

# Federal Laboratory National Conference

Making the Business Case  
For  
Minority Business Enterprises

*MBDA. Your Strategic Growth Partner.*

# MBDA Technology Transfer Vision

- Consistent with our Mission “To enhance the growth, expansion and minority business enterprises nationally” MBDA would like to assist Minority businesses:
  - Benefit from the commercialization of technological innovations
  - Understand the technology marketplace
  - Identify their organization’s technology needs
  - Evaluate and assess the various technology offerings
  - Obtain an accurate valuation of the technology offerings
  - Develop a feasible technology acquisition strategy
- To accomplish this we must identify strategic partners who can help MBDA with its Mission.

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## We will Discuss

- An Overview of MBDA Programs
- The State of Minority Business Enterprises

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# Established in 1969

- Through Executive Order 11458, President Richard M. Nixon created the Office of Minority Business Enterprise (OMBE) to foster the competitiveness of minority business enterprise.
- Executive Order 11625 issued in 1971 expanded OMBE's scope by prescribing the development of a national program for minority business enterprises.
- President Ronald Reagan further expanded the Agency's authority in 1983 through Executive Order 12432 which calls for each federal agency to develop plans to assist the minority business community.
- Today, MBDA remains as the only federal agency dedicated to the establishment, growth and competitiveness of minority business enterprise.

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## **MBDA VISION**

To serve as an entrepreneurial organization  
serving entrepreneurs.

## **MBDA MISSION**

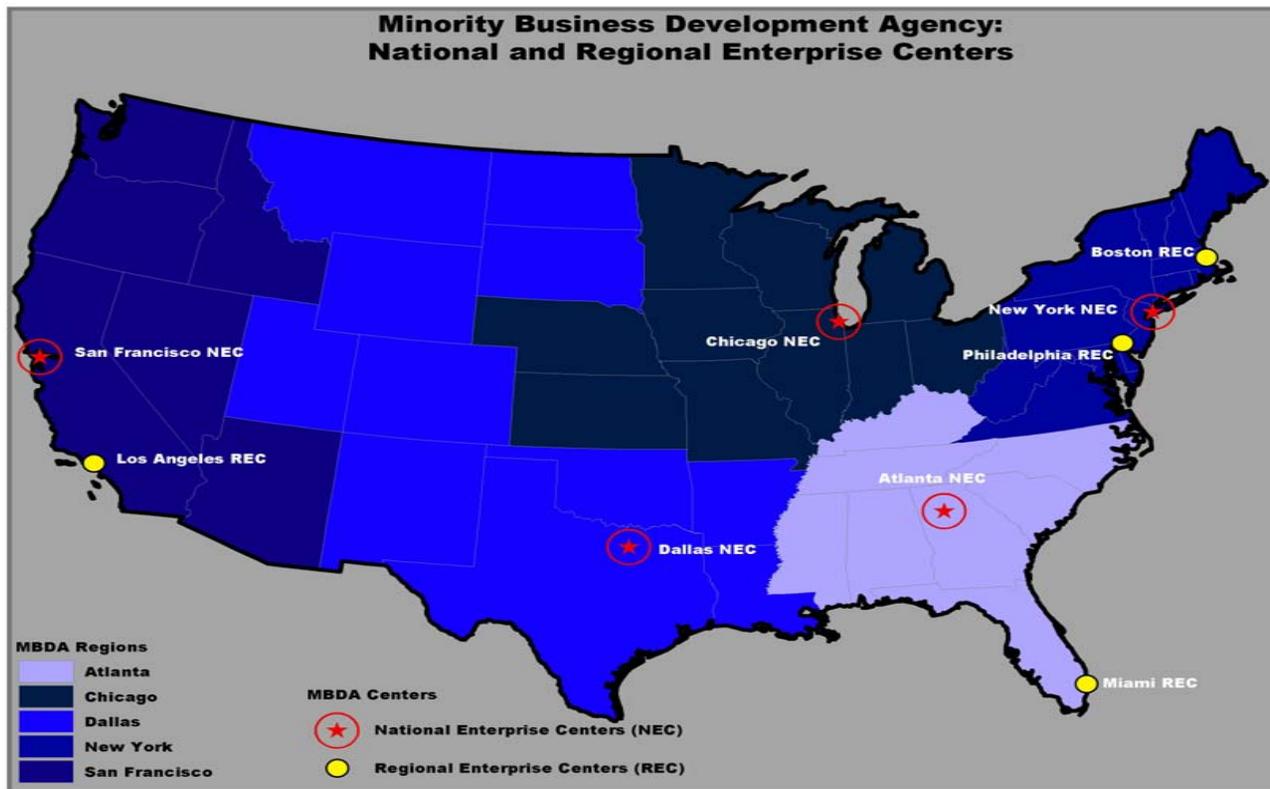
To enhance the growth, expansion of minority  
business enterprises nationally

