# SMALL & EMERGING BUSINESS ADVISORY

## INSIGHT FROM THE EXPERTS

In this special section, leading experts from the Valley region share their insights on what small and emerging businesses need to succeed today — from smart financing and digital marketing to strategic growth and community engagement. Discover practical advice and strategies to help your business thrive in a competitive marketplace.



# Meet the Panelists



**DR. GERHARD APFELTHALER**
*Dean, School of Management*
California Lutheran University



**ROBERTO BARRAGÁN**
*Senior Vice President*
ICON CDC



**JULIAN DE SALAY**
*President*
JB Office Solutions

School of Management | California Lutheran University

ICON CDC — Initiating Change in Our Neighborhoods

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**DR. GERHARD APFELTHALER**
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# Small Business Growth: Technology & Economics

**A Conversation with Dr. Gerhard Apfelthaler**

**What are the biggest opportunities for small businesses in the San Fernando Valley and greater Los Angeles heading into 2027?**

**APFELTHALER:** I see three promising opportunities. First, the region's extraordinary concentration of industries, from entertainment and healthcare to aerospace and technology, creates opportunities for smaller businesses to become highly specialized suppliers and service providers. Second, artificial intelligence is beginning to level the playing field. Small businesses can now access analytical and creative capabilities that previously required substantial investments. Third, major sports events coming to Los Angeles in the next few years – 2027 Super Bowl, 2028 Summer Olympics, and 2028 Summer Paralympics. Opportunities extend to procurement, contracts, hospitality, transportation, professional services, digital marketing, and visitor experiences. The San Fernando Valley has an additional advantage: its combination of entrepreneurial talent, established industry networks, and proximity to major economic centers.

**What digital marketing strategies are producing the strongest results for small businesses today, particularly for companies with limited budgets?**

**APFELTHALER:** The most effective digital marketing strategy for a small business is not necessarily the most sophisticated or most expensive one. It is the one that reaches a clearly defined audience with authenticity and a compelling message. For many small businesses, this means prioritizing local search visibility, customer reviews, targeted social media content, and email marketing rather than spreading limited resources across every available platform. Artificial intelligence offers enormous opportunities to automate the creation of content, analyze customer behavior, and test marketing messages at relatively low cost. My advice is to invest less in producing more content and instead focus on producing content that actually matters to customers. Ultimately, the objectives are not "likes," impressions, or followers. It is profitable customer acquisition, retention, and referrals.

**What opportunities exist for small businesses to work with larger corporations, government agencies or institutional partners?**

**APFELTHALER:** Small businesses frequently underestimate their attractiveness as partners to larger organizations. Corporations, government agencies, universities, and healthcare institutions often need specialized expertise, innovative solutions, and the flexibility that smaller businesses can provide. However, such partnerships require more than a good product or perfect service. Small businesses must be able to demonstrate reliability, professionalism, scalability, and an understanding of their partners' operational requirements. Universities can play a particularly valuable role as connectors between entrepreneurs, industry, and government. My advice is to build relationships before opportunities arise, and position yourself not merely as a vendor but as a partner who helps solve problems.

**For a business that has been successful at a smaller scale, what are the signs that it is actually ready to expand?**

**APFELTHALER:** Growth should be a strategic choice, not an entrepreneurial reflex. One of the most dangerous assumptions in entrepreneurship is that success at a small scale automatically translates into success at a larger one. It just doesn't. A business is ready to expand when its success is repeatable, its economics are sustainable, and its operations no longer depend entirely on the founder alone. Generally, I would look for indicators such as consistent customer demand, healthy margins, reliable, repeatable processes, sufficient financial resources, and a team capable of moving from operations to management. Equally important is understanding whether the business's competitive advantage can survive expansion into a new market or region.

**How can small businesses scale their operations while maintaining the customer experience and personal relationships that helped make them successful?**

**APFELTHALER:** A restaurateur once told me that growing from 10 to 50 locations was easier than growing from the first to the second. The central challenge of scaling a small business is preserving what makes it special while implementing processes that are scalable. Many entrepreneurs build successful businesses through personal attention, flexibility, and close customer relationships. Unfortunately, these strengths can become vulnerabilities when growth makes the founder's direct involvement impossible. The solution is to distinguish between what should be standardized and what should remain personal. Administrative processes, inventory management, scheduling, or routine customer communications can increasingly be automated. Customer understanding, empathy, and relationship-building cannot – at least not easily. It is therefore important to build a culture in which employees understand why customers choose the business in the first place. Successful scaling means institutionalizing the values that created success in the first place.



