

FOSTERING WOMEN'S ENTREPRENEURIAL SUCCESS

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TECHNOLOGY
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COMMITTEE ON SMALL BUSINESS
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None.	
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None.	

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THURSDAY, OCTOBER 12, 2017

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON HEALTH AND TECHNOLOGY,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2360, Rayburn House Office Building, Hon. Aumua Amata Coleman Radewagen [chairman of the Subcommittee] presiding.

Present: Representatives Radewagen, Luetkemeyer, Brat, Marshall, and Lawson.

Chairwoman RADEWAGEN. Talofa. Good morning. I call today's Subcommittee on Health and Technology hearing to order.

I would like to thank everyone for joining us today. As October is National Women's Small Business Month, today, our Subcommittee will highlight the outstanding impact women entrepreneurs have made on the United States economy and the remarkable growth women-owned small businesses have generated over the last decade.

It is estimated that, in 2016, there were 11.3 million women-owned businesses that employed nearly 9 million people and generated over 1.6 trillion dollars. Between 2007 and 2016, women-owned businesses increased by approximately 45 percent. This means that women-owned businesses grew roughly five times faster than the national average.

Despite this remarkable increase, we continue to see a significant difference in the number of women- and men-owned businesses in the United States. Currently, women-owned businesses only represent roughly 38 percent of all businesses.

Today, we ask, what factors are contributing to this gap? While women entrepreneurs face many challenges, one major issue women owners face is access to adequate financing opportunities.

Men typically launch their businesses with twice the capital women do, and less than 10 percent of all venture funds are granted to women-led businesses.

The matter of access to capital is of particular concern to me, as it is a persistent issue among my constituents in American Samoa.

Numerous organizations, nonprofits, and companies are working to address the capital challenge women entrepreneurs face through advocacy, education, and outreach.

The Small Business Administration's Women's Business Centers and the SCORE are excellent examples of these types of programs. Despite the wonderful work of these organizations, women entre-

preneurs still face significant challenges when starting, growing, and scaling their businesses.

Today, we will hear from an outstanding panel of witnesses who will shed light on the challenges women entrepreneurs face, the resources currently available, and the areas where existing resources could be expanded to benefit women's businesses. The personal experiences of many of our panelists are stories of remarkable perseverance and strength that have resulted in success. I look forward to learning from each of you.

I now yield to Ranking Member Lawson for his opening statement.

Mr. LAWSON. Thank you, Madam Chair, and good morning.

I am very happy and glad that we have taken the time today about a very important topic concerning the National Women's Small Business Month.

Fostering women entrepreneurs' success is very critical to the prosperity of the United States. Women entrepreneurs play a significant role in U.S. economy. As our chairman said earlier, they own about 9 million firms, generating either \$1.5 trillion or \$1.6 trillion in revenue, which employ over 8 or 9 million workers.

Despite these impressive numbers, women-owned businesses still face those barriers, as we discussed earlier—is access to capital. In other hearings, we have heard about access to capital, how important it is to jump start these businesses.

Just like many other businesses, this Committee has heard access to capital as a main topic challenging—challenge for women. As we talked about, on the average, men start their business with twice as much resources. So I won't try to rehash that. And one of the reasons why I know is because I have been in business for 36 years, and I remember going to the financial institution.

Women also are one-third as likely to access financing through venture capital angel investment. In fact, only 10 percent of all global venture dollars between 2010 and 2015 went to startups with at least one woman founder. We must do better. And that is one of the reasons why we have this hearing.

Not only must women worry about running business, many are more likely to take on caretaker's responsibilities, for both children and relatives, creating an additional obstacle to entrepreneurship. Rather than ignoring the need for the individuals, we should embrace them and recognize how they sacrifice to contribute to our economy.

Congress needs to consider how simple policies, policy changes, like paid family leave and affordable care, childcare, is so critical to creating jobs and spurring the economy. Women business owners offer a valuable contribution to our economy, but they need help.

Today's hearing offers the opportunity to discuss how Congress can help our Nation's women's entrepreneurship prosper.

I look forward to hearing from our witnesses. We have an outstanding group before us today. I want to thank the witnesses for being here and taking this most important role that is going to help many people in America.

Thank you very much. And I yield back to our chairman.

Chairwoman RADEWAGEN. Thank you.

I would like to take a moment to explain the timing lights for you. You will each have 5 minutes to deliver your testimony.

The light will start out as green. When you have 1 minute remaining, the light will turn yellow. Finally, at the end of your 5 minutes, it will turn red, and I ask that you please try to adhere to that time limit.

Our first witness is Ms. Janice Green. Ms. Green is the president and CEO of Jancare Private Health Services Inc., a private home healthcare provider in Fishkill, New York.

After years of experiences as a registered nurse, Ms. Green decided to translate the knowledge and skill she had acquired into starting and running her own successful home care agency.

Thank you, Ms. Green, for being here today.

Our next witness is Ms. Antonella Pianalto. Ms. Pianalto serves as the president and CEO of the Association of Women's Business Centers, working to provide leadership and support to a network of over 100 Women's Business Centers nationwide.

Prior to her time with AWBC, Ms. Pianalto has served as vice president of government affairs for American Express, and as a senior adviser to the U.S. Ambassador to the United Kingdom, as a Deputy Assistant to the President for Presidential Personnel, and as an Associate Administrator for Management and Administration for the Small Business Administration.

Thank you for being here, Ms. Pianalto.

I now yield to our ranking member for the introduction of the next witness.

Mr. LAWSON. Thank you. It is my pleasure to introduce Ms. Hester Clark, the president and founder of Hester Group Headquarters in Jacksonville, Florida, out of my district.

Hester Group is a women-owned small business that provides professional service to Federal agencies. In 2011, Ms. Clark was recognized by American Express OPEN as the 2011 Women Government Contractor of the Year, and the Hester Group has been recognized as one of the top 50 women-owned businesses in Jacksonville, Florida.

Welcome, Ms. Clark, and thank you for testifying today.

Chairwoman RADEWAGEN. Our last witness is Ms. Jeannette King. Ms. King is held up in traffic but should be joining us momentarily.

Ms. King is the president and CEO of Strategic Resolution Experts, Inc., a management consulting and IT governance firm located in Martinsburg, West Virginia. Ms. King has been recognized numerous times for her success as a small business owner, including named the Small Business Administration's 2015 Small Business Person of the Year for the State of West Virginia.

With that, Ms. Green, you are now recognized for 5 minutes.

You may begin.

STATEMENTS OF JANICE GREEN, RN, BSN, MBA, PRESIDENT & CEO, JANCARE PRIVATE HEALTH SERVICE, INC., FISHKILL, NEW YORK; ANTONELLA PIANALTO, PRESIDENT AND CEO, ASSOCIATION OF WOMEN'S BUSINESS CENTERS, WASHINGTON, D.C.; HESTER CLARK, PRESIDENT, HESTER GROUP, JACKSONVILLE, FLORIDA; AND JEANNETTE KING, PRESIDENT & CEO, STRATEGIC RESOLUTION EXPERTS, INC., MARTINSBURG, WEST VIRGINIA

STATEMENT OF JANICE GREEN, RN, BSN, MBA

Ms. GREEN. Good morning. Thank you, Chairman Radewagen, Ranking Member Lawson, and distinguished members of the Committee for the opportunity to share this testimony with you.

My name is Janice Green, and I am a registered nurse with more than 10 years of experience in medical and surgical care and the CEO at Jancare Private Health Service.

As a nurse, I had the opportunity to take care of a female patient with stage IV cancer. After her death, her husband, a lawyer, was impressed by my care and approach and insisted that I started my own nursing care agency. I took his advice, and in 2014, I formed Jancare Private Health Service.

Jancare is on the cutting edge as a nursing care agency. Our vision is to provide outstanding care with compassion and dignity to surgical patients and seniors in the privacy of their own home.

My role as a clinical nurse care coordinator is to oversee the care of individuals who need medical or nonmedical care through a hands-on approach by implementing a strategic care plan specifically tailored to each client's specific need. Jancare works with families, attorneys, geriatric care managers, doctors, and therapists that provide care and outcomes that improve patient quality of life at home.

Jancare currently has approximately 28 full-time, 6 part-time employees, and 1 intern. We have a client base of 18. We service Dutchess County, Westchester County, Putnam County, and Manhattan.

Jancare also believes in giving back to the community and provides free health services at community-based events, such as blood pressure screening, diabetes finger stick, and health awareness.

One of the biggest challenges for female entrepreneurs is accessing funding: 58 percent of female entrepreneurs start their business with their own funds. Other studies show that companies with access to capital have grown at the rate of three times that of those who lack equity. Women experience a greater financial gap than their male counterparts.

In the process of starting Jancare, I was part of the 58 percent. I was unable to get a loan from my bank, even though I had a 10-year relationship with them. I was fortunate to have a 401(k), which I borrowed \$25,000 from at an interest rate of 6 percent.

While completing my MBA, I realized that the business plan for Jancare that I worked on was not feasible. In my research to find an organization to assist me, I found Women Enterprise Development Center, WEDC, the WBC in White Plains.

I enrolled in WEDC 60-hours Entrepreneurial Training Program to complete an effective business plan. During this course, I real-

ized that so many of my female entrepreneur classmates had great ideas yet lacked the funding to turn those ideas into reality. While the WEDC course provided the appropriate tools to start, without proper funding, it is next to impossible for these businesses to grow.

The Jancare business plan that WEDC helped me to create was more feasible and attainable than my previous plan.

As a female entrepreneur, we have made some progress over the past few decades, but we still have a long way to go, and we must continue on this journey. Mentorship is important to the success of entrepreneurs. Female entrepreneurs need guidance through the process of starting and growing their business. Someone who has the experience and the knowledge to show you how to reach your goal is a valuable resource. Anyone can open a business, but having the right tool is necessary for success. Running a business day-to-day can be challenging. Having a mentor to prevent you from making certain mistakes in the process is priceless.

The WEDC community has allowed me to develop strong personal business relationships with my fellow WEDC graduates as well as with staff. This was an asset for me as it helped my self-confidence to grow while allowing me to be part of an organization that fostered network and mentoring. WEDC support has helped Jancare to grow tremendously.

Having an individual or group to exchange your idea without discrimination or judgment is a true asset.

