

**U.S. Department of Commerce
Minority Business Development Agency**



Small Business, Entrepreneurship, and Economic Recovery

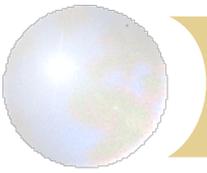
*Co- Hosted by the Kauffman Foundation, Federal Reserve
Bank of Atlanta, & Federal Reserve Bank of Dallas*

Atlanta, Georgia

October 26, 2010

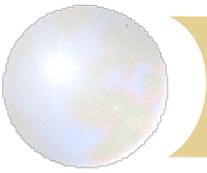
Ivonne Cunarro
Chief Knowledge Officer



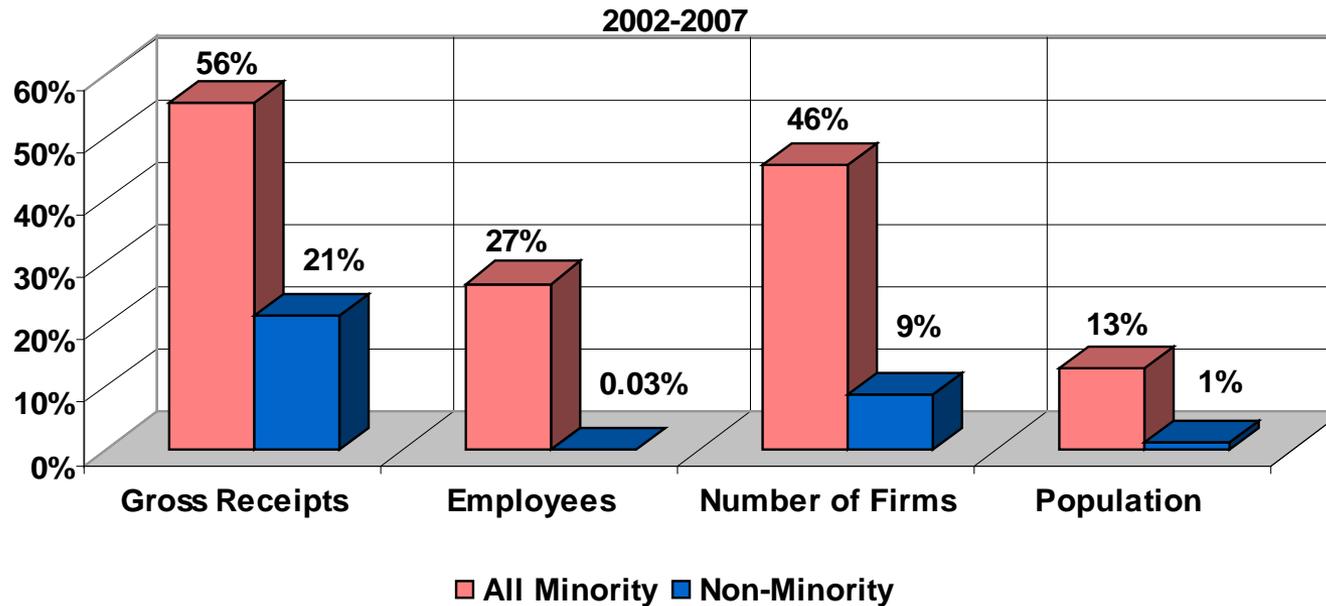


Impact of the Economic Crisis on Minority-Owned Firms

- ⊕ Minority-Owned Business Growth Trends
- ⊕ Minority-Owned Business Challenges
- ⊕ Economic Impact on Minority-Owned Firms
- ⊕ Growth Opportunities for Minority-Owned Firms
- ⊕ MBDA Programs and Results

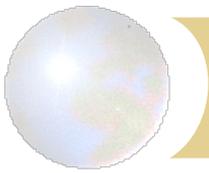


Minority Business Growth



Minority firms outpace the growth of non-minority firms between 2002 and 2007.

Source: U.S. Census Bureau, 2007 Survey of Business Owners, July and September 2010.



Minority Firms Are Still Smaller

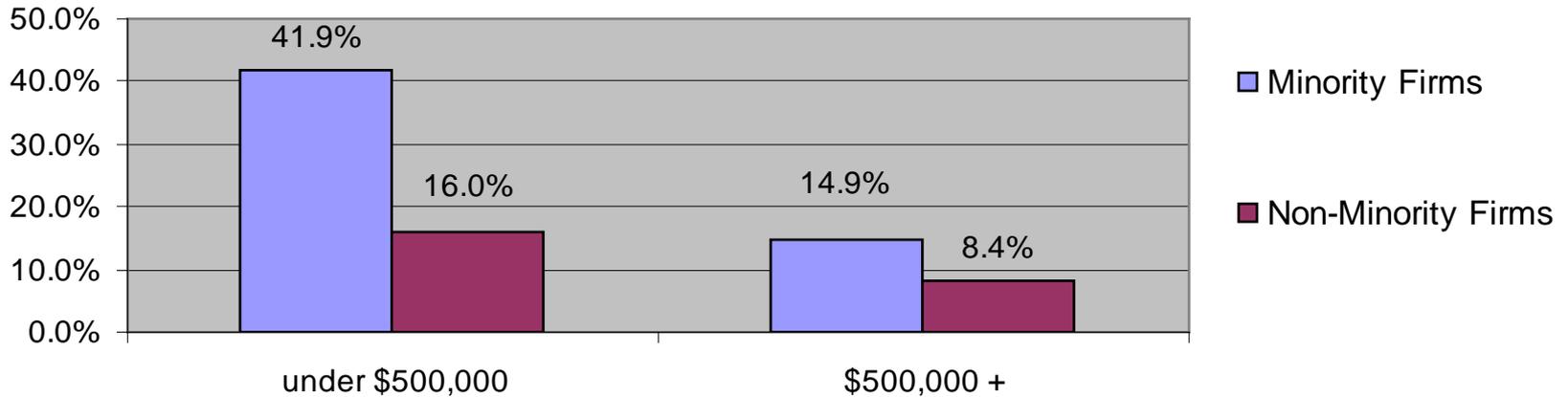
Group	All Firms	Gross Receipts	Ave. Receipts	Paid Employees
African American	1,921,907	\$137.4 billion	\$72,000	920,198
American Indian & Alaska Native	237,386	\$34.5 billion	\$145,000	191,472
Asian	1,552,505	\$513.9 billion	\$331,000	2,869,153
Hispanic	2,260,309	\$345.2 billion	\$153,000	1,932,243
Native Hawaiian & Other Pacific Islander	38,881	\$7.0 billion	\$179,000	43,187
All Minority	5,762,940	\$1.0 trillion	\$178,000	5,916,651
Non-Minority	20,107,057	\$9.8 trillion	\$490,000	50,707,027
Classifiable Firms	26,306,316	\$11.0 trillion	\$418,000	57,356,178
Total Firms in the U.S.	27,110,353	\$30.2 trillion	\$1.1 million	118,665,692

