

\$4M earmarked to assist disadvantaged businesses in Md.'s distressed

Daily Record Staff Business Writer

Small and minority businesses in Maryland's distressed communities will be getting a boost thanks to \$4 million that the Baltimore- based nonprofit Community Development Ventures Inc. will roll out.

The money, targeting disadvantaged businesses that need capital to expand and survive, consists of a \$2 million appropriation from the Maryland General Assembly and a \$2 million capital grant from the United States Treasury Department's Community Development Financial Institutions (CDFI) Fund.

Established by Baltimore- based Meridian Management Group Inc. in 1998, Community Development Ventures will use the money to expand its program statewide. It already has invested \$8 million in 15 businesses in and around Baltimore City's Empowerment Community and Enterprise Zones.

"This came about as a result of our successful activities ... in the city of Baltimore," said Stanley W. Tucker, president of Meridian Management Group. "Some legislators wanted to know when we were going to expand [the program] to other areas. We said we'd be happy to do it, but we need some money."

According to Tucker, the funding will be used to provide patient capital, which has more relaxed payback terms, to seed and developing businesses across all industries. In some instances, companies may have a year's grace before making payments, or they may only pay interest for the first few years.

"Patient capital is especially critical for today's small and minority business owner," he said. "We're giving the company time to get on its feet" before having to repay the loan.

"A lot of times with small and expanding businesses, their growth curve and expected revenue are such that the low payment that they would be able to make is a lot less than the capital they would need in order to grow," said Louisa Quittman, program manager for the core component of the CDFI program. The businesses "kind of need to have the money in hand rather than making payments," she said.

According to Tucker, about 20 investments — an average of \$200,000 each — will be made in small and minority businesses that need money to hire employees, buy equipment and sustain cash flow necessary for daily business operation. A business that accepts the capital must hire 60 percent of its new employees from a distressed community.

"As these businesses grow and develop, they are going to create job opportunities," he said. "If you create job opportunities for the residents, then they have money so they can house, clothe and feed their families."

In conjunction with the Small Business Development Center (SBDC) network, which has 22 locations in Maryland, Community Development Ventures also will provide the businesses with technical assistance and training.

"It might be something to do with inventory ... or it might be a business that needs help in establishing or developing bids," said Sonia Stockton, director of the SBDC's central region. "One of the greatest reasons for failure in small businesses is poor management skills."

"Generally speaking, if you're talking about a small business ... it has a lot of challenges," said Quittman. "If there's a group that can help them identify consultants or identify resources, that could really make a huge difference as to how well the organization functions."

"We think it's important not only to bring capital, but to bring value," said Tucker.

Copyright 2001 Dolan Media Newswires

Provided by ProQuest Information and Learning Company. All rights Reserved.