

**Jeannette Watling-Mills
Chair, Manasota SCORE
SCORE “Counselors to
America’s Small Business”**

**Statement
to the
U.S. House Small Business Committee
Subcommittee on Rural Development, Entrepreneurship and Trade
U.S. House of Representatives
April 2, 2009**

Chairman Shuler, Ranking Member Luetkemeyer and members of the committee: my name is Jeannette Watling-Mills and I am the chapter chair of Manasota SCORE in Sarasota, Florida. I am here on behalf of SCORE, the Service Corps of Retired Executives, also known as SCORE “Counselors to America’s Small Business.”

Thank you for the opportunity to offer this testimony about the U.S. Small Business Administration (SBA) Entrepreneurial Development Programs, including SCORE, and the fiscal year 2010 and 2011 authorization bill. I am here to represent SCORE and the 11,200 volunteer counselors who donate their time and expertise to serve America’s entrepreneurs.

I am a born entrepreneur, having started my first business making and selling sea shell earrings at age 8. My background and education is in interior design and I worked as a designer in New York, Miami and Sanibel, Florida. In addition to my role as chapter chair at Manasota SCORE, I own Bob’s Window Cleaning, a commercial window cleaning company serving Sarasota and Manatee counties in Florida. I have owned several other successful small businesses including a drapery franchise, mortgage brokerage and an entertainment promotions business. Like most of my SCORE colleagues across the country, I am active in other volunteer organizations and in my community. I served four years as president of the Women’s Exchange, a local consignment shop. I am an active mentor in Big Brothers and Big Sisters. I joined SCORE in 2007 and became chapter chair in 2008. My love of business, hands-on business experience and my mentoring skills have prepared me very well to work with, guide and mentor SCORE clients.

SCORE fulfills a vital role for America's small business owners and aspiring entrepreneurs by providing much needed technical assistance. As you know, many small businesses continue to struggle with layoffs, access to capital, cash flow and overall management issues. SCORE has a proven track record of both creating and saving jobs by improving small business survival rates as well as accelerating small business formation.

Many of those laid off by corporate America will find opportunities through self-employment or by being employed in a small business. Technical assistance provided by SCORE and other SBA resource partners must be available to assist these aspiring and

growing businesses as they contribute significantly to economic recovery and consumer confidence. Research shows that small businesses are five times more likely to start if they get assistance from a government supported program such as SCORE.

SCORE volunteers assisted in the creation of almost 20,000 new small businesses in 2007, according to the SBA, and SCORE volunteers help to create more than 25,000 new jobs each year. Congressional support of SCORE makes this possible.

In FY08, SCORE reached a major milestone, helping its 8 millionth client. SCORE helped 357,637 people through its mentoring and workshop programs, an increase of 13 percent over the previous year. SCORE volunteers donated more than 1.3 million hours of service.

At a standard hourly consulting fee of \$100, these services would have cost small business owners more than \$195 million dollars. According to Independent Sector, the average value of a volunteer hour is \$19.51. Even based on that heavily discounted hourly rate, SCORE's volunteer services are valued at \$25,363,000 annually. According to the SBA's 2007 Congressional report, SCORE assisted 336,411 businesses and created 19,732 jobs at a cost of \$29 per small business assisted.

SCORE volunteers are working or retired business owners, corporate executives, teachers, civil servants and military leaders who share their wisdom and the lessons learned during their careers. SCORE volunteers help clients with a variety of business areas and provide support, coaching and motivation. Some of the most common issues addressed by a SCORE volunteer mentor include business planning, marketing, cash flow and access to capital. The most common types of businesses served by SCORE are in the service and retail categories, followed by consulting, manufacturing, construction and healthcare.

