



New Hampshire Small Business Ecosystem Assessment 2024

Report & Appendices



CONTENTS

04

Executive Summary

09

Building a Small Business Ecosystem

15

Ecosystem Recommendations

19

Underserved Small Businesses in New Hampshire

35

Appendix 1: Stakeholder Interviews

46

Appendix 2: Telling the Stories of NH Businesses

56

Appendix 3: International Perspective and Best US Regional Practices

72

Appendix 4: Startup Hubs and Incubators



Funded through a grant agreement with the U.S. Small Business Administration.



Supporting Small Businesses in New Hampshire

CDFA and its program partners are focused on building the capacity of New Hampshire communities to be strong, resilient, vibrant places to live, work, and play. They do this through investments in people, institutions, and systems.

Since 2013, CDFA and its regional partners have introduced programming that supports the development and expansion of very small businesses (with five or fewer employees) as a pathway to full-time employment, a living wage, and wealth-building for low- and moderate-income business owners and their families. Small businesses and microenterprises offer a pathway to wealth and asset building, particularly in New Hampshire, where home ownership is even less accessible due to very limited supply and record-high home prices.

CDFA is continuing to grow supports and access to capital for this critical segment of New Hampshire's economy through the ongoing implementation of the Community Development Block Grant Microenterprise Technical Assistance Program and, more recently, the Community Navigator Pilot Program. Alongside regional and statewide partners, CDFA aims to address challenges and break down barriers to reaching the most vulnerable and underserved community members in a meaningful way. For further details on current programming, please visit: www.nhcdfa.org

CDFA commissioned this work to give the wider community of small business stakeholders in New Hampshire a better understanding of the small business ecosystem in the Granite State. In doing so, the hope is that this will prompt new discussions and collaborations to address the challenges and leverage the opportunities highlighted in the study.

INTRODUCTION

UI Global's ecosystem assessment included a review of literature and best practices; interviews with stakeholders, community organizations, small businesses, and ecosystem service providers. All interview responses were analyzed to identify common themes, as well as strengths and opportunities for New Hampshire's small business ecosystem.

We met with 65 organizations located in different parts of the Granite State. Each has a foothold in New Hampshire's small business ecosystem and their contributions to this report have been invaluable. The authors would like to thank the 21 community organizations, 30 small businesses and fourteen small business service providers that contributed to this work.

In addition to highlighting the key takeaways from this outreach, this report also considers various aspects of the broader small business ecosystem in New Hampshire, examining many of the challenges specific to underserved business communities. We also looked beyond New Hampshire to identify and highlight the experiences and approaches of others, profiling examples of best practices elsewhere in the US and beyond. This too has provided useful lessons to help shape future policy and programing.

Some of the analysis that helped shape our recommendations is included in Appendices to this report. We have also included profiles of a selection of small businesses from different sectors located across New Hampshire. We are grateful to the founders of these businesses for agreeing to be interviewed. Their hard work and enthusiasm tell us that the spirit of entrepreneurialism is alive and well in every corner of the state.

Throughout this project, we met bi-weekly with CDFA to review progress and plan accordingly. We would like to thank the organization for its support and guidance throughout this process.

EXECUTIVE SUMMARY

Small businesses are the economic, social, and cultural soul of New Hampshire. Consider these numbers: Some 99 percent of the state's businesses are small businesses. Of those, 79 percent have one employee and 49.8% of the overall workforce is employed by a small business.

These realities and our history tell us that sound strategies for community economic development must prioritize small businesses. Those small businesses in turn produce quality jobs, generate wealth, build assets, and support upward mobility for all.

CDFA has long played a critical role in the NH small-business ecosystem by providing funding to support low- and moderate-income businesses with fewer than five employees through its Community Development Block Grant (CDBG) funded Microenterprise Program. In order to reduce the barriers that underserved entrepreneurs can face and help them access programs needed to start and grow their businesses, CDFA secured funding from the Small Business Administration (SBA) Community Navigator Pilot Program (CNPP). The program design built on years of CDFA's investment in microenterprises and deepened the work of experienced small-business and microenterprise technical-assistance providers across the state. It does so with a focus on outreach to small businesses that are owned or being started by historically vulnerable community members.

With that in mind, CDFA set out to give the wider community of small-business stakeholders in New Hampshire a better understanding of the small-business ecosystem. The result is this report, the NH Small Business Ecosystem Assessment. Ecosystem assessment for entrepreneurship has been practiced by states since 2010 and can help shape understanding, collaborations, policy, and program development.

New Hampshire's population is diversifying. This has been particularly evident within the BIPOC and Latino communities, where the rates of population increase in the last ten years have exceeded national trends. Yet, the rate of New Hampshire's business ownership in new populations is well below the national average.

By any measure, New Hampshire's current small-business ecosystem is not fully meeting the needs and opportunities of small businesses and entrepreneurs from underserved and historically marginalized communities (BIPOC, people with disabilities, immigrants and refugees, veterans, women, formerly incarcerated people, LGBTQ, and gender non-conforming people.) These communities face unique challenges navigating a system that was not developed with their needs in mind. Strengthening the ecosystem for underserved small businesses and entrepreneurs will build wealth, jobs, cultural understanding, and cross-community vibrancy. A rising tide raises all boats, in other words.

Failure to address the challenges faced by the underserved business community can have wide-ranging implications such as damaging inequality, reduced economic growth, missed economic contributions and human capital, loss of innovation and essential services. Neglecting underserved entrepreneurs hinders development of a diverse and thriving entrepreneurial ecosystem and impacts a region's reputation.

UI Global's ecosystem assessment, presented in this report, included a review of literature and best practices as well as interviews with 65 stakeholders, including community organizations, small businesses, and ecosystem service providers. This report also considers various aspects of the small-business ecosystem in New Hampshire, examining many of the challenges specific to underserved business communities. Profiles from other states and areas around the globe are presented to inform New Hampshire stakeholders of innovative models and best practices for entrepreneurship support.

Report findings include:

Understanding entrepreneurs and small-business creation

Understanding the state's ecosystem requires examining both necessity and opportunity entrepreneurs. Necessity entrepreneurs are, just as the term indicates, individuals who start a business out of necessity. They are driven by a lack of alternative employment opportunities. This may be due to economic hardship, unemployment, or a lack of access to traditional job opportunities. Necessity entrepreneurs often face unique capital constraints because their businesses often do not have the scale required to raise capital and because they don't generally have significant assets to invest. Necessity entrepreneurs feature widely in many underserved communities.

Opportunity entrepreneurs are individuals who start a business because they see a market opportunity and a way to increase their income. They develop a business and often are able to see the potential to scale. Opportunity entrepreneurs are typically better placed to access capital because of the potential for scale and because they start out with greater access to capital. Many small-business resources are designed with opportunity entrepreneurs in mind. The current ecosystem gives priority to the person choosing to become an entrepreneur, who develops an initial strategy, has resources and time to invest, and has the potential to develop and scale. Based on interviews with people from both groups of entrepreneurs, we believe that more consideration should be given to the needs of necessity entrepreneurs from underserved communities.

NH Ecosystem Challenges

There are **four small-business development stages – idea, launch, growth and sustain**. The New Hampshire ecosystem is weak in the idea-and-launch stages and has limited directed support for these activities. Programs tend to focus on the growth and sustainability stages. This is a challenge for both necessity and opportunity entrepreneurs. The ecosystem needs to make resources available for businesses at each stage of their development and must foster wider understanding of how business needs differ at each of these stages. Resources are often targeted at the growth stage with no support offered to individuals earlier in the process (e.g., those looking for support early on in order to develop an idea). In addition to meeting the needs of businesses at different stages of development, the small-business ecosystem should also provide resources to meet the different needs of entrepreneurs.

The Small Business Resource Framework shared in this report includes coaching, programming, direct technical assistance, access to capital, education, connections, and programming. CDFA and other small-business service providers should consider this framework as they work together to build an effective and sustainable small-business ecosystem. It is important to note that no one service provider needs to provide resources in each component. However, all service providers (and their clients) will benefit by giving voice to the concept that all the components are necessary for a healthy, inclusive ecosystem. If all service providers have a solid understanding of how and where to refer local businesses for needed support – even outside the provider’s region – everyone benefits.

Resources are uneven across the state: There is no “full-service” small-business development hub to provide a centralized referral system and to help set and monitor service delivery. Ecosystem challenges have not prevented the introduction of different and highly innovative small-business support initiatives. Included in the mix are unique approaches to providing capital, delivering cohort-based programs, providing coaching, and other technical assistance. However, these programs often exist in isolation.

Technical Assistance and Coaching are a focus: New Hampshire relies heavily on technical assistance and coaching as its main forms of small-business support. This prompted a mixed response in our discussions with end users. If New Hampshire is to successfully facilitate an ever-widening and more diverse community of small businesses, it will be important to continually review the current range of services, adding new forms of support as needed.

Service Provider Capacity is limited: Economic development bodies and municipalities are often gateways for entrepreneurial and small-business support. These organizations typically have broad missions and limited capacity.

Access to Capital is needed: Capital is a key resource for small-business development. Underserved businesses experience unique challenges to traditional capital.

Opportunities for strengthening the ecosystem

A key component of this report is the engagement of 65 stakeholders as a means to learn more about the ecosystem. Themes emerged across these interviews that can be seen as opportunities:

Increase understanding of all aspects of the small-business development stages among and ecosystem users and providers. Make deliberate decisions on supporting all aspects of the small-business development stages.

Increase awareness and access to the ecosystem focused on underserved communities. Make it easier to navigate into and within the ecosystem of resources and providers.

Enlist municipalities to be a part of the ecosystem. It is crucial for municipalities to be current in their understanding of the ecosystem and local providers.

Build the capacity of the organizations in the ecosystem to provide services to underserved populations.

Engage underserved businesses in developing resources, programs, training, and education.

Have opportunities for relevant mentorship. Identify and support mentors from within the diverse small-business sector so new entrepreneurs can make a trusted connection.

Understand and address the current and potential need for capital access. Understand the role of family and friends in early capital needs both in the benefits and limitations.

Recognize the importance of supporting basic life needs of underserved entrepreneurs such as transportation, childcare, housing, and healthcare.

Understand the value of social media platforms to network, engage and share information and utilize the evolving internet platforms as resources for New Hampshire small businesses and providers alike.

Finally, this report shares the stories of creative small businesses that are navigating the ecosystem.

CDFA will continue to grow support and access to capital for this critical segment of New Hampshire's economy through the ongoing implementation of the Community Development Block Grant Microenterprise Technical Assistance Program. Alongside regional and statewide partners, CDFA aims to address challenges and break down barriers to reaching the most vulnerable and underserved community members in a meaningful way and not strengthen the ecosystem.

Report Terminology

Language is both a descriptor and a powerful tool in driving socio-economic change.

Throughout this report we use the word “underserved.” This is a decision that was considered with care. This term is used for consistency; it is used in the original project brief and RFP and is currently used at the Federal level [1].

Discussion centered on the question of whether the word “underserved” - with its possible negative implications - is a useful headline. This question came up in some of the interviews done for this project, suggesting that many people working in the field are considering the appropriateness of this word choice. This is an evolving conversation. What is clear is the value of shifting focus, not just terminology, from deficits and problems to strengths and potential. By adopting this approach, recognition is given to the challenges these communities face while emphasizing their resilience, resourcefulness, and capabilities.

A selection of articles and guide notes on the subject have been referenced at the end of this report for further reading [2].

BUILDING A SMALL BUSINESS ECOSYSTEM

This report focuses on building a robust small business ecosystem. Below we present two models for CDFA and other small business support organizations to consider as they plan for the future:

1. Business Development Stages: Ensure that there are resources available for businesses at each stage of their development, and an articulated understanding of how business needs differ at each of these stages. Resources are often targeted at the growth stage with no support offered to individuals earlier in the process (e.g., those looking for support to develop an idea.)
2. Small-Business Resource Framework: In this section, we present a set of components that CDFA and other small business service providers may wish to consider as they work together to build an effective and sustainable small business ecosystem. Given New Hampshire's rural nature and other regional characteristics, it is unrealistic to expect each organization to provide resources in each component. However, they should understand: a) what services they are able to provide locally, and (b) where they should refer local businesses for support outside their region for services where there is no local capacity.

Here is summary of the different steps we employed to deliver our assessment and recommendations. This report expands on each of these steps:

- Present a pipeline of the stages of small-business development and consider the strengths and weaknesses of current service provision in New Hampshire.
- Present a small-business resource framework for evaluation and discussion. This takes into account New Hampshire's existing ecosystem.
- Highlight the systems-level components that are essential to building a robust small-business ecosystem throughout the state.
- Present a series of recommendations to help New Hampshire:
 - meet the needs of small businesses at different stages of development.
 - provide a range of statewide resources.
 - support an accessible ecosystem of service providers and organizations with adequate funding and capacity to be successful.



Business Development Stages



Here is a simple model that focuses on the different stages of how businesses develop - beginning as an idea, then launching, growing, and sustaining themselves. During our interviews with businesses and other stakeholders, several common business development themes emerged:

- The earliest stage businesses felt left behind. There was coaching for established businesses and loans and capital for those with an established track record, but little support for new and emerging businesses.
- Early-stage businesses did not know where to turn for help. They were often unaware of how to register a business, what the basic requirements are to get started, and how to access the resource ecosystem.
- There is limited-service provision for aspiring entrepreneurs from underserved communities. The existing ecosystem is heavily focused on supporting existing businesses.

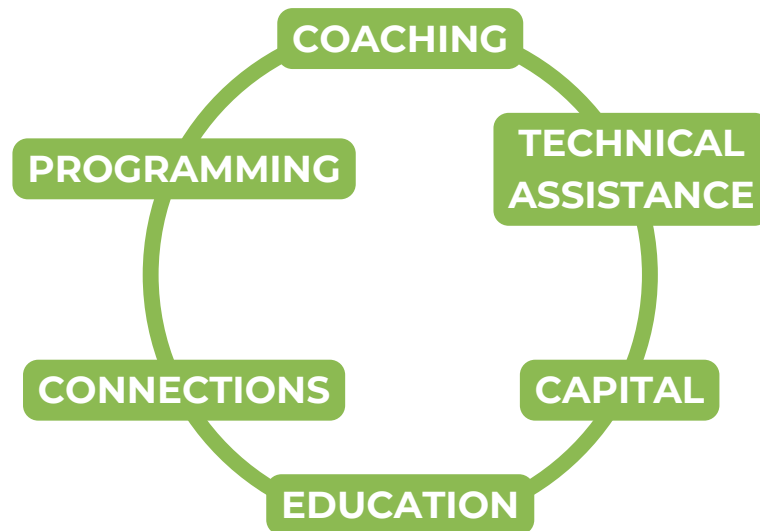
In addition to the different stages of business development, there are two general types of entrepreneurs, (though the two groups do overlap).

Necessity Entrepreneurs are largely driven by lack of alternative employment opportunities. This may be due to economic hardship, unemployment, or a lack of access to traditional job opportunities. This might also be due to difficulty finding a job, a recent layoff, lack of education or skills. Necessity entrepreneurs often face capital constraints because of their small scale and limited assets to invest. Necessity entrepreneurs feature widely in many underserved communities.

Opportunity Entrepreneurs are individuals who see a market opportunity and a way to increase their income. They develop a business to fill a market opportunity and often see the potential to scale. Opportunity entrepreneurs are typically better placed to access capital because of the potential for scale and frequent access to other assets.

Many small-businesses resources are designed with opportunity entrepreneurs in mind. The current ecosystem gives priority to those choosing to become entrepreneurs who develop an initial strategy, have resources and time to invest, and have potential to develop and scale. Based on interviews with both types of entrepreneurs, we believe that more consideration should be given to the needs of necessity entrepreneurs from underserved communities.

