

NATIONAL PRESS CLUB HEADLINERS LUNCHEON WITH  
SBA ADMINISTRATOR LINDA McMAHON

SUBJECT: THE STATE OF AMERICA'S SMALL BUSINESSES

MODERATOR: ANDREA EDNEY OF THE NATIONAL PRESS CLUB

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**ANDREA EDNEY:** Good afternoon, everyone. Welcome to the National Press Club, the world's leading professional organization for journalists. My name is Andrea Edney. I am an editor with Bloomberg News, and I am 111<sup>th</sup> president of the National Press Club. [applause] Thank you.

Well, we are so pleased to welcome today's speaker, the head of the US Small Business Administration, Linda McMahon.

Before we begin, I would like to ask you, if you haven't already, please turn off all cell phones. If you're tweeting, our handle is @PressClubDC, and the hashtag for today's event is #NPCLive.

I would like to now introduce our head table guests. Please hold your applause until everyone has been introduced. Starting from your right, we have Allison Priebe, owner of Queen Bee Designs. We have Jonathan Salant, Washington correspondent for New Jersey Advance Media and a former National Press Club president. We have John Sayres, CEO of Sayres and Associates. We have Tamara Hinton, senior vice president at Story Partners, and a member of the National Press Club Headliners Team. We have Dan Freedman, Northeast regional correspondent at Hearst Newspapers Washington Bureau. Those newspapers include the *Stamford Advocate*, which you may know. We have Pradeep Belur, chief of staff for the US Small Business Administration.

Coming from this end, we have Alan N. Schlaifer, president of the Wharton Club of Washington, D.C. We have Christine Warnke, television host of *The Next Word* on MMC-

TV Channel 16, and a member of the National Press Club Headliners Committee who organized today's luncheon. We have Andrea Stone, CEO of Dynamic Pro. We have Kevin Wensing, retired US Navy captain and executive director of FIRST Global. He also helped organize today's event. Thank you, both. We have Emel Akan, senior business reporter at *The Epoch Times*. Skipping over our speaker for just a moment, we have Betsy Fischer Martin, executive-in-residence at American University and co-chair of the National Press Club Headliners Team.

Thank you all for being here today. [applause]

I would also like to acknowledge additional members of the Headliners Team responsible for organizing today's event: Lisa Matthews, Lori Russo, Danny Selnick, Bill Lord, and the Press Club staff, specifically Lindsay Underwood, Laura Cocker, and executive director William McCarren. Thank you.

So Linda McMahon serves as the 25<sup>th</sup> Administrator of the US Small Business Administration. She advocates on behalf of our country's 30 million small businesses; specifically through access to capital, federal contracting opportunities, counseling, mentorship and financial assistance.

Administrator McMahon is part of what media reports have dubbed "the \$14 billion Cabinet" at the start of Donald Trump's administration. Together with her husband, *Forbes* magazine has placed Administrator McMahon's estimated net worth at over \$1 billion.

An entrepreneur and business executive, McMahon is the co-founder and former chief executive officer of World Wrestling Entertainment of Stamford, Connecticut. She helped build the business out from a 13-person regional operation to a publicly traded global enterprise with more than 800 employees worldwide. So one could say that Linda McMahon comes to this position with her own experience in small business.

Administrator McMahon stepped down as CEO of her company in 2009 to run for US Senate, and was the Republican nominee in Connecticut in 2010 and 2012. Now, she supports President Donald Trump's agenda for other small businesses, which include backing his ongoing battle with Amazon. Administrator McMahon said last month in an interview with Fox News that the jury was still out on Amazon's effect on small business. She said Amazon provides start-ups with an opportunity to boost sales, but that comes at a price.

She also said that the number one concern among small business owners, when she began her SBA role, was tax cuts. With those now in place, she says the number one issue is being able to find enough qualified workers. That should be good news for those who are graduating or looking for work.

Overall, small business optimism remains historically high as measured by the National Federation of Independent Businesses' monthly index. In April, that optimism index reached a record high, and April was also the 17<sup>th</sup> consecutive month of historically high readings. Government is back on the side of business, Administrator McMahon has said.

We are so happy to have her here today. Please join me in welcoming Administrator Linda McMahon to the National Press Club. [applause]

**ADMINISTRATOR LINDA McMAHON:** Thank you very, very much. A pleasure to be here. What am I going to do with this? [laughter]

**MS EDNEY:** Hopefully that will be for me to use. We'll see what you do with it.

**ADMINISTRATOR McMAHON:** Andrea, thank you so, so much. What a nice crowd. It's really nice to see everybody this afternoon. I want to thank the National Press Club for inviting me here today. And I do see some familiar faces out in the audience. I'm very pleased to see some of you that I haven't seen in a long time. I want to thank C-SPAN and Public Radio for covering us as well. And I'm just really delighted to be here.

You know, those of us who are in public service have the opportunity to meet such a diversity of people and hear so many interesting stories on a routine basis. And that's the part of public service that I really like the most. Whenever I arrive at a business when I'm out doing my road tours and the owner or owners of those businesses come up to greet me, they take such pride in telling me about their business, how they started, how they have grown, and what challenges they faced or what ones they are still facing.

