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TECHNOLOGY

## **ROBUST BUT COMPLICATED**

**What the city's Small Business Ecosystem Assessment says about Charlotte's startup community**

José Alvarez with Prospera North Carolina says nonprofit partners play a role in bridging gaps for entrepreneurs, especially those facing language or cultural barriers.

MELISSA KEY/CBJ



By [Symone Graham](#) – Staff Writer, Charlotte Business Journal  
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## Story Highlights

- Charlotte's small-business ecosystem is robust but difficult to navigate for owners.
- Access to capital remains the top challenge for 42% of businesses.
- Mecklenburg County added 6,885 small businesses between 2012 and 2021.

Charlotte's small-business ecosystem is dense with programs, partners and capital. But recently released data reveals why many companies still stall when it comes time to scale.

The region has growth. In 2021, Mecklenburg County was home to 34,951 small businesses with fewer than 500 employees, according to the latest data from the city of Charlotte. More than half of those businesses (56%) employed fewer than five people.

Between 2012 and 2021, 6,885 businesses with fewer than 500 employees were launched in Mecklenburg County, increasing the overall number of small businesses by 24.5%. The fastest growth occurred among firms with fewer than five employees.

What the area has lacked, according to a citywide assessment finalized in November, is a system that is easy to navigate and capable of helping businesses move beyond early traction into sustainable growth.

The Charlotte Small Business Ecosystem Assessment was led by TPMA, a national workforce and economic development consulting firm, in partnership with

Charlotte Economic Development. It was funded through the Coronavirus State and Local Fiscal Recovery Fund. The yearlong study drew on surveys from 860 small-business owners, 55 focus groups and interviews with city leaders, nonprofit partners and entrepreneurs across industries and growth stages.

The findings describe Charlotte's ecosystem as "robust but complicated," a phrase that appears repeatedly across interviews and survey responses. Nearly 90% of respondents who accessed support said it was at least "somewhat useful," yet more than half said they struggled to identify appropriate funding sources and many reported difficulty knowing where to go next once initial support ended.

That complexity exists across a diverse economy. The largest small-business sector in Mecklenburg County is professional, scientific and technical services, with 4,862 firms, followed by retail (3,568), health care and social assistance (3,481), accommodation and food services (3,000) and construction (2,881).

## **Where small businesses can find resources for growth**

The new assessment shows that 63.8% of surveyed businesses needed some form of assistance in the past year, yet many reported difficulty identifying which programs were relevant to their stage of growth or how to move from one resource to the next.

"We have lots of resources, lots of partners to help them, but they have some challenges in plugging into that," said Christi Floyd, senior manager with Charlotte Economic Development. "Sometimes they're not sure where to start. They're not sure which organization to plug into."

[José Alvarez, vice president of Prospera North Carolina](#), a nonprofit partner involved in the report, said the assessment confirms what community-based lenders and counselors have seen for years.

"There are no surprises in the overall report," Alvarez said. "Lack of access to capital, issues in affording a space, not being able to navigate the ecosystem well

and understanding what's out there. It's very consistent with what we see at the grassroots level."



Image: Charlotte Business Journal

Christi Floyd, senior manager in Charlotte Economic Development, talks with business owners following a roundtable on available resources.

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Among all categories surveyed, access to capital emerged as the most significant challenge. According to the report, 42.4% of respondents identified funding as their primary need, but only 28.3% of businesses seeking capital were able to secure appropriate financing. More than 54% said they struggled to identify appropriate funding sources.

"I think a lot of small businesses jump right in," Floyd said. "They're really good at what they do, but they may not be as prepared as they need to be to receive funding."

Alvarez said timing and readiness remain critical.

"They need to look for funding when they do not need it, versus looking for funding when they are desperate for it," he said.

The report identifies several strengths, [including the city's Corridors of Opportunity investments](#), high satisfaction with support services and programs like AMP Up that connect small businesses with anchor institutions. It also outlines clear gaps: limited access to capital, especially for businesses in the middle stage; rising commercial rents; workforce mismatches; and weak connections between small businesses and major employers.

The assessment found that Charlotte already has a wide range of free or low-cost resources available to small businesses, though many owners remain unaware of them until later in their growth.

