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Advancing Economic Equity and Inclusion

By Daniel Bonilla and Kate Svitavsky

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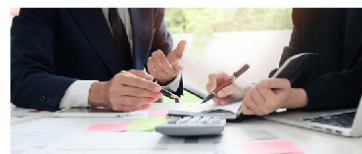
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EQUITY AND INCLUSION

By Daniel Bonilla and Kate Svitavsky

As the body of research on small businesses and their impact in local economies grows, so too does municipal interest in attracting new and supporting existing entrepreneurs and business owners in their own backyards. The City of Minneapolis is investing in its small business owners through the Business Technical Assistance Program (B-TAP), which funds and organizes one-on-one consulting, group trainings, and networking opportunities for entrepreneurs. Since 2014, B-TAP has served over 1,300 business owners from diverse backgrounds, as over 80 percent of clients are people of color, women, or low-income individuals.

While B-TAP is not the first technical assistance program in the United States, its focus on serving specific business niches and its outcome-oriented structure make for an innovative model for other municipalities looking to support small businesses and meet racial equity goals. B-TAP is designed to help small businesses at various points during their development, focusing on business feasibility, retention and expansion. For instance, the owner of Moroccan Flavors is a recent immigrant who has grown a successful restaurant business in one of the city's largest marketplaces, receiving assistance through B-TAP as his business started and grew.

MOROCCAN FLAVORS

At the Midtown Global Market in South Minneapolis, newspapers line the windows of the market's



Moroccan Flavors owners, a B-TAP assisted business.

largest restaurant space as two men on a scissor lift inspect a wall. Hassan Ziadi is expanding his restaurant into the space from a smaller counter service stall deeper in the market, transforming from Moroccan Flavors to the new name Ziadi's Mediterranean Cuisine. A fresh coat of cerulean paint brightens the restaurant's entrance, paying homage to Chefchaouen, a Moroccan city comprised of iconic blue and white buildings emerging from a mountainous landscape.

"I moved to Minneapolis because it is a good place to raise a family," says Ziadi as he recounts his path to business ownership. Ziadi worked as a

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The City of Minneapolis created the Business Technical Assistance Program (B-TAP) in 2012 to facilitate economic development through the creation, stabilization, and expansion of small businesses. B-TAP reaches small businesses through two paths, direct one-on-one consulting and group training programs for specific topics or business types. Since 2014, B-TAP has served over 1,300 business owners from diverse backgrounds, as over 80 percent of clients are people of color, women or low-income individuals. B-TAP can be a model for communities looking to provide small business support, close socio-economic gaps, and grow a more diverse pool of entrepreneurs. B-TAP received IEDC's 2018 Gold Award for Economic Equity & Inclusion.

B-TAP offers several programs in two general categories: 1) direct one-on-one consulting (B-TAP Core) and 2) group trainings for a variety of business niches. The B-TAP Core program contracts with 19 existing community-based nonprofit organizations to provide feasibility consultations, assistance with loan packaging, training in general business management, marketing and branding, and more. Contracting with community-based nonprofit organizations is a way to expand the program's capacity, reach, and cultural competency. B-TAP providers represent the diversity of the city, speaking ten languages, serving specific geographic areas, and focusing on distinct racial/ethnic groups.

world-class chef in countries all over the world, including several European countries, Morocco, and Qatar. He began working at a restaurant in Minneapolis' Dinkytown neighborhood in 2013 and found out about business services through a friend. Ziadi accessed technical assistance from the Neighborhood Development Center (NDC), a B-TAP provider that is a nonprofit Community Development Financial Institution (CDFI) and offers small business training and lending and manages the Midtown Global Market. Ziadi says he has received help with all aspects of his business, including business planning, accessing capital, marketing, interior design, and more.

Over 1,300 other small business owners and entrepreneurs in Minneapolis have accessed one-on-one coaching and group trainings since B-TAP's inception in 2012. B-TAP supports small business development by funding neighborhood organizations and local experts to provide technical assistance that meets business owner needs, including help with marketing, loan packaging, financial projections, and more. A model for other cities that are looking to improve their small business sector, B-TAP assists entrepreneurs and small business owners in assessing the feasibility of a business, opening their doors, maintaining operations, and expanding their locations.

