

Percent Increase in Client Gross receipts	New	New	New	New	New	New	10%
Percent increase in American Customer Satisfaction Index (ACSI)	New	New	New	New	New	New	5%
Number of National and Regional Strategic Partnerships	New	New	6	6	8	150	175

Resource Requirements Summary By Performance Goals

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Request	FY 2005 Request
Total Funding	29.8	27.9	28.3	29.0	29.2	35.5
Direct	29.5	27.6	28.2	28.9	28.6	34.5
Reimbursable	0.3	0.3	0.1	0.1	0.6	0.5
IT Funding	1.5	1.7	2.0	2.0	2.0	2.0
FTE	101	90	92	92	120	121

Corresponding Department Strategic Goal and Objective:

Strategic Goal: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers and Consumers

Objective: Partner with Private Sector and Non-Government Organizations to Develop Infrastructures to Encourage the Participation of All Americans in Economic Growth

Rationale of Performance Goal

MBDA has fully embraced the President's Management Agenda to meet its goal and performance measures proposed for Fiscal Year 2005. In 2003, MBDA engaged in a strategic planning process to develop a system that focuses resources and staff on results for customers. This strategic planning process is designed to organize services and the budget to maximize performance results. MBDA's recent reorganization created four new enterprise units:

- Office of the Associate Director for Management
- Office of Business Development
- Office of Legislative, Education, and Intergovernmental Affairs
- Office of Information Technology, Research and Innovation

MBDA has created measures for various programs and new initiatives within each of these units. The enterprise units are structured and engaged in utilizing the following set of criteria:

- citizen-centered,
- results-oriented,
- market-based,
- team orientation,
- flexible use of personnel, and
- empowering employees to be decision makers for citizens

MBDA through its entrepreneur transition has positioned itself to be more effective organizationally in identifying the needs of its customers; efficient in its delivery of services, and responsive to competitive business trends.

MBDA will remain entrepreneurially-focused and provide business development services to the minority business community through its internet Portal, e-commerce and a combination of different funded projects that offer an array of business services. These services include obtaining procurement contracts and financial opportunities that are measured, tracked and verified by staff. These are the major components of MBDA's economic development programs that are captured in its Performance database systems.

Program Assessment Rating Tool

MBDA participated in the Program Assessment Rating Tool (PART) process in FY 2002 and provided updated information in FY 2003. The agency's mission and performance goals were reviewed. Based on the evaluation, MBDA needed to address concerns on program performance. Based on this, MBDA revised its Minority Business Opportunity Committee (MBOC) program in FY 2003. For FY 2003, the MBOC program has clear guidelines for achieving specific performance indicators. These performance indicators include contract awards and financial transactions for minority business enterprises.

Management Challenges

There are environmental factors that are impacting the overall economy, but particularly affect minority businesses. These include the following:

- **The increasing globalization of the marketplace**
- **The move towards off shore production of products to minimize costs**
- **The downsizing of the corporate supply chain and the bundling of government contracts requiring that businesses be larger to compete.**

The Business Participation Rate (BPR) is a measure of businesses in a specific population group for every 1,000 persons in that group. The national BPR for non-minority groups is 91 firms for every 1,000 people in the United States. For minorities, the BPR is 42 firms for every 1,000 minorities.

While businesses of all size categories are important, the nationwide minority business community needs to focus on developing "growth firms" that can create new jobs and compete in an era of contract bundling and strategic partnering. Entrepreneurial initiatives, electronic commerce and a willingness to engage in strategic alliances and joint ventures will continue to be promoted by MBDA in the minority business community.

America's entrepreneurs play a significant role in the prosperity of the U.S. economy. Entrepreneurs develop and commercialize innovative products and services; generate new industries and firms to replace those that have run their course; and, create employment opportunities and wealth that is reinvested in new economic enterprises and in communities. Critical to entrepreneurial success is access to the marketplace and financing necessary to grow and expand these businesses.

Changes in Business Practices

Corporate purchasing practices are undergoing radical changes that are delaying minority supplier responses to the market. Business to business e-commerce technology is mandatory in order to partner with other larger firms. Federal contracting programs are now designed to be more cost effective by bundling small contracts into larger procurement opportunities. MBDA must address this with adequate management and technical assistance resources.

MBDA also will leverage research conducted by the Economics and Statistics Administration (ESA) on the "Keys to Entrepreneurial Success" by Dr. Patricia Buckley. Additional research indicates that only larger firms are able to compete for bundled prime contracts offered by federal and other public organizations, rather than as suppliers or subcontractors. MBEs are often locked out. Corporate purchasing practices are undergoing radical changes that are delaying minority supplier responses to the market. Business to business e-commerce technology is mandatory in order to partner with other larger firms. There are other practices that often deny minority firms access to the marketplace. MBDA is mitigating these factors into its market-focused information technology programs and internet portal that will offer solutions and

assistance electronically. Achieving entrepreneurial parity between minority population and its equal percentage share of business measures such as total firms, gross receipts and employment is MBDA's future objective.

