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State to air small businesses' policy ideas

By Cyndia Zwahlen
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Later this month, Gov. Arnold Schwarzenegger will host the state's first Governor's Conference on Small Business and Entrepreneurship, to be held in Los Angeles.

Since May, dozens of small-business owners and advocates have been hammering out preliminary policy proposals to present at the conference.

Their recommendations are meant to position the state to thrive in the fast-changing global economy while improving the business environment for the 3.5 million small firms here.

"I hope the conference will develop a consensus small-business action agenda and the network to see their priorities through to adoption," said Marty Keller, director of the state Office of Small Business Advocate, a Schwarzenegger appointee and the force behind the conference.

The proposals are divided into 10 categories, including innovation and technology, access to capital, healthcare and implementation of Assembly Bill 32: California Global Warming Solutions Act of 2006, which requires a reduction in carbon emissions to 1990 levels by 2020.

The 300 or so participants at the invitation-only conference will craft and vote on recommendations meant to guide Schwarzenegger's legislative agenda for the next two years. The last of the preliminary draft proposals was posted online last week at groups.google.com/group/californiasmallbusiness?hl=en.

In addition to Schwarzenegger, scheduled speakers include Louis Rossetto, co-founder of Wired magazine and now a chocolate entrepreneur in San Francisco; David Fischer, Google Inc.'s vice president of global online sales and operations; and Dan Rose, vice president at Facebook.

Planning for the conference began in the spring, before the current economic turmoil and the governor's call for legislators to return to Sacramento for an emergency session to address the state's budget deficit. Keller said that the conference could help shape the debate.

"It creates a great opportunity for new thinking and potential suggestions to arise from the business grass roots," Keller said.

Scheduled for Nov. 18 and 19 at the Renaissance Montura hotel near LAX, the event is modeled after the 1995 White House Conference on Small Business. All but four of the 60 policy recommendations made there resulted in laws or regulations, according to Keller's office.

Here are samples of the draft recommendations, which number about 130. Many suggest greater public-private partnerships; some require state resources that may be hard to come by if the economy remains troubled.

* AB 32/energy: The caucus group acknowledged the differences in opinion on how the California Air Resources Board should implement AB 32.

To address concerns that the cost to small businesses will be disproportionately high, the group recommended that the board identify financing programs to help firms alleviate those costs.

* Access to capital: This discussion group came up with 15 recommendations covering state outreach to small businesses, debt restructuring, equity funding and lender incentives.

Suggestions included proposing legislation to cover payment of the Small Business Administration's guarantee fee for loans that would meet certain job creation requirements, as well as tax incentives for angel investors.

Other proposals would boost micro-businesses by creating a new office in the state's business agency, enlarging micro-loan pools and creating a new type of small-business loan within public agencies.

* Entrepreneurial encouragement: Tax incentives, investment programs, education and support programs and state-assisted entrepreneur networks were covered in 19 recommendations.

Proposals include a state-managed seed fund for early-stage businesses, funding for small business development centers to support technology entrepreneurs and the state-assisted formation of computer databases that match investors and start-ups. For more information on the conference, go to sba.ca.gov.

Bailout panned

About half of small business owners -- 53% -- say the \$700-billion federal bailout meant to free up credit will have no effect on their businesses, while 18% said it would hurt their businesses, according to a report released last week by Discover Financial Services.

The report also showed that 57% of the 1,000 small business owners polled disagreed with the economic rescue plan.

The October Discover Small Business Watch, which measured economic confidence among businesses with fewer than five employees, highlighted the economic gloom many small firms are feeling. * Two in three, or 64%, rated the economy "poor" compared with 57% in September;

* 74% thought the economy was getting worse, up 1 percentage point from September;

* 69% were "not very" or "not at all" confident the federal government could address their business needs.

The data were compiled by Rasmussen Report.

Students in business

Pitching a business plan to the founders or top executives at firms such as OppenheimerFunds Inc., BlackRock Inc., the Boston Celtics and USA Network would give even a seasoned entrepreneur pause.

For two recent Crenshaw High School graduates who presented their student-business plan for Groovy Smoothies to several of those heavy hitters in New York last month, it was a welcome challenge.

"It was an empowering experience," said Ariana Drummond, 18. "Just being able to do that was amazing." Drummond and business partner Autumn Taylor, 18, went to New York for the national business plan competition for high school students held each year by the National Foundation for Teaching Entrepreneurship.