



# Entrepreneurial Assistance Program

**2013-14 Annual Report to Governor Andrew Cuomo and the  
New York State Legislature**

**Empire State Development**

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## Executive Summary

The Entrepreneurial Assistance Program (“EAP”) is an enterprise development program aimed at increasing the formation of new businesses successfully owned and operated by minorities, women, dislocated workers and individuals with special needs; and strengthening the operation of these firms during the early stages of development, generally within the first five years.

During the EAP contract year from June 1, 2013 to May 31, 2014 each organization funded under EAP received \$74,207 in State funding to continue providing business training and skill development to New York State entrepreneurs. These grant funds were matched with cash and in-kind funding from other non-State sources.

EAP assists new and aspiring entrepreneurs in developing basic business management skills by providing business training, one-on-one counseling and technical assistance. As part of program monitoring, specific performance objectives regarding creation and expansion, increased sales, job creation and business financing are established for EAP Centers at the beginning of their contracts.

During the 2013-14 contract year, outcomes by the EAP network increased in 9 of the 20 performance areas. Examples of performance increases include:

- Sales at existing businesses increasing from \$16.7 million/year to \$22.3 million/year; and
- Expanded employment increasing at existing businesses from 364/year to 573.5/year.

The EAP Centers provided a wide range of training in 2013-14:

- EAP Centers provided 15,555 hours of one-on-one counseling and helped clients create more than 330 business plans.
- The Department of State contracted with ESD to provide “Starting Your Own Business” seminars through the EAP Centers at local Offices of New Americans Centers. Since this initiative began in April 2014, EAP directors reported providing 65 seminars with 824 New Americans in attendance.
- EAP Centers also work with the new Business MentorNY Program and act as facilitators, helping clients register and connect with mentors.

- EAP Centers work closely with NYS's Minority Women's Business Enterprise ("MWBE") Unit. Centers provide direct assistance to individuals interested in becoming MWBE certified to do business with New York State. EAP center staff are trained to provide guidance in the preparation of MWBE on-line certification applications.

## **Program Overview**

The Omnibus Economic Development Law of 1987 authorizes Empire State Development ("ESD"), through the Entrepreneurial Assistance Program, to issue contracts to not-for-profit corporations, universities and community colleges for the development of Entrepreneurial Assistance Program Centers ("EAP Centers" or "Centers") to provide comprehensive assistance in enterprise development to owners and prospective owners of small businesses.

EAP Centers (see Table II) provide a 60-hour entrepreneurship training course, supplemented by intensive technical assistance, to help new entrepreneurs complete business plans and develop a viable business. Participants learn market development and financial management skills, how to refine their business concept and conduct a break-even analysis. In addition, EAP Centers provide technical assistance to existing businesses that are less than five years old. This technical assistance is designed to help young businesses make the transition into small-growth companies and includes working capital and cash-flow management, general management skills, new market development, hiring and managing employees, managing growth, and accessing credit and capital. EAP's focus on start-ups and micro enterprises owned by minorities and women is what distinguishes it from other State business assistance programs, such as the Small Business Development Centers.

During the 2013-14 contract year, there were 24 EAP Centers serving every region in New York State (see Appendix A). In addition, EAP maintains linkages with many related local, regional and state organizations, including Small Business Development Centers, local firms, chambers of commerce, not-for-profit agencies, colleges and universities, ESD regional offices, and other State and local economic development organizations.

## **Funding**

Each of the 24 EAP Centers received \$74,207 in State funding. Contracts for the continued operation of a Center are awarded on a competitive basis for a 12-month period and awardees are required to provide a minimum of 1:1 matching funds either in cash or through in-kind contributions. The cash match must be at least 50%. The sources of matching funds include but are not limited to:

