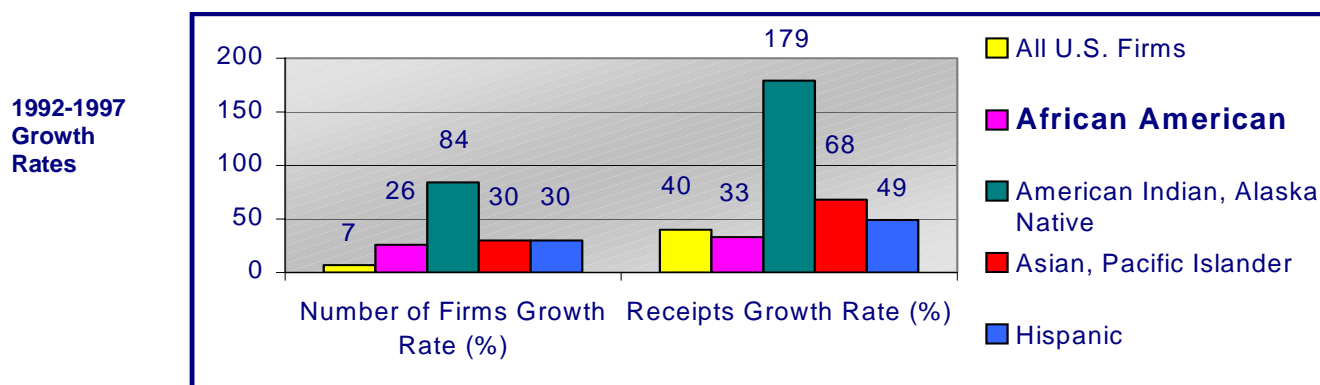


The State of African American Business

On July 12, 2001, The U.S. Department of Commerce, through the Census Bureau and the Minority Business Development Agency, released the 1997 Survey of Minority Owned Business Enterprises (SMOBE) Report and MBDA's The State of Minority Business. MBDA's report noted (in brief):

High Growth Rates

Between 1992 and 1997 the number of African American-owned businesses grew 26% and their gross receipts increased 33%. The firm growth rate compares favorably to the 7% rate for all U.S. firms during that period, but less than the 40% gross receipts growth rate.



Growth rates are the aggregate rate of growth for the five year period 1992 to 1997 for each group in accordance with methodology described in Census Bureau, *1997 Economic Census, Survey of Minority-Owned Business Enterprises*, pp 3-8.

Low Average Size

The average size of African American-owned businesses is substantially lower than nonminority firms. African American-owned firms averaged \$86,500 in sales and 0.7 employees per firm compared to \$1 million and 99 employees for nonminority firms. [See below chart and Table 1]

1997 African American Population and Business Shares of Total U.S. (percent)

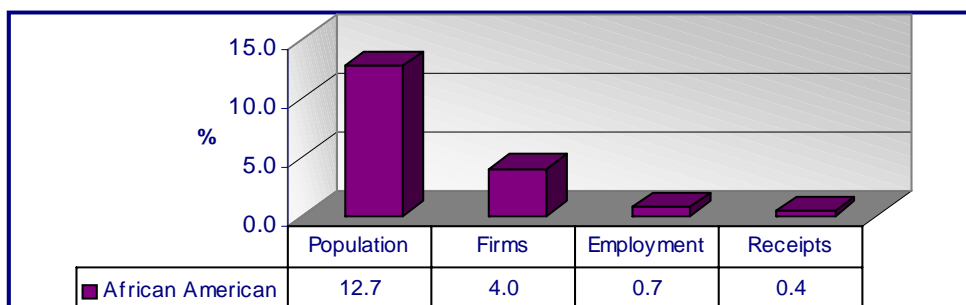


Table 1: 1997 Total Firms, Total Gross Receipts, Average Gross Receipts and Total Employees

Group	Number of Firms	Gross Receipts	Average Gross Receipts	Employees (in millions)
African American	823,500	\$71.2 billion	\$86,500	0.7
American Indian and Alaska Native	197,300	\$34.3 billion	\$174,000	0.3
Asian and Pacific Islander	913,000	\$306.9 billion	\$336,200	2.2
Hispanic	1,199,900	\$186.3 billion	\$155,200	1.4
All Minority	3,039,000	\$591.3 billion	\$194,600	4.5
Nonminority	17,782,900	\$18.0 trillion	\$1,010,100	98.8
All U.S. Firms	20,821,900	\$18.6 trillion	\$891,000	103.3

NOTE: Detail on this table does not add to total (All Minority and All U.S. Firms) because of duplication of some firms. A Hispanic firm may be of any race and, therefore, may be included in more than one minority group.

