

BALTIMORE SMALL & AFRICAN AMERICAN-OWNED BUSINESS DEVELOPMENT ECOSYSTEM

Report of an Inventory of Business Development Programs
to
Associated Black Charities (ABC) and Baltimore Integration Partnership (BIP)

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INTRODUCTION

The inventory was undertaken to provide a baseline for deliberations by ABC and BIP about possible next steps in business development.

Associated Black Charities' long-standing interest in African American business development has been crystallized as a pillar of the More in the Middle wealth-building initiative begun in 2008 and given additional impetus by a 2013 strategic planning discussion of the ABC board to strongly consider a greater focus on this agenda given its central role in changing the wealth for African American communities.

Through its collaborative efforts to expand opportunities for low-income residents and communities in Baltimore by unifying job opportunities with revitalization investment, including the operations of anchor institutions, the **Baltimore Integration Partnership** has concluded that workforce development (healthy supply of qualified workers) must be paired with small business development (healthy demand for workers). Despite the investment opportunities BIP partners have helped stimulate, an opportunity divide between the numbers of jobs and job seekers persists. Strategies for supporting the growth of existing and potential local providers of goods and services purchased by anchor institutions are called for.

As ABC and BIP formulate business development strategies, both needed a more thorough inventory (than the regular publications of “resources” for businesses) of existing programs that support the growth of job-producing small and African American-owned businesses in Baltimore.

Small business is all business in Baltimore and most other places in the United States.

The U.S. Small Business Administration defines “small business” industry-by-industry using employment size or revenue range. Looking solely at employment size, data for which can be accessed more readily than revenues, three facts become immediately apparent:

- **Most firms in Baltimore City have no employees**, consisting only of the self-employed owner. In 2007, there were:
 - 42,272 total firms, 10,393 with paid employees **(25%)**
- **African American-owned firms are much more likely to have no employees** (2007)
 - 14,644 African American-owned firms (35% of all Baltimore City firms)
 - 857 **(6%)** of African American-owned firms have paid employees
 - Of the City’s 10,393 total firms with paid employees, 8% are African American-owned
- **Almost all of Baltimore City firms with paid employees have fewer than 50 employees:**

TOTAL: 12,089 Baltimore City firms w/paid employees 2011

Employment size range	# of firms	Employment size range	# of firms
1-4 employees	6,273	50-99 employees	430
5-9 employees	2,213	100-249 employees	250
10-19 employees	1,609	250-499 employees	72
20-49 employees	<u>1,191</u>	500-999 employees	25
Total under 50 employees	11,286 (93%)	1000+ employees	25

Source: Census Bureau, County Business Patterns

METHODOLOGY

A Qualtrics online survey was sent to 49 public, private, and nonprofit organizations¹ at the end of March 2013, requesting profiles of 134 programs.² At least 10 percent of the programs have been discontinued or reconfigured or renamed during the past two years. Fifty-two program profiles had been received at the date of this report.³

PROGRAM DESCRIPTIONS

The programs described in the completed surveys focus on meeting a variety of small and African American-owned business needs. Many of the 52 programs responding focused on multiple issues, for a total of 116. The largest percentages (from largest to smallest) of services addressed needs for:

- Business planning, management training, entrepreneurship, business counseling (14%)
- Connections between buyers and sellers (14%)
- Direct financing (13%)
- Relationship building (12%)
- Market research and targeting, marketing planning & execution (10%)
- Finance readiness (10%)

Business development workhorses

The bedrock supports for small and African American company growth have long been the programs of the *U.S. Small Business Administration (SBA)* and its grantees and affiliates. Most of the SBA-related programs, including SBA's Baltimore District Office, the Small Technology Business Development Center, and MMG's Small Business Investment Company are included in the inventory. The SBDC Maryland Procurement Technical Assistance Center and Women Entrepreneurs of Baltimore have not responded.

The *private financial sector* provides the majority of financing and finance-related advising for small businesses, and is the majority partner in many SBA, state, and local business financing transactions. In FFY 2012, the SBA Baltimore District Office (which covers all of Maryland except for Prince George's and Montgomery Counties) reported *436 SBA 7a loans guaranteed, for a total lending of \$137 million*. Eighty to ninety percent of the office's transactions are with Baltimore metropolitan area companies)

PROGRAM ELIGIBILITY CRITERIA, RULES, STAFFING, BUDGETS, and METRICS USED

Eligibility criteria

Despite their modest funding, programs generally do not target their resources. The majority of programs (68%) have eligibility criteria, but most are *minimal*. Sixty percent have no size limitations. Almost one-quarter accept applications from nonprofit entities. Only a handful of programs are specifically targeted to minority-, women-, and/or veteran-owned firms. Half have some industry eligibility restrictions, primarily the inclusion or exclusion of retail businesses. The percentage of

¹ Organizations inventoried are listed in Appendix A.