Small Business Resource Framework



In addition to meeting the needs of businesses at different stages of development, the small-business ecosystem should also provide resources to meet the different needs of entrepreneurs. This includes:

- **Coaching:** 1:1 coaching, such as that offered by the Small Business Development Center, where individuals provide businesses with professional guidance and advice.
- **Technical Assistance:** Provide technical support to businesses in key content areas including marketing, human resources, finance and accounting, legal, and other areas. This is often done by providing small grants that allow businesses to contract with technical assistance providers.
- **Capital:** This includes grants, loans, equity investment, and any other forms of funding that help a small business to launch and grow.
- **Education:** Workshops to educate small businesses in specific areas, such as marketing, accounting, management, leadership, and other areas.
- **Connections:** This includes small-business focused events, as well as mentorship to build networks and connections, and provide support.
- **Programming:** Usually cohort-based programs, often called incubators, accelerators, or bootcamps. These programs help small businesses receive ongoing feedback from peers, facilitators, and experts as they develop their business plan or model.

New Hampshire provides programming and resources in all of these areas. However, the availability of resources is geographically dependent. Most small-business organizations in New Hampshire are not focused on providing a full range of services or are unaware of what a robust small business ecosystem looks like. Key findings from our discussions follow:

- There is a heavy focus on 1:1 coaching and technical assistance throughout the state. Many Regional Development Corporations and other small business organizations are working with the Small Business Development Center to provide free coaching. SCORE is also available to provide coaching in some areas of the state.
- Capital is available throughout the state but is mainly focused on loans. Loans are generally not available to new businesses existing for less than five years. There are alternative capital options in some areas of the state, including the microloan program, the Regional Economic Development Center's (REDC) Kiva program, and the New Hampshire Community Loan Fund's Community Driven Economic Empowerment Program.
- The Hannah Grimes Center has developed a robust small-business ecosystem in southwestern New Hampshire. The range of services provided is unique within the state. These include a cohort-based peer learning program, workshops and education, technical assistance, and an alternative coaching model to connect small businesses with regional expertise.

System Level Ecosystem Components

Lastly, in our meetings with stakeholders, we considered the system-level components of the small-business ecosystem. These include:

- **Access and Navigation:** How small businesses learn about and access the resources available throughout the state. During interviews, we often heard about the limited knowledge that small businesses have about resources. This prompted discussions around of the need for a more streamlined system, including an easier referral system and improved communications.
- **Funding and Capacity:** The funding that service providers receive and the capacity they have to do outreach, develop resources, and offer those resources. Most organizations in New Hampshire are developing resources and seeking ways to maximize impact working with limited funds and small staffing levels.
- **Service Providers:** These are the frontline organizations providing resources to small businesses. This group also includes those focused specifically on underserved businesses. The service provider ecosystem in New Hampshire is heavily represented by economic development organizations, or Regional Development Corporations. It also includes Hannah Grimes, Center for Women and Enterprise, the Small Business Development Center, SCORE, and other organizations.
- **Knowledge and Best Practices:** The knowledge that service providers have about contributing to a small-business ecosystem and developing resources to best serve small businesses. We found that many organizations were providing essential services to their region. However, due to broad missions and limited capacity, they were often unable to develop plans to do more to build a robust small business support ecosystem or to conduct needed outreach to better understand local small business needs.
- **Leadership:** Visionary leadership is vital to the development of effective small business support programs. This is especially true in a rural state. It is a complex landscape involving sharing resources and increasing collaboration, allocating needed funding, and creating a central place for small businesses to access information about available resources.



STAKEHOLDER INTERVIEWS

UI Global conducted a comprehensive series of 65 interviews, completed either on a one-on-one basis or with a small group of organization representatives. The goal of the interviews was to engage with diverse stakeholders such as community organizations, small-business service providers, and small businesses and microenterprises. Interview questions were tailored for each distinct group, with a primary focus on gathering insights into the prevailing small business ecosystem in New Hampshire. The interviews focused on understanding the ecosystem's strengths and weaknesses, identifying valuable resources, uncovering existing barriers, and gaining an understanding of the experiences of underserved audiences as they navigate and utilize the current ecosystem.

In acknowledgment of the valuable time contributed by the interviewees, stipends were provided to eligible entities and individuals to ensure that time was not a barrier to participation.

The entities that were interviewed, questions asked, and key themes can be found in Appendix 1.



ECOSYSTEM RECOMMENDATIONS

Access to Capital

Access to capital is a common need in all small business and entrepreneurial ecosystems. Most business owners - new and established - believe their idea is good and merits investment or financial support. However, new businesses are high risk. Understandably, banks and other funders are hesitant to finance new businesses when there is a strong possibility they will not be repaid.

Key themes to recognize:

- Most new businesses are often looking for small amounts of funding to purchase equipment and manage initial business expenses.
- Many existing loan funds are mainly focused on providing higher levels of capital. Small loans do not provide a return that justifies the associated administrative costs.
- Many underserved businesses may have a poor credit history, no credit history, and limited assets or collateral. This makes lending challenging.
- Most businesses depend on informal capital networks for funding - this includes friends, family, or an agreement with the previous business owner for a loan at the time of purchase.

Programs to Consider

There are several existing programs that New Hampshire may wish to consider implementing in the state. Others do exist and may have the potential to be scaled:

- **Regional Economic Development Corporation's Kiva Program:** Kiva, a US-based international program, addresses several of the challenges highlighted above. It provides small loans, combines informal funding from family and friends with more formal loans, and uses alternative methods to establish the credit worthiness of a business. It is accessible to those with poor or limited credit history.
- **Microgrant Program:** Small-business service providers talked about the benefit of the CDFA's changes to the microenterprise program, allowing them to award microgrants to small businesses. This change has been widely and warmly welcomed. We recommend that the CDFA continue the program and explore the possibility of expanding to areas not currently served. Small amounts of equity-free capital are critical to small businesses.

- **Equity Crowd Funding:** Several New Hampshire small businesses have leveraged equity crowdfunding. Promoting this fundraising approach would add to the state’s funding ecosystem and make larger amounts of funding available compared to Kiva or other crowdfunding programs (but still below the scale of many other types of loans). Like Kiva, equity crowdfunding allows investors to balance risk by making smaller investments. It also allows businesses to connect with their community.
- **Equity Funds:** Traditional equity funding is often seen to be targeted toward high growth-oriented businesses. However, several states, including Vermont, are using State Small Business Credit Initiative (SSBCI) funds to invest in state-focused equity funds. As part of this funding, they are requiring that a portion be invested in “underserved businesses.” Although they are applying a broad definition of underserved, this is a potential asset to engage underserved small businesses in equity funding and help build out capital options in New Hampshire.
- **Community Driven Economic Empowerment:** This pilot program by the New Hampshire Community Loan Fund, NAACP, and other partners has yet to be evaluated. However, it is a unique approach that could be implemented in other parts of the state if successful. Additionally, CDFA could leverage microgrants to develop a similar program statewide. The program is pairing small amounts of capital with technical assistance and coaching to ensure underserved businesses receive a full suite of services.

Cohort-Based Programs

New Hampshire’s small-business ecosystem is currently focused on coaching, provided through the Small Business Development Center, SCORE, and other service providers. Hannah Grimes currently runs one of the state’s few cohort-based programs through their incubator and Food Lab.

The following cohort-based programs provide several benefits not found in the existing coaching structure and address many of the challenges identified through business interviews. They provide important information to businesses, but also build ongoing connections to peer businesses. There are many existing curriculum and programs that could be adopted. They include:

- **Co.Starters:** A national organization that develops curriculum and ecosystem resources for small businesses. Their core initiative is a 10-week facilitated program focused on providing small businesses with content, feedback, and peer learning to launch and grow. Many communities throughout the country have adopted Co.Starters as a model to work with underserved businesses. River Valley Community College has completed several cohorts of Co.Starters.
- **E for All:** Partners with communities throughout the nation to provide programming to underserved entrepreneurs. One of their core programs is an intensive 1-year Accelerator, which offers business training, mentorship, and access to a professional network.

Mentorship and Connections

Many businesses and community organizations talked about feeling disconnected from other small business owners. Businesses often said that they wanted feedback and guidance from other business owners and advisors that understood them, their community, and their business. Many businesses felt that current coaching resources were not designed for their business. Funders often overlook the importance of mentorship because it can lack structure and its impact can be difficult to measure. There are several ways to increase connections and mentorship. Several initiatives already exist in New Hampshire:

- **Business Alliance for People of Color (BAPOC):** This organization is just beginning to grow in the state and currently has a limited geographic focus. However, several small business leaders mentioned the positive impact it had on them in helping build connections to other small businesses identifying as BIPOC entities. With additional funding and increased capacity, BAPOC could expand the programming it presently offers and its geographic reach throughout New Hampshire.
- **Mentor Program:** Mentor programs employ a range of approaches, from structure meetings - software that manages agendas and events - to programs that more informally facilitate connections. States and small-business organizations throughout the country have developed mentorship programs for underserved entrepreneurs. There are many current BIPOC-focused programs that recognize the importance of connecting small businesses to others that understand their business and the challenges they face.

Ecosystem Access and Navigation

One of the most common challenges that businesses cited was lacking knowledge about what resources were available and where to go for support. Additionally, several service providers discussed how New Hampshire is unique in that it does not have a centralized location for business intake, resources, and signposting. There are now many models and programs available to increase ecosystem access, both at state and regional levels:

- **Startup Space:** Develops software that provides intake, information, measurement, and management for small-business ecosystems. It allows organizations to streamline their small-business intake process and how they provide virtual resources and education.
- **EcoMap:** Similar to Startup Space, Ecomap helps organizations create a one-stop shop for business intake and information. It helps to map and visual resources, measure engagement, and assess organizational impact.
- **State of Maine:** Many organizations pointed to the work other states have done to streamline the intake process for business and provide information. Maine works with its Small Business Development Center to develop intake resources and information designed to meet the needs of new businesses.

Community and Environmental Barriers

Various structural barriers to economic development, employment, and enterprise creation were referenced in many discussions:

- Housing availability - especially affordable housing - was generally flagged across the state. Up for Growth tells us that New Hampshire needs 31,000 additional housing units [54].
- Transportation was also mentioned as a challenge, particularly in the more remote areas and especially in the southwest and Upper Valley. Applying one measure of state funding for general public transit operations, New Hampshire severely lags behind the other New England states.
- Another drag on employment and business development mentioned often in the discussions is the availability of reliable and affordable childcare.

It is important to acknowledge that even the best small-business support service is not enough on its own to guarantee a healthy ecosystem. There are many other factors at play including the factors highlighted above. While it is important to acknowledge these obstacles to growth, they continue to be widely discussed and there is much informed analysis readily available elsewhere for review. These issues are therefore not addressed in this report.



UNDERSERVED SMALL BUSINESSES IN NH

Small businesses are the backbone of the New Hampshire economy. They number 136,506 and account for:

- 98.9 % of all businesses
- 49.2% of total employment in the state
- The bulk of all new job creation[3]

Importantly, in New Hampshire:

- Women represent 47.6 percent of workers/own 39.6 percent of businesses.
- Racial minorities represent 6.5 percent of workers/own 4.0 percent of businesses [4].
- Hispanics represent 3.4 percent of workers/own 2.3 percent of businesses.
- Veterans comprise 5.5 percent of workers and own 8.9 percent of businesses [5].

Here is how these figures compare with the US as a whole:

Category of Business Ownership	% in New Hampshire	% in USA
Women	39.6	43.4
Racial Minorities	4.0	20.4
Hispanic	2.3	14.5
Veteran	8.9	6.1

- Women ownership is marginally below the US average; Veteran ownership is higher.
- Hispanic and Racial Minorities business ownership levels are considerably below national levels. This is explained in large part by historical population demographics (a feature that is changing significantly in NH – see below). It may also be explained by differences or gaps in service provision to these communities compared with practices elsewhere.

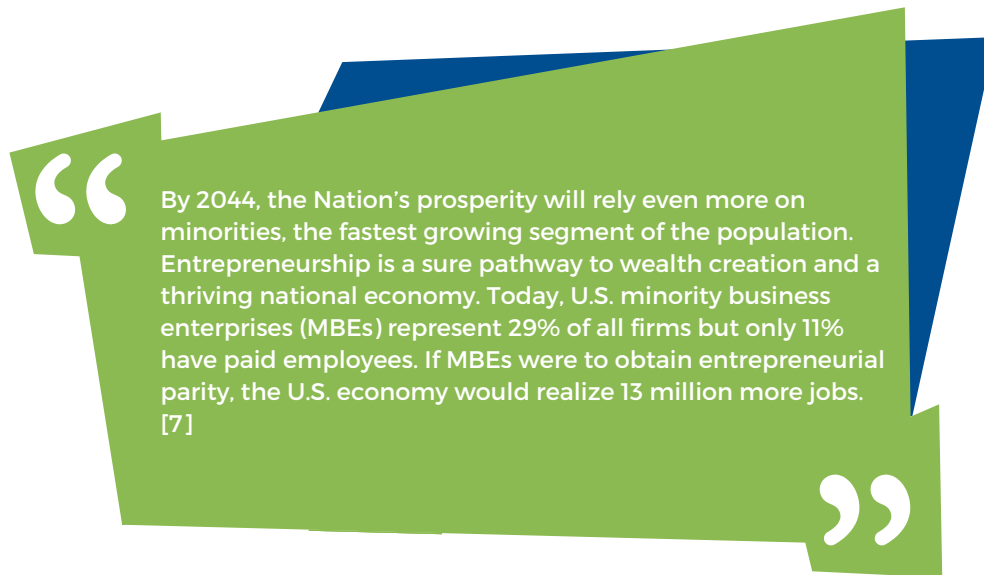
“

Small businesses and microenterprises offer a pathway to wealth and asset building, particularly in New Hampshire, where home ownership is even less accessible due to very limited supply and record-high home prices. Independent research validates both poverty reduction and increases in family wealth through micro-entrepreneurship. [6]

”

Demographics and Entrepreneurship

In providing context for this review and by way of reenforcing the need for a planned response to the challenges facing the underserved business community in New Hampshire, the US Census Bureau recently reported that:



In the following sections we:

- Dig deeper into underserved community demographics, nationally and locally.
- Consider specific underserved groups and why they are a cornerstone of the economy.
- Discuss the socio-economic costs of failing to address underserved business challenges.

New Hampshire Demographic Trends

New Hampshire mirrors national trends in that the fastest growing populations are minorities. However, the total population of the state grew more slowly (13%) between 2000 and 2022 than the nation as a whole (18%), and the number of people identifying as White increased very slowly (3%) compared to that of the U.S. (19%). During the same period, NH’s racial and ethnic minorities witnessed increases ranging from 110%-210%. The Hispanic/Latino and Asian communities were the fastest growing.

New Hampshire population change, 2000-2022 by race and ethnicity [8]

Race/Ethnicity	2000 NH	2022 NH	% Change NH	% Change US
Total	1,235,786	1,395,231	13%	18%
White	1,186,851	1,221,437	3%	19%
Hispanic or Latino	20,489	63,497	210%	80%
Asian	15,931	36,649	130%	105%
Two or more races	13,214	90,680	586%	48%
Black	9,035	19,004	110%	31%
American Indian or Alaska Native	2,964	1,697	-43%	77%
Native Hawaiian and other Pacific Islander	371	848	129%	120%

New Hampshire population change, 2000-2022 by age

NH aged at a greater rate (17%) than the US (10%).

Looking at another important population characteristic over the same period: NH aged at a faster rate (17%) than the US (10%). The result was that the respective median age reached 43.3 in NH in 2022 compared to 39 in 2000[9]. This has important consequences for local economies, with a “silver tsunami” of older people, expected to retire[10]. Many are small-business owners, and it is estimated that around 37% nationally are considering selling their enterprises[11].

Underserved Businesses are an Economic Driver

In this section we comment briefly on some of the features of underserved communities: Immigrants, BIPOC, Women, LGBTQ+, and Veterans.

Immigrants

- The US Census 2007 and 2012 Survey of Business Owners (SBO) found that immigrants formed about 25% of new businesses in the United States, with rates surpassing 40% in some states. Immigrants are also 10% more likely to own their own business than U.S. natives.”[12]

“

US's economic success story would not exist (were it not for) immigrant entrepreneurs with a range of backgrounds and skill levels who were willing to launch their business ideas here [12].

