



Modernizing TA for Minority-Owned Small Businesses

June 24, 2021



Welcome

Liza Rivera
CAMEO
Outreach Manager



Introductions

In the chat:

- Name
- Organization
- Events/specific resources that the group could benefit from





As California's statewide Micro Enterprise network, CAMEO is the voice for micro business and creates a thriving ecosystem of resources for all entrepreneurs.

CAMEO Updates

A vertical image on the left side of the slide shows a person's hands holding a smartphone. The person is wearing a blue and white plaid shirt. The background is blurred, showing what appears to be an indoor setting with warm lighting.

CA Open for
Business Part 2
Q&A

June 13 at 2:00pm

COVID-19
Resources

Check out our website:
CAMEONetwork.org for our
COVID-19 Resources

Lindsay Chung

Partnership Manager at
Accion Opportunity Fund

**ACCION
OPPORTUNITY
FUND**





Purpose

Entrepreneurship Advantage

Create economic opportunity for entrepreneurs and small businesses in LA County by connecting human, technical and capital resources through regional collaboration.

How to get involved



[About](#) [Members](#) [Projects](#) [Events](#) [Resources](#)



[Join The Collaborative](#)

**We're a collaborative that's
passionate about helping
entrepreneurs thrive**

Entrepreneurship Advantage

[Learn More](#)



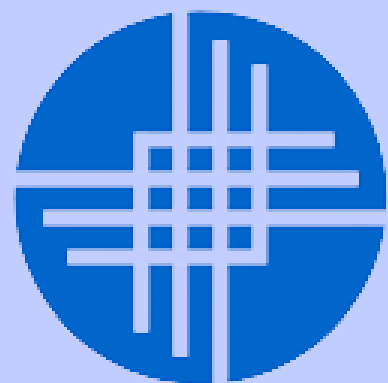
Agenda



- Welcome & Introductions
- Ivana Wang
- Small Group Discussion
- Takeaways and Discussion

Ivana Wang

Senior Policy Analyst
Center for Regional Economics



MILKEN
INSTITUTE



Modernizing Technical Assistance for Minority-Owned Small Businesses

Applied Behavioral Science & The Nudge Approach

Small Business Technical Assistance

- Definition: a range of services provided by service providers that help clients start and/or grow their businesses
 - TA services
 - TA service providers
 - TA clients
-

Small Business Technical Assistance

- Barriers
 - TA Clients
 - Low financial literacy
 - Inexperience in running a business (skills)
 - Lack of banking relationships (e.g., PPP)
 - TA Service Providers
 - Limited engagement
 - Lack of trust
 - Cultural competence
 - Opportunities
 - Improve the evidence-base for action
 - Customize technical assistance
-

What is Applied Behavioral Science?

