

U.S. DEPARTMENT OF COMMERCE



MINORITY BUSINESS DEVELOPMENT AGENCY



Strategic Plan

FY 2009-FY 2012

Who We Are

MBDA serves minority entrepreneurs across America who are building and growing their enterprises. In doing so, minority-owned firms are better equipped to create jobs, impact local economies by contributing to the tax base and compete successfully in domestic and global marketplaces. With a nationwide network of over 40 business centers and strategic partners, we at MBDA work to meet the needs of our clients. MBDA assists minority entrepreneurs and business owners with consulting services, contract and financing opportunities, bonding and certification services, building business-to-business alliances and executive training.

Our mission is to enhance the national growth and expansion of minority business enterprises. MBDA has served minority businesses since 1969 and is the only federal agency created specifically to foster the establishment and growth of minority-owned businesses in America. Guided by its mission, MBDA actively promotes the growth and competitiveness of large, medium, and small minority business enterprises.

Our Reach is Nationwide.

MBDA is headquartered at the United States Department of Commerce in Washington, D.C. with three national offices focused on minority business programs and policy.

- ◆ The Office of Business Development
- ◆ The Office of Native American Business Development
- ◆ The White House Initiative on Asian Americans and Pacific Islanders

Our five regional MBDA National Enterprise Centers manage minority business development in the following assigned geographic areas:

- ◆ Atlanta: AL, FL, GA, KY, MS, NC, SC, TN
- ◆ Chicago: IL, IN, IA, KS, MI, MN, MO, NE, OH, WI
- ◆ Dallas: AR, CO, LA, MT, NM, ND, OK, SD, TX, UT, WY
- ◆ San Francisco: AK, AZ, CA, HI, ID, NV, OR, WA, American Samoa
- ◆ New York: CT, DE, ME, MD, MA, NH, NJ, NY, PA, RI, VT, VA, WV, District of Columbia, Puerto Rico, Virgin Islands

Our Programs and Services provide value to minority businesses.

- ◆ Minority Business Opportunity Centers
- ◆ Minority Business Enterprise Centers
- ◆ Native American Business Enterprise Centers
- ◆ Business-to-Business Linkage Forums
- ◆ National and Regional Minority Enterprise Development Week
- ◆ MBDA Portal Information, Research and Publications
- ◆ Phoenix Opportunity On-line Matching System
- ◆ On-line Business Plan Writer



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Department of Commerce Strategic Goal

Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

MBDA Vision

The vision of MBDA is to perform as an entrepreneurial organization serving entrepreneurs.

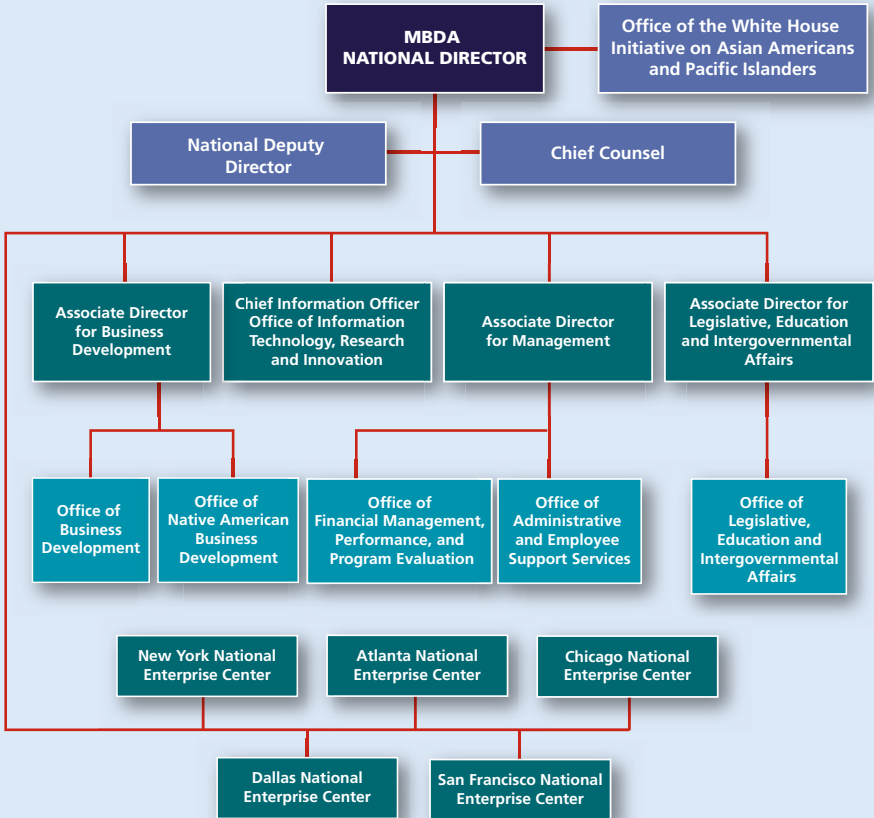
MBDA Mission Statement

The MBDA mission is to enhance the national growth and expansion of minority business enterprises.





