

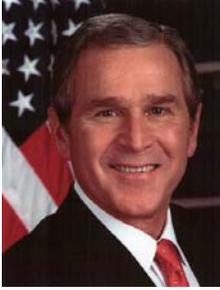
# U.S. Small Business Administration

## Region 2 Annual Report

### Fiscal Year 2003



## THE PRESIDENT'S MANAGEMENT AGENDA



*"Government likes to begin things - to declare grand new programs and causes. But good beginnings are not the measure of success. What matters in the end is completion. Performance. Results. Not just making promises, but making good on promises."*

*"We have the chance to change America for the better. We have a chance to restore confidence to government."*

*-- President George W. Bush*

The President's Management Agenda, announced in the summer of 2001, is an aggressive strategy for improving the management and performance of the federal government. The Agenda focuses on five areas of management weakness across the government where improvements and the most progress can be made to deliver results that matter to the American people.

The five government-wide goals are:

- [Strategic Management Of Human Capital](#),
- [Competitive Sourcing](#),
- [Improved Financial Performance](#),
- [Expanded Electronic Government](#), and
- [Budget and Performance Integration](#).

Using the President's Management Agenda (PMA) as a framework, the SBA has begun addressing the challenges the agency faces. An executive steering committee was formed to implement strategic initiatives meant to support the PMA and the Administrator's vision of becoming more innovative in program development, simplifying service delivery, and renewing our dedication to small businesses.

The SBA has also designed an "Execution Scorecard" to monitor progress on key projects and milestones necessary to achieve the President's desired results. The Scorecard allows us to monitor actual performance and expenditures against plans. Senior managers are held accountable for their progress on the agency's management improvement initiatives through annual performance agreements. Administrator Barreto's goal is to make the entire agency and its staff accountable for constantly improving the management of the agency.

*"Wealth is created by Americans – by creativity and enterprise and risk-taking. But government can create an environment where businesses and entrepreneurs and families can dream and flourish."*

*-- President George W. Bush*

## GREETINGS FROM ADMINISTRATOR HECTOR BARRETO



2003 was a milestone year for the U.S. Small Business Administration. The Agency marked its 50<sup>th</sup> year of helping American small businesses grow in high style, by facilitating a record number of loans to small businesses. In fiscal year 2003, the SBA backed an unprecedented 74,169 loans, providing more than \$11 billion to small businesses. More than 29 percent of all SBA dollars went to minority borrowers – nearly \$4.3 billion for more than 21,808 minority-owned businesses. The SBA's Disaster Assistance loan program made more than 25,000 loans nationwide, amounting to \$885.2 million. The SBA also served 2.1 million entrepreneurs through its counseling and training programs.

The SBA kicked off its Golden Anniversary in July in Abilene, Kansas, where President Dwight D. Eisenhower signed the Small Business Act 50 years ago, establishing the SBA and charging it with assisting, advising and counseling America's small businesses. The anniversary commemoration continued in September, when more than 2,000 small businesses took part in the SBA-hosted National Entrepreneurial Conference & Expo In Washington, D.C. In October, the SBA began an 11-city "Economic Growth Tours: Listening to America's Job Creators." The tour -- a series of regional events where small business owners engaged in discussion about the public policies that impact their businesses -- was launched in Bangor, Maine and will conclude in Missouri in April 2004.

But the SBA's 50<sup>th</sup> Anniversary is not just about commemorating 50 years of this Agency. It's about celebrating the success of American small business and paying tribute to the innovation and entrepreneurship that is so uniquely American. We are honoring the men and women who believe in the American dream and are unwilling to let anything get in the way of achieving their goals.

I often say that we are lucky to live in a nation where entrepreneurs can thrive. The compulsion to invent, to innovate, to build, and to succeed is such an important part of our national identity that we sometimes forget that it is not a worldwide phenomenon. This Anniversary is a chance to see how that drive lives in the hearts of business owners and founders from New York to California.

Over the past 50 years, the SBA has helped more than 20 million Americans start, grow and expand their businesses – placing more than \$170 billion in direct and guaranteed loans into the hands of entrepreneurs. I am proud of the SBA's accomplishments in 2003 and over the past 50 years. We are committed to making the next 50 years even better. Small businesses will always be America's number one job creator – they drive America's economy. I am thankful for the opportunity to serve as the Administrator of the Small Business Administration under President George W. Bush and look forward to even greater achievements in the coming year.

A handwritten signature in black ink that reads "Hector V. Barreto". The signature is written in a cursive, flowing style.

Hector V. Barreto  
Administrator

## **AGENCY TRANSFORMATION**

Small businesses are the centerpiece of President George W. Bush's domestic agenda and the SBA is working to ensure that small businesses know about us, our partners, and most importantly, how we can help them grow and prosper.

As the SBA moves forward to do its part in implementing the President's Management Agenda, the challenge before us is to become more citizen-centered, more results-oriented, and more market-based. The SBA is engaged in one of the most important organizational restructuring initiatives in the agency's 50-year history.

The SBA is reengineering its business processes, service delivery methods, human capital strategies and workforce to meet the modern evolving demands of small businesses. Doing so will revolutionize the way the SBA delivers service to our customers. This is the thrust behind SBA's Transformation initiative. Administrator Barreto's vision reflects his commitment to representing all small businesses and delivering an effective and efficient 21<sup>st</sup> century national program.

*"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. Together, we will make our vision a reality."*

*-- HECTOR V. BARRETO*

## **SBA'S GUIDING PRINCIPLES**

### ***CREATIVITY***

Our people inspire creativity in the American economy by developing and supporting entrepreneurs through a vast network of resource partners.

### ***ADVOCATE***

We advocate for all small businesses by taking leadership in building a productive partnership between the American people and its government.

### ***RESULTS***

Our team focuses on delivering results for small business, being accountable, accessible, and responsive.

### ***EMPOWER***

We empower the spirit of entrepreneurship within every community to promote and realize the American Dream.

### ***SUCCESS***

We facilitate the environment necessary for America's small businesses to succeed, measuring our performance by small business success.

## EXECUTIVE SUMMARY

I am pleased to present the U.S. Small Business Administration's *Region 2 2003 Annual Report*, highlighting our major accomplishments and SBA's 50<sup>th</sup> anniversary in fiscal year 2003.



Administrator Hector Barreto's vision for the U.S. Small Business Administration focuses on an agency that is citizen-centered and results-driven. The SBA is committed to assisting small business men and women and to be an effective and efficient 21<sup>st</sup> century national organization that focuses on Innovation, Simplification, and Dedication. To put it simply: the professional SBA team is dedicated to the delivery of quality customer-oriented service. We are modernizing the way we do business. We are identifying the needs of the American business man and woman to ensure customer satisfaction. We are proud of the work we do because we know that the small-business community sustains and improves the quality of life for all citizens through economic growth and job creation.

President George W. Bush expects results from federal agencies, and the SBA is helping more of America's 25 million entrepreneurs each day. This agency is making great strides in meeting this challenge by administering a set of programs and policies designed to stimulate small business formation and growth, principally through the Agency's lending programs. SBA's hallmark lending program - the 7(a) General Business Loan Program - has evolved into a major economic development tool for the nation's small businesses. New and innovative lending instruments created by the SBA over the past few years have grown the 7(a) program to the point where SBA now has a larger portfolio of small business loans than any private lender in the nation, with over 219,000 loans worth more than \$45 billion.

Today's SBA has become a leading advocate and major source of long-term financing for small business, with record-setting loan volume achieved in fiscal year 2003, both in Region 2 and nationally. Innovative lending programs such as *SBAExpress*, introduced over the past few years, have dramatically improved customer service while reducing paperwork and Agency response time. Other lending programs including SBA's Prequalification Loan Program and Microloan Program have increased the availability of capital to previously underserved sectors of our economy. SBA expanded its lending program to allow greater access to capital for small businesses by including credit unions to our network of lenders. This change will lead to an increase in the overall number of storefronts where entrepreneurs can seek capital to start or expend their business.

A record number of small businesses also received counseling and training from the SBA through its vast network of resource partners, including the Service Corps of Retired Executives (SCORE), Small Business Development Centers (SBDCs), Women's Business Centers (WBCs) and Business Information Centers (BICs).

The SBA team in Region 2 will continue to reach and serve more small businesses, developing new and creative strategies to help ensure small businesses growth and viability. Region 2 is home to the financial capital of the world, New York City. We are both fortunate and proud to have resource partners committed to small business success.

A handwritten signature in black ink that reads "Michael J. Pappas". The signature is fluid and cursive, with a large initial "M" and "P".