”

- “Overall, the findings suggest that immigrants appear to “create jobs” (expand labor demand) more than they “take jobs” (expand labor supply) in the US economy. Immigrants appear highly entrepreneurial. Specifically, there are more immigrant-founded firms, per immigrant in the population, at each employment size. Findings suggest that immigrant-founders are not only substantial job creators but also do not appear to create lower paying jobs.” [13]

BIPOC

The BIPOC population in New Hampshire is growing as a proportion of the population as a whole. In turn, the number of businesses in this underserved category are growing [14]:

- Just over 10% (10.4%) of the population in New Hampshire is Black, Indigenous, and People of Color (BIPOC), according to the US Census data collected from 2016-2020; 89.6% of the population is White [15]
- The percentage of people who are BIPOC increased over 3% in the past 10 years. Just under 5% (4.7%) of the population is Hispanic, according to the 2016-2020 estimates.
- The percentage of people in the State who are Hispanic increased almost 2% in the past 10 years.
- The BIPOC and Hispanic populations (approximately 141,000 and 63,000 people, respectively) live all around New Hampshire. For example, 4.5% of people in Carroll County and 16.3% of people in Hillsborough County are BIPOC.
- Mirroring these trends, the percentage of minority owned businesses increased from 3.5 % to 4.0% between 2011 and 2021 [16].

Entrepreneurs and business owners of color continue to face significant hurdles starting, sustaining, and scaling new businesses across the US. This is reflected in recent sample data [17]:

- The proportion of US venture capital funding given to startups with at least one Black founder has fluctuated between 0.8% and 1.3% since 2017 (Crunchbase).
- In 2021, 70% of white-owned firms received the total amount of PPP funding they applied for, compared to just 55% of Asian-owned firms, 44% of Hispanic-owned firms, and 31% of Black-owned firms (Small Business Credit Survey).

The interviews for this study confirm that the challenges faced by the BIPOC small business community nationally are shared by fellow business owners in New Hampshire.

Women

The annual Biz2Credit Women-Owned Business Study [18] reported that in 2022:

- Nationally, women-owned small-to-midsize businesses had higher earnings growth (27% increase) than male-owned firms (22%).
- Year-on-year comparisons showed an increase in overall annual revenue of 2% and a decline in operating expenses of 3%.
- According to the US Census, women-owned businesses had an estimated \$1.9 trillion in receipts, 10.9 million employees, and \$432.1 billion in annual payroll.

According to the Kauffman Foundation, the Granite State has the second-highest rate of female entrepreneurship in the country[19], with 240 women-owned businesses for every 1,000 women residents. However, women continue to face significant hurdles when developing their business. Here are some of the key challenges highlighted in discussions and findings:

- Accessing funding and capital: Reasons cited include unconscious biases and dated stereotypes about women's capacity to lead. This disproportionately impacts women from historically underserved backgrounds who face additional layers of exclusion from traditional lending.
- Earnings: Women are paid less than their male counterparts with an 18 percent gender pay gap in New Hampshire. Viewed another way, women earn 82 cents for every dollar a man earns. Lower earnings impact on credit worthiness and the many other considerations that shape traditional lending.
- Balancing work & family responsibilities: unpaid household work still falls predominantly to women. A more equitable entrepreneurial environment will call for a more equitable distribution of household responsibilities.
- Childcare: is a responsibility often assumed by women and much needs to be done nationally and locally to deliver affordable and reliable childcare services.

National data show that entrepreneurship accelerated during COVID-19, when more people, including women, became unemployed or began to work remotely. This often prompted a re-evaluation of the work-life balance, a trend that may have been reflected in a gender shift in clients reported by New Hampshire's Small Business Development Centers. In 2020, 52.8% clients identified as male and 49.5% as female. In 2022 and 2023 (figures to date), the balance shifted to 54% female and 46% male.

While the Center for Women & Enterprise in NH has no hard data on women entrepreneurs, Director Chandra Reber reports that during the pandemic the number of women clients almost doubled. While enquiry levels have since fallen off, the numbers are still slightly higher than pre pandemic. Reber also reports an upswing in the number of certifications of woman-owned businesses in the public and private sectors.

Another feature of this group in New Hampshire is that a large portion of women entrepreneurs live in rural areas and locations where it can be “difficult to find rewarding employment opportunities” [20].

LGBTQ+

In New Hampshire:

- In 2020, approximately 59,000 people over 13 years of age identified as LGBTQ.
- This included some 4.7% of the State’s population over 18 years of age.
- Approximately 5% of the workforce identifies as LGBTQ, including 35,000 workers [20].

Nationally, a survey conducted by the Federal Reserve in 2021 reported that:

- LGBTQ small businesses [employer firms] were more likely to also be women-owned and immigrant-owned, compared to non-LGBTQ businesses.
- More LGBTQ-owned firms were also majority-owned by women (34% of LGBTQ firms vs. 20% of non-LGBTQ firms) and majority-owned by immigrants (21% vs. 15%).
- More LGBTQ businesses were negatively financially impacted by the COVID-19 pandemic: 61% of LGBTQ firms reported financial losses in 2020, compared to 48% of non-LGBTQ firms. This disparity continued into 2021, with 85% of LGBTQ firms reporting that the pandemic was having a negative impact on their business at the time of the survey, compared to 76% of non-LGBTQ firms.



Other recent reports similarly highlight the economic importance of the LBGTQ+ community:

- In an analysis conducted by Witeck Communications [21], it was estimated that the combined buying power of the U.S. lesbian, gay, bisexual, and transgender (LGBT) adult population for 2015 was approximately USD917 billion.
- A 2019 LGBTQ Consumer Products Survey [22] [including men, women, and racial minorities] reported that:
 - 76% LGBTQ consumers agreed that the brands they buy tend to be openly supportive of the LGBTQ community.
 - 79% agreed they would pay a premium for products sold by an LGBTQ-friendly company.

LGBTQ-owned small businesses contribute to the larger economy. They are also essential for a thriving LGBTQ community. They:

- Create local jobs and provide needed goods and services.
- Provide spaces for LGBTQ people to gather, socialize, organize, and provide important visibility for the community.

On a less positive note, despite their significant contributions to communities across the US, LGBTQ+ businesses are underserved and more likely to face difficulties accessing financing and emergency assistance [23].

The combination of strong purchasing power and an LBGTQ+ consumer commitment to supporting LGBTQ+ friendly products are hallmarks of a robust business sector and an important economic pillar. The National LGBT Chamber of Commerce (the largest advocacy organization dedicated to expanding economic opportunities and advancements for LGBTQ people) has highlighted the importance of supporting the community:

“

By supporting and promoting LGBTQ+–owned businesses, governments and trade organizations can foster entrepreneurship, help these businesses thrive economically while also contributing to socioeconomic progress, reduce unemployment rates, and contribute to the overall economic development of a community, city, state, and country as a whole.” [24]

”

Veterans

In terms of economic impact:

- 2021 data shows veterans owning more than 1.9 million businesses or around 9.1% of all U.S. businesses and employing almost 5.8 million people.[25]
- Veteran-owned businesses are typically owned by an older demographic.
- Numbers are decreasing:
 - Between 2014 to 2020, veteran ownership declined from 11% of businesses to 8.1% of businesses.

Over the same period, the composition of veterans was shifting toward women and minority groups [26]. This has important implications for policy makers and business service providers:

- Overall, millennial veterans tend to be more diverse than past generations.
- This is also true for millennial veteran entrepreneurs:
 - 9.6% of millennial veteran entrepreneurs are Black - 6.7% of older veteran entrepreneurs are Black.
 - 13.2% of millennial veteran entrepreneurs are Hispanic - only 4.6% of older veteran entrepreneurs are Hispanic.
 - Other racial minorities (i.e., American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islanders, another race, or two or more races) now make up 6.4% of the veteran entrepreneur population. Only 3.3% of older veteran entrepreneurs come into this category.
 - Women similarly represent a larger share of millennial veteran entrepreneurs. Nearly 15% of millennial veteran entrepreneurs are women, compared to 5% of older generations.
 - Compared to their non-veteran peers, millennial veteran entrepreneurs are more likely to have a disability. Nearly 13% of millennial veteran entrepreneurs report a disability versus under 5% of their non-veteran peers.

While veterans bring a unique set of skills and experiences to the entrepreneurial landscape [27] they often face significant business challenges. Reported obstacles include [28]: access to capital, gaining a foothold in competitive markets, and navigating complex regulatory landscapes.

In response to the unique needs of the sector, in March this year the U.S. Small Business Administration announced \$3.5 million in grant awards to support outreach organizations focused on veteran-owned small businesses. The grants provide funding to create new Veterans Business Outreach Centers (VBOCs) and will strengthen training and counseling services for aspiring and existing veteran and military spouse small business owners.

With more diversity among the next generation of veteran entrepreneurs, it will become increasingly important to understand if current methods of encouraging and supporting veteran entrepreneurship are still relevant. Policymakers may need to reconsider their strategies for targeting potential millennial veteran entrepreneurs, and tailor support for specific groups, especially women, Black, and Hispanic, [and disabled] millennial veterans [29].

Common Barriers to Underserved Small Businesses

The New Economy Initiative has highlighted some of the more significant barriers to underserved businesses [30]. The list that the NEI created mirrors many of those highlighted and discussed elsewhere in this report, including:

- Limited access to private capital and commercial bank support
- Little or no family investment or network-based investment
- Inability to access public dollars (such as SBA loans)
- Higher insurance costs
- Public safety concerns and underinvested infrastructure
- Lack of a professional network
- Workforce challenges

“

A lot of the people who take advantage of these resources either know other business owners or are already looped into the entrepreneurial ecosystem of NH. People who are in the less developed areas of New Hampshire, they don't receive as much outreach. A lot of people that I've encountered just have no idea that these organizations even exist and are a resource.
-Interview respondent

”

The Socioeconomic Costs of Failing to Act

In recent years, the economic and social costs of underserved communities in the US have been the subject of much research. One example - the economic mapping work by ESRI [31] in 2022 - serves to illustrate some of the basic life disparities between underserved and other communities across the country:

Social, Economic and Health Outcomes of Residing in Disadvantaged Communities [32]

Measure	Disadvantaged Communities	Not Disadvantaged Communities
Average life expectancy (years)	69.5	72.5
Population below poverty line	24.4%	9.1%
Linguistic isolation	11.9%	2.35%
Coronary heart disease among adults	17.3%	11.5%
Diagnosed diabetes among adults	33.9%	19.6%
Median home value	\$176,953	\$314,993

While underserved communities have been getting more attention from advocates and policy makers alike there has been much less discussion historically about the implications of these disparities for the underserved business community.

Happily, this situation has been changing and today there is a growing body of work exploring sector challenges and potential. In Appendix 3 - International Perspectives and Best US Regional Practices - we look at examples of this work and highlight key takeaways and possible lessons for New Hampshire.

On the subject of definition, most underserved community commentators agree on the basics. The New Economy Initiative [33] offers a helpful definition: a historically neglected community that has failed to receive the same economic opportunities as their preferential counterparts. Because of systemic neglect, racism, and structural barriers, underserved communities typically have more residents with low incomes, more women, and more people of color. The NEI goes on to describe underserved entrepreneurs as those who do not receive economic opportunities in proportion to their availability and qualifications.

Compared to other states, New Hampshire has a high median household income and a low official poverty rate. That said, nearly 100,000 Granite Staters live in poverty. In 2021, over one in four households in the State had less than \$50,000 per year in income, and more than one in six had less than \$35,000. Estimates of living costs in New Hampshire suggest many households are not able to make ends meet, with incomes often too limited to be able to afford the combined costs of housing, childcare, transportation, and other necessities [34]. Two observations:

- Despite NH's low ranking in the national poverty league, poverty continues to exist at an unacceptable level for a modern and aspirational state.
- Recent population trends and demographic forecasts suggest that key components of NH's underserved community will continue to grow over the coming decade.

Defining the Underserved Business Community

The following factors help to define the underserved and underinvested business community:

- Location can be important: businesses located in a remote or economically disadvantaged region may face unique challenges compared to other businesses.
- Demographics: some groups face barriers accessing service support. These barriers can vary from group to group. By way of example - though there are often areas of overlap - the challenges facing the New American are largely different from those facing the rural entrepreneur.
- Capital Availability: Businesses that struggle to secure capital, including loans, grants, and investment. This could apply to businesses with limited credit history or poor access to financial institutions. Microbusinesses owned by people of color are less likely to have an existing relationship with a commercial bank and this is reflected in lending: of the \$20.8 billion loaned through the Small Business Administration's 7(a) program in 2019, 32% went to minority owned businesses, yet only 6% was loaned to Latino - or Hispanic-owned businesses and only 3% to Black-owned businesses. Many underrepresented entrepreneurs struggle to secure loans or investments to start or grow their businesses. This significantly hinders their ability to compete in the market.

- Technical assistance: knowledge of/and availability
- Business Activity: some business sectors are considered to offer more growth potential than others.
- Market Access: might be defined by geography. Might also be defined by potential client access.
- Language and cultural barriers
- Networking Capabilities: Strong networks are pivotal to sustainability and growth.
- Technology Resources: businesses lacking access to mainstream technology platforms and resources (e.g. hi-speed internet) will struggle in a digital economy.

Underserved Businesses and the Opportunity Cost - The Broad Context

The costs of not addressing the challenges faced by the underserved business community can have wide-ranging economic, social, and ethical implications. Here are some of the key costs associated with neglecting or not adequately supporting underserved businesses:

- Economic Inequality: Income and wealth inequality widens when communities are left underserved.
- Reduced Economic Growth: Neglecting underserved businesses can limit overall economic growth. These businesses may have untapped potential to contribute to job creation, local economic development, and increased tax revenues. JP Morgan Chase and ICIC studied the impact of small businesses in 10 cities in 2019. In all 10 cities, small businesses were creating most of the jobs in the city overall as well as in distressed inner-city neighborhoods. In 7 of the cities studied, the importance of small businesses as a source of jobs was greater in distressed inner-city neighborhoods than in the city overall [35].
- Missed Economic Contributions: Underserved communities are a significant and growing portion of the population in NH. By not helping these businesses maximize their potential, the community may miss the economic benefits.
- Loss of Innovation: Innovation thrives in diverse and inclusive environments.
- Decreased Access to Essential Services: Underserved businesses may provide essential services and products to their communities. Neglecting them can affect the overall quality of life for residents.
- Limited Entrepreneurial Ecosystem: Neglecting underserved entrepreneurs can hinder the development of a diverse and thriving entrepreneurial ecosystem.
- Negative Reputation: Failing to provide a welcoming environment for all can harm a region's reputation and make it less attractive to individuals, investors, and potential businesses. In a twist on this scenario, during the course of our work we heard anecdotally of people leaving the seacoast area in NH and returning to Boston because of community tensions.

- **Wasted Human Capital:** Underserved individuals may possess valuable skills and talents that go untapped.
- **Social Tensions:** Economic disparities and lack of opportunities can lead to social unrest and tensions within communities.
- **Ethical and Social Responsibility:** Equal opportunities and equality of support are generally considered hallmarks of a healthy, dynamic, and balanced community.

Racism has historically restrained Black economic progress and it is a pattern that continues today. The benefits of the post-World War II GI Bill, which fueled postwar growth, were largely denied to Black people. “Redlining,” a Federal Housing Administration policy that refused to insure mortgages in Black neighborhoods, shut Black Americans out of one of the most common avenues for accumulating wealth, home ownership. These factors have all played a role in a persistent Black-White wealth gap. In 2019, the McKinsey Institute for Black Economic Mobility [36] reported that the average Black family’s wealth stood at \$24,100, about an eighth of what the average White family possessed [37].



In September 2020, Citi Bank also produced a series of “cost estimates” in its report, Closing the Racial Inequality Gaps [39]. Their work showed that if four key racial gaps for Blacks (wages, education, housing, and investment):

- had been closed 20 years ago: \$16 trillion could have been added to the U.S. economy.
- had been closed in 2020: \$5 trillion could have been added to the U.S. GDP between 2020 and 2025 [40].

