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1.2.b and 2.1.e: Supplemental Report for Small Business GBI and Employment

Reported: February 2016



Results Review
Goal 2: Prosperous
Economy
2-25-2016



2.1.E. INCREASE SMALL BUSINESS EMPLOYMENT BY 67,000 FROM 2012 TO 2015

Labor and Industries

Joel Sacks, Director

2/25/2016



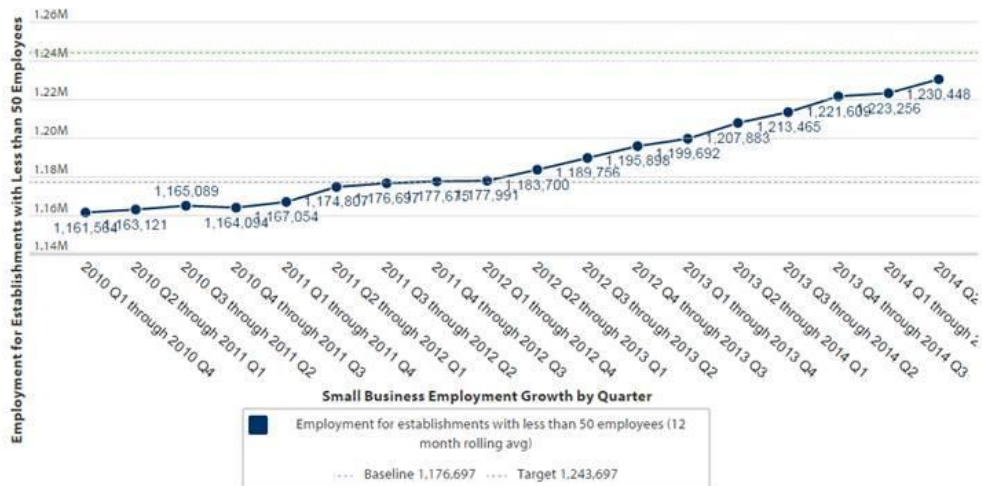
2.1.e Increase small business employment by 67,000 from 2012 to 2015



Print



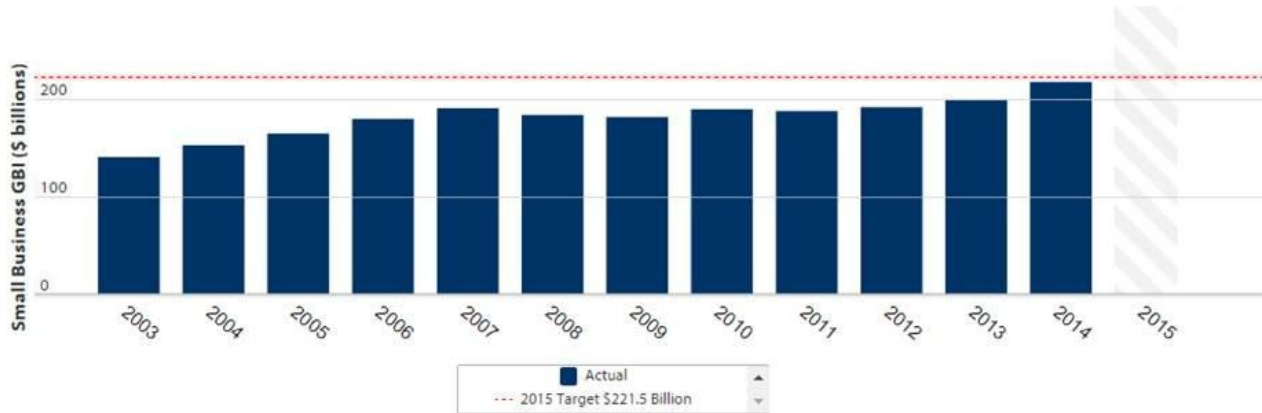
2.1.e Create 67,000 jobs in small businesses from 2012 to 2015



How are we doing?