SCORE Increases Small Business Success

Dr. Jianwen Liao from the Illinois Institute of Technology found that "Entrepreneurs who contact and participate in government programs (such as SCORE) are about five times more likely to successfully start a new business." There are three types of clients served by SCORE:

- **Pre-start-up.** SCORE provides counseling, mentoring and coaching for aspiring business owners in person at one of more than 1,000 chapters and branches across the country or online through "Ask SCORE," our email counseling system. In addition, SCORE provides business related templates and workbooks for assigned tasks to clients, as well as pre-business workshops both online and in person. Anecdotal evidence indicates that the pre-start-ups seek five primary types of information: 1) testing of the business idea; 2) information on how to create a business plan; 3) advice on choosing a business structure; 4) how-to information on the process of structuring a business and creating a legal entity; and 5) additional advice on topics such as marketing, financing or how to establish supply and distribution chains as they move into the start-up mode. It should be noted that in her research Dr. Liao also found that "Entrepreneurs who complete a business plan

are more likely to either continue in the business start-up process or actually start a business than are individuals who do not plan.”

- **Start-up:** SCORE provides business counseling, mentoring and coaching both online and in person to start-up businesses in operation from zero to one year. SCORE also offers startup specific templates and workbooks for clients, as well as a variety of start-up workshops online and in person. Anecdotal evidence indicates that start-ups focus on six core areas of information: 1) completion of the business creation and licensing process; 2) access to capital and financing; 3) a roadmap for next steps in opening the business to customers; 4) specific subject information on marketing, finance, etc.; 5) detailed advice on sourcing vendors, creating channels, developing supply chains, manufacturing and distribution; and 6) creating referral networks.
- **Existing businesses:** SCORE provides business counseling, coaching, mentoring and support both online and in person to existing small businesses. SCORE offers team counseling, templates and a variety of workshops online and in person for existing businesses. Anecdotal evidence indicates three distinct tracks of clients that SCORE serves based on need: 1) clients seeking capital and growth; 2) clients seeking to solve a business issue or challenge; and 3) clients returning to SCORE for continued mentoring. The subject, industry and specific needs tend to be more specialized in these cases and the counselor skill match becomes more critical.

According to the *Survival and Longevity in the Business Employment Dynamics Database, Monthly Labor Review, May 2005*:

- 80 percent of new employer firms survive one year
- 66 percent survive two years
- 55 percent survive three years
- 44 percent survive four years

The research has shown that businesses that survive four years have a better chance of surviving long-term. After the fourth year, the rate of firm closings declines considerably.

SCORE Offers Online Resources & Advice

Immediate access to information and resources is important to today’s entrepreneur. The SCORE Small Business Web Site is often the first place that entrepreneurs seek information about small business and SCORE. Last year, more than 2.8 million people visited www.score.org, up from 405,000 people in the year 2000.

SCORE has provided “Ask SCORE” advice or counseling by email 24 hours a day, seven days a week, since 1997. Today, SCORE’s 1,200 online counselors provide expert advice in more than 600 business areas. Entrepreneurs can search by business question or keyword. They can refine their search by geographic location, counselor gender and in some instances by language. An entrepreneur also can search “veteran-owned business” to connect with a counselor who either is a veteran or has specific experience with the unique needs and

opportunities available to veteran-owned and service-disabled veteran-owned businesses. A mentor is then chosen based on his or her list of skills and a brief biography.

The Find SCORE mapping tool helps entrepreneurs find a SCORE office instantly. Web site visitors can access SCORE's free "how-to" articles, 40 online workshops, a series of 5-minute podcasts, SCORE Women's Success Blog, and SCORE Ask an Expert Blog.

Online, more than 60,000 people Ask SCORE for advice, and 51,667 took online workshops in FY08. SCORE continues to provide and develop new resources online to meet the needs of today's entrepreneur.

SCORE Takes Action During the Recession

Small businesses face challenges on many fronts, including lower consumer spending, rising unemployment and tightening credit. Many small business owners have been coming to SCORE for help with cutting costs, managing cash, finding capital, streamlining operations and developing new customer channels.

All across the country, SCORE volunteers are helping clients navigate the credit crunch. SCORE can help an aspiring entrepreneur put together a strong business plan to get them through the start-up phase. For in-business clients, SCORE can provide advice on handling cash flow problems and marketing to drive leads and sales. Many SCORE chapters offer team counseling, where a group of volunteers examine various aspects of the client's business and make recommendations.

"Fuel prices were up. My interest rate went up, making my loan all but impossible to cover," says Sandra Lowe, owner of Service West Delivery in Phoenix, Ariz. "Thanks to SCORE's advice, I stabilized my cash flow. As the economy went down, I was able to downsize real costs. I am not sure what would have happened if I had not gone to SCORE."

