

**HOUSE SMALL BUSINESS COMMITTEE
RURAL AND URBAN ENTREPRENEURSHIP SUBCOMMITTEE
HEARING REGARDING
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Testimony of
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Associate Administrator

Chairman Shuler, distinguished Members of the Committee, thank you for the invitation and opportunity to share with this committee the important work the Office of Entrepreneurial Development is engaged in to serve entrepreneurs and small businesses across the country. I am Anoop Prakash, the Associate Administrator for the Office of Entrepreneurial Development (ED).

Our mission in ED is to help entrepreneurs start, grow, and succeed by providing nationwide access to quality training and counseling resources, both through a physical network of resource partners and through online training and assessment tools.

In FY 2007, the portfolio of programs in ED counseled and trained over 1.4 million entrepreneurs. ED serves these clients through our three resource partners: Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), and SCORE, and through the Small Business Training Network (SBTN), our online training platform.

Each of these programs has become catalysts for economic development within the communities they serve and support. In my visits and meetings with ED programs around the country, I have observed the dedication of both the executive and counseling staffs, including volunteers, to building businesses and creating jobs. These individuals are equally dedicated to developing new techniques in counseling, training, outreach, and building on their local expertise.

Further, each program continues to develop a more distinct role in the overall economic development ecosystem. SBA's FY 2007 ED Impact Study shows that more SBDC clients are in-business, relative to other resource partners, and have a median revenue of \$100,000. The median SCORE and WBC clients are relatively new entrepreneurs, with median revenues of \$59,000 and \$32,500 respectively.

Today, I would like to focus on the direction ED has taken over the past year and will continue to pursue throughout FY 2008. We have been focused on three core areas to improve our program management and further impact economic development across the country:

- 1) Accelerate delivery of SBA products and services in underserved markets
- 2) Improve customer service for our grantees
- 3) Increase investment in online assessment and training capabilities

ACCELERATE DELIVERY OF SBA PRODUCTS AND SERVICES IN UNDERSERVED MARKETS

SBA products and services reach an ever-increasing number of entrepreneurs across the United States, enabling capital access, government contracting, and technical assistance across a wide variety of industries and communities. An Agency strategic initiative is to accelerate entrepreneurial success through focused delivery of SBA products and services to underserved communities in order to energize the local economy, create jobs and drive toward a sustainable economic base. The overall initiative, being lead by ED, consists of a combination of program level and local level activities designed to serve major underserved segments in both inner-city and rural environments. Agency activities fall into three broad categories:

1. Improvement of entrepreneurial literacy and technical assistance in underserved communities. This effort will focus on leveraging the Agency's existing resource partners with community organizations working with targeted underserved populations to deliver on-site counseling to further develop entrepreneurial and business literacy. Our first pilot has the NY SBA District Office, NY SBDC and NY SCORE delivering training and counseling at Operation HOPE's center in Harlem, NY. At last report, we are on pace to double the number of entrepreneurs counseled and trained in that community from the prior year.
2. Improved access to capital in underserved communities through improved lending processes and loan products. This effort includes the Rural Lender Advantage initiative. Rural Lender Advantage supports community lenders by making the lending process more streamlined and easier to administer for small banks with limited administrative staff and capacity.
3. Inner-City Training Program: SBA Emerging 200. In October 2007, Administrator Preston announced an innovative new program, called the SBA Emerging 200, designed to help stem the negative job growth experienced in several American Inner Cities with employment of 40,000+ and job growth rates below 1 percent from 1998-2005. The program will provide intensive growth-oriented training to in-business emerging inner-city companies, heavily influenced by best practices gathered by the Initiative for Competitiveness in the Inner City (ICIC), and our study of successful inner-city efforts. The goal is sustained job creation by focusing on programs that support companies with the highest potential for growth in the most economically distressed communities, and continuing to nurture these companies with SBA programs and services once they graduate from the initial training.

It is important to note that the Emerging 200 initiative is not duplicative of current ED programs. Current ED programs serve entrepreneurs at every stage of business development, cover large geographic areas of need and reach out broadly to minority, women and veteran entrepreneurs. The Emerging 200 initiative is very targeted to emerging, in-business companies in the inner-city, that have high-potential to grow and create new jobs. The initiative will be centrally managed, with a uniform curriculum, and provided to roughly 200 entrepreneurs in 11 cities that meet the in-business, geographic and revenue-based eligibility requirements. Training is focused on communities in specific geographic locations.

