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Office of Entrepreneurial Development



Impact Study of Entrepreneurial Development Resources

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Final Report

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The statements, findings, conclusions, and recommendations found in this study are those of the authors and do not necessarily reflect the views of the Office of Entrepreneurial Development, the United States Small Business Administration, or the United States Government.

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## FOREWORD

Concetrance would like to thank the SBA Office of Entrepreneurship Education and SBA's Office of Entrepreneurial Development Program Offices: Small Business Development Centers, Women-owned Businesses, and SCORE for their assistance in conducting this research. Both headquarter offices and local ED Resources spent considerable effort to ensure that clients from each center were represented in the data collection. The rich dataset that now exists is in no small measure due to these efforts.

The following individuals contributed to the development of this report:

- ◆ Jane Dwight - Managing Partner, Concetrance Consulting Group
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## I. INTRODUCTION

The Small Business Administration’s (SBA) Office of Entrepreneurial Development (ED) designed a multi-year time series study to assess the impact of the programs that it offers to small businesses. This study has thus far examined clients that received services in fiscal years 2003, 2004, 2005, 2006, and 2007. This study was begun as part of the process of meeting the President’s Management Agenda and subsequent evaluative processes such as the Office of Management and Budget’s (OMB) Program Assessment Rating Tool (PART) evaluation. SBA contracted with Concentrance Consulting Group to assist in administering the study, to analyze the findings and to write this report. This report is the fifth report<sup>1</sup> in the study and presents the findings of three separate study groups as shown in the table below; the 2007 clients’ initial attitudinal assessment of their counseling experience, and a follow-up of the long-term financial impact on the FY2005 and FY2006 clients.<sup>2</sup>

FY2005 Clients	Initial Survey	First Follow-up	Second Follow-up
FY2006 Clients		Initial Survey	First Follow-up
FY2007 Clients			Initial Survey

This study measures attitudinal assessments, perceptions of improvement in management/marketing skills, and business growth for firms that utilized SBA’s ED Resources during the fourth quarter of FY2005, FY2006, and FY2007. The ED Resources include: Small Business Development Centers (SBDCs), SCORE, and Women Business Centers (WBCs).

This report includes:

- Research questions
- Executive Summary
- Methodology
  - Sampling, data collection, response rate, and survey administration
  - Data analysis and analysis of non-response
  - Follow-up
  - Limitations
- Findings: Initial Economic Impact Study
  - Impact of Total ED Resources (FY2005 - FY2006 - FY2007)
  - Regression Analysis
  - Perception of impact of SBDC resources FY2007
  - Perception of impact of SCORE resources FY2007
  - Perception of impact of WBC resources FY2007
  - Qualitative Analysis of free-form letters, notes and comments sent in by clients
- Findings: Follow-up Study of FY2005 and FY2006 ED Resource Clients
- Research Summary and Recommendations

The appendix includes the distribution of responses for each survey question, and sample survey instruments.

<sup>1</sup> Each ED Resource Final Report can be found at <http://www.sba.gov/aboutsba/sbaprograms/ed/index.html>.

<sup>2</sup> For information on FY2003 and FY2004 clients please see previous reports.

## Research Questions

The following questions were the focus of this study and are addressed in the findings section of this report. The last two questions, numbers six and seven, posed for study by the SBA are addressed in the Follow-up Study, which addresses time series analysis and requires multi-year data.

1. What is the demographic, financial, and business profile of firms who utilize SBA ED Resources?
2. Is there a relationship between the services/assistance provided by SBA ED Resources (SBDC, SCORE and WBC) and the client's perception of the usefulness and value of the usefulness and value of the services/assistance received?
3. Is there a relationship between the services/assistance provided by SBA ED Resources (SBDC, SCORE and WBC) and the client's decision to start a small business?
4. Is there a relationship between the services/assistance provided by SBA ED Resources (SBDC, SCORE and WBC) and the client's decision to implement and/or change management and/or marketing practices in their business?
5. Are the services/assistance provided by SBA ED Resources (SBDC, SCORE, and WBC) having an impact on the client's financial position in terms of job creation, job retention and sales?

Follow-up Study of 2005 and 2006 ED Resources:

6. Based on a comparison of the total ED Resources with the Panel Study of Entrepreneurial Dynamics (PSED), what is the impact of ED Resource assistance on firm survival<sup>3</sup>? (The PSED is a nationally funded survey of nascent entrepreneurs, sponsored by the Kauffman Foundation, that collected information on start-up efforts and business outcomes over a three year period.)
  - a. What was the rate of transition of Nascent and Start-up firms to the In-Business segment?
7. What is the financial impact of services/assistance provided by SBA ED Resources as a whole in terms of job creation, job retention and sales?
  - a. How does the growth of ED Resource clients compare with selected growth benchmarks, such as the gross domestic product (GDP), National Federation of Independent Businesses (NFIB), and the Entrex Private Company Index (PCI)?

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<sup>3</sup> The Follow-up Study does not include the client's decision to start a business as there are no appropriate studies for comparison.



## II. EXECUTIVE SUMMARY

The Small Business Administration’s (SBA) Office of Entrepreneurial Development designed a study to assess the impact of its Entrepreneurial Development (ED) Resource assistance on small business clients and hired Concentrance Consulting Group to conduct this study. This study has thus far examined clients that received services in FY2003, FY2004, FY2005, FY2006, and FY2007. This report presents our findings of the initial attitudinal impact study of FY2007 clients and a Follow-up Study showing the financial impact on FY2005 and FY2006 clients.

### ED Resource Clients Studied

Three ED Resource Partners were studied comprising:

- Small Business Development Centers (SBDCs),
- SCORE, and
- Women Business Centers (WBCs).

Within each ED Resource, three small business client segments were studied including:

- Nascent - Those individuals who have taken one or more positive steps to start a business;
- Start-up - Those individuals who have been in business six months or less;
- In-Business – Those individuals who have been in business more than six months and are classified as small by the SBA.

For the 2007 clients who responded to the initial impact study we analyzed the perception of the impact of ED Resource assistance on demographic groups: gender, race/ethnicity and veteran status, as well as the relationship of these groups to the impact of ED Resource assistance, and we assessed the survival rates and financial growth of FY2005 and FY2006 clients through 2008.

### **Quantitative Findings (Initial Impact Study 2007)**

Data were collected, coded, and analyzed for 5,337 respondents with an overall response rate of 29%. This year’s survey yielded the highest response rate and the greatest number of respondents since the inception of the study. The table below provides the number of respondents and response rates for each ED Resource.

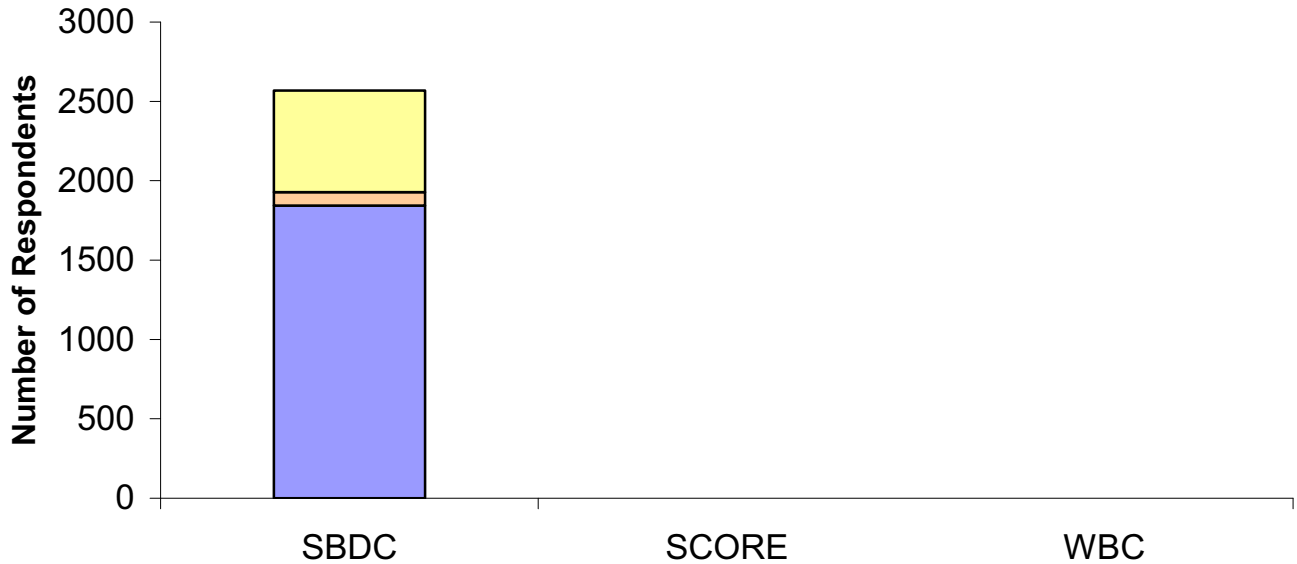
ED Resource	Stratified Sample Size	Usable Sample Size <sup>4</sup>	Surveys Received	Response Rate
SBDC	12,307	8518	2640	31%
SCORE	11,559	9063	2434	27%
WBC	1,334	893	263	29%
<b>Total</b>	<b>25,200</b>	<b>18,474</b>	<b>5,337</b>	<b>29%</b>




<sup>4</sup> The usable sample size comprises stratified sample minus surveys noted as undeliverable by mail or telephone due to incorrect contact information.

The chart below illustrates the business segment composition of each ED Resource.

### Distribution of Respondents by Segment (FY2007 Clients)<sup>5</sup>

n=5,337



	Nascent	640	758	64
	Start-up	84	89	13
	In-Business	1844	1515	183
	<b>Total</b>	<b>2568</b>	<b>2362</b>	<b>260</b>

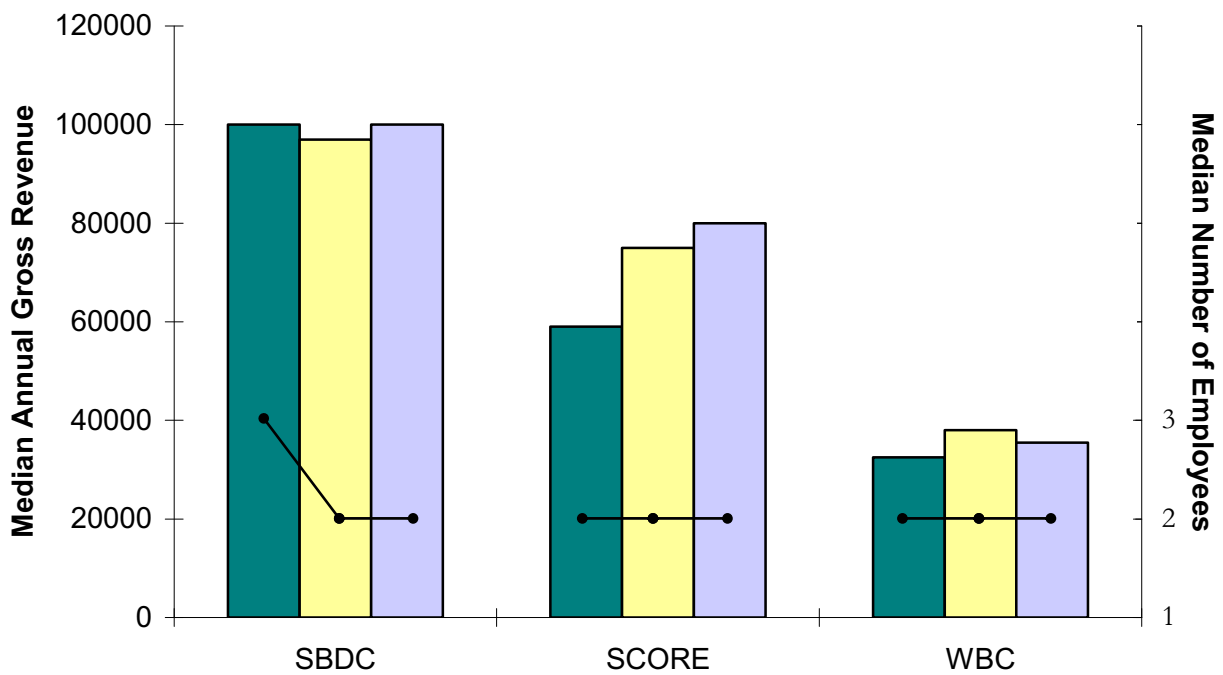
The FY2005 clients who responded in 2007 were resurveyed to determine financial impact after two years in terms of financial growth and firm survival rates. Their response rate was 20%. The FY2006 clients who responded in 2007 were resurveyed to show financial impact and firm survival rates after one year and their response rate was 14%.

			Follow-up	Surveys Received in 2008	Response Rate
2005	363	342	2 <sup>nd</sup>	67	20%
2006	3,648	3149	1 <sup>st</sup>	429	14%

<sup>5</sup> Respondents (147) who reported being in business but who did not provide a valid start date for that business, were not assigned to a business segment.



- The reported revenue for SCORE clients has consistently increased over the past three years but still remain substantially below the level of SBDC clients.
- The same pattern of revenue distinctions between each ED Resource is also apparent in the previous studies of 2003 and 2004 clients.



■ Revenue 2005	\$100,000	\$59,000	\$32,500
■ Revenue 2006	\$97,000	\$75,000	\$38,000
■ Revenue 2007	\$100,000	\$79,000	\$35,500
—● Employees 2005	3	2	2
—● Employees 2006	2	2	2
—● Employees 2007	2	2	2

**Clients served in 2007 had a diverse client base with findings similar to past years regarding demographic and business characteristics.**

- The total ED Resource client base consisted of: females (50%), males (47%)<sup>6</sup>, White (76%), Black/African-American (12%), Veteran (11%), Hispanic/Latino (8%), Asian (3%), American Indian/Native Alaskan (3%), and Native Hawaiian/Pacific Islander (1%).<sup>7</sup> The number of whites, males, and veterans served have increased the past two surveys.
- The majority of 2007 clients (30%) were between the ages of 45-54. Those between the ages of 35-44 made up 26% of clients, 19% consisted of clients between the ages of 55-64, and clients 25-34 were 14% of the total ED resource client base.<sup>8</sup> This is consistent with the distribution in previous years.
- The primary business industries for 2007 clients remained the same as past years: retail (16%) and services (15%).
- Firms owned by men reported revenues on average more than twice as high as those reported by women-owned businesses. This is consistent with previous years. The highest revenues by race/ethnicity were reported by Asians, followed by Whites and Hispanics. Average revenues for Asian and American Indian/Alaskan owned firms showed a dramatic increase, however, while average revenues for Hispanic/Latino and Native Hawaiian/Pacific Islander-owned firms experienced reductions. Veterans experienced minor reductions and Service-Disabled veterans reported substantially lower revenues than the previous year.

**2007 clients gave slightly higher ratings than the previous year's respondents to the usefulness of the assistance they received. This figure has increased the past two years from 64% to 78%. Counseling assistance affects on changes in business plan (36%), marketing plan (26%), and cash flow (16%) functions has remained consistent across past studies.**

- Usefulness ratings also include: decision to start (41%) or not to start a business (17%), impact on increasing sales (26%), hiring new staff (12%), and increase in profit margins (22%).
- Fifteen percent of 2007 clients reported that changes made after counseling had an impact on retaining current staff. This figure is three percentage points higher than last year and represents a reversal in a decline observed over the previous study years.

<sup>6</sup> Males and females do not add up to 100% as some respondents did not indicate a gender.

<sup>7</sup> These 2007 demographic distributions were compared to the national averages from the 2002 Survey of Business Owners from the U.S. Census Bureau. The figures were comparable across characteristics except for the following: white business owners were 83% of the small business population, black business owners were at 5%, and American Indian/Alaskan Native business owners were at 0.8%. The percentage of women was also smaller.

<sup>8</sup> These demographic distributions were comparable across age brackets to the results of the above study except for the following: 18-24 was reported at 3% and >65 was reported at 9% (compared to 5% for total ED Resources).

**2007 clients that received 3 or more hours of counseling reported greater revenues, higher levels of perceived usefulness, and higher levels of financial impact than those that received less than 3 hours of counseling**

- Regression analysis suggests that ED Resource clients who received 3 or more hours of assistance reported significantly higher levels of perceived usefulness of ED Resources and higher levels of financial impact than those with less than 3 hours of assistance.
- For the following financial categories: sales, profits, jobs, and retention of employees, ED Resource clients who received 3 hours or more of assistance reported higher financial impacts than firms who received fewer hours of assistance.
- On average, ED Resource clients who received 3 or more hours of counseling reported median revenues of \$100,000 while those that received less than 3 hours of counseling reported median revenues of \$62,500.

**Although client reported perceptions of each ED Resource were largely similar, there were some key differences.**

- For SBDC Start-up clients, 87% reported that the perceived usefulness of SBDC was high, compared to 81% for SCORE Start-up clients and 69% for WBC Start-up clients. Approximately 48% of WBC In-Business clients reported that assistance was helpful in their decision to start a business, which is a substantially larger than the 42% of SBDC clients and the 38% of SCORE In-Business clients.
- Approximately 38% of WBC Start-ups reported that WBC assistance resulted in their increasing their profit margins compared to 19% for SCORE Start-ups, 29% of SBDC Start-ups, and 22% for all ED Resource clients. It should however be noted that the sample of WBC Start-ups is much smaller than the other groups.
- Approximately 50% of WBC clients who received 3 hours or more of counseling reported that WBC assistance resulted in an increase in sales compared to 35% of SCORE clients and 38% of SBDC clients who received 3 hours or more of counseling.
- SCORE Start-up clients reported 54% of the time that management practices were changed as a result of assistance. This is significantly lower than WBC (69%) and SBDC (58%) clients.

**Unlike last year, clients' demographic characteristics were not significant determinants of the client's perception of the usefulness and value of the services/assistance received or the client's decision to start a business.**

- As shown in previous years, however, financial impact declines with the age of the client and increases with firm size.
- Native American owners also reported slightly lower financial impacts.

**Findings from an analysis of Follow-up surveys of ED Resource clients in 2005 and 2006 suggest that ED Resource assistance has a substantial impact on firm survival and growth. Despite the recent economic downturn, surviving small businesses have been able to achieve and maintain significant growth relative to other sectors of the economy.**

- ED Resource 2005 clients reported increases in median revenue growth rates from 2005 to 2007, while benchmarks such as the GDP, National Federation of Independent Business (NFIB) survey and Entrex Private Company Index (PCI) saw a reduction in growth rates over the same period. These findings and employment findings for 2006 clients suggest that surviving ED Resource clients have been able to achieve and maintain significant growth despite the economic downturn.
- Approximately 98% of ED Resource 2005 clients surveyed for the second Follow-up and 100% of 2006 clients surveyed for the first Follow-up were still in business in 2008. This compares to survival rates of firms in the Panel Survey of Entrepreneurial Dynamics (PSED) of 71% and 80% respectively.

### **Qualitative Findings**

- A few clients from each ED Resource provided ad hoc commentaries in letter form or in the form of hand written note on the survey instrument.
- Comments were both positive and negative for each ED Resource.

### **Recommendations**

- Compare the Hours of Counseling Received results for 2007 clients to 2008 clients in the upcoming study.
- In the Follow-up Study, determine if Hours of Counseling Received has an impact on survival and revenue growth.

## Methodology

The initial study of FY2007 clients was quantitative in nature, based upon responses to mail and telephone surveys. Statistical analyses utilized frequency distributions, average comparisons, cross tabulations, and regression models.

The initial survey of FY2007 clients resulted in a respondent sample of 5,337. ED Resources provided Concentrance with a random sample list of 25,200 clients served during the fourth quarter of 2007. Surveys were mailed to each client and mailed again to non-respondents within thirty days. Phone surveys were attempted for clients who did not respond to mail surveys. According to statistical tests, there was no evidence of bias due to non-response, therefore mail and phone surveys were analyzed together.

Regression analyses were used to test for the impact of client demographics on the outcomes of the ED Resources. Each regression model examined the impact of selected demographic characteristics (age, gender, race, ethnicity and veteran status) and firm characteristics (size, business segment, ED Resource, and hours of assistance) on a particular resource impact. These impacts included: perceived usefulness of ED Resource assistance, the decision to start a business, and perceived impact on sales.

The respondent sample for the second Follow-up survey of 2005 clients was 67. The respondent sample for the first Follow-up of 2006 clients was 427. We used the matched sample to perform pairwise statistical tests that compare changes in growth and business segment to other groupings. We examined the revenue and employment growth for ED resource clients by comparing SBA data to that of the PSED, the Private Company Index, and the NFIB Small Business Survey Monthly Report.

### **Limitations to consider when interpreting these results include:**

- Measures of ED Resource impacts are attitudinal rather than objective, however objective data on financial outcomes are harder to collect;
- Many respondents did not report revenue data;
- Financial and growth outcomes for the Follow-up Study should be viewed with caution due to the small sample sizes.



### III. METHODOLOGY

This report contains findings from the Initial Impact Study of ED Resources for FY2007 clients and the Follow-up Study of the FY2005 and FY2006 clients who participated in the Initial Impact Studies in previous years. The methodology for the Initial Impact Study for 2007 clients, which reveals clients’ attitudinal assessments of their counseling experience, is presented first, followed by the methodology for the 2005 and 2006 client Follow-up Study which reveals the long-term financial impact on the client firms.

#### Sampling and Data Collection

Concetrance examined the research questions by SBA ED Resource and by clients in various stages of business formation:

- Nascent - Individuals who have taken one or more steps to start a business
- Start-up - Individuals who have been in business six months or less
- In-Business – Individuals who have been in business more than six months and are classified as small by the SBA

The sampling distribution is shown in Table 3.1. It represents the distribution of clients served in 2007 across ED Resources. This sample provides a statistically significant number of respondents by ED Resource. To determine if the sample size for this study was sufficient, sample size was computed on the basis of reported sales revenues. The sample size of 5,337 is sufficiently large enough for accuracy within plus or minus \$25,000 in reported annual sales revenues at a 95% confidence level.<sup>9</sup>

Table 3.1 below depicts the distribution of surveys across ED Resource and the response rates by ED Resource. The overall response rate was 29%, which exceeds the response rates found in other surveys of entrepreneurs. For example, Aldrich and Baker (2000) found that nearly a third of surveys of entrepreneurs had response rates below 25 %.<sup>10</sup> In another example, the National Federation of Independent Business (NFIB) had a response rate of 21% in its Small Business Economic Trends survey conducted in November of 2008.<sup>11</sup>

**Table 3.1 – Sampling Frame**

ED Resource	Stratified Sample Size	Usable Sample Size	Surveys Received	Response Rate
SBDC	12,307	8518	2640	31%
SCORE	11,559	9063	2434	27%
WBC	1,334	893	263	29%
<b>Total</b>	<b>25,200</b>	<b>18,474</b>	<b>5,337</b>	<b>29%</b>

<sup>9</sup> This assumes a standard deviation of annual revenues of \$700,000.

<sup>10</sup> Aldrich, Howard E. and Ted Baker (2000), “Blinded by the Cites: Has there been any progress in entrepreneurship research?” in *Entrepreneurship 2000*, ed. Donald L. Sexton and Raymond L. Smilor, Chicago: Upstart Publishing, p. 377-400.

<sup>11</sup> William K. Dunkelberg and Holly Wade, “NFIB Small Business Economic Trends” [NFIB.com](http://www.nfib.com). December 2008.

<<http://www.nfib.com/page/sbet>>

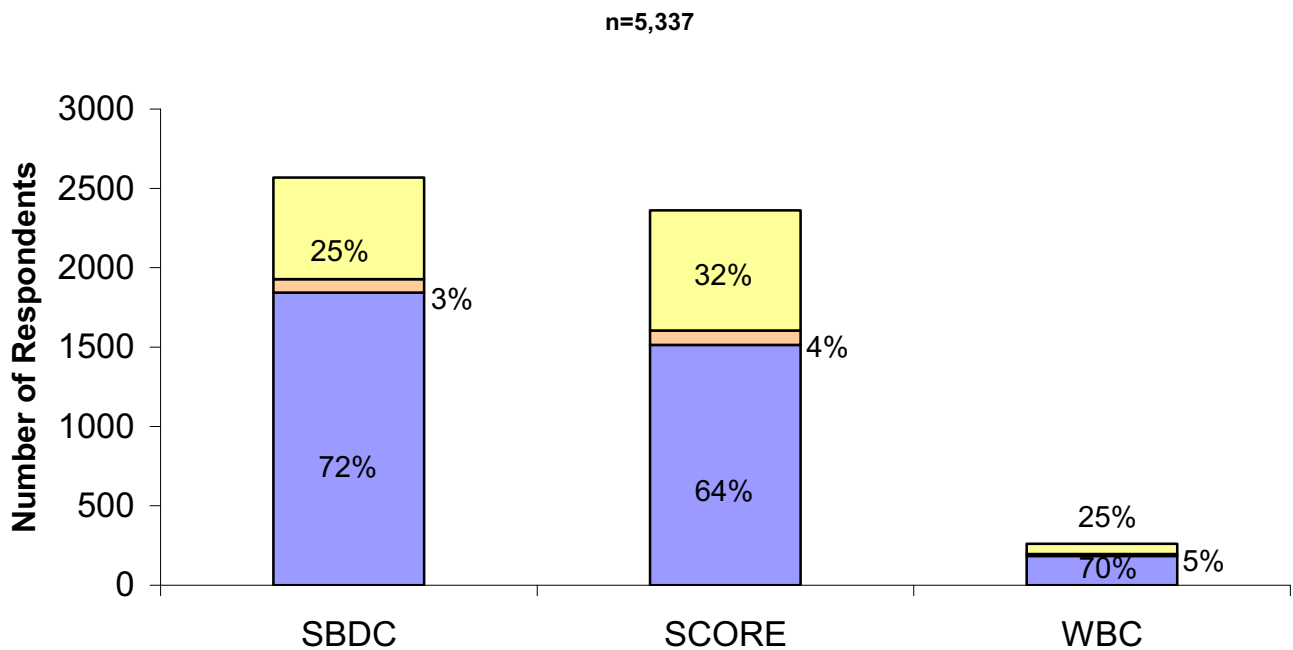





Survey Administration

Concurrence developed a random sample table for each ED Resource. SBA ED Resource personnel, using the random sample table, selected clients served within the fourth quarter of FY2007. See Appendix 3 for survey instrument. Concurrence printed, and mailed SBA’s cover letters and survey instruments, approved by OMB. All surveys were computer-coded with client codes to ensure that a second mailing was sent to non-respondents within 30 days of the initial mailing and that information would remain confidential. Concurrence logged-in all received surveys, entered the survey data into a database for analysis and developed an electronic database list of non-respondents for telephone follow-up.

Figure 3.1 shows the distribution of respondents by resource and business segment. The In-Business segment was the largest segment served for all resources. The Start-up segment is considerably smaller than the other segments in part because of the narrow definition of Start-ups (firms that have been in business for 6 months or less) and in part because a valid start date for the business must be available to identify this segment.

**Figure 3.1 – Distribution of Respondents by Segment (FY2007 clients)**



	Nascent	640	758	64
	Start-up	84	89	13
	In-Business	1844	1515	183
	Total	2568	2362	260

### Data Analysis

Analyses included the following methods: **basic descriptive statistics, frequency distributions, cross tabulations and regression.** Basic descriptive statistics were used for continuous variables, e.g. annual sales revenues. Frequency distributions were used for Likert scales where respondents answered on a scale of 1 to 5. Cross-tabulations were used to compare responses across resources and segments. Finally, multiple regression analyses were conducted to test for differences in key outcomes, such as perceived usefulness or financial impact of ED Resource assistance, based on demographic or firm characteristics. These analyses were selected in order to reflect the objectives of each research question and to facilitate the interpretation of the findings.

### Analysis of Non-Response

SBA's research plan for this study included a methodology for estimating potential non-response. Non-response bias can occur in survey research if respondents differ substantially from those who do not respond. The best way to protect against this bias is to improve the response rate. An effective method for achieving high response rates is the use of follow-ups and reminders. In this study, non-response bias was minimized by the second mailing of the survey and further by telephone follow-ups to non-respondents.<sup>12</sup>

In addition, Concentrance assessed the extent and direction of potential non-response bias by studying the differences between those who responded and those who did not. The approach was to conduct a phone survey of non-respondents. **A total of 1095 phone surveys were conducted with mail non-respondents. The next step was to conduct a comparative analysis of the responses of the two groups.**

There is no statistically significant difference between these groups in terms of revenues, although phone respondents were significantly larger in terms of number of employees. There was also no difference in phone versus mail respondents in terms of perceived usefulness. Since there was no evidence of response bias, these samples were pooled in all analyses.<sup>13</sup>

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<sup>12</sup> Research in this area suggests that the optimum number of follow-up mailings or reminders is two. James, Jeanine M and Richard Bolstein, "The Effect of Monetary Incentives and Follow-Up Mailings on the Response Rate and Response Quality in Mail Surveys," *Public Opinion Quarterly*, 54, Fall 1990, 346-61.

<sup>13</sup> These findings were based on results of a regression analysis to determine whether mail versus phone respondents differed significantly in terms of sales revenues. This was a test of the null hypothesis that the average sales revenues were the same between these groups ( $t=1.24$ ,  $p>0.2137$ ). A second regression was performed to determine whether mail versus phone respondents differed significantly in terms of number of employees. This was a test of the null hypothesis that the average number of employees was the same between these groups ( $t=8.06$ ,  $p<0.01$ ). A third regression was performed to determine whether mail versus phone respondents differed significantly in terms of perceived usefulness. This was a test of the null hypothesis that the average usefulness rating was the same between these groups ( $t=0.14$ ,  $p=0.8878$ ). A p-value less than 0.05 is evidence of significant differences between mail and phone respondents.

Follow-up Study 2005 and 2006 – Sampling, Data Collection, and Analysis of Non-Response

Concetrance conducted a Follow-up Study of both 2005 and 2006 clients in order to evaluate the financial impact on these groups one year and two years after they were counseled by the ED Resources. There were 363 clients from FY2005 who were contacted for a second Follow-up in 2008. There were 67 respondents to this second Follow-up, which represents a 20% response rate. Each of these respondents had valid client codes that could be matched on a one-to-one basis with the initial impact survey respondents. **Thus, for a sample of 67 clients, there were detailed data which could be tracked for two years.**

There were 3,648 clients from FY2006 who responded to the initial study conducted in 2007. The first Follow-up survey of these respondents was conducted in 2008 and included 429 respondents. **Thus, for a sample of 429 clients, there were detailed data which could be tracked for one year.**

Table 3.2 shows the number of surveys received by ED Resource and the total response rates.

**Table 3.2 – Follow-up Impact Study Clients**

2005	363	342	2 <sup>nd</sup>	67	20%
2006	3,648	3149	1 <sup>st</sup>	429	14%

The matched sample was used to perform pair-wise statistical tests that compared changes in growth by segment, ED Resource, and other groupings. Although there were a small number of observations available for this analysis, these findings provide a more precise estimate of changes in revenues and employment over time than aggregate, non-matched comparisons.

## Limitations

There are several limitations that should be considered when interpreting the results presented in this report. These limitations are primarily posed by the research design and methodology.

- Measures included in this initial survey are primarily attitudinal and all items are self-reported. Thus, there are few objective measures that can be used to assess actual client performance or make comparisons with other data sources.
- Many respondents did not report revenue data, which is critical to measuring growth from year-to-year. For example, out of Start-up and In-Business firms, approximately 40% reported zero revenues or did not report revenues.
- Estimates of firm survival and growth over time should be interpreted with caution. Due to attrition, firms which have gone out of business may be under-represented.

## IV. TOTAL ED RESOURCES COMBINED 2005 - 2006 - 2007

The following section presents comparison results of clients from FY2005, FY2006 and FY2007. First, the general demographic and financial characteristics of the total ED Resource respondents are presented. This is followed by additional findings on the impact of the total ED Resources on Nascent, Start-up and In-Business firms organized by research question, as follows:

- Is there a relationship between the services/assistance provided by ED Resources and the client's perception of the usefulness and value of the services/assistance received?
- Is there a relationship between the services/assistance provided by ED Resources and the client's decision to start a business?
- Is there a relationship between the services/assistance provided by ED Resources and the client's decision to implement and/or change management and/or marketing practices in their business?
- Is there a relationship between the services/assistance provided by ED Resources and the client's business having a positive financial impact on job creation and retention and increase in sales?

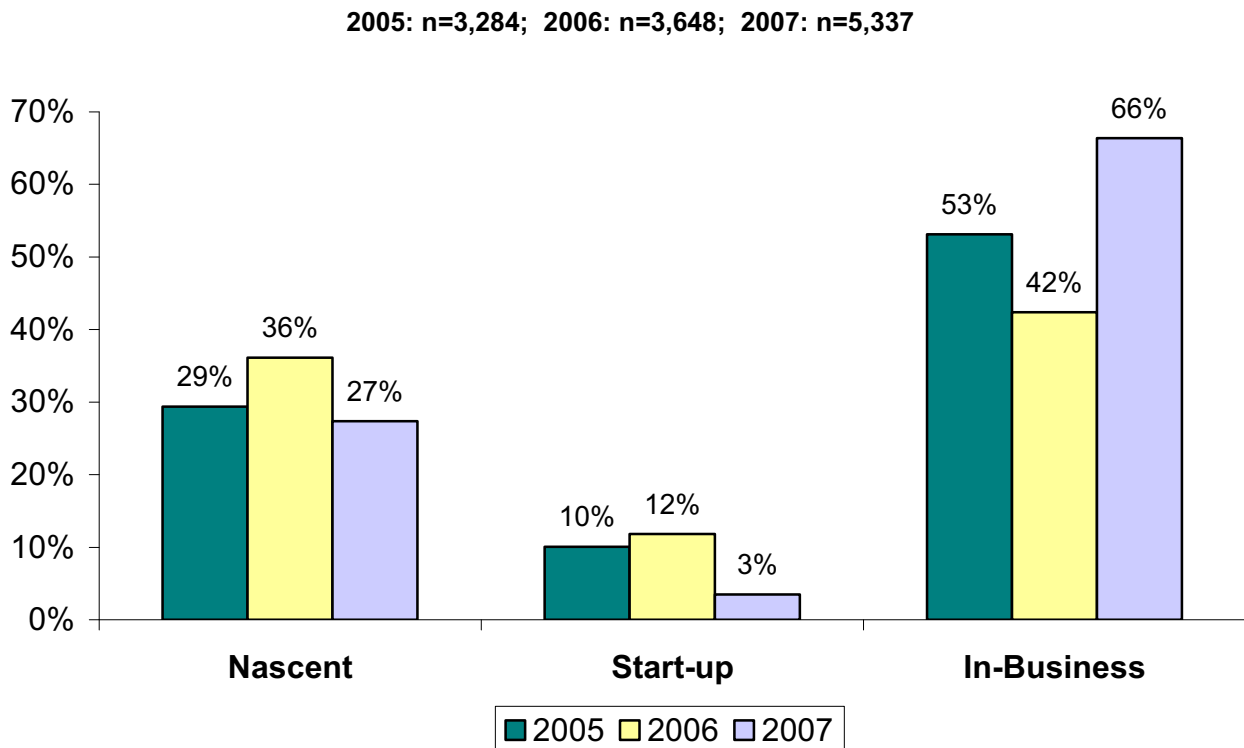
It is important to note that comparisons between 2005, 2006, and 2007 clients should be interpreted with caution. Cross-sectional data were collected from a different set of firms each year, and these firms were operating under different economic conditions. To better understand changes over time, the Follow-up Study included in this report tracks the same firms over a three year period.

### Demographic Characteristics of ED Resource Clients

This section describes the general demographic and financial characteristics of all ED Resource respondents who were served in FY2007. These results are based on an analysis of 5,337 completed surveys.

As shown in Figure 4.1, the largest business segment in 2007 that was served by ED Resources was the In-Business segment (66%). The size of the In-Business segment is up from the previous two years while the Start-up segment is smaller.

**Figure 4.1 – Total ED Resources – Client Segments Served<sup>14</sup>**



The median annual revenue for ED Resources clients was \$90,000.

**Table 4.1 – Total ED Resources-Revenues and Employment<sup>15</sup> (FY2007)**

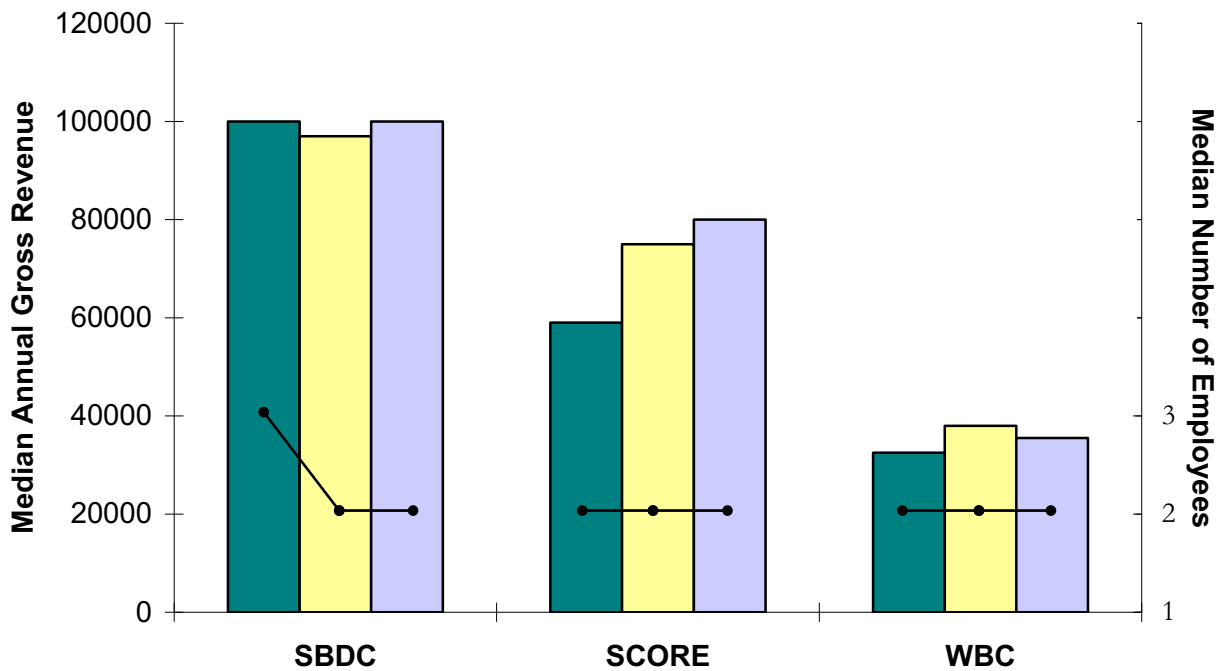
	Total ED Resources
Median Revenue	\$90,000
Median Employees	2

<sup>14</sup> Respondents (147 for 2007) who reported being in business, but who did not provide a valid start date for that business were not assigned to a business segment. The total for each year will therefore not equal 100%.

<sup>15</sup> Three firms who reported revenues of \$25 million or more were considered outliers and were omitted from revenue analyses.

ED Resources continued to differ in terms of the size of firms they served, as shown in Figure 4.2. SBDC continues to serve the highest revenue clients (\$100,000 median), followed by SCORE (\$79,000 median), and WBC (\$35,500 median). SBDC clients also showed slightly higher revenue in 2007 than in 2006, whereas SCORE clients observed a continuous increase in revenues from 2005 and WBC clients saw a slight retraction in revenues. Median employment remained the same for clients from each ED Resource from 2006 to 2007. The pattern of revenue distinction among each ED Resource has been evident since the inception of this study for fiscal year 2003.

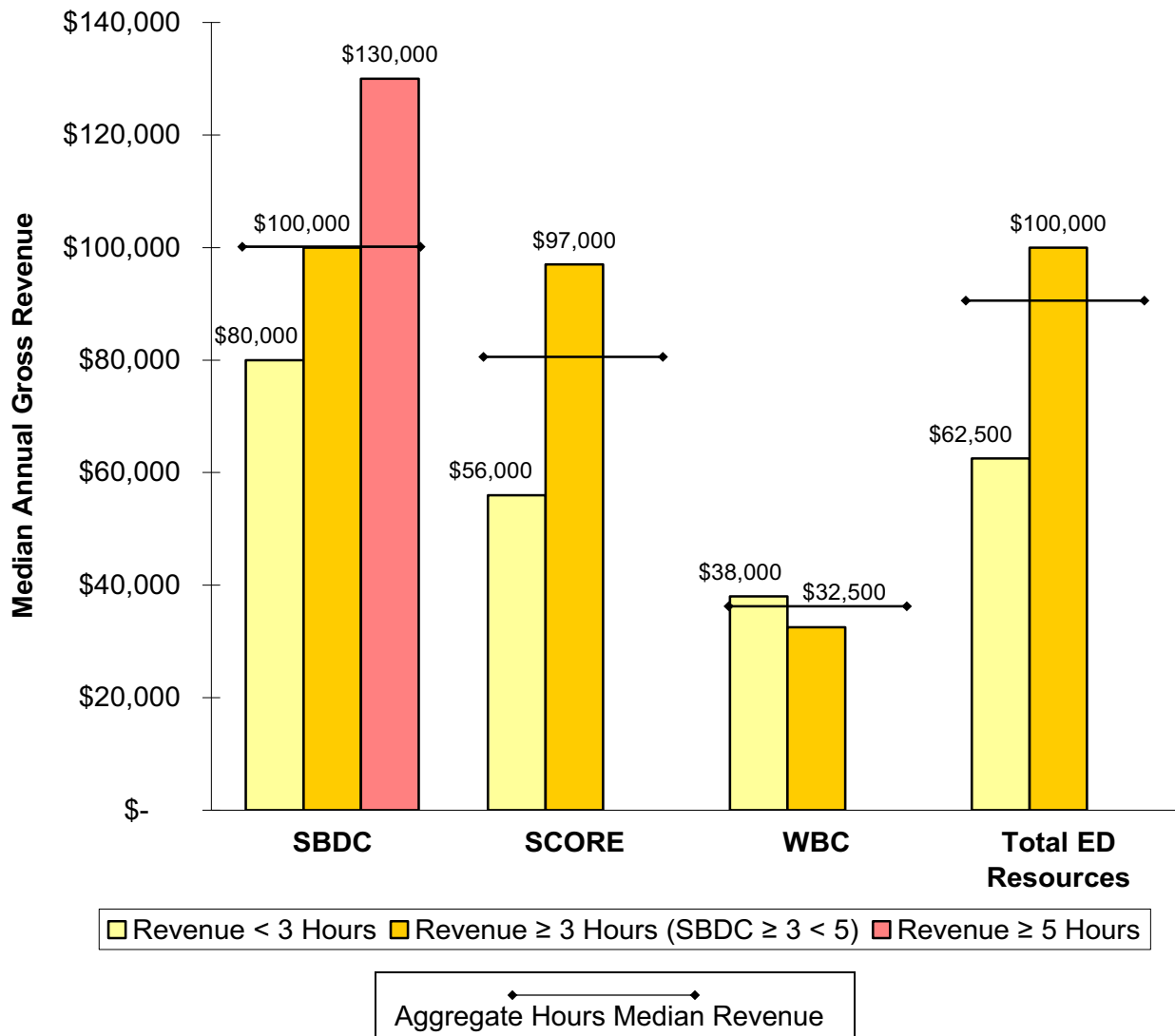
**Figure 4.2 – ED Resources – Revenue and Employment (median ED client revenues and number of employees)**



■ Revenue 2005	\$100,000	\$59,000	\$32,500
■ Revenue 2006	\$97,000	\$75,000	\$38,000
■ Revenue 2007	\$100,000	\$79,000	\$35,500
● Employees 2005	3	2	2
● Employees 2006	2	2	2
● Employees 2007	2	2	2

Figure 4.2A examines the median revenues by the hours of counseling received<sup>16</sup> to understand the relationship between client revenues and resource utilization. It is apparent from the chart below that those clients who received a greater number of hours of counseling also tended to be greater in size, with the exception of WBC clients. For example, the median revenue figure for SBDC clients who received less than 3 hours of counseling is \$80,000, while the median revenues for clients who received 3 to 5 hours of counseling is \$100,000 and those that received 5 or more hours of counseling reported median revenues of \$130,000. This trend is also apparent with SCORE clients. WBC clients did not follow the same pattern, however, trending slightly in the opposite direction of SBDC and SCORE.