Source: U.S. Census Bureau, 2007 Survey of Business Owners, July and September 2010.

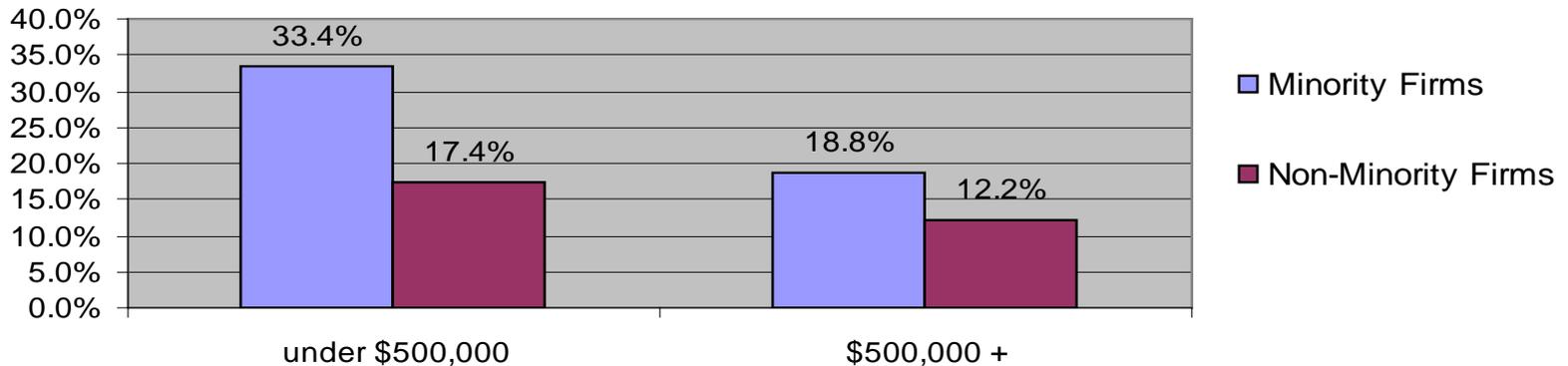


Higher Loan Denial Rates and Rejection Fears

Loan Denial Rates

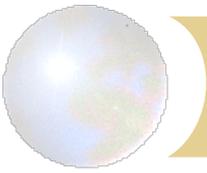


Fear of Rejection



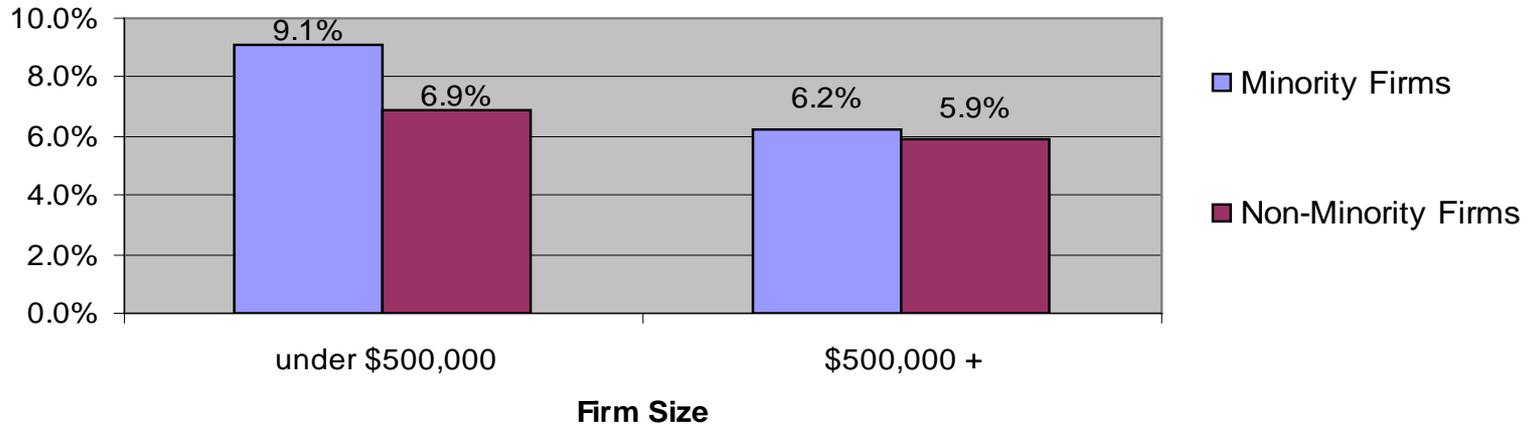
Disparities in Capital Access between Minority and Non-Minority-Owned Businesses

