

# Small Business – Big Opportunity<sup>SM</sup> Finding Solutions to Small Business Challenges

CHARLOTTE, NORTH CAROLINA – DECEMBER 16, 2014



L to R: Wells Fargo Director & Senior Economist Anika Khan; ECM Solutions President & Partner Jeff Haney; Travelers Institute President Joan Woodward; SBA District Director Lynn Douthett; and U.S. Department of Homeland Security Director of Joint Program Management Office Michael Echols

## Keynote Address

Matthew Martin, Regional Executive,  
Charlotte Branch, Federal Reserve Bank  
of Richmond

## Panel Discussion

Moderator – Joan Woodward,  
President, Travelers Institute;  
Executive Vice President, Public Policy;  
The Travelers Companies, Inc.

Lynn Douthett, District Director,  
North Carolina District Office,  
U.S. Small Business Administration

Michael Echols, Director, Joint Program  
Management Office, National Protection  
and Program Directorate, U.S. Department  
of Homeland Security

Jeff Haney, President & Partner,  
ECM Solutions

Anika Khan, Director & Senior Economist,  
Wells Fargo

When the [Travelers Institute](#) held its 16th

*Small Business – Big Opportunity<sup>SM</sup>* symposium at the

Federal Reserve Bank of Richmond's Charlotte Branch on

December 16, 2014, panelists and 200 small business owners

in attendance shared a renewed optimism for local and national  
economic growth in 2015 and beyond.

In partnership with the [Charlotte Chamber](#) and [City Startup Labs](#), the  
Travelers Institute convened thought leaders and economists with local business  
owners to discuss solutions to the everyday challenges facing small business owners.

Charlotte-based City Startup Labs is helping expand entrepreneurship in the region.  
Led by Henry Rock, the business accelerator program delivers training and teaches  
21st century entrepreneurship to African-American men, while guiding them to plan  
and launch successful ventures, and be catalysts for change in their communities.  
The U.S. Small Business Administration (SBA) recognized Rock's work as one of  
50 winners of the SBA's first [Growth Accelerator Fund competition](#).  
[SBA North Carolina District](#) Director Lynn Douthett presented Rock with a  
\$50,000 award during the program to support his continued efforts.

Joan Woodward, President of the Travelers Institute and Executive Vice President  
of Public Policy at Travelers, began the day's discussion by inviting Matthew Martin,  
Regional Executive, Charlotte Branch, Federal Reserve Bank of Richmond, to deliver a  
keynote address on the economic outlook for small business.

"It's been a long expansion since the Great Recession," noted Martin. "We've seen  
slow, steady national economic progress. This is something North Carolina isn't used  
to, since it's historically been a 'fast-growth state.'"



Douthett presents Henry Rock of City Startup Labs with a \$50,000 award for its national Growth Accelerator Fund competition.



Federal Reserve Bank of Richmond Regional Executive Matthew Martin gives an economic forecast to the small business community.

Martin emphasized that this consistent growth is a positive for small business owners heading into 2015, as momentum in GDP and other indicators, such as manufacturing output, advanced in the second half of 2014. Manufacturing output, or the total inflation-adjusted value produced by manufacturers, reached pre-recession levels in the latter part of 2014.

“It’s taken awhile, but it’s an example of steady recovery,” said Martin.

While small business owners still have a sense of uncertainty for their overall stability, some are anticipating that to change in the future. Martin shared a conversation he had with one local manufacturer, who told him that “even uncertainty has a shelf life.”

Anika Khan, Director & Senior Economist for Wells Fargo, echoed Martin’s sentiments and further discussed how uncertainty can shape the economy.

“Uncertainty can stall development,” she said. “It can lead business owners to stop hiring or pull back on capital spending.”

Khan added that 2014’s first-quarter GDP, which decreased at an annual rate of 2.1 percent, generated some uncertainty for small business owners. However, like Martin, she expects growth in 2015.

Regionally, Martin discussed the disparity of small business success. Rural areas were being left behind, and some cities did not have enough skilled workers to fill various job openings. However, professional business services, education, health services and the leisure/hospitality industries are seeing healthy job growth.

The small business owners in attendance were, for the most part, optimistic about the future. As Woodward polled the audience to gauge their expectations for the coming year, she found that 76 percent of them expect their industry to be stronger next year. Fifty-five percent have already begun expansion plans for next year, a potential effect of increased revenues; 64 percent reported a revenue uptick in 2014.

Jeff Haney, President & Partner at [ECM Solutions](#), explained how macroeconomic progress has impacted the small business owner’s view on managing risks.

