

MicroCredit-NH Boosts North Country Economy

by Tara Bishop
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Coös County, the northernmost of New Hampshire's 10 counties, covers 20 percent of the state but has the lowest population of any New Hampshire county.

Once a booming center of paper mills, Coös has lost most of that industry because of technological advances and the shifting of jobs overseas.¹ Additionally, average hourly wages across all occupations are significantly lower than in neighboring counties, and employment growth is projected to be the lowest among the

Coös County Entrepreneurial Program participant Kristina von Dohrmann, owner of Otokahe Farm in Jefferson, New Hampshire. Photograph: Geoff Forester

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state’s counties through 2014.² This puts Coös County residents at a disadvantage for employment opportunities.

Concerned, New Hampshire’s business, community, and government leaders are taking an interest in creating solutions for the North Country economy, and MicroCredit-NH, a statewide business development program of the nonprofit New Hampshire Community Loan Fund, has launched an initiative targeting self-employment. The Coös County Entrepreneurial Program (CCEP) strengthens microbusinesses and enhances the quality of jobs in the area.³

Self-Employment Solutions

Behind CCEP is MicroCredit-NH, which works to increase the income and economic stability of microbusinesses statewide by providing business education, loans of up to \$15,000 (smaller than most banks offer) and networking opportunities. The program serves both start-up and existing businesses.

In times of economic distress, self-employment is often the answer. When the Groveton Paperboard mill closed in 2006, MicroCredit-NH’s North Country manager, Joyce Presby, partnered with New Hampshire Workforce Assistance to provide self-employment counseling. Seven former mill employees formed a local MicroCredit-NH business group and started their own companies, including a real estate agency, a home-design business, a variety store, and a plumbing service.

The success of that group, coupled with Coös County’s strong self-employment sector, gave MicroCredit-NH confidence that the CCEP would meet a need.⁴

The CCEP is free to 12 different entrepreneurs annually who have been in business for at least six months and are dedicated to growing. The class meets one full day per month. Participants must reside in or have a business in Coös County—or an immediately neighboring New Hampshire community. Applications include outlines of business strengths and challenges, 12 months of financial data, business profiles, cover letters outlining the expected benefits

of participation, and existing business plans, if available. Applicants who are not selected receive opportunities to access other MicroCredit-NH services and are given feedback on how to improve their plans and reapply the next year.⁵

The CCEP has strengthened MicroCredit-NH’s work and has filled a void in direct services available to area microbusiness owners, since most economic development programs assist larger businesses.

Participants and Curriculum

The 2008 CCEP class consisted of MicroCredit-NH members, including a realtor, an author, a bookkeeper, a weaving shop owner, a pet trainer, a quilter, a house painter, a web designer, a used furniture dealer, a seller of New England products, a beef farmer, and a retail farmer. An aggressive public relations and marketing campaign is recruiting a mixture of MicroCredit-NH members and nonmembers for future classes.

Participants must create and implement strategic business plans for growth by program completion. The curriculum includes both role-model entrepreneurs and business professionals to provide busi-

ness and leadership skills; stipends of up to \$3,000 per business; peer support and feedback; and insight on integrating mission and vision into all business operations. Participants also receive access to loans of up to \$15,000 through the general MicroCredit-NH program. Additionally, they may set up income-based *individual development accounts*, or IDAs, which use both federal funds and donated funds from private and charitable organizations to match what individuals save—up to \$2,000.

Teaching Approach

Adult group learning methods and interactive team exercises help CCEP participants improve their business skills. Specific lessons include budgeting, cash flow, financial analysis, developing financial goals, strategic business planning, conducting primary- and secondary-market research, developing marketing strategies and tactical plans, aligning personal values and vision with businesses, understanding and applying SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), and assessing operational and future-staffing needs.

David Hamel, MicroCredit-NH director, says that as the 2008 CCEP progressed, there were significant changes in the participants’ analytical and critical thinking skills, especially with regard to business opportunity assessment and future planning. And he adds, “We saw many participants engage in projects that at the beginning of the program had been out of their comfort zones. These included market research (calling the Boston Public Library for industry data,



Coös County Entrepreneurial Program participants engage in a group learning activity. Photograph: MicroCredit-NH

for instance), customer surveys, repricing, tracking sales sources, and developing more precise budgets.”

