

Goldman
Sachs

10,000
small
businesses

Stimulating Small Business Growth

Progress Report on
Goldman Sachs *10,000 Small Businesses*

Developed by



BABSON
COLLEGE

Unlocking the growth and job creation potential of small businesses across the United States

Goldman Sachs *10,000 Small Businesses* is an investment to help entrepreneurs create jobs and economic opportunity by providing access to education, capital and business support services.

The program fosters economic development by providing growth-oriented entrepreneurs with the tools they need to take their businesses to the next level.

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EXECUTIVE SUMMARY

This fourth edition report on Goldman Sachs *10,000 Small Businesses* summarizes the progress of approximately 6,000 small business owners who have completed the program across the United States.

Data demonstrates the program's lasting impact on small business growth, and provides insights into how America's small businesses can create jobs and drive opportunity.

Goldman Sachs *10,000 Small Businesses* fosters economic development by providing growth-oriented entrepreneurs with the tools needed to take their businesses to the next level. Program results consistently show that they are applying those tools to create jobs and meaningfully impact communities across the country.

REVENUE GROWTH AND JOB CREATION

Findings from this report underscore the long-term impact of the program. Most *10,000*

Small Businesses participants significantly increase their business revenues soon after completing the program. Within six months, over two-thirds (67.2%) of program alumni reported revenue growth. Longer term results reinforce widespread revenue growth, by 30 months almost four out of five (77.8%) alumni increased revenues. To place this into the context of the broader economy, slightly less than half of U.S. small businesses surveyed by the National Small Business Association (NSBA) for its 2016 Year-End Economic Report reported increasing their revenues.¹

Job creation by *10,000 Small Businesses* alumni is consistently strong, with 47.1% of business owners reporting job growth within six months. At 30 months after program completion, 56.5% of program alumni

reported adding new jobs. To again provide context for how this compares to the broader economy, 25% of U.S. small businesses surveyed by the National Small Business Association for its 2016 Year-End Economic Report reported increasing their number of employees.²

1. Data from the National Small Business Association (NSBA) 2016 Year-End Economic Report which surveyed over 1,400 small business owners across the U.S. shows that 47% of firms reported increasing their revenues over the past 12 months, 24% of firms reported decreasing revenues, and 29% reported no change over the past 12 months; <http://www.nsba.biz/wp-content/uploads/2017/02/Year-End-Economic-Report-2016.pdf> 2. Data from the National Small Business Association (NSBA) 2016 Year-End Economic Report shows that 25% of U.S. small businesses surveyed reported increasing their number of employees over the past 12 months, 14% reported decreasing their number of employees, and 61% reported no change over the last 12 months; <http://www.nsba.biz/wp-content/uploads/2017/02/Year-End-Economic-Report-2016.pdf>

EXECUTIVE SUMMARY

Characteristics of Successful Entrepreneurs and Growing Businesses

ACCESS TO CAPITAL

Goldman Sachs *10,000 Small Businesses* emphasizes the importance of capital as the fuel for business growth. Participants develop a growth plan which identifies both the funding needed and the most likely sources of capital. Participants are also exposed to a variety of lenders and provided with the opportunity to fine-tune their “pitch” for capital.

Program data consistently shows that over time, *10,000 Small Businesses* alumni both apply for and receive external funding more frequently after completing the program. Alumni seeking funding from banks or other financial institutions were approved 69.2% of the time within six months. At 18 months, the bank loan approval rate increases to 77.5% and then to 79.7% at 30 months. Program alumni who are approved for external funding receive a larger percentage of their request, resulting in a lower incidence of shortfalls and a lower shortfall amount when compared to the

industry average.³ Data consistently underscores that acquiring capital leads to more frequent revenue growth and job creation.

COLLABORATION

Peer learning is another key principle of Goldman Sachs *10,000 Small Businesses*. Over the course of the program, business owners work closely together and come to trust and rely on one another as they develop their business growth plans. These bonds are strong, and upon completion of the program, 87.6% of participants report they are working together. Across a variety of forms of collaboration, data suggests that alumni who report working together more often grow revenue and jobs.

INNOVATION

Innovation is an important component of business growth and *10,000 Small Businesses* participants are no strangers to innovation. *10,000 Small Businesses* participants engage in numerous innovative activities, including improving an existing product or service, researching or developing a new product or service, and launching a new product or service. Eighteen months after completing the program, their efforts shift from researching and developing new products or services to actually launching them. Not surprisingly, businesses launching new products or services and improving existing offerings have a higher incidence of revenue growth.

ACTIVE MANAGEMENT

Small business owners consistently cite hiring and keeping good employees as one of their top growth challenges. Goldman Sachs *10,000 Small Businesses* recognizes this reality, and the importance of a motivated and productive workforce to business growth is a key theme of the program.

Goldman Sachs *10,000 Small Businesses* participants report utilizing a combination of management tools to build their workforce including offering merit pay or other performance incentives, providing medical and retirement benefits, giving formal and informal feedback, developing succession plans, and affording employees with a variety of training options. Data shows that adopting each of these management practices contributes to growth in revenue and job creation.

3. “2016 Small Business Credit Survey – Report on Employer Firms.” Accessed October 20, 2017. <https://www.newyorkfed.org/smallbusiness/small-business-credit-survey-employer-firms-2016>

EXECUTIVE SUMMARY

PROGRAM STAYING POWER

Growth in revenue and jobs are key metrics used to assess the impact of Goldman Sachs *10,000 Small Businesses*. Two additional metrics, program completion rate and Net Promoter Score, illustrate how participants view the program.

10,000 Small Businesses has a 98.5% completion rate. For small business owners, whose most valuable resource is their time, this is an extraordinary result. The program requires participants to commit approximately 100 hours to in-person sessions and at least that many hours outside of class working on their growth plans. The 98.5% completion rate is clear evidence that business owners quickly realize the value of *10,000 Small Businesses* to their businesses in both the short and long terms. Net Promoter Score (NPS) is one way to measure customer satisfaction and loyalty and is based on the question: "How likely are you to recommend our company/product/service to your friends and colleagues?" Scores range from -100 to +100 and NPS scores greater than 50 are considered excellent. *10,000 Small Businesses* has a NPS of +91 which is considered "world class."⁴

Data demonstrates the program's lasting impact on small business growth, and provides insights into how America's small businesses can create jobs and drive opportunity.

PAYING IT FORWARD

Goldman Sachs *10,000 Small Businesses* is an economic development program. As such, it aims to have program alumni create both economic and social value in their communities. *10,000 Small Businesses* assesses social value created by mentoring and community leadership roles.

Upon entering the program, many business owners are active in their communities, with 52.6% having mentored someone in the last 12 months and 41.2% holding a leadership role in a community organization. Both of these numbers increase after the program, with almost two-thirds (65.4%) of alumni mentoring and almost one-half (46.9%) holding leadership roles

in community organizations at 30 months.

Across the country, these numbers represent thousands of additional people benefitting from the efforts of *10,000 Small Businesses* alumni to improve their communities.

4. Reichheld, Frederick F. *The Ultimate Question 2.0: How Net Promoter Companies Thrive in a Customer-Driven World*. Boston, Mass.: Harvard Business Press, 2011.

The program has a Net Promoter Score of +91, which is considered "world class."⁵

ANGELICA RIVERA

Colmex Construction
New Orleans, LA
10,000 Small Businesses Graduate

MINIMUM DAILY CHECK LIST
DRAIN ALL HYDRAULICS AND ALL FUEL LEVELS
BATTERIES
TIRE PRESSURE
VISUALLY INSPECT FOR
LOOSE BOLTS OR NUTS
LOOSE ZERK FITTINGS
INSURE ALL SAFETY DEVICES
ARE OPERATIONAL

CUSTOMER RESPONSIBILITY
DAILY SERVICE AND CLEANING - LUBRICATION - FILTERS
INSURANCE - FLAT TIRES - TIRE DAMAGE - REFUELING
DAMAGE TO EQUIPMENT - BATTERY - ALL OILS AND FLUIDS

5. Net Promoter Score (NPS) is one way to measure customer satisfaction and loyalty. Scores range from -100 to +100 and NPS scores greater than 50 are considered excellent.

U.S SMALL BUSINESS LANDSCAPE

Small Businesses are the Engines of Job Creation in America

Small businesses are the engines of job creation in the United States. Given the remarkable role that small businesses play in the economy, an emphasis on helping small businesses scale offers tremendous opportunity to create new jobs and generate economic development in communities across America.

Goldman Sachs *10,000 Small Businesses* shows the power of investing in small businesses. When provided with the right mix of training and support, America's small business owners hire, increase revenues, secure capital, innovate and create meaningful impact in their communities.



ACCOUNT FOR

29.6M

businesses in America⁶



COMPRISE

99%

of U.S. employer firms⁶



CREATE

63%

of net new private-sector jobs⁶



EMPLOY

58M

people - nearly half of America's private workforce⁶

PROGRAM OVERVIEW

About Goldman Sachs *10,000 Small Businesses*

A public-private partnership that has made significant impact on the small business ecosystem in the U.S., Goldman Sachs *10,000 Small Businesses* is an investment to help entrepreneurs create jobs and economic opportunity by providing access to education, capital and business support services.

10,000 Small Businesses was founded on the broadly-held view of leading experts that greater access to a combination of education, business support services and capital are the keys to unlocking potential business growth.

The education component of the program provides business owner training at partner community colleges and other educational institutions. These academic partners deliver a focused and practical education emphasizing skills and knowledge the small business owners can immediately apply to their businesses. The education component also supports faculty training and technical assistance to program partners to strengthen the entrepreneurial ecosystem.

Access to capital is an important component of business growth. Goldman Sachs *10,000 Small Businesses* partners with Community Development Financial Institutions (CDFIs) and other mission-driven small business lenders to expand the amount of capital available to small businesses in underserved communities and also enhance the ability of mission-driven lenders to provide technical assistance and funding to small businesses.

Finding Small Businesses

10,000 Small Businesses is designed for established businesses that need guidance and resources to grow. As the program's national partner for outreach and recruiting, the Initiative for a Competitive Inner City (ICIC), founded by *10,000 Small Businesses* Advisory Council co-chair Dr. Michael Porter, played a key role in establishing the target participant profile and works with both national and local partners across the country to reach those businesses.

Beyond the following objective guidelines, the selection process is designed to identify small business owners who have both passion and desire to grow their businesses. It also assesses an applicant's willingness to engage in peer learning.

The program looks for applicants who generally meet the following criteria:



**revenues greater than \$150,000
in the most recent fiscal year**




**a minimum of
four employees**



**owner or co-owner
of the business**



**in operation for
at least two years**



"The Goldman Sachs *10,000 Small Businesses* program has been instrumental to our growth path, helping me organize our business, focus on the right issues and adjust to changes. I went from financing my cash flow with my personal credit cards, to getting a \$250K working capital loan from a local bank, to purchasing my own facility through a SBA loan."

