



# SERCAP's Small Business Development Initiative for Rural Communities

SERCAP's Small Business Development Initiative delivers technical assistance (TA) and accessible financing to small businesses and entrepreneurs in rural communities throughout Virginia.

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## Southeast Rural Community Assistance Project, Inc. (SERCAP)

Founded in 1969, Southeast Rural Community Assistance Project, Inc. (SERCAP) is a 501(C)3 nonprofit organization with a mission to improve the quality of life for low-income individuals by promoting affordable water and wastewater facilities, community development, environmental health, and economic self-sufficiency.

SERCAP provides training, technical, and financial assistance to both rural communities and low-to-moderate income (LMI) individuals to address critical water/wastewater infrastructure, affordable housing, community development, and economic development needs. SERCAP's target market includes rural communities and LMI individuals in its seven-state service region of Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, and Florida.

Use the QR code below to visit SERCAP's website and learn more about our work.



## CONTACT

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## OPPORTUNITY

Small Businesses and entrepreneurs in rural communities often have difficulty accessing TA and small business loans. The lack of public services, especially business development services, in rural communities can discourage potential entrepreneurs from pursuing an entrepreneurial endeavor, and hinder small business growth within the community. Additionally, many traditional lending institutions shy away from making business loans under \$500,000. This is much more than most small businesses need to get started or even to expand. SERCAP's Business Development services and Small Business Loan Product come together to address these needs, and support small business growth and entrepreneurship in rural communities.

## COMMUNITY CONTEXT

Since its founding in 1969, SERCAP has focused on supporting rural communities and low-income people through its many programs and services. SERCAP started in the Roanoke Valley of Virginia, but eventually expanded its Target Market to include rural communities throughout seven (7) southeastern states.

SERCAP is focused on utilizing its community and economic development programs to improve the quality of life for both rural communities and their residents. SERCAP often serves low-income, minority, and other marginalized populations that have otherwise been overlooked for public services. These overlooked populations include rural, women owned, and/or minority owned businesses and entrepreneurs.



## STRATEGY

To address the need for business development services and financing for small businesses and entrepreneurs in rural communities, SERCAP has paired two of its economic development programs together to create its Small Business Development Initiative for Rural Communities. By bringing together the agency's Business Services and its Small Business Loan Product, SERCAP has created an opportunity for rural small business owners and entrepreneurs to receive both critical TA services and financing that supports their business goals. The initiative connects with tools and resources that support success, but would otherwise not be available. For example, SERCAP's Small Business Development Initiative is currently supporting a woman-owned business in Buena Vista, VA, EarthMagic Recycling, LLC, through both on-going TA and financing services.

EarthMagic Recycling helps the environment by collecting food and beverage glass and recycling it into crafting and multipurpose sand. Due to the Pandemic, and an increase in people staying at home, the crafting industry has grown 80% since 2020. The sand produced also has applications in the construction and utility industries. This provides an opportunity for EarthMagic Recycling to tap into multiple growing markets. The proprietor of EarthMagic Recycling first became familiar with SERCAP through the agency's Business Development services. She received Technical Assistance (TA) from SERCAP's Business Development Manager. Through this association, she learned about SERCAP's certified CDFI Loan Fund, and applied for a Small Business Loan. SERCAP's Loan Fund approved EarthMagic Recycling's application, and the \$40,000.00 loan was closed in late 2022. EarthMagic Recycling still receives TA from SERCAP, and the agency is providing her with a Microenterprise Grant through the Virginia Small Business Resiliency Fund.

## OUTCOMES

In the long-term, the positive impact of SERCAP delivering this initiative, is the improvement to the overall Quality of Life for both participants and the residents of their communities, due to improved Economic Self-sufficiency. This initiative positively impacts Economic Self-sufficiency, by:

- 1) Increasing # of Small Businesses in Rural Communities, by supporting rural small business growth.
- 2) Creating and/or Maintaining Jobs in Rural Communities.
- 3) Increasing Personal Assets for rural small business owners, which in-turn supports their overall lively-hood and financial health.
- 4) Increasing Affordable Financing Opportunities/Options for Small Businesses and Entrepreneurs in Rural Communities.
- 5) Preventing the potential financial burden, which could occur if affordable TA and financing was not available.

Additionally, the initiative improves the Economic Self-sufficiency of the communities-at-large, by encouraging entrepreneurship within the community, promoting small business growth, and by increasing the current business tax-base for the benefiting community.

## LESSONS LEARNED

Through the implementation of this initiative, SERCAP has learned:

- 1) Demand for its Business Development TA is very high due to the outstanding quality of service provided.
- 2) Fees for our Small Business Loan Product were a bit high, making it a challenge for small businesses to justify borrowing. This lesson presented the Loan Fund with the opportunity to lower its fees for borrowers.
- 3) Many programs offer short-term loans for small business, but the terms often place burden on the business. Small businesses need non-traditional terms in lending to invest in needed equipment and resources. SERCAP recommended extending terms for loans up to 10 years, making it easier for small business owners to afford investment in their business while in initial growth stages.



## NEXT STEPS

In order to continue providing this initiative to small business owners and entrepreneurs throughout rural Virginia, SERCAP has three goals, moving forward:

- Goal 1: Increase grant funding and other investment into the program, especially to expand the initiative into its other states and serve more small businesses and entrepreneurs.
- Goal 2: Hire additional Staff to support and grow the initiative.
- Goal 3: Increase Outreach/Marketing for SERCAP's Small Business Development Initiative for Rural Communities.