



Remarks Prepared for Delivery by

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Introduction

Thank you for that nice introduction. As always, it is my pleasure to be with my partners with the Initiative for a Competitive Inner City. The ICIC is one of those rare organizations that not only seeks to *do good*, but actually is making tangible progress in *achieving good*. It has been my pleasure to be associated with the ICIC and Professor Porter in my roles leading both the Small Business Administration and the Economic Development Administration. Both agencies have directly benefited from close partnership with the Initiative and Dr. Porter.

It's a paradox – but in our increasing global, flat, and interconnected world-wide marketplace, where technology has shrunk the concept of distance – location matters more than ever. That's why the promise and the challenge of America's inner cities is one that has both my professional and personal attention.

Thanks to Michael Porter, and the Inner City Capital Connections team, our nation has truly big brains addressing the promise and challenge of the inner city and the SBA is more than pleased to embrace his ideas and execute on them at the Federal Government level.

I'm sure you all saw Dr. Porter's cover article in *Business Week* recently. When I was talking with Dr. Porter the other day I told him that I've been waving that

article around like a U.S. flag at a Republican pep rally – I’ve made the entire senior staff at SBA read the article, for Dr. Porter lays out a coherent set of public policies that this nation must adopt in order to ensure our American competitiveness in the 21st century. He rightly notes that much of what happens in Washington is driven by the short-term, “tyranny of the urgent,” and he calls upon the incoming Administration to think more strategically about what we need to do to ensure long-term economic prosperity. Not only do I echo that call, I have given Dr. Porter’s article to members of the Obama transition team. I would encourage you all to read his feature and hope the President-elect and his team read it as well.

Allow me to also express appreciation to the Bank of America for co-sponsoring this event. For at least ten years, Bank of America has made more loans than any other SBA lender, and we are thankful for their partnership and their strong commitment to America’s small businesses. Matt – thanks to you and your team.

Inner City Capital Connections

There is no doubt that the capacity to innovate is America’s only possible sustainable competitive advantage in the 21st century. But a good idea without capital is simply that – just an idea – and without capital, our innovators can’t innovate and our entrepreneurs are without enterprise. Capital is like oxygen to

small business – especially during a start-up or when a firm is going through a critical growth phase.

That's why the SBA is so excited about our partnership with Inner City Capital Connections. ICCC serves a unique function in today's economy: bringing together emerging businesses in the inner city with the sources of growth capital they need.

Since your first conference, about 150 inner city enterprises have completed a rigorous application process and that 71 companies are now "equity-ready". And if previous conferences are any indication, the emerging city entrepreneurs who are here today will make useful contact with equity capital investors.

But it is not just the inner-city business owner who benefits. The investors who are here today will benefit from a dual return. The strength of the businesses represented here today will provide investors enviable returns on their financial investment. But just as importantly, investors can be further comforted by knowing that the return on their investment in opportunities represented in this room will transcend the financial dividends – it will yield changed lives and changed communities.

But supporting inner city business opportunities is not just about the emotion. Even as small businesses account for two-thirds of total employment and represent the biggest source of new employment in inner cities, the job growth rate in the urban core underperforms that of a metropolitan area as a whole. By helping urban entrepreneurs take their businesses to the next level, you are supporting the kind of economic development that creates new jobs and new opportunities in those communities that are most challenged by high levels of unemployment and poverty.

The Role of the SBA, E200

In fact, we see so much potential in the inner city that the SBA has launched a whole new program to compliment the work of the ICCC -- the SBA Emerging 200. Conceived by my predecessor, Steve Preston, now Secretary of HUD, who like me, was inspired by Professor Porter's vision of sustaining businesses in the inner city, this program started training 200 entrepreneurs from ten cities so that they can, among other things, be in a position to accept private equity capital.

The intensive MBA-like curriculum includes technical assistance and mentorship but focuses on growth strategies and pursuing growth capital.

Participants are paired with mentors, attend workshops, and develop connections with banks and the private equity community.

The Promise of Small Business

Let's never forget why we are so focused on seeing inner city businesses succeed. When you succeed, so do your employees, so do your communities, and so does America. Successful small businesses create jobs, they create wealth, and they become the economic backbone of communities and important doors of opportunity for Americans who may not find it elsewhere. They also drive the innovation that keeps America competitive.

As I look around this room, I see men and women who represent the great force of entrepreneurship that fuels much of America's greatness. You are among the 25 million small businesses that drive our economy and keep our country vibrant, adaptable, and competitive. And you represent a powerful force for good that transforms the game for citizens that live in communities where opportunity has been in short supply.

I firmly believe that the commitment President Bush has made to entrepreneurship in the inner city -- through our support of Dr. Porter's Initiative and SBA's E-200 Initiative -- is one that will transcend a change in administrations. I am confident that President-elect Obama will be interested in both initiatives and will want to continue them.

In fact, Monday was the first day members of the President-elect's transition team were on-site at SBA Headquarters, and I had the pleasure of spending a good deal of time with them. In our broad-ranging discussion, one of the specific issues we discussed was E-200 and our partnership with the ICIC. The good news is not only were they very interested in our work with the Initiative, one of the Transition Team members, Karen Mills, is a friend and associate's of Michael Porter's and clearly values what the ICIC and Inner City Capital Connections are accomplishing.

As my tenure in government comes to a close – and my time as barista at your local Starbucks begins . . . please remember to tip heavy – I and the SBA team are focused on executing a smooth and collaborative transition to the new Administration.

President Bush and President-elect Obama have set the right tone and I am confident that you will witness the best transition in history – and the partnership between the SBA and the Initiative will only grow stronger in the new Administration.

I will remain available not only to the ICIC as I enter private life to help where ever they think they can use me – but I will also remain willingly available to my successors at both the Small Business Administration and the Economic Development Administration. I am interested in seeing both agencies evolve to better address the integrated challenges we face in the 21st century.

As I remind my Federal colleagues frequently, in the private sector, we must continually evolve and adapt in order to survive and thrive. In government, the competitive pressures are different. While we may not go out of business, government does run the risk of becoming irrelevant if we do not modernize and adapt to fit the changing times. SBA and EDA are great organizations with great people – but like any human organization – they can be made better.

As I send my sincere best wishes to our newly elected President – I want him to be successful – please remember that President Bush has been steadfast in upholding the promise of small business, as he sees small business ownership as the gateway to greater opportunity for *all* Americans. As he has said:

“Small business ownership is a great equalizer in America. The only connections you need are happy customers, [and] a good business plan.

The only credentials you need are good products. The only values you need [are] to be willing to take risks and to work hard.”

That describes all of you in this room.

Thank you for your efforts on the frontiers of innovation and entrepreneurship and for the critical role you play in driving economic growth in our nation. I know, and the President knows, that it’s not those of us in Washington who are responsible for our economic success. Our economic success starts with an idea in a kitchen or a garage and ends up as a company like yours. Thank you – you have my true admiration.