



**10,000
small
businesses**

STIMULATING SMALL BUSINESS GROWTH

PROGRESS REPORT ON GOLDMAN
SACHS 10,000 SMALL BUSINESSES
THIRD EDITION



BABSON

DEVELOPED BY BABSON COLLEGE



**IF PROVIDED WITH
THE RIGHT MIX OF
TRAINING AND SUPPORT,
AMERICA'S SMALL
BUSINESS OWNERS CAN
GROW THEIR COMPANIES
AND CREATE MEANINGFUL
IMPACT IN THEIR
COMMUNITIES.**

EXECUTIVE SUMMARY

Goldman Sachs 10,000 Small Businesses graduates continue to outpace national growth averages and, for the first time, the program has 30 month data to further demonstrate their continued growth.

This third report on Goldman Sachs *10,000 Small Businesses* summarizes the progress of over 3,500 small business owners who have completed the program. With nearly triple the sample size of the program's inaugural report, and now including data for participants 30 months after they completed the program, results show that *10,000 Small Businesses* graduates consistently grow their revenues and create jobs at rates that outperform the broader economy.

Growth is seen across the board and is not limited to a specific industry or demographic. It comes from business owners of different ages (24 to 77), education levels (some high school to advanced degrees) and genders (45.5% female), across more than a dozen industry groups.

The program is designed to meet a specific need in the market—reaching past the start-up phase in order to teach established businesses how to grow. The curriculum helps business owners craft and implement a growth plan that

focuses on a strategy and tactics that will help grow their businesses, thereby increasing their revenues and spurring job creation. To achieve this, the program works with a network of over 100 local and national partners.

PROGRAM IMPACT

Findings from this report demonstrate the long-term impact of the program. *10,000 Small Businesses* participants consistently increase revenues and create jobs over a longer period of time. Six months after completing the program, 47.9% of participants reported adding new jobs. This number increased to 55.7% at 18 months and to 60.9% at 30 months after the program. This job growth represents a significant improvement when compared with the broader economy, as 23% of United States small businesses surveyed by the National Small Business Association for its 2015 Year-End Economic Report reported increasing their number of employees.

Revenues of the participating businesses also grew steadily after program completion, with 68.7%, 73.9% and 81.9% of participants reporting increased revenues six months, 18 months and 30 months, respectively, after program completion. To again provide context for how this compares to the broader economy, 45.0% of United States small businesses surveyed by the National Small Business Association for its 2015 Year-End Economic Report reported increasing their revenues.

With a greater sample size and participant data measured from 30 months after program completion, the relationship between strategic actions and business growth can be examined, revealing that certain business changes reported by *10,000 Small Businesses* alumni measurably impact revenues and job creation. Participants who reported pursuing new opportunities, either market-based (such as opening a new location, expanding their domestic market) or product/service-based (launching a new product or service or improving an existing product or service), were more likely to grow revenues than *10,000 Small Businesses* alumni generally 30 months after completing the program.

Program data repeatedly indicates that what's good for employees is also good for business. At 30 months after program completion, 86.2% of the graduates providing formal training to their employees reported revenue growth, and 84.8% of those providing medical and/or dental coverage to their employees reported revenue growth.

Program data also shows that business and personal relationships built through the program contribute to business growth. The program fosters a marketplace where, at graduation, 85.3% of the participants are collaborating with each other, and those who do consistently report greater revenue and job growth.

The peer learning approach is also instrumental in highlighting the importance of mentoring others and in advancing the skill set required to be both a mentee and a mentor. 18 months after completing the program, graduates of *10,000 Small Businesses* are paying it forward by mentoring an average of eight people each.

Based on these outcomes, Goldman Sachs *10,000 Small Businesses* demonstrates the power of investing in small business owners. If provided with the right mix of training and support, America's small business owners can grow their companies and create jobs in the communities where they live and work.

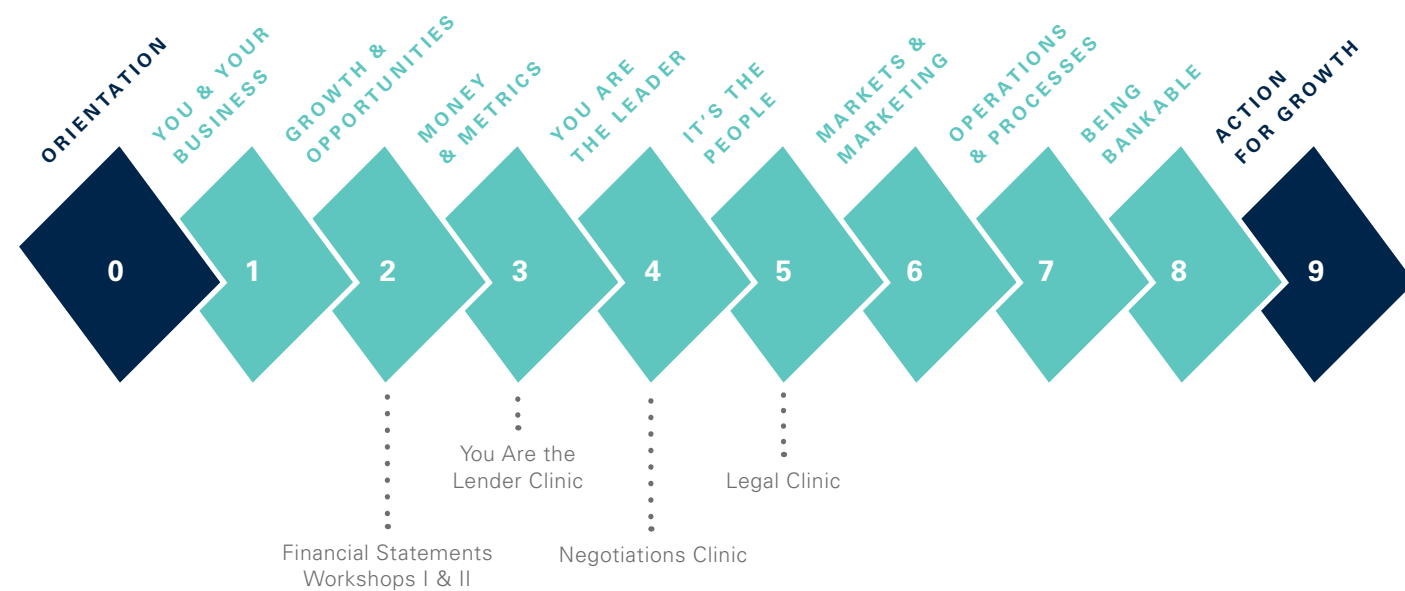
ABOUT 10,000 SMALL BUSINESSES

With 31 sites across the United States and the United Kingdom, 10,000 Small Businesses has served over 6,100 small business owners. The program has reached business owners from all 50 states, Puerto Rico, and Washington, D.C.

Goldman Sachs 10,000 Small Businesses is a public-private partnership to unlock the growth and job-creation potential of small businesses. Led by co-chairs Lloyd Blankfein, Goldman Sachs chairman and CEO, Michael R. Bloomberg, Bloomberg L.P. founder, president and CEO and 108th Mayor of the City of New York, Warren Buffett, Berkshire

Hathaway chairman and CEO and Harvard Business School and the Initiative for a Competitive Inner City's Dr. Michael Porter, the program provides entrepreneurs with a practical business and management education, business support services and access to capital.

