PROMOTING ENTREPRENEURSHIP AND JOB CREATION BY DECREASING DUPLICATION AT THE SBA

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HEARING: PROMOTING ENTREPRENEURSHIP AND JOB CREATION BY DECREASING DU-PLICATION AT SBA

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WEDNESDAY, MAY 25, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 1:00 p.m., in room 2360, Rayburn House Office Building. Hon. Sam Graves (chairman of the Committee) presiding.

Present: Representatives Graves, Bartlett, Hanna, Coffman, Mulvaney, Fleischmann, Landry, West, Velázquez, Chu, Cicilline, Richmond, Owens.

Chairman GRAVES. We call this hearing to order. I want to say good afternoon and I appreciate all our witnesses being here. We are going to have a vote called somewhere between 1:20 and 1:30 and it is going to be somewhat lengthy. It may be an hour or an hour and a half, unfortunately, we do not get the opportunity to schedule those. So it may mess up the hearing for just a little bit. I hope you will bear with us and we will try to get through as much of the opening statements as we can.

Our nation is at a critical point and our national debt and annual deficits have reached historic proportions. It is Congress's obligation to look for ways to reduce federal spending to get our fiscal house in order. The first step is to cut out waste and duplication in government programs. This Committee is responsible for determining how the U.S. Small Business Administration can operate more efficiently while providing quality services to our nation's aspiring entrepreneurs and business owners so that they can grow our economy and create more jobs.

Turning an idea into a small business can be very overwhelming. To aid small business owners, the SBA offers online training and counseling, both through its district offices and through its network of resource partners. However, as government continues to grow, so have the number of entrepreneurial development programs, not only at the SBA but at a number of different federal agencies as well. It is our job now to take a thorough look at what each of these programs does and how best to serve the American people, both those who use the programs and the taxpayers who obviously finance them.

Today we have a very distinguished group of panelists, who will provide guidance to this Committee so we can look to streamline the government to make delivery of services more efficient and

more effective. First, we are going to hear about the scope of the problem. According to the Government Accountability office, there are 80 programs in four different federal agencies charged with helping entrepreneurs. And for fiscal year 2010, these programs cost the government $6.2 billion.

Next, we want to look at the needs of entrepreneurs through the eyes of the people on the ground providing the counseling. We will hear from someone who is providing services through the SBA Small Business Development Center Program. And then finally we are going to hear about some of the programs available to business owners that are not funded by the taxpayers but by industry peers who want to help their communities prosper.

I am very much looking forward to the testimony today to help guide our efforts to streamline the government and provide more efficient delivery of services to entrepreneurs and the taxpayers who are funding them. And again, I want to thank all of our witnesses for their participation and for being here. We appreciate it very much.

And now I will turn to Ranking Member Velázquez.

[The information follows:]

Ms. VELÁZQUEZ. Thank you, Chairman Graves. And good afternoon to all the witnesses.

The SBA is charged with a broad mandate and fulfils it through various programs and initiatives. In doing so, it undertakes a wide range of activities running the gamut from providing seed capital for start-ups, to helping mature companies gain access to foreign markets. This initiative has become essential to our nation's small businesses, which are responsible for creating two-thirds of all new jobs. In administering these programs, it is critical that the SBA do so in a manner that maximizes efficiency and minimizes waste. In practice, this means ensuring that rules and regulations are clearly articulated, that a framework for evaluation is in place, and that the initiatives are not duplicative of other agency efforts. It is imperative that programs are continually evaluated and it should not take a fiscal crisis to do so.

Democrats on this Committee have repeatedly pinpointed programs at SBA that are wasteful and duplicative, irrespective of budgetary politics. We have annually identified tens of millions of wasteful spending that could be reinvested in other valuable programs, but as we do so we have to be mindful that the Bush administration slashed the Agency's budget by nearly 50 percent, taking it from nearly a billion dollar agency under President Bill Clinton and leaving it largely unable to meet the needs of entrepreneurs.

The Committee has also done significant work with third party evaluators such as GAO. As a result, fraud in the HUBZone initiative has been exposed. There were 108,000 HUBZone contract actions in 2010 and in 70 percent of these cases, the small business actually qualified for another SBA contracting program. We have also asked GAO to review the Agency's disaster program, as well as how its loan program can be better coordinated with the USDA. Eliminating waste and improving efficiency could enhance services for entrepreneurs.

Oversight is not only a responsibility on Congress, however, but also for the SBA. Unfortunately, in this regard, the Agency has not met expectations. According to GAO, it has not yet developed outcome measures for the HUBZone program that are linked to its mission. Without them the Agency is unable to measure the program's effectiveness. In addition, the Agency has established unauthorized pilot programs without any performance measure that provide the basis for such oversight.

While these initiatives cost taxpayers millions of dollars, the Agency has repeatedly failed to use objective metrics to quantify their success or failure. It recently requested funds to operate seven pilots, including the Small Loan Advantage and Community Advantage programs, among others. The last three of these programs alone cost $50 million. That is more than we spend on the Women's Business Centers, an initiative that is authorized and regularly overseen by Congress.

While the regional intent may be admirable, once launched, these pilot programs often take on a life of their own, drawing funds away from proven initiatives. Even among programs that we know work, there is a need for better harmonization. In its recent report, GAO found that SBA does not help its resource partners coordinate their services. If it did, the SBA could lower administrative costs and leverage each program's unique strength. Such steps must also be taken between agencies that operate similar programs so that taxpayers are getting the biggest bang for their buck, and equally important, that small businesses' needs are met.

Today, reducing the duplication and improving program performance are not just nebulous bureaucratic catch phrases. When applied, they mean better services for entrepreneurs and greater job creation for the economy. Everyone here recognizes the importance of entrepreneurship to our recovery. As we seek ways to make economic development programs more efficient, we cannot afford to shortchange small businesses. Instead, our goal should be ensuring these programs work in concert together delivering small businesses the help they need. And that is why I look forward to today's testimony on this important topic. And I thank the witnesses in advance for your presence here.

Thank you, Mr. Chairman. I yield back.

[The information follows:]

STATEMENTS OF WILLIAM B. SHEAR, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; ARNOLD BAKER, CHAIRMAN, NATIONAL BLACK CHAMBER OF COMMERCE; JODY KEENAN, STATE DIRECTOR, VIRGINIA SMALL BUSINESS DEVELOPMENT CENTER NETWORK; DENISE PICKETT, EVP, AMERICAN EXPRESS OPEN

Chairman GRAVES. Thank you very much.

Our first witness is going to be Bill Shear, who is the director of Financial Markets and Community Investment Team at the U.S. Government Accountability Office. The Financial Markets Team works to improve the effectiveness of regulatory oversight in financial and housing markets. It also oversees the management of community development programs. Mr. Shear, you are no stranger to this Committee and we appreciate you being here today.

STATEMENT OF WILLIAM B. SHEAR

Mr. SHEAR. Thank you very much. It is really an honor to be here.

Chairman Graves, Ranking Member Velázquez, and members of the Committee, I am pleased to be here this afternoon to discuss the potential for duplication and fragmentation in economic development programs.

In March, and more recently last week, we reported on potential duplication among federal economic development programs. This statement is based on this work.

Absent a common definition for economic development, we had previously developed a list of nine activities most often associated with economic development. Our recent work includes information on 80 economic development programs at four agencies—SBA, Agriculture, Commerce, and HUD.

The SBA administers 19 of the 80 programs. 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. Here I want to stress that our focus to date has been on the design of these programs. In other words, we have evaluated the permitted uses of funds and have not as of yet drilled down to see how each program's funds are actually distributed among various uses.

In summary, based on our work to date, we have found that first, the design of each of these economic development programs appears to overlap with that of at least one other program in terms of the economic development activities that they are authorized to fund. Second, Commerce, HUD, SBA, and USDA appear to have taken actions to implement some collaborative practices, but they 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. And third, the agencies appear to collect only limited information on program outcomes, information that is necessary to determine whether this potential for overlap and fragmentation is resulting in ineffective or inefficient programs.

Building on our past work, we are in the planning phase of a new, more in-depth review that will focus on a subset of these 80 programs, including a number of SBA programs. In fact, our current thinking is that we may focus on the 54 programs that fund entrepreneurial efforts. And this would include all 19 SBA economic development programs. In this body of work we will further differentiate the programs. In addition, we will build upon previous work, such as those listed as related GAO products in our written statement, including our work on Women's Business Centers and programs to assist service-disabled veteran-owned small businesses. We plan to evaluate how funds are used, identify additional opportunities for collaboration, determine and apply criteria for program consolidation, and assess, how program performance is measured.

Chairman Graves and Ranking Member Velázquez, this concludes my prepared statement. I would be happy to answer any questions.

[The statement of Mr. Shear follows:]

Chairman GRAVES. Thank you, Mr. Shear. And I will now yield to Mr. Richmond. I think you are going to introduce our next witness.

Mr. RICHMOND. Thank you, Mr. Chairman and Ranking Member.

I have the great pleasure of introducing not only a constituent and a business owner in my district but a true friend. And that is Mr. Arnold Baker with Baker Ready Mix, who is the chairman of the National Black Chamber of Commerce and the CEO of Baker Ready Mix and Building Materials in New Orleans, Louisiana. Mr. Baker's successful small business has recently gone from only 10 employees to nearly 60. Mr. Baker is testifying on behalf of the National Black Chamber of Commerce, which has 140 affiliated chapters throughout the nation and reaches over 100,000 black-owned businesses and also Mr. Baker, on behalf of Congressman Landry and I—and I understand that you have recently expanded to his district—so on behalf of both of us, welcome. And we look forward to hearing your testimony.

Chairman GRAVES. Mr. Baker.

STATEMENT OF ARNOLD BAKER

Mr. BAKER. Thank you, Congressman Richmond.

Chairman Graves, Minority Leader Vasquez, and Congressman Richmond, distinguished members of this Committee, thank you for inviting the National Black Chamber of Commerce to participate in this most important hearing.

The NBCC proudly represents the fastest growing segment of the American economy, black-owned businesses. We were incorporated in May 1993. When we were incorporated, the U.S. Census Bureau stated that there were 300,000 black-owned businesses doing 30 billion in sales annually. Today, the U.S. Census Bureau states that there are over 1.9 million black-owned businesses doing over $137 billion annually. This fantastic growth has swelled our membership and made us the largest black business organization in the world. We have over 160 chapters, with 70 percent located throughout the United States. Our database of black-owned firms exceeds 60,000 businesses.

The NBCC Business Development Committee is rapidly making new inroads and increasing the sales of our members. Several of our chapters are working closely with the SBA and have members benefitting from SBA-sponsored and/or supported programs. Despite this fantastic growth, we found that the federal government to be—I guess we found the actions of the federal government seem to be counter to this activity. With the exception of DOD contracts, of which we do not have the numbers for, in fiscal year 2010, black firms were awarded 3,994 contracts, all federal agencies except for DOD as I shared earlier, which was a 16 percent decrease from fiscal year 2009 and a paltry .3 percent of the total contract volume. We suspect DOD numbers to be no better.

SBA lending is somewhat better but that is a variable decided upon by participating banks. For the past 20 years, small business entrepreneurs of this great nation generate 70 percent of all new jobs in America. If you want more jobs, then support the development and expansion of more small businesses. We just met with

two ambassadors from other countries who are replicating the efforts that we are doing here to create small businesses in their countries. The world is watching our small business development support system. Watching it and replicating it.

Cutting support for small businesses programming at this time when the country needs jobs as the world is watching us to replicate us seems counterintuitive. A better funded and better staff-filled infrastructure for the SBA is critical to continue improvement of this nation's economy. We see no indication that cutting SBA funding is the right solution at this time as outreach and inclusion to the business community is so rudimentary and critical for our continued development.

If we just look to the black business community, the latest census reports show that while the black business community was fast-growing, the majority of black businesses around the country employ one employee and generate less than $60,000 in gross revenues. That is according to our census.

Other segments of the business community were not significantly more stable. This nation's small business community is still extremely fragile and they deserve a federal government that assists in their development.

Since the 1990s, the manpower of the field offices for the SBA has greatly declined. At one time the New Orleans District Office had over 70 employees. When Katrina hit, there were fewer than 20 and it could not possibly service the needs of the local business population. The National Black Chamber of Commerce stepped up its activity. We made over 75 visits within the first three years and for the first three years also had our annual conventions there to bring attention to the issues and help bring resolutions to the table.

The SBA and Women's Business Development Centers that they funded all collaborated and helped bring this to fruition through a host of outreach activities, information sharing, sharing of databases. I am proud to say that our newly opened Gulf Coast chapters claim to have affected over $3 billion in rebuilding contracts to the extent we are now opening a regional office of the National Black Chamber in New Orleans to help with further collaboration.

I feel the need to specifically address the potential of private entrepreneurial development programs replacing current services provided by the SBA. There is a fear spreading that this may create a temporary duplication in some markets. We must not forget that a private company can and only will provide services that they can generate profits from. It is the nature of business. As soon as that service or as soon as that market or as soon as that target population becomes unprofitable, they have a fiduciary responsibility to cease those activities. It is the nature of business. In this case, it would be to eliminate a segment of the population that needs it the most.

It would be disingenuous of me to also not state that our members have expressed great frustration with the SBA and some of their programs. That happened. Even my wife has frustration with me. I mean, she admits that. Our members, especially those in the Gulf South, bore the greatest impact of their loan program deficiencies and diminished inclusion efforts.

I personally—when Katrina hit, I had five employees. I had one plant. I had five trucks. I produce concrete. And I had no idea what a PTAC was. I had never had a federal contract before. I had no clue. But it was through the assistance of—fortunately, the Women's Business Development Center was one of the first centers that opened and I was actually able to garner information from there which led me to other pathways to where today I have four plants. I have 43 trucks. I have 58 employees and, you know, we are still growing. You know. I now have two congressmen.

This Committee would do the country and the economy well by fighting for increased funding and bringing manpower back to the mid-1990s. So the subject of reducing duplication, it is a tough question. I mean, it is tough. However, cutting support at this time is simply not worth the risk to the small business community.

I thank you for allowing us this time and I will be happy to answer any questions.

[The statement of Mr. Baker follows:]

Chairman GRAVES. Thank you, Mr. Baker.

Next, I would like to introduce our witness, Jody Keenan. Ms. Keenan is the state director of the Virginia Small Business Development Center Network. Ms. Keenan is also a past chairman of the board of the Association of Small Business Development Centers, which is who she is representing today. Thank you for being here. I appreciate it.

STATEMENT OF JODY KEENAN

Ms. KEENAN. Chairman Graves, Ranking Member Velázquez, members of the Committee, thank you for inviting me to testify. Again, I am Jody Keenan and I am the director of the Virginia SBDC Network and past chairman of the ASBDC.

For 30 years, SBDCs have been providing services to small business owners while developing an infrastructure dedicated to assist all small firms and providing them free consulting on how to improve their businesses. The result is a national network of over 900 locations with over 4,000 professional advisors who advise hundreds of thousands of small businesses in every state and territory.

Roughly, half of our clients are new businesses and half are existing businesses. Last year, two percent of all new business starts were SBDC clients. SBDCs work with women entrepreneurs. More than 40 percent of our clients are women and six of the state Small Business of the Year winners were women-owned SBDC clients. SBDCs prioritize assistance to veterans. Approximately 10 percent of our clients are veterans and in Virginia we have a specialized program to assist them. This year we are honoring Colonel Perry Casto, who founded his firm a few years ago and now has 60 employees. Through our program we aggressively market to the veterans' community and guide them to our resources and services and other resources. Many SBDCs have similar programs.

The SBDC outreach to minority and underserved communities is also significant. Our minority clientele is over 33 percent of our client base and our members support outreach programs all across the country. In New York, the SBDC hosts the organization for Latino entrepreneurs, and in Maryland, the SBDC supports the Branch Avenue Project, an inner city business restoration program.

Virginia's network is an example of the broad reach SBDCs have. In addition to our veterans' outreach, we are co-located with the Women's Business Center of Northern Virginia, and we run the Small Town and Merchant Program in rural communities. We also train small businesses in procurement, international trade, and a host of other subjects.

