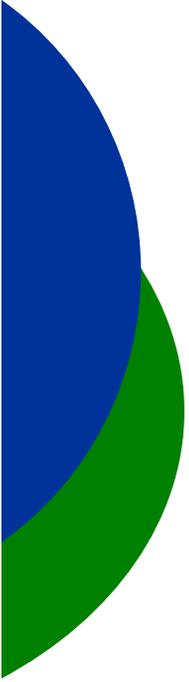


ENHANCING SERVICES FOR SMALL BUSINESS: *WHO WILL LEAD?*

A Presentation to the Small Business Commission

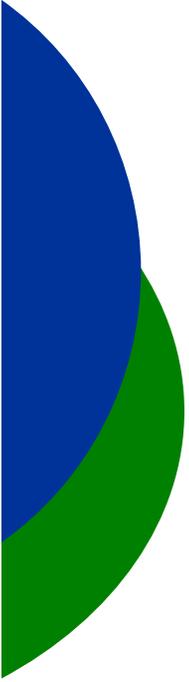
Lynda Sharp Anderson
Director, Virginia Department of Business Assistance

May 22, 2009



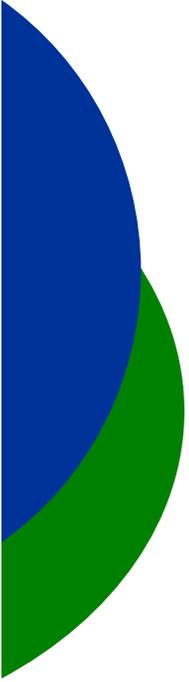
Resolved

Virginia needs to better address stimulating entrepreneurship and meeting the needs of small businesses.



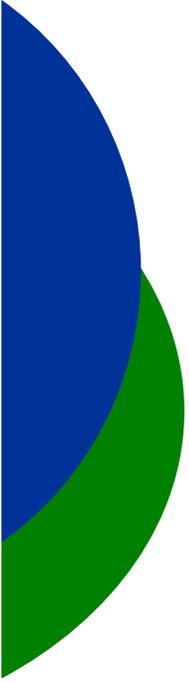
The Big Picture

- Virginia's economy is changing; state programs and incentives should be reviewed for relevancy and effectiveness
- Small business activity will contribute significantly to any economic rebound and stabilization



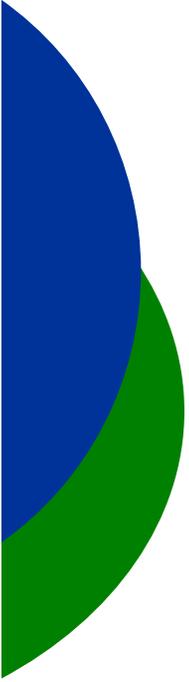
The Stars Align

- The Small Business Commission wants to work more proactively on small business issues and the programs that serve small business
- The Virginia Department of Business Assistance is positioned to assist the Commission



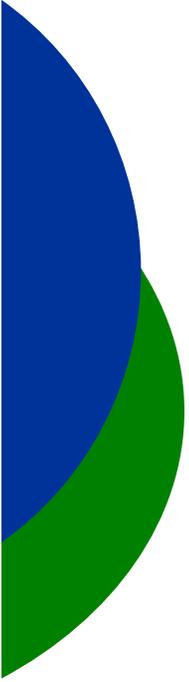
Today's Purpose

- Validate the rising importance of small businesses to Virginia's economy
- Understand the current range of business needs represented by the small business community



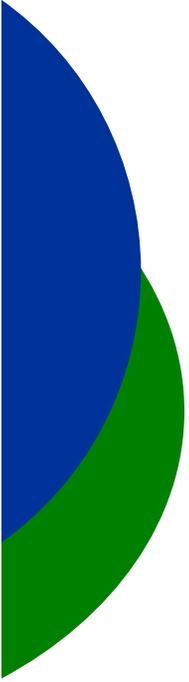
Purpose, Continued

- Document the current small business service delivery platform in the Commonwealth, including Virginia Department of Business Assistance services
- Discuss supporting a more comprehensive role for VDBA in leading the state's small business formation and growth programs.



