

THE COMPETITIVE EDGE

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A Small Business Incubator

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The Effects of Sequestration on Small Business Contractors

As a result of Congress not being able to come to a deal to reduce the deficit, federal budget cuts, or sequestration, went into effect starting March 1, 2013. This has caused some uneasiness amongst some small businesses looking to obtain federal contracts in the coming years.

The New River Valley Business Center has past and present small business tenants associated with the defense sector that are growing or have outgrown the Center and located within the New River Valley. Defense related businesses that were previously located within or are currently located in the Business Center include:

- Emisshield
- INTER Materials
- BAE Systems
- Alliant Techsystems
- Nuvotronics

The New River Valley lost nearly 12% of defense sector jobs from 2006-2011. Despite this job loss through the recession, the New River Valley still has a strong geographic concentration of defense jobs as compared to the national average.



Emisshield signs distributor agreement with TFS Global

According to Newsday, a daily newspaper in the New York metro area, small businesses in the defense sector have had to cut jobs and limit overtime to remaining workers in order to meet the new bottom line due to sequestration. On many projects, quantities of products have been reduced or have been put on hold. In news reports across the United States, it has been speculated that larger businesses will be able to weather the budget cuts while small businesses may end up losing out on funding and jobs in the future.

Uncertainty seems to be the main problem for many small business contractors. The Pentagon is moving slower with furlough days increasing and many small businesses do not have the cash flow to adjust to the current and future potential cuts. Businesses throughout the region are being affected differently by sequestration.

The New River Valley Business Center serves as an initial seeding location for entrepreneurs and manufacturing/industrial companies wishing to expand. The Center operates as part of an effort to enhance opportunities for businesses within the New River Valley. With geographic concentration of defense jobs, the New River Valley still has potential for additional defense jobs and multiple successful companies have started in the NRV Business Center.

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