

**FIELD HEARING IN DEERFIELD, IL: BRIDGING
THE ENTREPRENEURIAL GAP: ADDRESSING
BARRIERS TO SMALL BUSINESS FORMATION
AND GROWTH**

HEARING

BEFORE THE

**SUBCOMMITTEE ON AGRICULTURE,
ENERGY, AND TRADE**

OF THE

**COMMITTEE ON SMALL BUSINESS
UNITED STATES**

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

HEARING HELD
DECEMBER 11, 2017



Small Business Committee Document Number 115-050
Available via the GPO Website: www.fdsys.gov

U.S. GOVERNMENT PUBLISHING OFFICE

27-721

WASHINGTON : 2018

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None.	
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None.	

BRIDGING THE ENTREPRENEURIAL GAP: ADDRESSING BARRIERS TO SMALL BUSINESS FORMATION AND GROWTH

MONDAY, DECEMBER 11, 2017

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON AGRICULTURE, ENERGY, AND TRADE
Washington, DC.

The Subcommittee met, pursuant to call, at 9:36 a.m., in Room 209, Village Hall, 850 Waukegan Road, Deerfield, IL, Hon. Rod Blum [chairman of the Subcommittee] presiding.

Present: Representatives Blum [presiding] and Schneider.

Chairman BLUM. Good morning. Thanks for being here today. I call this meeting to order.

Before we begin, I want to thank Mr. Schneider for letting me meet with him in his district to hear from his constituents today, and what a lovely district it is. We rode around for 20, 25 minutes this morning, a beautiful area.

We will talk to our witnesses today. I am looking forward to hearing your testimony as well. We are glad that you are here today.

Brad and I may be members of different political parties. Were you aware of that?

Mr. SCHNEIDER. I did not know.

[Laughter.]

Chairman BLUM. We are both proud Midwesterners and work in a bipartisan manner on our Committee for the owners and employees of America's small companies.

Back in Washington, there is a lot of discussion about the plight of the entrepreneur. We hold hearings, roundtables, write legislation, hear from trade associations as to how best to create an environment to spur entrepreneurship.

At the same time, Washington is also the prime source of unnecessary burdens on small businesses and entrepreneurs. It is where regulations are created that put unnecessary burdens on small businesses in my district in Iowa, in Brad's district here in Illinois and across this country.

Regulations are one of the top concerns of small businesses and entrepreneurs in the United States. Entrepreneurship, sadly, has declined by almost 50 percent since the late 1970s, and regulations have been a major contributor to this.

Today we will hear from small business owners that have overcome the obstacles, beat the odds, taken the risks and initiative to

start their own businesses. I want to hear about your concerns, what changes you would like to see in order to reduce the regulatory burden and the Federal paperwork burden, and how we can serve you in Washington, D.C.

Again, I appreciate the Ranking Member for his hospitality, and the witnesses for taking time away from their businesses to be here today. I look forward to your testimony.

I now yield to the Ranking Member for his opening remarks.

Mr. SCHNEIDER. Thank you, Mr. Blum. Thank you for joining us, and welcome to not just Illinois but to Deerfield, my home.

I want to thank everyone for joining us today for this very important hearing on bridging the entrepreneurial gap. I am very glad to have you here.

Before we begin, I want to thank the Village of Deerfield for hosting us this morning in their facilities. I want to thank our witnesses for making the time to first prepare for today and then for being here today to share your perspectives.

I want to thank my team, Mr. Blum's team, and the Committee staff for working so effectively to make this hearing happen today. It is not easy to bring a hearing from Washington out to the field, so they worked very hard to make this happen. Again, thank you.

Once again, I want to thank all of you for joining us.

I greatly appreciate this opportunity provided by the House Small Business Committee to hear directly from entrepreneurs and small business owners who are actively engaged in our community and our national economy.

Today we are here to talk about the experiences and opportunities and challenges they and other entrepreneurs confront in starting and growing their businesses. Hopefully we can also explore ideas for creating more opportunities and smoother pathways for future entrepreneurs.

Between World War II and 2008, in every economic recovery following a recession, it has been entrepreneurs who have set the economy in motion through their ability to create new markets, promote innovation, and stimulate every industry. It has been startups and small businesses that lead the way.

Entrepreneurship has long been the cornerstone of our economy, and a vibrant entrepreneurship culture is necessary for the United States to enjoy continued economic prosperity.

But this last recovery was different. Small businesses and new startups lag the broader economy. In fact, in recent years we have seen a dramatic decline in entrepreneurship, with a low in 2014 of just 450,000 new businesses starting up. The decline can be attributed to many variables, like access to capital. Lack of capital remains an ongoing problem for all entrepreneurs. The problem is particularly pronounced for women and minorities, as well as veterans. These disparities come with significant costs to our economy. We are losing out on millions of jobs that could be created by these new firms.

In addition, small business operators can also lack access to information and education. The Small Business Administration is one important resource to help small businesses overcome this barrier.

For example, entrepreneurship education within the SBA provides resources such as growth assistance, financial literacy education, and information for young entrepreneurs. I was pleased that my amendment to increase funding for entrepreneurial education programs within the SBA by \$4 million was passed by the House of Representatives. This helps ensure that the United States remains the best place in the world to start and grow a business.

Another important resource for small business entrepreneurs are small business accelerators and incubators, which offer resources that many small businesses lack such as office space, access to professional services such as legal expertise and important guidance.

That is why I was happy to introduce the Accelerator Startup which would create a grant program to provide funding for small business accelerators and incubators particularly outside of traditional markets that currently dominate startup activity.

Let me take a pause to welcome Michael Edgar, who is working with the Greater Waukegan Development incubator in a community just like what we are trying to target.

As small businesses face these challenges, they also have a hard time getting the funding they need to adequately address the threats from cyber attack. That is why the bipartisan legislation such as I introduced with Representative Bryant would create a loan guarantee program to allow small businesses to purchase the necessary technology and services to protect their businesses. This is an important step while providing more access to capital for struggling small businesses.

In addition, entrepreneurs are the key to renewed growth in local communities in the economy as a whole. Currently, this sector is experiencing growth as more immigrant entrepreneurs start businesses. That is why it is so important that we pass immigration reform. We should be advancing strategies to draw on innovation, hard work, and the entrepreneurial spirit, not creating barriers for these people to achieve their dreams.

Similarly, we should not create additional challenges for small businesses through much-needed tax reform. We absolutely must reform our outdated and overly-complex tax code, but the current tax hike being considered in Congress hurts our small businesses and saddles future generations with trillions more in debt.

In Congress, it is our job to ensure that those with the entrepreneurial spirit and dedication to succeed have access to these and other vital resources. This includes providing access to capital, reforming our tax code in a fair and bipartisan way, and helping to promote research and innovation. These efforts and others will allow small businesses to prosper and ultimately create jobs.

This hearing gives us the opportunity to hear from business founders regarding their experiences in starting a business and the challenges they overcame to become successful. It will give the committee insights into areas of achievement, as well as areas where entrepreneurs still face the greatest obstacles.

In that regard, I want to again thank the witnesses for their participation and insights. I want to again thank the Chairman for allowing us to do this here. And with that, Chairman, I would yield back.

Chairman BLUM. Thank you, Mr. Schneider. I must say, Brad, that this facility is much nicer than where we hold our Small Business Committee hearings in Washington, D.C.

[Laughter.]

I would like to take a moment to explain the timing lights for our witnesses. You have 5 minutes each to deliver your testimony. The light right there will start out as green. When you have 1 minute remaining it will turn to—guess what?—yellow. And when your 5 minutes is up, it will turn red. We ask that you try to adhere to that time limit.

I will now yield to Ranking Member Schneider to introduce this morning's witnesses.

Mr. SCHNEIDER. Thank you. It is my pleasure to introduce our first witness, Mr. Steven Whittington, the Founder and CEO of LifeWorking Enterprise, an office space for freelancers, entrepreneurs, and small businesses to work collaboratively and productively.

In addition to running the business, he is a board member of the Lake Forest Chamber of Commerce. Prior to working at LifeWorking, he worked for Proctor & Gamble for more than 20 years. Steve is also a United States Army and Ohio National Guard veteran who got his Bachelor of Science from the Ohio State University and the Institute of Technology. And according to my homework right here, his daughter is going to—

Mr. WHITTINGTON. She was just accepted, yes.

Mr. SCHNEIDER. Welcome, Mr. Whittington.

Mr. WHITTINGTON. Thank you.

Mr. SCHNEIDER. Our second witness today is Meg Barnhart, Founder and Co-Creator of The Zen of Slow Cooking. The company sells slow cookers and spice blends online through Whole Foods stores. In 2017, The Zen of Slow Cooking won the Sophie Award for best new product in seasonings. This is like the Academy Awards of food.

Ms. BARNHART. Like winning an Oscar.

Mr. SCHNEIDER. She won in the spice category and for her work for creating employment for adults with developmental disabilities. Thank you for your leadership in this area.

Before founding The Zen of Slow Cooking, Meg worked in the hospitality business and started her own event planning business. As a passionate advocate for children with learning disabilities, Meg served as the President of the Lake Forest Learning Disabilities Association.

We are pleased to have you here, Ms. Barnhart.

Our third witness is Mr. David Borris. Mr. Borris, of Hel's Kitchen Catering in Illinois, is testifying. He started Hel's Kitchen almost 33 years ago, in 1985, with his wife Terry. It is a small home-made food store in Highland Park. Over the years they expanded it into a full-service catering business, employing 33 full-time and over 80 part-time seasonal employees. In addition to working with Hel's Kitchen Catering, David has been a leader with the Mainstream Alliance since 2008.

I am glad to have Mr. Borris here. Thank you for joining us.

Our final witness today is Ms. Cheryl Besenjak. Did I get that right?

Ms. BESENJAK. Besenjak.

Mr. SCHNEIDER. Besenjak. I always get it wrong.

She is the Executive Director of Growing Healthy People, an Illinois not-for-profit corporation. She is a Managing Partner of Grow Well Farms, LLC. The company recognizes the need for new farmers over the next 10 years and is taking steps to hire veterans to fill this gap.

Before starting her current venture, Cheryl had a career as a copyright permissions publishing professional. She founded the Permissions Group, a premiere copyright consulting company.

Ms. Besenjak also served our country in the Air Force Reserves. Thank you for your service.

Welcome, Ms. Besenjak.

And with that, I turn it back over to you, Mr. Chairman.

Chairman BLUM. Thank you very much, Brad.

Mr. Whittington, you are recognized for 5 minutes. I would like to remind you before you start that the University of Iowa beat the Ohio State University—

[Laughter.]

They do get to go to the championship—

[Laughter.]

You are recognized for 5 minutes.

STATEMENTS OF STEVEN WHITTINGTON, FOUNDER AND CHIEF EXECUTIVE OFFICER, LIFEWORKING ENTERPRISE, LLC, LAKE FOREST, IL; MEG BARNHART, FOUNDER AND CO-CREATOR, THE ZEN OF SLOW COOKING, LAKE FOREST, IL; DAVID BORRIS, OWNER, HEL'S KITCHEN CATERING, NORTH-BROOK, IL; CHERYL BESENJAK, PARTNER, GROW WELL FARMS, LLC, HOFFMAN ESTATES, IL

STATEMENT OF STEVEN WHITTINGTON

Mr. WHITTINGTON. Good morning, Representatives Schneider, Blum, staff, and audience members. I want to thank the U.S. House of Representatives Small Business Committee for this opportunity to speak and share my experience and perspective on issues regarding small business formation and growth.

Again, my name is Steve Whittington, and I am the Founder and CEO of LifeWorking Enterprise. I am a United States Army and Ohio National Guard veteran, a 20-plus year veteran of Procter and Gamble and, yes, a graduate of the Ohio State University.

Melinda, my wife and fellow “Proctoid”, and my daughter Jennifer, a senior at Lake Forest High School and a future Buckeye, are residents of Lake Bluff, Illinois since 2014.

I also sit on the board of the Lake Forest/Lake Bluff Chamber of Commerce and on the executive board of Love Inc. of Lake County, a faith-based non-profit based in Waukegan, Illinois.

LifeWorking Enterprise, marketed and branded as LifeWorking Coworking, is a shared, community, new-way-to-work place. Our first, but not last, location is in Lake Forest, Illinois, only 15 minutes north of here. We are a diverse community of freelancers, entrepreneurs, creatives, non-profits, small business and corporate remote workers that value the increased productivity, energy, lack of

distractions, and collaboration that a professional co-working place provides.

