

## BACK TO BUSINESS IOWA PODCAST

A partnership of Iowa State University Extension and Outreach and America's SBDC Iowa

### SEASON 1 | EPISODE 36: Small Business Insights from the NFIB Research Center

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**Description:** *Holly Wade, executive director of the Research Center for the National Federation of Independent Business (NFIB), speaks to host Steve Adams about recent results from a survey of their national membership regarding how COVID-19 is affecting their respective businesses.*



[music]

**Steve Adams, host** 00:10

Hello, and welcome to the Back to Business Iowa podcast from Iowa State University Extension and Outreach. This podcast is a collaboration between Iowa State University Extension and Outreach and the programs including Community and Economic Development, Farm, Food and Enterprise Development, and the Iowa Small Business Development Centers. These podcasts cover relevant topics for businesses and individuals related to education, research and technical assistance during and post COVID-19.

**Steve Adams, host** 00:43

I'm Steve Adams, field specialist three at Iowa State University Extension and Outreach and your host for these podcasts. Today we will be discussing COVID-19's effect on minority-owned small businesses and some resources that are available to them specifically, and including most recently, the Small Business Recovery Grant Program offered in Des Moines and the surrounding suburbs. Our special guests today are Frank Cownie, mayor of Des Moines, and Kameron Middlebrooks, minority business coordinator for Iowa State University Extension and Outreach and president of the Des Moines chapter of the NAACP. Mayor Cownie, Kameron, thank you for joining us today.

**Kameron Middlebrooks** 01:33

Hey, thank you.

**Frank Cownie** 01:34

Yep. And thank you for inviting us.

**Steve Adams, host** 01:36

Kameron, I'd like to start with you first, and for full disclosure for our listeners, Kameron and I work together for Iowa State University Extension and Outreach and both of us serve on the small business assistance team. So Kam, as you know, we focused a lot on this podcast series about the ways COVID-19 has impacted Iowa's small business, especially during the last several months. But I wonder if you could speak briefly to the ways in which minority business owners have been affected by COVID-19 and why is this unique to these communities and why are they affected so uniquely?

**Kameron Middlebrooks** 02:14

Sure, yeah, thanks, Steve, for that question. So what we've seen, especially in the Polk County-Des Moines area for years now, is how black-owned businesses and minorities overall have been under-banked. And when COVID-19 hit our community, hit this nation, the only resources that were initially

out from the federal and state level were through loans and/or grant opportunities through the traditional banking system.

**Kameron Middlebrooks** 02:42

Being that many African Americans and African American-owned businesses had already been under-banked or have not had the extensive relationship that they could have had with the traditional banking system, they were either at the back of the line or not in the line at all when it came to being able to receive some of those resources. So that has been the huge impact, the financial burden that they've faced with having to close down, and then the extended burden they faced with trying to find resources to stay afloat.

**Steve Adams, host** 03:13

So Kam, are you seeing a higher rate of business failure in Des Moines in these communities as a result of COVID-19?

**Kameron Middlebrooks** 03:20

Yes, but I don't think it's unique to Des Moines. You know, those disparities, I think, are the same across the country. But a lot of the black-owned businesses in our area are, you know, from either, you know, the restaurant business or the entertainment field, which, obviously, you know, folks aren't going out to eat as much. And, you know, folks aren't going to get the type of the same type of entertainment that they would without COVID-19 affecting the health and stability of some of these businesses.

**Steve Adams, host** 03:51

So Mayor Cownie, let's switch over to you real quickly. As mayor, I'm sure you're concerned with the health of all businesses in Des Moines. But did you have special concerns about minority owned businesses surviving this crisis, and why would that be?

**Frank Cownie** 04:08

Well, I think that we all know, small businesses already face some unique challenges. And I know that, I'm a small business owner myself, and the profit margins, you know, can often be small. And sometimes there isn't a lot of depth in staffing and you rely on yourself and quite frankly, you get tired. You know, if you're experiencing sexism in or racism, then makes that path much harder. And is really important to recognize those that have to extend extra effort to get to the same place. And these are tough times.

