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SPARKING START UPS A WHOLE NEW WAY

By **AMY LANE**



When a negative COVID-19 climate led Jessica Nagel back to her native northern Michigan to work her Chicago marketing job remotely for six months, it sparked a life change.

"I kind of re-fell in love with northern Michigan," said Nagel, who grew up in the small community of Ellsworth, far from the bustle -- and during COVID, tensions -- in the Windy City.

Labor Day 2021, pulling on her love of creating food for people and designing, and in search of a fresh, new and exciting pursuit, she came up with a business idea that she saw nearby Charlevoix lacked: A market with an array of uniquely crafted to-go foods -- from offerings like salmon bowls with sushi rice and pickled vegetables, to sandwiches, salads, dips, cheese boards and breakfast boards -- ready for anything around the resort town.

"I wanted a place for people to be in and out in five minutes and have everything that they needed for a day on the boat, a trip to Beaver Island," at home or elsewhere, Nagel said. "A great assortment for a whole family or group of friends to come in, grab what they need, and get out and enjoy the day."

Loving Charlevoix

Nagel's vision is unfolding as Charlevoix's soon-to-open **J.bird Provisions**. It's among a growing number of startup businesses that Venture North Funding & Development has helped finance, providing money and assistance that's enabling entrepreneurs to launch their dreams. With passion and drive, they're seizing opportunities they see to bring needed services to communities.

And they're controlling their own destiny.

Take Nagel, who built up marketing operations for LifeSpice Ingredients, a developer and manufacturer of proprietary seasoning blends for the food industry. Leaving her marketing manager position to strike out on her own, Nagel, 36, said: "I love northern Michigan, it's a beautiful place. I loved my time in Chicago. But I always knew I would come back."

A Facebook post sent by a friend clued her in to Charlevoix's request for proposals for space in a city-owned downtown location. With just a week to submit, Nagel put together a business plan that led to an initial meeting with the city and an eventual lease for her new 1,300-square-foot business home.

Nagel said Charlevoix Downtown Development Authority executive director Lindsey Dotson suggested she contact Venture North, a Community Development Financial Institution, or CDFI, that loans money and provides other resources to small businesses. Business development manager Annie Olds helped with start-up cost analysis, cash flow projections and other matters in near-weekly phone calls between the two, Nagel said.

"She really listened to my concept and had kind feedback. She was just incredibly helpful because I don't have a finance background, but the numbers are very important. So it's great to have the expertise on my side."

Olds said it can be difficult for new business owners to tie together their vision with financial requirements of a solid business plan. "Most brand-new entrepreneurs do a wonderful job of describing what they want to do in their business plan...but they have no idea where to begin with the numbers and how to make those make sense," she said.



Help for Approachable, Interesting Food

Venture North provided a \$50,000 loan that's helping to pay for equipment and build-out of the space, as well as signage, marketing and store goods.

Acquaintances, family friends and friends of friends are providing services, and from her "super foodie" family comes key support: Nagel's mother will be working at the market, and her brother, a chef and owner of Happy's Taco Shop with locations in Petoskey and Traverse City, has given "a ton of advice," from equipment to ingredient sources to contacts for needed permits. He's also encouraged Nagel to be adventuresome, not ordinary, in her J.bird food offerings.

"It's going to have some very approachable food, also some more interesting food," Nagel said. "I want to work to have the full gamut of what people might like."

She hopes to have between five and seven employees and would like to be open Memorial Day but said time is her biggest challenge. As she talked with Northern Lights in late April, Nagel was putting in her last week with her Chicago job while managing myriad details for the new venture.

"I feel like I'm in a sprint, trying to get everything done," Nagel said. "This has actually been pretty quick since I came up with the idea this last Labor Day, (and) presented it to the city in October. Putting it into high gear and being ready for the summer is a huge challenge."

There's a "long, long, long list" keeping her up at night and she's both excited and nervous about starting J.bird Provisions – a name Nagel wants to be synonymous with "good food, fun drinks" and a place to "discover something you're not going to see on grocery store shelves."

And her vision is now, and beyond.

"I would just love to create a thriving downtown business that can be open year-round and sustaining itself. If this works, I think this would be cool to do another J.bird Provisions in another lake town that needs this service. And another, and another," she said.

