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ENTREPRENEURIAL DEVELOPMENT: OBSTACLES AND OPPORTUNITIES FOR SUPPORTING, SUSTAINING, AND GROWING AMERICA'S ENTREPRENEURS

ROUNDTABLE

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

JULY 21, 2011

Printed for the Committee on Small Business and Entrepreneurship

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ENTREPRENEURIAL DEVELOPMENT: OBSTACLES AND OPPORTUNITIES FOR SUPPORTING, SUSTAINING, AND GROWING AMERICA'S ENTREPRENEURS

THURSDAY, JULY 21, 2011

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The Committee met, pursuant to notice, at 10:09 a.m., in Room 428–A, Russell Senate Office Building, Hon. Jeanne Shaheen, presiding.

Present: Senator Shaheen.

OPENING STATEMENT OF HON. JEANNE SHAHEEN, A U.S. SENATOR FROM NEW HAMPSHIRE

Senator SHAHEEN. Good morning, everyone. I apologize for being a little late. I want to thank all of you for joining us this morning.

I am really pleased to be here to discuss the reauthorization of the very important, as all of you know around the table, Entrepreneurial Development (ED) Programs at the Small Business Administration.

I know you were expecting Senator Landrieu, but she is at another hearing. She has asked me if I could fill in for her for a few moments this morning and open the hearing. So, I am here to do that.

I was especially pleased to be asked because the ED programs are very important to us in New Hampshire. As you all know, they provide terrific technical assistance and counseling to small businesses; and for us in New Hampshire, that is absolutely critical.

We are a state where 95 percent of our businesses have fewer than 100 employees. We are clearly a small business state; and last year SBA resource partners, including the Small Business Development Centers and SCORE, provided assistance to over 6500 small businesses in New Hampshire.

By Louisiana standards, that may not be a lot but by Maine and New Hampshire standards, as Senator Snowe would know, if she were here, that is a lot for a small state. So, I am glad that these programs are a priority for Senator Landrieu and this Committee.

Our goal is to ensure that these programs are as efficient and as effective as possible, and that they provide the necessary resources to carry out their goals and responsibilities.

I want to take just a few minutes to talk about some of these important programs. This past March this Committee held a roundtable to discuss the reauthorization of SCORE, which as we all know is a nonprofit association dedicated to counseling and mentoring entrepreneurs across the country.

At that roundtable, we heard from several small businesses that have benefitted from SCORE's counseling, including a New Hampshire business. We had Sheree Burlington from Manchester, who was here to talk about the difference that it made for her.

She told me that without SCORE's counseling she would not have survived the recession, and not only has that counseling helped her to survive, but she has actually expanded her business and grown over the past two years and added some employees.

Success stories like Sheree's are common with SCORE which maximizes a small federal investment of $7 million to help tens of thousands of entrepreneurs start and grow their businesses.

SCORE works by leveraging private sector resources and knowledge through a network of over 13,000 volunteers and 355 chapters nationwide.

I am very pleased to have Ken Yancey here, who is the CEO of SCORE. Nice to have you here, Ken. He is going to talk about some of his ideas for what we can do to support and build SCORE's capacity in a responsible manner.

Another integral component of the SBA network of training and counseling services is the Small Business Development Centers. With over 1000 locations, SBDCs offer a one-stop shop.

They provide a wide variety of information and guidance in easily accessible branch locations, and again this is something that I know very personally from what I have seen in New Hampshire, what a difference the SBDCs make.

I am glad to have Tee Rowe, President and CEO of the Small Business Development Centers, here with us. Nice to have you here, and I look forward to hearing your ideas to ensure how we can continue to provide consistent quality services.

In addition to SBDCs and the SCORE, we also have representatives from a Women's Business Center and Veterans Business Centers, both of which do so much to support entrepreneurial women and veterans.

As we continue to tackle the tough issues that are facing small businesses in this time of economic recovery, we all know that it is critical that we do so in a fiscally responsible way.

To meet that responsibility, we have to continue to examine our small business programs. We have to make sure they are as effective and efficient as they can be, but we also have to look at ways in which we can better leverage our public and private sector resources.

Last Congress I was very pleased to join Senator Landrieu and Ranking Member Snowe in cosponsoring S. 1229, the Entrepreneurial Development Act of 2009, which would have provided SBA resource partners, many of whom are represented here today, with the tools they need to help entrepreneurs create, manage, and grow their businesses.

The legislation was similar to provisions which have passed this Committee over the last several Congresses, and we hope to build

on those previous efforts in developing comprehensive, entrepreneurial development legislation.

For the ineffective programs, we hope to find ways to figure out how we can make those more effective or change them so that we can utilize every possible resource to operate effectively and efficiently. That is why your testimony today and your ideas will be so important.

Unfortunately, like Senator Landrieu, I also have another hearing that is going on at this point. So, I am going to have to leave and turn it over to Ami Sanchez, who is with Senator Landrieu's staff, and also Diane Dietz with Senator Snowe's staff, to provide opening remarks on behalf of the Chair and Ranking Member. I would ask Ami to go over the format for today's discussion as well.

Ami.

Ms. SANCHEZ. Thank you, Senator.

Chair Landrieu asked me to extend her sincerest appreciation for your continued leadership and commitment to addressing the critical issues facing small business today particularly on those issues that we will be discussing in today's roundtable. Thank you very much for that.

Senator SHAHEEN. Thank you. I look forward to seeing the written testimony of what everyone has to say this morning.

Thank you all.

Ms. SANCHEZ [presiding.] Thank you, Senator.

As Senator Shaheen mentioned, my name is Ami Sanchez, counsel to Chair Landrieu here with the Committee. With me is Diane Dietz, professional staff member to Ranking Member Snowe.

Senator Landrieu deeply regrets not being able to make it today. As Senator Shaheen mentioned, she had a couple of other hearings simultaneously but really wanted to be here and wanted to convey her appreciation to you for contributing to today's important discussion.

As Senator Shaheen stated, we will be discussing the reauthorization of the SBA's Entrepreneurial Development Program and building on the work that we have done over the last several Congresses including the reauthorization bill from the last Congress, S. 1229.

Today's discussion is important to not only evaluating the effectiveness and efficiency of the programs and soliciting your ideas on how we can make those programs better, but also to build a sufficient record in support of the value and need for the services that these programs provide to small businesses.

Chair Landrieu has made entrepreneurial development one of her top priorities in this Congress and is continuing to work with her colleagues to come up with a comprehensive entrepreneurial development reauthorization bill.

As leaders in the field of entrepreneurial development, your participation in today's discussion is critical and invaluable. So, thank you for being with us today.

Senator Landrieu has prepared an opening statement which we will be submitting for the record.

[The prepared statement of Chairman Landrieu follows:]

OPENING STATEMENT FOR ROUNDTABLE on
"Entrepreneurial Development: Obstacles and Opportunities for Supporting, Sustaining and Growing America's Entrepreneurs"

U.S. Senate Committee on Small Business and Entrepreneurship
Chair Mary L. Landrieu

July 21, 2011

Good morning and thank you all for joining us for this morning's roundtable. Today we will discuss the reauthorization of important Entrepreneurial Development programs within the Small Business Administration. E.D. programs provide counselling and technical assistance to promising small businesses in America. As Chair of the Small Business Committee that oversees SBA programs, one of my top priorities is ensuring that these programs are as efficient and effective as possible, with the necessary resources to carry out their goals and responsibilities.

VALUABLE ED PROGRAMS

This past March, I held a roundtable to discuss the reauthorization of SCORE, a non-profit association authorized under the *Small Business Jobs Act* dedicated to counselling and mentoring entrepreneurs across the country. SCORE is maximizing a small federal investment of $7 million, to help tens of thousands of entrepreneurs start and grow their business by leveraging private sector resources and knowledge, through a network of over 13,000 volunteers and 355 chapters nationwide.

According to a recent Gallup survey, SCORE helped more than **16,000 small businesses** save jobs in 2009, and at least **90 percent** of SCORE's "In-Business" clients (those already in business in 2009) *remained in business in 2010.* In addition, SCORE clients created *more than*

30,000 jobs in 2009. I appreciate **Ken Yancey, CEO of SCORE**, coming back to talk about SCORE and ways we can build and encourage more public-private partnerships like it.

We also have **Tee Rowe, President and CEO of the Association of Small Business Development Centers** here with us today. With over 1,000 SBDCs, these locations offer a "one-stop shop" for assistance by providing a wide variety of information and guidance in easily-accessible branch locations.

I look forward to hearing from him as to how we can maximize the efficiency and effectiveness of the entire SBDC network.

Beyond SBDCs and SCORE we also have representatives from the Women's Business Center (WBC) program and Veterans' Business Centers (VBC). WBCs provide support and services to a range of women business owners and entrepreneurs, particularly women of color and those in economically disadvantaged communities. Veterans' Business Centers provide business training, counselling, technical assistance and mentoring to Veterans, Reservist, National Guard and Active Duty business owners and start-up candidates in the Southeast Region of America. With more and more service men and women coming back every day, Veterans' Business Centers are an essential resource helping to create small business ownership opportunities. I am very proud to say that we recently opened a Veterans' Business Center in Jennings, Louisiana.

FISCALLY RESPONSIBLE REAUTHORIZATION

To suggest that the SBA and its programs that do have a successful track record are easily abolished is irresponsible, and I will continue to work to strengthen and promote the SBA. However, with that being said, we must continue to review small business programs for their

effectiveness and efficiency. Prior to today's hearing, I fought to eliminate waste, fraud and abuse in the U.S. Small Business Administration. In January 2011, I along with Ranking Member Olympia Snowe, R-Maine, sent letters to Administrator Mills and Inspector General Gustafson requesting recommendations for programs within the SBA that could be eliminated or substantially reduced, without undermining the agency's ability to serve the needs of small business owners.

Additionally, in March of 2011, I, along with several of my Senate colleagues, introduced the Small Business Contracting Fraud Prevention Act (S. 633). This bipartisan legislation provides a comprehensive oversight framework within the SBA to execute effective certification, surveillance and monitoring, and robust enforcement of its entire contracting portfolio. The bill also increases criminal penalties for businesses awarded contracts through fraudulent means.

And in the previous Congress I, along with Ranking Member Snowe, introduced S.1229, "The Entrepreneurial Development Act of 2009." The Entrepreneurial Development Act of 2009 is the cornerstone piece of legislation for SBA resource partners, providing them with the tools necessary to help entrepreneurs across America to start, manage, and expand their small business.

Today, we look forward to hearing from the experts. We look forward to seeing how and why we must change some of the entrepreneurial development programs. Most importantly, we hoep to receive the necessary guidance to improve entrepreneurial develop legislation. Developing law will provide small business owners with the programs to help create new programs and maximize on those already in existence.

CLOSING

In closing, I would just like to say thank you again to today's participants and I look forward to working with you and other leaders in the small business community as we develop an Entrepreneurial Development bill this Congress.

Ms. SANCHEZ. Diane, do you want to say anything on behalf of Ranking Member Snowe?

Ms. DIETZ. Thank you, Ami. I would just echo Ami's remarks and say that I think many of you, as we were speaking this morning, have been long champions of the small business community. So, everybody knows everybody here, and it is certainly well-known that Senator Snowe has been a champion of small business throughout her tenure in the Senate.

Senator Snowe has prepared an opening statement that I will submit for the record, and I would also like to thank each of you for making the effort to join this morning's roundtable, and my sincere thanks to Senator Shaheen for her eloquent statement.

[The prepared statement of Senator Snowe follows:]

STATEMENT FOR ROUNDTABLE ON
"Entrepreneurial Development: Obstacles and Opportunities for Supporting, Sustaining and Growing America's Entrepreneurs."
Senate Committee on Small Business and Entrepreneurship
Ranking Member Olympia J. Snowe
July 21, 2011
(VERSION 1, July 19, 2011 at 5:00 and 5 MINUTES)

Thank you, Chair Landrieu, for holding this critical roundtable and our panel participants for your commitment to job creation across all demographics. We are truly indebted to your efforts, and eager to hear your personal insights.

When we last met, in 2009, to reauthorize the Small Business Administration's (SBA's) entrepreneurial development programs, our nation had just surpassed a nine percent unemployment rate which cultivated an air of uncertainty. *Unfortunately, a full 25 months later, that alarmingly high unemployment rate has been virtually unchanged.* As a result, a trend has emerged with more and more individuals taking the risk in starting their own small business, which is where the SBA's portfolio of counseling and entrepreneurial advocacy programs play a critical role.

As Ranking Member of this Committee, one of my foremost priorities is to ensure that the SBA is equipped with the resources necessary to work effectively on behalf of those entrepreneurs who are interested in starting a new endeavor, or are laboring to keep their doors open. *And I firmly believe that the SBA's Entrepreneurial Development programs can and should play a leading role in helping small businesses drive our economic recovery*.

Our nation's return to a strong and robust future depends on an economy of small businesses that have created approximately 64 percent of all new jobs over the past 15 years. The SBA's entrepreneurial development programs provide tremendous support and technical assistance for small businesses across

the country. And I am pleased that many of these programs have matching fund requirements or utilize volunteer counselors, to help provide a higher return on investment for taxpayers.

In Fiscal Year (FY) 2010, the nation-wide network of Small Business Development Centers (SBDCs) provided business counseling for over 200,000 clients during 2.9 million hours of training services. And how does this translate in our economy? The Association of Small Business Development Centers estimates that a new business is opened by an SBDC in-depth client every 45 minutes.

We are also encouraging job growth through the 110 Women's Business Centers (WBC) that trained, counseled, mentored, and otherwise assisted nearly 200,000 clients in FY2010 – a 15 percent increase from FY2009. WBCs receive, on average, 38.5 percent of their funding from the SBA, and according to recent data from the Association of Women's Business Centers, refer clients when appropriate to SBDCs, SCORE counselors, and additional sources of entrepreneurial advocacy *collaborating, rather than competing*, with their colleagues in economic development. In FY2010, it is estimated that each WBC helped to start 121 new businesses, and create 333 new jobs.

According to the Bureau of Labor Statistics, *the unemployment rate for Iraq and Afghanistan war veterans stands at 13.3 percent – up nearly two percentage points since this time last year, and over three percentage points higher than the overall unemployment rate*. *Thus I am deeply committed to providing support and assistance for our military veterans* who have started, or are thinking about opening their own business, particularly those who have recently separated from the service. In 2007, I worked with then-Chairman John Kerry to pass the *Military Reservist and Veteran Small Business Reauthorization and Opportunity Act*. This legislation required the SBA to increase its number of Veterans Business Outreach Centers (VBOCs) from three to the 16 VBOCs that

exist nationwide today, offering our veterans support in starting new ventures, or keeping their firms open while they deploy.

And last, *but certainly not least*, in FY2010, SCORE volunteers reached more entrepreneurs than ever before. With the assistance of SCORE, nearly 72,000 new jobs were created through more than one million volunteer hours of counseling. SCORE is a fantastic program literally powered by the sheer dedication of volunteers, to whom we are sincerely grateful.

As we discuss reauthorizing these critical programs, it is also vital to safeguard taxpayer dollars by ensuring that they are strategically utilized, which is why I was pleased to invite the Government Accountability Office (GAO) to today's discussion. The GAO has closely examined overlapping and duplicative efforts, so I look forward to their insights on how the SBA can streamline their efforts to maximize resources. It is my hope that everyone at this table today walks away with a heightened awareness as to how best to reduce inefficiencies.

Today's roundtable discussion is regrettably set against the landscape of debt ceiling disagreements, bleak economic and employment news, and lingering uncertainty throughout our economy, so I appreciate that everyone here has gathered with an eye toward collaboration knowing that the Administration has recommended flat funding for each of the SBA's entrepreneurial development programs. If ever there was a time to do more with less, this is it.

Thank you, Madam Chair.

Ms. SANCHEZ. Thanks, Diane.

I would like to begin by going over the format for today's roundtable. We have a good foundation for a reauthorization bill that we are going to work on based on the work that we have done over the last several Congresses.

If anyone has ideas for changes from the last bill or recommendations on things that we can include or improve upon moving forward, today is the day to make your case.

Diane and I will be reporting back to Chair Landrieu, Ranking Member Snowe, and other members of the Committee on today's discussion and we will be using this discussion to really develop the bill to make sure that it is appropriate and an effective bill for building on the programs currently.

We will keep the record open for two weeks, so, August 4 is the deadline if you would like to submit additional materials or information.

Given the breadth of the things that we want to cover in today's roundtable, it is important that the focus of today's roundtable stay on constructive ways to improve coordination and effectiveness of these programs.

In order to ensure that we are able to cover all the items on today's agenda, I ask you please make your remarks and answers as brief as possible to allow for everyone to be able to contribute to the record.

Also to be recognized to speak, I ask that you please stand your name card up long ways if there is a question or an answer that you would like to address and/or something that you would like to add to the record on a particular issue.

Also when you speak, please make sure that your microphone is on, and you can do that by pressing the talk button right in front of you.

At this time I would like to ask each of the participants to state their name, title, and organization for the record. If we could start with Tee and just work around.

Mr. ROWE. I am Tee Rowe. I am the President and CEO of the Association of Small Business Development Centers. We represent the entire network of 63 leads and over 1000 centers from Guam all the way to Maine.

Ms. SCHICK. Good morning. I am Holly Schick. I am the Deputy Associate Administrator for the Office of Entrepreneurial Development in the Small Business Administration, and thank you for the opportunity to be here.

Mr. SNAIR. Good morning. I am Scott Snair. I am Director of the New Jersey Veterans Business Outreach Center. I help veterans with business plans and registering for targeted contracts with the Federal Government. I do so in New York State, New Jersey, Puerto Rico and the Virgin Islands, although my budget does not allow me to travel to those last two places.

And thank you so much for having me. My headquarters is based at Rutgers Business School in New Jersey.

Mr. BOTTARY. My name is Leo Bottary. I am Vice President of Public Affairs for the Vistage International. Vistage is the largest for-profit CEO membership organization in the world. We operate

here in the U.S. with about 10,000 members and about 15,000 members in 15 countries.

And thank you very, very much for having us today.

Mr. YANCEY. I am Ken Yancey. I am CEO of SCORE, and like my colleagues, thank you for allowing us to join you today.

Ms. WEEKS. My name is Julie Weeks. I am the Chair of the Board of the Association of Women's Business Centers, representing all 110 Women's Business Centers across the country.

And like my colleagues before, thank you very much for this opportunity.

Mr. WILLIAMS. Good morning. My name is Daryl Williams. I am CEO of the Urban Entrepreneur Partnership, a program of the Kauffman Foundation. We are in seven different states.

And thank you for allowing us to be here to testify today.

Mr. TYMES. Good morning. My name is Clinton Tymes. I am the State Director for the Delaware Small Business and Technology Development Center in Delaware, housed at the University of Delaware, and obviously a member of the Association with Tee.

And thank you for having me here today.

Mr. SHEAR. Good morning. I am Bill Shear. I am Director of Financial Markets and Community Investment at the Government Accountability Office, better known as GAO, and it is always a pleasure to be here, and thanks very much for the invitation.

Ms. SANCHEZ. Great. Thank you.

In order to get a better idea of the various programs, the current core ED programs that are offering services to small businesses, if I could ask our resource partners that are represented here today, that is SBDC, SCORE, Women's Business Centers, and veterans business centers, to briefly describe the types of clients you typically serve and the types of services you provide. And if you could, in your answer please clarify what percentage of your services focuses on counseling, what percentage focuses on training and, to the extent that you do this, what percentage focuses on mentorship.

Tee.

Mr. ROWE. Sure. I will start.

Well, and I will let Clint chime in to correct me because everybody is a little different. We have 63 networks. So, it is hard sometimes to paint with a broad brush.

I would say that the typical client of an SBDC tends to have been in business longer, a couple of years or more. That being said, we have approximately 50 percent of our clientele nationwide that is what the SBA calls pre-venture which is that zero days to one year range.

The majority of the services that an SBDC provides are counseling. I would say that is 80 percent. About 20 percent is training.

Mentorship is kind of a, it is a tough thing to define for us. Because we work in and with business schools, a lot of our networks do have mentoring but I would not call it a formalized system in any way, shape, or form.

As to what the typical client does business-wise, we help everyone in everything from biotech and software development to machine shops and restaurants. And I do not think there is any particular way to categorize the small businesses.

Clint.

Mr. TYMES. I agree with Tee because one of the things about the SBDC program is that we all are different in that we meet the needs of our particular state, and that is the way we design our programs.

So that if, you know, whatever the state, the economic development agency or the governor, their priorities are in terms of economic development, we form our programs to meet those objectives as well.

So, that is why you will never get any two that are ever going to be the same. Tee mentioned that it is a 50–50 between pre-venture and existing.

As in Delaware, 70 percent of ours is existing; 30 percent is pre-venture. But that is all by design using resource partners, you know, et cetera. But it is all designed to meet the needs and priorities of each state.

Ms. SANCHEZ. Thank you.

Ken.

Mr. YANCEY. Thank you, Ami.

At SCORE our mix of services are roughly 55 percent counseling and mentoring. The balance are workshop participants. We mentor both face-to-face as well as online, the same with our educational offerings. They are both face-to-face and online.

Our clients, we break them into roughly thirds. A third are nascent or new to business, have yet to start. A third is zero to one year, and a third already in business.

At the end of a year, what we find is typically two thirds are in business with the balance being in that nascent or startup category.

The services that we offer obviously are the one-to-one counseling much like our colleagues at SBDC, available face-to-face and online, as I mentioned, as well as a series of workshops or seminars, last year almost 10,000 total seminars across the country that we offered.

In terms of size of business quickly, typically less than three years. Those that are in business and less than five employees.

Ms. SANCHEZ. Thank you.

Julie.

Ms. WEEKS. I would like to draw attention to not only those of you around the table but people in the audience that the Association of Women's Business Centers just completed a survey among all of the Women's Business Centers, a summary of which is over on the table to the side.

We have had discussions with not only the Senate staff but on the House side too about the need for better metrics. As of fiscal year 2010, Women's Business Centers helped 160,000 clients around the country which is actually 24 percent higher than SBA's estimates because the Women's Business Centers provide more services than can kind of fit into the EDMIS forms.

According to that survey, 58 percent of the clients are socially and economically disadvantaged; 39 percent of them are persons of color; 81 percent of them are women, meaning 19 percent of them are men.

Part of the reason for that is not only, I mean, it is open for all. Anybody who wants to come in, but our services are different in a lot of ways. It is much more relational, not so much transactional. It is a long-term relationship. And a lot of people, women and men alike like that.

Also as of this year, 41 percent of the clients of Women's Business Centers are pre-start, nascent entrepreneurs; 25 percent are in the startup phase; and 35 percent are in business.

That is a shift from a few years ago. There are more women in business, active business owners. And that is again because sort of like once a client always a client. A lot of women come in when they are thinking about starting a business. Then they will come back for more. Then they will maybe train or become a mentor. So, it is a longitudinal kind of a relationship.

We also asked in the survey about what services do you provide to your clients. A hundred percent of the Women's Business Centers provide one-on-one counseling; 100 percent of them also provide training classes in basic business skills, the ABCs of starting a business; 92 percent are providing classes in advanced topics, procurement, certification of your business, doing international trade, you know, selling to corporations, a wide range of growth oriented programming.

Seventy-two percent provide loan packaging or linkages to lenders so it is access to capital as well as training and technical assistance; 67 percent are providing peer mentoring opportunities.

There are an awful lot of mentoring circles that are formed by cohorts of women who are going through classes. Group counseling, 53 percent of people who want to kind of learn to gather in a group, not just a training session; 35 percent women's business certification such as with WBENC, and 13 percent also provide business incubator space which is, you know, a very good way for startups to provide low-cost overhead and also to share and mentor with others.

So, that is the variety of what Women's Business Centers do.

Ms. Sanchez: Thank you.

Scott.

Mr. SNAIR. Typically, a Veterans Business Outreach Center, of which there are 16 in the United States, has several hundred veterans, I would say, split evenly between veterans starting up and veterans who currently own their business and either want to (a) expand and hire more veterans or (b) want to register themselves as either disabled veteran-owned businesses or veteran-owned businesses so that they can partake in some of the targeted contracting that exists for veterans on the Federal level with, for example, the Department of Defense, Department of Transportation, or the VA itself, and then finally the Department of Labor.

Something I was very surprised to find when I started this center a year and a half ago was that many veterans who came to me had been diagnosed as incapable of functioning at a regular workplace either due to severe physical disabilities or due to mental health issues.

And let me tell you, when a veteran walks in and says, hey, pal, you are all I have got, you know, hopefully I can start a business with your help, it is very touching.

When you see somebody like that make a go of it by securing an SBA-backed loan and going forward with really a clever idea that allows that person to work out of his home or out of a shop, it is very rewarding and very touching.

I do not have the numbers comparable to, for example, a Small Business Development Center, but I would say it is a very specialized population, and I do want to say the numbers are growing exponentially.

It took me a year to get to a little over 100 clients but it only took me a year and two months to get to 175 clients. So, I think the word is getting around.

To answer your specific question about training versus mentoring, I would say to the extent that sitting with a veteran and writing one-on-one his or her business plan that he or she can go before a lender with, I would say that falls under counseling.

Maybe one-on-one training regarding how to maneuver the roadblocks the center for veterans enterprise has kind of put up hoping to screen out fraudulent veterans organizations, you know, showing them the right way to register so they actually secure that registration, I would call that one-on-one training. And again, I would say about half and half.

Ms. SANCHEZ. Great. Thank you.

I would like to go to SBDCs and SCORE. Given the current budgetary climate, I think it is very important that we have a clear understanding of SBDC and SCORE's funding structure at the national level.

Could you just describe that structure, that funding structure; and if you could, delineate what percentage of your funding comes from federal sources, what percentage comes from state and local government but not federal sources, and what percentage comes from nongovernment and/or private sector.

And for private sector, if you are able to split up how much you utilize volunteers as part of that private contribution and what is remaining.

Mr. YANCEY. Thank you, Ami.

As you well know, the appropriation that SCORE receives from the Congress is $7 million and represents roughly 52 percent of our total funding on an annual basis.

Our chapters raise between $3.9 and $4 million a year in support for the SCORE program. That comes from workshop fees, seminar fees, as well as donated revenue.

Our foundation also contributed in 2010 $2.8 million or roughly 20 percent of our total funding, and total funding for the year was just over $14 million.

We also received in-kind support from various organizations to help us with technology or space or other needs. Like our colleagues in ED, we estimate in 2010 that the value of that in-kind support was roughly $2.4 million.

We do not, for the purposes of reporting, capture a value of our volunteer time. SCORE volunteers in 2010 gave 1.3 million hours of service. Depending on how you value that service, Independent Sector which is one of the most prominent volunteer organization conglomerations, associations, whatever you want to call it, estimates that on average the value of a volunteer hour of time in the

U.S. is roughly $18. If you look further, you will find that volunteer management technical assistance runs somewhere between 70 and $80 an hour.

So, you would be looking between $18 to $20 million and about $100 million in terms of value of the contribution of a SCORE volunteer from a time standpoint. But again, it is not a number that we accumulate and report on from an audit perspective.

Ms. SANCHEZ. Tee.

Mr. ROWE. Well, SBDCs, as you know, receive a regular appropriation from Congress. Last year it was $112,200,000 I think after the recission. But for the last fiscal year, full fiscal year 2010, it was $113 million.

In the core program $107.5 million of that was what we call sort of our foundation. On top of that the SBDCs receive about $150 million in cash contributions from their host institutions, state and local governments.

On top of that is in-kind contributions that a lot of SBDCs no longer track simply because, as Ken said, tracking volunteer hours, it gets to be essentially a budget nightmare. And as the SBDC program has grown over the past 30 years and we have developed the relationships with the host institutions, the cash match as appeared, where the statute says it can be 50–50 cash and in-kind, it has essentially become one-to-one cash, and in-kind is the other side of the coin.

To give you a rough idea, I would venture to say that the total value that we leverage the $110 million, $112 million into it is over $300 million in services to small businesses.

Again, I cannot quantify the value in the hours at a college or university when a business school professor is lending his or her time in helping one of our counselors. Our counselors are doing over a million and a quarter hours of counseling.

On top of that, they are getting assistance from the schools. Frankly, we just, yeah, it would be an accounting nightmare to figure it out exactly. But it is safe to say that the support from Congress is being leverage at least two to one.

Ms. SANCHEZ. Clinton.

Mr. TYMES. Let me just add to what Tee says. At the university we do not track in-kind either because it just has become a nightmare.

But just using Delaware as an example, our overall budget is about $1.25 million when you put all of the programs together. Our base funding from SBA is $627,000.

So, we have been able to leverage that with state funding, with support from the university and the private sector, you know, well over $900,000. That is just in Delaware.

Mr. ROWE. If I could just chime in quick because I got a little pie chart from one of our SBDCs. It is Oregon but it is a very good example.

49.5 percent of their funding is coming from states and local; 34 percent is the federal funding, and the other 15 percent is private sector support, et cetera.

Now, that private sector support sometimes varies wildly. Last year—now, this year things in California, apparently their budget is in better shape. So, they will be receiving support from the state.

Last year, the six SBDCs in California received no state support but got all of their match from private sector support: foundations, chambers of commerce, banks, private industry.

So, it does fluctuate but obviously the SBA support is that seed corn to everything we do.

Ms. SANCHEZ. Diane, do you have questions?

Oh, I am sorry.

Ms. WEEKS. I just wanted to chime in even though Women's Business Centers are a drop in the bucket compared to those budgets, the $14 million from the Women's Business Center program we have estimated it as leveraged up to $60 million in overall program activity because of the fact that on average the Women's Business Center budgets, 39 percent comes from the SBA. The rest come from other federal money, state money, corporations, program revenue, other sources, that sort of thing.

The average budget for a Women's Business Center is about $500,000. It ranges from a low, in our survey, of $100,000, and that is probably one that just got started at the beginning of a fiscal year, up to the biggest one is like a $3 million budget. So, there is quite a wide range.

And I should also add that there is a five to one ratio of volunteers to paid staff. On average, our Women's Business Centers have four paid staff and five times that many volunteers. We do not track the hours of the volunteers but we are leveraging a lot of money and sharing a lot of staff with SBDC, SCORE counselors, and that sort of thing.

