

*Fostering the Entrepreneurial  
Spirit in Rural North Carolina*

Save the Date!

# HOMEGROWN Jobs

Rural North Carolinians have been creating jobs for themselves since farmers and shopkeepers first set to work in the 1700s. But, in today's tough economic environment, it takes much more than a good back and strong work ethic to succeed in business. Join us in October as we examine the challenges facing rural entrepreneurs, find out who's making it and why, and explore a range of new strategies that can help us create a thriving small business sector in our rural communities.

## Highlights

- Presentations by top business development leaders
- Release of new research on entrepreneurship in rural North Carolina
- Premiere of video profiling successful rural entrepreneurs
- Expo featuring resources available for small businesses
- Announcement of exciting new business development initiatives

## More information will be coming to you soon.

Want to pre-register now? Visit our website at [www.ncruralcenter.org](http://www.ncruralcenter.org).  
N.C. Rural Economic Development Center, 4021 Carya Drive,  
Raleigh, NC 27610. Telephone: 919.250.4314.  
Email: [kgriffin@ncruralcenter.org](mailto:kgriffin@ncruralcenter.org).

**The North Carolina Rural Economic Development Center** is a private, non-profit corporation whose mission is to improve the quality of life of rural North Carolinians. The center is governed by a 50-member board of directors. Officers are Kelly S. King, chair; Valeria Lee, 1st vice chair; Bill Veeder, 2nd vice chair; Sandra Gambill, secretary; Edmund Aycock, treasurer; Billy Ray Hall, president. Editorial staff: Elaine Matthews, editor; Michelle Taylor, writer; Steve Gaj, design; Kelly Tucker Griffin, production manager. Inquiries should be directed to: Editor, 4021 Carya Drive, Raleigh, NC 27610. Tel. (919) 250-4314. *RURAL ROUTES* is a quarterly publication with a circulation of 4,500. All rights reserved.

## **RURAL ROUTES**

4021 Carya Drive  
Raleigh, NC 27610

Non-Profit  
Organization

**PAID**

Raleigh, NC  
Permit No. 2253



# RURAL ROUTES

The North Carolina Rural Economic Development Center, Inc.

Spring /Summer 2003 Volume 14 Number 1

## From micro to millions

**Center's Micro Loan Program recognizes small businesses that have made it big**

The Rural Center has recognized the extraordinary achievement of three small businesses that surpassed the \$1 million sales milestone by the end of 2002. The businesses include an industrial and electrical contracting company in LaGrange, a home health care operation in the Cape Fear region, and a restaurant chain in Asheville – all of which received start-up funding from the center's nationally recognized Microenterprise Loan Program.

The Microenterprise Loan Program offers promising entrepreneurs the small business loans they need to start or expand their businesses coupled with sound, practical guidance to help make their ventures a success. Loans ranging from \$1,500 to \$25,000 are made to entrepreneurs who likely would not qualify for traditional bank credit, and preference is given to loans originating in rural and low-income areas, as well as to female and minority borrowers.

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## Microenterprise Loan Program's Million Dollar Club

Meet the entrepreneurs who have turned micro-sized businesses into million-dollar enterprises:

Eddie Long and Tim Leonard credit the technical assistance they received as a part of the Microenterprise Loan Program with much of their early business success. The licensed electricians worked for another contractor in Lenoir County for nearly 10 years when the two decided to open their own business, Allco Electric, in 1998 with \$14,500 in loans from the center. Today their LaGrange business employs more than 40 electricians who cover a service area across half of the state. With sales of \$3 million last year, Long says Allco is anticipating sales of more than \$5 million by the end of 2003. "Right from the beginning we intended to be big, and yet the microenterprise program was a good fit for us, because it works for the mid-sized businesses just as well as it does the micro-sized businesses."



