



U.S. Small Business Administration

Enabling the Establishment and Vitality of Small Businesses

**U.S. Small Business Administration
Strategic Plan FY 2003 - FY 2008**

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U.S. Small Business Administration Strategic Plan for FY 2003 - 2008

Mission: The mission of SBA is to maintain and strengthen the Nation's economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery of communities after disasters.

To fulfill this mission, the SBA has three programmatic Strategic Goals that broadly define what the Agency and its programs are trying to accomplish. A fourth Strategic Goal defines the responsibility of the Agency's executive leadership and support functions to help accomplish the programmatic goals.

Strategic Goals:

1. Improve the economic environment for small businesses.
2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.
3. Restore homes and business affected by disaster.
4. Ensure that all SBA programs operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services.

Each Strategic Goal is further defined by several Long-term Objectives which describe in general terms the results SBA needs to achieve in order to meet its goals. Supporting each Objective is a description of the strategies that SBA will implement to reach the desired results, as well as the specific Outcome Measures that will determine whether success has been accomplished, or sufficient progress made, over the five-year timeframe of this plan.

America's small businesses play a vital role in creating opportunities for individuals, employees, economic growth and creative stimuli. In times of economic downturns, small businesses play a leading role in economic recovery, and it is small businesses that generate approximately 60-80 percent of all net new jobs. Therefore, to support this vital sector of the American economy, the President has designed a small business agenda intended to create an environment where entrepreneurship can flourish. This agenda is woven into SBA's first strategic goal and includes: providing small businesses with the information they need to succeed, ensuring full access to government contracting opportunities, and diminishing regulatory barriers to job creation by giving small businesses a voice in the often complex and confusing Federal regulatory process.

SBA is continuing its efforts to bridge the gaps the market place does not address. The Agency is working to increase its impact on start-ups, maximize growth and sustainability of these entities, and increase small business ownership within the gaps.

SBA continues to play a vital role in helping businesses and families recover from disasters. Through its disaster assistance program, the SBA provides affordable, timely and accessible financial assistance to homeowners, renters and business. SBA will seek to maximize the timely restoration of property to these individuals while continuing to improve its service delivery.

The SBA is taking steps to provide high quality general management for its programs and support offices. SBA is undertaking initiatives to develop a comprehensive management system, integrating its IT resources, financial management tools and human resources into an effective and efficient organization.

SBA has developed the Intranet-based Execution Scorecard to keep track of its progress in achieving its strategic and production goals. Regular, top level meeting with the leaders of all program and support offices take place to review this information, holding all managers accountable, and helping us deliver the desired results.

For several reasons, a number of our outcome, performance, and strategic goals have been modified from our FY 2004 Budget Request and Performance Plan. The modified outcome and strategic goals have been revised to define more specifically what SBA is seeking to accomplish. In some cases performance goals have been added to define the outcome goals they support more fully. Also, several performance goals have been modified to include several SBA programs instead of just one.

The Goals and Objectives that this Strategic Plan is based on are derived directly from specific statutory mandates and from elements of the President's Agenda for America's Small Business, as indicated in the following chart:

Statutory Mandates and Presidential Directives that Drive the SBA Strategic Plan Goals and Objectives

Improve the Economic Environment				Bridge Gaps			Disaster Relief		Provide High Quality General Management			
Minimize Regulatory Burden	Minimize Tax Burden	Minimize Health Care Burden	Improve access to info	Increase impact on start-ups	Maximize growth and sustain.	Increase SB ownership within gaps	Maximize timely restoration	Provide courteous service	Comp. Mgmt System	IT used to support Agency	Financial systems	HR
Small Business Act (SBAAct)												
									President's Management Agenda			
President's Small Business Agenda												
SBA Sec. 30 (SBREFA)												
U.S.C. Title 15												
							SBAAct Sections 7(b) (1-2)					
							SBAAct Sec. 7(a)(1)(A)					
SBAAct Sec. 2												
SBAAct Sec. 18												
									Government Performance and Results Act			
									PMA¹			
			PMA²									
			SBPRA									
									Clinger-Cohen			
									GPEA			
											FFMIA	
											FMFIA	
											CFO Act	
											GMRA	

¹ Part of *Improving Government Performance* in the President's Management Agenda.

² Part of *Improving Government Performance* in the President's Management Agenda.

Strategic Goal 1. Improve the economic environment for small businesses.

As a champion for small business, the SBA Administrator works to ensure that all enterprising Americans have the maximum opportunity to succeed. The SBA promotes an environment that encourages and sustains entrepreneurship. In this role, the Agency affects the business climate through the combined efforts of the Office of Advocacy (Advocacy), the Office of the National Ombudsman (ONO), the Office of the Administrator, and the various programmatic offices. SBA intends to achieve a positive impact on behalf of small business by convincing other government entities to support policies and to take actions that are beneficial to this constituency. SBA helps meet this goal by advancing the views, concerns and interests of small businesses before Congress, the White House, Federal agencies, Federal courts and state policy makers. SBA also ensures there is a vigorous regulatory review process followed by fair and reasonable application of those regulations to individual small businesses.

Long-term Objective 1.1. Minimize the regulatory burden on small business through effective advocacy.

The following Outcome Measures will determine success in meeting this Objective:

- 1.1.1. By FY 2008, achieve a yearly regulatory cost savings that increases at a rate of 10 percent annually over a base amount of \$3.8 billion set in 2002, due to Advocacy interventions.
- 1.1.2. By FY 2008, ensure that 66 Federal agencies have in-house expertise on how to comply with the Regulatory Flexibility Act (RFA) and the Small Business Regulatory Enforcement Fairness Act of 1996.
- 1.1.3. By FY 2008, achieve a total of 50 states that have formally considered legislative or executive action to increase regulatory flexibility for small businesses.
- 1.1.4. By FY 2008, insert Advocacy data and reports into the curricula at 80 of the top 100 universities with major entrepreneurship programs.

Strategy:

These Outcomes are used because taken together they measure several key aspects of effective SBA advocacy in achieving reduced regulatory burdens placed on small businesses by the Federal government. The primary result desired is to achieve a significant reduction in the annual regulatory burden (measured in dollars) on small businesses, below what would otherwise have occurred without the intervention of the independent Office of Advocacy. Advocacy is charged with publicly presenting unbiased and unfiltered opinions of the small business community. SBA benefits from the

Advocacy's statutory independence which ensures that small business views are adequately voiced. Pursuant to Executive Order 13272, titled "Proper Consideration of Small Businesses in Agency Rulemaking", Advocacy will train Federal agencies that promulgate regulations affecting small businesses on how to comply with the RFA. Advocacy will also make efforts to convince a substantial number of state governments to adopt a similar sensitivity to the regulatory concerns of small businesses by enacting state regulatory flexibility policies, including model RFA legislation. All of these outcomes/efforts are consistent with the third item on the PSBA—reducing regulatory barriers.

Advocacy's research has always been a valuable source of small entity data. Historically, it has been a challenge to ensure that this data gets into the hands of policymakers and lawmakers so small business concerns are considered before burdensome laws are enacted. The research has little intrinsic value if it is not used to the greatest extent possible. The strategies for accomplishing Advocacy's research objectives are to engage in a publicity campaign and to seek nationwide news coverage concerning Advocacy research reports in order to expand the audience for small business data and statistics.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. Advocacy will continue working with OMB's Office of Information and Regulatory Affairs (OIRA) to ensure agency compliance with RFA and other laws requiring agencies to analyze the impact of the regulations on small business. On March 19, 2002, Advocacy signed a memorandum of understanding (MOU) with the OIRA at the OMB calling for increased coordination between OIRA and Advocacy and instructing the Director of OMB to work with Advocacy to strengthen the enforcement of the RFA. The MOU established protocols for sharing information on reducing regulatory burdens in agency rulemakings. In addition, Advocacy and OIRA established that OIRA may return a rule to an agency for further consideration if small entity impacts have not been adequately analyzed pursuant to the requirements of the RFA. This relationship has resulted in greater regulatory cost savings to small business and Advocacy will continue to nurture that relationship.
- b. Advocacy will also continue to publish guidance and train Federal agencies on how to improve compliance with RFA and E.O.13272.
- c. Advocacy will comment on proposed Federal regulations and policies that would impose unnecessary or disproportionate burdens on small businesses.
- d. Advocacy will continue to place greater emphasis on existing techniques that result in reduced regulatory burden for small businesses.
- e. Advocacy will continue to work with other agencies to improve the amount and quality of small business data needed for its economic research, as in the recent agreement with Census to include questions on veterans in the Survey of Business Owners and Self-Employed Persons. The new questions will allow Advocacy to improve its analysis of veteran ownership of small business.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. New and innovative approaches will be implemented to identify issues of greatest concern to small businesses. Instead of combing through *Federal Register* notices to identify important issues, Advocacy will rely more on information directly from small businesses and their representatives. Advocacy will host roundtables where issues can be raised by small entity stakeholders and where Federal agencies and Advocacy can hear the concerns expressed by small businesses. Regional Advocates will be encouraged to communicate small business priorities throughout the country back to Headquarters in Washington, DC. A Regulatory Alerts web page will be maintained, listing rules that may have an impact on small businesses. Small businesses will have an opportunity to review proposed Federal regulations and click on links that enable them to comment directly to Federal agencies.
- b. Advocacy will change the way its research is solicited and published. For instance, rather than identifying relevant topics for research in a relatively closed environment (within Advocacy), Advocacy will also rely on information obtained during the regional focus groups. By 2008, it plans to have conducted 32 (eight per year) regional research focus groups with academics and economists nationwide.
- c. A publicity campaign will be initiated to reach into university entrepreneurship programs and identify generations of economists interested in studying small business dynamics and the important role small businesses play in the American economy. It will involve establishing regional research focus groups to identify the most pressing topics that require research, and assessing the value of existing research. This will enable Advocacy to study local, state and Federal issues concerning small business.
- d. Rather than rely solely on limited releases to members of Congress or general press releases, Advocacy will engage in targeted releases and op-eds and interviews by its Regional Advocates in order to extend its reach nationwide. Research release strategies will be developed for each of its reports, tying the releases to highly publicized events (e.g., conferences, Federal Reserve meetings, etc.). By 2008, Advocacy plans to have data on small businesses from 100 percent of its published reports inserted in media reports (e.g., television interviews, op-eds, news articles, etc.) nationwide.
- e. In order to leverage its limited research dollars, Advocacy will engage in partnerships with other organizations (e.g., Kauffman Foundation) to conduct or share costs for research projects.
- f. Advocacy will leverage its staffing resources by engaging in Interagency Agreements to have skilled economists and/or lawyers detailed to Advocacy at no cost or shared cost.

Program Evaluations:

One program evaluation is planned:

- a. Satisfactory measures of this Outcome have been difficult to develop for determining the effectiveness of SBA's general advocacy on behalf of small business. The Agency believes that one valid approach might be to conduct periodic surveys with outside organizations that are knowledgeable about SBA's advocacy efforts and are able to offer objective, informed opinions as to the effectiveness of those efforts. For this reason, in FY 2006 SBA will contract for a feasibility study to determine whether such an approach would yield valid and meaningful assessments in this area and whether it could serve as a useful means of gauging improvements in performance. If determined to be worthwhile, the next step will be to develop and test a survey in FY 2007 based on guidance provided by the study as to specific methodologies that should be incorporated. If this test proves the approach to be useful, the survey will be implemented formally beginning in FY 2008 to set goals and measure results for SBA's agency-wide small business advocacy efforts.

