

Office of the Secretary of State

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Office of Small Business Assistance

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Office of Small Business Assistance

Presentation of Annual Report to Senate Committee on Business & Transportation

June 15, 2015

For the record, my name is Ruth Miles. I am the Small Business Advocate for Secretary of State; and I run the Office of Small Business Assistance. Chair Beyer, members of the committee, thank you for the opportunity to visit with you today.

The Office of Small Business Assistance was created by legislators with the passage of HB 3459 in 2013. Its purpose is three-fold: to help small businesses who have a challenge with a state agency, assist state agencies in better working with their small business partners, and report back our findings.

We opened the office on January 6, 2014. The first case came in Wednesday that week, and involved a gentleman who needed a private career school license to open a trucking school. I was able to assist him, help the agency identify process improvements, and now – report the data from this and other cases back to you.

In fact, all of the complex cases that the Office works on are tracked in a case management system. We use this system not only to keep records of all communication associated with a given case, but to track a number of data points on these cases for the purposes of reporting them back to you.

My office proactively works to prevent duplication of effort between legislative constituent casework and my casework. I've met with all of you, most of the legislators in the building and many of their staff to request that business casework be referred to my office so it can be included in the data pool I report back to you.

In addition, I have already begun to ask businesses who contact my office directly if they have or plan to request that same assistance from their legislators or other sources. It provides an opportunity during an intake conversation to caution business owners against duplication of effort, both because it is costly for the state and can be counterproductive for the business. This is by no means a perfect method, but it does help us identify businesses that contact everyone they can think of to get help with a problem.

When cases are referred to my office by a legislator, I work with the legislator or key staff member to find out how frequently they want to be updated; and we follow up accordingly.

You have copies of the annual report from my office before you. Before we get into the data, I want to talk briefly about how we handle cases. When a business brings an isolated problem to my attention, I'm happy to work with them and state agencies to find a solution. However, when that call from a business is really just the tip of an iceberg, then I will consider issuing a report.

The case reports state the problem, describe what I did to advocate for the business, provide any necessary historical, budget or policy context, and list my recommendations for the agency to prevent the problem in the future.

I released a case report in all but one of the case snapshots you see on this page. Those case snapshots are bolded paragraphs with an asterisk – and they tell the people story behind the data.

Back to the annual report. It represents data gathered from complex casework conducted during 2014 and highlights the most compelling trends observed. You can see Dave's trucking school story at the top of the middle column.

Directing your attention to the donut graph in the lower left corner, you'll see a breakdown of all 140 complex cases by type of problem. Over a third of the cases involved licensing and certification issues. Licensing meaning that a license is needed in order to operate a business (like Dave); or that certification is needed for an emerging small business, minority, woman or disadvantaged business owner to participate in state and local procurement opportunities.

Looking at the middle column again, you'll see that licensing chunk of cases broken down by agency – and this is where it gets interesting. You'll see agencies you might have expected to see, like the Construction Contractors Board. But at the top of the list are Oregon Health Authority, then the Office of Minority, Women and Emerging Small Business, which is part of Business Oregon.

The Oregon Health Authority is at the top of this list because of several cases involving in-home care agencies. At the time of my initial contact with the specific licensing office, it took up to 12 months for a business to get through the licensing process. In addition, the licensing authority maintained a queue of license applications that were not receiving active attention. Because of my office's intervention, they abolished the queue and began to actively work on all complete applications. When they opened all the files in the queue for the first time, the business I was working with received a survey date and, in short order, had a comprehensive license in hand. That's Donna's case – in the middle column right below the donut graph.

OHA has worked hard to solve the problems presented by this cluster of cases. They have reduced in-home care licensing timelines to about 3 months, and new accountability and communication measures have been put in place for staff.

If you wish, I can talk more about the cases you see listed on this page; but I first want to draw your attention to one last, critical point. One hundred percent of the cases I've worked on last year had one distinct element in common: a communication problem – usually on both sides. It is because of this one element that the report ends with a call for agencies to be more intentional about improving pathways for communication with their small business partners across the state.

