

Small Business Development in Vermont

Joint Session of House Committee on Commerce & Economic
Development and Senate Committee on Economic
Development, Housing and General Affairs

1.29.25

Agenda Overview

- Purpose of this Joint Session
- Presentation #1: The Small Business Sector in Vermont
- Presentation #2: Making Sense of Small Business Development Needs
- Q/A: Clarifying Questions from Presentations #1 and #2
- Two Business Stories: Start Up and Solopreneur + Early and Growth Stages
- BREAK
- Two Business Stories: Mature and Succession Stages
- Q/A + Discussion about what you heard
- Wrap Up & Take Aways
- Chairs Closing Remarks

Purpose of this Joint Session:

- Provide a high level snapshot of the **small business sector in Vermont** – those with less than 20 employees
- Review some **approaches / tools** for understanding the small business life cycle and needs at different stages of development
- Hear from 4 entrepreneurs about the **day-to-day realities and challenges** faced by small business owners who are at different stages of development with their business
- Consider some **gaps in the support system** and areas where **public policy could better** to support small business development in the state (so small business owners feel supported by the state)

Presentation #1: A (limited) Snapshot of the Small Business Sector in Vermont

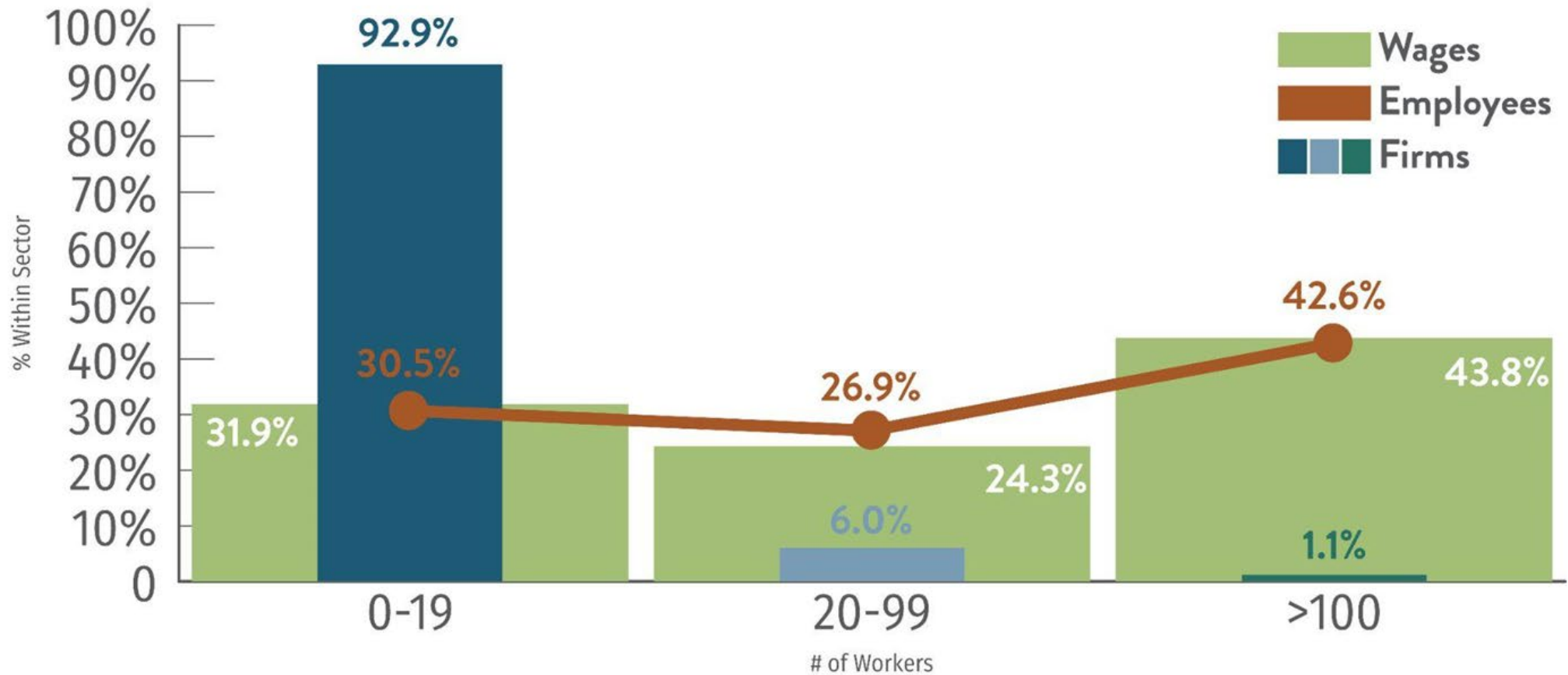




All Firms

» 92.9% of all VT firms have 0-19 employees, 30.5% of all employment, and 31.9% of wages

» 1.1% of all VT firms have >100 employees, 42.6% of all employment, and 43.8% of wages





There are **29,293** VT firms

These firms employ **253,323** people

And account for **\$4.1 billion** in wages

There are **27,204** VT firms with **0-19** employees (21,687 of those have 0-4 employees)

These firms employ **77,364** people

And account for **\$1.3 billion** in wages

There are **1,758** VT firms with **20-49** employees

These firms employ **68,065** people

And account for **\$985 million** in wages

There are **331** VT firms with **>100** employees

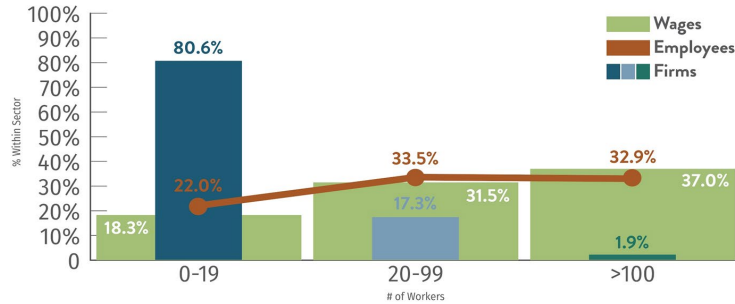
These firms employ **107,894** people

And account for **\$1.8 billion** in wages



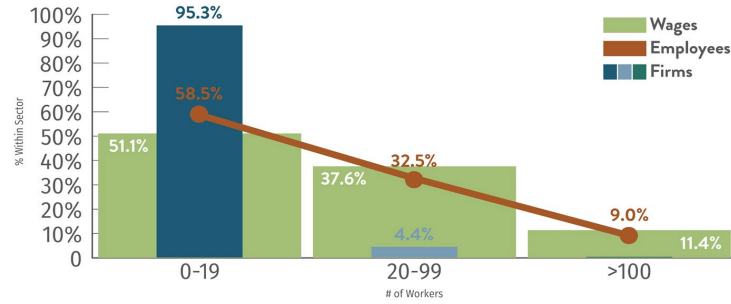
Accommodation and Food Services

80.6% of all VT firms have 0-19 employees, 22.0% of all employment, and 18.3% of wages
2.1% of all VT firms have >100 employees, 32.9% of all employment, and 37.0% of wages



