



Community Forum Results

Executive Summary

Small businesses are the key to rebuilding a healthy economy and creating jobs for our citizens. This is the broad consensus shared by economists, business people and political leaders here in Colorado and across America.

More than 98% of Colorado businesses are classified as small businesses, and more than 82% employ 15 people or less. Because of this, Colorado's small businesses are the engine that will drive this state and our citizens out of this recession. Therefore, a strong focus on positively impacting small businesses is crucial to Colorado's economy.

The Colorado Small Business Development Center (SBDC) is the only statewide agency that provides support, education, training and assistance to small business owners. The SBDC Network has adapted to the economic downturn by directly reaching out to small business owners to create programs and services to meet today's new challenges.

In the past three years, the SBDC Network has made job retention and job creation its highest priority. Through successful alliances with other state agencies such as the Department of Labor, Workforce Centers and the Procurement Technical Assistance Center (PTAC), the Colorado SBDC Network has made the most of new and existing programs. Examples of how these changes have benefited small business owners include providing information on access to federal tax credits and connecting employers to qualified employees through Workforce Centers.

In order to meet the needs of small businesses around the state, the SBDC Network's State Advisory Board and Governor's Small Business Council traveled around the state to collect a formal needs assessment of the small business community. The State Advisory Board is 100% volunteer-based, comprised of small business representatives from across the state to provide a statewide perspective. They are passionate individuals that are eager to help small businesses succeed in Colorado.

In 2009, the State Advisory Board gathered data to identify the greatest barriers to success for Colorado's small business owners. The barriers were direct issues that prohibited small businesses from growing or staying in business.

In 2010, the State Advisory Board went on the road again, framing the discussions based on what was learned the year before. This time, the board held "solution sessions" throughout the state with key stakeholders, small business owners, local legislators, bankers and key community leaders to brainstorm potential solutions to the barriers faced by Colorado's small businesses. The State Advisory Board encouraged participants to think creatively to develop a list of feasible, real solutions.



Listening to Our Customers – Colorado Small Business Owners

National small business organizations listed the following as the top three barriers or business challenges to success identified by small business owners:

- Health Care Costs
- Tax Legislation
- Government Spending

The State Advisory Board discussed these issues with Colorado business owners as we hosted Community Forums in 2009 at Alamosa, Greeley, Breckenridge, Gunnison and Denver. In 2010, the Community Forums traveled to Boulder, Centennial, Steamboat Springs, La Junta and Sterling to host the Solution Sessions.

During the Community Forums, Colorado small business owners voiced their concerns and issues loud and clear to help SBDC further refine the barriers to success to these five areas:

1. Restricted access to capital
2. Perceived and real tax burden (tax legislation)
3. Procurement processes (federal, state, local)
4. Economic uncertainty and immigrant labor
5. Skilled employees are difficult to find, expensive to lose

Although the SBDC Network uses the Small Business Administration's (SBA) guidelines as a small business having 500 or less employees, the Colorado SBDC Network has found through research and existing client trends that the businesses that can best utilize SBDC services have 0-25 employees.

Examples of specific needs:

Hi-tech and bio-tech companies need assistance managing the federal, state and local procurement processes and procedures (cutting through bureaucracies at all levels to bid for projects and contracts). Small business owners told the State Advisory Board that they cannot find qualified employees who have the skills and education to meet their requirements and thus they are forced to hire employees from out of the state or out of the country.

Retail business owners and small manufacturers told the State Advisory Board that they are so busy just trying to keep the doors open that they don't have time to keep up with complicated legislation, much less understand, how current regulations or programs will help or hurt their business.

Mountain resorts and farming communities are struggling to find low-wage seasonal workers in the context of immigration reform.

All sectors are concerned about how health care policy and health care costs will affect their cost of doing business. Health Care is a major concern in the entire State of Colorado.



Health Insurance and Health Care Costs

Regardless of legal and legislative changes to federal health care policy, access to affordable health care insurance and health care is a make or break proposition for local small businesses. While this issue was outside the specific five areas of our Community Forums, access to health care and health care costs came up in every session. The State Advisory Board was compelled to include an entire section on this barrier to help the small business community understand potential solutions.

There is worry about the high cost of health insurance and rising health care costs. There is also confusion and fear about federal mandates on health insurance. Some small business owners told the State Advisory Board that they cannot afford to buy health insurance for themselves and their families, much less afford health insurance for their employees.

Since we are committed to listening to our customers, we believe it is critical for the Colorado SBDC Network to provide health related information that is clear and accessible to small business owners. Engaging with state agencies directly involved in health care policy decisions, i.e. the Department of Health, insurance commissions and the legislative task force to provide timely information about health insurance products or services is critical to our customers.

