

Bridget Weston
Chief Executive Officer
SCORE Association

*The Small Business Administration's Entrepreneurial Ecosystem:
An Update and Next Steps with SBA's Resource Partners*
Statement to the Subcommittee on Innovation, Entrepreneurship and Workforce Development
United States House of Representatives Committee on Small Business
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Chairman Velázquez, Ranking Member Luetkemeyer, and members of the subcommittee—thank you for the opportunity to offer testimony on SCORE's national and local impact, our response to the COVID-19 pandemic and the challenges we currently face in effectively serving American small businesses.

First, SCORE would like to express our gratitude for our FY21 appropriation of \$12.2 million. We are very grateful for this funding, and it is having an immediate positive impact on the small businesses owners that SCORE volunteers serve in their local communities every day, resulting in significant business creation and job growth, which is detailed later in this testimony.

ABOUT SCORE

SCORE is the nation's largest network of volunteer, expert business mentors, with more than 10,000 volunteers across 240+ 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 11 million entrepreneurs to start, grow or troubleshoot their small business. 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's Impact in FY20

In FY20, SCORE helped its clients to start 45,027 new businesses and create 74,535 new jobs. Despite the challenging business climate of the COVID-19 pandemic, 82% of clients stayed in business throughout the year, with help from SCORE.

SCORE remains the most efficient, effective business formation and job creation engine funded by the federal government. In 2020, our cost to create a new job was \$156.97 and \$259.84 to create a new business. In 2020, SCORE clients returned \$67.35 in new federal tax revenue for every \$1 appropriated to SCORE, (\$788 million in total).

SCORE helps small business owners through three main vehicles: 1) Free business advice and mentoring 2) Low or no-cost business training and education 3) Free business templates and resources.

Mentoring

SCORE is proud to be the nation's largest network of volunteer, expert business mentors, and our 10,000 volunteers are the lifeblood of SCORE. The majority of our mentors are current or former business executives and entrepreneurs, giving them firsthand experience of best practices and pitfalls to avoid, which they pass on to our clients through online or in-person sessions. In FY20, SCORE held 315,283 mentoring sessions. The high quality of these services is captured in our Net Promoter Score (NPS) of 87.33, on a 100-point scale of customer satisfaction and willingness to recommend the brand. An NPS of 30 and above is considered good, while 70 and above is considered excellent. The 2020 NPS benchmark for education and training industries nationwide is 71, while the consulting industry scored 51.

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 coaching support that clients need to thrive in the small business arena, offering information and strategies for improvement.

In FY20, SCORE mentors donated 3,980,987 hours of total service to mentoring and educating our clients. 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. SBA data shows that mentoring works – with business owners who receive three or more hours of mentoring reporting higher revenues and increased business growth.

Business Education and Training

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 reach entrepreneurs who cannot easily attend a local workshop, or who prefer to learn virtually. 204,925 clients attended these online workshop sessions in FY20.

Virtual Conferences

Now in its seventh 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 or geographically dispersed. 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.

SCORE typically collaborates with the SBA to host the National Small Business Week virtual conference. The May 2019 multi-day event drew 5,949 attendees and 12,928 total unique webinar views.

One attendee commented: “I have to say, that was the best virtual conference I have ever attended. It was amazing, almost like going to a full-day conference. Minus the hassle of travel and staying at a hotel!”

Local Workshops

SCORE chapters offer local workshops that complement SCORE headquarters’ national webinar program. These are often tailored in response to the needs of the local business community. Local workshops can be in-person or online, and may be a single session or a multi-day series. Topics include everything from finding financing to digital marketing tips, HR best practices and business planning. Popular local workshops include Simple Steps to Starting Your Business and Legacy Planning for Farmers. 347,389 attendees were served across 10,816 local workshops in FY20.

Templates and Resources

www.score.org is the central hub for free business templates, e-guides, checklists, blogs, infographics, videos, tools and other helpful resources to help entrepreneurs start and grow their small business. In FY20, 4,754,230 people visited the score.org website. SCORE chapters also have their own websites, which offer local resources and showcase local stories of business success.

SCORE VOLUNTEERS

Since 1964, SCORE volunteers have helped more than 11 million entrepreneurs to start, grow, or troubleshoot a business. SCORE’s volunteer corps consists of 10,000 experienced businesspeople who are passionate about helping small businesses succeed. Volunteers come from all across the country, with diverse backgrounds and experience in different areas of industry. About half are currently working as entrepreneurs or executives, with the other half retired. Our 2020 client engagement index score is an impressively high 4.15 on a 5-point scale, and SCORE’s overall NPS (net promoter score) also slightly increased to 87.33.