ROBERTO BARRAGÁN
*Senior Vice President*
ICON CDC

# What Small Businesses Need to Know for 2027

**A Conversation with Roberto Barragán**

**How has the lending environment changed for small businesses, and what are banks and other lenders looking for from borrowers today?**

**BARRAGÁN:** Merchant Cash Advance (MCA) and other online lenders are the current flavor of the month with easy application and quick turnarounds that respond to today's need for instant gratification and superior convenience. With many regional and national banks now pulling back from the small business initiatives they promoted after numerous East Coast acquisitions, e.g. BMO, PNC, Chase, small businesses are being told 'no' by the banks that took their deposits but now won't give them the financing they need to maintain and finance their businesses. Community banks are few and far between, but banks like Mission Valley Bank in Sun Valley offer everything a large bank does, but see local business as their bread and butter rather than a bother.

Traditional banks are still cashflow centric with minimum FICO scores of 720 required. Because of the financial crisis of 2008 and tighter equity, homes are no longer the preferred collateral. And banks are still all about tax returns regardless of their inadequacy in properly determining a business's future financial success.

**What are some of the most common financial mistakes you see growing businesses make, and how can owners avoid them?**

**BARRAGÁN:** Without seeming like a broken record, small businesses must stay away from Merchant Cash Advances (MCAs). These "business loans" allow businesses to borrow against their anticipated sales. MCA providers offer an upfront lump sum payment in exchange for a percentage of future debit and credit card sales. They recoup their payment once your sales cover the initial loan plus fees, with factor rates between 1.08 and 1.25 of the money borrowed, all due in less than 6 months. So, if you receive a $50,000 advance with a 1.2 factor rate, you'll pay back $60,000 in less than 6 months, regardless of your sales. That calculates to more than 40% APR! ICON CDC is seeing more and more businesses that have taken out multiple MCAs and are struggling to keep up with the mounting debt. If the interest rate doesn't kill your business, the short amortization will.

Small businesses that are doing well should seek a line of credit with a bank when they don't need it. Getting it when you have plenty of money in the bank is the best time and will more than likely be approved. So, when there is a cash flow problem, you have it. If you don't have a line, don't obtain an MCA. If you are struggling, even a Home Equity Loan is better than an MCA. A Home Equity Loan is regulated and has reasonable interest rates. Or seek out a credit union or a Community Development Financial Institution (CDFI) that has programs designed for smaller businesses.

**How can small businesses better prepare financially before seeking funding or expansion capital?**

**BARRAGÁN:** File your 2026 tax returns as soon as possible if you are going to borrow in 2027! Banks and lenders don't want to see extension letters; the only real evidence many small businesses have of business performance is the tax returns. And to borrow money, a business needs to understand that it must make money. Not a lot of money (if you do, good for you), but enough to pay back the bank and a little more. Banks lend against sales and net income. Some banks are lending small amounts against sales, believing that regardless of your reporting, you are making money and can pay them back. The majority of banks lend against net positive income. So, if you are making money, report it. Not reporting to avoid taxes will just make your business un-lendable and a target for the IRS or the state.
Credit scores are of the utmost importance. Unless you are a multimillion-dollar company listed on the NASDAQ, banks still want the personal guarantee of the owners. And the credit scores of those owners must be in the 700s. Individuals whose credit scores are below 700 will most likely be turned down by traditional banks and credit unions. And if you have poor credit, FIX IT! Nothing is more damaging to the future of a small business than an owner with poor credit. Rented space will be more expensive, equipment leasing will cost more, and there will be no short-term cash flow available outside predatory MCAs.

