

ADMINISTRATOR HECTOR BARRETO

BEFORE THE

SBA DISTRICT DIRECTORS

MAY 2, 2002

CRYSTAL CITY, VA

“COMMITTING TO THE CHANGE: LEADING WITH SHARED VISION”

**WELCOME AND THANK YOU FOR COMING TO
WASHINGTON.**

**WE HAVE HEARD FROM THE PRESIDENT ON HOW
IMPORTANT IT IS TO HAVE VISION, LEADERSHIP AND
STANDARDS.**

**I WAS THERE WHEN THE PRESIDENT MADE THAT SPEECH
AND LIKE EVERYONE ELSE IN THE ROOM, I WAS MOVED BY
THE PRESIDENT'S COMMITMENT TO THESE VALUES.**

**I WANT TO TALK TO YOU ABOUT MY VISION FOR SBA
AND HOW THAT TIES TO THE PRESIDENT'S AGENDA FOR
MANAGEMENT AND FOR SMALL BUSINESS.**

**BUT FIRST, I WANTED TO ASSURE YOU THAT I HOLD
THIS OPPORTUNITY FOR US TO MEET AND COMMUNICATE**

**AS ONE OF THE MOST IMPORTANT EVENTS ON MY
CALENDAR FOR THE ENTIRE YEAR.**

**AND WHAT A YEAR IT HAS BEEN. WHEN WE MET LAST
AUGUST, NONE OF US COULD HAVE IMAGINED WHAT LAY
AHEAD LESS THAN A MONTH AWAY.**

**LIKE THE REST OF THE COUNTRY, AND THE ENTIRE
FEDERAL GOVERNMENT, THE CHALLENGES OF SEPTEMBER
11 WERE MET AND OVERCOME BY THE DEDICATED
EMPLOYEES OF THE SMALL BUSINESS ADMINISTRATION. BY
YOU.**

**WE HAD A UNIQUE AND DIFFICULT ASSIGNMENT: FIND
AND HELP THOSE AMERICAN SMALL BUSINESSES THAT WERE
DRAMATICALLY AFFECTED BY THE COWARDLY ATTACKS BY
TERRORISTS ON OUR COUNTRY AND OUR ECONOMY. AND YOU
DID IT.**

**YOU MAY NOT HAVE BEEN CAPTURED ON TELEVISION
CARRYING A STRETCHER OR ASSISTING THE RELIEF
EFFORT, BUT YOU DID YOUR PART.**

**AND THE HARD WORK YOU DID, CANVASSING THE
NEIGHBORHOODS, EXPLAINING THE EIDL LOAN PROGRAM,
HELPING THE STUNNED AND BEWILDERED SMALL BUSINESS
MEN AND WOMEN FILL OUT THE FORMS AND TAKE THAT**

FIRST STEP ON THE ROAD BACK...FOR ME THAT WAS ALSO THE WORK OF HEROES .

AS OF TODAY, THE SBA HAS APPROVED NEARLY 7600 DISASTER LOANS FOR A TOTAL OF ALMOST \$700 MILLION DOLLARS. THAT'S A SIGNIFICANT AMOUNT OF MONEY WHICH REPRESENTS A LOT OF WORK BY ALL OF YOU, AND I COMMEND YOU ALL.

ON BEHALF OF THOSE SMALL BUSINESSES AROUND THE COUNTRY THAT ARE WELL ON THE WAY TO FULL RECOVERY. THANK YOU FOR A JOB WELL DONE. LADIES AND GENTLEMEN, YOU ARE OUR SBA HEROES (LEAD APPLAUSE).

I WANT TO TALK TO YOU ABOUT THE FUTURE OF THIS AGENCY. I WANT TO TELL YOU OF MY COMMITMENT AND I WANT TO ASK YOU FOR YOURS.

WE OBVIOUSLY HAVE THE SUPPORT OF THE PRESIDENT WHO EMPHASIZED THE IMPORTANCE OF OUR ROLE IN HIS ADMINISTRATION WHEN HE ANNOUNCED HIS SMALL BUSINESS INITIATIVE IN MARCH.

THE PRESIDENT'S SMALL BUSINESS AGENDA INCLUDES...