New Paths to Starting a Business

Nationally, by one projection, as many as 17 million new businesses could start up this year, continuing the past two years' rapid climb. That prediction comes from a November sampling of 8,000 U.S. employees, commissioned by Intuit QuickBooks. Of those surveyed, 57 percent wanted to start a business, and 20 percent of that group planned to do so this year. Most of those wanting to start a business said the pandemic accelerated their plans for a variety of reasons including: New opportunities, rethinking priorities, and control over their future and earnings, according to the survey.

There's also a glimpse of the startup trend in the U.S. Census Bureau's monthly business formation statistics, which show 2022 business applications for tax ID numbers remain well above levels prior to the pandemic, although down a bit from peaks in 2020 and 2021.

Brandon Fewins, Michigan director for the **U.S. Department of Agriculture Rural Development**, said the pandemic has caused widescale changes in workforce, with people stepping back from their careers and evaluating new paths – sometimes changing the course, and location, of their lives.

"The pandemic has caused a massive shift for a lot of people. They can work and even start a business in areas that they also recreate in and love to visit. That's what we're seeing in northern lower Michigan, we're seeing a lot of that," Fewins said.

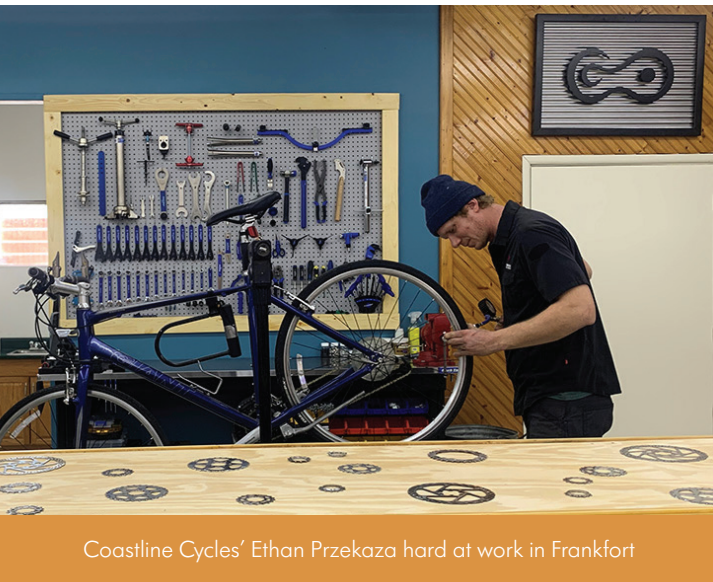
In Venture North's ten-county region, he said, "we're seeing a-Michigan-way-of-life startups. I see a lot of small businesses that are leveraging our natural resources and beauty and matching that up with their business model."

Frankfort Visions: Biking through Beauty

One such business is in the waterfront city of Frankfort, where Meg Doby and husband Ethan Przekaza are launching **Coastline Cycles**, a bicycle rental, sales and repair business sitting along a 22-mile Benzie County biking and hiking trail.

In a November 2021 survey of 8,000 U.S. employees, 57% wanted to start a business, and 20% of that group planned to do so this year.

"We think that this type of business could only exist in an area that is as unique and beautiful as Benzie County. The beauty of the lakes and the forests and the rivers, and the fact that we have the Betsie Valley Trail, all create this perfect atmosphere of a cycling community," Doby said. Promoting "getting people out there...this is sort of at the core of our personal belief system, and what makes a full life."



Coastline Cycles' Ethan Przekaza hard at work in Frankfort

For Doby, 36, and Przekaza, 35, the business builds on backgrounds: Doby as a manager in several small retail businesses, and Przekaza with years as a full-service mechanic in bike shops and a passion for cycling.

"That combination of skills and experience, we just thought if we are going to be working in retail for the rest of our lives, let's just put some serious thought into owning our own shop," Doby said.

She said it had been in the back of the duo's minds for years, even when they lived for a while in Denver and then moved back to Przekaza's native Benzie County in 2016. "I feel like, who doesn't dream about owning their own business someday," Doby said.

The two started working with Venture North in 2018, fleshing out a business plan in their spare time from other jobs. COVID halted progress but in 2021 "we went back to the business plan clean-slate and started rewriting it," Doby said, and they resubmitted it to Venture North.

Doby said Venture North technical assistance consultant Betsy Evans helped fine-tune business plan details and Coastline Cycles earlier this year closed on a Venture North loan that is paying for bike inventory, tools, parts, accessories and computer/office setup and sales system. Doby said she and Przekaza put their own funds into improving the building, including replacing ceiling and walls, painting, building service counters, installing shelves, purchasing a new furnace and doing roof repair.

