

Helping Small Businesses Prosper

SBA administrator speaks to the challenges

BY JAKE THOMAS
THE PORTLAND OBSERVER

Oregon may have a couple big name companies like Nike or Intel, but for the most part our economy is dominated by small businesses. The Small Business Administration is a federal agency that aids and counsels small businesses in hopes of helping them prosper.

The Portland Observer recently sat down with Harry DeWolf, SBA district director for Oregon and southwest Washington, to talk about what the agency does and what's going on in Oregon's business environment.

What role will small businesses play in the economic recovery?

As far as job growth, they're essential. They can hire faster and grow faster, but their ability to get capital and infuse huge amounts of cash into an economy is not anywhere near what the larger corporations can do. They're going to bring us out slowly.

In Oregon about 97 percent of businesses are small. There are a lot of other

states that have some major players, which is a good thing and a bad thing because when that industry falters it crushes the economy.

What are some other advantages of having an economy with so many small businesses?

They have the potential to adapt to changing economies and industries. They can focus their attention faster and quicker. They're the jet ski versus the battleship. Bigger guys underestimated it. The small business owner who wonders how they're going to make payroll has to be nimble.

What are some changes businesses made when the economy went sour?

Some were able to add new product lines or change their expense structure. A lot of companies slowed down their inventory because that's money in limbo that can't do anything for you. Some took great advantage of it and saw it as an opportunity to fill market niches.

What's an example of that?

There are some smaller construction firms that shifted gears from commercial or residential real estate and started looking for new industries like public works. Time is just as valuable as cash, so how you spend your time really matters. If you're chasing the same dollar, and it's not there, it's going to hurt you. The smarter businesses figured out who



Harry DeWolf

their most productive customers were and stopped spending time on the ones that weren't. Sometimes that's really hard for a small business person. Relationships are great, but they don't pay salaries.

What are some of the challenges small businesses face?

Some businesses are going to have a really hard time keeping up with their money requirements. A lot of businesses created a capacity that has a certain expense structure built into it. It's a machine. You either feed that machine at the same rate or you make it smaller. When businesses owners have been

going down one path, and it's been a successful path they can't think of where else to go. That's when it's absolutely vital to seek out counsel.

What are some underutilized advantages at SBA?

There are three free resources. You've got Small Business Development Centers, which provide free counseling and free training at a reduced price. It's a very underutilized. SCORE is a bunch of volunteers who don't charge for counseling who come from a wide range of industries. They'll sit down and look at your business plan. A little bit smaller scale is the Women Business center at Mercy Corps Northwest. SCORE and SBA have clients that have been going on for the last four or five years. Some clients see a counselor every quarter. This is free consulting. It's prepaid.

Do you have specific resources for minority businesses?

If a business wants to get a federal contract we have the Central Contractor Registration, where businesses can register as minority-owned. It's on a public website that demonstrates to any federal contracting officer what they can do and how they can get in touch. Large corporations use it when they want to sub-contract to meet goals. It's an excellent tool.

SBA has the 8a small business development program. It's for socially and economically-deprived business owners and it's a nine-year program. We help beef them up so that they can walk alone by offering training and guidance. We're not trying to make them dependent on federal contracts. By the end of the nine years the legs of their stool will be balanced. It's a really good program, but it's not easy. We have about 60 firms. Some shut down, but many graduate early because they got too big.

How has federal legislation like the stimulus or the jobs bill done to help out Oregon?

From the visibility I have on it, it has helped loans get back up to 2008 numbers. It's really helped with construction and infrastructure. A few agencies were given money for technology upgrades that were long overdue. Some firms in the engineering design have done really well. The stimulus has helped some industries, but not all.

My concern comes into place when we've been doing this for well over a year and we pull the rug out from under people who've become dependent on it. Have we solved the problem or put a big band aid on it?

It has been good on the business side of banks. A lot of banks were getting sloppy. They weren't following their own historical ways of doing business.

“Be the change that you want to see in the world.”

-Mohandas Gandhi

Neil Kelly *Since 1947*

DESIGN / BUILD REMODELING CUSTOM HOMES
HOME PERFORMANCE HANDYMAN HOME REPAIR TEAM
503.288.7461 www.neilkelly.com