

**National Advisory Council on Minority Business
Enterprise**

**MBE Focus Group Series
Pre-Read Material for MBE Participants**

January 2012

**Remarks from the National Advisory Council on Minority
Business Enterprise**

All Participating Minority Business Enterprises,

The Members of the National Advisory Council on Minority Business Enterprise (NACMBE) and the Department of Commerce's Minority Business Development Agency (MBDA) would like to offer our sincere thanks for your agreement to participate in this Focus Group. Your participation will support our efforts to develop recommendations that will promote the growth and competitiveness of our Nation's Minority Business Enterprises (MBEs).

We intend to develop recommendations that will make a sustainable difference. As CEOs of several of our Nation's MBEs, your perspectives will be invaluable to our efforts. We recognize and appreciate the investment that you are making through your participation, and we are confident that your contributions to the development and implementation of the recommendations will ultimately yield solid returns on your investment.

We are excited about your participation and support, and look forward to engaging with you during the focus group series. Thank you again.

Best Regards,

National Advisory Council on Minority Business Enterprise

Mark Hoplamazian, NACMBE Chairperson
Janice Savin Williams, NACMBE Vice-Chairperson

I. Background and Context

The National Advisory Council on Minority Business Enterprise (Advisory Council) was established by the United States Department of Commerce on April 28, 2010 to advise the Secretary of Commerce on key issues pertaining to the growth and competitiveness of the nation's Minority Business Enterprises (MBE). The members of the Advisory Council were appointed on October 30, 2010.

The Advisory Council, in collaboration with the U.S. Department of Commerce's Minority Business Development Agency, is collecting data to provide recommendations to the Secretary of Commerce in a report that will support the President's National Export Initiative (NEI) through export growth, as well as, to provide advice on domestic growth strategies and programs for minority-owned businesses.

The Advisory Council is conducting a series of focus groups to gather qualitative data on minority-owned business strategies, export business growth, and barriers to domestic and export business growth.

II. Scope of the Focus Groups

The Advisory Council and MBDA staff will administer five to ten focus groups, each of three hours of duration, in various cities across the Nation. The focus groups will address the following key issues: (a) quantitative and qualitative attributes that positively influence growth, both in terms of revenue growth and exports; (b) constraints and/or barriers to growth, both in terms of revenue growth and exports; and (c) type(s) of strategic alliances that will most effectively promote the growth and competitiveness of MBEs.

The focus groups will include participation from approximately 100 minority business owners, with each focus group consisting of approximately 10 to 15 minority business enterprises (MBEs). The participating MBEs will be diverse in such terms, including but not limited to, size, geographic reach, and industry sector. Participating MBEs will be represented only by the CEO.

Participating MBEs will be invited to participate in only one Focus Group.

III. Methodology for Identifying Participating MBEs

Given the level of robustness desired, Dun & Bradstreet (D&B) was selected as the most suitable data source to help identify the participating MBEs. Data analysis was performed to understand the relationships between both business growth and several quantitative attributes, including but not limited to, industry, location, loan inquiries, available credit,

CONFIDENTIAL – DO NOT DISTRIBUTE

yearly sales, employee headcount, age of business and gender of proprietor; and also export growth and similar quantitative attributes. Based on the analysis, additional regressions were performed to rank MBEs. This ranking and subsequent modeling was used to identify MBEs that are representative of the population (with regards to industry, location, ethnicity, gender and sales). The invitation to attend a specific Focus Group was then determined by the participating MBE's proximity to the location of the Focus Group.

IV. Representative Questions to be Addressed by Focus Group

In preparation for your participation in the Focus Groups, representative questions that will be addressed are outlined below.

Enablers of Growth – Revenue Growth

- What types of certification has the MBE secured?
- What role has certification played in enabling growth for the MBE?
- What are the MBE's growth drivers?
- How does the MBE access the market for growth? Share examples of how the MBE has differentiated its products/services within the market

Barriers to Growth – Revenue Growth

- What are the key barriers to growth for the MBE community at large?
- Based on the MBE's specific experiences, what have been, or what are the key barriers to successful execution of its strategic plan?
- To what extent has inadequate credit been a barrier to growth?

Enablers of Growth – Exports

- Describe the background and expertise of the management team in exporting
- To what extent have pre-existing relations (*e.g.*, familial), connections in the given location(s), language skills, and knowledge of the location's culture enabled the MBE's exporting?
- What are the key enablers of export growth for the MBE?
- To what extent have the MBE's credit scores been an enabler of export growth?

Barriers to Growth – Exports

- What is the growth rate of export revenue, compared to the overall revenue growth rate of the MBE over the past one, three and five year periods?
- What trade-offs has the MBE made to initiate and support exporting?
- What have been the sources of advice used to help MBE with exporting?

Strategic Alliances

For the purposes of this effort and the Focus Group discussions, a strategic alliance is defined as “an enduring relationship between two companies [or between a company and a governmental entity] that is designed to achieve mutual gain.” (This definition is an adaptation of the definition found in *Minority Business Success – Refocusing On the American Dream*, Greenhalgh & Lowry (2011). The two types of strategic alliances include MBE to Supplier and MBE to Buyer.

Promotion of Revenue Growth

MBE to Supplier: A MBE forms a strategic alliance with a supplier (potentially another MBE) to offer a broader range of products/services, or to have enhanced capability and capacity to satisfy market demand and generate revenue growth.

MBE to Buyer: A MBE forms a strategic alliance with a buyer (potentially another MBE) within its target market/industry to be the exclusive, and/or preferred, supplier of a range of products/services, thereby resulting in predictable revenue streams for the MBE and favorable business terms for the buyer.

Promotion of Exports

MBE to Supplier: A MBE forms a strategic alliance with a supplier (potentially a MBE) to offer an existing, or broader range of products/services, or to have enhanced capability and capacity outside of the U.S. where the supplier has an entree or established presence. and qualified opportunities.

MBE to Buyer: A MBE forms a strategic alliance with a buyer (potentially a MBE) with international presence within its target market/industry to be the exclusive, and/or preferred, supplier of range of products/services, thereby resulting in predictable revenue streams for the MBE and favorable business terms for the buyer.

Representative questions include:

- What have been the benefits of strategic alliance(s)? To what extent have there been mutual benefits to both parties?
 - What have been the drawbacks of the strategic alliance(s)?
 - What are the critical success factors for a mutually beneficial strategic alliance?
-
- What roles can supplier forums play in helping to establish effective strategic

CONFIDENTIAL – DO NOT DISTRIBUTE

alliances for, and among MBEs?

OMB Control No. 0640-0027

Expiration Date: XX-XX-XXXX

This information collection contains requirements subject to the Paperwork Reduction Act (PRA). Notwithstanding any other provisions of the law, no person is required to respond to, nor shall any person be subject to penalty for failure to comply with, a collection of information subject to the requirements of the PRA, unless that collection of information displays a currently valid OMB control number.