Source: Survey of Small Business Finances (2003)



Higher Loan Interest Rates

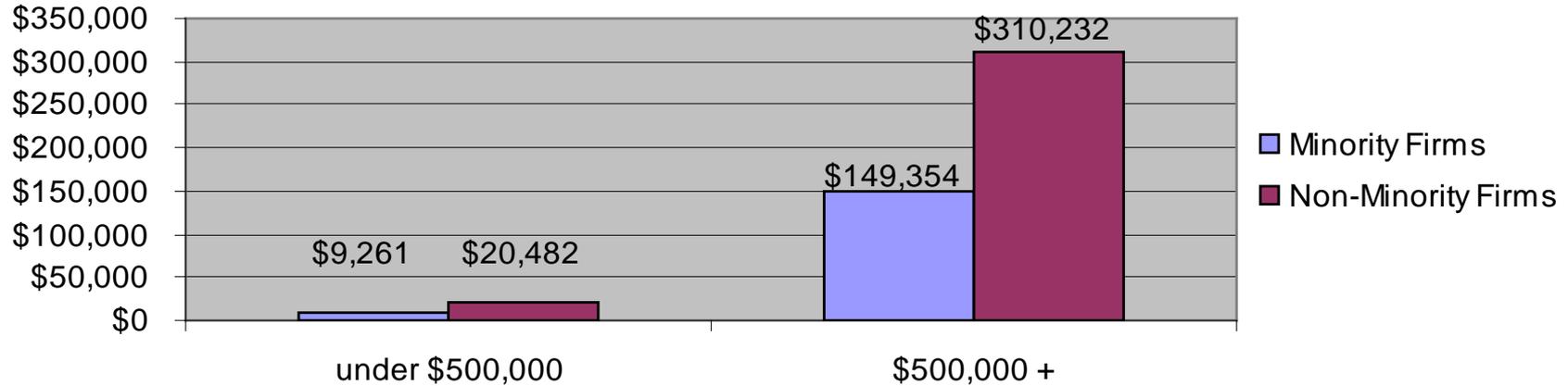
Loan Interest Rates



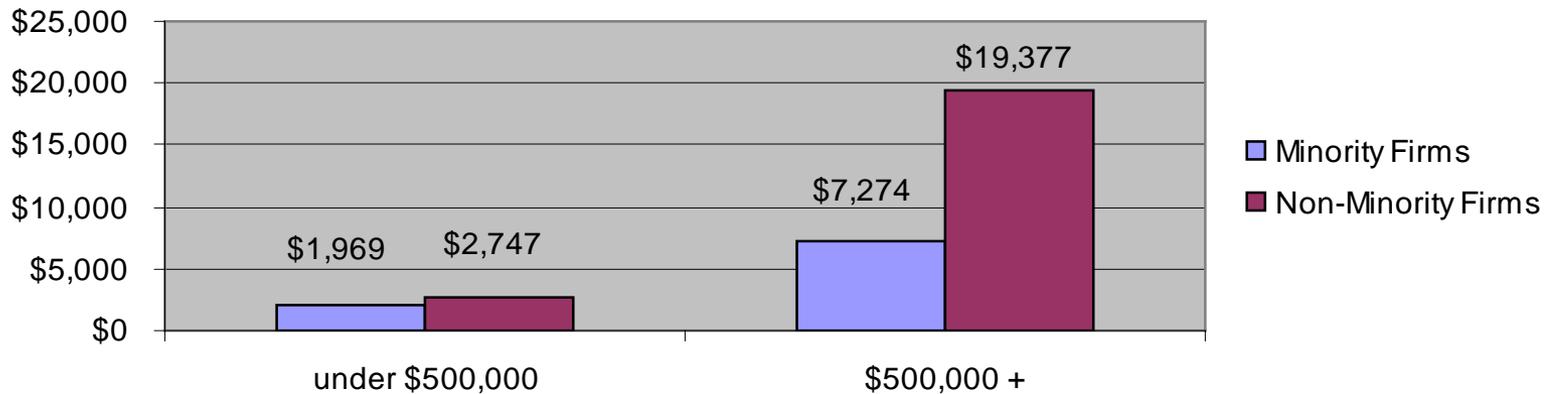


Lower Loan Size and Equity Investments

Average Loan Size

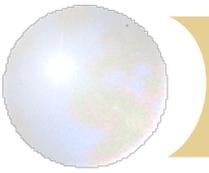


Average Equity Investments



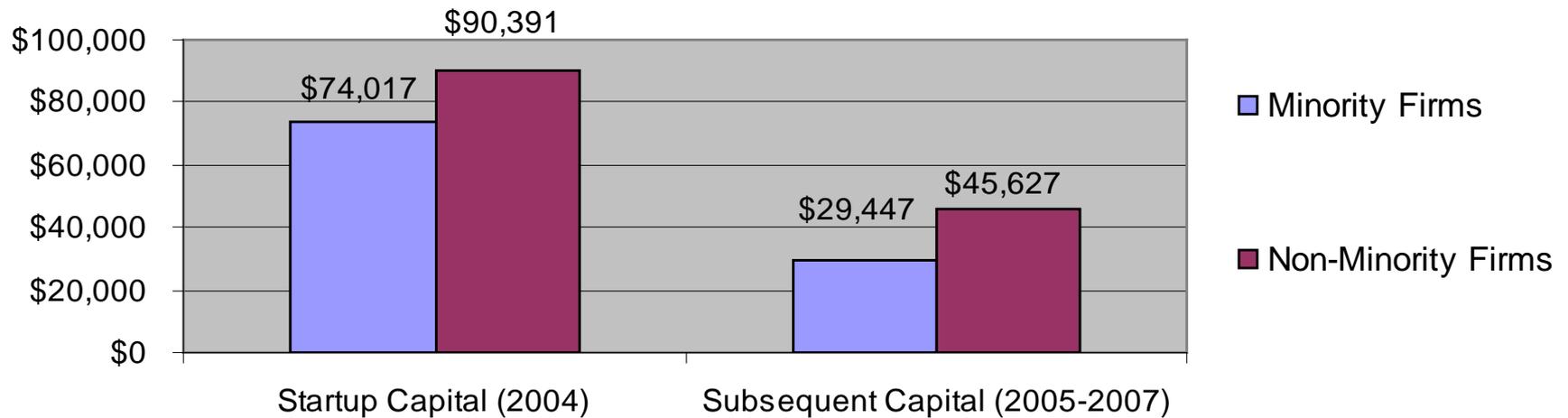
Disparities in Capital Access between Minority and Non-Minority-Owned Businesses

Source: Survey of Small Business Finances (2003)

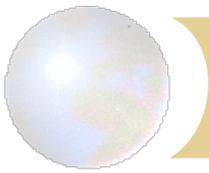


Disparities in Capital Grow Over Time

Total Financing Capital

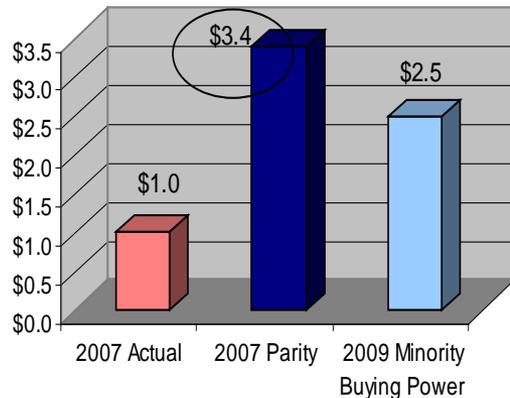


Disparities in Capital Access between Minority and Non-Minority-Owned Businesses
Source: Kauffman Firms Survey (2004-2007).

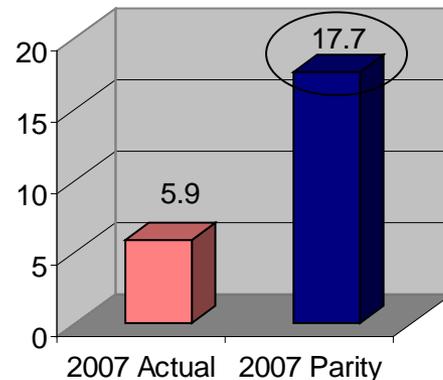


Entrepreneurial Parity

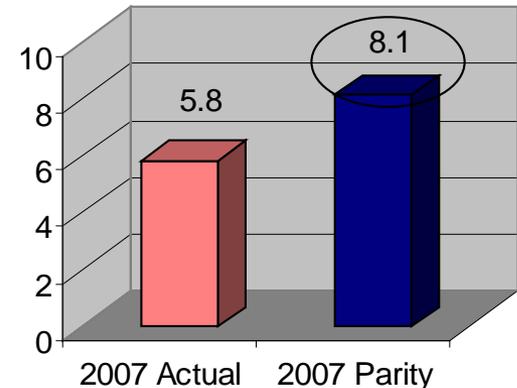
Gross Receipts (in \$ trillions)



Paid Employment (in millions)

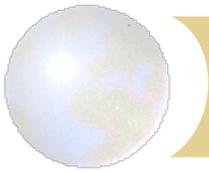


Number of Firms (in millions)



Entrepreneurial parity for minority business has yet to be reached. Parity is defined as reaching proportionality between the adult minority population and business development measures such as numbers of firms, gross receipts and employees of Classifiable firms (excludes publicly held).

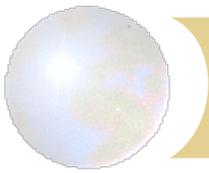
MBDA's Minority-Owned Business Growth and Global Reach (Fact Sheet), 2010. Based on data from the U.S. Census Bureau's 2007 Survey of Business Owners. Purchasing power estimates based on the data from the University of Georgia, Selig Center for Economic Growth, "The Multicultural Economy 2009," *Georgia Business and Economic Conditions, 2009*.



Is the Gap Narrowing?

