

Stimulating Small Business Growth

Progress Report on
Goldman Sachs 10,000 Small Businesses

*Developed by Babson College
Report Summary*



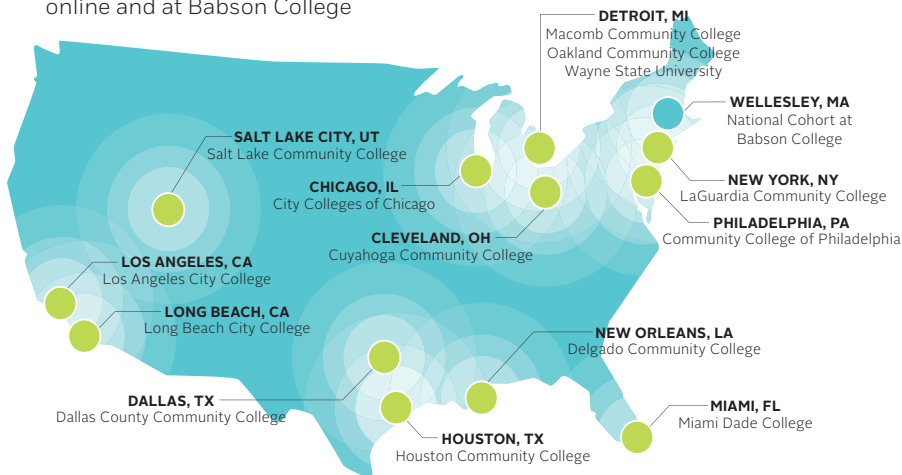
About the 10,000 Small Businesses Program

Goldman Sachs 10,000 Small Businesses is a public-private partnership to unlock the growth and job-creation potential of small business owners. Led by co-chairs Lloyd Blankfein, Warren Buffett, Michael R. Bloomberg and Dr. Michael Porter, the program provides businesses with a practical business and management education, business support services and access to capital. 10,000 Small Businesses has served nearly 5,000 small businesses across the United States and United Kingdom.

10,000 Small Businesses Delivery Sites

Local program locations

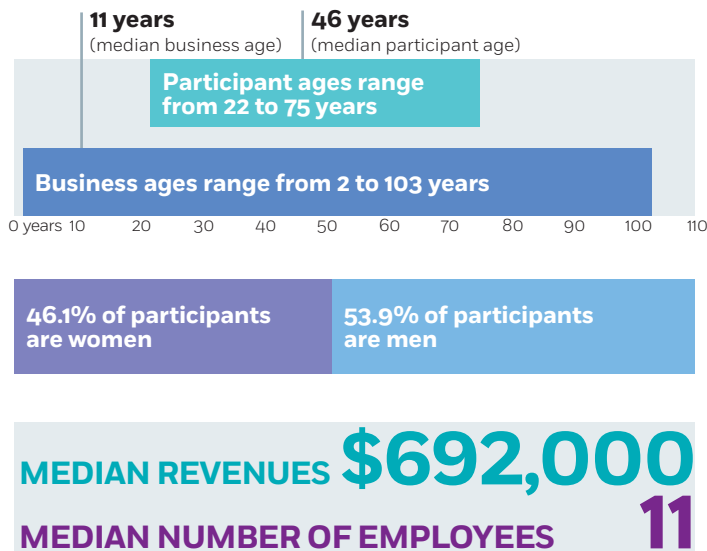
National program recruits across the U.S. and is taught online and at Babson College