In addressing this topic today, I would like to start with a view of the current business landscape, forming from my startup experience and evolving with my involvement with several area Chambers of Commerce.

For my business, I have found it critical to understand who is doing the work from a generational perspective. As you likely know, the millennial workforce, defined as those born between 1982 and 2004, are the largest percentage of the current workforce and are well-documented as valuing flexibility, working for purpose, and willing to choose work-life integration over a bigger paycheck.

Less discussed is the contingent workforce. These are the temporary workers, 1099s, post-corporates, freelancers, and moonlighters that are currently estimated by the U.S. Bureau of Labor Statistics to be over 30 percent of the workforce, and will grow to 40 percent by 2020. A significant percentage of this workforce are GenX-ers and Boomers that actually have a very similar perspective to their millennial counterparts.

At LifeWorking Coworking, who are these contingents? They are an ex-Allstate employee teaming up with his life partner to create a workplace safety and self-defense startup, an ex-Walgreen's executive leveraging his operational expertise with a call-center startup, and an ex-Shire employee who joined a startup focused on helping academic Ph.D.s transition to non-academic careers.

Pivoting to challenges in the small business environment, it is well-documented and shared with this Committee in previous hearings that small businesses, those with less than 500 employees, represent over 99 percent of employer firms and account for half of the jobs in the private sector. Impacting this group directly moves the needle in either direction, and this group is being impacted.

Early data for cyber Monday 2017 by Adobe Analytics indicate that, collectively, shoppers spent almost \$3.4 billion on online purchases, a 17 percent increase over last year. Looking at the underlying data, over 50 percent of the virtual store visits and 40 percent of the revenue were made from tablets or smartphones, an increase of 20 percent and 41 percent respectively over last year. This could indicate that the online shopping experience is becoming more frictionless and shoppers are feeling more secure with online transactions.

As a Chamber of Commerce member, you see how the nature of online engagement is not only challenging the relevance of small retail but the relevance of the Chamber itself. What is the equity of the Chamber when Google, community Facebook groups, and NextDoor.com are now your go-to's, when technology and a workforce that embraces mobility and immediacy is transforming social interaction and consumerism so dramatically? Even the name is archaic.

In recognition of the need to transform, in April 2015 the Association of Chambers of Commerce Executives launched the "Horizon Initiative: Chambers 2025," an initiative to drive relevance and transformation of the Chamber of Commerce as we know it today.

The outcome of this initiative was the definition of eight influences that Chambers should consider, including globalization impacts, population shift, technology, and leadership at the community level.

Interestingly, and relevant to this discussion, is a ninth influence added this year entitled “Limitations of Government.” This influence speaks to a perception of the inadequacy or inefficiency of government at all levels that inhibits the ability of the Chambers to change. Objectively, you would rightly say that an organization that is pre-transformational likely looks more outwardly versus inwardly to find the problem. However, we all know as small businesses that you have to deal with the perception, real or not.

Turning to barriers to small business formation—and I’m talking quickly—for me, this begs the question: How do you take the first step in launching your own business in whatever form it may take? And then, when you have done that, how do you ensure that you are there on day 366, 731, et cetera, et cetera?

With regard to starting a small business, the first question is what risks must I consider for me to take this jump? There are three things to consider.

Access to capital is an easy starting point and well discussed in previous Small Business Committee hearings. The ability to source capital if you are not well collateralized, if you don’t have the trusted relationships to advise you towards appropriate, non-predatory sources and, frankly, to share the risk, there will continue to be a barrier to entry or, worse, an increasing failure rate of small business startups.

Secondly, healthcare. As I have had the opportunity to talk to people that are considering starting their own businesses and from my own consideration, before you can chase your professional passion, you must consider the personal risk.

While not the only risk, one of the most important and, frankly, most uncertain today is healthcare. The specter of healthcare costs, especially to a contingent worker that is more likely considering it for family, could be significant enough to stymie an entrepreneurial startup and, if not, haunt that startup as it operates and grows.

Finally, fear of the unknown, which is not unfounded based on small business failure rates. The questions start to fly: How do I get started? How will my business make money? How do I get customers? Where am I going to work? These can be crippling non-starters without access to industry expertise, trusted advisors, and help that is do-focused and not tell-focused.

Switching to barriers to growth or what I call “sometimes you get what you ask for,” I think that there are several key barriers beyond the obvious access to operational and strategic capital.

The first is lack of resources. Whether creating from your home or your storefront, you quickly figure out what you don’t have, simple business services like copies, posters, business cards that need to be more professional than your design skills and home printer will allow; discovering that a website doesn’t actually create itself; or venturing into the marketing realm and realizing that digital marketing and social media aren’t the same thing and that search engine optimization is evil, or it is not; Facebook ads are better

than boosted posts, or they are not; and no one looks at Google+ on social media, but you better have an account for your business?

A second is working in your business versus on your business. As a small business, you quickly discover that in many cases time is a commodity that rises above dollars in importance. A day ends, and you have succeeded in changing the toilet paper in the bathrooms, replaced the toner cartridge after two store visits, watched six promotional videos, each touting how their email marketing solution will be the first step to immortality and, if you are at home, you have done two loads of laundry and broken into the holiday cookies at least 10 times.

So where is the opportunity? I believe that an effective way to positively impact the formation, growth, and transformation of small business is in the communities in which they reside.

The demise of the suburban community is a myth. If you are paying attention, you will see the press presenting about as many stories of generational and commercial suburban flight as you will see escaping the urban centers for the new rockin' suburban oases. The reality is that communities focused on economic business development, urbanizing with respect to amenities, walkability and transit-oriented development are and will thrive.

Suburban communities are themselves set up to be incubators with human resources across the generational spectrum bringing energy, skills, scars, insight and wisdom that are considerate of both work and life. Networks are strong. The coffee shops are a great indicator. In the city, coffee shops are humming, lots of transactions and folks with headphones getting work done. In the community coffee shops, you see groups of yoga pants, blue-hairs, elder statesmen, book clubs, biking clubs, et cetera.

What will need to be true is that in the community Chambers of Commerce, economic business development, and the municipalities themselves must get out of their own way and work together in partnerships that drive this transformation.

An integral component of such partnerships will be private entities like LifeWorking Coworking, not solely incubators or accelerators as currently defined, but catalysts in the community providing a place for like-minded, complementary businesses and non-profits to collaborate, learn more quickly in an energizing and creative environment, and ultimately figure out how to make 1 plus 1 equal 3, and punch much bigger than their own weight.

So, what does help look like? I believe that success or failure will be the result of efforts and interventions and partnerships at the municipality level, including local government, non-profits, and private enterprises. For this Committee, however, I believe that there are several important considerations.

Healthcare for small business should be a continued focus, supporting creative healthcare solutions for small businesses, especially those below 50 employees, solutions like association healthcare and/or group captive options that allow access to the same kinds of benefits as larger enterprises while mitigating some of the risk.

With respect to local government and municipalities, minimizing unnecessary regulation while incenting municipalities, economic development commissions, and key non-profits like Chambers of

Commerce to better partner and transform to ease the entry into business for entrepreneurs, drive sustainability, and catalyze growth.

Finally, enabling and incenting community public-private partnerships that provide workplaces that drive productivity, collaboration, and community, much like Chicago's own 1871, the internationally recognized incubator/accelerator that has been the genesis of well-known startups and spun off similar entities like the veteran-focused Bunker Labs and the internationally recognized healthcare incubator Matter Chicago.

In closing, I believe that in today's environment the potential for small business expansion and growth is strong and discussion doesn't need to focus on threats but opportunities. I also believe that, as is typically the case, the majority of our collective focus should be less about what we don't have and a lot more about what we can do together, mixed with just a little bit of Robert Fulgham's perspective that "All I really need to know, I learned in kindergarten."

Thank you very much.

[Applause.]

Chairman BLUM. Thank you, Mr. Whittington.

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

STATEMENT OF MEG BARNHART

Ms. BARNHART. Thank you both for giving me an opportunity to shine a light on my business, but also the social part of my business, my social enterprise.

Can you all hear me? You can't hear me?

How about now? Can you hear me now? Okay, awesome.

The origin of my business, The Zen of Slow Cooking, began many years ago, and is really captured in this picture, which is my three children. I had a very un-Zen-like life when they were little.

Chairman BLUM. Show it the other way, too.

Ms. BARNHART. And my middle son was diagnosed as developmentally delayed and didn't have language until he was 4. So, as you can imagine, when we got to school it was very challenging, and I found myself struggling to get food on the table. I called my best friend and said, "What do I do? Tell me what to do, I will do anything." She said, "You are not a failure. Get off the phone and buy a crockpot." So that is what the genesis of my business is.

I understood the first two pieces of advice, but not the third. I did not grow up with a slow cooker, but I went out and got one and fell in love with this little device. It gave me the opportunity to recreate my childhood from scratch at dinner hour as I experienced it as a child. It also gave me the opportunity in the afternoon to help my children with homework and take them for walks and what not.

I cooked steadily with my slow cooker until my daughter started crying two years into it, saying she couldn't eat any more thick meat, because all I knew how to make was pot roast and chili, so I knew I had to step it up. By then I understood the science behind it, and my food actually got quite good.

Fast-forward to 2010, I decided to spend a year studying what life would look like for my son when he aged out of the system, and

I found in Illinois only 24.5 percent of adults with cognitive challenges and 36.5 percent with physical challenges were employed. You have met my son Doug, both of you, and I couldn't imagine a life where he wasn't shining his life, an unbelievably wonderful guy. So I decided to create a business forum for other adults like him.

So I shared my vision with a friend and said I know this is my calling in life, but I am not sure what to do. And she said, "What are you having fun with?" I laughed and said I was sort of having fun with this slow cooking. I used my prep time as a quiet time in my day, and she said do something with that. So that is where the idea for The Zen of Slow Cooking came. It took me another year to find someone to help me kick it off the ground. I found a young mom who was doing some food writing, had just moved from the U.K., and we co-created The Zen of Slow Cooking food blog in 2012. And then using our most popular recipes, we created a line of premium spice blends exclusively for the slow cooker. I brought them to the Lake Forest farmer's market, and we began patching up these little tins and we just sold them. We were so excited that first day when we sold out of all these tins, until we realized we were going to have to blend 40 more for the next week.

We blended and sold, blended and sold in different markets, and then in 2014 we had a lot of our clients asking for us to sell them to their friends out of state. So we left our home kitchens and went to a test kitchen, and that is when we started our partnership with Planet Access Company. It is a social enterprise corporation and provides training and employment for adults with disabilities.

Each week my partner would blend the spices. I would pick them up, run them up to Waukegan, where they would get hand-packed. I would take them to the stores and sell them, or online market, and we did that. In 2015 we opened our first wholesale account, and we also had the good fortune of interviewing with Whole Foods, and they loved us. They asked us to come on board, but they said you have to change your packaging, so we changed it to this very nice merchandisable packaging and brought it to their markets.

So we started with three Whole Foods in 2016. We were also finalists for "Chicago's Next Best Food Product," which led to a meal kit with the online grocery retailer called Peapod. And then in 2017 we are now in 50 stores, working our way through the Whole Foods market in Northern California and Oregon. Our meal kits have now expanded from Chicago to five states on the East Coast. And, as you learned, we won for best new spice product, which was very exciting. And we also became a Certified B Corporation, which I will share a little bit of that. We are very excited.

And in addition to our for-profit business, we also teach cooking classes for adults with disabilities. We provide services to underserved populations, veterans, other people really could use this tool.

And then in conclusion, where could I see the government really helping us? As my representative knows, I am not a fan of huge government, but I am a big fan of entrepreneurs and creative governing. I call it conscious governing. I am a big proponent of conscious capitalism.

So I think helping our social enterprise, Planet Access, would be an awesome way to begin. They have a fabulous model where they have supported employment for adults with really compromised disabilities, who then move into competitive wages in the warehouse, and then they move out to the community as they are able to, which I think is really innovative. They need help with job coaches, resources. So many of my food artisan friends are now packaging with them, and they need bigger facilities. They are a great, great organization.

