




EMERGING DOMESTIC MARKETS IN MINNESOTA

A VISION FOR MINORITY BUSINESS DEVELOPMENT

*A REPORT OF THE GOVERNOR'S WORKING GROUP
ON MINORITY BUSINESS DEVELOPMENT*

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INTRODUCTION

Can Minnesota effectively ride the next wave of entrepreneurial activity? A recent report - *The Future of Small Business: Trends for the New Century* by the Research Institute for Small and Emerging Businesses states that the makeup of entrepreneurship will change dramatically in the next 10-15 years as major demographic shifts create new profiles of business owners. The study predicts the "face" of small business will more likely be older, female, and ethnic minority.

Within the broad area of small businesses in Minnesota we find these Emerging Domestic Markets such as, ethnic minority owned businesses, women owned businesses, immigrant businesses and businesses catering to niche markets such as ethnic markets and gender markets.

To tap into one segment of the dynamic emerging domestic markets in Minnesota – ethnic minority entrepreneurs and to identify mechanisms through which the state could facilitate minority business development, Governor Jesse Ventura appointed a six member working group to present a report on the issues and challenges faced by minority entrepreneurs in Minnesota.

We estimate that minority entrepreneurs make up around 13,000 firms or between 5 and 10 percent of all firms in Minnesota. Ethnic minority firms are growing at phenomenal rates in Minnesota. According to Census data, in Minnesota during 1987-92 the number of African American firms increased 92.3 percent; the number of Hispanic-owned firms rose 110.8 percent; and the number of businesses owned by Asian and Pacific Islanders, Native Americans and Alaskan Natives grew by 56.5 percent.

Minority entrepreneurs are among the top 100 firms in Minnesota and among the top 25 firms in market segments such as the computer industry. In 1999, just 237 small and mid sized minority companies who were clients of the Metropolitan Economic Development Association (MEDA) generated \$992 million in sales and employed 5,028 people, of which 1,954 were ethnic minorities. Of the current portfolio of 24 companies of the Milestone Growth Fund that serves minority entrepreneurs, 58 percent had sales that ranged from 1 to over 5 million dollars.

From March to June 2000, the Governor's Working Group on Minority Business Development held 15 focus groups of Asian American, African American, Hispanic, Native American and new immigrant entrepreneurs; bankers, non profit intermediaries, representative of corporate diversity supplier programs, producers of ethnic directories and business information resources; and members of immigration-related organizations.

These focus groups were held in the Twin Cities and Brainerd, Rochester, Duluth, St. Cloud, Mille Lacs and the Fond du Lac Reservations. Out of the total of more that 200 participants in the focus groups and personal conversations, 77 were minority entrepreneurs who represented the wide diversity within and among minority ethnic groups as well as the

diverse business sectors from home-based to high-tech businesses. Conversations were held with individuals and organizations that are part of the economic development infrastructure of the state. From the focus groups, conversations and analyses of available empirical information on minority entrepreneurs, this document emerged – *A Vision for Minority Business Development in Minnesota*.

The report first focuses on the minority economic base in Minnesota to illustrate the opportunities and potential to be realized through policy attention on this much neglected area. The report then offers recommendations in many critical areas such as information, networking, technical assistance, capital and immigration.

Simultaneously with the production of this report the Working Group also engaged in a policy dialogue with a number of individuals and organizations to facilitate minority and small business development in Minnesota.

Many of our recommendations call for no additional spending, but perhaps reallocation of dollars, better coordination, and the easier access to information. The ones that do have financial implications should be considered as “investments” by the state because the statistics that we provide illustrate that the state can get a very high rate of return for its investments. We make the case that the state should invest in this market subset because it makes good business and political sense to do so. Further it is the responsibility of the state to ensure that existing programs and institutions are reaching minority entrepreneurs.

The broad themes of the report are fairness, pragmatism, efficiency, self-sufficiency and the common good. We are also calling upon minority entrepreneurs to increase their commitments to the communities where they operate and help make Minnesota a great place to live, work and to raise a family.

The Working Group acknowledges the limitations of time, resources and data in the production of this report. The Working Group offers the recommendations given in the report with the intention of helping Minnesota tap into the next wave of entrepreneurial growth.

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VISION

Minority entrepreneurs are assets to the state of Minnesota: they revitalize inner cities; expand Minnesota's high tech frontier; enlarge the economic base in communities where they locate; increase Minnesota's tax base; serve as positive role models; and help promote Minnesota trade and tourism.

