

SUPPORTING AMERICA'S STARTUPS: REVIEW OF SBA ENTREPRENEURIAL DEVELOPMENT PRO- GRAMS

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WEDNESDAY, FEBRUARY 27, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,

Washington, DC.

The Committee met, pursuant to call, at 11:08 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Kim, Davids, Golden, Crow, Veasey, Evans, Schneider, Espaillat, Delgado, Houlahan, Chabot, Balderson, Hern, Stauber, Spano, and Joyce.

Chairwoman VELAZQUEZ. Good morning. The committee will come to order.

It is a pleasure to have all of you testifying before our committee this morning. I applaud you for your leadership on behalf of America's small businesses.

America's 30 million small businesses are the cornerstones of our communities. When a Main Street business succeeds, not only do hard-earned dollars get reinvested back into our neighborhoods, we also see robust job creation and innovation.

But we all know that launching a small business is no task for the faint of heart. When it comes to turning a great idea into a thriving business, unfortunately, many entrepreneurs face a series of challenges.

To break down these barriers, the SBA fosters a robust entrepreneurial ecosystem, one that offers free or low-cost counseling and training to entrepreneurs across the country. Whether it is helping to create a business plan, navigate the procurement process, market a new product, or identify trade opportunities, the SBA, through its resource partners, offers a wide range of services to help small businesses succeed.

The SBA relies on four main partners to deliver these services—Small Business Development Centers, or SBDCs; Women's Business Centers, or WBCs; SCORE; and Veterans Business Outreach Centers, or VBOCs. Today, we are fortunate to be joined by their leaders.

Entrepreneurial development initiatives are proven to be a great return on investment. Studies have shown that aspiring entrepreneurs and small business owners who receive counseling and training are able to increase sales and create more jobs. They are

even proven to be more viable in the long term with those receiving 3 or more hours of counseling having higher 1-year survival rates.

Every year, SBA's resource partners assist more than one million entrepreneurs, creating roughly 80,000 jobs. And for every dollar invested between 2012 and 2017, SBDCs returned \$5 in revenues to federal and state governments.

But, behind these numbers are very real experiences of hard-working entrepreneurs. Let me share with you the story of DogSpot, a woman-owned small business in Brooklyn, New York.

Chelsea Brownridge was reluctant to take her high-energy terrier for a walk when she ran errands in Brooklyn. Realizing that other dog owners must face similar challenges, Chelsea got to work on developing a state-of-the-art doghouse for pet owners to safely and comfortably house their pets while shopping.

For advice and assistance, Chelsea turned to the Brooklyn Small Business Development Center, which helped her secure \$3.2 million in capital and hire 10 employees. Now, she is preparing to expand DogSpot to more cities nationwide.

At today's hearing, I hope to hear similar success stories. However, I am also eager to learn more about what must be improved.

While I commend each one of you for collectively serving over a million entrepreneurs per year, there are still more than 28 million small businesses that are not utilizing these services. Today, I would like to learn what more can be done to raise awareness for SBA counseling and training programs to ensure we are reaching as many entrepreneurs as possible. I also have concerns over the administration's past proposals to significantly reduce funding for these programs. Fortunately, there was a bicameral, bipartisan push this year to restore the proposed cuts. Providing robust levels of funding for these programs is essential to their success.

Having said that, we must also ensure that taxpayer resources are being used wisely and to the maximum effect. That is why this committee has long pushed for clearer metrics and accountability. I would also like to hear our panelists thoughts on ways we can better measure the results of these valuable counseling and training programs.

Small businesses are the backbone of the American economy, and we should provide our entrepreneurs with the critical resources they need to succeed. I am eager to hear ideas today on how we can improve SBA's entrepreneurial development programs and better serve America's innovators.

With that, I thank each of the witnesses for joining us today and look forward to your testimony.

I would now like to yield to the Ranking Member, Mr. Chabot, for his opening statement.

Mr. CHABOT. Thank you, Madam Chairwoman. And I apologize for running a little bit late there. I was in Foreign Affairs and our former Secretary of State, Madeline Albright, and I was the next questioner and I had been there an hour, so again, I apologize for anything, my phone going off.

Time and again, this Committee has lauded the importance of small businesses to the American economy. The impact that over 30 million small firms has on our nation simply cannot be overestimated. Given the vital nature of small businesses providing re-

sources that help entrepreneurs and small business owners succeed must be a priority. The Small Business Administration's, or SBA's, Entrepreneurial Development programs provide those important resources.

The SBA Entrepreneurial Development programs include Small Business Development Centers, or SBDCs; the Service Corps of Retired Executives, or SCORE; Women's Business Centers, or WBCs; and Veterans Business Outreach Centers, or VBOCs.

These programs provide small business owners and entrepreneurs with technical and managerial training related to creating, running, and scaling a small business. While collectively these programs have provided business training and counseling to more than 1.5 million individuals in Fiscal Year 2017, each SBA Entrepreneurial Development Program is tasked with offering a unique and tailored curriculum.

The SBDC program is the largest and highest funded Entrepreneurial Development Program, with nearly 1,000 locations all across this country, and provides a broad range of business counseling and training aimed at meeting the needs of both startup entrepreneurs and existing small business owners.

While SBDCs focus on counseling and training, SCORE is tasked with providing mentorship. With roughly 800 locations nationally and over 11,000 volunteer mentors, SCORE seeks to pair entrepreneurs or business owners with a SCORE mentor who can offer specific and tailored business guidance.

The WBC program provides business training and counseling specifically tailored to meet the needs of women entrepreneurs, often proving long-term training courses on nights and weekends at their 100 plus locations.

Finally, VBOCs are responsible for providing entrepreneurial resources and transition assistance to our nation's veterans through both 20 center locations and other military locations throughout the country.

Each of these Entrepreneurial Development programs plays a specific role in ensuring that our nation's small business owners have the resources they need to be successful.

Today's hearing will allow us to the opportunity to learn more about these programs and how they serve America's entrepreneurs, while allowing us to ask appropriate questions, what is working and what needs to be improved within these programs.

I look forward to hearing from our witnesses and having a productive conversation.

And again, I thank you, Madam Chairwoman, and I yield back. Chairwoman VELAZQUEZ. The gentleman yields back.

And if committee members have an opening statement prepared, we would ask that they be submitted for the record.

I would like to take a minute to explain the timing rules. Each witness gets 5 minutes to testify and the members get 5 minutes for questioning. There is a lighting system to assist you. The green light will be on when you begin, and the yellow light comes on when you have 1 minute remaining. The red light comes on when you are out of time, and we ask that you stay within the timeframe to the best of your ability.

I would now like to introduce our witnesses.

Our first witness is Mr. Charles “ Tee” Rowe. Mr. “ Tee” Rowe is the president and CEO of America’s SBDC, the association representing Small Business Development Centers. He joined America’s SBDC in 2009 after serving at the Small Business Administration, first as the Assistant General Counsel for Legislation and Regulation, and then as the Associate Administrator for Congressional Administrative Affairs. Prior to that Mr. Rowe was a Counsel here at the House Small Business Committee for 6 years, as always welcome.

Our second witness is Ms. Corinne Hodges. Ms. Hodges is the CEO of the Association of Women’s Business Centers. Prior to joining the association in January 2019, Ms. Hodges led the public relations team for Kia Motors Manufacturing in Georgia. She is also an experienced small business owner. Ms. Hodges helped at her mother’s woman-owned trucking company in Michigan, and also ran her own advertising and public relations agency. Welcome.

Our third witness today is Mr. Kenneth Yancey. Mr. Yancey is the Chief Executive Officer at SCORE where he has led the nation’s largest network of volunteer expert business mentors for more than 25 years. Before taking the leadership position at SCORE, Mr. Yancey was the Executive Director of the National Business Association. Recognized as one of the leading experts on small business, Mr. Yancey is a frequent contributor of many radio and television shows on the topics of entrepreneurship, small business trends, and volunteerism. Welcome.

And now I will yield to the Ranking Member, Mr. Chabot, to introduce our final witness.

Mr. CHABOT. Thank you, Madam Chair.

I would like to introduce today’s final witness, Ms. Cherylynn Sagester. Am I pronouncing that correctly? Thank you. Ms. Sagester serves as the Director of the Veterans Business Outreach Center at Old Dominion University. The Old Dominion VBOC provides eligible veterans from Virginia, Delaware, Pennsylvania, and West Virginia with entrepreneurial training and counseling as a part of the University’s Institute for Innovation and Entrepreneurship. Prior to joining the Old Dominion VBOC, Ms. Sagester had roughly 2 decades of experience in business and economic development within both the public, private, and nonprofit sectors, and we thank you for joining us this morning.

I yield back.

Chairwoman VELÁZQUEZ. And now we recognize Mr. Rowe for 5 minutes.

STATEMENTS OF CHARLES ROWE, PRESIDENT AND CEO, AMERICA’S SMALL BUSINESS DEVELOPMENT CENTERS; CORINNE HODGES, CEO, ASSOCIATION OF WOMEN’S BUSINESS CENTERS; KEN YANCEY, CEO, SCORE ASSOCIATION; CHERYLYNN SAGESTER, VETERANS BUSINESS OUTREACH CENTER PROGRAM DIRECTOR, OLD DOMINION UNIVERSITY

STATEMENT OF CHARLES ROWE

Mr. ROWE. Thank you, Chairwoman Velázquez, Ranking Member Chabot, members of the Committee. Thank you for inviting me

to testify on behalf of America's Small Business Development Centers.

For 40 years, SBDCs have been providing services to small business owners, focusing on one-on-one advising to improve their businesses.

As Mr. Chabot said, we have a network of over 975 locations with 4,000 dedicated professionals who assist hundreds of thousands of small businesses nationwide.

We operate primarily through colleges and universities, and the SBDC hosts manage the networks and subcenters and provide matching funds.

We serve small businesses at all stages. The mix is about 60/40, 60 percent existing, 40 percent startup. Forty-five percent of our clients are women, 10 percent are veterans, 33 percent are minorities. And yearly, we provide over 1.5 million hours of counseling and training to over 500,000 small businesses.

From 2012 to 2018, SBDCs helped their clients obtain over \$30 billion in capital, increase sales by \$40 billion, and create over 538,000 jobs.

Our services tend to be a little more in-depth and varied, so what I would like to highlight is some of the services, but more particularly, how we focus on them.

Every SBDC undergoes accreditation, a week-long examination with a rigorous self-study, interviews, and written reports. The process is based on the NIST/Malcolm Baldrige quality standards.

A key component is the needs assessment. The SBDC focuses on the client's needs locally and the local economy, ensuring service relevance. As a result, SBDCs offer both specialized services and general business assistance.

For veterans, we prioritize assistance. We have specialized programs in states with large veteran populations to assist with pre and post deployment needs, and as well, we participate in Boots to Business and other transition assistance programs.

Our outreach to underserved communities is also a significant priority. Our members support targeted outreach, covering everything from MB certification to business quarter revitalization.

And we are mandated to cover entire states, so our initiatives reach rural needs as well. Our Texas SBDC hosts an annual rural conference, and our Alabama SBDC has a real strong collaboration with USDA.

And we have over 500 certified export assistance counselors partnering with the Census Bureau to provide export training, and in many states the SBDC is a key component of the state's export program.

And we are integral in disaster response and often the first on the scene to set up business recovery centers with FEMA and SBA. In Florida, for example, SBDC is a primary disaster responder for the state.

We also 3 years ago started offering cybersecurity training. Small business owners lacked information and skills, so SBDCs developed assessment tools, training programs, and enhanced their cyber skills and ensured that small contractors are current on Federal cybersecurity requirements.

And along the lines of procurement, 29 of the 94 PTACs are supported by SBDCs, offering in-depth assistance to small businesses navigating Federal procurement. Other SBDCs offer more introductory courses on contracting and help with certifications.

Recently, we began collecting new SBA metrics. This year will be a baseline year, and our hope is that this will be a larger discussion on best ways to help small business.

America's SBDCs do not believe in a one size fits all approach. Our networks have different resources and needs, and what we want to be sure is that the focus is on measures that reflect small business success.

I just want to sum up here and say I talked about all the things we do, but the most important thing we do is work with all of our colleagues here at the table and the PTACs. We refer clients back and forth regularly because none of us can be all things to all small businesses.

And with that in mind, I am just finally going to say we strongly support the idea of reauthorizing the Entrepreneurial Development Programs. I, in my written testimony, outlined a number of areas for consideration and I look forward to your questions on that. I think it is time for a full conversation on the services and all of our commitments.

Thank you very much.

Chairwoman VELAZQUEZ. Thank you, Mr. Rowe.

And now, Ms. Hodges, you are recognized for 5 minutes.

STATEMENT OF CORINNE HODGES

Ms. HODGES. Chairwoman Velázquez, Ranking Member Chabot, and distinguished members of the Committee, good morning, and thank you so much for convening today's hearing.

My name is Corinne Hodges, and I serve as the CEO of the Association of Women's Business Centers.

Our organization supports the network of WBCs by providing programming and advocacy to improve services to women entrepreneurs. I am honored to be here today, and I am joined by our board who is behind me.

The WBC program is a public-private partnership with over 30 years of success in providing long-term training, counseling, mentoring, and access to capital to women entrepreneurs across the country.

What began as four demonstration sites in 1988 is now a network of 114 centers with more than 150 locations nationwide. In no small part, thanks to this Committee for your effort there and support. In that time, WBCs have served more than 2 million women entrepreneurs leading to the creation and expansion of tens of thousands of new businesses and jobs.

In Fiscal Year 2017, we reached 148,000 entrepreneurs, ranging from startups seeking capital to established businesses exploring new markets. Each year we help to secure hundreds of millions of dollars in financing, assisting in winning government and corporate contracts, and support the hiring of thousands of new employees.

According to the SBA's 2015 report, the most recently released, 96 percent of WBC clients reported revenue growth totaling a stag-

gering \$658 million. This led to one in 10 businesses hiring at least one new employee, creating nearly 25,000 jobs.

WBCs also play a significant role in fueling the growth of minority-owned businesses. Forty-five percent of clients in 2016 were minorities, which required many centers to adapt. Today, 64 percent of WBCs provide programming in two or more languages, and nationally services are provided in more than 35 languages.

Each WBC is unique, designing program and delivery models with their communities in mind. At the Brooklyn Women's Business Center where fashion and beauty knowledge was in demand, counselors created training to meet the needs within that industry. They brought in beauty experts, celebrity stylists, and even intellectual property attorneys to help protect their clients' creations. They now plan to purchase sewing machines and offer classes on site for those interested in creating fashion prototypes or textile manufacturing.

Our services are distinctly different from other resource partners due in large part to the unique challenges facing women business owners. Our clients consistently say they come to WBCs not just for business education and consulting, but for supportive environment that helps build self-efficacy through addressing four critical issues—competence, confidence, capital, and connection. The result is real economic impact felt by the client and their community.

Janay Brower, a WBC client in Michigan, owns an upcycling manufacturing company called Public Thread. It was with the support of other business women that she moved this business out of her kitchen and into a commercial manufacturing space. As she puts it, women are uniquely positioned to see the long-term benefits to communities rather than just the short-term financial goals.

Evaluation data from WBC programs indicate that women like Janay who receive business assistance from their programs build larger businesses, create more jobs, and have significantly higher survivor rates than the national average.

Women's Economic Ventures in California boasts an 80 percent survival rate after 5 years for its clients, far above the national average of 50 percent. Moreover, more than 40 percent of their clients have employees compared to the national average of only 12 percent of all woman-owned firms.

In Chicago, the Women's Business Development Center created the Developing Your Childcare business course, professionalizing dozens of home-based businesses in low-income communities.

Finally, and perhaps most critically, the WBC program has proven to be a good investment of taxpayer dollars. Private sector fundraising enhanced by the visibility of the SBA partnership helps to match Federal dollars more than three to one. For every one Federal dollar invested in the program, the WBC program returns \$46 to the economy.

And yet, we are not realizing our full potential. We need policymakers to strengthen and modernize the WBC program, expanding our proven impact to communities across the country. We urge Congress to raise a 30-year-old arbitrary cap that prevents our best centers from expanding and remove outdated requirements that divert resources from counseling to back office bureaucracy. A key in-

efficiency that comes to mind actually provides a disincentive for centers to raise additional nonfederal funds.

The upward trajectory of the program is also deserving of more Federal funding. Ensuring adequate resources is a key component to continuing the growth of the WBC program and women's entrepreneurship more broadly.

Unfortunately, resources for the program have not grown in parallel to the more than 50 percent increase in centers over the last 15 years, so we urge congressional action to improve data collection in order to quantify just how much growth is happening.

The challenges facing women entrepreneurs persist as must the commitment of Congress to advancing these priorities.

Thank you for the opportunity to testify, and I am open to your questions.

Chairwoman VELÁZQUEZ. Thank you, Ms. Hodges.

And now, Mr. Yancey, you are recognized for 5 minutes.

STATEMENT OF KEN YANCEY

Mr. YANCEY. Chairman Velázquez, Ranking Member Chabot, members of the Committee, my name is Ken Yancey, and I am the CEO at SCORE. Thank you for the opportunity to offer testimony to the Committee regarding SCORE's programs, services, and plans for the future. We appreciate being on the witness panel with our friends and partners from the SBDC, Women's Business Centers, and the VBOCs, and we also want to thank our founding partner, who 55 years ago established our organization and continues to be that primary partner, the SBA.

Fiscal Year 2018 was another effective year for SCORE as measured by client volume, impact, and client engagement. In Fiscal Year 2018, SCORE helped clients to create more than 32,000 new small businesses, and 136,000 total jobs. Our cost to create a job is \$81. The cost to create a business is \$340.

