

Minutes

Board of Directors Meeting

Association of Small Business Development Centers (ASBDC)

January 7, 2004

Fort Worth, Texas

Board Members Present: Scott Daugherty (Chairman); Don Wilson (President); Liz Klimback (Vice Chair); Henry Turner (Secretary); Jim Hogge (Treasurer); Doug Gurley; Georgianna Parkin; Grady Pennington; Mark Petrilli; Clinton Tymes.

Others Present: Albert Laabs; Roy Miller; Darryl Mleynek; Al Salgado; Max Summers; Mary Lynn Wilkerson; Mike Young; Donna Ettenson; Dan O'Grady.

Call to Order: The meeting was called to order by Chairman Scott Daugherty at 7:57 a.m. (Central Time) on Wednesday, January 7, 2004.

Chairman's Opening Remarks:

1. SBA Meeting with E.D. Partners: Chairman Scott Daugherty announced that Don Wilson and he will attend a meeting on January 13, in Washington, D.C., called by Cheryl Mills (SBA Associate Deputy Administrator, Office of Entrepreneurial Development) for all SBA Entrepreneurial Development (E.D.) partner programs to discuss EDMIS and other issues such as new E.D. client and service definitions, branding, and the SBA economic impact study.
2. Report Comparing MEPs and SBDCs: Chairman Scott Daugherty discussed with the Board a report by the National Academy of Public Administration on the Manufacturing Extension Partnership (MEP) program, which compared the MEPs and the SBDCs. The report rated the MEPs high on measurement and low on focus, while rating the SBDCs low on measurement and high on focus. Chairman Daugherty pointed out that the MEPs rate high on measurement because the National Institute of Standards and Technology (which oversees the MEP program) does a good job of measuring MEP performance. The Board discussed what the SBDC network can do improve the program's measurement, including publishing an annual report, asking the SBA to fund the Chrisman Study, and asking state government agencies to measure SBDC performance.
3. Manufacturing Survey: Chairman Scott Daugherty noted that the *Member Connection* newsletter for the week of January 6 includes a survey form for SBDC networks to report on their manufacturing programs, and the Chairman urged State and Regional SBDC directors to respond to the survey as soon as possible. Information about SBDC programs for manufacturers is very important to build support for the SBDC program in Congress.

4. Chairman's Piece on Manufacturing: Chairman Scott Daugherty reported that he is working on a paper about the ability of the SBDC network to serve manufacturers.
5. Compilation of Best Practices: Chairman Scott Daugherty reported that the *Member Connection* newsletter for the week of January 6 includes a list of innovative programs and services offered by the North Carolina SBTDC. The Chairman hopes to encourage other State and Regional SBDC networks to submit innovative programs and services from their networks, so that a searchable list of nationwide SBDC innovative programs and services can be compiled on the ASBDC website. Chairman Daugherty noted that a form for submitting examples of innovative programs and services is included in the *Member Connection* newsletter for the week of January 6.

Approval of Minutes of December 16, 2003: Jim Hogge moved that the minutes of the meeting of the Board of Directors of December 16, 2003 be approved. Liz Klimback seconded the motion and the motion passed by voice vote. The minutes of the December 16 meeting will be made available on the ASBDC state directors' website.

President's Update:

1. SBDC Training for Veterans: Don Wilson reported on plans to implement the new law passed by Congress to allow veterans to use their VA educational benefits to take entrepreneurship training classes at SBDCs. He reported that the Chairman of the Task Force for Veterans' Entrepreneurship (an organization of veterans' service and small business organizations) had agreed in principle to develop a Memorandum of Understanding (MOU) with the ASBDC that would call for training 2,000 veterans at SBDCs by Veteran's Day, 2004. The ASBDC will also work with veterans' service organizations and private partners to develop the MOU, with the intent to hold an event for the signing of the MOU on Capitol Hill during the ASBDC Spring Meeting. In addition, Don Wilson will be making a presentation to the Association of State Approving Agencies (the state government agencies that approve courses for veterans) at that association's membership meeting in February, to facilitate the implementation of the new veterans' entrepreneurship training law. Don Wilson will write a brief description of the new law and the proposed MOU so that State and Regional SBDC directors can begin to prepare for the implementation of the new law.
2. International Franchise Association: Don Wilson reported that Brenda Hopper, Clinton Tymes and he are working with the International Franchising Association (IFA), to provide training to SBDC counselors on franchising and to inform SBDC minority clients about opportunities in franchising. Representatives of the ASBDC will be attending the IFA's conference.
3. Quarterly Meetings with Small Business Organizations: Don Wilson reported that he is considering hosting quarterly luncheons with small business associations and other groups, to build support for the SBDC program and to ask small business organizations what their members need from the SBDCs.

