

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

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Travelers commemorates the “Small Business - Big Opportunity” series by ringing the NYSE Opening Bell<sup>SM</sup> with the day’s distinguished speakers

On July 17, 2012, the Travelers Institute<sup>®</sup> partnered with the NYSE Euronext for its eighth symposium advocating for small business owners’ success. The event culminated the national, multi-year “Small Business - Big Opportunity” series, gathering nationally recognized economic and small business leaders before an audience of entrepreneurs in the NYSE Board Room. Participants engaged in thoughtful discussion about entrepreneurship, growth, and the overall economic outlook at the national, state, and local levels. Travelers commemorated the series by ringing The Opening Bell<sup>SM</sup> on the NYSE trading floor.

At the event, Travelers Chairman and CEO Jay Fishman and NYSE Euronext CEO Duncan Niederauer delivered opening remarks; and Karen Mills, Administrator of the U.S. Small Business Administration, gave the keynote address. Joan Woodward, Travelers Executive Vice President of Public Policy and President of the Travelers Institute, moderated the panel discussion that included:

- Kate Mitchell, Co-Founder and Managing Director, Scale Venture Partners

- Deirdre Quinn, Co-Founder and President, Lafayette 148 New York
- Tokumbo Shobowale, Chief Business Operations Officer, City of New York
- Elizabeth Mackay, Senior Policy Advisor to the Lieutenant Governor, New Jersey Department of State

Duncan Niederauer opened the discussion by introducing his company’s national jobs-growth initiative, the NYSE Big StartUp<sup>SM</sup>. The initiative is engaging the issuer community to provide small and young companies with better resources to grow their businesses, in terms of business development, procurement, and training.

“Great companies today often started on Main Street as one-, two-, or three-person businesses in equally troubling economic times,” said Niederauer, who described NYSE’s efforts to repurpose and repackage lessons learned as mentoring opportunities.

Highlighting early successes, Niederauer described how the NYSE Big StartUp<sup>SM</sup> fostered small business connections with



U.S. Small Business Administration Administrator Karen Mills delivers the keynote address

home improvement giant, Home Depot. As a result, a few small firms will have products on Home Depot shelves—a development that will create jobs and change the lives of the owners and employees. Through programs like these, Niederauer said he hoped to create a thriving hub for collaboration that benefited small business and American economic growth. Niederauer also thanked Travelers for being a partner on small business advocacy.



Travelers Chairman and CEO Jay Fishman welcomes over 200 small business owners in attendance

Jay Fishman highlighted the importance of engagement from successful business owners and encouraged the audience to advocate for small business owners and entrepreneurs. In a marketplace where 50 percent of businesses fail within five years, Fishman described Travelers, a leading insurer of small businesses in the United States, as an advocate for small companies and the environments that allow them to thrive. He also described his commitment to preserving the American Opportunity, while recalling how his father's small, New York City-based printing business helped ensure he was one of the first in his family to go to college.

After opening remarks, Administrator of the U.S. Small Business Administration (SBA) Karen Mills gave the keynote address and discussed the importance of ensuring small business representation at the highest levels of the federal government. Mills began by highlighting the importance of public-private partnerships—a core underpinning of the SBA under her leadership.

“Our job at the SBA is to put the wind at the backs of small businesses,” she said. “Government can’t help start your business, but they can help you accelerate what you do.” She noted that small businesses generate two out of every three new jobs in the United States and that half of all U.S. workers own or work for a small business. When the President talks about an economy that is ‘built to last,’ she said, he’s talking about entrepreneurs driving innovation.

Mills also spoke at length about access to capital—what she described as a critical success factor for small business. She recounted the 2008 credit freeze and its serious effects on small firms across the country. To get credit flowing again, the SBA increased loan guarantees and reduced or eliminated fees. In fiscal year 2011, the SBA supported more than \$30 billion in lending to more than 60,000 small businesses—a record high in the agency’s nearly 60-year history. The SBA’s more recent efforts include revamping the Small Loan Advantage program, which encourages lenders to make low-dollar loans by reducing paperwork. In addition, the SBA has added 1,000 community banks to the list of institutions that make SBA loans, further expanding capital access opportunities.

The panel discussion began after Mills’ address. To begin the session, Travelers Institute President Joan Woodward showed a short film highlighting burdensome regulatory challenges and their impact on one Newark-based business, Harbor Freight Transport, a transportation and warehouse import and export trucking company. On screen, owner Steve Liberti, Sr. held a variety of local, state, and federal licenses required for access to a single port and commented on costs and wait times associated with hiring each new truck driver.

Deirdre Quinn provided an on-the-ground business perspective from New York City, sharing her experience co-founding Lafayette 148 New York, a fashion collection sold at Saks Fifth Avenue, Neiman Marcus, Nordstrom, and over 200 fine specialty stores in the United States and Canada. The SoHo-based company, which started with six employees 16 years ago, has grown into a 1,500-person operation with a 240,000 square-foot manufacturing facility.