We always try to expand our services to adapt to a changing business environment. Through our association, SBDCs partner with firms like Intuit, Google, and Boefly, to bring innovative and efficient tools to small businesses for improving their operations that lead to growth and job creation.

In order to give this Committee and Congress a better picture of what we offer, ASBDC is compiling a catalogue of our services. It is not complete yet, but as you can see, we are much more than business planning. In many states, we are a key provider of services, like in Missouri where the SBTDC is the Delta Regional Authority's business development provider.

There are a few things that ASBDC believes need to be developed. First, there need to be reasonable, uniform standards for effectiveness of programs. Growth in sales, investment, and hiring are key indicators. Obtaining capital is usually the key measure. ASBDC believes that access to capital is vital, but if that financing is not leading to an improved bottom-line, it is just an output, not an outcome. We judge our success by helping our clients increase their sales, their job creation, and their financing. These metrics should be the building blocks for assessing the effectiveness of any small business assistance program. It is futile to compare programs and yet hold them to different standards.

This goes with the need to share information. There is nothing more unproductive than collecting different data for different agencies in different formats. It does not matter who the information is for. Incompatible databases and inconsistent information are fundamentally inefficient. Federal agencies are required to gauge their performance by using and tracking outcome measures. If an agency operates entrepreneurial development programs they must focus on small business success.

SBA does a good job of tracking SBDC performance. Every SBDC is subject to a full SBA financial review every other year on top of the audits from our hosts and the program offices. SBA reviews our client impact in addition to our own client impact surveys and our association's national impact survey. And we believe the best way to gauge our effectiveness is to ask our clients whether SBDC counseling is effective or not.

On top of that we have our accreditation process that monitors the skills of our counselors and the strength of our management. The SBDC program was recognized in 2008 by OMB for its accountability and the quality of its performance data.

Our final theme is cooperation. My network incorporates the Women's Business Center. Many SBDCs host SCORE, PTACs or VBOCs, yet programs arise that seem to duplicate the efforts of existing programs and ignore capabilities that are already in place. This is because people do not realize what is out there. We need to know the resources we have and how to leverage them to the best effect.

In closing, thank you for letting me share our thoughts, and I look forward to your questions.

[The statement of Ms. Keenan follows:]

Chairman GRAVES. Thank you, Ms. Keenan.

Our final witness is Denise Pickett. Ms. Pickett is the Executive Vice President at American Express OPEN. OPEN is American Express's business unit dedicated exclusively to supporting small business owners and is the leading card issuer in this segment. We appreciate you being here. We did get a vote called but I think we can hear your testimony.

STATEMENT OF DENISE PICKETT

Ms. PICKETT. Okay. Chairman Graves, Ranking Member Velázquez, and members of the Committee, thank you for allowing me to share a few thoughts with you today.

Despite the enormous pressure the economy has put on small business, our research shows that small business owners are beginning to show optimism for the future. Nonetheless, they still face great challenges. I would like to discuss three of those—gaining and maintaining customers, acquiring knowledge and ideas to improve their business, and meeting financial needs. American Express has responded to each of these through programs, partnerships, and resources.

To help address the first challenge, the need for more customers, OPEN has created several programs, two of which I would like to discuss today.

First, we launched the Victory in Procurement program, or VIP in 2008, which was designed to help small businesses capitalize on the enormous opportunities in government contracting. VIP live events and websites give small businesses access to training and educational resources to assist throughout the contracting process. This includes providing access to coaching and mentoring and critical information about working with procurement officials and forming teaming relationships.

Last year, OPEN engaged more than 150,000 small businesses through our VIP events and our VIP site. And in partnership with SCORE and other organizations, VIP gave these businesses tools to grow. Our Give Me Five program has focused on contracting for women. We provided a Train the Trainer session for over 100 representatives of the Women's Business Centers.

The second program we created to generate more customers is Small Business Saturday. This national grassroots movement encourages consumers to shop at small businesses on the Saturday after Thanksgiving, which falls between Black Friday and Cyber Monday, two of the country's biggest annual shopping days. We relied heavily on Facebook to promote Small Business Saturday, since small businesses are increasingly turning to social media for business promotion.

One point two million people joined the movement by liking Small Business Saturday, and small retailers experienced a 28 percent increase in sales on American Express cards that Saturday, compared to the same day in 2009. This year we will be growing that movement further and we look forward to the continued sup-

port of this Committee as we build what we believe will become a holiday shopping institution to benefit small businesses in America.

To address the second major challenge, which is the need for knowledge and information to grow, we created OPEN Forum, a website designed to empower all small businesses, not just our customers. It has become the number one online destination site for small businesses. OPEN Forum's mission is to provide three resources—information from experts and peers, education, and a true community of small business owners. While OPEN Forum delivers the most current and relevant information through articles and interviews, we are most proud of the community we have helped create. OPEN Forum's interactive nature has allowed us—has allowed small businesses to draw on the power of collective knowledge. It has even provided a platform through which government can interact with them, including an online event that allowed hundreds of thousands of small business owners to submit questions and interact directly with SBA Deputy Commissioner Marie Johns.

Our core business addresses the third challenge, meeting financial needs. We give small businesses access to working capital, primarily through our small business pay-in-full charge cards and our credit cards. They provide purchasing power, flexibility, rewards, and savings on business services. In the first quarter of this year alone, small businesses spent almost $2 billion every week on their cards to buy goods and services they need to operate their businesses.

We also made nearly $27 billion in credit available to our business customers through our lending products.

In closing, we believe if the economy is to prosper, there is a great need to cultivate thriving small businesses and support their growth. And while we strongly believe in the results we have achieved, we feel when the public and private sector work together, small businesses of all sizes are going to benefit.

We look forward to working with members of this committee and others in Congress to continue to help small business and the economy grow. I appreciate the opportunity to speak with you today. And I look forward to taking questions.

[The statement of Ms. Pickett follows:]

Chairman GRAVES. Thank you, Ms. Pickett.

We are going to adjourn until his series of votes is over, which is approximately—I think there are five votes with a Motion to Recommit in there. So we will adjourn and be back just as soon as we can. Thank you.

[Recess]

Chairman BARTLETT. Thank you very much for your patience. Our Subcommittee will reconvene.

As is my practice, I will ask my questions last, hoping that someone else will have asked them so I do not have to ask them. I will now recognize Mrs. Velázquez for her questions.

Ms. VELÁZQUEZ. Thank you, Mr. Bartlett.

Mr. Shear, the GAO recommended to the SBA to increase collaborative practices to develop compatible policies with other federal agencies. And this was recommended in 2007, again 2008, and yet there is little evidence that this recommendation has been

taken anywhere by SBA. Why is this not occurring in your judgment based on——

Mr. SHEAR. There does not seem to be——

Ms. VELÁZQUEZ [continuing]. Is it on?

Mr. SHEAR [continuing]. It is on. Yeah. Okay, sorry. Now can you hear me?

Ms. VELÁZQUEZ. Yes.

Mr. SHEAR. Okay, I am sorry.

With respect to SBA and USDA, every once in a while when we follow up with them they say they did develop an MOU so they have something in place, but then when we follow up further and ask are you taking that step further and actually developing compatible policies or ways to share responsibilities——

Ms. VELÁZQUEZ. Or to leverage resources.

Mr. SHEAR. Leverage resources. We do not see evidence of that occurring. In this most recent work, and again we just took a little bit of time to touch on some economic development programs. We asked more broadly about collaborative practices and it seemed like there were some initiatives put on the table but there just does not seem to be the leadership to really take it further. So we see that in the veterans' area. We see it with USDA. We see it in a number of areas. So we do not really get a good explanation except to say we are working on it.

Ms. VELÁZQUEZ. There were 108,000 HUBZone contract actions in 2010, and in 70 percent of these cases the small business qualified for another SBA contracting program. With all the problems GAO has identified with the HUBZone program and that the majority of its participants qualify for another program, I would like to ask you what will happen. What will be the impact on contracting opportunities for small businesses if Congress eliminated the HUBZone program?

Mr. SHEAR. I think you make a very important point here and one of the reasons—over the years when we have written about the various contracting programs and business development programs we always include a pie chart just to show that type of illustration—how much overlap there is in terms of those who qualify for one or more of the preferences. And if it was eliminated, it is hard to say because it has never really been an evaluation of what the HUBZone program provides, either in terms of a one-time study except for one study by the Office of Advocacy. There is some anecdotal evidence but it is hard to say what you would give up.

The HUBZone program is more—it is based on location rather than the characteristics of the business. And in that sense, in that there is overlap among businesses, you know, businesses that qualify for more, it becomes more problematic in that there are not good performance measures out there. It is hard for this Committee and it is hard from a management standpoint for SBA to say where they should be using their resources. So if you eliminated the program, there would be some businesses that would no longer participate in Federal contracting.

Ms. VELÁZQUEZ. So what impact does the lack of this measure have on the HUBZone and other contracting programs? The lack of those measures implemented by the SBA.

Mr. SHEAR. At some point I cannot answer the question as far as picking winners and losers among various programs. But in looking at our body of work on economic development programs, and in those that are confined to SBA, at some point I would think it would be a question that this Committee should be asking and that SBA would address as a management practice.

It costs money and resources to run various programs. And so if you required resources to run programs and you are strained for resources, at some point you at least have to ask the question, do we want to keep all these separate programs operating? So that is a more general observation.

Ms. VELÁZQUEZ. I guess that you have been able to detect my frustration in previous hearings with SBA. And GAO's investigation showed fraud and abuse and waste on the HUBZone program.

So for the Agency not to have any outcome measures in place, any metrics, it is just unbelievable. So my question to you is do you believe that the SBA is not implementing these measures because they are afraid that it will show that the program is not achieving its goal?

Mr. SHEAR. You raise a very good observation and I cannot read into the minds of people at SBA. But at some point after being repeatedly told, and when we reached out in terms of what we call constructive engagement, we would actually help SBA develop performance measures. And after having interactions and having all these what I will call false starts, the question becomes what is the motivation to do this? The one observation I will make is one evaluation that was completed around the time that we—just after we completed our first audit at your request was by SBA's Office of Advocacy. It did not demonstrate that the program was really serving its purpose well. So there was one report since the time we finished our audit work that would suggest that the benefits from the program seem to be small but yet I cannot read the minds of people at SBA.

Ms. VELÁZQUEZ. Thank you.

Ms. Pickett, there are many private entities that provide small business services which supplement federal and state efforts. Some believe that government funding is unnecessary and the market will create assistance if there is demand. My question is do you believe that private efforts alone can meet the need for entrepreneurial assistance?

Ms. PICKETT. So thank you, Congresswoman Velázquez.

I would say that in our case we have many small business owners who have very different needs. They come in different industries, they come in different sizes, and they are at different stages. And those different needs suggest that both private and public programs need to work together and they cannot work alone to meet all of those needs. So in our experience I would say no, you need both programs working together, and the best hope we have for small businesses is if private, public and not-for-profit institutions work together to help meet the needs of small businesses.

Ms. VELÁZQUEZ. Okay. I have more questions but I will do it in the second round.

Chairman BARTLETT. Thank you. Before recognizing Mr. Richmond I would like to make a comment about HUBZones. It is not

surprising that most of the HUBZone contractors would have qualified for a contract in some other category because the HUBZone contracts are open to any small business. The unique thing about HUBZone contracts is not who they are but where they are because the HUBZone contracts have to be in an area—I have a whole county that qualifies—that has high unemployment or low income levels. I have personally seen the benefits of moving a HUBZone contract to one of these areas. I have in my western-most county in Appalachia—a HUBZone company that moved there and they pay their people three times the average salary in that county. This clearly creates other jobs and lifts the whole county. So it is not surprising that HUBZone contractors would qualify to get the contract under some other category because it is open to anybody and everybody. It is not who they are; it is where they are that is important about the HUBZone contract. I think it is probably unique in that category. It is the only contracting we do with small business that is determined by where they contract rather than who they are.

Let me now recognize Mr. Richmond.

Mr. RICHMOND. Thank you, Mr. Bartlett.

My first question will go to you, Mr. Baker. Part of what I am trying to assess is just the common sense and the day-to-day struggles of small businesses when dealing with the SBA. For example, I had someone in my office yesterday who, while trying to navigate the 8A application process, asked why will they not just put the status online where they can go into your pass code and find the update as opposed to staying online all day? So in your experience, especially after Katrina as businesses try to stand back up, how was your interaction with the SBA and how do you find the programs as you try to grow and hire more people?

Mr. BAKER. Thank you. In the immediate aftermath of Katrina, we found interaction to be, at best, difficult. You know, their resources were stretched. They were underfunded. They had an enormous task with new contracts being led and also administering various loan programs. And so it created a potentially detrimental situation for access for small businesses in the region. It was actually through—and that is why the Black Chamber stepped up and actually created throughout the Gulf South to help coordinate and work with not just the SBA but their business development centers, partnering with Southern University and the University of New Orleans Business Development Centers, we actually hosted events together.

But it short of that, you know, I think we were able to as a region be able to do something that was a unique and generational opportunity to actually come together in a collaborative fashion to use a grassroots—truly grassroots communication and inclusionary effort to bring more people to the table of information. This included setting up computers in our offices so that businesses that did not even have homes, much less computers, had access to web information.

But there are certainly many shortcomings in the delivery mechanisms but, you know, they are improving and I think as Ms. Pickett shared earlier, it is going to take a complete collaborative effort of the private sector and public sector to actually make a dent in

this. I mean, the challenge is that large, that tremendous, and we are still trying to play catch-up as a nation.

Mr. RICHMOND. Next, for Ms. Pickett. Ms. Pickett, I know that you and American Express, that you both work with SCORE chapters and WBCs. If the SBA's Business Assistance Center budgets were to be cut at the federal level, do you think it would make it more difficult for SCORE and WBCs to attract the private sector or such private sector funding?

Ms. PICKETT. So I am certainly not an expert on the role that private sector funding plays in those organizations, but what I can tell you is that those organizations are very important to the programs that I described earlier and our ability to put them on. And they bring content to those programs and they bring one-on-one technical mentoring and coaching that we simply could not deliver without that partnership.

Mr. RICHMOND. So it would hamper at least that collaborative and the deliverables?

Ms. PICKETT. It would certainly put our ability to partner in question if they did not have the funding they needed from their perspective.

Mr. RICHMOND. And I guess my next question, and I have, I guess, a minute left, is for Ms. Keenan. Collaboration among the SBA's Business Assistance Centers has been sporadic. What efforts has your center made to improve such collaboration and what barriers still exist to further cooperation and collaboration?

Ms. KEENAN. Well, I can speak for Virginia. We, as I mentioned earlier, we have a Women's Business Center that is co-located with one of our SBDC offices in Northern Virginia and we do quite a lot of work referring clients and companies back and forth to their program as they refer programs back to ours. We also on some occasions have had SCORE counselors who have come out into the Northern Virginia area and set up office areas in our SBDCs as a way to help them reach into the suburban communities. And we have done this throughout Virginia as well, and in many other states the same partnerships happen.

Some of the obstacles—was that your question then? What some of the obstacles are? Candidly, I think we have made an effort to overcome the obstacles but sometimes the obstacles are data tracking and just accountability. You know, SCORE, for instance, they have their metrics and goals to meet with a certain number of clients. We have our goals and metrics to meet with a certain number of clients. Our philosophy—my philosophy in Virginia has been there are more than enough businesses for all of us to serve. We are not serving 100 percent of the businesses. So we do our best to make sure that when we start these engagements that everyone understands what type of business we are going to work with, what kinds of services each of us is going to provide so we are not tripping over one another, so we are not confusing the client. So I can speak to that in Virginia. That has happened and that has been our mantra.

Mr. RICHMOND. Thank you. I yield back.

Chairman BARTLETT. Ms. Chu.

Ms. CHU. Thank you.

Well, I would like to ask Ms. Pickett from American Express, you have a program called Victory in Procurement for Small Business and that is for the general small businesses, but then you decided to do something above that for women entrepreneurs called Give Me Five. Now, there are some here who are saying SBDC and WBC would be duplicative but you apparently have not found your women's program to be duplicative. Why did you have a women's program above your regular small business procurement program?