Michael J. Pappas  
Regional Administrator

## ADVOCACY EFFORTS IN REGION 2

Alan Steinberg, Regional Advocate

Created by Congress in 1976, the Office of Advocacy of the U.S. Small Business Administration (SBA) is an independent voice for small business within the federal government. Appointed by the President and confirmed by the U.S. Senate, the Chief Counsel for Advocacy directs the office. The Chief Counsel advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, federal courts, and state policy-makers. Economic research, policy analyses, and small business outreach help identify issues of concern. Regional Advocates and an office in Washington, DC, support the Chief Counsel's efforts.

In furthering the mission of the Office of Advocacy, the Regional Advocate's agenda is three-fold: 1) Identifying regulatory issues at both the federal and state level and implementing measures propounded by the Chief Counsel to deal with these issues; 2) Promoting the research published by the Office of Advocacy to both the business and academic communities and officials in both federal and state government; 3) Advocating governmental policies that the Office of Advocacy deems to be in the best interest of small business.

During the year 2003, the Office of Advocacy attained a level of visibility and activity unprecedented for Region 2.

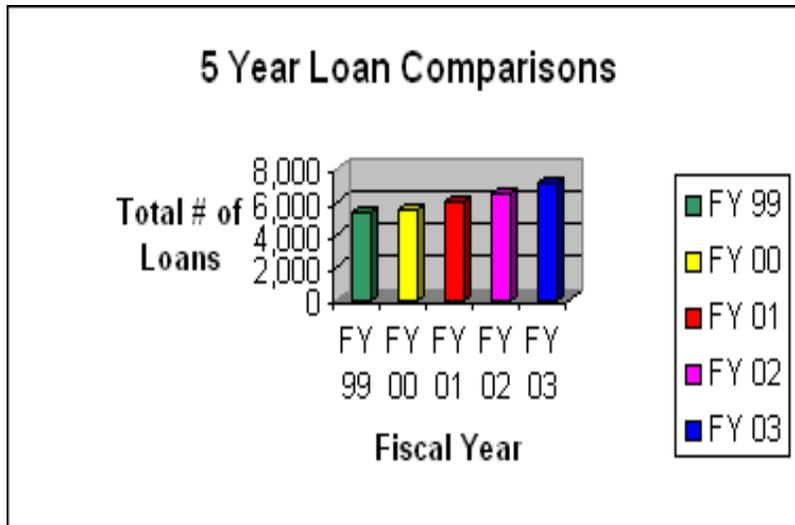
The most noteworthy activity of the year in the regulatory sphere was the passage of S2410 in the New Jersey State Senate by a vote of 36-0 on June 30, 2003. This legislation would update the New Jersey Regulatory Flexibility Act so that it substantially reflects all the provisions of the model legislation presented for consideration to all state legislatures by the Office of Advocacy. S2410 would provide New Jersey small businesses with substantially enhanced protection from the enactment by state regulators of regulations with an unduly burdensome or disproportionate impact on small business. The bill has extensive bipartisan support in both the New Jersey State Senate and Assembly. While the bill was not considered by the Assembly in 2003 due to the limited number of sessions scheduled after June 30, it is being reintroduced in both houses for the 2004-2005 session. Hopefully, the bipartisan support for the bill and its previous passage in the State Senate will promote its progress.

The highlight of 2003 in the research sphere was the co-hosting of Advocacy research focus groups by the Advocacy Chief Economist Dr. Chad Moutray and the Regional Advocate in both New York and New Jersey. These focus groups included leading figures in the governmental, academic, and small business communities of both states. The input from these sessions will be vital in shaping future Advocacy research. In addition, the Regional Advocate met with university business school officials and gave guest lectures on campuses in a concerted effort to promote the research.

In the Advocacy sphere, the highlight of the year was the Regional Advocate's appearance on CNN-FN in support of President Bush's tax reduction program. The Regional Advocate also authored op-ed articles in support of the President's tax reduction package and his small business agenda which appeared in various New Jersey and New York print and internet media.

