

LONG-TERM OBJECTIVE 2.1

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

The contribution of small business start-ups to the U.S. economy can hardly be overstated. They represent an essential mechanism by which millions enter the economic and social mainstream of American society.¹⁶ Small firms' processes are more flexible, communication is more direct, and red tape is rare. Thus, small firms tend to arrive at decisions faster and can respond in a speedier, more nimble fashion to opportunities in the marketplace. They create new opportunities for employment, and small businesses play a crucial role in experimentation and innovation, which leads to technological change and productivity growth. Often start-ups are resource-poor, which pushes them to explore new technologies, community and regional knowledge networks, and to nurture worker skills. Their infusion of new technologies keeps the economy vibrant and the small business sector dynamic and productive.¹⁷ However, to be able to make these contributions, start-ups have to confront a range of challenges:¹⁸

- New firms have to define new roles and tasks, which is associated with high costs in time, temporary inefficiency, worry, and conflict.
- They lack the reputation, legitimacy, and experience of established firms, and must rely on interactions between strangers.
- They have very limited financial resources.
- The majority of new firms have problems in raising capital.
- Their ability to sustain economic downtrends is limited.
- They often have critical gaps in required skills because of lower skill diversity and disadvantages when competing with larger firms for employees.
- Smallness is negatively correlated with survival rates.

The number of start-ups has remained stable over the FY 2002 to FY 2005 period, while small business closures have increased throughout this same period. The number of bankruptcies, on the other hand, peaked in 2001 and decreased in the subsequent years.

Small business closures may result from bankruptcies, fusions, and buy-outs. SBA works to help small businesses avoid failure, in particular, bankruptcy. Bankruptcy can result from inadequate cash flow or insufficient initial start-up capital, but it may also be symptomatic of other fundamental weaknesses in the enterprise:

- Poor market research
- Insufficient marketing of goods and services

16. *The New American Evolution: The Role and Impact of Small Firms*. A report on small firms prepared by the Office of Economic Research of the U.S. Small Business Administration's Office of Advocacy, June 1998. http://www.sba.gov/ADVO/stats/evol_pap.html

17. *The New American Evolution: The Role and Impact of Small Firms*. June 1998. http://www.sba.gov/ADVO/stats/evol_pap.html

18. Schmalenbach Business Review, Vol. 56, April 2004, pp. 164–199.

- Deficiencies in the strategy or vision
- Lack of expertise on the part of the management team

The SBA, through its numerous programs targeting these needs, can bolster the creation of small businesses and improve the chances of a start-up becoming an established employment-generating business.

Financial Assistance

Performance and Costs to Achieve Results

Sources of financing are a critical need at the beginning stages of a small business and the type of financing has long-lasting effects on the success or failure of the business. Because most start-ups are unincorporated¹⁹ (frequently sole proprietorships), important sources of funds to nascent entrepreneurs are personal savings and debt. As a result of perceived shortage of credit and inefficient operation of credit markets, these small businesses often use an owner's own personal and business credit cards. In case of an increase in interest rates, this type of debt can result in a costly debt option for an entrepreneur. High-cost debt can cause strains in everyday operations, cash-flow problems, and, in the worst case, lead to bankruptcy. Also, while some nascent entrepreneurs and start-ups seek out equity financing from outside investors, many prefer debt because the latter is more readily available, allows the owner greater control over start-up operations and means less potential for interference from outside investors.



SBA helps to fill the financial gaps in the market through the use of various financial assistance programs to nascent businesses and start-ups. SBA administers three separate, but equally important, loan programs: 7(a) Loans, which includes an International Trade 7(a) loan variation; 504 Loans; and Microloans. SBA sets the guidelines for the loans and SBA's partners (lenders, community development organizations and microlending institutions) make the loans to small businesses. SBA backs those loans with a guaranty that eliminates some of the risk to the lending partners. The Agency also offers the small business community equity and mezzanine (venture capital) financing through the Small Business Investment Companies (SBIC) and New Market Venture Capital (NMVC) programs.