Chair Beyer, members of the committee, thank you again for the opportunity to present this report and for your kind time and attention. I'm happy to answer any questions you might have.

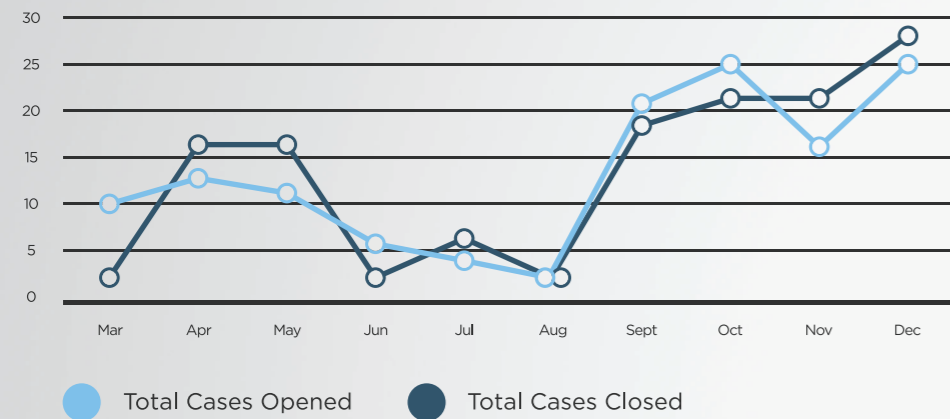
2014: The State of Small Business

Oregon Secretary of State's Office of Small Business Assistance Annual Report



We took the temperature of Oregon business this year, working on 140 cases for small, for-profit businesses with 100 or fewer employees. Businesses brought forward a wide range of concerns, including countless requests for help finding information and problems with licensing, procurement, taxes and policy implementation.

Total Opened/Closed Cases Per Month 2014



Dave wanted to start a trucking school, but spent seven months working through a slow licensing process with an office of the Higher Education Coordinating Commission. The Small Business Advocate worked with the agency to highlight process improvements for the licensing office and the small business. The agency's new management worked with their stakeholder group to implement changes. Dave got his license, and school is now in session.

Eleven percent of total cases are related to business and payroll taxes, while approximately 5 percent of total cases represent problems small business have with state procurement.



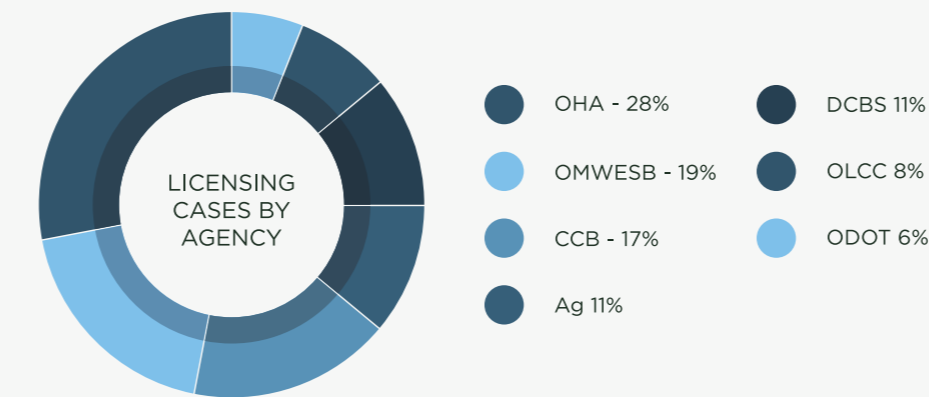
Christina's company provides parenting classes and nonviolence education through contracts with the Department of Human Services. Payments from the state didn't match up with invoices. The Small Business Advocate worked with DHS staff to find a temporary workaround until the agency could put a permanent fix in place. Now, invoices and payments match up.



Devin had contracts with a state-funded council to provide communications planning and marketing services but wasn't getting paid on time. The Small Business Advocate worked with the Department of Human Services to get him paid right away and to set up ongoing electronic fund transfers. The council implemented protocols to improve the timeliness and clarity of their communications with vendors and DHS.



