

## **Supplementary Information**

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## **SI 1 – SBA Programs and Offices**

### **Center for Faith-based and Neighborhood Partnerships**

Faith-based and community organizations can play an important role in helping the SBA reach, train, and finance the entrepreneurs whose businesses bring jobs and hope to economically distressed communities all across the nation. The Center for Faith-based and Neighborhood Partnerships promotes SBA partnerships with faith-based and community organizations to help build awareness of SBA's programs that can transform neighborhoods and change lives. Additionally, the office informs faith-based and neighborhood organizations of SBA's loan programs that require non-profit intermediary participation and actively encourages qualified organizations to apply for certification as microloan intermediaries.

### **Office of Capital Access**

The Office of Capital Access assists small businesses in obtaining the loans necessary for growth by being a gap lender, providing assistance to small businesses that otherwise would not qualify for un-guaranteed financing, obtaining equity, or taking advantage of contracting opportunities. Programs include the following:

- The 7(a) loan program requires SBA lending partners to certify that the applicant was unable to qualify for loans elsewhere on reasonable terms.
- The 504 program, which has a statutorily mandated job creation component, fills another lending gap by providing long-term, fixed rate financing for major assets such as real estate and heavy equipment.
- Surety Bond Guarantee is a program that serves as a gap surety bond credit provider, expanding the bond credit and capacity of small contractors that would not otherwise be able to compete for public and private work.
- The Office of Credit Risk Management provides risk management based on monitoring, reviewing, and oversight of the 7(a) and 504 lenders and microloan intermediaries; and monitoring and analysis of the 7(a), 504, microloan and disaster portfolios.

### **Office of the Chief Information Officer**

The Office of the Chief Information Officer provides information technology leadership, products, services and operational support for the SBA. The chief information officer is the principal advisor to the Administrator on information technology matters and has overall responsibility for developing, managing and monitoring SBA-wide IT systems, projects, personnel and expenditures. The office provides information technology governance support to the Agency, ensuring that the SBA manages its current and prospective IT investment portfolio in accordance with the laws, regulations and policies applicable across government.

The OCIO manages SBA's functional IT units encompassing systems development, operations, voice and data communications, and user support. Directly or through contractors, the OCIO has responsibility for over 80 current, mission oriented IT systems that support SBA program delivery and enable the Agency to equip and outfit its employees with current hardware, software and computing tools such as email, wireless capabilities, and remote access for telecommuters. This office manages and maintains SBA's web presence on [www.sba.gov](http://www.sba.gov).

The OCIO is also the Agency's lead office for information security, data privacy, electronic identity protection and incident reporting, including information technology aspects of *COOP*, continuity of operations planning.

### **Office of Communications and Public Liaison**

The Office of Communications and Public Liaison has the principal responsibility for developing and implementing effective communications strategies to ensure that SBA's mission, programs, services and initiatives are articulated clearly and consistently to the American public in general and the small business community in specific. It supports field and program offices with planning and implementation of effective communications strategies. OCPL plays the chief role in articulating, explaining and promoting Agency policy and goals to the national news media.

Through Community Relations and the Office of Strategic Alliances within OCPL, the SBA forms alliances with for-profit corporations, small businesses, non-profit organizations, trade and professional associations, academic institutions, and public-sector agencies. The alliances offer opportunities to network on areas of common interest.

This office manages the web content on [www.sba.gov](http://www.sba.gov) and is the federal managing partner for *Business Gateway*, [www.business.gov](http://www.business.gov), a program integrating web resources to provide small businesses and aspiring entrepreneurs with information services that save time and money, engage citizens to participate, and enable collaboration across all levels of government.

### **Office of Congressional and Legislative Affairs**

The Office of Congressional and Legislative Affairs assists in the development of SBA legislative programs and serves as the communications focal point on legislation and congressional activity. CLA monitors legislation and policies introduced by Congress and government agencies to determine their effects on the SBA and small business. It furthers the goals of the SBA and enables Members of Congress to best serve their small business constituencies by promptly providing accurate, current, and continuous information to Congress, congressional committees, and others interested in SBA programs. It also devises and implements legislative strategy and has primary responsibility for all matters relating to the congressional and legislative functions of the SBA. It provides liaison with legislative personnel at the White House, the Office of Management and Budget, and various federal departments and agencies. It coordinates with program offices and field offices to ensure continuity and consistency in SBA's communications with Congress.

### **Office of Disaster Assistance**

The Office of Disaster Assistance plays a vital role in the aftermath of disasters. Through ODA, the SBA is responsible for providing affordable, timely, and accessible financial assistance to homeowners, renters, and businesses of all sizes affected by disaster. Financial assistance is available in the form of low-interest, long-term loans. SBA disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. For this reason, the disaster loan program is the only form of SBA assistance not limited to small businesses. ODA makes the following types of disaster loans:

- Physical disaster loans are for permanent rebuilding and replacement of uninsured or underinsured disaster-damaged privately-owned real and/or personal property. SBA's physical disaster loans are available to homeowners, renters, businesses of all sizes and nonprofit organizations.
- Economic injury disaster loans provide necessary working capital until normal operations resume after a disaster. Economic injury disaster loans are restricted to small businesses and non-profit organizations.

### **Office of Disaster Planning**

The Office of Disaster Planning reports directly to the SBA Administrator and is responsible for integrating disaster planning, preparedness activities and disaster response programs for all SBA offices.

The office provides Agency coordination in utilizing SBA resources to assist citizens, communities and businesses in responding to disaster occurrences and long-term recovery needs. It also represents the

SBA on various inter-governmental bodies related to disaster response and recovery and works to ensure that the Agency and its resource partners coordinate effectively to help serve disaster victims.

### **Office of Entrepreneurial Development**

The Office of Entrepreneurial Development serves the small business community through outreach and public/private sector collaborative ventures and other creative mechanisms. In this way, it provides management and technical assistance through counseling and training to America's small businesses that otherwise would not be able to locate or afford trained and professional assistance. OED provides entrepreneurs with free and low-cost education and training, topical information, and management assistance critical for sound decision making in the start-up and growth phases of the business cycle. The tools used to accomplish this are OED's SCORE, Small Business Development Center, and Women's Business Center programs; SBA's online small business training; Emerging Leaders; and delivery systems such as SBA district offices.

### **Office of Equal Employment Opportunity and Civil Rights Compliance**

To advance Agency-wide diversity at all levels and equal access to programs and activities receiving SBA financial assistance, this office works to prohibit discrimination against all SBA employees and applicants based on race, color, sex, age, religion, disability, national origin, and retaliation for opposition to discriminatory practices or participation in the EEO process. The office of EEO and CRC also works to achieve equal employment opportunity for all qualified employees consistent with the nation's workforce diversity. The office works to ensure that no person in the U.S. is denied the benefits of, excluded from participation in, or subjected to discrimination under any program or activity receiving SBA financial assistance based on race, color, sex, age, disability, national origin, and marital status (extension of credit). In addition, the office ensures that individuals with disabilities have equal access to SBA-conducted or co-sponsored programs and activities.

### **Office of the Executive Secretariat**

The Office of the Executive Secretariat works with senior management officials to formulate the Administrator's and Deputy Administrator's written correspondence. Under the leadership of the associate deputy administrator for management and administration, ExecSec reviews, edits, and manages correspondence. ExecSec ensures that correspondence and written products are delivered in the most timely and efficient manner while providing useful reliable information and advice to Congress, other federal agencies, and small business owners nationwide.

### **Office of Field Operations**

The Office of Field Operations represents SBA field offices at headquarters. This office provides policy guidance and oversight to regional administrators and district directors in implementing Agency goals and objectives, and in solving problems in specific operational areas. It establishes and monitors performance goals for district offices; provides associate administrators, program heads, and the general counsel with a vehicle for overseeing field office program and policy implementation; provides feedback to headquarters management regarding the performance of their programs; ensures that field offices have adequate input to all policy formation and participate in policy deliberations at headquarters; organizes reviews of field offices; informs the SBA Administrator of field activity; and, when necessary, the Office of Field Operations provides coordination with the Office of Disaster Assistance.

### **Office of General Counsel**

The Office of General Counsel provides legal advice in support of all SBA programs and initiatives. The office helps minimize the Agency's legal risks and costs; reduce litigation exposure; and monitors compliance with the applicable statutes, regulations, Executive Orders and other legal requirements. OGC provides the legal support necessary to defend SBA's interest in judicial and administrative actions,

and proactively represents the Agency in all legal matters that arise in the context of its financial assistance, procurement and contracting programs, as well as labor and employment disputes.

### **Office of Government Contracting and Business Development**

The Office of Government Contracting and Business Development promotes increased small business participation in the federal contracting market for goods and services. The office fulfills SBA's statutory mission to ensure that a fair share of federal contracting goes to small businesses.