This efficiency in creating jobs and businesses provides a tremendous return on all Federal dollars invested in SCORE. In Fiscal Year 2018 alone, SCORE clients returned an estimated \$47 in new tax revenue to the Federal treasury for every dollar appropriated to SCORE.

Through an annual survey completed by PricewaterhouseCoopers, SCORE has measured client engagement for nearly a decade. In Fiscal Year 2018, SCORE client engagement, a measure similar to client satisfaction, was 4.29 on a 5-point scale, a significant increase from the previous year.

We are proud of the work our volunteers do with clients, and this improvement continues to show that our volunteer onboarding, certification, and training do work.

Last year, we began the implementation of SCORE's Vision 2025, a futures initiative intended to ensure our relevancy for the next 50 years. Vision 2025 guides decision and organizational development within SCORE.

As an organization, we must continue our ongoing cultural transformation by operating with a one SCORE mindset in which headquarters, chapters, volunteers, and the SCORE foundation work together to achieve the goals of increased focus on clients, quality, accountability, and growth.

Examples of our one SCORE approach include the standardization of all chapter websites resulting in greater web traffic, consistent messaging and branding, and increased client services.

SCORE is developing a new salesforce-based CRM system that will be deployed in Fiscal Year 2020. The system will make it easier for both volunteers and clients to do business with SCORE, and it is mobile friendly, allowing both to engage with SCORE via their handheld device.

SCORE has centralized social media in 270 chapters. Participating chapters saw an 8.9 percent increase in services, triple that of nonpilot chapters.

SCORE is centralizing all accounting and finance systems nationwide. Centralizing accounting functions will reduce the administrative burden at the chapter level, allowing our leaders to focus more on client needs. It also allows chapters to continue to have control over their funds, and importantly, reduces risk at the organizational level.

SCORE standardized volunteer onboarding and volunteer training, resulting in greater consistency of services, improved quality, and greater client impact.

One of SCORE's most important initiatives is diversity and inclusion. SCORE is committed to improving the diversity of both clients and volunteers and ensuring that SCORE is intentionally inclusive at every level of the organization. In 2017, a National Inclusion Task Force was formed to drive strategic cultural change throughout SCORE. By year's end, all volunteer leaders have been trained in sessions across the country and online inclusivity training is now mandatory annually for all of our volunteers.

We have improved from 22 percent women and minority volunteers in 2012 to 31 percent in 2018. Client diversity has improved as well. This, however, is not good enough. We continue to aggressively address these challenges. Our goal is to effectively serve all people with respect, dignity, and professionalism regardless of their adjective.

To help SCORE achieve its goal to better serve its goals our clients and achieve all that our volunteers are capable of, we respectfully request an authorization and appropriation of \$13.5 million in Fiscal Year 2020. We also request a 3-year authorization of \$13.5 million in 2020, \$13.5 million in 2021, and \$15.5 million in 2022. I would also encourage the Committee to support and invest in the other resource partners who are here who are part of the entrepreneurial fabric of all communities where we serve and outstanding partners in those communities as well.

Thank you very much for the opportunity to testify today, and I look forward to any questions.

Chairwoman VELÁZQUEZ. Thank you.

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

STATEMENT OF CHERYLYNN SAGESTER

Ms. SAGESTER. Good morning. And I want to thank Chairwoman Velázquez, and Ranking Member, Mr. Chabot, for this opportunity to speak before you this morning, as well as I am honored to join our other major resource partners that serve small businesses in our country.

There is no better time to be a startup entrepreneur in the U.S. than at this moment. The financial conditions are certainly favorable, as well as the economic outlook for the future; not to mention the traditional negative and/or skeptical mindset regarding entrepreneurship is a thing of the past. Entrepreneurship is currently thought of not only in a positive light, but is considered the “thing to do,” especially if you are a millennial or a veteran. And if that is the case, it is thought of as the way to achieve autonomy, success, and independent wealth.

Furthermore, research conducted after each major war since post-WWII tells us veteran entrepreneurship significantly increases after each major war, and the Iraq and Afghanistan war is no different. Research has also shown veterans make the best entrepreneurs, as they acquire skills and character that are conducive to what is required for entrepreneurial success. An example of those character traits are as follows: we have an excellent work ethic, we have a sound understanding of the need for a plan and the necessity to follow the plan, veterans are risk-adverse, and failure is not an option, among other traits. In addition, these new veterans are the most educated and technologically advanced service members than any before them. When considering this, combined with the previously mentioned character traits gained by military service, you have a sector of the population that is prime for taking on entrepreneurship and thereby, control over their future.

On the other hand, startups have many challenges, as any form of entrepreneurship does. In particular, a startup is immediately challenged when it comes to startup capital. A startup is like any small business. Funding is the biggest obstacle to confront, along with lack of experience or knowledge as an entrepreneur. With that said, the following statistics provide validity to what is observed in the startup and entrepreneurial community. Approximately 50 percent of small businesses fail in the first 4 years, with the leading cause being incompetence and lack of managerial experience at 30 percent, and 82 percent of the businesses fail due to cash flow deficiency.

As the U.S. Small Business Administration’s Office of Veterans Business Development, we are a premier entrepreneurial development program. As the Veteran Business Outreach Centers located across the U.S., and there are 22 of us, with each center responsible for a geographic region that covers multiple states. For example, the center that I oversee as the director of Region III includes the states of Virginia and West Virginia. We are located at Old Dominion University Veterans Business Outreach Center, as part of the university’s Institute for Innovation and Entrepreneurship. This center is located approximately 5.2 miles from the Naval Station Norfolk, the largest naval base in the world, who transitions out over 10,000 sailors each year, and for the last 6 years it has done this and continues to do so as our estimates show.

With the last few minutes of my time I would like to focus on the three requirements that we have as VBOCs. Number one is military transition. And that includes military spouses as well. And a part of that military transition program is one of the best known entrepreneurial programs I have ever seen in my career, and that is a program called Boots to Business. Boots to Business is a 2-day

intense introduction to entrepreneurship that our transitioning service members go through. It is delivered on an installation of which they are transitioning out, and it is one of three tracks that they are given.

I look forward to the opportunity to speak more about Boots to Business. I look forward to the opportunity to talk about military spouses, as well as economic disadvantaged areas of the states that we cover and how it is that we are able to achieve our requirements. Military transition outreach and other trainings, as well as business counseling, which is the magic. That is where the magic happens.

And I thank this Committee and all guests for this opportunity. Chairwoman VELAZQUEZ. Thank you, Ms. Sagester.

And now I will recognize myself for 5 minutes.

One of my top priorities for this Congress is to, of course, review and update and modernize the entrepreneurial development programs. So I am giving you this opportunity, each one of you, to tell me in your view what is working, what is working well, and what needs to be improved.

Mr. Rowe?

Mr. ROWE. I think the programs here at the table are working quite well. We try very hard to work together. We are all limited by resources, I think, at a certain level. Sometimes the biggest problem we face is kind of a lack of clear guidance. It is sort of like we are all on a team together. We have got goals set for ourselves but nobody has told us what the big goal is at the end. It is sort of like we are all there playing football but nobody is talking about the Super Bowl. And to me that is what are we trying to get to, all of us and the SBA, an endgame for small business in this country? And there is just not a clear vision.

Chairwoman VELAZQUEZ. Thank you.

Ms. Hodges?

Ms. HODGES. I would agree with Mr. Rowe. I speak for the WBC program and it does work well. Indeed, we surpass or exceed the targets that SBA sets for us so we see the program as very successful.

What is not working for us is just the outdated statute that you mentioned. Reauthorization for us means, hopefully, increased appropriations that specifically would lift the cap per center, which is a 30-year-old cap, and also allow additional funding for us to have more centers. Also, we would entertain the idea and support the idea of accreditation that would most likely be modeled after the SBDCS.

Chairwoman VELÁZQUEZ. Thank you.

Mr. Yancey?

Mr. YANCEY. I know that the SBA is working hard at all levels on additional transparency. It is good to know as Tee said who is doing what and what the end goal is. I also know that the SBA is working to update and upgrade their technological systems. That would be valuable and useful for us. We do our own measurement as you heard. It is important to us. It provides far more information than just impact. We use it to manage, and we would not want to at any point lose that opportunity to do that on our own.

Chairwoman VELAZQUEZ. Thank you.

Ms. Sagester?

Ms. SAGESTER. I can say I absolutely agree with Tee. All of us resource partners, we appreciate the value that we all bring to the small business owner and the entrepreneur and collaborate quite often. As a matter of fact, in our suite we have a VBOC, we have a Women's Business Center, and we have a PTAC, Procurement Technical Assistance Center, which we are constantly collaborating. So I think that is going really well.

I think we, personally, our center has experienced great success with also our SBA district office in Richmond for Virginia and work extremely well with the two district offices in the state of West Virginia. And not to mention, our headquarters here in D.C. with the OVBD is very supportive.

Where I would like to see some action, that would be very similar as well to my colleagues, and that is the appropriations. We are covering multi states that require extensive travel and expenses. And what keeps me awake at night, is serving those that are not in my immediate area. And so with additional appropriations and consideration for the mission that we have, that is where I think we could have a greater impact.

Chairwoman VELAZQUEZ. Thank you.

As you know, the SBA now is moving towards outcome-based measures, like unique clients served and new business starts from the output-based data. So do you believe these goals better measure the quality of services that you provide?

Tee?

Mr. ROWE. They can, but I think there are problems with all of them. If you look at new business starts, unless that is a longitudinal view, you know, more than a 1 year snapshot, you do not know whether you have created a good business or a business that is going to fail in 6 months.

Chairwoman VELAZQUEZ. So is SBA working with you in establishing these goals? What type of input, feedback are you providing, all of you?

Mr. ROWE. Well, we have had a few meetings with SBA. I would like to establish this as an ongoing collaborative effort to negotiate what our goals are nationally and individually amongst the networks because they are all changing.

Chairwoman VELAZQUEZ. Okay. So I am sorry but I would like to hear from the other centers' programs.

Ms. Hodges, what is your take on this new development?

Ms. HODGES. Sure. It is still very new, this move toward capturing the unique clients versus total clients served. That is a more fair number. It is a better number. Where we lack is in some of the access to the data collected. We are working on that, and SBA is committed to that as well and we are glad for that. We encourage all of the partners at the table, SBA, and Congress, to continue to prioritize this fact, this matter.

Chairwoman VELAZQUEZ. Mr. Yancey?

Mr. YANCEY. The information that we have been asked to collect is information we had previously collected. I am not sure that in a vacuum it tells the best story. We like to ask a question at SCORE, did SCORE help you? Seventy-seven percent of the clients say we did. You might not have started a business. We might have

helped you understand you were not quite ready and what was next, so there are metrics in value beyond just the creation of a job and the creation of a business.

Chairwoman VELÁZQUEZ. Okay. Ms. Sagester?

Ms. SAGESTER. One of the difficult metrics to acquire is how many businesses are successful and how long have they been in business. It is very difficult to get these clients to report to us. We have tried surveys, phone calls, letters, everything. Once they get off the ground and they are growing and running, they say they are too busy to get back to us. That is a metric that we need to figure out, how can we better measure the successes?

Chairwoman VELÁZQUEZ. Thank you. My time has expired and now I yield to the Ranking Member for 5 minutes.

Mr. CHABOT. Thank you, Madam Chair.

And the first question will be to all the panelists. I will start with you, Tee.

In the current economic environment, unemployment being so low, a lot of small businesses, and I hear this back in my district all the time when I tour various small businesses there, they are struggling to find qualified people. In what way does your particular program assist small businesses who are facing the problem that they just cannot find good people? And a lot of times I hear, well, they need to show up for work consistently and pass a drug test and those kind of things. And unfortunately, there are a lot of folks that that is not the case with.

So Mr. Rowe?

Mr. ROWE. Well, what most SBDCs work on is assisting the clients with managing a new workforce. But what we hear constantly from them is that there is a lack of workforce development with the exception in some of the skilled union trades. And really what they need is help developing apprenticeship programs that can help the vast majority of small businesses and service industries, et cetera, to build a workforce.

Mr. CHABOT. Okay. Thank you.

Ms. Hodges?

Ms. HODGES. Workforce development, obviously, is a critical need in the country nationwide. For any business who is suffering from the ability to attract and recruit the qualified and talented workforce that they need, they would benefit from the long-term training opportunities that we provide in our centers. It is really I think something unique in our program, the ability for us to build that relationship and provide the long-term training because these solutions are not easy and they are not quick.

Mr. CHABOT. Thank you.

Mr. Yancey?

Mr. YANCEY. Similar to our colleagues, we would bring in volunteers with HR experience, particularly in recruiting. Help clients to package their opportunity differently and maybe better than competing organizations. Talk about training that could occur for a new employee. Opportunities that could occur and help them compete better and be more prepared in a really difficult environment where there is truly a war for talent right now.

Mr. CHABOT. Thank you.

Ms. Sagester?

Ms. SAGESTER. In our area we have the VEC, the Veteran Employment Center, and we are the veteran partner for them. And so many times what happens is veterans, of course, also make great employees. They show up for work. They have a good work ethic. So we are working with the VEC and we are providing training on site. We have a new center there in Norfolk and we are providing employment training right on site. I think what we are looking at, too, across the country is we need to better train folks for the jobs that are available now, especially in the trades because we do not want to lose those.

Mr. CHABOT. Thank you very much.

Mr. Rowe, let me go to you again. Your testimony noted that SBDCs are often located at colleges and universities. Other than being located there, in other ways, what ways does the host institution and the SBDC work together other than being at the same place?

Mr. ROWE. We actually have a lot of resources from the business schools where we use the student body, the professors, to bring new management concepts out to our small business owners. Also, there is a huge science and technical component where we work with SBIR applicants regularly to help make sure that there is a broad array of small businesses accessing those R&D dollars.

Mr. CHABOT. Thank you very much.

Ms. Hodges, in your testimony you highlighted the importance of Women's Business Centers serving economically disadvantaged and underserved populations. How do your centers specifically target that demographic?

Ms. HODGES. I will not say that this is how we target the demographic, but they are best served by providing not only the counseling, the competence factor and confidence, but access to capital is so critical. In fact, I think our program represents the majority of the microenterprise lenders in the room. And this access to capital is just not available to a lot of these entrepreneurs in any other way. If it were not for these microenterprise lenders which comprise 40 percent of our centers, quite honestly, these entrepreneurs would not have access to it at all.

Mr. CHABOT. Okay. I am almost at an end, so rather than ask a question I will just tell you, Mr. Yancey, I have had an opportunity to speak at various gatherings of SCORE and meet with them on occasion, and I now you all do a tremendous amount of good for a whole lot of folks so I will just leave it there. Thank you. And I bet you agree with that.

Mr. YANCEY. Yes, sir.

Mr. CHABOT. Okay. Very good. Thank you.

I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

And now I recognize the Chairwoman of the Subcommittee on Rural Development, Agriculture Trade, and Entrepreneurship from Iowa, Ms. Finkenauer for 5 minutes.

Ms. FINKENAUER. Thank you, Madam Chair.

I really appreciate you all being here today. You all do incredible work and I am very grateful for your service and everything that you do.

So I have to tell you, so I am from Iowa, one. It is about a fourth of the state of Iowa. So we have got kind of three bigger cities and then the rest is pretty rural with some smaller towns. And despite the weather lately, my favorite thing, obviously, a part of this job is getting to go back and have my work periods and getting to meet with folks all over the district. And this last work period, so last week, I had a great opportunity to go visit University of Northern Iowa, and their business community service program, and also a small business in one of our smaller towns, Maquoketa, called Precision Metal Works. And at the university it was great to get to visit them. I have done it multiple times, but again, this was one of the first times really focusing on their business center. And they are doing a great job. I mean, they are housing the Small Business Development Center along with other programs all under one roof where you are helping small businesses, entrepreneurs, even helping governments with marketing, new business incubation, and even help with regulatory compliance.

And then Precision Metal Works, it is a great business model. They have been in Maquoketa since the 1980s, and on top of their regular business, which is helping with commercial washers, they also work a lot with some of our other folks in the state and across the country who come in and say I have a great idea for this. Can you manufacture it for me? And see what we do here. And I have been hearing great stories from what they have been able to do, but unfortunately, even though we see this in my district and it is happening, I mean, the data according to the Office of Advocacy is just showing that, you know, rural self-employment since 1988 to 2016 has fallen like 20 percent. And then on top of it we are also lacking more youth entrepreneurs as well.

So this really is to Mr. Rowe and anybody else who wants to jump in on it. I am very curious of all your takes on it. But what are some of the bigger challenges that rural entrepreneurs are facing? And then what are some of the efforts that you are taking to ensure that rural small businesses are receiving the technical assistance they require to build a robust, sustainable business? And is marketing a part of that suite? Because that was one of the things that really stuck out to me with talking to Precision Metal Works with some of the folks they are working with. They have got great products they are developing, yet the next step, that marketing part, you know, they have fallen behind on. And so, and it helps them if that small business they are helping does well. So I am trying to figure out what more can we be doing? And are we missing anything?

Mr. ROWE. Well, one of the bigger problems we see and we face with our clients in rural areas is simply a lack of broadband and a lack of internet access that really helps them. You cannot reach the world now the way you used to. You have got to be internet savvy, but you have also got to be able to get serious broadband access.

Now, SBDCs are located at colleges and universities, but they tend to be just like isolated islands of broadband. And building that infrastructure is a huge issue. And I know that my folks have talked to you about this. I have talked with Mr. Kelly about it.

That is probably a key focus for us, how can we get more broadband to our clients to get their products to the world?

Ms. FINKENAUER. Thank you.

Ms. Hodges?

Ms. HODGES. Thank you.