Ms. PICKETT. So despite the fact that women-owned businesses are actually growing at a faster rate, they are actually not getting to the same size as male-owned businesses. And so we decided to have a program specifically designed. They have very unique needs, women-owned businesses. They generally have needs for negotiating skills. They have different needs as it pertains to financing. And I think that they also have different work-life balance needs in terms of running their own businesses. So we know that women-owned businesses have unique needs and we designed a program for them called Give Me Five.

Give Me Five is not a substitute for the programs that are offered by some of these agencies. In fact, it provides an introductory level of how to get into federal government contracting, but I think for them to be really successful they need the ongoing support that are provided by the agencies that we have discussed here today.

Ms. CHU. And then, Ms. Keenan, let me ask the SBDCs, of course, and the WBCs both coexist and some are saying that it is duplicative. However, it seems that WBCs focus on poorer clients with less education than SBDCs and that the Center for Women's Leadership found that 67 percent of the Women's Business Center clients came from households with income less than $50,000 and that 55 percent of the WBC clients had only a high school education or less. So if the WBC is removed and incorporated into SBDC, what would happen with this demographic? What would happen with minority entrepreneurs such as this?

Ms. KEENAN. Forty percent of our client base are women entrepreneurs. Thirty-three percent of our client base are minority entrepreneurs. So we would continue to serve that growing population within the SBDC program. In Northern Virginia, where our SBDC is co-located with the Women's Business Center, I think they would very easily be able to continue to deliver the audience that the Women's Business Center has been targeting.

Ms. CHU. But how can you explain the difference in the demographics between the two populations?

Ms. KEENAN. I agree. I think that the Women's Business Centers do tend to focus—particularly in our Northern Virginia office, that is the one I am most intimately familiar with—they do have some specialized services for new Americans who are women entrepreneurs. They also work with male entrepreneurs as well. And that partnership in Northern Virginia is the result of a collaboration with the Fairfax County Office of Economic Development and the Fairfax County Family Services, I think is the program. So in Northern Virginia, we would continue those relationships and work with that population without much of a hiccup in all honesty.

Ms. CHU. Let me ask another question in another arena where duplication has been raised as an issue and that has to do with ex-

porting assistance. In your testimony you mentioned that Small Business Development Centers are a key in the state's export assistance program. Now, in my opinion there is a lot of help that is needed in exporting. In California, the exports have risen 19.3 percent in 2010 to 143 billion, but California's exporters are small and do not venture far. Mexico and Canada are the top two countries where the state exports and yet there is so much potential.

Now, the Committee has recommended rescinding $30 million in grant programs to states to help trade and export promotion. Is such funding duplicative of the work that you are already doing at SBDC?

Ms. KEENAN. In a couple of states, for example, Massachusetts and Illinois, the SBDC programs in those states are the premier export assistance provider on behalf of the states. So there is a lot of collaboration there. In Virginia, how we are working with the state in their response to the STEP funding is the state is really working with new-to-market companies, so firms that are already exporting to Mexico and Canada and helping them expand into their second or third country, and the SBDCs are working with— and we are developing a new initiative this summer—to work with new-to-export companies to identify and prepare firms who are not currently exporting to get into that pipeline to take advantage of the state services. So we are being very careful not to step on the products that are already out there in Virginia and helping kind of feed that pipeline which the state program just is not funded or resourced to do right now. So that is how we are really trying to make sure that the services are complimentary and expansive and not redoing what is already out there.

Ms. CHU. So you are saying that they are actually not duplicative?

Ms. KEENAN. In Virginia they will not be duplicative. In Massachusetts and Illinois as two examples, the SBDC is the program that the state turns to to prepare companies for exporting, as well as to take them on exporting initiatives.

Ms. CHU. Thank you.

Chairman BARTLETT. Ms. Velázquez, you had additional questions?

Ms. VELÁZQUEZ. Yes, I do.

Ms. Keenan, in your testimony you indicated that there are programs and initiatives that seem to be—to duplicate the efforts of existing programs and basically some of those questions were asked by Ms. Chu. In recent years SBA has created two new programs, Emerging Leaders and Regional Innovative Clusters. Is this a good example of expenditure of tax funds or do SBDCs already provide these services?

Ms. KEENAN. I think some of the confusion in those new programs was what were they intending to achieve. So I think that the SBDCs are engaged in activities that support those initiatives, but it was very difficult for us to identify exactly what the goal was for those programs.

Ms. VELÁZQUEZ. Well, Emerging Leaders, for example, they select entrepreneurs for training. Do you do that?

Ms. KEENAN. Yes. Yes, ma'am.

Ms. VELÁZQUEZ. Mr. Baker, after Hurricane Katrina, you went to a local Women's Business Development Center to seek help. Right? Why did you choose that center and not an SBDC?

Mr. BAKER. In the immediate aftermath of Katrina there were only a few resources available. Fortunately, the Women's Business Center and the SBA office were located in areas that were not impacted by water and so they were functional early on, just as the Black Chamber was.

Ms. VELÁZQUEZ. Okay. Thank you.

Ms. Keenan, according to SBA's data, the Women's Business Development Center assists over 160,000 small businesses at a cost of only 139 per business. Also, SBDCs help create over 14,000 small businesses at a cost of over $9,000 per business. In your testimony you state that the foundation of the SBDC network is designed for and can accommodate expanded services. I understand that SBDCs have a broader scope for services for a variety of clientele, but why should we expand SBDCs' services when the cost for business is already much higher than other programs like WBDCs? Would it not make sense to encourage the expansion of WBDCs since they assist more businesses at a lower cost?

Ms. KEENAN. We have a larger footprint, so we have 900 offices around the country that have been—those are invested costs already. That infrastructure is in place. We see a number of existing businesses as well. I do not know what the breakdown is for Women's Business Centers with existing versus start-up.

Ms. VELÁZQUEZ. This is data provided by SBA.

Ms. KEENAN. By SBA, right. Right. Okay. But I do not know the breakdown. I do know that our base of existing businesses that we have been serving, particularly in the past three or four years has really expanded. So I think that although we are working with start-up companies and helping businesses get started, we are spending a lot more time as well attending to existing companies and so that could have an impact on why those numbers look the way they do.

Ms. VELÁZQUEZ. My question is because some members would like to take the Women's Business Development Centers allocation and give it to SBDCs so that you have the infrastructure to provide the services and the clientele that is being served, as Ms. Chu pointed out, is more low income women and low income communities. But when we are considering programs in a cost efficient manner, we need to look at costs.

Ms. KEENAN. Right.

Ms. VELÁZQUEZ. And it seems to me that the Women's Business Development Centers are providing the services that you are providing. And this is not—I am not criticizing the Small Business Development Centers. What I am saying is that we just cannot pick winners and losers here when we know that you have a target clientele and the Women's Business Development Centers have another target clientele. And it is being served in quite a costly-efficient manner.

Mr. Baker, do you believe that socially and economically disadvantaged business owners currently have adequate access to federal contracting opportunities? If not, what can be done to improve the situation?

Mr. BAKER. No, I do not believe that socially and economically disadvantaged businesses have adequate access to federal procurement opportunities. There are some—while it has certainly improved over the past few years, there is certainly a tremendous amount of work to be done in that arena. One shining example of where there has been a focused effort and federal procurement inclusion is in Mississippi where Congressman Thompson and the governor's office there—they actually made a commitment to formal inclusion that, just as an example, Mississippi has six PTAC offices whereas Louisiana has two. And just the results of that combined with bonding assistance programs and local collaboration with various chambers has actually increased the amount of black business contracting in the state by 40 percent. I mean, that is a tremendous impact but it shows that, you know, there is still a lot of work to be done but yet if there is a focused, funded, concentrated effort, you know, the results will definitely come to fruition.

Ms. VELÁZQUEZ. Okay. Thank you. Mr. Shear, I have my last question to you. And given the most recent natural disasters that we have been witness on television, I am concerned about the fact that in 2009, in the GAO report you found that the SBA had only met 13 of 26 requirements of the Small Business Disaster Response and Loan Improvements Act which was passed to make improvements in the aftermath of Katrina. Where does the agency stand on implementing these requirements? Do you know?

Mr. SHEAR. At the time it was reported to you two years ago it was 13 out of 26. We are not as diligent at looking at legislative provisions as we are our own recommendations, but the last time we really got an assessment was one year ago. So this would have been one year after we reported to you, and at that time it had increased to 15 out of 26. Five of the provisions we did not think were relevant at the time because there has to be a triggering event for those five provisions to become effective. So the remaining six provisions we saw some movement by SBA but they were not implemented yet. And the ones that they seem to be most challenged with were the ones that involved using private sector lenders and private sector entities in reaching out when disasters strike.

Ms. VELÁZQUEZ. Thank you.

Chairman BARTLETT. Thank you very much. Let me recognize Mr. Hanna.

Mr. HANNA. Thank you very much.

Ms. Keenan, thank you for being here. Do you believe that business owners in general around, well, your area in particular, are overwhelmed by the number of programs that we have?

Ms. KEENAN. Yes.

Mr. HANNA. What would you do about it?

Ms. KEENAN. Well, certainly not create any new ones. I mean, we spend a lot of time in our centers just educating our clients about who does what and why to come here instead of going there. And we also work on the other side to make sure we understand who the other programs are and collaborating and trying to define the piece of the spectrum that everyone is trying to serve. So, you

know, short of not creating new ones and if possible encouraging better collaboration and coordination, that is the approach.

Mr. HANNA. Do you find that people are leaving the building simply because they cannot cope with the complexity of it all? I mean, basically——

Ms. KEENAN. We hope that we do not send them out of the building——

Mr. HANNA [continuing]. Right.

Ms. KEENAN [continuing]. More confused than when they came in. That is for sure. But, you know, certainly, if they come to us it is very often after they have been to a number of other places, whether—and I do not know if it is individuals or organizations or entities—and they are hearing a lot of you need to talk to Jody. You need to talk to Barbara. You need to talk to John. You need—so when they come in we try not to just shoot them down the pike somewhere else but really work to help them understand who does what and why they need to be with us or why they need to be at the Women's Business Center or why they need to be at PTAC. And we tend to pride ourselves on not just pushing someone on down the pike.

Mr. HANNA. Thank you very much.

Ms. Pickett, I had a couple of corporations and for many, many years and duplication was something, you would not even begin to tolerate. It becomes clear and obvious waste and the first target. Do you think there is a lot of that in your organization?

Ms. PICKETT. So in our organization we obviously spend a great deal of time making sure that we are efficient and effective in what we do and that is our obligation to do it and that is what we do in our organization.

Mr. HANNA. So you are pretty well clean of that in your opinion?

Ms. PICKETT. We are as efficient and effective as we can be.

Mr. HANNA. Thank you.

Chairman BARTLETT. Thank you.

My understanding is that a major reason we have a number of programs is because we have identified a number of groups that we would like to help. It is not quite clear to me what we mean by duplication. Obviously, a wounded veteran comes in and they are a small business person, and they are a male, they could qualify under several different programs. But it is my understanding in watching this development now for nearly 20 years, that every time we find a new group that is not being adequately served we create another program for that group. What do we mean by duplication? Do you have duplicative programs that serve wounded warriors or is your duplication the fact that you are serving both a black person, a small business person, and a wounded veteran.—It can be all three at one time, can they not? What kind of duplication are we talking about? And, if our goal is to service more small businesses and if we are not confusing them and piling on with this duplication, why is duplication a problem? If we want to cut our costs but then they also cut what we get done, why is duplication a problem for simply looking out to contact and serve more small business people?

Mr. SHEAR. You have asked some very good questions and that is part of our challenge as an agency in looking at these issues gen-

erally and also with respect to what I am speaking about today as far as economic development programs. We see that there is overlap which could lead to potential duplication of services.

Chairman BARTLETT. But sir, if the duplication simply serves another small business, is not that what we want to do?

Mr. SHEAR. If we have a situation where separate infrastructures are being created, and this is part of when we look forward when we try to determine principles that we could apply for when consolidation might be appropriate. We are looking at questions such as, are there separate infrastructures in place and are there so many different programs that are not harmonized? To bring up what Representative Hanna just brought up, the idea is how do you figure out all these different programs? And if it leads to confusion or if it leads to difficulty in rural areas of figuring out what do we turn to USDA for and what do we turn to SBA for, all those things we are looking for areas where there could be inefficiencies associated with multiple programs at multiple agencies serving similar interests.

But let me make something really clear. When we look at questions such as—let us just take the three counseling and training programs at SBA. We do not view it that somehow there is an efficiency created ifi youi eliminate a program and stop serving there recipient. If you eliminate one program and just say, well, this is how much was appropriated for that program this year, efficiency is not evaluated. The types of things we will look into is that is there something about delivering the services that can be done more effectively either through increased collaboration among the three programs and the resource partners or possibly through certain reductions in the number of programs. We are looking for efficiencies in government and how services are being delivered. So we are looking at those types of questions.

And so you are very right. We are reaching out. We are not passing judgment as far as how many resources are allocated toward reaching out to small businesses and different components of small businesses, but the question is the efficiency of that service delivery. That is what we are focusing on.

Chairman BARTLETT. So you are really focusing on efficiency rather than duplication. If you have duplicative programs, they are simply serving more small businesses, and if both of those programs are efficient, who should care?

Mr. SHEAR. And the question becomes, for this Committee and for the Congress and for all of us, is to try to look at what demonstration is there that these programs are all efficiently providing services. And to do some comparison what, if anything, could be gained by combining programs or by expanding collaborative practices in how these programs are carried out in states and localities and in urban and rural areas. So that is really a major part of our focus. But ultimately it is a question of efficiency of service delivery and reaching out and serving the needs of small businesses and the needs of what Congress assesses as the priorities in reaching out to serve economic development activity.

Chairman BARTLETT. One of the other elements of our charter for this hearing was how private efforts can help meet the needs of businesses. As an example of this kind of question, our kids go out

at Halloween and they do not Trick or Treat, they leave a basket, a bag in the home and they say if you will please put some non-perishable food in this we will come back and collect it and then we are going to make up food baskets for poor people. So we did that. And then the women who were involved in organizing this program called up the Welfare Society and they said we would like to know of some poor families because we have these food baskets. The welfare people were indignant. What do you mean poor families, needy families? What do you think we are here for? How private efforts can help? Are we crowding out private efforts by our multiple programs?

Mr. SHEAR. I do not have an answer to that question but when we look at these various programs we do look for what resources are available. So I will just take this one example. The work that we have done in the past, looking at programs to help service disabled veterans start their own businesses. We know that there are state programs. We know there are local programs. We know that there are nonprofits all involved in that activity. And what we are looking for and what I think the Congress has been looking for, and it has been expressed in legislation, is the idea of how can we allow all those activities to really provide services where veterans know what is available to them to help to start or to grow their small businesses. So what information is out there? How are things being coordinated among various nonprofits, private entities, and government entities? And that is what I think that many of us are looking for.

Chairman BARTLETT. Yeah. In our desire to be helpful we may have limited the helpfulness of others, have we not?

Ms. Velázquez, do you have other questions or comments before we close?

Ms. VELÁZQUEZ. No.

Chairman BARTLETT. Mr. Hanna, other questions or comments?

Mr. HANNA. You do run a remarkable company.

Ms. PICKETT. Thank you.

Mr. HANNA. I only know that because it was the first credit card I ever had in the '70s. So thank you for that. And I do not owe you anything, incidentally. My wife might.

There is this kind of implicit assumption about government that it does everything more or less badly. And I wonder if sometimes we ask the wrong question, we assume that because we are the government and there are layers within that, and bureaucracy being what it is, that we could always do better. And that is probably true. But it does seem as though the opportunities on the street away from government are great but people—you said people come to you last—come to small business, Ms. Keenan, last.

Ms. KEENAN. Not always last but they do come to us.

Mr. HANNA. What drives—I am curious—what drives them to your door that they cannot find someplace else?

Ms. KEENAN. Well, we get a lot of referrals from lending institutions and accounting professionals, for example. So a business will go into a lending institution looking for financing and they have not fully prepared their business plan or their financial projections. Or maybe they are just not really fundable at this point. So the lender will refer them to the SBDC because the lender himself or

herself is not tasked or missioned or incentivized to help that business figure itself out. But the Small Business Development Center can help them do that.