Working with federal agencies, the SBA negotiates procurement goals, monitors performance, encourages the use of small business sources, provides procurement training and technical assistance to small firms, and provides policy direction and guidance to federal agencies. Several of the government-wide goals are statutory, including small businesses, small disadvantaged businesses, women-owned small businesses, HUBZone small businesses, and service-disabled veteran-owned small businesses.

### **Office of Grants Management**

The Office of Grants Management awards and administers all grants under SBA's authorization and appropriations, with the exception of the small business development center and women's business center grants which are awarded and administered by the respective program offices. In the case of congressional earmark grants, the OGM serves as the technical representatives for the grants as well. The director of OGM serves as SBA's senior grant officer and represents the Agency on all interagency grant-related policy making groups.

### **Office of Hearings and Appeals**

The Office of Hearings and Appeals was established in 1983 to provide an independent, quasi-judicial appeal of certain SBA program decisions. OHA formally adjudicates disputes rising in numerous jurisdictional areas. These include appeals regarding SBA formal size determinations; appeals from contracting officer designations of North American Industry Classification System codes for procurements government-wide; appeals regarding certain SBA determinations relating to development companies; and appeals from Agency and private certifier small disadvantaged business determinations, all of which, by regulation, may be decided either by an Administrative Judge or an Administrative Law Judge. OHA's jurisdiction also includes 8(a) BD program eligibility, suspension, and termination appeals, and salary offset appeals, all of which, by statute, must be decided by an administrative law judge.

### **Office of Human Capital Management**

The Office of Human Capital Management develops and provides innovative human capital strategies. The OHCM advises SBA management with respect to selecting, developing and managing a high-quality, productive workforce. This office sets SBA's workforce development strategy; assesses current workforce characteristics and future needs based on SBA's Strategic Plan; aligns human resources policies with organization mission, strategic goals, and performance outcomes; develops and advocates a culture of continuous learning to attract and retain employees with superior abilities; identifies best practices and benchmarks studies; and creates systems for measuring intellectual capital and identifying links of that capital to organizational performance and growth. This office also implements laws, rules and regulations governing the civil service.

### **Office of the Inspector General**

The Office of Inspector General is an independent office created by law within the SBA to conduct and supervise audits, investigations, and other reviews relating to SBA programs and supporting operations; detect and prevent waste, fraud, and abuse; and promote economy, efficiency, and effectiveness in the administration and management of SBA programs. The inspector general keeps the SBA Administrator and the Congress fully informed of any problems, recommends corrective actions, and monitors progress in the implementation of such actions. The two operating components of the OIG are the Auditing

Division and the Investigations Division. The Auditing and Investigations Divisions each administer their respective activities through staff located in various locations around the country. The Management and Policy and Counsel Divisions support both the inspector general and the operating divisions by providing policy, planning, administrative, and legal services, respectively.

#### **Office of International Trade**

The Office of International Trade enhances the ability of small businesses to compete in the global marketplace by facilitating access to capital and technical assistance to support international trade, ensuring the interests of small business are considered and reflected in trade negotiations, and supporting and contributing to the U.S. government's international commercial and economic agenda.

#### **Office of Investments and Innovation**

The Office of Investments and Innovation assists small businesses through the administration of the Small Business Investment Company (SBIC) and the Small Business Innovation Research (SBIR) programs. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. They use their own private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses, especially those with potential for substantial job growth and economic impact. The SBIR program has helped small businesses develop innovations to meet the research and development needs of the federal government and then commercialize those innovations in the marketplace. In addition to helping meet federal research and development needs, the SBIR can advance American innovation and competitiveness in the broader economy.

#### **Office of Management and Administration**

The Office of Management and Administration is responsible for all aspects of personnel, employee relations, grants management, space management, mailroom operations, and controlled correspondence. The office oversees the Office of Human Capital Management, the Office of Grants Management, the Office of Administrative Services, and the Office of the Executive Secretariat.

#### **Office of the National Ombudsman**

The Office of the National Ombudsman fosters a more small business-friendly federal regulatory enforcement environment by assisting small businesses when they experience excessive federal regulatory enforcement actions such as repetitive audits or investigations, excessive fines, penalties, threats, retaliation, or other unfair enforcement action by a federal agency. It does this by evaluating how federal agencies treat small businesses during enforcement or compliance actions.

#### **Office of Native American Affairs**

The SBA, through its Office of Native American Affairs, coordinates Native American initiatives and develops policies and procedures to ensure that SBA assistance is made available to American Indians, Native Alaskans, and Native Hawaiians. The initiative consists of three major components — marketing, outreach, and training — to enhance business opportunities.

#### **Office of Performance Management and the Chief Financial Officer**

The Office the Chief Financial Officer conducts and promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems, internal controls, and acquisitions. It develops and maintains integrated accounting and financial management systems; directs, manages, and provides policy guidance and oversight of all Agency financial management personnel, activities, and operations; approves and manages financial management systems design and enhancement projects; establishes and implements Agency-wide policies for management integrity and audit follow-up, including internal controls; develops budgets for financial management operations and improvements; implements Agency asset management systems; monitors the financial execution of the

Agency budget in relation to actual expenditures; and develops policies and procedures for the acquisition of supplies, equipment, and non-personnel services.

The Office of Performance Management provides tools and guidance to assist the Agency in driving performance improvement efforts across the organization. It also helps the Agency develop better performance measures in order to facilitate SBA's continued movement from measuring activity outputs to measuring programmatic and Agency outcomes. It builds Agency capacity for results-based management through data-driven reviews and analysis, training and outreach to program offices. The office supports the Agency's strategic planning and prepares annual accountability and/or performance reports.

### **Office of Veterans Business Development**

The Office of Veterans Business Development conducts comprehensive outreach on behalf of the Agency and is responsible for the formulation, execution, and promotion of policies and programs of the Administration. To accomplish these tasks, OVBD operates a national outreach initiative and provides direct service delivery through funding agreements with resource partners, coordination of outreach and service delivery with other federal agency partners, and development of Agency program initiatives.

# **U.S. Small Business Administration**

Strategic Plan

Fiscal Years 2011 - 2016

**U.S. Small Business Administration**



***Your Small Business Resource***



For more information on SBA programs visit: <http://www.sba.gov/>  
(En Español: <http://www.sba.gov/espanol/>) or contact the SBA Answer  
Desk (Centro de Información de la Agencia Federal para el Desarrollo  
de Los Pequeños Negocios):  
1-800-U-ASK-SBA (1-800-827-5722)  
Send emails to: [answerdesk@sba.gov](mailto:answerdesk@sba.gov)  
Answer Desk TTY: 1-704-344-6640

# U.S. Small Business Administration 2011 - 2016 Strategic Plan

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## Message from the Administrator:

**Since 1953, the U.S. Small Business Administration (SBA) has helped America's small businesses grow and create jobs.** By expanding access to capital, counseling, federal contracts, disaster assistance, and entrepreneurial education, the **SBA gives small business owners the tools they need** to strengthen our economy, drive American innovation, and increase our global competitiveness.

This Strategic Plan provides a framework that will maximize the Agency's strengths and resources in order to help small businesses.

With this plan, the SBA will continue to serve both kinds of small businesses: "Main Street" and "high-growth." This dual focus is critical to sustaining the small business communities that Americans need every day, while also growing the next generation of great U.S. companies that will create thousands of well-paying jobs here at home.

**This Plan is the result of extensive dialogue** throughout the Agency, across the Administration, and with leaders in the small business community. The process has resulted in **three overarching goals for the next five years:**

- 1. Grow businesses and create jobs**
- 2. Build an Agency that meets the needs of today's and tomorrow's small businesses**
- 3. Serve as the voice for small business**

Each goal contains objectives which are directly tied to performance both at the individual level and Agency-wide.

I am pleased to submit the SBA's new Strategic Plan. These are challenging times, and the SBA's role in helping small businesses grow and create jobs has never been more important.

Sincerely,



Karen G. Mills

## Overview

The U.S. Small Business Administration (SBA) helps Americans grow businesses and create jobs by providing resources and tools, including access to capital; opportunities in Federal contracting; access to entrepreneurial education; and disaster assistance for businesses, non-profit organizations, homeowners, and renters.

SBA's efforts to assist entrepreneurs and small business owners are especially critical during these difficult times for the U.S. economy. Throughout America's history, small businesses have played a leading role as the driver of economic growth and job creation. In fact, according to the Census Bureau's Statistics of U.S. Businesses, more than half of working Americans either own or are employed by a small business. Also, over about the last decade, small businesses created nearly 65 percent of net new private sector jobs.

