Center for an Urban Future

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SMALL BUSINESS SUCCESS

A Blueprint for Turning More of New York City's Small Businesses Into Medium-Sized and Large Businesses

Center for an Urban Future

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The Center for an Urban Future is a NYC-based policy institute dedicated to highlighting the critical opportunities and challenges facing New York and other cities, and providing fresh ideas and workable solutions to policymakers. The Center's primary focus is on growing and diversifying the local economy, expanding economic opportunity and targeting problems facing low-income and working-class neighborhoods. The Center does this through publishing fact-based research reports that are accessible to a wide audience and holding high-profile policy forums. For more information or to sign up for our monthly e-mail bulletin, visit www.nycfuture.org.

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SMALL BUSINESS SUCCESS

Small businesses arguably have never been more important to New York City's economy. Just over 90 percent of the businesses in the New York metropolitan area have fewer than 20 employees, a higher percentage than all but one of the 363 metro regions in the United States. Small firms contribute to the city's unique identity, and have helped revitalize neighborhoods from the South Bronx to Sheepshead Bay. They also have been sparking employment growth at a time when many large employers have been treading water or cutting jobs. Indeed, an analysis we conducted for this report shows that businesses with 0 to 4 employees had a net gain of 31,421 jobs between 2000 and 2013 while businesses with more than 500 employees had a net loss of 5,022 jobs.

Our analysis shows that companies with fewer than 50 employees accounted for 97.7 percent of the growth in businesses citywide between 2000 and 2013. Much of this is the result of a spectacular spike in entrepreneurial ventures, ranging from digital startups and artisanal food manufacturers to new retail and services firms, like restaurants, wine stores and healthcare clinics. Indeed, nearly twice as many new businesses were incorporated in the city in 2011 than in 1991.

The problem, however, is that too few of the city's small businesses are growing into medium-sized and large businesses.

Over the last 13 years, the bulk of the growth in new businesses in New York has been in firms with fewer than five employees. In 2013, 66.7 percent of the city's private sector businesses had fewer than five employees, up from 65.2 percent in 2008 and 63.9 percent in 2000. While these micro-businesses now make up roughly two-thirds of the city's companies, they accounted for 82.1 percent of the growth in new businesses between 2000 and 2013.

While a number of tech startups have experienced meteoric growth, the vast majority of small businesses in the city never expand in a meaningful way. It's not hard to fathom why most small businesses in the city stay small—if they survive at all. New York is one of the most expensive places to do business, and competition is fierce.

Yet, turning more of the city's very small businesses into even modestly larger businesses is one of New York's greatest opportunities for economic and employment growth in the next several years. If just one-third of the city's 165,000 microbusinesses added one new employee, it would mean 55,000 additional jobs citywide.

This report details how New York could get there.

New York City has no shortage of amazing small businesses. But interviews with a number of small business experts underscores what our data suggests: relatively few of the city's restaurants or retail businesses ever open a second location; most vendors never give up their pushcart in favor of becoming a store owner; and many manufacturers don't expand into markets outside of New York.

The good news is that, as this report details, numerous small businesses across the five boroughs have managed to expand. Their individual successes provide some clear lessons for what the de Blasio administration could do in the months and years ahead to support the expansion of more of the city's small businesses.

This report, the latest in a series of Center for an Urban Future studies focusing on the importance of small businesses and entrepreneurs to New York's economy, takes a comprehensive look at how the de Blasio administration can ensure that more of New York's small businesses grow into larger businesses. Rather than focusing on the hurdles facing the city's small businesses—as the Center and others have done in the past—this report takes a new approach and examines what has worked for small businesses that have successfully expanded in the five boroughs.

The centerpiece of our report is a series of 21 profiles of New York City-based small businesses that have managed to grow in recent years. They include: **Bareburger**, an organic burger chain that grew from a single restaurant in Astoria into a mini-empire with 17 stores and 600 employees; **Nate's Pharmacy**, which has proven that independent pharmacies can expand even in an environment where national chain stores are exploding; **Arepa Lady**, a longtime street vendor in Jackson Heights that opened her first storefront business this year; **Urban Martial Arts**, a martial arts school that increased revenues by 30 percent after expanding into the vacant storefront next door; **IDL Communications & Electric**, a Staten Island-based contractor that has grown from one employee and $24,000 in annual sales to 29 employees and $10 million in sales; and **Xi'an Famous Foods**, a Chinese restaurant that expanded

82.1%

of NYC business growth between 2000 and 2013 occurred in firms with fewer than five employees

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If just one-third of the city's 165,000 businesses with fewer than 5 employees added one new employee, it would mean 55,000 additional jobs citywide.

beyond its Flushing base to 7 locations across the city.

Based on interviews with the company's founders or current executives, each profile details the most important factors, decisions and supports—in essence, the secret sauce—that led to the firm's successful expansion.

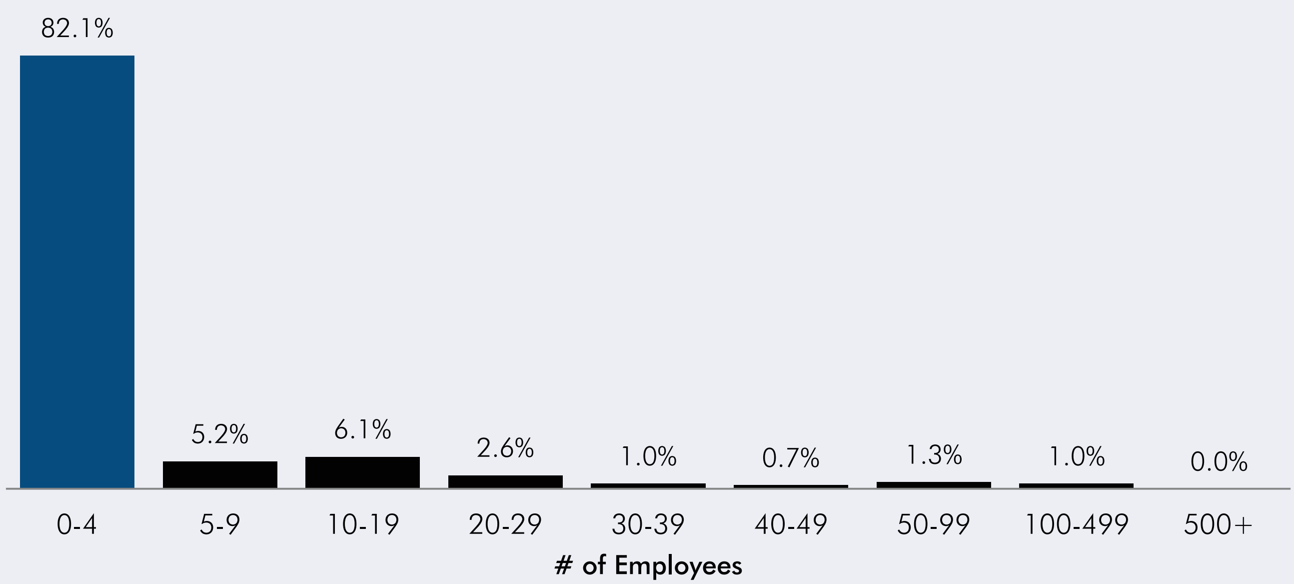
The report, which was funded by Citi Community Development, also features our Small Business Success Blueprint, a roadmap with more than a dozen achievable recommendations for scaling up the city's small businesses. The ideas in our blueprint are drawn from what we learned in our small business profiles, as well as input from roughly two dozen additional small business assistance providers, microfinance experts, economic development officials and others we interviewed over the past six months.

There is much to take away from our interviews with small business owners. While it's clear that there's no magic formula to help small businesses grow, many of the same things came up again and again when we asked business owners to help us pinpoint the steps they took that were most important to their firm's growth.

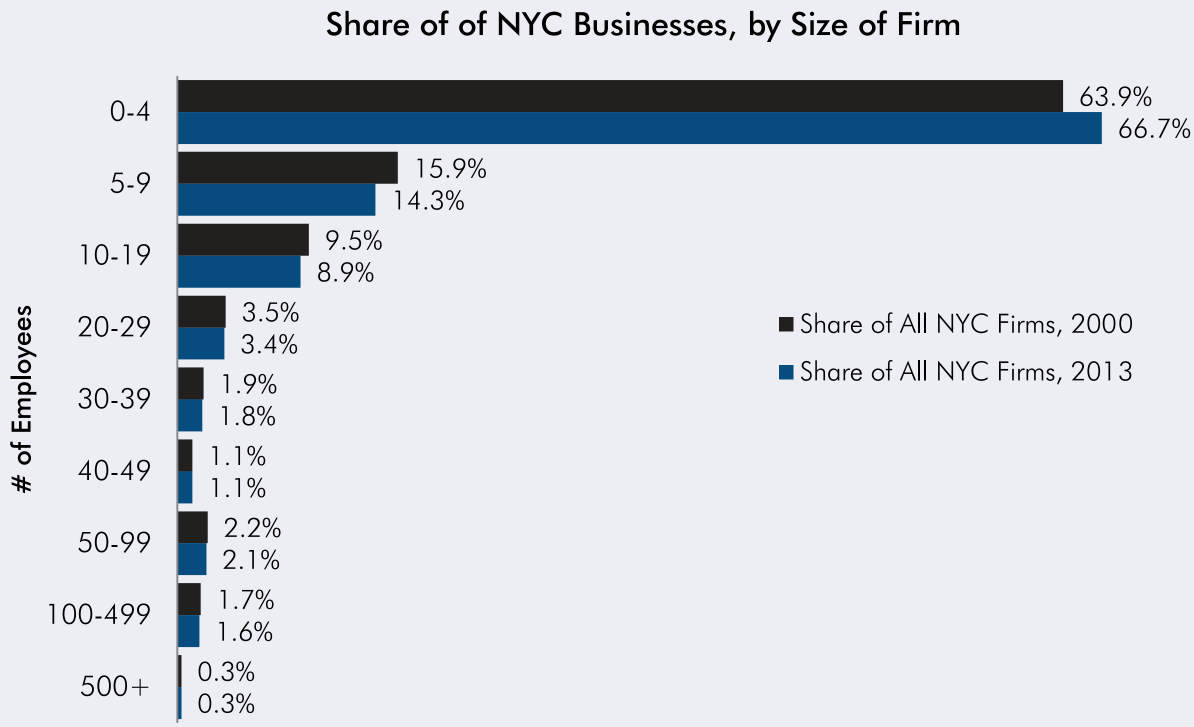
For several of the companies profiled in this report, landing a big corporate client or a government contract proved to be a critical springboard to new opportunities and a new level of revenues. A number of firms trace their growth to specific strategies to reach new markets outside their comfort zone. For others, it was their decision to invest in new technology and modernize their operations that gave them a lift. Some say that seeking out mentors was pivotal to their expansion, while many credit their willingness to plan for growth from the very beginning.

One of the key takeaways from our research is that technical assistance and peer-to-peer advice often provide a significant boost. Many of the successful small business owners we interviewed had access to specific business advice that they were able to leverage at key times in their maturation cycle. Most described this not as formalized training or business assistance education, but as access to peers who had succeeded before them, or an expert who provided perspective on a spe-

NYC had a net gain of 38,151 businesses between 2000 and 2013. Firms with fewer than 5 employees accounted for 82.1% of the new businesses.



Source: Center for an Urban Future analysis of data from the New York State Department of Labor.



Source: Center for an Urban Future analysis of data from the New York State Department of Labor.

cific challenge or opportunity—like preparing for a loan, navigating a permitting process, making their first managerial hire or weighing the pros and cons of investing in the automation of a key function. While general business education was appreciated, it was the specific information, obtained at exactly the moment it was relevant, that was particularly meaningful.

All of the business owners we spoke with have moved beyond fetishizing their product to confidently embracing the business itself—what many experts refer to as working on the business instead of wholly in the business. These entrepreneurs understand how much their product or service costs to produce at different scales and how to price their product competitively against their peers. And they understand their market well enough to know who their peers are—and who they aren't.

Some hit their success by paying close attention to the trends in their sector, finding a niche to differentiate themselves, and steering their business in the direction of growing opportunities before most of their competition did. In some cases, it meant jumping into a related, but different line of business altogether when they saw a new market emerge or an old one fade.

The owners of the firms we've profiled understand what their inherent strengths are and leverage them. They also understand their weaknesses and how to compensate for them. Indeed, many of the business owners we interviewed say that hiring the right staff and partnering with the right people was instrumental to their success. Too many business owners launch their firms without being able to afford to hire the right complementary skills sets. Most then never adapt to think about how to hire when they're finally in a position to grow. Successful and growing business owners aren't necessarily great at everything, but they're great at recognizing what they need,then planning for and getting it.

Along those lines, the most successful firms we spoke with indicated that they envisioned growth almost from the moment they started their businesses. This was critical because the vision led to the development of a plan, which provided the entrepreneurs with a framework for making

Xi'an Famous Foods

broadened its appeal by making its menu easier to navigate for non-Asians

Active World Solutions

rebounded from a difficult stretch, and ultimately grew, after diversifying into a related line of business

the thousands of decisions small business owners have to make while they're starting up and scaling.