² Inventory outline can be found in Appendix B.

³ List of public and private for- and non-profit program responses received can be found in Appendix C.

programs targeted to Baltimore City companies is small, a reflection of the limited funding capacity of Baltimore City government. Over one-third of the programs require co-funding from other sources.

Limits

One-third of the programs responding have some limits on quantity of funding or time that can be allotted to a single client. Slightly more than one-quarter have limits on duration, most often one-time only, a specified time period, the loan repayment period, program design (one-or two-year projects), or variable depending on jobs created.

Relationships among programs

Relatively few programs completed the chart that asked for organizations with which they collaborated, referred clients to, or received referrals from. Of those responding, banks were by far the most frequently cited, followed by the Maryland Department of Business and Economic Development, the Baltimore Small Business Resource Center, local economic development agencies outside Baltimore City, the Maryland Department of Housing and Community Development, Maryland Technology Development Corp. (TEDCO), Baltimore Development Corp, and the U.S. Small Business Administration.

More detailed questioning and analysis of transactions will be required to sketch the web of relationships among providers that are part of Baltimore's small business ecosystem.

Funding of programs

Many of the responding organizations did not provide sources of their funding for their programs or budget details. In particular, banks and some private providers were not able or willing to disclose their spending.

Of those that responded, the largest source of funding was Maryland state government, followed by fees for services, federal and city governments, corporate funding, and philanthropy. The total of budgets for responding programs was \$20 million, excluding the \$10 million appropriated by the state for the Maryland Stem Cell Research Program.

Most programs foresee continued funding beyond the current year.

Staffing of programs

Most programs are minimally staffed, though reporting of staffing was equally spotty. The total number of paid employees averaged 2.9 per program that reported staffing. Fifteen percent of programs used volunteers – as interns, on review committees, and as mentors, judges, and board members. Of those that reported, most of the program staff had private sector business operating or private lending/financial management experience. An equal number brought program or project management skills to their jobs.

Program performance

Program performance measures have historically been limited to activity, but are growing in sophistication. Most (85%) programs follow-up with their clients. Metrics, generally rudimentary, are improving focus on outcomes in addition to simple activity measures. Almost two-thirds use the

number of clients served as the primary (if not sole) measure of performance. Few do pre/post tests of knowledge gained in seminars and other educational programs. Almost a quarter now ask clients to report dollars of increased sales, and 10% measure the percentage of their clients that have experienced increased sales. A higher percentage of programs (34%) measure increases in employment for all clients and 20% track average increased employment for all clients. About one-eighth, mostly those that serve young entrepreneurial technology businesses, monitor external funding attracted.

Over half the respondents used other performance measures, including loan repayment, increased export sales, return on investment, quality relationships, client satisfaction, jobs retained, total loans made, program graduates that remain in Baltimore City.

UTILIZATION

Collectively, the responding programs served just over 4,000 clients during the last year. The chart below shows the largest contributors (≥ 100 clients) to that total (in descending order).

Program sponsor	Service
Small Business Technology Development Center	Business counseling
Network for Teaching Entrepreneurship (NIFTE)	Teachers/students served
East Baltimore Development Inc.	Contract opportunities outreach
U.S. Small Business Administration	7a guaranteed loans
East Baltimore Development Inc.	Vendor directory (pre-screened)
PNC Bank	SBA lending (included in the total above)
MD Dept. of Business & Economic Development	R&D tax credit
U.S. Dept. of Commerce Baltimore office	Export development consulting
Baltimore Development Corp.	Enterprise Zone tax credits
Maryland Made Easy	Regulatory ombudsman services

However, some of the largest programs did not participate in the inventory. *Non-respondents* that serve large numbers of clients annually include: Baltimore Small Business Resource Center, Bank of America, DBED's Maryland Economic Assistance Fund (MEDAF), DBED's Maryland Industrial Financing Authority (MIDFA), Maryland Washington Minority Contractors Association, M&T Bank, SBDC Procurement Technical Assistance Fund, and U.S. government procurements.

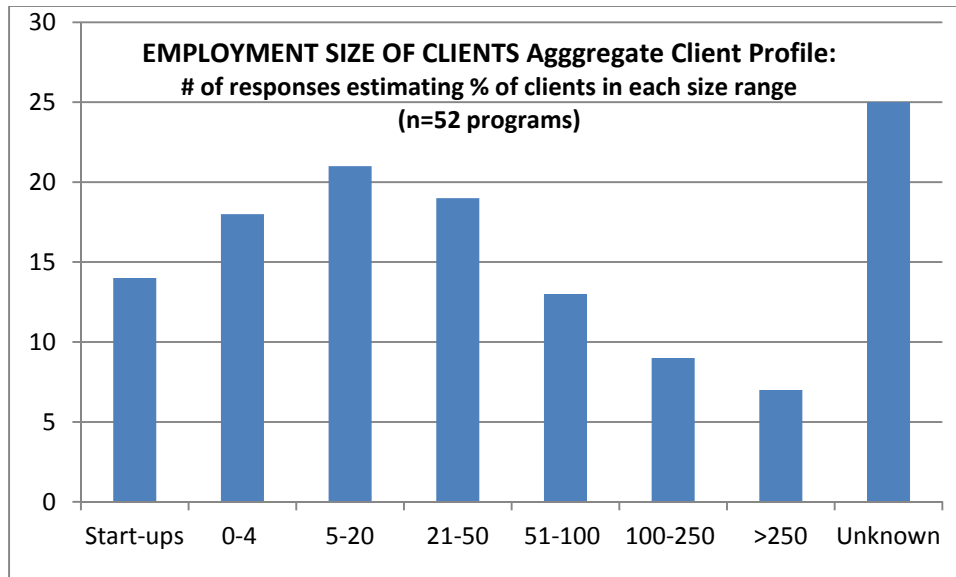
Demand for their services exceeded the capacity of approximately one-quarter of respondents; almost one-third felt that demand exceeded availability from all providers. While most found that demand was "about the same as last year," a fifth of them were seeing higher demand in 2013.

AGGREGATE CLIENT PROFILE

So what do the clients of the 52 responding programs look like, profiled for each program and then aggregated across programs?

Size: Small. Paralleling the Baltimore City employment size distribution shown on page four of this report, the 50 percent of the programs that were able to provide information on the size of their clients overwhelmingly served companies with fewer than 21 employees; and almost all of the clients of the 40

percent of programs that could provide estimates of clients' revenues enjoyed less than \$500,000 in annual sales.

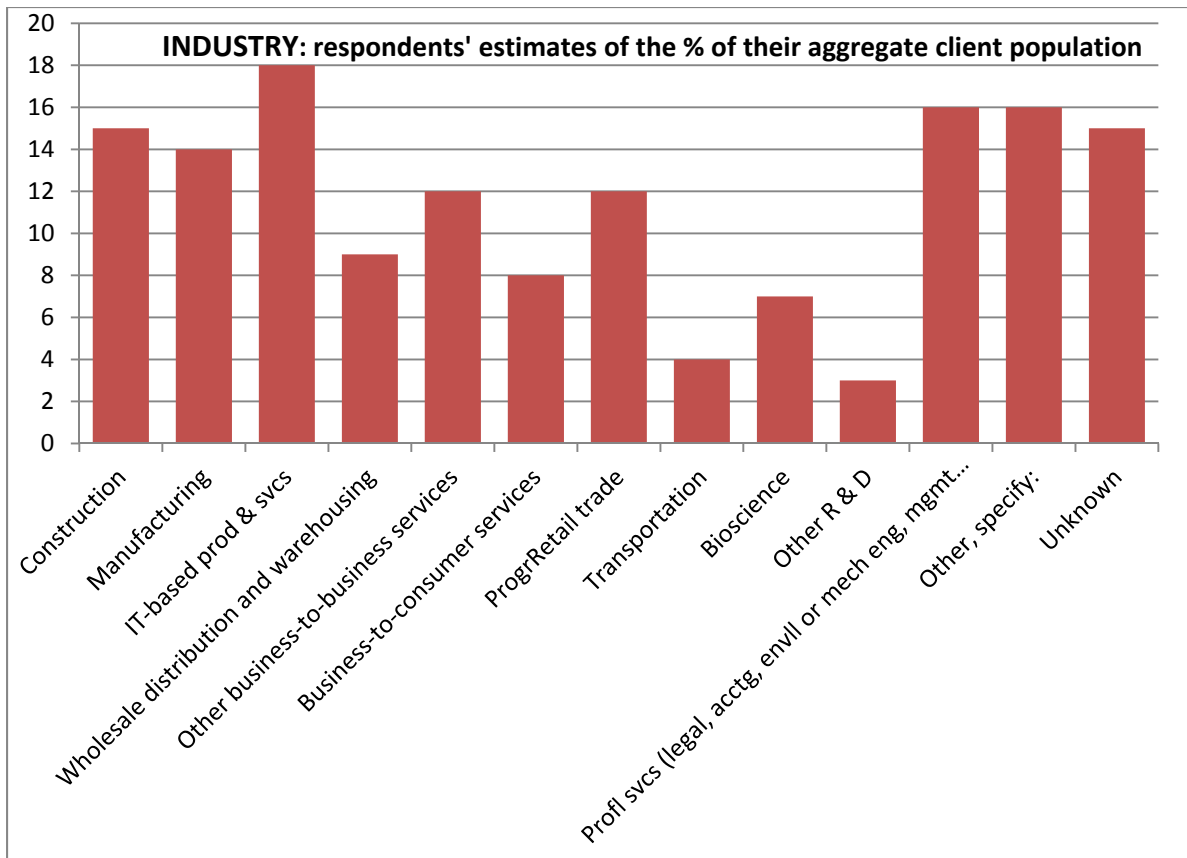


Age, ownership structure, owner characteristics, and industry: *Young.* About half of the responding programs could provide aggregate information on their clients' age and ownership structure, and 40 percent could estimate business owner characteristics. Three quarters were able to estimate the breakdown by industry.

Of those responding, the majority served companies less than one year old, with the remainder spread across ages, including companies that had been in business longer than 20 years. Ownership structure favored LLCs, corporations, and sole proprietorships, in that order.

African American-owned when programs are targeted. Because this inventory's sponsors have a special interest in African American-owned businesses, respondents were also asked specifically about the percentage of their clients that are African American-owned. In the aggregate, 12 percent of the clients fit this criterion. Among individual programs, it is not surprising that, because of its historical focus, two-thirds to three-quarters of the clients of the Maryland Small Business Development Financing Authority's clients are African American entrepreneurs. Also, because of their geographic parameters, a significant concentration of clients for Baltimore City's Enterprise Zone, The Reinvestment Fund, and the Maryland Neighborhood Business Works programs are African American-owned companies. Less expected were the sizeable numbers of African American businesses among the clientele of the Emerging Technology Centers' Accelerator and incubation programs, the Small Business Technology Development Center, and the (private) Government Contracting Institute.

Predominant industries not typical of nationwide distribution. Among the 55% of the programs that could specify a specific (not multiple) industry for their clients, the predominant industries were (in declining order): construction, and information-technology products and services.



Location: *Baltimore City for targeted programs.* Understandably, the majority of clients for programs focused on Baltimore City or on urban neighborhoods are operating their businesses in Baltimore City. Baltimore City companies' utilization of non-Baltimore specific programs is relatively low. They make up 20% or less of (from smallest share to largest) clients for Maryland Made Easy, Maryland R&D tax credit, Government Contracting Institute (private), U.S. Export Assistance Center, and the Small Business Technology Development Center.

Markets served: *Unknown.* Over half the program respondents were unable to estimate the percentage of their clients markets that were commercial, government or both.

Growth trajectories: *Unknown.* Clients' growth rates over the past two years were unknown to 80% of the program respondents, and 64% were unable to estimate the two-to-five year growth prospects for their clients in the future.

CLIENTS' CHALLENGES

Program respondents were asked to select from a list (or identify as "other") their clients' top three challenges, without regard to whether or not their own programs addressed them. **The responses clustered in first, strategic marketing and sales and secondly, financing.** Only productivity fell outside these two areas. Specifically, the top choices were (in descending order):

- Market identification, understanding, and how to expand markets successfully (domestic and international)

- Investment (equity) financing
- Management savvy and strategic capacity
- Working capital debt
- Financial management
- Profitable production processes, for either goods or services

The providers confirmed the conclusions of the ABC's 2010 *African American Business Development Success Metrics* about the **highest priority small, and particularly African American-owned, business needs:**

- Sales sales sales
- Relationships that expand knowledge of market opportunities
- Translation of market knowledge into strategic marketing strategies
- Marketing/selling skills, including follow-up
- Ability to articulate the value the firm can bring to specific buyers/teaming partners

The respondents also confirmed the ABC “business development metrics” study conclusion that small businesses, and particularly African American-owned businesses, are **undercapitalized**. They need equity capital. Regardless of the focus of their own programs, managers pointed to this as a major challenge for their clients. Low levels of equity (“ownership”) capital limits companies’ ability to innovate, explore new markets, and obtain debt financing to support expansion. Most of the responding providers of equity capital are focused on fast-growth technology-based businesses. The life and career trajectories of many small business owners, particularly African American owners, have limited their opportunities to accumulate wealth (equity) that can be brought to an enterprise.

RECENT & EMERGING RESOURCES

A number of resources recently developed – new enough to be difficult to profile – and on the horizon surfaced during the inventory. Thumbnail summaries of each one can be found in Appendix D. ***These programs will change the ecosystem of support for small business growth in Baltimore***, and need to be taken into account in any analysis of gaps and identification of possible initiatives. The new resources are primarily in business financing, but include initiatives in business advisory/market intelligence for next-stage growth companies, intensive executive business training with professional mentors, and tailored assistance to help biohealth companies use federal programs to grow. Financing programs in both the public and private sectors are being recalibrated to respond to changing credit market realities.

ANALYSIS, CONCLUSIONS, AND RECOMMENDATIONS FOR ACHIEVING JOB GROWTH

Selectivity and intensity: Several of the latest initiatives suggest that, if the goal is employment growth, efforts that are most selective and intensive hold promise. Most small business founders are not focused on growing their businesses. Prof. Scott Shane, formerly at University of Maryland, has conducted a meta analysis of studies of entrepreneurship and firm growth. Among other illusion-busting findings and conclusions: Only 13% of all entrepreneurs in North America were involved in start-ups that aimed to create 20+ jobs, but their firms added 73% of all jobs. Metrics used by funders like the U.S. Small Business Administration have long forced grantees into a “counting clients” numbers game (though this is beginning to change), which mitigates against the kind of concentrated effort required. The immortal Casey Stengel, seeker of “deep depth,” had it right. While there is a substantial sum of

resources being devoted to small business development in Baltimore, most initiatives are inadequately funded; focused on the smallest, newest, and youngest companies; and, unless they are loaning or investing money, often do not involve extensive diagnostic analysis to target assistance precisely to companies' needs (by direct service or referral).

Recommendation: *If job growth is our goal, we need to concentrate our time and money on growth-seeking entrepreneurial business owners without regard for their companies' age or industry.*

Hopeful signs: *Advance Maryland and SBA's Emerging Leaders Initiative (SBRC is a participant)*

Building the entrepreneurial base: Our ability to be selective depends on a steady flow of new entrepreneurial efforts, even though their initial employment totals may be low.

Recommendation: Continue to support carefully selected entrepreneurial development programs that have strong track records of preparing companies for growth, both in technology and non-technology-intensive industry segments.

Market identification and successful exploitation: Several of the services described by respondents (and those of the organizations that have not yet responded) address primary needs **for deep and intentional market connections** and yet there is widespread consensus that companies need help in this arena. (As discussed in the prior report for ABC, the issue of connections and linkages to markets are also limited by the challenges of racialized barriers which limit access to information, relationships, etc.)

Recommendation: *Build on other initiatives or launch a program of intensive mentoring for carefully selected companies with growth potential. Link client companies to key contacts locally, nationally or internationally to validate strategic markets and make connections to them. Activate local and state business organizations and the U.S. Export Assistance Center to help identify specific potential buyers of the product/service of client companies. Use sales growth as a measure of program success.*

Hopeful signs: *Advance Maryland, Export Assistance Center, efforts to revive the Maryland Manufacturers' Association; Associated Black Charities' Citi Foundation-funded explorations*

Human capital: Finding the right employees for the jobs to be done is the challenge that companies, especially manufacturers and information technology-intensive firms, raise most often in surveys, focus groups, and groups convened to address competitiveness. Employers are most interested in cost-shared programs that help them: 1) find qualified, ready-to-work employees or, failing that, 2) train new qualified hires they have selected to their specifications, and/or 3) upgrade the skills needed in changing competitive environments by incumbent workers. The Mayor's Office of Employment Development (MOED)'s customized training capacity depends on limited federal funding; it was able to serve only six companies in FY2012. The Maryland Department of Business and Economic Development (DBED) customized training programs that formerly provided matching funding for training of new hires (MITP, Maryland Industrial Training Program) and incumbent workers (PWQ, Partnership for Workforce Quality) have either been discontinued or shriveled from combined budgets as high as \$10+ million to less than \$100,000.

Recommendation: *In partnership with other business competitiveness interests, advocate for increased funding for employer-driven customized workforce training programs.*

Hopeful signs: *The new (\$4.5 million) Maryland Employment Advancement Right Now (EARN) Program will support workforce training for consortia of companies. The Maryland Advisory Commission on Manufacturing Competitiveness's workforce committee has recommended a resuscitation of MITP/PWQ in the 2014 state budget.*

Equity capital: Business counselors at several of the responding organizations (and all of the SBA-related entities) can help small companies analyze their capital needs and their options. Often a rigorous review of the books and management reveals ways to internally finance growth. If external equity is needed and desirable and if they qualify, companies can approach the sources listed below for equity financing. However, ***the equity capital gap for non-technology and slower-than-a-gazelle-growing companies remains a key challenge.***

- Baltimore Angels - angel group members invest in early stage companies in many industries, managed by Greg Cangialosi
- Community Ventures L.P. - U.S. Treasury-licensed Community Development Financial Institution managed by MMG Group, provides senior and subordinated debt and equity to businesses located within a distressed community within Baltimore City or employ a significant portion of its workforce from these areas; at least 60% of jobs created must be for distressed, urban area residents
- Equity Participation Program - MSBDF program managed by MMG Group provides equity that enables socially or economically disadvantaged entrepreneurs to buy a franchise or profitable business, or develop a technology business
- Maryland Enterprise Fund - DBED-managed fund makes early stage investments in companies in manufacturing, bioscience, information technology, and green industries
- Maryland Health Care Product Development Corp. - managed by Dr. Blanche Johnson, Technology Council of Maryland, makes early stage investments in promising Maryland biomedical and medical technology companies
- Maryland Technology Commercialization Fund - TEDCO-managed, makes investments that help companies achieve early technical milestones on the path to the market
- MMG Ventures L.P. - SBA-licensed Small Business Investment Company managed by MMG Group, majority owner must be disadvantaged, company must be in a growth industry)
- Propel Maryland Fund - TEDCO-managed, foundation-funded, early stage investments in Baltimore City technology companies

Recommendation: *With the help of a financing subgroup of the Advisory Group, review the past three years of transactions of equity-providing entities, particularly those that are not solely focused on technology-based enterprises. Convene a small working group that includes public, private, and foundation lenders/investors to tackle the challenge of helping small non-technology firms build (from internal sources) or find equity.*

KNITTING TOGETHER THE ECOSYSTEM

Program take-up: SBA's Baltimore District Office publishes a guide to all the resources available for small businesses in the area. BioHealth Innovation has recently released a more detailed guide for

broadly-defined “biohealth” companies. And yet, utilization by Baltimore City companies of existing resources is relatively low. These results point to an opportunity to make better connections between companies and services, after gaining more insight into why take-up of the services is suboptimal:

- Is the problem a failure of communication to targeted small businesses of services available to them?
- Or of service delivery approaches that fail to recognize the limited time that small business owner/managers have to spend on anything other than selling and producing and collecting payment?
- Or have the program designs failed to keep up with changing business owner characteristics, economic environments, and technologies?
- Or are target business owners unwilling to become involved in “government” programs?

Recommendation: *With the help of Advisory Group members, identify a sample (10-12) of companies that have already experienced a growth spurt or are ready for growth. Use a short discussion guide for use by the staff/consultant/council member to conduct a short one-on-one interview about the way in which they would prefer to receive assistance, and from whom.*

Client intake: In many cases, program managers have little or no knowledge or were unable to provide information about their clients’ revenues, age, structure, owner characteristics, markets served, growth history and trajectory, or employment profile. Even taking into account that one-third of the reported client counts were for programs of education or wholesale matching of buyers and sellers that are not designed for one-on-one interaction, the finding is concerning, especially since program managers were asked for their “informed estimates,” not documented statistics.

Recommendations: *Focus on building relationships among program managers and with local banks to facilitate the realization of a “no wrong door” guarantee for small businesses seeking support for growth. Gain consensus on basic (simpler than loan applications) information to be assembled by the “originating” contact and on methods for sharing when referrals are made. Collaboratively, the network can also work with skilled social media experts on more effective methods of communicating with businesses that intend to grow. Recognizing that building this ecosystem infrastructure takes focused effort, seek resources for the “glue” for its launch.*

Hopeful signs: *The Director of SBA’s Baltimore District Office has expressed an interest in strengthening bonds among the providers. The Baltimore Small Business Resource Center (SBRC) has been quietly working on making the network more of a true network. The output of the Baltimore Development Corp.’s strategic plan will include a specific focus on small business and SBRC. SBA has experimented with funding the “glue” in several places.*