**Figure 4.2A – ED Resources – Revenues by Hours of Counseling**

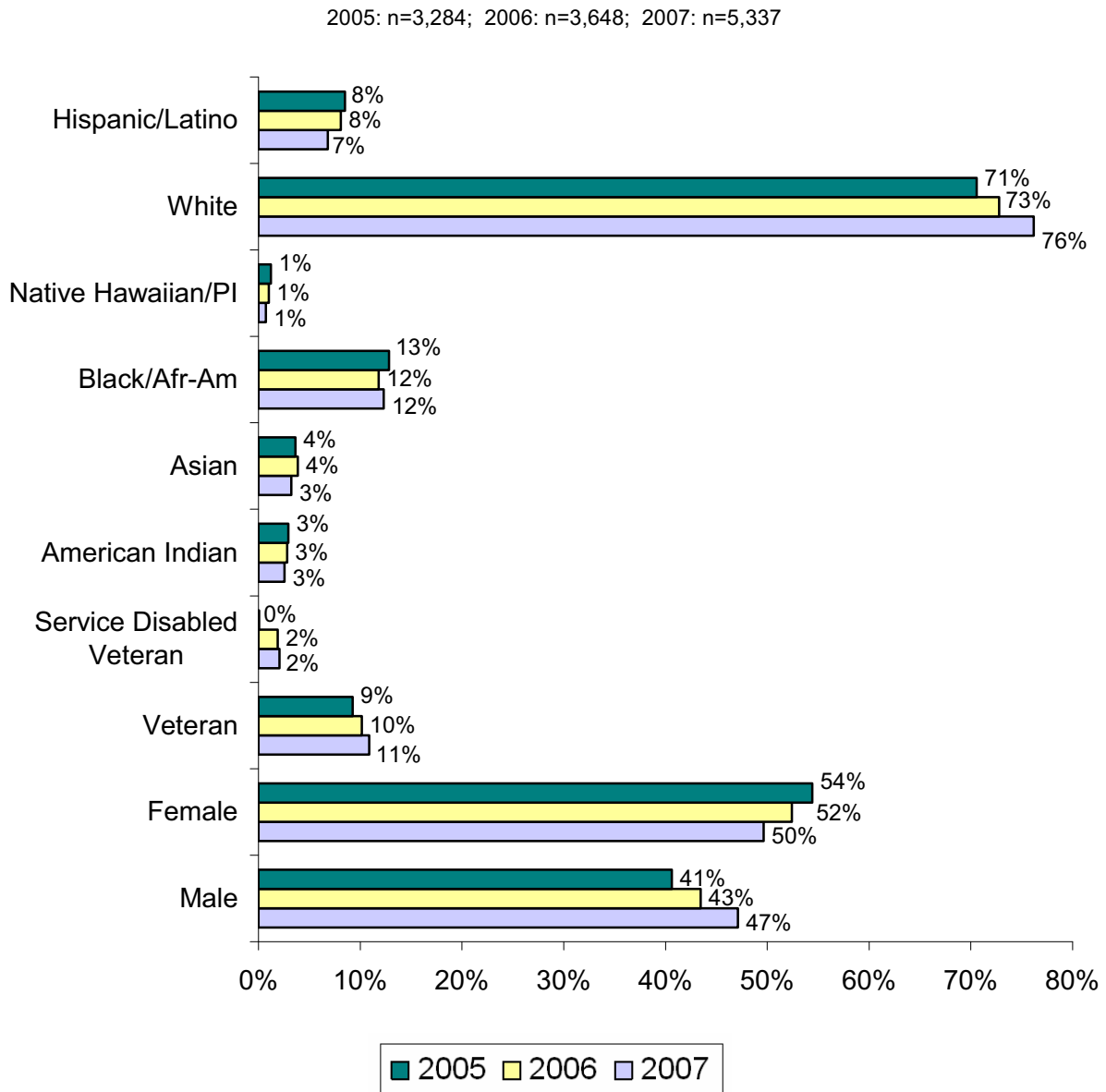


<sup>16</sup> For each ED Resource, the number of respondents is comparable for each category of hours of counseling received. **SBDC:** < 3 hrs= 773; ≥ 3 & < 5 hrs= 886; ≥ 5 hrs= 981 **SCORE:** < 3 hrs= 1171; ≥ 3 hours= 1261 **WBC:** < 3 hrs= 134; ≥ 3 hours= 129.



Demographic characteristics of ED Resource clients in terms of gender, race, ethnicity, and veteran status, are presented in Figure 4.3. Females represented 50% of the 2007 sample, down from 54% from the 2005 sample. The number of white clients, male clients, and veteran clients has increased each year since the survey 2005 clients.

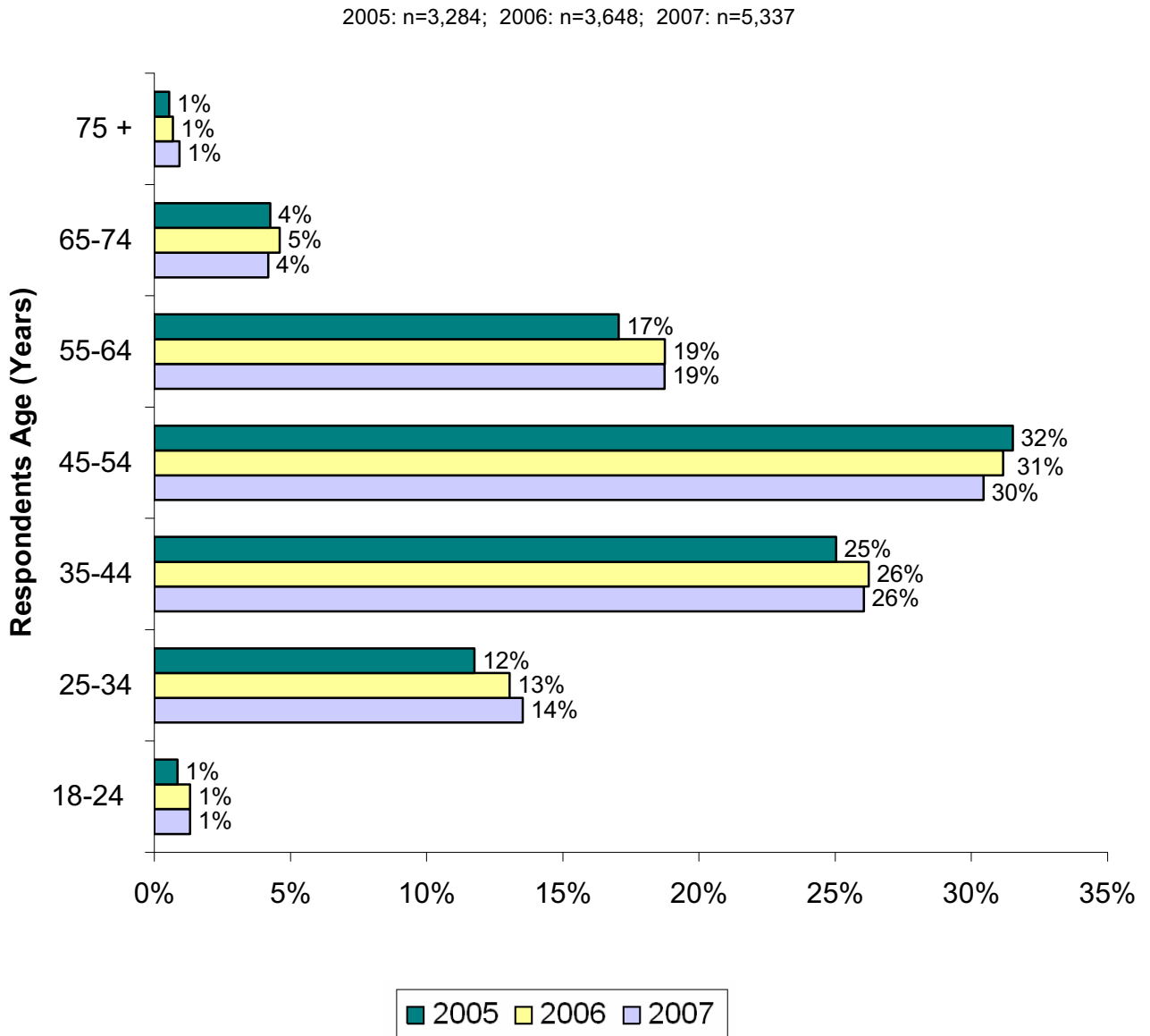
**Figure 4.3 – Total ED Resources – Demographic Characteristics<sup>17</sup>**



<sup>17</sup> The total percentage might not equal 100 due to respondents who selected multiple ethnicities. The gender categories do not total 100% due to non-respondents. The 2007 demographic distribution was compared to the national averages from the 2002 Survey of Business Owners from the Census Bureau. The distribution was comparable across characteristics except for the following: white business owners were 83% of the small business population, black business owners were 5%, and American Indian/Alaskan Native business owners were 1%. The percentage of women was also smaller.

Figure 4.4 shows the distribution of ED Resource clients by age of the business owner. The largest groups of ED Resource clients were the 35 to 44 and 45 to 54 categories, 26 and 30 % respectively.

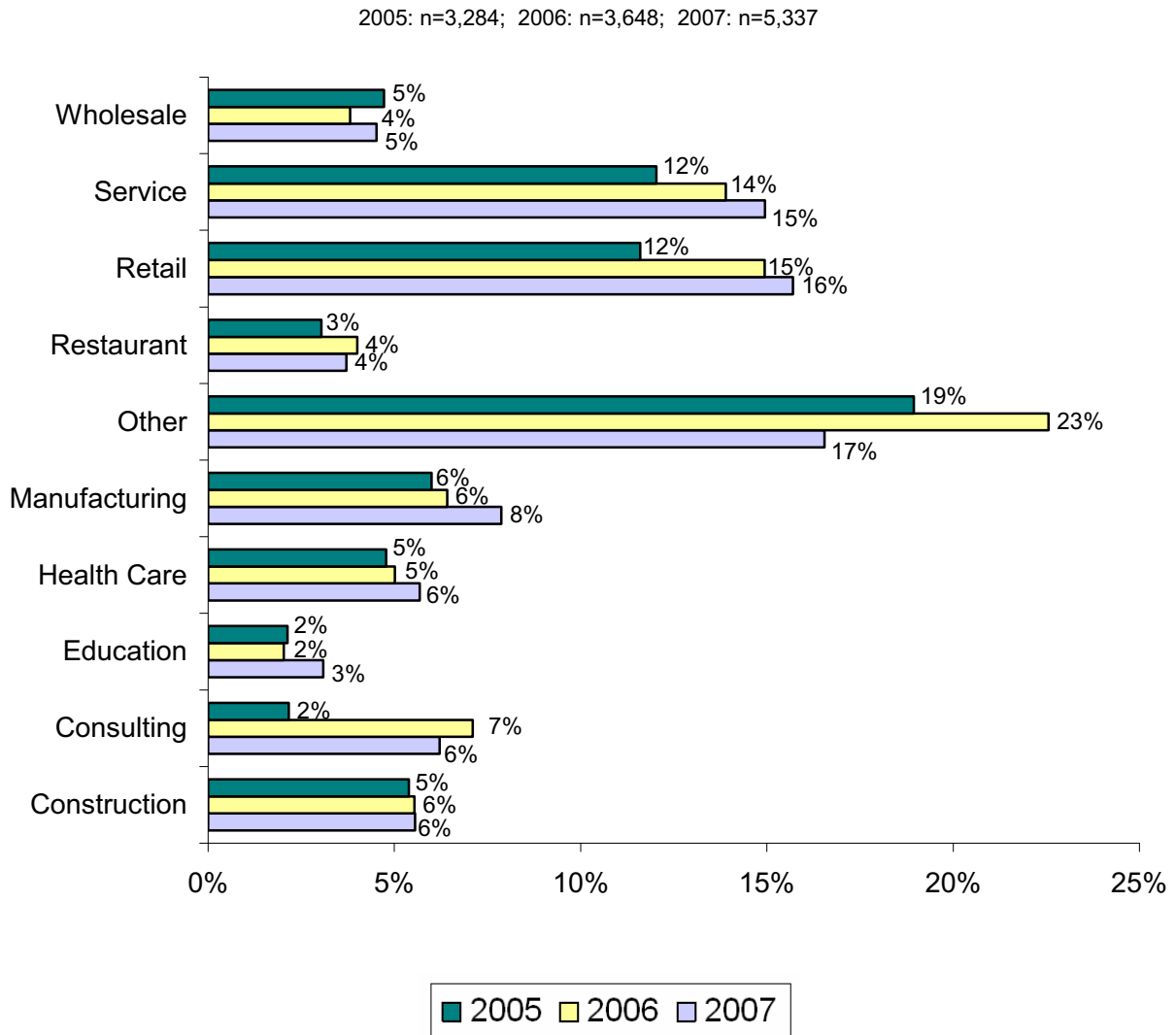
**Figure 4.4 – Total ED Resources – Age of Business Owner (FY2007 Clients)<sup>18</sup>**



<sup>18</sup> The 2007 demographic distribution was compared to the national averages from the 2007 Small Business Economy Report 2007 for data year 2006. The figures were comparable across age brackets except for the following: 18-24 was reported at 3%, and >65 was reported at 9% (compared to 5% for total ED Resources).

As shown in Figure 4.5, the two most common types of businesses, besides “other” businesses, served by ED Resources were service and retail businesses. These numbers are consistent with the top 2 employment sectors reported by the Bureau of Labor Statistics<sup>19</sup> (BLS), although the industry classifications are not identical. According to the BLS, the most common employment sectors in 2006 were retail and wholesale trade establishments (15%) and professional and business services (13%).

**Figure 4.5 – Total ED Resources – Primary Business Type (FY2007 Clients)<sup>20</sup>**



<sup>19</sup> Source: “Industry Employment,” *Occupational Outlook Quarterly*, U.S. Bureau of Labor Statistics, Fall 2007. The 2007 distribution among job types was also compared to the national averages from the 2002 Survey of Business Owners from the U.S. Census Bureau. The figures were comparable across industries except for the following: Services was reported to be 11%, Retail was at 12%, Manufacturing at 3%, and Construction was reported to be 12%.

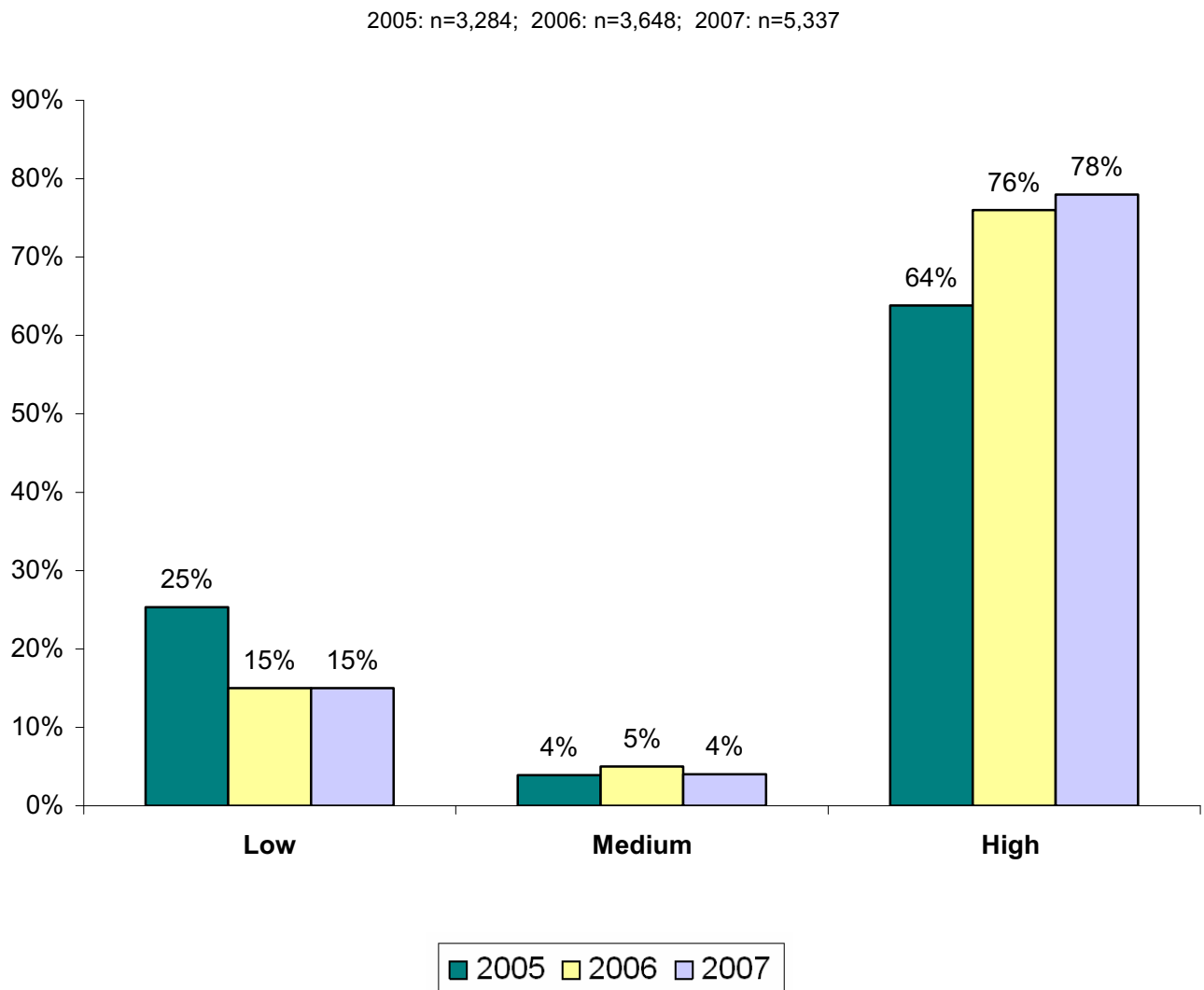
<sup>20</sup> Several large groupings were found to be present among those respondents who classified their business type as “Other”. These included multiple responses for non-profits, art related professions, beauty related professions, and fitness. Due to non-responses and multiple business type selections, the total for all business types may not equal 100%.

## Resource Impacts

### Usefulness and Value of Services or Assistance Received

As shown in Figure 4.6, 78 % of 2007 ED Resource respondents combined reported that the information they received from their counselor was valuable. This shows a 2% increase compared to last year, expanding upon the significant increase from 2005 to 2006.

**Figure 4.6 – Total ED Resources – How useful was the information you received?<sup>21</sup>**



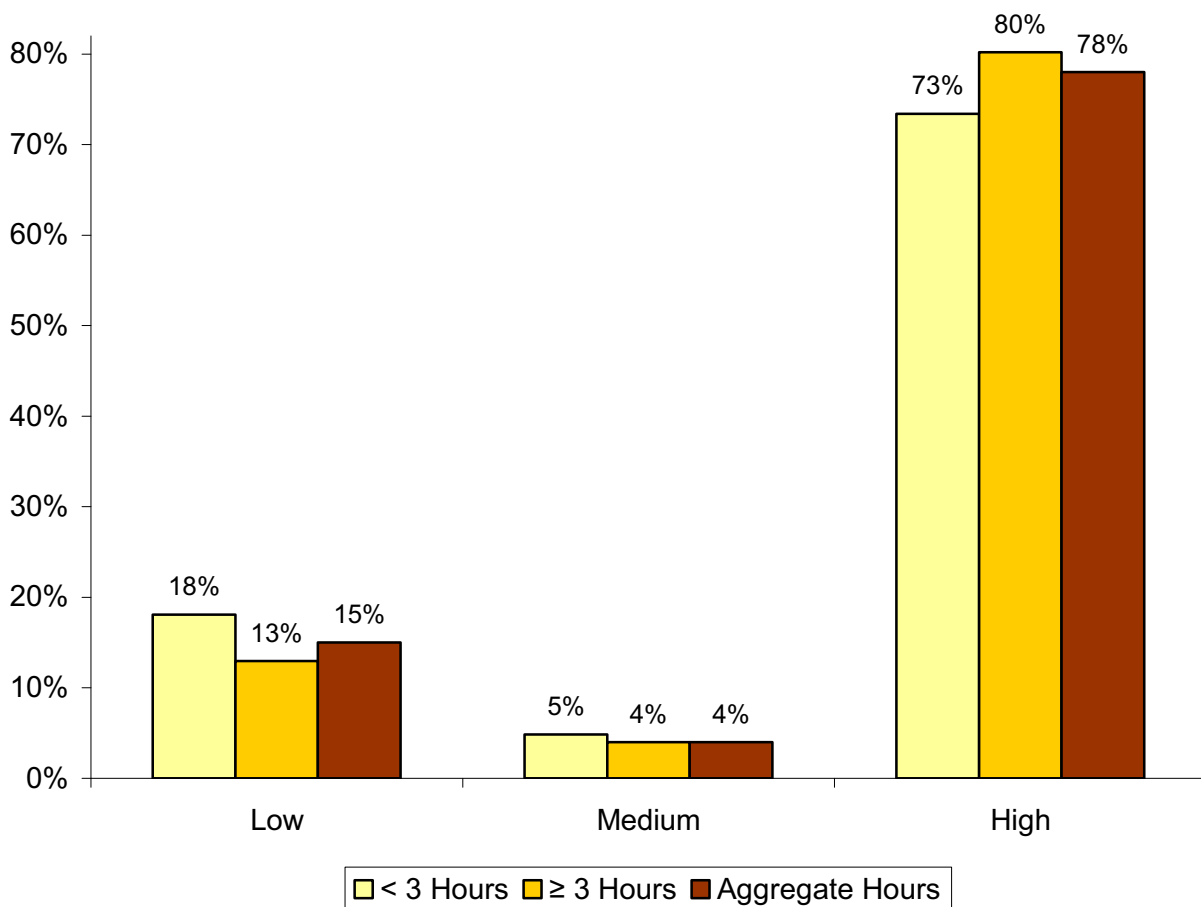
<sup>21</sup> Low value includes the ‘Somewhat Valuable’ and ‘Not Valuable’ response categories. High value includes the ‘Extremely Valuable’ and ‘Valuable’ response categories.

Figure 4.6A shows the perceived usefulness of ED Resources relative to the number of hours of counseling received recorded in two categories, less than 3 hours and 3 or more hours. For comparison, the overall level of perceived usefulness is also provided, which does not distinguish by hours of counseling received.

As illustrated below, respondents who had three or more hours of counseling rated usefulness of ED Resources as “high” more often than those who had less than three hours of counseling. Eighty percent of respondents who received 3 or more hours of counseling rated the usefulness of total ED Resources as “high” vs. 73% of those that received less than 3 hours of counseling.<sup>22</sup>

Among respondents that rated usefulness of total ED Resources as “low” or “medium”, perceived usefulness decreased when the number of hours of counseling increased.

**Figure 4.6A – How useful was the information you received? Total ED Resources by Hours of Counseling vs. Total ED Resources Aggregate Hours**

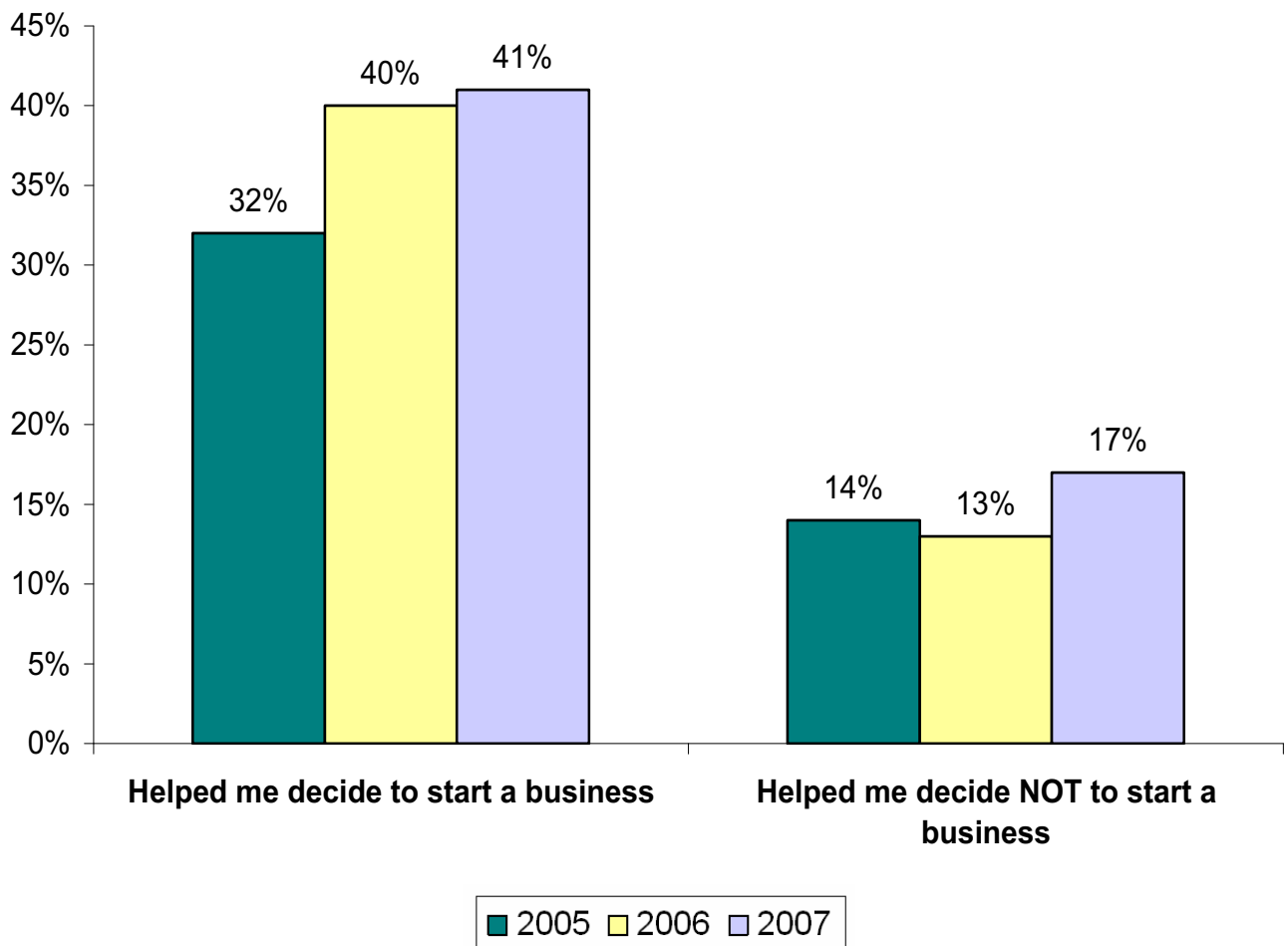


<sup>22</sup> This finding is supported by the regression analysis on page 34.

## Decision to Start or Not Start a Business

Figure 4.7 shows that ED Resources assisted clients in their decision to start a business for 41% of respondents. For 2006 clients, this number was 40% and in 2005 it was 32%. In addition, 17% of 2007's respondents reported that ED Resource assistance helped them decide not to start a business, which is higher than 2005 and 2006 clients by three and four percentage points respectively. In cases when individual entrepreneurs lack resources such as knowledge or expertise necessary to create a successful Start-up, the prevention of business failures is an important type of ED Resource assistance. In particular, these activities are part of the SBA's strategic plan that calls for increasing the number and success of small business Start-ups, and maximizing the sustainability of existing small businesses<sup>23</sup>.

**Figure 4.7 – Total ED Resources – Were these services useful in starting or NOT starting a business?<sup>24</sup>**



<sup>23</sup> "Enabling the Establishment and Viability of Small Businesses: Strategic Plan FY2003-FY2008," U.S. Small Business Administration.

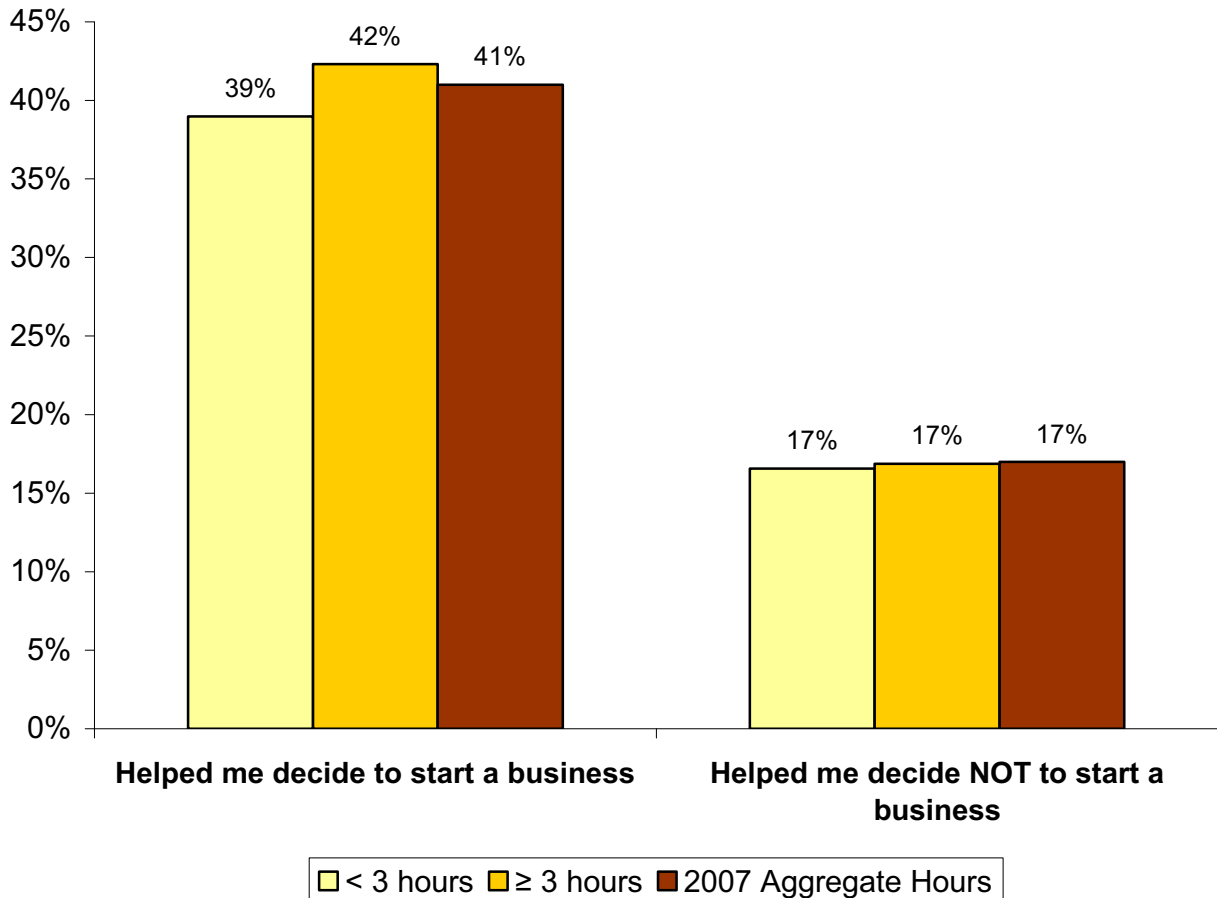
<sup>24</sup> Helpful includes the 'Very Useful' and 'Useful' response categories only.

Figure 4.7A shows the extent to which ED Resources assisted clients in their decision to start or not to start a business relative to the number of hours of counseling they had received. The duration of counseling was recorded in two categories: less than 3 hours and 3 or more hours.

As illustrated below, 42% of respondents who had 3 or more hours of counseling reported ED Resources to be helpful in deciding to start a business. For those who had less than 3 hours of counseling, 39% reported the same. Regardless of hours of counseling received, 17% of respondents reported that ED Resources helped them decide not to start a business.

It is apparent that the hours of counseling received does not significantly impact the decision to start or not start a business for total ED Resources<sup>25</sup>.

**Figure 4.7A – Were these services useful in starting or NOT starting a business? Total ED Resources by Hours of Counseling vs. Total ED Resources Aggregate Hours**



<sup>25</sup> This finding is supported by the regression analysis on page 35.

### Clients' Decision to Change Management Practices

As a result of ED Resource assistance for 2007 clients, 57% of Start-up and 58% of In-Business firms changed their current management practices or strategies. The total ED Resource figures for 2007 clients are higher than those for 2006 clients.

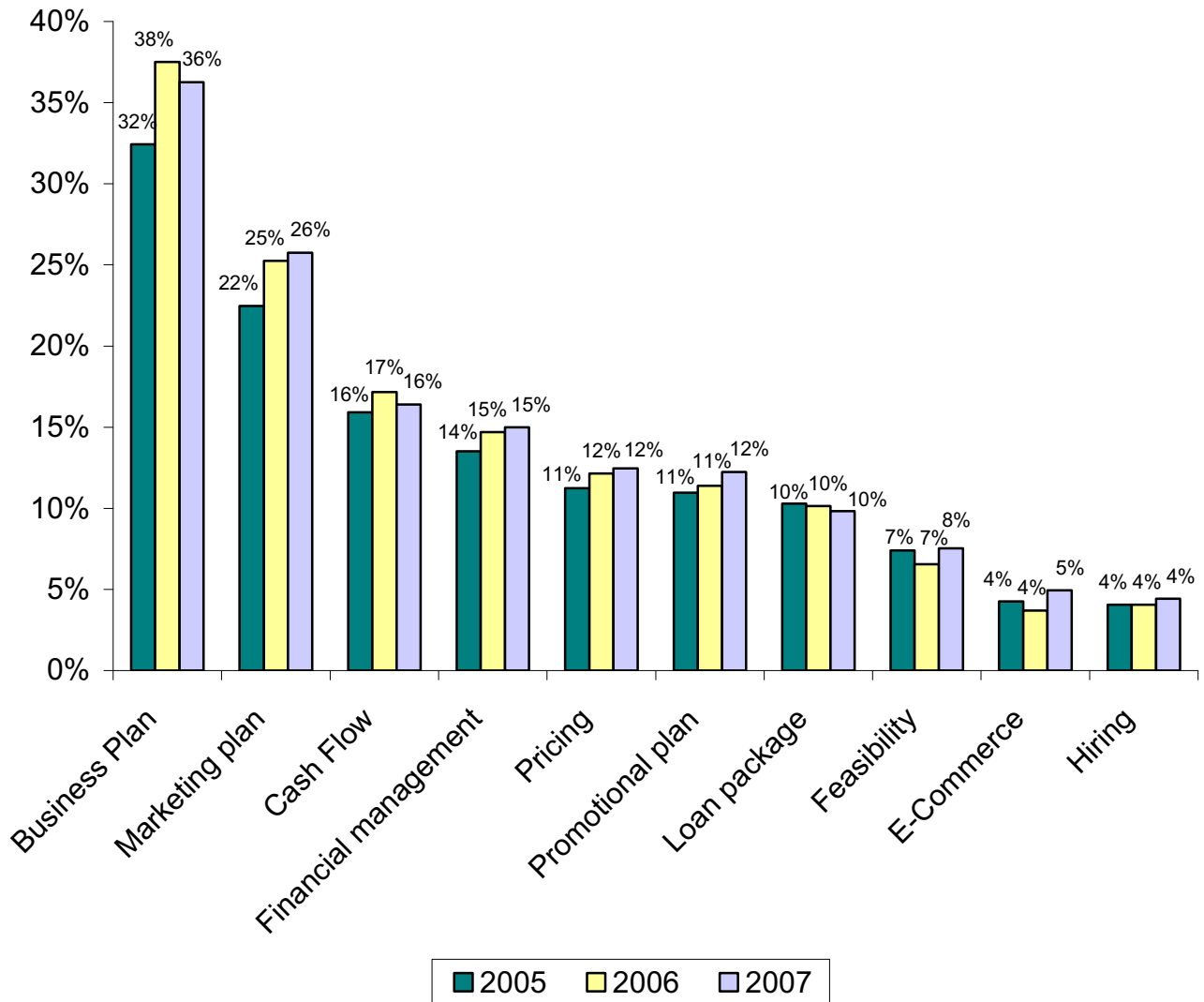
**Table 4.2 – ED Resources Impact on Managerial Practices**

	<b>2005 Changed current management practices/strategies</b>	<b>2006 Changed current management practices/strategies</b>	<b>2007 Changed current management practices/strategies</b>
<b>Total ED Resources</b>	56%	45%	58%
<b>Start-up</b>	55%	49%	57%
<b>In-Business</b>	59%	60%	58%



Figure 4.8 shows the business functions that were changed as a result of ED Resource assistance. **Business plans and marketing plans were the most frequently cited functions, followed by cash flow analysis and financial management.** This has been a consistent trend in this study.

**Figure 4.8 – Total ED Resources – Changes in Management Practices**



### Sales, Job Creation and Job Retention

Figure 4.9 presents findings on the attitudes toward financial impact of ED Resource assistance. For example, 26% of respondents reported that they were able to increase sales as a result of ED Resource assistance, and 12 % were able to hire new staff. The perceived impact of ED Resource assistance on retaining current employees has seen a jump after steadily decreased over the past three years.

**Figure 4.9 – Total ED Resources – How have these changes had an impact on your firm?**

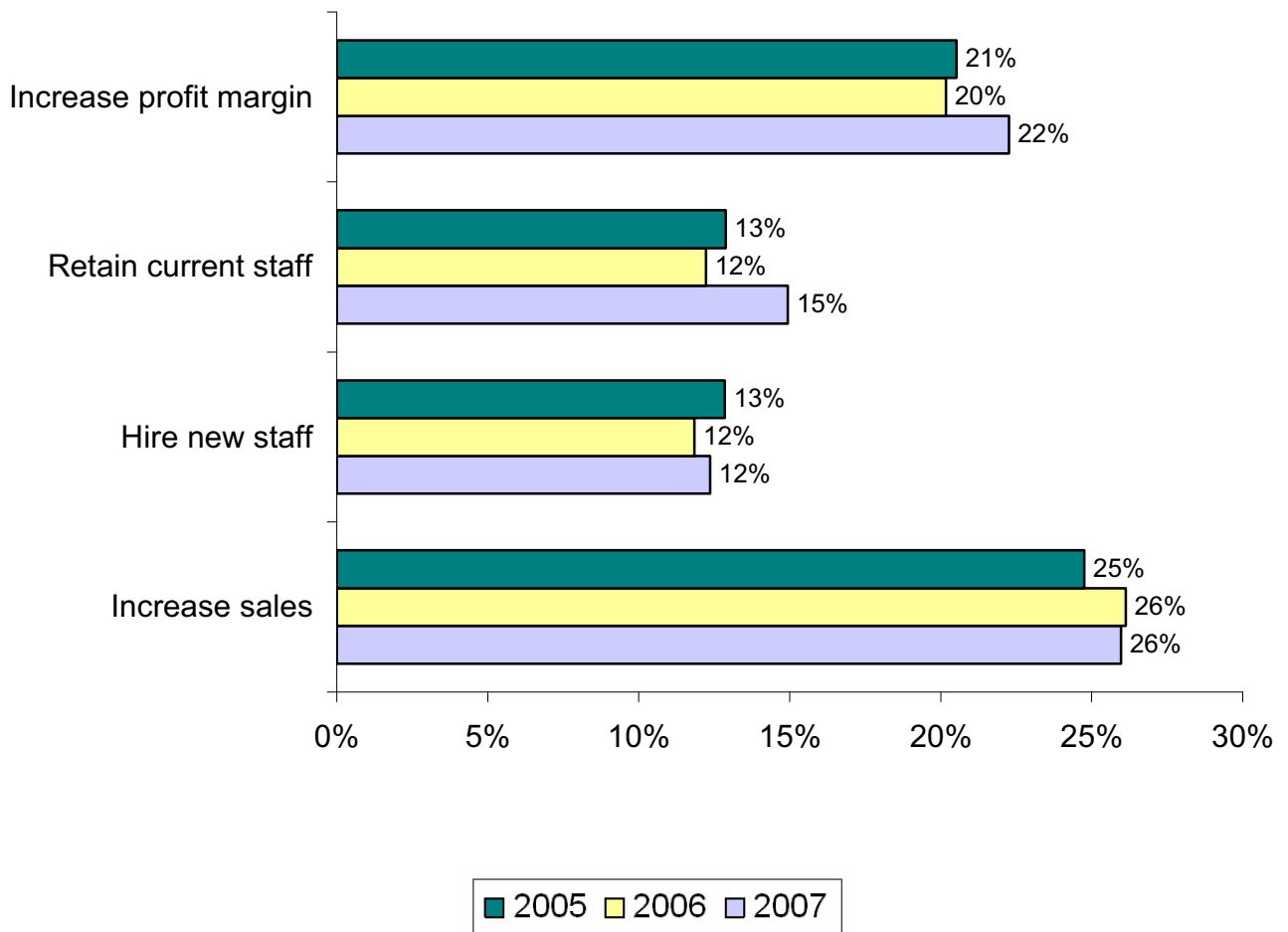
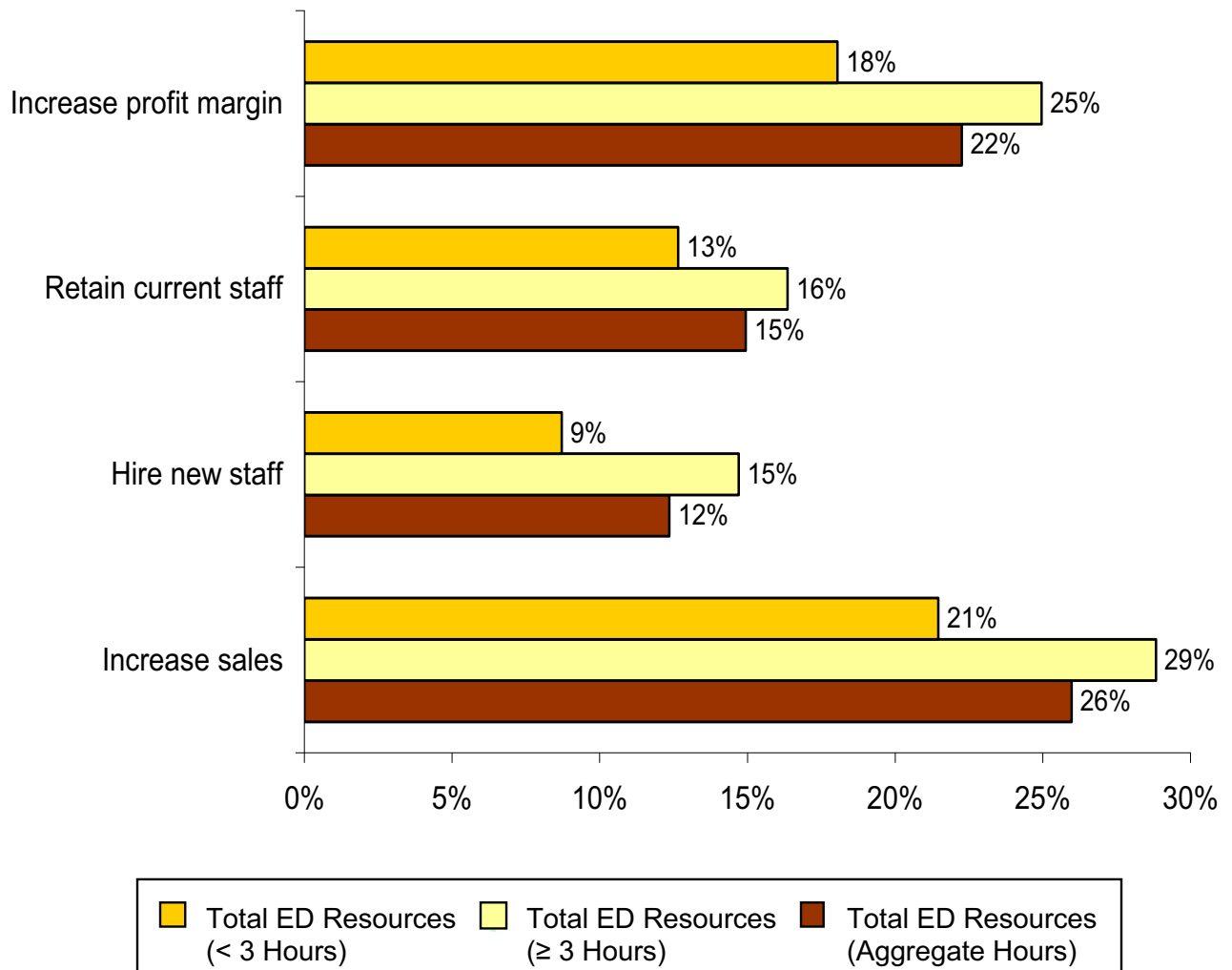


Figure 4.9A compares the average total ED Resources impact on performance for 2007 to the same performance by number of hours of counseling received by their clients. The number of hours is divided into two categories: less than 3 hours and 3 or more hours of counseling received.