Not surprisingly, many of the takeaways from our profiles point to specific decisions that businesses owners must make and strategies that they must implement on their own. But it's also clear that there is an important role for small business assistance programs, both those run by government and by intermediaries. Indeed, three of the companies featured in this report—Active World, Leading Niche and International Asbestos—took advantage of Strategic Steps for Growth, a highly effective program run by the city's Department of Small Business Services. Other business owners we interviewed credited SBS's Division of Business Acceleration and FastTrac, a partnership between SBS and SUNY's Levin Institute, while one company got a boost after winning a grant from the Business Innovation Challenge, a program run by the NYC Economic Development Corporation (NYC EDC).

New York City certainly has no shortage of small business assistance programs. SBS oversees a network of seven NYC Small Business Solutions Centers, with at least one in every borough. SBS programs like NYC Small Business Express and the Division of Business Acceleration help companies navigate the process of applying for permits and licenses and understand rules and regulations. Earlier this year, SBS launched the Immigrant Business Initiative, a partnership with Citi Community Development that works with community based organizations to help immigrant-owned businesses start and expand. Meanwhile, NYC EDC has expanded its focus on small businesses in recent years, including its pioneering Competition Thrive, which provides grants to organizations that help immigrant-run businesses.

The city is also home to eight Small Business Development Centers, which are funded by the United States Small Business Administration (SBA) and located at colleges and universities across the five boroughs—from Lehman College in the Bronx to York College in Queens. Meanwhile, the city boasts an array of small business intermediaries, from chambers of commerce and local development corporations to microfinance organizations like the Business Center for New Americans, Accion, Business Outreach Center, Project Enterprise and TruFund.

While many of these programs provide valuable services to small businesses, a disproportionate share of them are geared toward entrepreneurs starting new businesses. "If you divided technical assistance providers into pre-startup and post-startup, there is far more at startup," says Paul Quintero, CEO of the microfinance lender Accion East. "But the biggest bang for the buck is from existing businesses. They hire more people and pay more in taxes as opposed to the dreamers, where one in 100 might make it."

While it undoubtedly makes sense to have programs that support new enterprises, especially at a time when a growing number of New Yorkers

> "You can't grow if you don't go out of your comfort zone."
>
> \- Euripides Pelekanos, founder of Bareburger

Brooklyn Cured

For Brooklyn Cured, participating in a weekly food market was a springboard to growth

Wei Wei & Co.

Winning a $25,000 government contract propelled Wei Wei & Co. to a new level of growth

Growth in the Number of NYC Businesses, 2000 to 2013, by Size of Firm

Firm Size	Number of Firms, 2000	Number of Firms, 2013	Change 2000 to 2013	% Change 2000 to 2013
0-4 Employees	133,579	164,883	31,304	23.4%
5-9 Employees	33,267	35,266	1,999	6.0%
10-19 Employees	19,793	22,121	2,328	11.8%
20-29 Employees	7,364	8,351	987	13.4%
30-39 Employees	3,991	4,369	378	9.5%
40-49 Employees	2,373	2,652	279	11.8%
50-99 Employees	4,627	5,122	495	10.7%
100-499 Employees	3,458	3,847	389	11.2%
500+ Employees	655	647	-8	-1.2%
All Employees	209,107	247,258	38,151	18.2%

Source: Center for an Urban Future analysis of data from the New York State Department of Labor.

ENVISIONING GROWTH FROM THE BEGINNING

We were struck by how many of the successful businesses we profiled described how they had envisioned growth almost from the very beginning. For instance, Liren Wei has been pursuing a single goal: to be the largest Asian-owned CPA firm in the United States. Bernie Glezerman and his partner envisioned not one or two pharmacies, but a regional chain of 50. Colette Burnett didn't launch a chicken wings joint, but "created a brand" that could be replicated and franchised. Jerry and George Filippidis joined their parents' printing business not with a sense of carrying on business as usual, but with a vision of how to move into a much more profitable niche in their evolving industry.

While this may seem like another obvious lesson, the vast majority of small businesses, even if they might dream of growing, never actualize it. So what is different in the cases of the businesses we've profiled? Because they envision their growth, they can articulate what it looks like, develop a plan for it, and then proceed with discipline to execute the plan. The mantra among service providers working with start-up businesses is "What's your business plan?" The corollary to that for growing businesses is, "What's your growth plan?" Fundamentally, they should be the same document. And the sooner in a company's lifespan that its owner can envision and plan for growth, the more likely it will be to successfully execute it. Why? Because certain choices made early on can have long-lasting implications—good and bad.

It pays for founders to organize their endeavor—whatever it is—around clear goals that help them to evaluate opportunities and decisions on a daily basis in light of the question: is this going to help my business grow in a sustainable way? "The daily doing in a small business can overwhelm any entrepreneur," says the business consultant and coach Ed Abel. "That's why it pays to have a plan and to stick to it."

In the context of expanding business counseling into more communities, and to focus those services more squarely on established, but struggling businesses, it will be imperative for technical assistance providers to focus like a laser beam on helping these companies to articulate a pathway for growth, developing a sensible plan for achieving it, and then creating tools to measure their progress and ensure accountability.

are turning to entrepreneurship, this report concludes that the de Blasio administration should refocus its toolkit of small business programs to include more initiatives that help existing businesses to grow. At the same time, it should scale up some of the programs it already has geared toward existing firms, such as SBS's Strategic Steps for Growth.

The blueprint on pages 10 to 20 of this report offers more than 20 specific recommendations for what the de Blasio administration—as well as borough-wide economic development organizations, small business assistance groups and micro-enterprise organizations—could do to help more of the city's small businesses grow to the next level. Our ideas include sending counselors to more of the city's existing small businesses (rather than expecting small business owners to come to a handful of locations where technical assistance is provided), sponsoring opportunities for peer-to-peer learning, developing programs that help more small firms break into the corporate supply chain, expanding efforts to get small businesses to adopt technology, launching new programs to help immigrant-run firms reach customers outside of their own ethnic communities and expanding open-air markets, food festivals and other supports for food entrepreneurs.

Adopting these and other recommendations could help ensure that more of the city's great small businesses grow into medium-sized and large businesses, and spark a new wave of economic growth.

SMALL BUSINESS SUCCESS BLUEPRINT

New York City has experienced an explosion of new enterprises in recent years. The challenge now is to help ensure that more of these very small businesses to grow into medium and large businesses. The following recommendations could help the city do just that.

1. Develop New Initiatives to Help Existing Small Businesses Grow

- Create a unit where counselors visit small businesses where they are
- Recruit successful business owners to serve as mentors
- Sponsor opportunities for peer-to-peer learning
- Leverage the expertise of neighborhood-based technical assistance providers
- Create a business growth innovation fund and hold a competition seeking new ideas for helping small firms grow

2. Help More Small Businesses Break into the Corporate Supply Chain

- Encourage more corporations, especially those that provide a market for NYC's growing sectors to commit to supplier diversity programs
- Make meaningful matches, not promises
- Bridging the culture gap & aligning expectations

3. Help More Small Businesses Target Governments Contracts as a Springboard to Growth

- Consider a preference for small businesses, generally
- Counsel small businesses about government contracting opportunities as soon as possible
- Encourage more debriefs for failing bids

4. Help Small Businesses Incorporate Technology into their Business Operations

- Develop neighborhood-based technology audits
- Establish a neighborhood-based technology corps

5. Help Small Firms Change with the Times and Move Outside Their Comfort Zones

- Launch new programs to help immigrant-run firms reach customers outside of their own ethnic communities
- Establish new tools to help small businesses adapt and grow when their neighborhoods gentrify

6. Expand Open-Air Markets, Food Festivals and Other Supports for Food Entrepreneurs

- Encourage more periodic markets
- Matchmaking for space, technical assistance
- Scholarships for food festivals
- Develop the food sector workforce
- Provide training for food entrepreneurs

7. Help Small Businesses Find A Niche

- Help aspiring entrepreneurs and early stage businesses differentiate themselves
- Support retail needs studies by BIDs and merchants associations

8. Develop Business Owners' Financial Savvy

- Help more small businesses with tax preparation
- Develop a local version of the MBA Without Borders program
- Address the small business financing gap

1. Develop New Initiatives to Help Existing Small Businesses Grow

New York City boasts a number of great small business assistance programs, including some initiatives run out of city agencies, like the Department of Small Business Services (SBS) and the Economic Development Corporation (NYCEDC), and others managed by nonprofit small business assistance providers. But the bulk of these programs are focused on entrepreneurs starting new businesses.

Our key recommendation is that the de Blasio administration should refocus its toolkit of small business programs to include more initiatives that help existing businesses to grow. At the same time, it should scale up some of the programs it already has geared toward existing firms. Specifically, the de Blasio administration should support SBS's efforts to scale up the agency's highly effective Strategic Steps for Growth.

In establishing new initiatives and broadening current programs, city officials should heed two of the most important takeaways from the interviews we conducted for this report: 1) business owners attempting to take their company to the next level benefit greatly when they get the right advice at the right time; 2) peer-to-peer advice can be especially effective.

Some specific ideas include:

Create a unit where counselors visit small businesses where they are

The Bloomberg administration smartly created Business Solutions Centers in a handful of places across the five boroughs, enabling aspiring entrepreneurs and business owners to seek help from small business counselors without having to trek to the lower Manhattan headquarters of the Department of Small Business Services. But while most of the counselors at the current network of city-funded Business Solutions Centers—and those at the federally-funded Small Business Development Centers—do a great job, they primarily focus on business owners who come to them. The vast majority of small businesses owners are too busy running their firm's daily operations to leave their own neighborhoods, especially during business hours. Meanwhile, countless small business owners either aren't aware of that these centers exist, or in the case of many immigrant-owned firms, are too intimidated to visit a program run by the government.

It's now time to further decentralize small business services. SBS should create a new unit with a roving band of business counselors who regularly visit neighborhoods and actively reach out to businesses there to query them about their challenges and proactively offer suggestions on resources. This mobile business assistance unit might spend several days twice a year operating out of each of the city's 69 business improvement districts (BIDs), which typically represent hundreds of area businesses but lack the capacity to have technical assistance providers on staff. Along with merchants associations and other neighborhood-based business entities, BIDs would be well-placed to provide a temporary home for the city's new team of roving business counselors.

Recruit successful business owners to serve as mentors

City agencies won't be able to reach all 200,000 small businesses by themselves. One way the de Blasio administration might multiply the impact is to leverage the clout of SBS and EDC to tap highly successful business owners around the five boroughs to serve as the mentors of small business owners. SBS and EDC might even consider a special group of successful business owners that could be called upon to mentor local small business owners that are at a point in which they are looking to expand and could benefit from timely advice from peers who have already taken businesses to the next level. "When you're in the moment, that's when you need a coach." says Paul Quintero of Accion East. "Timely peer-to-peer mentoring gets you farther than anything else—interventions in the stages of your business when you need them."

The city already has some mentorship programs, including the Service Corps of Retired Executives (SCORE), a program funded by the United States Small Business Administration's (SBA) in which retired business executives provide advice to small business owners. However, existing programs like SCORE serve only a fraction of the businesses that could benefit from peer-to-peer advice and often are lacking in mentors who are minorities and immigrants.

Earlier this year, Empire State Development—in partnership with the online matching organization MicroMentor—launched Business Mentor NY to help businesses in areas impacted by severe storms over the past few years. SBS has since partnered with ESD to integrate Business Mentor NY into SBS services such as NYC Business Solutions Centers, Industrial Business Service Providers and the NYC Small Business Technology Coalition. While the program has promise and should be watched closely, these relationships work best when there is also a personal chemistry between mentors and mentees, so facilitating opportunities where multiple candidates can get to know each other are essential.

Sponsor opportunities for peer-to-peer learning

City agencies—perhaps in partnership with BIDs—should consider sponsoring a series of borough-based or neighborhood-based workshops focused on business growth that feature Q&A's with local business owners that have succeeded in growing their companies. Such a series would allow for small business owners to learn from their peers.

Leverage the expertise of neighborhood-based technical assistance providers

Neighborhood-based small business assistance organizations, including microfinance groups, are fundamental to delivering services to small businesses—especially those owned by immigrants and minorities, many of whom are less comfortable seeking advice at government offices. In recent years, city economic development agencies stepped back from partnering with these entities, opting instead of focus on delivering services via its network of Business Solutions Centers. The new administration may be heading in the right direction; it's recently announced Immigrant Business Initiative includes important partnerships with community organizations. However, much more could be done to harness the expertise of these on-the-ground experts. If it wants to effectively increase services to existing small businesses with growth potential, the city would be wise to re-engage with the most well-regarded community-based organizations. City agencies, as well as philanthropic funders, should also help ensure that more of the city's neighborhood-based small business assistance organizations develop the capacity to go beyond assisting aspiring entrepreneurs and help a greater number of established businesses.

Create a Business Growth Innovation Fund and hold a competition seeking new ideas for helping small firms grow

As a way of injecting new approaches to helping small businesses grow, the de Blasio administration should partner with philanthropic or corporate funders to establish a new fund that would support five innovative programs—one in each borough—specifically focused on helping more local businesses expand. The competition would be open to proposals from nonprofit small business providers, businesses and entrepreneurs.

2. Help More Small Businesses Break into the Corporate Supply Chain

A number of our profiles demonstrate how winning a large corporate customer—Whole Foods, Dean & DeLuca, the New York Yankees—can serve as a critical catalyst for growth. For many, it was their first really big corporate order that gave them the cash infusion they needed to make more significant investments in their business infrastructure. But breaking into the corporate supply chain isn't easy, and it isn't without its risks. As the Center for an Urban Future detailed in our 2010 Breaking into the Corporate Supply Chain report, connecting small businesses to large corporate customers often requires a reorientation by both parties. And the risks to small businesses need to be understood and mitigated.