It is an ongoing challenge, but I think we can also, in addition to the comments Mr. Rowe made, we can be innovative. And some of our centers have done just that. For example, in Oklahoma, one of our centers bought buses outfitted with entrepreneurial labs and drove to the clients across the state. And in Nebraska, we actually do not have a brick and mortar center location; rather, those resources are used to deploy the counselors and the resources all across the state. So again, going to the rural areas to serve. And then sounding like a broken record, more resources, you know, appropriate would also help support that greater infrastructure needed.

Ms. FINKENAUER. Great. Thank you.

Mr. Yancey?

Mr. YANCEY. I do not have a lot to add. I think the broadband issue is a real challenge. Our desire is to serve communities using web-based technologies that allow us to do that, and where broadband is not available, our ability to serve without bricks and mortar is very, very limited. We do circuit rides, not exactly like buses and things, but we do try and get out. But the broadband piece is important. And it is very expensive to do that, so the funding available for that purpose would be helpful as well.

Ms. FINKENAUER. Thank you.

And Ms. Sagester, I am sorry. I know my time has expired, but thank you so much for being here, all of you. And Madam Chair, I yield back.

Chairwoman VELÁZQUEZ. The gentlelady yields back.

And now we recognize the gentleman from Ohio, Mr. Balderson, Ranking Member of the Subcommittee on Innovation and Workforce Development for 5 minutes.

Mr. BALDERSON. Thank you, Madam Chair. And thank you also to the Committee.

My dear colleague, Mr. Chabot, kind of jumped on my question for you, Mr. Rowe, but it was quite a coincidence this morning. I have gotten pretty savvy here on my phone. I even highlighted it. But I am reading the newspaper at 6:30 this morning, the Plymouth Dispatch, which is my district big newspaper, and it was a study that has been done, and this organization does it every year annually for small businesses. And 56.9 percent of the companies identified finding qualified workers as their biggest issue and their biggest challenge to doing business and finding those qualified workers. This has been the top issue for them the last 5 years during this survey. So I thought that was pretty interesting this morning for me to come across that at 6:30, 6:35, and to see this.

So my question, Mr. Rowe is, you know, as the Ranking Member on the Subcommittee for Innovation and Workforce Development, this is something I am very passionate about. Are there any ideas out there that the SBDCs and the 17:32:09xxx program, that they can give us suggestions with or any conclusion on that of what support we can do?

Mr. ROWE. Well, I have actually been privileged to be tasked to work with a working group at the Department of Labor on what they call industry recognized apprenticeship programs. And essentially what we are trying to do is find a way to formalize the apprenticeship programs in a variety of industries outside of the skilled trades, the registered apprenticeship programs that you find at DOL and expand the ability to get workforce. And I think I see my role on that as, yes, we have so many clients out there who could use this. What we need to do is develop those accredited programs to train these folks.

Mr. BALDERSON. Thank you.

Ms. Sagester, I apologize. My question to you would be my office met yesterday with a group from the American Legion and had, you know, some of the issues that they were discussing was problems that many veterans have lack of access to skilled training programs that would help them transition into the workforce.

My question is, is there anything out there more that we could do to help address this problem? You do not have to go through a whole list of things.

Ms. SAGESTER. As I had been mentioning with regard to veteran employment, we are partnering as well with, like I said, the Virginia Employment Commission. And there are many veterans who have trades to be a good small business owner. So what we are seeing a lot of and we are promoting is helping them find employment so that they can support themselves and their families and then help and assist them on the side to start preparing themselves for small business ownership. And we have got several that are in that program right now. And therefore, it helps solve some of the labor problem's and the veterans' issues, as well as their future. But as far as our center also goes, we do a lot of in-house training. A lot on business itself. You know, life skills. They have a hard time converting their military vita into a resume. It is very difficult for them and they do not even see the similarities. So we are providing support with that as well.

Mr. BALDERSON. Okay. I do want to add, and I would love to work with your organization on something like this, but in the state of Ohio, in the state legislature where I serve, we get a bill for veterans for CDL license. A veteran coming back in and having done that job in the military service and having that ability to do that and taking away a lot of the, I guess I will use the word "red tape" or bureaucracy to get that license back again, and that has been a big tap that has been filled. I should not say "big" but it has been filled a little bit. And that is something I would like to see us do at the Federal level.

Ms. SAGESTER. We had a similar program such as that at Tidewater Community College in Virginia Beach. And it works extremely well. We have the same similar program with regard to military firefighters and security officers. So it is a great transition.

Mr. BALDERSON. I look forward to working with you.

And Madam Chair, I yield back the remaining time.

Ms. SAGESTER. I would welcome the opportunity, sir.

Mr. BALDERSON. Thank you.

Chairwoman VELAZQUEZ. The gentleman yields back.

And now the gentleman from Maine, Mr. Golden, Chairman of the Subcommittee on Contracting and Infrastructure is recognized for 5 minutes.

Mr. GOLDEN. Thank you, Madam Chair.

Ms. Sagester, I think I will kind of go where it sounded like you might have been talking a little bit about something that is top of mind for you, which is how do you reach out to those people that are far away from your center. And just to give you a sense of why I share that concern with you, Virginia has an awful lot of veterans, which is a great thing. And Maine does not have as many, but when we look at the per capita statistics it is about one in 10. And that is even stronger out in rural Maine, in the district that I represent, a much higher per capita percentage. Yet, our closest center, similar to yours, is in Rhode Island, three states away. So I think we agree that more centers would be better if there were enough funding for that.

But what is the appropriate ratio in your opinion around the country?

Ms. SAGESTER. With regard to?

Mr. GOLDEN. Number of centers?

Ms. SAGESTER. Number of centers.

Mr. GOLDEN. To region or—

Ms. SAGESTER. Well, we have 22 centers as I was saying. And a great deal of where those 22 centers are located depends on what organizations apply and respond to the proposal to have a center. That is where a great of it really is if they do not—if the SBA does not receive any proposals from a certain area, then that area kind of misses out. So it is something that you could encourage in your area, is for organizations to apply when the opportunity is there on grants.gov.

But I would like to just say real quickly, with regard to the economic disadvantaged rural areas that we have, that is what keeps me awake at night. I want to make sure that all the constituents that we are responsible for have access to our resources if at all possible. So we have now been able for the last year—it took me 4 years to be able to get there—but we now offer all of our trainings are webinars. And we promote that. But the challenge we are having is getting the word out to those rural areas that this resource is available. That is one of the areas that we really, I think need to focus on is how can we better market all of our resources and all of our partners. So I am personally going to West Virginia next month, and I will be there for a week doing just that. And I am also traveling to some of our disadvantaged areas here in Virginia, such as Wise County. And we are working with the American Legion out there to do some outreach. That is very, very, very important because we cannot help them if they do not know we are here and have the information to dial in for those webinars and go to the website and listen to podcasts or so on and so forth.

Mr. GOLDEN. Thank you very much for that.

That brings me to another point which coming off district week traveling all over a very large rural area I have talked to no shortage of small business owners in the last week and in the past couple of months. And look, we often ask, you know, are you aware of these programs, each of the ones that you all run, and about

SBA in particular. And often, it is not the first thing that small business owners are thinking about in rural Maine. So I have got to put a plug in there to this Committee, let us pick up the marketing and make sure that it is out there. Obviously, Maine's region should be looking to put in an application for a center in Maine. Rhode Island is like a life's time away from rural Maine. So that is just not good enough.

And when it comes to this issue of reaching out on the internet, I mean, broadband sounds great. What we often hear people in Maine saying is we will just take faster internet because it is practically dial up in many regions.

If I could, Mr. Rowe, just a question for you. Sitting in a community recent, this issue of workforce came up. And there were many different industries sitting around the table, a lot of small business. And while they did not have necessarily all the same types of work requirements, there were some shared factors in terms of the needs that are lacking in the community and our workforce. And so we had about 20 different business owners sitting, as well as Chamber of Commerce and municipal leaders trying to get at this issue of how do we establish some kind of training program to get workers in here. What would be the proper way for them to interface with someone like SBDC? Can they come to you as a group? Can the whole community come to you and work with you?

Mr. ROWE. Sure.

Mr. GOLDEN. Okay.

Mr. ROWE. Absolutely, sir.

Mr. GOLDEN. Very good. So they do not have to pick one business to lead?

Mr. ROWE. No.

Mr. GOLDEN. They could actually reach out to you as an entire municipality?

Mr. ROWE. No. Mark Delisle at USM is our state director and I am sure he would be happy to hear from them.

Mr. GOLDEN. Thank you.

Chairwoman VELAZQUEZ. The gentleman yields back.

And now we recognize Mr. Joyce from Pennsylvania, Ranking Member of the Subcommittee on Rural Development, Agriculture, Entrepreneurship, and Trade for 5 minutes.

Mr. JOYCE. Thank you. And thank you for being here today because what you bring to us is so important.

Mr. Rowe, you talked about the lack of internet capabilities. I am from South Central Pennsylvania, from Gettysburg out to where Flight 93 went down. Even as we travel we lose our navigation systems. We know that broadband is very limited in these areas. I think that each one of you would be able to more effectively do your jobs with a better broadband system, particularly when facing rural areas. I think we recognize that as a Committee. I think that we are all aware that there could be improvements made in that.

I am going to turn this question around because I think each one of you bring a different skillset to the table. And you do have the abilities to communicate with each other.

Mr. Rowe, your group is incredible. They bring so much to my district. So when you are setting up a program, how do you interface with the other people at the table? How do you let people

know that WBC, which is so important on so many different levels, might bring a different flavor if we will use that term, a different angle to the entire equation? How do you all as a group communicate with each other? How do you present to the different communities that you address? Because you have different skillsets. You have different tools in your tool belts. We are impressed by that. How do you get that out to the people?

Mr. ROWE. Well, I wish I could say there was some, you know, uniform book that we have on this. We have got 63 networks and I cannot remember how many chapters that Ken has. It is really a very individualized thing. It is the investment that our folks make to know about the SCORE chapter in their area or the Women's Business Center or the VBOC, which hopefully is not three states away. And be able to recognize our own faults. And that is the big thing. When we do our self-assessments and our needs assessments, it is very clear we can only cover so many things. So we need to lean on each other, and it may be the SBDC in Phoenix sending someone to a SCORE counselor in Las Vegas, Nevada, because they know that there is an expert there. But it has been a very organic sort of communication system for all of us.

Mr. JOYCE. Do we need more than that? Do each one of your websites need to access each other so that someone, if they are not seeing the information that is best provided to their specific problems, that they can go back to WBC or they can go back to SCORE. Is that something that is worth considering?

Mr. ROWE. Yeah, I think it would be fabulous if within our networks we could essentially search and say, okay, we need someone who is an expert on X.

Mr. JOYCE. Military issues. And this is how you click on this tab and get to this point. That is my question for you.

Ms. Sagester, do you think that that would work as well from your side?

Ms. SAGESTER. I think it is excellent. What we are in the process of doing is adding our resource partners, their links from our website directly to theirs so that when clients or prospective clients go to our website they can also under resources just click SCORE and go straight to either the national but right now local SCORE chapters. But again, you know, we wished, just so the Committee knows, that we want a VBOC in every state. That should be our goal, absolutely, because as Tee was saying, we hope that the VBOC is not three states away. Okay? But we, also at our center, one of the other ways that we reach out and use our resource partners and collaborate, is through bringing them in as subject matter expert's (SMEs) on our trainings. SCORE is vital. SBDCs are vital. Women's Business Centers. They come in as a subject matter expert and they will teach a module or whatever, and then they have full access to that audience as well. And so then the clients start to see us not as individual silos but they have an entire team that is on their side.

Mr. JOYCE. And that entire team has to be commended. Thank you for being here today. I defer my time back.

Chairwoman VELAZQUEZ. The gentleman's time has expired.

And now I recognize Ms. Houlahan from Pennsylvania for 5 minutes.

Ms. HOULAHAN. Thank you, Madam Chairwoman. Thank you to the Committee for coming.

I am a woman. I am a veteran. I am an entrepreneur. And so I sort of fit into all of your buckets, and I really appreciate everything that you have done. I also really appreciated Mr. Yancey's testimony that talked a little bit about implementation of CRMs and ERPs. And you guys have all been talking about data and the importance of measuring and metrics.

My question is sort of turning the business back onto the business of your businesses. I appreciate that each of you are asking for different resources to be allocated to one another, but my question is has there been any form of collaboration—this gets to the person's question before me—on use of systems to make sure that when you implement something like Salesforce that you maybe have a different instance across every one of your organizations and that you are kind of using best practices and the ways that you have learned to measure your successes amongst each other. And I think that there may be an enormous amount of overlap on each of your CRMs that you could maybe benefit from if that was something that you could fold into. So that is one of my questions.

Mr. YANCEY. We have at SCORE collaborated with SBA and over the years in meetings with other resource partners to talk about what was appropriate to measure and how to measure it. We never really talked about systems that would talk to one another. When we do transmit data we are working on it being a very simple process. All of the resource partners would have access through our website to volunteers, to counselors, skills, whatever it happens to be. In terms of the CRM, that has been private only because there is data and other things. We would be happy to share what we have done, how we have done it, the architecture behind it, what we used for our initial business requirements analysis, et cetera. We will share that with the world.

Ms. HOULAHAN. I just think there would be so much synergy and so much opportunity to save money—

Mr. YANCEY. There very well may be.

Ms. HOULAHAN.—between the four organizations.

Mr. YANCEY. Very well may be.

Ms. HOULAHAN. And that is sort of my first question.

The other question is you touched a little bit on diversity and inclusion initiatives and I understand that that is really important. But are you guys as entrepreneurial kind of igniters also talking about corporate social responsibility initiatives at all? Has that become a thing that you also are talking to your entrepreneurs about?

Ms. SAGESTER. With regard to that I would say the answer is yes, but I would like to just back up a second on the previous.

Ms. HOULAHAN. Of course.

Ms. SAGESTER. The Women's Business Center uses a different database than we do. We use Neossera. And it just so happens that the PTAC also uses Neossera. However, we are all individual as Mr. Yancey was saying. We are not able to share based on client privilege—

Ms. HOULAHAN. It is more on architecture that I am asking about. It is kind of more on sort of best practices and metrics and

measures that it just seems like there has got to be a whole lot going on there where we could save resources and you guys could be collaborating on that. And maybe there is some sort of an additional initiative that might be necessary to do that.

Ms. SAGESTER. And there may be some sort of initiative that the Committee could bring to light with regard to the SBA. And maybe that is a conversation that needs to be had and there could be a way to find that out.

With regard to corporate responsibility, are you referring to, ma'am, such as social entrepreneurship?

Ms. HOULAHAN. Exactly. Exactly.

Ms. SAGESTER. Okay. I just wanted to make sure we were on the same page.

Ms. HOULAHAN. Absolutely. There is not a business that we start that we do not talk about social entrepreneurship and how important it is to the business that the business owner and the business shows that they are committed to the community at large. And we have had great success. You know, at first the entrepreneur is usually kind of like what are you really talking about? So we had that conversation. And it is also about making meaning. Guy Kawasaki said if you start a business to make money and you do not make meaning, not only will you not make meaning, you will not make money. But if you make meaning, you will make meaning and you will make money. So it has got to not always be about you. It has got to be about that community oneness.

Is there any obligation on the part of folks who access your resources that they consider that? You know, that they at least have gone through the training of it in terms of the resources that they are accessing so that they have the conversation? We are at least obliging them to sit and listen to the importance of meaning and money?

Ms. SAGESTER. Well, at this point it is left up to the individual business advisor, but my team knows that we are a center that is going to promote social entrepreneurship. And we only have two. I had a third advisor just join us on a part-time basis, but that is a very important piece of what we bring to the table. Has there been any official across the board with all the VBOCs? There has not been but you gave me a great idea so that when we have our conference this year I am happy to lead the charge and offering a training within that area.

Ms. HOULAHAN. Thank you. And I know I am out of time and I yield back to the Chairwoman. Thank you so much for your testimony.

Chairwoman VELÁZQUEZ. The gentlelady's time has expired.

And now we recognize Mr. Antonio Delgado from New York for 5 minutes.

Mr. DELGADO. Thank you, Chairwoman. Thank each and every one of you for coming. And I am sorry if my question has already been asked.

Last week for me was my first in-district work week. I spent a lot of time in my district, which is Update New York, Hudson Valley, Catskills area, actually one of the more rural districts in the country. And the district, at the town halls I came across a lot of individuals, self-employed business owners who had a lot of ques-

tions about economic growth and economic opportunity. I think we have about 24,000 self-employed individuals in New York 19. And so my question is, what can we do to help these self-employed business owners access the capital they need to expand and grow their businesses? So can you talk about any work that each of you do with community financial development institutions and small business investment companies that specifically help rural folks who are self-employed?

Ms. SAGESTER. I would like to address that by saying that education and training is one of the best areas to help them to understand their small business accounting because most of them have never had even a small business accounting class. They would not know a balance sheet from a scorecard. So, it is the education and training and the managerial training and experience that we bring to the table that helps them to see where they are and where they need to go to be able to be ready not only to launch their business, but it could be to grow. So they do not know what the five Cs are. They do not know what a bail team is. The training is really crucial. It is key, and we are constantly doing that with a program we call Business Plan Boot Camp when we help them with their market analysis and get started and prepare their plan. We also do twice a year a small business finance course, and that to me is the most vital piece, is educating these want-to-be startups as well as the entrepreneur and the small business owner that is growing.

Mr. DELGADO. Can I just ask a follow up to that? When you say that there is a lack of education or training, is this something that has been consistent through your time in this space or have you seen a drop in the level of information or one's own ability to have the knowledge base to do what you are speaking of?

Ms. SAGESTER. I would say it has been consistent.