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U.S. DEPARTMENT OF COMMERCE  
**MBDA**  
MINORITY BUSINESS DEVELOPMENT AGENCY

# MBDA's Reach is Nationwide



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# Minority Business Enterprise Centers

- The MBEC program provides management and technical assistance to minority business enterprises (MBEs).
- Identify market and contract opportunities for MBEs and facilitate the growth of jobs and gross receipts for MBEs.
- In FY 2007 MBDA will fund 32 MBECs and 8 Native American BECs.

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# Minority Business Opportunity Centers

- The MBOC Program utilizes public/private partnerships to facilitate business and economic development opportunities for MBEs.
- A new competition was completed in FY 2006 with a renewed focus on program performance.
- In FY 2007 MBDA will continue to fund 8 MBOCs.

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# White House Initiative on Asian Americans and Pacific Islanders

- Established by Executive Order 13339 (May 13, 2004), as amended by Executive Order 13403 (May 12, 2006).
- The purpose of the WHIAAPI is to provide equal economic opportunities for the full participation of Asian American and Pacific Islander (AAPI) businesses in our economy where they may be underserved.
- To accomplish this purpose, the Executive Order establishes within the Department of Commerce the: (i) President's Advisory Commission on AAPI; (ii) Federal Interagency Working Group on AAPI; and (iii) Office of WHIAAPI.
- On May 11, 2007, Commerce Secretary Gutierrez transmitted to the President the Commission's report and the Interagency Working Group's report, which provide advice and recommendations to enhance the economic potential of Asian Americans and Pacific Islanders. A copy of these reports can be obtained through MBDA's website:  
[www.mbda.gov](http://www.mbda.gov).

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# Office of Native American Entrepreneurship & Trade

- Assist Indian tribes with forging business alliances with communities that surround Indian land and secure outside investment in economic activities on Indian lands.
- Coordinate federal programs and services that:
  - offer financial and technical assistance to increase and expand Native American owned businesses,
  - stimulate demand for Indian goods and services through export and trade opportunities; and,
  - increase travel and tourism programs to and near Indian lands.

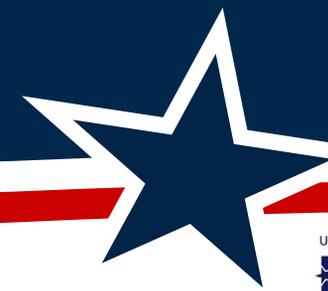
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# FY 2006 Highlights

- Agency and network of centers facilitate \$ **1.5 billion** in new contracts and financial awards for minority firms.
- **4,000** new jobs created at minority-owned businesses.
- Over **20,000** minority entrepreneurs are touched by Agency programs and services.
- Customized managerial and technical assistance provided to more than **3,600** clients.
- On-the-ground presence in the Gulf Coast initiated.
- Disaster recovery assistance, educational opportunities and contracting opportunities are provided to thousands of minority-owned firms.

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# Performance Measures

MBDA Performance Measures	FY 2005 Actual	FY 2006 Actual	FY 2007 Targets
Dollar Value of Contracts Obtained	\$1.1B	\$1.1B	\$0.85B
Dollar Value of Financial Awards Obtained	\$0.6B	\$0.4B	\$0.45B
Number of New Job Opportunities Created	2,270	4,000	1,800
Percent Increase in Client Gross Receipts	15%	7.5%	5%
Percent Increase in American Customer Satisfaction Index	13%	N/A	5%

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# THE STATE OF MINORITY BUSINESS ENTERPRISE

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# Minority Businesses – 2002

Summary Statistics by Group - 2002				
Group	Number of Firms	Total Gross Receipts	Average Gross Receipts	Paid Employees
African American	1,198,000	\$88.6 billion	\$74,000	754,000
American Indian & Alaska Native	201,000	\$26.9 billion	\$133,000	191,000
Asian	1,104,000	\$326.6 billion	\$296,000	2,214,000
Hispanic	1,574,000	\$221.3 billion	\$141,000	1,537,000
Native Hawaiian and Other Pacific Islander	29,000	\$4.3 billion	\$148,000	29,000
<b>All Minority</b>	<b>4,105,000</b>	<b>\$668.4 billion</b>	<b>\$163,000</b>	<b>4,725,000</b>
All U.S. Firms (excludes publicly-held and other non-classifiable firms)	22,480,000	\$8.8 trillion	\$391,000	55,368,000

Source: U.S. Census Bureau, 2002 Survey of Business Owners, Company Summary, September 2006.