**Steve Adams, host** 04:43

So Mayor, could you tell us a little bit about the Small Business Recovery Grant Program in Des Moines and how did that idea come about, by the way?

**Frank Cownie** 04:53

Well, sure, it is a city with a population of over 50,000, the city of Des Moines was eligible to receive about a \$2.2 million federal Community Development Block Grant funds in response to the COVID pandemic. Our city council decided to spend the money in three ways: one on small business relief in housing in the form of rent relief, and food assistance. And at the same time, the greater Des Moines partnership started talking to various folks and businesses in the metro about creating a Small Business Relief Fund.

**Frank Cownie** 05:32

And at our staff level, those two ideas, we married them together to create what we call the Small Business Recovery Program. I'll tell you that the program can provide essentially up to \$10,000 to eligible businesses and that eligibility is based on, number one physical location—for us, it has to be

within the city of Des Moines. Secondly, we limited it to those that have employees of zero to 30, which includes sole proprietorships, retail and service businesses that were affected by COVID-19, such as retail, restaurants, bars, personal services.

**Frank Cownie 06:17**

We didn't fund any nonprofit organizations or professional businesses. And the business, obviously must have been in operation since before the beginning of the COVID. And we put that mark at March of 2020. And I'd like to note that the maximum grant amount in Des Moines was \$10,000. And while the maximum amount in other cities was only five, this was mainly due to our ability to use those federal funds, that CDBG.

**Steve Adams, host 06:50**

So the block grant program certainly helped. But were there also other sponsors for that program there?

**Frank Cownie 06:58**

Oh, absolutely. You know, the federal government, as I said, that supplied the CDBG funds. The city of Des Moines was the only city who used CDBG funds for this program, I might add. Many other cities don't receive these funds, as they aren't large enough. They have to be, you know, 50,000 or above. The funds, of course, are Community Development Block Grant funds, and we're able to use those funds for those businesses in those particular tracks as long as other requirements are also met.

**Frank Cownie 07:31**

We had about 30 applications out of 140 or so that met those requirements for that federal portion of it. So, general fund, our general fund, we identified about \$500,000 from our city general fund, which, you know, we would call unencumbered, I guess, for those applications that could not meet the CDBG standard requirements. Then we partnered also with Polk County, the county pledged to match 20% of unencumbered funds from each participating community. And in our case, that was about \$100,000.

**Frank Cownie 08:09**

Then we also, as I mentioned, we worked with a partnership and businesses and so we had partnership and private businesses that paid for the contract with Iowa Center for Economic Success, who handled most of the application process and what we'd call sort of the underwriting process. This allowed for sort of a seamless look for the businesses regardless of, you know, where their business was located. And the partnership also did private fundraising amongst their larger businesses in the metro area. These large businesses recognize I think, as we talk to them, the importance of small business and the impact that they make and make Des Moines really unique and vibrant.

**Frank Cownie 08:56**

You know, when you go downtown, you don't go eat or get entertained or meet your friends. You know, in a large business generally, it's a restaurant or a nighttime entertainment place with live entertainment in many cases, and they want to see these businesses survive. It's a quality of life issue for not only themselves but for all their employees. It makes it really an exciting place to try to attract employees and people to come in from all over the country. And we've seen that as our metro area has grown. Private fundraising resulted in almost \$2 per capita for each community. And many of those, you know, businesses that donated are located here in Des Moines. So we send them you know, a big thank you and quite frankly, it really takes us all together to put a program like this together.

**Steve Adams, host 09:51**

Well, lowans are certainly famous for neighbor helping neighbor and this certainly sounds like another example of that. Now I know that the city council require that 50% of the funds go to minority- and women-owned businesses. Were you in favor of that plan and why or why not?

**Frank Cownie** 10:10

Absolutely. It but it wasn't a requirement, it was actually a hope. Because we wanted to make sure that, we were hoping at least 50% of the applicants be women- or minority-owned businesses. And we have since learned, by the way from, you know, legal that it's difficult to add that kind of a stipulation, but we really worked hard on it. We went in, we reached out to businesses all across Des Moines, especially those small ones. And quite frankly, we did it. 52% of the grant applications are women- and/or minority-owned. And you know, and maybe more than that, as not all applicants answered that particular question on the application. We asked a question for statistics after the fact. It was an aspect of scoring.