- Currently on track to meet our goal
- Washington has the greatest annual growth in small business employment in the 20 largest states (Paychex Small Business Job Index)

Small Business GBI by year

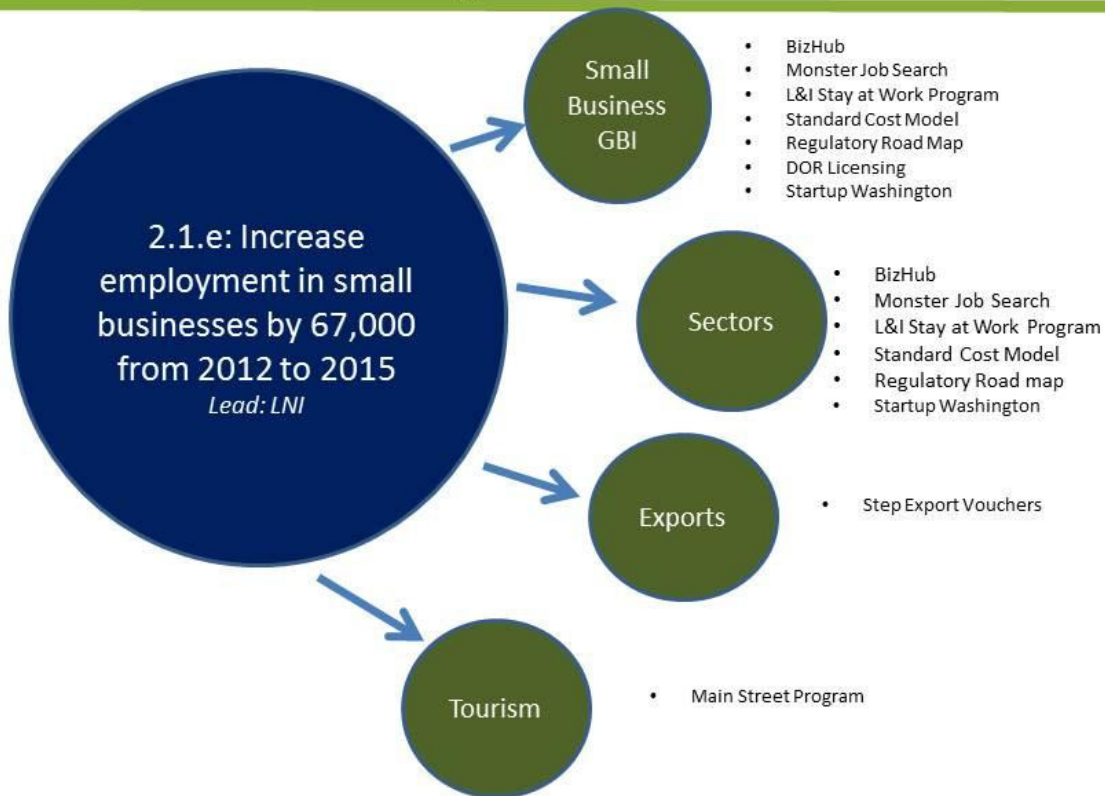


How are we doing?

- Currently on track to meet our goal
- We saw a significant improvement in 2014 raising small business GBI from 200.30 billion in 2013 to 218.80 billion in 2014



Comprehensive Strategies Help Bridge Indicators





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Goal 2: Prosperous
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The screenshot shows a website interface with a background image of snow-capped mountains. At the top center is a logo consisting of a central white circle surrounded by several smaller white circles of varying sizes. Below the logo, the text "WASHINGTON BusinessHub." is displayed in white, with "BusinessHub." in a teal color. Underneath that, the date "FRIDAY, NOVEMBER 06" is shown in a smaller white font. A horizontal line separates this from the text "☀ Good Afternoon." where the sun icon is a simple white circle with rays. Another horizontal line follows. Below that is a search bar with the placeholder text "How may we help you?" and a magnifying glass icon on the right. At the bottom center is a large, rounded teal button with the word "SEARCH" in white capital letters.

Prospective Business Owners

MARK

IS THINKING ABOUT STARTING A BUSINESS



ABOUT MARK

Mark is 24 years-old and recently graduated with a master's degree in nutrition. While in college, Mark created a recipe for an energy drink that uses all-natural ingredients. The idea of an organic energy drink became very popular with his fellow classmates, so much so that mark decided to start looking into turning his recipe into a business once he graduated. He is strongly considering the possibility of starting a business in the near future. State regulations and requirements, however, have left Mark very confused and he is finding it very difficult to work with the State of Washington.

ACTUAL FEEDBACK FROM WASHINGTON BUSINESS OWNERS:

"30 steps and every step along the way led to 3 more."

"Businesses fear state regulations and they make you think twice about risking capital."

"There's too much research needed to comply with [the] State and fill out forms."

