

Victories in Capitalism



The Minority Business Development Agency helps build the economy, one business plan at a time.

As a budding industrial designer, Dosho Shifferaw, a young immigrant from Ethiopia transplanted to California's Bay Area, couldn't stop experimenting with his ideas. Working on the structure for an ergonomically correct chair he had drawn up, he tried bending a polymer rod into shape over his shoulder.

“**T**he chair wasn't going anywhere, but I could feel my muscles burning,” he says, after tugging and pulling on the steel rod. “I thought, wow, this is a great workout.” With that, BowFlex was born, an exercise machine that uses rods, rather than weights, as resistance.

Even though Shifferaw was certain BowFlex was a terrific idea, he found no takers as he presented his device to different manufacturers in the early 1980s. Working as a cab driver to support himself, he was in no position to fund the plan on his own, and he was about to give up — until a friend suggested he contact the Minority Business Development Agency (MBDA). Representatives from the agency worked with Shifferaw and taught him what he needed to know about writing up a business plan, setting up a company and attracting investors. “That was the beginning of my dreams turning into reality,” says Shifferaw. Today, BowFlex, Inc., which is now owned by The Nautilus Group, has sold more than \$1 billion worth of rod-based exercise equipment.

All of which is just one more success story in the long and golden legacy of the Minority Business Development Agency. As part of the U.S. Department of Commerce, the MBDA is the only federal agency created specifically to foster the establishment and growth of minority-owned businesses in America. The agency's mission is to actively promote the growth and competitiveness of minority business enterprises of all sizes, and as such, today the MBDA is an entrepreneurial organization serving entrepreneurs, and is committed to wealth creation in minority communities. “For minority entrepreneurs, we can make the difference between a dream that succeeds and a dream that turns to dust,” says Ronald N. Langston, the agency's national director. “Our mission could not be more important.” Langston further notes from an MBDA-commissioned study by the Amos Tuck School of Business at Dartmouth that “the success or failure of minority-owned businesses will increasingly drive the success or failure of the overall economy.” In short, “As minority enterprises grow, so grows America,” says Langston.



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— Ronald N. Langston, National Director,
Minority Business Development Agency



Dosh Shifferaw, inventor of the BowFlex home gym, with his other innovations

While the U.S. Census Bureau projects that 90% of U.S. population growth over the next 50 years will be among ethnic minorities, minority business enterprises will continue to lag behind their competitors in the national and global marketplace. Minorities represent 27% of the U.S. population, but minority-owned businesses represent only 15% of companies, 3% of gross receipts and 4% of employment, according to the MBDA. “This critical issue must be addressed if more minority-owned businesses are to fulfill their potential and join the ranks of America’s best and biggest companies,” says Langston. “Minority business enterprise is a national priority.”

Minority-owned businesses also have an increasing role to fill in the supply chain to corporate America. According to the most recent figures from the National Minority Supplier Development Council, the largest companies purchased more than \$800 billion from minority-owned businesses in 2003. This amount is expected to surge in the coming decades.

A Quiet, Effective Organization

Created by Executive Order in 1969 and first known as the Office of Minority Business Enterprise, the MBDA provides

funding for a network of Minority Business Development Centers, Native American Business Development Centers and Minority Business Opportunity Committees located throughout the nation. These centers provide minority entrepreneurs with one-on-one assistance in writing business plans, marketing, management and technical assistance and financial planning to assure adequate financing for business ventures. “The centers are staffed by business specialists who have the knowledge and practical experience needed to run successful and profitable businesses,” says Langston. Business referral services are provided free of charge, and the network generally charges only nominal fees for specific management and technical assistance services.