Now, for those of you in the room – and I know there are several – who own your own businesses, you'll understand what I mean when I tell you that an entrepreneur's business is really personal to them; it's like an extension of them. And when President Trump asked me to take on this job, he told me he wanted someone who actually had built a business, someone who had experienced the ups and downs and would fully understand the issues facing our small businesses today. I'm happy that he has confidence in my ability to do this job.

Today, I want to talk to you about the state of small business in America. We talk a lot about the importance of small business because small businesses really do drive our economy – 99.7% of businesses in our country are small businesses. Nearly two-thirds of net new jobs in the private sector are created by small businesses. Because of how vital they are to our economy, and because the small business sector historically has led this nation out of economic recessions and into periods of growth, I'm always very focused on listening to what small business owners have to say.

So here's what they're telling us: The NFIB is reporting a 45-year high in small business optimism. A CNBC survey conducted last quarter measured the highest ever surge in small business optimism. Small business optimism matters. Entrepreneurs are risk takers by definition. When they feel confident about the future, we see more start-ups and we see more growth. And that's exactly what they're telling us. A UBS poll conducted recently found that nearly half of small businesses will invest more in their businesses in the upcoming months. A third of small businesses plan to increase hiring.

So the question is, what's led to all this optimism? I'm here today to tell you this surge in small business optimism and everything that flows from that didn't happen just by accident. It's not the result of some cyclical realignment. It's not happening because of public policy decisions that were made years ago. It is happening, I believe, as a direct result of this President's leadership. Both the tone and the policies coming out of Washington are different. Small businesses see a President who is not only bullish on America, but also aggressively driving bold, pro-growth public policies.

And here's what happening as a result: Unemployment claims today are at their lowest level since the early 1970s. The unemployment rate is at 3.9%. African American employment rates are at their lowest levels ever recorded. Unemployment among women is at the lowest level in 18 years. Last month, the federal government took in a record \$218 billion surplus. Inflation is barely above 2%. And wages are rising.

And you're right, Andrea, those graduating classes today are really at a good time. I've given two commencement speeches over the last couple of weeks and I've told all those students it's a great time for you to be graduating.

Interestingly, there was a prevailing sentiment among small businesses that government is back on their side. It's reflected in the economic indicators, and it's what I'm hearing on a routine basis from small businesses all across the country.

I get asked all the time whether I think the tax cuts have benefited small businesses. And I see nightly debates on cable television over whether the tax cuts had any positive impact on small businesses or if the only beneficiaries are really large corporations. If we want the answer to that question, why don't we ask the actual small business owners? Now, that's something I pledged to do when I began my, quote, Ignite Tour last May. And my goal is to visit all 68 SBA district offices around the country.

So I made a pledge to do that when I became the Administrator of the SBA because I thought, how better to get to know all of my district offices than to go there, to see how they operate. They are actually the people on the ground. They're interacting with our lenders, they're interacting with our customers. They are the voice and the face of SBA. So I wanted to see first hand.

But I didn't just want to go to those district offices. So the district offices set up for me business roundtables, visits to small businesses in the area. I did, and continue to do a lot of local media because I want to talk about all of the opportunities and the programs that SBA has to offer.

So when I talked to those small businesses and heard first hand from them, prior to tax cuts being made, the primary thing I heard from them was, "Please, help the President with the tax cuts program. That would mean so much to us, to pay less taxes." I heard about regulatory rollbacks. So now that the tax cuts are in place, I hear from those small businesses, "I'm doing what I said was going to do. I'm hiring more people. I'm growing my business. I'm

really grateful for the President." That level of optimism is still staying high because the tax cuts are now in place.

I hear a bit more about healthcare reform. And I hear a bit more now— not a bit more. The primary thing I hear mostly from small businesses today is that there's a shortage in our workforce in skilled labor. So as I said, it's a good time for graduates today.

Bank of America recently conducted a nationwide survey and found that 37% of small businesses are planning to invest in their businesses in 2018 as a direct result of the tax cuts. Bank of America's head of small business described the tax cuts as, "a game changer." And she is right.

They're absolutely changing the game, and they are doing that specifically by taxing small business owners at a lower rate and by affording them new rules on expensing. Many small businesses will get a deduction of 20% for business income. And before the tax cuts were enacted, income would pass through to the small business owners on their personal taxes where it was taxed at rates as high as 39.6%.

Businesses now have the ability to immediately deduct the cost of new equipment, rather than having to take depreciation over several years on new equipment. Instead of less than memorable savings, maybe, that spread out over years, the impact now is immediate and unmistakable.

And as I visited several businesses, one I reference often because it just stuck in my mind, was a bread baker up in Massachusetts. And I was touring his facility, and I must tell you, if you've ever been into a bread-baking facility and the bread is coming warm out of the oven, all you really want to do is have a pound of butter and grab the loaves from all over. And it was really great. It was a family business that had started small and built. And he told me, he said, "I'm so happy with the tax cuts." He said, "Primarily because," he said, "you see this big oven over here? That oven cost a million-and-a-half dollars. Because of the expensing now under the new tax cuts, I'm going to buy a new oven, and I'm going to bring on new accounts. I'm going to hire more people. I'm actually going to expand my facility."

