, advertisements are placed in the local papers and public service announcements are made on local radio stations a month prior to the application deadline for the business training course. Informational meetings are conducted for the public prior to the deadlines as well. Flyers and brochures advertising the program are distributed and displayed in public places throughout the County, including government buildings, libraries, and banks, and mass mailings are sent to Chamber of Commerce members, prior MAP participants and local business owners to generate referrals. The Community Development Specialist at the GCDPED also contacts potential candidates for the MAP program directly and gives presentations to local groups to inform people of the funding and training available through the program. Lastly, the MAP program is advertised through the County's website at [www.greeneeconomicdevelopment.com](http://www.greeneeconomicdevelopment.com).

The following describes the major components of Greene County's Microenterprise Assistance Program in more detail.

#### Business Training

A key component of the MAP is classroom instruction in basic business skills and the development of a viable business plan by each class participant. The training program is intended as a pre-requisite

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for small businesses to access MAP loans, although the level of participation in the training course required by existing businesses varies on a case by case basis.

Through 14 class rounds to date, the MAP has assisted a total of 287 current and potential entrepreneurs, with individuals representing 110 existing and 142 new/start-up establishments (see table below). Most classes have had at least a dozen entrepreneurs, and while classes have been somewhat smaller in later rounds, the number of loans produced from each class to date has remained steady. Scholarships are available for low and moderate-income participants; a fee of \$150 is charged to those who are not income-qualified.<sup>4</sup> Upon completion of the business training course, a certificate is awarded to each participant.

MAP Business Training Course				
Group	Applicants	Participants	Start-Ups	Existing Businesses
Spring 1999	17	12	4	5
Fall 1999	23	22	15	7
Spring 2000	24	22	16	5
Fall 2000	23	19	13	5
Spring 2001	23	23	15	8
Fall 2001	28	24	17	6
Spring 2002	26	26	14	12
Spring 2003	12	7	2	5
Fall 2003	29	26	14	11
Winter 2004	14	11	5	6
Spring 2004	17	15	6	9
Spring 2005	22	19	7	10
Fall 2005	13	12	7	4
Spring 2006	16	14	7	7
Spring 2007	14	13	8	5
<b>TOTAL</b>	<b>301</b>	<b>245</b>	<b>150</b>	<b>105</b>

Source: Greene County Department of Planning & Economic Development

<sup>4</sup> Benefit to low- and moderate-income individuals, whether through program participation or through jobs created, is mandated by the Community Development Block Grant (CDBG) Program, the principal funding source for the Microenterprise Assistance Program.

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Each MAP training session consists of nine classes held over the course of a 10-week period. Classes are instructed by local and regional business experts and are designed to cover the entire business planning process, along with problems and issues that the typical small business owner would encounter in his or her day-to-day operations. Class topics currently include Introduction to MAP and Business Discovery, Developing a Business Plan, Small Business Basics, Market Research & Analysis, Developing a Marketing Plan, Understanding Business Costs & Product/Service Pricing, Developing Sales and Expense Projections, Financing Your Business, Customer Service, and Business Plan Roundtable, during which participants present their business plans to the class. All of the classes are coordinated and monitored by the Community Development Specialist.

Since the program's inception in 1998, the business training curriculum has been modified based on a written evaluation forms completed by participants and the observations of consultants and staff administering the program. For example, a detailed session on projecting cash flow was collapsed into another class in order to make room for a session on business plan development. In addition, an interactive component was added to the course—participants are now asked to bring questions to class each week related to the following week's topic so that additional expertise can be brought in if needed. MAP training continues to adapt to needs articulated by participants. Since 2004, the GCDPED staff has been administering the County's MAP programs with support from technical assistance providers. Our technical assistance providers report that the classes in Greene County are very enthusiastic and more likely to actually start businesses than in other counties they work in.

Anecdotal evidence suggests that in-migration to Greene County is increasing; housing prices are up over 60% in the past three years and building activity has tripled in all parts of the County. In addition, many people are making the slow transition from "weekender" to full-time resident, often working one or two days a week from home. As a result, recent MAP classroom training sessions have included a significant number of recent transplants from the lower Hudson Valley and the New York City metropolitan area. These individuals bring managerial and other high-level work skills with them, seeking out MAP as an opportunity to combine the training and technical assistance needed to develop an idea into a workable business plan with the low cost "jumpstart" financing necessary to put their plan into action.

### Technical Assistance

One-on-one technical assistance is also available to MAP participants. Technical assistance needs are identified as participants complete the business training class, although this process is typically informal. The GCDPED retains business consultants to work with MAP participants in acquiring those skills they have identified as necessary for success. The consultants' areas of expertise include business financing, marketing, corporate identity and web site development. Consultants with other expertise can be hired as needed.

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Only low- and moderate-income participants are eligible for free technical assistance, and applicants must demonstrate both the need and the desire to make use of such services. Since the program's inception, approximately 20 people have taken advantage of the free consulting services. It is possible for non-MAP small business owners to utilize these consulting services for a fee, although this has not yet been done, according to the GCDPED's Community Development Specialist.