4. Chrisman Survey: Don Wilson reported that this year's Chrisman survey is in the process of being written, and he asked Board members to give the ASBDC office feedback on the proposed survey questions.
5. Evaluations of the ASBDC Annual Meeting in San Diego: Don Wilson reported that the tabulation of the evaluation surveys for the ASBDC Annual Meeting in San Diego is complete, and the results will be shared in an upcoming issue of the *Member Connection* newsletter. Don reported that the evaluation surveys gave very high ratings to the Annual Meeting's educational program, conference speakers, hotel facilities and other activities.

The Board discussed ways to add to the Annual Meeting's value for all members of the SBDC network, including State and Regional directors and others. The Board also discussed ways to ensure that the Annual Meetings include programs of interest to all members of the SBDC network, using the "Call For Papers" process and through proactive means.

Microsoft Presentation:

The Board held a conference phone call with representatives of the Microsoft Corporation (Mr. Aaron Bernstein of the Microsoft Small Business Marketing Team, and Heidi Clark of the Microsoft Small Business Server Team), to hear a proposal from Microsoft to work with the SBDC network to deliver computer security and disaster recovery training to small businesses.

Microsoft proposed to conduct a pilot program in which 200 local SBDCs would provide training to groups of 25-30 individuals. Prizes would be offered to the urban and rural SBDCs that attracted the highest numbers of trainees, and to the SBDC that received the highest proportion of session evaluations from attendees. Participating SBDCs could also receive rewards from Microsoft. Microsoft would work with the ASBDC to develop the program and the training materials for presenters and attendees, and Microsoft could provide trainers on a limited basis for SBDCs that do not have staff to conduct the training. Microsoft proposed launching the pilot program at the ASBDC Spring Meeting.

Board members pointed out the need for a strategy to attract small business clients to the training sessions, and the fact that many SBDCs already have their training schedules in place for the first part of the year. Board members suggested that it might be more effective to conduct the computer security training session as an add-on to ongoing entrepreneurship training programs, instead of holding a stand-alone session. The Board also pointed out the need for the ASBDC to be involved in the development of the curriculum.

Treasurer's Report and Discussion of 2004 Budget:

2003 Budget: Treasurer Jim Hogge reported that the Association is expected to end the previous year (2003) well within budget. The ASBDC Annual Meeting is expected to produce net income of about \$150,000, since expenses were below the amount budgeted,

and Treasurer Hogge recommended that half the net income for 2003 be placed in a rainy day reserve fund.

2004 Proposed Budget: Treasurer Jim Hogge reviewed the proposed budget for 2004. He noted that the proposed budget, developed by ASBDC staff and he, allows for a rebate of 40 percent of the 2004 dues surcharge. (2004 is the last year of the current dues surcharge).

Chairman Scott Daugherty proposed that 50 percent of the 2004 dues surcharge be rebated to the membership on or after July, 2004. Treasurer Jim Hogge and Don Wilson endorsed that proposal. The membership would then decide whether to continue the surcharge at 50 percent of the current level for an additional three years, with the possibility of rebates during those years. During that time, the ASBDC would build a rainy day reserve fund of 50 percent of operating expenses.

Motion Concerning the 2004 Budget and the Dues Surcharge: Liz Klimback offered a motion that the Board (1) approve the 2004 budget proposal submitted by Treasurer Jim Hogge; (2) approve the proposal to rebate 50 percent of the 2004 dues surcharge to the membership on or after July, 2004; (3) recommend to the membership at the ASBDC Spring Meeting that the dues surcharge be continued at 50 percent of the current rate for an additional three years, with the possibility of rebates during those years; and (4) approve the proposal to build a rainy day reserve fund equal to six months of operating costs. The motion was seconded by Georgianna Parkin, and the motion passed by unanimous voice vote.

Motion Concerning 2003 Net Income: Clinton Tymes offered a motion that the Board approve the proposal to place 50 percent of the 2003 ASBDC audited profit in a rainy day reserve fund. The motion was seconded by Doug Gurley, and it passed by unanimous voice vote.

Consideration of Articles of Incorporation Revision:

The Board considered an amendment to the ASBDC Articles of Incorporation, prepared by ASBDC legal counsel. The amendment specifies that voting membership in the Association shall be limited to Lead Small Business Development Centers that are host grantees as defined in the Small Business Development Center Act and regulations promulgated under the Act, and each such Common Voting Member shall have the right to cast one vote in any matter requiring a vote by the membership of the Association.