CURRICULUM

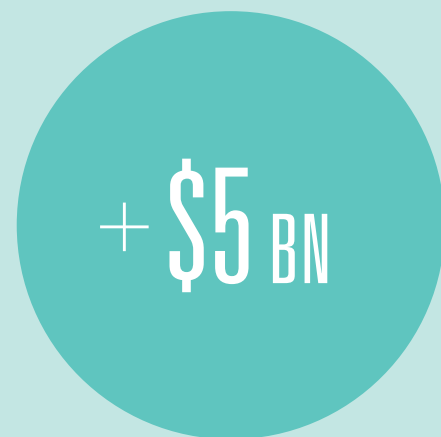


99%

COMPLETION RATE
OF THE PROGRAM

ANDREW CHMIELEWSKI
DAVE'S SWEET TOOTH
DETROIT, MI
10,000 SMALL BUSINESSES GRADUATE

ABOUT 10,000 SMALL
BUSINESSES



THE TOTAL REVENUES OF
PARTICIPANTS' BUSINESSES



THE TOTAL EMPLOYEES OF
PARTICIPANTS' BUSINESSES

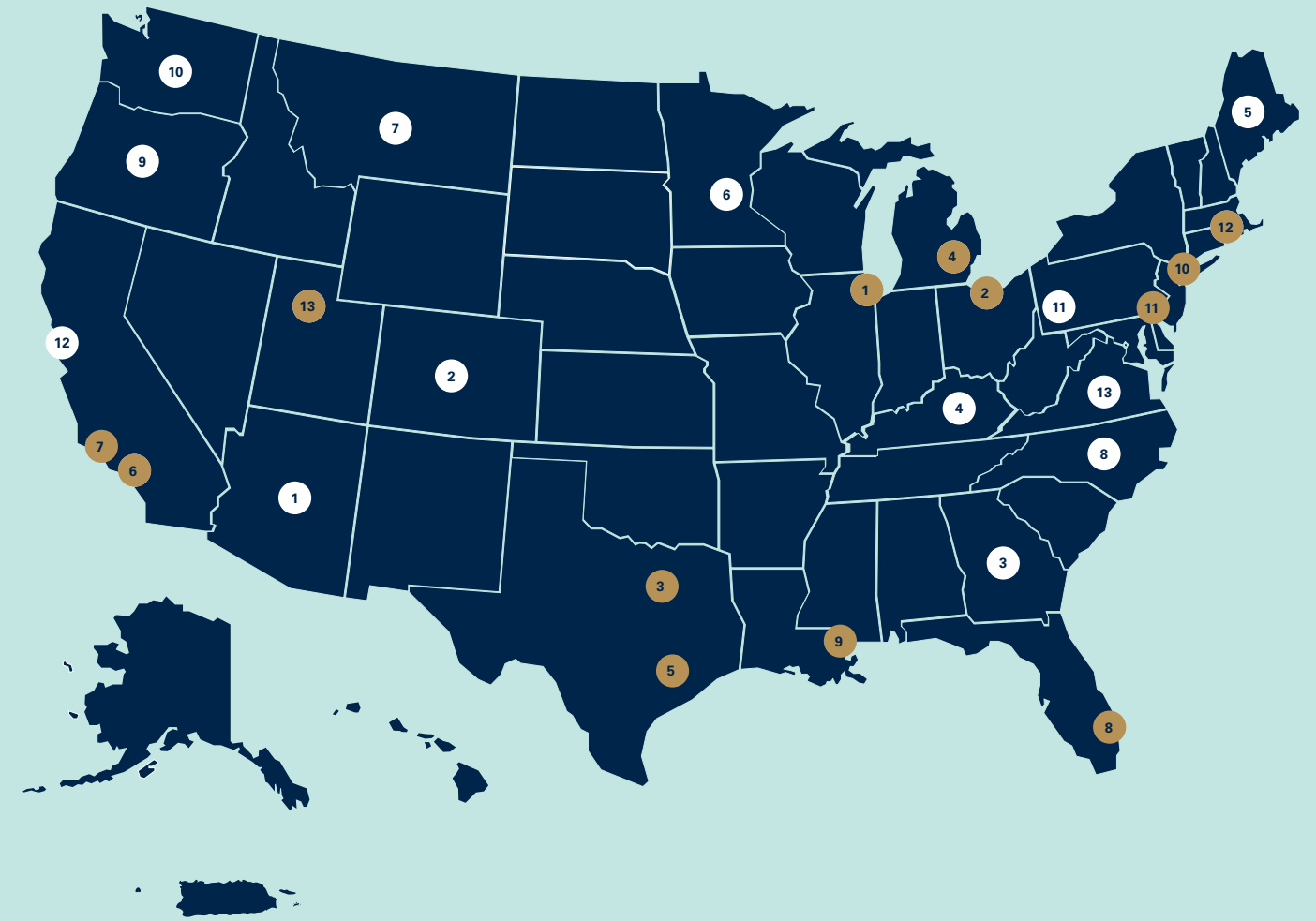
U.S. DELIVERY SITES

50

THE NUMBER OF STATES THE
PROGRAM HAS REACHED

100

THE NUMBER OF LOCAL AND
NATIONAL PARTNERSHIPS



● CAPITAL SITES

● CAPITAL + EDUCATION SITES

● NATIONAL PROGRAM

- 1. Arizona
- 2. Colorado
- 3. Georgia
- 4. Kentucky
- 5. Maine
- 6. Minnesota
- 7. Montana

- 8. North Carolina
- 9. Oregon
- 10. Washington
- 11. Pittsburgh
- 12. San Francisco Bay Area
- 13. Virginia

- 1. Chicago
- 2. Cleveland
- 3. Dallas
- 4. Detroit
- 5. Houston
- 6. Long Beach
- 7. Los Angeles

- 8. Miami
- 9. New Orleans
- 10. New York City
- 11. Philadelphia
- 12. Rhode Island
- 13. Salt Lake City

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

WHO ARE THE 10,000 SMALL BUSINESSES?

Program participants represent the broad spectrum of American entrepreneurs, demonstrating the diversity of small businesses across the United States. Irrespective of age, educational level, gender or industry representation, participant businesses are growing revenues and creating jobs to a greater extent than the overall U.S. small business population¹. The median revenues reported by program participants is \$716,146 and the median number of employees reported is 11.

PARTICIPANTS

Age Range

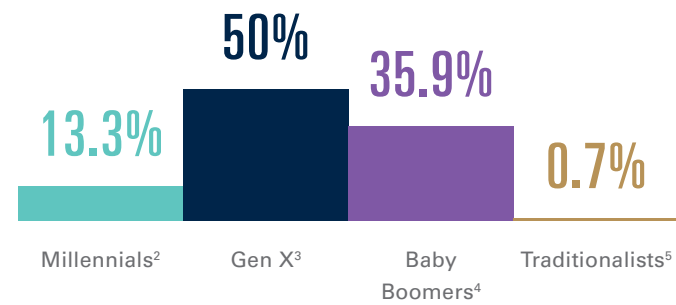
24 – 77 YRS

With a median age of 47 years

Gender

45.5% 54.5%

Generations



Education

Participants' educational levels range from **some high school or a GED** through **graduate degrees**

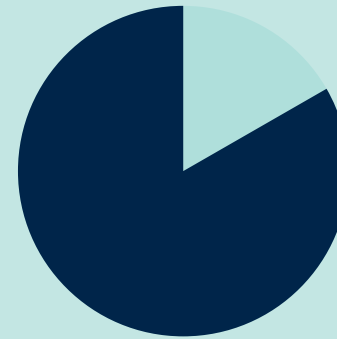
1. According to National Small Business Association's 2015 Year-End Economic Report report, 23% of United States Small Businesses surveyed reported increasing their number of employees and 45% reported increasing their revenues. 2. Born between 1980 and 2000. 3. Born between 1965 and 1979. 4. Born between 1946 and 1964. 5. Born between 1900 and 1945.