### Low-Interest Financing: MAP Loans

Another component of the MAP is the provision of low-interest loans with flexible repayment terms in amounts up to \$25,000, requiring only 10% equity, to finance justifiable business needs, including property acquisition, construction and renovation, equipment, furnishings and fixtures, inventory, and working capital. The payment of Federal Prevailing Wage Rates is applicable to all construction using contractors that hire employees to do the work in excess of \$2,000 financed in whole or in part with MAP loan funds. To date, the MAP has provided a total of \$942,748 in loans to 39 businesses (see table following page). These loans have leveraged approximately \$1,032,033 in private investment and resulted in the planned creation of 105 new jobs in Greene County.

### **Selected MAP Participants/Graduates**

Functional Sculpture: Manufacturer and retailer of handmade tiles with a regional, if not national, customer base. Used a MAP loan to help pay for the expansion of its retail showroom on Main Street in Catskill. Currently employs 4.

Big Top Tent Rental: Regional tent rental operation with prospect of continued growth and expansion. Used MAP loan in 1999 and a Quantum Fund loan in 2002 to construct a new warehouse to house its operations in Cairo. Currently employs more than 15.

Intelligent Technology Solutions: Technology services company formed in 2002. Has established a strong customer base, comprised primarily of small businesses; rehabilitated a historic firehouse in Coxsackie for its operations; and created 5 new jobs using loans from MAP and the USDA.

Coxsackie Physical Therapy Associates: Start-up physical therapy business, now known as Excel Physical Therapy. Used a MAP loan to open a new facility on Route 9W in Coxsackie, creating 8 jobs. Recently opened a second location in Columbia County.

MAP loans have created opportunities for the expansion of economic activity, particularly in the County's Main Street commercial districts. More than half of the MAP loan recipients in the past three years have located their business in a Main Street or hamlet area. Nine businesses that have received a MAP loan have also received assistance through the Main Street Revitalization Program (MSRP) for a façade restoration project.

Start-up businesses applying for a MAP loan are encouraged to complete the business training curriculum and develop a business plan prior to submitting a loan application. Existing businesses are evaluated to determine the level of participation in training required to allow them to access MAP loan funding. One of the overriding goals of the MAP program is to create jobs for low- and moderate-income individuals. Therefore, eligible candidates for MAP loans are start-up businesses or

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existing businesses with five or fewer employees that are either owned by low- and moderate-income persons, or that will create jobs, the majority of which will be available to low- and moderate-income persons.

MAP Loan Program				
Group	Loans	Loan Amount	Private Investment	Jobs Created
Spring 1999	3	\$75,000	\$30,000	22
Fall 1999	2	\$50,000	\$27,500	5
Spring 2000	1	\$11,998	\$26,000	11
Fall 2000	2	\$50,000	\$180,000	4
Spring 2001	1	\$25,000	\$30,000	3
Fall 2001	1	\$23,000	\$6,489	3
Spring 2002	3	\$73,000	\$25,000	6
Spring 2003	2	\$50,000	\$33,500	6
Fall 2003	2	\$50,000	\$40,000	2
Winter 2004	4	\$100,000	\$145,000	10
Spring 2004	4	\$100,000	\$47,200	5
Spring 2005 (to date)	2	\$50,000	\$25,625	3
Fall 2005 (to date)	0	0	\$0	0
Spring 2006 (to date)	2	\$49,750	\$27,500	3
Non-class	10	\$235,748	\$388,369	16
<b>TOTAL</b>	<b>39</b>	<b>\$942,748</b>	<b>\$1,032,033</b>	<b>103</b>

Source: Greene County Department of Planning & Economic Development

### Business Resource Center

The GCDPED operates a Business Resource Center within the County Office Building in Catskill, which offers clients access to resource materials including computer hardware and software; online services; all forms of print, video and electronic media materials; and information on a wide variety of business-related subjects including business planning, financing, taxation, insurance, and employee benefits. The Business Resource Center is open to the public free of charge, with the exception of a nominal fee for copying and printing.

### **THE QUANTUM FUND**

In addition to the MAP loan program, the GCDPED administers the Greene County Quantum Fund loan program. The Quantum Fund provides loans of between \$20,000 and \$400,000 to match up to 50% of total project costs. Rate is one half of prime plus one percentage point (5 1/8% as of December 2006). Quantum Fund loans can be used for any justifiable business purpose, including property acquisition, construction and renovation, equipment, furnishings and fixtures, inventory, and working capital.



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As with MAP assistance, eligible projects are those that will create jobs, the majority of which will be available to low- and moderate- income individuals. The fund will loan up to \$20,000 for each new position, with a requirement that 51% of the new positions be filled by or made available to low-to-moderate-income individual. For example, if five new jobs are being created, the Quantum Fund could potentially offer a \$100,000 loan that would be no more than 50% of total project cost.