ENRIQUE TORRES

Excellent Fruit & Produce
Miami, FL
10,000 Small Businesses Graduate

PROGRAM OVERVIEW

BUSINESS & MANAGEMENT EDUCATION

- Best-in-class national curriculum delivering 100 in-class hours of practical business tools for immediate application by business owners, including accounting, negotiating, marketing and human resources management.
- Education program culminates in the development of a detailed growth plan required of each participant in order to graduate.

ACCESS TO CAPITAL

- *10,000 Small Businesses* expands the amount of growth capital available to small businesses typically unable to obtain credit from traditional sources.
- Opportunity to access capital is delivered through Community Development Financial Institutions (CDFIs) and local community-based lenders, who also provide loan recipients with technical assistance.

BUSINESS SUPPORT SERVICES

- Provided with expert advice and technical assistance through partnerships with local governments, law firms, economic development organizations and the people of Goldman Sachs.

PROGRAM OVERVIEW

Program Scale and Reach

In aggregate, the *10,000 Small Businesses* participants examined in this report represent a large and growing economic force:

- + \$9 billion Total Revenues
- + 130,000 Total Employees

Goldman Sachs *10,000 Small Businesses* has now grown to include fourteen local education delivery sites across the United States and the National Cohort at Babson College in Wellesley, Massachusetts. Local education sites include the metro areas of Baltimore, Chicago, Cleveland, Dallas-Fort Worth, Detroit, Houston, Long Beach, Los Angeles, Miami, New Orleans, Philadelphia, New York, Salt Lake City, and the State of Rhode Island.

Network of Partners

The overarching goal of Goldman Sachs *10,000 Small Businesses* is to foster economic development. To achieve this goal, the program works through a network of more than 100 local

The program works through a network of more than 100 local and national partnerships.

and national partnerships. These include educational institutions, business development organizations, lenders, and local community organizations and governments. Each partner organization shares particular expertise to best serve the small business owners enrolled in the program.

The program is supported by an academic partnership with Babson College, ranked by U.S. News and World Report, The Princeton Review, and Entrepreneur Magazine as the number-one undergraduate entrepreneurship program in the country.⁷ Babson is responsible for curriculum design and development, faculty and business advisory training, alumni services and program measurement and evaluation. Babson works with community colleges and other higher education institutions to build their capacity to deliver the *10,000 Small Businesses* educational component. These local academic partners provide expertise in teaching adult learners and relationships with the communities targeted by the program.

The Initiative for a Competitive Inner City (ICIC) is another key program partner. ICIC has years of experience in working with inner-city businesses and provides nationwide support in developing and administering the program's admissions process. Other partners include local and national business development organizations, which recruit small businesses to join the program and provide technical assistance for participants on a range of business growth topics.

The *10,000 Small Businesses* partnership-driven model is designed to enhance the local entrepreneurial ecosystem by increasing each organization's capacity to serve small business owners beyond the scope and duration of any small business owner's participation in the program. This ecosystem, comprised of educational institutions, business development organizations and lenders, as well as professional service firms and local and state governments, is the key to creating sustainable economic development through entrepreneurship.

7. Accessed October 20, 2017. <http://www.babson.edu/about-babson/at-a-glance/Pages/rankings.aspx>

PROGRAM OVERVIEW

The program has empowered entrepreneurs from all 50 states, Washington D.C. and Puerto Rico.



+\$9B

the total revenues of participants' businesses



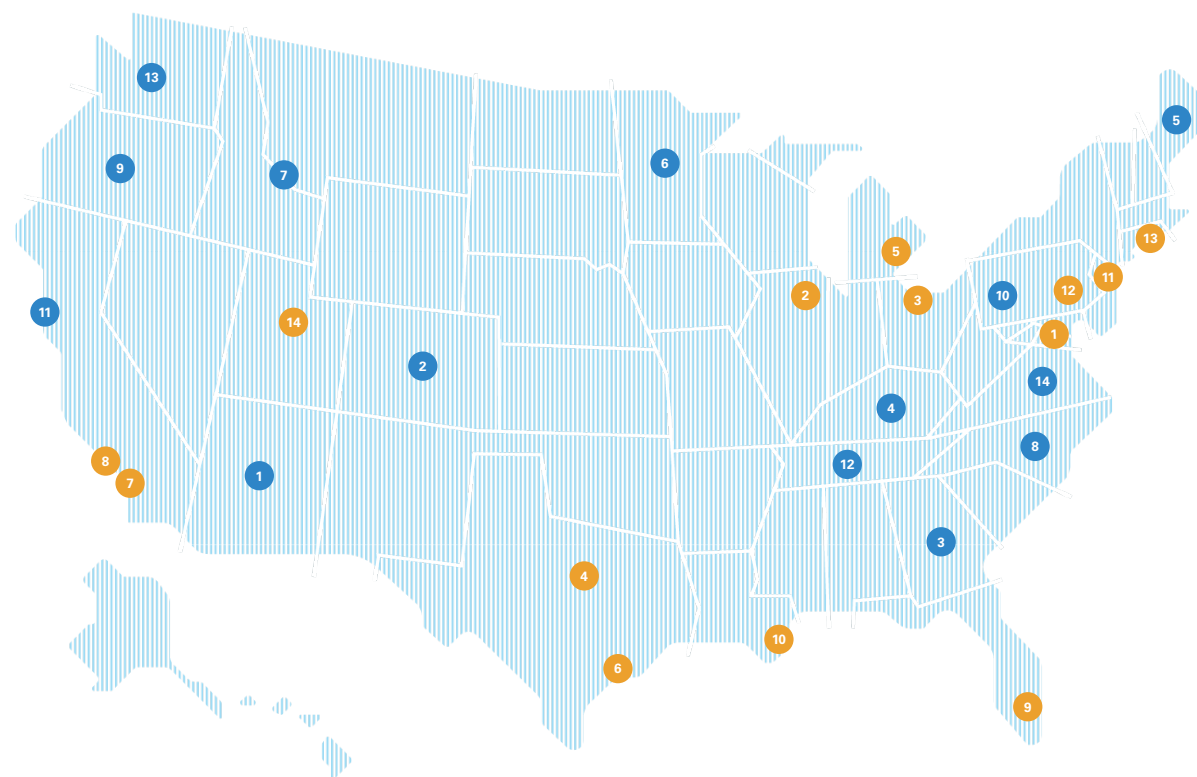
+130,000

the total employees of participants' businesses

U.S. DELIVERY SITES

NATIONAL PROGRAM

The program is available to business owners from all 50 states, Washington D.C. and Puerto Rico through the blended program (part on-line, part face-to-face), which includes in-person sessions delivered at Babson College in Wellesley, MA.



CAPITAL SITES

- | | | |
|-------------|-------------------|----------------------------|
| 1. Arizona | 6. Minnesota | 11. San Francisco Bay Area |
| 2. Colorado | 7. Montana/Idaho | 12. Tennessee |
| 3. Georgia | 8. North Carolina | 13. Washington |
| 4. Kentucky | 9. Oregon | 14. Virginia |
| 5. Maine | 10. Pittsburgh | |

CAPITAL + EDUCATION SITES

- | | | |
|--------------|-----------------|--------------------|
| 1. Baltimore | 6. Houston | 11. New York City |
| 2. Chicago | 7. Long Beach | 12. Philadelphia |
| 3. Cleveland | 8. Los Angeles | 13. Rhode Island |
| 4. Dallas | 9. Miami | 14. Salt Lake City |
| 5. Detroit | 10. New Orleans | |

PROGRAM OVERVIEW

The Curriculum Leads to Long-Term Success

The Goldman Sachs *10,000 Small Businesses* curriculum was designed and developed by Babson College. The design is based on the premise that entrepreneurship is behavioral and that business growth is achieved by taking actionable steps. The curriculum promotes this approach by teaching business owners how to identify and evaluate entrepreneurial opportunities, acquire and organize resources, and provide authentic and entrepreneurial leadership.

The *10,000 Small Businesses* curriculum is carefully designed with respect to both content and pedagogy. All content is grounded in proven academic theory, with the curriculum delivered through highly interactive exercises focused on the participant's business and supported with a peer-to-peer learning environment. The curriculum is continuously updated based on feedback gathered across the country from the participating small business owners, program evaluation diagnostic data and program delivery teams. This process ensures the curriculum remains timely, relevant and incorporates best practices from diverse perspectives. Since the program's launch, Babson College has trained over 350 faculty and staff members at the local education program partners to build the delivery capacity.



PROGRAM OVERVIEW

THE CURRICULUM

The following five design guidelines remain core to the program today:

1. Focus on entrepreneurial growth, with an emphasis on the creation of new jobs to impact both individual businesses and the local economy
2. Emphasize a peer-to-peer learning environment where participants bring current business opportunities and challenges into the classroom and immediately apply what is learned to their businesses
3. Design a program that is highly scalable
4. Directly connect and integrate the curriculum to business support services and the opportunity to access capital
5. Rigorously measure and evaluate business owners' progress and curriculum efficacy

The curriculum is the core of the program and is delivered in a high-fidelity model at each of the delivery sites. Business owners devote approximately 100 hours over a three- to four-month period, participating in a combination of in-person, full-day modules and evening clinics. Each thematic session is one link in an integrated chain that helps small business owners focus on identifying opportunities and then taking the actions to pursue those opportunities and grow their businesses. Every

exercise and activity in the program is designed for participants to immediately apply what they are learning to their businesses.

10,000 Small Businesses participants are arranged into growth groups from the very beginning of their cohort. This is done to accelerate the building of trust between business owners and also to facilitate the peer learning process. The growth groups are purposely organized to provide for business diversity—by industry, size, stage, market, gender and age—to promote the exchange of new ideas and “out of the box” thinking about growth.

Peer learning is critical to the success of *10,000 Small Businesses* and the program's high-fidelity model, leveraging participants' shared experience around the common goals of business growth, increased revenue and more jobs. In most cases when a business owner brings up a challenge, one of their peers in the class will have dealt with the same or similar issue. Combined with business advisors who have been trained on how to integrate the curriculum into each participant's business, peer learning has proven to be an effective tool in moving business owners successfully through program.

The *10,000 Small Businesses* growth plan is a tool, custom designed around the curriculum and program goals. It includes the components of a traditional business plan, but is more tactical and timely. It also uniquely stresses the business owner's personal motivation, goals and vision.

Each module and clinic in the program links directly to a portion of the growth plan. In the first modules, participants spend considerable time identifying a new opportunity to further grow their businesses. The subsequent modules focus on attaining the resources – both financial and non-financial – along with the leadership skills and processes needed to execute on the growth opportunity. Specifically, business owners are charged with finding an opportunity that 1) solves a customer pain, 2) is a new product, service or market, 3) builds on a capability that already exists in the company, 4) has a business model that can be profitable and 5) fits with the personal values and visions of the owner.

Participants start developing their growth plans in the program's first modules. Each business owner is assigned an advisor who works with them throughout the program. The business advisor helps each participant integrate the curriculum and their specific business needs into the growth plan. By the final module, where business owners pitch their growth plan, they have a tactical plan for moving ahead, including clear next steps and a timetable for the growth of their business.