Mr. DELGADO. Any reason why that would be the case?

Ms. SAGESTER. Well, most people do not take accounting when they are in high school or college unless they are going to be a CPA or it is required or mandatory for their program. And some people do not even know how to balance a checkbook because hardly anyone writes checks anymore. So sometimes things are just the way they are. And so we try to help them to understand basic small business accounting before they can go on and really grasp the finance piece, because there is a learning curve there with how do I go from small business accounting to actually; how does that equate to me acquiring capital and financing my own business? So it is just if they have never done it, it is just something like if you tried to teach, if you said I want you to go be a gourmet chef, but you are someone who has not even ever boiled water before how would you do that?

Mr. DELGADO. Right. I have boiled water.

Ms. SAGESTER. I have a feeling you have.

Mr. DELGADO. Just one more follow up. The Boot Camp piece. Are there pieces of the curriculum that are designed or different depending on the types of community? So whether it is a rural community versus an urban community, are there different techniques or is it all just more of a sort of basic line understanding of startup as opposed to the needs you might have for particular geographies?

Ms. SAGESTER. That is a good question by the way. There is the basic and then we, for example, we teach basic QuickBooks, but then for those that have been in business for a little while, then they have graduated up and they need training on intermediate QuickBooks. That is one example is say I am in a rural area and I have not really had much access to resources. What is going to happen is we are going to try to help bring that client up to speed. It means they are going to get more attention and handheld. We hold a lot of hands at the VBOC. So a lot more attention one-on-one, not just the general classroom setting, until we get them to where they feel comfortable in starting and launching and growing their business. So, it does vary depending on their individual needs.

Mr. DELGADO. Great. Thank you.

Chairwoman VELAZQUEZ. The gentleman——

Mr. DELGADO. I yield back my time.

Chairwoman VELAZQUEZ. Thank you. He yields back.

I would like to go into a second round of questions.

Well, I would like to share with you, and I know that you are all aware about these powerful numbers. In 2018, the State of the Woman-Owned Business Report shows how the number of woman-owned businesses went from 402,000 in 1972 to 12.3 million in 2018, and revenues increased from \$8.1 billion to \$1.8 trillion. Those are powerful numbers. And we all know that you serve close to one million businesses and we all know the return of that technical assistance. We have 29 to 30 million businesses, so there is so much potential if we could market those services and we could do better outreach. I do not know how can we tackle that because so many times people have come before our committee and said that they did not know about the existence of Women Business Development Centers or the Small Business Development Centers or Veterans Business Centers. And that question was asked before, but that is an area that we need to really think about, how can we expand our marketing tools to reach those underserved businesses that are not getting the kind of assistance that they need?

Mr. Yancey?

Mr. YANCEY. We have been very aggressive with what we have done in social media. And we had a social media audit in the last 4 or 5 months and it says that we outperform standard nonprofits by a factor of about 10. We even looked at small for-profit organizations and find that we outperform. There is a point that you get to, even in social media, where your ability to grow is dependent on your ability to invest. And the things that we need to do, we boost stories. We do buy ad words regularly. We work really hard to find partners that will carry our message for us that are active in the space. And you have seen the list. That is a really good way to do it.

Having said that, marketing campaigns are expensive, and they have to be consistent. They have to be long-term in order to create awareness that people will act on. You know, in an environment like we are in with funding like we have, it is difficult. Our goal quickly is to be 1 degree of separation from our client. So if they ask anybody in the entrepreneurship arena, how do they get help,

that person will think of SCORE. So we are working hard within that network to make sure there is awareness.

Chairwoman VELAZQUEZ. So part of the mission, for example, of the Women Business Centers is to expand into underserved communities. What are you doing about that?

Ms. HODGES. Well, I think the problem is even more dramatic than you characterized because you accounted only for the businesses that have already started. But what about the clients out there who want to start a business and do not know where to turn? And so I think it is a severe challenge. Reaching those socially and economically disadvantaged populations, it is part of our mission. And providing the services in these creative ways, crafting them specific to the communities in which they serve, help answer that question. And so each community is distinct. The way that we pull together the resources, the partners that are at the table here and others all come to bear. But I think it is worth repeating the fact that the access to capital is just a critical component.

Chairwoman VELAZQUEZ. And in terms of new centers, could you explain the process that SBA uses to determine new centers, particularly in underserved communities?

Ms. HODGES. No, Madam Chairwoman, I am not privy to their internal process to select locations. We are in conversations though about the future. I do not know what that looks like but I would hope that it would be strategic. I hope that we would not only be looking at communities where there is just a geographic absence of centers, but also where there is already service happening in a potential host organization with resources to serve. We should be able to entertain applications, I believe, for grants in those areas as well.

Chairwoman VELAZQUEZ. Mr. Rowe, any comments on that?

Mr. ROWE. Well, just to follow on to what Ken says, every year, and this year it is March 20th, we have SBDC Day and we manage to trend up on Twitter to five, which is an amazing outreach. The problem is trying to stay up there without either being incredibly offensive or something is just almost impossible for us. And so I think one of the things that would be very helpful, something I have discussed with my membership, is it would be great if SBA would invest in public service announcements regarding small business development. You know, all of these resources, I went to the, Ad Council, for the television PSAs. Sadly, the buy-in is nearly \$4 million. So that is out of reach for any of us. But collaboratively from the agency that would be a huge marketing tool.

Chairwoman VELAZQUEZ. The gentleman is recognized, Mr. Chabot, for 5 minutes.

Mr. CHABOT. Thank you, Madam Chair. I probably will not take up the whole 5 minutes, but I come around with a second question to you two folks, but not to you two folks. I said how great you were, Mr. Yancey, but let me ask you a question.

How does SCORE go about recruiting the wide variety of mentors it takes to match the unique entrepreneurs that are out there?

Mr. YANCEY. Recruiting is an activity these days that occurs not just at the chapter level but also at the national level. Our website is the number two source of new volunteers today. Our chapters look to make sure that they maintain an array of skills

at the chapter that meets the needs of the community, and today, we are very focused on our need to be more diverse and better at serving all of the communities where we are located. I think our challenge, and Ms. Velázquez has been kind enough to point it out over the years, we still need to do more to better reflect the communities that we serve from a race/ethnicity standpoint. And we are committed to that and we are working on that and we have made progress. And not good enough but we are working at it.

Mr. CHABOT. All right. Thank you very much.

And then finally, Ms. Sagester, my colleague from Ohio, Mr. Balderson got into this somewhat, but I will get a little different angle. Veterans often possess a unique skillset that they have acquired during their time in the military. In what ways do VBOCs tailor their curriculum to best utilize those skills and make sure we are able to get those veterans to either go through your program either to start up a company themselves or to become employed by one of them or to grow an existing company or whatever?

Ms. SAGESTER. Well, one of the ways, the best way that we have found to do that is that one-on-one initial assessment. We do a one-on-one initial assessment where we are looking at the service member's background. Like, what as their MOS when they were in-service. In other words, their military operation specialty. What experience do they have that is on the civilian side of their life? What experiences do they have? And then as well as like what goals they want to achieve, because we have to be able to marry where they are and what experience they have and talents to what their goal is. So that again, is part of where the magic happens is that one-on-one, face to face. We are sitting down, we are rolling our sleeves up, and we are starting from scratch and we are going to make this happen. So that assessment is crucial for that first step as to where we take the client to the second step. And Boots to Business oftentimes is the first step because they are transitioning out. And that is the first time we touch them. We call it a touch. We first meet them. And then they are invited for that assessment, the initial one-on-one and we go from there. But that is how we assess.

Mr. CHABOT. Thank you.

And I will just conclude by I had somebody in my office. This was some years back. They were from, I believe, the American Trucking Institute, and they were talking about how we had a lot of our young men and women were coming back from Afghanistan, Iraq, et cetera, and they were driving multi-ton vehicles over there but at that point the unemployment rate was not as low as it is now, so it is tougher to get jobs. And their point was that a lot of these folk were underage to get their chauffeurs driving to drive the big rigs, so we needed to do something to change it. I know we were looking into that for a long time but some of those folks, as you know, they are not necessarily just employees of a trucking company, but they can become entrepreneurs, you know, and get a loan and own one of these big rigs and go around. A lot of them are independent agents. So I think we need to take all those things into consideration.

Ms. SAGESTER. Absolutely. And those truckers make great logistician's.

Mr. CHABOT. Right.

Ms. SAGESTER. Small businesses. They really do. But you are exactly right.

Mr. CHABOT. And at that time I think they said that there was an underserved need of about 100,000 drivers all over the country so we need to do a better job to get all those folks together.

And thank again all of you. I thought this was a very good hearing. So I yield back.

Chairwoman VELÁZQUEZ. Thank you.

Let me take this opportunity to thank all of you. Your insightful information and recommendations have been very important and enlightening.

Entrepreneurship is the backbone of our nation's economy helping individuals pursue their dreams and become financially self-sufficient. SBA's counseling and training programs are critical to their success. This hearing has been very informative and your insights are valuable. As we move forward with legislation to modernize these programs, it will be important to ensure that you have the resources you need to provide the counseling and training to America's small business.

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

Without objection, so ordered.

And if there is no further business to come before the committee, we are adjourned. Thank you.

[Whereupon, at 12:36 p.m., the Committee was adjourned.]

APPENDIX

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February 27, 2019

**Opening Remarks to Small Business Committee Hearing: Supporting America's Startups:
Review of SBA Entrepreneurial Development Programs**

I would like to thank our witnesses for addressing our committee today. I look forward to hearing how each one of your organizations uniquely serve Veterans, Women & Minority entrepreneurs in my communities in Southern Minnesota.

Small businesses are the backbone of our economy supporting many local jobs. In our district, there are over 1,200 independent small businesses and I applaud these hard-working men and women entrepreneurs for starting their businesses. In my district, 51% women owned businesses have been assisted by SBDC Minnesota. But 50% of my district consist of rural areas, so I hope to learn how your organizations can assist underserved communities and farm business entrepreneurs.

I also want to encourage veterans, women & minority entrepreneurs who have great ideas and products to work with SBDC, SCORE, Women Business Center, & Veterans Outreach Centers so they can make their dream come true. One of the best indicators of a vibrant economy is the growth of small businesses.

Growing up in the small town of Truman, Minnesota, I learned to love the main street businesses where everybody seem to know your name. These businesses add to the small-town charm and are inextricably linked with the surrounding community through job creation and outreach.

I am committed to serving these main street businesses across my district to ensure that access to capital, counseling, business planning, and other resources is available regardless of your background. Whether you're a farmer, banker, engineer, or any other type of entrepreneur, we should be welcoming innovation and helping turn their dream into a business.

Thank you again for taking the time to speak with us today. I yield back.

Jim Hagedorn
Member of Congress



Testimony

of

C. E. "Tee" Rowe

President/CEO

February 27, 2019

Committee on Small Business

US House of Representatives

SBA's Entrepreneurial Development Programs

Chairwoman Velazquez, Ranking Member Chabot, Members of the Committee

Thank you for inviting me to testify today on behalf of America's SBDCs. I am the President and CEO of America's SBDC, the Association that represents the nationwide small business development center (SBDC) system.

For 40 years the SBDC network has been providing front line services to entrepreneurs and small business owners while growing and developing an infrastructure dedicated to assisting all small business owners. SBDCs focus on providing free one-on-one consulting and mentoring on how to improve, finance, market and manage their businesses. The result of our efforts, and the support of our host institutions and Congress, has been the establishment of a nationwide network of over 975 locations with over 4,000 dedicated professional counselors and business advisors that annually assist hundreds of thousands of small businesses and entrepreneurs in every state and territory representing every conceivable type of business.

How and Where SBDCs work

SBDCs operate out of host institutions, primarily colleges and universities, and they operate (with some exceptions) statewide. California and Texas are the exceptions having six and four regional networks respectively. The host institution manages the operations of its SBDC network through its sub-centers and many of those are at other colleges, community colleges and chambers of commerce. Those host institutions and their partners contribute matching funds that exceed the federal funding. Many SBDCs are based at the business schools of their respective colleges and universities providing the ability to leverage the skills and knowledge of the professors and students with the practical experience of our advisers.

Federal funding for SBDCs is allocated based on census data with a minimum funding level established for smaller states (VT, NH, SD, etc.)

SBDCs provide services to small businesses at all stages of development. The mix of businesses usually varies depending on the region and their unique characteristics. A good rule of thumb is that we have about a 60/40 mix of existing and nascent (start-up) entrepreneurs. Of course, these ratios vary due to economic conditions and external factors such as disasters or market conditions.

SBDCs assist small businesses of all types, in all demographics and all regions. About 45% of our clients are women, and roughly 10% of our clients are veterans. Every year we provide over one and a half million hours of counseling and training to over 500,000 small business owners and their employees.

SBDC assistance has provided significant results:

From 2012 to 2018 SBDCs have helped their small business clients obtain over \$30 billion in capital. They helped them increase their sales by over \$40 billion and helped them create over 538,000 new jobs. In addition, SBDCs have provided training to over 1 million entrepreneurs and their employees.

The services SBDCs provide tend to be more in-depth, and our relationships often span years. The services will change as the business grows and its needs shift. I could spend a great deal of time discussing all the services offered by the SBDC network, and even then, I am sure I would miss many important contributions, but I would like to highlight some of the specific services. More important, I'd like to discuss how we focus on why SBDCs provide the services they provide.

ACCREDITATION

SBDCs are unique in that they are subject to accreditation. Each SBDC network is required to undergo accreditation at least every five years. Each accreditation review involves a week-long examination by an accreditation team, a rigorous self-study, interviews and written reports. The reports are reviewed by our accreditation committee and SBA. Our accreditation standards are based on the NIST/Malcolm Baldrige Standards for continuous quality improvement. These standards monitor the skills of our counselors, the strength of our SBDC management, the commitment of our host institutions, the strength of and adherence to strategic plans, and SBDC effectiveness/customer satisfaction.

A key component of every SBDC's strategic plan is the needs assessment process. This focuses on the needs of our clients, the changing economy and ensuring that SBDC services keep up with needs of small business. As a result, SBDCs are offering a wide array of specialized services as well as general business advice. Let me touch on just a few of those services.

VETERANS

SBDCs prioritize assistance to veterans – approximately 10% of our clients are veterans. We have specialized programs in several states with large veteran populations (Texas, New York, Florida, and Arkansas for example) to assist veterans both pre and post deployment. A few great examples are Veterans EntreSkills and OORAH program in New York, and the pre-deployment preparedness program in Virginia. Veterans consistently make up a highly entrepreneurial demographic and often base their businesses on a skill set acquired while serving our nation's defense; we believe they have earned our special attention.

UNDERSERVED COMMUNITIES

The SBDC outreach to minority and underserved communities is also a significant priority. Our minority clientele comprises over 33% of our client base nationwide and our members support targeted outreach programs across the country. In New York for example, the SBDC network hosts the Organization for Latino Entrepreneurs (OLE) and in Maryland the SBDC network supported the Branch Avenue project, an inner-city business restoration program, as well as operating a Hispanic Business Center. In California our Humboldt University SBDC recently opened a Vietnamese Business Center.

RURAL OUTREACH

SBDCs are mandated to provide service to their entire state. Over the years SBDCs have recognized the difficulties faced by rural communities and have introduced initiatives to meet their needs. As an example, our Texas SBDC networks have hosted an annual Texas Rural Conference for the past four years in Waco and New Braunfels with a focus on bringing together economic development organizations to focus on the needs of entrepreneurs in rural communities. In the same vein, the Virginia SBDC supports a rural outreach program, the Small Town and Merchant Program to aid small independent retailers and restaurateurs in small communities. Our Alabama SBDC network is initiating a Rural Strong initiative in cooperation with the USDA to expand its efforts in rural Alabama.

EXPORTS

Nationwide SBDCs have over 500 certified export assistance counselors to help small businesses reach the markets outside the US, where 95% of the world's markets reside. We partner with the US Census Bureau to provide training in US export regulations and in Massachusetts and Illinois, as well as other states the SBDC network is one of the key components of the state's export outreach program.

In New York, the SBDC runs an ambitious export program the International Business Development program or IBD. IBD has built a particular focus on helping small business access markets in China and has an office in Beijing.

We are also involved in an effort to spread the SBDC model. Working with the Department of State SBDCs have been helping establish small business support organizations throughout South and Central America, an initiative called the “Small Business Network of the Americas”. We consider this effort to have a vital role both in building markets and export relationships for our small business clients. As a result of our efforts, particularly through the South West Texas Border SBDC at UTSA we have helped establish small business development organizations in Mexico, Honduras, Colombia, Chile, Costa Rica, Belize, Guatemala and Panama.

DISASTER ASSISTANCE

One of the areas SBDCs are most proud of is our disaster assistance work. SBDCs play an integral role in disaster response and recovery across the country. SBDC counselors and advisers are often first on the scene helping set up business recovery centers and helping communities rebound from the damage. We work closely with state and federal agencies to make sure small businesses, the backbone of the community, are supported. In Florida, for example, the SBDC is designated as a primary disaster response organization. SBDCs don’t merely respond, SBDCs offer significant resiliency training and advising to our clients. Helping clients be prepared is often the biggest part of their recovery, and we recognize that that not every disaster comes from a hurricane or an earthquake. An office fire, a burst pipe, whatever can be just as devastating to an individual business.

CYBERSECURITY

Three years ago, SBDCs began a concerted effort to provide cybersecurity training to our clients. We recognized that small business owners were being hindered by a lack of clear information on their vulnerabilities and the methods to reduce their risk. As a result, SBDCs have developed assessment tools and training to improve small business cybersecurity and alleviate their risk. Our centers in Michigan, Florida, Kansas and Texas, as well as others have put significant resources into this initiative and we are working to spread best practices to centers nationwide. In addition, through the PTACs SBDCs support we make sure that small business contractors remain up to date on federal cybersecurity requirements.

