



# Diversity Works

Office of University Partnerships

Minority-Serving Institutions Developing Partnerships, Building Communities

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## Small Businesses — Shaping America’s Economic Landscape

Small businesses represent more than 99.7 percent of all U.S. employers. They also pay 44.3 percent of total U.S. private payroll, employ half of the U.S. private-sector workforce and 39 percent of workers in high-tech jobs, and produce more than 50 percent of nonfarm private gross domestic product (approximately \$6 trillion). More importantly, over the past decade, small businesses have provided 60 percent to 80 percent of the net new jobs in the economy, and according to the U.S. Bureau of the Census, almost all of these net new jobs stem from startups in their first 2 years of operation. There are roughly 130 million U.S. workers employed by small businesses. These statistics clearly show that small businesses play a vital role in creating employment and supplying needed economic growth and will play a major role in shaping the 21st century’s economic landscape. Therefore, ensuring that these businesses— independently owned and operated entities with less than 100 employees— remain viable is crucial.

Many small businesses were at one point fledgling entities in need of support to help them expand. At this phase of development, some may turn to resources such as government-sponsored business agencies for assistance. Others seek out local business incubators, which provide entrepreneurs with an array of targeted resources and services that will nurture and assist young companies with their survival and growth during the startup period when they are most vulnerable.

The grantees of the U.S. Department of Housing and Urban Development’s (HUD’s) Office of University Partnerships (OUP) understand the importance of small businesses and entrepreneurs to America’s economic

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## Benedict College Helps Young Businesses Grow and Spread Their Wings

When people hear the word “incubator,” they might think of newborn babies swaddled in soft blankets sleeping peacefully. Or, their minds might wander back to their grade school days when they eagerly waited for some fragile eggs nestled underneath warming lamps to hatch into fuzzy yellow chicks. Today, the word is used commonly in the business world.

Like a traditional incubator, a business incubator nurtures fledgling companies and helps them mature and grow into successful businesses. In addition to offering reduced-rate office space and shared administrative services to startup companies, a business incubator also provides a variety of business resources and support services, such as management training, marketing support, and access to loans.

“Community service has been a core value of Benedict College since it was founded in 1870.”



Larry Salley, Executive Director, Benedict-Allen Community Development Corporation

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future. Moreover, because minorities own 15.1 percent of all U.S. businesses and account for \$591 billion in revenues annually, OUP grantees are doing their part to encourage and promote small business development among minorities and within the low- and moderate-income neighborhoods that they serve. They offer programs such as small business development and entrepreneurial training to minority startups. They also provide assistance to these entities by sponsoring or establishing small business incubators that provide support for minority and other small businesses, including access to appropriate rental space and flexible leases, shared basic business services and equipment, technology support services, and assistance in obtaining the financing necessary for company growth. This issue of *Diversity Works* highlights the impact of two OUP grantees—Benedict College and Central Arizona College—in assisting and supporting minority small business development and growth.

The article *Benedict College Helps Young Businesses Grow and Spread Their Wings* shows how small minority businesses will be able to gain access and support such as counseling and business training at

the university's business incubator. Benedict College, an OUP Historically Black College and University (HBCU) grantee, is using its 2004 HBCU grant funds to help expand business incubator space in its Business Development Center.

In *HSIAC Grantee Promotes Minority Business Development*, Inez Powell is featured as an example of what vision, determination, and hard work can achieve. A minority businesswoman, Powell has taken her company from a home-based business to a national entity with the help of Central Arizona College's Small Business Development Center, which is supported with funds from the college's 2004 Hispanic-Serving Institutions Assisting Communities (HSIAC) grant.

Each of these stories demonstrates that OUP grantees are uniquely positioned to support and encourage small business development, and they are using their resources to provide information, technical assistance, and general expertise to empower these businesses to succeed, promoting job creation and revitalizing local economies.