SCORE volunteers are active and well-networked members of their communities. They often provide valuable connections for SCORE clients, whether to local financial institutions, media outlets, government offices or other small-business-oriented organizations.

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

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.

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 SCORE Learning Management System.

In addition to volunteer mentors, who offer confidential business mentoring services, other types of SCORE volunteers exist. These include subject matter experts, who provide focused knowledge based on their professional skills or industry, workshop presenters, who lead local workshops, seminars and events, and administrators, who share their skills in marketing, tech, finance or fundraising, in support of chapter operations.

ONE SCORE

SCORE's operations are anchored and directed by a five-year strategic plan and annual tactical plans. These plans are developed based on trends affecting small businesses and volunteerism, extensive data collection in our business and from other organizations serving small businesses, as well as input from our key stakeholders. Above all else, our top goals are to help more small business owners and grow our volunteer corps.

The "One SCORE" initiative emphasizes operational efficiency, consistency and effectiveness so that everyone who interacts with SCORE has the same incredible experience. SCORE's volunteer mentors, The SCORE Foundation, donors, corporate partners, board members and staff work together with shared vision, consistent focus and renewed energy, as we serve our clients and prepare SCORE for continued success.

With all of SCORE working together, clients have access to any mentor and any needed information, no matter where they may be located. Chapters can learn from any other chapter and share information. Volunteers can connect with any other volunteer, client or staff member. Stakeholders benefit from partnerships of the entire SCORE organization.

Working together requires increased process capability and capacity, supported and enabled by information technology. "One SCORE," has generated centralization initiatives that ensure consistency across all chapters, and reduce administrative burden on the volunteer, allowing them to focus on mentoring and educating their clients.

"One SCORE" also ensures SCORE continues to be a good steward of the federal dollar. SCORE successfully closed all findings from the Office of Inspector General's FY17 report (released in April 2019). Through the implementation of many of our "One SCORE" programs, we continue to demonstrate our commitment to compliance.

Centralized Accounting

In FY19, SCORE began the process of centralizing all accounting and financial systems nationwide, with the goal of reducing the burden on chapters due to reporting requirements, bookkeeping tasks and clerical duties, while allowing chapters to maintain control over how, when and where they raise and spend funds. All SCORE chapters were transitioned to centralized accounting by January 1, 2020.

This introduction of uniform policies and procedures for chapter treasury operations enables more consistent onboarding and training for chapter treasurers, and reduces the risk for the overall organization, accounting for every dollar – restricted or unrestricted – to the chapter level, and provides improved insight into SCORE's financials to better support national accounting and fundraising. The SBA has reviewed and approved this system.

SCORE Engage: CRM Implementation

The “Engage” Customer Relationship Management (CRM) system replaces the old database and intranet. “Engage” improves the quality of engagement between users and SCORE through three main journeys – client mentoring, volunteering and training. “SCORE Engage” will also help improve the mentor matching process, and provide better insight into chapter performance through reports, dashboards and additional tools that enable integration between systems and data.

Currently, two-thirds of chapters have been rolled onto the Engage system, following a pilot period in which “early adopters” representative of all SCORE regions and chapter sizes tested the system and helped inform the business requirements, system user experience, features, functionality and change management. This transition to our new and improved system will be completed by the end of FY21.

Volunteer Onboarding

A revamped volunteer onboarding program launched in FY19 now welcomes our provisional members and provides them with the tools and information they needed to start their experience with SCORE off right.

The program creates a more flexible and inclusive SCORE for the next generation of volunteers. As part of the onboarding program, SCORE added new official volunteer classifications in addition to the traditional “mentor” designation, including subject matter experts, workshop presenters and chapter support roles. These new roles permit more flexibility for prospective volunteers who have valuable skills to contribute to SCORE but may not have the time to become full mentors.

Chapter Social Media Program

Now in its fifth year, the SCORE Social Media Program provides baseline content and centralized oversight of chapter social media content to drive local mentoring and workshop attendance, build local awareness of SCORE’s services, and ensure online brand consistency. The program also manages participating chapters’ online directory listings to ensure they are claimed, managed and fully optimized.

