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## Washington's small business heroes have millennials on the mind

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Small businesses are the lifeblood of the region's economy, employing more than half the workers in Washington state — about 1.3 million people.

Small business leaders, though, must face significant hurdles as they work to grow their companies. Adapting to changing demographics in the workforce, securing funds and navigating new rules and regulations are some of the challenges small businesses in Washington state are currently facing.

The Business Journal has recognized 10 business leaders operating companies in a variety of industries in the Puget Sound area. We asked them to share some of their trials and triumphs of doing business in the region.



ANTHONY BOLANTE | PSBJ

### Millennials in the workforce

The younger generation has led Simplicity Consulting CEO Lisa Hufford to think about loyalty beyond just the retention of staff.

The Kirkland-based enterprise marketing firm is embracing shifting talent trends as millennials become the biggest population entering the workforce.

While the median tenure for workers 55 to 64 years old is more than 10 years, people age 24 to 35 spend only 2.8 years in their positions, according to the Bureau of Labor Statistics.

"I'm questioning whether it's a good use of time and money to think about retention anymore because people aren't looking for that," Hufford said.

Rather, they're looking for other things, like serving their communities or making a social impact, she said.

In a referral-based industry like consulting, success hinges on reputation.

"If I provide someone a great experience, they might never work for me but they're going to talk about me and refer people to me," Hufford said.

The strategy seems to be working. Simplicity had \$34 million in revenue last year, without the help of any outside funding.

Troy Alstead, the former chief operating officer at Starbucks who now owns Ocean5 social entertainment center in Gig Harbor, has formed his company's culture around its millennial workforce.

"We went into it saying 'we're not going to focus on long-term retention,'" he said.

Otherwise, it can feel like a losing battle, especially for a small company in the retail sector, where workers tend to be more transient.

"If we can provide a great place for people to work and grow regardless of how long they stay," Alstead said, "I think we've done our job."

Millennial values are particularly important to Olympia-based fair trade skin and body care company Alaffia.

"The millennial generation is more aware of the challenges in other parts of the world, and they tend to allow their values to influence their purchasing decisions," said co-founder Olowo-n'djo Tchala. "As such, greater responsibility is placed on companies to positively impact the world."

### **Access to funding**

One of the common challenges among small businesses is securing loans to fund or grow operations.

Burlington-based Interpreting Technology CEO Pamela Santangelo struggles to access capital with a reasonable payback rate.

"Large corporations are given incentives and the opportunity to not fail; small businesses are not given this grace," she said. "I'm required to leverage my home, my personal assets with the perception that if I believe in my business, I should be willing to put up everything I have."

Small Business Administration-backed programs are a great option, Santangelo added, but they tend to take too long to obtain.

Seattle-based Barrientos Ryan real estate firm's co-founder Maria Barrientos has had a similar experience.

"Lenders tend to gravitate toward large companies with big balance sheets," she said. "Despite building a solid reputation across 60 projects in 30 years, getting loans from banks tends to be more difficult if you're a small company and certainly as a woman."

Small businesses need tax incentives in addition to more options for capital, said Fran Dunaway, CEO of Seattle-based apparel company TomboyX.

"After all, we are providing new job opportunities for communities," she said.

### **Regulations and compliance**

Hufford's clients include big companies like Amazon, T-Mobile and Microsoft. Decisions these large corporations make can trickle down to her company.

"When they demand a change of their suppliers, we all just have to snap into it," she said, whether it's government-mandated maternity leave, paid time off or company-specific benefits.

Microsoft is leading the charge in requiring that all suppliers offer paternity leave following a new law passed in Washington State. A couple years ago, Microsoft required all suppliers with more than 50 employees to offer three weeks paid vacation.

Uwajimaya CEO Denise Moriguchi has seen minimum wage go from \$10 to \$15 per hour since she took over her family's grocery stores a few years ago. New secure scheduling laws that aim to establish predictable work schedules for retail and food-service workers have also added to the regulatory strain.

At the same time, Moriguchi's customers and employees face increasing safety concerns from vagrant populations around Uwajimaya stores, raising questions about whether government officials could be doing more to keep her staff and customers safe.

She would like to see businesses get more involved in addressing these issues.

One area where more regulation is welcome is in encouraging women-owned businesses to offer retirement savings plans, said Leading Retirement Solutions CEO Kirsten Curry.

Women-owned businesses are one of the fastest-growing new business segments in the U.S., which gives them more opportunity to influence the retirement savings habits of their employees, she said.

"Access to a retirement plan in the workplace is the most important factor in determining whether workers save for retirement ... yet women-owned and led businesses still lag in offering retirement plans to their workforces," she said.

Another area where government intervention is wanted is in alleviating traffic.

"Traffic is forcing people to make a decision that either I'm going to pay a lot more for a home and live near my office, or I'm going to move out into the suburbs or the country and I'm going to work remotely," said Trestle Community Management owner Bob Brencic.

"Please do something about the traffic," he said.

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