

Minority Business Development Agency
FY 2006 Annual Performance Plan

MBDA's Mission and Goal

MBDA's mission is to achieve entrepreneurial parity for MBEs 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

Minority businesses are a key component of U.S. economic prosperity and could hold the promise of global expansion through their cultural, racial, and ethnic diversity. This diversity puts the U.S. at a competitive advantage, enabling MBEs to work strategically to effectively pursue opportunities in the global economy. The Nation may not sustain ongoing economic growth unless it utilizes all of its internal talents.

The United States' population demographics and minority-owned businesses have recently shown growth rates in both numbers of firms and gross receipts that substantially exceeded those of non-minority firms. Minority firms are under-represented in the overall business community when the number of firms, employees, and gross receipts are compared with minority population percentages. MBDA recognizes "regional clusters of innovation" throughout the country. New tools and services are needed to assist MBEs to pursue the opportunities that drive regional innovation. In addition, there are environmental factors that create challenges and opportunities for MBEs to compete in the entrepreneurial and global economy. These include the downsizing of the corporate supply chain and the bundling of government contracts requiring that businesses be larger to compete.

A new paradigm for minority business development requires that the public and private sectors expand their present focus from outreach, certification, and dollars spent to support MBEs in their ability to achieve gross revenue, capacity, and industry diversification. In short, minority business development services must be designed to create sustainable business values while supplying the critical need for access to the capital and financing necessary to grow and expand businesses.

MBDA will develop a more industry-focused, data-driven technical assistance approach to educate minority business owners about the tools essential for becoming first or second tier suppliers to corporate America and the federal government in the new procurement environment. Sustainable value will translate into entrepreneurial parity and strategic growth through increased gross receipts, number of employees, size (gross receipts) and scale (capacity) of firms, and industry diversification associated with MBEs, consistent with the survey of minority-owned business enterprises data.

Unit Cost Measures

In FY 2006 MBDA has no unit cost measures. However, the agency has embraced several efficiency performance measures that will help the agency to determine a methodology by which unit cost measures can be obtained.

PART Assessment

MBDA has redefined its performance measures to directly impact the 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 has 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 that is in effect and monitored by the Office of Performance and Program Evaluation. With assistance from the Federal Consulting Group, MBDA currently has outcome-oriented performance measures that will support the Agency's performance goal and in turn support the Department's Strategic Goal of "Providing the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers and Consumers." In addition, both the MBDC and MBOC programs have been restructured to support the Strategic Growth Policy that will be fully operational in FY 2006.

FY 2006 Program Changes
(Dollars in Thousands)

In FY 2006 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 entrepreneurial parity.

As a means to promote entrepreneurial parity and wealth creation MBDA will use \$500,000 to expand the Asian Americans and Pacific Islanders (AAPI) Commission. This Commission in conjunction with the AAPI Office will conduct trade activities and business development in response to the President's initiative on trade promotion for Asian Americans and Pacific Islanders. The Commission will also foster the growth of minority business enterprises in the global marketplace through the expansion of MBDA's client base and the development of contracts and financials for a more diverse population.

In FY 2006 MBDA will also use \$203,000 to enhance the delivery of data to MBEs. With use of an electronic information center the agency will expand its capabilities to disseminate and analyze statistical data. Additionally this program will focus on the delivery of alternative data resources from both the public and private sector.

	Base	Increase/Decrease
Asian American and Pacific Islander Commission	\$500	\$+500
Information Center/Data Delivery	\$220	\$+203

Target and Performance Summary

Performance Goal: To increase access to the marketplace and financing for minority-owned businesses.	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target
Total Number of all Clients Receiving Services	New	New	7,228	29,387	30,000	30,050
Dollar Value of Contract Awards Obtained	\$1.6B	\$1.3B	\$.7B	\$.95B	\$0.8B	\$0.9B
Dollar Value of Financial Awards Obtained	\$.6B	\$.4B	\$.4B	\$.6B	\$.45B	\$.5B
Number of New Job Opportunities	New	New	New	New	1,800	1,900
Percent Increase in Client Gross Receipts	New	New	New	New	5%	6%
Percent Increase in Customer Satisfaction Index	New	New	New	New	5%	5%
Number of National and Regional Strategic Partnerships	New	6	8	210	200	200