So those are the stories that I heard. Then I talked to a beer brewer, a microbrewer up in Pennsylvania. And he was walking me through, and I was looking at these big mixing vats for the different flavors of— did you know they have chocolate-flavored beer? [laughter] Wasn't my favorite, but I did get to taste a few as well.

But this brewer told me, he said, "You know, not only am I going to buy now another mixing vat," he said, "because I will have more product, and I distribute it not just here, but I also have a small café out front." And he said, "And what I am noticing is, I have more and more customers. And those customers have more money in their pockets to spend so they're coming. So I'll have a double benefit."

But these are real stories. And I think it's important for us to be out and listen.

One of the folks that's on the dais this afternoon, Andrea Stone, who was recognized before, but Andrea, stand up again, if you will. Andrea is a small business owner from Arlington, Virginia. Thank you, Andrea. Twelve years ago, she launched Dynamic Pro, Incorporated. She decided that after accumulating years of experience in the field of business services, the time was right to take a calculated risk, hang out her own shingle and open her own consulting business. Andrea's here today, and we appreciate very much your sharing the dais with us and coming in.

Andrea says that the tax cuts have allowed her to hire more people; specifically, a full-time employee dedicated to marketing. And my advice to small business owners always is, hire that person to do the things that's not going to bring in revenue if it detracts from what you're having to do. So Andrea said that she hired this full-time marketing person because a lot of her time that needed her attention in the business was spent on marketing, and now she could devote her time and energies to the things that only she could do to drive her business. She also told us that a few of her employees have told her they have more take-home pay as a result of the new tax cuts.

John Sayres is another small business owner who is here today. Seventeen years ago, he started as a one-man operation with \$1000 in borrowed capital and a makeshift basement office. Today he has about 300 employees and offices in Washington, San Diego and Maine. John is here today, and John, would you stand up again, please, so we just can acknowledge you as well. Thank you, both. [applause]

John told us for the first time in years he feels like Washington is focused on small business growth, and that he can see the optimism reflected in the eyes of his employees. Like Andrea, John told us that his employees are seeing more money in their paychecks, and as a result of the tax cuts he was able to hire two additional business development employees. Thanks again, John, for your story.

Small businesses are absolutely benefiting from these tax cuts. They're making investments, they are expanding, and they are creating jobs. But listen to this: there's another way in which small businesses are benefiting from the tax cuts. It may sound a little bit counterintuitive, but many small businesses are benefiting from the fact that bigger corporations are paying lower taxes.

Now what do I mean by that? These tax cuts are not a zero-sum game in which every dollar that corporations save somehow comes at the expense of small business owners. The fact is, as corporations pay a lower rate, they also invest. They expand their businesses. And wherever large corporations invest, expand and hire, small businesses are the beneficiaries. Entire local economies can be formed around small businesses supporting a major corporation. And some of the rhetoric coming from leaders on Capitol Hill, rhetoric in support of repealing these tax cuts is really troubling. I think it would absolutely have a negative impact on the growth that we're experiencing today.

Tax cuts are one way this administration is helping small businesses. Another way is through reductions in time-consuming regulations and compliance costs. Compliance costs

for small businesses – this was a shocker for me – averages about \$11,700 per year, per employee. Now, that's a lot of money to take out of the bottom line of a small business. And by the way, that is more on an employee basis than large corporations pay.

This President has canceled, delayed or eliminated hundreds of onerous regulations. The administration is also looking at changes that could make healthcare more affordable and more accessible for small businesses. The result of all this is that business leaders are less likely to see regulations as a threat to businesses, and NFIB's research backs that up.

Another way in which this administration is helping small businesses is by making capital available for small business through various loan guaranteed programs offered by the Small Business Administration. I'm very proud to report the SBA wrapped up a record fiscal year for lending. In the last fiscal year, total lending to small businesses was in excess of \$30.5 billion. That helped create more than 650,000 jobs. A significant portion of these loans were distributed to minority applicants. The Community Advantage program serving emerging and underserved borrowers grew by more than 11%. And the SBA's micro loan program assisting small entrepreneurs grew to more than \$68 million.

In addition to access to capital, the SBA plays a key role in providing access to mentoring. The SBA trained or counseled more than 1.4 million clients on starting and growing businesses using our resource partners, like SCORE, SBDCs, women business centers. And I have talked to so many small businesses who have utilized and sought access from these resource partners. And the advice and the mentoring and the time that these volunteers spend is for free; the consumer or the prospective business owner doesn't pay for that. And often I've been told, "If it weren't for that counseling, even though I have found access to capital, I wouldn't really know how to develop my business plan, my marketing plan, and how to grow my business."

From the government contracting perspective, agencies are on track to exceed a small business contracting goal of 23%. Additionally, we met key goals as it relates to small disadvantaged businesses and service-disabled veteran-owned businesses.