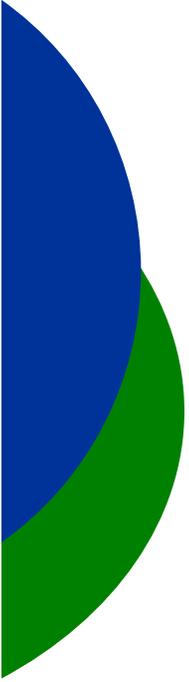
The Importance of Small Business

- They are 97.5% of all existing business establishments in Virginia, 225,000 strong
- They account for approximately 75% of new job growth in the Commonwealth
- They start at a rate of 100,000 annually



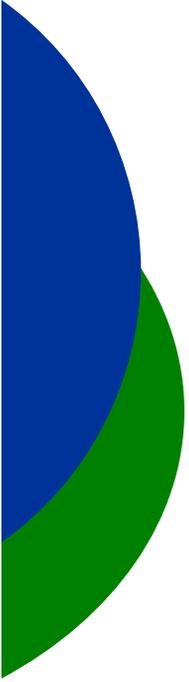
The Importance of Small Business, Continued

- Their diversity provides a natural barrier to severe economic swings
- Their vitality supports new business attraction
- They are critical economic drivers in rural, distressed areas



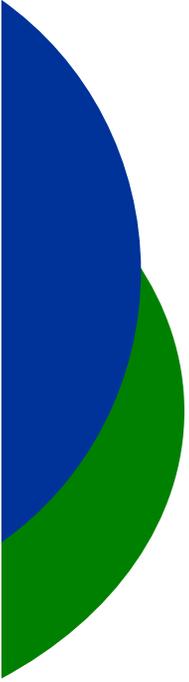
The Way We See It

Services and service delivery to small businesses should be improved, streamlined, and expanded



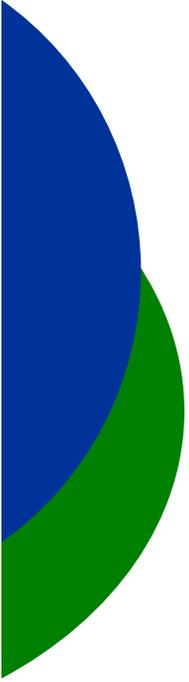
What Do Small Businesses Need?

- Varies based on their place in the business life cycle
- Early stage businesses need guidance and encouragement
- Established businesses need what they need *when they need it*, preferably online



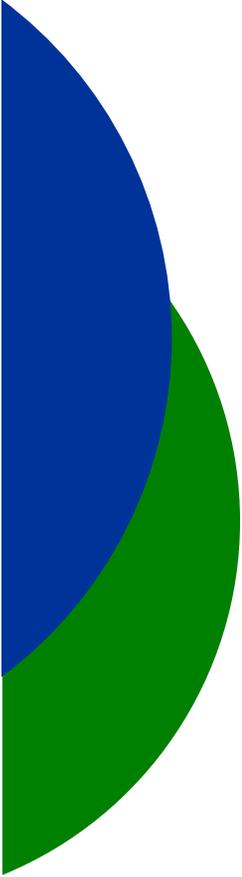
What Small Businesses Need, Continued

- A recognition that time is money in dealing with government
- High potential ventures—exporting, advanced technology—require specialized services
- The major need categories are information, resource identification, access to markets, access to capital, and expansion assistance



What Virginia Offers

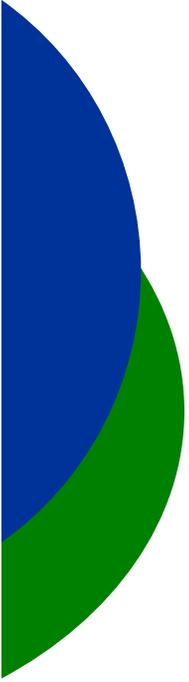
- Overall, the #1 business friendly state
- Pockets of excellence in small business programs and services
- Fragmented program and service delivery
- Many positive approaches, but no overarching vision, no lead organization