Key External Factors:

In developing these Outcome Measures and their specific 5-year performance targets, SBA has made what it believes are reasonable assumptions about the circumstances that will exist during this period. However—

- a. Good rulemaking procedures tend to suffer during times of national emergency, when many regulations are promulgated on an expedited basis. For this reason, Advocacy's ability to influence health or safety regulations could be adversely impacted if there were circumstances of national emergency.
- b. There is a distinct possibility that future years' savings will trend downward if Federal regulatory agencies internalize processes that result in rules with less impact from the outset. While this would mean that Outcome Measure 1.1.1 is not met, it would be a positive development in that case, as it would mean that significant success in achieving the intent of Outcome Measure 1.1.2 has reduced the opportunity to meet the target for 1.1.1.

Long-term Objective 1.2. Ensure equity and fairness in the Federal regulatory enforcement process.

- 1.2.1** By FY 2008, ONO involvement shall result in an overall decrease of 10 percent in the annual number of Federal regulatory enforcement actions taken against small businesses and an increase of five percent in the number of enforcement actions in which the civil penalty is reduced or waived, from the FY 2004 targets as determined from a baseline to be established by H.R. 327, the Small Business Paperwork Relief Act of 2002 (SBPRA) which requires Federal agencies to report this information by December 31, 2003.
- 1.2.2** By FY 2008, the ONO shall achieve an annual customer satisfaction rating of 85 percent for complaint filers.

Strategy:

These Outcome Measures are used because they are a reasonable method to gauge the general effectiveness of ONO in minimizing unfair enforcement of regulations against small businesses by Federal agencies. This type of enforcement can include unnecessary and frequent audits or investigations, inconsistent fines, penalties and enforcement actions, and threats or retaliatory actions.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. The ONO will continue to inform small businesses of their right to comment about excessive Federal regulatory enforcement activities and to encourage their participation in improving the regulatory process. This will be measured by the number of Internet visits to the ONO website, the number of participants in regulatory enforcement fairness hearings and meetings around the country, the feedback received from the ten Regulatory Fairness Boards, and the number of small businesses reached through media, the Regulatory Fairness Boards, and other Ombudsman outreach activities.
- b. In acting as an impartial liaison between individual small businesses and Federal agencies, ONO will process and transmit to agencies small business comments that it receives regarding specific Federal regulatory enforcement actions, and will request a fair review of the concerns expressed and a prompt response.
- c. One of the challenges for ONO is that many small businesses are reluctant to comment on Federal regulatory actions for fear of retaliation by Federal agencies. ONO has therefore encouraged Federal agencies to adopt small business non-retaliation policies and will begin rating agencies on their efforts to adopt these policies in its annual report to Congress.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. SBPRA requires each Federal agency to designate a small business point of contact for compliance assistance. In partnership with OIRA, ONO will develop a format for accessing this information and making it readily available to small businesses.
- b. SBPRA also requires agencies to report to ONO data on the number of enforcement actions in which a civil penalty is assessed, in which a civil penalty is assessed against a small entity, in which a civil penalty is reduced or waived, and the total monetary amount of the reductions or waivers. ONO will begin using this information in FY 2004 to assess the level of compliance assistance provided to small businesses by Federal agencies. This will include rating Federal agencies on establishing baselines for measuring compliance assistance resources and regulatory enforcement actions.
- c. SBPRA mandates the ONO to hold public hearings on Federal regulatory actions. ONO will hold approximately 20 public hearings each year and rotate hearing

- sites, with at least one hearing in each of the 50 states and Puerto Rico between FY 2003-2008.
- d. ONO will hold two Federal interagency meetings per year to discuss enforcement and compliance issues and one national meeting with its ten Regulatory Fairness Boards.

Program Evaluations:

Evaluations relating to the development of additional outcome measures are planned as follows:

- a. The Office of the National Ombudsman plans to perform the necessary evaluations in order to develop measures for (1) money saved for small business owners due to a reduction in civil enforcement actions, (2) time saved for small business owners due to compliance assistance by the single points of contract for SBPRA, (3) improved responsiveness of Federal agencies to small business owners, and (4) the percentage of small businesses' comments resolved due to ONO involvement with Federal agencies.

Key External Factors:

No significant external factors have been identified that, if they occurred, would adversely affect the ability of SBA to achieve these Outcomes.

Long-term Objective 1.3. Minimize the taxation burden on small business through effective advocacy.

The following Outcome Measure will determine success in meeting this Objective:

- 1.3.1** By FY 2008, develop legislation for the Administration that is introduced in Congress and that, if enacted, would result in a tax savings to small businesses.

Strategy:

This Outcome is used because it is consistent with the first item of the PSBA, to provide tax incentives for job-creating investments. Tax reduction legislation can also make a strong contribution to improving the overall business environment for small enterprises. While actual enactment of this type of legislation is beyond the jurisdiction of SBA, the effectiveness of the Agency's advocacy in this area can be judged by whether the positive impact of tax proposals on small business is widely understood.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. SBA will demonstrably support the repeal of the death tax and promote the reduction and simplification of taxes that affect small businesses. This advocacy

will consist of legislative testimony, speeches, editorials, research material, interagency correspondence and similar vehicles.

- b. SBA will ensure that small business views on tax policy and legislation, conveyed by Advocacy, are considered within the Administration.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. SBA will develop a new legislative proposal that provides tax incentives for significant job-creating investments by small businesses including economic research that identifies the most cost-effective approaches to stimulating sufficient investments of this type.
- b. SBA will coordinate its legislative proposal efforts on this issue with both OMB and the Department of Treasury (Treasury) to ensure that the legislation is consistent with Administration policy.

Program Evaluations:

No program evaluations were used in developing this part of the Strategic Plan and none are planned that directly relate to it.

Key External Factors:

Because this Outcome Measure is derived in part from the PSBA, there is the possibility that its achievement could be adversely affected by a change in small business policy by the Administration.

Long-term Objective 1.4. Minimize the health care cost burden on small business through effective advocacy.

The following Outcome Measure will determine success in meeting this Objective:

- 1.4.1** By FY 2008, develop legislation for the Administration that is introduced in Congress and that, if enacted, would result in health care cost savings to small businesses.

Strategy:

This Outcome is used because it is consistent with the second item of the PSBA, which addresses giving small business owners greater ability to provide health care for their employees.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. SBA will demonstrably support legislation that creates association health care plans, strengthens medical savings accounts and provides further tax benefits for

health care purposes. This advocacy will consist of legislative testimony, speeches, editorials, research material, interagency correspondence and similar vehicles.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. SBA will coordinate its legislative proposal efforts on this issue with OMB, the Department of Health and Human Services and Treasury to ensure that the legislation is consistent with Administration policy.

Program Evaluations:

No program evaluations were used in developing this part of the Strategic Plan and none are planned that directly relate to it.

Key External Factors:

Because this Outcome Measure is derived in part from the PSBA, there is the possibility that its achievement could be adversely affected by a change in small business policy by the Administration.

Long-term Objective 1.5. Simplify the interaction between small businesses and the Federal government through the use of the Internet and information technology.

The following Outcome Measure will determine success in meeting this Objective:

- 1.5.1** By FY 2008, achieve an annual savings for businesses of at least \$56 million through the creation, operation and maintenance of the Business Gateway, a “one-stop” interagency, intergovernmental Web portal for all government-to-business (G2B) transactions.
- 1.5.2** By FY 2008, achieve an annual savings of \$16 billion from reducing the unnecessary paperwork burden on small businesses, from an FY 2002 baseline of \$160 billion in annual costs.
- 1.5.3** By FY 2008, achieve an annual savings of \$358 million through the deployment of electronic tools to facilitate compliance with government laws and regulations, and the online integration of Federal and state government transactions which require the same data.

Strategy:

These Outcomes are used because they support the fifth item of the PSBA, to provide small businesses the information they need to succeed.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. SBA is implementing Phase I of the Business Gateway, which has among its primary objectives the reduction of the paperwork burden on small businesses, and the creation of a single portal for all G2B transactions to facilitate the interaction between businesses and the government.
- b. SBA is redesigning its agency website, sba.gov, to present and consolidate SBA information and services for easier access.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. SBA will reengineer the way it manages information to harmonize and streamline information collection and the dissemination of services to the small business community.
- b. SBA will consolidate its multiple Web offerings into a single portal, creating the baseline for the Business Gateway.

Program Evaluations:

No program evaluations were used in developing this part of the Strategic Plan and none are planned that directly relate to it.

Key External Factors:

The major external factor that could adversely affect SBA's ability to achieve these outcomes would be insufficient compliance by the IRS with the Government Paperwork Elimination Act by FY 2006 because IRS forms comprise 88 percent of the overall regulatory burden on small businesses.

Long-term Objective 1.6. Increase the opportunities for small businesses to receive open and fair access to Federal contracts.

The following Outcome Measure will determine success in meeting this Objective:

- 2.1.1** Each year, Federal agencies meet the government-wide goal of awarding 23 percent of government contracts to small businesses.

Strategy:

This Outcome is used because it supports the fourth item of the PSBA, to ensure full and open competition to government contracts for small businesses. The Federal government annually buys over \$200 billion in goods and services, and has a statutory goal of awarding at least 23 percent of its purchases to small businesses. As part of this effort,

SBA assists agencies by negotiating agency-specific procurement goals, monitoring performance and encouraging the use of small business sources.

Agencies in the 1990's increasingly grouped separate, and often unrelated, purchasing activities under a single contract. Effectively, this limited small businesses participation in the bidding process. As part of the Administration's agenda to assist small businesses, OMB assembled an interagency working group tasked with developing a strategy to "unbundle" Federal contracts to the maximum extent practicable, which may help the government reach its 23-percent goal. The group proposed the following recommendations: 1) ensure timely and accurate reporting of contract bundling information through the President's Management Council; 2) require contract bundling reviews for task and delivery orders under multiple award contract vehicles; 3) require SBA and agency Offices of Small and Disadvantaged Business Utilization to review proposed acquisitions above certain individual agency-specific thresholds (between \$2 million and \$7 million); and 4) require identification of alternative acquisition strategies for the proposed bundling of contracts above certain individual agency-specific thresholds and written justification when alternatives involving less bundling are not used.

Continuing Efforts:

- a. SBA will increase its participation in the development of individual agency acquisition strategies, to help the government meet their individual small business contracting goals.
- b. SBA will continue to work with other agencies to eliminate unnecessary contract bundling and mitigate the effect of necessary and justified contract bundling as outlined in OMB's report to the President on "Contract Bundling: A Strategy for Increasing Federal Contracting Opportunities for Small Businesses."
- c. Increase small business revenue through Federal Contracts by working with agencies to award in excess of \$50 billion in prime contracts.
- d. SBA will make it easier for Federal agencies to meet their small business prime and sub-contracting goals by continuing to co-sponsor a series of matchmaking events in partnership w/ Hewlett-Packard. These events will be conducted across the country, matching the technical capabilities of small businesses with the needs of Federal, state and local government agencies and prime contractors.