Another one would be the FDA. Is there a way we can create online templates, things that are more simple for the small entrepreneur. There are so many changes in compliance. We had to pay someone \$2,000 just to look over our new labels. While that may not be difficult for a large company, for us it is quite an expense. So is there something we can do about a designer.

I guess a third thing would be incubators, as my representative talked about. They are huge. We were in a small business incubator, the second one in Lake Forest. That gave us access directly to a consultant with the Small Business Administration and helped with our first business plan. We are also part of a big incubator in Chicago called The Hatchery. I can go to classes for as little as \$15, and it is great for all small business entrepreneurs.

And my fourth one would be to recognize what is existing right now. I don't know if you are familiar with B Corp. It is a movement started in 2007. It is a very rigorous certification to go through. It was difficult for us to get through it. We have a small business. I highly recommend the government look into B Corp. They already have a great certification process encouraging all businesses to measure their social, environmental, and economic impact. It is four for-profit businesses. I would also consider the government using it as an assessment if you want to create early-stage access to capital. These are all companies that are not only going to be making money but also making the world better. So I would highly recommend looking at that.

Anyway, thank you for your time. I appreciate it.

[Applause.]

VOICE. I could not hear. If I may, would you please repeat what kind of corporation you are talking about? You said——

Ms. BARNHART. The last one?

VOICE. Yes. B Corp?

Ms. BARNHART. It is called B Corp. There are about 2,500 in the world, started by the founder of Patagonia, and it is for companies who are for-profit businesses who measure themselves in terms of their employees, how they are paying their wages. I had to do a whole environmental study. It is a great, great place to look.

Chairman BLUM. Mr. Borris, you are now recognized for 5 minutes.

STATEMENT OF DAVID BORRIS

Mr. BORRIS. Thanks. Representative Schneider, Representative Blum, thanks for the invitation to testify today. My name is David Borris and, as Brad said, I serve on the Executive Committee of

the Main Street Alliance, a national network of over 30,000 small business owners. I have been a small business owner for 32 years.

In order for small businesses to thrive in the 21st Century marketplace, we need access to capital to start and grow our businesses, vibrant local economies which create strong and sustainable consumer demand, and a resilient workforce. Today, I will focus on what Washington can do to ensure that these basic vital conditions are met so new and current entrepreneurs like me can succeed.

Small businesses are responsible for 49 percent of all private-sector employment and 63 percent of all new private-sector job growth. Despite this critical role, many small business owners face challenges accessing capital to start and expand their businesses. The share of total bank loans, as will be discussed momentarily, going to small business decreased from 50 percent in 1995 to 30 percent in 2012. Since the financial crisis, small business bank loans have decreased by 20 percent, while loans to larger businesses have increased over the same period. We need to fix that.

There is no current requirement right now to collect data on credit application and terms. Public information on the availability of credit to small businesses is inconsistent and incomplete, and robust data is needed to provide a complete and accurate picture of the small business lending marketplace.

Another thing that businesses like mine require from our government are evidence-based policies to keep overall consumer demand strong. The single most important thing I need to be successful and create more jobs is more customers, not tax breaks, not fewer regulations, customers. The strength of my business is tied to a healthy local economy that has money circulating in a virtuous cycle of rising wages, consumer demand, and job creation.

The recently passed House and Senate tax bills would explode Federal deficits by \$1.5 trillion over the next 10 years in order to give tax cuts to the country's wealthiest households and large, profitable corporations. These higher deficits will undoubtedly result in deep spending cuts to Medicare, Medicaid, education, infrastructure, and other vital services. As families are forced to pay more out-of-pocket for those vital services, they will have less disposable income, meaning small business owners like me will see a decline in sales.

According to the Joint Committee on Taxation and the CBO, families earning \$40,000 to \$50,000 a year will pay a combined \$5.3 billion more in taxes over the next 10 years, while those making \$1 million or more would get a \$5.8 billion tax cut. This will devastate small business sales.

Another way to increase consumer demand is by raising the Federal minimum wage. In our local economies, my fairly-paid employee is my neighbor's paying customer. When people in my neighborhood can't earn enough to keep up with the basics—things like buying food, obtaining school supplies, or making car repairs—the entire local economy threatens to become unstable. It is bad for small business and bad for the economy as a whole.

In addition to wages, the success of my business is also tied to ensuring that my employees, my family, and I can access quality, affordable health coverage. Hel's Kitchen began offering health care in 1992 as we felt a moral obligation to do right by the people

who are making our life's work theirs as well. Beginning around 2002, though, we began to experience a series of annual, often volatile premium increases, forcing us to finally ask long-time employees to reach into their pockets to contribute more to their premiums, further reducing their disposal income. The ACA came along and helped stabilize these costs as insurance could no longer underwrite based on health status and must adhere to minimum medical loss ratios. My company has witnessed an unprecedented slowdown in rate increases since then.

Since the passage of the ACA, our average annual increases are a fraction of what they were before, averaging 4.6 percent over the past seven years, allowing me to put those savings to work through business investment and job creation.

Finally, sensible comprehensive immigration reform is critical for an inclusive, healthy middle class. In the 10th Congressional District alone, there are over 172,000 immigrant residents paying \$1.7 billion in taxes and spending over \$4.5 billion into this economy. Since 2012, the DACA initiative has provided 800,000 immigrant youth with temporary protection from deportation and renewable work permits. Eighty-seven percent of DACA recipients are currently employed, many in small businesses. Ending DACA would cause these businesses to incur \$3.4 billion or more in turnover costs.

DACA has also had a significant positive impact on wages. As people get out of the closet, the average hourly wage of recipients covered by DACA increased by 69 percent after they received DACA. As DACA workers earned higher wages, they purchased more goods and services through small businesses and fueled economic growth. Without DACA, U.S. GDP is likely to shrink by \$433 billion over the next 10 years.

On behalf of the thousands of Main Street small business owners we represent, we urge you to pass the Dream Act into law now.

In closing, I believe the role of Washington is to create the basic market conditions that allow small businesses like mine to thrive and compete on a level playing field with our larger competitors. Access to capital, affordable and quality health care, policies that fuel a strong middle class and a strong workforce, that is the recipe for small business success.

Thanks again for the opportunity to testify.

[Applause.]

Chairman BLUM. Thank you, Mr. Borris.

Ms. Besenjak, you are recognized for 5 minutes.

STATEMENT OF CHERYL BESENJAK

Ms. BESENJAK. Thank you. Good morning to Congressman Schneider and also Chairman Blum, and everyone else here today. I am excited to be here to talk about my entrepreneurial experiences and hopefully find some answers for questions I might have, but then also maybe find some ways that we have created our business that might prove helpful for others.

My name is Cheryl Besenjak, and I am currently the Executive Director of Growing Healthy People Not For Profit, and a managing partner of the for-profit enterprise Grow Well Farms LLC.

I have always had an entrepreneurial spirit, and I have always asked questions like, well, what if, or why not, and how can I meet a need? For example, in 1990 when I decided to leave my job in educational publishing to stay home to raise my newborn daughter, I sent out 40 resumes outlining my experience and offering my services as a copyright and permissions consultant to publishers around the country. From that one mailing, The Permissions Group, or TPG, was launched. It started around my dining room table, and TPG met a need for publishers.

Quickly I started adding staff who were mostly stay-at-home moms who wanted to work while their children were in school. And so we would set the timer on my oven to let us know when we had to end for the day so we could go meet the buses. This met another need, obviously, in the workforce. I am really proud and excited to say that TPG is still serving publishers today. And when I thought about it, since 1990 to 2017, that is like 27 years. It is still in existence, and one of my first staff members bought TPG from me in 2005 when I wanted to move on to other ventures. So I was excited that it is still serving today.

Fast forward to 2013. For nearly a decade I had been developing my passion for growing food for those in need, installing gardens around the food desert in south Waukegan and teaching students of all ages how to grow food. I was thrilled to bring harvests to food pantries and a free farmer's market in Waukegan. I loved sharing my passion with others. I thought a natural next step would be to find ways to create jobs, especially in the low-income area.

When I read an article titled "A Battle Worth Fighting" in one of my favorite magazines, Organic Gardening, I knew I had my next calling. The article explained that, according to the USDA, there was a need for a million new farmers over 10 years because all of our farmers were aging out. So, of course, I say what if, or why not, or how can I be a part of that? That was very exciting. They said that especially veterans returning from war could be the answer because they had skills and the desire for a new mission, and creating food could be very healing for those who have seen and experienced death and destruction. I am a Vietnam-era Air Force veteran, I love to grow food, and I want to grow farmers. That seemed like a perfect match.

So there was a group of us that started Growing Healthy People. One of the new members of our group was Kevin Westing. He is a remodeler/construction guy with knowledge of plants and gardening and a passion for raising fish. It wasn't long before Kevin and I became Growing Healthy People and then started our partnership, which is Grow Well Farms.

Kevin and I were particularly interested in indoor farming. I had seen that at Disney World many years before and had said, wow, if you can grow indoors all year round, the farmer's markets don't end—I mean, you still eat after they end in October. So we had been using alternative growing methods like hydroponics and aquaponics, which combines hydroponics with aquaculture raising of fish. So that is why Kevin and I have really come together well.

Both entities, though, have had their challenges. Naively, we thought it would be easy to find grant money to help veterans. But as with any venture, be it not-for-profit or for-profit, a track record

is needed. Enthusiasm and expertise alone is not enough to get funding. So through self-funding and self-sacrifice and a few family loans, that was the path we chose. There were many times along the way when we wanted to call it quits, each of us at different times.

The challenges for any entrepreneur are funding, space, time, and help. In the case of TPG, I could do it around my daughter's schedule and in my home. That was a lot easier. I got a small loan from my parents to get equipment, but it hasn't been as easy with Growing Healthy People and Grow Well Farms. We needed a space to create an indoor farm and where the public could come visit and see the possibilities for year-round food production which would provide healthy food and jobs in the local food industry.

We rented a 1,600-square-foot space in Grayslake, but quickly found that the rent and utilities were more than our founding not-for-profit could afford, and we had to at the time leave there, and also that is when we started Grow Well Farms—as you can see, these are our micro-greens here—because we needed to generate income. So that is why the two entities really work hand in hand.

I know my time is up, so I will just say that networking has been an amazing way we have grown both entities. We have had an executive MBA team from Loyola wrote a business plan as part of their final project. We had an Eagle Scout contact Growing Healthy People to see if there was a project that he could do for us. So Kevin taught him how to create and build aquaponic systems. The Scout also had a relationship. He had gone to school at Lake Forest Country Day School in Lake Forest, and that is where those aquaponic systems are thriving and growing food.

We were able to secure a lease there with the school for three years for \$1. And in exchange, we offer educational opportunities for their students to learn about the food system, become their own farmers, and have a farmer's market. It has been really fun.

But one of the biggest things that has kept us going is through a lot of relationships. We were awarded a significant grant from Abbott Fund to build a nutrition hub in two greenhouses, one at the Thomas Jefferson Middle School in Waukegan, and one in North Chicago at the middle school. We installed aquaponics, aeroponics, towers, and hydroponic systems, and it was very exciting to see students who may eat a can of frosting for breakfast, or dumpster dive—good stories—that they were learning about eating nutritious food and growing it. So, we have done that.

I am excited to say we just have been awarded a grant from the Grainger Foundation to refurbish a greenhouse at Bowen Park in Waukegan. The greenhouse will be turned into an urban ag lab, and the Waukegan Parks and Recreation, their team will program classes.

We received a small grant from the Liberty Prairie Foundation to fund a veteran intern for 120 hours at \$15 an hour. We hope to hire that veteran for the Bowen Park project.

We also have a connection. We are partnering with a farm in Wadsworth, JAMEKS Farm, that they have submitted for a grant from the Sustainable Agriculture Research and Education, the farmer/rancher grant, to develop quackaponics, which is using their ducks and their pond water to create nutrients to grow food.

We finally, Kevin and I, finally started to get some income from all our years of efforts. What is the future? We truly believe in urban agriculture and that growing food using alternative methods is an excellent future. It is a multi-million, and Kevin says billion-dollar industry. Jobs are created in food production.

We also have a greenhouse that we have been awarded, or I have, from the Farmer Veteran Coalition, and we have tried to find a space to put that up. The thing is that Kevin and I are two people. We are the social media, we are the growers, we are the transportation, and now we have been creating all these amazing sites. I would say if anyone wants to come visit Thomas Jefferson, the middle school, it is truly amazing what the students are doing. We can grow over 1,000 plants in this one greenhouse, and they can be harvested every seven weeks.

