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Modern Tools in a Modern World
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Chairwoman Radewagen, Ranking Member Moulton, Members of the Subcommittee, thank you for the opportunity to testify before the Subcommittee on Health and Technology on the topic of Modern Tools in a Modern World, or more explicitly for today, how apps, which I interpret as mobile computing tools, "improve businesses' day-to-day operations, make them more efficient, assist their marketing and outreach capabilities, and, ultimately, stimulate revenue and job growth".

I'm going to base my testimony largely on my experience as an entrepreneurship educator with Babson College, as the academic director and lead designer of the Goldman Sachs *10,000 Small Businesses* and now *10,000 Women* programs, as a federal appointed member of the SBA Advisory Board for the SBDC programs, as co-owner of Artworks, a store in Gettysburg, PA, and most recently, as investor and advisor to Portfolia, an equity based crowdfunding platform focused on women-led businesses and women investors.

I'm very pleased with the topic of this hearing today as much of the public discussion around entrepreneurship is very technology driven, but it's often driven to a tiny slice of businesses, those that exist to advance the use and/or sell technology. It's gratifying that today we are looking at the other side of the equation, how small businesses can use and benefit from technology.

Our economy is one of small businesses, with less than ten percent of all U.S. businesses having more than four employees. This means there are more than 25 million very small businesses either creating jobs, or providing the owner a job, and approximately an additional two million with between 5 and 499 employees, all trying to find the best tools to survive and thrive.[1]

10,000 Small Businesses, or 10KSB, is a $500 million initiative to help small businesses in the United States by providing entrepreneurs an integrated program of practical business and management education, business support services, and the opportunity to access capital. Babson College is the academic partner for the program and is responsible for the education and advising components, the training for all those who deliver the program, the measurement and evaluation system, and the national alumni program. To date the program has served nearly 5,000 small businesses who represent nearly 100,000 employees across the US and the UK, including 49 states, D.C, and Puerto Rico and collectively have over $3 billion in revenues. We deliver the

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[1] http://www.census.gov/econ/smallbus.html. Accessed July 21, 2015.

program through twelve community college sites and one blended (on-line and face-to-face) model housed at Babson College.

The *10,000 Small Businesses* alumni provide a highly useful context for considering the questions of this subcommittee today, how do, or how can, apps help them run more efficiently. The entrance requirements are for the business to be at least two years old, have at least four employees, and have revenues of at least $150,000. The program alumni are a broad cross-section of U.S. small businesses, with one unifying criteria, they all explicitly want to grow their businesses. They are largely mature businesses. The typical business comes into the program with $692,000 in revenues, 11 employees, and having been in business for 11 years. Professional, scientific and technical services is the only industrial category that includes more than ten percent of the businesses and all industrial categories are represented in one way or another.

The owners themselves are also important to consider when thinking about the use of technology tools. The business owners are most often around 46 years old, with a range from 22 to 75. They are fairly evenly split as to gender, with 46% of the businesses owned by women. And they have a very broad range of educational backgrounds, ranging from some high school to multiple graduate degrees.[2]

Given my background, my focus is more on how small businesses actually learn about technology tools. Most entrepreneurial education programs focus on planning, and very few actually focus on how to operate the business. I do take *10,000 Small Businesses* as an exception. The use of technology by the businesses is primarily addressed in three ways in this program. First, we train all instructors to have an area of their classroom dedicated to a technology flip chart. Each business owner is asked to list the tech tools they use in running their businesses, with an emphasis on apps. This approach is particularly used during the *Operations and Processes* module.

Second, the program is built on peer learning and the business owners are organized into Growth Groups to work with each other. These sessions include both formal and informal exchanges of information about tools used. Notably, we avoid organizing any business owner group by industry to promote cross boundary learning about tools.

And third, we created a technology clinic for alumni of the program that is focused on learning how to identify what technology exists, how to decide what apps are relevant, how to price them, and very importantly, how to integrate them into the company, including training employees on their use.

I'd like to briefly expand on each of these techniques. First, too often technology, particularly apps, is thought of in very small buckets, applied to only specific areas. So the push toward discussing apps in every module is designed to both encourage the use of apps where appropriate, but to also demonstrate to others the range of possibilities from note taking and collaboration to the more specific marketing or scheduling. This approach does mean that you need entrepreneurship and small business instructors who are actually current and adept in using these apps. Age is not an excuse for avoiding technology.