Research conducted by the National Business Incubation Association (NBIA) has shown that successful completion of a business incubation program greatly increases the likelihood that a company will stay in business for the long term. This fact has led to a steady increase in



Benedict College President David H. Swinton (foreground) and (L to R) Mr. Arthur Mitchell, Dr. Michael Boatwright, Mr. James McGraw, Mrs. Joyce McGraw, and Dr. Jabari Simama celebrate the opening of the incubator

the number of business incubators since the first one was launched in 1959. Today, the NBIA estimates that there are more than 5,000 business incubators worldwide and 1,100 in the United States, such as the one operated by Benedict College's Division of Community Development's Business Development Center.

### A Long-Standing Commitment to Community

"Community service has been a core value of Benedict College since it was founded in 1870," said Larry Salley, executive director of the Benedict-Allen Community Development Corporation and project manager. "It is not something we try to do. It is something we actively do. The idea of working with and giving back to the community is a philosophy that begins in our president's office and spreads throughout the campus to students and faculty. Benedict College President, Dr. David Swinton, has a passion for community service and is committed to increasing the wealth of African-American communities."

To support the economic growth of local African-American communities, Benedict College has been providing onsite technical assistance to small minority businesses in 10 predominantly black counties in South Carolina for more than 15 years through its Economic Development and Technical Assistance Center (EDTAC). However, while conducting a survey regarding the services provided by EDTAC, staff from the college's Division of Community Development discovered that local small minority businesses were desperate for greater support, such as group counseling and business training, and preferred the personal attention offered by a smaller institution, rather than the much larger Small Business Development Center of South Carolina that is operated by the University of South Carolina. To provide this much-needed support, the staff conceptualized the Business Development Center, complete with business incubators.

In 2002, with financial support from the U.S. Department of Commerce, the U.S. Department of Housing and Urban Development (HUD), and a low-interest loan provided by the Federal Home Loan Bank of Atlanta, construction of the Business Development Center was completed. However, at that time, the Business Development Center only housed the shells of the incubators, because the budget did not allow for the incubators to be completed.

"In 2004, we once again turned to HUD for funding that would allow us to complete and build out the incubator space," said Salley. "This time, we received a grant for \$550,000 from HUD's Office of University Partnerships (OUP) Historically Black Colleges and Universities (HBCU) program."

### More Than Just a Pretty Space

The Benedict College Business Development Center offers seven completed business incubator suites, ranging in size from 400 to 900 square feet. Six of the office suites are occupied by local businesses, including an insurance company, a window washing franchise, a construction company, a private security firm, a photo studio, and a property management group.

"Probably the most attractive feature of the business incubators to new businesses is the reduced-rate office space," said Salley. "Our incubator partners pay \$7 per square foot, which is significantly less than the average local rate of \$11 to \$14 per square foot. Helping local businesses keep their overhead costs low so they can be competitive was a key goal when we created the business incubators."

Benedict College Business Development Center incubator partners also receive access to a variety of support services. These include clerical support, photocopying services, technical assistance, management training, and marketing support, as well as support from a cadre of consultants, faculty members, and students.



Interior, Benedict College small business incubator

### Incubator Partners "Pay it Forward"

Chandra Cleveland is president and chief executive officer of the Palmetto Protection Agency, a business-to-business security and investigations firm that has been an incubator partner since November 2007. For Cleveland, the reduced rent, ideal location, and resources offered by Benedict College are major perks to being an incubator partner, but it is the ability to contribute to the community that offers her the most rewards.

"I grew up in the area, and I wanted to move back and give back to the community," said Cleveland. "The lower rent and resources are great, but what I truly love is empowering the students of Benedict College and providing them with job opportunities."

Cleveland estimates that she has employed more than 50 Benedict College students and 25 community members as event staff and office assistants since becoming an incubator partner.

