



# Cleveland County, NC Certified Entrepreneurial Community® Program Ecosystem Assessment

2015-2016 CEC® ECOSYSTEM ASSESSMENT FINAL REPORT

## Introduction

This document is the Cleveland County Certified Entrepreneurial Community® Leadership Team's compilation of the qualitative and quantitative information gathered through the CEC® process to establish baselines for the local and regional entrepreneurial ecosystem in 2015-16.

During the 18-month program, the Leadership Team, with the support of their CEC® Project Team Leaders, conducted a series of surveys, community retreats, and roundtable discussions with key players from across the region. Through the various forms of data collection, they were then equipped with the ability to produce a snapshot of the current entrepreneurial ecosystem of Cleveland County, considering the pre-determined focus areas;

- Recent Economic Data
- Local and Regional Resource Providers
- Technical Assistance, Training & Mentoring
- Entrepreneurs & Business Owners
- Youth Programs & Engagement
- Access to Capital
- Infrastructure

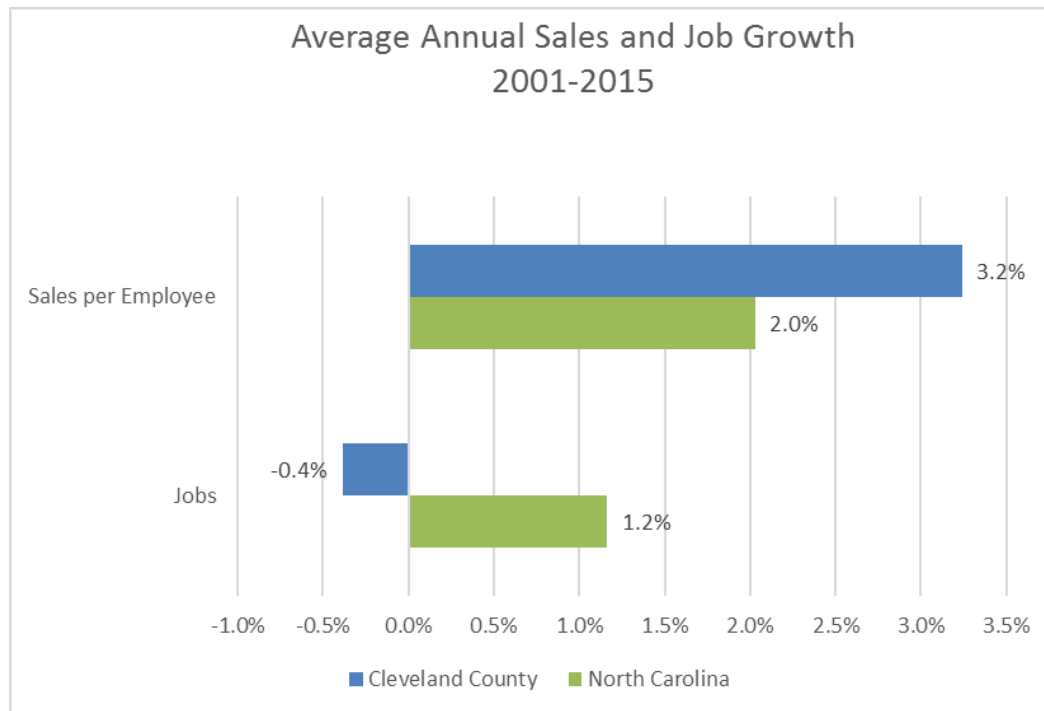
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## Cleveland County Economic Snapshot

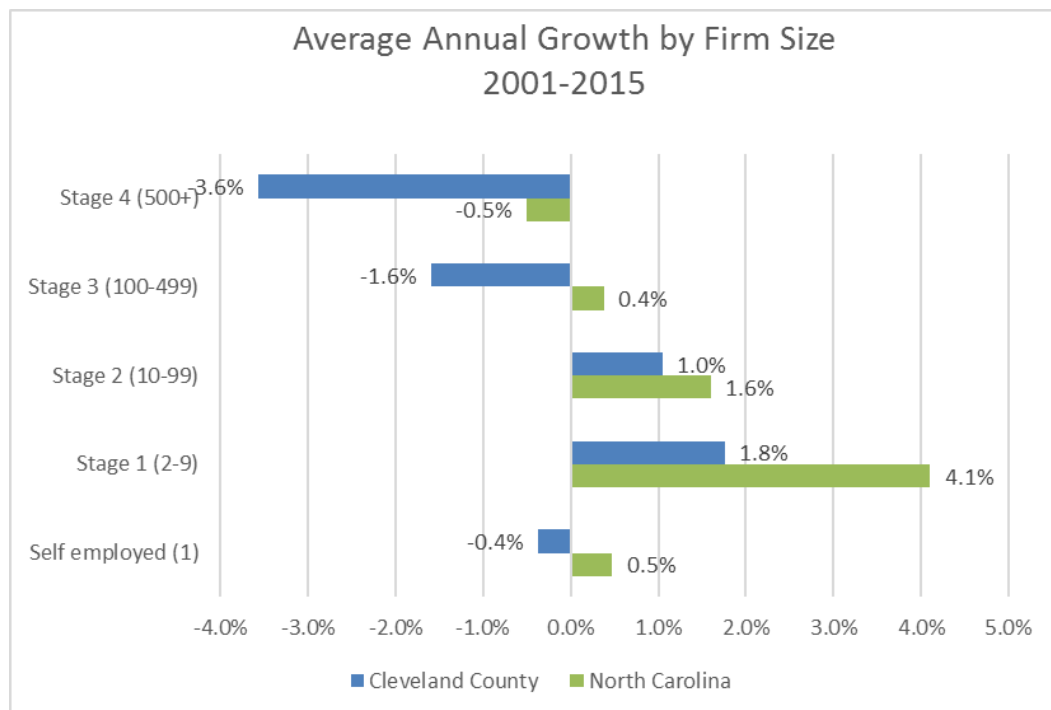
This data analysis compares Cleveland County with North Carolina overall for the period between 2001 and 2015 on several measures: Sales; Employment; Firm Growth by Size; and Firm Growth by Type. The data source for the next three charts is YourEconomy.org, a national database managed by the University of Wisconsin Extension Division for Business and Entrepreneurship.