- PROVIDING ADDITIONAL RELIEF THROUGH TAX INCENTIVES ,
- IMPROVING ACCESS TO HEALTH CARE AND

- EASING THE REGULATORY BURDEN ON SMALL BUSINESSES.
- INCREASING ACCESS AND ACCOUNTABILITY IN GOVERNMENT CONTRACTING

THIS AGENDA FOR SMALL BUSINESS IS IN ADDITION TO THE PRESIDENT'S GOVERNMENT-WIDE MANAGEMENT AGENDA, WHICH INCLUDES

- MANAGING FOR RESULTS BY LINKING PERFORMANCE AND BUDGETING
- IMPROVING FINANCIAL MANAGEMENT AND ACCOUNTABILITY
- IMPLEMENTING COMPETITIVE SOURCING
- USING E-GOVERNMENT TO SERVICE OUR CLIENTS AND FINALLY,
- STRATEGICALLY MANAGING OUR HUMAN CAPITAL - OUR SINGLE MOST IMPORTANT ASSET.

OUR CHIEF OPERATING OFFICER, DR. LLOYD BLANCHARD WILL TALK IN GREATER DETAIL ABOUT THIS AND THE OTHER MANAGEMENT AGENDA ITEMS AND HOW THEY WILL AFFECT SBA DURING THIS CONFERENCE.

WHAT DOES THE STRATEGIC MANAGEMENT OF HUMAN CAPITAL MEAN FOR SBA? LIKE ALL FEDERAL AGENCIES, SBA IS REQUIRED TO DEVELOP A 5-YEAR WORKFORCE PLAN,

WHICH WILL LINK OUR HUMAN CAPITAL NEEDS TO THE FUTURE OF SBA. TODAY, I AM HERE TO ENROLL YOU IN HELPING TO DEVELOP AND IMPLEMENT THIS PLAN.

SEGMENTS THROUGHOUT GOVERNMENT ARE SHRINKING. THAT'S A FACT. HOWEVER, THIS IS NOT A PROBLEM, IT IS AN OPPORTUNITY FOR EACH OF US.

BY STRATEGICALLY IMPLEMENTING THE USE OF NEW TECHNOLOGIES AND ENCOURAGING PROFESSIONAL DEVELOPMENT, WE CAN AVOID PERSONNEL RELOCATIONS BY MOVING THE WORK DIRECTLY TO OUR PEOPLE - AND NOT THE OTHER WAY AROUND.

THE END RESULT IS THAT WE BECOME A BETTER-TRAINED, BETTER-EQUIPPED, AND MORE EFFICIENT ORGANIZATION. THIS HAS ALWAYS BEEN THE GOAL OF SMALL BUSINESS. IT SHOULD BE THE GOAL OF THE SBA .

IN MY TIME AT SBA, I HAVE TRAVELED THE COUNTRY AND MET WITH YOU AND THOUSANDS OF SMALL BUSINESS OWNERS.

I HAVE SEEN THE HARD WORK YOU ARE DOING. I KNOW YOU ARE DOING ALL YOU CAN.

HOWEVER, DESPITE OUR BEST EFFORTS COLLECTIVELY, WE ONLY SERVICE A LITTLE MORE THAN ONE MILLION SMALL BUSINESSES.

I WANT TO GIVE YOU MY VISION FOR THE SMALL BUSINESS ADMINISTRATION AND TO ASK YOU TO CONSIDER THE POSSIBILITIES OF THAT VISION.

I WANT YOU TO ACCEPT THE CHALLENGE WE HAVE TO FACE TOGETHER, TO MAKE THIS AGENCY RELEVANT TO THE OTHER 24 MILLION SMALL BUSINESSES OUT THERE WHO EITHER...

- DON'T KNOW WHO WE ARE OR
- DON'T UNDERSTAND WHAT WE DO OR
- THINK IT WOULD BE TOO MUCH OF A HASSLE TO DEAL WITH US.

IT'S IMPORTANT THAT WE BECOME RELEVANT BECAUSE WE ARE...AFTER ALL...THE GOVERNMENT AGENCY THE PEOPLE OF AMERICA CREATED TO HELP ALL SMALL BUSINESSES.

WHEN WE MET LAST AUGUST, WE DISCUSSED SOME VERY IMPORTANT ISSUES AND RECOMMENDED SOLUTIONS TO IMPROVE OUR ORGANIZATION.

AND AT THAT TIME, I TOLD YOU THINGS WERE GOING TO CHANGE. MY FRIENDS, IT HAS BEEN 9 MONTHS, AND TOGETHER WE ARE MAKING IT HAPPEN.

FOLLOWING OUR LAST MEETING, WE REVIEWED EACH OF THE PROGRAM AREAS AS WELL AS WAYS THAT WE COULD LISTEN TO SMALL BUSINESSES.

MOST OF THE SUGGESTIONS FELL INTO THREE PRIMARY CATEGORIES:

- STANDARD OPERATING PROCEDURES
- HUMAN RESOURCES, AND
- GOALS.

