

Small Business and Entrepreneurship Development

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**Planning and Economic
Development**



Macomb County, Michigan

- Located in northern Metro Detroit
- The state's third most populated county
- Features a collective of 27 cities, villages and townships
- Has a thriving economy with high-paying jobs, especially in the aerospace and defense sectors.





Before we get begin ...

❖ *Where are you from?*

❖ *What is your favorite
Small Business?*

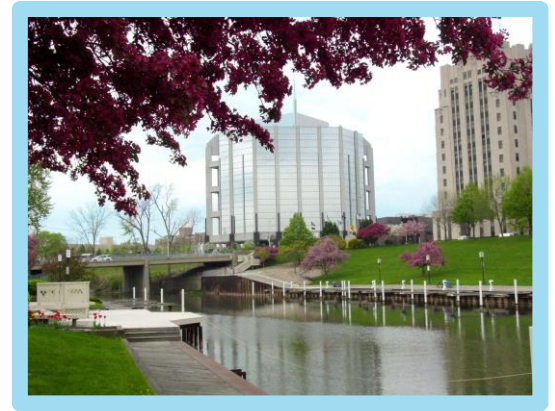




What is a Small Business?

- a company of relatively limited size, as measured by its revenue, number of employees, or both. Often described as the backbone of the U.S. [economy](#), small businesses range from sole proprietorships to partnerships and corporations with multiple owners and sometimes hundreds of workers.

From Investopedia.com (August 2023) [Small Business Administration \(SBA\): Definition and What It Does](#)





Fast Facts

Macomb County Edition

Ninety-nine percent of the businesses in Macomb County are defined as “small business” -- one that employs fewer than **500 people**.





Fast Facts (cont'd)

Michigan Edition

- There are **902,000 (99.6%)** small businesses in MI
 - with **1.9 million** employees, representing **48.3%** of MI workers. (2022 MEDC)
- Overall, **91%** of small businesses believe that businesses should give back to their local communities. (2022 US Chamber)
- Nationwide, about **67 cents** of every dollar spent at a small business is returned to the community. (American Express study in 2018)



Fast Facts (cont'd)

United States Edition

Unfortunately ...

- **One-third** of businesses fail in the first two years.
- The pandemic **destroyed 31%** of small businesses.

However ...

- Small businesses are responsible for **64% of new jobs**.
- Small businesses create **1.5 million jobs** every year just in the US.
- In 2020, **4.4 million** new businesses were started.
- **32.5 million** small businesses exist in the US today.
- There are more than **400 million** small businesses globally.





Fast Facts (cont'd)

There are **three** new
startups every second

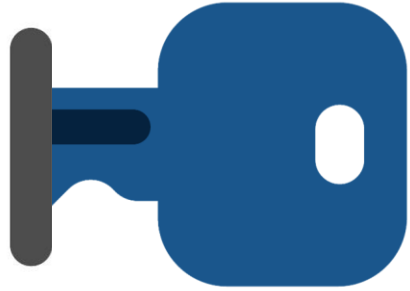




Fast Facts (cont'd)

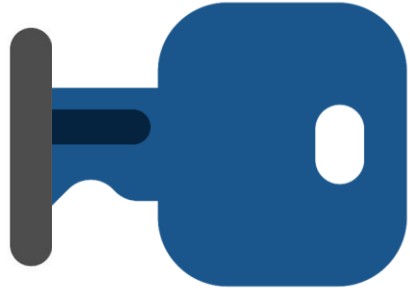
This means **21,600**
businesses will be created
during this class period.





Key Takeaways

- Small businesses are generally defined in terms of their revenue or number of employees.
- The criteria for what's considered small can vary from one industry to another.
- The U.S. Small Business Administration (SBA) sets the revenue and employee limits for specific types of business
- [North American Industry Classification System \(NAICS\)](#)



Key Takeaways

(cont'd)

- Qualifying as a small business can make a company eligible for government contracts and other financial benefits.
- Women-owned, Veteran-owned, Minority-owned businesses set asides
- Small businesses can structure themselves in a variety of ways for tax and legal purposes, including insulating their owners from financial liability.