BUSINESSES

Business Formation

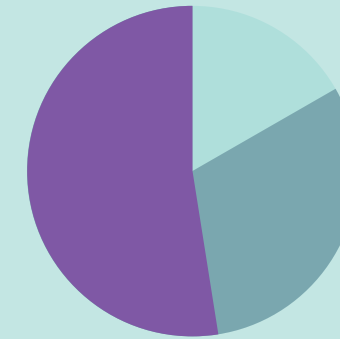
80.3%

FOUNDED OR CO-FOUNDED THEIR BUSINESSES



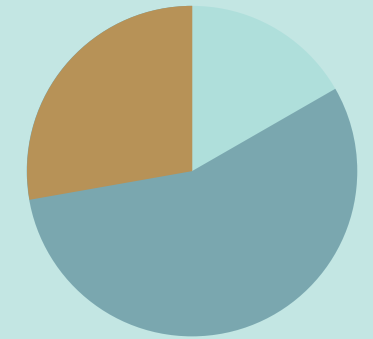
52.5%

STARTED THEIR BUSINESSES ALONE



27.8%

STARTED THEIR BUSINESSES WITH OTHERS



Median Number of Employees

11



Median Revenues

\$716,146

Median revenues reported by program participants

Family Owned

45.2%

Nearly half describe their businesses as family-owned

“

Innovative people, mergers and acquisitions, new technological advances in Building Information Modeling and many other opportunities became available but we needed the foresight, courage and business tools to access capital and take advantage. Through 10,000 Small Businesses I learned those tools and through Philadelphia Industrial Development Corporation (PIDC) we raised the capital. With over 2,000 percent growth in 4 years, 24 more people, and a first to market, cutting edge technology we did not only take advantage, we took the market by storm!

”

MICHAEL BROWN
ENVIRONMENTAL CONSTRUCTION SERVICES, INC.
PHILADELPHIA, PA
10,000 SMALL BUSINESSES GRADUATE





BUSINESS AGE RANGE

2-150 YRS

With a median age of 12 years

EDINSON ARENAS
AZTECA MEXICAN CANDY
DALLAS, TX
10,000 SMALL BUSINESSES GRADUATE

WHO ARE THE 10,000 SMALL BUSINESSES?

Business Industry Distribution



PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES



ACCOMMODATION & FOOD SERVICES



CONSTRUCTION



MANUFACTURING



INFORMATION



HEALTH CARE & SOCIAL ASSISTANCE



RETAIL TRADE



OTHER



MANAGEMENT OF COMPANIES & ENTERPRISES



EDUCATIONAL SERVICES



REAL ESTATE RENTAL & LEASING



TRANSPORTATION & WAREHOUSING



WHOLESALE TRADE



OTHER SERVICES¹



FINANCE & INSURANCE

1. Except public administration.

PROGRAM IMPACT

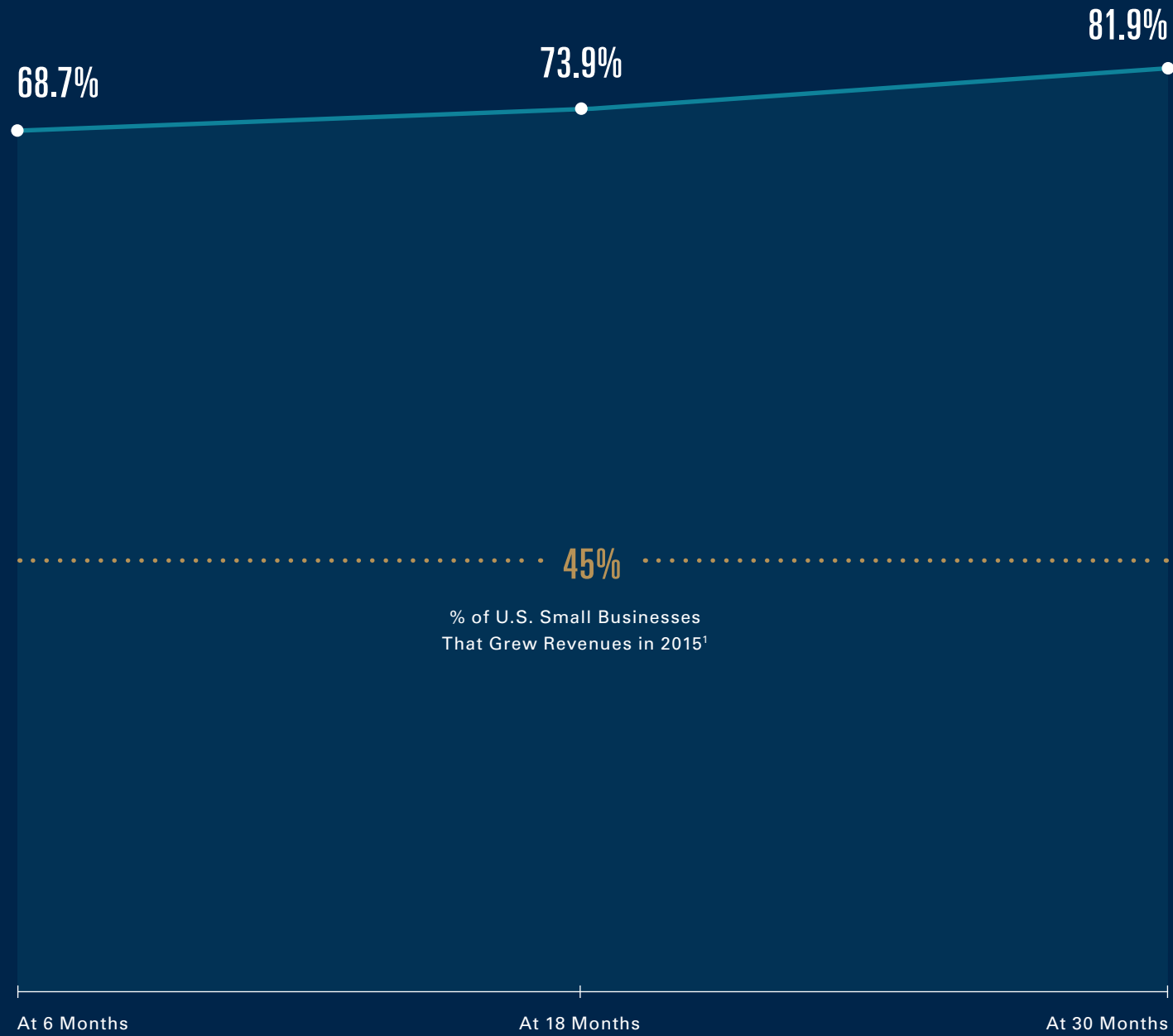
Results are seen at 6 months after graduation, and notably businesses are still growing 18 months and 30 months after completing the program.

