

**FY 2007 Annual Performance Plan**

**MBDA's Mission and Goal**

MBDA's mission is to achieve entrepreneurial parity for Minority Business Enterprises by actively promoting their ability to grow and to compete in the global economy. MBDA's goal is to **"Increase Access to the Marketplace and Financing for Minority-Owned Businesses"**. MBDA was established to address the special demands and barriers experienced by minority-owned firms and entrepreneurs for the purpose of gaining full access and participation in the free enterprise system. MBDA will continue to open doors to access financial capital and procurement contracts that will allow MBEs to grow, increase MBE gross receipts, create job opportunities within the minority community, and utilize strategic partnerships to leverage resources.

**Priorities/Management Challenges**

In FY 2007, MBDA will continue to adopt entrepreneurial strategies to attract professional new employees; use technology to improve efficiency and disseminate information; build new public-private partnerships; and create a work environment that stimulates innovation and allows flexibility. MBDA funded projects, however, continue to face increased costs and staff turnover. The biggest challenge will be to sustain MBDA's programs and continue to support the fastest growing segment of the American population, the minority community. MBDA plans to continue entrepreneurial strategies to attract new professional employees; improve technology tools available to Portal registrants; and create a knowledge management center to respond to information requests and to disseminate relevant information on minority business development. The Agency will also seek to establish new National and Regional partnerships that will support performance outcomes.

In FY 2007, MBDA will be funding a revised MBEC/NABEC program. The revised program will require the grantees to focus on servicing Strategic Growth clients, increasing MBE access to corporate supply chains, and obtaining transaction dollars for MBE clients in contracts and financings.

MBDA will also continue to work with the Amos Tuck School of Business at Dartmouth College to train new project staff and to maintain the high quality of MBDA service providers.

Currently, over 50% of MBDA staff is now eligible to retire. This will require training of new agency hires and an increased focus on succession planning. The biggest challenge will be to sustain MBDA's programs while continuing to support the fastest growing segment of the American population, the minority community. MBDA is committed to the President's vision of an ownership society and will continue to assist the minority business community in support of that vision.

### **Unit Cost Measures**

MBDA funds approximately 35 Business Enterprise Centers (BECs) nationwide and the following annual performance data is associated with each center and is based on an average grant amount of \$250,000.

- Approximately 100 clients per year
- On average, \$10.7 million in financial awards obtained for clients- loans, lines of credit, bonding
- On average, \$25 million in contract awards obtained for clients
- On average, 68 new job opportunities created
- On average, \$225,000 in new gross receipts for clients

Each center contributes to MBDA's overall annual program performance and therefore plays an integral part in the agency achieving its goals and mission. A program funding reduction or increase would therefore affect MBDA's performance outcomes significantly. When all BEC programmatic costs are taken in account an incremental funding level of \$0.5 million is useful in determining programmatic performance impacts associated with changes in funding levels.

### **PART Assessment**

In line with funding from the PART, MBDA redefined its performance measures to directly tie to its long term goal of entrepreneurial parity for minority business enterprises as it relates to increases in employment, gross receipts and customer satisfaction measures for minority businesses. MBDA also revised its strategic plan to more clearly identify the agency's clientele as defined by the Strategic Growth Policy. Staff and funded projects currently have a Verification Policy of 100% for all contracts and financials over \$250,000 (all other transactions are subject to random sampling for verification) that is in effect and monitored by the Office of Performance and Program Evaluation. In addition, both the MBEC and MBOC programs have been restructured to support the Strategic Growth Policy.

### **FY 2007 Program Changes**

In FY 2007, MBDA will maintain its focus on achieving entrepreneurial parity for the minority business community and continue to concentrate on producing more innovative ways to empower minority business enterprises. The agency will leverage its resources to provide high quality, narrowly focused business development services for minority business enterprises resulting in positive economic impacts. While businesses of all size categories are important, the national minority business community needs to focus on becoming "growth firms" that can compete in an era of contract bundling and strategic partnering. MBDA will focus on these firms to achieve its goal of entrepreneurial parity.

**Target and Performance Summary**

<b>Performance Goal: To increase access to the marketplace and financing for minority-owned businesses.</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Target</b>	<b>FY 2007 Target</b>
Dollar Value of Contract Awards Obtained	\$1.3B	\$.7B	\$.95B	\$1.07B	\$850M	\$850M
Dollar Value of Financial Awards Obtained	\$.4B	\$.4B	\$.6B	\$566.7M	\$450M	\$450M
Number of New Job Opportunities	New	New	New	2,270	1,800	1,800
Number of National Regional Partnerships	6	8	231	231	200	200
Percent Increase in Client Gross Receipts	New	New	New	30%	5%	5%
Percent Increase in Customer Satisfaction Index	New	New	New	13%	Not -Applicable	5%

**Resource Requirements Summary**

	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>	<b>FY 2007 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2007 Request</b>
Total Funding	28.3	29.0	29.1	29.7	29.9	29.9	0	29.9
Direct	28.2	28.9	28.5	29.5	29.6	29.6	0	29.6
Reimbursable	0.1	0.1	0.6	0.2	0.3	0.3	0	0.3
IT Funding	2.0	2.0	1.5	2.0	2.0	2.0	0	2.0
FTE	92	92	92	96	115	115	0	115

**Minority Business Development Agency Performance Goal:** To Increase Access to the Marketplace and Financing for Minority-Owned Businesses.

