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EVALUATING SMALL BUSINESS ENTERPRISE SUPPORT NETWORKS:  
LESSONS FROM CINCINNATI, OHIO

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by

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Evaluating Small Business Enterprise Support Networks:  
Lessons from Cincinnati, Ohio

Jennifer Walke

Very little attention in the United States is paid to the comprehensive support network that exists to aid small businesses. Working under the assumption that the larger community benefits from the economic impacts of successful small businesses, the purpose of this study was to evaluate the small business support network in Cincinnati, Ohio, and provide a guide to policy makers and funding organizations on how to more effectively deploy resources.

Through a qualitative interviewing process, an inventory of available support in Cincinnati was taken. The findings were then broken down into the sectors of operation and the type of services provided and analyzed for gaps and overlaps in services.

At first glance, Cincinnati seemed to have a fairly well developed comprehensive network with a forte in training. However, when the network was broken down by target populations, new trends began to emerge. The network was analyzed again based on the following subsections: microenterprise support, service and incubation assistance, regional support, national support, and assistance to minority and female owned businesses.

The microenterprise support network proved to have the most specialized credit programs available, but to lack an information network. Services and incubators provide a significant amount of training for their clients, but lack credit opportunities. Regional service providers account for the majority of available services in Cincinnati and have the most well developed network of the subsections. The national support network is comprised mostly of local administrative programs, which provide assistance in the form of training, credit, information, and market control. Assistance to minority and female businesses in Cincinnati provides strong information and credit opportunities, but have no specific technological assistance available to them. Another problem is that many of the services that cater towards minority and female owned businesses are not highly visible within the network.

Strengthening the network as a whole must begin with making improvements to the subsections. Private and public funds need to be redirected to fill the gaps in services, marketing efforts must be enhanced to build the information networks, and, in some cases, collaborative activities to improve networking should occur to strengthen the services of existing providers.

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## GLOSSARY OF TERMS AND ABBREVIATIONS

<b>CBI:</b>	Cincinnati Business Incubator, Inc.
<b>DCI:</b>	Downtown Cincinnati, Inc.
<b>EDGE:</b>	Encourages Diversity, Growth and Equity; a program hosted by the Ohio Department of Development to assist minority owned businesses with the procurement process.
<b>ESCC:</b>	Executive Service Corps of Cincinnati
<b>GCFI:</b>	Greater Cincinnati Microenterprise Initiative
<b>HCBC:</b>	Hamilton County Business Center
<b>HCDC:</b>	Hamilton County Development Center
<b>HCRPC:</b>	Hamilton County Regional Planning Commission
<b>MBE:</b>	Minority Business Enterprise (minority owned businesses require certification from a government agency to gain procurement opportunities and business incentives)
<b>MBOP:</b>	Minority Business Opportunity Program
<b>MCBA:</b>	Minority Contractors Business Accelerator
<b>SBA:</b>	Small Business Administration
<b>SBE:</b>	Small Business Enterprise (small businesses require certification from a government agency to gain procurement opportunities and business incentives)
<b>SBI:</b>	Small Business Institute (operated out of the University of Cincinnati)
<b>SCOMBC:</b>	South Central Ohio Minority Business Council
<b>SCORE:</b>	Service Corp of Retired Executives
<b>WBE:</b>	Women's Business Enterprise (businesses owned by women require certification from a government agency to gain procurement opportunities and business incentives)

## I. INTRODUCTION

Since the formative years of the United States, small business enterprise has served as the foundation of the American economy. Currently, small businesses accounted for 58 percent of the private, non-farm work force, contributed 43 percent of national sales, generated 51 percent of the private gross domestic product, and, in the late 1990s, created a major share of millions of new jobs.<sup>1</sup>

Despite the importance of small business, eighty percent fail within the first five years. Although support services are readily available to most small businesses, many times these services fail to equip entrepreneurs with the tools necessary to succeed. The goal of small business enterprise development is to dramatically “increase the rate of formation, development, and success of new enterprises within a region in a way that creates individual and community wealth. The question is how this should be accomplished.”<sup>2</sup>

Programs supporting small business enterprises have flourished in recent decades. Support programs are commonly sponsored by all sectors of the market: the public, private and volunteer. Unfortunately, the majority of support programs arise haphazardly. There are no comprehensive policy regulations that guide service providers. In fact, each locality in the United States is accountable to its community for responding to the needs of only its own small businesses. The public, private, and

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<sup>1</sup> Bureau of Labor Statistics; SBA Office of Advocacy- funded report, 1997; U.S. Census Bureau.

<sup>2</sup> Lichtenstein, Gregg A. and Thomas S. Lyons. “The Entrepreneurial Development System: Transforming Business Talent and Community Economies.” *Economic Development Quarterly*, Vol. 15 No. 1, February 2001, 4.

volunteer sectors act independently to tailor their services to the needs of their surrounding neighborhoods. This fragmented approach renders no comprehensive network of small business support. Inefficiencies arise as communities fail to use their resources wisely. Redundancies are created by the communication failure between and within market sectors. Gaps in services are overlooked.

Working under the assumption that the larger community benefits from the economic development and diversification that small businesses bring to an area, the goal of this research is to provide insight into existing support in Cincinnati, and, by identifying gaps and overlaps in services, to provide policy makers with a guide on how to more effectively deploy resources to boost the local economy by creating a healthier environment for small businesses.

A healthy environment for small businesses is one in which a variety of needs exists for services and products, there is ample capital, and owners are educated on good business practices. The presence of successful small businesses in an area has numerous benefits on the community in which it is located. Small businesses tend to purchase inputs on the local market and are more likely to hire and train residents of the community thereby developing the local workforce.<sup>3</sup> The success of small businesses also leads to a diversified economy that is more likely to bounce back after a loss than one that is reliant on a single industry.

In recent years with the rise of asset-based community development perspectives, small business development has become a key component of economic development efforts of a community. Asset-based community development promotes focusing on the potential of an area by feeding its capacity, as opposed to focusing on its deficiencies.

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<sup>3</sup>Looye, Johanna. "Supporting small-scale manufacturing in developing countries: Lessons from the metalworking sector in Ceara, Brazil." *Third World Planning Review*, 20 (1) 1998: 53-85, 59.

Needs-oriented development efforts result in an influx of social services to an area, making the community members feel like they are clients in need of assistance instead of productive members of society.<sup>4</sup> Asset-based community development stresses the importance of networks to create an economically viable community.

With regards to small businesses strengthening the small business support network would attempt to maximize the success of local entrepreneurs as well as improve the local economy. Often, microenterprise businesses are used as an economic development tools. Low-income community members are urged to start their own businesses as a means of getting out of poverty. Unfortunately, small businesses, especially microenterprises, are not likely to succeed without assistance. A strong support network that includes local organizations, institutions, employers, and residents is key for a healthy small business environment.

Using Cincinnati, Ohio, as a model representative of a typical mid-sized, mid-western city, an inventory was taken of all small business assistance available within city limits. The purpose of this study was to analyze enterprise assistance in a comprehensive manner from a planning perspective. To date, there have been no efforts made to analyze Cincinnati small business support in its entirety. In doing so, this thesis will bring together very fragmented pieces of information into a comprehensive summary of available support in Cincinnati.

This method of analysis can also serve as a model for other cities and regions whose policy makers and planners aim to use resources and policies more effectively to provide a more comprehensive approach to managing the assortment of small business assistance that has arisen in response to unique local needs.

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<sup>4</sup>Kretzman, John P. and John L. McKnight. *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets*. Chicago, Illinois: ACTA Publications, 1993, 2-4.



## II. OVERVIEW OF SMALL BUSINESS SUPPORT AND RESEARCH

### METHODOLOGY

#### Small Business in America

In the formative years of the United States, small businesses comprised the country's entire economy. In the mid portion of the 19<sup>th</sup> century farmers, artisans, merchants and storekeepers were the backbone of a market that centered on cotton, tobacco, wheat, and corn products. Businesses were run and operated primarily along familial lines and required the participation of men, women, children and the elderly to survive. Economic prosperity was sought through entrepreneurial ingenuity and hard work.

Big business began to emerge as the industrial revolution came to the States; industrialization was introduced before the Civil War and matured afterwards.<sup>5</sup> The period from 1880-1920 is known as the Age of Giant Enterprise due to mass production and the vertical integration of production and distribution of products. The 1920s and 1930s marked the emergence of the retail chain stores across the country.

During this time, small businesses lost much of their perceived importance, but continued to comprise an integral part of the market. It also led to the adoption of protective legislation for small businesses by Congress. The Sherman Anti-Trust Act was passed in 1890 and in 1936 and 1937, respectively, Congress passed the Robinson-Patman Act and the Miller-Tydings Act, and both designed to protect the competitive status of small businesses against larger retailers. Unfortunately, the legislation had the

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<sup>5</sup> Blackford, Mansel. *A History of Small Business in America*. New York: Twayne Publishers, 1991, 43.

opposite effect. Along with the Sherman Anti-Trust Act, the Robinson-Patman Act was largely ineffective because it promoted big business concerns over those of smaller businesses.<sup>6</sup> President Roosevelt's New Deal offered much support for small businesses, but he soon suspended support, as well as the anti-trust legislation, in favor of awarding government contracts to big manufacturers during the war efforts.<sup>7</sup> It was not until after WWII that Congress showed a renewed interest in small business.<sup>8</sup> In 1953 the Small Business Administration (SBA) was created. The SBA gave procurement preference to small businesses.<sup>9</sup>

The success of small businesses in the post-WWII era has varied, but overall, the number of small businesses has risen.<sup>10</sup> There was a brief resurgence in the late 1970s/early 1980s in the manufacturing sector,<sup>11</sup> and Congress recognized small businesses as an important potential source of goods during the 1980s and attempted to foster jobs, innovation, and exports, but more recently small businesses have experienced high rates of failure.<sup>12</sup>

A point of contention exists over the definition of "small." There is no widespread consensus among assistance providers on what constitutes a small business. The definition has changed often over time. In 1953 the Small Business Administration defined them as any firm that employed up to 250 workers and was "independently

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<sup>6</sup>Blackford, *A History of Small Business in America*, 4.

<sup>7</sup>Anglund, Sandra M. *Small Business Policy and the American Creed*. Westport, CT: Praeger, 2000, 32.

<sup>8</sup>Bean, Jonathan. *Beyond the Broker State: Federal Policies Toward Small Business, 1936-1961*. Chapel Hill: University of North Carolina Press, 1996, 43

<sup>9</sup>Anglund, *Small Business Policy*, 49.

<sup>10</sup>Blackford, *A History of Small Business in America*, 3

<sup>11</sup>Blackford, *A History of Small Business in America*, 3.

<sup>12</sup>Anglund, *Small Business Policy*, 143.

owned and operated...and not dominant in its field of operation.”<sup>13</sup> By the 1980s the employee threshold for a small business had grown to 500.<sup>14</sup>

Others define a small business by a more functional approach that considers the 1) existing management hierarchy, 2) relationship between the firm and its work force, and 3) relationship between the firm and the local community.<sup>15</sup> In this view, small businesses are characterized by a simple organizational structure where the owner works alongside other employees and purchases raw materials from local producers rather than importing goods on a larger scale.

Recently there have been distinctions made between small businesses and microenterprises. Microenterprises are also independently owned and operated, but employ only a few people. Most microenterprises are less than five years old.<sup>16</sup> High operating costs are a problem for microenterprises, which usually have a very low source of revenue. Microenterprises are often used as a tool to help a segment of the welfare population leave poverty through self-employment, and build social capital in poor areas.<sup>17</sup> But regardless of welfare status, microenterprises often require a very strong support network to survive.<sup>18</sup>

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<sup>13</sup> Blackford, *A History of Small Business in America*, 1.

<sup>14</sup> Blackford, *A History of Small Business in America*, 1.

<sup>15</sup> Blackford, *A History of Small Business in America*, 2

<sup>16</sup> Servon, Lisa. *Bootstrap Capital: Microenterprises and the American Poor*. Washington, D.C.: Brookings Institute Press, 1999, 43-48.

<sup>17</sup> Servon, *Bootstrap Capital*, 11.

<sup>18</sup> Servon, *Bootstrap Capital*, 50.

## Small Business Support in America

The burden of supporting small business in America generally rests entirely on the entrepreneur. As an example, the only available sources of capital, the most critical need of small business, are often personal savings and/or loans from friends and relatives.

Commercial banks are generally not interested in supplying long-term debt financing for start-ups. It has been noted that, "Organized capital markets at this level are simply closed to young small firms. Even after small businesses have been in operation for a period, their access to credit is more likely to be of the short-term variety than anything else, producing high ratios of debt to equity."<sup>19</sup> Contention exists over whether the failure of the private sector to fund small businesses is a market shortcoming. Some argue that the lack of funding stems from rational decisions involving the high risks associated with start-up firms. Others contend that the market has failed and that government intervention is a necessity.

Local, state, and federal governmental agencies offer an array of enterprise assistance, which take both top-down *and* bottom-up approaches to stimulate development by leveraging funds to gain support from the private sector. (See Table 2.0 on the following page for a comparison of top-down/supply-side and bottom-up/demand-side policies.)

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<sup>19</sup> Eisinger, Peter K. *The Rise of the Entrepreneurial State: State and Local Economic Development Policy in the United States*. Madison, Wisconsin: The University of Wisconsin, 1988, 243.

Table 2.0: Contrast between Traditional Supply-Side and Entrepreneurial Demand-Side Economic Development Policies

Supply-Side	Demand-Side
Growth is promoted by lowering production-factor costs through government subsidies of capital and land and through low taxes.	Growth is promoted by discovering, expanding, developing, or creating new markets for local goods and services.
Main focus in on established, potentially mobile capital,	Main focus in on new capital.
Strategies focus on stimulating capital relocation or capital retention.	Strategies focus on new business formation and small business expansion.
Development involves competition with other jurisdictions for the same investment.	Development proceeds by nurturing indigenous resources.
Government supports low-risk undertakings.	Government becomes involved in high-risk enterprises and activities.
Any employer is a suitable target for development assistance.	Development assistance is offered selectively according to strategic criteria.
Government's role is to follow and support private-sector decisions about where to invest, what businesses will be profitable, and what products will sell.	Government's role is to help identify investment opportunities that the private sector may either have overlooked or be reluctant to pursue, including opportunities in new markets, new products, and new industries.