Resource Requirements Summary

	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 Base	Increase/Decrease	FY 2006 Request
Total Funding	27.9	28.3	29.0	28.7	30.0	30.5	0.7	31.2
Direct	27.6	28.2	28.9	28.5	29.5	30.0	0.7	30.7
Reimbursable	0.3	0.1	0.1	0.6	0.5	0.5	0	0.5
IT Funding	1.7	2.0	2.0	1.5	2.0	2.0	0	2.5
FTE	90	92	92	92	120	120	0	120

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.

Program Increases/Decreases:

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
Asian American and Pacific Islander Commission	\$500	Strengthen activities of the AAPI Commission and working group while advancing business to business growth	Page 36
Information Center/Data Delivery	\$203	Enhance the dissemination and analysis of statistical data	Page 46

Explanation of Each Performance Measure

Total Number of Clients receiving services

This measure consolidate all clients served by its staff, funded network (MBDCs, NABDCs, MBOCs) and its on-line Portal (business) tools including the Phoenix Opportunity contract matching system.

FY 2005 Target

The target for FY 2005 was increase to reflect the actual number of clients that received services in FY 2004. The level of performance reported in FY 2004 is expected to continue in FY 2005.

FY 2006 Target

In FY 2006 MBDA projects that the number of clients receiving services will increase slightly above the target for FY 2005. This increase is projected to be a reflection of the additional clients who will receive services from the enhancement of the services provided by MBDA.

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 2005 Target

In FY 2004 MBDA exceeded its target for the dollar value of contracts awards obtained. However, in FY 2005 the target will remain the same as that of FY 2004 during the implementation of revisions to both the MBDC and MBOC programs.

FY 2006 Target

The target for contract awards obtained in FY 2006 is an increase from the FY 2005 target. MBDA projects that the dollar value of contracts will increase due to the completion of revisions to both the MBDC and MBOC programs.

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 and Agency staff that have an award date during the fiscal year.

FY 2005 Target

MBDA's target for FY 2005 is increased to reflect the actual obtained in FY 2004 and the continued implementation of the agency's Strategic Growth Policy.

FY 2006 Target

In FY 2006 MBDA projects that the dollar value of financial awards will continue to increase as the agency continues to use its staff, electronic tools and network of funded centers to reach a larger segment of the minority business community.

Number of new job opportunities created

The growth in the numbers of MBE employees is one of the entrepreneurial parity components that will benchmark MBDA's long-term success. This measure focuses specifically on the number of jobs created in minority business enterprises as a result of services provided by MBDA's funded projects and staff.

FY 2005 Target

FY 2005 is the first year of reporting for this measure, therefore the target for FY 2005 is based on historical data obtained from job creation activities of FY 2004 and prior years.

FY 2006 Target

The target for FY 2006 is a projection based on actual activities of FY 2004 and estimates for FY 2005.

Percent increase in Client Gross receipts

MBDA measures increases in MBE gross receipts to determine the extent to which entrepreneurial parity is being reached. 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 2005 Target

This will be a new measure for FY 2005. However target projections for the measure are based on performance data collected in FY 2004. MBDA projects a 5% increase in the percent increase in client gross receipts in FY 2005.

FY 2006 Target

A 6% increase in client gross receipts is projected for FY 2006. This projection is anticipated due to the completion of revised MBDC and MBOC programs, and the enhancements of the AAPI program and the Information Center/Data Delivery initiatives during FY 2006.

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.

FY 2005 Target

In FY 2005 MBDA anticipates a 5% increase in the agency's customer satisfaction index base which was established in FY 2004.

FY 2006 Target

In FY 2006 MBDA anticipates that the projected percent increase in the Customer Satisfaction Index for the agency will be the same as that of FY2005. The target for this measure may be adjusted after actual performance data is collected in FY 2005.