PROCUREMENT

29 of the 94 procurement technical assistance centers operating across the country are supported by SBDCs. They offer in-depth assistance to small business owners trying to navigate the complexities of federal procurement. In addition, numerous SBDCs offer introductory courses on government contracting, and match making assistance for accessing government contracting opportunities. SBDCs also assist in navigating the 8(a), veteran-owned and women-owned business certification process.

PROGRAM METRICS

I could offer any number of “success stories” and in fact our annual report does. However, America’s SBDC knows the saying, “The plural of anecdote is NOT data” and we respect it.

We recently began collecting a new set of program metrics. Two of the metrics – “new business starts” and “capital infusion” are holdovers. Two of them are new “jobs supported” and unique clients served”. This year, as we get adjusted to the new collections, will be a “baseline” year for this effort.

Our hope is to eventually have a larger discussion on the most efficient and effective ways to deliver services to small businesses. America’s SBDCs and its members don’t believe in a one size fits all approach to the delivery of services. We recognize our states and regions have different economies, resources and needs. What we believe is that the leveraging of the capabilities available must be accomplished in a more thoughtful and efficient fashion.

Small businesses are focused on the bottom line. Growth in sales, investment and hiring are key indicators. Obtaining capital is usually the key measure. America’s SBDC believes that access to capital is vital but, if that financing isn’t leading to an improved bottom line it’s just an output not an outcome.

In the SBDC network we judge our success by the impact we have in helping our clients increase their sales and increase their job creation. We are proud of our efforts to help clients attract financing, nearly 6 billion dollars last year alone. We firmly believe that these metrics should be the building blocks for assessing the effectiveness of any small business assistance program.

The Government Performance and Results Act requires federal agencies to gauge their performance, and their stewardship of taxpayer dollars, by using and tracking outcome measures. If an agency or group of agencies is going to operate entrepreneurial development and assistance programs, they must focus on the items important to small business success.

COLLABORATION

As I said, many SBDC networks collocate and work with SCORE or WBCs or operate PTACs. This cooperation and collaboration is vital. We refer clients regularly because none of us can be all things to all small businesses.

Virginia's SBDC network is a good example of the collaboration we try to achieve. In addition to veterans outreach the Virginia SBDC is collocated with the Women's Business Center of Northern Virginia, and advises small businesses in procurement, international trade and a host of other services. They also run STAMP, a program focused on rural Main Street merchants. SBDCs across the country offer procurement, rural tourism, energy conservation, international trade assistance.

SBDCs are always trying to expand and improve our services to support the growing needs of the small business sector and to adapt to a changing business environment, and so are our partners but, sometimes it seems circumstances are pitting us against each other rather than working together. Programs and initiatives often arise that seem to duplicate the efforts of existing programs and ignore capabilities that are already in place in existing networks. This is not anything new, it happens under every Administration. We believe that this happens because people don't realize what's out there already or that the foundation of the SBDC network and other programs is designed for expanded services.

REAUTHORIZATION

America's SBDCs strongly support reauthorization of SBA's Entrepreneurial Development programs. It has been about ten years since the programs were last updated and it is time to review, renew and reinvigorate the commitment to assisting small business.

I would like to point out a few areas where we believe SBDC services and our relationship with SBA, and other agencies could be improved to increase the support offered to small business.

1. Clarify and strengthen the SBA/SBDC partnership through clear negotiation and collaboration.
2. Clarify SBDC marketing and co-sponsorship abilities.

3. Set forth priorities and goals for the entrepreneurial development programs that reflect 21st century economics and opportunities.
4. Strengthen the ability for all federal agencies, and the SBA entrepreneurial development programs to serve all counties - Rural and inner city alike.
5. Increase SBA/FEMA disaster collaboration with SBDCs
6. Recognize the variety and scope of the entrepreneurial development programs and focus on broadening outreach rather than worrying about overlap.
7. Increase the SBDC authorization level to \$200 million, and our partners accordingly.
8. Involve SBA's ED programs in workforce development, and apprenticeships.
9. Support increases in ED program appropriations to build this capacity.

In closing, thank you for letting me share our thoughts. I look forward to your questions.



Testimony of

Corinne Hodges

**On behalf of the Association of Women's
Business Centers
to the**

U.S. House of Representatives

Committee on Small Business:

Supporting America's Startups: Review of SBA

Entrepreneurial Development Programs

February 27, 2019

Testimony of Corinne Hodges: *Supporting America's Startups: Review of SBA Entrepreneurial Development Programs*

Thank you Chairwoman Velázquez, Ranking Member Chabot, and distinguished Members of the Committee for the opportunity to share this testimony with you. My name is Corinne Hodges, and I serve as the CEO of the Association of Women's Business Centers.

The Association of Women's Business Centers (AWBC) supports the national network of Women's Business Centers (WBCs) by providing training, mentoring, programming, and advocacy with the goal of improving services to women entrepreneurs. The AWBC's membership includes every WBC throughout the United States. As an advocate for this critical program, it is an honor to be here today.

I would like to thank the Committee for holding this hearing and for the willingness to hear about the progress we are all making to serve American small businesses. Each Small Business Administration (SBA) resource partner provides services in distinct ways, and many of those differences stem from the original statutes that created our programs.

As you know, the Women's Business Center (WBC) program is a public-private partnership with over 30 years of success in providing training, counseling, mentoring, and access to capital to women entrepreneurs across the country. Our network of 114 WBCs reaches into urban, suburban, and rural communities alike to assist America's job creators, particularly the most disadvantaged, in launching and growing their own businesses.

Women's Business Centers are focused on being effective and efficient resources for one of the fastest growing sectors of the economy. Our continued growth leaves an enormous footprint of successful business owners and job creators. In fiscal year 2017 our centers reached more than 148,000 clients and conducted over 93,000 hours of counseling and over 15,000 training sessions in over 35 languages. In 2015, according to the most recently available data, WBCs assisted with nearly \$429 million in private capital infusion.¹ This success is in part a result of the fact that approximately 35 percent of WBCs are co-located with a microlending program and many collaborate with local lenders and microlenders as a way to help more women entrepreneurs access capital.

The WBC program continues to fulfill its Congressional mandate of ensuring that women's entrepreneurial drive is fueled by adequate training, resources, and access to capital to keep the small business engine of the economy thriving. It is the only program statutorily dedicated to serving "economically and socially disadvantaged" women.² Nonetheless, Congress should act to strengthen and modernize the program, in turn supporting entrepreneurial growth nationwide.

History of the WBC Program

¹ From the 2019 CBJ: "Women's Business Centers (WBCs) helped many small businesses work with microlending institutions, helping them access millions of dollars in loans." Pg. 43

https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF

² P.L. 100-533, available at <https://www.gpo.gov/fdsys/pkg/STATUTE-102/pdf/STATUTE-102-Pg2689.pdf>.

The Women's Business Center Program was created by Congress 31 years ago as part of H.R. 5050 (P.L. 100-533), the Women's Business Ownership Act of 1988. It was landmark legislation at that time, advancing the women's business agenda. The legislative history of that bill noted that despite making enormous contributions to the American economy, "women, as a group, are subjected to discrimination in entrepreneurial endeavors due to their gender...adversely impacting the ability to raise or secure capital, to acquire managerial talents, and to capture market opportunities."³

H.R. 5050 not only established the WBC program, but it also authorized seed funding for WBCs via the SBA, specifying their role in providing technical assistance to women business owners – particularly those who are socially or economically disadvantaged – "from start up to success."⁴ In its first year, the WBC program received \$2 million and funded four centers. After 10 years, the program grew to 70 centers and \$12 million in funding. Since then, in line with the explosive growth of women entrepreneurship, the program has increased from those four "demonstration sites" to a proven network of 114 grants leveraged to more than 150 locations in 48 states and territories. Unfortunately, resources for the program have not grown in parallel –and the more than 50% increase in centers over the last 15 years has not been matched by a comparative increase in funding.

Throughout its 31-year history the program has continued to be the source for counseling, training, and access to capital for hundreds of thousands of women every year. In the last decade alone, WBCs have served more than two million women entrepreneurs, leading to the creation and expansion of tens of thousands of new businesses and jobs.

The WBC Program Today

WBCs serve women entrepreneurs in every stage of the business continuum. In 2015, the SBA found that WBC client businesses averaged seven years in age and that 15% were start-ups, while 26% were in business more than 10 years.⁵ Many of the training courses offered by WBCs focus on business and financial planning to help clients improve their financial literacy. WBCs also provide direct one-on-one advising to clients and help them access loans, federal contracts, and exporting opportunities.

The services provided to clients have a profound impact on the outcome of their companies, and subsequently their local communities. According to the SBA Office of Entrepreneurial Development (OED) 2015 Report, the most recently released report, 96% of WBC clients reported revenue growth, totaling a staggering \$658 million dollars.⁶ This led to one in ten businesses hiring at least one new employee, creating nearly 25,000 jobs. The annual reviews of the program submitted to Congress by the SBA show that 2015 was not an outlier; since

³ P.L. 100-533, available at <https://www.gpo.gov/fdsys/pkg/STATUTE-102/pdf/STATUTE-102-Pg2689.pdf>.

⁴ HR 5050 <https://www.congress.gov/bills/100th-congress/house-bill/5050?q=%7B%22search%22%3A%5B%22HR+5050%22%5D%7D&s=4&r=1>

⁵ SBA OED 2015 Report, p. 38

⁶ Ibid, p. 39.

FY2010, WBCs have surpassed their SBA job creation and training goals.⁷ In fiscal year 2017, WBCs supported the creation of 17,000 new businesses, nearly 59% above the target set by the SBA. In that same year, WBCs reached over 148,000 small business owners and saw an almost 20% increase in the number of clients advised.⁸

WBCs have played an increasing role in fueling the growth of minority-owned businesses as well; 45% of clients in 2016 were minorities. Focus on minority women entrepreneurship is critical; while the number of women-owned businesses grew 58% from 2007 to 2018, firms owned by women of color grew at a rate nearly three times that, at an astounding 163%.⁹ As of 2018, women of color account for 47% of all women-owned businesses and make up 64% of all new women-owned businesses launched each day.¹⁰ This diversity has been matched by expanded abilities of the centers. 64% percent of WBCs provide programming in two or more languages and overall, WBC services are provided in more than 35 languages.

Beyond providing services in multiple languages, WBCs meet the needs of their communities by offering flexible hours, including weekends and evenings, and allowing children to attend training classes with their mothers. These are particularly important aspects for a program that primarily services women.

This differentiation of services has not impacted the ability of every center to provide high quality training and counseling to all its clients. As the National Women's Business Council (NWBC) found:

Successful outcomes (clients served, businesses started, jobs created) are not dependent on the size, age, or location of the center: rural centers were as successful as those located in urban areas; high poverty locations had as many successful outcomes as did lower poverty locations; and stand-alone centers were as successful as those that were co-located with other organizations.¹¹

One reason why WBCs are able to meet the unique needs of their communities is that centers design their own programs and delivery models with their communities in mind.

Finally, and perhaps most critically, the WBC program has proven to be a good investment of taxpayer dollars. Private sector fundraising, enhanced by the visibility of the SBA partnership,

⁷ U.S. Small Business Administration (2019). FY 2019 CONGRESSIONAL BUDGET JUSTIFICATION AND FY 2017 ANNUAL PERFORMANCE REPORT pg. 84 https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF

⁸ Ibid

⁹ American Express OPEN 2018 State of Women-Owned Business Report (2018) pg. 5 https://about.americanexpress.com/files/doc_library/file/2018-state-of-women-owned-businesses-report.pdf

¹⁰ Ibid pg. 6

¹¹ Womenable (2006). The Performance, Progress and Promise of Women's Business Centers in the United States: A Summary of Three Research Studies, p. 2. Available at http://www.womenable.com/content/userfiles/ResearchinBrief_WBC_studies.pdf

helps to match federal dollars more than three to one.¹² For every one federal dollar invested in the program, the WBC program returns \$46 to the economy.¹³ The proven return on the program is underscored by the key fact that WBCs serve a unique population that otherwise would not receive the targeted training and counseling needed.

Our Role in SBA Services

The WBC program and AWBC work collaboratively with our resource partners. As shared by the testimony of my colleagues, we care most that the entrepreneur is being served—not who is serving them. Often WBCs will refer entrepreneurs to other services, including Small Business Development Centers (SBDCs), Procurement Technical Assistance Centers (PTACs), SCORE counselors, Veterans Business Outreach Centers (VBOCs), Community Development Financial Institutions (CDFIs), and more.

Nonetheless, the WBC program was created because of the need for services that addressed the unique challenges faced by women. While there has been concern that WBCs may duplicate services provided by other resource partners, available data indicates that this is not the case. A study by NWBC found that WBCs saw no difference in outcomes if there was an SBDC located nearby, which indicates that WBCs and SBDCs are not competitive with one another for clients, either because they are serving different populations or because many clients receive services from more than one resource partner.¹⁴ This also indicates the high demand for services. Moreover, latest figures find more than 30 million entrepreneurs in this country, and only 1.5 million receive support from SBA-supported programs. There is more need than can be met by any one of us alone.

In many ways, the nuances and differences of WBCs stem from the statute that created the program. For example, whereas all SBDC are hosted by a university, WBCs can stand alone or be paired with different types of institutions. This flexibility is important. Most WBCs are hosted within a larger economic development organization or university, however, older and, for the most part, larger WBCs are stand-alone organizations which provide a robust diversity of services that often include a variety of sector-specific expertise and access to capital.

The statute that created WBCs expressly requires that the program serve a significant number of economically and socially disadvantaged individuals, including women and minorities—the only resource partner expressly required to do so. As a result, WBCs make concerted efforts to reach underserved populations. A recent AWBC survey found 64% of visitors were economically

¹² AWBC 2013 Economic Impact Survey (latest available data). The survey found average center revenues to be \$635,668, of which a maximum could be \$150,000 from SBA.

¹³ SBA OED 2015 Report, p. 39. In 2015, the program received \$14.5 million in federal funding and generated \$658 in revenue growth for client companies.

¹⁴ Womenable (2006). The Performance, Progress and Promise of Women's Business Centers in the United States: A Summary of Three Research Studies, pg. 3. Available at http://www.womenable.com/content/userfiles/ResearchinBrief_WBC_studies.pdf

disadvantaged.¹⁵ Data from 2006 showed that two-thirds of clients reported a total household income below \$50,000, and fewer than 50% had a high school education.

What makes WBCs unique is the depth and breadth of their services. Women come to WBCs because they address four critical issues: competence, confidence, capital, and connection. Women view their local WBC as a trusted advisor and partner for the lifetime of their company. A study of WBC clients done by the Center for Women's Business Research found that, aside from general business management information, gaining financial management skills, and learning about the legal aspects of organizing a business, what the clients valued highly from their experience in the center was finding a community of other women with whom to build relationships. According to survey data, interest driven programming and a focus on relationships, such as mentorship, are critical to overcoming both situational and cultural barriers faced by women attempting to start businesses, particularly those that are economically and socially disadvantaged.¹⁶ It is clear from client testimonials that WBCs provide a safe place to learn, peer support, mentoring opportunities, and a sense of community that optimizes the training and technical assistance provided. The result is real economic impact felt by the client and their community.

Take for example, Janay Brower, a client of Grand Rapids Opportunity for Women, the WBC which services Grand Rapids, Michigan, who perhaps put it best. She owns an upcycling manufacturing company, Public Thread, which originally launched in her kitchen in 2016. Her mission was to create a sustainable business that supported people in her community while honoring the environment through a closed-loop textile manufacturing concept. This culture of women supporting women, and valuing people beyond numbers, is what motivated her and the support network in her community to move her business out of her kitchen and into a commercial manufacturing location in an Opportunity Zone. As she puts it, women are uniquely positioned to see the long-term benefits that sustainable businesses such as hers can bring to communities, rather than just the short-term financial gains.

In summary, WBCs provide a community-specific critical blend of training, counseling services, and access to capital aimed at serving a broad cross-section of the population including minority, socially and economically disadvantaged women, as well as men.¹⁷ The WBCs strategic approach is relational: they establish long-term relationships with clients and serve them from inception through the lifespan of their businesses, creating a cycle of value added services. WBC services are distinctly different, yet complementary, to services provided by other SBA resource partners.

¹⁵ AWBC 2013 Economic Impact Survey (latest available data).

¹⁶ Langowitz, Nan, Noreen Sharpe, and Mary Godwyn. (2006). *Women's Business Centers in the United States: Effective Entrepreneurship Training and Policy Implementation*. *Journal of Small Business & Entrepreneurship*, 19:2.

¹⁷ Numerous federal statutes including the 1964 Civil Rights Act (P.L. 88-352), as well as judicial decisions based on the 14th amendment of the Constitution require federally funded programs to provide services regardless of race, sex, or national origin. Grant proposals for the WBC program, for example, require a non-discrimination statement. In our view, the attendance of male entrepreneurs is a testament to the equality of services provided.

Successes

WBC clients consistently say that they come to the WBCs not just for the business education and consulting, but for the supportive environment that helps build self-efficacy and confidence in their ability to succeed. The evidence bears this out. Evaluation data from WBC programs indicate that women who receive business assistance from their programs build larger businesses, create more jobs, and have a significantly higher survival rate than the national average.

