



Testimony of

Sherry Turner

On behalf of the

Kansas City Women's Business Center

to the

U.S. House of Representatives

Committee on Small Business

Subcommittee on Economic Growth, Tax, and Capital

Access

Reversing the Decline in Women Entrepreneurship:

Opportunities for Rebuilding the Economy

June 15, 2021

Thank you, Chairwoman Davids, Ranking Member Meuser, and distinguished Members of the Subcommittee for this opportunity to provide testimony on women's entrepreneurship. My name is Sherry Turner, Executive Director of the Kansas City Women's Business Center. It is my honor to highlight the incredible resilience of entrepreneurial women that contribute to our U.S. economy in such a profound way.

Introduction and Overview

What is a Women's Business Center?

The Women's Business Center (WBC) program is a public-private partnership with 32 years of success in providing training, counseling, mentoring, networking opportunities and access to capital to women entrepreneurs across the country.

The U.S. Small Business Administration provides grants and oversight through their Office of Women's Business Ownership for the 135 WBC's across the nation. This national network demonstrates a commitment to urban and rural markets connected to economic development non-profits serving economically and socially disadvantage clients in as many as 38 languages.

Women's Business Centers are essential to help ignite and respond to a period of economic recovery. Building on the momentum achieved during the continued economic crisis, WBC's will continue to provide women business owners the vital support and services to grow their businesses. The current climate also creates interest in starting a business, demonstrated through the increased interest in the WBC start-up services.

Twenty New Women's Business Centers

In January 2021, the U.S. Small Business Administration (SBA) announced grants awards for 20 additional WBC across the United States, spanning urban, rural, and underserved communities. This marked the largest single expansion of the program over 30 years made possible by Congress for ensuring the program had additional funding in recent years to bring more communities the resources of a WBC.

About the Association of Women's Business Centers

The network of 135 WBC's is fortunate to have the Association of Women's Business Centers (AWBC) to support and advocate for women's entrepreneurship. Among its other services, AWBC provides synergies among the network of large and small WBC's and ensuring staff have training and support to administratively function under the Office of Women's Business Ownership is a primary function of the association.

On May 19, 2021, Corinne Hodges, CEO of the Association of Women's Business Centers provided testimony to the Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development.

Ms. Hodges testified regarding the increase demand in the services provided by the WBC network and reported in 2020, the total number of clients served increased by 28% (2020: 82,446 clients served vs. 2019: 64,527 clients served) and the number of new business starts grew by 12% from 2019.¹ Existing businesses served increased by 48% over the past year. Not only did WBC services and impacts increase, they also retained and created new jobs (33% more jobs in 2020 compared to 2019) and leveraged significant increases in capital.

We support Ms. Hodges' recommendations to enhance the WBC program:

- Fully fund the WBC program at \$30 million in core funding, provide an additional \$48 million COVID-related appropriation, and waive the match requirement until FY23
- Re-authorize the program through legislation like H.R. 4405, introduced by Chairwoman Davids in the 116th Congress
- Ensure WBC's are partners of choice for engaging women business owners in any future jobs and infrastructure package

The Kansas City Women's Business Center - 20 years

The Kansas City Women's Business Center exemplifies many of the WBC's across the country. This year, we are celebrating our 20th anniversary as a program of our host organization, the Enterprise Center in Johnson County. Our small but mighty staff of four serves over 800 clients annually within the geographic area of the Kansas City MSA and the broader state of Kansas. Traditionally, our budget averages \$500k annually with \$150k grant from the SBA. Our volunteers help provide subject matter expertise to our clients through content sharing, mentoring and consulting. Our services are free for most offerings.

The financial health of a business is our primary focus, which we address through one-on-one consulting. We deliver workshops both digitally and in-person and are very effective in connecting women owned businesses through networking events and introductions. When necessary, we use contractors and connect our clients to additional resources as needed.

We also focus heavily on access to capital through micro-lending, institutional banking relationships and equity funding. With 48% of our client base serving women of color, we serve established small businesses as well as women interested in starting businesses.

