



Keynote Speech

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Thank you, Lisa, for that introduction. Lisa's inspirational story of how she and her partner Gerry Laybourne started Oxygen is an example of how entrepreneurs can create an important new business, build it into an icon, and grow hundreds of good-paying, lasting American jobs.

It's a privilege to be here and to be serving as the SBA Administrator. And, of course, it is an honor to be here with our small business award winners. You've overcome difficult odds to build your business. You've invested in your employees and they've partnered with you to help it grow. You've built stronger, healthier communities, and so much more...

I want to congratulate everyone here today on all your success. You all know better than most the important role small business plays in our Nation's economy. Small businesses have created roughly 70 percent of all new American jobs in the past decade. More than half of Americans own or work for a small business. And these businesses develop the most innovative patents in the most cutting-edge industries which will keep us competitive in the future.

Today, America's small business community has a visible and vocal advocate in our President, Barack Obama. In a recent speech, he talked about how small businesses are born in family meetings around kitchen tables. He described them as "the heart of the American economy..." and part of the path to the American Dream.

If we look back, we can see that story repeated throughout our history. America's entrepreneurs and small business owners have proven that the American Dream is powerful, resilient and adaptable... leading us time-and-time-again toward greater economic growth and stronger international leadership.

In the 1930s, President Roosevelt understood the crucial role that small businesses would play in leading us out of an economic crisis. In fact, he appointed many of his best people to lead the Reconstruction Finance Corporation – the RFC – considered to be the predecessor of the SBA. The RFC coordinated a number of programs, including a lending program for businesses hurt by the Depression.

Today, we can see a parallel to both the challenges and the opportunities that FDR faced. We see businesses that are having problems staying creditworthy. We have banks tightening their lending standards. We have liquidity problems in our markets, and much more.

At the same time, we also have an Administration which values the importance of taking bold action. The SBA is a key part of that, and today I'd like to discuss three priorities for the SBA: continued progress with the Recovery Act, revitalizing the agency itself, and making the SBA the strongest possible voice for small business in the U.S.

(Recovery Act)

The SBA provisions in the Recovery Act were designed not only to help small businesses keep the doors open, but also to help them grow and create jobs. I am pleased to say it is doing just that.

The SBA has \$730 million in Recovery Act funding. Over half of that is to temporarily increase the federal guarantees and reduce or eliminate fees on our two largest lending programs – the 7(a) and the 504 – which I know many of you have used.

This funding is already in the marketplace and the results are good. The average weekly loan volume is up more than 25% compared to before the Recovery Act. More lenders are lending in the 7(a) program. In fact, 1,200 lenders have participated so far. More than 350 had not made a loan since October, and about 160 had not made a loan since at least 2007. And in total – about 10,000 Recovery Act loans have been approved with \$3.3 billion in credit support to small businesses.

And we are hearing powerful stories from around the country.

In New Mexico, Lena Smith and Robert Metz received a loan for \$3.7 million to build an assisted living facility for seniors with dementia. This will meet a critical health care need... and it will help create 75 new jobs. The Recovery Act saved them \$31,000 in fees to reinvest in their company.

In Troy, Ohio, a new start-up called Dayton International Tire Recycling secured a \$1.7 million loan for equipment. The company saved more than \$45,000 in fees. The company's owner Dave Musgrave is using the money to get the company off the ground. He hopes to have 34 employees by January 1.

And in Rhode Island, an SBA-backed loan helped the state's largest family-owned shoe store. Joseph Jamiel says the \$400,000 he secured for Jamiel's Shoe World gave him "a second chance at saving the family business." He was able to reduce existing debt, consolidate operations, and save more than \$10,000 in fees. That last anecdote really hit home for me, because I remember going to Jamiel's to buy shoes for my three boys when they were young.

And the best part is this: As a whole, our borrowers have reported to us that these new loans are helping them retain and create tens of thousands of jobs throughout the country.

We have some momentum, and we are building on it.

Today, I'm pleased to announce plans to add another tool to our toolbox. The Recovery Act called for a new temporary program – America's Recovery Capital. "ARC" loans are designed to provide some temporary relief for viable small businesses with immediate financial hardship... to keep their doors open until they can get back on track.

Here are the details. These short-term loans of up to \$35,000 can be used to cover payments on non-SBA debt. They have no SBA fees or interest costs for the borrower and are 100 percent guaranteed by the SBA. The loan is for six months, followed by 12 months of no repayment and then 5 years to pay it back. ARC loans are for viable businesses, meaning that the business must have an established history of good performance – but they are in a situation where they just need a little extra help to bridge the “troubled waters.”

We expect these loans to be in high demand. By June 8, we expect to release detailed guidance for lender training. We will be ready to accept loan packages from lenders by June 15.

We are making headway with all of our Recovery Act programs. But we need your continued help. How can you help? You can help by making sure that businesses throughout your community and your state are aware of these new SBA programs.

All I ask is that you help them connect to us through one of our 68 field offices, or a participating SBA lender, or one of our 14,000 SBA-affiliated counseling partners across the U.S, or even through sba.gov.

We need your help, because we know that America’s entrepreneurs and small businesses will lead us out of this recession if we give them the tools they need to succeed. So, thank you for what you have done, what you are doing, and thank you in advance for the support you can provide in the future to help the Recovery Act *continue* to live up to its name.

(Revitalizing the Agency)

Let’s go back to FDR for a moment. In the 1930s and 40s, some of FDR’s agencies played a similar role to the SBA. They harnessed the ingenuity of entrepreneurs and small businesses during a difficult time.

In the early 1950s, though, President Eisenhower saw a new way to invest even more in America’s small businesses. He saw value in establishing an agency which would – quote – “aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns.”

So, the SBA was born on July 30th, 1953.