Proper management of this social mobile ecosystem has helped significantly improve organic search results in Google. This means that more people actively searching for “small business help” are finding their local SCORE chapter.

Last year, 92% of chapters ranked in the top ten search results for key search terms, compared to 68% at program inception, and 89% of chapters ranked in the top three search results. Social media users for participating chapters grew by 11.57%, bringing the total community of local chapters to 168,307 fans.

DIVERSITY, EQUITY AND INCLUSION

Fostering an inclusive and diverse volunteer membership is critically important to SCORE, and one of our core values is, “Diversity Matters.” This means that we believe in the importance, value and power of diversity – diversity of people and diversity of thought.

SCORE continued to diversify our volunteer ranks with women and minority volunteers climbing to 38.19% of total volunteers in FY20. While we are focusing even more on diverse volunteer recruiting going forward, this 5% increase from the previous year represents the single biggest annual growth since we began tracking these metrics in 2012.

Several national volunteer committees exist to foster an inclusive environment. Among them are the Inclusion and Diversity Committee, the Black American Committee, the Hispanic Volunteer Committee, and the National Women's Committee. Their purpose is to help chapters recruit diverse clients and volunteers, and to assist in creating and executing diversity-focused client events.

SCORE for All

SCORE is working harder than ever to reach underserved entrepreneurs, including minorities, women, veterans, disabled people and rural business owners. We regularly survey and connect with our clients and other business owners to fully understand the challenges facing small business owners today.

SCORE serves a diverse range of American small business owners and entrepreneurs. Among SCORE'S 2020 client base, 60% were women, 46% were minorities and 9% were veterans.

As part of our SCORE for All efforts, we are building out equity-based programming for specific underserved business owners, to help meet their needs and narrow the gap. In early 2021, we launched SCORE for Black Entrepreneurs in response to client feedback. Before most Black entrepreneurs even open their doors, they face a range of obstacles, from a lack of capital to difficulty accessing government programs—not to mention encountering bias and racism along the way.

Through the SCORE for Black Entrepreneurs portal, Black small business owners can utilize SCORE'S Resource Library, which includes hundreds of free articles, templates, tools, videos, and checklists to meet any business need. They can sort by entrepreneur type, topic, and business stage to find exactly what they're looking for.

Black entrepreneurs can also use this hub to connect with our diverse group of experienced, volunteer mentors, who are available to answer questions about starting and growing a small business. The SCORE for All for Hispanic Entrepreneurs is planned for September, and we will continue to build out programs as resources become available.

Partnerships to Serve Diverse Entrepreneurs

SCORE forms alliance partnerships with other organizations who can introduce us to new communities of small business owners, particularly in underserved markets. Examples include the BIPOC Support Foundation, The Latino Coalition, the National Black Chambers, the Touglao Research & Development Foundation and Women Entrepreneurs Grow Global.

National corporate sponsors who partner with The SCORE Foundation also allow SCORE to facilitate additional programming beyond what federal funding allows. Recent examples include Facebook's partnership to support veteran entrepreneurs, and Constant Contact's partnership to support women entrepreneurs.

Local Community Partnerships

SCORE has also seen tremendous success working in local communities to help underserved business owners and reach those who are disadvantaged.

One example is in Cleveland, where economic and social conditions showed little improvement from 2010 to 2020, and high poverty rates persisted alongside low small business growth. These problems were worsened by the pandemic. As many as 30% of Cleveland's small businesses have been permanently closed, with minority communities disproportionately affected.

Over the past year, SCORE Cleveland has rededicated itself to bring its services to this very vulnerable community. The chapter has partnered with several leading nonprofits that target these communities e.g., Cleveland Foundation, Urban League SBDC, ECDI (Economic and Community Development Institute), the Women's Business Centers, Jump Start, the Business Growth Collaborative and Cleveland Neighborhood Progress. The results have been very positive, with service more than doubled compared to last year. Some of the most valuable services provided included assisting clients with the SBA's PPP and EIDL loan programs.

In response to the pandemic and the challenges minority business owners are facing, SCORE Inland Empire has partnered with several outside organizations to provide outreach, guidance and content to help bridge the gap that exists and help these businesses achieve success. Partners include AmPac Business Capital, the City of Ontario, education institutions, the Small Business Development Centers, Inland Empire Women's Business Center, CEEM, Hispanic Chambers of Commerce, Black Chambers of Commerce, and the Micro-Enterprise Collaborative Inland Southern California.