WE HAVE BEEN WORKING HARD TO MAKE SURE THAT WE FIX THE THINGS THAT ARE BROKEN AND TIGHTEN UP THIS AGENCY SO THAT WE CAN FOCUS ON WHAT WE DO BEST...AND DO IT BETTER.

IN SEPTEMBER, WE ESTABLISHED THREE TEAMS OF DISTRICT DIRECTORS TO REVIEW AND SYNTHESIZE THE SUGGESTIONS. THOSE TEAMS DID A GREAT JOB AND I WOULD LIKE TO THANK ALL OF THE TEAM MEMBERS FOR THEIR HARD WORK AND LEADERSHIP.

WE HAVE MADE SIGNIFICANT PROGRESS ON:

- REVIEWING SBA EXPRESS FOR POSSIBLE EXPANSION AND ENHANCEMENTS AND GAINING LENDER FEEDBACK TO PROPOSED PRODUCTS;
- IMPROVING COMMUNICATION NEEDS BETWEEN HEADQUARTERS AND THE FIELD BY ESTABLISHING THE DISTRICT DIRECTOR'S TECHNICAL ADVISORY BOARD AND
- WE HAVE BEGUN A SERIOUS REVIEW OF MANY OF OUR SOP'S TO ENSURE CONSISTANCY, CLARITY AND PURPOSE.

AMONG OTHERS, WE HAVE COMPLETED A REVIEW OF THE MINORITY ENTERPRISE DEVELOPMENT SOP, ONE OF OUR MOST CUMBERSOME. THIS IS A MAJOR STEP IN THE RIGHT DIRECTION.

DURING THIS CONFERENCE, EACH OF THE ADAS WILL BE SHARING WITH US THEIR PLANS ON HOW THEY WILL PROCEED WITH THE TEAMS' RECOMMENDATIONS.

A LOT HAS CHANGED, AND THERE IS MORE TO BE DONE. TOGETHER, WE WILL MAKE IT HAPPEN.

YOU ARE LEADERS. YOU ARE THE CAPTAINS OF THIS CORPORATION. YOU ARE WHERE THE RUBBER MEETS THE ROAD. YES, I WANT THE SBA TO STAND TOE-TO-TOE WITH THE MOST EFFICIENT, MOST SUCCESSFUL CORPORATIONS IN AMERICA.

I BELIEVE THAT WE ALL SHARE A VISION THAT FREE ENTERPRISE IS THE GATEWAY TO HAPPINESS AND PROSPERITY FOR ANYONE WHO WORKS HARD AND PROVIDES A QUALITY PRODUCT OR SERVICE.

OVER THE PAST SEVERAL MONTHS, I LIKE TO THINK THAT WE'VE GOTTEN TO KNOW EACH OTHER. WE'VE WORKED WITH EACH OTHER. WE'VE FACED DOWN HISTORIC

CHALLENGES TOGETHER - CHALLENGES THAT NONE OF US
COULD HAVE IMAGINED LAST TIME WE MET.

I KNOW WHAT YOU ARE MADE OF, AND I KNOW WHAT
YOU ARE CAPABLE OF ACCOMPLISHING BECAUSE I HAVE
SEEN IT FIRST HAND. I KNOW TOGETHER, WE CAN MAKE A
DIFFERENCE FOR THIS AGENCY AND FOR SMALL
BUSINESSES. I'M PROUD TO SERVE WITH YOU.

I AM CALLING UPON YOUR SKILLS AS LEADERS TO
ACCEPT THE CHALLENGES AND COMMITMENTS NECESSARY TO
MAKE A LASTING DIFFERENCE FOR AMERICA'S SMALL
BUSINESSES. TOGETHER, WE WILL MAKE IT HAPPEN.

(VISION)

I WANT TO ENROLL YOU IN A VISION FOR THE SBA
THAT REFLECTS A COMMITMENT TO REPRESENTING ALL
SMALL BUSINESS MEN AND WOMEN AND DELIVERING AN
EFFECTIVE AND EFFICIENT 21ST CENTURY NATIONAL
ORGANIZATION.

WE WILL FOCUS ON INNOVATION, SIMPLIFICATION AND
DEDICATION, IN ORDER TO CREATE A CLIMATE IN WHICH

ENTREPRENEURSHIP CAN BE BOTH ENCOURAGED AND
SUSTAINED.

(GOALS)

OUR VISION WON'T BECOME A REALITY WITHOUT
GOALS.