## Mission

The mission of the Small Business Administration (SBA) is to maintain and strengthen the Nation's economy by enabling the establishment and vitality of small businesses and by assisting in the economic recovery of communities after disasters.

## Core Values

**Outcomes Driven.** We will clearly define the outcomes we are targeting and ensure that our programs, processes and policies are aligned in achieving them.

**Customer Focused.** We serve people and will be responsive to their needs, both in the services we provide and in how we deliver them.

**Employee Enabled.** Our people extend the hand of service to Americans every day, and we must ensure employees have the tools, the training, and the support to be effective.

**Accountable, Efficient and Transparent.** We have a bedrock obligation to the taxpayer to manage efficiently, invest capital prudently, and be open and honest about our results.

## SBA Strategic Goals

### Strategic Goal 1: Growing businesses and creating jobs

**Strategic Objective 1.1:** Expand access to capital through SBA's extensive lending network.

#### Strategies

An improved experience for small businesses and lending partners is essential to growth in the quantity of small businesses assisted and the quantity of active lending partners. SBA's increased use of technology will improve quality, and will reduce the complexity of the lending process while making the process more efficient. We will make SBA programs simpler and easier to use for small businesses and lending partners. This will result in an SBA that is nimble and facile enough to develop and introduce programs as market needs are presented. We will leverage the Small Business Development Center (SBDC), SCORE, and Women's Business Center (WBC) networks and their relationships with the financial community to help small business owners acquire capital.

1. ***Improve the Customer Experience Across Programs and Organizational Units.*** Identify and act upon opportunities to improve incoming applications and purchase requests in order to decrease cycle times, and to increase efficiency and customer satisfaction. Monitor loan processing cycle times and identify trends and opportunities for improvement.
2. ***Improve Outreach and Education for the Partner and Technical Assistance Provider Community.*** Facilitate improved relationships with resource partners and other local technical assistance providers and state and regional economic development organizations. Develop online courses to assist lending partners.
3. ***Improve Lender Outreach and Education.*** Continue making improvements in today's lender self-certification program while instituting a Lender Certification Program. Creation and implementation of this Program will be done in concert with industry partners. Certification will improve the quality of compliance with SBA requirements. Continue to participate in trade communication channels to help reach new lending markets and partners. Continue to build relationships with lending trade groups as well as state lending organizations.

#### Performance Indicators

- ***Small Businesses Assisted.*** Number of new businesses assisted through 7(a), 504 and Microloan programs.
- ***Active Lending Partners.*** Grow and/or maintain active lenders in all SBA loan programs.
- ***Loan Dollars Approved.*** The long-term goal from Fiscal Year 2011 to Fiscal Year 2014 is to assist small businesses through \$74 billion in approved loans.
- ***Jobs Supported***

**Strategic Objective 1.2:** Ensure federal contracting goals are met or exceeded by collaborating across the federal government to expand opportunities for small businesses and strengthen the integrity of the federal contracting certification process and data.

#### Strategies

1. **Expand Outreach/Training to Small Businesses.** Work in conjunction with agencies and resource partners to conduct training, match-making, and marketing events to small businesses through our network of offices. We will also maintain and expand SBA's online training courses.
2. **Provide Outreach to and Training for Agencies.** Provide contracting officer training to agencies, and work with the Defense Acquisition University and the Federal Acquisition Institute to update and develop small business contracting courses. Work with interagency groups (e.g., Chief Acquisition Officers Council, Small Business Procurement Advisory Council) to ensure their awareness of the benefits of contracting with small businesses and to improve the dissemination of "best practices".
3. **Increase Agency Accountability and Transparency.** Work with agencies on a biennial basis to set agency-level small business contracting goals. Transparently measure agencies and track their achievements in support of small businesses. Continue to refine the holistic scorecard methodology and format to ensure agency accountability.
4. **Increase Data Integrity.** Increase the accuracy of small business contracting data by working with the Office of Federal Procurement Policy to improve systems and training to eliminate errors and fraudulent information.
5. **Reduce Fraud, Waste, and Abuse.** See details in Section 2.3.

#### Performance Indicators

##### **Small Business Contracting Share**

- Meet the statutory goal for 23 percent of federal prime contracting dollars going to small businesses.
- Meet the federal prime contracting goals for small disadvantaged businesses – 8(a) program participants (5 percent), women-owned small businesses (5 percent), service-disabled veteran owned small businesses (3 percent), and HUBZone firms (3 percent).

**Strategic Objective 1.3:** Strengthen SBA's entrepreneurial education, counseling and training resources to help create new businesses and support the needs of existing businesses by successfully focusing on core program resources and ensuring these resources are aligned with the needs of both Main Street and High Growth Small Businesses.

### Strategies

1. ***Provide Programs, in conjunction with SBA resource partners, that are Relevant to Small Businesses.*** Educate, train, counsel and mentor Main Street as well as high-growth innovative companies with significant potential to grow and expand (“gazelles”). Assist entrepreneurs in turning ideas and concepts into new business ventures. Develop or expand counseling and training programs focused on key areas, including underserved markets, procurement, exports, and emerging and expanding technological sectors. Assist new businesses through training courses, webinar series, and train-the-trainer programs at industry events.
2. ***Improve the Execution of SBA Programs.*** Focus on educating and training lenders and entrepreneurs through collaboration, and provide improved online tools across SBA divisions and resource partners. Continue our customer-focused approach to improving the effectiveness of management and technical assistance programs at all stages of the small business cycle. Develop and expand SBA offerings of new content, leverage Resource Partners’ expertise, and become more agile in meeting emerging small business training needs.
3. ***Improve the Technical Assistance Provided in Support of SBA Programs.*** Improve the grant award process and oversight of awardee performance to achieve program objectives. Encourage the development and expansion of SBDCs into specially accredited Small Business Technology Centers to support the unique needs of innovation-based small businesses that have multi-market and exponential growth potential.

### Performance Indicators

- ***Small Businesses Created.*** Number of new businesses created through SBDCs, Women’s Business Centers and SCORE. The long-term goal from Fiscal Year 2011 through Fiscal Year 2014 is to help create 37,000 small businesses.
- ***Small Businesses Assisted.*** Number of businesses assisted through Women’s Business Centers and SCORE.
- ***Long-Term Counseling Clients.*** Number of long-term counseling clients of SBDCs.
- ***Capital Infusion.*** Dollar value of capital infusion that SBDCs helped to secure for their clients.

**Strategic Objective 1.4:** Ensure that SBA’s disaster assistance resources for businesses, non-profit organizations, homeowners, and renters can be deployed quickly, effectively and efficiently in order to preserve jobs and help return small businesses to operation.

### Strategies

1. ***Enhance Emergency Preparedness and Recovery Assistance.*** Have a field presence within three days of a disaster declaration. Make initial disbursement within five days of the receipt of loan closing documents. Employ a strategic communications plan focused on preparedness that



utilizes SBA resource partners and outside partners to assist SBA with preparedness messages and disaster recovery upon the occurrence of a disaster.

2. **Ensure Effective and Efficient Resource Deployment.** Use the FEMA HAZUS information in the SBA disaster staffing and scalability model to ensure that SBA's disaster assistance resources for businesses, non-profit organizations, homeowners, and renters can be deployed quickly, effectively and efficiently.
3. **Improve Customer Satisfaction.** Maintain and improve high levels of customer satisfaction, both with respect to the loan application process and post-approval, and measure results using an annual American Customer Satisfaction Index survey. Our communication with customers indicates that other than declined loan applications; the biggest concern is the availability of financing when it is needed.
4. **Expedite Referrals to Grant Providers.** Use tools to enable us to refer applicants to grant providers much more quickly, with less work for the applicant and a significantly reduced processing burden for the SBA.
5. **Improve the Insight into, and Evaluation of, SBA Operations.** Use enhanced loan portfolio models and performance metrics to give management the ability to establish clear timelines for initiatives, clarify performance goals, recognize individual accountability, and provide greater insight into any operational challenges that SBA must address.
6. **Leverage SBA's Nationwide Infrastructure.** Use non-disaster field staff, if needed, for short-term support and long-term recovery. This includes processing support, media outreach and coordination of local resources. SBA District Offices will coordinate support of long-term recovery for disaster events.

#### Performance Indicators

- **Recovery Assistance** (*targets established annually*)
  - Percent of small businesses sustaining economic injury that remain in operation 6 months after final disbursement
  - Percent of small businesses sustaining physical damage that are in operation 6 months after final disbursement
  - Percent of homeowners that completed eligible disaster repairs within 6 months of final disbursement
  - Percent of renters that completed eligible personal property replacement within 6 months of final disbursement
- **Customer Satisfaction.** Customer satisfaction rates for approvals and declines. Customer satisfaction targets are established annually.
- **Loan Processing**
  - Percent of home loans processed within standard (goal of 85%)
  - Percent of business loans processed within standard (goal of 85%)

**Strategic Objective 1.5:** Strengthen SBA's relevance to high-growth entrepreneurs and small businesses to more effectively drive innovation and job creation through both the agency's existing programs as well as new initiatives.