In this first chart, total sales are divided by the total number of employees to create comparable rates of change. Cleveland County firms have generated an annual average growth rate of 3.2% in sales compared with 2.0% for the entire state. The state has had a weak jobs recovery since 2001 (1.2% annual average increase) while Cleveland County's total jobs were lower in 2015 than in 2001 (-0.4% annual average decrease).



Source: YourEconomy.org

In this next chart, the growth in business establishments is broken out by the size or stage of the firm, from Self-Employed (1 employee) up through Stage 4 (500 or more employees), again for 2001-2015.



Source: *YourEconomy.org*

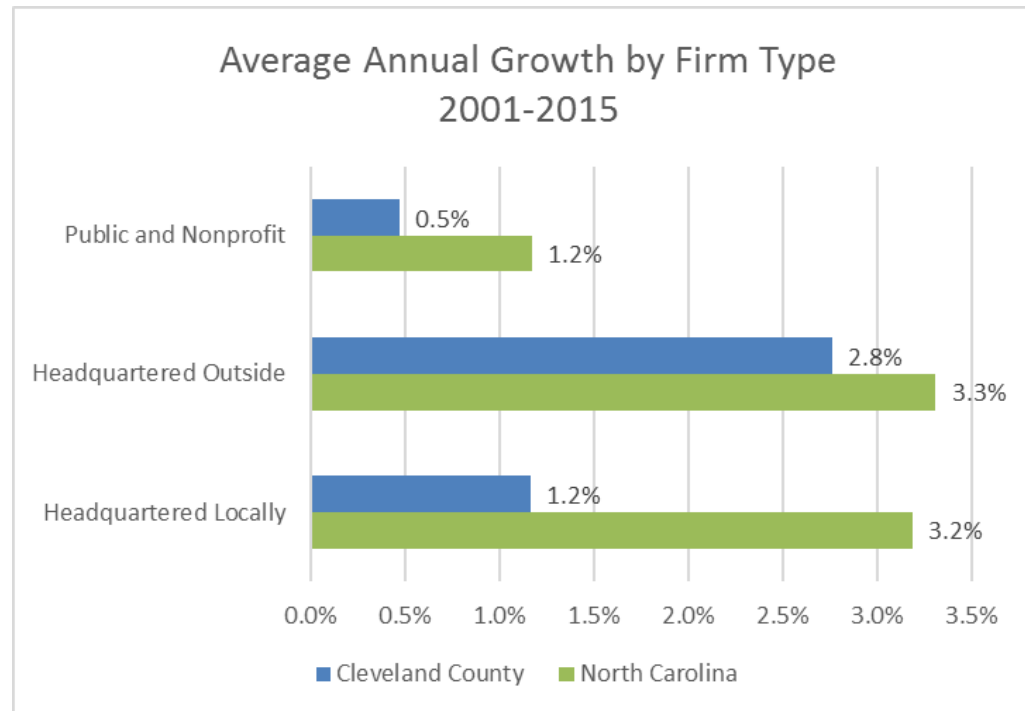
In North Carolina the small firms of 2 to 9 employees have grown the most in number, at about a 4 percent increase per year, followed by the firms with 10 to 99 employees at 1.6% average annual growth. These same two categories are where the increases have occurred in Cleveland County and most of the United States as well.

Meanwhile North Carolina has lost about as many firms as it has gained in the firms with more than 100 employees that are the primary focus of industrial recruitment. Cleveland County lost several of its largest employers during that period and did not replace them with new large recruits.

Most of the state saw small annual increases in the number of self-employed people but Cleveland County had fewer self-employed in 2015 than in 2001 (546 people vs. 576 people). With its current focus through the CEC program on startups and small business development these Cleveland County numbers should go up in 2017 and beyond.

The final chart in this section shows the mix of establishments that are “homegrown” versus headquartered outside, as well as “noncommercial” organizations from the public and nonprofit sector.

North Carolina has had almost the same growth rate in locally headquartered firms as in firms with headquarters in other states. Cleveland County has had more growth from outside firms than from homegrown firms, which is the opposite pattern from most counties in the United States. It suggests an effective industrial recruitment program. The CEC programming should help grow the locally headquartered firms in the future. Meanwhile public and nonprofit employment has increased only about 1 percent per year in North Carolina overall and about half that rate in Cleveland County.



*Source: YourEconomy.org*

## Demand Assessment: Entrepreneurs & Business Owners

### Community Retreat Goals:

#### **Primary focus questions:**

- What's really going on in the community?
- What are the barriers? Perceived and actual
- What keeps the entrepreneur awake at night?
- What works for them in Cleveland County?
- What are the unmet expectations?

#### **Primary focus topics:**

- Food Service
- Retail
- Service Industry
- King's Mountain
- Agriculture
- Tourism
- Patriot Jack's
- Small Manufacturing
- Potential Entrepreneur
- Seasoned/Retired
- Attorney/Accountant
- Consultant
- Brewery Owner

## Advisory Committee Findings:

### **The Best Reasons to Operate a Business in Cleveland County**

- Workforce is highly skilled and passionate about their job
- The infrastructure to create high visibility of business and product
- It is fulfilling to be a part of the community
- The availability of land
- Proximity to Charlotte, South Carolina and Asheville
- Good access to quality farm products
- Close knit community
- Culture of volunteerism and involvement
- Strong local customer base, with opportunity to reach beyond County markets
- Customer base is growing monthly due to economic growth
- County leadership is very supportive
- County is doing a good job of promoting local food and agriculture