In the state of Maine, SCORE chapters are working together with a number of other organizations to reach both urban underserved businesses and rural entrepreneurs. Partnerships include The Indus Fund, a community-supported micro-loan program for immigrant entrepreneurs in Maine, the Portland Office of Economic Opportunity, and Prosperity Maine (PME), the Fork Food Lab food-based business workspace celebrating food from entrepreneurs' home countries. Other partners include the Maine Department of Economic and Community Development, where SCORE mentors provide assistance for businesses reaching out to the DECD for help with PPP/Cares Act funding applications, and Maine Accelerates Growth, a network of economic development and business support organizations throughout Maine.

With 240+ chapters across the SCORE network, and an existing infrastructure that allows us to access the entire wealth of resources and people, SCORE is well-positioned to scale our efforts to connect with partners and provide vital resources and connections to disadvantaged business owners.

SCORE'S RESPONSE TO COVID-19

Many more business owners are reaching out for SCORE's help than ever before, as evidenced by our 30% increase in FY20 total annual services. When the COVID-19 pandemic hit, SCORE quickly pivoted to delivering 100% virtual mentoring and education without missing a day of service. While the U.S. House of Representatives supported additional funding for SCORE's COVID-19 response in the HEROES Act, SCORE did not ultimately receive the \$10 million we requested to support our clients in

crisis. Instead, we worked with corporate partners, utilizing their temporary interest in supporting small businesses through the pandemic to stand up our Small Business Resilience Program (SBRP).

The SBRP helps small businesses navigate the challenges they're facing through the COVID-19 pandemic and other catastrophic business interruptions. Using SCORE's free expert business mentoring and online educational resources, entrepreneurs successfully navigate COVID-19 federal and local government programs, adapt to change, launch new businesses post-pandemic, and inspire their customers to rally around their business.

Launched in March 2020, the SBRP has helped thousands of business owners to pivot, survive and thrive through a three-pronged approach of mentoring, education and resources. As of May 11, 2021, 730,320 users have visited the Small Business Resilience content on SCORE.org, with 1,070,511 total page views. 28,425 small business clients participated in 36,774 COVID-specific mentoring sessions, and 6,777 people used the Real-Time Mentoring platform to get answers immediately to their most urgent business questions. 199,937 attendees benefited from business training workshops and webinars on COVID-responsive business strategies.

SCORE client Laura Licursi, owner of Elite Virtual Assistants in Mayfield Heights, OH, said of her mentor: "Mark has been amazing. I initially sought out a mentor when COVID-19 hit and I needed someone to talk to, bounce ideas off of, and help me develop ideas to generate new business. Mark always has great insight, has gone above and beyond with finding new information to share, pointing out new opportunities for me to explore and helping me find answers to see if a direction I wanted to go was viable."

Julia Petrus, owner of Cozy with Posey of San Francisco, CA, said: "When COVID-19 hit and I lost my job, I finally had the time to follow [my] passion. [My mentor] Susan really encouraged me to start my business and taught me the basics. She made me aware of what I had to do and how to get there. It was great to be able to really lean on someone who had been there. She's always so excited and supports every decision I make. I wouldn't be where I am today without SCORE."

Part of the success of this outreach owes to its grounding in real-time client research. Starting in March 2020, SCORE began surveying small business owners to understand the challenges they were facing and the resilience of both start-ups and established businesses. This research was used to inform SCORE's content strategy, and shared with the public through a series of infographics and the data report: "The Megaphone of Main Street: The Impact of COVID-19."

Utilizing both qualitative and quantitative data from a diverse group of roughly 3,500 small business owners across the nation, the Megaphone showed how COVID-19 has significantly and negatively impacted U.S. small businesses in terms of revenue, employment and cash flow. Black and Hispanic business owners were harder hit than White business owners, particularly in regards to funding opportunities. Data shows that Black and Hispanic business owners were more likely to seek both private and public funding opportunities than their White counterparts, and much less likely to receive it.

Since the pandemic began, we have seen firsthand how desperately small businesses owners need SCORE's guidance and support. Many business owners told us they would not have applied for PPP or EIDL without a SCORE mentor to walk them through the confusing and overwhelming process, step by

step. New federally-funded opportunities, are extremely valuable to business owners, but only if those who need help the most can take advantage of it. SCORE stands ready to help the most vulnerable small business owners navigate these opportunities and utilize them effectively, so they can keep their doors open and keep people employed. Continued federal investment is critical to the survival rates of small businesses across America. Our clients are depending on us to help them succeed.