Through the Microloan Program, the SBA provides very small loans to start-up and newly-established small businesses and not-for-profit childcare centers needing small-scale financing and technical assistance for start-up or expansion. Under this program, the Agency makes funds available to nonprofit community-based lenders (intermediaries), which, in turn, make loans to eligible borrowers

19. Michelle White, *Bankruptcy and Small Business, Will Reform Harm Small Business?*, September 2001. www.cato.org/pubs/regulation/regv24n2/white.pdf

in amounts up to \$35,000. Unlike other SBA programs, microloans to borrowers are not guaranteed by the Agency. During FY 2005, SBA approved a total of 948 microloans to prospective and start-up businesses. This number represented a 39% of the total microloans provided to small businesses. For additional information on Microloans, see the financial assistance section of Long-Term Objective 2.2.

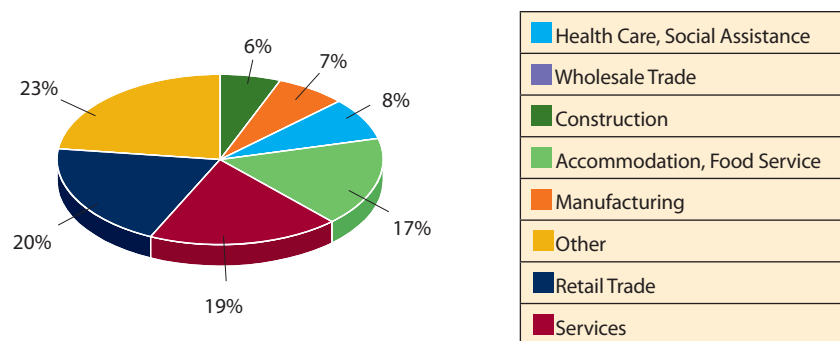
The 7(a) loan program serves as the SBA’s primary business loan program to help qualified small businesses obtain financing when they might not be eligible for business loans through normal lending channels. It is also the Agency’s most flexible business loan program because financing under this program can be guaranteed for a variety of general business purposes. SBA’s 7(a) loans have a maximum loan amount of \$2 million with a loan maturity of up to 10 years for working capital and generally up to 25 years for fixed assets.

FY 2005 was an exceptional year for SBA and its 7(a) loan program. The Agency approved 29,587 7(a) loans to these businesses during FY 2005, exceeding the FY 2005 goal of 22,671 by 31%. After accounting for cancellations by loan applicants, this achievement represents a total net approved of 27,522 in FY 2005. In addition, start-ups constituted 31% of the small businesses assisted by SBA through the 7(a) loan program.

Part of the success of the 7(a) lending program was due to the use of Community Express, a SBAExpress-like program offered to pre-designated geographic areas serving mostly low- and moderate-income communities and small businesses experiencing special opportunity gaps (SCOGs.). The program also includes technical and management assistance, which is designed to help increase the loan applicant’s chances of business success. In FY 2003, start-ups represented 24% of total 7(a) loans approved through Community Express. In FY 2005, start-ups represented 44% of these loans. While the Community Express delivery system represented a small percentage of total loans approved, the increase underlines the importance of this delivery system to the start-up niche market. One of the reasons for the popularity of the delivery system may be that lenders are not required to take collateral for loans up to \$25,000.

In part because of the flexibility in the collateral requirement, a majority of 7(a) loans approved to start-ups in FY 2005 fell into the category of \$50,000 or less. While the range in 7(a) loan sizes to start-ups extended to over \$200,000, the past three years saw an increasing trend in the share of loans approved to small business start-ups in the below-\$50,000 loan size category. Among the most popular industries receiving SBA assistance were retail trade, accommodation and food service, manufacturing, and construction (see pie chart below).

FY 2005 7(a) Loans Approved to Start-ups by Industrial Sector



SBA field offices, through their marketing and outreach to entrepreneurs and their training efforts to SBA lending partners, played an important role in enabling the Agency to generate overall loan volume increases.