New Initiatives:

- a. SBA will expand the use of electronic tools to process applications, conduct program reviews and facilitate other business processes related to a determination of eligibility under procurement preference programs. These tools will enable the Agency to maintain a sufficiently large pool of vendors so that agencies are better able to achieve their contracting goals and to assist in ensuring procurement preference programs are used solely by eligible firms.
- b. SBA plans to work in collaboration with the Defense Acquisition University to provide training courses to the Federal procurement workforce.

- c. The Agency is also working with the Federal Acquisition Institute to develop online training courses for its small business programs that can be used by contracting officials and small businesses.
- d. SBA will increase access to its programs and Federal procurement opportunities by streamlining application processes, simplifying its formulation of small business size standards, advocating standardized procurement procedures and promoting single point of vendor registration to do business with the government.

Program Evaluations:

No program evaluations were used in developing this part of the Strategic Plan and none are planned that directly relate to it.

Key External Factors:

No significant external factors have been identified that, if they occurred, would adversely affect the ability of SBA to achieve these Outcomes.

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

This Strategic Goal is intended to benefit those small businesses that deal directly with SBA and its established network of resource partners: lenders, Small Business Investment Companies (SBIC), the Service Corps of Retired Executives (SCORE), Small Business Development Centers (SBDC) and Women's Business Centers (WBC). The SBA empowers individual entrepreneurs to take advantage of the opportunities the market offers by providing knowledge, skills and technical assistance, access to loans and equity, and procurement opportunities either directly or through its partners. While SBA programs benefit all entrepreneurs seeking its assistance, the Agency places particular emphasis on the preservation or establishment of small business concerns located in urban or rural areas with high proportions of unemployed or low-income individuals or owned by low-income individuals, and other groups that own and control little productive capital because they have limited opportunities for small business ownership.

Long-term Objective 2.1. Increase the positive impact of SBA assistance upon the number and success of small business start-ups.

The following Outcome Measures will determine success in meeting this Objective:

- 2.1.1** By FY 2008, increase to 1,170,406 the number of prospective and existing small businesses assisted by SBA, from an FY 2002 baseline of 979,810.

- 2.1.2** By FY 2008, increase to 76 percent the percentage of prospective and start-ups from among those small businesses assisted by SBA, from an FY 2002 baseline of 70 percent.
- 2.1.3** By CY 2008, the percentage of successful business start-ups lasting at least one year that were assisted by SBA will exceed the national average for successful start-ups as measured by:
- Change in firm births 0.9 percent with respect to the previous year.
 - Change in firm terminations 2.9 percent with respect to the previous year.
 - Change in proprietor's income 4.0 percent with respect the previous year.
- 2.1.4** By FY 2008, achieve a median customer satisfaction rating of at least 90 percent.

Strategy:

These outcomes are used because they clearly demonstrate the value of SBA's financial, educational, counseling and training programs in increasing the capability of entrepreneurs to become a start-up business and the capacity of those start-ups to survive better than the national average. Also, how customers view the service they receive impacts their decision to go into business or, if already in business, make management changes and decisions which will help their companies grow. The confidence the client has in the counselor impacts the credibility of the counseling being offered. Taking an annual reading of customer confidence is essential to SBA's ability to offer relevant and useful programs and services. SBA believes that customer satisfaction ratings above 90 percent are key measures of whether it is offering programs with sufficient credibility to impact clients.

Studies conducted by both the National Federation of Independent Businesses (NFIB) Foundation and the Kauffman Foundation's National Commission on Entrepreneurship both concluded that every year ten million entrepreneurs contemplate starting a new business. Of those ten million, only two million actually start a business. Of those two million, approximately 80 percent of new starts are proprietorships with limited financial resources, incapable of paying for the kind of management and technical assistance they need to succeed, according to the Bureau of the Census and the IRS.

Dun & Bradstreet (D&B) reports a staggering 80 percent business discontinuance rate for business start-ups. D&B's studies have concluded that almost 90 percent of the business discontinuances are due to lack of management expertise and knowledge. With SBA assistance, entrepreneurs and start-up businesses have a better chance of survival than those in this national average which justifies the use of survival rate as a measurement of the programs.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

Technical Assistance

- a. To allow for greater outreach expansion of SBA's entrepreneurial development programs, the Office of Entrepreneurial Development (ED) will continue to expand its E-Business Institute (EBI), an Internet-based learning portal operating like a virtual university – offering online courses, workshops, seminars, information resources, learning tools and direct access to electronic counseling, community learning environments and other forms of technical assistance. Specific goals include:
 - A 10 percent increase in students in years FY 2003-2005, a five percent increase in students in years FY 2006 and FY 2007 (increasing from approximately 240,000 students in FY 2002 to 350,000 students in FY 2007).
 - Providing a minimum of 15 new courses and/or learning tools each year, FY 2003-2007.
- b. Increasing SBA's ability to obtain client data is the key to developing or changing ongoing program policy to make it more effective and customer-centric. To that end, ED will continue to improve integration of management and technical assistance programs in SBA through continued development and improvements to the Entrepreneurial Development Management Information System (EDMIS). The system will be completed by FY 2005, with additional refinements continuing in FY 2006 and 2007.
- c. To evaluate customer effectiveness, ED will continue to conduct annual customer satisfaction surveys in all ED program areas and increase program cost effectiveness by achieving a reduction in program unit costs, particularly in the Business Information Center (BIC), SCORE and SBDC programs.
- d. By FY 2008, ED programs will increase to 1,146,332 the number of entrepreneurs assisted by SBA, from an FY 2002 baseline of 963,176. This represents a three percent increase annually in all ED program areas with specific targets by program are as follows:
 - SCORE. By FY 2008, increase to 458,125 the number of entrepreneurs assisted by SBA, from an FY 2002 baseline of 365,443.
 - SBDC. By FY 2008, increase to 448,489 the number of entrepreneurs assisted by SBA, from an FY 2002 baseline of 397,366.
 - WBC. By FY 2008, increase to 82,113 the number of entrepreneurs assisted by SBA, from an FY 2002 baseline of 68,598.
 - BIC. By FY 2008, increase to 157,605 the number of entrepreneurs assisted by SBA, from an FY 2002 baseline of 131,769.

Financial Assistance

- a. SBA continues to support the Microloan program because it reaches fledgling entrepreneurs who need both access to capital and technical/training in order to be successful.
- b. By FY 2008, SBA's finance programs will assist in creating and retaining 2,840,000 jobs.
- c. Through its financial assistance programs, the SBA will aid 80,000 start-up firms in the next five years.

- d. Explore opportunities to broaden access to capital by expanding collaboration with private sector entities to increase funding sources available to small businesses.
- e. Expand the Agency's participation with lending partners that can assist in serving the greatest number of communities including credit unions and community banks.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. A stronger linkage will be created between SBA loan programs and the counseling programs, effectively intertwining both efforts, so that those entrepreneurs receiving loans are aware of all of the services available

Technical Assistance

- a. To allow for greater expansion and consolidation of SBA outreach efforts, the Office of Strategic Alliances (OSA) will develop and coordinate strategic alliances with national and local private sector organizations interested in the dynamics and economic benefits of entrepreneurship to work with SBA to develop products and programs for the start-up market.
- b. OSA, through alliances, partnerships and co-sponsorship events will increase training opportunities for small businesses by ten percent through SBA resource partners (SCORE, SBDC and WBC) and co-sponsored events.
- c. Several of the initiatives described in Objective 2.2 will also contribute to the success of start-ups, including expanded use of electronic counseling.
- d. Because access to information, skills and knowledge are critical components for small business success, SBA is transforming the way it works by using technology to offer effective business solutions. The SBA and its resource partners are increasing the use of electronic counseling, training and technical assistance for small business owners and are seeking innovative partnerships to reach small businesses in their communities. Specific e-counseling targets have been set for ED program areas for online counseling so that by FY 2008, a minimum of 15 percent, approximately 225,000 of ED counseling cases (, start-up and existing firms) are handled online.
- e. As part of increased outreach to entrepreneurs, ED will target and collect data on the number of "information contacts" where assistance is rendered. This data will enable the agency to measure the scope of its outreach to the community and in many respects is a method of performing localized needs assessment. The private sector is largely unable to serve this market because entrepreneurs and business start-ups are not profit centers and because this sector of the market does not have the expendable capital to purchase consulting services.

Program Evaluations:

ED has developed an Impact Study survey instrument (currently under review by OMB) which will be used to obtain programmatic and financial data from clients using ED services. This information will assist SBA in its ability to review and evaluate programs

and make recommendations for program revision. It will also enable SBA to have greater insight into the nature of the clients it serves and the type of impact its programs have.

Key External Factors:

No significant external factors have been identified that, if they occurred, would adversely affect the ability of SBA to achieve these Outcomes.

Long-term Objective 2.2. Maximize the sustainability and growth of existing small businesses assisted by SBA.

The following Outcome Measures will determine success in meeting this Objective:

- 2.2.1 By FY 2008, increase to 530,349 the number of existing small businesses that receive SBA assistance, from an FY 2002 baseline of 403,009.
- 2.2.2 By FY 2008, for those SBA-assisted small businesses in existence for 1-3 years, exceed the national average for survivability of firms within that same time frame.
- 2.2.3 By FY 2008, for SBA-assisted small businesses, exceed the national average rate for job creation by small firms.
- 2.2.4 By FY 2008, for SBA-assisted small businesses, exceed the national average rate for revenue growth by small firms.
- 2.2.5 By FY 2008, achieve a median customer satisfaction rating of at least 90 percent.

Strategy:

As firms begin to grow they face new challenges. The transition from a very small business with a few employees who are personally supervised by the owner to sophisticated operations with dozens of workers is often a very difficult transition. While almost two-thirds of ED clients are in the pre-venture or start-up category, the focus on providing assistance to the remaining third is critical. Current studies demonstrate that companies who seek management and technical assistance during “growth stages” increase their likelihood of business sustainability. One gauge then of the value of SBA assistance is to compare SBA-assisted companies to the performance of the national average, in terms of survivability rates, job creation and revenue growth.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

Technical Assistance

- a. SBA's non-credit and technical assistance programs will continue to focus on job creation. To determine success, a methodology will be developed to measure annually the impact of its programs at the local level. This evaluation will be accomplished through outsourcing.
- b. The Office of International Trade (OIT) will continue to increase its participation in multilateral initiatives and international organizations representing the interest of small business in the global marketplace. It engages in intensive outreach to U.S. small businesses regarding promotion and preparation of their participation in international trade, especially as it relates to trade liberalization efforts and the growing number of U.S. Free Trade Agreements.
- c. By FY 2008, ED will increase to 418,610 the number of existing small businesses that receive SBA assistance through ED programs, from an FY 2002 baseline of 360,402. Program breakout is as follows:
 - SBDC. By FY 2008, will increase to 286,738 the number of existing small businesses that receive SBA assistance, from an FY 2002 baseline of 254,054.
 - WBC. By FY 2008, will increase to 20,528 the number of existing small businesses that receive SBA assistance, from an FY 2002 baseline of 17,149.
 - BIC. By FY 2008, will increase to 17,511 the number of existing small businesses that receive SBA assistance, from an FY 2002 baseline of 14,641.
 - SCORE. By FY 2008, will increase to 93,833 the number of existing small businesses that receive SBA assistance, from an FY 2002 baseline of 74,849.

Financial Assistance

- a. SBA will assist small businesses in obtaining the loans necessary for growth by continuing to be a gap lender, providing loan guarantees to a group of borrowers who would not qualify for un-guaranteed financing. The 7(a) loan program requires SBA's lending partners to certify that the applicant was unable to qualify for loans elsewhere on reasonable terms. The 504 program, which has a statutorily mandated job creation component, fills another lending gap by providing long term, fixed rate financing for major assets such as real estate and heavy equipment.
- b. By FY 2008, SBG will improve customer service and increase outreach to provide approximately 40,000 additional bond guarantees to new and expanding small businesses.
- c. SBA will increase the number of small businesses receiving long term fixed asset financing, by expanding the 504 program's overall lending level by 10 percent each year to a total volume of 8,784 loans a year by 2008, dramatically increasing the number of jobs created and retained.
- d. The Agency is working to streamline processes in order to reduce the cost to lenders for originating SBA loans, thus encouraging them to increase the number of such loans that they make. The SBA Express Program is accomplishing this in

- a way that lowers the cost to the Federal government (based on the 50 percent loan guaranty versus the traditional 75 percent-85 percent guaranty).
- e. SBA is also conducting a business process re-engineering (BPR) study to evaluate the entire loan making process for the 504 program. The consultant is looking at reducing the number of unnecessary or repetitive tasks, streamlining the process, and finding where the Agency can reduce its interactions with the lenders, without increasing the government's risk.
 - f. The systems/mechanisms that commercial Federal credit lending partners currently use to meet Federal reporting requirements during the loan lifecycles vary from agency to agency and program to program. Because better coordination in this area provides an opportunity to streamline reporting systems and reduce costs to lenders, SBA is leading an interagency B2G workgroup to develop best practice recommendations on the technologies, systems and processes for lenders to use in transmitting data/reports to Federal agencies. The B2G group is also working to identify specific opportunities for interagency resource sharing and B2G reporting synergies, such as streamlining data-reports, isolating reporting inefficiencies, developing common data definitions and providing a more uniform interface for conducting business with the government. In FY 2004, the workgroup will conduct a pilot test with lending partners on these best practices, and in FY 2005 the working group plans to expand the implementation further.
 - g. The Investment Division has strengthened the SBIC licensing criteria and will maintain a fair, consistent level of licensing only those teams with above-average track records of venture investing. A more robust risk assessment model has been developed and continued improvements will be made to this system to encourage best fund management practices and to enhance SBA's early warning system to identify problem funds.
 - h. A team-oriented approach to SBIC licensing has been introduced by the Investment Division, following creation of a new portfolio risk assessment and valuation branch and reorganization of the Office of SBIC Operations. The design and use of a new, more customer friendly and interactive website is underway.
 - i. The Investment Division has developed a first-ever set of financial statements for the SBIC program and is developing better benchmarks to demonstrate how the program compares with the traditional venture industry. It will continue to build on this work in the years ahead and has a manageable system already in place for updating and enhancing data analysis and presentation.
 - j. By FY 2008, 175 new licenses will be issued to privately-owned and operated investment companies as sources of equity capital and long-term debt financing to new or expanding small businesses.

Contracting Assistance

- a. Through the Prime and Subcontracting Programs, SBA's Government Contracting (GC) Field Staff will continue to work with Federal agencies and Federal prime contractors to increase procurement opportunities for small businesses.

- b. SBA will continue to conduct nationwide Matchmaking events to match the capabilities of small businesses with the needs of Federal agencies, state and local governments and prime contractors.
- c. The Agency is working to increase Surety Bond Guarantee (SBG) Program size standards to coincide with inflation and the recent increase in the eligible size contract for the program. As a result, additional small businesses will become eligible for surety bond credit assistance they need to bid and negotiate on contracts in the public and private sector.
- d. SBA is proposing legislation to make the Preferred Surety Bond (PSB) Guarantee Program (a pilot program since 1998) permanent since sureties participating in this program must submit contractor graduation plans to ensure that small contractors remain viable and grow.
- e. SBA is working with the Integrated Acquisition Environment (IAE) team as part of the Administration's E-government initiative to leverage existing technologies. For example, consideration is being given to either enhancing the Department of Energy Subcontracting System or procuring a new system to automate the subcontracting requirements. SBA is also working with the IAE to develop the online screening process for Procurement Center Representatives (PCR) to receive planned procurement during the acquisition planning process. The Subcontracting System will provide more accurate and complete subcontracting information to allow SBA to measure small business participation at lower tiers. The online screening process will allow SBA to receive notification of planned procurements and become involved early in the acquisition planning process where SBA can influence the procurement strategy on behalf of small business.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

Technical Assistance

- a. Beginning in FY 2004 (3rd Qtr), ED will initiate electronic collection of data relating to company survivability, job creation and revenue growth for its clients, among other statistics. Although the SBDC program has been able to produce data for these categories in prior years, most of the other ED programs have not. This data collection will be part of the EDMIS system.
 - SBDC. By FY 2008, will increase to 140,100 the number of jobs created from a baseline of 132,000 in FY 2002.
- b. SCORE will assist clients at every level of entrepreneurial growth utilizing both online and face-to-face mentors and counselors. SCORE will provide training in controlled expansion, long term sustainability and succession planning.
- c. By FY 2008, the WBC network will assist 400 clients annually in obtaining SBA guaranteed loans, up from assisting 150 clients in FY 2002.
- d. SBA will increase the number and quality of online learning programs designed to assist growing businesses, especially to those expanding into new markets by expanding the development of the E-Business Institute to capture, aggregate, sort and deliver electronic training programs from a variety of private and public, internal and external sources to a much greater universe of small business clients.

- e. ED and OSA will expand and improve SBA's efforts to reach a larger proportion of the 23 million small businesses by engaging in more outreach activities, including public/private sector collaborative ventures and hosting roundtables in small business communities to gather their input, understand their needs and offer unique assistance.
- f. Beginning with the SBDC program, ED is developing an online needs assessment capability which will be used by local resource partners to obtain information regarding local market and client needs. This information will be extremely useful in developing program recommendations and changes and annualized local business plans for SBA district offices and resource partners.
- g. OIT will work closely with TPCC partners to develop intensive cross-training programs on the variety and breadth of government products and services available to small businesses that promote international trade opportunities.
- h. An online export training program (E-TAP) will be developed to allow 24/7 access to training for entrepreneurs and small businesses interested in selling products or services overseas.
- i. OIT will be spearheading the creation and coordination of an SME Congress of the Americas, a hemispheric network of public and private small business support providers to stimulate small business trade, especially as it relates to support of and active participation in the anticipated Free Trade Area of the Americas.
- j. OSA will coordinate focused outreach by working with other SBA program offices internally and externally developing strategic alliances with private and public sector entities, trade associations and other entities in the small business market.

Financial Assistance

- a. The 504 Program will increase competition within the state and encourage more loan activity, because of recent changes in the program that now provide for a state-wide area of operations for Certified Development Companies.
- b. SBA is proposing changes to the micro-lending program that will allow the Agency to direct loan dollars and technical assistance dollars to where they can be most effective. SBA will work to redefine the qualifications for the program to allow a greater number of micro-intermediaries to participate in the program without reducing the experience required to be a lender.
- c. The SBG program which serves as a gap surety bond credit provider is proposing regulatory and legislative changes to widen bond guarantee coverage for specific types of contracts and bonds previously ineligible for the guarantee. If enacted, the legislation will enable SBA to assist more small businesses.
- d. SBA will encourage greater surety company participation in the SBG program through streamlined application and claims processing using a new web-based system. This program enhancement will increase the bonding resources available to small businesses in the SBG program and improve program delivery.
- e. Under the E-tran program that is currently under development, Preferred and Express Lenders will be able to use an electronic application to request loan approvals, rather than having to use the existing process of faxing applications for approval. There are currently nine lenders in the E-tran pilot who were

- responsible for over 80 percent of the SBA Express volume in 2002, and SBA will focus first on successfully migrating these lenders to one of our electronic processing methods (either web processing or direct file transfer) in order to yield the maximum amount of such loans processed electronically in the short span of time.
- f. A government-wide web portal for E-loans will be created that will enable small businesses to apply for assistance with only one application.
 - g. The Investment Division is considering a competitive source contract for the SBIC examination office. It has already contracted out for the non-leveraged SBIC examinations and the contract performance is exceeding expectations.
 - h. The Investment Division is considering options for dealing with the increasing long-term oversight burden of reviewing the portfolios of 435 SBICs, and the options may include a significant restructuring of the SBIC program.
 - i. Staff skills and retention remain a critical issue for the SBIC program. Because of the competing opportunities in the private sector that generally offer higher compensation and greater rewards and advancement, it is unlikely that better human capital planning alone will solve the needs of the Investment Division. For this reason, the Investment Division will be looking at options to reduce the oversight burden, thereby enabling SBA to recruit from a larger employment pool of primarily regulatory compliance officers rather than private equity-type analysts.
 - j. In the past, lender oversight and portfolio monitoring activities of the Office of Lender Oversight (OLO) have had limited access to industry credit risk management tools and practices and has been conducted in a labor intensive manner that has resulted in reactive oversight rather than proactive oversight. In April 2003, SBA executed a contract with D&B and Fair Isaac to provide the Agency with loan and lender monitoring services. This contract includes quarterly scoring of both the 7(a) and 504 loan portfolio along with analysis of the trends identified in the loan portfolios. The data is being made available to SBA through D&B's proprietary web-based software. These services will provide SBA with the ability to monitor an individual lender's risk profile on an electronic basis including an early warning system allowing SBA to anticipate changes in a lender's risk profile. With D&B's delivery of the data and approach, SBA will develop an implementation strategy and plan for comprehensive oversight that will completely replace OLO's current loan and lender monitoring activities. We will be able to better monitor the results of our partners' implementation of these lending programs, have a more accurate and timely assessment of the risks in our loan portfolios, and will be positioned to take appropriate oversight action in a more timely fashion.
 - k. OLO has redesigned its lender review practices. Prior lender reviews were compliance oriented and applied to all lenders regardless of the level of SBA lending activity a given lender may undertake. Risk-based reviews of lenders will replace the current system which has been in place for the past five years. The loan and lender monitoring systems will allow SBA to identify those lenders representing the highest level of risk to SBA. The Agency can then conduct risk based lender reviews selectively, focusing its staff resources on those lenders with

the highest risk and targeting the reviews in those areas where concerns are identified.

- l. OLO resources will be significantly redeployed as the new initiatives are implemented. Staff resources currently devoted to obtaining, consolidating and cleansing data will be reoriented to direct supervision and oversight of SBA's lenders. More time will be spent analyzing information and making policy/lender oversight determinations and considerably less time chasing data. OLO's organization will be restructured to reflect the new operating model and to integrate the new data and information management tools available for lender oversight and portfolio monitoring purposes. At the same time, the risk based reviews will significantly change the way staff resources are utilized for lender reviews. Instead of conducting over 375 compliance reviews of each PLP lender on an annual basis, lender review staff will conduct fewer, more intensive risk based lender reviews of those delegated lenders where SBA has significant exposure on both a dollar and credit risk basis. This will allow OLO to maximize its resources.
- m. OIT will integrate SBA and Export-Import Bank working capital programs in order to rationalize resources for small business export finance. The export loan application process will be streamlined, such as thru online applications, to integrate more effectively with Agency loan processes.

Contracting Assistance

- a. Improvements will be sought in Historically Underutilized Business Zones (HUBZone) compliance program by adding program examination, recertification, and reporting functionalities to the existing HUBZone application processing system.
- b. The award of Federal requirements to HUBZone firms will be increased through development of an electronic process for researching and reviewing procurement and sources sought opportunities posted to FEDBIZOPPS to identify requirements appropriate for HUBZone set-aside, reporting such opportunities, and generating advisory letters to affected acquisition agencies.
- c. Expanded use will be made of electronic counseling.
- d. Government Contracting and Business Development (GCBD) will promote procurement opportunities through nationwide matchmaking events and getting top level commitment from Federal agencies to achieve their small business goals.
- e. By working with agencies to award in excess of \$50 billion in prime contracts to small businesses (which supports 375,000 jobs), revenue generated through Federal contracts will be increased for these businesses.
- f. A flexible online customer satisfaction survey will be implemented in order to provide input to the ONO and improve efficiencies, output and outcomes.
- g. The management of the GC Field Staff will be realigned with the SBA Regional Structure, which will allow Headquarters staff to focus on policy development, program oversight, outreach and training, and the Field Staff to work with agencies as advocates for small businesses Field Staff will be better utilized by changing their job functions to be "Acquisition Specialist," with the ability to provide assistance to businesses on any of the SBA programs rather than

- specializing in one area. These efforts will require the support of the Human Capital Office, particularly to develop the job functions and training programs in Federal procurement.
- h. An online screening process (electronic PCRs) will be developed that will allow agencies to submit planned procurements to GC Field Staff for small business participation during the acquisition planning process.
 - i. GC functions such as marketing and outreach, administrative support, compliance, policy development, and economic research will be outsourced.

Program Evaluations:

The following action will be taken that will enable more accurate and useful program evaluations in the future:

ED has developed an impact survey (currently under review by OMB) which enables SBA to more effectively look at program impact, including but not limited to client job creation and revenues. This will assist in assessing program effectiveness, in meeting OMB's Program Assessment Rating Tool (PART) evaluations and the President's Management Agenda (PMA) objective of budgeting for performance.

Key External Factors:

No significant external factors have been identified that, if they occurred, would adversely affect the ability of SBA to achieve these Outcomes.

Long-term Objective 2.3. Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

The following Outcome Measures will determine success in meeting this Objective:

- 2.3.1** By FY 2008, increase to 912,284 the number of prospective and existing small businesses facing special competitive opportunity challenges that receive SBA assistance, from an FY 2002 baseline of 861,058.
- 2.3.2** By FY 2008, for small businesses facing special competitive opportunity gaps that were assisted by SBA, exceed the national survivability rate for comparable small businesses within the first 2 years of existence.
- 2.3.3** By FY 2008, for small businesses facing special competitive opportunity gaps that were assisted by SBA, exceed the national average rate of comparable small business job creation within 2 years of that assistance.

- 2.3.4** By FY 2008, for small businesses facing special competitive opportunity gaps that were assisted by SBA, exceed the national average rate of comparable small business revenue growth within 2 years of that assistance.

Strategy:

Perhaps SBA's most challenging mission is to reach those sectors of the population currently underserved by its programs including ever growing ethnic populations, women, veterans, and both urban and rural businesses. While online solutions may enhance our outreach capabilities, those with limited access to technology, particularly those on the lower ends of the economic scale, will need to receive a special focus to be reached. This translates into special focus programs.

To better narrow the opportunity gap, SBA programs will streamline its programs through the use of technology and client-driven, Internet-based communications. A complete transformation in the way the program conducts business is expected over the next 5 years. Many decisions will be made at the Agency field office level, instead of being routed to SBA headquarters. For example, annual analysis of 8(a) Program participants' eligibility will be handled in the centralized processing centers.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. Outreach to emerging small business markets that face competitive opportunity gaps will be conducted, including outreach to underserved communities.
- b. By FY 2008, 15 percent of client counseling from ED programs will be done online, making information available to all citizens in both rural and urban settings.
- c. Information and business management technical assistance will continue to be specifically designed for Native American entrepreneurs.
- d. The E-Business Institute will have over 100 courses available by FY 2008 and ED will continue its increased focus on Native American populations to increase its capability of reaching those interested in starting a business or managing and growing an existing one.
- e. Work will continue with Historically Black Colleges and Universities (HBCU) to provide SBA services, including increasing their participation in such ED programs as the SBDC and the WBC network.
- f. Through increased outreach efforts, including alternate language training and counseling by the WBCs and SBA District Offices, SBA will increase the number of women, minorities and veterans serviced in the WBC program beginning with a baseline in FY 2002 of approximately 85,700 clients and increasing to approximately 99,000 clients in FY 2007. WBCs will also expand the reach of their services by offering counseling and training online and will increase the number of Women's Network for Entrepreneurial Training (WNET) roundtables by three percent each year for the next five years, beginning with 180 in FY 2002.

- g. The contracting out of administrative support services and case analysts for the HUBZone and SDB Programs has begun.
- h. The SBA is working with state and local economic development organizations to encourage small businesses located in distressed areas to seek designation as “qualified HUBZone small business concerns,” thereby securing access to opportunities under HUBZone contracting preferences.
- i. The Agency is encouraging development of state and local initiatives emulating the HUBZone Program, to further stimulate job growth, capital formation, and economic development in targeted communities.
- j. The SBA is working with resource partners, through co-sponsorships, memorandum of understanding and alliances, such as Procurement Technical Assistance Centers, SBDCs, chambers of commerce, and trade and professional associations to train small business owners in how to participate in the Federal marketplace, and how to pursue opportunities under the HUBZone program.
- k. By FY 2008, the finance programs will provide assist in providing 50,000 loans to underutilized markets.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. Efforts will be made to achieve greater awareness of ONO services relating to the right to fair regulatory enforcement among these emerging markets.
- b. The SBG program will work through participating sureties to increase outreach efforts to underutilized markets, and increasing the number of SBA-guarantee bonds provided on behalf of such firms, giving them greater access to contracting opportunities.
- c. SBA will make changes to the 7(a) and 504 loan programs that will encourage lenders to make more loans to these emerging business markets. By removing needless interaction with SBA, and reducing the overall cost of originating loans, the banks will also be able to make smaller loans while still making a profit.
- d. The SCORE program will expand multi-language learning capability by providing information and material resources in languages other than English, beginning with Spanish.
- e. To improve sustainability of WBCs beyond the grant program, SBA will begin providing capacity building training for WBCs.
- f. Beginning with implementation in the SBDC program, conduct annual needs assessment surveys through electronic and other means, to continually ascertain local needs and provide more eligible small businesses with access to the full range of ED programs and services.
- g. Because of the Agency-wide effort to migrate from manual, paper-driven certification processes to an Internet-based electronic vehicle, field staff will no longer have to spend time populating data bases and carrying out cumbersome compliance efforts. Instead, they will be able to spend more time marketing Agency services, finding procurement opportunities and helping clients develop their business.

- h. New skills will be needed to deal with electronic submissions and ongoing training will need to be available with respect to program requirements and specific aspects of Federal government procurement.
- i. Improvements will be sought in the HUBZone compliance program by adding program examination, recertification, protests and appeals, decertification and enhanced reporting functionalities to the existing HUBZone application processing system.
- j. The award of Federal requirements to HUBZone firms will be increased through development of an electronic process for researching and reviewing procurement and sources sought opportunities posted to FEDBIZOPPS to identify requirements appropriate for HUBZone set-aside, reporting such opportunities and generating advisory letters to affected acquisition agencies.

Program Evaluations:

The following action will be taken that will enable more accurate and useful program evaluations in the future:

ED has developed an impact survey (currently under review by OMB) which enables SBA to more effectively look at program impact, including but not limited to client job creation and revenues. This will assist in assessing program effectiveness, in meeting OMB's PART evaluations and the PMA objective of budgeting for performance.

Key External Factors:

No significant external factors have been identified that, if they occurred, would adversely affect the ability of SBA to achieve these Outcomes.

Strategic Goal 3. Restore homes and businesses affected by disaster.

The SBA works to maintain the nation's economy by restoring the economy of areas affected by disasters. SBA's Office of Disaster Assistance (ODA) achieves this by partnering with banks and financial institutions to provide low interest loans to those who cannot meet normal operating home or business expenses in the aftermath of disasters.

Long-term Objective 3.1. Maximize the timely restoration of businesses and homes following a disaster.

The following Outcome Measures will determine success in meeting this Objective:

- 3.1.1 By FY 2008, 80 percent of small businesses receiving Economic Injury Disaster Loans (EIDL) are operational 6 months after final disbursement.
- 3.1.2 By FY 2008, 70 percent of businesses receiving financial assistance to repair or replace disaster-damaged property are restored within 6 months after final loan disbursement.
- 3.1.3 By FY 2008, 85 percent of individuals receiving financial assistance to repair or replace disaster-damaged homes have restored their property within 6 months of final disbursement.

Strategy:

These Outcomes are used because they address the effectiveness with which the ODA is able to make disaster recovery loans to businesses and homeowners. The purpose of these loans is to help people recover quickly after a disaster by getting their properties restored and usable for its former purposes. Doing so has significant economic benefits to the community, in addition to the obvious humanitarian purpose, as it allows normal commercial activity to resume. The devastation of disasters is only resolved if a community's tax base is reestablished. The sooner businesses receive loan approval and funding to initiate repairs, the sooner repairs can be completed and recovery begins. Rapid recovery is particularly important to sustaining the continued viability of small businesses.

Continuing Efforts: As explained in the ODA Strategic Plan for FY 2003-2008, activities already underway that will continue to support accomplishing these results include the following—

- a. ODA is ensuring that the effective management of its programs and support functions leads to the accomplishment of intended results, through implementation of an ODA strategic plan. This plan links long-term goals with annual performance goals, supported by specific strategies, across the full range of ODA responsibilities.
- b. ODA will ensure that EIDL are made quickly in order to ensure a rapid recovery, by maintaining its goal of having 95 percent of initial EIDL, physical business loan, and home loan disbursements made within 5 days of receiving the required loan documents and by having 85 percent of all such subsequent disbursements made within 9 days of receipt of required documentation. The pending implementation of the Disaster Credit Management System (DCMS) will help ensure success in meeting these targets.
- c. ODA continues to speed up its processing of home loan applications, as it decreases the processing time from 85 percent processed within 21 days to 85 percent processed within 10 days by FY 2008, a key step in getting homes repaired within the target timeframe.
- d. ODA will continue to work to mitigate the amount of physical and financial damages from future disasters by promoting the use of loan proceeds to prevent future losses, requiring insurance coverage, relocation out of hazardous areas, and

code and policy required upgrades to disaster-damaged property. To maximize the effectiveness of our efforts in this area, ODA provides mitigation training to relevant staff. The participation rate will be increased from 50 percent in 2003 to 100 percent of all relevant staff by 2008.