In 2017, our disaster assistance program responded to three major hurricanes – Harvey, Irma and Maria. Our disaster staffing surged to more than 5200 employees to support the economic recovery efforts. They processed more than 300,000 applications, approving more than \$6.7 billion in low interest disaster loans. It's really important after a disaster that we get small businesses back on their feet and back in their homes. And it's the only time that SBA is involved in home mortgages because it is so important for the communities that small businesses get back up and running. We processed these loans in record time, an average of 16 days for homes and 24 days for businesses, which is a major improvement compared to recent large disaster events. In fact, we cut the time in half.

I came into this job to advocate on behalf of small businesses, but with a particular interest in advancing women-owned businesses. I mentioned our flagship 7(a) loan program, which is run by partnerships with nearly 2000 banks and other financial institutions. That program had a banner year for women last year. Thirty percent of our flagship 7(a) loans

went to women-owned businesses. Two out of every \$5 SBA approves in the micro loan program went to women. We've announced plans for dramatically improving the way in which we help identify women-owned businesses to qualify to bid for government contracts.

And since I'm on the topic of SBA – imagine that – I want to make a very important point. Washington is frequently described as a dysfunctional town where nobody wants to work together. And I can tell you it is certainly not the case at SBA. It's not the case among the various committees of jurisdiction in both the House and in the Senate. There is truly a bipartisan atmosphere focused on improving what this agency does every single day.

Now, that doesn't mean we agree on everything all the time. But it does mean that the discussions are supportive, civil and constructive, and they're most always conducted in good faith. My tenure thus far at the SBA has restored my hope that we can find broad areas of agreement and work together in a way that benefits small businesses and entrepreneurs. It's really been a remarkable experience.

Small businesses really are the engine that drives this American economy. They are the innovators, the builders, the people responsible for moving goods and delivering important services. They're not asking Washington to hand them success on a silver platter. They just want government to create an environment that allows them to focus on developing an idea, bringing it to market, and generating a profit. But let's not forget that in addition to being the backbone of the economy in this country, small businesses are also the glue in our communities and the support system for the families who live there.

Thank you all very much. [applause]

**MS EDNEY:** Administrator McMahon, thank you so much for joining us here today. We have a lot of good questions, and you've touched on a lot of very important topics in your comments. One of the things you mentioned was regulation. So the SBA, if I'm not mistaken, reviews all regulation affecting small business before it goes into effect. So what is the agency doing now to make sure that regulatory burdens don't fall disproportionately on small business?

**ADMINISTRATOR MCMAHON:** One of the aspects of the SBA is the Office of Advocacy, which is actually a quasi-independent agency, though it's housed within SBA. And the role of Advocacy really is to make sure that when rules and regulations are being promulgated – regulations, primarily – at the individual agency is to make sure that SBA has a seat at the table.

So we don't always get to have regulation not go through that we would like to see not go through. But the other side of the advocacy position is to then be out on the road listening to businesses who are then being affected by those regulations so that then the office of advocacy publishes a report to Congress to hopefully get those regulations changed.

**MS EDNEY:** Could you give us an example of something, a regulation that you might be working towards changing?



**ADMINISTRATOR MCMAHON:** I'm not at this point working on any particular regulation. But what I do hear all the time from small businesses is that they have been relieved of the burden of compliance with regulation and reducing that cost. So while there might be a small business here that has one regulation, one over here that has another, basically what I'm hearing is that the cost of regulation is being reduced. And of course, that's more money to their bottom line.

**MS EDNEY:** Oh, absolutely. Studies have noted a lower small business participation rate for Millennials than for either Gen Xers or Baby Boomers at comparable ages. What do you think the SBA can do about that?

**ADMINISTRATOR MCMAHON:** Part of what SBA does, and I talked a little bit about it in my remarks, having these resource partners, like our SBDCs, which are small business development companies, that are primarily affiliated with universities. They're on a grant program; we provide part of their operating capital. They raise the other aspect of that. So they have an opportunity to meet with a lot of Millennials and potential business owners to kind of guide them through the maze of how to think about starting their business.

I think in our SCORE offices, which are manned by volunteers, and a lot of them are retired business executives, or active business executives. It's really difficult sometimes to tell a young entrepreneur who has a great idea – "This is going to be the best thing, and I know that I can make this work, I know that this is something that I need to get developed" – but they don't know how to really go about it. So if they can get counseling and mentoring, sometimes being told, "This is really not a good idea, you need to take it back, you need to polish it a little bit, you need to think about how you're going to grow it or scale it. Come back [audio out]

And so, I think we just need to be available to give that kind of advice. And part of what I do when I'm out on my road tour and visiting these offices, the Ignite Tour – I tell everybody I'm on fire, I want them to be on fire – when I'm out, I do a great deal of local media because I think SBA is the best-kept secret in the country. Not because there are not many businesses who think about loans with SBA, but they really don't know about all of the mentoring aspects of what's available and to be able to get that advice and that counsel.

There's a program called Emerging Leaders, which is for businesses that are already up and running in underserved areas. And it's almost like a graduate course in business. It's seven months. And it's free.

So all of these things are so helpful to businesses, and I just want to get the word out more that these are available.

**MS EDNEY:** Absolutely, that's very important. We have a question here that's specific to the region of Appalachia, but I think that this could also apply to some other places in the country. Is there a push to increase small business start-ups in Appalachia to try to give hope to youth who may otherwise be drawn to drugs/opioid abuse?

