



# Minority Business Development Agency

## Mission Statement

The Minority Business Development Agency (MBDA) is an entrepreneurially-focused and innovative organization, committed to minority business enterprise and wealth creation.

The MBDA is the only federal agency created specifically to foster the establishment and growth of minority-owned businesses in the United States. The Department of Commerce's "Economic Information and Framework" theme is supported by the policies and programs that MBDA designs to increase minority business participation in the national and global economy. To accomplish this, MBDA's policy initiatives have been driven by economic growth strategies. MBDA developed the themes for its Regional and National Minority Enterprise Development (MED) Week Conferences to be consistent with the strategies. During the years 2001 to 2003, MBDA's MED Week themes were "Strategies for Growth in the American Economy, Parts I, II, and III: Rebuilding America's Infrastructure, Pursuing the Entrepreneurial Economy, and Pursuing the Global Economy," respectively.

MBDA is an entrepreneurially-focused and innovative organization, committed to empowering minority business enterprises (MBE) to create an environment where wealth can be achieved. The U.S. Census Bureau is projecting that 90 percent of the net U.S. population growth over the next 50 years will be in minority groups. Minority-owned businesses experienced substantial growth between 1992 and 1997, but there remain significant disparities between minority and non-minority firms. In order to address the disparities, MBDA has instituted a long-term strategy and policy initiative of "entrepreneurial parity." Entrepreneurial parity is defined as reaching proportionality between total minority population as a percentage and the percentage share of business growth measures such as the number of minority firms, gross receipts, and employment. The state of minority business in 1997 would look radically different if entrepreneurial parity had been achieved. In this scenario, the number of minority-owned businesses would have been almost twice the actual number, or 5.7 million firms, rather than three million firms. Also, entrepreneurial parity in minority-owned business receipts would have resulted in more than eight times the actual number—from \$0.6 trillion to \$5.1 trillion. Finally, employment in minority-owned firms would have gone from 4.5 million to 28.2 million in the parity scenario.

This long term goal of "achieving entrepreneurial parity for minority business enterprises" is the benchmark by which MBDA's critical Federal Government role will be measured. Although businesses with revenues of \$1 million or more constitute just three percent of the overall minority business community, these businesses are responsible for 66 percent of the total revenues of minority-owned enterprises and 54.4 percent of employment. In order to promote overall U.S. economic growth, it is now critical to promote medium to large business enterprises that can have a significant impact on employment and the tax base within their local communities. Increasing the number of medium and large minority businesses is in the short and long-term strategic interest of achieving MBDA's vision of wealth creation in the minority community. In pursuit of entrepreneurial

parity, MBDA has introduced a Strategic Growth Initiative. The Strategic Growth Initiative is designed to address the issue of sustainable business value for firms of size operating in growth industries. MBDA has collaborated with the work of Patricia Buckley, Ph.D., Economics and Statistics Administration, Department of Commerce entitled, "Keys to Entrepreneurial Success: Access to Education, Technology, and Capital." MBDA promotes the business case for MBE to pursue the global economy, with support from various MBDA policy initiatives, including but not limited to the Minority Equity Capital Access (MECA) program.

In FY 2003, MBDA completed its transformation and reorganization. The reorganization resulted in changing the names of its regional and district offices to National and Regional Enterprise Centers, respectively. This change was made to strengthen the centers within the minority business community and to support the President's Agenda for the management of human capital by promoting day-to-day contact and interactions with local resources, public and private sector representatives, and government officials.

These national enterprise centers monitor the business development services provided to MBEs. Services are provided through MBDA's funded network of providers; strategic alliances, the Internet Portal, including electronic matchmaking of contract opportunities; the Geographic Business Information Systems; Resource Locator; Business Locator; Business Needs Analyzer; and the Interactive Business Planner. MBDA also provides specialized access to markets and financial capital for firms seeking substantial growth opportunities.

The results of the services provided are captured electronically in the MBDA Web-enabled Performance Reporting System and confirmed using an intensive source verification process. In FY 2003, MBDA partnered with the Federal Consulting Group, a team of federal leaders who have managed major agency programs and are experienced in government operations, as well as improving customer service and creating fresh approaches to organizational challenges. The Federal Consulting Group is assisting MBDA in strategic planning, developing customer service standards, and developing new efficiency measures.

