



Office of the Administrator

U.S. Small Business Administration
Washington, DC

Dear Mr. President:

Earlier this year, the Administration joined with private-sector leaders to kick off Startup America. **One critical goal of Startup America is to reduce barriers** in order to fully unleash America's entrepreneurial spirit and create more 21st-century jobs. After hearing firsthand from over 1,000 entrepreneurs, investors, and other participants across the entrepreneurial ecosystem in eight communities, this report summarizes the ideas that SBA gathered.

Five key areas emerged:

- **People:** identifying, hiring, retaining, and developing a strong entrepreneurial workforce in America
- **Money:** fostering an environment in which promising U.S. startups and high-growth firms can access the kinds of capital they need
- **Ideas:** transforming more of America's discoveries and breakthroughs into commercial success
- **Customers:** ensuring that America's small firms can compete for customers, including U.S. Government contracts and export business
- **"Lean" Government:** making the U.S. Government itself more customer-centric and nimble in serving our own entrepreneurs and high-growth firms

This report describes ideas expressed by private participants during the eight "Startup America: Reducing Barriers" roundtable events and online suggestion portal. I'm pleased to report that the Startup America Executive Committee has already begun evaluating the feasibility and potential impact of implementing many ideas contained in this report. In some cases, such as administrative actions on high-skilled immigration, we have already acted. We will continue to follow up with specific requests being made on behalf of America's entrepreneurs to the Administration, Congress, the Startup America Partnership, and others.

Our activities that led to the creation of this report are a direct result of your commitment to reducing regulatory barriers for small business – our biggest job creators – by involving the American people in an open exchange of ideas. Thank you for your leadership, and we will continue to take that approach with Startup America and in everything we do at the SBA.

Warm regards,

Karen G. Mills
Administrator
U.S. Small Business Administration

Startup America: Reducing Barriers

Recommendations from High-Growth Entrepreneurs on Smarter Regulations, Process Simplification, and Bold New Ideas for Lean Government

Startup America is the White House and interagency initiative to celebrate, inspire, and accelerate high-growth entrepreneurship throughout the nation. Startups are engines of job creation, and entrepreneurs intent on growing their businesses create the majority of new jobs in the United States, in every part of the country and across every industry. Both the Federal government and the private sector can help dramatically increase the prevalence and success of entrepreneurs across the country.

First, the Obama Administration is implementing a set of [entrepreneur-focused policy initiatives](#)¹ in five areas: reducing barriers, unlocking access to capital, connecting mentors, accelerating commercialization of research, and unleashing new market opportunities for entrepreneurs. This report focuses on the first area – reducing barriers to startup growth.

Second, leaders in the private sector have launched the [Startup America Partnership](#)², an independent alliance of entrepreneurs, corporations, universities, foundations, and other leaders, joining together to fuel innovative, high-growth U.S. startups.

This report describes the ideas expressed by private participants through the eight “Startup America: Reducing Barriers” roundtables and online suggestion portal. These ideas do not necessarily represent the Administration’s proposals or positions; however, the Startup America Executive Committee has begun evaluating the feasibility and potential impact of implementing many of them.

Entrepreneur Roundtables on Reducing Barriers

To identify the most important obstacles facing U.S. entrepreneurs, the Administration hosted a series of “Startup America: Reducing Barriers” roundtable events in eight cities³ between March and May 2011. These roundtables were designed to achieve three goals:

- Gather direct feedback from entrepreneurs and startup investors to identify barriers inhibiting their ability to start and grow companies
- Ask entrepreneurs and investors to offer solutions to reduce those barriers
- Integrate a select set of these proposed solutions into the Administration’s Startup America policy priorities, while also feeding input directly to relevant Federal agencies

The Administration met with over 1,000 entrepreneurs, investors, and other participants in these entrepreneurial ecosystems and also set up an online platform⁴ for anybody across the country to participate. Senior administration officials, including Secretary of Energy Steven Chu, Food and Drug Administration Commissioner Margaret Hamburg, Office of Information and Regulatory Affairs Administrator Cass Sunstein, U.S. Chief Technology Officer Aneesh Chopra,

¹ <http://www.whitehouse.gov/issues/startup-america>

² <http://www.startupamericapartnership.org/>

³ Atlanta, GA; Palo Alto, CA; Austin, TX; Boston, MA; Minneapolis, MN; Boulder, CO; Pittsburgh, PA; Raleigh, NC

⁴ <http://reducingbarriers.ideascale.com/>

and others⁵ hosted each roundtable, listening to local entrepreneurs explain the barriers they face to starting and growing businesses and offering potential solutions.