### **The Challenges of Operating a Business in Cleveland County**

- Limited availability of capital to operate and fund business growth
- Hard to find line of credit, unsecured loans and risky financing opportunity
- Difficult to find resources to support business acquisitions and expansions, including building maintenance
- 'Buy Local' movement is still in it's infancy, locals don't spend the kind of money that the Charlotte market does
- Government Contracts are difficult to compete for, especially when larger Charlotte-based companies are involved
- Hard to be in the right place, right time, right price to bid on government projects
- The Cleveland County market is not enough to sustain a business, need to rely on outside markets and online
- Navigating the regulations and government requirements can be challenging
- County & City Utility Departments can be hard to work with, mostly for lack of knowledge on the entrepreneur
- Very little visibility and press for the smallest businesses, press is available for large, established companies

### **Primary Needs for Local Mentors**

- A Business Resource Guide for Start-up and Expansion would be very helpful
- Small Business Commercial Realtors who are willing and able to support entrepreneurs
- A list of business “Do’s and Don’ts” in printed and online
- If the mentor is in your field could provide the mentor a competitive advantage
- Farm internships are needed to train and pass on property to younger farmers
- Most Entrepreneurs need experienced mentors to ‘learn the ropes’ – but mentors must be people who have ‘done it’

### **Networking**

- Weak community-wide communication
- Resource Hub: Need a central location for everything small business, like a website with an events calendar
- Events like Job Fairs and the Entrepreneurial Expo are helpful, but ongoing networking support is needed
- Business Owners need to know that what they are attending is ‘worth their time’ and is focused on ‘their specific needs’

### **Training & Technical Support**

- Need specialized computer training
- Need short-term customized training.
- Need customer service training
- Need Staff training & Human Resources

## Supply Assessment: Small Business Resource Matrix for Cleveland County

Organization	Target Audience	Outreach, Intake and Referral	Entrepreneurship Training	Technical Training	Business Plan Devel	Market Devel	Financing	Space	Legal/IP Assistance	Taxes and Government Information
<b>RESOURCES IN OR NEAR CLEVELAND COUNTY</b>										
Small Business Center at Cleveland Community College <i>clevelandcc.edu</i>	startups and micro-enterprises	large local mailing list	many courses and seminars		counseling is key function	counseling is key function	conduit to local and state programs			
Cleveland Community College <i>clevelandcc.edu</i>	Teens and Adults	large local mailing list	Entrepreneurship AAS degree; Entrepreneurship certificate	in every local industry				Legrand Center for conferences		
Small Business and Technology Development Center <i>sbtcd.org</i>	small business owners	George McAllister is regional director at UNC-Charlotte	pre-venture orientation seminars	referral	Review many business plans daily	Marketplace conferences; market research; federal procurement	conduit to all SBA programs and angel fund network; Capital Opportunities report	incubator feasibility studies	referral	federal program requirements

Organization	Target Audience	Outreach, Intake and Referral	Entrepreneurship Training	Technical Training	Business Plan Devel	Market Devel	Financing	Space	Legal/IP Assistance	Taxes and Government Information
Cleveland County Chamber of Commerce <i>ClevelandChamber.org</i>	local business executives	referral to local businesses				networking		developing list of available commercial properties	referral	referral
Uptown Shelby Association <i>uptownShelby.com</i>	businesses and citizens in city center of Shelby					has a detailed market study for uptown	incentive program for uptown businesses that fill gaps in local economy	list of uptown properties		
County and City Governments <i>clevelandcounty.com, cityofshelby.com, cityofKM.com, etc.</i>	businesses and citizens	referral	referral	referral	referral	Cleveland County retail task force	Kings Mountain Main St. program			business licenses, taxes, permits, zoning info
Cleveland County Economic Development Partnership <i>ccedp.com</i>	industry to recruit or expand	external marketing is key function				marketing the county to the world	state incentive programs	database of commercial and industrial sites and buildings		state program requirements

Organization	Target Audience	Outreach, Intake and Referral	Entrepreneurship Training	Technical Training	Business Plan Devel	Market Devel	Financing	Space	Legal/IP Assistance	Taxes and Government Information
Cleveland County Schools <i>clevelandcountyschools.org</i>	K-12 students	Tony Fogleman is director of Career and Tech Ed	Business Management and Administration cluster; Marketing cluster			works with FFA, DECA, 4-H, FBLA clubs				state DPI requirements
Gardner-Webb University <i>gardner-webb.edu</i>	Entrepreneurs, Business Leaders, Learners		B.S. degree with entrepreneurship major; MBA; and Bringing Entrepreneurs and Students Together (BEST)			ENACTUS chapter (national club)				
Cleveland County Business Development Center (704) 482-6833	minority business owners					leads Minority Enterprise Development Week each Oct.				
Region C Workforce Board <i>regioncwdb.org</i>	employers and job candidates	Business Liaison works with all businesses	curriculum development and referral; also youth programs	local partnerships for industrial training			access to federal WIA program funding, as approved by local board			federal and state workforce programs

Organization	Target Audience	Outreach, Intake and Referral	Entrepreneurship Training	Technical Training	Business Plan Devel	Market Devel	Financing	Space	Legal/IP Assistance	Taxes and Government Information
Cleveland County public library system <i>ccml.org</i>	citizens	familiar place				market research/NC LIVE				tax forms, help with research
Industry Expansion Solutions <i>www.ies.ncsu.edu</i>	small and medium manufacturers	Chris McGraw is western regional manager	fee-based seminars, industry certifications	advanced manufacturing			access to federal energy and other programs			federal program requirements
SCORE <i>Charlotte.SCORE.org</i>	business owners & startups	75 mentors in Charlotte chapter	occasional seminars	referral	volunteer mentoring	volunteer mentoring				
Self Help Credit Union, Charlotte and Asheville offices <i>self-help.org</i>	business borrowers	connection to minority communities; Spanish speaking staff			expertise in child care, recycling businesses		Small business loans, SBA-backed and commercial loans; also operates some local RLFs			referral
Mountain BizWorks <i>mountainbizworks.org</i>	western North Carolina business owners who cannot qualify for bank financing	has Spanish speaking staff				coaching from successful business owners	Small business loans			

