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Grow Newark:

Building Newark's Economy by Investing in Minority and Women-Owned Small Businesses

by Gordon Goodwin

Introduction

Women- and minority-owned businesses (or "minority-owned business enterprises" (MBE)) in Newark, N.J., are striving to jump some significant hurdles en route to surviving and thriving. Newark is located in the New York City metropolitan area, one of the world's most dynamic and resilient trade and information markets. And yet, across all stages of the business-growth continuum,[1] Newark's MBEs struggle to define their competitive advantage, find a location, maintain cash flow, operate within a multi-layered regulatory environment, and grow their sales and market share.

Most MBE owners face more barriers to success than they are aware of.

They are less likely to be connected to business networks. Historic and enduring barriers—such as legal and social segregation that banned access to membership in business-oriented institutions, organizations, events, and social networks—still shape present-day institutional practices and mask the sincerity of efforts by chambers of commerce, business leagues, banks, government agencies, or advisory services to reach out to and build trust with minority and women business owners.

Fewer connections to business networks translates into less information about successful practices and fewer opportunities to connect with potential customers, become a vendor to a prime contractor, or develop a cadre of colleagues and mentors who can help create business opportunities.

They have less firsthand business operations experience. Though many MBE owners are familiar with management, sales, and accounting practices in large and mid-size firms, a majority possess no prior experience operating a business on a day-to-day basis. Many are also not familiar with the "lifestyle" of the industry they are entering or the networks that are necessary to build for surviving in a local market—or a regional industry. They may also be less likely to have a family member who has business operations experience and could offer them guidance in operating a business in a highly competitive and dynamic environment.

They possess smaller amounts of risk capital and have fewer sources for it. MBE owners are not well connected to people with ready access to investment cash. They are less likely be recipients of inherited family wealth, significant retirement savings, traded securities, or real estate that can be liquidated to support an enterprise. Having fewer sources and less significant amounts of risk capital translates into smaller bank loans and less robustly financed business enterprises for women and people of color.

MBEs are less likely to receive large-scale contracts that build income and scale. Because they have less access to mainstream business networks and to partnership opportunities with firms in those networks, MBEs receive fewer large-scale contracts and typically take much longer to acquire the experience, wherewithal, and subcontractor support to graduate to prime contractor status. Access to larger contract opportunities and information about how to successfully participate in the procurement process are essential to moving a business to a mature stage.

Newark's MBE Challenge

Newark possesses all of the resources it needs to bridge the knowledge and relationship gaps that women- and minority-owned businesses are facing (see Attachment A, "Newark, New Jersey, Small Business Resources").

The remaining challenge is to connect MBE firm owners to these resources so they can receive the assistance they need. Though MBE owners may be able to communicate the symptoms of a problem, they frequently do not possess sufficient experience to understand or describe its component parts. Even if they did know what they needed, MBE owners often don't know where to begin searching for assistance, and they frequently don't have the time to discern among the array of programs that are available.

Business is about relationships. This paper discusses ways that public policy and private-sector practice can decrease the isolation that MBE owners face en route to success and increase the likelihood that they will achieve their goals.

Why Should Newark Focus on Minority- and Women-Owned Small Business?

Newark is a city of approximately 300,000 people, three-quarters of whom are members of a minority group. As of the 2000 Census, a little more than 50 percent of the city's population was African American, 25 percent was white, and about 30 was percent Hispanic.

Newark needs start-up and emerging minority- and women-owned firms to be successful because:

- Employment in mature manufacturing, professional/business services, information technology, and transportation (e.g., New York Port Authority) is declining in the region (6,500 jobs were lost in these sectors from 2004 to 2005[2]).
- Newark residents are more likely to be members of a minority group than white, and minorities are more likely than whites to engage in entrepreneurship. Blacks are about 50 percent more likely to engage in start-up activities than whites. Hispanic men are about 20 percent more likely than white men to be involved with a start-up. Both Black and Hispanic women are more likely to attempt to start a business than white women.[3]
- The tendency to initiate start-up efforts is greatest in more urban contexts for both blacks and whites, so Newark is likely to have a particularly large number of small businesses that need support.[4]
- MBEs are an important source of jobs for people of color. For those firms with employees, fully two-thirds (66 percent) have an employee base that is at least half persons of color, compared to only 16 percent of white firms.[5]
- MBEs create incomes sufficient to build their owners' assets, creating wealth that is transferred across generations.[6]
- MBEs serve as an important training ground for succeeding generations of innovators, entrepreneurs, and business owners.[7]
- MBEs are a source of charitable giving, leadership, and partnership for building strong institutions in communities of color.[8]

It is particularly important to note that most employment growth occurs in emerging firms that employ fewer than 20 employees. Creating a healthy environment for these firms to start, survive, and thrive is a key strategy for building a local economy. Small Business Administration data for 2005 estimate that New Jersey small businesses:

- employed 1.8 million people or 50.5 percent of the non-farm private-sector workforce;
- represented 98.5 percent of the state's employer businesses; and
- contributed more than $31.8 billion to New Jersey's economy, a 7.1 percent increase over the prior year.[9]

It is not just employer businesses that drive the economy, however. Of the 812,200 small businesses based in New Jersey, more than two-thirds are sole proprietorships or non-employer businesses. In 2003–2004, New Jersey ranked tenth in the nation in the number of non-employer establishments and seventh in receipts at $30.4 billion.[10] Sole proprietorships secure income and independence for owners and their families and pay taxes toward the civic good. They often use contractors and temporary workers to supplement their own productivity, and they can grow into firms that employ others, if they receive timely access to market opportunities, capital, and know-how.

Challenges Facing Newark's Minority- and Women-Owned Businesses

Finding technical advice and assistance. Understanding and navigating Newark's small-business-assistance provider network is a task that falls squarely on the shoulders of the consumer. In the case of small-business owners, informal and professional networks are key to knowing where to seek assistance. Minority- and women-owned firms' information networks frequently do not overlap with the outreach strategies being used by business counseling, assistance, and financing programs.

Finding capital. Most small businesses start as owner-financed enterprises and soon consume all available personal credit.

Finding a location. Real estate rental and purchase costs are high in the Newark region in general. Although rent may be somewhat less in the city limits, the cost of doing business in Newark is high compared to a suburban location.

Finding (and keeping) good workers. Finding good workers is a critical growth challenge for any business. Small firms are in competition with larger firms (50 or more employees) that are the primary beneficiaries of federally subsidized workforce-training programs. Once a business has found good workers, keeping them involves offering a competitive benefits package—and that almost always means having some way to pay the escalating cost of health insurance.

We explore each of these challenges below, along with innovative solutions being implemented across the country.

Finding Technical Assistance and Advice

Newark is well populated with resources that can help bridge the knowledge and relationship gaps women- and minority-owned business owners are facing, if they know where to look for them. Currently, to get help, a small-business owner must visit several agencies, situated in different locations, each operating autonomously and without knowledge of the others' requirements and timelines.

Suggestion:
Create a One-Stop Business Assistance Center

The city of Newark, New Jersey Small Business Development Centers, the Greater Newark Area Regional Business Partnership (Newark Chamber), the Black Chamber of Commerce of Northern New Jersey, the Portuguese American Chamber of Commerce, and the Greater Newark Business Development Consortium should collaborate to develop a single point of outreach, client intake, and services delivery for small business counseling; referral; help with permitting, licensing, and zoning; and property-management services.

A one-stop center would shorten the time required to find essential services and information needed to operate a business. A single point of contact for all business services:

- makes the services easy to find—one phone number, one website presence and one point of service make it easier to promote all business services;
- permits greater communication and coordination of services among service providers so that delivery timelines can be met;
- allows the use of a standardized case-management approach to share information about a business along all stages of its life cycle and tracks clients' use of and satisfaction with the services they receive;
- combines multiple community-outreach efforts and budgets into a single identity; and
- creates an entity that can serve as a co-sponsor of issue-specific roundtables and networking sessions involving chamber members and non-members.