Dartmouth College's Tuck School of Business, one of the top-ranked business schools in the world, is assisting MBDA in the standardization of high quality and responsive business development services. One of the outcomes of this strategic partnership will be the development of an entrepreneurial curriculum and training course for MBDA's staff and network of funded projects. This Continuous Improvement Process will be the first of several strategies used to imprint an effective entrepreneurial culture on MBDA staff and its funded projects.

## Priorities/Management Challenges

The U.S. economy faces many challenges domestically and abroad. The nation may not sustain ongoing economic growth unless it utilizes all of its internal talents. Minority businesses are a key component of United States prosperity and could hold the promise of global expansion through their cultural, racial, and ethnic diversity. This diversity puts the United States in a competitive advantage, enabling MBEs to work strategically to effectively pursue the opportunities in the global economy. Essentially, it can be argued that the face of America, which is the face of the world, makes this country, more than any other, one that can connect with every country on earth.

Similar to the U.S. demographics, minority-owned businesses have growth rates in both numbers of firms and gross receipts that substantially exceeded those of non-minority firms between 1992 and 1997. However, minority firms continue to be under-represented in the overall U.S. business community when the number of firms, employees, and gross receipts are compared with minority population percentages. MBDA recognizes “regional clusters of innovation” throughout the country, which provides a framework to understand what necessary tools and services are needed to assist MBEs to pursue the opportunities that drive regional innovation, according to Michael Porter.

In addition, there are environmental factors that create challenges and opportunities for MBEs to compete in the entrepreneurial and global economy. 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.

Entrepreneurs develop and commercialize innovative products and services; generate new industries and firms to replace those that have run their course; and, most importantly, create employment opportunities and wealth that is reinvested in new economic enterprises and the communities. Critical to entrepreneurial success is access to the capital and financing necessary to grow and expand these businesses.

A new paradigm for minority business development requires that the public and private sectors expand their present focus from outreach, certification, and dollars spent to support MBEs to achieve gross revenue, capacity, and industry diversification. In short, minority business development services must be designed to create sustainable business values.

In order to implement this new paradigm, MBDA will develop a more industry-focused, data-driven technical assistance approach to educate minority business owners about the tools essential for becoming first or second tier suppliers to corporate America and the Federal Government in the new procurement environment. Sustainable value will translate into entrepreneurial parity and strategic growth through increased gross receipts, number of employees, size (gross receipts) and scale (capacity) of firms, and industry diversification associated with MBE, consistent with the survey of minority-owned business enterprises data.

### ***FY 2003 Performance***

In FY 2003, the President’s Management Agenda remains the doctrine for MBDA’s reengineered performance goals and measurements. MBDA channeled its activities to be reflected under three goals and 11 measures and has established a performance verification process to ensure the integrity of its data and reporting system. MBDA’s recent reorganization introduced the Office of Performance and Program Evaluation. This office is responsible for managing the agency strategic planning process to include the review and evaluation of agency programs, verify agency performance measures, and perform customer relations to improve organizational efficiency. Other activities include tracking accomplishments from annual performance measures and verifying documentation to substantiate reported claims.

MBDA participated in the OMB Program Assessment Rating Tool process in FY 2002 and provided updated information in FY 2003. The Agency’s implementation of its mission through its performance goals were reviewed. Based on the evaluation, MBDA is addressing concerns on program performance. One outcome was, MBDA’s revised Minority Business Opportunity Committee (MBOC) program in FY 2003. For FY 2003, the MBOC program has clear guidelines for achieving specific performance indicators. Additionally, MBDA is testing their performance measures to better illustrate how services benefit its clients. These performance indicators include contract awards and financial transactions for MBEs.

In FY 2002, the Office of Inspector General (OIG) identified weaknesses in MBDA's performance reporting for the measure "dollar value of contracts awarded to assisted minority businesses." Specifically, OIG indicated that it appeared that MBDA had overstated its performance because \$905 million of the \$1.3 billion reported under that measure represented procurement opportunities generated or disseminated by MBOC operators, not actual contracts awarded to minority-owned enterprises. OIG also noted that MBDA did not seek to verify the \$905 million until after the 2002 PAR was issued. Finally, OIG noted that program operators, managers, and evaluators would benefit from updated, written guidance as to what constitutes performance accomplishments and how those accomplishments should be documented and reported.

MBDA has revised its MBOC program in FY 2003 to address these concerns. Specifically, the MBOC program now has clear guidelines for achieving performance indicators and the verification of these measures. In addition, the explanation of the measure now clearly states the complete composition of the dollar value of reported contracts to assisted minority-owned businesses. Also in FY 2003, MBDA verified the program results reported in the 2002 PAR.