The Quantum Fund is marketed through the County's website, with professional advertising and marketing materials, and by the County's Economic Developer, who meets one-on-one with businesses during site visits and in response to requests for information about financing. Media stories announcing Quantum Fund loans also serve to market the program to the general public.

Since 2003, the Quantum Fund has closed on nine loans totaling approximately \$837,175. An additional three Quantum Fund loans totaling \$640,000 are in the processing stage as of this writing.

### **GREENE ACCELERATOR**

Greene County IDA, in partnership with the Center for Economic Growth (CEG), offers smaller technology and creative companies over 3,000 square feet of newly renovated space at below market lease rates, with shared professional services and common facilities, to encourage and support the growth of emerging businesses. Greene County's Business Accelerator program provides a vast infrastructure to accommodate the needs of growing companies, with benefits including:

- Business plan assistance
- State-of-the-art wireless technology
- Networking opportunities
- Staff support available
- On-site printing capabilities
- Professional office amenities

Clients are selected for participation based on an in-depth business review. Accelerator benefits and consultant services are customized based on client needs and are reassessed throughout their participation in the program.

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### MAIN STREET REVITALIZATION PROGRAM

Established in 2003, Greene County's Main Street Revitalization Program (MSRP) provides funding for façade renovations, architectural services and program delivery. The goals of this program are to enhance the appearance of the County's Main Street districts, provide the necessary resources to assist municipalities with their revitalization efforts, and stimulate private investment and job creation and enhancement by ensuring that commercial spaces in Main Street areas are modern and able to be rented to commercial enterprises.

The MSRP provides grants of up to \$7,500, not to exceed 50% of the approved project cost, for façade restoration projects. Eligible applicants include building owners or tenants (with owner permission) of commercial buildings in Main Street districts throughout Greene County. All renovations are subject to approval by existing design review boards in the community in which the project is taking place. In addition, the improvements must conform to a set of design guidelines to ensure compatibility with the existing downtown streetscape. Greene County has hired a nationally-known architectural firm, Dadras Architects, to develop building plans for many of the facades in the program as well as provide more general architectural services as needed.



In five years of running its Main Street Revitalization Program, the GCDPED has received a total of 299 applications. Funding has been awarded for 110 façade, signage and streetscape projects and the program has made dramatic improvements in the Main Street areas of Catskill, Coxsackie and Tannersville, among other locations. Greene County has leveraged approximately \$4 million in private investment over the life of the program, and also worked with local community organizations to obtain \$400,000 in New York Main Street funding through the State.

Catskill is an excellent example of Greene County's Main Street Revitalization in practice. A number of "pioneer" investors have come to Catskill and made investments in Main Street buildings, based on



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historic trends and the general economic prosperity in the Hudson Valley. The success of renovated small Main Streets and downtowns in places such as Saugerties, the Rondout area of Kingston, and Hudson have investors looking for new places to use their money, as well as encouraged additional investors from other places to put risk capital to work on Greene County’s Main Streets. Catskill has become that place, with millions of dollars in new investment on Main Street, and a place that has blossomed into the Hudson Valley’s next success story. Main Street Catskill, through the local Heart of Catskill Association, has recently adopted the tag line “the Home Interior Center of the Hudson Valley.”

Greene County’s experience to date with its Main Street program has shown that many business and property owners undertake interior improvements in conjunction with the exterior improvements funded by their Main Street grant. Thus, the Main Street program has had a positive impact on the amount of interior space that is rehabilitated in the County.



The MSRP often works in conjunction with the Microenterprise Assistance Program to support local businesses. On Main Street in Catskill, businesses such as LaRosa’s Café and Market, The Open Studio and Retriever Roasters used 2004 MAP financing to start up operations in buildings that had been rehabilitated using MSRP funds. Other Main Streets such as Athens (Abby’s Deli, New Day Motors), Cairo (Kaaterskill Associates), Freehold (Freehold Country Pub) and Coxsackie (Intelligent Technology Solutions) have also benefited from the natural link Greene County makes between Main Street revitalization and small business loan programs.



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### Other Programs Available to Greene County Businesses

In addition to the programming and assistance offered by the County, there are a number of other small business programs available to Greene County businesses. On an annual basis, GCDPED refers over 50 businesses annually looking for assistance to one or more of the programs described below, based on their needs.<sup>5</sup> Many of these referrals are people who have participated in the MAP program or have received assistance through the Quantum Fund or the Main Street Revitalization Program, and are looking for complementary services or funding, or additional technical assistance.

#### HUNTER FOUNDATION

The Hunter Foundation is a private, non-profit organization formed in 1997. The Foundation's primary mission is to improve the Town of Hunter by purchasing, renovating, and selling residential and commercial properties at cost or to aid others in upgrading their property. The Foundation's major goal is to beautify Route 23A by providing attractive housing for local residents and making renovated space available to businesses.