The Colorado SBDC Network would also like to inform local and national political leaders about the ramifications of changes for healthcare. It is important to recognize that health care industries and services account for nearly 1/6th of our economy. Changes to health care can significantly affect economic growth and jobs in Colorado communities since small businesses are a growing part of this sector.

The health care system in Grand Junction has received national attention for providing high quality medical care at a reasonable cost. We suggest that their innovative thinking for answers and solutions could serve as a model for other communities in Colorado and their small businesses.



SBDC – Communication and Outreach is Critical

Although small business owners who access SBDC counseling, trainings services and resources appreciate what we do for them and for their business, there remains a large share of the market that is unaware of the low cost or free services that the Colorado SBDC Network offers. Based on what was learned from the State Advisory Board Community Forums, the following action steps have been proposed (and several have been implemented) to improve communication:

- “Get the word out” about SBDC services using multiple communication platforms including weekly e-mails with tips, social networking, websites and indirect advertising.
- In every communication and on every platform, highlight small business success stories and always showcase how SBDC resources and experts were critical to success.
- Create communication networks in each SBDC office customized according to customer needs and wants so that each SBDC administrator serves as a local moderator/curator/aggregator of information.
- Encourage business owners to network and problem-solve with each other through SBDC networking by utilizing all SBDC resources.
- Continue to communicate through traditional news media channels; target efforts to local and statewide publications, broadcasters and websites that will reach small business owners.
- Customize marketing material to suit each SBDC office and the type of host resources being utilized; chambers of commerce, libraries, local community partners or Facebook.

Communication is the key when informing small business owners of what program/services are available to them for free or at a minimal cost. Knowledge is king and the SBDC Network recognizes that we need to utilize multiple communication mechanisms to educate the public on the services we offer.

Brainstorming on solutions through the Community Forums was another way for the Colorado SBDC Network to listen to suggestions offered by small businesses. The next step will be to implement the ideas into the deliverables through Colorado SBDC Network outreach offerings.



Suggestions for Solutions

I. Lack of Access to Capital

Issue:

- Small business owners do not understand loan requirements before seeking access to capital.

Importance:

- Increasing financial literacy will help small business owners stay in business and get a handle on managing the company with existing financial resources.
- Clear understanding of financials may eliminate the need for a loan as it will not solve what is lacking or missing in financial management.

Small Business Owner Opportunities:

- Attend educational opportunities on funding sources and resources.
- Distinguish guarantors from lenders (SBA not a lender). Find out how SBA can help lenders offer loans.
- Use resources offered by the SBDC and other financial organizations.

Suggestions for the SBDC Network:

- Use communication to invite small business owners to take advantage of counseling, training, expertise and resources in SBDC network to solve capital problems.
- Focus outreach effort to small business owners in their communities providing local capital solutions.
- Use technology to communicate basic capital information (i.e. “What is Cash Flow, and Why is it Important”).
- Create at least one annual event with small business owners and bankers to allow them to network and educate each other.
- When appropriate, promote alternative resources such as libraries, Colorado Credit Reserve Program, PTAC, Workforce Centers, etc.
- Encourage bankers to engage in trainings that educate owners on how to access capital successfully.
- Enlist business schools and professors to offer current, timely and informational tips by giving them a stake, byline, credit or an SBDC award.
- Educate bankers and lenders to look at the overall track record of each business; i.e. history and longevity in the community.



II. Tax Legislation; Ongoing Questions, Confusion, Complaints

Issue:

- Small business owners do not understand the legislation that affects their small businesses and are very confused as to the ramifications if certain legislative measures pass.

Importance:

- If the small business owner is educated on potential bills that are being proposed, they can make more educated decisions on voting or lobbying.
- The more education that is provided to the small business owner on state and federal initiatives will enable the small business owner the appropriate time to plan for the future and to stay in business.

Small Business Owner Opportunities:

- Get involved and communicate with state and federal legislators on a regular basis; become your own lobbyist.
- Attend tax training courses to become more educated about the tax structure.
- Recruit business leaders in each community who have the time and knowledge to actively communicate with state and federal lawmakers.

Suggestions for the SBDC Network:

- Educate small business owners on how to communicate with politicians effectively.
- Enlist local Chambers of Commerce and business groups to take the lead by providing forums, and building leaders for lobbying to communicate issues with federal lawmakers.
- Send updates to small business owners from key partners that explain the pros and cons of specific legislation and its affects.



III. Procurement Process

Issue:

- Small business owners do not understand the complicated process or know the beneficial financial opportunities of government contracting (federal, state, local).
- Small businesses are excluded from some state contracting opportunities.