Citi’s estimate of the cost of not addressing the racial gaps between blacks and whites over the past 20 years [41] was further broken down as follows:

- Closing the Black wage gap could have added \$2.7 trillion in income available for consumption or investment.
- Improving access to housing credit might have added an additional 770,000 Black homeowners, adding \$218 billion in sales and expenditures.
- Facilitating easy access to higher education for Black students could have increased lifetime incomes \$90-\$113 billion.
- Providing fair and equitable lending to Black entrepreneurs might have resulted in the creation of an additional \$13 trillion in business revenue and potentially created 6.1 million jobs per year.

The Citi report also found that Black entrepreneurs suffer not from a lack of vision, but a lack of funding along every point in the investment cycle [42].

The McKinsey Institute for Black Economic Mobility [43] confirmed many of Citi's findings when they examined black owned businesses in their 2021 study, "The economic state of Black America: What is and what could be." [44]. They reported that:

- Black-owned businesses are fewer in number and smaller in size than their peers. The US Census Bureau's Annual Business Survey identified some 124,000 Black-owned businesses with more than one worker - which means that they constitute only 2 percent of the nation's total, far below the 13 percent Black share of the US population.
- The absence of Black-owned businesses is particularly evident in new emerging industry sectors. In 2021 McKinsey reported only 1,242 Black-owned information technology businesses (versus 68,569 non-Black-owned businesses). As the industry continues to grow rapidly and transform other parts of the economy, the presence of Black tech entrepreneurs will be critical to ensuring that the information ecosystems and digital tools of the future are inclusive.
- The vast majority (96 percent) of all Black-owned businesses are sole proprietorships; that figure is only 80 percent for non-Black-owned businesses. However, the McKinsey analysis focuses on the representation and growth of Black-owned employer businesses—and even for them, scaling up remains a challenge.
- In a parity scenario, Black-owned businesses would generate \$1.6 trillion more than they do today (2021 analysis).
- A number of initiatives could further unleash Black entrepreneurship. Supporting Black-owned businesses can have broader ripple effects; these enterprises are often employers for Black workers and forces for community development in their neighborhoods. There is urgency to act, since many Black-owned businesses had precarious finances before the pandemic and were hit hard by closures in 2020. The McKinsey Institute for Black Economic Mobility recommends:
 - Large organizations can drive change through the reach of their supply chains.
 - Alternative sources of capital can step into some of the funding gaps.
 - Programs could also be targeted in industries with large numbers of Black workers (since entrepreneurs often start businesses in the industries where they have experience).

In his book, "Black Tax: The Cost of Being Black in America," [45] author Shawn Rochester reports how even well-meaning white Americans can have high levels of antiblack bias. The economic impact of this bias (both past and present) is "the single biggest driver of almost all socio-economic problems faced by African Americans," costing more than 6 million jobs and 1.4 million businesses, Rochester says.

Changing Demographics & Looking Forward

Statistical evidence and our discussions in the field show that the BIPOC population in New Hampshire faces many of the same barriers as peer groups across the country.

National changes in the demographic landscape are also happening locally. The BIPOC community now represents 10% of NH's total population, an increase of over 3% in the past 10 years. This trend is expected to continue. In another reflection of national trends, changes are also happening outside the metro regions. The BIPOC and Hispanic populations (approximately 141,000 and 63,000 people, respectively) live all around New Hampshire [46] [47].

The socio-economic costs directly attributable to the gap between BIPOC and White are substantial and impact negatively on the health and well-being of our communities. By working together to build a robust small business ecosystem that has the capacity to support an increasingly diverse population base, CDFA and its partners will be helping to close this gap and strengthening communities throughout New Hampshire.

Appendix 1

Stakeholder Interviews

The purpose of the following section is to provide an overview of the information that was collected. We have taken the following approach to provide the information:

- Community Organizations and Small Business Service providers that were interviewed are listed. We provide general demographic information on the small businesses that were interviewed, but do not identify them with individual responses in order to protect their confidentiality.
- We report the questions that were asked during each interview.
- We share key themes that were identified within each interview group. There are many common themes between groups, so themes may be shared multiple times.

21

Community Organizations

Nonprofit, social service, and community organizations that work with and are connected to diverse communities in New Hampshire. They shared their insights on the small business ecosystem, what they see as strengths and weaknesses, and the resources that are most important to small businesses in their communities.

30

Small Businesses and Microenterprises

These responses provided direct input from those starting and growing businesses in New Hampshire. They told their stories, talked about their success and the challenges they faced, and discussed resources used and other resources that would have been beneficial to them.

14

Small Business Service Providers

These organizations are currently providing services of some type to small businesses. Services could take the form of loans and other capital options, 1:1 coaching, technical assistance, and other programs. Our goal was to understand what they currently provide, how they work with diverse audiences, and what barriers they face serving small businesses in New Hampshire.

COMMUNITY ORGANIZATIONS

Organizations Interviewed

- Vital Communities
- NH Millennials of Color/ Equity Leaders Fellowship
- Cooperative Fund of the Northeast
- Business Alliance for People of Color- NH
- Centro Latino de Hospitalidad
- The Growing Years Seacoast Outright
- NH Childcare Advisory Council
- A Place to Grow
- Coos County Director Network
- Upper Valley Business Alliance
- Manchester Grows
- NH Nepalese Community NH Brazilian Council
- Indonesian Community Connects
- Economic Development Workgroup
- NH Center for Justice and Equity
- Neighborhood Access
- NAACP Manchester
- NH Alliance for Immigrants and Refugees

Interview Questions

1. Does your organization provide any services or resources to small businesses or microenterprises? If so, what types of services or resources? If no, are there services you would like to provide?
2. When you think about the small business and microenterprises support system in New Hampshire and the organizations you refer individuals in your network to, what types of organizations come to mind? What organizations do you feel are important and effective?
3. What is your organization's experience navigating the existing small business support ecosystem? Do you find organizations to be accessible? What do you see as the strengths and weaknesses of the existing system?
4. Thinking about the small businesses and microenterprises that you are connected with - what do you see are the biggest challenges they face when they are looking to start and grow a small business or microenterprise?
5. Are there specific organizations or resources that you know of that small businesses and microenterprises you are working with are using that are effective and impactful? What makes them effective and impactful?
6. Are there any specific small businesses or microenterprises that have seen be successful? What do you believe allowed them to find success?
7. We are interested in learning more about technical assistance, 1:1 coaching, and access to capital for businesses. Of these three resource areas, what do you see as effective and where do you see the biggest gaps?

Key Themes

Community partnerships.

Collaboration with Community Organizations: Small business organizations need to invest time and effort to establish partnerships in underserved communities. This includes showing up to events and supporting local organizations.

Presence and visibility in the community is critical to **building trust and establishing relationships**.

Local Mentors: Small businesses - and especially those from underserved communities - feel isolated. Existing resources often do not look like them, understand the challenges they face, or their path to starting a business. A common theme was the need to leverage local businesses and community leaders to build networks and increase connections and support from within communities.

Tailored resources.

Resources, as well as serving the larger ecosystem, need to be developed with the needs of underserved small businesses in mind. Local partners need to be engaged in both the development of the ecosystem as well as the development of resources to ensure that services are relevant and fit for purpose.

Accessible Language: Resources need to be developed using language that is understood by the audiences being served. This includes translating supporting information into the language that individuals speak. Resources should also use accessible and relevant terms.

Workshops: Conduct workshops and webinars that address the practical aspects of starting and running a business - including business registration, finance and accounting, legal challenges, with a focus on real-life scenarios relevant to the community being served.

Ongoing Feedback and Measurement: Community organizations want to see evidence that underserved communities are receiving resources and that these resources are having an impact. There needs to be clear measurements for success and consistent communication on the impacts different initiatives are having.

Statewide leadership.

Statewide leadership is essential to increase collaboration between community organizations and small business service providers. Many community organizations and small businesses are unaware of the resources that currently exist. They also often struggle to navigate what can be a complex ecosystem.

Access to capital.

Increasing access to capital is a common theme that arises for all small businesses and entrepreneurs. However, underserved small businesses face unique challenges that make access to capital even more difficult. Many either have poor credit or no credit and no collateral, making access to traditional loans impossible.

Resource navigation.

Nearly all community organizations identified accessing available resources as the biggest challenge faced by underserved small businesses. Small businesses do not know what resources are available to them, where to go for help, or how to navigate a complex system to receive support.

Funding community organizations.

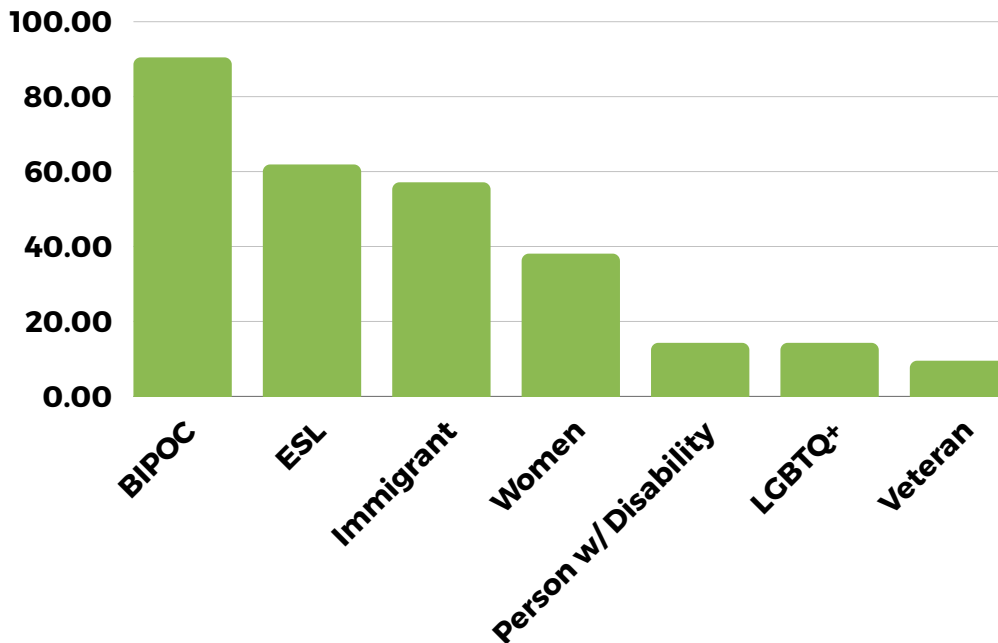
Community organizations would like to see increased funding for the work that they are doing on the ground with underserved small businesses. Their view is that they are working with a large number of businesses and are offering important services that meet the needs of their community. They are doing so with very limited capacity. Many reported difficulties securing funding at the levels provided to more broadly focused economic development and small business organizations.

Community and social barriers.

The biggest challenge faced by underserved small businesses and reported by many community organizations did not relate to direct services, but in the ability of small business owners to meet basic life needs. People need access to healthcare, transportation, housing, childcare, and other services such as internet to start and run a business. Starting a business always involves an element of risk. When basic needs are not being adequately being met, the risks associated with launching any new enterprise are greatly increased.

SMALL BUSINESSES AND MICROENTERPRISES

Business Interview Demographics



- The majority of businesses interviewed identified as BIPOC (90%), immigrant (57%), and spoke English as a second language (62%).
- Businesses interviewed are based in 15 different communities and in 7 of New Hampshire's 10 counties.
- Businesses ranged in size from a single employee to 20. However, the vast majority had 1-2 employees including the individual interviewed.
- Businesses included those still in the planning stage to others operating from 1 month to 23 years. The majority were open less than 5 years.
- 60% of the businesses interviewed did not feel that they received the support and resources they needed to start and grow their business.

“ **Getting established and building a reputation, specifically in areas that are not diverse, is challenging. Also challenging getting support from local officials to get our needs met.**
-Interview respondent

”

Interview Questions

1. What was your experience starting your business in New Hampshire?
2. Which organizations, if any, provided support in starting or growing your business?
3. What type of support, if any, did you receive from the organizations you worked with when starting your business? What did you find helpful/not helpful when working with these organizations?
4. What resources did you find most essential when starting your business?
5. What types of resources did you wish were available to you and would have been most beneficial in helping you develop your business?
6. Can you provide any additional information on the types of resources and support that would be beneficial to you in starting or growing your business?

Key Themes

Support and resources often occur locally.

Most businesses receiving any form of “public” support are accessing it from statewide organizations. They are generally unaware of the traditional small business service providers. When seeking support from an established organization, they are often going to their municipality. The municipalities get mixed reviews. Many businesses find their processes confusing but find the personnel to be supportive.

Most emerging businesses, however, are seeking support from friends and family. That is where they are getting loans and initial funding. It is also where they typically go for technical expertise. Having a family member help with finances and accounting, marketing, or filling in for an absent employee is not an unusual scenario.

Starting a business is challenging and complex.

The most significant barrier that most small businesses discussed was the difficulty and complexity of getting started. It was very difficult to find information, know where to go to help, or understand what they needed to do to legally start their business. The uncertainty involved in starting a new business is a significant barrier and discourages many individuals from moving forward with their business idea. This is a crucial gap in service provision and points to a need for additional resources and information for very early-stage businesses to provide guidance and encouragement.

The internet is a key source of information.

When businesses were not looking for local support, they were Googling or watching YouTube for answers to their questions. When business owners are working a second job, raising a family, and balancing a busy life, the internet allows them to learn at their own pace. Several businesses mentioned New Hampshire produced online workshops and how useful they had been. Feedback suggests that an investment in improving online small business resources would be welcomed and offer great potential value if marketed widely across the state. Online programs that can be completed from home at the business owner's own pace would be especially beneficial.

Bootstrapping is common.

Many businesses are bootstrapping. This means they are depending on personal savings, borrowing small amounts from friends and family, and working two jobs to get off the ground. None of the businesses interviewed received a large loan or had access to significant financial assets when they started. It is also common to scale up slowly to decrease risk and assess customer interest. Many businesses mentioned beginning at a farmer's market to test their ideas. As they gained confidence, they increased their personal investment and moved to full-time. Businesses would benefit from more opportunities - at farmers' markets and similar venues - to develop and test their business ideas.

Businesses want relevant mentors.

One of the most common themes from businesses was their need for mentors and coaches who understand their business and the environment in which they work. This echoed feedback shared by community organizations. Underserved businesses want to work with individuals that they trust, that understand their community and their business, and have the skills to provide practical advice and guidance to help them grow their business.

There is little awareness of the resources that exist.

The vast majority of businesses did not use traditional small business resources. Most had not heard of many of the leading small business organizations or the resources they provide. Currently there is a disconnect. There is a need for more outreach, better use of relevant communication channels, and more information relevant to the specific needs of small businesses in different communities.

Businesses often start out of necessity.

Many businesses start out of a necessity and do not have a long-term or in-depth plan. They may result from a lay-off, a need to increase income, or perhaps an opportunity to acquire the business of a friend or family member. When designing resources to support a small business that is the product of an unexpected opportunity or change in circumstances, it is important to tailor materials and services to meet the most basic small 4 0 business needs.

SMALL BUSINESS SERVICE PROVIDERS

Organizations Interviewed

- Greater Concord Chamber of Commerce
- Grafton Regional Development Corporation
- Monadnock Economic Development Corporation
- Coos Economic Development Corporation
- Center for Women and Enterprise
- Makers Mill/ Global Awareness Local Action
- Regional Economic Development Center
- Mt. Washington Valley Economic Council
- City of Dover Office of Business Development
- Hannah Grimes Center for Entrepreneurship
- Small Business Development Center
- NH Community Loan Fund
- Belknap Economic Development Council
- Wentworth Economic Development Corporation

Interview Questions

1. What resources does your organization provide to businesses? Are there specific resources that you are offering to small and emerging businesses or to microenterprises?
2. Does your organization do anything to specifically target or work with traditionally underserved audiences?
3. What barriers does your organization face in developing resources that support small businesses and microenterprises?
4. What support would be beneficial to your organization to be more successful in working with small businesses and microenterprises?
5. What do you feel are the strengths and weaknesses of the small business ecosystem in New Hampshire? Are there organizations that you feel are currently doing important and effective work with this audience?
6. What is your organization's experience navigating the existing small business support ecosystem? Do you find organizations to be accessible?
7. Thinking about the small businesses and microenterprises that you are connected with, what do you see as some of the biggest challenges that they face when looking to start and grow a small business?
8. Are there specific organizations or resources you know of that small businesses and microenterprises are working with and which you see as effective and impactful? What makes them effective and impactful?
9. Can you tell us about any small businesses or microenterprises that you have worked with that have been a success? What do you believe led to their success?