Ms. SANCHEZ. Diane.

Ms. DIETZ. Thank you, Ami.

I would like specifically to ask Tee, and I appreciate Ami setting the stage for us. As you all know, this is a political environment where the debt ceiling conversation is ongoing and will continue in the coming weeks, and budget cuts are particularly necessary to alleviate the federal deficit. Because each of you understands budgets and understands the limitations of those budgets, I believe you are very wisely leveraging that money.

But I would like to ask Tee, under the current financial situation that we find ourselves in, what are the challenges faced by the SBDC program?

For example, I know that SBDCs received a 9 percent cut, although you did receive $50 million in the Jobs Act that eased that cut. So, I am curious because in this budgetary environment, you do handle a tremendous amount of outreach to the small business community.

What are the challenges you are seeing right now when we are looking at a jobs report where unemployment is unmoved from the month previous?

Mr. ROWE. Well, the 9 percent was proposed in SBA's budget in the last fiscal year. Under the continuing resolution, we essentially stayed the same. There was that small recission.

I think the continuing issue that SBDC's members have is always going to be making sure you acquire the match and the support from the host institution. Now, a small state, for example, like Delaware or Maine, has a base level of funding in the formula of about $627,000. Then they have to go out and match that.

In a fiscally challenged state budget, you know, Connecticut is a good example, but sometimes you are scrambling for loose change in New Hampshire and Maine too.

Those are probably the biggest single issues. So, we are always trying to work with our members to develop additional sources of assistance.

The accreditation process which is the, I guess for lack of a better word, we used to call it the certification process. The accreditation process for SBDCs, one of the key tenets is that there has to be a solid commitment from your host institution, whether it is the University of Delaware or the University of Maryland or the University of Georgia or the State of Ohio or whomever, they have to be committed to you, committed to your mission which brings up what Clinton said.

The SBDC ends up being integral to the state's economic development plan; and if you are not integral to that, then you have got a problem; and it is becoming part and parcel of that that drives us to make sure that we are integral to the state's plan, they have the support, and that the support continues from SBA.

It is a symbiotic sort of a thing. If the federal support were to diminish, it unfortunately has a ripple effect that sends a bad message the other way to the host institution. You know, if SBA and the Congress do not think you are worth it, why should we pony up.

Ms. DIETZ. Well, knowing how important the dollars are from the SBA to leverage that money, when supplemental funding is available, how important is it, Clinton, for you in a state like Delaware on base funding to sort of be able to tap into those funds? I know it is per rata, if at all, and that is based on population and the number of people you are serving.

But you are in a very base budget here. It sounds like you have a big mission and you are really making those dollars work. So, how important is not only your funding but the possibility of supplemental funding?

Mr. TYMES. Critical. You know, I mentioned the numbers that we are able to leverage, and we are able to leverage that because we can go to the state, et cetera, and say we are leveraging two or three times. So, at that point it becomes critical.

In terms of supplemental, it is important to us. This year I must say it is not pro rata from my understanding. If it is pro-rata it would be absolutely tremendous for us. But from my understanding the way that it is set up——

Ms. DIETZ. What would you do with it? What would you do?

Mr. TYMES. What would we do?

Ms. DIETZ. Hypothetically of course.

Mr. TYMES. Number one, we have an opportunity. Tee mentioned becoming an integral component of economic development for our state and our host institution, and what we would do is the following.

One, the Delaware SBDC is a unique model, a unique model in that we are housed not in the college of business and economics but we are housed within the technology transfer office of the university which drives innovation to the market place. So, we are unique.

We have been able, because of our technology designation and a number of other things, to be at the table what we call the intellectual property committee which determines the future of all innovation at the university and the state.

Now, we are at that table. What we are going to use those dollars for is to increase our capabilities to make sure that we are able to stay at the table and continually contribute to those missions.

So, professional development in terms of different business development strategies and different intellectual property strategies so that we become ingrained again to Tee's point and become an integral component of the university.

They have recognized that, and during tough times, yes, they have come to the table recognizing the value that we contribute there.

So, that is how we would use those dollars again through increasing the capabilities and resources for databases to determine the market feasibility of new and innovative technologies so that one can make a decision whether or not to go forth with the patenting process, as an example. Should we license or should we do a spin out at the university in terms of a small company.

So, that is how we would use the dollars and again become an integral component, an indispensable component of the economic development strategies of our host as well as the State of Delaware.

Ms. DIETZ. Excellent. Thank you.

I just have one more question and then I will turn it back over to Ami. And that is for Ken.

Ranking Member Snowe loves SCORE. SCORE is a wonderful program. It is literally powered by the sheer determination of volunteers who have a wealth of knowledge, and just as Ami mentioned when we had our SCORE reauthorization roundtable a couple of months ago, we had nothing but people singing its praises.

Ranking Member loves that you take a team of volunteers with a small amount of money and you send them out and they do fantastic work.

My question is in fiscal year 2010 SCORE distributed $2.5 million of the $7 million SBA federal appropriation to the districts and the chapters that are delivering these services.

And I am wondering if the lack of specific direction in the Small Business Act or by the SBA is something that we should address because my understanding is that yourself and the COO of SCORE actually makes that determination.

Can you kind of describe to me how the budget is broken down and how that money gets out and how much typically gets out because it sounds like you had a $14 million leverage over all of the program?

So, can we talk about, as the discussions go on about expanding SCORE, how the breakdown would be, would we get more money to the states?

Mr. YANCEY. That is a very good question, and we certainly appreciate the Senator's support.

Today, the way that we distribute the budget is based on performance from a field standpoint. We do set a dollar amount cap

that will be distributed directly to the field for their purposes in spending.

That is done based on volume. It is done based on growth. It is done based on market penetration; and then as you know, we hold out a percentage that we allow ourselves to make adjustments.

Adjustments are based on the impact of change in a market place that are due to reasons that may or may not be controllable by our volunteers.

New Orleans was a good example many years ago with the hurricane. Most of our volunteers moved away and did not come back. But we knew that we needed to invest more there to make sure that we could re-establish and be valuable and help with recovery. So we did. That is the way that is used.

In the event that there could be agreement that SCORE would receive additional funding, the answer is absolutely yes, more money would go to the field.

In terms of total going to the field, roughly two-thirds of the budget goes to the field directly and indirectly. Indirect support includes things like the materials, publications, Web sites, other educational pieces.

The requirements, the data collection requirements that we have under EDMIS through our own system, all of that is provided by a national system. This support is an indirect contribution.

We do look also to expansion opportunities, and in the event that we had additional funds in 2012 or beyond, we would be looking at markets where we believe we can do more and better which, quite frankly, include just about every market we are in.

The ability and the need for us to expand and partner and figure out ways to better leverage existing services that are in a market, whether it be a Women's Business Center or an SBDC or any other, Chamber of Commerce or any other program I think is important.

That would include, and I know the Senator is particularly sensitive to, the needs of rural communities. We believe that we can partner with anchor organizations that are already existing in those communities and provide services beyond what is already available.

Correct, like the people here.

And offer sometimes unique services that might not already be there. For example, while the Women's Business Center may have a fantastic presence in a small market, they may not have an expert in international trade. If they don't, I do; and I have the ability to get that service to that market in an electronic fashion either over the telephone or, in many instances, face-to-face.

So, we believe that we can provide skills, unique skills and abilities, and talents that are not resident and can work with anchor organizations that are already in place to continue to add value in those communities.

And assuming that there would be an increase, we would certainly use funds to do those things.

Ms. SANCHEZ. Great. Thank you.

We have two representatives from the entities that provide these types of services that are not officially SBA resource partners. One,

like UEP in the nonprofit world and then a for-profit representative.

I would like to ask you two if you could provide a background on what your entities do, how you provide your services. And really for Vistage, I would like if you could, to the extent that you provide mentoring not just from experience, chairs or counselors, but amongst each other in the businesses that are part of your organization, how important is that to the success of what you are doing?

Mr. WILLIAMS. Again, thank you for having us here. The UEP is a program of the Kauffman Foundation out in Kansas City, Missouri, and our focus is a little bit different.

We have touched locally all of your organizations at one point or another in our work that we do. But we look at ourselves as an extension of the work that the SBA programs do because we focus on scalable firms in underserved areas.

So, that is our mission, to really try to move that needle. And so, we work in a different kind of model where we think mentoring and coaching are both important but they are different. So, we separate those. We think volunteer and paid employees are both important but we separate those as well.

And we work on the side of the coaching and the paid coaches, on that model, because our businesses are probably at a different stage than some of your businesses, although we get some of those clients that come into our doors and we refer them out to some of your organizations.

And so our focus is twofold. One, we want to make sure that we have the stats behind what we do in terms of trying to extract the best practices. So far we have trained approximately 2000 entrepreneurs.

We have offices on the Gulf Coast. We have a small amount of local government funding there but most of our funding comes from foundations, and we have increased the profitability by these clients by 24 percent over the past five years and their revenues about 44 percent.

We collect over 250 variables on every entrepreneur. We want to make sure that we understand what these levers of success are so when we go to replicate, you know, that we are extracting the best practices.

But I think that it is very important in terms of working with these other organizations. I mean, I think there is a linear path. I think sometimes we may get caught up in our organizations as opposed to what is best for the clients.

And when you look at clients that are out and we have the ability to, say, we have a better mousetrap, the entrepreneurial dream, there should not be any seams in that process. It should be from startups, from the small veterans that can move to SCORE, that can move.

But I think on the other side of the lever I think Mr. Bottary here and what the UEP does, we do not have a lot of government support. So, when the entrepreneurs get to that level, for example, in Detroit we are working with 150 of the top minority auto suppliers. Their revenues range from $1 million to $500 million.

So, we have businesses at that level that we are trying to help and transform or diverse their manufacturing portfolio, and we do not have any government support to do that. It is all philanthropic.

I think it is important because at the end of the day what we are all looking for is impact on communities in terms of the economic impact.

I think anything we can do to create that linear process with a seamless integration from the beginning to the end, because we know no small businesses create all those jobs, and you know, that is the economic engine that will bring us out of this recession.

Anything we can do to encourage that I think is important.

Ms. SANCHEZ. Great. Thank you. I appreciate that and maybe there are some things we can learn in how you are utilizing your approach to serve small businesses in that. So thank you.

Mr. WILLIAMS. Absolutely.

Ms. SANCHEZ. Leo.

Mr. BOTTARY. Vistage has been around since about 1957. Some of you may know it as TEC, which was The Executive Committee. It changed its name back in 2006.

Probably to look at the audiences we serve, we could break them up into four groups. Largely they are chief executive officers of companies that are usually in excess of 25 employees in the $5- to $50 million range. We do have about just over 900 companies that would be over $50-million and about 300 of those over $100-million in size.

The next group would be CEOs of what we call small business in terms of our SB group or $1- to $5-million companies under 25 employees.

Next we serve key executives. For many Vistage CEOs who get the value of the Vistage experience, what they want to do is make sure that maybe some of their key executives get that as well. So, it helps kind of improve the bench strength of each of these companies. So, key executives are a third group.

And fourth are trusted advisors. Those are typically those who counsel and provide consulting services to CEOs.

So, as a member, for example, so let us say I am a chief executive of a $5- to $50-million company. I would be part of a peer advisory group.

So, in my city or county or wherever I am, I would be part of a group of 12 to 16 CEOs that would be led by a Vistage chair who is also a former CEO and our Vistage chairs go through very extensive training not only prior to becoming a Vistage chair but throughout.

And they facilitate these group sessions where effectively CEOs who are otherwise just sitting in the chair alone having to make decisions for the good of their organization want the benefit of being part of a group where these CEOs are not competitors.

By definition, we form these groups in a way where there are no competing companies but yet at the same time they share very common challenges and they worked together to do that.

The second part of the Vistage experience is they get one-to-one coaching. That chair provides them monthly one-to-one mentoring session throughout the year.

Third, these group meetings that I am talking about are full day sessions. They meet once a month and for eight of the twelve months, there is a Vistage speaker. We have about 800 of them in our stable of, I think, world-class speakers who speak to topics that the chair believes are most relevant to the group.

So that is their training. They are very intensive workshops. They typically last the morning, and then I would say the next leg of the stool here really comes in the form of what we talk about as content and connectivity.

So, whether it is through our Web site or white papers or all the ways, they can engage the content that we can provide our members; and in addition, they network with one another on everything from national conferences to all-city meetings to online engagement.

I guess, getting to the third part of the question, just briefly, is this idea of mentoring, training, and counseling. And it is so interesting as I think as we talk about this we all kind of have our own lexicon, I think, with regard to what those things mean.

I think on the mentoring side, I would suggest that the one-to-one coaching really is the heart of what we would talk about as mentoring at Vistage.

I certainly think the training that both Vistage chairs get in preparation to lead a group or with regard to the speakers that come not only to the Vistage meetings but to other such gatherings are really, really important.

And then I would say on the counseling front what I think is very interesting about our model in this regard is that we do not provide consulting services or counseling in quite that way.

It is a process that we have that we refer to really as issue processing that helps these CEOs who face difficult challenges to really come to their own conclusions by asking really good clarifying questions, by working with them directly so that they come to their own conclusions, and I think that is so they are not getting advice pushed on them. It is really coming to them.

I think ultimately what is really beneficial is when you are part of a group like this and you are showing up to this group each and every month there is an accountability factor that is very much in play here so that as people get together with mutually agreed upon action steps, what is the path forward, what are we supposed to do, they are accountable to their group every month to say how is that working out for you, you know, how is that going?

And it is a group that really keeps you on task and accountable. In many respects I think that is part of why Vistage has been successful. Our retention rates are just over 80 percent and the average tenure of a Vistage member is about 6 plus years.

So, that is the quick overview of what Vistage is about anyway.

Ms. SANCHEZ. Great. Thank you. Following up on this collaborative approach model that you describe and the value of mentoring, Julie, you had mentioned both training and mentoring, in this collaborative approach as well, being critical to the services that the WBCs provide.

Can you describe in more detail, is there a formalized process for ensuring that those two are reconciled to the extent that their trainings are one hits versus this one-on-one counseling which de-

velops the relationships over a period of time and what mechanisms that the WBCs employee in and of themselves to ensure quality control and ensure that there is a real good return on investment for taxpayers on this?

Ms. WEEKS. That is a good question, and one of the values of Women's Business Centers is that there is not a one-size fits all of cross all 110. Part of the unique characteristics of them is that they do different things in different regions.

So that said, I do not know if we can say that there is one key way that they perform those services. I know that up until a few years ago, and maybe Holly you can help answer this question, there were formalized mentoring roundtables that OWBO and Women's Business Centers did in most if not all of the Women's Business Centers. That was back I do not know maybe 10 years ago. It was probably before your time.

And I do not think that officially exists anymore, and actually it would be a good idea perhaps to chat about revisiting that because there is not right now a mechanism to ensure, I do not want to say uniformity, because I think that goes against the grain of the local flavor that Women's Business Centers have.

But, not to dodge your question, I want to answer it by pointing to a research study that I did or we did when I was at the National Women's Business Council.

It was actually really interesting looking at mentoring for women business owners around the country and it found that there were three different ways that it seemed to go by size and growth of business.

At the very beginning, mentoring was a one-to-several teacher and a small group of students I guess you could say, and that was those Win net mentoring roundtable things that were happening at Women's Business Centers at that time.

Then, at the middle stage of growth of a woman-owned business, it seemed that the existence of mentoring was more mentor protege pairs. Then at the higher level, it was much more the TEC/Vistage/women presidents organization peer group mentoring.

And this was an assessment of what is as opposed to perhaps the ideal of what should be. So, I think we could have a conversation about what should be. But that looked to be the range of what is going on in the women's business community in terms of mentoring.

I hope that at least partially answers your question.

Ms. SANCHEZ. Yes, that is absolutely right.

Diane, do you have anything you would like to review?

Ms. DIETZ. I would just be curious especially from Clinton and from Scott, if you could talk about—we have already talked about some of the coordination you have in leveraging and university partnerships—so I would also be interested to hear if you have any best practices for the public-private partnerships that you have built up over the years or learned from somewhere else and how that propelled your programs and your centers forward.

But before you can answer that, I would like to ask Holly what the agency is doing to encourage the collaborative approach that is so necessary, particularly today in this budgetary environment?

Ms. SCHICK. Thanks, Diane. We have actually taken several steps to move the ball forward in that regard, and I think one of the things that we do is establish a national framework for these programs to operate, and that is just the basic of how we do business, and that helps us with the consistency of services which, I think, is fundamental to how they collaborate and work together.

One of the things that we do is just in a formal way in the program announcements, those are the formal SBA vehicles that we put forward to say this is what the statute calls for you to do, this is what the agency and Administration see as a national economic development agenda for priority items.

So, we put all of that into the program announcements that get provided to the resource partners. In those documents we have a very specific statement that says you all will collaborate, you all will play nice, you all will do all of these great things. So, that is our formal statement.

From experience I know personally that if these programs were not doing the collaboration and the partnering that everybody wants them to do, they would not be successful.

It is incumbent upon Clinton, the SBDC, WBC's and the SCORE chapters, they become part of that local fabric; and if they do not, it hurts them in terms of their reputation, their client draw in the community.

So again, we make that formal statement that says you all will do that. I think we also have, and I will talk about the SBDC program, through the accreditation process that Tee and I think Clinton referred to which is a peer quality evaluation process.

There are components in that review that talk about your relationship to your customers, to your stakeholders, and all of those things. And again, the centers would not succeed if those things were not in place.

Our challenge at SBA is to provide the framework for what everyone should do consistently but also to be able to allow enough breathing room for them to get into those local markets and customize their services, because in every market, and I think Julie and Ken were talking about that, if there was not an international trade expert and one of WBCs, Ken's program or an SBDC might, indeed, have that, and that local network is really, really important so that again it is seamless to the customer as Daryl said.

So, I think back to that accreditation process for SBDCs, that is really important because again they cannot do their job unless they are connected and hooked in.

So, SBA wants to provide that framework but also give a balance and allow them the freedom to establish those relationships as need be. It is a balance, and so, we are looking for ways that we can help move the ball forward and certainly welcome any input and dialogue from folks that we can get.

We also have research that shows through our impact studies, as well as other studies that the individual resource partners have done on their own, that speak very specifically to the niche markets that these programs in kind of a standalone fashion where their primary market is.

And that research tells us that these programs really target the statutory mission of what they are supposed to be doing, and it also

tells us that they implement that in an excellent way in their local marketplace and adjust accordingly depending upon the resource mix, because we do not have one of everyone in every market.

Our challenge I think again as we move this ball forward is finding ways to facilitate, ways to encourage, ways to measure that perhaps we have not yet mastered, and it is tough to really measure.

It is one of those things like you know it when you see it and when it is working it is really good. So, we are trying to get our arms around how do you really measure that? We do not want to layer on a whole other level of reporting kinds of things.

We get in their narrative reports from the different centers. They talk about best practices in terms of collaboration and all of those things, and we try to add annual conferences and convenings of the group, try to profile some of those folks who figured out how to do it right, and so that we can put them up in front of other folks so that people do not have to reinvent the wheel all over again.

Those are some of the things that we are trying to do, but again, finding that balance between how we incent and how we provide the framework but not yet be really oppressive in terms of the reporting and all of that.

We are trying really hard to see where we can move next to keep it building.

Ms. DIETZ. Julie and then Leo.

Ms. WEEKS. Women's Business Centers at an individual level are extremely collaborative and we have asked in our surveys in the past, with whom do you collaborate and what do you do with them?

And virtually all of them are working with SBDCs, working with SCORE. Other collaborative partners that are interesting at least in our world is model chapters and the Association of Business Women Owners [off microphone] have a relationship with.

What I would say as active as it is at the local level there will be a couple of words, at the national level we are not talking as much as we ought to [off microphone]. I do not think it needs to be something mandated or whatever, but I would pledge that the three of us plus you and SBA get together and chitchat about what is going on in our worlds, what can we do more of, because I think the collaboration that is happening now is that we are at the ground level and we really ought to kind of do more talking, and I am sorry I forgot to push my talk button.

Ms. SANCHEZ. Julie, I think that is an excellent idea and I know Chair Landrieu would be extremely interested in seeing that type of conversation take place and what progress results afterwards.

Mr. BOTTARY. This whole issue of collaboration is so interesting as we are all talking about it, because I think we are really taking baby steps toward getting better at it, but we have a long way to go.

We are not natural collaborators in many respects. We are brought up, we go to school and we are hiding the answers from the person next door to us sitting at the desk for fear because God knows it might help them do well.

Yet, we go into companies, we are asked to work together; and even working together within the organizations can be a challenge.

If you can imagine organizations having to work together in that way.

The June issue of Harvard Business Review dedicated the entire issue to collaboration; and I figure if we were any good at it, they might not have necessarily done that. So, they felt it was obviously necessary to cover that ground.

I will say that there are certainly a lot of organizations that have values statements or posters on the walls or things that appear on annual reports; but I will say that the people who started Vistage, so it has nothing to do with anyone involved with it today.

But they have been enduring and, I think, are really critical to this notion of successful collaboration. And those values are trust, caring, challenge, and growth.

That at the end of the day, you have got to trust one another. You have to be able to convince someone that you care about their success.

And when you challenge them, if that challenge comes from a place of caring, people will accept that, and I think work with that and know that it comes from a good place.

And then in the end if that can fuel growth which, of course, we hope builds trust and we continue that cycle, we have got something I think really powerful.

So, to the extent that that is remotely helpful as we are sitting and thinking about how do we improve upon the way we collaborate, it is certainly a good start and it has worked very successfully for Vistage for a long time.

Ms. DIETZ. I want to recognize Clinton but I will say that the Chair, the Ranking Member and I have sat with Ami in many meetings and with Julie and with many of you, and we do talk about data, and we do talk about collaboration, and we strongly encourage you and will be speaking with GAO very shortly, strongly encouraging you to work together. They all work together and it is a tremendous impact for communities that desperately need tremendous job impact right now.

So, Clinton, I'll turn it over to you and Tee.

Mr. TYMES. Sure. First, I just want to say to Leo I was just on your Web site last week. We are looking at doing a peer-to-peer for technology-based businesses. I went to your Web site but we are going to talk afterwards.

But I will say this in terms of collaboration, the Delaware SBTDC could not do its job without our resource partners. It would just be impossible.

As a small state we all do the same types of things. We provide information. We do counseling. We provide the training, et cetera.

And what we have been able to do in Delaware is, our target audiences are different, and I think that that is the key, that our target audiences are different.

So, as example, we do a starting out in business program, and we go through all the regs and do the business plans, et cetera, but it is more of an assessment as well because what we are trying to do is determine at what stage of development that person is so that we can refer them to the agency that is best appropriate for their deeds at that particular point in time.

So we work closely with our resource partners. We have done on the occasion some co-counseling, to be honest with you. And in Delaware, with the high priority on technology, most of our SCORE consultants have come from the Dupont Company and Hercules.

So, we use them. I mean, these are the guys that have brought new innovative products to market. That expertise is tremendous so that is how we go about that leveraging.

There was a couple of other things I just want to mention. Diane, you had mentioned private sector collaborations, and I will just mention a couple in terms of what we have done in Delaware with the private sector.

One is a procurement conference as an example of where we get a lot of private sector companies to sponsor a procurement conference. Another is a collaboration that we do with McDonald's and the Marriott and the university, and it is an entrepreneurial summit and this is targeted to historically Black university and college students who are in the hotel and restaurant management majors. They are in terms of entrepreneurialship franchising with Marriott and McDonald's, et cetera. Another is with J.P. Morgan Chase chasing a dream. We go in and work with kids. This is a summer camp on entrepreneurship. So, these are some of the things in terms of the public and private partnership.

Lastly, I had a note here we were talking a little bit earlier about quality control there. From the SBDCs' perspective, quality is paramount. Holly and Tee have mentioned the accreditation process. The whole point of the accreditation process is to go into a program and determine if, in fact, that SBDC is meeting the needs of its local community. And if you are doing so, how are you doing it. Number two.

And number three, is it working; what are your measurements and how are you measuring quality? From an oversight perspective, the SBA through project managers call our clients.

The Delaware SBDC we send out customer service questionnaires a few months after we have seen a client. We also do an annual survey of our clients through Chrisman, the ASBDC economic impact study there. So quality is a critical factor, and we do measure it through a number of mechanisms to make sure that we are providing a quality service and at the same time meeting those needs.

Ms. SANCHEZ. Great. Thank you.

With regards to accreditation, is it mandatory for every SBDC center to be accredited? I do not know if we have this information, but if you do, can you tell me what the ratio is of those centers that are accredited through the process versus those that are not accredited and/or do not make it through the accreditation process?

Mr. ROWE. Every SBDC network is accredited. You have to be. If you are not accredited—what essentially happens is, well, the team goes in the whole process; but if the network fails the accreditation, that report goes to SBA and then basically, for lack of a better phrase, SBA has the option of either saying you must take the following steps to remedy as recommended by the accreditation committee or we will just pull your ticket, and at which point they put these services of the network up and do an RFP and say, will somebody, can some other institution step in.

Now, and I e-mailed you and Diane earlier without wanting to inundate you with like a wheelbarrow full of paper because accreditation is a very serious and time-consuming process, and we are doing 16 reviews a year so that every SBDC is getting accredited every four years.

Now, that sounds like not very often. But in the interim, of course, all the processes that have been put in place in the accreditation process are then being reviewed annually by SBA when, as Clint said, the POs come in and they do the reviews and they are going through all of the files that a counselor has, they are picking out random clients, and they are discussing with those clients the quality of the services.

And that is on top of the individual customer service surveys that are being sent out. And just for instance, I know in Louisiana when Marilyn sends it out and it is 60 days down the road, and she wants the responses from the client, and then if she is not getting the response she wants, somebody's head is rolling.

And on top of that, there is a professional development requirement in every SBDC for all the counselors on top of your counseling hours and your client impact metrics.

It is a huge process and a very serious one as to what the key performance indicators are for our business advisors and counselors, because it all revolves around making sure that the clients we are working with in the community, they are getting the assistance they need, not the assistance we want to give them, the assistance they need, which is why on the other hand we have 63 networks and probably 63 different customer impact surveys.

But at the end of the day, no matter how you slice it, and I sent you all just a sample accreditation report. I can give you all 63 if you really want to wade through it all.

But it goes through in painstaking detail what you have, what you do not have, how you have met your strategic planning and your goals, how you failed, and whether you have met the conditions or not.

It is a peer review process, but it is a pretty tough one. People are fairly objective about it, to say the least.

Ms. SANCHEZ. Thank you. Julie and then Clinton.

Ms. WEEKS. I just want to say that while the Women's Business Centers are not formally accredited, there is an assessment process that has been going on for the last couple of years whereby, and Holly can chime in with the exact number, but I think almost all of the Women's Business Centers now have been visited by some of the same accreditors that the SBDC has used, and there is a quality control process that is going on and that will continue to evolve to make sure that Women's Business Center people are doing things in the correct way.

And certainly all the customer satisfaction surveys and whatnot that have been done by Concentrance that are evaluating the three ED programs on counseling which is our only sort of area of overlap of all three of us, the customers are equally satisfied with our different methodologies.

And one little thing I would add on that, it can come maybe later with the recommendations for how we might be able to change and improve things, is that the Concentrance study is only looking at

counseling. The Women's Business Centers, for example, do so much more that we are not getting evaluated on; and that would be a really useful thing to improve.

Mr. TYMES. I just wanted to mention that, one, I have served on the accreditation committee of our national association. It is a grueling process.

And the standards by which we have established, which is, I do believe, it is about six standards at this particular point in time, are all patterned after the Malcolm Baldrige standards for quality. So, that is the basis of our accreditation process itself.

Having served on the committee, I will say this that we have had a number, will have a number, a couple of programs where, say, accreditation has been referred because certain standards have not been met.

However, before you can pull a program, there is a process by which a plan is developed that is monitored by the accreditation team as well as the SBA so that we can make sure that the program is brought up to standards which again the whole accreditation process is about establishing standards so that all SBDCs are operating on say a standard level at minimum, if you will.

Ms. SANCHEZ. Great. Thank you.

Mr. Williams and then Holly and then I think Diane and I both have questions for Mr. Shear about this concept of collaboration and quantifying that.

Mr. WILLIAMS. Yes. I think that what we are talking about here is so important in terms of collaboration not just within the SBA organizations but between SBA organizations and the ones who are out in the philanthropic community and in the for-profit community.

I know I have talked to a few of you already, and I promise we will reconnect. I have talked to Julie and said we will reconnect.

I would like to offer to hold something in Kansas City at the Kauffman Foundation for all of us and maybe some more people outside of this to come to Kansas City and look at the idea of standardization of how we measure things, the idea of how do we have a linear process between our organizations back to your point, how we can effectively use government resources and philanthropic resources and private sector resources to really have this process of really leveraging what we do in order to make sure we are providing the best services for the clients.

So, if you have a sheet of contacts, I would love to have that so we can maybe offer that to everybody here.

Ms. SANCHEZ. I think that is a great idea. That is fantastic. I love it. We are not even done with this roundtable and we are already working on the next one.

Mr. WILLIAMS. Right.

Ms. SANCHEZ. That is awesome.

Holly.

Ms. SCHICK. Just two quick points. One follow-up to Julie's comment about the impact study in counseling. We have just undertaken a pilot impact survey for training specifically for the Women's Business Center because we understand that a large percentage of the deliverable on the outcomes are realized from the training impact and the training activity that we do.

So, we are trying to get started with that to really evaluate what training contributions will mean to customers' ultimate impact.

And second, if I may, I would like to call on my colleague Ken Yancey who is quiet in this conversation about quality. SCORE has implemented a very rigorous quality improvement process. And then when you are managing a very large national network of volunteers, you can imagine how difficult that is.

So, if I may turn it over to my colleague Mr. Yancey to speak to that I think we should not end the conversation without that.

Ms. SANCHEZ. Actually, I think that is great. We collectively as a matter of form refer to resource partners as one big group. I think it is really important to note that one size does not necessarily fit all. It usually does not fit all.

There are different programs to meet different needs and there are different ways of going about it. I think, as Diane mentioned, utilizing private sector resources particularly individuals with particularized knowledge and skill set to assist business owners is incredibly important and the quintessential utilization of leveraging private sector.