A small business owner's most valuable resource is his or her time. The power of the *10,000 Small Businesses* curriculum is best illustrated by the fact that 98.5% of participants who start the program complete it. This is evidence that they see both the immediate and the long-term value the program provides as they work to take their business to the next level.

PROGRAM OVERVIEW

National Cohort

With the 2014 introduction of a national version of the curriculum, the National Cohort at Babson, *10,000 Small Businesses* has expanded its geographic reach coast-to-coast across the U.S. By utilizing the National Cohort hybrid delivery model, *10,000 Small Businesses* is accessible to small business owners outside of commuting distance from one of the partner community colleges. The National Cohort has served small business owners from all 50 states, Washington, DC, Puerto Rico and the U.S. Virgin Islands.

For the National Cohort, the *10,000 Small Businesses* curriculum is delivered online and through face-to-face sessions at Babson College. This model seeks to maximize the existing, proven *10,000 Small Businesses* approach while incorporating technological advances in distance learning. The national cohort retains 100% of the curriculum content areas and is delivered in a blend of approximately 75 hours of face-to-face time and 25 hours of online meetings and assignments.

The program begins with two weeks of online work, where participants start developing the community of their cohort. These weeks are a combination of

synchronous and asynchronous work that have the business owners begin to analyze their existing business and start the process of identifying new growth opportunities.

Participants then travel to Babson College where, over four intense days, they experience peer learning and the program content in person. This face-to-face time is followed by additional online sessions which introduce new material as well as time devoted to work on their growth plans. The final segment of the blended program is an additional four days at Babson College where the business owners work on the operations and management of their companies, and concludes with each participant giving a final pitch about their plans for growth.

The National Cohort is delivered to groups of approximately 150 business owners and is taught by members of the local education delivery teams from around the country. These facilitators are carefully selected and each receives additional training on the technology used to deliver the program. The business advising component of the program is adapted to be entirely virtual, i.e., most of the business owners work with their business advisors remotely through a series of both individual and group coaching sessions.

In evaluating the National Cohort delivery model, key questions emerge:

- How do program outcomes – specifically revenue growth and job creation – compare?
- How do completion rates compare to the face-to-face program?
- Do business owners participating in the hybrid program experience the same level of satisfaction?
- How does virtual business advising impact outcomes and participant satisfaction?
- Does a geographically-dispersed cohort of business owners continue working together after completing the program?
- Does a hybrid delivery model foster the same level of trust, community and effective peer learning among participants as an entirely face-to-face program?

Using the same program metrics to assess outcomes, including revenue and job growth, program completion rate and Net Promoter Score, the National Cohort alumni achieve comparable results across all of these metrics.

PROGRAM OVERVIEW

Access to Capital

Most business growth requires capital. However, the lack of access to capital continues to be high on the list of challenges faced by small business owners. Even in a strong economy, a significant number of businesses are unable to access funding through conventional lenders. This can be due to numerous

reasons, including the age of the business, the location, the size of the loan, limited collateral or personal credit issues.

The Great Recession, which hit small businesses especially hard, made it even more difficult to obtain capital. From the pre-recession peak to March of 2009, small business jobs declined 11% vs. 7% for companies with more than 500 employees. The smallest businesses, those with fewer than

50 employees, saw jobs decline 14.1%.⁸ Small businesses are more likely to rely on real estate as collateral for a loan and home values fell significantly in the recession. Banks also tightened credit standards on the heels of the recession, and while overall commercial lending by banks is back up from pre-recession levels,⁹ industry-wide reports such as the Federal Reserve Survey indicate that many small businesses, in particular the smaller ones with under \$1M in revenue, still cannot access a bank loan.¹⁰

Against this backdrop of volatility facing small business owners and as a part of *10,000 Small Businesses*, Goldman Sachs committed \$300 million for a combination of lending and philanthropic support to Community Development Financial Institutions (CDFIs) and other mission-driven small business lenders. This investment increases the amount of funding available to small businesses in underserved communities. These lenders target businesses that are growing but may be unable to get a traditional bank loan. *10,000 Small Businesses* capital providers also offer extensive technical assistance to help businesses become “bankable,” or better prepared to obtain funding.

Increases in the frequency and positive outcomes of funding applications are further accentuated for smaller businesses over time.

8. Data from the Bureau of Labor Statistics, Business Dynamics Statistics as reported in “The State of Small Business Lending: Credit Access during the Recovery and How Technology May Change the Game,” Mills, Karen Gordon and Brayden McCarthy, Working Paper 15-004, Harvard Business School, July 22, 2014. Accessed October 20, 2017. <http://www.hbs.edu/faculty/Pages/item.aspx?num=47695> 9. Accessed October 20, 2017. <https://fred.stlouisfed.org/series/BUSLOANS/> 10. Firms with revenue under \$1 million were approved 45% of the time when applying to large banks and 60% for small banks. Larger firms had comparable approval rates of 72% for large bank loans and 78% for small bank loans. “2016 Small Business Credit Survey – Report on Employer Firms.” Accessed October 20, 2017. <https://www.newyorkfed.org/smallbusiness/small-business-credit-survey-employer-firms-2016>

"The Goldman Sachs *10,000 Small Businesses* program provided me the tools to negotiate multiple partnerships, giving us the ability to bring in funding to grow the business. Since graduating, I have grown revenues by over 200% and created 30 new jobs."

SONJIA JOSEPH

Clara's Little Lambs Preschool Academy
New Orleans, LA
10,000 Small Businesses Graduate



PARTICIPANTS AND THEIR BUSINESSES

Who are the 10,000 Small Businesses?

Goldman Sachs *10,000 Small Businesses* participants are a broad and diverse mix of American entrepreneurs. Their ages span more than five decades, from 22 to 79 years old, with a median age of 47. Participants' educational levels similarly cover a wide range, from some high school to graduate degrees in a variety of disciplines. Almost half (45.1%) of *10,000 Small Businesses* participants are women. This is comparable to the overall U.S. economy, where 45% of U.S. businesses are owned by women.¹¹

Just over half (51.7%) of program participants started their businesses alone while 28.0% had co-founders. The remaining 20% either bought or inherited their businesses. Just over one-quarter (25.8%) had a prior company. Seventy-two percent of program participants are their company's largest shareholder. Nearly half (44.3%) describe their business as family-owned. Median revenue and employees entering the program are \$731,000 and 11 respectively. Business age ranges from two years to 159 years, with a median age of 12 years.

The types of businesses are just as diverse as the people founding them, with Professional, Businesses and Other Services being the largest sector. The types of service businesses in this sector range from consultants, architects and engineers to landscapers and janitorial companies.

PARTICIPANTS



22-79

years old, with a
median age of 47



Education levels
range from some
high school or GED
to graduate degrees



45.1%

of participants
are women

BUSINESSES



2-159

business age range, with a
median age of 12 years



11

median number
of employees



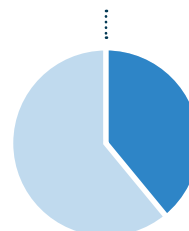
\$731k

median revenues reported
by program participants

BUSINESS FORMATION

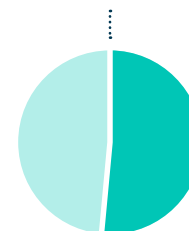
44.3%

of businesses are
family-owned



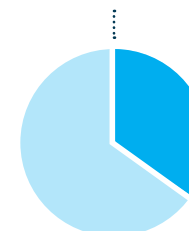
51.7%

started their
businesses alone



28.0%

co-founded
their businesses



11. SBA Office of Advocacy. Frequently Asked Questions (August 2017). Accessed October 20, 2017. <https://www.sba.gov/advocacy/frequently-asked-questions-about-small-business>

PARTICIPANTS AND THEIR BUSINESSES

Millennials

Millennials – those born between 1980 and 2000 – are the largest living generation in the U.S. and represent more than one-third of American workers. In 2015, with 53.5 million members, Millennials surpassed Generation X as the largest segment of the U.S. workforce.¹² By 2025, Millennials are forecast to be 75% of all American workers.¹³

For entrepreneurship and the small-business economy to thrive and grow in the U.S., it is clear that Millennials will need to play an active role. Recent data suggests that Millennials overall exhibit lower levels of entrepreneurial activity compared to other generations. For instance, less than 2% of millennials were self-employed in 2014 versus 8.3% for Baby Boomers (born 1946 to 1964) and 7.6% for Generation X (born 1965 to 1979).¹⁴

This is not surprising given the overall positive correlation between age and entrepreneurship.

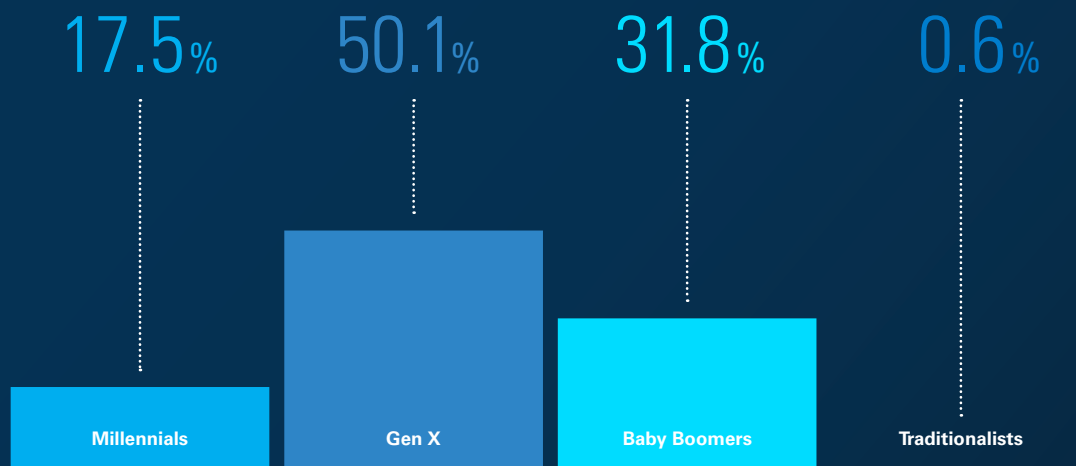
However, looking more closely at the data on Millennial entrepreneurship reveals trends that suggest this low level of self-employment amongst Millennials may persist.

For example, 30 year-old Millennials report self-employment rates below 4%. At the same age, current members of the Baby Boomers and Generation X were self-employed at rates of 6.7% and 5.4% respectively.¹⁵ These data indicate that Millennial entrepreneurship may lag previous generations for years to come.

This trend is counter to Millennial participation in *10,000 Small Businesses*, where since 2014 Millennials have grown from 11.9% to 17.5% of *10,000 Small Businesses* participants, a nearly 50% increase.

While Millennials tend to enter the program with smaller businesses, results show that Millennials have higher incidences of revenue growth than all other generations at six, 18 and 30 months after completing the program.