**Frank Cownie** 11:06

But, you know, as we tried to encourage people to apply, we made sure that we reached out to minority- and women-owned businesses. So it wasn't really a requirement that they either answer [unclear], but we really reached out. We also partnered with our Small Business Relief Fund that had a program of their own. And Kameron was part of that effort and joined with our staff in looking over all the applications.

**Frank Cownie** 11:35

Partners in that program included the groups that typically you know, work with immigrant communities and other small businesses such as you know, the Immigrant Entrepreneurs Summit and the Directors Council and the League of United Latin American Citizens, One Voice, Iowa State Extension, DREAM Iowa, Iowa Community Capital, Ethnic Minorities of Burma Advocacy Center, Des Moines branch of the NAACP, the Latino Resources of Iowa, the Bosniak American Association of Iowa and Financial Empowerment Center.

**Frank Cownie** 12:10

This effort, by the way, was statewide. The applications for Des Moines however were funneled to us and we were able to fund a number of them that met our criteria. 33 applications, 25 of those were funded in our effort, and most of those that were not funded were professional services, which we did not fund.

**Steve Adams, host** 12:35

Well, you may have mentioned this, and maybe I just missed it, but how many businesses actually applied for the grants in Des Moines, and how many were awarded? And again, if you've already told me that, I guess I missed it. I just want to be clear on that.

**Frank Cownie** 12:49

Yeah. Originally, as I said, I think that we had about 140, who applied for the overall programs. And Kameron, you would probably know better than I, but I think overall, you know, as we added all those together, there may have been some more.

**Steve Adams, host** 13:23

Okay, so Kam, switching over to you. You work with many minority-owned business clients in the Des Moines area. Did some of your clients specifically receive grant money, and can you tell us how they've used those funds?

**Kameron Middlebrooks** 13:38

Sure, yeah. So as Mayor Cownie mentioned earlier, through the work that we've done with our Small Business Relief Fund, in partnership through my role with Iowa State Extension, and also my role with the NAACP, we did funnel about 33 applications to the city. 25 of those were funded through the CDBG dollars. The additional funds, we ended up funding through the original Small Business Relief Fund. But many of these businesses are using it for their operational expenses, right, to cover rent, utilities, things of that nature, as well as to cover, you know, merchandise and also professional services that they use, such as, you know, any lawyer fees that they may have, fees with their with their tax people, in addition to that.

**Kameron Middlebrooks** 14:24

But we also had a couple, a number of small businesses attempt to expand in this time. One in particular, that I believe that we funded was a coffee company named Black and Bold Specialty Beverages. In the time of COVID since they received these funds, they've actually done a great job of getting into other retailers. They've created a partnership with Hy-Vee and expanded their business in ways that we probably didn't see coming with, especially with COVID-19 affecting some of their other avenues of profit. But these businesses overall, typically have used it again, like I said before, to cover their rent utilities and things of that nature and then also to cover merchandise in the time that they have not been able to make money over this summer.

**Steve Adams, host** 15:08

Well, so that kind of gives us an explanation of how these funds that were meant for businesses are being used. It's kind of interesting, as I was reading Annie Lowrey in the Atlantic Magazine she mentioned, you know, before the crisis, she says small business was already pretty fragile. More than half of them had less than two weeks' worth of cash on hand, making any major downturn deadly. It's not just stores closing now, but also the next generation of startups. So listening to that comment, Kameron, would you agree that folks were sitting on two weeks or less of cash on hand?

**Kameron Middlebrooks** 15:46

Definitely, I mean, that happens across the board, whether you're in business for yourself, or you're just an employee yourself, right, that they say you sit at about six months of emergency funds on hand, just personally, and in a business. That's not always reality. And I think what COVID-19 has done is exacerbated some of these issues that have been throughout our community, even before. So the importance of a small business is so key, because it employs a lot of our citizens and residents. But when they're hurting, you know, we're all hurting.

