

**TESTIMONY TO RI HOUSE SMALL BUSINESS COMMITTEE
EDWARD HUTTENHOWER, STATE DIRECTOR
RI SMALL BUSINESS DEVELOPMENT CENTER
JUNE 9, 2020**

Good afternoon, Chairperson Amore and members of the Small Business Committee. For those of you who don't know me, I am Ed Huttenhower, the state director for the RI Small Business Development Center. Today, I will be talking with you about the RISBDC, the impact of the Covid-19 crisis on small business, what we have done to assist small businesses during this time and our plans and actions moving forward. Finally, with us all working together, the SBDC strives to have the long term impact on Rhode Island small businesses as minimal as possible with the goal of having the small business community thriving again both now and into the future.

I have been involved with SBDC's in different parts of the country for almost 33 years and the past three plus months have definitely been the most challenging of my career. The staff of the RISBDC rose to the challenge during this time. These highlights demonstrate this and their ongoing commitment to the state's small businesses. Thus far in 2020, RISBDC staff has worked with 551 clients on a one on one basis providing just over 2550 hours of counseling. These clients report receiving \$12,693,000 in financing. A significant portion of this amount is in SBA PPP and EIDL loans. Additionally, 1,168 people registered for our webinars and seminars. The vast majority have been for webinars since the crisis started. Compare this to our SBA goals for 2020. These goals are in four areas and include: clients served (both clients and seminar attendees) of 720 and capital infusion of \$16,823,225. We have exceeded the clients served for the year and have met almost 75% of our capital goal in less than half a year. Another goal is jobs supported. This goal is 2,598. With just our clients alone, the RISBDC has supported 2,288 jobs in 5 ½ months.

The statistics only tell a small part of the story. I could go on at length about the work we are doing with the Spanish speaking community both with counseling and through participation with the Hispanic Covid-19 business group. Looking within the statistics are stories with every small business owner. There are stories of anguish, concern and where do I go from here. There are stories of how can I survive but also stories of survival. There are also stories of hope, discovery and determination. Believe it or not, there are also stories of success and people wanting to start businesses. Let me share just a few of these with you.

- An East Bay area liquor store who worked with the RISBDC a number of years ago when they started the business, reached out again to discuss different options related to doing business given the limited space of their location. As a result of surveying done and feedback from customers, the business has gone to a mostly e-commerce solution with curbside pickup. Their customers are happy with this arrangement.
- A Johnston manufacturer received PPP funding to maintain their workforce. Additionally, the company has seen revenues increase 500% over the past several months because of the amount of their business through on-line sales.
- A Cranston based seamstress had been laid off and approached the RISBDC in relation to alternatives such as making masks. With some research, the Center was able to provide her a pricing structure and she started her own business. As a result, she is currently making more money with her own business as to when she was working.
- While this is not a client, I felt it important to mention this because of the issues highlighted. A local restaurant near me that I frequent (most recently this past Friday for takeout) is unable to reopen for other than take out sales because of the inability to find sufficient wait staff help. This is ironic because they have considerable space for indoor dining. It is unfortunate that with unemployment

of over 17% that finding employees should be a challenge. The issue is not unique to this company.

- There are a number of businesses that the RISBDC has worked with in the child care sector as well as in providing services to the wedding industry. Both areas continue to be negatively impacted for a number of reasons that include capacity restrictions, among others. Some wedding related businesses have looked at alternative business models that may be helpful for them moving forward. Both sectors are important parts of the state's economy.

These examples provide a brief look at the spectrum of issues being faced by small businesses across the state. SBDCs across the country are looking at dealing with the pandemic and its aftermath as a four phase process. These phases are rescue, recovery, resiliency and reinvention. Much of the RISBDC work to date has been with rescue, but more recently we are seeing increasing questions related to recovery and resiliency with even some reinvention.

The RISBDC, along with all the SBDCs across the country, were fortunate to receive funding through the CARES Act to provide additional services and outreach to the small business community. This is in addition to the core funding from the SBA for our normal services that we have provided for 37 years in RI. This core funding is what the state has provided match for over the past number of years. It is important that this match continue but that is a topic for a later date in the near future.

With this, the RISBDC is targeting key sectors of the RI economy that have been particularly hard hit by the Covid-19 crisis. These include the retail, restaurant, hospitality, fisheries/seafood, and the blue economy sectors. All of these are critical to the recovery of the state's economy. Additionally, we are increasing capacity in key areas such as marketing, HR and social media marketing. Examples of the additional and expanded services that the RISBDC is now providing and will be providing in the very near future include:

- Part-time staff has been hired with expertise in the blue economy, digital marketing and accounting. Currently, we are advertising for part-time expertise in the retail, restaurant and hospitality sectors.
- We have entered into an agreement with an HR organization to provide assistance to our clients in the various facets of HR.
- The RISBDC is in the process of finalizing an agreement with a fisheries group to assist in providing outreach to this important sector.
- The RISBDC will be contracting with an organization to provide assistance with select second stage businesses as they go through any transitions necessary coming out of this crisis.

As you can see, one of the keys for businesses to survive and thrive coming out of the Covid-19 crisis is to have strong business assistance there to work with them as needed. While money continues to be of utmost importance to many small businesses, any additional funding combined with support from an organization like the SBDC is a combination that will improve chances of survival and success moving into the future. Working cooperatively to make this happen, will benefit everyone in moving the RI small businesses and its economy forward. Thank you for the opportunity to speak with you this afternoon.