



Beyond the Side Hustle

Extending Support to Small Businesses

Your Presenters



Jason Brisson
Loan Portfolio Manager
Choice Bank
j.brisson@bankwithchoice.com
(651) 289-2222



Keith Dahl
Municipal Advisor
Ehlers
kdahl@ehlers-inc.com
(651) 697-8595



Sandy Voight
Women's Business Alliance Director – Central
Entrepreneur Fund
sandyv@efund.org
(218) 735-6033



Hiromi Yokoi
Business Advisor
Next Stage
www.nextstagemn.org
(612) 254-7459

2025 Ehlers Public Finance Seminar

Support Small Business
Development

Prepared by:



Introduction

- U.S. Small Business Administration (SBA) defines small business as fewer than 500 employees. However, over 94 percent of businesses in Minnesota are much smaller, employing less than 50 employees. Almost 54% have less than 5 employees.
- U.S. Census Bureau reports that Minnesota is also home to over 397,000 non-employer businesses or those self-employed.
- Over 500,000 businesses in Minnesota have 0-499, 97% of all companies.
 - These companies employ 1.2 million people, nearly half of all working Minnesotans.

How Does Business Look In Minnesota?

- Minnesota has a diverse economy. Its agricultural sector remains a major part of the state's economy, ranking sixth in the nation in the value of products sold, from sweet corn, sugar beets, and peas to farm-bred turkey.
- 33 of the top 1000 publicly traded companies, such as Target, 3M, Land O' Lakes, and the largest privately owned company in the United States, Carlson Companies, are headquartered in Minnesota.

Fundamental Role

OF ENTREPRENEURS AND SMALL BUSINESSES IN THE ECONOMY

- Create new full-time jobs and hire part-time workers and people entering the labor market for the first time.
- Tax revenue generators and create economic diversity.
- Economic supporters that buy and supply local products and services in addition to exporting.
- Property owners and renters fill storefronts and downtown areas.
- Provide economic stability because by definition, owned and operated by people who have a personal stake in the community and likely to remain there. More likely to participate in community events, support local business organizations and charities.

What is Entrepreneurial Development?

- Start-Up Assistance
 - Guide entrepreneurs in launching new ventures.
- Identifying Growth Stages
 - Understand and address needs at various stages of small business development.
- Customized Support
 - Tailor strategies to address individual challenges:
 - Capital Gaps: Help secure funding.
 - Management Skills: Provide guidance and resources to build expertise.

What is Entrepreneurial Development?

- Most common support offered is technical assistance in the form of:
 - Business Counseling: Help entrepreneurs vocalize ideas and assess readiness for new ventures.
 - Business Planning: Develop plans, cash-flow projections, and financial statements to track and manage cash effectively.
 - Access to Financial Opportunities: Identify unmet financial needs, assess local capital challenges, and connect clients to funding sources.
 - Capital Strategy: Promote good personal money management and guide small businesses in approaching funding opportunities efficiently.

What is Entrepreneurial Development?

- Competitive Intelligence: Utilize tools like Biz Miner, RMA financial ratios, and trade associations.
- Support Networks: Connect entrepreneurs to advisors, peers, and mentors.
- Financing Stages: Understand funding methods at key stages:
 - Start-Ups: New ventures.
 - Second-Stage: Businesses beyond start-up but not yet mature (Edward Lowe Foundation).
 - Gazelles: High-growth businesses (20%+ annual growth over 4 years).
- Actionable Insights: Gather financial and market data to develop tailored strategies.

Entrepreneurial Financing

Economic developers must understand local capital resources to support entrepreneurs effectively.

- Debt Financing: Loans based on the 5 C's of Credit—character, capacity, collateral, capital, and conditions.
- Equity Financing: Involves giving up ownership, often sourced from venture capital firms or angel investors.
 - Advantages: Access to more funds for rapid growth; experienced management and financial expertise.
 - Disadvantages: Loss of some control; investors may seek board involvement.