Mr. HANNA. So there is a big difference between being loan worthy and being potentially successful? I mean, there are a lot of people with good ideas that simply cannot get off the ground.

Ms. KEENAN. Right. Absolutely. Or good ideas and they are not quite sure how to get it off the ground. I mean, particularly in financing we are all familiar with getting a credit card or a car loan or a mortgage, but getting a commercial loan is a different animal. And if you have not done that before and are not sure how to go about it and you go into the lender, much like you would go into a mortgage broker or a banker looking for a mortgage, you are just not—you just do not have it all together right then. So that is where the SBDC in that case would help put everything together.

Mr. HANNA. Indulge me for one moment if you would. What is your best success story?

Ms. KEENAN. Oh, we had a company that was a software developer that was acquired by Microsoft four years ago.

Mr. HANNA. Good. Second best.

Ms. KEENAN. We have been working seriously with some spinoff companies out of the George Mason University Computer and Technology—Information Technology and Engineering. So a number of those companies have spun off out of the university and created 40 and 50 jobs in Northern Virginia and they are also positioned for acquisition. So those are some of our top success stories.

Mr. HANNA. Thank you very much. I am good, sir.

Ms. VELÁZQUEZ. I just would like to ask a question to Ms. Keenan.

Ms. KEENAN. Yes, ma'am.

Ms. VELÁZQUEZ. You do workshops, right?

Ms. KEENAN. Yes, ma'am.

Ms. VELÁZQUEZ. I do workshops in my district and I work with the Women's Business Development Center, the Small Business Development Centers. Is it not true that because you work with the lending community, the financial institutions in a cluster and geographic area, you come to know which of those financial institutions serve best the needs of a potential business person, right, who comes to you? And then based on their business plan, based on their idea, if they want to start up a business you are better equipped to maybe match that borrower with a lender.

Ms. KEENAN. Absolutely. I mean, just like we work with the other organizations to know what they are doing, we certainly do that in the lending community as well.

Ms. VELÁZQUEZ. And because you are better equipped in that sense, capacity building and technical assistance is so key in the success of these potential businesses.

Ms. KEENAN. Absolutely. And that is what we hang our hat on.

Ms. VELÁZQUEZ. Mr. Shear, I think that one of the frustrations that we have when we talk about duplicative programs is the fact that there is this attitude of agencies not to establish clear measurements, right, and metrics, so that it will enable them to measure outcomes and decide which of the programs is better and some of the metrics that they have in place to determine what is working

and what is not and what type of program we should get rid of, which one of those programs we should eliminate. Do you see that—lack of will from agencies to clearly establish those clear measurements and clear metrics that will enable them to decide which programs are delivering the service that they were supposed to deliver in a more cost efficient way?

Mr. SHEAR. You have raised a tremendous question. There have certainly been attempts over the years, whether it is through Results Act or through different actions of Congress. Certainly through our audits we are trying to address that issue. Evaluation of how programs are working should be integral to the management of those programs. There has been progress in some places and not in others. And this stands out as being a major area. And a lot of times the reaction is the cost to make evaluations. But the response should not be to not do any evaluation at all. It might be hard to measure certain statistics on an annual basis but it might be important to do, such as coming out of the part reviews from a number of years ago where SBA actually did have some evaluation of SCORE, SBDC, and Women's Business Centers. So we are looking for that more evaluative framework to try to inform those decisions and we see that in this area.

Ms. VELÁZQUEZ. Thank you, Mr. Chair.

Chairman BARTLETT. Thank you all very much for your testimony. Thank you for your patience during a long series of votes.

When the Committee has had a chance to review the hearing and the question and answer period, there may indeed be additional questions that we will need to ask for the record. We would appreciate it if you could be available to answer those questions.

I ask unanimous consent that members have five legislative days to submit statements and supporting materials for the record. Without objection, so ordered.

Thank you all again very much. And the hearing is now adjourned.

[Whereupon, at 3:55 p.m., the Committee was adjourned.]

United States Government Accountability Office

GAO

Testimony
Before the Committee on Small Business,
House of Representatives

ECONOMIC DEVELOPMENT

Efficiency and Effectiveness of Fragmented Programs Are Unclear

Statement of William B. Shear, Director
Financial Markets and Community Investment

G A O
Accountability * Integrity * Reliability

GAO-11-651T

Chairman Graves, Ranking Member Velazquez, and Members of the
Committee:

I am pleased to be here to discuss the potential for duplication and
fragmentation in economic development programs. As you know, in March
2011 and more recently in May 2011 we reported on potential duplication
among federal economic development programs, and in this statement I
will discuss this work.[1] We are involved in ongoing work focusing on
economic development programs because if they 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.
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.[2]

Our recent work includes information on 80 economic development
programs at four agencies—the Departments of Commerce (Commerce),
Housing and Urban Development (HUD), and Agriculture (USDA) and the
Small Business Administration (SBA). SBA administers 19 of the 80
programs. 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

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[1]See GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save
Tax Dollars, and Enhance Revenue,* GAO-11-318SP (Washington, D.C.: Mar. 1, 2011); GAO,
*List of Selected Federal Programs That Have Similar or Overlapping Objectives, Provide
Similar Services, or Are Fragmented Across Government Missions,* GAO-11-474R
(Washington, D.C.: Mar. 18, 2011); and GAO, *Efficiency and Effectiveness of Fragmented
Economic Development Programs Are Unclear,* GAO-11-477R (Washington D.C.: May 19,
2011).

[2]In commenting on our May 2011 report (GAO-11-477R), the Department of Commerce
stated, among other things, 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 identified programs using a list of activities that are generally accepted as
being directly related to economic development.

grants, loan guarantees, and direct loans.[3] Some of these 80 programs can fund a variety of activities, including such non-economic development activities as rehabilitating housing and building community parks.

My testimony today discusses our work on (1) the potential for overlap in the design of these 80 economic development 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. We also discuss our framework for analysis going forward.

In summary, based on our work to date, we have found that

- the design of each of these economic development programs appears to overlap with that of at least one other program in terms of the economic development activities that they are authorized to fund;
- Commerce, HUD, SBA, and USDA appear to have taken actions to implement some collaborative practices but 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; and
- the agencies appear to collect only limited information on program outcomes—information that is necessary to determine whether this potential for overlap and fragmentation is resulting in ineffective or inefficient programs.

Building on our past work, we are in the planning phase of a new, more in-depth review that will focus on a subset of these 80 programs, including a number of SBA programs. We plan to evaluate how funds are used, identify additional opportunities for collaboration, determine and apply criteria for program consolidation, and assess how program performance is measured.

For our May 2011 report on potential overlap and fragmentation in the federal government's economic development efforts, we utilized

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[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 data we received from the agencies (GAO-11-318SP and GAO-11-474R). We are reporting different funding figures in this product because SBA revised the original information they provided to us in December 2010.

information from previous GAO products as well as our ongoing work following up on the recommendations in those products. We also relied on our recent evaluation of economic development programs at Commerce, HUD, SBA and USDA. During this evaluation, we compiled publicly available information on each program to determine the economic activities that the programs can fund and 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. The work on which this statement is based was performed from October 2011 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.

Overlap Appears to Exist in the Design of Economic Development Programs

Our work involving 80 economic development programs at four agencies—Commerce, HUD, SBA, and USDA—indicates that the design of each of these programs appears to overlap with that of at least one other program in terms of the economic development activities that they are authorized to fund. For example, as shown in table 1, the four agencies administer a total of 54 programs that can fund "entrepreneurial efforts," which include helping businesses to develop business plans and identify funding sources.

Table 1: Economic Development Activities by Agency

Activity	Program by Agency				
	Commerce	HUD	SBA	USDA	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

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

Note: 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 that we incorporated into our May 2011 report (GAO-11-477R).

While some of the 80 programs we assessed fund several of the nine economic development activities, almost 60 percent of the programs (46 of 80) fund only one or two activities. These smaller, narrowly scoped programs appear to be the most likely to overlap because many of them can only fund the same limited types of activities. For example, narrowly scoped programs comprise 21 of the 54 programs that fund entrepreneurial efforts. Moreover, most of these 21 programs target similar geographic areas.

Agencies Are Collaborating on a Limited Basis

To address the potential for overlap and fragmentation among federal programs, we have previously identified collaborative practices agencies should consider implementing in order to maximize the performance and results of federal programs that share common outcomes.[1] These practices include leveraging physical and administrative resources, establishing compatible policies and procedures, monitoring collaboration, and

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[1]GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005). Also see GAO, *Rural Economic Development: Collaboration between SBA and USDA Could Be Improved*, GAO-08-1123 (Washington, D.C.: Sept. 18, 2008).

reinforcing agency accountability for collaborative efforts through strategic or annual performance plans.

Findings from our work show that Commerce, HUD, SBA, and USDA appear to have taken actions to implement some of these 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. Moreover, we found that most of the collaborative efforts performed by program staff on the front line that we have been able to assess to date have occurred only on a case-by-case basis. As a result, it appears that the agencies do not consistently monitor or evaluate these collaborative efforts in a way that allows them to identify areas for improvement. We reported in September 2008 that the main causes for limited agency collaboration include few incentives to collaborate and an absence of reliable guidance on consistent and effective collaboration.[3] During our review, USDA and SBA officials also stated that certain statutory authorities may impede their ability to collaborate. In failing to find ways to collaborate more, agencies may miss opportunities to leverage each other's unique strengths to more effectively promote economic development, and they may fail to use taxpayer dollars in the most efficient manner.

A Lack of Information on Program Outcomes Is a Longstanding Concern

A lack of information on the outcomes achieved by these programs is a current as well as longstanding concern. This information is needed to determine whether this potential for overlap and fragmentation is resulting in ineffective or inefficient programs. For example:

- Commerce's Economic Development Administration (EDA), which administers eight of the programs we reviewed, continues to rely on a potentially incomplete set of variables and self-reported data to assess the effectiveness of its grants. This incomplete set of variables may lead to inaccurate claims about program results, such as the number of jobs created. Moreover, EDA staff only request documentation or conduct site visits to validate the self-reported data provided by grantees in limited instances. We first reported on this issue in March 1999 and issued a

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[3]GAO-08-1123.

subsequent report in October 2005.[6] In response to a recommendation we made in 2005, EDA issued revised operational guidance in December 2006 that included a new methodology that regional offices are to use to calculate estimated jobs and private-sector investment attributable to EDA projects. However, during our review we found that the agency still primarily relies on grantee self-reported data and conducts a limited number of site visits to assess the accuracy of the data. While acknowledging these findings, EDA officials stated that they employ other verification and validation methods in lieu of site visits. These methods include reviews to ensure the data are consistent with regional trends and statistical tests to identify outliers and anomalies. We plan to assess the quality and adequacy of these methods as part of our work going forward.

- SBA has not yet developed outcome measures that directly link to the mission of its Historically Underutilized Business Zone (HUBZone) program, nor has the agency implemented its plans to conduct an evaluation of the program based on variables tied to its goals.[7] We reported in June 2008 that while SBA tracks a few performance measures, such as the number of small businesses approved to participate in the program, the measures do not directly link to the program's mission.[8] While SBA continues to agree that evaluating program outcomes is important, to date the agency has not yet committed resources for such an evaluation.

Without quality data on program outcomes, these agencies lack key information that could help them better manage their programs. In

[6] GAO, *Economic Development: Observations Regarding the Economic Development Administration's May 1998 Final Report on its Public Works Program,* GAO/RCED-09-11R (Washington, D.C.: Mar. 23, 1999) and GAO, *Economic Development Administration: Remediation Activities Account for a Small Percentage of Total Brownfield Grant Funding,* GAO-06-7 (Washington, D.C.: Oct. 27, 2005).

[7] The purpose of the HUBZone program, established by the HUBZone Act of 1997, is to stimulate economic development in economically distressed communities (HUBZones) by providing federal contracting preferences to eligible small businesses. The types of areas in which HUBZones may be located are defined by law and consist of census tracts, nonmetropolitan counties, Indian reservations, redesignated areas (that is, census tracts or nonmetropolitan counties that no longer meet the criteria but remain eligible until after the release of the 2010 census data), and base closure areas.

[8] GAO, *Small Business Administration: Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results,* GAO-08-643 (Washington, D.C.: June 17, 2008).

addition, such information could enable congressional decision makers and others to make decisions to better align resources, if necessary, and to identify opportunities for consolidating or eliminating some programs.

Framework for Future Analysis

Currently, we are in the planning phase of a new, more in-depth review that will focus on a subset of these 80 programs, including a number of SBA programs. In our May 2011 report we compared the 80 programs by identifying the primary targeted recipient for each program, and in our work going forward we plan to further differentiate the programs.[9] In addition, we will build upon previous work, such as reports on Women's Business Centers and programs to assist service-disabled veteran-owned small businesses. Specifically, in November 2007, we reported that although SBA requires Women's Business Centers to coordinate with recipients of funding under two other similar SBA programs, SBA had provided limited guidance or information on successful coordination.[10] In October 2008, we reported that weak coordination among the multiple agencies that provide federal resources to assist veterans, including service-disabled veterans, or individuals starting small businesses could add to the difficulty that veterans face in navigating federal programs.[11] As we move forward with work on economic development programs, we plan to evaluate how funds are used, identify additional opportunities for collaboration, determine and apply criteria for program consolidation, and assess how program performance is measured.

Chairman Graves and Ranking Member Velazquez, this concludes my prepared statement. I would be happy to answer any questions at this time.

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[9] In commenting on our May 2011 report (GAO-11-477R), SBA stated that the report provides an initial starting point for investigation but does not attempt to set forth specific data about the differences among the programs' features.

[10] GAO, *Small Business Administration: Opportunities Exist to Improve Oversight of Women's Business Centers and Coordination among SBA's Business Assistance Programs,* GAO-08-49 (Washington, D.C.: Nov. 16, 2007). SBA requires Women's Business Centers to coordinate with local Small Business Development Centers and SCORE chapters because all three programs provide training and counseling services to small business clients.

[11] GAO, *Multiple Agencies Provide Assistance to Service-disabled Veterans or Entrepreneurs, but Specific Needs Are Difficult to Identify and Coordination Is Weak,* GAO-09-11R (Washington, D.C.: Oct. 15, 2008).

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Contacts and Staff Acknowledgments

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Related GAO Products

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Promoting Entrepreneurship and Job Creation by Decreasing Duplication at the SBA

CONGRESSIONAL TESTIMONY

HOUSE SMALL BUSINESS COMMITTEE

CHAIRMAN SAM GRAVES

RANKING MEMBER NYDIA M. VELAZQUEZ

MAY 25, 2011

TESTIMONY BY

ARNOLD BAKER, CHAIRMAN

Chairman Graves, Minority Leader Velazquez and distinguished members of this committee thank you for inviting the National Black Chamber of Commerce to participate in this most important hearing. The NBCC proudly represents the fastest growing segment of the American economy, Black Owned Businesses. When we were incorporated in May, 1993 the US Census Bureau stated that there were 300,000 Black owned businesses doing $30 billion in sales annually. Today, the US Census Bureau states that there are 1.9 million Black owned businesses doing over $137 billion annually. This fantastic growth has swelled our membership and has made us the largest Black business association in the world. We have over 160 local chapters of which 70% are located throughout the United States. Our database of Black owned firms exceeds 60,000 businesses. The NBCC Business Development Committee is rapidly making new inroads and increasing the sales of our members. Several of our chapters are working closely with the SBA and have members benefiting from SBA sponsored or supported programs.

Despite this fantastic growth we have found the federal government to be going counter to this activity. In Fiscal Year 2010, Black firms were awarded 3,994 contracts (all federal agencies except the Dept. of Defense – DLA – Defense Logistics Agency) which were a 16.3% decrease from FY 2009 and a paltry 0.3% of the total contract volume. We suspect DOD numbers to be no better. SBA lending is somewhat better but that is a variable decided by participating banks.

