Small Business Assistance

Community and Economic Development Committee

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DEPUTY ASSISTANT DIRECTOR
OFFICE OF ECONOMIC DEVELOPMENT & COMPETITIVENESS

Lynn Longan
MANAGER, SMALL BUSINESS TRAINING & EDUCATION TEAM

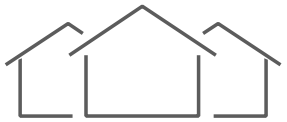
Linda Womack
MANAGING DIRECTOR, SMALL BUSINESS FINANCE & COMMUNITY SUPPORT

DECEMBER 2, 2022

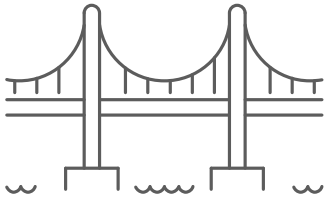


Washington State Department of Commerce

We strengthen communities



HOUSING HOMELESSNESS



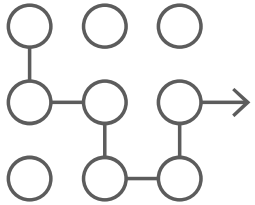
INFRASTRUCTURE



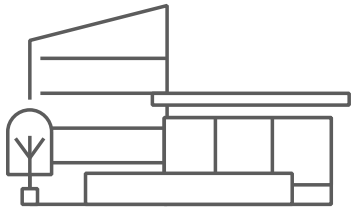
BUSINESS ASSISTANCE



ENERGY



PLANNING



COMMUNITY FACILITIES



CRIME VICTIMS & PUBLIC SAFETY



COMMUNITY SERVICES

Small Business Recovery

Grants, Loans & Technical Assistance

Small Business Recovery Activities

2021-23 Biennium

$512 Million to distribute

47 different awards/programs

- Grants
- Loans
- Technical Assistance

Selected Small Business Recovery Funding

Description	Appropriation	Status
Working Washington 5	$70 Million	Review & Distribution
Convention Centers	$5 Million	Review & Distribution
Working Washington – Border Businesses	**$4.4 Million**	**Fully Distributed**
Public Facility Districts	**$20 Million**	**Fully Distributed**
Hospitality Sector	$100 Million	Applicant Review
Small Business Innovation	$34.5 Million	Contracts Pending
SSBCI Spending Authority	$138 Million	Needs legislative increase
Small Business Disaster Relief	$20 Million	In Process
Tourism	**$12 Million**	**Fully Distributed**
SBRN Support and Loan Program	$15 Million	Loan RFP Pending
Microenterprise	$4.4 Million	Contract Executed
Arts, Heritage, Science & Culture	$5 Million	Review & Distribution

Challenges remain…

COVID grants, technical assistance and resources drying up

- Federal support ending
- Need for capital, TA and trusted resources at an all-time high

Economic disruptors

- Workforce shortages
- Changing customer demands
- Supply chain issues
- Inflation
- Possible recession

Washington's small business climate

85.4% of all establishments in Washington are small businesses

42 average age of an entrepreneur

11.6 average age of Washington small business (45th nationally)

U.S. Bureau of Labor Statistics (BLS)

Survival rate of small businesses

89.1% of Washington businesses make it through Year 1

40.4% make it to Year 5

18.3% are still around at Year 10 (National average: 34.5%)

U.S. Bureau of Labor Statistics (BLS)

Why small businesses fail over time

- Insufficient cash flow
- Poor planning or no plan at all
- Lack of basic business skills/expertise
- Inability to shift from creator to leader
- Knowing when and how to grow
- Lack of intel to navigate roadblocks



The state's small business strategy

Entrepreneur Led Economic Development (ELED)

- Focused on small businesses with <100 employees.
- Builds local economies from within rather than relying solely on outside investment or recruitment.
- Activities are focused on the specific resources, programs and expertise businesses need at each stage in lifecycle.