Vigdis Eriksen, owner of Eriksen Translations in Brooklyn, has been working with global corporate clients for more than 20 years. "They can be a reputation enhancer to your firm," she says. But the sales cycle can be long with corporate clients. And relying too heavily on any one large client, which is hard not to do as a small business, can put firms at risk if their large customer decides to award a contract to someone else, or to negotiate hard on the price they've been paying to suppliers. So diversity is important from the small business standpoint.

At the same time, corporations are becoming more aware of the benefits of diversifying their supply chains, which holds some promise for these firms. But in an increasingly global, cost-conscious economy, these lessons have been slow to be learned by corporation. And once internalized, learning how to interact effectively with small businesses—and vice versa—can take time.

The NYC Department of Small Business Services has been working with both corporations and small businesses to help smooth those rough spots and create more opportunities. More can be done—especially in the growing food production sector.

Encourage more corporations, especially those that provide a market for NYC's growing sectors, to commit to supplier diversity programs

Corporate supplier diversity programs have given many strong small businesses an opportunity that they wouldn't have had otherwise. Two important components of supplier diversity programs account for their success: Easier access for certified firms to be able to pitch their products or services to corporate buyers, and, in many corporations, management indicators that track spending rates with diverse suppliers. When companies measure their progress in diversifying their suppliers, they are more likely to create systems of internal and executive accountability that reinforce those efforts. "Our rigor in tracking, measuring and reporting is driven by mandates," one corporate supply chain executive shared. To date, though, sourcing and supply chain professionals have been tasked with thinking about supplier diversity in terms of businesses owned by minorities, women and disabled individuals. In these cases, a broader definition of supplier diversity should be considered—one that evaluates a business's size in addition to its ownership. Given limited resources, economic development officials should identify key purchasers of products in the city's highest growth small business sectors, like food.

Make meaningful matches, not promises

Many corporations, as well as non-profit organizations and government agencies assisting small businesses, sponsor expositions or matchmaking events that bring small businesses and corporations together for potential sales opportunities. For small, would-be suppliers who might struggle to understand who to contact at a large corporation, much less develop a direct relationship, these expos can be very useful. Corporations that don't currently offer these events should consider doing so, while most other big companies could expand on their current efforts.

But our research shows that some of these matchmaking events tend to be more effective than others. The largest of them take place in convention halls, and may include hundreds if not thousands of participants. This can be too big for meaningful relationships to develop. Smaller events that are planned or, in a sense, curated to meet the needs of both customers and vendors appear to be a more useful approach.

The New York chapter of the Institute for Supply Management has one promising approach. Rather than host large-scale events, the chapter queries its members—large corporate purchasers—in advance for their specific needs. Vendors that other ISM members have had successful interactions with, and that fall into the appropriate categories are then invited to attend. This improves the chances that there will be a match. It also helps ensure that the time spent by vendors and their would-be corporate customers is worthwhile for making sales connections.

It might be difficult for government agencies to fill a similar role; there are real conflicts for public-sector entities in making decisions that could effectively decide winners and losers. But it's a role that non-profit small business development organizations, or trade groups, could more fully embrace. Indeed, many have already done so with respect to traditional supplier diversity. Adding small businesses to their repertoire is an obvious next step.

Bridging the culture gap & aligning expectations

Many corporations think a lot of small businesses aren't fully aware of corporate expectations, in particular corporate pricing paradigms and the lengthier sale cycles between when a product or service is pitched and when a deal is inked. This lack of awareness is often the first indication, in the eyes of a major corporation, that a small supplier may not be ready for prime time. When city-run or city-sponsored business counselors are working with firms, they should immediately be assessing the firm's products or services for potential corporate customers, and begin to quickly orient business owners to the preparation they should be taking to tap this potentially rich market.

3. Help More Small Businesses Target Government Contracts as a Springboard to Growth

Like corporate contracts, government contracts can be an important source of big, steady work for businesses. Opening up more opportunities for small businesses to tap into government contracts is important step government can take.

Consider a preference for small businesses, generally

Early indications are that the de Blasio administration expects to beef up its requirements for providing contracting opportunities for minority- and women-owned firms, much as the state has in recent years. That's very encouraging. But we think New York City policymakers should also examine opportunities to give preference to all smaller firms that are locally based. The administration would need to deal with some legal obstacles, and proper parameters would need to be established to ensure that contracting decisions remain cost-effective for taxpayer-funded initiatives. But keeping more city government dollars local—and investing them in small firms which are the engines of job growth—could have a revolutionizing impact on small businesses.

Counsel small businesses about government contracting opportunities as soon as possible

Similar to our recommendation for corporate supply chains, when city-run or city-sponsored business counselors are working with firms, they should immediately be assessing the firm's products or services for potential corporate customers, and begin to quickly orient business owners to the preparation they should be taking to tap this potentially rich market. Small businesses should immediately begin the certification process for any of the preference programs offered by city government as the lead-time can be long.

Encourage more debriefs for failing bids

As we saw in our profile of the accountancy Wei Wei Inc., the debriefs he and his firm received, after his initial failing proposals to city agencies, were essential in helping him to hone future proposal—including many winning ones. Government agencies should alert all proposers—but especially small businesses—of the opportunity to review failing proposals with the soliciting agency, and discuss the potential importance for doing so. While an additional cost for agencies in the short run, having a stable of proposers who intimately understand the needs of the agency should help them receive more competitive proposals in the future.

4. Help Small Businesses Incorporate Technology into their Business Operations

All of the businesses we profiled in this report have embraced technology in one way or another—whether it's actively selling pharmaceutical and surgical supplies through an e-commerce site, engaging clientele on social media, tracking strategic financial information in Quickbooks, or ensuring that they have state-of-the art printing presses capable of handling some of the largest jobs around.

As the Center for an Urban Future detailed in our 2012 Smarter Small Businesses report, technology is no longer optional for small businesses. It must be an essential an element of every business' plan for growth. Without it, entrepreneurs are missing opportunities to put themselves on even footing with their competition—including larger corporations and chains that have used technology to deftly drive cost and inefficiencies out of their systems.

But for each of the success stories in our profiles, thousands more businesses in New York City are woefully behind the technological curve. Beyond the most elemental technological tools—perhaps a smartphone—tens of thousands more don't have a web presence and, as a result, are absent from the 21st Century version of the Yellow Pages; don't organize their financial information in a way that allows them to truly understand their businesses' trajectories and make strategic decisions; or have saved up for and made investments in the type of equipment that will differentiate their products from their competition.

The city has made some progress in this area. Following the publication of the Center's Smarter Small Business report, SBS created a Small Business Digital Toolkit to help small businesses use digital technologies and social media to grow their businesses. SBS, Citi Community Development and five local nonprofit community organizations also joined together to form the New York City Small Business Technology Coalition, which has been working to expand technology use among underserved entrepreneurs and small business owners. According to SBS, the tech coalition offered 141 courses to over 1,200 entrepreneurs while its NYC Business Solutions Centers delivered tech courses such as How to Build a Mobile Website, QuickBooks, Social Media Fundamentals to more than 1,000 businesses.

Nevertheless, more progress is needed. To create successful, growing businesses, the city's economic development agencies and nonprofit business intermediaries should help small businesses to not simply create business plans that lay out their financial projections, operating strategy and marketing approach, but how they will use technology to amplify what they can do in each of those arenas.

Develop neighborhood-based technology audits

As business assistance services become more focused on existing firms and brought into the communities, block by block, shop by shop, help business owners conduct audits of their technological positioning. They should help business owners to understand the cost-savings associated with adopting different tools. The analyses would help to demonstrate the value and savings over time for owners, clarifying when an investment will pay for itself, and demystifying the adoption process. The interactions should result in a clear plan for what investments should be prioritized—including, if necessary, training for the business owners.

Establish a neighborhood-based technology corps

To help businesses in the neighborhoods most in need begin to implement their plans, the city should consider deploying a corps of technologically literate recent college grads could farm out across these neighborhoods and spend 9 to 12 months in communities, helping businesses to conduct audits, prioritize need and then begin implementation.

5. Help Small Firms Change with the Times and Move Outside Their Comfort Zones

Several of the business owners we interviewed noted that their success was closely tied to stepping out of their comfort zones to reach new customers. In some cases, changing industry trends prompted the companies to enter into a new or complementary line of business. For instance, Al Vasquez of Active World Solutions had to make a significant shift in his business model because his primary source of revenue was in jeopardy due to global economic trends. In other instances, owners anticipated disruptions in their industries and tried to stay a step ahead. Karen Grado and Eliot Fread both did this by networking within their fields and joining industry groups. Others, like Jason Wang of Xi'an Famous Foods, simply realized that the company's growth would be severely limited if it didn't make changes enabling it appeal to new patrons outside of the restaurant's mostly Asian customer base.

Helping more business owners to understand the importance of strategically making the time to get out of the everyday demands of their business is an essential role of business coaches and counselors. It may feel impossible to an owner in the midst of growth who is desperately trying win and conduct business, and pay vendors and invoice clients, and take care of her or his family, to make time to speak to new immigrant groups, or to attend industry group meetings. But the payoff in getting to the next level is clear. "Growing their networks outside of their immediate communities is key for successfully growing," Jennifer DaSilva of Start Small Think Big, says. "It's the same reason people go to business school--the networks. The people who go from Stage 1 to Stage 2 are the ones who can reach outside their circles."

Unfortunately, many small businesses don't make these adjustments. Too many immigrant-run firms never try to reach markets beyond their own ethnic community. Too few businesses in declining sectors fail to diversify into new areas. And many of the longstanding businesses in gentrifying neighborhoods fail to adjust to changing demographics. Jose Francisco Avila, who works with businesses in the Garifuna community of the South Bronx, saw this first hand a few years ago. "Three restaurants closed in about six months. It was a challenge for them," he says of the Afro-Caribbean group. "They tend to focus on business on a cultural basis instead of diversifying." It's critical that small businesses stay ahead of all of these in order to remain relevant and profitable.

Launch new programs to help immigrant-run firms reach customers outside of their own ethnic communities

Immigrants start a disproportionate share of the new businesses across the five boroughs, but a significant number of immigrant-run firms end up going out of business, and many of the ones that do survive never reach significant scale. Given the sheer number of new firms launched by immigrants, the de Blasio administration would be wise to focus on helping more of these firms grow to the next level. As Xi'an Famous Foods has demonstrated, when an immigrant-owned firm makes a deliberate attempt to go out of its comfort zone and reach new markets, the results can be impressive. The city should partner with organizations in immigrant communities to launch a new program—or expand successful efforts like the Immigrant Business Initiative, which was launched by SBS earlier this year in partnership with Citi Community Development—that provides immigrant entrepreneurs with counseling on how they can broaden their appeal beyond their own communities. Similarly, this could be among of the responsibilities of a new unit of mobile business counselors (suggested above).

Establish new tools to help small businesses adapt and grow when their neighborhoods gentrify

Too often, longstanding businesses struggle to adjust when their neighborhoods gentrify or the ethnic make-up changes. Many firms end up going out of business because they fail to make even minor changes that could actually help them benefit—not suffer—from the demographic changes. SBS should consider a new toolkit to help businesses in gentrifying neighborhoods adapt and grow. This might include sending counselors to gentrifying commercial strips where there is a high risk of businesses shutting down. The advisors could work with business owners to development a strategic plan, which might include changing up the mix of goods sold to meet the needs of newer residents or altering their marketing strategy—something that worked for Super Wings founder Colette Burnett.

EDC and SBS should also connect business owners with design students or pro-bono designers that could help the small independent retailers, restaurants, bakeries, manufacturers by redesigning their logos, awnings, menus, interiors and websites. Partnerships like this would not only put the participating businesses and non-profits in a more competitive position but it would provide the students with valuable private sector experience. City agencies that support small businesses in New York should help the city's design schools make these connections. The city might partner with corporations or philanthropic foundations to help subsidize the cost of new awnings and redesigned interiors.

6. Expand Open-Air Markets, Food Festivals and Other Supports for Food Entrepreneurs

Open-air markets are enormously popular these days. But it is not just market-goers who are benefiting. For food entrepreneurs, these weekly markets are a low-cost, low-stakes way of market-testing their products directly with savvy customers. For a couple hundred dollars to pay for transportation and their spot on a weekend day, vendors get low-cost, first-hand market research, and can make a few bucks in the process.

"Research and development is one of the core roles that the markets play," says Eric Demby, impresario of the ever famous and growing Brooklyn Flea and Smorgasburg markets. "The vendors all say they really just want to do the market and see if this works. They want to see people's faces when they taste their products." Some vendors, Demby says, are off to the races from Day 1, "like indie bands right before they sign with a major label." Others vendors, in response to consumer reactions, change their products altogether until they get it right. Some food purists may cringe when they hear that, but it means the purveyors understand that they need to have a market to succeed. "The ones that really make it are the ones who understand the business side of it," Demby says.

Some vendors seek out specialty markets, like Amsterdam Market in Lower Manhattan (before it shut down this summer), that attract smaller crowds who are more focused on suppliers and purveyors. "The most critical thing is that it immediately launched us into legitimacy," says Scott Bridi, founder of the fledgling charcuterie company Brooklyn Cured. "Being around all these other high quality vendors in a market that is very well received by people in the food world got us our first few wholesale inquiries which were critical."