It is notable that across all four categories ED Resources clients with 3 or more hours of counseling reported a greater positive financial impact than the reported average total ED Resource impact<sup>26</sup>.

The greatest difference between the impacts of the amount of counseling hours received is seen in the respondents reporting that ED Resources helped increase their sales. Clients that received 3 or more hours of counseling increased their sales 29 % of the time; whereas clients that received less than 3 hours of counseling increased their sales 21% of the time.

**Figure 4.9A – Total ED Resources – How have these changes had an impact on your firm? Hours of Counseling Received vs. Aggregate Hours**



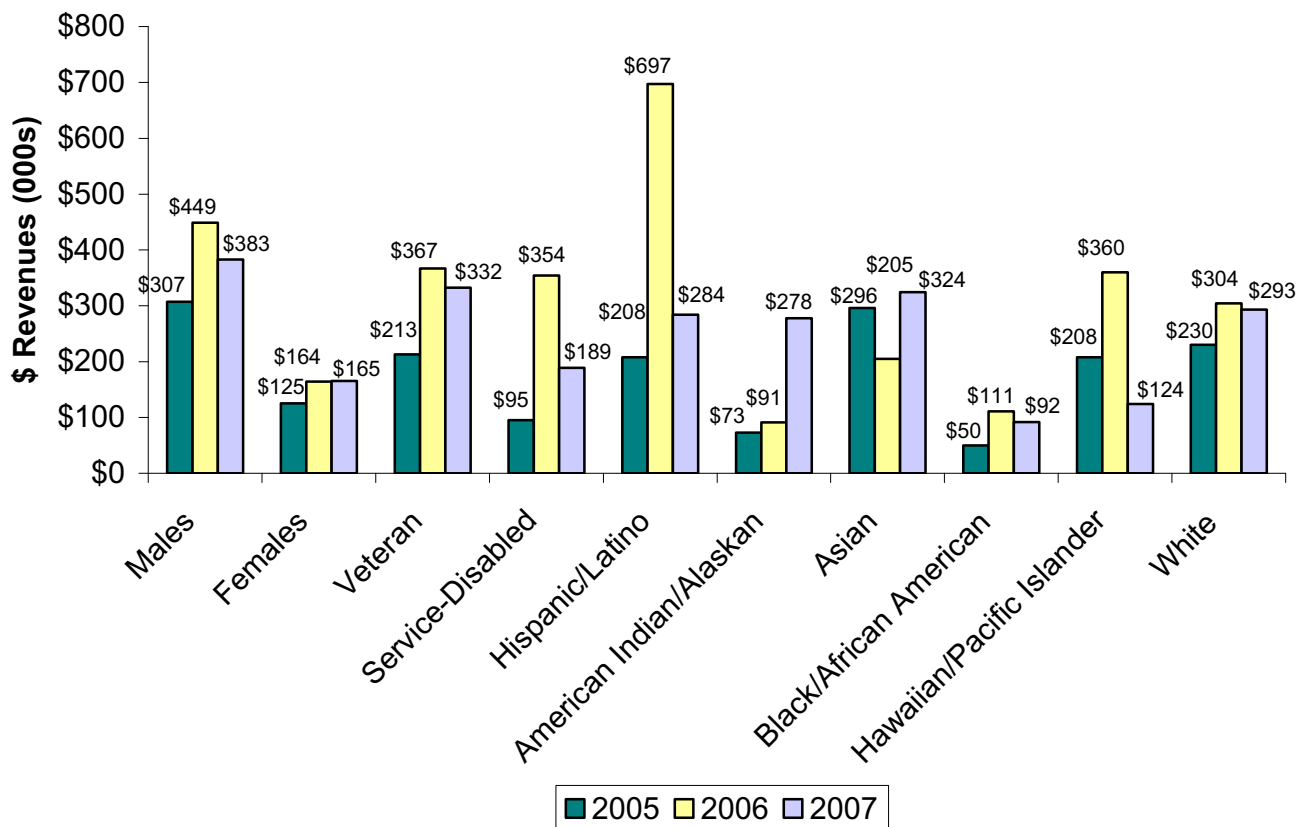
<sup>26</sup> This finding is supported by the regression analysis on page 35.

### Cross-Sectional Demographic Analysis

This section compares revenues and employment for ED Resource clients by gender, race, ethnicity, and veteran status. Figure 4.10 compares average revenues for firms in each demographic category. For example, this figure shows that women-owned and minority-owned firms (except for Asian-owned firms) tended to be smaller than firms owned by males or Whites in 2007.

The average women-owned business has \$165,316 in revenues compared to an average of \$382,765 for firms owned by men. In terms of minority-owned firms, average revenues for Hispanic/Latino-owned firms decreased to \$283,933; Native Hawaiian/Pacific Islander-owned firms decreased to \$124,368; and Black/African-American-owned firms decreased to \$92,693.<sup>27</sup> Average revenues for Asian owned firm showed a dramatic increase from approximately \$205,000 in 2006 to \$324,088 in 2007, as did American Indian/Alaskan from approximately \$91,000 in 2006 to \$277,909 in 2007. Service-Disabled veteran’s revenue also reported a large decrease to \$188,517.

**Figure 4.10 –Revenues (000s) for Firms in Selected Demographic Categories<sup>28</sup>**

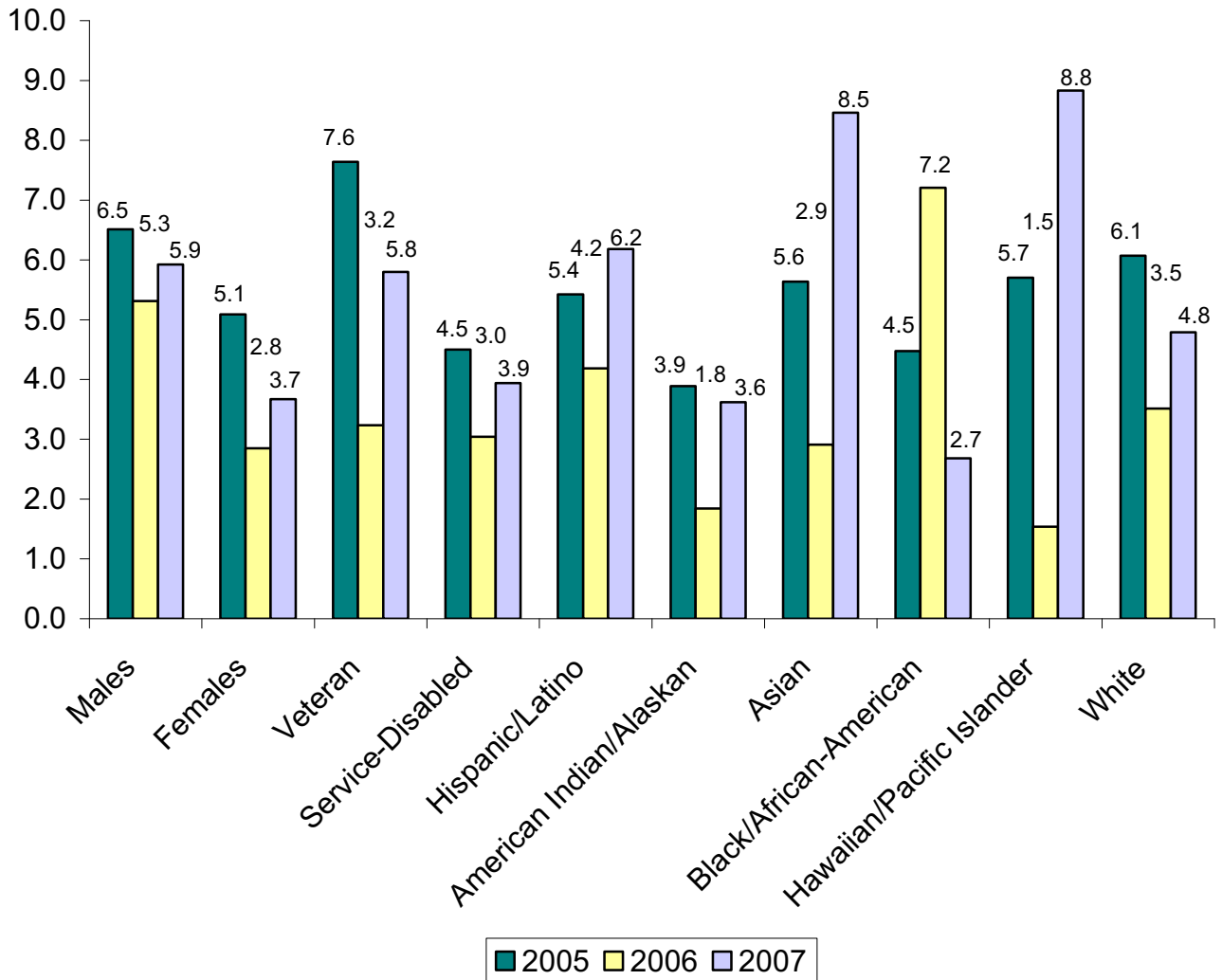


<sup>27</sup> Of the 112 Hispanic/Latino firms in 2006 that reported revenue, five firms reported figures between \$14 to \$24 million. This small number of firms creates the appearance of a significant increase in Hispanic/Latino firm revenues.

<sup>28</sup> Firms who reported revenues of \$25 million were considered outliers and were omitted from revenue analyses.

Figure 4.11 compares employment by demographic category. Similar to revenues, women-owned businesses tended to have fewer employees than firms owned by males. Asian, Hawaiian/Pacific Islander and Hispanic/Latino-owned firms had more employees than other demographic categories. All the categories of businesses, except for African-American owned businesses, experienced a substantial increase in number of employees in 2007 compared to 2006.

**Figure 4.11 –Total Employees for Firms in Selected Demographic Categories**



## Regression Analysis of the Effects of Gender, Race, Ethnicity, and Veteran Status on Key ED Resource Impacts

The following section presents findings from an analysis of the effects of firm and owner characteristics on ED Resource impacts. We report results from a series of multiple regression analyses. These were conducted to test whether respondents differ significantly in perceived usefulness, perceived assistance with the decision to start a business, and financial impacts of ED Resource assistance based on selected firm (revenues, business segment, ED Resource, contact hours) and demographic (age, gender, race, ethnicity, veteran status) characteristics.

These analyses address the following research questions:

1. Are there differences in perceived usefulness based on firm size, business segment, ED Resource, or number of hours?
2. Are there differences in perceived usefulness based on age, gender, race, ethnicity, or veteran status?
3. Are there differences in perceived assistance with the decision to start a business based on firm size, business segment, ED Resource, or number of hours?
4. Are there differences in perceived assistance with the decision to start a business based on age, gender, race, ethnicity, veteran status?
5. Are there differences in the financial impact of ED Resource assistance based on firm size, business segment, ED Resource, or number of hours?
6. Are there differences in the financial impact of ED Resource assistance based on age, gender, race, ethnicity, veteran status?

Each regression model examined the effect of selected demographic characteristics (age, gender, race, ethnicity and veteran status) and firm characteristics (size, business segment, ED Resource, and number of hours of counseling) on a particular resource impact. These impacts included: perceived usefulness of ED Resource assistance, the decision to start a business, and perceived impact on sales.

Each resource impact is used as a dependent (i.e. outcome) variable. For example, the dependent variable for the first model (questions 1 and 2) is perceived usefulness of ED Resource assistance. The dependent variable for the second model (questions 3 and 4) is perceived usefulness in the decision to start a business. The dependent variable for the third model (questions 5 and 6) is a financial impact score, which is a summary measure based on four self-reported financial impact measures (the effect of assistance on increases in new hires, sales, cash flow, and profit margins).<sup>29</sup>

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<sup>29</sup> This scale is the sum of the following questionnaire items: q7a, q7b, q7e and q7g. This scale has a Cronbach's alpha coefficient of 0.9178, which reflects high internal consistency of items, and is considered an indicator of very good scale reliability.

The set of independent or predictor variables included binary variables representing the firm and owner demographic characteristics including the following:

- Sales Revenues
- Client Segment
  - Nascent
  - Start-up
  - In-Business
- ED Resource (SBDC, SCORE, or WBC)
- Number of hours of assistance (less than 3, 3 to 5, 5 or more)
- Respondent age
- Gender
- Race
  - Hispanic
  - American Indian
  - Asian
  - Black/African-American
  - Native Hawaiian/Pacific Islander
- Ethnicity
  - Hispanic/Latino
- Veteran or Service-Disabled Veteran

### Regression Results

In the results presented in this section, statistically-significant predictor variables are identified.<sup>30</sup> Detailed regression results are presented in Appendix 5.

The first regression model tested for a relationship between selected demographic and firm characteristics and the client's perception of the usefulness and value of the services/assistance received.<sup>31</sup>

Results of this regression suggest that **there is no significant difference in perceived usefulness of ED Resource assistance based on firm size or business segment.**

There was also no significant difference in perceived usefulness based on ED Resource. However, **clients who received between 3 and 5 or 5 or more hours of assistance reported significantly higher levels of perceived usefulness than those who received less than 3 hours of assistance.**

In terms of owner demographics, there were no differences in perceived usefulness based on veteran status, age, gender, race, or ethnicity.

<sup>30</sup> Relationships are considered statistically-significant at the 0.05 level. Marginal significance is defined as significant at the 0.10 level.

<sup>31</sup> The overall model was significant at the  $p < 0.0001$  level, although the  $R^2$  was very small (0.01). Coefficients reported here were significant at the 0.05 level. The usable sample size was 2,744.

The second regression model tested for a relationship between selected demographic and firm characteristics and the perceived usefulness of assistance with the client's decision to start a business.<sup>32</sup>

Results of this analysis suggest that **there was no difference in reported levels of assistance with starting a business based on firm size, or ED Resource.** In addition, there was no significant relationship between number of hours and assistance with starting a business. However, Nascent firms reported significantly lower levels of assistance with starting a business than Start-up or In-Business firms<sup>33</sup>.

There were also no significant effects of owner's age, gender, race, ethnicity, or veteran status on perceived assistance with starting a business.

The third regression model tested for a relationship between selected demographic and firm characteristics and the self-reported financial impact of ED Resource assistance. These impacts include a combination of increases in market share, sales, cash flow and profits.<sup>34</sup> This analysis does not include Nascent businesses, since this impact does not apply to these firms.

Results of this regression suggest that **larger firms were significantly more likely to report a higher financial impact of ED Resource assistance than smaller firms.** Financial impact was also marginally higher for WBC than those of SBDC or SCORE. This means that regardless of firm size or other characteristics, WBC firms reported higher financial impact than SBDC or SCORE.

**Clients who received 3 or more hours of assistance reported significantly higher financial impacts than firms who received fewer hours of assistance.** Financial impact also significantly declined with owner's age, and Native American owners reported slightly lower financial impacts.

While most characteristics showed no statistically significant resource impact, these three regression models show that both firm and client characteristics can be significant determinants of the client's perception of the usefulness and value of the services/assistance received, the client's decision to start a business, or the client's business having a positive financial impact.

Both perceived usefulness and financial impact are higher for firms who have received 3 hours or more of assistance. Variations in perceived usefulness, assistance with starting and business and

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<sup>32</sup> The overall model was significant at the  $p < 0.0001$  level, although the  $R^2$  was very small (0.0111). Coefficients reported here were significant at the 0.05 level. The sample size was 2,875.

<sup>33</sup> It is important to note that 69% of Nascent firms reported assistance with starting or NOT starting a business, indicating that the vast majority of Nascent firms were receiving assistance with these decisions. Further, firms in the Nascent segment were twice as likely as the combined Start-up and In-Business segments to report assistance with NOT starting a business. It is also important to note that both the Start-up and In-Business segments are already in business, whereas the Nascent group may have yet to make the decision to start a business. As this result may be misleading, future studies will seek to reassess the instrument to ensure that proper comparative data are being gathered.

<sup>34</sup> The overall model was significant at the  $p < 0.0001$  level, although the  $R^2$  was very small (0.0388). Coefficients reported here were significant at the 0.05 level. The useable sample size, including Start-up and In Business firms, was 2,519.



financial impacts are also due in part to differences in firm size, business segment, and ED Resource. Unlike previous years, however, there were no significant effects of gender, veteran status or ethnicity. Furthermore, compared to previous years, the effects of age and race are far less apparent.

## V. SBDC 2007 VS. TOTAL ED RESOURCES

The following section presents results from SBDC respondents. First, we present the general demographic and financial characteristics of SBDC respondents. This is followed by additional findings on the usefulness of SBDC ED Resources for Nascent, Start-up and In-Business firms organized by research question, as follows:

- Is there a relationship between the services/assistance provided by SBDC and the client's perception of the usefulness and value of the services/assistance received?
- Is there a relationship between the services/assistance provided by SBDC and the client's decision to start or not to start a business?
- Is there a relationship between the services/assistance provided by SBDC and the client's decision to implement and/or change management and/or marketing practices in their business?
- Is there a relationship between the services/assistance provided by SBDC and the client's business having a positive financial impact on job creation and retention and increase in sales?

## Analysis of the Attitudes of SBDC Clients Regarding the Assistance They Received from SBDC

### Demographic Characteristics of SBDC Clients

This section describes the general demographic and financial characteristics of SBDC respondents. These results are based on an analysis of 2,568 completed surveys. As shown in Figure 5.1, the largest business segment served by SBDC is the In-Business segment (72%). SBDC serves a higher share of In-Business clients than the total ED Resources combined and this number is up substantially from last year.

**Figure 5.1 – SBDC – Distribution of Respondents by Segment (FY2007 Clients)**

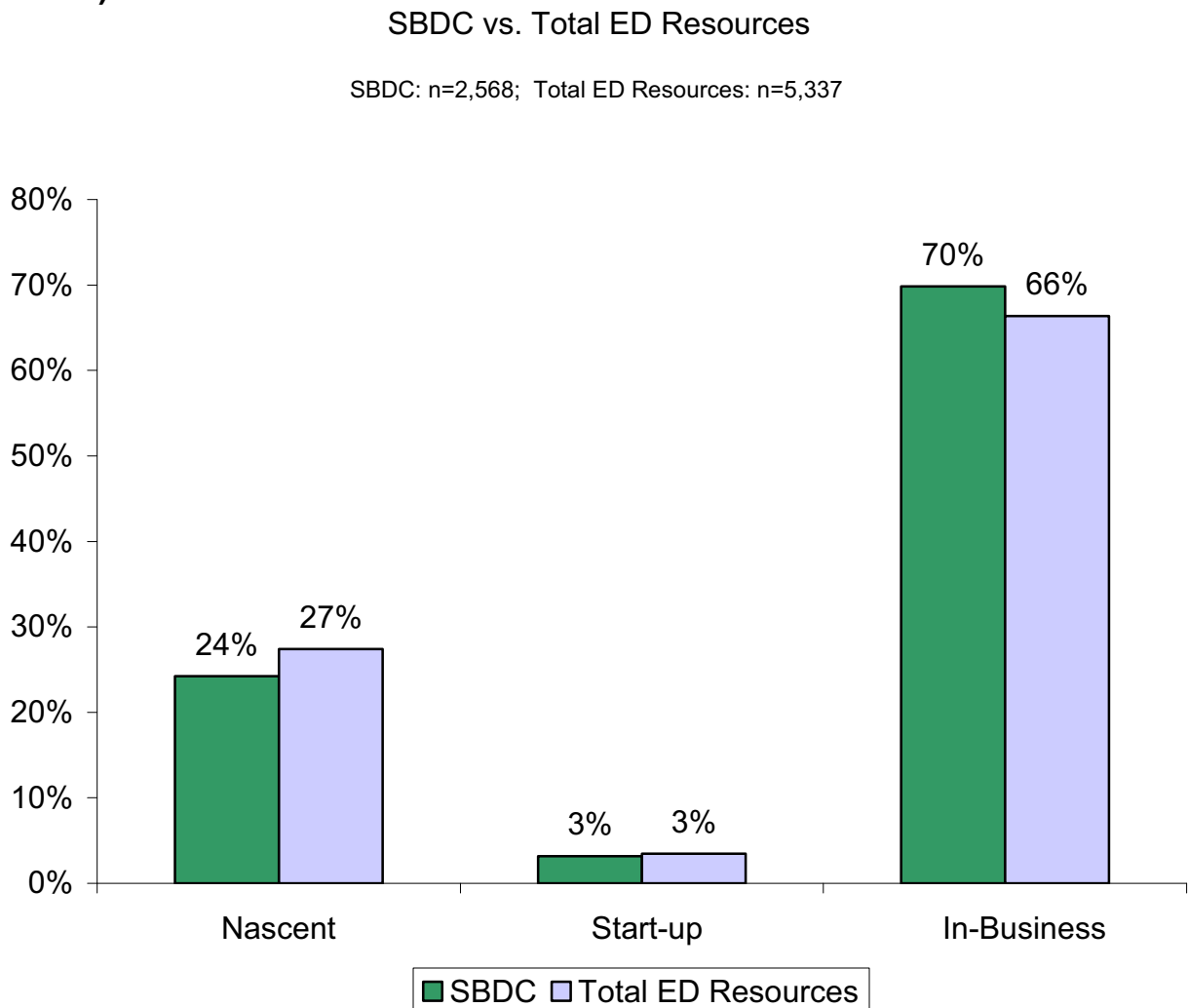


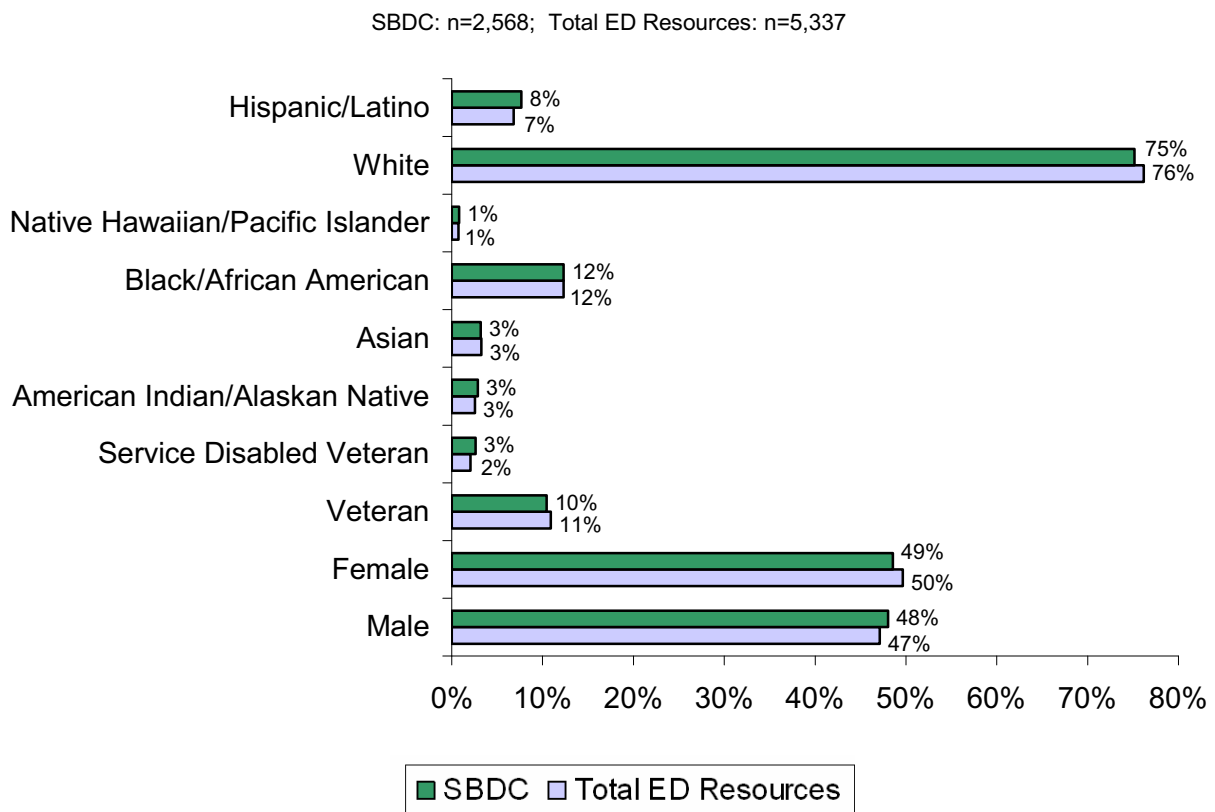
Table 5.1 compares median revenues and employees for SBDC vs. total ED Resources. These results indicate that SBDC clients have higher revenues than the average ED Resource clients combined.

**Table 5.1 – SBDC Client Revenues and Employment (FY2007)**

	SBDC	Total ED Resources
Median Revenue	\$100,000	\$90,000
Median Employees	2	2

Demographic characteristics of SBDC clients, including gender, race, ethnicity, and veteran status are reported in Figure 5.2. About 49% of SBDC clients are female. Twelve percent of SBDC clients are African-Americans and 8% are Hispanic/Latino. Eleven percent of SBDC clients are veterans, with 3% in the service-disabled category.

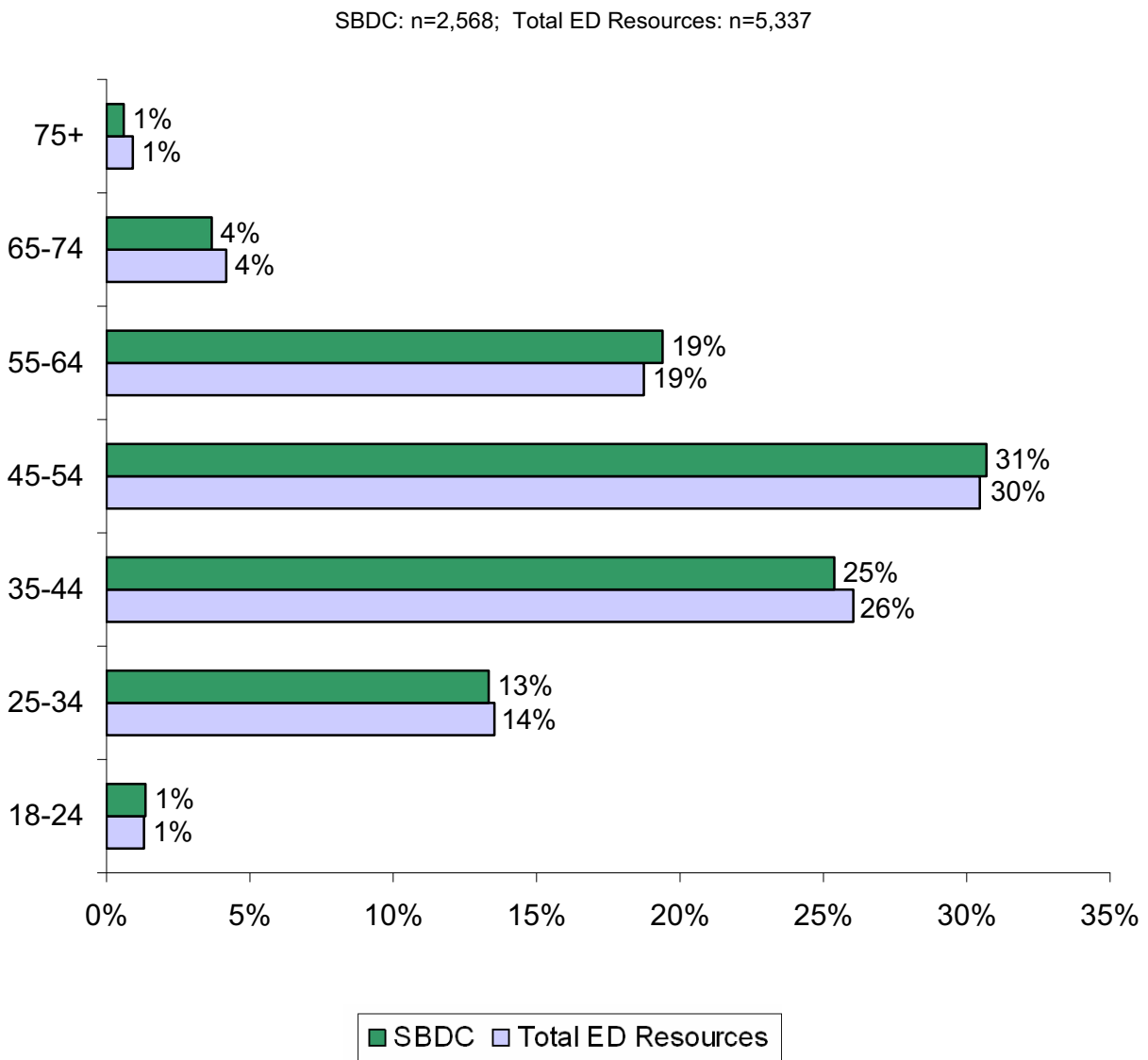
**Figure 5.2 – SBDC – Demographic Characteristics (FY2007 Clients)<sup>35</sup>**  
SBDC vs. Total ED Resources



<sup>35</sup> The total percentage might not equal 100 due to respondents who selected multiple ethnicities. The SBDC demographic distribution was compared to the national averages from the 2002 Survey of Business Owners from the U.S. Census Bureau. The distribution was comparable across characteristics except for the following: white business owners were 83% of the small business population, black business owners were 5%, and American Indian/Alaskan Native business owners were 1%. The percentage of women was also smaller.

Figure 5.3 shows the distribution of SBDC clients by age of business owner. More than half of SBDC clients are between 35 and 54 years of age, and the largest age group served are those between the ages of 45 and 54.

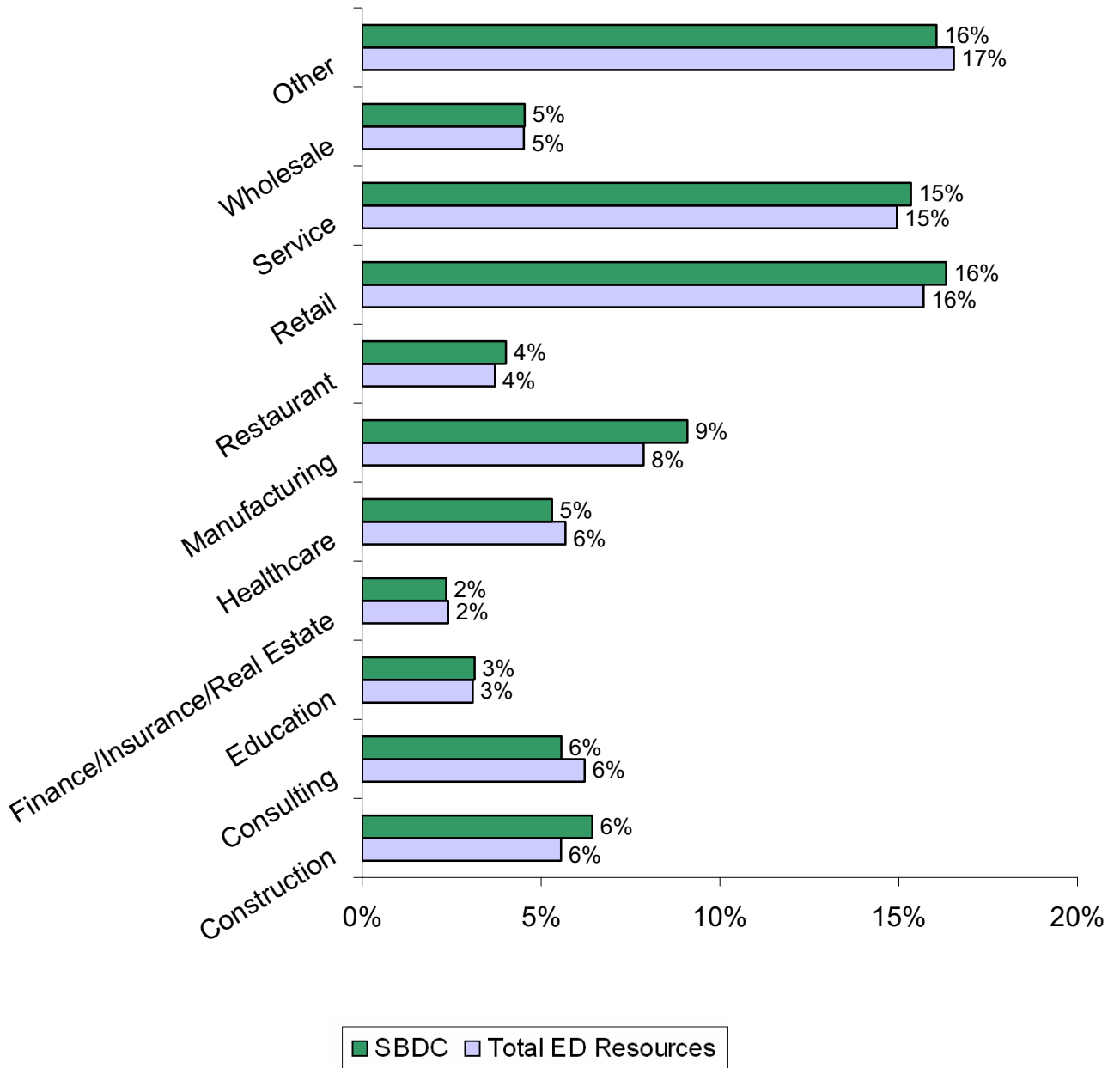
**Figure 5.3 – SBDC – Age of Business Owner (FY2007 Clients)<sup>36</sup>**  
SBDC vs. Total ED Resources



<sup>36</sup> The SBDC demographic distribution was compared to the national averages from the 2007 Small Business Economy Report 2007 for data year 2006. The distribution was comparable across age brackets except for the following: 18-24 was reported at 3%, and >65 was reported at 9% (compared to 4% for SBDC).

Figure 5.4 shows that the most common types of businesses served by SBDC are in the **retail and service categories**.

**Figure 5.4 – SBDC – Type of Business<sup>37</sup> (FY2007 Clients)**  
SBDC vs. Total ED Resources



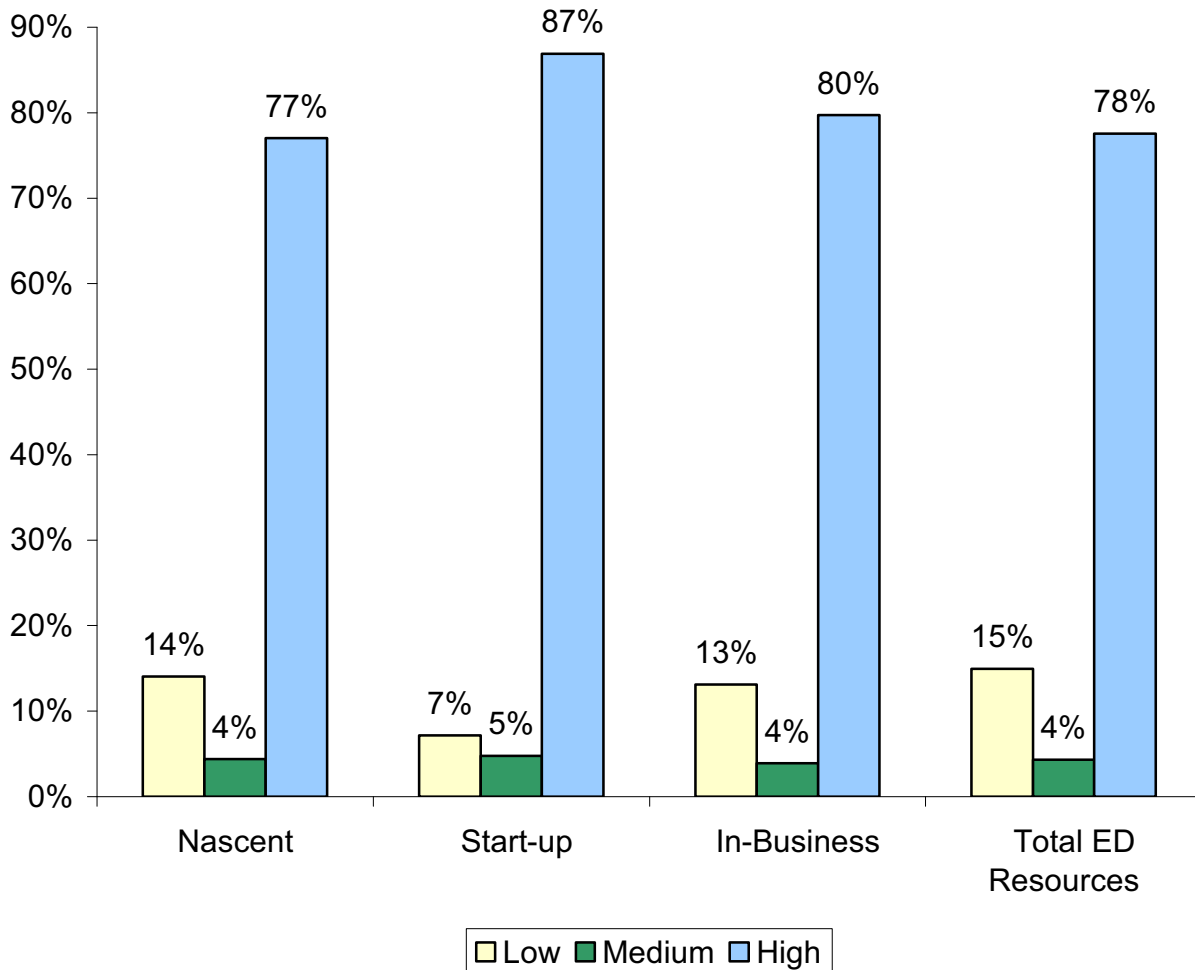
<sup>37</sup> Due to non-responses and multiple business type selections, the total for all business types might not equal. The SBDC distribution among job type was also compared to the national averages from the 2002 Survey of Business Owners from the U.S. Census Bureau. The distribution was comparable across industries except for the following: Services was reported to be 11%, Retail was at 12%, Manufacturing at 3%, and Construction was reported to be 12%.

## SBDC Client Attitudes Regarding ED Resource Assistance

### Usefulness and Value of Services or Assistance Received

Approximately 79% of SBDC respondents reported that the information they received from their counselor was valuable. Figure 5.5 shows ratings of usefulness of SBDC ED resources, as assessed by business segment, compared to total ED Resources. The SBDC Start-up firms rated the usefulness of information slightly higher than the Nascent and In-Business firms. Except for the Nascent segment, SBDC clients assigned higher ratings than the 78% average for ED Resource clients combined. For instance, out of SBDC Start-up clients, 87% rated the information as highly useful.