There are also challenges to creating a one-stop shop. Sharing organizational power and information is key. Participating partners should prepare to lend their credibility and influence to advancing the one-stop identity. Interagency budget creation and scaling of facility, administrative, and staff expenses to support the one-stop are also new, and sometimes challenging, ways of doing business.

Following are two examples of a one-stop approach, one initiated by a city government and another by a chamber of commerce.

City-Initiated One-Stop: San Francisco

San Francisco's one-stop center, called the Small Business Assistance Center, arose out of a need to create a supportive environment for small-business growth and to acknowledge the importance of retaining small firms and the contributions they make to the city tax base, employment, and quality of life for residents. The SBAC is located in the treasurer and tax collector's office and is staffed by a team of four case managers and a director who report to the city treasurer and the Small Business Commission director. Case managers are responsible for assessing business needs, issuing an interdepartmental tracking number, and providing one-on-one assistance covering:

- tax and treasury department procedures;
- how to submit bids to government agencies and institutions;
- permits;
- property-management and vacant-property concerns; and
- referrals to counseling and financial assistance.

Referrals to SBAC come from the city's 311 information service, through direct calls, and from a robust web site that accommodates scheduling of on-site visits or follow-up calls by assigned city "experts." City-funded neighborhood economic development agencies help staff the intake desk, thereby building their knowledge of the business resources that are available so that they can become effective outreach links.

Chamber-Based One-Stop: Greater Topeka Chamber

In 2001, the capital of Kansas, Topeka, (population 123,000) passed a half-cent sales tax for the purpose of promoting economic development through a "Go Topeka!" campaign.[11] Topeka's communities of color (which account for approximately a quarter of the city's population) wanted to ensure that their businesses would not be overlooked in this campaign and its investment benefits and asked that they be given priority for receiving part of the revenue from the special tax.

In response, Topeka's elected leaders, the Topeka Chamber of Commerce, and the Washburn University–based and SBA-funded Small Business Development Center developed several programs: a MBE program that offers help with accessing capital and procurement opportunities, as well as counseling; a small/women/minority-owned business-development program that offers skills training and counseling; and a retail incubator that offers affordable space and help with marketing. As these approaches were being developed, the leadership of each entity realized that together, they could train, coach, and consult with any business that came through their doors. Because the Topeka Chamber is known and regarded as the business support network in the area, it was the natural choice to serve as a one-stop site.

At the Small Business One Stop, each participating program has its own purpose and identity, but they combine budgets to support the shared facility, administrative costs, and marketing efforts. Information is shared about clients in weekly program roundtable discussions, and client status is tracked via a shared client database. Staff of the various programs are encouraged and rewarded for consulting with each other's clients, as all are viewed as One Stop clients. Clark Trammel, manager of the disadvantaged business enterprise program, notes that a key benefit of this approach is that "it's easier to mobilize the resources of the group to address requests from all who are seeking services."

Outreach is done by both individual programs and collective effort. Every two weeks, the One Stop hosts a community forum at which each of the entities presents its services.

Finding Capital

Character, creditworthiness, and collateral are the three "C's" of lending practice. There are specific areas where a development finance strategy can intercede to ensure that the 3 C's don't conspire to reduce opportunity for women and minority business owners.

The character of borrowers—whether or not they are known for fulfilling their obligations and achieving their goals —has historically been determined through personal relationships. Character assessment has become a less significant factor in the lending equation recently, however, and "creditworthiness" has assumed substantially more prominence. Most new small enterprises are still funded directly from owners' assets. Credit cards, second mortgages, 401(k) proceeds, and other savings are usually tapped in the hopes that, with some planning and luck, an enterprise will quickly blossom into an income producer. Minority and women business owners typically have fewer of these sources available to them—and far smaller amounts of capital available to liquidate within the sources they do have—when they venture forth.