Charlotte's business resource network includes more than 50 active partners, according to the report, spanning nonprofit organizations, academic institutions, chambers of commerce and government agencies.

Floyd said one of the city's priorities is improving awareness of those existing tools.

"A lot of small businesses don't know that Charlotte has a lot of organizations that offer free business counseling," she said.

She pointed to resources such as Central Piedmont Community College's Small Business Center, SCORE Charlotte, the Women's Business Center of Charlotte, the Small Business and Technology Development Center at UNC Charlotte, and other nonprofit partners that provide one-on-one counseling, financial literacy support and capacity-building services at no cost.

"These organizations offer free business counseling," Floyd said. "We just need to get the word out to folks that that's available."

Floyd also cited [the city's Charlotte Small Business Growth Fund](#), a network of community development financial institutions designed to connect entrepreneurs to alternative lending options when they are not yet ready for traditional bank financing.

“We do have a Charlotte Small Business Growth Fund that is a collection of CDFIs,” she said. “There’s a lack of awareness that this exists.”

The assessment recommends clearer entry points into that network, along with shared intake and referral systems to help businesses move between programs as they grow.

Alvarez said nonprofit partners like Prospera North Carolina play a role in bridging those gaps, particularly for entrepreneurs who face language or cultural barriers.

“All the services are free of cost and completely confidential,” Alvarez said.

Prospera provides bilingual business advising, technical assistance and capital readiness support, primarily serving Latino entrepreneurs but open to other business owners as well.

“We bring in that bilingual aspect to be able to help them specifically,” Alvarez said.

As the city moves into an implementation phase in 2026, those gaps are already shaping new initiatives, including a forthcoming Small Business Readiness program tied to contracting opportunities. Expected to begin in late fall 2026, the program is designed to help small businesses prepare to bid on and compete for city-led contracts tied to the one-cent sales tax approved by voters in November to fund transportation projects.

For business owners, however, the report reflects lived experience, not theory.

## **Where small-business owners here see growth opportunities**

For many of Charlotte’s small-business owners, opportunity in 2026 is not about starting something new. It is about finally being able to grow.

Patrick Hill, founder of streaming and ad-tech platform Disctopia and web development firm Cultivated Mindset, sees that opportunity in partnerships and acquisitions already underway – but only if Charlotte can support businesses beyond the earliest steps.

“The biggest opportunity is strategic growth and partnerships,” Hill said. “We’ve done a couple deals in 2025, partnerships and acquisitions, and (aim to) allow those acquisitions to play out in 2026.”

He said opportunity exists, but not in the way funding is currently structured.

“Charlotte funds invest in hyper growth,” he said. “They do not have any appetite for risk.”

Hill said the city has capital, but it often misses businesses in the middle.

Fitzgerald Light, founder of Flightsuite.ai, an AI-powered tool that automates customer relationship management data entry and sales follow-ups, said momentum itself is the opportunity. After launching in 2025 and graduating from the Charlotte gBETA accelerator, Light said visibility and partnerships are finally starting to compound.

“Last year we got a lot of momentum in terms of being able to get our name recognized,” he said.



Image: Charlotte Business Journal

Fitzgerald Light, founder of Flightsuite.ai.

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Light added that partnerships and visibility are key to expanding his customer base.

“Right now we’re more so focusing on continuing that momentum and creating more partnerships so that we can help more businesses,” he said.

Katie Hotze, founder of [Crave Ventures](#), a growth partner for early-stage companies in consumer packaged goods, described opportunity as access. After building the firm from scratch in 2025, she said Charlotte’s growing investment ecosystem now allows companies to “click in” faster than before.

“There are at least three different forums where investors are coming together regularly,” Hotze said. “That, to me, has been such an opportunity for us as a business.”

She pointed to Charlotte’s evolving investor landscape as a major opportunity.

“I have actually had a front-row seat for the creation of this ecosystem for investing in this town,” Hotze said. “There are investors here who genuinely want to support businesses.”

She said proximity matters.

“I don’t have to get on a plane,” Hotze said. “We can support Carolina-based brands right here.”