#### Strategies

1. **Improve Small Business Innovation Research (SBIR) Operations and Commercialization.**

Use improved metrics and reporting to enable more systematic monitoring of fraud, waste and abuse. Continue to expand outreach and launch targeted initiatives to make SBIR more entrepreneur-friendly. Improve commercialization from existing awards by sharing best practices across agencies.

2. **Grow the Deployment of Long-Term Capital.** (e.g., SBIC).

Grow SBA's debenture program by drastically reducing licensing times, and by leveraging the SBIC platform to act as a catalyst for private sector investment in underserved markets. Define a road map for growth in areas where there are market gaps, and launch new programs to meet those gaps. Develop closer partnerships with investors and lending partners. Expand the program to fill currently underserved areas in other parts of the market.

3. **Provide Entrepreneurial Assistance to High-Growth Companies.** Scale today's successful pilots into programs that support the needs of tomorrow's small high-growth firms. Capitalize on Small Business Technology Development Center programs and the cadre of technology business advisors to increase support and link high-growth potential companies to the investment community and global markets.

4. **Strengthen SBA's export promotion and assistance programs.**

Encourage small business exporting through the National Export Initiative and provide assistance through financing, export readiness training, and counseling. Increase emphasis on export promotion throughout the Field Office network. Develop and implement a communications and marketing plan to increase awareness of exporting and the export programs. Increase export technical capabilities of SBA's resource partners. Launch new efforts, working with public and private sector partners, to support new-to-exporting small businesses as well as current exporters expanding into new markets. Increase the utilization of SBA's export loan programs by participant lenders. Collaborate with other federal agencies and export assistance resources to tailor programs to better meet the needs of companies with high-growth potential.

5. **Support Regional Cluster Development.** Use all traditional SBA programs, including loans, entrepreneurial training, and technical assistance to support the increased competitiveness of geographic clusters of small businesses in particular industries. Support these clusters through dedicated programs such as the Regional Innovation Clusters program.

#### Performance Indicators

- **SBIR Operational and Commercialization Improvements.** Significantly strengthen the SBIR program as the government's premier innovation program, deploying improved data collection, reporting systems, and

performance metrics. Specific performance metrics will be added after we complete building a performance management system that establishes the current baseline of commercialization levels. The targets will focus on a meaningful increase in the rate of commercialization above that baseline.

- **Long-Term Capital Deployed.** Double the amount of long-term capital deployed in the SBIC program, and any other new programs, from the average of \$750 mil per year to \$1.5 billion per year by Fiscal Year 2016.
- **Number of Small Businesses Assisted through Export Assistance.**
- **Number of Small Businesses Assisted through SBIC.**

**Strategic Objective 1.6:** Strengthen outreach to underserved communities and underserved populations.

#### Strategies

1. **Improve Access to Capital.** Continue to assess capital access programs and begin implementing permanent programs that help close identified gaps. Build relationships with community development partners as well as faith based and neighborhood partners to identify needs and develop strategies. Continue to improve the relevance of SBA programs via these partnerships as well as with credit unions, and minority business associations and lending groups. Our products will be refined based on feedback received and our ongoing and increasing understanding of the needs of our small business customers and lenders.
2. **Expand the Availability of Counseling and Training.** Pursue strategies to make our counseling and training programs more effective and more focused on meeting the specific needs of the customer (including women, veterans, and ethnic minorities).
3. **Expand Contracting and Business Development for Underserved Communities.** Ensure that all programs supporting SBA's socio-economic and service-disabled veteran-owned small business contracting goals are efficiently and effectively run. Conduct training and outreach to expand contracting and business development opportunities for underserved communities.
4. **Support Regional Cluster Development.** Use all traditional SBA programs, including loans, entrepreneurial training, and technical assistance to support the increased competitiveness of geographic clusters of small businesses in underserved communities. Support these clusters through dedicated programs such as the Regional Innovation Clusters program.

#### Performance Indicators

- **Capital Access.** Number of Small Businesses Assisted for 7(a), 504, SBIC, and Microloans; loan approval dollars in Underserved Markets for 7(a), 504, and Microloans.
- **Counseling and Training.**
  - Percentage of clients from underserved demographics or geographically-based constituencies that are served by all resource providers
  - Veterans: Number of Veterans assisted and customer satisfaction (%)

- ***Contracting and Business Development.***
  - Maximize contracting dollars and increase share going to the socio-economic and service-disabled veteran subgroups with small business contracting goals (SDB (including 8(a)), WOSB, SDVOSB, HUBZone)
  - Number of small businesses assisted through the 7(j) program and outcome-based approach to management and technical assistance.

## Strategic Goal 2: Building an SBA that meets needs of today's and tomorrow's small businesses

**Strategic Objective 2.1:** Strengthen SBA's core programs and operations to ensure that they are high performing, effective, and relevant to the needs of the small business community.

### Strategies

- 1. Improve the Customer Experience through Online Tools and Resources, and Ongoing Simplification of SBA's Processes**  
Continue to improve sba.gov to ensure a more user-centric, streamlined experience for SBA's customers. Provide a small business gateway that enables small businesses to connect with needed resources and answers in a way that continues to save them time. Implement the Administration's Open Government principles of transparency, collaboration and participation across the agency. Release high-value data sets that are relevant to small businesses. Invest in online and mobile resources to support our mobile and remote workforce. Continue to identify ways to simplify SBA's processes and procedures and re-engineer them as appropriate.
- 2. Implement Customer Relationship Management Technologies to Yield Usable Customer Information.** Deploy tools to create and utilize a single source of customer data to provide consistent service delivery across the country.
- 3. Provide Robust Performance and Financial Management Information.** Provide financial and performance information that is useful, relevant, timely and accurate and which assists the SBA in maximizing program performance and accountability. Align budget with performance and link it to the agency's goals, regularly produce financial and performance reports, conduct program reviews, and maintain a rigorous internal control process to support improved performance of the agency's operations and programs.
- 4. Assess and review small business size standards** to ensure that SBA and other Federal programs remain relevant to small businesses.

### Performance Indicators

In addition to performance indicators outlined in Section I, SBA will also focus on:

- ***Customer Satisfaction Ratings of SBA's Online Applications and Resources.***
- ***Robust Performance and Financial Management.*** Independent auditor's opinion on SBA's financial statements. Transparent reporting on agency's high priority goals.
- ***Open Government.*** Meet proposed milestones in SBA's Open Government plan.
- ***Hours saved by users of sba.gov***

**Strategic Objective 2.2:** Invest in SBA's employees so they can more effectively serve small businesses.

Strategies

1. **Recruit and Retain Exceptional Talent** – Aggressively pursue and retain individuals with the requisite skills and abilities to execute SBA's mission. Support an environment where employees are engaged. Provide professional development to contribute to the overall success of SBA. Integrate SBA's payroll and budgeting information systems. Decrease SBA's average time-to-hire. Use hiring flexibilities to provide hiring officials with available options for selecting highly qualified candidates.
2. **Support and Invest in Employees**
  - *Employee Training* – Increase SBA's capacity to perform and anticipate organizational and constituent needs by providing employees with business, technical and analytical training.
  - *Workforce/Performance Management* – Conduct an analysis of mission-critical jobs and gaps in SBA's staffing of these positions. Develop and implement a plan to close identified gaps. Prepare an SBA succession plan to retain and transfer institutional expertise and knowledge. Link employees' annual performance plans to organizational goals and ensure that they are results-oriented and adhere to OPM standards.
  - *Provide Enabling Technology* – Deploy technologies to enable employees to quickly and efficiently perform daily duties as well as when mobilized for disaster service.
  - *Engaging Employees* – From the employee viewpoint survey, identify opportunities to improve employee engagement and utilization.

Performance Indicators

- **Recruit and Retain Exceptional Talent.** An SBA average "Time-to-Hire" that is five days faster than the Federal Government-wide standard. Retention rates for new hires. Survey hiring managers for quality of candidates.
- **Support and Invest in Employees.** Annual employee/customer satisfaction surveys.

**Strategic Objective 2.3:** Mitigate risk to taxpayers and improve oversight across SBA programs.

Strategies

Leverage new technologies to proactively oversee and manage SBA's credit programs and credit risk management system. This more robust, real-time risk management program will include additional, new processes for risk mitigation. These program improvements will be implemented within the planning period.

1. **Reduce Credit Risk.** Improve lender risk/loan program risk management system and practices by implementing a more robust rating system for lender risk oversight, improving transparency into portfolio/program performance,

implementing “best practices” for lender oversight, and enforcing rules and holding lenders accountable.

