

The Electronic Bulletin of the Minority Business Development Agency

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Bush Requests Historic MBDA Funding

[President Bush Proposes 19.6 Percent Increase in MBDA Funding for FY 2005]

President Bush will ask Congress for a \$5.6 million increase in funding for the Commerce Department's Minority Business Development Agency (MBDA) in fiscal year 2005. MBDA is the only federal agency authorized to support the growth and development of minority-owned businesses.

"The increased funding underscores the Bush administration's strong support for minority business enterprise and entrepreneurship," said Ronald N. Langston, MBDA's National Director. The boost represents a 19.6 percent increase in funding and is the first time since 1996 that the Agency's budget has topped \$30 million.

Highlights of the increase include funding for a Survey of Minority-Owned Businesses (SMOBE), additional program money for the Agency's business development center program and funding for a new initiative aimed at Asian American and Pacific Islander business development. MBDA seeks \$3 mil-

lion to conduct an annual (SMOBE). The SMOBE survey, conducted by the US Census Bureau, is currently conducted every five years. The Agency has been pushing for an annual survey to give lenders and borrowers the most accurate, up-to-date market information they need to do business.

"There is a lack of data on minority business growth and development in this country, particularly as it relates to the ability of minority businesses to gain access to the capital that they need to grow their businesses," Langston said. "The ability to conduct this survey on a regular basis is critical."



Ronald N. Langston
National Director

MBDA also seeks \$2.1 million for Business Development Centers and Minority Business Opportunity Committee (MBOC) programs to improve opportunities for minority businesses in areas with the highest minority business density. The programs assist minority-owned businesses to increase their access to capital, identify new market opportunities, and to improve their business operations. Finally, MBDA seeks an increase of \$0.5 million to establish

trade activities in response to the President and the Secretary of Commerce's initiative on trade promotion for U.S. minority businesses with Asian American and Pacific Islanders.

Commerce Department statistical data shows that minority firms today are growing faster than the general business community. While minority population growth significantly outpaces majority growth, minority businesses are still far behind majority businesses in terms of penetrating markets, attracting capital, and growing revenue. "This Administration understands that what is good for the minority business community is good for the US economy as a whole," Langston said. "This budget increase gives us the opportunity to offer much-needed services to the fastest growing sector of the economy."

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Sourcing Small- and Minority-Business through the MBDA

By Ronald N. Langston
 MBDA National Director

There is no question that globalization has changed the way American banks do business.

As the minority population of the United States grows shifting the demographic makeup of the United States, there will be substantial opportunities for American financial institutions to tap into the needs of the growing minority business community. The U.S. Department of Commerce's Minority Business Development Agency (MBDA) can assist lenders in targeting these markets.

Over the past 30 years, MBDA, under the Department of Commerce, has worked on behalf of minority-owned businesses nationwide. Since its inception in 1969 MBDA has been the only federal agency specifically created to foster the establishment and growth of minority-owned firms. Over a 30 year period, the Agency has funded business development centers around the country to provide technical assistance, and through its network, has assisted firms in identifying and obtaining market opportunities and financing sources.

MBDA's technical assistance resources

MBDA has five National Enterprise Centers throughout the country (Atlanta, Chicago, Dallas, New York and San Francisco) and four District Enterprise Centers (Boston, Los Angeles, Miami and Philadelphia). These regions represent the areas

where the largest concentration of minority firms exists.

There are three core MBDA programs to assist minority firms with expansion, acquisitions, and business development. These programs are:

- The Minority Business Development Centers (MBDCs);
- The Native American Business Development Center (NABDCs); and
- The Minority Business Opportunity Committees (MBOCs).

To receive services through the Centers or through MBDA's other programs, a business owner must be an African-American, Hispanic or Latino, Asian-Pacific Islander, Native-American, Alaska Native or Hasidic Jew. Currently, there are 26 Minority Business Development Centers and 8 Native American Business Development Centers (visit <http://www.mbda.gov> for locations) throughout the country, where MBDA provides individualized assistance in all areas of business, including administration, business planning, marketing, bidding and loan packaging to finance transactions.