The County has jointly funded Main Street rehabilitation projects with the Hunter Foundation, including Pancho Villa's Restaurant, the Village Bistro (formerly Warm's Restaurant) and the historic Lubow Law Office building. The Foundation also refers businesses to GCDPED for business plan assistance on a fairly regular basis. In 2004, the Town of Hunter received a grant that the Hunter Foundation administered from the NYS Governor's Office for Small Cities to operate its own microenterprise program, which included some training courses, but focused mainly on providing 0%, deferred payment loans to business owners for building improvements and job creation, using a formula of \$15,000 for every job created. The 2004 grant is nearly spent and the Foundation has applied through the Town for funding in the 2007 round of Small Cities to continue its microenterprise program.

#### CATSKILL MOUNTAIN FOUNDATION

The Catskill Mountain Foundation (CMF), a non-profit organization formed in 1997, focuses on the arts, education, and sustainable living. While the Foundation does not provide direct technical assistance to businesses, it helps foster a sense of community unique to the Catskills by organizing and sponsoring numerous cultural events and programs and by regularly publishing a regional guide to the Catskills which includes events, business advertisements, featured articles, and much more.

<sup>5</sup> Interview with Karl Heck, Greene County Community Development Specialist, October 25, 2006.



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GCDPED has joined forces with CMF to rehabilitate arts & culture related buildings, such as the Orpheum Theater and the Sugar Maples complex in Maplecrest

### **NYS SMALL BUSINESS DEVELOPMENT CENTER (SBDC)**

Through a network of 23 regional centers, NYS SBDC delivers business counseling and training to New Yorkers who want to start a business or improve the performance of an existing business. The two closest SBDC centers for Greene County are located in Albany and Kingston. Both centers have developed strong contacts with lending institutions; equity investors; federal, county and municipal programs; and other service providers throughout the region. They provide one-on-one business counseling, technical assistance and training at no charge. GCDPED refers Greene County small business owners to both centers, depending upon the sector the business is in or its location. The Albany SBDC has a special emphasis on technology businesses. A staffer from the Kingston (Mid-Hudson) SBDC frequently travels to Greene County and has conducted classes as part of Greene County's Microenterprise Assistance Program (MAP), and also supports the Mountaintop region of Greene County through a contract for services with the Catskill Watershed Corporation (CWC).

### **CENTER FOR ECONOMIC GROWTH (CEG)**

CEG is a private, not-for-profit, member-supported regional economic and business development organization dedicated to developing and promoting efforts to attract high-tech talent and companies and to providing innovative services to bolster local businesses in New York's Capital Region and Tech Valley. CEG also provides manufacturing and technology companies with technical assistance and training. CEG has worked with GCDPED to provide assistance to smaller technology start-ups in Greene County.

### **CAPITAL DISTRICT COMMUNITY LOAN FUND (CDCLF)**

CDCLF is a non-profit federally certified community development financial institution serving the Capital Region of New York State, including Greene County. Incorporated in 1985, the CDCLF works to provide equitable access to capital in economically disadvantaged communities. According to its website, CDCLF has invested over \$15.8 million in grassroots enterprises - both small businesses and non-profit organizations- leveraging a total project value of more than \$56 million. GCDPED has referred a number of small businesses to CDCLF, which can assist businesses unable to access the County's Community Development Block Grant funding due to the job creation requirements attached to it.



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### **WORKFORCE INVESTMENT BOARD AND COLUMBIA-GREENE COMMUNITY COLLEGE**

The Columbia-Greene Workforce Investment Board (WIB) is housed at Columbia-Greene Community College. They provide job training, career planning and assistance with financing for continuing education to residents. The WIB also coordinates the Business Employment Standards Transition (BEST) Program, a partnership with Columbia-Hudson Partnership, Greene County Planning and Economic Development, Columbia County Chamber of Commerce, and the Greene County Chamber of Commerce.

The mission of the BEST Program is to develop the work readiness skills of area students by involving local business leaders in the education system. Businesses participate in the program by mentoring students, providing work shadow experiences or internships, assisting students in building their resume and portfolio, and participating in mock interviews to prepare students for the real thing. When BEST students apply for employment and/or admission to college they can demonstrate that they have the skills and experience necessary for success in the workplace and/or college.

The Program is now in its third year and will be operating in the Catskill school district for the 2006-2007 school year.

### **NY BUSINESS DEVELOPMENT CORPORATION (NYBDC)**

The NYBDC mission is to promote economic activity within New York State by providing innovative loans to small and medium-size businesses; to assist their partner banks in making such loans; and, particularly, to assist minority and women-owned businesses by offering credit opportunities not otherwise available to them. NYBDC is a complement to conventional banking, working in partnership with banks to provide term loans, many of which do not meet the requirements for traditional financing. Blackhead Mountain Lodge, a recent recipient of Greene County Tourism Enhancement Program funding, has been working with the NYBDC to refinance their business.