IMPROVE CUSTOMER SERVICE FOR OUR GRANTEES

As part of our overall agency strategy to improve our service delivery to our customers, we have undertaken an intensive review and re-engineering of the most resource and time-intensive processes in ED. The end goal was to balance our compliance and risk management activities with a practical, proportionate approach that allows our grant recipients to spend more time doing what they do best – serving entrepreneurs.

Specifically, we have completed two major projects: Re-engineering the SBDC Financial Exam Review Process and Streamlining the WBC Program Announcement. In both cases, we have received resounding feedback thus far from our clients, and are committed to continuously improving these areas. In addition, we continue to look to streamlining other program announcements, migrating our paper-based pay request and disbursement system to an automated payment management system, and making additional improvements to our performance and efficiency metrics reporting system.

All of these changes are to benefit our clients and represent just a few of the positive changes that will be made this year to better the program.

INCREASED INVESTMENT IN ONLINE ASSESSMENT AND TRAINING CAPABILITIES

As you might imagine the increase in demand for resources online has been dramatic, and almost ¼ of all clients served across the network are counseled and trained online. For the past three years, ED has invested steadily and built the Small Business Training Network (SBTN), a virtual campus for small business. It currently offers 23 free online courses with more in development. The SBTN's courses are available to anyone, free of charge, and are most often accessed by entrepreneurs, resource partners, community organizations, and universities. This effort significantly improves our ability to serve customers where they live and where they do business, and assembles the best knowledge on key topics related to business and SBA programs in one place. Targeted courses provide the ability to create and deliver meaningful training plans that support small business owners and nascent entrepreneurs to address specific client needs.

In slightly over three years, SBTN has served more than 1,000,000 customers. On a typical day, approximately 1,200 clients take an SBTN online course – that's 50 clients every hour.

SBA also features two interactive online assessment tools – designed to evaluate a client's skills and direct them automatically to the most appropriate training and resources offered by the SBA. In six months, over 150,000 customers have completed at least one of the two assessment tools.

Due to the increase in demand, we have encouraged our resource partners to engage in more online counseling and training, leverage SBA courses as appropriate, and develop new content for their client base. For example, The Minnesota SBDC utilizes an online request for services and training seminar registration system termed eCenter. The online system allows prospective clients the ability to submit a Request for Counseling form or to view and register for training workshops held throughout the MNSBDC network online. Additionally, SCORE introduced over 29 online training workshops in FY 2007. SCORE now offers 24/7 online counseling by functionality and industry, as well as training workshops on topical business subjects.

Further, we continue to invest in development of SBTN and will build several new online courses, and assessment tools by the end of FY2008.

SERVICE TO OUR NATIONS VETERANS

One additional area I would like to touch upon, based on the interest expressed by the Committee, is our focused outreach to Veterans. As a former Marine and Veteran myself, I am passionate about serving both past and present members of our Armed Forces and their families. SBA employees nationwide work tirelessly to enhance and increase small business ownership and the success of veteran entrepreneurs through extensive local outreach from our district offices, resource partners, and matchmaking programs.

ED resource partners do a tremendous job of reaching Veterans through their counseling and training programs. One contributing factor to our resource partner's successes is that several of our Veterans Business Outreach Centers are currently co-located within Small Business Development Centers in three of our country's largest states----Texas, New York and Florida. Last year, ED and our resource partners served 64,208 veterans of which 7,383 were service-disabled. In addition, we are proud of the success of the new Patriot Express Loan program, which has seen 1,007 loans for \$101,430,800, many of which were assisted by our resource partners helping the borrowers develop their loan packages. We look forward to continue to support Veterans as we implement the recently passed legislation.

Chairman Shuler, it is a sincere privilege for me and my colleagues to serve America's entrepreneurs and to work with the dedicated professionals and volunteers from the Small Business Development Centers, Women's Business Centers and SCORE networks who share our enthusiasm and support of small business.

Thank you for the opportunity to testify before the committee, and I look forward to answering questions you may have.