Explanation of Each Performance Measure

MBDA benchmarks its success by utilizing the entrepreneurial parity methodology. Parity is defined as reaching proportionality between minority population and the percentage share of business development measures such as number of firms, gross receipts, and employment. This methodology records the progress made by minority business enterprises in achieving parity. Practical measures of business success include the number and value of contracts and financial transactions awarded to minority business enterprises as a result of MBDA activities. These practical performance measures are indicators of a minority business enterprise's ability to grow, create more jobs, and increase gross receipts, thereby achieving entrepreneurial parity. Therefore, MBDCs and NABDCs provide direct management and technical assistance that result in awarded contracts and financial transactions; MBOCs facilitate new contract awards; and the national and regional enterprise centers assist MBEs within their respective communities to obtain opportunities.

Total Number of all Clients served

For reporting purposes, MBDA proposes to consolidate all clients served by its staff, funded network (MBDCs, NABDCs, MBOCs) and its on-line Portal (business) tools including the Phoenix Opportunity contract matching system.

FY 2004 & FY 2005 Targets

The targets in FY 2004 and FY 2005 are significantly higher than FY 2003 actual performance because, for the first time, MBDA has included clients served by the MBOC program, MBDA staff, and on-line tools. FY 2005 reflects a 20% increase over FY 2004.

Number of contract awards obtained

This measure indicates the number of contract awards obtained by minority business enterprises as a result of MBDA activities conducted by staff, funded network, and on-line business tools.

FY 2004 & FY 2005 Targets

FY 2004 and FY 2005 targets for this measure are based on FY 2003 actuals and an anticipated increase in operational efficiencies. FY 2005 reflects a 3% increase in its target for this measure over FY 2004.

Dollar Value of contracts awards obtained

The dollar value of contracts awarded to minority business enterprises is an indicator that will measure MBDA's impact on the nation's economy. This measure represents the cumulative dollar value of approved and verified contract awards obtained for clients served by MBDA funded projects, agency staff, and on-line tools.

FY 2004 & FY 2005 Targets

MBDA's FY 2004 target is based on FY 2003 actuals and the projected increase due to the implementation of the agency's Strategic Growth Policy. This policy focuses MBDA's resources on firms with growth potential that has the greatest impact on the nation's economy. The FY 2005 target anticipates a projected increase when the Strategic Growth Policy is in full effect and the complete contingency of MBDCs and NABDCs are operational. FY 2005 reflects a 25% increase over FY 2004.

Number of financial awards obtained

This measure indicates the cumulative number of approved and verified financial awards obtained for clients served by MBDA funded projects and agency staff during the fiscal year.

FY 2004 & FY 2005 Targets

MBDA will encourage a strategy of mergers and acquisitions through strategic partnerships and alliances that will foster an increased number of financial awards obtained. The targets for FY 2004 have been adjusted based on actual performance of FY 2003. The increase in FY 2005 reflects a 10% increase over FY 2004 target.

Dollar value of financial awards obtained

This represents the cumulative dollar value of approved and verified financial packages for clients served by MBDA funded projects and Agency staff that have an award date during the fiscal year.

FY 2004 & FY 2005 Targets

During FY 2004, MBDA will be awarding grants to operate a reengineered BDC entrepreneurial program. This effort includes curriculum training from the Amos Tuck School of Business at Dartmouth College. Some grant awards will not occur until the second quarter in several geographic locations. Therefore, MBDA has maintained its FY 2003 actual of \$0.4 B as an FY 2004 target. In FY 2005, the program will be fully operational; MBDA expects a 13% increase in dollar value of financial transactions.

Number of Employee Training Hours

MBDA believes that training leads to greater operational efficiency and enhanced business development services. MBDA is committed to enhancing the skill level of its staff. The number of employee training hours indicates the agency's continued commitment to enhance human capital. To effectively implement the agency's mission, MBDA will continue to train and re-train its employees.

FY 2004 & FY 2005 Targets

MBDA has maintained the same targets in FY 2004 and FY 2005 which is a 10% increase over the target for FY 2003.

Number of new job opportunities created

The number of employees by MBEs is one of the entrepreneurial parity components that will benchmark MBDA's long-term success. In FY 2004, MBDA in consultation with independent experts will develop a baseline to benchmark the number of jobs created in minority business enterprises as a result of services provided by its funded projects and staff.