Small business entrepreneurs of this great nation generate 70% of all new jobs in America. If you want more jobs, then support the development and expansion of more small businesses. Cutting support for small business programming at a time when this country needs jobs and needs small business growth seems counter intuitive. A better funded and better staffed field infrastructure for the SBA is critical to continued improvement of this nation's economy. We see no indication that cutting SBA funding is the right solution at this time, as outreach and inclusion to the business community is still rudimentary.

If we just look to the Black business community, the latest census reports show that while the black business community was fast growing, the majority of Black businesses around the country employ one employee and generate less than $60,000 a year in gross revenues. Other segments of the business community were not significantly more stable. This nation's small business economy is still very, very fragile and they deserve a federal government that assists in their development.

Since the 1990's the manpower of the field offices has greatly declined. At one time the New Orleans district office had over 70 employees. When Katrina hit the area there were less than 20 and it could not possibly service the needs of the local business population. The NBCC had to step up its activity with our National Office making over 75 visits within the first 3 years and having its annual convention in New Orleans for three years in a row. The SBA and the Women's business development center that they funded each partnered with us on several outreach activities. I am proud to say that our newly opened Gulf Coast chapters claim to have

affected over $3 billion in rebuilding contracts and are now opening a regional office in New Orleans.

I feel a need to specifically address the potential of private entrepreneurial development programs replacing current services provided by the SBA. There is a fear spreading that this may create temporary duplication in some markets. We must not forget that a private company can and will only provide services that they can generate profits from. It is the nature of business. As soon as the service, the market or the target population becomes unprofitable, a private company has a fiduciary responsibility to its share holders to cease such activity, which in this case would be to eliminate the segment of the population that is not producing a profit. It's just a business decision.

It would be disingenuous of me to not state that our members have also expressed great frustration with the SBA and some of their programs. Our members, especially those in the Gulf South bore the greatest impact of their loan programs deficiencies and diminished inclusion efforts. However, cutting funding and cutting programming is exactly the wrong thing to do, unless you want to increase frustration. There are examples across the country of where the SBA has invigorated its regional offices and the impact is tremendous. Mississippi is one of those regions where Black businesses enjoy a renewed SBA and PTAC mindset that has increased Black business procurement in the state by over 40 percent over the past two years.

This committee would do the country and the economy well by fighting for increased funding and bringing the manpower back to mid-1990 levels.

Where is the SBA in all of this? Unfortunately 80% of our US chapters still have little or no involvement with the local offices of the SBA. Mississippi and the metropolitan DC areas are the best cooperative models and it would be a great improvement if the SBA headquarters could study the activity of these two areas and consider them to be a model for Black outreach. Our doors have always been open for the SBA but we need a greater commitment for inclusion and outreach to our constituents.

So the subject of reducing duplication is a tough question. However, cutting support at this time is simply not worth the risk to the small business community

Thank you for allowing us this time. We will be happy to answer any questions you may have.

**Association of
Small Business
Development Centers.**

Testimony of Jody Keenan,

Director, Virginia Small Business Development Center network

Committee on Small Business

US House of Representatives

May 25, 2011

Chairman Graves, Ranking Member Velazquez, members of the committee. Thank you for inviting me to testify today. My name is Jody Keenan and I am the State Director of the Virginia SBDC network and past Chairman of the Board of the Association of Small Business Development Centers.

For 30 years the SBDC network has been providing front line services to entrepreneurs an small business owners while growing and developing an infrastructure dedicated to assisting all small business owners and providing them free one on one consulting and advice on how to improve, finance, market and manage their businesses. The result of our efforts and the support of our host institutions has been establishment of a nationwide network of over 900 locations with over 4,000 dedicated professional counselors and business advisors that annually assist hundreds of thousands of small businesses and entrepreneurs in every state and territory as well as every conceivable type of business.

SBDCs provide assistance to small business of all types, in all demographics and all regions. As I mentioned, SBDCs assist both existing and startup businesses. Roughly half of our clients are nascent businesses, those in business less than a year, and half are existing businesses. Last year alone, two percent of all new business starts in the United States were SBDC clients. The SBDC network works with women entrepreneurs - more than 40 percent of our clients are women and this year the state small business of the year winners in Iowa, Idaho, North

Carolina, Rhode Island, South Dakota and the Virgin Islands were all women-owned SBDC clients.

SBDCs prioritize assistance to veterans – approximately 10% of our clients are veterans. In Virginia we have a specialized program to assist veterans. This year we will be honoring Colonel Perry Casto who founded his firm, Allied Associates, a few years ago and now has 60 employees. Through our program in Virginia, we aggressively market to the veterans' community and guide them to our resources and services and, through our web portal, direct them to the other resources available to them. Our program is not unique. Many of our colleagues particularly in states with large veteran populations (Texas, New York, Florida, and Arkansas for example) have similar programs. Veterans consistently make up a highly entrepreneurial demographic and often base their businesses on a skill set acquired while serving our nation's defense; we believe they have earned our special attention.

The SBDC outreach to minority and underserved communities is also significant. Our minority clientele comprises over 33% of our client base nationwide and our members support targeted outreach programs all across the country. In New York for example, the SBDC network hosts the Organization for Latino Entrepreneurs, Ole and in Maryland the SBDC network supports the Branch Avenue project, an inner city business restoration program.

Virginia's SBDC network is an example of the broad reach SBDCs have. In addition to our veteran's outreach our network includes an SBDC collocated with the Women's Business Center of Northern Virginia, and a rural outreach program, the Small Town and Merchant Program to aid small independent retailers and restaurateurs-in small communities. The Virginia SBDC network also trains small businesses in procurement, international trade and a host of other services. SBDCs all across the country offer procurement, rural tourism, energy conservation, international trade assistance. We are always trying to expand and improve our services in an effort to support the growing needs of the small business sector and to adapt to a changing business environment. The advance of technology has changed the way most small businesses have to do business in order to survive and thrive. Through our Association SBDCs now partner with firms like Intuit, Google, Dell, Boefly, Microsoft and others to bring innovative and efficient tools to small business. Ways of improving small business operations that lead to growth and the creation of jobs in the United States.

I could spend a great deal of time discussing all the services offered by the SBDC network, and even then I am sure I would miss many important contributions. In order to give this Committee and Congress a better picture of what SBDCs offer the ASBDC is compiling a catalog of SBDC services. This is included as an appendix to my testimony. It isn't complete yet but, as you can see, we are much more than business planning. SBDCs run Veterans Business Outreach Centers, Procurement Technical Assistance Centers and International Trade Centers. In some

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states, like Massachusetts and Illinois, the SBDC is the leading edge and a key component in the state's export assistance program. In Missouri the SBTDC in Cape Girardeau works with the Delta Regional Authority to provide the business development assistance that is integral to that agency's economic development mission. In New York the SBDC provides statewide MWBE certification assistance and contractor bonding programs to help meet state and federal goals.

I could offer any number of these "success stories" but our catalog is meant to avoid that and to provide the Committee with hard information. The ASBDC knows the saying, "The plural of anecdote is NOT data" and we respect it.

Our hope is to start a discussion on the most efficient and effective ways to deliver services to small businesses. The ASBDC and its members don't believe in a one size fits all approach to the delivery of services. We recognize our states and regions have different economies, resources and needs. What we do believe is that the leveraging of the capabilities available must be accomplished in a more thoughtful and efficient fashion.

There are a few themes that ASBDC believes need to be developed to move towards that more efficient system. First, there need to be reasonable uniform standards for the impact and effectiveness of programs. Small businesses are focused on the bottom line. Yes, small business owners have a variety of motivations but, at the end of the day nobody goes into business to lose money. Growth in sales, investment and hiring are key indicators. Obtaining capital is usually the key measure. ASBDC believes that access to capital is vital but, if that financing isn't leading to an improved bottom line it's just an output not an outcome.

In the SBDC network we judge our success by the impact we have in helping our clients increase their sales and increase their job creation. We are proud of our efforts to help clients attract financing, nearly 4 billion dollars last year alone. ASBDC firmly believes that these metrics should be the building blocks for assessing the effectiveness of any small business assistance program. Likewise, it is critical that all programs be held to similar standards. It is futile to try to compare programs offering what are often similar services and yet hold them to different standards.

This concept goes hand in glove with the need to share information across program boundaries. There is nothing more unproductive than having to collect different data for different agencies or programs and keep that information in different formats. This creates silos that the entrepreneur does not understand or consider beneficial. It doesn't matter whether the information is being collected for the USDA, SBA, OMB or whoever – incompatible databases that collect inconsistent information are counterproductive and fundamentally inefficient.

The Government Performance and Results Act requires federal agencies to gauge their performance, and their stewardship of taxpayer dollars, by using and tracking outcome

measures. If an agency or group of agencies is going to operate entrepreneurial development and assistance programs they must focus on the items important to small business success. I don't know what happens at other agencies but, I can tell you SBA does a good job of tracking SBDC performance and efficiency. Every SBDC is subject to a full SBA financial review every other year, on top of the ongoing audits from our host institutions and less formal audits from the program offices. SBA reviews our client impact, and performs customer surveys, in addition to our own client impact surveys and our Association's third party national impact survey. Right now, the ASBDC is in the process of finalizing improved client verification and impact data collection standards. We believe the best way to gauge our effectiveness is through asking our clients, our customers. We value their opinion on whether or not SBDC counseling is effective and meaningful to their business performance.

On top of that we have our ongoing accreditation process that Congress legislated for SBDCs which monitors the skills of our counselors, the strength of our SBDC management, the commitment of our hosts, the strength of and adherence to our strategic plans and our effectiveness. The SBDC program was recognized by the Office of Management and Budget for its accountability and the quality of its performance data. We're proud of the fact that our impact data is accurate and verifiable and that we're accountable to the taxpayers.

A final, complementary theme is cooperation. As I said, my SBDC network incorporates a women's business center. Many SBDCs host SCORE counselors as well. In Massachusetts and Illinois, as well as other states the SBDC network is one of the key components of the state's export outreach program and many of the VBOCs and PTACs are run by SBDCs. As I pointed out earlier SBDCs work hand in glove with the Delta Regional Authority as well as the Appalachian Regional Commission and many federal agencies. Yet at the same time, programs and initiatives often arise that seem to duplicate the efforts of existing programs and ignore capabilities that are already in place in existing networks. This is not anything new, it happens under every Administration. That's part of the thinking behind ASBDC's cataloguing effort. We believe that this happens because people don't realize what's out there already and that the foundation of the SBDC network is designed for and can accommodate expanded services. The economy has been in rough shape, small business owners need help and talented people to respond. Every small business is important. However, we need to be clear about the resources we have and how to leverage them to the best effect for our nation. We need to recognize the skills that exist and encourage their adaptation.

In closing, thank you for letting me share our thoughts. I look forward to your questions.

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Testimony of Denise Pickett

Executive Vice-President and General Manager, American Express OPEN

Before the House Small Business Committee

May 25, 2011

Chairman Graves, Ranking Member Velazquez and members of the committee, my name is Denise Pickett, and I am Executive Vice President and General Manager of American Express OPEN – the division of American Express dedicated exclusively to serving small business owners and helping small businesses do more business.

Thank you for inviting me today. I'm pleased to be here to speak about what American Express is doing to support small businesses. We recognize that these businesses serve as an economic engine for both our local communities and our national economy, and we are committed to helping them take advantage of growth opportunities.

More than two decades ago, American Express became the first card issuer to create a payment card specifically designed to meet the needs of business owners, and we remain committed to helping entrepreneurs build and grow resilient businesses. Today we are the leading card issuer for small businesses in the U.S., based on purchase volume.

Our own experiences with customers, however, tell us that access to capital is only part of what small businesses require. In our effort to provide business-centric value that addresses our customers' needs, we also offer products that provide access to working capital that can be reinvested back into their companies. In addition, we work with leading public, private and non-profit institutions to offer programs that are designed to help entrepreneurs grow their firms.

An important part of how we determine what customers need is dialogue with existing customers and other small business owners. This has allowed us to effectively focus our support and tailor our offerings in ways that best suit our customers' evolving needs.

Today, I am going to discuss three main areas related to the small business segment:

- The impact of the economy on small businesses;
- The challenges facing small businesses, and the programs we have created to support them;
- And the power of partnerships.

I.   The Impact of the Economy on Small Businesses

American Express has a long tradition of helping small business owners persevere and thrive through varying economic cycles. There is no doubt that the recent recession significantly affected the small business economy. Small businesses in nearly every sector and region felt the impact of the recession, and hardest hit were those directly affected by the housing market collapse. For small business owners, cash flow slowed as accounts payable remained outstanding longer, and as collecting on receivables became more challenging.

While uncertainty over the economy still presents a challenge to growth, concerns of economic uncertainty are starting to recede. While small business owners have exhibited resilience throughout the recession, there is now a sense of growing economic optimism, based on the semi-annual research we conduct to gauge business owner sentiment. Six months ago, our OPEN Small Business Monitor survey indicated that small businesses were starting to fare better; our most recent survey, which was released in April, reports that small business owners are shifting their focus from survival to growth, for the first time since 2006.

Overall, nearly half of all business owners (49%) have a positive outlook on business prospects when considering the economic climate. Of these, about three-in-ten (31%) say they expect their business to grow, regardless of the economic climate. Further signaling an improving outlook, more than one-third of entrepreneurs expect to hire (35%, the highest level since fall 2008) in the next six months. In addition, four-in-ten plan to make capital investments in their firms in the same period. One cause for concern, however, is cash flow. Concerns over cash flow are at their highest point ever in the ten-year life of our survey, perhaps due in part to a growing number of small business owners' plans to hire and make capital investments.

Despite small business owners' growing optimism, their firms in general show significant relative declines in economic might over the past 14 years. OPEN recently published an extensive analysis of economic data from the U.S. Census Bureau, the *American Express OPEN State of Women-Owned Businesses Report*. In that report, we not only looked specifically at the growth of women-owned businesses but at the growth of small firms in general.

In 1997, small firms accounted for 57% of private sector employment and contributed 45% of business revenues. Now, as of 2011, small businesses' share of employment has fallen to 47%, and revenue share has fallen to 36%. In addition, the report also reflects the reality that small businesses are struggling to grow beyond the mark of $1 million in revenues. While small businesses continue to open at a good pace, the vast majority fail to ever surpass the $1 million milestone. The report notes that only 1.8% of women-owned businesses currently have revenues exceeding $1 million. And although firms owned by men would appear to be doing better, with 6.3% surpassing $1 million in revenue, this number is actually down from 6.6% in 1997. In short, the vast majority of small businesses are struggling to grow.

Despite the challenges they face, our small business customers are showing increased spending. 2010 ended with a 13 percent increase in our small business customers' spending over the same period in 2009. Furthermore, 2011 first-quarter small business spending increased 14 percent over the same period last year.

II.   How OPEN's Programs Support the Challenges Facing Small Business

We have identified a variety of challenges that small businesses face, but I will focus on the three main challenges: 1) Getting and maintaining customers, 2) acquiring knowledge and ideas to grow the business, and 3) financial needs. In addition, I will highlight programs that

OPEN has created to respond to the challenges our customers, and small businesses in general, are facing.

Challenge #1: Getting and Maintaining Customers

At the end of 2007, consumer demand began to soften as customers – both consumers and other businesses – adjusted their purchasing behavior. Spring 2010 was the first time in the ten years of our OPEN Small Business Monitor survey that concern for greater customer demand and for acquiring and maintaining customers topped small business owner's list of concerns, surpassing concerns about access to capital and taxes. It has remained the number one concern of small business owners since that time.

Solution: Programs to Identify New Customers and Generate New Business

To address small business owners' top concern, we have created programs that are designed to help them find ways to attract new customers and retain current customers. These programs and award-winning resources were designed to create new opportunities to reach both consumer and government customers. They range from grassroots regional and national efforts to a large-scale initiative that asked the nation to shop at small businesses this past holiday season.

Tapping Government Contracting Opportunities

We identified government contracting as a major opportunity for small businesses for two reasons. First, government spending in many areas has either remained consistent or increased in a time when other prospects' spending has decreased. Second, despite the enormous growth opportunity presented by federal contracts, far too few small businesses take advantage of them. Forty percent of small business owners do not have any knowledge of how to apply for federal contracts and are not even sure whether their product or service is purchased by the federal government (SCORE "Counselors to America's Small Business" 2009 survey on Government Contracting).