Our View

Virginia is doing well by small business, but *we could do even better.*

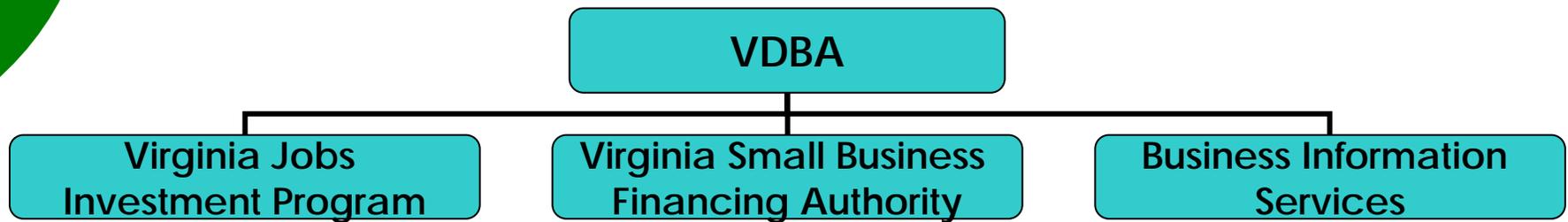
As a state, we need to consider a comprehensive approach to delivering small business services. The goals: efficiently use limited resources and increase program effectiveness.

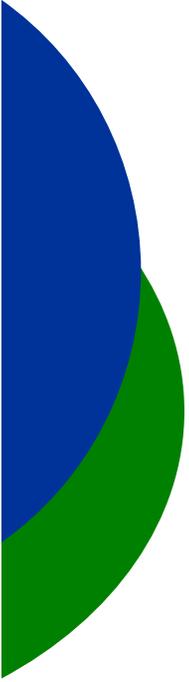


Virginia Department of Business Assistance

- Our vision is to help Virginia businesses prosper
- We focus on three key components to business success
 - A well trained and plentiful workforce to develop competitive products or services
 - An appropriate capital structure to fund corporate needs
 - Accurate information on which to make sound business decisions

Department of Business Assistance Current Structure

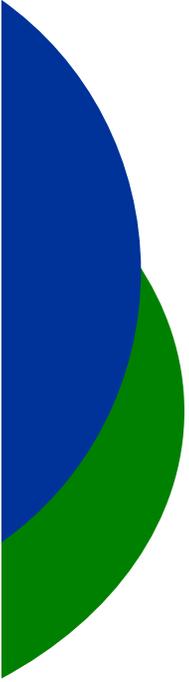




Virginia Jobs Investment Program

Recruiting, Screening and Training Assistance for New and Existing Companies

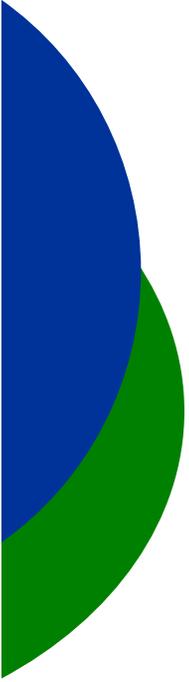
- New Jobs Program: 25 or more new jobs, \$1million investment
- Small Business New Jobs Program: 5 or more new jobs, \$100K investment
- Retraining Program: 10 employee minimum; \$500K new process investment



Virginia Small Business Financing Authority

*Increasing access to capital for Virginia
businesses*

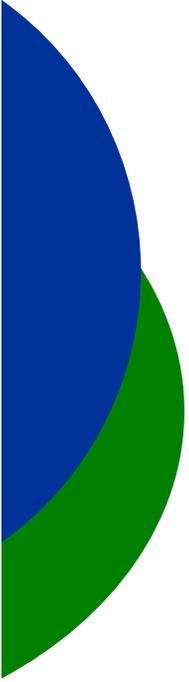
- 8 direct and indirect loan programs
- Eligibility includes new job creation and capital investment
- Slightly higher risk tolerance than commercial banks
- Competitive terms and rates commensurate with credit risk



