



**Carolina  
Small Business**  
DEVELOPMENT FUND

# A Path Forward: North Carolina Small Business Disaster Recovery

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**N.C. House Disaster Relief Committee  
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# Our Work



## **Our Mission**

- Serving small businesses and underserved populations since 1990
- Nonprofit 501(c)3, statewide community development financial institution (CDFI)
- Foster economic development through affordable capital and free business services

## **Our Funding**

- Operating support from the General Assembly of \$2.5M enables our everyday work
- State support is supplemented by federal funds, banking institutions, and other private industry

## **Our Impact**

- Capital: \$50.5 million across 663 loans; helped to create or retain 2,314 jobs statewide
- Services: 3,000+ clients served through counseling, business education, and training



# How We Are Making a Difference

- **Wholistic, Client-Centered Approach**  
Combining technical assistance, accessible capital, and resource referrals
- **Assist Aspiring Entrepreneurs**  
Including veterans, women, minority, rural, and lower income business owners
- **Promote Main Street Development**  
Small and medium sized firms are the heart of North Carolina's economic growth



# Disaster Recovery Impact





# Hurricane Matthew Recovery: Small Business Assistance in Impacted Areas

## Financial Assistance

- 66 loans totaling \$6.6 million across 24 declared disaster counties
- On average, borrowers reported employing 7 full-time staff
- Clients reported loan assistance helped them create or retain 301 jobs

## Free Business Services

- Provided technical assistance to 74 businesses on disaster recovery
- Ongoing Resiliency Workshop attended by 301 people in 8 classes



## Supported Business Characteristics: Loans in Disaster Affected Areas

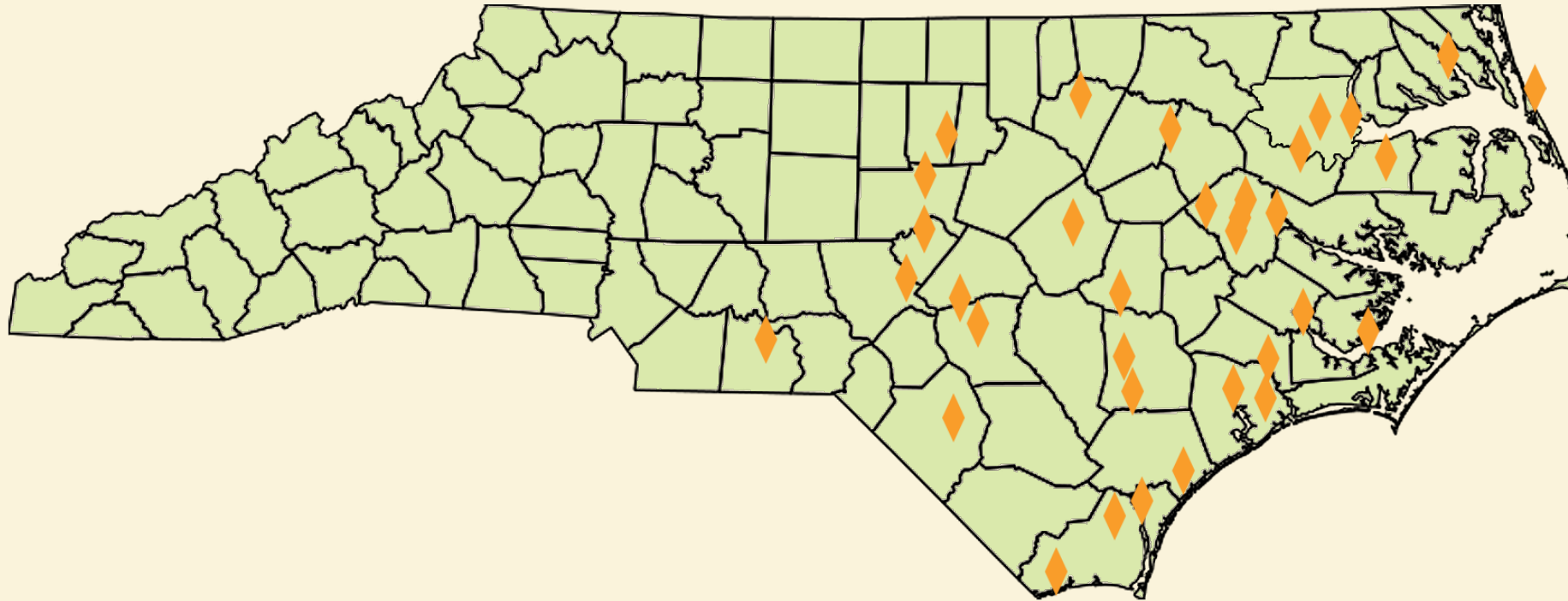
- **Geography**  
89% to Rural Counties  
84% to Tier 1 and 2 Counties
- **Firm Maturity**  
33% Start-Ups  
67% Operating 2+ Years
- **Demographics**  
27% Veteran-Owned  
39% Women-Owned  
51% Minority-Owned
- **Borrower Financial Status**  
25% Low/Moderate Income





