

**U.S. House of Representatives  
Small Business Committee Field Hearing**

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

## **Introduction**

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

## **The Landscape**

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

## The Workforce

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

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

### Small Business Challenges

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

## The Problem

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

### Formation

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

### Growth

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

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

## An Opportunity

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

## What Does Help Look Like

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

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

### **Closing Remarks**

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

Respectfully Submitted,

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