In response to this growing need, SCORE recently launched the "Accelerate Your Success" Campaign to help small businesses survive and thrive during the economic downturn. Each month in 2009, SCORE adds a new toolkit with focused articles, templates, podcasts and workshops on helping entrepreneurs weather the current economic storm. These tools can be found at www.score.org/accelerate.

In addition, SCORE volunteers are contacting their clients to offer to assess their business conditions and map a plan for success. Many SCORE chapters are working with local chambers of commerce to help their members through the recession

SCORE mentors themselves have faced economic opportunities and difficult economic times. They know how important it is to make payroll, repay a line of credit, anticipate the drag of a down economy, and most importantly, what to do next. All of us at SCORE want to help small businesses hire more people and keep current employees working and their jobs safe.

SCORE Serves Many Communities

We are the SBA's most diverse resource partner. SCORE includes 25 percent women and minority volunteers, achieving the goal set by us, the SBA and the House Small Business Committee. The SCORE Board includes 50 percent women and minority directors. SCORE continues to focus on increasing our level of counselor diversity, which will assist us in our efforts to serve the increasing diversity of our client base.

A report from the SBA Office of Advocacy found that "Women and minorities have been extremely entrepreneurial over the past few years—a trend that is expected to continue." The Kauffman Foundation reports that "Education significantly predicts nascent entrepreneurship, particularly for blacks and Hispanics."

According to the 2006 Impact Study of SBA Entrepreneurial Resources, 13 percent of SCORE clients are African-American, and another six percent are Hispanic/Latino. SCORE offers a section on the website specifically developed for minority entrepreneurs at www.score.org/minority.html. It offers articles, resources and statistics on the growing number of African-American, Hispanic, Asian and Native American entrepreneurs. SCORE offers Spanish-language materials at www.score.org/hispanic.html and www.score.org/guides.html.

Almost half of SCORE clients are women. A key SCORE focus is helping women grow their business from a sole proprietor to an employer firm by hiring workers. Last year, SCORE launched a new Web site for women at www.score.org/women. The Web site provides interactive tools, mentoring, workshops and articles that can help women entrepreneurs achieve their business dreams. SCORE also started the Women's Success Blog, the first blog from SCORE at the national level. Women SCORE leaders offer their insights and advice on issues facing women entrepreneurs.

More than half of SCORE clients are between 35 and 54 years of age. Many SCORE chapters also work with local high schools and colleges to reach younger entrepreneurs. SCORE provides information, articles and business research in Web sections for women, minorities, veterans, manufacturers, baby boomers, rural entrepreneurs and young entrepreneurs.

A specific example from the Manasota chapter is Alina Mugford. A native of Cuba and former citizen of Venezuela, Alina started The Translation Link in Bradenton, Florida in early 2006. Working with her SCORE counselor, she developed a business vision of providing language translation services to the local business community. However, her business plan offered more than translation—her plan also encompassed assisting companies in understanding and marketing to the Latino market in southwest Florida and elsewhere in the U.S.

To say that Alina has been successful is an understatement. In two short years, her company's sales have grown more than 1,300%. She includes among her clients the Pittsburgh Pirates baseball club and WEDU, southwest Florida's primary public television station with operations reaching more than 5 million viewers.

Alina's marketing seminars have been adopted by numerous groups, including the American Translation Association, from whom Alina received an achievement award in October 2008. Alina has spoken at local SCORE meetings on techniques for marketing to the Latino market. Among other things, she has been elected to the board of directors of the Manatee Chamber of Commerce, recognized as one of the outstanding chamber affiliates in the United States. But her greatest achievement came in June 2008, when Alina took her final oath and became an American citizen.

Alina's story reflects the American dream. While she has been a SCORE client since the start of her business, it is her perseverance, intelligence, humility and goodwill that have allowed her to succeed. It is with great pleasure that the volunteers of Manasota SCORE have nominated The Translation Link and Alina Mugford for SCORE's Outstanding Small Business Launch by an Individual Aged 50+.