We are at the growth cycle of our business, and what we are really looking for, we know that there are old buildings, there are warehouses, there are ways that we can create an indoor farm and provide jobs. So that is what we are hoping to do, provide jobs. So I have been a 51 percent woman- and veteran-owned business in the hopes of possibly getting some funding. I look at the USDA website and the Small Business Administration and I think possibly that feels too intimidating for me, so I am not exactly sure how Congress can help. But we just think that we are going to continue going because we haven't been told to stop.

So, thank you for this opportunity to share my experiences, and I hope that others may benefit.

[Applause.]

Chairman BLUM. I will recognize myself now for the first round of questions for 5 minutes.

I am a serial entrepreneur as well, so I get this what you are talking about, the passion. I sit here thinking, is this the government version of Charmaine?

[Laughter.]

But seriously, I just love it. I just love all your stories. Seriously, I do.

The first question I have—and I guess we can just go down the line, starting with Mr. Whittington—is, you all started your business because you had a passion for something, either the marketplace or pride, or both. I get that. I had a passion as well, for software. But the interesting thing is you have a passion for whatever it may be, and you go from that to I actually need to meet a payroll, I need to pay taxes, I need to comply with regulations, I need to do all these things, that business acumen part of the equation. Oftentimes entrepreneurs have the passion but they don't have the business acumen to take it to the next level, or even succeed to be in business for five years.

Our Committee has jurisdiction over the Small Business Administration. Administrator Linda McMahon is the new director of the SBA, and Ranking Member Schneider and I want to make sure the SBA is being responsive in helping small businesses as much as we can.

So, it is a long-winded question. My question is, going from passion to business acumen, where did you find those resources? Did

you have trouble finding those resources? Are you still having trouble finding the resources that you think you need?

I will take this back to the SBA, because I know that agency exists to help small businesses in our country.

So, did you have trouble? Are you having trouble finding those things on the business side of it?

Mr. WHITTINGTON. Yes. So I would say, bottom line, we are blessed as a family. I started as an entrepreneur at 50 years old after 20-plus years in corporate. Interestingly, what I found from an SBA perspective is in some cases we took a risk, 100 percent funded our first location. SBA wasn't helpful to us because of where we were from an income perspective. The risk that we would have to actually take to get an SBA loan was higher than we were willing to take, if that makes any sense.

Now, what is interesting is we are a co-working location where there are many businesses that actually work and start up there.

So what I do see—and this is where it comes a little bit from a do versus tell orientation—is the businesses that are in our location that in some cases are starting from scratch is the serendipity of just running into somebody and saying, well, I don't know how to make a business plan. Well, you will find somebody that does. Or I don't know about the legal ramifications of starting my business. Well, you can find somebody that does.

But again, the “do” piece is I have sat in networking events where you can open your notebook and you take notes on the basis of social media, and you can go back about three months and find it again because you had a 30-minute window to sit down and have somebody tell you about what was going on today. What is really, really helpful is the “do” side of it, help me do it, sit down with me, who are the experts, and there is a whole bunch in the community that can actually help me get beyond. That is where I think really looking at—you know, don't just set up a 30- to 60-minute exercise to tell me about the basics. Put a workshop, put something in place that actually brings the experts together. I think that is important.

Chairman BLUM. And mentorship.

Mr. WHITTINGTON. Correct. That is very important. There are a whole bunch of stars out there. If you look at the contingents, it is growing. There is a whole bunch of experience out there.

Chairman BLUM. Ms. Barnhart?

Ms. BARNHART. Can you restate the question again?

Chairman BLUM. Your company is a great example, from a passion for slow cooking, the business side of this, the business acumen, how did you find that? Where did you go to find it? Are you still having trouble today finding the acumen you need, the mentorship you need to go to the next level? And I am going to take an interest in the SBA, the Small Business Administration, if we can do more to help.

Ms. BARNHART. To help that going—

Chairman BLUM. Yes.

Ms. BARNHART. Okay. I am also a serial entrepreneur, so this was not my first venture. I learned some critical lessons along the way. One of the things I did early on—and I happen to live in a community of excellent mentors—I formed a—I call it my “kitchen

cabinet.” I had ex-CEOs. I had an artist and a communications specialist, and I picked people from different industries, and I put pieces of white paper all over my house that said I have an idea, help me think about it, and we just spent a morning brainstorming.

So I pulled together those people really early, and that is something you can do—you know, you don’t have to pay anyone for it. I still have that pro bono team, and they rotate. Different people come in and out as I need different things.

I was lucky to have that, and I was also fortunate to be part of a small business incubator that was started in my community. I was the second member to join it, and that gave me access to the Small Business Administration.

I think what Steve said is really important. They actually gave me the consultant, did not charge me to write my first business plan, and I had two interns work with me, two college interns. I have interns all the time, and they helped craft the plan.

So I think if you can just assign somebody, give someone a shot, help fund it and get them going, that would be a great resource to getting going.

So I think that probably the next thing is that the regulations and the minutiae and all the things you have to go through when you open any of these websites is so overwhelming that you just want to close it down, as an entrepreneur, right? Your brain is wanting to create, so it becomes sort of overwhelming. So I think anything you can do to simplify and make it really boilerplate would be really helpful. So that would be my recommendation.

Chairman BLUM. Thank you.

Mr. Borris, you mentioned a sane immigration policy. I know in my district in Eastern Iowa, most of the businesses, the issue they have is they can’t find employees. It isn’t that they can’t find the revenue or the customers. They can’t find employees. I agree with you, I think a sane immigration policy is important, or we will not achieve the economic growth rates we want to achieve.

I know I am over time by 2 minutes, but could you give us your thoughts on that?

Mr. BORRIS. Sure. So I would say that, with all due respect to what is happening in Washington right now, we created an abject culture of fear in immigrant communities with the election of Donald Trump. I am just saying that out loud, right? And I think what has happened is whether people were on the margins or whether people were on the edge of their green card expiring, or whether people were actually legal, the culture of fear has been created for their extended families and the concerns about—and this is what I think has dried up, particularly in my industry. My industry lives on immigrant labor, right? The restaurant industry lives on immigrant labor, particularly in the Chicagoland area.

It has been a tremendous crippling year that has happened in that marketplace. The broader access to the people that we need to work in those \$15-an-hour jobs, yes, it has been very, very difficult. I don’t know how it plays out in your district, but I believe that it is a big problem for us to find—

Chairman BLUM. We have restaurants in Iowa as well.

[Laughter.]

We have meat packers and poultry processing plants.

I understand the President says we want the best and the brightest, and sure, I would love to have immigrants come to the United States and cure cancer, absolutely. But I know in my district at least, we also need those people that do not have—that today's employers cannot find.

Mr. BORRIS. It is part of the American Dream, right? I mean, this is not a difficult conversation. And running throughout all of this is a conversation about social mobility. I love that my father was able to co-sign a loan for my business back in 1989, the second loan that we took. Your parents were able to give you a loan. What do we do about really bright kids in the inner city who have fabulous ideas and don't have that opportunity?

Thirty years ago this country was the most socially mobile nation in the world. Now we are not even in the top 20, and that is part of the immigration conversation as well.

Chairman BLUM. Thank you.

Ms. Besenjak, right? I will get it eventually by the end.

I will ask the original question about passion and getting the resources and mentorship. Is the government in your way? Are they helping? Are they hurting?

Ms. BESENJAK. I don't think that they are in my way or hurting me. I have always—I go on the SBA website. I didn't go that route, but I went to libraries and researched how to write a business plan and did all of that. I didn't go on the SBA website. It was probably not around as much in 1990.

So I would say that for me, the only thing that is intimidating for me is that Kevin and I have worked very, very hard, and self-funding to where I went through all my 401(k) money to support an idea that I totally believed in, much to the chagrin of my husband, who said why are you still doing this? And I said because I still feel like we are supposed to do this.

So what I am saying is I have self-funded. But is there a way to get some kinds of funds? Because that track record that we created, does that help us? I don't work and I don't have my 401(k) anymore, so what do I use for collateral? Perhaps my house, I guess.

Chairman BLUM. I was working for a bank before I got this job, and I was chairman of the credit committee. So when you say does the track record make a difference? Absolutely. It makes probably the biggest difference. When we look at commercial loans, the first question is what kind of track record does this individual or this company have, so that will serve you well.

Ms. BESENJAK. We just felt really gun shy because we just didn't want to take on any debt. And yet, in order to really move forward and pay people, including ourselves, and generating more business, it may take something like that.

Chairman BLUM. Thank you very much.

I am way over my time. I yield to the Ranking Member, Mr. Schneider.

Mr. SCHNEIDER. Thank you. I think the one thing we have learned about field hearings is time gets away, but that is okay. That is what I like about them, the chance to get more in-depth.

Again, thank you all for sharing your perspectives and your stories, and your passion. I think that is really important.

Ms. Barnhart, you used the word “calling” in your testimony. I think “calling” describes it for so many small businesses and entrepreneurs. They have it in their heart. They feel it in their guts. The issue is that a calling is not a business plan. A calling may be the motivation. A calling may be what gets you up in the morning to move forward. But without that business plan, it is hard to get to the next steps.

Mr. Borris, you talked about the role government plays, and I have a perspective. I think there are four things for business success. The first thing is that vision, passion, business idea. That is for the entrepreneur to develop.

The second is access to talent. I think the role of government is making sure that we are educating our young people, creating those opportunities.

The third is access to capital that we talked about and making sure that we are not taking the rules for large businesses that protect our economy and applying it all the way down so we squeeze out local access to capital that is so important.

And the fourth piece is a constructive, positive, dynamic business environment. They are providing insight and long-term stability.

I didn’t mean to start with a speech, but I guess I have. But I want to go back to the calling. I want to go back to the idea that entrepreneurs have to have a calling. I will go across, and I guess, Mr. Whittington, I will start with you.

Mr. WHITTINGTON. Okay.

Mr. SCHNEIDER. You have this co-working space. You talked about the idea of people coming together. Everyone has their distinctive calling, but how do they help each other go from calling to business model to success?

Mr. WHITTINGTON. Well, to speak to calling real quickly, that is a given, because sometimes that is the only way to get through the day.

A picture of the why for me is I have a director of sales of Fuji Film who is working in our co-working space. His wife came in and is on video for us saying our relationship is better because he is out of the house, right? Our relationship is better. But they have lunch twice a week, and the best thing he said, as he wrapped it up, he said, “And my dad called, and I was there in 5 minutes,” right?

So from a calling perspective, it is that integration of work and life. Our worlds are so complex, and what can you do to make it a little bit more friction free? What can you do to glorify the 360 that is us, in an environment that just changes so rapidly?

Part of what happens, I mean, you call it serendipity. The same professional has a lot of experience with photography equipment. One of our Deerfield-based residents who came out of their townhomes basically has a son that is starting in the audio field and didn’t have a job. So the offer was made by our director of sales to go downtown to a conference, “Why don’t you come down and we will go hang out and I will introduce you, give you an idea of what is going on.”

So that is an example of—you can call that social, you can call that business. I am not entirely sure what it is, but that is how you give vision to someone—I'm sorry, you take it beyond vision, and that is a great point.

The fourth point that you made I think is the most critical. That is the operational piece. So, you have a great idea, and you can have the best talent in the world. But if you don't have an environment—and it is not a point-in-time environment. It is every day, right? It is an environment that allows me to get better. And what happens is you just get out of the way. You create the environment and you just get out of the way and let people bounce around, let the dots connect.

I am not sure if I answered your question, but that is exactly why I do what I do, is to get out of the way and connect dots.

Mr. SCHNEIDER. That is a good answer.

Ms. Barnhart?

Ms. BARNHART. That is a great question. I actually work with a startup with someone who had a great calling and passion and no business plan. And I spent a whole year trying to help the business get off the ground, and I could see that without a plan it was just going to be a fantasy. So that was one of the first things I did, was really understand the value of the why behind the business. I understood the passion and wanted to create something for my son. I wanted to help people who were struggling in their kitchen to feel a little success in their lives. So that was where the heart was. But I knew that if I didn't have a solid plan, it would never grow, it would never have a solid foundation.