MBDA Organizational Chart





Strategic and Business Plan Context

The United States continues to face unprecedented demographic changes. According to the U.S. Census Bureau, in 2007 minorities represented 34% of the United States population. Census projections indicate that by 2042, the minority population will become the majority reaching over 50% of the U.S. population. In fact, already in 2007, 43% of the younger population (under 18) in the U.S. was a minority.

According to MBDA's analysis of minority business statistics from the U.S. Census Bureau, the number of minority business increased by 30% between 1997 and 2002, surpassing the growth of the

minority population during the same period which was 25%. As of 2002, minority-owned firms represented 18% of all businesses, yet minorities age 18 and above accounted for 29% of all U.S. population in the same age group.

The state of the U.S. economy as well as minority business would look radically different if entrepreneurial parity was achieved. Entrepreneurial parity is defined as reaching proportionality between the percentage of adult minority population and business development measures such as numbers of firms, gross receipts and employment. For example, had entrepreneurial parity been met in 2002, the U.S.





economy would have counted an additional 2.5 million minority-owned firms, reaped over \$1.8 trillion more in gross revenues and created 11.4 million extra jobs.

The long term goal of achieving entrepreneurial parity for minority business enterprises (MBEs) remains a benchmark by which MBDA's critical Federal government role should be measured. In order to promote U.S. economic competitiveness, it has become necessary for MBDA to support medium to large scale minority firms that can have a significant impact on job creation, the tax base and wealth creation in their communities during the coming years. The *Strategic Growth Initiative* (SGI) introduced by MBDA in Fiscal Year 2004 was designed to address the issue of sustainable business growth and development for MBEs beyond the micro-enterprise stage. Too many minority businesses are small and start-up firms. A recent MBDA study confirmed minority businesses have a higher propensity to conduct global trade by nearly 2:1 as compared to non-minority firms. Yet, there are not enough minority businesses of size, scope and capacity to meet current and future demands of the U.S. economy. This must change. The focus on providing capacity building, access to capital and market opportunities must continue to be the prime components of the SGI. Likewise, MBDA's *Business-to-Business (B2B) Linkage Forums* promote joint ventures and teaming

solutions among MBEs for improved competitiveness with respect to larger contracts and financial opportunities.

The management team has aligned staff performance metrics that will lead to results. This will ensure the efficient and effective allocation of our financial and human resources. This strategic plan will identify priorities and action objectives that will help to meet MBDA priorities for Fiscal Year 2009 into Fiscal Year 2012.

Challenges Facing the Agency

MBD A faces numerous internal challenges as it addresses the environmental factors previously outlined. Agency management will need to make critical program decisions that ensure optimal service delivery and administrative efficiencies. A significant focus will therefore be on grants management, monitoring of funded Centers, and operation of the Regional Enterprise Centers. Related to this effort will also be the need to maintain accountability for the accomplishment of overall performance, efficiency, and productivity metrics by MBDA's funded Centers. Another critical factor will be the timely verification and validation for performance outcomes by MBDA staff.



MBDA will also need to examine capital access for MBEs as it has increasingly become more difficult for them to obtain capital due to the stress on the capital markets. Key to many of MBDA's efforts will also be its success in advocating and promoting program services and marketing minority business enterprise nationwide. MBDA will strive to improve its web-based tools and information technology to better service its clients.

Additional efforts to serve more clients includes the establishment of public-private partnerships to service better funded Centers and constituents and to offer additional *B2B Linkage Forums* to encourage joint venture and teaming opportunities. MBDA will also seek to work with minority financial institutions to further support the efforts of its network of funded Centers.

A longstanding challenge for MBDA is its budget which has decreased from \$63.9M in 1973 to less than \$30.0M in 2008. This has resulted in fewer funded Centers available to assist MBEs and to meet large opportunity requirements. Recent court cases dealing with Federal minority contracting programs may also pose a considerable challenge to MBDA as it strives to meet its mission.

Environmental Assessment

MBD A recognizes the following environmental factors that will impact operations during the balance of the decade:

- ◆ MBEs are facing significant challenges in the current economic environment as they deal with credit restrictions and contract bundling. The current financial crisis is seriously affecting MBEs as they rely heavily on lines of credit and are often denied opportunities due to contract bundling.
- ◆ The 2002 Survey of Business Owners data shows a rapidly growing minority business population, however the share of minority businesses (18%) continued to lag behind the representation of minorities age 18 and above (29%) in the U.S. population. Census data estimates that in 2007, the minority population represented 34% of the U.S. population.
- ◆ Continued immigration will likely increase the number of minority firms seeking business services and with this, new prospects for job creation and



economic impact. Also, services should be tailored to disabled American veterans.

