

Impact of Regulations on Minority businesses

Testimony of

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Good afternoon, my name is William Scott and for almost 11 years, I have focused my career on providing economic development and resources to small businesses education institutions, and nonprofits. My motto is "A Quitter Never Wins and A Winner Never Quits". I am the CEO of Tristatz, LLC, a successful community & economic development consulting company in Selma, AL. I am the host of a top rated Small Business Radio Show "The Business Doctor" that broadcasts live and streams through the internet to an audience of over 150,000. I have worked in various business cultures and professional environments. I won first place in the 2013 Tuskegee University Booker T. Washington Business Pitch Contest for a presentation of the impact of a Private Owned Business Resource Center in Rural America. I am the former Mayor and council member of the Town of Mosses that is located in Lowndes County, Alabama.

Over the years, I have worked for the United States Department of Commerce as a Partnership Specialist and as the Black Belt Outreach Coordinator for The Honorable Congresswoman Terri A. Sewell of the 7th Congressional District.

I have completed 12 years of dedicated service with the United States Army, earned an Iraq War Honorable Service Award, was selected as the Battalion Solider of the year and received the Army Achievement Medal. I am active member of The Delta Leadership Network, The Black Belt Commission Executive Board, The Black Belt Infrastructure Committee, and The State Bicentennial Committee. I have served as a member of numerous organizations such as The Delta Regional Authority, The League of Municipalities, The Children's Policy Council, Community Action Agency, 21st Century Leadership and other civic organizations.

I am the youngest of 14 siblings, a faithful member of the St. Francis Apostle Church of God, Board Trustee.

“Helping people and providing quality service is my primary goal in life”.

All this is to say that I come today as someone deeply committed to helping my community and this country. As you can hear from my some of my background, my diverse experiences allow me to understand issues from multiple perspectives.

I represent small business businesses in economically distressed communities with majority black populations. What I find in these communities is a high level of innovative and creative minds. I speak for these entrepreneurs who provide vital resources and services and products that keep their local economy operating daily.

But it's not just the black small businesses in Alabama that I represent. Nationwide there has been a dramatic increase in black entrepreneurship. In fact, according to Fortune, “the number of businesses owned by African American women grew 322% since 1997, making black females the fastest growing group of entrepreneurs in the U.S.”

So while many say that federal regulations are stifling small business growth, the statistics and I are here to tell you that is not the case certainly in the African-American community.

I understand first hand the needs of so many black entrepreneurs in our communities. And I can tell you that regulations play an important role in my work and success, in meeting the needs of our businesses and in protecting our community.

In addition to being the CEO of Tristatz, I am also the senior consultant with Emerging ChangeMakers Network in Alabama. This Network brings innovative idea and inspiring leaders together to address issues of economic inequality. Emerging Changemakers functions at the intersection of cultural change by community leadership and social entrepreneur building; brokering and building multiple forms of community sourced and social investment capital and supporting policy strategies that increase ownership and income among historically marginalized communities. This means that we work closely with our business leaders to maximize the opportunities that good regulations provide as a pathway to good business.

Our experience is with community sourced economic development - a model that harvests ideas and ventures based on local assets, and then connects entrepreneurs, investors, philanthropists and other stakeholders in order to build the flow of capital to local businesses. We focus on triple-bottom- line lending that economically contributes to the community, that offers livable wages to

employees or ownership opportunities to the borrower, and are environmentally responsible.

We believe that you do not have to choose between growing business and social and environmental protections. In fact our businesses here in Alabama understand that we do better because of these protections as they create a level playing field for competition.

Blu Design Company, a Printing and Design Company, is one of the companies that has benefited from our Soul'utions Accelerator Business Development Counseling at our Business Center located in Selma, AL. Mr. Michael Williams had a home-based business that was under paid for services. Our program was able to offer a virtual office location, so he could develop a business structure, receive marketing services and utilize our client network. We were able to assist Mr. Williams to obtain a business license, understand local/state/federal regulations and access the SBDC (Small Business Development Center) resources. Blu Design Company's pay rate for services increased by 500% within one year and its client base grew dramatically.