So I think that because of the incubator at Lake Forest, because of my own personal connections, which are not always accessible to other communities, which is why I feel incubators are so critical—I see it in Chicago. I am working with a lot of really great entrepreneurs in Chicago. One is trying to create employment in Englewood, making these really cool T-square snacks. They are just invaluable, I think, to entrepreneurs, to give them the discipline to create the business. I think that is really critical.

So if you can create—if the government could assign a consultant to incubators, get the SBA to really help provide a tool to create that solid business plan, I think that would be invaluable to the entrepreneur, because then capital comes out of that, and then customers come out of that. But if you don't have a good plan—I think that is really critical.

Mr. SCHNEIDER. Mr. Borris?

Mr. BORRIS. I think that all of that, the help and the expertise of how you can work the calling into a solid business plan also revolves around conversations on capital, right? I mean, if I get one more phone call from American Express or Visa MasterCard offering me a cash advance that I don't have to pay back for a year—we are codifying predatory lending in the business environment, right? I mean, payday debt traps are one thing for my employees. We don't allow that to happen for them, because we loan our employees money so that they don't wind up there. But how many merchants have been hammered by this? The money feels great for 12 months until the debt comes due, and most merchants who

haven't paid back after 12 months, they can't pay it back anyway, and then they are stuck at high interest rates. It is disgusting.

But putting that piece together, that can all come together. And I don't mean to harken back to 30- or 40-year-old policy. But when you look at what we tried to do years ago in the Community Reinvestment Act, if you do something like that to fund community banks that provide capital, and then expand that a little bit more to what you guys are talking about, about feeding that into a consultant-type atmosphere, I mean, yes, you could explode opportunities for people who are either just entering the idea or have been working for 20 years, like you were saying I want to go out and be entrepreneurial but I don't really understand that business structure. Well, let us coach you and mentor you and lay out for you the pros and cons, and then you can make a valid decision.

But I would think there is a role for government to play there.

Mr. SCHNEIDER. Cheryl?

Ms. BESENJAK. I really love the idea of the mentorship and having local incubators. I did go down to the veteran incubator, Bunker Labs, and for me as a small business owner, I felt like that was bigger business than who I am. So while it was exciting, these are people who are creating great big companies, and I was just creating my little micro-green business.

So it didn't feel like that was the place for me, even though I was a veteran, and that is okay. So I was thinking maybe some more local entrepreneurship groups. That would be really great.

The one thing—yes, I have a fabulous business plan by the executive MBA group, and the very first thing it says on the business plan is that you need to get funding to fund a vehicle. That is great. My car has been transporting all over, everywhere. But the other thing is it said to get a salesperson, and that meant you had to pay a salesperson to do the sales.

I mean, I am good at it, but I am not great at sales. I am great at presenting the passion, but I needed somebody who would take all the greens to the various restaurants and then follow up and follow up. I mean, people want to buy these, but where is the follow up? I am also trying to grow wheat grass. So if I could have a salesperson who was doing that, that would be awesome.

So if there is a way to tap into some kind of group, maybe going to the Lake Forest group and talking to them, are there some people who might be interested in doing that to build a business, to then have a percentage of the sales, creative ways to fund help.

Mr. SCHNEIDER. I think you touched on a key point. When you talk about the why, I think the challenge each entrepreneur has is to know their respective own personal why. But more broadly, the next step is to learn the how. The whys are unique. The how is fairly consistent. You have to develop a market, get our capital, teach your employees.

We have talked about this, Mr. Blum and I have talked about this, creating communities of opportunity, creating communities where there is the ability to learn, to inspire, to teach each other. There are different communities. I know Bunker Labs well. The founder is a friend of mine. They are targeting a certain group, and that community is going to work very well. That may be very different from what you saw with Lake Forest and what you created

there. Each community will be distinct, but within those, where the government, I think, can play a role is trying to promote ladders or stairs, whatever metaphor you want to use, while at the same time making sure we have guardrails and safety mechanisms.

I think our legal system provides that. Mr. Borris, you talked about the protections. It is not just that we are protecting small businesses. You may not have the sophistication to know that there is transparency in lending, and this is a constant ongoing process.

I will close with this, the idea of the three-legged stool. The entrepreneur is always going to be the driving engine of our economy. It has been throughout our history. But creating the environment where the entrepreneur can get success and get the people they need, the space to prosper, the capital to grow, and the government provides those guardrails and ladders—I think if all that comes together and you create that stable place for the economy, it will grow and prosper.

And I want to emphasize this, that it is not a partisan issue. It is not because I am a Democrat and Mr. Blum is a Republican. It is because we know that the spirit of the American people to achieve and produce their own success is unleashed when we create these opportunities.

So, with that, I will yield back.

Chairman BLUM. Thank you, Mr. Schneider.

I will start the second round of questioning now.

Please tell me—and I am going to take copious notes here, and I will take it back to Washington and put it in a letter and send it up the food chain there—where is the Federal Government hurting you in your business? And the second part of that question is how can the Federal Government help you in your business? I am going to take notes here, and I will get your message back there.

Mr. Whittington?

Mr. WHITTINGTON. Yes, a fantastic question. So, I think one area that has been talked about here is in health care. I would tell you it actually could be a help to my business. I am looking at how, for my members who are not my employees, we can put something in place that would allow access—association, group, whatever it might be—but would allow for a more stable environment for you to make a choice to even dump into, whatever. So that is a piece, to stabilize that and really looking at flipping the script. It is not about freeing up companies that are under 50 employees, but flip that script and say how do you reasonably make a choice, because we see a lot of small businesses, very small, where that is a risk for them.

It is probably stability. I am still learning. I have been around for two years, open for a year.

I did mention, from a municipality perspective, I was not aware of any focus on incubators and accelerators. I think helping to foster that environment, again being the ladder. There are so many needs out there for so many small businesses. You have your passion, and you have a flat spot.

So I think I have had the SBA and the SBDC come in and tour, love our place. They have their location as to things that they do. I have not done the best job of better understanding the opportunity there.

Chairman BLUM. Is the Federal Government hurting your business or your efforts?

Mr. WHITTINGTON. It is not hurting me. I don't know how it is helping me. It is not hurting me today. It is not hurting me today, or maybe I don't know where it is hurting me, but it is not helping me. It is not helping me at all. We figure it out as we go along.

Chairman BLUM. Thank you.

Ms. Barnhart? The same question.

Ms. BARNHART. Yes, it is a good question. I think that anything the Federal Government can do to simplify—I am in the food space. Anything you can do to simplify the regulations. I do think the Federal Government has a critical role in overseeing the quality of the food that people are eating. I do think the government could do a better job getting processed food and non-GMO, I guess, in some ways the labeling could be stricter, which would probably be counter-intuitive to say that. Because my product is a natural product, I think people need to understand what they are eating. So I think that is a critical role.

But I think anything you can do to simplify, from the startup perspective, what you need to do to be compliant, it is very confusing. My partner is in the U.K., and they have a lot less—of course, it is a different country, but they have a lot less regulations for home food businesses, cooking classes. There are things we have to jump through hoops for startups.

Chairman BLUM. I just have a follow-up question to that. You mentioned you are in the natural food space. Is that what you said?

Ms. BARNHART. I said what?

Chairman BLUM. Did you say you were in the natural food space?

Ms. BARNHART. Spices, yes.

Chairman BLUM. I have been involved in hearings in Washington where the definition of “natural” and how that can be abused. I guess in 30 seconds, can you give me your thoughts on that definition? Does it need to be tighter, or is it ridiculously tight? What are your feelings about it?

Ms. BARNHART. Well, it is interesting. My product is just spices. I don't have salt in them, I don't have fillers or anything, but I want to put “salt-free” on the front of them because they are salt-free. I now have to go through a whole series of regulations to create a label that basically says zero, zero, zero, zero on it, because I want to make that claim, which seems ridiculous. So that seems ridiculous to me, and I pay a consultant to help me do all that, which is expensive.

But on the flip side, there are so many additives in our food products right now. The American consumer really is, I think, being poisoned, to be honest with you. You don't see those kinds of additives in other parts of the world as what is in our food. So there is a reason we have to go through all these hoops now. It is both, actually, something for you all to think about. If there is something you could do to clean it up, that would be great.

And then I just think the other thing is just employment. I would love to bring more people on, but with the taxes, and now I have to get health care, and all the things you now have to do, for me

it is just better to have independent contractors. So I don't know if there is anything you can do to simplify that, too.

Chairman BLUM. You do independent contractors instead of employees?

Ms. BARNHART. Yes.

Chairman BLUM. And the reasons again?

Ms. BARNHART. It is just more paperwork. I am a small business, just trying to figure out how to make it work, and I am a "me" corp. I am running it ethically.

Chairman BLUM. Thank you very much.

Mr. Borris?

Mr. BORRIS. I think there are three things right now the Federal Government could do better in the way it is behaving that is hurting small business in general. I think that this passion—and I know you guys are up here presenting a wonderful picture of bipartisanship, but this passion for politics over policy is not ascribed to any particular party but is ripping apart the ability of the United States Congress to actually do things on behalf of the American people. I will give you three quick examples of things the Federal Government is doing or not doing.

One is this conversation about repealing health care—it is unbelievable to me—without a valid conversation about what replaces it. The 16 percent of the largest economy in the world is tied to these conversations, and we are throwing around concepts like they mean nothing.

"Let's get rid of the individual mandate." Okay. Well, then how do you stabilize markets? "Oh, don't worry, they will self-stabilize." Well, they won't self-stabilize unless you allow insurance companies to discriminate on preexisting conditions. "Oh, no, no, we are not going to do that." Watching the whole thing is ridiculous, right?

So let's come up with a really valid plan. Let's sit down. We had eight years to talk about it. We did nothing about it for eight years. That is a frightening prospect, I think, for small business owners.

The second thing is the conversation about let's get rid of the Consumer Financial Protection Bureau. Let's just let Wall Street have at it, like they used to have at it. These problems did not start under a Republican administration. These problems started under Bill Clinton's administration when we deregulated the Commodities Futures Trading Commission, when we deregulated banks. We should have an economy that should have Wall Street supporting the real economy. Instead, we have Wall Street drawing money out of the real business owners' pockets, and I would suggest out of consumers' pockets also.

So let's look at ways that the CFPB could actually work and be meaningful in people's lives and in small business owners' lives instead of saying let's just throw the baby out with the bath water, we don't want any regulations; laissez faire capitalism, it is going to work great. Except it never has worked great, right? We need a healthy government to stand on behalf of the common man, and I am not seeing that attitude in Washington right now.

And the last thing—and we have been talking about this for a long time. Unfortunately, because of some very courageous activists and because of the way the market has worked, we are actually seeing wages rise, and I would suggest that raising wages is one

of the most important things that we can do to really fuel consumer demand, and we have seen it happen on its own.

But to vilify unions on their own, and to say forget about doing anything like that while unions really are a great solution for raising wages—so some sort of valid conversation in D.C. that doesn't say let every business owner pay one dollar an hour; if people are willing to work for one dollar an hour, let them work for one dollar an hour. We know people will, because desperate people do desperate things.

So I would say those three areas: wages, consumer financial protections, and health care. Those are areas that Washington is freezing us right now with uncertainty and could really come together if they would be willing to let policy trump politics.

Chairman BLUM. Thank you very much.

Cheryl?

Ms. BESENJAK. Thank you. Where does the government hurt me? Currently, I don't feel like it does. Only one small little regulation around wheat grass. These are all considered agricultural products because they are growing in soil, so I can sell them this way, and there is no regulation on micro-greens right now. But wheat grass, if I cut it, I have now processed it. I have tried to explain everything. So that is just one little example. Sometimes regulations can get in the way.

Where could it help me? In particular, I was just thinking about the mentorship issue and thinking if there was a place for me to come and say here is where we are, here is what we have done, what we see next is we would really like to be able to have better interns come and learn. Is there a program? I don't know all the programs available, but is there a program through the government that would fund us to train veterans? So if I could go and just say here is where we are, is there someone in government who knows all the ins and outs and has ever looked into this, that would be very helpful.

We know how to train them, we know what to do, we have facilities where we can take them to learn, but we need someone to say here is how we can bring that together, the funding to help veterans have a new job, is there a way, that would be very helpful to us.

Chairman BLUM. Thank you very much.

Brad?