- ◆ Restoration of the Gulf Coast economy continues as well as preparation for future natural disasters affecting large communities. Other disasters often present new opportunities (Iowa flooding, Minnesota Bridge disaster).
- ◆ The restructuring of corporate and global supply chains, as well as the bundling of larger government contracts will make it more difficult for MBEs to compete. Continued MBDA leadership is required and expansion of MBE capacity building is needed.
- ◆ The globalization of the competitive marketplace will continue to move towards outsourcing and foreign competition. Free Trade Agreements and the Invest America Program can provide opportunities for MBE participation.

Sustained Development

MBD A will continue to focus on services for *Strategic Growth Initiative* (SGI) firms (\$500,000 or more in annual sales or with rapid growth potential) that have a capability to expand, create jobs, and make an economic impact in their communities. It is expected that client firms assisted will continue to operate in turbulent economic times, some may grow on average by \$50,000 each year (+5%) or more. SGI firms will increase capacity by establishing new strategies, obtaining new contracting opportunities, and securing financial awards with a continued growth in sales. MBDA has initiated a series of *Business-to-Business (B2B) Forums* to encourage MBEs to partner with other firms, form joint ventures, and sign *Mentor-Protégé Agreements*. This will encourage enterprises to build capacity, increase competitiveness and sustain economic development within the minority community.





MBDA National Performance Goal

MBDA continues to be guided by a National Performance Goal established in cooperation with the Department of Commerce (DOC) and the Office of Management and Budget (OMB): MBDA will increase access to the marketplace and financings for minority-owned businesses.

MBDA was established in 1969 to address the special demands and barriers experienced by minority-owned firms and entrepreneurs for the purpose of gaining full access and participation in the free enterprise system. The 1971 Executive Order addressed the need for providing management and technical assistance, as a means to achieve entrepreneurial parity for MBEs by actively promoting their ability to grow and to compete in the global economy. From the start, MBDA focused over 80 percent of its funded resources on developing and sustaining small MBEs. Since 2004, MBDA has made the transition from an agency providing administrative services to become an entrepreneurial agency facilitating major contracts and financial transactions for medium to large scale minority businesses. MBDA's focus continues to be to open doors to access

financial capital and procurement contracts that will allow MBEs to grow, increase gross receipts, create jobs opportunities within the minority community, and utilize strategic partnerships in an effort to help leverage resources.

As the minority population continues to grow, there must be an accelerated effort to foster the growth of MBEs to maintain jobs and create wealth within minority communities. A significant number of firms have moved well beyond the class of micro-enterprises, many with the help of the MBDA's assistance programs. These companies with revenues over \$500,000, and those with rapid growth potential, referred to as SGI firms, are better able to build capacity, compete and grow in an environment of re-engineered business practices, bundled contracts, global competition and an intense push on efficiencies of scale at every level of the supply chain. SGI firms represented only 5% of all minority businesses in 2002. However, they are the backbone of the MBE community and are responsible for 73 of all jobs and 75% of all gross receipts generated by MBEs. Many of these MBEs are ready for expansion and with the right kind of assistance they can become great contributors in the domestic and global economy.



MBDA's shift in focus has prompted some to ask what will happen to the smaller firms who have traditionally been our focus. Fortunately, there are many referral sources who are devoted to assisting and promoting start-up and small MBEs. Many of these resources are broadly located throughout the U.S. and are tailored to assist these companies. MBDA still has a role to play in this market segment and will continue to accomplish this through the creative use of information technology, web-based business tools, regional conferences and training sessions, and other knowledge management resources. However, it is clear that MBDA must be highly strategic in its approach to fostering minority businesses that can meet the challenges in a global economy.

MBDA's strategic planning process is designed to coordinate services and the fiscal budget to maximize performance results. The following key performance measures have fully embraced the Administration's Management Agenda that is focused on human and program resources which will meet performance outcomes for the Agency's clients and customers.

National Priorities and Strategies for Implementation

New policies and upgraded programs will continue to be implemented to increase MBE participation in the marketplace. The focal point remains the success of the *Strategic Growth Initiative* (SGI) and the *Business-to-Business Forums*. The National Enterprise Centers (NEC) collaborate with funded Centers to identify SGI firms, capital sources and contract opportunities. New opportunities identified from public and private partnerships will result in larger contract awards and access to financial capital for growth and expansion. Linkage of MBE firms to partner and compete for larger awards will be a critical priority.





The U.S. economy faces many challenges domestically and abroad. Our nation must utilize all of its internal talents and resources to sustain ongoing economic growth. 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 and, create employment opportunities and wealth. The U.S. Census Bureau projects that 90% of the growth in the United States population in the next 40 years will be in the African-American, Hispanic, Asian American-Pacific Islander and Native American communities. This population explosion has profound implications on policies directed at U.S. economic expansion. To maximize the nation's growth (i.e., in consumption, savings, GDP and the overall tax base), these policies must

address businesses owned by minority entrepreneurs by incorporating them into the economic mainstream. MBDA looks to increase capacity for the firms assisted and their ability to sustain growth and development within the minority communities.