In closing, I appreciate the opportunity to share my story with this committee, and I strongly urge Congress to increase funding for organizations like WEDC, WBC, which help fund and mentor female entrepreneurs just like me. By opening the door to greater access to funding and mentorship for female business owners, we will unlock greater economic potential.

Thank you.

Chairwoman RADEWAGEN. Thank you for your testimony, Ms. Green.

Ms. Pianalto, you are now recognized for 5 minutes.

STATEMENT OF ANTONELLA PIANALTO

Ms. PIANALTO. Thank you, Chairman Radewagen, Ranking Member Lawson, and distinguished members of the Subcommittee for the opportunity to share this testimony. My name is Antonella Pianalto, and I serve as the president and CEO of the Association of Women's Business Centers.

We support Women's Business Centers by providing training, programming, and advocacy to improve their services to women entrepreneurs. In fiscal year 2016, our centers served more than 145,000 clients, leading to more than 17,000 new businesses and nearly 25,000 new jobs. We assisted with nearly \$429 million in capital infusion and helped to secure nearly \$40 million in government contracts.

As the advocate for this critical program, it is an honor to be here today during National Women's Small Business Month and with this distinguished panel of successful entrepreneurs.

Fostering an environment where women can start and grow businesses has been a vital part of America's economic security. Today,

that is truer than ever, with more women starting ventures at five times the rate of men. My testimony provides our perspective on women's entrepreneurship, the role of WBCs, and policy recommendation.

This statistic captures the impressive scope of women entrepreneurs. If American women business owners were their own country, they would have the 10th largest GDP in the world outperforming entire nations like Canada, Mexico, and even Russia. As already has been stated this morning, this footprint is made up of more than 11 million women business owners, a 45-percent increase since 2007 with \$1.6 trillion in revenue. From 2007 to 2012, women started 1,143 businesses each day, and their revenues grew by double digits at all revenue levels. Notably, 8 out of every 10 net new women-owned firms launched since 2007 were started by a woman of color.

By any metric, the last decade truly has been an era of women's business expansion, yet despite this growth, women still face barriers. Women start businesses with roughly half as much capital as men. Despite being 38 percent of all firms, women receive less than 5 percent of conventional loan dollars and only 17 percent of SBA's 7(a) loans.

Women fare no better seeking capital outside of banks. Women receive just 7 percent of venture capital. Limiting the flow of capital to women-owned businesses is a missed opportunity. First Round Capital found that their investments in companies which had at least one female founder performed 63 percent better than their investment in all-male teams. Shark Tank's Kevin O'Leary found the same. Of the 32 companies in his private portfolio, all of his returns were coming from companies either owned or run by women.

There is vast economic potential in women-owned businesses. Economists speculate that if women started businesses with the same amount of capital as men, they could create 6 million jobs in 5 years. They also found that, if women were fully engaged in their businesses, it would raise GDP by 7 percentage points.

Sadly, stories of entrepreneurial success tend to be male dominated, incorrectly framing a narrative that men are better at growing businesses than women. Government leaders can help by highlighting stories of successful women entrepreneurs like these amazing women.

Potential is not limited by capital alone. Women need entrepreneurial training. The Aspen Institute found that when business owners receive technical assistance, success rates skyrocket. Similarly, as SBA Administrator McMahon notes, more successful women business owners are needed as mentors.

Women's Business Centers spend each day unlocking this potential and addressing the challenges women face, as they have for each of the 2 million women who have walked through our doors. Women view their local WBC as a trusted adviser and partner over the lifetime of their company. Simply put, our role is the glue of the women's entrepreneurial ecosystem, providing a supportive environment that builds competence, confidence, and connections. But our centers need more resources, and too many communities do not have access to this unique service provided by WBCs.

There are four policy recommendations that can help women entrepreneurs: improving access to capital, increasing resources for technical assistance, modernizing the WBC program, and expanding the certification options.

We are grateful to Chairman Chabot, Ranking Member Velázquez, Representative Knight, and Ranking Member Lawson for reauthorization of the program which was included in the House National Defense Authorization Act.

We urge the house to insist on its inclusion in conference. Thanks also to Representative Murphy, who championed an additional \$1 million for the program in appropriations for fiscal year 2018.

In closing, I appreciate the opportunity to celebrate the explosive growth of women-owned businesses and the tremendous impact they are having on our Nation's economy, and to update this Subcommittee on the role WBCs play in ensuring women's entrepreneurial success. We have only begun to tap the potential of this economic powerhouse.

Thank you again for this opportunity.

Chairwoman RADEWAGEN. Thank you, Ms. Pianalto, for your testimony.

Ms. Clark, you are recognized for 5 minutes.

STATEMENT OF HESTER CLARK

Ms. CLARK. Good morning. Thank you for the opportunity to testify before you today to share my experiences and thoughts on fostering women's entrepreneurial success.

My name is Hester Clark. I am the founder and owner of Hester Group, a professional services firm located in Jacksonville, Florida. Hester Group has 28 employee positions, and we are located across the United States with an average of \$2.5 million in revenue. And as I mentioned, we are located in Jacksonville, Florida.

In preparing for this presentation today, I read a July 2017 report by the National Women's Business Counsel entitled "Necessity as a Driver of Women's Entrepreneurship." The report explores and expands upon the concept of necessity as a driver of women's entrepreneurship in the United States.

Twenty years ago, I was a necessity entrepreneur. I was a young mother seeking work-life balance so that I could raise my then-12-year-old son and 9-year-old daughter. As a necessity entrepreneur, I needed the resources and support entrepreneurs like me need all over the place. And we are most successful when we have an entrepreneurial ecosystem within our own communities that provides access to human, financial, and professional resources. Thankfully, the Small Business Administration and resource partners, such as the Jacksonville Women's Business Center in Jacksonville, Florida, are my entrepreneurial ecosystem.

I am so humbled to share my journey with you today. For almost 20 years, the SBA and Hester Group have traversed challenges and successes together. There is not one day since starting the Hester Group that I have not been without the support of the SBA and its resource partners. It is as if the SBA and the Women's Business Center said to me, "Come on, Hester, I will show you the way." Sometimes I held the hand tightly because I was fearful of taking

a big step. And sometimes I held it a bit loosely, knowing that they were there as my partner to provide strength.

My entrepreneurial ecosystem in Jacksonville consists of the Jacksonville Women's Business Center, Jacksonville SCORE, Florida Small Business Development Center at the University of North Florida, and the North Florida District Office of the SBA.

I have relied on these resources at every stage. When I did not know how to establish a financial accounting system, I participated in the Financial Matters Workshop. A mentor was assigned to me, helped me understand the financial basics, and, most importantly, taught me how to hire an expert to provide financial expertise to the company.

When I did not know how to establish my human resources policies and procedures, the Jacksonville Women's Business Center provided six mentors for 1 year through the ATHENA Link Program. They helped me to understand our corporate infrastructure and maintain compliance.

When I needed ongoing support and advice, SCORE Jacksonville provided me with a patient and experienced retired executive. He guided me through the hiring of our vice president. He knew exactly what Hester Group needed to succeed, and our vice president, Ms. Roslyn Mixon-Phillips, continues with us today and is a vital member of our team.

When I needed access to capital, I was able to receive an SBA 7(a) loan with the support of the North Florida district office. The 7(a) loan has been the foundation of our growth and expansion.

The SBA and its resource partners in North Florida continue to extend a helping hand to Hester Group, as we have grown over the years, and I continue to hold on real tight.

My journey as a women entrepreneur is not unusual, not at all. There are over 10 million women entrepreneurs in the United States, and we all share similar paths. Each of us are unsure, at times unknowing, and yet unafraid to become an entrepreneur. And each of us needs support and guidance along the way.

I share my journey with you today as an example of the direct benefits. I recommend that the SBA continue to expand access to capital, expand community outreach in rural and underserved communities, expand funding, provide disaster assistance funding, and enhance online resources.

In summary, I encourage this Committee to provide the SBA Women's Business Centers and other organizations with the funding and support that we need to hold perhaps just one more or 1 million more hands of women entrepreneurs.

Thank you.

Chairwoman RADEWAGEN. Thank you, Ms. Clark.

Ms. King, you are now recognized for 5 minutes.

STATEMENT OF JEANNETTE KING

Ms. KING. I have had the honor and privilege of serving my country since I was 19 years old. It began with my service in the U.S. Navy and has continued through my work with my small business with agencies within the Department of Defense, Department of Homeland Security, Department of Veterans Affairs and a number of Federal civilian agencies.

Good morning. I am Jeannette King, president and CEO of Strategic Resolution Experts, or SRE. I am both honored and humbled by the invitation to speak to this esteemed body and have the opportunity to not only represent women-owned small businesses but also service-disabled veteran-owned small businesses, veteran-owned small businesses, 8(a) small disadvantaged businesses, and HUBZone certified small businesses, all small business types of which I am certified.

I would like to speak on the challenges and successes I have experienced since founding SRE in 2007. First, I will speak about access to capital. Second, I will speak on the small business programs and how they have positively influenced my business and some of the negatives. Third, I will speak about being a women-owned small business who also happens to be a service-disabled veteran.

I started SRE in 2007 with \$10,000. I was, and still am, a single mother with no access to any other capital. I have no husband. I have no family with money. So I left a job making over six figures per year to live at or below poverty for nearly 5 years.

During this time, I cashed in all of my 401(k)'s, deferred all my student loans and prayed that I could feed my son, Cody, and keep our house.

During this time, my mom and stepdad agreed to allow me to put a second mortgage on their home and property to try to keep me afloat. But by 2009, I had maxed out the line of credit, which was very small, and I was paying my mortgage with my credit card and my credit card with another credit card and so forth, until it got to the point where I was afraid I was not only going to lose my house, but my parents were going to be homeless as well.

So, in 2009, I was offered a job, and I was ready to go. A few days before I took the job, they said, "Hey, we need a 1099 consultant." So I said, "Will you subcontract to SRE?" They agreed. That contract saved my business. In 4 months, I made enough money to live for about 6 months. And then, shortly thereafter, I landed my 8(a) designation through the Small Business Administration and then, 3 months later, got two small prime contracts with the IRS.

Soon after that, I received a significant prime contract from Defense Threat Reduction Agency through my contacts and relationships I had been fostering for over 5 years. Once I received that contract, which was over \$3 million, only then could I get a line of credit. I got it through the SBA under the backing of the Patriot Express Program, which I think is obsolete now, and the reason why I couldn't get a loan is because, despite the SBA's guarantee, small businesses still have to meet the bank's underwriting guidelines, and I did not.