Booming Entrepreneurship

According to the [U.S. Chamber of Commerce](#):

- New business applications have surged in the last few years.
- In 2023, the number of applications was a record-breaking **5.5 million**.

According to the [U.S. Census Bureau](#):

Business applications for June 2024, adjusted for seasonal variation, were 431,246, an increase of 1.7 percent compared to May 2024.

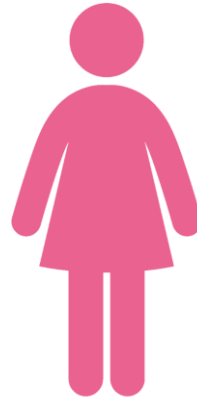




Who owns small businesses?



68%



32%

and growing!





Who owns small businesses?

Gen Z



1%

Millennials



13%

Gen X



46%

Baby
Boomers



41%





Earnings

Small businesses generated between \$1 and \$41.5 million in revenue in 2023.

From [bankrate.com](https://www.bankrate.com) (November 2023) [Small business statistics in 2023](#)

Small business **revenue** provided by Fora Financial:

- Self-employed owners:
Earn an average of \$51,816 per year
- Unincorporated businesses:
Earn an average of \$26,084 per year
- Businesses with one employee:
Earn an average of \$44,000 per year





Small businesses also contribute to the economy in other ways, including:

- **Employment:** Small businesses employ **almost half** of the American workforce
- **GDP:** Small businesses have accounted for between **43.5%** and **50.7%** of the United States' gross domestic output (GDP) since the late 1990s





Small businesses also contribute to the economy in other ways, including:

- **Export value:** Small businesses generate **32.6%** of known export value
- **Private sector payroll:** Small businesses pay **39.4%** of private sector payroll





What does it take to start a business?

- Be inspired/Have a passion
- Identify a business idea or need
- Analysis of the industry
- Establish a target market
- Research the market
- Assemble a business team
- Financing





Famous Entrepreneurs



From [hourdetroit.com](#) (January 2021)
[Tech Entrepreneur Dug Song on Why He Couldn't Build His Business Anywhere Else](#)

📍 Ann Arbor, MI

Dug Song

Founded Duo Security in 2010.

 provides two-factor authentication, a digital security tool that prevents hacking.

Acquired by Cisco for \$2.35B in 2018 - In 8 years Song built up his business, utilized Michigan resources and sold it.

Why Dug Song chose Michigan:

“Ann Arbor is an interesting melting pot. It’s a bunch of freaks, geeks, and jocks. That’s what you need. What does it take to build a great company? You need creative disruption. You need team players. And you need fast learners. And that’s freaks, geeks, and jocks.”





Famous Entrepreneurs



From ethels.com (January 2024) [Dedicated to gluten-free](#)

📍 Shelby Twp, MI

Ethel's Baking Company,

a pastry business – carries the gluten-free seal from the Gluten-Free Certification Organization (GFCO).

- Began operations in **2011** with **1 employee** (owner)
 - Located in a leased church kitchen in Grosse Pointe Farms
 - **\$150,000** revenue
- Moved and expanded to St. Clair Shores in **2013**
 - **3 full-time** employees
- In **2020**, relocated to current location in Shelby Township with **2,000 square feet**
 - **\$3 Million** revenue (2020)
 - **22 full-time** employees (currently)
- Projected **2024** revenue: **\$4.25 million**
- Projected **2025** revenue: **\$9 million**



Trivia





How much is needed to start a small business?





How much is needed to start a small business?

On average, you only need \$25,000.

According to the U.S. Small Business Administration, most microbusinesses cost around **\$3,000 to start**, while most home-based franchises cost \$2,000 to \$5,000.

The price tag goes up when you pay rent, have paid employees, need to develop marketing and a website and have basic raw materials/inventory.





