

**“Building Businesses, Creating Jobs,
and Strengthening our Economy”
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As Prepared for:
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Thank you, Donna, for that introduction. Good afternoon everyone. It's an honor to be here today.

As Donna said, I'm from Maine which as you might guess is a home to many small businesses. This weekend I went down to Maine Street. (In our town, "Maine Street" is spelled with an "e"). And I saw many of the people who represent why I come to work every day. They're the force that is behind the American economy.

I saw the folks at Henry and Marty's restaurant. Henry and Marty retired three years ago and their employees were able to buy their business with the help of an SBA loan. I also saw Penobscot Bay Porch Swing, started by an entrepreneur who was the school nurse. She has a historical design for an authentic Maine porch swings. Now she makes them right in Brunswick and sells them all over the world.

On Maine Street you can feel the pulse of the small business community. And even in tough times, it's easy to see how small businesses are the engine of our economy.

The facts are clear. Today, more than half of Americans who work – either own or work for a small business. Small businesses have created 64% of private sector jobs over the past 15 years. And it is our entrepreneurs and small business owners that will drive America's ability to innovate and stay competitive across the globe.

This week marks an anniversary for me. Just a year ago the President nominated me to serve at the Small Business Administration. It was a tough time. We had just seen a meltdown in financial markets and a freeze in credit – for both conventional and SBA loans.

But the new Administration and Congress got behind small business, because we knew that they would be an essential part of our recovery.

Today, I want to talk about the progress we've made in helping small business put the brakes on this recession... and I want to describe how we'll continue to build small businesses and create jobs in 2010.

At the SBA our mission is to help small businesses start and grow. We work in three main areas: access to capital, opportunities in federal contracting, and developing entrepreneurs. Or, more simply, the three "Cs" – capital, contracts and counseling.

The first "c" is capital. As you might know, small businesses rely on access to bank credit much more than large businesses do.

At the SBA, we have a portfolio of over \$90 billion in loans and loan guarantees to help these businesses get the credit they need to grow and create jobs. We do this by partnering with about 5,000 banks, credit unions and others.

A year ago credit had frozen. With the Recovery Act, we needed to get credit flowing again, so we made two temporary changes to our top two lending programs: 7(a) and 504.

First, we reduced or eliminated loan fees. We wanted borrowers to keep more of their own money. Second, we increased the guarantee on 7(a) loans to 90% -- so that banks would be more likely to lend.

This formula worked.

Our average weekly loan volume increased more than 80% compared to the weeks before the Recovery Act. In fact, in the past few months, we've been back up to the lending levels we saw in 2007 and 2008.

And here's the headline. We leveraged \$375 million in stimulus funds into more than \$16 billion in lending to America's small businesses. Not only is that a good ROI for taxpayers... it's \$16 billion in the hands of people who know exactly how to put that money to work in the economy.

In addition, we brought back more than 1,200 lenders who hadn't partnered with us since the meltdown. As a result, we have many more points of access to capital for small businesses. And one of our goals for 2010 is to partner with even more lenders.

And the impact of this is very real for people like Mike Norton and Katie Quick, who are with us today. They own Team Critical Care in Maryland which runs ambulances that serve local hospitals.

They started their business 3 years ago and everything was fine until their conventional line of credit was unexpectedly "called in." So, in June, they found a new lender who helped them get an SBA loan for \$300,000.

Not only did they save about \$8,000 from reduced fees, but they were able to hire 18 more employees. Mike told us that the loan literally saved the business. Thank you for being here Mike and Katie, and for the work you do to save lives every day.

We can't stop there. To build on our progress with access to capital, small businesses are now benefiting from Recovery Act contracts – the second "c." At the SBA we help ensure that they get at least 23% of federal contracts.

I describe this as a win-win. Contracts are the "oxygen" that small businesses need to build their top line and drive revenues. At a time when revenues are tight, Recovery Act contracts are even more helpful. At the same time, the federal government gets to work with some of the most innovative, nimble and responsive companies – often with a direct line to the CEO.

In August, the Vice President asked Commerce Secretary Gary Locke and me to make sure federal contracts were heading to small business, especially those owned by women, minorities, and veterans. Since then, our teams have worked together to participate in over 300 outreach events.

We're matchmaking.

Our goal is to put the right procurement officer with the right small business owner. Some people say it's "speed dating," but I think it's a little more "long-term"... maybe like match.com.