Organization	Target Audience	Outreach, Intake and Referral	Entrepreneurship Training	Technical Training	Business Plan Devel	Market Devel	Financing	Space	Legal/IP Assistance	Taxes and Government Information
BB&T and Wells Fargo <i>bbt.com;</i> <i>wellsfargo.com/biz</i>	business owners for 2 years	local branches			referral		SBA term loans through 7(a) and 504 programs, also SBA Express and Veterans Advantage			
<b>NORTH CAROLINA AND U.S. RESOURCES THAT SERVE CLEVELAND COUNTY</b>										
Business Link NC <i>blnc.gov</i>	any business inquiry	1-800-228-8443 and blnc.gov			referral		referral			license, permit and regulatory info for all industries
N.C. Rural Center <i>ncruralcenter.org</i> NOTE: Cleveland County is still rural on their new map	rural leaders and small business owners	connection to rural leaders statewide	Rural Economic Development Institute		self-employment coaching for age 18-30 and/or unemployed	rural research, advocacy, Rural Assembly	Micro-enterprise Loan Program; State Small Credit Initiative with local banks statewide			

Organization	Target Audience	Outreach, Intake and Referral	Entrepreneurship Training	Technical Training	Business Plan Devel	Market Devel	Financing	Space	Legal/IP Assistance	Taxes and Government Information
Women's Business Center <i>TheInstituteNC.org</i>	business owners, esp. women	esp strong in Triangle and Charlotte	seminars and conferences		counseling	conferences	loan package preparation			federal certifications for women and minority businesses
NC LEAP: Bar Association <i>ncbar.org</i>	low income business owners		videos on legal issues for small businesses						Legal advice to low income	
N.C. Military Business Center <i>ncmbc.us</i>	those who want to do business with the military, esp tech and mfg	regional office at Central Piedmont Community College	procurement seminars and conferences			procurement database: <i>www.matchforce.org</i>				federal procurement rules and opportunities
NC REAL curricula <i>ncreal.org</i>	entry level startups; kinetic learners; instructors	statewide network	train the trainer curricula; teacher certification; entrepreneurship camp training	e-ship related to agriculture, health care, craft						
Council for Entrepreneurial Development <i>cednc.org</i>	innovators, tech businesses, growth companies	in the Triangle	many seminars in Triangle		3 key annual conferences		access to venture capitalists		referral to IP attorney	

Organization	Target Audience	Outreach, Intake and Referral	Entrepreneurship Training	Technical Training	Business Plan Devel	Market Devel	Financing	Space	Legal/IP Assistance	Taxes and Government Information
Carolina Small Business Development Fund (formerly the Support Ctr) <i>carolinasmallbiz.org</i>	businesses without bank financing	Large grassroots network					CDFI loan programs			
N.C. Biotechnology Center <i>ncbiotech.org</i>	life sciences firms and startups	Corie Curtis is regional director in Charlotte	seminars and conferences		counseling	counseling	seed grants; access to biotech investors			state and federal requirements and GMPs
Economic Development Partnership of NC <i>edpnc.com</i>	Travel and Tourism; Small Business; Recruitment; Certified Retirement Communities	marketing entire state globally								

## Community Goals for the Cleveland County CEC® Leadership Team

### Findings Summary:

To kick-off the CEC® Program in Cleveland County in April 2015, the Leadership Team hosted a two-day retreat involving local community leaders, entrepreneurs, and resource providers. Facilitated by Emily Breedlove, the retreat gave the CEC® Leadership Team the ability to hear directly from entrepreneurial advocates and supporters within their community. The discussions revolved around the key components of the CEC® Program and the notes are captured below, along with the most relevant findings from the Advisory Committee roundtable discussions held between May 2015 and September 2016.

The Cleveland County CEC® Program was initiated while the program was in transition to a new model. Therefore, the community goals listed below are a unique part of the Cleveland County program. Even though the Action Plan developed for the CEC® Program does not address many of the topics below, this information will inform other planning efforts in economic and community development along with local governments.

### Programmatic Goals from the Community:

- 1) Hear from other leaders about the reality of the situation
- 2) Identify the perceived barriers within the community
- 3) What are the community expectations for the CEC process?
- 4) What are the positive elements of entrepreneurship in Cleveland County vs. the negative elements?
- 5) What are the educational needs of entrepreneurship?
- 6) How can we find other success stories to study? Relevant case studies from communities like Cleveland County?

### Words associated with “Entrepreneurial”

- |               |                        |
|---------------|------------------------|
| - Independent | - Problem Solver       |
| - Risk        | - Big Picture Oriented |
| - Creative    | - Foresight            |
| - Nimble      | - Adventurous          |
| - Drive       | - Competitive          |
| - Quirky      |                        |

### **How can Entrepreneurship improve the Economy & Culture of Cleveland County?**

- Grow the Tax Base
- Offer more choices for Residents
- More Employment opportunities
- Keep the \$\$ Local
- More 'Shop Local' support
- Small Businesses can become Bigger
- Brings the kids back home
- Security through Diversity
- Quality Products & Services
- Shows the Community Values, Creativity and Risk-Taking
- Improves Communication
- Entrepreneurship as a Resource
- Success = Hope = Security

### **How is Cleveland County doing a GOOD job at supporting entrepreneurship?**

- Uptown Business District
  - o Energy, Coordination, Resources
  - o Collaboration between City & County
- Local Government is very supportive
- Collaborative County
- Small Business Center services
- Kings Mountain Grant
- Strong Education System
- County Leaders are supportive, proactive and always looking for solutions
- Shelby has a focus on customer service
- Cleveland County works as a team
- Local banks supporting local businesses
- Large projects seem to get strong support and engagement
- Locals take pride in staying local – synergy

