

# Arkansas Business Navigator Podcast

***Episode 5: 2023 Trends to Watch, SBA Disaster Loan Rate***

***Changes, The Government Will Buy That From You***



Hello and welcome to the Arkansas Business Navigator podcast, the show that reviews U.S. Small Business Administration in Arkansas and Arkansas Business Navigator resources available to support small businesses and entrepreneurs in the natural state. I'm Brandon Mathews, and today's episode is going to review a recent SBA article discussing some of the top business trends to look for in 2023 that you need to be aware of, some positive changes happening to the SBA Disaster Assistance Loans (spoiler: it's about interest rates), and finally, a segment from a conversation I had with Arkansas Procurement and Technical Assistance Center Director, Melanie Berman.

This also marks our last episode of 2022. The University of Arkansas System Division of Agriculture is going to be closed for winter break December 23rd through January 2nd. So, if Kam and I don't get back to your email or call, it's not because we don't want to talk to you. It's because we're recharging and spending time with family and friends and hopefully you can do the same also. Let's get this show on the road.

My family and I try to shop local for as many gifts as possible for friends and family during the holiday season. And I think we did a pretty good job supporting the local salons, boutiques, grocery store, restaurants, and even the local pharmacy. Of the shops I've listed, only the local boutique has an e-commerce store. And as for the other shops, we had to go in store and wander the aisles and shelves like my pre-pandemic self in 2019. And look, I live in a rural community with a couple thousand people in my town. A lot of the businesses here haven't adopted e-commerce or other trends seen in their larger, more urban counterparts. But if this isn't on your radar now, it should be for 2023.

The SBA is tracking five trends in e-commerce and social commerce are number one on the list. According to Merriam-Webster dictionary: E-commerce is a commerce conducted via the Internet. This has typically been seen through a business's website or through sites like Etsy and eBay. Social commerce is similar with sales of goods and services happening over social media platforms like Facebook, Instagram, or Pinterest. You know that four-wheeler you purchased on Facebook Marketplace back in August? That social commerce friend. The truth is, more people are shopping online. In fact, more than half of global Internet users buy something online every week and experts forecast that the global e-commerce industry will grow by \$8.1 trillion by 2026. The takeaway here is to find a way to be online in reaching customers. If you don't know how or where to get started, reach out to us at the Arkansas Business Navigator or to the Arkansas Small Business and Technology Development Center to learn about what resources and opportunities exist for you to start selling online.

The second trend is tied to the first one as people shop online. The system is imperfect between shipping delays and supply chain issues, you could be waiting days or weeks for an item. Take me for example: I ordered three Formula 1 Mercedes Benz AMG Team Hats repping Lewis Hamilton before

Thanksgiving. Do I have my hats? No. Have I received periodic updates thanking me for my purchase and the F1 official store is working hard to fulfill this order? Yes. We are all a little impatient in the two-day and next-day shipping era. Even more so, recent data states that 61% of customers still want to try products on in-person before buying. This means bolstering customer support online and in-store to increase sales and reach more customers. Amazon has a new brick-and-mortar concept called Amazon Style that is attempting to merge the online and in-store experiences. You try on clothes, scan a QR code to learn more about the product and can arrange to have purchases made online or picked up in-store. The online retailer, with everything from A to Z, can't stay away from brick and mortar. The takeaway? Meet customers where they are and how they want to shop. Brick and mortar isn't dead. It just needs to match customer expectations.

Number three on SBA's 2023 trends is all about safety. I'm not talking about preventing the spread of sickness or keeping an eye on the parking lot. Two things you should definitely be doing. What I'm talking about is data collection. Customers want to know that their personal data and information they share with you is confidential and safe. If they can't trust you, they likely won't shop with you either. One of the easiest things you can do to prevent fraud and build trust with customers online is to install a secure sockets layer or SSL certificate on your website. SSL is a digital certificate that authenticates a website's identity and enables encrypted connections, meaning other people can't access the data like hackers. You know those websites with HTTPS at the beginning. They have an SSL. HTTP websites do not and they are more vulnerable to malicious attacks.

How about sustainability? That is number four on SBA's list. Customers are willing to pay more across every generation for sustainable products. No more straws being pulled out of turtle noses for these customers. Maybe it's using 100% recycled paper products or switching completely to reusable items. Maybe it's buying from sustainable producers or supporting conservation. There isn't a clear-cut solution to what you should be doing, but the important thing is to try. Customers will reward the effort.

All of these trends funnel into number five on the list, which is providing exceptional customer experience. You might have the cheapest product and you might have the best quality materials, but if the experience is off-putting to customers, they are not going to come back or tell their friends or family about you, at least in a positive manner. You know that BMW smell? Customer experience. You know that Chick-fil-A? Hello. How may I help you? And my pleasure. Customer experience. How about Chipotle going above and beyond to remind us that they source the best ingredients and prepare their food on-site while still being able to get you in and out of the door in under 3 minutes? Customer experience. The point here is to make an effort to make customers feel valued. When I worked in the not-for-profit sector, there was a fear that if 99% of money didn't go directly to the program line, we weren't doing our job well. That's simply not true. The pie can grow, and the same is true if you invest in your customer experience.

These are all things the Arkansas Business Navigator can assist you with, so don't hesitate to reach out to us or one of our other partners. You can find a link to the SBA article in our show notes.

On December 5th, SBA announced it will waive the interest rate for the first year on new disaster loans and extend the initial payment deferment period automatically to 12 months. This change is effective for all disaster loans approved in response to a disaster declared on or after September 21st, 2022 through September 30th, 2023. The effective date covers SBA disaster loans currently available for Hurricane Fiona and Hurricane Ian declared earlier this year. You can check out the link in our show

notes for more details about the changes. Hmm. Low rates. Just in time for the holidays.

