



Testimony of

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Kingsport Office of Small Business Development & Entrepreneurship

Before the Subcommittee on Contracting and Technology

Hearing on "Ensuring Small Businesses Have Fair Access to Federal Contracts"

April 16, 2008

Thank you for giving me this opportunity to speak on behalf of the Kingsport Office of Small Business Development & Entrepreneurship (KOSBE), a nonprofit 501(c)(3) economic development organization representing a partnership between the City of Kingsport and the Kingsport Area Chamber of Commerce. Specifically, the mission of KOSBE is to nurture, counsel and encourage the continued robust growth and development of startups and existing small businesses in Kingsport, Tennessee. Services provided include but are not limited to: business plan writing; business formation; education and training; access to grants, loans and other capital sources; access to new markets; business development; sales and marketing assistance; e-commerce facilitation; providing networking opportunities; professional services referrals; connection to international trade; small business certification guidance; computer and software support; and lead generation. I am here today representing more than 200 clients served by KOSBE. Typically our client has fewer than 25 employees and generates less than \$1 million dollars in sales revenue annually, but some of the seasoned businesses that we work exceed the aforementioned parameters. Presently, more than 45 percent of our clients are women or minorities, at least seven percent of the small business enterprises are

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veteran-owned, and all of these groups are underrepresented in federal contracting. Rather than restate the well-known facts and figures concerning small business government contracting, I would like to share with you the experience that I have had working with the SBA Tennessee District Office and obtaining Government Contracting assistance from other service providers for my clients during the time I have been with the Kingsport Chamber of Commerce and KOSBE.

In my experience, many small businesses still perceive the SBA procedures to verify certification eligibility as complex and cumbersome. Small business owners still need personalized help throughout the process of vendor registration –far beyond the initial CCR registration step. As of yesterday, there are 95 active vendors in the CCR database for Kingsport, Tenn. Fourteen were recognizable KOSBE clients. Only one of the 95 registrants, a KOSBE client, is a *SBA Certified HUB Zone Firm*; 12 are *Veteran-Owned*, of which three are KOSBE clients; four are *Disabled-Veteran-Owned* of which three are KOSBE clients; seven are *Self-Certified Small Disadvantaged Businesses*, with six being KOSBE clients; 20 are *Woman-Owned*, of which five are KOSBE clients; and none are identified as *SBA-Certified 8A Program Participants* or *SBA-Certified Small Disadvantaged Participants*.

From this data, it is apparent that a considerable number of CCR-registered vendors may never move beyond this first step in the SBA registration and certification process despite the launch of SBA's web-based certification application process. And, although SBA's recent implementation of new online training (i.e., How to Win Federal Contracts) is commendable, if small business owners and TA Providers do not know the tools and resources are out there, or they are not self-helpers, or a distance education approach does not work for them, these web-based tools and resources will not be fully utilized. Effectively 'getting the word out' about the new tools and resources available for small businesses, *and*

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providing live hands-on training to TA Providers are two of the most essential and logical ways to reach small businesses and potential vendors. In the same vein as the SBA Tennessee District Office, SBA as a whole entity must continue to increase its face-to-face communications and training for better clarity and impact, as well as more positive branding of the SBA and its resource partners.

During the inaugural Kingsport Chamber Fourth Friday Breakfast and Business Meeting on Friday, March 28th, Kingsport Mayor Dennis Phillips, Kingsport Chamber President and CEO Miles Burdine, myself, and Small Business Administration Tennessee District Director Clint W. Smith all signed a Strategic Alliance Memorandum (SAM) intended to develop and foster mutual understanding and a working relationship between the SBA and KOSBE in order to further strengthen and expand small business development in the local area. Under the SAM agreement, the SBA will provide KOSBE with up-to-date information about SBA's programs and services, conduct ongoing training of KOSBE's staff and volunteers, offer marketing support, and make available to KOSBE select SBA resources such as well-regarded speakers to participate in KOSBE workshops, conferences, seminars and other activities, web site content, research and other publications. In return, KOSBE will disseminate SBA-provided information, participate in SBA-sponsored events, and collaborate with SBA and its other Resource Partners including SCORE, the Tennessee Small Business Development Center (TSBDC), Small Business Development Centers (SBDCs), and Women's Business Centers (WBCs) to provide information to its clients about the wide range of business development services available to small businesses regionally. Through this collaboration, our clients will be better equipped to launch successful entrepreneurial careers.

