



**Next Move Group**  
We Are Jobs Podcast  
with Special Guest: Ned Staebler

**Chad Chancellor:** I want to thank Research Consultants International for sponsoring today's podcast. They are a globally renowned lead generation firm that helps economic development organizations create real prospects. They've helped over five hundred economic development organizations. Let me tell you exactly what they do.

They facilitate one-on-one meetings for economic developers with corporate executives who have projects soon. They can facilitate these meetings to where you travel to the corporate executive's office and meet them there or you meet them at a trade show or even have a conference call, so you don't have to pay for travel.

They recently launched a service called FDI365 which provides you a lead a day of fast-growing companies that will be expanding soon. Their research has helped over \$5 billion in projects get sighted since inception. I encourage you to go to [www.researchfdi.com](http://www.researchfdi.com) to learn more about Research Consultants.

As far as I'm concerned, they are absolutely the best lead generation firm in the business for economic development organizations. Call them now. They can help you create real prospects.

[Music]

**Chad Chancellor:** Hello. This is Chad Chancellor and welcome to this week's episode of the Next Move Group We Are Jobs podcast. Today, we've got Ned Staebler with us. He's the vice president of the economic development of Wayne State University and president and CEO of TechTown in Detroit. Ned, I've admired what you all are doing in Detroit really for several years as far as all the entrepreneurial growth that you are having and really what you're doing with this coronavirus. I called you and said we got to get you on our show.

I saw you all are raising money I believe through the Detroit Small Business Stabilization Fund. You're not waiting on the federal government to pass some package they may not have passed. We're recording this on Tuesday. They may not have passed it by Thursday. You all are getting money to your small businesses now. Let's start with you talking about the Small Business Stabilization Fund, what you all are trying to do and then as we progress, we don't want to be all gloom and doom coronavirus. I want you to then talk about TechTown in Detroit.

**Ned Staebler:** Sure. So, first of all, thank you very much for having me on this show. I really appreciate it. Any opportunity to talk about what we're doing so that frankly, other folks around the country can model it or if people want to support our efforts. I'm a non-profit, so this is not a zero-sum game. We're all trying to help each other out.

In Detroit, we've had a burgeoning sort of revival over the last ten years which has been great to see my home town and it's fun to watch it start to flourish; lots of entrepreneurs starting little businesses all over the city. My organization is called TechTown. So, people think we just do tech, but the reality is we work with about 400 businesses a year and 300 of them restaurants, coffee shops, barbershops, retail, service folks, manufacturing, stuff like that. Little businesses we help you start them, stabilize them, and scale them. That's it. I don't care what you're doing. We'll help you grow.

So, we were somewhat uniquely positioned in that we have staff that's spending all this time embedded in the community across the city. We saw this coming. We could see what was happening in other countries. We knew what was going to happen here especially with the limited response at the federal level. We knew this was going to be a problem. We were going to end up being locked down, which of course is murder for small businesses.

So, JP Morgan did a report last year. 47% of small businesses in this country have less than two weeks of cash on hand. If you go into Black and Hispanic neighborhoods like Detroit is 82% African American and then another 5%-6% Hispanic, that number jumps to 94% which means almost every business in the city of Detroit-- small business is out of cash because people aren't going out to eat, they are not going to buy gifts, that kind of stuff right now.

And they shouldn't be. We should just stay home. Lock this down. Make sure everybody gets healthy. They're making these decisions right now. What do I do? We're going to be locked down

for two weeks, four weeks, six weeks? Do I lay off my staff? Do I not pay my utilities? What choices do I make? Do I shut down completely? Can I move online? Should I try to sell gift cards?

We started thinking hard. Well, we'll provide technical assistance. We'll teach them how to market. We'll teach them how to get online, sell gift cards, do that kind of stuff and while my team was working on that, I started reaching out to the CDFI community and the government and said all right, what are you going to do? How are you going to get money to these folks? And they all said uuhhh the SBA? And I was like that's not good enough.

So, in about 72 hours, we looked around the country said who is doing this? New York and Seattle were both way ahead of us and they both had sort of plans to try and do stuff like this. We transferred best practices from Seattle. They had a Small Business Stabilization Fund that really targeted the most vulnerable businesses; folks whose owners aren't doing it as a second business. They are a millionaire and also on the side have a stationery store. So, they looked at the average area immediate versus-- their income versus the median and we said that too, we want to help.

So, we set up a program. We help businesses 10 employees or under, folks who their owners make 80% or less of the area median income. You got to be in a physical location. So, you got to be a restaurant or a coffee shop. We're doing food trucks too if they have a regular location in the city. You can't just drive your food truck in the city and ask for some money.

