

Minutes
Board of Directors Meeting
Association of Small Business Development Centers (ASBDC)
February 25, 2006
Alexandria, Virginia

Board Members Participating: John Massaua (Chairman); Don Wilson (President); Henry Turner (Vice Chairman); Carmen Marti (Treasurer); Jody Keenan (Assistant Treasurer); Carol Lopucki; Georgianna Parkin; Mark Petrilli; Al Salgado.

Others Participating: Mike Young; Barbara Necarsulmer (Chair, Associate State Directors Group); Duane Fladland (New Mexico SBDC); Darryl Mleynek; Mary Lynn Wilkerson; Doug Gurley; Donna Ettenson; Betsy Kaufman; Dan O'Grady.

Call to Order: The meeting was called to order by Chairman Massaua at 8:30 a.m. on Saturday, February 25, 2006.

Approval of Minutes: Henry Turner moved that the minutes of the Board meeting held on January 11-13, 2006, be approved. Mark Petrilli seconded the motion and the motion passed by voice vote.

President's Report: Don Wilson reported to the Board on the following.

- 1) Proposed Changes to ASBDC By-Laws: The Board discussed drafts of two proposed changes to the ASBDC By-Laws, prepared by ASBDC legal counsel at the request of the Board. The proposed changes relate to: (1) including the elected chair of the Associate State Directors group as a non-voting member of the ASBDC Board of Directors; and (2) enhancing the continuity of the Association's work by changing the terms of service on the Board from two years to three years. The draft changes to the By-Laws will be presented and discussed during the Spring Business Meeting on February 28, and may be considered during the Fall Business meeting at the ASBDC Annual Conference in Houston, in September, 2006.
- 2) SBDC Congressional Appropriation for FY 2007: Don Wilson stated that SBA's proposed budget for FY 2007 calls for cutting the SBDC appropriation from \$87.9 million in FY 2006 to \$87.1 million in FY 2007. He noted that the Budget Views and Estimates letter by House Small Business Committee Chairman Donald Manzullo recommends an inflationary increase in the Federal appropriation for the SBDC network for FY 2007. Don Wilson reported that he had been invited to testify on SBDC funding and reauthorization issues by the House Small Business Committee's Subcommittee on Workforce, Empowerment and Government Programs, on March 2.
- 3) Need for SBDC Funding in SBA Disaster Supplemental Funding Requests: Don Wilson noted that the Board should discuss, during its meeting with SBA Deputy Administrator Stephen Galvan and Associate Deputy Administrator for Entrepreneurial Development

Cheryl Mills, the need to include funding for the SBDCs in SBA's disaster supplemental funding requests to Congress.

- 4) ASBDC Presentation to OMB: Don Wilson reported that the Association's presentation to officials of the White House Office of Management and Budget (OMB) had been well received. He noted that Chairman Massaua, Greg Higgins, Carol McLaurin (N.C. SBTDC) and he had participated in the presentation, which was attended by Randy Lyons (OMB Commerce Branch Chief), Lorenzo Rasetti (OMB Program Examiner for SBA), and David Rostker (OMB Policy Analyst). He thanked Georgianna Parkin, Christian Conroy (Chair of the ASBDC Marketing Committee) and the members of the Committee for preparing client success stories for the presentation to OMB. He thanked Georgianna Parkin for her research, which found that approximately one-third of all the national universities that are rated as top-tier universities by *U.S. News & World Report* host SBDCs.

Don Wilson thanked SBA Deputy Administrator Stephen Galvan and Associate Deputy Administrator Cheryl Mills for their leadership and assistance in facilitating the meeting with OMB. Chairman Massaua stated that Randy Lyons referred to the SBDC network as the Federal Government's "flagship program for management and technical assistance." Chairman Massaua also stated that the representatives of the OMB accepted the validity of the Chrisman survey on the economic impact of the SBDC network.