So I was a single mother from West Virginia who had come from an economically disadvantaged background, who served in the military, and could really only pray for a miracle to find a way to start and keep my business. I don't know the answer to this challenge, but I would be happy to work with any of you to find the answer.

So I will talk about the small business programs. As I said, I possess every single small business designation that there is, and there are some challenges in the paperwork. The 8(a) program, my paperwork was over 1,000 pages. It got lost initially. Then it got rejected. Legal overturned it because I could clearly show social

and economic disadvantage, despite not being in one of the protected classes.

Same with service-disabled veteran-owned and veteran-owned. While getting the designation through VIP and VetBiz is much better because it is now 2 years, it is very time-intensive. Same with women-owned small business. That program is okay for me now because I am 8(a), but once I am out of 8(a), these programs all together probably take about 80 hours, which is not a lot of time, but when you are a small business and time is money, they can be challenging.

The HUBZone designation was by far the most challenging, which we can talk about that offline, but I want to talk more about my successes.

Thanks to these various programs and the support and guidance I received from my West Virginia SBA office in Clarksburg, I have a line of credit. I have grown SRE into a multimillion dollar company, and I use the HUBZone program as it was intended: to help disadvantaged individuals in economically depressed areas to become trained and qualified to obtain sustainable jobs. Our HUBZone program employs 14 people across the country, and they have completed, in just last year, over 2,000 hours of training, 622 courses, and 97 certifications. Four of those employees now go to college, and their family members, two of them are in the Job Corps training program.

Being a woman-owned and service-disabled veteran-owned small business is an opportunity to use our nurturing hearts and spirits to serve others, improve our communities, our States, our country, and the world in which we live. I do this by providing jobs across 12 States and nearly a half a million dollars in charity and 1,000 hours of paid volunteer time.

In closing, I am thankful for this opportunity. I would like to thank you for your service and the time here. And just to let you know, last week, SRE won a \$9 million contract and a \$50 billion contract.

Thank you.

Chairwoman RADEWAGEN. Thank you, Ms. King, for your testimony.

I now recognize myself for 5 minutes of questions. My first question is for our three small business owner panelists. Each of your testimonies references the challenges you faced when starting and growing your businesses. Of those, what was the greatest challenge you experienced or continue to experience as a women entrepreneur?

Ms. King?

Ms. KING. The greatest challenge I experienced was access to capital. I had to self-finance my business, and again, I started with \$10,000 and credit cards and, you know, a second mortgage on my parent's property.

That is not so much of a problem anymore because I do poor people financing; that is what I call that. I will find a way to make it work, and I have, again, by some small miracle, but I think that is a challenge for every business that starts out without capital.

Chairwoman RADEWAGEN. Ms. Green?

Ms. GREEN. My greatest challenge would be mentorship. When I started my business, I had that issue, and WEDC came along. And even though, today, I still have that issue because, as you go to another level, you need higher mentorship. So that is my greatest challenge right now, to have someone to lead me to the next level.

Chairwoman RADEWAGEN. Ms. Clark?

Ms. CLARK. I think my greatest challenge now is support at the second stage of a business. As I mentioned, I used a lot of the resources early on, and as a founder of a business, there are a lot of resources there. But as the company has grown, I would love to see the Women's Business Centers funded so that they can provide more enhanced programs for more mature companies in the second stage of business.

Chairwoman RADEWAGEN. My next question is for Ms. Pianalto.

Unfortunately, the WBC previously located in American Samoa closed, limiting the access my constituents have to WBC resources. What is the AWBC doing to work with individual WBCs to increase their ability to remain open long term?

Ms. PIANALTO. So thank you for that question. What we have been working on for the last couple of years—I have been at the helm of the AWBC for 3 years now—is more sharing of best practices, sharing of the experiences of some of the larger WBCs and the more experienced WBC directors. There was not a lot of that done prior, so we are actually working on a very big project right now where we will develop best practices, we will develop SOPs, templates that all WBCs can use.

Some of our smaller ones—and American Samoa was one of those—it is challenging for them. As part of their grant application, they have to match the grant money that is provided by SBA. In the first couple of years, it is a 50-percent match, and then, after that, it is 100 percent match.

For the centers that are in communities that don't have large corporations or other sources of funding, it is a challenge. And I don't know all the specifics of what happened with the WBC in American Samoa because SBA doesn't share that, but I know raising funds is one of those. And so we are trying to provide training and support to those centers and helping them raise that funding. But it is a big issue.

Chairwoman RADEWAGEN. Thank you, Ms. Pianalto.

As a follow-up, what is the AWBC doing to expand the resources available through WBCs to clients without access to brick-and-mortar training centers?

Ms. PIANALTO. So I think the value of the Women's Business Centers is their work within their communities. So it is a challenge for them to provide the services outside of that community that they—that perhaps might not have the physical access. I mean, we do hear that, frequently, that—and some of our panelists today talked about that—is that interaction with the centers and not only with the staff of the centers but the interaction with other women business owners. They create this community and build this network. So it is challenging for those communities that don't have a center right there.

We do have centers—I will use an example of our one in North Dakota—it is one center, and it covers the entire State. And they are on the road constantly, going into the communities and bringing the resources there. Not all of the centers have that capability. Many of our centers have one to one and a half staff people. It is very difficult for them to cover a large geographic territory with that kind of staffing.

Chairwoman RADEWAGEN. Thank you.

I have a question for Ms. King. Your testimony discusses your journey to entrepreneurship. What made you decide to pursue creating SRE, despite the immense challenges you faced?

Ms. KING. Thank you. As a single mother, it was very important for me to provide my son the opportunity to go to college and not struggle the way I did growing up. And so that was really my inspiration. And, quite honestly, failure was not an option. My son just left for college in August, and I was able to pay for his entire 6 years of college, and he is going to be a doctor.

Chairwoman RADEWAGEN. Thank you.

I now yield to Ranking Member Lawson. You are recognized for 5 minutes.

Mr. LAWSON. Okay. Thank you. This was a problem for me, and I just—because you all are women entrepreneurs, I would like to see how, maybe, whether you all was able to handle that a lot better than I was. And that centers around the financial burdens that is—by medical leave, particularly a challenge which makes it harder for you to attract, you know, employees because of medical leave. And the reason I ask this question is because I had a situation where it just seemed like it just kept coming up. One child birth after the next, you know, with a very talented individual.

Do you think that nationally administrated programs could ease the financial burden and allow small businesses to ensure that all workers have access to paid family and medical leave regardless of employer size?

And that is a question for everyone. I can start with Ms. Green.

Ms. GREEN. Ideally, that sounds great, but for a small company to have family medical leave absence—that is what you are talking about, correct?

Mr. LAWSON. Correct.

Ms. GREEN. For instance, my company has 28 employees, and if someone goes out sick because of family leave of absence, it is very hard to get even coverage for that. So, for me, it is very hard to say something in regards to that because, as a small business, we have to have good staff to care for seniors in the home. So, if the government can take that part, alleviate small business on that, the family medical leave absence, that would be great for me as a company itself.

Mr. LAWSON. And I know you have a lot of experience with this?

Ms. PIANALTO. I am going to defer to the small businesses.

Mr. LAWSON. Okay. Ms. Clark.

Ms. CLARK. Yes. Personally, I, of course, support a family and having choices and being able to have the flexibility. That is why I started my company, which was because I needed work-life balance.

But now, as a business owner, funding those types of programs in support for our employees is difficult. So, on one hand, I support it. And so what we have done—it is very hard to make up that amount if it is not embedded in your contract. What I would hope to see is that we are allowed to, of course, have those costs included, particularly in government contracting, so that we can then have those costs covered for our employees.

What we have done in the interim is use work-life balance, using work from home, using work flexibility, telecommuting, those things—anything that I can do. And at times, probably when we were much smaller, bring the child to work, because that is what I had to do when I was first starting the company.

But in terms of the actual making it mandatory, we would need to see the ability to have something offset those costs to our company.

Mr. LAWSON. Ms. King, and you were talking about your son, so I know.

Ms. KING. Yes, sir. So, as a small business, asking, at least my business, to provide paid time off under the Family and Medical Leave Act would potentially bankrupt me. But what I do is I offer short- and long-term disability. So, if we have anyone, women or men, who need to take off 6 weeks, 12 weeks, 20 weeks, we offer that insurance coverage for them that they can elect. And it is at a group rate so that they are covered under, you know, the disability insurance so that we don't have to pay FMLA out of pocket. So it is an insurance policy.

Mr. LAWSON. Okay. Thank you. May I continue?

Chairwoman RADEWAGEN. Yes.

Mr. LAWSON. Okay. I heard earlier that most of you spoke that the SBA has been very helpful in holding your hand all through the process. And when SBA came before the full Committee, they talked about all of the new services and so forth that they provide for small business owners, and particularly, they recognized the fact that women-owned business are the fastest growing businesses in America.

But making that statement, what improvements would you make to us as Congress people as we approach the SBA that can really help women-owned business more?

And I guess I will start again down with Ms. King, and then we will move back the other way.

Ms. KING. I think that is a great question. I think that our legislative bodies are cognizant of the challenges for small businesses, and you all pass great legislation and great policies. I think one thing to consider for the SBA is their staffing and their appropriations and their budget because they do a great job and they are very dedicated to us. They need more help. I think that is the biggest thing because they have the heart. You are giving them the tools. You give them the policies and the set-asides, but they do need more help.

Mr. LAWSON. Okay.

Ms. CLARK. Yes, I agree with what Ms. King has said. In addition, continuing to offer many of the resources online. I am real passionate about rural and underserved communities. And when you are running a business, it may be difficult to attend an activ-

ity, although I love the flexibility of being able to go out. But making those resources available and then looking at nontraditional methods of communication so that people—in the beginning, you are afraid to go in and be among other people and to really admit what you don't know.

And so some resources that would allow an entrepreneur, like myself, to really admit in a more private setting how I need the help, because it is very frightening to step out there the first time and say, you know, I need help with this. Online might be a way to do that because it provides resources and after-hour resources and midnight resources, and so I would encourage funding for after-hour resources to the SBA.

Ms. PIANALTO. I will certainly concur on the increase of resources, especially funding, and I am obviously biased toward the Women Business Center program. But I will say we have to do—and SBA certainly can help with this—we have to do a better job of just educating small businesses out there about the resources available. I hear time and time again that people don't know that there are Women's Business Centers, even in their own communities, and that is just obviously one of the resources available. So we have to do a better job of getting the word out and making these services more accessible and just, again, informing small businesses of what is available to them.

