

## **Maine News Direct**

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### **STATE INVESTMENT IN SMALL BUSINESS SUPPORT REAPS HIGH RETURN**

For each base Maine tax payer dollar invested in helping Maine's small businesses achieve success, more than four dollars in state tax revenue are generated annually, according to an independent economic impact study of the Maine Small Business Development Centers (Maine SBDC). The study also determined a \$3.30 return through federal treasury revenues for each base federal dollar invested in the statewide, business assistance network, which is headquartered at the University of Southern Maine's School of Business.

"In a state like Maine where 98% of all businesses are small, this kind of return on investment is critical," said U.S. Small Business Administration (SBA) Maine District Director Mary McAleney, whose federal agency partners with the State of Maine and USM to provide Maine SBDC services. "These kinds of results are especially significant as tax dollars are scarce. Programs like the Maine SBDC provide proven return on the dollar," she said.

Maine's latest Chrisman study extrapolates that a job is created or saved by Maine SBDC business assisted clients every 11 hours; \$10,000 in new sales are generated by Maine SBDC business assisted clients every 78 minutes; and \$25,000 in financing is obtained by Maine SBDC business assisted clients every 11.5 hours. Additionally, the study reports that ninety-five per cent of Maine SBDC clients surveyed would recommend Maine SBDC services to other business owners.

The study report, entitled Economic Impact of Small Business Development Center Counseling Activities in Maine: 2004 – 2005 and conducted during 2006, analyzed the sales and employment changes and financing obtained by a statistically reliable sample of established businesses and pre-ventures (persons aspiring to start a business) that received five or more hours of business counseling from the Maine SBDC in 2004. During 2004, the Maine SBDC provided training and/or technical business assistance to over 5000 existing or potential small businesses owners throughout Maine. According to the study report, 619 received over five or more hours of direct one-to-one business counseling on which the study focuses. Overall, using just the economic impact of the five or more hour group (so-called "long term clients), the research calculates that for 2005, a total of \$4.72 million in tax revenues were generated by the incremental performance of the established businesses and pre-venture clients studied. Approximately \$3.07 million of the tax revenues went to the state and \$1.65 million went to the federal government. The research also points out that when taking into consideration the entire cost of the Maine SBDC program, which significantly leverages state and federal base investments, the \$4.72 million dollars in tax revenues generated, yielded an annual return on total investment of 233%.

The study, prepared yearly by James Chrisman, Ph.D., a Mississippi State University's College of Business and Industry professor of management and researcher on the value of entrepreneurship and small business to the economy, tracks the return on state and federal investments in SBDCs throughout the country via their impact on state economies; In July 2005, Dr. Chrisman, who has been researching SBDC efficiencies and effectiveness for nearly 25

years, testified before the U.S. House Small Business Committee that, “The SBDC program has a significant, positive impact on economic development, as measured by job creation, GDP (gross domestic product) growth and, ultimately, tax revenues generated.” He further testified, “Through the increases in jobs and sales revenues of client firms, the (SBDC) program provides other societal benefits because it returns more in tax dollars... than it costs to operate the program.”

“Because this and other independent studies demonstrate a measurable connection from SBDC training and counseling in technical business skills to small business success, we are continuously refining our services as to progressively improve,” said Maine SBDC State Director John R. Massaua, “The Chrisman data is a fundamental guidepost by which we measure our worth to the businesses and citizens of Maine, as well as the impact of our refinements.”

**About Maine Small Business Development Centers:** *Maine Small Business Development Centers (Maine SBDC) and its tech-focus group, Maine Small Business & Technology Development Centers (Maine SBTDC) provide comprehensive business management assistance, training, resource and information services to Maine’s micro, small and technology-based business communities. Professional certified business counselors who meet rigorous education and business experience standards provide business assistance at no cost to business owners.*

*Maine SBDC/SBTDC is a partnership program of the U.S. Small Business Administration (SBA) in association with the SBA/OSBDC, Maine Department of Economic and Community Development (Maine DECD), the University of Southern Maine (USM), and leading economic and/or community development hosting organizations, including the Androscoggin Valley Council of Governments (AVCOG), Coastal Enterprises, Inc. (CEI), Eastern Maine Development Corporation (EMDC), and the Northern Maine Development Commission (NMDC); with support from the Maine Technology Institute (MTI), the University of Maine (UMaine), and other contractors, allies and stakeholders. Accredited by the Association of Small Business Development Centers (ASBDC) and administered by USM’s School of Business, Maine SBDC/SBTDC operates a network of service centers and outreach offices located conveniently throughout the state.*

*Maine SBDC/SBTDC’s mission is to engage itself and others in development activities that contribute to the improvement of the economic climate for and the success of micro, small, and technology-based businesses in the State of Maine. Its focus is to assist in the creation, growth and maintenance of viable small businesses and the jobs these businesses provide. Maine SBDC/SBTDC serves those seeking assistance who are willing and able to build, sustain, and/or expand their business.*

*More information about the Maine SBDC/SBTDC can be found at [www.mainesbdc.org](http://www.mainesbdc.org).*

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