MBDA has undergone a major reorganization and transformation through the development of new program and policy initiatives. During FY 2003, MBDA funded a revised MBOC program with nine organizations, with a special focus on a strategy for growth. These programs, when fully implemented, will deliver procurements and financial awards to minority clientele. MBDA staff and its strategic partners have worked diligently to identify opportunities and markets that would result in contract and financial awards to MBDA clients and beneficiaries. MBDA will ensure that regional and national performance outcomes are verified by its newly formed Office of Performance and Program Evaluation. It is expected that the Minority Business Development Center (MBDC) program will meet its program metrics this year.

MBDA is maximizing its efforts to reach a larger percentage of the minority business community by using technology, education, and new initiatives to access capital. An example of its outreach effort this year is the attendance at MBDA's National MED Week Conference. The attendance was the highest of any previous year and included the Vice President, several key White House representatives, Cabinet-level officials, congressional representatives, state officials and many industry executives joining hundreds of MBEs to reinforce the impact of successful minority business enterprise on the nation's economy.

# Targets and Performance Summary

See individual Performance Goal section for further description of each measure.

## Performance Goal 1: Improve the Opportunities for Minority-owned Businesses to Have Access to the Marketplace

Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
Dollar value of contracts awarded to assisted minority-owned businesses	\$1.2B	\$1.6B	\$1.3B	\$1.0B	\$0.7B		X
Number of contracts received by minority-owned businesses	New	New	New	620	3,125	X	

## Performance Goal 2: Improve the Opportunities for Minority-owned Businesses to Pursue Financing

Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
Number of financial packages received by assisted minority-owned businesses	556	1,155	1,512	380	533	X	
Dollar value of financial packages to assisted minority-owned businesses	\$0.2B	\$0.6B	\$0.4B	\$0.4B	\$0.4B	X	

## Performance Goal 3: Improve Organizational Effectiveness, Responsiveness and Efficiencies

Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
Number of Business Development Center (BDC) clients	New	New	New	5,600	7,228	X	
Number of national strategic partnerships (non-governmental)	New	New	6	6	8	X	
Number of interagency and inter-departmental initiatives and agreements (federal, state, and local government)	New	New	6	6	12	X	
Average annual Minority Business Internet Portal (MBIP) hits	New	New	585,755	500,000	560,000	X	
Average user time for Minority Business Internet Portal (MBIP)	New	New	14 1/2 minutes	15 minutes	15 minutes	X	
Number of contract opportunity matches	New	New	343,826	325,000	473,741	X	
Number of employees training hours	New	New	9,817	5,000	9,874	X	

# Resource Requirements Summary

(Dollars in Millions. Funding amounts reflect total obligations.)

## Information Technology (IT)

### Full-Time Equivalent (FTE)

#### Performance Goal 1: Improve the Opportunities for Minority-owned Businesses to have Access to the Marketplace

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Business Development	9.5	8.5	4.6	5.6
Advocacy, Research, and Information	6.6	5.9	3.6	3.7
Total Funding	16.1	14.4	8.2	9.3
IT Funding <sup>1</sup>	0.9	0.9	0.6	0.6
FTE	61	54	31	31

#### Performance Goal 2: Improve the Opportunities for Minority-owned Businesses to Pursue Financing

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Business Development	8.3	8.0	6.7	6.2
Advocacy, Research, and Information	5.5	5.5	3.5	4.1
Total Funding	13.8	13.5	10.2	10.3
IT Funding <sup>1</sup>	0.6	0.8	0.7	0.8
FTE	40	36	40	40

#### Performance Goal 3: Improve Organizational Effectiveness, Responsiveness and Efficiencies

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Business Development	New	New	5.5	5.5
Advocacy, Research, and Information	New	New	4.4	3.6
Total Funding	New	New	9.9	9.1
IT Funding <sup>1</sup>	New	New	0.9	0.9
FTE	New	New	21	21

Grand Total	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Total Funding	29.8	27.9	28.3	28.7
Direct	29.5	27.6	28.2	28.6
Reimbursable <sup>2</sup>	0.3	0.3	0.1	0.1
IT Funding <sup>1</sup>	1.5	1.7	2.2	2.3
FTE	101	90	92	92

<sup>1</sup> IT requirements: Operations, maintenance, and reengineering; IT funding included in total funding.