Ms. GREEN. I would say resource and funding. The WBC in White Plains, that is the center that I belong, I had to pitch quite a few times for them to get extra money because their office was so small and they were trying to get a bigger space. So I think resource and funding for SBA would be a great opportunity for them. Thank you.

Mr. LAWSON. With that, I yield back, Madam Chair.

Chairwoman RADEWAGEN. Ms. Green, access to adequate financing has been a key topic in today's hearing. You mentioned that your business is self-funded. Had you had access to alternative funding, how do you anticipate your business experience would have changed?

Ms. GREEN. If I had access to alternative funding, my business would have grown much more. I would have had marketing, someone to market my business. I would have all of the right tools—that a business run. And when I started my business, the \$25,000 didn't go too far. So I actually had extra help, but not from the bank or any other funding.

I grew, from being part of WEDC 2015 to 2016, I grew to \$2 million. I figure if I had access, I would have been at \$10 million by now, so I think if we have—because the plan that I have can allow me, but I don't have the funding, is a problem for us.

Chairwoman RADEWAGEN. This question is for Ms. Pianalto.

Your testimony cites a study which says that, if women started businesses with the same capital as men, they could create 6 million jobs in 5 years.

What do you see as the reason or reasons that women are not currently able to gain access to that same level of funding that men do?

Ms. PIANALTO. I wish I knew the exact answer, but I will cite a few things that I think contribute to it.

I think one of the issues is, I think, it is over 40 percent of women-owned businesses are in professional and personal service businesses.

And I hear stories all the time of women—just like the women at this table—it is much harder to get funding, traditional funding, especially through banks, if you are in a service industry because you don't have the collateral, you don't have the assets that another type of business might have. So I think, because more women are in that type of business, that is one of the issues.

I think another issue is just the number of women actually asking for capital. We need to educate and train and help them through the process of applying for either a loan, a 7(a) loan, SBA loan, or a traditional loan. Some of those studies that I cited in terms of even the venture capital statistics, again, it is the number of women that are going and asking for that venture capital. We need to increase those numbers. So I think that will help.

I will also say that we don't have great statistics, especially from bank lending, on lending to women and minorities because banks aren't required to keep those statistics and share them. So we don't really know in some instances if a woman has gone to a bank, what the reason was that she didn't—didn't get that loan.

So I know that CFPB is supposed to be writing rules that were included, provisions included in the Dodd-Frank Act for banks to collect that data, and it has been how many years now, and that hasn't happened. Until we have better data about what women are going through in that, I am not sure we are going to know all of the answers.

Chairwoman RADEWAGEN. Ms. Clark, your testimony mentions that you started your business out of necessity as a means of providing a better work-life balance for you and your family. In what ways do you believe that being an entrepreneur of necessity affected your business creation process?

Ms. CLARK. That is a very good question. Being an entrepreneur of necessity, oftentimes you start with a little bit of knowledge because, you know, you are really fueled to do something different and to have what you need, which in my case was work-life balance. A 12- and a 9-year-old are busy ages to raise children, and I needed to be there and did not have the leave and the flexibility.

So that sort of pushed me out there. Had I been fueled by another aspect, I probably would have had more preparation, certainly, would have had better technology, and would have received probably funding earlier because I would have asked for it. Just as you mentioned, I didn't know to ask for it.

So preparing to be an entrepreneur and being an entrepreneur of necessity are very different starting points. And I would encourage that, even women who are not sure or for women to begin to learn more about perhaps in middle or even high school and college, to just learn that entrepreneurship is a way that they can increase their family's income.

So, for me, I think had I been not an entrepreneur of necessity, I would have been more prepared to start my company.

Chairwoman RADEWAGEN. Thank you.

I now yield to Ranking Member Lawson.

You are recognized for 5 minutes.

Mr. LAWSON. Thank you very much, Madam Chair.

A diversity of studies show it is harder for minority- and women-owned small businesses to not only get the business started but also develop the business network needed to grow in these businesses. Have you found this to be true in your work with small business, Ms. King?

Ms. KING. Unequivocally, yes. It is very true. When a woman walks in the room, especially in government contracting, we are definitely a minority. There are usually 500 men at a conference and 2 women. And so we have to establish ourselves as, you know, real entrepreneurs and people with authority and so forth. And I had a mentor, a male mentor, who was a marine, tell me one time, he said: Being a woman is your secret woman. You walk into a room and they have no idea what is in your head until you start talking, and then they know.

And so I have always used that, but it is difficult because, especially like I said, in government contracting, it is mostly a man's world.

Mr. LAWSON. Right. And as a followup, in many cases, in small businesses seeking government contract, a lot of the small business owners will hire lobbyists to approach these government agencies. How does that affect you when you are trying to get contracts on a Federal basis?

Ms. KING. We don't work with lobbyists because we don't have the money for them. So we would have business development folks, or I would go and talk to small business representatives. I mean, really, it is boots on ground, being there, and almost stalking them to get business. We don't have lobbyists so that is not even an option for us.

Mr. LAWSON. Right. Could anyone else comment whether it has been an issue when you are trying to get government contracts when other firms, especially men-owned businesses, come in with lobbyists and you all don't have the resources to do that? Does it affect you in any way?

Ms. CLARK. I can't speak specifically as to whether another company has a lobbyist, but I can speak to watching in an environment where perhaps men-owned—non-women-owned businesses were, either large businesses or smaller businesses owned by males, were able to have a larger set of resources because they had pooled together. And it is something that they had been at the game longer, and so they were pulling together or maybe members of associations that did have lobbyists.

What I learned to do was to watch and to go where they were going. And having a lobbyist is not even an option for that. We have no funding for that, as you mentioned. But I would want to understand greater what impact that does have. I never really thought about it that way, as you mentioned it, but perhaps understanding if that is something that is available, making sure that it is available to everyone.

Mr. LAWSON. And the reason why I asked that question is because I have seen it in State government trying to get State contracts when some firms come in with the resources and stuff, and other firms send in a lobbying group sometimes that have a little bit more input and influence on the process. There was an Indian

group that came in when I was in there that was really, came in from Jacksonville, SGS Technology, and they were trying to get the government contract, but they were at a real disadvantage when they got to Tallahassee. And that is the reason why I asked you, because it is more of a government town.

But I want to try to get this one in before my time runs out. We have heard again and again some serious accusations about discrimination in the lending space. What measures would you suggest to improve women's ability to access capital? And that goes to Ms. Green.

Ms. GREEN. So I am going to talk about someone that I know, a friend of mine who is trying to get venture capitalists, and it is the hardest thing for her to get. She said pitching before thousands of people is very hard to get as a female entrepreneur. For me, it is different because I am from a private sector. So the only time I feel I am not part of the room is when we have 15 guys run a home care agency and I am the only female there. So, when it comes to capital, now, for me, it is not like before, but my other female counter partners do have that issue going forward.

Mr. LAWSON. Anyone else want to—I got 10 seconds.

Okay. Ms. Clark.

Ms. CLARK. For funding, our personal journey was that we went to a small community bank. I do believe those resources are available. And continuing to support community banking in a way that allows them to be able to provide lending, that was what was helpful to us. Although we banked with a very large bank, we were not able to navigate through their maze. But with the community level bank, we were able to go in, share our story. We had years of financing at that point, probably 12 years—I mean, years of records—12 years of successful—of running a successful business. And so I think from getting funding standpoint, making sure that the community banks are aware and participating, and then it all goes back to education.

Honestly, I didn't know to ask. And when I went in to ask, it was out of necessity. I was at the eleventh hour, had a new contract, had employees, and needed the funding. And that is not the time you want to go in and ask for money. So starting earlier and empowering us, and then having other women like myself tell my peers: You can do this. Take your paperwork, go in there, and ask for the funding.

There are programs. The 7(a) was our lifeline. And it has made all the difference in the growth of our company.

Mr. LAWSON. Okay.

Madam Chair, I yield back.

Chairwoman RADEWAGEN. I now yield to Mr. Blaine Luetkemeyer, vice chairman. You are recognized for 5 minutes.

Mr. LUETKEMEYER. Thank you, Madam Chair.

And, welcome, ladies.

I want to follow up on the previous questions with regards to funding because, basically, if you don't have funding, you can't get off the ground. And all of you have faced that problem, apparently.

And I was kind of curious, you know, there are rules against discrimination based on sex. Do you believe that you are discriminated against because you are women versus the men?

I know, Ms. Green, you made a statement, you know, you are 1 out of 15, and the guys get first crack at everything, and you get left out. I mean, do you feel you get left out because you are a lady, or do you feel that they had—you know, and Ms. Clark just made mention of the fact that maybe you need a mentor to be able to help you prepare better to be able to qualify.

I mean, can you explain your concern?

Ms. GREEN. I do feel like I was left out because I was a female. That is true.

In Fishkill, where I lived, I went to three banks to get a loan for \$25,000. One of them was a credit union. And they told me that I didn't have enough funds; even though I had \$10,000 in the account, they did not want to lend me a loan. So I feel like because—and even when I present my business plan to say, "Here is a business plan. If I make this money, I am able to repay you back," I was not able to get the loan. So I felt like because I was a female, they didn't take me serious.

And then the business that I was going into was nursing care agency. The banker says to me: There are like a thousand agencies out there. How do you think you are going to manage when you have all these big competitors?

And I said: Well, they had to start small to get big. So if you give me a chance, then I will.

So then I realized I couldn't get it. I just had no choice but to go to my 401(k) to start the business process. So I did feel like as a female—and then they think I didn't have the education. And even though I said I am in school going for my MBA, it didn't mean anything. So, for me, I felt like I was discriminated as a female.

Mr. LUETKEMEYER. I can tell you: Your story is not different from a lot of men that try to get in. Small businesses are tough to start. I mean, regardless if you are a guy or gal, I mean, the criteria that you have to meet to be able to get started is just tough. And I was just curious of your concern there.

Ms. King, in your testimony, you talked about having to spend or had to fill out roughly 1,000 pages to be able to qualify as a woman-owned business. Can you talk a little bit about that? Number one, I guess, is it really 1,000 pages, and is your designation really that important to filling one out? How cumbersome was it, and much did it cost?