Doby said they saw a need for advanced bike repair and rental in the community, and Coastline Cycles will customize and repair bikes and offer adult and youth rentals and trailers, as well as sell bikes, accessories and clothing. A grand opening is planned Memorial Day weekend.

The future might hold possibilities like a second store in another community, Doby said, but for now sights are set on making Coastline Cycles' debut a success.

"For now our vision is to just open the shop...filling that hole in the market, and work hard, and have a life. As business owners, your work is part of your life," Doby said.

"We are very excited, we're anxious, we're nervous, we're confident though, and we're happy. We're ready to jump in."

Coastline Cycles is among the nearly \$1 million in loans approved or committed by Venture North in the first quarter of 2022, to nine businesses including four startups. That's well-outpacing 2021's \$750,000 total lending to ten businesses including two startups, said Venture North President Laura Galbraith.

"In 2021 we started to see a slight uptick in startup activity, and in 2022 we have seen a sizable increase," Galbraith said. As a CDFI, Venture North places a priority on assisting small businesses in distressed communities and under-represented populations like women and ethnic minority business owners. A key consideration is how the loan will help the community housing the business.

"We have to be mission-driven first," Galbraith said. "Low-income, low-income communities, a minority owner, how does it impact the community, is it a central service...that's the difference between us and a traditional lender."

Galbraith said lending institutions have often shied away from start up businesses. "There's an old line that's still being used," she said. "'Come back in three years.'" Venture North's mission is much different. "To start up businesses, we roll out the welcome mat."

Stepping Up for Start Ups

Beyond startup loans of up to \$50,000 and expanding business loans of up to \$350,000, **Venture North** can provide mini grants for professional services and technical assistance in areas of money, marketing and management. If Venture North can't provide a needed service in-house, the mini grant program can pay for professionals in matters like legal aid, accounting and bookkeeping and energy audits.

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Brandon Fewins, USDA Rural Development

Venture North has staff and part-time contractors to provide free coaching/consulting services to startups receiving a loan – support that could help a fledgling business succeed and avoid failure. “The intent is to have a coach work with the startup throughout the term of the loan,” Galbraith said.

She said Venture North is seeing entrepreneurial activity throughout its service region and more startup businesses are in the lending pipeline. “I do see there being more startup activity as we continue 2022,” Galbraith said.

USDA Rural Development has been a partner to Venture North, funding the mini grant program and technical assistance and providing, via loan, the majority of money that Venture North lends to startups. The USDA program offers 1 percent, low-interest loans to local lenders who re-lend to businesses to improve economic conditions and create jobs in rural communities. And with access to capital a central challenge for startup businesses, “organizations like Venture North really help those small mom and pop businesses with that microfinancing,” said the Rural Development’s Fewins. “That is a model I would like to see replicated across the state in rural communities.”

Resurfacing a Childhood Dream

In Cadillac, 33-year-old Aaron Fekete’s path to his **Owl Eye Coffee Roasters** began some 20 years ago, with his first job in town as a barista. As he drank in the coffee culture and connections with customers, a seed planted to someday have his own café.

Coffee followed him for years -- coffee shop jobs while attending Spring Arbor University and eventually an opportunity in Bangladesh, where an American family had just opened a bakery and coffee roaster. The job at North End Coffee Roasters in Dhaka began as a short-term commitment but grew into years, giving Fekete managerial experience as the business expanded, as well as coffee roasting expertise.

Then one day, Fekete said, “the lid blew off.” A terrorist attack in Dhaka, just as he and his wife and baby daughter were about to return from Korea where his daughter was born, upended plans and launched discussions about where to go next. And “my childhood dream resurfaced,” he said.

Moving back to Cadillac in late 2017, Fekete saw a niche in the market and started looking for a business space. He opened in 2019 as a coffee wholesaler with limited hours for the public to buy beans, self-financing renovations and subsequent growth. Now, he’s making the next step with the help of a \$30,000 Venture North loan – building out a café with seating, a custom-built work space bar, new outdoor siding, and logo signage that he said will “really help us pop.”

The loan also is paying for HVAC improvements, renovations and a website revamp.

To Fekete, Owl Eye is a business with a mission: Stewarding the community into a deeper appreciation of coffee and its variety. “It’s just a lot of fun to see people transition when they come in...and see the world of coffee is so much bigger than they ever realized,” he said. “The education – from the bean, the origin, the roasting, the brewing, the grinding, the water quality – is all very, very big.”