**ADMINISTRATOR MCMAHON:** Well, we don't have a program that I'm aware of that is specifically focused on Appalachia. However, we do have our 68 district offices around the country. So the outreach from those offices, hopefully, is in areas where we do have underserved communities. And that's why all of these resource partners that I keep referencing are so important, because they can give guidance and they can show— sometimes somebody just needs a little wind beneath their wings; they just need a little bit of that support system. And when they get that, they can flourish.

So I think the education that's necessary in underserved communities, as well as the support system, is vital for that growth.

**MS EDNEY:** Absolutely. I have a question here about farmers, specifically. Farmers and ranchers are facing a tough farm economy with bankruptcies on the rise. The House is currently debating its version of the 2018 Farm Bill. Do you support this legislation? And what else should we consider as it relates to small business in agriculture?

**ADMINISTRATOR MCMAHON:** About a month ago, I spent a day on the road with Secretary Purdue in his RV. Well, now, that's an experience in and of itself.

**MS EDNEY:** How big was that RV?

**ADMINISTRATOR MCMAHON:** It was just a small RV. We were in rural Ohio. And we did a town hall. We visited a couple of farms. And I listened. He is so fluent in the needs and the concerns of the farming community. And I would clearly defer to him because even though farms, a lot of small farms are small businesses, I have not really addressed with the farming community, per se, what their issues are. From the small businesses that I deal with, what's really come across my sphere right now is really more access to capital and the mentoring.

**MS EDNEY:** Gotcha. What about cybersecurity? I have a question here about cybersecurity. One of the biggest challenges to small business, and of course other American business, is from hacking and other IT or cyber issues. So what is the Small Business Administration doing on its own and with Homeland Security and other agencies to protect small businesses from these threats? Because also it can be sometimes more difficult for a small business to deal with a threat like that; they don't maybe have the same computer department that a Fortune 500 company would, or the same types of access to that expertise.

**ADMINISTRATOR MCMAHON:** It's a real issue. And part of what SBA is doing for small business is, first of all, making them aware that they can be targets for cybersecurity. Many of them don't know that. They don't even think about it – "why would they want to hack into me?" Or utilize that trail to get somewhere else. So we do provide, again, the mentoring and the counseling to make sure that businesses are aware of that, what companies can provide those services for them at low cost. But I think most importantly it's making sure that they are aware that this is something they need to address.

**MS EDNEY:** Do you find that small businesses are often more frequently the target of hacking than large businesses because it's easier to get into a small business? Are they under greater threat?

**ADMINISTRATOR MCMAHON:** I don't have any stats on that at all. I think sitting here in Washington, we know that cyber threats are very real. We've got all kinds of folks to be able to prevent that.

**MS EDNEY:** So here's another kind of cyber question: Cryptocurrency is changing the way business conducts financial transactions. Can you comment on this as a trend and how it affects small business?

**ADMINISTRATOR MCMAHON:** I have not had that question from a single small business I've met with or dealt with.

**MS EDNEY:** Well, that's telling. That's something.

**ADMINISTRATOR MCMAHON:** And I haven't really discussed it with our lending partners at this point. But look, we're constantly in a mode of change, and so as Bitcoin and other cryptocurrencies become more of lending currency that might affect small businesses, we'll have to address that and stay up on it.

**MS EDNEY:** So moving into a more macro picture, how do you feel current US trade policy impacts small business growth and development? And do you have concerns about current policy as it relates to our relationship with China or the renegotiation of NAFTA?

**ADMINISTRATOR MCMAHON:** That's a whole lot of question there. It goes in so many different aspects. But there again, small businesses are often exporters. And a lot of the export economy of the country is a result of small businesses exporting their goods and services. So we want to make sure the trade policy is favorable towards those businesses. But as we've seen over decades, we've had an unfair trade policy. And so, we want to make sure that trade is fair, it's reciprocal. I certainly support the President's goal that he wants to put America first and American businesses first.

**MS EDNEY:** Can you talk a little bit about the specifics of what SBA might be doing to make those trade policies more fair?

**ADMINISTRATOR MCMAHON:** SBA, we have a seat at the table through our international trade office in the negotiations. But the negotiations are just ongoing at this point. You hear about what's going on, and that's about all we know at this particular point. The negotiations are in place. We want to make sure that it's very favorable to small businesses and to our country.

**MS EDNEY:** Does the SBA work with other federal agencies, like the Department of Commerce or with state agencies specifically on improving the export atmosphere for small businesses?

**ADMINISTRATOR MCMAHON:** Often, the SBA's international trade person is located around the country, and we have— I forget the number of members that we have. But co-located in the Commerce office. So they have access to guiding small businesses into those areas. And SBA has a program called STEP, and they are grants to states to help develop markets outside of the United States for those businesses, sort of provide dollars to attend trade shows, et cetera. And the money goes to the governors of those states, and the governors then distribute that money to businesses within their states.

**MS EDNEY:** One of the biggest obstacles to small business exporting is that they don't always have the resources to protect their intellectual property. Is the SBA, either on its own or with the Department of Commerce, taking steps to protect small businesses from IP abuses? If so, what steps?