The second largest program in loan volume, the 504 Loan program, also saw an increase in approval loan volume during FY 2005. The number of gross 504 loans approved to start-up small businesses was 1,290, which amounted to about 15% of the total projected loans approved for FY 2005. This achievement represented 8% improvement over the goal of 1,200 504 loans for FY 2005. After discounting for cancellations, a total of 1,262 loans were made to start-ups. Because most of the 504 loan volume was created by existing businesses, additional information on the 504 loan program can be found in the financial assistance section of Long-Term Objective 2.2.

Lenders are often hesitant about providing loans to start-ups in international trade because of the inherent high degree of uncertainty related to start-ups and the complicated industry characteristics of international trade. Through the Office of International Trade programs, the SBA exceeded by 20% the FY 2005 goal of approving 400 International Trade loans to small start-up businesses. This achievement represented a total of 479 loans approved for international trade purposes. In net terms, start-ups received a total of 444 export trade loans. For additional information on the International Trade program, refer to the financial assistance section of Long-Term Objective 2.2.

In addition to providing loan guarantees, SBA provided capital access to small business start-ups through its SBIC equity program. In FY 2005, SBA assisted 740 start-up businesses, just barely missing its FY 2005 goal of assisting 750 start-ups. By increasing availability of venture capital to small business start-ups, SBA was able to assist entrepreneurs during a critical phase of a company's establishment. Small Business Investment Companies (SBICs) made investments in start-up or early-stage companies that had exceeded the personal resources of the founder or the capacity of angel funds, but were too small to merit the attention of the larger venture funds. In addition, unlike non-SBA angel funds available in the market, SBICs provide strategic guidance to small businesses.

Equity capital is crucial to the existence of an innovative and productive business community, especially in lower-income areas. As a result, during FY 2005 SBA used its New Market Venture Capital (NMVC) program to address the unmet equity needs of low-income communities. The Agency addressed these needs by providing NMVC equity assistance to six small business start-ups in these communities.

Performance Statement

Program Level Financial Assistance

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

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

SBA Programs Output Measures ^a		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
Capital Access							
7(a) Loan Program	Loans Approved (number)	13,427	15,588	18,134 ^b	22,671	29,587	30.5% B
	Net Loans Funded (number) ^c	11,911	13,559	15,945	N/A	27,522	N/A
504 Loan Program	Loans Approved (number)	989	1,321	1,460	1,200	1,290	G 7.5%
	Net Loans Funded (number) ^c	849	1,161	1,311	N/A	1,262	N/A
Microloan Program	Net Loans Funded (number) ^c	1,040	1,118	1,022	1,022	948	Y -7.2%
SBIC Program	Small Businesses Assisted (number)	723	935	734	750	740	Y -1.3%
NMVC	Small Businesses Assisted (number) ^c	N/A	N/A	N/A	N/A	6	N/A
International Trade	Loans Approved (number) ^c	N/A	N/A	N/A	N/A	479	N/A
	Net Loans Funded (number) ^c	68	127	198	N/A	444	N/A
Total Financial Assistance Provided		16,179	18,962	21,350	25,643	32,571	N/A
SBA Programs Outcome Measures		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
2.1.1 Prospective and start-up small businesses (SSB) assisted.							
Capital Access							
7(a) Loan Program	SSB Assisted	11,601	13,122	15,351	N/A	25,806	N/A
504 Loan Program	SSB Assisted	843	1,150	1,297	N/A	1,249	N/A
SBIC	SSB Assisted	723	935	734	750	740	Y -1.3%
NMVC	SSB Assisted ^c	N/A	N/A	N/A	N/A	6	N/A
Microloan Program	SSB Assisted	1,040	1,118	1,022	1,022	948	Y -7.2%
International Trade	SSB Assisted ^c	67	125	192	N/A	420	N/A
Total SSB Assisted^d		14,207	16,325	18,404	1,772 ^e	28,749	N/A

a. District Offices indicators for Long-Term Objective 2.1 are currently being evaluated and will be tracked in future years.