The MBOC program, administered by nine MBOCs throughout the country, coordinates federal, state and local business resources to increase market access for minority business enterprises. The MBOC is composed of business leaders in local communities. Senior level representatives of financial institutions and large local companies are frequent members of the MBOCs.

MBDA has redesigned its Minority Business Development Center program to focus on:

- Existing businesses with minimum annual revenues of \$500,000; and
- Emerging businesses with the potential for growth.

This segment of the marketplace was identified primarily because these businesses generate over 65 percent of total minority revenues and 55 percent of the total employment. While producing significant employment and revenues, businesses of this size are generally overlooked by service providers.

By contrast, micro-enterprises, upon which MBDA had historically focused, are serviced by SBA's small business development centers, Community Development Financial Institutions, and Community Development Corporations. Firms in this size range constitute 80 percent of all minority businesses and are responsible for 5.4 percent of the employment and 8.3 percent of revenues generated by minority firms. It should be noted that the NABDC program is not included within this restructuring.

SBA 7(a) and 504 Loan Guaranty Program Penetration Rates in Minority Business Community

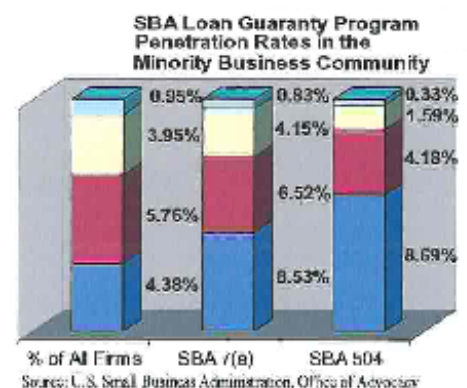


Figure 1

Sourcing from page 2

MBDA continues to support utilization of guarantee programs (federal and state government) and creative programs, such as its Capital Access Program, to bridge the financing gap to increase capital availability for minority firms. As shown in the Figure 1 (previous page), over a 10-year period (1990-2000), through the use of the SBA 7 (a) loan program and the SBA 504 loan programs, minority firms received 20 percent of total 7(a) loans and 15 percent of 504 loans. In addition, the Community Express Program makes the majority of its loans (57 percent) to minority businesses. This is currently a demonstration project, and MBDA would like to work with the SBA to expand this program and ensure its permanency.

New MBDA initiatives in 2004

To increase the quality of its service provision to these firms, MBDA is implementing, effective January 2004, a new and innovative Strategic Growth Initiative. In partnership with the Tuck School of Business Administration at Dartmouth College, MBDA will increasingly focus its services on minority firms with more than \$500,000 in annual revenues or emerging businesses. The emphasis on these firms with the greatest potential will result in a greater economic impact to the U.S. as well as development within minority communities. These are the firms that can create much-needed jobs in inner city and rural areas and improve the overall domestic output. To maximize its ability to impact minority employment and communities, MBDA will emphasize the development of businesses that can meet these needs.

transactions for these firms. A pilot being implemented in mid-2004 will help minority firms provide products and services to larger companies in a few rapidly growing industries.

For more information about the Agency and the minority business community, please visit <http://www.mbda.gov>. This site contains valuable information on emerging markets, finance, and loan criteria for conventional, SBA guaranty loans and other federal loan programs and studies on technology and capital markets.

MBDA is committed to continue finding ways to promote the creation and expansion of minority firms by lowering barriers to financial services and increasing finance opportunities. Given MBDA's new direction to focus on mid-size and emerging businesses and by standardizing its delivery system, MBDA is poised to serve as the catalyst to organize and assist the financing networks to identify and fund minority firms that will offer great business opportunities.

Through effective utilization of financial partners and government loan programs, MBDA will help minority firms access capital to sustain and expand their business growth. Greater financial successes for minority firms will result in benefits for the overall economy and create additional jobs and revenues.