Do you know who the biggest buyer is in the United States? Amazon? Walmart? What about Ford? If you guess any of these, you'd be wrong. The answer is the United States government. This is done through contracting and procurement. In fact, the majority of contracts are set aside for small businesses. That sounds good, but how does one get into government contracting? To help answer that, I had a conversation with Melanie Birmingham:

[Berman]: I am Melanie Berman and I am the Arkansas Procurement Technical Assistance Center Program Director. We are funded by the Department of Defense and our matching partner, University of Arkansas, Division of Agriculture, Cooperative Extension Service. And we help Arkansas based businesses sell to the government and that includes everything from one-on-one consulting by our procurement counselors. We teach various trainings and participate in small business events, including outreach events, matchmaking events.

[Berman]: I like to explain it in this way: If the government is using your taxpayer dollars to purchase any goods or services that's what we can help you find. So, our counselors are here to help seek out those bids or solicitations and help you understand what the government is requesting. When I say government, that can be state government doesn't have to just be the state of Arkansas. It could be other states in the United States. It's the federal government, any county government, a city government. And then think about the University of Arkansas system: we are publicly funded. So that as well encompasses government contracting. We want to keep the jobs and dollars in the state of Arkansas.

[Berman]: One of my pet peeves, I guess you could say, is when I see a contract out there, for example, maybe the City of Little Rock is purchasing - and I say a Little Rock because I'm from Little Rock and it goes to a Texas company. Nothing against Texas. Love people from Texas. But wouldn't we much rather have those jobs and dollars remain in our state and go to one of our capable Arkansas businesses?

[Mathews]: So who would be your ideal client to work with? What type of business is right to be contacting you guys?

[Berman]: Yeah. So, the Arkansas PTAC, we typically won't help with startup businesses. And the reason for that is in order to get into government contracting, the government buyer wants to see past performance. So if you're at that phase where you're just starting a business or maybe you have an idea for a business, you're probably not quite ready for the Arkansas PTAC. Our ideal client would be someone who's been in business at least 2 to 3 years. They've been successful in the commercial marketplace, and they're really just trying to diversify their revenue stream and getting into the government marketplace is one way to do that. The government buys any and everything, and on an annual basis, that's about \$600 billion a year that they're purchasing, and that's just the federal government. That doesn't even include the state of Arkansas and the local counties and cities, school districts and so on.

[Mathews]: So let's say I'm working with a client that's in El Dorado or Jonesboro, one of those far cities, you know, on the on kind of the border of the state. Do they have to go to Little Rock to work with you guys?

[Berman]: So our program is a statewide program. Most of us are based in Little Rock, but we do cover the entire state. And then, of course, anyone can meet with us via Zoom, on the telephone, or in person. For those special circumstances, for example, maybe you're a manufacturing company and you would like for the procurement counselor to see what you do to really get an understanding of it. We could do site visits in that regard as well.

[Mathews]: What is a challenge or pitfall that you see that you would want businesses to consider or to address first before reaching out to you guys?

[Berman]: I think if they have an operational business, they've been doing that for quite a while. It's probably going to be an easy transition into the government marketplace. With that said, you need to do a little bit of research, right? You need to see what the various government agencies are purchasing and if they're purchasing enough of what you're selling to make it worth your while. I would recommend never undercut yourself just to get a contract. It's not worth it. We don't want our businesses failing or losing money just because they want to get into the government marketplace. That's one thing that we see sometimes. Our clients are just so eager to get that first contract that they're willing to take a cost break. And that's not something that we would recommend.

[Mathews]: There may be a name change coming in the future. Can you tell us a little bit about that?

[Berman]: With our move to the Office of Small Business Programming under the Department of Defense, we have a higher visibility for our program. And with that, they rolled out a new name. And that'll be something that the Arkansas PTAC will be transitioning to probably in January, February timeframe. But if you wanted to know what it was, here's a little secret: it's Apex Accelerators. So if you see anywhere talk of Arkansas PTAC or Arkansas Apex Accelerator, we are one in the same.

[Mathews]: Melanie, what's the best way to get a hold of your team? Give us your socials, the number, email, all that good stuff.

[Berman]: Yeah. So we are on Facebook. We're on LinkedIn. In regard to social media. If you just search Arkansas PTAC, you'll find us on both of those channels. And then the best thing to do to contact us is to email our general email box. And that is [ptac@uada.edu](mailto:ptac@uada.edu). Our phone number, if you want to leave a voice message, is 501-671-2390. And I will say this, we're busy all the time. So if you don't get a hold of us right away, or if it takes us a day or two to get back, just know that we will get back to you. I would like to add, the best thing to do is also to complete our client application because that will automatically filter to us and we can assign you a counselor right away. I also teach a class for new clients every couple of weeks, so that will be posted on our website as well.

[Mathews]: Normally, Cam and I would review the upcoming events, but with only a week left in 2022, our December calendar is light. But don't you worry, our January 2023 calendar is full. Check out all of our events happening across the state at [www.arbusinessnavigator.com](http://www.arbusinessnavigator.com). A link to some of the show notes as well. This is also where we have listener Q&A, but no one sent us any questions. That's okay. 2023 is just around the corner, and I expect your New Year's resolution to include listening and submitting questions to the Arkansas Business Navigator podcast. Enjoy the holidays, everyone, and we'll catch you again in 2023.

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