

REMARKS OF FCC COMMISSIONER MIGNON L. CLYBURN

TECHNOLOGY SUPPORT FOR SMALL BUSINESSES

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Washington, DC

Thank you, Mr. Clarke, for that gracious introduction, and good afternoon everyone. It is a pleasure for me to join inspiring entrepreneurs and small business owners here for today's workshop.

Inside the Beltway, there is always heated debate on how best to improve our country's economic standing. But the one thing that most enlightened persons would agree—and this has been reaffirmed by recent statistics from the Small Business Administration—is that small businesses are critical to this nation's job growth and revenue creation. Businesses, like yours, make up more than 99.7% of all employers and create 75 percent of the net new jobs in our economy. Small businesses create more than 50 percent of the nonfarm private gross domestic product (GDP), and it shouldn't surprise you that they are the leaders when it comes to innovation. Small patenting firms produce upwards of 14 times more patents per employee than large patenting firms, but those who spend a lot of time with small businesses are aware of another important fact: Only half of all small businesses start-ups with employees are able to remain viable after four years. What that says to me is that most of these ventures need help, as there are critical barriers that many are unable to overcome.

I am quite familiar with those realities because, as Mr. Clarke may have mentioned, I began my professional career running a small business. For 14 years, I managed a weekly newspaper in Charleston, South Carolina called the Coastal Times. So I know first hand the joy that comes from owning a business. But, I also know too well about the pain it often takes to stay afloat. And for those truly committed to their enterprise, there is no task too big or too small for you tackle when it comes to your business' survival.

One of my biggest challenges was competition. No matter what I did – no matter how many hours I put in or what kind of product I produced – I could never achieve an equal footing with the region's larger media outlets or those with longer standing footprints. The traditional newspapers could afford their established distribution networks to deliver their product. My "distribution network" in the last few years in business, was me and my 1992 GMC Jimmy.

I bring forth this personal snapshot for a number of reasons. First, for all of you here today who run small businesses, I want you to know that not only do I understand, but I deeply care about small businesses and will always be an advocate for entrepreneurial opportunities.

And because of those lessons learned, I know of the many issues small business owners across this country face. Some start down this challenging road because they have no other choice. So failure for them is not an option.

Others have such a passion for the service or product they are producing, that they just have got to give this concept a chance to shine. And there are some who just have a passion for the independence and liberation that comes from owning their own business. But regardless of what brought you here as business owners or operators, the problems that small businesses face can be so challenging, that many of you can spend more time addressing those pressing issues

than actually enjoying the reason why you entered into this space in the first place. Financing your business, the cost of health insurance, promoting and marketing your business, finding and paying employees, and complying with government laws and rules for running a small business... And time management can be extremely challenging especially when many small business owners are not able to focus solely on their enterprises, because they are forced to juggle a fulltime job in order to survive.

Secondly, I share my personal experiences because I cannot help but wonder what would have happened to the Coastal Times if I had been able to take advantage of some of the broadband tools so prevalent today. And because my goal is to ensure that I remain focused on the interests of small businesses as I address policy issues, I have surrounded myself with staff of similar interests and experiences. My Chief of Staff, Dave Grimaldi's wife is a small business owner, and one of my Spring interns, Kimberly Wilson, is not only a third year law student at Howard University; she is also a small business owner.

In 2010, Kimberly formed her own public relations, marketing and branding agency, in which she represents athletes, celebrities, brands and also small businesses. The serial entrepreneur just recently formed her own 501(c)(3) non-profit organization, "Athletes With A C.A.U.S.E." – to enrich the lives of children living in disadvantaged and underserved communities by providing them with resources, educational programs, as well as recreational activities with professional athletes. By juggling all of these activities, Kimberly exemplifies the hard work, dedication, and leadership shown by all small business owners.

At the FCC, I help shape the federal policies that regulate the communications industry. And given the regular engagement and headlines that surround the agency, most people do not immediately think about small businesses when it comes to the FCC. The headlines are mostly about the multi-million and billion dollar companies who provide telephone, radio and TV service, like the AT&Ts, Verizons, Sprints, T-Mobiles, Comcasts, Clear Channels or DirecTVs of the world. Or people focus a lot on Apple, Motorola, Samsung, those enterprises that are selling them the latest in smart phones, skinny televisions and tablets.

What most people do not realize however, is that Congress directed the FCC to not just shape policies that impact these large companies, but to specifically look out for small businesses as well.