And Shamus Jones, who almost can't keep ahead of the demand for Brooklyn Brine pickles these days, traces much of his success back to the annual Lower East Side Pickle Festival which helped get him enough recognition to make it into the Fancy Food Show.

If every food entrepreneur had to get good enough to break into Whole Foods straight away, there would be a lot less excitement in the food scene in New York City. Instead, markets offer a low barrier to entry that spurs experimentation, innovation and opportunities to launch and grow businesses.

Karen Karp, a food business consultant and entrepreneur in her own right is particularly bullish on the sector's prospects for growth, but doesn't see city economic development agencies thinking of it similarly. "Food is so important and growing in importance in every demographic in New York, from food access in low-income neighborhoods to the fanciest specialty cured meats," she says. "Everyone knows that the entry-level positions are available to folks with low skill levels and limited English. But where are the investments in and support for to develop that workforce?"

The city should consider the following steps:

Encourage more periodic markets, especially in lower income neighborhoods where immigrant and non-immigrant food entrepreneurs alike could sell their wares

These would attract food-obsessed New Yorkers off the beaten track—where they're already likely to go—and provide greater opportunities for incidental spending.

Matchmaking for space, technical assistance

Many of these entrepreneurs will need assistance connecting with licensed kitchens in which they can safely prepare their goods prior to market day. The city could work with local institutions that have commercial-grade kitchens to provide this access, and facilitate jumping over some of the licensing and regulatory hurdles with the state and the FDA.

Scholarships for food festivals

Many established food businesses that are looking to make it to the next level would benefit from gaining access to high-end food festivals, like the Fancy Food Show. The City could replicate some of the competition craze among tech entrepreneurs by holding a food competition, with winners receiving both technical assistance and subsidized access to these food shows.

Develop the food sector workforce

The food service sector offers a significant number of entry-level positions for folks who are trained and ready to work in kitchens and food production plants. The City should take a serious look at the opportunities that exist here, especially in working with clusters of food producers in places like Acumen Capital Partners reboot of the Pfizer plant in Williamsburg, or Hana Kitchens in Sunset Park or the Entrepreneurs Space in LIC. Opportunities for mentorship and technical assistance abound there.

Provide training for food entrepreneurs

Work with a local university to create a certificate program that trains food entrepreneurs in the business- and technical sides of food production, including their unique regulatory environment, and the science on safe food handling.

7. Help Small Businesses Find a Niche

Many of the businesses we've interviewed are successful because they found a niche, sufficiently differentiated their product or service from their peers, and moved aggressively to fill that niche and leverage the advantage over their competition. This may seem like a straightforward business truism, but we found that it's not as obvious as it sounds.

Many business owners start out by emulating something they see that has been successful, perhaps adding their own spin to it. This is especially true among immigrant entrepreneurs. "There's an old saying that what industry you go into depends on who picks you up at the airport," says Joyce Moy, executive director of CUNY's Asian American/Asian Research Institute. "A recent immigrant might think, 'A nail salon makes money, my friend owns one, so I'm going to start one also.' But then all you can do is compete on price, and it's a race to the bottom." Small businesses competing on price alone will never be able to capture enough business—profitably—to grow.

Instead, companies we interviewed, like Super Wings, took a familiar concept—fast food fried chicken—and turned it on its head. Owner Colette Burnett eschewed becoming another KFC knockoff by focusing on wings—and not on traditional Buffalo wings, or even Chinese fast-food style chicken wings, but on the flavors of the Islands with a series of Caribbean-inspired sauces. Interestingly, she found that of the initial two neighborhoods she is in, the one in the less-densely Caribbean and Caribbean-American population did better to start; the flavors were more of a novelty there. Burnett had processes in place in her business to understand who her customers were (and weren't) in each location, and to shift her approach to find the best marketing channels to reach them. (Hint: less social media, more flyering and ads on buses and in dollar-vans.)

Another example is Bareburger, the organic burger joints with roots in Astoria. Its founder, Euripides Pelekanos, realized as they were enjoying success at their initial location that if they wanted to expand they had to do it quickly, or someone else would corner their market. Expand or be eaten. Copycats who have resources will move in quickly.

Help aspiring entrepreneurs and early stage businesses differentiate themselves

Nascent businesses and would-be entrepreneurs need to become more aware of the critical importance of setting themselves apart from their competition. That speaks to ensuring technical assistance providers are coaching them to carefully research the market they're choosing to understand its potential customer base, and to pick an angle that is sufficiently different from their competition. For established businesses, it may mean coaching them to observe changes in their existing markets and think creatively about how to tweak their offerings to stay ahead of the game, and marketing that aggressively to their customers or would-be customers.

Support retail needs studies by BIDs and merchants associations

WHEDco, which runs the Southern Boulevard Merchants Association in the Bronx, used data from a recent retail needs study funded by the NYC Department of Small Business Services to help an entrepreneur, who planned to start a liquor store in a space they owned on the boulevard, see that the neighborhood was already sufficiently served by bars and spirits shops. Instead, leveraging information from the study along with a consumer needs assessment, WHEDco helped the entrepreneur realize that the neighborhood was underserved by furniture shops. The entrepreneur—who was more interested in opening and running a business than he was married to a particular type of shop—switched gears and has been steadily growing, expanding in his space and expanding from retail sales to also include delivery and installation services. "The same information helps us to counsel existing retailers so that they have a better sense of what to offer in their shops," says Kerry McLean, director of community development for WHEDco.

These studies use fairly standard market data that more established businesses consult routinely. But for neighborhoods with struggling retail strips, the City is well-positioned to make modest investments to help local retailers make much more highly informed decisions on the whole. Larisa Ortiz, whose firm Larisa Ortiz Associates conducted the study for WHEDco, estimates that similar studies can be done for as little as $10,000 in other neighborhoods.

8. Develop Business Owners' Financial Savvy

If businesses want to really grow, their owners have to develop a comfort with and ability to access capital—either loans or investments. That requires having a good strategic view of your business's finances and its trajectory for growth over the longer term to make sure you can take advantage of capital without giving away too much equity or overwhelming your cash flow with loan repayments. Many business owners struggle with these issues. "Many pay a bookkeeper and that's their sense of financial management," says Catherine Barnett, CEO of Project Enterprise. "There's a basic lack of financial education that hampers businesses in their efforts to access capital."

All of the successful businesses we spoke with had developed a keen financial awareness—both about their businesses' finances and about how to access and deploy capital in their businesses. Because they have learned how to use tools like appropriate financial statements, and often enabled by software that helps them track their finances, they are able to understand their current position, and compare it to their projections. They understand the difference between earning revenues and earning profit—revenues in excess of expenses—because it's profit that enables them to drive the investments that lead to growth.

And because these owners are working from well-articulated plans for their growth, they always know what investments they are looking to make in their businesses—whether it be a new piece of equipment that will increase their production capacity, or a new managerial hire that will free up the owner to focus more on planning for future growth.

Help more small businesses with tax preparation

Assistance with tax preparation is almost non-existent. "We're the only nonprofit that does tax prep for small businesses," says Samira Rajan, who runs the Brooklyn Cooperative Federal Credit Union. All of the businesses we profiled were way beyond this point in their maturity, but tax issues can be a huge hang-up for an otherwise good business idea. Helping more businesses to navigate their tax issues—beginning with the basics, such as the most appropriate form of corporate entity to become—can make or break struggling small businesses. It's also an easy way to catch and provide more financial counseling to firms.

Develop a local version of the MBA Without Borders program

This innovative program places newly minted MBAs into emerging companies globally to gain practical start-up and business growth experience while applying their classroom knowledge to a going concern and educating its owner. City and state policy makers could purue a version of this locally, in partnership with local business schools. Versions of this for hip industries like the local tech sector might be easier to envision. But the city might fund a mission-driven version that focuses on neighborhood businesses along shopping streets in the boroughs outside of Manhattan, in business enclaves like the Navy Yard or Sunset Park, and with small business incubators like Hot Bread Kitchen, the Entrepreneurs' Space and several of EDC's incubation initiatives in low-income communities

Address the small business financing gap

There is a clear need to address the financing gap that exists between the microloan stage (under $50,000) and traditional bank loans (over $1 million). "We see firms that are growing, that need capital," says Jodine Gordon of Valley EDC. "They're bigger than what microlenders can do, yet they're not yet able to get bank capital." Organizations like VEDC are popping up in New York City more and more recently, and they have plenty of capital to lend to this gangly group. "The challenge we have is in finding those businesses to tell them about it." Valley and similar organizations have some funding for marketing and outreach, but it's limited. Mostly they rely on intermediaries—business assistance groups like Small Business Development Centers and Business Solutions Centers—to make introductions. But those services require businesses to seek out and find the intermediaries in the first place. And this is precisely when these businesses are so enmeshed in their day-to-day growth that they find it hard to take the time to understand the constellation of services that are available, including the range of capital they can access. More funding for a community based approach to linking growth-stage firms with alternative capital would allow Valley and its peers to lend more of their capital pools, and propel more small businesses into job generators.

SMALL BUSINESS PROFILES

BAREBURGER

Year Founded:	2009
Location:	Astoria, Queens
# of Employees:	600
Store Growth:	17 stores in 5 years
Location Growth:	Astoria, Queens → the NY metro area, OH, and California
Key Strategy:	Reinvested in his business and took a risk by expanding
Top Tip:	"You can't grow if you don't go out of your comfort zone"

For much of the past decade, it seemed that the only restaurants expanding rapidly across the five boroughs were chains founded in other parts of the country, from Chipotle to Five Guys. In recent years, however, Euripides Pelekanos has shown that New York City restaurants can follow a similar pattern of rapid growth.

Pelekanos is the founder of Bareburger, an organic burger joint that in five years has grown from a single out-of-the-way storefront in Astoria to a mini-empire with 17 locations in the New York metropolitan area, one in Columbus, OH, and one on the way in Santa Monica, CA. It now has $52 million in annual sales and employs over 600 people.

Bronx-native Pelekanos didn't expect Bareburger to be a runaway success when he opened the first restaurant in June 2009. The modest-sized restaurant—it had just 45 seats—opened at a time when the city was still feeling the effects of the financial crisis, in a storefront that had been empty for months and on a street that was a bit off the beaten path in Astoria. Yet, when 80 people were lined up outside the restaurant moments before its grand opening, Pelekanos knew Bareburger struck a chord with customers.

Like a number of other businesses profiled in this report, Bareburger owes much of its initial success to its unique product. While New York has no shortage of burger joints, Bareburger offered something different: organic and all-natural burgers. But not every small business that strikes a chord with customers by offering a niche product ends up expanding the way Bareburger has. Most don't. Pelekanos took his company to the next level in large part because he and his partners committed early on to a growth strategy and invested profits back in the business.

"We knew we had a small window to make our mark in this city and be one of the premier restaurant franchises in the Tri-State area," says Pelekanos. "There was a niche for us, and we filled it. But we knew from right away that this idea would be copied. I've seen it happen at least a dozen times, where copycats have opened up. That always motivated us. If we're not the first one out to market, someone is going to beat us to the punch. So we said 'Let's be the first guys out there. So when people think organic burgers in New York, Bareburger is the first thing that comes to mind."

Determined to build on the success of their Astoria location, Pelekanos and his partners quickly set the gears in motion for a second store in Manhattan. "To test our concept, we felt that we had to go into Manhattan," says Pelekanos, who opened the second Bareburger in Greenwich Village in September 2010. "We still didn't have a lot of money, but we took a little of the profits from the Astoria restaurant, we borrowed a little from friends and family, maxed out a credit card and before you know it we were able to open our second outpost. After we proved this concept could be successful, it made it easier for us to expand elsewhere in Manhattan and Brooklyn and other Queens locations.

Though he might do some things a little differently if he had a chance to start over, he has no regrets about reinvesting in his business and taking a risk on expanding his business. "You can't grow if you don't go out of your comfort zone," says Pelekanos. "You can't be afraid to fail and fall down. You can't be afraid to partner up with people. Sometimes it doesn't work out. But if you don't get out of your comfort zone, you'll be stuck in the same gear for 30 years."

ACTIVE WORLD SOLUTIONS

Year Founded:	2009
Location:	East New York, Brooklyn
# of Employees:	7
Revenue Growth:	From $250,000 to $1.6 million
Key Strategy:	Diversified business into related line
Top Tip:	"You adapt to the situation and see if it benefits you"

As the global economy slipped into recession five years ago, Al Vasquez watched his successful 10-year-old manufacturing business slip away too. In the space of a year, Vasquez lost two-thirds of his sales—half a million dollars. But Vasquez turned things around and has grown again because he was able to see how he could diversify his business model by shifting into a related line of business.

Active World's business was printing graphics onto large factory runs of off-the-rack clothing for the mass market. Even before the financial collapse, Vasquez found more of his work shifting to competition overseas, closer to Asian garment factories. He began taking on new local clients—not garment wholesalers, but distributors who did smaller runs of promotional items for events—what many people call schwag. (Think t-shirts from fundraising races, give-away key chains with company logos, or coffee mugs from business conferences.) The process at his factory was the same, but the work was more specialized because it had smaller runs that needed to be turned around more quickly. That meant higher margins. But the new work wasn't coming in quickly enough to make up for the losses, and when the financial crisis hit, his business collapsed.

"My accountant sat me down, broke down my different accounts, and helped me figure out where I was making money," Vasquez says. "It became obvious that I wasn't making it any more in manufacturing. That was a turning point for me."