Totals for Minority Firms are MBDA estimates.

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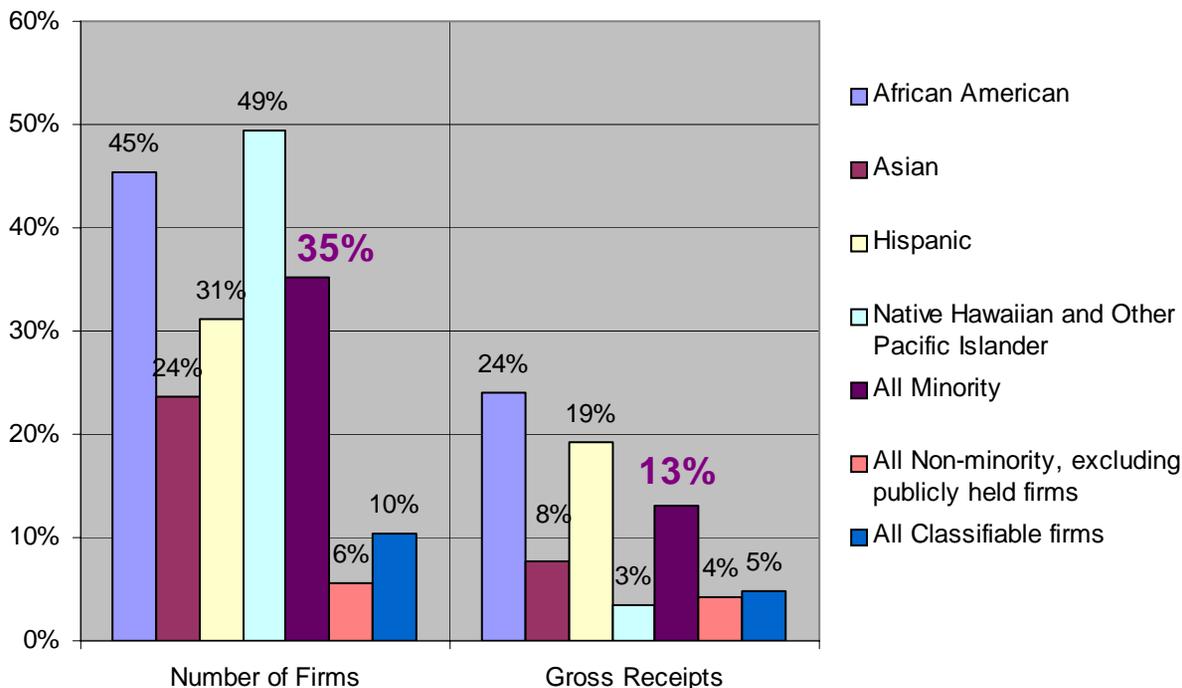
## Summary of Data

- In 2002, there were **4.1 million** MBEs representing almost 18% of all U.S. firms excluding publicly-held firms, non-profit, and foreign owned.
- These firms earned gross receipts of **\$668** billion, which is 8% of the gross receipts generated by all firms, excluding publicly-held and other non-classifiable firms.
- And, these firms employed **4.7** million workers.

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## Growth in Number of Firms and Gross Receipts, 1997-2002



Source: U.S. Census 2002 Survey of Business Owners, Company Summary September 2006; 1997 Survey of Minority- and Women-Owned Business Enterprises, July 2001. Totals for All Minority and Non-Minority firms are MBDA estimates.

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# Growth of Minority Firms – Data Summary

- Between 1997 and 2002, the number of **MBEs increased by 35%**. The number of non-minority firms increased by only 6%. The number of all U.S. firms and classifiable firms increased by 10%.
- From 1997 to 2002, annual **gross receipts generated by MBEs increased by 13%**. Annual gross receipts generated by non-minority firms increased only 4% over the same period.
- The number of **workers employed by MBEs grew by 5%** between 1997 and 2002. Over the same period, the number of workers employed by non-minority firms declined 6%.