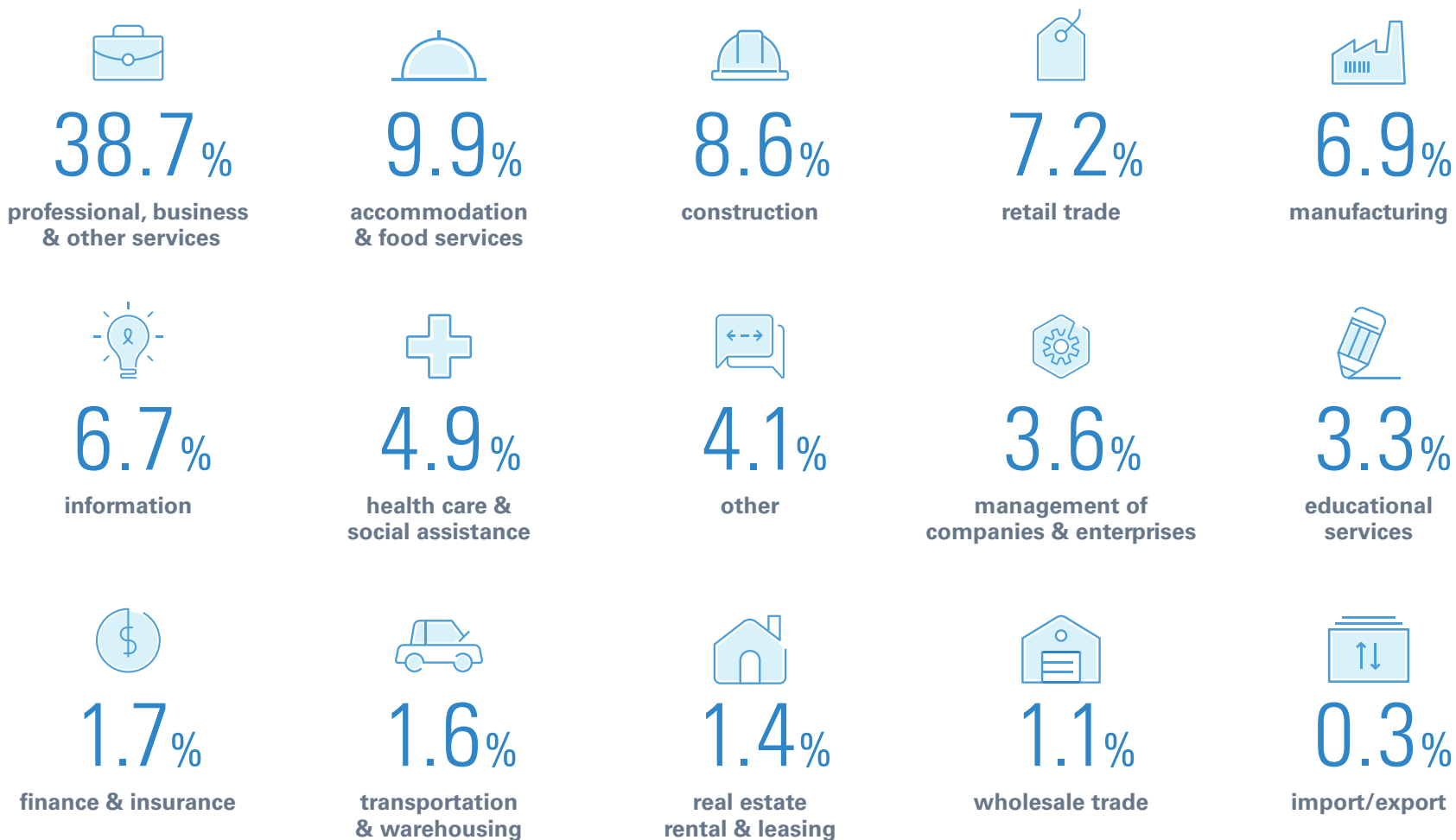
PARTICIPANTS BY GENERATIONS



12. Accessed October 19, 2017. <http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-gen-xers-as-the-largest-generation-in-u-s-labor-force/> 13. Accessed October 19, 2017. <https://www.brookings.edu/blog/brookings-now/2014/07/17/brookings-data-now-75-percent-of-2025-workforce-will-be-millennials/> 14. "The Missing Millennial Entrepreneurs," Daniel Wilmoth, February 4, 2016. Accessed October 20, 2017. www.sba.gov/sites/default/files/advocacy/Millennial_IB.pdf 15. "The Missing Millennial Entrepreneurs," Daniel Wilmoth, February 4, 2016. Accessed October 20, 2017. www.sba.gov/sites/default/files/advocacy/Millennial_IB.pdf

PARTICIPANTS AND THEIR BUSINESSES

BUSINESS INDUSTRY DISTRIBUTION



PROGRAM IMPACT

Revenue Growth and Job Creation

The mindset and skills alumni take away from *10,000 Small Businesses* are meant to support business growth over the long term. The curriculum is designed to give participants a “toolkit” they can use to identify, evaluate and implement a series of growth opportunities in the months and years after they complete the program. The long-term results are tracked for three reasons. First, assessing the economic impact of *10,000 Small Businesses* on the participants and their communities ensures that the program is meeting its overall goals. Second, the

tracking serves as a means of guiding continuous improvement in the program. Finally, the diagnostics used for tracking are provided to the participants to help them identify and utilize metrics and dashboards that will foster ongoing business growth.

This report provides more evidence on the long-lasting influence of the program. Outcomes consistently show the positive, enduring effect Goldman Sachs *10,000 Small Businesses* has on business growth.

The aggregate impact of Goldman Sachs *10,000 Small Businesses* on revenue growth is both positive and long-term. Six months after completing the program, over two-thirds (67.2%) of alumni reported increased revenues. At 18 months, almost three-quarters (73.7%) of alumni grew their

revenues, and by 30 months, 77.8% of alumni reported increased revenues. Two and one-half years after completing the program, nearly four of five alumni have increased revenues. To place this into the context of the broader economy, 47% of U.S. small businesses surveyed by the National Small Business Association for its 2016 Year-End Economic Report reported increasing their revenues.¹⁶

The data on job creation by Goldman Sachs *10,000 Small Businesses* alumni is also strong, with consistently impressive growth in the number of alumni reporting new jobs. Six months after completing the program, almost half (47.1%) of alumni reported adding new jobs. This number increases to 54.6% at 18 months and then to 56.5% at 30 months. To again provide context for how this compares to the broader economy, 25% of U.S. small businesses surveyed by the National Small Business Association for its 2016 Year-End Economic Report reported increasing their number of employees.¹⁷

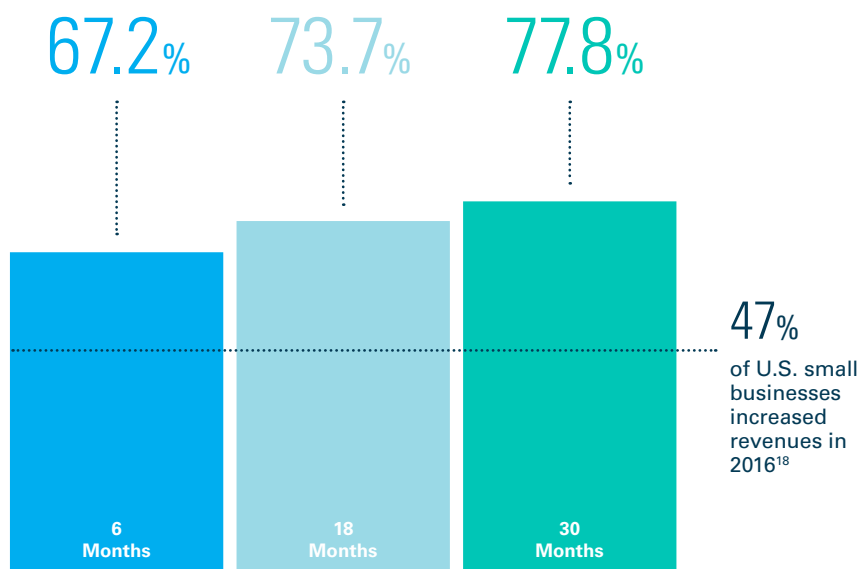
Participants’ results consistently show the positive, enduring effect that *10,000 Small Businesses* has on America’s economy.

16. Data from the National Small Business Association (NSBA) 2016 Year-End Economic Report which surveyed over 1,400 small business owners across the U.S. shows that 47% of firms reported increasing their revenues, 24% of firms reported decreasing revenues, and 47% reported no change over the last 12 months; <http://www.nsba.biz/wp-content/uploads/2017/02/Year-End-Economic-Report-2016.pdf> 17. Data from the National Small Business Association (NSBA) 2016 Year-End Economic Report shows that 25% U.S. small businesses surveyed reported increasing their number of employees, 14% reported decreasing their number of employees, and 61% reported no change over the last 12 months; <http://www.nsba.biz/wp-content/uploads/2017/02/Year-End-Economic-Report-2016.pdf>

PROGRAM IMPACT

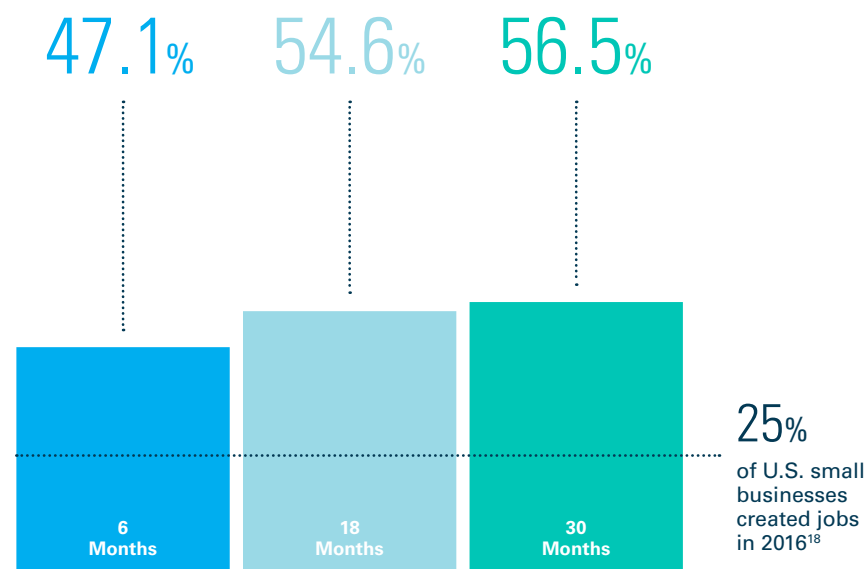
10,000 Small Businesses graduates outperform small business peers in growing revenue and creating jobs.