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This alliance would not have come about so soon without the help of the State of Tennessee Economic Community Development Business Enterprise Resource Office (BERO) and Mr. Ronald Wade, BERO East Tennessee Enterprise Specialist. Mr. Wade was instrumental in helping KOSBE forge the partnership with SBA, which has been a goal of ours since the time we began working closely with BERO in 2006. Mr. Wade pointed us in the right direction and helped us develop the right relationships that would ensure KOSBE's success, although lacking a locally situated and easily accessible Women's Business Center, Procurement Technical Assistance (PTA) Center, and SCORE representation. The nearest Women's Business Center is 300 miles away from Kingsport in Chattanooga, Tenn. The nearest PTA Center is also located in Chattanooga and has been a program of The University of Tennessee Center for Industrial Services since 1986. The PTA Center is funded in part by the U.S. Department of Defense and administered through a cooperative agreement with the Defense Logistics Agency. The Kingsport SCORE Counseling Office was closed prior to 2006 due to insufficient volunteer counselors to maintain dedicated office hours available to clients.

Mr. Ronald Wade, BERO East Tennessee Enterprise Specialist, introduced me to Mr. Paul Middlebrooks, Marketing Consultant with the University of Tennessee PTA Center, who has provided one-on-one and group training on the topic of Government Contracting for KOSBE clients upon request.

Mr. Wade also introduced me to three further contacts: Ms. Carol Crawley, TDOT Contract Administrator with Business Resource Group, Ms. Kena Dixon, SBA Tennessee District Office Business Development Specialist, and Ms. Maria Lloyd, SBA Tennessee District Office Lender Relations Specialist, who co-conducted a well-attended SBA and TDOT Certification Workshop in Kingsport in 2007. Shortly thereafter, Guy Sawyer, SBA Tennessee District Office Deputy District Director, visited me in Kingsport.

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Since then, a representative from the SBA Tennessee District Office has come to visit with KOSBE periodically.

Both Mr. Wade and Ms. Michelle C. Proctor, BERO Director, State of Tennessee Dept. of Economic & Community Development, have invited me to attend the *Business Matchmaking Event* and *Veteran's Conference* in Knoxville (both of which I have attended with clients). I have also been invited to participate in upcoming BERO events such as the Knoxville Small Business Expo on April 22, 2008.

In 2007, Keith Joy, Small Business Programs Manager, Oak Ridge National Laboratory (ORNL) came to Kingsport on several occasions to support KOSBE. On one occasion he spoke to a group of 50 attendees at a Monthly Small Business Breakfast Meeting. In addition, he met with six prequalified clients individually at the Kingsport Chamber of Commerce to provide feedback regarding small business marketing strategies, discuss procurement procedures and guidelines, and underscore small business procurement opportunities at ORNL.

Undoubtedly, expanding access to capital increases procurement opportunities for small businesses. In 2007, KOSBE played a large part in helping Kingsport small businesses gain access to over \$900,000 collectively in funding through secondary lenders and SBA-endorsed loan programs, for example, Southeast Community Capital, Georgia Certified Development Corporation and the Small and Minority Owned Business Assistance Program. As well, KOSBE recognizes Sue Malone, Strategies for Small Business, for making available to local businesses more than \$145,000 in small-sized loans ranging from \$5,000 to \$25,000, in association with SBA's Community Express Loan Program.

In closing, I ask that the Subcommittee on Contracting and Technology continue to ensure small businesses have fair access to technical assistance and federal contracts, by holding the SBA accountable

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to educating small businesses and TA Providers such as KOSBE about the contracting process and achieving government-wide contracting goals, which will gradually decrease the unmistakable underrepresentation of small disadvantaged businesses. The more that small business owners, TA Providers, and SBA resource partners such as KOSBE know, and the more collaboration on a regional basis, the easier it will become for small businesses to secure federal contracts, and the less necessary it will be for some of today's statutory obligations. Locally, I believe that the SBA is supporting KOSBE's mission to help navigate small business owners and entrepreneurs through the sometimes rough waters of small business ownership and management. I hope they will keep up with the effort. Thank you for allowing me this time to speak today.

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