Business Information Services

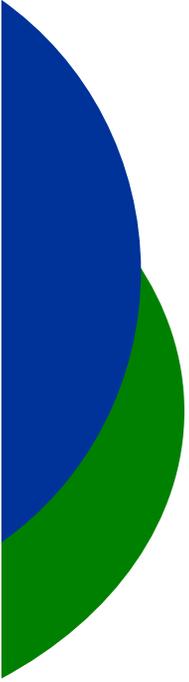
*Supporting entrepreneurship across the
Commonwealth*

- Virginia Business Information Center
- Business One Stop
- Entrepreneur Express Workshops
- Business Sales Growth Seminars
- One-on-One Technical Assistance
- Business Retention



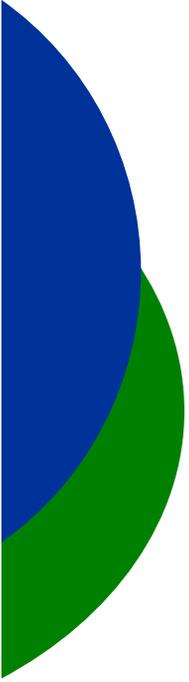
VDBA In Action

- Our Sales Growth Seminars average 100 businesses at every presentation
- Our \$68,000 loan to Minnieland Day-care helps multiple NVA employers
- Our training assistance will facilitate:
 - 745 new jobs at MasterBrand in Galax
 - 860 new jobs at Canon



Virginia's "As Is" Service Delivery Platform

- Over 35 different state agencies may touch a business
- Over 100 business assistance and regulatory programs exist
- Over 300 different state business forms are inventoried

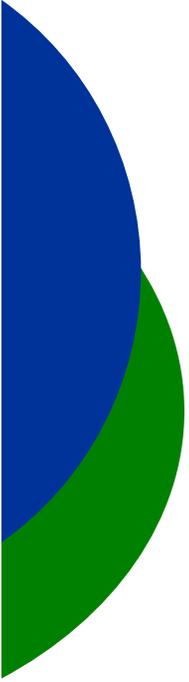


Documenting the Process

It's complex and a potential barrier

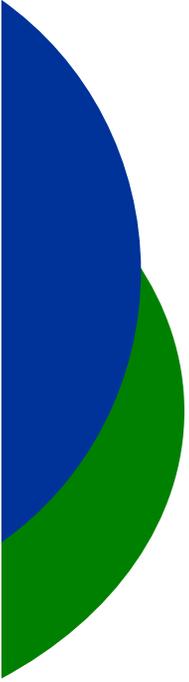
	NEW		ORGANIC GROWTH
Components	Idea Generation	Enterprise Formation	Business Development
Responsibility/ Lead State Assistance Provider	CIT	VDBA	VDBA
Desired Characteristics/ Appropriate State Involvement	<ul style="list-style-type: none"> -Leading-edge technology/research generated -Supportive & creative environment for young businesses -Attractive quality of life for serial entrepreneurs -Easy technology transfer for university.- based research 	<ul style="list-style-type: none"> -Assistance with licensing, permitting & registrations for new companies -Vibrant venture capital/angel community -Angel tax credit to incent investment -Federal & private market for research commercialization 	<ul style="list-style-type: none"> -Access to venture funds -Available tools & services to help the businesses prosper -Coordinated ally base of local, state and federal assistance providers
Current State Assistance Programs	<ul style="list-style-type: none"> -CIT – Capital formation, Entrenet, Entrepreneur Education, HR Technology Incubator, SBIR Assistance, NIST Advanced Technology Program -University-based economic development supported program 	<ul style="list-style-type: none"> -VDBA – One Stop, Virginia Business Information Center, Entrepreneur Express program -Virginia Tobacco Commission – private funding -DPOR, Tax, VEC, VDACS, ABC, Aviation, DCR, DOC, DEQ, DOE, DOF, DES, Health, DHR, DMV, DMME, VDOT, DSS, DBVI – licensing, permitting, registration 	<ul style="list-style-type: none"> -DHCD – VEI, Microenterprises -VCCS – Entrepreneur Center & classes -VDBA – Virginia Business Information Center, Entrepreneur Advisory Team, Guides & CD's on how to start a business -VTC – Tourism Enterprise development -VDBA – Referrals to SBA, SBDC & PTAC
Federal Programs	<ul style="list-style-type: none"> -SBIR/STTR Program -NASA Innovative Partnership Program -Federal grants to fund university research -Cooperative research & development agreement 		<ul style="list-style-type: none"> -SBDC – Business planning & classes -SBA – Loan programs & education sessions
Private Resources	<ul style="list-style-type: none"> -Academic Licensing Community of Virginia (ALCOVE) – Technology exposure & commercialization system 		<ul style="list-style-type: none"> -Virginia Business Incubator Association (VBIA) – location & logistics support for small businesses
Potential Program Measures	<ul style="list-style-type: none"> -#SBIR Awards -#GAP Loans funded -Massachusetts Innovation Index 	<ul style="list-style-type: none"> -# of One Stop Users -# of VBIC Contacts -SCC Activity – New Entity Formation 	<ul style="list-style-type: none"> -Rate of business bankruptcies -SBDC Counseling sessions -#VCCS Entrepreneur Class student enrollment