Ms. KING. So I was actually referencing my 8(a) SDB designation. That was 1,000 pages. So, essentially, there is an application, and then you have to provide supporting evidence. And that supporting evidence was 1,001 pages. The first one was 600 or 500, and the next one was 501. So that was for the 8(a).

I have a streamlined process of women-owned now because I am an 8(a), but once that expires, I will have to go through the process of proving I am a woman, number one; number two, that I own and run my business and that I am not a front for a man, because that does happen, unfortunately; and then I have to provide all my financials, all my tax records, all my banks records. You know, there is a lot of paperwork because they want to make sure, first of all, if you say you are a small business, that you are, and if you try to get the disadvantaged designation, you have to prove that you

are disadvantaged. So they ask for literally all of your financials, everything you own, and the kitchen sink, literally.

So that is what I had to do for 8(a).

Mr. LUETKEMEYER. What was the cost of that? Do you know off the top of your head?

Ms. KING. Well, I paid a lawyer \$5,000 to do it the first time, and it got outright denied. And I said I am smart enough to figure this out on my own. So myself and one of my employees, we sat down and spent 3 days and got all this documentation together, and I did it myself. So it cost whatever that 3 days of time and labor were.

Mr. LUETKEMEYER. Okay. Do you feel it was worth that to you, that designation, is it worth that much?

Ms. KING. They are all worth it, yes, sir. All of the designations are worth it. I think there is a way to streamline. If you want to get a designation through VA, SBA, have one portal, put all your documents in it. I mean, we do IT. We can help you build an algorithm that will tell you, you know, they qualify for all of these things, boom, it is done. It—

Mr. LUETKEMEYER. So, right now, you have to fill out this form to qualify for every single agency you deal with.

Ms. KING. Every single designation. So there is 8(a).

Mr. LUETKEMEYER. Okay, I see.

Ms. KING. There is VOSB, SDVOSB, HUBZone, woman-owned and EDWOSB. So there is like—what was that, six, seven?

Mr. LUETKEMEYER. More than a handful.

Ms. KING. Different pieces of paperwork, yes, sir.

Mr. LUETKEMEYER. Well, you know, this is a great place to talk about red tape because that is the only thing we know how to do well around here, add more red tape to everything. But I do appreciate your comments, and my time has expired. Thank you very much.

Chairwoman RADEWAGEN. I now yield to Dr. Roger Marshall. You are recognized for 5 minutes.

Mr. MARSHALL. Thank you, Madam Chairman.

Thank you, ladies, for being here. I apologize for being late. I left the floor, advocating for recognizing this as National Businesswomen's Month. I am an OB/GYN, so I have got to be on the other side of that, listening to the story for literally 30 years. So I think I lived part of it as a man in a woman's world; it is kind of upside down. You know, kind of get my thoughts together here. As I see the inequalities that still exist, I would say, number one, is that women's pay for the same job in the management levels is not the same. I think that is still a huge problem. I think women's access to the boardroom is still a problem.

I think we have made great strides in getting women into medical school and law school and getting access to those things. Now it is time for the gap to be closed.

But one thing it is hard to be prejudiced against women is starting their own business. So I think that is a great place to start here, is starting your own business and being small entrepreneurs.

I want to relate one more story. Goodness, 20 years ago, Rotary started letting women into Rotary. We wouldn't have Rotary Clubs today without women. They do 90 percent of the work and have

great follow through. And I think the same thing also in small business. And I just encourage the small business woman to think about those types of service organizations, as they give you connection and open up the world.

Tell me—and maybe each you take 30 seconds rather than 3 minutes; I will let each of you answer the question—what do you wish Congress would do to help empower women to be successful small business women?

Ms. Green, you want to start?

Ms. GREEN. I would say mentorship and financing. Those are the two things I think would work. Those would be the two things I want to speak about: mentorship and financing.

Mr. MARSHALL. Financing meaning access to capital?

Ms. GREEN. Access to capital. Venture capital. Whatever it is in regards to funding that would be great for a female entrepreneur. I do run across a lot of female entrepreneurs who start a business and in no time are out of business because they don't have the funds to continue the business itself. And they do have the passion and the idea, but not the funding.

Mr. MARSHALL. Cashflow is always a challenge. It takes an inordinate amount of money to start it, but no one counts on the cashflow.

Ms. PIANALTO, what about you? What are your thoughts?

Ms. PIANALTO. I am not an entrepreneur. I am with the Association of Women's Business Centers. So my focus is getting more technical assistance to women. And that not only involves access to capital but also the mentorship that Ms. Green has talked about. But we just need—all these statistics, I mean, there is such potential with women-owned businesses. We just need to get them all in the growth mode. And they just need, many of them need assistance to do that.

Mr. MARSHALL. Great.

Ms. Clark?

Ms. CLARK. I think the most important thing is to continue to ensure that we have a healthy workforce. The Affordable Care Act does that and also removes any penalties for preexisting conditions. As a mother of a child who has a preexisting—or an adult now who has a preexisting condition, I shudder to think what his life would be like if he was not able to get that coverage.

Mr. MARSHALL. Flip that over. How did the Affordable Care Act help small business or access to workforce? What was that again? How?

Ms. CLARK. It ensures a healthy workforce universally across the United States. So, therefore, I am able to hire individuals who—

Mr. MARSHALL. That is really interesting. The Small Business Association got together in February or March up here, and they said the number one concern they had was the cost of healthcare. And nothing has done more to drive up the cost of healthcare than the Affordable Care Act.

So you may have—I don't think it has done anything to improve the health of the country. But to say it is going to increase your workforce, I disagree with you, respectfully. So anyway.

Ms. King?

Ms. KING. Yes, sir.

So access to capital is important. I think one of the things that Congress could do is to strengthen the guarantee programs through the SBA. Right now, there are certain percentages that they will guarantee. If Congress could say, "We will guarantee 100 percent at different levels," so maybe if they are very small, it is \$25,000, and as their revenue goes up, increase those guarantees. Or maybe as their revenue goes up, the guarantees go down because the company has more cashflow. That would be one of my recommendations. Thank you.

Mr. MARSHALL. Thank you.

I will yield back, Chairman.

Chairwoman RADEWAGEN. I would like to thank each of the witnesses for being here today, and I would like to congratulate Ms. King, Ms. Green, Ms. Clark for the outstanding success of each of your businesses.

And thank you, Ms. Pianalto, for the important work the AWBC is doing to provide our Nation's women entrepreneurs with the resources they need to be successful.

It is clear that, while impressive growth has been seen in the number of women-owned small businesses over the last decade, there is still a great deal of work to be done. So, as we continue to work to address the challenges facing women entrepreneurs, such as access to adequate financing, this Committee applauds the success and dedication of both our Nation's women business owners and those organizations seeking to help them succeed.

Now I ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered. We are adjourned.

[Whereupon, at 11:09 a.m., the Subcommittee was adjourned.]

APPENDIX

“Fostering Women’s Entrepreneurial Success”

Thank you Chairman Radewagen, Ranking Member Lawson and distinguished Members of the Committee for the opportunity to share this testimony with you. My Name is Janice Green and I am a Registered Nurse with more than 10 years of experience in medical and surgical care and the Chief Executive Officer at Jancare Private Health Service.

As a nurse, I had the opportunity to take care of a female patient with stage four cancer metastasized to her lung for a short period of time. After her death, her husband, a lawyer, was impressed by my caring approach and insisted that I start my own nursing care agency. I took his advice and in 2014, Jancare Private Health Service Inc. was formed as a Sub S corporation.

Jancare is on the cutting edge as a nursing care agency. Our vision as a corporation is to go beyond caring in the healthcare sector and provide outstanding care, with compassion and dignity, to surgical patients and seniors in the privacy of their own home.

My role as a clinical Nurse Care coordinator is to oversee the care of individuals or couples who need medical or non-medical care. This is done through a hands-on approach by implementing strategic care plans specially tailored to each client’s specific needs. Jancare works with families, attorneys, geriatrics care managers, doctors, and therapists to coordinate care and provide optimal outcomes that improve the patient’s quality of life at home.

Jancare currently has approximately 28 full-time and 6 part-time employees, as well as one intern. We have a client base of 18. We render services in Dutchess County, Westchester County, and Manhattan, with the goal of providing exceptional nursing care in these areas. Jancare believes in giving back to the community and provides free health services to community based events, such as blood pressure screening, diabetes finger-stick testing, and health awareness.

According to research by Geri Stengel in 2014, “Women own 34% of businesses under \$100,000 in revenue and 6% of businesses over \$10 million in revenue.”¹ One of the biggest challenges for female entrepreneurs is accessing funding. 58% of female entrepreneurs started their business with their own funds. While money is the chief ingredient to start and grow any company, females have notably less access to equal financing. Other studies show that companies with access to capital have grown at a rate of three times that of those who lack equity. Women experience a greater financing gap than their male counterparts.

In the process of starting Jancare Private Health services, I was part of the 58% of females who lacked financing. According to the Urban Institute, 2008 only “4% to 5% of all small business loan from banks are given to female entrepreneurs”. Fortunately, I had

¹Stengel, G “forget the Glass Ceiling: Build Your Business Without One”, 2014

the privilege of having a 401K, which I borrowed \$25,000 from at an interest rate of 6% to initiate the process of corporation set-up.

While completing my MBA, I realized that the business plan for Jancare that I had worked on was not feasible. In my research to find an organization to assist with my business plan, I found Women Enterprise Development Center Inc. (WEDC), which I found to be far more structured than SCORE, because WEDC addressed my specific needs. I enrolled in WEDC's 60-hours Entrepreneurial Training Program to complete an effective business plan for Jancare. During this course, I realized that so many of my female entrepreneur classmates had great ideas, yet lacked the funding to turn those ideas into a reality. While the WEDC course provided the appropriate tools to start, without proper funding it is next to impossible for these business to grow.

The Jancare Private Health Service business plan that was created with assistance from WEDC was more feasible and attainable than my previous plan. By participating in the WEDC course, I was able to see so many talented female entrepreneurs that experienced challenges with getting their business funded. Former president Barack Obama once said that when women succeed, American succeeds, and I believe this to be true.

Even though female entrepreneurs hire 34% of the work force, they still face greater challenges than male entrepreneurs when it comes to funding their business ideas. As female entrepreneurs, we have made some progress over the past few decades, but we still have a long way to go and we must continue on this journey.

