

*U.S. Small Business Administration*

*FY 2018 Enterprise Learning Agenda*



**February 12, 2018**

## Introduction

The U.S. Small Business Administration's (SBA) mission is to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise, and to maintain and strengthen the overall economy of our nation. The SBA recognizes the importance of evidence and evaluation to understand and improve the efficiency and effectiveness of SBA programs and operations in pursuit of this mission. Evidence may come from a variety of sources, including program evaluation supported by performance data, audits, and traditional research. Rigorous evidence allows leadership to make sound decisions about program strategy, policy, and resources.

The SBA has established a centralized program evaluation function and developed an enterprise learning agenda (ELA) to empower programs to achieve their priorities while fostering an environment of continuous learning. The ELA is a five-year plan that aligns with the Agency's strategic goals and identifies priorities where evaluations could provide insights about program effectiveness, progress toward desired outcomes, or test pilot initiatives or program adjustments. The SBA supports evaluations that can provide the necessary insight for sound management decisions. The SBA also reviews current research and evaluations to identify gaps in evidence that evaluations may be able to fill.

Each year, the SBA will update the ELA to incorporate progress made over the last year and identify the research and evaluation questions it plans to support through program evaluations and research in the upcoming year. The SBA will initiate new program evaluations annually through a call for proposals sent to all its offices. The resulting program evaluations will be designed to answer the research questions presented in the ELA and will continue to build a suite of evidence. The SBA will publish evaluation results on the [U.S. Small Business Administration website](#) and incorporate findings into its performance management framework.

## Strategic Goals

The ELA is divided into the four strategic goals presented in SBA's *FY 2018-2022 Strategic Plan*. For more detailed information, please see SBA's FY 2018-2022 Strategic Plan at [U.S. Small Business Administration Performance website](#)<sup>1</sup>. The SBA will identify specific questions and evaluations under the strategic goals to build evidence and foster continuous learning. Each strategic goal is presented with an overview, a review of prior research under the goal, the research questions proposed for the goal, and the planned evaluations for FY 2018.

### The FY 2018-2022 strategic goals are:

1. Support small business revenue and job growth
2. Build healthy entrepreneurial ecosystems and create business friendly environments
3. Restore small businesses and communities after disasters
4. Strengthen the SBA's ability to serve small businesses

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<sup>1</sup> For more detailed information, please see SBA's *FY 2018-2022 Strategic Plan* at [U.S. Small Business Administration Performance website](#)

## **Strategic Goal 1: Support small business revenue and job growth**

### **Overview**

This strategic goal includes SBA's programs related to financial lending, investments, international trade, and government contracting.

### **The SBA has three strategic objectives that support this strategic goal:**

1. Expand access to capital;
2. Help small business exporters succeed in global markets; and
3. Ensure federal contracting and innovation set-aside goals are met and/or exceeded

### **Prior Research**

There is an array of research in this strategic goal, including many valuable contributions from independent researchers who have used SBA data. The studies below include research developed by or in conjunction with the SBA. These studies are a mix of program evaluations, special topic reports, performance reviews, and audits that use a broad variety of methods to build evidence related to SBA programs.

#### **504 CDC Program Evaluation, Dun & Bradstreet (2017)**

This evaluation examined quantitative measures of economic development in the 504 loan program. It assessed job creation and retention at a business level, community level, and CDC level. In summary, businesses that received 504 debentures hired more employees and had higher sales than similar businesses that did not receive a 504 debenture. For every \$1 dollar lent to small businesses, they made \$1.36 in terms of incremental sales. Communities that encompass a business with a 504-debenture generated statistically significant increase in overall employment.

#### **Measuring the Representation of Women and Minorities in the SBIC Program (2016)**

This report contributes to a growing body of knowledge about gender and racial diversity in the venture-capital (VC) and private-equity (PE) arenas using data collected exclusively by the SBA under the SBIC Program. The report addresses key questions comparing the diversity and performance of SBICs with the broader VC and PE community, and asks whether diverse SBICs are more likely to invest in diverse portfolio companies or in low- and moderate-income communities.