Mr. SCHNEIDER. Thank you. I want to be respectful of people's time, so I will just thank you all for joining us.

Since you touched on veterans, there is a lot of work being done on behalf of veterans. The first bill I introduced this year was the Veterans Industry Program that would allow veterans to work in businesses using the GI Bill dollars, rather than going into a classroom, to go and get an internship working with a business, internship credit. It is a very frustrating thing for me that we have these veterans who are trained in skills, whether it is someone who has learned all the medical skills necessary to step immediately into the role of a nurse, or someone who is operating a piece of artillery that is every bit, if not more, complex than any piece of equipment, and they can't necessarily say translated in language "Here is what I know" so they can be hired. We can do a much better job on that.

But what I heard across the board was a desire to reduce complexity. This is something where I think we can make a difference, something you touched on, the zero-zero-zero. You kind of showed the tension, because we want our food to be safe, we want to make sure that people are producing safe food and getting it to us as efficiently and as effectively as possible. So I think we can work to reduce complexity, increase efficiency, and enhance efficacy. But again, that takes people coming together and having the conversation.

Mr. Whittington, one of the most important points you made in your prepared testimony, and you said it again in the questioning, is the issue of health care, that people's health care—and, of course, you were talking about the need for health care, one-sixth of our economy. We need health care reform or I know as a policymaker we will never get ahead of the curve. It has been seven years, and now we are approaching eight, before we have been able to do anything since the passage of the ACA, while health care technology is moving. We may never get ahead. We have to constantly work to move forward. That is different than the policy.

So many people are afraid to go out and venture on their own to give up the secure health care they have in a job that maybe is holding them back, and I think that is one of the things that is holding back our economy.

So we have to figure out a way to reduce, if not eliminate, the friction of preventing people from taking their passion, learning the how, and then venturing out and taking the risk of doing it on their own, that entrepreneurial risk.

We touched today on immigration reform. We have to take care of the Dreamers. That is an imperative right now. But comprehensive immigration reform, the non-partisan Congressional Budget Office says it will add \$2 trillion to our economy. Well, why? Because it pulls people out of the shadows. It will address the issue of people working for bad employers taking advantage of people who are afraid to come out of the shadows. It hurts everybody, good employers and hard-working people. If we have comprehensive immigration reform, I think that is a key thing.

Then we have this tax debate. We need a reformed tax code. We definitely need a reformed tax code, one that helps working families and small entrepreneurs, businesses, businessmen and business women across the country, to take the next step, to buy that piece of equipment or hire that new employee, or introduce that new product, or venture into a new market.

So there are a lot of things where I think we can come together and make a difference.

I will just close, because I know we are past our allotted time. But again, I want to thank the Small Business Committee and my colleague, the Chairman, for coming here. I thought this was a great panel. I will put it on par, as good, if not better than, any panel we have in the capital. So, thank you for your testimony.

It is always a great opportunity to have these one-on-one conversations with business owners. Obviously, to the audience, to those who came to listen, thank you so much for being here.

I did want to thank the Village of Deerfield, Mayor Rosenthal, our Village Manager, for making this available to us.

I look forward to continuing the conversation. This is not a one-and-done. Our economy is constantly growing. The challenges will be ever-present. But as we listen to the voices of the people like you who are out on the front lines trying to make a difference, trying to change people's lives, whether it is veterans or people with disability challenges or people just trying to make that mid-career what-do-I-do-next and find their why and their next passion, that is how we make this economy work.

So, thank you again. I appreciate you being here.

I will turn it over to the Chairman.

Chairman BLUM. Thank you very much, Brad. And thank all of you for being here. I would like to echo that sentiment as well in this beautiful facility today. Thank you to our great panel of witnesses here today.

I was just saying to Daniel here that this is as good as any hearing we have had at least in the last year that is for sure.

Thank you to the veterans for serving our amazing country, and also for caring about veterans still and trying to employ them.

And I believe you are trying to employ people with disabilities, and thank you very much for doing that as well.

I think Mr. Borris mentioned something about the partisanship in Washington, D.C., and I couldn't agree more. One of the nice things about being on this Committee, and I am sure Brad would agree, is that if there is any issue that we could be bipartisan on, it certainly should be and is small businesses and our economy, so people can climb that ladder of opportunity. I know I climbed it, and we want to see more people climb it, the American Dream. That is why I ran, because I want to make sure the American Dream is alive and well and thriving, because I think it is what makes America unique in the world.

It is a bipartisan issue, and I work well with Brad. Sometimes during the hearings and afterwards I say, you know, if it was up to he and I, we could sit down and probably solve most of these problems, right?

[Laughter.]

Mr. SCHNEIDER. That's right.

Chairman BLUM. But somehow, with the leadership on both sides of the aisle, I don't know what happens. But as a business person myself, it is frustrating. I am there, and I am sure Brad is there, to solve problems. You can't solve them if you don't talk to each other. So I share that frustration. Many of us are frustrated.

But this has been wonderful, it has been absolutely wonderful. Thank you for your hospitality. And thank you, everyone, for being here today.

Members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

This hearing is now adjourned.

[Applause.]

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

APPENDIX

U.S. House of Representatives
Small Business Committee Field Hearing
Deerfield, IL

December 11, 2017

Steven Whittington, Founder and CEO, LifeWorking Enterprise, LLC

Small Business Committee: Bridging the Entrepreneurial Gap: Addressing Issues to Small Business Formation and Growth

Introduction

- Good Morning Representatives Schneider, Blum, staff, and audience members. I want to thank the US House of Representatives Small Business Committee for this opportunity to speak and share my experience and perspective on issues regarding small business formation and growth.
- My name is Steve Whittington and I am the Founder and CEO of LifeWorking Enterprise. I am a United States Army and Ohio National Guard veteran, a 20+ year veteran of Procter and Gamble and graduate of The Ohio State University.
- Melinda, my wife and fellow “Proctoid” and my daughter Jennifer, a senior at Lake Forest High School and a future Buckeye! are residents of Lake Bluff, IL since 2014.
- I also sit on the board of the Lake Forest/Lake Bluff Chamber of Commerce and am on the executive board of Love Inc. of Lake County – a faith-based non-profit located in Waukegan, IL.
- LifeWorking Enterprise marketed and branded as LifeWorking Coworking, is a shared, community “new-way-to-work” place. Our first, but not last, location is in Lake Forest, ONLY 15 minutes north of here! We are a diverse community of freelancers, entrepreneurs, creatives, non-profits, small businesses and corporate remote workers that value the increased productivity, energy, lack of distractions and collaboration that a professional coworking place provides.

The Landscape

- In addressing today’s topic, I’d like to start with a view of the current business landscape – forming from my startup experience and evolving with my involvement with several area Chambers of Commerce.

The Workforce

- For my business, I have found it critical to understand WHO is doing the work from a generational perspective. As you likely know, the Millennial Workforce, defined as those born between 1982 and 2004 are the largest percentage of the current workforce and are well documented as valuing flexibility, working for purpose and willing to choose work/life integration over a bigger paycheck.

- Less discussed is the Contingent Workforce. These are the temporary workers, 1099s, post-corporates, free-lancers and moon-lighters that are currently estimated by the US Bureau of Labor Statistics to be over 30% of the workforce and will grow to 40% by 2020. A significant percentage of this workforce are Gen-Xers and Boomers that actually have a very similar perspective to their Millennial counterparts.
- At LifeWorking Coworking - who are these contingents? They are an ex-Allstate employee teaming up with his life partner to create a workplace safety and self-defense startup, an ex-Walgreen's exec leveraging his operational expertise with a call-center startup and an ex-Shire employee, who joined a startup focused on helping academic Ph.D.s transition to non-academic careers.

Small Business Challenges

- Pivoting to challenges in the small business environment, it is well documented and shared with this committee in previous hearings that small businesses, those with less than 500 employees, represent over 99% of employer firms and account for half of the jobs in the private sector. Impacting this group directly "moves the needle" in either direction and this group is being impacted!
- Early data for Cyber-Monday 2017 by Adobe Analytics indicate that, collectively, shoppers spent almost \$3.4 billion dollars on online purchases – a 17% increase over last year. Looking at the underlying data, over 50% of the virtual store visits and 40% of the revenue were made from tablets or smartphones – an increase of 21% and 41% respectively over last year. This could indicate that the online shopping experience is becoming more frictionless and shoppers are feeling more secure with online transactions.
- As a Chamber of Commerce Board member, you see how the nature of online engagement is not only challenging the relevance of small retail but the relevance of the chamber itself. What is the equity of the Chamber when Google, Community Facebook groups, and NextDoor.Com are now your "go-tos?". When technology, and a workforce that embraces mobility and immediacy, is transforming social interaction and consumerism so dramatically. Even the name itself is archaic.
- In recognition of the need to transform, in April 2015 The Association of Chamber of Commerce Executives, launched the The Horizon initiative: Chambers 2025 - an initiative to drive relevance and transformation of the Chamber of commerce as we know it today.
- The outcome of this initiative was the definition of 8 "Influences" that Chambers should consider including Globalization Impacts, Population Shift, Technology and Leadership at the community level.
- Interestingly, and relevant to this discussion, is a 9th influence added this year entitled "Limitations of Government." This influence speaks to a perception of the inadequacy or inefficiency of government at all levels that inhibits the ability of the chambers to change. Objectively, you would rightly say that an organization that is pre-transformational likely looks more outwardly vs inwardly to find "the problem." However, we all know as small businesses that you have to deal with the perception – real or not.

The Problem

- Turning to barriers to small business formation and growth. For me, this begs the question - *How do you take the first step in launching your own business in whatever form it may take?* And then, when you have done that, how do you ensure that you are there on day 366, 731, etc., etc.

Formation

- With regards to starting a small business the first question is *What risks must I consider for me to take this jump?* Here are three things to consider:
- **Access to Capital** is an easy starting point and well discussed in previous Small Business Committee hearings. The ability to source capital if you are not well collateralized, if you don't have the trusted relationships to advise you towards appropriate, non-predatory sources and frankly share the risk, there will continue to be a barrier to entry or, worse, an increasing failure rate of small business startup.
- Secondly, **Healthcare**. As I have had the opportunity to talk to people that are considering starting their own businesses and from my own consideration, before you can chase your professional passion, you have to consider the personal risk.
- While not the only risk, one of the most important and frankly most uncertain today is health care. The specter of health care costs, especially to a contingent worker that it more likely considering it for family, could be significant enough to stymie an entrepreneurial startup and, if not, haunt a startup as it operates and grows.
- Finally, **fear of the unknown** – which is not unfounded based on small business failure rates. The questions start to fly ... How do I get started? How will MY business make money? How do I get customers? Where am I going to work? These can be crippling non-starters without access to industry expertise, trusted advisors and help that is *Do-focused vs Tell-focused*.

Growth

- Switching toward the barriers to growth or what I call "Sometimes you get what you ask for ..." I think that there are a couple key barriers beyond the obvious access to operational and strategic capital.
- The first is **Lack of Resources**. Whether creating from your home or operating from your storefront, you quickly figure out what you DON'T have. Simple business services like copies, posters, business cards that need to be more professional than your design skills and home printer can offer.
- Discovering that a website doesn't actually create itself. Or venturing into the marketing realm and realizing that digital marketing and social media aren't the same thing and that Search Engine Optimization (SEO) is evil, or it's not. Facebook Ads are better than boosted posts - or there not. And NO ONE looks at Google+ on social media - but you better have an account for your business!?

- A second is **Working “In” your business vs “On” your business**. As a small business, you quickly discover that in many cases time is a commodity that rises above dollars in importance. A day ends, and you have succeeded in changing the toilet paper in the bathrooms, replaced the toner cartridge after 2 store visits, watched 6 promotional videos each touting how THEIR email marketing solution will be the first step to immortality and, if you are at home, have done two loads of laundry and broken into the holiday cookies at least 10 times.