Our experience shows that good regulations tend to stimulate innovation and entrepreneurship in addition to limiting or preventing destructive forms of economic activity.

We are engaged in brokering opportunities between businesses and investors, providing limited micro-loan, conducting business accelerator for investment readiness; investor network for private capital, database of investment ready projects, research and economic Studies, community asset mapping and facilitation. We understand that there is a great need for good regulations when so much money is flowing back and forth. Business owners understand that with investments in their business come responsibilities, contracts and regulations to ensure protections.

Therefore our clients understand that there is a great need for good regulations like Dodd-Frank that protects their investment of hard work and money from the risky behavior of the big banks that led to the Great Recession, which devastated small businesses around the country.

The bottom line is that regulations are essential tools for ensuring that markets meet the needs of all stakeholders. Regulations are needed to create the conditions under which society as a whole can prosper, so that financial, health, and environmental protections can exist to support a growing economy.

Given the increasing severe weather and the impact on businesses, The American Sustainable Business Council commissioned scientific polling of random small business owners and found that Eighty-seven percent (87%) of

business owners named one or more consequences of climate change as potentially harmful to their businesses.

Businesses understand that regulations like the clean power plan that reduce our carbon outputs and climate risks – will work to protect businesses in our coastal regions including Alabama. Small business sees climate change as a threat and supports EPA taking action as proposed in this rule. Sixty-four percent (64%) of business owners believe government regulation is needed to reduce carbon emissions from power plants. Let's remember that business under water can serve no one.

Well-designed regulations not only level the playing field for small businesses competing with big businesses, they also lay the groundwork for entrepreneurship. And statistics show that blacks are the fastest growing demographic for entrepreneurship. I'm not just speaking for black business owners in Alabama but for black entrepreneurs and small business owners across the country who are benefiting from good regulations.

Federal regulations affect the Automobile industry in Alabama by requiring vehicles to be built to certain standard of quality. This gives a consumer an opportunity to purchase a safe, efficient and comfortable vehicle that has passed federal regulation standards. Don't we all want those assurances that the vehicles that we use in our businesses or personally are safe?

The Alabama Department of Transportation is controlled by federal regulations that ensure the roads are uniform in construction. As a traveler drives along the Interstates and Highways there is a consistent road guideline that makes the traveler more comfortable. People are more willing to travel when they know that regulations are in place, which benefit towns/cities with tourism dollars (millions per year). Again regulations are not the villain as they create common understandings and guidelines for business and society.

Because of the lack of good chemical regulations in West Virginia, the Elk River spill wreaked havoc on the state economy where at least \$61 million dollars in economic damage was calculated. There was impact for most business but this had a particularly bad impact on minority and small businesses in the region. Add to that impact on the community without access to clean water and even greater economic impact can be calculated from lack of spending when consumers are facing catastrophic damage, as well as the added health costs associated with exposure to toxic chemicals

Ben Green in South Carolina is an independent insurance broker whose business has increased because of the regulatory implementation of the Affordable Care Act.

Nikhil Arora, CEO, of Back to the Roots believes that "Regulation is not the enemy of business - especially not small businesses. Smart and sensible regulations help level the playing field for businesses owners - from all backgrounds. Accounting regulations, product safety regulations, ingredient labeling, etc. - these rules actually help businesses compete - on their own merit & on the weight of their product and services quality- NOT on lobbying money, massive marketing budgets, or access to influencers. In food, the lack of regulation around labeling and what true "whole wheat" actually means makes it far tougher for us, as a small business investing in high quality grains, to compete with larger companies who can spend their way out of misleading product labels because of a lack of regulations holding companies accountable to their actions and marketing messages."