And then we're doing grants of up to \$5,000. We're trying to be real flexible. Working capital, man. You pay your payroll. You keep the lights on. You buy food, whatever you need. You're closer to this than we are. We're not going to tell you how to do it. We'll provide you all the support. We help coach you on how to talk to your landlord or your lender or whoever. You know what you're doing. Here's some money. Try to stretch it out until the cavalry comes. That's kind of the plan.

**Chad Chancellor:** And I think I saw you raised \$300,000 in the first week or so. Is that right? Is that what you're trying to raise?

**Ned Staebler:** No. We set a goal of \$250,000 and I started pounding the phones. We raised \$300,000 in the first three-four days. Over this weekend, I raised another 100 grand and I just got

a commitment for another \$100,000 for a foundation literally 45 minutes ago. So, we're at about half a million, which is great.

The problem is we open up the applications last Friday at 5 o'clock. Like Saturday at noon, we had 200 applications. Now, we have 300 applications. So, really quick math, 5 grand, 300 applications, that's \$1.5 million. Not everyone will get 5 grand. We don't want to give everybody \$500,000. We want to make sure it's enough to help them. So, you might get 3 or 4 grand, but even so, we're talking \$1.2 million, \$1.1 million. I'm short. I need a lot of cash and so I'm dialing for dollars right now and telling people if you want to help people immediately, 100% of the dollars that go into this fund go out the door within 48 hours to small businesses in Detroit. I'm taking no overhead on any of this money. Don't worry. I'll figure that out next month. I'll be the one dialing for dollars for myself, but at least for the moment, everything is going out the door to small businesses.

**Chad Chancellor:** Thank you, Ned. We're going to take a quick break for a message for our listeners and we'll be back with a lot more with Ned Staebler after this message.

[Music]

**Chad Chancellor:** I want to thank LocationOne-- some folks know it as LOIS-- for sponsoring today's podcast. LocationOne has in my opinion, the best buildings and sites database in the economic development industry. Now, the coronavirus is here and everything has been disrupted, I've been thinking a lot about it. If I were an economic developer still, what would I do during this time and I know without question I would transition to LOIS and get my buildings and sites updated as I possibly could so that when we come out of this economic downturn, we're ready to go.

Let me tell you why I like LOIS. It is the most responsive mobile friendly buildings and sites database I have found. It's easy to use. It's just as easy to use on an iPad or iPhone as it is a computer. I was browsing around last week on a state economic development building and site database and the thing it just wouldn't work. It wouldn't work properly. You had to be an engineer to figure it out. It was too much. It had this circle you could draw to look at buildings. The circle wouldn't work when I backed out if I got what square footage I was looking for.

None of that happens with LOIS. This is the best buildings and sites database I have found. I've looked far and wide. It is the most easy to use from a site selection standpoint on any platform. I'm told it's just as easy to use for economic developers. It really walks you through inserting your information and putting it in so the prospects can use it. So, I really encourage you take a look at [locationone.com](http://locationone.com). Use this time while we're down to update your buildings and sites. Transition to LocationOne. You'll be really happy you did.

[Music]

**Chad Chancellor:** Well, I know you got 14,000 businesses in Detroit with under 50 employees. It's just that as I've traveled the country various economic development conferences speaking and stuff, people have been talking about how far Detroit has come. I can be in Cleveland and people are talking about how far Detroit has come.

**Ned Staebler:** Detroit's way better than Cleveland, I'll tell you.

**Chad Chancellor:** What really I think is speaking to me as a small business owner. So, we're a small business owner. We have five employees. So, I had my accountant check in when all the talk was coming out with SBA. I had my accountant check in to see what we might qualify for.

We've got some cash built up, but if this last three-four months, we'll have a problem, and so anyway, I said hey, look and see how this works so either we can use it or I can advise clients or whatever to use it and so the public knows the main SBA loan they are talking about according to her, it takes 21 days I think to get qualified and then it takes six more days to fund the thing.

Now that I know that knowledge-- I didn't know that a week ago-- but now that I know it, every day I'm getting on my LinkedIn and Twitter because I got every economic developer in the world is on my LinkedIn and all I'm seeing is they're telling their small businesses check out what our SBA can do for you, but that's too long.

**Ned Staebler:** That's a month from now.

**Chad Chancellor:** You're talking 28 days.

**Ned Staebler:** You're making those decisions right now. Do I lay off my staff? Do I for-low my staff? Do I fire-- do I close down altogether and just turtle up for a month?