FY 2009 Initiatives

Enhance Grants Administration Process and Establish Regional Offices as National Enterprise Centers

MBDA is an entrepreneurially focused and innovative organization committed to enhancing the national growth and expansion of minority business enterprises.

An integral component of optimizing service delivery is the identification and monitoring of effective operators for MBDA's business development centers. In 2009, the focus will be on the creation of a consolidated Grants Management Unit in MBDA Headquarters that is designed to ensure program compliance and monitoring, performance verification, provide grant support services to the Agency and work effectively with the NOAA Grants servicing unit. The implementation of an automated grants system called Grants Online will also be accomplished in FY 2009.





The consolidation of the grants function will ensure the standardization of the best practices used to administer and monitor the agency's grants, eliminate redundancies and improve quality. Many of these functions were historically conducted at regional offices. Regional office staff will be relieved of this time consuming administrative process and will focus their resources on the many facets of business development.

The regional offices will transition into true National Enterprise Centers during FY 2009. Operating plans will be developed that focus on business development in the regional offices. New performance plans for the Agency's Business Development Specialists will ensure implementation of a strategy designed to provide customer service support and advocacy.

Develop a Long Term Disaster Recovery and Rebuilding Program

MBDA will build upon its experience with the Gulf Coast recovery and rebuilding effort. In FY 2009, MBDA will examine best practices and seek to fully participate in all Federal responses to disasters. After a disaster occurs it is often too late to respond effectively. This year, MBDA will plan its response by participating on emergency response teams that exist within the Department of Commerce and other federal government agencies. MBDA will

determine the appropriate processes for responding to disasters within government protocols. Specifically, MBDA will work with the U.S. Department of Commerce's Economic Development Agency, and the U.S. Small Business Administration to ensure the prompt provision of business recovery services.

The effort will start by establishing a nationwide database of minority business enterprises that are qualified to respond to disasters. In FY 2009, research will be conducted to determine the process for qualifying minority business enterprises to work with FEMA and the Homeland Security Agency after a disaster. MBDA will develop a process for identifying and assisting minority business enterprises that are qualified to respond to disasters.

Create Strategic Alliances that Result in MBE Access to the Global Economy

MBDA will continue to leverage its resources and expand its outreach by securing strategic alliances with organizations which are interested in minority business development through participation in the global economy. The agency has formed partnerships with other government agencies such as the International Trade Administration (ITA), Overseas Private Investment Corporation (OPIC), Corporate Council on Africa, and other trade institutions to promote and



expand opportunities for minority firms in the global marketplace. MBDA accomplishes this through a series of activities that are designed to take advantage of the historical, cultural, and language affinities that provide natural competitive benefits to minority businesses with countries in Africa, Latin America, Europe and Asia.

In FY 2009, MBDA will partner with ITA to continue its *Business-to-Business Forums* focused on Africa, Latin America and Australia. These forums are opportunities for U.S. minority business enterprises to partner with foreign business enterprises in pursuit of business ventures in the United States and abroad. This year MBDA staff will seek other non-government organizations to form alliances with in pursuit of foreign business investment in minority enterprises.

Improve Customer Relationship Management (CRM)

This goal involves the management of internal and external client relationships to ensure optimal service delivery in an efficient and effective manner. In FY 2009, MBDA will design a holistic approach to CRM. This holistic approach will focus on process improvements to manage customer contacts, relationships, and enhance program accountability. MBDA purchased

CRM software in FY 2008. This software will be used to support these processes while creating transparencies between MBDA and its stakeholders. Information in the system can be accessed and entered by employees, funded centers, and other stakeholders. CRM at MBDA will be a business strategy that drives the reengineering of processes that improve the customer experience. It is anticipated that the results of this effort will be improved services to minority business enterprises and other MBDA customers.

Enhance Advocacy Efforts on Behalf of Minority Business Enterprises

MBDA is an entrepreneurially focused and innovative organization committed to enhancing the national growth and expansion of minority business enterprises. MBDA enhances the success of minority entrepreneurs by expanding the availability of market and financing opportunities and through the provision of consulting services. MBDA supports minority business participation and substantiates the long-term economic benefit with a sound business case for entrepreneurial parity. As such, MBDA uses advocacy, research, and information to promote the development and delivery of services and to advance key policy initiatives.



The transition to a new Presidential administration in FY 2009 presents the ideal opportunity to organize the public and private sector around new policies and strategic directions through stakeholder meetings, issue forums and research presentations. In addition, MBDA will continue its efforts to educate Members of Congress and staff about minority business development issues. The 40th Anniversary of the Executive Order establishing the Agency (March 5) will kick-off the outreach campaign.

In FY 2009, MBDA's advocacy efforts will include a Minority Business Summit. The Summit will be designed to build a framework for innovative programs in support of the growth and expansion of minority business enterprises.