	EXISTING	BUSINESS RETENTION	& EXPANSION
Components	Sales & Profit Growth	Company Stabilization & Retention	Workforce & Location Expansion
Responsibility/Lead State Assistance Provider	VDBA	VDBA	VDBA and VEDP
Desired Characteristics/ Appropriate State Involvement	-Plentiful workforce -Ready access to customer markets -Available capital for growth	-Low business cost, good economic climate, reasonable regulatory environment	-Competitive state for targeted/desired industry types -Plentiful and well-trained workforce
Current State Assistance Programs	-DMBE –SWAM certification & management assistance -VDACS – VA’s Finest, Agribusiness, economic development services -VDBA – Assistance with selling to the state -VEDP – VALET, AIM, selling internationally -VA Economic Bridge – Workforce Services/Return to Roots program, Pipeline/Private-to-private matchmaking -VECTEC – Technology solutions	-VCCS – Workforce Services -DRS – ADA & disability etiquette training -VT/Cooperative Extension – Agritourism, home-based micro business assistance -VT/VPMEP – Manufacturing assistance -DOF – Certified Prescribed Burn program, Timber harvesting water duality, F.S. Economic Action program -DOLI – SHARP & VPP programs, Labor/Employee Law assistance -DEQ – VACAN assistance network, environmental enhancement, Small Business Assistance program -DEMS – Continuity planning -VDBA – Advocacy Program -VDBA – Existing Business Retention & Expansion Forum -DMME – Small Mine Safety Service & small operator assistance	-VEDP – Program managers/marketing -VEDP – Site selection services -VDBA – Major, small & retraining workforce incentive program -VCCS – Workforce services -VDBA – VSBFA loan programs -DMBE – PACE program
Federal Programs	-USDA – Loan programs -SCORE – Mentoring & counseling -PTAC – Selling to the Feds	-SBA – Loan programs	
Private Resources	-Local Chamber of Commerce – Private-to-private networking & events -VBIA – Logistics and location support	-VBIA – Logistics and location support	
Measures	-Job creation -Capital investment -% SWAM purchases	-Job creation -Capital investment -% SWAM purchases	-New relocations to VA, job creation & capital investment



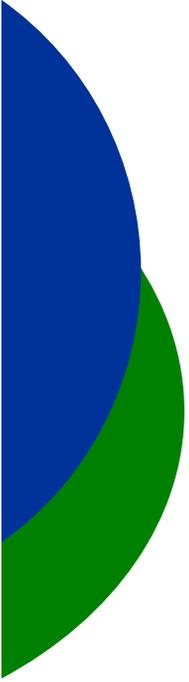
A Giant Baby Step to Simplify the Process