- 5) Reauthorization Legislation: The Board discussed whether to seek a change in current law, during this year's consideration of the SBA Reauthorization legislation, to require that new SBDC grantees be accredited institutions of higher education. Current law requires that new SBDC grantees be institutions of higher education, but current law does not require the institution of higher education to be accredited in order to receive an SBDC grant. It was decided that the idea would be floated at the Membership meeting to get reaction (if any).
- 6) Counselor Certification: The Board discussed the status of the Association's efforts to develop a counselor certification program. It was noted that the meeting at Babson would most likely take place in the next few weeks and that Georgiana would be available to participate.
- 7) Women's Business Centers: The Board discussed the Association's discussions with leaders of the Women's Business Centers regarding greater coordination of the SBDCs and the WBCs.

Auditor's Presentation: The auditor hired by the Board of Directors (Mr. Steven Collins, account executive and partner in the Virginia CPA firm of Murray & Cavanaugh, PC) presented the Association's audited financials for Calendar Year 2005. The auditor gave the Association an unqualified audit opinion, which is the highest audit opinion possible.

Treasurer's Report: Treasurer Carmen Marti reviewed the Association's financial statements and reported that the Association's financial position is sound.

It was noted that the largest source of income for the Association is variable income from the annual conference. Don Wilson recommended to the Board that the Association strengthen its financial position by moving \$200,000 from net assets to restricted reserve funding, which can be spent only with a two-thirds vote of the Board.

Motion: Mark Petrilli moved that the Board reallocate \$200,000 from the Association's net assets to restricted reserve funding. The motion was seconded by Carol Lopucki and passed by voice vote.

It was noted that not all of the funds invested by the Association at Legg Mason (now Smith Barney) are restricted.

Motion: Carol Lopucki moved that the previous motion be rescinded, and that the Board reallocate \$111,000 of the unrestricted funds at Legg Mason (now Smith Barney), plus \$200,000 of the Association's net assets, to the restricted reserve fund. The motion was seconded by Mark Petrilli and passed by voice vote.

@ Association staff will transfer funds to the restricted reserve as directed by the Board.

Motion: Jody Keenan moved that the Board recognize the work of the Association's staff in strengthening the Association's financial position in recent years. The motion was seconded by Mark Petrilli and passed by voice vote.

Don Wilson thanked the Board for recognizing the staff's work to return the Association to financial stability, and he recognized the sacrifice of the Association's members in enacting the temporary dues surcharge that expired in 2005.

SBA Economic Development Conference in New Orleans: The Board discussed a planned economic development conference by SBA in New Orleans. It was noted that the SBA had not invited all ASBDC Board members, or all SBDC leaders from Gulf Coast states that were damaged by recent hurricanes, to the planned conference; only some. It was also noted that despite Chairman Massaua's efforts with SBA to get the Dean of Ole' Miss on the speaker's list, SBA's Office of Advocacy had not responded to the request.

SBA Goaling: ASBDC Operations Committee Chairman Mike Young reported to the Board on the recommendations of the Operations Committee to the SBA concerning changes in SBA's goaling standards. He stated that the SBA had expressed agreement in concept to the following ideas:

1. Goals should focus on economic impact, not head counts.
2. Goaling standards should be determined at the local level, between SBDCs and SBA district offices. SBA headquarters should not try to impose one-size-fits-all standards.

3. The process for establishing goaling standards should be spelled out in the annual Program Announcement.
4. SBA goals should be based on Federal funding -- i.e., they should be capacity-based.

Chairman Massaua noted that SBDC counseling cases and hours fell significantly between 2003 and 2005, which will almost inevitably result in falling economic impact. He stated that the ASBDC must communicate to SBA that the agency's district directors need to start working with the SBDCs to focus on economic impact.

SBDC Role in Natural and Man-Made Disasters: Mary Lynn Wilkerson informed the Board that she is working with her senator's office to designate SBDCs as critical first responders in natural and man-made disasters.

Accreditation: Darryl Mleynek, Chairman of the ASBDC Accreditation Committee, updated the Board on the Committee's work.

Mr. Mleynek stated that the Accreditation Committee currently has 18 members and expects to conduct 17 accreditation reviews in 2006 -- stretching the Committee's members close to the breaking point. Mr. Mleynek asked that the Board consider increasing the size of the Accreditation Committee.