SCORE Helps Meet Diverse Needs

Through a national network of 370 offices and 800 branch locations, SCORE has a presence on main streets in small towns and urban centers in the United States. By working with leading national and local organizations, SCORE can reach new clients and help provide opportunities for all communities.

At the 8th Annual eWomen Network International Conference and Business Expo in July 2008, 14 women SCORE volunteers provided counseling and advice in a round table setting to more than 200 attendees on a wide range of topics, including SBA-backed loans, time management, Internet marketing and franchising. Based on our success in 2008, SCORE has been invited to fill a bigger role in the 2009 meeting scheduled for August 6-9.

SCORE is cross-promoting its mentoring and resources with the Initiative for a Competitive Inner City (ICIC). Volunteers with SCORE have helped several clients get listed on the Inner City 100, a ranking of fast-growing, competitive companies in America's inner cities. SCORE is also supporting ICIC's "Growing up CEO" program for young inner city entrepreneurs.

SCORE is working with the Brooklyn Economic Development Center to serve existing and aspiring entrepreneurs in their community. Last year, SCORE helped more than 800 people in the Brooklyn area.

The Hispanic Business Initiative Fund (HBIF) and SCORE are developing a unique partnership to expand the HBIF model of support to Hispanic small business owners in new markets, including markets outside of Florida. Initial efforts include pilot expansion to south Florida and Atlanta. Using SCORE's reach within these communities, SCORE and HBIF will offer HBIF start-up workshops to gauge community interest and support. Based on the level of success, SCORE and HBIF will identify and develop local community, federal and corporate support to launch the HBIF education and support model for existing and aspiring Hispanic business owners. "Our developing partnership with SCORE offers HBIF a significant opportunity to leverage our model and brand with SCORE's brand and reach to serve more Hispanic businesses," says Ed Bustos, president and CEO of HBIF. Bustos adds, "SCORE's respected presence and knowledgeable volunteers in markets across

the country, as well as their desire to support the Hispanic business community, make this a partnership a significant opportunity for HBIF.”

SCORE continues to focus on minority business owners with specialized mentoring and resources to improve business survival and success rates. We also continue to explore new alliances to continue to provide additional support.

SCORE Helps Businesses Impacted by Disaster

SCORE is dedicated to providing entrepreneurs with disaster preparation and recovery resources and training to protect and preserve a small business. Especially during hurricane season, SCORE provides special workshops and online resources.

For two years, SCORE and HP have conducted a nationwide tour on disaster preparedness in 20 cities across the country. These one-day seminars include numerous experts in the areas of business continuation, disaster recovery and disaster preparation. More than 1,200 people got real insights and simple solutions for protecting core assets from storms, floods, fires, theft and other disasters.

“HP has partnered with SCORE to help small businesses get access to government and corporate contracts, plan for disaster recovery, and offer seminars on how to remain a strong business even in difficult times,” says Michael Nordstrom, manager of business marketing with HP. “Every entrepreneur in America should have a SCORE mentor on his or her team. SCORE is an American invention—smart, entrepreneurial and focused on the future and future success of every small business in America.”

SCORE helped local businesses rebuild after the Midwest flooding in 2008. Cedar Rapids SCORE counselors volunteered at a business recovery center set up by the SBA to help small businesses. Volunteers in states along the Mississippi River provided mentoring to hundreds of small businesses affected by flooding.

“After the ‘1,000 year flood’ of the Mississippi River, SCORE was asked to help at the SBA’s Business Disaster Recovery Center. For nine hours a day, six days a week, two or more SCORE counselors were there,” says Greg Tomsic, volunteer counselor with Cedar Rapids SCORE. “It’s going to take time to recover, but Cedar Rapids SCORE will be there to help.”

Veterans Can Succeed with SCORE

Men and women serving in the U.S. Armed Forces can count on SCORE for business mentoring and advice. After returning from duty, veterans face a unique challenge: to join, or sometimes rejoin, a competitive job market. For some of them, starting a small business is an attractive option, especially if they had previous business experience or acquired entrepreneurial skills.