**ADMINISTRATOR MCMAHON:** I think that's a general concern for all businesses in the country, not just small businesses. And clearly, I was, in a former life, aware of how important it is to protect trademarks and intellectual property. And I think that's something that is ongoing as we look, I think, at trade negotiations, et cetera., is protecting that intellectual property.

**MS EDNEY:** Are you happy with the current government tax plan? Or do you think it could still use some tweaking before this administration leaves office?

**ADMINISTRATOR MCMAHON:** I was very happy to see the tax cuts pass, and for all of the things that I talked about in my prepared remarks. We are seeing the effects of those tax cuts. I think the President is already talking at this point about perhaps other levels of tax cuts, but I don't want to get ahead of the administration in commenting on that.

**MS EDNEY:** Could you give us hypothetical examples?

**ADMINISTRATOR MCMAHON:** I don't talk about hypotheticals.

**MS EDNEY:** All right. Are you looking to give any incentives or tax breaks to brick-and-mortar small business so that they can compete more effectively with online business?

**ADMINISTRATOR MCMAHON:** Am I looking to? I'm not quite sure I understand the question.

**MS EDNEY:** The SBA, or the administration in general.

**ADMINISTRATOR MCMAHON:** I think what the SBA really is trying to make sure of is that we can help counsel the brick-and-mortar businesses. Main Street USA is

incredibly important. As I mentioned, those small businesses are the glue in the community. So how do we help them compete with other business businesses? And one of the things that I like to talk to them about, too, is to make sure that you have a unique product in your store, in your brick-and-mortar. How do you get people to come into your store? And more often than not, it's being able to provide personalized service.

I can give you a personal example. There is a store in my hometown that carries a lot of the same brands that bigger stores do, but it's very convenient for me to go to that store and shop because they know – it's a family business – they know what my schedule is like. They'll often open or stay open later. They'll provide seamstress service for getting my clothes fitted and things like that. That service makes so much difference. And you can't do that online. And so, I often talk about how personalized service can really make a difference.

**MS EDNEY:** I do have one more question about taxes and competition for small business. Small businesses in high tech states say the tax bill will hurt them, the 2017 tax bill, because it will make them less competitive with businesses in low tech states. What is your response to that?

**ADMINISTRATOR MCMAHON:** Well, I think you have to look at what the competitive factors always are. If somebody else has a break you don't have, you may be at a disadvantage. But there's a company up in Buffalo, New York, that I visited. And we were talking about tax cuts, and he was telling me, he said, "I might not get as much of a tax break as someone else is going to get," he said, "but let me tell you what I'm already seeing." He said, "I might not have as great a tax break, but I've got more people coming through my door because they got a tax break. They have more money in their pockets. So my customer base is growing. My revenues are increasing. So while my percentage might not be the same as somewhere else, I'm benefiting from the increase in revenues." So he was all for it.

**MS EDNEY:** Can you tell us a little bit, you have been meeting with small business owners all over the country. In your conversations with them, I'm sure they're bringing up lots of issues that maybe you hadn't even considered before you became head of the SBA. Maybe; maybe not, maybe you considered everything. But could you give us some examples perhaps of things that you're hearing that are causing you to consider policy changes that you could push for or other new initiatives.

**ADMINISTRATOR MCMAHON:** I can honestly say that I'm not getting those kinds of issues currently. I may as we're out and as tax cuts now are in the marketplace more and we're looking at other issues. Let me give you one thing that I was surprised about. And maybe this is not relative to tax, but when the issue about workforce came up, and I'm talking to more and more businesses about workforce, it's not just skilled workers that they need, but they also need workers who basically have a work ethic and want to come to work. So you've got that side we're dealing with.

The other side of the issue, I really was surprised at the opioid issue and how prevalent it is in preventing many small businesses from having the workforce that they need.

And I know the President is so committed; in fact, his exact words in a meeting were that he wanted to break the back of opioids.

**MS EDNEY:** Um hmm. Well, I think the scope of the opioid crisis surprised a lot of people when it came to light. Is the SBA coming up with ideas or plans on how to help small businesses specifically in dealing with issues of the opioid crisis?

**ADMINISTRATOR MCMAHON:** Well, there's one thing about regulation and changing laws, but what I'm seeing, not necessarily SBA, but I think SBA can help foster some of the outreach in local communities, but you're hearing locally or in the news, we're hearing about practical things that are being done. Doctors are not prescribing as many opioids. We're looking at alternative ways to deal with pain. Hospital surgeons after surgery are not providing as many of the pain relievers that they did before; again, looking at alternate measures.

So as we can continue to educate and help that messaging in our local communities, the practical things that we can do often make the biggest differences. And I think we'll continue to help on that educational level.

**MS EDNEY:** With the mentoring and the counseling that you offer small businesses.

**ADMINISTRATOR MCMAHON:** Yes.

**MS EDNEY:** Great. What changes do you feel that we still need to see in our healthcare rules? There have been a lot.

**ADMINISTRATOR MCMAHON:** Well, relative to SBA and small businesses, which is kind of where my focus is, basically— and I've had a couple of meetings with Secretary Acosta. As a matter of fact, I think he will be rolling out in another week or two a version, a new version of associated health plans. And I think this is going to be incredibly beneficial to small businesses who will be able now to be in the marketplace to buy, like a large company would, through these associations that will be developed either geographic proximity for small businesses, industry associations, industry-specific. And I think one of the biggest benefits for small businesses is that for the first time, a sole proprietor, an individual can be considered a group. And that has not been the case before. So a sole proprietor will be able to go into the marketplace to buy insurance at reduced premiums.

