

July 18, 2016

TO: Jefferson County Board of County Commissioners

FROM: Marcia Elder

RE: Future of Small Business Development Program

Decisions will soon be needed by the BOCC on the County's future role in small business development. This report is a follow-up to my email of July 13 requesting appointments with each individual Commissioner to discuss the options and related SBDP matters.

Please let me know your availability and I trust that this report will be helpful in the meantime.

Evaluation Criteria

Having criteria for evaluating options for the future can help the Commission with its decisions. Suggested criteria include:

1. Need for retention and growth of local small businesses
2. Need for small business development services within the county
3. Administrative options for service delivery
4. Demand for SBDP services from the County
5. Program performance & return on County investment
6. Availability of funding
7. County expectations of a future SBDP or support role
8. Other related variables

A summary of our analysis on these points follows, with additional details provided on small business service options further in the report.

Summary Analysis

Using these criteria, following is feedback from the current SBDP (and CPI Consulting as its contracted administrator).

1. Need for retention and growth of local small businesses

- The health of the local economy strongly depends upon the existence and viability of local small businesses -- through retaining existing businesses, growing those businesses and establishing new businesses.
- Quality of life for residents of the community strongly depends upon the viability of the local economy.

2. Need for small business development services within the county

- Small business development services have been well documented as playing a vital role in sustaining and growing local economies across the country.
- Rural and economically challenged communities stand to benefit greatly from such services.
- The need for further small business services continues to exist in Jefferson County.

3. Administrative options for service delivery

For this section “administrative” refers to who will administer or deliver small business support services within the county. As we see it, the options include:

- a) Continue the County's role as sponsor of the SBDP
 - Contracted role or
 - New hire staff role
- b) Keep and revamp the Program
- c) End the Program and defer the role to one or more other entities
- d) Continue the County's involvement by partnering with one or more other entities in providing support

See section below by this title for further details on these options.

4. Demand for SBDP services from the County

To be addressed in separate report

5. Program performance & return on County investment

- The County and the community have derived substantial benefits from the SBDP, well beyond the funding level invested by the County.
- The County can take pride in having made an exceptional range and caliber of services available at no charge to local businesses and entrepreneurs.

6. Availability of funding

It appears that the County has funds to continue the SBDP or another support role if it so desires, whether at the same or a higher (or lower) funding level.

7. County expectations of a future SBDP or support role

Program scope, level & hours

- CPI substantially expanded the Program by way of
 - scope of services offered
 - availability of advanced level professional support
 - service availability after-hours and by phone or online (i.e., oriented to meet the needs of clients, including those with other work schedules and demands)
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It is unlikely that the County would find another professional consultant willing or able to do this level of professional work at the compensation of the position as it has been and few if any would likely adapt their hours to include evenings and weekends at the clients' choice.

If the required minimum hours per week were decreased or removed (as with attorneys on retainer with the County whose work is based on specified duties and needs not numbers of hours) it is much more likely that a consulting firm or independent consultant would have interest.

Program approach

As part of our approach (detailed in prior reports to the BOCC), CPI has been forthright with clients as to their status and potential, supporting their dreams while not creating or contributing to unrealistic expectations or actions that endanger their financial futures. Prior to CPI's involvement the Program devoted substantial time to clients with little to no chance of achieving their goals (e.g., a \$250,000 loan with no collateral, a poor credit score, no backers and otherwise limited capability to create or run a business). By our appropriately guiding these types of clients (to not quit their jobs, max out their credit cards, etc.) if their chances for success were very low, the time slots previously devoted to these clients (and to out-of-county clients) opened up the time to provide other SBDP services and to serve some clients in greater depth with additional types of services.

Program results

The County has recognized and concurred with the following, as part of the current Program administration:

- The value of multiple types of results, among them:
 - keeping existing businesses in business,
 - helping new businesses get started,
 - helping businesses expand,
 - furthering job creation,
 - assisting businesses in improving for their continued stability and success,
 - diversifying the business base,
 - equipping businesses with skills and knowledge important in a changing economy,
 - helping to connect businesses with funders
 - conveying a positive, committed, professional and supportive approach to County taxpayers and
 - other related outcomes and achievements.