So, at the behest of some of his new clients, in addition to printing promotional materials for his clients, he began distributing them too. Vasquez began developing a new client base of organizations that bought promotional materials—retailers, special events producers, convention centers—and brokering purchases of the items themselves from factories. Even better, he was able to leverage some of his old printing capacity and know-how to add additional value by customizing promotional items for each client with their logo or tagline—whether they were for a trade conference or a basketball tournament.

Many small business owners struggle with the business side of their enterprises. They identify themselves so closely with their primary product or service that they sometimes forget to make sure it's profitable for them. It's not hard to understand why: many small business owners begin by doing something they're good at, invest a tremendous amount of time, money and sweat into developing it into a going concern, and are then often blind to how their larger industry is evolving—or dying.

But Vasquez recovered. "It's an $18 billion a year industry worldwide," he says of the promotional materials market, which he monitors more closely than he did the garment wholesaling sector. He attends industry association conferences and brings his staff along so they can understand trends in the marketplace.

Active Solutions is back up to seven employees. He's gone from about $250,000 in annual revenues at his low point to $1.6 million last year—25 percent over his high point as a contract garment printer. And he's aiming to hit $3.0 million by the end of 2015. In March, he moved into a new facility that will also enable him to enter the retail market with sales direct to consumers.

The whole experience has made Vasquez more aware of what's coming down the pike. In addition to expanding into retail, he's developing Active World's digital presence to increase his opportunity to market to companies and potential clients. "I have found that you adapt to the situation and see if it benefits you," Vasquez says. "You do it, you give it a shot and 35 years later, here you are."

AREPA LADY

Year Founded:	Food cart started in early 1990s; store opened in 2014
Location:	Jackson Heights, Queens
# of Employees:	4
Location Growth:	From cart to brick-and-mortar store
Turning Point:	Contacting the SBS New Business Acceleration Team
Fun Fact:	Dubbed "snacks from heaven" by chowhound.com

While food carts and trucks have become increasingly prominent in New York, shockingly few graduate to a brick and mortar storefront. Even the most successful vendors rarely expand into a full service restaurant, a function of the significant costs required to lease and build out space in New York and the fact that vending operations have extremely thin profit margins and provide little opportunity to build savings. Maria Cano, however, has defied the odds. In June of 2014, the renowned Arepa Lady of Jackson Heights opened a restaurant at 77-02 Roosevelt Avenue.

Once the mayor of her small hometown in northwest Colombia, Cano immigrated to New York in the mid-1980s. To provide for her family, she taught herself how make arepas and sold them out of a food cart at Roosevelt Avenue and 79th Street. Operating without a permit, she worked late hours to avoid inspectors. (Over one particularly harsh winter, three of her carts were confiscated.) In the early 1990s, she was "discovered" by ChowHound.com founder Jim Leff, who described her sizzling corn cakes as "snacks from heaven" in the New York Press. Decades later, as crowds from around the city and the world continued to line up at her stand, the Arepa Lady finally saved enough money to fulfill her dream of opening a store. Her expansion, however, never would have happened without a timely intervention by the New York City Department of Small Business Services (SBS).

From building, health and environmental inspections to the required installation of grease traps and fire suppression systems, opening a restaurant in New York City is a daunting task. To assist with these complex regulations, Cano hired a general contractor. Six months and $40,000 later, the doors remained closed and progress was indiscernible. As she and her family considered abandoning the restaurant altogether, a food tour guide named Jeff Orlick recommended that Cano contact the SBS New Business Acceleration Team (now known as the Division of Business Acceleration) to help expedite and facilitate the process.

Upon reaching out to SBS, a consultation was immediately scheduled at the restaurant with a health inspector and a personal client manager. The NBAT client manager responded to all requests swiftly, providing information on outdoor seating permits and scheduling several "pre-operational inspections" before its recent opening. "When we got connected with NBAT, that helped us a lot," says Alejandro Osorio, Cano's son and one of the new restaurant's executives. "They got everything done a lot quicker, including permits and inspections. If we had known about them from the beginning, we would have opened the store a lot sooner."

By taking advantage of Small Business Services' numerous resources, Arepa Lady has successfully transitioned to brick and mortar. Introducing a storefront allows Arepa Lady to operate year round, rather than the April to October restrictions mandated by her temporary food cart license. Several of the seasonal employees have transitioned to full-time employment and the company anticipates adding more workers by the end of the year.

Opening a store undoubtedly helps extend Arepa Lady's reach beyond the late night crowd. By introducing her "heavenly snacks" to a larger market, expanding the menu and introducing seating, Cano is poised to multiply her revenue, her staff and even her renown.

XI'AN FAMOUS FOODS

Year Founded:	2005
Location:	Flushing, Queens
# of Employees:	60-70
Location Growth:	7 NYC locations (soon to be 10)
Key Strategy:	Menu innovations that made the restaurant accessible to a wider clientele

While there are thousands of successful immigrant-run businesses across the five boroughs, the majority fail to grow into larger businesses. One of the key factors is that too many of these firms are narrowly focused on serving their own ethnic communities. At least one company, however, has shown that it is eminently possible to take a product that works well in a particular immigrant community and be successful serving a broader market.

Xi'an Famous Foods, a restaurant that was founded in Flushing in 2005, broadened its appeal in large part by making its menu easier to navigate for non-Asians. Despite their reputation for great food, many Flushing restaurants have menus that are not in English—the lingua franca for exposing more than just a local clientele to a restaurant's delights. When English is found, it is often in very literal translations that may provoke curiosity, but not necessarily stoke the palate.

Jason Wang of Xi'an Famous Foods recognized this several years ago when, in his early 20s, he joined his father's burgeoning restaurant. He came up with especially descriptive and informative names for their hand-drawn noodle dishes, like "Spicy and Tingly Beef Hand-Ripped Noodles," and "Hot Oil-Seared Biang-Biang Noodles" that immediately let the customer know what they were ordering and how it would taste.

The food is top- rate, but this marketing innovation is one of the things that helped propel the restaurant from a modest stall in the basement of Flushing's Golden Market to a small and growing chain of seven (soon to be ten) locations in New York City with plans to expand to other cities on the East Coast. What Wang grasped immediately, aided by growing up in the U.S. with many non-Asian friends, was the power of making a great product accessible to many more potential customers. He noticed non-Asian foodies flocking to his dad's stall and recognized their potential of reaching beyond both the community of Northern Chinese immigrants and the merely intrepid New York foodies seeking authentic flavors. Wang saw the ability to find a more mainstream clientele. And he realized that the menu was the first place to present that.

"We make authentic dishes, but we made them more accessible by changing what we call some of the dishes," says Wang. "One example is our 'Spicy and Tingly' dish. No one had ever used that name before. The dish uses Szechuan pepper corns and is usually described as mala. If you don't know Chinese, that dish would just be another mystery to you. But in Chinese ma means tingly and la means spicy."

The menu innovation has been key to the company's expansion, as has the decision to open locations outside of traditional Chinatowns. Beyond its two outposts in Flushing and a single location in Chinatown, Xi'an Famous Foods today has restaurants in the East Village, the Upper West Side, and Midtown. "We open up in spots where people work and want to try different foods but don't want to trek to Flushing," says Wang.

Wang has worked with his father to prepare for growth in other ways. To improve efficiency and maintain a consistent product, Wang set up a centralized 5,000 square foot commissary in East Williamsburg to service all of his locations twice a day, replicating a model he learned from Starbucks. While it has been a significant additional expense, Wang saw it as essential to scaling up quickly.

Wang's firm also received assistance from SBS's Division of Business Acceleration and adopted a computerized point-of-sale system that registered the chain's daily receipts, helped them manage inventory and deliveries, and provided key information on clientele to assist with marketing efforts—including its extensive customer engagement strategy on social media.

URBAN MARTIAL ARTS

Year Founded:	2008
Location:	Ditmas Park, Brooklyn
# of Employees:	3
Impact of Expansion:	30% increase in revenue
Turning Point:	Buying the empty storefront next door
Key Strategy:	Reinvested in his business and took a risk by expanding
Top Tip:	"Having good mentors is really important for small business but you need to pick the right mentors"

When the husband and wife entrepreneurs Serge Sognonvi and Carmen Sognonvi opened their Urban Martial Arts academy in March 2008, the Ditmas Park business did well almost from the get go. In just the first six months, they signed up 100 students, a level that some martial arts schools don't reach for several years. But the company has achieved additional growth in recent years, and the owners give much of the credit to their risky but rewarding decision to expand into an empty storefront next door.

In 2012, the medical office next door to Urban Martial Arts went out of business. The sudden vacancy provided the Sognonvis with a golden opportunity to knock down the wall and expand their company. But it was something they hadn't planned for, and a gamble they had to decide on fairly quickly. "It was a big leap of faith," says Carmen Sognonvi. "To be honest, when we expanded we were not really in a financial position to do it. But we knew if we didn't jump on the opportunity, someone else would take that space next door and it'd leased for five to ten years."

Although it was major challenge to finance the expansion, Sognonvi says the risk they took has been well worth it. By more than doubling their footprint—from 1,500 square feet to 3,500 square feet—they were able to create a dedicated classroom for an afterschool martial arts program that they had begun shortly before the space expansion. It also gave them more room to expand their popular fitness kickboxing classes, which were full, and made it easier for them to offer camps for children during week-long breaks in the school year.

"Compared to before the expansion, I would say that our revenues are up probably 30 percent," says Sognonvi. "With more space, we were able to service more people. It gave us more space to play with and opened up opportunities to do extra things. We definitely had to take that leap of faith."

The additional space also enabled the business to service their existing members better and generate more revenue per student. "We have kickboxing members who now put their kids in a summer camp," she says.

In large part because of the expansion, Urban Martial Arts now has 300 members. And they now have three employees, in addition to the founders, up from one when they got started.

While Urban Martial Arts' expansion into larger space was critical to their growth, Sognonvi cautions that businesses shouldn't jump at every chance to take on additional space. Several months before their expansion, they had an opportunity to move into a bigger space in another part of the neighborhood where commercial rents are cheaper. Though they were urged to do so by some of their friends, the Sognonvis ultimately passed on the opportunity because they didn't think the location made sense for them. "Thankfully we didn't do that," says Carmen Sognonvi. "The location was much worse. I think we would have lost half our students."

Another factor in the company's growth was having mentors who hailed from the same industry and a similar urban setting. While the Sognonvis received advice from several entrepreneurs who run martial arts schools around the country, some of the suggestions they received from school owners in suburban and rural settings weren't particularly helpful. On the other hand, the advice they got from a friend who owns a few martial arts schools in the Bronx was especially valuable. "I think that having good mentors is really important for small business, but you need to pick the right mentors," says Sognonvi.

IDL COMMUNICATIONS & ELECTRIC

Year Founded:	2003
Location:	Port Richmond, Staten Island
# of Employees:	29
Revenue Growth:	$24,000 to $10 million
Key Strategy:	Diversified service line
Top Tip:	Step out of the day-to-day work and focus on strategy

After being laid off from Lucent Technologies in 2003, Paul Vieira had immediate success when he went into business for himself as a contractor installing and repairing telecommunications systems. He grew the business, IDL Communications, from $24,000 in sales the first year to $72,000 the following year and $300,000 the year after. But Vieira's company really took off after he decided to step back from doing most of the installation work himself and instead focus his limited time on building the business.

"I needed to be out networking, knocking on doors, handing out business cards and trying to build a future for the company—not climbing ladders," says Vieira.

When he concentrated on growing the business, good things began to happen. Vieira attended a number of construction industry events, learning about business opportunities and developing pivotal relationships with potential clients, including major construction companies and government agencies. His relationship building soon paid off. In 2009, Vieira's company was selected to work on a job with the School Construction Authority. The $135,000 contract was his largest to date and led to several other opportunities. "After we won that contract and did well, it opened up avenues to work with other contractors," says Vieira. "Today, we're turning down opportunities."

In addition, his conversations with industry leaders helped Vieira realize that his firm's growth would be limited if it continued to focus only on communications work. "I saw that the bigger deals were being bundled with both communications and electrical," he says. "That's what caused me to take a look at this electric work. It gave me a wider scope and the potential to grow."

As a result, he repositioned the firm so that it could undertake electrical jobs as well. It signed up with Local 3 and became a union electrical contractor, changed its name to IDL Electric and added workers that could do this kind of work.

IDL has since won contracts with the city's Department of Design and Construction, NYC Economic Development Corporation, New York State Dormitory Authority, the MTA (a $3.2 million job working on the 7-train expansion) and Columbia University. Today, Vieira's Staten Island-based business has 29 employees and around $10 million in annual sales.

NATE'S PHARMACY

Year Founded:	2002
Location:	South Beach, Staten Island
# of Employees:	100+
Key Strategy:	Identify an underserved client community
Top Tip:	"Your chances of succeeding in this business are slim unless you have a niche"

The explosion of chain stores across the city in recent years has brought hard times for countless mom-and-pop retailers. Many independent retailers have struggled to compete with national retailers offering similar products at lower prices and boasting bigger marketing budgets and newer facilities. But Nate's Pharmacy has proved that local businesses can compete and grow. It's done so by offering a unique value proposition and expanding into neighborhoods where chains have, so far, stayed away.

Bernie Glezerman, co-owner of Nate's, a pharmacy with five stores in the city, knew his company couldn't compete with national chains on price alone. While some mom-and-pops have tried competing with chains by focusing on more expensive items that are more profitable, Glezerman's firm took a different tack. It has kept its prices low and focused on underserved communities.