What are some emerging areas of small business creation?





What are some emerging areas of small business creation?

- Knowledge Economy
- Innovation Based Companies/Digital Entrepreneurs
- Green Business
- Agritourism
- Aging Baby boomers turned Entrepreneurs
- Hobby Businesses





5 Minute Break





What's an EDO?





What is the role of an economic development organization?

The role is to attract and grow, create and retain and make communities a better place to live.

Why is it important?

Attracting/growing businesses strengthens the economy and provides locally-produced goods and services, leading to jobs that pay for a higher quality of life. Strong businesses also pay taxes that go to vital services like schools, roads, fire and police departments.





Planning and Economic Development

Economic Development Service Group (EDSG)

Our mission is to to foster a healthy, growing and diversified business community in Macomb County. We strive to:

- **Maintain** and **generate** new job opportunities
- **Expand** Macomb County's tax base
- **Promote** the adoption of creative, technology-based solutions in business and industry



Remember Ethel's?





Advantage Oakland

provides business growth, procurement assistance, workforce development assistance, access to capital and more for Oakland County businesses, in order to help the community thrive.



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

delivers assistance to invest and expand your operations and workforce in Michigan communities through collaboration with over 100 partners. They market Michigan as the place to do business, assists businesses in their growth strategies, and fosters the growth of vibrant communities across the state.



SmartZones

According to [the MEDC](#):

These are facilities where technology-based companies, entrepreneurs and researchers can locate in close proximity to community assets that assist in their endeavors.





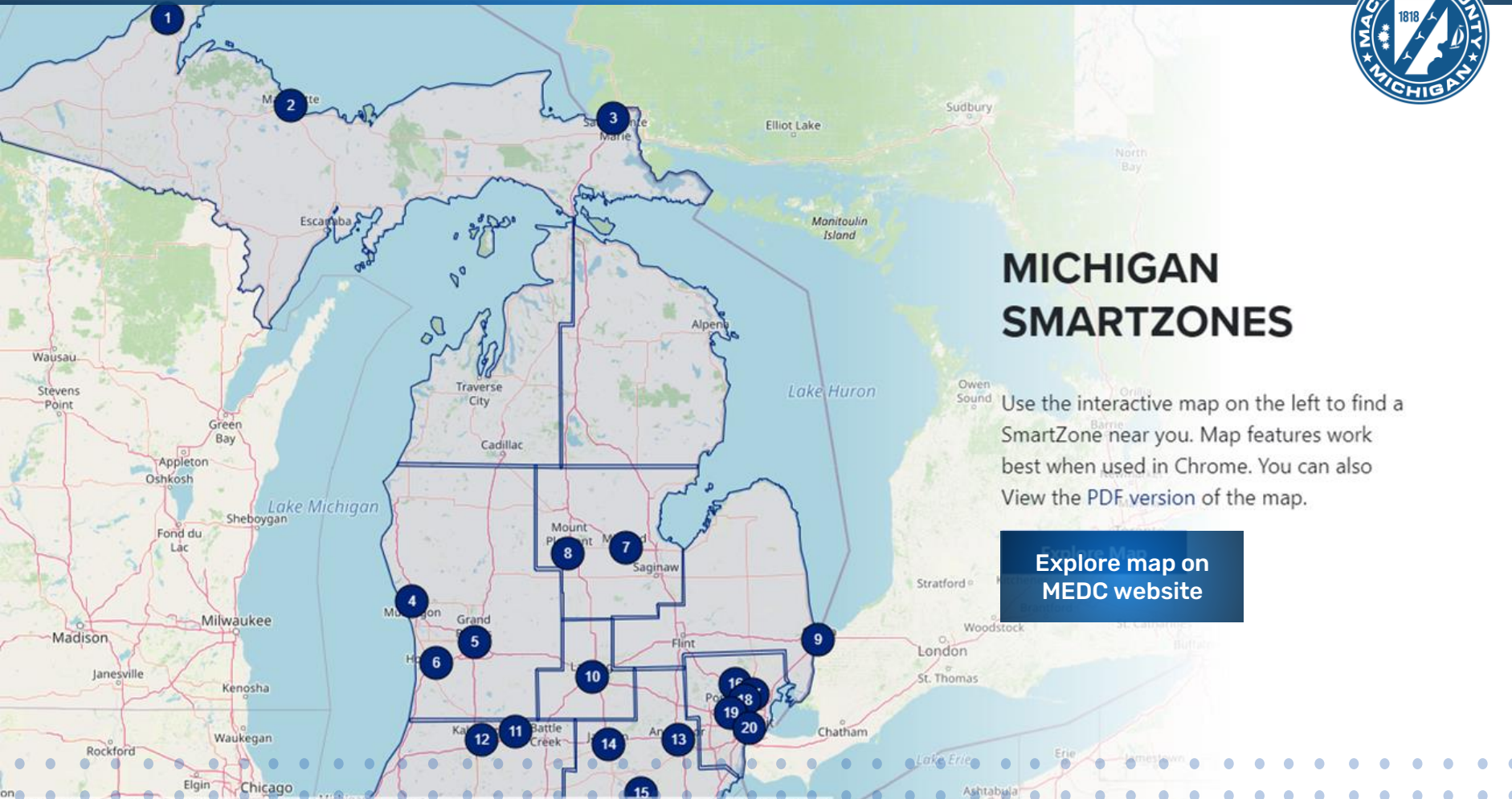
There are **20 SmartZones** in the State of Michigan.

