



**U.S. Small Business Administration  
Your Small Business Resource**

**2007 KDI Conference:  
Financing Innovation-Oriented Businesses to  
Promote Entrepreneurship**

**Technology and Training for SMEs**

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# Agenda

- ❑ Background on SBA
- ❑ SBA Programs
- ❑ SBIR and STTR
  - Small Business Innovations Research
  - Small Business Technology Transfer
- ❑ Federal-wide E-Government Initiatives
- ❑ Technology Roadmap at SBA



## About SBA

- ❑ USA's largest single financial backer of small businesses - A portfolio of business loans, loan guarantees, and venture capital instruments worth more than \$ 4,964 billion - in addition to a disaster loan portfolio of \$ 3.1 billion
- ❑ A small, independent federal agency of USG – created by the Small Business Act of 1953
- ❑ Mandate: Aid, counsel, assist and protect the interests of small business concerns, preserve free competitive enterprise, maintain and strengthen the overall economy of the Nation
- ❑ FY2006 budget – approx. \$580 M
- ❑ Represents 2.23/100 of 1% of the total Federal budget, yet SBA is one of the 5 largest federal credit agencies.



## ***“Small Businesses are the engine of our economy “***

- Service delivery structure: 90 Regional, District, and Branch Offices throughout the U.S., SBA’s financial participants and resource partners
- Represents more than 99.7 percent of all employers
- Generates 60 to 80 % of net new jobs annually
- Employs more than half of all private sector workers
- Pays 44.3 percent of the total U.S. private payroll
- Provides over 50 percent of non-farm private GDP (Gross Domestic Product)
- Fair Trade is important - > 200,000 SBs selling more than \$ 300 B per yr of goods and services in foreign markets (500% incr. from 2001)



# Programmatic Functions

## Access to Capital

- Array of financing needs from micro-lending to substantial debt and equity investment capital

## Entrepreneurial Development

- Education, Information, Technical Assistance, Training

## Government Contracting

- Sets goals for all federal agencies – statutory goal of 23% of prime dollars to small businesses
- Provides subcontracting procurement opportunities, outreach and training

## Advocacy – Voice of Small Businesses



# Access to Capital

- ❑ **SBA lends or guarantees > \$ 78 B in loans and investments**
  
- ❑ **Lending Programs**
  - 7(A) Guarantee Loan Program (average \$ 240,000)
  - 504 Loan Program
  - Micro-loan Program (up to \$ 35,000)
  
- ❑ **Investment (Venture Capital)**
  - Small Business Investment Program (SBIC)
  
- ❑ **Emergency Recovery**
  - Disaster Loan Program (e.g. hurricanes Katrina, Isabel, ...)



***“ Entrepreneurialism is in our national DNA ”***

1-on-1 counseling, free of charge to US Citizens and permanent residents interested in starting a small business (also training and workshops)

- ❑ **SBDCs** – Small Business Development Centers, affiliated with Universities and Colleges and uniquely positioned to meet needs at the State and Local levels
- ❑ **SCORE** – Service Corps of 10,500 Retired Executives (Counselors)
- ❑ **WBCs** – 101 Women’s Business Centers in 50 States
- ❑ **USEACs** - US Export Administrative Centers (16 locations)
- ❑ **SBTC** – A Virtual Internet-based network of training resources with > 5000 small business clients registering every week
- ❑ In 2006 nearly 1.5 M entrepreneurs were counseled, and 26 M hits were received on SBA’s website



## Government Contracting

- ❑ U.S. is the single largest purchaser of goods and services in the world
- ❑ Federal procurement – approx. \$200 billion annually
- ❑ Business Matchmaking Initiative
- ❑ Prime Contracts Program through Procurement Center Representatives (PCR)
- ❑ Subcontracting Assistance Program through Commercial Marketing Representatives (CMR)



## Small Business Innovation Research SBIR -- since 1982

[www.sba.gov/sbir](http://www.sba.gov/sbir)

- ❑ Stimulates technological innovations, leveraging on Federal high-tech programs to improve competitive capability of small business R&D firms
- ❑ Uses small businesses to meet federal R&D needs
- ❑ Encourages private and public resource support for the commercialization of federal R&D efforts
- ❑ TECH-Net at: [www.sba.gov/sbir/indextechnet.html](http://www.sba.gov/sbir/indextechnet.html)



# Small Business Innovation Research SBIR

- ❑ SBIR Program Today:
  - National Program - \$2 billion each year to small businesses for innovations
  - Over 6,000 grants to about 3,000 firms each year
  
- ❑ Set-Aside: Federal Agencies with external research budgets over \$ 100 M must reserve 2.5% for small businesses through SBIR
  
- ❑ Each Federal Agency administers its own SBIR program
  
- ❑ SBA has oversight and outreach responsibilities
  
- ❑ POC: Dr. Ronald S. Cooper [ronald.cooper@sba.gov](mailto:ronald.cooper@sba.gov)



