

SPEECH BY SBA ADMINISTRATOR
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TO THE

NATIONAL ASSOCIATION
OF MINORITY AUTOMOBILE DEALERS

ANNUAL MEETING

SAN ANTONIO, TEXAS

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**THANK YOU ...IT'S A PLEASURE TO BE HERE WITH YOU IN
SAN ANTONIO THIS MORNING. I APPRECIATE THE KIND
WORDS YOU HAVE SAID ON MY BEHALF.**

**IT IS ESPECIALLY GRATIFYING TO BE HERE IN ONE OF MY
FIRST OFFICIAL SPEAKING ENGAGEMENTS AS
ADMINISTRATOR OF THE SBA.**

**AS ADMINISTRATOR, I MEAN TO LIVE UP TO THE TRUST
THAT PRESIDENT BUSH HAS SHOWN BY SELECTING ME TO
SERVE AS SBA ADMINISTRATOR.**

**PRESIDENT BUSH IS A STRONG SUPPORTER OF SMALL
BUSINESSES. THE PRESIDENT IS FIRMLY COMMITTED TO
ACHIEVING AN EFFICIENT AND COST-EFFECTIVE
GOVERNMENT WHERE BURDENSOME REGULATIONS ARE**

STREAMLINED AND SMALL BUSINESSES ARE HEARD AND RESPECTED AT THE NATIONAL LEVEL.

WE HAVE ALL ALREADY BENEFITED FROM THE PRESIDENT'S TAX INITIATIVE, WHICH HAS RESULTED IN THE MOST SIGNIFICANT TAX REFORM AND REDUCTION THE AMERICAN PEOPLE HAVE ENJOYED IN TWENTY YEARS.

MARK MY WORDS – THE BUSH ADMINISTRATION IS A SMALL BUSINESS ADMINISTRATION. AND I AM HONORED TO BE A PART OF IT.

I LITERALLY GREW UP IN A SMALL BUSINESS. IT'S A PASSION OF MINE, SOMETHING I GOT FROM MY PARENTS. SMALL BUSINESS AND I HAVE BEEN INVOLVED FOR ALMOST MY ENTIRE LIFE.

MY FATHER CAME TO THIS COUNTRY IN 1958, SPEAKING NO ENGLISH AND WITH NO MONEY IN HIS POCKET. HE PICKED POTATOES FOR 50 CENTS AN HOUR.

AFTER HE AND MY MOTHER MARRIED, THEY SETTLED IN KANSAS CITY. THEY SAW IT AS THE LAND OF OPPORTUNITY, AND THEY WERE RIGHT. BUT THEY FOUND MORE THAN OPPORTUNITY THERE. THEY FOUND THAT THEY HAD "GANAS."

GANAS IS A SPANISH WORD THAT, LOOSELY TRANSLATED, MEANS “AN UNRELENTING DESIRE TO ACCOMPLISH A GREAT GOAL.” A QUEST, IF YOU WILL – A QUEST TO ACHIEVE THE AMERICAN DREAM – “EL SUEÑO AMERICANO.”

IN 1969, WHEN I WAS EIGHT YEARS OLD, MY PARENTS OPENED THEIR FIRST RESTAURANT, AND I STARTED WAITING TABLES WHEN I WAS NINE.

AS OUR CUSTOMERS CAME TO LOVE MY MOTHER’S COOKING – AND I’M HERE TO TELL YOU SHE’S STILL THE BEST COOK IN KANSAS CITY – OUR SMALL RESTAURANT GREW INTO THREE RESTAURANTS, AND MY PARENTS REALIZED THAT THEY WERE LIVING THE AMERICAN DREAM.

JUST AS IMPORTANT, THEY UNDERSTOOD THAT THEY HAD A RESPONSIBILITY TO HELP OTHERS IN THE COMMUNITY TO ACHIEVE THEIR AMERICAN DREAMS BY STARTING SMALL BUSINESSES.

TO THAT END, MY FATHER STARTED THE U.S. HISPANIC CHAMBER OF COMMERCE, THE FIRST NATIONAL HISPANIC SMALL BUSINESS ORGANIZATION IN THE UNITED STATES.