- e. ODA will continue to work in close coordination with the FEMA and the IRS in delivering rapid, effective recovery assistance to disaster victims. The coordination with FEMA includes setting up field operations, making referrals to the FEMA grant program, checking for duplication of benefits, and maintaining the flood insurance database. The coordination with the IRS involves the time consuming and labor-intensive process of verifying that loan applicants have filed their Federal tax returns. There are privacy issues regarding tax returns that the IRS must observe, which is a substantial challenge to ODA's desire to speed up the process by electronically retrieving the data.

New Initiatives: As explained in the ODA Strategic Plan for FY 2003-2008, additional efforts that will be undertaken in order to achieve these results include—

- a. ODA is considering implementation of the Business Expedited Loan Officer Report (BELOR) that will allow the processing loan officer to make a decision based primarily upon the credit worthiness of the applicant, thus allowing for a quicker loan decision.
- b. ODA will develop processes to allow for better utilization of the Internet, so more information is available to communities suffering disaster. The same technology will be developed to implement the use of online loan applications and telephonic applications. ODA is also reviewing technologies to implement faster verification of losses to speed up the loan approval process.
- c. To ensure that borrowers are using the home loan proceeds as authorized (home loans have been 80 percent of all loans processed by ODA), ODA plans to conduct closer monitoring of home construction projects, including post-disbursement site inspections.
- d. DCMS will be deployed. DCMS is an automation project that will play a significant role in ODA meeting its Outcome Goals. It will change the type of computer systems used by ODA, and streamline procedures for both processing and closing SBA disaster loans. It will provide faster links to the IRS for tax verification information and to FEMA for duplication of benefit information. It will reduce loan paperwork and the number of loan staff necessary. It will also allow disaster loans to be processed and closed from virtually any location in the country, thereby reducing travel costs.
- e. The feasibility of expanding the eligibility of disaster victims to obtain additional loan funds for mitigation will be evaluated. Existing statutory limitations have proven to be a disincentive to victims to propose and complete appropriate disaster mitigation projects.
- f. An ODA-specific Human Capital Management plan will be developed and implemented, to ensure that ODA has human resources available, qualified, and trained when needed.

Program Evaluations:

No program evaluations were used in developing this part of the Strategic Plan and none are planned that directly relate to it.

Key External Factors:

In developing these Outcome Measures and their specific 5-year performance targets, SBA has made what it believes are reasonable assumptions about the state of circumstances that will exist during that period. However, if the following unexpected external factors were to occur, the ability of SBA to meet its goals could be negatively impacted:

- a. **Budget Limitations.** ODA has a fixed annual budget, so significant variances in the number or scope of disasters can lead to funding shortfalls. Additional funding relies on supplemental appropriations, which are not guaranteed. This can mean that ODA must limit its hiring, overtime, and field operations in times when funds are low, which may directly impact ODA's ability to meet many of its program goals.
- b. **Large Scale Disasters.** Disasters of large size and scope present a number of performance-related challenges to ODA. There may not be ample staff to immediately respond to the needs of all victims. There may not be enough qualified contractors to quickly repair or rebuild the significant number of physical structures damaged. There can also be instances where the damage is so extensive that long-term financial recovery provided by ODA is not the immediate concern of the disaster victims, which may instead be emergency food and shelter. ODA may be prepared to make and disburse loans, but the disaster victims may not be ready to make long-term recovery decisions. This can also impact ODA's ability to meet its goals.

Long-term Objective 3.2. Provide courteous and professional customer service.

The following Outcome Measure will determine success in meeting this Objective:

- 3.2.1** By FY 2008, provide sufficiently courteous, professional and customer-friendly disaster program delivery to achieve a 72 percent customer satisfaction rating from disaster loan applicants.

Strategy:

This Outcome is used because customer satisfaction is a very important measure of the overall effectiveness of ODA programs.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. ODA is partnering with the Federal Consulting Group (a franchise of Treasury) and the American Customer Satisfaction Index (ACSI) to measure out customer satisfaction rate by surveying approved and declined disaster loan applicants.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. ACSI, which is associated with the University of Michigan Business School, will assist ODA to (1) develop the most relevant empirical data available to establish valid baselines; (2) develop the survey format, questions and methodology, and (3) independently compile the report the results of the survey.

Program Evaluations:

The ACSI survey will serve as the program evaluation relating to customer satisfaction with the results of ODA program goals and outcomes.

Key External Factors:

The same factors that are described under Long-term Objective 3.1 are applicable here, as by adversely affecting program response times they could also adversely affect customer satisfaction.

Strategic Goal 4. Ensure that all SBA programs operate at maximum efficiency and effectiveness.

This goal recognizes the fact that SBA was created for the purpose of fulfilling its programmatic responsibilities of serving the interests of small business. SBA's non-programmatic areas of general management and administration and the various other support functions exist primarily for the purpose of supporting the SBA program areas in fulfilling their own objectives. For this reason, the best measure of successful leadership and support is the degree to which these functions help maximize the efficiency and effectiveness of SBA in achieving its programmatic goals, while also complying with relevant statutory and administrative mandates.

Long-term Objective 4.1. SBA's general planning and management will result in clearly defined goals and effective strategies, and the coordination of operational support systems, so as to maximize the Agency's mission performance through a comprehensive performance management system.

The following Outcome Measures will determine success in meeting this Objective:

- 4.1.1 By FY 2008, through effective policy guidance, leadership and administration and ensure that SBA regularly achieves at least 90 percent of its Annual Performance Goals.
- 4.1.2 By FY 2006 and each year thereafter, lead SBA to achieving a rating of “Green” on each of the 5 initiatives on the PMA.
- 4.1.3 By FY 2008 all major SBA programs rated by OMB will receive a PART evaluation of “Effective”. By FY 2006, SBA will ensure that at least 60 percent of major SBA programs rated by OMB receive a PART evaluation of “Effective” and that none is rated less than “moderately effective”.
- 4.1.4 By FY 2004 and each year thereafter, SBA district offices’ goals will consistently, directly and measurably support the strategic goals and long term objectives of the Agency, as established in the Strategic Plan.

Strategy:

These Outcomes are used because they relate directly to the overall effectiveness and accountability of the entire Agency, for which the Office of the Administrator is responsible.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. An intranet-based performance management system called the Execution Scorecard has been developed and is used on a daily basis to monitor progress toward achieving each office’s strategic goals.
- b. A review of current office space usage across the Agency for the purposes of identifying opportunities for cost savings and customer service improvements.
- c. SBA’s Office of Congressional and Legislative Affairs keeps the Administrator informed about the interests, concerns, and informational needs of Members of Congress and staff that relate to the mission and programs of SBA, so that the Agency is able to respond quickly with the right information and to react effectively.
- d. The Office of Policy and Planning develops strategic policy priorities, plans the implementation of policy initiatives that support these priorities, supplies timely and relevant policy advice to the Administrator, and synthesizes input and ideas from the Administration, the private sector, non-profit organizations and the academic community to inform the Agency’s policy formulation process.

PMA Compliance: In order to achieve ratings of “Green” for compliance with each of the five initiatives on the PMA—

- a. The Office of the Administrator will lead SBA offices in meeting the Key Milestones contained in the plan it has submitted to OMB for making sufficient progress each of the initiatives on the PMA.

- b. The Office of the Administrator will lead SBA in meeting all of the Core Criteria for “Green” on each of the initiatives on the PMA by the targeted dates that have been specified.

Other New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. The agencies e-SBA initiative will be implemented.
- b. Modernizing the grants management process through the use of an E-grants solution.
- c. OSA will coordinate the formulation, development, implementation and oversight of SBA’s outreach activities with external organizations, including Government agencies, for-profit and non-profit entities.

Long-term Objective 4.2. SBA will recruit, sustain and effectively deploy a skilled, knowledgeable, diverse and high-performing workforce and executive cadre capable of executing high quality programs and activities that meet the current and emerging needs of its customers.

The following Outcome Measures will determine success in meeting this Objective:

- 4.2.1** In FY 2004, and maintained each year thereafter, SBA will achieve a rating of “Green” for having met all of the Core Criteria of the Human Capital initiative on the PMA.
- 4.2.2** As a result of a revised management and performance culture, SBA employees’ rating of overall satisfaction with their jobs will increase each year and by FY 2008 will exceed the government-wide average by at least 10 percent.
- 4.2.3** The percentage of SBA employees possessing core competencies identified for their positions is identified in FY 2004 and the resulting gaps in current and future skills and competencies in mission-critical occupations is reduced by 20 percent each year.

Strategy:

These Outcomes support accomplishment of the Agency’s mission and strategic goals as well as compliance with the PMA by recognizing that the strategic management of human capital is the key to having a well-trained, skilled, motivated, diverse, accountable and satisfied workforce that delivers results.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. SBA will continue to align its human capital strategy with its mission, goals and organizational objectives and will integrate the strategy into its strategic plans, performance plans and budgets.
- b. SBA will continue its analysis of business processes and re-engineer them for greater efficiency and effectiveness.
- c. SBA will optimize its existing organizational structure from a service and cost perspective to ideally position its work force, both geographically and organizationally, to serve its customers.
- d. SBA will complete the skills and gap analysis of its existing workforce, consider anticipated gaps and develop plans to eliminate the gap through development of its existing workforce and strategic hires on new employees.
- e. SBA will continue and expand use of the Personal Business Commitment Plan performance rating system for managers and supervisors to include all employees by FY 2004. This new performance rating system links individual performance to SBA's mission and goals and will effectively differentiate between those performing at an acceptable level from those at the extraordinary level.
- f. SBA will share the concepts learned in the District Office Pilot with additional district offices, providing training and establishing career development plans for selected office employees.
- g. SBA managers recognize that human capital is applied talent (the sum of talent, energy, knowledge and enthusiasm that people invest in their work) and will routinely integrate human capital considerations into their decision making processes as they drive continuous program and service delivery improvement.

Other New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. SBA will establish a Knowledge Management System to track employee skills and competencies and link them to the skills needed in the new SBA, the current and projected skills gaps, the creation of individual development plans for current employees and effective recruitment strategies to ensure that SBA employees possess the skills and competencies necessary for mission accomplishment for the foreseeable future.
- b. SBA will establish a new awards program recognizing team management, goal achievement, and customer service for both Headquarters and Field Staff. This recognition of those making the greatest contributions to the accomplishment of SBA's mission and goals and the PMA will fuel internal competition to be recognized as the best, resulting in enhanced mission accomplishment throughout SBA.
- c. SBA will expand use of online training to address transformation, succession planning and professional development needs, allowing more SBA employees to receive training on the skills and competencies needed in the new SBA, while reducing the cost per student by 25 percent in FY 2004.
- d. A mid-career leadership program will be developed to create a pipeline for filling future supervisory and management positions and to feed into the Agency's candidate development programs for senior executives and district directors.

Long-term Objective 4.3. Financial management systems will support both SBA strategic management and financial accountability by providing financial information that is useful, relevant, timely and accurate and which assists SBA in maximizing program performance and accountability.