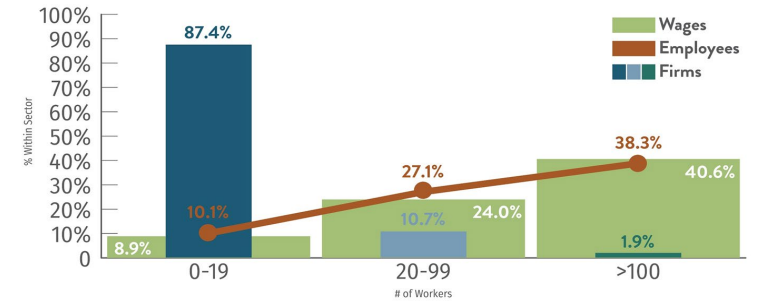
Construction

92.9% of all VT firms have 0-19 employees, 58.5% of all employment, and 51.1% of wages
0.3% of all VT firms have >100 employees, 9.0% of all employment, and 11.4% of wages



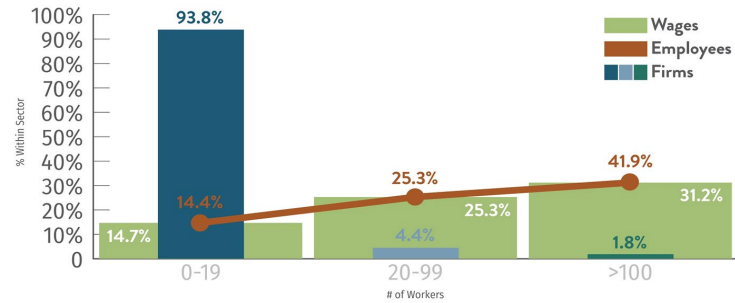
Education

87.4% of all VT firms have 0-19 employees, 10.1% of all employment, and 8.9% of wages
1.9% of all VT firms have >100 employees, 38.3% of all employment, and 40.6% of wages



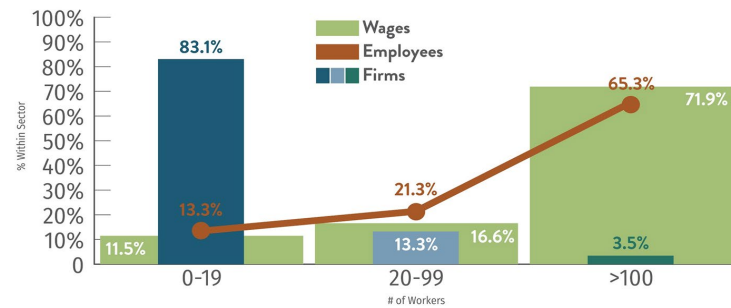
Financial Activities

93.8% of all VT firms have 0-19 employees, 14.4% of all employment, and 14.7% of wages
1.8% of all VT firms have >100 employees, 41.9% of all employment, and 31.2% of wages



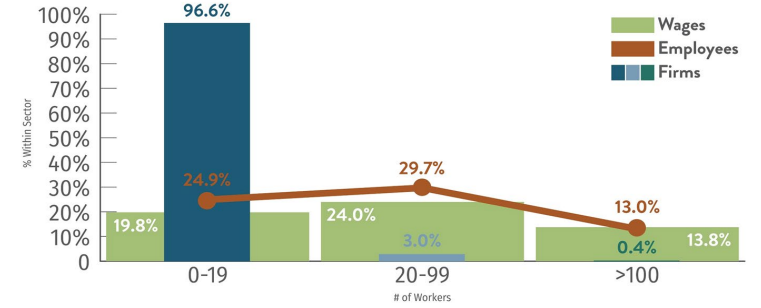
Health

83.1% of all VT firms have 0-19 employees, 13.3% of all employment, and 11.5% of wages
3.5% of all VT firms have >100 employees, 65.3% of all employment, and 71.9% of wages



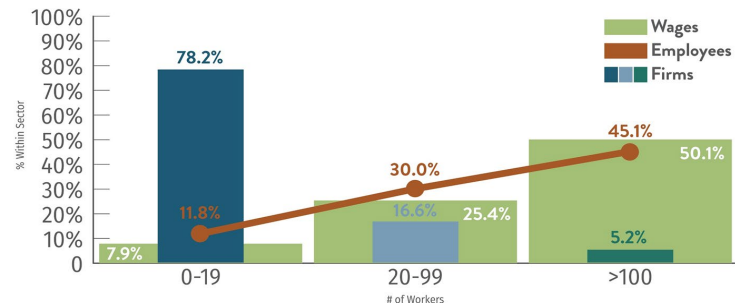
Information

96.6% of all VT firms have 0-19 employees, 24.9% of all employment, and 19.8% of wages
0.4% of all VT firms have >100 employees, 13.0% of all employment, and 13.8% of wages



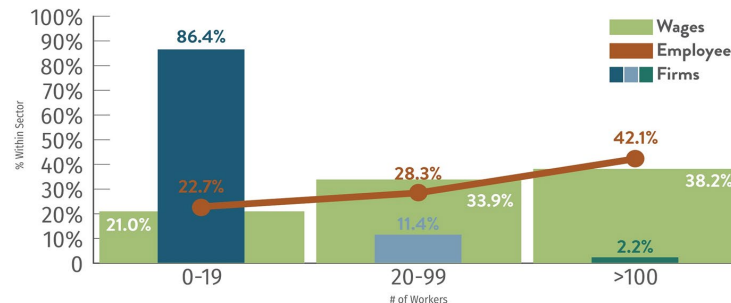
Manufacturing

78.2% of all VT firms have 0-19 employees, 11.8% of all employment, and 7.9% of wages
5.2% of all VT firms have >100 employees, 45.1% of all employment, and 50.1% of wages



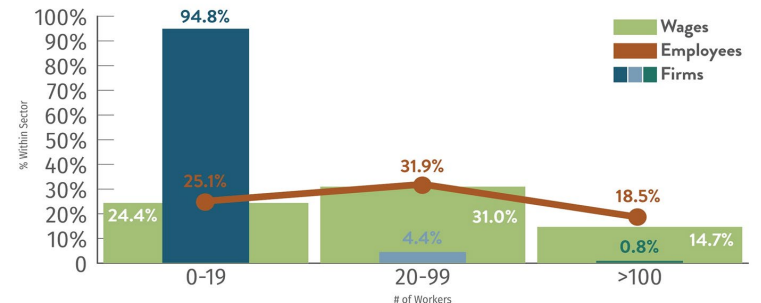
Retail Trade

86.4% of all VT firms have 0-19 employees, 22.7% of all employment, and 21.0% of wages
2.2% of all VT firms have >100 employees, 42.1% of all employment, and 38.2% of wages



Wholesale Trade

94.8% of all VT firms have 0-19 employees, 25.1% of all employment, and 24.4% of wages
0.8% of all VT firms have >100 employees, 18.5% of all employment, and 14.7% of wages

