



Needs of North Carolina's Small Businesses & Opportunities for the SBTDC to Aid in the State's Economic Recovery

March, 2009

As we begin 2009, small businesses in North Carolina are hurting and the outlook for the economy for at least a good part of this year appears grim. This isn't just what the TV economists are saying; this comes from those on the ground – organizations that administer programs and provide services to thousands of small businesses in our state.

The Small Business and Technology Development Center has completed its 2008 Needs Assessment. Unlike most other years, the SBTDC didn't survey business owners themselves but rather the organizations that most closely work with and assist small-and mid-size businesses. Due to the current economic situation, we felt it was important to ensure that we received a broad range of perspectives from all corners of the state. We also felt that by soliciting input from individuals and organizations knowledgeable enough about the SBTDC and small business services we could find suggestions for us to improve and do the most good for North Carolina's business community.

As already stated, our respondents gave a weak prognosis of the health of the state's small businesses. Sixty-two percent gave current small business performance a three or less (on ascending 9-point scale from poor to good) in relation to the prior year; and only a third stated being at least somewhat optimistic about their chances for growth in 2009. Our sample identified five main issues existing small businesses could use the most help with:

- Financial management/analysis (55%)
- Obtaining financing (49%)
- Marketing (48%)
- Business planning (45%)
- Controlling costs (38%)

So how is North Carolina positioned to help businesses navigate the recession and assist them with their greatest needs? Only eleven percent of respondents stated that our state is "not very supportive" of entrepreneurship and small business. This low figure is not surprising coming from this sample – where most of the organizations have ties (directly or indirectly) to some amount of governmental financial support. One might suspect (and this been shown in previous studies) that the business community is not as positive about the amount of support they receive. But what might be more telling is that only 38% of respondents felt that North Carolina is "very" or "extremely" supportive of entrepreneurship and small business – meaning more could be done.

Our respondents particularly felt there should be more opportunities for financial support of businesses (professed by 63%), support for small businesses in underserved areas (59%), and entrepreneurship education (44%). Several small business populations were identified as lacking adequate services:

- Rural businesses (50%)
- Start-ups (39%)
- Young entrepreneurs (38%)
- Established businesses in general (34%).

Among North Carolina's service providers there appears to be some good working relationships. Ninety-four percent of respondents reported making referrals to at least one other business/financial services organization/institution often or frequently; 72% often/frequently make referrals to at least three different types of assistance organizations.

The SBTDC received regular referrals (often or frequent) from 40% of those that responded; fewer than those made to:

- Community College Small Business Centers (69%)
- Chambers of Commerce (54%)
- Government Programs/Agencies (52%)
- Banks/Financial Institutions (44%)
- College/University Programs (43%).

The reason for lower referrals to the SBTDC appears more to be due to the lack of familiarity or need for our services than a negative perception of our quality. Ninety percent of those familiar with the SBTDC reported being "confident" or "very confident" in referring clients to us. Eleven percent stated being "not very familiar" or "not at all familiar" with the SBTDC's services. Among the services that are least familiar to people are:

- Help for the boating industry (63%)
- Help with import/export issues (43%)
- Help for emerging technology companies (39%)
- Help finding venture/angel funding (38%)
- Help getting government contracts (33%).

From those aware of our services, quality perceptions of the SBTDC are very positive. Among the particular strengths identified are:

- Help with strategic planning (59%)
- Help with financial analysis (54%)
- Help for growing businesses (51%)
- Help getting government contracts (43%)
- Help for emerging technology companies (43%)
- Help for the boating industry (43%).

Respondents provided many suggestions for ways the SBTDC can help small- and mid-size business. The most common suggestion was to focus our efforts on existing companies and make appropriate referrals

of start-ups to other organizations. The SBTDC should focus on financial analyses and assistance in acquiring capital to help businesses through this recession; including greater connections and relationships with local lenders in an effort to better prepare businesses for loans. Many viewed that these and other SBTDC services are important and valuable to struggling businesses, but that not enough is being done to let people know about them (i.e. more marketing). Others called for the SBTDC to conduct more seminars/trainings (in person and online) focused on elements that are key to business survival, such as business planning, finance, and marketing. Additionally, respondents would like to see the SBTDC be more active in strengthening relationships with other service providers and to distribute resources and information about our organization (publications, email articles, newsletters, etc.).