Minnesota will be the best place to grow minority businesses because:

1. The state creates a small business-friendly environment and develops incentives to encourage small and minority business start-ups;
2. Information on funding and technical assistance is readily available in a centralized user friendly format;
3. Appropriate and quality technical assistance is available for minority firm growth and development;
4. Adequate and equitable access to debt and equity capital is available to meet the needs of minority firms;
5. Abundance of business to business resources exist such as peer mentoring and networking to facilitate minority business growth and development;
6. Public procurement dollars are used efficiently and at the same time help to grow small businesses;
7. The state invests in the entrepreneurial base in terms of the educational and technical qualifications of ethnic minority youth in Minnesota;
8. There is a culture of goodwill and hospitality that facilitates minority business development.

Guiding Principles

1. Minority entrepreneurs are assets to the state of Minnesota and so it pays to invest public resources in minority business development.
2. Work with existing institutions as far as possible rather than creating new institutions.
3. The state leverages private and other resources to achieve the larger social good.

4. Public goods and services can be delivered efficiently and at the same time achieve broader state goals.
5. Policies and programs aimed at small business development in general will benefit minority businesses only if they are adapted to the unique needs and characteristics of minority businesses.
6. Policies and programs aimed at minority businesses can benefit the entire economy in general and small businesses in particular, as it expands the state's economic base.

Underlying Conditions

1. Recognition of the goodwill that exists in Minnesota towards immigrant and minority communities as reflected in the numerous organizations facilitating minority business development.
2. The recent initiative in the form of the Governor's Working Group on Minority Business Development arose out of genuine interest to explore the potential of a dynamic segment of Minnesota's economy.
3. There is considerable diversity both within and among minority ethnic groups in terms of ethnicity, type of business, immigrant status, and level of integration with the mainstream. The unique position of Native American people as sovereign nations within Minnesota will be respected.
4. Small businesses in Minnesota, of which minority businesses are a part, provide 97 percent of the employment in Minnesota and will be the driving force behind economic growth in the years ahead.





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KEY STRATEGIES

We propose some key strategies to facilitate minority business development in Minnesota, with more detailed recommendations later in the report (specific recommendations to different state agencies can be found in the Appendix together with a breakdown of state procurement spending by agency).

For some of these recommendations the state can provide resources and leadership, for others there will be a need for a public-private partnership. Many of the recommendations do not cost money but call for program coordination, user-friendly delivery of services, and networking opportunities. Other recommendations require a commitment of resources to build a solid infrastructure upon which private entrepreneurial activity can succeed.

Change Perceptions

Minnesota needs to view its ethnic minorities as assets to the state. We identify three areas that suggest the economic potential of minority communities: buying power, a stable workforce, and dynamic entrepreneurial capital.

The estimated buying power of minority communities in Minnesota is close to 6 billion dollars. In Map 1 we illustrate the potential of the minority customer base in every county in Minnesota. In Map 2 we illustrate the minority workforce potential in all of Minnesota's counties. Finally, minority firms are growing at phenomenal rates and could make up anywhere from 5 to 10 percent of all firms in Minnesota in 2000 (Map 3).

Minority communities in Minnesota pay approximately half a billion dollars in state and local taxes.

Small Business Friendly Environment

The state can create a small business friendly environment through a simplified tax and regulatory system and by providing an incentive package for small business start-ups.

Public officials involved with minority outreach programs should be trained to meet the particular needs of minority entrepreneurs and, where appropriate, bilingual staff and educational materials should be made available.

The state should encourage coordination and development of an integrated and coordinated economic development infrastructure for small business development that includes the SBA

network, the small business development center network, and the Workforce centers and local partners such as nonprofits and lenders.

Information

To bridge the gap between the needs of minority entrepreneurs and available programs a centralized, user friendly database of sources of financial and technical assistance for small and minority businesses should be developed and distributed through key information sources in the state such as library networks, community development corporations, small business development centers, bankers and community organizations.

The information should be marketed in a user friendly manner, such as a single toll free number (or a web site) where after a client enters their zip code, a menu of resources available in their area will be identified, together with the contact information of a key person(s) who can help the client in that area. The state should provide leadership to a public-private collaborative of existing parties willing to provide this critical information resource to minority entrepreneurs.