The MBDA helps socially or economically disadvantaged groups that own or wish to start or expand their own businesses, including African Americans, Alaskan Natives, American Indians, Hispanic Americans, Asian Americans, Pacific Islanders and Hasidic Jews. With its mission of helping these groups achieve entrepreneurial parity by actively promoting their ability to grow and compete in the global economy, the MBDA is addressing challenges in several specific areas that it has identified as key to entrepreneurial success:

- ❖ **Access to Capital.** Many young entrepreneurs, such as Shifferaw, do not have the ability to create viable business plans, and do not know about sources of funding, says Langston. The MBDA offers help with all phases of this business imperative.
- ❖ **Financial Literacy.** “In the rush to begin companies, many entrepreneurs have to be educated in the basics,” says Langston. This includes understanding the importance of good accounting, transparency in an organization’s reporting techniques and good governance in operations. “We teach budding entrepreneurs that these are the essentials in order to attract investors.”
- ❖ **Making Use of Technology.** The tools available today can be bewildering even to well-established businesses, let alone those just starting up. With the MBDA’s help, minority entrepreneurs learn to use technology to promote e-commerce and gain competitive advantage not just domestically, but also globally.

The MBDA also helps minority business entrepreneurs focus on specific markets, particularly in manufacturing. “Historically, manufacturing has been a very strong engine of wealth creation in this country,” says Langston. Because of the cost of entry, however, “we do not have a lot of minorities represented in this area. We will do whatever we can to make sure that minorities have an opportunity to purchase through acquisition



Allen Pugh, Exec. Vice President and Dir. of Client Services – African-American, GlobalHue

Ahead of the Curve

"Today, advertising has to be about more than awareness," says Allen Pugh, executive vice president and director of client services – African-American. "It's about helping our clients grow market share and adding value to the bottom line."

GlobalHue, the nation's largest minority-owned, full-service, multicultural communications agency, provides market expertise for African-American, Hispanic, Asian American, Urban, Youth and Gay-Lesbian-Bisexual-Transsexual (GLBT) consumers.

The agency's account planning and research capabilities generate an abundance of research information. It is analyzed and monitored for cultural relevance by GlobalHue's own staff, which reflects the same markets clients want to reach.

"The buying power of multicultural consumers is escalating, and our ability to create ads that connect with them in their language and on their terms puts us ahead of the curve," says Pugh. "We've won several creative awards for work developed for DaimlerChrysler group brands, but most importantly, we've helped them to grow market share within these segments."

The majority of the agency's 160 employees are headquartered in Detroit. Offices also are located in New York, Miami, Los Angeles and San Antonio. For more information, visit www.globalhue.com.



Opening of the Business EXPO at the National Minority Enterprise Development Week 2004 Conference: Joining MBDA National Director Ronald Langston (center w/scissors) is Brenda Schneider, First Vice President, Comerica Bank, and Corporate Chair of the National MED Week 2005 Conference (right from Langston).

As a Nigerian immigrant, Emeka Ohuche struggled with the burden of sending money back to his relatives in Africa. "All of my friends would take cash to the local Western Union and have it wired home, which involved time and effort," he says. Instead, Ohuche hit upon a better idea.

or mergers into these manufacturing firms, so that these companies will stay in the U.S. and not go abroad." In addition to providing technical and managerial assistance, the MBDA is now moving strategically to play a greater role in brokering deals that will help well-organized companies expand into new markets.

An Idea Takes Hold

As a Nigerian immigrant, Emeka Ohuche struggled with the burden of sending money back to his relatives in Africa. "All of my friends would take cash to the local Western Union and have it wired home, which involved time and effort," he says. Instead, Ohuche hit upon a better idea. Why not create a company that would allow people and businesses to make easy, fast and secure personal money transfers to anyone, anytime, anywhere?

Ohuche started by raising money from friends and family, and then realized he needed much more capital to take the concept farther. A friend suggested that he turn to the MBDA; not for a loan, but for the skill and advice he needed to be able to secure the funding on his own. The training program he attended during the MBDA's National Minority Enterprise Development Week Conference "was like financial boot camp," he says. "The counselors help entrepreneurs hone their presentation skills, prepare for meeting with venture capitalists and create viable business plans."

With this training, Ohuche was able to obtain \$5 million in private funding. The result is the Atlanta-based iKobo, Inc., now a global financial services company that provides online electronic payment and remittance services. "Our company's success is directly connected to the help we received from the MBDA," he says.