I mean, do you fire volunteers?

Mr. YANCEY. Yes. Yes, we do.

Ms. SANCHEZ. But I like Holly's point about how when you are using that specialized expertise and free in-kind contributions in that way, how do you assure that you are providing quality services?

Mr. YANCEY. Please excuse my silence. We do a lot of the same things that are being done by the other organizations. We call our process chapter minimum standards. The chapter is reviewed against minimum standards once every two years.

It emanated years ago from a question that we used to get about whether or not a chapter was a unit member in good standing within the SCORE association. We felt that we needed a way to measure that, and so now we do.

We recognize chapter performance levels on an annual basis. We have three tiers based on criteria that has been set collectively within our organization. From a quality standpoint in terms of the specific volunteer, we actually follow-up with every client using a net promoter SCORE process.

Most of you are familiar with net promoter scores. I think the book was called The Ultimate Question. And the question is, on a scale of zero to ten, how likely are you to refer a friend, a colleague, a family member to this service?

I have a net promoter score on every volunteer that counsels. So, we can look out across the organization and say, well, this individual has an 8.6 but this one has a 2.5 which leads us to ask a question, not to say that one is doing a better job than the other. Often it is driven by the expectation of the client.

I am sure it does not happen in your programs but occasionally a client comes to us expecting to walk out of our office with a grant; and when we do not provide that grant, we typically do not meet their expectations; and when that happens, the net promoter score is low.

But it also tells us that we have got to do a better job on the front end of having people that utilize our service understand what

they should expect. And so, while it is a bit humorous, it is also something that we take seriously and we know that we need to work on.

The other thing that we have done recently related to quality, what we found as we have begun to measure client satisfaction and more specifically client engagement, in a partnership we had with Gallup we found that over time SCORE services have become more transactional than relationship oriented.

That is concerning to us, and so we have entered into a partnership with Gallup and the Deluxe Corporation Foundation developed a proprietary counseling methodology that is not intended to tell our volunteers what they need to know about business processes.

It is training our volunteers on a counseling process that is five steps that is intended to result in longer term relationships, and part of that step is a question that they need to ask that is collaborative in nature.

Is there another organization in the community that can better serve this client's needs? If it is technology transfer related and it is not with Clinton, then we are not doing the client justice.

If they are a veteran and there is a veteran service center in the area that is better able to serve, we have to get that client there. That does not mean we do not follow-up after the fact, but we need to get them there, and then we will call them.

What did you find out? What are you getting? Is it working for you? How can we help? What are your next steps? And the next step, maybe we send them to Julie or we send them somewhere else.

But I think that our role as an organization is certainly to help create jobs and create businesses but we do not have to do that in a vacuum and do it only with our volunteers.

And so our new plan and strategy is to really be more collaborative and that is something that we are rolling out. I think that I agree with Leo's comment, if we were doing a good job of this, the Harvard Business Review would not have devoted June to a very good discussion of collaboration so quality is critical to us.

We are doing a lot of new things and a lot of different things. From a collaborative standpoint, we think it is important enough that we are going to begin measuring referral relationships, not only who we have them with and where they are but what are the results and how can we improve those.

Those are with chambers and with SBDCs and Women's Business Centers and with Kauffman and anybody else. With Leo we have a really exciting conversation ongoing there.

So, thank you for prompting me to suggest this.

Ms. SANCHEZ. Great. Thank you.

Julie and then we will move on to Mr. Shear.

Ms. WEEKS. Just real quickly.

Ken, you have done a really good job over the past few years diversifying the range of counselors. There has been a legacy from like 10 or more years ago of SCORE being the Service Corps of Retired Executives, meaning older white gentlemen. And a lot of the female clients who would come in, it would get sort of what are you doing wanting to start a business, young lady, kind of responses. That legacy still, maybe there is a little teeny bit of it left.

So, I think that what you are doing now with the more relationship oriented is also going to better serve the women who are coming because women are much more relational than transaction. They do not really want to ask a question and get an answer and go their merry way. They really want to talk about it a little more.

So, that will serve you, plus the diversification of the SCORE counselors. There are far more women and far more people who are still business owners, not retired, so kudos and I think that bodes well for ramping up of our collaboration.

Ms. SANCHEZ. Great. Thank you.

So, I think a take away here is measuring, a successful collaboration is often times difficult. The more interwoven our resource members become in providing that seamless service that Mr. Williams discussed, the more difficult it is to attribute the success to any one particular entity or service.

So, I know this is something, these are ongoing conversations that we have had, and Senator Landrieu has discussed this many times about is it possible and to the extent that it is impossible, why or why not? Why can we not measure this effective collaboration? Why is it so difficult?

Mr. Shear, I do not know if you have things to add about quality control and how GAO is reviewing resource partners and having these conversations about collaboration and effectiveness.

Mr. SHEAR. Okay. Thanks. I will say something to tease myself because you know me well enough that I could probably go on for a day on this but I will try to be succinct.

Let me just start with a comment Leo made. A lot of times people do not want to collaborate or, to use Holly's expression, play nice with each other.

We see different personalities express that. We see that in terms of our collaboration within SBA and among resource partners. We see that in looking at SBA with other agencies.

So, we see that, and a lot of times we see certain things happen sporadically because it is just that you might have some people out in the field that I will call out in the trenches that do want to collaborate because they see it as part of their success, and you have some people that just do not like to do it.

So, given that, we do not think one-size-fits-all, and I would like to bring up that the clienteles served tend to be different. That is one of the reasons why collaboration which is a requirement or coordination is a requirement is because you do not want the different resource partners to be competing with each other. You want it to reach—there is a lot of meat out there, and you want to reach the intended audience.

So, let me step back from measuring collaboration and just say there are certain things that we look for, and let me go back to even our Women's Business Center report which is now a few years ago.

We made three recommendations in the report, and a lot of it was creating more of the structure to the program and how it was operated, make it clear what the district office technical representatives were supposed to do and things like that, creating a better structure.

Out of our three recommendations, two of them, the one that did not deal with coordination, were implemented very quickly, I would say relatively quickly. I think it was within a year, which is quick in our standards.

The one on coordination has not been, and it is not like we want everybody to be doing the same thing. Quite the contrary. And we do not want SBA to be dictating what everybody is doing.

But a little bit is to step back and think strategically as far as what are the roles of the different resource partners in different areas of the country.

In one of the things that you have to build upon, and we knew and I knew in signing the report, we saw lots of very good collaborative practices out there, out in the field in a lot of different places.

We are looking for a certain structure. We are still looking for a certain structure, whether it is through providing guidance in terms of providing some sense in strategic planning, and really, what this all takes is leadership.

So, I have been very glad recently Holly and others have been reaching out to us and trying to work with us, what types of ideas do you have in terms of working constructively with each other, and it looks like there is that commitment now to move forward on this front.

But what we are looking for, both within SBA among resource partners and in terms of SBA administering these grant programs, is really creating a better structure for it.

Within that, it could involve protocols. We do not like to micro manage how you get there. There could be certain output measures like how many times do you observe referrals from one resource partner to another, but it does not have to be that exact a number.

Many times it is creating a structure. It is creating certain protocols for how things can occur. It is creating guidance based on best practices that we already saw a track record of certain best practices out there, and we also saw instances where it looked like resource partners in some places, not to be named, were not working so nicely with each other.

So, a lot of times it is just being a little bit more specific about what are we looking for, strategically what are we trying to achieve overall.

So, I realize that is a very long answer so thanks for bearing with me. But that is basically what we are looking for.

Ms. SANCHEZ. Great. Thank you.

Diane.

Ms. DIETZ. I would like to build on that for those of you who do not know Bill. For Bill, I always say, this is his second home. He is a fixture here in the Committee.

Ms. SANCHEZ. We have a desk reserved for him in the back.

[Laughter.]

Ms. DIETZ. And we certainly look to him for insight because he has sort of the eagle-eye view of what you all are doing and how you interconnect. I think I speak for Ami when I say that as Small Business Committee staff, I can report that one of the greatest challenges we confront is determining the efficacy and job creating potential of the individual ED programs and, as Bill referred to the

2007 report, there is also a report that came out this May on duplication, inefficiencies, waste.

One of the outcries from GAO is typically a lack of data. We need data. If we do not have data, we cannot tell you whether or not this is a duplicative program or whether or not this is an effective program.

And when I reach out to Julie Weeks who knows women's entrepreneurial data like the back of her hand, which is why I am so thrilled she could be here today, she says I have that and I just got that and I can show you more.

And when I reach out to Tee, I hear I think I know the number off of the top of my head but I can get it for you and here you go.

And Ken can bring numbers to a meeting but I feel like at the end of the day somehow that data does not get back to the Committee unless I go directly to our ED partners when I should be getting it from the agency.

So, I guess this question is for Holly. We hear that MOUs are ineffective despite their very nature in creating collaboration, and we hear that the data is there but somehow we are not able to access it.

It is hard for us to measure these programs in terms of how effective they are when we do not feel like we are getting enough data. And my counterpart, Meredith West, who works on these issues very closely with Ami is always saying data, data, data. I think the first thing she taught me. We need to see more timely data throughout the collection process rather than months and years later.

What can these programs, everyone is in the room, do for the SBA to help you communicate and share that data so we can get it back to the GAO and they can make more educated decisions.

And Bill, if you want to follow up on Holly's answer.

Ms. SCHICK. Thanks, Diane.

First, I would like to talk about the difference in data. SBA collects information from the resource partners through what we call our EDMIS system.

EDMIS was built as a data capture system, not necessarily built for a client management or an analytic tool, and so when we get requests for data, although it is not maybe as efficient as we would like it to be at the current time, that data is always available upon request to us through our OCI's office.

So, the data is there, based upon all the fields that we collect. The analytics, not as robust as we would like it to be, and we have a plan in place right now where we are moving forward with requirements for a new and more robust version of EDMIS so that we can, once we get the good data in, we can get it out in a more expeditious fashion and do more analytics and more data mining.

We collect impact data through our third-party contractor Concentrance, and we come up with impact numbers and we use methodologies that, you know, are approved by OMB.

Our resource partners, they also conduct their own impact studies and their own analyses of what is being produced out in the network. We do always hear that in cases, well, it does not always reconcile.

Well, the fact is perhaps it should not because we might be comparing apples to oranges. In each one of those impact methodologies there are different parameters for the surveys, and it would not match necessarily what we do.

So, you know, on the impact data, I think collectively we all get a big picture but we do not always match. I think that matching perhaps it is not a good goal in terms of that particular data.

Again, back to the EDMIS, any of the data that we collect from the resource partners comes into our systems and is uploaded and we collect it on standard forms, that data is available. It just takes a minute for us to make requests and get the parameters correct and then have the folks running the reports.

Ms. DIETZ. Well, I will say to a person that is speaking for the Ranking Member of the Committee, oftentimes we make requests and it is very difficult to get data; and when we work with resource partners, they often tell us it is very difficult to get data from the agency.

So, if you could take that back as a constructive request——

Ms. SCHICK. Sure.

Ms. DIETZ [continuing]. That we would love to have more timely, actionable and available data, I think that would make our job easier.

I will turn it over to Bill. Do you have thoughts, Bill?

Mr. SHEAR. Yes. And many times we talk about data where we are really talking about documentation that might not even be numbers; and to take this back again, something that you run into a lot when you are in an auditing agency, including at SBA, is the idea that everybody says we have lots of data on a lot of things but a lot of times we are saying, as in here, let us step back and say strategically what are you trying to achieve in terms of coordination among resource partners.

In here, our focus is we obviously go out and look at the programs and we interact with the resource partners, but our focus is on how SBA runs those grants programs.

And so, in that case we are often a lot of times in our interactions with the agency in a number of areas, we are saying these are the types of things we are looking for, and those things are often documented processes.

And many times we have found that when we interact on those documented processes, it brings more definition to what the agency could do to improve those processes, and that is what we are looking for here.

Just as in our conference call yesterday, I said one of the best examples of us working in that manner dealt with the SBA's disaster loan program in terms of what we were looking for and how do you set policies and procedures, where you are stepping back and the first step is how do you think strategically of what you are trying to achieve.

And this might seem very hypothetical, but there is a way to bring it to life. As I say, one of the strong points here, we find the Concentrance studies quite useful. You always have a problem when you go to those served by a program with response rates.

But even given that, they are quite useful in terms of seeing how clients view the services, and that puts these programs at some advantage to some other economic development programs.

And again, we saw some very good coordination going on, some best practices, out there. It is a matter of creating more of a structure and more, whether it is protocols or whatever.

Once you have that in place, coming up with metrics is easier, but it is a matter that there are all kinds of data out there. You want to answer the question what does the data inform in terms of how we can run these programs better.

There are challenges of having three separate programs versus having consolidated programs. But if those programs were consolidated, there would be another set of challenges. Regardless, we are looking for how do you think strategically and put the pieces together.

Ms. SANCHEZ. Thank you, Bill.

Julie.

Ms. WEEKS. Just briefly. One of the complaints, I guess you could say, or suggestions from Women's Business Centers is the fact that they perceive that when they are quarterly inputting data into EDMIS and their annual survey, it goes into a black hole and they never see anything out of it.

In this past year, and Holly and I have talked about this, it is like not news, but in this past year when we were getting a lot more pointed questions about tell us your impact, and we would like to know all the information that we are inputting into the system like we do not get it out, back out.

And also the survey, and I mentioned it briefly before that Concentrance is only focused on counseling which is only a part of what the Women's Business Centers do.

Another suggestion perhaps for us, and Holly and I also talked about this, is up until maybe, I do not know, six years ago or so, the Office of Women's Business Ownership had an annual report. It was like here is our metrics, here is how many clients were counseled, trained, whatever; and there was an actual physical annual report from OWBO about the Women's Business Center program.

Perhaps the ED office could do one not only for OWBO but proactively publish something that is going to answer 95 percent of the questions that the Hill and everybody else would have anyway about these three ED programs. I think that would be extraordinarily useful.

Mr. YANCEY. So, I go back to the original development of ED programs, excuse me, the EDMIS system, Entrepreneurial Management Development Information System, and that was a remarkable improvement at the time over what we had.

But the desires of the Congress and the Committee and of our stakeholders and the GAO and others have changed significantly since we developed that system.

And so, my suggestion is that it is probably time, once again, for us to take from Mr. Williams' suggestion and have programs sit down one more time and let us understand what the Committee's needs are on a monthly, quarterly, and annual basis, understand what the SBA's needs are, and then develop something that makes sense, recognizing in that process that these three programs are

very different in the way that they are developed, in the way that they are funded, in the way that money is distributed, and in the way that they are managed.

You know, ASBDC, the Women's Business Centers are trade associations basically that have a different relationship with our chapters and money flows differently than it does there.

In data capture and analysis and how we use it for reporting metrics from a management perspective as well as to provide you impact data are very different between the organizations.

A one-size-fits-all is not necessarily going to work. However, if, within the system that is developed, we all agree that there is a core set of data elements that you want and on what basis you want them, it should not be difficult since we are all gathering client data from a single form to be able to provide you what you want when you want it.

From an economic impact matter, that is different. SBDC does one. We do one. Ours does not only provide economic impact, but it provides a tremendous amount of information on client engagement and what drives client engagement. We are making management decisions from a program perspective based on that data to help us do a better job with our clients.

I think that whatever we do, if it does not worldwide in a timely way jobs created, businesses formed, taxes paid, all of those things that are important, then we have failed.

And my challenge, as Holly and I have discussed many times, is that while SBA does do an impact survey, we do not have the information. It is over a year before we have the information.

One of the reasons we are doing our own is that I have the data within 90 days of the close of the fiscal year, and we need that in order to tell our stakeholders, Congress and others that we have been successful and how that success manifests itself, what it looks like.

I think that it is time, once again, and Holly I am sure this is on your list although we have not talked about it, for us to sit down and understand what the needs, what everybody's needs are, create a baseline and then allow the programs to develop something that delivers on that baseline as well as whatever else they need to effectively manage the program.

Ms. DIETZ. Thank you, Ken.

I know we are getting close on time, but I do have a couple of questions especially for Scott. I have not forgotten about you.

I did want to ask one question and I sort of want to pull Julie and Bill into this and I think it is a good segue for wrapping up the roundtable.

I have received a couple of calls from a Women's Business Center in Jacksonville, Florida, and literally they just called so I know what they are doing.

We just wanted to let you know that we are collaborating with these people and we are happy to share our stories and our best practices, and I have to say, as busy as I can be some days, I am happy to get those calls. I really am. And they were fine enough to——

Ms. WEEKS. Would you like 109 more?

Ms. DIETZ. No comment. But I will say there in the northeast region, Jacksonville, Florida, and there is a partnership among ED resources and providers and they are collaborating to ensure an illumination of waste and duplication.

And Pat Blanchard, I do not know if you know Pat, is the Director and she says for many years over 20 service providers have worked hand-in-hand meeting regularly, sharing and promoting each other's programs and services and then focusing on where there are gaps for existing small business owners. She said, "We are a model for collaborating rather than competing."

I wondered if you had thoughts about if this is natural to Women's Business Centers, if you think they are a model, and Bill, if this is what the GAO has been really advocating for in their reports in the last four years?

Ms. WEEKS. I would say, yes, that is, the majority of Women's Business Centers do that. In fact, almost three quarters of Women's Business Centers are, by their nature, they are embedded already in the local economic development organization or maybe even in SBDC.

They are not a standalone organization in the first place. So, they are a program of a larger economic development group which lends itself, of course, to all the collaboration and research that we have asked of Women's Business Centers, virtually all of them, 99 percent of them, are actively collaborating.

Their number one partner is SBDCs, also SCORE, local economic development groups, universities which may or may not be part of SBDCs, and they are doing a wide variety of things.

Perhaps Jacksonville is documenting it in more detail than some of the others do. But again, in surveys that we have asked in the past they are, of course, referring, that is the number one thing but they are also sharing trainers and educators.

They sit on the boards of other organizations. Other organizations sit on their boards. They do events together. This is a natural part of what they do.

And what I said earlier is I think it is happening out here. It is not happening as much up here. I think we need to do more of it up here because again that coordination then can swoop in the other one or two percent who are not doing that kind of collaboration and it can also bubble up and share some of those best practices.

Mr. SHEAR. In discussion we hear a lot about collaboration, and with Women's Business Centers and the other resource partners, we observed it when we did the audit work a few years ago.

And again, looking at SBA, there is one point that I really want to make here about sharing data and documentation. For example, you said, well, we sent out formal notices, we do a number of things to try to create that structure to bring about coordination of services and things of that nature.

Do not be shy about sending it to us. One of the most difficult things that I find doing, if I am at this Committee or anything else, of saying an agency has not given us documented evidence.

We are auditors, documented evidence demonstrating that these things are really working or giving us enough detail. And many times our role in serving the Congress is like it is not just what

is in our reports. It is the idea that we can, to some degree, kind of synthesize certain information that comes from agencies and from others.

So, it seems like there are a lot of good things going on out there. We are looking for a little bit more of a structure and a documentation to bring that about.

Ms. DIETZ. Thank you, and I will turn it back over to Ami.

Ms. SANCHEZ. Great. Thank you.

I know we are approaching the noon hour, and I am sure everyone is hungry. I know I am.

I would like to actually just close with a question. We have had a lot of discussion here, really helpful and informative discussion here I think about what SBA, what resource partners, what other entities can do to kind of make sure that these programs are effective.

But there is a role for Congress here, and so I would like to ask each and every one of you if you could give in true Chair Landrieu style your top five recommendations, your three to five recommendations for what Congress can do to create, support, strengthen entrepreneurs as well as the programs that serve them.

And for Leo, if I could ask if you could in your answer give some recommendations for what Congress can do to help increase private sector involvement and help resource partners to leverage that private sector support.

Who wants to go first, anyone?

Mr. SNAIR. I will go.

Ms. SANCHEZ. You are a brave soul. Thank you.

Mr. SNAIR. It does not directly apply to this Committee, but I really think it needs to be stated.

I started helping people start their own businesses after being a businessman myself for some years, again about a year and a half ago. And I really find it disheartening when I see really, really savvy business people who either (a) are unwilling to take the plunge or (b) have taken the plunge and are unwilling to expand their business because of the cost of health care.

And I am a registered Republican. I have been my whole life. I consider myself a pro-business Republican. But I will say it right now socialized medicine is the way to go. If somebody does not have to worry about the cost of health care for himself or his employees, he is willing to take that business in a million different exciting directions, and I would argue that socialized medicine is pro-business. Thank you.

Ms. SANCHEZ. Great. Thank you.

Tee.

Mr. ROWE. I am not as brave as Scott. So, I am going to talk about other stuff.

What Bill had brought up and the theme of collaboration I think is probably from a small business, entrepreneurial development point of view the 800-pound gorilla in the room whether it is capital access or international trade or rural development or federal procurement—let us pick some quick easy topics, right—the lack of coordination and collaboration because you have to deal with what we like to euphemistically call the alphabet soup, whether it is international trade, and the SBDC has an international trade cen-

ter and we are working with the USEAC, but then you have to go to Commerce and the Census guys for the trade regulations and over here at EX–IM or maybe asked me at SBA because it depends on the package, et cetera.

That confusion and lack of coordination makes our jobs that much harder, because we are trying to guide a small business owner. And I hope they are not sensing the frustration that we have because when you are trying to assist someone, obviously you want them to trust you and feel that they are confident in your skill set and that is why we work so hard on professional development at SBDCs.

At the other end of the scale, it is, well, okay, go here but if you are doing this go there. And it makes it look like either we do not know what the heck we are talking about or the Federal Government end of it is so dysfunctional that it discourages people.

And honestly, having been in your shoes, I do not know exactly how to go down this road. I do not know how you get the FDIC and the Treasury and the Office of the Comptroller and SBA and everybody all into one room to sit and think and talk about what are we really doing, and ICBA and ABA, what are we really doing about capital access for small business.

If you write that into a reauthorization bill, I know you will end up with referrals to six other Committees and it will die under its own weight.

But if there is a way we can start to identify and coordinate, and maybe it has to be in a bullet fashion, just what we did in the Jobs Act.

And there is the great international trade effort in there, and the Office of International Trade at SBA will be working with several agencies to that TPCC, and SBA and ASBDC have already worked together and with the Women's Business Centers to set up the certification so we are already rolling on that. So, we will have our folks trained as international trade counselors.

But then to go the step further and start to push the coordination which we already do, we work with census so that we help them run their road shows city by city so that small businesses can get trade coordination and regulation training. And I am still confused over who is doing what over there but thankfully they know. But going down those roads.

In the procurement arena, we work so hard with the PTACs and many of the PTACs are actually part of SBDCs. We need to work harder to reach out to Scott and the SBDCs that are also VBOCs to make sure that that procurement end of things is being fully coordinated so that the opportunities are not getting missed.

I guess it is that larger, it is thinking thematically and then building the collaboration from there, maybe if we can work on that for those areas. I know it is hard when you have got a big government with 15 agencies.

Ms. SANCHEZ. Thank you, Tee.

Mr. Williams and then Holly.

Mr. WILLIAMS. Yes. There are two areas that you missed narrowly. Support for entrepreneurs and then the services that support those entrepreneurs. I think both of those are near and dear

to you UEP's mission and spirit, and along with the Kauffman Foundation as well.

So, I am going to say in terms of supporting the entrepreneurs and support we can give for encouraging entrepreneurs to create and start businesses. If you look on our Web site, the Kauffman Web site, there is a start up at 2011 that we just announced on Tuesday that talks about, I think, it is 10 different ways about how policies and the spirit of entrepreneurship can be encouraged in our country. So, as opposed to going over all of those now, just take a look at those.

But I would like to talk about the service part and what Congress can do in terms of encouraging and being more effective in the service that we offer entrepreneurs.

And one is if they really have specific economic goals attached to the programs, I mean what are we trying to accomplish, what needles are we trying to move, what pieces of the entrepreneurial ecosystem are we not satisfied with, what is the baseline, and what are we trying to move those two across at any kind of point in time.

I think then it is easier when you ask for data what the data is trying to tell you and what you are actually looking for. And so, I think that would be one thing.

I think clarify the entrepreneurial process as for people who are using these services. So, when you have five million people who are looking to these programs and say what can I do, I mean, what is the process for, let us say, someone who is trying to do international trade or trying to do a start up or trying to do different areas of entrepreneurship.

There can be kind of a typology created to say if you are doing this, here is the development plan of services that the government offers that can move you from point A to point B.

And I think a lot of times people are confused where to go, what to do depending on what they are trying to accomplish. Somebody who is in the restaurant business is somebody totally separate from somebody who has a new innovation that they are trying to license or something like that.

So, there has to be away for one to figure out what it is that we are trying to do in terms, from the government's standpoint, of the economic goals; and the other side is people who are trying to use those services need to understand what the process is to get to where they are trying to go.

I think those two things will go a long way.

Ms. SANCHEZ. Great. Thank you.

Holly and then Julie and then Leo.

Ms. SCHICK. First, I would like to state that we look forward to working with GAO and exploring how we move the ball forward on this topic, and the thing that Ms. Julie said earlier we all built upon how we at the Federal level and the national level, how we communicate with this. We set the tone, we set a standard. And having said that, the terms of the dialog [off microphone] and I think that is where that whole issue of collaboration needs to start.

We had some successes. I was doing some research before I came over and back in 2009, the Committee received correspondence that talked about a group called INEAQ. I do not know if you recall it, it is called the Interagency Network of Enterprise Assistance for

Providers. And it is a team of career managers from the Department of Commerce, the Department of Labor, and EPA. And this core group started meeting three or four years ago to just try to identify who are all the players in the Federal landscape that touch on the small business owner constituency.

The group has grown from core membership of about four to five agencies to now it has over 19 participants. They meet on a monthly basis, every other month, and talk about what their particular program or agency is doing for entrepreneurship.

And I think that has become a good basis for us in establishing contacts and in seeking input and ideas about how to handle this and doing what you are doing, why are we doing what we are doing.

And I think that that would be a good platform, if you will, to work with GAO and see how that is working to see if we cannot continue to build on that.

The other projects, I think, that SBA has reached out on in trying to do Federal cooperation is one through our cluster initiatives in trying to work with EPA, and Department of Commerce, and at the local level engaging a number of partners depending upon the cluster and the organizations to try to get folks collaborating as best we can. We have also worked with the Appalachian Regional Commission. We worked with NIST. The MET program has been around for a long time and certainly SBDC, in understanding how those operate in the local communities and partner with those that we try to reach out to at the Federal level.

So, I think we have got a good running start, if you will, because we have had some successes. And the INEAP group, I think again is a good platform to start looking at how we raise that to the next level.

Ms. SANCHEZ. Great. Thank you.

Julie.

Ms. WEEKS. So, you asked for five recommendations for you to consider so I jotted down five, being the numbers person.

Ms. SANCHEZ. Thank you.

Ms. WEEKS. First of all, keep calling these kinds of roundtables because it forces us to get out of our daily routine with blinders on, doing our jobs and start talking to one another more because I mean it is very helpful.

Secondly, I would say demand data on the diversity of the programs. And I think hearing what Holly is going to be doing with expanding what they are gathering from the new EDMIS 2.0 or whatever is going to go a long way to help the Women's Business Center program in particular tell its story. But I think if you keep demanding that kind of information, that will be very important.

It strikes me also that the Census Bureau could be part of this conversation. Every five years there is a quinquennial business survey, and that is not nearly often enough to find out really what is going on in the economy. They are like the mother lode of data on businesses.

The Kauffman firm survey does a really good job of following a cohort in one year. But you are winding that up in a year or so, right?

Doing something in-between census years, asking the Census Bureau to provide more information, they do it on an annual basis with employer businesses. Maybe there is something they can do with the 80 percent of firms that are not employer businesses. So, I would suggest having a conversation with the economic statistics people at the Census Bureau.

Fourth, I think in the Special Jobs Act or other programs where there are some special allocations made for certain programs and projects, the Women's Business Center program is kind of forgotten as it is a small program, a drop in the bucket compared to SBDC and SCORE.

But as we now know, more than half of the clients of Women's Business Centers are now existing business owners, and hey, we could play a role in growth-oriented enterprise developments and the job creation. We already do.

And then finally in pinging on that, when we get to the whole idea of reauthorization, I mean, I know maybe this is a little too bold, but we the Women's Business Center program essentially have one hand tied behind our back when it comes to being a full and active player in growth-oriented entrepreneurship.

The legislative intent of the Women's Business Center program, which I am perfectly in support of, has a social function as well as an economic one. But it sort of requires that all the money that we get from the SBA in the grant which is 40 percent of the full budget of all of the Women's Business Centers be focused on socially and economically disadvantaged and pre-start business.

All of the work that the Women's Business Centers are now doing from client demand and from a need for helping existing business owners grow is something we are doing with the support of state or local governments, foundations, corporations, that sort of thing.

Perhaps we can widen the mandate from a public sector perspective on what Women's Business Centers can do.

Ms. SANCHEZ. Great. Thank you.

Leo.

Mr. BOTTARY. First of all, thanks so much for the invitation here today. It is always such a great learning experience to come here and to engage and participate in these kinds of forums and learn so much about the good work everyone is doing.

I think that Bill offered a really important distinction between collaboration and coordination today, and I think opportunities to coordinate activities between the public and private sector I think there is great opportunity there.

I think for us it is a matter of working harder and doing a better job to learn about all the great things that are going on here and how hard people are working here and making sure that we communicate it to our members and out to the business community.

And conversely, I would really encourage and invite formally any member of this Committee who would like to go to a Vistage group meeting, we have 17 of them here just in Washington, DC, and more importantly and maybe more appropriately for them to go to a Vistage meeting in their home state where I think there is not only an opportunity to hear directly from the CEO members about what their greatest challenges are and how Washington can be

most beneficial there. But also it gives the Senator an opportunity to speak very specifically to what is going on here in Washington, because I will tell you that every time I come here I leave, I think, just really feeling wonderful about how hard everyone is working at all the work that is going on and the fact that we may be a for-profit organization but we are as mission driven as anyone out there when it comes to all of this.

I think we are all really trying to accomplish the same things, and to the extent that we can coordinate that much more aggressively, I think would be my one thought contribution, I guess.