Mentorship is important to the success of entrepreneurs. Female entrepreneurs need guidance through the process of starting and growing their business. Someone who has the experience and knowledge to show you how to reach your goal is a valuable resource. Anyone can open a business, but having the right tools is necessary for success. Writing an effective business plan, implementing, and updating that plan is the key to success. Running a business day to day can be challenging. Having a mentor to prevent you from making certain mistakes in the process is priceless.

The WEDC community has allowed me to develop strong personal and business relationships with my fellow WEDC graduates as well as with staff. This was an asset for me as a female entrepreneur, as it helped my self-confidence to grow while allowing me to be part of an organization that fosters networking and mentoring. WEDC's support has helped Jancare grow tremendously. Having an individual or group to exchange your ideas without discrimination or judgement is a true asset, and WEDC provided me with just that.

In closing, I appreciate the opportunity to share my story with this Committee and I strongly urge Congress to increase funding for organizations like WEDC, which help fund and mentor female entrepreneurs just like me. By opening the door to greater access to funding and mentorship for female business owners, we will unlock greater economic potential.

Thank you



Testimony of

Antonella Pianalto

**on behalf of the Association of Women's
Business Centers**

to the

U.S. House of Representatives

Committee on Small Business

Subcommittee on Health and Technology:

Fostering Women's Entrepreneurial Success

October 12, 2017

Testimony of Antonella Pianalto: *Fostering Women's Entrepreneurial Success*

Thank you Chairman Radewagen, Ranking Member Lawson and distinguished Members of the Subcommittee for the opportunity to share this testimony with you. My name is Antonella Pianalto, and I serve as the President & CEO of the Association of Women's Business Centers.

The Association of Women's Business Centers (AWBC) supports the national network of Women's Business Centers (WBCs) by providing training, mentoring, programming, and advocacy with the goal of improving services to women entrepreneurs. The AWBC's membership includes every WBC throughout the United States.

As you know, the Women's Business Center program is a public-private partnership with nearly 30 years of success in providing training, counseling, mentoring, and access to capital to women entrepreneurs across the country. Our network reaches into communities – urban and rural alike – to assist America's job creators in launching and growing their own businesses.

Women's Business Centers are focused on being an effective and efficient resource for one of the fastest growing sectors of the economy. Our continued growth leaves an enormous footprint of successful business owners and job creators. In fiscal year 2016, our centers reached more than 145,000 clients leading to more than 17,000 new businesses and nearly 25,000 new jobs.¹ In 2015, the most recent data, WBCs assisted with nearly \$429 million in private capital infusion and last year helped to secure nearly \$40 million in government contracts for women-owned businesses.²

First, let me thank the subcommittee for holding this hearing today. It is especially fitting to hold it during National Women's Small Business Month when we recognize the accomplishments of women entrepreneurs, acknowledge existing challenges, and highlight resources available—including our own members, women business centers.

Creating an environment where women can start and grow businesses has always been a vital part of our economic security. Today that is truer than ever, with women starting ventures at four times the rate of men.³ Their success is vital to the US economy as women-owned businesses have a significant impact on their local communities and collectively drive growth and create jobs.

Today's testimony briefly provides our perspective on women's entrepreneurship in 2017, the enormous potential of fostering a stronger environment for women business owners, barriers to achieving that potential, the role of WBCs, as well as policy recommendations for this Committee

¹ Fiscal year 2016 data provided to AWBC on request by SBA and to be formally published in the FY18 Budget Justification to Congress. Language details found in SBA OED 2015 Report, p. 36 (see footnote 3).

² US Small Business Administration. *Office of Entrepreneurial Development 2015 Year in Review*, p. 39. Available online at https://www.sba.gov/sites/default/files/resources_articles/2015_OED_Year_In_Review.pdf. Hereafter SBA OED 2015 Report. Federal contracting data provided by SBA via Entrepreneurial Development Management Information System (EDMIS).

³ SBA OED 2015 Report, p. 3

to consider. Before addressing those, however, a recent statistic captures the truly impressive scope of women entrepreneurs: if American women business owners were their own country, they would have the 10th largest GDP in the world, outstripping entire nations like Canada, Mexico and even Russia.⁴

Women Entrepreneurship Today

The most recent federal data, collated from the U.S. Census 2012 Survey of Business Owners, captures a snapshot of the explosion of women entrepreneurs. The census found 9.9 million women business owners in 2012 with \$1.4 trillion in annual receipts—an 18.7% increase from 2007. The number of small businesses owned by women grew by 26.8%, compared to 1.9% for all firms; put another way, from 2007-2012, there were 1,143 woman-owned businesses started each day.

From our own perspective as advisors to these firms, we can confirm that the explosion of women business owners occurred across the spectrum of businesses, as is reflected in the clients' stages of businesses served by the WBCs: 15% start-ups, 28% 1-4 years, 31% 5-10 years, and 26% 11+ years.

The newest generation of business owners span the spectrum of industry. Their businesses are as diverse as their owners. Businesses owned by women of color have more than doubled since 2007, increasing by 2.8 million. Nearly 8 out of every 10 net-new women-owned firms launched since 2007 were started by a woman of color.⁵

The expansion from 2007 to 2012 fueled job creation as well. While the number of overall firms with paid employees dropped by 5.4% in that time period, women-owned firms with paid employees increased by 13.9%. In terms of revenue, women-owned businesses grew in double-digits for all categories, outpacing the numbers for all firms overall. All firms with \$1 million in revenue—a major standard for business viability—decreased by 1.7%, while women-owned firms in this category increased by 21.4%.⁶ Thus, by any metric, the last decade has truly been an era of women's business expansion.

We know, however, that these numbers do not tell the whole story. More recent, but not federally-released, data, like the American Express OPEN 2016 State of Women-Owned Business Report, estimates that there are more than 11 million women-owned businesses employing nine million Americans and generating \$1.6 trillion in receipts.⁷ That translates to a 45% growth in the number of women-owned firms since 2007, or roughly five times the rate of all firms. The failure to capture

⁴ Data from World Bank at <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>. Accessed October 10, 2017.

⁵ American Express OPEN 2016 State of Women-Owned Business Report (2016).

http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Executive_Report.pdf

⁶ United States Census Bureau, Survey of Business Owners (SBO)- Survey Results: 2012.

<https://www.census.gov/library/publications/2012/econ/2012-sbo.html>.

⁷ American Express OPEN 2016 State of Women-Owned Business Report (2016).

http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Executive_Report.pdf

proper data on a critical segment of the economy prevents policymakers from properly addressing the challenges business owners face in furthering their companies and creating jobs. As will be discussed, women business owners have almost unlimited potential for continued growth, but significant barriers still remain. Without updated figures from the U.S. Census Bureau, it is difficult for Congress, the Administration, or even advocates like AWBC to quantify just how much growth is happening, in what industries, and how to further foster an environment for women's entrepreneurship.

Today, women own more than 35% of all businesses. According to a recent study, in 2016 the rate of women entrepreneurs saw the biggest increase in almost two decades. Incredibly, every month, 260 out of every 100,000 women chooses entrepreneurship.⁸ From the perspective of our centers throughout the country, we know one thing to be true: demand from women for entrepreneurial training abounds.

Unlocking Potential by Addressing Barriers to Entrepreneurship

The economic potential in women-owned businesses is astounding. Researchers and economists speculate that if women started businesses with the same amount of capital as men, they could create 6 million jobs in 5 years. They have also found that if women were fully engaged in their businesses, it would raise Gross Domestic Product (GDP) by seven percentage points.⁹ More than theoretical, evidence shows that women-led tech companies, when venture-backed, bring in 12% higher revenue than similar male-led companies and have a 35% higher return on investment.¹⁰

Yet women-led companies are less likely to receive venture capital (VC) funding, just one example of why one of the most damaging barriers to women's entrepreneurship is access to capital. Research conducted on behalf of the National Women's Business Council (NWBC) indicates that women start businesses with roughly half as much capital as their male counterparts.¹¹

Women receive just 7% of venture capital funds and less than 5% of conventional business loan dollars, despite making up more than a third of all businesses. At the U.S. Small Business Administration (SBA) flagship 7(a) lending program, only 17% of loans go to women-owned firms.¹²

⁸ The Kauffman index. *Start Up Activity National Trends*. May 2016. <http://www.kauffman.org/kauffman-index/reporting/startup-activity>

⁹ McKinsey Global Institute (2015). *The power of parity: How advancing women's equality can add \$12 trillion to global growth*. Available at <https://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

¹⁰ Mitchell, Lesa. *Women in Technology: Evolving, Ready to Save the World*. Kauffman Foundation. February 2013.

¹¹ National Women's Business Council. Available at <https://www.nwbc.gov/facts/access-capital>.

¹² 21st Century Barriers to Women's Entrepreneurship. Majority Report of the U.S. Senate Committee on Small Business and Entrepreneurship. July 23, 2014.

Seeking capital outside of traditionally conservative banks, women fare no better. They are one-third as likely to access equity financing through angel investments or venture capital.¹³ Shockingly, this gender gap is growing worse. While venture capital firms with women partners are more than twice as likely to invest in companies with a woman on the executive team, the total number of women partners in venture capital firms has declined significantly since 1998, dropping to 6% from 10%.¹⁴

The declining number of women decision makers in the venture capital community leads to a decline in dollars invested in women-owned firms, though all attitudes appear to negatively skew female-led pitches. A study led by Alison Wood Brooks of Harvard Business School revealed that both men and women are more likely to be positively influenced by a business pitch if it is delivered by a man—even if the exact same words are spoken by a woman.¹⁵

Another barrier to capital is the fact that women, at 5.5%, are less likely to access networks of close friends and acquaintances in search of funding compared to their male counterparts who do so at a rate of 22.7%.¹⁶ Crowdfunding seems to be just as difficult. Researchers at Berkeley looked into the gender dynamics of crowdfunding and found that male investors are just as likely to prefer male-led ventures as well. The researchers found that, “while more than 40% of the funds of female investors were invested in projects by female entrepreneurs, only 22.5% of the male investor funds went to female-led projects.”¹⁷

Limiting the flow of capital to women-owned businesses is a missed opportunity financially. The VC firm First Round Capital found that their investments in companies across a wide range of industries which had at least one female founder performed 63% better than their investments in all-male teams, according to a report released last year.¹⁸ When *Shark Tank*'s Kevin O'Leary did

¹³ Kaufman Foundation. “Women Entrepreneurs are Key to Accelerating Growth.” July 20, 2015. <http://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/women-entrepreneurs-are-key-to-accelerating-growth>