***10,000 SMALL
BUSINESSES***

**PARTICIPANTS ARE
MORE LIKELY TO REPORT
REVENUE GROWTH AND
JOB CREATION THAN
U.S. SMALL BUSINESSES
GENERALLY.**

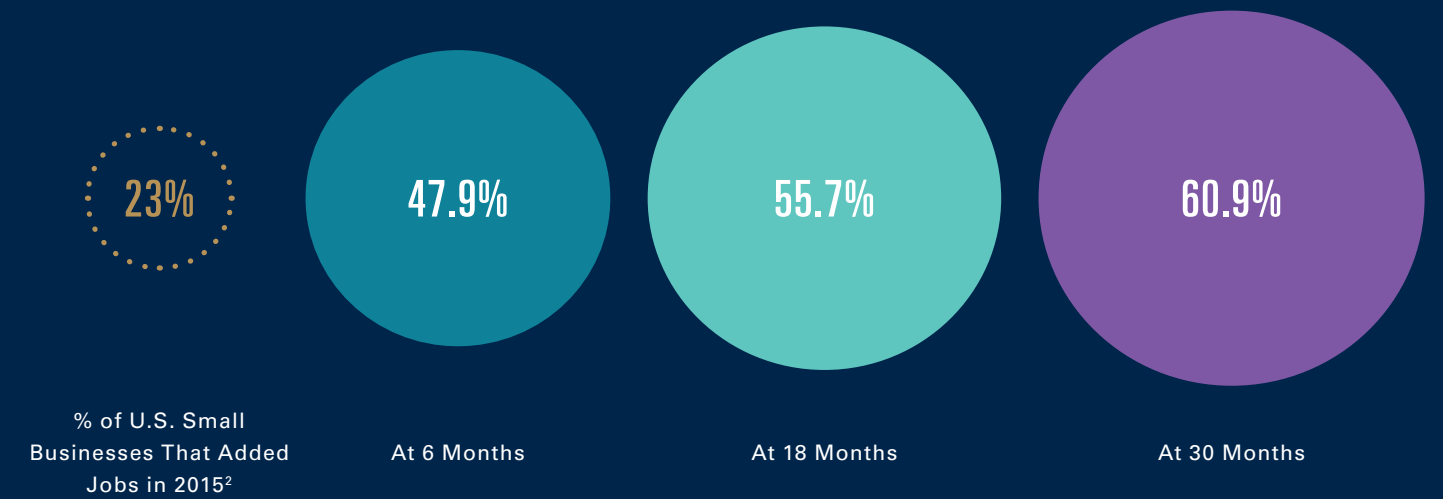
REVENUE GROWTH

% of 10,000 Small Businesses Alumni Who Increased Revenues



JOB CREATION

% of 10,000 Small Businesses Alumni Who Created Jobs



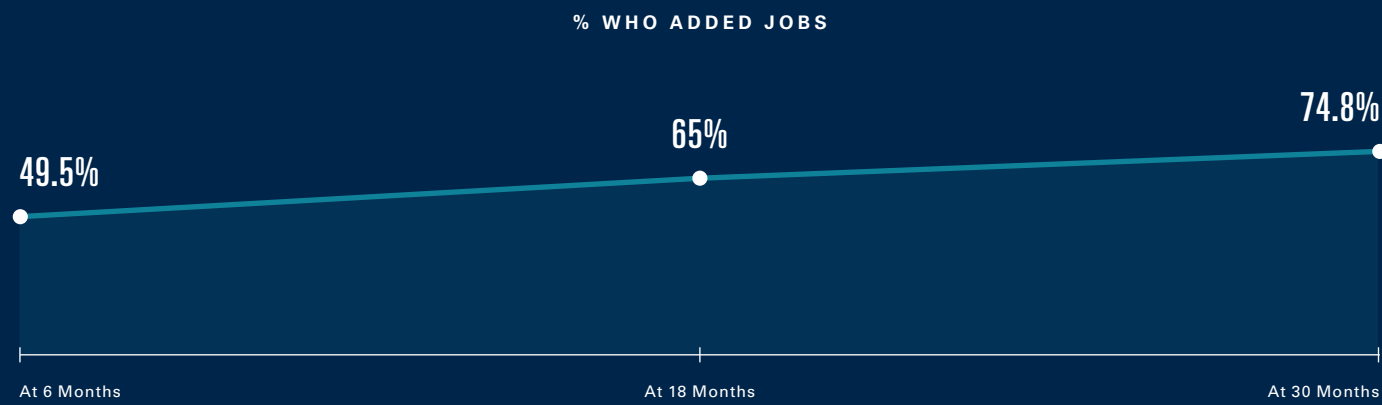
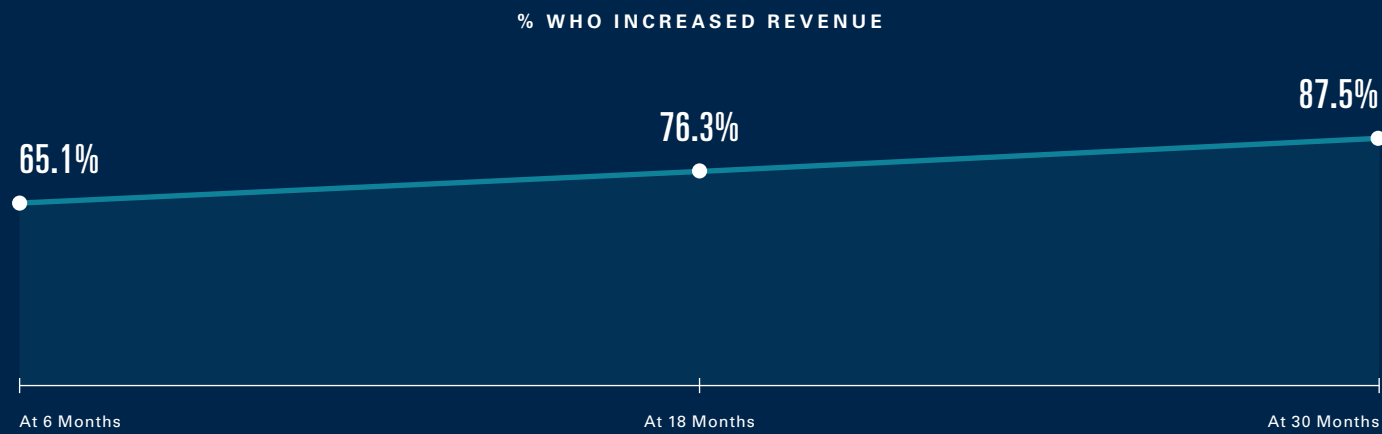
1. The National Small Business Association (NSBA) Year-End Economic Report. (2015). Retrieved March 24, 2016 from <http://www.nsba.biz/wp-content/uploads/2016/02/Year-End-Economic-Report-2015.pdf>

2. The National Small Business Association (NSBA) Year-End Economic Report. (2015). Retrieved March 24, 2016 from <http://www.nsba.biz/wp-content/uploads/2016/02/Year-End-Economic-Report-2015.pdf>

