

National Advisory Council on Minority Business Enterprise Meeting
Meeting Minutes
December 12, 2011

Grand Hyatt New York
109 East 42nd Street, Juilliard Room
New York, NY 10017

Minutes of the National Advisory Council on Minority Business Enterprise (“NACMBE” or “the Council”) Meeting held on December 12, 2011.

I. Call to order:

At 9:00 a.m. on December 12, 2011 the fourth meeting of the NACMBE was called to order by Mark Hoplamazian, Chairperson of the NACMBE.

II. Attendance:

The following members were in attendance:

- Mark Hoplamazian, Chairperson
- Janice Savin-Williams, Vice-Chairperson
- Lamae Allen-deJongh, Accenture
- Jean Baderschneider, ExxonMobil
- Paul Hsu, HSU Enterprise Group, LLC
- Anthony Jimenez, MicroTech
- Ash Luthra, LSL Industries, Inc.
- Jose Mas, MasTec, Inc.
- Chris Melvin, Melvin & Company
- Elizabeth Plaza, Pharma Bio-Serv
- Richard Rizzo, Perini Building Company
- Alicia Robb, Ewing Marion Kauffman Foundation
- Roy Roberts, Alliance of Professionals & Consultants, Inc.
- Michael Schell, former Alcoa Executive
- David Segura, Vision IT, Inc.
- Shelley Stewart, Jr., Tyco International
- Chiling Tong, International Leadership Foundation
- Purnima Voria, National U.S. India Chamber of Commerce
- Joset B. Wright, National Minority Supplier Development Council

National Director David A. Hinson, Senior Program Manager Ivonne Cunarro, Associate Director for Business Development Alex Doñé, Regional Director Heyward Davenport, Demetria Gallagher and Wendy Echeverria attended on behalf of the U.S. Department of Commerce’s Minority Business Development Agency.

III. Introduction

Chairman Mark Hoplamazian begins the meeting by providing highlights of the interim report from the President's Council on Jobs and Competitiveness as these relate to the work on recommendations being developed by NACMBE. Jobs Council's recommendations include the following: to expedite investment in infrastructure and energy, simplify regulatory review, support small business growth, increase travel and tourism which is also an export, streamline the EB-5 immigrant visa, promote foreign investment, build energy efficient buildings, improve the medical device approval process, and expedite the patent process.

Topics that overlap with the work of NACMBE include:

- The simplification of reporting requirements would help small businesses with capital formation;
- Development of talent especially in science, technology, engineering and math fields to support job creation and MBEs; This include encouraging corporations to provide advise to entrepreneurs as well as how the regional innovation ecosystems could tie to the proposed MBE forum and/or mentor/protégé program;
- Nurturing high growth enterprise through tax policy and equity investments.

The Chairman also discussed the following White House initiatives including: SelectUSA, to promote business investment; BusinessUSA, a portal for providing services to businesses; and the Startup initiative to support business formation. He asked the Council to consider how the recommendations can support these initiatives.

Members discussed the need to encourage foreign companies to relocate to the United States to create more jobs in America. The Council also discussed the challenges of growing minority-owned businesses to a larger size through equity investments without losing minority business ownership.

IV. Subcommittee on MBE Definition and MBDA's Role Anthony Jimenez, Subcommittee Chair

A. Proposed Definition of Minority-Owned Business

- The Council considered that the MBE definition should be relevant to helping MBEs access contracts and financing, as well as obtaining assistance through government programs.
- The proposal is to use the NMSDC definition for MBEs. (MBE is a business that is at least 51% owned, operated and controlled on a daily basis by one or more (in combination) of the following ethnic minority groups: African American, Asian American, Hispanic American and Native American (including Aleuts)
 - Currently there are two definitions: one for the federal government and one for the private sector. In addition, many states have separate certifications for their definition of MBEs
 - The SBA has the definition for SDB companies for contracting purposes, but not all SDBs are MBEs.

B. Business Development Program

- The subcommittee discussed a proposal for a program to encourage successful 8(a) graduates to mentor new 8(a) firms.
- It was also considered if funding was needed to support mentoring of new 8(a)s and incentivize mentors.

C. Access to Capital Program

- The subcommittee discussed the Ohio Enterprise Bond Fund program.
 - The program was funded through the taxing of liquor sales by a penny which created a \$100 million fund.
 - The fund was used to provide loans for businesses, and loans were sold to the municipal market.
- The subcommittee discussed using a similar program to help minority-owned businesses access capital.
- The proposal could tie the loan to job creation, for every \$100,000 borrowed one job should be created, and loans could be guaranteed by the fund.
- It was considered the type of capital (senior-secured debt/junior capital/equity) the program would provide that would be of most benefit for the growth of MBEs.
- It was also discussed which capital access programs are currently available and where are the gaps for MBEs.