"Other folks are fighting for the well-to-do," says Glezerman, a pharmacist who grew up in Bergen Beach, Brooklyn. "My view is that the lower income and middle-income people are the ones that are always forgotten."

That ethos has been the driving force behind its expansion. After success with its first location in South Beach, Staten Island, the company has opened stores in neighborhoods such as Port Richmond and West Brighton on Staten Island, and Red Hook in Brooklyn.

Their Red Hook store is a good example. Glezerman opened the company's second site there in 2003 in the same spot that the neighborhood's only pharmacy had closed two years earlier, just blocks away from one of the city's biggest public housing complexes. He chose the spot because its layout was already a pharmacy. But the space also came with bulletproof glass around the counter that the previous owners had installed. "It was still part of the 1980s and 1990s," he recalled. "But after being open for six months we realized it was completely unnecessary. Red Hook was no longer that neighborhood."

The problem was that Nate's didn't have the spare capital for the renovation needed to remove it. So Glezerman worked with South Brooklyn Industrial Development Corporation—the local business development organization—to apply for a grant from the New York State Main Street program, which helps store owners to make investments in their properties as a community revitalization strategy. They succeeded in landing the grant and removing the glass and, with it, any more barriers to the community.

If finding underserved markets is one element of small business growth success, they also have to be served well. "Your chances of succeeding in this business are slim unless you have a niche," Glezerman says of the pharmacy industry. "We all get the same products these days. The only thing that's going to separate you from others is service." So in each location Glezerman works relentlessly to train staff—now numbering over 100—to focus on understanding the needs of their customers. One thing Nate's does to add value for customers in a way the chains typically do not is compounding—custom-mixing medication to accommodate a person's special needs in a way that mass-produced drugs in fixed dosages sometimes cannot. "There's a million places you can go. But for my customers, I want them to know they will never get service this good anywhere else."

It also helps that Glezerman and his partner started with a clear vision for growth, and have planned for it. "The vision was always: 'we want to be a mini chain—maybe 50 stores.'" Several experts we spoke to reinforced how critical an element this is for many businesses that have succeeded and expanded. "You must think it, envision it and plan it," says business consultant and serial entrepreneur Ed Abel.

SITU STUDIO

Year Founded:	2005
Location:	DUMBO, Brooklyn
# of Employees:	25
Employee Growth:	19 additional employees in 9 years
Fun Fact:	Recently competed the design, fabrication and installation of Design Lab at the New York Hall of Science

After graduating from Cooper Union's architecture school in 2005, Brad Samuels and three of his classmates formed their own architectural practice and found immediate success in the then emerging field of digital modeling and fabrication. With the artist Freddy Rodriguez, they won a high-profile design competition for the memorial to American Airlines Flight 587 in Belle Harbor, Queens, and parlayed that into several contracts with major architecture firms looking to advance their own modeling and fabrication work.

"At the time, there was a market niche for digital fabrication," says Samuels. "We worked for other architects to help translate designs into built structures, but we always wanted to grow the architectural practice and do design competitions as well."

However, because the four young architects didn't apprentice with established firms before forming their own practice, they weren't able to qualify for licenses and so couldn't serve as the primary architect for most construction projects, including new buildings and expansions. Instead, they relied on their digital modeling and fabrication work for the vast majority of their revenue. As a growth strategy, they decided to split their business into three semi-autonomous parts, each with its own dedicated staff and opportunities for growth. The first, and most important from a revenue standpoint, was the fabrication practice; the second was the architecture and design practice; and the third and most recent was a research practice.

Situ's fabrication arm has worked with outside designers to build major installations and interiors for Versace, Oakley's flagship store on Fifth Avenue, and Google's New York headquarters in Chelsea, among dozens of other jobs. The research arm has worked on digital fossil reconstruction for Princeton's Department of Geosciences, for which it developed a patent that it is now marketing to energy companies, as well as digital mapping and information visualization services for human rights nonprofits working in Afghanistan and Central America and a Museum of Modern Art exhibition detailing informal urban growth patterns in major cities across the globe. Although the architecture practice has been in some ways the slowest to develop, it holds the key to the firm's future growth.

Though it is still limited in the kinds of projects it can do, last year the young firm beat out several established architects, including David Rockwell, to design a new permanent education and exhibition space at the New York Hall of Science in Queens. And one of its biggest competitive advantages was its ability to double as the project's designer and building contractor. The $1.7 million contract was the largest in the firm's history, and it has paved the way for reintegrating its three areas of expertise as it competes for even bigger jobs in the future.

"We're known now for being able to do much more than design," Samuels says. "We build and we do serious applied research."

In nine years, the company has grown from just four young college graduates to 25 employees, with four additional hires on the way. Full-time staff includes architects, metal workers, carpenters and software programmers.

Last year, Situ moved into a coveted 10,000 square foot manufacturing space in the Brooklyn Navy Yards to supplement its design and research offices in Dumbo. And according to Samuels, the space has allowed the firm to scale up production. "Pretty soon we're going to need something even bigger," he says.

ARES PRINTING & PACKAGING

Year Founded:	1979
Location:	Brooklyn Navy Yard
# of Employees:	100
Employee Growth:	From 20 to 100
Top Tip:	"We never say no to clients"

ARES Printing & Packaging in the Brooklyn Navy Yard is the perfect example of how a business owner working in a skilled craft can take their firm to the next level by evolving from knowing his trade to intimately knowing his customer base—and the possibilities it presents for growth.

This is what brothers Jerry and George Filippidis faced when they joined their parents' small commercial printing firm more than 20 years ago. ARES was already a successful printer of the corrugated cardboard packaging and cartons used by cosmetics and fragrance companies. "Our dad is a true craftsman," says George, describing how his father's inside-out knowledge of the trade made him a favorite with printing brokers who funneled jobs his way. Brokers work on behalf of customers to get the right printer for the right job. Such middlemen are a tried-and-true way for getting steady work as a printer, but they cut into profits. (The brokers take a percentage fee.) "When it was just my folks running the business, they were focused on operations, not on sales," he says. "It made sense to work through brokers. My father didn't have the salesman's mentality to cold call and make their way into accounts."

Jerry and George both studied imaging at the Rochester Institute of Technology. Between school and stints with other printers, they had seen enough in the industry to recognize that moving toward direct-to-customer sales instead of working exclusively through middlemen would be a boon to their bottom line. "We knew that they would provide better service to the end user and better margins for the business," George says.

The brothers went to trade shows to develop their customer relationships and hired a sales team. Gradually, they were able to identify niches in which they could work directly with customers on complex printing needs, like designing and assembling in-store display stands, or specialized packaging for clients' new products. Over time, they brought in-house all of the pre-press and post-press services.

"Our production team along with our management team is really customer-oriented. We never say no to clients." That kind of focus on customer engagement has earned them accounts like Bobbi Brown Cosmetics. "Folks like that will think of something at 10 o'clock on a Sunday night and want to kick it around. They call us and they don't get voicemail. They get us. Our cell numbers are on our cards."

ARES has expanded the industries it serves to also include pharmaceutical, electronics and food and beverage industries. But many of their clients are, themselves, hungry small businesses who are at critical points in their own growth stages and need to get their products into stores fast. "They call us when they come out of meetings with big chain stores and say they need to get into a store in a couple of weeks," George says. "Most printers would take a couple of months."

The bigger margins have meant increased profits, which has led to investments in the firm. In addition to having the largest and second-largest presses in New York State, they focus on making sure their workforce of about 100—a fivefold increase since George and Jerry joined the company—is the best they can be. "One thing we think we're great at is training and cross-training, so they have more than one function," says George. "We also have an apprentice program." The focus on training, and the benefits they offer employees, has translated into a highly skilled and highly stable workforce. Many of their employees have been with them at least 20 years—some many more.

ARES may not be the business Jerry and George's dad imagined when he started out in 1979, but its ability to adapt to a changing business model has kept it successful and growing.

WEI WEI & CO

Year Founded:	1969
Location:	Flushing, Queens
# of Employees:	65
Location Growth:	Offices in New York and Los Angeles
Turning Point:	Getting a contract from the NYC Department for the Aging
Top Tip:	Set a goal and prioritize around it

Second-generation entrepreneurs often join their parents' businesses with clear visions of how they will take the enterprise to the next level. When Liren Wei came aboard his father's six-person accounting firm, which was already serving many of the Asian-owned businesses in New York City's Chinatowns, he brought with him a laser-like focus on becoming the largest Asian-owned CPA firm in the United States. A critical pathway to growth he identified included the opportunities that winning government contracts could yield. Twenty-five years later, Wei Wei & Co. is one of the largest minority-owned contractors for certified professional accounting and audit services in the city.

"I decided to take the firm more mainstream to get it to its next stage of development," Wei said, describing the move beyond an almost exclusively Asian clientele. He began to pursue city government contracts for accounting and auditing services, though success wasn't immediate. "Our first crack probably wasn't the best," Wei recalls with a chuckle. But his firm kept submitting proposals and, with each rejection, he asked for a debriefing with the agency to understand what they could improve upon. That was critical feedback that, Wei says, many proposers do not realize is an option. "It was maybe the tenth or 15th proposal before the Department for the Aging decided to give us a try," he says. The $25,000 contract was small, but critical, giving the firm what it needed to prove itself. "Once they gave us that opportunity," he says, "everything just escalated and ballooned from there." Today, his city contracts are often upward of $1 million and, in total, represent a steady 10 – 15 percent of the firm's total business.

In a related strategy, Wei also registered his firm as a certified minority business enterprise (MBE) with the City of New York. The designation makes his firm an attractive partner to larger accountancies, such as BDO, KPMG and Deloitte, who are bidding on larger city government contracts, many of which require the winning firm to reserve a portion of work for minority- or women-owned businesses. The result is that Wei Wei benefits from having several of its own contracts with the city and gets to participate in even larger contracts as a strategic subcontractor.

On the private sector side, Wei noticed a pattern among his clients. "We discovered that, as a smaller firm, clients would graduate from us as they grew." He was serving as president of Chinese American Society of CPAs, and so he knew his colleagues who owned smaller firms had similar experiences. In 2008, several of them merged into a larger firm. Today, Wei Wei & Co. has about 65 people with offices in New York and Los Angeles. "Clients no longer need to graduate from us," Wei says. "In fact, the way we sell services is to show them they get the quality of a mid-sized firm with [the attention and price] of a much smaller firm."

Wei says that he and his partners constantly re-evaluate the firm's current market. Their most recent growth tracks with global trends. Now he is servicing more and more Asian companies—especially in China—who are looking to set up shop, or do business, in the United States, and who must navigate American financial and tax systems.

Critically, a common element throughout the firm's growth since Wei joined his father, he says, has been a mission-driven focus on one goal: to be the largest Asian-owned CPA firm in the United States. It's the goal that helps organize the rest of the strategies they implement around expansion into new markets, considerations for training, and for developing new partnerships. "Because we have that goal," he says, "everything else just comes together."

FERRA DESIGNS

Year Founded:	1989
Location:	Brooklyn Navy Yard
# of Employees:	15
Key Strategy:	Embraced technology
Top Tip:	"To grow the company, you have to recognize what's going on around you"

Artistic crafts are an important part of the small-scale manufacturing renaissance in New York and other urban areas. But many craftsmen and -women realize that to survive in a high-rent, competitive market like New York, they may not be able to rely solely on executing their own designs. Like the poet who might help support his or her writing with a job editing textbooks, Rob Ferraroni of Ferra Designs in Brooklyn learned how to complement his own designs in architectural metal by helping other designers to execute their ideas. And to do it as cost effectively as possible, he has fully embraced technology. The result is a thriving business that straddles art and craft.

Not long after graduating from Pratt with a degree in industrial design in 1988, Ferraroni was on his way to becoming something of a celebrity among high-end architects designing swank residences. Still in his early 20s, he was getting a lot of press, including a profile in Architectural Digest, for the urban-inspired furniture he designed and rendered in metal, which he was selling to customers here and abroad. "We work for some of the best firms and architects here and in the Hamptons that do high-end build-outs. We're a specialty company that comes in to do that metalwork in the residences."

But as a businessman, he learned quickly that the benefits of celebrity were inconsistent. And since he financed his first few pieces of equipment on his personal credit card, he knew he had to be pragmatic about getting through slow periods. "I understood that in the creative fields there are highs and lows," he says. "You have to put your ego in your back pocket. I have always surrounded myself with talented craftsmen, and to keep cash coming in, I manufactured for them, too." It was the best way to amortize the cost of the investment he made in his equipment.

But he quickly saw that his basic metalworking equipment—largely manually operated—wouldn't be enough to keep up with the field. "We saw the technology revolution tugging at us," Ferraroni says. "It was a tremendous shift in the way people were thinking. People used to ask us to design and build something. We'd cut, bend, and then manipulate," he recalls.

But then he noticed a lot more of his fabrication customers were interested in laser cutting. And in the ability to send him a digital drawing that could be translated into a program that a computer-operated cutter could execute quickly, accurately—and inexpensively. "You can flame cut a circle with an oxy-acetylene torch. But I guarantee you it won't be as accurate as if I waterjet-cut that circle," Ferraroni explains, describing the large computer-operated cutting machine that he invested in. "You could not spend $350,000 to buy that machine. But it will take hours to do each circle instead of hundreds of circles each day," which some of his work requires.

To be able to make these investments—no longer on his credit card—Ferraroni makes sure he maintains his relationships with his lenders and pays attention to his credit score. "People want to lend you money," he says. "You have to make it easy for them to do it." But even when he can tap bank financing, he is very selective about the big equipment investments he makes. "You can very easily over-buy and leave yourself cash poor," trying to keep up on payments.

