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SBA Promotes Big Thinking

By Ann Meyer
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David Rambhajan has helped plenty of entrepreneurs build their companies, but doing the same for his own is another story.

“The whole thing with small business is you’re putting your head down and you’re working hard. Then you look up and you’re in the same place,” said Rambhajan, president of Industria Inc., a Chicago-based provider of construction-management services.

But Rambhajan has resolved to keep his head up and move his business forward in 2009, now that he has completed a six-month mini-MBA program offered free for the first time by the Small Business Administration to help businesses create jobs.

The SBA offered the Emerging 200 program in 10 cities this year, using Streetwise Steps curriculum from InnerCity Entrepreneurs, a Boston-based non-profit.

In Chicago, 17 entrepreneurs completed the program this month, and the SBA hopes to offer it again.

To qualify, companies had to be at least 3 years old and have annual revenue of \$400,000 or more.

“The idea is to help these businesses step it up,” said Carole Harris, SBA project coordinator.

Just doing more of the same won’t get you where you need to go, said Rambhajan, who previously ran a non-profit dedicated to helping entrepreneurs manage and grow their companies.

The class “helped me better position our company for greater opportunity,” he said. “If you don’t have a strong foundation, you could collapse.”

The program culminated with each entrepreneur creating a three-year growth plan. Rambhajan said he had never taken time out to write down his future vision. Now he has a step-by-step plan for doubling annual revenue to \$10 million and adding three people to his staff of nine, he said.

Caught up in day-to-day operations, most small-business owners never get around to developing a strategic plan. And, as a result, their businesses don’t grow as quickly as they otherwise might, said Gail Zelitzky, principal of Silver-Robins Consulting, who taught the E200 Streetwise Steps class in Chicago.

The program is effective in spurring job creation, said Jean Horstman, chief executive at InnerCity

Entrepreneurs. Follow-up studies show 55 entrepreneurs who took the Streetwise Steps class in Massachusetts in 2004 had created 213 new jobs by 2007, with an average annual salary of \$39,000, and accessed about \$14 million in capital to fund their growth, Horstman said.

That goes along with research showing small firms with fewer than 20 employees created 80 percent of new jobs in the economy from 1990 to 2003, according to the SBA.

Lynn Sutton, managing principal at Kairos Consulting Worldwide, plans to hire her third employee in January. She signed up for the E200 program partly to learn more about opportunities in government contracts. Her goal was to hit \$1.5 million in annual sales for 2009, up from about \$400,000 when she started the class.

“We’ll hit it before then,” she said, boosted by a \$1.3 million contract Kairos received from the Department of Defense in September. “Once the goals were written, we started to achieve them almost without trying.”

Ray Arias, president of Arias Information Solutions, hired a chief financial officer while in the program.

“I realized I needed help managing my margins,” he said.

In a growth mode, Arias’ 3-year-old company had annual sales of about \$5 million this year, up from \$3.2 million last year, he said.

The 30-employee company, which specializes in business analytics, plans to expand into energy analytics, helping customers better manage their energy-cost data to make effective decisions.

“I want to triple my revenue over the next three years,” Arias said.

Besides finance, the class taught strategy and leadership, sales and marketing, and human resources and capital, said Beth Goldstein, an adjunct professor at Boston University who helped develop the curriculum.

A big part of the program is networking with other entrepreneurs, because they can learn from each other’s experiences, she said.

“I see the light bulbs go on, and a lot of them make changes before the program is over,” Goldstein said. “You see the enormous impact on their businesses.”

Perhaps the hardest concept to teach is leadership.

“When you start a business, you do everything. As you grow, you have to let go. You have to be able to trust and manage,” Goldstein said. “If they can’t do that, they’ll never grow. Everything will stall.”

Zelitzky, the business-performance consultant, agreed. In order to grow, she said, “you have to begin to take the 30,000-foot view, which is very, very hard for most entrepreneurs to do. They’re used to being in the trenches, doing the work.”

The “30,000-foot view” for George Modrovic involves building a global clientele for Elfi Wall System, which manufactures energy-efficient prefabricated exterior walls for construction.

While Modrovic employs about 10 people in Chicago, he’ll need to hire more workers to send to Russia, where he is building a new manufacturing plant.

The company has received more than \$15 million in orders in Russia.

Modrovic found the course work on human resource management particularly useful.

“It was very eye-opening for me. One of the keys was do not demand that people have to do it step by step,” he said. “Just leave them alone and let them find their own way.”