Number of national and regional partnerships

Strategic partnerships play an important role in the leveraging of resources. MBDA will monitor the number, growth, wealth, and empowerment enhanced through national, regional, and local partnerships established by the agency and funded network that will impact the status of the minority business community.

FY 2005 Target

The target for FY 2005 is an increase above the target of FY 2004 of 150. The increase in the FY 2005 target is based on the actual number of national and regional partnerships that were reported in FY 2004.

FY 2006 Target

MBDA will continue in FY 2006 to leverage its resources through the creation of national and regional partnership. However it is projected that the number of national and regional partnerships in FY 2006 will remain the same as that of FY 2005.

Changes in measures for FY 2006

In order to comply with Departmental guidelines, MBDA reviewed its proposed performance measures for FY 2006 and removed the following:

- Number of Contract awards obtained
- Number of Financial awards obtained
- Number of Employee training hours

In reviewing these measures it was agreed that they represent outputs rather than outcomes. MBDA will continue to track these activities internally.

Program Evaluations

MBDA will continue to review each performance measure and complete program evaluations that will analyze the success of all of its programs and internal operations. MBDA will benchmark the effectiveness of Agency programs to decrease the unit costs for business development services. Improvements can be made in program monitoring, grant packaging, staff brokering services, reporting systems, training, advocacy and marketing. The Office of Performance and Program Evaluation will be evaluating a variety of tactical measures used to improve operations.

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 doing the following:

- Acquire best practices concerning financial processes in cooperation with the National Institute of Standards and Technology (NIST).
- Develop an automated procurement and contracting system with the National Oceanic and Atmospheric Administration (NOAA).
- Ensure effective human capital initiatives through the International Trade Administration (ITA), which serves as the human resource office for MBDA.
- Continue our alliance with the ITA to identify qualified minority vendor firms that can participate in trade missions to obtain global opportunities and receive the necessary 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 centers and aquaculture business.
- Work with the Census Bureau to maintain current data and demographic information that can be used for marketing research and expand the survey of minority business to an annual collection.

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 share resources and support the needs of local communities in promoting business ownership. MBDA and SBA work together to 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

By FY 2005, more than 45% percent 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, being 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 limited resources.

Business-to-business and business-to-world-market economies require updated E-commerce technologies in order to partner with other larger firms. There are other practices that often deny minority firms access to the marketplace. MBDA is mitigating these factors into its market-focused information technology programs and internet portal that will offer solutions and assistance electronically.

MBDA has relied upon the 1997 Survey of Minority-Owned Business Enterprise (SMOBE) that does not have the most current and comprehensive minority business data.¹ New results for the Survey of Business Owners and Self-Employed Persons (SBO) will be

¹ The Survey of Business Owners and Self-Employed Persons (SBO) provides statistics that describe the composition of U.S. businesses by gender, race and ethnicity. This survey as previously conducted as the 1997 Economic Census Surveys of Minority- and Women-Owned Business Enterprises (SMOBE/SWOBE).

released by Census in 2005. MBDA will be reviewing new 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

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Total number of all Clients Receiving assistance	Secured Internet transmission to Program Performance system	Semi-annual reports	Oracle platform	Source Verification by Regional Project managers	Data Integrity will depend on implementation of agency verification policy	Review quarterly by OPPE staff
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 will depend on implementation of 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 will depend on implementation of agency verification policy	Review quarterly by OPPE staff
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 will depend on implementation of 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 will depend on implementation of agency verification policy	Review quarterly by OPPE staff
Percent Increase in the Customer Satisfaction Index	Federal Consulting Group Confidential	Two year follow-up Survey	Established Model for benchmark	Client Performance system database for Agency Programs	Data Integrity will depend on implementation of agency verification	Review quarterly by OPPE staff

	Survey				policy	
Number of National and Regional Partnerships	Memorandum of Understanding (MOU) or agreements	Collect real-time and report quarterly through Chief Counsel.	Automated spreadsheet and database running on an Oracle platform.	Source Verification by National and Regional managers	Data Integrity will depend on implementation of agency verification policy	Review quarterly by OPPE staff