- @ The Board will consider whether it is necessary to increase the size of the Accreditation Committee, as suggested by Darryl Mleynek.

Mr. Mleynek asked the Board to approve Chris Rosander to be the nineteenth member of the Committee for a one-year term, replacing Mary Lynn Wilkerson, who is on a leave-of-absence from the Committee so that she can focus on small business disaster recovery in Louisiana.

Motion: Mark Petrilli moved that the Board approve the appointment of Chris Rosander to the Accreditation Committee for a one-year term, replacing Mary Lynn Wilkerson who is on leave of absence from the Committee. The motion was seconded by Henry Turner and passed by voice vote.

Mr. Mleynek stated that the Committee conducted a web-based, confidential survey of 29 SBDC networks that had undergone accreditation reviews in 2004 and 2005. Of those surveyed, 25 responded to the survey. Of those responding, 88% said they agreed or strongly agreed that the accreditation process is fair, and 84% said they agreed or strongly agreed that the accreditation review is a positive experience.

Mr. Mleynek stated that eight of the Committee's 18 members are new, and only six Committee members have three or more years of experience. As a result, the Committee has a significant need for training. Mr. Mleynek asked that the Board consider allowing the Committee to hold a separate, annual accreditation training meeting for new Committee members in January. Don

Wilson asked Mr. Mleynek to let the Association staff know if the Accreditation Committee needs any facilities to conduct additional training during the ASBDC Annual Conference in the fall.

Mr. Mleynek stated that the Committee has adopted a code of ethics for its members, developed a mentoring program for state and regional SBDC directors, and held training sessions for SBDC staff in several states and regions. He stated that the Committee adopted a new self-study guide in 2004, and the Committee will continue working to improve the guide.

Chairman Massaua suggested that the Association develop a checklist of items that new state/regional SBDC directors should be aware of.

- ① The Board will consider developing a checklist of items of which new state/regional SBDC directors should be made aware.

Chairman Massaua commended the work of the Accreditation team and discussed its importance in demonstrating the overall quality of the program, as well as the ability of accreditation to stand as the bridge within OMB's PART score for the necessity to re-bid programs to ratchet up performance. Chairman Massaua cautioned the Accreditation Committee on consistency and advised them to be sure to be very engaging with SBA on poor performers.

The Board discussed a product called SBDC HPLS.

The Board discussed the eligibility requirements for appointment to the Accreditation Committee. Mr. Mleynek stated that the Association's rules make all SBDC state/regional directors and associate directors eligible to serve on the Committee, if they served in their respective capacity during an accreditation review.

- ① The Board asked that the Accreditation Committee clarify the eligibility requirements for appointment to the Committee, to specify that a state/regional SBDC director or associate director must step down from the Committee if his or her SBDC program is accredited with conditions and subsequently does not meet those conditions.

Chairman Massaua again noted the importance of the accreditation process to the nationwide SBDC network, and stated that the White House Office of Management and Budget (OMB) was impressed by the fact that an SBDC grantee could lose its grant if the SBDC is not accredited.

- ① ASBDC staff will send OMB an example of an accreditation review.

Committee and Taskforce Updates: Board members updated the Board on the work of the ASBDC committees and taskforces to which they are assigned as liaisons.

Committee, Taskforce and Interest Section Structure and Process: The Board discussed ways to increase the effectiveness of the Association's committees, taskforces and interest sections. It was stated that the structure and processes of the committees, taskforces and interest

sections should be formalized to enhance the efficiency and continuity of their work, while maintaining enough flexibility to allow the Association to adapt to new opportunities and challenges.

Motion: Mark Petrilli moved that the Board Chairman and the Association President consult with legal counsel to develop proposals to formalize the structure and processes of the Association's committees, taskforces and interest sections. The motion was seconded by Carmen Marti and passed by voice vote.

- ① The Board Chairman and the Association President will consult with legal counsel to develop proposals to formalize the structure and processes of the Association's committees, taskforces and interest sections.