REVENUE GROWTH



% OF 10,000 SMALL BUSINESSES ALUMNI WHO INCREASED REVENUES POST PROGRAM COMPLETION

JOB CREATION



% OF 10,000 SMALL BUSINESSES ALUMNI WHO CREATED JOBS POST PROGRAM COMPLETION

18. The National Small Business Association (NSBA) Year-End Economic Report (2016); <http://www.nsba.biz/wp-content/uploads/2017/02/Year-End-Economic-Report-2016.pdf>

PROGRAM IMPACT

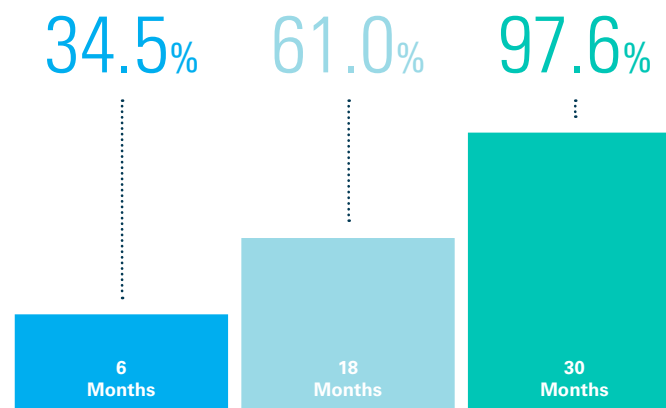
REVENUE AND JOBS: GROWTH RATES¹⁹

Findings on the rate of revenue and job growth for Goldman Sachs *10,000 Small Businesses* alumni are also notable. Six months after completing the program, the average revenue increase is 34.5%. Comparable national data for 2015 collected by Sageworks showed an average revenue increase of 7.8%.²⁰ At 18 months, average revenue growth is 61.0% and by 30 months, revenue has increased 97.6% on average. Therefore, two and one-half years after completing the program, average business revenue has almost doubled.

Job growth rates are also significant for *10,000 Small Businesses* alumni. Six months after program completion, average job growth is 29.4%. For this same population, at 18 months, average job growth reached 48.4% and by 30 months, the number was 62.0%. By comparison, 2016 private-sector job growth in the U.S. was 1.7%.²¹

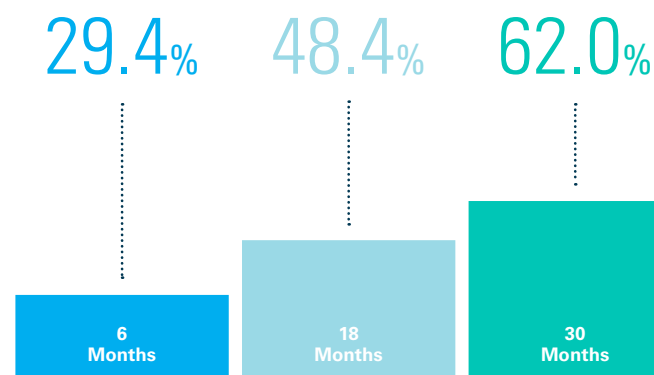
The design of Goldman Sachs *10,000 Small Businesses* is based on research and proven practices that focus on the knowledge and skills needed to grow a business. The founding principles of the program are that a combination of education, business support services, and the opportunity to access capital help small business owners increase revenue and create jobs. Data demonstrates that this approach works. After two and one-half years, *10,000 Small Businesses* alumni have on average nearly doubled their revenue while growing their workforce by almost two-thirds.

REVENUE GROWTH



AVERAGE REVENUE GROWTH POST PROGRAM COMPLETION

JOB CREATION



AVERAGE JOB CREATION POST PROGRAM COMPLETION

19. In order to accurately assess the long-term impact of *10,000 Small Businesses*, growth rates reported in this section are based on the 1,030 businesses with completed six, 18, and 30-month responses. Full-sample results are consistent with the information shown here. 20. Annual sales growth rate during 2015 for businesses with less than \$5 million of revenue; "The state of U.S. small businesses," Sageworks. Accessed October 20, 2017. 21. Percent increase in the total number of private sector employees during 2016; calculation based on data here. Accessed October 20, 2017. <https://data.bls.gov/timeseries/CES0500000001>

"Since graduating from the program in 2014, Ethel's has grown over 300% in revenue, added new customers and new products, launched a new ecommerce site and been able to secure a bank loan for growth. We have created 11 new jobs and expanded distribution from local to national and recently international."

JILL BOMMARITO

Ethel's Baking Company
Detroit, MI
10,000 Small Businesses Graduate



PROGRAM IMPACT

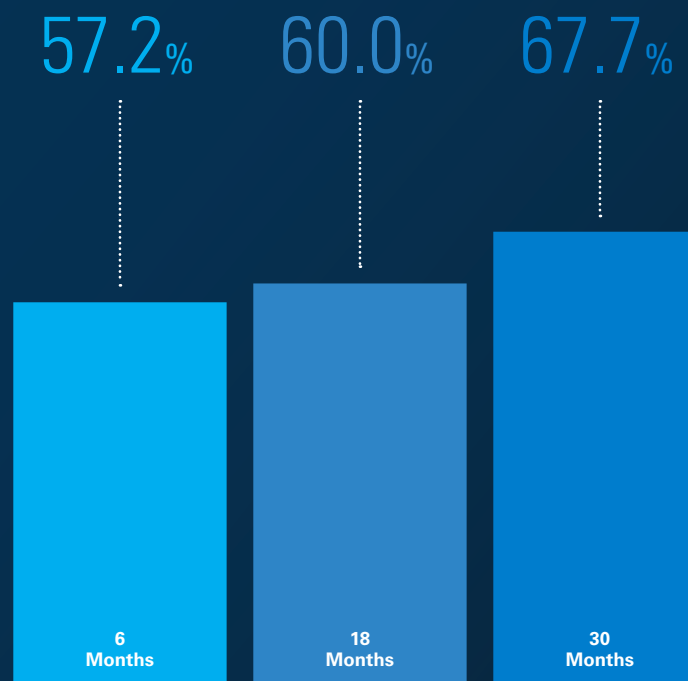
Productivity

The main metrics of Goldman Sachs *10,000 Small Businesses* are revenue and job growth. Program results highlight the innovative steps *10,000 Small Businesses* alumni are taking to improve and grow their businesses. The curriculum emphasizes identifying and securing the resources needed to pursue a growth opportunity. It also focuses on using metrics to evaluate the efficiency and effectiveness of both current and prospective business models. Labor productivity – defined as revenue per employee – is one way to assess the impact of *10,000 Small Businesses*. It captures the effects of introducing new products or services as well as improvements made to existing offerings and business operations.

10,000 Small Businesses alumni report increased productivity in both the short and long term. Six months after completing the program, 57.2% of *10,000 Small Businesses* alumni have increased the productivity of their businesses, and across all program alumni, productivity increases by 6.6%. By 30 months, over two-thirds of alumni have higher productivity with an overall increase of 23.2%.²²

Prior data make clear that *10,000 Small Businesses* alumni grow both revenue and jobs at rates well above national averages. Productivity improvements increase steadily after program completion and

suggest that the business owners are not only growing, but growing in ways that use their assets and resources more efficiently.



% OF 10,000 SMALL BUSINESSES ALUMNI WHO INCREASED PRODUCTIVITY

22. For context, the U.S. Bureau of Labor Statistics reports average annual growth in labor productivity of just 0.7% over the last 5 years. From 1947 to 2007, annual productivity growth averaged 2.3%. Accessed October 20, 2017. <https://www.bls.gov/opub/btn/volume-6/below-trend-the-us-productivity-slowdown-since-the-great-recession.htm>

GROWTH CATALYSTS

Capital

Capital is often cited by business owners as their most important resource. Access to capital is a critical factor in business growth and *10,000 Small Businesses* both recognizes and addresses this reality. Throughout the program, small business owners learn about the variety of lending models and financing products available and how to find the best sources to meet their business needs and stimulate growth. The curriculum focuses on how to identify and pursue profitable growth opportunities to make their businesses (and themselves) more fundable. Sessions are dedicated to helping participants develop and polish a financing pitch for their customized growth opportunities.

Six months after completing *10,000 Small Businesses*, 43.4% of alumni report having applied for external funding within the previous 12 months.²³ Banks and regulated financial institutions are the most common target of these funding requests (41.3%). Other sources of capital sought by participants included friends and family (9.3%), Community Development Financial Institutions (CDFIs) (8.5%), grants (6.3%), and equity capital from angel or venture capital investors (3.8%).

Over time, the percentage of alumni that applied

Access to capital is a critical factor in business growth and *10,000 Small Businesses* both recognizes and addresses this reality.

for external funding in the previous 12 months rises steadily to 50.7% at 18 months and 52.5% at 30 months. This trend reinforces the extent to which small business owners are consistently in search of capital to grow their businesses.

Goldman Sachs *10,000 Small Businesses* partners with mission-driven lenders, including CDFIs and SBA lenders, to help business owners access funds when they are not able to obtain them from more traditional sources, like commercial and retail banks. Mission-driven lenders provide the gap financing that traditional sources will not provide and often help business owners refinance high-interest loans from alternative lenders. These partnerships are indeed helping *10,000 Small Businesses* alumni. Entering the program, 37.3% of business owners reported that the primary reason they did not apply for CDFI funding was because they were not aware of any CDFI in their community. Six months after

completing the program, awareness increased and, therefore, this number had fallen by over 70% to 10.8%. Over time, the percentage of funding requests directed at mission-driven lenders such as CDFIs increased steadily, from 6.4% entering the program to 10.2% at 30 months, as awareness of mission-driven lenders increased. Higher application rates to mission-driven lenders are an indication that even as businesses grow, some are still unable to receive the entirety of their financing needs from banks. The percentage of *10,000 Small Businesses* applicants who are approved for CDFI funding increases from 36.8% at six months to almost half (48.5%) at 18 and 30 months. The increases in the proportion of businesses seeking and receiving CDFI capital is testimony to the value of these important partnerships.

The impact of Goldman Sachs *10,000 Small Businesses* can be seen in both the increase in the

23. This number is comparable to the 45% of small businesses that sought financing in a recent survey by the Federal Reserve Bank. "2016 Small Business Credit Survey – Report on Employer Firms." Accessed October 20, 2017. <https://www.newyorkfed.org/smallbusiness/small-business-credit-survey-employer-firms-2016>

GROWTH CATALYSTS

number of applications for other types of funding and also the outcome of those applications. From six months to 30 months, the percentage of applicants that received funding increased across all sources of capital. For banks and financial institutions, the percentage of alumni applying for funding increases from 41.3% at six months to 53.6% at 30 months. Over the same period, the approval rate for bank and financial institution funding increases by 15.2% (69.2% to 79.7%).²⁴

Data shows that over time, *10,000 Small Businesses* alumni are not only seeking capital more frequently, they have a higher approval rate that has continued to grow compared to available national data. The 2016 Federal Reserve Bank Small Business Credit survey reported that approval rates of employer businesses at banks ranged from 54% at a large bank to 67% at a small bank, yet those rates were largely unchanged from the prior year.²⁵

The curriculum emphasizes helping business owners identify the appropriate source(s) of capital to support their growth and then developing the strategy, plan, and pitch to those potential funders. The reported increases in the incidence of applications as well as their rate of approval reinforces that these practices are working.

