

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

SAN FRANCISCO , CALIFORNIA • OCTOBER 20, 2011



L to R: Elizabeth Echols, Joan Woodward, Christine Baker, Scott Hauge, and Regina Dick-Endrizzi

On October 20, 2011, the Travelers Institute[®], in partnership with Small Business California, hosted its fourth in a national series of small business advocacy symposia, “Small Business – Big Opportunity,” in San Francisco, California. The event convened small business and community leaders at the historic Merchants Exchange Building, an emblem of the city’s economic significance, to identify solutions to business challenges.

The Travelers Institute also announced the results of its California small business survey, in which more than two out of three Bay Area entrepreneurs, policymakers, and community leaders surveyed reported they feel that small business is more heavily impacted by government regulation than their larger counterparts. Respondents also reported that employee benefit matters (61 percent) and cash flow (60 percent) were the top challenges facing small businesses in California.

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

- Christine Baker, Director, California Department of Industrial Relations
- Regina Dick-Endrizzi, Director, San Francisco Office of Small Business
- Elizabeth Echols, Regional Administrator, U.S. Small Business Administration (SBA)

- Scott Hauge, President, Small Business California
- Al Nelson, Regional Vice President, Travelers Select Accounts

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.



Scott Hauge, Small Business California

Scott Hauge, in his role as President of Small Business California, the Travelers Institute partner for this event, told the audience he is hearing a lot of frustration from small business owners who feel that government is not committed to helping them thrive. Small Business California is advocating on behalf of the state’s small businesses, and alleviating regulatory burden is a top focus area. Hauge emphasized that regulations are necessary, but they must be



Joan Woodward, Scott Hauge, and Regina Dick-Endrizzi

reasonable as many small business owners need help in understanding the regulations in order to be fully compliant. He pointed to the business permitting process as one of the most onerous regulations currently on the books and called for a centralization of the agencies involved in the process. Small Business California is also committed to improving small business access to capital. Hauge is seeing many small businesses struggle. The economic downturn has affected their credit scores, which



Elizabeth Echols, SBA

negatively affects loan eligibility. Additionally, collateral, mostly the small business owners' homes, has also decreased in value which is limiting lines of credit available to the businesses. Small Business California is working on getting representatives from the government, the SBA, the Federal Reserve, the FDIC, and small businesses together for an upcoming roundtable on how to increase small business lending.

Christine Baker shared that the California Department of Industrial Relations along with the State Labor Secretary and the Governor are committed to making California the best place in which to live, work, and do business. She gave an example from the past legislative session of several bills vetoed by the Governor that would have raised the cost of workers compensation for employers if passed. Baker also spoke about the challenges she is vigorously taking on to consolidate functions, become more efficient, and to avoid duplicative requirements for small businesses.

Elizabeth Echols began by speaking about the review of burdensome regulations that President Obama's administration has taken on, citing a \$10 billion savings should a fraction of the recommended reforms be implemented. She also spoke about Startup America, the White House's initiative to improve the regulatory environment and stimulate small business growth across the country. The initiative brings together a coalition of mentors, advisors, funders, major corporations, and service providers to deliver resources to help entrepreneurs start and scale companies.



Christine Baker, California Department of Industrial Relations.

Echols also spoke about the SBA loan program available to small businesses. The credit crunch has negatively impacted small businesses, but the SBA has supported \$53 billion in loans nationally and \$7.5 billion in California since the passage of the American Recovery and Reinvestment Act of 2009. Echols stated that this demonstrates that a government guarantee helps banks feel more comfortable lending to small businesses. She suggested small businesses having trouble accessing capital visit their local SBA office for help.

Regina Dick-Endrizzi spoke about how the San Francisco Office of Small Business is a center for information on both how to launch a new small business and small business operational requirements, such as permitting and licensing, at the federal, state, and local level.

She told the audience about steps the office is taking to make local government requirements easier for small businesses. For example, she talked about a new effort to consolidate permit and license billing so a business will receive only one bill for all the local permits and licenses they pay. She also shared that 65 percent of the businesses her office serves are currently in startup mode and looking for advice on getting access to capital. The office is online at sfgov.org/osb.

Al Nelson, head of Travelers small commercial business in California, spoke about the importance of small businesses to California's economy, citing that more than 99 percent of all businesses in the state are small businesses and they account for 90 percent



Al Nelson, Travelers Select Accounts

of the net new job creation. He also spoke about the fact the Small Business and Entrepreneurship Council rates the state a disappointing 48 out of 50 based on its public policy climate for small business. He echoed Travelers' commitment to helping find solutions to the challenges facing entrepreneurs, adding that the mission of Select Accounts is to "promote the prosperity of American small businesses by providing solutions that help manage risk and protect assets." Nelson also offered a reminder about the importance of disaster planning, citing a Travelers survey that found fewer than half of American small businesses have a disaster plan – a point worth reiterating given the American Red Cross statistic stating that 40 percent of American small businesses don't reopen after facing a disaster.

All the panelists agreed on the importance of having a business continuity plan in place and communicating the plan with employees both through documentation and in-person meetings and trainings. The SBA makes business continuity resources available to small businesses at preparemybusiness.org, and the California Department

of Industrial Relations shares model injury and illness prevention plans at dir.ca.gov/DOSH/etools.

Furthermore, Hauge emphasized to the audience that risk management goes beyond simply having insurance. He encouraged small business owners to also think about succession planning and how to keep sales going as products go up in cost, or a large competitor opens nearby.

The need for government at all levels to support small business success was the primary takeaway from the discussion. Attendees were appreciative of Small Business California and of 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.



Joan Woodward, Elizabeth Echols, Christine Baker, Scott Hauge, and Regina Dick-Endrizzi



THE TRAVELERS INSTITUTE | **TRAVELERS** 

travelersinstitute.com

The Travelers Institute, 700 13th Street NW, Suite 950, Washington, D.C. 20005

© 2012 The Travelers Indemnity Company. All rights reserved. Travelers and the Travelers Umbrella logo are registered trademarks of The Travelers Indemnity Company in the U.S. and other countries.
M-16810 New 9-12