

# Entrepreneurial Organization of the Month

## The Microenterprise Council of Maryland

**Location:** Annapolis, Maryland  
**Executive Director:** Mikal McCartney  
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## Supporting Groups who Support Entrepreneurs

*For every dollar invested in microenterprise development, there is a \$2.72 return through increased taxes, jobs created and welfare savings.*

-Microenterprise Council of Maryland website

In the small town of Oakland, Maryland, a former welder and dairy farmer started a business called Appalachian Iron in 1998. Howard Kepple's ornamental ironworks company has grown to an Internet-based storefront where buyers can find bike racks, fireplace screens, garden fences and wrought-iron gates, among other unique products.

Kepple received a loan and management assistance from the Garrett County Community Action Committee Microworks Program. In 2001, Appalachian Iron recorded annual revenues of more than \$100,000, up from \$17,400 in 1999.

Garrett County Community Action in turn is supported by the Microenterprise Council of Maryland (MCM), which advances and promotes microenterprise development in Maryland.

"Starting microbusinesses ... changing lives," states the MCM website. "By supporting people who are starting or expanding their own businesses, microenterprise programs help people increase their income, assets and net worth. As a result, their reliance on welfare or minimum wage jobs may be reduced, enabling many to move into economic self-sufficiency."

### Micro-what?

The MCM defines a microenterprise as a business with five or fewer employees, which requires \$35,000 or less in start-up capital, and which does not have access to the traditional commercial banking sector. For the majority of microenterprises, the owner is the sole operator and employee.

According to U.S. Census Bureau and Department of Commerce 2001 data, microenterprise employment represents 16.6 percent of all private employment in the United States. That statistic is nearly identical in Maryland, where there are about 400,000 microenterprises that provide jobs for more than half a million people.

According to MCM materials, "Microenterprise development is a strong public investment with estimated returns ranging from \$2.06 to \$2.72 for every dollar invested."

In response to the question, 'Why support microenterprise?' the MCM website states:

“Microenterprise is a component of both economic and community development strategies. Increasing jobs, and tax bases, microenterprises also foster stronger communities by revitalizing downtown areas, enhancing rural economies and increasing civic capacity.”

In addition, as many entrepreneurs have found, “Most banks can not make a profit on loans under \$25,000, so ... entrepreneurs with good ideas have no one to help them start a business.”

MCM supports those organizations that will step up and support entrepreneurs.

## **Microenterprise Support in Maryland**

In the late 1990s, a group of Maryland citizens interested in economic development met to voice concerns about gaps in services for people starting micro businesses. A successful conference brought together 100 of these individuals, and the key topic was microenterprise development.

Participants from key groups, such as Women Entrepreneurs of Baltimore, the Rural Maryland Council and Garrett County Community Action, all agreed that they needed a catalyst for increasing microenterprise programs.

“The participants felt overwhelmingly that this was important for Maryland,” said McCartney.

In response, the Microenterprise Council of Maryland was formed in 2000 as a nonprofit practitioner network of public agencies and private companies that provide direct services and indirect support to people starting microbusinesses.

Goals of MCM include:

- Develop outreach, education and training programs;
- Serve as a clearinghouse and resource center;
- Increase the capacity of, and financial resources for, practitioner organizations and programs;
- Identify state and local regulatory barriers;
- Recommend policies that encourage the development of microbusinesses;
- Identify alternative group benefits programs (i.e. health insurance, etc.);
- Track and document the progress of microenterprise development;
- Develop recommendations that support sustainable human resource and community development

MCM currently has about 80 organizational members, from nonprofit groups and private businesses to state agencies and local municipalities.

With the membership fee come a variety of services – trainings, newsletters, networking, and perhaps most important, a clearinghouse of resources and information. For example, they have published a rural resource book to share examples of federal funding opportunities.

MCM recently received a grant from the US Department of Housing and Urban Development (HUD) Rural Housing and Economic Development (RHED) program to work with the Chesapeake’s eastern shore practitioner organizations to create more partnerships for fostering microenterprise development.

They are also working with communities to do asset mapping, measuring outcomes of programs and helping their members help low-income residents.

“We don’t provide direct services to entrepreneurs,” McCartney said. “But we can provide referrals for them. Our main job is to act as an intermediary organization among our practitioner organizations.”

Although the MCM website does provide an online survey for entrepreneurs that, once completed, helps MCM connect them with the most appropriate microenterprise service provider.

McCartney said that one of MCM's strengths lies in rural sector business development. They have been able to get funds from the Appalachia Regional Commission for the growing trend of arts and crafts business development.

Also, MCM helped facilitate a local university partnership with arts councils to do trainings culminating in an "Arts Mean Business" forum.

"We (at MCM) can look at trends and look at available resources from a global perspective," McCartney said. "And we try to stimulate growth in those areas."

Another trend McCartney would like to explore is health care.

"Given more resources, we'd love to break into that arena – from massage therapy businesses to adult day care, it's a growing trend," she said.

McCartney added, "Our biggest strength (at MCM) is just to be able to look at the big picture and try to help our members and others come together around issues for community and economic development."

### **Common Challenges at MCM**

In its start-up phase, MCM was able to gain state money. The Maryland lieutenant governor and legislators played key roles in capturing seed money from the State's general fund.

But, as McCartney admits, "The root of all evil is funding. We are a very small organization, and we don't have a solid base of funding."

They have received some federal funds, but the state money has been slow to trickle in.

"We are struggling for operating support," McCartney said. "It affects our mission because we have to commit so many human resources to finding more money. And now we have diminished capacity for federal money because we lack the matching funds."

She adds that most grants available are more program-driven, such as the RHED monies, which makes it difficult to find funds for general operation.

An underlying challenge is just getting recognition in the state that microenterprise development is worthy of attention and funding.

"Microenterprise is just not a well-known field. We are trying to establish a niche. The current state interest in economic development circles is in technology and biomedical fields," McCartney said. "There is a lot of intellectual capital clustered around these big industries, with accompanying R & D.

But at the same time, 88.88 percent of all businesses in Maryland are classified as microenterprises. There are so many small businesses, but yet not a lot of major support."

Mikal and her team, as well as their member organizations, hope the business atmosphere in their state will change to allow more support for small businesses that make a big difference.

-By Lisa Bauer, 10/05

### **For more information on...**

... the Center for Rural Entrepreneurship, go to [www.ruraleship.org](http://www.ruraleship.org)

... the Microenterprise Council of Maryland, go to [www.emicromaryland.com](http://www.emicromaryland.com)