

**A Case for Streamlining Virginia's Small Business Programs**  
**Prepared by**  
**Virginia Department of Business Assistance**  
**May 5, 2009**

The Virginia Department of Business Assistance (VDBA) works with new and existing businesses to help maximize their potential for success as they move through the business cycle, increasing wealth and creating jobs. VDBA helps businesses build capacity by insuring a plentiful and well trained workforce to drive productivity, by facilitating capital solutions to fund business development and by providing access to information that supports business formation and growth.

Small businesses represent approximately 97.5% of all existing business establishments in Virginia. They make significant contributions to the Commonwealth and its citizens, including:

- accounting for 75% of all net new jobs in the Commonwealth;
- providing a natural barrier to economic swings through their diversity;
- offering economic vitality to rural and distressed areas of the state; and
- fostering an ideal environment for innovation in Virginia's 21st century economy.

With small businesses creating the bulk of today's new jobs and the ease at which companies can operate from anywhere in the world, it is as important to invest in Virginia's entrepreneurial and small business support system as it is to invest in more traditional economic development marketing and recruitment efforts.

In addition to VDBA, there are at least **26** different state agencies that serve small businesses through the administration of over **100** business assistance and regulatory programs, using more than **300** different forms. For example, small businesses might go to the:

- Department of Housing & Community Development for a micro loan;
- Economic Development Partnership for international trade assistance;
- Employment Commission for help recruiting employees;
- Small Business Development Centers for technical assistance with start-ups;
- Department of Labor & Industry for professional licensing; and the
- Department of Minority Business Enterprise for SWAM certification.

From a business/client standpoint, the Commonwealth's current service delivery model is fragmented at best and totally confusing at worst. Virginia's *Small Business Initiative Report* (2005) included a recommendation to provide "more efficient and effective services to Virginia small businesses and entrepreneurs through a coordination of Commonwealth services."

**How can the Commonwealth of Virginia better serve 97.5% of its corporate constituents, subsequently helping them increase their profits, create jobs for citizens, and raise state tax revenues?**

First, Virginia needs to consolidate and centralize the delivery of its small business development programs in order to insure the efficient use of limited resources and increase program effectiveness. VDBA is well positioned to serve as the central point of contact and has already taken the first step with the development of the Virginia Business Information Center (VBIC). VBIC is a call center, email inquiry service, and live chat too that provides answers and solutions to all business-related inquiries and serves as a gateway to state programs for businesses. Additionally, VDBA is coordinating development of the *Business One Stop* portal that provides a customized online blueprint of new business formation steps and will soon add online services to existing businesses.

Next, VDBA should be empowered to analyze existing small business programs, quantify market impact, identify specific market needs and make recommendations to the Small Business Commission for funding and agency reorganization suggestions. The Small Business Commission and VDBA, in conjunction with Department of Planning and Budget, should establish systematic goals for small business programs and track results.

A more coordinated service and solution delivery system would help entrepreneurs and small businesses find necessary resources to form their enterprises and rise through the business cycle. State agencies would realize a more efficient use of their human and capital resources, as well as improve their capability to provide enhanced customer service to the business community.

Streamlining and better coordinating existing programs, along with expanding programs nurturing entrepreneurial development, would ensure that the Commonwealth remains the *#1 Best State for Business* and becomes both the *Best State for Starting a Business* and the *Best State for Entrepreneurs*.