Ms. SANCHEZ. Great. Thank you.

Mr. TYMES. My one thought is to use the networks that we have. I mean, we have a tremendous infrastructure here between our resource partners, and it would always to me be so frustrating when Commerce has an entrepreneurship program, and Agriculture has an entrepreneurship program, and Department of labor has an entrepreneurship program.

And that to me has always been something, and I do not know how we get it done, but there is no reason why, with the infrastructure that we have, the skill sets that we have, that ED programs drive entrepreneurship in this country, period.

Ms. SANCHEZ. Great. Thank you.

Mr. YANCEY. Just very quickly. I know time is of the essence here. Three things that I wanted to hit that have already been said.

What you can do, as Daryl said, is to give us really clear goals. What do you want to move, and allow us to move that the best way we know how within our programs.

Two, to Tee's point, any barriers that exist that are hindering our clients from achieving their success need to be addressed in some fashion, because technical assistance can only overcome so much and there are a lot of things that need to be done that will make it easier for people to be successful in businesses and to create jobs and to move forward.

And finally, to Julie's point, the way that this is going to stay top of mind is if we keep having these types of conversations. If we do not have these types of conversations, we will all get busy and we will get busy doing other things, not that they are not valuable, but they are not this.

So, for those things that you believe, that Senator Snowe believes, that Senator Landrieu believes, that Meredith believes are important, we need to have ongoing communication and conversation around that.

It is like Leo talked about the importance of TEC and being accountable. If we continue to have the conversation, accountability will occur here too.

Ms. SANCHEZ. Great. Thank you.

Diane.

Ms. DIETZ. So on that note, we encourage you to keep talking. On behalf of the Ranking Member and the Chair, we encourage you to keep talking. And I thank Ken for those brief comments.

Ken was recently in Portland doing a SCORE event which was very well received, and Senator Snowe was happy to support the

forum in Maine. So, we appreciate your work and your time, Mr. Yancey.

I would like to ask one question before we leave and I am going to pose it to Scott. VBOCs are rather new. As Scott mentioned, there are 16 now, and I think they speak to a very specific part of the population right now that, in some states, double the national unemployment rate.

The problems faced by returning veterans are unique and they are compounded by the sheer number of returning veterans, and when we see a larger drawdown in Iraq and Afghanistan, those numbers are going to continue to go up.

Scott I think that VBOCs have a unique story to tell. These people have complex needs. I read one story about a soldier who deployed in 2003, and he said that he had to shut down his landscaping business; and then when he was deployed seven years later in 2010, he was able to keep it going by Skype and utilizing some of his employees' management skills.

And so, people are being very innovative, and I think entrepreneurs are innovative. But I am interested to hear from you how the needs of veterans have changed, what the range of needs that you see every day, and how you are addressing them. Also, is there a common misconception among veteran entrepreneurs, whether it is finding a lender or business resources? Please speak to the veterans entrepreneurial outlook.

Mr. SNAIR. Sure and I will make it quick.

I do want to say there has been some of the buzzwords I heard today, duplication and efficiency. For anyone who has never visited a Small Business Development Center or SCORE office, I invite you to go.

When you read these statistics and the number of companies that are helped by these offices and when you read about the number of jobs that are created by any particular Small Business Development Center, you would think that these are bustling places, bloated with lots of people when, in fact, they are very, very streamlined.

Any given Small Business Development Center is very, very leanly staffed and I am always amazed when I visit the Small Business Development Centers, in some cases to collaborate and work with their veteran clients, I am amazed at the things that they can do with the small number of people any one of those centers has.

It is funny. When I first started this program, I thought that what I was going to be doing was triaging veterans and placing them in a program that would help them start their business.

And about two weeks into it, I said I am the program. I am not triaging anybody. I am the program. So, if you want to duplicate my services that will put us at two and I am okay with that.

So, I would say that I complement what goes on at SCORE and what goes on at the Small Business Development Centers, but I do not see any bloat or duplication whatsoever amongst these folks or as I relate to them.

About the biggest misconception I think that is out there among veterans, two of them I guess come to mind, and then I will cut it off.

One very similar to what Ken says. They think there is free money out there, and there really is none. There are veteran-tailored small business loans that are extremely similar to the 7(a) SBA-backed loan. And unfortunately for veterans because a lot of times their lives are in turmoil, including their financial lives, because they are away from their banks when they are overseas, they come back and it is not that they are not paying their bills, they just had the capacity to pay them and call their lenders, their credit is no good, and that hurts them in getting started up.

So, they think there is free money. There is not. And then they go for the loan and it is tough for them to get a loan because they have been away from their financial situation for a year to 15 months a clip.

And then the second one does not really pertain to me but there is set aside contracting for veterans on a Federal level. A lot of them come in with the misconception that it is going to be easy for them to register, and it really is not.

I think the VA unfortunately has swung the pendulum in the other direction in trying to avoid fraud by making the process so unwieldy that it is essentially blocking and scaring away legitimate veteran businesses, both startup and existing.

So, those are the two things that I see going on right now that concern me. Thank you.

Ms. SANCHEZ. Great. Thank you.

I think we have hit our time limit. I want to say thank you very much to each and every one of you. I think this has been a really helpful, informative discussion, and I think it is going to be the first of many discussions that we will have on all of these topics and all of these programs as we continue through the Congress.

So with that, I think we will close.

Thank you.

[Whereupon, at 12:31 p.m., the committee was adjourned.]

APPENDIX MATERIAL SUBMITTED

OPENING STATEMENT
Senator Jeanne Shaheen
July 21, 2011

Small Business Committee Roundtable: *Entrepreneurial Development: Obstacles and Opportunities for Supporting, Sustaining and Growing America's Entrepreneur*

Good morning and thank you all for joining us for this morning's roundtable. I'm very pleased to be here to discuss the reauthorization of important Entrepreneurial Development (or "E.D.") programs at the Small Business Administration.

Unfortunately, Chair Landrieu was unable to attend the roundtable this morning, so she asked me to start the roundtable in her absence.

I'm happy to do that because E.D. programs -- which provide counselling and technical assistance to promising small businesses -- are critical in my home state of New Hampshire. New Hampshire is a small business state.

- Over 95% of our businesses have fewer than 100 employees.
- Last year, SBA resource partners, including Small Business Development Centers and SCORE, provided assistance to over 6,500 small businesses in New Hampshire. That's a lot for a small state.

That's why I'm glad that Chair Landrieu has made these programs a top priority for this Committee. Our goal must be to ensure that these programs are as efficient and effective as possible, while providing the necessary resources to carry out their goals and responsibilities.

VALUABLE ED PROGRAMS

Let me take a few minutes to talk about some of these important E.D. programs.

This past March, this Committee held a roundtable to discuss the reauthorization of SCORE, a non-profit association dedicated to counselling and mentoring entrepreneurs across the country. At that roundtable, we heard from several small businesses that have benefitted from SCORE counselling, including a New Hampshire businesswoman, Sheree Burlington from Manchester. Sheree told me and the Committee that without her SCORE counselling, she wouldn't have been able to adjust to the economic downturn and to turn her business around. Not only has her business survived, but it has also grown over the past two years.

Success stories like Sheree's are common with SCORE, which maximizes a small federal investment of $7 million to help tens of thousands of entrepreneurs start and grow their

business. SCORE works by leveraging private sector resources and knowledge, through a network of over 13,000 volunteers and 355 chapters nationwide.

I am very pleased to have **Ken Yancey, CEO of SCORE**, back with us to talk about his ideas as to what we can do to support and build SCORE's capacity in a responsible manner.

[Note: We will NOT be introducing the SCORE reauthorization bill this week.]

Another integral component of the SBA's network of training and counselling services is Small Business Development Centers (SBDCs). With over 1,000 SBDC locations, SBDCs offer a "one-stop shop" for assistance by providing a wide variety of information and guidance in easily-accessible branch locations.

I hear frequently from small businesses in New Hampshire that our SBDC provides vital support for the small firms that are the lifeblood of our state's economy.

I am glad to have **Tee Rowe, President and CEO of the Association of Small Business Development Centers** here with us today. I look forward to hearing his ideas to ensure that SBDCs are providing consistent, quality services.

In addition to SBDCs and SCORE we also have representatives from the Women's Business Center (WBC) program and Veterans' Business Centers (VBC), which are both critical efforts to support entrepreneurial women and veterans.

FISCALLY RESPONSIBLE REAUTHORIZATION

As we continue to tackle the tough issues facing small businesses in this time of economic recovery, we must do so in a fiscally responsible manner. To meet that responsibility, we must continue to examine small business programs for their effectiveness and efficiency along with their ability to successfully leverage both public *and private sector* resources.

Last Congress, I was pleased to join Chair Landrieu and Ranking Member Snowe in cosponsoring S.1229, "The Entrepreneurial Development Act of 2009," which would provide SBA resource partners – many of whom are represented here today – with the tools they need to help entrepreneurs create, manage and grow their businesses. The legislation was similar to provisions which have passed this committee the last several Congresses as part of other SBA reauthorization bills.

We hope to build on our previous efforts in developing comprehensive entrepreneurial development legislation that will maximize and build on those programs, and aspects of those programs, which are working successfully. And for the ineffective programs, we hope to figure ways to improve them so that every program is utilizing every possible resource to operate effectively and efficiently.

That's why hearing from you today is so important.

Unfortunately, due to several other hearings this morning, I will have to leave in a moment. At this time, I'd like to invite Ami Sanchez with Senator Landrieu's staff or Diane Dietz with Sentor Snowe's staff to provide opening remarks on behalf of the Chair and Ranking Member, if they'd like to do so.

I'd also like to ask Ami to also go over the format for today's roundtable.

[Turn to Ami Sanchez and Diane Dietz to give brief opening remarks]

Thank you.

[AMI SANCHEZ WILL THANK YOU ON BEHALF OF CHAIR LANDRIEU. AT THAT TIME, YOU WILL DEPART.]

November 2007

GAO
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Highlights

Highlights of GAO-08-49, a report to congressional requesters

SMALL BUSINESS ADMINISTRATION

Opportunities Exist to Improve Oversight of Women's Business Centers and Coordination among SBA's Business Assistance Programs

Why GAO Did This Study

The Women's Business Center (WBC) Program provides training and counseling services to women entrepreneurs, especially those who are socially and economically disadvantaged. In fiscal year 2007, the Small Business Administration (SBA) funded awards to 99 WBCs. However, Congress and WBCs expressed concerns about the uncertain nature of the program's funding structure. Concerns have also been raised about whether the WBC and two other SBA programs, the Small Business Development Center (SBDC) and SCORE programs, duplicate services. This report addresses (1) uncertainties associated with the funding process for WBCs; (2) SBA's oversight of the WBC program; and (3) actions that SBA and WBCs have taken to avoid duplication among the WBC, SBDC, and SCORE programs. GAO reviewed policies, procedures, examinations, and studies related to the funding, oversight, and services of WBCs and interviewed SBA, WBC, SBDC, and SCORE officials.

What GAO Recommends

To improve oversight of WBCs, GAO recommends that SBA reassess the responsibilities assigned to district office staff and develop a communication strategy. GAO also recommends that SBA provide guidance to facilitate coordination among its business assistance programs. SBA had no comments on a draft of this report.

To view the full product, including the scope and methodology, click on GAO-08-49. For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

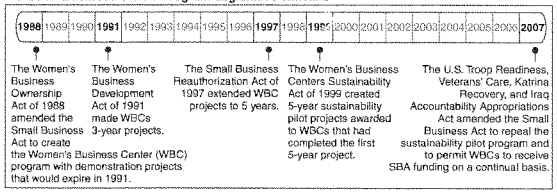
What GAO Found

Until 2007, SBA funded WBCs for up to 10 years, at which time it was expected that they would become self-sustaining. Specifically, since 1997, SBA has made annual awards to WBCs for up to 5 years. Because of concerns that WBCs could not sustain operations without continued SBA funding, in 1999, Congress created a pilot program to extend funding an additional 5 years. Due to continued uncertainty about WBCs' ability to sustain operations without SBA funding, in May 2007, Congress passed legislation authorizing renewable 3-year awards to WBCs that "graduated" from the program after 10 years and to current program participants. Like the current awards, the 3-year awards are competitive. SBA is revising its award process and plans to provide the 3-year awards in fiscal year 2008 (see figure below).

Though SBA has oversight procedures in place to monitor WBCs' performance and use of federal funds, GAO found indications that staff shortages from the agency's downsizing and ineffective communication was hindering SBA's oversight efforts. SBA relies extensively on district office staff to oversee WBCs, but these staff members have other agency responsibilities and may not have the needed expertise to conduct some WBC oversight procedures. SBA provides annual training and has taken steps to adjust its oversight procedures to adapt to staffing changes, but concerns remain. Some WBCs also cited problems with communication, and one study reported that 54 percent of 52 WBCs responding to its survey said that SBA could improve its communication with the centers. Ineffective communication led to confusion among some WBCs about how to meet program requirements.

Under the terms of the WBC award, SBA requires WBCs to coordinate with local SBDCs and SCORE chapters. However, GAO found that SBA provided limited guidance or information on successful coordination. Most of the WBCs that GAO spoke with explained that in some situations they referred clients to an SBDC or SCORE counselor, and some WBCs took steps to more actively coordinate with local SBDCs and SCORE chapters to avoid duplication and leverage resources. Still, some WBCs said that coordinating services was difficult, as the programs have similar performance measures and could end up competing for clients. Such concerns thwart coordination efforts and could increase the risk of duplication in some geographic areas.

Women's Business Center Program Legislative Timeline



Source: GAO analysis of WBC program legislation.

United States Government Accountability Office
Washington, DC 20548

May 19, 2011

Congressional Addressees:

Subject: *Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear*

One of the areas included in our recent report on potential duplication among federal programs was economic development.[1] If economic development programs are administered efficiently and effectively, they can contribute to the well-being of our nation's economy at the least cost to taxpayers. Absent a common definition for economic development, we had previously developed a list of nine activities most often associated with economic development.[2] These activities include planning and developing strategies for job creation and retention, developing new markets for existing products, building infrastructure by constructing roads and sewer systems to attract industry to undeveloped areas, and establishing business incubators to provide facilities for new businesses' operations, among others.

Our recent work included information on 80 economic development programs at four agencies—the Departments of Commerce (Commerce), Housing and Urban Development (HUD), Agriculture (USDA), and the Small Business Administration (SBA). This work examined (1) the potential for overlap in the design of the programs, (2) the extent to which the four agencies collaborate to achieve common goals, and (3) the extent to which the agencies have developed measures to determine the programs' effectiveness. According to the agencies, funding provided for these 80 programs in fiscal year 2010 amounted to $6.2 billion, of which about $2.9 billion was for economic development efforts, largely in the form of grants, loan guarantees, and direct loans.[3] Some of these 80 programs can fund a variety of activities, including those focused on

[1]GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington D.C.: Mar. 1, 2011).

[2]GAO, *Rural Economic Development: More Assurance Is Needed That Grant Funding Information Is Accurately Reported*, GAO-06-294 (Washington D.C.: Feb. 24, 2006), 7.

[3]In March 2011, we reported that the funding provided for these 80 programs in fiscal year 2010 amounted to $6.5 billion, of which about $3.2 billion was for economic development efforts, according to the agencies (See GAO-11-318SP and GAO, *List of Selected Federal Programs That Have Similar or Overlapping Objectives*, GAO-11-474R (Washington, D.C.: Mar. 18, 2011). We are reporting different funding figures in this product because SBA revised the original information they provided to us in December 2010.

noneconomic development activities, such as rehabilitating housing and building community parks.

In February 2011 we briefed staff of the House and Senate Small Business Committees on the results of this work to date. See enclosure III for the briefing presented to the congressional staff. We will perform additional analysis of some of these programs and will report on them at a later date.

Summary

Our work to date suggests that the design of each of these 80 economic development programs appears to overlap with that of at least one other program in terms of the economic development activity that they are authorized to fund. For example, as shown in figure 1, the four agencies administer a total of 54 programs that can fund "entrepreneurial efforts," which includes helping businesses to develop business plans and identify funding resources.

Figure 1: Number of Programs by Agency

	Number of programs by agency				
	Commerce	HUD	SBA	USDA[a]	Total
Entrepreneurial efforts	9	12	19	14	54
Infrastructure	4	12	1	18	35
Plans and strategies	7	13	13	7	40
Commercial buildings	4	12	4	7	27
New markets	6	10	6	6	28
Telecommunications	3	11	2	8	24
Business incubators	5	12		7	24
Industrial parks	5	11		5	21
Tourism	5	10		4	19

Commerce
HUD
SBA
USDA

Source: GAO analysis of information from Commerce, HUD, SBA, and USDA.

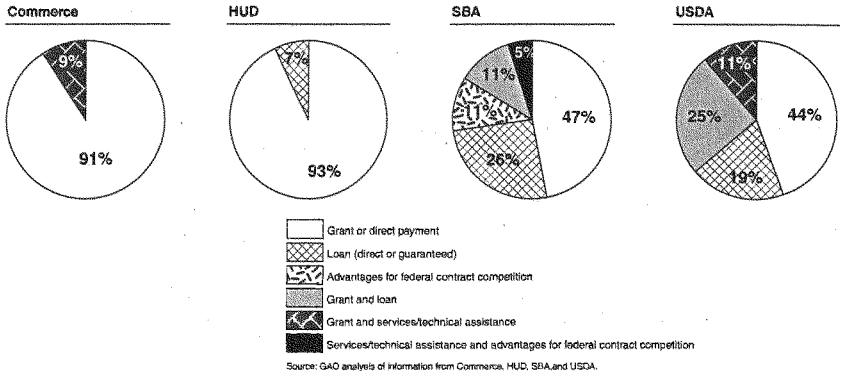
Interactive content:
Hover over numbers to see program names

[a]In December 2010, USDA officials provided us information on the economic activities that each of their economic development programs can fund, which we reported in our March 2011 report (GAO-11-318SP). In April 2011, they provided revised information for six of their programs and we incorporated the information into this product. We identify these six programs in Enclosure V.

Enclosure IV lists the specific programs in figure 1 that can fund each economic activity, grouped by agency and activity type.

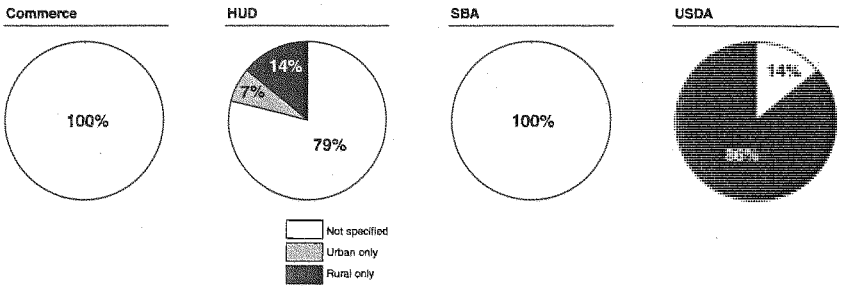
We have also identified the ways each agency is able to distribute economic development funding, as well as the geographic regions based on population density that the agencies target (see figs. 2 and 3).

Figure 2: Program Award Distribution Type by Agency



Source: GAO analysis of information from Commerce, HUD, SBA, and USDA.

Figure 3: Percentage of Programs Designated toward Urban and Rural Communities



Source: GAO analysis of information from Commerce, HUD, SBA, and USDA.

Enclosure V provides additional details on each of the 80 economic development programs, including administering agency, funding received in fiscal year 2010, economic activities eligible for funding, area served based on population density, primary recipients targeted by program, and award type.

To address issues arising from potential overlap and fragmentation in economic development programs, we previously identified collaborative practices agencies should consider implementing in order to maximize performance and results of federal

programs that share common outcomes.[4] Results from our work to date show that Commerce, HUD, SBA, and USDA appear to have taken actions to implement some of the collaborative practices, such as defining and articulating common outcomes, for some of their related programs. However, the four agencies have offered little evidence so far that they have taken steps to develop compatible policies or procedures with other federal agencies or to search for opportunities to leverage physical and administrative resources with their federal partners.

In addition, a lack of information on program outcomes is both a current and long-standing concern. We identified such weaknesses at the four agencies we reviewed. Better information on program outcomes is needed to determine whether this potential overlap and fragmentation are resulting in ineffective or inefficient programs. See our March 2011 report for more information on our preliminary results related to the extent to which these four agencies collaborate and how they determine the effectiveness of some of their programs.[5]

Actions Needed and Potential Financial or Other Benefits

In previous reports we identified areas of concern related to the extent to which agencies collaborate and assess the effectiveness of their programs. These areas can benefit from continued attention.

- Agencies need to further utilize promising practices for enhanced collaboration. We first made this recommendation to SBA and USDA in September 2008, but these agencies have taken only limited steps to fully address our concerns.[6] The actions that the four agencies should consider include seeking more opportunities for resource sharing across economic development programs with shared outcomes and identifying ways to leverage each program's strengths to improve existing collaborative efforts. Continuing to explore the extent to which these agencies collaborate could help identify promising practices that may result in more effective and efficient delivery of economic development programs to economically distressed areas.

- Agencies need to collect accurate and complete data on program outcomes and use the information to assess each program's effectiveness. In June 2008 we made a similar recommendation to SBA about its HUBZone program, but the agency has taken limited action thus far.[7]

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[4]GAO, *Rural Economic Development: Collaboration between SBA and USDA Could Be Improved*, GAO-08-1123 (Washington D.C.: Sept. 18, 2008).

[5]GAO-11-318SP, 44-45.

[6]GAO-08-1123.

[7]GAO, *Small Business Administration: Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results*, GAO-08-964 (Washington D.C.: June 17, 2008).

Agency Comments and Our Evaluation

We provided a draft of this report to Commerce, SBA, USDA and HUD for review and comment. Commerce's Assistant Secretary for Economic Development and SBA's Assistant Administrator for Congressional and Legislative Affairs provided written comments that are presented in Enclosures I and II. In addition, Commerce, SBA, and USDA provided technical comments, which we incorporated where appropriate. HUD did not provide written or technical comments.

Commerce's Assistant Secretary states that prior GAO reports have focused on the types of investments made without an appropriate definition of economic development. Because federal agencies do not have a standard definition of what constitutes economic development, we used a list of activities as criteria for identifying programs that are generally accepted as being directly related to economic development. Our list includes economic activities that we first identified for our 2000 report on economic development issues and then updated for our 2006 report on rural economic development.[8] The list was developed based on a general consensus of officials, including officials from the Department of Commerce's EDA, along with other federal agencies involved with economic development and several national associations familiar with economic development. In general, we focused on activities that directly affected the overall development of an area, such as job creation, rather than on activities that improved individuals' quality of life, such as housing and education. The Assistant Secretary also stated that only an evaluation of programs that considers goals and the outcomes of each program can accurately identify duplication. We agree that accurate program outcomes are critical to evaluating the impact of federal economic development efforts. Our report states that these programs appear to overlap in terms of their design and authorization; it does not state that programs overlap in terms of outcomes. We have not concluded that duplication exists among programs and plan to address these issues in our future work on overlap and duplication, which will further examine the services that each program provides, program outcome measures, and collaborative procedures.

SBA's Assistant Administrator for Congressional and Legislative Affairs made a similar point. He wrote that while our report provides an initial starting point by presenting a road map for further investigation into individual programs, it does not attempt to set forth specific data about the differences in focus, target recipients, delivery mechanisms, and other features of each program. We agree that more work is required before concluding that duplication and related waste or inefficiencies exist. In this report, we took an initial step to differentiate the 80 programs by identifying the primary targeted recipient for each program. In our work going forward, we plan to take further steps to identify the unique value that each program provides. The Assistant Administrator also stated that he disagreed with our finding related to the extent to which SBA collaborates with other agencies. He noted, for example, that SBA's HUBZone program office recently signed a memorandum of understanding with HUD on sharing geocoding services related to its HUBZone map. The new information that the Assistant Administrator provided does not change our finding. We found that the agencies, including SBA, appear to have

[8] GAO, *Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities*, GAO/RCED/GGD-00-220 (Washington, D.C.: Sept. 29, 2000) and GAO-06-294.

taken actions to implement some of the collaborative practices, such as defining and articulating common outcomes. However, SBA has offered little evidence to date that it has implemented some of the other key collaborative practices, such as developing compatible policies or procedures that help to facilitate collaboration between its federal partners. As we continue work in these areas, we plan to, for example, further monitor and assess SBA's collaborative practices. SBA also provided revised fiscal year 2010 funding figures for each of their programs. These revised figures were significantly different from the ones they provided to us in December 2010, which we incorporated into our March 2011 reports.[9] SBA officials could not identify the source for the inaccurate figures. They did state that the majority of their programs do not receive program-specifc appropriations and that they rely on estimates provided by SBA staff to determine the costs associated with each program. We noted the programs for which this is the case. As stated in our scope and methodology, we relied on the agencies for program-specific funding data because the agencies are the only source for that information. Although we assessed the reliability of program-specific information that we used to support our findings (such as, the primary targeted recipient), we did not verify the reliability of either the original or revised program-specific funding figures because we did not rely on them to support any of our findings. However, as we continue our work, we plan to obtain a better understanding of how the agencies that we review, including SBA, determine the costs of their programs.

USDA's Director of the Office of Budget and Program Analysis provided comments to our report and emphasized that the President's fiscal year 2012 budget proposes the termination of several Rural Development and Forest Service programs that have been determined to be duplicative of other programs as clarified in the terminations, reductions, and savings volume of the fiscal year 2012 budget. He said that these proposals demonstrate USDA's commitment to reducing duplication and improving the program efficiencies of USDA's economic development programs. In our work going forward we plan to continue to, for example, monitor and assess efforts made by the Administration to implement these and other proposals aimed at eliminating duplicative federal economic development programs. Among the technical comments USDA provided, officials made a number of revisions to the information they originally provided to us in December 2010, which was the information that we incorporated into one of our March 2011 reports.[10] Specifically, they asked us to clarify the types of economic activities that six of their economic development programs can fund. We incorporated the changes to our report and noted the programs where this is the case.

Scope and Methodology

To identify areas of potential overlap and best practices to address the areas of concern, we utilized information from previous GAO products as well as our ongoing work following up on the recommendations from those previous products. We also relied on our recent evaluation of economic development programs at Commerce, HUD, SBA and USDA. During this recent evaluation, we compiled publicly available information on

[9]GAO-11-318SP and GAO-11-474R.

[10]GAO-11-318SP.

each program to determine the economic activities that the programs can fund, the ways the agencies distribute economic development funding, as well as the geographic areas and primary recipients that the agencies target. We then relied on the agencies to review this information, confirm its accuracy, and provide clarifications as necessary. Based on the information we collected and the clarifications that the agencies provided, we determined that these data were sufficiently reliable for the purposes of this review. Our report also includes self-reported data on program funds from the agencies for background and contextual purposes. We relied on the agencies for the program-specific funding data because the agencies are the only source for this type of information. We met with officials from each of the agencies to discuss each of the programs and the program missions. Because SBA officials view all of their programs as being related to economic development, we included all SBA programs in this review. Using the *Catalog of Federal Domestic Assistance* and other agency documents, we identified 80 federal programs administered by the four agencies that could fund economic development activities and determined the primary targeted recipients (that is, the end user that the agency is focused on serving) for each of the programs. Agency officials reviewed our determinations of the primary targeted recipients and they generally agreed with our assessments. We did not include tax credit programs aimed at economic development in this review. For information on how tax programs can contribute to duplication, see the report we issued in March 2011.[11] We conducted this performance audit from October 2010 through April 2011, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We are sending copies of this report to the appropriate congressional committees and other interested parties. In addition, this report will be available at no charge on the GAO Web site at http://www.gao.gov. Should you or your staff have any questions concerning this report, please contact William B. Shear, Director, at (202) 512-8678, or shearw@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in Enclosure VI.

William B. Shear

William B. Shear

Director, Financial Markets
and Community Investment

Enclosures (6)

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[11]GAO-11-318SP, 75.

List of Congressional Addressees

The Honorable Mary Landrieu
Chair
The Honorable Olympia Snowe
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate

The Honorable Samuel Graves
Chairman
The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
House of Representatives

Enclosure I: Comments from the Department of Commerce

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

April 26, 2011

Mr. William B. Shear
Director, Financial Markets and Community Investment
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Shear:

In response to your request for comments on the U.S. Government Accountability (GAO) Report 11-477R, "Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear," effectively evaluating Federal programs that support economic development requires a thorough understanding of, not only the types of investments that are made, but how, why, and to whom the investments are made. GAO has periodically issued several reports that analyzed potential overlap of Federal economic development activities. A glaring deficiency in this report, however, is GAO's admission on page 1 that there is not a common definition of economic development used to guide its analysis. Rather, its analysis depends upon a listing of activities to make inferences regarding what economic development is, and by extension, whether there is duplication of programs.

Prior GAO reports have all focused exclusively on the types of investments made without considering the goals of each of the programs, as well. Without viewing Federal investments in economic development through the lens of an appropriate definition and development of outcomes arising from that definition, GAO may be incorrectly identifying duplication where none exists. As the country prepares to address the mounting deficit and reevaluate its investments, GAO's new report could have offered important information to inform future budget discussions. Instead, this fundamental flaw in the methodology employed by GAO to identify duplication and examine performance limits the report's value and usability.

Economic development is a common term used for many types of activities. From the perspective of the Economic Development Administration (EDA), in its most distilled form, economic development traditionally focuses on the creation or retention of jobs that support the growth of income, and by extension, the tax base in a geographic region. Creating these jobs, however, requires the engagement of a variety of actors at every level within the public and private sectors, as well as many inputs, including infrastructure, housing, social and community development, a skilled workforce, entrepreneurial talent, technology, and access to capital. In the Federal Government, the term economic development has become synonymous with all of these things.

Mr. William B. Shear
Page 2

Ensuring that the American public benefits from robust economic development requires investments in many economic activities, some of which GAO has identified, including business incubators, telecommunications, plans and strategies, infrastructure, industrial parks, etc. While Federal agencies may appear to make similar types of investments based on these categories, because the goals of each agency and program differ, their outcomes are ultimately distinct. At the same time, these investments complement each other in such a way as to maximize the economic potential of the United States.