CURRENT OFFERINGS

B-TAP offers several programs in two general categories: 1) direct one-on-one consulting (B-TAP Core) and 2) group trainings for a variety of business niches. The B-TAP Core program contracts with 19 existing community-based nonprofit organizations to provide feasibility consultations, assistance with loan packaging, training in general business management, marketing and branding, and more. Contracting with community-based nonprofit organizations is a way to expand the program's capacity, reach, and cultural competency. B-TAP providers represent the diversity of the city, speaking ten languages, serving specific geographic areas, and focusing on distinct racial/ethnic groups. Also, the yearly competitive selection process of providers allows the program to identify emerging economic trends and select service providers that specialize in specific populations. For example, this year's list of providers includes an organiza-



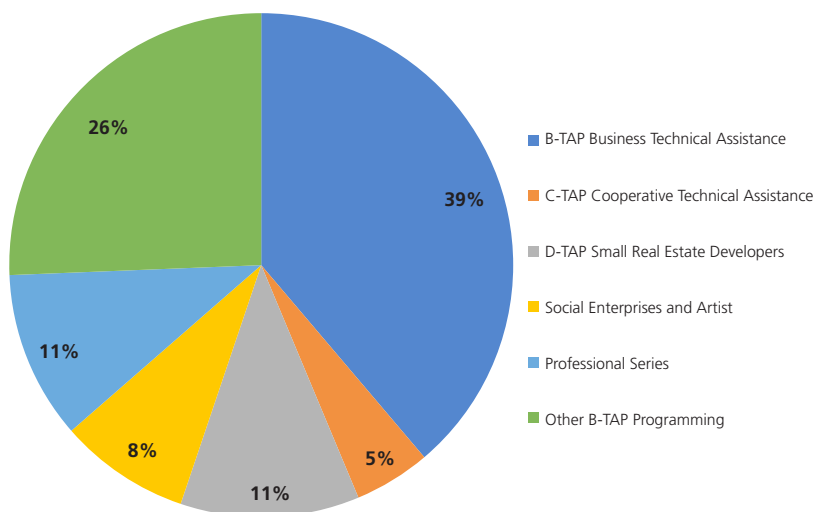
Sonora Grill and Mama D's, two of the over 1300 businesses assisted by B-TAP.



tion that serves military veterans and one that serves social impact ventures, in addition to culturally and geographically-based providers and large CDFIs.

After the program's launch in 2012, staff quickly realized that different business niches needed specialized training in addition to the one-on-one offerings of B-TAP Core. B-TAP's training arm consists of several programs that work with groups of distinct business types and topics. In contrast to B-TAP Core, which is mostly facilitated by nonprofits, the training arm of B-TAP sources local experts who work as independent consultants or are part of a company.

BUSINESS SERVED BY PROGRAM (actual)



The chart above shows the distribution of clients per program. One of B-TAP's strengths is its niche based approach to reach different audiences. 39% of clients are served through one-on-one consulting.

The Cooperative Technical Assistance Program, or C-TAP, offers an 8-session group training program to grow cooperative businesses in Minneapolis, as well as one-on-one consulting. Similarly, the Small Developers Technical Assistance Program (D-TAP) seeks to expand the pool of real estate developers in the city by training emerging developers in acquisition, site selection, financials, entitlements, and more.

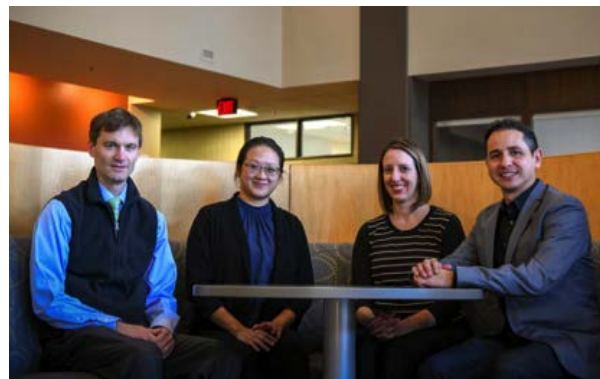
While C-TAP and D-TAP focus on specific types of businesses, the B-TAP Professional Series coordinates a series of group trainings on specific topics. The program solicited topic ideas through an open request for proposals from local experts to pitch an idea for a business training. The training topics of 2018 include:

- Business skills for artists
- Legal workshops about financials, staffing, and leasing
- Social enterprise training for nonprofits
- Intensive marketing and branding
- Responding to local minimum wage increases

Finally, the newest program, the Energy Technical Assistance Program (E-TAP), helps business owners implement energy cost-savings practices in their everyday operations. E-TAP funds energy service providers to help businesses coordinate energy assessments, write action plans, apply for energy rebates, and upgrade appliances.

HOW THE PROGRAM WORKS

Business owners and entrepreneurs find out about B-TAP from the program's marketing materials, community-based nonprofit organizations, B-TAP providers, and word-of-mouth. Because many businesses the program serves are owned by immigrants and non-native English speakers, B-TAP benefits from the ability of its providers to utilize existing relationships and promote trainings and services. To access services, clients contact the B-TAP



B-TAP Team: (left to right) Miles Mercer (Business Dev Manager), Lisa Passus (Contract Administrator), Emily Peterson (Training Coordinator), Daniel Bonilla (B-TAP Manager)

office for a referral or review a list of service providers to decide which provider best meets their needs and contact the organization directly. To make the list more navigable for business owners, it details provider language capacity, services offered, and population focus.