Another way to assess the impact of *10,000 Small Businesses* on access to capital is to consider how often the full amount of funding requested is approved and the size of funding shortfalls when

full approval is not the case. After completing the program, an increasing percentage of alumni that apply for external capital received the full amount of funding requested. Six months after completion 78.6% of alumni received the full amount request; at 18 and 30 months, this percentage increases to 80.9% and 83.6% respectively. Comparable national data from the Federal Reserve finds that 40% of applicants received the full amount of funding sought.²⁶ When *10,000 Small Businesses* alumni did not receive the full amount requested, the average shortfall was small. Furthermore, even as the average funding request grew, the shortfall amounts decreased.

Goldman Sachs *10,000 Small Businesses* helps participants understand that acquiring capital is a skillset that needs to be developed over time and that a key component of the process is establishing a relationship with potential funders/investors. This may be as simple as knowing someone at the bank personally. From the time they enter the program to 30 months, the percentage of alumni reporting they did not personally know anyone at their bank fell by half (11.1% to 5.4%). Over the same period, the percentage of alumni reporting a strong business relationship with their bank increases from 53.3% to 62.2%.

Through several curriculum sessions where participants interact with potential funders, the business owners come to understand that

relationships, or “social capital,” are an important resource for growth. Furthermore, participants develop the tools to engage more productively with their bankers, such as a growth plan, and develop increased confidence in their financials and in estimating their funding needs. Businesses with a strong banking relationship more often grow revenue and jobs at 18 and 30 months.

ACCESS TO CAPITAL AND SIZE OF BUSINESS

When examining by size of business, increases in the frequency and positive outcomes of funding applications are further accentuated for smaller businesses over time. Approximately half of *10,000 Small Businesses* participants have below \$750,000 in revenues when they enter the program, and it is these smaller businesses that often have the biggest challenges accessing capital. Program data demonstrates that an even greater proportion of smaller businesses apply for funding from banks or other financial institutions over the lifetime of the program. The percentage of small firms who receive their full amount of funding requested from banks and other financial institutions increases steadily from 59.3% upon entering the program to 74.9% at 30 months. Comparable national data from the Federal Reserve indicates that smaller firms (annual revenues of \$1M or less) are less successful obtaining funding from large banks (45% approval rate) than small banks (60% approval rate).

24. Data from the Federal Reserve report success rates of 54% at large banks and 67% at smaller banks. “2016 Small Business Credit Survey – Report on Employer Firms.” Accessed October 20, 2017. 25. “2016 Small Business Credit Survey – Report on Employer Firms.” Accessed October 20, 2017. 26. Financing shortfalls were notably more common among smaller firms (annual revenues of \$1M or less), with 67% of applicants obtaining less than the amount sought, compared to 45% of larger firms (annual revenues greater than \$1M) (60% shortfall for all firms). “2016 Small Business Credit Survey – Report on Employer Firms.” Accessed October 20, 2017.

GROWTH CATALYSTS

CAPITAL AND GROWTH

The evidence that *10,000 Small Businesses* alumni apply for and receive funding more frequently illustrates the impact of the program on enhancing the business owners' ability to cultivate funder relationships and raise capital. A fundamental next question is how that new skillset impacts business growth.

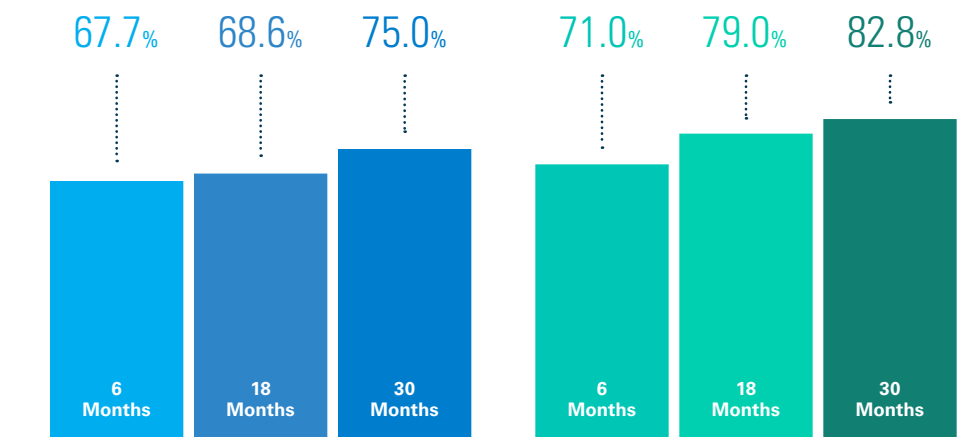
Program data consistently demonstrates that acquiring capital leads to higher revenue and job creation. *10,000 Small Businesses* alumni who received funding from banks and other financial institutions – the most common source – grew revenue more often than those businesses that applied but did not get funding. This is true six, 18 and 30 months after completing the program.

Acquiring capital is also associated with more frequent job growth. This growth is consistent at six, 18 and 30 months after program completion. The proportion of *10,000 Small Businesses* alumni who acquired capital and grew jobs increased over time and is greater than businesses that applied for but did not acquire capital. These numbers reinforce that the positive impact of capital on growth increases over time.

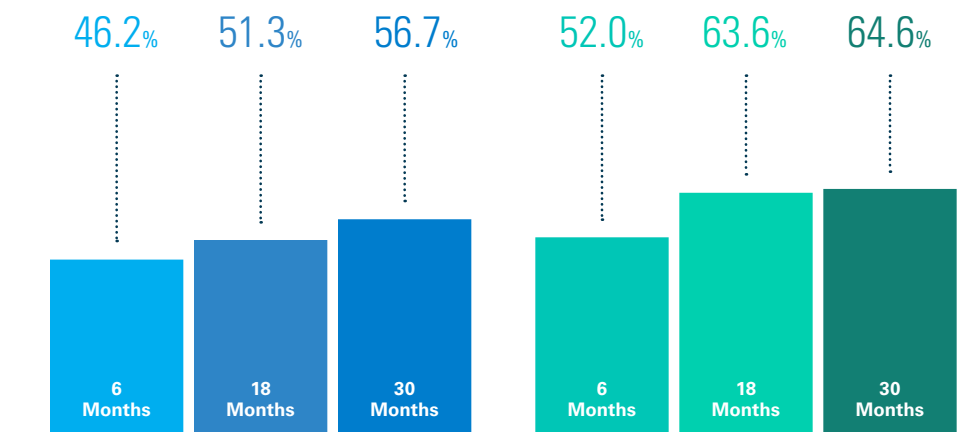
Securing capital often provides the “fuel” needed to execute on a growth plan. Furthermore, the process of applying for and being approved for capital often requires business owners to justify and defend their growth strategy. Program data shows that *10,000 Small Businesses* alumni who acquire capital grow both jobs and revenue more frequently.

■ Acquired funding
■ Applied for but did not acquire funding

CAPITAL'S EFFECT ON REVENUE AND JOBS



% OF 10,000 SMALL BUSINESSES ALUMNI WHO INCREASED REVENUE



% OF 10,000 SMALL BUSINESSES ALUMNI WHO CREATED JOBS



"The Goldman Sachs *10,000 Small Businesses* program's pedagogy, akin to a mini MBA program, provided me the time, opportunity and access to this country's brightest entrepreneurial minds—to hone my skills, effectively negotiate, compellingly market and brand, and efficiently manage my human and fiscal resources."

JAN DESPER PETERS

Higher Ground Transportation Services
Baltimore, MD
10,000 Small Businesses Graduate

GROWTH CATALYSTS

Workforce Development

Small business owners consistently cite hiring and retaining qualified employees as one of their biggest challenges to continued growth. The *10,000 Small Businesses* curriculum emphasizes employee training and workforce development for small business owners, through modules such as “You Are the Leader” and “It’s the People.” Through a series of interactive exercises and role-plays, participants gain the skills and mindset to lead and manage the growth of their businesses. Part of this process is refining their vision for their business growth, which includes the company culture they wish to establish. Business owners often come to the conclusion that hiring for the right cultural “fit” is more important than hiring for a specific skill set.

10,000 Small Businesses alumni are using several approaches to attract and develop their workforce. These include careful hiring, non-salary compensation and “active management” techniques, e.g., regular performance evaluation and feedback, training, etc. Program results demonstrate that using these techniques to attract, retain, and develop employees leads to greater growth in revenue and jobs. That is, providing benefits and spending time coaching and developing employees should not be viewed solely as an expense of doing business, but rather an investment in future growth.

EMPLOYEE BENEFITS

Small businesses typically pay lower salaries than those offered by larger companies. According to the U.S. Census Bureau, the average annual pay at small businesses (<500 employees) was \$40,446 vs. \$52,554 at large enterprises.²⁷ To better compete for

talent, small business owners utilize merit pay and other non-salary compensation benefits.

10,000 Small Businesses participants offering merit pay or other performance incentives to even some employees consistently report growing revenue and jobs more frequently than those who do not. At 30 months, 80.6% of alumni who offer merit pay or other performance incentives to all or most employees grew revenue and 60.3% grew jobs.

Over time, the proportion of participants providing medical and/or dental coverage for all or most employees increased by more than 10 percentage points, from 33.5% upon entering the program to 43.7% 30 months after program completion.²⁸ Comparable national data find 29% of businesses with fewer than 50 employees provide health insurance.²⁹ *10,000 Small Businesses* alumni that do provide health coverage for all/most employees had a higher incidence of job growth at six, 18 and 30 months.

Fewer businesses provide retirement savings accounts but the percentage doing so increases over time (32.7% at baseline for those that provide for any of their employees to 41.2% at 30 months). Business owners who do provide retirement savings accounts for all or most of their employees are more likely to report job growth than those who do not provide any such benefit.

10,000 Small Businesses recognizes the importance of a motivated and productive workforce to business growth, which is a key theme of the program.

27. Statistics of U.S. Businesses Employment and Payroll Summary: 2012, February 12, 2015, Report Number: G12-SUSB, Anthony Caruso. Accessed October 20, 2017. <https://www.census.gov/library/publications/2015/econ/g12-susb.html> 28. At baseline, 94% of *10,000 Small Businesses* participants have fewer than 50 employees. 29. Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends Medical Expenditure Panel Survey-Insurance Component. Retrieved from NFIB study: Small Business Problems & Priorities, August 2016. Accessed October 20, 2017. www.nfib.com/assets/NFIB-Problems-and-Priorities-2016.pdf

GROWTH CATALYSTS

Those businesses that utilize performance review meetings with all or most employees grow revenue and jobs more often at six, 18, and 30 months.

ACTIVE MANAGEMENT

Goldman Sachs *10,000 Small Businesses* participants report utilizing a variety of management tools to build their workforce. Active management practices include providing informal feedback about job performance, having formal written job descriptions, conducting performance review meetings, and developing formal succession plans. The usage of all of these practices by *10,000 Small Businesses* alumni increases over time and is associated with increased likelihood of revenue and job growth.

