



Testimony of

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on behalf of

The Association of Women's Business Centers

before the

**U.S. Senate Committee on Small Business and
Entrepreneurship**

***Empowering Women Entrepreneurs:
Understanding Successes, Addressing Persistent
Challenges, and Identifying New Opportunities***

July 23, 2014

Good afternoon, Chair Cantwell, Ranking Member Risch, and Members of the Committee. My name is Victoria Wortberg. I am the Program Manager of the Washington Center for Women in Business located in Lacey, Washington. I am testifying today on behalf of the Association of Women's Business Centers (AWBC).

Over my career, I have served as a national corporate director of marketing, run multi-state nonprofits, and consulted extensively on creating high performance organizations. I also owned and managed an east coast advertising agency for a decade. But before I did all of that, I started by purchasing a small graphic design firm for \$40,000. I secured a Small Business Administration (SBA) loan to expand and diversify. I grew my firm to national prominence with annual sales of \$13 million dollars.

However as my firm grew, I struggled with making the move from being a start-up company to a growth company. I needed stronger management and finance skills. As I learned, there is a big difference between what I was taught in MBA finance classes and reading financials for strategic growth decisions in the real world. As my business expanded I felt more isolated, without a support network or experts to turn to, at a time when I could have been positioning my company for a move from a Stage 1 business to Stage 2.

Had a Women's Business Center with services like those that our Center provides existed, I would have found it very useful.

Washington Center for Women in Business

It was this experience, the struggles and excitement of owning and managing my own business that inspired me to apply for the Program Director position at the Women's Business Center (WBC).

Our Women's Business Center was established in Fall 2013. Our two person staff – just a colleague and myself – provides services to clients in 34 of Washington State's 39 counties. We are fortunate to have many partners in the communities we serve, as well as robust remote offerings via webinars, Skype and other technology-supported tools.

Since we opened our doors, we have provided over 100 different webinars, workshops and online training classes. We have coached nearly 150 clients and provided training to over 200. Seventy-five percent of our clients are women, approximately 25% are ethnically diverse, and their ages vary greatly from 20 to 70 year olds. The women we have worked with are owners of construction firms, cosmetic manufacturers, real estate firms, professional services, health care companies, technology firms, and landscape designers.

In our community, the WBC, Small Business Development Center (SBDC), and SCORE all work cooperatively to strengthen our economy one business at a time.

Our collaboration helps avoid duplication of services, while letting all clients enjoy the strong skills that each organization brings to the table.

At our WBC we also work in partnership with many other amazing organizations across the state such as Chambers of Commerce, educational institutions, Economic Development Corporations (EDCs) and libraries. The federal investment our WBC receives is leveraged many times over through our community partnerships, including those with the SBDC. This creates tremendous synergy, cooperation, and ultimately better assistance for business owners, who are then more successful in contributing to the economy.

The Effectiveness of the Women's Business Center Program

At Washington Center for Women in Business, we strive to provide the women that come to us with the skills, training, knowledge, and tools they need to be successful. But we are not the only ones. There is a whole national network of WBCs like ours that come to work everyday to meet and work with women entrepreneurs in every state across the country. I am pleased to share some great statistics about the effectiveness of the Women's Business Center program based on the latest SBA statistics.

WBCs produce results. In FY2013, women's business Centers counseled and trained nearly 134,000 entrepreneurs and aspiring entrepreneurs and helped create 640 new businesses. In addition, the average entrepreneur served by WBCs added nearly one employee to their business between 2011 and 2012, despite difficult economic conditions.

WBCs provide business assistance at a low cost. On average, each WBC serves about 1,300 entrepreneurs and aspiring entrepreneurs annually, at a nominal cost of approximately \$137 per entrepreneur.

WBCs ensure high customer satisfaction. A September 2013 analysis of the WBC program found that 80% of entrepreneurs who received training found it "useful or very useful." More than 60% changed their management practices/strategies as a result of the assistance they received.

WBCs have a history of outperforming program goals set by the SBA. Last year, the WBC program exceeded its FY2013 SBA performance goal for small business creation by 34%.

Bringing the WBC Program Into the 21st Century

When Congress established the Women's Business Center program in 1988, it did so as part of landmark legislation, H.R. 5050, authored by Congressman John LaFalce. The legislation created the National Women's Business Council, the Women's Business Center program, and ensured that women would have access to business

credit without discrimination. As I have noted, here we are today, 26 years later, and I am and happy to report that Women's Business Centers were a very good idea.

The WBC program was originally put in place to assist women who were starting and running businesses. The Congress felt that women faced discrimination and mandated that services provided by the Centers include socially and economically disadvantaged women. In fact, WBCs are the only SBA resource partner that is required to serve this population. We are dedicated to helping women in underserved communities create jobs in the community and create wealth for their families.