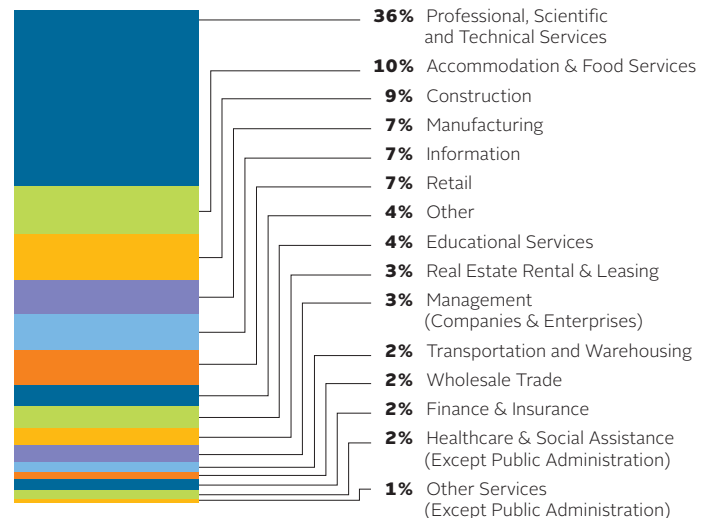
Curriculum



The Participants and Their Businesses



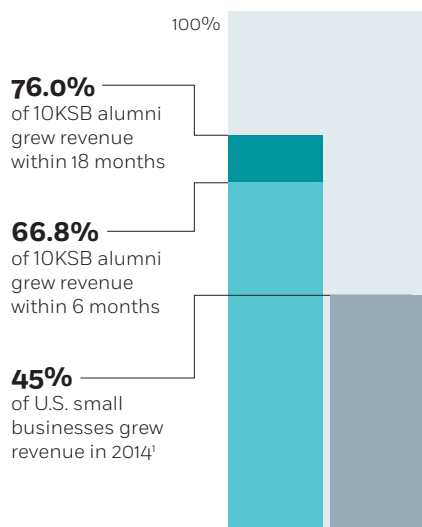
Participant Industries



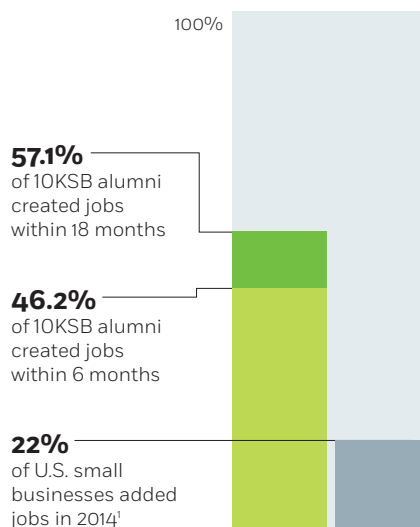
Program Impact on Growth

10,000 Small Businesses partners with more than 100 organizations to help small businesses grow and create jobs. Overall, program graduates are far more likely to grow than U.S. small businesses in general. This report provides an update on previously published revenue growth and job creation data measured six months after graduation. Furthermore, the report shows that the frequency and degree of revenue growth and job creation for program alumni increase when measured 18 months after graduation.