Key Themes

The information provided by service providers varied significantly among organizations. Some organizations saw a need for centralized information on resources, increased funding, and increased collaboration throughout the state. There was significant variation in the types of organizations providing services - these included lenders, organizations providing broad economic development services, and organizations focused more specifically on small businesses. How an organization viewed its mission generally helped shape its views on unmet small business needs and current service gaps.

Engagement and support for underserved businesses.

There is a recognized need among service providers that new approaches are necessary to engage underserved audiences. Organizations that were part of the Community Navigator Pilot Program (CNPP) talked about the positive impact it had in increasing outreach and access to their existing resources.

Most organizations expressed a level of frustration about how underserved businesses were defined. Many felt there was a lack of focus on the particular demographics of their region and the key needs in their service area.

Statewide Leadership.

Service providers provided mixed input on the need for additional state leadership. Some organizations suggested that a small-business development services hub with a statewide remit would increase coordination among resources, decrease the duplication of services, and serve as an entry point and referral source to direct businesses to the most effective resource. This would also provide a vehicle to develop programming and resources at the state level.

A second group of service providers however saw little benefit from a central hub of this type. They generally felt that solutions should be developed at the local level, that local organizations were best equipped to offer resources, and that too often there is an assumption that solutions that work in one geographic area of New Hampshire will work in another.

There was some agreement among organizations that New Hampshire would benefit from a one-stop entry point for businesses to learn about regional organizations and local resources. It was mentioned that many other states provide this type signposting service.

Increasing organizational capacity.

Small Business Service Providers talked often about the capacity challenges they face conducting outreach, meeting with entrepreneurs, and developing resources. They have limited funding and high demands for program development. Many of the organizations are balancing complex missions that require them to offer a range of services. The Community Navigator Pilot Program was highlighted repeatedly as a benefit that allowed increased staff capacity to conduct outreach and meet with businesses. This resulted in a higher number of underserved businesses benefiting from existing resources. There is concern about whether this level of outreach can continue when Navigator funding ends.

Understanding businesses needs.

Service providers did not generally note the same challenges cited by small businesses in starting and growing, or the more specific barriers that small businesses in underserved communities face. Many of the key business challenges identified by service providers do not align with the challenges that small businesses reported when interviewed.

Community and social barriers.

Service providers talked about the complex barriers that underserved businesses face, often at the community and environmental level. Barriers include childcare, healthcare, poverty, internet, transportation, housing, and finances.

At the individual level, underserved communities often face financial challenges. This may include limited or no credit history or poor credit, no bank account, and limited, if any, collateral. These challenges are a major hurdle for underserved businesses trying to access capital, loans, and other funding options to help support future growth.

Resource diversity and development.

There was great variation in the resources that service providers offered and where they saw an opportunity for development. Most service providers were not offering a wide range of resources due to limited capacity and funding. There was a large focus on 1:1 coaching - using the services of the Small Business Development Center or SCORE - and loans. Businesses that do not fit into these narrow resource channels are not currently receiving support.

Vision for the small business ecosystem.

When asked what New Hampshire's small business support ecosystem might look like in the future, service providers typically focused on their own operations. Those organizations providing loans generally wanted to see a stronger pipeline of businesses. When discussing the introduction of new resources, many service providers focused only on the possibility of increasing Small Business Development Center coaching and workshops in their region. While the need for increased capacity and funding was a common theme in discussions, it was not clear that the organizations we met with had a plan or vision for the types of resources they would develop if they did access more funding and capacity.

Flexible funding.

Service providers consistently mentioned the widely recognized challenge of meeting the many federal requirements in order to provide and receive service support. The management of services is time consuming and there are strict qualification limits on an individual's eligibility to receive funding support through the Community Development Block Grant (CDBG) Microenterprise Program. There was broad recognition that the changes to the most recent changes to the microloan funding program were a "game changer." The changes allowed service providers to award businesses small amounts of capital for needed investments in their business.

Access to capital.

Echoing the views of other groups, all service providers reported that access to capital was a key barrier for small businesses, and especially businesses from underserved communities. Few of these organizations have delivered programs specifically designed to help small businesses in their region access new sources of development funding. Existing lenders were generally focused on continuing their existing loan programs.

On a more positive note, there are some promising new and innovative programs being introduced to parts of New Hampshire that are using new ways to access capital. These include the Regional Economic Development Corporation's Kiva program and the New American Funding program. New Hampshire's Community Loan Fund was also mentioned positively in discussions. Looking forward, we would recommend an assessment of the Kiva and New American programs to determine impact and their potential to scale throughout New Hampshire.

Appendix 2

Telling the Stories of NH Businesses

This section showcases nine New Hampshire small businesses and organizations. The interviews tell the stories of these businesses and report how they have navigated the state's small business ecosystem, overcome challenges, and found success in the Granite State.

Although the businesses highlighted here are located in different parts of New Hampshire and represent different business sectors and business models, many have shared similar experiences.

Key Takeaways

- Most businesses that were interviewed were unaware of the resources and organizations available to support them and did not know where to begin looking for help.
- The businesses are led by creative, committed, and persistent entrepreneurs from diverse backgrounds that found ways to be successful. Many found support in their local communities and through family and close friends. This was critical to their success.
- Finance was an ongoing challenge facing all startups: finding the funding to get started and sourcing additional support to navigate the inevitable challenges that arise.



Sabor Brasil



Popular Nashua-based restaurant Sabor Brasil is a fixture of the community and a classic family-run business. Shirly Fonseca and Jairo Nazareno assumed responsibility for the restaurant from her parents who bought it two decades ago when its previous owners decided to retire.

The generational transfer of the operation of the restaurant almost did not happen. As Shirly shared, the Payroll Protection Plan and a local grant from the Main Street Relief Fund were keys to being able to get through the pandemic.

“It was a scary time. We would not be here today, and the restaurant would not have continued to be part of this community, without the support we received from the State. That was essential to keeping our doors open and employees on the payroll.”

Importantly, the financial support enabled Sabor Brasil to offer takeout meals and drinks throughout the height of COVID-19 and benefit from a return of local customers and Brazilians from as far away as Boston to dining in the restaurant. With its focus on a consistently high-quality menu and welcoming experience, Shirly highlighted the importance of community restaurants where people from diverse backgrounds can get together and have a taste of home.

She notes the greatest challenge is something that the State cannot do anything about. “Inflation has been the biggest challenge and a common issue for other businesses.” Since Shirly and Jairo cannot pass all costs along to customers – finding ways to address higher expenses has been a priority.

Shirly believes the best way to ensure its future success is by continuing to provide a genuine taste of Brazil. Something that is now possible with the help received during the pandemic.

For more information, the restaurant profile appears on Facebook:
<https://www.facebook.com/saborbrasilnh/>

New England Sweetwater Farm & Distillery

When Brooklyn-based sisters Alisa Lawrence and Nilaja Young were offered the opportunity to buy their cousin's five-year-old distillery in Winchester, NH, in the midst of COVID-19, they and their respective spouses, Karl and Kenny, decided the time was right to upend their lives and take on a new challenge.

Motivated by the idea of building generational wealth for their families and children, Alisa and Nilaja were able to secure community loan funding to buy the distillery and property.



Following a two-week training period, the keys were handed over by cousin, filmmaker and master distiller Robert Patton-Spruill, and the new owners set about learning the business. Although they originally planned to manage the facility on a part-time basis, they quickly realized that they would have to go all in and move to Winchester – giving up careers in pharmaceuticals, music, music management and law enforcement.

Already a successful business and taproom, they began learning the art of making the highest quality whiskies and bourbons. It was a busy time for they were doing this while they were also looking to secure capital to grow the business and expand distribution in Massachusetts, New York, and Washington DC.

New England Sweetwater Farm & Distillery is a family-owned business that has achieved almost unicorn status. An African American and Puerto Rican-owned distillery with an award-winning product line is unusual and perhaps unique. It is also a very important part of their story. “Community bankers and organizations have actively been looking at ways to support our success,” they note. The community of distillers has also been a valuable resource and support network.

Alisa, Nilaja, Karl, and Kenny are focused on producing the highest quality authentic products. They are also working hard to realize their vision - to grow New England Sweetwater products into national brands. As a women-of-color-owned distillery that is growing in NH, they believe it is important to tell their story to encourage other diverse businesses to follow their lead and make a success of it in the Granite State.

For more information: <https://newenglandsweetwater.com>

Slopeside Farm

The COVID-19 shutdown opened up a new direction for Lancaster-based physiotherapist Sue Greene. In 2019, the time she spent gardening led her to the realization that she wanted to be a farmer. Slopeside Farm, a micro-agricultural enterprise, was born.

During her first winter she immersed herself in the details of state regulations around organic certification and signed up for New Hampshire cooperative extension courses on Zoom. These were enormously beneficial.

With a quarter-acre of land in cultivation, the first year was challenging. Greene had to manage with limited space, learn about crop succession, as well as rules and regulations around selling produce. She set up a Community Supported Agriculture (CSA) business model providing local seasonal produce to the community and began selling mixed greens and other vegetables to local restaurants. Each winter she invests time in taking courses and preparing for the next growing season.

Noting the importance of the services offered to local farmers, Sue has drawn on the support of Jessica Wright and others on the UNH extension business team for marketing and financial planning. She has also been able to secure USDA grants to grow her farming operation, while continuing to keep it at a human scale. Building a brand is both an opportunity and challenge: “As a farmer these are not natural skill sets, so help is important,” she says.

“There are resources, but you have to sift through a lot to get what you need,” she adds. “The fortunate thing with farming is that people are collaborative. It is important to find the right people who have experience, whether it is to benefit from their experience on growing crops or market them.”

For more information: <https://slopesidefarmnh.com>



Saco River Brewing



For Mason Irish, the journey to founding Saco River Brewing started with home brewing, forming a brewing club, and having people in the club say they would buy his beer.

Mason's first career as an arborist changed with increasing mechanization, and that provided the push to do something different. Mason decided to take the plunge into brewing in 2015. He is quick to admit that he knew nothing about starting a brewery or developing a business plan.

He reached out to the Mount Washington Valley Economic Council, which helped him develop a proposal for Saco River Brewing and an application for funding.

With the financial support of several loans, Mason grew the business slowly and carefully over several years from one-barrel fermenters and a seven-barrel tank to a much larger-scale operation today. With a track record of growth, bank funding provided the opportunity to buy the equipment required to can beer for sale through retail outlets. This allowed Saco River Brewing to generate additional revenue beyond tap room, barrel, and growler sales. (A growler is a 32- or 64-ounce airtight vessel used for carrying beer; it functions like a small keg.)

Mason is quick to acknowledge the importance of the community fund loans and the help he received developing a business plan. When the opportunity for a second location with a restaurant in North Conway came up, the Mount Washington Valley Economic Council and Union Bank teams played a critical role in providing community loan funding as well as bank lending. This new venture provided an additional platform to expand sales and distribution.

In addition to access to capital, the ability to tap into the expertise of the community of brewers has been invaluable. Through hard work and research into the state regulations and the different licenses required to operate a brewery, taproom and restaurant, Mason has had to navigate the complexities of the licensing process, something that could be made far easier, he points out.

Mason plans to launch the business online in May 2024. It is a measure of his commitment to providing good jobs at the brewery and the North Conway facility, that he has been developing his plans by actively seeking advice from people in the restaurant industry. With his careful and conservative approach, Saco River Brewery is growing at a time when some of the froth has gone from the sector following the rapid expansion of micro-breweries.

For more information: <https://www.sacoriverbrewing.com>

Broken Boat Farm

Kelly McCutcheon has built a unique business – livestock landscaping. She and her husband have tapped into the power of goats and sheep to clear and control native and invasive vegetation for residences, municipalities, solar farms, schools, cemeteries, orchards, and pastures. Not only does Kelly’s farm family munch through anything green, they also fertilize the soil. “We don’t charge extra for that,” she says.



After they used hogs, goats, and then sheep to clear land on their farm in Henniker, NH, neighbors began asking if they could use the goats to clear land on their properties.

When she was laid-off during the COVID-19 lock down, the Northeastern University business graduate started renting out her goats and then sheep for about the same price as mechanized mowing and brush clearing services. Through word of mouth, Broken Boat Farm animals were soon generating enough revenue for Kelly’s husband to leave his job and join her to help build the business.

In 2021, the environmentally friendly landscaping service generated more than \$35,000 in revenue. By 2023 it was starting to win long-term commercial contracts and exploring new opportunities to keep the grass down at solar facilities and on conservation land.

Kelly has benefited from support from various organizations to help her grow Broken Boat Farm. She made particular mention of Hannah Grimes, Center for Women & Enterprise, the Small Business Administration, and the University of New Hampshire Extension.

But sourcing financial support has been almost impossible she says. Having created an LLC in 2021, she spoke about the challenge faced by many farmers filing unfamiliar tax returns and noted that they did not have access to the same financial resources as other agricultural businesses during COVID-19.

For more information: <https://www.brokenboatfarm.com/>

A Place to Grow

For Jennifer Legere “A Place to Grow” is not only the name of her early-learning centers, it encapsulates the opportunity she sees to empower women in New Hampshire and beyond to help them run and manage childcare businesses.

Starting her career as a teacher, followed by a period in the pharmaceutical industry, Jen was looking for something with deeper meaning and purpose. As a divorced mother bringing up young children, she saw a need for childcare centers. She decided to help fill the gap by taking out a home equity loan in order to start one.

Having turned her passion into a growing franchise business with three franchise locations, she built her own dream: a nature-based, early learning center on 13 acres of land.

A Place to Grow was the 2022 New Hampshire Small Business of the Year award winner. But Jen’s greatest accomplishment may have been getting a new law passed to make it possible for women to operate small-scale childcare centers in residential and smaller commercial real estate settings. She is currently working to reduce barriers created by existing zoning laws to the location of childcare facilities.

Jen is quick to recognize the help she has received from the REDC and the Small Business Administration to grow her businesses with community loan and SBA funding, marketing support, and legislative connections. Participating in the Goldman Sachs 10,000 Women program to support entrepreneurs has also been very helpful.

Now focused on creating a more supportive environment than when she started A Place to Grow, Jen believes that more courses and resources for small businesses would be helpful – especially around childcare. She also notes that access to business advisors, funding, and other resources are invaluable.

Perhaps the most important takeaway from Jen’s story is the importance of the legislation she has championed. This has opened up significant new opportunities to help meet childcare needs in New Hampshire and create a new path for others to start their own childcare businesses. Jen is now working on creating a federally recognized apprenticeship program to train future owners and directors through a partnership with the New Hampshire Department of Labor.



In the Forest of Time Vintage Memories



While Jessi Ryan was pursuing a career in show business in New York City, he was also developing a keen eye for buying decorations for his apartment. It was an experience that eventually led to him setting up In the Forest of Time Vintage Memories.

Jessi's passion became a business in New York where he worked the city's antique flea markets. When love brought him to New London, NH, in 1997, he purchased his first-ever home and opened an antique showroom in the main two parlor rooms and a large barn.

In 2015, Jessi visited an historic barn in Newport, NH, and saw an opportunity to restore the property as a business and a home. The current owner had been considering demolishing the barn, formerly owned by vaudeville star Billie B. Van. Jessi was able to negotiate a five-year lease-to-buy agreement. At the end of the term, with the support of a community loan program and help developing a business plan, he was able to buy the building.

Jessi has a vision for the historic building that includes making the antiques store a local center for the arts and converting part of the old dairy into an Airbnb with rooms for rent. Securing the financing to do this has been one of his biggest challenges.

As an African American small-business owner, Jessi believes he faces unique challenges; he feels there has been little support available to help him build his business. When asked about grants or other help, he is not sure what might be available. Acknowledging that it can be lonely being a small business owner, Jessi also recognizes the challenges of his location for generating the number of visitors he would like to see. Despite these hurdles, like other entrepreneurs, he is absolutely determined to grow his business: "I'm not a quitter and will make things work. I've been very successful doing that in my life."