Role of Economic Developers

- Economic developers should conduct a thorough assessment of the existing entrepreneurial climate in the area.
- Compile a list of loan programs in the area from local banks, finance companies, small business-oriented revolving loan funds, and other lending institutions.
- Identify creative financing mechanisms that offer capital to high-moderate risk start-ups.
- Assist community stakeholders in building a network of angel and venture investors.

Here to help

Any questions?



SANDY VOIGT

Women's Business Alliance Director-Central

sandyv@efund.org

(218) 735-6033

Introduction – Jason Brisson



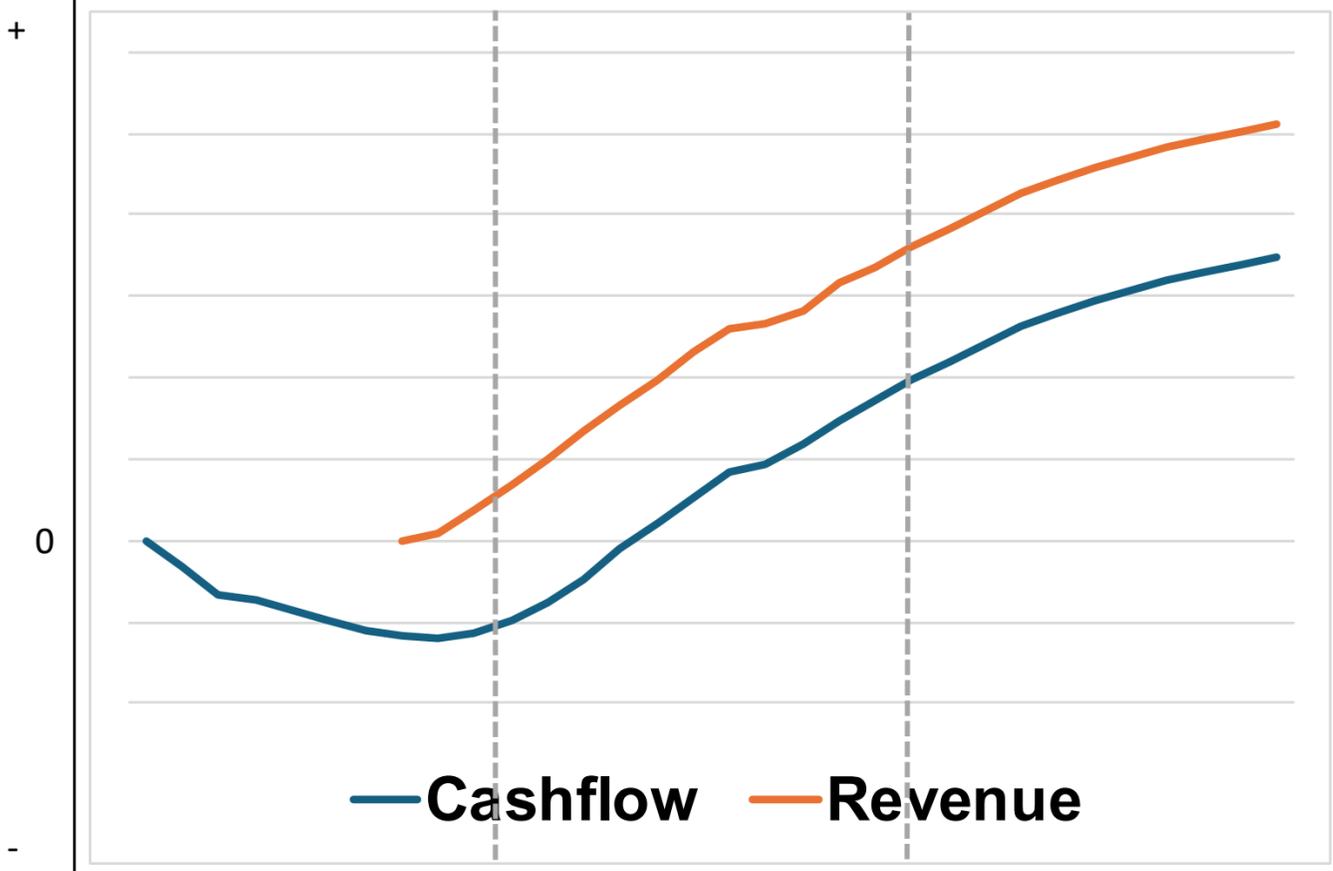
Finance Experience

- Director of Community/Economic Development; City of Worthington, MN (2017-2019)
- Interim Executive Director, Worthington Regional Economic Development Corporation (2018-2020)
- Assistant City Administrator/Director of Economic Development; City of Worthington, MN (2019-2021)
