



Association of Small Business Development Centers.®

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Testimony of Jody Keenan,
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Chairman Graves, Ranking Member Velazquez, members of the committee. Thank you for inviting me to testify today. My name is Jody Keenan and I am the State Director of the Virginia SBDC network and past Chairman of the Board of the Association of Small Business Development Centers.

For 30 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 and providing them free one on one consulting and advice on how to improve, finance, market and manage their businesses. The result of our efforts and the support of our host institutions has been establishment of a nationwide network of over 900 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 as well as every conceivable type of business.

SBDCs provide assistance to small business of all types, in all demographics and all regions. As I mentioned, SBDCs assist both existing and startup businesses. Roughly half of our clients are nascent businesses, those in business less than a year, and half are existing businesses. Last year alone, two percent of all new business starts in the United States were SBDC clients. The SBDC network works with women entrepreneurs - more than 40 percent of our clients are women and this year the state small business of the year winners in Iowa, Idaho, North

Carolina, Rhode Island, South Dakota and the Virgin Islands were all women-owned SBDC clients.

SBDCs prioritize assistance to veterans – approximately 10% of our clients are veterans. In Virginia we have a specialized program to assist veterans. This year we will be honoring Colonel Perry Casto who founded his firm, Allied Associates, a few years ago and now has 60 employees. Through our program in Virginia, we aggressively market to the veterans' community and guide them to our resources and services and, through our web portal, direct them to the other resources available to them. Our program is not unique. Many of our colleagues particularly in states with large veteran populations (Texas, New York, Florida, and Arkansas for example) have similar programs. 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.

The SBDC outreach to minority and underserved communities is also significant. Our minority clientele comprises over 33% of our client base nationwide and our members support targeted outreach programs all across the country. In New York for example, the SBDC network hosts the Organization for Latino Entrepreneurs, Ole and in Maryland the SBDC network supports the Branch Avenue project, an inner city business restoration program.

Virginia's SBDC network is an example of the broad reach SBDCs have. In addition to our veteran's outreach our network includes an SBDC collocated with the Women's Business Center of Northern Virginia, and a rural outreach program, the Small Town and Merchant Program to aid small independent retailers and restaurateurs-in small communities. The Virginia SBDC network also trains small businesses in procurement, international trade and a host of other services. SBDCs all across the country offer procurement, rural tourism, energy conservation, international trade assistance. We are always trying to expand and improve our services in an effort to support the growing needs of the small business sector and to adapt to a changing business environment. The advance of technology has changed the way most small businesses have to do business in order to survive and thrive. Through our Association SBDCs now partner with firms like Intuit, Google, Dell, Boefly, Microsoft and others to bring innovative and efficient tools to small business. Ways of improving small business operations that lead to growth and the creation of jobs in the United States.

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. In order to give this Committee and Congress a better picture of what SBDCs offer the ASBDC is compiling a catalog of SBDC services. This is included as an appendix to my testimony. It isn't complete yet but, as you can see, we are much more than business planning. SBDCs run Veterans Business Outreach Centers, Procurement Technical Assistance Centers and International Trade Centers. In some

states, like Massachusetts and Illinois, the SBDC is the leading edge and a key component in the state's export assistance program. In Missouri the SBTDC in Cape Girardeau works with the Delta Regional Authority to provide the business development assistance that is integral to that agency's economic development mission. In New York the SBDC provides statewide MWBE certification assistance and contractor bonding programs to help meet state and federal goals.

I could offer any number of these "success stories" but our catalog is meant to avoid that and to provide the Committee with hard information. The ASBDC knows the saying, "The plural of anecdote is NOT data" and we respect it.

Our hope is to start a discussion on the most efficient and effective ways to deliver services to small businesses. The ASBDC 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 do believe is that the leveraging of the capabilities available must be accomplished in a more thoughtful and efficient fashion.

There are a few themes that ASBDC believes need to be developed to move towards that more efficient system. First, there need to be reasonable uniform standards for the impact and effectiveness of programs. Small businesses are focused on the bottom line. Yes, small business owners have a variety of motivations but, at the end of the day nobody goes into business to lose money. Growth in sales, investment and hiring are key indicators. Obtaining capital is usually the key measure. ASBDC 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 4 billion dollars last year alone. ASBDC firmly believes that these metrics should be the building blocks for assessing the effectiveness of any small business assistance program. Likewise, it is critical that all programs be held to similar standards. It is futile to try to compare programs offering what are often similar services and yet hold them to different standards.

This concept goes hand in glove with the need to share information across program boundaries. There is nothing more unproductive than having to collect different data for different agencies or programs and keep that information in different formats. This creates silos that the entrepreneur does not understand or consider beneficial. It doesn't matter whether the information is being collected for the USDA, SBA, OMB or whoever – incompatible databases that collect inconsistent information are counterproductive and fundamentally inefficient.

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. I don't know what happens at other agencies but, I can tell you SBA does a good job of tracking SBDC performance and efficiency. Every SBDC is subject to a full SBA financial review every other year, on top of the ongoing audits from our host institutions and less formal audits from the program offices. SBA reviews our client impact, and performs customer surveys, in addition to our own client impact surveys and our Association's third party national impact survey. Right now, the ASBDC is in the process of finalizing improved client verification and impact data collection standards. We believe the best way to gauge our effectiveness is through asking our clients, our customers. We value their opinion on whether or not SBDC counseling is effective and meaningful to their business performance.

On top of that we have our ongoing accreditation process that Congress legislated for SBDCs which monitors the skills of our counselors, the strength of our SBDC management, the commitment of our hosts, the strength of and adherence to our strategic plans and our effectiveness. The SBDC program was recognized by the Office of Management and Budget for its accountability and the quality of its performance data. We're proud of the fact that our impact data is accurate and verifiable and that we're accountable to the taxpayers.

A final, complementary theme is cooperation. As I said, my SBDC network incorporates a women's business center. Many SBDCs host SCORE counselors as well. 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 and many of the VBOCs and PTACs are run by SBDCs. As I pointed out earlier SBDCs work hand in glove with the Delta Regional Authority as well as the Appalachian Regional Commission and many federal agencies. Yet at the same time, 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. That's part of the thinking behind ASBDC's cataloguing effort. We believe that this happens because people don't realize what's out there already and that the foundation of the SBDC network is designed for and can accommodate expanded services. The economy has been in rough shape, small business owners need help and talented people to respond. Every small business is important. However, we need to be clear about the resources we have and how to leverage them to the best effect for our nation. We need to recognize the skills that exist and encourage their adaptation.

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