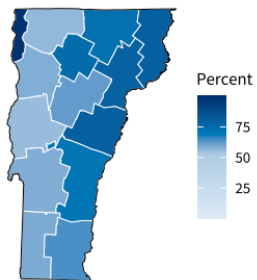




Vermont

80,345 small businesses
99.0 percent of Vermont businesses

147,457 small business employees
61.5 percent of Vermont employees



Share of employees working at small businesses by county

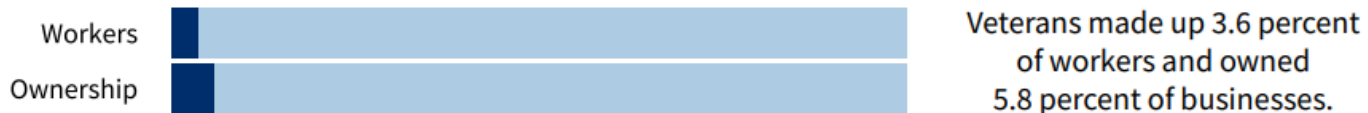
Sources of original data: [Nonemployer Statistics](#) (Census), [Statistics of U.S. Businesses](#) (Census)

Business ownership share by demographic group

Women



Veterans



Hispanics



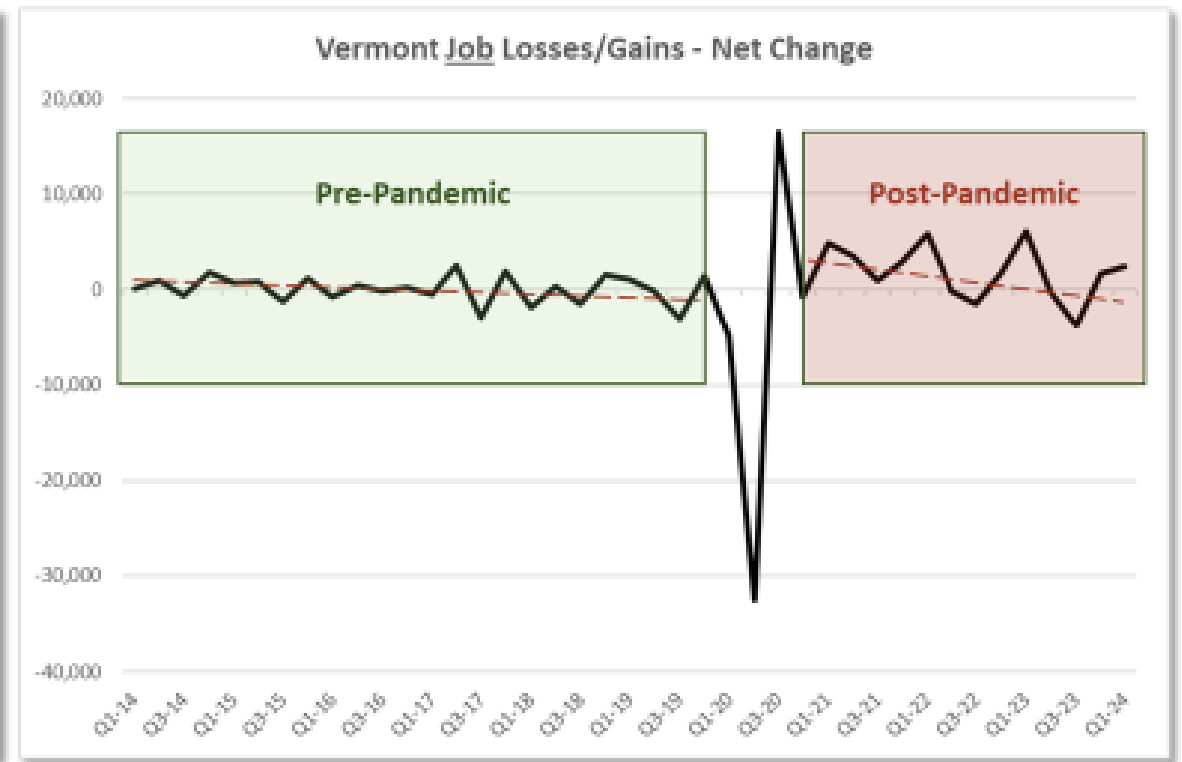
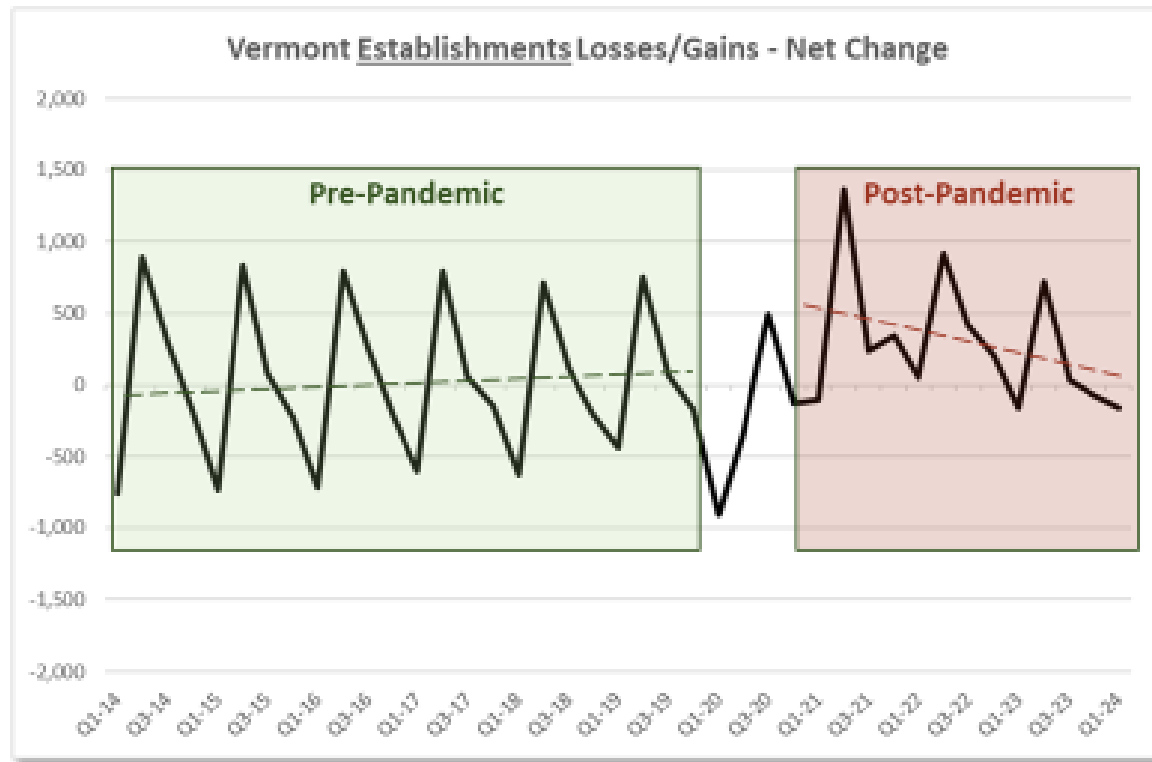
Racial minorities



Ownership shares include equal and majority ownership.