e-Management is a woman-owned, minority-owned, small business that provides award-winning cybersecurity and professional Information Technology (IT) services to U.S. government agencies and private companies. Established in 1999, the company has achieved significant growth and recognition for its IT subject matter expertise and results driven culture. e-Management is the 2015 IT Company of the Year for Montgomery County, Maryland. A CMMI® Maturity Level 3 rated company, e-Management has successfully launched two commercial software innovations over the past decade, including CyberRx for improving cybersecurity readiness and eGov Risk Portfolio Manager for enterprise risk management. e-Management has benefited from smart government programs such as the SBA 8(a) program in which it participated for nine years. The program created opportunities for small innovative businesses like e-Management to learn how to market their products and services directly to government clients and to develop capabilities to successfully compete with similarly sized companies. e-Management's future looks promising with the introduction of another new smart government regulation, the recently enacted Woman Owned Small Business (WOSB) program, which levels the playing field for women-owned small businesses across the federal contracting marketplace, particularly in industries such as IT in which WOSBs are substantially underrepresented.

Salman Ravala, an International Business Lawyer in New York, sees regulations as a mechanism to provide not only clear instructions but also a mechanism of transparency and accountability. His clients, minority owned businesses, understand "knowing clearly what is required and having all parties involved follow the rules rather than responding to costly unknowns and avoiding pitfalls that slow down the growth of their business.

At the same time regulations can drive business innovation. Renewable energy and energy efficiency provides much better opportunity for durable competitive advantage, creates more jobs, pays higher salaries, and generates more capital investment than a megawatt of electricity generated from coal. This strengthens the consumer economy and the opportunity for minority owned businesses.

The Internet offers another example of how regulation stimulates economic growth. The free and open internet has generated far more innovation, jobs, and investment returns than when telecommunications giants could restrict information flowing through their wires and ban third-party applications from their cellular phones. Good regulations do not stifle opportunity; they open up markets to new breakthroughs.

A national poll conducted for the American Sustainable Business Council found that “lack of demand” – and not regulation – is the biggest problem that small businesses face. Small-business owners see regulations as a necessary part of a modern economy (86%) and believe they can live with regulations if they’re fair and reasonable (93%). Enforcing regulations on the books is important to small-business owners (76%) and they view regulations as protection from unfair competition from big business (78%). And it’s not just regulations in general that small-business owners perceive to have value. Specific regulations to hold down health insurance premiums (78%), ensure food safety (84%), promote clean air and water (79%), and move the country towards energy efficiency and clean energy (61%) were also recognized as helpful by small-business owners.

Every sport has rules and every sport has great players that excel with the parameters of those rules. Those great players are our champions and national heroes. Good regulations helps set the guidelines that offers businesses the opportunity to innovate and create the new champions of business.

The Selma Business Center in Alabama was developed to help entrepreneurs and veterans in economically distressed communities. This center promotes information, counseling, resources, regulations, financing, networking and training classes to over 150,000 residents weekly. We know that small businesses are often at a disadvantage with large corporations. However through education and updates from the SBA, SBDC, Department of Labor and American Sustainable Business Council, the center is able to learn and share information about regulations that affect businesses. A partnership network has been established with the chamber of commerce, local businesses and regional organizations that support entrepreneurship. We and many other organizations across the country can work with government to provide that extra support for new entrepreneurs and small businesses owners when needed.

Again regulations is not the problem but a commitment to make them work for all is our opportunity and this is more easily achieved when you recognize the partnership opportunities between business and government.

We do not need to choose between growing our businesses and our economy and ensuring that there is a level playing field, fair systems and key protections.

I am on the ground with black entrepreneurs and small business owners every day. If you want to really help them, then provide more resources for professional business consultation to minority-owned businesses. As for regulations, what would be helpful are more resources for compliance assistance and making sure those small businesses providing services under federal contracts get paid on time. Efforts to slow down regulations or to de-regulate are not being a friend to the African-American small business community.

That is why Emerging ChangeMakers is a part of the larger efforts of the American Sustainable Business Council and the over 250,000 businesses that they represent to advance smart regulations that protect our communities and the environment, as we grow our businesses, create good jobs and build a vibrant economy.