FY 2004 & FY 2005 Targets

The FY 2005 target for number of new job opportunities created is based on historical data concerning the business development centers' ability to generate new job opportunities. The FY 2004 benchmark, which will be based on actual performance, will provide a target for FY 2005.

Percent increase in Client Gross receipts

MBDA measures increases in gross receipts to determine the extent to which entrepreneurial parity is being reached. The FY 2005 projected increase in gross receipts was derived in consideration of the increases of contracts and financial awards obtained for clients. MBDA's Strategic Growth Policy is an indicator that will measure the growth of entrepreneurial parity relative to gross receipts.

FY 2004 & FY 2005 Targets

MBDA anticipates a 10% increase in FY 2005, based on FY 2004 actual performance that will be established. This measure may be adjusted as a target for FY 2005.

Percent Increase in American Customer Satisfaction Index (ACSI)

MBDA will continue to work with the Federal Consulting group and the University of Michigan to establish a baseline for the American Customer Satisfaction Index using an established model to survey the MBDC program, Information management, the Phoenix /Opportunity Bid-matching system and customer relations. We expect to improve this index and complete another survey in 2005.

FY 2004 & FY 2005 Targets

Based on MBDA's benchmark in FY 2004, this measure will be provided as a target for FY 2005. FY 2005 reflects a 5% increase from this benchmark.

Number of National and regional strategic partnerships

Strategic partnerships play an important role in the leveraging of resources. MBDA will monitor the number, growth, wealth, and empowerment enhanced through national, regional, and local partnerships established by the agency and funded network that will impact.

FY 2004 & FY 2005 Targets

In FY 2004, MBDA will include both regional and local partnerships in addition to national partnerships established. Regional and local partnership estimates will be reported by the National Enterprise Centers and funded network in FY 2004. FY 2005 reflects a 17% increase over FY 2004.

Program Evaluations

To meet Business Development Program Goals and Objectives, MBDA has three primary sources of program measures (contracts and financial transactions):

- The Minority and Native American Business Development Center Program
- The Minority Business Opportunity Committee Program and
- MBDA Staff Direct Service Activities

Additional program measures are generated from activities such as the Strategic Growth policy and the White House Initiative on Asian Americans and Pacific Islanders.

MBDA will continue to review each measure reflected under its performance goal. These evaluations will assess the success of all of its program initiatives and internal operations. MBDA will use these benchmarks to evaluate performance and develop a comprehensive, ongoing evaluation process to improve the effectiveness of Agency programs.

MBDA will address several areas of our operations to decrease the unit costs for business development services, as in program monitoring, grant packaging, staff brokering services, reporting systems, training, advocacy and marketing.

MBDA's Office of Performance and Program Evaluation is now reviewing program performance and evaluating the tactical measures used for internal operations and external funded projects. A Source Verification process has been developed and now implemented to review documentation reported by staff and funded projects. A strategic management planning conference has established revised measures to enhance MBDA's ability to better serve the minority community.

Cross-Cutting Activities

Intra-Department of Commerce:

MBDA continues to maintain and cooperate with several departmental organizations. MBDA will utilize the resources offered by the Department of Commerce to maintain effective operations. MBDA will do the following:

- Acquire best practices concerning financial processes in cooperation with the National Institute of Standards and Technology (NIST).
- Develop an automated procurement and contracting system with the National Oceanic and Atmospheric Administration (NOAA).
- Ensure effective human capital initiatives through the International Trade Administration (ITA), which serves as the human resource office for MBDA.
- Continue our alliance with the International Trade Administration to identify qualified minority vendor firms that can participate in trade missions to obtain global opportunities and receive the necessary information and technical assistance from ITA export assistance centers.
- Include minority business enterprise in new and emerging technology and innovation programs offered by NOAA and NIST ventures such as manufacturing extension centers and aquaculture business.
- Work with the Census Bureau to maintain up-to-date data and demographic information that can be used for marketing research and expand the survey of minority business to an annual collection.
- Service minority communities in areas of high unemployment that are identified by Economic Development Agency (EDA) to support infrastructure projects with business assistance and open opportunities for new business starts.

Other Government Agencies:

MBDA will reach out to other federal government agencies, such as:

- The Office of Personnel Management to stay current with the latest and most effective programs for enhancing human capital.

- The U.S. Department of Agriculture and the U.S. Department of Treasury to provide information regarding the latest and best training programs for budget, debt management, and finance.
- Export-Import Bank to include minority business in trade initiatives that provide access to export financing and global markets.
- Offices of Small and Disadvantaged Business Utilization to work closely with agency representatives to identify contracts and government programs that can service minority business.
- United States Agency for International Development (USAID) to educate the minority business and the African business communities on two-way trade between MBEs and sub-Saharan African businesses.
- MBDA has always had a working relationship with the Small Business Administration (SBA) to share resources and support the needs of local communities in promoting business ownership. MBDA and SBA work together to cosponsor the Annual Minority Enterprise Development (MED) Week celebration.
- The Office of Small and Disadvantaged Business Utilization (OSDBU) to always respond to MBDA's call to participate in trade fairs and procurement conferences.