Looking at agencies with two or more licensing cases, two are notable for the number of repeat cases: The Oregon Health Authority and Business Oregon's Office of Minority, Women and Emerging Small Business.



Five percent of cases involve policy implementation issues that have a negative effect on businesses.



Lila sells B20 biodiesel fuel and was concerned by the amount of paperwork required by the Oregon Department of Transportation. The Small Business Advocate worked with ODOT to raise awareness of the issue. ODOT worked with fuel sellers to quickly develop and implement a streamlined reporting process. Lila and all B20 biodiesel fuel sellers in Oregon are saving thousands of dollars in labor under the new system, which still provides ODOT with the information they need to report to the Legislature.



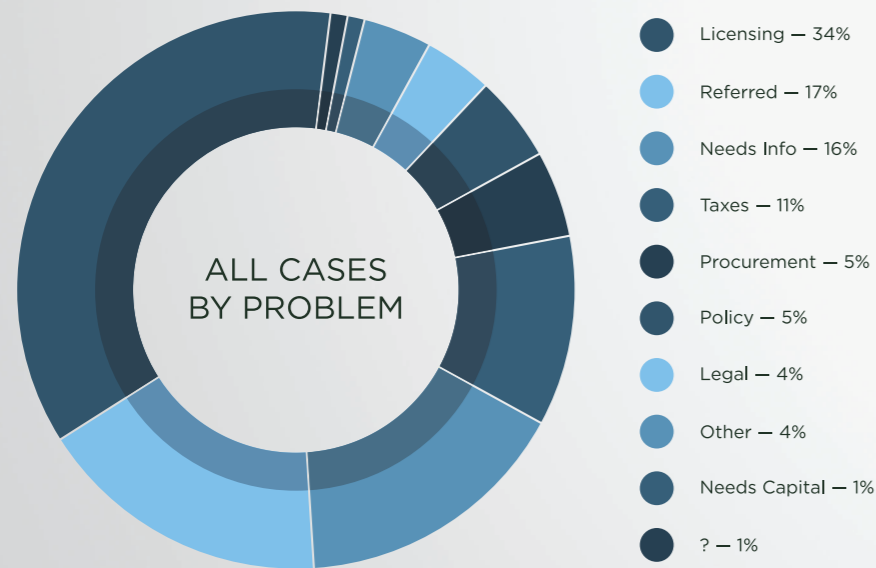
Looking Forward

Improve Communication and Customer Service

Based on the concerns brought forward by Oregon small businesses in 2014, there are some **clear opportunities**. State government can improve its relationship with small business by improving pathways for communication. Agencies that intentionally communicate with clarity and respect will find a better reception among the small businesses they regulate.

Small business owners often request assistance because they feel their concerns have not been heard by the regulatory authority. Putting in place **standards that recognize and reward excellent customer service and responsiveness to business partners can change negative perceptions of state government** on the part of small business owners.

Get information, get resources and get help online at sos.oregon.gov/BusinessSOS



About 17 percent of cases were referred to Small Business Development Centers or other levels of government.

Taking a look at the remainder, **licensing and certification issues represent 34 percent of all cases - the largest and most challenging trend.**



Donna applied for an in-home care agency license from the Oregon Health Authority. She waited eight months for an answer, before finally contacting her legislators. Her inquiry was referred to the Small Business Advocate, who worked with OHA staff to identify opportunities to improve the licensing process. Donna received her comprehensive license, and the agency established clear steps and staff response timelines to speed up the process while maintaining its rigor.



Julie's company was certified as a Woman Business Enterprise in 2010 but she had trouble navigating a 2013 certification review. The Small Business Advocate worked with the Office of Minority, Women and Emerging Small Business to identify a 2012 rule change that altered the certification standard; communicated that to the company; and assisted Julie with retaining her certification. The Office of Minority, Women and Emerging Small Business improved its website and communications to better manage business expectations of the certification process.