

## Small Business in Buffalo

Jenna Piasecki  
University at Buffalo Law Student

### What is a small business?

There is no universal definition of “small business.” According to the Small Business Administration, a fish wholesaler can have up to 100 employees and be a small business, while a call center can have many more employees and still retain small business status.<sup>1</sup> In an average year, the U.S. census reports that businesses with one to four employees comprise the largest grouping of businesses, followed by businesses with five to nine employees.<sup>2</sup> In 2000, small businesses employed 51% of private employees and generated 75% of new jobs.<sup>3</sup>



### What services are available to small businesses in Buffalo?

The following organizations offer a wide range of loans, grants, and services:

- The U.S. Small Business Association, which is an independent agency of the federal government, has a location in Buffalo at 130 S. Elmwood Avenue, Suite 540. They can also be contacted by phone at (716) 551-4481.<sup>4</sup> The SBA provides loans to small businesses with more beneficial loans available for minority business owners or businesses that will be based in low income areas.<sup>5</sup> They can provide “guaranteed loans” which are beneficial to small businesses that do not have much collateral to start with.<sup>6</sup> The SBA guarantees to the bank that if the small business defaults on the loan, a certain percentage will be covered by the SBA.<sup>7</sup>
- The Small Business Development Center is run through the State University of New York and is partners with the U.S. Small Business Association.<sup>8</sup> The Buffalo location is Buffalo State College GC206. It’s directed by Susan McCartney. They can be reached at (716) 878 4030 and at [buffalobsdc@yahoo.com](mailto:buffalobsdc@yahoo.com).<sup>9</sup> The SBDC provides free one on one counseling and has worked with about 17,000 businesses in WNY since their creation in 1984.<sup>10</sup> In addition to general small business counseling, the SBDC also assists businesses with e-commerce, finding sources of funding, and complying with regulations.<sup>11</sup> Training sessions on exporting goods and services has also become a vital service in the WNY area with our proximity to Canada.<sup>12</sup>



- The Buffalo Economic Renaissance Corporation (BERC) also runs programs to assist small businesses in the area. For example, their Entrepreneurial Assistance Program is a thirteen week course offered only to Buffalo residents.<sup>13</sup> A section of BERC, the Commercial Area Revitalization Effort Program (CARE), offers grants to small businesses for storefront facades and security improvements.<sup>14</sup> The CARE areas are Jefferson Ave, Lower Niagara street, Grant and Ferry, Broadway and Fillmore, Seneca street, and Fillmore and Leroy.<sup>15</sup> The Operation Facelift grant offered by CARE is up to \$2000 and is intended to repair exteriors of businesses. The Storefront Façade grant rebates 50% of the improvements, up to \$8000. The Security grant rebates 50% of the cost up to \$3000 for security devices.<sup>16</sup> BERC also gives low interest loans through the Business Loan Program, Neighborhood Micro Enterprise Loan, SBA Micro Loan, CARE Special Loan, and the EAP loan.<sup>17</sup>
- The Buffalo Niagara Enterprise offers an incentive database on their website at <http://www.buffaloniagara.org> under the incentives link.<sup>18</sup> Types of incentives offered are: loans, process improvement, workforce training, tax credits, grants, utility & infrastructure, and retail.<sup>19</sup>
- The Empire State Development Corporation has a separate Division for Small Business. They can be reached at (518) 292 5220 or at <http://www.nylovessmallbiz.com/home.asp>.<sup>20</sup> The ESDC defines small businesses as manufacturing companies with less than 500 employees, or service businesses with less than 100 employees.<sup>21</sup> The ESDC provides a loan program with a 2-3% discount on the prevailing interest rate for loans up to \$500,000 through local banks.<sup>22</sup> They also provide a Government Procurement program that assists small businesses in competing for state contracts.<sup>23</sup>



### What Business Associations Serve Small Businesses?

- Buffalo First is a coalition of 200 individuals, organizations and local independent businesses committed to building a more local, green and fair economy in Buffalo, NY.<sup>24</sup> Businesses can join Buffalo First for as little as \$100 a year if they are locally based with a local work force and do not trade stock publicly.<sup>25</sup> Buffalo First promotes their local business members in various ways, including events, publications and advertising.