b. The FY 2004 actual value published in 2004 PAR was revised in FY 2005.

c. New indicator as of FY 2005.

d. SSB Assisted totals for 7(a) Loans, 504 Loans, and International Trade Loans were reevaluated and in FY 2005 and identified as Unique number of small business start-ups receiving assistance through the above listed programs. This total represents the number of start-ups assisted through 7(a), 504, SBIC, NMVC, and Microloan programs.

e. Unique number of small business start-ups were identified for 7(a), 504, and International Trade programs in FY 2005. Therefore no FY 2005 goal was available for these indicators.

Performance Statement Program Level Financial Assistance

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

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

2.1.2 Percentage of prospective and start-ups from among those small businesses assisted^a

Capital Access

Program	% SSB Assisted	27.0%	23.7%	22.6%	N/A	31.4%	N/A
7(a) Loan Program	% SSB Assisted	27.0%	23.7%	22.6%	N/A	31.4%	N/A
504 Loan Program	% SSB Assisted	18.0%	19.3%	17.5%	N/A	14.4%	N/A
SBIC	% SSB Assisted	36.5%	35.8%	30.5%	N/A	32.2%	N/A
Microloan Program	% SSB Assisted	40%	45.8%	43%	N/A	38.9%	N/A
International Trade	% SSB Assisted	9.2%	8.7%	9%	N/A	16.9%	N/A

2.1.4 Median customer satisfaction rate

SBA Programs Annual Costs		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2005 Actual	FY 2005 % Cost Variance
Capital Access							
7(a) Loan	Total Program Cost (\$000)	\$61,100	\$54,333	\$49,084	\$19,074	\$22,677	18.9%
	Cost per Loan Funded (\$) ^b	\$3,519	\$2,825	\$2,596	N/A	\$559	N/A
	Cost per Loan Liquidated (\$) ^c	\$2,259	\$2,214	\$ 687	N/A	\$1,191	N/A
504 Loan	Total Program Cost (\$000)	\$5,847	\$7,988	\$6,958	\$3,135	\$3,066	-2.2%
	Cost per Loan Funded (\$) ^b	\$3,239	\$4,468	\$4,356	N/A	\$1,581	N/A
	Cost per Loan Liquidated (\$) ^c	N/A	\$13,043	\$4,319	N/A	\$7,587	N/A
Microloans	Total Program Cost (\$000)	\$1,913	\$4,500	\$5,129	\$1,996	\$1,697	-15.0%
	Cost Per Loan Funded (\$) ^d	\$1,341	\$2,506	\$4,742	\$1,707	\$1,584	-7.2%
International Trade ^c	Total Cost (\$000)	N/A	N/A	N/A	\$790	\$909	15.1%
	Cost per Loan Funded (\$)	N/A	N/A	N/A	N/A	\$2,047	N/A
NMVC	Total Cost (\$000)	N/A	N/A	N/A	\$ 93	\$105	12.6%
	Cost per SSB Assisted (\$)	N/A	N/A	N/A	N/A	\$17,449	N/A
SBIC	Total Program Cost (\$000)	\$4,497	\$3,666	\$3,507	\$5,284	\$5,110	-3.3%
	Cost per SSB Assisted (\$)	N/A	\$3,921	\$4,778	\$7,045	\$6,905	-2.0%
Total Financial Assistance Cost (\$000)		\$73,357	\$70,487	\$64,679	\$30,372	\$33,564	10.5%

a. LTO 2.1 previously reported "Customer Satisfaction." However, the indicator is being tracked only for technical assistance programs: SCORE, SBDC, and WBC. The indicator is currently not being tracked for 7(a) Loans, 504 Loans, SBIC, and Microloans.

b. Cost efficiency measure based on loans funded. Previously published indicator was based on total loans approved.

c. New cost efficiency measure as of FY 2005. (International Trade is new to LTO 2.1 as of FY 2005.)

d. Renamed Cost efficiency indicator.