He plans to add three or four part-time staff and one or two full-time workers, joining him and his wife at what’s become a multi-faceted business. Fekete does custom blending, is a certified technician for an Italian espresso machine that he both services and sells, and is looking to build further a mobile service he began with catering.

Fekete said he and his wife “want to give back in many areas of the community,” whether personally or through the business. In a town he “couldn’t wait to leave” when he was young, Fekete said, “now I want to build it up.”

Journeying from early-teen barista to entrepreneur, he’s listened to his inner voice. “That voice that I had inside of me, that inner desire, that burning flame, saying I want to do this someday...being able to know and learn and trap and harness those voices and inklings, and to go on those inklings, that’s a practice,” Fekete said. “It’s an easy thing to lose, and never see.”

A Boost for Mega-Entrepreneurism!

Also assisted by Venture North is 37-year-old Tyler Vandemark, who received a \$50,000 loan that’s helped him take a golf cart



Owl Eye Coffee Roasters: a dream realized

rental business he juggled while being a Traverse City firefighter, to a full-fledged, full-time occupation.

Up through last summer, Vandemark had less than a dozen carts in the **TC Golf Carts** rental fleet he began building a few years ago, seeing a need at festivals, events, campgrounds and other locations. Rentals proved popular and “it just kind of snowballed,” he said.

But the combination of his two pursuits could be grueling: Long hours, lack of sleep and missed birthdays and holidays with Traverse City Firefighters Local 646, while managing a growing rental business. “When I was firefighting...I would get out from doing a 24-hour shift and hit the road right in the morning, doing my rentals. It was a hard few years to get to where I am now,” Vandemark said. “It was time for a change.”

Referrals led him to Venture North, and late last year he received the loan enabling him to bulk up his rental fleet to about 30 carts. He retired from firefighting March 1.

The loan “helped boost me to really do what I’m doing now,” Vandemark said. “They (Venture North) helped me take the business to the next level.”

He rents two, four and six-seat carts and sells four-seat golf cart trailers, along with fully electric carts that purchasers are snapping up. He’s joined in his business by mechanic who fabricates, welds, paints and repairs – “one of the best mechanics I think in the state,” Vandemark said.

In April, he hired a part-time employee to help with rental and repair pickups and deliveries. Rentals will operate out of one location while Vandemark will be at his shop downtown Traverse City, taking phone calls and handling sales. “It’s overwhelming right now with the amount of demand,” he said.

And golf carts aren’t all he’s into. Launching this month are two new businesses: TC Cart Tours, which offers chauffeured, private two-hour tours for up to nine people to explore downtown; and TC E-Bikes, which rents electric bikes by the Traverse Area Recreation Trail. Vandemark, an avid mountain biker who sees opportunity in Traverse City’s biking culture, tourism and city bike trail investment, started the bike business with a fire department friend.

TC Cart Tours is a venture with friend and local entrepreneur Troy Daily, owner of Kayak, Bike & Brew, TC Brew Bus, TC Cycle Pub and Paddle for Pints – businesses that offer experiential and fun ways to explore Traverse City from a different perspective.

Vandemark, whose TC Golf Carts is located in Daily’s downtown building, broached the cart tours idea. “I thought it was great,” Daily said. “It’s an awesome fit with what I’m already doing – kayak tours, brewery tours, TC Brew Bus (offering brewery and winery tours). I think it would be really good for downtown.”

Brew Bus and TC Golf Carts are 50-50 owners in TC Cart Tours, which will use the Brew Bus drivers and operations team, Daily said. “I think they’ll be really popular. It’s a cool way to encourage people to have fun and explore the area,” he said. “We want to make Traverse City cool and unique, and I think this is a really good addition in order to do that.”

Vandemark said the family oriented tours could make stops at places like ice cream shops, restaurants and stores. “Our goal...to get people right downtown and see the city in a different way,” he said.

Thirty-five-year-old Daily, who has launched several successful businesses, said Vandemark has “drive and determination” to see a business succeed. He’s motivated and “he’s not afraid of hard work,” Daily said.

And Vandemark’s not out of ideas. “I have a couple others that I’m working on, but not in any hurry this year, most likely next year,” he said. “I’m always thinking of new adventures, different ideas that people aren’t doing.”



A year of big changes - and plans - for Tyler Vandemark

Amy Lane is a veteran Michigan business reporter whose background includes work with Crain Communications Inc., Crain’s Detroit Business and serving as Capitol correspondent for nearly 25 years. Now a freelance reporter and journalist, Lane’s work has appeared in many publications including Traverse City Business News.



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