Sources of original data: [American Community Survey](#), 2021 5-Year Data (Census); [Annual Business Survey](#), 2021 (Census); [Nonemployer Statistics by Demographics](#), 2021 (Census)

Establishment & Job Losses are Accelerating in VT Post-Pandemic



Establishment Trends:

Pre-Pandemic

- Regular cycles
- Slight upward trend
- Economic stability

Post-Pandemic

- Irregular cycles
- **Strong downward trend**
- Economic volatility

Job Trends:

Pre-Pandemic

- Small swings
- Slight downward trend
- Employment stability

Post-Pandemic

- Large swings
- **Strong downward trend**
- Employment volatility

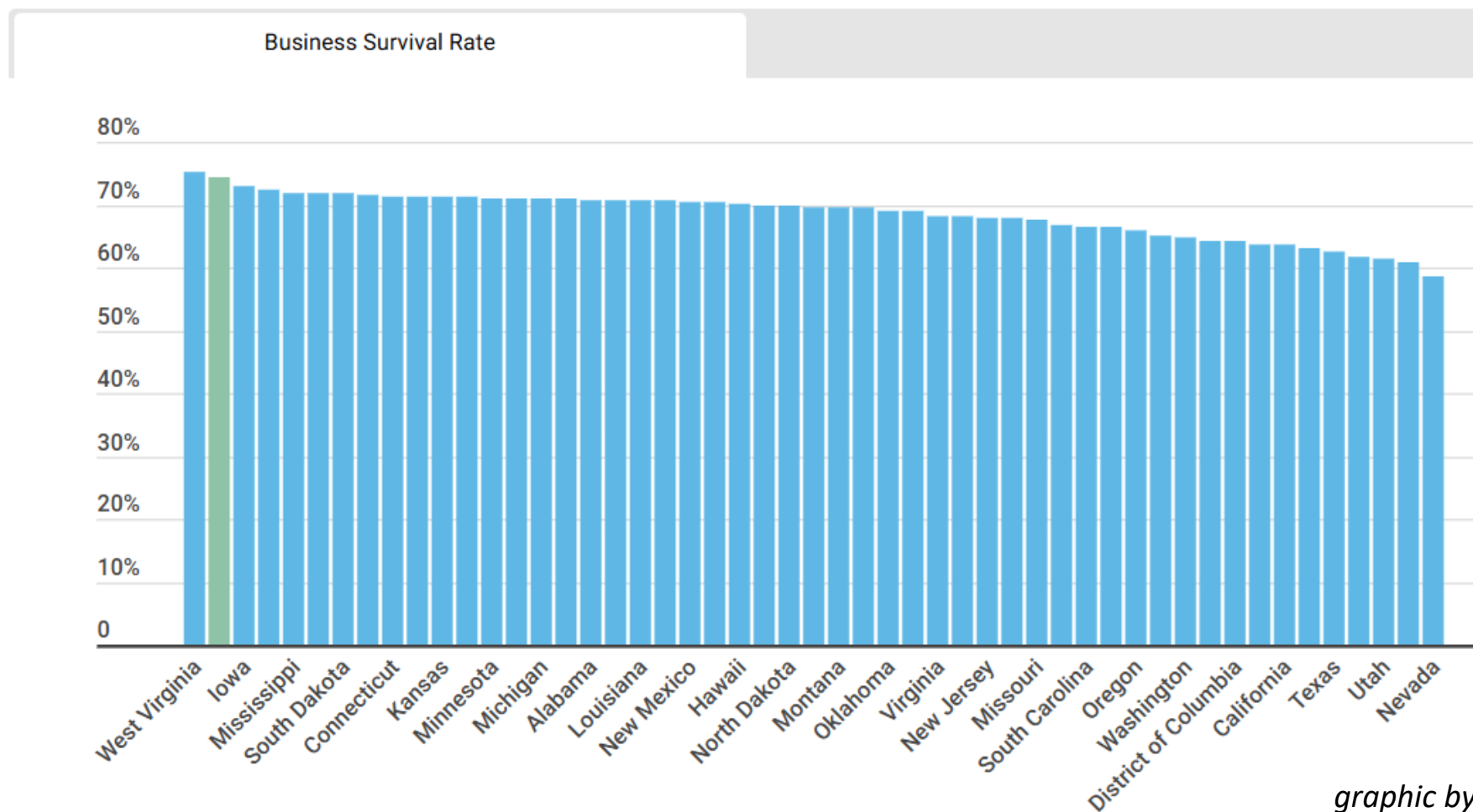
Sources: U.S. Bureau of Labor and Statistics, Vermont private sector establishments by direction of employment change (Q1-2014 – Q1-2024)