Eric Halili, owner of Charlotte lifestyle production agency ReBrand Collective, sees opportunity in demand finally catching up to local talent. After years of explaining his studio’s capabilities, he said awareness among brands is beginning to shift.

“The biggest opportunity for us right now is that people are starting to know who we are,” Halili said. “They’re starting to see the need for it.”

Halili said local partnerships show what is possible when companies invest in Charlotte-based talent.

“There shouldn’t be any reason why they’re not hiring people here in Charlotte,” he said.

## **What’s holding small businesses in Charlotte back?**

If opportunity is present, the barriers are persistent.

Access to capital and navigation repeatedly surfaced as growth constraints. For many owners, the issue is not awareness of capital in theory, but the reality of qualifying for it.

“Access to capital has always been a struggle,” Hill said. “Do we have access to capital? Yes. Do we actually receive capital? No.”

For Hill, the issue is scale-stage mismatch.

“We spoke to a local fund right here, and their thesis is, ‘Hey, we’ll give anyone \$50,000 just to see if it works,’” he said. “The other thesis is that you have to make \$1 million or more per year. In a growing economy, how does that fit Charlotte? That doesn’t fit Charlotte.”

Light, whose company remains bootstrapped, described early-stage funding as unpredictable and difficult to navigate.

“Access to capital truly is like a game of Minesweeper,” he said. “You click and hope this works.”

Light said capital readiness also remains a hurdle.

“With bank capital, you basically have to have a certain amount of history,” he said. “And with venture capital, you have to be in the right type of community.”

Halili said even when financing exists, the time and complexity of applying can be prohibitive for owners already stretched thin.

“You’re running your business and trying to figure out when you’re even supposed to borrow money,” he said.



Image: Charlotte Business Journal

Eric Halili, owner of Charlotte lifestyle production agency ReBrand Collective, is pictured inside the company's LED virtual production studio.

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Halili said awareness of Charlotte's resources comes too late for many.

"When I started my business, I didn't even know these resources existed," he said. "When I directly started working with the city of Charlotte, that's when I found out."

Hotze pointed to workforce and trust as parallel challenges. While Charlotte's cost of living remains lower than major markets, the process of hiring experienced leadership talent can slow growth.

"In Chicago, you need an executive, you get it like that," she said. "[Charlotte is a growth city](#), so we don't have the same level of talent today. Filling roles is impairing my growth right now. The leadership jobs have been a real challenge."

The report found that hiring and talent ranked among the top challenges, particularly for businesses competing with large employers in banking and health care.

The report also highlights rising commercial rents and limited affordable space as a growing threat, particularly for brick-and-mortar and creative businesses.

Alvarez said lease renewals and location stability are becoming more fragile as the city grows.

"Being able to renew the lease, and every year the price continues to increase, that's becoming more of a sustained issue," he said.

Layered over all of this is navigation. Multiple owners said they did not learn about city-backed programs until years into operation, even as those programs expanded.

“I started my business in 2010. I didn’t know about these programs until 2019,” Halili said. “If you don’t know where to look, it’s going to pass you by.”

City officials emphasized that the assessment is not a standalone exercise. The project is one of two recent city-supported studies examining entrepreneurship, alongside [Innovate Charlotte’s 2024 Startup Ecosystem Report](#). Together, the reports are intended to guide how Charlotte supports businesses at different stages of growth.

## How local founders define success in 2026

For city leaders, success in 2026 is measured in alignment and execution.

“Now that we have the results, there’s a big opportunity to turn those findings into lasting impact,” Floyd said. “This work will help us better align our support structures.”

For business owners, success is concrete.

Hill said 2026 would be a good year if both of his companies reach scale and visibility that proves Charlotte can produce businesses beyond early hype.

“If we had gotten funded the full \$1 million and scaled our annual recurring revenue to over \$5 million, that’s a good year,” he said.

Light said success means measurable adoption and momentum into the next growth phase.

“We want to help 1,000 businesses,” he said. “That’s our No. 1 objective.”

Hotze said a good year would be one where portfolio companies continue raising capital and deepening regional connections.

“If they need a check, that’s on my shoulders to help them find that check,” she said.

Halili said progress would look like trust translating into contracts.

“We have so much talent here,” he said. “We just need reps and opportunities.”