**Figure 5.5 – SBDC –Usefulness of SBDC<sup>38</sup> (FY2007 Clients)**  
SBDC vs. Total ED Resources

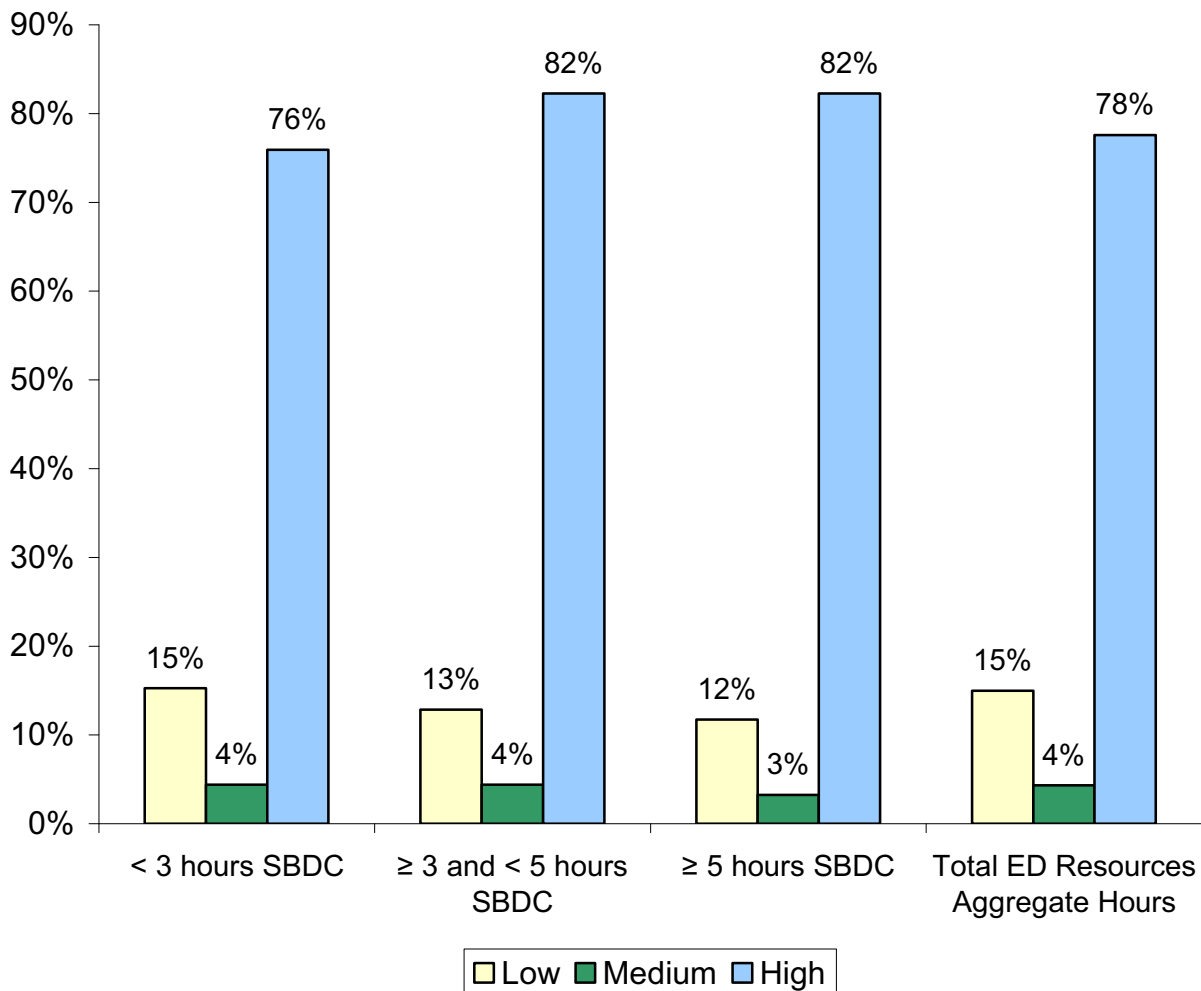


<sup>38</sup> Low value includes the 'Somewhat Valuable' and 'Not Valuable' response categories. High value includes the 'Extremely Valuable' and 'Valuable' response categories.

Figure 5.5A below shows the number of hours of counseling received relative to perceived usefulness of SBDC, and compares these figures to the overall level of perceived usefulness reported for total ED Resources. Figure 5.5A shows that 82% of SBDC respondents that received between 3 and 5 hours, and 5 or more hours of counseling rated SBDC usefulness as “high” vs. 76% of respondents that received less than 3 hours of counseling.

The ratings of SBDC usefulness were fairly comparable to the ratings of total ED Resources. Among respondents that received between 3 and 5, or 5 or more hours of counseling, SCORE received 4% more “high” ratings, and 2% to 3% less “low” ratings.

**Figure 5.5A – Usefulness of SBDC: SBDC by Hours of Counseling vs. Total ED Resources Aggregate Hours**



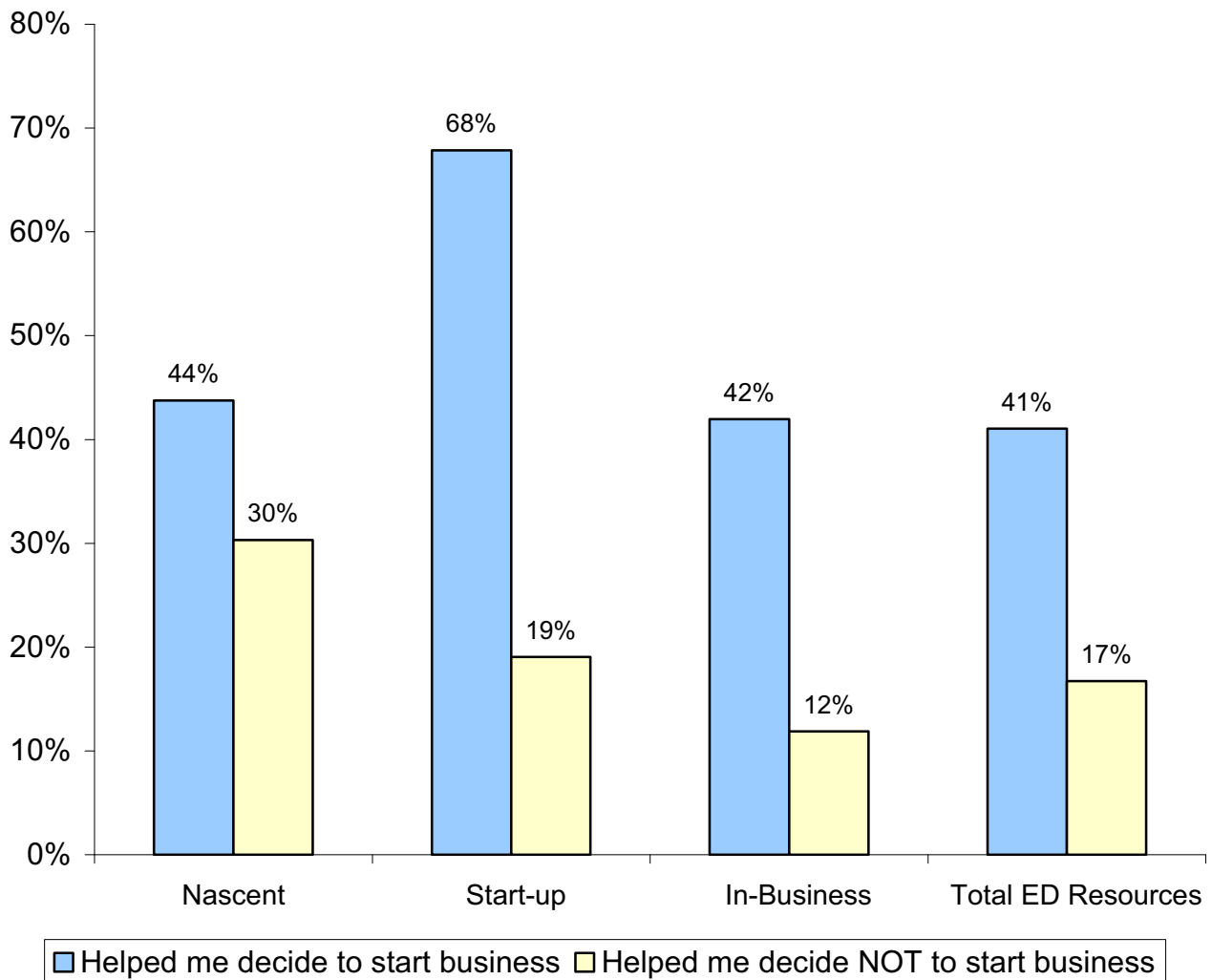


### Decision to Start or Not Start a Business

As reported in Figure 5.6, SBDC ED Resources assisted with the decision to start a business for 44% of Nascent respondents. Approximately 68% of Start-up clients reported that SBDC assistance was helpful in their decision to start a business compared to just 41% of total ED Resource clients combined.

**Figure 5.6 – SBDC – Usefulness of SBDC ED Resources in Starting or NOT Starting a Business<sup>39</sup> (FY2007 Clients)**

SBDC vs. Total ED Resources



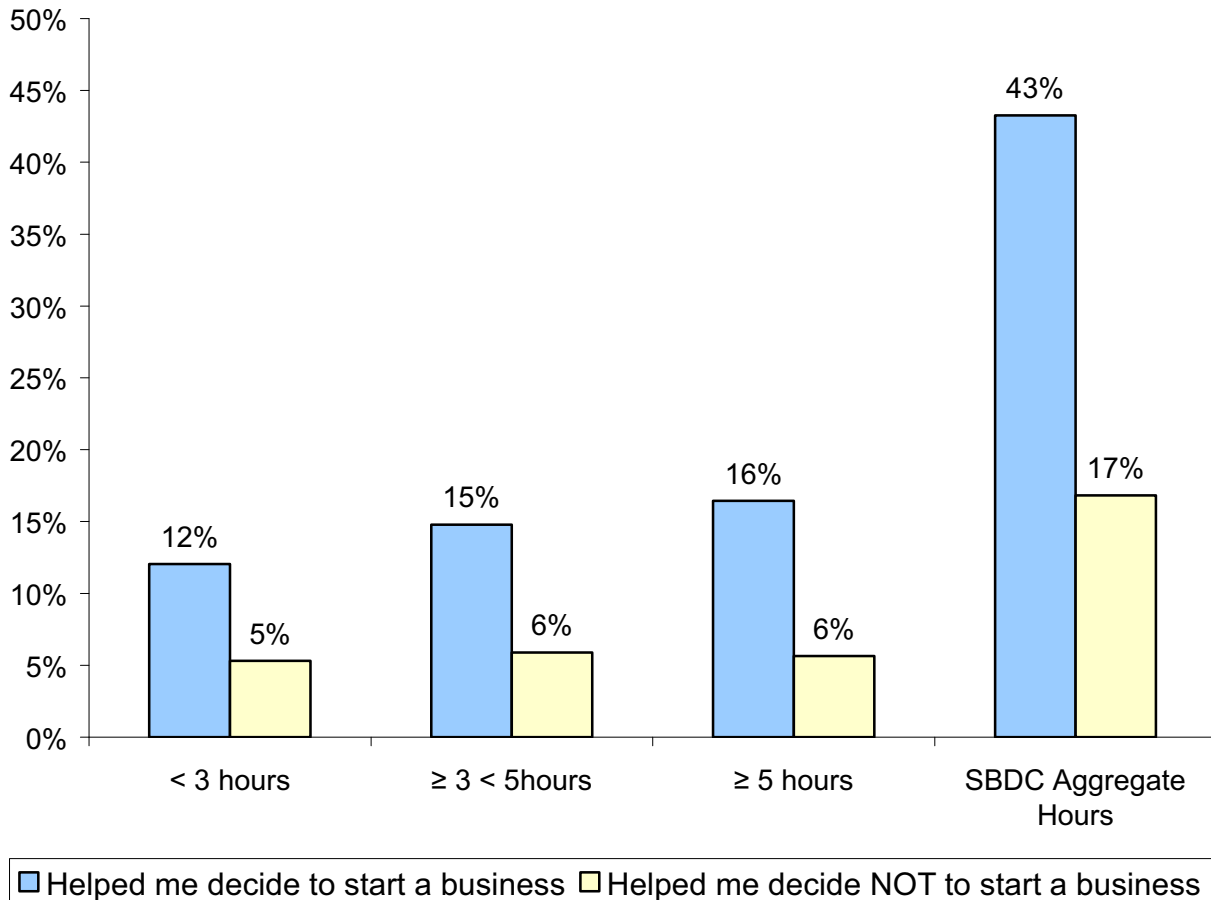
<sup>39</sup> Helpful includes the 'Very Useful' and 'Useful' response categories only.

Figure 5.6A shows the extent to which SBDC assisted clients in their decision to start or not to start a business relative to the number of hours of counseling received.

As illustrated below, 16% of respondents received 5 or more hours of counseling and reported SBDC assistance to be useful in deciding to start a business. Fifteen percent of respondents received between 3 and 5 hours of counseling and reported SBDC to be helpful in deciding to start a business. Twelve percent received less than three hours of counseling and found SBDC to be helpful in deciding to start a business.

Similarly, 6% of respondents received between 3 and 5 hours of counseling and reported that SBDC helped them decide not to start a business, which was the same as clients who received 5 or more hours and slightly higher than clients who received less than three hours of counseling.

**Figure 5.6A – SBDC – Usefulness of SBDC ED Resources in Starting or NOT Starting a Business: SBDC by Hours of Counseling vs. SBDC Aggregate Hours (FY2007 Clients)**



### Clients' Decision to Change Management Practices

Figure 5.7 compares SBDC client decisions to change management practices or strategies by segment. As a result of SBDC assistance, 55% of Start-up firms have changed their current management practices or strategies. For 2007 clients, 58% of SBDC In-Business clients reported changing management practices. The figures for Start-ups are slightly lower than were reported by ED Resource clients combined, while the In-Business segment was at the average.

**Figure 5.7 – SBDC – Changed Management Practices/Strategies as a Result of SBDC ED Resource Assistance (FY2007 Clients)**

SBDC vs. Total ED Resources

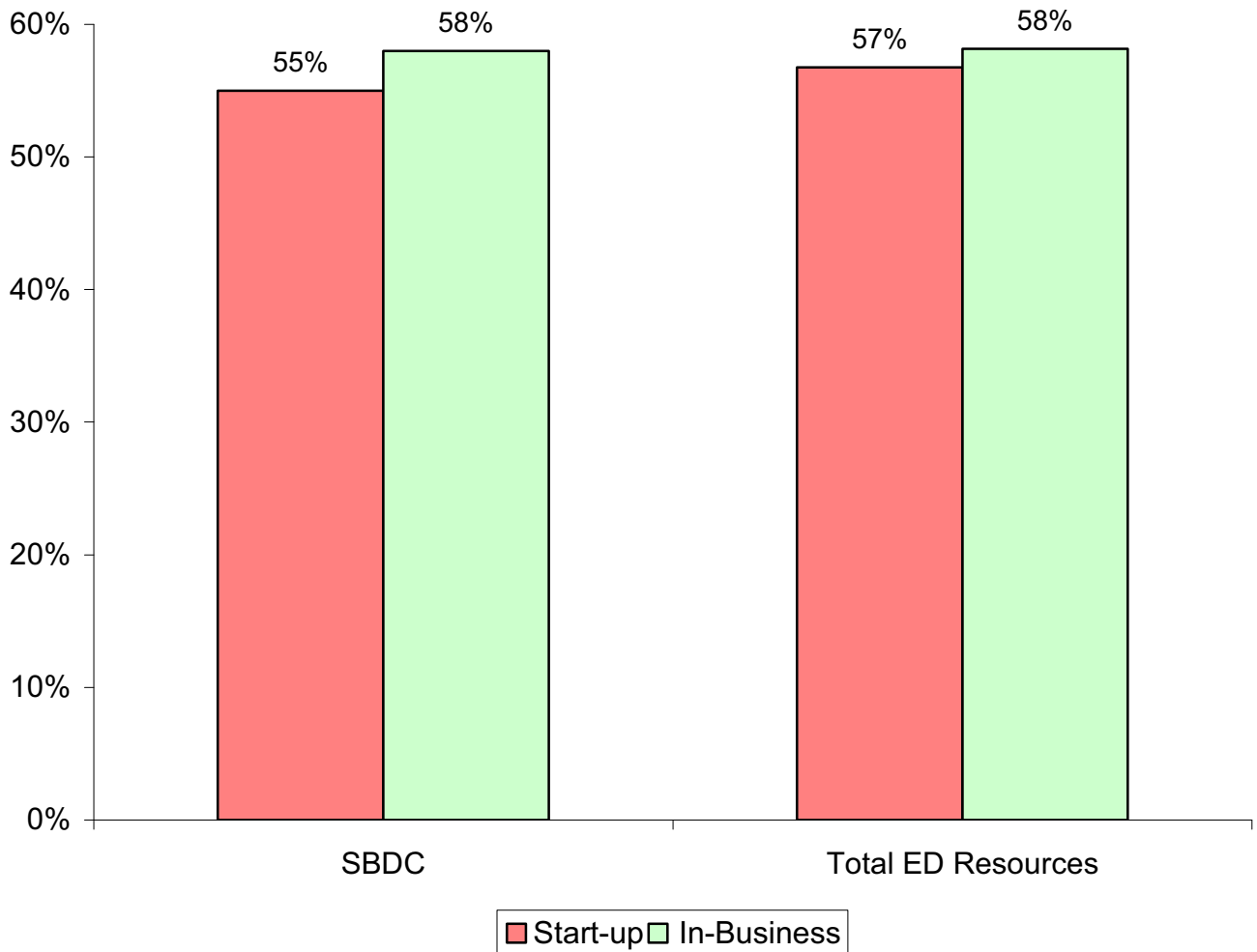
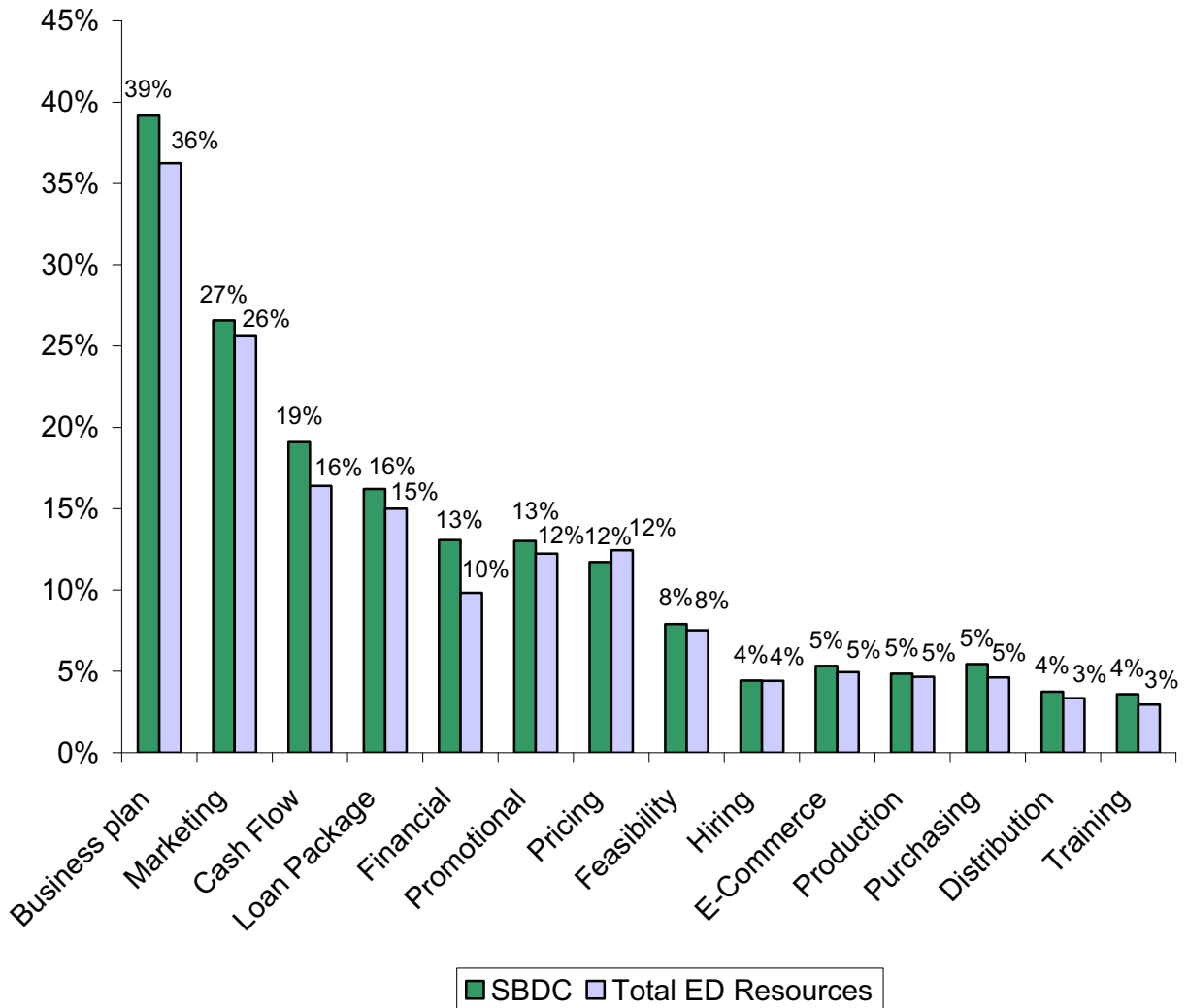


Figure 5.8 shows the business functions that were changed as a result of SBDC assistance. **Business plans and marketing plans were the most frequently cited functions, followed by cash flow and loan package.**

**Figure 5.8 – SBDC – Changes in Management Practices by Business Function (FY2007 Clients)**

SBDC vs. Total ED Resources



### Sales, Job Creation and Job Retention

Figure 5.9 compares SBDC Start-up and In-Business clients in terms of the reported usefulness of SBDC assistance on increases in sales, profits, jobs, and the retention of employees. In terms of increasing sales, 29% of SBDC Start-ups and 38% of In-Business respondents reported that they were able to increase sales as a result of SBDC assistance, compared to 26% for total ED Resources. Twenty-nine percent of Start-up clients and 32% of In-Business respondents reported that they were able to increase their profit margins, compared to 22% for total ED Resources.

**Figure 5.9 – SBDC – The Usefulness of Assistance (FY2007 Clients)**  
SBDC vs. Total ED Resources

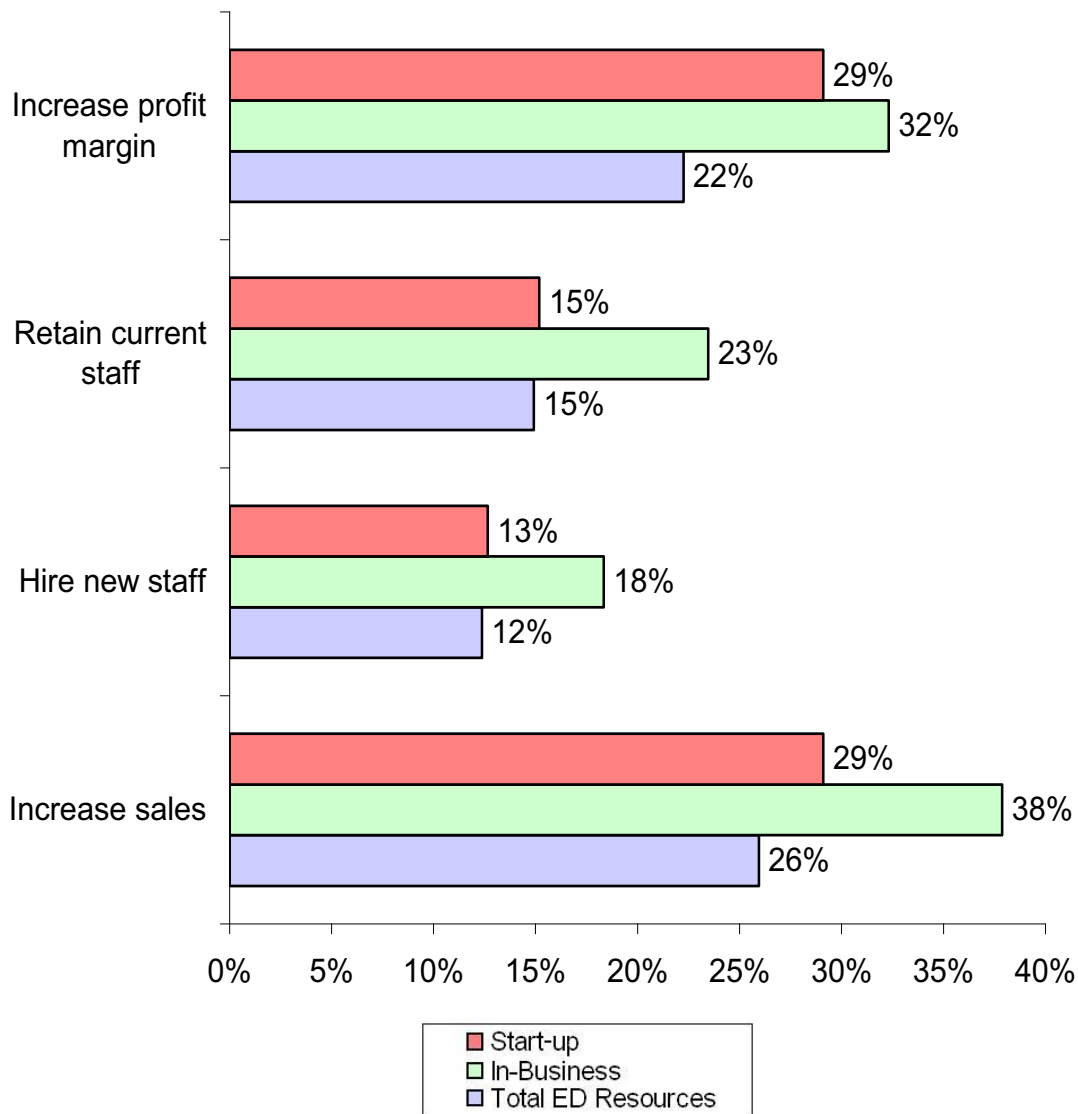
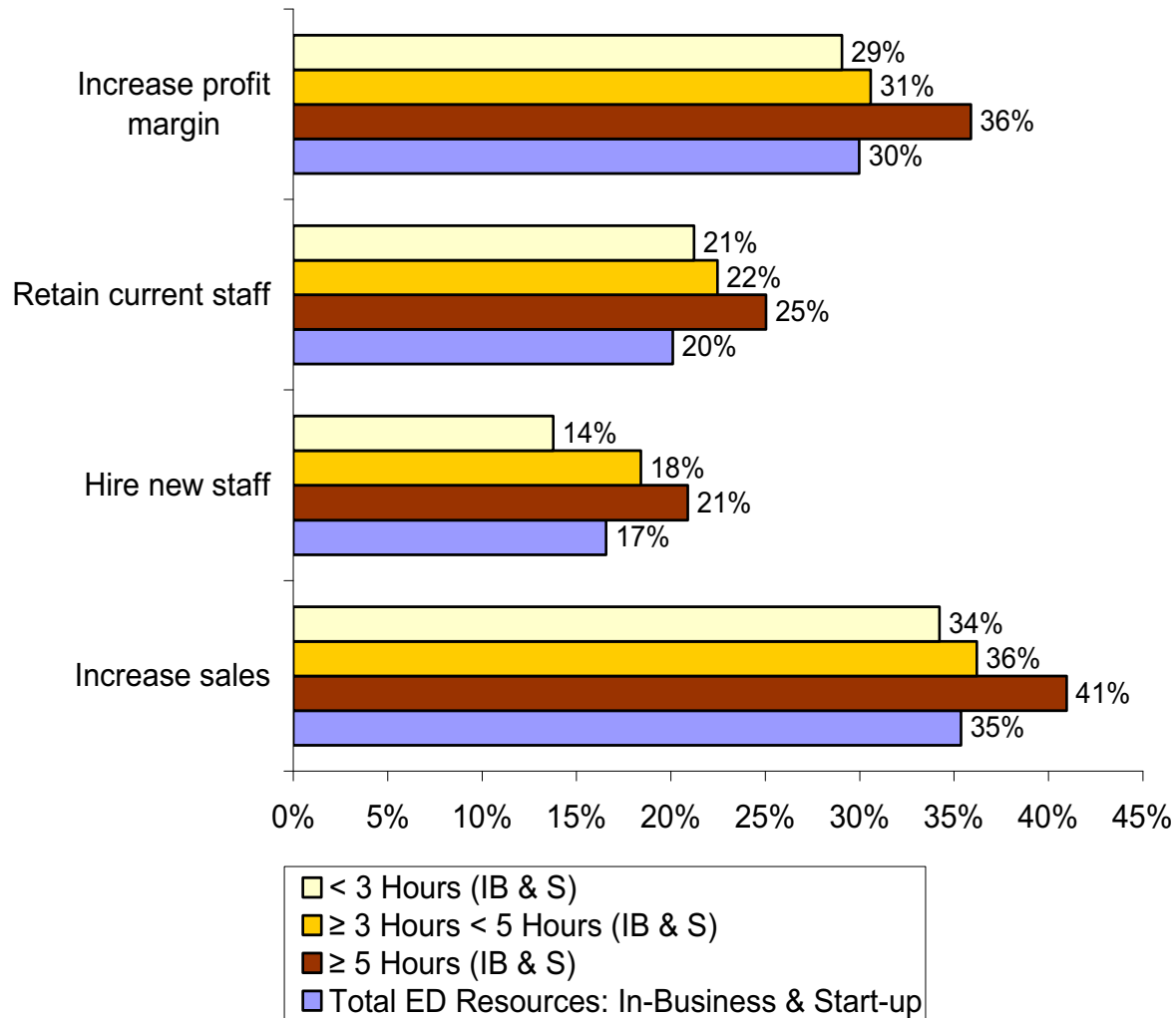


Figure 5.9A compares the average total ED Resource usefulness of assistance for increasing sales, profits, jobs, and the retention of employees to the impact of the number of hours of counseling on those ratings for SBDC.<sup>40</sup> The number of hours of counseling is divided into 3 categories for SBDC: less than 3 hours, between 3 and 5 hours, and 5 or more hours. It is clear from the figure below that the greater the number of hours of counseling received, the greater is the perceived usefulness of assistance reported by SBDC In-Business and Start-up clients. SBDC clients who received 3 or more hours of counseling reported that the perceived usefulness of SBDC resources was greater than the average reported usefulness of total ED Resources. For example, clients that received 5 hours or more of SBDC counseling reported an increase in sales 41% of the time, and an increase in profit margins 36% of the time.

**Figure 5.9A – SBDC – The Usefulness of Assistance: SBDC Hours of Counseling Received for In-Business and Start-ups vs. Total ED Resources Aggregate Hours for In-Business and Start-ups**



<sup>40</sup> This comparison excludes the Nascent category for Total ED Resources and SBDC.

## VI. SCORE 2007 VS. TOTAL ED RESOURCES

The following section presents results from SCORE respondents. First, demographic characteristics of the sample are presented. This is followed by additional findings on the usefulness of SCORE ED Resources for Nascent, Start-up and In-Business firms organized by research question, as follows:

- Is there a relationship between the services/assistance provided by SCORE and the client's perception of the usefulness and value of the services/assistance received?
- Is there a relationship between the services/assistance provided by SCORE and the client's decision to start or not to start a business?
- Is there a relationship between the services/assistance provided by SCORE and the client's decision to implement and/or change management and/or marketing practices in their business?
- Is there a relationship between the services/assistance provided by SCORE and the client's business having a positive financial impact on job creation and retention and increase in sales?

## Analysis of the Attitudes of SCORE Clients Regarding the Assistance They Received from SCORE

### Demographic Characteristics of SCORE Clients

This section describes the general demographic and financial characteristics of SCORE respondents. These results are based on an analysis of 2,362 completed surveys.

As shown in Figure 6.1, the largest business segment served by SCORE is the In-Business segment (64%). The Nascent segment is the second largest at 32%, which is five percentage points higher than total ED Resources for Nascent.

**Figure 6.1 – SCORE – Distribution of Respondents by Segment (FY2007 Clients)**

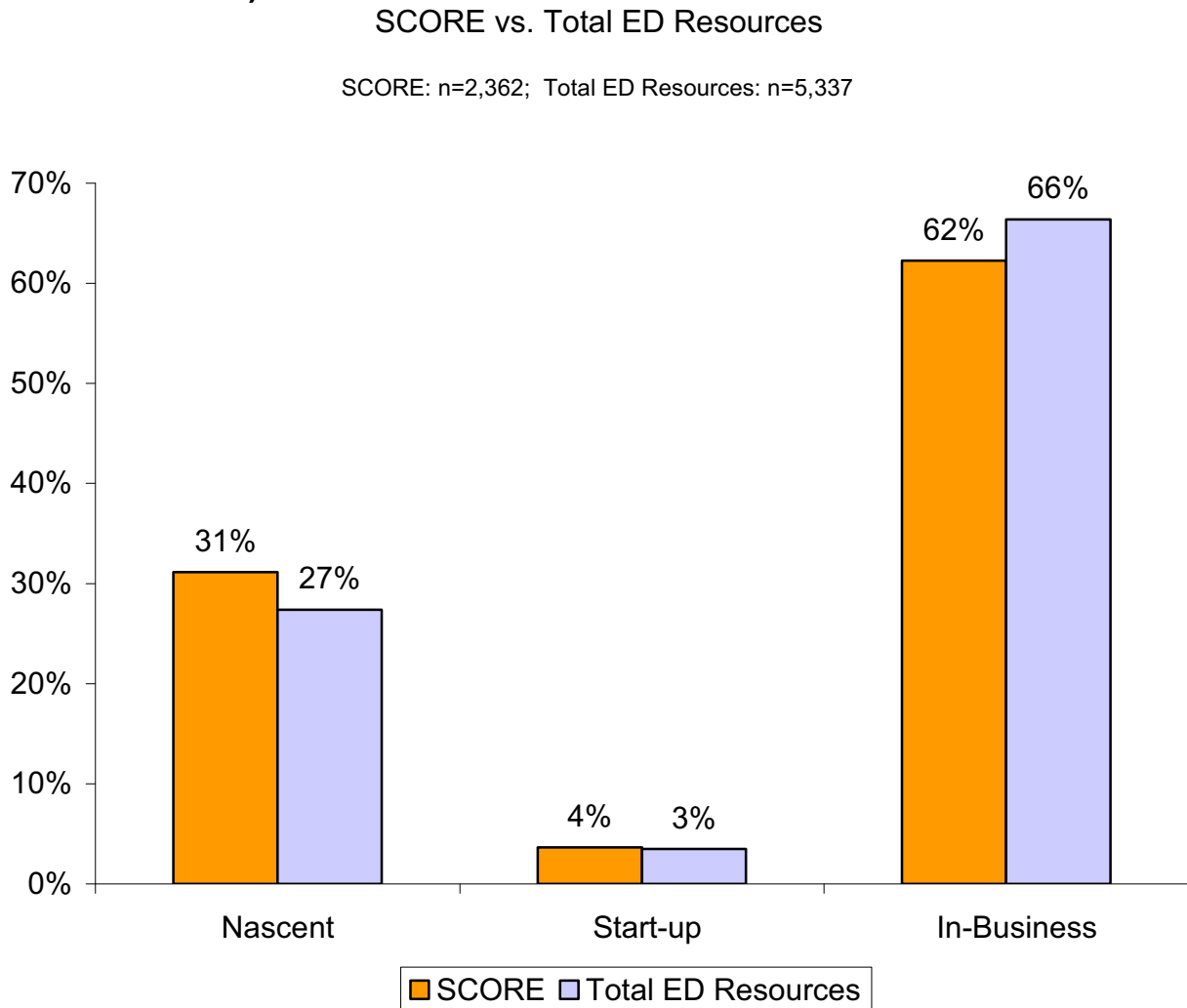




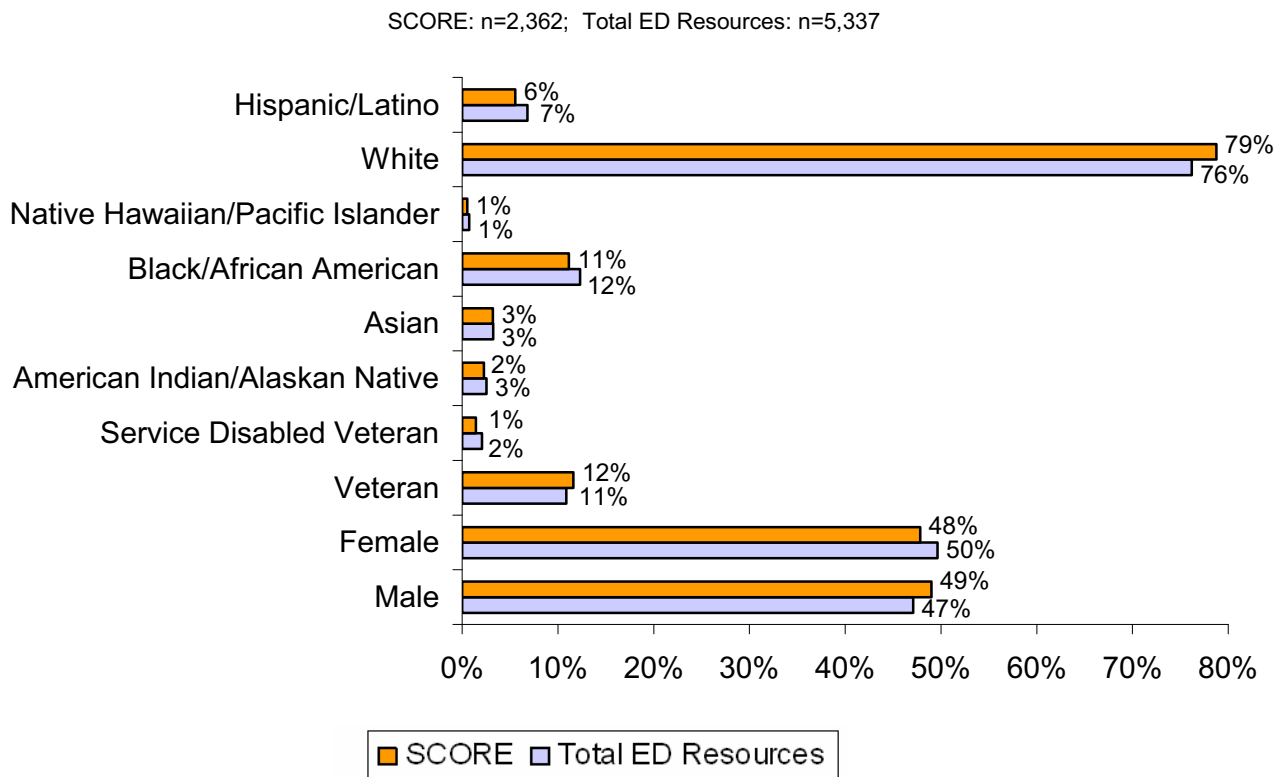
Table 6.1 compares median revenues and employment for SCORE clients vs. total ED Resources. SCORE clients are smaller in terms of revenues and employees than the average for ED Resources combined.

**Table 6.1 – SCORE Client Revenues and Employment (FY2007)**

	SCORE	Total ED Resources
Median Revenue	\$80,000	\$90,000
Median Employees	2	2

Demographic characteristics of SCORE clients, including gender, race, ethnicity, and veteran status are reported in Figure 6.2. About 48% of SCORE clients are female. Eleven percent of SCORE clients are African-American, and another 6% are Hispanic/Latino. Twelve percent of SCORE clients are veterans, with 1% in the service-disabled category. These percentages are similar to ED Resources overall.

**Figure 6.2 – SCORE – Demographic Characteristics (FY2007 Clients)<sup>41</sup>**  
SCORE vs. Total ED Resources

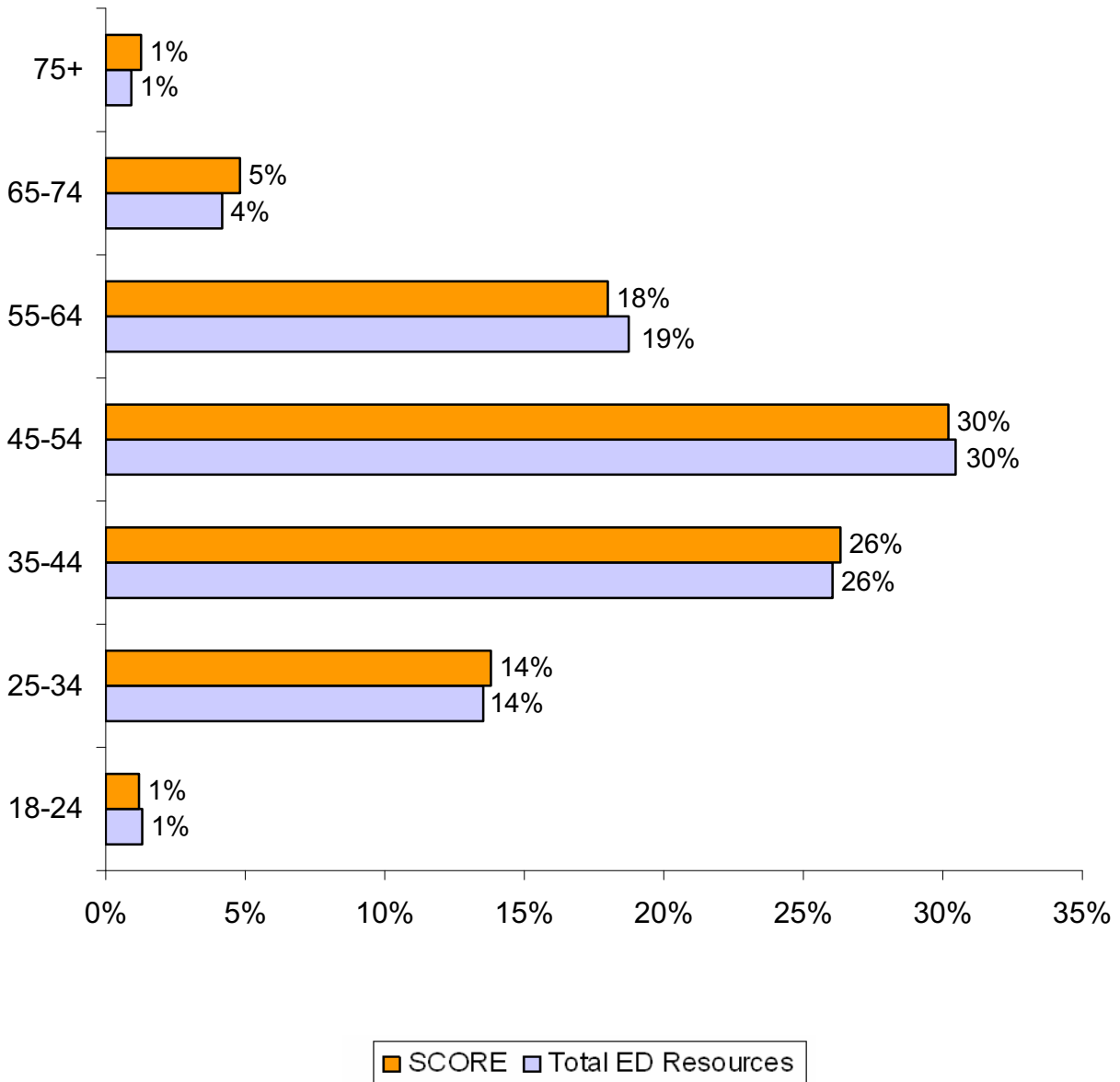


<sup>41</sup> In some instances, the total percentage might not equal 100 due to respondents who selected multiple ethnicities. The SCORE demographic distribution was compared to the national averages from the 2002 Survey of Business Owners from the U.S. Census Bureau. The distribution was comparable across characteristics except for the following: white business owners were 83% of the small business population, black business owners were 5%, and American Indian/Alaskan Native business owners were 1%. The percentage of women was also smaller.

Figure 6.3 shows the distribution of SCORE clients by age of business owner. More than half of SCORE clients are between 35 and 54 years of age, and the largest age group served are those between the ages of 45 and 54.

**Figure 6.3 – SCORE – Age of Business Owner (FY2007 Clients)<sup>42</sup>**  
SCORE vs. Total ED Resources

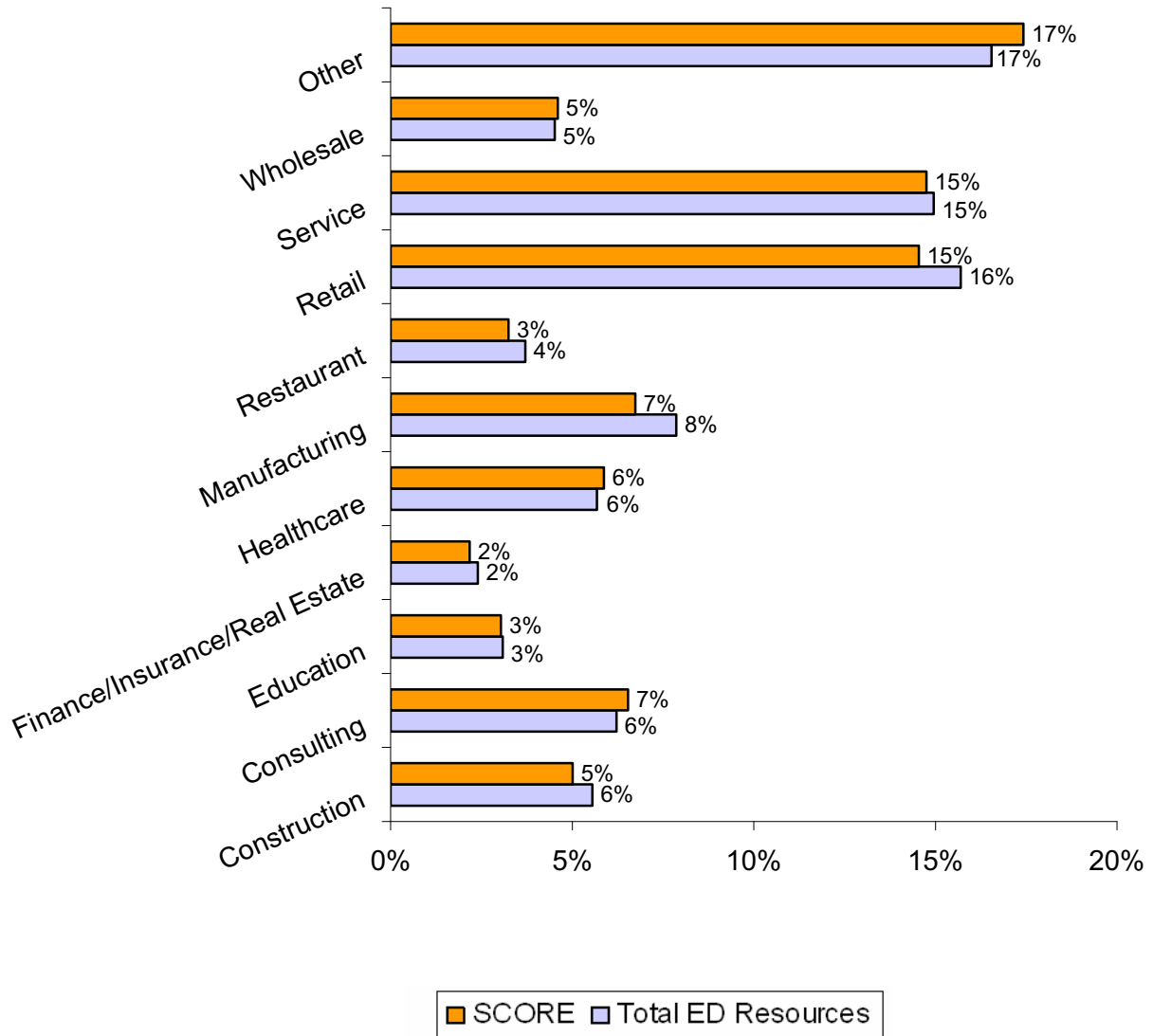
SCORE: n=2,362; Total ED Resources: n=5,337



<sup>42</sup> The SCORE demographic distribution was compared to the national averages from the 2007 Small Business Economy Report 2007 for data year 2006. The distribution was comparable across age brackets except for the following: 18-24 was reported at 3%, and >65 was reported at 9% (compared to 6% for SCORE).

As shown in Figure 6.4, the most common types of businesses served by SCORE are in the service and retail categories.

**Figure 6.4 – SCORE – Type of Business<sup>43</sup> (FY2007 Clients)**  
SCORE vs. Total ED Resources



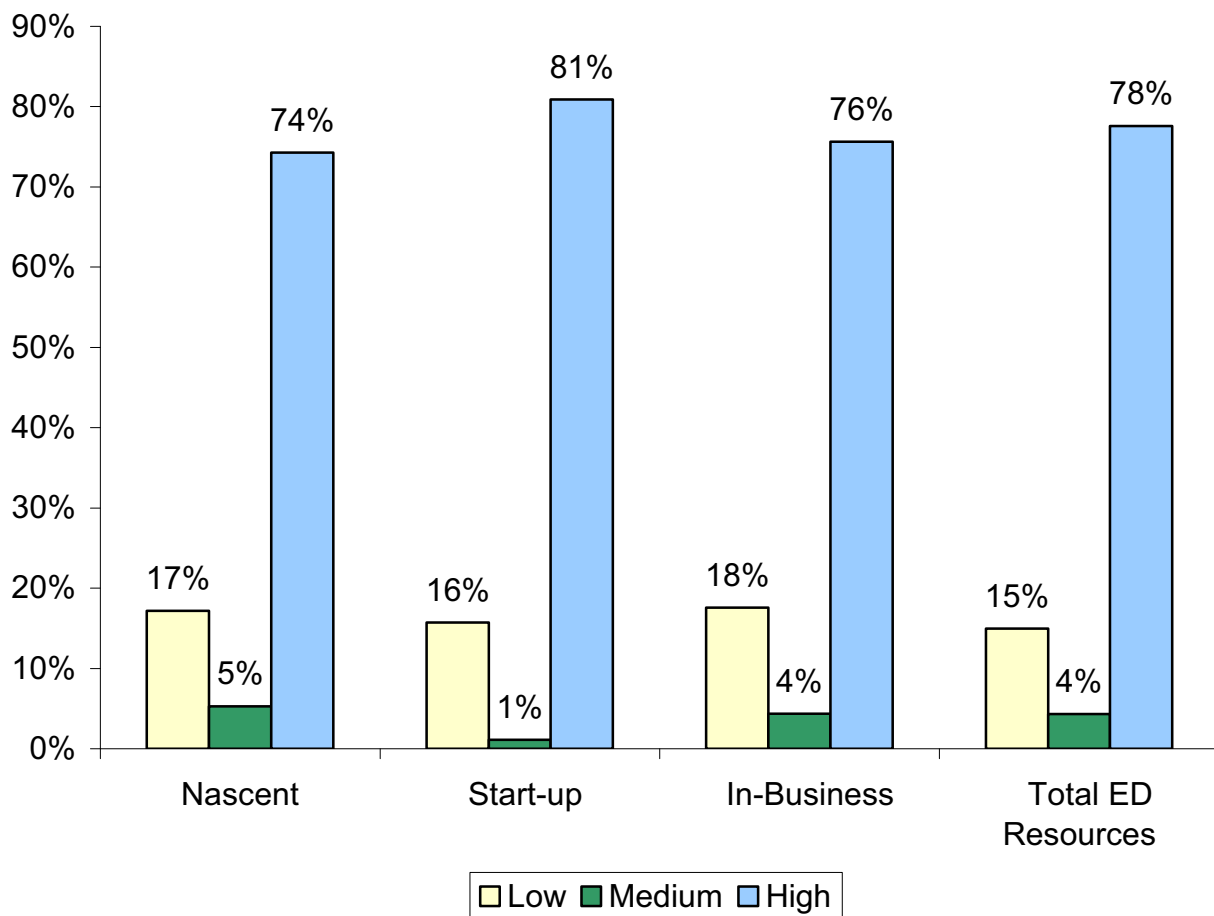
<sup>43</sup> Due to non-responses and multiple business type selections, the total for all business types might not equal 100%. The SCORE distribution among job type was also compared to the national averages from the 2002 Survey of Business Owners from the U.S. Census Bureau. The distribution was comparable across industries except for the following: Services was reported to be 11%, Retail was at 12%, Manufacturing at 3%, and Construction was reported to be 12%.

## SCORE Client Attitudes Regarding ED Resource Assistance

### Usefulness and Value of Services or Assistance Received

Approximately 75% of SCORE respondents reported that the information they received from their counselor was useful, compared to 78% of clients from all ED Resources combined. Figure 6.5 shows these ratings of usefulness of services received by business segment. Start-up firms rated the information they received as useful slightly higher than In-Business and Nascent businesses.

**Figure 6.5 – SCORE –Usefulness of SCORE<sup>44</sup> (FY2007 Clients)**  
SCORE vs. Total ED Resources

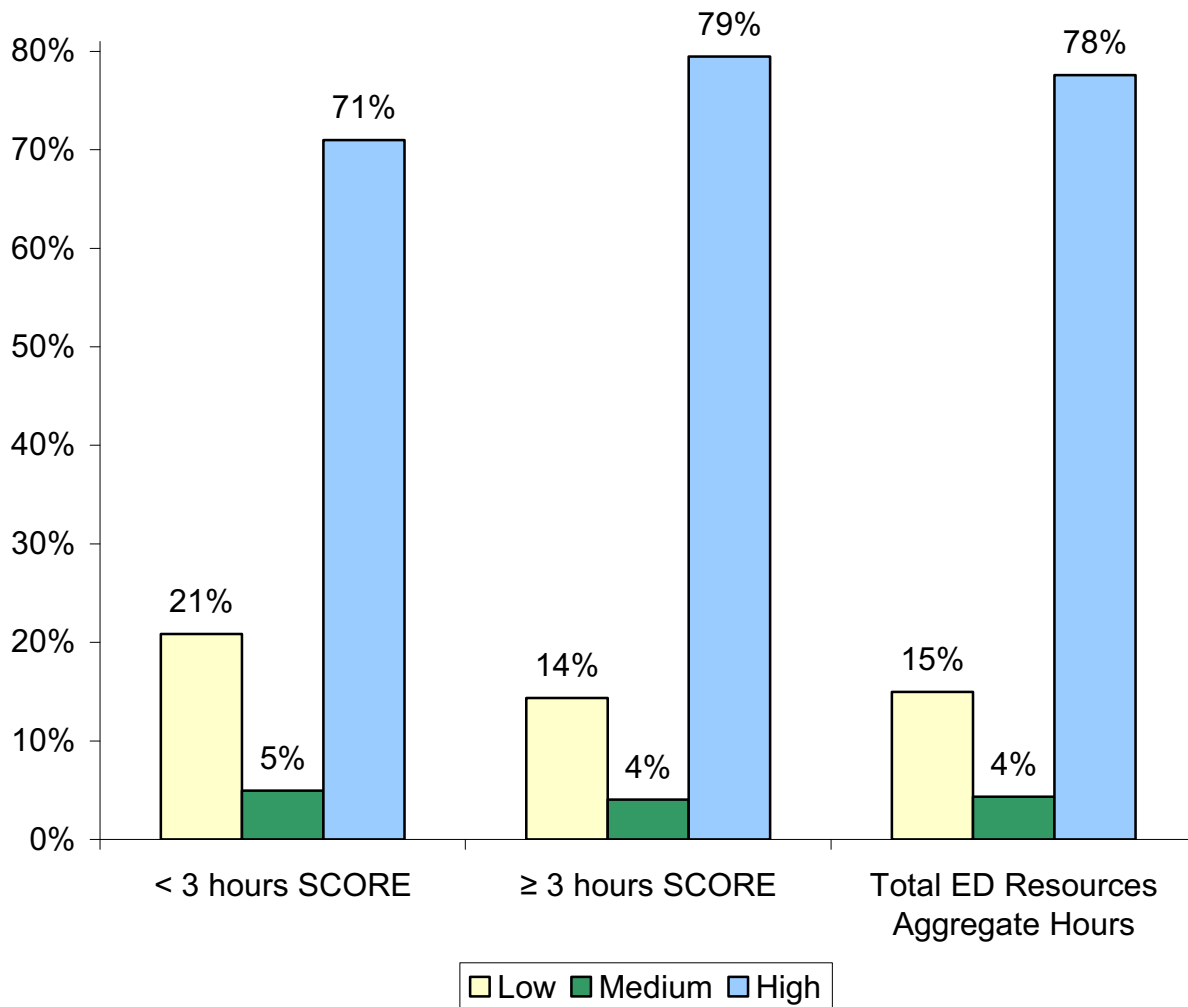


<sup>44</sup> Low value includes the 'Somewhat Valuable' and 'Not Valuable' response categories. High value includes the 'Extremely Valuable' and 'Valuable' response categories.

Figure 6.5A below shows the number of hours of counseling received relative to perceived usefulness of SCORE, and compares these figures to the overall level of perceived usefulness reported for total ED Resources. Figure 6.5A shows that 79% of SCORE respondents that received 3 or more hours of counseling rated SCORE usefulness “high” compared to 71% of respondents that received less than 3 hours of counseling. The share of respondents that reported “low” levels of SCORE usefulness decreased considerably from 21% to 14% when duration of counseling was higher.

Differences in ratings between SCORE and total ED Resources were pronounced among respondents that receives less than 3 hours of counseling. SCORE received 7% less “high” ratings and 6% more “low” ratings than total ED Resources.

**Figure 6.5A – Usefulness of SCORE: SCORE by Hours of Counseling vs. Total ED Resources Aggregate Hours**

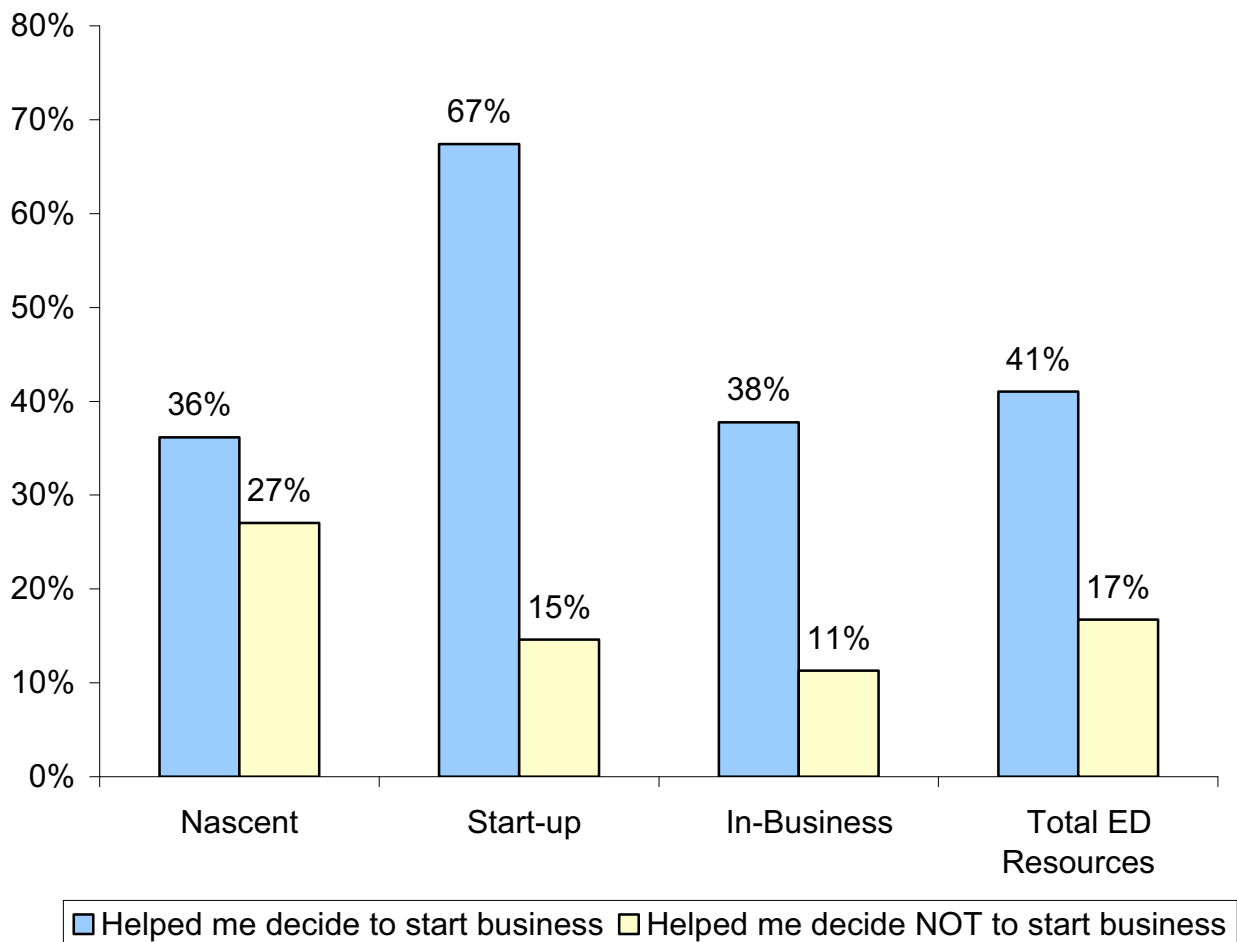


### Decision to Start or Not Start a Business

As reported in Figure 6.6, SCORE assisted in the decision to start a business for 36% of Nascent respondents and 38% for In-Business, both similar to the average of 40% for all ED Resource clients combined. However, SCORE Start-up clients reported a much higher 67% rating for assistance in the decision to start a business. In addition, 27% of 2007 SCORE Nascent respondents reported that resource assistance helped them decide not to start a business, more than the total ED Resource clients combined.

**Figure 6.6 – SCORE – Usefulness of SCORE ED Resources in Starting or NOT Starting a Business<sup>45</sup> (FY2007 Clients)**

SCORE vs. Total ED Resources



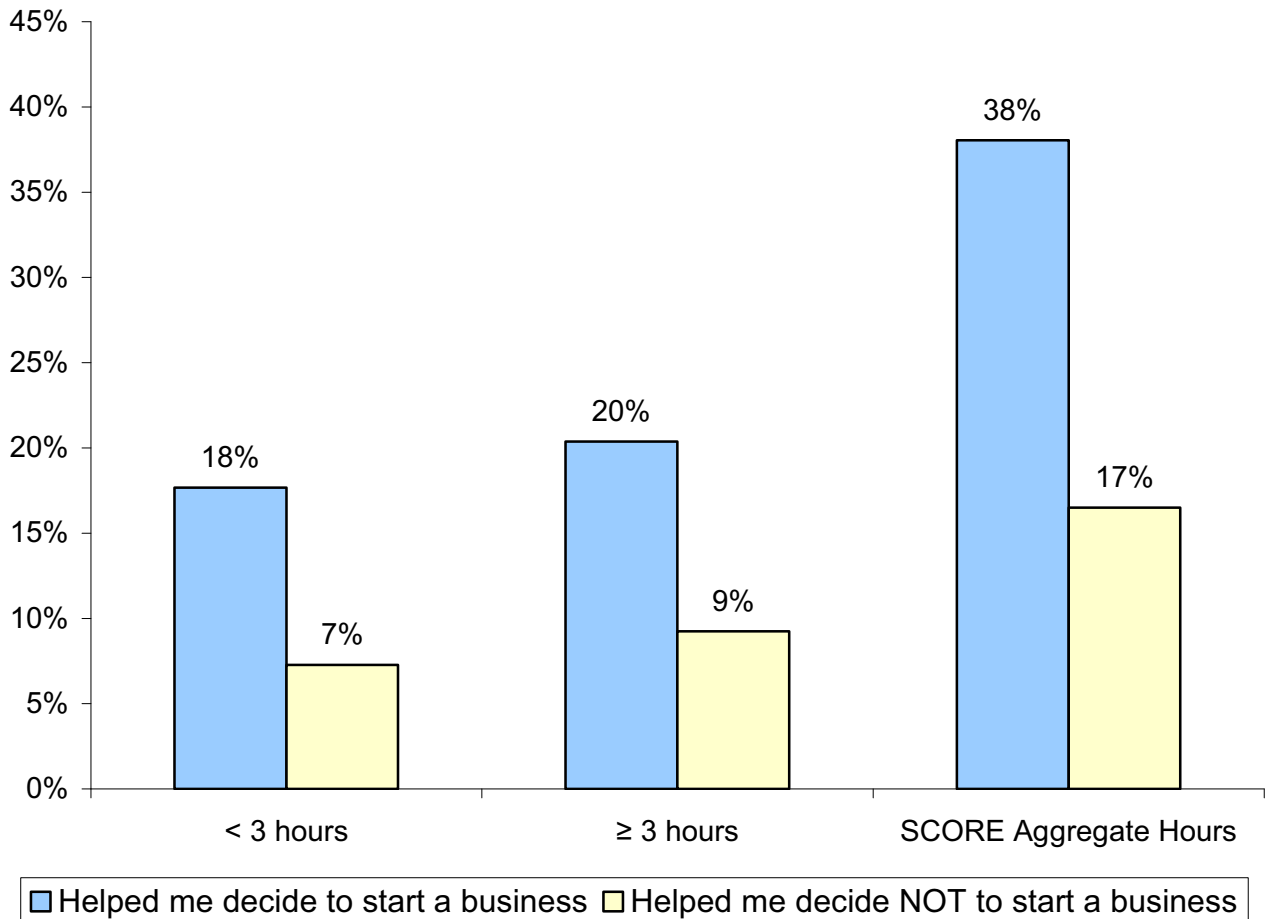
<sup>45</sup> Helpful includes the 'Very Useful' and 'Useful' response categories only.

Figure 6.6A shows the extent to which SCORE assisted clients in their decision to start or not to start a business relative to the number of hours of counseling received.

As illustrated below, 20% of respondents received 3 or more hours of counseling and reported SCORE to be helpful in deciding to start a business. Eighteen percent received less than 3 hours of counseling and also found SCORE to be helpful in deciding to start a business.

Nine percent of respondents received 3 or more hours of counseling and reported that SCORE helped them decide not to start a business, which was slightly higher than for those clients who received less than 3 hours of counseling.

**Figure 6.6A – SCORE – Usefulness of SCORE ED Resources in Starting or NOT Starting a Business: SCORE by Hours of Counseling vs. SCORE Aggregate Hours (FY2007 Clients)**



### Clients' Decision to Change Management Practices

Figure 6.7 compares SCORE client decisions to change management practices or strategies by segment. As a result of SCORE assistance, 56% of Start-up firms have changed their current management practices or strategies, and 58% of In-Business clients reported changing management practices. The figures for Start-ups are slightly lower than were reported by ED Resource clients combined, while the In-Business segment was at the average.

**Figure 6.7 – SCORE – Changed Management Practices/Strategies as a Result of SCORE ED Resource Assistance (FY2007 Clients)**  
SCORE vs. Total ED Resources

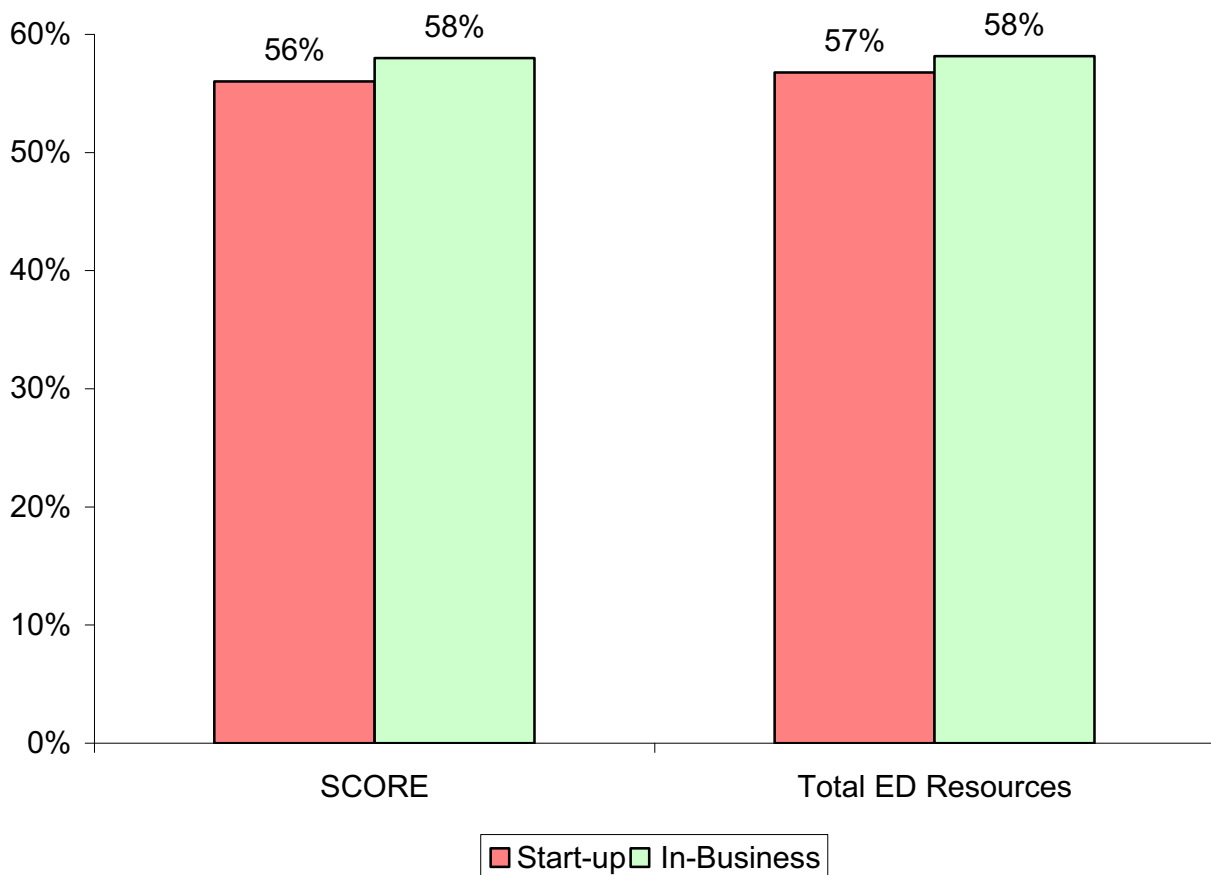
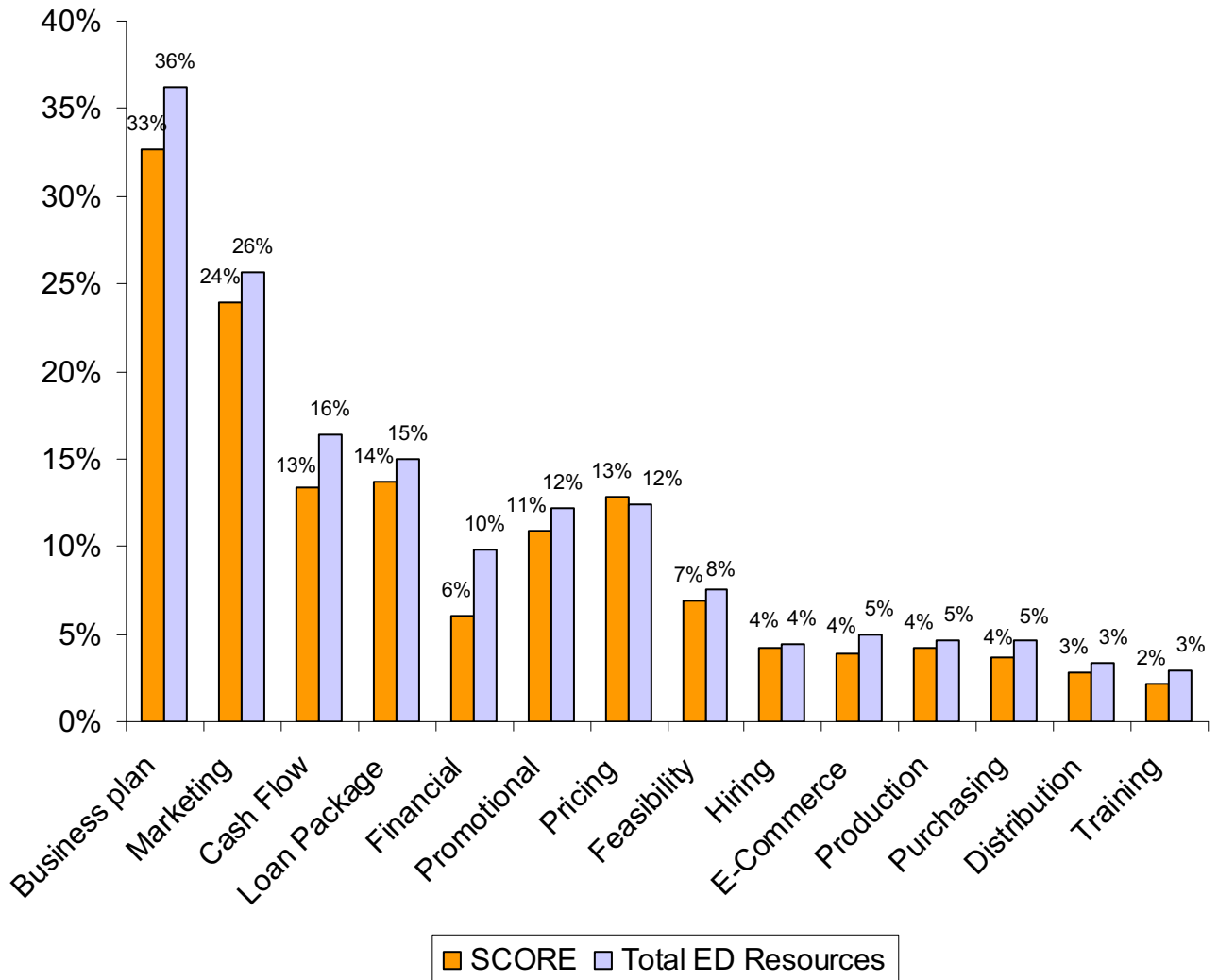




Figure 6.8 shows the business functions that were changed as a result of SCORE assistance. **Business plans and marketing plans were the most frequently cited functions, followed by loan package, cash flow, and pricing.**

**Figure 6.8 – SCORE – Changes in Management Practices by Business Function (FY2007 Clients)**

SCORE vs. Total ED Resources



**Sales, Job Creation and Job Retention**

Figure 6.9 compares SCORE Start-up and In-Business clients in terms of the reported usefulness of SCORE assistance for increases in sales, profits, jobs, and the retention of employees. Thirty-two percent of SCORE In-Business clients reported that SCORE assistance resulted in an increase in sales, compared to 26% reported by all ED Resource clients combined. However, only 20% of SCORE Start-ups were able to increase sales. In addition, while 27% of In-Business respondents reported that they were able to increase profit margins as a result of SCORE assistance, only 19% of Start-ups reported the same. For retaining and hiring staff, the percentages are similar to those reported by ED Resource clients combined.

**Figure 6.9 – SCORE – The Usefulness of Assistance (FY2007 Clients)**  
SCORE vs. Total ED Resources

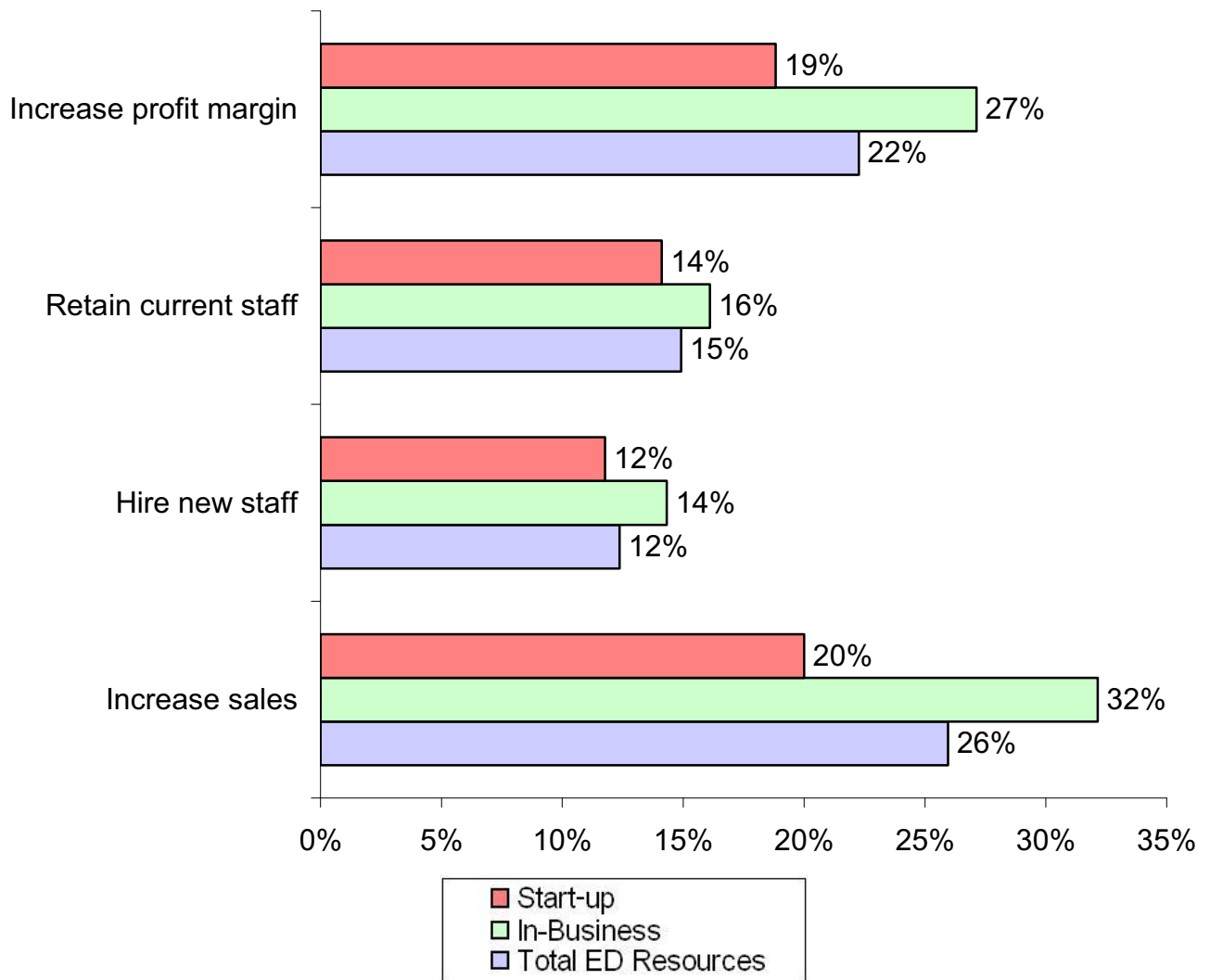
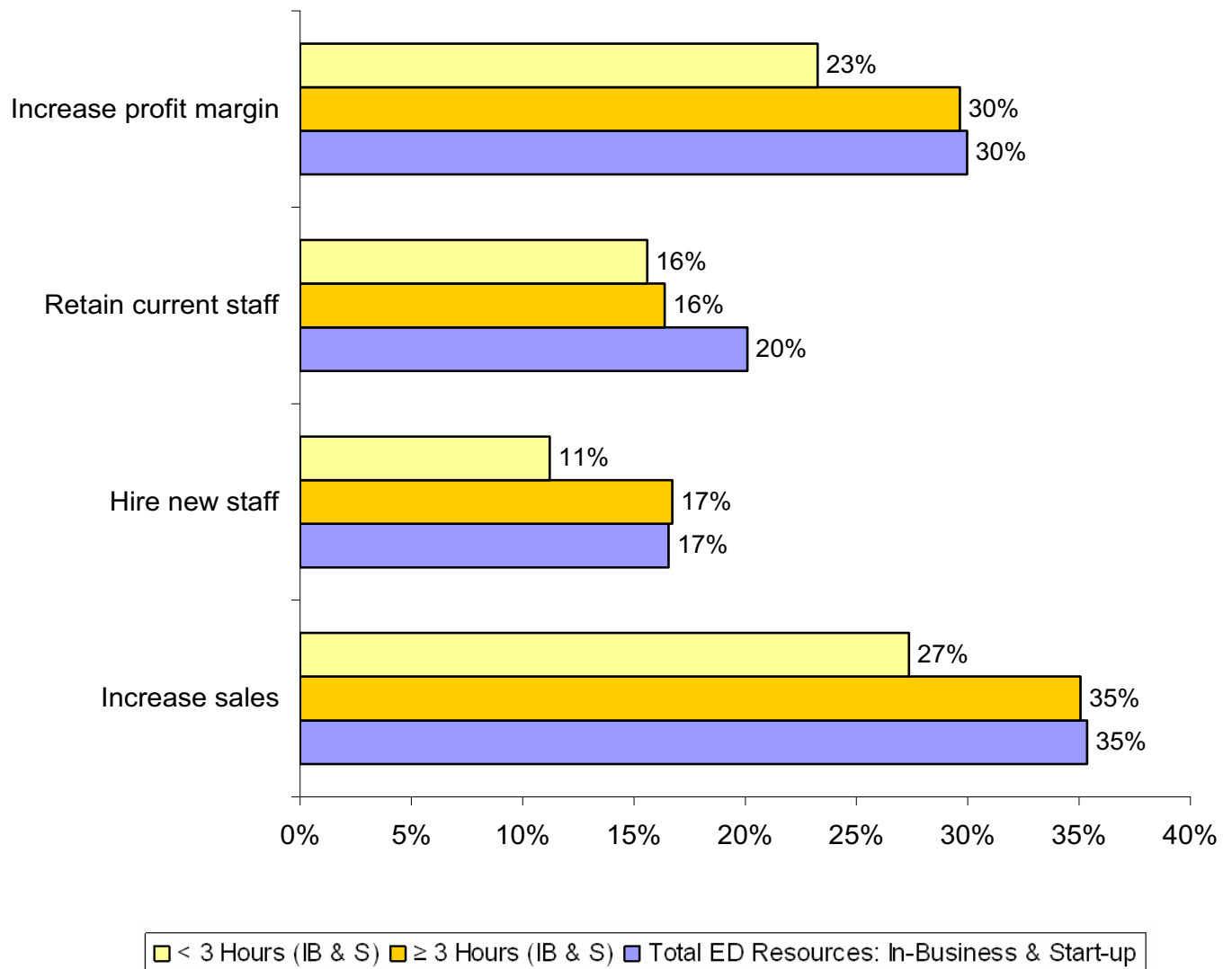


Figure 6.9A compares the average total ED Resource usefulness of assistance for increasing sales, profits, jobs, and the retention of employees to the impact of the number of hours of counseling on those ratings for SBDC.<sup>46</sup> The number of hours of counseling is divided into two categories for SCORE; less than 3 hours, and 3 or more hours. It is clear from the figure that the greater the number of hours of counseling received, the greater is the perceived usefulness of assistance reported by SCORE In-Business and Start-up clients, with the exception of the retention of current staff category. It is also apparent that for all hours, and across all categories of usefulness, the perceived usefulness of SCORE is less than or equal to the average usefulness reported for total ED Resources.

**Figure 6.9A – SCORE – The Usefulness of Assistance: SCORE Hours of Counseling Received for In-Business and Start-ups vs. Total ED Resources Aggregate Hours for In-Business and Start-ups**



<sup>46</sup> This comparison excludes the Nascent category for total ED Resources and SCORE.

## VII. WBC 2007 VS. TOTAL ED RESOURCES

The following section presents results from WBC respondents. First, demographic characteristics of the sample are presented. This is followed by additional findings on the impact of WBC ED Resources on Nascent, Start-up and In-Business firms organized by research question, as follows:

- Is there a relationship between the services/assistance provided by WBC and the client's perception of the usefulness and value of the services/assistance received?
- Is there a relationship between the services/assistance provided by WBC and the client's decision to start or not to start a business?
- Is there a relationship between the services/assistance provided by WBC and the client's decision to implement and/or change management and/or marketing practices in their business?
- Is there a relationship between the services/assistance provided by WBC and the client's business having a positive financial impact on job creation and retention and increase in sales?

## Analysis of the Attitudes of WBC Clients Regarding the Assistance They Received from WBC

### Demographic Characteristics of WBC Clients

This section describes the general demographic and financial characteristics of WBC respondents. These results are based on an analysis of 263 completed surveys.

As shown in Figure 7.1, the largest business segment served by WBC is the In-Business segment (70%). This graph also shows that compared to total ED Resources, there are slightly more WBC clients in the In-Business and Start-up segments. Compared to total ED Resources, there are slightly less WBC clients in the Nascent segment.

**Figure 7.1 – WBC – Distribution of Respondents by Segment (FY2007 Clients)**

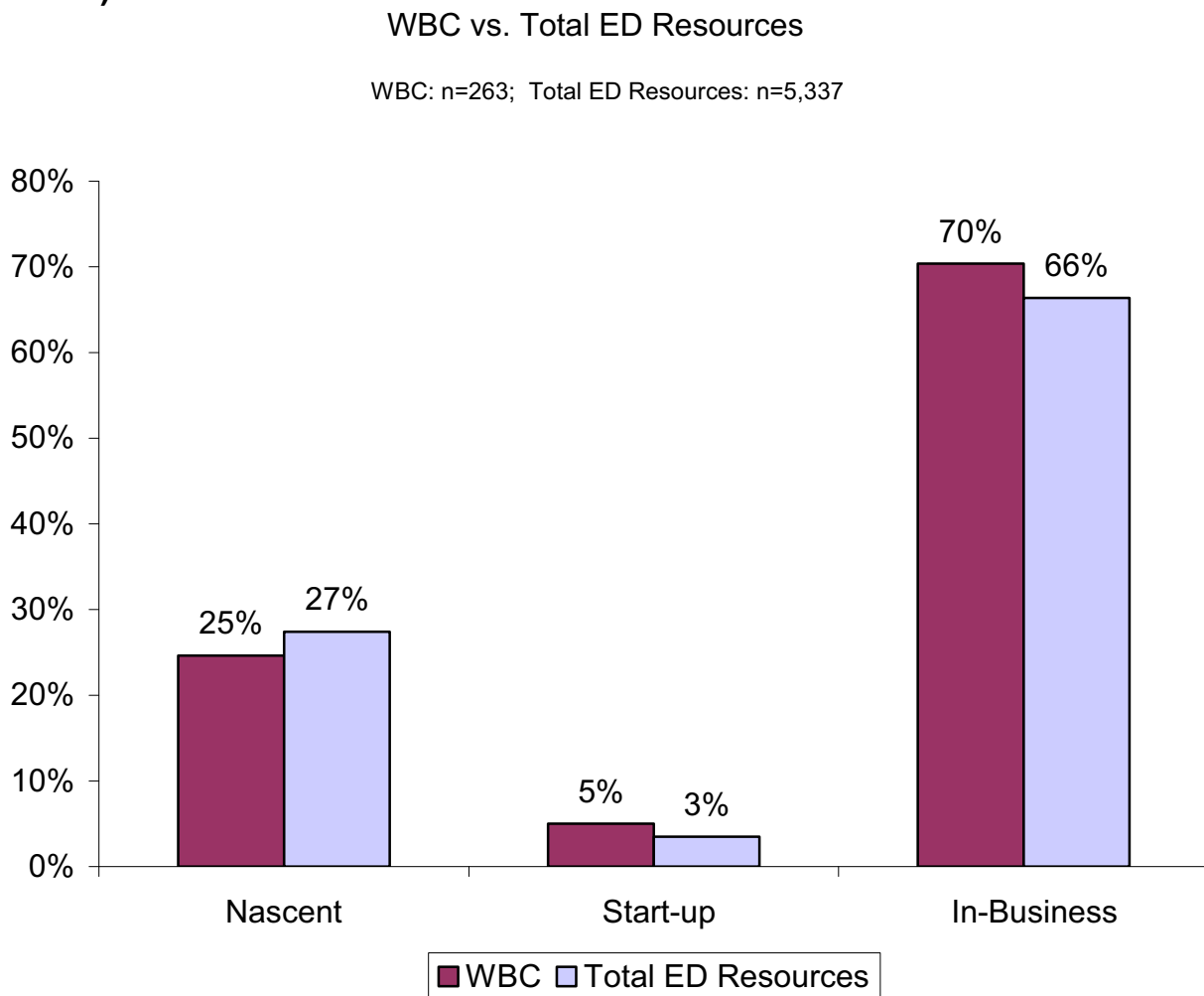


Table 7.1 compares median revenues and employment for WBC clients vs. total ED Resources. These results indicate that WBC clients are significantly smaller in terms of revenues but the same in terms of number of employees as the average for ED Resources combined.

