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10,000 Small Businesses: Program's first graduates grow revenue, create jobs

Goldman Sachs 10,000 Small Businesses at Miami Dade College, launched to help companies grow and create jobs, is barely a year old, but already it has graduated 73 small business owners in South Florida. Another 80 to 100 will likely go through the program this year.

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Cristina Mistri owns Under One Umbrella, and she has sold most of the umbrellas you see up and down Ocean Drive, including the Pelican Hotel. Her company is part

of the Goldman Sachs 10,000 Small Businesses
program, which helps small businesses grow. CARL
JUSTE / MIAMI HERALD STAFF

Look up and down the row of colorful Art Deco hotels along Miami Beach's Ocean Drive and you will see dozens of brightly colored awnings and shades from Cristina Mistri's small business.

A year ago, though, the future did not look so sunny to Mistri.

Her company, Under One Umbrella, had plenty of local customers – including about 20 restaurants and hotels along Ocean Drive. Yet sales had plateaued for her 11-year-old small business. She said she was also losing interest, and she didn't think she had the skills to take the company to the next level: "I was stuck."

A friend at Chamber South suggested she apply to the Goldman Sachs 10,000 Small Businesses at Miami Dade College (<http://www.mdc.edu/10ksb/>). Today, Mistri and 72 other small business owners will be honored at the first graduation ceremony for the Miami Dade College program.

Goldman Sachs 10,000 Small Businesses (<http://www.gs.com/10ksb>) is a free 16-week classroom-based practical business education program that gives entrepreneurs valuable skills for growing their businesses, powerful networking opportunities and access to financial capital. Small businesses selected for the program are producing revenues and in growing industries or markets. The \$500 million Goldman Sachs program is now in 20 cities around the country, including Miami, and four in the United Kingdom.

Mistri was part of the first cohort at Miami Dade College that finished last May. Since then, two more classes have graduated, and a fourth cohort began last month. The local program, funded with a \$5 million grant from Goldman Sachs Foundation, is accepting applications for Cohort 5 and a sixth class is planned for the fall.

The curriculum was developed by Boston's Babson College, rated No. 1 by U.S. News & World Report and the Princeton Review for entrepreneurship education. It includes one-on-one advice as well as full-day and evening clinics and workshops led by subject matter experts trained in the curriculum by Babson. The small business owners selected for the program, known as "scholars," learn to identify and evaluate opportunities, understand financial statements, hire, retain and lead employees, negotiate successfully, present their businesses to potential investors and partners and, perhaps most importantly, create a comprehensive growth plan.

“This is a community of small businesses. Miami does not have a large corporate base, and our future here very much depends on small business growth and entrepreneurship. Having an opportunity to get a first-rate program that has been proven, has incredible potential and money behind it, that is a winning opportunity,” said Eduardo Padrón, president of Miami Dade College, in an interview late last month. “When I reviewed the model – education for business growth plus a network of support that results in revenue growth and job creation – it doesn’t get better than that.”

And the need is real. Although immigrant-rich South Florida always ranks highly in entrepreneurial indexes, the great majority of these businesses are micro-businesses that remain tiny. According to a recent study by the Association for Enterprise Opportunity, 94 percent of businesses in Miami-Dade have five or fewer employees, more than the state’s rate at 91 percent and the nation as a whole with 88 percent. If just one in three of these micro-businesses nationwide hired just one additional employee, the United States would be at full employment, the report said.

Goldman Sachs Chairman and CEO Lloyd Blankfein, who is also co-chair of the national 10,000 Small Business Program with Berkshire Hathaway’s Warren Buffett and Michael Porter of Harvard Business School, said last week that the program was inspired by Goldman Sachs’ 10,000 Women, an entrepreneurial support program for female small business owners in emerging markets. In the case of 10,000 Women, more than 10,000 have already been helped. “But it helps to have a goal so you can see if your scale will get you where you want to be in five years,” he said.

When choosing locations, Goldman Sachs looks for “committed” and “entrepreneurial” colleges and local governments, Blankfein said. Goldman Sachs also has a number of professionals in South Florida who act as mentors in the program. Blankfein said he has been heartened by reports on the number of qualified small business applicants to the MDC program – 471 for the first four cohorts.

“We feel bad we have to turn people down because it looks like we have many, many more applicants who look like they can benefit from it and do well in it compared to what we can take,” said Blankfein, who will address the graduates at Monday’s ceremony along with U.S. Sen. Marco Rubio and other officials. “Miami is a great city, a city with a lot of hardworking immigrants who are trying to capture their little corner of the American dream.”

In fall of 2013, Miami Dade College called for applications (<http://miamiherald.typepad.com/the-starting-gate/2013/10/mdc-goldman-sachs-partner-to-bring-10000-small-businesses-program-to-south-florida.html>) and selected its first cohort, which got underway in February of last year. Cohort No. Three concluded in December, bringing the total number of graduates to 73 business owners and a 100 percent graduation rate, said John Hall, executive director of 10,000 Small Businesses at MDC. "Significant revenue and job growth has already been reported by many of the recent graduates. Several graduates have reported that revenues have more than doubled since entering the program," said Hall, who has served at the helm of five businesses, including a venture capital fund and a publicly-traded commercial bank.