The SBTDC would like to thank all those that took the time and energy completing the needs assessment survey and giving your honest and constructive opinions. We received a lot of positive feedback about the strengths of our organization and our services. As we begin our 25th year in 2009, we plan on continuing and expanding upon the things that have made us successful.

Some of your suggestions and feedback corresponded to new projects/initiatives already underway or under consideration within the SBTDC. Other ideas caused us to stop and think about how we can improve our services for the businesses of North Carolina, even with the budgetary challenges that nearly all publicly-supported organizations will likely be facing this year. With this being said, here's what's underway at the SBTDC:

- The SBTDC has taken the lead role in managing a “Business Success in Tough Times Student Practicum” on behalf of the UNC System in conjunction with the engagement goals of UNC Tomorrow. Working with university business schools, we are in the process of identifying at least 150 senior and graduate business/accounting students across the system. Each semester, starting this term, students will obtain course credit in return for 140 hours of service helping struggling businesses with financial analyses, reduced break-even projections, cost-savings, market retention strategies, and other survival related issues. The SBTDC will be coordinating this assistance, mentoring and supervising students, and providing on-going counseling to businesses. This will significantly expand our capacity.
- The SBTDC has made the decision to offer all existing businesses a free financial analysis using the powerful financial software package, ProfitCents. This type of analysis has been valued at \$99 but will be offered at no cost while the state is in an economic recession.
- In partnership with the Community College Small Business Center Network (SBCN), the SBTDC has developed a new seminar entitled: *Business Success in Tough Times*. This two-hour seminar was piloted in December in eight communities across the state. The SBTDC and SBCN plan on continuing to offer this throughout North Carolina over the next six months with over a dozen already scheduled. Visit www.sbtdc.com for dates and times near you.
- Last fall, the SBTDC released the first in a series of online business start-up webinars. Available at no charge on our website (www.sbtdc.org/training), visitors can download and view videos on *Starting Your Business: Increase Your Chances for Success*, *Developing Your Business Plan*, and

Financing Your Business. Also, our site now has links to several other online tools produced by our partner agency, the US Small Business Administration.

- Aside from webinars, the SBTDC is exploring other opportunities for using technology to share information and serve businesses. We hope to launch a statewide e-newsletter for general businesses in the next few months, similar to the one we currently produce for boating industry firms, government contractors, and SBIR/STTR technology businesses. A blog, or series of topic-specific blogs, is also under consideration for '09.
- Over the past year, the SBTDC has been an active partner with North Carolina's Department of Commerce and other statewide business services/program providers in the development of Business Link North Carolina (BLNC). On January 7, 2009 BLNC was officially launched with the intent of more effectively marketing the state's resources for small- and mid-size businesses. BLNC is just one way in which the SBTDC hopes to increase our exposure to businesses. To learn more about BLNC and the online and personal business resources available visit www.blnc.gov.
- Twenty-four years of non-stop hard work has a way of making anyone look a little old and tired; so the SBTDC is getting a makeover. In the second quarter of '09, we are preparing to rejuvenate the SBTDC brand with a new logo, fresh message, and informative marketing materials. This effort will help us better communicate our mission and services to North Carolina's entrepreneurs and business owners.
- The SBTDC is proud of the strong working relationships we have with over one hundred local/regional organizations, institutions, and non-profit business service providers in North Carolina. However, it is obvious that we are not as well-connected or as known as you or we would like us to be. Having updated materials about our services to share with you will hopefully help; but it is no substitute for personal contact. In the coming months, the SBTDC will make greater efforts to reach out to our partners and friends – old and new.

The 2008 Needs Assessment was sent to 367 individuals representing local and statewide organizations that provide services and programs to small- and mid-size businesses with 144 responding to the survey (a 39% response rate).

The SBTDC is a business advisory service of The University of North Carolina System, administered by NC State University, and operated in partnership with the US Small Business Administration. Since 1984, the SBTDC has helped thousands of North Carolinians make better decisions for their business, leading to greater overall performance and success. We do so through our individual business counseling and specialized services that address: growth challenges; technology development/commercialization; government contracting; export financing; market research; and private equity financing. For questions about the SBTDC's services or this survey, call or email Jeff DeBellis at 919-715-7272 or jdebellis@sbtadc.org.