An Opportunity

- So where is the opportunity? I believe that an effective way to positively impact the formation, growth and transformation of small business is in the communities in which they reside.
- The demise of the suburban community is a myth. If you are paying attention, you will see the press presenting about as many stories of generational and commercial suburban flight as you will see escaping the urban centers for the new rockin’ suburban oases. The reality is that communities focused on economic development, “urbanizing” with respect to amenities, walkability and Transit Oriented Development/Design (TOD) are and will thrive.
- Suburban Communities are themselves setup to be incubators with human resources across the generational spectrum bringing energy, skills, scars, insight and wisdom that are considerate of both work and life. Networks are strong. The coffee shops are a great indicator. In the city coffee shops are humming, lots of transactions and folks with headphones getting work done. In the community coffee shops – you see the groups of yoga pants, blue-hairs, elder statesmen, book clubs, biking clubs, etc..
- What will need to be true is that in the community Chamber of Commerce, Economic Business Development and the municipalities themselves have to get out of their own way and work together in partnerships that drive this transformation.
- An integral component of such partnerships will be private entities like LifeWorking Coworking - not incubators or accelerators as currently defined, but catalyst in the community – providing a PLACE for like-minded, complimentary business AND non-profits to collaborate, learn more quickly in an energizing and creative environment and ultimately figure out how to make 1+1=3 and punch much bigger than their respective your weight.

What Does Help Look Like

- So, what does help look like? I believe that success or failure will be the result of efforts, interventions and partnerships at the municipality level – including local government, non-profits and private enterprises. For this committee, however, I believe that there are several important considerations:
- **Healthcare for Small Business** should be a continued focus – supporting creative Healthcare solutions for small businesses especially those below 50 employees. Solutions like Association health care and/or Group Captive options that allow access to the same kinds of benefits as larger enterprises while mitigating some of the risk
- With respect to **local government and municipalities** minimizing unnecessary regulation while incenting municipalities, economic development commissions and key non-profits like chambers of commerce to better partner and transform to ease the entry into business for entrepreneurs, drive sustainability and catalyze growth.

- Finally, **enabling and incenting community public-private partnerships** that provide workplaces that drive productivity, collaboration and community - much like Chicago's own 1871, the internationally recognized incubator/accelerator that has been the genesis of well-known startups and spun off similar entities like the veteran-focused Bunker Labs and the internationally recognized health care incubator Matter Chicago.

Closing Remarks

- In closing, I believe that in today's environment the potential for small business expansion and growth is strong and discussion doesn't need to focus on threats but about opportunities.
- I also believe that, as is typically the case, the majority of our collective focus should be less about what we don't have and a lot more about what we can do together – mixed with just a little bit of Robert Fulgham's perspective that "All I REALLY Need to Know, I learned in Kindergarten"
- Thank You

Respectfully Submitted,

Steven Whittington

Founder and CEO,
LifeWorking Enterprise, LLC

House Committee on Small Business**Monday, December 11, 2017**

Thank you, Representative Schneider and Representative Blum, for inviting me to share my thoughts and my entrepreneurial journey.

The origin of my business, the zen of slow cooking, began many years ago, and the essence of it is captured in this picture. These are my 3 children, and you can see that in those years I had a very “un zen-like” life. In addition to the three children being close in age, my middle son was diagnosed as developmentally delayed when he was a baby, so as he entered his school years it became a challenging time for our family.

I called my best friend one night in tears, asking for her help and told her that I couldn’t even get dinner on table. She had 3 pieces of advice:

- 1) You aren’t a failure
- 2) Get off the phone
- 3) Buy a crock pot

I understood the first 2 pieces of advice, but not the 3rd. She then explained how a crock pot (now more commonly called a slow cooker) worked, and I set out the following morning to buy my first slow cooker.

I fell in love with this little kitchen appliance. It gave me the opportunity to create a dinner hour similar to the one I enjoyed as a child. My mother cooked from scratch each afternoon and we enjoyed a very zen-like dinner hour when my father came home from work.

I found that my preparing food in the morning using my slow cooker, I could use the afternoon to take my young children for walks, help with their homework, or otherwise effectively meet the flurry of activity that comes at that time of day.

I cooked steadily with my slow cooker for 2 years. Then one day my daughter came to me crying and said she couldn’t eat any more “thick meat”. I knew what she meant. I only knew how to make a few really good things in my slow cooker, such as pot roast or beef stew. Fortunately, by that time I understood the science behind the slow cooking process and was able to start adapting some of my favorite recipes, so that they worked in the slow cooker.

Fast forward to 2010. I decided to spend a year studying what life would look like for my son who has language based challenges, when he aged out of the school system, and found that only 25% percent of young adults with cognitive disabilities are employed. My son, Doug, who is here today, is a shining light and I couldn’t imagine a world where his light couldn’t shine. I began to believe that creating opportunities for adults with employment barriers was my calling, so I decided to take my entrepreneurial energy and create a business where he, and others like him, could work.

I shared this vision with a friend, and said I wasn’t really sure where to begin. She asked a simple but truly important question—

“What makes you happy.” I laughed and shared how I loved slow cooking—how I used my recipe time as a period for quiet reflection in an otherwise busy day, and how much I enjoyed how the delicious aroma of the cooking food filled my house all afternoon.

She said, “I’m not sure what you are talking about, but do that”. So those are the inspirations behind the zen of slow cooking.

It took another year to find the right partner to help me get the business off the ground, but I was fortunate to find a young mom (Jane McKay) who was doing recipe testing and food writing who had just moved from the UK. Together we co-created the zen of slow cooking food blog in 2012. The blog published recipes and inspirations for the home cook while putting a contemporary twist on slow cooking.

Using the most popular recipes off our blog, we created a line of premium spice blends crafted exclusively for the slow cooker featuring flavor profiles from all over the globe. Our spice tins included a recipe and shopping list to make it convenient for the home cook. We packaged up tins containing our first 3 spice blends and took them to our local Farmers market. We were delighted when we sold out that first morning until we realized that Jane, my business partner, would have to blend 40 more spice blends for the next week.

Over the next year, we sold at Farmers markets, holiday boutiques, and out of our home. In 2014, we were approached by several customers who wanted to ship our blends out of state. At that point, we opened our own online store and reached out to Planet Access Company. PAC is a social enterprise that provides training and employment for adults with disabilities. Each week Jane would hand blend and heat seal our spices. I would pick them up and bring them to Planet Access Company where 4 adults with developmental disabilities would package them up into individual tins. I would then return to gather our finished product to be sold at various events or online.

In 2015, we opened our first wholesale account at a local organic farm, and later that year we had the opportunity to interview with Whole Foods, who loved our concept. They asked us to make our packaging more merchandisable and then to come on board.

In 2016 we steadily built our business with Whole Foods, were picked up by a food distributor in the Midwest, and were finalists for “Chicago’s Next Best Food Product”. This contest was sponsored by Peapod which led to the co-creation and launch of 2 meal kits for the slow cooker in the Chicagoland area on Peapod.com that fall.

2017 has been equally exciting as we are now in over 50 stores around the Chicagoland area, Oregon and Northern California. Distribution of the meal kits has expanded to New York, New Jersey, parts of Connecticut, Maryland and Virginia. We’ve expanded the number of adults with developmental disabilities who work on packaging our products to over 30, have become a Certified B Corporation, and our latest spice blend won a Society of Food Industry

(SOFI) Award for best new product—which is the equivalent of winning an Oscar in our industry.

In addition to building our for-profit business we also teach complimentary cooking classes and have donated slow cookers to adults in underserved populations, for slow cooking is a safe and economical way to cook.

Representative Schneider knows I am a big believer in Conscious Capitalism and feel that for-profit social enterprises can help create solutions to challenges we face as a society. And while I think it's small grass roots organizations and small businesses that are the best pathway for supporting underserved populations, I do believe that the Federal Government could play a role in helping expand that vision.

One way is in supporting social enterprises like Planet Access Company. They have created employment within their warehouse for adults who have severe intellectual disabilities, and also provide employment in their fulfillment center for adults who need less supervision. They need additional support to grow their facility, provide additional job coaches and resources. I feel that the government could play a role in using them as a model, and also providing assistance in helping them expand.

An area that would be helpful to my business is making it simpler to navigate the constant change in food packaging regulations. We had to pay close to \$2,000 to have someone independently review our labels to make sure they were in compliance with the FDA. This would not be an issue for a big CPG company, but there should be a less expensive way of ensuring compliance. I would think a set of templates could be placed online that our designer could download as a starting point, making the cost of verifying that we meet the standards much more economical.

When I started my business I became the second member to join a new business incubator in my community. It provided unbelievable support and access to mentors, markets and the small business administration in Lake County. Today, I'm part of a larger incubator in Chicago called The Hatchery. I believe that anything the government can do to support the growth and expansion of business incubators would be valuable to the start-up community.

My final comment centers on B Corporations. We recently became a B Corp, which is a rigorous certification process for for-profit businesses that have a vision to be a "force for good in the world." I would encourage the Government to suggest all businesses use their online assessment tool to measure their social and environmental impact. I would also consider using B Corp certification as a way to determine early stage companies who merit access to any benefits that the government might help make available for early stage firms.

Thank you for the opportunity to shine a light on our work.

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Prepared by: Meg Barnhart
Date: December 6, 2017

Statement of David Borris, Main Street Alliance Executive Committee Member and Business Owner for House Committee on Small Business Hearing on “Bridging the Entrepreneurial Gap: Addressing Barriers to Small Business Formation and Growth.”

Monday, December 11, 2017

Representative Schneider, Representative Blum:

Thank you for the invitation to testify today. My name is David Borris and I serve on the Executive Committee of the Main Street Alliance, a national network of over 30,000 small business owners. I’ve been a small business owner for 32 years. My wife and I opened a homemade food store in 1985, and over the years have expanded it into a full-service catering company with 33 full-time employees and 80 part-time and seasonal workers. We take great pride in what we do.

In order for small businesses to thrive in the 21st Century marketplace, we need access to capital to start and grow our businesses, vibrant local economies which create strong and sustainable consumer demand, and a resilient workforce. Today, I will focus on what Washington can do to ensure these basic vital conditions are met so new and current entrepreneurs like me, can succeed.

CAPITAL ACCESS

Small businesses play a crucial role in local and national economic growth, and are important engines of job creation. We are responsible for nearly half, 49 percent, of all private-sector employment, and 63 percent of new private sector job growth.¹ Despite this critical role, many small business owners face challenges accessing capital to start and expand their businesses. The share of total bank loans going to small business decreased from 50 percent in 1995, to 30 percent in 2012. Since the financial crisis, small business bank loans have decreased by 20 percent, while loans to larger businesses have increased over the same period.² According to a study by the Federal Reserve Bank of Atlanta, nearly half of small businesses owners, 44 percent, had issues in accessing credit.³

We believe the numbers are much higher, but there is no requirement to collect data on credit applications and terms. Public information on the availability of credit to small businesses is inconsistent and incomplete⁴ and robust data is needed to provide a complete and accurate picture of the small business lending marketplace.

Just as the Community Reinvestment Act needed HMDA (the Home Mortgage Disclosure Act) to reveal the roadblocks in home ownership for people of color, similar data is needed for small businesses. This will help build vibrant local economies and contribute

¹ https://www.sba.gov/sites/default/files/FAQ_March_2014_0.pdf

² https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2470523

³ <https://www.frbatlanta.org/research/small-business/survey/2016/report-on-employer-firms.aspx?panel=2>

⁴ https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201705_cfpb_Key-Dimensions-Small-Business-Lending-Landscape.pdf

to national economic growth. It's critical that fair lending laws are enforced, and the data will show where enforcement is needed, because we need an economy that works for all of us, not an economy that is rigged to benefit a select few.

TAXES

The other thing that businesses like mine require from our federal government are evidence-based policies that keep overall consumer demand strong. The single most important thing I need to be successful and to create more jobs is more customers. Not tax breaks. Not fewer regulations. Customers with enough disposable income to engage my services. The health of my business is tied to a healthy economy that has money circulating in a virtuous cycle of *rising wages, consumer demand, and job creation*. Without strong consumer demand, my business cannot thrive.

The House and Senate tax bills would increase federal deficits by \$1.5 trillion over 10 years to give tax cuts to the country's wealthiest households and large, profitable corporations. Republicans will then use the higher deficits to justify trillions of dollars in cuts to Medicare, Medicaid, Social Security, education, food and rental assistance, infrastructure, and other vital services.

These deep spending cuts would cause healthcare, education, food, and housing costs to skyrocket, which would have a ripple effect on small businesses, who depend on strong local economies with plenty of consumer demand and customers. As families are forced to pay more for vital services, they will have less disposable income, meaning small business owners like me would see a decline in customers.