Source: Eisinger, *The Rise of the Entrepreneurial State*, 12.

The top-down approach, supply-side economic development policies, focuses on stimulating production by removing barriers to land, labor, and capital and allowing the so-called laissez-faire operation of the market.<sup>20</sup> In this view the role of government should be to focus primarily upon creating supply-side incentives that decrease production costs to ultimately attract large companies. Also, with supply-side economic

<sup>20</sup> Koven, Steven G. and Thomas S. Lyons. *Economic Development: Strategies for State and Local Practice*. Washington, D.C.: International City/County Management Association, 2003, 11-12.

development policies, a small governmental structure is preferable because its operation requires a smaller amount of tax dollars than that of a large government. By allowing a worker to keep a larger percentage of her earnings, lower taxes promote individual consumption and encourage people to make riskier investments by increasing potential returns. Supply-side supporters argue that the fewer governmental restraints imposed on enterprises, the more successful localities will be in attracting and retaining businesses.

In general locational supply-side incentives take the form of 1) grants, 2) loans, 3) interest subsidies, 4) equity financing, 5) tax incentives, and 6) non-financial assistance.<sup>21</sup> Local governments typically use supply-side inducements to create locational incentives, which are geographically targeted policies that can be highly effective economic development tools for impoverished areas.

Grants are funds whose recipients are under no obligation to repay the money awarded to them.<sup>22</sup> Grants typically pay for government construction projects, fund non-profit development corporations and job training programs, and invest in venture capital. In mid 19<sup>th</sup> Century America, land grants for railroads and homesteading were awarded by the federal government to promote development. Today, the Economic Development Administration (EDA), a federal program established in the mid-1970s to offer assistance to rural communities, offers grants to impoverished localities nation-wide.<sup>23</sup>

Loans are funds, which must be repaid, but are typically offered at below-market rates with extended amortization periods to high-risk firms that cannot easily borrow from the private sector. All levels of government provide loans. Public loans, then, provide start-up and small businesses that have no established credit or are without

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<sup>21</sup> Koven and Lyons, *Economic Development*, 12.

<sup>22</sup> Koven and Lyons, *Economic Development*, 28.

<sup>23</sup> Koven and Lyons, *Economic Development*, 28.

sufficient collateral or access to capital.<sup>24</sup> In addition to grants, the EDA also provides loans to both for-profit and non-profit agencies to spur industrial and commercial development. The downside of public loans is that the taxpayer bears the financial loss if the loan is defaulted.<sup>25</sup>

Interest subsidies subsidize tax-exempt bonds issued by state and local governments. The interest that these bonds gain is not subject to federal taxes. Eligible uses for tax-exempt bonds include the “construction of facilities or infrastructure to provide “essential” services...[as well as the] construction of airports, docks and wharves, hazardous waste treatment plants, and water supply facilities.”<sup>26</sup>

Equity financing gives the “government entity partial ownership of an enterprise in return for their financial support.”<sup>27</sup> It is not commonly used by the public sector because the general public is hesitant to allow government control of too many aspects of society. Equity financing comes in the form of stocks (which pay dividends on portions of ownership), royalty agreements (which provide a portion of future sales), and warrants (investment contracts selling stocks at fixed prices).

Tax incentives that are most commonly used include abatements, exemptions, and tax increment financing. Tax abatements release real estate from tax requirements for a fixed period of time. Tax exemptions include subsidized interest (as previously discussed) and reductions to the dollar amount of property that is taxed. Exemptions can be awarded to institutions, individuals (typically the elderly and veterans), and types of property (e.g., property owned by the government, religious, educational, charitable, and non-profit organizations). Tax increment financing (TIF) is a relatively new economic

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<sup>24</sup> Koven and Lyons, *Economic Development*, 28, 30.

<sup>25</sup> Koven and Lyons, *Economic Development*, 29.

<sup>26</sup> Koven and Lyons, *Economic Development*, 32.

<sup>27</sup> Koven and Lyons, *Economic Development*, 33.

development tool that borrows government funds for a specific development project and repays the loans based upon the increased tax rate due to increased property values.<sup>28</sup>

Bottom-up or demand-side policies focus on increasing demand by creating a new product, improving an existing product, producing a cheaper product, or introducing a product to a new market. The government plays a significant role by identifying investment opportunities that are not pursued by the private sector. Demand-side development incentives have become popular in recent decades. Incentives include tools such as 1) public-private partnerships, 2) subsidies, 3) social capital and 4) human capital to stimulate economic activity in depressed areas. These demand-side concepts differ from supply-side because they:

...Foster those indigenous capacities to serve new or expanding demands (rather than pursuing mobile capital) by providing resources that permit direct penetration or capture of a particular market (rather than providing peripheral subsidies of factor costs) or that permit a risky but potentially productive undertaking that would not have gone forward without government support.<sup>29</sup>

At the same time improved labor and capital factors increase wages, salaries, and investments, which, in turn, increase productivity and returns on investment. Demand-side economic development policies provide the basis for small business development strategies.

Public-private partnerships are collaborations between local governments and private firms. Public entities help private firms identify new opportunities, new products, and new markets.<sup>30</sup>

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<sup>28</sup> Koven and Lyons, *Economic Development*, 39.

<sup>29</sup> Eisinger, *The Rise of the Entrepreneurial State*, 230.

<sup>30</sup> Koven and Lyons, *Economic Development*, 13.

Subsidies are funds provided to firms to reduce the price of goods and services, thereby increasing the market by making them affordable to more consumers. Tax expenditures and vouchers are tools commonly used to stimulate demand. Tax expenditures are deductions that lower the after-tax price (e.g., lowers interest payments on mortgages to stimulate demand for housing) and vouchers, typically given to people living below the poverty line, subsidize goods that otherwise could not be purchased (e.g., food stamps).<sup>31</sup>

Social capital requires the development of linkages in a community in order to grow. Networking is a key tool in building social capital that links individuals with organizations to achieve shared goals and build economic prosperity.

Human capital refers to the development of the labor force. Job training programs and educational facilities aid developing the skill base of workers, which ultimately leads to better wages and salaries. Education also leads to innovation and the creation of new products that will boost the local economy by bringing in outside wealth.

#### Forms of Assistance

Small business support in the United States can be generalized into categories of assistance. The types of services they provide can be categorized into the following nine channels:

**Certification:** When the federal and local governments began contracting with minority and/or small businesses through mandated quotas and set-asides, certification measures were created to ensure that a business is, in fact, small or minority owned.

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<sup>31</sup> Koven and Lyons, *Economic Development*, 14.

Certification programs are sponsored and administered by the local government or administration.

**Inputs:** Inputs come in the form of raw materials and are typically purchased in local markets by small business owners. Medium and large size firms tend to buy on larger scales. Private businesses and supplier cooperatives are generally a primary source inputs, while membership organizations can operate as secondary suppliers.<sup>32</sup>

**Technology:** Technological advancement in the work place alleviates labor-intensive jobs and promotes efficiency. Unfortunately, many of the available tools in the hi-tech industry do not fall within the scope of a small business budget. "Early programs and policies for small-scale businesses treated the use of traditional implements as a desirable characteristic of small-scale production. The virtue found in this attribute is the labor intensity (as opposed to capital intensity) of the investment, which translates to jobs. However, another attribute of traditional technology, besides it being less expensive than modern technology, is that it is often slow, wasteful, or back-breaking to use."<sup>33</sup> Technology can be supplied by local administrations, marketing cooperatives, and private businesses.<sup>34</sup>

**Training:** Job training is a non-financial incentive that works to improve the human capital or labor force of an area. Training can be general or customized; it can come in the form of a formal education at an institute of higher learning or seminars geared to teach a unique set of skills. Training can be provided informally through work experience, "but as skills become more complex, training is expected to come from

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<sup>32</sup> Looye, "Supporting small-scale manufacturing," 1998, 59.

<sup>33</sup> Looye, Johanna Wilhelmina. "Supporting small-scale manufacturing in developing countries: lessons from the metal working sector in Ceara, Brazil." Ph.D. diss., Cornell University, 1994, 107.

<sup>34</sup> Looye, "Supporting small-scale manufacturing," 1998, 59.

outside the locality.”<sup>35</sup> Local administrations are generally thought to be a primary source of training, while service organizations are secondary.

**Credit:** Credit can be supplied through the public and private sectors. Local administration and governments can provide credit in an array of forms, such as gap financing, loans, grants, tax abatements and exemptions, tax credits and deferrals, accelerated depreciation, and tax stabilization. The private sector, such as community loan funds typically act a small-scale moneylenders or wholesalers who provide in-kind contributions.<sup>36</sup>

**Information:** Information is a crucial aspect of operating a small enterprise. Information is needed regarding the market, consultation services, potential clientele, and the availability of inputs, technology, and financing. Information is typically passed along via conversations and programs set up by local administrations.<sup>37</sup>

**Market Control:** Local governments play the largest roles in regulating the local economy; one example is government procurement policies such as SBE set-asides and quotas. The ability for small businesses to control the market exists in cooperative purchases and sales and organized lobbying efforts.<sup>38</sup>

**Common Infrastructure:** Common infrastructure is a non-financial incentive, which includes roads, electricity, sewers, and marketplaces among others. The presence of common infrastructure decreases production and distribution costs and is typically provided primarily by local governments and administrations and secondarily by cooperatives.<sup>39</sup>

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<sup>35</sup> Looye, “Supporting small-scale manufacturing,” 1998, 59.

<sup>36</sup> Uphoff, *Local Institutional Development*, 173.

<sup>37</sup> Uphoff, *Local Institutional Development*, 173.

<sup>38</sup> Looye, “Supporting small-scale manufacturing,” 1998 59.

<sup>39</sup> Looye, “Supporting small-scale manufacturing,” 1994, 162.

**Producer Infrastructure:** Producer infrastructure is a non-financial incentive that provides storage facilities, transport services, shared machinery, showrooms, incubators, etc.<sup>40</sup> Producer infrastructure is primarily offered by the private sector with financial support from local governments and administrations.

In order to create a strong support network for small businesses all of the aforementioned services must be a specialty of at least one sector in the market. A diversified network of support will ensure that small businesses are well equipped to battle the high failure rates. It is important to note, however, that the needs of small businesses are not static; a strong support network must be quick to identify changes and respond to the dynamic needs of its clientele.

#### Impacts of Local Institutional Development

The presence of local institutions provides innumerable benefits to the communities in which they reside. In general, institutions have existed longer and experience more widespread acceptance than organizations. Institutional service providers have a greater impact on the small business community than typical organizations.

The definition of “local institution,” however, is debated. According to Norman Uphoff, the interchangeable usage of the words *organization* and *institution* among scholars often promotes confusion. He attempts to clarify the difference by dividing types of organizations and institutions into three categories: 1) organizations that are not institutions (e.g., a newly formed group of professionals), 2) institutions that are not organizations (e.g., “the law”), and 3) organizations that are institutions and vice versa

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<sup>40</sup>Uphoff, *Local Institutional Development*, 174.

(e.g., courts).<sup>41</sup> Uphoff defines organizations as “structures of recognized and accepted roles” while institutions are “complexes of norms and behaviors that persist over time by serving collectively valued purposes.”<sup>42</sup>

It is possible for organizations to become institutions, but it is a time consuming process that requires the organization to establish a valued role in the community.

Uphoff explains:

One way of thinking about the extent to which an organization qualifies as an “institution” is to ask whether, if it were to disappear, people in the community, not just members or direct beneficiaries, would want it back and to what extent people would act or sacrifice to preserve the institution in question. Whether an organization has been institutionalized, depends on people’s evaluations of it.... In some discussions, “institutions” are regarded negatively.... This suggests that such organizations have acquired enough power and status that they do not have to be responsive to people’s needs. However, if they lose the legitimacy they have been accorded by members of the public, [by this definition] they will also decline as institutions.<sup>43</sup>

Johanna Looye argues that, “Because institutions—be they laws or organizations—have the capacity to serve a large number of firms, an initial focus on institutions (one that also takes into consideration the needs of the individual firm) is much more likely than otherwise to have a broader influence, given equal amounts of attention or funding.”<sup>44</sup>

According to Uphoff, local institutional and organizational activity occurs primarily in six channels that range from the public sector to the private sector (Table 2.1). Starting with the public sector, they are as follows:<sup>45</sup>

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<sup>41</sup> Uphoff, *Local Institutional Development*, 8.

<sup>42</sup> Uphoff, *Local Institutional Development*, 8-9.

<sup>43</sup> Uphoff, *Local Institutional Development*, 10.

<sup>44</sup> Looye, “Small-scale manufacturing,” 1998, 57.

<sup>45</sup> Uphoff, *Local Institutional Development*, 4-5.

**Local administrations** consist of local branches of federal governmental agencies and staff. The Small Business Administration is one example of a federal program that maintains regional offices. They are considered bureaucratic institutions.

**Local governments** are elected or appointed bodies of governing officials that have authority over development, regulatory tasks and (unlike local administrations) are accountable to residents within jurisdictional boundaries.

**Membership organizations** are local self-help groups that identify members' needs and tackle specific or multiple tasks. Membership organizations and cooperatives are part of the voluntary sector. Membership, cooperatives, and service organizations are all capable of becoming institutions. A Chamber of Commerce is an example of a membership organization.

**Cooperatives** require membership and are designed to pool members' economic resources to use for collective gain. Technically, credit unions fall under this category.

**Service organizations** are designed to assist people other than members. Service organizations and businesses are part of the private sector. The Service Corp of Retired Executives (SCORE) is an example of a service organization.

**Private businesses** operate independently or exist as part of a chain of stores that engage in manufacturing, services and/or trade. They are profit-oriented institutions.

Table 2.1 Continuum of Local Institutions By Sector

<u>PUBLIC SECTOR</u>		<u>VOLUNTARY SECTOR</u>		<u>PRIVATE SECTOR</u>	
Local Admini- stration	Local Govern- ment	Membership Organizations	Cooperatives	Service Organizations	Private Businesses
Bureau- cratic Institu- tions	Political Institutions	Local Organizations (membership base)			Profit- Oriented Institutions

Source: Uphoff, *Local Institutional Development*, 5.