Goals Exceeded

Output Measure		
7(a) Loans Approved – start-up small businesses		
Target	Result	Above Target by
22,671 Loans Approved	29,587 Loans Approved	31%
Reasons for performance result		
The economy continued to grow and SBA experienced record-breaking growth from more borrowers (compared to the previous year) as lenders explained that the demand for starting a new business hit record levels. There was targeted marketing and outreach by the district offices to budding entrepreneurs. SBA also provided more emphasis on outreach to the lending community who targeted small businesses interested in obtaining loans to start up a business.		
Steps being taken to improve performance or targets		
SBA does not believe that the 7(a) FY 2005 achievement was an anomaly, as the Agency continues to see an upward trend in the demand for the program. As a result, the projected 7(a) goal for the next fiscal year will higher than its FY 2005 goal.		
Impact of result		
Emphasis on outreach has resulted in a more efficient service-availability to small businesses as reflected by the higher number of loans approved.		

Output Measure		
504 Loans Approved		
Target	Result	Above Target by
6,800 Loans Approved	7,904 Loans Approved	16%
Reasons for performance result		
SBA had significant program changes in 2003-2004 that encouraged the expansion of existing experienced CDCs into broader geographic areas from local areas to statewide areas. The changes in CDC coverage areas were due to increased competition among CDC's and lenders and the increase was larger than the SBA originally predicted.		
Steps being taken to improve performance or targets		
The Agency does not believe that the 504 loan goal performance achieved in FY 2005 was an anomaly, as the SBA continues to see an upward trend in the program.		
Impact of result		
The expansion of CDCs geographically has resulted in a more efficient service-availability to small businesses as reflected by the higher number of loans approved.		

Technical Assistance

Performance and Costs to Achieve Results

At the prospective, nascent and start-up stages in the business lifecycle, management and technical assistance is crucial because it helps to fill in the gaps in knowledge and experience many new entrepreneurs encounter—deficiencies that can be costly, if not lethal, for a start-up enterprise if not addressed immediately.

During FY 2005, the SBA worked to improve the Nation's economy by providing management and technical training and counseling to help start-ups become successful. It did this principally through SBA's Office of Entrepreneurial Development (OED), relying in large part on three resources: SCORE, the Small Businesses Development Centers (SBDCs), and the Women's Business Centers (WBCs). Each of these resource partners focuses on a different segment of the small business community.

As an SBA resource partner for over 40 years, SCORE is one of the most highly integrated, well known and visible of all SBA resource partners. This volunteer corps of approximately 10,500 working and retired executives and small business owners annually donate over 1.3 million client hours of real-life, hands-on experience to America's entrepreneurial community. SCORE's primary market is nascent and start-up businesses, which complements SBDC's service segment of more established businesses, and allows SBA to efficiently cover the whole spectrum of small businesses.

In FY 2005, SCORE implemented a new client definition for clients trained, described previously. The new definition for clients counseled will be implemented during FY 2006. As a result, SBA can only report in the FY 2005 SCORE performance with respect to the number of clients counseled face-to-face or online. SBA expects to exceed by 12% its FY 2005 goal of clients counseled by SCORE. SBA attributes this success to cultivating client relationships and better awareness of the program among small businesses resulting from increased marketing and public relations activities. These factors had a similar effect on the number of online users counseled online, which will exceed its set goal by 9%.

During FY 2005, SBA conducted a pilot evaluation on the SCORE program, with the intention of using this evaluation methodology to evaluate other ED programs. The process is a multi-stage, multi-tier evaluation, including an evidentiary component, which extensively examines the management, implementation and evaluation systems of SCORE.