Great services and co-working spaces are available at these locations.



📍 Velocity - Sterling Heights, MI





MICHIGAN SMARTZONES

Use the interactive map on the left to find a SmartZone near you. Map features work best when used in Chrome. You can also View the PDF version of the map.

[Explore map on MEDC website](#)

Resources - SmartZones



VELOCITY

A SmartZone that provides space, programming, and support to entrepreneurs and growing companies in the manufacturing, technology, and defense industry



Resources - SmartZones



- Helps small businesses launch, stabilize and grow
- Allows testing of innovative technology or tech startups.
- Provides free consultations and programming.



Resources - SmartZones



- All about driving smart economic growth in service of prosperity for all.
- Works to attract businesses that fit the region by Washtenaw County.
- Supports and enhances local municipalities' economic development efforts.



Remember
Dug Song?





Small Business Development Centers in Michigan

The Michigan SBDC provides consulting, training and market research for new venture, existing small businesses and advanced technology companies.

There are **ten offices** across the state.





Resources - Small Business Development Centers (SBDC)

According to the [US Small Business Administration](#):

These centers are places in your area that can offer assistance and counselling to start, run, or grow your business.



Resources - Small Business Development Centers (SBDC)

Services include ...



**Business plan
development**



Market research



Business education



Resources - Small Business Development Centers (SBDC)

Services include ...



Export sales strategy



Cybersecurity



Finance management



Resources - Small Business Development Centers (SBDC)

Services include ...