**Department of Commerce Strategic Goal:** Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers and Consumers.

**Department of Commerce Objective:** Enhance Economic Growth for All Americans By Developing Partnerships With Private Sector and Non-Government Organizations.

**Rationale:**

MBDA benchmarks its success by utilizing the entrepreneurial parity methodology. Parity is defined as reaching proportionality between the minority population and the percentage share of business development measures such as number of firms, gross receipts, and employment. This methodology records the progress made by minority business enterprises in achieving parity. Practical measures of business success include the dollar value of contracts and financial transactions awarded to minority business enterprises as a result of MBDA activities as well as job created and gross receipts. These performance measures are indicators of a minority business enterprise's ability to grow, create jobs, and increase gross receipts, thereby achieving entrepreneurial parity.

**Explanation of Each Performance Measure**

***Dollar Value of contracts awards obtained***

The dollar value of contracts awarded to minority business enterprises is an indicator that will measure MBDA's impact on the Nation's economy. This measure represents the cumulative dollar value of approved and verified contract awards obtained for clients served by MBDA funded projects, agency staff, and on-line tools.

FY 2007 Target

The target for dollars in contract awards obtained in FY 2007 will continue at the same level as the FY 2006 target.

***Dollar value of financial awards obtained***

This represents the cumulative dollar value of approved and verified financial packages for clients served by MBDA funded projects, agency staff and on-line tools.

FY 2007 Target

In FY 2007 MBDA projects that the dollar value of financial awards will be maintained at the same level as the FY 2006 target.

***Number of National and Regional Partnerships***

Strategic partnerships play an important role in the leveraging of resource for clients. MBDA will maintain the number, growth and impact on performance resulting from National and Regional Partnerships established by the agency and funded network.

FY 2007 Target

The FY 2007 target will continue at the same level as the FY 2006 target.

***Number of new job opportunities created***

The growth in the number of employees within MBE firms assisted is a lead entrepreneurial parity component that will reflect on MBDA's impact and success. This measure focuses specifically on the number of jobs created as a result of services provided by MBDA's funded projects and staff.

FY 2007 Target

The target for FY 2007 is a projection maintained at the same level as the FY 2006 target.

***Percent increase in Client Gross receipts***

MBDA continues to measure the average increase in MBE gross receipts to determine the impact on this entrepreneurial parity component. This measure will focus specifically on the increase to minority business enterprise gross receipts as a result of services provided by MBDA's funded projects and staff.

FY 2007 Target

A 5% increase in client gross receipts is projected to be maintained as the FY 2006 target. The new MBEC/NABEC program funded in FY 2007 will represent several new funded projects with new SGI clients that they will attempt to grow and develop. The previous program will have expired in FY 2006 with clients that had grown over a three year cycle. The performance result from that cycle was the significant performance outcome of a 30% increase in gross receipts realized in FY 2005. MBDA and its new grantees or projects will begin a new cycle in FY 2007 as new minority, high-growth potential firms are developed into SGI companies. This

effort will require two to three years to reach a new performance target level comparable to that realized in FY 2005. Adjustments to performance targets may be made as progress is monitored during the coming fiscal years

***Percent increase in Customer Satisfaction Index***

MBDA has worked with the Federal Consulting Group and the University of Michigan to establish a baseline for the American Customer Satisfaction Index using an established model to survey MBDA's programs and customer relations. MBDA expects to improve this index and complete additional surveys in odd years.

**FY 2007 Target**

The Survey will be taken again in FY 2007. A 5% projection will be maintained.

**Program Evaluations and Efficiency Measures**

MBDA will continue to review each performance measure and complete program evaluations as needed to improve program operations and performance results. MBDA plans to seek actions to decrease the costs delivering services while maintaining performance. Improvements are planned in program monitoring, grant packaging, staff brokering services reporting systems, training, advocacy and marketing. The Office of Performance and Program Evaluation will continue to lead our evaluation team so that future program grant solicitations can be improved to better serve our clientele.

**Discontinued Measure(s)**

**Total Number of all Clients Receiving Services** – Due to the diverse type of services provided, tracking the number of clients serviced by staff, centers and the MBDA Portal is not indicative of standardized service and performance outcomes. Therefore, the measure has been discontinued.