Discounts for Members of Business Associations: The Board discussed the proposal to offer discounts on the cost of SBDC training to members of business associations.

Action Item Review:

New Action Items From the Current Board Meeting

- ① The Board will consider members' views on the draft ASBDC By-Laws proposals (concerning Board terms and the participation of the Associate Directors Group chair), which may be considered during the Fall Conference in Houston in September.
- ① Association staff will transfer funds to the ASBDC restricted reserve as directed by the Board in the motion passed on February 25, 2006.
- ① The Board will consider whether it is necessary to increase the size of the Accreditation Committee, as suggested by Darryl Mleynek.
- ① The Board will consider developing a checklist of items of which new state/regional SBDC directors should be made aware.
- ① The Board asked that the Accreditation Committee clarify the eligibility requirements for appointment to the Committee, to specify that a state/regional SBDC director or associate director must step down from the Committee if his or her SBDC program is accredited with conditions and subsequently does not meet those conditions.
- ① ASBDC staff will send OMB an example of an accreditation review.

- ① The Board Chairman and the Association President will consult with legal counsel to develop proposals to formalize the structure and processes of the Association's committees, taskforces and interest sections.
- ① The Board asked that staff consider purchasing a copy of the decision-tree software used by Carol Lopucki to organize the Association's work.
- ① The Board recommended that SBDC counselors who received technology training from the North Carolina SBTDC should receive recognition for that training in any technology certification program developed by the Association.
- ① The Board asked that staff inquire as to whether the SBA intends to make Defense Transition grant awards in FY 2006 with FY 2005 funding.
- ① The Board agreed to use its communications tree to assign two mentors to every new SBDC state/regional director and associate director, in coordination with the Accreditation Committee's mentoring program.
- ① The Board will consider the draft Memorandum of Understanding, drafted by the International Trade Interest Group, between the U.S. and Mexican SBDC networks.

Completed Action Items From the Board's Previous Meeting

- ✓ The Board will discuss mentoring for new state/regional directors during its next meeting.
- ✓ Board members should urge state/regional directors to prepare leave-behind materials for Congressional visits that are specific to individual states and Congressional Districts. They should also invite Members of Congress to visit their local SBDCs early in the year.
- ✓ Chairman Massaua asked that every Board member send Don Wilson and him an e-mail listing the top four issues that the Board should be speaking to the membership about during the Spring Meeting.
- ✓ Carol Lopucki will send a link to Board members for information about decision-tree software.
- ✓ Carol Lopucki and Don Wilson will let the new California regional SBDC directors know that the Association is available to assist them.

- ✓ Chairman Massaua and Don Wilson will send a letter to institutions of higher education in Rhode Island to encourage them to consider competing for the Rhode Island SBDC grant.
- ✓ The Board will invite Darryl Mleynek, Chair of the Accreditation Committee, to the Board's meeting in February, to discuss accreditation issues.
- ✓ The Marketing Committee will make a recommendation to the Board before the Spring Meeting on what is required for a communications budget.
- ✓ Al Salgado will research the availability of funds for the representative of the ASBDC to travel to the meeting of the Mexican SBDCs in Mexico.
- ✓ The Association will encourage ASBDC members to attend the meeting of the Mexican SBDCs in Monterrey, Mexico, from March 29-31.
- ✓ Chairman Massaua, Don Wilson, Roy Miller, Bill Carter (Chair of the ASBDC Legislative Committee) and SBDC legislative staff will hold a conference call to discuss earmarks.
- ✓ Chairman Massaua and Don Wilson will write to the SBA to state that EDMIS 2 will not work correctly as currently designed, and that the SBDC network will not manipulate data in any inappropriate way to make EDMIS 2 work as it relates to prep time.
- ✓ Chairman Massaua and Don Wilson will re-confirm for the membership the importance of preserving the integrity of program data despite any problems that may arise as a result of trying to implement EDMIS 2.
- ✓ ASBDC staff will ask legal counsel to draft a possible amendment to the ASBDC By-Laws, for discussion and review during the 2006 Spring Meeting and possible ratification during the 2006 Annual Meeting in Houston, such that: (1) The associate state/regional SBDC directors' group shall be formally recognized as a part of the Association; (2) the elected chair of the associate state/regional SBDC directors' group (elected from among the associate state/regional SBDC directors designated by their respective state/regional SBDC directors as the second-highest ranking official in their state/regional SBDCs) shall serve as a non-voting member of the Association's Board of Directors; and, (3) such non-voting member of the board shall be ineligible to hold the office of Chair, Vice Chair, Secretary or Treasurer of the Board.
- ✓ ASBDC staff will ask legal counsel to draft a possible amendment to the ASBDC By-Laws, for discussion and review during the 2006 Spring Meeting and possible