### **What are the biggest barriers for entrepreneurs in Cleveland County?**

- Lack of Capital access
- It is hard for outsiders to get accepted
- Lack of Broadband
- No database of talent or resources
- Educating local community & beyond that we are a 'Small Business Haven'
- Shelby's image as a 'textile town' from the 1960's
- Lack of available Agriculture/Migrant Labor
- Youth Migration, little to entice them back like social amenities and modern housing
- Workforce & Career development
- Lack of quality public transportation system
- Small business uncertainty & navigation
- Time squeeze for entrepreneurs to 'keep up'

### **How do entrepreneurs feel about Cleveland County?**

- Not enough money
- Viewpoint depends on the industry
- Doing well, but not 'locally'
- Those engaged in the 'system' are better supported
- Community is receptive
- Depends on the type of product or service

### **Youth Migration & Brain-Drain?**

- A problem but seems to be getting better
- Public transportation, pedestrian friendly, bike-ability/walk-ability
- Home ownership & modern housing
- Third Place (Purpose, Passion, Service, Well-being)

**What are the dominant Clusters/Industries?**

- Agriculture
- Diversified Manufacturing
- Education
- Healthcare
- Food Service
- Tourism (Sports, Music & History)

**Which Clusters present the most entrepreneurial opportunity?**

- Tourism/Music
- Agriculture
- Manufacturing
- Services

**What do you want most from CEC?**

- For it to work
- Make Cleveland County a better place
- Become a 'haven for small business'
- Create sustainable solutions that work for generations
- Develop a culture that support entrepreneurship
- Practice what you preach – shop local, support the little guy
- Develop a consistent message

## Technical Assistance, Training & Mentoring

### Community Retreat Goals:

#### Primary focus questions

- How do we offer more free professional support?
- Could we open Incubator or Coworking spaces?
- Where is there opportunity for discounted services for start-ups?
- How can we help existing businesses to grow/scale?

#### Current Training Services

- Chamber of Commerce
- Cleveland Community College Small Business Center
- Hickory SBTDC

#### Current Consulting Groups

- Business Consulting Group
- CCC Entrepreneurship Degree
- CCC Continuing Education
- CPA Firms
- Tony in Gastonia?
- Cleveland County Business Development Center
- Gardner-Webb Entrepreneurship Degree & MBA Program
- Business Planning Class

#### Identified Needs

- Mentoring Program
- SCORE
- Incubator Model (BRFV, BASE)
- Coworking Model (Mojo)

## Advisory Committee Findings:

### **The Best Reasons to Operate a Business in Cleveland County**

- Spirit of collaboration
- Clear commitment from many different entities to bring business to the county
- People want to help business but entrepreneurs don't always see the willingness to help
- Good momentum in Uptown Shelby and Kings Mountain Main Street
- Quality of life; small town rural charm, progressive thinking community with the amenities of a larger county

### **The Challenges of Operating a Business in Cleveland County**

- Lack of technical assistance and technical support to prepare business plans, loan packaging, feasibility studies
- Identified mechanisms to address is permitting, inspecting, licensing, and permitting process.
- Entrepreneurial students in Cleveland Community College vocational programs may start businesses that won't necessarily be good fit, so they have a hard time plugging into the right circles and resources, permitting, networks, etc.
- More support is needed to explain what entrepreneurs need especially in way of fees, permits, insurance requirements, utility down payments, codes (ADA building requirements)
- From a regulatory perspective there is a hesitation to put too much in writing due to the complexity, changes and unique applications of various regulations
- Need a SCORE Chapter – or a similar organization to allow retired executives to mentor and coach. We would like to have a SCORE mentoring resource locally
- Entrepreneur Network or CEO Roundtable, for business owners to have a mechanism to engage with each other
- Improve access to Micro-loans and start-up capital (5k-10k loans are very difficult to get)
- Need to find a way to make it comfortable to talk about land. One-third to half of land area is agriculture based. How do we transition this land into the hands of younger farmers who find it economically impossible to purchase?
- Need to get more comfortable talking about land, zoning, transfer, creative leasing & financing in general, not just in the agriculture industry
- Support for State Board licensing and certifications
- Difficult relationships between Entrepreneurs and City/County since most issues are addressed until they are expensive or frustrating
- Must get these creative entrepreneur types to pay attention to 'nitty-gritty' details
- Migration of Youth – How do we get them to want to stay and open a business in Cleveland County?
- Involving and attracting youth to Cleveland County from a business perspective

## Youth Programs & Engagement

### Community Retreat Goals:

#### **Primary focus topics**

- What are the opportunities to engage in the community?
- Are CC youth being prepared for entrepreneurship?
- How would teachers define entrepreneurship?
- How can we support “trade” training with entrepreneurs?
- Can we talk to parents about how they see entrepreneurship?

#### **Suggested Committee Members/Opportunities**

- High School Entrepreneurship Teachers
- High School Career Development Coordinators
- Interact Clubs
- Robotics Team
- FFA, DECA, 4-H Clubs, FBLA
- Boy & Girl Scouts
- YMCA's
- Boys & Girls Club
- Trade Training Program
- Entrepreneur Expo and Business Plan Competition

## Advisory Committee Findings:

### Challenges in addressing area Youth & Young Entrepreneurs

- How do we get them to want to stay and open a business in Cleveland County?
- How do we involve, attract youth?
- We lose a lot of quality students due to culture and lack of job opportunities
- We can be intentional about attracting and keeping youth
- Leadership Institute develops young leaders, civic responsibility, involvement, awareness, engagement, political environment, local processes
- Appeal to the Young Family demographic
  - There are a lot of advantages of living in a rural county and raising a family here
  - The energy in Uptown Shelby today is comparable to how it was years ago before the mall took it all away
  - The vibe uptown will attract youth and eventually growth.
  - There are nice apartments and condos Uptown Shelby
  - But there aren't as many opportunities for teens and kids in Uptown Shelby
  - We must engage high school students with respect and engage them in civic activities, get them involved and let them know we want/need them

## Access to Capital

### Community Retreat Goals:

#### **Primary focus questions**

- How to leverage capital to grow local businesses?
- How to use local capital and investors to fund enterprises?
- How to start a new fund?
- How to support mergers and acquisitions?