**MS EDNEY:** Oh, good. So I think you alluded to this in your comments, but the SBA recently opened nine new women's business centers across the country to help women start and grow their own businesses. Why was it so important to you to help women specifically, as opposed to our other gender.

**ADMINISTRATOR MCMAHON:** Well, actually, we have many offices — the SCORE offices, the SBDCs. Women are often more comfortable going to a women's business center. They just like the atmosphere there. And of course, men come there, too. Not as often as women do, but women do come—

**MS EDNEY:** How is the atmosphere different?

**ADMINISTRATOR MCMAHON:** The atmosphere is a bit different. And women, I think, from what they've told us, they have greater success when they feel that they have a mentoring support group. So coming to the women's business centers, not all women, clearly, but some women like to have that support group. So we didn't have as many women's business centers as we do other resource partners that are out there. So now we have, I think it's nine around the country. If you think about it, that's still not a lot, but we are providing mentoring now to thousands of women, which is terrific.

So we have the veterans outreach centers. We have our small business development centers. Our SCORE offices that I was talking about. So to have these different points of outreach are very, very helpful.

**MS EDNEY:** In terms of small business ownership statistics, what proportion of small businesses are currently owned and operated by women? And how is that changing with your initiative?

**ADMINISTRATOR MCMAHON:** Women actually own about 66% of businesses— do you have that stat, Gary? Sixty-six percent sounds high now that I've said it; I think that's high. But women are starting businesses more often than men are in today's environment. Women are getting more higher degrees than men are. So I think that women businesses clearly are rising. And we want to support them in every way we can.

**MS EDNEY:** Fantastic, thank you. So another gender question: You are a woman in a mostly male administration, mostly, right? Do you think that, as a woman, that you approach any aspects to business or negotiation any differently than most men would? And how has your gender worked for you as a net positive over the course of your career?

**ADMINISTRATOR MCMAHON:** [laughter] I never really, ever felt that I was disadvantaged because I was a woman.

**MS EDNEY:** I never did either.

**ADMINISTRATOR MCMAHON:** If anything, I'm better off at being a woman. [applause] And I have six grandchildren; I have three grandsons and three granddaughters. And I really look at the six of them and think that they all have equal opportunity to do what they want to do. And I want to encourage each of them to do that. When I talk to small business owners, and when I do talk to women who are starting their businesses, and I can tell you, women are incredibly thoughtful. They're very attentive to detail. They want to make sure things are in place to do. And they often start businesses with more of a consideration for how that business can benefit the community, as well as how they can grow their bottom line.

But I have never been— in my own company, there clearly was no discrimination. But I always felt, I was never at a disadvantage. I was clearly, as far as I was concerned, the top of the ladder, not the bottom of the ladder.

**MS EDNEY:** Absolutely, good. So what do you think it takes to become a business owner? Do you think anyone can do it?

**ADMINISTRATOR MCMAHON:** I don't think anyone can become a business owner simply because there's a great deal of risk taking that goes into determining to start a business. And it takes such a commitment of time. You really, if you're going to be an entrepreneur, it's a 24-hour business. You can't just leave it over here. And for those who are mothers or parents raising kids and their family, they have other obligations, there's never any real work/life balance; and I've given tons of speeches on that. And basically it comes down to, there really isn't any balance, it's just balance one way here or one way here, and somewhere in the middle maybe you survive.

But it's not easy to be a business owner. You have to have certain skills and techniques. You can start a business, but can you manage it? Can you manage your cash flow? It's one of the reasons that businesses fail so often, is because they're undercapitalized and they don't know how to manage cash flow. And until you get into that, you really don't know.

So I think it does take particular skills to be a business owner. But sometimes you can start out not knowing how strong you are and not really understanding how much of your survival instinct is there. So if you want to start a business, you may not succeed, give it a shot. Take a risk. Don't be afraid to fail.

**MS EDNEY:** Excellent. You said in an interview recently that a bankruptcy that happened early in your career was very instructive for you in going forward, even though, of course, it was painful. So what did you learn from that experience? And what would you say to business owners who are on the brink of bankruptcy or whose businesses are leaning towards failing as opposed to succeeding, or who have already filed for bankruptcy?

**ADMINISTRATOR MCMAHON:** Well, bankruptcy's a really tough thing to go through. My husband and I, it did happen to us early on in our career. But literally, our house was auctioned off. My car was repossessed in the driveway. I was pregnant with our second child. So I think when the President asked me to take on this job, and as I said in my remarks he wanted someone who'd kind of been there/done that, been through the ups and downs of a business, and I can walk that walk and talk that talk.

