



Highlights of GAO-04-76, a report to congressional requesters

SMALL BUSINESS ADMINISTRATION

Progress Made, but Transformation Could Benefit from Practices Emphasizing Transparency and Communication

Why GAO Did This Study

The Small Business Administration (SBA) has recognized that it needs to realign its current organizational structure and processes to improve its ability to fulfill its primary mission—supporting the nation’s small businesses. In July 2002, SBA announced that it was initiating a transformation effort to increase the public’s awareness of SBA’s services and products and make its processes more efficient. GAO evaluated SBA’s progress in implementing its transformation initiatives and challenges that have impeded or could impede implementation and whether SBA’s transformation incorporates practices GAO has identified in previous work that are important to successful organizational change.

What GAO Recommends

SBA should (1) ensure that implementation leadership is clearly identified to employees and stakeholders, (2) finalize its transformation plan and share it with employees and stakeholders, (3) develop performance goals, (4) use the performance management system to define responsibility, (5) develop a communication strategy that promotes two-way communication, and (6) solicit ideas of employees and the union and ensure that their concerns are considered. SBA said it would consider our recommendations but disagreed with some of our findings related to its budget requests and employee communication and involvement.

www.gao.gov/cgi-bin/getrpt?GAO-04-76.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Davi D’Agostino at (202) 512-8678 or d’agostinod@gao.gov.

What GAO Found

SBA has made some progress in transforming its organization, although efforts could be impeded by budgetary and staffing challenges. SBA started three district office pilots to test marketing and outreach techniques and two pilots to centralize loan processes. However, SBA officials told us that their plans for expanding the pilots and implementing additional initiatives have changed because the agency did not receive any funding for transformation in fiscal year 2003 and may not receive any in fiscal year 2004. GAO found that SBA did not provide consistent, clear budget requests with a detailed plan for transformation results. The challenge of staffing its centralization initiatives, including relocating employees and avoiding undue disruptions to operations, could further complicate SBA’s progress.

When SBA initially planned and began implementing transformation, it gave some attention to practices important to successful organizational change. SBA drafted a plan and created an implementation team to manage the transformation. However, significant weaknesses in implementation could impede further progress and exacerbate the challenges noted above. The transformation could fail if practices and implementation steps focusing on transparency and communication are not given more attention.

Key Practices and Examples of Weaknesses in SBA’s Actions and Plans

Practice	Weaknesses in SBA’s actions and plans
Ensure top leadership drives the transformation and dedicate an implementation team.	SBA’s leadership and implementation team has experienced changes, but those changes were not made evident to employees and stakeholders.
Set implementation goals and a timeline to build momentum and show progress from day one.	SBA created a transformation plan with implementation goals and a timeline, but the plan remained in draft and was never shared with employees and stakeholders.
Establish a coherent mission and integrated strategic goals to guide the transformation.	SBA needs to develop and link performance goals to support SBA’s strategic goals for transformation, such as expanding outreach to small businesses.
Use the performance management system to define responsibility.	SBA’s new performance management system is at risk if employees’ understanding of performance goals and individual responsibility remains unclear.
Establish a communication strategy to create shared expectations and report related progress.	SBA communicated through managers and a newsletter, but did not allow for two-way communication to obtain feedback from employees and stakeholders.
Involve employees to obtain their ideas and gain their ownership for the transformation.	SBA did not benefit from employee perspectives or gain employee support because employee and union involvement was limited.

Source: GAO.