Lessons Learned

The 2008 CCEP class enjoyed interactive conversations with Brian Emerson, owner of Emerson’s Outdoor Outfitters in Groveton, New Hampshire; David Eyler, owner of Miller’s Café and Bakery in Littleton; and Kevin Johnson, owner of the Gale River Motel in Franconia. They welcomed these successful local entrepreneurs’ advice about growing to scale, paying attention to financials, and finding effective marketing techniques. Additional speakers are scheduled for the 2009 class.

One lesson learned in 2008 related to helping participants with writing strategic business plans. The class took time off in July and August to focus on the task and to prepare their presentations for the September and October meetings. Subsequent feedback revealed that participants would have preferred to meet during the summer months for peer feedback and assistance on their plans, so the 2009 class will meet throughout the summer. Participants also suggested revisiting various topics once or twice over the duration of the course to deepen their understanding.

Another insight involved the \$3,000 stipends. CCEP applications require an explanation of how the money will be utilized, and the class of 2008 received their stipend halfway through the program. But although they spent it on useful purchases like inventory, marketing collateral, equipment, and trade-show travel, MicroCredit-NH determined that participants would benefit more from receiving money at program completion when their ideas about implementing business plans would be clearer.

Overall, participants have been enthusiastic. Vicki DeLalla, owner of CNW Creations and Weaving Studio LLC in North Stratford, was delighted that she could redesign the layout of her shop, implement a marketing schedule for her customer mailings and newspaper advertisements, and obtain a state tourism road sign. She had not known about the signs until guest speaker Emerson mentioned them. She used a portion of her stipend to pay for her application and her IDA matched savings to purchase the sign itself.

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The first Coös County Entrepreneurial Program class. Photograph: MicroCredit-NH

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Similarly, Kristina von Dohrmann, owner of Otokahe Farm in Jefferson, realized through her participation that she could add two new revenue streams by selling her cattle stock for breeding and by adding a beef jerky product. Another participant, Cindy Grassi, who owns the Kwiltin’ Nook in Colebrook, learned how she could expand her business regionally. The marketing research she completed introduced her to Maine and Rhode Island markets for her quilted products. She also discovered she could sell quilting kits for extra revenue.

The 2008 CCEP class intends to continue meeting. “It has been great to watch these business owners grow,” says Joyce Presby. “They have developed a strong bond, and their ideas and thought processes have matured. They are recognizing possibilities they never dreamt of before.”

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Endnotes

¹ The first major mill closing occurred in 2001 when American Tissue shut down in Berlin and Gorham. Although 600 of the 850 lost jobs were restored when Fraser Papers bought the mill in 2002, the trend continued. In 2006, the Groveton Paperboard mill closed, along with Fraser Paper’s Burgess mill in Berlin, removing 358 jobs from Coös County. In Groveton, 303 jobs were lost with the closing of the Wausau Paper mill. The closings decreased demand for logging and

related work. Each Wausau job lost resulted in the loss of 0.977 jobs in related New Hampshire industries. See *County Perspectives: The Groveton Mill Closures* (December 2007), <http://www.nh.gov/nhes/elmi/pdfzip/specialpub/CoosCounty3.pdf>.

² See *New Hampshire Occupational Employment & Wages 2008*, <http://www.nh.gov/nhes/elmi/200702oesHTML/Countries/TOC000.htm>. For 2004 to 2014 Coös County projections, see *In Brief Employment Projections by Industry and Occupation*, <http://www.nh.gov/nhes/elmi/pdfzip/econstat/projections/InBrief/inbrief0414-Coos.pdf>.

³ Microbusinesses, by definition, have no more than five full-time employees. Most banks don’t lend the small amounts that microbusinesses seek. MicroCredit-NH lends in amounts from \$250 to \$15,000. Some banks offer loans as low as \$2,500, but applicants must have very good credit. MicroCredit-NH doesn’t require credit checks or collateral for loans under \$5,000 and instead works to help clients build credit. See <http://www.microcredithn.org>.

⁴ Currently, more than 3,177 Coös County businesses (88 percent) are microbusinesses. They provide 21 percent of employment. See <http://www.microenterpriseworks.org>.

⁵ The Neil and Louise Tillotson Fund, a New Hampshire Charitable Foundation advised donor fund, funded CCEP for three years. The first group of microbusiness owners finished the course in October 2008; the second began in January 2009. New funding will be sought to continue the program after the three years.

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