To help small businesses gain more customers and business from the federal government, we launched OPEN for Government Contracts: Victory in Procurement^{SM} (VIP) for Small Business, a national program to help small business owners capitalize on the enormous opportunity provided through government contracts. The VIP program helps small business owners get the insight and experience they need to win government contracts. It was created to help business owners at every level of contract-readiness to access as much as $100 billion in available government contracts.

VIP's interactive Web site, www.OPEN.com/governmentcontracts, provides step-by-step access to hands-on training and education resources, case studies, articles, and checklists to assist in the various steps of the contracting process. The program also provides business owners with invaluable information about working with procurement officials and forming teaming

relationships with other small businesses, in addition to providing coaching and mentoring opportunities, procurement events, online training and other resources. VIP also leverages the expertise of a number of government agencies, including the General Services Administration (GSA) and the Small Business Administration (SBA), as well as officials from the Offices of Small and Disadvantaged Business Utilization (OSDBUs). These agencies not only provide speakers and valuable knowledge but also have been able to identify qualified small business owners participating in the program to connect them to specific contracting opportunities. Last year, OPEN hosted VIP events in New York, Chicago and New Orleans, drawing nearly 900 small business owners.

As part of the VIP program, American Express OPEN conducted a survey of businesses currently engaged in or actively seeking federal government contracts. From this survey, American Express OPEN issued three reports focused on: 1) the experiences and advice of active Federal contractors and how their actions and behavior compare with those of other small businesses that have not yet landed a prime Federal contract; 2) the Federal contracting experiences of women and minority small business owners; and 3) the experiences that small business owners have had with procurement strategies such as teaming and subcontracting.

In addition to our VIP program, we have a second program that helps women-owned businesses take advantage of government-contracting opportunities. Although the government-wide goal for contracting to women-owned businesses is 5 percent, only 3.4 percent of federal contracting dollars were awarded to these businesses in 2010. For this reason, we partnered with Women Impacting Public Policy to launch "Give Me Five," a program designed to help more women gain access to federal contracting opportunities and help the government reach its 5 percent goal.

Give Me Five educates female entrepreneurs on how to apply for and secure federal procurement opportunities through online business education tools, webinars and live events. To date, the program has helped 25,000 women business owners register their firms on the Central Contractor Registration national database, an important first step for those looking to do business with the federal government. We have also revised the Give Me Five curriculum to address and support the recent changes to the SBA's Women Owned Small Business Procurement Program.

One success story of the Give Me Five and VIP programs is small business owner Maureen Borzacchiello. Initially unaware that her tradeshow-display company, Creative Display Solutions, Inc., could even sell to the government, Maureen first learned about government contracting through Give Me Five.

Maureen went on to participate in a 20-hour, one-on-one government contracting mentorship program in 2009 sponsored by American Express OPEN as part of the VIP program. Maureen's mentor was Lourdes Martin-Rosa, American Express OPEN Advisor on Government Contracting, who coached Maureen on how to get her business contract-ready and how to maximize opportunities in securing federal contracts. As a direct result of the mentorship, Maureen

received her first Blanket Purchase Agreement from the US Army, valued at $5M. This pre-approves her business at agreed upon pricing, with a five-year contract, and allows contracting officers to work with her for the storage and management of all exhibit collateral. Maureen took about seven months to land her first contract (vs. the average 18 months found in OPEN's survey of small business contractors).

Another example of success through the VIP program is Jim Stephens, president and director of FleetCare International, which provides on-site maintenance for medium and heavy-duty equipment. Jim attended a VIP workshop in San Francisco in 2009 and learned about how teaming can be an effective strategy to win government contracts. Although Jim was not new to government contracting, he was new to teaming and applied what he learned from the workshop and from the *OPEN Insight Guide: Team to Help Win Government Contracts.* He negotiated a teaming relationship with his former employer which resulted in Jim's becoming a sub-contractor on a $128M contract with the City of San Francisco. His portion of the contract was $1.2M and enabled him to hire five employees.

Grassroots Movement to Mobilize American Shoppers

To mobilize consumers in support of their local small businesses, OPEN created "Small Business Saturday." The movement encouraged consumers to shop at small businesses on the Saturday after Thanksgiving. This day falls between Black Friday and Cyber Monday—two of the country's biggest annual shopping days.

Small Business Saturday had three main goals: American Express wanted to help small businesses by bringing consumers into their stores; rally U.S. consumers around a cause they care about; and further strengthen American Express' relationship with small businesses and consumers. The impact that "shopping small" has on local communities is profound: for every $100 spend at a locally owned small business, $68 returns to the community through taxes, payroll and other expenditures, according to Civic Economics.

Just three weeks after launching Small Business Saturday, American Express achieved a number of significant milestones. Below are some of the results Small Business Saturday achieved:

From an overall perspective:
- 1.2 million people joined the movement and helped spread the word by "liking" Small Business Saturday on Facebook. To encourage consumers, American Express pledged a significant donation to Girls, Inc. tied to the number of "likes" on Facebook. Based on the popularity of the Small Business Saturday's Facebook page, Girls, Inc. received a $1 million donation from American Express for programs to empower young women to become entrepreneurs.
- 41 elected officials declared November 27, 2010 "Small Business Saturday." This included the Governors of Kentucky, New Jersey, New York, Oregon and Utah and the Mayors of Boston, MA; Boulder, CO; Lincoln, NE; New York City; Phoenix, AZ, and Topeka, KS.

- Congressional leadership of the Small Business Committees also supported Small Business Saturday.

From a consumer perspective:
- Small retailers that accept American Express Cards[1], including those that sell apparel, bikes, books, electronics and flowers, saw a 28% increase in sales on American Express Cards in 2010 compared to the Saturday after Thanksgiving in 2009.
- Approximately 300,000 Cardmembers enrolled in the special incentive that provided a $25 statement credit to American Express Cardmembers who registered and spent at least $25 on their cards at a small business before December 31st.

From a small business owner perspective:
- More than 100,000 small business owners downloaded point-of-purchase and promotional materials from the Small Business Saturday Facebook page.
- 10,000 small businesses signed up and received free Facebook advertising to promote their products and services in the run-up to Small Business Saturday.

Small Business Saturday helped create broad awareness of the importance of supporting the independent small businesses that are so vital to communities. In building support for local businesses, Small Business Saturday created what we hope will be a new holiday shopping institution that will only grow in years to come.

Challenge #2: Getting Knowledge and Ideas to Improve Business

As small business owners look for ways to improve business, their concern for acquiring knowledge and ideas has also grown. Small business owners continue to seek new ways to innovate, rethink, and repackage products and services, and they seek new ways to reach and interact with prospects and customers to generate more business. Many, for example, have turned to new tools and techniques such as social media and other marketing and advertising efforts. Closely tied to the pursuit of generating greater customer demand, small business owners also express a strong need to understand how well they are doing, compared to competitors and other similar businesses.

Solution: Informational Resources to Fuel Small Business Growth

We created OPEN Forum in 2007 to respond to business owners' desire for knowledge and ideas that can help improve their businesses. OPEN Forum was designed to empower all small businesses—not just our customers—and it has become the number-one online destination for small business owners, quickly surpassing some well-established small business websites such as Inc.com and Entrepreneur.com. The mission of OPEN Forum is to connect small businesses

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[1] "Small retailers" include any independently owned small businesses that accept American Express Cards in retail industries such as apparel, bikes, books, electronics and florists. Online-only retailers, large, national chains, franchised business locations and government agencies are not included in this subset of the overall American Express merchant base.

with three essential resources: information, education and each other. The way we do this is by delivering the most current and relevant information on OPEN Forum through articles, videos and interviews.

One way we addresses the site's first function of providing information is by providing a wide variety of articles covering topics that are the most interesting and most useful to small business owners. Typical article titles include: "Marketing: Top Five Web Design Mistakes Small Businesses Make"; "Managing: Selecting The Right Consultant For Your Business"; and "Technology: Three Mobile Apps Every Business Owner Should Try."

One example of how we fulfill OPEN Forum's second function of providing educational value is a video series we created called PROJECT RE:Brand. Because OPEN has some of the best boutique brand agencies as customers, in addition to plenty of small businesses customers that need help with branding, we decided to pair brand agencies with small businesses to create a how-to video series. The series provided real education and useful insights that help small businesses stand out among their competitors.

The third function of OPEN Forum is to connect business owners with each other. OPEN Forum allows us to scale networking opportunities and delivers advice and guidance from successful business owners. The site's discussion board is an important area for idea exchange among business owners. For example, when the Administration reached out to us to help facilitate a conversation on small business issues ranging from the Small Business Jobs Act to Taxes and Healthcare, we took questions from small business owners on OPEN Forum, Twitter, Facebook, and WhiteHouse.Gov. We did this live with SBA Deputy Administrator Marie Johns, and it allowed hundreds of thousands of small business owners to submit questions and interact directly with her to discuss the issues they had on their minds.

In addition to OPEN Forum, American Express OPEN offers OPEN Books and OPEN Booklets, a printed collection of high-level articles profiling OPEN Cardmembers and showcasing OPEN expertise on a number of topics, including small business financing and marketing.

Challenge #3: Meeting Financing Needs

Unsurprisingly, slow growth and the need to innovate are accompanied by a third top concern of small business: meeting their financial needs. Small business owners continue to pursue credit, financing, and access to funding to maintain and grow their firms, looking to banks or credit card companies to meet their needs.

Solution: Access to Working Capital through Specialized Products and Services

American Express OPEN supports business owners with products and services to help them run and grow their businesses. Our core small business products are pay-in-full charge cards and credit cards designed to provide purchasing power, flexibility, rewards, and savings on business

services from an expanded lineup of partners. We also provide software-as-a-service applications designed to help with cash flow, marketing and business expenses.

We provide short- and medium-term, unsecured financing exclusively through our payment card products to help our small business customers manage cash flow. American Express OPEN is just one credit resource among the many that a small business owner may use, and we strive to offer great utility and value to businesses.

In the first quarter of this year, our small business customers spent an average of almost $2 billion every week on our pay-in-full charge cards. In addition, we made nearly $27 billion in credit available to our business customers through our lending products.

American Express OPEN offers an array of rewards Cards that provide small business owners choice when looking for their ideal charge or credit card products. Because every business values rewards differently, American Express OPEN regularly speaks to its business Cardmembers and prospects to find out the business rewards they value most. This feedback is used to help guide product launches and enhancements.

Our Membership Rewards program enables enrolled customers to earn points for virtually every dollar they spend on their cards. They redeem these banks of earned points for a wide variety of rewards, often to reinvest in their business, such as office equipment or airline tickets for business travel.

We also provide a variety of card products that reward business owners with a cash rebate when they use the cards for business purchases, including travel, office supplies, wireless services, restaurants and gasoline. In 2010, our small business customers using these cash rebate products received nearly $218 million in cash back.

Another way we offer value is by aggregating the spending power of our business customers and negotiating exclusive discounts on their behalf. When our customers use their OPEN cards at program partners, including FedEx, Hertz, Hyatt and OfficeMax, they receive an automatic discount on their billing statements. Since launching the program in 2004, our OPEN Savings program has delivered $475 million in savings to our small business customers. These savings represent money that small business owners can reinvest in their companies.

In addition, OPEN Business Apps are a suite of online business tools that complement OPEN's card products for small businesses. The OPEN Business Apps portfolio includes tools to: accept online payments and electronically invoice customers; allow businesses to make international wire transfers; manage paid search campaigns across all major search ad networks; and create, optimize and target online display advertising campaigns on top ad networks, exchanges and branded publishers.

IV.   The Power of Partnership

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While American Express has successfully conducted programs of its own, we feel we can also create impact through carefully selected partnerships with public, private and non-profit institutions. This strategy has allowed us to bring even more resources to small business owners and to help small businesses grow at all stages of the business lifecycle.

The success of our VIP program, for example, is due to the multiple organizations we partner with, including Business Matchmaking (www.businessmatchmaking.com), SCORE "Counselors to America's Small Business" (www.score.org) and Women Impacting Public Policy (WIPP) (www.giveme5.com).

Other examples of OPEN's successful alliances include those with the Startup America Partnership, Women Business Centers and an additional program with SCORE.

Startup America Partnership

The Startup America Partnership is a public-private initiative to jump start the success of American entrepreneurs and to stimulate economic growth and job creation. As part of this public-private commitment, American Express OPEN has pledged to offer $125 million in value to Startup America Partnership member companies. Qualifying entrepreneurs receive special access and advantaged pricing for a suite of products and services to help them attract and retain customers and improve cash flow.

Among the resources American Express OPEN is providing qualifying Startup America entrepreneurs are: access to an online business-matching service designed to help buyers and sellers connect and collaborate quickly and efficiently for new business opportunities; advantaged rates for their online search marketing campaigns; one-year complementary Business Gold Card with no annual fee for the first year, along with 50,000 bonus Membership Rewards points and a one-hour consultation with an OPEN business specialist; and accounts receivable tools to improve their cash flow, free for one year.

Women Business Centers

In a partnership with WIPP and the SBA's Women Business Centers, OPEN was able to reach a far greater number of women entrepreneurs on government contracting than otherwise possible. Through a train the trainer program, OPEN used the Give Me Five curriculum to educate 125 representatives from Women Business Centers across the country on government contracting opportunities for women. The newly educated trainers, in turn, returned to their centers throughout the U.S. and are now qualified to teach women entrepreneurs about federal contracting.

SCORE

Through another partnership program with SCORE, OPEN provides Small Business High Speed Growth events, which are offered as part of a multi-city tour that gives small business owners education and coaching to help identify new opportunities for business growth.

The program couples popular one-on-one speed coaching with new problem-solving workshops that focus on areas directly affecting small business growth, including effective marketing and business finances. The 2011 events will allow participating small business owners to ask questions on a variety of topics ranging from surviving the current economy to finding the "right" customers and overcoming barriers to growth.

Our Commitment to Business Owners

American Express remains committed to helping small businesses do more business. While the current economic environment has put enormous pressures on small business owners, they are now exhibiting increasing optimism for the future.

Despite this greater optimism, small business owners do still face a variety of challenges. The most significant include: gaining and maintaining customers; acquiring knowledge and ideas to improve the business; and having their financial needs met.

American Express has solutions to respond directly to these needs by providing programs that help small businesses identify and gain new customers. Additionally, we have created a grassroots movement that mobilized American consumers to support the local businesses that form the backbone of their communities. We also address small business owners' need for knowledge and information through our widely read OPEN Forum site and its many resources. And finally, we provide small businesses access to working capital through a host of specialized products and services.

If our economy is to prosper, there is a great need to provide guidance and support for small businesses. In our efforts to help them, our focus has been on helping existing businesses grow. And while we strongly believe in the results we have been able to achieve, we also believe that the best hope for small business lies in a continued partnership among public, private, and non-profit institutions. Through these partnerships, small businesses of all sizes can benefit.

We look forward to working with the members of this committee and others in Congress to continue to help small businesses—and the greater economy—to grow.

I appreciate the opportunity to testify today and to share with you our perspectives at American Express OPEN. I am happy to answer any questions you may have.

Chairman Sam Graves (MO-6)
Question for the Record
Mr. William Shear
"Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA"
May 25, 2011

Question 1: What data could agencies collect about the performance of economic development programs that would help us determine if they are meeting their statutory purpose?

Question 2: In your testimony, you mentioned that certain statutory authorities may impede agencies ability to collaborate. What are these statutory impediments?

Congressman Bill Owens (NY-23)
Question for the Record
Mr. William Shear
"Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA"
May 25, 2011

Question: 1. In your testimony, you mentioned that one of the issues highlighted in the GAO's 2008 report was the difficulty that veterans face in navigating federal programs as a result of weak coordination and duplication of services across multiple federal agencies. My own recent search found that the SBA alone runs twelve programs for veterans and that across all federal agencies, more than one hundred federal programs specifically target veterans. As your office works to complete a more in-depth review on how some of these programs can better collaborate and be consolidated, I would ask that you include specific recommendations for structural and organizational changes that would yield a better outcome for veterans seeking federal assistance without resulting in a reduction of services.