- Economic Development Specialist; City of Minneapolis, MN (2021-2023)
- Senior Credit Analyst; Choice Bank (2023)
- Loan Portfolio Manager; Choice Bank (2024-Present)

Other Experience

- Economic Development Association of Minnesota; Member (2019-2023)
- Economic Development Association of Minnesota; Board of Directors (2021-2023)
- International Economic Development Council; Certified Economic Developer (2021-2023)

Company Life Cycle



Stage in life cycle	Start-up	Growth	Mature
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Types of Financing by Firm Life Cycle

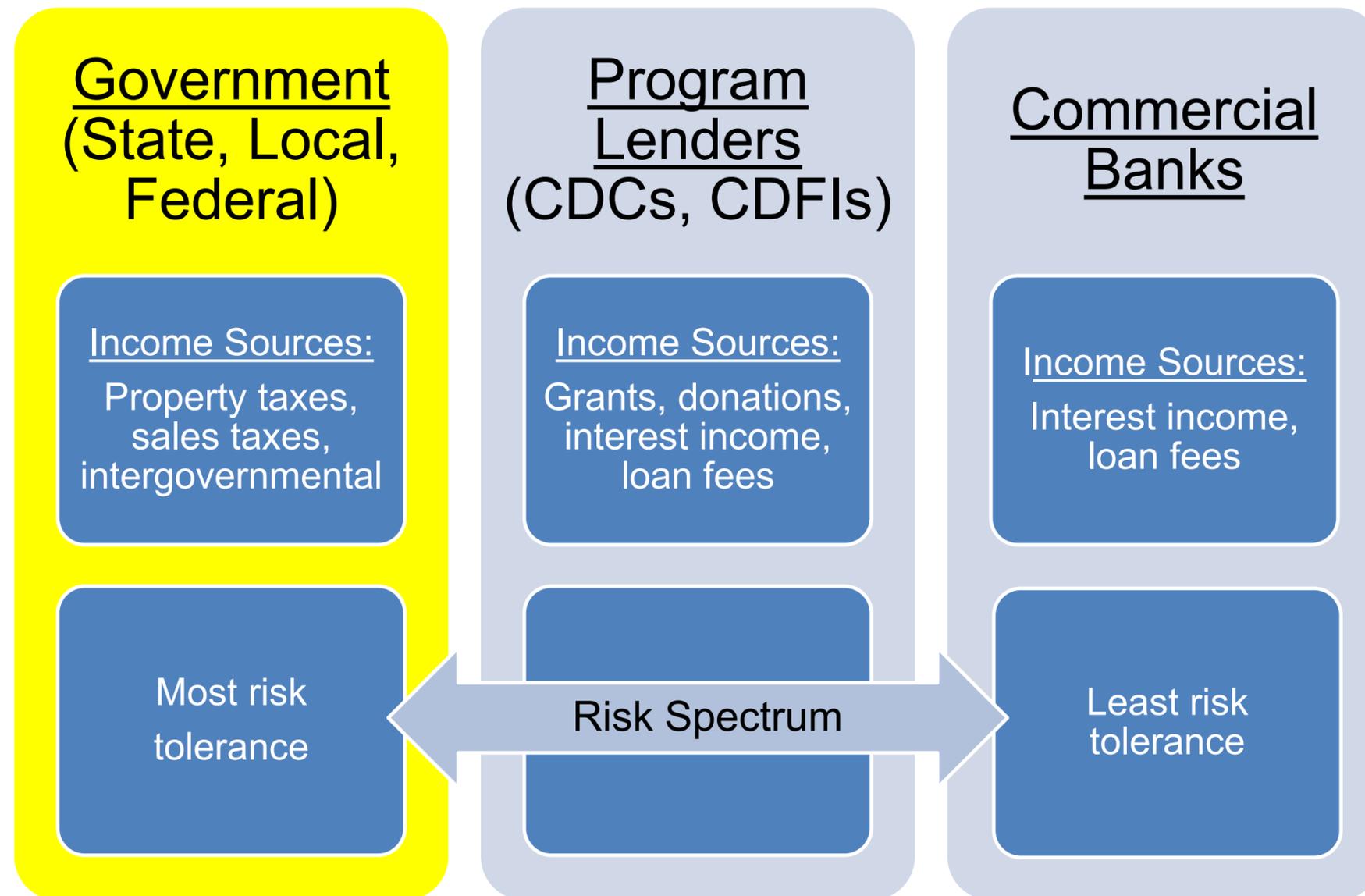
Life cycle stage	Start-up	Growth	Maturity	Decline
Revenues	Low to none	Increasing	Positive and predictable	Deteriorating
Cash flow	Negative	Increasing	Positive and predictable	Deteriorating
Business risk	High	Moderate	Low	Increasing
Financing Need	Proof of concept	Scale	Business as usual	Shortfalls
Financing difficulty	Very high	Very high to high	Moderate to low	Increasing

