

JJ Ramberg Testimony  
U.S. House of Representatives Small Business Committee  
May 11, 2016

Good morning. Thank you Chairman Chabot, Ranking Member Velazquez and the Committee for the invitation to provide testimony today.

My name is JJ Ramberg and I am the founder of Goodshop.com and the host of the program *Your Business* on MSNBC which is the longest running television show aimed at inspiring and helping small business owners.

For the past ten years I have both grown my own company and interviewed thousands of small business owners, investors and experts to learn best practices for small business growth and survival.

I am a third generation entrepreneur. My paternal grandfather moved to Los Angeles from Mexico with his young family and his first job in this country was as a peddler selling pots, pans, and blankets door to door. He eventually opened up a furniture store in Downtown Los Angeles catering to the Hispanic community which turned into a small chain of stores. My father took over that business and then subsequently branched out to establish one of the first document storage companies in the country which was ultimately acquired by Bekins and then Iron Mountain. He then went on to create a real estate development firm.

My maternal grandfather opened a series of small businesses from a frozen pizza manufacturer to a tire distribution business and tropical fish store. In 1988 my mother, who was in her late-40's and had been a stay at home mom for the majority of her children's school years, partnered with my brother Ken, a recent Stanford graduate, to start a company called JOBTRAK. JOBTRAK was a pioneer in the online career space, partnering with college and university career centers across the US and Canada and, after 12 years, was acquired by Monster.com.

I began my company with my brother Ken in 2005. Goodshop was conceived upon a foundation of social responsibility. Goodshop provides the best coupons and deals for more than 30,000 retailers and service providers and, if you select your favorite cause, a percentage of what you spend at thousands of those stores is donated to that organization. Today, we have saved shoppers more than \$100 million and donated more than \$12 million to organizations ranging from the American Cancer Society and the Humane Society of the United States to local schools, homeless shelters and parks.

The proudest moment of my entire career was the November after our launch when we sent our first checks out to the causes. We were still very much in start-up mode and my brother and I recruited some friends, his in-laws, his kids and our siblings to create an assembly line in

his living room where we printed the donation checks, put them into envelopes, added stamps and sent them out. That day proved that the idea Ken and I came up with was actually viable.

Goodshop began, as many small businesses, with me working from my small apartment in New York City and Ken working from his home in Los Angeles. We contracted with a designer and developer whom we knew from Ken's previous business. Our first true employee, Kari McMinn, worked with me at my home, much to her mother's chagrin who hoped she would take the job she was offered from a more seemingly stable consulting firm.

Today, Goodshop is based in San Francisco, has 56 employees and is rapidly expanding into new verticals. We also have a number of open jobs which we are trying to fill.

I have been in a unique position during the expansion of my company. As the host of MSNBC's *Your Business*, I have also had the honor of interviewing so many small business owners around the country in whose companies have been in differing stages of growth.

Each week on the program, through profiles of small businesses, we tackle common business issues. For example, we explored how to handle pricing through the story of a hot air balloon company in Napa Valley; we covered expansion by telling the story of a children's playspace company which started with one location and now has stores around the world; we explored creating a good company culture by spending time with a plumbing business in New Jersey; and we discussed open book management by profiling a design/build firm in Maryland. Our stories have addressed issues ranging from how to find funding to how to recruit the best employees and how to market your product or service. In addition, since our show was on the air during the recession, there was a time when we did many stories on how to survive when the economy is heading south.

The program also incorporates segments around the best technology to use in your companies, elevator pitches -- where someone pitches their company to a panel of experts in our studio -- and "how to" segments such as how to look for new office space and how to determine whether to use a Professional Employer Organization or not. As you can see, we get quite granular in our segments.

Over the last ten years, since starting my company and launching our program, I have seen a great change in attitude towards small business. There is a much more public focus on entrepreneurship and a celebration and appreciation for small business in general. When we launched *Your Business*, publications which focused on this population were shutting down. Today, there are many resources available for small business owners.

And, when it comes specifically to women owned small businesses, while there were pioneering organizations like the National Association of Women Business Owners supporting them, there was not nearly the support there is today. While we are not where we want to be on that front, we have made progress.