**Table 7.1 – WBC Client Revenues and Employment (FY2007)**

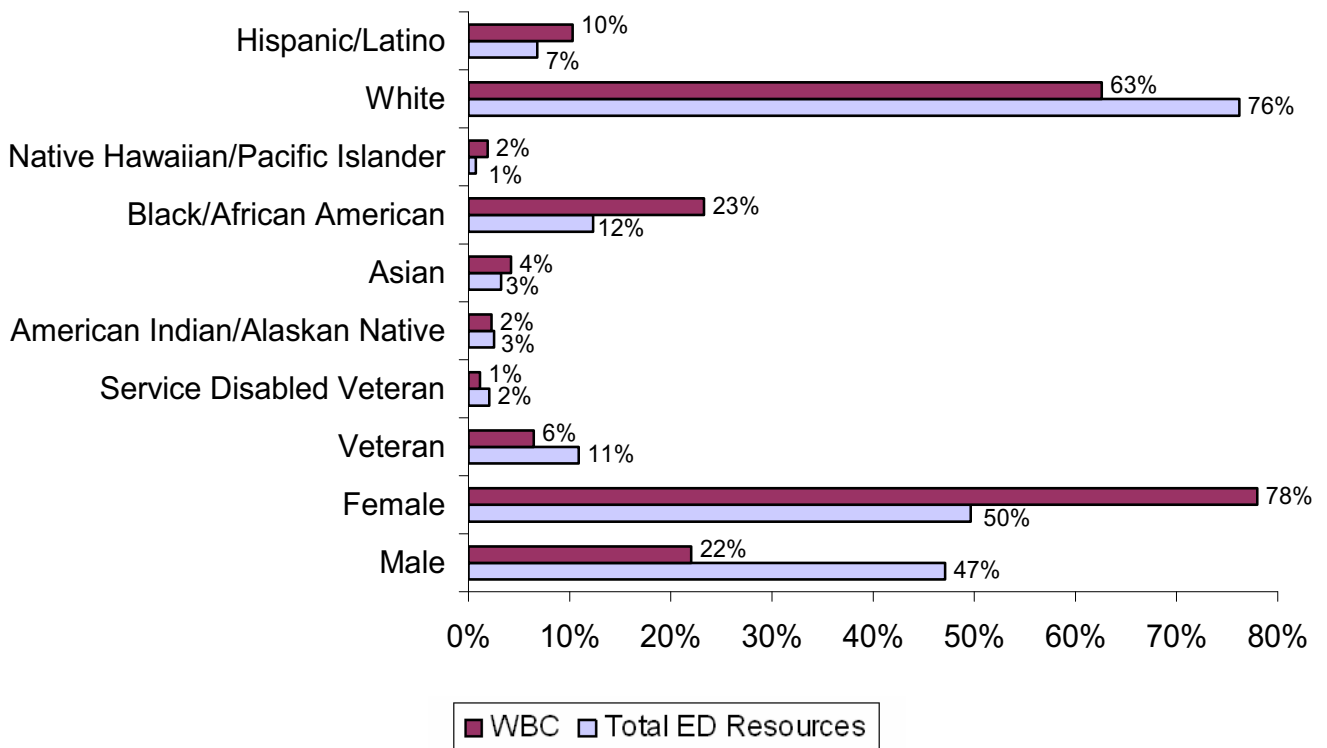
	WBC	Total ED Resources
Median Revenue	\$35,500	\$90,000
Median Employees	2	2

Demographic characteristics of WBC clients, including gender, race, ethnicity, and veteran status are reported in Figure 7.2. Not surprisingly, about 78% of WBC clients are female. A noteworthy 23% of WBC clients are African-American, compared to 12 % of all ED Resource clients combined. Hispanic/Latino clients represent 10% of WBC clients. WBC serves a small share of veterans (6%) and service-disabled veterans (1%).

**Figure 7.2 – WBC – Demographic Characteristics (FY2007 Clients)<sup>47</sup>**

WBC ED vs. Total ED Resources

WBC: n=263; Total ED Resources: n=5,337



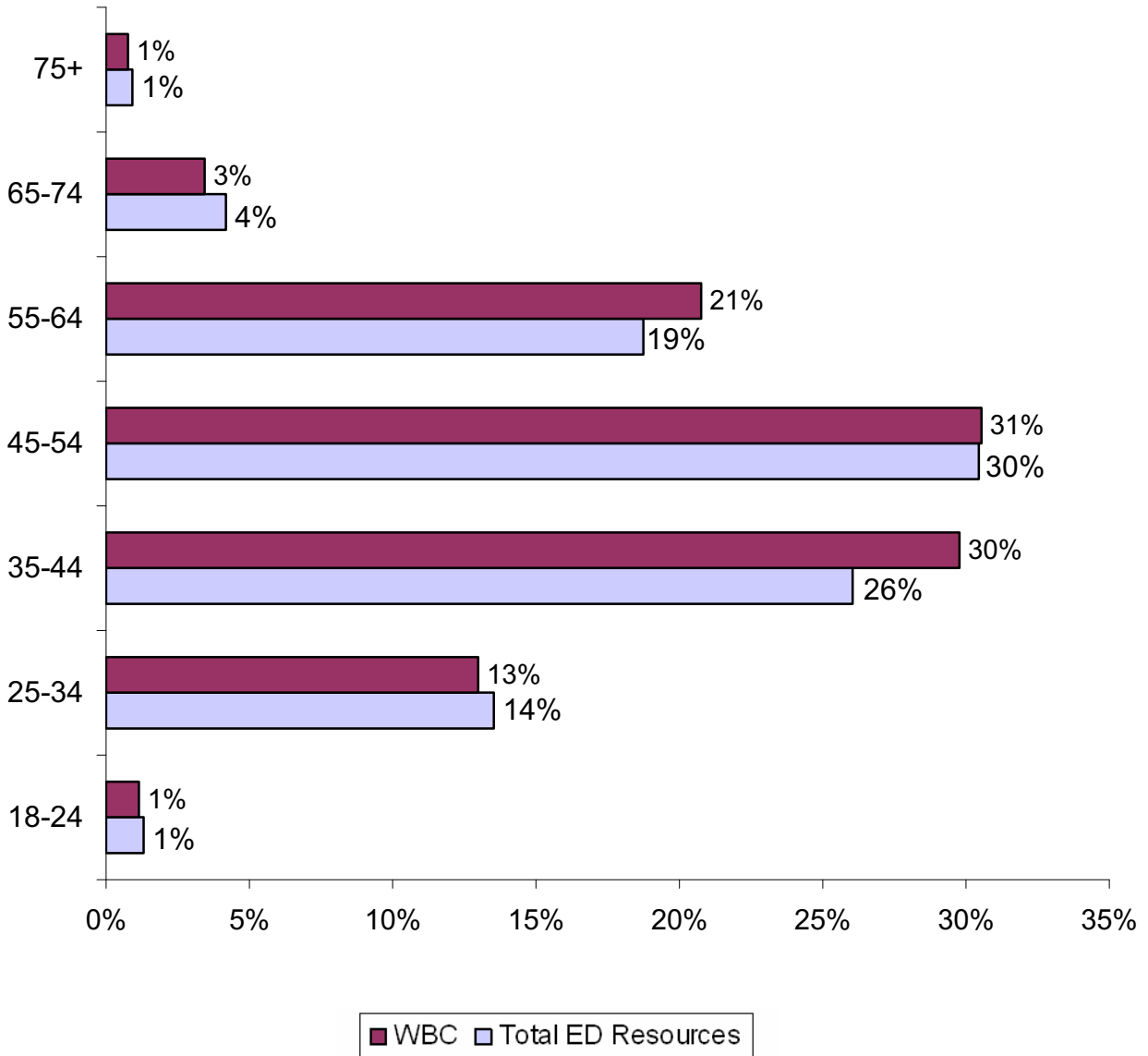
<sup>47</sup> In some instances, the total percentage might not equal 100 due to respondents who selected multiple ethnicities. The WBC demographic distribution was compared to the national averages from the 2002 Survey of Business Owners from the U.S. Census Bureau for Women Owned Businesses. The distribution was different for the following : Hispanic/Latino women business owners was reported to be 5%, White women business owners made up 84%, Black women business owners were 5%, and American Indian/Alaskan Native Women business owners were 1%.

Figure 7.3 shows the distribution of WBC clients by age of business owner. **Over 60% of WBC clients are between 35 and 54 years of age, and the largest age group served includes those between the ages of 45-54.** .

**Figure 7.3 – WBC – Age of Business Owner (FY2007 Clients)<sup>48</sup>**

WBC vs. Total ED Resources

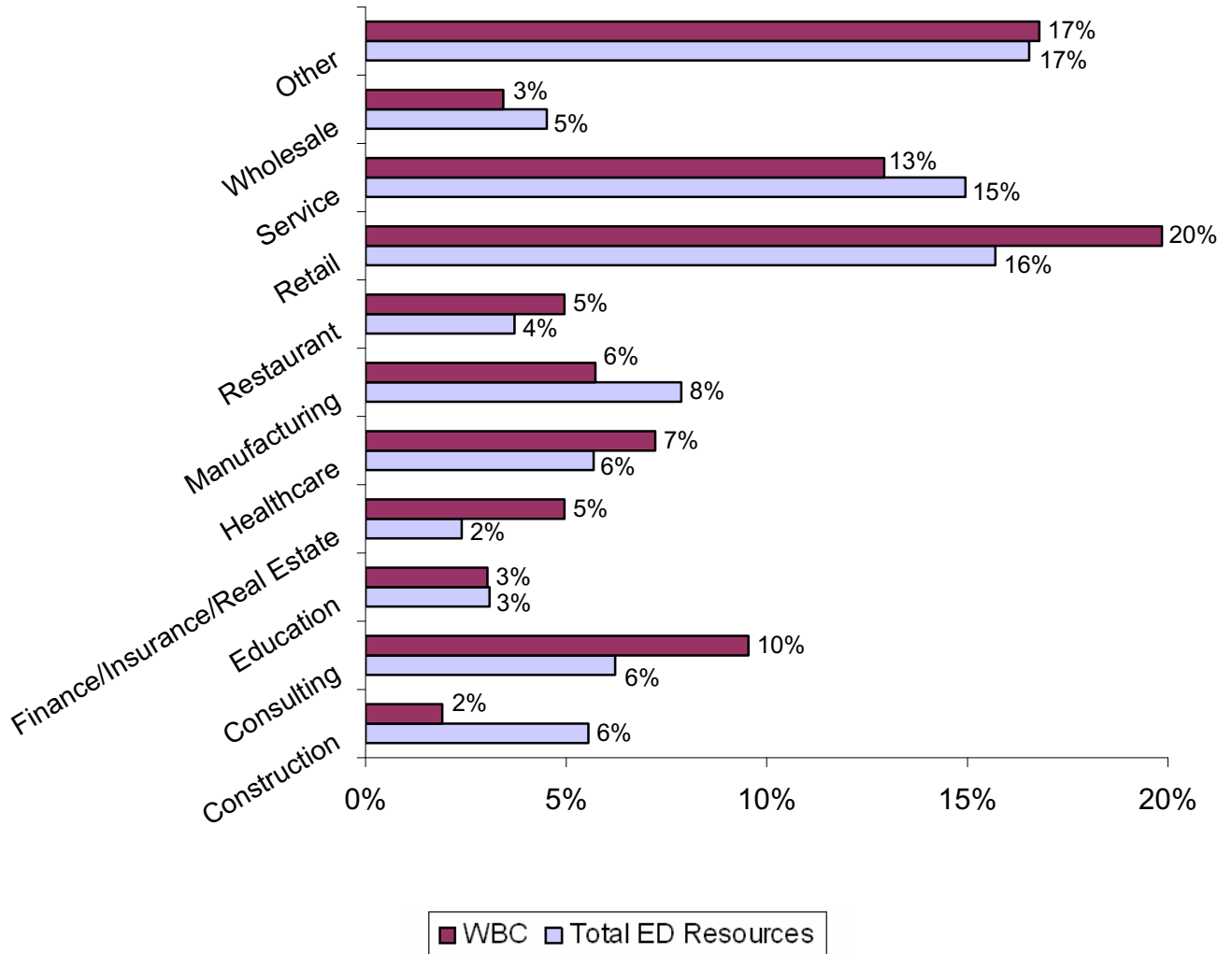
WBC: n=263; Total ED Resources: n=5,337



<sup>48</sup> The WBC demographic distribution was compared to the national averages from the 2002 Survey of Business Owners from the U.S. Census Bureau for Women Owned Businesses. The figures were comparable across age brackets except for the following: 18-24 was reported to be 3%, and >65 was 8% (compared to 4% for WBC clients.)

As shown in Figure 7.4, the most common types of businesses served by WBC are in the service and retail categories. **The share of WBC clients in the retail and consulting industries is higher than that of total ED Resources combined.**

**Figure 7.4 – WBC – Type of Business <sup>49</sup>(FY2007 Clients)**  
WBC vs. Total ED Resources



<sup>49</sup> Due to non-responses and multiple business type selections, the total for all business types might not equal 100%. The WBC distribution among job type was compared to the national averages from the 2002 Survey of Business Owners from the U.S. Census Bureau for Women Owned Businesses. The figures were comparable across industries except for the following: Retail was reported to be 15%, Manufacturing was 2%, Health Care was 11%, and Finance/Insurance and Real Estate was at 3%.

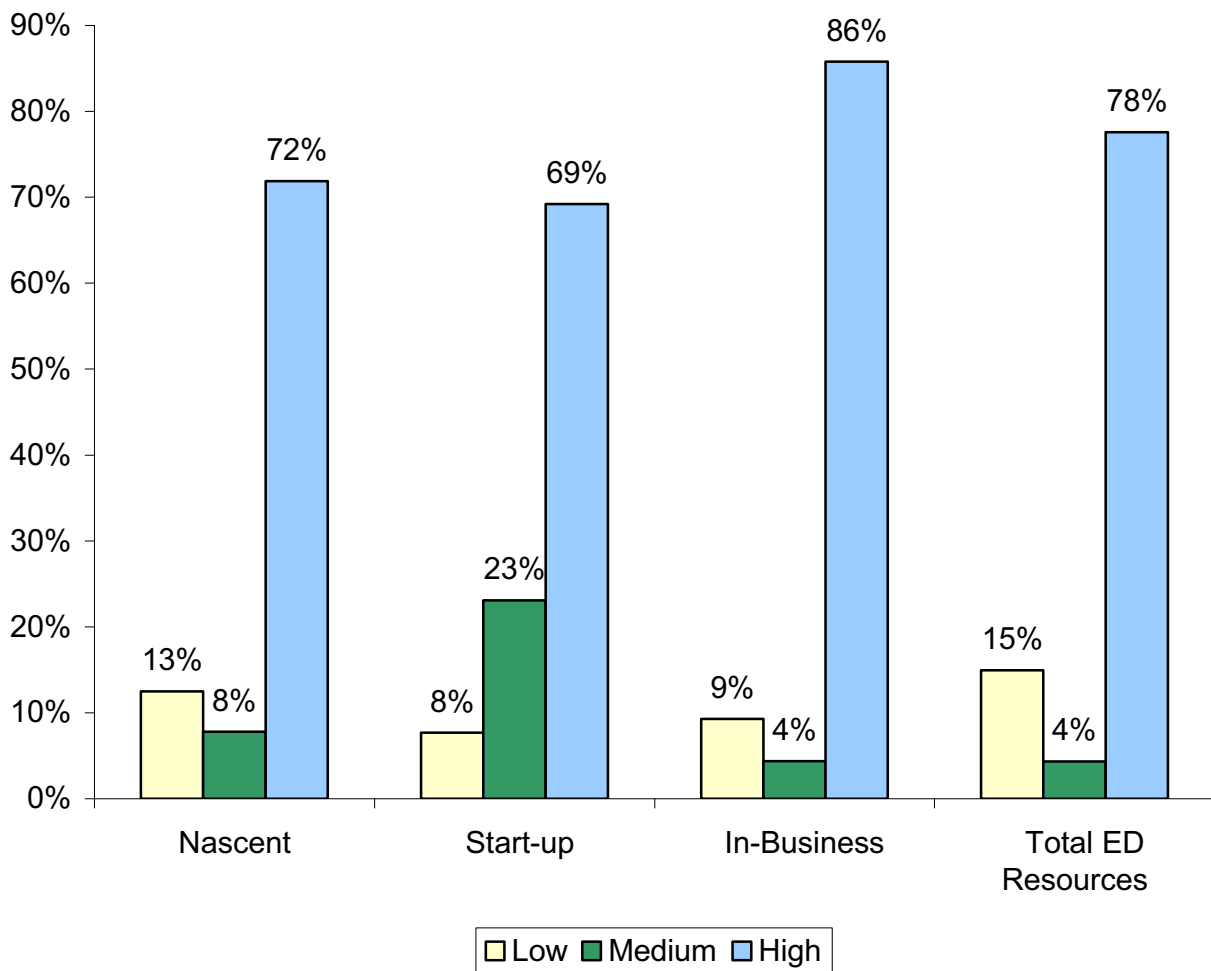


## WBC Client Attitudes Regarding ED Resource Assistance

### Usefulness and Value of Services or Assistance Received

Approximately 81% of WBC respondents overall reported that the information they received from their counselor was valuable. Figure 7.5 shows ratings of usefulness of services received by business segment. WBC In-Business clients assigned higher ratings (86%) than the 78% average for ED Resource clients combined. Nascent and Start-up segments, 72 and 69% respectively are lower than the average for ED Resource clients combined.

**Figure 7.5 – WBC –Usefulness of WBC<sup>50</sup> (FY2007 Clients)**  
WBC vs. Total ED Resources

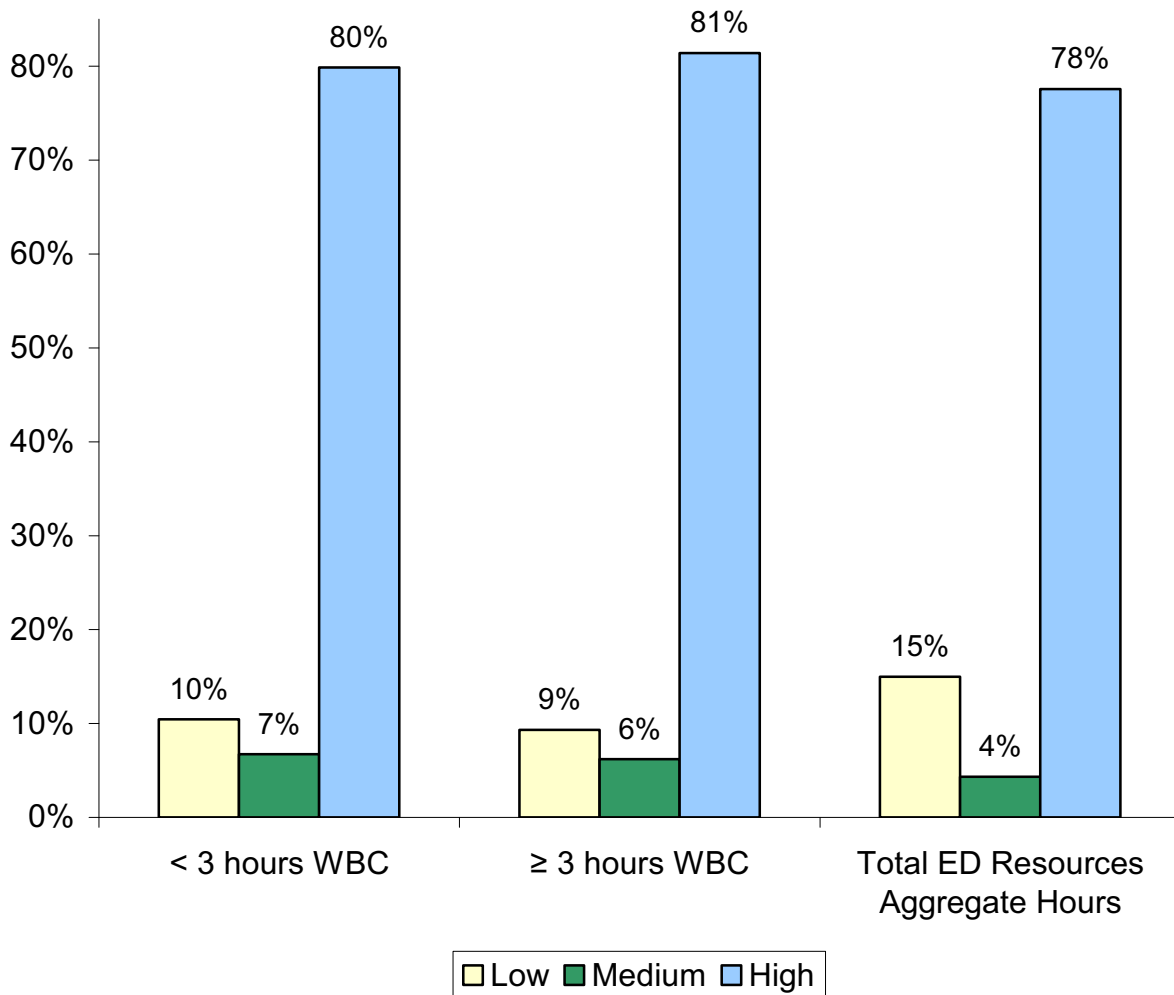


<sup>50</sup> Low value includes the 'Somewhat Valuable' and 'Not Valuable' response categories. High value includes the 'Extremely Valuable' and 'Valuable' response categories.

Figure 7.5A below shows the number of hours of counseling received relative to perceived usefulness of WBC, and compares these figures to the overall level of perceived usefulness reported for total ED Resources. Figure 7.5A shows that 81% of WBC respondents that received 3 or more hours of counseling rated WBC usefulness “high” as compared to 80% of respondents that received less than 3 hours of counseling.

Irregardless of the duration of counseling, WBC usefulness was rated as “high” or “medium” by a greater share of respondents and rated “low” by smaller segment of respondents than those that similarly rated the usefulness of total ED Resources.

**Figure 7.5A – Usefulness of WBC: WBC by Hours of Counseling vs. Total ED Resources Aggregate Hours**

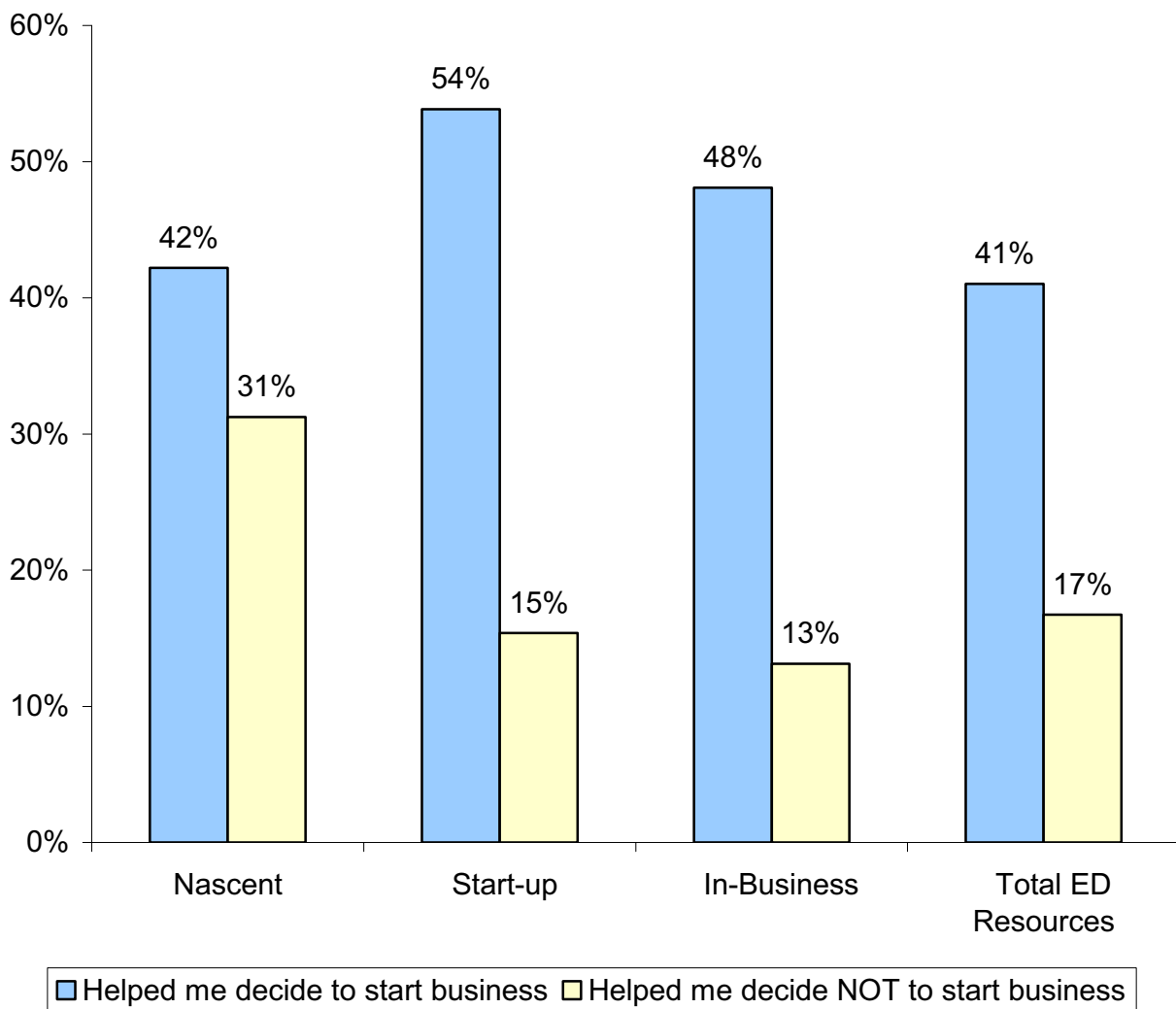


### Decision to Start or Not Start a Business

As reported in Figure 7.6, WBC assisted in the decision to start a business for 42% of Nascent respondents, 54% of Start-ups, and 48% of In-Business clients, all of which are higher than the average of 41% for all ED Resource clients combined. In addition, 31% of the 2006 Nascent respondents reported that WBC assistance helped them decide not to start a business, much higher than the 17% for ED Resources combined.

**Figure 7.6 – WBC – Usefulness of WBC ED Resources in Starting or NOT Starting a Business<sup>51</sup> (FY2007 Clients)**

WBC vs. Total ED Resources



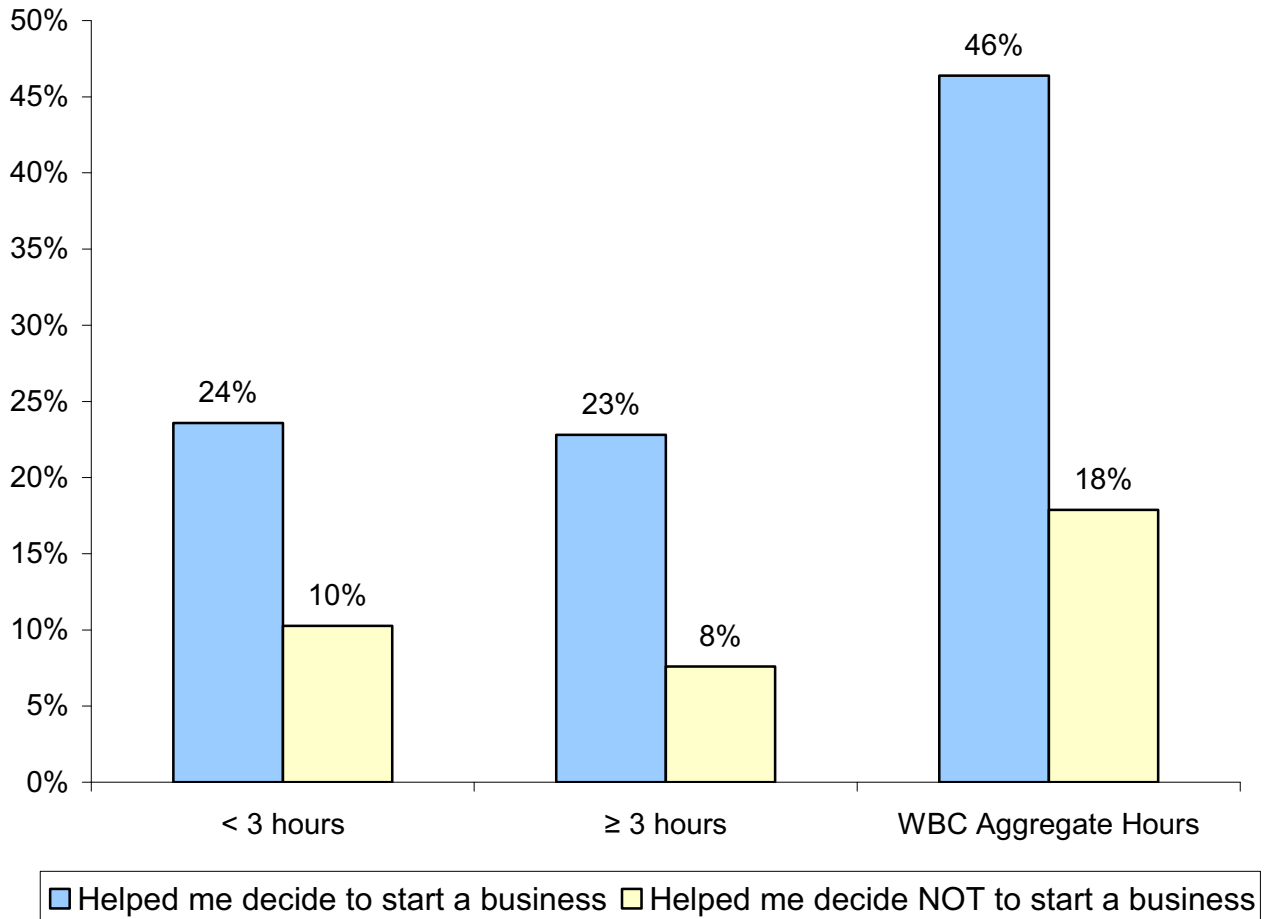
<sup>51</sup> Helpful includes the 'Very Useful' and 'Useful' response categories only.

Figure 7.6A shows the extent to which WBC assisted clients in their decision to start or not to start a business relative to the number of hours of counseling received.

As illustrated below, 23% of respondents received 3 or more hours of counseling and reported WBC to be helpful in deciding to start a business. Twenty-four percent of clients received less than three hours of counseling and found WBC to be helpful in deciding to start a business. Unlike SBDC and SCORE, those with less than 3 hours of counseling found the counseling to be slightly more helpful.

Eight percent of respondents had 3 or more hours of counseling and reported that WBC helped them decide not to start a business, which was slightly lower than those clients who received less than three hours of counseling.

**Figure 7.6A – WBC – Usefulness of WBC ED Resources in Starting or NOT Starting a Business: WBC by Hours of Counseling vs. WBC Aggregate Hours (FY2007 Clients)**



### Clients' Decision to Change Management Practices

Figure 7.7 compares WBC client decisions to change management practices or strategies by segment. As a result of WBC assistance, 69% of Start-up respondents and 64% of In-Business respondents reported changing their current management practices or strategies. These figures are considerably higher than those reported by all ED Resource clients combined. It should be noted, however, that the sample size for WBC Start-ups is quite small.

**Figure 7.7 – WBC – Changed Management Practices/Strategies as a Result of WBC ED Resource Assistance (FY2007 Clients)**

WBC vs. Total ED Resources

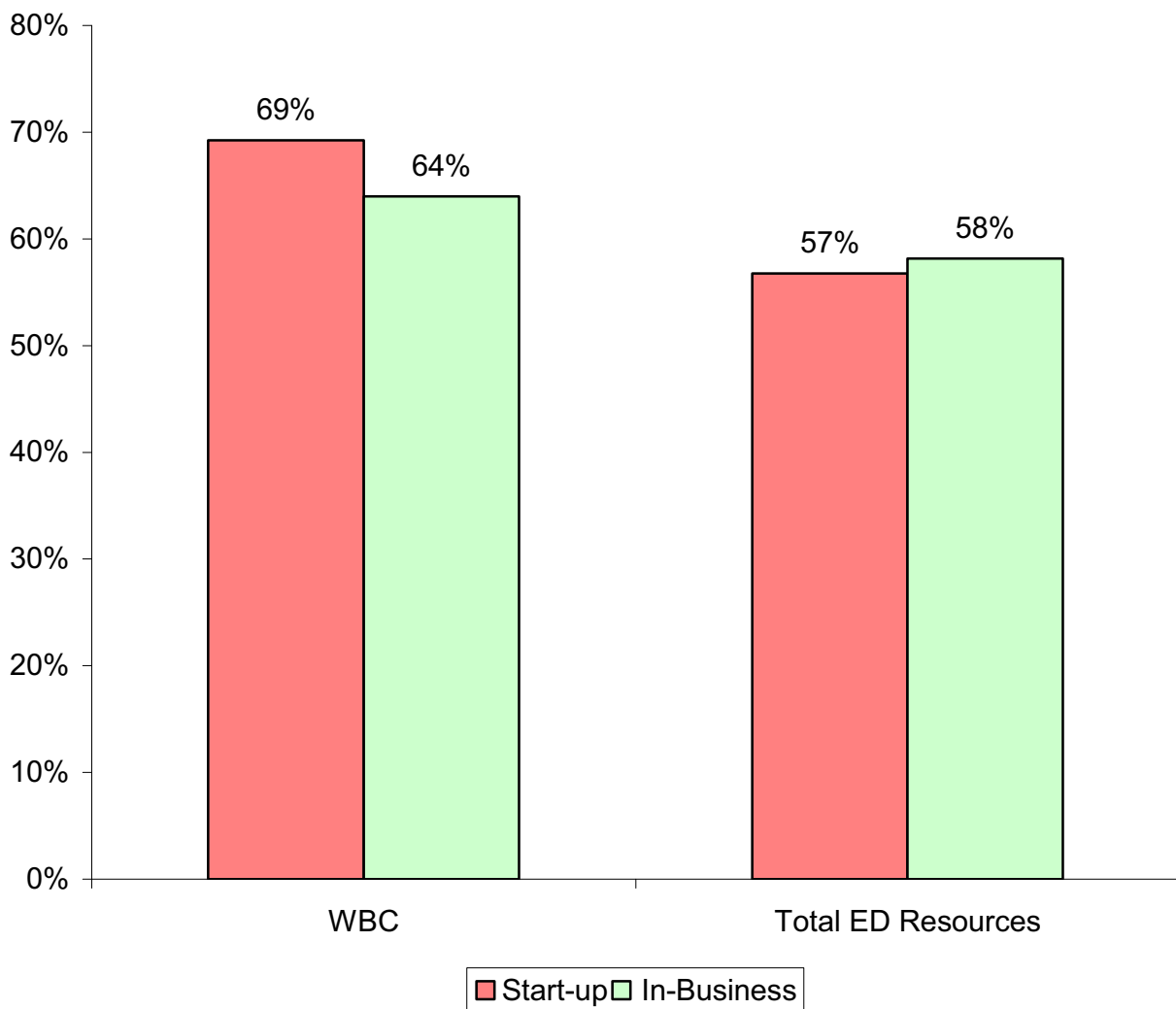
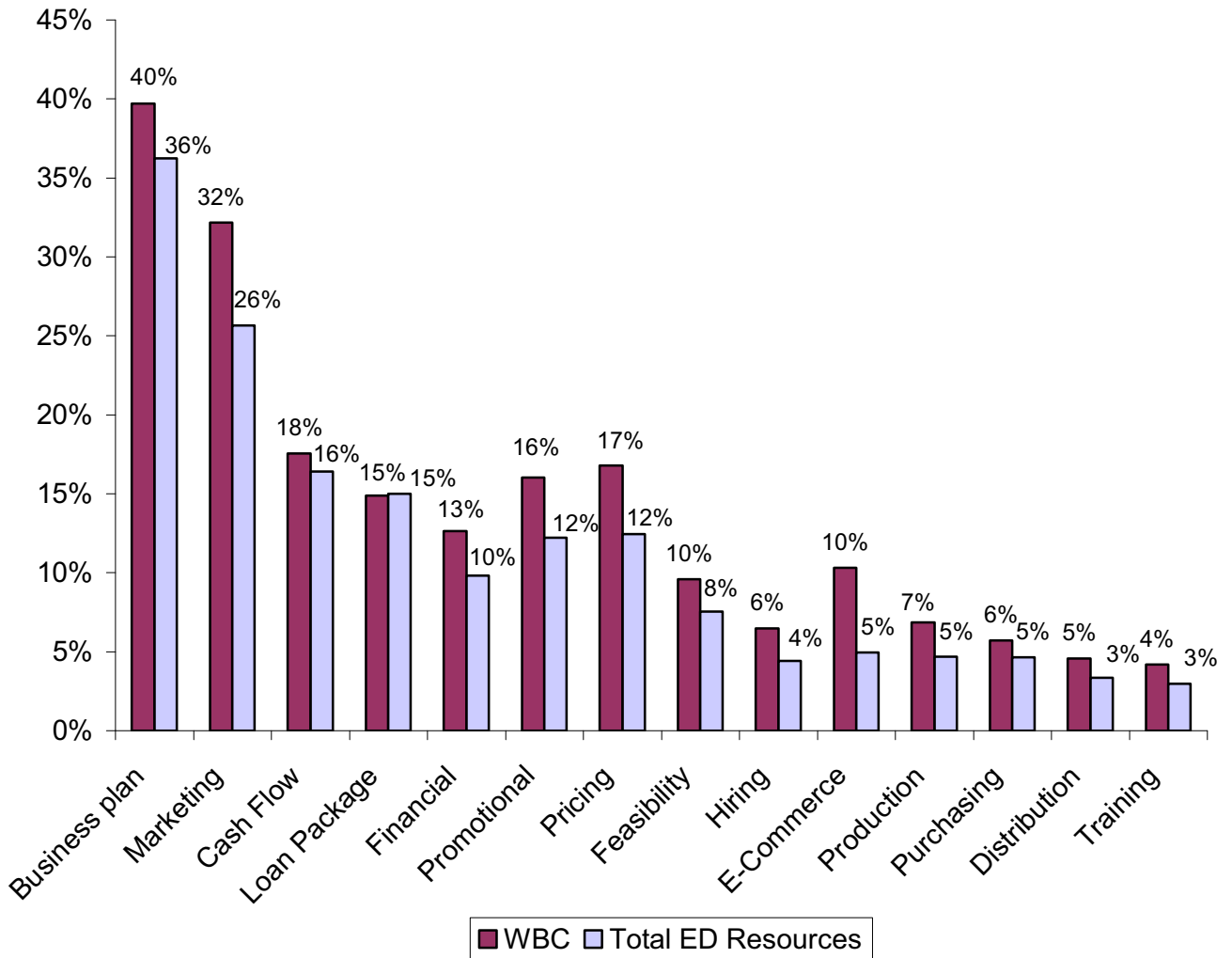


Figure 7.8 shows the business functions that were changed as a result of WBC assistance. Business plans and marketing plans were the most frequently cited functions, followed by cash flow analysis, pricing, and promotional plans.

**Figure 7.8 – WBC – Changes in Management Practices by Business Function (FY2007 Clients)**

WBC vs. Total ED Resources



### Sales, Job Creation and Job Retention

Figure 7.9 compares WBC Start-up and In-Business clients in terms of the impact of WBC assistance on increases in sales, profits, jobs, and the retention of employees. Twenty-five percent of WBC In-Business clients reported increases in retaining current staff compared to just 15% of total ED Resource clients. In addition, 38% of WBC Start-up respondents and 46% of In-Business respondents reported that WBC assistance resulted in increased sales compared to 26% of all ED Resource clients combined. Finally, 38% of WBC Start-up respondents and 35% of In-Business respondents reported that WBC assistance resulted in increased profit margins compared to 22% of all ED Resource clients combined. When compared to total ED Resource clients, In-Business and Start-up clients who used WBC resources were better able to improve their profits and sales, while In-Business clients were best able to hire new and retain current staff.