## **Cross-cutting Activities:**

### **Intra-Department of Commerce:**

MBDA continues to engage in cooperative efforts with several Departmental organizations. MBDA will utilize the resources offered by the Department of Commerce to maintain effective operations and by taking the following actions:

- Acquire best practices concerning financial processes in cooperation with the National Institute of Standards and Technology (NIST).
- Participate in the development of an automated procurement and contracting system with the National Oceanic and Atmospheric Administration (NOAA).
- Continue our partnership with ITA to identify qualified minority vendor firms that can participate in trade missions to obtain global business opportunities and receive information and technical assistance from ITA export assistance centers.
- Include minority business enterprise in new and emerging technology and innovation programs offered by NOAA and NIST ventures such as manufacturing extension partnership centers and aquaculture business.
- Work with the Census Bureau to maintain current data and demographic information that can be used for marketing research.

### **Other Government Agencies:**

MBDA will reach out to other Federal agencies, such as:

- The Office of Personnel Management to stay current with the latest and most effective programs for enhancing human capital.
- The U.S. Department of Agriculture and the U.S. Department of Treasury to provide information regarding the latest and best training programs for budget, debt management, and finance.
- Export-Import Bank to include minority business in trade initiatives that provide access to export financing and global markets.
- Offices of Small and Disadvantaged Business Utilization (OSDBUs) to work closely with agency representatives to identify contracts and government programs that can service minority business and to respond to MBDA's requests to participate in trade fairs and procurement conferences.
- United States Agency for International Development (USAID) to educate the minority business and the African business communities on two-way trade between MBEs and sub-Saharan African businesses.
- MBDA has always had a working relationship with the Small Business Administration (SBA) to support the needs of local communities in promoting business ownership. MBDA and SBA cosponsor the Annual Minority Enterprise Development (MED) Week conference.

**Government/ Private Sector Partnerships:**

Private sector corporations contribute sponsorships to finance local and national conferences to benefit minority businesses such as the annual Minority Business Development Week (MED Week) conference. Likewise, other local governments and communities assist with MBDA events to promote procurement opportunities, social capital/networking and organizational alliances. These stakeholders also:

- Participate in local workshops and training seminars on issues of importance to the minority business community.
- Distribute information about business opportunities.
- Sponsor booths to exhibit products and services at trade fairs.
- Receive Congressional and Presidential recognition for significant achievements.

**External Factors and Mitigation Strategies**

In FY 2007, a significant portion of MBDA's workforce will be eligible for retirement. This could lead to a significant exodus of skills and institutional knowledge. MBDA will respond to this potential situation by engaging in an extensive training and recruitment program focusing in the areas of needed expertise. MBDA, as a business program, must respond to economic downturns and still provide needed services. The continued use of strategic partnerships with public and private sector organizations will help to leverage MBDA's limited resources.

Business-to-business and business-to-world-market economies require updated E-commerce technologies in order to partner with larger firms. There are other practices that often deny minority firms access to the marketplace. MBDA is addressing this need in its market-focused information technology programs and internet portal that offers electronic solutions and assistance.

MBDA has traditionally relied on the Survey of Minority-Owned Business Enterprise (SMOBE). Current results for the Survey of Business Owners and Self-Employed Persons (SBO) were released by the Bureau of the Census in 2005. MBDA will be reviewing this data and looking at how it can use this information as a tool to build a foundation for research and add value to minority business communities.

### Data Validation and Verification

<b>Performance Measure</b>	<b>Data Source</b>	<b>Frequency</b>	<b>Data Storage</b>	<b>Internal Control Procedures</b>	<b>Data Limitations</b>	<b>Actions to be taken</b>
Dollar Value of Contract awards Obtained	Secured Internet transmission to Program Performance system	Semi-annual Reports	Oracle platform	Source Verification by Regional Project managers	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff
Dollar Value of Financial Awards Obtained	Secured Internet transmission to Program Performance system	Semi-annual Reports	Oracle platform	Source Verification by Regional Project managers	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff
Number of National and Regional Partnerships	Reported by Staff and Projects to the Performance system	On-going as signed	Oracle platform	Validated by staff monitors each quarter	Minimum requirements showing impact on Performance	Staff will review and give rating points accordingly
Number of New Job Opportunities Created	Secured Internet transmission to Program Performance system	Semi-annual Reports	Oracle platform	Source Verification by Regional Project managers	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff
Percent Increase in Client Gross Receipts	Secured Internet transmission to Program Performance system	Semi-annual Reports	Oracle platform	Source Verification by Regional Project managers	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff
Percent Increase in the Customer Satisfaction Index	Contracted Survey	Two year follow-up Survey	Established Model for benchmark	Client Performance system database for Agency Programs	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff