

**“Embracing the Spirit of Entrepreneurship
in America’s Universities”
Association of Public and Land-Grant Universities
November 17, 2009
Washington, DC**

**As Prepared for:
Karen G. Mills
SBA Administrator**



Good morning everyone. Thank you, Secretary Duncan, for those remarks.

It's a pleasure to be here with all of you. I enjoy spending time with leaders in higher education. In fact, I spend a lot of time with one particular university president when I'm at home in Maine – the President of Bowdoin College (Barry Mills).

What I've learned is that it takes a unique combination of skills to do what you do. You have to be good in so many roles: A faculty leader. A business executive. A fundraiser. A voice for your community. And a role model for thousands of young people.

It's a tough job. So first let me simply say "thank you" for all that you do.

This spring, I had the chance to give the commencement speech at the flagship university in my home state – the University of Maine. My message for the graduating students was to embrace America's spirit of entrepreneurship.

That same thing comes to mind today. There are so many opportunities for us to cultivate a stronger entrepreneurial spirit on America's college campuses and their communities.

I'm here today because the SBA wants to play a role in that. So first, I think it's helpful to know a little about the SBA and what it does.

We're a small agency, but in these tough times we have a big mission.

- Today more than half of American workers either own or work for a small business.
- Small businesses create more than 60 percent of net new private sector jobs every year.
- And small businesses are the drivers of innovation and global competitiveness.

The SBA's mission is to aid, counsel, assist and protect these small businesses – and to strengthen their contribution to our economy. We do that in four primary ways.

First, access to capital. The SBA works with banks and credit unions to provide government-backed loans for small businesses that can't find traditional loans in the marketplace. We overindex for businesses owned by women, minorities and other groups.

You might remember that at this time last year, credit to small business froze. Even SBA loans weren't being used much.

The good news is that the Recovery Act helped turn things around in SBA lending. Congress and the President temporarily reduced the fees and increased the federal guarantee for SBA loans. Since March, we have supported \$14 billion in lending through 37,000 loans to small businesses.

Now, today, we want to build on that success. That's why the President has asked Congress to increase our loan caps from \$2 million to \$5 million. The demand is there for these bigger loans, and we want to meet it.

So, we look forward to putting more money in the hands of small business owners who can create jobs and lead us out of recession.

The SBA's second area is federal contracting.

This is a win-win. Small businesses increase sales and create jobs... while the federal government gets to work with an innovative and responsive small business.

With vocal support from the Vice President, we're working with federal agencies to make sure at least 23% of federal contracts go to small business.

Today, we're above that goal with Recovery Act contracts – more than 26% (nearly \$5 billion). We're also meeting our smaller goals for socioeconomically disadvantaged businesses and service-disabled veteran-owned businesses.

And just briefly, our third area is disaster assistance. It's our only direct loan program. We have thousands of employees on stand-by who are ready to help provide low-interest loans both for business owners and homeowners affected by disaster.

So, to recap, we provide access to capital... opportunities in contracting... and disaster assistance.

But didn't you say there were four areas?

Yes, I did... and this is where we start to see the potential for a strong partnership between the SBA and universities like yours. A fourth thing we do at the SBA is entrepreneurial development. I want to talk about this in a little more detail.

At the SBA we have a number of resource partners – counselors who are affiliated with the SBA. The largest network of resource partners is our 900 Small Business Development Centers – our SBDCs.

Through a matching grant program, each state has a network of these centers. The majority of our SBDCs are based at institutions of higher education – such as community colleges or flagship universities.

In fact, each state has what we call a “lead center.” As I looked down the list, I saw some of the most well-known public universities in America – the University of Georgia... Iowa State... the University of New Hampshire... Washington State... and many more.

In other words, the SBA already has a physical space on hundreds of campuses throughout the country, including many of those represented here.

As you can imagine, anyone who provides free business advice right now is in high demand. So, the folks at these SBDCs are working harder than ever.