The Workforce Centers around the state can serve as a resource for entrepreneurs especially in the areas information, job skill training and employee recruitment.

Technical Infrastructure

Technical assistance to minority entrepreneurs should be provided according to the capacity of the entrepreneur and the environment most suitable to the entrepreneur.

We recognize two effective strategies to deliver technical assistance to minority entrepreneurs: technical assistance delivered in the language of new immigrant groups and technical assistance delivered in an environment sensitive to the unique characteristics of minority entrepreneurs.

More resources should be provided to increase the capacity of organizations providing these two forms of technical assistance to minority clients.

Financial Infrastructure

Loan funds should be assisted in expanding their capacity to deliver ongoing technical assistance to clients, especially in the case of high-risk start-ups where banks are unwilling/unable to service minority clients.

Loan funds that provide much needed debt capital should be allowed the flexibility to expand in a variety of ways such as the use of convertible debentures where appropriate.

The state needs to enter into a public-private partnership with banks, foundations, private investors and the federal government to improve the availability of much needed micro equity capital (less than \$50,000).

The state should reinvest in its community development corporation programs since they provide the badly needed technical assistance to minority businesses.

Credit

Banks and other lending institutions should be encouraged to understand the unique ethnic minority market so that their decisions on credit to entrepreneurs will be based on more than mechanical techniques, such as credit scoring, to a deeper character/cultural understanding approach.

Lessons have been learned from other parts of the country (as documented in a recent report by the Office of Comptroller of the Currency), such as consumer education about the financial system; good working relationships with ethnic minority communities; bilingual and culturally sensitive loan officers; making products accessible to consumers; and helping borrowers establish a credit history through staggered lending.

Procurement

The state needs to develop a comprehensive procurement plan that includes central certification, increased subcontracting opportunities, bid matching programs and other support services.

Out of 2.2 billion public dollars spent on procurement, minority entrepreneurs' share of the business was only around 36 million dollars.

Marketing

Partnering with existing organizations such as LISC, the state helps 'market' the unique ethnic clusters in the state through such techniques as ethnic streetscapes or maps, to bring out the richness of Minnesota's ethnic economy. The state in collaboration with Native American communities can help promote the tourism potential around Native American reservations in Minnesota.

Minority Clusters in Rural Minnesota

Immigrant/minority clusters in different parts of the state have potential for the growth of new businesses and so effective planning and partnerships can help tap into the ethnic economy in rural Minnesota and expand Minnesota's entrepreneurial base.

High Growth Sectors

The state can help minority entrepreneurs move into the high growth sectors of the economy through technical assistance, market research and other incentives.

The state, through public private partnerships with businesses, universities, foundations and other entities, could nurture the development of an excellent high tech infrastructure in Minnesota. At the same time special attention should be given to the digital divide within minority and Native American communities in rural and urban areas.

Networking

A new public-private partnership can be established to increase networking opportunities for minority businesses. This can be achieved through structured programs such as business to business exchanges as well as through the involvement of local chambers of commerce. There is need to especially develop programs that connect minority small businesses with small and medium businesses and to encourage existing programs such as the Minority Supplier Development Council which connects small and minority businesses with large businesses and government agencies.

Native Americans

The state, in collaboration with tribal leaders and Native American organizations such as the American Indian Chamber of Commerce, develops a comprehensive strategy to meet the needs of the Native American communities on reservations and in urban areas in Minnesota, such as infrastructure needs, technology, business education, technical assistance, financial services and tourism potential.

Immigration

The state in partnership with local communities should develop a long-range comprehensive plan to help utilize the talents and energy of new immigrants to Minnesota.

The state also should take the leadership to remove barriers that prevent high skilled immigrants and 'essential workers' from working in Minnesota.

The state by creating a reputation as the best state in the nation for skilled immigrants together with a welcoming social environment will effectively compete with other immigrant centers such as California for the market for skilled workers.

Minority Women

An evaluation needs to be made as to whether the needs of minority women are being met within the present system of financial and technical assistance and whether there is the need for ethnic-specific strategies for women. According to the 1992 Economic Census, 40 percent of minority entrepreneurs were women. Black women and women in the Asian and American Indian ethnic groups represented over 40 percent of entrepreneurs in their communities.