HR and organizational development



Diverse entrepreneur resources



Strategic planning



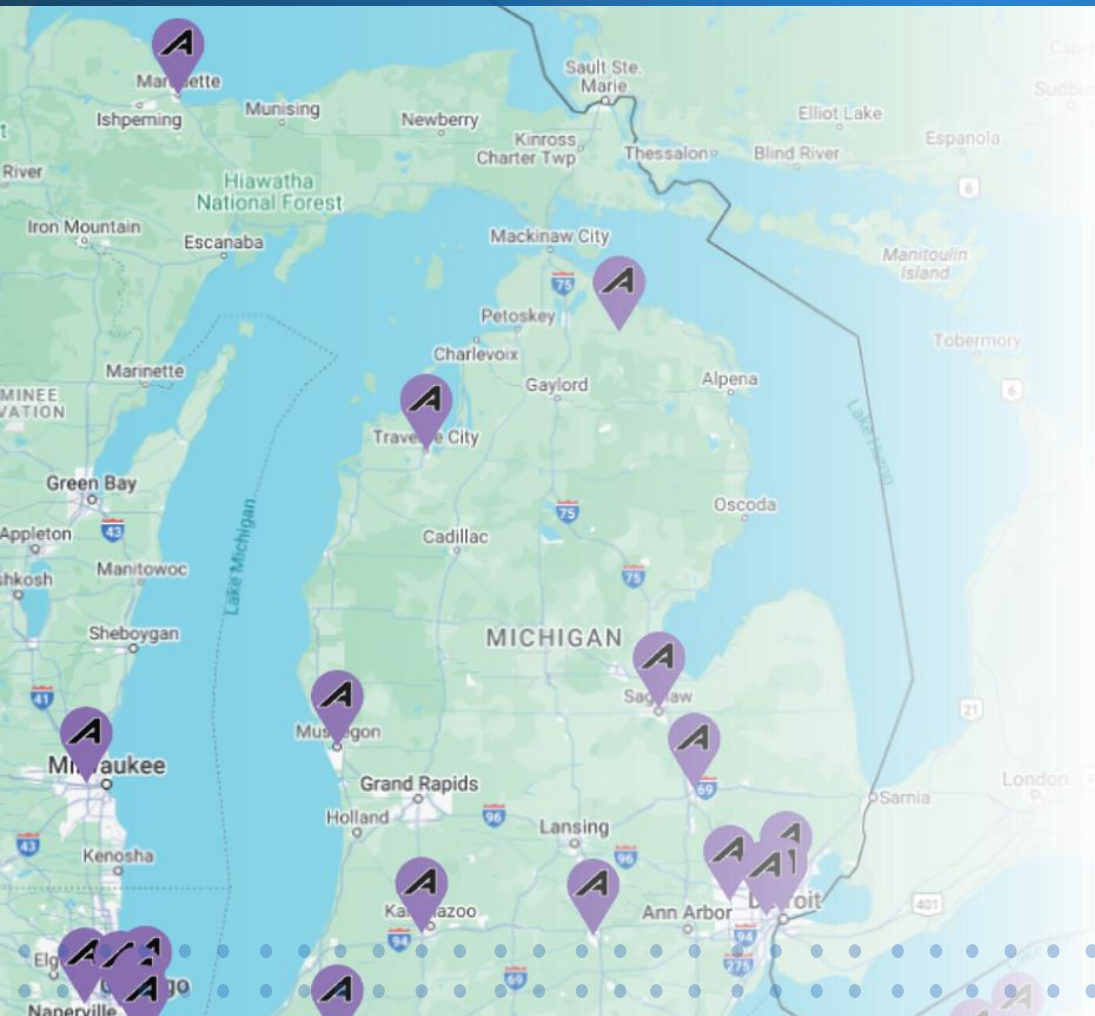


APEX Accelerators

According to their [official website](#):

APEX Accelerators serve as the axis for existing and new businesses to strengthen the defense industrial base by accelerating innovation, fostering ingenuity and establishing resilient and diverse supply chains.





There are **12** across the State of Michigan.

A Native American APEX Accelerator also exists in the Midwest Region in Nebraska.

Explore map on
APEX Accelerators
website

Resources - APEX Accelerators



MACOMB REGIONAL
APEX Accelerator

MACOMB COMMUNITY COLLEGE

Education • Enrichment • Economic Development

Mission: to enhance the national defense and economic development of the State of Michigan by assisting **Macomb County** businesses with local, state and federal contracts.

Location: Warren



Resources - APEX Accelerators



WAYNE STATE
APEX Accelerator

Mission: to provide free government contracting assistance to business firms in **Detroit** and help identify the government market that best fits.