At the start of the program, 31.9% of businesses provided formal written documentation of job performance to all or most employees. Following program completion, the proportion of businesses adopting this practice increases steadily, rising to

51.9% at 30 months. This is a significant increase and reflects the importance the curriculum places on more systematic HR practices. Notably, businesses that implement this practice with all or most employees grow both revenue and jobs more often at 18 and 30 months after program completion.

The use of performance review meetings for all or most employees also increases after completing the program. While less than half of participants (47.3%) utilize performance reviews at the start of the program, this number increases over time, reaching 61.9% at 30 months after the program. Those businesses that utilize performance review meetings with all or most employees grow revenue and jobs more often at six, 18, and 30 months.

Career progression can mean different things, ranging from career path “ladders” and an official organization chart to less formal ways of keeping employees challenged and engaged. Small businesses may lack the organizational depth and breadth to offer the full range of career progression options, but *10,000 Small Businesses* participants increasingly develop formal succession plans after the program. At the start of the program, only 15.3% of participants had formal succession plans covering all or most of their employees. By 30 months, this number had almost doubled (29.9%). Notably, alumni who have formal succession plans reported revenue and job growth more often across all reporting periods than those who did not.

TRAINING

Providing employee training is important to meet evolving business needs. The type of training a business provides can involve varying levels of in-house expertise, time, and customization. Formal training requires distinct and dedicated resources. All of these factors highlight the importance of examining evidence on how small business owners approach training.

On-the-job training is generally provided by businesses in some way, and 81.1% of the business owners entering *10,000 Small Businesses* report providing this to all or most of their employees. By 30 months, this number has increased slightly to 83.1% of alumni.

GROWTH CATALYSTS

Formal training where employees attend courses is less common (22.3% of participants entering *10,000 Small Businesses* offer formal training to all or most employees), yet the incidence of this practice increases over time, with nearly one third of alumni (31.2%) offering formal training at 30 months after program completion. The impact of formal training on outcomes is positive across all periods, with an increase in job growth at six months, and both revenue and jobs at 18 and 30 months.

The use of online training courses for all or most employees is slightly more common, and as with formal training, the use of this practice increases over time (25.2% at baseline to 36.3% at 18 months). The impact of online training on outcomes is positive, with an increase in job growth at 18 months, and both revenue and jobs at 30 months.

Innovation is an important component of business growth and *10,000 Small Businesses* participants are no strangers to innovation.

Innovation

Program data consistently shows that those who grow tend to take more action and implement more business changes.

Goldman Sachs *10,000 Small Businesses* curriculum is designed to spur innovative action that leads to business growth and most participants make substantial changes in the way they do business.

The three most common innovation steps taken at six months are improving the quality of an existing product or service (62.7%), launching a new product or service (42.4%) and researching or developing a new product or service (39.3%). At 18 months, larger

proportions of alumni are improving the quality of an existing product or service (67.3%) and have launched a new product or service (50.1%) and these numbers are similar at 30 months. This data shows the clear and enduring effect of *10,000 Small Businesses* on how alumni innovate and grow their businesses. The curriculum emphasizes the importance of listening to the customer, and both improving existing offerings and launching new products and services reflect this fundamental mindset.

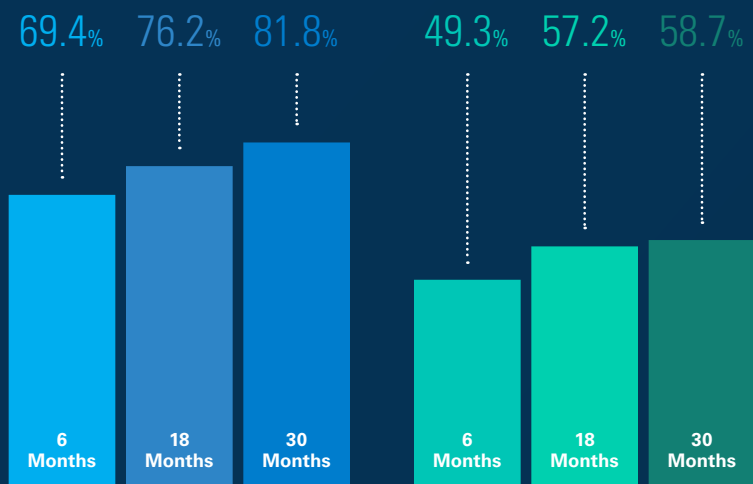
Almost 40% of alumni are conducting new product research and development six months after completing the program. This number then decreases over time (to 30.8% at 30 months) as business owners shift from researching their growth opportunities to actually launching. Combined with the increase in new product launches, data shows that *10,000 Small Businesses* alumni are applying what they learn. The curriculum focuses on developing the mindset and skill set needed to identify growth opportunities, assess their feasibility, and then take tangible action steps to grow revenue.

The data also shows innovative steps are consistently associated with higher revenue growth, including improving the quality of an existing product or service, launching a new product or service, and offering existing products or services to a new geographic area.

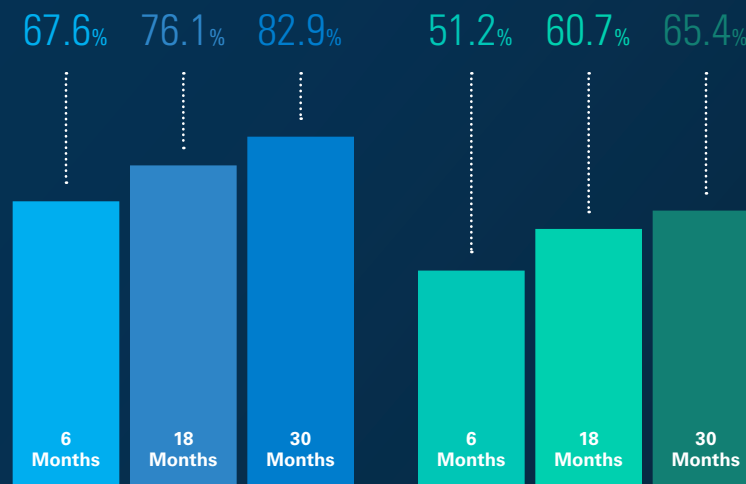
GROWTH CATALYSTS

STRATEGIC BUSINESS CHANGES FUEL GROWTH

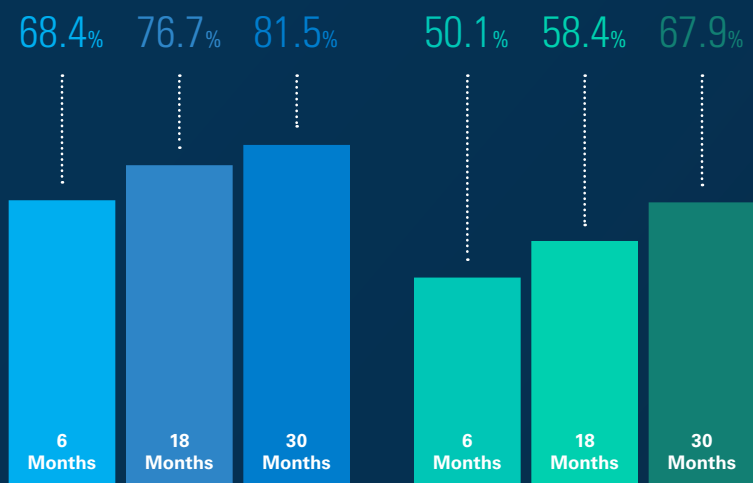
■ % who increased revenue
■ % who added jobs



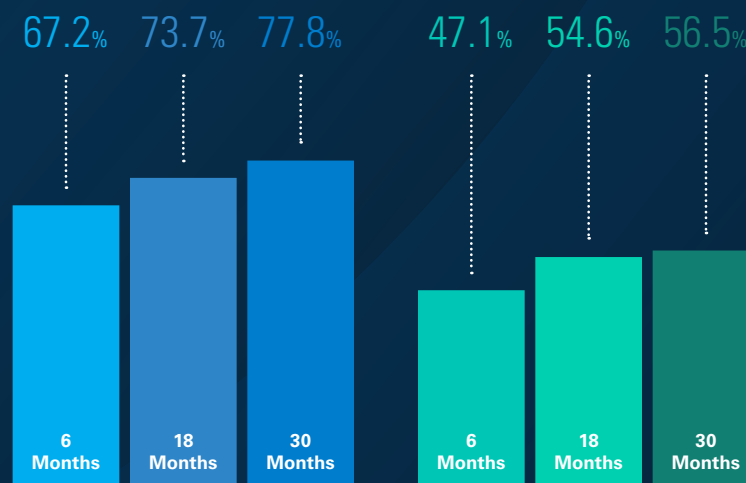
% OF 10,000 SMALL BUSINESSES ALUMNI WHO IMPROVED AN EXISTING PRODUCT OR SERVICE



% OF 10,000 SMALL BUSINESSES ALUMNI WHO OPENED A NEW LOCATION



% OF 10,000 SMALL BUSINESSES ALUMNI WHO LAUNCHED A NEW PRODUCT OR SERVICE



% OF 10,000 SMALL BUSINESSES AVERAGE

GROWTH CATALYSTS

Collaboration

The program consistently fosters a marketplace where 87.6% of graduates do business together.

The *10,000 Small Businesses* curriculum is built on a foundation of peer learning and practical, interactive exercises that emphasize the need for business owners to take deliberate and clear action to grow their businesses. The focus is on identifying the resources needed to pursue a growth opportunity and providing the vision and leadership to assemble and deploy those resources. By definition, this process often requires working with others to be successful. *10,000 Small Businesses* emphasizes and reinforces the importance of collaborating with other business owners and support services to grow. During the program this collaboration occurs between the business owners, with their business advisor, faculty, and other members of the *10,000 Small Businesses* delivery team.



**87.6% of graduates
do business together**

Program data also demonstrates that the business and personal relationships built through the program contribute to growth.

The bonds established between business owners during the program – both professional and personal – continue beyond the last formal class. Upon program completion, 87.6% of program participants report they are working together. At 18 months, almost two-thirds (64.1%) of alumni still report some form of collaboration. Even two and a half years after the alumni complete the program, 61.7% are still working with each other.