The following Outcome Measures will determine success in meeting this Objective:

- 4.3.1 By FY 2006, achieve a rating of “Green” for the Financial Management initiative of the PMA.
- 4.3.2 By FY 2005, achieve a rating of “Green” for the Budget and Performance Integration initiative of the PMA.
- 4.3.3 Each year, SBA financial systems will meet the standard as prescribed in the Federal Financial Management Improvement Act (FFMIA).
- 4.3.4 Each year, SBA will receive an unqualified opinion on its financial statement audit.
- 4.3.5 By FY 2008, budgeting and performance measurement will be fully integrated at SBA.
- 4.3.6 By FY 2008, 75 percent of non-financial managers will agree with the statement that financial performance information is being used in SBA budget formulation and strategic planning and that they understand how such uses have been relevant to their own areas of responsibility.

Strategy:

These Outcomes are used because the SBA’s financial statement audit and the financial management objective in the PMA are the most comprehensive and meaningful indicators of the success of SBA’s financial management systems in the assurance of accountability and the provision of accurate financial information to SBA management.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. The Office of the Chief Financial Officer (OCFO) is addressing audit findings and recommendations leading to an unqualified audit opinion for FY 2004 and beyond, through the provision of accurate and timely financial data. The OCFO will complete the development of new Disaster loan models for use in estimating the ongoing program cost in the FY 2003 financial statements. The OCFO will also develop a model for estimating the cost of the 7a Secondary Market

Guarantee (SMG) program for inclusion in the FY 2003 financial statements. In FY 2004 and FY 2005, the OCFO will enhance the SMG model to produce cohort-level results. In FY 2004, the OCFO will also undertake a review of its organizational structure and functional responsibilities to identify opportunities for improving its overall processes and results.

PMA Compliance: In order to achieve a rating of “Green” for compliance with the Financial Management initiative—

- a. OCFO will organize and provide resources to improve (1) the SBA’s financial reporting process to provide accurate and timely financial data, (2) the models used to determine the cost of SBA’s credit programs to provide accurate estimates and reestimates of loan program costs, (3) the internal control over program processing to reduce erroneous payments in credit programs, (4) the Asset Sales program to optimize the use of SBA resources and the efficiency of the Agency programs, (5) the Loan Monitoring System to provide effective oversight over the SBA’s portfolio and lending partners.
- b. OCFO will meet the Key Milestones of the plan SBA has submitted to OMB for compliance with the Financial Management initiative.

PMA Compliance: In order to achieve a rating of “Green” for compliance with the Budget and Performance Integration initiative—

- a. OCFO will establish a new office within the OCFO called the Office of Analysis, Planning and Accountability (OAPA) to help promote budget and performance integration within the OCFO and throughout SBA. OAPA will work with program offices to develop and improve performance measures for the SBA’s programs. OAPA will also work with program offices to develop program evaluations to determine the extent to which the programs are meeting their intended purposes.
- b. OCFO will meet the Key Milestones of the plan SBA has submitted to OMB for compliance with the Budget and Performance Integration initiative.
- c. OCFO will continue to conduct the cost allocation survey and activity based costing model annually using program office feedback as guidance for improvement. By FY 2008, 75 percent of SBA managers will agree that the results of the cost model correctly reflect their total program costs.
- d. OCFO will institutionalize an annual planning and budgeting process to ensure that budget decisions are made in the context of the agency’s strategic plan, individual office annual plans and proven performance.
- e. By FY 2006, all program and support offices will tie their plans and performance to their budget submissions.

Other New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. OCFO will initiate the planning process for the modernization of the loan accounting system, the core financial management system for SBA’s credit programs. This effort is expected to begin by FY 2005, but could take three to five years to complete. An upgrade in the SBA’s core loan accounting system

- would dramatically improve the operations and effectiveness of the Agency's financial management process. Tasks that are currently completed manually would be automated, thus reducing the opportunity for errors and time required for task completion.
- b. OCFO will ensure that all budget requests include adequate funding to independently evaluate SBA programs. Success of securing the funding depends upon appropriations actions beyond SBA control.
 - c. OCFO will work with all program office to develop measurable, meaningful outcome measures.
 - d. OCFO will work with all program office to effectively use the PART.

Long-term Objective 4.4. Information and related technology will be managed effectively and securely throughout SBA leveraging data and systems to support program execution and promote cost efficiency.

The following Outcome Measures will determine success in meeting this Objective:

- 4.4.1 By FY 2005, complete the agency enterprise architecture aligning agency programs and systems.
- 4.4.2 By FY 2008, standardized Information Technology (IT) portfolio selection, control, and evaluation processes and performance metrics will be developed and implemented to gauge the progress of investments and their contribution to program outcomes.
- 4.4.3 By FY 2004, SBA will achieve efficiencies of business processes and cost reductions by leveraging common E-Government solutions and technologies.

Strategy:

The Office of the Chief Information Officer (OCIO) will be focused both internally and externally on maximizing service delivery while minimizing the cost of operations associated with both government-wide and agency systems. Internally, the Agency is building the capacity to deliver web services both directly and in collaboration with the Federal community. This includes efforts to deliver SBA's internal core businesses online (e.g., procurement, travel, training, human resources). Externally, SBA is collaborating with the private sector to sensitize and educate small businesses on the importance of the Internet to their survival and growth and methods of utilizing e-Commerce through distance learning tools, to create training and education programs with resource partners, and to advocate for infrastructure improvements and legislation that help small businesses get online. SBA is also working to deliver all of its goods and services online, expanding its outreach to more small businesses and providing more user-friendly assistance to help them succeed.

OCIO will overhaul SBA's web presence to become more citizen-centered, using district websites as channels of delivery, offering transactional help, and providing personalized and interactive tools to help small businesses succeed. The site will offer web services; interactive, personalized information; and cross-agency, multi-functional and intergovernmental services, featuring a number of cross agency initiatives.

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. OCIO continues to work to ensure that major IT projects are within cost, schedule and performance objectives and that all SBA IT systems are certified and accredited.
- b. OCIO is developing an Enterprise Architecture and has integrated key decision makers (OCFO, Procurement, etc.).
- c. OCIO will implement a relatively robust capital planning investment control (CPIC) process.
- d. SBA is the managing partner of the Business Gateway initiative that is designed to reduce the regulatory burden on small business.

PMA Compliance: In order to achieve a rating of "Green" for compliance with the Expanding E-Government initiative—

- a. OCIO will meet the Key Milestones of the plan SBA has submitted to OMB for compliance with the Expanding E-Government initiative and focus on key areas for effective IT management such as GPEA, EA, FISMA, and business case development.

New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. SBA will produce an online Easy Access to Financial Assistance: Federal asset sales, e-loans, and international trade streamlining.
- b. The Agency will create a Distance Learning Network: online tools, courses, tutorial, and customer relationship management.
- c. SBA will develop an online Coordinated Disaster Assistance: paperless loan application and processing, harmonized loss verification.
- d. SBA will create an Integrated Acquisition Portal: online eligibility for 8(a) firms, marketplace created for small business buying and selling, and registry of small firms interested in selling to the government, plus an online tool for how to sell to the government.

Long-term Objective 4.5. Procurement and contracting services will be planned and managed to support SBA program management and the achievement of Agency's goals.

The following Outcome Measures will determine success in meeting this Objective:

- 4.5.1** By FY 2006, SBA will achieve a rating of "Green" for having met all of the Core Criteria of the Competitive Sourcing initiative on the PMA.

- 4.5.2 By 2006 and maintained each year thereafter, the average time for competitive sourcing competitions will decrease to 12 months, from the FY 2003 baseline of 36 months.

Strategy:

Continuing Efforts: Activities already underway that will continue to support accomplishing these results include the following—

- a. SBA is engaged in five streamlined competitions that cover 256 FTE.
- b. Circulating a competitive sourcing plan that outlines future standard competitions.

PMA Compliance: In order to achieve a rating of “Green” for compliance with the Competitive Sourcing initiative—

- a. SBA will obtain bids and determine how private sector performance compares to the current in-house function. If the private sector is more efficient, SBA will proceed with plans to award a contract to a private bidder and transition staff from the Agency. SBA has been converting 190 positions to the private sector, and is performing competitive cost studies on an additional 688. The Agency expects to develop a long-term plan to reach the President’s goal of 1,400 SBA positions. By July 2004, approximately 20 percent of SBA positions will have been competed.
- b. By FY 2005, complete the streamlined competition for OGC paralegal positions, SBIC examination positions, and disaster-loan servicing. This will include 65 FTE positions for OGC and SBIC combined.
- c. SBA will meet the Key Milestones of the plan it has submitted to OMB for compliance with the Competitive Sourcing initiative.

Other New Initiatives: Additional efforts that will be undertaken in order to achieve these results include—

- a. SBA will align the competitive sourcing process with agency transformation efforts.

Data Validation and Verification

The following provides, for each performance indicator, a definition, source, validity statement and discussion of limitations.

Measure	Regulatory cost savings to small businesses
Definition	Cost savings to small businesses because of changes to proposed regulations as a consequence of Office of Advocacy actions.
Source	Regulatory cost savings are based on changes to final regulations or the delay in the implementation of final regulations that result in decreased costs or increased revenue for small entities as a result of intervention by Advocacy, small entities (businesses, communities, and not for profits), and SBREFA panels. The source for the estimated savings is usually the regulatory analysis of the Agency but it may also be based on an estimate provided by the industry.
Validation	Estimates of regulatory cost savings are difficult to make and require a number of assumptions. The Office of Advocacy believes their estimates to be valid.
Limitations	<p>Estimates made using information gathered from various sources including other agencies' data, Congressional Budget Office estimates, trade association and industry data.</p> <p>Cost savings cannot be predicted accurately because of numerous external factors such as the number of regulations issued annually; the cost/impact of the regulations issued annually, agencies' willingness to make changes that result in savings, etc. This estimate is based on the median of savings achieved in FY 1999, 2000, 2001 and 2002, plus or minus two standard deviations to eliminate outliers. For future years, that amount is revised upward by an average growth rate of 10% annually. There is a distinct possibility that future years' savings will trend downward if federal regulatory agencies internalize processes that result in rules with less impact from the outset.</p> <p>Projecting future savings/burden reduction can never be precise because of the many variables involved (e.g., one very large regulatory change can significantly skew for that year the total cost figure); nevertheless, it is a valid and real outcome measure for the office.</p>
Remedies for Limitations	Cross check against other regulatory savings estimates.
Verification	SBA will independently verify this data by 2008

Measure	Jobs created by Capital Access programs
Definition	Estimates of jobs created by SBA programs.
Source	<p>Disbursed loans for 7(a) and 504 estimate from loan accounting database.</p> <p>SBIC dollar financings from program database.</p> <p><u>7(a)</u>: Based on SBDC's annual economic impact report to SBA. It includes data on loan dollars obtained for clients and jobs created. Job coefficient is \$32,382 that is an average of job coefficient numbers for 1999 and 2000 for SBDC clients that were assisted in getting loans.</p> <p><u>504</u>: Based on SBA's 504 program data on loan application of expected number of jobs created from disbursed loan funds. Job creation constant is \$33,366 for loans made 1998-2000. In addition to jobs created; the 504 program contributes to jobs retained.</p> <p><u>SBIC</u>: Based on the Arizona Venture Capital Impact Study made by the Zermatt Group (1999). Study estimates a job creation constant of one job for \$35,000 invested in 1999.</p>
Validation	Capital infusion in a firm will most often lead to growth in jobs, sales and revenue. This measure focuses on the number of jobs created. By multiplying the dollar volume of loans by the job coefficient an estimate of jobs created is made.
Limitations	The 7(a) job coefficient is based on a study done in the early 1990s. The Bureau of Labor Statistics at the Department of Labor has recently used their data to estimate the job coefficient for SBA loans made in 1998. This estimate uses the number of jobs created divided by the change in jobs between 1997 and 2000 to estimate the job coefficient. For 7(a) this estimate varied with the size of the loan. The average number of disbursed dollars per job created for SBA's 7(a) loans made in 1998 was \$ 53,895. This estimate is a lot higher than the previous method and points to the need for further analysis.
Remedies for Limitations	A project is under way with Bureau of Labor Statistics to obtain estimates of job creation by SBA loan recipients for firms that have EIN numbers.
Verification	SBA will independently verify this data by 2008

Measure	Loans to women-owned businesses
Definition	Number of 7(a) and 504 Loans to firms 51 percent owned by women.
Source	Loan accounting database.
Validation	The measure provides the share of approved loans to 51 percent women-owned firms.
Limitations	Census uses the 51 percent women-owned definition. However, this does not account for loans to women-owned businesses in community property states.
Remedies for Limitations	Provide data on loans to 50 percent women-owned firms in addition to 51 percent women-owned firms.