APPENDIX A

Organizations Inventoried

- Associated Builders and Contractors
- Baltimore Angels
- Baltimore City Community College
- Baltimore Development Corp.
- Baltimore-Washington Corridor Chamber of Commerce
- Bank of America
- Betamore
- BioHealth Innovation
- Chesapeake Emerging Opportunities Network
- East Baltimore Development Inc.
- Emerging Technology Centers
- Ft. Meade Army Alliance
- Greater Baltimore Committee
- Humanim
- M&T Bank
- MD Biotechnology Center
- Maryland Capital Enterprises
- MD Dept of Business & Economic Dev't
- MD Dept of General Services
- MD Dept of Housing & Community Dev't
- MD Dept of Transportation
- Maryland Outsource Associates
- MD Small Business Financing Authority
- MD TEDCO
- Mayor's Office of Employment Development
- Md. Washington Minority Contractors Assoc.
- MMG Group
- Morgan Entrepreneurial Development & Assistance Center
- M&T Bank
- National Security Agency
- Network for Teaching Entrepreneurship
- New Vantage Group
- PNC Bank
- SBDC Procurement Technical Assistance Center
- Small Business Technology Development Center
- Small Business Resource Center
- The Reinvestment Fund
- Tech Council of Maryland
- Towson Global Business Incubator
- Turner School of Construction Management
- U.S. Army CECOM
- U.S. Army RDECOM
- U.S. Centers for Medicare and Medicaid
- U.S. Commercial Service
- U.S. Small Business Administration
- U.S. Social Security Administration
- University of Maryland Baltimore
- UMBC ACTIVATE
- University of Maryland MTECH
- Women Entrepreneurs of Baltimore

Appendix B Inventory Outline

- **Contact information for organization and program**
- **Program description**
- **Eligibility and other program requirements**
 - Company size
 - Firm structure
 - Business owner characteristics
 - Industry
 - Location
 - Requirements such as company match, outside investors, turn-downs, new-to-market
- **Limits** on time or amount of service/program that may be delivered to a client
- **Inventory outline** (cont.)
- **Profile of program clients** (aggregate)
 - Employment size
 - Revenue size
 - Age of company
 - Ownership structure
 - Owner characteristics
 - Location
 - Industry
 - External financing attracted
 - Markets
 - Growth trajectory past and future 2 years
 - Aggregate workforce educational attainment
 - **TOP 3 CHALLENGES**
- **Utilization**
 - # clients, average time/client, #units of service
 - Demand trends vs. services available from surveyed program and others
- **Resources**
 - Budgets and sources of funding
 - Funding trends and outlook
- **Staffing**
 - Numbers of FT, PT, volunteers
 - Skills/experience and certifications
- **Performance**
 - Follow-up
 - Metrics used
 - Success achieved

Appendix C Responses Received

PUBLIC AGENCY PROGRAMS

Agency/Organization	Program
Baltimore Development Corp.	Enterprise Zone Real Property and Income Tax credits
	Economic development services
	GO Bond Funded capital project financing
	Revolving Loan Funds (real estate related & WC)
Emerging Technology Centers	Accelerate Baltimore
	Co-working space
	Incubators (Canton and JHU Eastern)
Maryland Department of Business & Economic Development (DBED)	Enterprise Investment Program
	Maryland Economic Development Assistance Fund (MEDAF), partial
	Maryland Industrial Development Financing Authority
	Maryland Made Easy
	MD No-interest loan program for military reservists & Natl Gd members called to active duty
	Partnership for Workforce Quality
	R&D Tax Credit (DBED certifies)
Maryland Department of General Services	Maryland Marketplace
	Maryland Small Business Preference Program
	Maryland Small Business Reserve Program
Maryland Department of Housing & Community Development (DHCD)	Neighborhood BusinessWorks Program
Maryland Small Business Financing Authority (MSBDFA)	MSBDFA Contract Financing Program
	MSBDFA Equity Participation Program
	MSBDFA Guaranty Fund Program
	MSBDFA Surety Bond Program
Mayor's Office of Employment Development (MOED)	Customized training
Small Business Resource Center	Local Contractor Development Program (partial)
Small Business Development Center	Business counseling
U.S. Army Communication-Electronics Command (CECOM)	Office of Small Business Programs
U.S. Commercial Service	U.S. Export Assistance Center
U.S. Export Assistance Center (USCS) US Commercial Service	ExporTech
U.S. Small Business Administration	7a Loan Guaranty Program
University of Maryland Technology Enterprise Institute (MTECH)	Maryland Industrial Partnerships Program (MIPS)

**Appendix C (cont.)
Responses Received**

PRIVATE FOR- and NON-PROFIT ORGANIZATIONS

Agency/Organization	Program
<i>Bank of America</i>	Practice Solutions
<i>East Baltimore Development, Inc.</i>	Lunch and Learn w/primes and business advisors
	Outreach for contracting opportunities
	Vendor directory of local firms
<i>M&T Bank</i>	
<i>Maryland Capital Enterprises</i>	Microloans
<i>Maryland Outsource Associates</i>	Government Contracting Institute
	Target.Gov
<i>Maryland Technology Development Corporation (TEDCO)</i>	Maryland Innovation Initiative
	Propel Baltimore Fund (Abell)
	Maryland Technology Transfer and Commercialization Fund
<i>PNC Bank</i>	Business loans and credit
	Cash Flow Options
	Community development lending
	Mind Your Business events
	SBA lending
	Sponsorship of business devt orgs & initiatives
	Supplier diversity
	Workplace banking
<i>The Reinvestment Fund</i>	Community development-related lending