Scope of Report

This report synthesizes the most frequently cited barriers, as well as a subset of the over 200 distinct ideas presented by participants in the live roundtables and the online platform. These ideas are categorized broadly in terms of *what* participating entrepreneurs thought the role of the Federal government should be in promoting high-growth entrepreneurship and *how* the Federal government should deliver those programs and services.

The “what” focuses on the areas of critical importance to entrepreneurs – money, people, ideas, and customers. In each of these areas, the government plays an important role in setting the ground rules of how markets function, as well as implementing direct programs to overcome market failures. Furthermore, entrepreneurs consistently emphasized the importance of “how” government functions, citing the need for less complexity, faster timelines, and a more customer-centered mindset.

This report outlines barriers and ideas reported by participants across five topics:

1. People - Human Capital
2. Money - Financial Capital
3. Ideas - Intellectual Capital
4. Customers – Product Markets
5. “Lean” Government - Customer-Centric Government of the Future

Taken together, these potential solutions seek to assess the “what” (government should be doing) and improve the “how” (government should carry out its programs) to catalyze entrepreneurship in America.

Administration Efforts to Date

Entrepreneurs commended the Administration for taking a number of concrete actions over the past two years to support high-growth entrepreneurship. These included a wide range of efforts such as:

- Data.Gov and other efforts to provide access to government data for entrepreneurial development, as well as a broader commitment to transparency
- Efforts to speed processing times in programs like the Small Business Investment Company (SBIC) program, with patent applications at the US Patent and Trademark Office, and across other agencies
- Initiatives to strengthen R&D in critical sectors, such as the work with the Advanced Research Projects Agency-Energy (ARPA-E)

⁵ Other participants included principals from Appalachian Regional Commission, Council of Economic Advisors, Department of Commerce, Environmental Protection Agency, U.S. General Services Administration, and National Economic Council.

- Targeted efforts, like the new hire tax credit, to provide tax relief to entrepreneurs, as well as to their investors, such as temporary elimination of capital gains taxes on investments in qualifying small businesses
- Modifications to lending programs at SBA, Treasury, and the Department of Energy to stimulate more lending to the small business community
- “Foundational” investments such as increasing R&D spending, accelerating new initiatives like ARPA-E or expanding broadband adoption across the country

The overall message emphasized that this was a good start, but given the importance of entrepreneurs to economy, we need to do more. And while some of the ideas were new, many were ones actively being considered across the Administration. Participants stressed the need to accelerate the timetables to maximize impact as quickly as possible.

Next Steps

The “Startup America: Reducing Barriers” roundtables and accompanying online platform succeeded in attracting stakeholders and generating constructive ideas. Entrepreneurs commended the Administration for listening, and they noted that listening is an important first step. However, they also cited the importance of action and execution, where ideas reach the appropriate decision makers in the Federal government (rather than disappearing into a “black hole”). To that end, the Administration’s next steps will include:

- Over 200 hundred unique ideas have been collected and catalogued, and they have been distributed to the relevant offices within responsible Federal agencies. At the same time, Executive Order 13563 (“Improving Regulation and Regulatory Review”) calls on agencies to allow for public participation and an open exchange of ideas on Federal regulation. The “Startup America: Reducing Barriers” roundtables were one manifestation of this public participation process, since many of the participating entrepreneurs’ ideas touched on Federal regulations. The full inventory of ideas has been distributed to Federal agencies so that the regulatory suggestions can be considered in the agencies’ permanent plans for regulatory review.
- The Startup America interagency committee will identify a short list of high-impact ideas to champion within the Administration and will work with the Jobs Council, which is comprised of Presidentially-appointed members from among distinguished citizens outside the Federal Government, and with individual agencies to drive to a targeted set of policy recommendations. We will focus on prioritizing ideas into three specific categories:
 - **Administration Actions.** Action that can be effected through existing authority and within existing budgets
 - **Legislative Actions.** Ideas that would require Congressional action
 - **Private Sector Actions.** Some ideas may not be feasible for government implementation but may instead be more appropriate as private-sector

initiatives. These ideas will be presented for consideration by the Startup America Partnership⁶.