# **66 Loans to Businesses Since October 2016**

## **Capital Deployed Across 24 Counties and 34 Towns**





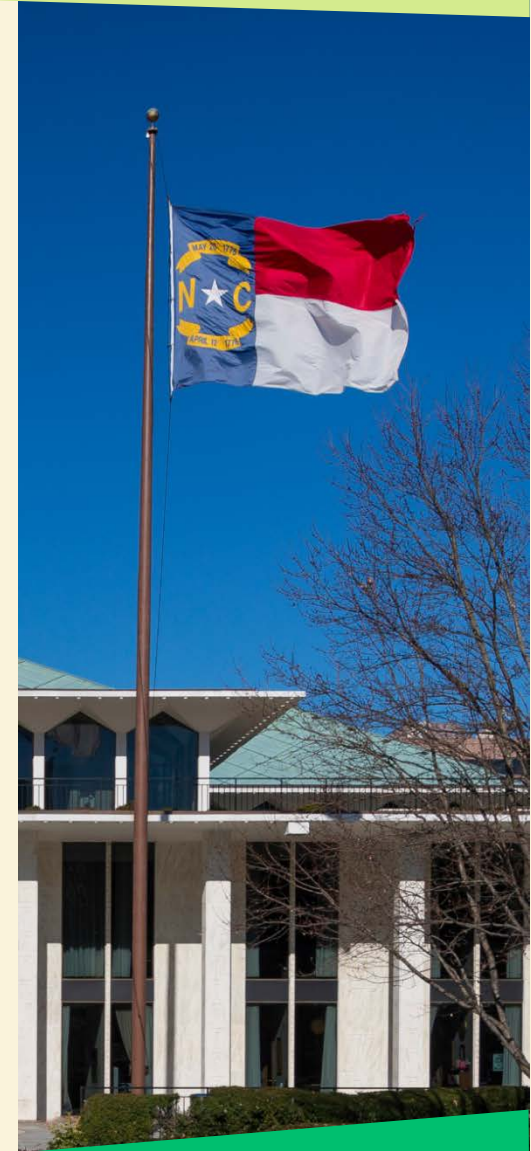
# Hurricane Matthew Recovery: Use of CDBG & Golden Leaf Funding

## Leveraging Funding for Direct Recovery Loans

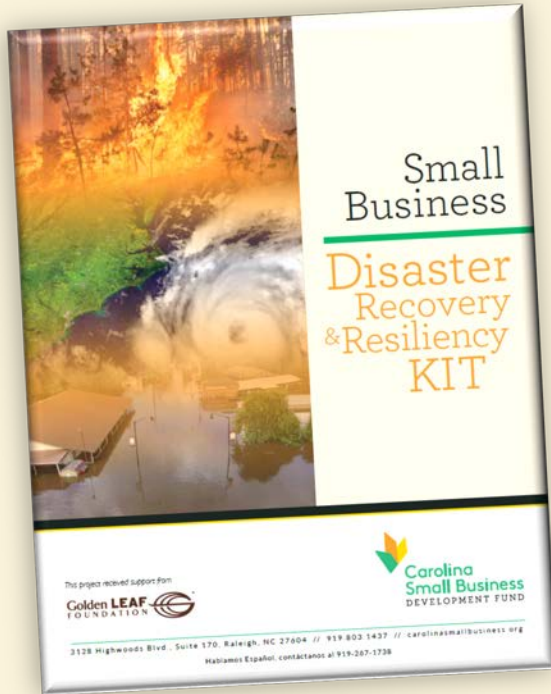
- Transactions in affected counties increased 20% due to state funds
- Over \$1.2 million in affordable loans has helped create or save 90 jobs
- Companies assisted employ 13 people on average

