

## Charlotte Center City Partners

### INNOVATION

We at CCCP believe that businesses that invest in innovation through a crisis outperform peers during the recovery. The purpose of the Small Business Innovation Fund is to partner with small businesses to invest in supplies, training, design, technology, infrastructure or furnishings to adapt their business models. The grants cannot be used to cover day-to-day expenses, like payroll, utilities, or rent. The intent of the funds is to help businesses make an innovative investment to adapt to this crisis and be more resilient to future uncertainties. Supporting storefront small business entrepreneurs as they innovate through and navigate the new economic reality will make all the difference in our success and future competitiveness as an urban economy.

The fund is an innovative approach for several reasons including:

- Most COVID-19 funds for small businesses have been and are relief-based as opposed to being investment and future orientated
- Prioritizing this combination of factors to benefit multiple downtown stakeholders:
  - Minority-, women- or veteran-owned businesses
  - Small businesses that create unique experiences for neighborhoods, including but not limited to storefront businesses, distinctive products or services, and/or exceptional community engagement
  - Innovations and adaptations with potential to replicate and scale or create multi-sector collaborations
- Enabling non-profits to apply that have an innovative project associated with producing revenue (i.e. a museum gift shop that submits an application making a compelling case for how it creates a unique experience for the neighborhood as well as provides character and vibrancy to Charlotte.)

### OUTCOME

The Small Business Innovation Fund has been impactful to Charlotte's ecosystem of small businesses. The fund has directly infused approximately \$3.6 million into Charlotte's small business community during the pandemic. The fund was granted to 116 small businesses with approximately 87% of recipients being minority-, women-, or veteran-owned businesses. As of March 2021, none of the 116 businesses have gone out of business. The fund's impact to these historically underinvested businesses is especially important because it directly addresses barriers to accessing capital and vulnerabilities prior to COVID-19 and how the pandemic has disproportionately affected the business owners, their team members, communities, neighborhoods, and their business models. We at CCCP, and the sponsors of the Small Business Innovation Fund, are most proud of the fund's impact with minority-, women-, or veteran-owned businesses. The fund has also directly helped property owners and residents in Center City with retaining these small businesses and their associated jobs. We are most hopeful that the fund coupled with other efforts will enable Center City's small business mix be more equitable, inclusive, and diverse. We are currently working on raising funds for an impactful Round 4 in 2021 and transitioning the fund into a self-sustaining hub for inclusivity, innovation and entrepreneurship. The Charlotte HI2VE: Hub for Inclusivity, Innovation, and Entrepreneurship will be a network of assets (i.e. innovation grant process, subsidized retail spaces, pop-up opportunities, food truck program, mentorships) that will build off the lessons and connections built from the Small Business Innovation Fund.

### EXECUTION

Step 1: Fund Design and Initial Funding – March to June 2020. This step was key because we defined the problem (conversations with small businesses and peer markets) and crafted an innovative solution. The fund immediately caught the attention of sponsors looking to help advance the vibrancy of Center City.

Step 2: Operationalize – June to October 2020. Since the fund was a new product in a complex world of COVID (i.e. shutdowns, changing health guidelines, CARES funding confusion, and other funds), we did not know if anyone would apply and were we only reaching the usual suspects. Round 1 was a huge success with 193 applications; \$6.6M requested; 78% of applicants being minority-, women-, or veteran-owned; and only a 30-day turnaround time from application deadline to fund delivery; and 34 recipients (91% were minority-, women-, or veteran-owned). We then repeated the success with Round 2 with 37 grant recipients.

Step 3: “Round 3: All of CLT” – November to December 2020. The city provided \$1.5 million of CARES funding, but it came with the caveat that it needed to be out by December 30, 2020. We met the challenge with another 45 recipients located throughout the city.

## REPRESENTATION

The participating partners include:

- Charlotte Center City Partners (fund architect, administrator, and technical expert)
- The Foundation For The Carolinas (technical expert)
- Honeywell (sponsor, review committee)
- Bank of America (sponsor, review committee)
- Duke Energy (sponsor, review committee)
- John S. and James L. Knight Foundation (sponsor, review committee)
- City of Charlotte (sponsor, review committee, outreach)
- Asana Partners (review committee, outreach)
- Neighboring Concepts (review committee, outreach)
- Central Piedmont Community College (review committee, outreach)
- Johnson and Wales University (review committee, outreach)
- Historic West End Partners (outreach and technical expert)
- Black Chamber of Commerce (outreach)
- Charlotte LGBTQ Chamber of Commerce (outreach)
- Latin American Chamber of Commerce (outreach)
- Asian American Chamber of Commerce (outreach)

In addition the percentages shared earlier about recipients, approximately 1,000 small businesses through Charlotte with approximately 75% of those businesses being minority-, women-, or veteran-owned. We are considering all those small businesses that applied since our work with them has only begun.

## REPLICATION

The Small Business Innovation Fund is replicable in other markets because:

1. It builds upon the concept of public-private partnerships and all downtowns have some level of public-private partnership at play.
2. The impacts of COVID have been especially difficult on small businesses and downtowns so the need and demand are present in all markets.
3. The need for innovation is key during the recovery because residents, office workers, visitors, and customer’s expectations and habits have changed.
4. The fund is scalable to the size and scope of communities’ resources.
5. Lastly, we at CCCP have had multiple conversations with peer markets wanting to replicate the Small Business Innovation Fund in their market.

## **COMPLEXITY/SIMPLICITY**

The main challenge we faced with the Small Business Innovation Fund is that we created a new activity and developed a new skill set for CCCP while we all worked from home. This effort at CCCP involved almost every single person in our organization, which was also unusual. In order to overcome these challenges we re-organized ourselves around the fund's priorities and processes and through the Technical Review Team (TRT). The TRT was the elegant solution to deal with approximately 1,000 applications between June – December 2020, the delta of grant amount requested (\$38 million) and funds available (\$3.6 million), and hundreds of inquiries from frazzled small businesses about the fund and their application. The TRT's diversified expertise and passion to serve our small business stakeholders was the solution. Period.