### **COLUMBIA HUDSON PARTNERSHIP**

The Columbia Hudson Partnership administers the U.S. Small Business Administration (SBA) MicroLoan program for the region, which provides loans for up to \$25,000 at competitive interest rates. Funds can be used for working capital, or to purchase equipment, inventory or supplies. Businesses must be located in Greene or Columbia Counties, have less than \$3.5 million in annual sales, and employ fewer than 500 employees. Examples of businesses assisted include farms, agricultural-related

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businesses, manufacturing, construction, communications, personal services, business services, retail, wholesale, repair services, and professional services.

### CATSKILL WATERSHED CORPORATION (CWC)

Another existing source of support available to certain Greene County businesses on the Mountaintop is the Catskill Watershed Corporation (CWC). Based in Margaretville, Delaware County, the CWC is a local development corporation established in 1997 to protect the water resources of the New York City Watershed west of the Hudson River, and to preserve and strengthen communities located in the region.

The CWC offers Regional Economic Development Initiative (REDI) loans of between \$25,000 and \$1 million to existing or proposed businesses to help them start, relocate, expand, consolidate or improve operations within the Watershed region in an environmentally sound manner. Eligible expenses include land or building purchase, land improvements, facility renovation, purchase and installation of equipment or furnishings, lease hold improvements, pollution prevention improvements, inventory or other capital improvement needs. Projects must be deemed "Qualified Economic Development Projects" by the CWC, which means they meet the goals of Watershed protection and job creation/retention. In most cases, applicants must show a minimum equity investment of 10% of total project costs and must also secure significant financing from other sources.

The CWC also offers micro-loans of up to \$25,000 to fund up to 75% of eligible small business projects. Funding from other sources is not required as long as an equity contribution of at least 25% of the project is available.

More than 100 CWC loans valued at over \$20 million have been approved since 1998. According to Michael Triolo, the CWC's Economic Development Director, nearly \$1.7 million in CWC loans – the majority of them the larger REDI loans – have been awarded to Greene County businesses. Five of those loans are currently active, two are in the process of closing, and three are prior loans that have already been paid back. The CWC micro-loans have apparently been less effective with Greene County businesses than those from other parts of the Watershed, which is attributed to the fact that Greene County has such an effective microenterprise loan program of its own. CWC funding for façade improvements has also assisted a number of properties in Windham (\$40,000), Tannersville (\$42,705), and Hunter (\$8,500), and the CWC Main Street Program in Greene County, as it was dovetailed with some effect with the County program, has been the most successful in the CWC region.

The CWC runs its own Small Business Development Outreach Center in Margaretville, and offers free one-on-one business counseling, a library of business books and periodicals, and a connection to a

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network of business professionals and information sources across the nation. Mr. Triolo was aware of only two Greene County businesses that had used the Center.

While the CWC does not appear to have a specific strategy or set of funding priorities particular to the Mountaintop, one of the CWC's goals in the coming year is to partner more with the counties in the Watershed in awarding loans so that they can continue to make financing available to businesses at lower interest rates.<sup>6</sup>

<sup>6</sup> Phone interview with Michael Triolo, July 10, 2006.





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### Business Development Activities Offered by Other Counties

The Project Team researched business development programs in Cattaraugus County, NY and Lamoille County, VT in order to offer a comparative perspective on the services available to businesses in Greene County.

#### CATTARAUGUS COUNTY BUSINESS DEVELOPMENT SERVICES

In some ways, Cattaraugus County's business development activities mirror those of Greene County. Both offer business training courses, ongoing technical assistance and low-interest financing for small businesses.

The Cattaraugus County Business Development Corporation (CCBDC) provides the County's business assistance services. The CCBDC was created in 1995 as a unique partnership between the Department of Economic Development, Planning and Tourism, the local BOCES, and St. Bonaventure University. The CCBDC is a non-profit corporation guided by a Board of Directors made up of local business owners and government officials, a volunteer Executive Director, and an Advisory Board made up of County legislators. Funding for the CCBDC is provided through federal, state, county and other grant resources.

The CCBDC has three full-time professional staff, including two business counselors whose job it is to provide one-on-one counseling on business start-up, marketing, advertising, financing, licensing and permit questions, as well as assist clients in developing their business plan. The counselors also coordinate the business classes.

The business development classes offered by CCBDC include a regular, weekly business course and a variety of seminars tailored to meet the needs of small businesses in the County. The weekly two-and-a-half hour "Business Basics" class, which is offered free of charge, runs for seven weeks and touches on all facets of business start-up and ownership, and guides participants through the process of developing their own business plan. The other seminars offered by CCBDC this spring include a two-night class on basic bookkeeping; a four-night class on website design and development; a two-night workshop on starting a family-run business; and a four week in-depth class on affordable marketing techniques. Some of the seminars are free, but participants usually pay between \$30 and \$60 to attend.

The CCBDC does not employ consultants for the purpose of providing ongoing technical assistance, but rather uses its two business counselors to give one-on-one guidance in business plan development



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and other basic needs and then funnels people into the topical seminars which have been designed to meet the training needs articulated by businesses in Cattaraugus County.