An amendment to the ASBDC Articles of Incorporation is necessary because the laws of the State of Maine (in which the ASBDC is Incorporated) require articles of incorporation to specify members' voting rights, and the current ASBDC Articles of Incorporation no longer conform with voting rights in the Association as established by the ASBDC bylaws.

Motion Concerning Amendment to the Articles of Incorporation: Doug Gurley offered a motion that the Board recommend to the membership the amendment prepared by ASBDC legal counsel, specifying that voting membership in the Association shall be limited to Lead Small Business Development Centers that are host grantees as defined in the Small Business Development Center Act and regulations promulgated under the Act, and that each such Common Voting Member shall have the right to cast one vote in any matter requiring a vote by the membership of the Association. The motion was seconded by Clinton Tymes, and the motion passed by unanimous voice vote.

The amendment to the ASBDC Articles of Incorporation, recommended by the Board, will be forwarded to the membership for consideration during the ASBDC Spring Meeting, and in time to comply with the 30-day notice requirement of the law of the State of Maine.

Consideration of Bylaws Revision:

The Board considered an amendment to the ASBDC bylaws, prepared by ASBDC legal counsel. The amendment specifies that only Lead Small Business Development Centers that are host grantees as defined in the Small business Development Center Act and regulations promulgated under the Act are eligible for Common Voting Membership. The amendment would make the ASBDC bylaws reflect the change in the ASBDC Articles of Incorporation recommended by the Board.

Motion Concerning Amendment to the Bylaws: Clinton Tymes offered a motion that the Board recommend to the membership the amendment prepared by ASBDC legal counsel, specifying that only Lead Small Business Development Centers that are host grantees as defined in the Small business Development Center Act and regulations promulgated under the Act are eligible for Common Voting Membership. The motion was seconded by Grady Pennington, and the motion passed unanimously by voice vote.

The amendment to the ASBDC bylaws, recommended by the Board, will be forwarded to the membership for consideration during the ASBDC Spring Meeting, and in time to comply with the 30-day notice requirement of the bylaws.

SBA Update from Associate Deputy Administrator Cheryl Mills:

The Board welcomed Cheryl Mills, SBA Associate Deputy Administrator for Entrepreneurial Development, to the meeting. Ms. Mills stated that she was pleased to be able to attend the meeting because it afforded her the opportunity to continue to foster the partnership between the SBA and the SBDC network.

Top Priorities: Ms. Mills informed the Board that women in business and rural businesses are top priorities of the SBA. She stated that the new strategic plan developed by the Entrepreneurial Development division of the SBA (which is distinct from the SBA Strategic Plan) identified the SBA client of the year 2013 as someone who is non-caucasian, 18-25 years old or 50 years and older, information driven, and interested in

receiving information on-line and in non-traditional locations such as kiosks in retail locations.

Client and Service Definitions: Ms. Mills informed the Board that the Entrepreneurial Development Office at SBA is developing new client and service definitions, and she offered to share the draft definitions with the Board.

EDMIS: Ms. Mills informed the Board that she will host a meeting at the SBA on January 13 with SBA resource partners to discuss the EDMIS program. Chairman Scott Daugherty and Don Wilson are attending that meeting.

“Rising Stars”: Ms. Mills informed the Board that she has started the “Rising Star” program. This is a program in which she invites to the SBA each month a rising small business owner to speak to SBA officials and staff. Ms. Mills asked State and Regional SBDC directors to recommend a client for the “Rising Star” program, if the client plans to be in the Washington, DC area at any time.

Kiosks in Lending Institutions: Ms. Mills informed the Board that she is working on a national marketing idea to place informational kiosks in lending institutions. Loan applicants who are not considered ready for a loan could be referred to the kiosks for SBA and lending institution information.

Co-Locating E.D. Programs: Ms. Mills informed the Board that she had visited an SBDC in Dallas, hosted by Vice-Chair and North Texas SBDC Regional Director Liz Klimback, in which the SBDC was co-located with other SBA Entrepreneurial Development programs. Ms. Mills stated that she supports the idea of co-locating SBA Entrepreneurial Development programs, as a way to use resources in the most efficient way possible.

Focusing on Growing Businesses: Ms. Mills informed the Board that she supports efforts to find ways to allow SBDC counselors to spend more of their time with small businesses that are in the growth phase, as opposed to the start-up phase, because small businesses in the growth phase generate the greatest economic impact.