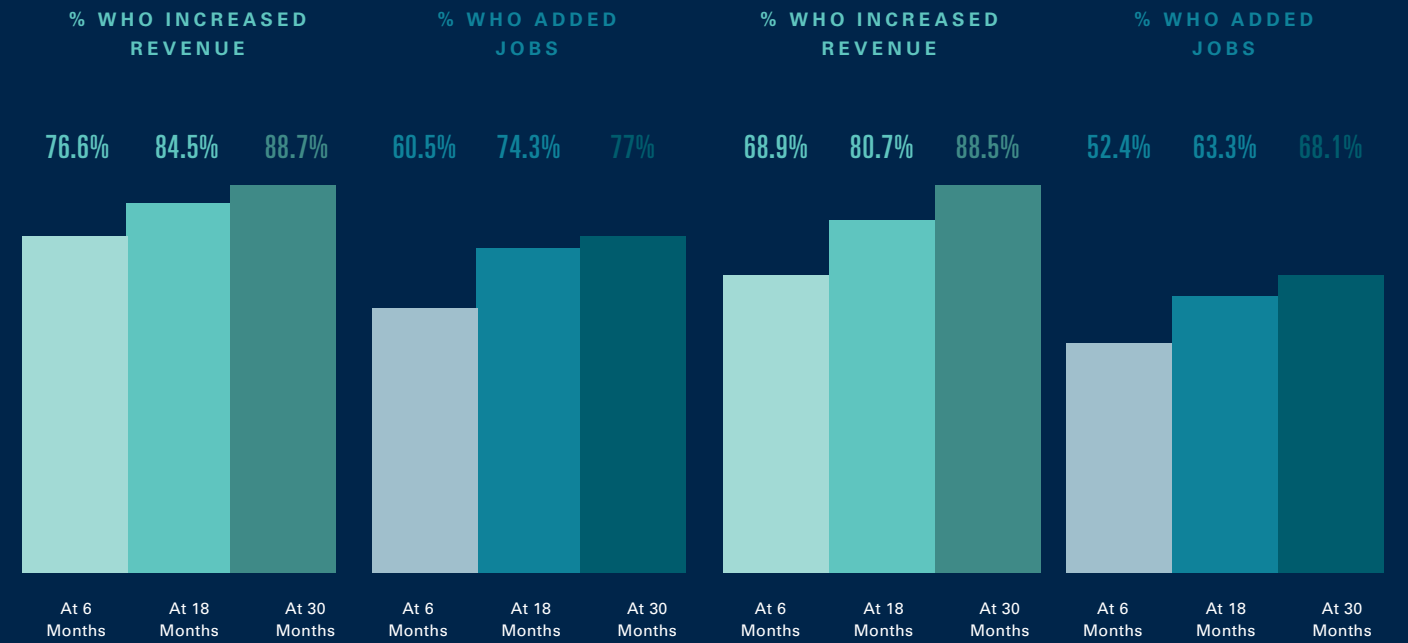
GROWTH OPPORTUNITIES AND ACTION

Certain business changes reported by *10,000 Small Businesses* alumni measurably impact revenues and job creation at both the 18-month point and 30-month point. As the data shows, program alumni who expanded markets and modified products, grew even more than *10,000 Small Businesses* alumni generally.

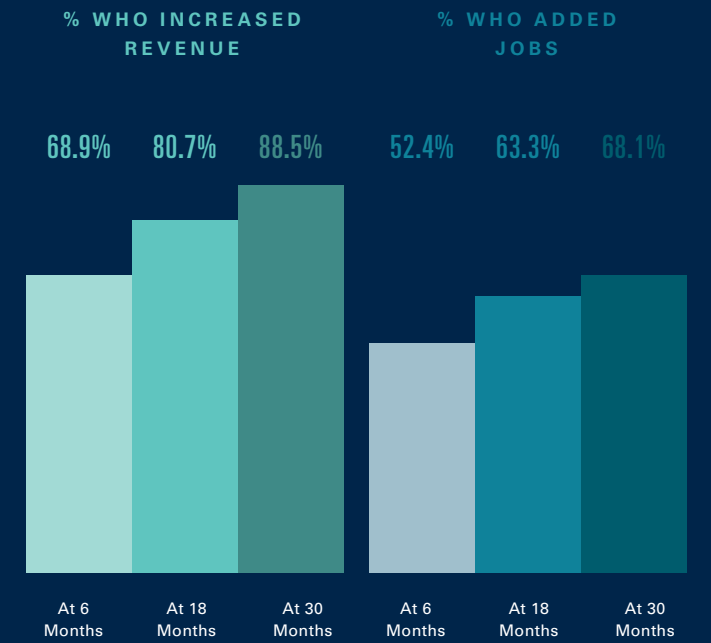
10,000 Small Businesses Alumni Who Reported Domestic Market Expansion



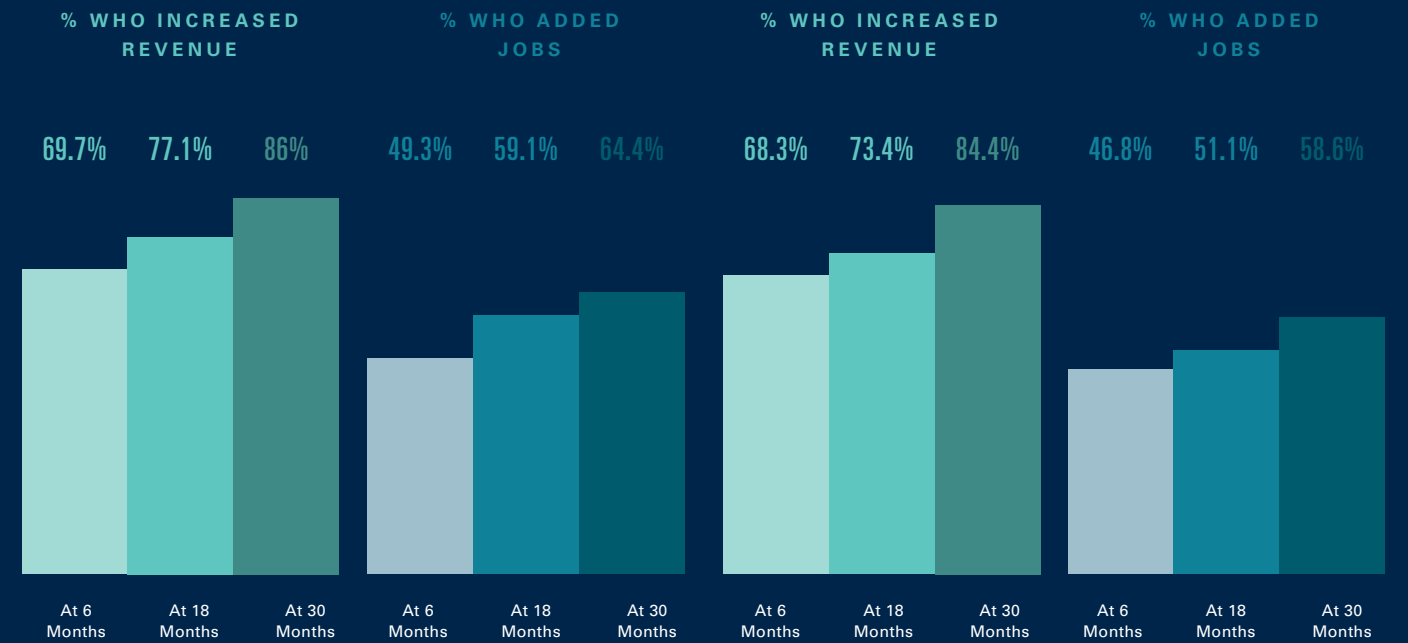
10,000 Small Businesses Alumni Who Opened a New Location