OVER THE YEARS I HAVE BENEFITED FROM MY FATHER'S MENTORING, AND FROM THE HELP OF OTHER SMALL BUSINESS OWNERS, AS WELL.

AND WHEN THE VOICE OF SMALL BUSINESS CALLED ME TO MY OWN LAND OF OPPORTUNITY – SOUTHERN CALIFORNIA – I WENT THERE AND STARTED A SMALL FINANCIAL SERVICES COMPANY.

SO YOU SEE, SMALL BUSINESS IS IN MY BLOOD. I BELIEVE IN SMALL BUSINESS. SMALL BUSINESS HAS EMPOWERED MY FAMILY AND ME, AND MILLIONS UPON MILLIONS OF PEOPLE LIKE US.

MY EXPERIENCE HAS CONVINCED ME THAT SMALL BUSINESS REMAINS THE SWIFTEST AND SUREST WAY OF ACHIEVING THE AMERICAN DREAM, REGARDLESS OF YOUR BEGINNINGS.

I UNDERSTAND, FROM MY OWN EXPERIENCE, THAT STARTING A SMALL BUSINESS AND RUNNING IT SUCCESSFULLY IS NOT AN EASY THING TO DO. AND I KNOW FIRST-HAND THAT IT IS HARDER FOR MINORITIES.

I HAVE GAINED SOME INSIGHTS INTO THE SPECIAL CHALLENGES AND BARRIERS THAT TEND TO IMPACT

TODAY’S ENTREPRENEURS. I ALSO HAVE HAD THE BENEFIT OF LEARNING FROM OTHER ENTREPRENEURS AS I HAVE CONSIDERED POSSIBLE SOLUTIONS.

IN FACT, IT HAS BEEN MY EXPERIENCE THAT IF YOU LISTEN TO YOUR CUSTOMERS, THEY WILL TELL YOU WHAT YOU NEED TO KNOW TO SUCCEED.

AND I INTEND TO CONTINUE TO LISTEN TO AMERICA’S SMALL BUSINESS OWNERS, AND TO ACT ON THEIR BEHALF.

THIS IS WHAT I HAVE LEARNED – SUCCESSFUL SMALL BUSINESS OWNERSHIP REQUIRES A SOUND BUSINESS PLAN. IT REQUIRES RELATIONSHIPS. IT REQUIRES OPPORTUNITY.

BOTTOM LINE? A BUSINESS IS SUCCESSFUL IF IT ENGAGES IN ACTIVITIES THAT RESULT IN JOB CREATION, REVENUE GROWTH AND INCREASED BUSINESS LONGEVITY.

I FIRMLY BELIEVE THAT THESE ARE ALSO THE MEASURES OF A SUCCESSFUL FEDERAL AGENCY LIKE THE SBA. AS ADMINISTRATOR OF THE SBA, I WILL MANAGE THE SBA TO MAXIMIZE THE BENEFIT TO SMALL BUSINESSES.

UNDER THIS ADMINISTRATION, THE SBA WILL LISTEN TO SMALL BUSINESSES AND ADVOCATE WITH OUR

LEGISLATIVE PARTNERS TO DEVELOP AND MODIFY EXISTING PROGRAMS AND POLICIES TO REDUCE THE BURDEN OF OUTDATED AND CUMBERSOME REGULATIONS.

UNDER THIS ADMINISTRATION, THE SBA WILL WORK WITH ITS FINANCIAL PARTNERS TO IMPROVE SMALL BUSINESS ACCESS TO CAPITAL.

UNDER THIS ADMINISTRATION, THE SBA WILL PROVIDE THE TECHNICAL ASSISTANCE AND GUIDANCE THROUGH ITS ENTREPRENEURIAL DEVELOPMENT PARTNERS, WHERE SMALL BUSINESSES CAN ACCESS VALUABLE BUSINESS GUIDANCE 24 HOURS A DAY.

UNDER THIS ADMINISTRATION, THE SBA WILL ESTABLISH AND STRENGTHEN ITS PUBLIC AND PRIVATE PARTNERSHIPS TO ENCOURAGE GREATER CONTRACTING AND BUSINESS OPPORTUNITIES FOR SMALL BUSINESSES.