Recommendations from High-Growth Entrepreneurs

The following pages describe the ideas expressed by participants during the “Startup America: Reducing Barriers” roundtable events as well as ideas submitted on the online platform and do not necessarily represent the Administration’s proposals or positions.

1. People – Human Capital

Many successful entrepreneurs convey that the quality of their partners and employees was central to the success of their business. Entrepreneurs at the roundtables cited a wide range of barriers to identifying, hiring, developing, and retaining great employees, from hiring concerns based on immigration status to the financial burden of being able to pay an employee in a company’s early days.

Perceived Barrier: Current immigration policy keeps some budding entrepreneurs from starting businesses and creating jobs in the U.S., and forces highly educated, foreign-born students out of the U.S. after graduation.

- ***Participant Idea: Support initiatives that support high-skilled immigration, including Startup Visa, “stapling” of green cards to advanced degrees, and/or expansion of existing visa programs.*** America often educates the best and brightest from around the world in undergraduate and advanced degree programs. Several job-creating entrepreneurs noted that they are contemplating leaving (or in some instances are required to leave) the country due to their visa status. Many of these individuals are eager to use their skills to build businesses and create jobs in the U.S. Participants proposed broader degree eligibility around the Optional Practical Training extension for student visa holders, expanding the EB-5 visa program to include startup founders, and “stapling” green cards to science, technology, engineering, and math (STEM) degrees.

Perceived Barrier: There is a skills gap in certain high-growth industries. Startups want to hire but can’t find the people with the needed skills and training.

- ***Participant Idea: Expand academic programs to increase STEM (science, technology, engineering, and math) education and build the skills needed for the jobs of the future.*** Participants suggested that skills training should be better ingrained in the curriculum of schools from elementary to college-level education to prepare young adults for high-skilled jobs and startups.

⁶ The Startup America Partnership is a private sector alliance created in response to the President’s call to action around high-growth entrepreneurship. The Startup America Partnership is bringing together resources, including in-kind donations, from the non-profit and private sectors to help high-growth entrepreneurs start and scale their companies.

- **Participant Idea: Add an “E” for Entrepreneurship to STEM – “STEEM”.** Some participants believed that entrepreneurship should be incorporated into educational curricula starting in grade school, and that entrepreneurship should be celebrated as a career path early and often.

Perceived Barrier: Financial debt from student loans prevents many recent graduates from pursuing or joining entrepreneurial ventures.

- **Participant Idea: Offer student loan deferment for entrepreneurs.** Overwhelming debt created by student loans is often cited as deterring recent graduates from creating or joining startups. The Federal government offers deferments for teachers and active duty military; there was support at the roundtables for making job-creating entrepreneurs an additional qualified deferment category.

Perceived Barrier: Due to a lack of resources, it can be difficult for startups to hire people as easily as other employers.

- **Participant Idea: Lower the cost and process burden of hiring in startups.** Startups often do not have the infrastructure or cash flow to compete against big companies when hiring top talent. The Health Care Tax Credit for Small Employers (companies with fewer than 25 employees) provides a tax credit of up to 35% to offset costs. A few participants believed the government could also create a payroll incentive for hiring more people in startups, similar to the HIRE (Hiring Incentives to Restore Employment) Act that provided tax benefits for hiring previously unemployed workers.

Perceived Barrier: Many entrepreneurs, particularly in underserved communities, lack the network, resources, and personal relationships often needed to get businesses off the ground.

- **Participant Idea: Connect entrepreneurs to seasoned mentors.** Because mentor networks are not present in all communities and geographies, particularly in underserved communities, participants believed that the Federal government should support the scaling of existing mentor networks beyond their current reach and to encourage organizations in underserved communities to add entrepreneurial mentoring to their suite of services.

