

## 4.9: The Small Business Administration

### Learning Objectives

1. How does the Small Business Administration help small businesses?

Many small-business owners turn to the **Small Business Administration (SBA)** for assistance. The SBA's mission is to speak on behalf of small businesses, and through its national network of local offices, it helps people start and manage small businesses, advises them in finance and management, and helps them win federal contracts. Its toll-free number—1-800-U-ASK-SBA (1-800-827-5722)—provides general information, and its website at <http://www.sba.gov> offers details on all its programs (Small Business Administration, 2024)

Perspective small business owners can seek out loan information by visiting SBA's website: <https://www.sba.gov/funding-programs/loans>

Since COVID-19, many changes have occurred with lending programs. Seeking out quality and current guidance from the SBA's website is necessary to understand the updates.



### Financial Assistance Programs

The SBA offers financial assistance to qualified small businesses that cannot obtain financing on reasonable terms through normal lending channels. This assistance takes the form of guarantees on loans made by private lenders. (The SBA no longer provides direct loans.) These loans can be used for most business purposes, including purchasing real estate, equipment, and materials. The SBA has been responsible for significant small-business financing in the United States. In the fiscal year ending on September 30, 2017, the SBA backed more than \$25 billion in loans to almost 68,000 small businesses, including about \$9 billion to minority-owned firms and \$7.5 billion in loans to women-owned businesses. It also provided more than \$1.7 billion in home and business disaster loans (Small Business Administration, 2017).

Other SBA programs include the New Markets Venture Capital Program, which promotes economic development and job opportunities in low-income geographic areas, while other programs offer export financing and assistance to firms that suffer economic harm after natural or other disasters.

Over 300 SBA-licensed **Small Business Investment Companies (SBICs)** provide about \$6 billion yearly in long-term financing for small businesses. The SBA's website suggests seeking angel investors and using SBA-guaranteed loans to fund the start-up. These privately owned and managed investment companies hope to earn a substantial return on their investments as the small businesses grow.

## SCORE-ing with Management Assistance Programs

The SBA also provides a wide range of management advice. Its Business Development Library has publications on most business topics. Its “Starting Out” series offers brochures on how to start a wide variety of businesses—from ice cream stores to fish farms.

Business development officers at the Office of Business Development and local Small Business Development Centers counsel thousands of small-business owners each year, offering advice, training, and educational programs. The SBA also offers free management consulting through two volunteer groups: the Service Corps of Retired Executives (SCORE) and the Active Corps of Executives (ACE). Executives in these programs use their own business backgrounds to help small-business owners. SCORE has expanded its outreach into new markets by offering email counseling through its website (<http://www.score.org>). The SBA also offers free online resources and courses for small-business owners and aspiring entrepreneurs on the SBA Learning Platform, which is located here: <https://www.sba.gov/sba-learning-platform>.

## Assistance for Women and Minorities

The SBA is committed to helping women and minorities increase their business participation. It offers a minority small-business program, microloans, and the publication of Spanish-language informational materials. It has increased its responsiveness to small businesses by giving regional offices more decision authority and creating high-tech tools for grants, loan transactions, and eligibility reviews.

The SBA offers special programs and support services for socially and economically disadvantaged persons, including women, Native Americans, and Hispanics, through its Minority Business Development Agency. It also makes a special effort to help veterans go into business for themselves.

Resources for women-owned businesses from the SBA can be found here: <https://www.sba.gov/business-guide/grow-your-business/women-owned-businesses>.

Resources for minority-owned businesses from the SBA can be found here: <https://www.sba.gov/business-guide/grow-your-business/minority-owned-businesses>.

### ? Concept Check

1. What is the Small Business Administration (SBA)?
2. Describe the financial and management assistance programs offered by the SBA.

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