### Leaving the Nest

Businesses are allowed to remain in the incubators for up to 3 years while they grow their business and establish a firm presence in the community. At the end of 3 years, the goal is to stabilize the businesses and assist them to graduate into their own office space within the community. In 2007, the Benedict College Business Development Center celebrated its

## HSIAC Grantee Promotes Minority Business Development

There are 10.1 million women-owned businesses in the United States employing more than 13 million people and generating \$1.9 trillion in sales. Approximately 1.9 million of these businesses are owned by women of color, employ 1.2 million people, and generate \$165 billion in revenue annually. Between 2002 and 2008, minority women-owned businesses grew faster than all privately held firms. Computer Hardware and Software Unlimited, LLC, headquartered in Casa Grande, Arizona, is one such business. With the assistance of Central Arizona College's (CAC's) Small Business Development Center (SBDC), business owner Inez Powell has grown this company from a home-based entity into a nationwide provider of technology solutions.



*Business owner Inez Powell*

### **Yielding to the Entrepreneurial Spirit**

Four years ago, Powell was employed at a large corporation reselling information technology (IT) equipment. She enjoyed this line of work and excelled at her job. But after 6 years of working in this area, she surmised that if she started her own business, she could be a competitive and successful IT equipment reseller. So, yielding to her entrepreneurial spirit, she resigned from her full-time position and moved forward on the road to small business ownership. Powell named her company Computer Hardware and Software Unlimited to identify the exact nature of her business. Several longstanding clients from her previous job wanted to continue a working relationship with her, and this readily available client base helped her business get off to a quick start. But she was still a fledgling business owner who needed advice and direction in small business development. That's where the SBDC was a valuable asset.

"We are the small business development arm of the college," says Jim Rhodes, director of the SBDC. "The college's Coolidge Training and Assessment Center supplied us with 10 percent of our budget from CAC's 2004 HUD Hispanic-Serving Institutions Assisting Communities (HSIAC) grant. So we act as an agent for the HSIAC grant to help minorities who want to start a business in Pinal County here in southwest Arizona. As agents for the grant, we provide monthly updates to Dr. Jim Fedenia, program manager for CAC's HSIAC grant, on how we've helped clients, many of whom he refers to us. We help individuals analyze their dreams and discover the actual business that resides in that dream." The SBDC also provides business counseling, helps individuals formulate a business plan, works with them on this plan until it is ready to submit to a financial institution for funding, and maintains a strong relationship with these small business owners until they are profitable.

### **The Power of Partnership**

When Powell first visited the SBDC 3 years ago, she already had a client base consisting of a variety of religious groups including Methodists, Baptists, Presbyterians, and Church of Christ members; other businesses; and institutions such as hospitals to which she sold computer hardware and software. She also had contacts with other churches garnered from her previous job and thought about pursuing these leads to expand her client base. Rhodes encouraged her to do just that, and now Powell is working with the Southern Baptist Convention and other ancillary businesses. She also provided all of the office equipment and IT products and services for the local offices of the National Football League during the 2008 Super Bowl in Phoenix, Arizona.

"I sought assistance from CAC's SBDC to help my business get from point A to points B and C," says Powell. "I knew I needed to expand my client base, and to do this, I felt I needed credibility—to be seen as a serious provider in my field. SBDC's Bennett Curry was a tremendous help with this."

Curry (then director of the SBDC) suggested that Powell join the Grand Canyon Minority Supplier Development Council (GCMSDC), a private-sector nonprofit organization that provides increased procurement

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and business opportunities for minority businesses of all sizes. Curry counseled Powell that, as a member of GCMSDC, she could apply for Minority Business Enterprise (MBE) certification. Receiving her MBE certification was crucial for Powell because it made her eligible to apply for contracts earmarked specifically for minority businesses. GCMSDC also helped her develop a partnership with a multibillion dollar company, Worldwide Technology, which functions as a business mentor.