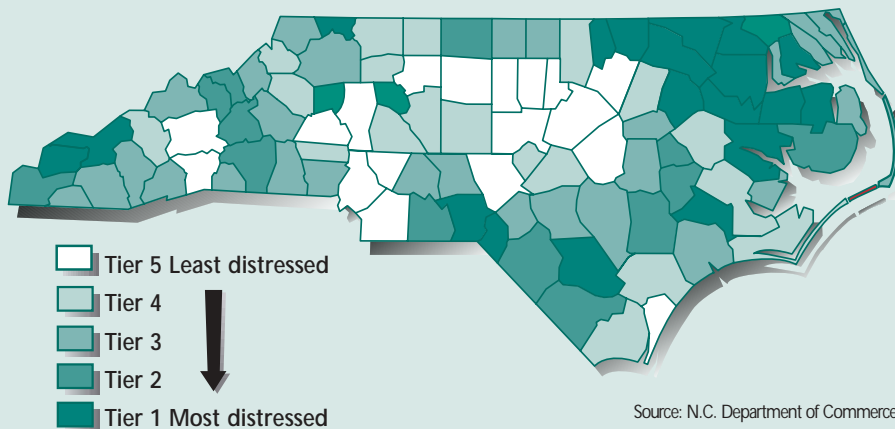
Rosalie Crowe opened her Cape Fear area home health care business, Southern Hospitality Home Support Care, a decade ago with one employee – herself. Today she employs 67 workers, most of them registered nurses and nurse's aides who provide a variety of services for the elderly and the disabled in their own homes, including cooking, bathing, laundry and minor medical care. Crowe's inspiration for opening her own business was her mother, who moved in with her after becoming ill. The task of tending to her mother's day-to-day needs fell to Crowe, who sometimes found herself overwhelmed. With \$12,000 from the center's Microenterprise Loan Program, Crowe set out to help others who were in a similar situation. The secret to her success is simple, she says. "Just stick with it, pray and have faith. That's what got me through."

Hector Diaz owns the trendy, upscale eateries Salsa and Zambra in Asheville. Diaz, a native of Puerto Rico, trained as a chef in New York and Miami before moving to Asheville, where he subsisted on food stamps for a time before opening a small catering business with \$14,500 in microenterprise loans. More than a decade later, Diaz is a nationally-known culinary celebrity whose talents blending Cuban, American, Spanish and Mexican fare have earned him write-ups in the *New York Times* and *Southern Living*, his own cooking show and a signature line of hot sauces. Diaz occasionally gives motivational speeches to other would-be entrepreneurs in the Asheville area, urging them to follow their dreams.



## ECONOMICALLY DISTRESSED COUNTIES

2003 Tier Designations



### Commerce Department releases economic tier ratings

North Carolina's economic tier ratings – the tool used by state officials to gauge a county's level of economic distress – were updated recently by the N.C. Department of Commerce, resulting in a change for 24 rural counties. The five economic tier levels, with 1 representing the most distressed counties and 5 the least, are designed to bring greater economic development opportunities to the state's poorest counties through targeted business tax incentives. The lower a county's tier rating, the more lucrative the incentive for businesses that opt to locate or expand in that county.

Cumberland, Richmond, Bladen, McDowell, Sampson, Burke, Wilkes, Davidson and Randolph counties moved down one tier level to a more-distressed designation, while Gates County moved down two tier levels. Hyde, Yancey, Cherokee, Hoke, Madison, Pamlico, Pasquotank, Pender, Haywood, Nash and Watauga all moved up one tier level to a less-distressed ranking. Davie, Clay, Camden and Ashe moved up two tiers.

The statutory formula that determines a county's level of distress factors in several variables, including population growth, poverty level and per capita income.

### Micro from page 1

Rural Center President Billy Ray Hall called the entrepreneurs a "shining example of what people can do for themselves, their families and their communities given the opportunity." Fostering an environment that allows entrepreneurs to thrive will be essential for the state as it looks to fill the growing void left by the closure of plants in traditional industries in North Carolina, Hall said.

### How it works

The program operates under two distinct models, group lending and individual lending. In a group lending program, a borrower partners with a group of four to ten small businesses, each of which will receive a loan of \$1,500 to \$8,000. The group will act as a team, making decisions on business development, future expansions and credit plans.

Currently, there are four group lending sites in the state. Individual lending programs are available in all 85 rural counties, and are primarily designed for entrepreneurs with more business experience. The program provides loans of up to \$25,000 in addition to comprehensive technical assistance, which is offered in partnership with small business centers at area community colleges and small business technology development centers.

### Microenterprise Loan Program:

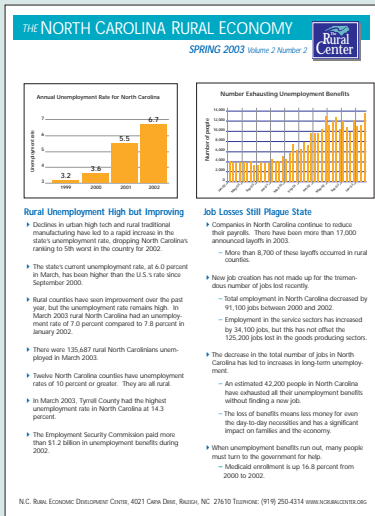
- The program ranks sixth nationally, making it one of the largest microenterprise loan funds in the country.
- More than \$5 million in loans have been made to nearly 1,000 rural small businesses.
- Nearly 2,000 businesses have received training, counseling and/or loans through the program.
- Fifty percent of loans have been made to low-income individuals, women and minorities.
- The program received the 1996 Presidential Award for Excellence in microenterprise lending and the 2000 Vision Award from the U.S. Small Business Administration.