The CCBDC also administers the County's Microenterprise Development Loan Fund (MDLF), which is restricted to small businesses of five employees or less. The maximum loan amount through the MDLF is \$25,000. A loan committee comprised of business and professional leaders from all over the County makes loan decisions independently based on the soundness of an applicant's business plan, with CCBDC input only as requested. CCBDC staff assist applicants in preparing their business plans and financial reports for presentation to the loan committee. Cattaraugus County MDLF applicants must complete the 7-week basic business training course to be eligible for a loan (see table below for other comparisons to Greene County's Quantum Fund).

Although the CCBDC handles all the microenterprise assistance work, there are other business development services available in Cattaraugus County. The Cattaraugus County Department of Economic Development, Planning and Tourism publishes a table describing local, regional, state and federal loan and grant programs available to businesses in the County, which lists eligibility criteria, what the financing can be used for, the maximum limit of financing provided, interest rates, maturity, special conditions, and any fees that may apply. The Department also provides County businesses interested in pursuing sales in the foreign marketplace with technical assistance in this area.

Another service offered is through the Cattaraugus County Procurement Technical Assistance Center (PTAC), which helps businesses in Cattaraugus, Allegany, Chautauqua and Wyoming Counties obtain federal, state and local government contracts. The PTAC offers training to businesses on how to research and bid on government solicitations and assists them in registering for and using e-commerce.

### LAMOILLE COUNTY BUSINESS DEVELOPMENT SERVICES

Lamoille County, VT follows a completely different model, which is mainly attributable to the stronger state role in coordinating economic development programs in Vermont. The LEDC is a non-profit corporation, one of twelve Regional Development Corporations in the state, whose role is statutorily defined in Vermont law as assisting in job development by providing technical assistance to Vermont communities in planning for economic growth and stability, supporting existing business and industry, encouraging business start-ups, and recruiting business to the state. The State of Vermont provides most of the LEDC's funding. LEDC has only one staff person whose role is to serve as a facilitator and clearinghouse of information for businesses rather than to provide direct services.



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A staff person from the Vermont Small Business Development Center (VSBDC), a state agency, is located in the LEDC's office and is the primary provider of one-on-one business counseling and training for small businesses. The VSBDC staffer offers a monthly training course in basic business skills and business plan development. Other, more specialized workshops are offered continuously by VSBDC, the Vermont Women's Business Center (VWBC), and the Vermont Manufacturer's Extension Center (VMEC) on topics such as marketing, web design, and new business models for manufacturing. Most workshops are 2-3 hours long, although some last all day. They typically are conducted in Montpelier, Waterbury or Burlington. The LEDC's primary role is to publicize the workshops on their website and to send small business owners looking for specific skills development to the appropriate workshop or seminar or connect them with the appropriate state agency for more information.

Another major difference in Lamoille County is that businesses pay \$125 a year for membership in the LEDC. This membership entitles them to attend the seminars and workshops advertised on the LEDC's website, includes them in business promotion through the LEDC's advertising campaigns, grants them access to the LEDC's database of County images for use in advertising, and provides them with e-mail updates on critical competitiveness issues, including permit reform, workers compensation fraud reform, tax issues and legislative mandates.

The LEDC administers two loan programs. The Morristown Development Fund is only available to medium-sized businesses whose projects benefit the citizens of Morristown. The minimum loan amount is \$2,500 and loans are not to exceed 25% of total project costs. Rates and terms are structured on a case-by-case basis.

The Lamoille County Revolving Loan Fund is available to businesses throughout the County. The minimum loan is also \$2,500 with no stated limit; rates and terms are determined on a case-by-case basis. Eligible applicants are start-up, small or medium sized businesses that will create jobs. Preference is given to projects that benefit unemployed, under-employed, low- and moderate-income, or handicapped individuals.

The LEDC also advertises a variety of state-run business loan programs on its website, including the Vermont Small Business Loan Program, the Vermont Job Start Program – Micro Enterprise Lending Program, and the various financing programs available through the Vermont Economic Development Authority (VEDA).

# Greene County Comprehensive Economic Development Plan



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<b>Comparison of Business Development Loans</b>			
	<b>Greene County, NY</b>	<b>Cattaraugus County, NY</b>	<b>Lamoille County, VT</b>
<b>Loans Available</b>	Quantum Fund; Microenterprise Assistance Program (MAP)	Microenterprise Development Loan Fund	Lamoille County Revolving Loan Fund (LCRLF); Morristown Development Fund
<b>Loan Amounts</b>	Quantum Fund: \$20,000 - \$400,000  MAP: \$1,000 – \$25,000	\$5,000 - \$25,000	Minimum \$2,500; maximum determined on a case-by-case basis
<b>Terms</b>	Quantum Fund: \$20,000-\$50,000 - 7 years \$50,001-\$100,000 - 10 years Over \$100,000 - 15 years  MAP: +/- 5 years	7 years. for fixed assets financing; 5 years. for working capital	Determined on a case-by-case basis
<b>Interest Rate</b>	Interest rates for both loans are fixed at closing at a rate equal to one-half (50%) of the commercial lending prime rate plus one percent (100 basis points).	Set at closing; not to exceed prime rate.	Determined on a case-by-case basis
<b>Eligibility</b>	Eligible projects should create new jobs, the majority of which will be available to low- and moderate-income individuals. Applicants also must have completed a viable business plan.	Eligible projects should create new jobs, the majority of which will be available to low- and moderate-income individuals. Applicants also must have completed a viable business plan.	1) Small and medium sized businesses that will create jobs in the County.  2) Medium-sized businesses that will create jobs to benefit citizens of Morristown.