Importance:

- By educating small businesses on government contracting opportunities, future potential sales for small businesses can increase significantly.
- By understanding the procurement process, small business owners will be able to effectively bid for projects that they did not realize they were eligible or qualified to bid previously.

Small Business Owner Opportunities:

- Attend educational sessions explaining the federal, state and local procurement process and procedures.
- Learn about the different resources available to help with procurement opportunities in urban and rural communities.

Suggestions for the SBDC Network:

- Each SBDC office should identify and target 5 or 10 established businesses in the community who are recognized leaders and invite them to participate in workshops or tutorials that focus on state procurement process and opportunities, in an effort to expand their market reach.
- Communicate about PTAC and how businesses can automatically generate contracting opportunities through the bid-match database.



IV. Economic Uncertainty and Immigrant Labor

Issue:

- Small business owners are uncertain about the future economic climate, therefore they are hesitant to expand or hire new employees.
- New immigration laws are confusing and deter companies from hiring immigrant workers.

Importance:

- By providing information on the economy and future trends, small businesses will be more confident to hire and expand in Colorado.
- By understanding the immigration laws and potential for legislation that will affect small businesses in Colorado, the small business owners will make more informed hiring decisions.

Small Business Owner Opportunities:

- Attend educational opportunities about immigrant labor restrictions and hiring processes.
- Develop a comprehensive selection and hiring process in the U.S. labor market.

Suggestions for the SBDC Network:

- Identify existing community events or forums with Chambers and business schools to showcase how small business owners can access SBDC expertise in human resource management and database mining.
- Hold training sessions on how to recruit more effectively in the U.S. as opposed to hiring immigrant labor.



V. Skilled Employees are Difficult to Find, Expensive to Lose

Issue:

- Small Business owners have experienced difficulties in finding and retaining educated and skilled employees.
- Small businesses feel that they cannot compete with larger higher paying businesses.

Importance:

- By providing education on hiring and retaining employees, small business owners can recruit for the best fit and synergy for their business.
- By investing in the recruitment process to hire the right employees, small businesses can better retain employees thus creating cost efficiencies.

Small Business Owner Opportunities:

- Become educated on hiring options and resources to help connect employees and employers.
- Focus on developing candidates in to ideal employees through training and a positive work environment.
- Recruit employees with good values, loyalty and proven work ethic.

Suggestions for the SBDC Network:

- Communicate employee training opportunities and resources.
- Partner with Higher Education and Workforce Development Centers to train Colorado students and employees to qualify for jobs.
- Partner with higher educational institutions to identify existing scholarships and fellowships or help create them.
- Seek out retired workers with experience to help train less experienced employees.



Summary

After traveling around the state and gathering small business issues, the SBDC Network and the State Advisory Board understand the importance of the challenges faced by small businesses. The key findings, as evidenced in this paper, highlight the lack of knowledge of available resources offered by the state and how legislation impacts businesses. Furthermore, the unfriendly state procurement process inhibits small business owners from doing business with the state due to the complexity and the regulatory requirements.

To address these key issues, the SBDC Network is continuing to evolve its consulting and training offerings to include meaningful resources and tools that improve the knowledge and skills in areas of: loan proposal packages, legislative measures, state procurement policies, economic climate and human resource management.

We understand the tremendous challenges that small business people have gone through in the last few years. There are no easy solutions, yet the Colorado SBDC Network is continually reaching out to determine what small businesses are in need of in each community. The Network then matches those needs by partnering with private, state and federal entities to better serve small businesses around the state.

We have been a key player in helping the State of Colorado's economy rebound out of this downturn. Small business owners are reaching out to the Network and it is responding with real-life, real-time solutions. In order to ensure that the Colorado SBDC Network will continue to improve in the future, we plan on implementing the findings we gathered during the State Advisory Board Community Forums.

It is our great privilege to serve Colorado's small business owners and their employees. We look forward to continuing these crucial efforts on behalf of small businesses and the Governor of Colorado.



