

“Small Business - Big Opportunity” Finding Solutions to Small Business Challenges

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L to R: Carlos Alfaro, Joan Woodward, Kevin Watson, Monica Blanco, and Marty Keller

On October 6, 2011, the Travelers Institute hosted its third in a series of small business advocacy symposia, “Small Business - Big Opportunity.” Held at the Latino Coalition Southern California Economic Summit in Los Angeles, the program provided an opportunity for panelists and attendees to discuss the promotion of job creation and economic growth, as well as the importance of disaster planning and risk management for small businesses.

The session convened Latino Coalition members, most of whom are also small business owners or principals, and community and business leaders. Small businesses make up more than 99 percent of employer firms in California, and yet, the Small Business and Entrepreneurship Council rates the state a disappointing 48 out of 50 based on its public policy climate for small business. A Travelers Institute survey of symposium attendees found that the majority of participants reported that health insurance mandates, followed by employment, tax and operational regulations, create the most challenges for their business. Two-in-ten reported that government regulations have negatively impacted their ability to grow their businesses. Additionally, attendees reported that access to sources of capital and to the right support for their business are challenges that Latino-owned businesses specifically are facing.

The panel was moderated by Joan Woodward, Travelers Executive Vice President of Public Policy and head of the Travelers Institute.

Panelists included:

- Carlos Alfaro, Co-Founder and President, Insurenex;
- Monica Blanco, Travelers Second Vice President, Select Product & Underwriting;

- Marty Keller, CEO, Small Business Revolution and former Director of the Office of Small Business Advocate for the State of California; and
- Kevin Watson, Senior Vice President, Institute for Legal Reform (ILR), U.S. Chamber of Commerce.

Joan Woodward kicked off the discussion by highlighting the fact that, as one of the largest insurers of small business in the U.S., Travelers believes small businesses are an economic engine of the United States and the sector is a driver for creating and sustaining jobs. She went on to say that the company can see first-hand how many small businesses are struggling in today’s economy, and that the company’s goal is to help small businesses thrive and not just survive. The Travelers Institute is hosting the “Small Business – Big Opportunity” symposia series to raise awareness of the challenges small businesses are facing, and to propose solutions to these challenges. Woodward took an informal poll of the audience’s thoughts on recent payroll tax cuts and proposals. Few attendees noticed the increase in their paychecks from the 2011 employee payroll tax cut, while most are in favor of the proposed 3.1 percent employer payroll tax cut, and some would hire additional employees if the cut were passed.



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Marty Keller, CEO of Small Business Revolution and former Director of the Office of Small Business Advocate for the State of California, began by speaking about experiences from his time at the Office of Small Business Advocate. When asked about their greatest achievement, he talked about the development and execution of the governor’s conference on small business, which showed small businesses



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across the state how to leverage the network and partnerships available to them. When asked about their greatest challenge, Keller recalled it as being the way small business has been ignored by the legislature when shaping policy. He gave the following example from the current legislative session. A regulatory reform bill was passed to create a uniform standard for determining what economic impact regulations would have on businesses; however, it was done without a sense of urgency. He pointed out that the new law will not take effect until 2014, and small businesses were not included in the discussion as legislation was shaped.

Keller also stated that he believes small business owners don't see themselves as a political power. He went on to say that while they realize they're the backbone of the economy, they also are impeded by regulations that make it difficult for them to thrive. He shared that he founded Small Business Revolution to empower the 3.5 million small business owners in California, and encourage them all to take action and help elect business-friendly candidates in the coming elections.

Carlos Alfaro, President and Co-Founder of Insurenex, identified three crucial areas when thinking about risk management – physical-tangible assets, liability exposures, key personnel and events that can impact the business operations. He recounted that he often sees small businesses focusing on the day-to-day critical needs and basic survival in today's economic climate, and that risk management planning often gets neglected. He finds small business owners think about insurance from a compliance perspective and not as the safety net it can be. The biggest mistake he sees small business owners make is thinking a disaster isn't going to happen to them and neglecting to have contracts, policies

and procedures in place. He emphasized that accidents, lawsuits and disasters are a reality and businesses need step-by-step plans. He advises that money spent on business continuity planning is often money saved down the line.

Kevin Watson, Senior Vice President at the Institute for Legal Reform (ILR) at the U.S. Chamber of Commerce, described the ILR's Faces of Lawsuit Abuse campaign to the audience. The campaign tells the stories of the impact lawsuits have on small business owners' ability to thrive. He spoke about how Americans with Disabilities Act (ADA) lawsuit abuse is a particular problem in California, as the state law allows for any private citizen to file suit if they find an ADA violation at an establishment. Watson emphasized how small businesses are often targeted by these lawsuits and that even when the business wins a case, they lose as they've still spent money defending the lawsuit in addition to time away from the business. ILR is working in the state capital of Sacramento to have the law modified so small businesses will be notified of the violation and given the opportunity to correct it before a suit is filed.

Watson's advice to small businesses is to be prepared should a lawsuit be filed. He encourages owners to work with their insurers, have the proper liability coverage in place and to remember to expand their coverage as their business grows.

Monica Blanco, Travelers Second Vice President, Select Product & Underwriting, spoke about a recent Travelers survey, which found 44 percent of small businesses are operating without a business continuity plan and 56 percent are spending less than 10 percent of their time on risk management. She emphasized that, overall, small businesses aren't prepared for disasters and don't have the right tools in place should one occur. She reminded the audience that having a business continuity plan in place is a competitive advantage, as businesses with a plan can be the first business ready to rebuild, and will know the right steps to keep the business running.

The importance of collaboration and being prepared were the main takeaways from the discussion. Attendees were appreciative of the Latino Coalition and the Travelers Institute's commitment to providing a forum for small business owners to address their challenges. They were encouraged by both organizations to keep the conversation going, speak with elected officials and join small business advocacy groups to give a voice to the challenges they face.