2. **Reduce Government Contracting Risk.** Ensure that benefits of SBA’s contracting and business development programs flow to the intended recipients.
  - Ensure efficient and effective certification and recertification processes.
  - Maintain surveillance and monitoring of compliance.
  - Enforce rules and hold non-compliant firms accountable.
3. **Reduce Entrepreneurial Development Program Risk.** Conduct financial and programmatic assessments of SBDCs, WBCs and SCORE to ensure programs are operating in compliance with the requirements and will use a risk-based approach to manage the oversight activities and resolve findings accordingly. We will augment oversight with an ongoing Baldrige-based accreditation program to drive continuous improvement of SBDCs.
4. **Reduce Investment Program Risk.** Invest in technology to create tools to collect financial data and monitor risk and performance, and increase the use of private firms for valuation of select funds.
5. **Reduce Disaster Program Risk.** Improve the disaster loan program risk management system and practices.

#### Performance Indicators

- **Credit Risk.**
  - Onsite/Offsite monitoring and reviews of lenders.
  - Conduct regular programmatic reviews of the 7(a), 504, and Microloan programs.
- **Contracting Risk.**
  - Timely and effective processing of HUBZone and 8(a) applications.
  - Number of HUBZone site visits and percentage of 8(a) reviews completed.
- **Entrepreneurial Development Risk.** Conduct regular programmatic and financial reviews of all resource partners and evaluate risk ratings for lead SBDCs.
- **Investment Program Risk.** Wind down the Participating Securities program while minimizing loss and maximizing the recovery of leverage for the taxpayer.
- **Disaster Program Risk.** Conduct regular programmatic reviews.

### Strategic Goal 3: Serving as the voice for small business

**Strategic Objective 3.1:** Collaborate with other agencies to strengthen the delivery of programs, resources and services.

#### Strategies

1. ***Focus on Select Collaborations.*** Build significant partnerships with other agencies when there are strong opportunities to benefit small businesses, support Administration priorities, or to further other SBA Strategic Objectives and Goals.
2. ***Serve as Collaborative Partner on Initiatives that Support Small Businesses.*** Lead the SBIR program, working with all eleven agencies to identify and replicate best practices across agencies. Continue partnerships with agencies when the initiatives can help streamline or facilitate small business expansion and growth.
3. ***Continually Evaluate SBA's Collaborations.*** Assess the benefits of collaborations, weighing benefits to small businesses against additional resources required to support efforts.

#### Performance Indicators

In addition to performance indicators provided under Strategic Goal #1, SBA will use performance indicators contained in specific collaborative agreements.

**Strategic Objective 3.2:** Foster a small business-friendly environment by encouraging Federal Agency awareness about the impact of unfair regulatory enforcement and compliance efforts, reducing burdens on small business, and improving small business research.

#### Strategies

1. **Reduce Regulatory Burdens:**  
Assess and mitigate regulatory burdens on small business.  
Provide Regulatory Flexibility Act compliance training to regulatory staff and policymakers in federal regulatory agencies. Evaluate Federal agencies' efforts to reduce regulatory burdens as required by the Regulatory Flexibility Act. Advance the concept of regulatory flexibility at the state government level.
2. **Oversee Regulatory Enforcement:**  
Raise awareness of regulatory assistance available and allow small businesses to register comments about unfair regulatory enforcement. Evaluate Federal agencies and report to Congress on the promptness and adequacy of agency responses to inquiries from small businesses received by the National Ombudsman about Federal regulatory burdens or other substantiated concerns. Support Regional Regulatory Fairness Board members.
3. **Strengthen Awareness.** Deploy sba.gov enhancements that strengthen the awareness of SBA's Office of Advocacy and Office of Ombudsman as critical resources for small businesses.



#### Performance Indicators

- **Regulatory cost savings achieved.** The long-term goal from Fiscal Year 2011 through Fiscal Year 2014 is to achieve \$22 billion in regulatory cost savings. (Office of Advocacy)
- **Number of research products published annually.** (Office of Advocacy)
- **Small Business Comments/Federal Agency Responses.** Processing times to send comments to Agencies and to send responses to small businesses. (Office of Ombudsman)

**Strategic Objective 3.3:** Promote the availability, analysis, and dissemination of the most current, accurate, and detailed statistics possible on small business.

#### Strategies

1. **Advocate for improved data collection on small business activity.**  
Pursue new avenues for improved and expanded data products on small business by working with other government agencies and external sources.
2. **Carry out and publish data research and analysis.** Through both internal analysis and contract research, publish regular, useful, high-quality data and indicators on small businesses and the role that they play in the economy.
3. **Raise awareness of data and findings.** Publicize the availability of data and findings to federal agencies, Congress, small business organizations, research organizations, the media, and other stakeholders.

#### Performance Indicators

- Availability of small business data research and indicators on [sba.gov](http://sba.gov) and/or [data.gov](http://data.gov)

## Appendices

### Performance Planning

Performance planning at the SBA begins with the strategic plan that states the Agency's mission and the strategic goals that the Agency works toward accomplishing. The plan provides the framework around which the Agency requests funding from the Congress. The strategic plan is implemented via annual performance budgets submitted to the Congress that include goals defining specific levels of performance (targets). At the close of each fiscal year an annual performance report is published that compares the actual levels of performance achieved against the targets and provides explanations and action plans for all variances.

Annual performance budgets and reports may be viewed at

<http://www.sba.gov/aboutsba/budgetsplans/index.html>.

### High Priority Performance Goals

The SBA has identified four performance goals that reflect high priorities of SBA leadership and the Administration, and are critical to success in the strategic focus areas. These goals are supported by the FY 2011 budget request and reflect the breadth and depth of SBA's commitment both to taxpayers and to the small business community. By actively pursuing these goals, the SBA will strengthen its national contributions to entrepreneurship, innovation, and competitiveness.

Goal	Map to Strategic Plan
<i>Expand access to capital by increasing the number of active SBA lending partners for the 7(a) loan program to 3,000 by September 30, 2011, a 15 percent increase over the FY 2008 and FY 2009 average.</i>	Strategic Objective 1.1
<i>Increase small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms.</i>	Strategic Objective 1.2
<i>Process 85 percent of home disaster loan applications within 14 days and 85 percent of business disaster loan applications within 18 days.</i>	Strategic Objective 1.4
<i>Improve the Small Business Innovation Research (SBIR) program.</i>	Strategic Objective 1.5

## Performance Measures

This Strategic Plan associates performance measures with each Strategic Objective and identifies a few long-term quantified performance goals. Those Performance Measures and the Strategic Objective with which they are associated are noted below.

Long-Term Quantified Performance Measure	Strategic Objective
<b><i>Loan Dollars Approved.</i></b> The long-term goal from Fiscal Year 2011 to Fiscal Year 2014 is to assist small businesses through \$74 billion in approved loans.	1.1
<b><i>Small Business Contracting Share</i></b> <ul style="list-style-type: none"><li>• Meet the statutory goal for 23 percent of federal prime contracting dollars going to small businesses.</li><li>• Meet the federal prime contracting goals for small disadvantaged businesses – 8(a) program participants (5 percent), women-owned small businesses (5 percent), service-disabled veteran owned small businesses (3 percent), and HUBZone firms (3 percent).</li></ul>	1.2
<b><i>Small Businesses Created.</i></b> The long-term goal from Fiscal Year 2011 through Fiscal Year 2014 is to help create 37,000 small businesses.	1.3
<b><i>Loan Processing</i></b> <ul style="list-style-type: none"><li>• 85% of home loans processed within standard</li><li>• 85% of business loans processed within standard</li></ul>	1.4
<b><i>Long-Term Capital Deployed.</i></b> Double the amount of long-term capital deployed annually through the SBIC platform and new programs.	1.5
<b><i>Regulatory cost savings achieved.</i></b> The long-term goal from Fiscal Year 2011 through Fiscal Year 2014 is to achieve \$22 billion in regulatory cost savings.	3.2

## Communication and Accountability

The Agency's strategic and annual performance goals are communicated internally and externally via the Internet, public statements, and internal management meetings. Personal Business Commitments hold each senior executive accountable for achieving the results outlined in the Agency's plans. Progress is monitored on a weekly, monthly, quarterly and annual basis throughout the year.

## External Factors

A variety of factors beyond the SBA's control can affect the attainment of the objectives identified in this Strategic Plan. The following matrix identifies those external factors.