Private Company

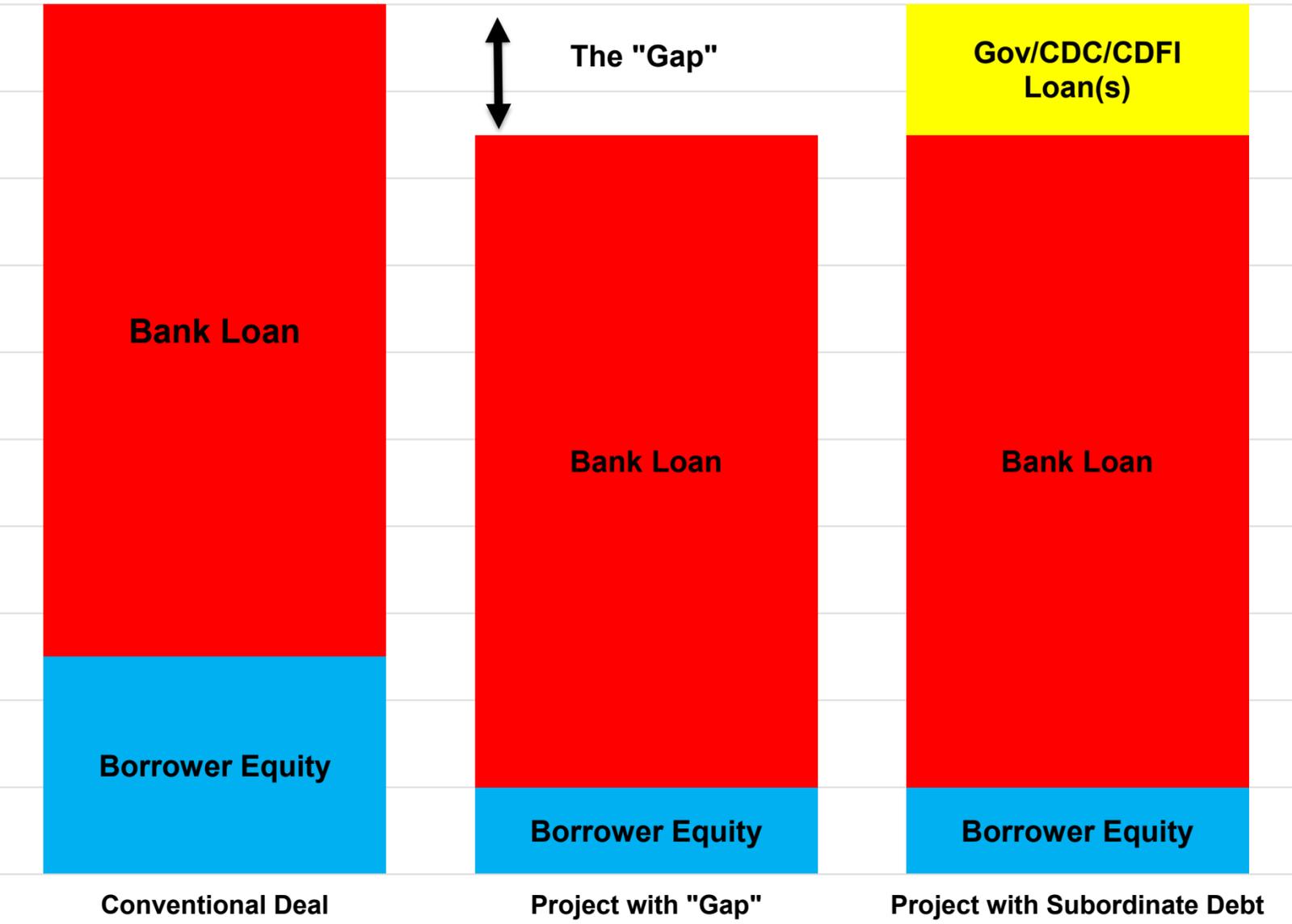
Private Equity

Private Debt

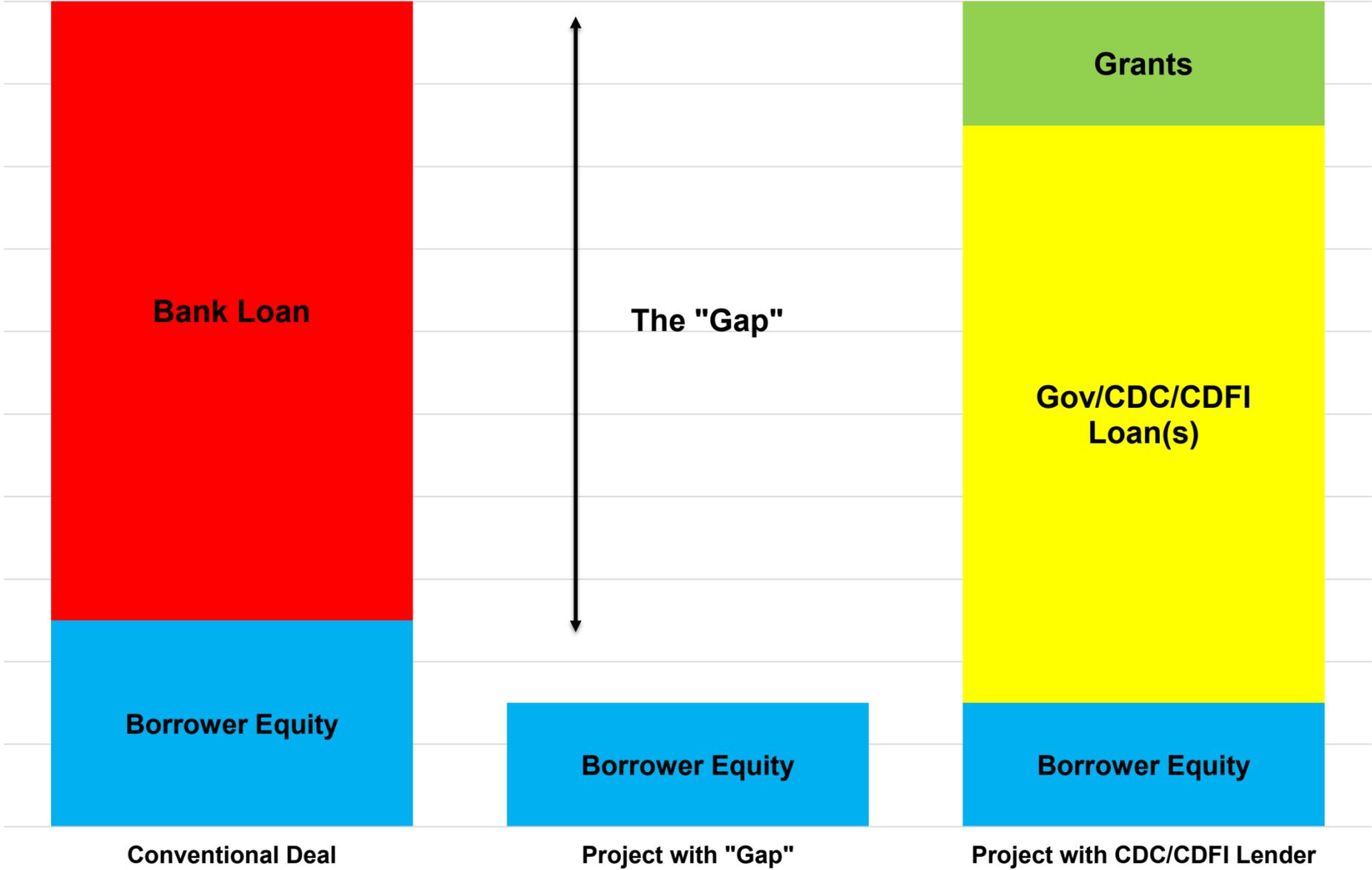
Types of Lenders and Risk Spectrum



“Gap” Financing



CDC/CDFI Lending



Examples of Good Existing Programs

- 2% Loan Program (City of Minneapolis)
 - Participation loans with lending partners
 - Up to \$75,000
 - For building improvements and equipment purchases (some real estate)
 - Fixed 2% rate
- Ownership and Opportunity Fund (City of Minneapolis)
 - Direct loans to borrowers for real estate and improvements
 - 40-year term
 - No payment, no interest
 - Hard and soft costs
- Community Asset Transition Fund (Local Initiatives Support Corporation)
 - Direct loans to borrowers for real estate and improvements
 - Below-market rates for community projects
 - Shorter term to encourage refinance when feasible
- Others
 - LIHTC, NMTC, SBA 7a, SBA 504, SBA Express

Final Thoughts / Questions / Contact Info

- Final Thoughts
- Questions?
- Contact Info
 - Jason Brisson, Loan Portfolio Manager
 - j.brisson@bankwithchoice.com
 - 651.289.2222

Where to Start When You're Ready
to Start

Nexxt *Stage*
Supporting **Entrepreneurs** at Every Stage