Ferraroni appreciates that his craft is distinct from running his business. "Woodwork, metalwork, even cooking—things evolve constantly. You have a choice. You can do things in a very analog fashion, which is fine. I have total respect for people who still do the hand methods—and we have a lot of that still. But to grow the company, you have to recognize what's going on around you."

EASTERN EFFECTS

Year Founded:	1999
Location:	Gowanus, Brooklyn
# of Employees:	28
Employee Growth:	From 1 to 28
Key Strategy:	Expanded into a related service line

The success of Gowanus-based Eastern Effects is inextricably tied to the booming film and television industry in New York City. The company began by renting specialty equipment to production teams filming in the city. It has since evolved by shrewdly responding to the needs of the industry—namely, a dearth of studio space and sound stages. This pivot has proven wise, helping Eastern Effects expand and diversify their business over the last decade.

The company was founded in 1999 by lighting director Scott Levy. Leveraging his industry expertise, Levy began renting cables, arc lights, and silver reflecting discs to numerous productions throughout the city. Levy maintained all the equipment himself, even driving the truck to shoots.

As the business grew, so did costs. "A lot of labor goes into preparing those equipment packages!" says Laura Gahrahmhat, a partner in the firm and its director of operations. "There are thousands of pieces that all need to be maintained. And it requires a tremendous amount of organization." Each expansion required buying more production equipment and hiring more people to maintain and transport it. By 2006, Eastern Effects had eight employees and four trucks, as well as two partners, including Gahrahmat. Unfortunately, the rental equipment business didn't offer the economies of scale typical of other industries. Business was booming, but larger profits proved elusive.

To address these challenges, the partners mapped out a new business model to grow their enterprise and make it more profitable. Recognizing an unmet need for specialized stages and production office space in New York City, they identified rental spaces in the neighborhood that could be affordably developed into stages with high-quality acoustics and offices to house onsite production personnel.

Eastern Effects' new ventures nicely complemented their existing business, allowing them to rent their equipment to productions that used their stage space. Rather than having to pack up and transport their equipment to production sites around the city, film and television companies now came to them!

Profits quickly multiplied, allowing the partners to invest more in the company. "The intention always was to use the revenues from the studio to further our purchasing power for equipment," says Gahrahmat. By adding to their inventory of specialized supplies, they reduced the need to work with other equipment vendors to fill production needs. That kept more revenue in-house for Eastern.

Today, Eastern Effects runs a filmmaking campus along the canal with approximately $7 million in equipment, 28 employees, and four sound stages. According to Gahrahmat, demand continues to grow. "We've acquired more and more space to rent to our film customers. We never seem to have enough. They ask for more."

Eastern Effects plans to purchase studio space in the near future. This will help them avoid Gowanus' rapidly increasing rents and ensure the company's viability going forward. "My biggest responsibility is keeping our 28 people employed," says Gahrahmat.

CONSTRUCTIONKIDS

Year Founded:	2008
Location:	Brooklyn Navy Yard
# of Employees:	7-8 year-round; 50 in the summer
Location Growth:	From a single playroom to 2 offices in Brooklyn
Annual Revenue:	$1 million
Turning Point:	Received a grant and business coaching from the NYC Economic Development Corporation

ConstructionKids has always had popular appeal with parents and their kids. The much-celebrated education workshop gives kids hands-on experience learning how to build (among other things) go-carts, buildings, mazes, bridges, and musical instruments, with power tools and other improbably child-like implements. But taking the idea from a one-off session that owner Deb Winsor conducted in the summer of 2008 in her playroom to a year-round enterprise that now serves more than 3,000 kids annually in two full-time locations probably wouldn't have happened without the business know-how that she developed, in large part, from a city-sponsored business training initiative. And it hasn't hurt that she's had access to some very affordable rents.

"I was a small business owner with a BFA and I felt like I was getting my MBA in six months," Winsor says, describing the city-sponsored Business Innovation Challenge, in which the Economic Development Corporation awards grants competitively to firms poised for growth and with smart ideas on how they can grow their workforces. "The grant we received came with a lot of business coaching that, for me personally, was transformative."

One key result from her business coaching and training was a methodical approach to growing ConstructionKids' programs. In addition to its two full-time sites, Winsor has launched a number of off-site programs, each of which she describes as a learning experience for her and her staff. "We debrief each time on how we'd improve," she says. "That kind of analysis is what I learned about from the coaching."

It also prepared her for the realities of business growth. With eight full-time employees (which grows to about 50 each summer) and about $1 million in annual revenues, Winsor knew she couldn't necessarily manage all of the aspects of running her business on her own, the way she did at first. "I've graduated," she says. "Now I have a finance guy—a contract chief financial officer."

And ConstructionKids is ready to grow more. "We're working on making our program replicable and scalable," Winsor says. But she's constrained by the availability of affordable space to rent for her workshops. While most of ConstructionKids' profit comes from its summer day camp programs, Winsor spends the other 10 months of the year barely breaking even by running grant-funded educational programs. "We only started them because we had the lease on the space for the summer and needed to fill it with something the rest of the year."

Those programs are much more price-sensitive and, because they're primarily grant-funded, don't provide Winsor with much flexibility in the spaces she can rent. (She's been lucky to have affordable space at both the Brooklyn Navy Yard and, more recently, Industry City in Sunset Park, neither of which is very convenient to get to.) So, while ConstructionKids is poised to keep growing, she's limited on the spaces she can get into. Despite demand for her workshops from families on the Upper East and Upper West Sides, for instance, she can't afford any of the spaces she's seen in those neighborhoods, and that has affected where she's thought about her future expansion. "We could raise our prices to a Manhattan level," she says. "But I think we'd do better in a different city than I moved across the river."

But these are good problems to have—problems Winsor feels equipped to solve with the business education she got from the Business Innovation Challenge. "The program has been a lot of work, but the return—both to us and to the community—has been exponential."

BROOKLYN CURED

Year Founded:	2010
Location:	Brooklyn
# of Employees:	2-3
Key Strategy:	Fine dining but with new flavors
Turning Point:	Getting a spot at a high quality vendor market
Top Tip:	"Stop treating it like a one-person business"

Just a taste of his duck-fennel or lamb-and-black-olive sausage and you'd assume Scott Bridi's success was inevitable. But in the increasingly competitive New York City market, food producers need more than a quality product in order to thrive. With hundreds of small producers testing the waters in New York City, Bridi is one of just a handful of vendors that have scaled up their production. Seizing every opportunity to showcase his wares at the city's top weekly markets, Bridi received the exposure and practical experience he needed to grow his business.

New York City is a hotbed of small food production; a laboratory that fosters experimentation and innovation. With the recent proliferation of weekly food markets, local cooks and bakers have gained an important platform for testing their products and getting a toehold in the industry. These markets offer a relatively affordable and low-stakes entry point for food makers, enabling them to work in small batches, scale-up gradually, and get immediate customer feedback. Scott Bridi quickly recognized these opportunities, using weekly markets as a launching pad for his business.

Bridi, who grew up in Bensonhurst, had been making sausage for years in restaurants and butcher shops. His experience exposed him to a hole in the local market "There was no local brand that was new and exciting and modern," he says of his untraditional styles. "Fine dining but with new flavors." He had witnessed the success of businesses like Boccalone Salumeria in San Francisco and was confident he could fill the gap here.

Brooklyn Cured started in September 2010 at the now-defunct New Amsterdam Market in Lower Manhattan. "I launched with no market research, no marketing budget," he recalls. "But the most critical thing is that it immediately launched us into legitimacy—being around all these other high quality vendors." New Amsterdam had become a specialty spot among high-quality growers and producers in the region, attracting discerning customers, including restaurateurs and wholesalers. On his very first day, Bridi left with three wholesale orders in hand. "They were critical," Bridi says. "It's the reason our business is on a stable footing."

Since then, Brooklyn Cured has grown in sales each year. Bridi's charcuterie is now in more than a dozen Whole Foods Market stores in the Northeast, with plans to expand. He's quickly graduated from hauling coolers in the trunks of taxis to making deliveries in his own refrigerated truck. Along the way, Bridi scaled up the business by employing a co-packing company to prepare and package the food to his exacting specifications.

"A critical decision I made was to stop hand-making the sausage and get a co-packer." Co-packers are an important step in many food businesses' growth trajectories, enabling them to expand sales to bigger accounts without buying expensive equipment, renting their own kitchen or hiring additional full-time cooking staff. Because Bridi is not spending every day in the kitchen, he can focus his energy on expanding his client pool, contacting suppliers, setting up tastings and demonstrations, testing new recipes, leasing his refrigerated truck and monitoring his social media outreach.

"That was probably the most critical piece of advice I received, to stop treating it like a one-person business," Bridi says. "Do the paperwork. Get the workers compensation. Get the refrigerated truck."

BIMMY'S

Year Founded:	1994
Location:	Long Island City, Queens
# of Employees:	130
Location Growth:	From a sandwich shop to a fresh food emporium
Key Strategy:	Keeping up with needs of large corporate clients

Over the past 20 years, Elliot Fread has grown from a small sandwich shop in Manhattan to a 130-person sandwich and fresh food emporium in Long Island City. Along the way, he broke into numerous corporate supply chains, selling sandwiches to national chain stores and a number of airlines. Fread always understood that going big wasn't just about a high-quality product, but also understanding the needs of the companies he serviced.

Many small business owners dream of landing national accounts. Food producers, especially, dream of Whole Foods. But while breaking into a corporate supply chain is an effective growth strategy, it also requires a significant amount of preparation and investment. Many small businesses are not prepared for the expectations and demands of these large customers.

Five years ago Mr. Fread entered a contract with Duane Reade to provide fresh, packaged sandwiches to a few dozen stores in the NYC region. When they were bought by national drugstore chain Walgreens, the potential for national exposure was coupled with significant new challenges. "You have to fit into their systems," Fread says, particularly their corporate supply chain logistics. "We had to go out and purchase UPC codes," he recalled, describing the bar codes that are fundamental to multinational firms' inventory control systems. "I never knew that was possible or needed." But he learned quickly. He also adopted—largely at his own cost—necessary computer systems for interfacing with Walgreens' inventory control systems. That investment made him more attractive to other large firms.

Fread continues to be responsive to the needs of his corporate customers. "I used to think I had a food business," Fread says, "but my focus and energy is on food safety now." It's a huge issue for his customers, he says, and the field is moving rapidly. Bimmy's is now a US Department of Agriculture- and Safe Quality Food Institute-certified facility with a government inspector on site six days a week. With foodborne illnesses on the rise, food producers working for national customers are required to trace, with precision, the sources of all of their ingredients. "It's all about traceability," Fread says. "What farm did this tomato come from?"

Keeping pace with the food production and safety industry is no small feat. Bimmy's has a full-time food safety staff devoted to research, evaluation, implementation and enforcement. "A lot of small businesses can't afford it," Fread says. "I decided to do it preemptively, and it's worked out well. When I tell prospective customers we're SQF, their heads spin. So now we're ahead of the curve."

Fread has successfully anticipated these evolving standards by joining various trade groups, including the organizations that mandate food safety regulations. "It's a great source of intelligence," he says of his participation and the industry representatives he gets to meet as a result. "I couldn't say enough about how important it is. I've met some of the top food safety consultants in the country and internationally. I can watch where it's going."

THE LEADING NICHE

Year Founded:	2007
Location:	Harlem, Manhattan
# of Employees:	30
Employee Growth:	From 5 to 30
Key Strategy:	Diversified client base
Top Tip:	Letting go of day-to-day activities

Tamara Nall has a nose for untapped markets. Her Harlem-based management consulting practice, The Leading Niche, provides clients with specialized IT talent for data analytics and regulatory compliance, a critical service that many of her competitors had ignored. She has successfully developed her business by delegating day-to-day client engagement to her savvy staff of consultants, focusing her work on strategy instead.

Just a few years ago, Nall was struggling to expand her practice beyond a handful of clients and employees. Her year-to-year revenues remained stubbornly flat. "It really hit me when I started to review our financials," she says. After conducting a vulnerability analysis, she recognized that her business was overly reliant on a handful of very large customers. Nall knew that she wanted to grow The Leading Niche, but recognized that it was stuck in neutral—a revving engine that wasn't taking her very far. Consulting with her board of directors, she developed a plan for diversifying her client base.

In the past, Nall had attended large national conferences to network with government clients. While this provided her access to the large federal agencies, she found them to be exceptionally competitive. To tap into new, under-exploited markets, Nall shifted to smaller, more intimate conferences in locations like Texas and Mississippi. The strategy proved effective and highly profitable. "I learned I'm a very good saleswoman," Nall says.

Soon, Nall began delegating a growing share of the day-to-day operations to key staff. With less time spent running projects or invoicing clients, Nall could attend the events and industry conferences that she knew her competition had overlooked. "As long as I have that train running smoothly," she says, "then I can deliver better service to more clients."

Refocusing her energy took time and didn't always go smoothly. "It's hard to shift gears!" Nall admits. In order to attend more events, Nall hired a human resources professional to help manage the staff. When the new hire suddenly left, she was unprepared.. "I may have taken off too soon. I should have stayed in the office a bit more. That was a lesson." Yet despite the hiccup, Nall is succeeding. Within 12 months of making the transition, she says, revenues tripled and the staff grew from 5 to 30.

