

U.S. Department of Commerce

**NATIONAL ADVISORY COUNCIL ON MINORITY BUSINESS ENTERPRISE
MEETING**

**Marriott Wardman Park Hotel
2660 Woodley Road, N.W.
Washington 1 Room
Washington, D.C., 20008**

December 6, 2012

I. Call to Order:

At 9:46 a.m. on December 6, 2012 the seventh meeting of the National Advisory Council on Minority Business Enterprise (NACMBE) was called to order by Mark Hoplamazian, Chairman of NACMBE.

II. Attendance:

The following members were in attendance:

- Mark Hoplamazian, Chairman
- LaMae Allen deJongh
- Paul Hsu
- Anthony Jimenez
- Ash Luthra
- Javier Palomarez
- Elizabeth Plaza
- Richard Rizzo
- Michael Schell
- David Segura
- Shelley Stewart
- Chiling Tong
- William Von Hoene
- Purnima Voria
- Joset Wright

Also in attendance:

- David Hinson, National Director, MBDA
- Alejandra Castillo, National Deputy Director, MBDA
- Ivonne Cunarro, Senior Program Manager, MBDA
- Demetria Gallagher, Business Development Assistant, MBDA

III. Introduction:

NACMBE Chairman Mark Hoplamazian introduced the main issues to be discussed:

- Defining the concept of a minority business enterprise
- Defining the scope of the recommendations regarding the future of MBDA
- Aligning existing business programs across government
- Discussing the overall recommendations from the Council

IV. DOC and MBDA updates

MBDA National Deputy Director Alejandra Castillo provided updates from the Department of Commerce (DOC) related to current and new initiatives where the DOC is involved and where minority businesses can play an important role. Among these she discussed:

- Recent trips by the Secretary to various African countries and the existing business opportunities in those countries for minority-owned businesses.
- The fact that minority-owned businesses are more likely to export than non-minority-owned businesses.
- DOC efforts to revitalize the New Jersey shore as a result of the storm Sandy and existing investment and business opportunities for minority-owned businesses.
- MBDA submitted two names of minority entrepreneurs for consideration for the International Trade Administration's Advance Manufacturing Advisory Council.

MBDA National Director David Hinson discussed the restructuring of MBDA and how it supports the Agency's strategic goals. Hinson spoke about the Agency's increased focus on exporting, particularly in countries where minority-owned businesses have a competitive advantage and using strategies which can accelerate the entry into those markets. He also spoke of the work MBDA does in domestic markets facilitating contracts with the private and public sector as well as capital access, and the renewed focus to enter global supply chains through U.S. companies.

Hinson pointed out that the renewed focus on exports supports the Administration's goal to redirect the U.S. economy towards an export-oriented economy. He also discussed that the Agency had another year of record performance with a high number of sales in contracts and financing for minority business clients facilitated by MBDA.

There was a discussion of the High Speed Rail investment and the procurement opportunities it offers, as well as the need to work closely with stakeholders, federal and state, to facilitate greater opportunities for minority-owned businesses.

David Hinson reiterated that the work of the Council is important for the Agency and for the future of the minority business community.

V. Discussion of Recommendations by Subcommittees

The three Subcommittees of the Council are working on the following topics:

- Subcommittee 1: Definition and certification of MBEs; a mentorship program; potential to consolidate/align programs across agencies; a new capital access program; and data collection, analysis, and dissemination.
- Subcommittee 2: Creation of a forum with an annual event. The purpose of the forum would be to introduce minority businesses to corporations and financial institutions, target a pilot program and to support exports.
- Subcommittee 3: Broker and sustained commercial relationship to enter supply chains and secure contracts; expansion of capital access; certification of MBEs; training of minority-owned businesses to retain the best people; and the database of minority businesses.