**Chad Chancellor:** That's right and they can draw on employment, but then you're here and remember if you keep them on your team, they'll do a forgivable. So, what I really admire is how fast you all have done this. It was only two weeks ago that we started canceling all the basketball tournaments and all. Within three weeks you've raised this much money and is most of your money coming from the local Detroit area or are you really raising it from foundations and folks around the country?

**Ned Staebler:** The foundations are just starting. Today was our first one. The corporate stepped up. Quicken Loans and Dan Gilbert who is the founder speaking in Cleveland. He owns I believe in Cavaliers.

**Chad Chancellor:** You can't talk about Cleveland too bad.

**Ned Staebler:** That's all right. He's used to it. The headquarters, the Cleveland Cavaliers is in Detroit, Michigan. That's all messed up, but anyway, they stepped up and seeded it with \$100,000. He came out of his own family foundation to help, but then it was corporates. Microsoft, Google, Comcast; they all have a big presence in Detroit. JP Morgan is a big Detroit lender. So, those are the kind of folks who've really stepped up and we're really hoping the foundations-- which to be fair they usually take a little while longer because they've got boards and process and all that. We're hoping they're going to step up this week to start filling that gap because we still have such a backlog of demands.

**Chad Chancellor:** So, once a company fills out your paperwork and establishes that they've met your criteria, how long does it take you to actually fund them with the 5,000?

**Ned Staebler:** About 48 hours is our goal. First checks we just started yesterday reviewing the applications. We're supposed to have decisions by Wednesday at 5. I literally got off the phone call with my finance person an hour ago saying hey, do we have ACH set up so we can pay people out like this? She's like oh, shoot. No, we turned that off last year for audit reasons. Okay.

So, we're getting that turned back on, but it should be pretty quick and this is the new normal at least for entrepreneurial organizations. Two weeks ago when I said to my team all right, we got to do this, they told me we're not a grant-making organization. We don't do this and I said two weeks ago, we didn't do it. We do it now.

**Chad Chancellor:** Yes, the whole world has changed.

**Ned Staebler:** Yes.

**Chad Chancellor:** And I think that's one of the reasons I'm frustrated that the government wants to just use SBA programs. We're going to use the same programs we did in '08 and '09. This is a totally different situation.

**Ned Staebler:** And let's not forget service businesses, retail, restaurants, that kind of stuff they are already operating on really low margins. Unlike the manufacturing, let's hope this happens, there will be a pent up demand. If they close down for a month, orders are building up. Next month, they got to fill those orders, right? And they'll get paid, right? So, they'll have increased demand for a while.

**Chad Chancellor:** That's right.

**Ned Staebler:** But if you own a restaurant and you stay closed for two weeks or a month and then you open up, Chad, are you going to come and have two dinners? No. There's no pent up demand, right? You're still going to come and have one dinner. You're going to get your nails done once, right? So, we're already operating on low margins. Our cash flow is already not great. I can't take on more debt. I'll just start losing money. Now, I'm throwing good money after bad. I don't care if it's a 3.75% interest or 0% interest. It doesn't matter. I wouldn't advise my clients to take on-- a lot of my clients to take on more debt anyway.

**Chad Chancellor:** You're 1,000% right and I live in downtown New Orleans and we are so much service and restaurants and bars and music venues and everything, we're having a real hard time with this. New Orleans is going to end up being one of the cities that has the most of this and my heart just breaks for these people, but yes, you're right. You take out more debt, but you don't up your revenue or level of income back, you're just hurting yourself worse in the long run.

So, I really admire how fast and how creative you all have done this. What have you learned? Let's say there's a city out there. Maybe it's New Orleans or maybe it's a small town-- I don't know-- a small town in Indiana. What have you learned if you didn't know two weeks ago if there's a town out there that wants to do this maybe not even on your scale, but to help their small town through such a problem?

**Ned Staebler:** This is what I've learned. It is 100% about leadership. Leadership is about doing something today that isn't necessarily so obvious to people and you risk people ridiculing you. So, we run 130,000 square foot facility and three weeks ago, I said to my team everybody go home. We need to stop-- we have close to 1,000 people coming in our building every day. This is not good. No one had tested positive. None of that yet, but it was coming, right?

We saw it and I said guys, non-essential people, go home. Start setting up your Zoom meetings and your Microsoft teams and all that kind of stuff. Let's figure out how to do this today and it took us a week of figuring out how to use a hangout or how to do this or that and people-- I got a lot of blowbacks from some people. Why are you doing this? You don't need to do this.