2. Money – Financial Capital

Entrepreneurs cited access to capital as one of the top barriers to building a successful company, and encouraged the Federal government to do more to help innovative small businesses seeking funding to help them grow. Much of the feedback heard regarding access to capital issues echoes concerns raised during the Treasury Department’s Access to Capital Summit and by the National Advisory Committee on Innovation and Entrepreneurship (NACIE) Access to Capital Working Group.

Perceived Barrier: Investors continue to keep capital on the sidelines. Various tax proposals were suggested to expand incentives for angel and other investors to deploy capital.

- **Participant Idea: Eliminate capital gains tax on small businesses.** Participants suggested that the Federal government could make the 100% exclusion from tax for capital gains permanent (Section 1202: Small Business Stock Gain Exclusion), following up on the President's support for this in his 2012 budget proposal. Participants also emphasized the need to simplify the deduction process to make it a more effective incentive for investors.

Perceived Barrier: Current tax policy for entrepreneurs is overly complex, and existing policy does not necessarily incent entrepreneurial behavior.

- **Participant Idea: Simplify tax code for entrepreneurs.** For example, providing Federal guidance to clarify internet sales tax issues across states could have a widely beneficial effect on small businesses that work in electronic commerce.

Perceived Barrier: Lending capital remains tight. Traditional credit markets have historically been difficult for startups to access, and this is particularly true in the current economic environment.

- **Participant Idea: Examine alternatives to collateral-based lending criteria.** Early-stage startups often do not have the collateral or assets requested by banks before they will administer a loan, making it difficult to obtain a loan – SBA loan products or otherwise. A few participants suggested that the Administration examine alternatives such as cash flow-based or working capital-based lending criteria.
- **Participant Idea: Provide ongoing training on SBA products.** Even with guarantees of up to 90% on SBA loan products, entrepreneurs noted that banks are still not lending. Participants noted that part of the solution could be better training for lending institutions on the wide array of SBA and other Federal loan products. For example, a banker should possess knowledge of specialized SBA loan products such as Cap Lines or Express Lines that may provide an entrepreneur with short-term financing.

Perceived Barrier: There are limited sources of startup capital, which necessitates identifying and scaling alternative platforms. However, these platforms are constrained by the regulatory environment.

- **Participant Idea: Allow certain exemptions for crowdsourcing platforms.** Some participants felt that startups that raise smaller amounts of capital through mechanisms such as crowdsourcing platforms (online tools to pool funds from disparate sources) should not face the same rules as large corporate institutions. In addition, each state regulates the offering and sale of securities through its unique blue sky laws⁷. A few

⁷ Every state has its own securities laws—commonly known as "Blue Sky Laws"—that are designed to protect investors against fraudulent sales practices and activities. While these laws can vary from state to state, most states laws typically require companies making small offerings to register their offerings before they can be sold in a particular state. The laws also license brokerage firms, their brokers, and investment adviser representatives.

participants thought the Federal government could play a role in coordinating state blue sky laws to allow for greater regulatory flexibility for smaller companies and allow seamless fundraising across geographies.

- **Participant Idea: Support social enterprise.** Individuals seeking capital for social enterprises, with the goal to do good while also building a profitable business, can face even greater hurdles than other entrepreneurs. A renewed push for the Social Impact bonds, currently in the marketplace in England, was encouraged by some participants. Alternatively, a hybrid tax structure falling between a pure non-profit and for-profit was championed by a few participants.

Perceived Barrier: Venture capital and private equity are not accessible for many entrepreneurs. Venture funding is geographically imbalanced and, in particular, does not reach underserved communities.

- **Participant Idea: Replicate the Central Intelligence Agency’s In-Q-Tel model at various Federal agencies so that all agencies have a fund for early stage investments.** In-Q-Tel was noted as a public-private capital program that allows the government to invest in early stage businesses that also promote national priorities at a Federal agency. Some participants also claimed that In-Q-Tel was a model worth replicating for its speed and track record of success.
- **Participant Idea: Accelerate and expand SBA’s Small Business Investment Company (SBIC) program to match private capital invested in seed and early stage funds.** A few participants thought in light of the lack of financing to early-stage companies, the government should consider leveraging existing capital programs, such as the SBIC program, to address early stage financing needs. Participants supported the \$1 billion Early Stage Innovation Fund proposed in the 2012 Budget.