APPENDIX I

The following table provides basic statistics about the programs and services the Colorado SBDC tracks continually:

	2007	2008	2009	2010 YTD	Total
Counseling Sessions for Small Business	7,415	8,099	10,829	9,224	43,666
Unique Small Business Clients	3,609	3,885	4,897	4,177	20,453
Training Events for Small Business	828	789	731	693	3,830
Training Attendees	10,108	9,002	9,472	8,040	45,624
Small Business Jobs Created	926	970	1,386	1,142	5,394
Small Business Jobs Retained	912	887	1,502	1,603	5,792
Small Business Starts	301	352	391	241	1,637
Small Business Capital Formation (SBDC Clients)	\$43,589,627	\$49,592,720	\$68,748,779	\$46,914,182	\$258,438,029
Contracts won by Small Business (SBDC Clients)	\$35,271,922	\$3,623,240	\$11,652,686	\$23,319,392	\$77,490,481

2007-2008:

Increase in:

- Counseling sessions
- Jobs created
- Business starts
- Capital formation

2008 to 2009:

Increase in:

- 43% increase in jobs created
- 69% increase in jobs retained
- 39% increase in capital formation (loans and funds injected into their businesses)
- 222% increase in procurement
 - Dollar amount of contracts obtained from state and federal procurement projects from the previous year.

As we enter the remaining months of 2010, we are on track to surpass almost every 2009 achievement.



APPENDIX II

SBDC State Advisory Board & Governor's Small Business Advisory Council

Member Biographies

Coulter M. Bump

Coulter Bump is a business and real estate attorney in the small Denver-based law firm Timmins, LLC. Coulter represents emerging companies, including start-ups and growth companies with corporate, real estate, intellectual property, and employment law matters. As a consultant at the South Metro Chamber of Commerce Small Business Development Center, Coulter received the Volunteer of the Year Award 2007-2008. She is also a volunteer mediator for the Community Mediation Service. Coulter graduated from the University Of Colorado School Of Law and earned a B.S. in Journalism from the Medill School of Journalism at Northwestern University. Coulter enjoys hiking, cycling, skiing, and playing tennis. She also teaches fitness classes and speaks Spanish.

Tony Gagliardi

Tony Gagliardi has been the NFIB/Colorado State Director since 2005. Prior to joining NFIB Tony owned Tony Gagliardi and Associates, government-relations, consulting and lobbying firm for eight years, and has worked with Colorado small businesses and trade associations for over a decade to achieve their legislative goals at the state capitol. The challenge of being the voice of Colorado's small-business owners lured Mr. Gagliardi to his present position as state director for America's largest small-business advocacy organization, NFIB. In this job, which he refers to as the "ride of my life", he lobbies on behalf of the small-business owners, which includes constantly reminding policymakers that they are not smaller versions of big business, but have different difficulties in remaining solvent. Tony is a sought after speaker by various community and other business organizations. He has served on national boards for workforce development and health care. He is known for his humor and easy going nature when discussing current issues affecting small business and Colorado's political climate.

Chris Reddin

Chris Reddin is the Executive Director of the Business Incubator Center in Grand Junction, Colorado. The Business Incubator Center was founded in 1987 and today works with approximately 500 clients annually and houses 50 companies on site. The Center hosts an SBDC and a Business Loan Fund, and serves as a vital part of economic development on the Western Slope of Colorado. Prior to joining the staff, Chris was on the Incubator campus as a partner and CFO with Mountain Sprouts, a 2006 graduate of the Incubator program. Chris has a BA in Economics from Georgetown University and an MBA from Cornell University where she co-founded a student-run business incubator.



Sandy Gutierrez

A native of Pueblo, Sandy is a 1981 graduate of South High School. She attended the University of Southern Colorado for two years and received her degrees in Marketing and Management from Pueblo Community College in 1985. Upon graduating from PCC, she uprooted herself and relocated to San Diego, California where she worked for Watkins Manufacturing Corporation, a Fortune 500 Company and leader in the portable spa industry. She served in various marketing and sales positions, completing her tenure managing the company's national mass merchant accounts. Returning home in 1996, she began working for the Latino Chamber of Commerce as the Membership Coordinator from February 1997 – September 1997 and was then promoted to President and Chief Executive Officer. As President and Chief Executive Officer, she is responsible for the organization's day-to-day operations, public relations and community representation. In 2008 Governor Bill Ritter appointed Sandy to the State of Colorado's newly created Jobs Cabinet and in 2009 re-appointed her to the Colorado Small Business Council, and most recently appointed her to Colorado Economic Recovery Accountability Board. In addition she serves on the Pueblo Human Relations Commission, an organization she helped co-found; is a member of the Pueblo Education Consortium; is a member of the El Pueblo Inter-development Corporation (EPIC) Board of Directors; and serves on District Attorney, Bill Thiebaut's Citizen's Advisory Committee. Under her leadership the Latino Chamber received the 2002, 2004, 2005, 2006 and 2008 United States Hispanic Chamber Region II "Large Hispanic Chamber of the Year Award." This award recognizes Hispanic Chambers for their progressive and innovative best practices.