For more information, the business profile appears on:
<https://www.facebook.com/Intheforestoftime>

Carmella's Bath and Body



Lynn Fuller is an accidental rural entrepreneur. It was a devastating car accident and a resulting traumatic brain injury that led the Lancaster, NH-based entrepreneur to start Carmella's Bath and Body when she was recovering. "I was at home and looking at the label of a body lotion and it made me think about what I've been putting on my body."

Not wanting to sit at home feeling useless, she decided to make her own natural lotion and tested it with a few friends. They liked it. Using natural products and essential oils, she found a market for her products and launched her business. Today, Carmella's Bath & Body - named after her mother - offers a broad range of body lotion and soaps.

It was not easy getting started. Like most entrepreneurs she did not know where to find resources for small businesses. But she knew that she needed to register the business name with the State. This eventually resulted in her connecting with the COOS Economic Development Office. She appreciates the support she has received and adds that it would also have been helpful when starting out to have a checklist for new businesses, information about local chambers of commerce, access to maker spaces, financial resources, and opportunities to network with other small business owners.

Lynn may not have known where to go for help when she started her business, but she invested time in research and was a quick learner. One of the resources she has particularly benefited from is a local networking group, the Grassroots Business Exchange, where she gets to share her experiences and hear from other entrepreneurs. Lynn recognizes that because of her rural location, local resources will always be limited but she continues to press ahead, getting advice and perspective wherever she can find it.

For more information: <https://carmellasbathandbody.com>

Northeast Organic Farming Association of New Hampshire (NOFA-NH)

The Northeast Organic Farming Association of NH (NOFA-NH) has built an active community of farmers, gardeners, and consumers around its mission to support organic farming in New Hampshire. It is well-placed to offer unique perspective and insights into the challenges faced by the agricultural community in the State as well as the opportunities to support its growth.

NOFA-NH is a strong proponent of organic food and brings a holistic perspective to building a sustainable agricultural ecosystem. Encompassing diversity, equity and inclusion in the industry is key to this.



According to Nikki Kolb, the organization’s operations director, NOFA-NH provides a range of services and support to the community including an annual winter conference, educational programming, a bulk-buy program to lower the costs of products, a food access initiative, a mentoring program, and advocacy for its members.

Recognizing that not all experienced growers utilize NOFA-NH programming to grow their businesses (and that the administration and cost of organic certification pose barriers for some), Nikki says the NOFA-NH plays an important role in helping growers in the sector build sustainable organic operations and access grants.

Two major issues currently affecting the agricultural sector include farm labor shortages and the need to support greater diversity in farm and small holding ownership. To Nikki, these challenges present an opportunity for increased partnerships and resource sharing among the different organizations supporting farmers at the state and federal levels. Nikki also talks about the importance of finding ways to connect growers with the expertise and business support needed to succeed in the challenging economic conditions facing agribusinesses today.

NOFA-NH’s mentorship program provides a model for a way forward. “When we became a Core Partner in the Transition to Organic Partnership Program, we were expecting to see perhaps five farms participate in the mentorship program. We were excited that we ended up with 18 mentorship matches, with more folks looking to join the program this winter.”

For more information: <https://www.nofanh.org/>

Appendix 3

International Perspective and Best US Regional Practices

Introduction

In this section we look beyond New Hampshire to draw lessons from the experiences of others across the US and from international communities.

There is a growing body of literature that discusses the importance of healthy small business ecosystems and their importance to regional economic growth. Historically, there has been less focus and targeted resource allocations designed to support business startup and growth in impoverished and neglected communities.

In the first part of the review, we explore some of the current conversations and reference different emerging models of ecosystem intervention that are focused on underserved business support. We continue by looking at some of the unique challenges faced by these communities and flag some initiatives in the US that are delivering positive results. We close with a summary of the more important transferable lessons from other communities that could potentially be employed in the Granite State.

Ecosystem Intervention and Current Thinking

In this section, we look at several academic and non-academic studies that examine different established models and ecosystems. We also consider how these studies have shaped recommendations to funding agencies and have helped direct how they, in turn, have allocated human and financial resources to promote and support entrepreneurship.

While much of the research available today extends beyond support for microbusinesses, it has a value in these discussions because it is prompting governments and funding agencies to re-evaluate traditional approaches, redirecting resources to support entrepreneurs and microbusiness owners in impoverished communities.

Ecosystem Intervention and Current Thinking

How Entrepreneurship Can Revitalize Local Communities

Suntae Kim and Anna Kim: Harvard Business Review

<https://hbr.org/2022/01/research-how-entrepreneurship-can-revitalize-local-communities>

Highlights

“Much has been written about the potential for entrepreneurship to spur economic growth — and yet time and time again, we’ve seen business-driven revitalization programs fail to make a real, lasting impact on their local communities. What will it take to foster ventures that actually revive the economies in which they are founded?”

The authors discuss the results of an eight-year investigation into two organizations that took opposing approaches to supporting entrepreneurs in Detroit, including the following:

- One organization studied was a venture-capital business accelerator; the other a locally focused incubator.
- The authors agree that it is possible to invigorate impoverished communities through entrepreneurship support – but not using traditional approaches that work in established business ecosystems.
- Specifically, they propose that business leaders and policymakers shift their focus away from venture capital-style, “scaling up” investing and instead design programs that help neighborhood businesses in “scaling deep.”
- This means investing not only in ventures that offer strong financial returns, but also in those that lift communities to achieve sustained self-reliance.
- Another takeaway from this work is their observation “that entrepreneurship training for underprivileged founders has little impact on firm profitability. Entrepreneurial initiatives often fail to address urgent local issues, and high-tech growth in poor regions tends to enlarge income gaps rather than create much-anticipated trickle-down effects.”

The concept of “Scaling deep” is based on growing steadily and becoming rooted in the local economy, by building “rich relationships with local partners” and seeking out “creative ways to leverage the resources available in their local environments to address urgent, local problems.” The HBR authors observed that businesses “scaling deep” had significant positive impact in the community, while those “scaling up” had only short-term impact as they typically left town.

Interestingly, in our interviews across the state, though the expression “scaling deep” did not come up in conversation, the concept of growing locally has been widely embraced in certain parts of New Hampshire (e.g., Monadnock).

Entrepreneurship Can Revitalize Neighborhoods in Need - by Scaling Deep

https://nextcity.org/urbanist-news/entrepreneurship-can-revitalize-neighborhoods-in-need-by-scaling-deep?gclid=EAlalQobChMli9zbgqaSgwMVv19HAR34rwUKEAAYASAAEgKiPPD_BwE

Illana Preuss, Founder and CEO of Recast City and author of “Recast Your City: How to Save Your Downtown with Small-Scale Manufacturing.”

Highlights:

Following up on the Harvard Business Review work, Illana Preuss reports that in her experience working with struggling downtowns and long-neglected neighborhoods scaling deep yields locally distinctive enterprises that distinguish one community from another. She writes:

- These local businesses not only create a unique atmosphere and culture; they also contribute to a broader sense of community and often provide gathering places that unite residents and attract visitors.
- They help households from the community build wealth and stay in the community to be a part of its success. That dynamic adds to the revitalization and focuses on neighborhood assets, not imports.

Illana also shares some lessons from her work in over two dozen states that may help shape another agency’s approach to scaling deep:

- First, in most communities, even ones that have been historically excluded from investment, there are financial and other resources to draw upon. But aspiring entrepreneurs may not know about the resources or how to access them. In some cases, they may have been told in the past that those resources are not for them. It is vital that economic development officials reach out to aspiring entrepreneurs where they live and work. Meet them where they are. Engage them. Connect the dots and build trust. Work with neighborhood or community leaders who believe in that community and start to build new personal relationships with existing business owners to understand what they need to grow and scale in the community.
- Second, policymakers should ensure that business assistance programs are designed to serve aspiring entrepreneurs in these communities. Do they provide the needed assistance? Are they offered in convenient locations? Do they distinguish between the needs of businesses providing services and those creating tangible products? Bring the training to the neighborhood and be purposeful to make sure that existing programs are inclusive of business owners from historically excluded places. And who delivers the teaching is a vital consideration if entrepreneurs are to feel that the programming is for them and to trust it.

- Third, emerging new businesses typically progress from home-based to commercial real estate settings, but flexible real estate options are often needed to facilitate business growth. Entrepreneurs may need smaller spaces, shorter lease terms, even shared spaces. It is important for local government officials to understand these needs and engage relevant property owners to determine the potential for flexibility and communicate that flexibility to emerging entrepreneurs. Community development corporations or local housing authorities can also fill this gap in needed space. Some shared spaces, like commercial kitchens, can even become destinations and help define communities. Flexible real estate arrangements should also be combined with training and mentoring to advance the prospects of emerging businesses.
- Fourth, small-scale manufacturers should be prioritized, because they can sell products in storefronts and online and are, therefore, not solely dependent on foot traffic, as are so many struggling shops in economically excluded neighborhoods or towns. When production and retail are combined at an intown setting, they also provide fantastic experiential retail as people walking by can see things being made.
- Fifth, initiatives should be taken to ensure that emerging business owners have access to other business owners. There is extensive research showing that business owners are more likely to succeed if they have that access. Incubators typically provide that service in tech communities. Similar small business hubs and their services should be made available in historically excluded neighborhoods.

We speak about the value of small business hubs in underserved communities elsewhere in this report.

International Perspectives

In Europe, the European Commission has undertaken a large number of studies on entrepreneurship, with a few targeted at ethnic groups.

One particular program, “Supporting Entrepreneurial Diversity in Europe - Ethnic Minority Entrepreneurship/ Migrant Entrepreneurship,” provides some very useful insights.

Although 15 years have elapsed since it was first published, many, if not all, of their recommendations are relevant today. The report includes a comprehensive list of recommendations, and these are included for reference at the end of this section.

In Asia, many family-owned businesses that formerly thrived now face increasing pressure from the multinationals, especially in the retail sector. In countries such as India, these types of businesses rarely rely on any government support or financial assistance. Much of the business understanding and intelligence is passed on from one generation to another, with very little formal business education or training.

There are some interesting takeaways from a Women in Tech entrepreneurship program in Zambia, Africa. This Newsweek article, “How To Make Entrepreneurial Programs That Impact Underserved Communities,” provides insights about the challenges and barriers facing marginalized communities.

<https://www.newsweek.com/how-make-entrepreneurial-programs-that-impact-underserved-communities-1801856>

In Canada, a UI Global team member has been a Business Coach in an entrepreneurial support program specifically designed for New Canadians.

<https://a4hc.ca/program-services/entrepreneurship/>

His observations on the program are helpful:

- The traditional business planning training program/approach was not particularly effective or beneficial for new entrepreneurs at the very early ideation stages.
- Business culture was a barrier for many people in the program. It was difficult to convince people to be more open about their business ideas as they did not have much comfort with confidentiality and trust because of their experiences back home.
- With newcomers facing many more barriers and challenges (work, family, etc.) the program was overwhelming for many would-be entrepreneurs. Not everyone completed the rigid program.
- His recommendation - firmly rooted in direct experience - is that any orientation or training for people entering any entrepreneurial support program should be flexible to allow full participation and include a strong focus on relationships, trust, and confidentiality. Of note are two loan fund programs designed to support New Canadians with African heritage:

<https://www.canada.ca/en/innovation-science-economic-development/news/2021/05/backgrounder-black-entrepreneurship-loan-fund.html>

and

<https://facecoalition.com/>

US Landscape

While the US is a leader in delivering programs for underserved communities and microbusinesses, many of the services employ traditional development models. These programs are typically based on the premise “build it and they will come.” The cultural DNA, and the essential elements of building relationships and trust, are frequently overlooked.

The basic challenges and barriers facing under-served communities can be summarized as follows:

- Limited access to private capital and commercial bank support
- Little or no family investment or network-based investment
- Cultural and, often, language barriers
- Inability to access public dollars (such as SBA loans)
- Higher insurance costs
- Public safety concerns and underinvested infrastructure
- Lack of a professional network
- Workforce challenges

The Brookings Institution: <https://www.brookings.edu/articles/how-to-include-microbusinesses-in-economic-growth-strategies/>

Lessons Shared by Grassroot Organizations

Some notable projects have emerged over the last two decades. Typically driven by an individual or individuals with experiences and unique insights into the challenges faced by marginalized entrepreneurs, businesses, and communities, these projects have developed grassroots-level approaches to gaining traction. They frequently started small, successful models being replicated across regions, and, occasionally beyond state borders.

Here are some of the ideas and guidelines being shared by successful grassroots organizations, in the form of a checklist for any organization providing support to underserved businesses:

- Awarding free, no-strings grant capital and skills development for running and growing a business is an effective strategy for identifying underserved small businesses and creating equitable access.
- Design a business growth idea challenge that’s fair, inclusive, and simple to enter (with no additional requirements, like tax returns). Make sure the challenge application is accessible to non-English speaking business owners (published in languages spoken in given pockets of a city).
- Create a process that’s physically accessible (so if a business owner doesn’t have a computer or email, this is not a barrier to application).

- Expect skepticism and suspicion about the validity from the potential applicants.
- Build a network of ambassador organizations (trusted connectors to local businesses) for inclusive outreach to small businesses.
- Hit the streets and host information sessions (ambassador network). Award business growth through funding.
- Celebrate awardees through celebrations to elevate the role of small businesses. Share their stories in the media to inspire others.
- Create a dataset about small businesses and their needs for growth (both winners and those who didn't win).
- Connect all entrants of the competition – and business owners – to a wider network of business support and capital to help them strengthen and grow.
- Practical assistance (generally called technical assistance in the US) providing real-world advice, coaching, tools, and access to experts in areas like accounting, finance, cash flow management, marketing, digitizing the business, HR strategies, legal, and daily operations.

See New Economy Initiative, <https://neinsights.org/reaching-underserved-small-businesses>

Notable Support Programs in the US

In this section, we highlight a selection of initiatives that are successfully delivering support services to microbusiness in the US.

Accion Opportunity Fund (California): <https://aofund.org/why-aof/>

Not for Profit Lending

This nonprofit organization provides access to affordable capital, coaching, and resources to underserved entrepreneurs, particularly women, people of color, and immigrants, to help them start or expand their businesses. Because they don't exist to make a profit, the organization uses the money from loan repayments to support other business owners:

“When you repay your loan, we'll reinvest that money in other small businesses. By taking out a loan, you not only allow your own business to thrive, but you also help support other small business owners in your community and beyond.”

Impact

90%	Diverse clients
50,000+	Jobs created and retained
\$1B	Economic activity

The Detroit Means Business Coalition

Simple, accessible, multi-language web resource:
<https://www.detroitmeansbusiness.org/about-us>

Launched as a response to COVID-19, this coalition of interests -- government, service providers, and businesses -- offers a possible model for other communities, placing heavy emphasis on diversity and inclusion:

“Detroit Means Business is committed to providing a path to business ownership, neighborhood stability, inclusive employment, and upward mobility for all Detroiters. We do that by supporting business initiatives that remove economic barriers based on social injustice, discrimination, and racially-biased practices. With a team that is diverse and representative of the communities we serve, DMB is working to eliminate the inequity that can block economic opportunity. This is an important step toward eliminating poverty, creating equal access to generational wealth, and creating a small business ecosystem focused on entrepreneurial success.”

Impacts (some COVID-19 related – others following after the height of the pandemic):

- Facilitated access to \$742 MM in Paycheck Protection Program loans
- Disbursed more than \$18M in cash grants to Detroit businesses
- Provided over 6,000 free PPE kits to businesses Free reopening tool kits for Detroit businesses
- Free 1 on 1 PPP application assistance
- Hand-delivered Restaurant Revitalization Fund Applications to over 1,000 businesses
- Conducted webinars covering SBA loans, health and safety updates, flooding assistance, local procurement and more
- Providing fully staffed Customer Experience Center
- Offering free virtual coaching for financial readiness and accounting, marketing, HR, legal issues and more

Entrepreneurship for All - EforAll

Location: The organization is currently offering programs and services in 6 states.
<https://eforall.org/>

“I believe that one of the best ways to help close the opportunity inequality gap and create employment in cities that are economically challenged is to change from the inside. The people who live in these communities know what kinds of businesses will work there. And it turns out that in every community, there are would-be entrepreneurs. EforAll was founded to support these entrepreneurs on their journey.”