Perceived Barrier: Constraints on liquidity inhibit later-stage exits, potentially suppressing investment at all stages.

- **Participant Idea: Encourage a smaller cap initial public offering (IPO) market.** To encourage more public offerings, some participants expressed interest in a “light” version of Sarbanes-Oxley, such as exemption from the auditor attestation requirements under Section 404(b). A few thought that a smaller cap market, such as Canada’s publicly-traded market for small shares of VC funds, might also incent more companies to go public.

3. Ideas – Intellectual Capital

The United States has long been regarded as the world’s leading innovative economy. To maintain that leadership, our system must continue to catalyze the creation of new ideas that can drive our economic growth. Government must ensure that the ecosystem exists to foster the best ideas from their inception. Future generations of scientific and technological advancements should be encouraged to be made in American laboratories by America’s

entrepreneurs, and those advancements should have the necessary support to make the leap to commercialization.

Perceived Barrier: Legislative uncertainty around the Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) programs. Repeated short-term reauthorizations of the SBIR and STTR programs are disruptive to small businesses, and they can slow awarding and funding timelines.

- **Participant Idea: Enact a Long-term Reauthorization of SBIR and STTR.** Entrepreneurs seeking early-stage SBIR funding have expressed concern that Congress continues to pass only short-term extensions of the programs.
- **Participant Idea: Decrease selection and award timelines.** Shorter timelines help small businesses maintain momentum and help plan for funding gaps. Participating SBIR agencies could adopt best practices from Federal programs such as the Qualifying Therapeutic Discovery Project Tax Credit program, identified many times by entrepreneurs as a better process model.
- **Participant Idea: Allow greater use-of-funds flexibility.** While many entrepreneurs are eager to use their awards towards research, they also expressed a need to use the funding towards commercialization efforts – not currently allowed without restrictive guidance.

Perceived Barrier: Innovative research often fails to make the transition from the laboratory to the marketplace. Government needs to do a better job of aligning its R&D spending with opportunities for commercialization.

- **Participant Idea: Provide consistency in technology transfer regulations across national labs.** Participants suggested that national research labs should adhere to a standardized system of technology transfer licensing agreements, as well as a standardized system of allowing university researchers to access basic national lab research. These standards would be based on those employed by the most successful technology transfer programs.
- **Participant Idea: Make it easier to license and use technology.** Some participants thought that utilizing the Administration’s prize and challenge authority to catalyze the design of new methods of licensing IP could move more research into the hands of entrepreneurs and startups. They suggested that Federal agencies, building on streamlined and cost-reducing initiatives such as the Department of Energy’s “America’s Next Top Energy Innovator” program⁸, could examine their ability to create challenges focused on building portals that promote open sharing or licensing of Federally funded research.

⁸ America’s Next Top Energy Innovator program from the Department of Energy reduces the cost and paperwork for startups to purchase the Department’s many thousand unlicensed patents and start bringing more of these new energy technologies to the U.S. marketplace. Within the scope of this challenge, a portfolio of up to three patents costs just \$1,000 – a total savings of \$10,000 to \$50,000.

- **Participant Idea: Launch a database of research at Federal Labs and Federally-funded intellectual property available for licensing.** Create a single online portal for advanced, Federally-funded research that has the potential to be commercialized and is available for licensing.

Perceived Barrier: University technology transfer offices sometimes lack the funding, expertise, and focus to successfully commercialize university research.