MBDA will host several *Minority Enterprise Development (MED) Week* conferences around the country in addition to the

annual National MED Week event in Washington D.C. These events are designed to advocate for the development of MBEs and celebrate their accomplishments.

MBDA will also continue to educate MBEs on the value of leveraging Information Technology to grow their business through e-business workshops, web portals and other venues.

Increase Access to Capital for Minority Business Enterprises

The current economic crisis presents a challenge to many of the four million minority-owned businesses throughout the United States. While the number of minority-owned firms continues to grow, more than 80 percent have gross receipts totaling less than \$100,000. Many of these entrepreneurs rely on short-term debt- such as lines of credit and credit cards - to finance their businesses. Tightened credit have halt the





growth and expansion of minority-owned firms in neighborhoods and communities impacting job and wealth creation.

The Agency's FY 2009 *Access to Capital Initiative* is focused on producing financing outcomes for minority businesses through its current programs, continuous learning, exploratory discussions, and trend analysis with key stakeholders, strategic partners and leaders in the financial industry sector in support of increasing the flow of capital to minority-owned businesses. The Agency is also working with the Department of Treasury, New America Alliance, Marathon Club, National Association of Securities Professionals and others, to ensure that minority firms are full participants in the Emergency Economic Stabilization Act (EESA).

MBDA will commission an issue paper that presents alternative financing strategies for minority business enterprises. This paper will be a collaborative effort among MBE advocacy organizations in the private and public sectors. The paper will be discussed at this 2009 Minority Business Summit and presented in final form at MED Week.

See Appendix for goals/objectives and performance metrics associated with each initiative.

National Performance Measures

Measure 1 - Dollar value of contract awards to minority business enterprises (MBEs)

MBDA accomplishes its performance goal through the implementation of several business development programs. The success of these programs is measured by the dollar value of contract awards obtained by minority business enterprises (MBEs) and facilitated by MBDA's funded Centers and staff. The certainty that MBEs will realize the proceeds associated with these awards varies from contract to contract. Multiple year contracts with option years are less certain as the options may or may not be exercised. MBDA includes the full potential value of multiple-year contract awards obtained in its annual reporting for this performance measure, and discloses the dollar value of option years in a footnote. For indefinite-delivery, indefinite-quantity contracts, only actual dollar values realized or guaranteed are included in the annual, public reporting of this outcome performance measure.



Measure 2 – Dollar value of financial awards obtained

MBDA works to obtain financial awards (loans, bonds, lines of credit, letters of credit, equity, etc) for minority clients. Using the network of funded Centers, strategic partners, agency staff and the Internet, assistance is provided to package successful financial packages. These awards allow minority firms to expand and grow to provide products and services and hire new employees.

Measure 3 – Number of job opportunities created

By assisting minority firms to compete in the marketplace for contracts and financial awards, MBDA is increasing the growth in the number of jobs created within minority businesses. This demonstrates MBDA's long-term goal for economic parity and its contribution to the Nation's economy.

Measure 4 – Percent increase in client gross receipts

Profiles of assisted clients help determine the overall average gross receipts for the year. Through its *Strategic Growth Initiative*, MBDA seeks to grow and expand minority firms. MBDA measures the increases in overall average of gross receipts to determine the growth in assisted firms.

Measure 5 – Satisfaction rating for the American Customer Satisfaction Index (ACSI)

MBDA requires funded Centers and agency staff to demonstrate customer relations management in providing services to minority clients. The agency includes customer satisfaction in its evaluation of funded Centers and staff performance plans. MBDA contracts with the Federal Consulting Group at the Department of the Treasury and the University of Michigan to measure customer satisfaction and establish an American Customer Satisfaction Index (ACSI). The ACSI survey is conducted every other year and will be conducted again in 2010 and 2012.

Measure 6 – Cumulative Economic Impact

In reviewing its annual activities related to the dollar value of contracts and financial awards, the long term goal of achieving \$30 billion dollars in cumulative economic impact by 2020 has been established (base year of FY 1999). Progress toward this goal is tracked annually. This new long-term, outcome measure was instituted as a result of the recent Program Assessment Rating Tool (PART) review.



Agency Annual Business Goals

Internally, MBDA continues to focus on four agency goals that are addressed within each unit's business plan with strategic activities to meet performance outcomes.

1. Improve organizational efficiency, effectiveness, and responsiveness

As MBDA continues to make improvements to its grant programs, it is critical that agency staff does not lose sight of fundamental responsibilities, both administratively and programmatically. Activities such as grants processing, program monitoring, performance verification, information technology, budget formulation and customer relations continue to be improved. On-going training in these areas must be maintained, especially with new staff. It is the responsibility of senior management to seek staff training and to help develop new skills that will improve response time and efficiency. The NECs are encouraged to continue their resourcefulness and innovative ways to accomplish the Agency's mission objectives. All are encouraged to make use of the MBDA Portal which now has new sources of information and tools that support minority businesses.