MBEs by Sales Range (\$100,000 to >\$1 million)

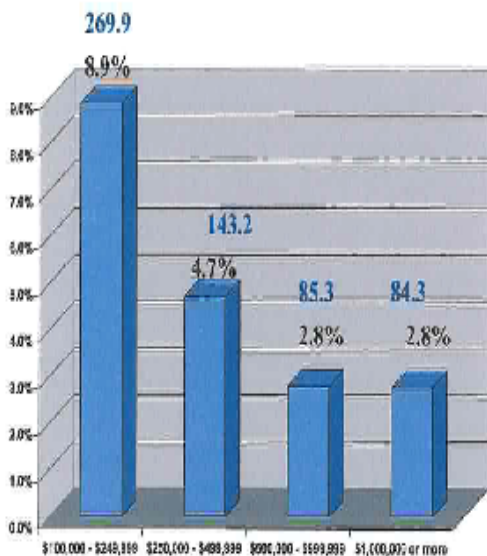


Figure 2

Source: U.S. Census Bureau. July 2001. *1997 Economic Census. Survey of Minority-Owned Business Enterprises, Company Statistics Series*. U.S. Department of Commerce, Economics and Statistics Administration. Note. **Blue numbers** reflect the actual number of minority-owned businesses (in thousands); **Black numbers** reflect the percent of businesses within that particular sales range are minority-owned businesses.

MBDA would like to partner to a much greater extent with national banks who are looking to increase their penetration of minority firms. While some of its centers work closely with the financial community, the core competency of others may be in contracting or procurement assistance. With MBDA's increasing standardization of services, the Agency would like to develop much closer collaborations with financial institutions, so that its centers can increasingly serve as financing intermediaries.

MBDA has several pilot programs that will augment its MBDC program. One example is the MBDA's Equity Capital Access Project which involves high-growth minority firms, that are seeking equity capital and the opportunity to present their business concepts to venture capital providers. Another initiative, being administered by MBDA's New York National Enterprise Center, involves a development program for larger businesses, in which staff will facilitate contracting and financing

MBDA Conducts Nationwide Outreach Campaign

By Stephanie Childs, Acting Chief, Office of Legislative Education and Intergovernmental Affairs

The Minority Business Development Agency is embarking on a nationwide campaign to see you this year! With over 30 cities in the planned tour, MBDA is reaching out to re-introduce itself to you. With a newly reorganized Business Development Center Program and a focus on integrating minority firms into the global economy, the 2004 MBDA outreach mission is designed to help firms build strategies for growth.

Kicking off the outreach campaign in January, National Director Langston and Associate Director for Legislative Education and Intergovernmental Affairs, Chiling Tong, traveled to Seattle, Washington, Northern California, and Honolulu, Hawaii. Before a roundtable discussion at the Greater Seattle Chamber of Commerce, National Director Langston announced the creation of a business development center to provide minority entrepreneurs with help in marketing, accounting, business planning and gaining access to capital. During a stop in San Jose, Langston met with approximately 70 Hispanic business executives to discuss minority entrepreneurship and the health and vitality of the nation's economy. And while in Hawaii, Langston presented \$1.25 million to the Waipahu Community Association for a business incubator and job-training center that is expected to result in the creation of 240 jobs within the first two years of completion.

"MBDA's outreach efforts are intended to afford minority business

owners the opportunity to learn more about the Agency and other key public and private sector resources that can facilitate minority business development and for MBDA to hear directly from key business, civic and govern-

mental leaders regarding issues of concern to them," said Langston.



National Director presents check for \$1.2M to Waipahu Community Association in Hawaii.



National Director Langston and Associate Director Chiling Tong meet with the Cathay Post 384 of the American Legion in California.

MBDA Expands Trade Education Program

By Stephanie Childs, Acting Chief, Legislative Education and Intergovernmental Affairs

The Minority Business Development Agency (MBDA) will conduct a five-city tour of trade education seminars, designed to introduce first-time exporters to opportunities in developing markets and to help those already exporting to increase their market share abroad. With a road show team comprised of key government trade promotion agencies, including the Overseas Private Investment Corporation, the US & Foreign Commercial Service and the Export-Import Bank, MBDA plans to conduct workshops in Miami, Phoenix, Detroit, Chicago, Memphis and New Mexico in 2004. For more information about these events, please check our website at <http://www.mbda.gov> for further details.