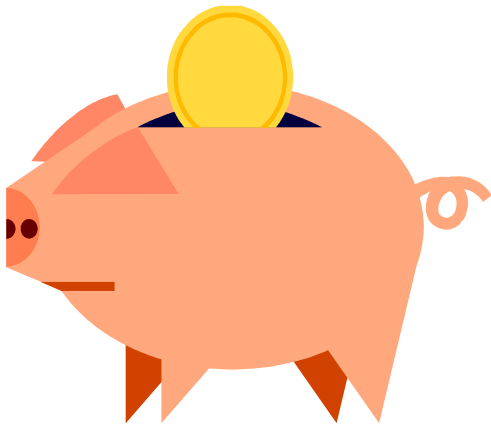
- There are a number of neighborhood-based alliances such as the Greater South Buffalo Chamber of Commerce, the Hertel-North Buffalo Business Association, the Grant-Ferry Association, the Elmwood Village Association, and Buffalo Place. At the Elmwood Village Association,

donations required to become a member go towards beautification, advertising, and economic restructuring.<sup>26</sup> As part of their recent Façade Improvement Program, \$20,500 was offered in 20 small grants to Elmwood Ave businesses to update their

street-side appearance.<sup>27</sup> The EVA also assists small businesses obtain grants, tax incentives, and through marketing. Buffalo Place works on the pedestrian shopping district on the lower Main St. area. The incentives provided by Buffalo Place include advertising, events, marketing, and assistance obtaining employees (through their website).<sup>28</sup>

### **What changes can be made in development programs to greater assist small businesses?**

- NYSERDA gives grants to businesses to assist with energy efficient appliances, heating, and vehicles through grants. NYSERDA does not outright state that they do not assist small businesses, but small business organizations have mentioned that small businesses have not been able to access these grants.<sup>29</sup>
- Empire Zone designation is usually given to areas where a larger business wants to move or is already located. This may be partly because large-scale, big-impact developments create more favorable publicity for politicians, even where a greater number of smaller developments might create more jobs and aid a region more. [did Rudnick say this? Sounds more like Heaney.]<sup>30</sup>
- Preferences given to local businesses over larger corporations when considering businesses for grants would help small businesses succeed. Since small businesses keep the profits in the area, it would be more beneficial for Buffalo to give grants to small, locally owned businesses. Also, since small businesses make up a larger sector of the economy and they also create 75% of new jobs, it is more practical to encourage small business growth than large corporations. If businesses that were given subsidies were held accountable if they did not create new jobs, that might help smaller businesses receive the grants instead. The state should require that Empire Zones be placed in low income areas, instead of setting up Empire Zones in affluent or undeveloped areas at the request of large businesses.



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<sup>1</sup> <http://www.drjeffcornwall.com/2005/03/sba-looks-at-definition-of-sma.html>

<sup>2</sup> <http://www.census.gov/epcd/www/smallbus.html>

<sup>3</sup> <http://www.smallbusinessnotes.com/aboutsb/sbecon2001.html>

<sup>4</sup> <http://www.sba.gov> (follow “local resources” hyperlink; then follow “district offices” hyperlink and choose NY on the map, then Buffalo).

<sup>5</sup> <http://www.sba.gov> (follow “local resources” hyperlink; then follow “district offices” hyperlink and choose NY on the map, then Buffalo; then follow “quick loan reference chart” hyperlink).

<sup>6</sup> Discussion with Susan McCartney, Director, Buffalo Small Business Development Center (Oct. 24, 2008).

<sup>7</sup> Id.

<sup>8</sup> <http://www.nyssbdc.org> (follow “locations” hyperlink; then follow “buffalo” hyperlink).

<sup>9</sup> <http://www.nyssbdc.org> (follow “locations” hyperlink; then follow “buffalo” hyperlink; then follow “contact us” hyperlink).

<sup>10</sup> Id.

<sup>11</sup> <http://www.nyssbdc.org> (follow “locations” hyperlink; then follow “buffalo” hyperlink; then follow “services” hyperlink).

<sup>12</sup> Id.

<sup>13</sup> <http://www.berc.org> (follow “training programs” hyperlink).

<sup>14</sup> <http://www.berc.org> (follow “incentive programs” hyperlink).

<sup>15</sup> <http://www.berc.org> (follow “care program” hyperlink).

<sup>16</sup> Id.

<sup>17</sup> <http://www.berc.org> (follow “loan programs” hyperlink).

<sup>18</sup> <http://www.buffaloniagara.org> (follow “incentives” hyperlink).

<sup>19</sup> Id.

<sup>20</sup> <http://www.nylovessmallbiz.com/home.asp>

<sup>21</sup> <http://www.nylovessmallbiz.com/home.asp> (follow “small and growing business” hyperlink).

<sup>22</sup> Id.

<sup>23</sup> Id.

<sup>24</sup> [www.buffalofirst.org](http://www.buffalofirst.org).

<sup>25</sup> <http://www.buffalofirst.org> (follow “join us” hyperlink).

<sup>26</sup> <http://www.foreverelmwood.org> (follow “become a member” hyperlink).

<sup>27</sup> Id.

<sup>28</sup> Id.

<sup>29</sup> Discussion with Susan McCartney, Director, Buffalo Small Business Development Center (Sept. 26, 2008).

<sup>30</sup> Discussion with Andrew Rudnick, CEO, Buffalo Niagara Partnership (Oct. 24, 2008).