Five Year Business Survival Rates - across US

Source: Bureau of Labor Statistics

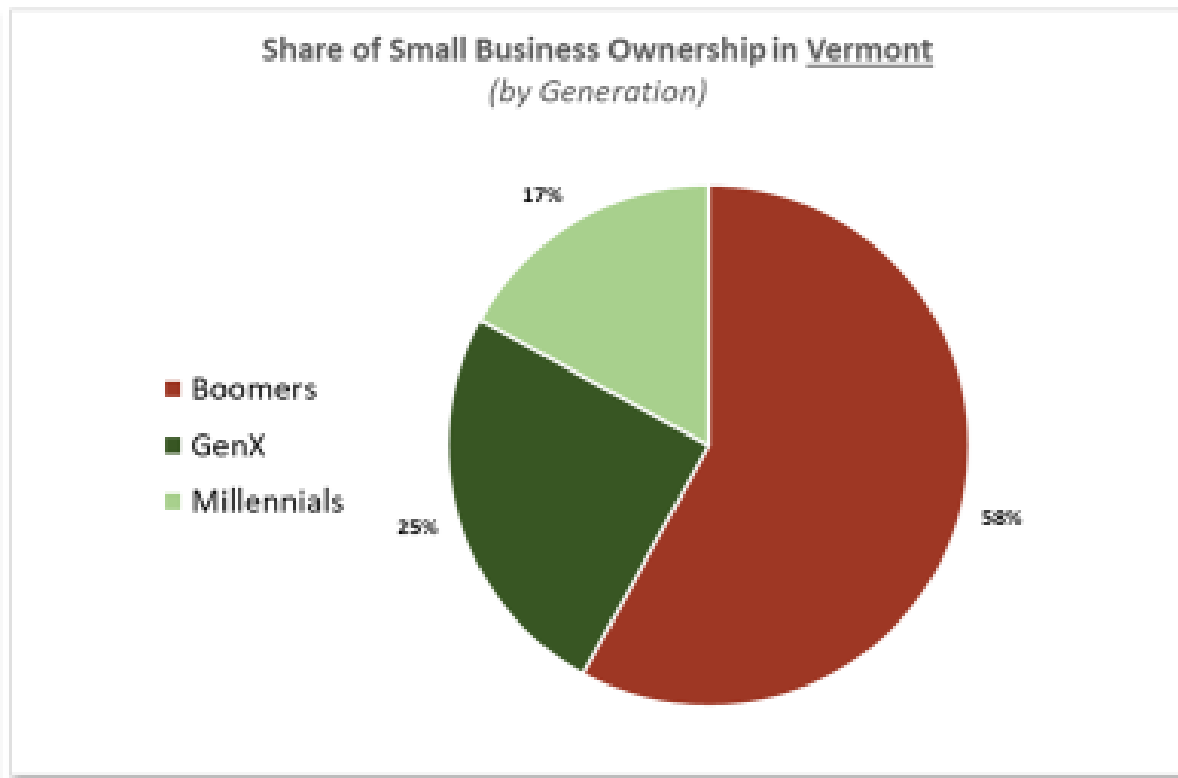
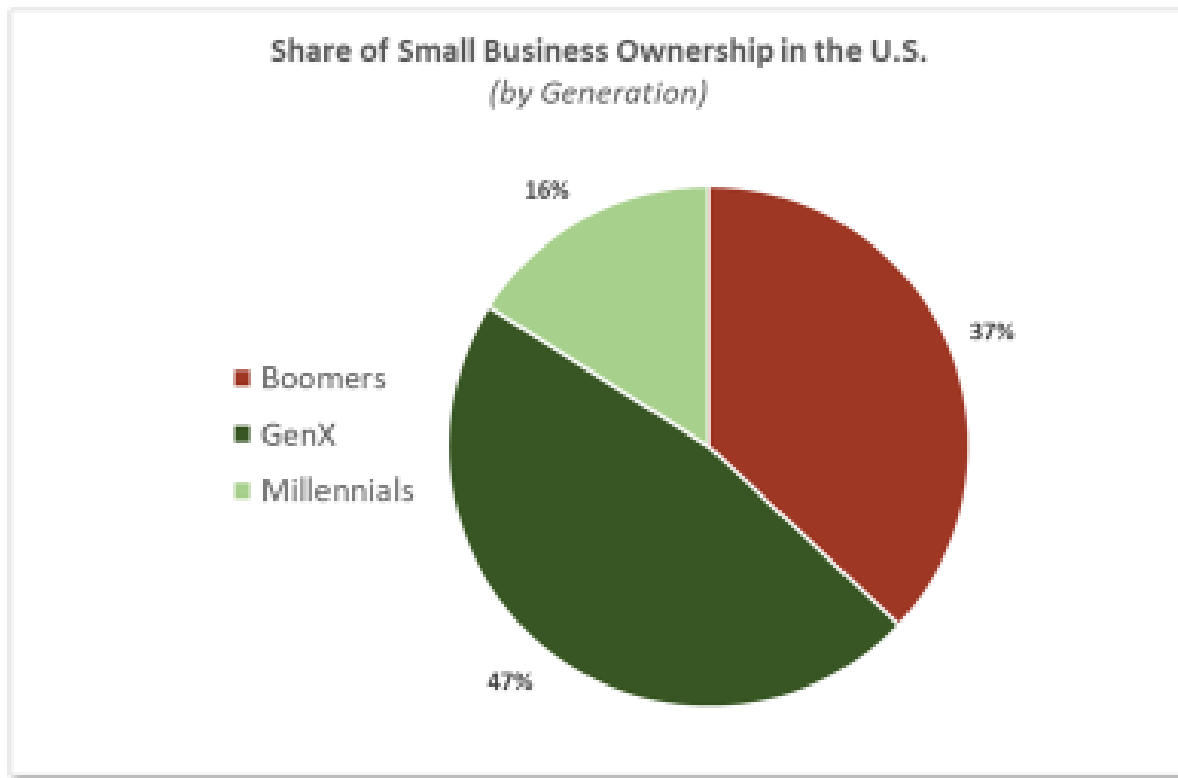
Vermont's 5-year survival rate among new businesses in 2020 was 2nd in the nation. Combined with the rate at which startups are being formed, survival rates give a view into growth among firms that comprise the state's private employment base.



graphic by Vermont Futures Project



58% of Vermont Small Businesses are Owned by Baby Boomers



Vermont has the 3rd highest median population age in the U.S.

Baby Boomers own 37% of all small business in the U.S., but own 58% in VT

Presentation #2: Making Sense of Small Business Development Needs

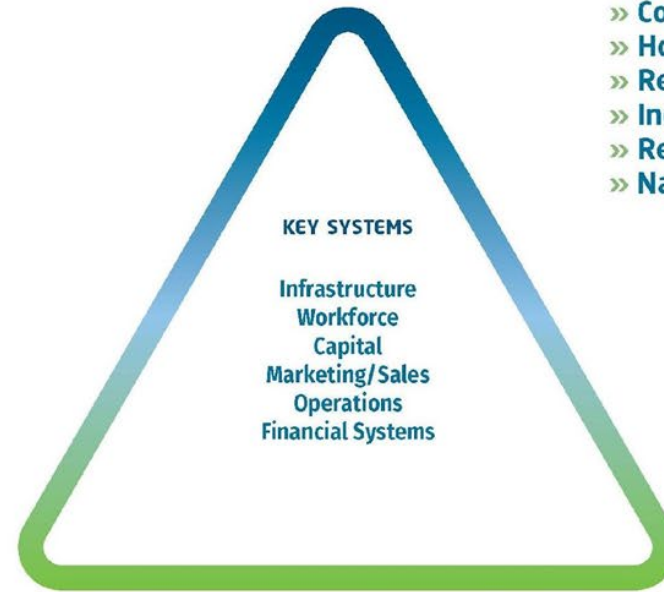


Stage – Scale – Market Alignment

(External and Internal)

Market Channel

- » Direct (farmers markets, CSAs, etc.)
- » Pre-K--12
- » Colleges/Universities
- » Hospitals and other Institutions
- » Restaurants
- » Independent Grocers
- » Regional Grocers (VT, New England)
- » National/Global Markets