**Steve Adams, host** 16:22

Absolutely. So Kam, again, are there other resources out there, either state or federal, that you are aware of in particular, that are targeted specifically toward or even indirectly, perhaps, to minority-owned businesses?

**Kameron Middlebrooks** 16:39

Yeah, there's actually an opportunity that I just came by this week, LISC Small Business Relief Grant is available right now. If you go to LISC.org, you can find more information on their grant opportunity. They're really focused on BIPOC communities, so black, indigenous, and people of color. And thanks to the support from a variety of funders, they're providing grants to small businesses to help them keep functioning, remain vital facets of their local economies through this challenging period.

**Steve Adams, host** 17:13

Well, before we wrap this up, Mr. Mayor, I've got to ask. I'm sure like the rest of us COVID-19 came and it has affected your job in countless ways you probably never envisioned when he first ran for office, especially as it relates that local economy in Des Moines. So what has this experience been like for you

leading the city? And what's your vision for the future, as we all seemingly are waiting for a vaccine and some kind of return to normal if that will ever exist again?

**Frank Cownie 17:42**

Boy, that's good question. You know, I want to, if you allow me to, is, you were talking to Kameron and I had a chance to do the math and go through those different programs. By the way, the exact numbers, we had 245 in all those different slots that applied. 142 of those were funded. And most of those not funded, as I said before, were professional services. And of those 142, we were talking about minority- and women-owned businesses, 51 of the 142 were women-owned and 46 are minority-owned. You know, and all told, we are sending out checks in total that are about 1.1 million.

**Frank Cownie 18:32**

And we're so happy to be able to do this small part to help our small businesses. And, you know, we know it isn't easy for them, and we want to maintain the vibrancy of our community. You know, and I would want to say also, you know, the, the grants allowed our recipients to spend the money specifically, you know, on rent and payroll and utility payments and supplies, but it wasn't just limited to that. Basically, we didn't want the grant to be used to pay off loans, but any operating expenses were fine. I know some of the federal programs were stricter regarding how the money was to be used, but we wanted to allow more flexibility in in the funds that that we were offering.

**Frank Cownie 19:21**

And I want to say that regarding what the grant meant for businesses, we received a particularly nice note of thanks from one of our recipients and it was very heartfelt and I'm just going to read you a quick portion of it. I have it right here. The recipient said, "I don't know how to express my gratitude and how much this means to me. If Coronavirus wasn't a thing, I would give every person who was part of this grant a hug and show you the tears of joy that this brought. What you are doing for small businesses is literally keeping our dreams alive. Bless your hearts, I'm speechless, overjoyed and love Des Moines that much more."

**Frank Cownie 20:09**

And this business owner was one of the ones that received a \$10,000 grant. So maybe not a lot considering a business's annual budget, but that's what we could manage and so that's what we did. But it shows that every little bit helps. And that, you know, we want to be part of the solution to keeping this vibrancy and these businesses alive. You know, as you pointed out, none of us ever imagined that 2020 would be like this. You know, when we run for office, especially at the local level, you know, we run non-partisan, and, you know, every single day, I work with people from the blue side, and the red side and everything in between. And, you know, I never asked them what party they're in when they need help, we're there to serve all of our citizens in all ways all the time.

**Frank Cownie 21:07**

But as we turned to 2020, and we saw the Coronavirus come upon us, we never imagined the impact that it would have, not only to the businesses, but to the city itself and the community and it just [shows] how necessary it is that we strive to get good communication and good cooperation from all levels of government, from the federal side, to the state side, to the county side to the local government, city side. It's all of us working together. And you know, as you mentioned, we never imagined that this kind of thing would present itself.

**Frank Cownie 21:51**

And then throw on top of that, most recently, a couple of weeks ago that derecho that, you know, impacted so many of our residents and in businesses, not only in Des Moines, but across this state and all the efforts that we all had to pull together and find, again, more funds to be able to do that. And

we've been, at no expense to our citizens, making a one pass haul-away of all that stuff. And so you throw all this together and trying to get people to realize the changes and how we do business, virtual business, doing it through the internet, whether it's, you know, or directly over the phone or something.

