Unifying EPA's Small Business Activities:

A Strategy to Meet the Needs of Small Businesses

Introduction

Small Businesses are increasingly playing an important role in the U.S. economy, accounting for 99.7% of all businesses in the U.S. and 51% of private-sector output. This is a trend that we anticipate will continue as the U.S. economy grows, with small businesses playing a lead role in this growth in many sectors.

Because of the vast number and types of small businesses, their environmental performance is critical to the success of EPA's mission of protecting human health and the environment. Meeting this mission involves the actions of small businesses to address high priority environmental issues and reduce environmental impacts to air, water, and land. To effectively influence the operations of small businesses to achieve these environmental goals, EPA intends to integrate a small business focus in all of our core functions.

EPA's activities related to small businesses are as diverse as EPA itself. They range from drafting and revising regulations and guidance, to research and development, to providing assistance in understanding environmental requirements, policies, and good environmental practices, to offering incentives for good performance, to enforcement when needed. EPA intends to ensure that our small business efforts meet the needs of small business operations and that the tools we develop are clear, concise and presented in a user-friendly format.

EPA began the process of revising its 1984 Small Business Strategy with a clear mission: to highlight policies and approaches that advance the protection of public health and the environment in ways that are relevant to small businesses. The strategy was developed based on a series of interviews within EPA and with focus groups, states, industry representatives, and other interested stakeholders to better understand the current issues and obstacles facing small businesses.

Small businesses stated that they face many challenges in their attempt to be good, responsible environmental stewards. The biggest concern small businesses expressed to the Agency is that they do not know what requirements apply to them, whom to contact, or how to comply. If and when they do find out what is required, they stated that they are frequently confused by duplicative, overlapping or conflicting requirements, many of which have been designed for larger entities with no down-scaling options. Because small businesses fear being targeted, they are reluctant to call environmental agencies for more information. Small businesses stated that they need short, clear, concise, easy-to-read and easy-to-find information both in hardcopy and on-line. Additionally, many small businesses believe that the cost of compliance for them provides a disadvantage compared to the same costs applied to large entities.

The findings of these interviews and meetings form the basis for the revised Strategy. EPA is attempting to lessen the regulatory burden that is placed on small businesses without sacrificing environmental protection. EPA also continues to seek and develop innovative ways to help small businesses strengthen their environmental performance, achieve cost benefits from more efficient use of resources, and reduce the environmental impacts in their communities.

EPA's Vision for Meeting the Needs of Small Businesses: Unifying Actions and Coordinating Activities to Strengthen Environmental Results

The revised Strategy set forth in this document will guide EPA in future efforts to understand the operations and needs of small businesses, to develop and implement programs and policies that consider their effect on small businesses, and to work effectively with small businesses to improve their environmental performance. The revised Strategy is intended to unify EPA's diverse programs in a coordinated approach to small business issues, assistance, and the environmental performance of small businesses. Because small businesses are local and assisted by programs in the states, partnerships between EPA and the states are essential. This approach will be used to reach five key goals:

- **Coordinate approaches within EPA, and strive to coordinate with other federal agencies, consistent with the goals of the President's Management Agenda for e-government initiatives (http://www.whitehouse.gov/omb/egov/), so that small businesses can better understand and meet their environmental responsibilities.** Businesses often face an array of different approaches and requirements for environmental, health, and safety protection. A goal of the revised Strategy is to promote coordination among EPA Offices, and to work with other federal agencies, to develop effective, less burdensome, and non-duplicative programs to strengthen environmental performance by small businesses.

- **Build better understanding within EPA of the diversity, needs, and most effective ways to work with small businesses.** It is important for EPA managers at all levels and their staffs to have a clear view of the numbers and types of small businesses they regulate as well as the challenges they face. This understanding will help EPA develop programs and procedures that strengthen the environmental performance of small businesses in less burdensome and more cost-effective, safer, and cleaner ways.

- **Emphasize partnership and stakeholder involvement**. Recognizing that resources are shrinking, strengthen the current network within the Agency, states, tribes, and local governments for providing information and assistance to small businesses. This same network can be used for obtaining sufficient small business input so that EPA can better design programs and regulations to address their current needs. Establishing diverse partnerships will help increase EPA's credibility with and reduce mistrust by small businesses. Explore partnerships to develop appropriate and cost-effective compliance assistance tools and mentoring programs.

- **Strengthen the environmental performance of small businesses.** As EPA works to implement current approaches or develop new approaches, we must remember that protecting human health and the environment is our top priority. We will strive to achieve measurable environmental improvements by working with small businesses to help them improve their environmental performance while increasing their competitiveness, and to remove regulatory and other barriers to better performance.