<sup>2</sup> Reimbursable funding included in total funding.

## Skill Summary:

Research, Marketing, Brokering-matchmaking, Financial Management, Information Technology and the Internet Portal.

# FY 2003 Performance Goals

## Performance Goal 1: Improve the Opportunities for Minority-owned Businesses to have Access to the Marketplace

### Corresponding Strategic Goal

Strategic Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably.

### Rationale for Performance Goal

MBDA has fully embraced the President's and Secretary's Management Agenda to meet this goal and the new performance measures proposed for the Agency. In 2003, MBDA implemented its strategic plan to develop a system that focuses human and staff resources on meeting performance outcomes for its clients and 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 specific programs and new performance plan activities for staff. 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. These services include obtaining procurement contracts that are identified, tracked, and verified by staff. This is a major component of MBDA's economic development program that is captured in its performance reporting systems.

### *FY 2003 Performance*

MBDA operates the Phoenix–Opportunity electronic bid-matching system that has matched many minority businesses with contract opportunities entered by our partners. However, MBDA's funded programs (MBDCs, Native American Business Development Centers [NABDC] and MBOCs) report quarterly on a calendar year basis. In order to capture outcome measures on a fiscal year basis, MBDA must use the fourth quarter of project reports for the last calendar year, and the first three quarters of reports for this year. In most cases, most prime and subcontract awards are not finalized until the fourth calendar quarter due to contract bundling delays in making awards. Also, MBDA staff makes a strong effort to verify all reported performance. As a result, the final dollar value of contract awards for FY 2003 has not been met but should be obtained by the end of the calendar year and reflected by increased accomplishments in FY 2004 reports.

The implementation of customer-focused performance standards, advocacy, and outreach efforts by MBDA staff and its strategic partners has significantly increased the number of contract awards obtained. However, due to economic conditions and other challenges, the size of most awards to minority firms has decreased. Management intends to focus on identifying new domestic and global markets for increased access by larger minority businesses that can compete for bigger prime contracts, create greater wealth, and support the minority community.

<b>Measure 1a: Dollar Value of Contracts Awarded to Assisted Minority-owned Businesses</b>				
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Target	\$0.6B	\$0.7B	\$1.0B	\$1.0B
Actual	\$1.2B	\$1.6B	\$1.3B	\$0.7B
Met/Not Met	Met	Met	Met	Not Met

## **Explanation of Measure**

The dollar value of contracts awarded represents approved and verified contract awards obtained for minority business clients serviced by MBDA funded projects and agency staff that were awarded during the fiscal year. This is a primary factor in measuring the impact of MBDA’s program services on the growth and development of MBEs. New contract dollars will create job opportunities within the minority business community and stimulate wealth creation. These contracts come from several sources:

- MBDA uses its electronic Phoenix-Opportunity Online Bid Matching system to enter procurement opportunities that are matched with minority vendor firms. The results of the matching are normally awarded contracts.
- MBDCs and NABDCs provide direct management and technical (M&TA) services as well as leverage local resources through outreach, conferences, and strategic partners to identify and obtain contract awards.
- MBOCs engage in facilitation and brokering activities through a network of high-level executive committee members from both the public and private sectors. These activities result in awarded contracts.
- The MBDA National and Regional Enterprise Centers work with federal, state, and local government organizations and private corporations to promote contract opportunities for MBEs nationwide. Only actual awarded contracts are reported.
- The annual national, regional, and local MED Week celebrations bring together the minority business community to network with private and government entities to promote minority business participation in the entrepreneurial economy.

Consistent with the Strategic Growth Initiative, larger minority firms can compete for larger prime contract awards. MBDA’s focus remains to increase the number of firms, gross receipts, and employment to achieve entrepreneurial parity and increase the minority business participation rate in the nation’s economy.

### ***FY 2003 Performance***

MBDA did not meet this target because the newly defined MBOC program started February 2003, which reduced the period of service delivery from 12 to eight months. In addition, the Los Angeles MBOC, the Agency’s highest-performing project, was not awarded operating funds until June due to internal financial reviews, allowing only one quarter to be reported for the fiscal year. However, MBDA still projects that all its targets could be met in a 12 month service delivery period and is confident that after verifying results from these organizations its clients will have benefited.



MBDA has established a new Office of Performance and Program Evaluation and continues to develop new electronic reporting systems that will provide more timely information and facilitate accountability. Staff will ensure on-going verification. Most of the performance measures for contracts and financial awards will not be reported until the last quarter of this calendar year, which is the first quarter of FY 2004.