The Council discussed that there was a need to put together all the government programs (OSDBUs, the Offices of Minority and Women Inclusion, SBA and other programs) serving minority businesses into one portal. The Council also discussed options for a new agency to provide greater strength and visibility to MBDA including the following:

- Creating a new agency within Department of Commerce to increase capability
- Combining MBDA and SBA
- Creating an independent agency that reports directly to the White House

Most Council members supported the third option which would create an agency that reports directly to the White House. This option would provide a greater voice and it would have largest impact but possibly would be most difficult to implement.

The Council discussed the need to frame the conceptualization of what will be done in support of minority business growth as being about American competitiveness, American businesses and American jobs. The Council also discussed the importance of advocating for procurement opportunities for minority and disadvantage businesses in particular with foreign companies doing business in the U.S.

The Council deliberated on the various existing definitions for minority-owned businesses across different organizations (NMSDC, MBDA, SBA and OSDBU programs) and the issues related to there being multiple definitions. The comment was made to define the various countries within Asian heritage to signify all the countries included in the definition.

The Council discussed the OSDBU operation across agencies and how their capabilities differ depending on resources and staffing. Some focus more on matchmaking, others on monitoring and compliance. The Council discussed that many OSDBU's did not meet their contracting goals.

The Council discussed that there is a need for a center of excellence to strengthen OSBDU operations. A comment was made to focus on the Department of Defense first, given their large procurement budget, for greater impact. A comment was made that OSDBU's act as supplier diversity managers in corporations.

The Council reiterated the need for creating a center of excellence and a portal that includes information on all the training and existing infrastructure, data analysis, capital formation and contract assistance for minority businesses and disadvantaged businesses.

The Council had a break for lunch at 11:45 a.m. The meeting resumed at 1:18 p.m.

Members agreed that the impact-to-risk ratio of the creation of an independent entity that reports to the White House is more desirable than those of the other two options. They discussed that it would require legislation to create this new entity that consolidates programs for minority and disadvantaged businesses.

The Council raised a number of issues for discussion regarding the recommendations. These included:

- Incentives which could improve supplier diversity programs in the Government and boost responsibility and accountability
- The sector and size of business to be served by MBDA's future programs
- How to affect the growth of minority businesses in a systemic way
- The need to leave a legacy that goes beyond any particular administration
- The need to bring minority and non-minorities businesses together in support of these initiatives and to talk about U.S. competitiveness in the global economy
- Communicate the mission of the new proposed entity correctly
- How to foster the creation of jobs and wealth
- How to foster greater economic growth of minority-owned businesses so these businesses represent the majority growth for the U.S. economy and increase the pie to have a more balanced approach

The Council discussed the need to map existing programs and services for minority-owned businesses, including their goals and achievements. The map will help in defining the current needs against the opportunity potential to grow the economy in the next 20 years.

The Council discussed the goals and the proposed recommendations under those goals. The five main goals include the following:

- Goal I: Broker and Sustain Commercial Relationship
- Goal II: Centralize and Optimize Minority Business Development Efforts
- Goal III: Expand Access to Capital
- Goal IV: Train Minority-Owned Businesses

- Goal V: Build Data Infrastructure and Other Capabilities

The Council discussed that one of the issues is that most government programs tend to be focused on small businesses and their structure do not necessarily encourage the growth which is needed to create wealth and have a greater economic impact.

The Council confirmed that the recommendation going forward would be for a stand-alone agency. The Council confirmed the scope of recommendations including the definition of minority businesses.

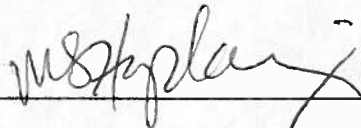
VI. Next Steps

A subgroup of Council members will continue with the editing of the report of recommendations. The report will be distributed to all the members for their input.

VII. Meeting Adjourned

The meeting adjourned at 3:33 p.m.

I hereby certify that, to the best of my knowledge, the foregoing summary of minutes is accurate and complete.



Mark Hoplamazian, NACMBE Chairman

11/21/13

Date