I tell you it all seems quaint now. They're like we can just elbow bump. We can just give me a high five. Leadership is doing something that you don't think you need to do at the time. The risk I'm taking is that a month from now or two months from now, people will say look at that idiot. He wasted all that money. I hope I did. I absolutely hope every single one of these businesses stays in business and they didn't need my \$5,000.

I don't think I'm wrong. I think they're going to need it, but I hope I'm wrong. That's leadership. If there's somebody in your community that feels like that, if you hear him saying something you think is just a little too extreme, support him. Write him a check. Help him out because that's what leadership is.

**Chad Chancellor:** And let's transition now to the Detroit story. So, before coronavirus, how have you all made this comeback?

**Ned Staebler:** Well, it's been great. We were in a one-state recession with the auto industry. Prior to 2008 and 2009, we were already struggling and '08 and '09 just made it even worse. All of our borrowing base disappeared because we were borrowing out orders from General Motors. Well, they're bankrupt. We're borrowing out of a manufacturing facility in Michigan. No one wants one of those anymore. It was really hard for a long time. A lot of people left, but over time, we really built it back up through entrepreneurship.

So, a lot of organizations, a lot of people have been dedicated to this. We have a really great ecosystem. We're really fortunate. I always say we're really lucky we used to be really rich. The



Kmart Cooperation has a big foundation. The Ford Motor Company a big foundation. Kresge, Kellogg, Ford, Hudson-Webber, Nike; a lot of those big national foundations are based in or around Detroit. They created a whole ecosystem to help support entrepreneurs and that's what we're a part of. We've been one of the epicenters.

We did one of those network maps and we were the most connected hub last year. We and our entire sort of network and ecosystem have been working on this for ten years and we've had literally thousands of businesses open up in or around the city which is awesome because Detroit is a place that is largely underserved. You've got a high level of poverty. You've got a people that have literacy skills that aren't on par, that have potentially a drug conviction or a prior criminal record, who can't get a job or they can make a job and we're breaking cycles of intergenerational poverty. We're creating wealth as well as providing jobs and opportunity right along commercial corridors and in neighborhoods around the city.

It has been really awesome to see and it's part of why I'm so nervous about all this because this recovery is nascent, is blooming, but it's fragile. So, I'm really nervous that these folks that we've been working with in the last three or four or five years who are just starting to get by they could be really hurt. I'm not worried about-- no offense to the cruise lines or the hotels or the airlines. I've got friends that work in all those places. They'll be okay. I'm not worried about Hyatt or Hilton or whatever, Carnival Cruise. Someone will buy them out of bankruptcy and those cruise ships will keep on going next month. I worry about the mom and pop shops all around town.

**Chad Chancellor:** Yes, I totally agree. Well, Ned, is there anything that you want to share with the folks that I didn't ask you?

**Ned Staebler:** I got to make a shameless plug. If you want to help us out, [techtowndetroit.org/donate](http://techtowndetroit.org/donate) or just [techtowndetroit.org](http://techtowndetroit.org) and write us a check or use a credit card online or if you're somewhere else around the country and you're thinking oh, man, small businesses in my neighborhood or my community are hurting too, go online, look at all our stuff, send me an email [ned@techtowndetroit.org](mailto:ned@techtowndetroit.org). I will happily send you all of our stuff. Saving restaurants in New Orleans doesn't hurt restaurants in Detroit. I'm cool with that. This is all rising tide lifts all boats kind of thing.

**Chad Chancellor:** So, that's [techtowndetroit.org](http://techtowndetroit.org) and [ned@techtowndetroit.org](mailto:ned@techtowndetroit.org). Well, Ned, thank you for spending a few minutes with us today. We really appreciate it and again, I admire what you all are doing and thank you for being so fast with it.

**Ned Staebler:** Absolutely. Thank you. Thanks for what you're doing and be safe, okay?

**Chad Chancellor:** All right. Thank you.

[Music]

**Chad Chancellor:** If you want to join our movement which is to create economic growth for small to mid-sized companies, communities, and non-profit organizations, please go to our website at [thenextmovegroup.com](http://thenextmovegroup.com). Browse around and you can see the different services we offer all designed to create that economic growth for the small to mid-sized companies, communities, and non-profit organizations. Most of our leads and growth has come from word of mouth referral. So, even if you don't need a service, we want you to know what we do so when friends and contacts of yours might need something, you know what we do and you can refer us. So, again, go to [thenextmovegroup.com](http://thenextmovegroup.com) to learn more about the Next Move Group.

[Music]