- **Participant Idea: Champion a “tech transfer template” that could be used by universities to simplify the licensing process.** Some participants suggested that university technology transfer offices could use a template agreement as the basis for most licensing deals, such as the Carolina Express Exclusive License Agreement currently being utilized at the University of North Carolina, which offers the same terms for all UNC startups.⁹ This would decrease time-to-license while simultaneously freeing resources to focus on the most complex licensing opportunities.
- **Participant Idea: Link business incubators to university spaces.** Some participants recommended that the Federal government encourage the development of incubators/proof of concept centers close to university labs. This may include encouraging universities to create programs linking business, law, science, and engineering students to startup companies based in the incubators, working to commercialize research from university labs.
- **Participant Idea: Create license provisions for IP flowing from Federal funding.** Some participants thought that requiring universities to provide a simple mechanism for licensing research derived from Federal dollars would present a tangible incentive for those universities to move research into the commercialization pipeline. Universities could voluntarily list their available IP assets in a publicly-accessible database of licensing opportunities. The increased transparency would lead to more licensing and greater revenues for universities.

Perceived Barrier: Obtaining and defending a patent can be a lengthy, arduous, and expensive process. Simplify and accelerate the process of securing patent rights, as proposed in the America Invents Act.

- **Participant Idea: Shorten time to patent denials.** Participants suggested that the Patent and Trademark office implement a new process by which, upon initial review, if a patent application clearly will not succeed, the examiner would issue an appealable “summary denial” determination. This would remove the unlikely-to-succeed applications from the queue, shortening the queue and possibly freeing resources to focus on the more meritorious applications.
- **Participant Idea: Create new discounted legal fees, exemptions, or deductions for small businesses requiring IP-related representation.** Early stage companies, in particular, sometimes struggle to afford the legal services necessary to protect their IP. Voluntary, private-sector programs that help reduce the cost of those services may

⁹ <http://otd.unc.edu/documents/2009CAROLINAEXPRESSLICENSEAGREEMENT.pdf>

increase access for the entrepreneurs who need it most. There are some state and local models that may be good models for replication.

Perceived Barrier: Patents that are issued but never commercialized or licensed can impede the process of innovation and commercialization. An industry of Patent Assertion Entities (sometimes called Non-Practicing Entities or “patent trolls”) has been created around obtaining IP and filing lawsuits rather than commercializing or licensing their assets.

- **Participant Idea: Create a mechanism for the easy licensing of uncommercialized IP and find a way to incent the sale or licensing of uncommercialized patents.** Some participants thought the creation of an online platform that connects patents that are issued but never commercialized or licensed with innovators seeking their use, and provides easy licensing options could provide the monetary and ease-of-use incentives necessary to increase commercialization.

4. Customers – Product Markets

Entrepreneurs often care first and foremost about access to customers and revenue. Opening new customer channels – including making the Federal Government available as a customer and easing the ability of small businesses to export – is an important way for a startup to grow. The Federal Government is both the country’s largest purchaser of products and services and the gatekeeper to the myriad of certifications necessary for an entrepreneur to compete for government contracts.

Perceived Barrier: Government contracts are difficult for startups to obtain. Startups and other small businesses are often told that government contracting is a great option for business growth, but the process of competing for government contracts seems complicated and challenging.

- **Participant Idea: Simplify the GSA Schedules.** A number of participants stated that the GSA Schedule requirements are extremely difficult to understand. They suggested that creating a user-friendly and adaptive online GSA Schedule “Search and Submit” system would reduce time and paperwork.
- **Participant Idea: Create a venue where innovative small businesses can work with GSA to explain products not covered by existing GSA Schedules.** Products sold by innovative small businesses, particularly startups, often fall outside the area of what has already been envisioned by GSA. Participants suggested that GSA should establish a program that allows entrepreneurs with new products to meet directly with GSA representatives, to explain their new products, and work toward inclusion of the new products or technologies within the GSA Schedule.
- **Participant Idea: Improve accessibility to quality sub-contractors.** Participants thought that an easy-to-use database with information on potential sub-contractors’ capabilities and past performance would help prime contractors find capable small business sub-contractors. This platform would facilitate the flow of government contract work to

high quality and professional sub-contractors. This could be achieved by leveraging existing databases, such as the Dynamic Small Business Search.