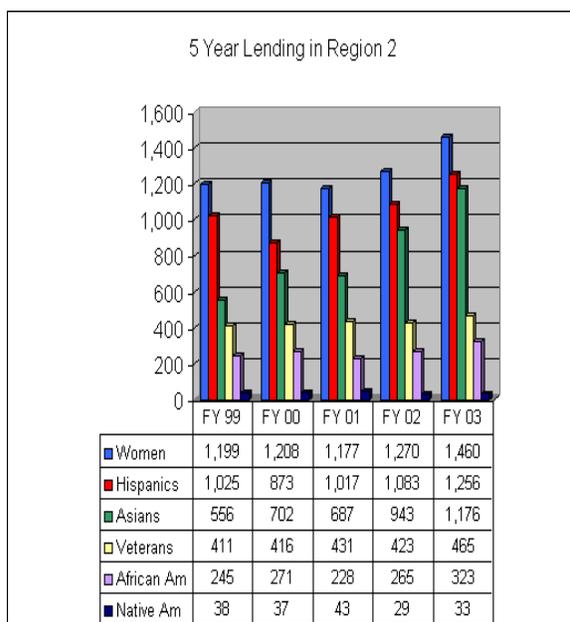
## LENDING IN REGION 2

Fiscal Year 2003 was a milestone year for SBA lending nationwide. Region 2 also recorded its highest number of loans ever in a fiscal, when 7,096 loans were made. These loans helped create or retain nearly 40,000 jobs throughout New York State, New Jersey, Puerto Rico and the U.S. Virgin Islands. This accomplishment is reflective of the commitment of both SBA and its lending partners to meeting the financing needs of the small business community.



 *Historical lending data shows significant loan volume increases for each of the past five years.*

In addition, Region 2 also set new records in lending to women, African Americans, Asians, Hispanics and veterans. Each of these loans created jobs, generated business revenues and contributed to America's economy.



SBA lending programs provide greater access to capital for small businesses. To encourage greater participation in SBA's guaranteed loan programs, Region 2 district offices increased outreach to the lending community throughout fiscal year 2003. As a result, 21 new lenders were recruited last fiscal year; an additional 28 non-active lenders were reactivated, and 24 SBA lenders became Express Lenders during FY 03.



*SBA loan volume on the rise.*

**Comparing Region 2 Loan Volume in  
2003 to 1993...**

	<b>2003</b>		<b>vs.</b>	<b>1993</b>	
	<b># of Loans</b>	<b>\$ Value</b>		<b># of Loans</b>	<b>\$ Value</b>
<b>Women</b>	1,480	\$ 224.5 mil.		485	\$ 68.6 mil.
<b>Minorities</b>	2,843	\$ 457.6 mil.		903	\$ 163.2 mil.
<b>Total Loans</b>	7,097	\$ 1.2 <u>Billion</u>		2,968	\$ 613.7 mil.

**Under the leadership of Administrator Barreto:**

- ...Number of loans to women more than **TRIPLED** and dollars more than **TRIPLED!**
- ...Number of loans to minorities more than **TRIPLED** and dollars nearly **TRIPLED!**
- ...Total number of loans more than **DOUBLED** and dollars **DOUBLED!**

**Did you know that...**

Over the past 10 years, the SBA has backed more than \$117.24 billion in loans to small businesses, almost twice as much as the total for the agency's entire history before that time (\$65 billion from 1953-93)?

More than half of all venture capital financings in the United States are done by licensed Small Business Investment Companies participating in the SBA's venture capital program?

✓ Nationally in fiscal year 2003, the SBA approved a record \$16.93 billion in loans and venture capital financing for small businesses. The combined number of loans for the two loan programs of 74,169 is a 50-year record, and an increase of 29 percent from the previous year.

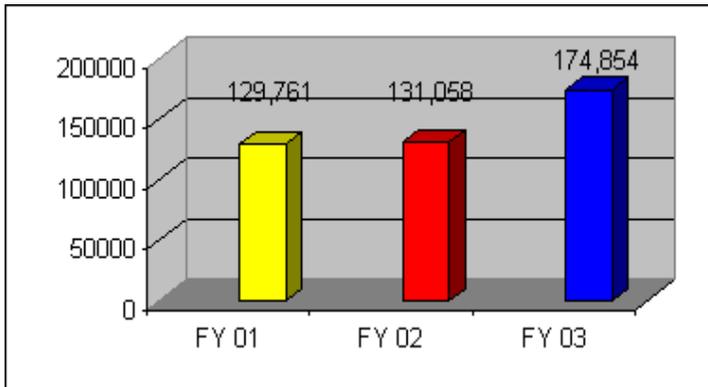
**DISASTER ASSISTANCE**

When disaster strikes, the SBA acts as the federal government's disaster bank. The SBA makes disaster loans to homeowners, renters, non-farm businesses of all sizes, and non-profit organizations. In fiscal year 2003, the SBA approved 1,431 disaster loans for \$112,127,900 to small businesses, homeowners and renters throughout Region 2.