B-TAP is funded through a mix of federal Community Development Block Grant (CDBG) dollars and local funds from the City of Minneapolis. About half of B-TAP Core is funded by CDBG, and the other half, as well as C-TAP, D-TAP, the Professional Series, and E-TAP, are financed through local dollars.

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B-TAP'S BEGINNINGS

Prior to B-TAP, the City of Minneapolis offered technical assistance to entrepreneurs through an existing geography-

based program and more ad hoc contracts with certain community development organizations. By developing B-TAP the city was able to offer technical assistance city-wide, with clearer goals, and on a measurable, outcome-based basis

B-TAP also began as a response to racial, gender, and income disparities in business ownership throughout

RACIAL AND ETHNIC BUSINESS OWNERSHIP GAP IN MINNEAPOLIS, 2012

Owner background	Number of businesses	Percentage of businesses	Percentage of population	**Business ownership gap
Latino	1,333	3.0%	10.5%	-7.5%
Black	6,009	13.6%	18.6%	-5.0%
Asian	1,633	3.7%	5.6%	-1.9%
American Indian	629	1.4%	2.0%	-0.6%
White	34,502	78.2%	63.8%	+14.4%
Total	44,106	100.0%	100.0%	

The table above shows the estimated business ownership gap, which is the difference between the percentage of the population and the percentage of businesses owned by each racial and ethnic group. Source: The US Census' 2012 Survey of Business Owners and Self-Employed Persons.

** Business ownership gap was estimated by B-TAP staff.

Minneapolis. The US Census' 2012 Survey of Business Owners and Self-Employed Persons documents Minneapolis' ownership disparities. While people of color made up 36.2 percent of the population, they represent just 21.8 percent of owners. Similarly, while women make up just over half of Minneapolis' population, only 37.5 percent of businesses are owned by women.

In addition to ownership inequities, the Survey of Business Owners also finds that business owners of color have far smaller annual gross receipts and number of employees than their white counterparts. To achieve parity, minority-owned businesses would have to:

- Increase in number by 15,313, from 37,695 to 53,008 (40 percent)
- Expand their gross annual receipts by \$25.4 million, from \$5.9 million to \$31.3 million (430 percent)
- Hire an additional 87,665 employees, from 45,811 to 133,476 (191 percent)

Because small business disparities are not just about the number of businesses but also their size and capacity, B-TAP is working to improve business performance in addition to increasing the level of business ownership for non-traditional business owners. In addition to technical assistance and training, B-TAP co-sponsors several networking events and works with other city departments to get small business owners, particularly those of color, connected to procurement opportunities. B-TAP has organized networking events, connected small businesses to the city's Target Market Program for procurement, and used technical assistance dollars to help businesses apply for Disadvantaged Business Enterprise (DBE) certifications.

"Whether it's helping upstart businesses pull financial statements together, file a tax return, or secure financing – B-TAP allows more people to access the wealth of institutional business knowledge we have in the city."

Minneapolis Mayor Jacob Frey

SMALL BUSINESS, BIG IMPACT

Supporting small business brings big impacts to local economies, and the City of Minneapolis is setting an example for what local investment in small business could look like.

"Local governments should not be known for putting up roadblocks to opening a business; we should be providing roadmaps for success," stated Minneapolis Mayor Jacob Frey in his 2019 budget address. "Flipping this paradigm on its head won't be easy, but new investments in our Business Technical Assistance Program (B-TAP) will help us get there."

Small and locally-owned business are important for communities not only for their placemaking abilities, but also because they provide tangible social and economic

returns. Independently-owned businesses, almost all of which are classified as small businesses, contribute more money to the local economy through participating in local supply chains and paying wages to locally-based employees.¹ For example, The Maine Center for Economic Policy found that an additional \$58 is contributed to the local economy for every \$100 spent at a local business, while only \$33 is contributed for every \$100 spent at a chain store.² Similarly, a report from the Federal Reserve Bank of Atlanta assessed county-level data throughout the United States to find that local entrepreneurship helps increase per capita income, grow employment, and reduce poverty rates when compared to larger businesses.³

FUTURE PLANS

B-TAP has expanded significantly since its beginnings, from serving just over 100 businesses in one program to over 1,300 businesses across five programs. B-TAP's current focuses include supporting the newly-created Energy Technical Assistance Program, putting together solicitations for the 2019 round of the Professional Series, and improving B-TAP Core, C-TAP, and D-TAP. Program staff are also considering the possibility of recurring programming for artists and local food manufacturing.