### Center hosts regional meetings focusing on rural economy

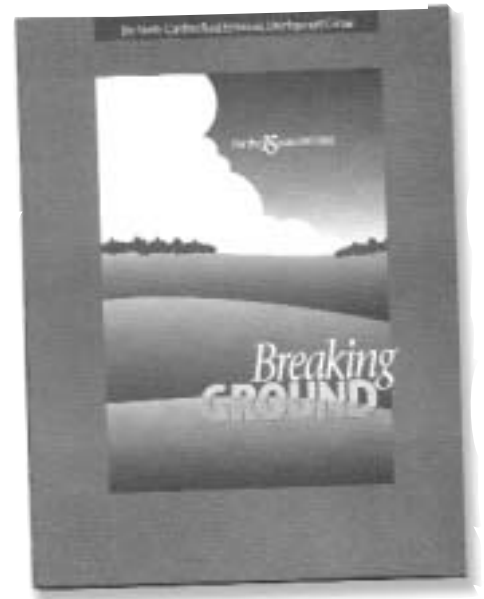
The Rural Center held a series of five regional economic forums this spring to address compelling issues facing rural communities around the state. The meetings, held in Raleigh on March 31, Roper on April 7, Asheville on April 25, North Wilkesboro on May 16 and in Fayetteville on May 30, were a collaborative effort of the Rural Center, the N.C. Community Foundation and the Rural Economic Development Organization designed to generate discussion and new ideas around the needs of rural communities as they face the challenge of creating jobs and delivering basic services during tough economic times.

The meetings also offered an opportunity for the N.C. Community Foundation, which administers a collection of endowed funds through 51 local community foundation affiliates, to hear first-hand from rural leaders and residents on the unique challenges in their communities. Forum participants gathered in small groups for roundtable discussions, then completed a written survey, the results of which the Rural Center will release in the next edition of *Rural Routes*.

## Center releases quarterly Economic Fact Sheet



The Rural Center has released the first issue of a recurring quarterly publication on the North Carolina rural economy, providing relevant, up-to-date information on rural jobs, unemployment, industry trends and economic outlook. In addition to the latest in rural employment statistics, each two-page fact sheet will offer a deeper perspective on a particular issue in a special focus section. The North Carolina Rural Economy fact sheet will be released at the beginning of each quarter and will be available in .pdf form on the center's website, [www.ncruralcenter.org/pubs/NCRfactsheet.htm](http://www.ncruralcenter.org/pubs/NCRfactsheet.htm).



## New report chronicles center milestones, challenges

The report, "Breaking Ground, Our First 15 Years," chronicles the Rural Center's history as a public policy organization from its inception in 1987 through 2002. The report offers an in-depth look at the economic challenges facing North Carolina's 85 rural counties and highlights the center's work to strengthen rural communities through policy and program initiatives. To view the report, visit the center's website at [www.ncruralcenter.org](http://www.ncruralcenter.org). Single copies are available at no charge by calling Kelly Griffin, production manager at the center, at (919) 250-4314.

## Stay connected to rural N.C. with center's online UPDATE

The Rural Partners UPDATE offers timely, relevant information on rural issues, trends and resources in North Carolina and across the nation. A Rural Center publication entering its second year, the UPDATE keeps rural residents, community and business leaders, and state and local officials connected to the issues shaping the future of rural North Carolina. Sign up for the Rural Partners UPDATE today by contacting Kelly Griffin, production manager at the center, by email at [kgriffin@ncruralcenter.org](mailto:kgriffin@ncruralcenter.org) or by phone, (919) 250-4314.

## Highlights of 'The North Carolina Rural Economy, Spring 2003'

### Rural Unemployment High but Improving

- Declines in urban high tech and rural traditional manufacturing have led to a rapid increase in the state's unemployment rate, dropping North Carolina's ranking to 5th worst in the country for 2002.
- There were 135,687 rural North Carolinians unemployed in March 2003.
- Twelve North Carolina counties have unemployment rates of 10 percent or greater. They are all rural.
- In March 2003, Tyrrell County had the highest unemployment rate in North Carolina at 14.3 percent.
- The Employment Security Commission paid more than \$1.2 billion in unemployment benefits during 2002.