Location: Detroit



Resources - APEX Accelerators

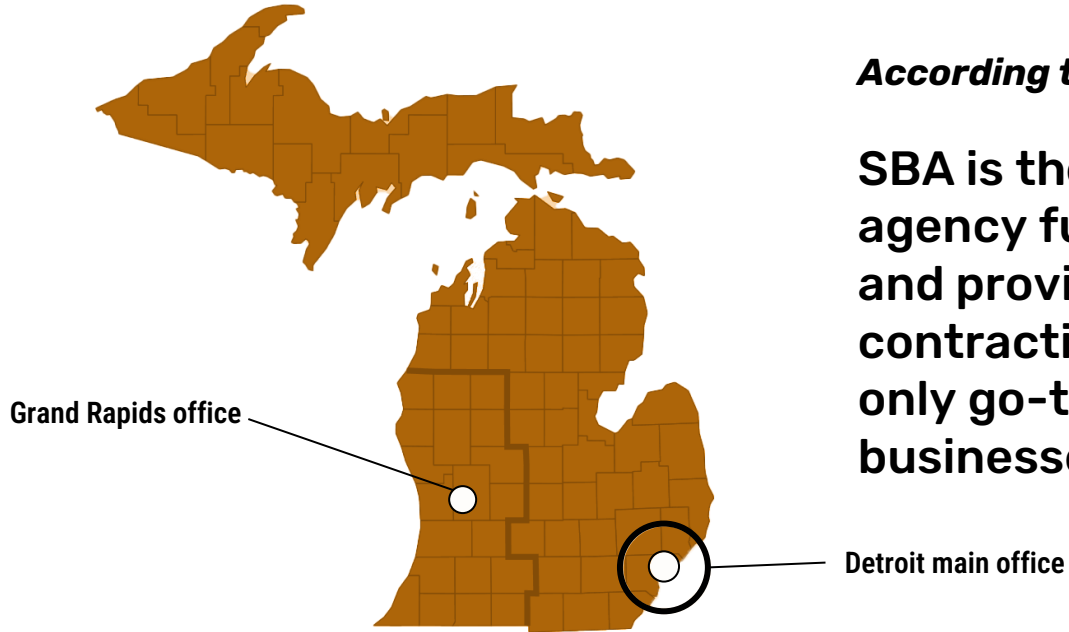


Mission: to enhance the national defense and economic development of the State of **Michigan** by assisting businesses with local, state and federal contracts.

Location: Dearborn



U.S. Small Business Administration



According to their [official website](#):

SBA is the only cabinet-level federal agency fully dedicated to small business and provides counseling, capital and contracting expertise as the nation's only go-to resource and voice for small businesses.

*The Michigan District serves the entire state.





There are a number of small business certifications that assist with contracting opportunities

Hub Zone: Program for small companies that operate and employ people in Historically Under-utilized Business Zones (SBA)

8(a) Program: Nine-year program created to help firms owned and controlled by socially and economically disadvantaged individuals (SBA)

Women Owned Small Business (WOSB): 51 percent own and operated by a women with various third party certifiers

Service Disabled Veteran Owned Business (SDVOSB): Must be at least 51% owned by an individual who is considered, by the government, a Service-Disabled Veteran (DD214)





What is the starting point for a business?

First, choose a business entity.

- Most common in Michigan: **Limited Liability Company (LLC)**

An LLC provides the small business with benefits, including:

- Lower taxes (a pass-through entity)
- Liability protection

Business income is reported on the owner's tax return.

- Can choose to be taxed as an S-Corp or C-Corp.

Register your business through **Licensing and Regulatory Affairs (LARA)**.





“Doing Business As”

You can also file a **DBA** for your company

- A designation or license that allows businesses to operate under a different name than originally filed.
- Not a separate business structure.
- Can be used by any business type in Michigan.

A DBA does not have to be filed with the State of Michigan

- County Clerk/Register of Deeds can designate entities as DBAs
- Do NOT register with both the County and the State.





Group Project Break Out Session



Thank You!

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