For example, Women's Economic Ventures (WEV), which serves Ventura and Santa Barbara Counties, developed the Thrive in Five® program. Clients participating in this long-term program show median sales of \$400,000 and have created an average of five new jobs. Client businesses show an 80% survival rate after five years as opposed to the national average of 50% for all businesses in the U.S., and over 40% of WEV's clients have employees compared to the national average of only 12% of all woman-owned firms. Moreover, 85% of WEV's clients who were in poverty at intake have moved beyond poverty.

Such success is visible throughout the program where local centers tailor their efforts to clients. Brooklyn Women's Business Center @ the LDCENY, in New York, found that a number of their clients were interested in the fashion and beauty industries, so they have created training and service offerings to meet the needs within that industry. One of their most successful clients now leads training on fashion and beauty, and she has partnered with the center to facilitate seminars and workshops on those topics. With the growth of interest in these areas, the center has also brought in beauty experts, celebrity hair and makeup stylists, O Magazine, and intellectual property experts to help protect their clients' creations. The center plans to expand further by bringing in illustrators to teach clients how to sketch designs for product labeling, and by purchasing sewing machines and offering sewing classes onsite for those interested in creating fashion prototypes or textile manufacturing.

The REI Women's Business Center, headquartered in Durant, Oklahoma and covering the state, offers the opportunity for their clients to expand markets by making regular trips to nearby Dallas, Texas and the 15-floor, 5 million square foot Dallas Market Center. In Portland, Oregon, Mercy Corps Northwest Women's Business Center partners with a regional corrections facility to offer entrepreneurial training to returning citizens, as well as a six-week business foundation course entirely in Russian to serve a local immigrant population. The Denver Women's Business Center in Colorado offers the "ProBoPat Initiative" in partnership with the U.S. Patent and Trade Office (USPTO), to develop patents for low-income inventors. The Patent Office has issued 26 patents to inventors in the ProBoPat program for products such as an assistive technology navigation system for a sight impaired person, snow board bindings and mounting system, and a sushi rolling machine. 13 of the patents issued to ProBoPat inventors were issued in 2018.

Finally, Women's Business Development Center in Chicago, Illinois created the Developing Your Childcare Business course designed to provide business insight to prospective and existing child care entrepreneurs for home and center-based businesses. This program was created 21

years ago and throughout the last two decades it has helped fuel the creation of new center-based childcare businesses, as well as supported the expansion and growth of home-based businesses into center-based businesses.

What is Needed

The aforementioned growth in women entrepreneurs, particularly minority women entrepreneurs, makes the WBC program more relevant than ever. Everyday thousands of would-be job creators, existing business owners, and innovators seek WBC assistance to move their business forward. Many centers are ten or more years old and are established and respected resources in their communities. These centers consistently demonstrate an ability to effectively and efficiently serve entrepreneurs and they deserve a modernization of the grant system and access to additional resources to expand their impact. While the network of centers spans across 48 states and territories, too many communities do not have access to the unique services provided by WBCs. In addition to allowing for the expansion of existing centers, new centers are needed in geographies so far unaddressed by the WBC program. Moreover, the program continues to suffer from arbitrary requirements and limitations that constrain the ability of centers to succeed.

We need legislation that re-authorizes the WBC program with some key changes. First, since the program was established in 1988, the total amount of the grant available from SBA to qualified WBCs has remained \$150,000 a year. Adjusted for inflation, that amount in 2019 dollars would now be \$319,161.45¹⁸. Legislation to reauthorize the program should increase that cap of \$150,000 per center and bring that number more in line with the realities of the 21st century allowing well-established centers to expand their impact with increased funds.

Second, we need legislation that removes unnecessary requirements that force resources to be diverted from training and counseling to back-office bureaucracy. For example, if a center raises more money than is required to meet the federal match that additional money is subject to federal spending guidelines and verification requirements even though it is not taxpayer money. This is a key inefficiency in the program and actually provides a disincentive for centers to overmatch federal funds.

In addition to re-authorization, the upward trajectory of the program is deserving of more federal funding. Congress should focus on providing a robust level of funding for programs that have a proven track record of success. Increased funding for the program is critical. Ensuring adequate resources is a key component to continuing the growth of the WBC program and women's entrepreneurship more broadly.

Lastly, we need more data. As discussed, women business owners have almost unlimited potential for continued growth, but significant barriers still remain. Without updated figures from the U.S. Census Bureau, and the SBA's Office of Entrepreneurial Development, it is difficult for Congress, the Administration, or even advocates like AWBC to quantify just how much growth

¹⁸ CPI Inflation calculator available at <https://www officialdata.org/1760-dollars-in-2018?amount=1>

is happening, in what industries, and how to further foster an environment for women's entrepreneurship.

Increasing Awareness

Strategically increasing the number of centers to reach women in previously underserved areas is not enough to increase the awareness of the WBC program among the potential client base. SBA's office Entrepreneurial Development has collaborated to help increase program awareness, but much more work is needed to make the program known to American women. Today, we ask that you and your colleagues promote the WBC program in your districts where centers exist. And, we look forward to finding new ways to build on the current outreach methods which include earned media, social media, and event marketing. Clearly, creating awareness of our program nationwide is expensive, but allocating resources to serving the client takes precedent in the day to day operation of a center.

Conclusion

In the formation of the WBC program, Congress determined that ongoing limitations on access to capital and markets warranted the creation of a network of centers to assist women entrepreneurs. Those challenges persist, as must the commitment of a new Congress to advancing policies that foster the expansion of women's business ownership. We appreciate this Committee's willingness to hear from the programs that are serving entrepreneurs across the country.

The WBC program is a proven program, an effective public-private partnership, and fills a growing need for the distinct population we serve. The directors and staff at WBCs are committed to helping women and their families prosper and achieve financial security through business ownership. I remain in awe of our centers incredible power to bring a dream, an innovation, or an idea to fruition.

We urge Congress to strengthen the WBC program and provide the necessary investment women entrepreneurs need to reach their full potential making a substantial impact to the American economy. Thank you for the opportunity to testify and I am happy to answer any questions.

Ken Yancey
Chief Executive Officer
SCORE Association

Statement to the Small Business Committee
United States House of Representatives
February 27, 2019

Chairwoman Velázquez, Ranking Member Chabot, and members of the committee: my name is Ken Yancey and I am the CEO of SCORE. Thank you for the opportunity to offer testimony to the committee regarding SCORE's programs and services, history, and plans for the future. Thank you as well to the United States Small Business Administration (SBA) for your continued support.

First and foremost, I wish to thank you for supporting SCORE's 2019 expected appropriation of \$11.7 million. We are very grateful for this funding, and the money is immediately impacting the small businesses owners that SCORE volunteers serve in their local communities every day, resulting in significant business creation and job growth, as detailed below.

ABOUT SCORE: MISSION, VISION AND VALUES

SCORE is the nation's largest network of volunteer, expert business mentors, with more than 11,000 volunteers across 300 chapters offering free and confidential advice, and free or low-cost educational workshops to current and aspiring small business owners.

Founded in 1964 as a resource partner of the SBA, SCORE has now helped more than 10 million entrepreneurs. SCORE's mission is to foster vibrant small business communities through mentoring and education, and we envision every person having the support necessary to thrive as a small business owner.

Today, SCORE stands as a uniquely American organization in its synthesis of two historic national ideals: the entrepreneurial spirit and volunteerism.

SCORE has a strong set of core values, which we define as:

- Clients Matter: Our clients' success is our success.
- Small Business Matters: Small business is the engine of our national economy through business formation, job creation and wealth building. Small businesses are critical to vibrant communities in our society.
- Giving Back Matters: We give volunteers, stakeholders and sponsors the ability to give back to communities through their support of SCORE. Successful small business owners understand the importance of giving back to their communities.
- Volunteers Matter: SCORE is comprised of volunteer business people helping small business people solve business problems. Volunteers give freely of their time, energy and knowledge to help others.
- Experience Matters: The truest measure of our mission and our service is ensuring that our clients have a positive experience. A volunteer's experience also matters, as their

relevant knowledge, wisdom and experience serve our clients through mentoring and education. Finally, the volunteer experience with SCORE matters, and we ensure that volunteers find value and satisfaction while engaged with SCORE.

- **Relationships Matter:** In relationships, we act with integrity, respect, honesty, purpose, and professionalism. We listen with an open mind, encourage and openly communicate with all people seeking help from SCORE. Personal, long-term relationships are a driver of small business success. Community alliances are critical to the success of SCORE.
- **Diversity Matters:** We believe in the importance, value and power of diversity – diversity of people and diversity of thought. The diversity of race, gender, ethnicity, geography and experience is important and valuable in SCORE. We strive to achieve diversity of our volunteer corps, staff, board and clients.
- **Lifelong Learning Matters:** We believe that small business owners who are lifetime learners adapt to change more readily and are more successful. Volunteers who are lifelong learners remain active, and achieve personal satisfaction and growth.

SCORE's IMPACT ON AMERICAN SMALL BUSINESSES AND THE ECONOMY

Small businesses account for 99.7 percent of all employer firms and generate more than 50 percent of the non-farm private gross domestic product. They employ more than half of all private sector employees. In this way, these small businesses are the engine of America's job creating economy, the fabric of our local communities, and the embodiment of the American dream.

In FY18, SCORE helped its clients to create more than 32,387 new small businesses, creating 103,300 non-owner jobs, and 135,687 total jobs.

SCORE remains the most efficient and effective business formation and job creation engine funded by the Federal Government. Our cost to create a job is estimated at \$81, while the cost to create a business is just \$340. This efficiency in creating jobs and businesses provides a tremendous return on all federal dollars invested, and, in fact, makes money for the American taxpayer.

In FY18 alone, SCORE clients returned an estimated \$47.16 in new tax revenue to the federal treasury for every \$1 appropriated to SCORE. This efficiency far exceeds the return on investment generated by any other job creation initiative or business creation initiative funded by the federal government. SCORE maximizes every dollar received from the federal government, because our 11,000 mentors and field managers are all volunteers.

In FY18, 138,394 unique clients were served via SCORE mentoring, with many more served through educational programming. 165,425 clients attended online workshop sessions, and 249,870 clients attended local workshops.

SCORE's services help keep our clients in business. 91% of SCORE clients who were in business, or started a business, when working with SCORE in FY18 were still in business at the end of FY18. 67% of SCORE clients grew their revenues in FY18, by an average amount of 32%.

While these statistics are impressive in aggregate, the faces and stories behind the numbers tell the true story of SCORE's impact on small business success.

SCORE Client Success Story – Alliance for Positive Change

SCORE client Sharen Duke runs the nonprofit Alliance for Positive Change, which improves the lives of New Yorkers living with and at risk for HIV/AIDS by helping them to make lasting positive changes towards health, housing, recovery and self-sufficiency. Alliance's innovative peer education and access to medical care helps people manage and overcome addiction, escape homelessness, get back to work, and find community.

Founded in 1990 using donated office space and a staff of just three, Alliance has now grown to a staff of more than 170, with 130 additional peer interns, and a budget of nearly \$25 million. More than 5,000 clients come to Alliance for services each year, and 14,000 people are reached through Alliance's peer outreach and harm reduction education in communities across New York City. Alliance was recognized by SCORE as the 2014 Outstanding Non-Profit Organization.

In 2010, Duke reached out to SCORE for help handling the impact of the economic recession on her business, having never received formal training in finance.

She says: "I turned to SCORE and was matched with two amazing mentors who were able to help me develop a business plan that included clear and compelling presentation of agency financial statements, as well as marketing strategies for outreach to commercial banks, so that I would be able to establish the ideal banking relationship for Alliance that included a line of credit."

Mentor Munir Saltoun, a retired corporate CFO, helped Duke review Alliance financials and create a strategic financial plan to restructure the organization. Mentor Alvin Roselin helped to create a marketing plan. "Together, we targeted banks, went to meetings, and ultimately persuaded Chase to continue our banking relationship. It was a very successful endeavor," says Duke.

Duke has continued to work with her SCORE mentors on a new round of strategic planning. This new stage included a merger—the acquisition of the Lower East Side Harm Reduction Center—and an expansion of existing peer training services, as well as a treatment adherence support program for people living with HIV and AIDS.

"I am proud to say that, from 2012 to 2017, Alliance doubled our organization's budget from \$10 million to \$22 million, and SCORE was extremely helpful in this growth and success," Duke says.

SCORE Client Success Story – Thompson Tee

SCORE clients Randy Choi and Billy Thompson founded their business, Thompson Tee, in response to their own suffering from hyperhidrosis, a condition involving excessive sweating that impacts the activities, quality of life and emotional well-being of the 15 million Americans who suffer from it.

Their line of specially-designed, patented technology undershirts and t-shirts for men and women has changed their clients' lives by making them feel more secure and confident during their daily activities.

Thompson and Choi spent more than 10 years developing their products, before opening their online store in 2012. Thompson says they initially turned to SCORE because, "We were broke... [There were] so many low points, many mistakes were made," he admits, "[but] we persevered."

Choi and Thompson benefited from the diverse knowledge of SCORE mentors John Pietro and Larry Tucker in the Orange County, California office, consulting with them on everything from finding their business's focus, to developing their business model and improving their digital marketing.

Thompson credits his SCORE mentors with, "provid[ing] information about banking, loans, distribution channels, manufacturing reps, marketing seminars," and more.

Choi says, "When we first started out, we were trying everything ... infomercials ... just everything."

"We've learned to focus on what's important," Thompson says.

Thompson Tee now sells to consumers in more than 135 countries, with more than \$10 million in sales. The company has been featured on several TV shows, including *Shark Tank* – where they successfully raised \$700,00 in funding – *Counterpart* and *The Doctors*.

ThompsonTee.com not only sells the famous Thompson Tee, but also offers information and advice about safe and effective hyperhidrosis solutions. Choi and Thompson's motto: "Freedom. Comfort. Confidence." informs every product decision they make.

To accomplish their mission, Thompson and Choi employ a diverse staff. Thompson explains, "Randy is Korean. I'm half-Korean, half-Caucasian. Our employees are diverse; the majority being non-Caucasian. While it wasn't the mission of our company to hire a diverse staff, our company reflects the great diversity of southern California. And it is all those different perspectives that makes our company stronger. We treat our employees really well. Pay well. At the end of the day, we're hiring whoever can do the job best, regardless of color/ethnicity."

In 2018, Thompson Tee was named the Outstanding Diverse Business SCORE Award winner.

Thompson says he and Choi are most proud of, "The lives we are improving. We're giving people confidence."

HISTORY

The story of SCORE's 55-year history begins with the SBA. In 1953, the Small Business Act was signed into law by President Dwight D. Eisenhower, and the SBA was created. The law said the federal government "should aid, counsel, assist and project the interests of small business." The same year, Maurice du Pont Lee of Wilmington, Delaware gathered a small group of retired executives, and formed a consulting and advisory service for small businesses.

Ten years later, in 1963, more than 50 independent groups operated across the country, providing low-cost or no-cost business mentoring. On October 5, 1964, SBA Administrator Eugene P. Foley officially united independent efforts to launch the national volunteer group called S.C.O.R.E. (The Service Corps of Retired Executives), comprised of its first 2,000 members.

Walter H. Channing of Detroit, Michigan, was named the first president of the national organization in 1970. During the same decade, individual chapters were formed, and SCORE was formally incorporated into a nonprofit association in 1975. In 1978, SCORE welcomed its two-millionth client.

In 1996, SCORE embraced new technology and began to offer email mentoring services to clients. Other significant national achievements during this time period include the inaugural (2003) USA Freedom Corps Award for exemplary volunteer service, presented by then SBA Administrator Hector Barreto, and the 2004 Award of Excellence from the American Society of Association Executives, which celebrated SCORE's positive impact on American society.

SCORE celebrated its 35th anniversary (in 1999) and 40th anniversary (in 2004) at the White House. The new century ushered in an era of increased emphasis on volunteer training and education. In the year 2000, SCORE restructured itself to include a governing board of directors and an operating management team of district directors. The same year, SCORE held its first SCORE District Directors Conference to train volunteers for senior leadership roles in SCORE, an event which has now evolved to become the annual National Leadership Conference. By 2001, SCORE mentors were donating more than 1 million hours of service to the small business community each year.

In 2007, SCORE expanded its service offerings by adding free online workshops to the national website. One year later, SCORE began to customize its online resources for specific demographics of entrepreneurs, including women, minorities, manufacturers, military veterans, baby boomers, young entrepreneurs and rural entrepreneurs.

Today, more than 10 million entrepreneurs have been mentored by SCORE or attended SCORE workshops.

CORE PRODUCTS AND SERVICES

Mentoring

At 11,000 strong, SCORE is proud to be the nation's largest network of volunteer, expert business mentors, and we know that our volunteers are the lifeblood of SCORE. The majority of our mentors are current or former business executives and entrepreneurs, giving them firsthand experience that they pass on to our clients.

In FY18, SCORE mentors donated an incredible 4,335,760 hours of total service to mentoring and educating our clients, with an average 7.58 hours per week, per volunteer. Through this generosity and the wisdom of their firsthand business experience, our volunteers have a profoundly positive effect on our small business owner clients, which, in turn, positively impacts their communities. By creating meaningful, and often long-term relationships with our clients,

SCORE mentors help clients to start new businesses or operate existing small businesses more efficiently, effectively and with greater success. Mentors provide the personal experience, practical knowledge and emotional support that clients need to thrive in the small business arena, offering information and strategies for improvement.

Different types of volunteers include mentors, who offer confidential business mentoring services, either in person or online, subject matter experts, who provide focused knowledge based on their professional skills or industry, workshop presenter, who lead local workshops, seminars and events, and administrators, who share their skills in marketing, tech, finance or fundraising, in support of chapter operations.

SCORE's Online Reach

SCORE's robust distance learning program reaches audience members who cannot easily attend a local workshop, or who prefer to learn virtually. Knowing that we must meet clients "where they are" and provide services when it is most convenient to them, SCORE has developed a comprehensive distance learning program that features webinars, virtual conferences and video mentoring.