### Job Losses Still Plague State

- Companies in North Carolina continue to reduce their payrolls. There have been more than 17,000 announced layoffs in 2003.
  - More than 8,700 of these layoffs occurred in rural counties.
- The decrease in the total number of jobs in North Carolina has led to increases in long-term unemployment.
  - An estimated 42,200 people in N.C. have exhausted all their unemployment benefits without finding a new job.

## "One East" Summit brings state leaders together on issues facing eastern N.C.

More than 500 rural residents, leaders and state officials gathered in Greenville May 27 to begin working together on the region's troubled economic situation. The Foundation of Renewal for Eastern North Carolina, a new non-profit group working to improve economic development opportunities in the region's 41 counties, sponsored the One East Economic Summit, which drew as speakers Gov. Mike Easley, Lt. Gov. Beverly Perdue, former White House chief of staff Erskine Bowles and others. Breakout sessions looked at the opportunities and challenges facing the state in four main industry areas: transportation, tourism, education, and agriculture.

### Speaker highlights

Governor Easley: "We have to be bold, we have to be aggressive, we have to accept nothing short of the best, and we have to promote your communities tirelessly every single day."

Erskine Bowles: "We must work to make sure that our elected leaders at the State and Federal level realize that Eastern North Carolina can no longer wait; that if we are to really give Eastern North Carolina a chance to reap the benefits of this new economy, then the needs we outlined for the East (at the summit) must be their (and our) highest priority also."

Lt. Gov. Beverly Perdue: "I am an eastern North Carolina girl. I plan to die here, so it's personal to me, real personal."

## Regional development proposals target rural Southeast

The nation's poorest region – the rural Southeast – is one of the few major areas in the country today not served by a federally supported economic development commission. That could change in the near future if lawmakers on Capitol Hill approve one of two Congressional proposals that would bring sorely needed funding to select counties in seven Southeastern states, including much of northeastern North Carolina. Other states included in the proposals are Alabama, Florida, Georgia, Mississippi, South Carolina and Florida.

Of the two proposals – North Carolina



**Congressman  
Mike McIntyre**

Rep. Mike McIntyre's Southeast Crescent Authority and Georgia Sen. Zell Miller's Southern Regional Commission – only McIntyre's plan has been heard in committee thus far,

receiving a favorable nod from a House subcommittee in mid-June.

Congressional staffers confirm that preliminary talks on combining the bills have taken place, though both pieces of legislation continue to move ahead independently for the time being.

The proposals differ somewhat in that the Southeast Crescent Authority would cover 429 distressed counties and give authority members jurisdiction over eligibility, at a cost to the federal government of \$200 million over five years. The Southern Regional Commission would cost half that amount and targets 242 counties in the region for funding. Eligibility decisions would be made at the federal level. Both bills call for an organizational and administrative structure similar to that of the highly successful Appalachian Regional Commission,

which serves 29 counties in the western part of North Carolina along with counties in 11 other states and the whole of West Virginia.

The rural Southeast has long been plagued by bad luck and harsh circumstance: low education levels, high unemployment, poverty, substandard housing, devastating floods, and poor health. And though the Southeast is predominantly white, its percentage of African-Americans is nearly three times higher than the national average – roughly half of the of the nation's 30 million African Americans live in the South, in fact.

According to N.C. Institute of Minority Economic Development, Inc. President Andrea Harris, race is most certainly a factor in the long-term economic distress facing rural Southeastern communities.

"What is most unfortunate for rural communities is that often federal resources to states have not been well balanced; in other words, rural, low-wealth communities are competing for dollars against urban communities in a very fragmented way with limited capacity," Harris said. "These Congressional proposals offer hope by targeting resources to the so-called Blackbelt communities, toward establishing a sustainable economic base."

Harris, whose Durham-based organization works to build assets and business development opportunities in low-wealth communities across the state, said the work of a regional commission alone would not be sufficient to ensure long-term economic stability. Building a stronger rural infrastructure, especially with regard to highway construction and repairs, will be paramount, she said.