GAO identified nine activities which they felt represented economic development. Using this lens, many of the Departments/Agencies examined appeared to be duplicative. However, EDA's framework for investing in these economic development activities is substantially different from that of other Federal agencies as it is based on regional collaboration and innovation.

- Over the last several years, EDA has funded seminal research regarding regional collaboration and innovation, such as supporting Dr. Michael Porter and his team to identify and map regional innovation clusters across the Nation. Because of research such as this, EDA is focused on making strategic 21st century investments that help communities leverage their comparative strengths to spur innovation and investment that will ultimately lead to long-term economic prosperity. EDA's regional bottom-up approach to economic development allows it to utilize its broad array of tools to most effectively address local needs in order to support economic development.[1]

- Additionally, EDA plays a key role in shaping Federal policy for fostering collaborative economic development. In this leadership role, EDA has built upon its long practice of coordinating with other Federal agencies and its knowledge of best practices in economic development to create several new initiatives designed to more strategically advance regional economic development. These initiatives formally leverage each partner's complementary activities to advance regional economic development in the broadest sense, including infrastructure, housing, social and community development, a skilled workforce, entrepreneurial talent, technology, and access to capital.

    - For example, EDA recently collaborated with the Small Business Administration, the Department of Labor, the Department of Energy, the National Science Foundation, the Department of Education, and the National Institute of Standards and Technology on the Energy Regional Innovation Cluster Initiative to develop and implement a cross-cutting, collaborative approach built on best practices to stimulate sustainable economic development. Because all of these agencies have varying focuses, programmatic objectives, and eligible recipient entities, they all

[1] Additional EDA-funded research examples: *Unlocking Rural Competitiveness: The Role of Regional Clusters* – Report & Interactive Website (2006 through present); *Know Your Region* Project – Curriculum & Interactive Website (2006-present); *Crossing the Next Regional Frontier: Information and Analytics Linking Regional Competitiveness to Investment in a Knowledge-Based Economy – Occupational Clusters* (10/2009-present)

Mr. William B. Shear
Page 3

have unique and complementary niches related to economic development. The strategic collaboration of these six agencies allows the Federal Government to support a more overarching vision for economic development.

- Another example is the recent release of EDA's Federal Funding Opportunity for the i6 Green Challenge, where EDA funding is coordinated with funding opportunities provided by other Federal partner agencies, including the Environmental Protection Agency, the Department of Energy, the Department of Agriculture's National Institute of Food and Agriculture, or the National Science Foundation. Each of these agencies will provide additional funding opportunities to i6 Green Challenge winners for complimentary activities resulting in the development of proof of concept centers for green technology. The funding from our partner agencies will not duplicate or overlap with EDA funding, but provide supplemental funding opportunities to winning grantees because the range of activities expected to be undertaken – from research and technology transfer to commercialization – is expected to be diverse, wide-ranging, and performed by multiple collaborating public and private entities at the local level.

With regard to outcome measurement, accurate program outcomes are critical to evaluating the impact of Federal economic development efforts. While GAO highlighted potential improvements that EDA could make to its performance measures, EDA was the only agency that GAO cited which collected, tracked, or reported data on long-term performance of their programs. EDA prides itself on its efforts to continuously improve its performance measures and validation processes. EDA's current performance metrics were founded on an independent study of EDA investments carried out by Rutgers in 1996. Unacknowledged in the GAO report is that this study was updated and validated in 2008 through a separate study conducted by Grant Thornton. The Grant Thornton study adopted EDA's method for conducting site visits to validate performance measures and validated the data in the 1996 Rutgers report.

EDA continues to work to strengthen its internal validation protocols and strives to conduct as many site visits as resources permit to verify performance outcomes. While EDA could always spend additional resources to conduct more site visits and take even more steps to further bolster its performance reporting, in fact, EDA's outcomes have been validated sufficiently. We believe that EDA budget proposals identify the appropriate level of support for performance reporting. Rather than increase salaries and expenses for unnecessary fine tuning of performance measures, we believe those funds are better allocated to the program account where they can help communities innovate their economies and create jobs.

Sincerely,

John R. Fernandez

Enclosure II: Comments from the Small Business Administration

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

April 29, 2011

VIA ELECTRONIC MAIL

Andrew E. Finkel
Assistant Director
United States Government Accountability Office
Washington, D.C. 20548

Dear Mr. Finkel:

Thank you for this opportunity to comment on the draft GAO report on potential duplication among federal economic development programs ("Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear") as it relates to the U.S. Small Business Administration (SBA).

SBA appreciates the opportunity to participate in GAO's survey of economic development programs, and agrees that programs should be reviewed regularly to avoid waste and duplication. We agree that there is value in identifying the categories into which programs fall in order to target effective means at approaching the entrepreneurial development challenge in each category. At the same time, we believe the report (and any further similar study in the future) would benefit from having a sufficient number and breadth of categories or fields to properly capture the data necessary to differentiate between each program and its intended scope and target.

We encourage GAO to reconsider how it describes the results of this survey and to explain that this survey is limited to nine, very broad categories and that the survey did not attempt to set forth specific data about the differences in focus, target recipients, delivery mechanisms, and other features of each program. As a result, the only inferences one can reasonably draw from the survey are that the four agencies each provide programs that cover one of the nine areas and further investigation is necessary to truly determine where programs may be duplicative. Viewed in this light, the GAO survey provides an initial starting point by giving us a broad category road map for further investigation into individual programs.

With regard to specific findings made by GAO in the draft report, SBA respectfully submits the following comments.

Page 5: *"Preliminary results from [GAO's] work to date show that Commerce, HUD, SBA, and USDA appear to have taken actions to implement some of the collaborative practices, such as defining and articulating common outcomes, for some of their related programs. However, the four agencies have offered little evidence so far that they have taken steps to develop compatible policies or procedures with other federal agencies or to search for opportunities to leverage physical and administrative resources with their federal partners."*

SBA Comment: Collaboration with HUD and USDA

SBA does not agree with these findings. In December 2010, SBA started a process of exploring collaborating with the Offices of Policy Development and Research (PD&R) and the Community Planning and Development Program (CPD) at HUD on the following issues:

- HUBZone and HUD recently signed a memorandum of understanding (MOU). In the MOU, HUD has committed to provide geocoding services to the HUBZone Program. This support will provide a standard, consistent source of geocoded data to SBA.
- Explore the possibility of outsourcing the HUBZone web base mapping to HUD (In the summer 2011 we will have an assessment of the cost and benefits of the effort).
- Cooperate with HUD in their development of a map with their own layers of places benefiting from HUD place-based economic development programs (e.g., Empowerment Zones, Community Renewal, etc.), providing them with layers of HUBZone designated areas. In this way, the public will be able to see areas that are benefiting from programs of both agencies.
- Develop a methodology to evaluate the impact of both agencies on the economic development of areas receiving funds or benefits from them.

Additionally, last year SBA and USDA entered into an MOU, under which SBA has facilitated meetings with USDA Rural Development and our major resource partners (Small Business Development Centers, Women's Business Centers, and SCORE) to disseminate information about RD programs. This has led to the development of referral networks among these federal and non-federal entities. In addition:

- As a part of SBA's ongoing efforts to coordinate outreach to local and national financial institutions, SBA and USDA have co-hosted several national and local lender forums around the country.
- SBA and USDA have collaborated in strategic outreach to tradeshows, conventions, Congressional members, and media outlets.
- USDA and SBA have developed working relationships with other Federal, state, county and local agencies, as well as private organizations, to facilitate and support the development of strong rural businesses.
- This collaboration is the model for SBA's participation in the Appalachian Regional Development Initiative and several local working groups comprised of rural development organizations such as the Iowa Rural Development Council.

Page 6: *"Agencies need to collect accurate and complete data on program outcomes and use the information to assess each program's effectiveness. In June 2008 [GAO] made a similar recommendation to SBA about its HUBZone program, but the agency has taken limited action thus far."*

SBA Comment

SBA believes it has taken significant actions to collect accurate and complete data on HUBZone program outcomes that will help assess program effectiveness. For instance, SBA tracks a number of performance measures for the HUBZone program, including small businesses approved, denied and withdrawn from the initial certification process, in addition to previously certified firms that have recertified, voluntarily decertified and decertified by SBA. A key evaluation is based on the fact that the Congress has set a 3% federal government-wide goal for HUBZone federal contract dollars. A primary focus of the SBA has been on this outcome measure. In FY2000, 0.35% of federal contract dollars went to HUBZone contracts. That percentage has steadily increased to 2.81% by FY2009.

SBA believes evaluating this measure is critical to meeting the HUBZone program's stated purpose which "is to provide federal contracting assistance for qualified SBCs located in historically underutilized business zones in an effort to increase employment opportunities, investment, and economic development in such areas." Monitoring this measure enables SBA to proactively engage in activities that increase HUBZone contract dollars.

Although SBA expected to work towards finalizing more outcome measures that link to the mission of the HUBZone program, the circumstances and the Program's focus has precluded us from doing so. The efforts of the HUBZone program for the FY2009 and FY2010 were focused on thoroughly reengineering the initial certification process, reviewing its portfolio of firms, expanding the number of site visits, and improving its monitoring of participating firms with dollars awarded.

In FY2011, SBA is undertaking a legacy portfolio review where we will be spending substantive resource doing an extensive full document review of HUBZone certified firms that have not yet received such a review. Once this initiative is completed, every HUBZone firm will have been analyzed for meeting the Program's continuing eligibility requirements. In FY2011, SBA will also continue to spend significant time and resource enhancing the certification process and undertaking site visits. These efforts rigorously and systemically reduce fraud, waste and abuse.

Analyzing other outcome measures such as (1) the economic characteristics of the HUBZone areas and (2) contracts being counted under multiple socioeconomic subcategories are complicated matters which require careful setting up of the research methods and approaches as well as significant staff and budget. Given limited resources, SBA is not able to commit to finalizing the additional outcome measures and conduct a program evaluation using those elements at this time. Focusing resources on (1) initiatives that reduce fraud, waste and abuse as well as (2) activities that increase HUBZone federal contract dollars makes wise sense given the resources SBA has and the circumstances of the HUBZone program.

Page 16: *"Although SBA continues to agree that evaluating program outcomes is important, to date the agency has not yet appeared to make a meaningful resource commitment for such an evaluation."*

SBA Comment
See comment above.

Enclosure II: SBA Technical Correction Requests

Page 1
Reference to OWBO (Office of Women's Business Ownership) should be changed to "Women's Business Centers" (to correspond to other programs noted, such as SBDC and SCORE).

Page 4
Reference to OWBO (Office of Women's Business Ownership) should be changed to "Women's Business Centers" (to correspond to other programs noted such as SBDC and SCORE).

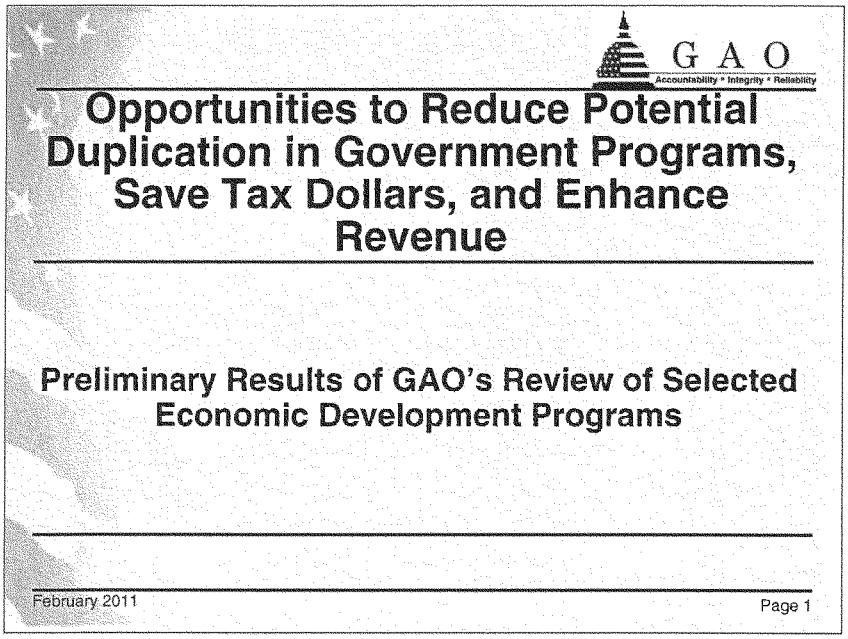
Enclosure III
[See attached spreadsheet with SBA's suggested edits.]

Should you or any of your colleagues at GAO have questions about SBA's comments, please contact me at (202) 205-6335. Thank you again for this opportunity to comment on the draft report.

Sincerely,

Nicholas J. Coutsos
Assistant Administrator
SBA Congressional & Legislative Affairs

Enclosure III



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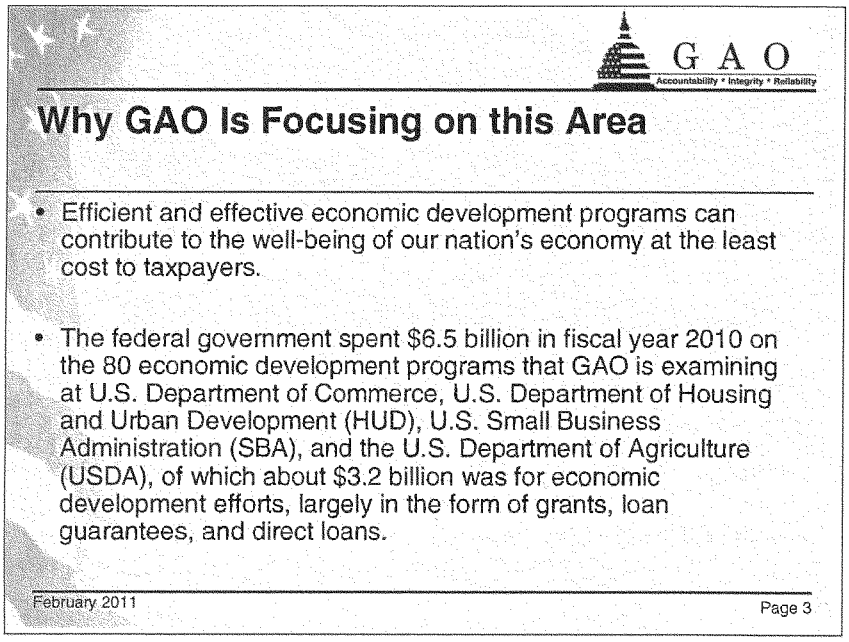
Objectives

Our objectives for this briefing are to provide preliminary results of the extent to which

1. the design of 80 economic development programs administered by four federal agencies overlap in terms of the economic activities they can fund,
2. the four federal agencies GAO reviewed collaborate to administer economic development programs that share common outcomes, and
3. the agencies evaluate the outcomes of the economic development programs.

February 2011 Page 2


GAO
Accountability * Integrity * Reliability
Why GAO Is Focusing on this Area
• Efficient and effective economic development programs can contribute to the well-being of our nation's economy at the least cost to taxpayers.
• The federal government spent $6.5 billion in fiscal year 2010 on the 80 economic development programs that GAO is examining at U.S. Department of Commerce, U.S. Department of Housing and Urban Development (HUD), U.S. Small Business Administration (SBA), and the U.S. Department of Agriculture (USDA), of which about $3.2 billion was for economic development efforts, largely in the form of grants, loan guarantees, and direct loans.
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Definition of Economic Development

Absent a common definition for economic development, GAO has previously developed a list of nine activities most often associated with economic development that we relied on in this effort. These activities include

- planning and developing strategies for job creation and retention,
- developing new markets for existing products,
- building infrastructure by constructing roads and sewer systems to attract industry to undeveloped areas, and
- establishing business incubators to provide facilities for new businesses' operations.

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Preliminary Results: Design of Economic Development Programs Appear to Overlap

- The design of each of the 80 economic development programs appears to overlap with that of at least one other program in terms of the economic activities they are authorized to fund.

- The most common economic activity that these programs (52 of the 80 programs) can fund is entrepreneurial efforts, which include
  - helping businesses to develop business plans and identify funding sources, and
  - providing marketing assistance.

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Potential Overlap and Fragmentation among Selected Agencies Authorized to Fund Economic Development Activities

	Programs by agency				
Activity	**Commerce**	**HUD**	**SBA**	**USDA**	**Total**
Entrepreneurial efforts	9	12	19	12	**52**
Infrastructure	4	12	1	18	**35**
Plans and strategies	7	13	13	6	**39**
Commercial buildings	4	12	4	7	**27**
New markets	6	10	6	6	**28**
Telecommunications	3	11	2	10	**26**
Business incubators	5	12	—	3	**20**
Industrial parks	5	11	—	3	**19**
Tourism	5	10	—	4	**19**

Source: GAO
Note: Numbers of programs by agency do not total to 80 since an individual program may fund several activities.

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Smaller, Limited-Scope Economic Development Programs Appear to Overlap

- Sixty percent of the programs (46 of the 80 programs reviewed) are more limited in scope and can fund only one or two of the nine economic development activities.

- For example, many of these programs that are limited in scope appear to overlap because they can
  - fund only entrepreneurial efforts and
  - target similar geographic areas.

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Legislative and Regulatory Reasons for Potential Overlap and Fragmentation

- Many of the economic development programs are differentiated by legislative or regulatory restrictions.
- These restrictions target funding on the basis of characteristics such as
  - geography,
  - income levels, and
  - population density (rural or urban).

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Collaborative Practices Agencies Should Consider Implementing to Maximize the Performance of Federal Programs That Share Common Outcomes

- Define and articulate common outcomes.
- Leverage physical and administrative resources to address resource needs and potentially produce cost savings.
- Facilitate collaboration by establishing compatible standards, policies and procedures for the collaborative effort to operate across agency boundaries.
- Create the means to monitor and evaluate collaborative efforts and report on these activities to identify areas for improving policy and operational effectiveness.

Source: *Results Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C., October 21, 2005).

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Preliminary Results: Agencies Are Collaborating on a Limited Basis

- The four agencies appear to have taken actions to define and articulate common outcomes for some of their economic development efforts.
  - In response to a September 2008 recommendation that GAO made to SBA and USDA related to improving their collaboration, the two agencies entered into a memorandum of understanding (MOU) in 2010 so they can use their respective resources to provide small businesses in rural areas with loan guarantees and technical assistance to achieve outcomes such as building diverse and sustainable rural economies, reversing population decline in rural areas, creating and sustaining jobs, and improving quality of life.
  - HUD, SBA, USDA, Commerce, and other federal agencies recently entered into a MOU in order to achieve outcomes that include strengthening and diversifying the Appalachian economy, improving the health and welfare of people in the Appalachian region, and protecting the environment of the region.
  - Several agencies, including Commerce and SBA, joined the regional innovation cluster effort initiated by President Obama in 2010 that focuses on outcomes that include creating and retaining jobs; accelerating the formation of new, high-growth businesses; and increasing regional prosperity.

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Preliminary Results: Agencies Are Collaborating on a Limited Basis (Cont.)

- Agencies offered little evidence that they have taken steps to develop compatible policies or procedures or leverage physical and administrative resources with other federal agencies.
- Collaborative efforts identified to date appear to occur on a case-by-case basis in field offices.
- Agencies have not developed mechanisms to consistently and effectively monitor, evaluate, and report on the results of collaborative efforts.

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Preliminary Results: A Lack of Information on Programs Outcomes Is a Long Standing Concern

- Commerce's Economic Development Administration's (EDA) estimates about the results of its grants may not be accurate.
- USDA does not collect data to measure the accomplishments of one of its largest rural business programs—the Business and Industry loan program.
- HUD does not track measures on the long-term performance of its Section 108 program.
- SBA has not developed outcome measures that directly link to the mission of its HUBZone program.

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EDA Grants

- GAO first reported in March 1999 and then again in October 2005 that EDA relies on a potentially incomplete set of variables and self-reported data to assess the effectiveness of its grants.
- Agency progress:
  - In December 2006 EDA issued revised operational guidance that included a new methodology that regional offices use to calculate estimated jobs and private sector investment attributable to EDA grants.
  - EDA officials also stated that they now employ additional checks on the quality of the self-reported data.
- Next step:
  - GAO plans to assess the quality and adequacy of the methods the agency uses to assess the quality of the data.

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USDA's Business and Industry Loan Program

- In 2003 the USDA Inspector General (IG) recommended that USDA ensure data exist to measure the accomplishments of the Business and Industry loan program.
- Agency progress:
  - Agency officials stated that they have recently taken steps to address the open recommendation, including requiring staff to record actual jobs created rather than estimated jobs created.
  - An IG officials said it is too early to tell whether these actions are sufficient to fully address the recommendation.
- Next step:
  - GAO plans to monitor the IG's efforts to determine whether the agency fully addresses the recommendation.

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HUD's Section 108 Program

- In 2007 OMB found that HUD did not track long-term performance outcome measures for its Section 108 program.
- Agency progress:
  - To date, the agency has no long-term performance outcome measures for this program.
- Next step:
  - GAO plans to determine what, if any, actions the agency plans to take to address this weakness.

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SBA's HUBZone Program

- GAO reported in June 2008 that SBA does not track outcome measures that are directly linked to the program's mission.
- Agency progress:
  - Although SBA continues to agree that evaluating program outcomes is important, to date the agency has not yet appeared to make a meaningful resource commitment for such an evaluation.
- Next step:
  - GAO plans to evaluate any actions the agency takes to develop outcome measures.

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Preliminary Results

- Agencies need to further utilize promising practices for enhanced collaboration.
- Agencies need to collect accurate and complete data on program outcomes and use the information to assess each program's effectiveness.
- Additional work to assess progress in collaboration and evaluation could identify areas for improvement, consolidation, or elimination. Further, programs that are designed to target similar economic development activities, locations, and applicants may not be adding unique value, and more analysis is needed by the agencies and Office of Management and Budget to determine the actual amount of any duplicative spending.
- Increased attention and oversight by OMB and the Congress could help to ensure needed actions are taken.

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Framework for Analysis

The information contained in this analysis is based on

- results of prior GAO products,
- ongoing work following up on the status of recommendations from those products, and
- the preliminary results of GAO's ongoing evaluation of economic development programs at four federal agencies.

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Related GAO Products

- *Rural Economic Development: Collaboration between SBA and USDA Could Be Improved*, GAO-08-1123, September 18, 2008.
- *Small Business Administration: Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results*, GAO-08-643, June 17, 2008.
- *Rural Economic Development: More Assurance Is Needed That Grant Funding Information Is Accurately Reported*, GAO-06-294, February 24, 2006.
- *Economic Development Administration: Remediation Activities Account for a Small Percentage of Total Brownfield Grant Funding*, GAO-06-7, October 27, 2005.
- *Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities* GAO/RCED/GGD-00-220, September 29, 2000.
- *Economic Development: Observations Regarding the Economic Development Administration's May 1998 Final Report on its Public Works Program*, GAO/RCED-99-11R, March 23, 1999.

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Enclosure IV: Economic Development Programs Listed in Figure 1

The following table lists the specific programs that can fund each economic activity, grouped by agency and activity type. The information also appears as interactive content in figure 1 in the body of the report when the report is viewed electronically.

Economic Activities	Commerce	HUD	SBA	USDA
Entrepreneurial efforts programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	8(a) Business Development Program	Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas	7(j) Technical Assistance	Woody Biomass Utilization Grant Program
	Economic Development/ Technical Assistance	CDBG/States	Procurement Assistance to Small Businesses	1890 Land Grant Institutions Rural Entrepreneurial Outreach Program/Rural Business Entrepreneur Development Initiative/BISNET
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii	Small Business Investment Companies	Small Business Innovation Research
	Research and Evaluation Program	CDBG/Section 108 Loan Guarantees	7(a) Loan Program	Value Added Producer Grants
	Global Climate Change Mitigation Incentive Fund	Section 4 Capacity Building for Affordable Housing and Community Development	Surety Bond Guarantee Program	Agriculture Innovation Center
	Minority Business Enterprise Centers (renamed Minority Business Center for FY 2011 award)	Rural Innovation Fund	SCORE	Small Socially-Disadvantaged Producer Grants
	Native American Business Enterprise Centers	CDBG Disaster Recovery Grants	Small Business Development Centers	Intermediary Re-lending
	Minority Business Opportunity Center	Indian CDBG	504 Loan Program	Rural Business Enterprise Grants
		Hispanic Serving Institutions Assisting Communities	Woman's Business Centers	Rural Cooperative Development Grants
		Alaska Native/Native Hawaiian Institutions Assisting Communities	Veterans' Business Outreach Centers	Rural Business Opportunity Grants
		CDBG/Brownfields Economic Development Initiative	Microloan Program	Rural Microentrepreneur Assistance Program
			PRIME	Biomass Research and Development Initiative Competitive Grants Program
			New Markets Venture Capital Program	Business and Industry Loans

Economic Activities	Commerce	HUD	SBA	USDA
			7(a) Export Loan Guarantees	
			HUBZone	
			Small Business Technology Transfer Program	
			Small Business Innovation Research Program	
			Federal and State Technology Partnership Program	
Infrastructure programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	Surety Bond Guarantee Program	Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas		Rural Electrification Loans and Loan Guarantees
	Economic Adjustment Assistance	CDBG/States		Assistance to High Energy Cost Rural Communities
	Global Climate Change Mitigation Incentive Fund	CDBG/Non-entitlement CDBG Grants in Hawaii		Denali Commission Loans and Grants
		CDBG/Brownfields Economic Development Initiative		State Bulk Fuel Revolving Fund Grants
		CDBG/Section 108 Loan Guarantees		Schools and Roads-Grants to States
		Section 4 Capacity Building for Affordable Housing and Community Development		Schools and Roads-Grants to Counties
		Rural Innovation Fund		Community Facilities Loans & Grants
		CDBG Disaster Recovery Grants		Water and Waste Disposal Loans & Grants (Section 306C)
		Indian CDBG		Water and Waste Disposal Systems for Rural Communities
		Hispanic Serving Institutions Assisting Communities		Emergency Community Water Assistance Grants
		Alaska Native/Native Hawaiian Institutions Assisting Communities		Technical Assistance and Training Grants
				Grant Program to Establish a Fund for Financing Water and Waste Water Projects
				Solid Waste Management Grants

Economic Activities	Commerce	HUD	SBA	USDA
				Business and Industry Loans
				Rural Business Enterprise Grants
				Rural Economic Development Loans and Grants
				Rural Energy for America Program
Plans and strategies programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	8(a) Business Development Program	Empowerment Zones
	Economic Development/ Support for Planning Organizations	CDBG/Special Purpose/Insular Areas	7(j) Technical Assistance	Woody Biomass Utilization Grant Program
	Economic Development/ Technical Assistance	CDBG/States	Procurement Assistance to Small Businesses	Intermediary Re-lending
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii	Small Business Investment Companies	Rural Business Enterprise Grants
	Research and Evaluation Program	CDBG/Section 108 Loan Guarantees	7(a) Loan Program	Rural Business Opportunity Grants
	Trade Adjustment Assistance	Section 4 Capacity Building for Affordable Housing and Community Development	SCORE	Rural Economic Development Loans and Grants
	Global Climate Change Mitigation Incentive Fund	Rural Innovation Fund	Small Business Development Centers	Rural Energy for America Program
		CDBG Disaster Recovery Grants	Veterans' Business Outreach Centers	
		Indian CDBG	Microloan Program	
		Hispanic Serving Institutions Assisting Communities	PRIME	
		Alaska Native/Native Hawaiian Institutions Assisting Communities	New Markets Venture Capital Program	
		Sustainable Communities Regional Planning Grant Program	HUBZone	
		Community Challenge	Federal and State	

Economic Activities	Commerce	HUD	SBA	USDA
	Global Climate Change Mitigation Incentive Fund	CDBG/Non-entitlement CDBG Grants in Hawaii	7(a) Export Loan Guarantees	Rural Business Enterprise Grants
		CDBG/Brownfields Economic Development Initiative		Rural Cooperative Development Grants
		CDBG/Section 108 Loan Guarantees		Rural Economic Development Loans and Grants
		Section 4 Capacity Building for Affordable Housing and Community Development		Biorefinery Assistance Program
		Rural Innovation Fund		
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		
New markets programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	Small Business Investment Companies	Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas	SCORE	Woody Biomass Utilization Grant Program
	Economic Development/ Technical Assistance	CDBG/States	Small Business Development Centers	Biobased Products and Bioenergy Program
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii	Women's Business Centers	Biorefinery Assistance Program
	Research and Evaluation Program	CDBG/Section 108 Loan Guarantees	Microloan Program	Rural Energy for America Program
	Global Climate Change Mitigation Incentive Fund	Section 4 Capacity Building for Affordable Housing and Community Development	7(a) Export Loan Guarantees	Business and Industry Loans
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		

Economic Activities	Commerce	HUD	SBA	USDA
Telecommunications programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants	Small Business Technology Transfer Program	Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas	Small Business Innovation Research Program	Distance Learning and Telemedicine Loans & Grants
	Economic Adjustment Assistance	CDBG/States		Rural Telephone Loans and Loan Guarantees
		CDBG/Non-entitlement CDBG Grants in Hawaii		Public Television Station Digital Transition Grants
		CDBG/Brownfields Economic Development Initiative		Community Connect Program
		CDBG/Section 108 Loan Guarantees		Rural Broadband Access Loans and Loan Guarantees
		Section 4 Capacity Building for Affordable Housing and Community Development		Small Business Innovation Research
		CDBG Disaster Recovery Grants		Rural Economic Development Loans and Grants
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		
Business incubators programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants		Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas		1890 Land Grant Institutions Rural Entrepreneurial Outreach Program/Rural Business Entrepreneur Development Initiative/BISNET
	Economic Development/ Technical Assistance	CDBG/States		Rural Economic Development Loans and Grants
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii		Intermediary Re-lending
	Global Climate Change Mitigation Incentive Fund	CDBG/Brownfields Economic Development Initiative		Business and Industry Loans
		CDBG/Section 108 Loan Guarantees		Rural Business Enterprise Grants

Economic Activities	Commerce	HUD	SBA	USDA
		Section 4 Capacity Building for Affordable Housing and Community Development		Rural Business Opportunity Grants
		Rural Innovation Fund		
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		
Industrial parks programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants		Empowerment Zones
	Grants for Public Works and Economic Development Facilities	CDBG/Special Purpose/Insular Areas		Rural Business Opportunity Grants
	Economic Development/ Technical Assistance	CDBG/States		Rural Economic Development Loans and Grants
	Economic Adjustment Assistance	CDBG/Non-entitlement CDBG Grants in Hawaii		Intermediary Re-lending
	Global Climate Change Mitigation Incentive Fund	CDBG/Brownfields Economic Development Initiative		Rural Business Enterprise Grants
		CDBG/Section 108 Loan Guarantees		
		Section 4 Capacity Building for Affordable Housing and Community Development		
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		
Tourism programs	Community Trade Adjustment Assistance	CDBG/Entitlement Grants		Empowerment Zones
	Economic Development/ Technical Assistance	CDBG/Special Purpose/Insular Areas		Small Business Innovation Research
	Economic Adjustment Assistance	CDBG/States		Intermediary Re-lending

Economic Activities	Commerce	HUD	SBA	USDA
	Global Climate Change Mitigation Incentive Fund	CDBG/Non-entitlement CDBG Grants in Hawaii		Business and Industry Loans
	Grants for Public Works and Economic Development Facilities	CDBG/Section 108 Loan Guarantees		
		Section 4 Capacity Building for Affordable Housing and Community Development		
		CDBG Disaster Recovery Grants		
		Indian CDBG		
		Hispanic Serving Institutions Assisting Communities		
		Alaska Native/Native Hawaiian Institutions Assisting Communities		

Source: GAO analysis of information from Commerce, HUD, SBA, and USDA.