Appendix D

New and Emerging Resources

INCUBATION: Food Business Incubator

- Part of the “Food Hub” planned for East Baltimore by EBDI, American Communities Trust, HEBCAC, Cross Street Partners
- Will provide infrastructure (including a licensed commercial kitchen) and business development advice and access to capital for nascent food businesses
- Target opening in 2014

ADVISORY: Advance Maryland

- Economic Alliance of Greater Baltimore (EAGB) and Maryland Department of Business and Economic Development (DBED) have launched this pilot program designed to support growth companies
- Target is second stage growth-oriented companies that are beyond start-up
- Partnering with National Center for Urban Gardening, which has had success with the approach elsewhere, qualifying companies will be matched with skilled research specialists who use search engine optimization, social media marketing, and GIS to spur growth
- Regional economic development organizations are helping to identify companies, which will be reviewed by a selection team in June, with interviews of selected companies scheduled for July.
- The program will assist 5-6 companies for one month.

MANAGEMENT TURBO-CHARGED

- SBA has launched the **Emerging Leaders Initiative** focused on building sustainable businesses in historically challenged communities, including Baltimore
- Businesses must have been in business at least 3 years, and have revenues of at least \$300,000 and at least one employee
- The Baltimore District Office supports 15-30 small business owners in a 32-week, four-hour weekly course of executive business training
- No cost to participants
- Professional instructors, mentors, specialized workshops, development of peer and network-enlarging relationships
- Strong early results in Baltimore and 25+ other cities

FINANCING: Maryland Industrial Development Financing Authority (MIDFA)

- MIDFA administers the U.S. Treasury’s State Small Business Credit Initiative (SSBCI) established by the Small Business Jobs Act of 2010; a state must demonstrate that it can leverage private sources 10:1
- Began in 2011; Maryland’s seven-year allocation is \$23 million
- Loan guarantees of loans for working capital or fixed assets
- Has allowed MIDFA to become involved in retail and other local small business financing, for example restaurants in Fells Point and Parkville, a small manufacturer/fabricator in East Baltimore that sells to the federal government, and an opinion research company in Annapolis.

FINANCING: Baltimore MICRO Revolving Loan Fund

- Administered by BDC and SBRC
- Began in 2012
- Loans of \$5K - \$30K for working capital or fixed assets

- Priority to projects that strengthen neighborhood commercial districts and are part of a revitalization strategy
- SBRC is the entry point for determining eligibility and accepting applications
- BDC Loan Committee approves and BDC staff prepares documents

FINANCING: Maryland Microenterprise Loan Program

- Loans of \$5,000 to \$35,000 to businesses in state-designated Sustainable Community areas in Maryland
- Operated through intermediaries. Maryland Capital Enterprises handles loans for Baltimore City
- Retailers, manufacturers and other goods and services producers are eligible
- Working capital, fixed assets, machinery & equipment, minor renovations, leasehold improvements are eligible uses

FINANCING: Maryland Lottery Small Business Financing program

- Source of funds: 1.5% of video lottery terminal revenue from Maryland casinos
- Half of funds to be deployed within a 10-mile radius of casinos in Cecil, Worcester, and Anne Arundel Counties; remaining half to be loaned to small, minority, and women-owned businesses statewide
- Anne Arundel Economic Development Corp (\$3.36 million), Maryland Capital Enterprises (\$1 million), and Meridien Management Group (\$3.5 million) are fund managers initially; DBED will issue RFPs for fund managers yearly.
- Began May 1, 2013

FINANCING: Maryland Linked Deposit Program

- Changes approved this year by the General Assembly will make the program more attractive to lenders
- Program is for minority business enterprises (MBEs)
- Deposits by State Treasurer create incentives for banks to lend at favorable rates to certified MBE borrowers
- Maryland DHCD operates the program

NEW MARKETS & FINANCING: Commercial Relevance Program

- Operated by BioHealth Innovation
- Began in April 2013
- Biohealth includes healthIT, healthcare services, mobile health-health, and medical device companies
- Helps early-stage companies use federal funding to grow
- Provides expert advice on applications for SBIR, STTR, and federal programs