Section 257 of the Communications Act, for example, directs the FCC to identify and eliminate obstacles that make it difficult for small businesses to enter the communications industry. That law also requires the FCC to report, every three years, on the regulatory steps it has taken to eliminate those barriers. Some of you may know Tom Reed. Tom's Office at the FCC, the Office of Communications Business Opportunities, or OCBO, plays an important role in helping the FCC meet Section 257's statutory obligations.

That is why I so thrilled to see that, when Chairman Julius Genachowski took over leadership of the FCC in early 2009, one of his priorities was to increase the FCC and OCBO's portfolio when it comes to helping small businesses. Under his and Tom Reed's leadership, OCBO is playing a larger role in helping small businesses enter the communications industry.

For example, OCBO is now holding annual Capital Strategies Workshops, and it is up to three thus far. These workshops educate entrepreneurs and provide advice that can more quickly

lead to entrepreneurs gaining access to the capital they need. They provide information on the varied funding sources for entrepreneurs to expand or develop their business. These funding sources include banks, angel investors, government programs, and private equity firms. The workshops are designed to help entrepreneurs who need it, with a firmer understanding of the financial landscape and the criteria lenders use in deciding to fund a small business.

The experience leaves the entrepreneur armed with the tools needed to better tailor their pitch to the lender by retooling and redrafting the business plan to suit that lender's criteria. The workshops also provide one-on-one counseling based on an entrepreneurs business plan. A lender-volunteer at those workshops looks at the attendee's plan and provides constructive criticism on how it can be improved

In addition to expanding the FCC's role with regard to helping those small businesses that want to enter the communications industry, Chairman Genachowski also wants the FCC to do a better job of helping all small businesses. We now live in a nation where everything has gone digital and businesses must keep up with current technology in order to successfully market and develop their business. Company websites, social media marketing, advertising, and online ordering are all tools that are critical to ensure that businesses are abreast with the digital generation.

So, when in 2009, Congress directed the FCC to prepare a National Broadband Plan, Chairman Genachowski made sure that the staff focused on a number of important domestic initiatives including how broadband technologies can be better leveraged to benefit all small businesses. The Plan talked about the benefits that entities like the Veterans' Business Outreach Centers and the Service Corps of Retired Executives (SCORE) can have.

Collectively, these programs help thousands of entrepreneurs and small businesses by delivering free and low-cost training and one-on-one mentoring and counseling support. The Plan also talked about how broadband tools and connectivity can further boost the effectiveness of these programs. It explained how tools such as webinars and online training courses, provided by the SBA, can potentially provide an effective platform for these efforts. Similarly, adoption of videoconferencing and distance mentoring practices can allow these programs to move beyond networks defined by the location of the mentors to networks defined by the expertise of the mentors.

Chairman Genachowski also played an important role in organizing E-Business NOW. Prior to 2010, the OCBO and the FCC had not worked with SCORE. The genesis of that relationship began in April 2010 when, the SBA, FCC, SCORE, AT&T, Best Buy, Google, Microsoft, and other private companies collectively launched the Broadband Consortium. That consortium was later renamed E-Business NOW.

E-Business NOW is designed to provide the knowledge and skill-sets necessary for an entrepreneur to harness the Internet to grow his/her business and market, by learning to create a website, using the Internet to find new customers, learning to use credit card billing, providing security protocols. In this digital age, these are all essential tools for the pivotal success of a small business owner.

In sum, E-Business NOW is teaching small businesses the nuts and bolts that are essential for having a business based web presence. Like CapStrategies, E-Business NOW provides practical advice provided by technical experts.

If we are going to urge small businesses to more widely adopt broadband technology to help them grow, then we have to make sure that they are aware of the most secure ways to use this technology. Businesses must know how to safeguard the integrity of their data and how to protect the confidentiality of customer information. So, in May of last year, OCBO held a cyber security workshop for small businesses. The workshop informed small businesses about the most common threats to cyber security. It also discussed cost-effective tips for small business owners who can't afford to hire dedicated IT staff or outsource their security measures to expensive cyber security companies.

Through these new initiatives, and from what I trust will follow, the FCC is trying to send the message that it is supportive of all small businesses in America. But if, despite these best efforts, you see where we can and should do better, let us know about it. Let me hear about it. My door is always open and regardless of my title, I remain an entrepreneur in spirit. Thank you.