**What contract issues are most likely to create problems for small businesses, and what should owners pay closer attention to before signing an agreement?**

**BARRAGÁN:** The lease for your place of business is the most critical contract you have, especially if your location is location-sensitive and critical to your business operations, i.e., restaurant or manufacturing. Having a lease is critical. Month to month is not a cost-conscious strategy; it is a recipe for disaster. And if a landlord does not want to give you a lease, that should be a red flag to you. What are his long-term plans for the property, and is he using you for cash flow until a better offer comes along? No piece of real estate will make or break a good business; a greedy landlord will.

# Helping Small Businesses Start, Grow & Succeed

ICON CDC
Initiating Change in Our Neighborhoods

## Business Launch Grants



**$315K**
**In Grants Awarded**

Through the Business Launch Grant Program, ICON CDC awarded 34 grants totaling $315,000 to help entrepreneurs launch their business

## Sidewalk Vending Program



**32**
**Carts Awarded**

ICON CDC provided 32 local entrepreneurs with free vending carts to help them launch and operate their businesses

## Entrepreneur Training Program



**216**
**Entrepreneurs Trained**

Our Entrepreneur Training Program equipped 216 aspiring entrepreneurs with essential skills and practical knowledge to successfully launch, manage, and grow their businesses

## BusinessSource Centers



**67**
**New Businesses Launched**

**$4.7M**
**In Funding Secured**

ICON CDC's North and South Valley BusinessSource Centers helped launch 67 new businesses and secure $4.7 million in funding to support local entrepreneurs


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JULIAN DE SALAY
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JB Office Solutions

# The Needs of the Modern Office

**A look at the supplies and tools that businesses need in 2027 via a conversation with Julian De Salay**

**With the office supplies industry being such a mature industry, have you had to make any changes in the past year or so to help grow your business?**

**DE SALAY:** To strengthen market resilience, we expanded our brand portfolio and deepened co-marketing partnerships with manufacturers to accelerate sales growth. We added headcount in key new roles to maintain our high standard of personalized service. We integrated AI capabilities across our workflows to streamline daily operational tasks and empower our team to focus on high-impact client needs. We also expanded our operational footprint by opening a Wisconsin warehouse (in addition to our existing Chatsworth warehouse), to reduce overhead costs and accelerate regional delivery times.



**How is JB Office Solutions implementing new tools such as AI or automation?**

**DESALAY:** For the Marketplace side of our business, we leverage advanced AI tools for best-in-class content and high impact imagery. We maximize market share through sophisticated advertising strategies, utilizing optimized product positioning, continuous keyword discovery, and real-time performance tracking to drive profitable sales.

**What are some of the challenges you face as a small business owner?**

**DE SALAY:** The high cost of medical insurance for employees is a challenge. Absorbing vendor price hikes while preserving our competitive pricing is another. Also, absorbing the rising cost of fees associated with selling on leading marketplaces. Another challenge is employee morale, so over the past year, we rolled out a series of targeted culture drivers designed to align our team, recognize outstanding performance, support continuous learning, and bring everyone together. Here is a snapshot of everything we accomplished across our key focus areas: quarterly town hall meetings, mission statement, monthly pulse surveys and office visuals such as posters hung throughout the office. Additionally, we implemented a new quarterly employee recognition award to celebrate the individual who embodies our core values.

**WE INTEGRATED AI CAPABILITIES ACROSS OUR WORKFLOWS TO STREAMLINE DAILY OPERATIONAL TASKS AND EMPOWER OUR TEAM TO FOCUS ON HIGH-IMPACT CLIENT NEEDS.**

We also launched a new training portal and created short videos to help employees understand our core values. Lastly, we implemented quarterly team building events and free lunch on the second Thursday of each month for our team to bond and step away from their job duties. One other challenge I should mention is managing the day-to-day administrative/HR duties so we hired an executive assistant to help with these tasks.

**Julian, tell us what sets JB Office Solutions apart from its competitors?**

**DE SALAY:** Three key elements set us apart: (a) Exceptional Support: our first-class customer support is available seven days a week, ensuring customers are not left waiting for the help they need; (b) Fast Delivery: we understand the urgency of business needs, which is why we're committed to fast, accurate, and efficient order fulfillment within two days. (c) Global Presence – with employees working across key international hubs allow for continuous operational momentum.