The creation and development of small businesses is the first step in building local institutions. The creation of both small businesses and institutions benefit local economies as well as provide psychological benefits to residents of the community. These impacts are most visible in depressed areas. In many cities, for example, there is a nearly inextricable link between poverty and race; the poorest neighborhoods in the city contain predominantly African American residents. As a result, local economic development efforts target geographic areas as well as minority populations for redevelopment efforts. Historically, governments have discriminated against minority owned business (which are also small businesses) in the procurement process. In response, governments have adopted programs such as Minority Business Enterprise (MBE), that mandates procurement set asides or quotas for minority owned firms. By providing more business opportunities for small, locally owned businesses, MBE programs attempt to 1) overcome effects of past discrimination, 2) provide reparations for past discrimination, 3) remedy existing discrimination, and 4) create new economic

strength in minority communities.<sup>46</sup> By targeting minorities, MBEs provide business opportunities to specific geographic regions that are economically distressed. For minority residents, the creation of jobs can “add economic vitality and competitions, especially in urban areas.”<sup>47</sup>

Many professionals contend that the existence of successful minority owned businesses in poor urban areas pave the way for future development. As an example, most microenterprises are owned by women who come from diverse backgrounds and have obtained varying levels of education.<sup>48</sup> The United States Commission on Minority Business Development agrees and argues that, because minority owned businesses tend to locate within their own neighborhoods, they serve as positive role models. They train other local minorities, provide local job opportunities, and subsequently serve a significant role in the revitalization of communities.<sup>49</sup> In its mission statement, the Commission recognizes the importance of removing all racial barriers to business opportunities because “...minority entrepreneurs can convert what has been an underutilized resource into a vigorous and productive sector of the American economy.”<sup>50</sup>

Nearly two decades after the creation of MBE programs across the country, the legality of governmental race-based policies was challenged in court. The outcome was to place race-based programs under strict scrutiny. Many government MBE programs were declared unconstitutional and many more programs were discontinued under the

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<sup>46</sup> LaNoue, George, R. *Minority Business Programs and Disparity Studies: Responding to the Supreme Court's Mandate in Richmond v. Croson*. Washington, D.C.; National League of Cities, 1991, 6.

<sup>47</sup> LaNoue, *Minority Business Programs*, 7.

<sup>48</sup> Servon, *Bootstrap Capital*, 43-48.

<sup>49</sup> HUBs, US Commission on Minority Business Development, ii.

<sup>50</sup> HUBs, US Commission on Minority Business Development, ii.

threat of litigation. In many American cities, the Small Business Enterprise (SBE) programs replaced MBE programs.

The presence of a large entrepreneurial small-business sector signifies a healthy community. As Jane Jacobs discussed in *The Economy of Cities*, small businesses create a dynamic and diversified economy that is resilient in the face of capital disinvestments. Small businesses are more likely to purchase their raw materials and services locally thereby decreasing money flowing out of the community through imports. They are also more apt to hire and train community residents increasing the human capital of the area. Locally owned businesses also have lower cases of absenteeism because the owner has a vested interest in the community.<sup>51</sup>

According to studies by Uphoff and Looye, institutional development should be planned in a manner that will produce a comprehensive array of support for small businesses. A comprehensive overview of support would require the inclusion of all sectors and would provide all the necessary types of assistance. Table 2.2 illustrates the patterns of optimal support one would hope to find when analyzing support in the United States.

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<sup>51</sup> Imbroscio, David L. *Reconstructing City Politics: Alternative Economic Development Regimes*. Thousand Oaks: Sage Publications, 1997, 53-55.

Table 2.2: Projected Assistance Matrix

Assistance Provided	Private businesses	Service organizations	Cooperatives	Membership organizations	Local Gov't	Local Admin
Certification					■	■
Inputs	■		■	■		
Technology	■		■			
Training		■				■
Credit	■	■	■			■
Information	■	■	■			■
Market control				■	■	
Common infrastructure			■		■	■
Producer infrastructure	■		■			

■ primary source    ■ secondary source

Source: Modeled after Looye, "Small-scale manufacturing," 1994 and Uphoff, *Local Institutional Development*, 6 (Fig. 1).

Local governments and administrations are the only sources that provide certification for small businesses to enable them to bid on government projects with special small business set-asides. They are also expected to be the only sources that provide common infrastructure. Producer infrastructure is provided primarily by private businesses and secondarily by cooperatives. Membership organizations and local governments are expected to be the only sources of market control. Inputs are provided primarily by private businesses and cooperatives, but membership organizations serve as a secondary source. Service organizations primarily provide training and credit opportunities, and serve as a secondary source of information, along with private businesses and cooperatives.

To summarize, in an optimal small business support network, each sector would specialize in a type of assistance and serve as a primary service provider in that category; at least one primary service provider would exist for each type of assistance.

### Cincinnati's Small Business Environment

In the mid 19<sup>th</sup> Century, Cincinnati was booming with employment opportunities that served the area as a wholesale center. "By 1859, Cincinnati boasted fifty wholesalers specializing in dry goods and another fifty specializing in clothing, leading one news reporter to observe that 'within the last eight or ten years Cincinnati has been gaining a position as a great center of supply, by wholesale, to the country merchants of Ohio, Indiana, Illinois, and Kentucky, of their dry goods, groceries, hardware, boots and shoes, hats, drugs, and fancy goods.'"<sup>52</sup>

Unfortunately, Cincinnati was unable to retain such a vibrant small business community. According to a study done in 2003 by the Small Business Survival Committee, an affiliate of the U.S. Chamber of Commerce, Cincinnati did not fare well against other cities in the country. The Small Business Survival Index ranked the city as 39<sup>th</sup> during a comparison of factors impacting small business life, such as government policies, taxation rates, health-care costs, and utility costs. The director of the Ohio Small Business Council has stated that this statistic shows that "...Ohio lags not only its neighbors, but the nation as a whole in creating a competitive small business environment."<sup>53</sup> Seventy-four percent of all downtown businesses are small, so creation and retention efforts are crucial to sustaining the economic viability of the central business district.

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<sup>52</sup> Blackford, *A History of Small Business in America*, 15-16.

<sup>53</sup> Business Courier, September 7.

Many Cincinnati service providers attempt to target high-risk populations and cater to the needs of those populations. High-risk populations in Cincinnati are, like many other regions in the country, comprised predominantly of poor African American entrepreneurs, and, like many other regions of the country, many support programs have been created to serve that population. However, to date, there have been no efforts made to analyze Cincinnati small business support in its entirety. In doing so, this thesis will bring together very fragmented pieces of information into a comprehensive summary of available support in Cincinnati.

This method of analysis can also serve as a model for other cities and regions whose policy makers and planners aim to use resources and policies more effectively to provide a more comprehensive approach to managing the assortment of small business assistance that has arisen in response to unique local needs.

## Methodology

### Data Collection

There are three main perspectives by which small business support can be analyzed: business, public administration, and planning. Analysts from a business background determine the effectiveness of the support services by the measurable improvement in the small business' operations. Public administration specialists analyze support services by the effectiveness of the operations of the programs they offer, and planning specialists evaluate the level of support provided by analyzing the overall services offered for community impact and identifying patterns in support.

This research was conducted from a planning perspective and analyzed the patterns of support in Cincinnati, Ohio. The information collected on the support

network in the city was inserted into a matrix that was designed by Uphoff and Looye to illustrate patterns in the types of support services available.<sup>54</sup>

The research took a mixed methods approach in collecting both quantitative and qualitative data. Interviews were used to gather the majority of the data. Beginning with a preliminary list of small business assistance providers in the City of Cincinnati, a representative from each predominant organization was interviewed and asked to name other eligible service providers, thus creating a snowball effect so that eventually all existing assistance in the city were identified. For the complete list of service providers in Cincinnati see Appendix A.

Directors and supervising employees were interviewed. At least one representative was interviewed from each key agency, while information on agencies not interviewed was gathered via information provided on the internet or through requested mailings. A list of open-ended interview questions was asked of targeted employees, administered by myself over a series of site-visits and phone interviews. Interviews lasted no more than one hour. Informational literature on organization services was also collected during face-to-face interviews, requested via mailings, and collected over the internet.

A qualitative interviewing technique was used. In a qualitative interviewing process, the interviewer “has a general plan of inquiry but not a specific set of questions that must be asked in particular words and in a particular order.... [It is] essentially a conversation in which the interviewer establishes a general direction for the conversation and pursues specific topics raised by the respondent. Ideally, the respondent does most of

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<sup>54</sup> Looye, “Small-scale manufacturing,” 1998.

the talking.”<sup>55</sup> When the interviewer does interject and ask for elaboration, it is important not to word questions in a leading manner.

The interview conversations for this project covered the following topics:

1. History of the organization
2. Locations served by satellite offices
3. Services provided
4. Size of staff
5. Definition of clientele
6. Number of clients assisted
7. Sources of funding
8. Size of budget
9. Partners (e.g., small business boards, referrals)
10. Other assistance providers eligible to be interviewed

Transcripts document each interview (Appendix B). The identities of the interviewees are anonymous, but the name of the organization publicized. Any information that could compromise the identity or job of the interviewee was recorded and stored in a separate location from the transcripts of the interview. Identity and jobs were protected in all instances.

### Data Analysis

The collected data was examined according to the following classifications of clients:

- 1) **Micro-enterprise assistance** is the first, most basic category of service and handles direct lending.
- 2) **Business incubators**, which typically cater towards college graduate entrepreneurs comprise the second category.
- 3) The third category is geographically defined and includes larger organizations that provide **regional assistance**. This classification overlaps with the next.
- 4) The fourth category focuses on **national support** and are typically large federal programs.
- 5) **Minority and female owned businesses** comprise the fifth classification. This classification is a cross section of the other four categories.

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<sup>55</sup> Babbie, Earl. *The Practice of Social Research, Eighth Edition*. Cincinnati, OH: Wadsworth Publishing Company, 1998, 290.

These classifications were used to evaluate the strength of the support network; in a well-developed network all of the five categories of service providers will exist and will contain an institutional service organization in each.

These findings were organized by the sector in which they operate, the type of service provided, and labeled as a primary or secondary source of support, determined by the agency's scope of services, number of clients assisted per year, and the amount of referrals received from their peers. The data was then inserted into a matrix to be used as a tool 1) by policy makers to identify gaps or redundancies in services and 2) by small business owners as a guide to assistance.

### III. THE SMALL BUSINESS SUPPORT NETWORK IN CINCINNATI

Small businesses operate in stages of development, from start-up to existing, struggling to profitable. They can also be minority or majority owned. Each type of small business is in need of specialized support services. Therefore, it is important that a variety of support services be available to combat the 80 percent failure rate in the first five years of existence and to maximize the probability of success of a small business.<sup>56</sup> Cincinnati has a very well developed network of small business support providers. There are over fifty organizations that serve Cincinnati's small business community (Appendix A).<sup>57</sup>

The support services in Cincinnati illustrate the national trend of the growing popularity of demand-side economic development policies. Supply-side incentives typically focus on attracting large firms, while tools of demand-side development are generally better equipped at assisting small businesses because they take a bottom-up approach.<sup>58</sup> Demand-side incentives offered in Cincinnati include certification, technology, training, credit, information, and common and producer infrastructure. The only supply-side incentives for small businesses in Cincinnati are offered in the form of market control by the local governments and administrations; however supply-side incentives could also come in the form of common infrastructure, grants, and producer infrastructure (Table 3.0).

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<sup>56</sup> Interview 0214.

<sup>57</sup> Where confidentiality could be compromised, interviews are not cited. However, all information comes from interviews.

<sup>58</sup> Eisinger, *The Rise of the Entrepreneurial State*, Ch. 9.

Table 3.0: Supply-Side and Demand-Side Economic Development Incentives

Assistance Provided	Private businesses	Service organizations	Cooperatives	Membership organizations	Local Gov't	Local Admin
Certification						
Inputs						
Technology						
Training						
Credit						
Information						
Market control						
Common infrastructure						
Producer infrastructure						

Supply-side incentives
  Demand-side incentives
  Both

Support agencies can be categorized as primary or secondary service providers. Primary support agencies have been identified as those which provide critical services directly to small businesses and those agencies which fund the direct services. Primary sources provide a key activity in an area of service. Secondary agencies are less important than primary. They often provide similar services as primary agencies, but on a smaller scale. Secondary agencies can also provide support to primary agencies via referrals and provide small businesses with information (Table 3.5).

**Primary service providers** in Cincinnati include Lawyer Referral Service, Main Street Ventures, Bio/Start, ESCC, GCMI, Greater Cincinnati Venture Association, HCBC, HCDC, SBDC, Sounding Board, TechSolve, SBI, 4C...for Children (sic), Blue Chip Venture Fund, C-Cap, and Smart Money. These agencies are categorized as primary because they:

- 1) Provide important services to a large clientele base. HCDC, HCBC, and SBDC touch the largest number of clients in Cincinnati per year.
- 2) And/or provide unique services. For instance, the Lawyer Referral Service is the only opportunity for small businesses in the area to get free legal advice from professional lawyers, 4C...for Children is the only organization specialized in supporting the development of child-care businesses, and Sounding Board provides the only agency that fosters collaboration between service providers by offering an organized forum in which to share information, success stories, and problems. TechSolve is the primary support agency for manufacturing businesses in the region and also serves a significant number of clients per year.

**Secondary service providers** typically offer support by directing small business owners to direct services or providing them networking opportunities. Secondary service providers include DCI, SBE certification by the City of Cincinnati, Hamilton County and ODOD to enable small business contractors to bid on construction set-asides, the six Chambers of Commerce located in Cincinnati that provide networking opportunities and referral services (they are the Hamilton County Chamber, Greater Cincinnati Chamber, African American Chamber, Hispanic Chamber, Women's Chamber, and the Over the Rhine Chamber), the Minority Business Contractors Assistance Program, the South Central Ohio Minority Business Council, and the CommUniversity courses offered at the University of Cincinnati.