The trade education road show effort is an extension of MBDA's recognition that successful companies today have a global outlook. In 2003, MBDA began to build on an international program that seeks business linkages between U.S. minority-owned firms and firms in target markets abroad. The program began with a 2002 pilot project focused on linking U.S. Hispanic business community with businesses in Spain. In 2003, MBDA officials traveled to sub-Saharan Africa to meet with business leaders interested in pursuing opportunities with U.S. minority-owned firms.

"The timing for further expansion and education is right," said National Director Langston, encouraging U.S. minority businesses to get more in-

involved with global business opportunities fosters greater investment and involvement in high-return, high-growth industries such as construction and engineering, oil and gas-related products and services, transportation and other basic infrastructure projects."

MBDA leadership recognizes the great global market opportunities that exist. The growth of the minority population in the U.S. has significant implications for policymakers and business leaders across all sectors and around the world. As the U.S. minority population grows, MBDA remains committed to aggressively creating market opportunities for U.S. minority-owned companies around the globe.

MBDA's New Portal/Website Design Features

From the Office of Information Technology, Research and Innovation, Contributing Writers Norman Dowe, Angel Colón and Chuck Harrison

MBDA's Office of Information Technology, Research, and Innovation (OITRI) is pleased to report that Phase I of the new MBDA Portal was released in early January of this year. Some of the highlights for Phase I were:

- A change in content from being a website geared towards MBDA to a website more geared towards Minority Business Enterprises;
- An updated "look-and-feel" with easier navigation;
- Core content geared to help minority entrepreneurs; and
- An emphasis on making the tools and services more easily accessible.

Behind the scenes, the OITRI has been diligently working to create a

completely dynamic website; (i.e., everything is stored in a database and served up to the user as they request it through the use of the Content Management Tool, which allows users within the organization to add or edit content without the intervention of web developers. You can view the new website at <http://www.mbda.gov>.

Below, you'll find that the number of visitors to the new MBDA Portal/Website increased significantly between December of 2003 and January of 2004.

Hit Summary	Jan 2004	Dec 2003
Successful Hits for the Entire Site	2,902,046	1,126,752
Average Hits per Day	93,614	36,346

Table 1



Captured View of the MBDA Portal/Website

The Bottom Line

From the Office of Performance and Program Evaluation, Contributing Writers: Mary Choi, Jerry Miller, Melda Cabrera

[MBDA Scores Big in Performance in FY 2003]

MBDA provides funding for a network of Minority Business Development Centers (MBDCs), Native American Business Development Centers (NABDCs) and Minority Business Opportunity Committees (MBOCs) throughout the U.S. The Centers offer a wide range of business services to minority business enterprises including one-on-one assistance in writing business plans, marketing, management and technical assistance and financial planning to assure adequate financing for business ventures. The MBOCs are tasked with identifying procurement and contract opportunities, and likely sources of financing.

In FY 2003, MBDA and its funded network exceeded all but one of its performance measures. The Agency's performance goals are to:

- 1) Improve the opportunities for minority-owned businesses to have access to the market place;
- 2) Improve the opportunities for minority owned businesses to pursue financing; and
- 3) Improve MBDA's organizational effectiveness, responsiveness and efficiencies.

The Agency's investment in minority business development is strengthening the Nation's economy and enhancing America's competitiveness in the global marketplace. Most impressive was the Return on Investment for each MBDA funded program -- MBDC, NABDC, MBOC, the Arkansas Roundtable and the Minority Enterprise Capital Access (MECA) program. (See Figure 3)

Additional performance highlights by the MBDC-NABDC programs include:

- Providing services for 7,647 clients (averaging 14 hours of Management and Technical Assistance each);

- Averaging client contracts valued at \$192,353;
- Assisting 12 percent of its clients resulting in gross receipts over \$1 million;
- Averaging financial packages valued at \$721,892;
- Assisting a large volume of clients from Texas, New York, California and Florida;
- Bringing in the most dollars in total transactions with assistance from the MBOCs; Texas (\$162.5 million), California (\$115.1 million) and Puerto Rico (\$110.2); and
- Getting contract awards from the private sector (43%) and the federal government (32%).

