



**Michigan Automotive-Robotics Cluster Initiative
Workshop/Kickoff**

**Oakland University
Rochester, Michigan**

As Prepared for Karen Mills, SBA Administrator

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Thank you, Jerry Lane (AUVSI), Grace Bochenek (Director, TARDEC) and Cliff Hudson (SBA). I also want to recognize SBA's Michigan District Director Dick Temkin and our Associate Administrator for Government Contracting and Business Development Joe Jordan. It was also wonderful to have a message from Senator Carl Levin.

And, of course, I want to say a special thanks to our host, Dr. Pieter Frick, from here at Oakland University. It's good to see all the construction and growth here on your campus. And your professional training programs and your emphasis on applied research are important components of what we're talking about today.

It is such an honor to be here. President Obama speaks regularly about innovation, small business and breaking down silos. We are doing all three of those things here today. And I'm excited to be here on behalf of the SBA and America's small businesses to support this effort.

I'd like to begin with a quote from a good friend and Harvard economist Michael Porter. He is one of the world's leading experts on regional clusters and he spoke at National Small Business Week this year in Washington. He said, "Innovation is the central issue in economic prosperity."

That's what this two-day conference is all about: using innovation to create prosperity.

Michigan's automotive suppliers have been hit hard by the recession. But we know there are so many assets and technologies that have grown over time in this area which can be used in other areas such as Defense. Moving forward in the 21st-century field of robotics is a smart approach, and creating a cluster of these businesses is even smarter.

That's easier said than done. We've got our work cut out for us. We're doing three things at this conference:

1. Identifying the challenges of building this new cluster, such as building the infrastructure, the support, the funding
2. Identifying the strengths that are already here: the people and technology here in Michigan
3. Creating a roadmap for the future. We plan to have a draft underway by the time we leave tomorrow.

"Identify your challenges. Identify your strengths. Create a roadmap." I'm sure this sounds familiar to the entrepreneurs and small business owners who are here today.

The SBA is proud to be an active participant in this emerging cluster. So what does SBA bring to the table? What do we do? How do we fit in?

Traditionally, the SBA has engaged in four core activities. First, we support access to capital through SBA loans with a \$90-billion loan portfolio. Second, we support federal contracting for small business, with a responsibility to help ensure that 23% of federal contracts go to small businesses. Third, we support entrepreneurial development throughout the country with 2,000 staff and about 14,000 resource partners across the country. And finally, we provide disaster assistance with more than 2,000 on-call workers ready to help in communities hit by natural disasters.

We're a small agency with a big mission.

Right now, the Recovery Act is helping the SBA move forward quickly in these areas – especially with access to capital and contracting.

As you know, in October, lending froze. Credit lines were cut. Millions of small businesses needed a lifeline.

Today, we want to make sure that the small businesses in this region and in the automotive industry know that the money is out there. This support can provide you with the breathing room to grow and perhaps pursue a new direction.

SBA received \$730 million to create new programs and improve our existing ones. You may have heard of the SBA's 7(a) or 504 loans – our two flagship loan programs. The Recovery Act temporarily raised the guarantee to 90% and reduce/eliminate fees.

The results are good: SBA's loan volume is up more than 40% compared to the weeks leading up to the Recovery Act. More than 750 banks and credit unions back to the program, half of whom had not participated since 2007. In total, we have supported about \$7 billion in lending for entrepreneurs and small businesses.

So far, in Michigan – these loans have been a lifeline for about 500 small businesses. And I know we have a lot of veterans with us today both from the private sector and the military. We are very proud of the fact that 9% of our Recovery Act loans have supported America's veteran-owned businesses.

The SBA staff here in Michigan stands ready to help you find an SBA lender.

In addition, we have strong support from the SBA's resource partners here in Michigan: 12 Small Business Development Centers, 4 Women's Business Centers, and 12 chapters of SCORE – our mentoring program which involves retired executives. Raise your hand if you are either from one of those programs or you have interacted with one of them.

We also want to make sure small businesses have the opportunity to compete for federal contracting dollars. The SBA has a goal of 23% of federal contracting to small businesses. This is a win-win: You benefit with increased volume and sales... Federal agencies benefit working with the most innovative companies, often with direct line to CEO.

What is SBA doing to make sure small businesses have contracting opportunities with the billions of dollars in the Recovery Act?

- As you know, the states are receiving a large portion of these dollars. I have written to all 50 U.S. governors to encourage them to use small businesses in their contracting efforts.
- We have activated our field offices and resource partners who have already hosted more than 100 outreach events.
- We are encouraging and facilitating more matchmaking events between small business and federal agency representatives.
- We are increasing use of our online subcontracting network www.sba.gov/subnet
- We are emphasizing training, education and outreach among our Procurement Center Representatives who work with contracting officers in agencies.

- And, Secretary Locke and I are co-leading an effort supported by the Vice President to work with all federal agencies and states to push for more opportunities for small business, especially minorities, women, and veterans.