¹⁴ Professors Candida G. Brush, Patricia G. Greene, Lakshmi Balachandra, and Amy E. Davis. *Women Entrepreneurs 2014: Bridging the Gender Gap in Venture Capital*. Arthur M. Blank Center for Entrepreneurship Babson College September, 2014. <http://www.babson.edu/Academics/centers/blank-center/global-research/diana/Documents/diana-project-executive-summary-2014.pdf>

¹⁵ Brooks, Alison Wood, Huang, Laura, Kearney, Sarah Wood, and Murray, Fiona E. “Investors Prefer Entrepreneurial Ventures Pitched By Attractive Men.” Proceedings of the National Academy of Sciences of the United States of America (PNAS), Vol 111 no. 12, 4427-4431. <http://www.pnas.org/content/111/12/4427.full.pdf>

¹⁶ Kaufman Foundation. “Women Entrepreneurs are Key to Accelerating Growth.” July 20, 2015. <http://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/women-entrepreneurs-are-key-to-accelerating-growth>

¹⁷ Marom, Dan and Robb, Alicia and Sade, Orly. Gender Dynamics in Crowdfunding (Kickstarter): Evidence on Entrepreneurs, Investors, Deals and Taste-Based Discrimination (February 23, 2016). Available at SSRN: <https://ssrn.com/abstract=2442954> or <http://dx.doi.org/10.2139/ssrn.2442954>

¹⁸ First Round Capital. “10 Year Project.” 2016. <http://10years.firstround.com/#method>.

an audit of the 32 companies in his private portfolio, he noticed a pattern: all of his returns were coming from companies either owned or run by women.¹⁹

And yet stories of entrepreneurial success tend to be male-dominated, which hinders women entrepreneurs and incorrectly frames a narrative in the media that men are better at starting businesses than women. Government leaders can help deconstruct the false narrative that only men are successful entrepreneurs by lifting up stories of successful women entrepreneurs.²⁰ The stories of successful women entrepreneurs must be showcased, as they are role models to women business owners. Today's hearing is a good example of how this can happen.

Potential is not limited by capital alone. The Aspen Institute's FIELD program has found that when business owners receive training and coaching help, 80% are still in business after five years, compared to 50% who did not receive such help.²¹ If we truly want to foster women's entrepreneurial success, then investing in programs that help women with training, coaching, and technical assistance is the way to achieve this goal.

Similarly, as has been often stated by SBA Administrator McMahon, mentorship plays an important role in developing successful entrepreneurs. If women are unable to find mentors, however, they may fail to reach their full entrepreneurial potential.²² More women business owners who have succeeded in entrepreneurship are needed as mentors. From our perspective, WBCs provide a venue where seasoned women businesses owners can share their stories, knowledge, and best practices. More mentorship, both in WBCs and out, will further build the capabilities of women entrepreneurs.

The need for support in the business community is no more evident than in the complex federal contracting market. As the world's largest customer, women entrepreneurs must further gains in selling to the U.S. government. Women-owned firms recently achieved the 5% goal of prime contract awards, which marked billions more dollars flowing to these firms. Continuing to increase that market share, while providing training and certification, will better serve the U.S. government with innovative goods and services. Moreover, it will grow women-owned firms, diversify markets, and create jobs.

¹⁹ Harlow, Poppy. "Shark Tank's Mr. Wonderful to men: Run your companies more like women." CNN Money, April 1, 2016. <http://money.cnn.com/2016/04/01/smallbusiness/shark-tank-kevin-oleary-women-businesses/index.html>.

²⁰ The Case Foundation. *Breaking Down the Barriers to Women's Entrepreneurship*. Sept. 01, 2015. <https://casefoundation.org/blog/breaking-down-the-barriers-for-women-entrepreneurs/>

²¹ Association of Enterprise Opportunity. *Bigger Than You Think: The Economic Impact of Microbusiness In the United States*. November 2013 <http://www.aeoworks.org/pdf/Bigger%20Than%20You%20Think%20-%20The%20Economic%20Impact%20of%20Microbusiness%20in%20the%20United%20States.pdf>.

²² *ibid*

The Role of Women's Business Centers

The network of 150 women's business centers service locations across the country spend each day unlocking this potential—and addressing those exact challenges. The WBC program plays a different role to each of the two million women who have walked through our doors. At times it has helped develop a business plan, explore new markets, or help secure capital. Women view their local WBC as a trusted advisor and partner over the lifetime of their company.

A study of WBC clients done by the Center for Women's Business Research found that, aside from general business management information, gaining financial management skills, and learning about the legal aspects of organizing a business, what the clients valued highly from their experience in the center was finding a community of other women with whom to build relationships. Unlike a "transactional" short-term course – after which a prospective business owner is on their own – women's business centers provide a venue for ongoing learning and relationship-building.

Simply put, our role is the glue of the women's entrepreneurial ecosystem. In communities that have WBCs, entrepreneurs of all kinds are developing the skills and confidence to launch or grow their business. But too many communities do not have access to the unique services provided by WBCs. And in some places, existing centers devote too much time to arbitrary reporting burdens. For example, surveying our members about SBA reviews found an incredible list of requirements for an organization that should spend its time training and counseling entrepreneurs. Some of these include:

- 2 yearly DOTR reviews – a midyear and year-end review (a recent review took 10 hours.)
- Financial audits (a recent audit took 3 days)
- Annual work plan
- Annual, semi-annual, and quarterly reports including a financial report and performance narrative; (information required is also included in the quarterly EDMIS reports).
- Quarterly EDMIS reports
- EDMIS discrepancy report (have to submit EDMIS reports and then have to submit a report to explain why the SBA numbers don't match the WBCs numbers)
- Economic Impact Survey

Congress is working to re-establish WBCs role in fostering a positive environment for women entrepreneurs. We are grateful to Committee Chairman Chabot, Ranking Member Velazquez and Representatives Knight and Ranking Member Lawson for re-authorization of the program, which was ultimately included in the National Defense Authorization Act. Representative Murphy championed the program and restored to the FY2018 WBC funding the additional \$1 million in appropriations included in FY2017. These actions make the WBC's role in the broader women's business community profound. We are excited to continue our work and continue the explosive growth of women's entrepreneurship.

Policy Recommendations

In order to maximize the ability of women entrepreneurs to succeed, Congress should:

1. **Re-authorize the WBC Program including increasing current grant levels.** The aforementioned growth in women entrepreneurs makes the WBC program more relevant than ever. Every day, thousands of would-be job creators, existing business owners, and innovators seek WBC assistance to move their business forward. Existing centers are restricted by a 30-year old cap on grant levels they can receive through the program. Second, since the program was established in 1988, the total amount of the grant available from SBA to qualified WBCs is \$150,000 a year. Adjusted for inflation, according to the Bureau of Labor Statistics, that amount in 2017 dollars would now be \$308,879.²³ The legislation would begin to ameliorate this issue by increasing the grant level to \$185,000 and allowing for additional grant funding to be available to centers with proven impact.

Currently, legislation already passed by the House of Representatives as part of the FY18 National Defense Authorization Act should be supported in conference and increase the cap centers can receive. If Congress is unable to modernize this program, they will have restricted the ability of centers to assist women entrepreneurs.

2. **Increase funding for the WBC Program through FY2018 appropriations.** Many centers are ten or more years old and are established and respected resources in their communities. Despite ongoing success, however, their grant size from the SBA has remained flat or decreased since the program's creation in 1988. These centers consistently demonstrate an ability to effectively and efficiently serve entrepreneurs and they deserve a modernization of the grant system and access to additional resources in order to expand their impact. While the network of centers spans the country, too many communities do not have access to the unique services provided by WBCs. In addition to allowing for the expansion of existing centers, new centers are needed in geographies so far unaddressed by the WBC program. Increased funding will allow the WBC program to expand and reach many more women entrepreneurs than it is currently capable of.
3. **Certification in WOSB Program.** In addition to helping secure government contracts, Women's Business Centers assist women business owners with the Women-Owned Small Business (WOSB) certification process. Four WBCs are regional partners of one of the SBA-approved third-party certifiers and perform certifications, while others assist with site visits for third party certifiers.

²³ US Bureau of Labor Statistics Inflation Calculator available at https://www.bls.gov/data/inflation_calculator.htm.

Of the over 11 million women-owned firms, only 86,000 are in the government system to compete for contracts. It is critical that more businesses become familiar with certification.²⁴ To that end, WBCs can play a greater role in the certification process. As we testified before this Committee in March, the SBA is expected to release new regulations about the certification of women-owned businesses. Expanding the certification options for women should be the goal of the agency as well as leveraging the already existing network of more than 100 WBCs to expedite certification. Congressional attention to this issue can help increase the availability of assistance and bring more women business owners into the government market.

4. **Access to Capital.** As mentioned previously, women entrepreneurs face particular difficulty accessing capital, and yet if women started businesses with the same amount of capital as men, our economy would benefit from the creation of six million more jobs in just five years. To realize all this potential, Congress should ensure that existing programs that are proven to provide capital to women business owners continue. Budget proposals to eliminate key programs like the Community Development Financial Institution (CDFI) Fund could have devastating impacts on women and minority entrepreneurs.

Moreover, much of our efforts to gauge why the capital gap continues to be so pervasive is limited by a lack of data. Congress sought to remedy this by requiring the sharing of basic lending data for women and minorities as Section 1071 of the Dodd-Frank reforms. Nearly eight years later, however, that element of the law has not been implemented.

Other options, like modernizing credit scores and Intellectual Property (IP) protections impact women business owners as well. Both are areas of financial and business literacy that are necessary elements of a successful 21st century business plan. Training on these issues is an endeavor of WBCs that will continue.

Finally, our partner organizations offer additional policy priorities that should be considered by this Committee. Women Impacting Public Policy (WIPP) has laid out legislative proposals in their 2017 Economic Blueprint report.²⁵ Similarly, the National Association of Women's Business Owners (NAWBO) and the Women's Business Enterprise National Council (WBENC) consistently advocate for an environment supportive of women business owners especially around

²⁴ "Women-owned business" searched on the System for Award Management at www.SAM.gov. Accessed October 9, 2017.

²⁵ Women Impacting Public Policy (2017). *2017 Economic Blueprint: A Way Forward*. Available at www.wipp.org/resource/resmgr/economic_blueprint/WIPP_Economic_Blueprint_2017.pdf.

healthcare and tax policy. All three organizations stressed the importance of WBCs for supporting women entrepreneurs.