ratification during the 2006 Annual Meeting in Houston, such that one-third of the Board's members are elected each year to three-year terms.

- ✓ ASBDC staff will recommend a transition plan from the current Board terms to a 3/3 term system.
- ✓ Board members agreed to work on the ASBDC presentation to senior SBA management as follows: (1) Quality and Quantity (Mike Young and Al Salgado); (2) Return on Investment (Jody Keenan, possibly Scott Daugherty, and Professor Jim Chrisman); Human Capital Plus Technology (Carol Lopucki and possibly the Edward Lowe Foundation); Technology as a Tool (Georgianna Parkin and possibly Conley Salyer).
- ✓ ASBDC staff will ask the SBA Office of SBDCs for the amount of match funding raised by SBDC grantees.
- ✓ Chairman Massaua will share his calculation of "cost of counseling" with Professor Chrisman and the Board.
- ✓ Carol Lopucki and Al Salgado will prepare a presentation of the Association's work, for use at the Spring Meeting, with new software designed to organize and present an organization's work.
- ✓ ASBDC staff will work with the Mississippi SBDC to address the issue of the SBA's change in policy regarding a state's eligibility to apply for multiple Portability Grants.
- ✓ ASBDC staff will compile books for the Spring Meeting that contain: (1) the work plan of every committee, taskforce and interest section; (2) letters from all Board liaisons to accompany the work plans; (3) the Association strategic directions and milestones; (4) the document on responsibilities of committee, taskforce and interest section chairs and board liaisons; and (5) the document on the Association's work that is prepared by Carol Lopucki with her new software.
- ✓ Board members, in their capacities as Board liaisons, will write letters for the Spring Meeting book to accompany their respective committee, taskforce and interest sections' work plans, which will be executive summaries of the work and status of committees, taskforce on interest sections.
- ✓ Board members, in their capacities as Board liaisons, will ask their respective committee, taskforce and interest section chairs to submit updated work plans for the Spring Meeting book.

- ✓ Board members will continue, as necessary, to contact their assigned state/regional SBDC directors to encourage them to take the Microsoft small business accounting software tutorial.
- ✓ Al Salgado will work with the Professional Development and Education Committee to incorporate into the Committee's work plan all the action items identified by the Board for the Committee, and to secure chairs for the Committee's three subcommittees.
- ✓ The Marketing Committee will consider what resources are needed at the ASBDC to institutionalize the Marketing Committee's recommendations.
- ✓ The International Trade Interest Group will draft a Memorandum of Understanding between the U.S. and Mexican SBDC networks, for consideration by the ASBDC Board.
- ✓ The Association will recognize the work of past Association Chairmen Scott Daugherty and Clinton Tymes.

Incomplete Action Items from the Board's Previous Meeting

- Ⓐ The Board asked that Don Wilson continue speaking to USASBE leaders, foundations and Bob McKinley about the possibility of publishing a paper on the qualifications and role of a state/regional SBDC director.
- Ⓐ Association staff will prepare a presentation for the Annual Meeting in Houston about the national SBDC network's role in assisting small businesses devastated by the hurricanes in 2005.
- Ⓐ ASBDC will draft a document on the role of the SBDCs in the long-term recovery of the Gulf-Coast states damaged by the hurricanes. The Association will ask Scott Daugherty, the Association's liaison to the hurricane-damaged states, to draft the document, with assistance from SBDC state directors in Gulf-Coast states and others in the nationwide SBDC network who have experience in disaster recovery.
- Ⓐ Roy Miller will send to Board members information about the important role that SBDCs play in the work of their host institutions.
- Ⓐ Carmen Marti will compile suggestions regarding the Accreditation Committee's new code of ethics from Board members, for the purpose of recommending possible changes.