### REVIEW AND COMPARISON

In comparing business development activities in Greene County with those of Cattaraugus County, NY and Lamoille County, VT, the following observations can be made:

- Greene County’s basic business training program is similar to that of Cattaraugus County, although Cattaraugus County offers additional in-depth workshops and seminars on skills that small business clients have requested, such as bookkeeping and marketing. Lamoille County, VT follows a very different model with more reliance on state agencies to provide training services to small businesses in the County. This is consistent with the role of state government in Vermont versus New York.



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- All three counties offer one-on-one business counseling and technical assistance, but deliver the services in different ways. Greene County retains business consultants to work with its small business clients. Cattaraugus County has two business counselors on staff to provide one-on-one assistance. Lamoille County refers small business owners to the Vermont Small Business Development Center for services.
- All three counties offer low-interest financing for local businesses, but Greene County appears to have a more diverse set of financing options available to meet the needs of businesses of different sizes, particularly with its Quantum Fund, which can make loans of between \$20,000 and \$400,000. This flexibility can be useful in assisting businesses that are unable to access bank financing, but have significant long-term growth potential.



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### Microenterprise Best Practices

In addition to examining the structure and content of business development programs in the two benchmark counties, the Project Team conducted research into best practices in the field of microenterprise in general.

The Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD) is a project of the Washington, DC-based think tank, the Aspen Institute. FIELD was established in 1998 to address the lack of resources available to microenterprise organizations to improve their services and use best-practice standards to evaluate their efforts. To fill this gap, FIELD makes grants in key areas of importance to the microenterprise field, conducts research into best practices, disseminates the lessons learned from their grantees and research, and uses findings to inform public policy in support of microenterprise. Although FIELD's research is focused on microenterprise programs operated by non-profit organizations, its "best practices" series offers some interesting case studies that suggest innovative yet realistic ways for Greene County to enhance its business development services.

FIELD recognizes the importance of basic business training courses like the one Greene County offers, especially for entrepreneurs who are just starting out, but the organization also emphasizes the impact that effective and targeted follow-up technical assistance (TA) can have on the success of small businesses. According to FIELD, successful business consulting services for small businesses share the following features:

- They have identified clearly who their intended clients are and what they are likely to need.
- They have determined the skill, expertise and knowledge that need to be part of the consulting services offered (e.g., accountants, marketing experts, web design specialists, etc.).
- The program has decided which of those services it will offer through staff and which will be offered through external referrals.
- They have created a team with a variety of skills and a structure to make the best use of those skills.
- The program has determined the most effective use of consultant services by defining how much service to offer, to whom and under what terms.
- The program has put a monitoring and evaluation system in place aimed at supporting high program quality.

One notable case study is that of Coastal Enterprises, Incorporated (CEI), a private, non-profit community development corporation in Maine. CEI offers support to a wide range of small businesses, including one-on-one technical assistance, training and workshops, networking opportunities, and access to financing. CEI offers a basic business training course similar to that offered by Greene County. In addition, CEI offers workshops and seminars taught by specialists to



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teach the in-depth skills most requested by its clients, such as Quickbooks and e-commerce. It saves its one-on-one consulting for tailored assessments and guidance of clients.<sup>7</sup>

Another FIELD case study is the Women's Rural Entrepreneurial Network (WREN) in New Hampshire, which provides a substantial portion of its consulting services through two separate programs. SEED is the consulting program for new business owners and GROW is the program for more experienced business owners seeking to advance their business. Clients sign up for one year in the appropriate program and start out with one-on-one consulting to set goals for specific skills acquisition and to guide their selection of services offered under the program in which they have enrolled, as well as in seeking outside services to meet their goals. Clients have quarterly reviews with their consultants to evaluate their progress, adjust their goals and plan and define additional services needed. Like CEI, WREN focuses its one-on-one consulting on the individual strategic business issues of its clients, while at the same time, pushing them to use workshops and other group-based services for as much of the other training as possible.<sup>8</sup>

Another source of information on microenterprise best practices is the U.S. Small Business Administration (SBA). A recent SBA-published study on rural small business growth and profitability included recommendations for future policy initiatives at the national and state levels to improve assistance to rural small businesses.<sup>9</sup> Although the report focuses primarily on macro-level changes to rural small business development, there were a few recommendations that are applicable to Greene County's situation:

- Establish a networked system of rural small business services. This recommendation focuses on the formation of partnerships and building networks among rural small businesses to connect them together and create opportunities for rural small businesses to access a networked system of rural small business services.
- Local organizations should modify their operating strategy to increase the effectiveness of the services they provide. This may take the form of offering more on-line training and technical assistance to reach a larger number of rural entrepreneurs.