C-TAP, one of the B-TAP subprograms to support the development of cooperatives

2018-2021 PROGRAM GOALS

- Close socio-economic equity gaps by providing relevant technical assistance to Minneapolis small businesses, prioritizing minority, women, and low-income entrepreneurs.
- Increase our service capacity to serve over 1,300 small-to-medium size businesses by 2021.
- Increase the participation of small, minority, and women-owned businesses in city procurement contracting opportunities.
- Continue diversifying B-TAP's core competencies to respond to market needs by creating or improving at least three specialized programs.
- Increase B-TAP's outreach efforts and evaluate the program's impact, gaining knowledge in market trends.



Coco Co-working Space, B-TAP faces of Minneapolis Business campaign.



Surly Brewery, B-TAP of Minneapolis Business campaign.

One challenge B-TAP faces is a desire to increase the number of businesses served while working with limited resources. Program staff are developing communications plans and refining marketing strategies to help businesses learn about services, and at the same time making sure B-TAP has the capacity to handle increased interest in both one-on-one technical assistance and specialized trainings. The pull between increasing quantity of businesses while sustaining program quality speaks to the importance of keeping robust and accurate records of businesses served and helps staff understand which geographic areas and populations are accessing services.

Finally, B-TAP is providing statistics and analysis about specific business niches in the City of Minneapolis, including a review of cooperative businesses throughout the city, Latino-owned businesses, and African American/Black-owned businesses. As more businesses hear about and utilize B-TAP training and technical assistance, program staff are evaluating which programs offer the best outcomes and most efficient return on investment.

LESSONS LEARNED

Other communities looking to grow small businesses and close racial disparities can adapt the Business Technical Assistance Program to fit their needs. City of Minneapolis staff suggest thinking about the following items when designing a similar program.

Technical assistance provided by a visible, trusted, neighborhood-based source funded by the city may make some business owners feel more comfortable than working directly with the city. This is particularly relevant for working with immigrant populations or people of color.

Consider partnering with existing community development organizations to provide services. Technical assistance provided by a visible, trusted, neighborhood-based source funded by the city may make some business owners feel more comfortable than working directly with the city. This is particularly relevant for working with immigrant populations or people of color.

Implement an outcomes-based model in which providers deliver specific services, rather than providing a grant to community organizations for more general business support activities. For Minneapolis' B-TAP Core program, contracts are awarded to support specific types of technical assistance and the achievement of certain outcomes (e.g. the opening of a new business).

Harness the expertise in your community by asking for ideas for training proposals rather than, or in addition to, requiring specific topics. By allowing subject matter experts to design and pitch a training program based on market demands gives a city input that it may not be aware of. Additionally, these contracts can be small – the Professional Series contracts were no more than \$7,500.

Be proactive about connecting with organizations that serve people of color, women, and low-income individuals. Rather than expecting that one or two large providers will be sufficient for entrepreneurs in your community, be deliberate about which populations your potential providers will likely serve and whether or not that fits your goals.


Set up a contracting and reporting infrastructure to collect robust information about clients. The use of CDBG dollars will require some level of reporting, but it will also be helpful to collect information about the nature of the businesses, the technical assistance services provided, and contact information for follow up, program evaluation, and opportunity notification purposes.

B-TAP is helping close equity gaps and build wealth in communities that have been left out of some economic development efforts, promoting long-term success for small business owners. By focusing on developing non-traditional entrepreneurs and connecting them to community organizations and resources, cities can grow a more diverse pool of small business owners.

Feature local businesses in your marketing materials. Having recognizable, local businesses improves program credibility and builds trust between the city, providers, and potential clients. For example, B-TAP materials feature photos of entrepreneurs who have participated in the program.

THE MAIN MESSAGE

B-TAP is helping close equity gaps and build wealth in communities that have been left out of some economic development efforts, promoting long-term success for small business owners. By focusing on developing non-traditional entrepreneurs and connecting them to community organizations and resources, cities can grow a more diverse pool of small business owners. The City of Minneapolis' Business Technical Assistance Program proves a powerful model for municipalities looking to support small businesses, and works because it builds on existing skills, interests, and community assets.

For more information about the Business Technical Assistance Program and its several subprograms, visit <http://www.minneapolismn.gov/business/B-TAP>. 

ENDNOTES

- 1 <https://community-wealth.org/content/san-francisco-retail-diversity-study-report-prepared-san-francisco-locally-owned-merchants>
- 2 https://www.mecep.org/wp-content/uploads/2011/12/ME-CEP_Report_-_Buying_Local-12-5-2011.pdf
- 3 <https://www.frbatlanta.org/-/media/documents/community-development/publications/discussion-papers/2013/01-do-local-business-ownership-size-matter-for-local-economic-well-being-2013-08-19.pdf>

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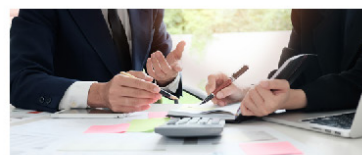
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