- ① Mark Petrilli and Carmen Marti, at the request of Chairman Massaua, will co-chair a committee to consider whether a technology accreditation should be required of SBDCs that hold themselves out as having technology expertise similar to that of a “T” accredited state. Members of the committee will also include Henry Turner, Carol Lopucki and Barbara Necarsulmer. The committee will report back to the Board in March.
- ① Al Salgado will include a discussion of the Technology designation in the professional development presentation at the Association’s Annual Meeting in Houston.
- ① ASBDC staff will continue to work with the Kauffman Foundation and universities such as Babson University to develop a proposal for a certification program for all SBDC counselors, and present a proposal at the ASBDC Annual Meeting in Houston.
- ① ASBDC staff will meet with officials of the University of Maryland School of Business to solicit a proposal for a technology counselor certification program, and make a recommendation in conjunction with the Technology Task Force to the Board by March.
- ① ASBDC staff, in cooperation with the International Trade Interest Section, will seek a Memorandum of Understanding with NASBITE that acknowledges the SBDC role in international trade counseling for small business and recognizes the NASBITE certification as the certification standard for SBDC international trade counselors.
- ① ASBDC staff will work with the Network Engagement Committee to determine a strategy to move forward on associate membership for counselors and staff.
- ① Roy Miller will send to the ASBDC office the report which finds that the best PTACs are those associated with SBDCs.
- ① ASBDC legislative staff will determine what efforts are being made to provide funds for entrepreneurship training for farmers and ranchers in the next Agriculture Reauthorization bill.
- ① The Association will invite members of the Mexican SBDC association to attend the ASBDC annual meeting in Houston, and consider a special event for the occasion.
- ① The Association will ask the SBA for a list of SBDCs that receive Defense Transition Assistance earmarks.

- ① After the presentation to SBA senior management, the Association will develop a script of the presentation for future use throughout the network.
- ① The Marketing Committee will make recommendations to the Board concerning the creation of a national brand for SBDCs, before the ASBDC Annual Conference in September.
- ① Don Wilson will send to Board members the list of state/regional directors who have not yet submitted their center locations for the new ASBDC website.
- ① Board members will follow up with their assigned state/regional directors to ask them to submit their center locations for the new ASBDC website if they have not already done so.
- ① The Board agreed that the Association should present awards to volunteer SBDC counselors and corporate partners who assist in the hurricane-damaged states.
- ① The Marketing Committee will recommend a schedule for Board members to profile their assigned state and regional SBDC networks in the *Member Connection* newsletter.
- ① Association staff will develop recommendations concerning the development of a corporate associate membership program, for consideration by the Board.

Board Communications to Network Members: Board members will communicate with their assigned state/regional SBDC directors, and committee/taskforce/interest section chairs, on the following matters.

Proposed Changes to ASBDC By-Laws: State/Regional SBDC directors should be reminded to review the draft changes to the ASBDC By-Laws, which were presented at the Spring Business Meeting and may be considered during the ASBDC Annual Conference in September. The proposed changes relate to: (1) including the elected chair of the associate state directors group as a non-voting member of the ASBDC Board of Directors; and (2) enhancing continuity of the Association's work by changing the terms of service on the Board from two years to three years.

Adjournment: Mark Petrilli moved that the meeting be adjourned. The motion was seconded by Carmen Marti and passed by voice vote. The meeting was adjourned at 5:00 p.m., on February 25.

Next Meeting of the Board:

The next meeting of the Board, by conference call, is scheduled for Tuesday, March 28, 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 1:00 p.m. (Eastern Time).

Submitted by Roy Miller, Board Secretary, ASBDC

@ = Action Item