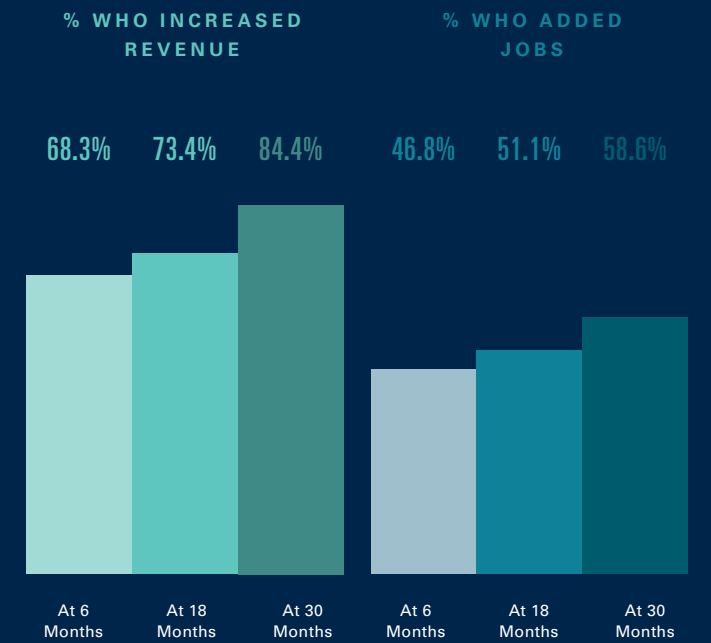
10,000 Small Businesses Alumni Who Launched a New Product or Service



10,000 Small Businesses Alumni Who Improved an Existing Product or Service



10,000 Small Businesses Alumni Who Stopped an Unprofitable Product or Service





“

I uncovered my own unconscious bias that equated small business with inferior business. Small is a size, not a value judgment. That realization opened a door through which I ran, seeking meaningful collaborations and larger contracts, armed with more joy, power and confidence.

”

CARLA WALKER-MILLER
WALKER-MILLER ENERGY SERVICES
DETROIT, MI
10,000 SMALL BUSINESSES GRADUATE

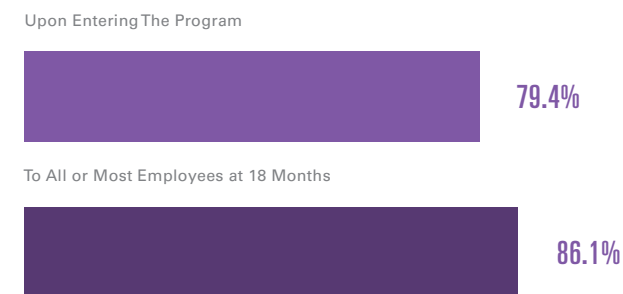
WHAT'S GOOD FOR EMPLOYEES IS GOOD FOR BUSINESS.

WORKFORCE DEVELOPMENT AND EMPLOYEE BENEFITS

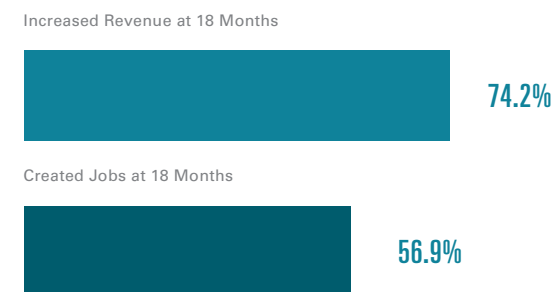
Data supports that what's good for employees is good for business. 10,000 Small Businesses participants that reported providing training and benefits increased after graduation, and showed similar growth and job creation to alumni generally.

WORKFORCE TRAINING

% of Businesses That Provide Training

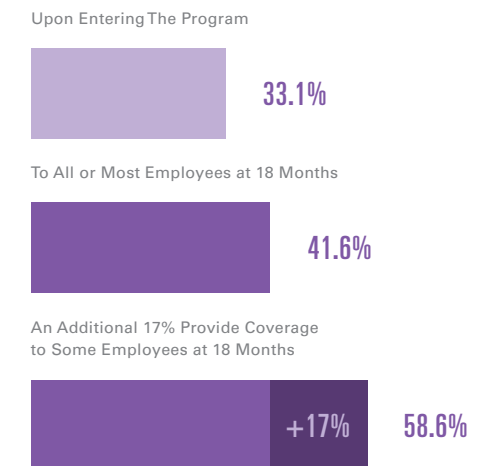


% of Businesses Reporting Growth That Provide Training

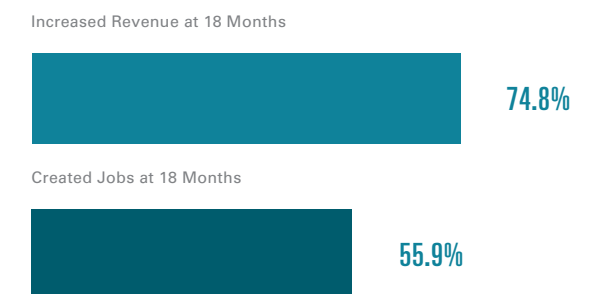


EMPLOYEE BENEFITS

% of Alumni Who Provide Coverage



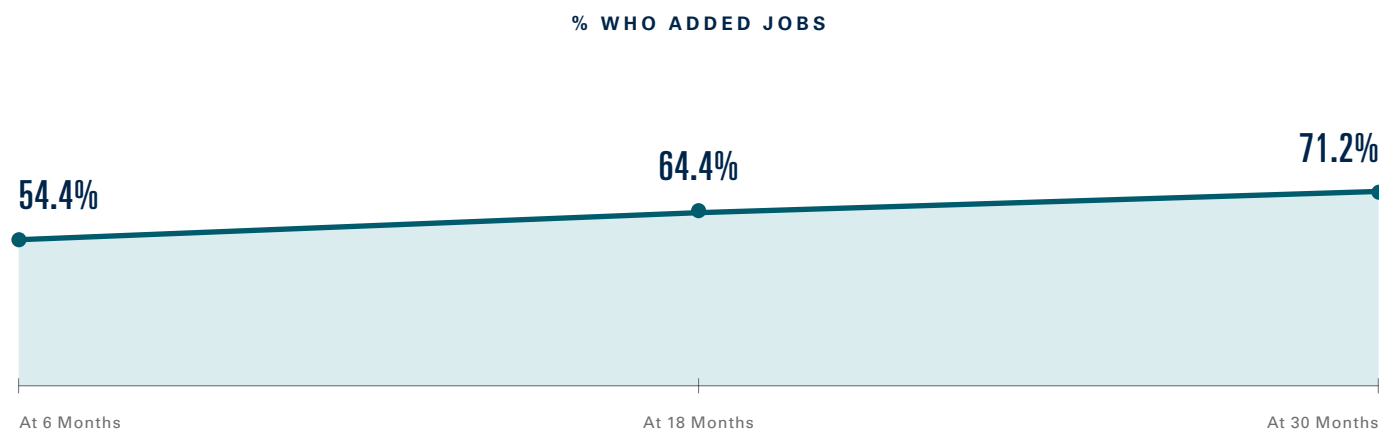
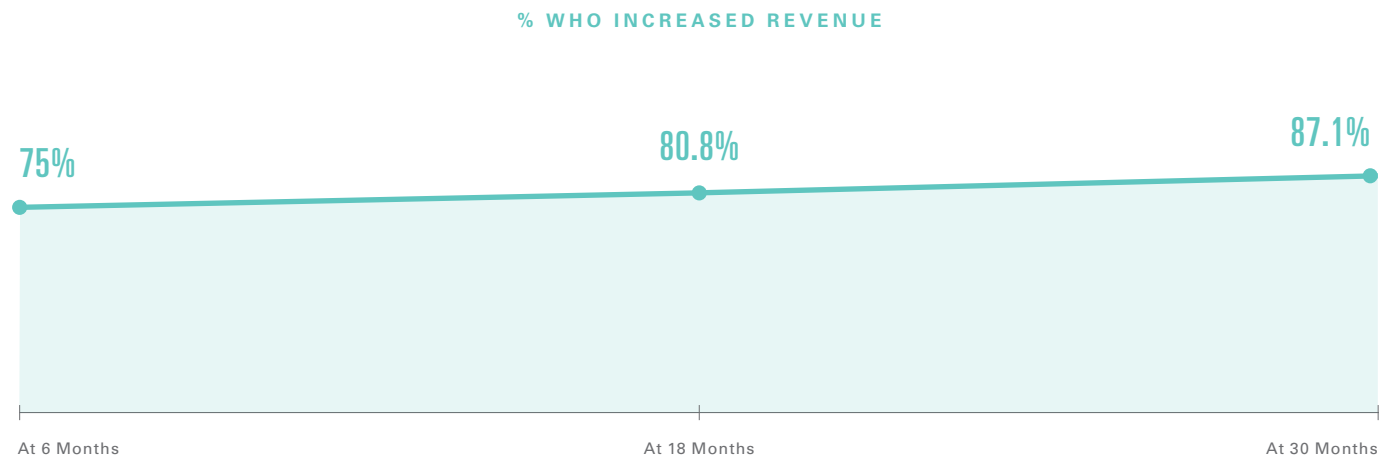
% of Businesses Reporting Growth That Provide Coverage to All or Most Employees