Gururaj “Desh” Deshpande
President and Chairman of Sparta Group LLC

Entrepreneurship for All (EforAll) is accelerating economic and social impact in communities nationwide through inclusive entrepreneurship.

Values

- Always Put The Entrepreneur First. EforAll honors the challenging and often lonely path faced by an entrepreneur, and their primary focus is on making sure the individual has the support and training needed to reach their true potential.
- Proactively Seek Inclusivity and Diversity. EforAll believes we are stronger when we value the differences among us. Their staff, volunteer, and program opportunities are available to everyone, regardless of race, color, national origin, age, disability, gender, sexual orientation, gender identity, military service, marital status, genetic information, socio-economic status, or educational background.
- Connect Deeply with Communities You Serve. EforAll staff are proud and active participants in the communities they serve and are committed to working closely with elected officials (regardless of party affiliation), local volunteers, and community champions to help their community grow and thrive through local entrepreneurship.
- Foster a Collaborative and Supportive Culture. EforAll’s impact is greater when they work together to support entrepreneurs in their journey. EforAll works hard to surround entrepreneurs with an extended professional network that is dedicated to supporting these entrepreneurs throughout their journey.
- Embrace Change. EforAll works with entrepreneurs and many of their staff and volunteers are entrepreneurs. So they welcome and expect change. As EforAll grows, their entrepreneurs turn into successful business owners, and their communities evolve.
- Take the Time to Celebrate. EforAll believes in the power of celebration. They recognize their team’s personal and professional growth as well as the accomplishments of their entrepreneurs, the dedication of their volunteers, and the generosity of their funders. They know that embracing a culture of celebration heightens morale and connects them more deeply as members of the EforAll community.

EforAll Businesses are:

84% - WOMEN OWNED

69% - BIPOC OWNED

31% - IMMIGRANT OWNED

24% - PREVIOUSLY UNEMPLOYED

EforAll prides itself on fostering an ecosystem of entrepreneurship. Several of their communities currently offer neighborhood coworking space with shared workspace and meeting rooms that foster greater community connection and collaboration.

The organization has published a number of success stories which credit the program for their success. The following link showcases a few stories of entrepreneurs who have benefited from the EforAll suite of programs and services:

[Entrepreneurs share their business journey at EforAll showcase - The Longmont Leader:
https://www.longmontleader.com/local-business/entrepreneurs-share-their-business-journey-at-eforall-showcase-7746599](https://www.longmontleader.com/local-business/entrepreneurs-share-their-business-journey-at-eforall-showcase-7746599)

Evergreen Cooperatives

Cleveland, OH

[Evergreen Cooperative Laundry \(evgoh.com\)](http://evgoh.com)

Established to revitalize low-to-medium income neighborhoods through employee ownership, Evergreen has drawn national and international media attention and wide interest from economic development experts.

Their signature initiative, Evergreen Laundry Cooperative, has become very successful and showcases what can be achieved through partnership and collaboration with an anchor business to support microbusinesses in marginalized communities.

The Fund for Employee Ownership (TFEO) leverages patient capital to acquire small-to-medium-sized businesses, converts them to employee ownership, and supports them over the long term.

Evergreen Cooperative Laundry operates a unique anchor-supported, employee-owned healthcare laundry service that is capital intensive. They are partnered with a major local healthcare system that controls the major assets but contracts ECL under a comprehensive laundry and service program.

Their proven model highlights their greatest assets: their employees. Evergreen Cooperative Laundry is a local employee-owned business that is contracted to operate the state-of-the-art facility. Employee owners manage each facility including production, maintenance, logistics and human resources. They are proud to be over 80% owned by employees while offering 20% higher pay rates than comparable industries, supportive benefit plans including healthcare, specific company voting rights, and profit sharing.

Local Initiatives Support Corporation (LISC) (Nationwide)

<https://www.lisc.org/>

Founded in 1979. LISC provides financing, technical assistance, and grants to community development organizations to support small businesses, create jobs, and revitalize underserved neighborhoods.

It is committed to “systems change, equity and an overt anti-racist approach to the work.”

LISC has a real impact across different community sectors, and while it is less specifically business-focused, it is a notable model and resource. <https://www.lisc.org/impact/>

The Minority Business Development Agency (MBDA) (Nationwide)

<https://www.mbda.gov/who-we-are/overview>

The U.S. Department of Commerce, Minority Business Development Agency (MBDA) is the only federal agency solely dedicated to the growth and global competitiveness of minority business enterprises. MBDA provides resources, technical assistance, and access to capital to minority-owned businesses, helping them grow and succeed. MBDA invests in a national network of MBDA Business Centers, Specialty Centers, and Grantees. Its programs offer customized business development and industry-focused services to provide greater access to capital, contracts, and markets.

Type	Status	Web
MBDA Business Centers	None in NH	https://www.mbda.gov/mbda-programs
MBDA Advanced Manufacturing Centers	None in NH	https://www.mbda.gov/advanced-manufacturing-centers
MBDA Export Centers	None in NH	https://www.mbda.gov/
MBDA Federal Procurement Center	None in NH	https://www.mbda.gov/

New Economy Initiative

Metropolitan Detroit (\$100M philanthropic fund to get started).

<https://www.neinsights.org/>

NEI used philanthropic dollars to diversify the economy in metropolitan Detroit by creating a culture of entrepreneurship and innovation, with a focus on supporting underserved small business owners.

Their website explains how NEI accomplished this and includes NEInsights specific to its successes and challenges in southeast Michigan.

NEI's How to Guide is a useful reference. <https://www.neinsights.org/why-supporting-underserved-small-businesses-matters/>

New York City Minority and Women-Owned Business Enterprises (M/WBE) Program

<https://nyc-business.nyc.gov/nycbusiness/description/minority-and-womenowned-business-enterprise-certification-program-mwbe>

The City of New York Minority and Women-Owned Business Enterprises (M/WBE) Program expands opportunities for minority and women entrepreneurs to access government contracts and grow their businesses.

When eligible businesses are certified with the City they become more visible to prospective buyers, including City agencies and private contractors seeking to purchase goods and services.

This program aims to increase the participation of minority and women-owned businesses in city procurement. It sets ambitious goals for contracting with these businesses and provides resources for M/WBE certification and capacity building.

Additional Reference Materials

European Commission Report

“Supporting Entrepreneurial Diversity in Europe”

<http://jem.dedi.velay.greta.fr/sites/default/files/jem/Supporting%20entrepreneurial%20diversity%20in%20Europe.pdf>

Key Recommendations

Tailor the business support to the individual needs and consider the relationships of the individual entrepreneurs with their community

1. Thorough analysis of individual needs of ethnic business is crucial to the success of any business service provided. Ethnic minority and migrant businesses might be facing some special challenges (e.g., language problems) but that does not mean that they can all be supported with identical instruments.
2. In the analysis of the individual needs of the entrepreneurs their embeddedness in their ethnic community is important. In making their business decisions, migrant and ethnic minority entrepreneurs often feel that they have to consider the needs and opinions of their communities and their leaders. These special business dynamics have to be understood so that the advice and support provided can be effective.
3. Efficient support provision to ethnic minority and migrant entrepreneurs is to a large degree a matter of trust. Reaching out and involving the local leaders of ethnic communities is essential to building up credibility of support providers.
4. Representatives of ethnic minority and migrant businesses need to be involved in local and regional business support planning at an early stage to ensure that the needs of their clients are fully considered.
5. Employing coaches and trainers from ethnic minorities and migrant communities also helps to increase credibility of support organizations.

Provide a broad range of service and support and involve a multitude of service providers. Integrate the support into larger general support structures to avoid a fragmentation of the services.

1. Support organizations for ethnic minorities and migrants should not be stand-alone structures as this increases the danger of permanently isolating their businesses from the mainstream economy. While support programs might start on a small basis and be designed to meet specialized needs, they ultimately need to be mainstreamed and integrated in larger structures to become sustainable.
2. To increase the social inclusion of ethnic minority and migrant entrepreneurs, supply diversity is crucial. The challenge for service providers will be to offer targeted services integrated into the general program of service provision. One way of doing this could be to work with ethnic and migrant coaches and trainers who would also train the mainstream clients.
3. Few service providers can cover all the special needs of ethnic minority and migrant businesses. Efficient networking among service providers, policy makers, and ethnic communities is therefore important for success.
4. The support should be close to those who need it. This means that contact offices have to be set up in urban migrant areas.
5. To enhance the inclusion of ethnic-minority owned SMEs in the mainstream economy, mainstream businesses could develop so-called supplier diversity programs. Such programs aim to provide equal opportunities to underrepresented businesses (such as ethnic minority businesses) to compete for contracts with bigger companies and public authorities.

Apart from services that are targeted at groups or individuals from certain groups also consider developing disadvantaged areas as these usually have a high share of migrant/ethnic groups.

1. Individuals in disadvantaged areas face additional barriers to making a contribution to the national economy. Policies which focus on all people in disadvantaged communities can help overcome these barriers and stimulate the creation of businesses and employment, reducing inequalities between disadvantaged areas and other parts of the country. Ethnic communities are disproportionately concentrated in these areas, therefore targeting disadvantaged areas also has potential to increase ethnic minority entrepreneurship.

Raise the awareness of migrant and ethnic minority businesses about support that is available and raise the awareness of administrations and other stakeholders (e.g., banks) regarding the contribution that these businesses can make to the general economy.

1. Mobilize migrant community leaders and successful migrant/ethnic businesspersons to promote entrepreneurship. Advertise through a variety of media channels (e.g., special radio stations for ethnic communities.)
2. Skillful reputation management and the showcasing of role models of successful ethnic entrepreneurs are very useful tools. These things can be used by ethnic business support organizations to reduce negative prejudgments of other stakeholders that might prevent the branching out of these businesses into mainstream markets.
3. It is important that support providers develop business plans together with ethnic minority and migrant entrepreneurs. Only then will the business plans be optimally helpful in negotiations with banks and other partners.
4. In general it is important that the clients are not passive recipients of the training but that they really empowered by it. This can best be achieved by active coaching.
5. Fledgling ethnic minority and migrant businesses are sometimes supported by service structures similar to incubators. It is essential to avoid that the businesses become too dependent on these services. Ultimately, they have to survive on their own and the phasing out of the services needs to be agreed upon right from the start.
6. The question of fees is of high importance for the acceptance of business support services. While there is no general answer to how high fees should be, the strategy that appears to be most successful is "to charge them as they grow."
7. Mastering the language of the host country is essential for conducting business successfully beyond the narrow borders of the entrepreneur's own ethnic community. In many cases, language training is an indispensable element of the training package. However, language skills should not be a condition for receiving business training. Business training should also be offered in the language of immigrant entrepreneurs.

Continue the exchange of good practices.

1. A further exchange of good-practice cases in the support of ethnic minority and migrant businesses at European level is called for, but it is important to understand that the economic, social, and historical situations of these groups in the countries of the European Union is too diverse to justify a single-policy approach.

Other Useful References

- <https://hbr.org/2022/01/research-how-entrepreneurship-can-revitalize-local-communities>
- [https://nextcity.org/urbanist-news/entrepreneurship-can-revitalize-neighborhoods-in-need-by-scaling-deep?](https://nextcity.org/urbanist-news/entrepreneurship-can-revitalize-neighborhoods-in-need-by-scaling-deep?gclid=EAlalQobChMli9zbgqaSgwMVv19HAR34rwUKEAAYASAAEgKiPPD_BwE)
[gclid=EAlalQobChMli9zbgqaSgwMVv19HAR34rwUKEAAYASAAEgKiPPD_BwE](https://nextcity.org/urbanist-news/entrepreneurship-can-revitalize-neighborhoods-in-need-by-scaling-deep?gclid=EAlalQobChMli9zbgqaSgwMVv19HAR34rwUKEAAYASAAEgKiPPD_BwE)
- <https://www.brookings.edu/articles/supporting-microbusinesses-in-underserved-communities-during-the-covid-19-recovery/>
- <http://jem.dedi.velay.greta.fr/sites/default/files/jem/Supporting%20entrepreneurial%20diversity%20in%20Europe.pdf>
- <https://www.newsweek.com/how-make-entrepreneurial-programs-that-impact-underserved-communities-1801856>
- <https://women-in-tech.org/> Women in Tech is the world's foremost organization for Inclusion, Diversity, and Equity in STEAM, with a mission to bridge the gender gap and empower women to embrace technology.
- [DFC-Entrepreneurship-and-Economic-Opportunity-Report-FINAL.pdf \(detroitfuturecity.com\)](#)
- <https://detroitfuturecity.com/wp-content/uploads/2020/06/DFC-Entrepreneurship-and-Economic-Opportunity-Report-FINAL.pdf>
- [Entrepreneurial-Reciprocity: https://neinsights.org/wp-content/uploads/2020/12/Entrepreneurial-Reciprocity_full-paper.pdf](#)
- [Access to Capital for Entrepreneurs: Removing Barriers – Ewing Marion Kauffman Foundation | Kauffman.org](#)
- <https://www.kauffman.org/entrepreneurship/reports/access-to-capital-for-entrepreneurs-removing-barriers/>
- Community-based entrepreneurship: evidences from a retail case study | Journal of Innovation and Entrepreneurship <https://innovation-entrepreneurship.springeropen.com/articles/10.1186/s13731-017-0074-z>
- Developing entrepreneurial mindsets In under-served communities: Lessons learned: https://cberuk.com/cdn/conference_proceedings/2019-07-14-10-07-45-AM.pdf

Appendix 4

Startup Hubs and Incubators

The US leads the world as a business start-up ecosystem [48] and small business start-up hubs and incubators are an important feature of the landscape. While many of these facilities have a technology and innovation focus, the start-up hub model is increasingly being adapted to support underserved communities. Small business start-up hubs provide resources, support, and networking opportunities for local entrepreneurs.

The value of these hubs was reflected in the recently announced Minority Business Development Agency's Capital Readiness Program awards. The program, designed to specifically help underserved entrepreneurs launch and scale their small businesses, is the largest-ever direct Federal investment in small business incubators and accelerators of its kind [49]. The three program pillars are [50]:

- **Capacity Building:** Technical assistance services and curricula to assist with launching and developing scalable and investable businesses.
- **Access to Capital:** Technical assistance to apply for state SSBCI programs and/or other similar federal, state, or local government programs that promote American entrepreneurship and democratize access to startup capital across the country. Including the facilitation of investor meetings, pitches, demo days, crowdfunding, and other capital introduction events.
- **Access to Networks:** Resources and programs that help connect minority and other underserved entrepreneurs to a larger community of business mentors, coaches, service providers, subject matter experts and peers who understand and address specific challenges.

Of the 43 Capital Readiness Program awards nationally, none came to New Hampshire.

Supporting entrepreneurship within underserved communities can be a transformative strategy. By providing resources, mentorship, and access to capital, a culture of innovation and economic growth can be nurtured. Local businesses can thrive, providing jobs and boosting the community's overall prosperity [51].

Below are highlights of some successful hubs overseas and in the US.

Sample Startup Hubs, Incubators and Other Initiatives in Underserved Communities

Hubs and incubators have been established in underserved communities, and they serve as excellent examples of what can be achieved. Here are some examples for reference:

Beloved Community Incubator (BCI)

Washington, D.C., USA

<https://www.belovedcommunityincubator.org/>

Beloved Community Incubator is a worker self-directed nonprofit that provides sliding-scale support for worker-owned cooperatives, collective projects, business owners, and freelancers in the Washington, DC, metro region.

“We help workers create and maintain their own businesses, so that workers control their work, pay themselves living wages, and democratically steward resources together. We provide incubation support, including leadership development, ecosystem and resource organizing and legal, bookkeeping, and administrative support for new cooperatives that create living wage work and that are led by poor and working-class Black, Brown, Indigenous and People of Color. We support local cooperatives and collectives via the BCI Network, where we provide training, leadership development, back-end administrative support, legal support, and assistance with grants and financing to more than a dozen network members in the DC Metro area.”

La Cocina Incubator Kitchen

San Francisco, CA, USA

<https://lacocinasf.org/>

The mission of La Cocina is to cultivate low-income food entrepreneurs as they formalize and grow their businesses.

