



**WBDC**

Women's Business Development Council

*The Leader of  
Entrepreneurial and  
Financial Training  
for Women in  
Connecticut*

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## Testimony

### *An Examination of SBA Programs: Eliminating Inefficiencies, Duplications, Fraud and Abuse*

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Senate Committee on Small Business and  
Entrepreneurship

The Honorable Mary Landrieu, Chair





Thank you Madam Chairwoman Landrieu, Ranking Member Snowe and committee members, for taking the time to bring much needed attention to a crucial issue facing women microentrepreneurs. I would also like to recognize Karen Mills, SBA Administrator, and Ana Harvey, Assistant Administrator for Women's Business Ownership, and thank them for leading the SBA into a new decade. I am honored to speak before you today.

My name is Fran Pastore and I am the Founder, President and CEO of the Women's Business Development Council in Stamford, CT. I have been actively engaged in the WBC program for 17 years and have a long history of working with SBA and its partners.

Today I come before you to provide my testimony on a subject that is not only near and dear to me personally, but also to the more than 160,000 clients served annually throughout the United States by the 110 Women's Business Centers.

My goal is to persuade you and your colleagues on both sides of the aisle that the WBC program, which provides a wide variety of services, including training, counseling and mentoring, is vital to women entrepreneurs of all socio-economic backgrounds - especially minority and low-income women to whom entrepreneurship provides a logical and reachable goal to economic self-reliance.

### **Women's Business Centers Have Significant and Measurable Economic Impact**

According to the SBA's Office of Entrepreneurial Development 2010 Impact Report, WBC clients who received 3 or more hours of counseling reported a 47% increase in sales.

Businesses that receive assistance from WBCs have significantly higher survival rates than those businesses not receiving similar support.

WBCs offer access to all of SBA's financial programs, which have had a major impact on women-owned microbusinesses. During FY 2009, the SBA backed nearly 10,000 loans worth about \$2 billion to women business owners and women entrepreneurs received \$26.8 million in investment capital through the SBA's small business investment companies.

For a Federal investment of \$36.5 million between FY 2001 to 2003, a total of \$500 million in gross business receipts were generated – a 14:1 ratio of business revenues to Federal dollars invested. In addition, these firms generated a total estimated profit of \$51.4 million.



## **WBC Services Are Not Duplicative; WBCs Differ From SBDCs and SCORE in Very Important Ways:**

- 1) The WBCs establish long-term relationships with clients and serve them from inception through the life cycle of their businesses, whereas SBDCs and SCORE are more likely to provide one-time, transactional support such as a short-term course, after which a prospective business owner is on her own.
- 2) WBCs provide a variety of services (counseling, training, peer groups, mentoring), whereas SBDCs and SCORE are more likely to provide 1 solution to their clients.
- 3) Given that WBC programs are locally designed and embedded within local economic development groups, WBC support is more customized and tailored to the needs of a particular community, whereas SBDCs and SCORE are more likely to look similar regardless of location.
- 4) A study conducted by the National Women's Business Council found that there was no difference in program outcomes of WBCs based on their proximity to an SBDC – the clients they serve and support provided are different and number of firms launched or businesses created are the same. Thus, they are not duplicative.

### **Observations**

I draw your attention to the 2007 GAO report, which specifically outlines issues within SBA that impede the effectiveness of its relationship with WBCs.

I recommend that SBA implement a strategic operating plan that eliminates the silos that currently exist between WBCs, SCORE and SBDCs. It is worth a closer look at the SBA organizational infrastructure and how institutional processes can be streamlined for each program, rather than simply eliminating an already underfunded program for women that has a proven track record and a documented return on investment of 14:1.

Let's not destroy the hopes and dreams of women entrepreneurs, many from low-income and minority backgrounds, many of whom are single mothers, working multiple minimum wage jobs, who see the dream of entrepreneurship as a game changer. Owning and operating a microenterprise and developing good financial habits empowers these women to achieve their humble goals: a roof over their heads, a secure future for their children, and a way up. Thus, it has a positive impact on their children and their communities because they



become active contributors to the American economy as taxpayers and by creating jobs for themselves and others.

If we eliminate the SBA's valuable programs specifically targeted for women, what are we saying about the value that we place on women in our country and our belief in their ability to play a vital role in turning this economy around?

Cutting the WBCs will compromise SBA's legacy and its ability to lead the nation out of the recession and will call into question the fundamental reason for its existence.

Chairwoman Landrieu, this concludes my prepared statement. Thank you for your commitment to women-owned small business and for giving me the opportunity to speak to you today. I would be please to answer your questions.

### **Women's Business Centers: For Women, For Communities, For America**

Women like Dina Elliot, who after spending time in prison, found hope and new opportunity through a WBC FastTrac New Venture program. Dina says, "I have gone from one to ten clients in the last year, which I completely attribute to the planning work that I did with the WBC staff in my class... And that's just the business side of what the WBC provided. I will never forget the support and positive reinforcement coming from them."

Women like Marta Cuminotto, who expanded the offerings of her wellness business after attending WBC programs. She said, "Before I enrolled in the class, I felt uncomfortable in networking situations. Now, it comes so naturally to me! I was surrounded by incredible women and learning alongside of them built my confidence."