

## Economic Impact of the Small Business Development Center

	Previous	Current	Trend	Target	Rating
Annual Capital Infusion	\$5,104,600	\$6,781,779	↗	\$1,811,700	Developed
Business Starts	2	6	↗	18	

Mission Fulfillment Indicators (MFI) 2 measures the Small Business Development Center’s (SBDC) Annual Capital Infusion and Business Starts. Annual Capital Infusion refers to dollars injected into SBDC client businesses in the form of loans, grants, owner equity or other outside investment. Business Starts refers to businesses that are deemed to have started by any of several indicators, including first transaction, capital investment, employee hired, etc. In both cases clients must affirm that the infusion or start was made possible (in some degree) through the support of SBDC services.

### Discussion

Annual Capital Infusion is a standard indicator tied to economic development activities. An increase in capital infusion presumes a stronger economic landscape in the present and near future. While the numbers reflected for this most recent period are 32.9% above the prior period and well above the 8-year trend line, it must be noted that in 2020, COVID-19 resulted in a significant infusion of capital through the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL).

COVID-19 aside, it cannot be ignored that capital infusion during the prior year was much higher than in the previous six years and well above the SBDC target. This reflects both economic strength and our team’s ability to help local businesses take advantage of it.

Academic Year	Capital Infusion
2012-13	1,731,567
2013-14	1,621,585
2014-15	1,695,420
2015-16	2,422,680
2016-17	2,419,800
2017-18	1,605,800
2018-19	5,104,600
2019-20	6,781,779

Business Starts are an additional indicator of the robustness of the business landscape. While our collected numbers are extremely low, our advisers have acknowledged that the numbers reflect a failure of our

Academic Year	Business Starts
2012-13	25
2013-14	26
2014-15	25
2015-16	25
2016-17	9
2017-18	8
2018-19	2
2019-20	6

impact validation process more than our actual impact. Our support of prospective entrepreneurs through our “Going into Business” and “Ready, Set, Start” classes have remained strong, even in this unusual year. We have had 90 or more students taking these startup classes in each of the last three periods. Given the unique nature of the business landscape in 2020, and presumably well into 2021, the precise meaning of any business metric will be difficult to assess until viewed with a historical perspective.

## Deeper Data Dive

Given the impact of COVID-19 on the business landscape, it is valuable to look closer at the Capital Infusion numbers.

The average infusion during the most recent year is less than half that of the prior year. As seen in Figure 2, the 2019 average infusion of \$164,665. In contrast to the 2020 average of \$102,754 represents a 38% reduction in infusion per client. This reflects a large number of clients who received relatively small grants and loans through the various COVID-19 relief measures.

<b>Academic Year</b>	<b>Capital Infusion</b>	<b>Number of Clients</b>	<b>Average Infusion</b>
<b>2019</b>	\$5,104,600	31	\$164,665
<b>2020</b>	\$6,781,779	66	\$102,754

Additionally, it is impossible to understand SBDC metrics without acknowledging the importance of our Small Business Management (SBM) program. SBM is a nine-month cohort program with a three year curriculum. There is also an alumni program available to anyone who has taken at least one full year. SBM students and alumni are the SBDC's most committed clients and their impact reports, generally submitted in June, make up the bulk of our results each year.

## Peer Comparisons

The accreditation process calls for evidence-informed self-reflection along with meaningful comparison against peers to provide a contextualized perspective on an institution's quality. Lane is in process of reaching out to peer institutions for relevant comparator data.

## Lessons Learned & Next Steps

As stated earlier, the results from 2020, and perhaps 2021 are going to be difficult to decipher for a time. What we won't know is whether the strong Capital Infusion numbers from 2019 will continue as business returns to normalcy. While it would be logical to presume that an increase in loans during COVID-19 will dampen the market for new loans, the rate of loan forgiveness will also have an impact and is currently unknown.

To address the issues with impact validation in our Business Starts metric, SBDC has implemented new procedures to better capture all impact data, including business starts in the future. Additionally, the program is building a new progression of training programs that will result in more purposeful collection of both data and feedback.