Revenue Growth



Job Creation



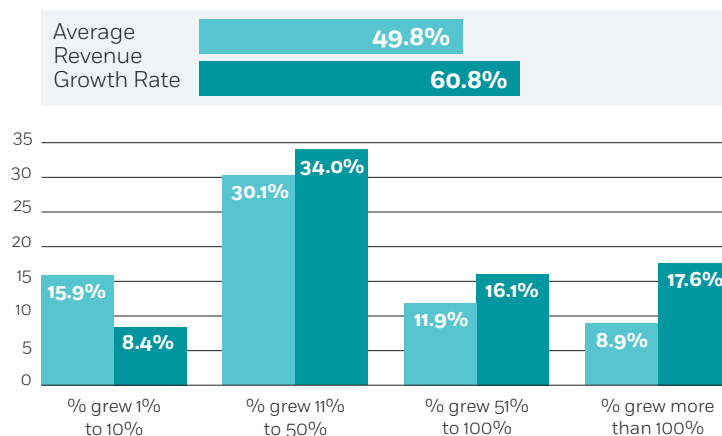
99%
GRADUATION RATE

84%
OF GRADUATES
DO BUSINESS
WITH EACH OTHER

Growth Rates

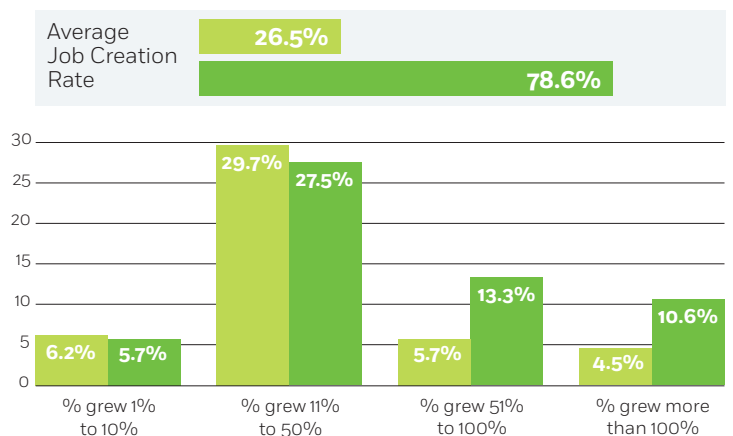
Revenue Growth Rates Among 10KSB Alumni

■ Within 6 months ■ Within 18 months



Job Creation Rates Among 10KSB Alumni

■ Within 6 months ■ Within 18 months



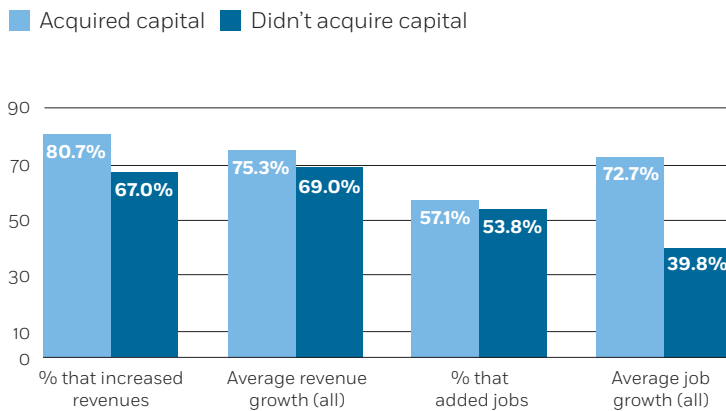
¹ The National Small Business Association (NSBA) 2014 Year-End Economic Report. (2014). Retrieved March 16, 2015 from <http://www.nsba.biz/wpcontent/uploads/2015/02/Year-End-Economic-Report-2014.pdf>

Growth Catalysts

Each 10,000 Small Businesses graduate develops a detailed, step-by-step plan for growth. Following their plan and applying what they've learned, alumni report changing the way they do business to include greater access to capital, increased use of financial statements, expansion into new markets and improved management skills. Each of these changes contributes to their ability to grow and create jobs.

Acquiring Capital

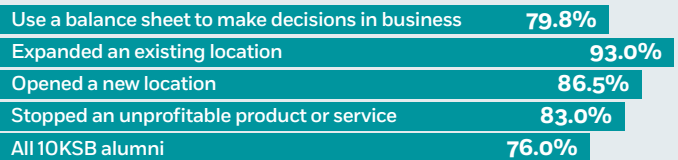
Acquiring capital leads to higher revenue growth and job creation among 10KSB alumni



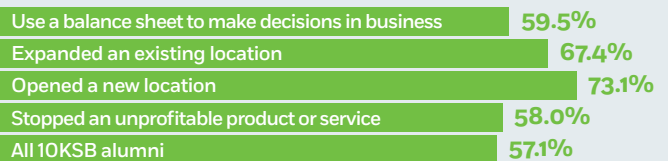
Behavioral Changes

10KSB alumni reporting certain behavioral and business changes were more likely to report growing revenues and creating jobs than alumni generally