<sup>7</sup> *Keeping it Personalized: Consulting, Coaching & Mentoring for Microentrepreneurs*, FIELD Best Practice Guide: Volume 4, 2002, pp 12-13.

<sup>8</sup> *Keeping it Personalized: Consulting, Coaching & Mentoring for Microentrepreneurs*, FIELD Best Practice Guide: Volume 4, 2002, pp 15-16.

<sup>9</sup> *Innovation & Information Consultants, Empirical Approach to Characterize Rural Small Business Growth and Profitability*, published by the Small Business Administration Office of Advocacy, February 2006.



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- Promote entrepreneurial education in K-12 setting. One of the key issues that rural communities face is the loss of young, educated people, who leave rural areas to attend college and often do not return. Teaching entrepreneurship in rural elementary schools was found to be an effective method to help retain the educated rural population and develop rural small business. An interesting model for improving entrepreneurial education in New York State is found in the Finger Lakes region. The Finger Lakes Partnership ([www.fingerlakeswired.com](http://www.fingerlakeswired.com)) is working to establish an educator internship program that places teachers in short internships in high tech and emerging industry clusters in the region to orient educators to employers' workforce needs, inform educators of the career opportunities available for young people, and create linkages between employers in emerging industries and local schools.

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### Conclusion

Small businesses are a significant component of the Greene County economy. In fact, 82% of all private business establishments have fewer than ten employees; 63% have fewer than five employees. Simultaneously, microbusiness employment in rural areas of New York State continues to grow at about 6% per year, while non-farm private employment remains stable. While Greene County has greatly improved the delivery of its microenterprise program since 2002, there has been a slight decline in MAP participation, the number of loans and jobs created since 2004.

Greene County appears to have a more diverse set of financing options available to meet the needs of businesses of different sizes, particularly with its Quantum Fund, which can make loans of between \$20,000 and \$400,000. In addition, there are numerous financing programs offered through other regional organizations including the Catskill Watershed Corporation, the Hunter Foundations, the Catskill Foundation, the Capital District Loan Fund, to name just a few. These programs offer ample opportunity for new and expanding businesses that are unable to access bank financing, but have significant potential.

Given the availability of small business financing programs and the importance of small businesses to the Greene County economy, the GCDPED should continue to focus its economic development efforts on the provision of technical assistance to smaller expanding and start-up businesses.

Based on the comparison of Greene County's business development programs with other benchmark Counties and on best practice case studies, the Project Team believes that the GCDPED should supplement their basic business training with more in-depth workshops and seminars in areas where clients have expressed a desire to acquire more skills. Suggested modifications for the existing MAP include:

- Incorporate a hard skills assessment exercise into MAP to gather information from participants on their in-depth training needs.
- Conduct a focus group of current and former students of the MAP class to identify additional training needs that can be met through workshops or seminars, such as accounting software, website development, e-commerce, and Internet marketing strategies. Continue to offer targeted courses, like the recently-completed Tourism Enhancement Program training, on topics of interest to small business.
- Consider requiring less skilled entrepreneurs to complete basic business training via the Internet before entering the MAP program. There are a number of free, on-line business development courses the County could use, such as [www.myownbusiness.org](http://www.myownbusiness.org).



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- Consider providing one-on-one counseling for existing businesses to help them establish and follow through with an individualized plan to acquire the specific skills they will need to be successful.
- Build up a network of outside consultants that more closely matches the skills acquisition needs articulated by clients and offer in-depth workshops/seminars on those topics, separately from the MAP class.
- Enhance linkages to NYBDC, CDCLF, SBA and any other regional service providers to encourage seamless delivery of services. Especially with SBA loans, it seems that most of the time, we only hear about the project after the fact.
- Continue advertising in the Greene County Travel Guide, and enhance ways to reach “weekenders,” tourists and other people who visit Greene County regularly and might consider locating here.
- Facilitate the creation of an active SCORE Chapter in conjunction with the Greene County Chamber of Commerce.
- Work with the County Chamber of Commerce to sponsor business networking opportunities for past and present MAP participants. These opportunities could include:
  - MAP “alumni” sessions, either in person or through the Web, to encourage the sharing of information between local start-up businesses.
  - Annual Business After Hours for Microenterprises in the County.
- Continue to reach out to local banks and encourage them to send marginal and small applicants to the County for assistance.
- Consider establishing a PTAC Program that offers training to businesses on how to research and bid on government solicitations and assists them in registering for and using e-commerce.