**Measure 1b: Number of Contracts Received by Assisted Minority-owned Businesses**

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	New	620
Actual				3,125
Met/Not Met				Met

**Explanation of Measure**

This measure represents the cumulative number of approved and verified contract awards obtained for clients served by MBDA funded projects and Agency staff during the fiscal year. This is a good measure to identify the average size of awards for clients receiving procurements, the source of contracts and related attributes as to service industry and the impact on employment.

***FY 2003 Performance***

MBDA has seen a significant increase in the number of contract awards obtained for minority vendors. This is due to the increased brokering, advocacy, and the Phoenix Bid-Matching system. Regional Enterprise Centers sponsored procurement conferences and trade fairs that supported this measure. Although the number of awards has increased, the dollar value has been reduced.

Two factors contributed to the significant differences between the target and the actual figures. One factor relates to fact that contract amounts were smaller; consequently, the number of contracts required to meet the goals increased. Equally important is the fact that contracts awarded under the MBOC program were individually verified and report for the first time.

**Program Evaluation**

MBDA has provided training for staff and funded projects on the critical importance of meeting performance outcomes. The funded projects are making best efforts to service clients and accomplish objectives. Agency staff performance plans for FY 2004 will include new activities that will directly support MBDA’s goal and measures. The development of new electronic reporting has assisted tracking and verification.

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.

## Performance Goal 2: Improve Opportunities for Minority-owned Businesses to Pursue Financing

### Corresponding Strategic Goal

Strategic Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably.

### Rationale for Performance Goal

Historically, access to capital programs for minority business has focused on debt capital. Based on a study commissioned by the Milken Institute for MBDA in 2000, "Democratizing Capital for Emerging Domestic Markets," it is estimated that MBE demand for equity capital exceeds \$144 billion per year. MBE demand for debt financing is approximately \$1 billion. As the minority business community continues to grow, the demand for capital will increase over the next 20 years. MBDA is working to address these challenges by collecting and assessing information about the financing needs of the minority business community. The results will be disseminated to financial institutions, policymakers, and the minority business community. Additionally, MBDA is exploring innovative strategies and instruments to increase capital flow to minority communities along with working in public and private partnerships. Obtaining financing represents actual assistance by MBDA's funded network contributing to the development of minority businesses. The results are monitored, verified, and captured in MBDA's performance database.

### *FY 2003 Performance*

MBDA pursued new avenues in obtaining venture capital by creating the MBDA MECA program, which links MBEs with start-up and growth capital. This program, along with other activities conducted by MBDA, helped shape the focus of the Agency in addressing the lack of capital in the minority business community. MBDA was successful in meeting both performance measures for this goal.

The MBDA MECA program continues to close the "equity gap." The ideology of the MECA program was incorporated into the National MED Week Conference. The MECA included:

- A nationwide business plan search for high-growth minority entrepreneurs
- A second "boot camp" training program in 2003
- Staff presentations for all participants

MBDA will continue work to obtain venture capital by identifying and assisting mergers and acquisitions to create larger minority firms.

**Measure 2a: Number of Financial Packages Received by Assisted Minority-owned Businesses**

	FY 2000	FY 2001	FY 2002	FY 2003
Target	858	925	1,000	380
Actual	556	1,155	1,512	533
Met/Not Met	Not Met	Met	Met	Met

**Explanation of Measure**

Prior to FY 2003, the target for this measure included the number of contracts as well as the number of financial packages. However, in FY 2003 the target only includes the number of financial packages. MBDA measures the number of financial packages that are awarded to MBEs as a result of services provided by the MBDCs, NABDCs, and MBOCs. All awards are verified by agency staff before reporting.

***FY 2003 Performance***

In FY 2003, MBDA continued implementation of research reflecting minority entrepreneurs’ limited access to equity capital entitled “Minority Business Challenge.” This effort represented an enhancement of MBDA’s current capabilities in successfully linking minority entrepreneurs with start-up and growth capital. MBDA retained the Emerging Venture Network to conduct the program.

In FY 2003, MBDA verified 533 financing transactions obtained for minority firms. This exceeded MBDA’s goal by 133 percent.

Access to capital programs was designed to highlight, educate, stimulate, and motivate the national community to focus on the lack of access to capital for MBEs.