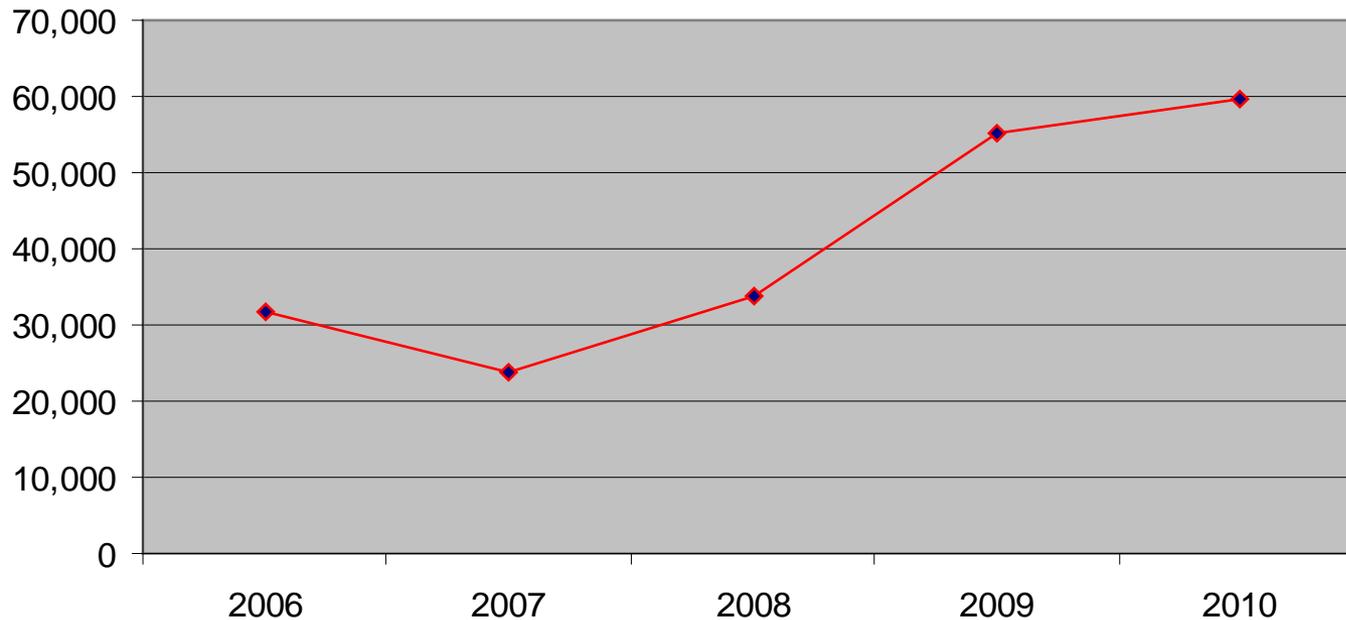
Minority-Owned Firms	1997	2002	2007
Share of Number of Firms as a Percentage of Parity Figures	57%	61%	71%
Share of Gross Receipts as a Percentage of Parity Figures	27%	26%	30%
Share of Paid Employment as a Percentage of Parity Figures	30%	29%	33%

MBDA's analysis based on data from the U.S. Census Bureau's 2007 Survey of Business Owners and 2002 Survey of Business Owners. Parity figures for 1997, 2002, and 2007 are based on the minority population share, ages 18 and above.

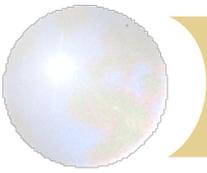


Business Bankruptcies Filings

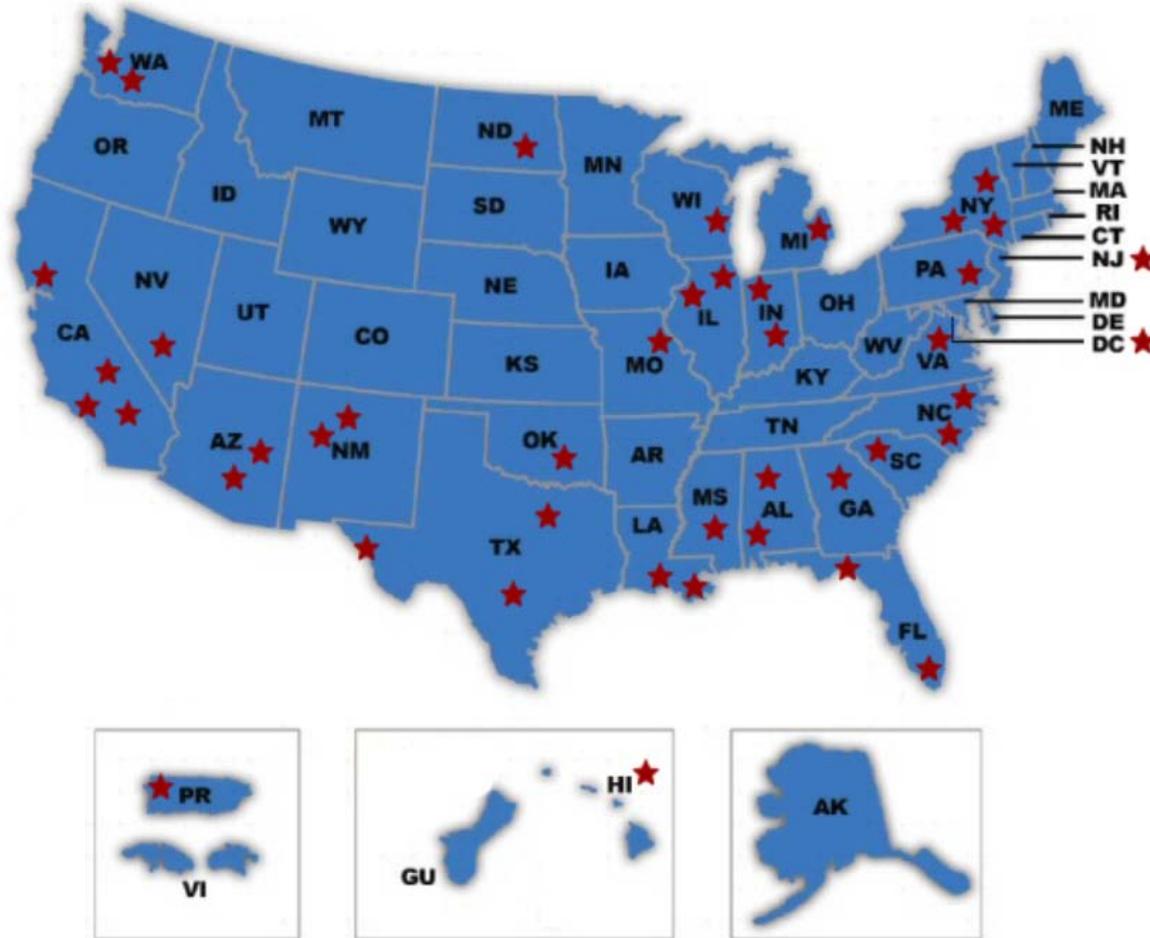
Total Business Filings



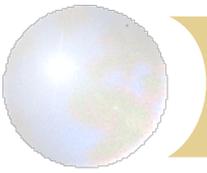
Source: Based on data from the Administrative Office of the U.S. Courts, for bankruptcies filings during the 12-month periods ending in June of 2006, 2007, 2008, 2009, and 2010.