# Small Business Innovation Research SBIR

## □ Participating Federal Departments and Agencies in 2006:

- Defense -- \$1,000 M
- Health (NIH, HHS) -- 575 M
- Space (NASA) -- 110 M
- Energy (DOE) -- 100 M
- Science (NSF) -- 90 M
- Security (DHS) -- 20 M
- Agriculture (USDA) -- 17 M
- Commerce (DOC) -- 8 M
- Education (ED) -- 8 M
- Environment (EPA) -- 6 M
- Transportation (DOT) -- 3 M



## SBIR 's 3 - Phase Structure

### □ Phase I:

- Feasibility of idea, proof of concept
- \$ 100,000 (1 year)

### □ Phase II:

- Full R&D, prototype
- \$ 750,000 (2 years)
- Commercialization Plan

### □ Phase III:

- Commercialization stage
- Use of non-SBIR funds (private capital or federal follow-on)



## Small Business Technology Transfer Program - STTR

- ❑ Established in 1992, and recently extended through 2009
- ❑ Promotes Small Business-University collaboration, with similar structure to SBIR -- administered by SBIR offices
- ❑ Requires research institution partner (e.g. University/College, non-profit research organization)
  - Research partner share – min (30%) max (60%)
  - Award always goes to small business



## SBIR/STTR Program Impacts

- ❑ Increases Small Business in government R&D, and procurement
- ❑ Contributes new methods and technologies to government missions
- ❑ Induces further entrepreneurial activity
- ❑ Enables vigorous startups
- ❑ Complements private investment (reduced risk)
- ❑ 39% of SBIR projects have commercial success
- ❑ Addresses early stage innovation finance gap



## Advocacy National Ombudsman

### □ The Office of Advocacy

- Created in 1976 by an Act of Congress
- Mandate: Protect, strengthen and effectively represent the Nation's small businesses within the federal government's legislative and rule-making processes
- 10 Regional Advocates – the “Eyes” and “Ears” of Small Businesses

### □ The Office of the National Ombudsman

- Created in 1996 by the Small Business Regulatory Enforcement
- Conduct hearings and roundtables around the country to increase input from small businesses
- Liaison between Small Businesses and Federal Agencies



# e-Government

## Federal CIO Council

- ❑ **Vision** – a Federal Government that strategically, efficiently and effectively uses IT to serve and protect our Citizens
- ❑ **Mission** – Foster the collaboration of Federal Government CIOs in strengthening government-wide IT management practices
- ❑ **Governing Principles**
  - Support all areas of the President's Management Agenda (PMA)
  - Attracting and retaining a high performance IT workforce
  - Optimizing Federal Government Information resources and investments
  - Aligning IT solutions with Federal enterprise business processes
  - Adopting and sharing best IT management practices



# Compliance Business Gateway

- One of 25 Presidential federal-wide e-Gov initiatives -- **www.business.gov** is managed by SBA
- Single access point for business compliance information
- Reduces the time and effort required to find federal compliance information and forms (72% of survey respondents reported a saving of 25 hours as well as dollar savings)
- The Official Business link to the U.S. Government
- Highlights → “How Do I ..... ?” [ Search over 20,000 federal links ]
- Greater State/Local Integration
- Content Partnership



## Other e-Gov Initiatives

### SBA Participates in 28 of the President's Management Agenda e-Gov Initiatives and Lines of Business (LOBs)

- Budget Formulation LOB
- Business Gateway
- Disaster Management
- E-Authentication
- E-Clearance
- E-Loans
- Enterprise Human Resource Integration
- E-Payroll
- E-Records Management
- E-Rulemaking
- E-Training

- E-Travel
- Expanding Electronic Tax Products for Business
- Federal Asset Sales
- Financial Management LOB
- Geospatial LOB
- Geospatial One-Stop
- Gov Benefits.gov
- Grants Management LOB
- Grants.gov
- Human Resources Management LOB

- Integrated Acquisition Environment
- International Trade Process Streamlining
- IT Infrastructure Optimization LOB
- IT Security LOB
- Recruitment One-Stop
- USA Services
- WinZip SmartBUY



## IT Strategic Roadmap at SBA

- ❑ **Business is the Driver of Technology**
  
- ❑ Conducted strategic sessions with agency-wide business unit managers and key people to identify mission key processes and gaps:
  - 90% found that data issues are a major problem – quality, synchronization and access
  - Need for a “single customer view of data”
  
- ❑ Aligned IT to business needs and developed a detailed IT strategic roadmap to feed into our Agency’s overall IT Strategic Plan for the next 5 years:
  - Allowing us to focus on short-term, and long-term with clear project prioritization under budget constraints



## Examples of Strategic IT Initiatives

- ❑ Infrastructure Upgrades
  - Hardware and Software Refresh
  - Mobile Computing and remote access; Teleworking
  - Network upgrades – transitioning to IPv6
  - Data Center Consolidation; Server Virtualization; Data Warehouse
  - Identity management & Security - e-authentication, HSPD-12, single LID, data encryption, etc...
  
- ❑ Developing segmented architectures in all areas of business to comply with the Federal Enterprise Architecture Model
  - Business, Data, Applications and Technology
  
- ❑ Exploitation of IT as an enabler to achieve business operational effectiveness (e.g. SOA, web services, digital signature, doc mgt, workflows, collaborative tools, etc...)



## Thank You and Best Wishes

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