I thank you for holding this hearing focused on inspiring entrepreneurs and learning from the experts because I believe the best education you can get when it comes to starting your own company is from people who have been in the trenches themselves. I was extremely fortunate to have had a front row seat in watching both my father and my mother – in partnership with my brother – start their companies. Because of those experiences, by the time I launched my own business, I had a real sense of both the excitement and the challenges I would face. Of course nothing really prepares you for doing it yourself, but I was able to go in with my eyes open.

When I'm asked about the most important things to consider when founding a company, I provide people with this initial checklist:

1. Gather a good group of advisors. By this, I do not mean a list of big names or famous people. Rather I mean make sure you have people around you who can advise you on the issues with which you are not familiar. These can be paid advisors or those who are doing it for free. It can be structured or more casual. You are providing yourself with a critical shortcut if you have people to turn to for advice. I personally belong to an organization called the Young Presidents Organization which meets once a month to discuss issues we are dealing with in our companies. I find the advice I receive from these CEO's invaluable as inevitably some subset of us has gone through the problem one of the other members is facing.
2. Before you launch your business, ensure that there is actually a market for it. Entrepreneurs too often fall in love with their ideas and do not get a true sense of whether or not customers will be willing to pay for their product or service before spending a lot of time and money on developing their company. While I believe surveys and focus groups are helpful, in my own experience, I have found that they can be misleading and so the more experiential you can make your test, the better. Whether you are starting a technology company or not, I believe it's important to familiarize yourself with the idea of a Minimum Viable Product, a concept made popular by Eric Reis's book *The Lean Start Up*.
3. Access to and preservation of capital is one of the biggest issues that small business owners face today. There are a number of ways to fund your business beyond traditional

bank loans and equity investors such as online lending, grants, crowdfunding, and factoring to name a few. But, I also encourage people to read the stories of companies who did a lot with very little. We recently profiled a company called Project Repat which turns your old t-shirts into blankets. After being turned down by multiple lenders and investors, they were forced to bootstrap their business. Today, they are grateful for what seemed a hardship at the time. Because they had limited funds, they had to become incredibly creative with their marketing and it worked. Now, not only is the company successful, but they own most of it themselves and do not have any debt. If and when they do go out to raise money, they will be able to do it at a much higher valuation.

We are at an exciting time for small businesses. Yet it is still a struggle for many. Over the past few years, we have done a series on *Your Business on Main Streets* across the country where we have profiled cities including Natchez, Mississippi; Brundidge, Alabama; Golden, Colorado; Daytona Florida; Galena, IL; Woodstock, NY and many others. Through these stories, I have found a few consistent themes:

1. Many of the Main Streets which were thriving were doing so because one individual or one organization led the revitalization. This included discovering and applying for grants to pay for improvements (like street lights and repaving sidewalks,) organizing local businesses to work together to plan events, and working with the local government to help boost excitement amongst consumers. To have more success on Main Street, it's important to identify and support these champions.
2. In spite of the work of this committee and the Small Business Administration, many business owners on Main Street do not feel like anyone in government is watching out for them. While they hear elected officials and members of the government in Washington speak of supporting small business, many business owners do not feel like they are seeing much action around that support. There is an issue around communication of improvements. More business owners need to know of the work you are doing here and learn how to take advantage of the resources provided by the federal government to help them grow their companies.
3. While a lot of attention is paid to federal regulations, there is less focus on local and state regulations. Many small business owners – both on and off Main Street - cite these as challenging because it is difficult to keep track of everything.

In addition, both on and off Main Street, we have heard a common refrain: difficulty finding affordable funding to expand, a challenge around recruiting top notch employees and a sense of loneliness and lack of community to help with business issues.

That said, I believe we are in the beginning of a sweeping change when it comes to small business. Companies in the fintech and edtech space are working to address the issues of financing business and educating our workforce. With millennials now making up the largest share of the American workforce and primed to take over an increasing share of small business ownership, much will continue to change when it comes to entrepreneurship.

Thank you again for taking the time today to celebrate small business owners and all they do. The more attention we can collectively bring to both the challenges of small business owners and their contributions, the more we can support this incredibly important segment of our economy.