Verification	SBA will independently verify this data by 2008
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Measure	Loans to minority-owned businesses
Definition	Number of 7(a) and 504 Loans to firms 51 percent owned by minorities.
Source	Loan accounting database.
Validation	The measure provides the share of approved loans to 51 percent minority-owned firms.
Limitations	Census uses the 51 percent minority-owned definition. However, this does not account for loans to minority-owned businesses in community property states.
Remedies for Limitations	Provide data on loans to 50 percent minority-owned firms in addition to 51 percent minority-owned firms.
Verification	Through audits and independent reviews.

Measure	Loans to veteran-owned businesses
Definition	7(a) and 504 Loans to firms 51 percent owned by veterans.
Source	Loan accounting database.
Validation	The measure provides the share of approved loans to 51 percent veteran-owned firms.
Limitations	Census uses the 51 percent veteran-owned definition. However, this does not account for loans to veteran-owned businesses in community property states.
Remedies for Limitations	Provide data on loans to 50 percent veteran-owned firms in addition to 51% veteran-owned firms.
Verification	SBA will independently verify this data by 2008

Measure	Number of Start-up Firms Financed by 7(a) & 504
Definition	Number of 7(a) & 504 approved loans to start-up firms. Start-up firms are 0-24 months old. The definition is the one used by Census.
Source	SBA Loan Approval Database (TTS001).
Validation	This indicator is a valid as it measures the degree to which SBA is providing access to capital for an important market segment.
Limitations	The measure would be slightly improved if disbursed loans were used instead of approved loans.
Remedies for Limitations	See above.
Verification	SBA will independently verify this data by 2008

Measure	Export sales assisted by SBA loans
Definition	The total dollar volume of sales supported by export loans.
Source	SBA's Office of International Trade records.

Measure	Export sales assisted by SBA loans
Validation	Export sales represent an economic stimulus to firms. The measure summarizes the increase in export sales achieved by SBA clients getting exporting assistance.
Limitations	Export loans are often for revolving lines of credit. It is difficult to track all sales made through revolving credit. Consequently the measure may underestimate the sales volume generated by the line of credit.
Remedies for Limitations	Improve reporting process to ensure that most export sales achieved by SBA export assistance clients are captured.
Verification	A check is performed in Headquarters to ensure the identification and summation of export sale numbers is correct. SBA has not yet independently verified this data.

Measure	Federal Procurement Prime Contract Dollars to small firms, to small disadvantaged businesses including 8(a), to women-owned, minority-owned, service disabled veteran-owned firms, and HUBZones-certified firms.
Definition	This indicator measures the extent to which these different categories of small business ownership receive Federal Prime Contract dollars.
Source	The Federal Procurement Data System (FPDS) which is the official source for data on Federal procurements.
Validation	Congress establishes targets for the share of Federal procurement dollars that should reach the small business sector as well as specified subpopulations. The Office of Federal Procurement Policy (OFPP) in its policy letter 99-1 supports SBA's use of FPDS data to measure Federal contract dollars received by small businesses, women-owned, minority-owned, service disabled veteran-owned and HUBZone certified firms, rather than requiring agencies to provide this information on separate reports.
Limitations	Prime data are reported to the FPDS on a quarterly basis. FPDS has been determined to be the most accurate and verifiable reporting system of contract awards under the procurement preference goal program; however, there are some minor problems with data that are entered incorrectly into FPDS through the SF-279 and SF-281. The final FPDS data are available about a year after the end of the fiscal year. The FPDS was not programmed to identify HUBZone awards during FY 1999.
Remedies for Limitations	Through the electronic commerce committee PEC, GSA is re-engineering the FPDS to improve the accuracy and timeliness of information.
Verification	SBA does not separately verify the data obtained from FPDS system. The General Services Administration is responsible for working with the Agencies on the accuracy of the FPDS database.

Measure	Customer satisfaction rate for WBC, BICs, SBDC and SCORE
Definition	Surveys are used to ascertain clients' attitudes regarding the usefulness and relevancy of the assistance they received as well as whether the assistance received resulted in the clients' modifying their behavior or actions to improve the management of their businesses.
Source	The WBC and SCORE surveys were done by ACSI at the University of Michigan. The SBDC study is done by SBDC Chrisman study, and the BIC was done in house.
Validation	The ACSI surveys were based on random samples for a total of 200 interviews per survey.
Limitations	The three different surveys (ACSI, BIC and SBDC) use different methods and are therefore not comparable with each other. The surveys measure satisfaction and there is not necessarily a correlation between customer satisfaction and subsequent customer business success.
Remedies for Limitations	Use same survey instrument for all surveys. Expand the scope of the surveys to include attribution measures.
Verification	The surveys have not been verified. As surveys are done in the same way over time, consistency checks can be applied.

Measure	Field presence within 3 days of a disaster declaration
Definition	Percentage of Disasters where effective field presence is provided within 3 days of a physical disaster declaration. Field presence is defined as SBA disaster office personnel on site to coordinate the provision of disaster assistance with appropriate Federal, state and local officials.
Source	Closeout reports prepared by the disaster area office after each disaster.
Validation	This indicator is a valid measure of SBA's assistance to disaster victims because timely assistance is critical to re-establishing lives and communities in the aftermath of a disaster.
Limitation	Currently, this information is not received for approximately 6 months after a disaster is declared and there is some inconsistency in what is meant by "effective field presence" among the area offices.
Remedies for Limitation	SBA will consider options for obtaining this information much sooner after the disaster has been declared including, but not limited to, making a revision to the automated loan control system so that this information can be inputted as soon as it is accomplished. SBA will also provide further guidance to the area offices to define "effective field presence" and its scope.
Verification	Audits.

Measure	Disaster loan applications processed within 21 days
Definition	Share of applications where the disaster office has provided applicants with a decision within 21 days of receiving a complete disaster loan application.
Source	Disaster automated loan control system.
Validation	This indication is a valid measure of SBA's assistance to disaster victims because timely assistance is critical to re-establishing lives and communities in the aftermath of a disaster.
Limitation	It measures the processing time when the application has been completed, not when the application process begins.
Verification	Audits.

Measure	Customer satisfaction rate (Disaster)
Definition	Satisfaction rate determined through SBA surveys to disaster victims who have received loans.
Source	SBA surveys.
Validation	It is important that recipients of Government assistance feel that they have received fair, courteous and helpful assistance. Determining how satisfied the clients were with the service received can in part capture this.
Limitation	The survey measures those who received disaster loans but does not include those who did not receive loans.
Remedies for Limitations	The survey will be expanded to include all applicants.
Verification	No verification is done.

Measure	SBA assisted small businesses start-ups
Definition	Prospective and start up small businesses assisted by SBA by technical, financial or contracting assistance.
Source	The source of the information is Section I, FY 2005 Budget Submission request.
Validation	This data provides an indication of the resources focused in beginning businesses by SBA.
Limitations	This number includes prospective and start up businesses. Currently, it is an estimate based in the number of Capital Access start-ups loans approved and the number of clients served by Entrepreneurial Development. No information from GCBD was included.
Remedies for Limitations	Changes in the data collection methodology will allow SBA to use actual numbers instead of estimates and to separate prospective from start up businesses.
Verification	SBA will independently verify this data by 2008

Measure	Percentage SBA assisted small businesses start-ups
Definition	Percentage of prospective and start up small businesses receiving by SBA by technical, financial or contracting assistance.
Source	The source of the information is Section I, FY 2005 Budget Submission request.
Validation	This data will provide an indication of how effective SBA is in increasing the number of small business start-ups among those businesses receiving SBA's assistance.
Limitations	This number includes prospective and start up businesses. Currently, it is an estimate based in the number of Capital Access start-ups loans approved and the number of clients served by Entrepreneurial Development. No information from GCBD was included.
Remedies for Limitations	Changes in the data collection methodology will allow SBA to use actual numbers instead of estimates and to separate prospective from start up businesses.
Verification	SBA will independently verify this data by 2008

Measure	Percentage of successful business start-ups
Definition	Percentage of small businesses start-ups assisted by SBA by technical, financial or contracting assistance that are considered to be successful.
Source	Small Business Economic Indicators, U.S. Small Business Administration, Office of Advocacy, from the Bureau of Economic Analysis.
Validation	These data will provide an indication of how effective SBA's assistance is in increasing the economic well-being of small business start-ups. The measures selected as indicators of business success are increase at the end of one year in the number of firm births, decrease in the number of start-up terminations, and increase in business revenue.
Limitations	<p>These data has the following limitations:</p> <ul style="list-style-type: none"> • It is not available in a fiscal year basis. It is only available on calendar year (CY) cycles. • The data that is used in this Strategic Plan corresponds to CY 2002. Data for CY 2008 will be available in CY 2009. • There is a lag for the availability of the previous year's data. In consequence, the Office of Advocacy must use projections instead of actual values. • The number of firm's birth includes only employer firm births. • The data currently available for terminations include existing businesses. • Non-farm proprietors' income –a partial measure of small business income– is used as a proxy for small business revenue.
Remedies for Limitations	The SBA will obtain data tabulations from raw data sources that will allow using the actual values for start-ups. The Agency will evaluate various sources of data during FY2004 to determine the one with fewer limitations on availability and reliability.

Measure	Percentage of successful business start-ups
Verification	SBA will independently verify this data by 2008

Measure	SBA assisted small businesses with competitive opportunity challenges
Definition	Small business concerns located in urban or rural areas with high proportions of unemployed or low-income individuals or owned by low-income individuals, or other groups that own and control little productive capital because they have limited opportunities for small business ownership assisted by SBA by technical, financial or contracting assistance.
Source	Entrepreneurial Development's data tabulations.
Validation	These data will provide an indication of how effective SBA is in increasing the number and success of small business among those businesses receiving SBA's assistance within the defined populations.
Limitations	General population data sources do not routinely includes the required information to establish control groups.
Remedies for Limitations	During FY 2004, the SBA will determine which ones are the best remedies to these limitations.
Verification	SBA will independently verify this data by 2008