

# Small Businesses Are Driving Economic Vitality in Appalachia, Though are Struggling to Access Needed Capital

*Report by the Appalachian Regional Commission in Collaboration with Next Street Points to Challenges, Solutions for the Region to Pursue Billions New Growth*

WASHINGTON, DC, UNITED STATES, April 23, 2024 /EINPresswire.com/ -- In a new report issued



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Appalachian small business sector."

*Michael Roth, Next Street co-CEO*

today by the [Appalachian Regional Commission](#) (ARC), small businesses are credited with driving economic and cultural vitality across the Appalachian region. Main Street business in sectors such as retail, leisure and hospitality employ nearly half of Appalachia's workforce. Additionally, emerging potential in high-growth and supplier small businesses hold promise for rural communities to tap into significant private and public investment in infrastructure and green energy. The report can be downloaded [here](#).

Despite this growth, significant barriers exist for these businesses to access the capital and credit they need to survive, impeding their success and, in many cases, their survival. In the report, solutions are proposed to reduce

these barriers and improve capital flow to these businesses. Produced by [Next Street](#), a mission-based B Corp firm focused on uplifting small businesses, "Access to Capital and Credit for Entrepreneurs and Small Businesses Across Appalachia" proposes solutions to reduce these barriers and improve capital flow to businesses.

Through an in-depth analysis by Next Street's team of small business experts, the report concludes that the Appalachian region has the potential to leverage the resilience and entrepreneurial spirit of small businesses, which in 2020 made up 99% of the businesses in the region. However, this potential is impeded by a gap between capital supply and demand, geographic constraints, and limited and inconsistent information. To unlock the full economic and cultural vitality of the region's small business economy, the report urges that stakeholders come together and take strategic action.

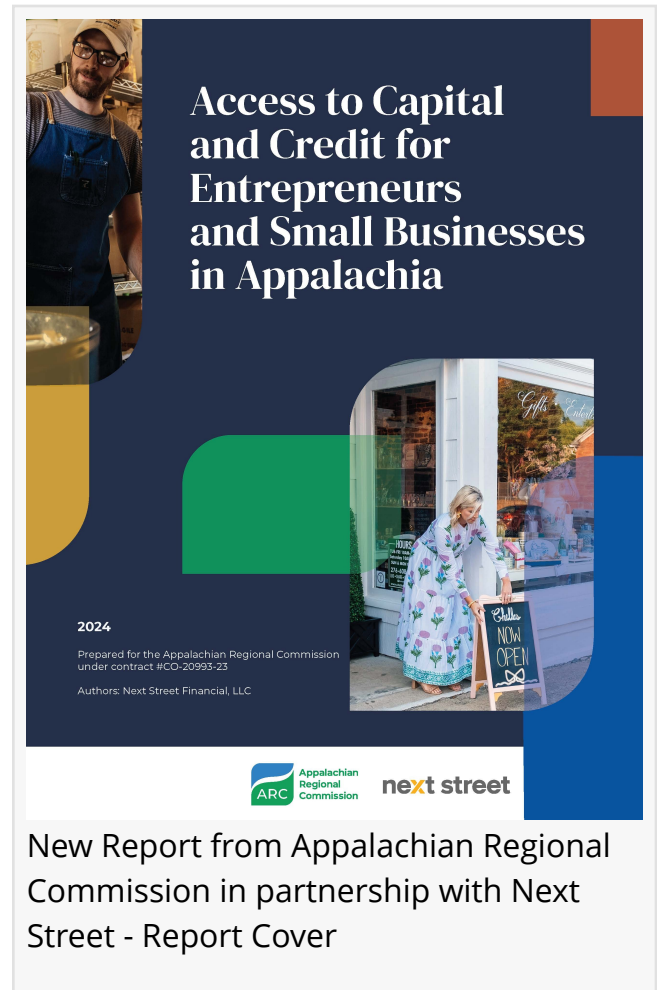
"I'm encouraged by the progress Appalachian entrepreneurs have made in recent years when it comes to opening and sustaining new businesses across the region," said ARC Federal Co-Chair Gayle Manchin. "However, for small businesses to continue and strengthen the local economy, it is imperative that we better understand the unique challenges faced by our Appalachian business owners and take action to meet those challenges head-on."

Next Street Co-CEO Michael Roth said, "As champions for supporting underserved small businesses, we are very much aligned with this initiative to look more closely into the sometimes-underestimated Appalachian small business sector. The report's findings and recommendations, derived from our thorough research and analysis, will inform future policies and decisions that will positively impact the vibrant Appalachian small business community and the entire region."

### Key Study Findings

The study revealed a number of challenges and opportunities that small businesses face in Appalachia. These findings include:

- Unmet capital demand from small businesses represents a \$70 billion growth opportunity in Appalachia.
- Banks provided 97 percent of the total dollars lent to small businesses from 2017-2021. However, bank consolidation and branch closures are inhibiting local access to capital.
- The most prevalent loan sizes do not always meet the needs of Appalachian small businesses. What's more, credit requirements such as collateral create barriers for these businesses to access loan capital.
- The emerging growth potential in the climate, infrastructure and advanced manufacturing industries give Appalachian businesses the chance to tap into national infrastructure and clean energy trends. Yet, the capital challenges these businesses face limit the opportunities for them to seize these opportunities.
- Increasing the ability of regional and community lenders to access capital is critically important. These organizations are more able to meet the unique loan needs of Appalachian small businesses, which are sometimes less resourced than traditional loan applicants.
- Encouraging and designing coordinated programs for investors, developers, and entrepreneurs to address emerging industries' challenges can mobilize marketplaces throughout Appalachia and spur innovation.



## Methodology

The report's findings were made possible through the analysis of a large number of publicly available datasets, including those from the U.S. Census Bureau and Federal Reserve System. Additionally, the research team had in-depth conversations with more than 25 organizations (add link) working throughout the region, which provided local perspective and on-the-ground insights. Nineteen of those organizations have used, or are currently using, ARC funding to address the gaps in capital access.

## About the Appalachian Regional Commission

The Appalachian Regional Commission is an economic development entity of the federal government and 13 state governments focusing on 423 counties across the Appalachian region. ARC's mission is to innovate, partner and invest to build community capacity and strengthen economic growth in Appalachia to help the region achieve socioeconomic parity with the nation.

## About Next Street

Next Street designs and develops solutions to connect entrepreneurs and small business owners with the right resources at the right time, with a focus on small businesses facing disproportionate barriers. With a proven track record of nearly 20 years, an ongoing commitment to becoming an anti-racist organization, and an extensive network of small business advocates, operators and investors, Next Street accelerates the impact of institutions and advisors on small businesses and provides millions of small businesses with the experts, tools and capital they need to thrive. Learn more at [nextstreet.com](https://nextstreet.com).

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