**Funding organizations** are primarily the City of Cincinnati who sponsors programs hosted by CBI, GCMI, HCDC, HCRPC, Smart Money Community Services, and the Greater Cincinnati African American Chamber of Commerce. The State of Ohio

funds TechSolve operations through Ohio's Thomas Edison Program. The Ohio Department of Development (ODOD) has a Small Business Innovation Research Program and also funds the Ohio Investment in Training Program. The State of Ohio Office of the Treasurer of the State funds the Linked Deposit Program and creates loans that are awarded to local small businesses with assistance from the City of Cincinnati. The national Small Business Administration (SBA) provides state funding for regional Small Business Development Centers. The State of Ohio has allocated these funds to the University of Cincinnati to act as a host for southwestern Ohio's regional SBDC. The SBA also funds numerous financing programs, such as the Basic and Special 7(a) Loan Guaranty Programs, Small Business Investment Company (SBIC), Microloans, New Markets Venture Capital, Surety Bond Guarantee; and provides federal government contracting assistance; business counseling and training; business information services; advocacy; disaster assistance; and assistance for exporters, Native Americans, women, veterans, and small and disadvantaged businesses.

In total, there are 25 service organizations in Cincinnati that provide assistance, nine membership organizations, sixteen local government sectors, and six local administration groups (Table 3.1). Overall the amount of available service seems impressive. Only the number of cooperatives and private businesses that were identified as part of the support network were limited. Realistically, there are many private businesses that offer marketing, financial, and technical assistance in Cincinnati, but most charge fees for their services that deter many small business owners from making use of their services. Often businesses, especially start-ups, cannot afford the hourly rates of private consultants and turn to the no or low charge professional consultations given by other providers. The Xavier Entrepreneurial Center is one of the private businesses

listed. It is operated out of St. Xavier's College of Business, which is a non-profit, however, the Center offers small start-up loans (and minimal technical assistance) only to students enrolled in Xavier's business program. These services are not available to the general public and so the Center is listed as a private business.

While private businesses that offer support services in Cincinnati do exist, they were not included in this research because they were, largely, not considered part of the support network by the other sectors. Besides commercial banks, private businesses were not named by the other service providers during the interview or research processes. This illustrates a disconnect between the service providers and the private businesses. It also points to the existence of a weak bond existing between the private businesses in the area because their support network is not as visible as the network between the other sectors.

The scant number of cooperatives identified as part of the network is partially indicative of their absence as service providers. Cooperatives were extremely popular in the late 1960s through the 1970s, but since have dwindled in numbers.

Table 3.1: Total Service Providers by Sector

<i>Sector</i>	<i>Number of Service Providers</i>
Private businesses	1
Service organizations	25
Cooperatives	1
Membership organization	9
Local government	16
Local administration	6

Table 3.2: Total Service Providers by Service

<i>Service</i>	<i>Number of Service Providers</i>
Certification	3
Inputs	0
Technology	2
Training	17
Credit	15
Information	17
Market control	3
Common infrastructure	1
Producer infrastructure	4

Table 3.3: Existing Support

Assistance Provided	Private Bus.	Service Organizations	Co-Ops	Membership Organizations	Local Government	Local Admin
<b>Certification</b>					City- Contract Compliance, Hamilton County, ODOD-Equal Opportunity Division	
<b>Inputs</b>						
<b>Technology</b>		Main St. Ventures, TechSolve				
<b>Training</b>		Bio/Start, CBI, Communiversity, ESCC, GCMI, HCBC, MCBA, Procurement Technical Assistance Cntr, SBDC, SCOMBC, Sounding Board, TechSolve, UC SBI, 4C...for Children		SCORE, Minority Business Opportunity Center		Cinti Export Assistance Center (US Dept of Commerce)
<b>Credit</b>	Xavier Entrepr. Center, Banks (CRA)	Blue Chip Venture Fund, C-Cap, GCMI, HCDC, MCBA, Smart Money	Cinti Central Credit Union	Greater Cincinnati Venture Association	Thomas Edison Program, ODOD SBIR, Ohio Investment in Training, Ohio Office of the Treasurer, City of Cinti	SBA
<b>Information</b>		DCI, Lawyer Referral Service (CBA)		Chambers of Commerce: Hamilton County, Greater Cincinnati, African American, Hispanic, Women's, OTR	City of Cinti-Small Business Division, HCRPC, Public Library, Women's Business Resource Program, Ohio 1 <sup>st</sup> Stop Business Permit Center	US Dept of Commerce, US Gov't Info Line, SBA & DOC Export Assistance
<b>Market Control</b>					Hamilton County Office of Economic Development, City- Contract Compliance	Empowerment Corporation
<b>Common Infrastructure</b>					Findlay Market (City of Cinti)	
<b>Producer Infrastructure</b>		TechSolve (Manufacturing SBDC), Main St,				

		CBI, HCBC				
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Table 3.4: Projected Assistance

Assistance Provided	Private businesses	Service organizations	Cooperatives	Membership organizations	Local Gov't	Local Admin
Certification					■	■
Inputs	■		■	■		
Technology	■		■			
Training		■				■
Credit	■	■	■			■
Information	■	■	■			■
Market control				■	■	
Common infrastructure			■		■	■
Producer infrastructure	■		■			

■ primary source    ■ secondary source

Source: Modeled after Looye, "Small-scale manufacturing," 1994 and Uphoff, *Local Institutional Development*, 6 (Fig. 1).

Table 3.5: Actual Assistance

Assistance Provided	Private businesses	Service organizations	Cooperatives	Membership organizations	Local Gov't	Local Admin
Certification					■	■
Inputs						
Technology		■				
Training		■		■	■	■
Credit	■	■	■			
Information				■	■	■
Market control					■	
Common infrastructure					■	
Producer infrastructure		■				

■ primary source    ■ secondary source    ■ funding source

A large number of the support providers are service organizations offering training to small businesses (Table 3.3). The available training covers a diverse set of topics, from procurement assistance to private financial consultations to management workshops, and business plan creation. It seems that Cincinnati small businesses have professional help readily available.

An analysis of the existing service providers revealed interesting patterns of support (Tables 3.3, 3.5). The patterns, upon comparison with the projected primary and secondary sources, differed from what was expected in the Projected Assistance Matrix (Table 3.4).

Inputs, which were expected to come primarily from the private sector and cooperatives, were not largely offered by either. In fact, no organizations that provided inputs were identified. This does not mean that input providers do not exist in Cincinnati; they do, but input assistance is not a critical need of small businesses in an advanced economy.

Technology was expected to be provided by private businesses and cooperatives; however, in Cincinnati service organizations were the primary source. The private sector, also, provides much of the technology needed by small businesses because the private sector is charged with providing innovative technology to the general public.

Common infrastructure, which was projected to be provided by both the local government and administration, was only furnished by the local government. In Cincinnati, Findlay Market is the most prominent example of infrastructure. Findlay

Market is a market house that provides stalls, both indoor and outdoor, for local vendors to sell goods. While it is debatable whether the market is common or producer infrastructure, in this instance it is not considered to be producer infrastructure because the market is promoted for use by the public and it is the public who most benefit from common infrastructure. The purpose of the market is not to incubate.

Producer infrastructure was expected to be provided by private businesses and partially by cooperatives. In Cincinnati, producer infrastructure identified was provided by the incubators of service organization. TechSolve's Manufacturing SBDC provides the use of equipment and machinery to the region's small manufacturers, Cincinnati Business Incubator, Main Street Ventures, and the Hamilton County Business Center all provide incubation services for office-based businesses.

The similarities between the projected and actual sources included information, training, and credit. The primary sources of information mirrored that of the projected outcome (Table 3.4). Both the local government and membership organizations (including all chambers of commerce) were the primary sources. The local administration was a secondary source. Also as expected, only the local government and administration provided market control.

In Cincinnati there is a strong network of agencies that provide training to small businesses. As expected, service organizations are the primary source of training. Membership organizations and the local administration also exist as secondary sources of training.

Predictably, the primary source of credit is service organizations. It was expected that the local administration would also act as a primary source; however, in Cincinnati the local government provides more financial opportunities. It was also expected that

cooperatives would serve as a secondary source of credit via credit unions, but only one service organization identified partnering with a credit union. While commercial banks typically target larger businesses, credit unions generally serve as a lender to individuals and small businesses as a method of community re-investment. It is very telling that credit unions were not identified as playing a prominent role in Cincinnati's support network. While numerous credit unions in Cincinnati exist, only Smart Money Community Services has linked its services with a local credit union, the Cincinnati Central Credit Union. Many of the service providers have begun partnering with local branches of commercial banks to create loan pools for small businesses. Among these commercial banks are 5<sup>th</sup>/3<sup>rd</sup>, PNC, Provident/National City, US Bank, and Key Bank.<sup>59</sup>

#### The Subsidiary Networks

The following analysis breaks the support network into five basic groupings of services: microenterprise assistance, incubation and training services, regional support, national support, and cross sections of support. These categories provide an overview of the services needed to create a strong network. The strength of Cincinnati's network can be more effectively evaluated upon the number of providers and institutional support provided to these subsections. The services listed in the subsections have a primary mission of aiding a specific type of small business. This does not indicate that the organization's services are only available to that specific category or that other services are not available to them. The support services listed for each category have focused efforts on aiding a specific subsection.

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<sup>59</sup> Interviews 0214, 0222, 0215.

The first, most basic category of service is that which supports microenterprise businesses. As businesses, microenterprises are typically the most risky endeavors. The owners have potentially less experience in the workforce and are less educated than the owners of small businesses. Seven agencies in Cincinnati cater their services specifically to meet the needs of microenterprises:

- City of Cincinnati (funder)
- Cincinnati Central Credit Union
- Greater Cincinnati Microenterprise Initiative (GCMI)
- Main Street Ventures
- Smart Money Community Services
- Xavier Entrepreneurial Center
- 4C...for children

Table 3.6: Microenterprise Support: Available Support by Sector and Type of Assistance

Assistance Provided	Private Bus.	Service Orgs.	Co-Ops	Membership Orgs.	Local Gov't	Local Admin
Certification						
Inputs						
Technology		Main St. Ventures				
Training		GCMI, 4C...for Children				
Credit	Xavier Entrepreneurial Center	GCMI, Smart Money	Cinti Central Credit Union		City of Cinti (funder)	
Information						
Market Control						
Common Infrastructure						
Producer Infrastructure						

As illustrated by Table 3.6, the support network for microenterprises in Cincinnati is minimal. There are very few organizations offering support services. Training and

credit opportunities are where most of the support efforts are focused. Only three organizations provide general credit, one organization provides general training (GCMi), the other provides training only to child-care providers (4C...for Children), and only one organization aids microenterprise technology firms (Main Street Ventures). The information network for microenterprises is lacking, along with common and producer infrastructure and market control. Microenterprises are in need of further assistance in Cincinnati.<sup>60</sup>

One of the largest concerns of small business owners and service providers is that there is not enough access to capital. Regardless of the 14 agencies that provide credit opportunities, the numerous local branches of commercial banks that have partnered with service organizations, and local credit unions, these agencies either do not provide enough funding, do not fund all the small businesses in need, do not market their services sufficiently, or do not give away free money. The SBA-backed loans, administered by the Hamilton County Development Center, are riskier than commercial bank loans, but a financing gap existed among low-income minority groups. The Greater Cincinnati Microenterprise Initiative was created in response to the capital needs of low-income minority groups. Micro loans (not exceeding \$35,000) were awarded to the riskiest population. GCMi's role was to fill the gap and provide high-risk loans to low- to moderate-income individuals. GCMi's programs were modeled after research that suggests a small business's success rate is maximized when it receives pre-lending training, lending assistance, and post-lending assistance. GCMi provides all three services to its clients with successful outcomes. The organization has grown over the past five years.

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<sup>60</sup> Interview 0214.

A side effect of GCMi's growth is that the lending component of the program has grown increasingly competitive. While the organization continues to serve a vital niche in the support network by awarding high-risk loans, the result of the competition is that GCMi funds the lowest risks of the high-risk category and the original gap has re-emerged (a gentle "creaming" of sorts). In addition, regulations placed on SBA loans do not allow the funding of businesses owned by convicted felons. The government places a large emphasis of the re-integration of criminals back into society, but makes it difficult for them to succeed by limiting available support. Many convicted felons are also members of the high-risk, low-income minority category. High-risk loans are still needed by many high-risk entrepreneurs.

The second category includes **services and incubators**. These services cater towards businesses where the entrepreneur is typically more educated than the microenterprise entrepreneur. The small business therefore also has a stronger potential for growth. Incubators in Cincinnati include:

- BioStart (for bio-technology firms)
- Cincinnati Business Incubator (focuses on life-style operations)
- Hamilton County Business Center (high growth start-ups)
- TechSolve (houses the Manufacturing Small Business Development Center)

Service providers include:

- Small Business Institute
- Sounding Board
- Procurement Technical Assistance Center
- SBDC

The strength of the service and incubation network is the availability of training opportunities (Table 3.7). Training is offered in abundance for a variety of businesses—

from technology to the bio-medical field, to small life-style operations and minority owned businesses. Many of these training opportunities receive funding from the local and federal governments.

The primary weakness of this network is the absence of credit opportunities. Other weaknesses include a lack of common and producer infrastructure. The only producer infrastructure identified caters to the manufacturing industry. The information network among service providers and incubators is also very weak.

Table 3.7: Services and Incubation Support

Assistance Provided	Private Bus.	Service Orgs.	Co-Ops	Membership Orgs.	Local Government	Local Admin
<b>Certification</b>						
<b>Inputs</b>						
<b>Technology</b>		TechSolve				
<b>Training</b>		Bio/Start, CBI, Communiversy, ESCC, HCBC, MCBA, Procurement Technical Assistance Cntr, SBDC, SCOMBC, Sounding Board, TechSolve, UC SBI		SCORE, Minority Business Opportunity Center	City of Cinti (funder)	SBA (funder)
<b>Credit</b>						
<b>Information</b>						
<b>Market Control</b>						
<b>Common Infrastructure</b>						
<b>Producer Infrastructure</b>		TechSolve (Manufacturing SBDC), CBI, HCBC				

The third category includes larger organizations that provide **regional assistance**. Downtown Cincinnati, Inc.'s Small Business Division works towards improving creation and retention rates in the central business district and the City of Cincinnati offers SBE Certification through the Office of Contract Compliance, which gives small businesses the opportunity to compete for procurement set-asides.