Collaboration with other Programs

In addition to operating independently, the Kansas City Women's Business Center collaborates within our entrepreneurial ecosystem to streamline effective resources. Our WE-Lend microloan program has a current portfolio of 18 companies, however, due to COVID-19 pandemic our community synergized around the creation of a KC Region Covid Relief &

¹ Association of Women's Business Centers, Testimony of Corrine Hodges to the U.S. House of Representatives, Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development: *The Small Business Administration's Entrepreneurial Ecosystem: An Update and Next Steps with SBA's Resource Partners*, May 19, 2021

Recovery Fund. In collaboration with AltCap, a CDFI lender successfully deployed over \$4.1 million to date, our WBC provides the technical assistance to borrowers in need of support. Many WBCs across the nation similarly integrate within their communities to best support women entrepreneurs.

Equity funding

In 2008, the Kansas City WBC created a women's angel investor network, one of only six nationally, the Women's Capital Connection. This was to fill a gap in equity funding for women-led companies. To date, the portfolio is 20 companies with over \$5 million invested. All forty angel investors are women investing in women.

Experience during the COVID-19 Pandemic

Significance of COVID Funding

During this past year, our organization became very "entrepreneurial" as we were thrust into a virtual service delivery overnight. The \$420,000 we received in funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act grant enabled us to increase our capacity to assist the influx in clientele.

We thank this group of Members, their hardworking staff, and the leadership of this Committee for their work in passing the CARES Act and Consolidated Appropriations Act, 2021 in the 116th Congress to enable us to better serve women entrepreneurs this past year.

These funds were utilized to hire a marketing specialist to expand our outreach efforts and digital presence, hire contractors to develop and facilitate weekly Zoom webinars, and much more. We received a No Cost Extension (NCE) to continue to utilize funds through April 30, 2022 and are enthusiastic to continue our efforts.

Pivoting to Support Entrepreneurs: Webinar

COVID funds made a Women's Wednesday Entrepreneur Education Series possible, which provides timely education to assist women entrepreneurs negatively impacted by the pandemic. Notably, we contracted with local women business owners/entrepreneurs to develop and facilitate these sessions, which provided income opportunity and visibility to women experts within the Kansas City community.

We hired 12 contractors to assist us in developing 74 business topics for nearly \$45,000 in contractor funding. Since April 30, 2020, we have hosted 86 sessions on topics spanning the following:

- How to Survive an Economic Downturn
- Re-Opening Kansas City: Creating New Business Norms in a COVID Culture
- Human Resources: Managing Employees Remotely, Unemployment, Managing Concerns of Employees During Pandemic
- Social Media: Facebook, LinkedIn, Twitter, LinkedIn

- Consumer Target Marketing
- E-Commerce and Taking Your Business Online
- Cybersecurity
- Supply Chain Management
- Financial Management
- Accessing Capital including SBA COVID Relief programs
- WBE Certification and Procurement
- Entrepreneurial Leadership

Over the course of 14 months and 86 webinar sessions, we received over 2,600 registrations. We expanded our market outreach from 1,500 unique emails to 6,100 unique emails representing entrepreneurs in 35 different states and 17 different countries.

Pivoting to Support Entrepreneurs: Virtual LaunchU

In the winter of 2020, we started receiving an increase in the number of start-up requests. We attributed this to two factors: (1) increased/continued unemployment for women and (2) childcare challenges. Many of our start-up clients had either not been recalled to work, could not return to work for health/childcare reasons or did not feel comfortable returning to work.

As a result, we decided to modify our LaunchU business plan development curriculum into a virtual model. We were able to implement two 8-week sessions utilizing Zoom with one night for facilitation and one night for team coaching. Not only did we help women looking to start a business but also we helped women pivot to new business concepts. One client in the class exemplified this with her daily travel tours business:

"This client had a business for years but changed industry and had just opened when the virus started. Pivoted from bus day trips to walking tours. She was not eligible for PPP or EIDL loans because was too new in her business start. She felt that the class helped her narrow down the process of opening the business. It showed her a road map for the business. She said even though she had been in business for years with her first business there was a lot that she did not know." - Childcare Businesses

COVID-19 Takeaways

Need for Increased Marketing

With the expansion of our market outreach, we used the opportunity to connect participants outside our region with their local Women's Business Center programs. We viewed this as a great opportunity to assist the entire network of Women's Business Centers and found that women entrepreneurs would benefit from increased marketing of the WBC program and SBA resources. Many entrepreneurs are unaware of the great services of this program.