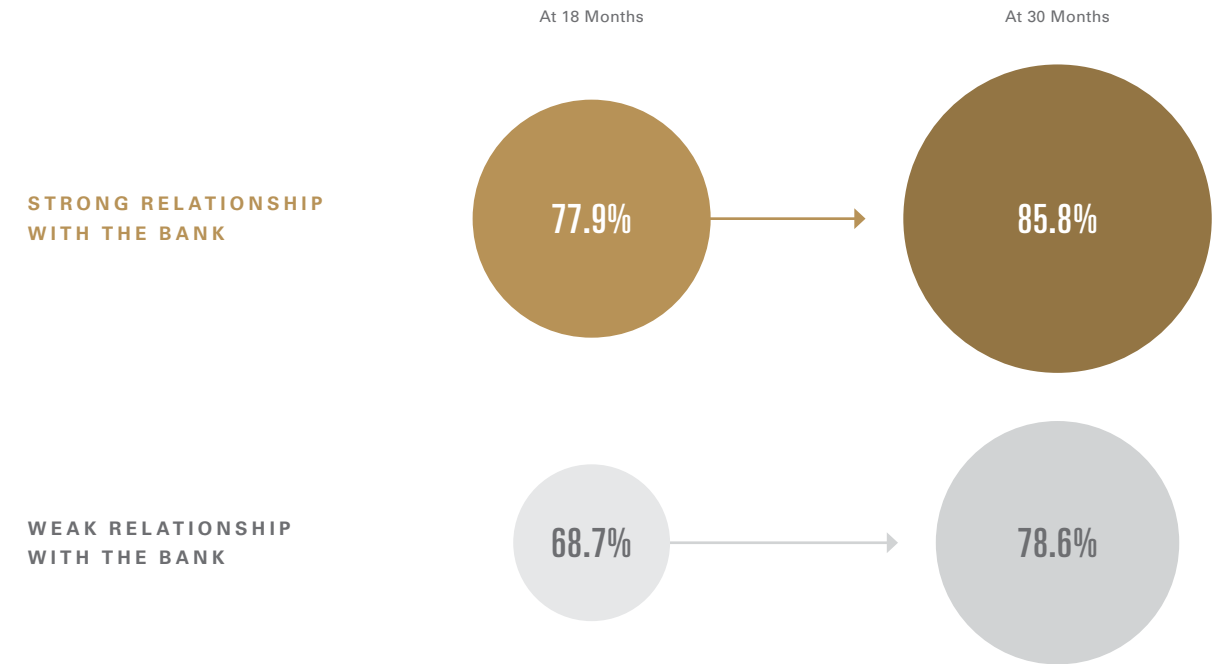
ACQUIRING CAPITAL

Capital works as a key driver of business growth. Program data consistently illustrates that acquiring capital leads to higher revenues and job creation among 10,000 Small Businesses alumni.

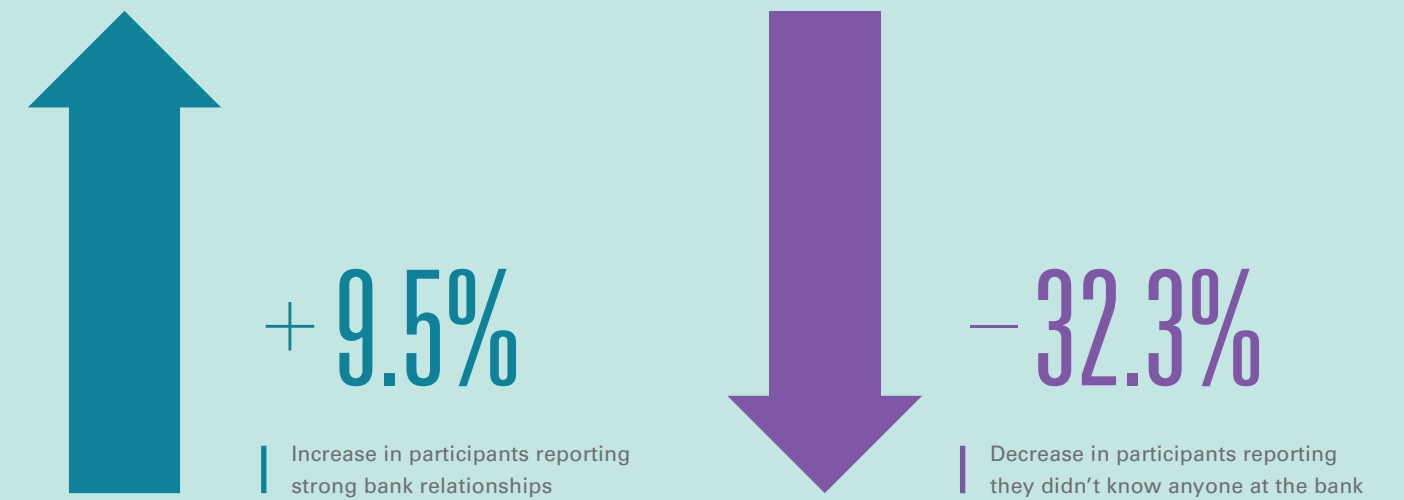
Impact of Acquiring Capital from Financial Institutions on Revenue Growth/Job Creation