Three critical stages in business lifecycle

Stage	Employees	Years in Business	Typical Revenue
Startup	1	0 - 2	Little to none
Stage 1	2-9	3 - 5	Less than $1 million Break even to small profit
Stage 2	10-99	5+	$1 million to $50 million Profitable

Startup Stage

1 employee ◂ ▸ 0 – 2 Years



FOCUS: Legal structure, licensing, supply chain, customer acquisition, basic mechanics, market analysis

NEEDS:

- General education and training
- Self-directed programs
- Classroom and group sessions
- Some one-on-one counseling

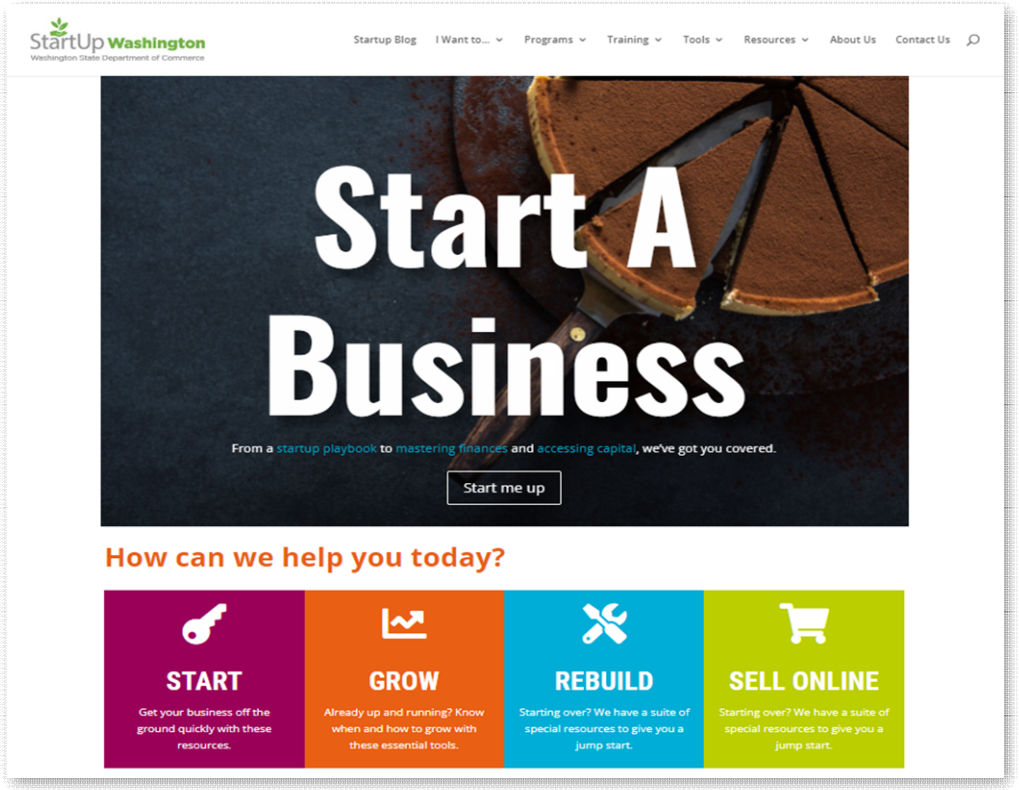
SUPPORT:

- MyStartup365.com
- Small Business Development Centers (SBDC)
- Libraries
- Small Business Resiliency Network (SBRN)
- Chambers
- SCORE
- Washington State Microenterprise Association (WSMA)
- Other business owners
- Community colleges

Strategy in Action ▸ MyStartup365.com

Washington's Small Business Training & Education Center

- 245,165 users served (2021-22)
- 380,226 pages viewed
- 76% new users
- 24% returning
- AI translation in 45 languages



Key Features:

- Entrepreneur Academy
- Creatives Academy
- Mastering Financials
- Small Business Playbook
- Disaster Planning Guide

Stage 1

2 to 9 employees ◂ ▸ 2 – 5 Years

FOCUS: Day-to-day survival, mastering financials, growing customer base, credit readiness, increasing efficiencies



NEEDS:

- Self-directed education specific to core competencies
- Group learning around specific topics
- Individual counseling to address roadblocks

SUPPORT:

- MyStartup365.com
- ScaleUp!
- SBRN
- Flex Fund
- State Small Business Credit Initiative
- Export Assistance
- SBDCs
- Peerspectives
- Mentorship

Strategy in Action ▸ ScaleUp!

Small group training for Stage 1 business owners

- 774 small business graduates
- 27 counties

- 65% women-owned
- 34% minority-owned
- 8% veteran-owned

New Spanish class launched in September – 37 owners enrolled

BELLINGHAM PR & COMMUNICATIONS

"ScaleUp! helped me hire a part-time employee, and we met our three-month earning goal, with the last month being our best month of business ever!"