In FY09, for example, they served about 55,000 long-term clients... they helped these clients obtain more than \$3 billion in capital... and they created about 13,000 new businesses. This far surpassed our targets in each area.

Not only are they helping with startups... but they're helping existing small business owners who need to reinvent their business or find a new market in this tough economy.

And we're measuring their results. I'm very pleased to say that the business owners who are served by our SBDCs are more likely to make new hires, to grow, and to expand.

This is a good partnership that has worked for years between the SBA and higher education.

I think it gives us something to build on. And last week, that's exactly what we did.

As you know, we honored our veterans last week. There are thousands of veterans coming home from Iraq and Afghanistan each month.

Some of these veterans have enrolled at your colleges this fall through the new 21st Century G.I. Bill. They're often the most motivated and ambitious student-leaders on your campus.

Not only do vets make good students... they make good small business owners, too. That's why we want to help them start a business, be competitive, and create jobs.

Last week, the SBA joined with a number of your business schools to support a new effort called Entrepreneurship Bootcamp for Veterans with Disabilities.

I want to thank and acknowledge a few universities who are involved in this effort. Do we have anyone here from Texas A&M, UCLA, Florida State, UConn or Purdue? Thank you all.

Over the next three years, hundreds of veterans will get the training and mentoring they need to implement a successful business concept at these universities.

I'm very excited about this partnership, and I hope we find even more ways to directly partner in order to promote entrepreneurial development.

And the best part about all of the SBA's activities is this: We know that each loan, each contract, each counseling session, and each "bootcamp" can lead to good, well-paying jobs.

That's what drives us at the SBA – it's that entrepreneurial spirit. And I know that all of you are working to instill that same spirit in your campus communities.

But today, I know that many of you are feeling a tug to do even more.

That's why you created the Commission on Innovation, Competitiveness and Economic Prosperity. I must say that I'm very impressed by the work you are doing through it.

I'm especially interested in how you have focused on regional economic clusters.

Let me share a little story...

Several years ago, the Naval Air Station in Brunswick – where I live – went on the Base Closure list. We knew we would need something to replace the jobs that would be lost. I started working with the Governor and others to try and find some answers.

We had to take a hard look at what the strengths were in our region. We had to ask ourselves... What do people do in Maine that is unique in the world?

We've been building boats in Maine for 400 years. We used to make boats just out of wood. But now we use composites.

A light bulb went off when we saw the R&D efforts at the University of Maine.

They have an Advanced Engineered Wood Composites Center. The center is the hub for advanced research for many industries, including boat building.

What we saw was boat builders and researchers working together to make boat hulls that are the lightest and fastest in the world.

We thought, "This is our niche. This is the collaboration we need to give us the edge in the global market."

So we started to foster even more interactions between researchers, educators, boatbuilders, and business experts... and we formed an alliance.

As a result, Maine-built boats are selling in places as far away as Shanghai...

When I came on board at the SBA, I started looking for opportunities to replicate that success.

It didn't take long to find one. This summer, I went to Oakland University in Michigan, a state that has been hard-hit by the economy.

As you might know, it's not just the "big 3" that are hurting in Michigan. Many of their small business suppliers are hurting, too.

What we found was that some of these suppliers are highly specialized. They're experts in robotics technology – the technology that senses when your car is getting too close to a curb or another car.

These businesses knew they were on the cutting edge, but they needed a bigger, broader market.

It turns out, the U.S. Department of Defense was interested. For example, they use robotics technology for unmanned vehicles to detect roadside bombs.

That's why the SBA helped organize a 2-day summit that brought together Department of Defense officers and local suppliers.

We realized that we could transform Michigan's strengths with automotive robotics technology to meet our national defense needs.

In the process, we built a roadmap for a new cluster.

I think there is great potential to build even more roadmaps modeled on the success we're seeing in Maine and Michigan.

So how do we build a successful cluster? And where do universities fit in?

I'll share just five quick thoughts on how to build a successful cluster.