- Business One Stop introduced last May
- Rationalizes critical business formation steps
- Well-received by clients
- Demonstrates the challenge of adding services



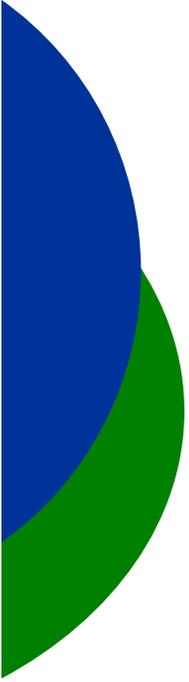
The Current Service Delivery Platform

- From a business standpoint, the service delivery model is fragmented and overly complex.
- Introduction of the Business One Stop offers an opportunity to electronically consolidate the 'presentation' of services in a rational way



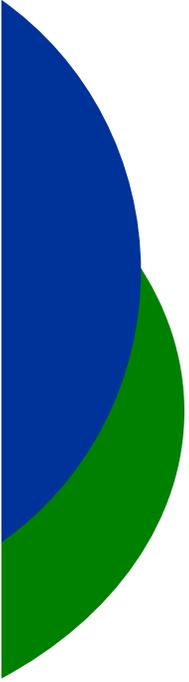
Our View

Intuitively, consolidation of service delivery at one agency offers a better client experience and more efficient use of state resources committed to small businesses.



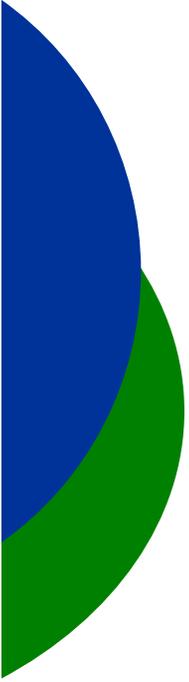
Strategic Questions, Part I

- To what degree should the Commonwealth support small businesses?
- What should the support and delivery of small businesses look like?
- Should we support companies in certain life cycles or the entire formation process?



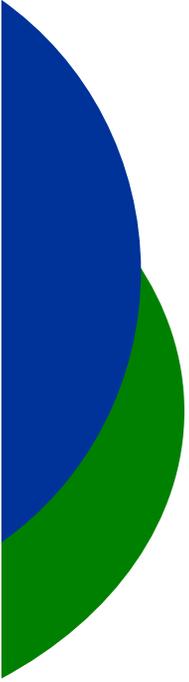
Strategic Questions, Part II

- Are we willing to eliminate certain programs, take the heat, and invest in other new programs?
- Are we willing to accept organizational reassignment of certain programs, people and budget to make it easier for small businesses to access these programs?



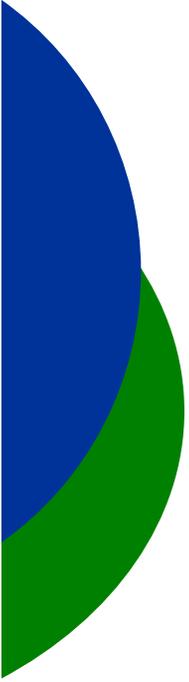
The Vision Question

*What might the service delivery model look like
in the future?*



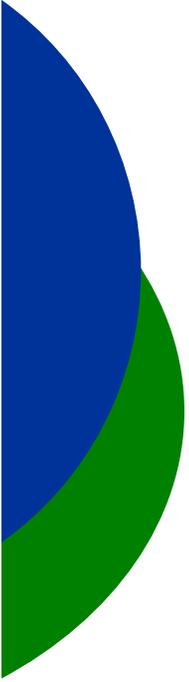
Business As Usual

- Leave as is
- Use the budget process to gauge the need and effectiveness of each individual small business program