"I wasn't a neophyte when it came to starting a business, but everybody needs to think outside the box. And the only way to do that is to have someone from outside take a look at what you do," says Jack Licata, U.S. Air Force veteran and owner of Fast Bags Corporation,

which produces biodegradable trash bags in Basking Ridge, New Jersey. “That’s what the people at SCORE do best. Even if you’ve done all this before, they’ll give you insights and ideas that you might never have thought of.”

Many SCORE volunteers are Vietnam, Korea and WWII veterans. Eleven percent of SCORE clients are veterans, with one percent service-disabled. SCORE counselors can provide assistance for the new SBA Patriot Express Pilot Loan Initiative, which offers loans to help start or grow a small business.

Many SCORE offices have established programs or outreach specifically for veterans, National Guard and Reservists. These include:

- New York City SCORE has made presentations to hundreds of veterans at Fort Hamilton Hospital in Brooklyn on how SCORE can help with business issues.
- San Diego SCORE assists wounded and returning veterans and their spouses with finding a new career path.
- California SCORE chapters teamed up with the California National Guard to offer business mentoring and workshops.
- Bucks County SCORE offers the “Welcome Home Vets” program, which assists returning troops with starting a new business or reviving a current one. The free services are also available for spouses of returning veterans.
- Rapid City SCORE worked with the Ellsworth Air Force Base to provide a monthly workshop for airmen getting discharged or who are retiring.
- St. Paul SCORE offers free classes on building effective Web sites for veterans of the Iraq war.
- Buffalo Niagara SCORE waives workshop fees for veterans and members of the National Guard and Reserves.
- Antelope Valley SCORE volunteers visit Edwards Air Force Base and South New Jersey SCORE volunteers visit Fort Dix to mentor service men and women who will be exiting the military within a year.
- Omaha SCORE works with the Nebraska National Guard Program.

SCORE chapters often work with clients through the Transition Assistance Program (TAP). This program helps service members move from their military service to a civilian career, which can include starting a business. Some SCORE offices that participate in the program include:

- Washington, DC SCORE with the Washington Navy Yard
- Colorado Springs SCORE with the Peterson Air Force Base
- Waco SCORE with Fort Hood

SCORE volunteers, many of whom served in the military themselves, are proud to support the success of entrepreneurs in the military community.

SCORE Faces Funding Challenges

Although SCORE is not required by the SBA to do so, we continue to seek an increase in nongovernmental funding. Last year, SCORE raised more than \$1 million in total contributions from corporate, foundation and volunteer sources. Most of these donated funds are restricted gifts for specific projects, and the funds cannot be used beyond their intended purpose. These include the HP disaster preparedness workshops I mentioned previously, as well as OPEN from American Express speed mentoring seminars being held in cities across the country.

The “Small Business Speed Coaching Test Drive” brought a fast-paced series of workshops and speed mentoring sessions to 2,000 business owners in five cities across the country. They received help as the economy turned down with seminars on getting new customers, growing sales and managing operations efficiently. Attendees also learned about local SCORE services, with many signing up for additional counseling at SCORE office locations. I was a counselor at the speed coaching event held in Orlando last year. It was a high energy day that created many new raving fans for SCORE. In addition, the event energized me and my 50 fellow counselors. The program was so popular that 15 additional events will be held in 2009, expanding to small and mid-sized towns and cities.

Bank of America supported the *Business Basics* workbook in English and Spanish. The Office Depot Foundation supports the SCORE disaster preparedness Web section and American Express OPEN supports the SCORE Web site home page. Donors sponsored the popular *SCORE eNews* and *SCORE Expert Answers* eNewsletters. UPS, Visa and Concentric sponsored online workshops to help small businesses create success in a tightening economy.

Even with this support, educational programs, diversity outreach, online tools and training remain under-funded. These targeted donations have helped to fund local and national SCORE resources, but they cannot go into SCORE’s general fund and they cannot replace the dedicated appropriation we receive from Congress each year. While major corporations are interested in reaching out to entrepreneurs and small business owners through SCORE, they mainly provide funds for specific projects—not infrastructure, general support and organizational growth.

SCORE will continue to rely on the federal grant for operational funds. Congress set SCORE's annual funding level at \$5 million from FY02-FY07, although in some years, Congress mandated an across-the-board rescission of up to one percent that reduced the amount SCORE actually received. In FY08, Congress reduced SCORE's appropriation to \$4.95 million. Based on inflation, the \$5 million that SCORE was appropriated in FY02 has a purchasing power of about \$4.3 million today, or a decline of \$700,000. With a paid staff of just 16, SCORE’s ability to generate additional funds is limited.

