

**U.S. Department of Commerce
Minority Business Development Agency
Focus Groups on Minority-Owned Business Growth,
Opportunities and Barriers to Global Commerce
OMB Control No. 0640-0027**

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g. establishments, State and local governmental units, households, or persons) in the universe and the corresponding sample are to be provided in tabular form. The tabulation must also include expected response rates for the collection as a whole. If the collection has been conducted before, provide the actual response rate achieved.

The universe of firms includes 480,000 minority business enterprises (MBEs) from the Dunn & Bradstreet (D&B) business database. To understand the factors that affect sales and export growth, two Logistic Regression analyses were performed on a detailed sample of 44,000 MBEs selected from the D&B database. The selected sample possessed the most complete set of data elements necessary for the analysis and was tested to ensure that it was representative of the population. The first analysis measured the relationship between business growth and several independent variables: industry, location, loan inquiries, available credit, yearly sales, employee headcount, age of business and gender of proprietor. The same process was repeated with export growth as a dependent variable. The results provided an insightful view into the relationship between the independent and dependent variables. Further, the resulting regression equation could be used as an indicator of the correlates of revenue or export growth for any MBE.

To better understand the correlation of revenue and export growth, and the potential benefits of strategic alliances, a series of ten focus groups ranging in size from nine to fifteen participants was identified. The sample was selected by sorting the regression equation scores of all 44,000 MBEs from high to low. The high scoring MBEs were those that had the right combination of independent variable values critical for growth. Subsequently, an Integer Optimization Program was created to help select a sample that models the population with regards to industry, location, ethnicity, gender and sales. The population distribution of these characteristics was obtained from publicly available census data, where available. The participants in each of the ten focus groups were then selected based on their proximity to the location of the sessions. This was done to minimize the participant's travel time and expense.

This is the first time MBDA has collected qualitative data through Focus groups. MBDA and the Advisory Council members will invite by e-mail and phone up to 125 MBEs to participate in five to ten Focus groups. The Focus groups will be conducted in person.

Each Focus group will include 10-15 MBEs and will be held in cities in various states including California, New York, Texas, Illinois and Virginia, January thru March of 2012. States were selected based on where MBEs were most concentrated. Of the 125 MBEs to be invited, we

expect a participation and response rate of 75 to 80 percent, or 100 participants. The Focus groups will be facilitated by requisitely skilled professionals to help ensure appropriate representation of perspectives of each participating MBE.

Five to ten focus groups will be held drawing questions from the following topics: enablers of revenue growth; barriers to revenue growth; enablers to export growth; barriers to export growth; strategic alliances as a mechanism to promote growth and competitiveness; and to corroborate qualitative data and hypothesis resulting from the preceding focus groups.

2. Describe the procedures for the collection, including: the statistical methodology for stratification and sample selection; the estimation procedure; the degree of accuracy needed for the purpose described in the justification; any unusual problems requiring specialized sampling procedures; and any use of periodic (less frequent than annual) data collection cycles to reduce burden.

Given the level of robustness desired, Dun & Bradstreet (D&B) was selected as the most suitable data source to help identify the participating MBEs. The D&B database holds more than 200 million records of businesses worldwide and approximately 480,000 Minority Owned Businesses (MBEs) in the US¹. The database contains a marker for minority businesses and lists the ethnicity. It also differentiates exporters and importers.

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¹ D&B collects diversity data from over 400 sources with at least a 97% accuracy rate. The dataset is audited quarterly with a sample of 10,000 records and is validated by contacting the companies.

3. Describe the methods used to maximize response rates and to deal with non-response. The accuracy and reliability of the information collected must be shown to be adequate for the intended uses. For collections based on sampling, a special justification must be provided if they will not yield "reliable" data that can be generalized to the universe studied.

The Focus groups will be held in person in cities across the nation. Participants will be contacted by e-mail and phone. Participants that cannot participate in person due to last minute conflicts in schedule will be offered the opportunity to participate via teleconference call. However, every effort will be made to ensure that Focus group participants attend in person. We expect a 75 to 80 percent participation rate, or 100 participants out of 125 MBEs invited, to participate.

In the event we encounter a poor response rate below 75 percent, we would determine the reasons: if MBEs are unavailable to participate due to scheduling conflicts or interest. If scheduling conflicts, we would target different and/or additional dates to allow for greater participation. If lack of interest, based on the data analysis, we would then invite additional MBEs from the prioritized list.

4. Describe any tests of procedures or methods to be undertaken. Tests are encouraged as effective means to refine collections, but if ten or more test respondents are involved OMB must give prior approval.

No pilot testing will be conducted. However, the tenth Focus group to be held will provide the opportunity to validate and corroborate the data collected in the prior nine Focus groups.

5. Provide the name and telephone number of individuals consulted on the statistical aspects of the design, and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

The U.S. Department of Commerce's National Advisory Council on Minority Business Enterprises and MBDA are working together to collect the data from the Focus groups. For more information please contact Ivonne Cunarro, from MBDA, 202-482-2157, or at icunarro@mbda.gov.