Joan Woodward, the Travelers Institute, and Tokumbo Shobowale, the City of New York

Among the company's many successes, Quinn also shared some of its toughest challenges. She recalled having both her main and back-up computer servers fail after the September 11 attacks, which occurred not far from company headquarters. Rather than keeping the servers in separate locations, both had been housed in the same building—an important lesson she shared regarding information security procedures.

Despite these and other challenges, Quinn encouraged the audience to stay committed to their vision, focus on their area of expertise, and seize every opportunity. She also shared her philosophy of investing in employees. She spoke of the close relationships developed among her team members, many of whom she said had been with the company for five, ten, or even fifteen years. Specifically, she said she invested in their travel, sending them to tour the company's factory in China—visits she described as proud moments for her and the business.

Tokumbo Shobowale detailed New York City's efforts to reduce burdens on small business owners like Quinn. In June 2012, Mayor Michael Bloomberg launched a new Business Customer Service initiative designed to institutionalize business-friendly approaches that make it easier for firms to create jobs. Shobowale, who leads the initiative as the city's first ever Chief Business Operations Officer, explained how Mayor Bloomberg is reshaping business assistance programs to focus on the needs of small enterprises. He highlighted a New Business Acceleration Team (NBAT) that assists the city's 24,000 eating and drinking establishments in complying with building, fire, and health regulations. Looking ahead, he discussed the need for more municipal governments to leverage technology to make compliance more efficient.

Despite having recovered 200 percent of jobs lost in New York City during the recession, Shobowale said the city is

not slowing down on job creation and described the mayor's philosophy as a 'sprint to the finish.' Shobowale recognized NYC's Small Business Services Commissioner Robert Walsh, who was in the audience. Walsh added that the city is growing its Business Solution Centers to further assist in business planning and regulatory compliance. The centers helped secure \$39 million in capital for small businesses in 2011—a 25 percent increase from 2010.

New Jersey Senior Policy Advisor Elizabeth Mackay spoke about the culture change taking place in her state. Upon assuming office in 2010, New Jersey Governor Chris Christie issued an executive order to review all government policies for unnecessary regulatory burdens. She explained the administration's "commonsense approach to rule making" and its efforts to reduce regulatory duplications by repealing or amending hundreds of state laws regulating issues already covered by federal legislation.



L to R: Kate Mitchell, Scale Venture Partners, and Elizabeth Mackay, New Jersey Department of State

Mackay also spoke about New Jersey's bipartisan Red Tape Review Commission, chaired by Lieutenant Governor Kim Guadagno. The commission gives business owners a forum to discuss regulatory burdens and help inform the state's policy-making process. Using carnival rides as an example, Mackay described how the rides and the electricity powering them had been inspected by two separate government agencies. Under the new streamlining initiatives, inspection responsibilities have shifted to a single authority, making compliance simpler and possibly safer.

Kate Mitchell continued the conversation looking at the overall landscape of access to capital for start-ups today. Scale Venture Partners, a venture firm Mitchell co-founded, invests in innovative, high-growth, information technology companies.



Karen Mills, U.S. Small Business Administration, and Duncan Niederauer, NYSE Euronext

Access to capital is rarely easy for entrepreneurs, she explained, noting that many business owners finance companies themselves or turn to family and friends for initial seed funding. From her vantage point, Mitchell said that for every 1,000 business plans her company sees, 200 will be examined, and only 12 will be financed. In addition, she described how access to capital may be affected by location. Some regions, like New York, have strong entrepreneurial cultures, while others may not yet embrace that mentality, making capital even harder to find.

Mitchell encouraged business owners to stay optimistic and offered several pieces of advice. First, she suggested separating projects into smaller, achievable pieces and then growing in stages, (e.g. open an online store before a physical location). She has seen opportunities to access funding increase after some initial success. She also recognized the benefits of technological advances in making programs and tools more accessible to young firms.

Mitchell asked business owners to view unsuccessful ventures not as failures, but as valuable learning opportunities.

She pointed to Silicon Valley, where she said business owners often become much savvier on their third, fourth, or even fifth business opportunity. She encouraged the audience to think of entrepreneurship as a lifelong commitment and to shorten that learning curve by networking with experienced business owners. She also recommended leveraging a variety of resources, including from the U.S. Small Business Administration, StartUp America, and the NYSE Big StartUp<sup>SM</sup> for networking, webinars, and other business planning tools.



L to R: Kate Mitchell, Scale Venture Partners; Elizabeth Mackay, New Jersey Department of State; Joan Woodward, the Travelers Institute; Tokumbo Shobowale, the City of New York; Deirdre Quinn, Lafayette 148 New York

As the final event in the Travelers Institute’s “Small Business - Big Opportunity” national series, the day’s conversations reinforced the need for creative and collaborative partnerships between the public and private sectors, and also between large, established corporations and smaller enterprises. The value of these synergies was recognized by participants across a range of industries and emphasized the significant impact that small businesses have on the American economy. A forward-looking call from speakers, panelists, and participants to remain optimistic and advocate for business opportunities ended the symposia series on a high note.