Chairman Sam Graves (MO-6)
Question for the Record
Ms. Jody Keenan
"Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA"
May 25, 2011

Question 1: Ranking Member Velazquez asked an interesting question on the efficiency measures SBA uses in their budget submission. Could you elaborate on those measures?

Question 2: Could you explain the accreditation process for the benefit of the new members of the committee? How is that process used to improve SBDC performance and services?

Question 3: What impact data and client satisfaction information do SBDCs collect? What information do you send to SBA?

Question 4: Please detail how much your organization receives from non-government sources including the fair market value in infrastructure assistance you receive from community.

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Chairman Sam Graves (MO-6)
Question for the Record
Ms. Denise Pickett
"Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA"
May 25, 2011

Question 1: Mr. Baker stated in his testimony that private companies will only provide services that they can generate profit from. As soon as the service, the market or the target population becomes unprofitable, a private company has a fiduciary responsibility to its share holders to cease such activity, which in this case would be to eliminate the segment of the population that is not producing a profit. Do you believe this statement would ever apply to American Express Open?

Question 2: What are business owners saying about your efforts? Is there excitement / high enrollment for the programs you offer?

Question 3: During the hearing, you mentioned that your organization takes steps to eliminate duplication, please detail those efforts.

Chairman Sam Graves (MO-6)
Question for the Record
Mr. William Shear
"Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA"
May 25, 2011

Question 1: *What data could agencies collect about the performance of economic development programs that would help us determine if they are meeting their statutory purpose?*

In general, we look for agencies to collect data that will allow them to develop a range of related performance indicators for measuring factors such as quantity, quality, timeliness, cost, and outcomes. For example, the HUBZone program's mission is to stimulate economic development and create jobs in economically distressed communities. As such, we would look for data that would facilitate examining the relationship between the presence of and employment by HUBZone firms and their impact on economic variables such as total employment in a community.

Wherever possible, the agencies should correlate the level of program activity with program costs, such as costs per unit of service (e.g. customers served) or costs per unit of output (e.g. new jobs). Also, data that measure program outcomes, rather than outputs, will be more useful in determining whether programs are meeting statutory purposes. For example, SBA's Women's Business Center (WBC) program has collected economic impact data from their clients, such as number of clients counseled and trained, numbers of business start-ups, and gross receipts. In addition, SBA undertook a longitudinal impact study of its business assistance programs, including the WBC program, which provided useful information on how some WBCs have impacted their clients.

As mentioned during the hearing, our upcoming work will further examine economic development programs that fund entrepreneurial efforts and include an assessment of how program performance is measured. We will be certain to consider this question of statutory purpose as we begin to build our research objectives for our upcoming work.

Question 2: *In your testimony, you mentioned that certain statutory authorities may impede agencies ability to collaborate. What are these statutory impediments?*

Agency officials have mentioned that certain statutory provisions, such as those pertaining to transfer of resources, have limited their abilities to collaborate. We do not know the breadth of such impediments and will attempt to evaluate how serious the impediments are in our upcoming work.

Congressman Bill Owens (NY-23)
Question for the Record
Mr. William Shear
"Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA"
May 25, 2011

Question: 1. *In your testimony, you mentioned that one of the issues highlighted in the GAO's 2008 report was the difficulty that veterans face in navigating federal programs as a result of weak coordination and duplication of services across multiple federal agencies. My own recent search found that the SBA alone runs twelve programs for veterans and that across all federal agencies, more than one hundred federal programs specifically target veterans. As your office works to complete a more in-depth review on how some of these programs can better collaborate and be consolidated, I would ask that you include specific recommendations for structural and organizational changes that would yield a better outcome for veterans seeking federal assistance without resulting in a reduction of services.*

As I stated during my testimony, our upcoming work will be looking at potential for duplication among economic development programs that can fund entrepreneurial efforts. During this engagement we will further examine these programs and, considering appropriate criteria for analysis, assess current collaboration efforts or the need for such efforts as well as explore areas for possible consolidation. As part of that effort, we will follow up on our 2008 report on service disabled veterans and evaluate progress made by the interagency task force that was established to improve coordination among the multiple agencies targeted at helping service disabled veterans, including any structural and organizational changes that could improve program outcomes.

Chairman Sam Graves (MO-6)
Questions for the Record
Ms. Jody Keenan
"Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA"
May 25, 2011

Question 1: Ranking Member Velazquez asked an interesting question on the efficiency measures SBA uses in their budget submission. Could you elaborate on those measures?

Representative Velazquez raised an important point.

Ms. Velazquez asked about the difference, in efficiency, between the Women's Business Center program (approx. $143?) and the SBDC program (approx. $5,287?). This question arose from the comparisons SBA uses in its budget documents. On its face this information appears to suggest that WBCs are more efficient than SBDCs. However, the metrics that SBA uses to compare efficiency are markedly different. For the SBDC program SBA uses "cost per business created" as the efficiency measure, for WBCs it is "cost per business assisted". As a result, we have no consistent frame of reference for comparing the two programs. We are not sure what is meant by the term "assist". We are also unsure how SBA reaches the $5,827 figure for SBDCs. It appears that the WBC figure is derived by dividing the total clients assisted by the total budget. Equivalent math does not, however, help us find the SBDC "businesses created" figure. We can no more tell how much the "cost per business created" is at a WBC than we can tell what the "cost per business assisted" figure is for SBDCs. I would also add that there is no ability to judge the real value that both WBCs and SBDCs provide when they advise someone who is unprepared to not go into business.

This reaches the heart of the issue Rep. Velazquez raised – What are the appropriate metrics for determining the efficiency and effectiveness of an ED program? Simply dividing business starts or client assisted by the total amount allocated to a program gives only a minimal indication of effectiveness. This metric doesn't reveal anything about the value of advisory services provided to small businesses or the impact as a result of the SBDC or WBC intervention. A business start followed by a failure six months later is treated the same as a business start that creates 10 jobs and thrives.

For the SBDC program this metric masks the fact that more than half of our clients are existing businesses. Even the nascent entrepreneur category we collect (businesses from zero days to one year) contains a large portion of businesses that have started but are not thriving. As I stated in my testimony, at ASBDC we believe that metrics that focus on job creation, access to capital and sales growth, incremental tax revenue generation are most important. These metrics reveal an outcome due to the services provided small business client. SBDC clients accessing capital and new markets to sustain or grow a business demonstrate a vital and true impact that the program

has on the economy. Simple business starts, like gross loan numbers are more like outputs, than outcomes.

Using metrics that mask economic impact like that run counter to GPRA and frankly does a disservice to both the SBDC program and the SBA. We do good work together and it needs to be shown. In addition, they provide a difficult basis for budget decisions by the Congress. SBDCs have dedicated employees who work hard to make small businesses successful, not simply bang out a business plan, start the paperwork and shove them out the door.

In 2009, the SBDC members of the ASBDC helped our clients create and save over 120,000 jobs. Jobs saved were primarily attributed to SBDC counselors helping small business survive the economic crisis and accessing capital of $3 billion to finance sustainability, exporting and government contracting. Our efforts helped our clients experience an average increase in sales of over 2% while most business sales were declining. That translated to more than $3.1 billion in new sales. As a result, every federal dollar invested in the SBDC network generated $1.61 in federal revenues and $1.54 in state revenues. We believe that these metrics, which show the affect SBDCs have on growing the economy and creating jobs, are the most important and no doubt revenue neutral.

Representative Velazquez was right to point out this issue.

Question 2: Could you explain the accreditation process for the benefit of the new members of the committee? How is that process used to improve SBDC performance and services?

Accreditation is in depth review of an SBDC network's management, strategic planning, service delivery and host institution. Accreditation is performed under contract with the SBA in order to ensure the quality and consistency of SBDC services. While every state network may not provide exactly the same services through accreditation the ASBDC ensures the standards of performance and service are upheld at the highest levels.

The ASBDC Accreditation Committee manages the accreditation process and selects teams to review SBDC on a four year cycle. This means the committee reviews at least 16 SBDCs each year. The accreditation review process is a week-long in-depth survey of the network and its centers. It is conducted by a two-six person team selected from the Accreditation Committee.

The ASBDC Accreditation Committee provides a Self-Study Guide for all accreditation team members to provide them with in-depth knowledge of the accreditation standards. The format of the self-study guide has been developed to promote greater understanding within the SBDC of the ASBDC accreditation standards by establishing linkages between standards and the concepts of approach, deployment, and measurements. The guide is also a useful tool for the review team to create a more comprehensive and coherent story about the SBDC.

The self-study guide is used in conjunction with the self-study assessment that each SBDC provides to the team prior to its visit. That self-study is the individual SBDC's assessment of their adherence to the Accreditation Standards and their performance. A copy of the ASBDC Accreditation Review Instructions for Preparing the Self-Study Guide is attached.

After the review the accreditation team prepares a detailed accreditation report that addresses each accreditation standard and the SBDC's compliance. The team will also assess any strengths or weaknesses of the SBDC. The report is submitted to the Accreditation Committee with a recommendation for either accreditation, accreditation with conditions, or non-accreditation. The accreditation report is then reviewed by the full Accreditation Committee and the committee votes on the recommendations of the report. SBA's OSBDC participates in the Accreditation Committee meetings and receives copies of all reports under the contract.

The basis of the ASBDC Accreditation Process is the Accreditation Standards which are based on the *Baldrige Criteria*, a set of organizational performance and improvement standards that are internationally accepted as an effective approach to achieving world-class organizational performance. *Baldrige Criteria* focus on the key issues that make or break organizational performance, and encourage people to think ahead and turn data into information through analysis. A copy of the Accreditation Standards is attached below for the Congress' review. It is a comprehensive set of standards for the management and function of an SBDC.

Below you will also find a copy of the ASBDC Accreditation Process. The Association of Small Business Development Centers Accreditation consists of four parts - [1] The Accreditation Committee, [2] The Accreditation Team, [3] The Process, and [4] The Standards and Criteria for Accreditation.

Section 1 describes the center membership guidelines, accreditation committee member mandates, the committees' authority and the appointments and removal of committee members when necessary.

Section 2 describes team selection for accreditation reviews of state centers and the designation of a team leader. Section 3 is the Process of Accreditation of our centers including the eligibility requirements, the team's responsibilities, the scheduling of the site visit, the cycle of review, self-study and the actual accreditation review. In addition, there is instruction the team's decision and reporting of recommendations.

The final section, 4, consists of the standards and criteria that are to be followed by the team when conducting the accreditation.

To provide you with further, more detailed information on our Accreditation Process, the following documents are attached:

- ASBDC Accreditation Training Manual – 3/2011
- ASBDC Accreditation Standards

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

The Accreditation Process

I. Accreditation Committee

a. Membership

The Accreditation Committee of the Association of Small Business Development Centers will be a standing committee of the Association with a revolving membership. The committee will be composed of eighteen (18) members, appointed by the ASBDC Board Chairperson, from accredited Small Business Development Centers in good standing of the Association, serving three-year staggered terms.

b. Authority

The Accreditation Committee is the ultimate authority in determining accreditation of Small Business Development Centers.

c. Annual Appointments

Six members will be appointed annually thereafter by the ASBDC Board Chairperson and confirmed by the Association Board of Directors.

d. Chairperson

The Chairperson of the Accreditation Committee will be elected by the Committee to serve a two-year term.

e. Vacancies

The ASBDC Board Chairperson will appoint replacements to fill the un-expired term of vacancies on the Committee.

f. Process for Removal of Committee Members

1. Members shall be removed for the following reasons:

a. failure to prepare adequately for the review, or

b. failure to deliver timely reports, or

c. unprofessional conduct or conduct damaging to the integrity of the accreditation process and review.

2. Removal shall be by a majority vote of the Accreditation Committee members.

II. Accreditation Team

a. Selection

Accreditation Teams will be comprised of not less than two and with a maximum of six Accreditation Committee members, depending upon the size of the SBDC being reviewed and will be selected by the Chairperson of the Accreditation Committee. The state SBDC being reviewed will be advised as to the membership of the Accreditation Team and may make a written request that one member be substituted. In the event of incapacity, resignation or removal of a team member, the Chairperson may make additional appointments as appropriate.

b. Team Leader

The Chairperson of the Accreditation Committee shall select the Team Leader for the reviews. Except as otherwise provided in these procedures, all official communications between the state SBDC will be conducted by and with the Team Leader.

III. Process

a. Cycle of Reviews

The Accreditation Committee shall develop a four-year review cycle in keeping with the intent of Congressional legislation. This review cycle shall be published and distributed on an annual basis to the SBDC's by the ASBDC Membership Services Office.

b. Eligibility Requirements

1. All Small Business Development Centers seeking Accreditation must have been in existence for at least three years.

2. Evidence must be presented in the self-study materials to indicate that the Small Business Development Center has made the commitment necessary to meet the requirements of the approved ASBDC Accreditation Standards. SBDC's that do not provide such evidence as required either through the failure to prepare adequate self-study materials for review or to make adequate arrangements for the review will be found to be ineligible for Accreditation. Failure to participate in the Accreditation process will be reported to the SBA and appropriate Congressional committees.

c. Review Team Responsibilities

The Accreditation Team is charged to evaluate the programmatic information provided in the self-study as verified by actual site visit findings in light of standards for accreditation.

The Accreditation Team will review the Small Business Development Center, not only as an organization funded by the Small Business Administration to deliver specific services, but also as an organization which is part of a complex private sector and governmental system, interacting in the commercial and economic development environments of the state and nation.

In this context, inter-institutional relationships, the qualities of leadership, the capability to assemble and utilize resources, and the capability to design and implement programs become important dimensions for evaluation. All information generated will be presented to the Accreditation Committee for final determination.

d. Time of Accreditation Visit

In order to evaluate the Small Business Development Center from the broadest possible perspective, the Accreditation Team Leader will advise the director of the center being reviewed of any additional specific dimensions of the program on which the review team would like to focus additional attention. Also, and very importantly, the director may request specific attention be paid to issues on which he/she would like recommendations or on which he/she feels valuable information could be made available to other Small Business Development Centers.

The additional areas of concentration shall be identified in discussions between the team leader and the center director based upon evaluation of the self-study. The areas shall be identified and agreed upon prior to beginning the accreditation review.

Reviews of SBDCs shall be scheduled on a four-year cycle and shall be conducted during such times of the year so as not to overburden either the SBDC or review team, but shall be conducted within 12 months of the originally scheduled date. An SBDC failing to accommodate review shall be reported to SBA as failing to meet the accreditation review requirement of the statutes.

The length of any SBDC review will be dependent upon the size of the SBDC and varying sophistication of its programs. Reviews may be conducted from a minimum of two days to one week.

e. Deviation from Cycle of Review

The Accreditation Committee may alter the review cycle to accommodate special circumstances that may arise in the SBDC being reviewed. Request to move a review to another calendar must be submitted in written form to both the Chairperson and Team Leader.

Such requests require a majority approval vote by the Committee.

f. Self-Study

The Small Business Development Center will prepare the self-study and provide copies to each member of the Accreditation Review Team and the ASBDC Program Manager at least one month prior to the scheduled start of the review.

g. Accreditation Review

The review will be conducted in accordance with approved ASBDC procedures.

At the conclusion of the visit and the SBDC review by the Accreditation Team, there will be an exit interview to present candid preliminary conclusions of the team. The accreditation review exit interview will include the Accreditation Team, the SBDC state director, and any other individuals the SBDC state director deems appropriate.

h. Preparation of the Team Findings and Recommendations

Based upon a review of the Small Business Development Center, the Accreditation Team will develop specific and detailed sets of general findings and recommendations and additional specific and detailed narrative sets of findings and recommendations that address each specific accreditation standard and required documentation. In this narrative document, the team will consider all adopted accreditation standards and for each standard will determine if there is compliance or noncompliance. In each instance in which a finding of noncompliance is presented, the team must provide specific and detailed findings and recommendations that would, when fully implemented, bring the center into compliance with the identified standard.

The Accreditation Team must also report on programs, activities, or characteristics of the center, which may prove valuable to other centers.

The team should also seek to identify any strengths or weaknesses and provide comment, indicate findings and otherwise make recommendations that would provide for improvements within the SBDC, even if the improvements do not relate to adopted standards.