#### **Measuring the Role of the SBIC Program in Small Business Job Creation (2017)**

This study assesses the job creation that resulted from the investment activity of the SBIC program from October 1995 to December 2014.

#### **National Economic Impacts from the Navy SBIR/STTR Program, 2000-2013 (2014)**

This study quantifies the Navy SBIR/STTR Program's overall contribution to the national economy and nation's defense mission. The study examines the economic outcomes and impacts from all Navy SBIR/STTR Phase II awards completed during the 2000-2013 period.

#### **The Air Force Impact to the Economy via SBIR/STTR (2014)**

This study quantifies the Air Force SBIR/STTR Program's overall contribution to the national economy and nation's defense mission. The study examines the economic outcomes and impacts from all Air Force SBIR/STTR Phase II awards completed during the 2000-2013 period.

### **OMB Circular A-129 Review (2015, 2017)**

The SBA conducts reviews of its loan programs in compliance with OMB Circular A-129 guidance. These reviews detail program characteristics, current operations, and provide an overview of program performance. Most recently, the SBA completed a review of its 504 Loan program in October 2015 and a review of its Microloan program in January 2017.

GAO-14-233: SBA Actions Needed to Ensure Planned Improvements Address Key Requirements of the Development Company (504) Loan Program (2014)

This GAO audit assessed the 504 Loan program in 2014. The SBA has implemented and closed all recommendations from this report.

### **Research and Evaluation Questions**

1. How does technical assistance impact loan performance?
2. How do small businesses use external capital to grow and leverage additional capital?
3. How satisfied are small business borrowers or other recipients of SBA's capital access products?
4. What methods promote SBA lending and build lender capacity?
5. What impact does lending have on long-term job creation, revenue growth, and export sales?
6. How can the SBA best support small business growth in markets in socially and economically disadvantaged communities?
7. What SBIC regulatory, policy, or process improvements could be made to help strengthen SBA's oversight and risk management?
8. How can the SBA continue to further build state and territory government export capacity?
9. Should the SBA vary its export assistance by market segment?
10. What changes should be made to the SBIC program to maintain or improve its relevance in the context of modern capital formation, private capital markets and a mature private equity industry?

### **FY 2018 Planned Evaluations**

The SBA will conduct an outcome focused program evaluation on the Community Advantage program to begin building evidence on questions one and two. The Community Advantage program works with mission based lenders to provide 7(a) loans to small businesses in emerging markets. The participating lenders have the option to offer technical assistance to borrowers. The primary questions for this evaluation are:

1. How does provision of technical assistance impact loan performance of Community Advantage borrowers as compared to Community Advantage borrowers that do not receive technical assistance?
2. Do borrowers who receive financing through the 7(a) Community Advantage pilot obtain additional capital as a result of Community Advantage pilot loans?
3. What factors are considered critical to measures Community Advantage pilot loan performance?

## **Strategic Goal 2: Build healthy entrepreneurial ecosystems and create business friendly environments**

### **Overview**

This strategic goal includes SBA programs related to: small business training, counseling, and technical assistance and regulatory fairness, advocacy, and research.

### **The SBA has three objectives in support of this strategic goal:**

1. Develop small businesses through technical assistance;
2. Build healthy entrepreneurial ecosystems; and
3. Create a small business friendly environment.

### **Prior Research**

The SBA has conducted evaluations on some of the programs in this strategic goal. These evaluations have provided evidence that business technical assistance, counseling, and training contribute to better outcomes for small businesses. These studies are a mix of program evaluations and performance reviews that use a broad variety of methods to build evidence related to SBA programs.

### **A Study of Native American Small Business Ownership: Opportunities for Entrepreneurs (2014)**

Entrepreneurship and small business ownership can be considered essential to both economic growth and development of new products and services. Native American businesses account for the smallest number of firms (under 300,000) among those considered minority owned. This study examines characteristics of Native American small businesses and owners and provides key findings, including utilization of tribal and external business development programs.