One of the toughest parts of running a small business is letting go of day-to-day operations to focus on core priorities: Are we making a profit? Are we growing? How can we grow and diversify our client pool? While delegation is essential for growth, far too many small business owners are reluctant to let go of the reins. By embracing this imperative, Nall shows that delegation pays significant dividends.

SALSA CATERERS AND SPECIAL EVENTS

Year Founded:	1990
Location:	South Bronx
# of Employees:	50
Annual Revenue:	$2 million
Key Strategy:	Expanded into related product line
Top Tip:	Evaluate every opportunity before saying yes

With hundreds of caterers serving the New York City area, distinguishing yourself is no small feat. For Danny Garcia, gaining recognition meant gaining a niche. Today he is recognized as the premier caterer for Hispanic-themed events, serving his Latin-Caribbean, Latin-American, and Spanish food to clients throughout the country.

"If corporate America or government was targeting the Latino community, we were recognized as the company to go to for that," says Garcia. "We did a benefit at the Metropolitan Museum, and I loved that this South Bronx caterer was doing this upscale event."

Over the years, Garcia's Salsa Caterers has grown from a two person operation to a $2 million business with 50 employees. He now hosts events all over the Eastern seaboard, from Washington DC to Albany.

Networking was key to strengthening Salsa Caterers' reputation and growing their brand, Garcia says. He can quickly reel off the names of organizations he routinely works with—Goya, Chase, Cablevision—and the referrals he's received from each. But Garcia's networking style is not just transactional. He takes time to understand his customers' needs and the nature of their event—a critical step many small businesses miss when they pursue large corporate customers. "We got good at reading our clients' needs and the needs of the marketplace," he says.

Garcia also recognized he could capture more business by expanding his offerings. He gradually complemented his catering services by supplying tents, lighting and other equipment, and by booking music and entertainment on behalf of his customers. In providing a more seamless service, he was able to not only improve his clients' experience, but also capture more of the spending on these events, thus increasing profits.

Reflecting on the early days of his expansion, Garcia does acknowledge some missteps. "I wish I had understood more about financing and investors," he says. "We were undercapitalized and growing. We would bring in cash and buy a piece of equipment, bring in more cash and buy another." It was not until he attended the Goldman Sachs 10,000 Small Businesses program at La Guardia Community College that he learned the financial aspects of running his business in greater depth. Capitalizing on this newfound expertise, he was able to attract angel investors to help Salsa Caterers grow more smoothly.

As the company flourished, Garcia grew more discerning. "Something I have learned later in my career is to say no. I used to go and look at every opportunity. That takes time and resources." He came to realize that if Salsa Caterers was spread too thin, he didn't have time to periodically stop and focus on managing things strategically. It is this reflection and deliberation that sets larger businesses apart from those that never get out of first gear. To achieve growth, companies must plan for growth.

CONCORD MARKET

Year Founded:	2009
Location:	Downtown Brooklyn
# of Employees:	25
Key Strategy:	Utilizing knowledge gained as a franchisee
Expected Employee Growth:	From 25 to 50

Victor Vora is an irrepressible entrepreneur. For more than 40 years, he has been opening small businesses throughout Downtown Brooklyn. In his most recent venture, Vora revitalized a dowdy neighborhood supermarket at the base of a Concord Village apartment tower. Now, he is poised to expand to his first Manhattan location—a market in the new Hudson Yards district. Reflecting on his career, Vora credits his earliest business education—as a franchisee—with grounding him in the foundational principles of running a business.

When Vora immigrated from India to Brooklyn in 1970, he planned to become a medical technician. Before long, he was drawn to running his own business instead. Beginning with a modest Hallmark card and gift shop on Fulton Street, Vora quickly took over a neighboring Baskin Robbins as well. "That was my big break," he says, adding that he opened three more ice cream parlors over the years, along with two Subway sandwich shops. "Subway and Baskin Robbins helped me learn and position myself for being successful."

The companies provided seminars in hiring and training employees, accounting, product marketing and proper food handling. They also offered financing to help him expand operations at his first business. Those initial training courses gave Vora the essential skills for running and growing a business.

While many business education programs try to be all-encompassing, this can be overwhelming for early-stage business owners - akin to drinking from a fire hose. The lessons Vora learned, on the other hand, were valuable because they were staggered and well timed— immediately relevant to the challenges he was facing at the moment.

Vora's training helped position him for expansion. He was always prepared to delegate key tasks in order to increase capacity, to hire appropriate staff and to tap financing to ensure that growth was sufficiently capitalized and sustainable over time. When his biggest opportunity came knocking, Vora was ready. Last year, developer Two Trees, a fellow Downtown Brooklyn establishment, asked Vora to open a new market in the base of their Mercedes House, a residential tower in the new Hudson Yards district of Manhattan. When it opens early this summer, Vora expects to double his workforce from 25 to 50. With years of experience and training, Vora is ready for the challenge.

SUPER WINGS

Year Founded:	2009
Location:	Crown Heights, Brooklyn
# of Employees:	15
Key Strategy:	Enrolling in a small business program and choosing the right marketing tool
Top Tip:	Don't take a cookie-cutter approach to new locations; a niche in one location may not resonate in others

One of the most critical elements of success of small businesses is how well-conceived and grounded their business plans are. And while too many small businesses don't even have a plan, Colette Burnett is at the other end of the spectrum. She took advantage of city-sponsored small business training to craft a plan that anticipated expanding her Caribbean-style chicken wings shop to a second location in Brooklyn in under five years, and growing into a global brand with franchises over the long term. At the same time, her plan was flexible enough to allow her to adjust her approach to marketing to make sure her expansion plan worked as she grew into different neighborhoods.

"If I can point to one major reason for our success," the 41-year-old Burnett says of FastTrac—the program sponsored by NYC's Department of Small Business Services and SUNY's Levin Institute, "that was one of the biggest ones. It allowed me to go through my business plan in detail, work out the kinks, and to understand the unique things I needed to have in order to find the success." She says she has returned to what she learned there time and time again over the last five years.

One significant competitive advantage for her fast food brand is the niche it's in. It isn't simply another fried chicken joint, but one with unique flavors that the market—at least in the United States—hasn't seen yet. Her first location opened up in Crown Heights in 2009 with a steadily growing clientele drawn from the neighborhood's mix of long-time Caribbean-American families and millennial newcomers. Burnett relied on social media—up to two hours a day—to assiduously engage potential customers in the neighborhood, and had a great response.

Burnett soon decided it was time to open a second location. "I did my market research," she said, pointing out her window to the stretch of Utica Avenue in East Flatbush where she opened a second location early in 2012. "I know that it is 68 percent Jamaican in this area." She assumed local residents would flock to her second location too. But it didn't quite happen.

"It took us six months to get any traction in this location," she says. It turned out that the higher concentration of native-born Jamaicans was actually a challenge for her fusion restaurant of Island flavors presented in new ways. "Jamaicans are very traditional. They're expecting goat head soup, not chicken wings."

What was a niche in Crown Heights was viewed skeptically on Utica Avenue. She returned to social media to promote the new location more aggressively. Burnett and her staff started polling new customers every day at the counter, compiling formal reports on how they heard about the restaurant. Social media was barely registering as the trigger. "Facebook and Twitter weren't cutting it here," she said.

Burnett quickly switched gears and took a guerrilla marketing campaign to the street, beginning with flyers and sidewalk banners, and spreading to sponsoring local youth and community events. Leveraging a connection she made at an SBS networking event, she worked with a marketing company to begin running short video adds in the dollar cab jitneys that ply Utica Avenue to ferry locals to and from distant subway stops. Inspired by the positive response from the jitneys, she also started running ads on 10 busses running along the major routes near the shop. The results were dramatic. "Just the bus ads brought in 30 percent more traffic at this location," she said, referring to the data her counter staff continue to track as they hone their marketing approach.

One of Burnett's biggest lessons is that while having a growth mindset was important, it doesn't pay to have a cookie-cutter approach to how each new location will launch. And what is a niche in one location may not resonate in others.

BROOKLYN BRINE

Year Founded:	2009
Location:	Gowanus, Brooklyn
# of Employees:	Nearly 40
Employee Growth:	From 2 to nearly 40
Annual Growth:	Between 40 and 50 percent
Key Strategy:	Seek advice from an array of sources

Shamus Jones, founder of the wildly successful artisanal pickle company Brooklyn Brine, isn't exactly the poster boy for the type of deliberate planning most business counselors urge their clients to hew to when launching an enterprise. "It was a semi-thought-out idea with no market research, without a business plan, without a trust fund and without operating capital," says Jones.

But what Jones lacked in deliberation at the outset, he has made up for by methodically tapping the right sources for the right expert advice at the right time. Doing so has helped propel the firm from two employees at the end of 2009 to nearly 40 today. Brooklyn Brine is now a global brand with annual growth rates of between 40 percent and 50 percent, and plans to expand further.

Jones, 34, is passionate about pickling. He's also charismatic and humble. None of this hurts his ability to attract small business luminaries as mentors and collaborators. He counts craft brewers Steve Hindy of Brooklyn Brewery and Sam Calagione of Dogfish Head Brewery among them. (Calagione suggested putting some of his hops in Jones' pickles, with a zingy, popular product the result for Brooklyn Brine.) Both Hindy and Calagione, Jones says, have counseled him on marketing his products and managing his growth—in particular, the trade-offs between the efficiencies of automation and the benefits of providing more employment opportunities.

But the advice has come from less colorful corners, too. Jones' accountant, who helped develop many of his financial processes, has also provided timely advice in other areas. When Jones received his first really big order a couple of years ago—22,000 jars for Williams-Sonoma—Jones got anxious. "I was looking at our factory and thinking, 'No way, we don't have the space'," he recalls. He worried about where 20 pallets of pickles waiting to be delivered were going to sit in the few hundred square feet of space he had in his tiny plant. Jones' accountant suggested he think about warehouse space, which was something Jones hadn't yet considered—it just seemed too abstract for such a small company. But later that day, he found 1,000 square feet of storage space six blocks away from his Greenpoint factory. Jones describes internalizing that advice as an "aha" moment. He had been trying to wrap his mind around the potential for growth, he says. "And I was like, that's how we can do it."

All of this may seem second-nature to many business owners. But it's striking how few small business owners have access to any outside advice, let alone advice as well-tailored as what Jones seeks and gets.

Even moral support from folks who have previous experience and can provide perspective to struggling business owners is crucial. When an owner is launching a business and putting every minute of his day and every cent of his savings into it, he can become socially and functionally isolated. But that can impact owners' ability to make the best decisions possible. "That's a conversation I'm having with a lot of my colleagues lately," Jones says. Lately, he has been in touch daily with Anton Nocito, founder of P&H Soda in Brooklyn and Eric Childs, who is one of the partners of Brooklyn Kombucha. "We talk about everything related to the business. It doesn't matter the topic." The ad hoc conversations around specific issues that crop up during the day—distribution, financing, bottle labeling—have been invaluable, Jones says. Soon, they plan to formalize it with a once-a-month meeting to talk about broader issues, including vision and scaling.

INTERNATIONAL ASBESTOS

Year Founded:	1987
Location:	Woodside, Queens
# of Employees:	65
Revenue Growth:	From $500,000 to $13 million
Key Strategy:	Getting certified as a women-owned business and expanding into related services
Top Tip:	"Staying involved [in the industry] gives us an edge"

Every small business hopes to expand their market. The most successful not only grow, but also diversify, allowing them to respond to new opportunities and hedge against downturns. Karen Grando has nimbly followed this trajectory, helping International Asbestos Removal expand and evolve. By certifying her firm as a woman-owned business she gained access to lucrative government contracts. Along the way, she extended beyond asbestos removal and tapped into the broader field of hazardous waste remediation.

"We started out very small," she says. "Just one or two jobs at a time—maybe $500,000 in business our first year." Now her company is a union contracting shop with over $13 million in annual revenue.

Grando knew that winning government contracts was a successful route to bigger business. Through diligent networking, she learned that certified minority- and women-owned businesses could gain preferential status in government procurements. After certifying International Asbestos Removal (IAR) as a New York City woman-owned business enterprise, she won contracts with public agencies like the Metropolitan Transportation Authority, the Dormitory Authority of the State of New York, the School Construction Authority and the Port Authority.

While these government contracts were a boon to business, Grando made sure to diversify in order to assure continued growth. She constantly explored opportunities to leverage her firm's specialized skills in new ways. When Karen Grando took over her late husband's insulation installation company, she decided to expand into the nascent field of asbestos removal as well. "It was a natural next step," she says.

The two businesses proved complementary. Her employees were already familiar with asbestos and were provided training in safely disposing of the material. The timing of projects also meshed well. Installation generally occurs during the day while buildings are under construction. Asbestos removal, on the other hand, tends to happen after hours, when buildings are closed to the public.

With extensive training and experience in hazardous materials removal, Grando recognized that her employees were capable of branching out to related lines of business. Almost two years ago, IAR entered the Bio Protection Services field, performing microbial disinfections and remediation. After Hurricane Sandy, IAR successfully deployed their new expertise, providing mold removal services throughout the city. Using those opportunities as a springboard, Grando signed up several new customers, including hospitals and health & fitness centers.

Grando is constantly scanning the horizon for new business opportunities. She participates in a variety of industry organizations, serving as the president of the Environmental Contractors Association and as a trustee of several construction unions. These activities offer her a broad view of the industry as well as opportunities for new business. "Staying involved gives us an edge," she says.

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