The selected businesses represent the diversity of Miami's small business community. Companies ranged in size from \$150,000 to over \$9.5 million in annual revenues and had at least four employees. Represented sectors and industries include export/import firms, technology companies and a wide range of hospitality services such as restaurants, hotel suppliers, ice cream shops, specialty clothiers and souvenir stores. Also included were construction companies, franchisees, manufacturers including for marine equipment, belly dancing and yoga training companies, wholesale distributors, healthcare providers, marketing firms and a range of professional service providers including attorneys, architectural and engineering companies and CPA firms.

"The more remarkable characteristics of the program, however, have been the dynamism, determination, enthusiasm and energy of the entrepreneurs," Hall said. "The graduates have embraced rapid revenue growth, have already begun to work together, to regularly meet together, attend alumni classes together – and many began to do business with each other even before graduation. Collectively, these business owners are representative of the strength of Miami's future economic growth."

The MDC program will measure revenue and job growth of its 10,000 Small Businesses graduates, and reports from the first cohort will be released later this year. But nationally, 45 percent of graduates of the program created new jobs within six months while 64 percent of graduates increased revenues within six months, according to a progress report (<http://www.goldmansachs.com/citizenship/10000-small-businesses/US/news-and-events/10ksb-program-impact.html>) prepared by Babson College. To put these numbers into context, in the years of 2012-2013, 18 percent of U.S. small businesses surveyed by the National Small Business Association added jobs, and 37 percent increased revenues, the report said.

“Frankly, it is all about outcomes and results, and if you are able to measure that, that is a source of confidence and inspiration for the cohorts because they see the possibilities,” Padrón said.

Miami Dade College’s early cohorts are already showing results.

Take Armando Morales, president of Assisting Hands Home Care Miami. Before he purchased the franchise, he had worked at Lexmark, P&G and Unilever. “I had always worked in the corporate world, and you always have people with expertise in different areas. When you start your own business, you have to do everything yourself. 10,000 Small Businesses gives you basic expertise in all the aspects of a small business from finance to operations to human resources, even how to create the company culture that you want,” he said.

Morales, a graduate of the first cohort, has been so successful that his business has become the training facility for all the new franchisees in the United States.

Morales said the program makes you think strategically: “I was hiring for my current situation, but now I’m hiring for growth.” The program also helped him prepare a plan to receive a credit line that is helping him grow his business. He won a new contract and is developing a new line for his business.

Bottom line: Since graduating in May, Morales has grown revenue by 30 percent and added 16 full-time jobs. The company now has 82 employees. “At some point with our growth and success, I would love to be able to help other small businesses develop their resources and growth opportunities,” he said.

For Leticia Pollack, who co-founded Panther Coffee with her husband Joel, revenues are up sharply, and she has already hired 10 employees, bringing her staff to 50 since finishing the 10,000 Small Businesses program in September. And as Panther store No. 3, in Coconut Grove, opens in early spring, they will hire 10 more people. Two additional Panthers, one planned for Little Haiti with a coffee training lab and new roastery, and one in Miami’s MiMo District, are on the runway for later this year.

The sections on analyzing financial statements were most helpful to her, as well as the networking. “The program opens a lot of doors and you can go as in depth as you want with many resources,” she said.

Mistri, the Under One Umbrella owner, said that while she has not yet seen revenues rise significantly, she learned ways to improve efficiencies that have boosted her bottom line. She has added two employees since she graduated from the program, for a total of eight that includes her son and daughter. And she bought a nearby building to house her expanding business and include a showroom for the first time.

Mistri also has revamped her website with a bigger emphasis on residential products and added online purchasing. She reorganized her team, giving two of them responsibility for divisions, and she also holds regular weekly meetings now. “Before it was always an emergency, fire, fire, fire. There is no fire, it is an umbrella. ... I am more organized now, everything is more structured.”

That “stuck” feeling that Mistri expressed when she started the program is not unusual, said Hall. During a class on growth strategies last fall, the business owners were asked to draw a chart of their revenue growth over the past five years and then reflect on what happened during each period of time that moved the graph up (or down). The charts looked remarkably alike: Nearly all had seen a leveling off in recent years. Why?

Robert Hacker, who teaches that module in the program as well as another one on raising capital, said what the entrepreneurs discover during that course of exercises is that it is either management, the target market or money that has held their business back. Hacker, a business advisor, investor and adjunct professor, follows the charting exercise with lessons designed to help the business owners understand their competition and market. In one session, owners are asked what they would do with their companies if someone handed them a check for \$50,000, then \$500,000 and finally \$5 million. What they often discover is their growth plans were constrained by a perception of a lack of capital, Hacker said. “Then we ask them to go back and rewrite their five-year plans.”

For Morales of Assisting Hands Home Care, that \$50K-\$500K-\$5 million exercise was an eye-opener. “We tend to think as small businesses, ‘If I don’t have the capital, there is nothing I can do,’” Morales said. “I learned about a lot of resources in consulting, marketing, even finance. If you have the right target market and the right growth plan, the resources are there.”

