



U.S. Small Business Administration
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**Testimony of
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**Before the
U.S. Senate Special Committee on Aging
& Senate Committee on Small Business and Entrepreneurship**

In Search of a Second Act: The Challenges and Advantages of Senior Entrepreneurship

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Chairman Nelson, Chair Landrieu, Ranking Member Collins, Ranking Member Risch, and distinguished members of the Committees, thank you for the opportunity to testify on the U.S. Small Business Administration's (SBA) work to serve the growing number of new small business owners over the age of 50 – or “encore entrepreneurs.” We commend you for highlighting this important topic and are grateful for your ongoing leadership and support.

We all know the facts: small businesses employ half of the private sector workforce and create two out of every three net new private sector jobs. What many people do not realize, though, is that Americans between the ages of 55 and 64 comprise the fastest-growing group of entrepreneurs in the country. According to the Kauffman Foundation, encore entrepreneurs start new firms at a higher rate than any other age group.¹ Moreover, about 7.4 million self-employed workers are 50 and older; and research shows that one in four Americans between the ages of 44 and 70 are interested in starting their own business or nonprofit in the next five to 10 years.² That is why, at SBA, we are committed to ensuring that encore entrepreneurs have the tools they need to turn great ideas into successful companies.

Through our 68 District Offices and nationwide network of Resource Partners – which includes 12,000 SCORE volunteer mentors, 900 Small Business Development Centers (SBDCs), and

¹ Stangler, Dane. *The Coming Entrepreneurship Boom*. Ewing Marion Kauffman Foundation, June 2009. Web. http://www.kauffman.org/~media/kauffman_org/research%20reports%20and%20covers/2009/07/thecomingentrepreneurialboom.pdf.

² *Encore Entrepreneurs: Creating Jobs, Meeting Needs*. *Encore.org* (formerly *Civic Ventures*), November 2011. Web. <http://www.encore.org/files/EntrepreneurshipFastFacts.pdf>.

more than 100 Women’s Business Centers (WBCs) – we counsel and train more than 1.1 million current and aspiring entrepreneurs annually. And while, together with our partners, SBA has been assisting small business owners over the age of 50 for decades, through our initiative with AARP, we are able to more effectively target our services to encore entrepreneurs.

In April 2012, SBA and AARP entered into a strategic alliance to provide Americans over the age of 50 with the tools and information they need to launch new companies. The objective of this partnership was three fold. First, to increase our outreach to this growing segment of prospective entrepreneurs; second, to connect these individuals with our programs and Resource Partners; and third, to present entrepreneurship as a viable next step for older and retiring Americans – one that allows them to translate their ideas and vast professional experiences into successful business ventures.

As a result of this effort, SBA, AARP, and our Resource Partners engaged almost 120,000 new and existing small business owners over the age of 50. Between April 2012 and May 2013, we held hundreds of in-person workshops and mentoring sessions on topics ranging from writing a business plan and exploring franchise opportunities to accessing new markets and addressing the technology needs of encore entrepreneurs. We also offered online resources such as webinars and e-courses as well as a self-assessment tool for determining if an individual is ready to start a business.

In order to increase awareness and connect more encore entrepreneurs with mentors, last April, SBA and AARP established the first annual “National Encore Entrepreneur Mentor Month.” Throughout the month, our District Offices and Resource Partners teamed up with state AARP offices to host and promote more than 100 events around the country. Events included speed mentoring, which allowed mentors and entrepreneurs to share information for five-minute sessions, and mentor lunches for entrepreneurs to learn best practices from established small business owners.

Due to the initiative’s ongoing popularity, we have seen a rise in the number of older Americans taking advantage of SBA programs. We know that many of these aspiring business owners are poised to join the ranks of other successful SBA-supported encore entrepreneurs – folks like Vickie Frankovich who leveraged her 21-year career in banking and her husband’s background in construction to form Building Solutions, Inc. in Reno, Nevada. With the help of SBA’s 8(a) Business Development Program, Vickie has secured government contracts with several federal agencies, growing the company’s revenues from \$3 million to \$15 million a year. Today, Vickie mentors other entrepreneurs and has been recognized by SBA as Nevada’s “Women in Business Champion of the Year.”

Encore entrepreneurs, like Vickie, bring a lifetime of experience and connections to new ventures and are competitive in the marketplace with younger business owners. By tapping into

SBA's suite of services and the expertise of our mentors and business counselors, they are able to pursue their life-long dreams of small business ownership. Together with our Resource Partners and friends at AARP, we look forward to continuing to support this important segment of the population and helping more encore entrepreneurs grow and prosper.

Thank you again for the opportunity to testify and I am happy to answer any questions you might have.