Percentage of alumni reporting revenue growth within 18 months

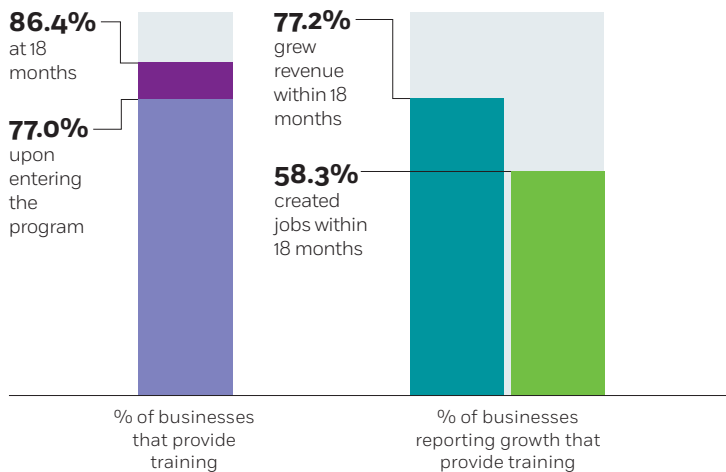


Percentage of alumni reporting job creation within 18 months



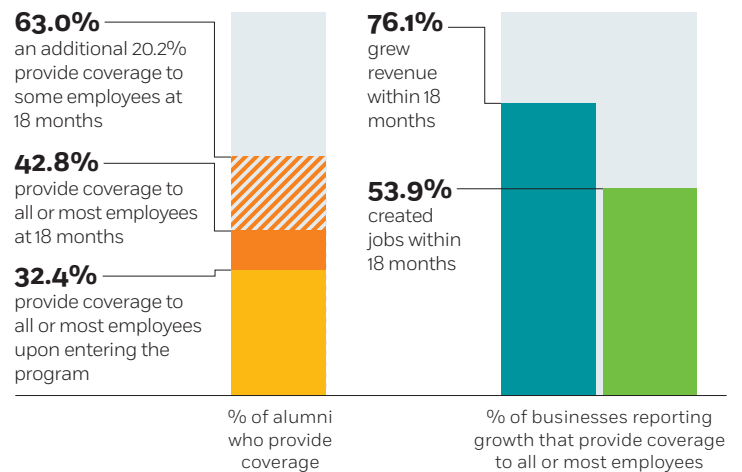
Workforce Training

Businesses providing on-the-job training increased after graduation and were slightly more likely to report growth and job creation than alumni generally



Employee Benefits

Businesses providing medical and/or dental coverage for all or most employees increased after graduation, and showed similar growth and job creation to alumni generally



Report Summary

This second report on Goldman Sachs *10,000 Small Businesses* summarizes the progress of approximately 2,300 small business owners who have completed the program. The results are based on information collected through the *10,000 Small Businesses* measurement and evaluation system and presented in *Stimulating Small Business Growth* by Babson College. The program is committed to the rigorous tracking of participant outcomes based on information gathered upon entering the program, at graduation, and at regular intervals thereafter, as a means of understanding the program's long-term impact. Outcomes continue to be encouraging, even as the data in this report includes a larger number of participants and a longer period of time after graduation than the past report, showing that *10,000 Small Businesses* graduates grow their revenue and create jobs at rates that outperform the broader economy.

WHAT IS 10,000 SMALL BUSINESSES?

Launched in 2009, Goldman Sachs *10,000 Small Businesses* is a \$500 million initiative developed to help small businesses in the United States by providing entrepreneurs with an integrated program of practical business and management education, access to capital, and business support services. The program is based on recommendations from leading experts that a combination of education, capital and support services best addresses the most common barriers to growth for small businesses. *10,000 Small Businesses* is designed to help business owners build and implement a plan to grow their businesses by increasing their revenues and spurring job creation. To achieve this, the program includes a network of over 100 local and national partnerships. Overall, *10,000 Small Businesses* maintains a 99% graduation rate and a Net Promoter Score of +91.4.

PROGRAM IMPACT

At six months after graduation from the program, 46.2% of participants report adding new jobs, increasing to 57.1% 18 months after the program. This represents a significant improvement as compared with the broader economy, as 22% of United States small businesses surveyed by the National Small Business Association for their 2014 Year-End Economic Report reported increasing their number of employees.

Revenues of the participating businesses also grew after program completion, with 66.8% of participants reporting increased revenues six months after graduation, and 76.0% 18 months after completion. To again provide context, 45.0% of United States small businesses surveyed by the National Small Business Association for their 2014 Year-End Economic Report reported increasing their revenues.

Access to capital is an important lever for business growth, and learning how to prepare a business for acquiring capital is an important part of the program. Of the participants who applied for funding in the year before starting the program, 70.1% reported receiving at least part of the requested funds. After 18 months, that number had increased to 82.9%.

Graduates of *10,000 Small Businesses* also report increased collaboration with other small businesses, especially with fellow program participants. Founded on the principles of peer learning, the Babson College-designed educational approach carries over into each participant's business practices, with 84.1% of the participants reporting one or more types of collaboration with their classmates at graduation, including providing referrals, contracting directly with each other or developing new business opportunities. It is not surprising to see that this rate decreases after the conclusion of the formal instructional part of the program (when the business owners see each other less frequently). What is unexpected is that at six months, almost two-thirds are still collaborating (66.2%), and in the 18-month data collected to date, that number stays firm, with 63.7% of the small business owners reporting collaborations.

Change is a constant theme for the alumni. Most participants make substantial changes in how they run their businesses, with the most commonly reported changes after 18 months focused on the company's product or service. These include improvement of a product or service (67.5%), researching or developing a new product or service (but haven't launched it yet) (32.6%) or launching a new product or service (49.0%). These changes are followed by reports of entries into new local markets (32.6%).

Based on these outcomes, Goldman Sachs *10,000 Small Businesses* is demonstrating the power of investing in small business owners. As the outcomes are tracked over time, the results show that, when given the right mix of education, business support services, and opportunities to access capital, America's small business owners can grow their companies in ways that create value for themselves and their families, as well as their communities. With data from *10,000 Small Businesses* alumni, this report further examines the factors and behaviors that are most associated with growing businesses.

To see the full report, visit GS.com/10KSB.