## Supporting Firms with New Market Tax Credits (NMTC)

- State funds of \$1.1M were combined with \$600k of private funding
- This allowed facilitation of NMTC deal for \$1.7M
- Deal will support a rural bus manufacturer in Robeson county



# Technical Assistance Programs: Disaster Preparation and Recovery



- **Disaster Resiliency and Recovery Kit**  
Designed by seasoned business owners and community partners, contains guidance on how to manage operations before and after an incident. Webinars are offered to teach entrepreneurs how to utilize the kit.
- **Disaster Plan Assessment Workshops**  
A course which helps business owners assess the likelihood of a disaster happening in their region. Includes building a resiliency plan and assessment of resiliency practices.
- **Resiliency Podcast Series**  
Currently in development, this free series aims to increase awareness of resiliency practices. The podcast will include interviews with subject matter experts on best practices for proactive planning and post-incident recovery.





## Other Initiatives

- In the wake of recent wildfire emergencies, CSBDF assigned staff to provide services in severely impacted areas.
- Partnered with local Chambers to advertise the availability of disaster recovery loans and free business counseling.
- Example: Waycaster Tire in Henderson County received a \$50,000 loan. The capital infusion helped resolve cash flow issues caused by the fires.



# Success Story



## Crumb Trucking - Greenville, NC

- Business operations halted for 7 weeks due to Hurricane Matthew
- Utilizing state funding, CSBDF provided a loan for \$52,000 in August 2017
- Access to affordable capital supported the long-term recovery process
- Owner Phil Crumb was awarded CSBDF's "Heart of Resilience" award at the 2018 Small Business Awards Luncheon



# Lessons Learned





## Cornerstone of Economic Recovery: Small Business Disaster Assistance

- Majority of state's businesses, including those impacted, have less than 100 employees
- Main Street firm failure adds to challenges in already economically distressed communities
- Research shows small businesses need a greater level of assistance than larger businesses







## **Suggestions for Disaster Recovery Program Requirements**

- Main Street businesses have less resources for detailed record-keeping.
- This can limit access to recovery programs which require extensive documentation.

## **Small Firms Need Affordable and Quick Capital Access**

- Productivity/revenue declines are magnified by loss of capital assets in disasters.
- Comparative lack of emergency savings to buffer cash flow shocks.
- Businesses making marginal profits before a disaster may close quickly.





## Current Disaster Recovery Support Framework

- **Federal Programs Critical, But Narrowly Tailored**  
FEMA Grants: Small firms are usually ineligible.  
SBA Loans: Eligibility requirements are often difficult for borrowers to meet post-disaster.
- **Existing Program Guidelines May Limit Eligibility**  
In many cases, smaller firms do not meet required financial eligibility thresholds for recovery programs.
- **Need for Comprehensive State Program**  
A state level standalone small business disaster recovery program is essential.



## Governments and Community Organizations: Partnering for Success

- Small firms recover faster when there is a coordinated response
- Recovery is more effective when governments work with community-focused nonprofits
- CSBDF and organizations like us are uniquely equipped to help with small business disaster recovery



# Our Perspective & Recommendations



# Recommendations: A Path Forward

- There is a need for a robust, multi-year state investment in small business recovery programs
- For new/existing programs, consider extending eligibility to entrepreneurs who start businesses in impacted areas
- Assist with relocation costs for small businesses when it is essential for continuity of operations
- An experienced mission-focused lender be used in deploying disaster recovery funds, to expedite funds to impacted small businesses
- Emphasize the use of business services for coaching and proactive resiliency planning





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