Home Based Businesses

An evaluation needs to be made as to whether the needs of home based businesses are being met, since an estimated 56 percent of businesses in Minnesota are home based. For instance, tax laws have the most negative impact on home based businesses than all federal regulations.

Coordination

DTED should establish an Economic Development Council of key providers of financial and technical assistance services in the state, such as the SBA, Minnesota Bankers Association, Minnesota Chamber of Commerce, state and city economic development agencies and non profit and for profit service providers to develop efficiencies and coordination in policies and programs around the state.

An organization such as MEDA should become a central clearinghouse on data/analysis on minority entrepreneurs in the state.

An organizational partnership of organizations serving minority entrepreneurs should be developed to ensure program coordination, updated information on minority entrepreneurs, and policy and program innovation to address needs of minority entrepreneurs at every level of the firm's life cycle.

Action Steps Undertaken

The Working Group taking advantage of its flexible nature convened a number of meetings to identify action steps to implement areas of need that have been identified.

Action: The Working Group convened a meeting of interested parties and identified the following organizations that could play an important role in the development of the centralized database: DTED, ISEEK, Twin Cities Economic Development Group, Ventures Magazine/ezone.

Action: Preliminary discussions were held with the Director of the Immigration and Naturalization in Minnesota and the American Immigration Lawyers Association and other groups to explore solutions to immigration related issues.

Action: The Working Group with DTED and other organizations in the state are actively pursuing a proposal to improve entrepreneurial capital in Minnesota.

Action: The Department of Administration has indicated a willingness to explore the possibility of central certification.

Action: The Working Group convened a meeting of bankers and nonprofit intermediaries to identify solutions to the challenges faced by minority entrepreneurs. This also led to discussions with the Minnesota Bankers Association to collaborate on projects such as education about the minority ethnic market.

Action: The Working Group met with various agencies that deal with the certification of minority businesses in Minnesota to explore the option of central certification and also the possibility of publishing a list of minority companies in the state that have been certified by either of the certifying organizations.

Action: The Working Group has ongoing discussions with the Commissioners of the Departments of Trade and Economic Development, Administration, Planning, Economic Security, Transportation, Revenue and Human Rights to explore solutions to the issues raised in this report.

Action: The Working Group Convened a meeting of leaders of diversity supplier programs in corporations to learn about best practices that the state could adopt.





THE EMERGING ETHNIC ECONOMY IN MINNESOTA

The economic base around ethnic minority communities has been characterized as an “emerging domestic economy” because of the tremendous potential it represents. In Minnesota we can identify three areas that suggest the economic potential of minority communities: buying power, a stable workforce, and dynamic entrepreneurial capital.

Buying Power/ Local Business Potential

Buying power is estimated using population figures multiplied by per capita income adjusted for inflation. Minnesota’s minority population was estimated to be 398,103 or 8.4 percent of the total population of 4,725,419 in 1998. This is a serious undercount as it does not reflect the rapid growth in new immigrants like the Somalis and Hmong populations.

According to the Census, during 1990-98, the minority population grew by 93.2 percent. Buying power basically refers to the consumer potential of ethnic markets. Firms from across the country are discovering the economic potential in ethnic markets and are reorienting their marketing and sales strategies to tap into this lucrative source of revenue. We calculate the buying power of ethnic minorities in different counties of Minnesota (Map 1) to illustrate the economic potential of ethnic markets in large counties like Hennepin County with an ethnic minority buying power of \$1.8 billion and Grant County with an ethnic minority buying power of approximately \$500,000.

The Selig Center of Economic Growth in Georgia calculated the buying power of ethnic minorities across the country and from their analysis the combined buying power of ethnic minorities in Minnesota is close to \$6 billion.

Stable Workforce

All across Minnesota, from Warroad to Worthington, companies are finding a stable workforce in ethnic minority communities. Companies are actively recruiting ethnic minorities, especially new immigrants, to Minnesota or locating their new plants near ethnic minority labor pools. To illustrate the potential of this source of a stable workforce we illustrate in Map 2 the number of ethnic minorities of working age (15-64 years).

Entrepreneurial Capital

The rapid growth of minority firms in Minnesota, even in the face of significant barriers to firm entry, formation and growth, illustrates the dynamic potential of ethnic capital. For instance, in the last economic census of 1992, Minnesota had 7,449 minority firms with sales and receipts of 984 million. In 1999, just 237 small and mid sized minority companies who were clients of the Metropolitan Economic Development Association (MEDA) generated \$992 million in sales and employed 5,028 people, of which 1,954 were ethnic minorities.

