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SMALL BUSINESS and THE CREDIT CRISIS: THE BACKBONE OF OUR ECONOMY

Small businesses have kept our local economy afloat in the current down economy. What are some of the current initiatives to assist small businesses given the credit crisis? What innovative investment tools can be developed to leverage public, private, and philanthropic capital to stabilize and grow businesses in low to moderate income communities?

PANELISTS & MODERATOR:

- Jaime Noyola: Director of Lending, PeopleFund (Moderator)
- Adam Chong: Senior Business Banker, Capital One Bank
- Gary Lindner: COO, ACCION Texas
- Leo Ramirez: Co-Founder & CFO, EDCO Ventures

WHY SMALL BUSINESS? THREE ESSENTIAL FACTS about LOCAL MERCHANTS & OUR ECONOMY

FACT: Local merchants generate substantially greater economic impact than chain retailers.

- Local merchants spend a much larger portion of total revenue on local labor to run the enterprise and sell the merchandise.
- Local merchants keep their modest profits in the local economy.
- Local merchants provide strong support for local artists and authors, creating further local economic impact.

FACT: Development of urban sites with directly competitive chain merchants reduces strength of the local economy.

- Chain merchants trigger a decline in local economic activity despite increasing total sales.

FACT: Modest changes in consumer spending habits can generate substantial local economic impact.

- If each household in Travis County simply redirected just \$100 of planned holiday spending from chain stores to locally owned merchants, the local economic impact would reach approximately \$10 Million.

from: www.liveablecity.org/lcfullreport.pdf



Visit www.peoplefund.org for additional resources.

TIPS FOR SMALL-BUSINESS OWNERS FACING A CASH CRUNCH

- **Manage expenses**
 - Create weekly reports that details actual expenses to budgeted expenses. Make decisions about expenses that do not produce bottom-line results.
 - Negotiate pricing with vendors.
 - Review office space expenses. Consider consolidating operations and sublease unused space. Renegotiate lease terms with your landlord.
 - Implement cost-saving Green Office policies.

- **Keep in touch with your lender.**
 - Understand your current loan terms. Understand your bank's business loan practices and credit reporting.
 - Keep current on your payments. If you run into financial trouble: Call your bank, alert your loan officer to the impending problem, and make every effort to stay current with your payments. You may be able to renegotiate terms.
 - Put it in writing: Keep a file with all communications between you and the bank. Send letters detailing your financial situation to your bank. State what you're doing to keep the loan current, and re-state any changes in terms you and your bank have agreed to.

RESOURCES:

ACCION Austin Office: www.acciontexas.org/austin.php

Austin Independent Business Alliance: www.ibuyaustin.com

BIG: www.bigaustin.org

Capital One Bank: www.capitalone.com

City of Austin Small Business Development Program: www.ci.austin.tx.us/sbdp

EDCO Ventures: www.edcoonline.org

PeopleFund: www.peoplefund.org