COLLABORATION AND GROWTH

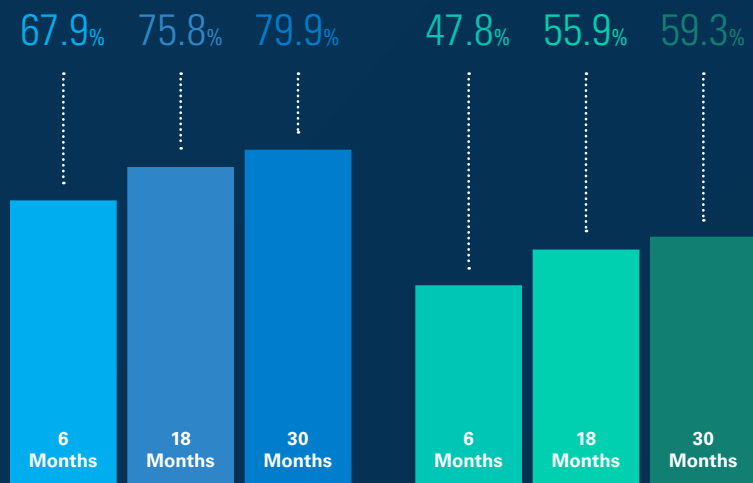
Goldman Sachs *10,000 Small Businesses* is designed to foster a high level of interaction amongst business owners. Peer learning, growth groups and interactive exercises ensure that participants work closely

together during every module and clinic. Program data supports that the relationships established during the program continue well beyond class, and shows that continued collaboration after program completion is associated with increased levels of business growth. For all observation periods, alumni who collaborated in any way were more likely to grow both revenue and jobs than those who did not collaborate. At 30 months, collaborators grow revenue and jobs 5.3% and 8.6% more often than non-collaborators. The data shows the power of the connections – both personal and professional established during the program. The impact of collaboration on growth is clear.

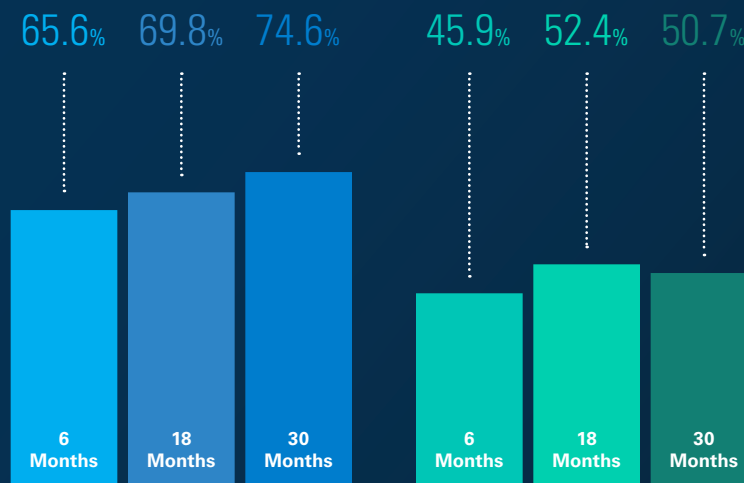
GROWTH CATALYSTS

COLLABORATION AND GROWTH

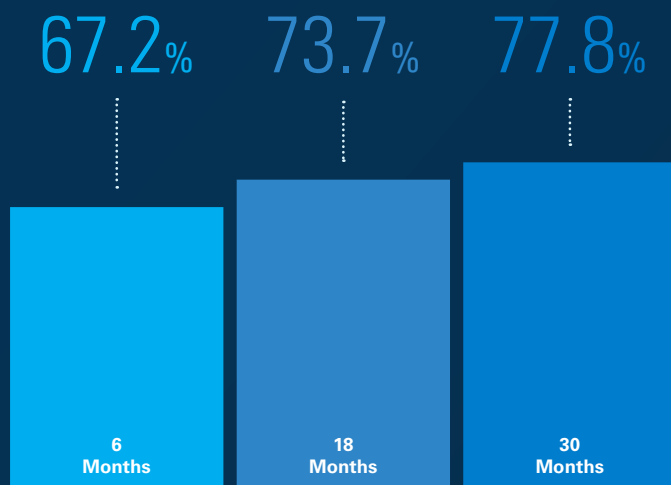
■ ■ ■ % who grew revenue
 ■ ■ ■ % who grew jobs



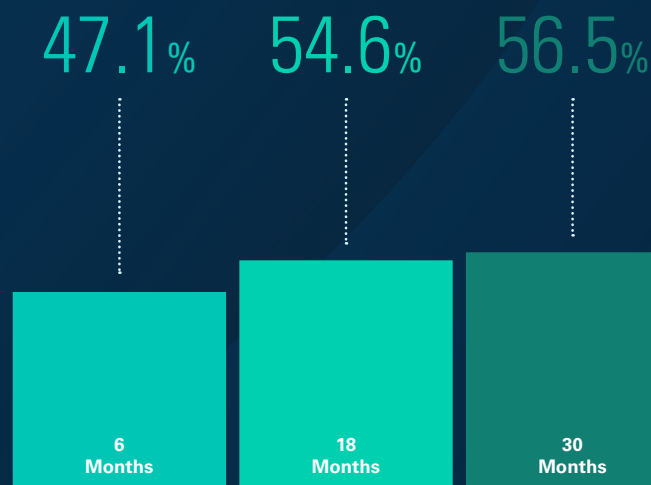
% OF 10,000 SMALL BUSINESSES ALUMNI WHO COLLABORATED



% OF 10,000 SMALL BUSINESSES ALUMNI WHO DID NOT COLLABORATE



10,000 SMALL BUSINESSES AVERAGE - ALUMNI WHO INCREASED REVENUE



10,000 SMALL BUSINESSES AVERAGE - ALUMNI WHO CREATED JOBS

PAYING IT FORWARD

Mentoring and Community Involvement

The fundamental goal of *10,000 Small Businesses* is economic development through small business growth in local communities. The program stresses the importance of creating both economic and social value, and over the course of the program participants often talk about integrating their business model with social responsibility and “giving” back to the community.

Two metrics are collected from alumni to assess their community involvement and impact. The first is their mentoring activity and the second their leadership role in local organizations.

At the start of the program, just over half of *10,000 Small Businesses* participants (52.6%) report mentoring someone in their community in the last 12 months. This number rises steadily, increasing significantly to almost two-thirds (65.4%) 30 months after completing the program.

Entering the program, the average number of people mentored by *10,000 Small Businesses* participants was 10 and the median 3. Over time, these numbers

also increase, with the average and median number of people mentored reaching 12 and 4 respectively at 30 months.

The increased incidence of mentoring as well as the number of people they mentor represents thousands of additional people touched by *10,000 Small Businesses* alumni and clearly shows their growing impact on local communities.



65.4%

of alumni mentor 30 months after completing the program

The data on *10,000 Small Businesses* participants' leadership shows similar trends. Entering the program, 41.2% of business owners have a leadership role in a community organization. This number increases to 48.5% 18 months after program completion. The fact that 18% more alumni have assumed leadership roles in local organizations – while simultaneously taking steps to grow their businesses – again shows the importance of community involvement and paying it forward to *10,000 Small Businesses* alumni.

In spite of increased levels of mentoring and community leadership – which require significant time commitment – *10,000 Small Businesses* alumni participating in these activities grow their businesses and create jobs at rates indistinguishable from those who don't. It appears that the program goals of creating both economic and social value in *10,000 Small Businesses* communities are not mutually exclusive.

"Since graduating from the Goldman Sachs *10,000 Small Businesses* program, we have grown top line revenues by 150% and grown our profits by 300%. The program helped me focus on sales strategy internationally. We are now exporting into 14 countries and have grown international sales by 400%. This next year we are tripling our facility, investing in new technology, and hiring additional team members."

NATALIE KADDAS

Kaddas Enterprises
Salt Lake City, UT
10,000 Small Businesses Graduate



PROGRAM STAYING POWER

Participant's Views of *10,000 Small Businesses*

Important measures of program success include participants' commitment to and satisfaction with the program. Business owners often state that time is their most precious resource and the program requires a significant time commitment with more

than 100 hours of classroom work and additional time outside of class to complete assignments and their growth plan.

Goldman Sachs *10,000 Small Businesses* has a 98.5% program completion rate, demonstrating that participants recognize the value that the program can bring to their businesses.

Alumni satisfaction with the program is assessed using a customer loyalty metric called the "Net Promoter Score" (NPS). NPS was introduced by

Fred Reichheld in his 2003 Harvard Business Review article "One Number You Need to Grow."³⁰ NPS asks respondents: How likely are you to recommend our company/product/service to your friends and colleagues? NPS scores range from -100 (everybody is a detractor) to +100 (everybody is a promoter). A positive NPS is considered good, and an NPS greater than 50 is excellent, or, in Reichheld's terminology, "World Class."³¹ NPS is widely used by large, established companies as well as small businesses and non-profits. Goldman Sachs *10,000 Small Businesses* has a Net Promoter Score of +91.

Goldman Sachs *10,000 Small Businesses* has a 98.5% program completion rate, demonstrating that participants recognize the value that the program can bring to their businesses.

30. Reichheld F. (2003). One Number You Need to Grow. Harvard Business Review, 81, December, 46-54. Net Promoter Scale is a registered trademark of Satmetric. 31. Reichheld F. (2011). The Ultimate Question 2.0 (Revised and Expanded Edition): How Net Promoter Companies Thrive in a Customer-Driven World. Harvard Business Press.

METHODOLOGY

10,000 Small Businesses utilizes a robust Measurement and Evaluation platform to provide evidence of program impact, facilitate continuous learning and improvement, and promote accountability and transparency.

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The *10,000 Small Businesses* Measurement and Evaluation (M&E) process is designed to be straightforward and valuable for everyone in the program. The data it provides help ensure that all program partners and the business owners have timely information to assess performance and guide strategy and tactics.

The key metrics for businesses in the program are revenue growth and job creation. These are used to assess the program's overall goal of economic development, while other data are

collected to ensure *10,000 Small Businesses* has a strong and positive impact on both participants and their communities.

Program participants complete a detailed online questionnaire when they begin the program (the "baseline" survey), upon graduation, and then approximately 6 months, 18 months, and 30 months after their completion of the program. Baseline survey data establishes the business owner's circumstances prior to entering the program and includes questions about employees, business management, business planning, access to capital, networking, and business challenges. The results of the baseline survey are also used in the first curriculum module to help business owners identify their strengths, weaknesses, and areas for improvement. The subsequent surveys

at graduation and then 6, 18, and 30 months after graduation assess *10,000 Small Businesses'* long-term impact and also provide the business owners with a consistent record of their progress and ongoing challenges.

In order to ensure the accuracy of the survey data, randomized data validation is performed by the local program staff after each survey is administered. The target validation rate of survey respondents is 100% for baseline and graduation surveys and 50% for follow-up surveys. This validation is combined with standard data cleansing techniques to help ensure that the reported results are representative of the actual performance of the businesses and that the overall impact of *10,000 Small Businesses* is accurately assessed.

For this report, the baseline data is based on the 6,376 responses collected from the possible 6,407 survey respondents resulting in a response rate of 99.5%. Similarly, the graduation survey achieved a response rate of 98.5% (5,914 out of 6,004 possible respondents). The 6-month data was collected from 4,009 respondents (out of 5,105 possible respondents) for a response rate of 78.5%; the 18-month data was collected from 2,318 respondents (out of 3,789 possible respondents), resulting in a response rate of 61.2%; and the 30-month data was collected from 1,332 respondents (out of 2,536 possible respondents), resulting in a response rate of 52.5%.

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ON THE COVER

Malan Lai
UCAN Zippers
Los Angeles, CA
10,000 Small Businesses Graduate

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