Collateral is king in any lending equation, and this is especially true for new and emerging enterprises. Although successful small enterprises are much celebrated, the harsh reality is that untried enterprises, or "start-ups," have a notoriously high rate of failure. Roughly half fail within their first three years of existence. In certain industries (such as eating and drinking establishments), failure rates for new businesses are as high as 70 percent within the first 36 months of operation. The high failure rate of start-up enterprises means that banks and other lenders are compelled to secure their loans with collateral equivalent to the value of the loan proceeds. Such collateral can be hard for MBE owners to produce.

Newark and the state of New Jersey can intervene to create more opportunities for getting credit to MBEs by increasing loan collateral to ensure that the principal amount of a loan can be recaptured and the net asset repaid to the lender. They can also help by creating a loan program to increase access to targeted assets.

Suggestion:
Develop a Newark Small-Business Loan-Guarantee Program

The Small Business Administration's mainstay lending program for small businesses, the 7(a) federal loan guarantee, focuses on the lending power of banks and serves as an inducement for them to lend to small businesses. The 7(a) program guarantees individual bank loans by reimbursing lenders for a portion of the loan principal should the borrower default.
The city of Newark can further induce banks to make loans to Newark businesses by using some of its CDBG funds to serve as a local partial guarantee for loans made to businesses located in Newark, as Miami and Illinois have done.

Local Loan Guarantees: Grow Miami Fund

The Grow Miami Fund is a Small Business Administration 7(a) revolving loan program created in 2004 to provide low-cost equity loans to new and existing businesses within community redevelopment districts. It was established through a partnership agreement between the Southeast Overtown/Park West and Omni District community redevelopment agencies, the National Development Council, and NDC's affiliate organization, the Grow America Fund, Inc.

GMF was capitalized with a $471,770 Community Development Block Grant from the city of Miami. The Grow America Fund provided $5 for each $1 the community redevelopment agencies invested in the fund, resulting in an investment portfolio of approximately $2.5 million. The Fund can issue loans ranging from $50,000 to $2 million, at or below market interest rates for terms up to 25 years, depending on the proposed use of the funds.

Loan Portfolio Guarantee: Illinois Capital Access Program

The Illinois Capital Access Program was developed by the Illinois Department of Commerce and Economic Opportunity to foster economic development by enhancing the availability of credit to new and small businesses from private sources of capital. CAP is designed to encourage financial institutions to make loans to small and new businesses that do not qualify under conventional lending policies.
CAP is based on a portfolio insurance concept where the borrower and DCEO each contribute a percentage of the loan amount into a reserve fund located at the lender's bank. This reserve fund enables the financial institution to make loans beyond its conventional risk threshold and is available to draw upon to recover losses on loans made under the program.[12]

Suggestion:
Create a Targeted-Asset Loan Program

A targeted-asset loan program would identify a specific type of asset that businesses need to compete in Newark and create a product that finances that asset or induces lenders to do so.

Corridor-Focused Real Estate Lending: Minneapolis, Minnesota

In 2002, the city of Minneapolis approached the Community Reinvestment Fund with a desire to spur small-business development within its empowerment zone and the immediate surrounding area. The Minneapolis Community Planning and Economic Development Department had $500,000 to invest and it was seeking a way to make a difference. CRF, which serves as a secondary loan-purchasing market for community loan funds, designed a template for real estate securitized loans that the city could originate, and which CRF would then commit to purchasing to create a replenishing loan pool.

The asset focus of the program is real estate. Since 2002, about 90 loans have been made, leveraging $20 million to finance small-business real-estate acquisitions and leasehold improvements. Many of these transactions were conducted in older commercial zones and resulted in the reclaiming of abandoned buildings for now thriving businesses. The success of these businesses means more jobs for Minneapolis residents; increased tax base for Minneapolis parks, schools, and services; and the re-emergence of Lake Street, the primary commercial area in the empowerment zone, as a productive, vital commercial corridor.

Finding a Location

Although basic rent may be somewhat less in Newark than in the surrounding region, the cost of doing business in Newark is high compared to a suburban location, for many reasons: The prevailing perception is that city facilities are old and located in undesirable areas and the workforce is untrained and "dangerous." Amenities such as free or easy parking are being forgone. City licensing fees and nuisance taxes add up, while suburban costs are lower due to newer infrastructure. Security measures and property and worker compensation insurance all cost more in the city. To help minority- and women-owned businesses in the city compete, they need help finding affordable and functional facilities.