### **2008-2013: Entrepreneurial Development Impact Report of SCORE, SBDC, and WBC (2009, 2010, 2011, 2012, 2013)**

These annual studies measure attitudinal assessments, perceptions of changes in management/marketing practices, and business growth for firms that used SBA's resource partners during the previous three years. The programs studied include: Small Business Development Centers (SBDC), SCORE, and Women Business Centers (WBC).

### **2010-2016: Evaluation of Emerging Leaders Cohorts**

These three evaluations examine the demographic and business characteristics of Emerging Leaders (previously named "e200") participants, including an analysis of pre- and post-program business practices and outcomes of the Emerging Leaders initiative's cohorts.

### **Evaluating the U.S. Small Business Administration's Growth Accelerator Fund Competition Program (Forthcoming 2018)**

The evaluation presents the results of the growth accelerators program including information on the market and job support. The evaluation showcased how accelerators fill a market gap in many parts of the country that do not have the same access. Other data demonstrated the impact on communities not typically represented by accelerators or venture capital.

## **Income and Net Worth of Veteran Business Owners over the Business Cycle, 2007–2013 (2015)**

The most prominent finding of this study is that even though the recovery has been slow for veteran households with small businesses, these households have fared somewhat better than veteran households without small businesses. Also of note, the analysis found veteran small business households' net worth was higher than other veteran households, but similar to non-veteran small business households from 2007 to 2013.

## **Year 1-2: Evaluation of the ScaleUp America Initiative (2016, 2017)**

These evaluations discuss the services offered through ScaleUp, describe the participants' characteristics and demographics, report on participant and program outcomes, and provide summary of lessons learned.

## **The Growth of Potential Deregulation (2017)**

Excessive regulation is a tax on the economy, costing the U.S. an average of 0.8 percent of GDP growth per year since 1980. This taxation by regulation has increased sharply in recent years, with approximately 500 new economically significant regulations created over the last eight years alone. Through a thorough review of the literature, the Council of Economic Advisers finds that deregulation will stimulate U.S. gross domestic production growth.

## **Research and Evaluation Questions**

1. What are the small business outcomes and impacts of receiving training, counseling, and technical assistance, and how do they vary by market segment?
2. How does technical assistance impact small business federal contracting outcomes?
3. What are the best ways to reduce fraud and abuse of small business certification programs?
4. How satisfied are entrepreneurs with SBA's entrepreneurial and business development services?
5. What factors most influence the Federal Government's ability to reach its small business contracting goals?
6. How can the SBA best prepare small businesses to compete in developed markets?
7. How do small businesses take advantage of multiple SBA services?
8. How does SBA impact regulatory enforcement actions taken against small businesses by Federal regulators, and how does intervention by the SBA affect small business outcomes?

## **FY 2018 Planned Evaluations**

The SBA will conduct a formative program evaluation on the Boots to Business and HUBZone programs to begin building evidence on questions one and five, respectively. The SBA will also conduct an outcome focused program evaluation on the Small Business Development Center (SBDC) program to begin building evidence on question one.

The HUBZone program encourages economic development in Historically Underutilized Business Zones through the establishment of preferences that facilitate access to Federal contracting opportunities. The Federal Government has a goal of awarding 3% of all dollars for Federal prime contracts to HUBZone-certified small business concerns. The primary questions for the evaluation are:

1. What are the factors that have facilitated some Federal agencies to reach the goal of awarding 3% of their contracting dollars to HUBZone firms?
2. What are the barriers and issues that have prevented some Federal agencies from reaching the goal of awarding 3% of their contracting dollars to HUBZone firms? How can these barriers be addressed to facilitate attainment of goal?
3. What are the characteristics of the small businesses who have been awarded Federal contracts? What are some of the predictive factors for successful Federal contract awards for HUBZone firms?