The SBDC program's main focus is existing small businesses; however, this program also makes an important contribution to the success of nascent and start-up businesses. According to the ED Impact Survey, approximately 34% of SBDC clients are in the nascent entrepreneur/start-up category. Through this partner, SBA assists small businesses with short- and long-term counseling and training. However, possibly as a result of the new client definitions, SBA has observed a decline in the number of hours of counseling and training, but a continuing increase in the number of clients served. Because data show that long-term counseling and training result in the greatest economic impact (in terms of jobs and revenue), for FY 2006 the Agency decided to allocate more resources to long-term technical assistance. Consequently, the FY 2006 goal for number of clients SBDC counsels or trains will be maintained at the same level as FY 2005, while the number of counseling and training hours will be increased. More information about this program can be found in the Technical Assistance section of Long-Term Objective 2.2.

The third component in SBA's strategy for providing technical assistance to small businesses is the Women's Business Centers (WBCs). They provide beginning-level classes for prospective, nascent, and start-up entrepreneurs, with a special emphasis on women, particularly those who are socially and economically disadvantaged. Many of the centers also provide evening and weekend hours in order to meet the needs of their clients, many of whom require creative scheduling and services.

In FY 2005, WBCs revised the standard data collection format for the program to collect information on nascent/start-up businesses. This makes the Centers better able to provide actual data on the number and characteristics of start-up businesses that WBCs assist. The Centers can now tie increases in profits, gross receipts, number of employees, etc., to the hours of training and counseling received.

The WBC program was the first program at SBA to issue a program announcement electronically via the Grants.gov site, thus demonstrating its support of the President's Management Agenda of increasing E-Government. Additional information about this program can be found in the technical assistance section of Long-Term Objective 2.3.

SBA has also taken a big step in its electronic initiatives with its Small Business Training Network (SBTN), which serves a dramatically growing segment of SBA's market. Both SBTN and the Web-enabled counseling and training provided by SBA's resource partners provide an efficient means for nascent entities and the newest small businesses to acquire needed information and support.

In addition to the programs that are managed by the Office of Entrepreneurial Development, the SBA has technical support programs that deliver specialized technical assistance. The Microloan program provides grants to intermediary lenders and non-lending Technical Assistance Providers. The grants are to be used to provide technical assistance and training to micro-borrowers and potential micro-borrowers. In FY 2005, SBA microlenders provided 13,218 hours of pre-loan technical assistance to the 948 small start-up businesses receiving microloans. No FY 2005 goal is available because the program had not requested funding after FY 2004.

Performance Statement Program Level Technical Assistance

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

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

SBA Programs Output Measures ^a		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
Capital Access^b							
Microloan Program	Hours of Technical Assistance (number)	N/A	N/A	N/A	N/A	13,218	N/A
	Small Businesses Receiving Technical Assistance (number)	N/A	N/A	1,022	N/A	948	N/A
Entrepreneurial Development^c							
SCORE ^l	Attendees Trained (number)	99,541	114,811	113,671	Base Year ^d	104,251	N/A
	Clients Counseled (number)	334,536	362,023	274,895	215,188	237,795	10.5% B
SBDC ^{f,l}	Attendees Trained (number)	234,100	249,035	271,995	Base Year ^d	274,558	N/A
	Clients Counseled (number) ^e	163,197	170,361	170,742	Base Year ^d	154,357	N/A
WBC ^{g,l}	Attendees Trained (number)	44,051	51,380	64,024	Base Year ^d	81,798	N/A
	Clients Counseled (number)	24,547	33,910	34,146	Base Year ^d	38,092	N/A
BIC ^h	Clients Counseled (number)	135,951	148,948	149,643	N/A	N/A	N/A
SBTN ⁱ	Registered Clients Taking Online Courses	N/A	N/A	N/A	N/A	214,443	N/A
Total Receiving Technical Assistance		1,035,923	1,130,468	1,080,138	215,188 ^j	891,799	N/A ^k

a. Previously published District office indicators for technical assistance, LTO 2.1 are currently being evaluated and will be tracked in future years.

