



THE UNITED STATES' EXPERIENCE

TITLE:

SMALL BUSINESS NETWORK OF THE AMERICAS/EXTENDING THE SMALL BUSINESS DEVELOPMENT CENTER MODEL TO LAC MARKETS FOR SME DEVELOPMENT AND TRADE

GENERAL INFORMATION

Country: USA, Mexico, El Salvador, Belize, Dominican Republic, Jamaica, Barbados, Dominica, St. Lucia, Honduras, Guatemala, Costa Rica, Panama, Colombia, Peru, Chile

Coordinating Institution: University of Texas at San Antonio on behalf of U.S. Dept of State

Other institutions involved: OAS Integral Development for U.S. Mission to the OAS, Caribbean Export, Centro Regional de Promocion de las MYPE (CENPROMYPE), and Asociacion Mexicana de Centros de Desarrollo de la Pequeña Empresa AMCDPE), America's SBDC Association (ASBDC)

Duration of the experience: 2003-2014

Webpage: www.sbdglobal.com/index.php/tn/international-sbdc-tun.html



1) Objectives

Advance SME competitiveness and trade across LAC via adaptation, implementation and SME market connectivity applying the Small Business Development Center model with participating countries. Introduce this public-private academic model, with measurable outcomes, and sustainable governance, while forming a network-of-SBDC networks among high-level SME authorities responsible for entrepreneurial development and trade. Connect SMEs to compete globally within FTAs framework.

2) Relevance

Sixteen LAC countries to-date have elected to pursue SBDC model implementation, adapting the best practice and results-oriented model to their own country context. SBDCs have evolved over 35 years' application in the U.S. and currently serves a million SMEs annually through a 1,100 center America's SBDC Network. Many of LAC's SME development programs historically applied a centralized government, social assistance oriented model, with limited results, limited leverage of resources or institutional collaboration to impact the entrepreneurship ecosystem favorably. Many good pilot programs and individual actors lacked a common institutional framework and scalability to improve the quality and reach of SME development. Common SBDC networks across LAC facilitate SME best practices, competitiveness, innovation and trade. President Obama in 2012 announced the Small Business Network of the Americas (SBNA) as a multi-lateral policy priority through the Summit of the Americas. SBNA participation MOUs with many countries have been signed with the State Department, regions such as SICA and individual country SME legislation are indicative of strong buy-in.

3) Concrete activities and actions

Mexican Association of SBDCs formed with 118 affiliates to-date, led by universities, lessons learned to proceed in next country with committed central government support also. El Salvador Funes Administration met UTSA at OAS Conference for High-Level SME Authorities and adopted model as CDMYPE network of 12 Centers to-date. OAS initiative added 5 Caribbean nations of Belize, Jamaica, Barbados, Dominica and St. Lucia. Pathways program initiative added Honduras, Costa Rica, Dominican Republic, Guatemala, Panama, Colombia and Peru. CENPROMYPE has championed SBDCs as SICA policy priority, and fostered continuation through recent election cycles for sustainability across CA. ASBDC, SBA and State Dept have fostered "Sister Centers" and MOUs with the U.S. SBDC network for innovation and market connections. UTSA has innovated SBDCGLOBAL.COM as trade matching and community of practice tool. This platform is being connected also with Brazil's SEBRAE, for multi-lateral SME market channel connections. Newly elected President Bachelet in Chile recently committed to establish a 50 SBDCs network, and other countries are in process of considering to join SBNA as well.

4) Achievements and results

Strong buy-in by countries and institutions is the best indicator, because SBNA is a policy and technical cooperation initiative only, no direct financing or subsidies. Each country conducts a due-diligence process with SME stakeholders and policy-makers followed by a re-orientation of resources and hybridization of their existing SME programs incorporating the SBDC model. All operational funding comes from host country governments with significant matching from academic and private partners.

The most advanced region with quantitative results to-date is SICA:

- 30 SBDCs/CDMYPE centers operating to-date, 20 more coming on-line in 2015
- 165 professional SME business advisors staffing 30 Centers, 42% men and 58% women, among over 900 LAC development professionals from the SME ecosystems trained in SBDC methodology
- Over \$18.6 million operational funding from the government and partners' own funds leveraged to-date, as compared to \$1.6 million of U.S. cooperation for technical assistance, model transfer training and capacity-building, a positive 12-1 leverage that will grow as networks mature and sustain long-term impacts.
- 138 Institutional partners collaborating to host local SBDCs, 14% public, 68% private and 17% academic
- 49,186 SMEs provided services to-date
- 9,462 new jobs generated as of June, 2014, in Belize, El Salvador, Honduras and Costa Rica

5) Sustainability

SBDC model sustainability DNA is adapted from U.S. experience, on several levels:

- A) SME management and technical services that add-value to clients, high satisfaction and measurable economic impacts are the foundation of SBDC sustainability
- B) Metrics for every consulting client using MIS tool (WebCATS Client Activity Tracking System) measuring both services outputs and economic impact outcomes
- C) Ministry-level management tool with transparency of results vs. goals for each network, center and consultant will sustain performing partners, replace those with low results
- D) ROI methodology calculates marginal sales and jobs growth, generating public sales and employment tax revenues, exceeding public SBDC expenditures (U.S. experience is 2.25-1 ROI) for fiscal sustainability
- E) Public-Private-Academic partnerships reduce fragmentation and build collaborative framework across entrepreneurship ecosystem, requiring 1-1 match funding and shared governance of Centers
- F) Policy and legislative framework for SBDCs with national Small Business Laws and regional policy through SBNA and MOUs
- G) Technical cooperation and SBDC Accreditation strengthens programs and innovation via SBDCGLOBAL.COM and Sister-Centers community of practice
- H) SBDC Associations with academic and private partners stabilize SBDC program through election cycles to sustain networks, as with El Salvador, Honduras, Costa Rica, Panama and Colombia recent elections and continuing their SBDCs

6) Lessons learned

Mexico has taken much longer due to the “not-invented here syndrome” and perceived competition with existing government-led programs. We also learned to bridge the universities

and private sector actors, both offering key assets toward entrepreneurial development objectives. Lesson is to enter with support of central government SME Ministries and conduct broad stakeholder consultation and surveys to gain buy-in up front, which has been done with all subsequent countries.

7) Capacity for the exchange of this experience

Cooperation modality	Cooperation modalities the institution can provide to others	The institution may be able to provide this cooperation to others by
Information Sharing	X	Currently underway
Conference Calls	X	Currently underway
Videoconferences	X	Currently underway
Workshops	X	Currently underway
Technical and Experts Visits	X	Currently underway with project countries
Other(s) – please describe Network building and facilitation	OAS High-Level SME Authorities Dialogue annual events	Spring 2015 next conference planned

8) Author of this story

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<https://www.youtube.com/watch?v=BwnwTYCZBmY>

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