THESE ARE OUR AGENCY-WIDE GOALS:

- WE WILL BECOME AMERICA'S "HOME PAGE FOR SMALL BUSINESS" - WE WANT AMERICAN SMALL BUSINESSES TO THINK OF US FIRST...TO OPEN OUR WEB PAGE OR CALL OUR 800 NUMBER OR VISIT OUR OFFICES WHEN THEY WANT TO START OR IMPROVE THEIR SMALL BUSINESS.
- WE ARE GOING TO FIND NEW WAYS TO BOTH REACH AND POSITION OURSELVES CLOSER TO OUR CUSTOMERS
- WE WILL CREATE AN AGENCY-WIDE INTERNAL CULTURE OF INNOVATION AND ENTREPRENEURSHIP AND...
- WE ARE GOING TO FULLY INTEGRATE TECHNOLOGY INTO ALL SBA OPERATIONS, AND
- WE ARE GOING TO FOCUS ON WHAT WE DO BEST...AND DO IT BETTER.

TOGETHER, WE WILL MAKE IT HAPPEN.

I AM ASKING EACH OF OUR DIVISIONS TO IMMEDIATELY IMPLEMENT THE FOLLOWING GOALS:

- OUR OFFICE OF ENTREPRENEURIAL DEVELOPMENT: WILL STRIVE TO INCREASE TRAINING, EDUCATION, AND INFORMATION ASSISTANCE TO SMALL BUSINESSES ON A TWENTY-FOUR HOUR A DAY, SEVEN-DAY A WEEK BASIS, WHILE MAXIMIZING ITS RESOURCE PARTNER NETWORKS.

AND LET ME GIVE YOU AN EXAMPLE:

ENTREPRENEURIAL DEVELOPMENT IS ALREADY WORKING TO EXPAND SMALL BUSINESS CLASSROOMS INTO AN OVERALL E-BUSINESS INSTITUTE - USING INTERNET TOOLS TO BETTER REACH OUR CUSTOMERS.

- I'M INSTRUCTING THE CAPITAL ACCESS DIVISION TO IDENTIFY AND IMPLEMENT INNOVATIVE APPROACHES TO REACH A GREATER NUMBER OF SMALL BUSINESSES BY PROMOTING ACCESS TO CAPITAL...PARTICULARLY TO THOSE HISTORICALLY UNDER-SERVED BY TRADITIONAL CREDIT MARKETS...THROUGH CREATIVE MEASURES INCLUDING, BUT NOT LIMITED TO, VENTURE CAPITAL OPPORTUNITIES.

ALREADY CAP ACCESS IS RE-DESIGNING OUR
LOAN PROGRAMS AND EXPANDING SBA

**EXPRESS, OPENING ITS DELIVERY TO MANY
MORE LENDERS.**

- AND HERE'S A NEW ONE. THE SBA WILL CREATE THE OFFICE OF BUSINESS COMPETITIVENESS IN ORDER TO ENSURE THAT THE NATION'S SMALL BUSINESSES CONTINUE TO BE COMPETITIVE WITHIN BOTH DOMESTIC AND GLOBAL MARKETPLACES.
- I AM ASKING THE OFFICE OF GOVERNMENT CONTRACTING & BUSINESS DEVELOPMENT TO UTILIZE THE BEST BUSINESS PRACTICES OF THE MARKETPLACE TO CREATE AN ENVIRONMENT, BOTH IN AND OUT OF GOVERNMENT, IN WHICH SMALL BUSINESS HAS A MAXIMUM OPPORTUNITY TO COMPETE FOR AVAILABLE PROCUREMENT DOLLARS.
 - WHY IS THIS IMPORTANT? BECAUSE 30 PERCENT OF THE PROCUREMENT DOLLAR IS SPENT WITHIN 5 MILES OF THE CAPITOL - AND WE SPEND A DISSPROPORTIONATE AMOUNT OF TIME SERVICING PROCUREMENT PROGRAMS

THAT CURRENTLY SERVE ONLY ABOUT
12-HUNDRED COMPANIES.

- FURTHER, THE PRESIDENT DIRECTED
OMB AND SBA TO WORK ON CONTRACT
BUNDLING AND OPEN COMPETITION -
AND WE WILL BE REPORTING ON OUR
PROGRESS WITHIN 6 MONTHS.
- OUR VISION ALSO CALLS FOR GETTING THE WORD OUT.
OUR COMMUNICATIONS OFFICE WILL REPOSITION THE SBA
CLOSER TO ITS CUSTOMERS BY PROMOTING INNOVATIVE
PRODUCTS AND SERVICES THROUGH A UNIFIED,
COORDINATED AND COMPREHENSIVE COMMUNICATIONS
APPROACH.
- OUR MANAGEMENT COMPONENT WILL WORK TO MAKE THE
SBA AN EFFECTIVE AND EFFICIENT 21ST CENTURY
ORGANIZATION THAT FOCUSES ON CUSTOMER
SATISFACTION BY STREAMLINING SERVICES TO SMALL
BUSINESSES.