Figure 4 illustrates a breakout of National Enterprise Center performance by total transaction dollars from both staff and funded project contributions.

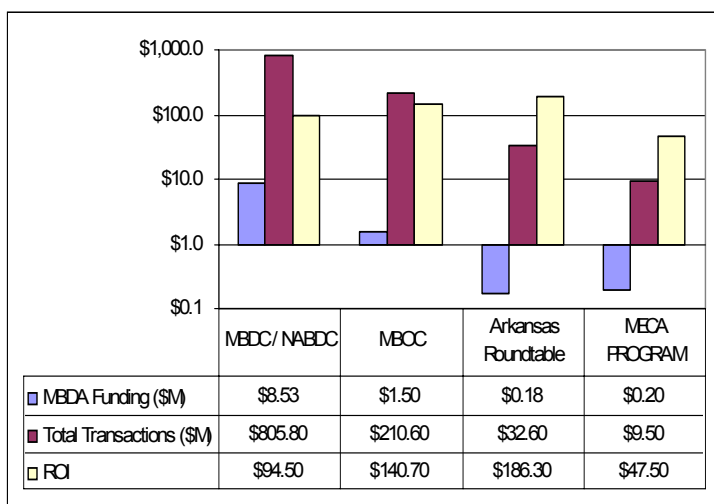


Figure 3

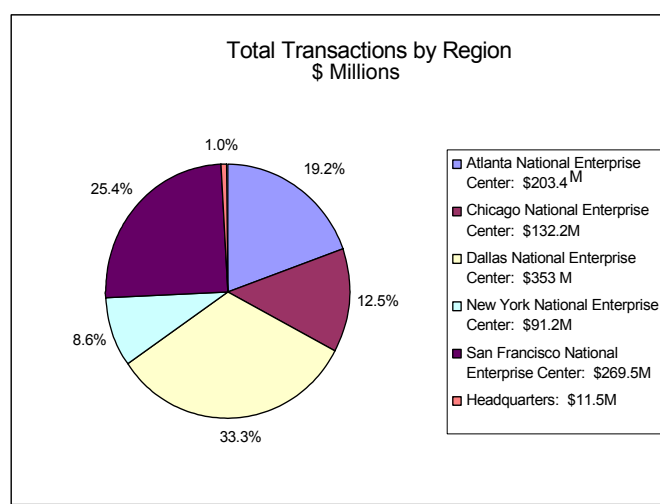


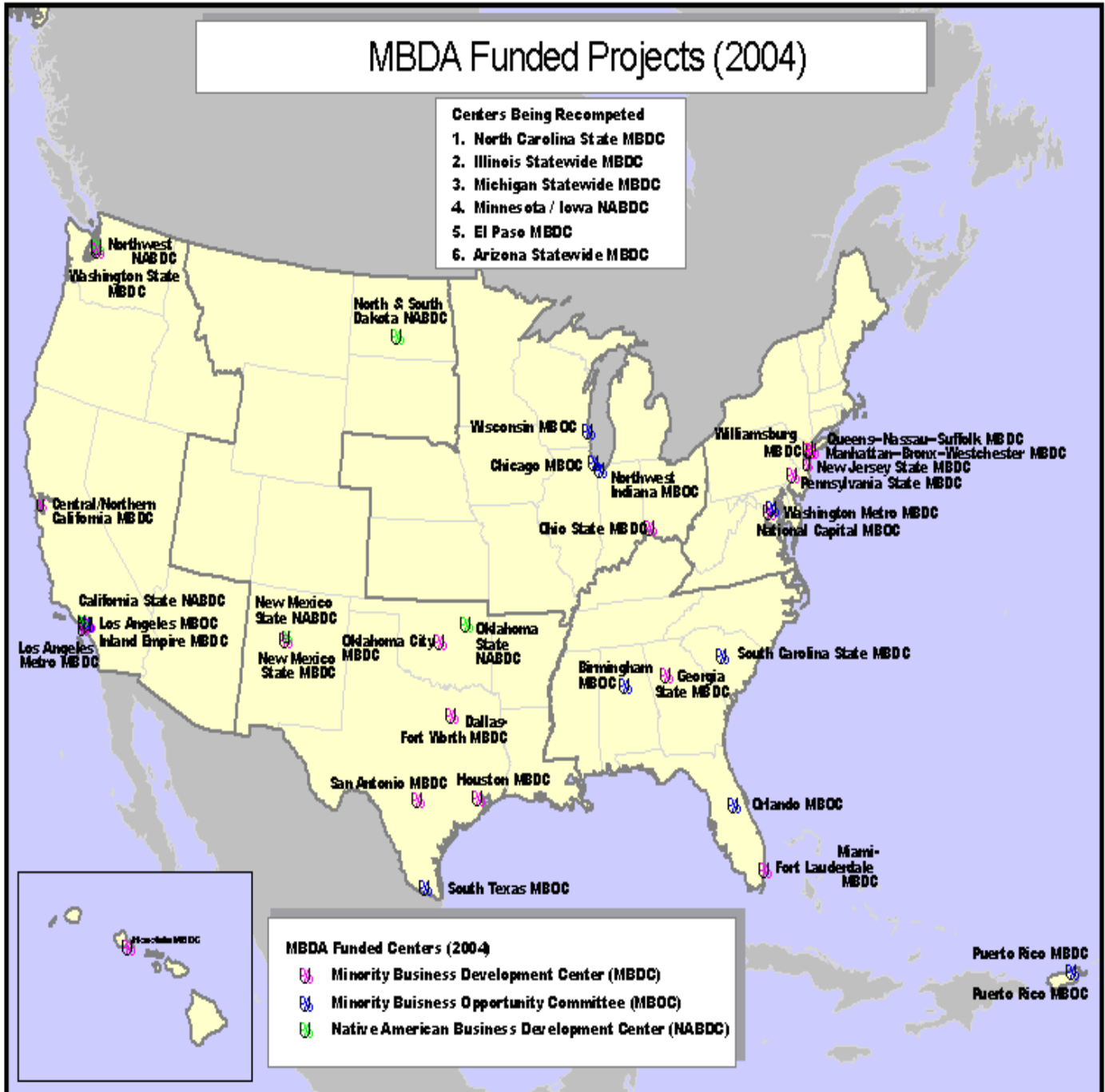
Figure 4

The Electronic Bulletin of the Minority Business Development Agency

MBDA Funded Projects

By Juanita Berry (Office of Business Development), Kevin Matthews (Office of Information Technology, Research and Innovation)

For a current listing of MBDCs and MBOCs, please visit the new MBDA Portal/website (Learn About > Find Local BDC Offices).



INSIDE MBDA

HUMAN RESOURCE MANAGEMENT

Executive Portal Project Training at Headquarters

By Michael Barber

An Executive Portal software was purchased last Fall and is being made available for tracking major projects throughout the Agency. A training effort is underway to capture all data required that will enable managers to get a "snapshot" of their projects in progress or that have been completed. "Lasting transformation most often happens at the grassroots level - with individual people and individual projects," said Mr. Scott Hilton-Clark of Confida, a consultant on the software and training project. Mr. Hilton-Clark conducted group training for 20 headquarters employees. Each project manager was required to bring at least one major project to the training to learn how to input data to graphically show how each project is progressing through various means with a graphic that has quadrants (e.g., a milestone chart, a "dart board" graphic with a bulls eye depicting how close a project is to completion, a narrative explaining any major pitfalls or hold-ups, and a graphic showing overall projects for an entire office). The training sessions lasted approximately 3 hours. Should you need training on the software, please consult Michael Barber at headquarters (202-482-4672; mbarber@mbda.gov).