Suggestion:
Develop Retail and Commercial Incubator Space through Industrial Adaptive Re-use

Incubators provide a protective environment in which to "hatch" fledgling businesses. The concept involves providing attractive rental space, essential business infrastructure, and business support services at a central location. Industrial and research incubators attempt to ensure that their tenant mix reflects complementary industry groupings (locating electronics assembly with modular component design manufacturers, for instance, or bulk food preparation with food container packaging). Retail incubators are located in high-traffic areas, include "anchor" retailers to draw sufficient consumer traffic, and adopt shopping-mall tenancy formulas to ensure that no two businesses sell the same wares at the same price point or to the same consumer. In both, space and accompanying services are initially rented to the tenant at a below-market rate, and as the business achieves certain income milestones, the rent is gradually increased to market-rate levels. When the business pays an incubator rental rate that is equivalent to prevailing rental rates, it "graduates" to lease commercial space outside of the incubator. The two- to three-year period of time that is typically allowed for business "incubation" is designed to encourage a firm to take a risk on moving out as it grows to profitability.

The city of Newark and the state of New Jersey have so far focused their incubator efforts on traded-sector businesses in the technology and manufacturing fields (for example, the Newark Innovation Zone/ Digital Century Building). There is currently no incubator located in Newark for food product preparation, wholesaling and warehouse operations, retail operations, or value-added retail services like restaurants and specialty grocery retail.

Suggestion: Redevelop Older Commercial and Industrial Corridors

Newark shares a profile with other post-industrial cities: it possesses more than its fair share of surplus commercial office and warehousing space that is currently not being used to its fullest potential, may be abandoned and vacant, and will not attract a single end-user in the foreseeable future. This is often the case in central cities that have a manufacturing heritage. As the economy shifts away from manufacturing, single users vacate spaces of 100,000 square feet or more at once, sometimes leaving several blocks of built space uninhabited. Demolition of such properties is often an extremely expensive and environmentally hazardous effort, requiring extensive logistics, permitting, public hearings, and delays of several years.

An alternative to demolition is forming a partnership of local business development organizations, vendors, and other large-scale tenants (e.g., hotel franchises, condominium developers, or commercial office developers) to pursue an adaptive re-use strategy for large-scale properties such as the Midtown Exchange Building and Global Marketplace in Minneapolis or Market Creek Plaza in San Diego. These types of developments can be structured to include a mix of incubator retail space, market-rate retail space, commercial offices, and residential uses.[13] They are frequently most successful when anchored by residential, hotel, and office uses that provide 24-hour use and the vitality that comes with it. A public/private partnership can leverage a more full range of financing for such a project than either sector can accomplish on its own.[14]

Adaptive re-use converts an underperforming, unattractive, potential public-safety burden into a revenue-producing asset that begins to catalyze rebirth and hope across a community. Holding private-sector leasing and management firms accountable to tenancy standards that favor local ownership over national franchise retailers can ensure that such development affords maximum opportunity to Newark MBEs. Examples of MBE-friendly leasing standards include: cultivating a local-content/ethnic diversity theme into the public identity of the marketplace; marketing the new retail space to local ethnic-, minority-, and women-owned expanding or relocating enterprises (such as those currently based on adjacent retail corridors); renting only to locally-owned enterprises (no national chains or franchise operators); allowing for graduated rent increases based on a firm achieving successive earnings thresholds (documented by personal and private tax returns data); promoting or requiring active firm participation in joint holiday and event-based marketing activities; tenant willingness to use a common general contractor for tenant improvements; and developing a tenancy committee of local elected officials, business, and community reviewers to review the leasing process and grant final approval for a lease decision. Structures like these can also dovetail nicely with MBE procurement practices for engineering, construction contracting, purchasing, leasing and marketing policies.