- **Participant Idea: Reduce large bundled contracts.** Bundled contracts are oftentimes more difficult to compete for than contract opportunities that might fit a startup's capacity constraints. One solution that was offered was to encourage "unbundling" of Federal contracts. As part of the Small Business Jobs Act of 2010, SBA is already in the process of revising regulations to ensure policies are in place to reduce overall contract bundling and to require procuring agencies to publically publish their rationale for bundling.
- **Participant Idea: Pay small businesses faster.** Consistent and reliable cash flow is a necessity for all businesses, but particularly for small businesses. Prompt payment from government (or from large companies) can be critical to small businesses.
- **Participant Idea: Make it easier for the government to procure from startups.** Many participants believe that procurement is another area where the government should increase the use of its prize and challenge authority. This authority could be used to allow startups to better compete for Federal contracts. Additionally, several participants felt that the Administration could promote a culture shift toward "startup procurement openness" by bringing Federal employees into more frequent contact with innovative entrepreneurs.

Perceived Barrier: Government business development programs – 8(a), Women-Owned Small Business, HUBZone, Service-Disabled Veteran-Owned Small Business – need to be simplified, and better reflect the realities of business today.

- **Participant Idea: Create a single contracting/business development certification.** Currently, businesses applying for both 8(a) and HUBZone certification must complete separate applications. SBA is analyzing the regulatory changes required and implications of developing and implementing a single certification process for common information collected across its small business contracting programs.

Perceived Barrier: Export processes are cumbersome. Small businesses want to export but the paperwork and other burdens involved in exporting products and services overseas can be burdensome.

- **Participant Idea: Improve export promotion efforts for small businesses and streamline the export control process.** Participants thought the Administration should continue its efforts to better coordinate export promotion efforts and reform the export control system. Specifically, participants suggested a "fast track" export licensing process for existing, successful US-based businesses.

5. "Lean" Government: Customer-Centric Government of the Future

Entrepreneurs repeatedly made it clear that it is not just what the Federal government does -- it is how the government does it. Some participants thought the government is frequently difficult to navigate and hard to engage, often because it is too slow, too complex, and/or too inflexible. These costs of engagement with the Federal government are disproportionately higher for smaller businesses than for larger businesses. To effectively serve entrepreneurs, the government should learn from this community – adopting best practices of “customer-centric” and “lean” organizations.

Perceived Barrier: Navigating government programs. Government programs and resources are difficult to find and – when found – are overly complex in their application or process. While there are many helpful programs across agencies, finding and applying for those programs can be incredibly challenging and opaque. Many entrepreneurs mentioned perceived gaps in government programs and assistance, when, in fact, a program or resource does exist. These comments point to a lack of adequate communication and outreach to entrepreneurs.

- **Participant Idea: Build on existing websites, including www.sba.gov, to be more real-time, technology-driven, customer focused portals that can more easily relay Federal opportunities.** Participants thought that websites, along with simple, sustained social media campaigns, help to proactively build awareness of programs relevant to the high-growth small business community. Furthermore, they thought the Federal government should explore innovative ways to conduct outreach to entrepreneurs beyond traditional methods.
- **Participant Idea: Sync information about Federal, state and local regulations and policies related to entrepreneurs on a single online platform.** With coordination from local and state-level authorities, a single website for information could make it easier to comply with regulations at various levels. Some examples already exist. The Search for Business Licenses and Permits tool on the SBA website is a good example of solving the problem of permits for registering a new business in a given locality.

Perceived Barrier: Complexity. The complexity of paperwork and proliferation of forms for program applications is cumbersome, confusing, and duplicative.

- **Participant Idea: Host a secure, central repository of data for entrepreneurs when they apply to multiple programs.** For many programs – for example, government contractor certifications – the forms overlap with much of the basic information in the Central Contractor Registration system. A login to auto-fill forms for other government programs would save time and alleviate the burden for entrepreneurs.
- **Participant Idea: Promote a common form for similar programs across agencies, similar to the Common Application for colleges.** For example, the SBIR program spans eleven different agencies, and the forms are roughly fifty-percent or more of the same fields -- including the terms of agreement. The SBIR program and others could benefit from efforts to standardize applications for similar programs across agencies.
- **Participant Idea: Improve modes of communication and use plain English.** The basic readability of forms should be improved. For instance, patent forms and letters should be written in “natural language” to most simply explain the intent of each form.

Perceived Barrier: Speed. Timelines for decisions on government award programs and regulatory processes are too long for entrepreneurs.

