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Crossroads Institute celebrates 100th business

By April Wright/Staff

The Small Business Development Center at Crossroads Institute has helped gain funding for 100 new and expanding businesses in Galax and the Twin Counties — topping all of Virginia's SBDC offices.

While a remarkable achievement on its own, despite the downturn in the economy, 96 of these businesses — all started within the past three years — remain open. Some are even expanding.

The SBDC completed 134 business plans and more than \$31 million dollars in funding has been generated by the SBDC's business plans for entrepreneurial businesses. These same business owners now employ 436 in Carroll and Grayson counties and the City of Galax.

Just in the first month of 2009, four businesses were funded and 13 jobs were created. Since the SBDC began, 40 percent of the businesses have expanded, Dr. Dallas Garrett, director of the SBDC, told *The Gazette*.

"That tells you something about our effectiveness," said Garrett. "The last 10 years, this area has learned how to handle the issues that the rest of the world is now facing."

Local economic development officials said there are prospects for another 100 jobs as these firms grow. And this does not include potential jobs from about 60 business plans now in development.

A ribbon cutting was held on Monday to celebrate the milestone 100th business, McCraw Insurance Agency LLC, which moved this month from an office at the Crossroads Institute to its new office on East Stuart Drive at Cranberry Road in Galax.

Tony McCraw, owner of the agency, credits the economic development officials for his growth since starting his independent insurance agency in January 2007. Monday's ribbon cutting was emotional for McCraw as he thanked those who made the move possible.

"If you told me 20 years ago that I was going to own my own business, I wouldn't have thought that it would have been possible," he said. McCraw said the development agencies have been a true blessing to him.

McCraw said the SBDC and others at the Crossroads Institute offered assistance, providing information on accounting, tax preparation and free classes on marketing. They also helped him write a business plan and three-year financial outlook that aided him in getting funding.

Prior to 2007, McCraw worked 18 years in customer service and as a dispatcher for a local oil company, as well as selling insurance part time.

"In early 2006, I decided I wanted to be my own boss, so I took a leap of faith," he said. "I'm still a one-man operation, but I'm looking to expand and hire at least one and hopefully two employees."

McCraw spent slightly more than two years building

his business in the Southwest Regional Enterprise Center incubator, a facility at Crossroads Institute that provides new enterprises reduced-cost office space and services. Crossroads also houses other regional economic development agencies and a Wytheville Community College branch.

"The timing of Tony's move to commercial office space is consistent with what we expect of successful, young businesses," said Dr. Oliver McBride, executive director of the Crossroads Institute and SREC. "Tony's move also opens space for another new business."

The Twin Counties' economic development effort seeks to revitalize a region that has lost thousands of textile- and furniture-manufacturing jobs in the past decade and whose unemployment rate, while not the state's highest, exceeds the average.

But the SBDC in Galax topped all of Virginia's 29 Small Business Development Centers in gaining funding to create and expand businesses.

In fact, state data shows the Crossroads office played a role last year in acquiring more than \$21 million — about \$6.8 million more than the next office. That \$21 million is 30 percent of all funding the state's 29 centers attracted.

Recognizing the region's overall achievements, the federal Appalachian Regional Commission and the University of Northern Alabama in November awarded the program in November 2004 the \$10,000 Jerry W. Davis Award for Entrepreneurial Excellence. Competition came from the 13-state Appalachian region.

"A lot of things have happened since 2004," McBride told local officials at the ribbon cutting. "The regions have come together.

"The future of every community lies in capturing the energy, imagination and passion of its people," he quoted from Ernesto Sirolli, an economic development specialist.

The 100 businesses Crossroads officials have helped fund range from restaurants to agriculture to recycling to small manufacturing, some with annual sales exceeding \$1 million. Most have fewer than 10 employees, but some more than 20, said Garrett.

"We will help anyone in the area with whatever they need," he said. Particularly important in today's tight credit market is assisting aspiring entrepreneurs prepare business plans vital in convincing investors and area banks that these enterprises have both an attractive product or service and a receptive market. The funding is about 95 percent commercial.

"We recommend the development of service businesses that will meet the needs of local citizens. Service businesses tend to be more stable and cannot easily be moved to another state or country," said Garrett, who

has more than 40 years of economic development experience in higher education and industry.

While the region's success doesn't offset the thousands of manufacturing job losses, the decade-long battle to spur the economy has given the area, with its 52,000 residents, experience valuable in tough times.

"Our local government and education leaders started revitalization programs well before the current recession hit," McBride said. "What this area went through in the early years, much of the rest of the nation is facing now.

"We've had time to learn from experience and refine what we do. In addition, we have the right people who complement each other well," said McBride.

Garrett, who has been through similar recessions multiple times, told *The Gazette* that this time, it has been a challenge for just about all businesses. But small business development seems to be the safer economic approach for this area.

Despite a downward spiral in the economy, small businesses have been able to readjust through the assistance of the SBDC and people have had the opportunity to enhance marketing strategies and have turned to the SBDC for assistance.

"It's going to be a challenge, but we will come out of it. People have a tremendous opportunity right now," he said.

For example, he said construction workers who would like to find jobs or go out on their own can now purchase homes cheaply, fix them up and sell them.

"Now homes are a fourth of the original price in Florida," he said, as he pulled up an online site, showing the drop in prices in homes. "This is a perfect time to buy things at auctions to get low prices. You might not give five times your money, but you'll at least get double."

At the SBDC, no ideas are turned down, he emphasized. "When anyone comes to us with an idea, we don't judge them. Even if they have a bad credit score, we don't back down."

Garrett expects 200 more small businesses to open within the next couple of years, providing at least 500 more jobs that will be here to stay for a while.

Galax Mayor C.M. Mitchell said that the economic development agencies and the region are helping to bring back the "entrepreneurial spirit" that the city and counties were founded on.

He also noted that the Wired Road high-speed Internet project will be another economic advantage for the area that will level the area's playing field with other communities.

"We're helping people feel like that can come back up and do their own business," said Mitchell.