#### **Suggested Advisory Committee Members**

- Financial Advisors (Jay Gragg, Tom McNichol, Steven Price)
- VEDIC/Morganton Business Plan Competition (Chuck Morse)
- Cleveland County Grant Writer
- Bank of the Ozarks
- PNC Bank (Mitch Johnson)
- SBTDC
- Self-Help Credit Union
- The Support Center

#### **Cleveland County has many Bank Loan sources**

- Alliance Bank
- Home Trust
- BB&T
- Bank of Ozarks
- PNC
- Wells Fargo
- Carter
- Fidelity

## Identified Needs

- Loan Guarantee Program – City of Shelby
- Regional CDFI (Mountain Bizworks, Support Center)
- Revolving Loan Fund (VEDIC, MAY Coalition)
- Angel Investors (IMAF, Asheville Angels)
- Incentivize Business Retention
- Investor Circle
- Crowdfunding Campaigns

## Advisory Committee Findings:

### Top Challenges for Businesses Accessing Capital

- Increased conservatism by banks, which makes microloans and unsecured loans difficult
- Businesses want to start business but can't find start-up capital
- Entrepreneurs don't understand that they need cash match, banks don't cover 100%
- Must have solid business plan/proposal; need more than passion, must have the whole project, projected out 5 years
- Failure rate of small business is due to lack of entrepreneurs having sufficient capital; most fail within 24 months
- Non-profit capital services are more inconspicuous than banks (CDFI's, Revolving Loan Funds, etc.)
- Banks must mitigate risk; they don't want to be investors.
- Need to educate and connect community; inform bankers and resources providers to better understand what is available to Cleveland County entrepreneurs
  - What are the alternatives beyond the banks?
  - How to go from a dream to a plan to actual operations
  - Instill the hope to get entrepreneurs to the place where they can come back in 3-5 years for a commercial loan
- Need Support Mechanisms focused on financing:
  - SBA one-stop shop
  - A checklist or flow chart on local financing
  - Get lenders to instead say "not yet," showing entrepreneurs that they are only 3-4 years away from being viable to secure large capital
  - Support the development of business plans which focus heavily on finances and get entrepreneur to the numbers that they need to reach for bankable loans
  - Ensure that we don't send entrepreneurs to the wrong places, discouraging them from moving forward

- Ease the process for local companies to apply for government bids & grants
  - Tips for how to bid competitively
  - Allow bidders to ask for feedback
  - Structure for quality business plans

### **State-wide Resources**

- Carolina Small Business Development Fund (formally known as Support Center) CDFI:
  - Regulated by US Treasury
  - Partner with Banks, don't compete, take on high risk loans
  - Has more flexibility than banks
  - Looks at economic state of the community, focuses on creating jobs and adding to community tax base
  - A middle ground between bankable loans and high risk capital
- North Carolina Rural Center
  - Microloans \$500-25k: working capital, collateral, equipment, history, income
  - Microenterprise Loan Program
    - Very high risk borrowers
    - Low-income, minority
    - Consider any business located in a rural county
    - If a good borrower can come back and get more loans (a bit of a step loan)
  - Local Revolving Loan Fund (RLF) Program
    - Rural Center will help administer the Local RLF
    - Start with an amount of money that is made available or repurposed for loans, the payments & interest go back into the fund
    - County is in control of the funds and decides how/where loans are given
    - County must have someone local to administer the fund
    - 98.7% of micro loan apps are approved
  - Committee votes on loan approvals for Rural Center micro loans
  - SB Credit Initiative
    - administers Federal funds loaned through banks
    - \$50-\$500k loans
    - Default Rate: 11%
- US Small Business Administration
  - Provides guarantee for bank loans;

- Tells lender to make the loan
- 10 programs up to 50-90% of the loan
- Due to guarantee to lender, allows lender to be in accordance with FDIC or Dodd Frank
- Identify where the gaps are and work with resource partner to fill them
- \$20k loan from micro providers, build up credit and go to bank with guarantee
- SBA loan guarantees does not count against banks record

## Infrastructure

### Community Retreat Goals:

#### **Suggested Committee Members**

- Ben Yarborough
- Roger Holland
- Commercial Real Estate
- Gary Spangler, NCDOT
- Kristen Reese, EDC
- Craig Debrew
- MCNC

#### **Primary focus topics**

- Broadband
  - o Limitation on affordable bandwidth on last mile
  - o Rural IT Initiative
  - o Public Financing of Last Mile?
  - o Electric Co-Op Model?
  - o Smart Grid
- Freight via Air
- Commercial space in Towns is dated and in-need of TLC
- Shell Building Program
- Empty Warehouses

## Advisory Committee Findings:

### Best-case scenario for working with Infrastructure

1. Meet with Small Business Center
2. Talk with a real estate agent or architect
3. Research zoning allowable usage, fees, identify utility provider
4. Meet with architect and involved municipality
5. Create post-closing budget
6. Be prepared to pivot based upon the daily challenges
7. Look into grants and microloans to help with infrastructure costs