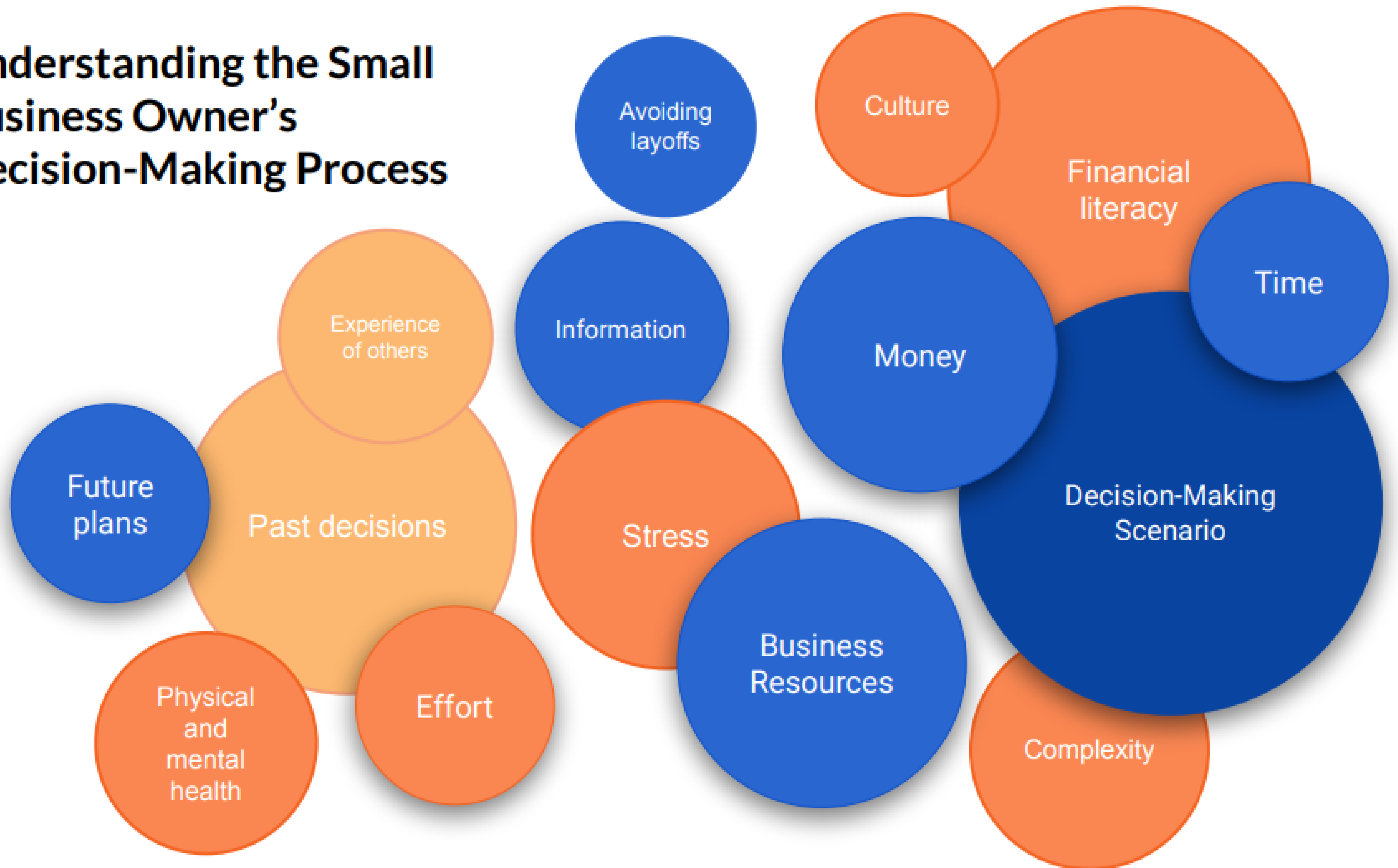
Behavioral science is the systematic study of human behavior.

This field leverages knowledge from various social science disciplines to understand causes of individual, group, and organizational behavior, often using observation, interviews, surveys, and experiments to develop and test theories.