While SCORE’s appropriation has remained level at just under \$5 million, SBDC’s appropriation has grown from \$88 million in FY02 to \$97 million last year, and the Women’s Business Center’s appropriation has increased from \$12 million to \$13 million. All of the SBA resource partners—SCORE, SBDC and Women’s Business Centers—offer valuable training and assistance to help entrepreneurs succeed. SCORE continues to

demonstrate its value in both cost and efficiency, and we also deserve an increased appropriation and appreciate the Committee's support for \$7 million in both 2010 and 2011. Unfortunately it is not enough to allow SCORE to fulfill its mission of service to America's entrepreneurs at this critical time in our economic history.

SCORE Requests Additional Financial Support

SCORE is grateful for the support that has been provided over the years by this committee. However, to meet rising costs, expand services and modernize operations, we request that the subcommittee and full committee consider authorizing SCORE for \$10 million in FY 2010 and in FY 2011. We also request that the committee urge the House Appropriations Subcommittee on Financial Services and General Government to fully fund SCORE at the authorized level in FY 2010. SCORE has not been funded at its authorized level in more than five years.

The additional funding requested would allow SCORE to better serve our clients by:

- Leveraging new technologies, including online community tools, social networking and media opportunities.
- Developing a counselor certification and continuing education program that would improve the quality and impact of SCORE services and create greater consistency of services.
- Developing and implementing a new client intake model with a SCORE relationship manager who would guide the client to and through the many resources offered by SCORE.
- Developing communities of expert counselors around specific businesses and functional disciplines that will act as a resource for SCORE clients nationwide.
- Providing more accurate reports to Congress and other stakeholders related to economic impact and other important outcomes.

With a higher level of funding from Congress, SCORE can offer more support to chapters and volunteers; provide mentoring and workshops to more clients; help small businesses survive the recession; and support job creation in communities across the country.

Laura Dessauer decided to put her master's degree in art therapy to use aiding children through her Sarasota business, Creativity Queen LLC. Laura met with Manasota SCORE mentor Wally Bishop for 25 mentoring sessions. She opened her firm in November 2006, just as the Florida economy was beginning to slide. Together with Wally, she developed her strategic plan, trademarked her logo and planned a sales strategy. She wrote a book using the character she created, "Creativity Queen."

Wally helped Laura identify opportunities that included multiple product lines to give her more revenue options. She not only offers direct art therapy, but she's expanded her business into 12-week courses for children, plus a book and DVD available commercially. SCORE provided mentoring on business planning, sales planning, financing, leasing, marketing planning and publishing. Laura Dessauer was honored by Manasota SCORE as

client of the year in 2007 for her first year of success. She says the SCORE honor brought her publicity and credibility and helped more people find out about her business.

Laura's first year in business was profitable and she added her first employee. Her second year revenue grew 20 percent and she continued to be profitable. As the recession took hold in Florida, Laura says, "SCORE helped me lay the foundation, so I could be nimble and effective in adjusting my product offerings in the fall of 2008. SCORE mentoring helped prepare me, so I could double revenue for four months and have a cushion as the recession continues."

Laura adds, "I wholeheartedly recommend SCORE. The business experience and knowledge my counselor shared helped guide me through unfamiliar territory and set up a path forward to meet my goals. What I learned from SCORE continues to help me make it through the recession. I'm ahead in revenue for 2009. I'll be back in touch with my mentor to brainstorm ideas and look ahead to the next six months and how to stay profitable in 2009."

Chairman Shuler, Ranking Member Luetkemeyer and members of the committee: Every entrepreneur SCORE helps is a company, a job and a contributor to the economy. Every small business matters, and SCORE mentors make a difference. SCORE appreciates the support of this committee and your personal support of SCORE.

I would be pleased to answer any questions you may have. Thank you again for this opportunity to testify.

Respectfully submitted,
Jeannette Watling-Mills
Chair, Manasota Chapter
SCORE Association