MBDA Network

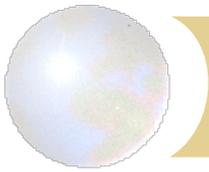


MBDA network is comprised of 46 centers which are organized as public/private partnerships.



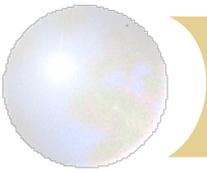
MBDA Services

- ⊕ Business Consulting
- ⊕ Procurement Matching
- ⊕ Bonding Assistance and Loan Packaging
- ⊕ Private Equity and Venture Capital Sourcing
- ⊕ Strategic Partnering (e.g, Business-to Business, Teaming, Joint Ventures, etc.)
- ⊕ Market Promotion of Clients to Prime Contractors and Other Buyers



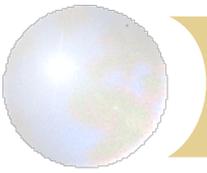
Impact of Economic Crisis

Anecdotal Stories from MBDA's Regional Offices and
Network of Business Centers



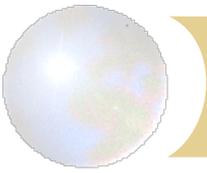
MBDA's Capital Access Strategies

- ✦ Use of Alternative Lending Sources
 - ▣ Alternative Lenders
 - ▣ Community Development Banks/CDFIs
 - ▣ Micro lenders
 - ▣ Dept. of Energy Guaranty for alternative energy products to obtain Credit Lines
 - ▣ Private Equity Firms
 - ▣ Domestic and International Asset Manager Funds

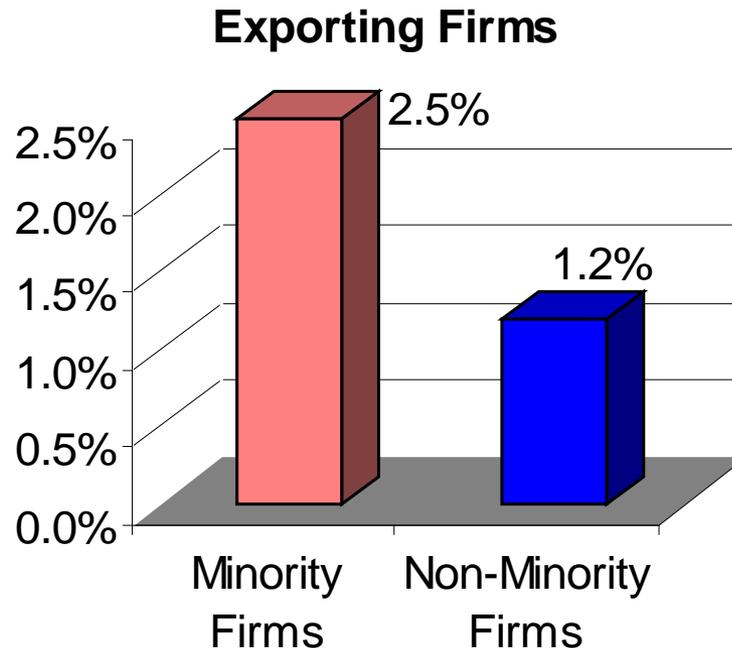


MBDA's Market Access Strategies

- ⊕ Teaming Arrangements/Joint Venturing
- ⊕ Mergers and Acquisitions
- ⊕ Strategic Partnering
- ⊕ Green projects
- ⊕ Diversifying client base
- ⊕ Technology Commercialization
- ⊕ Globalization of MBEs

