

Testimony of Scott Gornall
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Senate Committee on Small Business and Entrepreneurship
“Reauthorization of the SBA’s International Trade Programs”
April 10, 2019
2:30 p.m. EST

Chairman Rubio, Ranking Member Cardin and distinguished members of the committee. Thank you for the honor of testifying in our nation’s capital in support of reauthorizing the Small Business Administration’s STEP Grant initiative.

My name is Scott Gornall. Along with my business partner Mary Valenti-Bloom, we are building BAON Enterprises on Maryland’s scenic Eastern Shore. BAON is certified by the Small Business Administration as a Small, Woman-owned, Economically-disadvantaged HUBZone firm. We are a software distributor of data analytics and cyber security products. And we are slightly different in that all of our clients are other small businesses not served by traditional wholesalers. They may be too small, too new, new to a geographic area or require special technical skills. But they all have great growth potential. So when we succeed, other small businesses do as well. Operating in a HUBZone means we are bringing economic development to a community that needs it more than most.

Technology development and sales is a global industry. Growth markets for our clients are just as likely to be in Singapore, London and Frankfurt as Washington and Chicago. A core part of our service is brokering partnerships between US and International firms.

We applied for and received our first STEP grant in 2017 which we invested in travel across the European Union for two weeks. We attended numerous partner meetings and three trade shows in Scotland, England, France and The Netherlands. We have become expert luggage packers. The savings from the grant allowed us to also attend the Singapore Air Show in early 2018 as one of Maryland’s delegates. As a small business, there would have been no way to justify such cost without some support.

Combined, these trips accomplished the following:

- \$6,000 of STEP Grant investment has directly or indirectly generated just over a quarter of a million dollars in new revenue.

- Added \$2 million dollars to our pipeline over the next 24 months

- It helped BAON close our first international sales customers.

- One of those customers has already placed a 2nd large order

- We were invited to join a prestigious legal technology incubator in Singapore. The first US firm to receive such an offer.

- We now have multiple new clients and partners in the United Kingdom, Austria, France, Italy, Singapore and India.

- Our business has accelerated much faster than could have otherwise been possible.

The Singapore Air Show was instrumental in meeting two new partners in India. One of which is joining us in a multi-million dollar healthcare proposal to the Government of India. If awarded, the team would include, in addition to our in-country partners, four US small businesses (including Lamotte, Agile Innovations and APS Global from Maryland), two larger US firms and one US university (Washington College in Chestertown, MD).

Recognizing that it is not just about business, we are working with our technology partners to donate products and training to non-profits that would otherwise struggle to afford it.

The length of time needed to finalize customer contracts may be as long as nine months. This means we should see continued benefit throughout 2019 and into 2020. The impact of our STEP grant has benefits well beyond just our business. Nor is it limited to just a single fiscal year.

As taxpayers and based on our experience, we feel strongly that the STEP grant program is a good investment for the following reasons:

First, it is targeted. Funds are limited to expenses directly tied to international marketing efforts. This is closely monitored and come in the form of reimbursements. As a taxpayer, knowing a business is willing to invest its own hard-earned money up front is a good indicator it will be well spent.

Second, there is cost sharing. Small business owners have to watch their money closely. Every expense is both an investment and also a risk. Our grant reduced our cost but also helped to reduce the risk of international marketing events which we may not have been able to justify for another year. We estimate we are a full year ahead of schedule because of these grants.

Finally, it comes as part of a package that includes the fantastic team at Maryland's Department of Commerce. And this is very important. To us, they are more than program administrators. They truly have become our business partners. Without them, we would not have the level of success we enjoy today. Secretary Schulz's Business and Industry Sector Development team is led by Ms. Pringle and includes a talented staff. Alex Clark, Jessica Reynolds and our point person, Andrew Kreinik and others. They work tirelessly for Maryland's business community. For example, we have two partners in our portfolio which we met at an event hosted by them in Maryland.

Senators, BAON has applied for and been awarded a second STEP grant in January of this year to continue our efforts. We have already used this to meet with and sign two new partnerships. We plan to use some of these funds to engage with the incubator program in Singapore on behalf of our current client firms.

In 2020, we plan to apply for the US Commercial Service's Gold Key Matching Service. Our business pipeline looks very good which means it should be the right time to be able to take full advantage of what this program offers.

Senators, thank you for all of your efforts on behalf of the US small business community. And thank you for the opportunity to appear before you today.