Patti Rowlson, Founder

Stage 2

10 – 99 employees ◂ ▸ 5+ Years

FOCUS: Managing growth, refining strategy, addressing core competencies, adapting to industry changes, finding new markets, positioning for expansion



NEEDS:

- Highly customized assistance
- Access to data and market analytics
- Access to peer networks, mentoring and capital
- Transforming from creator to leader

SUPPORT:

- Thrive!
- Executive Roundtables
- Export Assistance
- Industry Sector Leads
- SBDCs
- Small Business Administration

Strategy in Action ▸ Thrive!

Individualized consulting focused on specific roadblocks

- 30.5 jobs created*
- $10.9 million increase in revenue
- $146,000 in new state tax revenue
- $4.3 million in new investments

$11.45 ROI for each $1 the state invests



"After going through Thrive!, we grew our topline revenue by over 30% in 2020, which is really a good result. What is even more impressive is that we grew our bottom line profit by over 900%."

Rick Fowles, CEO

* Based on 10 companies reporting

ELED and Equitable Access

Study identified three specific needs of small business community:

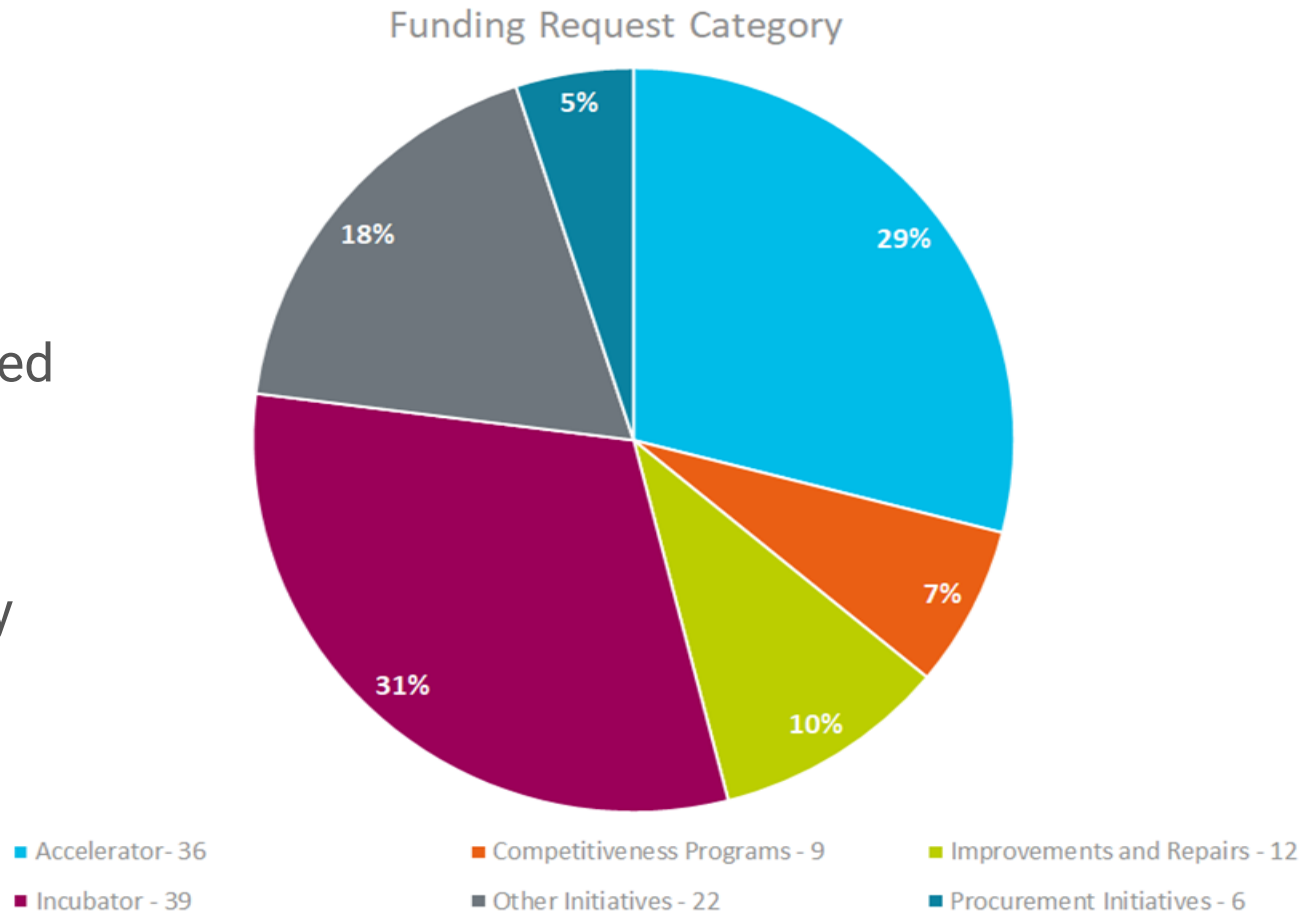
- ✓ Time
- ✓ Trust
- ✓ Technology



Time: Small Business Innovation Fund

$34.5 million appropriation

- Extensive outreach
- 124 applications received / 121 evaluated
- 22 selected
- Total Ask: $252 million
- Applications received from every county
- 1/3 of funds going to rural counties



SBIF Awards

#	Applicant Name	Requested Funds	Applicant Location	Type of Program
1	Clallam County Economic Development Council	$1,263,141.50	Port Angeles	Competitiveness Programs
