



BOARD OF DIRECTORS

MEETING MINUTES

December 4, 2017 (Special Meeting)

*Supporting the Success of its
Members – America's SBDCs*

OUR SHARED MISSION

Deliver high-quality, professional business advice, education, and information that generates meaningful results.

OUR SHARED VISION

America's SBDCs are highly valued for driving economic prosperity.

ASBDC'S PURPOSE

To support the success of its members.

BOARD OF DIRECTORS OBJECTIVE

To establish the Association's mission, vision, strategic direction, approve the Association's budget and operations plan, and appoint and evaluate the performance of the Association's President, including setting compensation.

Chairman, Mike Myhre called the meeting to order at 3:00 p.m. (Monday, Dec 4th 2017)

The purpose of this meeting is for the Board Members to continue the conversation related to KPIs—that began during the November Board Meeting in D.C. and the meeting held with SBA regarding goals and their new Strategic Plan. The Office of Entrepreneurial Development was seeking feedback from each ED program, and we committed to having a conversation to get feedback and provide input.

Secretary Rossi—took roll call. All Board Members are present.

Chairman Myhre provided some background including four specific action items, which are:

1. Send the ASBDC membership an outline of the SBA KPI recommendations and seek feedback—that letter was sent by Mike on Nov 11th.
2. Each BoD members will engage their liaison groups to collect feedback and send back to Mike by Dec 1st. That was done, compiled and shared with all BoD members.
3. Complete a membership survey to assess the KIPs. A survey was developed and distributed to BoD for further review.
4. Request SBA send historical EDMIS summary data. The data set was sent to Mike on November 30th.

Greg compiled historical data of this data for all SBDCs across the country. Mike showed a slide that Allen Gutierrez had shown them which represents circles showing what is currently goaled, measured and recorded by all three SBA resource partners. Mike reviewed the KPI survey and its purpose including the top leading, lagging and efficiency measures ---high frequency survey responses. He explained to the non-board members on the call that the BoD used this info (during Nov meeting)—to develop recommendations as to common indicators, goals assigned.

Next asked for each BoD member to report out on their liaison State discussions:

*What common concerns did you hear?

*What was the overall consensus of your discussion? Support/Not Support?

*If the consensus feedback was not in support, what solutions or other possibilities did your liaison networks offer?

Each BoD member had e-mailed their summary in advance of today's call to each BoD member. On the call, each BoD member described that same information, using Mike's framework above. Two other non-BoD members had submitted feedback (Steve Lawrence and Neil Lerner). They were not on the call to offer further detail. Mike then looked to summarize the comments and asked the BoD members how we should proceed since clearly one of the biggest concerns is around the allocation model regardless of the goals themselves and he asked if we should consider a "pros/cons" review.

Allan offered an additional comment from the CA group related to impact per hour. And, a twist on the customer recommendation to "Have they recommended somebody?" Mike shared his process for setting goals in FL and a visual representation of how peoples' time turns into jobs/capital. BoD members mentioned that the membership is more interest in metrics that are more bottom line versus top line; and regardless of what the SBA goals us on, individual programs will focus on what their stakeholders want to know about. The conversation continued around the wide variation between programs and the message from SBA seems that they are more concerned about meeting the goals rather than what the goals are. BoD members agreed that it is challenging when we don't know what our partner thinks. Greg said in his analysis only 16 of 55 aggregated programs are achieving all 3 goals according to EDMIS, and that the bigger problem continues to be the data collection system, and that it is well recognized as being wrong and needs to be resolved. There was some discussion on whether the priority should be to change the metrics or ensuring reliable data first and that we need to be able to be distinguished from SCORE and WBC.

Question from Mike on whether we move forward with feedback—to SBA and propose that we believe that the three most important things we do each day—contribute to and lead to these outcomes every day. We want better alignment—with collective resources we have available to us ---drive towards better achievement of the goals that we are assigned. Consulting hours was chosen because it came out of the survey as one of the highest leading indicators that SBDCs across the country use to achieve outcomes. Do we say that LTCs are important to us along with consulting hours? That these are the two attributing outputs that we as SBDC programs generate that contribute to jobs, sales and capital infusion.

Allan said if we can relate hours to impact...would be more meaningful. Michele mentioned that they have been collecting the data in the last few years and analyzing the data on where impact comes from (long term clearly correlate to impact). Terry---analysis we've done over the last 10 years, is that economic impact comes in the neighborhood of 10 hours.