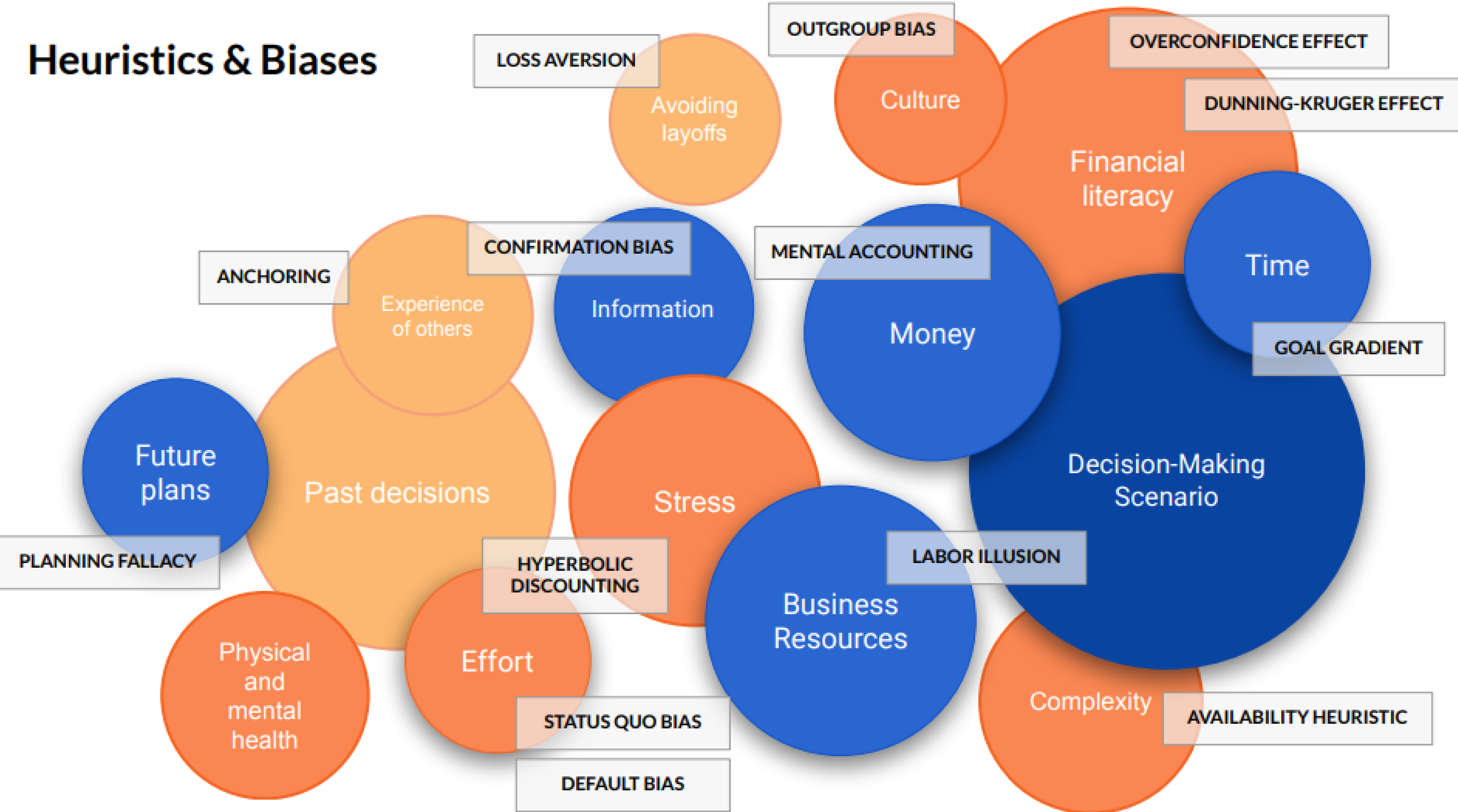
Applied behavioral science combines cross-disciplinary insights and methods to understand how people behave, particularly through experiments in the lab and field, using findings to shape policy and impact practice.