2	Opportunity Council	$1,041,419.50	Bellingham	Accelerator
3	Economic Development Board for Tacoma-Pierce County	$1,893,607.00	Tacoma	Accelerator
4	Town of Odessa (109)	$1,716,314.00	Odessa	Improvements and Repairs
5	Spokane Independent Metro Business Alliance (SIMBA)	$983,749.00	Spokane	Competitiveness Programs
6	City of Tacoma	$1,000,000.00	Tacoma	Competitiveness Programs
7	City of Goldendale	$1,036,800.00	Goldendale	Improvements and Repairs
8	Latino Community Fund of Washington State	$2,000,000.00	Seattle	Accelerator
9	Washington Manufacturing Services dba Impact Washington	$528,526.32	Bothell	Accelerator
10	Port of Willapa Harbor	$2,190,000.00	Raymond	Incubator
11	Rainier Beach Community Empowerment Coalition dba Rainier Beach Action Coalition	$578,000.00	Seattle	Accelerator
12	Center for Inclusive Entrepreneurship	$538,495.25	Seattle	Incubator
13	Thurston Economic Development Council	$539,319.00	Lacey	Improvements and Repairs
14	Muslim American Youth Foundation	$509,761.00	Burien	Accelerator
15	Native Funds	$519,664.40	Chelan	Accelerator
16	Composite Recycling Technology Center (CRTC)	$2,724,960.00	Port Angeles	Other Initiatives
17	Chelan Douglas Regional Port Authority	$1,000,000.00	East Wenatchee	Incubator
18	U District Partnership	$4,976,600.00	Seattle	Improvements and Repairs
19	Tri-Cities Diversity & Inclusion Council	$500,000	Richland	Incubator
20	Colfax Downtown Association	$2,259,820.00	Colfax	Incubator
21	Multi-Ethnic Business Association d/b/a AHANA	$2,000,000.00	Spokane	Incubator
22	Downtown Walla Walla Foundation	$636,250.00	Walla Walla	Incubator