The cuts to vital services would also siphon trillions of dollars out of state economies. That means that states like Illinois, which are already grappling with austerity budgets, will be forced to make up the difference, steeply cutting the quality of services offered. As our state budgets contract, employment would decrease and small businesses across the country would decline. The Senate tax plan raises taxes on 87 million low and middle income families, including Main Street small business owners and their customers to pay for tax cuts for the wealthy and Big Business. According to the Joint Committee on Taxation and the Congressional Budget Office, in 2027, families earning \$40,000 to \$50,000 would pay a combined \$5.3 billion more in taxes, while making those \$1 million or more would get a \$5.8 billion cut.⁵ This will devastate small business owners.

JOB QUALITY

Another way to increase consumer demand is by raising the federal minimum wage. Henry Ford understood the link between well-paid employees and paying customers more than a century ago when he recognized his business would only succeed if his workers earned enough to buy the care they were building, and doubled his workers' wages overnight.

⁵ <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/reconciliationrecommendationssfc.pdf>

In our local economies, that same link applies: my fairly paid employee is my neighbor's paying customer. When people in my neighborhood can't earn enough to keep up with the basics—things like buying food, obtaining school supplies and making car repairs—the entire local economy becomes unstable. That's bad for small business, and bad for the economy as a whole.

Increasing the minimum wage also reduces costly employee turnover and increases productivity. When the minimum wage goes up, small businesses can reap such benefits without being placed at a competitive disadvantage relative to large corporations, because all companies in their field are required to do the same, leveling the playing field for small businesses.

HEALTH CARE

In addition to wages, the success of my business is also tied to ensuring that my employees, my family, and I can access quality, affordable, health coverage. Hel's Kitchen began offering health care in 1992, as we felt a moral obligation to do right by the people who were making our life's work theirs as well. Employees contributed 50% in the first year, and nothing thereafter. Beginning around 2002, though, we began to experience a series of annual, often volatile, premium increases. In 2004—21%; in '05, 10%; '06, 16%; '07, 17%; and in 2008, yet another double digit increase forced us to ask long time employees to reach into their pockets once again.

Just as confounding as the premium swings themselves was the source of their unpredictability. For example, we had a dishwasher, great at his job, but he suffered from a malady that required kidney dialysis. When I met with my insurance broker to discuss the steep rise in premium for the upcoming year, he quietly acknowledged the spike was primarily due to the illness of that one single employee.

The ACA has helped stabilize these costs as insurers can no longer underwrite based on health status, and must adhere to minimum medical loss ratios. This shields my business from sharp swings in premiums based on the health of one or two employees.

I see these gains in my bottom line. My company has witnessed an unprecedented slowdown in rate increases. Since the passage of the ACA, our average annual increases are a fraction of what they were before, averaging 4.6% for the past seven years. I am saving money on premiums, and can plow those savings back into business investment and job creation.

IMMIGRATION

Sensible, comprehensive immigration reform is critical for an inclusive, healthy middle class. In the 10th District of Illinois alone, there are over 172,000 immigrant residents, including 5700 entrepreneurs, paying \$1.7 billion in taxes and spending over \$4.5 billion.⁶

⁶<http://www.newamericaneconomy.org/locations/illinois/illinois-district-10/>

Since 2012, the Deferred Action of Childhood Arrivals (DACA) initiative has provided 800,000 immigrant youth with temporary protection from deportation and renewable work permits. The small business community in particular has benefited from the contributions of DACA recipients, and work authorization has enabled young immigrants to become small business owners and employees, and higher wages have enabled them to become small business customers, boosting local and national economic growth.

Over, 87 percent of DACA recipients are currently employed, and many have found employment in small businesses. Small businesses thrive when they are able to hire skilled and committed employees, regardless of immigration status, and many of these employees are DACA recipients. Ending DACA would cause businesses to incur at least \$3.4 billion in turnover costs.

DACA has also had a significant positive impact on wages. The average hourly wage of recipients increased by 69 percent after receiving DACA. As DACA workers earn higher wages, they purchase more goods and services from small businesses and helping to fuel economic growth. Small businesses rely on a strong economy to provide a robust and sustainable customer base. Without DACA, U.S. gross domestic product would be reduced by \$433.4 billion over the following 10 years.⁷

There is no question that ending DACA will destroy lives and tear apart families and communities, but it would also devastate the national economy and small businesses. DACA recipients are small business owners, small business employees and small business customers. On behalf of the thousands of Main Street small business owners we represent, we urge you to pass the Dream Act into law, ensuring legal protections for 800,000 young immigrants.

In closing, I believe the role of Washington is to create the basic market conditions that allow small businesses like mine to thrive and compete on a level playing field with our larger competitors. We cannot continue to be the job creators and innovators that America needs us to be without these basic conditions.

Access to capital, Affordable, quality, health care; policies that fuel a strong middle class and a strong workforce—this is the recipe for small business success.

Thank you again for the opportunity to testify. I look forward to your questions.

⁷ <https://www.americanprogress.org/issues/immigration/news/2017/01/09/296125/ending-daca-will-cost-states-billions-of-dollars/>

Testimony by Cheryl Besenjak
on behalf of
Growing Healthy People NFP and Grow Well Farms LLC
December 11, 2017



GROWING
HEALTHY
PEOPLE

Grow
Well 
Farms

Good morning and thank you for the opportunity to speak this morning about my entrepreneurial experiences at the field event, “Bridging the Entrepreneurial Gap: Addressing Barriers to Small Business Formation and Growth.” I hope what I and the others on the panel share and discuss will be a benefit to the committee and future entrepreneurs.

My name is Cheryl Besenjak and I am currently the Executive Director of Growing Healthy People NFP (an Illinois not-for-profit

corporation) and a managing partner of the for-profit enterprise Grow Well Farms LLC.

I have always had an entrepreneurial spirit—asking questions like what if, why not and how can I find a way to meet a particular need? For example, in 1990 when I decided to leave my job in educational publishing to stay home to raise my newborn daughter, I sent out 40 resumes outlining my experience and offering my services as a copyright and permissions consultant to publishers around the country. From this one mailing, The Permissions Group (TPG) was launched. Started around my dining room table, TPG met a need for publishers. Quickly I started adding “staff”, mostly stay-at-home moms who wanted to work while their children were in school. This met another need in the workforce. I am proud to say that TPG is still serving publishers today. And one of my first staff members bought TPG in 2005 when I wanted to move on to other ventures.

Fast forward to 2013. For nearly a decade I had been developing my latest passion—growing food for those in need, installing gardens around the food desert in south Waukegan and teaching students of all ages how to grow food. I was thrilled to bring harvests to food pantries and a free farmers market in Waukegan. And I loved sharing my passion with others. I thought a natural next step was to find ways to create jobs. When I read an article titled “A Battle Worth Fighting” in one of my favorite magazines, *Organic Gardening*. I knew I had found my next calling. The article explained that according to the USDA there was a need for a million new farmers over the next ten years as our country’s farmers were aging out. Then it said that veterans returning from war could be the answer—they had the skills and desire for a new mission and creating food could be healing for those who have seen and experienced death and destruction. I am a Vietnam Era Air Force veteran and I love to grow food and I want to grow farmers. Seemed like a perfect match. The author of the article Dulanie Ellis was also the producer of the award-winning documentary—*Ground Operations: Battlefields to Farmfields*. Several of us involved in the Waukegan project decided to see what we could do with this new mission and Growing Healthy People NFP was launched. One of the new members of our group was Kevin Westing, a remodeler/construction guy with knowledge of plants and gardening and a passion for raising fish. It wasn’t long before Kevin and I became Growing Healthy People and then started our partnership, Grow Well Farms.

Kevin and I were particularly interested in indoor farming—growing year round, using alternative growing methods like hydroponics and aquaponics which combines hydroponics with aquaculture, the raising of fish.

Both entities have had their challenges. Naively we thought it would be easy to find grant money to help veterans. But as with any venture—be it not-for-profit or for-profit—a track record is needed. Enthusiasm and expertise alone is not enough to get funding. Self-funding and a few family loans were the path we chose. There were many times along the way we wanted to call it quits.

Challenges—for every entrepreneur the biggest challenges are funding, space, time and help. In the case of TPG I was able to start in my home and work around my daughter's schedule. I did take out a small loan from my parents to pay for equipment and start-up costs. With Growing Healthy People and Grow Well Farms, it hasn't been as simple. We needed a space to create into an indoor farm and where the public could come visit and see the possibilities for year round food production which would provide healthy food and jobs in the local food industry.

We rented a 1600 square foot space in Grayslake, but quickly found that the rent and utilities were more than our founding not-for-profit could afford and quickly ran out of our start-up funding we had secured. Kevin and I then formed Grow Well Farms LLC and started growing microgreens to sell to restaurants and at farmers markets to generate sales/income.

We have found creative ways to grow our not-for-profit and business—networking, using social media and through collaboration. Making connections and always accepting every opportunity to share our vision and missions have been key. For example—An Executive MBA team from Loyola University wrote a business plan for Grow Well Farms' microgreen business as their final project. An Eagle Scout contacted Growing Healthy People to see if there was a project he could do for veterans. Kevin taught him how to build aquaponics systems out of IBC totes. Scouts under this leadership built three systems for us. Through this relationship, we found a home for the systems and Grow Well Farms' business in a greenhouse at the Lake Forest Country Day School which we lease for 3 years for \$1. In exchange, we offer educational opportunities to their students and grow healthy microgreens for their snack program.

This year we have been awarded a significant grant from the Abbott Fund to build a nutrition hub in two greenhouses they previously donated to two middle schools in Waukegan and North Chicago. We installed aquaponics, aeroponic towers and hydroponics systems. It is exciting to see the students who may eat a can of frosting for breakfast or dumpster dive for meals, now eating nutritious organic microgreens grown in their new systems or growing lettuces to donate to food pantries or community houses in their neighborhood all while learning technologies and how to grow food.

We have just been awarded a grant from the Grainger Foundation to refurbish a greenhouse at Bowen Park in Waukegan. This greenhouse will be turned into an Urban Ag Lab with the Waukegan Parks and Recreation team programming classes around growing and cooking healthy food.

We also received a grant from the Liberty Prairie Foundation to fund a veteran intern for 120 hours @ \$15 who we hope to hire for the Bowen Park project.

In addition, Grow Well Farms is partnering with JAMEKS Farm in Wadsworth for a 2018 SARE (Sustainable Agriculture Research and Education) Farmer/Rancher Grant to develop two quackaponics systems—using pond water from JAMEKS Farm

ducks to create nutrients to grow produce using the same technology as aquaponics.

It is all a start and this year Kevin and I have actually received some income for all the many hours we have put in to Growing Healthy People and Grow Well Farms.

The future? Kevin and I believe in urban agriculture and that growing food using alternative growing methods is the future. Healthy, local food can be grown almost anywhere and urban agriculture is a multi-million dollar industry. Jobs can be created in food production. For Growing Healthy People we would like to add greenhouse projects and continue to grow Grow Well Farms. We want to find ways to train veterans on local food production and alternative growing methods. We believe there are other collaborations we can develop. We would like to find a space where we can create a headquarters and educational center. We know there are old buildings or warehouses available in low income areas that could be used for this purpose. We want to find a way make this happen—whether through partnerships, grants or loans. Additionally, we are looking for a place to set up a greenhouse I purchased with a \$5,000 grant I was awarded from the Farmer Veteran Coalition. We have been trying to locate a place to set this up and while we have gotten close—beit at a school or other property—thus far we have not found the location.

When I accepted the opportunity to be a part of his field event, I was asked to think about ways Congress could help entrepreneurs. I have looked at the Small Business Administration website and found it to be a great resource for entrepreneurs. I know there are opportunities through the USDA. Why haven't I pursued opportunities? The only reason I can think of is that I thought I wouldn't qualify for any loans or grants. When you are starting out, you may not have income to support a loan. Interestingly, I made sure that I owned 51% of my business entities so they would qualify as both woman-owned and veteran-owned—just in case I would go for a loan. In addition, I suspect that government agencies like the SBA and USDA seem too large, too intimidating for an entrepreneur to navigate. Perhaps these are my own misconceptions. That is one reason I am delighted to be here for this conversation. I'm interested to share my experiences, hear from others and find ways for entrepreneurs to tap into governmental opportunities that exist or can be developed to spur on small business. Thank you again for the opportunity to be here today.