Italicized numbers represent estimates.

b. The previously published Prime Technical Assistance indicator is currently not being tracked.

c. ED changed client definitions in FY 2005. FY 2005 has been set as the base year for SCORE, SBDC, and WBC technical assistance indicators.

d. Due to changes in ED client definitions, FY 2005 goal was set as base year.

e. The number of Clients Counseled and the Number of Online Users Counseled Online have been consolidated and represented in the number of Clients Counseled. The indicator Online Users Counseled Online has been discontinued.

f. Small Business Development Center (SBDC).

g. Women's Business Center (WBC).

h. Business Information Center (BIC).

i. Small Business Training Network (SBTN).

j. Total does not include the target from the main technical assistance programs. Due to changes in ED client definitions, FY 2005 goal was set as base year for technical assistance programs.

k. Variance could not be calculated due to distortion of FY 2005 values that resulted from ED client definition changes.

l. Values for current fiscal year are estimates. Please click on program name to see methodology used to calculate the estimates. Actual values will be available by 11/30/05.

Performance Statement Program Level Technical Assistance

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

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

SBA Intermediate Outcome Measures ^a		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
Entrepreneurial Development							
SBDC	Jobs Created/Retained (number)	104,658	99,825	102,834 ^b	105,904	UNAVAIL	N/A
	Revenue (\$ million)	\$6,146	\$4,364	\$5,879 ^b	\$4,630	UNAVAIL	N/A
SBA Programs Outcome Measures		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
2.1.1 Prospective and start-up small businesses (SSB) assisted.							
Capital Access							
Microloan Program	SSB Assisted	N/A	N/A	1,022	N/A	948	N/A
Entrepreneurial Development							
SCORE	SSB Assisted	434,077	476,834	388,566	215,188	342,046	59.0% ^B
SBDC	SSB Assisted	397,297	419,396	442,737	Base Year ^c	428,915	N/A
WBC	SSB Assisted	68,598	85,290	98,170	Base Year ^c	119,890	N/A
BIC	SSB Assisted	135,951	148,948	149,643	N/A	N/A	N/A
SBTN	SSB Assisted	N/A	N/A	N/A	N/A	214,443	N/A
Total SSB Assisted^d		1,035,923	1,130,468	1,080,138	215,188^e	891,799	N/A^f

a. Italicized numbers represent estimates.

b. This economic impact value is available three months after the close of SBDC financial cycle.

c. Due to changes in ED client definitions, FY 2005 goal was set as base year.

d. This percentage represents the share of small businesses that are start-ups and are assisted by SCORE, SBDC, WBC, and BIC.

e. Total does not include the target from the main technical assistance programs. Due to changes in ED client definitions, FY 2005 goal was set as base year for technical assistance programs.

f. Variance could not be calculated due to distortion of FY 2005 values that resulted from ED client definition changes.

Performance Statement							
Program Level Technical Assistance							
<i>Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.</i>							
<i>Long-Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups.</i>							
2.1.2 Percentage of prospective and start-ups from among those small businesses assisted. ^a							
Entrepreneurial Development							
2.1.4 Median customer satisfaction rate ^b							
Entrepreneurial Development^c							
SCORE	% Customer Satisfaction	83.0%	83.0%	89.0%	90.0%	72.1%	-19.9% R
SBDC	% Customer Satisfaction	87.5%	N/A	76.5%	76.5%	75.4%	-1.4% Y
WBC	% Customer Satisfaction	UNAVAIL.	80.0%	94.0%	81.6%	89.5%	9.7% G
Total Average Customer Satisfaction Rate		85.3%	81.5%	86.5%	82.7%	79.0%	-4.5%
Program Annual Cost							
SBA Programs Costs		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2005 Actual	FY 2005 % Cost Variance
Capital Access							
Microloan Technical Assistance	Total Program Cost (\$000)	\$7,465	\$6,925	\$9,233	\$6,095	\$5,498	-9.8%
	Cost per Hour (\$)	N/A	N/A	N/A	N/A	\$416	N/A
Entrepreneurial Development							
SCORE	Total Cost (\$000)	\$11,015	\$9,366	\$14,283	\$14,913	\$15,361	3.0%
	Cost per Client Served (\$)	\$25	\$20	\$37	\$69	\$45	-35.2%
SBDC	Total Cost (\$000)	\$61,107	\$56,584	\$63,160	\$63,717	\$64,412	1.1%
	Cost per Client Served (\$)	\$154	\$135	\$143	N/A	150	N/A
WBC	Total Cost (\$000)	\$13,960	\$13,322	\$17,353	\$19,156	\$18,844	-1.6%
	Cost per Client Served (\$)	\$204	\$156	\$177	N/A	157	N/A
BIC	Total Cost (\$000)	\$10,748	\$9,207	\$8,957	N/A	N/A	N/A
	Cost per Client Served (\$)	\$79	\$62	\$60	N/A	N/A	N/A
Total Technical Assistance Cost (\$000)		\$104,295	\$95,404	\$112,986	\$103,881	\$104,115	0.2%

