

**SCORE's Role as Business Consultants at Public Libraries
By Alvin M. Roselin, Chairman, SCORE New York
July 11, 2003, RIETI Symposium**

In discussing the subject of SCORE -- The Service Corps of Retired Executives -- and our role as business consultants at the public libraries, I will describe these activities in the following ways:

- **The purpose and effectiveness of the SCORE organization**
- **The training of new volunteer business executives to become professional SCORE counselors**
- **SCORE's relationship and collaboration with business libraries, especially with the Science, Industry and Business Library – SIBL**
- **The difference SCORE counseling has made at the two New York City Business Libraries – SIBL and Brooklyn – and to businesses in general**
- **And, how we can all work even closer together in the future to create a more effective partnership between business libraries and their business assisting services**

In 1963 a study indicated that the main reason most businesses in the country failed was NOT because they lacked enough money to keep going but because they were badly run. At that time, the recently formed United States Small Business Administration (the SBA), a government agency, sent out a call to retired business people around the country for them to help in counseling small businesses. And, in 1964, SCORE, the Service Corps of Retired Executives was born with just a handful of counselors. It was

established as a non-profit member organization dedicated to aiding in the formation, growth and success of small business.

Today, there are 11,000 SCORE members in 400 chapters around the country. I am the chairman of the New York City chapter.

SCORE is known as: “The Counselors to America’s Small Businesses.” Which means we are available as counselors -- at no charge -- to 92 percent of all the businesses in the United States that are classified as Small Business.

What are the criteria to be a small business in the U.S? According to the Small Business Administration, it is measured either by the average number of employees or on annual sales – depending on the industry. For example:

In Manufacturing – there can be up to 1500 employees

Wholesaling – can have a maximum of only 100

And companies that are in Services, Retailing, Construction and Agriculture – are measured by annual sales. Some industries can have a maximum of 4 million US dollars in sales, while for others the maximum sales can be 29 million dollars.

We, the SCORE counselors, do not get paid – neither by the government nor by those people and companies whom we counsel. In fact, we sign a Code Of Ethics, which forbids us from accepting any form of payment from a client, or to invest in any enterprise, even those we consider to have great potential for success. This way we give impartial and unbiased advice and counsel. And, like other professionals, we maintain a high level of confidentiality with the client.

We are often asked why, after very successful business careers, we give our time, knowledge and guidance to strangers – without any payment for our efforts. And why do we support a non-profit organization. We SCORE members are all different, but have many motivating factors in common:

One is that we wish to remain intellectually challenged and stimulated as we were while working paid executives and entrepreneurs – but without any of the stress related to running a company.

Another is to continue learning about new industries, new business ideas, stay informed and be connected to motivated young entrepreneurs.

A third reason is to do good deeds, especially for those who appreciate our efforts and reward us with their success and thankful acknowledgement. It is our way of performing a community service helping our local economy – and what better time than now.

By working with business clients we become teachers, *sensei*. A good example of how we teach comes from the ancients – It is said that when you give a person a fish they can eat a meal. But, when you teach a person to fish, they can eat meals the rest of their lives. We don't just give information or answer questions, we teach a person how to run a business -- successfully -- so they can earn and show a profit for the rest of their business lives.

Basically, counselors come from two different business backgrounds. First, is the entrepreneur, like myself, who started and ran his or her own company. The person who had to do everything, especially from the very beginning. A businessman who had to find the money to start and keep the enterprise operating and moving forward. Who had to meet a payroll while sometimes not getting paid himself. The person who had to create enough

sales and then be sure the product or service would be provided to the customer. And who was successful enough to retire and share his or her knowledge and business acumen with those who become SCORE clients.

The second category is the executive who worked at a larger company. Who might have started at the bottom of the business ladder and worked hard to eventually become the CEO or Partner or Executive Vice President in charge of a major corporate function. The person who understands marketing and finance -- sales and production -- strategy planning and purchasing – and all other aspects of running a business.

The combined experiences of these two business executive categories, enables us to understand and appreciate the problems concerning ALL business entities -- from start-up through large company concerns.

