



INTELLIGENT OFFICE

Leveraging the SBA For Entrepreneurial Success

PART 1: INTRODUCING THE SMALL BUSINESS ADMINISTRATION



For entrepreneurs and small business owners, navigating the tricky terrain of creating a sound business plan, forecasting for growth and developing an operative growth strategy can be a major challenge. Fortunately, American entrepreneurs and operators have access to one of the most effective resources in the worldwide market in the presence of the U.S. Government's Small Business Administration (SBA). While leveraging the considerable resources offered by a cabinet-level agency with a budget north of \$700 million can seem daunting, the benefits offered by accessing the valuable programs, resources and education offered by the SBA far outweigh the potential hurdles.¹ Fortunately, you don't have to navigate the complex ways and means of the SBA on your own. This segment of our four-part report will help you understand the history and structure of the SBA and offer a clear overview of the basic programs offered by the agency. Succeeding parts of this white paper will follow to offer strategies to grow your business by leveraging SBA programs and resources and common sense advice on starting a business, financing your operations, managing operational needs, and marketing your business to the global marketplace.

A Brief History of the Small Business Administration

It is worth knowing the origins of the SBA before you begin assessing its potential impact on your small business. The agency was founded when President Dwight Eisenhower signed the Small Business Act on July 30, 1953, but its values and mission were forged in the economic circumstances facing America in the wake of the Great Depression and World War II. The agency's original mission was to "aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns."² In addition to originally providing direct financial assistance to small businesses, the act also provided for the SBA to facilitate a way for small businesses to access a fair proportion of government contracts and sales of surplus property.

In the years since its founding, the SBA has expanded significantly but still engages dynamically in its original mission to aid small business in America. The agency organically evolved over the years to include loans for victims of natural disasters, assistance for small businesses seeking to land government contracts, and technical assistance and business training for small business owners in a wide variety of skills ranging from launching a small business to managed growth to exit strategies. One significant change came with the Investment Company Act of 1958, which established the Small Business Investment Company (SBIC) Program, which allowed SBA to license, regulate and fund privately owned and operated venture capital firms that specialize in providing long-term investments to high-risk small businesses.³ This came in part as a result of a Federal Reserve study that discovered that small businesses could not access the credit they needed to keep pace with advancements in technology, a challenge that continues today.⁴

The SBA has grown significantly in the past several decades and its programs now include federal contract assistance, management training, disaster assistance, export expertise and targeted outreach to women, minorities, armed forces veterans and other underserved constituencies. Since it was founded over 50 years ago, the U.S. Small Business Administration has delivered billions of dollars in loans, loan guarantees, contracts, expertise and training, and other forms of assistance to American entrepreneurs and small businesses.

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¹ https://www.sba.gov/sites/default/files/files/SBA_FY15_Budget%20Highlights.pdf

² https://www.sba.gov/about-sba/what_we_do/history

³ https://www.sba.gov/about-sba/what_we_do/history

⁴ <http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=3205&context=californialawreview>



The SBA's Organizational Structure

The SBA is led by an Administrator and a Deputy Administrator who provide thought leadership and strategic planning. Day-to-day operations are led by an association administrator or director for a wide variety of departments including business development, capital access, government contracting, investment and innovation, and international trade as well as targeted programs for Native Americans, women in business, and veterans' business development. The SBA also operates ten regional offices throughout the United States and operates one or more local district offices in each of the fifty states. In addition, the SBA maintains Disaster Field Operations Centers on each coast as well as a Disaster Assistance Customer Service Center and Disaster Loan Servicing Centers in Birmingham, Alabama and El Paso, Texas.⁵ In 2012, President Obama announced that he would be elevating the SBA to Cabinet level, essentially making the Administrator of the SBA a Cabinet-level position.⁶

Those small businesses that are willing to invest in themselves this year by accessing resources offered by the SBA are more likely than ever to find their return on investment is productive.

⁵ https://www.sba.gov/sites/default/files/files/SBA_FY15_Budget%20Highlights.pdf

⁶ https://www.sba.gov/about-sba/what_we_do/history

The Current State of the U.S. Entrepreneurial Ecosystem

According to recent surveys and reports, entrepreneurs and small business owners across America are poised to experience a very successful year in 2015. In a recent study by Inc. Magazine,⁷ the percentage of business professionals who describe themselves as “very confident” about the U.S. economy has almost tripled to 26 percent, while those who say they have less confidence that the economy will improve has dropped by more than half. Doubts expressed by America’s small business community include concerns about health insurance regulations, and political gridlock. Despite these potential roadblocks, enthusiasm and optimism remains high among small businesses seeking to grow.⁸

It is also a significantly timely moment for small businesses to grow. In the Inc. survey, the majority of respondents anticipated investing in new personnel, new products and services, capital improvements and access to new markets. The current White House administration has also been vocal in their support for small business growth and job creation with a host of initiatives and policy changes that are designed to support small business.⁹ Those small businesses that are willing to invest in themselves this year by accessing resources offered by the SBA are more likely than ever to find their return on investment is productive.

