



Testimony of Ms. Iman McFarland
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Before the Senate Committee on Small Business and Entrepreneurship

Chairman Rubio, Ranking Member Cardin, and distinguished members of the Committee, thank you for the opportunity to testify before you today. My name is Iman McFarland and I am the Chief Operating Officer of 21st Century Expo Group located in Prince George's County, Maryland. I come before you today not only representing myself, but also my business partner, who happens to be my mom and is with me here today, my employees, my community of Prince George's County, and small business owners around the country.

21st Century Expo Group was established 30 years ago by my parents in their basement when I was four years old and is today the only Black and woman owned trade show firm in the entire country. For 30 years, 21st Century Expo Group has designed, built, installed, and managed customized exhibits that our clients use to tell their stories, expand their brands, and reach target markets. Currently, my mom and I operate the business together with advice from my dad, who founded 21st Century and is also here with me today.

We began 2020 with plans to grow our business and had just undertaken a rebrand that we were excited to unveil. Then the pandemic brought everything to a halt. We have not generated events revenue since February and all of our contracts have been cancelled. In January of this year, we had 10 employees, whom we unfortunately had to furlough at the beginning of the pandemic as revenue flow ceased completely. We knew the initial shutdowns and ongoing restrictions were important to the health and safety of all Americans, but for hard-hit industries like ours, they required us to make difficult decisions about the future of our businesses. Over the last 30 years, 21st Century has weathered both the challenges of operating an events business in the wake of the 9/11 terrorist attacks and the 2008 financial crisis. 2020 was the first year in our history that we had to close our doors completely and lay off employees.

Many of our competitors are large, national businesses, employing hundreds of workers. They too were adversely affected by the lockdown and had to close their doors and lay off employees. However, because of their size and greater access to capital, many were in a position to consolidate their businesses and acquire virtual streaming platforms that allow them to continue holding online events and generating cash flow. Smaller trade show contractors – like 21st Century – tried to partner with other virtual event providers, but the cost and profit-sharing structure did not make sound financial sense.

Thankfully for our business and five million others around the country, the federal government acted quickly to pass the bipartisan CARES Act in March and stood up the Paycheck Protection Program (PPP). Not only this, they expanded the use cases of the Economic Injury Disaster Loans (EIDL). We at 21st Century Expo Group were fortunate: fortunate to have a strong relationship with our bank, fortunate to have up-to-date financial records, and fortunate to receive both PPP and EIDL funds that allowed us to stay afloat during the first half of this year. With the help of the PPP funds, we were able to fund payroll, pay rent on our warehouse, and provide health benefits for employees. The EIDL funds, meanwhile, went toward expenses like overhead costs, vendor payments, and our internet bill.

The PPP and the EIDL did more than just keep our business afloat, it created a rising tide of support that lifted up the five employees we were able to bring back, as well as the broader community we have been able to serve. We know not every small business across the country was as lucky. While we are still awaiting confirmation that we have received forgiveness on our PPP loan, our experience was extremely positive and we are grateful to legislators for their bipartisan approach on that legislation.

Both PPP and EIDL funds served as a vital bridge during the lockdown to combat the spread of COVID-19 – they helped us cover our overhead costs when our revenue declined 85% and quite literally kept the lights on while our industry came to an abrupt stop. But those funds only lasted until October, and we knew we had to explore new opportunities. So we did what entrepreneurs do: we reassessed the assets we had, the needs we could meet, and looked to chart a new path forward.

As small business owners, our employees are our family and our community is at the heart of our business, so my mom and I sought ways to serve our community, which was also suffering. We saw kids, schools, teams, and trainers around Prince George's (PG) County facing unprecedented challenges and hardships, and we saw in our 40,000-square-foot warehouse an opportunity both to give back to the community and expand our business.

Prince George's County is one of the basketball capitals of the country, and both my mom and I played basketball in college, so we combined our love for the game with our love for the community and created a meaningful way to stay in business and support others. Using a portion of our EIDL funds, we transitioned our facility into an academic and athletic training center. Following all the appropriate pandemic precautions, we launched a 90-day trial run in September. We have since invited 2,100 kids to come through our doors and have experienced zero cases to date. Not only are we helping the kids of PG County, we are also providing coaches and tutors – sole proprietors and other small businesses whose livelihoods depend on their ability to coach and teach in person – a place to generate income for themselves as well. In addition, we have been able to hire new administrative staff, bring back warehouse managers, and employ another small business to help clean and sanitize our warehouse.

In our case, the pivot to survive has now become an opportunity to help others thrive – to support our local economy and our local community, and provide a sense of normalcy in abnormal times.

We know that the trade show business will return eventually, but we do not know when that will be and what it will look like when it does. The critical funds we accessed not only helped to ensure that the company my parents built will still be here when it does, but they also enabled us to pursue a meaningful endeavor to generate revenue and support our local community even after our core business returns. In time, I am confident our trade show business will recover – if not expand. Thanks to the flexibility of the funding we received, there will now be a second enterprise providing employment in our community. My parents and I are immensely grateful for the PPP and EIDL loans from this spring; without them, our 30-year business would not have survived. But we are not in the clear. In order to keep our new center in business and prepare 21st Century Expo Group to thrive when the pandemic has subsided, we need more funding.

In conclusion, the story of 21st Century is not unique; thousands of small businesses around the country have had to make courageous and bold decisions throughout this pandemic. We have gone to great lengths to keep our business solvent: we have laid off staff, cut employee benefits, forgone paying ourselves, and dipped into personal savings to pay for business expenses over the past ten months. I am a proud member of Goldman Sachs' *10,000 Small Businesses Voices* program and a November survey of this community showed that 42% have also been forced to lay off employees or cut employee compensation. 52% of those surveyed have forgone paying themselves and 33% dipped into personal savings to keep their business operational. These data are even more bleak for businesses with Black owners, 61% of whom have forgone paying themselves and 58% say they have dipped into their personal savings to stay operational.

Small businesses desperately need government help. First and foremost, we need additional PPP and EIDL funds. In our case, these funds would allow us to hire additional academic specialists and tutors to give our kids a chance to become stronger both mentally and physically. Second, we need to ensure that PPP loans do not have negative tax implications for small business owners. Finally, in events businesses like mine where facility rental alone costs \$36,000 per month, commercial rent deferrals or other rent assistance would be invaluable.

At every turn, my business seeks to provide for our community, as do most small businesses throughout the country. The response to this pandemic is first and foremost about protecting lives, but it must also focus on protecting livelihoods, including those of small businesses.