We pride ourselves in saying that our New York chapter's 45 counselors have 2,000 years of business experience. If you extend that figure to all 11,000 SCORE counselors, the number of years of experience will be astronomical.

Our 45 local counselors have expertise in 65 industries and categories. From Advertising to Wholesale distribution – from Accounting to E-Commerce – from Apparel Manufacturing to International Trade. If a client needs counseling in a specific industry that we in New York do not know well, we have access to the other 11,000 SCORE counselors in the country. And, 1,000 of us do counseling via email submitted from anywhere in the country.

I will reiterate our fee to clients – it is totally free and can continue for many years – as long as the client needs and wants our counseling.

We are all successful business people who are the most talented professionals in the business world – who want to help all other businesses in need.

Maimonides, a 12th century Spanish physician and philosopher, used the Hebrew word Tzadaka to mean “*giving to those in need*” – to help your fellow man. He said the highest level of Tzadaka is by helping people help themselves. SCORE professionals do just that, they help business people help themselves by guiding them through the many intricacies of business.

As a non-profit organization, SCORE gets its funding from three main sources.

As a resource partner of the Small Business Administration, we often are housed in their locations and we receive a small budget from the US Congress. The amount each chapter receives is mostly based on the number of clients we counsel annually. In other words, the amount of client traffic we generate.

We conduct 25 educational seminars annually for which we charge a fee.

We also receive contributions from banks, corporations and foundations.

And, with relationships like SIBL, we are supplied with office space, office equipment and have access to their facilities – all at no cost to us.

Although new SCORE counselors have a great deal of business experiences, they are not yet qualified to act as management consultants or counselors to our full range of clients.

Before becoming a SCORE counselor, it is necessary to go through a three-month training program. This enables us to better understand the great variety of needs an entrepreneur has so they might start and operate a successful business. For example: the new counselors must know how and

where to register a company. We learn to explain the different business formats like sole proprietorship, partnership, Limited Liability Company or Corporation so we can suggest what might be best for the client. We must know how to write a business plan and what are the important elements of a partnership agreement.

It is necessary for all new counselors to attend each of our public seminars – so they can continue to learn themselves. We constantly do research about new industries. The fastest growing industries are Information and Communications Technology and Internet Marketing. Interestingly, the old marketing concepts apply equally well in this Internet situation as in land-based businesses – even on a global scale.

Because the business areas most often requested for counseling are financing, marketing and sales, we frequently conduct a seminar entitled “Strategies for Business Success” which includes these three subjects. All are tied together in preparing a Business Plan – the most important tool for any business.

SCORE counselors also learn what assistance programs the Small Business Administration, has available -- from Financial to Federal Government Contracting -- from Disaster Loans to Business Counseling and Training -- from Legal Advocacy to Business Information Services. These, also, are free to the business client.

We also learn HOW to counsel – listen carefully to what a client says. Many times, the client does not have a full concept of what his or her problems actually are so, we have learned to ask leading questions. For example, for start-ups, the first questions are: What experience does the

client have in the field? What work is the client currently doing? Did the client estimate the cost involved to accomplish his or her goal? What is the client's financial status? And many more to help determine whether the client's desire can become a reality – or is it just a dream.

After all of these subjects are discussed and at the conclusion of the counseling session, the SCORE counselor should be able to relate to the client's plans and qualifications as if he were the one wishing to start. New counselors are taught how to put themselves in the client's position and even think as he or she thinks so they can draw on their own experiences to best counsel the client. This is in-depth, subjective counseling.

Important to this symposium, new SCORE counselors must also learn the many services, resources and facilities available at the business libraries. I have been a SCORE counselor since 1999 and a rotating counselor at SIBL since that time – so my experience is first hand.

We have counseling branches at two New York City business libraries – SIBL and the Brooklyn Public Library – where new members have a chance to sit with an experienced counselor during client sessions. And they also have to learn everything about the library. This training qualifies each of our 45 members to counsel at these business library locations.