Enclosure V: 80 Economic Development Programs

Agency/program name	Fiscal Year 2010 Enacted appropriation[a]	Economic Activities: Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural	Primary Targeted Recipient[b]	Award Type
Commerce													
Community Trade Adjustment Assistance	$0	X	X	X	X	X	X	X	X	X	Not Specified	Businesses adversely affected by international trade impacts	grant or direct payment
Grants for Public Works and Economic Development Facilities	$158,930,000		X	X	X	X	X	X	X	X	Not Specified	Economically distressed areas	grant or direct payment
Economic Development/ Support for Planning Organizations	$31,391,000	X									Not Specified	Unemployed and underemployed residents located in economically distressed areas	grant or direct payment
Economic Development/ Technical Assistance	$9,800,000	X		X	X		X	X		X	Not Specified	Economically distressed areas	grant or direct payment
Economic Adjustment Assistance	$45,270,000	X	X	X	X	X	X	X	X	X	Not Specified	Economically distressed areas	grant or direct payment
Research and Evaluation Program	$1,963,000	X					X	X			Not Specified	Economically distressed areas	grant or direct payment
Trade Adjustment Assistance	$18,987,000	X									Not Specified	Businesses adversely affected by imports	grant and services, technical support
Global Climate Change Mitigation Incentive Fund	$25,000,000	X	X	X	X	X	X	X		X	Not Specified	Economically distressed areas	grant or direct payment
Minority Business Enterprise Centers	$8,601,193						X				Not Specified	Current and prospective minority-owned businesses	grant or direct payment
Native American Business Enterprise Centers	$1,351,500						X				Not Specified	Current and prospective Native-American owned businesses	grant or direct payment
Minority Business Opportunity Center	$1,512,500						X				Not Specified	Current and prospective minority-owned businesses	grant or direct payment
USDA													
Empowerment Zones	$500,000	X	X	X	X	X	X	X	X	X	Rural Only	Rural communities	grant and services, technical support

Agency/program name	Fiscal Year 2010 Enacted appropriation[a]	Economic Activities: Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural	Primary Targeted Recipient[b]	Award Type
Woody Biomass Utilization Grant Program	$5,000,000	X					X	X			Rural Only	Rural communities and businesses located in rural communities near National Forests and involved in forestry activities on National Forests	grant and services, technical support
1890 Land Grant Institutions Rural Entrepreneurial Outreach Program/Rural Business Entrepreneur Development Initiative/BISNET	$0			X			X				Rural Only	Current and prospective small businesses located in rural communities	grant and services, technical support
Distance Learning and Telemedicine Loans & Grants	$33,300,000.00								X		Rural Only	Rural communities	grant and loan
Rural Telephone Loans and Loan Guarantees	$0								X		Rural Only	Telephone users located in rural communities	loan (direct or guaranteed)
Public Television Station Digital Transition Grants	$4,500,000.00								X		Rural Only	Television users located in rural communities	grant or direct payment
Community Connect Program	$18,000,000.00								X		Rural Only	Broadband users located in rural communities	grant or direct payment
Rural Broadband Access Loans and Loan Guarantees	$29,000,000.00								X		Rural Only	Broadband users located in rural communities	loan (direct or guaranteed)
Rural Electrification Loans and Loan Guarantees	$0					X					Rural Only	Users of services provided by eligible electrical suppliers	loan (direct or guaranteed)
Assistance to High Energy Cost Rural Communities	$17,500,000					X					Rural Only	Rural communities with high energy costs	grant and loan
Denali Commission Loans and Grants	$0					X					Rural Only	Rural communities located in Alaska with high energy costs	grant and loan
State Bulk Fuel Revolving Fund Grants	$0					X					Rural Only	Remote rural communities where fuel cannot be shipped by surface transportation	grant or direct payment
Small Business Innovation Research	$22,000,000						X		X	X	Not Specified	Small businesses	grant or direct payment

Agency/program name	Fiscal Year 2010 Enacted appropriation[a]	Economic Activities: Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural	Primary Targeted Recipient[b]	Award Type
Biomass Research and Development Initiative Competitive Grants Program[e]	$0						X				Not Specified	Research institutions	grant or direct payment
Schools and Roads- Grants to States	$0					X					Rural Only	Schools and entities that manage public roads located in counties containing national forest lands	grant or direct payment
Schools and Roads- Grants to Counties	$0					X					Rural Only	Schools and entities that manage public roads located in counties containing National Grasslands and Land Utilization Projects	grant or direct payment
Community Facilities Loans & Grants	$36,800,000					X					Rural Only	Rural communities	grant and loan
Water and Waste Disposal Loans & Grants (Section 306C)	$489,100,000					X					Rural Only	Low-income rural communities	grant and loan
Water and Waste Disposal Systems for Rural Communities[c]	$0					X					Rural Only	Rural communities	grant and loan
Emergency Community Water Assistance Grants	$13,000,000					X					Rural Only	Rural communities with low and moderate income residents	grant or direct payment
Technical Assistance and Training Grants	$19,500,000					X					Rural Only	Rural communities	grant or direct payment
Grant Program to Establish a Fund for Financing Water and Waste Water Projects	$ 500,000					X					Rural Only	Rural communities	grant or direct payment
Solid Waste Management Grants	$3,400,000					X					Rural Only	Rural communities	grant or direct payment
Value Added Producer Grants	$19,400,000						X				Rural Only	Agricultural businesses	grant and services, technical support

Agency/program name	Fiscal Year 2010 Enacted appropriation[a]	Economic Activities: Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural	Primary Targeted Recipient[b]	Award Type
Biobased Products and Bioenergy Program	$2,000,000							X			Rural Only	Current and prospective businesses located in rural communities	loan (direct or guaranteed)
Agriculture Innovation Center	$0						X				Not Specified	Agricultural producers	grant or direct payment
Small Socially-Disadvantaged Producer Grants	$3,500,000						X				Not Specified	Small, socially-disadvantaged agricultural producers	grant or direct payment
Intermediary Re-lending[c]	$8,500,000	X	X	X	X		X			X	Rural Only	Current and prospective businesses located in rural communities	loan (direct or guaranteed)
Business and Industry Loans[c]	$52,900,000		X	X		X	X	X		X	Rural Only	Current and prospective businesses located in rural communities	loan (direct or guaranteed)
Rural Business Enterprise Grants[c]	$38,700,000	X	X	X	X	X	X				Rural Only	Current and prospective small businesses located in rural communities	grant or direct payment
Rural Cooperative Development Grants	$8,300,000		X				X				Rural Only	Business cooperatives located in rural communities	grant or direct payment
Rural Business Opportunity Grants[c]	$2,500,000	X		X	X		X				Rural Only	Rural businesses	grant or direct payment
Rural Economic Development Loans and Grants	$0	X	X	X	X	X			X		Rural Only	Current and prospective businesses located in rural communities	grant and loan
Biorefinery Assistance Program	$245,000,000		X					X			Not Specified	Commercial-scale biorefineries	loan (direct or guaranteed)
Rural Energy for America Program[c]	$99,400,000	X				X		X			Rural Only	Small businesses located in rural communities	grant and loan
Rural Microentrepreneur Assistance Program	$9,000,000						X				Rural Only	Small businesses	grant and loan
HUD													
Community Development Block Grant (CDBG)/ Entitlement Grants	$2,760,223,970	X	X	X	X	X	X	X	X	X	Urban Only	Low and moderate income families	grant or direct payment

Agency/program name	Fiscal Year 2010 Enacted appropriation[a]	Economic Activities: Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural	Primary Targeted Recipient[b]	Award Type
CDBG/Special Purpose/Insular Areas	$8,930,000	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families located in American Samoa, Guam, Northern Mariana Islands, and the Virgin Islands	grant or direct payment
CDBG/States	$1,176,594,747	X	X	X	X	X	X	X	X	X	Rural Only	Low and moderate income families	grant or direct payment
CDBG/Non-entitlement CDBG Grants in Hawaii	$5,791,797	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families located in Hawaii	grant or direct payment
CDBG/ Brownfields Economic Development Initiative	$17,500,000		X	X	X	X	X		X		Not Specified	Public entities overseeing economic redevelopment projects	grant or direct payment
CDBG/Section 108 Loan Guarantees	$6,000,000	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families	loan (direct or guaranteed)
Section 4 Capacity Building for Affordable Housing and Community Development	$50,000,000	X	X	X	X	X	X	X	X	X	Not Specified	Low-income families	grant or direct payment
Rural Innovation Fund	$25,000,000	X	X	X		X	X				Rural Only	Low and moderate income families and businesses located in rural communities	grant or direct payment
CDBG Disaster Recovery Grants	$100,000,000	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families located in and around communities that have experienced a natural disaster	grant or direct payment
Indian CDBG	$65,000,000	X	X	X	X	X	X	X	X	X	Not Specified	Indian tribes and Alaskan Native villages	grant or direct payment
Hispanic Serving Institutions Assisting Communities	$6,250,000	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families and small businesses located in communities surrounding Hispanic-serving institutions of higher education	grant or direct payment

Agency/program name	Fiscal Year 2010 Enacted appropriation[a]	Economic Activities: Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural	Primary Targeted Recipient[b]	Award Type
Alaska Native/Native Hawaiian Institutions Assisting Communities	$3,265,000	X	X	X	X	X	X	X	X	X	Not Specified	Low and moderate income families and small businesses located in communities served by institutions for higher education in Alaska and Hawaii	grant or direct payment
Sustainable Communities Regional Planning Grant Program	$98,000,000	X									Not Specified	Community and regional planning grantees	grant or direct payment
Community Challenge Planning Grant Program	$40,000,000	X									Not Specified	Community and regional planning grantees	grant or direct payment
SBA[f]													
8(a) Business Development Program[d]	$56,817,000	X					X				Not Specified	Small and disadvantaged businesses	services, technical support, advantages for federal contract competition
7(j) Technical Assistance	$3,400,000	X					X				Not Specified	Small disadvantaged businesses and small businesses operating in areas of low income or high unemployment	grant or direct payment
Procurement Assistance to Small Businesses[d]	$3,164,000	X					X				Not Specified	Small businesses interested in government contracting opportunities	advantages for federal contract competition
Small Business Investment Companies[d]	$24,262,000	X					X	X			Not Specified	Small businesses in start up and growth situations	loan (direct or guaranteed)
7(a) Loan Program[d]	$95,090,000	X	X				X				Not Specified	Current and prospective small businesses	loan (direct or guaranteed)
Surety Bond Guarantee Program	$1,000,000		X			X	X				Not Specified	Small and emerging small business contractors	loan (direct or guaranteed)
SCORE	$7,000,000	X					X	X			Not Specified	Current and prospective businesses	grant or direct payment
Small Business Development Centers	$113,000,000	X					X	X			Not Specified	Current and prospective businesses	grant or direct payment

Agency/program name	Fiscal Year 2010 Enacted appropriation[a]	Economic Activities: Plans and strategies	Commercial buildings	Business incubators	Industrial parks	Infrastructure	Entrepreneurial efforts	New markets	Telecommunications	Tourism	Urban/ rural	Primary Targeted Recipient[b]	Award Type
504 Loan Program[d]	$36,232,000		X				X				Not Specified	Small businesses	loan (direct or guaranteed)
Women's Business Centers	$14,000,000						X	X			Not Specified	Women-owned small businesses	grant or direct payment
Veterans' Businesses Outreach Centers	$2,500,000	X					X				Not Specified	Current and prospective veteran-owned small businesses	grant or direct payment
Microloan Program[d]	$25,315,000	X					X	X			Not Specified	Small businesses and not-for-profit child care centers	grant and loan
PRIME	$8,000,000	X					X				Not Specified	Small businesses owned by disadvantaged individuals	grant or direct payment
New Markets Venture Capital Program[d]	$0	X					X				Not Specified	Small businesses located in areas with low income or high unemployment	grant and loan
7(a) Export Loan Guarantees[d]	$0		X				X	X			Not Specified	Small business exporters in operation for at least 12 months	loan (direct or guaranteed)
HUBZone	$2,200,000	X					X				Not Specified	Small businesses located in economically distressed areas	advantages for federal contract competition
Small Business Technology Transfer Program	$0						X		X		Not Specified	Small businesses in technology industries and research institution partners	grant or direct payment
Small Business Innovation Research Program	$0						X		X		Not Specified	Small businesses in technology industries	grant or direct payment
Federal and State Technology Partnership Program	$2,000,000	X					X				Not Specified	Small businesses in technology industries and research institution partners	grant or direct payment
Grand Total	$8,238,641,707												

Source: GAO analysis of information from Commerce, HUD, SBA, and USDA.

[a]According to agency officials, the programs listed above that did not receive funding in fiscal year 2010 are still active programs. They are denoted by "0" in the table.

[b]Primary targeted recipient is the end user that the agencies are focused on serving. In some cases, the agencies provide the program dollars to an entity such as a nonprofit or local government that administers the funds to serve the primary targeted recipient.

[c]This program funded the Recovery Act portion of the Water and Waste Disposal Loans and Grants program. USDA considered it as a separate program. Funds were available for obligation through September 30, 2010.

[g]According to SBA officials, this program does not receive a specific line item appropriation. As a result, the specific program funding information is based on results from the agency's cost allocation model.

[h]In December 2010, USDA officials provided us information on the economic activities that each of their economic development programs can fund and we reported the information in our March 2011 report (GAO-11-318SP). In April 2011, they provided revised information for six of their programs that we incorporated into this product.

[i]SBA officials provided revised fiscal year 2010 funding figures for 18 of their 19 economic development programs since their original submission to us in December 2010.

Enclosure VI: GAO Contact and Staff Acknowledgments

GAO Contact

William B. Shear (202) 512-8678 or ShearW@gao.gov.

Staff Acknowledgments

In addition to the contact named above, Andy Finkel (Assistant Director), Matthew Alemu, Aimee Elivert, Geoffrey King, Terence Lam, Triana McNeil, Marc Molino, Roberto Piñero, and Jennifer Schwartz made key contributions to this report.

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To Report Fraud, Waste, and Abuse in Federal Programs	Contact: Web site: www.gao.gov/fraudnet/fraudnet.htm E-mail: fraudnet@gao.gov Automated answering system: (800) 424-5454 or (202) 512-7470
Congressional Relations	Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400 U.S. Government Accountability Office, 441 G Street NW, Room 7125 Washington, DC 20548
Public Affairs	Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

VISTAGE
better leaders = decisions = results
The World's Leading Chief Executive Organization

August 4, 2011

Ami Sanchez, Counsel
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell
Washington, DC 20510

Dear Ami:

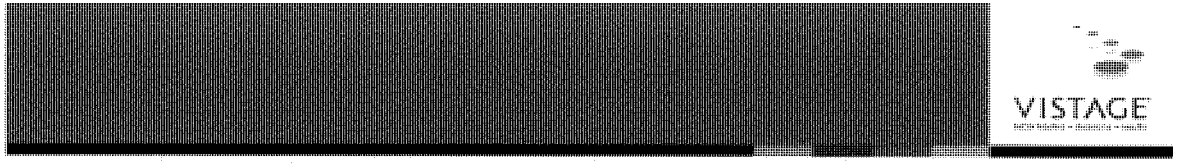
On behalf of Vistage International, I extend my thanks to you, Senator Landrieu, Senator Snowe and members of the committee for allowing us to participate in the July 21st roundtable on Entrepreneurial Development. I enjoyed meeting and exchanging ideas with so many dedicated people who are working on behalf of small business in America. You can expect Vistage to continue to play a strong role in helping small businesses grow, both through our own Vistage groups across the country and as an active Startup America mentoring partner.

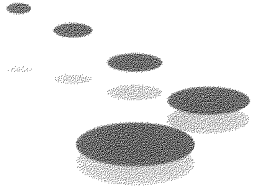
I've included a document that offers an overview of Vistage for the record, and I'd like to restate my invitation to all the members of the committee to visit a Vistage Group, either in Washington, DC or in their home states, at their earliest convenience. It's a wonderful opportunity for members to meet with 12-16 area CEOs, where they can not only listen to their concerns and ideas, but also lend their voice to all the good work the committee is doing in Washington on our members' behalf.

When it comes to driving economic growth and creating jobs, all of us at Vistage look forward to being part of the solution in the months and years ahead.

All the best,

Leo J. Bottary
Vice President, Public Affairs
Vistage International, Inc.





VISTAGE®

better leaders • decisions • results

The World's Leading Chief Executive Organization

Overview

VISTAGE

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VISTAGE

Introduction to Vistage

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Overview

VISTAGE

Founded in 1957 as The Executive Committee ("TEC"), today Vistage International is the world's largest for-profit membership organization of CEOs

- Headquartered in San Diego, CA, Vistage has 15,000 members (10,000 members in the U.S.) and operates in 15 countries (including China as of 2010)
- Vistage provides continuous learning and development for CEOs and business owners/managers in a peer group setting, through one-to-one coaching, by access to experts and content, and through connectivity with the worldwide membership
- More than 650 Vistage Chairs (independent-contractor trained coaches) worldwide
- Approximately 800 Vistage Speakers (independent-contractor expert resources) worldwide

Collectively, Vistage member companies represent more than $250 billion in revenues and 1.5 million employees in the U.S. alone.

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What We Do at Vistage

VISTAGE

- Vistage delivers to its members a unique blend of business resources and personal support to increase their effectiveness and enhance their lives
- Whatever their challenges – growth, profitability, new ideas, intensified competition, international expansion, effective leadership – Vistage's members reach better decisions and achieve better results because of the special relationship-based assistance provided by Vistage
- Vistage has perfected a unique, complementary blend of services and products
  - Peer-group interaction and problem-solving meetings with other CEOs, acting as an "advisory board" applying the Chair-led Vistage process
  - One-on-one sessions with carefully selected, highly trained and closely monitored coaches (Vistage Chairs)
  - Interactive actionable seminars with experts on most subjects (Vistage Speakers)
  - Proprietary best practice guides, how-to articles, whitepapers and podcasts
  - Connectivity with the network of over 14,000 business leaders worldwide through member-only website, webinars, conferences and events
- At the core are the values of trust, caring, challenge and growth. The confidentiality and collegiality provided by Vistage improve the competitiveness, growth and value of its members' companies

The depth, breadth and impactfulness of relationships within the Vistage community differentiate Vistage from other companies in the sector.

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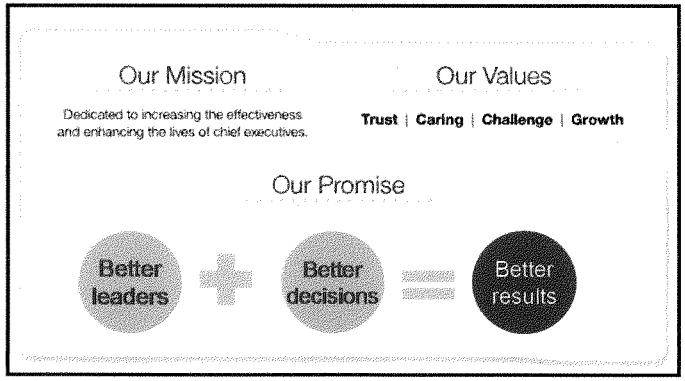
Why CEOs Join and Remain in Vistage

VISTAGE

- Better company performance
- Generate new ideas / gain business insights
- More effective decisions
- Become more successful leaders
- Personal and professional growth
- Local and global networking
- Develop competitive advantages



The tangible value of Vistage membership (money earned or saved) is greater than the cost of membership. This is one of the reasons for Vistage's high retention rate of over 80% of CEOs.

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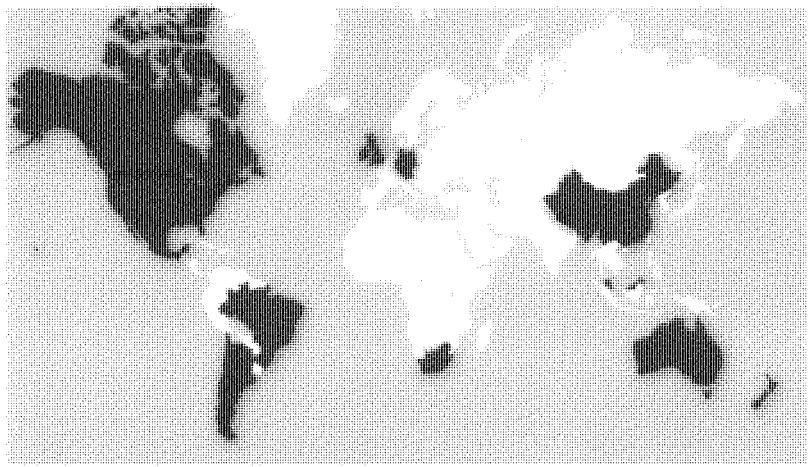
Worldwide Presence

VISTAGE

15,000 Members in 15 countries (10,000 members in the U.S.)



Argentina
Australia
Brazil
Canada
Chile
China
Germany
Ireland
Malaysia
Mexico
New Zealand
Singapore
South Africa
United Kingdom
United States

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VISTAGE

The Vistage Membership

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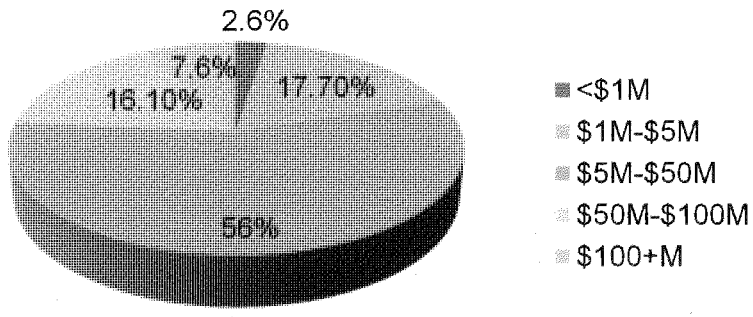
Vistage Member Profile: Revenues

VISTAGE

Vistage members' companies are established, revenue-generating and growing enterprises

- The average revenue of Vistage members' companies is $26 million
- More than 950 Vistage members' companies have sales over $50 million
- More than 300 Vistage members' companies have sales over $100 million



As of January 2011 Onyx Data

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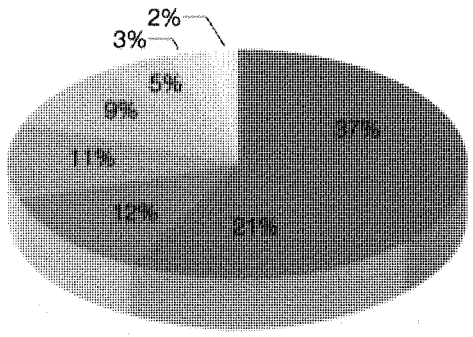
Vistage Member Profile: Industry Sectors

VISTAGE

Vistage members' companies represent nearly every industry

- Variety of industry sectors is critical to the members' experience
- Vistage is not overly concentrated in any one sector



Service	37%
Manufacturing	21%
Financial, Real Estate, Insurance	12%
Wholesale Trade	11%
Construction	9%
Retail Trade	5%
Transportation, Communication	3%
Other	2%

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Vistage Member Profile: Employees

VISTAGE

Vistage members manage workforces of varying sizes

- The average number of employees in Vistage-member companies is 165
- 23% have more than 100 employees
- 47% have between 20-100 employees
- 30% have less than 20 employees

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Vistage Market Power

VISTAGE

In the U.S., small to mid-sized enterprises comprise:

- 75% of new job creation
- 58% of private-sector workers
- 99.7% of all U.S. employers
- 38% of high tech employees
- 90% of new business location growth

Vistage Members' Companies	Cumulative
Annual Revenues	>$250 Billion
Employees	>1.5 Million

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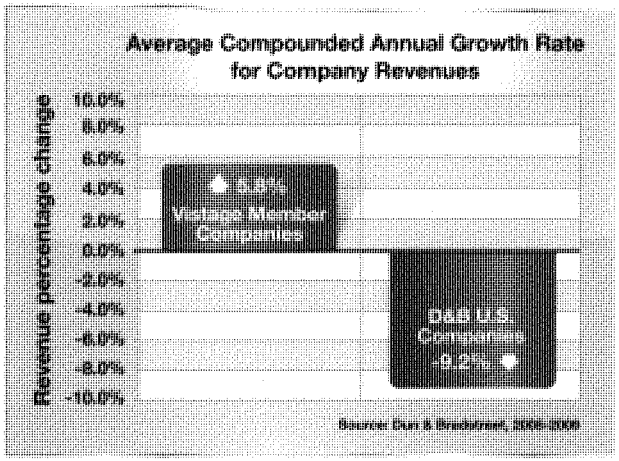
Vistage Members' Companies Outperform in Growth

VISTAGE

Vistage members' companies outperformed Dun & Bradstreet's U.S. companies in average revenues



Vistage CEO member companies who joined in 2006-2008 and were active members in Feb, 2010. CAGR for Vistage member companies calculated for period covering year prior to joining Vistage through 2009. CAGR for D&B U.S. companies based on 2005-2009 revenues, weighted to match Vistage company distribution per year during same period. All companies had >=$1M annual revenue, >=5 employees. Vistage: 1,265 companies. D&B: apx. 1M U.S. companies.

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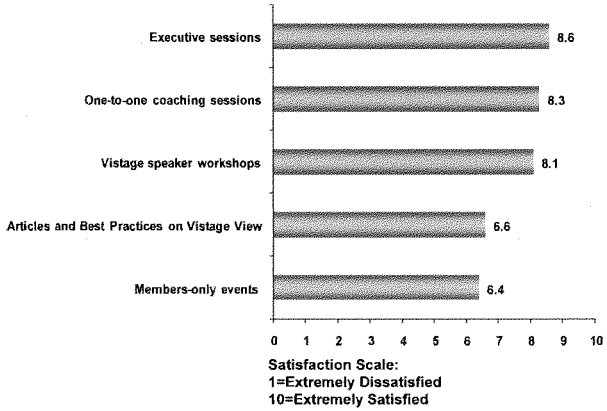
Vistage Members are Highly Satisfied with the Vistage Program Components

VISTAGE

The Executive Sessions, the One-to-one Coaching Sessions and the Vistage Speaker Workshops provide high value to members

- Articles / Best Practices, Webinars and Member-Only Events were also rated as highly valuable by members



Source: 2009 Vistage Member Experience Survey

Vistage's member retention rate for its flagship Chief Executive ("CE") program is >80%, and the average tenure of Vistage CE members continues to increase to nearly 6 years (hundreds have been members longer than 5, even 10, years)

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Member Testimonials

VISTAGE

"Vistage has helped me make the right decision to grow the company and bring in very smart people and smart management. These were key ingredients to growing the company from $12 million to $350 million in just 10 years."

—Brian Cescolini, CEO
Universal Protection Service
Santa Ana, Calif.
Vistage member since 2001

"When I purchased the company 11 years ago, we were a $3.5 million company with 22 employees. Today we're a $37 million company with more than 200 employees. I appreciate my 10 years as a Vistage member, wondering if one would have been possible without the other."

—Brian Braaten, President
West Electric Group
Colorado Springs, Co.
Member since 2001

"Thanks to Vistage, I've weathered two recessions. I was actually prepared for the second one because Vistage Speakers had predicted it. As a result, we were still profitable, had positive cash flow, and made capital investments on the upswing."

—Susan Cirocki, President
Arrow Sheet Metal Products Company
Denver, Colo.
Member since 2003

Find more Vistage member success stories on YouTube
http://www.youtube.com/user/VistageChannel

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The Vistage Programs and Assets

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The Vistage Composite of Services is Unique and Impactful

The Vistage experience comprises a unique bundle of services (the "four-legged Vistage ladder") that reinforce each other and cause Vistage members to become better leaders who make better decisions and achieve better results.

1. **Advisory Board of peers from other industries,** led by a Vistage Chair who applies the Vistage issue-resolution process

2. **One-to-one coaching session with the Vistage Chair** who both questions the member's assumptions and holds the member accountable to actually do what the member has resolved to do

3. **Interactive, intimate and practical workshops with expert Speakers** on every subject that's relevant to optimizing an executive's performance as a manager and a leader

4. **Online and in-person content from, and connectivity** with, the international network of Vistage members and Vistage itself

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Vistage Groups and Chairs

VISTAGE

Vistage members meet monthly for an entire day to learn, share ideas and resolve issues that they face in their businesses, all following the Vistage process

- Groups consist of up to 16 members from non-competing industries, are facilitated and led by a Vistage Chair, and adhere to confidentiality
- A carefully selected, trained and monitored independent contractor, the Vistage Chair plays several key roles including: executive coach, facilitator, confidant and mentor
- Vistage groups are visited by Vistage expert Speakers who conduct interactive, actionable workshops on almost every relevant subject

Vistage has over 650 Chairs worldwide (including 370 Chairs in U.S.)