In Hamilton County there are nine support agencies:

- Greater Cincinnati Chamber of Commerce
- Hamilton County Chamber of Commerce
- Hamilton County Business Center (HCBC)
- Hamilton County Development Center (HCDC)
- Hamilton County Office of Economic Development
- Hamilton County (recognizes SBE/MBE/WBE Certification)
- Hamilton County Public Library
- Hamilton County Regional Planning Commission (provides data)
- Small Business Development Center

In Ohio there are six support programs:

- Ohio Department of Development (ODOD)
- Ohio's Thomas Edison Program
- Ohio Valley Regional Development Commission (OVRDC)
- State of Ohio Office of the Treasurer
- Women's Business Resource Center

Regional service providers comprise the majority of support in Cincinnati's network. The matrix of regional support mirrors that of the Actual Assistance matrix (Table 3.8). Certification is offered on the regional level, as well as a wide variety of

training and credit opportunities. Most of the information network in Cincinnati also exists on the regional-scale.

The strengths of having a strong regional network are that 1) the network is comprised of a large scope of services, 2) the support providers in the network tend to receive much of their funding from the local governments and administrations, 3) the support providers tend to be large organizations that have a significant client base, 4) the support providers are prominent and have stronger networking ties to one another, and 5) a strong network gives the regional small business community a competitive advantage.

Table 3.8: Regional Assistance

Assistance Provided	Private Bus.	Service Orgs.	Co-Ops	Membership Orgs.	Local Government	Local Admin
<b>Certification</b>					City- Contract Compliance, Hamilton County, ODOD- Equal Opportunity Division	
<b>Inputs</b>						
<b>Technology</b>		TechSolve				
<b>Training</b>		Bio/Start, Communiversy, ESCC, HCBC, HCDC, MCBAP, Procurement Technical Assistance Cntr, SBDC, SCOMBC, Sounding Board, TechSolve, UC SBI,		SCORE, Minority Business Opportunity Center		Cinti Export Assistance Center (US Dept of Commerce)
<b>Credit</b>		Blue Chip Venture Fund, C-Cap, HCDC, MCBA	Cinti Cntrl Credit Unio n	Greater Cincinnati Venture Association	Ohio's Thomas Edison Program, ODOD SB Innovation Research, Ohio Investment in Training, Ohio Office of Treasurer, City of Cinti	SBA
<b>Information</b>		Lawyer Referral Service (CBA)		Chambers of Commerce: Hamilton County, Greater Cincinnati, African American, Hispanic, Women's	City of Cinti-Small Business Division, HCRPC, Public Library, Women's Business Resource Program, Ohio 1 <sup>st</sup> Stop Business Permit Center	
<b>Market Control</b>					Hamilton County Office of Economic Development, City-Contract Compliance	Empowerment Corporation
<b>Common Infrastructure</b>					City of Cincinnati (Findlay Market)	
<b>Producer Infrastructure</b>		TechSolve (Manufacturing SBDC)				

The fourth category focuses on **national support**. Small Business Administration, Empowerment Corporation, U.S. & Foreign Commercial Services, and SCORE all have branch offices in the area as well as headquarters in the nation that offer assistance on a large scale. Often these agencies provide incentives, training, and explanation of the regulations required for a start-up. The national support available in Cincinnati provides training, credit, information, and market control (Table 3.9).

SCORE, while funded in part by the SBA, is the only agency on the national level that is not run directly by the local administration. The Empowerment Zone in Cincinnati is the only federal program whose services do not exist everywhere else in the nation. In 1998, Cincinnati became one of the thirty-one cities in America designated as Empowerment Zones by the United States Department of Housing and Urban Development. Nine of Cincinnati's neighborhoods were targeted for unique economic development opportunities funded by the federal government.

Table 3.9: National Support

Assistance Provided	Private Bus.	Service Orgs.	Co-Ops	Membership Orgs.	Local Government	Local Admin
Certification						
Inputs						
Technology						
Training				SCORE		Cinti Export Assistance Center (US Dept of Commerce)
Credit						SBA
Information						US Dept of Commerce, US Gov't Info Line, SBA & DOC Export Assistance
Market Control						Empowerment Corporation
Common Infrastructure						
Producer Infrastructure						

The fifth classification is a **cross section** of the others, which includes assistance programs offered to minority and female owned businesses. In Cincinnati these include:

- Cincinnati Business Incubator (CBI)
- Empowerment Corporation
- Greater Cincinnati African American Chamber of Commerce
- Greater Cincinnati Microenterprise Initiative (GCMCI)
- Hamilton County ( recognizes certification)
- Hispanic Chamber of Commerce
- Minority Business Opportunity Center (MBOC)
- Minority Contractor's Business Assistance Program
- Ohio Department of Development's Equal Opportunity Division (minority and EDGE)
- South Central Ohio Minority Business Council
- Women's Business Resource Program
- Women's Chamber of Commerce

The support network for minority and female owned businesses is fragmented (Table 3.10). There are only three organizations that provide assistance solely for female owned businesses (Women's Business Resource Center, WNET and the Women's Chamber of Commerce). There is only one organization that provides service for Hispanics (the Hispanic Chamber of Commerce of Greater Cincinnati).

The majority of assistance for minority groups is offered via networking opportunities through the Chambers of Commerce. Training and credit opportunities are scarce, as is technological support.

Table 3.10: Minority and Female Owned Business Assistance

Assistance Provided	Private businesses	Service organizations	Cooperatives	Membership organizations	Local Gov't	Local Admin
Certification					Hamilton County	
Inputs						
Technology						
Training		CBI, MBCA, SCOMBC		MBOC		
Credit		GCFI, MBA, Smart Money				
Information				Chambers: Women's, Hispanic, African American; Women's Business Resource Center		WNET (SBA)
Market control						Empowerment Corporation
Common infrastructure						
Producer infrastructure						

A major concern in the network is that many of the minority and female support services do not play a visible role in the larger support network. Of the fifteen service providers in Cincinnati, there are four prominent M/WBE service providers: the Greater Cincinnati African American Chamber of Commerce, CBI, GCFI, and Smart Money. But, rarely do any of the core agencies make referrals to the MBA, Women's and Hispanic Chambers, or the MBOC.<sup>61</sup>

Another problem is a shortage of professional staff due to budget cutbacks. CBI, for instance, is the only organization in the state of Ohio that focuses on women and minority owned businesses. It aims to provide value-added services for the residents of

<sup>61</sup> Interviews 0330, 0317, 0306, 0307, 0314, 0214, 0222, 0224, 0215.

the incubators, but in many cases only provides them with affordable office space. CBI recently discontinued its training sessions because of the ample number of existing training programs.

### Institutional Assessment

There are a total of twelve agencies that can be considered institutions. They comprise the core of service providers to the area, offer a wide variety of services and can be identified by the strong linkages that exist between them, and the numerous referrals made to them from other local service providers. These institutions are well respected among the Cincinnati support network. The core institutions in Cincinnati are the:

- Cincinnati Business Incubator (CBI)
- City of Cincinnati
- Small Business Development Center (SBDC)
- Greater Cincinnati African American Chamber of Commerce (GCAACC)
- Greater Cincinnati Chamber of Commerce (GCCC)
- Greater Cincinnati Microenterprise Initiative (GCMI)
- Hamilton County Business Center (HCBC)
- Hamilton County Development Center (HCDC)
- Service Corp of Retired Executives (SCORE)
- Smart Money Community Services
- TechSolve
- U.S. Small Business Administration

The twelve institutional support services are distinct because of their reputations within the community, the large number of clients they serve, the necessity and/or quality of the services they provide, and – in some cases- the length of time they have been in operation. The core of providers encompasses an array of services, including technical

assistance, professional counseling, credit, and networking opportunities. They also support varying small business populations (from technology based firms to minority-owned businesses), and support the other core service providers by referring clients to resources available from the group. Service providers that were not considered institutions, were those which had a smaller client base, a weak scope of services, were fairly young, and received a small number of referrals from the network of providers.

The institutions exist in a broad range of categories and provide primarily information and training, however, many organizations provide multiple services (Table 3.11). The ultimate goal would be to have institutions existing in each category for each subsection of the small business population. As it stands, institutions exist in each subsection, but do not provide services in all categories of support.

Table 3.11: Institutional Support

Assistance Provided	Private Bus.	Service Organizations	Co-Ops	Membership Organizations	Local Gov't	Local Admin
Certification					City	
Inputs						
Technology		TechSolve				
Training		CBI, GCMI, HCBC, SBDC, TechSolve		SCORE	City (funder)	
Credit		GCMI, HCDC, Smart Money			City (funder)	SBA
Information				Chambers of Commerce: Greater Cincinnati, African American		SBA & DOC Export Assistance
Market Control					City	
Common Infrastructure					City	
Producer Infrastructure		TechSolve (Manufacturing SBDC)				

The small business support network in Cincinnati has developed organically around a set of perceived needs of the small business community. The organic development of the network has not rendered the comprehensive patterns of support that would be expected from a well-developed, highly efficient support system. However, this does not imply that Cincinnati's support network is not effective, just not as good as it could be.

The strengths of Cincinnati's network are twofold. Training programs and information services are offered in abundance. The training network, which is comprised mostly of service organizations, also includes programs offered by membership organizations and the local administration. Collectively, these agencies offer training for a diverse population. Training is offered for technology and biomedical firms, lifestyle, innovative, and scaleable businesses; start-up and existing firms; financial, technical, and professional assistance; government procurement and export assistance; and minority and female owned businesses.

Cincinnati's other strength is its information network. Information providers exist in four of the six sectors: service and membership organizations and local government and administration. Cincinnati has a very well developed network of Chambers of Commerce. Six Chambers exist in the Cincinnati area, which provide networking opportunities on the neighborhood, city, and county levels. They also provide special opportunities for minority and female owned businesses. The city, county, state, and nation also have their own information centers. The City of Cincinnati's Small Business Division is knowledgeable of and well connected to many of the support providers in the City. The county funds the Hamilton County Public Library, which has an entire small business collection, and hosts the Hamilton County Regional Planning Commission, which provides mapping services and demographic information for the county. The State

of Ohio hosts the Women's Business Resource Program and the Ohio 1<sup>st</sup> Stop Business Permit Center. And the federal government provides information from the U.S Department of Commerce, U.S. Government Information Line, the SBA, and the SBA & DOC Export Assistance program. This information network provides learning and networking opportunities for all types of businesses, from technology-based firms to government contractors.

The drawback of having an information network that relies heavily upon Chambers of Commerce is that the quality of information is dependent upon the knowledge base and referral skills of the Chamber. If a Chamber lacks knowledge of the available services, it is ill equipped to make crucial references and the quality of the support provided by the network wanes. Problems may also arise as the agencies that disseminate information are biased to the organizations that fund them.<sup>62</sup>

The weaknesses of Cincinnati's support network were identified using the Actual Support matrix (Table 3.3) as well as observations from the service providers interviewed.

Almost every support provider interviewed claimed that the largest problem facing small businesses in Cincinnati is a lack of access to capital.<sup>63</sup> This statement can be interpreted in a variety of ways: 1) There is not enough capital available to small businesses in Cincinnati, 2) Cincinnati has a conservative lending community does not provide capital to entrepreneurs who are considered risky, 3) small businesses need to operate smarter to increase their access to capital, 4) small businesses and support providers are not aware of all the opportunities for capital in Cincinnati. It is true that Cincinnati does not provide credit opportunities for the high-risk entrepreneurs. The

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<sup>62</sup> Interview 0330.

<sup>63</sup> Interview 0205, 0210, 0301, 0306, 0307, 0214, 0222.

Greater Cincinnati Microenterprise Initiative was created to supply high-risk loans, but the loan program is very competitive and creaming has taken place, leaving the high-risk population without funding. The SBA also inhibits felons (who are potentially high-risk) from obtaining SBA-backed loans. Is not funding the high-risk entrepreneurs good business or discriminatory? Fourteen organizations were identified that provide credit opportunities to Cincinnati businesses, not including credit unions and local branches of commercial banks that have small business loan programs. Since service providers did not largely identify commercial banks and credit unions as part of Cincinnati's small business support network, it seems that capital is available but hindered due to a lack of communication between local banking institutions and the traditional support network.

Another weakness in the network is that many of the M/WBE service providers do not play a critical role. As discussed previously, many of the core agencies do not refer eligible clients to the Hispanic and Women's Chambers of Commerce, the Minority Business Opportunity Center, the Minority Contractors Business Accelerator, Women's Business Resource Program, or the South Central Ohio Minority Business Council. Is it because these organizations offer poor quality of services or is their scope of services largely unknown throughout the network? If the lack of referrals is due to poor quality of services, the organizations may benefit from bonding with the larger, more prominent M/WBE service providers in Cincinnati.<sup>64</sup>

The lack of inputs, private businesses, and cooperatives in the Actual Support matrix (Table 3.3) is also indicative of weaknesses in the network. Inputs, perhaps, were not identified by service providers because they are highly specialized for each type of business and this research did not go into such amount of depth. Private businesses,

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<sup>64</sup> Interview 0222, 0306, 0307.

however, lack an organized support network. They exist, but often their services are not utilized by small businesses because of the fees charged for them or because small businesses are unaware of what services are provided by the private sector. No cooperatives were identified on the support matrix, although they do exist. Credit unions are numerous in the Cincinnati area, but the service providers only mentioned one as being a part of the network.

All of these problems point to a larger weakness in the support network: lack of self-promotion. The majority of the support providers adhere to the 90/10 Rule: 90 percent of their time and efforts are spent on providing services and only 10 percent (if that) is allotted to marketing activities. Organizations do not spend enough time on marketing the services they provide, which ultimately leads to a weaker support network as organizations unknowingly offer duplicate services or make poor referrals because they are unaware of the “best match” for a client.