Factor	Objectives Impacted
The flow of men and women who wish to start or grow a small business.	1.1., 1.3., 1.5.
The SBA relies on other Federal agencies to meet targets and to maintain appropriate data quality standards for reporting contract awards to small businesses.	1.2., 1.6.
The level of risk that the SBA can afford within its budget limits the development of new guaranty products and/or delivery methods.	1.5., 2.3.
Economic factors including inflation, sector changes, growth rates, unemployment trends and the availability of capital can impact portfolio performance as well as demand for the SBA's programs.	1.1., 1.2., 1.6.
Availability of local matching funds for resource partners (e.g., state and local governments, colleges and universities, private sector)	1.3.
Local disasters	1.1., 1.2., 1.4
Changes resulting from Congressional mandates and Presidential directives	1.1., 1.2., 1.4., 1.6., 2.3
Availability of lender networks, lending partners, and private equity in underserved markets	1.6.
Reaching out to underserved markets where access to credit is constrained may result in the Agency increasing its credit risk.	1.6.
Legislative changes that limit the SBA's ability to impose accountability requirements on lender and finance partners.	2.3.
Since the SBA has a fixed annual budget, significant variances in the number and scope of disasters can lead to additional funding requirements via supplemental appropriations, which are not assured. SBA's annual disaster loan budget assumes an average disaster season.	1.4.
There may be instances where the catastrophic disaster damage is so extensive that long-term financial recovery provided by the SBA is not the immediate concern of the disaster victims. The primary concern may instead be emergency food and shelter. The SBA may be prepared to make and distribute loans, but the disaster victims may not be ready to make long-term recovery decisions. This can also impact the SBA's ability to meet its goals.	1.4.

Factor	Objectives Impacted
The SBA relies on many partners across the spectrum of government to deliver timely financial assistance to disaster applicants. Those partners can face many challenges, including providing access to records and services during disaster. This lack of access can have a dramatic effect on the SBA's ability to provide timely assistance.	1.4.
Security concerns, immigration issues, health care mandates and many other issues drive regulators to promulgate laws and regulations that increase the cost of doing business for the small business owner.	1.2., 3.2.
The cooperation received from other agencies to provide compliance links for SBA.gov.	2.1, 3.1.
There are continued attempts to push the SBA to address issues beyond the authority of the Small Business Act and applicable laws and regulations. If enacted, some of these changes would have the Agency essentially duplicate the activities of other Federal organizations.	3.2.
The Agency is to be a responsible steward within its programs. The SBA also has the obligation to avoid the unnecessary duplication of programs and responsibilities with other Agencies.	3.1., 3.2.
As Congress passes laws amending the Small Business Act or other laws to require the Agency to undertake broader responsibilities, the policy focus of the SBA is diluted to incorporate those issues.	1.2., 3.1., 3.2.
Large-scale natural disasters can force the Agency to re-focus, shifting a percentage of the SBA's personnel to the SBA Office of Disaster Assistance. This will have an effect on the other SBA programs.	1.1., 1.3., 1.4., 1.5., 2.1.
No legal authority exists to force change. Many of the major public policy issues are outside the ability of the SBA to take direct action.	1.2., 3.1., 3.2.
The objectives of other Federal entities occasionally conflict with those of the SBA. There are legitimate differences of opinion among agencies over contracting priorities, policy decisions and research development programs. Within the interagency review process, all agencies are required – on occasion – to compromise to benefit the Nation as a whole.	1.2., 3.1., 3.2.
The cost of capital may rise which will impact the ability of entrepreneurs to obtain financing.	1.1., 1.5.

## **Program Evaluation(s)**

The SBA uses a variety of methods and tools to evaluate its programs including independent evaluations, and Office of Inspector General and General Accountability Office reports and evaluations.

- Independent evaluations are conducted on behalf of the SBA for the purpose of evaluating program effectiveness.
- The SBA's Office of Inspector General, an independent oversight office within the SBA, conducts audits, investigations, and reviews relating to the Agency's programs and support operations.
- The General Accountability Office, an independent organization established by the Congress, conducts program evaluations and analysis and makes recommendations to improve practices and operations of the programs that it reviews.

Evaluations scheduled during the period covered by this strategic plan include:

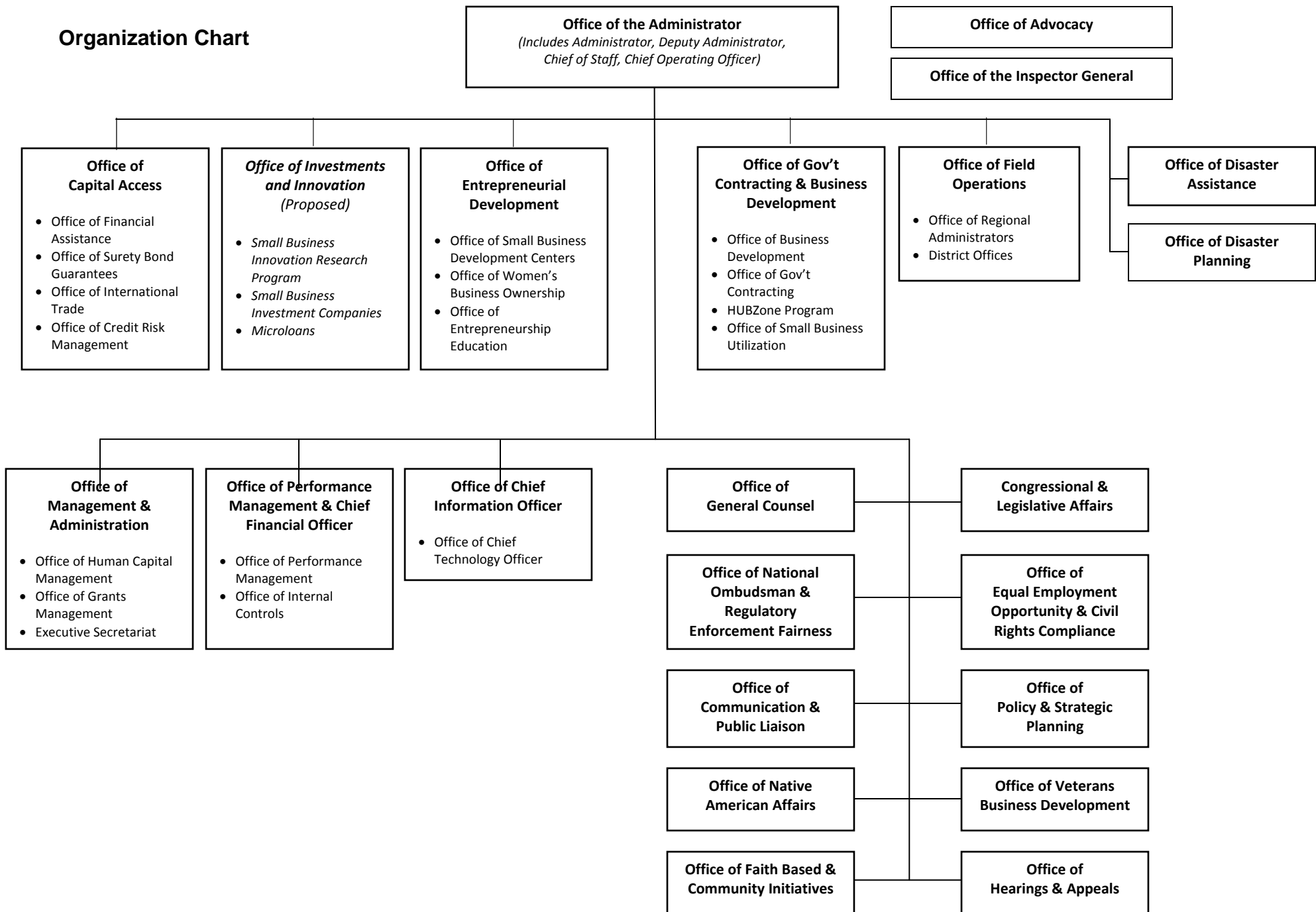
- Analysis of Section 7(a) Guaranteed Loan Program
- OIG and GAO Reports and Evaluations (Scope and timing to be determined by OIG and GAO)
- Office of Entrepreneurial Development's Impact Study (Independent Longitudinal Evaluation)

## **Consultation and Outreach**

In order to solicit, gather, analyze, apply and respond to input from interested parties regarding the draft Strategic Plan, SBA performed outreach to SBA employees, twenty-one stakeholder groups, Congress, and Office of Management and Budget. Administrator Mills prepared and distributed a video message to solicit employee input. SBA supervisors were asked to present the draft plan to employees. SBA posted the draft plan on [sba.gov](http://sba.gov) and published a notice in the Federal Register to solicit input from the general public.

A log was created to capture all comments received, and was used to track action taken regarding those comments. SBA did not receive any contrary opinions to what was presented in the draft plan. However, several suggested revisions were offered. All relevant comments were presented to and discussed with senior SBA leaders and the draft plan was amended accordingly. This document reflects the decisions made with regard to those comments.