- The Chair ensures that the group functions smoothly and that members receive full value for their investment
- The Chair meets individually with each member for two hours once a month to explore issues and opportunities in greater depth by challenging assumptions
- The Chair holds members accountable for their plans and actions needed to help them grow their companies and themselves as leaders
- Chairs are mostly ex-CEOs or senior executives; more than 120 new Chairs will be trained and selected by Vistage in the U.S. in 2011
- Average Chair tenure is more than 8 years; Chairs' income potential (<$100K - >$300K) depends on number of groups and members
- Chairs are motivated by both the financial opportunity and the professional satisfaction provided by Vistage (deeper purpose of giving back, sharing experiences, helping those who influence so many others)

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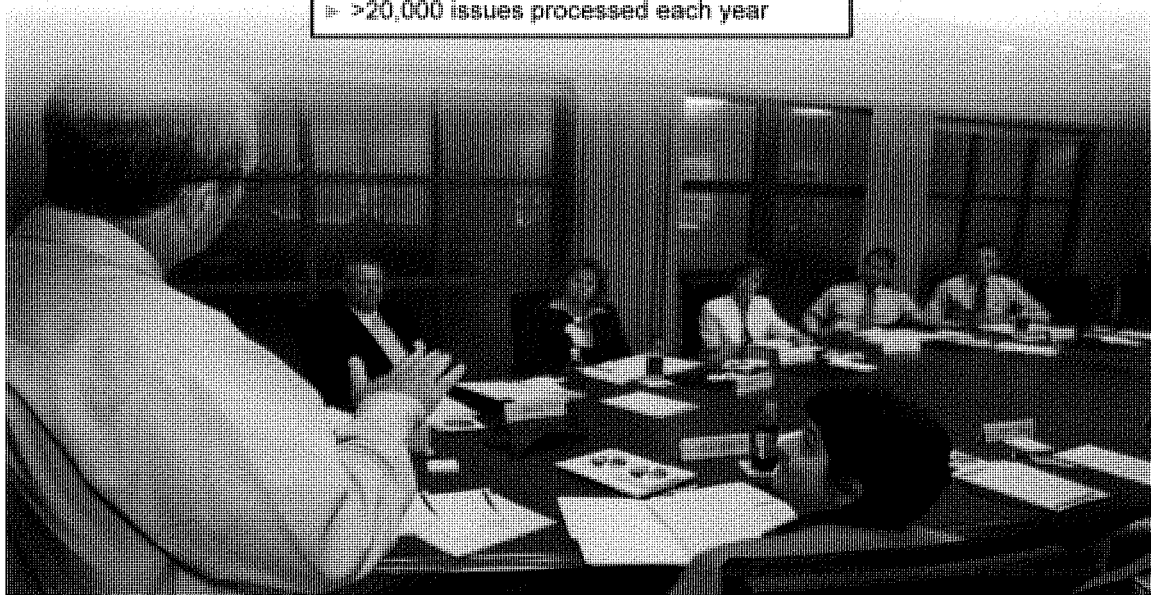
Vistage Groups Follow the Vistage Chair-led Issue-resolution Process

VISTAGE

- >5,000 Group meetings per year in U.S.
- Average 4 issues processed each meeting
- >20,000 issues processed each year



Vistage Has a Network of Approximately 800 Expert Resource Speakers

VISTAGE

- Vistage provides outside business experts on almost any subject at Vistage meetings
- Vistage-group Speakers instruct and inspire members to take action to better run and grow their businesses

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Vistage Content & Connectivity

VISTAGE

Vistage members access Vistage's proprietary Content and Connect with Vistage's membership network

- Hundreds of Vistage-developed, proprietary best practice guides, articles, whitepapers, webinars and podcasts on finance, marketing, management and personnel topics and virtually every other business subject, all with a distinctly practical focus
- Opportunities to connect with, learn from and establish relationships with the network of Vistage members locally, nationally and globally

Vistage Member Content

Fridays with Vistage Webinars to Enhance Your Membership

Vistage Webinars for Vistage members and their staffs

VISTAGE Library

Vistage Library
- White Papers
- Best Practices
- Articles
- Podcasts

VISTAGE Knowledge Center VistageStore.com

Online Store for Leading Business Executives

Ask VISTAGE

Member Content Forums
- Ask Vistage
- Industry Connect
- Vistage Buzz Blog

Vistage Member Connectivity

Local
VISTAGE All-City Events

National
National Chief Executive Conference

Global
Vistage Village

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VISTAGE

Vistage CEO Confidence Index

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Vistage CEO Confidence Index

VISTAGE

- The Vistage CEO Confidence Index is the nation's largest and most comprehensive report of the opinions and projections of small-to-medium-sized business CEOs about the U.S. economy
- The survey, which began in 2003, is conducted quarterly and typically includes between 1,600 and 2,000 CEO respondents from across the country
- The results are analyzed by University of Michigan's Dr. Richard Curtin, who also oversees the U.S. Consumer Sentiment Index
- Dr. Curtin has determined that since 2003, the Vistage CEO Confidence Index has not only provided a reliable snapshot of CEO confidence, but also serves as a reliable harbinger for changes in GDP and Employment

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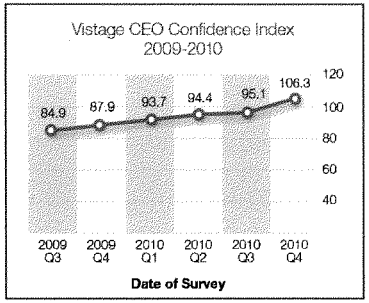
The Vistage CEO Confidence Index
A Respected Leading Economic Indicator

VISTAGE

The Vistage CEO Confidence Index, a quarterly survey of CEO members across the U.S., has proven to be a reliable two-to-three quarter predictor of GDP and employment levels.

The results of the Vistage CEO Confidence Index are extensively covered by the media as a foremost barometer of SME CEOs' confidence in the economy and their own businesses.



Vistage CEO Rafael Pastor interviewed on CNBC

National

THE WALL STREET JOURNAL.

News Syndication

REUTERS

Local

American City BUSINESS JOURNALS

Read more about the quarterly Vistage CEO Confidence Index here:
http://www.vistage.com/media/confidence-index/pdf/FlierConfIndex_Q410.pdf

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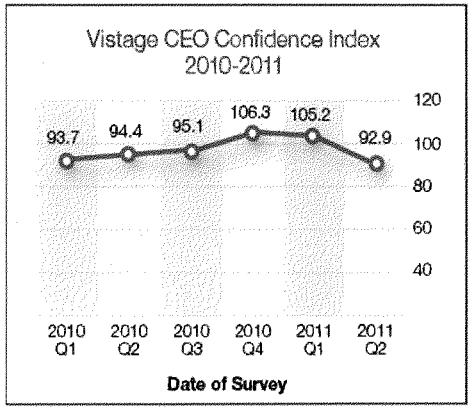
The Vistage CEO Confidence Index

The Vistage Confidence Index was 92.9 in the Q2 2011 survey, substantially below the 105.2 posted in Q1, erasing all the gains recorded since 93.7 was registered in Q1 2010.



Highlights

•37% of CEOs reported that the national economy had improved, down from 63% in Q1.

•53% of CEOs expected flat or declining prices for their products or services.

•52% of CEOs are holding back on permanent hires.

•66% of CEOs plan to increase wages over the next 12 months.

•49% of CEOs are worried about their firm's data security.

•68% of CEOs expected sales revenue growth in the next 12 months.

•50% of CEOs expected increased profits in the next 12 months.

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ASBDC Accreditation Review Instructions for Preparing The Self-Study Guide 2009

Overview

The purpose of the self-study is (1) to provide the accreditation review team with needed information about an SBDC's network of centers, (2) to provide summary evidence whether the SBDC meets the ASBDC accreditation standards, and (3) to identify and share tools and "best practices". The accreditation review team will use the self-study guide to make initial, provisional judgments about the SBDC's quality of operations and compliance with the accreditation standards and to design their approach to the accreditation review. During the onsite portion of the accreditation review, the team will assess and validate the information in the self-study guide.

Prior to writing the self-study guide, the SBDC's leadership should have begun the process of incorporating the ASBDC accreditation standards into its operation. This requires not just familiarity with the standards, but in-depth understanding of them. Sources of information about the accreditation standards include New Lead center Directors Training and ASBDC Accreditation Standards workshops held at the Annual ASBDC Fall Conference each fall, the ASBDC Accreditation Mentor Program (see Lead center Directors page on the ASBDC website), the Baldrige Criteria for Performance Excellence (http://www.quality.nist.gov/), and in some lead centers quality programs affiliated with the Baldrige National Quality Program.

Instructions

The format of the self-study guide has been developed (1) to promote greater understanding within the SBDC of the ASBDC accreditation standards by establishing linkages between standards and between the concepts of approach, deployment, and measurements, (2) to be a useful self-examination tool for the SBDC, and (3) to create for the review team a more comprehensive and coherent story about the SBDC.

SBDCs must use the following format of the self study guide in preparing its self-study.

SBDCs must provide its self-study guide and exhibit documentation to each member of the assigned accreditation team and the ASBDC national office at least 30 days before the start of the accreditation review.

SBDCs should use the accreditation standards preceding each section (**bold type**) and the comments below each section (*italics type*) to frame responses. SBDCs should not attempt to respond to the instructions without first understanding the standards to which it applies.

Self-Study Guide Instructions 2009

The self-study guide is composed of two sections: (1) the SBDC's narrative response and (2) the exhibits that provide evidence to support the narrative response. The narrative responses should respond to the prescribed instructions of the self-study guide and be included as a single document representing the entire SBDC network.

The narrative section of the self-study guide should not exceed fifty pages and may be considerably fewer pages. In some cases, a narrative response may require supporting documentation in the form of exhibits. Key exhibits may include strategic planning documents, client needs assessments, organizational charts, key measures and results or other similar documents.

SBDCs may provide the self study and key exhibits in printed, hardcopy format but are strongly encouraged to provide all materials on a CD-Rom for the review team. Where key exhibits are necessary, the review team recommends linking the exhibit to the narrative source. For reference purposes, an index of attached exhibits is preferred. Other exhibits that are bulky or do not lend themselves to being placed on a CD-ROM should be available at the lead center.

Questions regarding a review or preparation of the self-study should be directed to the review team leader.

Organizational Profile

Objective: *To orient the accreditation review team with the structure, key personnel and background of the SBDC network.*

P.1 Organizational Description

- Provide the SBDC's vision, mission, and values.
- Provide a brief history of the SBDC (e.g. what year did the SBDCs host begin the program?).
- Provide the number of centers, host(s) and locations. Briefly describe the quality of facilities.
- Describe the SBDC's workforce (*e.g.*, whether staff is employed or contracted, *etc.*).
- Provide a copy of the SBDC's organizational chart.
- Provide the name, title, email address and telephone numbers for the following individuals:
  - The individual to whom the SBDC lead center director reports
  - The chief administrator of the host organization.
- Provide a summary of the SBDC's funding, including match.
- Describe significant changes in the organizational structure that have occurred since the last review.
- Describe the SBDC's key customer and stakeholder groups and market segments. ("Key" means generally the most important but no more than three to five.)
- What special programs does the SBDC operate, if any?

- Describe other factors that are important to understanding and evaluating the SBDC program (*e.g.*, size and/or population of service area, distribution of population, geography, university or lead center-based program, whether or not service centers are contracted, *etc.*).

P.2 Organizational Challenges

- What are the SBDC's major competitive challenges?
- What are the SBDC's key business, operational and human resource strategic challenges?
- What are the SBDC's key strategic challenges associated with organizational sustainability?

1.0 LEADERSHIP AND ORGANIZATIONAL ISSUES

Objective: *Create an environment in which the lead center director, and other program leaders routinely address organizational values, ethical behavior and performance expectations.*

1.1 Senior Leadership

The SBDC leadership system creates an environment in which a lead center director and other program leaders routinely guide and sustain the SBDC organization, communicate with the workforce and encourage high performance, organizational values and ethical behavior.

SBDC leaders must systematically:

- **Set direction,**
- **Address current and future opportunities,**
- **Communicate and deploy performance expectations, and**
- **Review performance to understand the health of the organization and to enable translation of performance findings into priorities for improvement and innovation.**

Approach:

- How do senior leaders create a sustainable organization and build understanding of short and long-term factors that affect the SBDC's organization and marketplace?
- Describe the vision of the senior leaders of the SBDC and how it reflects a determination of key customer/stakeholder needs balanced with an assessment of the SBDC's resources.

- Describe or illustrate how senior leaders routinely guide decision-making within the SBDC organization.
- How does the process of decision-making reinforce and align with the values and expectations of senior leadership and of the SBDC?
- Describe how senior leaders inform and obtain feedback from workforce. What actions do the SBDC's senior leaders take to ensure that the workforce is empowered and motivated to be innovative and to achieve high performance?
- How do senior leaders routinely monitor performance results to drive continuous improvement?

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

1.2 Role of Senior Leadership

SBDC senior leaders must align the SBDC with key stakeholders and support organizations. Where the SBDC has common interests with the national SBDC Program, SBDC senior leaders must cooperate in order to further common interests.

SBDC senior leaders must operate in compliance with:
- **Federal laws and regulations, and**
- **The Notice of Award and Program Announcement.**

The SBDC must have systems in place that ensure sound fiscal, contractual and operational management of it programs and must have control of the SBDC's budget.

Approach:

- Describe how SBDC senior leaders support the common interests and participate in the governance of the national SBDC Program.
- Describe how SBDC leaders set performance expectations and maintain accountability for performance.
- What network structures are in place to ensure compliance with federal laws, regulations, and program requirements?
- What network structures are in place to demonstrate control and ensure sound fiscal, contractual and operational management of the SBDC's programs and budget?

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

What the accreditation team looks for:

The following apply to all accreditation processes:

- *Process-based approaches well ordered, repeatable, and produce data and information so that learning is possible.*
- *Approaches key to the operation of the organization, systematic, well defined, appropriate, and effective.*
- *Deployment of the approaches, their actions and their concepts at all appropriate levels in the SBDC organization. Ideally, learning and integration are present with innovation that improves performance results.*
- *Alignment of the approaches consistent with plans, processes, information, resource decisions, actions, results, and analyses to support key organizational goals.*

A leadership system addressing values, performance expectations and client and stakeholder needs and effectively communicates to all appropriate workforce, partners and stakeholders.

A leadership system that guides and aligns an SBDC by:

- *Engaging senior leaders, key stakeholders, and partners in developing short and long-term organizational strategy.*
- *Creating multiple channels of communication of information and feedback from leadership to all parts of the organization, stakeholders, and partners.*
- *Creating a culture of innovation that encourages new and improved methods of doing business.*
- *Developing multiple channels to evaluate the effectiveness of the leadership system and to identify opportunities for improvement.*
- *Reviewing results regularly pertaining to key organizational measures and using such reviews to set and prioritize improvement options.*
- *Formalizing a process for allocating resources to support plans and improvement priorities.*
- *Establishing a management structure that provides clear lines of authority, responsibility and communication and fosters strong organizational relationships.*

2.0 STRATEGIC PLANNING

Objectives: *Implement a well-defined process to establish long-term strategy and short-term action plans for greater impact. Align the organization in pursuit of its long-term strategy. The strategic planning process may vary based upon the needs, size and conditions within the SBDC lead center or region.*

2.1 Strategy Development Process

- **SBDC must have an established process for development of strategy and strategic objectives, including how to address SBDC strategic challenges.**
- **Strategic planning must demonstrate a systematic approach to collecting and analyzing relevant data and information to identify and integrate the key factors and associated metrics important to the SBDC's future success (*i.e.* focus on enhancing client success and expanding impact).**
- **SBDC must have a planning process that identifies key strategic objectives, timetables for accomplishment and the most important goals for the strategic objectives.**

Approach:

- Describe the SBDC's strategic planning model. Include the individuals involved at each level of the process.
- Describe the process the SBDC uses to obtain feedback and updates for the planning process.
- Provide documentation for the most recently updated strategies.

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

What the team looks for in this section:

- *What systematic process the SBDC uses to make strategic decisions.*
- *How the SBDC gathers, analyzes, reviews, and uses customer and stakeholder, market, operational, organizational and employee data.*
- *Evidence that the SBDC has allocated resources effectively to achieve its strategy and implement its action plans.*
- *Evidence that, key stakeholders, as appropriate, and staff participate in the strategic planning process and are provided opportunities for comments and feedback. ("Key" means generally the most important but no more than three to five.)*
- *Evidence all staff at all levels of the organization understand how their individual work contributes to the organization achieving its goals and fulfilling its plans.*

2.2 Strategy Deployment

- **A defined process must be in place that:**
  - **Converts strategic objectives into action,**
  - **Modifies action if circumstances require a shift,**
  - **Defines changes in products and services,**
  - **Defines key performance measures and indicators for tracking progress,**
  - **Defines requirements in financial and key human resource planning.**

Approach:

Describe the process for assuring deployment and alignment of the strategies throughout the SBDC. Normally, this would include actions, responsibility, timelines, resource allocation, performance measurements, monitoring, feedback, and learning improvement.

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

What the accreditation team looks for:

- *The extent to which strategies and strategic objectives are implemented.*
- *A method to establish action plans at each level of the SBDC so that it is aligned in pursuit of its strategy, including measures, targets, schedules and resource allocation.*
- *The mechanisms to monitor performance measurements and actions and to solicit feedback.*
- *An understanding throughout the organization of how individuals contribute to achieving organizational goals and strategies.*

3.0 CUSTOMER AND STAKEHOLDER FOCUS

Objective: *Identify and segment customers, markets and key stakeholders; determine requirements, expectations and preferences for each; build relationships; and determine satisfaction.*

3.1 Knowledge of Customers and Stakeholders Needs and Expectations

SBDC should demonstrate it has a systematic process or processes to determine requirements, expectations, and preferences of customers, stakeholders and

markets to ensure the continuing relevance of SBDC products and services and the development of new SBDC business opportunities.

Approach

- Describe the SBDC's systematic processes for obtaining knowledge of the needs and expectations of customers, the small business community and market opportunities.
- Describe the process for analyzing the data obtained and determining its relevance to the SBDC.
- Describe the process for reviewing the above approaches and modifying them as necessary.
- How are customer groups and market segments determined?
- How are priorities established for customer groups and market segments?

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

3.2 Management of Customers and Key Stakeholders Satisfaction and Relationship

3.2(a) Relationships

SBDC must have deployed systematic processes for building relationships to acquire customers and key stakeholders.

SBDC must have deployed systematic processes that drive continuous improvement for:

- **Managing satisfaction and**
- **Managing feedback and complaints.**

Approach:

Based on the target or key customers desired, describe how such *customers* are acquired and relationships nurtured.

- Include systematic process on how satisfaction is managed and
- Include how feedback and complaints are used to drive continuous improvement.

Based on the target or key stakeholders desired, describe how such *stakeholder* relationships are nurtured.

- Include systematic process on how satisfaction is managed and
- Include how feedback and complaints are used to drive continuous improvement.

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

3.2(b) Satisfaction Determination

SBDC must have in place systematic approaches to determining customer and stakeholder satisfaction and dissatisfaction.

- **Methodology should ensure that the measurement captures actionable information for use in exceeding customers' and stakeholders' expectations.**
- **Evidence should be available regarding how customer and stakeholder satisfaction and dissatisfaction information is used for improvement.**

Approach:

- Describe the methodology, including how the SBDC addresses the differences where appropriate among key customer segments, regarding satisfaction.
- Explain how satisfaction data is analyzed and used for improvement or new strategies.

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

3.3 Marketing and Promotional Programs.

For marketing and promotional programs, the requirements for designing, managing, and improving the programs must include:

- **A clear integration of strategy, image and a common brand or logo for the SBDC that conveys the SBDC image and identity as a cohesive SBDC network.**
- **Information, materials and signage must convey the identity of a cohesive SBDC network.**
- **Facilities need to be professional in appearance, adequate for the delivery of services, and provide for confidentiality for counseling when offered.**

Approach:

- Describe how the SBDC projects a network image and how it supports integration of strategy, image and a common brand or logo.

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

What the accreditation team looks for:

- *While needs assessments and analysis need not be a formal research effort, nor must they be network wide, they should be designed to collect data in a systematic process that:*
  - *Includes multiple listening posts,*
  - *Determines key customer/stakeholder requirements, and*
  - *Determines product/service features of most importance to key customer and stakeholders.*
- *Data is analyzed and used in the development of strategy.*
- *Evidence indicating that the SBDC has been proactive in selecting particular markets or customer types.*
- *Degree to which key customer/stakeholder requirements have been identified for each market segment the SBDC serves.*
- *Reliability of data, information, and research collected.*
- *Information the SBDC gathers on key customer/stakeholder needs and drivers of satisfaction; how both internal and external information are analyzed to draw conclusions for necessary actions steps.*
- *SBDC must demonstrate it is providing adequate and consistent information on services and impact to customers and stakeholders.*
- *SBDC must show a network strategy to gather and use customer satisfaction data to drive improvement in key products and services.*
- *Internal and external documentation and materials clearly indicating a state-wide branding strategy.*

The team will review:

- *Assessment processes and associated documentation.*
- *The utilization of information obtained and decisions made from assessments in the development of work systems and strategies.*
- *How information from key stakeholders was considered in strategic development.*
- *Evidence that a host brings resources to the SBDC in the forms of educational, financial or political capital.*

4.0 INFORMATION AND ANALYSIS SYSTEM

Objective: *Create a performance management system to permit an understanding of overall organizational daily performance in operations. Category 4 is the focal point for the alignment of the SBDC organization's operations with its strategic objectives.*

4.1 Development and Implementation of a Performance System

SBDC must demonstrate how the organization measures, analyzes, aligns, reviews, and improves its performance data and information at all levels and in all parts of the SBDC program.

Approach

- Describe SBDC's performance system, including how the SBDC selects, collects, analyzes, and uses data. The performance system data or metrics must align to support organization-wide goals and support daily action, decision-making and innovation.
- What are the SBDC's key performance measures? These metrics should be in alignment with the key strategic objectives.
- How does the SBDC use this data to support decision-making and performance improvement?
- How does the SBDC validate data in key performance measures to ensure quality?
- How does the SBDC ensure the continued availability of data and information, including hardware and software systems, in the event of an emergency (*e.g.*, a disaster plan)?
- How does the SBDC manage the performance system technology?
- How does the SBDC communicate and make information available consistently throughout the organization and to stakeholders and partners?

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

4.2 Measurement of Economic Impact

The SBDC must participate in the periodic national SBDC impact surveys. Additionally, developing lead center economic impact studies is encouraged.

Approach

- Does the SBDC participate in the national SBDC impact survey when conducted?
- Does the SBDC conduct a state economic impact study? How often? What methodology?

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

What the accreditation team looks for:

- *Evidence the data is aggregated, analyzed and used to understand performance, determine cause and effect relationships, and establish improvement actions.*
- *A clearly defined set of measures that reflect overall performance of the organization in areas critical to the success of the program.*
- *Well-defined and consistent methods to collect data pertaining to those measures.*
- *Results analysis permitting an understanding of organizational performance and identification of improvement priorities for program management within alignment of the strategic objectives.*

5.0 STAFFING AND HUMAN RESOURCE UTILIZATION

Objective: *Design work systems that encourage workforce learning and motivation and enable the workforce to develop and utilize their full potential in alignment with the SBDC's overall objectives and action plans. The SBDC's efforts must build and maintain a work environment and workforce support climate conducive to innovation, performance excellence, and to personal and organizational growth. Create and manage human resource systems to achieve high performance. Establish key workforce practices and a support climate that enables personal growth, organizational growth and performance excellence.*

5.1 Work Systems

The SBDC must have work systems, organizational structure and staffing patterns based on analysis of key needs and strategies of the SBDC. This structure must align with the SBDC's strategic objectives and be designed to enable the workforce to achieve high performance while providing an opportunity to develop its full potential. (Compensation, career progression and related workforce practices enable organizations to achieve high performance.)

Approach:

- How does the SBDC recruit, hire, and retain new personnel to ensure alignment with the SBDC's strategic objectives?

- Describe how the SBDC efficiently and effectively organizes and manages its work system to include organizational structure, staffing patterns and resource allocations.
- Describe how the work system aligns with the SBDC's strategic objectives and action plans.
- Describe how the work system enables the SBDC's workforce to develop professionally and support workforce practices, resulting in a high performing motivated organization.

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

What the team looks for:

- *Evidence that the organizational structure, key positions, and staffing patterns have been analyzed and are in alignment with the SBDC's strategic objectives.*
- *Evidence of the effectiveness of the work system and its impact on the organization's performance and achievement of the organization's goals and objectives.*
- *Evidence that the work system provides opportunity for communication among workforce and that management listens to workforce, considers their suggestions, and empowers them to implement improvements.*
- *Evidence that the compensation systems are appropriate for the organizational structure and staffing patterns.*
- *Evidence that continuous improvement is achieved through the alignment of professional development offerings and workforce training is driven by SBDC strategic objectives.*

5.1.1 Key Positions

Objective: *Key positions demonstrate appropriate business or administrative experience, knowledge and abilities to direct, coordinate and manage a multifaceted and multi-location organization. Key positions must have ability and skills to coordinate and manage a human resource system, establish and maintain collaborative relationships and understand business practices and management methods. Key positions and responsibilities, capacity, and salaries must be consistent with 13 CFR 130.460(f)(1).*

Lead Center Director and Associate/Assistant Director

The lead center director and associate/assistant director(s) should have at a minimum a master's degree in business or other directly related field or a bachelor's degree with sufficient and progressively responsible experience or have appropriate

business or administrative experience that demonstrates the knowledge and abilities required to:

- **Direct, coordinate and manage a multi-faceted, multi-location organization;**
- **Direct, coordinate and manage human and administrative resources;**
- **Understand the full range of business practices and business management methods; and**
- **Demonstrate skills in establishing and maintaining effective support and working relationships with a variety of public and private stakeholder partners that are needed for alignment with strategic objectives.**

The salary of the SBDC lead center director or associate/assistant director(s) should at a minimum be equivalent to the annualized average salary of a full professor or associate professor, respectively, in the institution hosting the SBDC or parallel positions in the agency/organization hosting the SBDC. Where the host is not affiliated with a college, the salaries of the director or associate/assistant director(s) should be comparable to the college of business, college of engineering or equivalent.

Approach:

- In general, what is the academic and experience level of the SBDC's key director positions (*e.g.*, lead center director, associate/assistant director(s), and service center director(s))?
- In general, how do the salaries of the lead center director and associate/assistant director(s) compare to host institution equivalent positions and related salaries as stated in the standard?

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

What the team looks for:

- *Evidence that the lead center/regional director and other key positions are qualified to fill their respective positions.*
- *Evidence that the key positions are adequate in number and appropriately structured to effectively manage the SBDC program.*
- *That key employee's salaries are consistent with the size of the organization and other equivalent positions in the SBDC network.*

5.2 Workforce Learning and Growth

Objectives: *Provide a method for determining the professional development needs of the workforce that supports the achievement of the SBDC's strategic objectives and contributes to the organization's performance. Provide on-going professional development and training for the workforce that builds its knowledge, skills and capabilities; contributes to achievement of action plans, organizational effectiveness, and career progression; that supports key organizational needs related to the orientation of new members of the workforce, ethical business practices, management, and leadership; and that addresses key needs associated with organizational performance and improvement and changing business and technology environment. Provide an assessment and evaluation process that seeks input and feedback from the entire workforce regarding training needs and evaluation of professional development offerings.*

Workforce education and training must support the achievement of the SBDC's strategic objectives, including the enhancement of workforce knowledge, skills, and enhancing leadership capabilities that contribute to high performance.

The SBDC must have a systematic, implemented, professional development program tied to its strategic objectives. The program must include:

- **A method of determining the educational needs of the workforce,**
- **On-going workforce education and professional development,**
- **A structured training/orientation program for new members of the workforce and**
- **An assessment system, including opportunities for feedback, to determine effectiveness of the educational offerings and make changes when warranted.**

Approach: Address the processes that support the bullet-points in the standard.

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

What the team looks for:

- *Evidence that education and training is linked to the strategic objectives and the associated action plans.*
- *Leadership support and funding to support the professional development strategy.*
- *Policies and procedures in place to address orientation for new members of the workforce and other key organizational topics.*
- *Documented results of the professional development activities and summaries of the evaluations and feedback from the workforce that participated.*

5.3 Workforce Environment and Motivation

Objectives: *Explore ways to improve workplace health, safety, security and ergonomics in a proactive way and workplace preparedness for disasters or emergencies. Determine specific factors that affect the workforces' well-being, satisfaction and motivation by developing formal or informal assessment methods to determine workforce satisfaction, well-being, and needs.*

Maintain a work environment and a workforce support climate that contributes to the well-being, satisfaction, and motivation of all personnel:

- **That ensures and improves workplace health, safety, security, and ergonomics.**
- **That ensures workplace preparedness for disaster or emergencies.**
- **That determines the key factors that affect workforce well-being, satisfaction and motivation.**
- **That supports workforce via services, benefits and policies.**

Approach:

- How does the SBDC maintain an open culture, provide a supportive climate and motivating work environment conducive to workforce satisfaction and well being?
- How does the SBDC identify health, safety, security, diversity and ergonomics issues throughout the organization and promote open communications?
- Describe how the SBDC prepares and plans for disaster and emergency.
- How does the SBDC determine factors that affect workforce satisfaction, well-being and motivation?