Nationwide, the SBA disaster loan program approved 25,856 loans for \$885.2 million in fiscal year 2003.

## COUNSELING IN REGION 2

Fiscal year 2003 was also a record-setting year for Region 2 in the number of small businesses who received management counseling and training. In fiscal year 2003, SBA Region 2 and its resource partners provided counseling and technical assistance to 174,854 businesses. This represents a 33.5 percent increase over fiscal year 2002, when roughly 131,058 small businesses were assisted.



*Counseling and training increased by more than 33 percent between fiscal years 2002 and 2003 in Region 2.*

The SBA's counseling and training services are provided by a vast network of resource partners and programs. These programs are designed to help small business owners increase their chances for success by incorporating hands-on, one-on-one counseling with small business experts, and sound, practical, training opportunities. The SBA's core counseling services are provided by a variety of partners including the Service Corps of Retired Executives (SCORE), Small Business Development Centers (SBDCs), Women's Business Centers (WBCs) and Business Information Centers (BICs).

SCORE is a volunteer organization comprised of retired business, owners, executives and professionals who provide free, one-on-one, confidential business counseling to prospective and established small business owners. Many SCORE chapters throughout the Region also provide 24/7 on-line business counseling and low-cost training in a multitude of disciplines. SCORE counselors possess a wealth of experience and expertise in such areas as accounting, law, international trade, marketing, manufacturing and a variety of retail trade.

Small Business Development Centers represent SBA's largest resource partner. Located in colleges and universities throughout the region, SBDCs provide in-depth management counseling and training. SBDCs can assist small business owners prepare loan proposals, business plans and marketing studies. SBDCs also offer general and topic-specific training for both prospective and established entrepreneurs.

Women's Business Centers were created to assist women start and grow small businesses by offering individual, confidential counseling and mentorships. WBCs help level the playing field for women entrepreneurs who still face obstacles in the world of business.

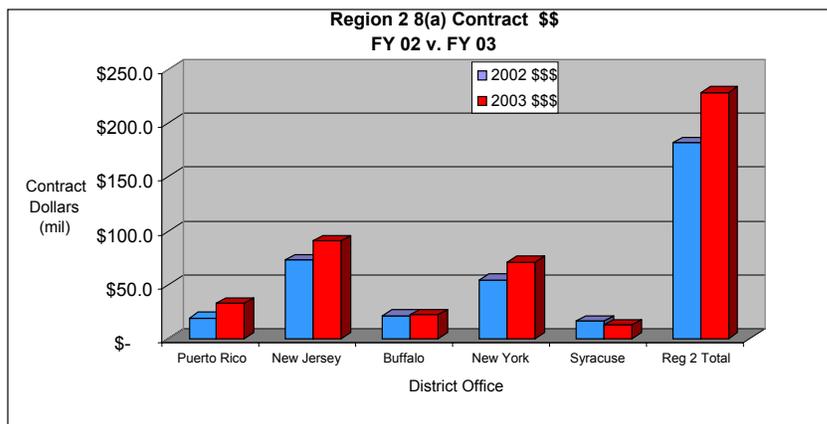
Business Information Centers provide a quiet and inviting facility for business counseling, and research with free access to the Internet, business software, and state-

of-the-art reference library. There are several BIC locations throughout the Region 2. In New Jersey, the Newark BIC is co-located with the SBA office and serves the northern half of the state; the Camden BIC is located at Rutgers University and serves the southern half of New Jersey. In New York State, the Albany BIC – also known as the Capital Business Resource Center – serves the Capitol District. Both SCORE and the SBDC have a presence at the Albany BIC.

## 8(a) BUSINESS DEVELOPMENT DEVELOPMENT/GOVERNMENT CONTRACTING

The SBA administers two business assistance programs for small disadvantaged businesses (SDBs). These programs are the 8(a) Business Development Program and the Small Disadvantaged Business Certification Program. The new and improved 8(a) Program offers a broad scope of assistance to socially and economically disadvantaged firms. The 8(a) program has become an essential instrument for helping socially and economically disadvantaged entrepreneurs gain access to the economic mainstream of American society by helping entrepreneurs gain a foothold in government contracting. Under the SDB Program, the SBA certifies small, disadvantaged businesses to make them eligible for special bidding benefits. 8(a) certified firms automatically qualify for SDB certification.