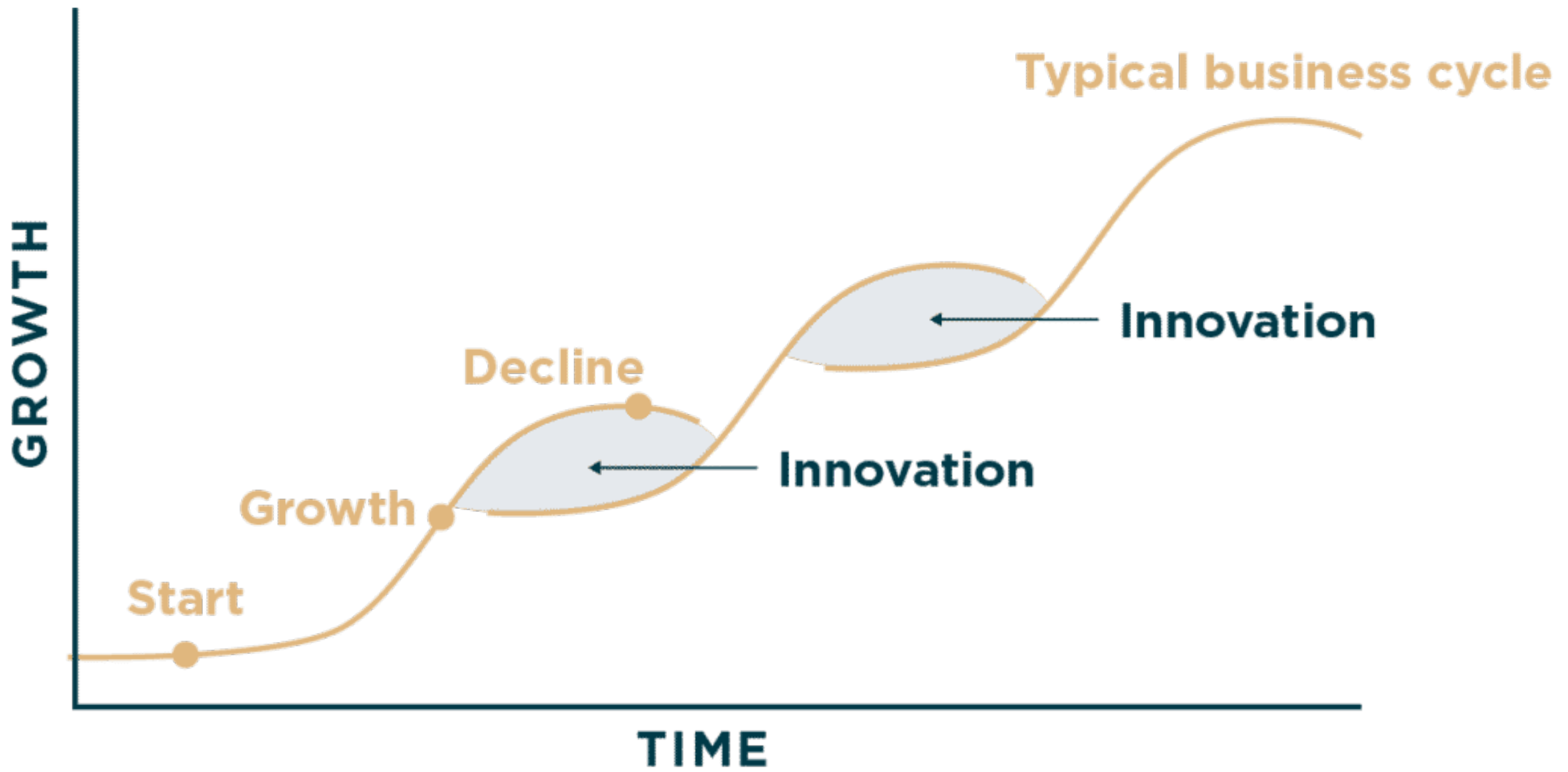


Stage of Enterprise Development

- » New and Beginning
- » Early Stage
- » Growth Stage
- » Mature
- » Succession

Scale + Type of Operation

- » Micro/Hyper local
- » Small
- » Medium
- » Large
- » Commodity
- » Value Added



Market Development Approach

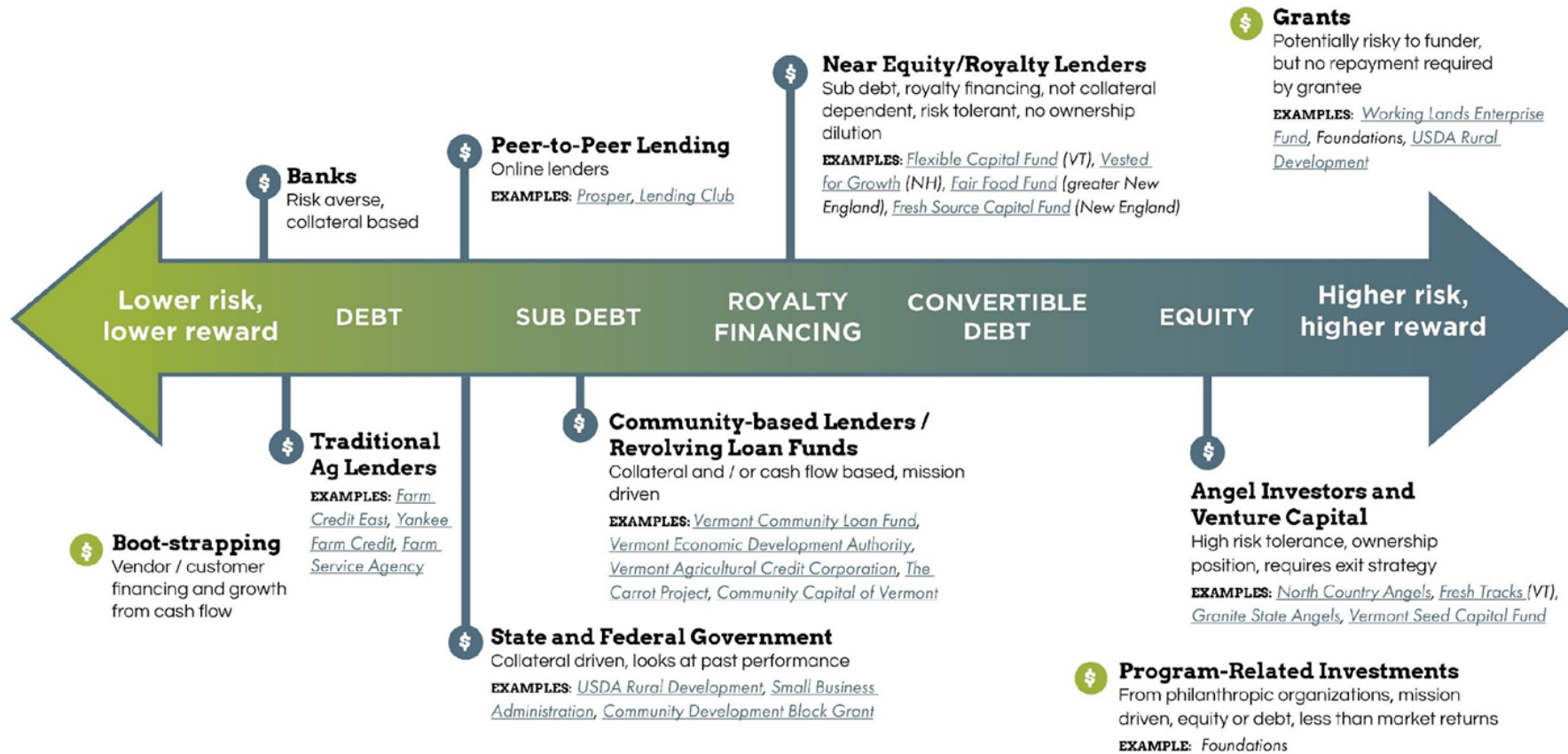
Supply Chain

		INPUTS	PRODUCTION	PROCESSING / MFG	DISTRIBUTION	END USE
Market Development Needs	RESEARCH	1	2	3	4	5
	TECHNOLOGY + INFRASTRUCTURE	6	7	8 FOR EXAMPLE: what are the technology/equipment/infrastructure needs for processing more value-added products?	9	10
	FINANCING	11	12	13	14	15
	TECHNICAL ASSISTANCE	16	17 FOR EXAMPLE: what are the technical assistance needs facing producers? Who can provide relevant assistance?	18	19	20
	NETWORK DEVELOPMENT	21	22	23	24	25
	WORKFORCE DEVELOPMENT	26	27	28	29	30
	SALES + DISTRIBUTION	31	32	33	34	35
	EDUCATION + OUTREACH	36	37	38	39	40
	PUBLIC POLICY	41	42	43	44	45



You can also replace the supply chain labels with the stages of business development to understand the different business needs at the different stages.