SINCE MY SWEARING-IN JUST A FEW WEEKS AGO, I'VE ORDERED A TOP-DOWN REVIEW OF THE SBA, AND WE'RE LOOKING AT EVERYTHING – ACCESS TO CAPITAL, TECHNICAL ASSISTANCE, CONTRACTING – EVERYTHING.

WE'RE LOOKING AT WHAT'S REQUIRED TO GET A LOAN, AND WHETHER THERE ARE WAYS TO SHORTEN THAT. WE'RE LOOKING AT WHAT IT TAKES TO GET APPROVED AS

A GOVERNMENT CONTRACTOR. WE'RE LOOKING AT VENTURE CAPITAL.

WE'RE LOOKING AT ALL OF OUR PROGRAMS. WE'RE GOING TO PAY ATTENTION TO WOMEN-OWNED AND ETHNIC MINORITY-OWNED BUSINESSES, WHICH ARE AMONG THE FASTEST GROWING AREAS.

THAT'S JUST GOOD BUSINESS. HAVE YOU SEEN THE DEMOGRAPHICS?

THE FACE OF ENTREPRENEURSHIP IN THIS COUNTRY IS CHANGING FAST. CENSUS BUREAU STATISTICS SHOW THAT THE NUMBER OF MINORITY-OWNED FIRMS IN THIS COUNTRY IS GROWING FOUR TIMES FASTER THAN THE NATIONAL AVERAGE – MORE THAN 30 PERCENT FROM 1992 TO 1997.

THOSE BUSINESSES REPORTED A 60 PERCENT INCREASE IN RECEIPTS OVER THE SAME PERIOD.

THOSE BUSINESSES ARE CATERING TO A MORE DIVERSE POPULATION THAN EVER BEFORE. THE CENSUS BUREAU REPORTS THAT BY 2050, THERE WILL BE NO SINGLE MAJORITY GROUP IN THIS COUNTRY.

IT WOULD OBVIOUSLY BE FOOLISH FOR ANY SMALL BUSINESS OWNER TO OVERLOOK THESE CHANGES. IN MUCH THE SAME WAY, IT WOULD BE FOOLHARDY FOR US AT THE SBA TO IGNORE THEM AS WELL.

LAST YEAR, 25 PERCENT OF SBA'S LOANS WERE TO MINORITIES, UP FROM JUST 12 PERCENT A DECADE AGO. SOME OF THOSE LOANS WERE TO AUTO DEALERS. SINCE THE BEGINNING OF 1990, SBA HAS MADE ALMOST 2,800 LOANS TO AUTO DEALERS, FOR A TOTAL OF MORE THAN \$860 MILLION. AT LEAST 425 OF THOSE LOANS – 15 PERCENT – HAVE GONE TO MINORITY-OWNED DEALERS.

BUT LET ME TELL YOU, I THINK WE CAN ALWAYS DO BETTER. AND WE'RE GOING TO SEE WHAT WE CAN FIND OUT IN OUR REVIEW OF THE AGENCY, WHAT WE CAN DO BETTER, WHAT OUR CUSTOMERS NEED FROM US.

SHEILA VADEN-WILLIAMS, YOUR PRESIDENT, HAS BEEN VERY CANDID ON THIS ISSUE. THANKS TO HER, I KNOW WHAT YOUR PRIORITIES ARE.

YOU WANT BETTER ACCESS TO CAPITAL, AND MORE HELP FROM THE SBA GETTING IT. YOU WANT MORE TRAINING PROGRAMS, MORE TECHNICAL ASSISTANCE. YOU WANT HELP WITH REGULATIONS THAT SEEM UNFAIR.

I HAVEN'T BEEN WITH THE SBA LONG ENOUGH YET TO MAKE YOU ANY FIRM PROMISES ON THESE AREAS. YOU KNOW THERE ARE SOME DIFFICULTIES.

IT MAY BE THAT THE SIZE STANDARD KEEPS SOME OF YOU FROM PARTICIPATING IN OUR FINANCE PROGRAMS. FOR NEW CAR DEALERS, THE MAXIMUM AVERAGE REVENUE A DEALER CAN HAVE AND STILL QUALIFY FOR AN SBA-BACKED LOAN IS \$21 MILLION. IT'S ACTUALLY ONE OF THE LARGEST SIZE STANDARDS IN THE PROGRAM. IF IT'S TOO LOW, WE'LL LOOK AT IT.