**Figure 7.9 – WBC – The Usefulness of the Changes for Firm (FY2007 Clients)**

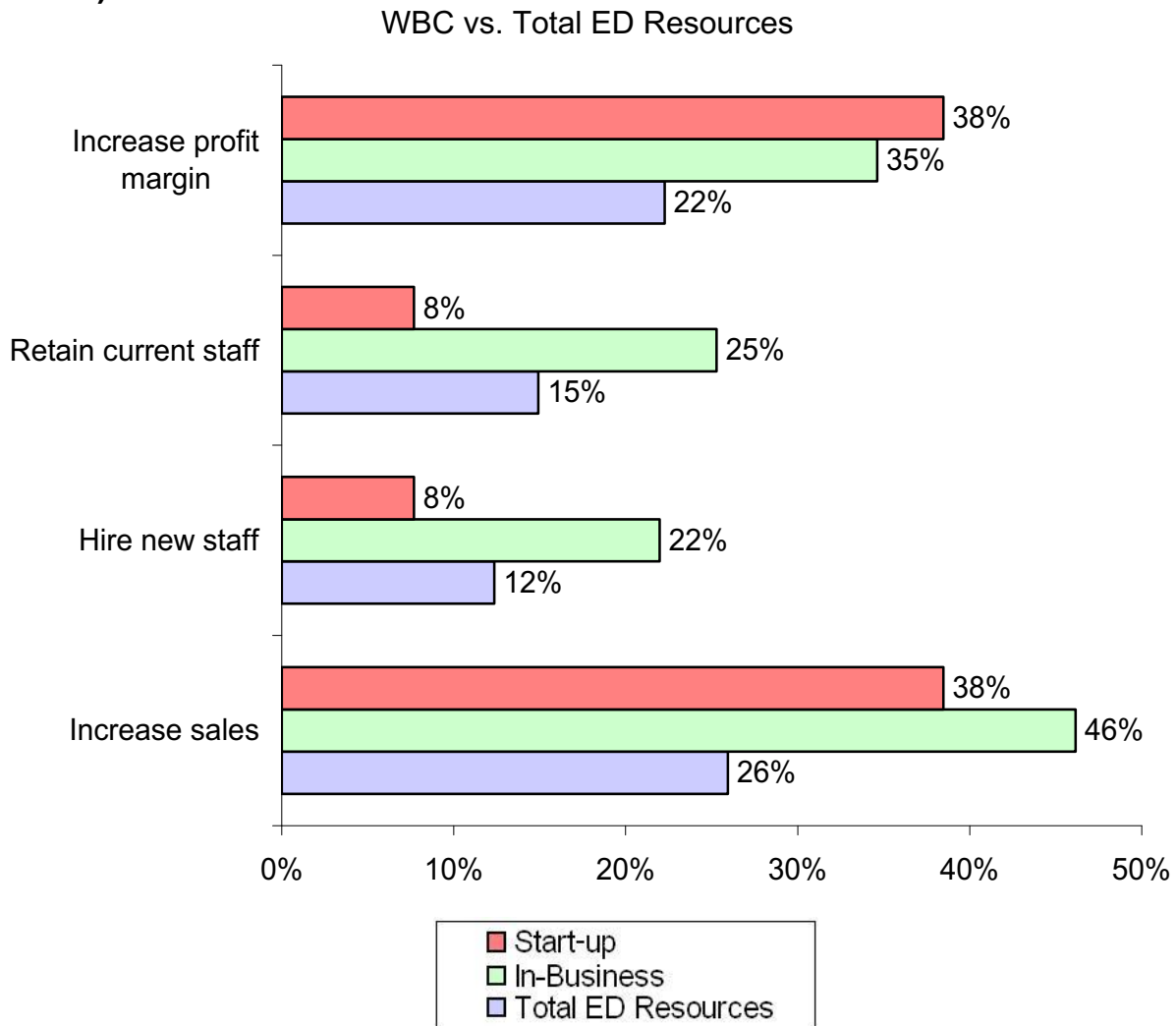
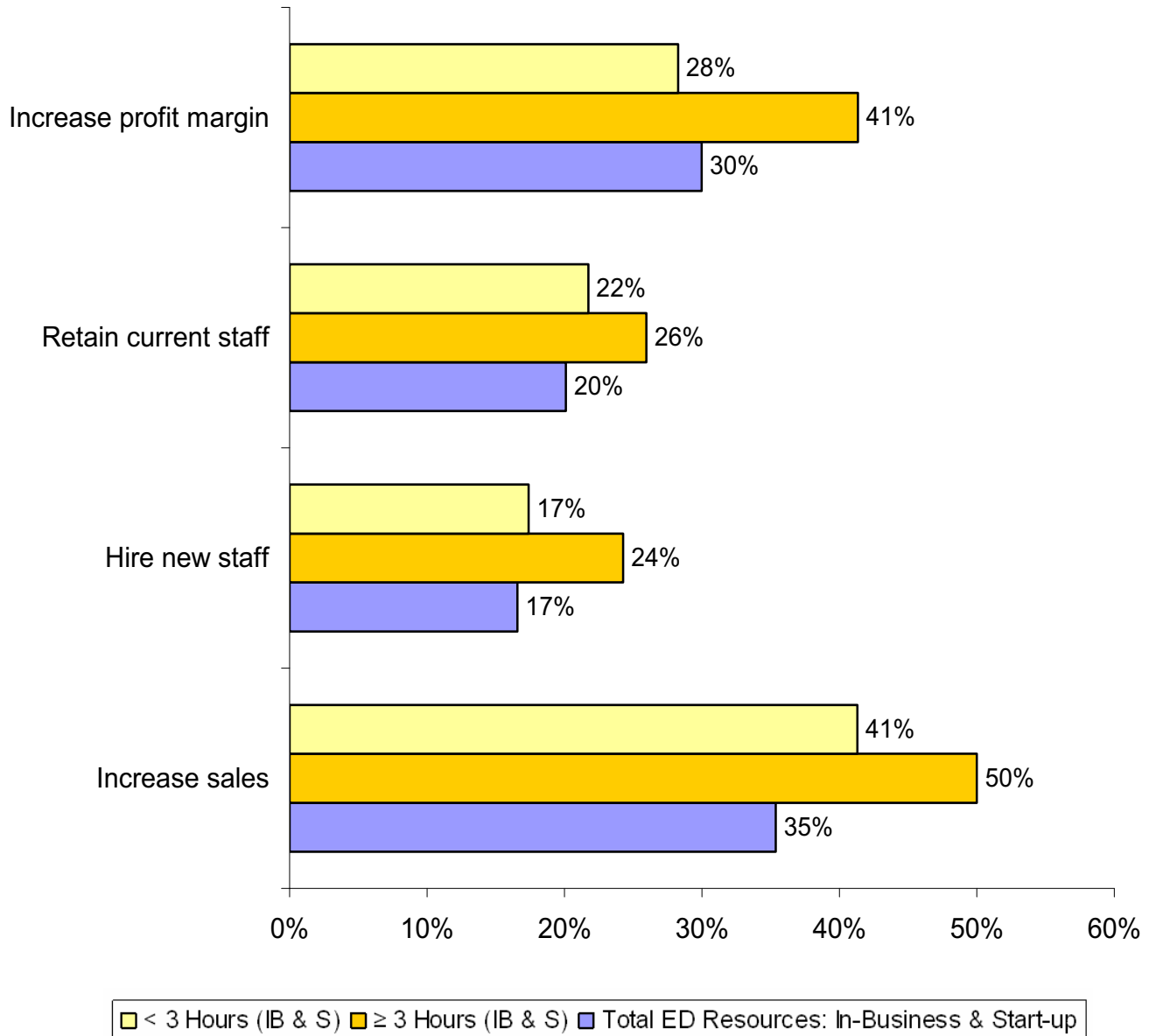


Figure 7.9A compares the average total ED Resource usefulness of assistance for increasing sales, profits, jobs, and the retention of employees to the impact of the number of hours of counseling on those ratings for WBC. The number of hours is divided into two categories; less than 3 hours, and 3 or more hours. It is clear from the figure that the greater the number of hours of counseling received, the greater the perceived usefulness of assistance reported by WBC In-Business and Start-up clients. The clients that received 3 or more hours of counseling from WBC reported an increase in sales 50% of the time, and an increase in profit margins 41% of the time, both significantly higher than total ED Resources and the level for less than 3 hours of counseling.

**Figure 7.9A – WBC – The Usefulness of Assistance: WBC Hours of Counseling Received for In-Business and Start-ups vs. Total ED Resources Aggregate Hours for In-Business and Start-ups**





## VIII. RESULTS FOLLOW-UP STUDY: FY2005 AND FY2006 CLIENTS

In this section, we report findings from an analysis of follow-up surveys of 2005 and 2006 ED Resource clients. These follow-up surveys were conducted in order to examine the impact of ED Resource assistance over time. This year’s Follow-up Study of 2005 ED Resource clients represents the second follow-up survey of this sample. The first follow-up survey of 2005 clients was conducted last year. The Follow-up Study of 2006 ED Resource clients is the first follow-up survey of these clients.

The following analysis addresses the following key research questions:

- What was the rate of transition of Nascent and Start-up firms to the In-Business segment?
  - Based on a comparison of the total ED Resources with the Panel Study of Entrepreneurial Dynamics<sup>52</sup> (PSED), what is the impact of ED Resource assistance on firm survival?
- What is the financial impact of services/assistance provided by SBA ED Resources as a whole in terms of job creation, job retention and sales?
  - How does the growth of ED Resource clients compare with selected growth benchmarks, such as the gross domestic product (GDP), National Federation of Independent Businesses (NFIB), and the Entrex Private Company Index (PCI)?

### Follow-up Methodology

There were 3,284 respondents to the Initial Economic Impact Survey of 2005 clients. The first follow-up survey of these respondents was conducted by mail and phone. This first follow-up sample included 363 respondents. These respondents were re-contacted for the second Follow up Study. Of these, Concentrance was able to collect follow-up data from 67 respondents, for which detailed data can be tracked to 2008.

There were 3,648 respondents to the Initial Impact Survey of 2006 clients. A follow-up survey of these respondents was conducted by phone. Of these, Concentrance was able to collect follow-up data from 429 respondents, for which detailed data which can be tracked to 2008.

<b>2005 Clients</b>	<b>Sample Size</b>	<b>Response Rate</b>
2005 - 2006 Initial	3,284	19%
Follow-up 1	363	11%
Follow-up 2	67	20%
<b>2006 Clients</b>	<b>Sample Size</b>	<b>Response Rate</b>
2006 – 2007 Initial	3,648	23%
Follow-up 1	429	14%

<sup>52</sup> A nationally funded, multi-million dollar survey of nascent entrepreneurs from a random sample of over 30,000 small business owners by the Kauffman Foundation. Although this survey was conducted on 2003 and 2004 clients, it is the most recent survey of its kind, and the most applicable as a benchmark. Results must also be interpreted with caution because no information exists on if PSED firms had counseling, there is response bias potential, and PSED clients specify if they have gone out of business whereas this study deduces the number of firms that have gone out of business.

**Changes in Business Segments from 2005 to 2008**

**What is the rate of transition of Nascent and Start-up firms to the In-Business segment?<sup>53</sup>**

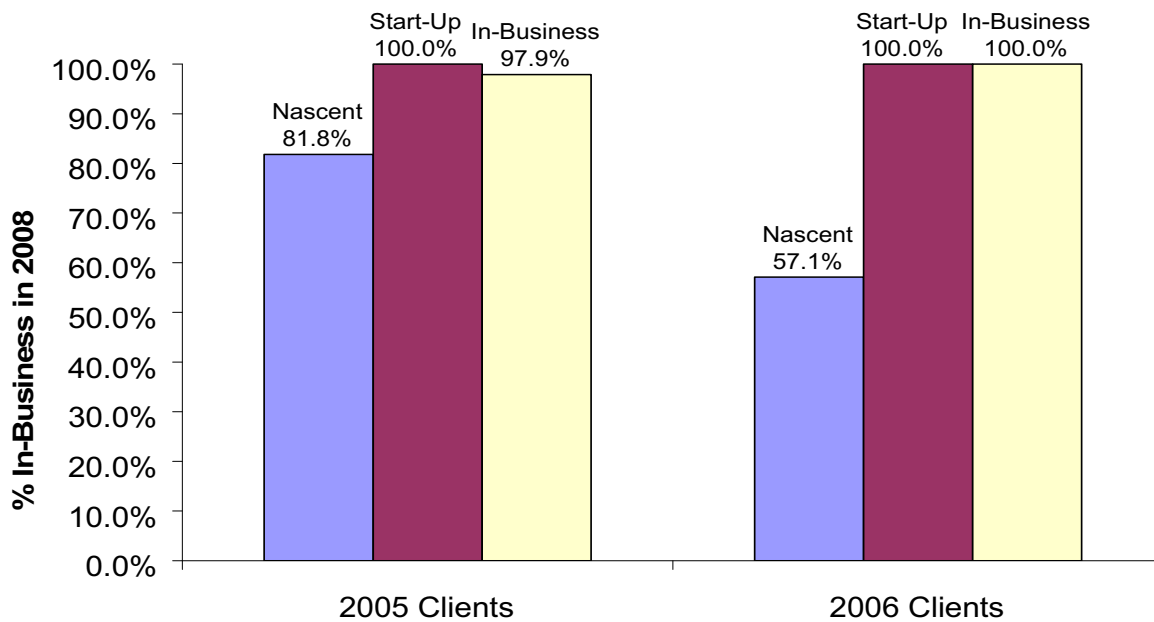
Figure 8.1 shows the movement of firms from their 2005 client segments to the In-Business segment in 2008. For example, 81.8 percent of 2005 Nascent clients transitioned into the In-Business category by 2008. In addition, 100 percent of 2005 Start-up respondents joined the In-Business segment and 98 percent of the In-Business segment remained in business in 2008.

Figure 8.1 also shows the movement of firms from their initial 2006 client segment to the In-Business segment in 2008. For example, 57 percent of 2006 Nascent clients transitioned into the In-Business category by 2008.

By comparison, according to a study by Carter, et al. (2004), 30 percent of nascent entrepreneurs in the PSED had started businesses at the time of the first follow-up.<sup>54</sup> Thus, based on results of both Follow-up Studies, Nascent ED Resource clients are more likely to start business than firms in the PSED sample.

According to these results, the number of firms that were in business in 2005 or in 2006 that went out of business during this period was negligible. However, the actual number of firms that have gone out of business is likely to be higher, since these firms are less likely to respond to the surveys.

**Figure 8.1 – Transitions and Survival of 2005 and 2006 Clients to 2008 In-Business**



<sup>53</sup> Segments are defined as follows: Nascent included those who have not yet started a business; Start-up firms have been in business for 6 months or less; In-Business firms have been operating for more than 6 months.

<sup>54</sup> Carter, Nancy M., William B. Gartner and Paul D. Reynolds (2004), "Firm Founding," in Handbook of Entrepreneurial Dynamics: The Process of Business Creation, eds. W.B. Gartner, K. G. Shaver, N.M. Carter, P.D. Reynolds, Thousand Oaks, CA: Sage Publications, Inc., 311-323.

## Impact of ED Resource Assistance on Firm Survival

### Does ED Resource assistance have a positive impact on firm survival?

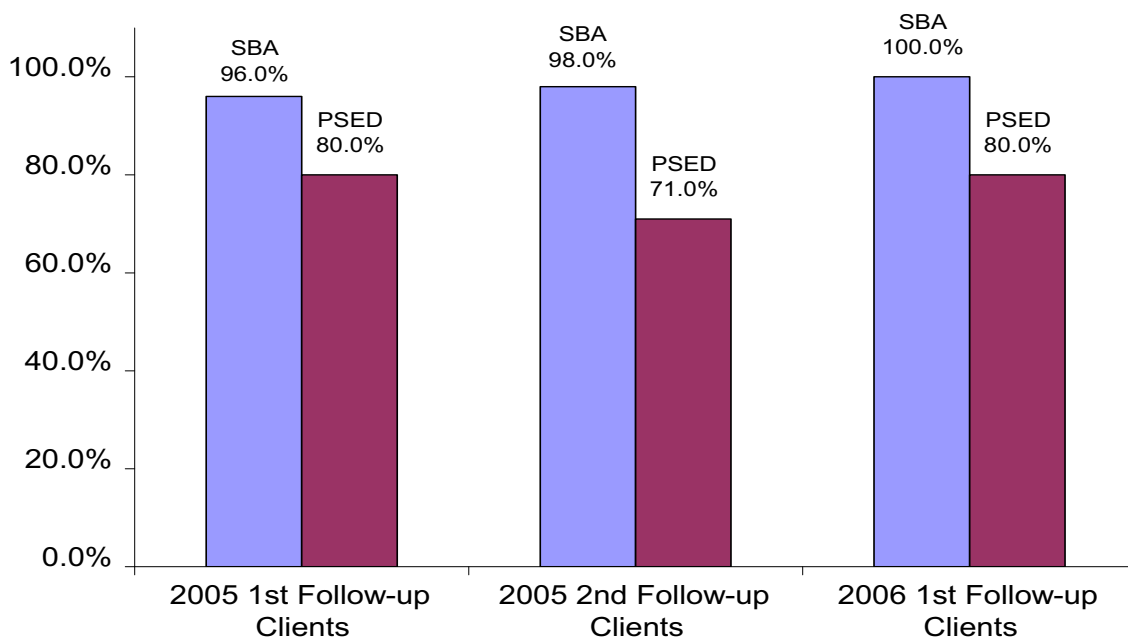
The PSED data serves as a benchmark for comparing the proportion of Nascent and Start-up businesses that can now be classified as In-Business firms. The PSED is a sample of nascent entrepreneurs assembled while they are in the process of going into business.

Figure 8.2 compares the survival rates for firms in our Follow-up Study with the PSED.<sup>55</sup> These results suggest that businesses who received ED Resource assistance have a higher survival rate than other small businesses such as those randomly sampled for the PSED.

For example, based on the Follow-up Study of 2005 ED Resource clients, 96 percent were still in business in 2008. In contrast, only 80 percent of firms in the PSED sample remained in business after one year. This pattern occurred again with the second Follow-up Study of ED Resource clients. Ninety-eight percent of these firms were still in business in 2008, while only 71 percent of firms in the PSED sample were still in business after two years. Based on the first follow-up sample of 2006 clients, one hundred percent remained in business in 2008.

In addition to the PSED analysis, ED Resource client survival rates are higher than other previous studies. For example, according to a recent study, two-thirds of new employer firms survive at least two years, and about 44 percent survive at least four.<sup>56</sup>

**Figure 8.2 – ED Resource Clients have Higher Survival Rates than PSED Firms**



<sup>55</sup> Source: Parker, Simon C. What happens to nascent entrepreneurs? An econometric analysis of the PSED. *Entrepreneurship in a Diverse World*. United States Association for Small Business and Entrepreneurship (USASBE). 2005.  
<sup>56</sup> Survival and Longevity in the Business Employment Dynamics Database, *Monthly Labor Review*, May 2005.

### Changes in Revenues and Employees

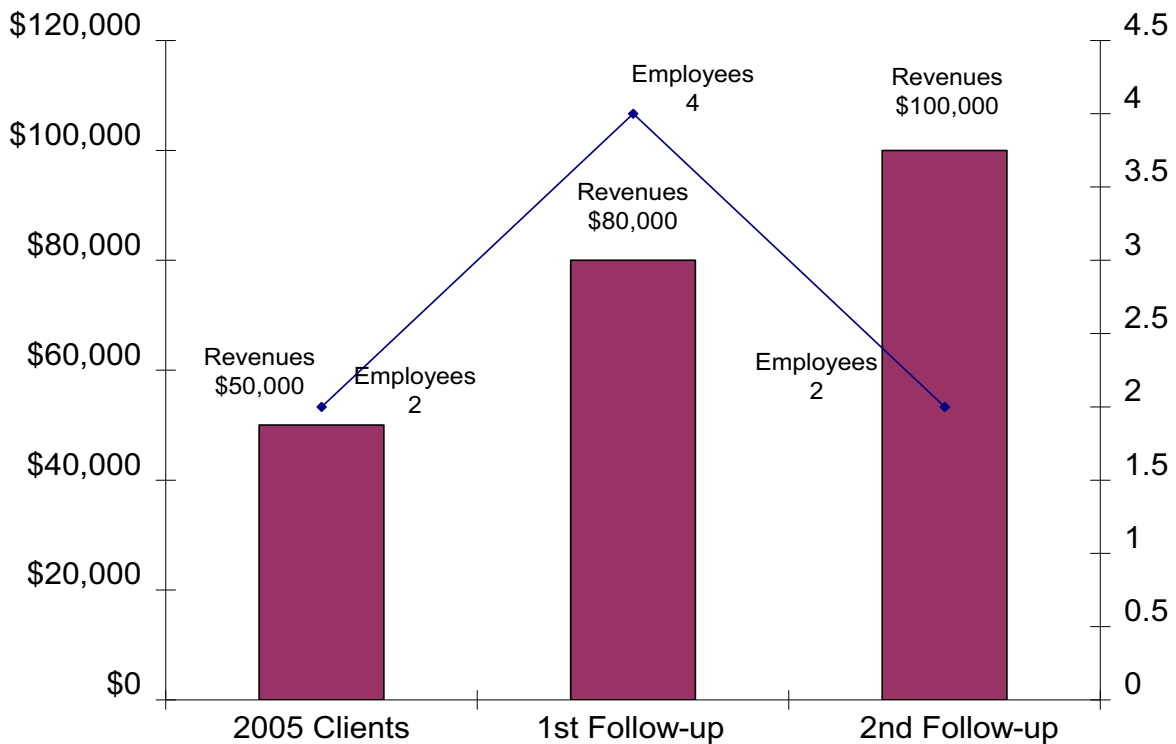
**What is the financial impact of services/assistance provided by SBA ED Resources in terms of job creation, job retention and sales?**

Figure 8.3 compares 2005 client firms in terms of annual revenues and number of employees in the initial and two subsequent follow-up studies.

According to this matched comparison, median revenues increased from \$50,000 in 2005 to \$80,000 in 2006 and had increased to \$100,000 by 2007.<sup>57</sup> Thus, median revenues doubled for 2005 clients that survived to 2008. At the same time, the median number of employees per firm increased from two for 2005 to four in 2007 and then fell to two in 2008.

By comparison, in the second half of 2007, the U.S. economy began to show signs of a slowdown in terms of inflation, unemployment, and interest rates. Also, according to a survey of small business owners conducted by the National Federation of Independent Businesses (NFIB), business owners in 2008 reported record deteriorating expectations about growth and employment, and increasing concerns about inflation.<sup>58</sup>

**Figure 8.3 – Total ED Resources Revenues and Employment: 2005 Survivors Over Time**



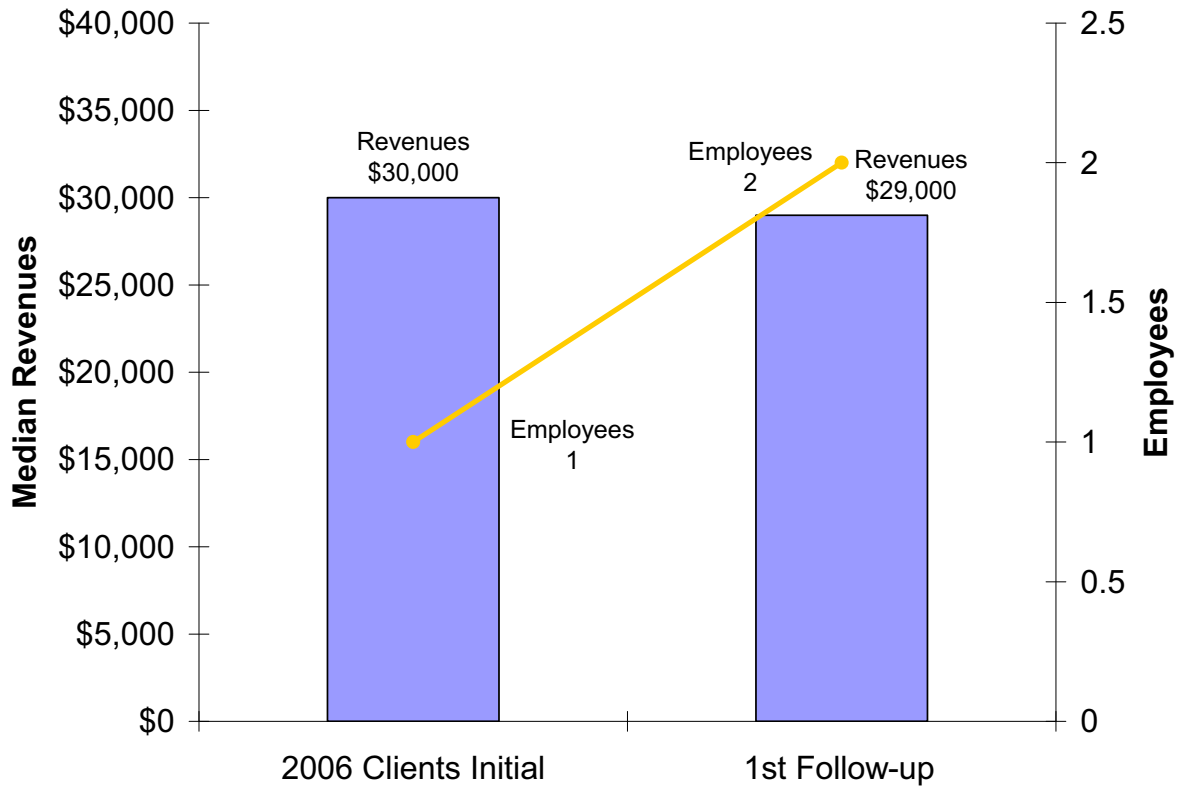
<sup>57</sup> Revenues from Nascent firms are not included. Start-up or In-Business Firms reporting zero revenues were treated as missing.

<sup>58</sup> Dunkelberg, William C. and Holly Wade (2008), "NFIB Small Business Economic Trends," July, <http://www.nfib.com/page/sbet>.

We repeated this analysis for the follow-up sample of 2006 clients. Figure 8.4 compares firms in terms of annual revenues and number of employees in 2006 and in the first follow-up survey.

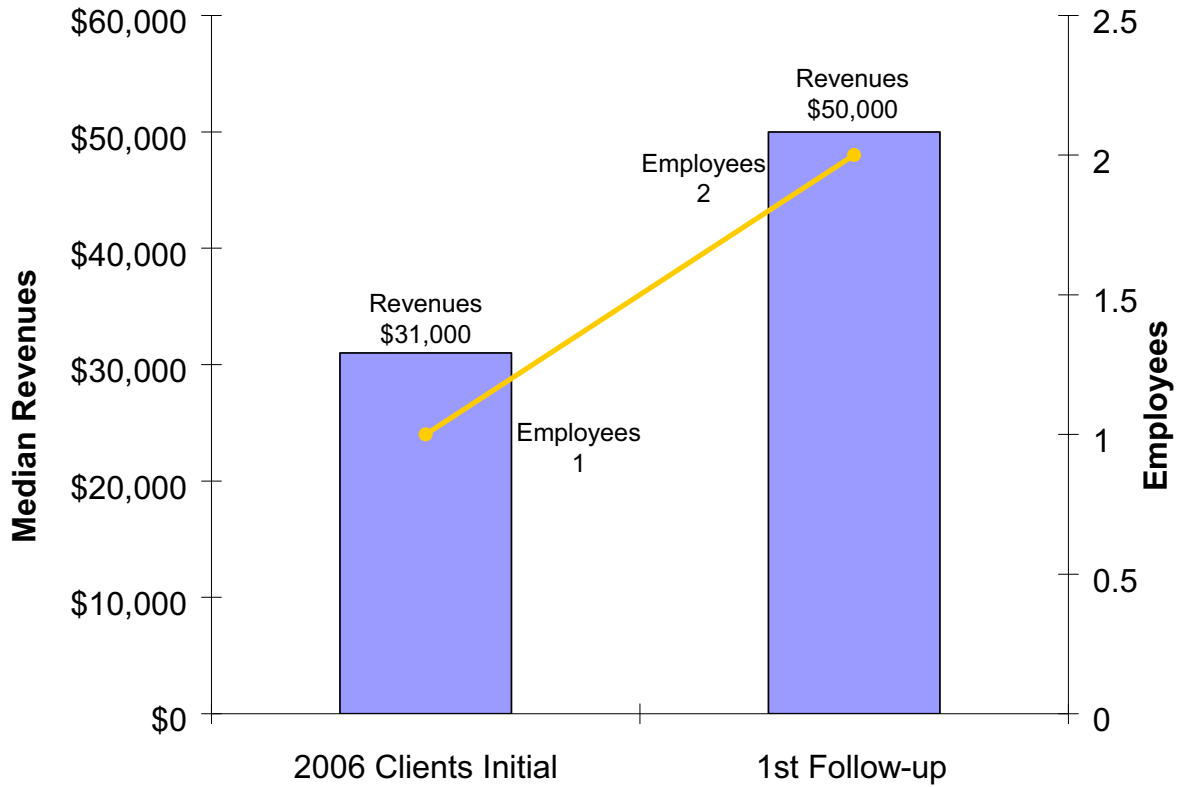
According to this matched comparison, median revenues fell only slightly from \$30,000 in 2006 to \$29,000 in 2007. At the same time, the median number of employees per firm increased from one in 2006 to two in 2008. Thus, despite the economic downturn occurring over this period, surviving small businesses in both follow-up surveys were able to achieve significant growth.

**Figure 8.4 – Total ED Resources Revenues and Employment: 2006 Survivors Over Time**



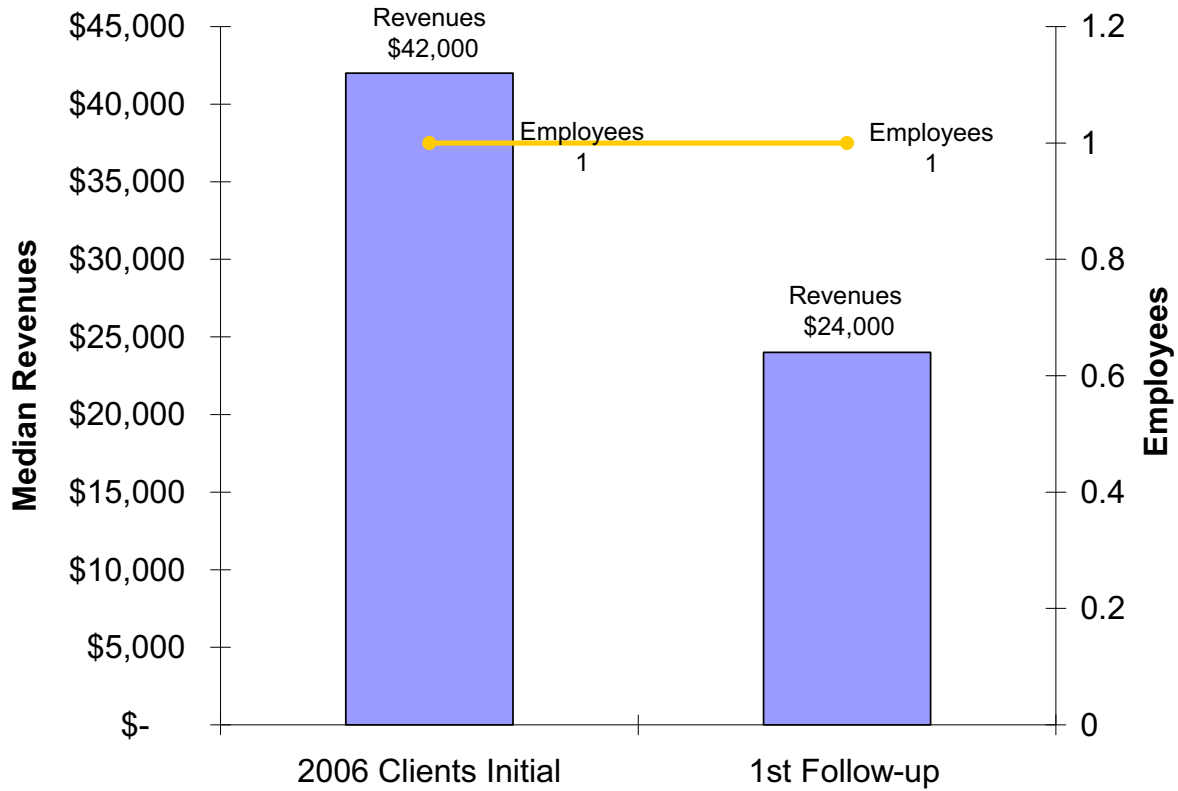
The following charts show changes in median revenue and employment for 2006 clients by ED Resource.<sup>59</sup>

**Figure 8.4A - SBDC Revenues and Employment: 2006 Survivors Over Time**

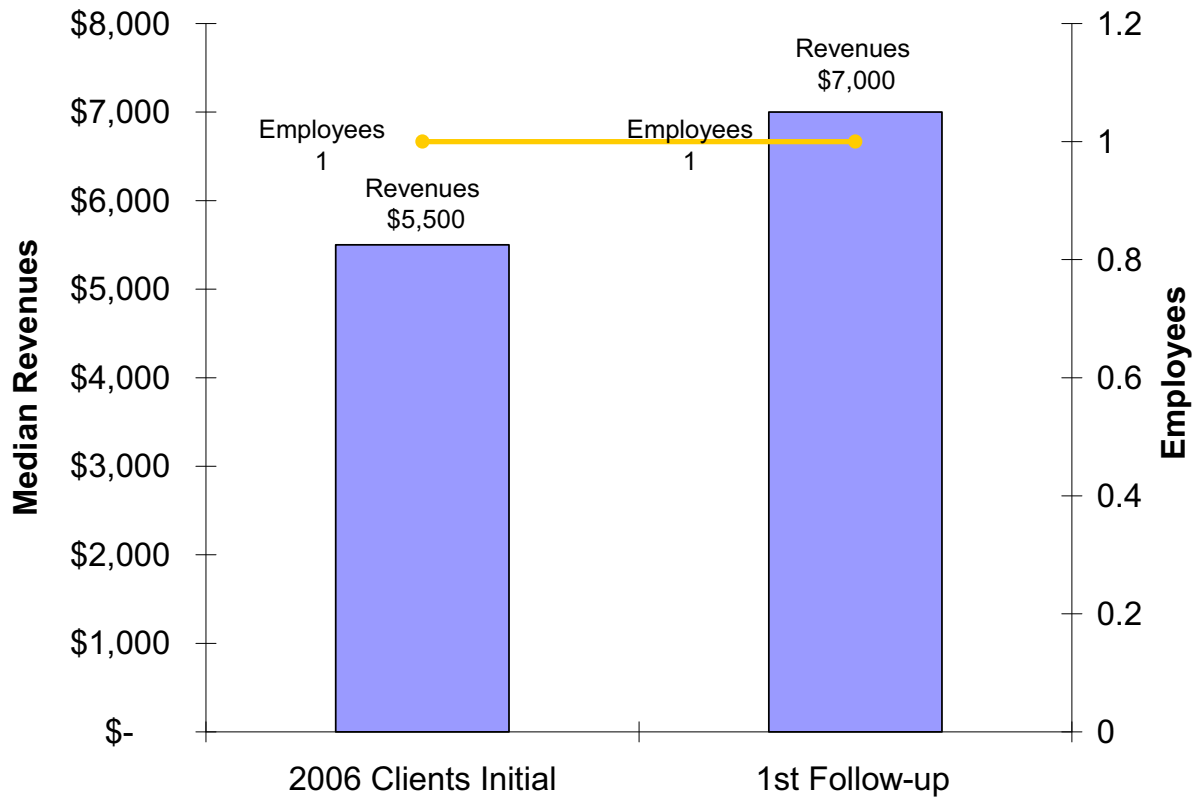


<sup>59</sup> The second Follow-up sample of 2005 clients included 67 firms—too few for a statistically meaningful analysis by individual ED Resource. Therefore, we have only included individual ED Resource analysis for 2006 clients. Figure 8.4 through 8.4C revenue and employment figures are only for those 2006 clients that responded to the Follow-up Study. As a result, the revenue and employment figures may differ from the initial study figures for 2006 clients. Further, some respondents in the Initial and Follow-up Studies did not report revenues. The direction of the changes over time, not the sizes of the figures as they compare to the initial study, are of relevance for these analyses.

**Figure 8.4B - SCORE Revenues and Employment: 2006 Survivors Over Time**



**Figure 8.4C - WBC Revenues and Employment: 2006 Survivors Over Time**



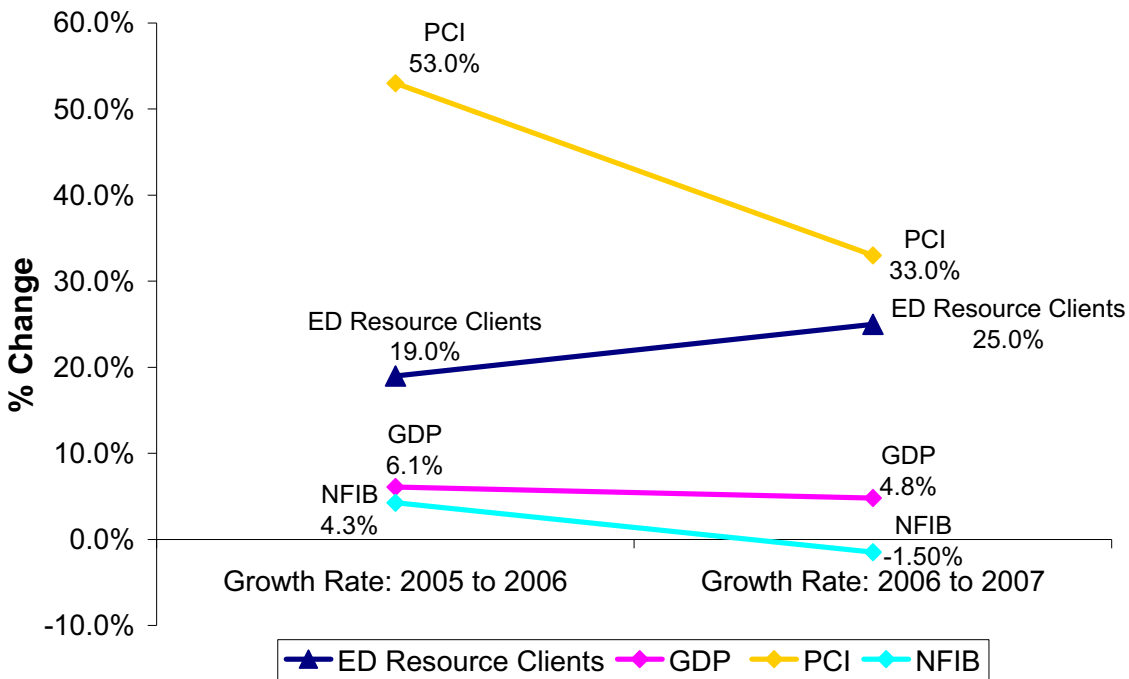


**Benchmark Comparisons**

**How does the growth of ED Resource clients compare with key benchmarks of economic growth?**

During the 2005 to 2007 period, growth rates for real GDP, sales changes reported by the NFIB, and the Private Company Index declined, while ED Resource client revenues increased. Figure 8.5 compares growth of ED Resource clients to three benchmarks—GDP (gross domestic product)<sup>60</sup>, the NFIB survey<sup>61</sup> and the Private Company Index (PCI).<sup>62</sup>

**Figure 8.5 - ED Resource Client Revenue Year-Over-Year Growth Rates Compared to Selected Benchmarks**



<sup>60</sup> Source: <http://www.bea.gov/national/xls/gdpchg.xls>

<sup>61</sup> The NFIB conducts quarterly mail surveys of approximately 10,000 small businesses in order to report economic trends. The NFIB reports net changes in actual sales changes and actual employment for the previous three months. The average monthly net changes in sales for the year are reported here. The industries that the NFIB survey respondents represent are similar to those of the SBA clients surveyed in this study with the exceptions of the construction and manufacturing industries, which are more highly represented in the NFIB study.

<sup>62</sup> The Private Company Index (PCI) published by Entrex, measures revenue performance in the sector of private companies with \$250 million or less in annual revenue (<http://www.privatecompanyindex.com>).

## Summary of Findings: Follow-up Study of FY2005 and FY2006 Clients

### Firm Survival

These analyses show that ED Resource assistance has had a significant impact on the survival and growth of small business clients. According to an analysis of 2005 ED Resource clients, 4 out of 5 Nascent businesses went into business by 2008. At the same time, only 2 percent of 2005 clients had gone out of business by 2008.

A comparison of transition rates of ED Resource clients with the PSED suggests that businesses who received ED Resource assistance have a higher survival rate than other small businesses. The PSED survival rate after two years is 71 percent, compared to 98 percent for ED Resource clients.

### Financial Impact and Growth

In terms of growth, annual revenues of ED Resource clients have doubled for 2005 clients that have survived over this period. In addition, revenues have not changed for 2006 clients, based on an analysis of follow-up data collected in 2008. At the same time, the median number of employees per firm has fallen for 2005 clients, although for 2006 clients, employment has increased. These findings suggest that despite the economic downturn occurring over this period, surviving small businesses have been able to achieve and maintain significant growth relative to other sectors of the economy.

## IX. SUMMARY OF QUANTITATIVE FINDINGS

### 1. What is the demographic, financial, and business profile of firms who utilize SBA ED Resources?

- Firms that have been in business for more than 6 months comprise the In-Business client segment. 66 % of ED Resource clients were in the In-Business category. Nascent clients represented 27% of ED Resource respondents while the smallest segment, Start-up clients, represented 3%.
- The median revenue for firms served by ED Resources is \$90,000 with 2 full-time employees. However, firm size varies by ED Resource. For example, SBDC clients have significantly higher median revenues at \$100,000 than SCORE clients at \$80,000, who are larger than WBC clients with median revenues of \$35,500.
- ED Resources served during 2007 represented a wide variety of business types at different stages in development. The most common types of industries included service and retail businesses, the same as previous years.
- ED Resource clients represented a variety of demographic groups: 50% of clients were female, 47% male, 76% white, 3% Asian, 12% African-American, and 7% were Hispanic. In addition, 11% of ED Resource clients were veterans. The largest age group served by ED Resources included clients between 45 and 54 years of age. In particular, 30% of ED Resource clients were in this age category.
- As in previous years, firm size affected perceived financial impact. **Larger firms (firms with higher revenues) were significantly more likely to report a higher financial impact of ED Resource assistance than smaller firms.** Financial impact for WBC clients was also marginally higher than SBDC or SCORE clients.
- **ED Resource clients who received 3 or more hours of assistance reported significantly higher perceived usefulness and positive financial impact of ED Resources than those with less than 3 hours of assistance.** Interestingly, ED Resource clients who received 3 or more hours of counseling also reported higher median revenues, with the exception of WBC clients. For example the median revenue for SCORE clients who received three or more hours of counseling was at \$97,000 compared to median revenues of \$56,000 for those that received less than three hours of counseling. For all ED Resources combined, \$100,000 was the median revenue for firms that received 3 or more hours of counseling, compared to \$62,500 for those that received less than three hours of counseling.
- In most cases, clients' **demographic characteristics are not significant determinants of the client's perception of the usefulness and value of the services/assistance received, the client's decision to start a business, or the client's business having a positive financial impact.** However, Nascent firms reported lower levels of perceived assistance with starting a business than Start-up or In-Business Firms.

Impact study data was used to examine four ED resource perceptions of impact. Findings for each of these impacts are described below.