Different from our main office, where 90 percent of clients are walk-ins, library clients must make an appointment for a counseling session. The librarians keep the appointment book and make the entries.

In both New York library locations, we are their guests, being provided offices for exclusive SCORE use, equipped with computers, printers, telephones, and office supplies. We also have complete use of their office

equipment and facilities. In essence, we are partners dedicated to helping those in need of business information and counseling assistance.

From our point of view, we make a perfect pair – after the library supplies the inquiring entrepreneur with information and library guidance, SCORE counselors can then take them to the next level with specific business advice.

At the libraries, we also have Internet access to their web sites, other research locations and we also have an opportunity to review the client's web site -- if one exists.

The libraries include our free business counseling service as an important and integral function of their location, while we are able to achieve more of our goal – helping more businesses become and remain successful.

As a rule, we have just one counselor available at a time based on the number of appointments. At SIBL, we have office hours from 11:00 in the morning until 7:00 in the evening, Tuesday through Friday, and 11 till 3 on Saturdays. It is the only location with evening and Saturday sessions so we can accommodate those clients who cannot spend time during working hours.

From June, 2002 to June 2003 – a full year – SCORE counseled more than 1000 clients at SIBL. Of those, one-third were already in business, ALMOST ONE HALF were women, 206 were home-based businesses and only one-tenth were looking for financial assistance. Most of these business library clients were about to start or were in their first years of business.

Whereas, at the Brooklyn Business Library many more clients were in their preliminary new business research stage. Although many had good ideas, they were not quite ready to put their thoughts on paper in the form of a business plan.

So these statistics tell us that SCORE clients at the New York business libraries are mostly in the embryonic stages of company existence.

To better understand SCORE's library clients, it is important to know a little about the race and ethnic breakdown of the entire city. New York has always been a city of immigrants and refugees who came for a better life – and often remained as residents. Therefore, New York is one of the most integrated cities in the world where people from every country live. And many come with a strong entrepreneurial spirit.

This means that each New York SCORE branch caters to clients of different and diverse backgrounds – including SIBL, but to a lesser degree. We have two offices in Harlem frequented mostly by African Americans and Hispanics. Our branch in the Bronx counsels African-Americans and clients from Caribbean island countries -- while our main office gets a combination of all races and ethnicities.

Our newest branch in Chinatown is almost exclusively inhabited by Chinese. Just as their businesses were recovering from the World Trade Center disaster, the SARS epidemic again kept customers away. The director of the Asian American Business Development Center requested that our counselors be available to help the local businesses. When necessary, if the client does not speak English, a translator is available. In the beginning, six Chinese language newspapers printed a story about our new

SCORE/Chinatown counseling relationship and we had ten clients the first few days.

The total number of sessions conducted by all of our New York City counselors last year -- working only four hours a day -- two or three days a week -- at our main office and four branches, including the libraries, is over seven thousand. Of these, 25 percent were returning clients. However, when you look at SIBL alone, only 16 percent returned to the library. The reason is that the new client is referred to another SCORE counselor having specific industry experience who would not be at the library sometime soon but is mostly available at our home office.

80 percent of clients at ALL of our locations are start-ups while one-third of clients at the libraries are already in business. This emphasizes the importance of the business libraries for business people. And the need for everyone else thinking of starting a business to be directed to the libraries. Interestingly, on a national basis half of the SCORE clients were already in business -- compared to only 20 percent in New York City.

Some other comparative statistics show that clients in all New York SCORE locations looking for financial assistance outnumber those needing marketing and sales counseling -- by a ratio of 3 to 2. While the same categories at SIBL show that almost twice as many wanted counseling in marketing and sales -- not financing. Further evidence that business libraries cater to a better informed and better organized group of business people.

One SIBL client wanted to start a combination cyber café and video game arcade -- somewhat like your Pachinko parlors -- but was not sure where to begin.

He had experience in that business, saved some money but just couldn't get started. Our counselor explained the importance of a business plan – which we sometimes refer to as a “Road Map”. Its purpose is to get from Point A, where we begin the planning to open a business --- to Point B, where he expects to be three years from now. The preparation of the plan is to really think out the actions to be taken to reach those goals.