"I can't follow the breadcrumb trail. When am I done?"

"[Your] jargon is confusing."

"The system is cumbersome"

"Why do we need to improvise our way through the system? Shouldn't that be the value we get?"

"I just want to understand how these things work."



VALUES TIME



VALUES CLARITY



VALUES ONLINE & MOBILE RESOURCES



Business Owners in Formation Process

ZOE

IS FORMING HER BUSINESS



ABOUT ZOE

Zoe is thirty-two years-old and has is opening her eCommerce site, "Thread Lightly." She is excited and passionate about her cutting-edge clothing business, but is having a difficult time navigating through all of the requirements she needs to meet in order to be in compliance with the State. She does not know how or when to fill out the appropriate paperwork, and she is not receiving the proper assistance. These obstacles are distracting her from being able to serve her customers in a timely manner.

ACTUAL FEEDBACK FROM WASHINGTON BUSINESS OWNERS:

There are too many forms asking for the same info. Why can't they consolidate them?

"[Why] can't I do this online?"

We don't know what I need or in what order.

If you're starting a business, you don't have time to read and understand everything.

Did not know I had to file DOR monthly and L&I/ESD quarterly until they called demanding payment."

Most small business owners are experts in a trade, not experts in how to run a business.



VALUES TIME



VALUES CLARITY



VALUES ONLINE & MOBILE RESOURCES



New Business Owners (0-2 years)

JACKSON

JUST STARTED HIS BUSINESS



ABOUT JACKSON

Jackson is 42 years old and owns his own hardware store. He worked as the manager for a local grocery store for fifteen years before moving on to start his business a year ago. Despite his store's success, he has had a difficult time fulfilling his requirements with the State. He is frustrated by the seemingly large gap between different state agencies, and isn't getting adequate answers to his questions. Jackson is hoping to understand more about what the State requires of him so that he can spend less time tip-toeing around red tape, and more time serving his customers.

ACTUAL FEEDBACK FROM WASHINGTON BUSINESS OWNERS

"It looks like agencies are not sharing info."

"Big business gets the perks. Small businesses get nothing. It would be nice to feel just as important."

"It's less about money more a lot of time to wade bureaucracy."

"There isn't a consistent interface for government."

"What website said: $A+B=C$; Reality: $A+C=H$ "

"I get different answers depending on who I talk to. How do I know who is right?"

"I work on my own schedule. 9 pm? 2 am? No phone lines are open."



VALUES TIME



VALUES CLARITY



VALUES ONLINE
& MOBILE RESOURCES

WASHINGTON
BusinessHub.

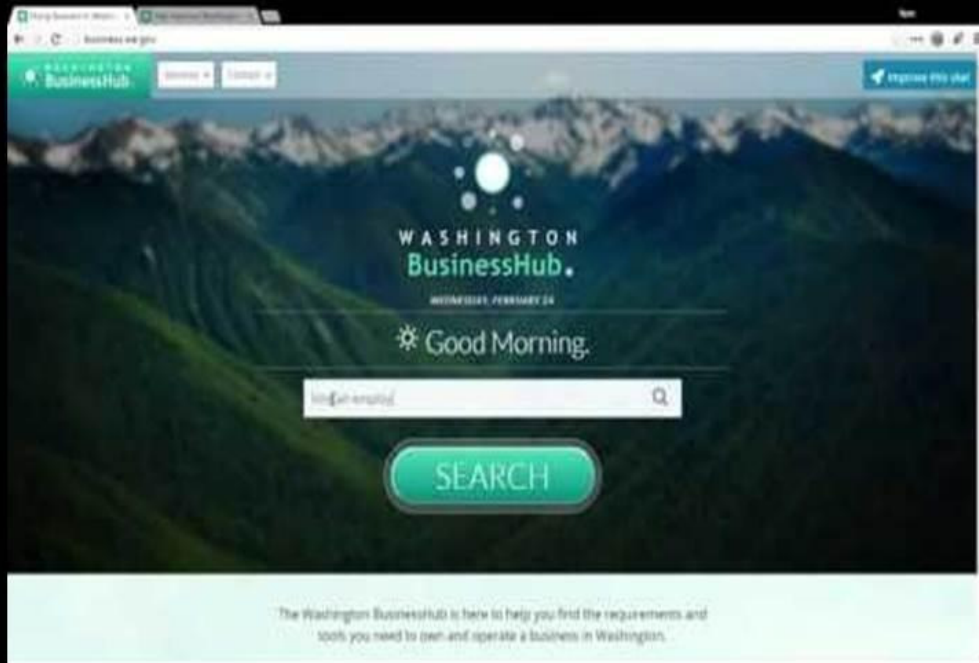
Guest Business Owners:

Brian Beers

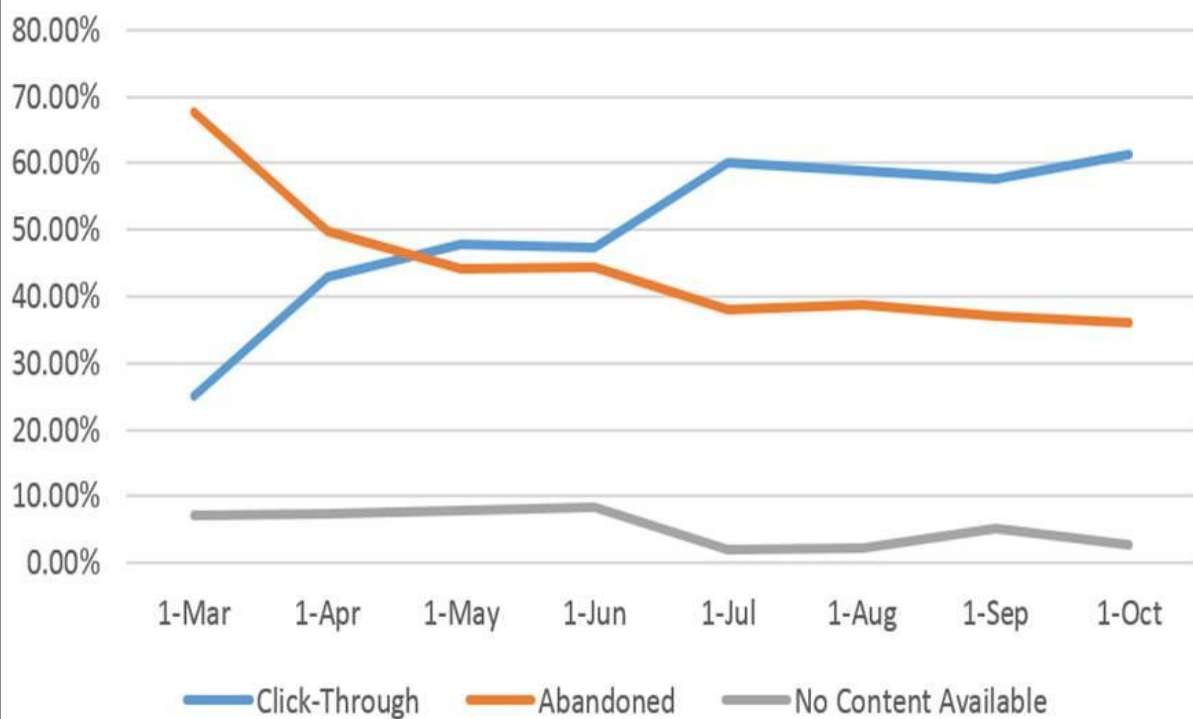
Greg Adams



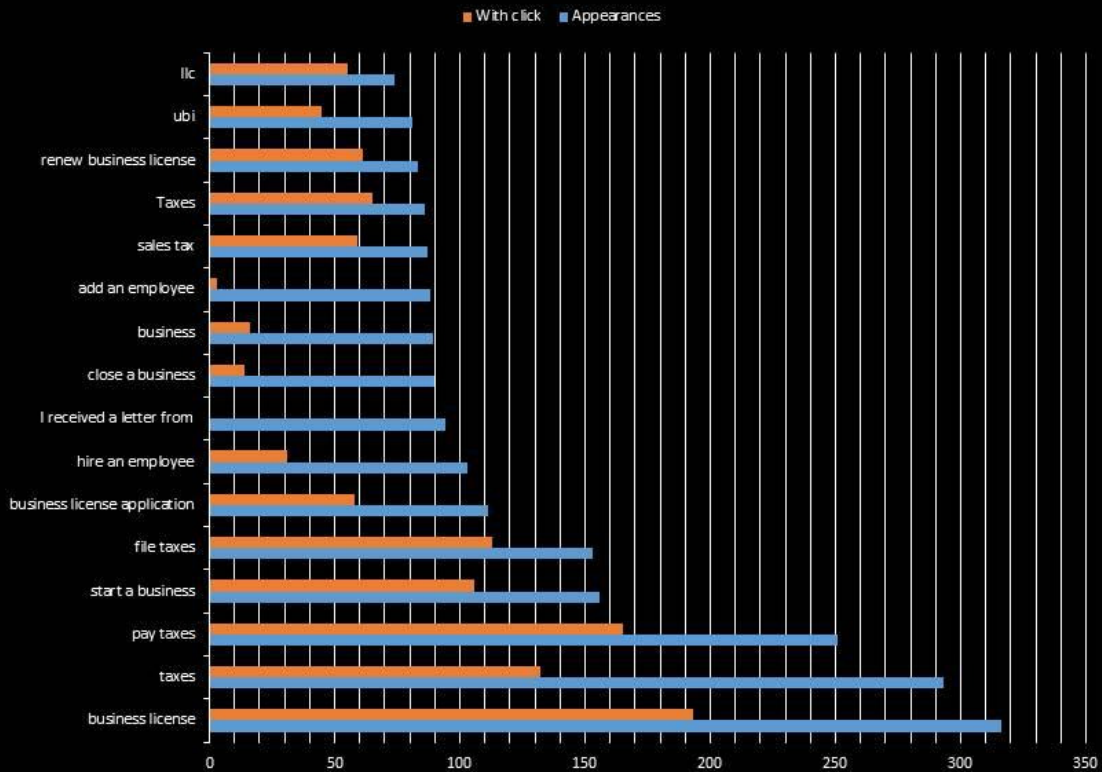
C4U Construction



Search Evolution

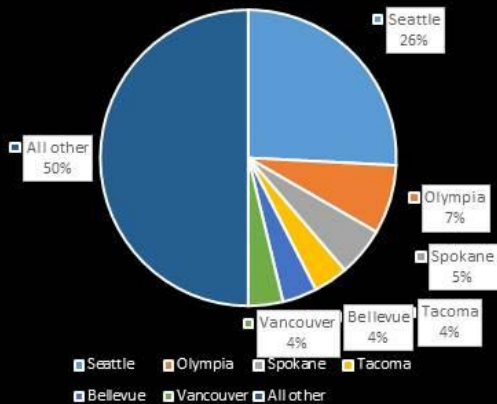


Search Terms and Click Through

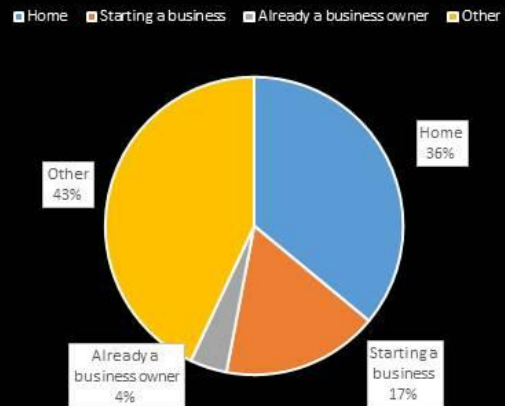


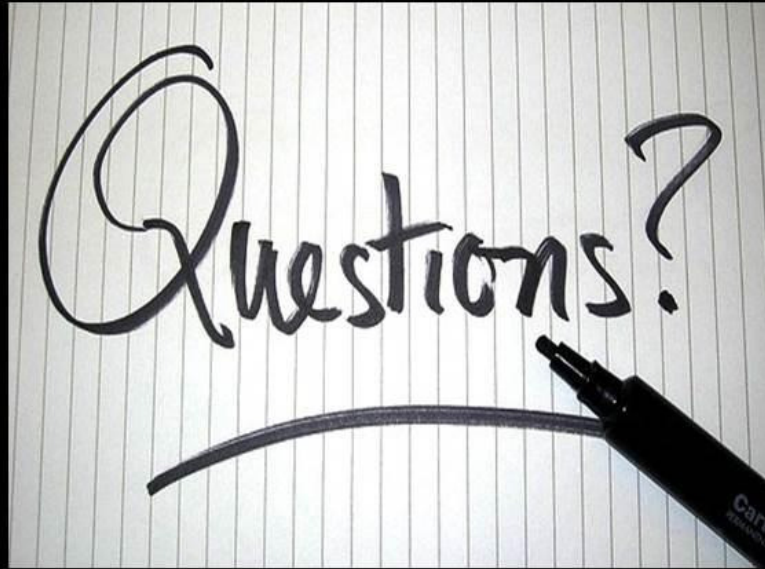
Web Analytics:

Location



Most popular pages





 Governor's Office for Regulatory
Innovation and Assistance

Reducing Administrative Burden in Washington State

Standard Cost Model

February 25, 2016

Jesus Sanchez, Director
ORIA

Why the Standard Cost Model (SCM)?