So far, we're not only meeting our goal, we're exceeding it. We're currently at about \$5 billion in Recovery Act contracts, meeting many of our sub-goals such as our 3% goal for service-disabled veteran-owned firms.

Also, we're continuing to help women and minority-owned firms get federal contracts – because we know they're two of the fastest growing segments of small business.

Capital... contracts... The third "c" is counseling... I want to touch on this because not many people know just how extensive our counseling network is. I call it the SBA bone structure.

The backbone, of course, is our SBA employees on the ground at nearly 100 offices around the country. We're a small agency with a big mission, and our most valuable asset in achieving that mission is our people.

We also have over 14,000 affiliated counselors. This includes about 900 Small Business Development Centers, most at local colleges and universities... more than 100 Women's Business Centers... and more than 370 chapters of a mentoring program called SCORE.

Altogether, these folks serve more than a million clients each year. This year, they've been working particularly hard to help small business owners who've been forced to shift gears in order to survive.

Of course, these partners also help entrepreneurs with startup plans. For example, I know that Ken Yancey at SCORE – who is here today – has challenged his “volunteer-army” of retired executives to help create 1 million new businesses in the next 5 years.

I always tell entrepreneurs and small business owners that if you don’t have an SBA counselor, you should. Because our data shows that when they have a long-term counseling relationship — they achieve stronger sales, higher profits and more hires. And the best part is that these services are free.

Another tool in our counseling toolbox is the SBA’s partnerships with the private sector.

On that note, today we’re launching a new online partnership called Strategies for Growth with Dell, a company that knows a little something about growth. (They started in 1984 with just \$1,000 in startup funds.)

Some of the best advice a small business owner can get comes from someone who’s been in their shoes. That’s what Strategies for Growth does. These videos show you what it takes to get contracts, to start exporting, to create jobs and much more.

I want to thank Rebecca Gould from Dell for being here today.

I also want to thank Grace Dittmar, the CEO of Trusted Mission Solutions.

Grace is one of the business owners featured in the series. Her IT company in Virginia got assistance through one of our business development programs, and she’s now helping meet the IT needs of a number of federal agencies.

And a quick question. Has anyone had cupcakes from Cakelove? Warren Brown is here today and he’s also in Strategies for Growth. Thank you Warren, Grace and Rebecca for helping us kick this off.

Through “capital, contracting and counseling,” we’ve helped small businesses come a long way in 2009... but, as the President said, “we will not rest until businesses are investing again, businesses are hiring again and people have work.”

In each recession, we know that job growth lags behind the economy. With recent signals that the economy is “ticking up,” we’ve been focused on figuring out what tools and incentives small businesses need to create jobs – and to do it as quickly as possible.

So what have we done?

Well, first, we listened.

Last month Treasury Secretary Tim Geithner and I held a forum on Small Business Financing. That, in turn, set the stage for the President’s Jobs Summit. And that, in turn, contributed to the rollout of the Jobs Plan last week in which small business is a top priority.

This process was a great way for us to get input directly from small business owners. And it’s no surprise that the result is a plan with broad support throughout the small business community.

First, this plan builds on what works.

As I mentioned before, the waived fees and increased guarantee in our loan programs did exactly what they were supposed to do. In fact, they worked so well that we ran out of those stimulus funds just before Thanksgiving – months before the authorization was slated to expire.

Our small business owners and our lending partners are vocal about the need to continue these provisions. That’s why the Jobs Plan calls for extending them to the end of 2010.

In addition, we’re asking Congress to increase the size of our loans from \$2 million to \$5 million. Based on what we heard from small business owners – as well as our own hard data – we know that demand exists for these bigger loans. There’s no reason we can’t meet that demand and help small business owners create more jobs.

Extending our Recovery Act provisions and increasing our loan sizes are critical first steps.

And importantly, these steps are complemented by an Administration that is working to encourage more conventional small business loans. In fact, I'm sure you all know that the President himself is meeting with top U.S. banks today on this very topic.

But we can't stop there... The small business community also told us that tax incentives are crucial.

For example, you might remember that the stimulus included the "carryback" provision for small businesses. This was projected to provide nearly \$5 billion in tax relief this year. Importantly, the President recently signed legislation to extend it to apply to 2009 as well.

To build on this, the Jobs Plan also calls for Congress to extend tax write-offs... and to completely eliminate capital gains taxes for people who invest in small businesses in 2010.

