

Small Business: The Key to Recovery and Prosperity
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Capacity Op-Ed, September 1, 2009

In the 1980s and 1990s, I worked with a number of manufacturing businesses, from a plastic injection molding company in Ohio to a sub-fractional motor company in Arkansas. I was on the factory floor when we had to weather a recession, and I gained a deep appreciation for how small businesses adapt and survive in difficult times.

Today, we know that America's small businesses are again facing tough times, but the SBA is playing a stronger role than ever to help them both survive and grow to create 21st century jobs while increasing America's global competitiveness.

In the short term, the SBA's top priority is to implement the American Recovery and Reinvestment Act. The SBA's efforts with the Recovery Act emphasize two critical areas: access to capital and opportunities in contracting.

Since its creation in 1953, the SBA has prioritized small business lending as one of its most important activities. Never before has our goal of providing access to capital been more important than it is now.

The SBA's two most popular lending programs comprise the bulk of our efforts in this area: the 7(a) loan program generally provides working capital and the 504 program supports capital expansions such as land, buildings and big equipment.

With the passage of the Recovery Act, the SBA took two important steps to reinvigorate these loan programs. We temporarily reduced fees in both programs and increased the maximum guarantee in the 7(a) loan program to 90 percent, up from 75 percent and 85 percent.

The results have been powerful. By the end of June, the SBA had supported nearly \$6 billion in small business lending, reflecting an increase of more than 40 percent compared to the weeks before the Recovery Act. Notably, 25 percent of this funding has gone to rural businesses, 19 percent has gone to women-owned businesses and 9 percent has gone to veteran-owned businesses. Furthermore, we have expanded the base for SBA lending, with hundreds of lenders making SBA loans who hadn't participated since at least 2007.

Also as part of the Recovery Act, in June, the SBA rolled out a brand new loan program called America's Recovery Capital. These "ARC" loans are serving as a "bridge over troubled waters" for hundreds of viable but struggling small businesses, including a number in West Virginia. Through this program, small businesses can borrow up to \$35,000 over the course of six months. The SBA then directly pays the interest to the SBA lender and provides a 100 percent guarantee. Also, the borrower is not required to begin repaying the loan for a full year after the final disbursement.

The enhancements to our 7(a) and 504 loans, combined with new tools such as the ARC loan program, are packing a strong punch. In fact, borrowers are reporting to the SBA that these loans are helping create tens of thousands of jobs throughout the country.

As of this writing, the funds to support these temporary programs have not yet been exhausted. The SBA has worked diligently to make sure that small business owners across the country hear about these programs. We are encouraging small business owners to contact their local lender or one of the SBA's offices – such as those in Clarksburg or Charleston – to learn more.

In addition to these efforts with lending, the SBA is pushing to ensure that small businesses have the opportunity to compete for billions of dollars in federal contracts that are being let as part of the Recovery Act.

In April, I wrote a letter to all 50 U.S. governors and encouraged them to join us in this effort by ensuring that small businesses in their states have opportunities to compete for Recovery Act contracts that are being administered by state governments. In addition, the SBA has been conducting dozens of federal contracting workshops with small business owners around the country. Also, we are strengthening our interactions and support for procurement center representatives stationed at federal facilities.

Our message is simple: contracting with America's small businesses is a win-win. Small businesses benefit with increased volume, sales and new jobs, while federal agencies benefit by working with the most innovative, nimble, and responsive companies... often with a direct line to the CEO.

This summer, I met with Vice President Biden and members of the Cabinet, all of whom are strongly supporting small business contracting through the Recovery Act. Our overall goal across the Obama Administration is to ensure that at least 23 percent of all federal contract dollars are going to small businesses.

If the SBA and our partners in West Virginia and across the country continue to reach out, I know we can reach that goal.

Building on this progress, the SBA must create a longer-term vision to ensure the future success of America's small businesses and our country's overall prosperity.

West Virginia is home to about 120,000 small businesses. Generally, these and other small businesses throughout the country fall into two categories.

First, there are "Main Street" small businesses. These are the restaurants, the drycleaners, the local bookstores and others that are central to our daily lives. They are the bedrock of our communities. Over the years, these small businesses have greatly benefited from the SBA's 7(a) and 504 programs as well as our strong network of about 14,000 SBA-affiliated counselors. The SBA has been proud to serve millions of these "Main Street" businesses.

The second type of small businesses are “high-growth, high-impact” companies that have the potential to make major contributions to job growth and global competitiveness. It is important for the SBA to reach out and support these small businesses that are poised to stimulate 21st century jobs, to bolster our national economy, and to build the great American companies of the future.

These high-growth, high-impact small businesses – often called “gazelles” – are looking for the tools they need to take their small business to the next level.

The Robert C. Byrd Institute for Advanced Flexible Manufacturing is a great example of a resource which meets that need. Through RCBI, West Virginia’s small manufacturing businesses can access cutting-edge equipment at locations around the state, as well as training programs that are helping small businesses compete on a regional, national or international scale.

In a similar vein, the SBA is renewing its support for programs that drive innovation. For example, our Small Business Innovation Research program works across 11 large federal agencies to ensure that at least 2.5 percent of their research and development funds go to small businesses. A recent study by the National Academies showed that the SBIR program is accomplishing its goals of stimulating technological innovation while bringing new products and services into the marketplace. The synergy created by this public-private partnership results in breakthroughs that not only help the federal government work more effectively and stimulate the economy, but also lead to innovations in medicine and technology that impact all our daily lives.

The SBA is actively exploring even more ways to help small businesses compete on a global level.

For example, we are recognizing the collaborative power of “regional economic clusters.” These clusters – comprised of small business owners, researchers, educators and others – foster specialized knowledge, technical expertise, and cutting-edge products and services which, in turn, provide a stronger reach to international markets.

An example is in my home state of Maine, where the boatbuilding industry has formed a cluster that helps to drive the state’s economy. This cluster is leveraging both the centuries-old tradition of Maine boatbuilding and the new composite technologies developed by the University of Maine to create lighter, faster boats that are now being sold in markets as far away as China.

Together with the departments of Commerce, Labor, Energy and other federal agencies, the SBA is exploring how we can drive even more innovation and job creation through regional economic clusters.

In sum, the SBA has a broad reach and a big mission, even though we are a relatively small federal agency with only about 2,000 employees nationwide.

We will continue to implement the Recovery Act, and we will find new ways to serve the wide-ranging needs of America's diverse small business community, including the small businesses that support the strong manufacturing industry in West Virginia and across the U.S.

By so doing, we will harness the centuries-old American spirit of innovation and entrepreneurship that creates jobs and drives our economy forward.

President Franklin Delano Roosevelt once said, "I do not look upon these United States as a finished product. We are still in the making."

We learned an important lesson during the Great Depression, we learned that lesson again in the recession of the 1990s, and we are learning it again today: **America's small businesses will lead our country out of troubled economic times and put us on the path to long-term prosperity.**

Today, America is once again remaking itself. If we work together, I know we can meet the needs of America's entrepreneurs and small businesses.