- Federal Government - U.S. Small Business Administration (PRIME), Office of Women Business Ownership;
- Banks and Credit Unions - Deutsche Bank, Visions Federal Credit Union, Tioga State Bank, NBT Bank;
- City - NYC EDC Thrive Award to Help Reach Immigrant Ventures and Entrepreneurs, NYC Small Business Services - Small Business Assistance Program;
- Universities/Community Colleges - Hofstra University, Syracuse University, Medaille College/Buffalo, Suffolk County Community College and Broome County Community College, Fordham University, Metropolitan College, Monroe College, Lehman College, Hostos Community College and Bronx Community College;
- Chambers of Commerce - Broome County Chamber of Commerce, Albany-Colonie Regional Chamber of Commerce, Orange County Chamber of Commerce Greater Hunts Point Chamber of Commerce, Bronx Hispanic Chamber of Commerce, The Bronx LBGTs Chamber of Commerce, Bronx Small Church Chamber of Commerce;
- Local and County - Broome County Tioga Workforce Development, Broome County Urban League, Procurement Technical Assistance Cooperative, Allegany Community Development Services, Inc.
- Not-for-profits - Tioga County Economic Development Corporation, Latina 50 Plus, Women's Empowerment Self Defense Academy, The People's Theatre Project, Angels to the Rescue, Bronx Fashion Week, Bronx Council for the Arts, JP Morgan Chase Foundation, Verizon Foundation, Renaissance EDC Valley Economic Development Corporation, Queens Economic Development Corporation, ACCORD Corporation, Binghamton Local Development Corporation, Broome County Urban League, Broome Tioga Workforce, Brooklyn Economic Development Corporation, Allegany IDA, CAMBA, Washington Heights-Inwood Development Corporation, Syracuse University, St. Nicks Alliance, South Bronx Overall Economic Development Corporation, Women's Foundation Fund, Women's Enterprise Development Center, Inc., Project Enterprise.

In addition, part of the costs were covered by hundreds of business owners, accountants, lawyers, marketing consultants, and bank employees who donated time and expertise on a pro bono or reduced fee basis to help EAP clients start or expand their businesses.

## **Objectives**

The primary objectives of the EAP are to:

- Increase the number of new businesses in New York State, with a particular focus on expanding economic opportunity for minority group members, women, dislocated workers and individuals with special needs;
- Expand the sales and employment levels of small businesses during the critical first five years of operation;
- Decrease the business failure rates among small businesses in the State;
- Assist in the revitalization of distressed communities through the encouragement of “home grown” businesses; and
- Increase employment opportunities for local residents.

## **Oversight and Evaluation**

As the State entity responsible for administering the EAP, ESD provides overall program management, assists EAP Centers and monitors individual Center’s performance. Performance monitoring consists of, among other things, site visits, classroom audits, client file reviews, client site visits and client telephone surveys. Other services provided by ESD include the interpretation of contract terms and program requirements, program orientation for new EAP Center staff, monthly conference calls to review program direction and/or strategies, professional development webinars and telephone/email support in planning program activities.

EAP Centers are evaluated annually based on specific performance objectives regarding business creation and expansion, increased sales, job creation and business financing. A Center’s eligibility for reimbursement of expenses and continued funding are contingent on the Center achieving quarterly and annual performance objectives, along with other contractual obligations.

Grantees are required to meet all of the minimum performance standards. Those EAP Centers that do not meet the minimum of at least 75% of the 20 standards (15 of the 20 standards) may not receive the final 10% of the grant amount.

## **Client Characteristics (New Enrollments Only)**

EAP’s rigorous program attracts persons with potential for success in business ownership:

- Most EAP clients are between the ages of 31 and 60.
- They come to the program with extensive work experience. 45% are employed full time or part time by another employer, 36% are full time or part time self employed. The remaining 19% fall into one of the following categories:
  - Displaced homemaker;
  - Unemployed;
  - Public assistance recipient; and/or
  - Retired.
- Most have high education levels. 43% have attained at least a trade school or 2-year college education. 39% have a 4-year college or university degree, while 18% have a graduate or professional degree.
- At the point of intake, 41% of newly enrolled businesses were home-based, another 21% were operated out of a rented facility and 3% owned their facility. The remaining 35% were unknown at the time of intake.
- 64% of the clients enrolled were or potentially Minority & Women-Owned Business Enterprises.
- 82% of the clients had no business plan, and 14% had only a partial business plan, the remaining 4% had working business plans.
- 281 clients were categorized as existing businesses. Of these existing businesses, 53% were in the service sector, 19% were in the retail sector, 14% were in construction, 6% in manufacturing and another 5% in wholesale/distribution. Only about 2% were in finance, insurance, and real estate and 1% was recorded as unknown.
- In terms of business size, 32% of the firms had annual incomes less than \$5,000. 7% reported incomes between \$5,000 and \$10,000, 9% reported business incomes between \$10,000 and \$25,000, 10% had business incomes between \$25,000 and \$50,000 and incomes between \$50,000 and \$100,000 were 16%. The remaining 26% had annual income levels over \$100,000.
- The vast majority (82%) of EAP client firms were micro-enterprises. A micro-enterprise is a very small business operating from a home, storefront or office, which typically employs no more than five people. A micro business does not generally have access to commercial bank loans, yet it could benefit from a loan under \$25,000.