2. Improve contracting and procurement opportunities for minority-owned businesses to enhance access to the marketplace

With the execution of new competitions for Minority Business Opportunity Centers (MBOC) and Minority Business Enterprise Centers (MBEC) between FY 2005 and FY 2007, respectively, these programs will improve the tracking of contract awards to minority firms and strengthen verification of transactions. The agency was able to reach over \$1 billion in new contracts for each of the last three years primarily due to its *Strategic Growth Initiative* and despite a decrease in program funding. Improvement to the MBDA's online contract opportunity matching system will increase the number of new opportunities entered each year. This in tandem with NEC outreach to MBEs will help to increase the number and dollar value of awarded matches. The Phoenix Opportunity/Matching system and staff support are essential to meeting annual fiscal goals.

3. Improve access to capital opportunities awarded to MBEs

MBDA's primary vehicle for increasing financial awards continues to be the Minority Business Enterprise Center (MBEC) and Native American Business Enterprise Center (NABEC) programs. These programs rating criteria focus on specific project goals for



financial awards. MBDA will embark on fostering increased participation of qualified minority asset managers/consultants and minority banks under the Emergency Economic Stabilization Act (EESA) and Targeted Asset Recovery Program (TARP). Furthermore, MBDA will initiate new research and input by key stakeholders. These efforts support the best interests and needs of MBEs. Access to capital is still the number one priority of minority business enterprises.

4. Become a recognized Knowledge Management and Information Center for minority businesses in the public and private sectors – MBDA is the only federal agency specifically created to foster the growth and development of minority business. It will continue to educate the public and private sector on the needs and contributions of minority businesses and will move forward to foster new opportunities for the minority community. To maintain this leadership position, MBDA will continue to support research on MBEs, conduct issue briefings, utilize new media technologies to share knowledge and information in both the public and private sectors, and conduct educational outreach.

Return on Agency Investment (ROAI)

Return on Agency Investment (ROAI) is one unit of measurement to determine the efficiency for leveraging federal resources and benefit to the public. The ROAI is determined by dividing the total MBDA appropriation for the Fiscal Year by total dollars obtained for clients in contract and financial transactions. The FY 2008-2009 Transaction Dollar Goal is \$2.3 and \$2.5 billion, respectively. MBDA will request an increase in appropriation for FY 2010-2012.

MBDA Program Efficiency Measure

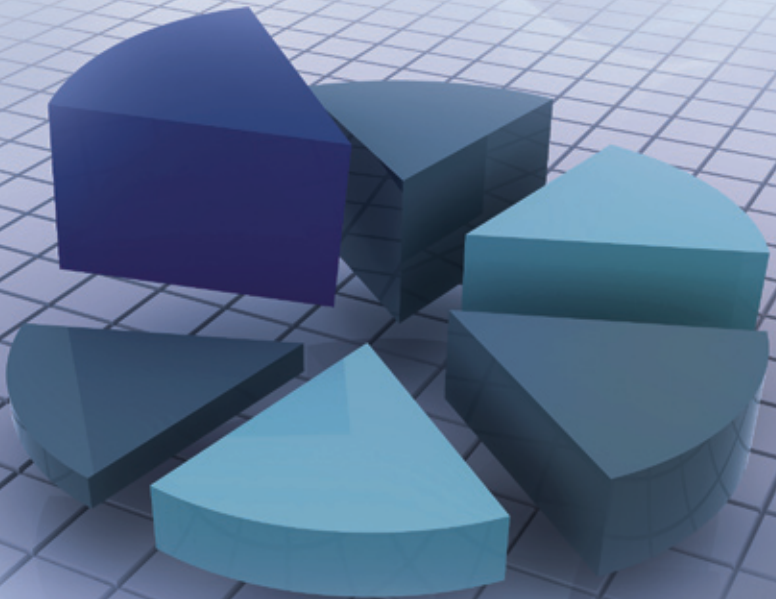
Each MBDA funded Center is expected to meet or exceed their annual performance goals. These goals incorporate quantitative and qualitative aspects for the successful operations. During FY 2007 – FY 2009, MBDA added new centers to support rebuilding the Gulf Coast and extended awards to minimize service disruption under periods of grant competition. MBDA accomplished this activity without additional appropriated funds.



APPENDIX A

State of Minority Business Enterprises

The table on the following page reflects the growth in minority firms from 1997 to 2002. Minority firms grew by 30% to four million firms. The number of minority firms represented 18% of all Classifiable Firms in 2002. Total gross receipts for minority firms grew 12% to \$661.1 billion in 2002. However, MBE receipts represented only 7.5% of total gross receipts generated by Classifiable Firms. Employees in minority firms now total 4.7 million or 8% of all paid workers employed by Classifiable Firms.