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[2] http://www.goldmansachs.com/citizenship/10000-small-businesses/US/about-the-program/impact-of-10ksb/index.html. Accessed July 21, 2015.

Peer learning about these tools is important, while potentially limited as to scale, especially when conducted outside of any organized program such as 10KSB. The use of technology, particularly mobile technology such as apps, needs to be integrated into regular training about starting and growing businesses, and decidedly not segregated into separate courses or offered only to certain types of businesses. We do not serve our small business owners well if we "protect them" from technology.   By this I mean a practice I have seen in a number of other small business service programs of deciding beforehand who is likely to grow, who is amenable to the use of technology, and therefore who would benefit from more exposure to and instruction about technology tools.

The technology clinic proved to be a learning experience that we are now scaling across the country. For the pilot we included speakers from Square, largely focused on facilitating point of sale operations, Dropbox, for file sharing and storage, and Alignable, a social media collaboration tool. The intent was to demonstrate the range of tools available to the small business owners, while delving more deeply into the general technology selection and usage questions. The questions raised most often by the business owners were those that moved beyond selection, to training, and particularly about how to learn to connect across apps for increased efficiency. While not called this by the business owners, the desire was for an integrated portfolio, without being tied to any particular product or brand.

For apps, the actual price of the app is generally less of a concern due to most pricing structures. The cost comes in the time spent on adoption, including the learning necessary to make the usage decision, and then to roll it into the company. There is also the fear of inappropriate adoption, the situation when the app doesn't perform as expected, or just isn't a fit for the business. Changes in technology are difficult for any size company; however, smaller companies generally have less budgetary room to make mistakes. While adopting an app may seem like a small download decision, the potential impact of that decision on their company often drastically slows down making the actual decision.

The question of app adoption is also related to how small business owners train their employees, in this case, about the use of technology. This again is often something that could often be better addressed in small business start-up or growth programs. The need to do this is included in 10KSB and at 18 months after the program, 86.4% of the business owners report that they are providing on-the-job training, with 62.6 percent using some version of on-line learning, which actually then suggests employee training and development as another app use for small businesses.

Much of the question about the use of apps and small businesses therefore comes down to learning. Learning about what is available, what makes sense, and how it can be used to improve the efficiency and effectiveness of any business. Overall, apps can make business life easier, and make small businesses more competitive. To also be considered, time is the small business owners' most precious resource and appropriate app selection and deployment takes time.

I'd like to close with one general and one more specific example of learning and using apps in 10KSB:

> One of the most striking memories I have from my experience in this program comes from New Orleans where early one morning before class I noticed one of the more senior business owners in the class sitting down with the youngest member of the class in order to unpack his new iPad and learn from her about the apps and tools she was using to

organize and operate her business. This actually is peer learning at its finest, recognizing that every business owner has both something to learn and to teach.

More specific is the example of Victoria Amador, co-founder and CEO of Tremendous Maid, Boston, MA. [3] Tremendous Maid provides residential and commercial cleaning in the greater Boston area. The business was awarded Small Business of the Year from the City of Boston - Main Street District for Hyde Jackson and recognized by Governor Deval Patrick during Immigrant Entrepreneurship Month in 2013. Tremendous Maids was also named the 2014 Neighborhood Business of the Year by the Immigrant Learning Center Organization. Ms Amador uses technology tools ranging from basic CRM to sophisticated scheduling programs and free tools such as Google Voice. She explains that she sees these tools as a better way to serve her clients and communicate much more effectively with her team. She reports that the ability to maintain clear communication is paramount to her industry in order to serve high end clients. She credits Google Voice with saving her thousands of dollars. She learned about Google Voice from a discussion with another 10KSB business owner. He recommended it to her when they met during the on-line portion of the national blended cohort. Ms Amador's example therefore becomes one of using technology to enable working with others to learn about technology.

Thank you again for the opportunity to testify before you today.

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[3] http://www.tremendousmaid.com/about/. Accessed July 21, 2015.