### Broadband Access

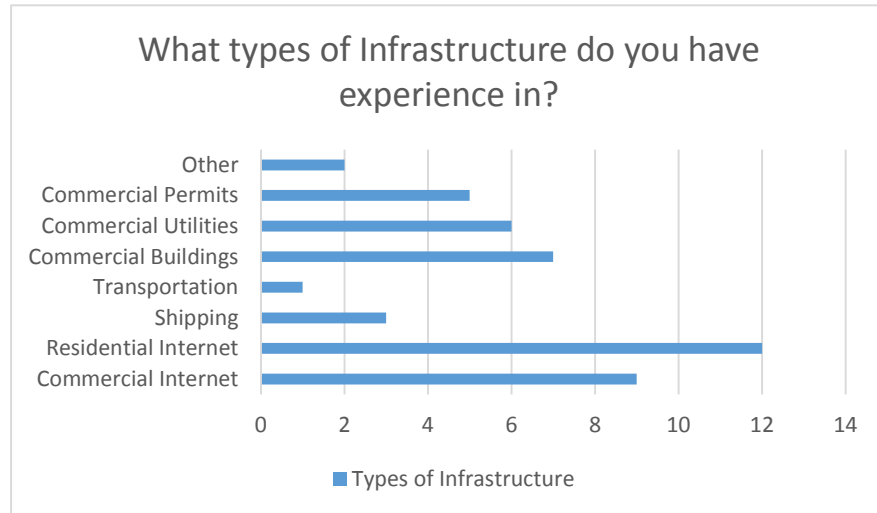
- Current state of internet in the county:
  - COS and KM no problem
  - High-speed internet in the county is lacking
  - No incentives for high speed
  - T-1 is not fast enough; PPG has its own t-3
- Options to consider:
  - Wireless 100 mg. circuit up to 10 miles
  - Problem getting antennae
  - Have to pay companies to use poles
  - Expensive to get permits to burying fiber
  - Build out costs prohibit single site installation
  - Must have line of sight for wireless
  - Run across electrical grid work, bury fiber when burying electrical
  - What is the role for government?
  - Fastest bandwidth goes through county
  - T-1 is not enough, even paying \$750/month
  - Pay per GB with Verizon or Hughes Net
  - Glass fiber is better than wireless, limitation is at the router level
  - Laws and limitations on municipalities providing internet. Territorial restrictions. Wilson, NC is being challenged in court
  - Encourage opening businesses within access of internet

- Consider a partnership with Verizon antennas in Blowing Rock; \$130mm grant from USDA for tying antennas for broadband with cable provider
- Look into shared spaces in areas with strong internet (co-working)

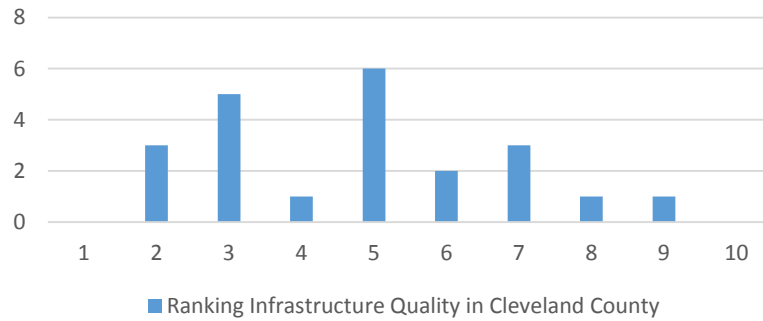
### **Commercial Space**

- Need co-working spaces to centralize solopreneurs in the towns/cities
- Necessary to coordinate with realtors, have imagination
- There is enough inventory on market, but proper location is an issue
- It's expensive to modify space to meet needs in the desired area
- Not much is 'ready to go'
- Entrepreneurs need to deal with old buildings fire suppression, HVAC, insulation, up-front costs, monthly utility expense
- Community needs to share their checklists with realtors - Realtors are the first contact many times
- USA has a package to make sure ETRs understand the processes to go through
  - Sometimes business needs 6-in water line for sprinklers, but has only a 2-inch line
  - Problem if ETR has put money into property
  - Full disclosure needed for parking requirement, extra utilities, health department permits, mechanical needs
  - Community needs to encourage and educate around ETRs
- Kings Mountain has First Step Program for permitting
  - Codes, Utilities, Main street Businesses
  - Police, Fire

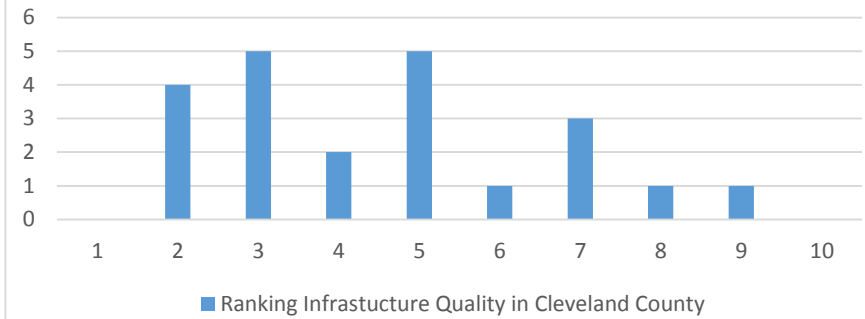
## Results from Infrastructure Survey – Conducted in December 2015



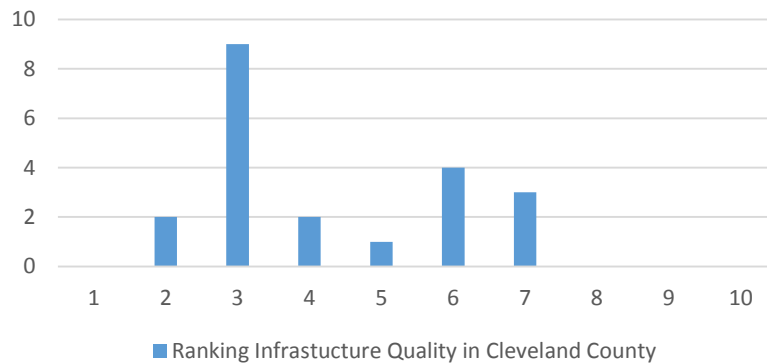
Rank the Quality of Commercial Internet  
(1 Strongest, 10 Weakest)