And what I would advise businesses to do is, you clearly, you have to protect your downside in any business. And what we were talking about a little bit before is, know how to manage your cash flow. Don't let it get to the point that if that next thing happens, that next shoe falls, you're going to be out of business. You've got to have a stronger plan than that.



**MS EDNEY:** What have you found so far to be the greatest challenges in working with President Donald Trump? Do you feel that he's more pro-big business than he is pro-small business?

**ADMINISTRATOR MCMAHON:** I don't find any challenge working with the President as long as you are prepared for what he is expecting of you. And if you have questions, have them well formulated. If you go in to speak with him and sit with him and to get his direction, know your stuff. Because he knows his. And he's demanding of you because he's put you in a position and given you authority to act within that position and hopefully provided you with the tools that you need. And if you don't have those, shame on you for not coming to get them and for saying what you need. And if you have those and you're not doing them well, you'd better be able to justify why not. But he's very fair. He is a good listener. And he gives good direction, and he's very straightforward in his direction.

**MS EDNEY:** What would you say is President Trump's greatest accomplishment so far during his presidency?

**ADMINISTRATOR MCMAHON:** I think he's had several. Certainly getting the tax cut plan through. Rolling back regulations. Look at where we are with our foreign policy today. I think he's had a lot of successes. And more to come.

**MS EDNEY:** How does your experience as a former CEO and co-founder of World Wrestling Entertainment help you in this job?

**ADMINISTRATOR MCMAHON:** Well, my husband and I, we started sharing a desk in our basement. And sharing a desk with your husband, let alone a co-partner— and yes, this marriage did survive. Matter of fact, we have our 52<sup>nd</sup> wedding anniversary this August. [applause]

**MS EDNEY:** Congratulations! Oh, how wonderful is that?

**ADMINISTRATOR MCMAHON:** That deserves a round of applause. [laughter] There aren't too many of us who do that. But building a business from the ground up, I mean really starting with a little capital, building it market by market. Understanding how to manage cash flow. Understanding how sometimes ideas have to wait, but don't let go of them. Looking for opportunities and not— sometimes you have to create opportunities, but don't be afraid to take opportunities that might come your way.

I can tell you when WWE did its first WrestleMania, which was its kind of big Super Bowl event in 1985, it had never been done before by a single company, a single entity, to have one event that was literally shown all around the country in our particular industry. And so, it was not only the early stages of pay-per-view, but it was also being shown in arenas on closed circuit projection, which had happened with boxing. So we had to have a letter of credit in order to put all of these big projectors in place. And I honestly believed we had signed our children away at that point.

At about two-thirty to three in the morning on the night of the event, after having some of the receipts come in from around the country, I finally realized that we had broken even and we were not going to have to draw down on the line of credit which we had been able to establish.

So when you look at different plateaus or aspects in your business that have really made you who you kind of are today in terms of that risk taking, what it took to get that line of credit, all of the aspects of putting a big deal like that together, I'm not sure there's been anything that sort of prepared me to deal with all of the aspects of business. Whether it was negotiating with arenas, whether it was negotiating with products, industry, technology, all of that, and as it continued to change, I can't think of any better place I could have had better grounding than at WWE.

**MS EDNEY:** Oh, fantastic. So I have one final question for you here.

**ADMINISTRATOR MCMAHON:** Here it goes. [laughter]

**MS EDNEY:** Have your experiences with professional wrestling come in handy while working in government? Have you ever needed or wanted to pull out an over-the-shoulder body slam? [laughter]

**ADMINISTRATOR MCMAHON:** Over-the-shoulder body slam?

**MS EDNEY:** I don't know, it sounded good when we were talking about it. [laughter] Something, you know, BOOM!

**ADMINISTRATOR MCMAHON:** When I was running for the Senate in Connecticut, I was asked one time, "There's a lot of debate that goes on the Senate floor, and how do you think you might pull everyone together at some point, what would be the remedy if all else had failed?" And I said, "Well, maybe we just ought to set up a ring down on the floor of the Senate and we just invite everybody in for a royal rumble, and the last man standing will get the bill passed." [applause]

**MS EDNEY:** I like that idea. So Administrator McMahon, we'd like to thank you so very much for joining us here today. I am going to bequeath our National Press Club mug. We give one to each of our esteemed speakers. We hope that, if it's your first, that it will not be your last. And we do wish that you use it in good health.

**ADMINISTRATOR MCMAHON:** Thank you very, very much. I appreciate very much today. Thank you. [applause]

**MS EDNEY:** Thank you very much. Before we adjourn entirely, I'd like to highlight a couple of events that we have coming up at the Club. Next Tuesday, we have a luncheon with former Mexican president Vicente Fox. Later that evening, actor Erich Bergen from *Madame Secretary* is going to be speaking to Club members. Later in the week, we have a book event with Salena Zito and Brad Todd about their new book called, *The Great Revolt*.

We have Fox News channel's Bret Baier coming to talk about his book, *Three Days in Moscow*. We have Jon Meacham coming for a book event in June. We also have the CEO of Delta Airlines and the Commissioner of Major League Baseball. I hope that you will all consider coming to some of these events. Take a look at our website, we have a lot of things there.

And with that, our luncheon today is adjourned. Thank you for coming. [sounds gavel]

[applause]

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