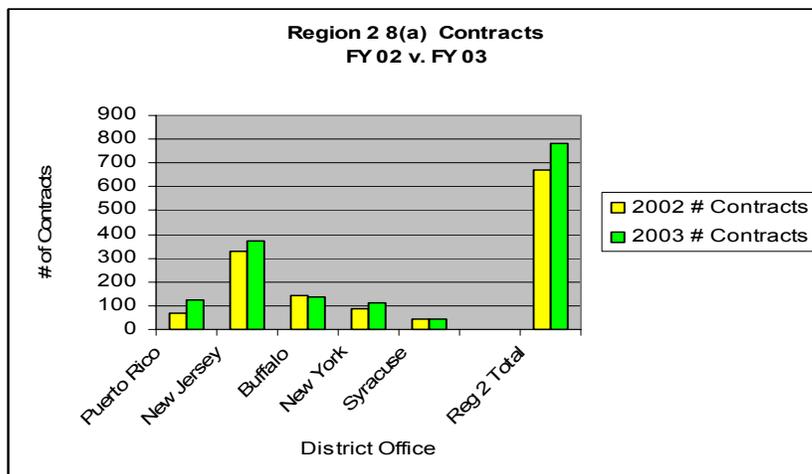
In Region 2, in fiscal year 2003, the SBA's 8(a) program helped certified companies receive 784 federal contracts and contract modifications totaling \$228.8 million. This compares with 672 contracts for \$181.6 million in fiscal year 2002.



*In Fiscal Year  
2003...*



*Region 2 8(a)  
contract dollars  
increased **16.7 percent**  
over fiscal year 2002...*



*... while the total  
number of  
contracts  
increased **26  
percent.***

## REGION 2 FISCAL YEAR 2003 MILESTONES AND CELEBRATIONS



**September 19, 2003**

James L. King, State Director of the New York State Small Business Development Centers located in Albany, NY received the SBA **Phoenix Award for Outstanding Contribution to Disaster Recovery by a Public Official.** Jim was honored during SBA's National Entrepreneurial Conference & Expo in Washington, D.C.

Pictured are, from left, New York District Director José Sifontes; Buffalo District Director Franklin Sciortino; State Director of the New York Small Business Development Centers Jim King; Disaster Sresa 1 Director William Leggiero; and Syracuse District Director BJ Paprocki.

**September 20, 2003**

Vice President Dick Cheney and SBA Administrator Hector V. Barreto Honor the nation's women entrepreneurs at SBA's National Entrepreneurial Conference & Expo: Celebrating Women in Business Breakfast.



**September 2003**

Banco Popular's business banking officers receive the Puerto Rico district's Platinum Award for making more than \$64 million in SBA guaranteed loans in fiscal year 2003. Banco Popular Puerto Rico also received an Export Lenders Award from Administrator Barreto as one of the top four banks nationwide providing financial assistance to small business exporters.



### August 5, 2003

SBA Administrator Hector V. Barreto opened trading on the NASDAQ® exchange with congratulations for the listed companies that received SBA assistance when they were small businesses, and an offer to help even more small companies become well-known household names.

“As we open NASDAQ® today, we honor the work that the Small Business Administration has done since its inception some 50 years ago,” said Barreto. “Some of the small businesses that received help from the SBA are now listed here on the NASDAQ®. The list includes companies like Staples, Costco, Apple Computers, Radio One, Gymboree, Intel, Cerner and Sun Microsystems.

“We are proud of these companies, and of the SBA’s legacy of helping all entrepreneurs who need a hand up,” Barreto said.

Pictured are, from left, Region 2 Regional Administrator Michael Pappas; Region 3 Regional Administrator Allegra McCullough; General Counsel David Javdan; Associate Administrator for the Office of Strategic Alliance Adela Soriano; Associate Deputy Administrator for Capital Access Ron Bew; Administrator Barreto; Deputy Administrator Melanie Sabelhaus; Hempstead (NY) Mayor James Garner; and NASDAQ® Executive Vice President Glen Wolyner.