State and Local Government/ Private Sector Partnerships

Private sector corporations contribute sponsorships to finance local and national conferences to benefit minority businesses such as the annual Minority Business Development Week (MED Week). Likewise, other local governments and communities assist MBDA events to promote procurement opportunities, social capital/networking and establish alliances. These stakeholders also:

- Participate in local workshops and training seminars on issues of importance to the minority business community.
- Distribute information about business opportunities.
- Sponsor booths to exhibit products and services at trade fairs.
- Receive congressional and presidential recognition for significant achievements.
- MBDA may utilize the service of private sector companies and strategic partners to obtain state-of-the-art information technology and other administrative tools.

External Factors and Mitigation Strategies

The Census Bureau produces a Survey of Minority-Owned Business Enterprise (SMOBE) every five years resulting in a lack of current minority business data. Most business growth indicators that are tracked annually or even quarterly however, MBDA does not have access to the data to measure the national growth and development of its constituents. An annual SMOBE would provide more timely information to build a foundation for research and add value to minority business communities.

By FY 2004, 45 percent of MBDA's workforce will be eligible for retirement. This could create a significant exodus of skills. MBDA will mitigate this factor by continuing to engage in an extensive training and recruitment program focusing in the areas of needed expertise.

The use of strategic partnerships with public and private sector organizations will help to maximize the impact of limited resources. The Office of Performance and Program Evaluation will evaluate the unit cost of providing business development services and the rate of return of these services to address on-going efficiency and effectiveness concerns.

Business to business e-commerce technology is mandatory in order to partner with other larger firms. There are other practices that often deny minority firms access to the marketplace. MBDA will continue to review the number of awards and the size to make recommendations to public officials and executive management to recognize the impact that contract bundling has on small and minority firms. MBDA will be taking new initiatives to identify opportunities and follow-up on matches that result in awards. MBDA is mitigating these factors into its market-focused information technology programs and internet portal that will offer solutions and assistance electronically.

Validation and Verification Table

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Total Number of all clients receiving services	Internet link to performance report system	Collect and report real-time Measure quarterly	Performance database system on Oracle platform	Client verification sample	Clients reported in BDC Performance, matches from Phoenix-Opportunity, and clients assisted by Agency Staff through Staff Performance Reporting System	Follow-up calls and notices to reach clients
Number of contracts Awards Obtained	Internet link to performance report system	Collect and report real-time-Measure quarterly	Performance database system on Oracle platform	Verification sample	Receipt of award document from source	Telephonic calls to any non-responsive client
Dollar Value of Contracts Awards Obtained	Internet link from MBDA headquarters to client delivery sites	Collect real-time and report quarterly	The performance database management system running on an Oracle platform	100% Verification	Responsiveness to client verification survey	Follow up notices to non-responsive clients
Number of Financial Packages Awards Obtained	Internet link from MBDA headquarters to client delivery sites	Collect real-time and report quarterly	The performance database management system running on an Oracle platform	Verification sample	Responsiveness to client verification survey	Follow up notices to non-responsive clients
Dollar Value of Financial Awards Obtained	Internet link from MBDA headquarters to client delivery sites	Collect real-time and report quarterly	The performance database management system running on an Oracle platform	100% Verification	Responsiveness to client verification survey	Follow up notices to non-responsive clients
Number of Employees Training Hours	Training Requests	Collect real-time and report quarterly	Automated Spreadsheet and database running on an Oracle platform	A 100% verification survey	Responsiveness to personnel to verification survey	Follow up notices to non-responsive personnel
Number of New Job Opportunities created	Performance Reporting updates	Semi-Annual	Performance Database system updates	Client survey updates	Responsiveness to survey	Follow-up data calls to clients
Percent increase in client Gross receipts	Performance Reporting updates	Semi-Annual	Performance Reporting updates	Client survey updates	Responsiveness to Survey	Follow-up data calls
Percent increase in American Customer Satisfaction Index	Follow-up Survey	Fall 2005	ACSI data file	Client calls and survey	Responsiveness by clients	Federal Consulting Group and Univ. of Michigan Survey

Number of National and Regional Strategic Partnerships	Memorandum of Understanding and Agreements	Collect real-time and report quarterly	Automated Spreadsheet and database running on an Oracle platform.	100% verification	Responsiveness to verification survey	Follow up notices to non-responsive clients
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