## Organization Chart



## Organization Map

The SBA's headquarters building is located in Washington, D.C., while its business products and services are delivered with the help of 10 regional offices, 68 district offices, their corresponding branch offices, and a vast network of resource partners in all 50 states, the District of Columbia, Puerto Rico, American Samoa, the U.S. Virgin Islands, and Guam.





## SI 3 – Detail of OIG Audit follow-up Activity

**Table I**  
**Final Action on Audit Recommendations with Disallowed / Questioned Costs**

**October 1, 2010 – September 30, 2011**

	<b>Number of Recommendations</b>	<b>Disallowed Costs (Rounded to Thousands)</b>
A. Recommendations with management decisions on which final action had not been taken at the beginning of the period.	2	\$2,780
B. Recommendations on which management decisions were made during the period.	11	6,423
C. Total recommendations pending final action during period.	13	\$9,203
D. Recommendations on which final action was taken during the period.		
1. Recoveries:		
(a) Collections and Offsets	1	3
(b) Property		
(c) Other		
2. Write-Offs	1	269
3. Total	2	\$272
E. Recommendations needing final action at the end of the period.	11	\$8,931

### Detail of Final Action Activity

#### Disallowed / Questioned Costs

##### Report # 10-12, **Assessment Of The Community Express Pilot Loan Program**

**Summary:** The audit objective was to determine whether the program is properly structured to ensure success and to minimize the risk of fraud, waste and abuse. The audit recommended the Agency annotate the loan files for the 30 current loans where technical assistance was not provided for a possible repair of \$268,190 should the loans default.

**Final Action:** \$0.00 collected / \$268,190.00 written off

##### Report # ROM 10-19, **Material Deficiencies Identified In Early-Defaulted And Early-Problem Recovery Act Loans**

**Summary:** The objectives of the audit were to determine whether early-defaulted or early-problem 7(a) Recovery Acts were originated and closed in accordance with SBA's rules, regulations and commercially prudent lending standards and, if not, whether noncompliance with SBA requirements or commercially prudent lending standards led to the loan problem, default or unnecessary losses. The audit recommended the Agency obtain the certification for the loan missing an immigration certification or recover \$3,248 from the lender.

**Final Action:** \$3,248.00 collected / \$0.00 written off

**Table II**  
**Final Action on Audit Recommendations with Funds Put To Better Use**

**October 1, 2010 – September 30, 2011**

	<b>Number of Recommendations</b>	<b>Funds to be Put to Better Use (Rounded to Thousands)</b>
A. Recommendations with management decisions on which final action had not been taken at the beginning of the period.	3	\$54,242
B. Recommendations on which management decisions were made during the period.	3	853,000
C. Total recommendations pending final action during period.	6	\$107,242
D. Recommendations on which final action was taken during the period.		
1. Value of recommendations implemented (completed).	2	853,000
2. Value of recommendations that management concluded should not or could not be implemented or completed.		
3. Total	2	853,000
E. Recommendations needing final action at the end of the period.	4	\$54,242

## Detail of Final Action Activity

### Funds Put To Better Use

#### Report # 10-12, Assessment Of The Community Express Pilot Loan Program

**Summary:** The audit objective was to determine whether the program is properly structured to ensure success and to minimize the risk of fraud, waste and abuse. The audit recommended the Agency not extend the program in its current form, beyond the current pilot, which would result in \$53 million in 7(a) subsidy costs that could be put to better use including \$31.2 million in subsidy costs. The program was not retained.

**Final Action:** \$53,000,000.00 implemented / \$0.00 not implemented

**Table III**

### **Final Action on Audit Recommendations Not Completed Within 1 Year**

**October 1, 2010 – September 30, 2011**

#### **Report # 0-14, 7(a) Service Fee Collections**

**Program:** OCFO

**Date Issued:** 03/30/2000

**Management Decision Date:** 08/22/2000

**Explanation:** The recommendation is to establish receivable accounts for 7(a) loan service fees. This final action cannot be completed until September 2012. The collection of service fees is included in the SF 1502 project.

#### **Report # 3-08, SBA's Oversight of the Fiscal Transfer Agent For The 7(a) Loan Program**

**Program:** CA

**Date Issued:** 01/30/2003

**Management Decision Date:** 10/15/2003

**Explanation:** The recommendation is to the Office of Capital Access to develop SBA procedures and regulations governing the proper operation of the Master Reserve Fund. An SOP has been delayed several times while in internal clearance. The office will evaluate whether it can be published by 12/31/2011.

#### **Report # 3-26, Microloan Program: Moving Toward Performance Management**

**Program:** Microloan

**Date Issued:** 05/13/2003

**Management Decision Date:** 08/28/2003

**Explanation:** The recommendation is to the Office of Financial Assistance to ensure program goals are set and require outcome-oriented data. An SOP was submitted for clearance in FY-2010. Numerous comments and suggested edits were received. These, coupled with upgrades to the Microloan Program Electronic Reporting System, have delayed its completion. A new document was submitted to the OGC for final review on 9/29/2011. This recommendation is expected to be final by 12/31/2011.

#### **Report # 4-34, SBA's Process for Complying With the FMFIA Reporting Requirements**

**Program:** OCFO

**Date Issued:** 07/29/2004

**Management Decision Date:** 09/09/2004

**Explanation:** The two recommendations remaining open are to the Office of the Chief Financial Officer (OCFO) to revise, clear and issue the draft SOP 00 02 3 and clearly define material weakness as it relates to SBA and at the different levels of management within the Agency. The current SOP is being rewritten. The OCFO will work with the OIG and OGC during the SOP update process and to obtain clearance. These final actions are expected to be completed by 06/30/2012.

**Report # 6-10, SBA's FY 2005 Financial Statements Management Letter****Program:** OCFO**Date Issued:** 01/18/2006**Management Decision Date:** 03/06/2006

**Explanation:** There is one open recommendation to the Office of the Chief Financial Officer to update the accounting SOP to include SBA's policies and procedures for processing detailed accounting transactions. The SOP is currently in electronic table format. There have been discussions about how to merge this table with other electronic tables to create a searchable and printable version of specific transactions and data field effects. This audit recommendation is expected to have a final action by 09/30/2012.

**Report # 6-25, SBA's Implementation of The Improper Payments Information Act (IPIA)****Program:** OCFO**Date Issued:** 06/21/2006**Management Decision Date:** 07/19/2006

**Explanation:** The recommendation is to the Office of the Chief Financial Officer (OCFO) to develop Procedure Notices or SOPs as internal guidance when changes to IPIA requirements are issued by OMB. Improper Payments is a section in the Internal Control SOP. The OCFO will update this with new Improper Payments Elimination and Recovery Act (IPERA) guidance. This final action is expected to be completed by 06/30/2012.

**Report # 6-34, Policies and Procedures For The SBAExpress And CommunityExpress Loan Programs****Program:** OCA**Date Issued:** 09/29/2006**Management Decision Date:** 09/30/2009

**Explanation:** There are two open recommendations to the Office of Capital Access (OCA). 1) Promulgate regulations to govern the SBAExpress Program to ensure the Agency has sufficient legal authority. Program guidance that had previously been part of a program guide is now codified in the appropriate places throughout an updated SOP. This SOP is a primary resource that Agency lending partners rely on to operationalize SBA loan programs. This recommendation is expected to have final action by 06/30/2012. 2) Promulgate regulations to exempt the SBAExpress Program from existing regulations that conflict with the SBAExpress Program Guide. Inconsistencies were addressed in the SOP update. OCA is discussing whether the regulation language needs adjustment. This recommendation is expected to have final action by 06/30/2012.

**Report # 7-03, SBA's FY-2006 Financial Statements****Program:** M&A**Date Issued:** 11/15/2006**Management Decision Date:** 01/04/2007

**Explanation:** The recommendation is to the Chief Operating Officer, in conjunction with appropriate program officials, to ensure that policies are implemented regarding segregation of duties for FRIS, JAAMS, DCMS and LAS. SOP 90 46 2B, Appendix VI, Audit Log Management Procedure, was published to address this issue. Audit final action paperwork is being prepared. This recommendation will have a final action by 12/31/2011.

**Report # 8-12, Oversight of SBA Supervised Lenders****Program:** CA**Date Issued:** 05/09/2008**Management Decision Date:** 06/26/2008

**Explanation:** One recommendation remains open to the Office of Capital Access (OCA) to establish risk mitigation goals applicable to each loan program and the entire lending portfolio. OCA is conducting an analysis of lender review findings to identify measureable risk areas and to propose program-level risk mitigation metrics. These are likely to reflect program losses, borrower eligibility and lender program compliance metrics. This final action is expected to be completed by 12/31/2011.