Context and applications: experimental and behavioral economics, social and cognitive psychology, judgement and decision-making, marketing and consumer behavior, health and biology, neuroscience, philosophy, happiness and wellbeing research...

Understanding the Small Business Owner's Decision-Making Process



Heuristics & Biases



“Nudge”

- An intervention that aims to change behavior in a predictable way
- Unlike traditional policy interventions, behavioral nudges do not use mandates, bans, or economic incentives (such as payments or fines)
- Generally low-cost, may be avoided, and do not eliminate other options. Instead, they restructure the choices faced by the decision-maker

Nudging to Increase Savings

White House Social and Behavioral Sciences Team (SBST) and U.S. Department of Defense conducted a nudge experiment to increase retirement security for military service members through email prompts

- Total Group: ~700,000 military service members
 - Control Group: received no email (business-as-usual practice)
 - Nudge Group: received emails nudging them to contribute
 - Results
 - Control group had a 1.1% savings plan enrollment rate over the month, while the nudge groups had enrollment rates between 1.6%-2.1%.
 - Increased savings plan enrollment by 4,831 people
 - Increased contributions by more than \$1 million in the first month
-

Nudging to Expand Access to Credit

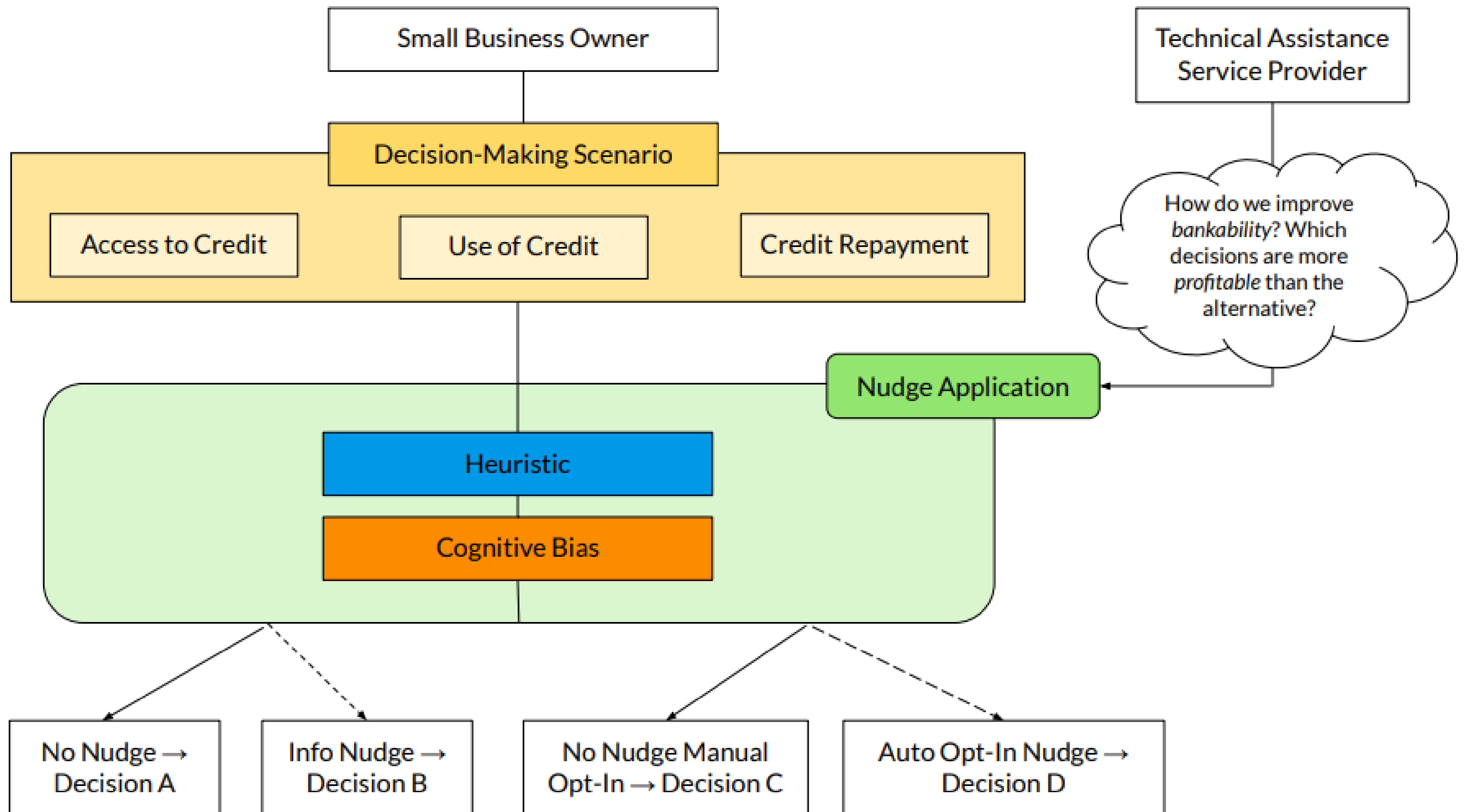
The USDA's Farm Service Agency (FSA) and Economic Research Service conducted a nudge experiment with SBST to promote microloan take-up for small-scale and specialized farmers in need

- Nudge: farmers were sent outreach letters detailing customized steps for applying for a microloan and personalized contact information for their local loan officers
 - Results
 - Farmers that were sent a personalized letter were 22% more likely to obtain a loan
 - Letters increased the percent of farmers who obtained a microloan by 63%
-

Nudging to Encouraging Borrower Action

The Department of Education and SBST encouraged federal student loan borrowers in default to rehabilitate their loans by sending targeted messages

- Total Group: 100,000+ borrowers who had missed their first payment
 - Nudge: borrowers in default were sent messages highlighting the consequences of inaction and providing borrowers with call-in times
 - Results:
 - Within the first week, the reminder email led to a 29.6% increase in the fraction of borrowers making a payment, moving the total from 2.7% to 3.5%
 - Emphasizing the consequences of inaction generated 41% more calls to default resolution representatives than emails emphasizing the benefits of taking action
 - Scheduling borrowers to call in at a specific appointment time increased the call-in rate 61% compared to the email emphasizing consequences of inaction
-



Service Provider Poll

Breakout Rooms

Discussion

- What value do you see, if any, in exploring this new area of applied research?
 - What aspects do you view most positively? What are your concerns, if any?
 - In this context, are there certain nudges that make more sense than others?
 - Do you have any concerns regarding the feasibility of implementing nudges, including accurate data and/or consistent reporting?
-

Thank You

Milken Institute
Center for Regional Economics

Ivana Wang, Senior Policy Analyst
iwang@milkeninstitute.org



CONNECT WITH
US ON LINKEDIN



JOIN OUR COLLABORATION BY FILLING
OUT AN INTEREST FORM



POST YOUR COMMUNITY EVENTS ON
OUR EA WEBSITE!



QUESTIONS, CONTACT ME HERE:
LRIVERA@CAMEONETWORK.ORG

Happy to answer any questions.