Capital Continuum



TOOLS + NETWORKS

Investment Clubs + Networks
Group of individuals who meet regularly to pool money and invest, equity or debt
EXAMPLES: [No Small Potatoes \(ME\)](#), [Vermont Food Investors Network](#)

Crowd Funding Platforms
Allows companies to raise small amount of \$ from many people via online portal or state regulations
EXAMPLES: [Agfunder](#), [Designbook](#), [Barnraiser](#), [Vermont Small Business Offering Exemption](#), [Kiva Zip](#), [Milk Money](#)

Intermediaries + Networks
Connects food entrepreneurs with Main Street investors. Includes state and regional networks like [Slow Money Vermont](#), [Maine](#), and [Boston](#), and [NH/VT Community Loan Fund](#)

Friends, Family, Fools
Higher risk, may never see a return

Credit Enhancements
EXAMPLES: SBA, USDA + state guarantees



Business Assistance Continuum





SBA funded-CNPP Hub-Spoke Model





Needs/Requests for Assistance & Support

Preventure /Start -up: Feasibility, Market Research, Entity formation, Business modeling/planning, Financial projections, **Access Capital** , Where to start (what they need at what point), Which existing resources to use

- **Legal needs:** entity formation, regulatory, land use

Growth: Marketing, Pricing/Cost of goods & labor, Clarify mission/market -niche, Hiring and managing employees, Business trends/customer base, Access to Capital

- **Legal needs:** liability, employment, capital, intellectual property , documents for equity raise

Mature businesses: Improve Operations to build value, Management processes and controls, Strategic planning, Preparedness for external threats, Use variety of financing tools, Diversify revenue streams

- **Legal needs:** contracts, data privacy, landlord/tenant, commercial leases (flood 2023 -2024)

Buying/Selling: Valuation, Financing, Market/Industry Research, Goals, Resources (Managerial & Operational), Explore Exit Pathways, Access to Capital (collateral/assets)

- **Legal needs:** mergers, acquisitions, asset deals, purchases, bankruptcy

VT PoC



Vermont Small Business Environment Assessment for Underrepresented Communities

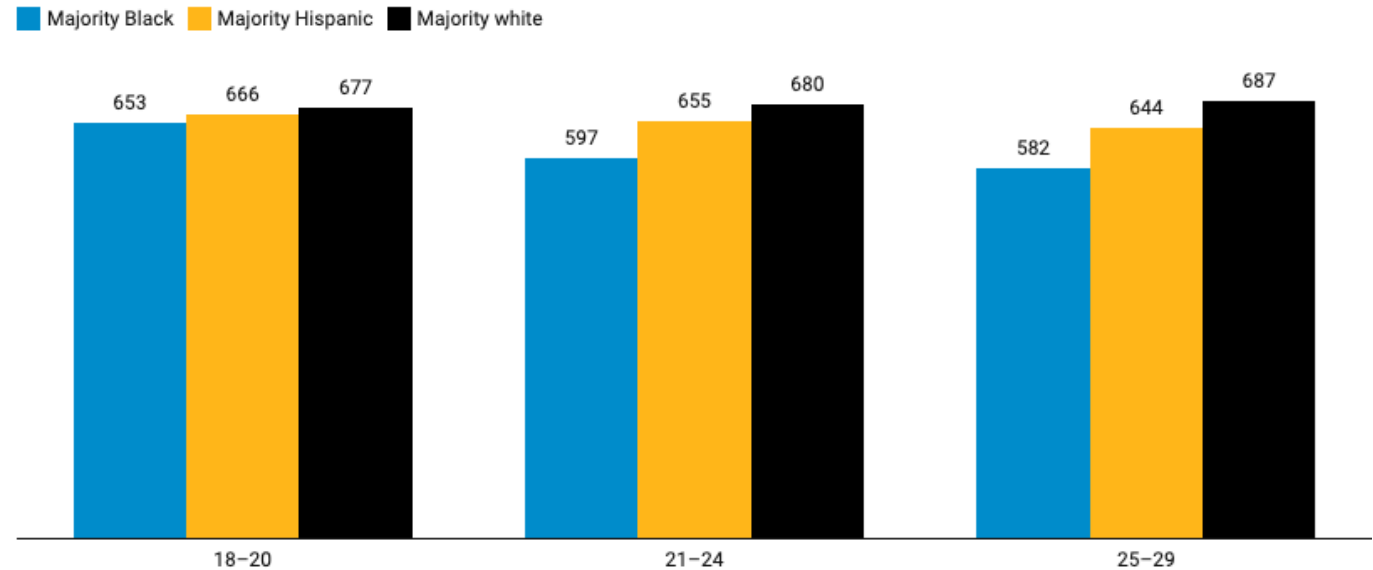
COMMUNITY NAVIGATOR PILOT PROGRAM | SEPTEMBER 2023

SUBMITTED BY



Young Adults in Majority-Black and -Hispanic Communities Have Lower Median Credit Scores Than Young Adults in Majority-White Communities

Median Vantage credit score among young adults by age and racial and ethnic community composition



Notes: These statistics are based on a 4 percent nationally representative panel of deidentified, consumer-level records from a major credit bureau containing data on more than 10 million consumers in February 2022. To determine racial composition of communities, we link credit bureau data to the five-year (2015–19) American Community Survey (ACS) estimates using zip codes of residence. Communities are considered majority Black, Hispanic, or white when more than 60 percent of residents identify as that race or ethnicity according to the ACS. We use the term "Hispanic" to align with the dataset but recognize it's not necessarily inclusive of how all members of this group identify. Credit scores are Vantage scores that range from 300 to 850.

Chart: Urban Institute • Source: Urban Institute tabulations from a major credit bureau, February 2022. • [Download image](#) • Created with [Datawrapper](#)



BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners



6 MODULES

Each Covering Multiple Topics

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow.