Rhodes and CAC's SBDC team also helped Powell with financial guidance, gave her QuickBooks training, put her in contact with the city of Phoenix—which is currently one of her clients—and introduced her to the Arizona Small Business Association, which has helped her receive training in how to work with a variety of customers, including the government. The SBDC also advised Powell on how to protect her company from lawsuits and encouraged her to invite her husband—who has outstanding sales skills—to join her business. He did, and together they have grown their company into a nationwide provider of technology solutions including software and hardware, IT solutions, and IT management and training services. Although most of their clients are outside of Arizona, they are building a strong in-state client base.

### Range of Services

From implementing solutions that make an organization more productive to helping them save money on IT software, Computer Hardware and Software Unlimited provides a wide range of services. It provides various applications, antivirus protection, information backup and storage, business development tools, licensing, maintenance, and security. It also offers onsite support and installation services, including virtualization assessment and delivery services; deploys multiple personal computers and servers in several locations; designs and implements storage area networks; places portals (SharePoint); provides antivirus protection and spam filtering; offers racking, power, and cabling; incorporates a help desk; provides assessments for asset discovery and documentation; conducts compliance audits; offers data-center, network, and software compliance system infrastructures, and provides wireless sites.

It also provides a range of services from assisting with data storage to purchasing and providing digital cameras and camcorders, keyboards, monitors, motherboards, office equipment, processors, projectors, system cabinets, video cards, and warranties.

### Tools for Success

Rhodes is proud as he reflects on the growth of Computer Hardware and Software Unlimited. "Inez's experience and knowledge in reselling IT equipment coupled with her ability to provide quality services in a timely manner has made her a success," he says. "She and her employees focus on quality, which eliminates her having to repeat services. Her stock-in-trade is that when she deals with a client, they receive superior service at a great price. She is successful because this mindset is in her head and in her business plan. You need to be passionate about your business to be wildly successful. That's Inez Powell."



Porter Plaza, location of Computer Hardware and Software Unlimited

Powell enjoys her company's continued growth and is grateful to the SBDC for its help. She offers this advice to those yielding to the entrepreneurial spirit: "Never give up, and never take no for an answer. Seek advice and keep going until you find an answer. Also, get connected to a mentor who is in your industry and who has been where you are. They can help you see where your business is and help you make it to the next level. They are not threatened by you, they are there to help you. Some large organizations are willing to do just that. They have helped me a great deal."

For more information about Computer Hardware and Software Unlimited, LLC, contact Inez Powell at [ipowell@chsunlimited.com](mailto:ipowell@chsunlimited.com).

For more information about Central Arizona College's Small Business Development Center, contact Jim Rhodes at (520) 494-6610 or e-mail him at [jim.rhodes@centralaz.edu](mailto:jim.rhodes@centralaz.edu).

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first incubator partner graduation. *IMARA Woman* magazine spent 3 years as an incubator partner before purchasing its own office space and moving out into the community. The magazine's mission is to empower women of color by being a source of inspiration on issues of health, professional development, education, business, and family.

"The business incubators at the Business Development Center are directly contributing to a stronger community, and we have OUP to thank for much of it," said Salley. "Startup businesses, or businesses that may have been struggling to keep their doors open, can move into one of our business incubators and focus on growing their business. While they make their journey to success, they know they have the support of Benedict

College behind them. And once they complete their journey, the community gains a stronger resource and community member, as well as a potential employer."

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HUD's Office of University Partnerships (OUP) provides grants to institutions of higher education to assist them and their partners with the implementation of a broad range of community development activities, including neighborhood revitalization, housing, and economic development. This newsletter, *Diversity Works*, highlights the efforts of grantees in OUP's Historically Black Colleges and Universities, Hispanic-Serving Institutions Assisting Communities, Tribal Colleges and Universities, and Alaska Native/Native Hawaiian Institutions Assisting Communities grant programs and includes a variety of interesting projects, compelling grantee profiles, and other valuable resources for minority-serving institutions.