



05-17-2021

Thank you, Chairman and members of the subcommittee. I am honored to have the opportunity to represent the health and voice for small businesses across the nation. I consider myself blessed to live in a country where I have the opportunity to address the leaders of my nation coming from my humble beginnings. "That these dead shall not have died in vain... Government of the people, by the people, for the people, shall not perish from the earth." Remembering the rangers who gave all so I can sit here before you, I aim to give an honest representation of my business and experiences for them.

According to the Kauffman Foundation, the number of adults owning businesses has been declining since the 1990s. In a separate study by the Brookings Institute, the number of startups has fallen by half since 1978. These studies are troubling for America remaining the leader of the free world. Entrepreneurship is directly linked to job growth, wage growth, GDP, and innovation. Capital and advice are the quintessential needs of a new idea embarking on the journey to become a successful business.

My journey to entrepreneurship started during my last semester of my undergrad at the University of Missouri at Columbia. I had put the business plan for KC Cattle Company together and was looking for a seed investment to get started once I graduated. I cleared out my Wife and I's savings and contributed the profit we made from selling our home in Columbia.

I researched grants, government subsidized loans, and other government resources. I took advantage of using the University of Missouri's Extension program for advice and grant applications. I spoke with the USDA and banks regarding USDA and SBA loans. I was asking for \$250,000 to make it through the first three years of owning my business to establish a viable business model. I did not have collateral or historic sales, so selling this to a lender proved impossible. I ended up raising half this amount from friends and family.

I boot strapped those first three years and made the resources I had work. I used my GI bill to complete my MBA. The stipend from the GI Bill was my salary for the first two years of owning my business. We found success in our e-commerce business in 2019 and continued thriving in 2020 despite huge restraints on our supply chain from large processors throughout the country shutting down. 2021 is proving to present its own set of challenges with rising costs across the board and constraints on the labor market. From 2017 - 2021, the government resources I used to help scale my business were the SBDC's ScaleUp! KC program, SBDC's marketing data resources, SBA 7a Line of Credit, SBA PPP, Post 9/11 GI Bill, and the Missouri Extension program.

Specifically speaking about SBDC, Scaleup KC was a great resource for thinking through how I am going to scale my business. Developing processes, thinking about our operating environment, and implementing the Entrepreneurial Operating system were some of my key takeaways. While completing this, I discovered I could use the SBDC for gaining specific insights into our target demographic by using information from our email list. I was in the process of paying a marketing firm \$8,000 to do this for us. The SBDC did it for free. (ESRI mapping tool)

The resources I used from the government were essential to creating a successful business. As stated before, capital and advise are the lifeblood for startups. Without the resources stated above, I would have never been able to start my business.

However, these resources are not always easy to find as a small business and not easily accessible the first few years of trying to establish a business. A few ideas I had while thinking through my talking points.

1. When filing for a new corporation with the state, what if the new entity received information about available resources along with their formation documents from the state and IRS?
2. Although the SBA has some great lending options, all of them are for established businesses. What if there was a program specifically for startups trying to breathe life into a new idea? This lending option could be paired with advisors from the SBDC to help work through the problems associated with a startup and help the individual network their new business. Startups are risky, but I would argue these loans could be a better investment for the government and individual than student loans. We need individuals to have the means to pursue good ideas in this country.

In conclusion, I believe the resources available from the SBA and affiliate partners are crucial for new businesses to succeed. However, I think these resources are not always easy to find or easy to access when starting a new company. Making resources, both capital and knowledge, available to aspiring entrepreneurs is critical to the United States remaining the gold standard for innovation and envy throughout the world. Thank you for this opportunity to speak to you. I am humbled to be part of such an amazing country and hope we can continue to inspire individuals and provide the necessary assets for people to believe in themselves enough to turn ideas into companies.

RLTW,

Patrick Montgomery

Owner/Founder/CEO

A handwritten signature in black ink, appearing to read 'Patrick Montgomery', written in a cursive style.