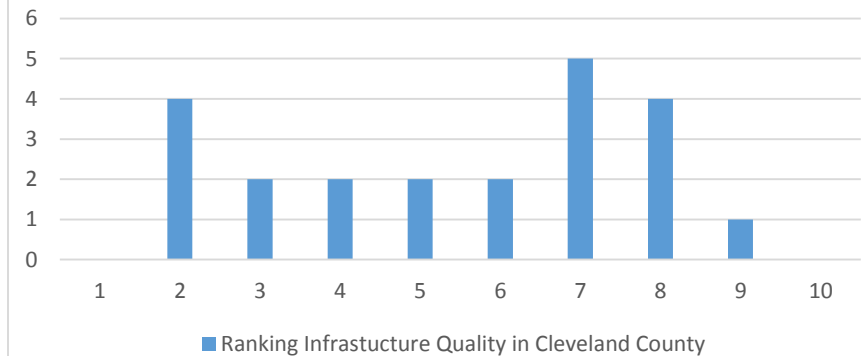
Rank the Quality of Transportation  
(1 Strongest, 10 Weakest)



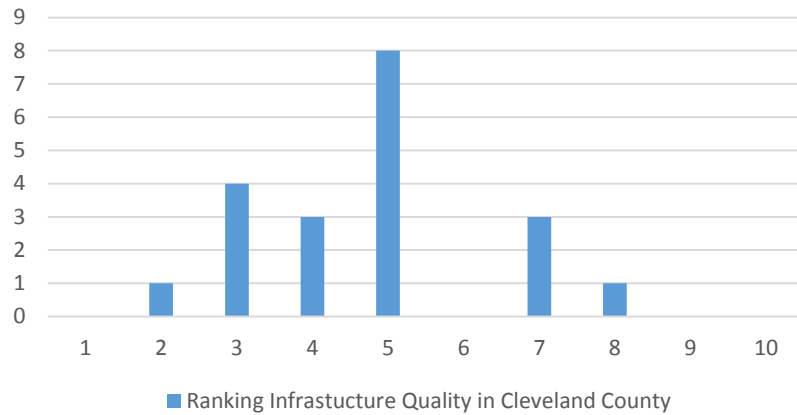
Rank the Quality of Shipping  
(1 Strongest, 10 Weakest)



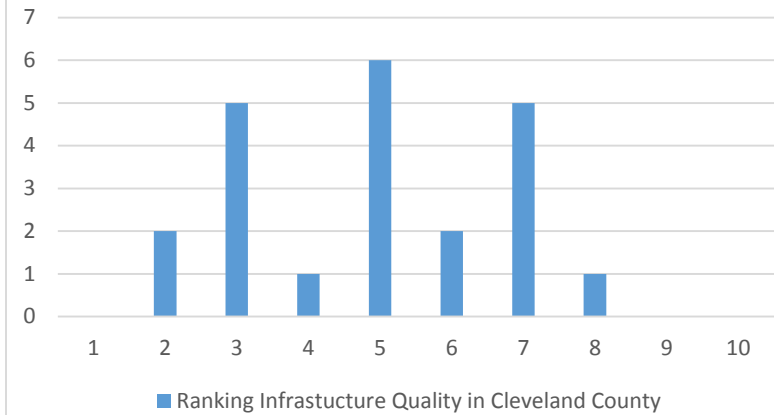
Rank the Quality of Residential Internet  
(1 Strongest, 10 Weakest)



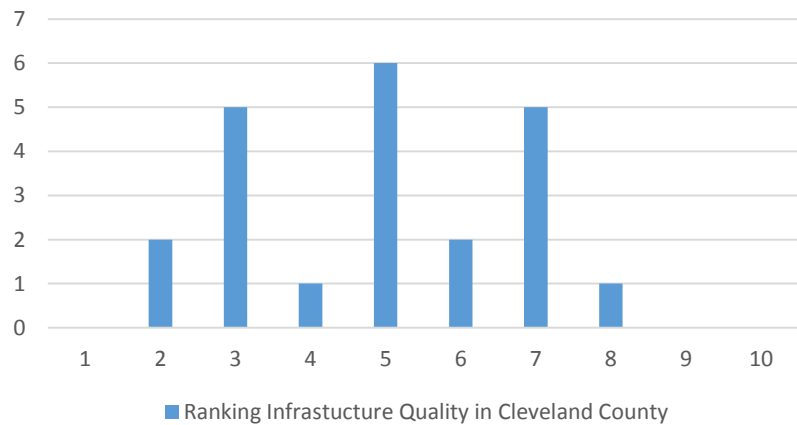
Rank the Quality of Commercial Buildings  
(1 Strongest, 10 Weakest)



Rank the Quality of Commercial Utilities  
(1 Strongest, 10 Weakest)



Rank the Quality of Commercial Permits  
(1 Strongest, 10 Weakest)



## Conclusions

### **Finding #1:**

*There exists an ample supply of resource providers within the region surrounding and including Cleveland County.*

There is, however, a distinct need for those resources to be coordinated in a more visible and accessible way. The Service Providers Network (SPN) now active in Cleveland County is addressing this opportunity to create the “No Wrong Door” culture for entrepreneurs at every stage. The Service Provider Network will work to fill the communication and awareness gaps between organizations, making the hand-off of entrepreneurs more streamlined. In addition, the Business Resource Guide will help to increase accessibility and knowledge around available resources, organizations, and points of contact.

### **Finding #2:**

*There exists an ample demand for assistance from Cleveland County businesses, across the entire spectrum of small to large companies.*

Entrepreneurs at every stage are seeking out streamlined information on local government processes and regional resources. Business owners are in need of support mechanisms which provide clear and immediate assistance, on a wide variety of subject matters. Again, the Service Provider Network and Business Resource Guide are both working to meet this need. By connecting the dots between service providers, government agencies, and tools to streamline the steps towards success, local entrepreneurs will significantly increase their odds of prosperity within Cleveland County.