



Remarks For

The Hon. Jovita Carranza
Deputy Administrator
U.S. Small Business Administration

Delivered At The

BUILDING NATIVE ECONOMIES: 8(a) WORKSHOP

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Good afternoon and thank you very much for having me here today. Thank you, Karen [Atkinson], for that nice introduction. It was this time last year that I was able to attend an event in Virginia hosted by the Native American Contractors Association and Women Impacting Public Policy. That event helped successfully build a number of business-to-business relationships, and I hope this event proves as successful.

In addition to Karen and NACA, I'd also like to thank Joe Garcia, President of the National Congress of American Indians, and Ted Pedro, Executive Director of the American Indian Chamber of Commerce of New Mexico.

Thank you for co-hosting this teaming and networking event; I appreciate the invitation to speak at your event today.

Before I begin I'd like to recognize a few members of our SBA team, who are here today. You heard this morning from Bill Largent, our very active head of SBA's Office of Native American Affairs, and also from Geri [Geraldine] Garcia, the Assistant District Director. Also here are John Woosley, our District Director here in New Mexico, and Irene Farmer and Mary Drobot, both business development specialists at the District Office, are also here. Thank you all for your commitment and hard work on behalf of America's small businesses.

You've heard a lot about 8(a), and in great detail, over the past few days. The 8(a) program is a powerful tool for helping small disadvantaged businesses to learn the skill set they need to succeed in government contracting, and in all of their business ventures. 8(a) is an important source of revenue for Native American firms in particular, and therefore I'd like to speak today about the great opportunities that the 8(a) program has to offer. But before I do that, let me say just a few words about some of the remarkable changes that are happening at SBA.

The fact is, what we're doing in the 8(a) program is only one part of a sweeping agenda for change at SBA that began when Administrator Preston arrived in the summer of 2006. His ambitious reform agenda, which started with a complete re-engineering of

our disaster operations, overwhelmed in the wake of Hurricane Katrina, extends to every office in the agency.

It's an exciting time at SBA. In addition to improving our disaster operations, we've made improvements in our lending program, launching two new loan products and working on a third. We're making improvements in our entrepreneurial development program as well, forging new partnerships to deliver our counseling and technical assistance more effectively. We're making improvements in our government contracting program, including in our 8(a) program, and I'll talk about those in more detail later.

In addition to new products and partnerships, we've also made organizational changes, including extensive employee training, to make the agency more customer focused, accountable, transparent, and outcome-driven.

The SBA is making these big changes so that all of us at SBA are better able to carry out the President's mandate. Simply put, President Bush's goal is to make the American Dream a reality for every American in every community in every part of our Nation. Administrator Preston and I strongly support the President's policies, and we're particularly focused on accelerating entrepreneurship in communities across the country with higher than average unemployment and poverty. These are our underserved markets, and these inner cities and rural communities are where we need to help create new businesses, provide new jobs and offer new opportunities.

To do all this, we need to harness the most powerful force for change in America today – the power of entrepreneurship. Entrepreneurs and their small businesses are responsible for nearly all of our economic growth. They drive economic development. They create new opportunities and new jobs. When we look across the country, where ever we see economically vibrant communities, we also see determined entrepreneurs and successful small businesses.

In communities that face high unemployment and poverty, entrepreneurship can bring real and lasting positive change. It is an important way for people to chart their own

economic future and to create opportunity through hard work and determination. And it taps into the powerful force of ownership that President Bush has done so much to unleash.

The SBA plays an important role in enabling entrepreneurship, and we are focused on reaching those communities that need it most. We're doing this through new products to help the private sector extend more capital into these markets; new partnerships to deliver counseling and technical assistance into underserved communities more effectively; and by working to help the federal government reach its small business contracting goals because, as you know, federal procurement dollars are an important way to stimulate economic activity.

Indian Reservations are the underserved communities of underserved communities. While it may be challenging to encourage lenders to expand their rural or inner city programs, we all know the challenges are much greater for Indian Reservations. And this, we recognize, is crippling for small business ventures, which need capital to start, to grow and to create jobs and opportunities.