## IDA Collaborative supports asset-building organizations

Even after decades of economic improvements in North Carolina, poverty holds an unrelenting grip on many parts of the state, particularly in rural areas. Today, 14 percent of the state's rural population lives in poverty, and child poverty rates are above 25 percent in 19 rural counties. Poverty is a difficult way of life for more than 900,000 rural people, threatening the survival and well being of whole communities. In an effort to turn the tide on poverty in North Carolina, the Rural Center and other public policy organizations are embracing a strategy that aims to build the personal assets of low-income people by investing in Individual Development Accounts (IDAs) – savings and investment accounts similar to IRAs, yet designed for the working poor.

The Rural Center helped launch the state's IDA effort in 1996 through a collaboration that included the N.C. Department of Labor, the Corporation for Enterprise Development and the N.C. Department of Commerce. The N.C. IDA and Asset Building Collaborative is finding success through a multi-faceted approach that includes heightening public awareness of poverty, a broad fund raising effort, technical support workshops, and networking strategies to leverage resources.

What started out as a mostly informal group in 1996 has grown into one of the largest IDA networks in the nation supporting programs with more than 700 open accounts. The collaborative got a huge boost in 1997 when the N.C. General Assembly appropriated \$600,000 to match grant awards from the Z. Smith Reynolds and Fannie Mae foundations. The collaborative became a certified non-profit organization earlier this year, making it capable of sustaining the work of IDA programs for years to come.

That's good news for organizations like the Choanoke Area Development Association (CADA), an IDA program serving four counties in the state's poorest region, the northeast. CADA Director Sallie Surface credits the program for giving low-income people in Northampton, Hertford, Bertie and Halifax counties a license to dream along with a healthy



CADA Director Sallie Surface, right, with an IDA program participant at the site of her family's future home. IDA participants contribute toward the purchase of a new home, opening a business or furthering their education.

dose of reality. Dedicated for the purchase of a first home, starting a small business or participating in education or job training, IDAs are administered by groups like CADA at 21 sites around the state.

"For many people, the idea of owning a home is more than just the American dream, it's an unattainable dream, or at least they think it is because saving enough money for a down payment is so daunting," Surface said. "We help them attain that dream, which is just so rewarding."

Once they've created their own personal savings plan, which will be matched by CADA on a 2:1 ratio up to \$3,000, participants contribute directly into their IDA account until they meet their goal, all the while learning valuable financial planning techniques. Learning to save money is just one skill; dealing with past credit problems and planning for unexpected financial emergencies are just as important, according to Surface, because those are the situations that often derail a low-income person's path to success.

## FUNDER'S CORNER

The Rural Center is pleased to welcome Duke Power and Miller Brewing to its Rural Partners Corporate Group, a year-old fundraising initiative of the center aimed at giving businesses the opportunity to make annual donations to support center operations. To date, 25 corporate partners have joined in the effort.

The center would also like to recognize recent donations from Golden Corral Charitable Fund of the Triangle Community Foundation and International Paper.

### RURAL PARTNERS CORPORATE GROUP

Bank of America  
BB&T  
BellSouth  
Blue Cross Blue Shield of North Carolina  
Central Carolina Bank  
Cisco Systems  
Duke Power  
East Carolina Bank  
First Citizens  
Harvey Enterprises  
Jordan Lumber  
Macon Bank  
McGill Associates  
Mechanics and Farmers Bank  
Murphy Brown LLC  
Murphy Electric Power Board  
North Carolina Farm Bureau  
North Carolina's Touchstone Energy Cooperatives  
Progress Energy  
RBC Centura  
RJR Tobacco  
Sprint  
Verizon  
Wachovia



*Top row (left to right):* R. Stillwell, R. Buff, H. Marshall, E. Smith, W. Horton, A. Black. *Second row:* G. Smith, D. Freeman, B. Bonner, D. Townes, R. Hodges, C. Roberson. *Third Row:* R. Gilbert, L. Clay, R. Fish, J. Alcock, Pastor P. Smith, K. Howell, K. Hertzler. *Fourth Row:* C. Johnson, G. Bryant, V. Spruill, B. Torain, C. Potts, D. Deberry. *Bottom Row:* B. Peele, H. Wild, S. Campbell, E. Troy, H. McInnis, A. Keeney, P. Langley.

## Rural Economic Development Institute graduates 32 community leaders

The Rural Center's 13th annual Rural Economic Development Institute graduated 32 civic and community leaders on May 2 in Raleigh. The institute offers a unique opportunity for local leaders in business, government, economic development, and civic and grassroots organizations to broaden their understanding of rural community and economic development and to hone their personal leadership skills.

The program is based on a comprehensive approach to economic development that includes education and training of the rural work force; business growth and development; expansion of physical infrastructure; and improvements in health care, housing, child care, and other basic services. Participants attend three sessions during the course of three months. Since its inception in 1989, the institute has graduated 637 leaders.