**TABLE I**  
**ENTREPRENEURIAL ASSISTANCE PROGRAM**  
**2013-2014 Program Goals and Outcomes**

<b>Clients</b>	<b>Individual Center Goals</b>	<b>Program Goals<sup>1</sup></b>	<b>Program Outcomes<sup>2</sup></b>
New Enrollments	15	360	973
Prior Year Client Served	15	360	528
<b>Businesses</b>			
Businesses Started	8	192	169
Businesses Saved/Retained	4	96	225
<b>Existing Business Impacts</b>			
Number of Firms with Increased Sales	5	120	335
Aggregate Amount of Increased Sales	\$175,000	\$4,200,000	\$22,352,821
Number of Firms with Expanded Employment	4	96	174
Number of New Employees	8	192	573.5
Number of Firms with Retained Employment	4	96	255
Number of Retained Employees	6	144	1,433
<b>Start-up Business Impacts</b>			
Number of Firms with Increased Sales	3	72	143
Aggregate Amount of Increased Sales	\$60,000	\$1,440,000	\$3,673,840
Number of Firms with Expanded Employment	2	48	76
Number of New Employees	3	72	170
<b>Financing Impacts (Start-up and Existing)</b>			
Financial Packages Developed	8	192	214
Financial Packages Secured	6	144	192
Amount of Financing Secured	\$200,000	\$4,800,000	\$7,180,384
<b>Business Plans Developed</b>			
New Enrollments/Prior Year Clients	10	240	330
<b>MWBE Goals</b>			
MWBE Certification Applications Developed*	5	120	108
MWBE Certification Applications Approved*	3	72	71

<sup>1</sup> Program Goals are equal to individual center goals multiplied by the 24 centers.

<sup>2</sup> Program Outcomes captured from EAP on-line database as of September 15, 2014.

**Success Stories** - Listed below are some of the program's successes.

### **Hofstra University – JM Haley Corp.**

JM Haley Corp. (JMH) is a full service sheet metal duct company servicing industrial and commercial mechanical contractors for over 40 years. The company recently relocated from Farmingdale to Westbury, NY. John Ackerson, President, purchased the business in 2004 after working at JMH for 20 years installing, estimating and increasing the company's sales. Jim Ackerson, Vice President and brother, joined JMH in 2012 focusing on operations, finance, implementing construction software programs and developing strategic plans for growing the business.

Jim enrolled in the 44th Group of the EAP in March 2012 for assistance with the NYS Consolidated Funding Application. Jim's focus was completing the application and working with banks and government agencies to secure funding and tax incentives. The manufacturing-expansion project - CFA for JMH was approved by NYS in 2013 for \$200,000.

John & Jim Ackerson started a new business, Blessed Horizons Realty LLC in 2014 and acquired the new state-of-the-art facility in Farmingdale, NY doubling the footprint to 10,000 square feet. Two large contracts were awarded to the company in 2014; \$3M from a pharmaceutical company and \$1M from Stony Brook University which resulted in sales increases of \$1M; the hiring of 30 new employees; and additional financing of \$1M was secured. The Town of Babylon IDA tax incentives included a 15 year term starting in 2015 with a 60% discount increasing 5% per year.

Jim advises that "participating in larger contracts will result in hiring additional employees and increasing sales and revenue. Hofstra University's EAP provided the knowledge and skills for planning and financing the acquisition of the new facility, machinery and equipment to grow JM Haley Corp."

## **Washington Heights Inwood Development Corporation - Dyckman Beer Company**

In 2012 Juan Camilo was debating whether to take a “normal” career path and get an MBA like his colleagues, but after visiting top MBA programs, he knew that finance was not his passion. The idea for the brewery was a result of Hurricane Sandy. While he was stuck at home he read a newspaper article about craft breweries in New York City. "The newspaper talked about creating the Brooklyn brand, Single Cut in Queens, and Staten Island had two breweries there, but there was a big, big chunk of New York City missing that did not have their own representational beer," Mr. Camilo said. "This is an underserved area."

Mr. Camilo dedicated himself to making the dream come true, selling his Mott Haven apartment and spending "a lot of money." He worked with a Business Counselor from the ESD Entrepreneurial Assistance Program run by the Washington Heights and Inwood Development Corporation (WHIDC) and obtained a \$36,225 *ESD Small Business Revolving Loan Fund* loan from WHIDC's BO\$\$ microbusiness loan program.