APPROPRIATIONS REQUEST

SCORE's mentoring and education are critical to helping small business owners overcome their challenges and succeed. Additional funding would sustain our Small Business Resilience platform, and significantly expand the number of clients we help through our COVID response model, empowering businesses to adapt, grow, and thrive, and positively impacting our nation's economy.

Based on our continued demonstrated impact, increased demand for services and SCORE's specific plans to reach more business owners in underserved and disadvantaged communities hardest hit by the COVID-19 pandemic, SCORE respectfully requests an increase of \$9.5 million in funding for FY22, for a total annual appropriation of \$21.7 million.

SCORE is scalable. With a relatively small investment, we can provide even greater value to business owners and the economy. In FY20, SCORE helped its clients to start 45,027 new businesses and create 74,535 new jobs. Our projections estimate that this increased funding would help us to deliver 540,243 additional client services (mentoring, workshops, education), with a projected outcome of 100,131 additional new businesses started and/or jobs created, beyond last year's impact numbers.

SCORE also provides tremendous return on investment to the American taxpayer, with every dollar invested return to the federal treasury many times over. In 2020, SCORE clients returned \$67.35 in new federal tax revenue for every \$1 appropriated to SCORE, (\$788 million in total). Please see below for details on how additional funding would be utilized, and what results we expect to achieve.

Increase Mentoring and Education by Reducing Administrative Burden on Volunteers: \$3.75 million

SCORE Headquarters shoulders some operational and administrative processes that demand considerable time and resources from our volunteer mentors, giving mentors more time to focus on what they do best – helping businesses succeed.

Our "One SCORE" initiative facilitates information and resource sharing across state, city and chapter lines, so clients and volunteers benefit from our nationwide network. SCORE is evolving to a more centralized operating model, with support functions executed and coordinated at the headquarters level, while direct client services are delivered through our local chapters. Centralization guarantees consistency across the entire organization, ensuring a high quality of service no matter how, when or where clients interact with SCORE.

Examples of this centralized operating model that have already been accomplished include: the centralized accounting system, chapter score.org websites, the chapter social media marketing program, implementation of @scorevolunteer.org email addresses for every volunteer and our Engage customer relationship management system (CRM).

With additional funding, SCORE would expand this “One SCORE” initiative through:

- Technological improvements to the Engage CRM that seamlessly connects clients with volunteers.
 - On-demand communication features including live chat on website and text messaging.
 - Development of customized learning management and marketing automation systems that offer clients personalized advice and resources based on their unique needs.
 - Educational training and support for volunteers to mentor using these new capabilities.
- A centralized administration system to connect clients with volunteers faster, and guarantee effective mentor pairing.
- Given the critical importance of complying with our federal grant, and being good stewards of our federal dollars, SCORE would maintain newly added staff positions, including a compliance manager and accounting specialist, and implement a procurement tracking system for all chapters who work directly with vendors and event spaces, to ensure contract process compliance.

More Support for Community Outreach/Local SCORE Chapters: \$3.25 million

Each year, SCORE’s chapters must raise additional funds to supplement our federal funding – typically \$5 to \$8 million in total. With an increase in direct field allocation, volunteers will be free to focus on their primary objective – mentoring and education – which will result in helping more businesses to start, grow and succeed. Funds would be used for local client marketing and volunteer recruiting (50%) and operations including administrative support, office space rent and utilities, and phone service (50%). Funds would be allocated based on chapter performance metrics, opportunities for growth, and field leadership evaluations.

Help More Underserved Businesses: \$2.5 million

- Development of timely educational content including accessing emergency capital, thriving post-pandemic, and specialized content for businesses hardest hit by COVID-19.
- Increase content accessibility for disadvantaged entrepreneurs – for example: Black, Hispanic, Asian and Pacific Islander, indigenous, disabled, women, veterans and 55+ communities. This includes conducting research into specific client needs, translating content to Spanish and developing targeted educational programs.
- Nationwide program awareness campaigns and localized marketing outreach to attract new clients and volunteers from underserved markets and diverse communities.
- Add key staff positions to support diverse volunteer mentor recruitment and increase outreach to underserved communities, with a focus on partnership building.

Thank you for allowing SCORE to submit this written testimony. We welcome any further questions.