- **Instill the concept of environmental stewardship in small businesses.** The foundation of EPA's work in protecting the environment is a framework of regulations. This framework has led to tremendous progress in improving environmental quality. But regulations cannot solve all environmental problems. As a result, EPA continues to pursue voluntary programs as opportunities to work with businesses to address environmental problems. EPA encourages small businesses to seek pollution prevention alternatives and to go beyond compliance, which can involve less costly solutions, preserving resources, using less environmentally damaging materials, participating in voluntary environmental programs, and working together with other businesses to implement business practices, products and services that promote environmental stewardship.

Building a Strategic Framework

EPA will approach its vision by using a strategic framework designed to meet the needs of small businesses. This involves learning more about small businesses and to use this expanded knowledge base to unify and coordinate its programs and activities to efficiently and timely meet the needs of small businesses. The strategic framework is structured around five types of activities or building blocks that complement each other in building a solid foundation:

Outreach activities. Through current activities and actions, as well as new and innovative outreach vehicles identified through this process, EPA plans to continue developing an accurate understanding of the needs of the small business community. Outreach activities would also allow the small business community to develop a better understanding of and relationship with EPA.

Building a knowledge base. Through analysis and communications resulting from outreach, EPA will expand its knowledge base about small business operations, issues and needs. In addition to understanding the needs of small businesses, EPA should strive to better understand the collective impact of small businesses on the environment and public health, as well as the environmental impacts of key small business sectors. This will help EPA efficiently identify opportunities for environmental improvement. Through this process, EPA will learn about small businesses and small businesses will learn about EPA.

Setting priorities. This expanded knowledge base will help EPA set priorities for meeting the needs of small businesses, while gaining environmental improvements. It will also guide the development of regulations, policies, and other initiatives so that they are timely, complementary, and customized to the needs of the relevant small business sectors.

Unifying, coordinating, and innovating. An ever-present theme of this strategy will be to unify and coordinate programs and activities by sharing information and leveraging resources within EPA. An additional objective is to explore ways to also coordinate and leverage resources between EPA and other federal agencies for exploring and developing innovative approaches to assist the small business community.

Measuring and evaluating. EPA will strive to develop ways to measure and evaluate the results of its efforts to serve the small business community, to measure performance gains, and to achieve environmental improvements. Elements of the small business knowledge base should serve as a baseline against which environmental improvements can be measured.

The revised Strategy focuses on four major elements aimed at unifying EPA's small business activities: (1) Strengthen the Agency's Advocacy Roles; (2) Expand Small Business Involvement in the Regulatory Process; (3) Develop and Evaluate Small Business Focused Compliance Assistance Tools and Resources; and (4) Promote Programs that Reward Environmental Leadership. These elements directly support EPA's vision for meeting the needs of small businesses.

Strengthen the Agency's Small Business Advocacy Roles

To appropriately and adequately meet the needs of small businesses, EPA's policy is to ensure that those needs are represented and supported throughout the Agency. EPA plans to strengthen the advocacy role of the Small Business Division by educating EPA management and staff on small business issues, increasing our regulatory involvement and reporting efforts, expanding our outreach programs, and addressing barriers to better environmental performance.

- **Educating and training of EPA staff.** Foster a sense of responsibility within the Agency by educating and training EPA management and staff as well as working with state and local counterparts to increase awareness of small business needs and mechanisms for strengthening small business environmental performance.

- **Reporting and information sharing.** Develop and coordinate reporting of EPA's efforts and initiatives to serve the small business community, culminating in a *Small Business and the Environment Annual Report*. Led by the Small Business Ombudsman, reporting and information sharing will increase the awareness of small business needs within EPA and will unveil potential future opportunities to work with small businesses.

- **Strategic planning and regulatory opportunities.** Integrate small business issues into the Agency strategic planning process, by creating opportunities for small businesses to present their concerns to EPA and for EPA to address and reduce performance barriers for small businesses in general, or for different types of small businesses. Additionally, increase active participation by the Small Business Division and other offices in the regulatory development process representing small business issues and concerns within the Agency.

- **Working with states and the public.** Strengthen partnerships with states, tribes, and trade associations. Develop opportunities for input from the small business community on the

regulatory process and other programs and policies. Also, increase their awareness of the regulatory process and their overall environmental awareness.

- **Creating and invigorating networks.** Develop and convene small business forums and a national summit that will serve as networking opportunities on a national level and raise the level of awareness of and about the small business community.

- **Marketing and outreach.** Coordinate and expand marketing and outreach efforts to enhance awareness of the nationwide Small Business Assistance Program and services available to small businesses, technical assistance providers from all involved agencies, and the public at large.

Expand Small Business Involvement in the Regulatory Process

EPA plans to continue expanding current mechanisms and developing new approaches that allow small businesses to become more involved in the regulatory process. This will involve enhancing the culture at EPA and providing the ability for small businesses to become more engaged in the process.

- **Small business friendly culture.** Foster and encourage a more small business friendly culture within EPA, which is intended to improve relationships with small businesses and increase opportunities for meaningful interactions.