Their first major exposure to the NYC market came with their product being sold at the 2013 Medieval Festival at Fort Tryon Park, (9/29/2013) where they sold out well before the festival ended. Dyckman was selected as sole beer sponsor for the Dominican Film Festival in June, 2014. In his first year of operation he netted a \$45,000 profit.

Dyckman Beer Company now supplies nearly 100 bodegas, bars, lounges and grocery stores, including Whole Foods Market, with three distinct beers, including the company's flagship Dyckman Brew. He has even begun exporting his beer to the Dominican Republic.

Mr. Camilo is negotiating a lease, with an option to buy, for a building in Inwood which will become his brewery and restaurant/pub. The brewery should open in 2015.

He was seeking an additional loan from WHIDC for equipment and improvements to his new location and was developing an IPO to raise additional capital when an investor who had sampled his beer and provided a \$250,000 cash infusion for Dyckman Beer.

## **Capital Chamber Foundation – Greane Tree Technology Group**

Greane Tree Technology Group (Greane Tree), owned by Annmarie Lanese & Joe Payette, is a custom software development company building web, desktop, database, API, mobile and enterprise software using a variety of open source and commercial tools. She attended the Albany-Colonie Regional Chamber Entrepreneur Boot Camp (Regional Chamber/Boot Camp) in the fall of 2009. Greane Tree has corporate, government, academic, and nonprofit clients in Tech Valley, New York City, and nationwide.

Through the Boot Camp course, Ms. Lanese was introduced to essential concepts in accounting, financial planning, HR, and law, established several mentor relationships and Regional Chamber networking opportunities. Most importantly, Ms. Lanese learned that Greane Tree's initial business model was unsustainable. They had a great idea for a product but no source of revenue. For long-term success, they needed to change from a "product" to a "service" model. The Boot Camp helped Greane Tree pivot from their original idea to a more mature vision that has created 5 full-time and 5 part-time jobs in downtown Troy, NY.

Ms. Lanese initially received a \$6,000 grant from the New York State Department of Labor to train and hire an employee.

In 2012, Ms. Lanese was selected by Albany Business Review as one of the "40 Under Forty," as well as one of the six "Women Who Mean Business."

In 2014, Ms. Lanese began working with The Capital Chamber Foundation Entrepreneurship Manager to complete her application for WBE Certification with New York State. With technical assistance at the Capital Chamber Foundation, Ms. Lanese completed and submitted the application.

Ms. Lanese secured a \$100,000 line of credit from M&T Bank and a \$100,000 line of credit from Capital Bank. Most recently, Greane Tree hit annual sales of \$1.1 million.

Ms. Lanese wrote that "The class was fantastic and the Entrepreneurship Manager, staff and instructors at Albany-Colonie Regional Chamber are great advocates for all the companies that attend the Boot Camp. I gained an excellent foundation in business management and an invaluable network of fellow entrepreneurs at the Entrepreneur Boot Camp, and that has certainly helped us succeed."

## **IBERO American Action League – Cayuga Communications**

Michele Van Buren Kiefer is the sole owner of Cayuga Communications marketing firm located in Ithaca, New York. From the list of uncompleted applications provided to the Ibero Waverly EAP center from Empire State Development, staff called Michele to offer assistance in completing her MWBE certification. She came to the center and worked with staff to complete her application and was certified this summer.

This certification has now solidified her \$100,000 plus revenue contract with a current marketing client. As a result of her NYS Certification status, Ms. Kiefer has been approached by several prospective marketing clients located in Massachusetts asking her to become certified in that state so that they may do business with her. We are currently working with her on getting her certification for Massachusetts.

On numerous occasions Michele has expressed her gratitude to the Ibero Waverly EAP Center staff for the assistance she has been rendered. She does not think she could have completed the application process without the help she received from this agency.

Michele stated she was impressed that New York State has procedures and agencies in place to help businesses complete the certification process and that they are not just left to struggle through it on their own.

## **Women's Enterprise Development Center – Masterpiece Accounting Services**

Ibanessa Soto Hogan first came to WEDC in 2009, when she attended WEDC's Small Business and Economic Development Forum. She had just started Masterpiece Accounting Services LLC (MAS) and, with an intense desire to learn, proceeded to take advantage of nearly all the programs and services at WEDC, including the 60+ Hour Entrepreneurial Training Program, the Peer Exchange Program, One-on-One Business Counseling, and the Corporate Mentoring Program. Most recently Ibanessa won WEDC's Lanza Enterprise Assistance Program (LEAP) equity and technical assistance award.