**Measure 2b: Dollar Value of Financial Packages to Assisted Minority-owned Businesses**

	FY 2000	FY 2001	FY 2002	FY 2003
Target	\$0.9B	\$1.0B	\$0.4B	\$0.4B
Actual	\$0.2B	\$0.6B	\$0.4B	\$0.4B
Met/Not Met	Not Met	Not Met	Met	Met

**Explanation of Measure**

MBEs must have access to capital in order to grow and create U.S. jobs. The dollar value of financial transactions that is a result of services provided by MBOCs and Business Development Centers (BDC) is a clear barometer of MBDA’s program success.

MBDA’s performance reporting system captures verifiable information concerning the dollar value of loans and bond packages delivered by MBDA’s funded organizations to MBEs. The Minority Business Internet Portal (MBIP) continues to increase the number of clients seeking and acquiring business development services through MBDA’s funded organizations.

***FY 2003 Performance***

The dollar value of financial packages reflects the extent to which MBDA has impacted the ability of MBEs to gain access to financing. In FY 2003, the dollar value of financing was positively impacted by M&TA assistance provided by the MBDCs and the MBIP. MBDA successfully met this performance measure.

MBDA and its funded projects open doors to new areas of capital. MBDA continued its efforts to provide research and policy that will have long-term impacts on the overall financial environment for MBEs. An Internet-based Loan Analyzer will be introduced in 2004 to address the need for fast, reliable analysis of the credit-worthiness of minority-owned businesses.

**Program Evaluation**

MBDA's service providers sign three-year cooperative agreements that are renewed annually. The three-year agreements outline the number of contracts, the dollar value of contracts, the number of financial transactions, and the dollar value of financial transactions required on a quarterly basis during the contract period. These centers are funded on a calendar year basis.

Agency staff continues to monitor and support these grantees to meet all measures. A comprehensive evaluation of the results of the performance of service providers is conducted semi-annually. The Agency has found these semi-annual reviews to be effective in verifying performance data; through this process MBDA consistently applies quality control measures in its programs and operations.

# Performance Goal 3: Improve Organizational Effectiveness, Responsiveness, and Efficiencies

## Corresponding Strategic Goal

Strategic Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably.

## Rationale for Performance Goal

MBDA is committed to promoting the President’s Management Agenda. MBDA has instituted the concept of teams, reduced supervisory levels within the organization, created the Budget and Accounting Reporting System, increased its outreach activities to establish strategic partnership, and redefined regional and district offices into National and Regional Enterprise Centers respectively.

In FY 2003, MBDA upgraded MBIP. This electronic system extended MBDA’s ability to collect data to be used for Government Performance and Results Act reporting. This system also facilitates user access while maintaining increased security measures. MBDA integrated its Intranet, Extranet, and Internet into one easily-accessible, user-friendly Internet portal.

### *FY 2003 Performance*

The goal focuses on the operations and management initiatives that will improve services to MBDA’s clients, better train employees and funded projects personnel, upgrade electronic tools, and establish lasting public and private partnerships to leveraging internal and external assets. During the fiscal year, MBDA also used the President’s Management Agenda as the benchmark for MBDA’s re-engineered performance goals and measurements. MBDA’s management approach utilizes continuous improvement techniques and strategies to foster a team-oriented workplace culture. Through increased communications and customer relations management, MBDA has successfully implemented its entrepreneurial transformation.

<b>Measure 3a: Number of Business Development Center (BDC) Clients</b>				
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Target	New	New	New	5,600
Actual				7,228
Met/Not Met				Met

## Explanation of Measure

This is a new measure that will establish critical information as to the attributes of the clients MBDA assists and the number of clients it reaches with its funded network. MBDA has used information on gross receipts, industry, and ethnic group serviced to better focus the standards of its programs.

***FY 2003 Performance***

MBDA was able to attract many new clients needing assistance to obtain opportunities. The activity by agency staff in promotion and referral is recognized in this measure. An example is clients entering new growth industries such as aquaculture. Staff has participated to find funding to maintain or implement aquaculture programs at several colleges, including the University of Pennsylvania, in efforts to create jobs. MBDA expects many new clients entering business as the minority population increases.

<b>Measure 3b: Number of National Strategic Partnerships</b>				
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Target	New	New	6	6
Actual			6	8
Met/Not Met			Met	Met

**Explanation of Measure**

MBDA's success will be based in part on leveraging value-added resources through strategic alliances that enhance minority business development. The number of effective partnerships that are secured will maximize and broaden outreach efforts and provide added services for minority business.