Prepared by Research and Innovation Team for Ronald N. Langston, National Director, MBDA. For full report, visit www.mbda.gov.
 Revised December 13, 2001

Lower Entrepreneurial Activity

Minority-owned business activity (measured by number of firms, receipts and employment) in the United States continues to be significantly smaller than minority representation of the Nation's population. [See Table 2]

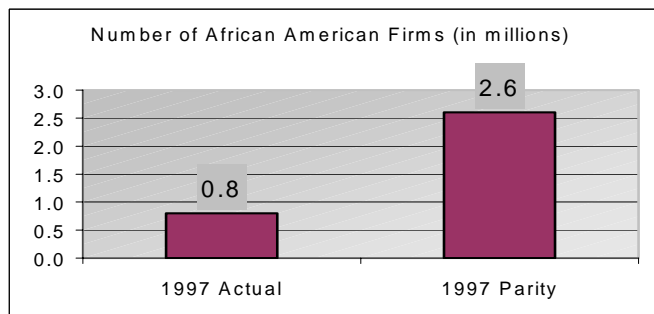
Table 2: Comparison of 1997 Demographic and Firm Characteristics Distributions

Group	Percent of Total U.S. Population	Percent of Total U.S. Firms	Percent of Total U.S. Gross Receipts	Percent of Total U.S. Employees
African American	12.7	4.0	0.4	0.7
American Indian and Alaska Native	0.9	0.9	0.2	0.3
Asian and Pacific Islander	3.8	4.0	2.0	2.1
Hispanic	10.9	6.0	1.0	1.3
All Minority	27.3	14.6	3.2	4.4

NOTE: Detail on this table does not add to total (All Minority) because firms and individuals can be counted in multiple groups. A Hispanic firm may be of any race and, therefore, may be included in more than one minority group.

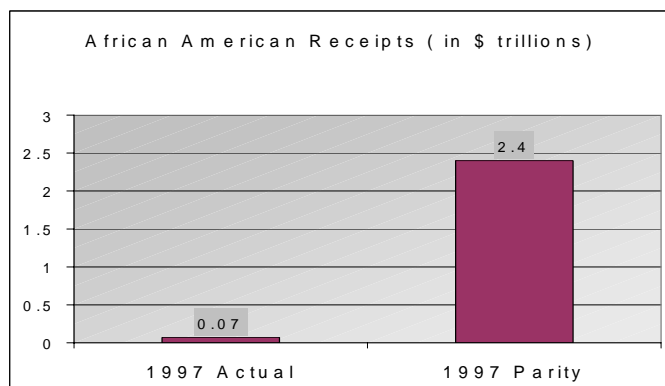
Achieving Entrepreneurial Parity – The Opportunity Gap

The state of African American business in 1997 would look radically different if parity had been achieved. Parity is defined as reaching proportionality between the African American population percentage and percentage share of African American business development measures such as numbers of firms, gross receipts and employment.



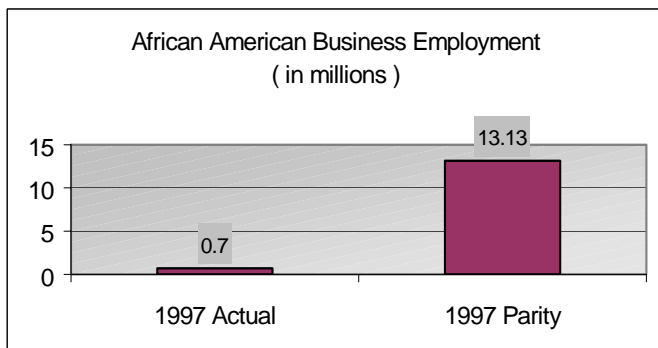
Number of African American Firms, 1997 Actual and 1997 Parity

In this scenario, the number of African American-owned businesses would have been over three times the actual number, or 2.6 million firms, rather than 0.8 million firms.



African American-owned Business Gross Receipts, 1997 Actual and 1997 Parity

Parity in African American-owned business receipts would have resulted in more than thirty times the actual number – from \$71.2 billion to \$2.4 trillion.



African American-owned Business Employment, 1997 Actual and 1997 Parity

Employment in African American-owned firms would jump from 0.7 million to 13.13 million in the parity scenario.

