



# UNIVERSITY OF HAWAII

## TESTIMONY

**HB 912 HD 1 MAKING AN APPROPRIATION FOR SMALL BUSINESS  
DEVELOPMENT**

Testimony Presented Before the  
Senate Committee on Business and Economic Development  
March 16, 2005  
2:45pm Conference Room 414

*by*

Darryl Mleynek, State Director  
Hawai'i Small Business Development Center (SBDC) Network



A Partnership Program between the University of Hawai'i at Hilo and the U.S. Small Business Administration

State Administrative Office  
Hilo, Hawai'i

East Hawai'i Center  
Hilo, Hawai'i

Maui Center  
Kihei, Hawai'i

Honolulu Center  
Honolulu, Hawai'i

Kaua'i Center  
Lihu'e, Hawai'i

Hawai'i Business Research Library  
Kihei, Hawai'i

**Chair:** The Honorable Will Espero  
**Hearing:** Committee on Business & Economic Development  
3/16/05 Wednesday 2:45 p.m. Conference Room 414

**From:** Darryl Mleynek, State Director  
Hawai'i SBDC Network

*Darryl Mleynek*

**Bill:** HB 912 HD 1 Making an Appropriation for Small Business Development

**Purpose:** To promote sustainable economic development by appropriating funds to the University of Hawai'i on behalf of the Hawai'i Small Business Development Center.

**Position:** I am writing in support of HB 912 HD 1.

**Comments.** Testifying earlier in the legislative session in support of HB 912 HD 1's companion bill in the Senate, I provided evidence before this committee to prove the following statements:

1. The Hawai'i SBDC Network needs \$584,000 in additional funding to continue its program of management-force development that assists small businesses in Hawai'i to create a diversified, sustainable economy. Those additional funds will be used for the following purposes:
  - \$280,000 for management-force training programs in Kailua-Kona and Honolulu in compliance with the requirements of the U.S. Small Business Administration;
  - \$140,000 for program support;
  - \$70,000 to fill a vacant position at the Hawai'i Business Research Library; and
  - \$94,000 to establish a statewide initiative to assist Native Hawaiian communities with the establishment of small businesses.
2. Based on the current economic impact being achieved by the Hawai'i SBDC Network, the additional \$584,000 in funds would produce:
  - \$32 million in annual economic impact and
  - \$2.6 million in incremental state taxes annually.

3. Management-force training is the fastest and most economical way for the state to foster sustainable economic development.
4. The Hawai'i SBDC Network is the only organization providing management-force training statewide.
5. The Hawai'i SBDC Network is well established with a proven 15-year record; matches federal funds; and is effective, efficient, high performing, and results-oriented with the economic impact studies to document these claims.
6. As well, the Hawai'i SBDC Network is filling a documented need in Hawai'i to increase business vitality by diversifying industries, creating greater international trade, and assisting businesses to expand sales and jobs.

The above are all reasons to support HB 912 HD 1. There are other reasons as well. One of these is that small business owners and managers need assistance in order to survive and thrive. While they are commonly experts in the products or services they offer, they frequently do not understand business operations

In particular, they need to understand the concepts of entrepreneurship and continuous quality improvement and how to access capital and critical information. These are complicated subjects, but the Hawai'i SBDC Network has 15 years of experience in successfully providing management-force training.

And, who are these people that the Hawai'i SBDC Network helps? First of all, they are only those who cannot afford to pay for private consulting. They are Hawai'i's residents in the cities and towns and rural areas throughout the state. They are the young and the retired; they are male and female in equal numbers; and they are the educated and less well educated—sometimes with Ph.D.s, but more often with high school diplomas and in some cases with little formal education. They represent the full range of races and ethnicities in Hawai'i. They are the self-employed; those starting subsistence businesses; and entrepreneurs building fast-growth companies engaged in high technology and/or exporting. They include not just start-ups, but also existing businesses that are expanding or that are fighting the problems of changing markets. They include Native Hawaiian communities as well. Their stories are moving and inspiring. Your decision to fund the Hawai'i SBDC Network has made their success possible. A decision to increase funding will make many more such successes possible.

The Hawai'i SBDC Network needs your help to do more for small businesses and for Hawai'i's economy. I request your support for HB 912 HD 1 *as a high priority*. The Hawai'i SBDC Network, given adequate resources, can make a difference in Hawai'i by strengthening its economy.