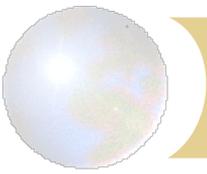


MBEs Twice as Likely to Export



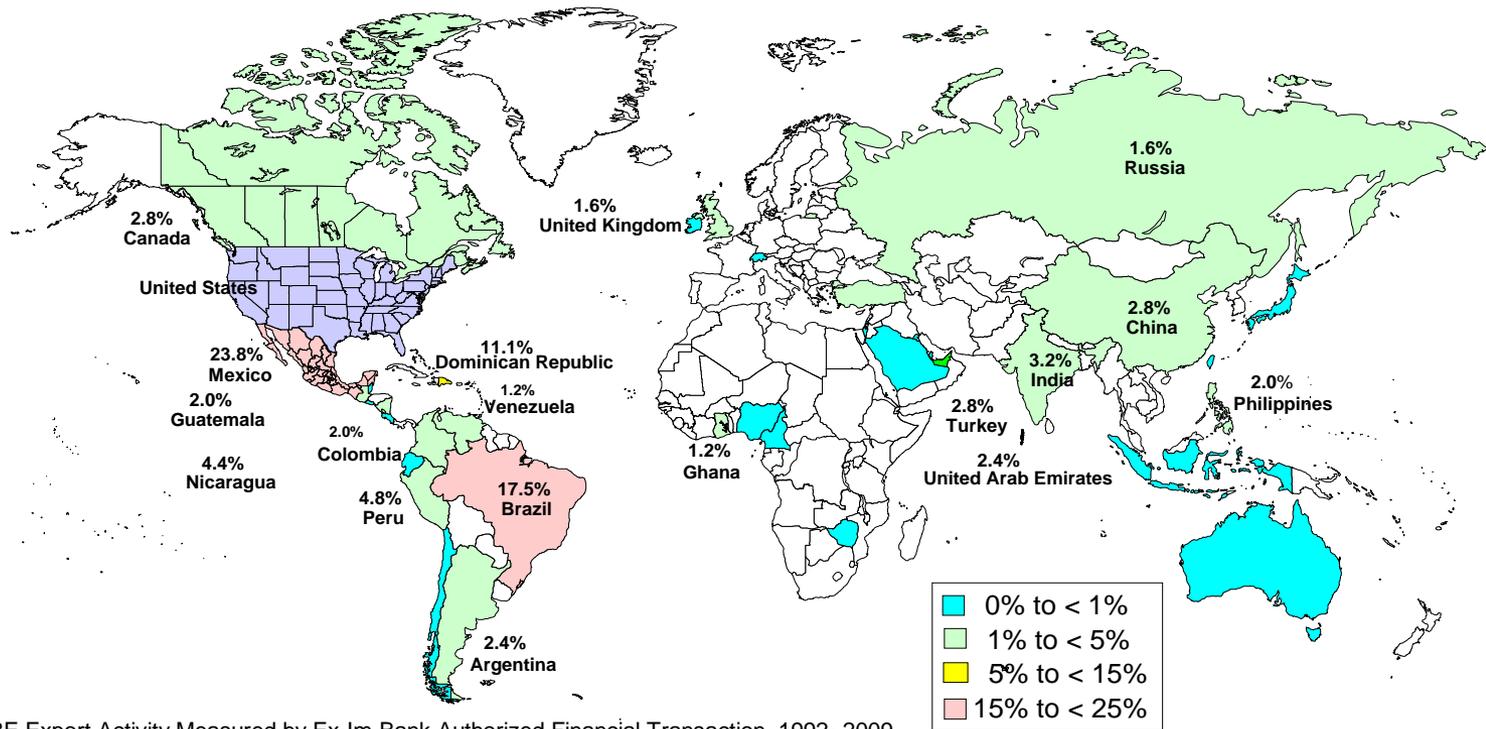
Minority firms operating in 2002 were twice as likely to generate sales through exports compared to non-minority firms operating in the same year.

Source: Minority Business Development Agency (MBDA), *Characteristics of Minority Businesses and Entrepreneurs*, 2008.



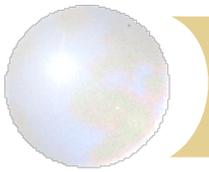
MBE Global Reach

Minority-Owned Business Global Reach Spans Six Continents



MBE Export Activity Measured by Ex-Im Bank Authorized Financial Transaction, 1992-2009

Minority business export activity spanned 41 countries between 1992 and 2009. Mexico, Brazil, and Dominican Republic are the top markets, accounting for 52% of all financing transactions authorized for these firms when foreign markets were identified.



MBDA's Performance

Fiscal Year	Contracts	Financial Transactions	New Jobs Created to date
FY 2010*	\$1.55 B*	\$1.69 B*	4,950*
FY 2009	\$2.14 B	\$ \$0.91 B	4,134
FY 2008	\$1.03 B	\$1.09 B	5,316
FY 2007	\$1.2 B	\$0.55 B	3,506

*Note: FY 2010 Performance data is preliminary and may be revised.

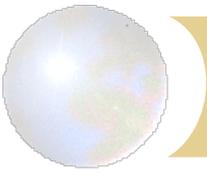


MBDA's New Strategic Focus

Increase Size, Scale and Capacity of Minority Business Enterprises

Strategic Priorities:

- ❖ Create a new generation of minority-owned firms generating \$100 million in annual revenues
- ❖ Maximize job creation and global competitiveness for minority business enterprises
 - ❑ Global Construction Program
 - ❑ Global Export Initiative
- ❖ Develop global financing solutions for minority business enterprises (MBEs)



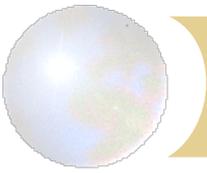
MBDA's New Strategic Focus (Cont'd)