## **V. GUIDELINES FOR STIMULATING SMALL BUSINESS DEVELOPMENT**

The purpose of this study was to identify gaps and overlaps in the small business support network in Cincinnati in order to provide a guide to policy makers and funding organizations on how to better serve the small business community. Thus far Cincinnati has not taken any particularly innovative approaches to small business support and the City has not adopted any progressive legislation that would guide local government funding of support services. Most of the support services employ fairly typical methods of assistance. It can be assumed that the network in Cincinnati is indicative of the small business support network in other mid-sized, mid-western cities, so the conclusions and recommendations (listed below) may be of use to a larger audience than that of Cincinnati's small business support community.

The support network in Cincinnati includes many service providers in each of the sectors, but upon further analysis the service providers do not offer uniform support among the five categories of small business assistance: microenterprise assistance, services and incubation, regional support, national support, and minority and female owned business assistance. Cincinnati should focus efforts to promoting institutional development in each of the categories in order to strengthen the network. Although institutions are present in each of the subsections, they do not exist in each category of support. In order to strengthen the network, existing institutions need to promote collaboration between service providers to increase the quality of services and free up staff time and operating costs to begin filling the gaps. Existing institutions should request government funding of demand-side economic development programs such as building information networks for each of the five categories, and for more common and producer infrastructure in targeted poverty-stricken geographic areas. In addition, it is

crucial that more capital be placed into innovative research and development endeavors as a method for economic development.

By developing the support network for each of the subsections, the city will be successfully supporting economic development efforts and improving the quality of life for city residents.

To the extent that Cincinnati is representative of a city its size, there are patterns that emerged in the local network that are indicative of other Midwestern, similarly sized cities. Before this research there was an overall sense that, since small business support emerged haphazardly (without much guidance from policy makers), the network created by the support providers would represent the inherent disconnect. This was found not to be the case. While some disconnect does exist, the network has impressive linkages and is, for the most part, very well informed of the other services that exist in the network.

It can also be assumed that other Midwestern, similarly sized cities have focused much of their previous efforts and resources into the development of training. While training is an important workforce development tool and should respond to changes in the workforce and the market, more local resources need to be focused on development of the subsidiary networks. Special attention needs to be given to microenterprise and minority/female owned businesses networks to diversify the type of assistance available.

This research is not only important on a practical level, but has significance on the philosophical level as well. Much of the research that exists on small business support is written from the business and public administration perspectives, not from a planning perspective. Research has focused on the quality of services provided and the benefits received by small businesses, but not on using the network of service providers as a means of economic development. Also, in the planning field there is a great deal of

literature on community development, but there is nothing in the United States that takes this approach to small business development and the impacts institutional development has on the larger community.

This research is also of importance because it showed that Looye and Uphoff's matrix (that had previously been tested only in the third world) is also a useful tool in examining support networks in developed countries. The types of assistance and sectors in which the service providers operate are comparable in both developing and developed countries. While it was expected for differences to exist in the sources of assistance (primary and secondary), the matrix proved to be a valuable asset to the research.

To increase the efficiency of the small business support networks, I recommend the following:

- 1) Direct government funds towards increasing marketing services for service providers. There are few efforts (if any) that have tried to compile a comprehensive list of local service providers. Most agencies do not have time or the skills to market their own services, let alone identify all that are available (See pg. 54). Marketing efforts should be funded by a private/public partnership to make small business owners and other service providers aware of the entire network. The findings of the study should also be made available to the firms that provide information services, namely the local chambers of commerce and the local government and administrations, who should pass the information along accordingly.
- 2) More efforts should focus on creation and retention of small businesses in a geographically defined area. Knowledge of available real estate and leasing

requirements coupled with knowledge of the local support network is very beneficial information to a small business. Identification of a small business's needs at an early stage will reduce the rate of potential failure (See pg. 43).

- 3) Inventory, using a similar methodology, the service providers in the private sector and identify ways of promoting their integrating with the existing support network (See pg. 32).
- 4) Determine the potential success of cooperatives in providing small business assistance. The popularity of cooperatives has waned since the 1970s and is currently the least participating sector in the support network. If cooperatives can once again play a significant role in the support network, the network will be strengthened dramatically (See pg. 32).
- 5) Lobby the government to provide more funding to demand-side services because the small business community reaps more benefits from direct assistance (See pg. 28).
- 6) Increase services to microenterprise businesses-- primarily producer infrastructure and the information network (See pg. 38-39). Microenterprise assistance lacked both networks and would greatly benefit from increased development in those areas.
- 7) Increase services to target specific minority groups, especially Hispanic and Asian outreach to increase the diversity of the business community (See pg. 47-49).
- 8) Direct government and private funds towards the creation of a Technology Assistance Center for microenterprise and minority/female business owners (See pg. 47-49). In this age, knowledge of computers and telecommunications is imperative. Often low income people are left out of this realm entirely because

they lack the capital to purchase equipment or access to appropriate facilities. A Technology Assistance Center (TAC) would serve as an incubator to teach microenterprises and start-up minority/female owned businesses accounting skills, how keep electronic records, manage operations, and use the internet to improve their businesses. The TAC would also provide these businesses with use of equipment.

- 9) Increase government provisions of common and producer infrastructure (See pg. 45-46). Common and producer infrastructure requires a great deal of investment, but has widespread benefits. Large groups of businesses as well as the general public can benefit from increased investment in these areas.

I would also recommend the following for future research:

- 1) Perform face-to-face interviews in all cases. In the interest of time, phone interviews were primarily used to gather information for this study. Upon comparing the two interviewing techniques, I would recommend on-site, face-to-face interviews because one can see, first hand, the daily operations of the organization and silently monitor the cleanliness of facilities, the abundance of equipment, the liveliness/business of the organization, and the professionalism of the staff.
- 2) Allow at least six months for data collection and interpretation.
- 3) As previously stated, make more effort to identify and incorporate the private business network in with the other sectors of the support system.
- 4) Focus on the strength of linkages between service providers and funding organizations in the network to determine if and how biases form.



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## **APPENDICES**

**Appendix A: Small Business Service Providers to Cincinnati Entrepreneur**  
*(Italicized organizations were interviewed)*

BIO/START (Biomedical industries only) .....	475-6610
Blue Chip Venture Fund .....	723-2300
C-Cap .....	791-2884
<i>Cincinnati Business Incubator, Inc. (CBI)</i> .....	362-2700
Cincinnati's Empowerment Corporation .....	487-5200
<i>City of Cincinnati, Community Development and Planning Dept</i> .....	352-3950
Communiversiity.....	556-9197
<i>Downtown Cincinnati, Inc. (DCI)</i> .....	421-4440
Executive Service Corps of Cincinnati (ESCC) .....	791-6230
<i>Greater Cincinnati Chamber of Commerce (GCCC)</i> .....	579-3100
<i>Greater Cincinnati Microenterprise Initiative (GCMi)</i> .....	569-4816
<i>Greater Cincinnati and N. KY African American Chamber of Commerce (GCAACC)</i> .....	751-9900
Greater Cincinnati Venture Association .....	686-2946
<i>Greater Cincinnati Women's Chamber of Commerce (GCWCC)</i> .....	362-2724
<i>Hamilton County Business Center Inc. (HCBC)</i> .....	631-8292
Hamilton County Chamber of Commerce .....	984-6555
<i>Hamilton County Development Company (HCDC)</i> .....	631-8292
Hamilton County Office of Economic Development .....	631-8292
Hamilton County Regional Planning .....	946-4500
<i>Hispanic Chamber of Commerce of Greater Cincinnati (HCC)</i> .....	458-6649
International Trade Assistance Center (ITAC) .....	948-4062
<i>Main Street Ventures</i> .....	241-6695
Manufacturing Small Business Development Center .....	948-2092
<i>Minority Business Opportunity Center (MBOC)</i> .....	684-2101
Minority Contractors Business Assistance Program (MCBAP) .....	631-7666
Ohio 1 <sup>st</sup> Stop Business Permit Center .....	800 248-4040
Ohio Department of Development (ODOD).....	800 848-1300
ODOD International Trade Division .....	800 848-1300
ODOD Investment in Training Program.....	800 848-1300
ODOD Minority Contractors Business Assistance Program .....	614 466-5700
ODOD Small Business Innovation Research (SBIR).....	800 848-1300
Ohio's Thomas Edison Program .....	800 848-1300
Over the Rhine Chamber of Commerce.....	241-2690
Procurement Technical Assistance Center.....	948-2083
Public Library of Cincinnati and Hamilton County.....	369-6900
<i>Service Corp of Retired Executives (SCORE)</i> .....	684-2812
<i>Small Business Development Center (SBDC) at UC</i> .....	556-2072
Small Business Institute (SBI).....	556-7123
<i>Smart Money Community Services</i> .....	241-7266

Sounding Board .....	631-8292
South Central Ohio Minority Business Council, Inc. ....	579-3104
State of Ohio, Office of the Treasurer Of State .....	800 228-1102
<i>TechSolve</i> .....	948-2000
<i>Manufacturing Small Business Development Center (MSBDC)</i>	
<i>Procurement Technical Assistance Center (PTAC)</i>	
U.S. & Foreign Commercial Service .....	684-2944
U.S Department of Commerce International Trade Division .....	684-2944
U.S. Government Information Line .....	800 688-9889
<i>U.S. Small Business Administration (SBA)</i> .....	684-2814
U.S. SBA & DOC Export Assistance Center .....	312 353-8040
Women's Business Resource Program .....	800 848-1300
Xavier Entrepreneurial Center .....	745-3932

*Appendix B*

Interview/ Research Transcripts

**Organization Name:** Cincinnati Business Incubator, Inc.

**Address:** 1634 Central Parkway, Cincinnati, OH 45202

**Telephone:** (513) 362-2700

**Web Address:** www.CBIncubator.org

**Legal Status/ Sector:** Nonprofit, Service Provider

**Founding Information:** Since 1979, the organization that is currently named CBI has been offering incubation assistance to primarily minority and female owned businesses.

**Objective:** CBI is committed to supporting the small business community of Greater Cincinnati by providing training, management and financial resources including expertise and support networks that enable new and existing businesses to become successful and prosper. They serve all businesses, with a special focus on minority and women owned businesses.

**Clientele:** Any small business that is in a start-up phase or its first 1-3 years of operation is eligible for CBI services.

**Services Provided:** CBI provides one-on-one business consultation and incubation support with the purpose of increasing profitability and creating jobs. Resident clients have leased offices in CBI and have access to common facilities (e.g., copier, telephones, conference room) Affiliate clients are mostly out-of-town small business owners that have set up local "offices" at CBI by having a receptionist services and access to the conference room when in town. The training programs facilitated by CBI have been discontinued this year. The typical incubation period is 1-3 years.

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**Staff:** Consists of 2-3 employees.

**Groups Assisted:** Current CBI has 16 resident clients and 14 affiliate clients. Twenty-two percent are female owned businesses and 83% are minority owned. Most of the clients are microenterprises.

**Relations with Other Organizations:** The SBA refers minority and female owned businesses to CBI. CBI, in turn, refers clients to and receives clients from the UC SBDC, HCDC, Main Street Ventures, GCMI, and the African American Chamber of Commerce. CBI's goal in 2004 is to be proactive by helping government agencies reach their minority quotas. Their business partners include Cincinnati Public Schools, 3CDC, and the Minority Business Accelerator under the Greater Cincinnati Chamber of Commerce.

**Relations with Government:** The City of Cincinnati and the SBA fund CBI.

**Budget:** In 2003, the City, the SBA, and the Empowerment Zone funded CBI. Empowerment Zone funding has been cancelled and City funding for the coming years is indeterminate. CBI's strategic plan is to utilize their 501(c)3 status to obtain funding via the United Way and possible corporate sponsorship, thereby cutting ties with the City.

**Observations:** Many of the small business support providers are providing training; CBI discontinued its training to focus on incubation. It is the only organization in the state of Ohio that focuses on women and minorities.

**Identify agency extent of assistance.**  Primary source     Secondary source

**Check One:**  Phone Interview     In-person interview

**Organization Name:** City of Cincinnati, Small Business Division of the Department of Community Development and Planning.

**Address:** 805 Centennial Plaza Suite 700, Cincinnati, Ohio 45202

**Telephone:** (513) 352-6251

**Web Address:** **Small Business Matters,** [www.cincinnati-oh.gov/cdap/pages/-3801-/](http://www.cincinnati-oh.gov/cdap/pages/-3801-/)  
**Small Business Enterprise,** [www.cincinnati-oh.gov/cdap/pages/-3803-/](http://www.cincinnati-oh.gov/cdap/pages/-3803-/)

**Legal Status/Sector:** Local Government

**Founding Information:** Small business support was a function of the Department of Economic Development, but in the 2003-2004 biennial budget the City renewed its commitment to small businesses in name by creating the Small Business Division of the Department of Community Development and Planning.

**Objective:** To provide support for entrepreneurs at all stages of development.

**Clientele:** All small business owners in the City of Cincinnati,

**Services Provided:** The City has identified various stages of development for which they offer support. For at-risk microenterprise businesses and start-ups, the City funds programs and loans operated by Smart Money and GCMI. The City funds CBI to provide incubation services to developing businesses, with a focus placed on minority owned. For high growth firms and venture capital investments (which are primarily .com businesses), the City provides funding to Main Street Ventures. For existing minority businesses, the City funds radio advertising for the African American Chamber. The City also provides certification for SBEs operated through the Office of Contract Compliance, which provides small businesses with the opportunity to bid on City contracts.

Loan programs offered by the City include the MicroCity Loan (run by GCMI, max loan is \$35,000), Linked Deposit Loan Program (for working capital and equipment loans), Grow Cincinnati Fund (SBA backed loans, a revolving loan fund for businesses with a good track record, but bad credit), Cincinnati Small Business Loan Fund, and SBA 504 Loan Program (operated through HCDC, funds low-risk businesses).

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**Staff:** 3-4 FT

**Groups Assisted:** Start-ups and existing businesses, low and high risk.

**Relations with Other Organizations:** Funds loans, programs and/or operating costs at CBI, GCMI, Smart Money, HCDC, AACC, and Main Street Ventures.

**Relations with Government:** n/a

**Budget:** \$44,000 to GCMI, \$150,000 each to CBI and AACC, \$600,000 to Grow Cincinnati Loan Fund

**Observations:** There is a need to strengthen incubation services and increase access to capital. There should also be a stronger link between Cincinnati Public Schools contracts and the Workforce Development Division of the City.