It must be clear that accreditation will address each approved standard and the SBDC's achievement or reasons for not achieving in a particular area. The final comments, findings and recommendations will be the result of expert evaluation of the entire Small Business Development Center.

The team will recommend 1) accreditation, 2) accreditation with conditions or 3) non-accreditation. In the event the recommendation is accreditation with conditions, a specific time frame for compliance with specific, written conditions must accompany the recommendation.

i. Preliminary Team Report Issued by Accreditation Team

A preliminary report will be transmitted to the Director of the SBDC being reviewed within fifteen (15) days after the date of the accreditation exit interview. The Accreditation Committee Chairperson will notify the President of the ASBDC that a preliminary team report has been submitted to the SBDC.

j. Director Review of Preliminary Team Report

The director will review the report for accuracy and possible clarification. The director must respond to the team leader within 15 days of the receipt of the preliminary team report.

Only the Accreditation Review Team and the director of the SBDC being reviewed shall discuss and negotiate possible findings and recommendations prior to the team submission of the final report to the Accreditation Committee Chairperson. However, Accreditation Committee members not on the review team must not be involved in such negotiation, unless the Accreditation Committee Chairperson has subsequently assigned them to the team. This may be due to, but not limited to, a team member dropping off the team or for some other important reason.

k. Report of Accreditation Team

The team report, which includes general comments, findings and recommendations and conditions, is to be transmitted from the Accreditation Review Team Leader to the ASBDC President, Chairperson of the Accreditation Committee and the ASBDC Accreditation Program Manager within ninety days (90) after the exit interview. The team report will specifically address each approved

accreditation standard and will, for each standard, determine if there is compliance or noncompliance. The team report will recommend: accreditation, accreditation with conditions or non-accreditation.

If the recommendation is accreditation with conditions, a specific time frame for compliance with the specific condition must accompany the recommendation. A maximum of 12 months is allowed to satisfy all conditions in the report. The state must send to the Accreditation Team Leader a quarterly progress report on the actions to remove the conditions for accreditation.

Only reports following the prescribed guidelines will be considered by the full Accreditation Committee. Also to be submitted at this time, is the record of communication between the Accreditation Team and the SBDC being reviewed.

l. Consensus of Team

Only one report from the review team is allowable and must represent the overall consensus of the team.

In the event that the review team cannot reach an agreement on specific accreditation standards, then an interim report outlining the specific points of disagreement should be submitted to the Committee Chairperson. The Committee Chairperson or the Chairperson's delegate will name a Mediation Team of two committee members. The Mediation Team and the Chairperson, or delegate, in consultation with the Review Team, shall make the determination as to whether the specific standards have been met.

m. Review of Team Report by Accreditation Committee

The Accreditation Committee will review the team report and any other attached documentation, confer and arrive at a finding as to accreditation status within one hundred twenty (120) days after receipt of the team report.

n. Written Notification of Accreditation Committee

The Chairperson will provide notification of committee decisions to the director of the SBDC within five (5) working days of the finding. This notification will also be sent to the director's immediate supervisor.

o. Appeal of Committee Finding

If the director of the SBDC disagrees with the findings of the Accreditation Committee, within thirty (30) days of notification of finding, he or she may provide additional information to the Accreditation Committee and/or request a hearing at which additional information will be presented. The hearing will be held within ninety (90) days of the request. The hearing shall be before at least a majority of those members of the Accreditation Committee that did not serve as the review team, and shall be chaired by the Committee Chairperson or his or her designee.

Decisions of the hearing shall be by a majority of those committee members serving on the hearing. Legal representation at the hearing is not permitted.

p. Notification of Appeal Decision

After further review and a hearing, if any, the Accreditation Committee will issue its final decision within fifteen (15) days of the review or hearing to the director and his/her immediate supervisor.

q. Reapplication

Any SBDC deemed ineligible for review due to inadequate preparation of the self-study, obvious non-compliance of several standards, or failure to make adequate arrangements for the review, will be reconsidered for review in a new cycle upon application and submission of a self-study.

r. Accreditation Decision

After the review of the Team Report and hearing, if any, the committee will issue its decision.

In making the accreditation decisions, the committee will review the report of the accreditation team and any written response submitted by the SBDC under review. All decisions are by a two-thirds majority vote of the Accreditation Committee present.

There are four possible decisions:

1. The Committee may vote accreditation.

2. The Committee may vote accreditation with conditions as recommended by the Accreditation Team. Subject to provisions in item three the Committee may delete or add recommended conditions based on the review and hearing.

3. The Accreditation Committee may defer acceptance of the report and:

a. request that within one year the SBDC reapply for accreditation upon compliance with recommendations within the accreditation report or

b. request the Accreditation Review Team to revise its report.

Action on item b to be taken only if the Accreditation Committee has credible, compelling and sufficient evidence that a condition should have been recommended by the Accreditation Review Team that was not recommended.

For that evidence to be credible it must be available to the Accreditation Committee in some manner or form that enables the Accreditation Committee to make a judgment independent from that of the Accreditation Review Team, recognizing that the Accreditation Review Team has primacy of experience as the ones who were on site. Failing this standard of evidence, the Accreditation Committee may not impose conditions in addition to those recommended by the Accreditation Review Team. In the event the Accreditation Committee meets this standard and defers acceptance of the Accreditation Review Team Report, then the Committee will direct the Accreditation Review Team Leader to notify the SBDC Director of the Accreditation Committee's imposed condition(s). The process will be re-established at the Preliminary Team Report Issued by Accreditation Team (Section III(i)), except that a preliminary report will be transmitted to the director of the SBDC being reviewed within *five (5) days* after the date of the Accreditation Committee decision.

4. The Committee may deny Accreditation if either the Chairperson of the Committee or the director of the SBDC being reviewed requests a hearing on the findings of the review team a hearing will be scheduled. At such hearing, the team leader and the SBDC director will have an opportunity to present material relevant to specific findings and recommendations contained in the report.

State Director shall have up to 30 days to respond to additional conditions or denial of accreditation imposed by the Accreditation Committee not originally recommended by the Accreditation Team. State director will normally respond with written documentation; however, when said state director makes a written request within the above time allotment, he or she shall be provided an opportunity to present directly to the committee personally or via a designated representative. Upon receipt of written notice the Chairperson of the Committee will make arrangements for such presentation at the next regularly scheduled meeting. Final report will not be issued until such hearing has been held.

The Committee will transmit its decision to the ASBDC President, who will promptly notify the Small Business Development Center and the U.S. Small Business Administration of the decision.

IV. Standards and Criteria for Accreditation

a. Standards

The standards for accreditation are those approved by the ASBDC membership at the time of the state review. New standards may be recommended and adopted from time to time by the ASBDC. The Association membership must approve changes to standards, additions or deletions. The Accreditation Committee will review standards every year.

b. Appeal of Final Decision

Upon receipt of the final decision of the committee, the state director of the SBDC reviewed may appeal that final decision. If such appeal is to be made the following applies:

1. Such appeal must be made in writing to the Chairperson of the Accreditation Committee within sixty days (60) of notification of the final decision. The appeal should specifically identify the issues upon which the appeal is based.

2. Upon receipt of the written appeal, the Chairperson of the Accreditation Committee shall notify the President of the Association of Small Business Development Centers that an appeal has been made.

3. A hearing will be scheduled within 120 days and will be before a group of not less than three or more than six directors of SBDCs that are currently certified but who did not serve on the committee at the time of the final decision. The directors to hear the appeal will be appointed by the ASBDC president and will, from among themselves, elect one director to chair the hearing.

4. The hearing shall consider both written and oral evidence that may be presented by the state director and a representative of the Accreditation Committee appointed by the Chairperson of that committee. Legal representation at the hearing is not permitted.

5. The hearing shall consider only information relevant to the issues identified in the letter of appeal. The Chairperson shall determine relevance of information presented.

6. With respect to any issues raised relative to compliance with specific standards, only evidence relative to compliance with the standards at the time of the review was conducted is to be considered relevant.

7. If an imposed condition of accreditation is an issue being appealed, evidence relative to potential impact of that condition is considered relevant.

c. Removal of Conditions

In the event conditions are imposed and time frames are provided, the Committee Chairperson must receive from the reviewed SBDC director sufficient documentation that will clearly demonstrate that all specifics of the conditions have been met. The Chairperson will, with the concurrence of the full committee, issue full accreditation at that time.

d. Period of Accreditation

Accreditation will be valid for a period of four years from the date the accreditation team first visited the SBDC.

e. Re-evaluation of accreditation

Automatic re-evaluation of accreditation shall occur when the Accreditation Committee becomes aware of significant changes in a certified Small Business Development Center.

These shall include one or more of the following:

1. At the written request of any funding partner contributing a minimum of 25 percent of the total SBDC budget.

2. If funding level of the SBDC has been reduced by 25 percent.

3. SBA or IG audit findings that identify major discrepancies from the findings of the latest Accreditation Committee findings.

4. Petition by two-thirds of the certified members of the Association.

Question 3: What impact data and client satisfaction information do SBDCs collect? What information do you send to SBA?

Below is a sample summary sheet for SBDC input into EDMIS. I believe this gives a good idea of the information that an SBDC collects. There are input codes, amounts, names, etc. The record is complete excluding the counselor narratives that usually total a page for each 1-2 hours of service. They get all the demographic and service information, including outcomes, so they get the equivalent of the 641 Request for Counseling signed form as well as the 1062 Form which summarizes the services we rendered. They do NOT get the narratives, which would be a huge file, although they do have access to the narrative files in SBDC offices.

About 3-6 months later, most SBDCs send impact/customer service evaluations and include a check-in to make sure things are going according to plan. If there is a problem, the client usually comes back in for help in the analysis and strategy to correct it.

The ASBDC impact survey goes out every year in March. It separates clients into existing businesses and pre-venture. All clients, who are identified only by a number, are asked:

- Major activity of their business

- Number of employees over last two years, FT/PT

- Number of jobs saved as a result of SBDC assistance

- Gross sales revenue

- Revenue maintained as a result of SBDC services

- Did SBDC assist in obtaining financing?

- Total debt or equity raised

- Was the SBDC service beneficial?

- Rate your working relationship with the SBDC counselor

- Would recommend the service to others?

- Was comparable assistance available?

- How many family managers in your business?

- Is your planned successor a family member?

- What is the membership of your Board, if applicable

- Estimate your sales growth over past three years

The survey relies on the client's evaluation of the impact of SBDC counseling. This information is sent to Dr. Chrisman, a recognized authority in the field, who compiles and analyzes the data. If the client does not provide attribution at any point, we zero out the impact.

The SBA survey runs almost simultaneously with the ASBDC survey. That is a longitudinal 3 year survey of client impact which asks many of the same questions as the ASBDC impact survey. The survey is multi-year, conducted by a contractor with the SBA. It has been going on since 2004. They survey a new sample every year, selected by the firm and they let us know how many they are going to survey. They asked for clients served between July -September and had categories of less than 3 hours, 3-5 hours and 5 or more hours. It is my understanding that the contractor adds to their list each year, and some clients are thus in the survey for a number of years.

In addition, SBA checks SBDC counselor performance during their annual program reviews. Clients are selected at a random and interviewed by SBA project officers. They are asked a variety of questions about the quality of the service, their experience, etc.

To give an example of the data SBDCs collect:

In NY, they have 331,322 records in their data base covering every client they have worked with since day 1 with the program. Those clients invested $4.4 billion in their businesses creating or saving 150,070 jobs. NY has used the same basic data system since 1984, although they have revised it over 40 times, and it has never been down for more than 24 hours in that entire history.

```
SAMPLE EDMIS RECORD
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    <OfficeCode />
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 ClientType
</ClientType>
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Chairman Sam Graves (MO-6)
Question for the Record
Ms. Jody Keenan
"Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA"
May 25, 2011

Question 4: PLEASE DETAIL HOW MUCH YOUR ORGANIZATION RECEIVES
FROM NON-GOVERNMENT SOURCES INCLUDING THE FAIR MARKET VALUE
IN INFRASTRUCTURE ASSISTANCE YOU RECEIVE FROM COMMUNITY

The ASBDC does not have this information available for the national SBDC network, but is
attempting to collect the information from its members.

To give you an example of the funding sources in an SBDC network, here is the information for
the Virginia SBDC network based on 2011 budget figures:

VA SBDC Total SBA funding 2011	$ 2,616, 298	
SOURCES OF MATCH	**CASH MATCH**	**IN-KIND MATCH**
Institutions of Higher Education	$ 786,398	$ 565,104
Local Government (City or County)	$ 672,922	$ 39,384
Private Organizations (ie: Chambers of Commerce, Businesses, Individuals)	$ 184,166	$ 464,332
Other (ie: EDA, IDA)	$ 91,187	$ 36,000
TOTAL MATCH	**$ 1,734,673**	**$ 1,104,820**

Response to Chairman Sam Graves
Question for the Record
Ms. Denise Pickett
American Express OPEN
"Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA"
May 25, 2011

Question 1: Mr. Baker stated in his testimony that private companies will only provide services that they can generate profit from. As soon as the service, the market or the target population becomes unprofitable, a private company has a fiduciary responsibility to its share holders to cease such activity, which in this case would be to eliminate the segment of the population that is not producing a profit. Do you believe this statement would ever apply to American Express Open?

Answer 1: American Express OPEN is dedicated exclusively to serving small business owners. All of the products, services and programs we offer are designed to help small businesses do more business. As our customers do more business, their business with us grows. Our experience with our small business customers tell us that access to capital is only part of what small businesses require. In our effort to provide business-centric value that addresses our customers' needs, we offer programs that are designed to help entrepreneurs grow their firms. While some of the programs themselves are not meant to be profitable, they are helping our customers grow their business, which ultimately expands our business as well. Partnering with public, private and non-profit institutions on these programs allow us to offer information, insights, and business opportunities that we could not offer effectively and efficiently on our own. We will continue to offer such programs and explore additional programs and partnerships.

Question 2: What are business owners saying about your efforts? Is there excitement / high enrollment for the programs you offer?

Answer 2: Small business owners have responded enthusiastically to our programs. For example, OPEN engaged more than 150,000 small business owners through our Victory in Procurement events and web site. The Give Me Five program has provided information on Federal Contracting to over 425,000 business owners; educated over 28,000 business owners; and helped 25,000 women business owners register on the Central Contractor Registration database. More than 100,000 small businesses downloaded point-of-purchase and promotional materials from the Small Business Saturday Facebook page, and over 1.2 million people "liked" the page, including many businesses. Ten thousand small businesses received free Facebook advertising to promote their products and services for Small Business Saturday.

Question 3: During the hearing, you mentioned that your organization takes steps to eliminate duplication, please detail those efforts.

Answer 3: American Express regularly reviews our structure to ensure that we are aligned to meet our customers' needs. We analyze ways to increase efficiency, eliminate duplication, and create savings to our cost structure to allow us to invest in growth opportunities. We constantly look to organize our global operations in the most efficient and effective way to serve our customers. Our focus is always on providing outstanding service to our customers.

**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.

Accreditation Standards 2010

**Association of
Small Business
Development Centers**

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

Accreditation Standards 2010

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

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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:

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- 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.

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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

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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.

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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

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- 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).

Revised Draft December 2000

Adopted March 5, 2001

Accreditation Standards 2010

Association of Small Business Development Centers

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

ASBDC Accreditation Review
Instructions for Preparing
The Self-Study Guide
2010

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.

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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?

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- 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.

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- 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?

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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.

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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.*

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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.*

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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, time-lines, 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

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markets to ensure the continuing relevance of эвос 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.

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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.**

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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:*
  - o *Includes multiple listening posts,*
  - o *Determines key customer/stakeholder requirements, and*
  - o *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.*

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4.0 INFORMATION AND ANALYSIS SYSTEM

Objective: *Create a performance management system to permit an understanding of over-all 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.

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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?

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- 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

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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

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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.

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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.*

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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

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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.

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- 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:
  - o Evaluate the quality, impact, and quantity of key services,
  - o Evaluate level of customer satisfaction in meeting the key customer requirements,
  - o 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).*

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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.

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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.

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