

Small business enterprises making a go of it in PDX

BY CHRISTEN MCCURDY
CONTRIBUTING WRITER

Jimmy Wilson had just relocated his dry cleaning business to the corner of N. Williams and Fremont in 2008, when the global economy tanked, and his business, like many others, began to suffer.

"I was really struggling," he said.

Wilson found out about an organization called Microenterprise Services of Oregon (MESO) — then part of the Black United Fund. He received a grant to keep his business afloat — but he also received technical support to ensure he would be able to sustain the program. The organization provides microloans — lending an average of \$2,500 — to small business owners in the Portland area, but also offers technical assistance to people who may not have been prepared for the nitty-gritty of running a business.

"I use the illustration of a life support machine," he said. "My business was literally dying."

He received technical support to assist him with budgeting and other aspects of running a small business. Gradually, he said, with MESO's help, "I started getting a heartbeat again."

MESO Executive Director Nita Shah said many small business owners — especially those coming from disadvantaged backgrounds just "dive in" without a plan for the future, and find themselves faltering along the way, which is where her organization comes in.

MESO started in 2005, at that time under the umbrella of the Black United Fund. At the time Meso was giving out several grants to small businesses that needed help to continue. In 2007, MESO started its microfinance program and in 2008 MESO incorporated as a 501(c)3 nonprofit separate from the Black United Fund, funded now by foundation grants and donations.

Seventy-five percent of MESO's clients are below 50 percent of median income, said Shah. Forty-one percent are black, eight percent are African immigrants, eight percent are Asian and seven percent are Hispanic. Fifty-nine percent of MESO's clients are female.

The loans were no-interest at the beginning, but now MESO charges a small amount of interest, though they don't expect to make money from the loans, Shah said.

The organization is set up as a nonprofit and is able to make smaller loans than most banks will bother with. The average loan amount is between \$2,500 and \$5,000. The largest was \$25,000 and the smallest was just \$80.

"We are not a social services organization," Shah said. MESO doesn't give



Julie Derrick owner of JD's Shoe Repair on N. Vancouver and Fremont.

PHOTO BY ISRAEL BAYER

out grants anymore because staff members want business owners to understand "how the real world works." Business owners don't get loans until they have some history with the organization and can prove they are able to work hard and have a viable business plan.

The stringent requirements seem to have paid off: 98 percent of the 50 businesses that have received funding from MESO are still in business, and 97 percent have paid off their loans.

The recession has continued to have a devastating effect on many Oregonians with the jobless rate remaining high at 9.4 percent as of June of this year. According to the Bureau of Labor Statistics, 9.6 percent of Americans were unemployed at the end of 2010 — resulting in more than 14 million people out of work. This doesn't account for the many thousands of people who have timed out of unemployment.

A recent study put out this week by the Association of Enterprise Opportunity, a national membership organization representing microenterprise based in Washington D.C., says that nearly 40 million people who are self-employed are living at or below the poverty line.

The report goes on to say that in 2010 major U.S. commercial banks turned down roughly one million applications for small business financing. "If just one in three small businesses hired one employee then the U.S. would be at full employment. A \$5,000 dollar increase in revenues per microbusinesses per year would generate more than \$20 billion dollars — less than \$500 in additional sales per month per business.

The report also says a female business owner in the Pacific Northwest has only a 14% chance of generating \$100,000 in annual sales — the highest odds compared to women in any other region in the

country.

"They (MESO) gave me homework," says Julie Derrick, the owner of JD's Shoe Repair — which shares a building with Jimmy's Dry Cleaning. "I had to make goals and I had to meet them."

Derrick, a former union organizer and community organizer, had always wanted to learn to repair shoes and finally decided to go for it, taking jobs in other cobblers' shops to learn the trade. After she was laid off in 2009, she decided to pursue her dream of opening her own store and began researching loan opportunities, and found MESO a good fit for the type of assistance she needed.

Now her business is booming. "Shoe repair is actually on the incline. People are making do with what they have," she said. She described herself as the only openly queer-identified cobbler in Portland, and the LGBT community has been extremely supportive, with some customers reporting they've faced discrimination or hostility in other, more conservative stores. She's also the only cobbler in her section of North Portland, and the neighborhood has been extremely supportive.

"My business is really proving to be for everyone," Derrick said.

She added that MESO businesses tend to support each other, and being part of the network has been one of the unexpected pluses of her involvement with the organization.

Wilson agrees. He leases space to four food carts in the parking lot of his business (two of which are operated by MESO clients). A lifelong North Portland resident, Wilson said he wants to pay the assistance he's received forward to other business owners.

"I believe that small business is the lifeblood of the economy, of the community," he said.

According to the Portland Development Commission nearly 87 percent of the businesses in Portland have five employees or less.



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