***FY 2003 Performance***

The following are two examples of MBDA's national strategic partnerships:

- The National Director established an African Initiative to better prepare African American firms for trade opportunities in several African countries.
- MBDA also established an initiative with the Puerto Rican Department of Commerce and other private sector organizations, and held the first federal national procurement conference.

Awards continue to be made as a result of this event.

<b>Measure 3c: Number of Interagency and Interdepartmental Initiatives and Agreements (Federal, State, and Local Government)</b>				
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Target	New	New	6	6
Actual			6	12
Met/Not Met			Met	Met

## Explanation of Measure

MBDA is mandated to coordinate Federal Government programs that strengthen minority business efforts. By establishing interagency and interdepartmental initiatives and agreements, MBDA will strive to ensure the maximum impact of all federal expenditures to increase minority business development.

### *FY 2003 Performance*

MBDA has used its internal assets with the Department of Commerce to strengthen its outreach to include International Trade Administration, National Institute of Standards and Technology, and National Oceanic and Atmospheric Administration to leverage value-added resources on behalf of MBEs. In addition to these agencies, MBDA has partnered through its Economic Development Division with the Tennessee Valley Authority (TVA) across seven Southeastern states to form a partnership to ensure that minority-owned businesses are afforded full opportunity and access to TVA’s tailored packages of technical, capital, and managerial assistance. TVA has also established a link from its Web site to MBDA’s portal.

<b>Measure 3d: Average Annual Minority Business Internet Portal (MBIP) Hits</b>				
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Target	New	New	50,000	500,000
Actual			585,755	560,000
Met/Not Met			Met	Met

## Explanation of Measure

It is critical that MBDA measure the utilization of MBIP because it is intended to deliver high-quality tools and services to the minority business community. MBDA, with other public and private entities, is attempting to measure the effectiveness of its Web site. For MBDA, one of the measurements used will be the number of hits received on the Web site. Although hits provide a quick reference for benchmarks, MBDA is currently investigating new processes to measure success and benchmark for empirical data.

### *FY 2003 Performance*

The number of hits represents “meaningful” visits to MBDA’s portal; meaning users actually went beyond the homepage and accessed various tools and services. All users are required to register on the portal system in order to access the electronic business tools available, such as Resource Locator, Business Locator, Congressional Information System, NAICS Code Finder, and Phoenix Opportunity Systems. The large number of users signifies that the minority business community is increasing its utilization of e-commerce.

**Measure 3e: Average User Time for Minority Business Internet Portal (MBIP)**

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	13 minutes	15 minutes
Actual			14 1/2 minutes	15 minutes
Met/Not Met			Met	Met

**Explanation of Measure**

MBIP is designed to provide a measure of minority business usage of computer resources and the successful impact that MBDA’s portal has made. The number of minutes that each user spends on MBIP indicates the value of the information to the minority business community.

***FY 2003 Performance***

The average user time on MBIP has shown that for each visit, users spend on average of 15 minutes per session. This duration of time demonstrates that MBEs are not only accessing MBIP, but are staying on the portal and using the electronic business tools and services provided.

**Measure 3f: Number of Contract Opportunity Matches**

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	40,000	325,000
Actual			343,826	473,741
Met/Not Met			Met	Met

**Explanation of Measure**

The Phoenix Opportunity Database system electronically matches minority businesses with contract opportunities. This system consists of two databases that allow minority businesses to register their capabilities online, and public and private contracting agencies to post business opportunities online. The database electronically matches the opportunity with a capable firm in that service. Notification is electronically performed by e-mail or generated faxes to the business with the particular capability. The number of matches correlates with how successful MBDA has been in providing information concerning contracts to the appropriate MBE.

***FY 2003 Performance***

The Phoenix Opportunity Database Bid-Matching system is available on the portal to benefit those minority businesses that may or may not be assisted through MBDA’s funded network or regional staff. The number of matches identified through this system provides contract opportunities posted by private and public sector organizations entering opportunities seeking partnerships with minority businesses. MBDA serves as a clearinghouse or broker for critical activities and business services that will result in successful minority business expansion and wealth creation in minority communities.