Consolidation of Service Presentation

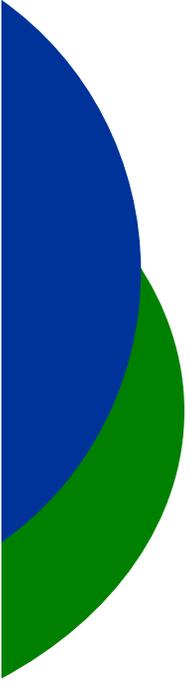
- Use Business One Stop portal to electronically consolidate the 'presentation' of services to new and existing businesses
- Leave delivery of business programs with existing agencies



Full Consolidation

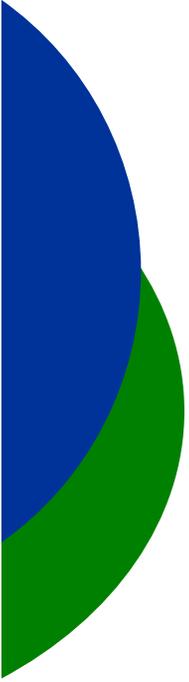
- Use Business One Stop to electronically consolidate the 'presentation' of services to new and existing businesses

- AND ...



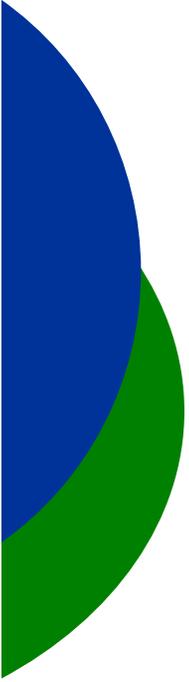
Full Consolidation, Continued

- Identify an existing entity or entities (e.g., the Small Business Commission, Small Business Advisory Board) or create a new entity to coordinate service delivery to small businesses
- Empower VDBA to determine market needs, analyze existing program features, quantify impact/results and make recommendations



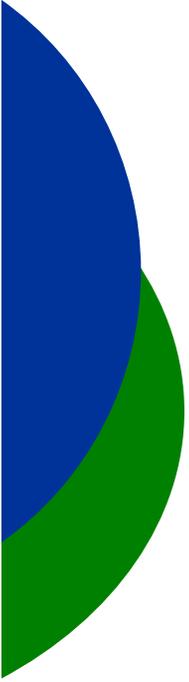
Considerations

- Which approach will result in a more prosperous small business community?
- ... will keep Virginia more competitive among other states?
- ... will foster innovation?



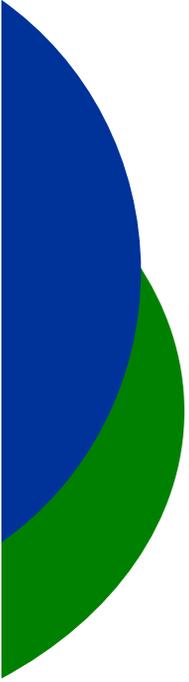
Considerations, Continued

- Which approach will have a higher return on investment?
- Which approach is a lower cost model?
- Which approach is more risky operationally?



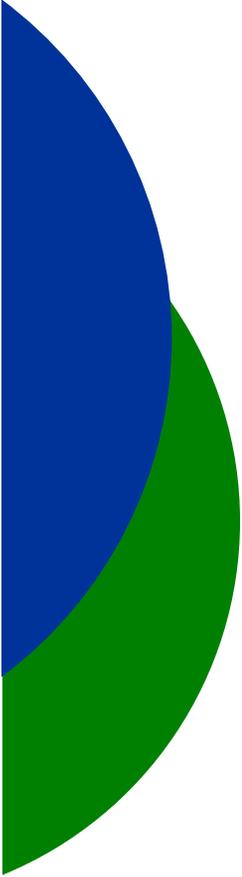
A Recommended Process

- Discussion today
- Establish a cross functional work group
- Develop a project outline
- Identify key objectives of this process
- Document the current delivery framework and validate program facts



A Recommended Process, Continued

- Consider gaps in current programming
- Make recommendations to improve effectiveness and efficiency
- Measure results and report them to the Small Business Commission



Questions and Discussion

**ENHANCING SERVICES FOR SMALL BUSINESS:
*WHO WILL LEAD?***