**Frank Cownie** 22:42

As opposed to you know, getting your dog license or paying for the parking ticket coming down to City Hall. Our buildings are closed, we want to protect our city employees and protect their families, and we want to protect the residents of the city of Des Moines. And we're having to find new ways to do that. And we also never imagined that we would be running city council meetings virtually. I mean, that's a new experience and some of the learning that we've had to go through to provide that, not only for our city council and in how we exchange ideas, but for the general public, and how do we get their input. And we've found ways to do that.

**Frank Cownie** 23:29

And we follow up that, you know, everybody either wasn't able to get on and be part of the meeting or there wasn't enough time. We've given them ways to communicate with the clerk's office, the manager's office, all of our city council members and try to answer questions that they have and even have special times to get together to ask questions of individuals through a Zoom meeting or something else, to go over details of some of the questions that maybe we weren't able to detail out as much as they wanted during a council meeting.

**Frank Cownie** 24:08

But I gotta tell you, it's been a real challenge. It will continue to be until we find a vaccine and return to some sense of normal. But I guess they didn't...the job was never exactly written down or outlined and presented to express all the issues that one would be confronted in our service. But this this truly has been a new one, and in my lifetime, I've never seen the number of things that we've had to go through in 2020. And let's hope we can return to some sense of normal and we get a vaccine and we get everybody to wear a mask and do the things that they need to do to help us get back to normal.

**Steve Adams, host** 25:00

Yeah, certainly 2020 has thrown us a curveball more than once. And I, like you, am learning new weather terms seemingly every year over the last five years and derecho was one that I was not familiar with. But I think I'm quite familiar with it now. And I want to thank you so much for sharing the contents of that letter. What wonderful sentiment and quite honestly, to both you, Mayor, and to Kameron, and I think that's a real testimony to what you're doing out there and what you have done for minority businesses and, you know, almost brings a tear to your eye. But again, what wonderful sentiment, again, that was expressed in that person's letter. So if I needed to reach out to you, Mayor Cownie, how would I get ahold of you, or what's the best way for me to get ahold of you?

**Frank Cownie** 25:53

Well, I think the best way to reach me would be an email and then we can follow up, but I'll let you know it's [fcownie@dmgov.org](mailto:fcownie@dmgov.org), or you can contact Alex [unclear] who's on my staff, and she's at 515-283-4054.

**Steve Adams, host** 26:22

Excellent, thanks so much. Hey, Kam, same thing to you, buddy. How do we get—I know how to get ahold of you, but how does the rest of our listeners know how to get ahold of you?

**Kameron Middlebrooks** 26:31

Yeah, best way for me would be email as well. You can reach me at [kameronm@iastate.edu](mailto:kameronm@iastate.edu).

**Steve Adams, host 26:45**

Sounds pretty simple. Like I know I got your phone number on speed dial, Kam. So our special guests today have been Frank Cownie, mayor of Des Moines and Kameron Middlebrooks, minority business coordinator for Iowa State University Extension and Outreach and the president of the Des Moines NAACP. Hey, folks, thanks for being with us today. We really do appreciate your time on this podcast.

**Frank Cownie 27:09**

Thank you so much. Hopefully, we're able to move forward and I've got to tell you, Kameron's been a lot of fun to work with and we exchanged a lot of ideas on moving our city and our state forward. So Kam, to you and to the Back to Business Iowa podcasts, thank you so much. This has been a fun afternoon.

**Steve Adams, host 27:31**

Well, if you have any questions about this Back to Business Iowa podcast, please feel free to contact me, Steve Adams, at [stadams@iastate.edu](mailto:stadams@iastate.edu), and again, thanks for listening. Well if you've enjoyed this podcast, please consider posting a review on Stitcher, Spotify, Castbox, the Podcast app, Apple, Google, or on whichever platform you find your podcasts. Reviews and ratings and comments all help us to build a better podcast. So whether it's a one star or a five star review, we value your input, and we thank you for that consideration as well.

**Steve Adams, host 28:12**

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