The B2B program is an entrepreneurial training program offered by the U.S. Small Business Administration (SBA) as a training track within the Department of Defense's Transition Assistance Program (TAP). The primary questions for this evaluation are:

1. What program elements of B2B program influence participation of transitioning service members in the two-day Introduction to Entrepreneurship workshop?
2. What are the factors that positively and negatively predict increased numbers of participants in the two-day Introduction to Entrepreneurship workshop?
3. How can the Office of Veterans Business Development (OVBD) redesign its program to increase participation of transitioning service members in the two-day Introduction to Entrepreneurship workshop?
4. Which B2B program factors correlate with retention of transitioning service members in the two-day Introduction to Entrepreneurship workshop across military installations?
5. What performance management adjustments can be made to B2B to retain transitioning service members in the two-day Introduction to Entrepreneurship workshop?
6. To what extent did the two-day Introduction to Entrepreneurship workshop meet the overall needs of the transitioning service members?

## **Strategic Goal 3: Restore small businesses and communities after disasters**

### **Overview**

This strategic goal focuses on SBA's disaster assistance, including loan programs geared toward recovery from a disaster or economic hardship and the business technical assistance deployed to guide businesses post disaster.

SBA's strategic objective for this strategic goal is to deploy disaster assistance effectively and efficiently.

### **Prior Research**

The SBA has focused its prior research on customer satisfaction with the disaster loan program using American Customer Satisfaction Index (ACSI) methodology. This research has helped identify areas for improvement in customer interaction and processes.

### **American Customer Satisfaction Index (ACSI) SBA Disaster Assistance Program 2014 Customer Satisfaction Survey (2016)**

This study was conducted using the ACSI methodology. The SBA uses the survey data to identify and target areas for improvement that will have the greatest impact on customer satisfaction scores.

### **GAO-15-727: Additional Steps Needed to Help Ensure More Timely Disaster Assistance (2014)**

This GAO audit reviews SBA's disaster business loan processing following Hurricane Sandy. The audit report was issued in July 2015. The SBA has implemented and closed all recommendations from this report.

### **Research and Evaluation Questions**

1. How does SBA's disaster assistance infrastructure contribute to post-disaster individual, business, and community rebuilding?
2. How do SBA disaster loans impact individuals and businesses recovering from a disaster?
3. How satisfied are borrowers with SBA's disaster assistance services?
4. How has the modernized information technology system in the SBA disaster loan program influenced internal processes and overall program effectiveness and efficiency?
5. To what extent have recent changes, innovations, and process improvements helped to prepare the SBA disaster loan program for future large-scale disasters?
6. How has SBA's disaster assistance infrastructure helped prepare small businesses before a disaster occurs?

## **Strategic Goal 4: Strengthen the SBA's ability to serve small businesses**

### **Overview**

This strategic goal includes SBA's support services, such as administrative services, human capital resource management, information technology, and financial management.

The SBA has three objectives in support of this strategic goal:

1. Ensure effective and efficient management of Agency resources;
2. Build a high performing workforce; and
3. Enable secure enterprise-wide information technology to achieve interoperability and information sharing.

### **Prior Research**

The functions in this area have not undergone formal program evaluations, however there are some GAO and OIG reports that are important to mention.

#### **GAO-15-347: Leadership Attention Needed to Overcome Management Challenges (2015)**

This is a GAO audit of the SBA's organizational structure and longstanding management challenges identified by GAO. The audit report was issued September 2015, Leadership Attention Needed to Overcome Management Challenges. The SBA has closed two of the recommendations and is making progress on closing out other recommendations as part of planning and strategy discussions.

#### **SBA OIG Report 17-12: SBA's FY2016 Compliance with the Improper Payments Elimination and Recovery Act (2017) (IPERA)**

This is an internal SBA OIG report of the SBA's compliance with IPERA. The report was issued in May 2017 and made recommendations pertaining to SBA's disbursements for goods and services and its 7(a), 504, and Disaster programs. The SBA has implemented or made progress on each area that had recommendations.

### **Research and Evaluation Questions**

1. How can SBA modify its support functions to better serve employees helping small businesses?
2. How can the SBA ensure it attracts, hires, and retains an inclusive, high performing workforce with the skills necessary to complete its mission?
3. How can the SBA improve its cyber security posture?
4. What influences program manager behavior and encourages compliance with internal controls?
5. What process improvements are necessary to improve internal satisfaction of SBA's acquisition function?
6. How should the SBA assess its efforts to build an environment of continuous learning?