During those exercises, the scholars examined the unique qualities of their business models — a process that helped Morales identify new target markets. “In Miami, there are a lot of international patients, and not everybody is targeting that fast-growing market,” he said. He has

since partnered with an international medical insurance company to provide its customers with home health services before they go back to their home countries.

Program participant Andre Kay, CEO of Sociallybuzz, was also in that plateau phase and poised to grow. He and his team had spent the past 18 months working on software that would differentiate the social media marketing company he founded in 2009 from the competition. Now his company manages social media for other companies and also allows firms the option of managing their own social media with Sociallybuzz's software. "The software came along as a need in the market and as a differentiator for us," said Kay, who grew his company with no outside investment or bank loans.

"10,000 Small Businesses taught me things I never knew and makes me wonder how I grew a business without learning those things. If you think you know it all, you don't know anything," said the entrepreneur, who graduated in December with Cohort Three and spent the past four weeks putting human resources processes in place, including an employee handbook. Kay has also been working with Hall and his 10,000 Small Businesses advisor, Carlos Larena, on an investor deck to help him seek \$1.5 million in seed capital to scale the software side of the business.

Hall said he expected the Miami Dade College program to succeed quickly because the model is well tested. MDC was the 16th program added to the national network that now has 24, and the curriculum is always being updated based on feedback of the scholars. Blankfein said Buffett's earliest advice was "make sure the first programs work well, learn from them and then scale. The most important thing is that it is excellent."

To be sure, 10,000 Small Businesses doesn't end with the four-month classroom program, Hall said. Not only are the cohorts continuing to meet regularly, but also the program organizes alumni programming that will extend and update what the small businesses learned in the classes. There was recently an alumni event that covered negotiations more deeply, and a capital access matchmaker session is planned. The scholars are also linked to the national 10,000 Small Businesses network of 4,000 businesses and growing.

Goldman Sachs offers a capital program in some of the 10,000 Small Businesses locations, and now participants and alumni of Miami Dade College's program will be able to access capital through 10,000 Small Businesses national capital partner Valley Economic Development Center (VEDC), Goldman Sachs executives said last week. More details on the structure and specifics of the program will be released soon.

For Padrón, 10,000 Small Businesses fits “hand in hand” with other entrepreneurship programs at the college: “I always wanted to something with Babson because Babson in a very smart way many years back started on a strategy infusing entrepreneurship (<http://miamiherald.typepad.com/the-starting-gate/2013/10/earlier-this-month-miami-dade-college-and-goldman-sachs-announced-they-are-bringing-the-10000-small-businesses-program.html>) into the entire curriculum. That is something I thought was very necessary here.”

Last fall, MDC also opened the Idea Center (<http://miamiherald.typepad.com/the-starting-gate/2014/10/miami-dade-colleges-new-idea-center-announces-knight-funding-babson-partnership-.html>), the college’s new entrepreneurship hub with programs to take companies from the idea phase to growing businesses. While the Idea Center serves members of its 165,000-student population who want to launch their own businesses or help their family businesses grow, 10,000 Small Businesses serves the South Florida community at large.

“I see this as a component of a major strategy to really have a very robust program to support the small business community,” Padrón said.

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HOW TO APPLY FOR THE NEXT COHORT

Miami Dade College is accepting applications for Cohort 5 of the Goldman Sachs 10,000 Small Businesses program set to begin June 4 at the Wolfson Campus. The deadline for applications is Feb. 24.

Applicants should be an owner or co-owner of a business in operation for at least two years with at least \$150,000 in annual revenues in the most recent fiscal year. The company should have a minimum of four employees.

To apply to Cohort 5 of MDC’s 10KSB program, visit www.mdc.edu/10ksb (<http://www.mdc.edu/10ksb>) or call 305-237-7812.

To learn more, there will be a 10KSB Informational Webinar on Wednesday, Feb. 11, at 1:30 p.m. Register here. (<https://attendee.gotowebinar.com/register/2069446174015959554>)

BY THE NUMBERS: GOLDMAN SACHS 10,000 SMALL BUSINESSES

In 2009, Goldman Sachs committed \$500 million and launched the Goldman Sachs 10,000 Small Businesses program to create jobs and spur economic growth. There are now 20 10KSB programs throughout the U.S. and four in the United Kingdom. Some findings:

4,000: Number of small business owners participating nationally to date in 10,000 Small Businesses education and capital programs.

101: Number of South Florida small business owners who have graduated or are currently enrolled in Miami Dade College's program.

99%: Percentage of all participants nationally who graduated from the program.

45%: Created new jobs within six months of graduation.

64%: Increased revenues within six months of graduation.

37%: Launched a new product or service within six months of graduation.

26%: Expanded domestically within six months of graduation.

98%: Percentage of businesses nationwide with 20 or fewer employees.

55%: Percentage of all jobs in the U.S. provided by small businesses.

Sources: Herald research, Miami Dade College and "Stimulating Small Business Growth: Progress Report on Goldman Sachs 10,000 Small Businesses" report developed by Babson College (Find report on GS.com/10KSB (<http://gs.com/10ksb>))