In our experience this past year, we expanded our outreach by creating a YouTube channel to post recordings of all of the webinars that were part of the Women's Wednesday Entrepreneur

Education Series and amplified our content through social media to our increase client engagement.

Difficulty Navigating Relief

Not only did we see an increase in client training, but an increase in clients seeking counseling services. Pre-COVID, we received an average of 25 counseling requests monthly for entrepreneurial and funding assistance. Beginning in March 2020, our requests for counseling doubled to nearly 50 per month.

Roughly, 70% of all requests were related to accessing emergency relief funding through the SBA Economic Injury Disaster Loan (EIDL), EIDL Cash Advance and Paycheck Protection Program. Due to the high demand of requests, we hired a business consultant contractor to assist with helping clients navigate the funding programs and complete the applications.

Need for Business Counseling

We also found that many of these clients did not have a solid understanding of their business financial statements, and many did not even have a formal bookkeeping system in place, which hindered their ability to even apply for the funding that was available to them.

Most of these particular clients represented self-employed individuals within underserved markets in our community. We also experienced many clients without business banking relationships, also our underserved client base, that could not access the initial rounds of PPP loans as a result. Our staff served as "match-maker" to identify those banks willing to accept applications from businesses with whom they did not have an existing relationships.

Benefits of Collaborating with Other WBCs

As a 20-year Women's Business Center, we were instrumental in expanding Women's Business Center programs available to women entrepreneurs by assisting the Missouri Women's Business Center (Columbia, MO) and New Growth Women's Business Center (El Dorado Springs, MO) with their application to become a WBC. We also have started collaboration calls with the Missouri WBC's to identify joint projects that can better serve our clients.

Our WBC is just one example of how our program can reach so many more entrepreneurs by increasing coordination among the WBC program. We must commend the SBA and AWBC's diligent work supporting the WBC program. We agree with Ms. Hodges' testimony that the program would be able to increase its scope with formal accreditation and modernization.

TA Collaboration with Other Programs

We are heavily involved in two local COVID relief funding programs within the Kansas City market and had an existing relationship with a Kansas City based CDFI, AltCap, by providing technical assistance to their borrowers. In April, they established a KC Region Covid Relief &

Recovery Loan Fund to provide low-interest, easy access microloans to businesses negatively impacted by COVID.

We worked with 80 of their loan recipients on a monthly basis through a combination of counseling and training webinars to help them manage cash flow and pivot their business models. Our host organization, the Enterprise Center of Johnson County, served as the administrator of the Johnson County (KS) Small Business Relief grant program. Through the grant, we were able to provide \$13.5 million in small business grants to Johnson County businesses with fewer than 50 employees. The WBC/ECJC have developed a strategy to engage with the grant recipients to provide follow-on technical assistance to these businesses.

Need for Increased Childcare Support

This pandemic has brought to light the longstanding issues surrounding childcare in the United States. In Q1 of this year, 61% of women business owners with children at home reported that school closures had impacted their business, and 30% of such owners reported scaling back due to childcare needs.² Many childcare businesses have failed this past year and our role as a Women's Business Center can help this sector to rebound and grow to assist in our economic recovery.

We have started a new collaboration with the three Missouri Women's Business Centers to receive funding at the state level to provide childcare business training and counseling. Our goal is to increase the number of childcare businesses available to female entrepreneurs and working mothers. Likewise, we are in discussion with the State of Kansas Department of Commerce on the same subject.

Key Lessons Learned to Bolster American Entrepreneurship

- Our CARES Act dollars are being deployed exactly as intended in statute, allowing us to immediately increase capacity to serve women in our region.
- Pivoting to a digital delivery was paramount to our success and will continue to be a method of delivery post pandemic.
- Digital media/marketing expertise is required to be effective in clients discovering our resources.
- Technology and staff must remain up-to-date to be effective.

What do women entrepreneurs need NOW?

- Affordable, high quality childcare
- Reduce occupational licensing for professional services
- Health care & retirement plans for small businesses
- Equal access to capital

² Gusto (2021) *How the Pandemic's Childcare Crisis Impacted Women-owned Businesses and Altered their Future*

- Education/knowledge to start and grow a business

What can lawmakers do?