FOR SOME OF YOU, IRONICALLY, THE "DEALER DEVELOPMENT" PROGRAM BLOCKS YOUR ELIGIBILITY.

THAT'S BECAUSE UNDER THE LAW, A SMALL BUSINESS THAT WANTS SBA'S HELP IN GETTING A LOAN, OR VENTURE CAPITAL, OR EVEN A FEDERAL CONTRACT, MUST BE A SMALL BUSINESS. AND UNDER DEALER DEVELOPMENT, THE MANUFACTURER OWNS THE MAJORITY OF THE DEALERSHIP.

IT'S IRONIC BECAUSE DEALER DEVELOPMENT IS THE ONLY WAY SOME OF YOU CAN ACQUIRE A DEALERSHIP.

BUT THERE'S JUST NO WAY ONE OF THE AUTOMOBILE MANUFACTURERS CAN BE CONSIDERED TO BE A SMALL BUSINESS. SO THAT CAN BE A PROBLEM, TOO.

I KNOW YOU WANT SBA'S HELP TO TRY AND CHANGE THE RULES SO THAT THE NATIONAL MINORITY SUPPLIER DEVELOPMENT COUNCIL WILL CERTIFY "DEALER DEVELOPMENT" STORES AS LEGITIMATE FLEET CONTRACT BIDDERS.

I'M WILLING TO TAKE A LOOK AT THAT.

BUT I ALSO WANT TO TELL YOU THAT A RECENT CHANGE IN THE RULES FOR SBA'S VENTURE CAPITAL PROGRAM MIGHT OFFER ANOTHER OPTION FOR "DEALER DEVELOPMENT." UNDER THESE RULES, SBA-BACKED SMALL BUSINESS INVESTMENT COMPANIES CAN TAKE A VENTURE CAPITAL POSITION AS A MAJORITY OWNER OF A NEW BUSINESS, INCLUDING AN AUTO DEALERSHIP, AS LONG AS THEY EVENTUALLY SURRENDER MAJORITY OWNERSHIP TO THE ENTREPRENEUR.

SO INSTEAD OF HAVING A "DEVELOPMENT" RELATIONSHIP WITH THE MANUFACTURER, YOU'RE GOT A SIMILAR RELATIONSHIP WITH A VENTURE CAPITALIST.

I THINK THERE'S INCREDIBLE POTENTIAL IN UTILIZING VENTURE CAPITAL AND MAKING THOSE FUNDS AVAILABLE TO MORE SMALL BUSINESSES, AND I THINK IT'S SOMETHING YOU OUGHT TO LOOK AT.

YOU ALSO OUGHT TO CONSIDER CONSULTING WITH SBA'S PRIMARY TECHNICAL ASSISTANCE PROGRAMS, AS WELL. TRAINED VOLUNTEERS WHO HAVE RUN BUSINESSES MAKE THEMSELVES AVAILABLE UNDER THE SCORE PROGRAM – THE SERVICE CORPS OF RETIRED EXECUTIVES.

AND SBA ALSO SPONSORS A NETWORK OF MORE THAN A THOUSAND SMALL BUSINESS DEVELOPMENT CENTERS ACROSS THE COUNTRY TO HELP BUSINESS MEN AND WOMEN SOLVE THE DAY-TO-DAY PROBLEMS THAT CROP UP IN RUNNING A BUSINESS.

IF YOU CAN PROMISE ME THAT YOU'LL LOOK INTO SBA PROGRAMS THAT CAN REALLY HELP YOU SOLVE SOME OF YOUR PROBLEMS, THEN I CAN PROMISE YOU THAT I'LL LOOK AT ISSUES THAT KEEP YOU FROM PARTICIPATING IN SBA'S PROGRAMS.

THAT'S WHAT A GOOD BUSINESSMAN OR BUSINESSWOMAN DOES. HE LISTENS TO HIS CUSTOMERS. AND I'M A GOOD BUSINESSMAN.

**AND AS SBA'S NEW ADMINISTRATOR, LET ME TELL YOU – I'M
GOING TO LISTEN TO WHAT YOU'VE GOT TO SAY.**