Finding (and Keeping) Good Workers

Finding good workers is a critical growth challenge for any business. It is even more significant a challenge for small businesses because their small size (between 10 and 25 employees) often puts them in competition with larger firms (50 or more employees) that are typically the primary beneficiaries of federally subsidized workforce-training programs.

Keeping good workers involves being able to offer a package of competitive benefits, and that almost always means having some way to control the cost of health insurance. Health-insurance costs continue to escalate at an annual rate of 15–20 percent for small businesses and self-employed individuals. The inability to offer competitive benefits prevents small firms from building a stable workforce, inhibiting their growth.[15]

Suggestion:
Tailor Workforce Solutions to Small Employers

Regional Workforce Investment Boards (WIB) and Workforce Development Centers are positioned to be laboratories of policy change for small disadvantaged businesses if they are willing to be more customer-oriented in the way that they deliver and design programs. After all, the fastest growth segment of the workforce customer base is businesses with fewer than 10 employees.

Some ways for WIBs and their subcontractors to tailor workforce solutions to ensure that small businesses find the talent they need to thrive include:

- Establish a business services division for small-business customers (those with fewer than 25 or fewer employees).
- Form a small-business customer-advisory committee of small-business owners to develop organizational insight on which services are in strong demand by small employers and how these services can be made even more useful for them.
- Work with the small-business advisory committee to create annual measurable goals, or benchmarks, for program performance. These annual goals will help establish specific and measurable standards of performance for how many small businesses are expected to benefit from workforce development dollars.
- Make efforts to scale on-the-job training subsidies for small employers (fewer than 10 employees).
- Consider developing a blended apprenticeship program that links larger-scale on-the-job training graduates with final placements in small businesses.

The city of Newark and the Essex County Workforce Investment Board can also contract with an intermediary whose performance and evaluation are measured against specific and measurable goals for improving the employment performance of small MBEs.

One-Stop Career Centers: Essex County, New Jersey

Essex County One-Stop Career Centers, located in Newark, are making efforts to connect employers with skilled job seekers by offering:

- screening and referral of appropriate job candidates;
- on-site recruitment facilities using the office and facilities of Workforce New Jersey; and
- help accessing on-the-job subsidy dollars for workers through Workforce New Jersey.

Suggestion:
Create Healthcare Incentives for MBEs and Other Small Employers

States and localities are responding to the challenges of health-insurance costs with a diverse set of strategies. Assistance with the costs of premiums for working individuals and employers is chief among them.

The state of New Jersey developed an insurance risk pool for small businesses in 1994. The Small Employer Health Benefits Program is a standardized, open-enrollment plan that is marketed through private carriers. Employers with 2–50 full-time employees can choose to purchase standardized health benefits plans offered by all carriers, or, under certain conditions, they may purchase or renew pre-reform plans. In addition to this strategy, New Jersey might also consider the following ideas:

- **Health-insurance tax credits and deductions.** This could include rebates of franchise fees and corporation taxes. Arizona offers a health-insurance premium tax credit that in effect establishes a health-insurance premium discount for uninsured businesses with 2–25 employees and individuals earning up to 250 percent of federal poverty level.
- **Health-insurance purchasing pools or cooperatives.** States are exerting their purchasing power, market influence, and risk profiles of their extensive coverage pools to secure opportunities for small businesses and the self-employed to obtain insurance. West Virginia has extended an invitation for small businesses to tap into the buying power of the state's Public Employee Insurance Agency via that agency's partnerships with insurance companies.
- **State high-risk pools.** The Kentucky Insurance Coverage Affordability and Relief to Small Employers program, known as ICARE, is a four-year program launched in 2006. The state pays a subsidy of $40 per employee per month for employers paying at least half of their employees' health-insurance premiums and $60 per employee per month if at least one employee is in the "high-risk" coverage pool. Employers that have not offered insurance for the previous 12 months and have 2–25 employees with salaries that do not exceed 300 percent of the federal poverty level are eligible.
- **Public/private partnerships.** Healthy New York requires HMOs to offer a re-insurance product to subsidize insurers' costs of treating the 20 percent of people who account for 80 percent of healthcare spending.

