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The National Commission on Entrepreneurship

Welcome to E-News – bi-weekly economic news for followers of the entrepreneurial economy. Through E-News, we bring you short summaries and analyses of various trends driving the innovation economy. We welcome your input and suggestions for how we can improve this service. In addition, please feel free to share this with friends and colleagues. To subscribe or unsubscribe to E-News, send an email to

Thanks in part to George W. Bush's strong support, faith-based social service and non-profit organizations have been growing in both size and numbers over the past few years. However, the performance of these groups has not yet been fully subjected to rigorous outside evaluations. However, a new Ford Foundation-sponsored study by Sheila Kennedy and other researchers at Indiana University-Purdue University at Indianapolis (IUPUI) offers one of the first in-depth reviews of the effectiveness of faith-based charities and their performance relative to other social service providers. The research, which examined programs in Indiana, North Carolina, and Massachusetts, found that few faith-based organizations have opted to become government contractors. Despite growing interest from the government's side, many groups still feel wary about accepting government support. Some of the more interesting findings emerge from the study's examination of job training efforts in Indiana. Researchers found no differences in job placement rates between religious and secular programs. However, those who used faith-based services accepted jobs with fewer hours and that were less likely to provide health insurance. While it is too soon to draw final conclusions from this early research, the use of rigorous assessments of faith-based programs is a positive sign.

The study, *Charitable Choice: First Results from Three States*, is available at:

Wednesday, June 04, 2003 America Online: AArtFletch

Outsourcing by both the public and private sector has been a major, and often under-appreciated, driver behind new entrepreneurial activity. As large institutions focus on their core competencies, new opportunities are opened up for entrepreneurs to provide services ranging from information systems management to janitorial services. A new Accenture study of government outsourcing in 22 countries finds that continued aggressive outsourcing is likely to continue into the future. The Accenture team interviewed 130 senior government officials and found that 77% were actively encouraging outsourcing and would continue to do so for the next five years. Much of this activity in the past has focused on technology infrastructure. Among the more interesting new trends is growing interest in outsourcing business applications and processes, such as website design and customer relationship management. Somewhat surprisingly, respondents did not rank cost savings as an important factor in considering outsourcing. Instead, they pointed to other factors such as large scale public employee retirements and the need to provide around the clock services as more important outsourcing decision influencers.

The report, *Outsourcing in Government: Pathways to Value*, is available at:

London is abuzz with lots of exciting things on the entrepreneurial front. Britain's Treasury Ministry is now in the process of developing proposals to create a new equity financing vehicle based on the US' Small Business Investment Company (SBIC) program. A consultation paper, *Bridging the Finance Gap: A Consultation on Improving Access to Growth Capital for Small Business*, has been published, and leading experts are assisting in the development of this plan. Meanwhile, the Bank of England has recently released its tenth report on the state of small business finance in the UK. The report summarizes the 2002 performance of British small firms and assesses their ability to access needed finance. The general picture is relatively good. Overall economic growth has been modest, but small firms have generally succeeded in obtaining finance and maintaining existing operations. Both start-up and business failure rates rose during 2002. Overall, small business accounts for 54% of gross value added in the economy (excluding public sector) and 40% of net capital expenditures. The report warns that several sectors, including manufacturing and tourism, face significant challenges ahead. In contrast, robust consumer spending has helped buoy the wholesale and retail trade sectors.

The Treasury's consultation paper, *Bridging the Finance Gap: A Consultation on Improving Access to Growth Capital for Small Business*, is available at

The Bank of England's report, *Finance for Small Firms: A Tenth Report* (April 2003), is available at

The Association of University Technology Managers (AUTM) has released its newest survey on technology licensing by major US and Canadian universities and research institutions.

AUTM Licensing Survey: 2001 is the most comprehensive look at the state of technology licensing by North American research facilities. The latest data, which tracked 198 different institutions, includes a number of highlights. As in the past, a few major institutions, like Columbia University, MIT, and the University of California system, are the stars of the tech transfer universe. Columbia alone earned nearly \$130 million in licensing revenue in FY2001. Unfortunately, few schools hit these kinds of home runs through licensing. While 22,397 licenses were reported in FY2001, less than 131 generated more than \$1 million in income. Not surprisingly, licensing can also be an effective tool for new business creation. Roughly 494 new firms were created thanks to licensing agreements in FY 2001. Since 1980, more than 3,870 new businesses have been created via this process. The good news is that a large portion of these firms (2,159) still remain in business today.

A survey summary is available at

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