What is Community Economic Development?

Federal Definition:

Community economic development (CED) or local economic development (LED) is a **community- driven process where communities identify and initiate their own solutions to economic, social and environmental issues to build healthy, economically viable communities.**

Why is Local Entrepreneurship Important?

- They utilize community infrastructure investments
 - They provide needed goods & services to communities underserved by national retailers
 - They recycle a larger portion of their revenue locally.
 - Their Owners & employees live and spend in their communities, Donate to local charities and causes...
 - They **create** jobs for other members of their community (Create- not attract!).
 - They provide unique community character.
 - They make business decisions considering factors other than Profit.
-

What Support do Entrepreneurs Need?

Every Small Business needs:

Resources-

Plant/Office/WHSE
Equipment
Inventory
Working Capital

Tools-

Industry Experience
Education
Technical Certification/Skills
Creativity/Innovation
Passion & Drive

X = Resources:

Plant/Office/WHSE
Equipment
Inventory
Working Capital

x

Y = Tools:

Industry Experience
Education
Technical Certification/Skills
Creativity/Innovation
Passion & Drive

Strong Resources
Limited Tools

Strong Resources
Strong Tools

Limited Resources
Limited Tools

Limited Resources
Strong Tools

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Who are We? What is NextStage?

Hiromi Yokoi, Business Advisor

NextStage is a 501©3 non-profit focused on providing entrepreneur-focused, Community Economic Development.

Business Advisory Services

- Concept Refinement & Feasibility
 - Business Planning
 - Financial Projections
 - Project Management
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Loan Packaging & Direct Lending

- Development of 'Loan Ready' Financial Packages
 - Direct Loans to Small Businesses for a Variety of Business Uses
 - Participation with Commercial Lenders to Support Larger Projects and Fill Credit & Collateral Gaps
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How to Get Started

- Info@nextstagemn.org
 - 612-254-7459
 - www.nextstagemn.org
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Download the Presentation



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