ComPass Commerce Performance Appraisal and Awards System

By Michael Barber

ComPas (Commerce Performance Appraisal and Awards System) is an innovative approach to managing the documentation process for performance planning and evaluation and is currently being modified by the Office of Human Resource Management (OHRM) in the Office of the Secretary, Department of Commerce, to pilot to a wider department audience. Mr. Michael Osver of OHRM provided a demonstration of the software to the Headquarters and Regional management staffs during a MBDA Management Conference. The MBDA will be participating in the next phase of the pilot which should soon be operational. For more information concerning the project, please see the user's documentation on the Executive Portal under the ComPas Project Workbook.

Employee Corner

By Martha E. Burton

The Department of Commerce believes in "strategic human capital management" or the recruitment and sustaining of a highly productive and diverse workforce. To do this, it is committed to aligning people with their competencies and providing them with the tools and technologies to help them deliver. In the case of Ms. Angela Washington, Commerce did just that.

Ms. Washington began her tenure in the Federal government as a summer intern in a "Worker Trainee Program." After graduation from Theodore Roosevelt Sr. High School in Washington, DC, she was selected to work in the

department's Office of Civil Rights. She later joined the MBDA family as part of its administrative staff in the Office of the National Director and was encouraged to pursue her interests in the information technology field. After receiving training in computer hardware, software and network technology, she became a member of the Agency's Information Technology Team.

"I am glad to be part of the MBDA family where you are encouraged to pursue educational and professional goals," said Washington. Ms. Washington is a featured success story as part of department's recruitment on college campuses around the nation. When she is not working, she enjoys spending time with her son, other family members and friends and listening to music. She looks forward to further developing her skills in the networking area.

"Departmental employees must be given employment opportunities that are of interest to them thereby allowing them to realize their full potential. Ms. Washington has many strong points, but her ability to think outside the box and visualize change is to be admired. I am pleased that she has been able to pursue positions and training that she genuinely enjoys," said National Director Langston.



Angela Washington



Dallas Success Story

*John Iglehart, Regional Director
Dallas National Enterprise Center*

Dallas — Randy Gurule founded Acme in 1994 and started operations with just four employees, including himself. Acme now employs 22 individuals and will book sales close to \$3.0 million for calendar year 2003.

Acme Worldwide Enterprises, Inc. is a participant in SBA's 8(a), SDB and HUB Zone programs and provides engineering services and fabrication/retrofit and testing of flight simulators for such clients as the U.S. Navy, Eclipse Aviation, White Sands Missile Range and the Boeing Airplane Company.

Initial development problems were establishing credibility with target customers and establishing an adequate line of credit. Acme was able to get 8(a) certified which helped with the credibility issue and the New Mexico Statewide Minority Business Development Center (MBDC) helped the company get set up with a growing revolving line of

credit at Wells Fargo Bank. The New Mexico Statewide MBDC is funded by the Minority Business Development Agency.

Individually, and through the Corporation, Mr. Gurule is an active dues-paying member of New Mexico 8(a) & Minority Business Association, Rio Grande Minority Purchasing Council and Albuquerque Hispano Chamber of Commerce. Through the Hispano Chamber, he has contributed scholarship funds for qualified local high school seniors wanting to pursue engineering in college.

Mr. Gurule and Acme moved into a new company-owned corporate headquarters building in Albuquerque in October 2003. The new facility has 10,000 square feet of space, including a high bay area for fabrication and testing. Prior to the move, the engineering/production firm worked in just 2,000 square feet of space.

For more information about ACME Worldwide Enterprises, Inc., you can visit their website at <http://www.acme-worldwide.com>.



Hawker 800 Aircraft



**Hawker 800
Full Flight Simulator**

ACME was responsible for the design, development, fabrication, and testing of a Level C Full Flight Simulator (FFS) cockpit assembly for a Raytheon Hawker 800/800XP business jet. The cockpit assembly consists of the cockpit with avionic displays, primary and secondary flight controls, a supporting base-frame, instrumentation and cabling, control loading system, and the signal I/O system.