Module 1: Financial Literacy

Module 2: Business Operations

Module 3: Business Governance & Leadership

Module 4: Human Resources

Module 5: Marketing

Module 6: Sales



Vermont Sustainable Jobs Fund

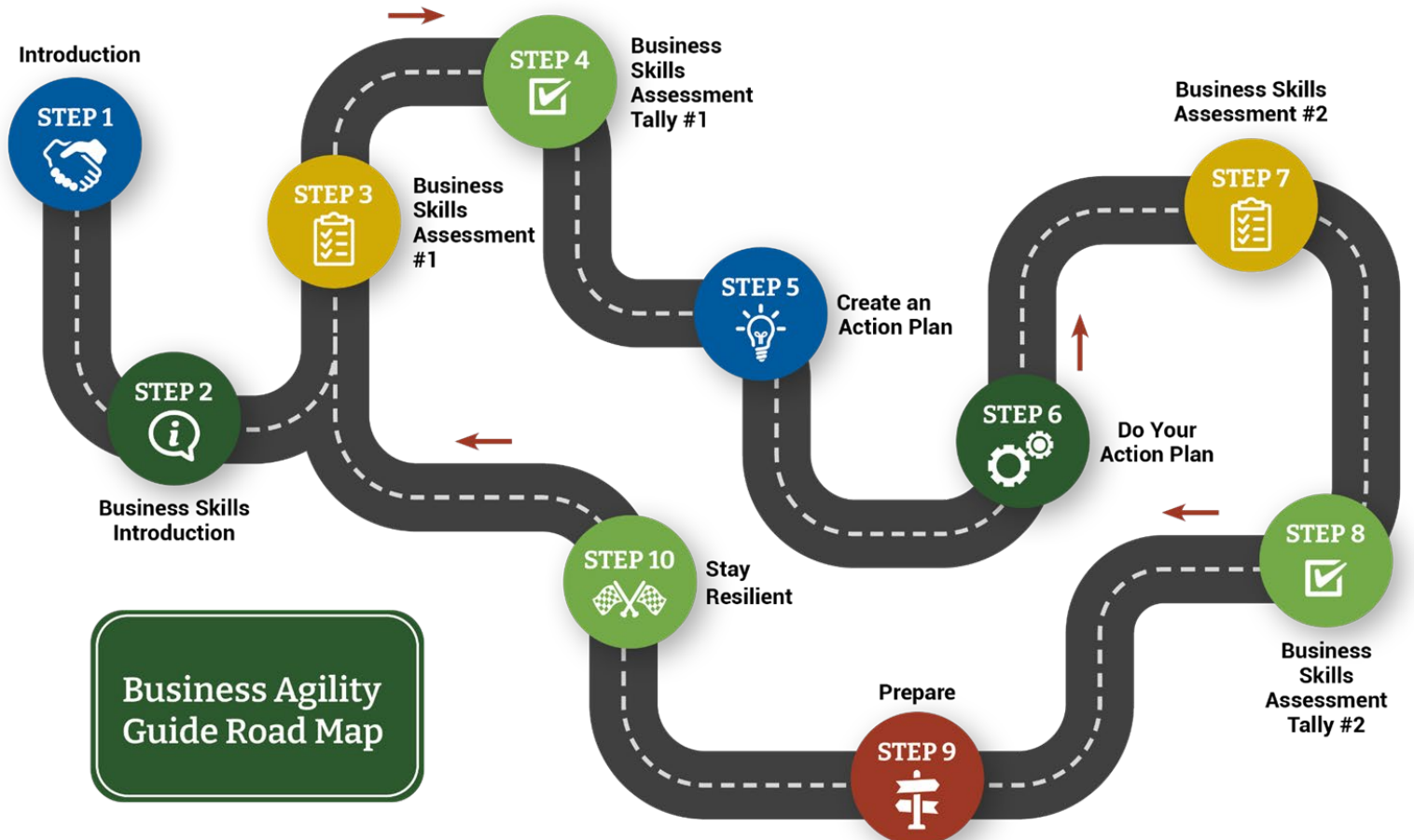
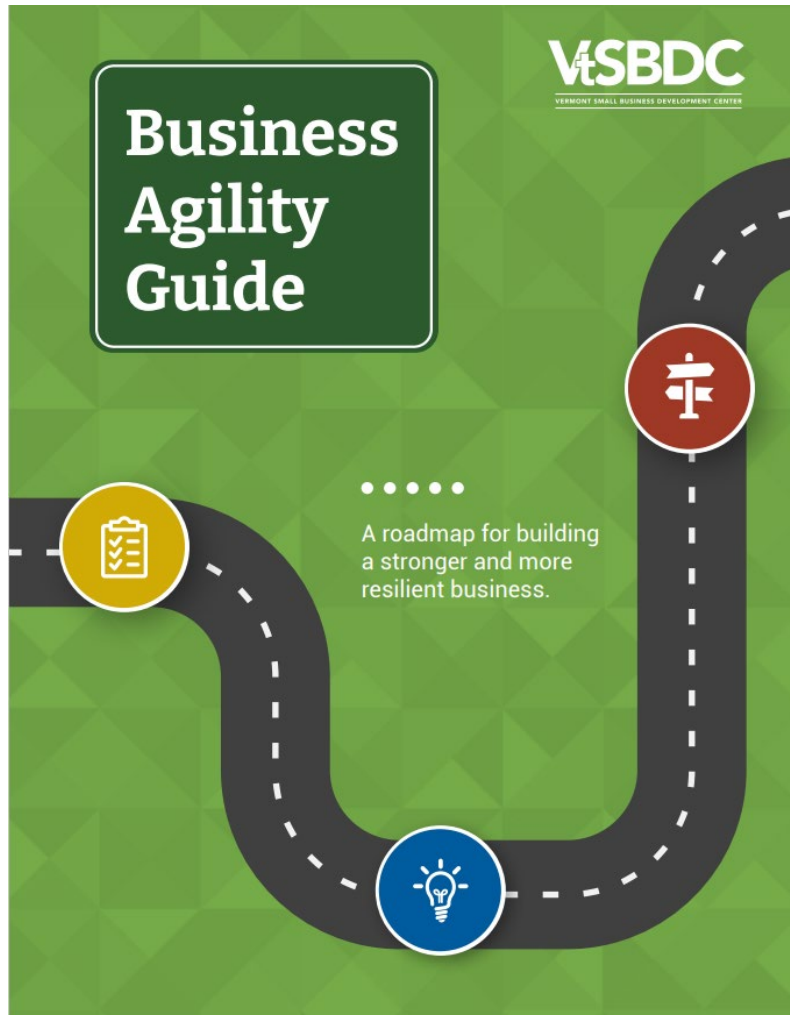
Accelerating Sustainable Economic Development



SCAN THE QR CODE ABOVE TO LEARN MORE

bit.ly/Business-Sense

VtSBDC – a resource to strengthen small businesses



Regional Development Corporation Technical Assistance Program: *navigators and mini-grants for tailored support from consultants*

Note:
program
ended
because
funding
no longer
exists



Looking back at the Restart Vermont Technical Assistance Program (ReVTA)

Trends

- **Solopreneurs** and very small (nano/side hustle/gig biz):
 - High cost of entry causes them to keep another job, start a business on small scale.
Challenged to satisfy customers who want customized services and many ways to pay.
- **Start-ups:**
 - Higher cost of borrowing (interest rates), lack of capital available for startups, longer runway (time) needed, no awareness of compliance measures, mission-focus not compatible with traditional lending perspectives
- **Growth:**
 - Cost of living causing return to 9-5s
- **Buying/Selling:**
 - **Demographic challenges** (VT as the 3rd highest median age state in the U.S.). Many businesses for sale; others planning to sell soon.
 - **Few buyers** with interest/skill to take over. Those who can are **generational** (those of buying age are less financial able to purchase—more debt -college loans; less purchase power)
- **Mature** businesses:
 - Carrying **higher debt** from pandemic
 - Focus on strategic planning and trying to diversify revenue streams, gain ‘control’ and sense of agency back into their business.

Q&A

Clarifying Questions from
Presentations # 1 and #2

My Business Story:

Start Up & Solopreneur + Early & Growth Stages



Mike Ripley

Color The Valley, est. 2024

Startup Stage

0 Employees



Ruth Steinmetz

Steinmetz LLC, est. 2003

Early/Growth Stage

2 employees

My Business Story: Mature and Succession Stages



Abbey Duke
SugarSnap Catering
2003
7 Year-Round
Employees + 50 on-
call as needed



Whitney Aldrich
Axel's Gallery & Frame Shop
Took ownership in 2013
Business started in 1983
Employees - 4

Q/A + discussion about what you heard





Thank you!