First, the cluster should grow organically out of the local industry, who should be leading the charge. More than anything, their level of active collaboration will determine success. They need to be involved in strategic planning, and they need to be able to envision the long-term benefits. That initial buy-in is a crucial foundation for success.

Second, we need the right people, policies, and programs in place at institutions like yours. It's not just a matter of having a world-renowned R&D program in a particular field. It's a matter of whether those R&D resources are aligned to create synergy with the local private sector.

A few questions for you: Do local businesses have ready access to your facilities? Do you provide incentives for faculty who work with them? Do you have external advisory boards that help with tech transfer? Your role in fostering both entrepreneurship and commercialization of innovation is critical.

Third, is the leadership in place? Is there an organization that can foster the interaction of all stakeholders in the cluster? In Maine, we created the North Star Alliance – which made a

presentation to Dr. Crow's group at its summer meeting. But there are other models, too. For example, the University itself can provide the leadership through highly-visible efforts such as SkySong at ASU. Above all, the voice for the cluster should be recognizable and defined.

Fourth, what about the workforce to grow this cluster? Of course, the role that you play in this regard is crucial. Your students are the future lifeblood of your cluster. Their education, training, mentoring, and internship opportunities are central to long-term success. They are the most important investment that any clustering effort can make.

And fifth and finally, of course, where is your market? Is there a national and global market that is ready and willing to buy the products and services that will result from your cluster? Who are they? And perhaps most importantly, how can you let them know that your region – and your university – will be driving the next big thing?

With all of these efforts, my commitment is this. The people and the partners of the SBA will help in whatever way we can. This Administration knows the potential for clustering – and we are ready to link, leverage and align our resources to help make them happen.

In fact, we have specifically requested funding from Congress to support clustering initiatives in this fiscal year's budget. We know the potential of clusters in helping small businesses drive our economy, create jobs, and increase our global competitiveness.

Make no mistake. There will be challenges.

The biggest challenge standing in our way is finding a clear and measurable way to show just how powerful clustering can be.

I'm a big believer in metrics and performance. That's part of the reason that I enjoy working for an Administration that is so committed to responsibility and accountability to taxpayers.

Soon after I came on board, we developed a Dashboard of how we were meeting our goals as an agency. I refer to it almost every day.

Some people think that universities don't need to measure their performance in a business-like way. Or they just believe that if you get more licenses and more patents... that's good enough.

It's difficult to drill down and find meaningful measures that show your impact on the local and national economy.

What I've heard from Michael and others is that it's a daunting task – but, increasingly, it's becoming an essential responsibility. And I'm excited to hear that you're moving forward in two ways.

First, I'm excited about the workshop you're doing with the National Science Foundation. Moving from "outputs" to "outcomes" is a great way to show your commitment to innovation and regional growth. I look forward to hearing what will come out of that meeting.

Second, I'm impressed with the survey tool you are rolling out next year that helps an institution assess its partnerships to support regional growth and development. I think it's a smart approach that has the potential to help individual institutions and the APLU as a whole.

Overall, your efforts as an Association combined with the efforts of this Administration have the potential to make a major impact on our economy.

And the best part is this. All of us understand that the key to our success is America's nearly 30 million small businesses.

Let me close with a story.

The President and I recently went to a small business in Landover, Maryland, to announce our support for raising the caps on SBA loans from \$2 million to \$5 million.

At the end of his prepared remarks he looked up and said something very heartfelt.

He said, "So to all the small-business owners out there, I just want to close by saying this. I know that times are tough, and I can only imagine what many of you are going through in terms of keeping things going in the midst of a very tough economic climate, but I guarantee you this: This administration is going to stand behind small businesses. You are our highest priority because we are confident that when you are succeeding, America succeeds."

Today, it is wonderful to know that there are people at America's public and land-grant universities who share those values and beliefs. Together, if we all "stand behind small businesses," I know we can help America continue to lead, prosper, and grow in the 21st century. Thank you.

###