In this case, while working on the business plan, the client realized the two businesses were not compatible and concentrated on the Cyber Café alone.

The main purpose of our discussion with clients about the need for a business plan is to help organize their thinking. I am a businessman – every business benefits from a business plan because it requires the entrepreneur to address all aspects of the company's operation. He or she will become aware of their strengths and weaknesses. We first ask that they indicate the reasons they are qualified to start this particular business. We discuss their competition, how to properly price, whether there is a market to buy from them, how to reach that market, what licenses might be necessary, importance of the best location and all other necessary business plan components. We also explain the reasons and methods for indicating sales and expense projections as well as cash flow projections.

At the conclusion of our client counseling session we frequently suggest seeing a librarian to use the library's reference material for further researching their venture. For example: After discussing business plans, we direct them to the book of sample plans. On Market and Competition Analysis we direct them to the various listings of companies and associations in their industry. For Start-up information on a specific type of

company, we tell them about a series of: “How To Start” guides published by Entrepreneur Magazine. This set consists of more than 100 different specific businesses from Restaurants to Day Care Centers – from Retail Apparel Stores to Video Arcades.

For other areas like Web Site Development; Record Keeping Preparation; Market Plan Development and All About Forming a Not-For-Profit company, we direct them to the library information desk – all after about an hour-long counseling session.

A frequent question is whether clients at business libraries differ from other branches and from our main office. The answer is Yes! -- and No! Clients at SIBL tend to be better informed and better prepared for the business they would like to start or, if in business, are more aware of the specific problems. As a rule, they have used the library’s resources to research answers to their business concerns.

They then go, or are directed by the librarian, to the professional SCORE counselor right on the premises. As I mentioned, the SCORE office is open every library day usually from 11am to 7pm. If the counselor is not with a client, it is possible to get immediate assistance. If he or she is not available at the moment, then an appointment is made for a future time.

SIBL is also located in a section of New York City that is in the heart of the business district making it convenient for clients currently at work. It is also easy to reach by mass transportation.

The Brooklyn Business Library is somewhat different as to clientele and surrounding population. They often fit the SBA designated category of “socially and economically disadvantaged”. Many people who use that

library for their research and SCORE counselor meetings tend to be in a lower income bracket, have lower credit ratings, are less educated, have less experience in the business they want to start and have not sufficiently thought out their new business ideas.

In these cases, the SCORE counselor reviews all the steps to be taken so the client can try to overcome the obstacles. If they want to continue the start-up research, they go back to the librarian for guidance on using the library resources to their best advantage. This time, they have a clearer picture on what needs to be researched.

Unfortunately, some clients come in to our locations almost too late to help. Many are those whom I mentioned at the beginning whose businesses are badly run. This is due to poor management in a number of ways --not keeping good records of their transactions, by spending too much – often unnecessarily, not paying creditors on time, not following up on money owed them, late in paying taxes – or not paying at all, not having aggressive sales and marketing plans, and not planning ahead.

The thing they thought was needed and felt could be arranged through SCORE, was an immediate infusion of cash for them to pay their bills in order to remain in business -- but more often than not -- it is too little, too late.

Because of their business history, they are considered a poor risk and no financial institution will lend them any money. They lose their business, their dreams and their money.

With client success as our goal, we work with the library clients in the following areas: Review, rework or start a business plan; Analyze and advise on Cash Flow – five of our counselors are Certified Public Accountants—we

help develop Advertising, Public Relations and promotion programs; Discuss complexities of International Trade – Import and Export; Improve Employee Relations and turnover; Identify appropriate financing sources as well as prepare clients for loan applications – many of these subjects can be further researched right there at the library.

Another of our clients was having collections problems. Some of their customers were six months late paying their bills creating a very difficult cash flow problem. Fortunately, the counselor working with this client was a retired Corporate Director of Finance for the US subsidiary of a major world-wide Japanese company and understood the problem.