La Cocina provides affordable commercial kitchen space to talented entrepreneurs and has helped expand economic opportunity to women and people of color as they grow their food-based businesses. New businesses undergo a series of classes in finance, marketing, and operations. La Cocina offers one-on-one mentorship to guide businesses and connects them to various sales opportunities, from catering to farmers' markets. The program also helps them transition to brick-and-mortar properties.

The Harambee Entrepreneur Alliance

Johannesburg, South Africa:

<https://www.harambeans.com/>

HAE is more of an innovation driver than hub. It is included here because of the strong New Hampshire connections.

Success in persuading large corporations to get behind their mission is probably one of the most important takeaways in the Harambee story. Its founder, Okendo Lewis-Gayle, is a Southern New Hampshire University graduate. See:

<https://www.tparents.org/Library/Unification/Talks1/Gayle/Gayle-110200.htm>

The Harambe Entrepreneur Alliance is a 501(c)(3) registered in the State of New Hampshire. Their goal is to propel Africa forward by identifying promising young African leaders and providing them access to training, markets, capital, and support networks.

Hot Bread Kitchen

New York City, NY, USA

<https://hotbreadkitchen.org/>

Investing in Breadwinners. Transforming Lives

Hot Bread Kitchen's mission is to "create economic opportunity for women and gender-expansive people, immigrants, and people of color through job skills training, food entrepreneurship programs," and an ecosystem of support in New York City. They are committed to "uplift, empower, and support women, while working relentlessly by their sides to achieve their career ambitions."

Hot Bread Kitchen’s work builds on a 15-year history of providing support services, skills coaching, job placement and entrepreneurship programming as well as connections and employer relationships that put workers and small businesses on a path to economic security and mobility.

Hot Bread Kitchen shares why they are committed to this work: “Immigrant women and people of color face disproportionate social and economic barriers to careers, livelihoods, and financial security. A childcare system in crisis, ongoing systemic racism, little or no safety net, and COVID-19 disproportionately impact Black, Latinx and AAPI frontline workers. The pandemic especially hurt workers in the food, culinary and hospitality industries, and put enormous stress on NYC’s small businesses.”

Impact Hub Accra

Ghana, Africa:

<https://accra.impacthub.net/>

A different type of innovation hub in Africa

Impact Hub Accra is a co-working and innovation space in Accra, Ghana, dedicated to driving social and economic change. It supports entrepreneurs, startups, and organizations working on solutions to pressing community issues. The Hub offers mentorship, workshops, and access to a network of like-minded individuals. The Hub is a global community, consultancy, and a creative space. It works at the intersection of innovation and society to collaboratively create impact with an entrepreneurial mindset.

The Hub aims to:

- Inspire
- Connect
- Enable

The Hub’s vision is to create a thriving innovation ecosystem where people collaborate across organizations, cultures, and generations to solve the grand challenges of our time.

The People's Market at Rockwood

Portland, OR, USA

<https://www.peoplesmarketpgl.com/>

The People's Market at Rockwood is an incubator market centering on Black, Indigenous and People of Color (BIPOC) farmers and makers aiming to build businesses that will sustain their families and communities.

Located in one of the most ethnically and racially diverse neighborhoods in Oregon, The People's Market at Rockwood started in 2020 as a way to serve the community during the COVID-19 pandemic. During the pandemic, many community members lost their jobs and families became dependent on USDA food boxes which do not provide fresh produce.

Rockwood is a food desert, which means that there are few places within the neighborhood to purchase fresh food like fruits and vegetables. Additionally, many neighbors in the Rockwood community are immigrants or refugees and are seeking produce that is culturally popular and may not be found in traditional grocery stores. In 2022, the People's Market moved from its original location at the Sunrise Center to the Downtown Rockwood Plaza.

The People's Market is more than just a farmer's market. It is a community gathering place, a place to connect with cultural heritage, a place to nourish families and make new friends.

Roxbury Innovation Center (RIC)

Boston, Massachusetts, USA:

<https://roxburyinnovationcenter.org/>

Roxbury Innovation Center is managed by Innovation Studio, a nonprofit dedicated to making innovation, entrepreneurship, and business ownership attainable through an empowering and inclusive network of community spaces and individualized pathways. Innovation Studio and a range of partner organizations offer low-cost or no-cost resources, programs, and services to support new and aspiring entrepreneurs and existing business owners. Located in the Roxbury neighborhood of Boston, RIC is a startup hub dedicated to fostering innovation and entrepreneurship in an underserved community. It offers co-working space, educational programs, and networking opportunities for local entrepreneurs. RIC is an excellent example of a community-driven initiative that provides resources and support to help small businesses thrive.

TechTown Detroit

Detroit, Michigan, USA

<https://techtowndetroit.org/>

TechTown Detroit is an innovation hub located in a historically underserved community. It offers resources, training, and support for tech startups and entrepreneurs. The organization plays a vital role in revitalizing Detroit's economy by fostering innovation and job creation.

“We believe our core values of Inclusion, Humanity, Collaboration, Accessibility, Curiosity and Excellence best reflect and demonstrate TechTown’s commitment to being a best-in-class organization and entrepreneurial hub.”

TechTown Detroit was founded in 2000 by Wayne State University, Henry Ford Health System, and General Motors. Originally founded to support tech-based spinoffs from the university, it was decided that their incubation and acceleration strategies for tech companies could help strengthen neighborhood small businesses and commercial corridors across Detroit. Today, TechTown Detroit offers a full suite of entrepreneurial services for tech and neighborhood businesses with satellite offices across the city.

Appendix 4: Project Team



Janaki Blum

Director, Community Springboards



Jason Bonilla

Expert Advisor, Community Springboards



Robert Creighton

CEO, UI Global



Kashmir Gill

Director and International Advisor, UI Global



Robin LeBlanc

Director, Community Springboards



Zachery Palmer

Expert Advisor, Community Springboards



Jared Reynolds

CEO, Community Springboards

Bibliography

1. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/08/04/fact-sheet-vice-president-harris-to-announce-support-to-help-historically-underserved-entrepreneurs-tap-into-bidenomics-fueled-small-business-boom/>
2. <https://news.ucdenver.edu/the-language-of-diversity-is-well-diverse/>
<https://news.stanford.edu/2019/08/22/the-power-of-language-how-words-shape-people-culture/>
<https://natalie4health.medium.com/how-to-fix-a-broken-tongue-cade93816add>
3. Between March 2021 and March 2022, NH small businesses accounted for a net increase of 2,992 establishments or 94% of total establishments added. They also contributed a net increase of 22,919 jobs, or 85.2% of total jobs added by NH establishments.
4. The Census Bureau classifies Minorities as any race and ethnic combination other than non-Hispanic and White.
5. US Small Business Administration Office of Advocacy. 2023. 2023 Small Business Profile New Hampshire. <https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-NH.pdf>
6. CDFA – Supporting Small Businesses in New Hampshire - <https://nhcdfa.org/wp-content/uploads/2022/08/CDFA-Supporting-Microenterprises-in-New-Hampshire-Final.pdf>
7. Quoted in Census Bureau, Press Release Number CB23-SFS.154, October 22, 2023). See also, The Minority Business Development Agency: Vital to Making America Great. Undated. <https://www.mbda.gov/page/minority-business-development-agency-vital-making-america-great>
8. US Census: Note: Estimates include people reporting one race alone. Hispanic individuals are also included in other categories, as they may be of any race. <https://www.census.gov/>
9. US Census. Profile of General Demographic Characteristics 2000; ACS Demographic and Housing Estimates 2022. <https://www.census.gov/>
10. Project Equity. 2023. The Silver Tsunami of retiring business owners. <https://project-equity.org/impact/small-business-closure-crisis/>
11. BizBuySell. April 15, 2022. Small Business Acquisitions Reach Q1 2019 Levels as Sellers Return; Inflation Weighs Heavy: <https://www.bizbuysell.com/news/bizbuysell-2022-first-quarter-insight-report/>
12. Kerr, Sari Pekkala, and William Kerr. 2020. Immigrant Entrepreneurship in America: Evidence from the Survey of Business Owners 2007 & 2012. Research Policy 49(3): 103918
https://dash.harvard.edu/bitstream/handle/1/37366633/kerr%20kerr_immigrant-entrepreneurship-in-america.pdf?sequence=1&isAllowed=y
13. Azoulay, Pierre, Benjamin F. Jones, J. Daniel Kim, and Javier Miranda. 2022. Immigration and Entrepreneurship in the United States. American Economic Review: Insights, 4 (1): 71-88.
https://www.nber.org/system/files/working_papers/w27778/w27778.pdf
14. New Hampshire Center for Justice and Equity notes that The US Census Bureau uses the Diversity Index as a summary measure, which indicates how likely that two random people will be from different racial or ethnic groups. New Hampshire's Diversity Index has increased over time, from 15% in 2010 to 24% in 2020; increases in the Diversity Index occurred in every NH County.

15. <https://nhcje.org/blog/a-brief-review-of-new-hampshires-race-and-ethnicity-demographics>
16. <https://advocacy.sba.gov/wp-content/uploads/2014/06/New-Hampshire-2013.pdf> and <https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-NH.pdf>
17. <https://camoinassociates.com/resources/what-is-the-economic-case-for-supporting-under-represented-entrepreneurs/>
18. Biz2Credit. Annual Women-Owned Business Study 2023. <https://cdn.biz2credit.com/appfiles/biz2credit/pdf/Annual-Women-Owned-Business-study-2023.pdf>
19. Adams, Laurel. March 21, 2023. Commentary: Women's entrepreneurship is on the rise in New Hampshire. Seacoast Online. <https://www.seacoastonline.com/story/opinion/columns/2023/03/31/commentary-womens-entrepreneurship-is-on-the-rise-in-new-hampshire/70062970007/>
20. Baker, Roberta. October 21, 2023, Entrepreneurs and career changers, NH women plow fresh ground. The New Hampshire Union Leader. https://www.unionleader.com/news/business/entrepreneurs-and-career-changers-nh-women-plow-fresh-ground/article_b31a1f5f-6009-5cf6-b7cb-0160b518dfb4.html. And: US Small Business Administration Office of Advocacy. Small Business Profiles for the States, Territories, and Nation. <https://advocacy.sba.gov/2023/11/14/2023-small-business-profiles-for-the-states-territories-and-nation/>
21. Witeck Communications. July 20, 2016. America's LGBT 2015 Buying Power Estimated at \$917 Billion. <https://www.witeck.com/pressreleases/2015-buying-power/>
22. Community Marketing & Insights. January 2019. 2019 LGBTQ Consumer Products Survey Report. <https://communitymarketinginc.com/documents/temp/LGBTQ-Consumer-Products-Survey-2019.pdf>
23. Center for LGBTQ Economic Advancement & Research and Movement Advancement Project. July 2022. LGBTQ-Owned Small Businesses in 2021. <https://www.lgbtmap.org/2021-lgbtq-small-businesses>.
24. National LGBT Chamber of Commerce. September 27, 2023. Trade Opportunities and Challenges for LGBTQI+ -Owned Businesses in the United States. <https://nglcc.org/blog/trade-opportunities-and-challenges-for-lgbtqi-owned-businesses-in-the-united-states/>
25. U.S. Small Business Administration Office of Advocacy. November 7, 2023. Facts About Small Business: Veteran Ownership Statistics. <https://advocacy.sba.gov/2023/11/07/facts-about-small-business-veteran-ownership-statistics-2/>
26. U.S. Small Business Administration Office of Advocacy. May 9, 2023. Deconstructing The Change In Veteran Business Ownership. <https://advocacy.sba.gov/2023/05/09/deconstructing-the-change-in-veteran-business-ownership>
27. The attributes fostered during military service - discipline, perseverance, leadership, and the ability to work under high-stress situations - translate well into the world of business. <https://corridorbusiness.com/revitalizing-our-economy-the-importance-of-supporting-veteran-owned-small-businesses/>

28. Brissey, Mindy. August 2, 2023. Corridor Business Journal. <https://corridorbusiness.com/revitalizing-our-economy-the-importance-of-supporting-veteran-owned-small-businesses/>
29. Montgomery, Sidra, Jacobson, Zoe, Wakar, Breanna, and Scott Cody. June 2023. Millennial Veteran Entrepreneurship: Research on the Next Generation of Veteran Entrepreneurs. U.S. Small Business Administration Office of Advocacy. <https://advocacy.sba.gov/wp-content/uploads/2021/06/Millennial-Veteran-Entrepreneurship-Research-Summary.pdf>
30. <https://neinsights.org/why-supporting-underserved-small-businesses-matters/>
31. <https://www.esri.com/arcgis-blog/products/bus-analyst/national-government/a-snapshot-of-disadvantage-in-the-united-states/>
32. <https://www.esri.com/arcgis-blog/products/bus-analyst/national-government/a-snapshot-of-disadvantage-in-the-united-states/>
33. The New Economy Initiative (NEI) supports inclusive economic development through the growth of small businesses owned by under-resourced entrepreneurs in underserved communities <https://neinsights.org/why-supporting-underserved-small-businesses-matters/>
34. Income & Poverty - New Hampshire Fiscal Policy Institute (nhfpi.org) <https://nhfpi.org/topic/income-poverty/>
35. https://icic.org/wp-content/uploads/2019/08/JPMC_BigImpact_JUL2019_ada1.pdf
36. <https://www.mckinsey.com/bem/overview>
37. <https://www.mckinsey.com/bem/our-insights/investing-in-and-with-black-consumers-in-financial-services>
38. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/the-economic-state-of-black-america-what-is-and-what-could-be>
39. <https://www.citigroup.com/global/insights/citigps/closing-the-racial-inequality-gaps-20200922>
40. Since the 2020 pandemic and its economic fallout had a disproportionate toll on people of color, many expect that the gap will widen at a faster rate than originally predicted gap in various areas, including wealth. It might be expected that these forecasts might have proved show a much greater disparity if the full effects of Covid had been apparent to the writers.
41. <https://www.citigroup.com/global/insights/citigps/closing-the-racial-inequality-gaps-20200922>
42. <https://www.citigroup.com/global/insights/citigps/closing-the-racial-inequality-gaps-20200922>
43. <https://www.mckinsey.com/bem/overview>. The McKinsey Institute for Black Economic Mobility is a research institute and think tank dedicated to advancing racial equity and inclusive growth in the United States—and globally. The McKinsey Institute for Black Economic Mobility’s mission is to help private-, public-, and social-sector leaders take coordinated action to accelerate Black economic development by providing in-depth research, convening with stakeholders, and translating research into practical assets and capabilities to create real-world impact. See also “The economic impact of closing the racial wealth gap” from McKinsey: <https://www.mckinsey.com/industries/public-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap29>.

44. <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/the-economic-state-of-black-america-what-is-and-what-could-be>
45. <https://www.hajim.rochester.edu/about/spotlights/rochester>
46. [html https://www.pewresearch.org/social-trends/fact-sheet/facts-about-the-us-black-population/](https://www.pewresearch.org/social-trends/fact-sheet/facts-about-the-us-black-population/)
47. [https://indepthnh.org/2023/01/30/race-and-ethnicity-demographics-in-new-hampshire-not-what-you-think/#:~:text=Just%20over%2010%25%20\(10.4%25\),of%20the%20population%20is%20White](https://indepthnh.org/2023/01/30/race-and-ethnicity-demographics-in-new-hampshire-not-what-you-think/#:~:text=Just%20over%2010%25%20(10.4%25),of%20the%20population%20is%20White)
48. <https://www.startupblink.com/startup-ecosystem/united-states>
49. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/08/04/fact-sheet-vice-president-harris-to-announce-support-to-help-historically-underserved-entrepreneurs-tap-into-bidenomics-fueled-small-business-boom/>
50. <https://www.mbda.gov/capital-readiness-program-fact-sheets>
51. Jon Sanchez-Casas: Empowering Underserved Communities: Unlocking Potential and Defining Clear Paths to Success as Communities of Opportunity. <https://www.linkedin.com/pulse/empowering-underserved-communities-unlocking-defining-sanchez-casas/>



Contact

UI Global

www.ui-global.com 

bob@ui-global.com 