“In 2008 and 2009, some businesses were just trying to keep their doors open,” said Haney. “Some dropped insurance and made other tough choices. Now that times are improving, they’re starting to reconsider risk management as a necessity.”

New challenges have emerged over the past year for entrepreneurs. Douthett discussed the Affordable Care Act as one of the larger local concerns, particularly regarding sole proprietors and the individual mandate. Immigration is another important local issue, as changes to processes that verify employment eligibility have caused confusion.

Input from business owners helps to guide the advocacy work done by the SBA’s local office. It also helps to develop recommendations when the agency works with other federal agencies on the difficulties unique to small business owners.

Cybersecurity was a key issue that emerged during this symposium.



L to R: Travelers Regional Vice President Colleen Perlmutter, Haney and Khan



Small business owners attend the Small Business – Big Opportunity symposium at the Federal Reserve Bank of Richmond Charlotte Branch.

Michael Echols, Director, Joint Program Management Office, National Protection and Program Directorate, U.S. Department of Homeland Security (DHS), acknowledged the difficulty in adhering to all of the cyber regulations in place. He advised that businesses should check with their local Attorney General Office to ensure they know the regulations in the jurisdiction where they are doing business.

“There are laws on the books from 10 years ago,” Echols said. “And as changes are made, it puts [small] businesses in a bad situation. Nearly each of the 50 states has different cyber compliance rules. Plus, there are also federal laws and international laws for those businesses with operations overseas.”

Echols said that perhaps the most cumbersome regulations are notification laws for data breaches, which can vary from state to state.

Cyber threats are an everyday obstacle for Haney and his clients.

“Most issues that show up on my desk today are cyber-related,” he said. “[And] I expect it’s the same for other agents out there. Recent research reported that 31 percent of data breaches last year were at companies with fewer than 100 employees. And it could cost nearly \$200 for every record that’s breached.”

Through Woodward’s polling, the audience revealed that their chief cyber concerns are data theft and business interruption.

Echols explained how, in 2013, President Obama signed an executive order to have the federal government begin working with the public and business owners to share information about cyber threats and data breaches. The goal, Echols said, is for this collaboration to build awareness and help make the public more secure online.

“But should a data breach occur, do you know where to go?” Echols asked the audience. “If you call the police about a breach, they can’t help you get your data back. If you go to [us-cert.gov](http://us-cert.gov) and [us-cert.gov/ccubedvp](http://us-cert.gov/ccubedvp), the DHS will help you respond and offer you best practices moving forward.”

Small business owners in the audience then wondered if it is safer for them – and their customers – to use debit cards or credit cards. Echols stated that credit cards are safer.

“Credit card companies will stand beside you in a breach,” he said. “The financial services industry has done more than almost anyone else [for cybersecurity] because their business depends on it.”

If the cyber threat comes through email, Echols explained how deleting unfamiliar mail will thwart hackers’ attempts to steal data.

“Clicking on the email, or any links inside the message, is what executes the breach,” Echols said. “If you delete the email without clicking on anything, the hack can’t go through.”

Echols outlined the many resources available for small business owners and provided effective steps to take if there is a breach or cyber attack. However, Haney summarized the necessity of cybersecurity as part of any [business continuity plan](#).

“We don’t know everything that’s out there, so we need to be prepared for the unexpected,” he said.

“This is a new problem, and one that can easily change daily and hourly.”





L to R: Perlmutter; Haney; Khan; Travelers Regional President Henry Furtick; Woodward; Echols; Douthett; Rock; and Martin

### **Charlotte Chamber**

The Charlotte Chamber creates competitive advantage by growing the economy, advocating pro-business public policies and delivering innovative programs and services. Its vision is that Charlotte will be the best place to run a business and to live. As a membership organization, it represents the largest network of businesses in Charlotte, N.C.

### **City Startup Labs (CSL)**

City Startup Labs (CSL) is a business accelerator delivering training and coaching to young black men (18-34), while guiding them to plan and launch successful ventures, and be catalysts for change in their communities. CSL also sees teaching entrepreneurship as 21st century vocational training. CSL works in collaboration with the Urban League of Central Carolinas, in Charlotte, N.C.

### **The Travelers Institute**

Travelers established the Travelers Institute as a means of participating in the public policy dialogue on matters of interest to the property casualty insurance sector, as well as the financial services industry more broadly. The Travelers Institute draws upon the industry expertise of Travelers' senior management and the technical expertise of its risk professionals and other experts to provide information, analysis and recommendations to public policymakers and regulators.