When service agencies charge a nominal fee of their clients, even those that serve the poorest populations, research shows there is a better retention rate and an increase commitment to the program.

**Identify agency extent of assistance.**

Primary source

Secondary source

**Check One:**  Phone Interview  In-person interview

**Name:** Downtown Cincinnati, Inc. Small Business Development

**Address:** 617 Vine Street, Suite 1200 Cincinnati, OH 45202

**Telephone:** (513) 421-4440

**Web Address:** [www.downtowncincinnati.com](http://www.downtowncincinnati.com)

**Legal Status/ Sector:** Nonprofit, Service Provider

**Founding Information:** In 1996, downtown property owners partnered with the City to create a development agency that catered specifically to downtown. DCI is funded solely by a tax assessed by downtown property owners. The tax is voted on every four years.

**Objective:** The Small Business Development Division's mission is to maintain and develop existing downtown small businesses and recruit small businesses to downtown Cincinnati.

**Clientele:** DCI focuses only on businesses within the limits of Cincinnati's central business district (CBD) and uses the SBA definition of small business (which is a businesses with fewer than 100 employees and has a yearly net income of less than \$7 million). Recruitment efforts are aimed at unique and successfully run small businesses around the country.

**Services Provided:** Small Business Development attempts to identify struggling businesses downtown, target the problem, and direct them toward necessary support services (outreach and referrals). A database of businesses leases are kept and businesses are contacted two years prior to lease expiration to discuss changing spatial needs and rental rates. The Small Business Development employee is knowledgeable of current downtown rates, vacancies, and landlords. Female and minority owned businesses are also targeted by DCI to provide services and a location that supports business traffic.

Often DCI is the only party able to make deals happen in downtown due to their objectivity as a third party, and their knowledge of existing office and retail stock and the needs of the small businesses.

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**Staff:** One FTE.

**Groups Assisted:** DCI Small Business Development (SBD) serves 10 clients per week and averages 500 clients per year. Clients are comprised of existing small businesses, property owners, and businesses targeted for recruitment efforts.

**Relations with Other Organizations:** DCI, SBD partners primarily with Cincinnati Business Incubator, Greater Cincinnati Microenterprise Initiative, the Greater Cincinnati Chamber of Commerce, the Greater Cincinnati African American, Hispanic, and Women's Chambers of Commerce, City of Cincinnati's Small Business Loan Fund, and SBA's SCORE.

DCI has no direct competitors since it is the only agency that focuses solely on downtown Cincinnati.

**Relations with Government:** DCI is funded by a government tax and works with the Small Business Division and Economic Development divisions of the Department of Community Development and Planning.

**Budget:** Unknown

**Observations:**

**Identify agency extent of assistance:** Primary source  Secondary source

**Check One:**  Phone Interview  In-person interview

**Organization Name:** Greater Cincinnati Chamber of Commerce

**Address:** 441 Vine St. Suite 300  
Cincinnati, Ohio 45202

**Telephone:** (513) 579-3100

**Web Address:** www.cincinnati-chamber.com

**Legal Status/ Sector:** Nonprofit, Membership Organization

**Founding Information:** GCCC is over 150 years old and is the 5<sup>th</sup> largest Chamber in the country.

**Objective:** To enable Cincinnati to become one of America's favorite business destinations.

**Clientele:** Members include 6,500 small businesses to corporations in the Greater Cincinnati area. Fees range from \$350-\$20,000 yearly.

**Services Provided:** Regional economic development to 13 counties. Membership Services including health benefits, workman's compensation, discounts, and educational opportunities, and sponsors local festival and events.

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**Staff:** 75 FTE

**Groups Assisted:** 5,100 out of 6,500 members are small businesses.

**Relations with Other Organizations:** Make referrals to HCDC (for funding). SCORE, and area SBDCs.

**Relations with Government:** Has little to no relationship to local or federal government. City of Cincinnati may contribute to local festivals and events.

**Budget:** \$14 million/year (\$4 million from small business dues, \$10 million from corporate donations and revenue from events).

**Observations:** Support agencies in Cincinnati are fragmented and gaps in funding exist due to Cincinnati's conservative financial community.

**Identify agency extent of assistance.**

Primary source

Secondary source

**Check One:**  Phone Interview     In-person interview

**Organization Name:** Greater Cincinnati Microenterprise Initiative

**Address:** 1501 Madison Rd. First Floor, Rear  
Cincinnati, OH 45206

**Telephone:** (513) 569-4816

**Web Address:** www.gemi.org

**Legal Status/ Sector:** Nonprofit, Service Organization

**Founding Information:** Founded in 1998, started in 1999 by a collaborative effort between the Community Action Agency and the United Way in response to a feasibility study that proved there was a market for microenterprise training and high-risk loans. Modeled program after research proving that the success of small firms is maximized when loans accompany training/technical assistance and vice versa.

**Objective:** To assist individuals in the low- to moderate-income category (80% of HUD Poverty Guidelines) start businesses.

**Clientele:** Loans are available to low-moderate income business owners, while other services are available to all small business owners. Introductory fee ranges ( of \$50-185) is charged for services and is based on household income.

**Services Provided:** 1) Entrepreneurial Academy: a 10 week course that teaches business plan development (85% of students have start-ups, 15% have existing). 2) Lending: tow-moderate income individuals that have graduated from the Academy are eligible for \$500-10,000 loans. Ten-twelve loans are awarded each year and all loans are monitored through the Technical Assistance program. 3) Technical Assistance: GCMi provides on-site business coaching, financial, management and marketing training. This assistance is available to all small business owners. Business owners that do not qualify for GCMi loans are directed elsewhere.

GCMi provides loan initiation and administrative services to the City of Cincinnati and the Cincinnati Empowerment Corp. by judging and referring potential businesses.

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**Staff:** Three full time, one part time and two contracted business coaches (5 1/2)

**Groups Assisted:** In 2003, 84 people graduated from the Academy. Most were African American female heads of households. Ten loans were awarded. Lending and technical assistance is provided on an even male/female ratio, with 40% white.

**Relations with Other Organizations:** GCMi partners with 5/3<sup>rd</sup>, Bank One, PNC, and US Bank to create a loan pool. GCMi refers clients to Main Street Ventures, HCDC, and UC's SBDC. Informal relationships exist between the three city-sponsored agencies- GCMi, Smart Money, and CBI, as well as the African American Chamber of Commerce.

**Relations with Government:** Provides loan initiation and administrative services for a fee.

**Budget:** Core funding is provided by the Community Action Agency (25%) and the United Way (20%). Fees contribute as well as the City of Cincinnati (12%), the State of Ohio (10%) and donations from local banks.

**Observations:** There are enough resources available in Cincinnati for small business owners with tenacity and the willingness to do the legwork. Chambers provide marketing assistance, lending is undertaken by HCDC, the City, and Empowerment Zone transactions, SBDC provides technical assistance, and the Public Library has a small business reference section. Many times people are denied credit due to a poor presentation of the deal; GCMi puts a package together for a business and sets up appointment with a partnering bank. Does not agree that Cincinnati small businesses lack access to capital. A bad economy hurts everyone.

**Identify agency extent of assistance.**

- a. Primary source **X**
- b. Secondary source

**Check One:** \_\_\_ Phone Interview    **X** In-person interview

**Organization Name:** Greater Cincinnati and Northern Kentucky African American Chamber of Commerce

**Address:** 2945 Gilbert Avenue, Cincinnati, Ohio

**Telephone:** 751-9900

**Web Address:** [www.gcaacc.com](http://www.gcaacc.com)

**Legal Status/ Sector:** Nonprofit, Membership Organization

**Founding Information:** The Greater Cincinnati chapter was created in 1996 in the Cincinnati Business Incubator with 100 members. Since then the Chamber has grown to 808 members and now owns the building in Walnut Hills that houses the Chamber's headquarters.

**Objective:** To improve the economic status of local African American business owners and consumers by advocating on behalf of emerging and established businesses to create new market opportunities, provide access to capital and revitalize the African American community.

**Clientele:** Membership is open. Fees range from \$200 (member)-\$5,000 (corporate member) per year. Levels of support vary; student members, supporters of the Chamber, and nonprofit members range from \$20-\$250.

**Services Provided:** Members have access to the Member Database, business opportunities, consumers, business support, conference rooms, advertising opportunities via radio and television discounts and Chamber distribution of business cards, as well as discounts on membership to the Greater Cincinnati Convention and Visitors Bureau and subscriptions to the Business Courier and Cincinnati Herald. The Chamber also hosts seminars and does outreach work.

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**Staff:** Consists of three full time employees.

**Groups Assisted:** Out of the current 808 members, 25 are corporate members, 480 are small business owners. Excluding the corporate members, 25-40 members are non-African American owned businesses, 5 of which are female owned. In 2003, the Chamber was responsible for securing \$2.5 million in bid contracts in the private and public sectors.

**Relations with Other Organizations:** The Chamber partners with Smart Money, UC's SBDC, GCMI, and CBI. The City of Cincinnati often co-sponsors events with the Chamber. Makes use of US Bank's Community Express Loan Program and has media partnerships with three prominent local radio stations and four television stations. Also has ties to the South Central Ohio Minority Business Council (SCOMC).

**Relations with Government:** Receives financial support from the City.

**Budget:** Consists primarily of membership dues, supplemented by City co-sponsored events and "a la carte" services that started in 2004 (e.g., selling membership database, charging for photocopies)

**Observations:** Small and minority owned businesses continue to fight for economic inclusion in Cincinnati. They are often disregarded for large corporate projects. One contributing problem is that many small businesses lack the capacity to do the job; technical skills are in need of improvement and businesses are also in need of bonding.

**Identify agency extent of assistance.**

- c. Primary source
- d. Secondary source X

**Organization Name:** Greater Cincinnati Women's Chamber of Commerce

**Address:** 1634 Central Parkway, Cincinnati, OH

**Telephone:** (513) 362-2724

**Web Address:** n/a

**Legal Status/ Sector:** Nonprofit, Membership Organization

**Founding Information:** Founded in October 2003 by a member of the Greater Cincinnati African American Chamber of Commerce.

**Objective:** To heighten community awareness of women's economic impact, to promote women's economic parity, to highlight opportunities for women.

**Clientele:** Membership is open. \$150/year and \$35 student rate.

**Services Provided:** Networking events (fill members' needs with services from other group members), member-to-member discounts, training and mentoring programs, and monthly meetings.

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**Staff:** Consists of 2 FTE. Board is comprised of 36 volunteers.

**Groups Assisted:** Currently there are 230 members, 90% white females, 2% male, with a growing Hispanic presence, includes corporate wives (to foster networking and harness buying power).

**Relations with Other Organizations:** GCWCC is located in the CBI, in the initial stages of developing a strategic initiative partnership with local corporations.

**Relations with Government:**

**Budget:** All revenue comes from dues.

**Observations:** Gaps in Cincinnati include access to capital and opportunities to network.

**Identify agency extent of assistance.**

e. Primary source

f. Secondary source X

**Check One:**  Phone Interview  In-person interview

**Organization Name:** Hamilton County Business Center (HCBC)

**Address:** 1776 Mentor Avenue

Cincinnati, Ohio 45212

**Telephone:** (513) 631-8292

**Web Address:** [www.hcdc.com](http://www.hcdc.com)

**Legal Status/ Sector:** Nonprofit, Service Organization

**Founding Information:** Opened in 1985 in response to the closing of the General Motors plant in Norwood to assist laid off employees. It is the largest incubator in the Midwest, but to this day, not one client of HCBC has been a previous employee of General Motors.

**Objective:** To assist business start-ups.

**Clientele:** Early stage, innovative, and scaleable businesses.

**Services Provided:** HCBC's incubator provides flexible space, an environment conducive to business, a support network, learning opportunities, individual coaching sessions, seminars, free conference rooms, internet access, warehouse space, and copies. There have been 190 small businesses in the incubator and 85-90 have graduated (success rate is 55-60%). The average stay is 3-5 years.

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**Staff:** 4 FTE

**Groups Assisted:** Touch 400-500 businesses in Hamilton and Clermont Counties per year. Twenty percent are minority owned, 25% female owned, 60% have intellectual property, workforce is split 50/50 male/female. Minority and female workforce has mushroomed in past few years because HCBC provides a safe and clean environment. Fifty businesses are located in the incubator currently.

**Relations with Other Organizations:** HCBC works closely and is located with the Hamilton County Development Center. HCBC partners with SCORE, SBDC, and State of Ohio One Stop Center.

**Relations with Government:** Receive funding and make referrals to the state.

**Budget:** \$750,000/year (\$270,000 from State of Ohio, remainder from rents and services).

**Observations:** A safe and clean environment is important to attracting good employees.

**Identify agency extent of assistance.**

Primary source  
 Secondary source

**Check One:**  Phone Interview  In-person interview

**Organization Name:** Hamilton County Development Center (HCDC)

**Address:** 1776 Mentor Avenue  
Cincinnati, Ohio 45212

**Telephone:** (513) 631-8292

**Web Address:** www.hcdc.com

**Legal Status/ Sector:** Nonprofit, Service Organization

**Founding Information:** Created from an Enterprise Zone agreement with the Ford Company. The first SBA 504 loans were given in the early 1980s when HCDC became a certified lender by the U.S. SBA.

**Objective:** To serve as a "one stop shop" in promoting economic development in Hamilton County.

**Clientele:** Any business eligible for an SBA micro-loan.

**Services Provided:** HCDC administers SBA 504 Loans. HCDC awards 15-20 loans, up to \$35,000 each, every year.

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**Staff:** 5 FTE

**Groups Assisted:**

**Relations with Other Organizations:** Partner with SCORE, SBDC, State of Ohio One Stop Center.

**Relations with Government:** Loans funded by the federal government, contracted out by the City of Cincinnati.

**Budget:** \$10-20 million from federal and state governments (SBA and State 166 Program).

**Observations:**

**Identify agency extent of assistance.**

Primary source  
 Secondary source

**Check One:**  Phone Interview  In-person interview

**Organization Name:** Hispanic Chamber of Commerce of Greater Cincinnati

**Address:** 3805 Edwards Center  
Rookwood Tower, Suite 555  
Cincinnati, Ohio 45209

**Telephone:** (513) 458-6649

**Web Address:** www.hispanicccgc.com

**Legal Status/ Sector:** Nonprofit, Membership Organization

**Founding Information:** Founded in 1996 in response to Cincinnati's growing Hispanic population.

**Objective:** 1) To help Hispanics start up businesses, 2) To improve Hispanic businesses, 3) To place Hispanics in the business community.