Twenty-six years later, it is time to modernize the program and think bigger. Women deserve better and the program that serves them needs to move from being big enough to make an impact but too small to reach its full potential. Let me identify several problems that continue to plague the program and solutions the AWBC believes would allow the program to meet the demand of today's women entrepreneurs.

Think Bigger

Since the program was established in 1988, the total amount of the grant available from SBA to qualified WBCs is \$150,000 a year. Adjusted for inflation, according to the Bureau of Labor Statistics, that amount in 2014 dollars would now be \$301,648. It is not hard to see why we are in a difficult position, as resources from the federal government have been stagnant, while the demand from women entrepreneurs has continued to increase. The AWBC believes that a reasonable allowable grant level per Center should be \$250,000. We urge the Congress to make this change.

Furthermore, since the program's inception in 1988, the number of WBCs has grown from four to 106. However, federal support for the program has grown only incrementally. We suggest increasing the program's funding authorization to \$26.75 million.

Think Better

When the program first started, it was put in place as a pilot program and was made permanent in 2006. However, program guidelines were never written and instead, over the course of those many years, the program came to rely on a combination of OMB directives, SOPs, Congressional directives—you name it, the program has it. We are calling on Congress to direct the SBA to promulgate a single, comprehensive set of rules that govern the program so that it can be administered effectively and efficiently. Transparency will reduce the time spent on paperwork and compliance and increase the time WBCs can devote to entrepreneurs.

One of the results of not having a set of clear directives has to do with approving option years beyond the initial first year. As you may guess, the assurance of continued funding is a source of discussion among WBCs. In the past, obtaining the grants in a timely fashion has been difficult at times and Congress has intervened. We are confident that putting clear guidelines in place would bring much needed certainty to the process.

Think Impact

Like all SBA resource partners, WBCs spend a lot of time reporting numbers to the SBA. Although we understand that the SBA is reworking its data collection system (EDMIS) with the input of the SBA resource partners, we are asking for expeditious implementation and a clear directive from Congress on what data SBA should be gathering. We urge the SBA to coordinate with the AWBC to design an “Outcome Performance Survey” to be conducted annually. The survey should collect outcome data on consulting and training clients.

Think Modernization

Similar to most grant programs, WBCs must match the federal grant with private contributions. Meeting the non-federal match has proven to be very difficult for Centers to meet during the recession. As any non-profit executive will testify, raising money is difficult enough during the best of times, but in an economic downturn, that challenge is far greater. We recommend the Congress put in place a waiver for those lean years but limit it to no more than two consecutive fiscal years.

There are a couple of other changes that we have recommended to the SBA, but likely require Congressional action. For example, executive directors, such as myself, are required to operate and manage the Center on a full-time basis. However, we are hamstrung when it comes to raising money for the non-federal match because an OMB directive forbids executive directors from fundraising while on the job. Reducing the full-time management requirement would enable program leaders to more efficiently and effectively raise funds to meet the federal match requirement.

While we are on the subject of the non-federal match, there another issue that creates a disincentive to Centers to raise money beyond their federal match. Currently, if a Center raises more money than is required to meet the federal match (up to \$150,000) that additional money is subject to SBA scrutiny and compliance requirements. So, therefore, Centers choose not to exceed the federal match. This is an example of a program change that should be made. SBA believes that it requires a change in the law rather than an administrative change. We urge the Congress to take this step.

Conclusion

The growth and impact of women entrepreneurs and women-owned businesses in the United States over the last 40 years is impressive and Women's Business Centers have been there to help. In 1970, only 5% of businesses were women-owned. Today, there are 7.8 million women-owned businesses, representing nearly 30% of all businesses in the United States. Since the WBC program was established, WBCs have counseled more than 1.6 million entrepreneurs – or about 20% of women in business today. We need to ensure that the critical program is there to continue serving the next generation of entrepreneurial women – it is time to modernize the program and think bigger. Women deserve as much.

I will close with a quote from our client Khurshida. Khurshida is the sole owner of a speaking and training business focused on empowering communities to stand up against human trafficking and other forms of human exploitation. She shares...

“My success is not only due to my hard work and dedication, but also the support and services of the WBC. The WBC helped me write a business plan, identify my target market and assisted me with speaker contracts and fees. My business coach meets with me weekly, helping me squelch the self-doubts that come with the ups and downs of being self-employed. I now make my living from my business, supporting myself and my twelve-year-old son. I would recommend the WBC to anyone serious about taking their entrepreneurship to a whole new level.”

Thank you for inviting me here today to share my story and to discuss the critical importance of the Women's Business Center Program. I would be happy to answer any questions the Committee may have at this time.