- **Involvement in the regulatory processes.** Encourage involvement of small businesses in various stages of the rule development process, including pre-rule development. This may involve more interaction with trade associations and other small business entities, developing plain language factsheets on proposed rules, as well as factsheets, compliance guides and checklists on final rules, and enhancing opportunities for small businesses to comment on proposed regulations.

- **Evaluation and assessment.** During the implementation of a rule, evaluate compliance assistance tools that could be used to address the unique needs of small businesses. Assess the programs and projects that best serve the small business community. Continually strive to increase the effectiveness of the other programs and projects to a comparable level.

- **Innovative approaches.** Promote the use of alternative, less burdensome permitting approaches for small businesses through the rulemaking process to the extent possible within the statutory requirements and provide assistance to promote compliance with these requirements. Many small businesses are good at thinking outside the box, finding innovative approaches to problems and learning how to do "more with less." EPA will be able to capitalize on these characteristics and work with small businesses to create innovative, less burdensome approaches for regulations.

- **Regulatory Flexibility Act (RFA) process.** Facilitate the involvement of small businesses in the RFA process by increasing current interaction with trade associations and other small business entities and informing them of opportunities to participate.

Evaluate and Develop Compliance Assistance Tools and Resources

In today's economy, small businesses face many regulatory challenges and requirements. EPA will assist small businesses to meet these challenges by evaluating current tools and resources considering their effectiveness, by developing and adapting innovative compliance assistance tools and resources, and by developing assistance tools that are tailored to meet the needs of different types of small businesses. EPA will also strive to develop tools to measure performance gains. These efforts will be used to set priorities for developing mentoring programs, web-based expert systems where appropriate and possible, plain language factsheets, and compliance guides.

- **Appropriate use of resources.** EPA continues to place efforts and resources into assisting small businesses in ways that are beneficial to both small businesses and the environment. Like small businesses, EPA believes it is important to continue to find innovative ways to utilize its resources in an efficient manner and coordinate its activities to capitalize on current work and prevent duplication of efforts within EPA.

- **Innovative tools.** Continue to provide small businesses proven resources such as plain-language compliance guides, checklists, and factsheets, while also developing innovative approaches to assist more small businesses and increase their involvement in the development of innovative tools.

- **Technology-based tools and resources.** Due to the nature of small businesses, continue to provide hard-copy tools to aid in compliance assistance, while continuing to develop simple, on-line, interactive expert systems, clearinghouses, web-based tools, and user-friendly software, as appropriate and possible, to help small businesses with compliance and reporting requirements.

- **Stewardship and prevention approaches.** Formulate policies that encourage small business environmental compliance, environmental stewardship beyond compliance, and adoption of pollution prevention alternatives.

- **Mentoring and other non-traditional programs.** Use non-traditional delivery methods to reach small businesses such as mentoring programs by EPA and other agencies, by trade associations, and business-to-business.

Promote Programs that Reward Environmental Leadership

Rewarding small businesses that take leadership roles and developing innovative approaches to environmental regulations and non-regulatory environmental programs will serve as a catalyst to other small businesses to become more environmentally conscious. There are many opportunities to adapt and promote current EPA programs to the small business community. Additionally, there may be opportunities to develop new programs that are specially tailored towards small businesses.

- **Environmental management systems.** Expand the development and implementation of environmental management systems by small businesses. EPA encourages the use of environmental management systems through resources and guides it has developed.

- **Recognition programs.** Reward small businesses that go beyond compliance; EPA Program and Regional Offices for outreach, education, and compliance assistance efforts for small businesses; and programs external to EPA that assist small businesses.

- **Pollution prevention.** Identify and promote cost-effective pollution prevention practices that can be implemented by small businesses. Develop partnerships that promote cleaner, cheaper, and smarter business practices.

- **Voluntary programs.** Develop strategies to encourage small businesses to go beyond compliance by participating in EPA's voluntary programs.

- **Research and development.** Expand the reach of the Small Business Innovation Research (SBIR) and the Environmental Technology Verification (ETV) Programs through the development of partnerships with existing state and federally funded technical assistance programs.

Meeting Future Challenges.

The Strategy and its associated implementation plan will occur within the context of a changing world. EPA will need to identify and address the economic, social, and political trends that affect both small businesses and EPA while adapting our approaches to maintain effectiveness. These trends will include traditional challenges such as evaluating existing tools, finding the most effective techniques, and providing assistance with fewer resources. These trends will also include new challenges such as homeland security and changing threats to the environment. For the Strategy to be successful in continuing to meet the needs of small business, it needs to be regularly measured and evaluated.

Signed on this _____ day of June, 2003, in the City of Washington, in the District of Columbia.

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Christine Todd Whitman
Administrator
U.S. Environmental Protection Agency