Conclusion

In closing, I appreciate the opportunity to celebrate the explosive growth of women-owned businesses and the tremendous impact they are having on our nation's economy and to update this subcommittee on the role WBCs play in ensuring women entrepreneurial success. Many challenges remain for women-owned businesses, but we have only begun to tap the potential of this economic powerhouse.

With the help of the Congress, the SBA, and the WBC Program, I believe women entrepreneurs and small business owners around the country can realize their full entrepreneurial potential and contribute significantly to economic growth and job creation.

Thank you again for this opportunity to testify.

Hester Taylor Clark October 12, 2017

Statement to the Committee on Small Business Subcommittee on Health
and Technology

Good Morning,

Thank you for the opportunity to testify before you today to share my experiences and thoughts on Fostering Women's Entrepreneurial Success.

My name is Hester Clark. I am the founder and owner of Hester Group, a professional services firm providing logistics, strategic communications and program management services. Hester Group has 28 employee positions across the United States and we average over \$2.5 million in revenue. We are located in Jacksonville Florida.

In preparing for this presentation today, I read the July 2017 report by the National Women's Business Council, entitled, "*Necessity as a Driver of Women's Entrepreneurship*". The report explores and expands upon the concept of necessity as a driver of women's entrepreneurship in the United States.

Twenty years ago I was a necessity entrepreneur, a mother seeking work-life balance so that I could raise my 12-year-old son and 9-year-old daughter. As a necessity entrepreneur, I needed resources and ongoing support. Entrepreneurs like me are most successful when they have an entrepreneurial ecosystem, with access to human, financial and professional resources within their own community.

Thankfully, the Small Business Administration and resource partners in Jacksonville Florida are my entrepreneurial ecosystem.

I am humbled today to share my journey.

For almost 20 years, the SBA and Hester Group have traversed challenges and successes together. There is not one day since starting Hester Group in 1998, that I have been without the support of the SBA and its resources partners. It is as if the SBA and its resource partners took my hand and said to me "*Come on Hester, I'll show you the way*".

Sometimes I held on tightly, fearful of taking a big step, and sometimes I held loosely, knowing with confidence and assurance that the support of the SBA and its resource partners was always nearby.

My entrepreneurial ecosystem includes:

- Jacksonville Women's Business Center
- Jacksonville SCORE
- Florida Small Business Development Center at the University of North Florida
- The North Florida District Office of the SBA

I have relied on the SBA and these resources partners at each stage of my journey. One of the first workshops I attended in 1998

was presented by the Florida SBDC at the University of North Florida.

When I did not know how to establish a financial accounting system, I participated in the Financial Matters Business Mentoring Program of the Jacksonville Women Business Center. A mentor was assigned to help me understand financial basics, and most importantly he helped me to understand the importance of hiring a financial expert.

When I did not know how to establish human resources policies and procedures, the Jacksonville Women's Business Center provided six mentors of the Athena Link mentoring program. They helped me to understand and build our corporate infrastructure, and maintain compliance with HR requirements.

When I needed ongoing support and advice, SCORE Jacksonville provided me with a patient and experienced retired executive who guided me through the hiring of our Vice President. He knew exactly what Hester Group needed to succeed, and our Vice President, Ms. Roslyn Mixon Phillips continues as a vital member of Hester Group today.

When I needed access to capital, I was able to receive an SBA 7(a) loan with the support of the North Florida District Office. The 7(a) loan has been the foundation for our growth and expansion.

The SBA and its resource partners in North Florida continue to extend a helping hand to Hester Group, and we continue to hold on tight!

My journey as a woman entrepreneur is not unusual. There are over ten million women entrepreneurs in the United States. We share similar paths. Each of us are unsure, at times unknowing, yet we are unafraid to become an entrepreneur. And each of us need support and guidance.

I have shared my journey with you today as an example of the direct benefits of SBA and its programs. I recommend the SBA continue to:

- Expand Access to Capital
- Expand Community Outreach in rural and underserved communities
- Expand Funding to Resource Partners for mentoring and educational programs
- Provide Disaster Assistance Funding and Support
- Enhance Online Resources

In summary, I encourage this committee to provide the SBA with the funding and support needed to hold, perhaps *just one more or one million more*, hands of woman entrepreneurs.

Thank you.

Committee on Small Business
Subcommittee on Health and Technology

Testimony of Jeannette L. King

Strategic Resolution Experts, Inc.

President & CEO

I have had the honor and privilege of serving my country since I was 19 years old. It began with my service in the U.S. Navy and has continued through my work with my small business with agencies within Department of Defense, Department of Homeland Security, Department of Veterans Affairs, and a number of Federal civilian agencies.

Good morning, I am Jeannette King, President & CEO of Strategic Resolution Experts incorporated, or SRE. I am both honored and humbled by the invitation to speak to this esteemed body and have the opportunity to not only represent Women owned businesses, but also Service Disabled Veteran owned, Veteran Owned, 8a Small disadvantaged businesses and HUBZone Certified small businesses, all small business types for which I am certified.

I would like to speak on the challenges and successes I have experienced since founding SRE in 2007. First, I will speak about access to capital. Second, I will speak on small business programs and how they have influenced my business both positively and negatively. Third, I will speak about being a Woman owned small business who also happens to be A Service Disabled Veteran.

1. Access to Capital

I started SRE in 2007, with \$10,000, I was and still am, a single Mother with no access to any other capital. I have no husband or any family with money. I left a job making over \$100,000 per year to live near or below poverty level for nearly 5 years. During this time, I cashed in all of my 401ks, deferred all of my student loans, and prayed I could feed my son Cody and keep our house. During this time my Mom and Stepdad agreed to put a second mortgage on their home to try and help me stay afloat. In 2009 I was ready to go back to work for a company as I could no longer pay my mortgage with one credit card and pay that credit card with another and on and on until I had maxed out several cards and the line of credit which used my disabled, retired parent's home as collateral. I was offered and accepted a full-time job with a company but a few days before I was scheduled to start they asked if I would work as a 1099 consultant instead. I agreed as long as the contract was with SRE. I made enough money in four months to pay my bills for about six months. During that time, I submitted and received my 8a/small disadvantaged designation and that September landed 2 small prime contracts with the IRS.

Soon after that I received a significant prime contract with Defense Threat Reduction Agency through my contacts and relationships I had been fostering for 5 years. Once I received that contract—ONLY THEN—could I get a line of credit through the business with SBA backing under the Patriot Express Program (which I think is now obsolete). Only when I really didn't need the line of credit could I get it, because even with all of the guaranty programs, small businesses still have to qualify under a bank's underwriting guidelines.

So, a poor, single mother from WV who served in the military can only rely on a miracle to find a way to start and finance a business. I don't know the answer to this challenge, but would be happy to work with this body to work to find solutions.

2. Small Business Programs

I possess every small business designation available (with the exception of Alaskan Native) and here are my thoughts.

Every program is designed to help people like me find the doors to open in Government contracting and they do. I'll start with the challenges first and then provide the positives.

Challenge 1: The Paperwork

The amount of paperwork required to obtain my 8a designation was well over 1,000 pages and was initially denied first because my paperwork was misplaced and a second time because I don't fit into one of the protected classes, despite overwhelming documentation and evidence. Lucky for me, SBA's lawyers overturned the denial because I clearly demonstrated Social and Economic disadvantage.

Challenge 2: My SDVOSB and VOSB

Designations via the Vetbiz/VIP database are equally time and paperwork intensive and while extending verifications for 2 years has helped, it is still about 8-10 hours of time to complete and respond to questions throughout the process. That does not sound like a lot of time to most but as a small business owner, time is money.

Challenge 3: Woman Owned Business

Woman owned and Economically Disadvantaged Woman Owned designations require the same paperwork as 8a. It is somewhat streamlined because I am 8a, but once that expires in 2019 I will spend 20 hours gathering all of the information as required.

Challenge 4: HUBZONE Designation

This has by far been my most challenging experience and along with an enormous amount of paperwork, there are also policies in place at the SBA that don't follow the legislation and made me have to have my employees work more than 40 hours a month (which is the law) in order to get the designation. This costs me approximately \$360 per year per HUBZONE employee. Again, doesn't sound like much until you have 35% of your workforce costing that and it is not legally required. I am happy to talk about this in more detail offline.

4. My Successes

Thanks to these various programs and the support and guidance I receive from my WV SBA Office in Clarksburg WV, I have a line of credit, I have grown SRE to a multi-million dollar company and I use the HUBZone program as it was intended—to help disadvantaged individuals in economically depressed areas become trained and qualified to obtain sustainable jobs.

Our HUBZone program employs 2 full-time employees in 2 states and 12 part-time employees in an additional 3 states and Washington DC. Our program focuses on three populations; Veterans, college students, and those people in economically depressed areas with dying industries, such as Southern WV where coal mines have left 10's of thousands of families on the brink of financial ruin. We provide these people a job, 10 hours per week, and work with them to develop a comprehensive training plan that provides both soft skills, technical skills, and in many cases life skills. We test their aptitude, personality, and interests to determine what is best for them and their future. During FY 2016, our HUBZone employees took advantage of 2127 hours of training, successfully completed 622 courses, and earned 97 certifications. Four (4) of our employees are currently in college and two (2) family members are joining Job Corps training as a result of our HUBZone development program. These individuals rely on our program for so much more than a paycheck, and that I am very proud of. We also employ Veterans who are in transitional housing and provide them training and support throughout their transition.

Being a Woman owned and Service Disabled Veteran owned Small business is an opportunity to use our nurturing hearts and spirits to serve others and improve our communities, our states, our country, and the world in which we live. I do this by providing jobs across 12 states, providing training and educational opportunities to people who may not otherwise have them, by providing volunteer services across the globe in the form of over 1,000 hours of paid time for my employees and nearly 1/2 million dollars in charity. I believe I have an opportunity and an obligation to use SRE to make the world a better place.

In closing, I am thankful for all of the work our legislators and our Small Business Administration advocates have done on my behalf and others like me. Last week SRE won a \$9 million dollar prime contract award with one of our core agencies and a \$25 Billion dollar multiple award Indefinite Delivery Indefinite Quantity (IDIQ) with another core agency. Now my work really begins. Thank you for your service to our nation and your time today and God Bless America.