Start Us Up: America's New Business Plan was formally launched by the Kansas-City based Ewing Marion Kauffman Foundation, but the initiative was designed so others could tailor it to their organization or community's own needs. An extensive team of entrepreneurs and policymakers was consulted to draft the recommendations, and the coalition has grown to more than 150 champions, all of whom are working to advance entrepreneurship in their regions.

- Access to Opportunity: A Level Playing Field Without Red Tape
- Access to Funding: The Right Kind of Capital Everywhere
- Access to Knowledge: The Know-How to Start a Business
- Access to Support: The Ability for All to Take Risks

This business plan provides very specific recommendations at the federal, state and local levels to reduce barriers for entrepreneurs to succeed and bolster start-ups.

What do "New Entrepreneurs" look like in 2021?

Significant progress has been made to address the disparity experienced between traditional underserved communities and we must continue to prioritize these groups moving forward to ensure equitable opportunity. In 2020 alone, four in ten new entrepreneurs were women, one in five were Latino, and more than one in four were foreign-born.³

A recent survey exploring women starting businesses during COVID-19 revealed that minority women have been leading new business starts, largely out of need. Out of the businesses start by women in the past year, nearly half (47%) are minority-owned – these women were more than twice as likely (35% vs. 17% for others) to start a new business because of financial need.⁴

Since 1996, new entrepreneur's within Asian, Black and Latino communities have steadily increased, and foreign-born new entrepreneurs have more than doubled. We must continue these trends and continue to encourage traditionally disadvantaged communities to turn to entrepreneurship.

As we look ahead at strategies to bolster entrepreneurship in a post-COVID economy, we must keep in mind that new entrepreneurs are increasingly likely to span any age, gender, and pull from any breadth of experience. Diversity breeds innovation, and we look forward to working alongside these new entrepreneurs in building their businesses.

Recommendations for the Committee

³ Ewing Marion Kauffman Foundation (2021) "Who is the Entrepreneur? The Changing Diversity of New Entrepreneurs in the United States, 1996-2020," *Trends in Entrepreneurship*, Kansas City, Missouri.

⁴ Gusto (2021) *Who Started Businesses During the Pandemic: A Survey of Women Starting Businesses During Covid*

We ask this Committee, and the current Congress, to take the following actions to support women entrepreneurial community:

1. Support increased WBC Program core funding at \$30 million and sustained COVID-19 relief funding at \$48 million in 2022 to sustain WBC capacity to support the increase in need among women entrepreneurs.
2. Support modernization and accreditation of the Women's Business Center program to level the playing field. Reauthorization of the program through legislation like H.R.4405, introduced by Representative Sharice Davids the 116th Congress, would support our efforts, alongside those of our fellow 134 WBCs.
3. Support Work-Family Friendly policies with emphasis on access to affordable Childcare
4. Prioritize funding for Community Development Financial Institutions (CDFI's), especially for small businesses in traditionally underserved communities.

Closing

We have a significant opportunity in front of us in elevating the role entrepreneurship has on our economic future and particularly the role women entrepreneurs can play in our universal success as a nation. Thank you for your time and interest today, it has been a privilege to address the Committee.

Women's Business Centers are grateful for your support and effort to enable our work and commitment to women small business owners across the nation. I look forward to answering any questions.

References

Ewing Marion Kauffman Foundation (2021) "Who is the Entrepreneur? The Changing Diversity of New Entrepreneurs in the United States, 1996-2020," *Trends in Entrepreneurship*, Kansas City, Missouri.

Acknowledgements: Sameeksha Desai, Robert Fairlie

Gusto (2021) "How the Pandemic's Childcare Crisis Impacted Women-owned Businesses and Altered their Future".

Start Us Up: America's New Business Plan (2020), StartUsUp.org, formally launched by the Ewing Marion Kauffman Foundation, Kansas City, Missouri

Association of Women's Business Centers, Testimony of Corrine Hodges to the U.S. House of Representatives, Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development: *The Small Business Administration's Entrepreneurial Ecosystem: An Update and Next Steps with SBA's Resource Partners*, May 19, 2021

Looze, J and Desai, S. (2020) Economic Engagement of Mother: Entrepreneurship, Employment and the Motherhood Wage Penalty, Ewing Marion Kauffman Foundation: Kansas City