What can you do? A few quick tips:

- Get your DUNS number and register with Central Contractor Registration, if you haven't already.
- Respond to agencies who are issuing "sources sought" even if you don't think it's the perfect opportunity. They need to know that you're out there looking.
- Continue checking online at fedbizopps.gov and SBA's subnet – both of which we are working to improve.
- Market yourself and your business to the federal government just like you would to the private sector.

And, again, remember that the SBA is here to help. Our people on the ground are here to help you benefit from the Recovery Act. They are also here to help us grow this regional economic cluster from the bottom-up.

Let me tell you a story about clustering.

Several years ago, the Naval Air Station in Brunswick, Maine – where I've been living – went on the Base Closure list. We knew we would need something to replace the jobs that would be lost. A number of us got together, and asked a critical question: *What do people do in Maine that is unique in the world?*

We have been building boats in Maine for more than 400 years. We used to make boats only out of wood, but now we use composites. And, at a local university, composites researchers are working with boat builders to make boat hulls that are the lightest and fastest in the world.

We thought, "This should be one of Maine's leading industries. Maine people should have jobs making composite boats long into the future." So, we brought everyone together – from the builders, to the researchers, to business and education experts – and we formed an alliance.

As a result, Maine's boat building industry – which is made up of small businesses – is better positioned to compete across the globe, selling boats in places as far away as Shanghai.

As you can see, clustering can help a region gain an international reputation for excellence in a particular field. And it will take the commitment of a lot of people to make it happen here in Michigan.

- I. First, it has to be led by industry. And here you are! We have more than 100 of you here, and you're motivated to get things started.
- II. Second, we need the technologies. You've already got some of them, and I know you're excited to develop more.
- III. Third, we need a market. It is so wonderful to see so many of our military personnel here today. Thank you so much for realizing the potential for building a robotics cluster to

help meet our nation's military objectives. I have no doubt that more markets will emerge as a result of this cluster, including new markets in the private sector.

- IV. Fourth, we need a trained workforce. As you know, the President was here in Michigan just a few weeks ago to announce major initiatives related to reinvigorating our workforce through our nation's community colleges. I think we have a few representatives from community colleges here today. He talked about how we need to modernize facilities, to improve online courses, and to help 5 million more Americans graduate from community colleges by 2020. The connection to this conference is clear: A well-trained workforce is key to the success of any regional cluster initiative.
- V. And finally, we need access to capital. I hope all of you know that the SBA and our partners are rolling out Recovery Act programs that will help small businesses succeed.

In my opinion, the elements are falling into place. In fact, many of you probably read the recent Computing Community Consortium Study – "From Internet to Robotics." It stated that "robotics technology clearly represents one of the few technologies capable in the near term of building new companies and creating new jobs..."

So, I hope you agree with me when I say that Michigan is ripe for building a 21st-century economic cluster in robotics. And this State has the attention of the SBA and our partners across the federal government. We plan to link, leverage, and align our efforts across federal agencies in supporting this cluster and other new clusters across the country.

The SBA itself has specifically asked Congress for more help with funds to support clustering initiatives like this in the FY 2010 budget. We know the potential of clusters in helping small businesses drive our economy, create jobs, and improve global competitiveness.

In addition, the SBA's resources on the ground will coordinate with Commerce's manufacturing and export centers. We will also work with Labor's trade assistance programs, and others to meet each cluster's particular needs. We even want to create One-Stop Shops where a small business owner can walk in and get information about exporting... or about contracting... or SBA loans.

This particular clustering effort also fits squarely within the President's firm commitment to both a strong auto industry and a strong manufacturing base in the U.S. Alongside the efforts of the President's Auto Task Force and others, this cluster will help save jobs, enhance our U.S. military objectives, and eventually increase our global competitiveness in a growing field.

And today, we have representatives here from similar clusters that are emerging in Hawaii and Virginia. Thank you for making the trip to be here with us. Together, we can strategically link our efforts and create a strong national vision for U.S. competitiveness and leadership in robotics.

And if we all have a strong roadmap – which will be a tangible result of this conference – I know that we will start to see some exciting partnerships and synergies begin to emerge here in Michigan.

Why can I be so confident? It's because of the people here today. I saw the RSVP list. We have so many key players represented here today from industry, from the small business community, and from the Defense Department – and I know that you are all excited to get to work and make this happen.

SBA is very excited to be part of this clustering effort in robotics. As the strongest voice for small business, this is core to what we do. We hope to have many partnerships to grow regional clusters across the U.S. – with clusters like this serving as a model for success.

Tomorrow, look for our SBA Michigan staff to be here helping make sure we get things started on the right foot. They want to hear your ideas and find the best ways to partner to make this happen.

This will be an exciting journey as we track our progress, test new ideas, and create new collaborations together. And, as a result, I know we will help Michigan create 21st-century jobs.