Successfully starting a small business under the most auspicious conditions is a Herculean task. But the additional challenges that Native Americans face make it all the more so. Limited access to markets, limited access to an experienced workforce, and limited infrastructure are just a few problems. While many rural entrepreneurs face these problems to some degree, they are compounded on Indian Reservations.

For these reasons, 8(a) is an essential program for developing Native American economies. It functions as an entry point for many Native American small businesses. 8(a) allows individuals and tribes to learn the skill set they need to successfully run a business.

Federal contracts to 8(a) firms have increased, both in number and overall value. In Fiscal Year 2006, 8(a) firms received \$12.5 billion in federal contracting obligations. That's an increase of almost 6 percent over the previous fiscal year.

The 8(a) program exists to help small, disadvantaged businesses develop, and one component of this is to support them they seek to do business with the government. The lessons they learn along the way, however, should equip them with the skills they need to pursue more diversified business, including being able to compete for private contracts.

Of course, as 8(a) firms diversify – and do business with both the private and public sectors – they’ll be better and stronger businesses. They’ll employ more workers, they’ll be able to offer more products and services, and they’ll be better positioned to grow and thrive, in times when one side of their business isn’t as robust.

In the second stage of the 8(a) program, which is the transitional stage in years 5 through 9, we require companies to maintain a competitive mix of both 8(a) sole source contracts and non-8(a) work as well.

We also like to see 8(a) companies in the first four years of the program, the developmental stage, be able to benefit directly from the experience another successful firm. And they are able to do this through a Mentor-Protégé agreement.

Forging a Mentor-Protégé agreement by teaming with a more experienced company is an effective way for an 8(a) firm to benefit from the expertise and resources of a successful firm. 8(a) firms that are still in their developmental stage are allowed to team with other small or large government contractors. Some mentors are in the transitional phase of the 8(a) program; others have graduated from the program. Some mentors are small businesses, others are large. Some mentors were never 8(a) firms but are experienced government contractors.

By teaming with a mentor, an 8(a) firm can pursue joint venture opportunities. The 8(a) firm can benefit from subcontracting opportunities as well.

Applications for Mentor-Protégé agreements are evaluated by SBA District Offices. SBA looks at the developmental needs of the 8(a) firm, and then we look at how the mentor can satisfy those needs in terms of budget activity, outputs and outcomes.

The Mentor-Protégé agreement is, in short, a great way to facilitate the development of 8(a) firms. I encourage you to visit your local District Office and speak with an SBA business development specialist about how it can benefit your company.

Let me also speak to some of the changes that are being made to 8(a). First, we improved our turn-around time on 8(a) applications to 90 days. We added a new online assessment tool that helps companies determine if they're eligible for the program before they apply.

Second, we are reviewing the regulations that implement 8(a), and we are attempting to address some perceived problems. We have held two tribal consultations; the first was in Fairbanks in October, and the second was in Denver in November. I thank Bill Largent for his role in making these happen.

In addition to these consultations, we accepted written comments until early January. We received lots of valuable input from tribes on what this program needs to look like going forward.

I've heard first hand about the value of 8(a). I met with Lance Morgan when I traveled to Nebraska last year. Lance is the CEO of Ho-Chunk, Inc. and also on the board of NACA. We had a very good discussion about 8(a), and he told me about some issues related to the application process. He also told me about the great importance of the program for Native Americans.

Most importantly, perhaps, Lance and other entrepreneurs I've spoken to have helped me see the world through the eyes of a Native American entrepreneur. And what is that world like? Well, it's a much tougher world than I realized, a world filled with profound social, educational and economic challenges. But it's also a world driven by hard work, fueled by pride and sustained by courage, by hope and by faith. It's a world full of potential – but sadly, much of that potential has gone largely untapped. I believe that working together, we can draw on that pride, build on that faith and realize some of those hopes.

Back when I was a schoolgirl, I read some very inspiring words by a great Indian leader. His name was Chief Joseph, and his words have stayed with me to this very day:

“Treat all men alike. Give them all the same laws. Give them all an even chance to live and grow.”

My friends, I pledge to you today to do everything in my power to make Chief Joseph’s words come true for Native-Americans everywhere.

Thank you again for having me today.