**The State of Minority Business Enterprises
Total Firms, Total Gross Receipts and Total Paid Employees
(1997 – 2002)**

Group	Year	Number of Firms	% Change	Gross Receipts (\$1,000)	% Change	Number of Paid Employees	% Change
African American	2002	1,197,567	45%	\$88,641,608	24%	753,978	5%
	1997	823,499		\$71,214,662		718,341	
American Indian and Alaska Native	2002	201,387	N/A	\$26,872,947	N/A	191,270	N/A
	1997	197,300		\$34,343,907		298,661	
Asian	2002	1,103,587	24%	\$326,663,445	8%	2,213,948	2%
	1997	893,590		\$302,794,624		2,169,033	
Hispanic	2002	1,573,464	31%	\$221,927,425	19%	1,536,795	11%
	1997	1,199,896		\$186,274,582		1,388,746	
Native Hawaiian and Other Pacific Islander	2002	28,948	49%	\$4,279,591	3%	29,319	-14%
	1997	19,370		\$4,138,358		34,047	
All Minority	2002	3,958,610	30%	\$661,148,403	12%	4,675,382	4%
	1997	3,039,033		\$591,259,123		4,514,699	
Non-Minority Firms	2002	18,521,646	6%	\$8,122,392,743	4%	50,692,834	-7%
	1997	17,401,382		\$7,800,742,138		54,386,713	
Classifiable Firms (Minority + Non-Minority)	2002	22,480,256	10%	\$8,783,541,146	5%	55,368,216	-6%
	1997	20,440,415		\$8,392,001,261		58,901,412	
All U.S. Firms, includes publicly held and other firms	2002	22,974,655	10%	\$22,603,658,904	22%	110,766,605	7%
	1997	20,821,934		\$18,553,243,047		103,359,815	

Notes: MBDA analysis of data from the U.S. Census Bureau's 2002 Survey of Business Owners. Due to the exclusion of tribally held governments in 2002, data for American Indian and Alaska Native firms for 1997 and 2002 are not directly comparable. Non-Minority Firms and Classifiable Firms are MBDA estimates. Classifiable Firms are all U.S. firms less publicly held, foreign-owned, non-profit and other firms whose ownership cannot be classified in terms of race, ethnicity, or gender.



APPENDIX B

Entrepreneurial Parity Analysis

Entrepreneurial parity is a measurement whereby the economic contribution by minority business as compared to the overall minority adult population is equitable. For example, in 2002 the overall estimated adult minority population was 29 percent of the overall adult U.S. population. Conversely, economic contributions by minority owned firms at parity would be equal to 29 percent of each category: number of firms, gross receipts and number of employees. See comparisons below:

CHART 1. If the number of minority firms reflected the 2002 minority population share, there would have been over 2.4 million more firms, totaling 6.5 million firms.

CHART 2. Had parity been achieved in 2002, gross receipts for minority firms would have been over \$2.5 trillion, which is almost four times more the actual number.

CHART 3. Under a parity scenario, paid employment in minority-owned firms would have totaled more than 16.1 million which is more than 3 times greater than the actual number of employees.

Chart 1: Number of Minority Firms* (in millions)

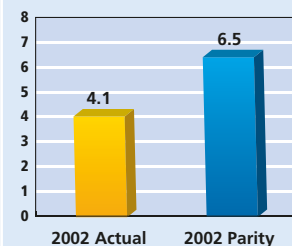


Chart 2: Gross Receipts for Minority Firms* (in millions)

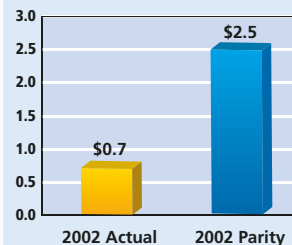
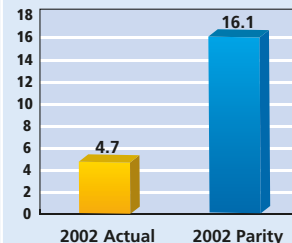


Chart 3: Employment for Minority Firms* (in millions)



* Source: MBDA's *The State of Minority Business* fact sheet released in 2008. Analysis is based on U.S. Census Bureau's 2002 Survey of Business Owners. Population estimates are derived from U.S. Census Bureau's National Population Estimates for 2002.



APPENDIX C

FY 2009 Initiatives

Enhance Grants Administration Process and Establish Regional Offices as National Enterprise Centers	
Goal/Objective(s)	Performance Metric(s)
To consolidate the Grants Administration function in Headquarters.	Grants Administration function is consolidated in Headquarters by the Third Quarter of FY 2009.
To establish parameters for evaluating the success of the consolidation effort.	An evaluation tool is developed by the end of FY 2009.
To establish the National Enterprise Centers in the regions.	The National Enterprise Centers will be established by the end of FY 2009.
To establish parameters for evaluating the success of the establishment of the National Enterprise Centers.	An evaluation tool is developed by the end of FY 2009.