Correlation of Bank Relationship to Revenue Growth



Bank Relationship at 18-Month Check-In

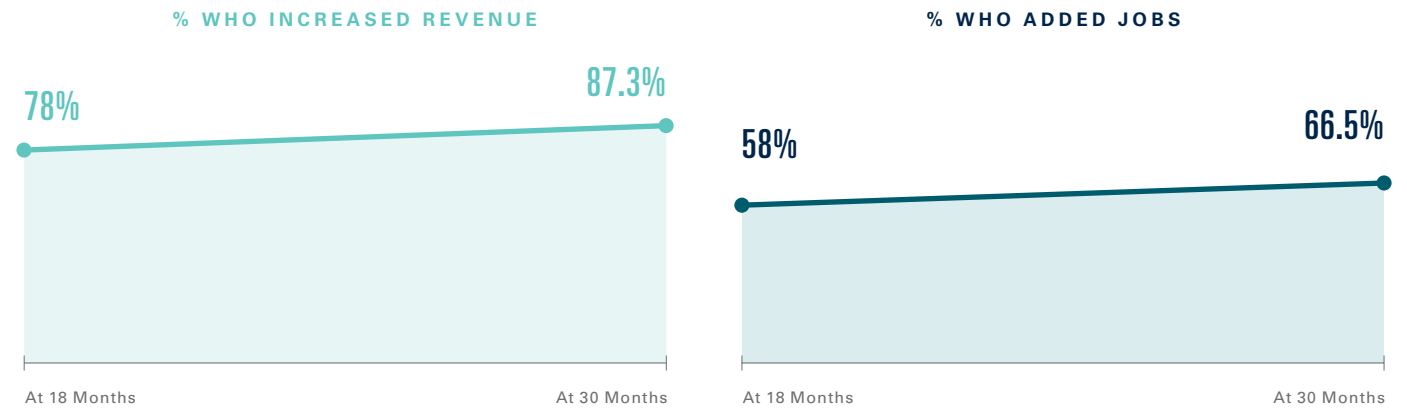


85.3% OF GRADUATES DO BUSINESS TOGETHER.

COLLABORATION

Program data shows that business and personal relationships built through the program contribute to business growth. The program fosters a marketplace where 85.3% of graduates do business together. Those who collaborate with each other consistently report greater revenue and jobs growth.

10,000 Small Businesses Alumni Who Collaborated with Others



MENTORING

Networks, advising and mentoring are an important part of the growth process. Not only do participants benefit from being mentored, they also "pay it forward" by mentoring and teaching skills to others.

From the start of the program to 18 months after completion, 10,000 Small Businesses alumni increase their focus on mentoring, nearly doubling the number of people they mentor.



The average number of people 10,000 Small Businesses alumni are mentoring at 18 months after program completion

“

Since completing the Goldman Sachs 10,000 Small Businesses program in April 2014, I have grown my business by 135% in 2014 and again in 2015. I expect to see sales reach \$1.9 million in 2016. My greatest take away from the 10,000 Small Businesses program has been the negotiations module because I was able to negotiate a value add contract with the largest natural distributor in North America and extend my distribution from 400 stores in the tri-state area to 2,000 stores across the country.

”

MARY MOLINA
LOLA GRANOLA BAR
CROTON FALLS, NY
10,000 SMALL BUSINESSES GRADUATE



PARTICIPANTS' VIEWS OF 10,000 SMALL BUSINESSES

The program's 99% completion rate and Net Promoter Score are two important measures of the education program's value.

Two important measures of educational program success are student completion and satisfaction rates.

The retention rate for the program across the country remains at 99%.

Another measure of success is whether or not a participant would recommend the program to other small business owners. The "Net Promoter Score" (NPS) is a customer loyalty metric introduced by Fred Reichheld in his 2003 Harvard Business Review article, "One number you need

to grow."¹ The NPS is based on a direct question: How likely are you to recommend our company/product/service to your friends and colleagues? An NPS can be as low as -100 (everybody is a detractor) or as high as +100 (everybody is a promoter). An NPS that is positive (e.g., greater than zero) is felt to be good, and an NPS of +50 is excellent, or, in Reichheld's terminology, "World Class."² The NPS scale is used across both large, highly recognized companies and smaller social programs. *10,000 Small Businesses* has a Net Promoter Score of +92.

1. 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.

2. Reichheld F. (2011). The Ultimate Question 2.0 (Revised and Expanded Edition): How Net Promoter Companies Thrive in a Customer-Driven World. Bain and Company.

CARLA WALKER-MILLER
WALKER-MILLER
ENERGY SERVICES
DETROIT, MI
10,000 SMALL BUSINESSES
GRADUATE

"In 10,000 Small Businesses I learned that a negotiation is not a fight; you don't have to lose for me to win. Using this approach, I was able to act as the prime contractor to team with a majority energy services company, Franklin Energy, to win a two year \$48 million energy services contract for a midwest utility. Through this I was able to increase my revenues by 400%, and double my employees, thereby contributing to changing lives in Detroit through increased access to energy efficiency."

ANDREW CHMIELEWSKI
DAVE'S SWEET TOOTH
DETROIT, MI
10,000 SMALL BUSINESSES
GRADUATE

"The Goldman Sachs 10,000 Small Businesses program was a huge turning point for me as a business owner and the Money and Metrics module about financial statements led to one of the program 'aha' moments for me. Before the program I had never used my financial worksheets to make decisions in my business, but after that part of the course I realized how important they were to our operation...Since graduating the program, revenues have doubled and we are on track to exceed 100% growth again this year."

CARMEN RODRIGUEZ
BROOKLYN CUPCAKE
BROOKLYN, NY
10,000 SMALL BUSINESSES
GRADUATE

"The 10,000 Small Businesses program has been instrumental to my growth. The alumni of 10,000 Small Businesses have become part of my family. I rely on them for advice, encouragement, legal services, construction and supplies they have been equally instrumental in my growth and keep me grounded."

METHODOLOGY

10,000 Small Businesses is built on a robust platform of Measurement and Evaluation in order to facilitate continuous learning and improvement, provide evidence of impact and promote accountability and transparency.

The *10,000 Small Businesses* Measurement and Evaluation (M&E) process is designed to be simple and valuable for everyone in the program, and it ensures that all partners are fully equipped to administer and benefit from the M&E system.

The key metrics of the program are job creation and business revenue growth. These provide a framework to monitor the goals of the program while also allowing for adjustments to ensure that it has a strong and positive impact in the communities where it is active. The surveys ask other relevant information in addition to the revenues and employment numbers, and this report utilizes some of the collected data.

The program participants respond to standardized surveys 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 core program. These surveys are administered via an online survey system.

The baseline survey is intended to determine participants’ circumstances prior to entering the program, in terms of revenues, employees, business management, business planning, access to capital, networking and business challenges. This survey is administered prior to the first curriculum module to allow participants and faculty the opportunity to review the diagnostic results in class. Subsequent surveys enable changes in the same variables to be tracked over time. The graduation survey is administered before the last module and the follow-up survey is administered 6, 18, and 30 months after graduation.

In order to ensure the accuracy of key data points collected from participants, randomized data validation is performed by the local program staff after each survey is administered. This also helps ensure that the reported results reflect the true changes for participants and their businesses and confirms participants’ understanding of their businesses. Validation is conducted on two key data points: revenues

and the number and type of employees. The validation process utilizes the available data on each participant such as the participant’s input on the application and surveys and the review of financial documents. The target validation rate of survey respondents is 100% for baseline and graduation surveys and 50% for follow-up surveys.

For this report, the baseline data is based on the 3,615 responses collected from the possible 3,620 survey respondents resulting in a response rate of 99.9%. Similarly, the graduation survey achieved a response rate of 98% (3,260 out of 3,331 possible respondents).

The 6-month data was collected from 1,921 respondents (out of 2,535 possible respondents), resulting in a response rate of 76%; the 18-month data was collected from 833 respondents (out of 1,511 possible respondents), resulting in a response rate of 55%; and the 30-month data was collected from 368 respondents (out of 806 possible respondents), resulting in a response rate of 46%. The number of completed surveys at each time will continue to increase as small business owners continue to complete the program.