D. MBDA's Role

- It was discussed how MBDA could support the programs and what would be the agency's role, including supporting a mentor/protégé program or providing capital access where gaps exist.
- MBDA also should be charged with data collection and analysis.

V. Subcommittee on MBE Forum Chilling Tong, Subcommittee Chair

A. MBE Forum

The Subcommittee discussed the forum's strategy, structure, and outcomes resulting from the forum of minority business owners. It was discussed narrowing the focus, and to pursue a pilot project. The pilot project would focus on the following:

- The program should be held first in states with a high concentration of minority business enterprises, such as California, New York, Florida and Texas
- Should have a focus on industries with high potential for export growth
- Need to bring into the forum decision makers from corporations as strategic partners for MBEs
- This should be an ongoing forum, more like a network that meets/collaborates on an ongoing basis
- Participating MBEs will have a high potential for growth
 - The subcommittee proposed to target MBEs with \$10 to \$50 million in sales
 - It was also discussed that MBEs with \$1 million in sales in some industries and with high quality management may be at the cusp of high growth.

B. Preliminary Recommendations to Strengthen Program

The subcommittee presented some preliminary recommendations to support the growth of minority businesses in global markets:

- Need for better data and measurement of MBE service sectors that export
- Incentives to help remove MBE barriers to trade

C. International Commerce

The Subcommittee discussed some of the barriers to trade:

- Obtaining permits/visas to work or do business abroad
- Lack of knowledge on how to acquire a business in a foreign country
- Lack of knowledge on how to close business deals with foreign companies once relationships are established.
- Need to identify barriers for exporting products vs services

D. Department of Commerce Services

The Subcommittee discussed some of the services offered by the Department of Commerce to support U.S. business growth domestically and abroad.

- Encouraging the use of the Gold Key program
 - Gold Key program introduces U.S. businesses to potential foreign buyers.
 - There are fees to participate in the program.
 - MBDA could help minority businesses find opportunities in foreign countries and matching product/services to foreign countries' needs for the purposes of increasing market share.
- CommerceConnect is a one-stop shop portal for all of the services that the Department of Commerce offers.

E. MBDA's Role

The Subcommittee discussed MBDA's role in supporting the MBE Forum proposal, including mentorship, capital formation and advocacy.

VI. Subcommittee on Strategic Alliances and Exports

LaMae Allen deJongh, Subcommittee Chair

A. Focus Groups

- The subcommittee decided to conduct a series of focus groups to gain qualitative knowledge on enablers and barriers to growth, exports, and strategic alliances.
- The subcommittee will hold five to ten focus groups in various geographic locations.
- Focus group participants will be the CEOs of minority-owned businesses
- The subcommittee discussed the methodology to identify participating minority businesses and to ensure a diversity of business by size, industry, geography, and ethnic/racial ownership among other characteristics.
- Questions drafted for the focus groups include issues raised by the three subcommittees.
- The subcommittee is working with MBDA to get approval from the Office of Management and Budget to hold the focus groups.
- Qualitative data from focus groups will further inform the proposed recommendations from the Council.

VII. Subcommittee Summary Reports

A. Subcommittee I:

- The subcommittee discussed putting forward the definition for minority business enterprises that they had been using in previous meetings
- Considered raising the amount for the capital fund from \$100 million to \$1 billion. It would be a job creation initiative and not only a funding initiative.
- The Subcommittee discussed ideas for consolidating business development and capital access programs under the Department of Commerce
 - Efficiencies gained by consolidating programs;
 - Proposal to call the new entity "Business Administration"
 - It would enable all minority businesses to be supported under this umbrella

B. Subcommittee II:

- The subcommittee discussed including MBEs with sales of \$10 to \$500 million in the MBE forum
- Proposed MBDA could facilitate identifying corporations and MBEs who could participate in the ongoing MBE forum.
- MBDA could also assist in connecting federal agency programs to facilitate access to capital
- Format of the forum
 - Initially invite 50 established exporters and 50 MBEs with high growth potential
 - Forum would focus on networking and education
- The subcommittee discussed how to incentivize the corporations and MBEs to participate on the forum, including inviting corporations from the Billion Dollar Roundtable to the forum.

C. Subcommittee III:

- The subcommittee discussed how to structure the recommendations:
 - They will identify existing opportunity gaps for MBE growth, and the degree of impact and complexity of the recommendation.
 - The subcommittee will also look at existing or planned initiatives to avoid re-inventing the wheel.
 - They will also look at the dependencies to implement recommendations.

VIII. Next Steps and Wrap Up

Subcommittees will work on drafting more details for their recommendations.
The Council agreed to hold the next meeting on February 6 in Washington, at 11:00 AM.

IX. The Meeting adjourned at 4:06 PM


Chairman, Mark Hoplamazian

2/15/12
Date