Graduates of the 2003 Rural Economic Development Institute are:

**Alexander** Keith Hertzler, Taylorsville; **Alleghany** Hollis Wild, Sparta; **Anson** Richard Lee Buff, Lilesville; **Carteret** Lynda Clay, Newport; **Columbus** Sharon Campbell, Bolton; Evelyn Troy, Whiteville; **Craven** Jennifer Alcock, New Bern; **Cumberland** Don Freeman, Fayetteville; **Dare** Bob Peele, Wanchese; George Smith, Kitty Hawk; **Duplin** Geraldine Bryant, Warsaw; **Franklin** Carita Johnson, Louisburg; **Greene** Chris Roberson, Snow Hill; **Guilford** Bernard Torain, Greensboro; **Hyde** Alice Keeney, Swan Quarter; **Mecklenburg** Helen McInnis, Charlotte; **Northampton** Keith Howell, Rich Square; Virginia Spruill, Jackson. **Pamlico** Richard Hodges, Oriental; **Pasquotank** Ramona Gilbert, Elizabeth City; Peggy Langley, Elizabeth City; **Perquimans** Pastor Pearlle Smith, Hertford; **Sampson** Homer Marshall, Clinton; **Surry** R. Edward Smith, Elkin; **Swain** Ronnie Stillwell, Bryson City; **Vance** Duane Townes, Henderson; **Wake** Brenda Bonner, Raleigh; Darlene Deberry, Raleigh; Ronald Fish, Raleigh; **Wayne** Archie Black, Goldsboro; Wallace Horton, Goldsboro; **Wilkes** Charity Potts, North Wilkesboro.

## Center's leadership institute honored for innovation by Southern Growth Policies Board

At its annual conference each year, the Southern Growth Policies Board recognizes innovative programs in the South that implement model approaches to improve quality of life in the region.

The Rural Center is proud to have been chosen for such an acknowledgment of its Rural Economic Development Institute at the board's Southern leadership summit held in Biloxi, Mississippi, June 1-3. The institute, now in its 14th year with more than 630 graduates, builds leadership capacity in rural communities through intensive training of local leaders in three core areas: comprehensive economic development, strategic thinking and planning, and collaborative leadership. Institute graduates have served in a variety of statewide elected offices and held high-level roles in state government, developed non-profit organizations and economic development, and implement-

ed leadership development programs in their communities.

The institute was one of 25 community development programs in the South recognized for its work in the leadership field, and shared the accolade with fellow North Carolina honoree the N.C. Civic Education Consortium, a partnership of state organizations committed to engaging civic activity among children ages 5-18. Gov. Mike Easley recommended both programs for the Innovators award, which was presented by Mississippi Gov. Ronnie Musgrove.

The Southern Growth Policies Board



**Rural Center VP Robin Pulver accepts leadership award from Mississippi Gov. Ronnie Musgrove.**

is a non-partisan public policy think tank created by Southern governors in 1971 to create and further economic and community development policies capable of improving the quality of life in 13 Southern states. The board is based in North Carolina's Research Triangle Park.

## Civic Ventures Fund grantees receive Phase II funding for community renewal projects

Ten community development groups in the western part of the state are receiving funds to continue projects awarded as part of the Rural Center's Civic Ventures Fund, one of three program components of the Sustainable Communities Initiative. A recommendation of the N.C. Rural Prosperity Task Force, the initiative seeks solutions to the growing crisis of rural communities in decline. The Civic Ventures Fund supports community development projects that build capacity for sustainable enterprises in the community and have a long-term impact that reflects residents' shared vision for their community.

The Appalachian Regional Commission provided \$300,000 in funding for Civic Ventures Fund Phase I, resulting in 15 grant awards serving 22 western counties. Phase II is being funded in part by a \$125,000 grant from the Golden LEAF Foundation and by the Rural Center's Research and Demonstration Grants Program. Phase II funding was awarded to 10 grantees.

Grantee	Amount Funded
Town of Fletcher	\$7,500
Sylva Partners in Renewal	\$7,500
HandMade In America	\$10,000
Northwest Alliance Community Development Corp.	\$7,500
Land-of-Sky Regional Council	\$14,000
Partnership for The Future	\$12,000
Town of Burnsville	\$10,000
Ave! Chautauqua	\$5,000
Appalachian Sustainable Agriculture Project	\$15,000
Smoky Mountain Native Plant Association	\$7,500

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