### May 2003

Robert Lazar, president of New York Business Development Corporation, is honored sat a Lenders Awards Luncheon, for the largest number of SBA 504 loans made in the Syracuse district in fiscal year 2003.

Pictured are, from left, SBA Syracuse District Director BJ Paprocki, Robert Lazar and SBA Regional Administrator Michael Pappas.





**April 2003**

SBA Syracuse District Director BJ Paprocki presents a disaster check to the Williams family of Oswego County to help them with losses sustained during the northern New York ice storm of April 2003.

Pictured are, from left: Michael Williams, his wife Linda, and BJ Paprocki.

**March 20, 2003**

SBA Regional Administrator Michael Pappas listens on as Mr. Johnson Chen, owner of Homeric East, LLC, explains how a \$150,000 SBA loan from Columbia Bank helped him to purchase inventory for his wholesale home furnishings business in Edison, New Jersey.



**January 24, 2003**

Administrator Barreto provided keynote remarks at the 8<sup>th</sup> Annual Straight Talk 2003 Conference, a seminar and conference geared towards Emerging Markets at the 8<sup>th</sup> Annual Straight Talk 2003 Conference, a seminar and conference geared towards Emerging Markets, began by the Buffalo District Office.

Pictured are, from left, SBA Regional Administrator Michael Pappas, SBA Buffalo District Director Franklin Sciortino, Congressman Jack Quinn, SBA Administrator Hector Barreto, and Buffalo State College SBDC Director Clifford Bell.



## REGION 2 LEADERSHIP

### **Mr. Michael Pappas**

Regional Administrator  
Region 2  
U.S. Small Business Administration  
26 Federal Plaza, Room 3108  
New York, New York 10278  
(212) 264-1450  
<http://www.sba.gov/region2/index.html>

### **Mr. Alan Steinberg**

Regional Advocate  
Region 2  
U.S. Small Business Administration  
26 Federal Plaza, Room 3108  
New York, New York 10278  
(212) 264-7750

### **New Jersey**

Mr. James A. Kocsi, District Director  
New Jersey District Office  
Two Gateway Center, 15<sup>th</sup> floor  
Newark, New Jersey 07102  
(973) 645-2434  
<http://www.sba.gov/nj/>

### **New York City**

Mr. José Sifontes, District Director  
New York District Office  
26 Federal Plaza, Room 3100  
New York, York 10278  
(212) 264-4354  
<http://www.sba.gov/ny/ny/>

### **Long Island**

Mr. Norman Hunte, Branch Manager  
Melville Branch Office  
35 Pinelawn Road  
Melville, NY 11747  
(631) 454-0763  
<http://www.sba.gov/ny/ny/>

### **Buffalo**

Mr. Franklin J. Sciortino, District Director  
Buffalo District Office  
111 West Huron Street, Suite 1311  
Buffalo, New York 14202  
(716) 551-4301  
<http://www.sba.gov/ny/buffalo/>

### **Rochester**

Mr. Peter Flihan, Branch Manager  
Rochester Branch Office  
100 State Street  
Rochester, New York 14614  
(585) 263-6700  
<http://www.sba.gov/ny/buffalo/>

### **Syracuse**

Mr. BJ Paprocki, District Director  
Syracuse District Office  
401 S. Salina Street 5th Floor  
Syracuse, New York 13202  
(315) 471-9393  
<http://www.sba.gov/ny/syracuse/>

### **Elmira**

Mr. Brian Qualey, Team Leader  
Elmira Branch Office  
333 East Water Street  
Elmira, New York 14901  
(607) 734-8130  
<http://www.sba.gov/ny/syracuse/>

### **Puerto Rico**

Mr. Francisco Marrero, Acting District Director  
Puerto Rico District Office  
252 Ponce de Leon Ave.  
Citibank Tower, Suite 201  
Hato Rey, PR 00918  
(787)766-5572  
<http://www.sba.gov/pr/>

### **St. Croix**

Mr. Carl Christensen, Officer in Charge  
St. Croix, Virgin Islands Post of Duty  
Sunny Isle Professional Building  
Christiansted, Virgin Islands 00820  
(340) 778-5380  
<http://www.sba.gov/pr/>

For more information on Region 2 activities or to view recent press releases, Op-Eds, newsletters and other published material by the New York Regional Office, please visit <http://www.sba.gov/region2/>

*All SBA programs and services are extended to the public on a non-discriminatory basis.*