- The majority of small businesses in the county are home-based.

- Small business development programs vary in how they evaluate program metrics and results. It is common for program administrators to take a liberal approach whereby credit is taken for jobs created when their programs were a “contributor to” growth of the business but not necessarily “responsible for” the claimed job growth to the extent that it would appear. CPI has recognized the valuable role we’ve played in contributing to job retention and growth without over-stating claims.

An understanding of these considerations is important in setting future expectations and priorities for the Program.

8. Other related variables

- It is unknown whether the County could hire an adequately qualified person or firm at the funding level it has had over the recent contract periods. As noted, scope and other terms of the contract are of particular importance in determining financial viability.

- The direction and results of project Game Changer have bearing on small business development needs and opportunities in Jefferson County.
- If the County role is to continue a determination is needed on whether the County is prepared to provide needed support for the Program – apart from Program funding – in two regards:
 - some level of secretarial/administrative assistance (the absence of which in the past contract year has been a barrier)
 - respectful treatment of the Program and its representative (where issues have occurred)
 - Access to needed resources and time-efficiency in communications
- Election season results and composition of the Commission affect Program expectations and influences.

Administrative Service Delivery Options

Further detail on the mentioned options follows:

- a) **Continue the County's role as sponsor of the SBDP** with an administrator in either a contracted role or a new hire staff role with the County.

Under either of these scenarios, qualifications, expectations and procedures would need to be defined or affirmed. For the Program to be meaningful – and to warrant the position of trust that it represents – ensuring appropriate qualifications is essential. We can assist with further input on this and will offer separate recommendations on Program transition once we have a better idea of the County's inclinations for the future of the Program.

- b) **Keep and revamp the Program**

As two examples, hire a part-time consultant or staff person and:

- Establish or assume a complimentary part-time role for the Small Business Development Center at FAMU (see example under option d) below) &/or
- Engage one or more volunteers (such as seasoned business professionals) to be a team of business support experts to provide supplemental and more advanced level support services than will be likely unless compensation is increased. Particular care would be needed in the selection of such individuals as to their credentials, relevant skills, approach and respect of confidentiality, among other factors.

If this option is of interest additional ways of configuring the Program could be discussed.

c) **End the Program and defer the role** to one or more other entities

The primary option here is:

- The Small Business Development Center at FAMU is available to expand its services in Jefferson on the following terms:
 - An SBDC representative could be available to work at a location provided in Jefferson (such as the Annex) on a one-day per week basis. The day of the week could be the same each week and advertised so that interested individuals could set appointments.
 - FAMU would make various small business software, literature and other tools available for use in supporting clients (for market analysis, planning templates and others).
 - The above would be at no charge to the County or to clients and FAMU would count all work as part of its achievements and metrics reported to the state center (which helps determine its annual funding – based on required number of client contact hours, workshop delivery hours, etc.).
 - The work would take place during normal business hours on the prescribed days.
 - They could host professional development workshops on those days of the week (as many as two per month), also at no charge.

Private sector alternatives

- The prior SBDP Director submitted an announcement run in the June 23 local news that he has opened a consulting business offering small business development services and at the approximate same rate of pay as the SBDP is funded at. His local clientele is said to be limited but could be expanded. It is anticipated that the services consist of basic Business Plan development, financial forecasting and loan application support. It is unlikely that he has the capacity to reach most local businesses in

promoting his business but likely that he has word-of-mouth capacity with some.