Expanding the Internet's Reach

After working with Bell Atlantic for nearly a decade, Stephen C. Gowdy had developed an intriguing business model. He wanted to build a wireless broadband network that focused on underserved and rural areas — including Native American reservations — in the Midwest where he lived. "I wanted to deploy Internet access for people who couldn't get it, and I found a huge need out there among people who couldn't get DSL or broadband cable and for whom the cost of high speed T-1 telephone lines was prohibitively expensive, at \$800 to \$900 a month," he says. "I knew how to accomplish my goal; what I didn't know was how to find help to fund my project."



Valencia Adams, Vice President and Chief Diversity Officer, BellSouth Corporation

BellSouth Corporation's commitment to supplier diversity began with our founding in 1984. Our mission is to expand opportunity and participation by Minority-, Woman- and Disabled Veteran-owned Business Enterprises (MWDVBEs) in our procurement of goods and services.

Supplier diversity is a core element of BellSouth's inclusion strategy. Our commitment is driven from the top by Chairman and CEO F. Duane Ackerman. In 2003, he chartered the Supplier Diversity Advisory Council (SDAC), a group of operating executives from BellSouth's largest business units who spearhead major new MWDVBE initiatives. The SDAC works with the Chairman's Diversity Council, the Office of Diversity and the Supply Chain Services department to advance the company's supplier diversity goals.

Since 2000, BellSouth has awarded \$2.7 billion in business to MWDVBE suppliers. Their "market share" of the corporation's procurement budget has grown over 78% in the past four years.

BellSouth supports MWDVBE development through mentoring, executive education grants and business workshops.

An active second-tier program creates additional opportunities for MWDVBEs, and we uphold rigorous standards for prime contractors to partner with MWDVBE subcontractors.



(L. to R.): Stephen Gowdy, President & CEO, StoneBridge Wireless Broadband, and Ronald Langston, National Director, MBDA

After working with Bell Atlantic for nearly a decade, Stephen C. Gowdy had developed an intriguing business model. He wanted to build a wireless broadband network that focused on underserved and rural areas — including Native American reservations — in the Midwest where he lived.

Working from a home office, Gowdy drew up a preliminary business plan and took it to a half-dozen local banks with a request for a \$40,000 loan, and after hearing that the business plan was one of the best they have seen, he was consequently rejected by all of them. Eventually, he was referred to the Minnesota Chippewa Tribe-sponsored Native American Business Development Center — funded by the MBDA — for help. For more than a year, the center assisted him with a variety of management and technical support, including business projections and securing necessary insurance and bonding licenses for his business venture.

"The executive director of the center, Vern Barsness, caught the vision of what I was trying to accomplish, and had his people research every financing and grant possibility out there," he says. The center identified relevant federal funding opportunities and assisted Gowdy with his application to a U.S. Department of Agriculture loan program. "When this application was all said and done, the paperwork was probably about 8 inches tall," says Gowdy. "I certainly could not have done that by myself." In 2003, after submitting the application in 2001, he was awarded a \$4.25 million low-interest rate loan, more than 100 times the amount he had originally sought from the local banks. The result is StoneBridge Wireless Broadband, now the market leader in Minneapolis/St. Paul, which provides carrier-class fixed wireless broadband services to businesses and small office/home office users in Minnesota, western Wisconsin and eastern Oklahoma. Best of all, for Gowdy, there was no direct charge to him for the help given.

"Through the MBDA, like so many other small people with big ideas, I found someone who believed in me," says Gowdy. "That's made a huge difference not just to myself, but to the people I employ, as well as the customers who have grown to depend on us."

The MBDA National Minority Enterprise Development (MED) Week Conference is the largest federal conference for minority entrepreneurs, and will take place September 11-14 in Washington, D.C. For more information about the conference, please call 888-563-3933, or visit www.medweek.gov.

Web Directory

Minority Business Development Agency www.mbda.gov
BellSouth www.bellsouth.com
Cargill www.cargill.com
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