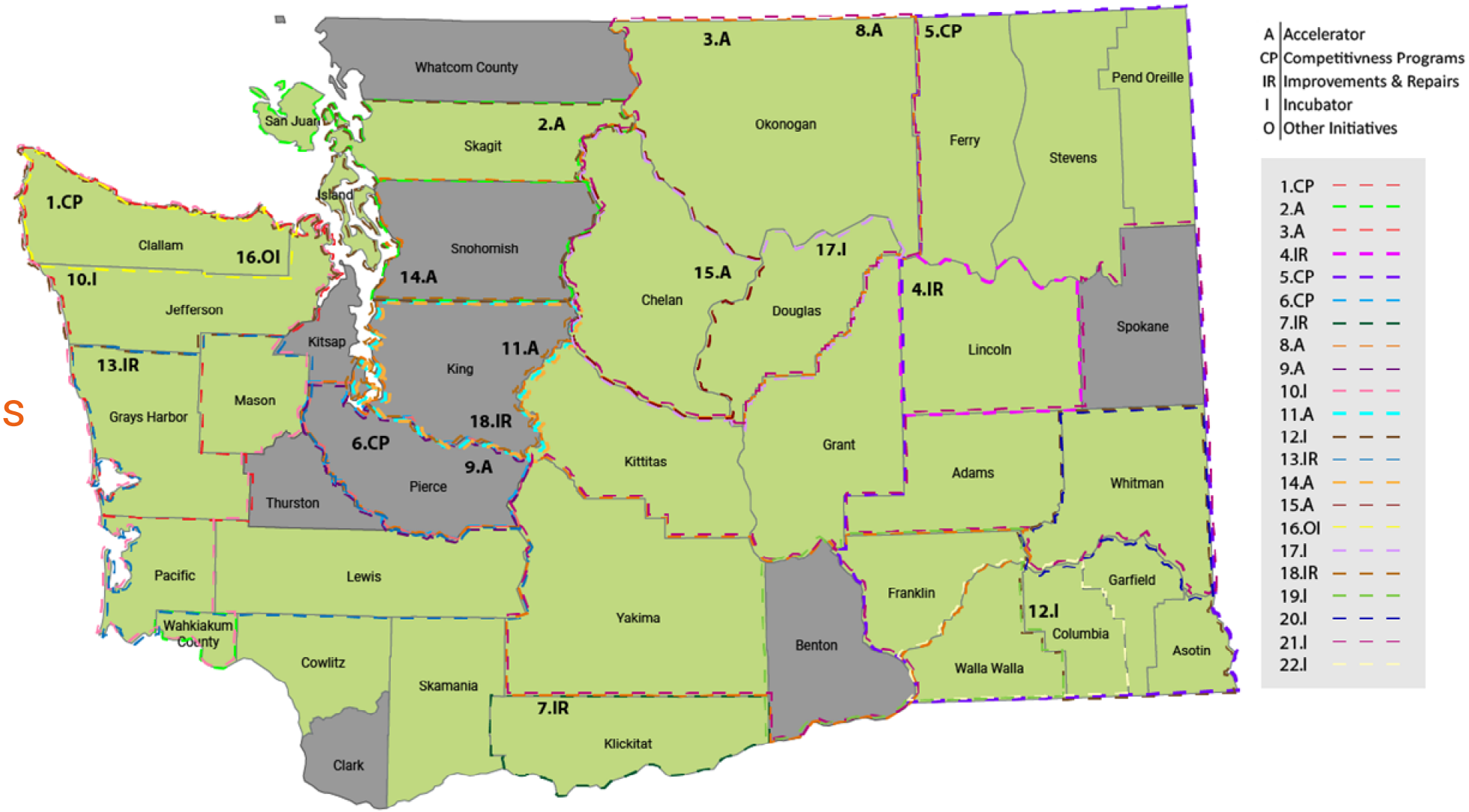
Application Locations

- 124 applications received



Type & Service Location

- 22 applicants selected



Trust: Small Business Resiliency Network



10,000+

Assistance provided to small businesses

58,000 HOURS
of technical assistance

Provided assistance in
40 LANGUAGES

Outreach to
1 million
PEOPLE

Technology: Go Global

Supports underserved businesses in developing an online presence, including e-commerce

- Applications in six languages
- Up to $4,000 per business
- Business connected to trusted, vetted contractors
- 430 applicants
- 100 businesses selected in pilot
  - 73% are minority/BIPOC/LGBTQ



The work ahead…

ELED Strategy Buildout – Next 4 Years

- Increase access to capital
- Create credit building program
- Improve and standardize data collection
- Fill identified gaps in TA, training and education
- Leverage and deepen existing partnerships statewide
- Increase focus on Stage 2 businesses to spur exponential growth locally



The State's Unique Role in ELED

- Creating an equitable, sustainable economy across state
- Providing trusted, actionable programs and resources that can be used locally
- Providing access to data and information that is otherwise unavailable to small businesses
- Identifying and addressing shifting economy needs, from emerging industries to overseas market expansion
- Monitoring economic activity and recovery activities statewide to create a diverse and inclusive economy

Supporting This Work

Funding requests to:

- Continue small business programs and technical assistance
- Expand in-language training and education
- Help local businesses secure state and federal contracts
- Build upon regional and global competiveness strategies
- Assist small businesses in recovering from disasters



Thank you!

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