Today, the SBA has a powerful and broad reach—maybe larger than most people realize.

Did you know that the SBA total portfolio of direct loans and loan guarantees is *over \$90 billion dollars*?

Did you know that the SBA works with: nearly 900 Small Business Development Centers, more than 100 Women’s Business Centers, more than 350 chapters of SCORE?

Did you know that – last year – we had about 14,000 SBA-affiliated counselors who served more than a million and a half people across the country? People like Lisa Snider, Mary Eichinger and Doug Misak who have served rural Southeastern Oklahoma, helping grow 37 new start-up companies.

Did you know that we have 1,200 SBA reservists on active call who are trained and ready to go into disaster areas to help families and businesses? These people have the same spirit as people like Don Guimond from my own state of Maine, who helped the Fort Kent community when a flood was imminent.

Did you know that we have dozens of Procurement Center Representatives throughout the federal agencies – stationed around the country to help small businesses get the chance to provide innovative and personalized services for federal contracts? For example, businesses like Cabrera Services in Connecticut which provides high-tech engineering support for the Department of Defense, the EPA and the Department of Energy.

The breadth and depth of the SBA's network is truly extraordinary. I have started to think of the SBA not just as a backbone for small business, but as an *entire bone structure*.

Today, it is our goal to strengthen and reinvigorate these networks – this bone structure – to allow us to do the important things we do *even better than before*.

Today, to be as strong as we need to be at the SBA, we need to invest in two things: technology and people.

Let's start with technology – where we are gearing up for big changes. For example: we are working on plans to automate old paper-based systems, we are planning to boost data transfer speeds to streamline the approval process, we are working on a new web portal and a customer database.

In sum, our people are working hard to find the best new technologies for the SBA so we can serve lenders and borrowers, and make good decisions about risk and oversight.

And we also must invest in our people themselves. We have so many extraordinary people in the SBA family.

For example, we have district directors — our critical link to the lenders, borrowers and partners on the ground. Can we please just have you and your district staff members stand to be acknowledged for a moment?

We also have a great staff at headquarters and in operating centers who have been working night-and-day to get the provisions of the Recovery Act into the hands of small business owners across the country. And we have experts in contracting who will

continue to work with you and with purchasing departments across the federal government to build on our progress in that area.

And where would we be without our SBA partners? From our lending associations... to our microlending partners... to the credit unions and banks... to the professionals who work with women, minorities, veterans, and rural populations and others... Each of these partners plays a critical role. And I look forward to making our relationships even more productive.

In the coming months you will hear a lot from the SBA about investing in our people and our partnerships. You will see us invest in training, planning, and better communication across the SBA. And you will hear repeated calls for all of us to break down silos, to give up sacred turf, and to collaborate more closely together.

If we move in that direction, I know we can grow a broader SBA family that feels a collective stake in the success of SBA's mission: to deliver proven results to small businesses that need our help.

That's why we're going to track and measure our success, and we will put our energy behind the things that work best.

We do important things here at the SBA, and we are going to invest in the agency to be sure we have the people, the capabilities and the tools we need to do them even better.

(SBA – Strongest Voice for Small Business)

Finally, today, we must also be the voice for small business beyond the SBA.

Small businesses are the engines that create jobs, new industries, and keep America strong and competitive across the globe. In fact, studies show that many of the most transformational innovations in areas such as health care, renewable energy and high-tech... come from America's small businesses.

Even in regions that are hard-hit by job loss, we find small business owners interacting with community leaders, local officials, researchers, and others. Together, they are exploring new ideas and developing unique ways to revitalize the economy.

Let me give an example.

Several years ago, the Naval Air Station in Brunswick, Maine – where I've been living – went on the Base Closure list. We knew we would need something to replace the jobs that would be lost. A number of us got together, and asked a critical question: *What do people do in Maine that is unique in the world?*

We have been building boats in Maine for more than 400 years. We used to make boats only out of wood, but now we use composites. And, at a local university, composites researchers are working with boat builders to make boat hulls that are the lightest and fastest in the world.

We thought, “This should be one of Maine’s leading industries. Maine people should have jobs making composite boats long into the future.” So, we brought everyone together – from the builders, to the researchers, to business and education experts – and we formed an alliance.

As a result, Maine’s boat building industry-which is made up of small businesses- is better positioned to compete across the globe, selling boats in places as far away as Shanghai.

I think there are many more opportunities to create these regional alliances across the country. We should work to foster those alliances in fields such as broadband technology, renewable energy, and much more.

I am committed to advancing ideas like that across the Administration, and I want to hear more ideas from each of you.

I am also committed to making sure that small business has a seat at the table when it comes to the national issues that affect you and other small businesses.

For example, we know your employees are like your family, and we know that you want to provide them with health care coverage – but some businesses just can’t afford it. As you heard this morning, President Obama’s commitment to health care reform will help small businesses that are struggling as the costs of health care continues to skyrocket.

On this and other important issues we are committed to being a voice for small business... and making sure you are fully empowered not only to help rebuild our economy, but also to make America a healthier, more resourceful, and more influential nation.

(Closing)

I am a true believer in America’s small business community. Whether you have partnered with SBA in the past... or if you are partnering with us now... or you plan to partner with us in the future... my commitment is that the SBA will work with you as closely as possible, and that – together – we will achieve measurable results, as we are with the Recovery Act.

By so doing, we will continue to harness the centuries-old American spirit of innovation and entrepreneurship that creates jobs and drives our economy forward.

I will leave you with a quote. FDR once said, “I do not look upon these United States as a finished product. We are still in the making.”

Today, America is once again remaking itself and small business is leading the way. I look forward to your continued partnership with the SBA as we grow and innovate to meet the future needs of America’s entrepreneurs and small businesses. Thank you.