Cecilia Prinster

Cecilia (Ceyl) Prinster is President and CEO of Colorado Enterprise Fund (CEF), a non-profit community development financial institution based in Denver. Founded in 1976, CEF is a statewide program that makes loans to small businesses that cannot access bank loans. Prior to joining CEF in 1987, Ms. Prinster was a commercial lending and training officer at United Bank of Denver, which is now Wells Fargo Bank. Ms. Prinster holds the professional designation of Chartered Financial Analyst (CFA). In 1999, she was named the Financial Services Advocate of the Year by the U.S. Small Business Administration for both the State of Colorado and Region VIII. She also serves as President of the Denver Regional Capital Corporation and on the Board of St. Anthony's Health Foundation, where she is a member of the Executive Committee. She is a member of the Advisory Board for the Denver Small Business Development Center and on the Investment Committee of the Colorado Growth and Revitalization Fund. She is the Past President of the Alumni Association of the Notre Dame University, where she also served on the Board of Trustees.

Burke Fort

Burke Fort is the Director of the Colorado School of Mines' 8th Continent Project (8cproject.com), the world's most comprehensive effort to integrate space technology and resources into the global economy. 8th Continent provides the entrepreneurial support infrastructure and resources to solve a wide range of challenges from global warming to biomedical to renewable energy development. 8th Continent "brings space down to Earth" (TM) with the industry's first trade association, incubator, funding network and research hub, all working together to develop the next generation of space-derived business ventures. More information can be found at 8cproject.com.

Mr. Fort is also the Executive Director of the Foundation for Space Exploration (spacex.org), a philanthropic foundation dedicated to "weaving space into the fabric of everyday life on Earth." He has served as Program Manager for Planning and Development in the Center for Space Research at The



University of Texas at Austin, and as Special Projects Manager of the Texas Space Grant Consortium, where he directed education programs in microgravity research, Mars mission planning and design, NASA customer engagement, remote sensing and space policy.

In addition to being an appointee to the Governor's Small Business Council, Mr. Fort represents the Colorado School of Mines in the Colorado Space Coalition. He is the recipient of the NASA Public Service Medal and is an Associate Fellow of the American Institute for Aeronautics and Astronautics. Prior to his aerospace career, Fort was an environmental litigation attorney in the Austin, Texas office of the international law firm Fulbright and Jaworski.

James Neubecker

Jim is a lifelong union worker, an officer and activist in local and national union labor activities. Raised in Cleveland, Ohio, he served in the U.S. Air Force and began his career with Bell Aerospace. He joined the Cleveland Pipefitters Local Union and worked for Avery Engineering in management and supervision. Moving to Colorado in 1987, Jim joined Pipefitters Local 208, Denver, CO. He was senior union organizer, Colorado state representative for the pipe trade industries and advisor to the UA, the national association for plumbers and pipefitters. Jim serves on Colorado Workforce Development Council and Northern Colorado Labor Council.

Shelley McPherson

Shelley McPherson, CEO of American Wiping Rags, established the business in Pueblo, Colorado, which is a woman, minority owned business. She is a descendant of the Navaho tribe from Huntington Beach, California. Raised to recycle, she decided in 2003 to start her own business. To make a difference in the world, all products are recyclable. She managed a rag business at the age of 14 with her father. Hobbies I enjoy are snowboarding, traveling, scuba diving, reading, movies, and hanging out with my critters. I own a 1970 hot rod Camero.

Greg Lopez

Greg Lopez is the U.S. Small Business Administration's Colorado District Director. He is responsible for the day-to-day implementation of key economic initiatives and business development programs targeted to the Colorado small business community. After graduating from high school, Greg decided to seek a nomination to the United States Air Force Academy from his US Senator. Greg's dream was to become a fighter pilot.

While he was successful in being selected to attend a military academy, his disappointment was that he was selected to attend the US Naval Academy and not the Air Force Academy. Greg chose to enlist in the US Air Force. He served as a weapons specialist, programming and arming a wide range of ammunitions utilized by fighter aircrafts. While serving in the U.S. Air Force, Greg took advantage of the Veterans Education Assistance Program and earned his business degree. His tenure around jet engine noise left him with an 80% hearing loss in his right ear.

After leaving the military and marrying his wife, Lisa, Greg and Lisa moved to Colorado in 1988, and he started working for a major Wall Street investment firm offering financial services and products. In 1992, at the young age of 27, Greg was elected Mayor of Parker, Colorado. The Town of Parker is located in Douglas County which at the time had a minority population of less than 1%. Greg was able to mobilize the community on his behalf and beat the incumbent Mayor. Greg was Mayor of Parker from 1992 – 1996.