MAS offers QuickBooks consulting as well as accounting, bookkeeping, and payroll and tax services. It serves small businesses, corporations, local governments and municipalities. Prior to starting MAS, Ibanessa had spent 15 years in the corporate world, accumulating extensive experience in corporate accounting, bookkeeping and auditing.

In late 2009, Ibanessa decided to invest all her knowledge, commitment, skills and dedication into starting her own business. In 2011 she landed her first client and now has eleven. Her income has increased 40% over last year; she hired a bookkeeper in July, and has secured funding for her business operations. She recently signed a lease in New Rochelle to move MAS from her home to a private office.

Two of Ibanessa's biggest challenges in starting MAS were learning to attract and retain clients, and defining her unique niche in the market. According to Ibanessa, "WEDC has helped me in both these areas. It was pivotal in the development and success of my business by providing me with support, education, counseling and referrals."

Ibanessa's advice to start-up entrepreneurs is to, "seek advice, plan ahead, use free or lost cost business planning resources (WEDC, EAP, SBA, etc.), develop a good business plan and follow it. Consider your finances carefully and make sure to save enough money to cover, at a minimum, your first year of expenses."

Masterpiece Accounting Services is certified as a NYS and NYC M/WBE, a US Disadvantaged Business Enterprise (DBE), and a WBENC Women's Business Enterprise (WBE).

**Table II  
EAP CENTER LISTING**

**NEW YORK CITY REGION**

**Organization**

**Service Area**

Renaissance Economic Development Corporation

Chinatown of Manhattan (assistance in Chinese and Spanish)

Chinatown Manpower Project/Business Outreach Center

Project Enterprise, Inc.

Harlem, Manhattan, The Bronx and Staten Island

Washington Heights Inwood Development Corporation

Washington Heights Inwood section of NYC, Manhattan (assistance in English and Spanish)

Hunts Point Economic Development Corporation

Bronx

South Bronx Economic Development Corporation

Local Development Corporation of East New York

East New York and Brownsville sections of Brooklyn

CAMBA

Kings

Brooklyn Economic Development Corporation (BEDC)

St. Nicks Alliance Corp.

Williamsburg and Bushwick

Queens Overall Economic Development Corporation

Queens

**LONG ISLAND REGION**

Suffolk County Community College (SCCC)

Suffolk

Hofstra University

Nassau and Suffolk

**MID-HUDSON REGION**

Women's Enterprise Development Center Inc.

Westchester

Orange County Chamber of Commerce

Montgomery

**Table II  
EAP CENTER LISTING  
(Continued)**

<b>CAPITAL REGION</b>	
<b>Organization</b>	<b>Service Area</b>
Capital Chamber Foundation, Inc. of Albany-Colonie Regional Chamber of Commerce	Albany, Town of Colonie
<b>CENTRAL NEW YORK REGION</b>	
South Side Innovation Center/Syracuse University	Onondaga, Oswego, Syracuse, Madison and Cortland
<b>NORTH COUNTRY REGION</b>	
Adirondack Economic Development Corporation - (AEDC)	Jefferson, Essex, Lewis, St. Lawrence, Hamilton, Warren, Washington, Oswego, Oneida, Franklin, Herkimer, Saratoga, Fulton, Clinton, Montgomery and Otsego
<b>MOHAWK VALLEY REGION</b>	
Business Training Institute, Inc.	Oneida, Madison and Herkimer
<b>FINGER LAKES REGION</b>	
Urban League of Rochester, NY, Inc.	Monroe, Wayne, Ontario, Erie, and Genesee Counties Primary focus is Monroe
Worker Ownership Resource Center, a subsidiary of IBERO – American Action League, Inc.	Ontario, Wayne, Seneca, Steuben, Yates, Cayuga, Schuyler and Chemung
<b>SOUTHERN TIER REGION</b>	
Binghamton Local Development Corporation	Binghamton, Broome, Tioga, Chenango and Delaware
<b>WESTERN NEW YORK REGION</b>	
ACCORD Corporation	Allegany, Steuben and Cattaraugus
IBERO and Greater South Buffalo Chamber of Commerce	Downtown Buffalo area, Erie and Niagara