**2. Is there a positive relationship between the services/assistance provided by ED Resources and the client's perception of the usefulness and value of the services/assistance received?**

- In general, ED Resource clients perceived information and assistance provided by ED Resource counselors to be valuable. Approximately 78% of ED Resource clients overall reported that assistance they received had high value. This rating was 79% for SBDC, 75% for SCORE, and 81% for WBC.
- Eighty percent of respondents who received more than 3 hours of counseling rated the usefulness of total ED Resources as “high”, vs. 73% of those that received less than 3 hours of counseling. Regression analysis confirmed that **ED Resource clients who received 3 or more hours of assistance reported significantly higher levels of perceived usefulness of ED Resources.**

**3. Is there a positive relationship between the services/assistance provided by ED Resources and the client's decision to start a business?**

- Services/assistance from ED Resources often helped clients start their businesses. In fact, 41% of respondents reported that this assistance helped them start a business. Seventeen percent of respondents reported that this assistance helped them decide not to start a business, up from 13% the previous year.
- SBDC and SCORE clients who received 3 or more hours of assistance were slightly more likely to report ED Resources helpful in deciding to start or not start a business than those who received with less than 3 hours of assistance. However, for total ED Resources, regression analysis revealed that **there was no significant relationship between the number of hours of counseling received and assistance with the decision to start or not start a business.**

**4. Is there a positive relationship between the services/assistance provided by ED Resources and the client's decision to implement and/or change management and/or marketing practices in their business?**

- As a result of ED Resource assistance, 58% of clients changed management practices or strategies, up from 45% last year. Clients used ED Resources most widely in developing business plans, marketing plans, cash flow analysis and financial management.

**5. Is there a positive relationship between the services/assistance provided by ED Resources and financial impacts, including job creation and retention and increases in sales?**

- Twenty-six percent of ED Resource clients reported that assistance provided by ED Resources resulted in increased sales. In terms of jobs, 12% of clients reported that

ED Resource assistance led to the hiring of new staff and 15% reported that ED Resources assisted them in retaining current staff. The perceived impact of ED Resource assistance profits was a little higher than previous years, with 22% of respondents reporting increases in profit margin.

- For the following financial categories: sales, profits, jobs, and retention of employees, ED Resource clients who received more than 3 hours of assistance reported higher financial impacts than firms who received fewer hours of assistance.
- Sales was the financial category that showed the most prominent relationship with hours of counseling received. Clients that received more than 3 hours of counseling reported increasing their sales 29 % of the time; whereas clients that received less than 3 hours of counseling increased their sales 21% of the time.

Follow-up Study of 2004 and 2005 ED Resource clients<sup>63</sup>:

**6. How do the results of this survey compare with the Panel Survey of Entrepreneurial Dynamics (PSED) study?**

- Based on the first Follow-up Study of 2005 ED Resource clients, 96% were still in business while only 80% of firms in the PSED sample remained in business after one year. For 2006 ED Resources clients, 100% were still in business after one year in comparison to 80% of firms in the PSED sample. In addition, for the second Follow-up Study for 2005 clients, 98% of ED Resource clients remained in business compared to 71% for those in the PSED sample. See Figure 8.2 for an illustration of survival rates comparisons between SBA clients and firms in the PSED survey.

**7. Was the financial impact (job creation, job retention and sales) on the clients who were provided services/assistance by SBA ED Resources (SBDC, SCORE, and WBC), financial position since 2005 greater than or equal to a representative small business population?**

- ED Resource 2005 clients' reported median revenue growth doubled from 2005 to 2007. ED Resource clients also achieved an increase in revenue growth rates while benchmarks such as the GDP, NFIB, and PCI saw a reduction in growth rates over the same period. These findings suggest that despite the economic downturn occurring toward the end of this period, surviving **ED Resource clients have been able to achieve and maintain significant growth relative to other sectors of the economy.**

<sup>63</sup> The Follow-up Study does not include hours of counseling received as this data was not collected in previous years.

## X. SUMMARY OF QUALITATIVE FINDINGS

Some clients included additional comments that were not captured in the quantitative analysis of the survey data. Respondents expressed both positive and negative reactions to their experiences with all three ED Resources. There were over 150 additional comments that reflected on the services and resources provided by SBA.

Among the positive comments, several themes emerged:

- Counselors were resourceful and provided invaluable assistance that was instrumental to the success of the business;
- Counselors provided specific and relevant information;
- ED Resources were effective in assisting business owners in creating business/marketing plans;
- ED Resources were effective in assisting business owners in obtaining financial assistance; and
- Survey respondents were inclined to return to the ED Resource for continued assistance and/or recommend it to others.

Some respondents attributed the success of their business directly to the help they received from their ED Resource counselor. Surveys included several positive reactions to individual counselors, for example:

*“[My counselors] were integral parts of the successful growth of [company]. The wealth of experience and knowledge [they] have and their ability to communicate in an easily applicable manner is unequalled.”*

Respondents also saw benefit in receiving relevant, specific information and strategies for small business owners from their counselors:

*“What I liked was [the Counselor] saw what I needed to get moving and when sales start I will revisit [to learn] how to manage my money”*

Another respondent commented on ED Resources providing a link with useful external resources:

*“Our needs were a bit beyond the [ED Resources]. The team did, however, refer us to Technology Incubator/Venture lab program at a local University. This introduction has been extremely valuable to us.”*

Similarly, respondents voiced positive reactions to the counselors’ instruction regarding strategies and approaches to obtaining financial assistance or creating business plans. One respondent commented:

*“[My counselor] figured out what was wrong with my financial plan when no one else could. Because of SBA I received \$61,000 in grants. I used the [assistance provided] to redo business plan and financials”*

Business owners also attested to their continued relationships with ED Resources and counselors. One respondent wrote how he or she used the ED Resources for ongoing support:

***“John has been our counselor for about 7 or 8 years now and we probably would not be where we are had we not had his help”.***

Another respondent commented:

***“I cannot say enough good things. They were of great value to me and my business partner. Highly recommended!”***

There were also respondents who provided criticism of ED Resources and counseling. The major themes of negative feedback included:

- Counselors were discouraging;
- Counselors were not knowledgeable of a client’s particular field or line of business and were thus unable to provide assistance with specific questions;
- Counselors were not useful in providing potential or current business owners with loan and grant information;
- Some respondents felt that individual counselor determine the quality of assistance he received; and
- ED Resources were not accessible, responsive or effective at meeting business owners’ specific needs.

The following respondent was discouraged by a counselor:

***“[Counselors] should be working to assist entrepreneurs in working through any roadblocks that hinder creation of new business. Instead they just say ‘you can’t do that.’”***

Other respondents felt that, although counselors were encouraging, they lacked sufficient experience or technical knowledge. One respondent wrote:

***“Counselor was knowledgeable – just not in our area of need. They tried but, in general, it wasn’t much help because they weren’t familiar with our field. We would need help from someone in public relations.”***

Another respondent similarly remarked:

***“Very helpful people but did not have experience in the tech industry.”***

Some respondents stated that they were dissatisfied with their experience because the program did not assist them in attaining a loan or grant for their business, as one respondent wrote:



***“I went there hoping to find financial aid, I left with two pieces of advise: 1. ask my competitor for a job; 2. create a profit/loss report. Both absolutely useless.”***

One respondent felt the individual counselor assigned to work with him determined the quality of assistance he received and stated:

***“Thank you for this inquiry, I have been wanting to report [the] poor service I received. There was no follow-up or support at that session; a waste of my time. However, I think it was the counselor that I was assigned, because I have talked with and met other counselors that were helpful and beneficial.”***

Additional feedback criticized ED Resources for being unable to meet specific business needs. For example, the following respondent felt that he or she did not gain from his or her experience because its provided limited tools:

***“I didn’t get what I thought was more than the basics from the workshops. I don’t believe anyone could start a business based on what was covered. The workshops really had no time for questions because they were so broad.”***

Survey comments also included concerns that resources were not responsive and counselors failed to follow-up. One respondent felt that resources were unavailable when seeking assistance:

***“I sent an email requesting information. No one contacted me. I sent another and still did not receive a response. I have yet to speak to anyone.”***



## XI. FURTHER RESEARCH AND RECOMMENDATIONS

Measuring the effects of ED Resources on business operations, as well as financial and economic outcomes, requires longitudinal data that track respondents over time. The first Follow-up Study of 2007 clients and second of 2006 client respondents will soon be underway. This longitudinal/panel study will determine the extent to which SBA ED Resources have resulted in actual survival and growth for businesses in each segment.

Further research with this dataset can allow comparison of the effects of different kinds of ED Resource assistance and services on financial and economic outcomes for clients. For example, one study could examine effects of different types of assistance (e.g. business plan vs. financial strategy) perceived improvements, actual survival and actual business growth.

On the basis of our findings, we offer the following recommendation be incorporated into the upcoming year's surveys.

- *Compare the Hours of Counseling Received results for 2007 clients to 2008 clients in the upcoming study.*

ED Resource clients who received more than 3 hours of assistance reported significantly higher perceived usefulness and positive financial impact of ED Resources than those with less than 3 hours of assistance. ED Resources clients who received more than 3 hours of counseling also had significantly higher median revenues, with the exception of WBC clients. It will be important to compare these results with the results from the upcoming survey to better assess the affect of more than 3 hours of counseling and the likelihood that larger firms receive more counseling.

## XII. APPENDICES

### Appendix 1 – Survey Response Values by Research Topic

RESEARCH TOPIC	SURVEY QUESTIONS	RESPONSE CODE/DATABASE VALUES
Demographic Characteristics	#8. At the time you were assisted by [WBC, SCORE, SBDC] what was the approximate annual gross revenue of your business?	Open ended
	#9. At the time you were assisted by [WBC, SCORE, SBDC], how many people (full and part-time), including yourself, did your business employ?	Open ended
	#13. Gender	Male=1, Female=2, No response = N
	#14. Veteran Status	Veteran=1, Service Disabled=2, Non-Veteran=3, No response = N
	#15. Age	18-24= 1, 25-34 = 2, 35-44 = 3, 45-54 = 4, 55-64 = 5, 65-74 = 6, 75+ = 7, No response = N
	#16. Are you: Hispanic or Latino, Not Hispanic/Latino Origin	Hispanic or Latino=1, Not of Hispanic/Latino Origin=0, No response = N
	#17. Are you: American Indian or Alaskan Native, Asian, Black or African American, Native Hawaiian or Pacific Islander, White	American Indian or Alaskan =1 or 0, Asian =1 or 0, Black or African American =1 or 0, Native Hawaiian or Pacific Islander =1 or 0, White =1 or 0, No response = N
	#18. If you are in business, what is the primary type of business?	Construction=1 or 0, Manufacturing=1 or 0, Consulting =1 or 0, Wholesale =1 or 0, Finance, Ins. And Real Estate =1 or 0, Entertainment =1 or 0, Retail =1 or 0, Restaurant =1 or 0, Engineering =1 or 0, Publishing =1 or 0, Education =1 or 0, Service =1 or 0, Health Care =1 or 0, Day Care =1 or 0, Transportation =1 or 0, Computer System & Design =1 or 0, Other = open ended, No response =N
		<input type="checkbox"/> Construction <input type="checkbox"/> Manufacturing <input type="checkbox"/> Consulting <input type="checkbox"/> Wholesale <input type="checkbox"/> Finance, Ins. and Real Estate <input type="checkbox"/> Entertainment <input type="checkbox"/> Retail <input type="checkbox"/> Restaurant <input type="checkbox"/> Engineering <input type="checkbox"/> Publishing <input type="checkbox"/> Education <input type="checkbox"/> Service <input type="checkbox"/> Health Care <input type="checkbox"/> Day Care <input type="checkbox"/> Transportation <input type="checkbox"/> Computer System & Design <input type="checkbox"/> Other

<p><b>Is there a positive relationship between the services/assistance provided by SBA ED Resources and the client's perceptions of the usefulness and value of the services/assistance received?</b></p>	<p>#10. Please indicate the value of the information you received from the [WBC, SCORE, SBDC] counselor you visited:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 1. Usefulness of information</li> <li><input type="checkbox"/> 2. Relevancy of the information</li> <li><input type="checkbox"/> 3. Timeliness of the information</li> <li><input type="checkbox"/> 4. Rate your overall experience</li> </ul>	<p>Extremely Valuable=5, Valuable=4, No Opinion=3, Somewhat Valuable=2, Not Valuable=1, No response = N</p>
	<p>#11. Please indicate how effective the counselor was in assisting you:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 1. Assistance met my needs</li> <li><input type="checkbox"/> 2. Counselor's ability to assist me</li> <li><input type="checkbox"/> 3. Counselor was friendly</li> <li><input type="checkbox"/> 4. Counselor was current on management issues</li> <li><input type="checkbox"/> 5. Counselor was knowledgeable</li> </ul>	<p>Effective=5, Somewhat Effective=4, No Opinion=3, Somewhat Ineffective=2, Ineffective=1, No response = N</p>
<p><b>Is there a positive relationship between the services/assistance provided by SBA ED Resources and the degree those services and assistance influence the client's decision to start a business</b></p>	<p>#12. Please indicate how useful the services were that you received from the counselor who assisted you in identifying and correcting problems in operating your business and/or assisted you in starting or not starting a business</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 1. Identification of problem(s)</li> <li><input type="checkbox"/> 2. Correction of problem(s)</li> <li><input type="checkbox"/> 3. Assisted in starting a business</li> <li><input type="checkbox"/> 4. Helped me to decide not to start a business</li> </ul>	<p>Very Useful=5. Useful=4, No Opinion=3, Somewhat Useful=2, Not Useful=1, No response = N</p>
<p><b>Is there a positive relationship between the services/assistance provided by SBA ED Resources and clients' decisions to implement and/or change management and/or marketing practices in their business</b></p>	<p>#4. As a result of the assistance you received, have you changed any of your current management practices?</p>	<p>Yes=1, No=0, No response = N</p>
	<p>#5. As a result of the assistance you received, which management practices/strategies have you changed? [Check all that apply]</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Financial Management</li> <li><input type="checkbox"/> Human Resource (Hiring/Firing)</li> <li><input type="checkbox"/> Marketing Strategy</li> <li><input type="checkbox"/> International Trade</li> <li><input type="checkbox"/> Promotional Strategy</li> <li><input type="checkbox"/> Obtaining Capital</li> <li><input type="checkbox"/> General Management</li> <li><input type="checkbox"/> Other</li> </ul>	<p>If checked = 1 Not checked = 0, Other = open ended, No response = N</p>

	<p>#6. As a result of the assistance I received from the [WBC, SCORE, SBDC] counselor I was able to develop [i.e., Business Plan] in order to start or better manage my business. [Check all that apply]</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Business Plan</li> <li><input type="checkbox"/> Marketing Plan</li> <li><input type="checkbox"/> Promotional Plan</li> <li><input type="checkbox"/> Pricing Strategy</li> <li><input type="checkbox"/> Cash Flow Analysis</li> <li><input type="checkbox"/> Loan Package</li> <li><input type="checkbox"/> Hiring Plan</li> <li><input type="checkbox"/> Training Plan for Staff</li> <li><input type="checkbox"/> Financial Strategy</li> <li><input type="checkbox"/> E-Commerce Strategy</li> <li><input type="checkbox"/> Purchasing Strategy</li> <li><input type="checkbox"/> Feasibility Plan</li> <li><input type="checkbox"/> Production Plan</li> <li><input type="checkbox"/> Distribution Plan</li> <li><input type="checkbox"/> Other</li> </ul>	<p>If checked = 1, Not checked = 0, Other =open ended, No response = N</p>
	<p>#7. Please indicate the impact these changes have had on your firm:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 4. Expand my products/services</li> <li><input type="checkbox"/> 6. Revise my marketing strategy</li> </ul>	<p>Strongly Agree=5, Agree=4, No Opinion=3, Disagree=2, Strongly Disagree=1, No response = N</p>
<p><b>Is there a positive relationship between the services/assistance provided by SBA ED Resources and the clients' businesses having a positive financial impact on job creation and retention and increase in sales?</b></p>	<p>#7. Please indicate the impact these changes have had on your firm:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 1. Increase my sales</li> <li><input type="checkbox"/> 2. Improve my cash flow</li> <li><input type="checkbox"/> 3. Acquire an SBA loan</li> <li><input type="checkbox"/> 5. Hire new staff</li> <li><input type="checkbox"/> 7. Increase my profit margin</li> <li><input type="checkbox"/> 8. Retain current staff</li> <li><input type="checkbox"/> 9. Acquire a government contract</li> <li><input type="checkbox"/> 10. Other</li> </ul>	<p>Strongly Agree=5, Agree=4, No Opinion=3, Disagree=2, Strongly Disagree=1, other=open ended, No response = N</p>
<p><b>General Business</b></p>	<p>#1a. Are you currently in business?</p>	<p>Yes=1, No=0, No response = N</p>
	<p>#1b. If yes, when was the business started?</p>	<p>mm/yyyy</p>
	<p>#1c. What is the zip code of your business</p>	<p>xxxxx</p>
	<p>#2. If NO, when do you plan on starting a business?</p>	<p>Within 30 days=1, 31-90 days=2, 91-120 days=3, No idea at this time=4, No response = N</p>
	<p>#3a. Have you ever been in business?</p>	<p>Yes=1, No=0, No response = N</p>
	<p>#3b. If YES when was the business started?</p>	<p>mm/yyyy</p>

	<p>#12. Please indicate how useful the services you received from the counselor who assisted you in identifying and correcting problems in operating your business and/or assisted you in starting or not starting a business</p> <p><input type="checkbox"/> 1. Identification of problem(s)</p> <p><input type="checkbox"/> 2. Correction of problem(s)</p>	<p>Very Useful=5, Useful=4, No Opinion=3, Somewhat Useful=2, Not Useful=1, No response = N</p>
	<p>#19. Did you utilize any other SBA resources/program?</p>	<p>Yes=1, No=0, No response = N</p>
	<p>#20. If YES, select those you used [Check all that apply]</p> <p><input type="checkbox"/> SCORE</p> <p><input type="checkbox"/> SBDC</p> <p><input type="checkbox"/> Women Business Center</p> <p><input type="checkbox"/> SBA's Guarantee Loan Programs</p> <p><input type="checkbox"/> SBIC Financing Program</p> <p><input type="checkbox"/> SBA's Surety Bond Program</p>	<p>SCORE =1 or 0, SBDC =1 or 0, Women Business Center =1 or 0, SBA's Guarantee Loan Programs =1 or 0, SBIC Financing Program =1 or 0, SBA's Surety Bond Program =1 or 0, No response = N</p>

**Appendix 2 – Quantified Survey Results – Initial Survey 2006-2007**

<b>Surveys Questions</b>	
Q1. Are you currently in business? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Missing	72.01% 27.52% 0.47%
Q2. If no, when do you plan on starting a business? <input type="checkbox"/> Within 30 days <input type="checkbox"/> 31-90 days <input type="checkbox"/> 91-120 days <input type="checkbox"/> No idea at this time <input type="checkbox"/> Missing	0.75% 2.17% 2.64% 19.32% 75.13%
Q3. Have you ever been in business? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Missing	29.83% 26.25% 43.92%
Q4. As a result of the assistance you received, have you changed any of your current management practices/strategies? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Missing	57.51% 35.17% 7.33%
Q5. As a result of the assistance you received, which management strategies have you changed? <input type="checkbox"/> Financial Management <input type="checkbox"/> Promotional Strategy <input type="checkbox"/> Human Resource (Hiring/Firing) <input type="checkbox"/> Obtaining Capital <input type="checkbox"/> Marketing Strategy <input type="checkbox"/> General Management <input type="checkbox"/> International Trade <input type="checkbox"/> Other	24.41% 15.91% 7.46% 12.16% 28.78% 19.22% 2.10% 4.73%

<p>Q6. As a result of the assistance I received from the counselor I was able to develop [i.e., Business Plan] in order to start or better manage my business.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Business Plan</li> <li><input type="checkbox"/> Loan Package</li> <li><input type="checkbox"/> Purchasing Strategy</li> <li><input type="checkbox"/> Marketing Plan</li> <li><input type="checkbox"/> Hiring Plan</li> <li><input type="checkbox"/> Feasibility Plan</li> <li><input type="checkbox"/> Promotional Plan</li> <li><input type="checkbox"/> Training Plan for Staff</li> <li><input type="checkbox"/> Production Plan</li> <li><input type="checkbox"/> Pricing Strategy</li> <li><input type="checkbox"/> Financial Strategy</li> <li><input type="checkbox"/> Distribution Plan</li> <li><input type="checkbox"/> Cash Flow Analysis</li> <li><input type="checkbox"/> E-Commerce Strategy</li> <li><input type="checkbox"/> Other</li> </ul>	<p>36.26%</p> <p>9.82%</p> <p>4.63%</p> <p>25.74%</p> <p>4.42%</p> <p>7.54%</p> <p>12.23%</p> <p>2.96%</p> <p>4.67%</p> <p>12.45%</p> <p>15.00%</p> <p>3.34%</p> <p>16.40%</p> <p>4.95%</p> <p>4.87%</p>																																																																													
<p>Q7. Please indicate the impact of these changes have had on your firm: [Strongly Agree=SA, Agree=A, No Opinion-No, Disagree=D, Strongly Disagree=SD]</p> <p>I was able to:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Increase my sales</li> <li><input type="checkbox"/> Improve my cash flow</li> <li><input type="checkbox"/> Acquire SBA loan</li> <li><input type="checkbox"/> Expand my products/services</li> <li><input type="checkbox"/> Hire new staff</li> <li><input type="checkbox"/> Revise my marketing strategy</li> <li><input type="checkbox"/> Increase my profit margin</li> <li><input type="checkbox"/> Retain current staff</li> <li><input type="checkbox"/> Acquire a government contract</li> <li><input type="checkbox"/> Other</li> </ul>	<table border="1"> <thead> <tr> <th></th> <th>SA</th> <th>A</th> <th>NO</th> <th>D</th> <th>SD</th> <th>Missing</th> </tr> </thead> <tbody> <tr> <td>Increase my sales</td> <td>8.38%</td> <td>17.59%</td> <td>21.92%</td> <td>3.65%</td> <td>6.13%</td> <td>42.33%</td> </tr> <tr> <td>Improve my cash flow</td> <td>8.00%</td> <td>17.43%</td> <td>22.35%</td> <td>3.64%</td> <td>6.18%</td> <td>42.41%</td> </tr> <tr> <td>Acquire SBA loan</td> <td>6.54%</td> <td>3.86%</td> <td>27.75%</td> <td>3.88%</td> <td>11.77%</td> <td>46.20%</td> </tr> <tr> <td>Expand my products/services</td> <td>7.23%</td> <td>14.91%</td> <td>23.10%</td> <td>3.54%</td> <td>6.88%</td> <td>44.34%</td> </tr> <tr> <td>Hire new staff</td> <td>4.23%</td> <td>8.13%</td> <td>28.82%</td> <td>3.93%</td> <td>7.38%</td> <td>47.51%</td> </tr> <tr> <td>Revise my marketing strategy</td> <td>11.15%</td> <td>21.90%</td> <td>16.81%</td> <td>2.77%</td> <td>4.89%</td> <td>42.48%</td> </tr> <tr> <td>Increase my profit margin</td> <td>6.95%</td> <td>15.31%</td> <td>23.53%</td> <td>3.62%</td> <td>6.31%</td> <td>44.28%</td> </tr> <tr> <td>Retain current staff</td> <td>4.84%</td> <td>10.10%</td> <td>27.66%</td> <td>3.11%</td> <td>6.15%</td> <td>48.14%</td> </tr> <tr> <td>Acquire a government contract</td> <td>2.14%</td> <td>2.60%</td> <td>31.47%</td> <td>4.09%</td> <td>11.64%</td> <td>48.06%</td> </tr> <tr> <td>Other</td> <td>3.11%</td> <td>1.59%</td> <td>10.66%</td> <td>0.82%</td> <td>2.81%</td> <td>81.01%</td> </tr> </tbody> </table>		SA	A	NO	D	SD	Missing	Increase my sales	8.38%	17.59%	21.92%	3.65%	6.13%	42.33%	Improve my cash flow	8.00%	17.43%	22.35%	3.64%	6.18%	42.41%	Acquire SBA loan	6.54%	3.86%	27.75%	3.88%	11.77%	46.20%	Expand my products/services	7.23%	14.91%	23.10%	3.54%	6.88%	44.34%	Hire new staff	4.23%	8.13%	28.82%	3.93%	7.38%	47.51%	Revise my marketing strategy	11.15%	21.90%	16.81%	2.77%	4.89%	42.48%	Increase my profit margin	6.95%	15.31%	23.53%	3.62%	6.31%	44.28%	Retain current staff	4.84%	10.10%	27.66%	3.11%	6.15%	48.14%	Acquire a government contract	2.14%	2.60%	31.47%	4.09%	11.64%	48.06%	Other	3.11%	1.59%	10.66%	0.82%	2.81%	81.01%
	SA	A	NO	D	SD	Missing																																																																								
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Other	3.11%	1.59%	10.66%	0.82%	2.81%	81.01%																																																																								
<p>Q8. At the time you were assisted by the (SBFC/WBC/SCORE), what was the approximate annual gross revenue of your business?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Revenue given</li> <li><input type="checkbox"/> Missing</li> </ul>	<p>31.93%</p> <p>68.07%</p>																																																																													

<p>Q10. Please indicate the value of the information received from the counselor you visited: [Extremely Valuable=EV, Valuable=V, No Opinion=NO, Somewhat Valuable=SW, Not Valuable, NV]</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Usefulness of information</li> <li><input type="checkbox"/> Relevancy of the information</li> <li><input type="checkbox"/> Timeliness of the information</li> <li><input type="checkbox"/> Rate your overall experience</li> </ul>	<b>EV</b>	<b>V</b>	<b>NO</b>	<b>SV</b>	<b>NV</b>	<b>Missing</b>
	45.25%	32.47%	4.35%	8.47%	6.50%	2.96%
	42.96%	31.89%	6.24%	8.06%	6.91%	3.95%
	43.45%	31.55%	7.44%	5.85%	7.21%	4.49%
	46.60%	30.84%	4.55%	7.63%	7.16%	3.22%
<p>Q11. Please indicate how effective the counselor was in assisting you: [Effective=E, Somewhat Effective=SE, No Opinion=NO, Somewhat Ineffective=SI, Ineffective=I]</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Assistance met my needs</li> <li><input type="checkbox"/> Counselor's ability to assist me</li> <li><input type="checkbox"/> Counselor was friendly</li> <li><input type="checkbox"/> Counselor was current on management issues</li> <li><input type="checkbox"/> Counselor was knowledgeable</li> </ul>	<b>E</b>	<b>SE</b>	<b>NO</b>	<b>SI</b>	<b>I</b>	<b>Missing</b>
	53.18%	22.77%	5.06%	5.34%	8.32%	5.34%
	54.28%	21.49%	6.05%	4.89%	7.72%	5.57%
	75.49%	13.51%	3.09%	1.37%	3.41%	3.11%
	58.31%	18.29%	10.46%	2.47%	4.85%	5.62%
	64.36%	19.52%	5.55%	2.98%	4.35%	3.24%
<p>Q12. Please indicate how useful the services you received from the counselor who assisted you in identifying and correcting problems in operating your business and/or assisted you in starting or not starting a business: [Very Useful=VU, Useful=U, No Opinion=NO, Somewhat Useful=SU, Not Useful=NU]</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Identification of problem(s)</li> <li><input type="checkbox"/> Correction of problem(s)</li> <li><input type="checkbox"/> Assisted in starting a business</li> <li><input type="checkbox"/> Helped me decided not to start a business</li> </ul>	<b>VU</b>	<b>U</b>	<b>NO</b>	<b>SU</b>	<b>NU</b>	<b>Missing</b>
	37.12%	26.51%	12.87%	5.79%	7.74%	9.97%
	28.50%	24.60%	18.64%	5.79%	10.34%	12.12%
	25.58%	15.46%	23.57%	4.01%	11.22%	20.16%
	11.15%	5.60%	38.11%	1.89%	11.77%	31.45%
<p>Q13. Gender:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Male</li> <li><input type="checkbox"/> Female</li> <li><input type="checkbox"/> Missing</li> </ul>	47.11%					
	49.65%					
	3.24%					
<p>Q14. Veteran Status</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Veteran</li> <li><input type="checkbox"/> Service Disable Veteran</li> <li><input type="checkbox"/> Non Veteran</li> <li><input type="checkbox"/> Missing</li> </ul>	10.89%					
	2.06%					
	71.93%					
	15.12%					



<p>Q15. Age</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 18-24</li> <li><input type="checkbox"/> 25-34</li> <li><input type="checkbox"/> 35-44</li> <li><input type="checkbox"/> 45-54</li> <li><input type="checkbox"/> 55-64</li> <li><input type="checkbox"/> 65-74</li> <li><input type="checkbox"/> 75 +</li> <li><input type="checkbox"/> Missing</li> </ul>	<ul style="list-style-type: none"> <li>1.31%</li> <li>13.53%</li> <li>26.05%</li> <li>30.45%</li> <li>18.74%</li> <li>4.18%</li> <li>0.92%</li> <li>4.82%</li> </ul>
<p>Q16. Are you Hispanic or Latino</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Hispanic/Latino</li> <li><input type="checkbox"/> Non-Hispanic/Latino</li> <li><input type="checkbox"/> Missing</li> </ul>	<ul style="list-style-type: none"> <li>6.82%</li> <li>80.03%</li> <li>13.15%</li> </ul>
<p>Q17. Are you:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> American Indian or Alaskan Native</li> <li><input type="checkbox"/> Asian</li> <li><input type="checkbox"/> Black or African American</li> <li><input type="checkbox"/> Native Hawaiian or Pacific Islander</li> <li><input type="checkbox"/> White</li> <li><input type="checkbox"/> Missing</li> </ul>	<ul style="list-style-type: none"> <li>2.55%</li> <li>3.24%</li> <li>12.31%</li> <li>0.73%</li> <li>76.19%</li> <li>7.46%</li> </ul>
<p>Q18. If you are in business, what is the primary type of business? (This question includes multiple responses)</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Construction</li> <li><input type="checkbox"/> Manufacturing</li> <li><input type="checkbox"/> Consulting</li> <li><input type="checkbox"/> Wholesale</li> <li><input type="checkbox"/> Finance, Insurance, Real Estate</li> <li><input type="checkbox"/> Entertainment</li> <li><input type="checkbox"/> Retail</li> <li><input type="checkbox"/> Restaurant</li> <li><input type="checkbox"/> Engineering</li> <li><input type="checkbox"/> Publishing</li> <li><input type="checkbox"/> Education</li> <li><input type="checkbox"/> Service</li> <li><input type="checkbox"/> Health Care</li> <li><input type="checkbox"/> Day Care</li> <li><input type="checkbox"/> Transportation</li> <li><input type="checkbox"/> Computer System or Design</li> <li><input type="checkbox"/> Other</li> </ul>	<ul style="list-style-type: none"> <li>5.56%</li> <li>7.87%</li> <li>6.22%</li> <li>4.52%</li> <li>2.40%</li> <li>2.14%</li> <li>15.70%</li> <li>3.71%</li> <li>1.22%</li> <li>1.22%</li> <li>3.09%</li> <li>14.95%</li> <li>5.68%</li> <li>3.86%</li> <li>1.65%</li> <li>2.06%</li> <li>16.54%</li> </ul>
<p>Q19. Did you utilize any other SBA resources/program?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Yes</li> <li><input type="checkbox"/> No</li> <li><input type="checkbox"/> Missing</li> </ul>	<ul style="list-style-type: none"> <li>31.65%</li> <li>65.45%</li> <li>2.91%</li> </ul>

Q20. If yes, select those you used	
<input type="checkbox"/> SCORE	24.54%
<input type="checkbox"/> SBA's Guarantee Loan Program	5.95%
<input type="checkbox"/> SBDC	12.38%
<input type="checkbox"/> SBIC Financing Program	1.03%
<input type="checkbox"/> Women Business Center	4.99%
<input type="checkbox"/> SBA's Surety Bond Program	0.28%



Appendix 3 – Survey Instrument

U.S. Small Business Administration
Office of Entrepreneurial Development
Initial Economic Impact Survey

OMB Number 3245-0351
Expiration 03/31/2009

Dear Small Business Client:

Thank you for your recent visit to SBA’s Entrepreneurial Development (ED) Resource Partners [the Small Business Development Center (SBDC), Women’s Business Center (WBC), or SCORE]. We hope you found the business assistance you sought. The SBA is always striving to better its programs and deliver relevant and meaningful assistance. We want to know if our programs and services are helping the economy by providing useful information on starting and managing a business and eventually helping your business create jobs, increasing your business’ revenues and, in general, fueling the entrepreneurial spirit in America.

We would appreciate you taking a few minutes to answer some brief questions that will help us know the quality and impact of the programs. All responses to these questions are voluntary and will be held in confidence. The data will not be released to any other government agency or private firm. Based on your visit to the [SBDC, WBC, SCORE], please use that experience as a benchmark to answer the following:

- 1. Are you currently in business? Yes [ ] No [ ]
If YES when was the business started? \_\_\_/\_\_\_/\_\_\_
What is the zip code of your business location \_\_\_ \_\_\_ \_\_\_ \_\_\_
2. If NO, when do you plan on starting a business?
Within 30 days [ ] 31-90 days [ ]
91-120 days [ ] No idea at this time [ ]
If you answered NO to question 1, Skip to Question 10
3. Have you ever been in business? Yes [ ] No [ ]
If YES when was the business started? \_\_\_/\_\_\_/\_\_\_
4. As a result of the assistance you received, have you changed any of your current management practices/strategies? Yes [ ] No [ ]
5. As a result of the assistance you received, which management practices/strategies have you changed? [Check all that apply]
Financial Management [ ] Promotional Strategy [ ]
Human Resource (Hiring/Firing) [ ] Obtaining Capital [ ]
Marketing Strategy [ ] General Management [ ]
International Trade [ ] Other \_\_\_\_\_

6. As a result of the assistance I received from the [SBDC/WBC/SCORE] Counselor, I was able to develop [i.e., Business Plan] in order to start or better manage my business. **[Check all that apply]**

- |                    |                          |                         |                          |                     |                          |
|--------------------|--------------------------|-------------------------|--------------------------|---------------------|--------------------------|
| Business Plan      | <input type="checkbox"/> | Loan Package            | <input type="checkbox"/> | Purchasing Strategy | <input type="checkbox"/> |
| Marketing Plan     | <input type="checkbox"/> | Hiring Plan             | <input type="checkbox"/> | Feasibility Plan    | <input type="checkbox"/> |
| Promotional Plan   | <input type="checkbox"/> | Training Plan for Staff | <input type="checkbox"/> | Production Plan     | <input type="checkbox"/> |
| Pricing Strategy   | <input type="checkbox"/> | Financial Strategy      | <input type="checkbox"/> | Distribution Plan   | <input type="checkbox"/> |
| Cash Flow Analysis | <input type="checkbox"/> | E-Commerce Strategy     | <input type="checkbox"/> | Other               | _____                    |

7. Please indicate the impact these changes have had on your firm:  
[Strongly Agree=SA, Agree=A, No Opinion=NO, Disagree=D, Strongly Disagree=SD]

	SA	A	NO	D	SD
<b>I was able to:</b>					
1. Increase my sales	5	4	3	2	1
2. Improve my cash flow	5	4	3	2	1
3. Acquire an SBA loan	5	4	3	2	1
4. Expand my products/services	5	4	3	2	1
5. Hire new staff	5	4	3	2	1
6. Revise my marketing strategy	5	4	3	2	1
7. Increase my profit margin	5	4	3	2	1
8. Retain current staff	5	4	3	2	1
9. Acquire a government contract	5	4	3	2	1
10. Other (specify _____)	5	4	3	2	1

8. At the time you were assisted by the [SBDC/WBC/SCORE], what was the approximate annual gross revenue of your business? Please fill in to nearest \$1,000: **[Note: all data will be aggregated and kept in strict confidence]**

\_\_\_\_\_

9. At the time you were assisted by the [SBDC/WBC/SCORE], how many people (full and part-time), including yourself, did your business employ?

Number of Full-Time Employees \_\_\_\_\_

Number of Part-Time Employees \_\_\_\_\_

10. Please indicate the value of the information you received from the [SBDC/WBC/SCORE] Counselor you visited:

	Extremely Valuable	Valuable	No Opinion	Somewhat Valuable	Not Valuable
1. Usefulness of information	5	4	3	2	1
2. Relevancy of the information	5	4	3	2	1
3. Timeliness of the information	5	4	3	2	1
4. Rate your overall experience	5	4	3	2	1

11. Please indicate how effective the counselor was in assisting you:

	Effective	Somewhat Effective	No Opinion	Somewhat Ineffective	Ineffective
1. Assistance met my needs	5	4	3	2	1
2. Counselor's ability to assist me	5	4	3	2	1
3. Counselor was friendly	5	4	3	2	1
4. Counselor was current on management issues	5	4	3	2	1
5. Counselor was knowledgeable	5	4	3	2	1

12. Please indicate how useful the services were that you received from the counselor who assisted you in identifying and correcting problems in operating your business and/or assisted you in starting or not starting a business.

	Very Useful	Useful	No Opinion	Somewhat Useful	Not Useful
1. Identification of problem(s)	5	4	3	2	1
2. Correction of problem(s)	5	4	3	2	1
3. Assisted in starting a business	5	4	3	2	1
4. Helped me to decide not to start a business	5	4	3	2	1

13. Gender: Male  Female

14. Veterans status: Veteran  Service Disabled Veteran   
Non Veteran

15. Age: **[Circle one]** 18-24 25-34 35-44 45-54 55-64 65-74 75+

16. Are you: Hispanic or Latino  Not of Hispanic/Latino Origin

17. Are you: **[Please choose one or more]**

American Indian or Alaskan Native

Asian

Black or African American

Native Hawaiian or Pacific Islander

White

18. If you are in business, what is the primary type of business? **[Please choose only one]**

Construction <input type="checkbox"/>	Manufacturing <input type="checkbox"/>	Consulting <input type="checkbox"/>
Wholesale <input type="checkbox"/>	Finance, Insurance and Real Estate <input type="checkbox"/>	Entertainment <input type="checkbox"/>
Retail <input type="checkbox"/>	Restaurant <input type="checkbox"/>	Engineering <input type="checkbox"/>
Publishing <input type="checkbox"/>	Education <input type="checkbox"/>	Service <input type="checkbox"/>
Health Care <input type="checkbox"/>	Day Care <input type="checkbox"/>	Other (describe) _____
Transportation <input type="checkbox"/>	Computer Systems & Design <input type="checkbox"/>	



19. Did you utilize any other SBA resources/program?  
Yes  No

20. If YES, select those you used [Check all that apply]

- SCORE  SBA's guarantee loan programs
- SBDC  SBIC Financing Program
- Women Business Center  SBA's Surety Bond Program

PLEASE NOTE: The estimated burden for completing this form is 10 minutes per response. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration, Chief, AIB, 409 3<sup>rd</sup> St., S.W., Washington, D.C. 20416 and Desk Officer for the Small Business Administration, Office of Management and Budget, New Executive Building, Room 10202, Washington, D.C. 20503. OMB Approval (3245-0351). PLEASE DO NOT SEND FORMS TO OMB.

NOTE Mail completed surveys back in business reply envelope.  
SBA Form 2214

THANK YOU



Appendix 4 – Follow-up Survey

U.S. Small Business Administration
Office of Entrepreneurial Development
Follow-up Economic Impact Survey

OMB Number 3245-0351
Expiration 03/31/2009

Dear Small Business Client:

Within the last twelve months you were kind enough to respond to our request for some initial data regarding your visit(s) to SBA’s Entrepreneurial Development resource the [Small Business Development Center (SBDC), Women’s Business Center (WBC), SCORE]. To continually understand the impact our programs and services are having on the economy it would be helpful to know if our assistance to you regarding starting and managing a business resulted in job creation, increases in your business’ revenues or other results.

We understand that you responded to a thorough survey not so long ago, but we ask that you help us in answering a few questions for this Follow-up survey which will take less than 5 minutes. All responses to these questions are voluntary and will be held in confidence. The data will not be released to any other government agency or private firm. Based on your visit to the [SBDC, WBC, SCORE], please use that experience as a benchmark to answer the following:

- 1. Are you currently in business? Yes [ ] No [ ]
If YES when was the business started? \_\_/\_\_/\_\_\_\_
mm/ yyyy
2. If NO, when do you plan on starting a business?
Within 30 days [ ] 31-90 days [ ]
91-120 days [ ] No idea at this time [ ]
3. Have you ever been in business? Yes [ ] No [ ]
If YES, when was the business started? \_\_/\_\_/\_\_\_\_
mm/ yyyy
4. As a result of the assistance received from the [SBDC/WBC/SCORE] Counselor which of the following were you able to develop [i.e., Business Plan] in order to start or better manage your business. [Check all that apply]
Business Plan [ ] Loan Package [ ] Purchasing Strategy [ ]
Marketing Plan [ ] Hiring Plan [ ] Feasibility Plan [ ]
Promotional Plan [ ] Training Plan for Staff [ ] Production Plan [ ]
Pricing Strategy [ ] Financial Strategy [ ] Distribution Plan [ ]
Cash Flow Analysis [ ] E-Commerce Strategy [ ] Other \_\_\_\_\_



5. What was the approximate annual gross revenue of your business in 2007? \$\_\_\_\_\_,\_\_\_\_\_,\_\_\_\_\_.00

6. Currently, how many people (full and part-time), including yourself, does your business employ?

Number of Full-Time Employees \_\_\_\_\_

Number of Part-Time Employees \_\_\_\_\_

7. Have you utilized any other SBA resources/program?

Yes  No

8. If YES, select those you used [Check all that apply]

SCORE  SBA's guarantee loan programs

SBDC  SBIC Financing Program

Women Business Center  SBA's Surety Bond Program

PLEASE NOTE: The estimated burden for completing this form is less than 5 minutes per response. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., S.W., Washington, D.C. 20416 and Desk Officer for the Small Business Administration, Office of Management and Budget, New Executive Building, Room 10202, Washington, D.C. 20503. OMB Approval (3245-0351). PLEASE DO NOT SEND FORMS TO OMB.

THANK YOU



**Appendix 5 – Regression Computations**
**Regression Results: Effects of Firm and Demographic Characteristics on Perceived Usefulness, Assistance with Starting a Business, and Financial Impact**

Independent Variable	Dependent Variable					
	Perceived Usefulness		Assistance with Start Up Decision		Financial Impact	
Log of Sales	0.0053		-0.00383		0.09681	***
Nascent	-0.1012		-0.27841	***	---	
In Business	-0.11371		-0.12658		-0.2698	
Veteran	-0.10704	*	-0.08318		-0.39815	*
Gender	-0.00011011		-0.0002672	*	-0.00115	**
Age	-0.00017298		0.00000255		-0.00067	
Latino	-0.05119		-0.03796		-0.33587	
Native American	-0.2293	*	-0.0596		-1.1926	**
Asian	-0.03559		0.01325		-0.05192	
Black	-0.10148		-0.10484	*	-0.26167	
Hawaiian/Pacific Islander	0.25522		0.42099	*	1.43056	*
WBC	0.18112		0.03938		0.84123	**
SCORE	-0.03875		-0.05825		-0.35065	
3 to 5 hours	0.13074	**	0.08697		0.34993	
3 + hours	0.14343	***	0.06053		0.47399	**
5 + hours	0.12013	*	0.02214		0.69488	***
R-Square	0.0104		0.0111		0.0388	

\*\*\*Significant at 0.01 level

\*\*Significant at 0.05 level

\*Significant at 0.10 level