SCORE.org National Website

The score.org national website and individual chapter websites serve as the main portals for all client-facing services. The national website offers educational resources for distance learning, including webinars, workshops, customizable templates and tools, and access to mentoring services.

3,292,173 unique visitors accessed score.org in FY18, with a 7.87% conversion rate to SCORE's core services of mentoring and workshops. Built-in mobile responsiveness greatly improves the user experience across mobile devices, and enhanced Search Engine Optimization (SEO) capabilities make it easy for clients to find and access website resources. Educational content on the website is chosen based on the topics and trends that matter to clients, as determined by client feedback on individual articles, marketing focus groups, and post-webinar surveys.

The website makes it easy for clients to connect with mentors and resources by allowing clients to browse the pool of mentors, filtering by keywords, area of expertise, industry, language, and location. These mentor profiles allow clients to select the volunteers whose experience they feel most benefits them.

A mentoring widget provides quick access to SCORE mentoring and services on third-party sites. This pop-up box allows users to connect with a SCORE mentor without ever leaving the partner site, and with minimal administrative burden on the partner. More than a dozen partners have installed the widget code, including the National Urban League, Her Agenda, Support Warrior Project, the Georgia African-American Chamber of Commerce, and the Association of Immigrant Business Owners.

Video Mentoring

SCORE's video mentoring program was created in direct response to our clients' needs. Putting our officially-stated value of "Clients Matter" into action, this program was created to connect our mentors with entrepreneurs living in remote locations who might not otherwise have access to services, or whose busy schedules require flexibility. Using video conferencing technology such as Google Hangouts and Skype, video mentoring marries the positive impact of face-to-face communication with the convenience of an in-home mentoring session. Our data shows that video mentoring clients have the highest level of engagement, rating a 4.4 on a 5-point scale. That's compared to a 4.27 rating for our face-to-face mentoring.

Live Webinars & On-Demand Training

SCORE national headquarters provides ongoing workshops in both live webinar formats and on-demand training housed on the www.score.org website. These educational services are critical to our clients, providing information on numerous aspects of starting and growing a business. At least once a week on average, SCORE hosts live webinars in conjunction with SCORE volunteers, sponsors and outside subject matter experts. Designed to complement local workshops provided by SCORE chapters, these webinars compensate for areas of the country that lack robust workshop programming, and reach entrepreneurs who cannot easily attend a local workshop, or who prefer to learn virtually.

165,425 clients attended these online workshop sessions in FY18.

Virtual Conferences

Now in its fourth year, SCORE's Virtual Conference series allows individuals in any geographic location to remotely participate in an online educational environment that offers the look and feel of an in-person event. These conferences meet the needs of our clients on their own terms, and are perfect for entrepreneurs who are short on time. Combining the educational elements of a small business conference with the networking and interactive features of a trade show, virtual conferences allow participants to listen to keynote speakers, visit virtual booths to download materials, meet sponsors and mentors, and ask questions and connect with each other via a live-chat feature. Sessions are also recorded and available on demand after the conference, with topics including various aspects of starting or growing a small business, including marketing, finance technology and human resources.

The two virtual conferences held in 2018 drew 12,841 attendees, garnering a total of 27,030 workshop views. 96% of conference attendees reported via survey that the experience had "helped" them in their business journey.

The next virtual conference (SCORE's fifth), will be held on May 7 and 8, 2019, in collaboration with the SBA, during National Small Business Week.

VOLUNTEER ONBOARDING AND TRAINING – ASSURING QUALITY

SCORE volunteers undergo continuing education and training to stay current on industry news and trends, and to continually build on their business knowledge and mentoring skills. Lifelong learning is one of SCORE's officially stated, institutionally-held values, as well as a practical

expectation for our volunteer base. We believe that continuous learning drives continuous improvement, which, in turn, drives mentor effectiveness. Volunteer learning takes the form of chapter training days and seminars, chapter roundtable forums, webinars, podcasts, courses, reading and independent research.

SLATE Mentoring Methodology

Each year all SCORE volunteers are required to undergo mandatory online training that reaffirms their commitment to SCORE's Mentoring Methodology, represented by the acronym SLATE. SLATE stands for:

- Stop and Suspend Judgment
- Listen and Learn
- Assess and Analyze
- Test Ideas and Teach with Tools
- Expectation Setting and Encouraging the Dream

Following this methodology, mentors take the extra time to listen to and understand each business's unique needs and challenges, resulting in a transformational relationship, as opposed to a merely transactional relationship.

Code of Ethics

Conversations between SCORE mentors and their clients are strictly confidential, with all mentors signing a Code of Ethics and Conduct that addresses the protection of each client's information and business ideas. Each year, all volunteers are also required to read, understand and agree to the Code of Ethics through mandatory online training in the CORE Learning Management System.

Volunteer Onboard and Learning Management System (LMS)

Starting in 2016, all new volunteers were required to undergo seven mandatory onboarding modules that introduce SCORE's mission, vision and values. SCORE's online Learning Management System (LMS) houses volunteer training modules, instructional videos and continuing education materials. One subset of the LMS is targeted towards strengthening the mentoring skills of volunteers, with the ultimate goal of providing stronger service to clients.

The Mentoring Skills modules are entitled: Powerful Listening and Questioning, Facilitation Skills, Respecting Diversity, Understanding Generational Divides, Understanding Communication Styles, Empathy in Practice and Tools for Connecting with Clients.

METRICS AND MEASUREMENT

Throughout SCORE's 53 years of operations, our central guiding principle of client satisfaction has remained unchanged, and SCORE measures that satisfaction through data-driven, technological measures that focus on service (outputs), as well as quality and impact (outcomes). At the foundation are three key goals and programs: service quality improvement, client

relationship management and economic impact measurement. In using this data to measure the quality of our services, SCORE makes smart decisions and grows in the right direction.

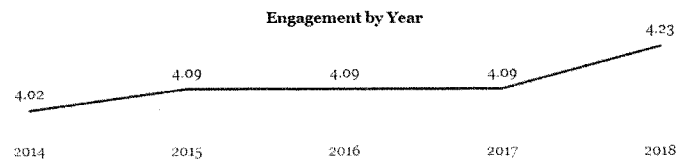
Measuring Client Satisfaction

SCORE continues to shift from defining itself as a “volunteer service organization” to a “business organization led by volunteers.” In managing chapter operations like a business, SCORE focuses on quality service metrics, including client engagement and Net Promoter Scores (NPS). NPS measures client satisfaction based on the quality of the client-mentor relationship, and willingness to recommend SCORE. The results are used to identify and promote best mentoring practices.

The SCORE national average of Net Promoter Scores are strong, at 85.49. The vast majority (86%) of clients are likely to recommend SCORE services to others. 77% of clients said that SCORE helped them.

Client engagement showed a significant increase in 2018 after three years of stationary levels

- Engagement increased as a greater number of Clients indicated that SCORE is important to their success (+4), SCORE is a name they can trust (+4), they would recommend SCORE to friends (+3), and SCORE is truly Client-oriented (+3)



Measure	SCORE Overall 2014	SCORE Overall 2015	SCORE Overall 2016	SCORE Overall 2017	SCORE Overall 2018	Mentoring Clients (includes Local Workshop) 2018	National Workshop Clients 2018	Repeat Survey Clients 2018
N-size	15,703	15,375	16,583	25,117	16,890	14,626	2,264	1,994
Client engagement	4.02	4.09	4.09	4.09	4.23	4.23	4.18	4.37
Willingness to return to SCORE	81%	83%	82%	82%	84%	84%	85%	89%
Likelihood to recommend SCORE	82%	84%	83%	83%	86%	86%	86%	90%
Champions	64%	66%	66%	65%	71%	72%	67%	77%

*National Workshop Clients refers to Clients that attended at least one online workshop or webinar but did not receive mentoring.

Chapter Performance Data

SCORE's intranet, called CORE, helps SCORE to run its business activities more effectively and efficiently by centralizing and simplifying administrative tasks, so that chapters are able to devote more time and focus to serving clients and providing educational services.

A variety of management data and current metrics are collected and made available to chapters and individual volunteers in the Performance Data section of CORE, so that they can accurately understand their performance, make better-informed decisions and serve clients more effectively. This reporting begins at the national level, and narrows down to both the chapter level and individual volunteer level.

Specific reports include:

- **Dashboard Report:** Allows volunteers to evaluate the performance metrics and client satisfaction rates of their chapters and districts according to the number of unique clients, historic session and workshop data, client return rates and volunteer demographics and certifications.
- **Client Impact Survey:** SCORE's annual measure of customer satisfaction, with data sortable according to individual district, chapter and state.
- **NPS Scores:** Volunteers can access their own personal, up-to-date NPS scores, which measure client satisfaction, while Chapter Chairs can access NPS scores for their chapter members.
- **Volunteer Engagement Survey:** Measures volunteer engagement and satisfaction, both across SCORE nationwide, and at the local chapter level.
- **Local workshop reporting:** Measures attendance and attendee satisfaction, including a national ranking in comparison to other SCORE chapters.
- **Management Information System Reports:** Provide up-to-date information on total services (both mentoring and workshops).

THE POWER OF DIVERSITY AND INCLUSION

SCORE believes in the importance, value and power of diversity – diversity of people and diversity of thought. The diversity of race, gender, age, ethnicity, geography, and experience is important and valuable in SCORE. Accordingly, SCORE is focused on achieving diversity within our volunteer corps, staff, board and clients.

Not only is this the right thing to do, but it is also in accordance with national trends. Across the U.S., the number of women-owned businesses is growing at a rate five-times faster than the national average, and there was a 45% increase in woman-owned businesses from 2007-2016.¹ There has been a 38% increase in minority owned firms from 2007-2012,² and today, 79% percent of new women-owned businesses are started by women of color.³

Diversity and SCORE Clients

SCORE is committed to serving all clients who dream of starting or growing a business, and our data shows that our clients represent the demographics of the general U.S. population (with the exception of the Hispanic market, where there is room for improvement.)

¹ http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Summary_Tables.pdf

² https://www.sba.gov/sites/default/files/SBO_Facts_MOB.pdf

³ http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Summary_Tables.pdf

Within SCORE's FY18 client population, 61% were women; 36% were minorities; 11% were veterans; and 10% were people with a self-identified disability.

Targeted digital and social media campaigns, as well as public relations initiatives, have focused on recruiting more diverse clients to make use of SCORE services. SCORE's national marketing strategy has a three-pronged approach of building brand awareness, generating leads to recruit new clients and volunteers, and supporting marketing initiatives in the field. SCORE builds awareness of its services through earned and organic media outreach, public service announcements, and online marketing, including search engine optimization and social media. By meeting our audiences in these digital spaces, SCORE remains top of mind and connected with current and prospective clients and volunteers.

FY18 media coverage of SCORE shows a potential audience exposure of 14,183,675,133, with an average of 1,442 media mentions of SCORE per month. Publications include everything from local newspapers to national business media such as *Forbes*, *Entrepreneur* and *USA Today*.

SCORE also connects with current and prospective entrepreneurs across several social media channels, with more than 100,000 followers combined across Facebook (4.491 million impressions in FY18), Twitter (1.406 million impressions in FY18), LinkedIn, YouTube (545,453 views in FY18) and Instagram. A social media audit by a nonprofit consulting firm demonstrated that SCORE's Facebook engagement rate is 1,333% above the nonprofit benchmark. Our Twitter engagement rate is 2,429% above the nonprofit industry benchmark, and our Instagram engagement rate is 207% above the nonprofit industry benchmark. These numbers show that we are effectively meeting and interacting with our clients on social media.

Diversity and SCORE Volunteers

Recruitment and retention of a diverse volunteer corps is key to SCORE's future success. SCORE onboard 3,243 new volunteers in FY18, 12.8% of whom are former clients.

While our data shows that SCORE clients report equal measures of satisfaction regardless of their mentor's race or gender, SCORE is nonetheless committed to growing our diverse volunteer base and reinforcing our culture of inclusivity. We have grown from 22.33% women and minority volunteers in 2012 to 30.80% in 2018.

This growth in the diversity of our volunteer corps is the direct result of focused actions undertaken over the past few years. In 2015, the National Women's Steering Committee was formed by a group of SCORE volunteer leaders whose goal is to help recruit and retain women as mentors and leaders in the organization and assist chapters with educational events serving women entrepreneurs, including roundtables, networking forums and business conferences.

In 2017, a National Inclusion Task Force was formed to drive strategic cultural change throughout SCORE. Beth Shapiro was named National Volunteer Vice President, Diversity and Inclusion. SCORE CEO Ken Yancey officially announced SCORE's Culture of Inclusion at the annual National Leadership Conference, and by year's end, online inclusivity training had been launched for volunteers, which is now a mandatory annual requirement.

Formal, in-person inclusivity training was completed by all field leaders in 2018. The same year, field diversity and inclusion ambassadors were tasked with the mission of spreading diversity information among the volunteer corps. The work continues through various webinars and newsletters, which highlight the diversity-related successes of chapters and clients.

SCORE has also solidified partnerships with key organizations to help expand our reach into underserved and minority markets, including: Walker's Legacy, ICCC, US Black Chambers, and Black Enterprise.

We have also increased our focus on Spanish-language educational content, and formed strategic partnerships with like-minded organizations who want to help the Hispanic business owners and entrepreneurs succeed. Examples include partnerships with the Hispanic Chambers at the national and local levels.

Most recently, SCORE has run a social media ad campaign targeting 11 cities of varying size across the U.S., and specifically aimed at recruiting diverse volunteers. To date, the campaign has generated 1.08 million impressions, and 17,300 link clicks, with chapters each reporting a strong uptick in volunteer applications.

VISION 2025: EMPOWERING SMALL BUSINESS SUCCESS IN THE FUTURE

Within an ever-changing business and economic landscape, SCORE must prepare for and ensure organizational relevancy for the next 50 years. It is not enough for SCORE to try to manage change; rather, we must embrace change and become change proficient. No matter how much the landscape changes, SCORE's ability to provide business advice and mentoring to entrepreneurs and small business owners will remain relevant, as validated by our data.

SCORE has developed an official vision for the organization in the year 2025, which guides decisions and organization development. This vision consists of data-driven conclusions, sourced from numerous macro-environmental as well as SCORE-specific sources, which have been tested and verified throughout the process.

Vision 2025 has seven elements, which are both directional and aspirational:

- **CLIENT FOCUS:** Client satisfaction, client success and the growth of the small business community are the overarching criteria of our success.
- **ACCESSIBLE:** The skills and specialties of our nationwide network of fully certified mentors can be easily and readily accessed.
- **BEST-IN-CLASS:** Our resources, either our own or our partners', settle for nothing less than excellence, so that our clients will receive the same incredible experience independent of their location, business type or service offered.
- **RELEVANT:** We will stay aware of (and respond to) changes in the small business environment.
- **COST EFFECTIVE:** SCORE will apply the most practical and current business methodologies in the most cost effective way possible to best serve our clients.

- **VALUES-BASED:** We will ensure quality of the client experience and will continually demonstrate integrity, rigor and the courage to change.
- **GROWTH-ORIENTED:** We will drive growth in the number and type of clients served, in the breadth of products and services provided and in the capabilities of our organization.

To effectively deliver on the Vision for SCORE in 2025, SCORE, as an organization, must continue its ongoing cultural transformation by operating with a “One SCORE” mindset, in which headquarters, the chapters, volunteers and the SCORE Foundation work together to achieve the goals of an increased focus on clients, accountability and growth. This transformation must be continually and consistently driven at all levels of the organization.

To this end, SCORE is currently moving to a more centralized operating model in which support functions such as accounting and technology are executed and coordinated at the headquarters level, while direct client services and support are delivered at the field level through our nationwide network of chapters and volunteers. This will help to ensure consistency, efficiency and an ever increasing level of client engagement and satisfaction with our services, and also allow volunteers to focus less on administrative tasks, and more on mentoring.

Examples of this centralization include the chapter website standardization, the social media program and the centralized accounting program.

Chapter Website Standardization

SCORE’s individual chapter websites are designed on a centralized template, with an aesthetic that complements the national website and strengthens brand consistency, while allowing for customization at the local level. This customization is accomplished via editable content bands, built-in social media sharing icons, a blog, and email newsletter signup functions.

Enhanced functionality includes SEO, mobile optimization, and search capabilities that direct clients and volunteers toward the resources they need. A Constant Contact workshop Application Programming Interface provides a direct import of chapter workshop data to both the chapter website and the national website, expanding their reach and attracting more clients. The chapter websites are uniquely connected to the national website at score.org, allowing chapters to automatically share national online workshops and resources if they so choose, and enabling easier site maintenance.

Chapter Social Media Pilot

Originally tested as a pilot program with 10 chapters in 2016, SCORE’s chapter social media program has now grown to include 230 chapters. The program centralizes social media posting and engagement services through the services of a third-party vendor, enhancing and integrating the chapters’ digital marketing efforts with an improved online presence and increased brand consistency. By improving local awareness of SCORE, the program targets each chapter’s main goals of recruiting more clients, recruiting more volunteers, and driving stronger local workshop attendance.

Data shows that this program achieves our goal of meeting potential clients and volunteers where they are. In FY18, chapters involved in the social media program saw an 8.9% increase in services, compared to non-pilot chapters, which saw a 2.93% increase in services. Total engagement for participating chapters increased by 30% over the previous year.

Centralized Accounting

Today, one of SCORE's main initiatives is to centralize all accounting and finance systems nationwide. Centralizing accounting functions will reduce the burden on SCORE chapter chairs and treasurers moving forward, related to reporting requirements and bookkeeping and clerical duties, while chapters maintain control over how, when, and where they spend and raise their monies.