The city of Newark and the various business chambers should convene forums with MBE and small-business owners to engage them in a discussion about which types of strategies might best stabilize their medical costs.

Recommendations

First and Foremost: Understand Newark's MBE and Small-Business Community

Research undertaken to support this policy brief on Newark MBEs reveals data is not being collected about the sales and earnings performance, industry presence, financial health, organizational structure, or employment scale of Newark's MBEs. More importantly, little is known about the perceptions of MBE owners and their recommendations for making Newark a supportive environment for starting and expanding a business.

As first step toward addressing this, an annual census of small and emerging businesses should be undertaken to seek out and collect data on all Newark MBE firms to understand this community asset.

Promising Practices to Support Newark's MBEs

Subject to the information and priorities gleaned in a census and surveys of Newark MBE and small business, the following list summarizes promising practices from this paper that could support Newark's local, small, and minority- and women-owned businesses.

- Organize *all* small business assistance at a one-stop location and set measurable goals for the success of MBEs who seek assistance there.
- Consider designating a portion of the sales tax (e.g., a half cent) to support MBE and small-business infrastructure.
- Develop a Newark MBE and small-business 7(a)-type guarantee program to add a further degree of recoverability in the case of a borrower default so that banks will lend to business owners whose creditworthiness and experience are at the next lowest margin of risk.
- Work with MBE and small-business owners to identify a class of assets they need, but have not been able to finance. Then work with lenders to design, capitalize, demonstrate, and assess a loan program that finances this class of asset.
- Inventory and conduct retail assessments on sites and unused buildings in Newark's underutilized industrial and commercial corridors so that that they can be ranked for development as mixed-use centers that can offer leasing preferences for MBEs.
- Refocus workforce development investment from old-economy, large-employer customers to new-economy, MBE, small, and specialized employers.
- Create MBE and small-business healthcare insurance programs.

Notes

[1]The business-growth continuum includes entrepreneur-in-training, business-concept formation, fledgling start-up, emerging enterprise, expanding enterprise, and mature firm.
[2]Department of Labor, State of New Jersey, 2006.
[3]The Ewing and Marion Kaufmann Foundation, *The Entrepreneur Next Door: Characteristics of Individuals Starting Businesses in America* (Kansas City, Mo.: The Ewing and Marion Kaufmann Foundation) and Timothy Bates and William Bradford, *Minorities in Venture Capital: A New Wave in American Business*, (Kansas City, Mo.: The Ewing and Marion Kaufmann Foundation).
[4]Ibid. In contrast, Hispanics' highest levels of start-up activity are in rural contexts.
[5]Roger A. Clay, Jr., "The Business of Color: Strengthening the Regional Economy," *Focus*, Joint Center for Political and Economic Studies, March/April 2007, p. 16.
[6]Ibid.
[7]Ibid.
[8]*Ibid*.
[9]New Jersey Business Development Center, *A Strategic Blueprint for Small Business Growth: Strengthening Business Opportunities in New Jersey*, August 30, 2006.
[10]*Ibid*.
[11]The Topeka sales tax was established to dedicate $60 million for economic development through 2016. About $5 million is allocated each year for economic development and $9 million will be used for local roads and bridges.
[12]Illinois Department of Commerce and Economic Opportunity, "Illinois Capital Access Program," www.illinoisbiz.biz/dceo/Bureaus/Business_Development/Loan+Programs/cap.htm.
[13]Typically referred to as "planned-use development" or "mixed-use development."
[14]Available mix may potentially include HUD and EPA brownfield funding, New Market Tax Credits, New Jersey state bond pool, private equity investment capital, New Jersey public retirement investment funds, real-estate investment trusts, and bank construction lending and permanent mortgages.
[15]National Conference of State Legislatures, "State Programs to Subsidize or Reduce the Cost of Health insurance for Small Businesses and Individuals," www.ncsl.org/programs/health/business.htm, accessed October 19, 2007.

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