- **Participant Idea: Measure and publish timelines on an array of government processes that affect entrepreneurs.** For many government services, such as FDA reviews of new products and SBIR applications, the publication of process timelines is in line with the Administration's principles on transparency and open government. The transparency of timelines in such processes promotes greater accountability.
- **Participant Idea: Benchmark US regulatory processes against overseas regulatory processes.** For example, the European Union approval process for FDA-affected products is perceived as faster and more transparent than that of the U.S., while effectively ensuring a similar level of safety and efficacy of products reaching market. Some participants thought that some level of international benchmarking or harmonization could speed the process in the U.S. In principle, benchmarking performance against other countries could lead to competition in drawing down the timelines in regulatory processes.
- **Participant Idea: Implement a performance metric for reviewers that measures absolute cycle times of applications.** Some participants suggested basing performance reviews, and bonuses, on this metric at the relevant government agencies. They also suggested rewarding reviewers who do a good job interpreting and acting on the "reasonableness" standard.

Perceived Barrier: One size does not fit all. Regulations targeting large businesses are not always appropriate for entrepreneurs and their investors.

- **Participant Idea: Review and tailor SEC private offering exemptions and safe harbors to reflect the unique capital formation strategies and investor bases of smaller businesses and start-ups.** Participants from both the entrepreneurial and investment communities suggested reformed regulations around accredited investor rules¹⁰, which hinder some individuals from participating in early-stage investing.

Perceived Barrier: Lack of customer focus and feedback mechanisms. The government has a wide array of business-facing services, but feedback mechanisms are hard to find. There is no online hub for business to give their feedback on specific government services. Similarly, there is no place online for the Federal government to systematically collect, analyze, and act on that feedback.

- **Participant Idea: Pilot a government services rating and review platform.** A few participants thought the Federal government could use a platform to have the public

¹⁰ The federal securities laws define the term accredited investor in Rule 501 of Regulation D (<http://www.sec.gov/answers/accred.htm>). Under the Securities Act of 1933, a company that offers or sells its securities must register the securities with the SEC or find an exemption from the registration requirements. The Act provides companies with a number of exemptions. For some of the exemptions, such as rules [505](#) and [506](#) of [Regulation D](#), a company may sell its securities to what are known as "accredited investors."

review the various government services and programs at the Federal agencies. They suggested the Federal government could leverage existing rating and review technology to develop a customized version for business services.

- **Participant Idea: Develop an entrepreneur-in-residence program at select Federal agencies.** A few participants noted that an entrepreneur-in-residence (EIR) program is instituted in some venture capital firms and other organizations to bring trusted entrepreneurs and their ideas to refresh perspective and ideas. These participants thought that for the Federal government, an EIR program could help government services and operations to be more innovative, responsive, and proactive.
- **Participant Idea: Create a “Doing Business” Index.** A few participants thought that the Federal government (or other entity) could promote simpler business incorporation and startup processes within states by creating an aggregate “Doing Business Index” across all fifty states to highlight best practices and encourage states to streamline processes.

Perceived Barrier: Uncertainty and lack of predictability. The inherent uncertainty in Federal legislative and regulatory processes causes many investors and entrepreneurs to shy away from taking risks.

- **Participant Idea: Improve transparency, even at the margins.** Some entrepreneurs noted that by introducing greater transparency in government processes, strategic business decisions – such as timing for future fundraising rounds – could be better planned. Even marginal increases in transparency were desired. For example, the SBIR program could publish the average time from solicitation close to award by agency. SBA is in the process of providing central reporting of agency SBIR performance information in the refresh of SBIR.gov, and much more data about the program will be more freely available and accessible as a result.
- **Participant Idea: Leverage government’s ability to convene industry participants to share information.** More seamless information sharing was cited by a few participants as a necessary step to adding transparency and allowing investors and entrepreneurs to gain comfort with emerging industry sectors. They thought the government should continue and expand its “DC to VC” series - currently focused in education technology and clean energy - to bring more clarity around regulations and industry trends. The “DC to VC” series has been a summit series, where Federal officials meet with investors and entrepreneurs to share ideas and educate each other on future opportunities in these sectors.