**Measure 3g: Number of Employees Training Hours**

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	3,384	5,000
Actual			9,817	9,874
Met/Not Met			Met	Met

**Explanation of Measure**

The National Director has set forth a new organizational structure designed to obtain the goals, objectives, and strategies outlined in the Agency’s mission statement and business plan. To effectively implement the Agency’s mission, MBDA has initiated a “continuous improvement strategy” that will also require on-going education and training of its employees.

***FY 2003 Performance***

In accordance with the President’s Management Agenda, MBDA has made strong investments in human capital. These investments include such things as training opportunities, which strengthened the Agency while enhancing overall service to the minority business community. MBDA held several training opportunities where training covered topics such as agency systems, performance measurements, team building, and electronic tools. As a result of these opportunities, MBDA has upgraded current skills, identified specialized skills, and implemented an approach that shares best practices while respecting other team member differences and diversity issues.

**Program Evaluation**

MBDA will continue to monitor the number of clients and review attribute information as to changes in client characteristics being served. MBDA has contracted with the Federal Consulting group to survey clients and develop a Customer Satisfaction Index. MBDA will look to increase its satisfaction number and improve its index each year.

MBDA completed written assessments of the training activities and reviewed recommendations accordingly. MBDA now has an Office of Performance and Program Evaluation that will continue to review each performance measure reflected under Goal Three. These evaluations will enhance the success of all program initiatives and internal operations and encourage staff efforts.

**MBDA Data Validation and Verification**

MBDA reviews all performance data from funded projects on a quarterly basis to ensure that all data collected and reported are accurate and complete. The data are validated and compiled for the Agency use in electronic format. The Regional Enterprise Centers verify data submitted in the Performance Reporting system. MBDA also reviews source documentation not reported through an automated system that is used for performance. The initial reports are then analyzed for variances and trends. These data are evaluated and used as benchmarks in determining future target adjustments. All findings and performance data are prepared for presentation for senior management.

The MBDA Data Validation and Verification table can be found starting on the following page.

**MBDA Data Validation and Verification**

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
<b>Measure 1a:</b> Dollar value of contracts awarded to assisted minority-owned businesses	Internet link from MBDA head quarters to client delivery sites.	Collect real-time and report quarterly.	The performance database management system running on an Oracle platform.	A 100% client verification survey.	Responsiveness to client verification survey.	Follow up notices to non-responsive clients.
<b>Measure 1b:</b> Number of contracts received by minority-owned businesses	Internet link to performance report system.	Collect and report real-time measure quarterly.	Performance database system on Oracle platform.	A 100% client verification survey.	Responsiveness to client verification survey.	Telephonic calls to any non-responsive client.
<b>Measure 2a:</b> Number of financial packages received by assisted minority-owned businesses	Internet link from MBDA head quarters to client delivery sites.	Collect real-time and report quarterly.	The performance database management system running on an Oracle platform.	A 100% client verification survey.	Responsiveness to client verification survey.	Follow up notices to non-responsive clients.
<b>Measure 2b:</b> Dollar value of financial packages to assisted minority-owned businesses						
<b>Measure 3a:</b> Number of Business Development Center (BDC) clients	Internet link to performance report system.	Collect and report real-time measure quarterly.	Performance database system on Oracle platform.	A 100% client verification survey.	Responsiveness to client verification survey.	Follow-up calls and notices to reach clients.
<b>Measure 3b:</b> Number of national strategic partnerships	Memorandum of Understanding (MOU) and agreements.	Collect real-time and report quarterly through Chief Counsel.	Manual and automated spreadsheet and database running on an Oracle platform.	A 100% verification survey.	Responsiveness to verification survey.	Follow up notices to non-responsive clients.
<b>Measure 3c:</b> Number of interagency and interdepartmental initiatives and agreements (federal, state and local government)	MOU and agreements.	Collect real-time and report quarterly through Chief Counsel.	Automated spreadsheet and database running on an Oracle platform.	A 100% verification survey.	Responsiveness to verification survey.	Follow up notices to non-responsive clients.

**MBDA Data Validation and Verification (cont.)**

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
<b>Measure 3d:</b> Average annual Minority Business Internet Portal (MBIP) hits	Web trends reporting.	Collect real-time and report quarterly.	The MBIP running on an Oracle platform.	A database sampling.	Responsiveness of database verification.	Follow up database inquiries.
<b>Measure 3e:</b> Average user time for Minority Business Internet Portal (MBIP)						
<b>Measure 3f:</b> Number of contract opportunity matches						
<b>Measure 3g:</b> Number of employees training hours	Training requests submitted for approval by financial management.	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.