**Clientele:** Membership is open. Costs are \$50/year for individuals and \$150-950/year for corporate membership.

**Services Provided:** Monthly networking meetings, seminars (e.g., "Understanding the Hispanic Consumer"), newsletters, posts resumes and job opportunities online, makes referrals.

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**Staff:** Run by nine volunteer board members

**Groups Assisted:** Currently the group has 70 corporate members and 70 individual.

**Relations with Other Organizations:** GCHCC refers members to the SBA and UC's SBDC. The Chamber president is a member of the Tri-State Chamber Collaborative, which holds monthly meetings for all Chamber Presidents.

**Relations with Government:**

**Budget:** Comprised solely by dues and proceeds from the annual Gala.

**Observations:** Hispanics in Cincinnati are generally entrepreneurial. Their biggest problem is a lack of capital and a business plan.

**Identify agency extent of assistance.**

- g. Primary source
- h. Secondary source X

**Check One:**  Phone Interview     In-person interview

**Organization Name:** Main Street Ventures

**Address:** 1201 Main Street, Third Floor  
Cincinnati, Ohio 45210

**Telephone:** (513) 241-6695

**Web Address:** www.digitalrhine.com

**Legal Status/ Sector:** Nonprofit, Service Organization

**Founding Information:** Founded in December 1999 because there was a need for services and a demand for start-up companies to network and pay low rent.

**Objective:** To create a community that shelters high-growth potential start-up companies and helps to increase their chances for success and to turn the Over the Rhine/Upper Main Street District (an area called "Digital Rhine") into an entrepreneurial technology development hub (with emphasis placed on .com businesses).

**Clientele:** College-educated entrepreneurs.

**Services Provided:** Free space, high speed internet, mentoring, education, and a community of entrepreneurs.

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**Staff:** 1 FTE, 1 PTE

**Groups Assisted:** Currently there are 9 firms in the "virtual" incubator, mostly all have been technology based.

**Relations with Other Organizations:** Partners with HCBC, CBI, Madison's E Zone. Funded in part by 4<sup>th</sup> and 5<sup>th</sup> Street Venture Capitalists, P&G, 5/3<sup>rd</sup> Bank.

**Relations with Government:** Funded in part by the City.

**Budget:** \$250,000-300,000 per year, depending on funding.

**Observations:**

Identify agency extent of assistance.

Primary source

Secondary source

Check One:  Phone Interview  In-person interview

**Organization Name:** Minority Business Opportunity Center

**Address:** 2081 A East Seymour, Cincinnati, Ohio 45237

**Telephone:** (513) 631-7666

**Web Address:** [www.mbda.gov](http://www.mbda.gov)

**Legal Status/ Sector:** Non-profit, Service Organization

**Founding Information:** In 1986, MBOC received their first government contract under the Minority Business Development Agency.

**Objective:** To provide minority businesses with technical administrative assistance.

**Clientele:** Any business defined as minority owned, with a focus on high growth industries.

**Services Provided:** Assistance with business plans, marketing techniques, and administrative support. Not a lender.

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**Staff:** 5 FTE

**Groups Assisted:** Contract requires MBOC to serve 200 clients per year. MBOC averages 250 clients per year.

**Relations with Other Organizations:** Makes referrals to the SBDC, Chambers, SBA, and CBI.

**Relations with Government:** Funded by Ohio Department of Development.

**Budget:** Information not available.

**Observations:** Gaps exist in venture capital and access to capital.

Identify agency extent of assistance.

Primary source

Secondary source

Check One:  Phone Interview  In-person interview

**Organization Name:** Service Corp of Retired Executives (SCORE)

**Address:** 550 Main Street, Room 2-512  
Cincinnati, Ohio 45202

**Telephone:** (513) 684-2812

**Web Address:** [www.scorechapter34.org](http://www.scorechapter34.org)

**Legal Status/ Sector:** Non-profit, Service Organization

**Founding Information:** The national SCORE was founded in 1964; Cincinnati's chapter was established during the same year.

**Objective:** To provide professional guidance and information, accessible to all, to maximize the success of America's existing and emerging small businesses.

**Clientele:** All existing and emerging small businesses in Hamilton County (A branch is located in Lebanon).

**Services Provided:** One-on-one confidential counseling, workshops, and email counseling for all business sectors (manufacturing, service, retail). Also provides written briefs on advertising, buying a business or franchise, insurance, taxes, pricing, patents, marketing, e-commerce.

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**Staff:** 1 PTE, governed by a volunteer board, counselors consist of over 50 volunteer business managers and executives.

**Groups Assisted:** Over 100 new clients receive counseling each month; the majority are start-ups.

**Relations with Other Organizations:** Partners with the SBA, makes referrals to all of the local Chambers of Commerce, the Cincinnati/Hamilton County Public Library, HCDC, and Cincinnati Business Information Center.

**Relations with Government:** Funded by the SBA.

**Budget:** n/a

**Observations:** There are no gaps in services, the problem with small businesses is that people lack equity and are looking for free money.

**Identify agency extent of assistance.**

Primary source

X Secondary source

**Check One:** X Phone Interview    \_\_\_ In-person interview

**Organization Name:** Small Business Administration, Cincinnati SBA

**Address:** JWP Federal Building  
550 Main Street, Room 2522  
Cincinnati, OH 45202

**Telephone:** 684-2814

**Web Address:** <http://www.sba.gov>

**Legal Status/ Sector:** Local Administration

**Founding Information:**

**Objective:** To equip small businesses with the tools they need to grow.

**Clientele:** Most for profit, independently owned small businesses are eligible for SBA assistance provided they meet some eligibility guidelines. The Cincinnati branch office serves eight counties in southwestern Ohio.

**Services Provided:** The Cincinnati Branch of the SBA is part of the Columbus District Office. The staff primarily works with commercial lenders to assist them in making loans to small businesses. The SBA does NOT make loans, it guarantees loans that are made by participating Banks (like a "co-signer" to enable a Bank to make a loan they might not have been able to do alone). The national SBA promotes over 20 loan programs (including equity investment and venture capital), provides Surety Bonds, provides free federal government contracting assistance, business counseling and training, business information services, small business advocacy, disaster assistance, and assistance specifically catered towards veterans, women, disadvantaged businesses (all free of charge).

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**Staff:** 4 FTE

**Groups Assisted:** Over 1,000 clients assisted per year

**Relations with Other Organizations:** SBA funds SCORE and the SBDC, and the City of Cincinnati and HCDC who oversee the local Microloan Program, and 7(a) Loan Guaranty. Cincinnati's branch manager sits on the board of Minority Business Mentoring Program of SCOMBC, was active in establishing the Small Business Collaborative in Cincinnati (promotes networking of service providers).

**Relations with Government:** Funded directly by the federal government, provides funds to local government.

**Budget:** Last year the Cincinnati office guaranteed nearly 300 loans for over \$63 million.

**Observations:** Marketing and outreach are key components of providing successful services to small businesses.

**Identify agency extent of assistance.**

Primary source  
 Secondary source

**Check One:**  Phone Interview     In-person interview

**Organization Name:** Smart Money Community Services

**Address:** 1731 Vine Street  
Cincinnati, Ohio 45202

**Telephone:** (513) 241-7266

**Web Address:** [www.smart-money.org](http://www.smart-money.org)

**Legal Status/ Sector:** Nonprofit, Service Organization

**Founding Information:** In 1988, Legal Aid and the Greater Cincinnati Foundation created Cooperative Fiscal Services, a nonprofit organization, that later partnered with a local branch of the Cincinnati Credit Union, expanded its services, and changed its name to SmartMoney in 1998.

**Objective:** To promote economic self-sufficiency among low-income residents.

**Clientele:** Low-income residents.

**Services Provided:** SmartMoney provides 1) financial services such as credit reports, tax assistance, personal and business loans, standard banking services (such as checking and savings accounts, direct deposit), and counseling to promote economic self-sufficiency; 2) entrepreneurship training; 3) Matched Savings Incentive Programs (provides participants with a 2:1 savings match towards a goal of homeownership, entrepreneurship, or post-secondary education); and 4) the Cincinnati Central Credit Union provides banking services, low-interest loans, bus passes;

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**Staff:** 5 FTE, 3 PT Consultants

**Groups Assisted:** The majority of SmartMoney consumers are single, African American females, age 31-45, who have "extremely low" or "very low" household incomes. The Credit Union has 4,016 members, and the Economic Education program has 632.

**Relations with Other Organizations:** Consumer Credit Counseling Service of Greater Cincinnati, GCMI, CBI, AACC, Better Housing League, Home Ownership Center, Working in Neighborhoods.

**Relations with Government:** The City of Cincinnati funds many SmartMoney programs.

**Budget:** \$400,000/year. Public funding (44%), Private/Corporate Foundations (48%), Property (3%), Individual Funds (3%), Agency Service Fee (1%).

**Observations:** Access to capital is the main reason clients seek SmartMoney services.

**Identify agency extent of assistance.**

Primary source  
 Secondary source

**Check One:**  Phone Interview  In-person interview  Email Interview

**Organization Name:** South Central Minority Business Council

**Address:** 300 Crew Tower  
441 Vine St.  
Cincinnati, Ohio 45202

**Telephone:** (513) 579-3104

**Web Address:** www.scombc.com

**Legal Status/ Sector:** Nonprofit, Membership Organization

**Founding Information:** In the early 1970s, NMSDC-affiliated councils were established in Columbus, Dayton and Cincinnati by each business community. In 1999, it was determined that the communities would be better served if the three individual councils merged to form the SCOMBC. The councils officially merged in 2002.

**Objective:** SCOMBC creates an environment for the development of mutually beneficial relationships and opportunities between minority owned businesses and current and potential member organizations.

**Clientele:**

**Services Provided:**

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**Staff:**

**Groups Assisted:**

**Relations with Other Organizations:**

**Relations with Government:**

**Budget:**

**Observations:**

**Identify agency extent of assistance.**

Primary source  
 Secondary source

**Check One:**  Phone Interview  In-person interview  Web information only

**Organization Name:** TechSolve

**Address:** 6705 Stenger Dr.  
Cincinnati, Ohio 45237

**Telephone:** (513) 948-2000

**Web Address:** [www.techsolve.org](http://www.techsolve.org)

**Legal Status/ Sector:** Nonprofit, Service Organization

**Founding Information:** TechSolve is 20 years old and was founded through collaboration between the City, UC, and the Greater Cincinnati Chamber of Commerce.

**Objective:** To aid manufacturing companies in Southwestern Ohio.

**Clientele:** Established businesses with approximately 100 employees.

**Services Provided:** TechSolve provides engineering assistance, industrial and mechanical consulting, and technical assistance regarding productivity, quality, technological advancement, government procurement and business planning. TechSolve also provides a machining laboratory to be used by clients.

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**Staff:** 50 FTE

**Groups Assisted:** 1,000 businesses per year.

**Relations with Other Organizations:** Partners include HCBC, HCDC, BioStart, SBDC, Emerging Concepts at UC, Greater Cincinnati Chamber, Main Street Ventures, Cincy Tech USA, Venture Capital Funds, Angel Network, Clermont County Chamber, Northern Kentucky Chamber.

**Relations with Government:** Funded, in part, by the State of Ohio Department of Commerce.

**Budget:** \$8 million comes from the State of Ohio, while remainder of funding is supplied by service fees of \$500-\$500,000.

**Observations:** There are no gaps in services for manufacturing entrepreneurs, but the depth and quality of the network of service providers could be improved.

**Identify agency extent of assistance.**

Primary source

Secondary source

**Check One:**  Phone Interview     In-person interview

**Organization Name:** University of Cincinnati's Small Business Development Center

**Address:** 7162 Reading Road, Cincinnati, Ohio

**Telephone:** 556-2072

**Web Address:** [www.sbdc.uc.edu](http://www.sbdc.uc.edu)

**Legal Status/ Sector:** Nonprofit, Service Organization

**Founding Information:** A one-person small business consultant operated from 1982-1987 before receiving federal funding through an SBA initiative. The Ohio Department of Development contracts the University of Cincinnati to host small business services.

**Objective:** To provide free and confidential services to assist start-up ventures and aid in the growth and increase in profits of existing businesses.

**Clientele:** Has offices in Hamilton and Warren County, but serves all populations.

**Services Provided:** Start-Up Assistance, group training sessions that cover the legalities of setting up a businesses; Business Plan Consulting, assists in creation and updating of

business plans; One on One Consultations, offers professional assistance regarding increasing sales, accounting, financial analysis, personnel, marketing techniques, and presentation of business to banks when applying for loans. Also maintains a Small Business Resource Directory of support services in Southwest Ohio, Northern Kentucky, and Southeast Indiana.

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**Staff:** 3 FT, 1 PT

**Groups Assisted:** African Americans comprise 35% of clientele. Six hundred businesses were served in 2003, at least 700 projected for 2004.

**Relations with Other Organizations:** Formal partnership with CBI, informal partnerships with HCBC, HCDC, GCMI, Greater Cincinnati Chamber of Commerce, African American Chamber of Commerce, and local banks.

**Relations with Government:** All SBDCs are required to match federal funding \$13:1. UC, as the host, is pressured to find alternative sources of funding.

**Budget:** \$615,000/year (portion of money used to fund adjacent SBDCs in Clermont and the Mid-Miami Valley). Federal= \$276,000, State= 38,500, remainder is the University's match plus in-kind contributions.

**Observations:** The SBA requires SBDC counselors to be certified and requires 30 hours of continuing education per year.

Largest problem faced by entrepreneurs is lack of working capital. The riskiest population is not funded (e.g. convicted felons are not eligible for SBA loans).

**Identify agency extent of assistance.**

Primary source

Secondary source

Check One:  Phone Interview  In-person interview