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

What the team looks for:

- *Evidence of an open workplace environment.*
- *A proactive approach by the SBDC towards workplace health, safety, security, diversity, and ergonomics and towards disaster preparedness.*
- *Identification of factors affecting workforce satisfaction, well-being, and motivation with dedication to continuous improvement in those areas.*

6.0 PROGRAM DELIVERY AND MANAGEMENT

Objective: *The SBDC's key work processes are the processes that involve the majority of the organization's workforce and produce customer and stakeholder value. These key work processes are the SBDC's most important product/service design and the most important delivery, business, and support processes.*

6.1 Key SBDC Services
Key services most important to the SBDC's strategy and operations must have systematic well managed key processes for design and delivery:

- ***Definition*: Define the key services, how they are delivered, and how they link to the strategic objectives.**

- ***Key Requirements*: Identify the key requirements of key services based upon input from customers and stakeholders and upon assessment of organizational needs.**

  ***Measurements*: Establish performance measures that reflect the key requirements of these services. Include:**
  - **Evaluating key quality and quantity of service.**
  - **Analyzing the impact of the service.**
  - **Providing customer feedback loops.**

  Monitoring and Improving
  - ***Monitoring:* Establish methods for monitoring performance of the delivery system associated with this process and actions to be taken when indicators are present establishing that key services *as defined* are not being delivered in a manner that meets requirements.**

  - ***Improving:* Establish methods for evaluating the quality of key services and actions to be taken to improve this service when indicators are present that key services, *even when properly delivered*, are not meeting all requirements.**

Approach:

- Define the key services, how they are delivered and how they link to strategic objectives and operational strategies. ("Key" means generally the most important but no more than three to five.)
- Based upon the SBDC's strategic planning process, describe the desired target customers, their key requirements, and how the SBDC's services/products address those requirements
- Describe how the SBDC implements, manages, evaluates, and improves delivery processes.
- Provide policies and/or describe systems designed to improve performance and assure both quality and timely service delivery.

- Describe how the SBDC assures the confidentiality of client information, controls conflict of interest, and ensures the fulfillment of ethical and other professional standards of conduct.
- Discuss how the SBDC's measures are selected and:
  - Evaluate the quality, impact, and quantity of key services,
  - Evaluate level of customer satisfaction in meeting the key customer requirements,
  - Ensure quality narrative descriptions of counseling.

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

Learning: How are refinements and innovations to processes, as the result of organizational learning, shared with other relevant work units, improving processes in your organization?

What the accreditation team looks for:

Where the key services include delivery of counseling (required in the Program Announcement), narrative descriptions of counseling sessions are reviewed as a key performance indicator and a level of professionalism:

- *A description of what occurred in the session.*
- *An identification and analysis of the problem or opportunity.*
- *Actions taken, recommendations made, follow-up, and next step, if any.*

The purpose in writing professional narrative descriptions includes the following:

- *The process of writing narrative descriptions is an important part of the consulting process, for in writing the narrative, the counselor takes the time to assimilate and organize what occurred in the session, which is important for planning and understanding the on-going case and maintaining focus on problem-solving.*
- *Narrative descriptions are evidence of professional services being delivered by a counselor and are key to establishing accountability.*
- *Narrative descriptions are a means to provide other counselors a means to familiarize themselves with a case, when necessary (e.g., when doing team consulting).*

6.2 Accreditation of Technology Programs

If the SBDC is applying for an original accreditation or reaccreditation of a technology program, it must develop its technology program so as to meet the Guidelines for SBDCs seeking Technology Accreditation and/or Designation as a Small Business and Technology Development Center (see Appendix A of the Accreditation Standards and separate Technology self study).

7.0 RESULTS

Objective: *Utilize a system for documenting, analyzing, and reporting work performance and economic outcomes to drive continuous improvement.*

For the SBDC to improve quality and performance, the SBDC must utilize a system in place to document its work performance and outcomes in order to drive continuous quality improvement. This should include an ability to report on the performance measurement elements set forth in Standards 1 through 6. It must also include an ability to report on common data and results. ("Common data" refers here to data collected and utilized by more than one and often all SBDCs.)

Approach:

- Results are the outputs and outcomes in achieving the requirements in items 7.1 – 7.5. Address each item below. Use graphs and tables where appropriate. Items 7.1 through 7.5 should address the following four factors used to evaluate results:
  - The current level of performance. Describe how leaders ensure performance results align with established performance objectives.
  - The rate (*i.e.*, the slope of trend data) and breadth (*i.e.*, the extent of deployment) of the performance improvements. Describe how SBDC leaders analyze and manage data to ensure performance is managed within the SBDC organization to support the achievement of established objectives.
  - The performance relative to appropriate comparisons and/or benchmarks.
  - The linkage of outcome measurements (often through segmentation) such as key customer, product and service, market, process, with action plan performance requirements identified in Categories 1– 6.
- Include the key measurements, a brief analysis, and how the data is used to change behavior or modify the direction of the SBDC network vis-à-vis the strategic plan and/or action plan.

Deployment:

- To what extent are the approaches implemented (not-deployed, early stage, partially or fully deployed)?
- Provide evidence through description and/or exhibits where available. This information can be integrated with the discussions under approaches.

7.1 SBDC Service Results and Outcomes

- Identify and summarize the SBDCs key service performance results.
- What are the SBDC's current level and trends in key measures or indicators of service performance?
- Key measures or indicators should include those mandated by funding sources.

7.2 Customer-Focused Results and Outcomes

- Identify and summarize the organization's key customer results and trends, including customer satisfaction.
- What are the SBDC's current level and trends in key measures or indicators of service performance?
- How well does it meet what the customer wants?

7.3 Market Results and Outcomes

- Summarize the SBDC's market place performance results by key customer or market segments as identified in the SBDC's strategy.

7.4 Human Resource Results and Outcomes

- Summarize the organization's key workforce results, including employee learning, development, diversity and satisfaction.

7.5 Organizational Effectiveness Results and Outcomes

- Summarize the SBDC's return on investment in the form of results or other key measures as appropriate.
- Summarize performance data including mandated performance measurements from funding sources.
- Summarize any other key operations performance results that contribute to the improvement of SBDC effectiveness.
- Summarize any other results for key measures or indicators of accomplishment of the SBDC's strategies and action planning.

Revised August 15, 2006, October 5, 2006, January 6 – 8, 2007, and January 18-24, 2007.

Approved by the Accreditation Committee March 4, 2007.

Updated January 3, 2008

Updated March 4, 2009

ASBDC ACCREDITATION STANDARDS 2010

1.0 LEADERSHIP AND ORGANIZATIONAL ISSUES

Objective: *Create an environment in which the lead center director and other program leaders routinely address organizational values, ethical behavior and performance expectations.*

1.1 Senior Leadership

The SBDC leadership system creates an environment in which a lead center director and other program leaders routinely guide and sustain the SBDC organization, communicate with the workforce and encourage high performance, organizational values and ethical behavior.

SBDC leaders must systematically:

- **Set direction**
- **Address current and future opportunities,**
- **Communicate and deploy performance expectations, and**
- **Review performance to understand the health of the organization and to enable translation of performance findings into priorities for improvement and innovation.**

1.2 Role of Senior Leadership

SBDC senior leaders must align the SBDC with key stakeholders and support organizations. Where the SBDC has common interests with the national SBDC Program, SBDC senior leaders must cooperate in order to further common interests.

SBDC senior leaders must operate in compliance with:

- **Federal laws and regulations, and**
- **The Notice of Award and Program Announcement.**

The SBDC must have systems in place that ensure sound fiscal, contractual and operational management of it programs and must have control of the SBDCs budget.

2.0 STRATEGIC PLANNING

Objectives: *Implement a well-defined process to establish long-term strategy and short-term action plans for greater impact. Align the organization in pursuit of its long-term strategy. The strategic planning process may vary based upon the needs, size and conditions within the SBDC lead center or region.*

2.1 Strategy Development Process

- **SBDC must have an established process for development of strategy and strategic objectives, including how to address SBDC strategic challenges.**
- **Strategic planning must demonstrate a systematic approach to collecting and analyzing relevant data and information to identify and integrate the key factors and associated metrics important to the SBDC's future success (*i.e.* focus on enhancing client success and expanding impact).**
- **SBDC must have a planning process that identifies key strategic objectives, timetables for accomplishment and the most important goals for the strategic objectives.**

2.2 Strategy Deployment

A defined process must be in place that:

- **Converts strategic objectives into action,**
- **Modifies action if circumstances require a shift,**
- **Defines changes in products and services,**
- **Defines key performance measures and indicators for tracking progress,**
- **Defines requirements in financial and key human resource planning.**

3.0 CUSTOMER AND STAKEHOLDER FOCUS

Objective: *Identify and segment customers, markets and key stakeholders; determine requirements, expectations and preferences for each; build relationships; and determine satisfaction.*

3.1 Knowledge of Customers and Stakeholders Needs and Expectations

SBDC should demonstrate it has a systematic process or processes to determine requirements, expectations, and preferences of customers, stakeholders and

markets to ensure the continuing relevance of SBDC products and services and the development of new SBDC business opportunities.

3.2 Management of Customers and Key Stakeholders Satisfaction and Relationship

3.2(a) Relationships

SBDC must have deployed systematic processes for building relationships to acquire customers and key stakeholders.

SBDC must have deployed systematic processes that drive continuous improvement for:

- **Managing satisfaction and**
- **Managing feedback and complaints.**

3.2(b) Satisfaction Determination

SBDC must have in place systematic approaches to determine customer and stakeholder satisfaction and dissatisfaction.

- **Methodology should ensure that the measurement captures actionable information for use in exceeding customers' and stakeholders' expectations.**
- **Evidence should be available regarding how customer and stakeholder satisfaction and dissatisfaction information is used for improvement.**

3.3 Marketing and Promotional Programs.

For marketing and promotional programs, the requirements for designing, managing, and improving the programs must include:

- **A clear integration of strategy, image and a common brand or logo for the SBDC that conveys the SBDC image and identity as a cohesive SBDC network.**
- **Information, materials and signage must convey the identity of a cohesive SBDC network.**
- **Facilities need to be professional in appearance, adequate for the delivery of services, and provide for confidentiality for counseling when offered.**

4.0 INFORMATION AND ANALYSIS SYSTEM

Objective: *Create a performance management system to permit an understanding of overall organizational daily performance in operations. Category 4 is the focal point for the alignment of the SBDC organization's operations with its strategic objectives.*

4.1 Development and Implementation of a Performance System

SBDC must demonstrate how the organization measures, analyzes, aligns, reviews, and improves its performance data and information at all levels and in all parts of the SBDC program.

4.2 Measurement of Economic Impact

The SBDC must participate in the periodic national SBDC impact surveys. Additionally, developing lead center economic impact studies is encouraged.

5.0 STAFFING AND HUMAN RESOURCE UTILIZATION

Objective: *Design work systems that encourage workforce learning and motivation and enable the workforce to develop and utilize their full potential in alignment with the SBDC's overall objectives and action plans. The SBDC's efforts must build and maintain a work environment and workforce support climate conducive to innovation, performance excellence, and to personal and organizational growth. Create and manage human resource systems to achieve high performance. Establish key workforce practices and a support climate that enables personal growth, organizational growth and performance excellence.*

5.1 Work Systems

The SBDC must have work systems, organizational structure and staffing patterns based on analysis of key needs and strategies of the SBDC. This structure must align with the SBDC's strategic objectives and be designed to enable the workforce to achieve high performance while providing an opportunity to develop its full potential. (Compensation, career progression and related workforce practices enable organizations to achieve high performance.)

5.1.1 Key Positions

Objective: *Key positions demonstrate appropriate business or administrative experience, knowledge and abilities to direct, coordinate and manage a multifaceted and multi-location organization. Key positions must have ability and skills to coordinate and manage a human resource system, establish and maintain collaborative relationships and understand business practices and management methods. Key positions and responsibilities, capacity, and salaries must be consistent with 13 CFR 130.460(f)(1).*

Lead Center Director and Associate/Assistant Director

The lead center director and associate/assistant director(s) should have at a minimum a master's degree in business or other directly related field or a bachelor's degree with sufficient and progressively responsible experience or have appropriate business or administrative experience that demonstrates the knowledge and abilities required to:

- **Direct, coordinate and manage a multi-faceted, multi-location organization;**
- **Direct, coordinate and manage human and administrative resources;**
- **Understand the full range of business practices and business management methods; and**
- **Demonstrate skills in establishing and maintaining effective support and working relationships with a variety of public and private stakeholder partners that are needed for alignment with strategic objectives.**

The salary of the SBDC lead center director or associate/assistant director(s) should at a minimum be equivalent to the annualized average salary of a full professor or associate professor, respectively, in the institution hosting the SBDC or parallel positions in the agency/organization hosting the SBDC. When the university host is not affiliated with a college, the salaries of the director or associate/assistant director(s) should be comparable to the college of business, college of engineering or equivalent.

5.2 Workforce Learning and Growth

Objectives: *Provide a method for determining the professional development needs of the workforce that supports the achievement of the SBDC's strategic objectives and contributes to the organization's performance. Provide on-going professional development and training for the workforce that builds its knowledge, skills and capabilities; contributes to achievement of action plans, organizational effectiveness, and career progression; that supports key organizational needs related to the orientation of new members of the workforce, ethical business practices, management, and leadership; and that addresses key needs associated with organizational performance and improvement and changing business and technology environment. Provide an assessment and evaluation process that seeks input and feedback from the entire workforce regarding training needs and evaluation of professional development offerings.*

Workforce education and training must support the achievement of the SBDC's strategic objectives, including the enhancement of workforce knowledge, skills, and enhancing leadership capabilities that contribute to high performance.

The SBDC must have a systematic, implemented, professional development program tied to its strategic objectives. The program must include:

- **A method of determining the educational needs of the workforce,**
- **On-going workforce education and professional development,**
- **A structured training/orientation program for new members of the workforce and**
- **An assessment system, including opportunities for feedback, to determine effectiveness of the educational offerings and make changes when warranted.**

5.3 Workforce Environment and Motivation

Objectives: *Explore ways to improve workplace health, safety, security and ergonomics in a proactive way and workplace preparedness for disasters or emergencies. Determine specific factors that affect the workforces' well-being, satisfaction and motivation by developing formal or informal assessment methods to determine workforce satisfaction, well-being, and needs.*

Maintain a work environment and a workforce support climate that contributes to the well-being, satisfaction, and motivation of all personnel:

- **That ensures and improves workplace health, safety, security, and ergonomics**
- **That ensures workplace preparedness for disaster or emergencies**
- **That determines the key factors that affect workforce well-being, satisfaction and motivation**
- **That supports workforce via services, benefits and policies.**

6.0 PROGRAM DELIVERY AND MANAGEMENT

Objective: *The SBDC's key work processes are the processes that involve the majority of the organization's workforce and produce customer and stakeholder value. These key work processes are the SBDC's most important product/service design and the most important delivery, business, and support processes.*

6.1 Key SBDC Services

Key services most important to the SBDC's strategy and operations must have systematic well managed key processes for design and delivery:

- ***Definition*: Define the key service(s), how they are delivered, and how they link to the strategic objectives.**

- ***Key Requirements*: Identify the key requirements of key services based upon input from customers and stakeholders and upon assessment of organizational needs.**

Measurements: **Establish performance measures that reflect the key requirements of this service. Include:**

- **Evaluating key quality and quantity of service.**
- **Analyzing the impact of the service.**
- **Providing customer feedback loops.**

Monitoring and Improving

- *Monitoring:* **Establish methods for monitoring performance of the delivery system associated with this process, and actions to be taken when indicators are present establishing that key services *as defined* are not being delivered in a manner that meets requirements.**

- *Improving:* **Establish methods for evaluating the quality of key services and actions to be taken to improve this service when indicators are present that key services, *even when properly delivered*, are not meeting all requirements.**

6.2 Accreditation of Technology Programs

If the SBDC is applying for accreditation of a technology program, it must develop its technology program so as to meet the Guidelines for SBDCs seeking Technology Accreditation and/or Designation as a Small Business and Technology Development Center (see Appendix A of this document).

7.0 RESULTS

Objective: *Utilize a system for documenting, analyzing, and reporting work performance and economic outcomes to drive continuous improvement.*

For the SBDC to improve quality and performance, the SBDC must utilize a system in place to document its work performance and outcomes in order to drive continuous quality improvement. This should include an ability to report on the performance measurement elements set forth in Standards 1 through 6. It must also include an ability to report on common data and results. ("Common data" refers here to data collected and utilized by more than one and often all SBDCs.)

7.1 SBDC Service Results and Outcomes

- Identify and summarize the SBDCs key service performance results.
- What are the SBDC's current level and trends in key measures or indicators of service performance?

7.2 Customer-Focused Results and Outcomes

Identify and summarize the organization's key customer results and trends, including customer satisfaction and how SBDCs meet key customers needs and expectations.

7.3 Market Results and Outcomes

Summarize the SBDC's market place performance results by key customer or market segments as identified in the SBDC's strategy.

7.4 Human Resource Results and Outcomes

Summarize the organization's key workforce results, including employee learning, development, diversity and satisfaction.

7.5 Organizational Effectiveness Results and Outcomes

- Summarize the SBDC's return on investment in the form of results or other key measures as appropriate.
- Summarize performance data including mandated performance measurements from funding sources.
- Summarize any other key operations performance results that contribute to the improvement of SBDC effectiveness.
- Summarize any other results for key measures or indicators of accomplishment of the SBDC's strategies and action planning.

Appendix A

ASBDC TECHNOLOGY ACCREDITATION STANDARDS 2010

6.2.1 Competency Designation

Only state/region-wide competency designations will be considered. SBDCs seeking or continuing this designation must fully describe how their technology specialty program capabilities will be fully integrated or currently integrated into the state/region SBDC network service delivery system.

6.2.2 Technology Plan

SBDCs seeking or continuing the technology competency designation must prepare a brief written plan for their technology initiative. This should demonstrate how the technology role of the SBDC fits within the SBDC's overall strategy and set strategic goals, objectives and action plans for a three-year period.

6.2.3 Level of Commitment

The level of staff, budget and other resources committed to the SBDC's technology initiative may vary depending on the size of the SBDC (budget) and the focus and scope of its planned technology initiative.

- **At a minimum, the SBDC existing programs must demonstrate or new applicants propose a substantive technology role in its state/region, including direct counseling, training, marketing and outreach activities state/region wide.**
- **One full-time professional staff member must be designated with lead responsibility for the technology initiative. Added staff and resource partners should be identified and consistent and aligned with the budget and the state/region-wide plan.**

6.2.4 Budget

The annual budget support committed to the technology initiative must be clearly identified. Also, identify any plan to leverage additional funding for the initiative.

6.2.5 Core Competencies

The SBDC must demonstrate that it has or will acquire and/or access core competencies in the following areas:

- **Technology Transfer, Commercialization**

- **Research and Development Funding**
- **Intellectual Property Issues**
- **Technology Networking/Resource Identification**
- **Alternative Financing (Equity)**

6.2.6 Partners

The SBDC must identify the key technology oriented partners to be engaged in the initiative, including university resources, trade associations, federal labs, other technology organizations, and private sector firms and professionals.

6.2.7 Scope of Work

A detailed annual work plan for the technology initiative is required and must include specific deliverables for counseling cases and hours, training, other projects and services, networking and marketing and promotional activities. The work plan must align with the overall SBDC strategic objectives and provide for state/region-wide implementation of the technology initiative.

6.2.8 Performance Outcomes

The SBDC must identify the key performance measures, outcomes and results expected for its technology initiative.

6.2.9 Staff Training

The staff of the SBDC involved in the technology initiative is strongly encouraged to participate in the ASBDC's Technology training opportunities and must actively pursue professional development opportunities in the identified technology core competency areas.

6.2.10 Reporting

SBDCs must provide detailed reports on their technology initiatives as a part of their semi-annual reporting to SBA; copies of their technology activity reports must be provided to the ASBDC (for national reporting/marketing purposes).

Accreditation Standards 2010

Revised January 2002

Revised and approve by committee on July 16, 2002

Adopted September 22, 2002

Revised December 4, 2002

Revised March 2003

Revised July 2003

Adopted September 2003

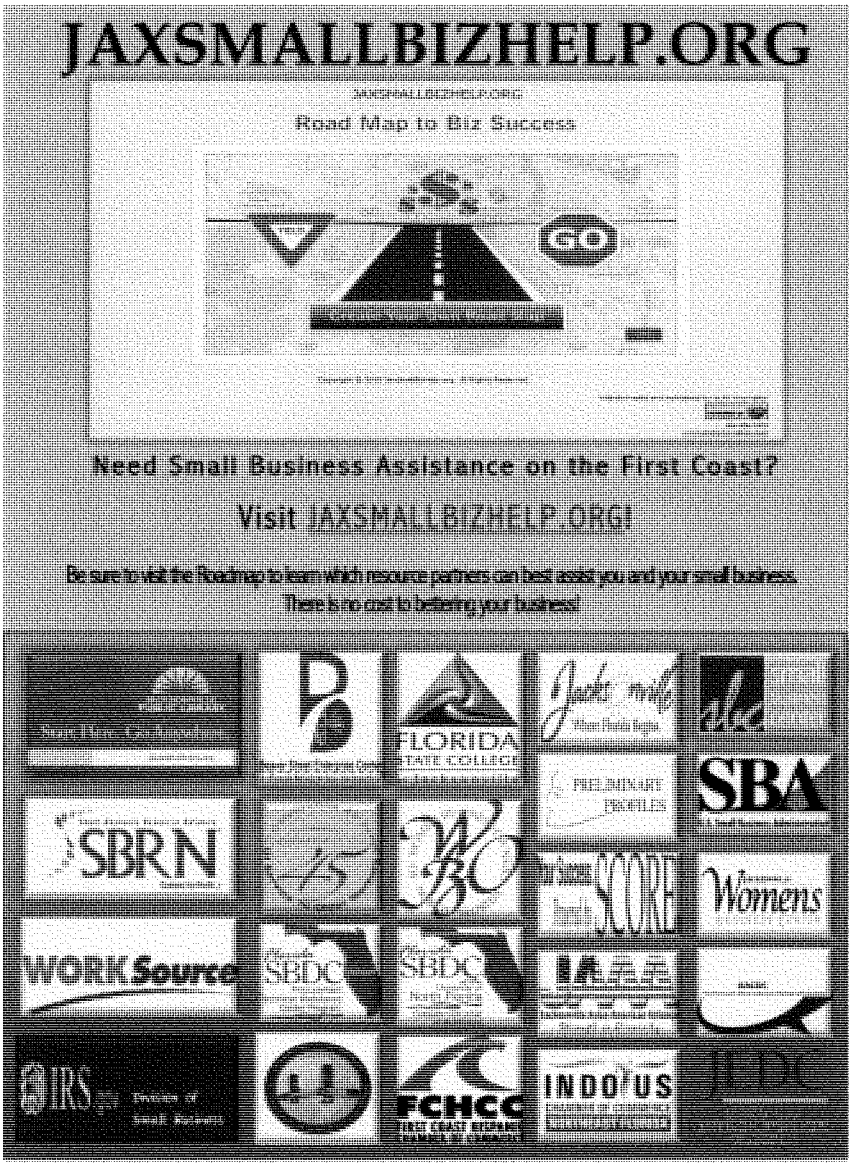
Revised January, 2007

Adopted March 2007

Updated January 3, 2008

Updated March 4, 2009

Updated February 18, 2010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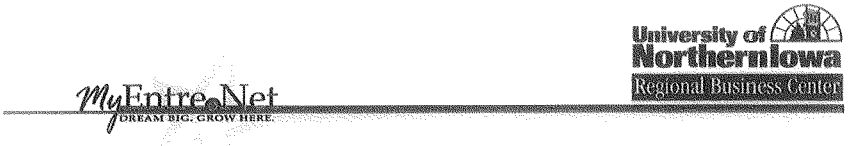


August 4, 2011

The Honorable Mary Landrieu
Chair, Senate Committee on Small Business and Entrepreneurship
431 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Landrieu:

The University of Northern Iowa is pleased to have the opportunity to provide comments for the record and the Committee's consideration on the Roundtable on Entrepreneurial Development - Obstacles and Opportunities for Supporting, Sustaining and Growing America's Entrepreneurs held on July 21, 2011.

An enormous amount of research and field work has been conducted over the past decade concerning entrepreneurial development. Since 2000, several key services have been identified and critically acknowledged as crucial to entrepreneurial success in the United States. These include; 1) access to a diverse portfolio of capital, 2) complex technical assistance and business intelligence, 3) social, professional and industry networks, and 4) supportive community infrastructure and culture. Federal policy has appropriately focused upon the creation or expansion of many programs and services in these core areas, but service delivery methods including how entrepreneurs access resources, customization of services and evaluation tools have largely remained the same as in past decades. The committee is asked to consider the opportunities technology portends in transforming the way entrepreneurs are engaged and served and the resulting enhanced economic impact it promises. MyEntre.Net, a program developed by the University of Northern Iowa (UNI) and offered through our Regional Business Center (www.myentre.net), demonstrates how new technology-centered entrepreneurship engagement models can be highly effective, particularly as they relate to women and rural entrepreneurs.

The U.S. economy is undergoing a fundamental transformation, moving from an economy rooted in manufacturing to one driven by information technology and led by entrepreneurial activity. These emerging entrepreneurs are re-working the business models of every known industry on the planet, from automotive supply chain processes to health care services and food production to renewable energy. Public sector programs can and should follow the private sector example and likewise utilize emerging technologies to improve how entrepreneurs are engaged and receive services. New technologies offer an opportunity to attract more entrepreneurs to services, individually customize those services and offer delivery in such a way to be more relevant and useful to the entrepreneur resulting in life-long, cost-effective interactions between entrepreneurs and those who serve them.

There are a number of technology driven resources and public-sector programs making strides in this area, including the Kauffman Foundation's U.S. Sourcelink program, an online gateway to link entrepreneurs with the various providers of capital, technical assistance and networking they need in a single, interactive website. The Lowe Foundation's 'National Economic Gardening Institute' offers highly customized business intelligence and technical assistance to emerging innovators in part, through an online portal.

In Iowa, more than 10,000 entrepreneurs and service providers are engaged in a business community called MyEntre.Net, where services are created, delivered, evaluated and sustained over the business life of participating entrepreneurs online.

University of Northern Iowa Regional Business Center/MyEntre.Net
8120 Jennings Dr., Suite 13
Cedar Falls, IA 50613

The web site provides instant access and referrals to programs, organizations and individuals through proprietary software called Connections. Connections is a statewide comprehensive database of capital and other technical assistance resources on a county-by-county basis (2,700 in all) that can readily be searched by dozens of criteria including gender-focus, type of capital, industry or even the individual's name or organization that provides the capital or services. Links to SBA programs are included on the web site.

In addition, MyEntre.Net offers live, educational workshops online, featuring prominent business experts bi-monthly. A library of webinar archives featuring more than 150 previous webinars is available on demand at any time. Direct access to business capital among start-ups is encouraged through an online contest called Dream Big Grow Here, featuring $5,000 grants to entrepreneurs who upload their business ideas and recruit friends, family and customers to vote for them online. More recently, free market research, business intelligence and other complex services have been introduced, attracting large numbers of growth oriented existing companies into the online community.

Online technologies such as those at MyEntre.Net also offer an important and timely method to evaluate new programs and services. Regular queries capture immediate feedback on the effectiveness of each resource at MyEntre.Net, and semi-annual surveys track the economic impact of member entrepreneurs as they start or grow their businesses. The most recent MyEntre.Net statewide survey was completed in January 2011. In that survey, business owners indicated their greatest current needs involved access to capital at normal business terms, and targeted technical assistance to help bolster sales and bring them fully out of the economic downturn. This information, shared with service providers in the state, resulted in an array of new resources including several workshops and webinars. Nearly 25% of the respondents added a full time job in 2010, and 36% indicated they planned to add jobs in 2011, providing needed insight into the pace of the economic recovery in the state. Other key findings in Iowa include:

Capital: While the small business community is very slowly emerging from the recession, sales are still flat but appear to be stabilizing. Half of the reporting small business owners are planning for new capital investment during 2011. Nearly one in four small business owners identified financing and interest rates as a major concern. Due to the challenges of acquiring new capital to grow their business, respondents reported that hiring will continue to be slow.

Technical Assistance and Training: Iowa small business owners reported a need to improve sales volume through increased marketing and advertising efforts. About one-third of responding business owners reported needing assistance with management issues; one-quarter expressed a need for assistance with tax issues. Collectively, 27% of responding business owners identified needs associated with web development and technology issues.

Technology driven resources are emerging as critically important in reaching women and rural entrepreneurs--two populations where access to services and effective best practices remain elusive. In spite of owning nearly one third of all American companies, women-owned businesses only account for 6% of the country's jobs and 4% of business revenues, a figure largely unchanged since 1997. Like many states, Iowa suffers too, from a serious lack of women-owned companies generating more than one million in sales revenue - a national phenomena so pervasive it has been coined the 'missing middle'. Customizing core entrepreneurial services to meet the specific needs of women entrepreneurs, and eliminating obstacles (such as cost) to accessing these services, is critical to improving opportunities for this key demographic. Maintaining funding

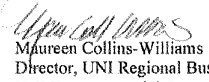
for Women Business Centers and the development of more technology driven resources like MyEntre.Net will help ensure that these women can do more than cycle in and out of the business start-up experience. Rural America, too, struggles with access to services and resources--geographic isolation has kept the comparative rates of rural entrepreneurial development very low as compared to urban entrepreneurs. Technology offers the ability to transcend those barriers by connecting those far flung innovators with the services and resources they need instantly, with an array of customized services identical to those experienced by their urban counterparts. A substantial proportion of the current Iowa MyEntre.Net membership is both female and rural.

Building upon the best practices developed since 2003, the University of Northern Iowa intends to scale, then share, MyEntre.Net outside of Iowa beginning in the fall of 2011. This expansion is made possible by a direct federal appropriation from the SBA in FY 2010. MyEntre.Net offers a model for forward-directed public policy and for state, regional and local service providers to replicate. These are extraordinarily challenging times for our economy. The importance of entrepreneurship and innovation to stimulate economic vitality cannot be understated. Technology offers us an opportunity to transform service delivery to American entrepreneurs and touch targeted entrepreneur populations effectively, no matter where they live, who they are or what they need in order to succeed.

As the committee proceeds with its work, we encourage it to focus on the needs of 21st century entrepreneurs in light of existing federal policy, practice and programs, and, to consider the extraordinary opportunities associated with technology in the identification, engagement and delivery of services to American entrepreneurs in the coming decade, particularly among women and rural innovators where entrepreneurship levels lag.

We would be pleased to meet with you and members of the committee to discuss further these comments, as well as to respond to questions and provide additional information.

Sincerely,



Maureen Collins-Williams
Director, UNI Regional Business Center &
UNI Entrepreneurial Outreach