Categorizing SBA Assistance

The Administrator of the Small Business Administration loosely categorizes its assistance as “Three Cs and a D,”¹⁰ and segments them in this way:

- » Contracting: The SBA assists small businesses in securing government contracting, matchmaking events and mentor/protégé matching.
- » Counseling: The SBA offers hands-on training, mentoring and expert advice through its local offices.
- » Capital: The SBA offers a variety of programs designed to help small businesses secure funding, which will be discussed in more detail in subsequent parts of this white paper.
- » Disaster Assistance: The SBA provides low-interest loans to homeowners, renters and businesses to help them recover from declared disasters.

⁷ <http://www.inc.com/leigh-buchanan/future-perfect-the-state-of-small-business.html>

⁸ <http://www.inc.com/leigh-buchanan/future-perfect-the-state-of-small-business.html>

⁹ <http://www.whitehouse.gov/omb/factsheet/supporting-small-businesses-and-creating-jobs>

¹⁰ <https://www.youtube.com/user/sba>



Navigating SBA.Gov

The official website of the Small Business Administration is a remarkably well-organized and easy-to-navigate collection of resources.¹¹ It offers clear-cut and productive advice and resources for topics like:

- » Starting and managing a business
- » Accessing small business loans guaranteed by the SBA
- » How to find and apply for grant funds
- » Accessing venture capital
- » Contracting support for small businesses
- » Understanding the federal marketplace

In addition, the SBA offers information on its mission and strategy to advance American business, featured content, and access to a dynamic and interactive Learning Center where entrepreneurs can access whiteboard learning videos, webinars, recorded Google hangouts, dozens of online trainings, interactive tools to help owners analyze and benchmark their businesses, and archived chat sessions with world-renowned experts in business leadership, financing, marketing and more.¹² Many of these resources are also cross-promoted through the SBA's dedicated social media outlets including Twitter, Facebook and YouTube.¹³

¹¹ <https://www.sba.gov/>

¹² <https://www.sba.gov/tools/sba-learning-center>

¹³ <https://www.sba.gov/about-sba/sba-performance/open-government/about-sbagov-website/social-media>

How to Access the Local Resources of the SBA

The easiest way to make first contact with the SBA is to visit one of the administration's district offices located in each of the 50 states. SBA's District Offices are responsible for the delivery of SBA's many programs and services throughout the country. These offices provide free and low-cost training, free counseling, and financial assistance for new or existing businesses through guaranteed loans made by area bank and non-bank lenders.

In addition, the SBA has several initiatives designed to help entrepreneurs connect with resources that are connected to but not operated directly by the SBA. One of the administration's most valuable resources is free counseling, advice and information on starting a business conducted through the Service Corps of Retired Executives (SCORE). This nonprofit association is driven by thousands of volunteers. SCORE trains its members to serve as counselors, advisors and mentors to aspiring entrepreneurs and business owners.¹⁴

The SBA also supports a network of Small Business Development Centers (SBDCs) that provide assistance to small businesses and aspiring entrepreneurs throughout the United States.¹⁵ These forward-thinking resources help entrepreneurs realize the dream of business ownership and help businesses that are already up and running remain competitive in a challenging global marketplace that is constantly changing. SBDCs are hosted by leading universities, state innovation centers, and economic development agencies. They provide a variety of free business consulting and low-cost training on topics like:

- » Business plan development
- » Manufacturing assistance
- » Financial packaging and lending assistance
- » Exporting and importing support through the U.S. Export Assistance Centers¹⁶
- » Disaster recovery assistance
- » Procurement and contracting assistance
- » Performing market research and analysis
- » Program support
- » Healthcare guidance

Finally, the SBA operates a vast network of Women's Business Centers and Veterans' Business Outreach Centers designed to assist women and veterans in starting and operating a small business.

¹⁴ <https://www.sba.gov/tools/local-assistance/score>

¹⁵ <https://www.sba.gov/tools/local-assistance/scdc>

¹⁶ <https://www.sba.gov/content/us-exports-assistance-centers>

Other Initiatives

Besides the programs and services that form the core of the SBA's support of America's small business community, the agency also regularly tests new and innovative initiatives that target underserved communities or reward great success. You can discover more about programs and events like Small Business Saturday, cluster investing, Startup America, the annual SBA "Straight Talk", and other enterprises by visiting the SBA's website at www.sba.gov.¹⁷

Summary

As America continues recovering from its economic challenges, opportunities exist for small businesses to work with the U.S. Government, their community, the public sector and government-backed financial institutions to achieve success but also to invest in their own growth strategy by accessing the innovative and unique resources offered by the U.S. Small Business Association. The hardest part of reaching this goal is often simply figuring out how to align your small business' values, business plan and growth strategy with the complex but powerful resources offered by the agency.

The first step in this journey comes with understanding how the SBA works, its mission to support American small business, and how to interface with this large but agile government agency. Next time we'll examine how to start a business including your investment in a strong business plan and growth strategy as well as learning how the SBA and the resources of Intelligent Office can best help you and your team structure your operations, perform a market analysis, secure financing and grow your business to the right size.

By utilizing these resources and leveraging the resources of the Small Business Administration, you will be that much closer to achieving financial success, spurring job creation, and boosting regional collaboration and innovation.

¹⁷ https://www.sba.gov/about-sba/sba_initiatives



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