a. SCORE – percentage of prospective and start-ups is based on an estimate of 83%. SBDC – Percentage of prospective and start-ups is based on an estimate of 61%. WBC – Percentage of prospective and start-ups is based on an estimate of 80%. BIC – Percentage of prospective and start-ups is based on an estimate of 90%.

b. In FY 2005, the survey instrument for collecting and evaluating client customer satisfaction for SBDCs, SCORE, and WBCs was changed. FY 2005 is now the new baseline year on which future comparisons can be made.

c. Customer Satisfaction is only tracked for SCORE, SBDC, and WBC. As a result, the indicator has been eliminated for the following programs: Microloan, International Trade, Prime Technical Assistance, 7(j), HUBZone, BIC, DFWP, One-Stop Capital Shop, NAO.

Goals Exceeded

Output Measure SCORE Clients Counseled – start-up small businesses		
Target	Result	Above Target by
215,188 Clients Counseled	237,795 Clients Counseled	11%
Reasons for performance result		
SCORE has increased the positive impact of SBA assistance upon the number and success of small business start-ups. The Agency attributes this success to cultivating client relationships, counselor expertise, and increasing various marketing and public relations activities.		
Steps being taken to improve performance or targets		
During FY 2006 SCORE will implement the new “client counseled” definition. The number of clients counseled in FY 2006 will be the baseline for future goals. Full implementation of the Entrepreneurial Development (ED) client definitions will also provide predictability on which to achieve annual and Long-Term Objectives.		
Impact of result		
FY SBA will not be able to determine the impact of this result until it has been able to establish a baseline based on the new SCORE client definition.		

Outcome Measure 2.1.1 SCORE Start-up Small Businesses Assisted		
Target	Result	Above Target by
215,188 SSB Assisted	342,046 SSB Assisted	59%
Reasons for performance result		
The number of start-up small business assisted is the sum of clients counseled and clients trained. FY 2005 was the first year in which the revised ED training definition was in use and consequently there was no goal for it. This lowered the number of the training clients that could be counted toward goal attainment for SSB assisted by SCORE.		
Steps being taken to improve performance or targets		
FY 2005 data is the new baseline year on which future comparisons can be made. The FY 2006 training goals will reflect FY 2005 actuals.		
Impact of result		
This indicator will not completely reflect the performance of this program until FY 2007 when both counseling and training ED client definitions will have been fully implemented.		

Goals Not Met

Outcome Measure 2.1.4 SCORE customer satisfaction rate for start-up small businesses (SSB) assisted		
Target	Result	Below Target by
90% Customer Satisfaction	72.1% Customer Satisfaction	20%
Reasons for performance result		
In FY 2005, the survey instrument for collecting and evaluating client customer satisfaction for SBDCs, SCORE and WBCs, was changed.		
Steps being taken to improve performance or targets		
The ED Impact Study established a new uniform methodology to survey ED clients. Therefore, FY 2005 data is now the new baseline year on which future comparisons can be made.		
Impact of result		
Future years should establish a trend from which the Agency can extrapolate impact.		