The development of uniform policy and procedures for chapter treasury operations provides consistent onboarding and training of treasurers, reduces risk for the overall organization, improves insights into financials of the organization to better support accounting and fundraising.

SCORE 2019 Appropriations Request

SCORE must finance its future and raise the dollars required to deliver on Vision 2025. To serve our future clients and meet the needs of our future partners, volunteers and staff, incremental dollars will be required to invest in innovation, technology, marketing, relationship development, product/service delivery and infrastructure. To be successful and remain relevant in the future, SCORE must not only increase connectivity among clients, volunteers, headquarters and partners but also improve operational efficiency, consistency and effectiveness. This will require increased process capability and capacity supported and enabled by information technology.

Based on the impact demonstrated above, SCORE is requesting a \$13.5 million appropriation in Fiscal Year 2020. This represents a \$2 million increase in funding as compared to the projected Fiscal Year 2019 appropriation. SCORE will use these funds to continue the implementation of our Futures 2025 initiative, which will ensure SCORE's future relevancy, change proficiency and positive impact on clients.

As detailed above, the FY19 results of the implementation of SCORE's Future 2025 initiative include significant improvements in client engagement, growth in client services, improvements in service quality, improvements in diversity and inclusivity, and increased client impact.

Based on these results, we estimate that appropriated FY20 funds will be used to serve and support our clients in the following ways:

Client Services:

- Develop new chapters/branches in specific markets of opportunity including major metropolitan areas, rural states/communities, inner cities and other underserved areas.

- Continue the development and implementation of SCORE's Client Road Map based on client focus group feedback regarding expectations, new products, services and delivery channels.
- Additional funding for special projects at the chapter level including women's workshops, diversity and inclusion initiatives and outreach to underserved markets.

Marketing and Communications:

- Use social and other forms of digital media to reach and attract new clients and volunteers. Continue centralized digital marketing (website and social media management) for all chapters.
- Develop and organize content and resources to allow simple and instant access for clients and volunteers. Develop targeted web-based centers for specific industries, business disciplines and market segments (i.e. startups, non-employer firms, etc.)
- Support SCORE chapters with their goal of becoming an integral part of the economic development fabric of the communities they serve. Develop and implement local chapter marketing initiatives, including referral and word-of-mouth campaigns.
- Use referral partner networks to attract clients and volunteers at all levels of the organization. Form joint marketing initiatives with national and local partners.

Technology and Website:

- Finalize development and roll out "SCORE Engage," a Salesforce CRM system that will manage SCORE's client experience, volunteer experience, volunteer management, association management and stakeholder reporting.
- Properly protect all client, volunteer and other data that is used, stored or managed by SCORE. Implement a data security audit and plan to insure all client and volunteer data is as well-protected based on industry standards.

Volunteer Education:

- Support SCORE's Volunteer National Leadership Conference and seven regional leadership meetings.

Administration:

- Improve SCORE's ability to appropriately manage all forms of funding in a manner consistent with all applicable rules, policies and regulations. This includes software licensing fees for the centralized chapter level accounting system.
- Customization, integration, implementation of centralized chapter level accounting system to reduce chapter administrative burden and lessen financial risk related to cash control.

Payroll and Fringe:

- Anticipating two staff additions to the finance/accounting department, and one additional technology staff member.

Governance:

- Continue to provide appropriate oversight of SCORE in a manner consistent with all applicable rules, policies and regulations.

SCORE is scalable, with a relatively small investment, and can provide even greater value to the federal taxpayer, and to our country's economy. All appropriated funds would be maximized to serve and support our clients by growing our volunteer corps, expanding our reach, and creating even greater economic impact in communities across the country. SCORE exists to help entrepreneurs achieve their dream of success, and to strengthen the economy of this great nation. We appreciate the support of this committee, as well as your personal support of SCORE.

I would be pleased to answer any questions you may have, and to provide any additional documentation as requested. Thank you, again, for this opportunity to testify.

Respectfully submitted,

Kenneth Yancey
CEO
SCORE Association

“Supporting America’s Startups: Review of SBA Entrepreneurial Development Programs.”

By Cherylynn Sagester, MM, Director Old Dominion University Veterans Business Outreach Center an SBA Resource.

It is the opinion of this author, there is no better time to be a startup entrepreneur in the U.S. than at this moment. The financial conditions are certainly favorable, as well as the economic outlook for the future; not to mention the traditional negative and or skeptical mindset regarding entrepreneurship is a thing of the past. Entrepreneurship is currently thought of not only in a positive light, but is considered the ‘thing to do’, especially if you are a millennial or a veteran, and if that is the case, it is thought of as the way to achieve autonomy, success and independent wealth.

Furthermore, research conducted after each major war since post-WWII tells us veteran entrepreneurship significantly increases after each major war, and the Iraq and or Afghanistan war is no different. Research has also shown veterans make the best entrepreneurs, as they acquire skills and character that are conducive to what is required for entrepreneurial success. An example of these character traits are as follows: excellent work ethic, sound understanding of the need for a plan and the necessity to follow the plan, veterans are risk-adverse, and failure is NOT an option, among other traits. In addition, these new veterans are the most educated and technologically trained service members than any before them. When considering this, combined with the previously mentioned character traits gained by military service, you have a sector of the population that is prime for taking on entrepreneurship and thereby, control over their future.

On the other hand, Startups have many challenges, as any form of entrepreneurship does. In particular, the Startup is immediately challenged when it comes to startup capital. A Startup is like any small business, funding is the biggest obstacle to confront; along with lack of experience or knowledge as an entrepreneur. With that said, the following statistics provide validity to what is observed in the startup and entrepreneurial community: Approximately 50% of small businesses fail in the first 4 years, with the leading cause being incompetence and lack of managerial experience at 30% and 82% of businesses fail due to cash flow deficiency. When considering these assumptions, please see the Startup rankings by state listed below...

Startup Activity and Rankings

- Among the twenty-five largest states, the five states with the highest startup activity in the 2017 Index were California, Texas, Florida, Arizona, and Colorado. Seventeen out of the twenty-five largest states had higher levels of startup activity in 2017 compared to last year.
- In the twenty-five smallest states, the five states with the highest startup activity in the 2017 Index were Nevada, Oklahoma, Wyoming, Montana, and Idaho. Eleven smaller states had higher Startup Activity Index measures this year.
- Among the twenty-five largest states, the four that experienced the biggest increase in ranks in 2017 were Massachusetts, Tennessee, Washington, and Minnesota. The three that experienced the biggest negative shifts in rank in 2017 compared to 2016 were Louisiana, Maryland, and Virginia. (*2017 Kauffman Index of Startup Activity* Ewing, Marion Kauffman Foundation). Per the aforementioned study, Startup activity in a region in the U.S. is driven by the rate of new entrepreneurs joining the economy in a given month, the number of new entrepreneurs entering the market that are driven primarily by ‘opportunity vs necessity’, and the number of Startups in a region that are new employer businesses.

SBA Entrepreneurial Development Programs

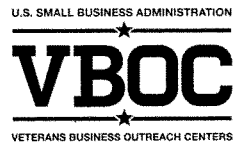
The U.S. Small Business Administration (SBA), Office of Veterans Business Development's (OVBD) premier entrepreneurial development program is, the Veteran Business Outreach Centers located throughout the U.S., with each Center responsible for a geographic Region that covers multiple states. For example, the Center this author oversees as Director of Region III (Virginia and West Virginia), is the Old Dominion University Veterans Business Outreach Center (VBOC) located at Old Dominion University, as a part of the university's Institute for Innovation and Entrepreneurship (IIE), 4111 Monarch Way, Suite 106, Norfolk, VA 23508. With this being said, the SBA has 22 active centers across the nation as a result of funds designated by Congress to the SBA in support and strong understanding of the importance of entrepreneurship, and of small businesses to our national economy. This Center is located 5.2 miles from Naval Station Norfolk, the largest Naval Base in the world, who transitions out approximately 10,000 Sailor's each year for the last 6 years and is expected to continue to do so going forward, as the post war downsizing of our troops continue. These numbers do not include any other branch of service in the Hampton Roads region, and as record shows there are many installations in the region who transition out thousands of veterans in the Hampton Roads area and the state of Virginia each year.

Transition Assistance and working to support the Transition Assistance Program (TAP) in each of our regions is paramount to the main requirement for VBOC's. This support includes organizing, facilitating and instructing the nationally known 2 day introduction to entrepreneurship program, **Boots to Business** (B2B), whose training is conducted on military installation's throughout areas of regional responsibility. The secondary requirement is to offer 'other' business and or entrepreneurial trainings and outreach. Lastly, and vitally important, is the one-on-one business advising provided to our startups and small business owners in all phases of the business cycle, as well as those whom qualify and are positioned for government contracting within the military and or DoD sectors. VBOC instructors and advisor's, along with their local and regional community resource partners are '*boots on the ground*' support for entrepreneurial clients. However, the SBA, Office of Veterans Business Development (OVBD), and our other SBA resource partners such as: SBA District Offices, U.S. Department of Agriculture (USDA), SCORE, Small Business Development Center's (SBDC), Women's Business Center (WBC), Procurement Technical Assistance Center (PTAC) and others make up the resource network that is KEY to the support needed to overcome the obstacles to success discussed in the previous section; access to capital and managerial experience and or know-how to start and or grow a business.

To summarize, startup's and entrepreneurs must self-fund and or in military terms, '*bootstrap*' their startup costs through their savings, friends and family investments, and if they are lucky they can access some non-traditional funding; such as online forms of funding like StreetShares (e-bay meets shark tank), crowdfunding (Kick-starter, Go Fund Me and others). Due to the explosive and thriving entrepreneurial ecosystem that is currently prevalent throughout the nation, startups and entrepreneur's also have a new option which consists of 'pitching' their business idea and or concept to organizations and or institutions that are holding startup 'Pitch Competition's' with often hefty prize monies going to the winner and runner-up. These forms of outside-the-box funding is often times the difference between a small startup getting off the ground or not, because traditional forms of capital are not usually a viable option for these new entrepreneurs. These new forms of startup capital are taking place all over our cities, regions, states and the country as a whole, and when combined with experienced business advisors (research says startups who have access to business advisors, mentors etc. are 26.3% more likely to succeed), like those at the SBA, VBOC's and other SBA resource development programs mentioned, explains why we are starting and growing more small businesses in the U.S. than ever before.

Exhibit 1:

Old Dominion University Veterans Business Outreach Center Metrics:



**Old Dominion University Veterans Business Outreach Center
February 25, 2019**

2ea. Business Counselors, 1ea. Administrative Assistant
Over 1900 Active Business Clients (Virginia, W. Virginia,
Delaware, Maryland, Pennsylvania)
Over 175 Veteran-Owned Business Start-ups in past 5 years
Over 1,500 Jobs Created
Over \$350M in Revenue
Over \$10M in Capital Investment

Question for Ms. Corinne Hodges
CEO of the Association of Women's Business Centers

Ms. Hodges—

Thank you for your work serving as a resource to women-owned small businesses.

Federal contracting can help level the playing field for traditionally underrepresented small business owners, like those owned by women. Currently, the SBA has set a government-wide goal of 5% for women-owned small business contracts.

Unfortunately, these set-asides are not always equitably distributed among the wide array of federal contract.

I have heard from business owners in my district that federal construction proposals very rarely have set-asides for women-owned small businesses. This is especially notable because women-owned small businesses are underrepresented in this industry.

Have you heard similar concerns from your members about federal agencies failing to meet their set-aside goals for women-owned small businesses?

Thank you again for the opportunity to share with the Committee about the critical role of Women's Business Centers. Federal contracting, as you point out, is an important market for women-owned businesses. We regularly hear about the need for

more training and counseling around procurement, and, yes, at times concerns about the lack of utility of the WOSB program.

While our centers are not close trackers of the 5% goal, we would be happy to work with the Committee to explore how improved awareness of the program – for contracting officers and women business owners – might yield better results.

How can Congress better support SBA's role in promoting women-owned and other underrepresented businesses in the federal contracting process?

There are many good curricula among our members around WOSBs and federal contracting. We, however, lack the resources to share best practices to maximize impact across all 150+ locations nationwide. We would urge the Committee to improve the program through re-authorization and accreditation to allow better transmission of best practices around procurement.

Individual centers, as well, need additional funding to build out contracting programs and expertise. We know that the method of education (WBCs) works, we need the resources to make it happen. We would gladly work with the Committee and the appropriators on identifying pilot opportunities in the WOSB contracting space.

**Question for Ms. Cherylynn Sagester
Director of Veterans Business Outreach Center
Norfolk, VA**

Ms. Sagester:

We know that veterans acquire a variety of skills while serving their country—from leadership skills to crisis management and adaptability—but lack many of the specific skills to start their own small business, like accounting and market development.

Yes, that is true. Therefore, the VBOC and our services are so important to the veteran's success as an entrepreneur. As a VBOC client, our veterans and military spouses are trained and counseled on *business startup* processes; such as: industry and market analysis, proper economic and business model for the type of business they want to open, required funding and resources, as well as, 'back office' procedures, operations, building their vendor and customer base and many other requirements.

Training servicemembers transitioning into civilian life on entrepreneurship helps them to leverage these many skills to succeed in starting their own business. Yes, it does and these military acquired skills and characteristics also are what is responsible for their tenacity and determination to succeed and to not give up or retreat; making success and victory the only path forward in their minds; whereas, their civilian counterparts who did NOT serve in the military have a tendency to not only give up more easily, but they also do NOT have access to the entrepreneurial training, counseling, mentoring and additional support offered; that no doubt, helps to make servicemembers transition to civilian life and entrepreneurship much more likely to be successful.

Last Congress, I introduced the *Veteran Entrepreneurship Training Act*, which would codify the widely successful Boots to Business Program operated by the SBA which coordinates this training. As a VBOC Director and serial veteran entrepreneur, I thank you for this introduction and support, of one of the most successful programs associated with military transition. Since Boots to Business (B2B) was launched as a Pilot in January 2013, my team and I have been facilitating, instructing and delivering this program for the SBA's Region III made up of Virginia, West Virginia, Pennsylvania and Delaware. However, May 1, 2018 the SBA reorganized the Regions and Region III is now made up of Virginia and West Virginia. During this timeframe of 6 years, the B2B program has continued to grow and improve. As for our Center, we have seen, not only the number of attendees grow for the entrepreneurial workshops, but also the number of workshops deliver in each of the SBA's 10 regions. For example: our Center, ODUVBOC conducted 63 2-day B2B workshops in our region in 2017 and last year, we conducted 67 2-day B2B workshops; and are on course to deliver approximate 70 or more for 2019. This increase is due to the number of military transitioning, but it also has to do with the success of the training and the follow up training and counseling provided to the

servicemembers by the SBA, VBOC and resource partners. Servicemembers are aware of this and have learned they can be in business for themselves, but NOT by themselves...

Can you briefly talk about the success of Boots to Business in training servicemembers to start their own business?

Boots to Business training was developed, as an intense introduction to entrepreneurship and has proven to be a successful **First Step** in providing business start-up information to transitioning servicemembers. The purpose of the training is to deliver an overview of what it takes to be a veteran entrepreneur, introduction to the small business start-up process and most importantly, the resources that are available to them. Such as, those that were discussed during the recent testimony. For example: the VBOC, SBDC, SCORE, WBC and others. The servicemember is strongly encouraged to use these resources and to seek a business counselor to work with that can help ensure a successful launch of their business and beyond. An example, one of our clients here at the ODUVBOC who utilized ALL resources available to him and worked diligently with his VBOC counselor, successfully launched his brewery 3 years ago and is now in the build-out phase of his second location and continues to work with his counselor and all SBA resource partners, as well as local resources. There is no doubt his success and many others like him is directly related to starting with the Boots to Business workshop and then following the advice to utilize all resources available. *The SBA does not conduct any longitudinal research with regards to metrics as to how many Boots to Business attendees go on to start a business. If there is interest in these metrics contact the SBA Office of Veteran Business Development www.sba/ovbd.gov.

How can we better prepare servicemembers with the skills needed to succeed as a small business owner?

1) Congress and the SBA work with DoD to begin a servicemembers career transition earlier. Those of us who work in the entrepreneurial transition space are of the opinion that 2year's/24 months prior to military separation is an excellent timeframe for those who choose entrepreneurship as their civilian career path post-service. 2) DoD and Congress continuing to offer exceptional entrepreneurship and small business trainings; such as Boots to Business and other follow-on trainings and the most important of all, is to continue to offer entrepreneurial and small business counseling, as this is the KEY to the servicemember's success! I have been a Certified Business Advisor for over 15 years and as a serial entrepreneur myself and business educator, I can undoubtedly tell you, it is this counseling relationship that seals and secures to servicemember and or entrepreneurs' success. In summary, with the right training, access to resources, business counseling support; along with the entrepreneurs' passion and or desire to succeed per industry research, it is most likely the entrepreneur will be successful!

* Note:

As was discussed during the Congressional testimonies given before the Small Business Committee recently, if Congress desires to truly support veteran entrepreneurs and their spouses, as well as to increase the number of successful entrepreneurial small businesses in the U.S. through the SBA and their resource partners, including the VBOC; then it is strongly encouraged additional funding will be awarded to the SBA for this important initiative. Without the needed additional funding; which would be used to: add additional experienced business counselors, Boots to Business trainings, as well as adding new VBOC Centers in states that have increased military installations and veterans but are lacking in entrepreneurial and small business support. If there should be questions please feel free to reach out to me at: csageste@odu.edu, 757-683-4793. Thank you for the opportunity to share more information regarding our Veteran Business Outreach Program and veteran entrepreneurial support.