---WE WILL BE GETTING INTO MORE DETAIL ON
OUR MANAGEMENT AGENDA IN THE NEXT TWO
DAYS. WE WILL BE DISCUSSING:

- HOW BUDGET-AND-PERFORMANCE INTEGRATION
WILL MAKE US RESULTS ORIENTED.
- AND SUCCESS SHOULD BE REWARDED -
WE WILL BE OFFERING EMPLOYEE
CASH AWARDS FOR EMPLOYEES AND
TEAMS WHO COME UP WITH GOOD
IDEAS.

AT THIS CONFERENCE, WE WILL BE ASKING YOU TO
WORK WITH THE ADA'S TO DEVELOP INNOVATIVE SOLUTIONS
THAT CAN POSITION SBA CLOSER TO ITS CUSTOMERS.

AND I'M ASKING FOR VOLUNTEERS. WE ARE GOING TO
WORK TOGETHER TO MEET VERY SPECIFIC DEADLINES
BECAUSE WE HAVE NO TIME TO LOSE.

WE NEED TO CALL UPON YOUR EXPERIENCE AND
GUIDANCE IF WE ARE TRULY SERIOUS ABOUT ACHIEVING
RESULTS. AND I ASSURE YOU THAT I AM.

TOGETHER, WE WILL MAKE IT HAPPEN.

WE MUST WORK WITHIN OUR BUDGET PARAMETERS. WE DO NOT HAVE BLANK CHECKS TO WRITE. BUT WE CAN BE INNOVATIVE AND MAXIMIZE THE TALENTS OF THE SKILLED PROFESSIONALS IN THE SBA.

LADIES AND GENTLEMEN, THE SBA IS AT A CROSSROADS.

ONE ROAD LEADS TO STATUS QUO AND STAGNATION, WHILE ANOTHER ROAD LEADS TO LIMITLESS OPPORTUNITIES AND POSSIBILITIES ON BEHALF OF THE VERY SMALL BUSINESS COMMUNITY THAT WE HAVE THE PRIVILEGE TO SERVE.

WE CAN CHOOSE THE FIRST ROAD, THE SO CALLED " PATH OF LEAST RESISTANCE," BUT IN SO DOING, THOUSANDS OF SMALL BUSINESSES MAY NEVER REALIZE THEIR FULL POTENTIAL, WHILE LEAVING UN-ANSWERED QUESTIONS FOR THOSE WHO WOULD FOLLOW US.

AFTER GETTING TO KNOW MANY OF YOU AND SEEING WHAT YOU ARE CAPABLE OF ACCOMPLISHING, I KNOW THAT THE RIGHT PEOPLE ARE IN PLACE, OUR CHALLENGE IS CLEAR, AND OUR MOMENT IS NOW TO CHOOSE THE RIGHT PATH.

AND THE PATH WE CHOOSE MUST BE ONE OF VISION,
LEADERSHIP, AND UNITY OF PURPOSE.

AND WE MUST SUPPORT EACH OTHER AND FORGE AHEAD
TOGETHER AS ONE TEAM.

TOGETHER, WE WILL MAKE IT HAPPEN.

THERE SIMPLY IS NO OTHER OPTION.

WE HAVE BEEN AMERICA'S SMALL BUSINESS RESOURCE
FOR 50 YEARS AND, WITH A COMMITMENT AND SHARED
VISION, WE WILL BE FOR ANOTHER 50 YEARS.

WE WILL MAKE THE SBA RELEVANT TO ALL 25 MILLION
SMALL BUSINESSES IN THIS COUNTRY.

AMERICA IS THE LAND WHERE FREE MEN AND WOMEN
CAN REALIZE THEIR DREAMS, THE COUNTRY WHERE HARD
WORK AND HONEST EFFORT CAN PROVIDE PEACE AND
PROSPERITY FOR ALL.

A LOT HAS CHANGED SINCE LAST SEPTEMBER 11 BUT
THAT HAS NOT CHANGED. AND IT NEVER WILL.

TOGETHER, WE WILL MAKE OUR VISION A REALITY.

LET'S GET TO WORK! THANK YOU.