Furthermore, the Administration is talking with Congress about a short-term tax cut that will accelerate new hires. With this tax cut, we want to be able to say to our small business owners... "Don't wait. Go ahead and make that hire. And do it now."

And the Jobs Plan benefits for small businesses don't stop there. The money for energy retrofits will also help many small businesses that specialize in weatherization and renewable energy. In fact, the SBA approved more than 300 Recovery Act loans for more than \$100 million for businesses that put solar panels on rooftops, install wind turbines, and provide energy efficiency and environmental services.

This leads me to a key focus that I have set for the SBA. We are focused both on creating jobs in the short-term, and at the same time we are working to build the small innovative businesses that are the foundation stone for America's long-term competitiveness.

In fact, there are really two kinds of small businesses.

First there are Main Street businesses. These are the restaurants, the dry cleaners, and car repair operations that are part of the fabric of our daily lives. The SBA has served them extremely well since we were created in 1953, and we will continue to do so.

But we also have a unique opportunity to build America's future through high-growth, high-impact small businesses, sometimes called "gazelles."

One study shows that there are about 375,000 of these... and they are not all young and high tech... or located on the two coasts.

Instead: They exist in every county – rural and urban – across the country.... They are in every industry, including manufacturing... Some are young high-tech startups in health care technology or alternative energy... But others are 100-year-old, third-generation companies that are reinventing how they do business in the 21st century.

At the SBA we are committed to helping these important job generators.

Two quick ways we can do that:

First, exporting. Trade has been global for America's giant companies for decades. With growth in global networks and communications, new markets have opened up for small business, too.

Since 2003, America's small business exports have grown about 80%. They now account for nearly \$500 billion in sales.

The problem is that small business still represents only about 30% of exports, and more than half of small business exporters only ship to one country. We're helping lead an interagency group that wants to change that... by increasing both the number of exporters and the number of countries they ship to.

A quick success story:

Southwest Windpower was founded in 1987 in a garage in Flagstaff, Arizona.

In 1995, they got an SBA loan. Since then, the company has made 160,000 small wind turbines that power telecommunications towers, off-shore oil platforms, homes, and schools in about 90 countries.

They have about 100 employees, and they're creating even more jobs because they need suppliers to help them fulfill orders.

They saw demand abroad and they're meeting it. We want more stories like that.

Second, I just want to briefly mention regional innovation clusters.

Several years ago, up in Maine, we knew that our naval air station in my hometown was going to close down. We knew we were going to lose some jobs.

The Governor asked me to help find innovative small businesses with sustainable job growth ideas.

We saw a 400-year-old tradition of boatbuilding... We saw the University of Maine with cutting-edge research in composite materials... And we saw new boat hulls being made that were some of the lightest and fastest in the world.

So we leveraged the new technology to help create a cluster of Maine boatbuilders. These boats are now selling as far away as Shanghai.

At the SBA this year, we did it again. We saw potential of small automotive suppliers in hard-hit Michigan who had state of the art robotics technology. So, we brought them together with Department of Defense folks to form a new cluster. Now, these suppliers are exploring new ideas for unmanned military vehicles and more.

In 2010, we'll be helping establish even more regional innovation clusters – and continuing our push in exports – as we help high-growth small businesses turn innovation into jobs.

In closing, by using the three “Cs” of capital, contracts, and counseling... while at the same time pushing ahead in areas such as exports and clustering... we know that we can give small businesses the tools to grow, to create jobs and to drive our economy once again.

I've been working with small business most of my life... This year, I've had a chance to see their resiliency and strength throughout the U.S.

I've heard great success stories right here in the DC area: Trusted Mission Solutions, Team Critical Care, Cakelove, and more.

I've traveled the country and met people like Samuel Ko in Chicago. He walked into one of our Small Business Development Centers with a patent for new surface technologies... but he had zero business experience. Today, his company has offices in Ohio, Michigan, Wisconsin and it's still growing.

And, like you, when I go home for the holidays, I'll see my own familiar shops on Maine Street – with the extra “e.”

These businesses inspire me, personally. They inspire everyone at the SBA. And they are the inspiration for all Americans as they are the force that will create the jobs we need and the innovation that will keep the American economy competitive across the globe.

Thank you for having me here today. [Now I'll turn it back to Donna.] ###