Board Discussion with SBA Associate Deputy Administrator Cheryl Mills:

Goaling: Board members discussed the SBA’s goaling with Ms. Mills. It was pointed out that the SBA’s goaling is sometimes at odds with maximizing the economic impact of SBDC counseling (such as by focusing more time on small businesses that are in the growth phase), because the SBA’s goaling tends to emphasize numbers of clients served, as opposed to economic impact. It was suggested that measures of success should include outcomes that are not currently measured as successes, such as dissuading an aspiring entrepreneur from pursuing a bad business idea; helping a failing business owner to withdraw from a business with a minimum amount of loss; or helping an entrepreneur to obtain a non-SBA loan. It was suggested that E.D. goals should be established by the SBA’s E.D. division, and cooperative agreements should be approved by E.D. program officers. It was pointed out that goaling numbers are being raised, while budgets are

being frozen or reduced. It was pointed out that in some cases the SBA's new goaling numbers are based on incorrect statistics, since SBA misinterpreted data submitted by SBDCs.

SBA E.D. Report to the White House: Board members asked Ms. Mills to share a copy of the report that SBA sends to the White House Office of Management and Budget about E.D. programs, so that ASBDC members can know what kind of information would be helpful for the SBA to include in the report.

Women's Business Centers: It was suggested that SBDCs and Women's Business Centers should work more closely together to maximize the use of resources, and SBDCs should be eligible for WBC grants.

Relations with SBA District Offices: Board members told Ms. Mills that SBDCs and SBA District offices have good relationships, and the SBDCs want to work with the SBA and its District offices in support of SBA's goals.

Plans for the ASBDC Spring Meeting in February:

Don Wilson reported on preparations for the ASBDC Spring Meeting in February. The Spring Meeting is scheduled for February 23-26, at the Hilton hotel in Old Town Alexandria, Virginia (just across the river from Washington, DC). The schedule is as follows:

- ASBDC Board Meeting Sunday, February 22
- ASBDC Committee Meetings Monday, February 23
- State Director/Associate State
Director Meeting Tuesday, February 24
- Congressional Visits Wednesday, February 25
- Optional Congressional Visits Thursday, February 26

The Board discussed the possibility of asking Members of Congress to co-sign a letter to House and Senate appropriators in support of FY 2005 SBDC funding. Members of Congress could be asked to co-sign the letter during the Spring Meeting Congressional visits.

SBA Support for SBDC Federal Funding: The Board discussed how the SBA might be encouraged to support an increase in funding for the SBDC program.

Counselor Certification Survey: The Board was informed that the Counselor Certification Survey will be circulated soon, and it is important to get responses to the survey.

Accreditation:

Discussion of Issues: The Board discussed the need to require breaks in service for members serving multiple terms on the Accreditation Committee, the need for greater

diversity on the Committee, and the need to develop new mechanisms for State and Regional SBDC directors whose SBDC networks have gone through the accreditation process to provide feed-back to the Association about the accreditation process. It was the sense of the Board that the Accreditation Committee should develop proposals to address these needs and share the proposals with the Board. The Board also discussed the need to ensure that the Accreditation Committee retains members on the Committee who are experienced in the accreditation process.

Approval of new members: Grady Pennington moved that the Board approve the recommendations of the Chairman of the Accreditation Committee for new members of the Accreditation Committee, as follows:

- Mary Lynn Wilkerson (to fill a term expiring January 1, 2005)
- Debbie Bishop-Trocha (to fill a term expiring January 1, 2006)
- Max Summers (to fill a term expiring January 1, 2007)
- James L. King (to fill a term expiring January 1, 2007)
- Carmen Marti (to fill a term expiring January 1, 2007)
- Dennis Gruell (to fill a term expiring January 1, 2007)
- Mary Collins (to fill a term expiring January 1, 2007)
- Conley Salyer (to fill a term expiring January 1, 2007)

The motion was seconded by Mark Petrilli, and the motion passed by voice vote.

Strategic Focus Areas: Chairman Scott Daugherty stated that he will contact Board members to complete work on developing action items in their respective Key Objective areas.

Adjournment: Doug Gurley moved that the Board meeting be adjourned. Board Vice-Chair Liz Klimback seconded the motion and the motion passed by voice vote. The Board meeting was adjourned at 5:40 p.m. (Central Time).

Next Meetings: The next meeting of the Board of Directors will be by conference call on Tuesday, January 27, 2004 at 1:00 p.m. (Eastern Time). Regular meetings of the Board are held by conference call on the 4th Tuesday of every month at 1 p.m. (Eastern Time). A face-to-face meeting of the Board will take place at the ASBDC Spring Meeting, and a face-to-face meeting of the Board is likely in June.

Submitted by Henry Turner, Secretary, ASBDC