

## Open to Business caters to mom-and-pop entrepreneurs

by Mark Anderson

Published: December 10th, 2012



Lynh Huynh knew how to run a restaurant, but coaching and credit from Open to Business and the City of Brooklyn Park enabled her to expand her business into a larger space and double her payroll. (Staff photo: Bill Klotz)

Lynh Huynh had been running her little Vietnamese restaurant, Kim Anh's Pastries and Deli, in Brooklyn Park for almost 15 years, and she knew was ready to grow.

She also knew that financing a move and build-out of the new space she was eyeing close by would be a challenge for her family business and its five employees.

But she found a partner in Rob Smolund, a small business counselor with the Minneapolis-based [Open to Business program](#). Smolund helped Huynh put her business under a microscope and get it ready for expansion.

"I already knew how to run the business, but Rob helped me go through all the loan paperwork, helped me see what additional information I needed, where I made mistakes. He helped me plan for things I didn't know," Huynh said.

All that prepping helped her obtain a \$50,000 loan, funded equally by a city of Brooklyn Park small business loan program and Open to Business's parent, the Metropolitan Consortium of Community Developers.

Now, a little over a year after moving into its larger home, Kim Anh has doubled its payroll to 10 employees and is making money, Huynh said.

It's a story line that Open to Business has been creating for a growing number of businesses in the last two years.

The program has grown from a service that the nonprofit MCCD has offered in Minneapolis for over 20 years. Smolund and his Open to Business partner, Lee Hall, provide technical advice, counsel, and channel financing toward mom-and-pop businesses.

But since late 2010, MMCD has added another 15 cities to its client list in Hennepin County, and in September it started serving small businesses and startups in Carver County.

The agency is negotiating now with Dakota County to serve cities there, and it's started conversations with economic development officials in Coon Rapids. That new turf has added a lot of business. Smolund said that in the first three quarters of 2012 Open to Business served 188 Hennepin County businesses (outside Minneapolis). That's up from 45 in all of 2010.

The impetus for that gain is a recognition that supporting very small businesses takes a lot of specialized work and time, and many development agencies don't have that specialization.

"We knew that we had a service gap for small businesses," according to [Carver County Economic Development](#) Director John Sullivan. County government had reduced its tax levy, forcing staffing cutbacks, and Sullivan said he jumped at the chance to add expertise to his agency that he couldn't otherwise afford.

That's a common story, said Hall, who also is MCCD's director of finance.

"A lot of cities and counties have programs in place to support land development. They have TIF financing to help build a plant or expand a larger scale business," Hall said. "But when it comes to owner-operators, the entrepreneurs who might be able to fill an empty retail space, there's not much help."

The centerpiece of the Open to Business program is advice. When cities join they get regularly scheduled open business counseling sessions from Smolund and Hall. Businesses can set a time for their meeting or just drop in.

Some of those consultations may go no further, but for businesses that are ready to develop an expansion plan Smolund said he often spends up to 40 hours or more coaching and encouraging.

All the sessions are free to the entrepreneurs. In Hennepin County, each city pays MCCD annual retainer fees of \$10,000 to \$20,000, half of which the county compensates. Carver County's cities and fees are much smaller, and the county picks up the tab.

Financing sometimes comes as a small direct loan from MCCD programs funded by state, federal or private investment sources. Frequently, MCCD's contributes just a portion of the financing, taking on enough risk to make a bank comfortable with the larger loan.

Lending has grown along with the client count. MCCD is on pace to contribute close to \$2 million by the end of the year, up from \$800,000 loaned in 2011. Hall said each of MCCD's loan dollars is attracting another \$3 in private equity or bank loans.

Hall said interest rates on his loans are set slightly above bank loans, but always below 10 percent. "We want to make sure credit is available, but we aren't in business to take loans away from banks."

They are in business to help those business clients get stronger and add jobs, and Smolund said his clients have added or retained 70 jobs in Hennepin County during the first nine months of 2012.

"We all need new businesses to be created," Sullivan said. "Before they can grow and become huge they have to get started. And without access to capital none of that happens."

## **Open to Business: Getting busier**

*Year: Clients*

2010: 45

2011: 172

2012: 188

(through Sept. 30)

*Source: Metropolitan Consortium of Community Developers*

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