Increase Size, Scale and Capacity of Minority Business Enterprises

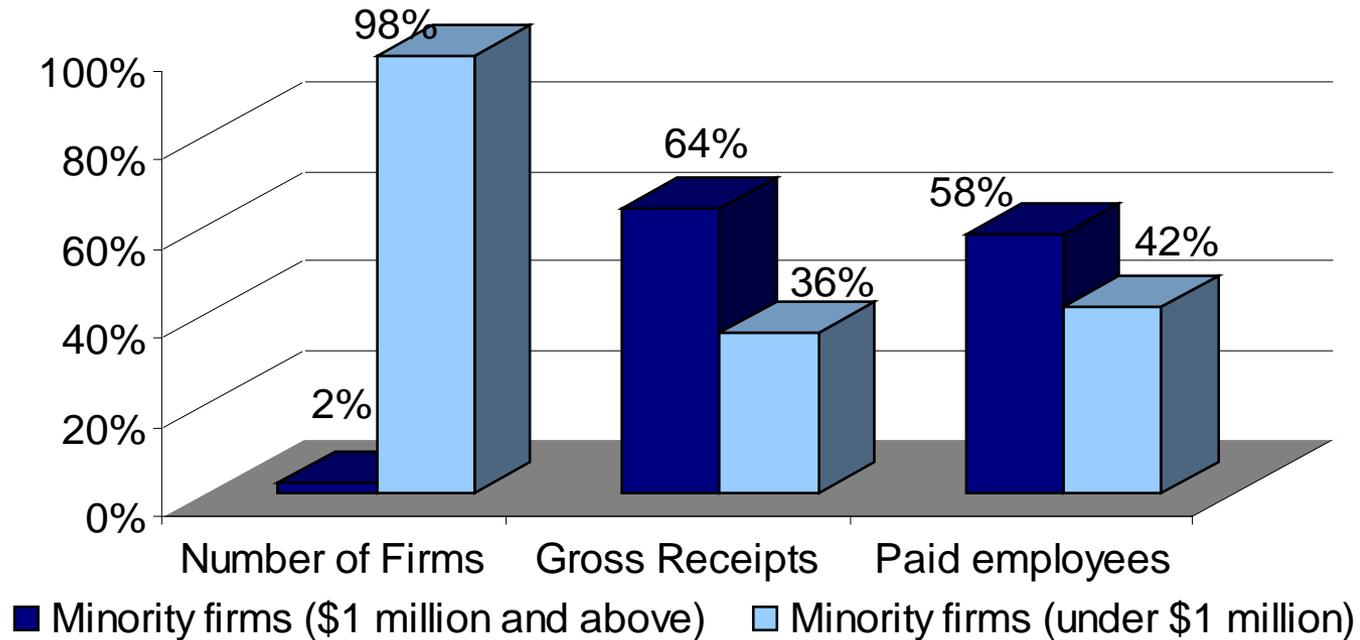
- ✦ Develop unique public-private partnerships to create funding vehicles for MBEs
 - ❖ Expanding the number of financing option
 - ❖ Increasing surety bonding opportunities

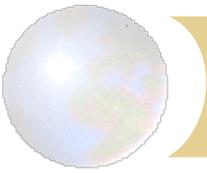
- ✦ Foster innovation and entrepreneurship within minority communities in high-growth industries, Clean and Renewable Energy
 - ❖ Green Technology
 - ❖ Health Care
 - ❖ Information Technology

- ✦ Create openness and transparency in minority business government contract reporting



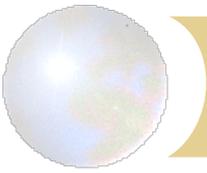
Larger MBEs vs. Smaller MBEs



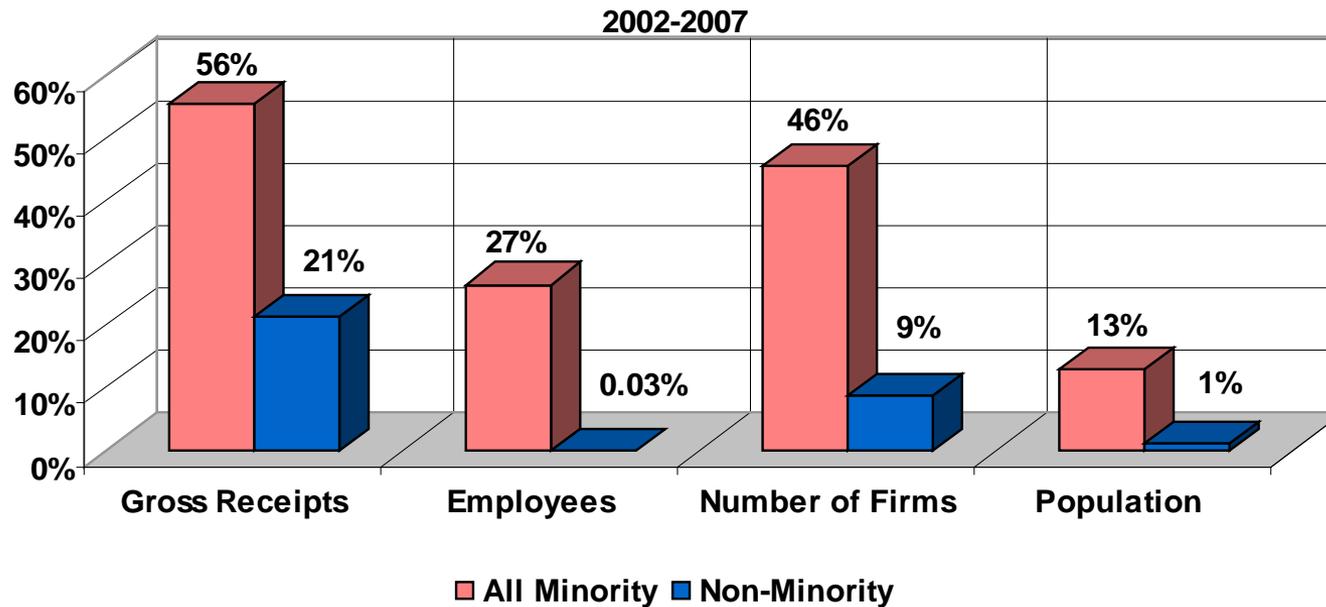


MBDA Capacity Building

- ✦ American Recovery and Reinvestment Act
- ✦ Global Construction Program
- ✦ Gulf Coast Recovery Efforts
- ✦ OPIC Loan Originators
- ✦ Portfolio Companies Initiative
- ✦ National Urban League Partnership
- ✦ Surety Bonding Program
- ✦ Minority Investment Fund
- ✦ Haiti Reconstruction

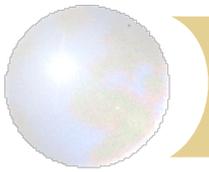


Minority Business Growth



Minority firms outpace the growth of non-minority firms between 2002 and 2007.

Source: U.S. Census Bureau, 2007 Survey of Business Owners, July and September 2010.



MBDA's Research

For more information on MBDA's Research on Minority-Owned Businesses please access:

<http://www.mbda.gov/pressroom/research-library>

For questions, please contact
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