Source: U.S. Census 2002 Survey of Business Owners, Company Summary September 2006; 1997 Survey of Minority- and Women-Owned Business Enterprises, July 2001. Totals for All Minority and Non-Minority firms are MBDA estimates.

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# Parity – Data Summary



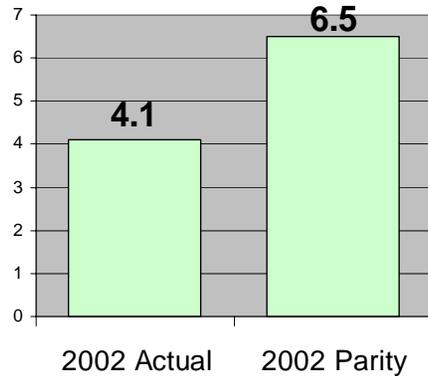
- In 2002, minorities represented 29% of people age 18 and older in the United States.
- As previously noted, MBEs represented almost 18% of all firms that could be classified according to the race, ethnicity, or gender of ownership. They earned 8% of gross receipts and employed 9% of the people employed by these all firms.
- If parity had been reached, minority firms would have represented 29% of all U.S. firms, excluding publicly-held, non-profit and foreign-owned firms, and generated comparable percentages in gross receipts and employment.

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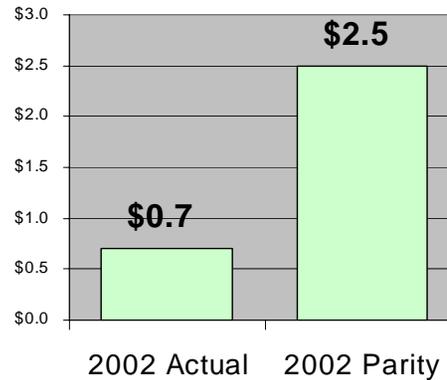


# Achieving Entrepreneurial Parity

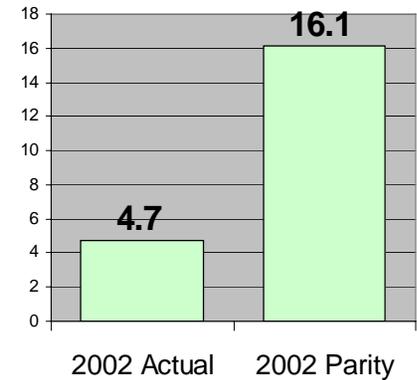
**Number of Firms (in millions)**



**Gross Receipts (in \$ trillions)**  
**millions)**



**Paid Employees (in**



Source: MBDA's The State of Minority Business Enterprises, An Overview of the 2002 Survey of Business Owners, August 2006; U.S. Census Bureau, 2002 Survey of Business Owners, March-June 2006

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## Achieving Parity – Data Summary

- If the number of minority firms reflected the 2002 minority population share, there would have been over 2.4 million more firms, totaling over 6.5 million firms.
- Gross receipts would have been more than \$2.5 trillion, which is almost four times the actual number.
- Paid employment would have totaled nearly 16.1 million—more than three times the actual number.



## Number of Minority Firms

- Of the 4.1 million minority firms in 2002:
  - About 1.6 million were Hispanic businesses.
  - 1.2 million African American firms.
  - 1.1 million Asian businesses
  - 201,00 American Indian and Alaska Native firms
  - And, almost 29,000 Native Hawaiians and Other Pacific Islander firms.

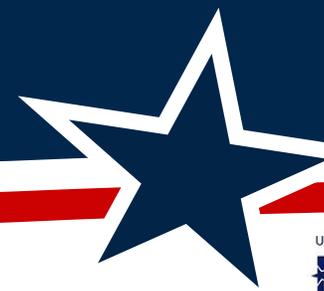
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# SGI Distribution Data Summary

- Large or SGI firms are businesses that generate \$500,000 in annual gross receipts or more.
- In 2002, there were about 195,000 large (SGI) minority firms, which represented about 9% of all large U.S. firms.
- In 2002, about 52% of all large minority firms were owned by Asians, 32% by Hispanics, and 12% by African Americans.

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## MBDA Minority Biz Facts Page

- For more information or a copy of “The State of Minority Business Enterprises, An Overview of the 2002 Survey of Business Owners,” please visit [www.mbda.gov/minoritybizfacts](http://www.mbda.gov/minoritybizfacts).

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