Bill commented on Mike's question on how we go forward. How it is couched is very important....qualifiers on the particular metrics we recommend. EDMIS situation has to be rectified in parallel with the establishment of the KPIs. We were in consensus at the November BoD meeting that ideally each network would have customized goals negotiated that are relevant to their particular situation but we know that is impossible given the resources of our Agency. But we want them to be aware (resource issues aside) that the networks are so different, that the best way to do it would be on an individual basis and we cannot. So, this discussion is all about compromise. We understand what the purpose of the goals are --that they are leading and lagging activity and outcomes). We say that this is imperfect. We are in no way suggesting that the Agency use these in isolation, but always viewed and assessed in the context of the program's overall impact that will be discussed on a network basis.

Greg shared that there is a fundamental problem; and that is a few states produce the majority of hours. If we open the door on counseling hours as a KPI it will be a risk for small states that produce low counseling hours. And, we cannot rely on SBA's data accuracy of jobs and sales any more than we can rely on current KPIs like business starts. Lisa offered that we cannot make our decision based on fear about how the SBA will handle them and that once we establish the metrics we can work w/ the SBA on the aggregation of that data.

Mike looking to summarize what has been shared, stated that he's not sure consulting hours is the best leading indicator, as we don't want to turn into a consulting group with lots of hours that don't lead to a particular outcome. Perhaps we propose that long-term clients is a good measure (and a good representation of what SBDCs do) to provide in-depth consulting to our business clients, existing and aspiring. And that the principle business outcomes that we help our clients achieve are access to capital (helping increase revenue & markets) and an outcome of that is jobs. Concern over SBA goaling us on jobs was raised. And, while sales and capital raised may be more appropriate, they are difficult to allocate, and others agreed that it is also difficult to get this data from clients.

Mike asked Bill to draft a narrative reflecting some conclusions, recommendations and in this narrative we wrap in the concerns (no matter what the metrics---allocation, definition, collection/system in place). Allan talked about an array of measures that are a combination of activity and impact as a better way to go to allow for flexibility. Christian said that assumes that the SBA is going to let individual States weigh in on the menu of metrics...and there may be disagreement between DDs/Project officers, Program managers. Mike stated he thinks SBA is not going to be open to a menu of choices. Linda offered that the messaging will be critical to help SBA understand that we are not taking a step backward, but rather completely engaged and focused on the effectiveness of our programs and helping SBA identify a way to measure us.

Mike did ask SBA if they have any preconceived ideas of what the measures should be—and they said no. Tee said if we think of it that way, what goals are we setting that drive ultimate results? The results we want at the end of the day are more, healthier small businesses and which 3 KPIs will allow us to get to that end result. Thinks it may be dangerous to be perceived as us not being interested in new business starts yet we think the goal of Biz Starts is problematic. Capital infusion number—we can make a good argument that as a small business going from Point A to Point B happens with capital infusion. Is there a definition issue? We want people to start a business and still be there and a longitudinal metric would do that. For example if we had 15 business starts in 2017, we want to see at the end of 2018, those 15 are still there.

Michele referenced that this has come up in her network and the extended engagement metric. With LTC, it starts over every year. The outcome metric may be produced a year or two later. SBA doesn't look at it longitudinally. Q: Is extended engagement something that should be reconsidered? Tee said no matter how the SBA goals us, we are losing site of the impact we have because of the services provided by SBDC (in contrast to SCORE for example) which was to bring all the knowledge from Universities out to the community. Allan referenced that the measurement that is reflective of our effectiveness is how our clients perform as compared to the average (non-SBDC) clients?

Mike thanked all BoD members for going out to our liaison states. Bill will get something drafted that summarizes our expressed comments/concerns and circulate around the BoD to make sure the BoD can review it. Once the BoD finalizes, it will be circulated to the membership on what we are going to communicate to SBA. Greg mentioned again that it is so concerning and needs to be priority for SBA to fix the EDMIS/data collection that they are using to measure us. Without fixing it, the system for collecting any new KPIs will also be wrong. All of what we are discussing is pointless if the data is bad.

ACTION: This letter will be prepared for final discussion on our next BoD meeting on Dec 18th.

One other point of business: June 2018 ---dates need to be pushed back one day. We will meet all day on June 14th and half day June 15th. No issues were raised with this change.

Motion to adjourn by Lisa and seconded by Mark.

Meeting adjourned at 4:18 p.m.