Develop a Long Term Disaster Recovery and Rebuilding Program	
Goal/Objective(s)	Performance Metric(s)
To establish a MBDA Disaster Recovery Program.	Disaster Recovery Program is established by the end of the third quarter of FY 2009.
To secure a Memorandum Of Understanding (MOU) with SBA and FEMA concerning disaster recovery activities.	MOUs with SBA and FEMA are signed by the end of FY 2009.

Create Strategic Alliances that Result in MBE Access to the Global Economy	
Goal/Objective(s)	Performance Metric(s)
To co-host at least five <i>Business to Business Forums</i> that promote foreign business investment in and/or partnerships with minority business enterprises.	The establishment of at least 30 strategic alliances between minority business enterprises and foreign business enterprises.
To secure strategic alliances with organizations which are interested in minority business development through participation in the global economy.	The establishment of at least five MOUs with organizations which are interested in minority business development through participation in the global economy.



Improve Customer Relationship Management (CRM)	
Goal/Objective(s)	Performance Metric(s)
To implement an automated Customer Relationship Management solution that handles customer contacts and relationships.	CRM software solution is implemented by the end of FY 2009.
To implement an automated Customer Relationship Management solution that enhances the current Performance Reporting System.	CRM software solution is implemented by the end of FY 2009.

Enhance Advocacy Efforts on Behalf of Minority Business Enterprises	
Goal/Objective(s)	Performance Metric(s)
To advocate for minority business enterprises.	MBDA will reach at least 3,000 people through the Minority Business Summit, the annual Minority Enterprise Development Week Conferences and other events/meetings.
Expand outreach to stakeholders regarding MBDA competitive programs.	Fully execute Agency's FY 2009 Plan pertaining to White House Initiative on: Tribal Colleges and Universities, Historically Black Colleges and Universities, Hispanic American Colleges and Universities.
Publish Report.	Develop a report based on disparity studies of minority business enterprises by end of FY 2009.

Increase Access to Capital for Minority Business Enterprises	
Goal/Objective(s)	Performance Metric(s)
To increase access to capital for minority business enterprises.	MBDA will complete an Access to Capital paper by the end of FY 2009. MBDA will also hold stakeholders meeting to establish a dialogue and find solutions on increasing access to capital for MBEs.



APPENDIX D

Resources

MBDA is currently operating under a Continuing Resolution (CR) based on the prior year appropriation of \$28.6 million. The CR lasts through March 6, 2009.

The President's FY 2010 Budget request for MBDA is a "current services" budget. The Office of Management and budget is finalizing the requested amount. It is expected to be approximately \$29 to \$30 million.

Annual Appropriations language typically received:

For necessary expenses of the Department of Commerce in fostering, promoting, and developing minority business enterprise, including expenses of grants, contracts, and other agreements with public or private organizations, \$ __, __, __.

All MBDA appropriated funds expire at the end of the fiscal year and are all designated as "salaries and expenses" funds. No program limitations are placed on the overall appropriated amount other than the occasional earmark.

The following table displays MBDA resources since FY 2007:

Fiscal Year	FTE	Appropriation
2007	88	\$28.6M
2008	78	\$28.6M
2009	100 (est.)	\$28.6M
2010	100 (est.)	\$TBD
2011	100 (est.)	\$TBD



APPENDIX E

Glossary of Acronyms

- AAPI** – Asian Americans and Pacific Islanders
- B2B** – Business to Business
- CFO** – Chief Financial Officer
- CIO** – Chief Information Officer
- DOC** – Department of Commerce
- EBLS** – Emerging Business Development Summit
- EESA** – Emergency Economic Stabilization Act
- FEMA** – Federal Emergency Management Agency
- FMFIA** – Federal Managers’ Financial Integrity Act
- FTE** – Full Time Equivalent
- GPRA** – Government Performance and Results Act
- GSA** – General Services Administration
- ICIC** – Initiative for a Competitive Inner City
- IDIQ** – Indefinite Delivery, Indefinite Quantity
- KM** – Knowledge Management
- M&TA** – Managerial and Technical Assistance
- MBDA** – Minority Business Development Agency
- MBE** – Minority Business Enterprise
- MBEC** – Minority Business Enterprise Center
- MBOC** – Minority Business Opportunity Center
- MDCP** – Model Contractor Development Program



MED Week – Minority Enterprise Development Week

MOU – Memorandum of Understanding

NABEC – Native American Business Enterprise Center

NEC – National Enterprise Center

NTIA – National Telecommunications & Information Administration

OBD – Office of Business Development

OMB – Office of Management and Budget

ONABD – Office of Native American Business Development

OPIC – Overseas Private Investment Corporation

OPPE – Office of Performance and Program Evaluation

PART – Program Assessment Rating Tool

PMA – President’s Management Agenda

REC – Regional Enterprise Center

ROAI – Return on the Agency Investment

ROI – Return on Investment

SBA – Small Business Administration

SBO – Survey of Business Owners

SGI – Strategic Growth Initiative

TARP – Targeted Asset Recovery Program

WHIAAPI – White House Initiative on Asian Americans
and Pacific Islanders



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