**Report # 8-13, Planning For The Loan Management And Accounting System Modernization And Development Effort**

**Program:** CA

**Date Issued:** 05/14/2008

**Management Decision Date:** 08/11/2008

**Explanation:** There is one remaining open recommendation to the Office of Financial Assistance to make cost-effective remediation of mainframe vulnerabilities a priority and ensure that migration of LAS occurs before the current mainframe contract expires in 2012. The LMAS investment was revised in response to OMB memorandum M 10 26. SBA presented a revised approach that involves an incremental migration of user interfaces to existing SBA web applications and the port to a new version of COBOL. The current mainframe contract will expire in December 2011, but additional support has been budgeted until December 2012 when this will be complete. This final action is expected to be completed by 12/11/2011.

**Report # 9-03, SBA's FY 2008 Financial Statements**

**Program:** COO

**Date Issued:** 11/14/2008

**Management Decision Date:** 10/01/2009

**Explanation:** This recommendation is to the Chief Operating Officer, in conjunction with program offices, to document and implement segregation of duty policies and procedures for the Loan Accounting System. SOP 90 46 2B, Appendix VI, Audit Log Management Procedure, was published to address this issue. Audit final action paperwork is being prepared. This recommendation will have a final action by 12/31/2011.

**Report # 9-05, SBA's FY 2008 Financial Statements - Management Letter**

**Program:** OFA

**Date Issued:** 12/17/2008

**Management Decision Date:** 02/18/2009

**Explanation:** The two open recommendations are to the Office of Financial Assistance to reinforce the importance of the collateral analysis in an updated SOP and ensure the revised Disaster Loan SOP identifies procedures related to the disposition of collateral. These issues will be addressed with the update of SOP 50 52. The SOP is under review and nearing completion. These recommendations are expected to have final actions by 11/30/2011.

**Report # 9-15, Participants In The 8(a) Program By Firms Owned By Alaska Native Corporations (ANCs)**

**Program:** GC/BD

**Date Issued:** 07/10/2009

**Management Decision Date:** 08/04/2009

**Explanation:** The recommendation is to Government Contracting & Business Development to determine whether 8(a) firms owned by ANCs and tribes should continue to be exempt from the cap on total sole source awards. The program office will evaluate the extent to which ANCs are bringing work into the 8(a) program that might not otherwise be available to program participants. The program office is developing a methodology in order to conduct this review. This recommendation is expected to be final by 09/30/2012.

**Report # 9-16, SBA's FY 2008 Improper Payment Rate For The 7(a) Guaranty Loan Program**

**Program:** OCA

**Date Issued:** 07/10/2009

**Management Decision Date:** 08/27/2009

**Explanation:** There are two open recommendations to the Office of Capital Access. 1) Seek recovery of \$2.3 million from lenders on the loans listed in the audit report. All but one loan have been resolved. The remaining loan is being reviewed by the OGC to determine whether recovery is warranted. This recommendation is expected to be final by 03/31/2012. 2) Fully implement the corrective action plan to reduce improper payments. A pilot program on the resolution of disputed cases worked as formulated just ended. OCA will review and analyze the results and implement any necessary process improvements. This technique will be documented in the main Quality Program Manual. This recommendation is expected to be final by 11/01/2011.

**Report # 9-17, Review of Allegations Concerning How the LMAS Modernization Project Is Being Managed**

**Program:** OCIO

**Date Issued:** 07/30/2009

**Management Decision Date:** 09/03/2009

**Explanation:** The recommendation is to the Office of Capital Access to fully implement the corrective action plan to reduce improper payments in the 7(a) Guaranty Loan Programs. An updated SOP was approved by the SBA Administrator in September 2011, publication of this SOP and the audit final action are expected by 10/31/11.

**Report # 9-18, SBA's Management of the Backlog Of Post-Purchase Reviews At The National Guaranty Purchase Center**

**Program:** OFPO

**Date Issued:** 08/25/2009

**Management Decision Date:** 09/11/2009

**Explanation:** The recommendation is to the Office of Financial Program Operations to include detailed scopes of work, measurable performance metrics, deliverables and adequate acceptance criteria in service contracts. All loans, except one, have been addressed through OGC determination to not collect or have been recovered. This recommendation is expected to have final action by 03/31/2012.

**Report # 10-01, Monitoring Of Insurance Coverage For Disaster Loan Recipients**

**Program:** OFPO

**Date Issued:** 10/20/2009

**Management Decision Date:** 11/06/2009

**Explanation:** The three recommendations are to the Office of Financial Program Operations. Determine the actions needed to achieve compliance with statutory flood insurance monitoring requirements and the cost implications of achieving compliance on existing and future loans. And, revise the SOP to clarify what action(s) servicing center personnel should take when borrowers refuse to obtain required hazard insurance. The program office is reviewing the feasibility of instituting the flood insurance monitoring, review and force placement on loans. This in turn will lead to the development of standards for implementation into SOP 50 52. These recommendations are expected to have final action by 05/30/2012.

**Report # 10-06, SBA's FY 2009 Financial Statements - Management Letter**

**Program:** OHCM

**Date Issued:** 12/15/2009

**Management Decision Date:** 01/21/2010

**Explanation:** The recommendation is to the Chief Human Capital Officer to revise SOP 00 08 to reflect the current organizational structure including title changes, functional statements, organizational charts and responsibility/authorities. A revised SOP has been drafted and is in internal clearance. This recommendation is expected to have final action by 12/31/2011.

**Report # 10-08, SBA's Efforts To Improve The Quality Of Acquisition Data In The Federal Procurement Data System**

**Program:** DFC/Acquisitions

**Date Issued:** 02/26/2010

**Management Decision Date:** 03/29/2010

**Explanation:** The two recommendations are to the Denver Finance Center / Acquisitions Division to either update the Data Quality Plan or revise the Information Notice to include explicit steps that will ensure data is reviewed for accuracy and completeness. Furthermore, conduct an independent review to ensure the Data Quality Plan or Information Notice requirements have been fully implemented. The Data Quality Plan was updated in the spring of 2011. A contract was awarded for additional support to concentrate on the following priorities: 1) OIG action items requiring data cleanup; 2) FY 2011 validation for annual data quality certification; 3) prior years data cleanup; and, 4) correcting remaining GC/BD data anomalies. The office has also completed 6 months of a 3-way reconciliation between FPDS, PRISM and Oracle. When this is done, the Office of Internal Controls will conduct an independent review to validate that the Data Quality Plan has been implemented. These recommendations are expected to have final action by 08/31/2012.

**Report # 10-10, Audit Of Premier Certified Lenders In The Section 504 Loan Program**

**Program:** OCA

**Date Issued:** 03/23/2010

**Management Decision Date:** 05/20/2010

**Explanation:** The recommendation is to the Office of Capitol Access to evaluate the need to establish monetary or other guidelines on the level of excess funds that CDCs should retain in reserve for future operations and/or invest in other local economic development activities. A draft governance regulation has completed the clearance process and the comments are being incorporated. The OGC will provide a final review of the draft governance before the Administrator approves it and sends it to OMB. This recommendation is expected to have final action by 12/31/2011.

**Report # ROM 10-04, Review Of Controls Over Job Creation And Retention Statistics Reported By SBA Under The ARRA of 2009**

**Program:** OCA

**Date Issued:** 12/04/2009

**Management Decision Date:** 02/17/2010

**Explanation:** The recommendation is to the Office of Capitol Access to implement controls to check the reasonableness of data, including user prompts, range checks, and the prevention of negative figures, in E-Tran to ensure the accuracy of lender-reported job creation and retention statistics. The negative figures have been eliminated and a ceiling has been established to deal with outliers. Range checks based on loan amounts will be implemented in the system by early November. This recommendation is expected to have final action by 11/15/2011.

**Report # ROM 10-14, Memorandum On The Accuracy Of Recovery Act Contract Award Obligations Reported To The Federal Procurement Database System - Next Generation And Recovery.gov**

**Program:** OBO

**Date Issued:** 04/15/2010

**Management Decision Date:** 05/14/2010

**Explanation:** The three recommendation are to the Office of Business Operations to 1) reconcile Recovery Act contract awards reported to FPDS-NG and Recovery.gov all non-competitive contract awards previously not reported; 2) review FPDS-NG and designate the appropriate contract type for the five Recovery Act contracts identified and report to Recovery.gov any Recovery Act contracts that were not awarded on a firm-fixed basis; and 3) correct the competition characteristic recorded in FPDS-NG for an identified contract to show that it was a "competitive delivery order." The Data Quality Plan was updated and a contract was awarded for additional support for data quality corrections. These resources will concentrate on data cleanup, data quality certification and correcting remaining data anomalies. The Agency recently completed a reconciliation between FPDS, PRISM and Oracle, and is automating this quality assurance process. These recommendations are expected to have final actions by 01/31/2012.