Before counseling him on the collection procedures for outstanding and unpaid accounts, he helped improve the billing and follow-up system. Unfortunately, too many inexperienced business people hesitate asking for the money they are owed because they do not want to offend the customer. In business, payment for your work or goods sold must be received promptly, or the entrepreneur will not be able to pay his rent or telephone or suppliers or even workers' salaries. Without receiving that money, the business will soon cease to exist. This case is considered a success because the client now has a healthy cash flow.

How do SCORE and public libraries complement each other in helping the entrepreneur?

The Business Library is very objective in applying its vast resources – current publications, reference material, electronic services -- to supply the entrepreneur with almost unlimited information.

On the other hand, the SCORE business assistance is totally subjective. Our counselors delve into the problems and concerns of the client and work with them until the client feels they are on their way to success. Or, as sometimes happens, the clients abandon their quest because they just aren't prepared or qualified.

We have many success stories to tell, but we sometimes count as a success, the client who realizes he or she should not even attempt to start a given business until much more research is done. Our success is helping them to decide not to invest their money in a business where their chances of success are slim to impossible, and where their money will be lost.

As business resource partners, we frequently suggest that clients visit the SIBL or Brooklyn locations as well as visiting the library's web sites. These are filled with easy-to-find information. Also, the business libraries have SCORE links on their web sites and we are doing the same for them.

We have placed notices of our seminars and the lists of our counseling location in many convenient spots in both libraries. We also post this information in all the New York City library locations enabling visitors to learn more about SCORE's services and seminars.

But now, let us look into the future and what it holds for business libraries and their relationships with business assisting services. The approach I took is similar to counseling a SCORE client -- find the elements of greatest concern and develop a plan -- or in this case -- a strategic plan to give us a road map to the future.

My research indicated that public business libraries share three main areas of concern: Traffic, Marketing and Funding.

Increase your traffic by fully utilizing the business assisting services like SCORE. Keep all the librarians informed as to the depth of counseling available so they can direct those looking for more than just a reference source. Send them to a counseling source.

The SCORE chapter in Seattle, Washington conducts counseling sessions in 12 regional libraries on different days during the month. Their program success is directly related to educating the library staff on how SCORE counselors the library and their visitors. SCORE personnel periodically make presentations at their staff meetings.

The Brooklyn Business Library conducts free Annual Entrepreneur Expositions where their business services partners are given exhibition space. This is used to educate and inform visitors about what the service partner do. The library also sponsors a business plan competition -- judged by SCORE counselors -- and with cash prizes. Because of these activities, the level of library users, and ultimately SCORE clients, is constantly improving.

We have the opportunity to network with other business service providers who are also partners of SIBL and Brooklyn. Because we all have the same goals of helping the business community it is important to meet and to share information. Some of these organizations are: Chambers of Commerce, Women's Business Groups, Area Economic Development Centers, City and State government Business Assistance departments, and banks. By reaching out to the many organizations with interests that

complement the library's activities and making them resource partners -- like SCORE, even more traffic will be driven to the libraries.

When marketing a business library, include the free counseling available through organizations like SCORE and the other business library partners. It will greatly increase the use of the facility, especially if it is a full range business library and the library's image will be enhanced. The partners marketing efforts should include you, the business library, as one of their partners, which enhances their image as well as yours. Their web sites will link to yours and you will be on your way to becoming the most important and best known business information resource. This, also, will drive traffic to the library.

Funding, as we know, is helped by increased traffic. As a rule, that is one measure for government budgets. And, the monetary value of free services provided by the business assistance organizations can be included in whatever grant proposals you might pursue through the private sector.

The future, therefore, can be very bright, even in bad economic times, by working as closely as possible with the library partners.

In doing my research for this talk, listening to Kristin McDonough's presentation and discussing our comments with Jennifer Keohane, I learned one very important lesson. The vast amount of business information and resources available at the libraries combined with SCORE counseling – or any comparable organization here in Japan – can make a big difference by helping the small business world.

If we help each other, we will be helping those in business need!

Arigato.

July 2, 2003