- SCM is the most widely accepted methodology for measuring administrative costs in Europe
- Credibility
 - Business Community – large and small – have confidence in a tested model
- A tool for Reducing Administrative Burden in Washington State
- Piloting SCM tool – Purpose
 - Confirm SCM value
 - Determine viability
 - Gauge acceptance from state agencies



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Standard Cost Model

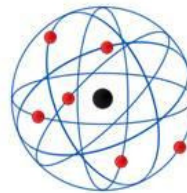
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Collaborative Process

SCM Training



SCM Model



*Breaking new ground – this is the first time
the tool is being used in the United States*

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Standard Cost Model

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SCM Pilot Phase I

Goal: Test the feasibility of the SCM



- Results Washington Goal 2 Council agreed to pilot the International Standard Cost Model
- Pilot Phase I began in October 2014 with:
 - Commerce
 - Ecology
 - Labor & Industries
 - Revenue
- Three pilot projects successfully identified AB cost reductions, including proposed improvements
- Completed in June 2015

Pilot Phase I - Results

Preliminary Results		Combined Baseline	Total Potential Savings (Percent of Total Baseline)		
All 3 Projects		\$7,324,600	\$311,600 (4%)		
			Individual Potential Savings		
			COM <1%	LNI 10%	DOR 21%

Agency	Project	Baseline Burden	Potential Savings
DOR	Reseller Permit Application	\$460,400	\$96,600 (21%)

Businesses and manufacturers can avoid paying retail sales tax on products they purchase and plan to resell by using a reseller permit.

Improvements creating potential savings

- Educate businesses if they qualify
- Reduce duplicate applications
- Drive more applications online

Pilot Phase II

Goal: Increase agency participation, gain expertise and confirm value of using SCM

ORIA partnered with 6 Agencies

Agency	Project
Ecology	Well Drilling Construction
Employment Security	Unemployment Insurance Tax New Registrations
Labor & Industries	Treatment Pre-Authorization
Licensing	Security Guard Licensure
Liquor and Cannabis Board	Addendum – New Liquor License Applications
Revenue	Property Tax Exemption New Applications

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Pilot Phase II - Project Status

Preliminary Results	Combined Baseline	Potential Savings (Percent of Total Baseline)		
All 6 Projects	\$10,882,100	\$1,824,500 (17%)		
		Individual Potential Savings		
		ECY 31%	ESD 16%	L&I 20%
		DOL 5%	LCB 16%	DOR 27%

Agency	Project	Baseline	Savings
L&I	Treatment Pre-Authorization	\$3,606,200	\$732,900 (20%)

Providers must request authorization from L&I for some medical and other services provided.

Improvements creating potential savings

- Change rules to extend treatment visits and reduce some authorizations
- Eliminate paper process through online system

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Agency Partner

Cindy Fulton, Management Consultant
Employment Security Department

Project: New Unemployment Insurance Tax Registrations

- ✚ **Focus on businesses**
- ✚ **Build new skills**
- ✚ **Collaborative relationship**

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Pilot Phase II – Next Steps

- Agency partners implement and track recommendations
- Agency partners communicate results with businesses
- ORIA provides Lean support services if requested by an agency
- ORIA confirms projected savings post improvement implementation



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Pilot Phase – Lesson Learned

Pilot Conclusions:

- Determined feasibility and value to both agency partners and business owners
- Validated model works best with centralized team collaborating with agency partners

Improvement Opportunities:

- Engaging agency partners early and providing clear goals upfront
- Continuously improve internal processes based upon agency partner's feedback
- Focusing on regulations that frustrate businesses, provides greater opportunity to reduce burden

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What We Need



- Secure necessary funding
- Executive leadership commitment and engagement
- Implement limited deployment of SCM program

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Please direct all questions on this project to the
Governor's Office for Regulatory Innovation and Assistance:

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