- CPI anticipates offering advanced business marketing and technology services in the local market, as we have for the most part refrained from while in the SBDP role, but our rates are considerably higher than the above-mentioned business and may not be regarded as affordable for most local businesses.

d) **Continue the County's involvement by partnering** with one or more other entities in providing support

- The prime option here is the Small Business Development Center at FAMU. Two options include:
 - The County could hire someone able to provide certain types of small business services and FAMU could be a partner that the County office gives referrals to for other types of services better suited to FAMU-SBDC (such as where a more sophisticated market analysis would be an aid using the mentioned SBDC software).
 - If the County hires a contractor or staff FAMU is prepared to contribute \$5,000 to such a hire provided that FAMU receives the credit for program results for purposes of the above mentioned reporting to state SBDC. The person would be considered an agent of FAMU's program and would be required to take a training program there and follow its requirements for services to and documentation of action with clients.
- A second option would be for the County to not continue the SBDP in its current form but to instead facilitate a network of resources available to local businesses and entrepreneurs. These could be featured on the County SBDP Website and the support services and availability of each could be described.
 - FAMU could be the prime resource and the County could donate office space at the Annex and workshop meeting space as part of its role in the partnership.
 - Roles and resources of the EDC, Chamber of Commerce, Main Street and TDC could be listed.

- Private sector businesses that offer support services could be listed (with a standard statement that the listings do not imply endorsement).
- If of interest, an informal (or formal) committee could solicit involvement and roles for the mentioned team of volunteers – business leaders, retired specialists, etc. willing to donate a certain amount of time each month to share their expertise and support with other business people.

Note that FAMU SBDC provides Business Plan templates and directs clients to resources for developing their own Business Plans. They do not assist with writing or editing the Plans. Many of the Jefferson clients have needed direct assistance in developing the content for and writing their Plans. Supplemental support may be needed for these clients. These include individuals with good chances for business success.

There may be other possibilities beyond those listed. **Our goal with this report is to raise options that seem to have merit in order to facilitate the decision process before the Commission – and to engage Commissioners’ feedback so that we can be of greatest service to the County in our remaining limited time.**

As one example there: if someone else is coming in as a consultant or staff there are particular steps for us to take in having records organized for their understanding of client status, pending needs, suggested procedures and other varied matters. If there is not, those and certain other tasks are unnecessary.

Major Pending Questions

1. **CPI Final Priorities** – With knowledge of which of the above options are appealing to the BOCC and which are not CPI can provide the most useful transition services as we close-out our current contracted role.

We had begun to do certain work that would be valuable for a new person coming in, and thereby valuable for the County, but have now placed that on temporary hold as we concluded that if the County were to decide on a different program role for the future it could be unnecessary work. Our goal is to provide final services that will indeed help the County while at the same time timely wrapping up on the contract.

2. **Confidential Records** – This is of significant concern given the uncertainty of what will happen to the Program once we conclude our work and, thereby, actions on any remaining confidential records. It is our duty and commitment to be respectful of the County clients in this regard.

- Reaching certain past clients of the Program (particularly those before our time) has been difficult. Yet a number have sensitive financial and other records in the file.
- We established procedures for the return of records and many have been returned for clients whose work has been completed. Others are awaiting County supplies in order to package them for mailed returns.
- Most have requested that their electronic files be deleted and we have provided their copies on CD in addition to hard copies on file.
- Some only care about receiving tax returns, financial statements and such and notes on these clients have been left in the files.
- We have not taken the time to contact most clients (from before our time) that were for businesses not in the County. But their confidentiality still deserves to be protected and someone should take responsibility for shredding or burning these records – or contacting the businesses about returning them by mail (and confirming current contact and address).
- For most that have not responded to email notices and reminders we have called and left Voice Mails.

The SBA regional office rep from Jacksonville asked to meet with me last month and I asked her about their records management in this regard. She emphasized their confidentiality of records (as the FAMU SBDC has as well) and she said that they maintain minimal records on file out of this concern.

Part of the requested appointments with Commissioners will include questions about final disposition of records.

Qualifier

The informal committee that I suggested be assembled to discuss these and other matters has not yet met. Given my status and health issues I also have not had the opportunity to stay up on the latest information about project Game Changer, the activities of other organizations or the views of others on what next steps should be taken on the SBDP in light of CPI's resignation.

Conclusion

There are multiple viable options available to the Commission. We thought it best to present options at this point – and we are happy to make recommendations if the Commission wishes.

I look forward to hearing from Commissioners on your availability to meet this week or next and, based on those meetings we will complete our transition services. In the meantime we will work to address final pending client needs, prepare additional records for clients and complete other tasks in support of the Program.