In Map 3 we illustrate the dispersion of minority firms in Minnesota. In 1992 Hennepin County had the largest number of minority owned firms in the state (3538) followed by Ramsey (1478) and Dakota (586) County. Other counties with a significant minority business presence were Anoka, Olmsted, St. Louis and Washington counties.

The cities with more than 100 minority firms were Bloomington, Brooklyn Center, Brooklyn Park, Burnsville, Eagan, Eden Prairie, Edina, Minneapolis, Minnetonka, Plymouth, Rochester, St. Louis Park and St. Paul (Map 5).

According to Census data, in Minnesota during 1987-92 the number of African American firms increased 92.3 percent; the number of Hispanic-owned firms rose 110.8 percent; and the number of businesses owned by Asian and Pacific Islanders, Native Americans and Alaskan Natives grew by 56.5 percent.

The Secretary of State's office estimates that there were 137,461 business corporations in Minnesota in 1998. If we use the 1992 numbers of 7,449 minority firms, then minority firms are 5.41 percent of all firms in Minnesota. If we project 1992 minority firm numbers for 1997 using the same five year growth rates then we can expect at least 13,613 minority firms or 9.9 percent of all firms in 1998. So it is safe to say that minority firms could make up anywhere from 5 to 10 percent of all firms in Minnesota in 2000.

There are some useful surveys of minority businesses that give us some idea about minority firms in Minnesota. The survey of business alumni of the Neighborhood Development Center includes at least 229 minority firms with at least 50 percent of these being home based businesses. Nationally less than 5 percent of all home based businesses moved out of the home. For NDC alumni this figure was an impressive 21 percent with 42 percent reporting increased earnings after NDC training. Fifty-seven percent are in the services industry, 19 percent in retail, 14 percent in food, and 9 percent in construction and production. NDC clients are mainly new immigrants and small start-ups and can be found in many Twin City Neighborhoods.

The 843 clients in MEDA's database can be found in 87 cities and 21 counties of Minnesota (Map 5). MEDA's business development center served 478 clients in 1999 and the MEDA-operated Minority Supplier Development Council saw a dramatic increase in minority purchasing from large corporations, from \$771 million to \$830 million.

Of the current portfolio of 24 companies of the Milestone Growth Fund that serves minority entrepreneurs, 58 percent had sales that ranged from 1 to over 5 million dollars.

The Urban Initiative Funds managed by DTED with nonprofit partners by the end of 1999 approved 262 loans to 207 businesses, of which 84 percent were to minority entrepreneurs. A client survey of Urban Initiative fund recipients revealed interesting differences between minority and other firms.

Keeping in mind the limitations of such a small sample of firms (57 minority and 14 other firms) we observe the following: Most minority firms (MBE) were in retail and services while non-minority firms (NMBE) were mainly in the service sector. The average time in business was 58.7 months for MBEs and 81.3 months for NMBEs. More than 50 percent of both

groups indicated difficulties in obtaining financing. However the reasons for the difficulty in obtaining financing differed -- for MBEs the main reasons were lack of profitability (64%), followed by poor credit history (35%) and insufficient credit history (20.6 %). For NMBEs, the major difficulties in obtaining financing were lack of profitability (42.9%) and insufficient credit history (42.9 %).

Top three issues for MBEs were securing adequate capital, finding new workers and market analysis and planning. For NMBEs the top three issues were securing adequate capital, accounting or record keeping, and market analysis and planning/introduction of new products and services.

There are around 200 Asian owned firms in the University Avenue area as estimated by Hoa Young of Saint Paul's Planning and Economic Development, and 48 Hmong firms in Saint Paul's Eastside as estimated by Fu Hang of the Asian Development Corporation. The ENABLE study of 78 new immigrant business owners on Saint Paul's University Avenue revealed a wide range of businesses from retail to automotive stores. The Asian Development Corporation and the East Side Neighborhood Development Company found that most businesses sold to their own ethnic community. Sixty-seven percent advertised mostly using radio and ethnic publications. Crime was a top concern of these entrepreneurs.

There are a number of positive benefits that arise as minority firms grow in neighborhoods:

MINORITY ENTREPRENEURS REVITALIZE THE INNER CITY

We can see very visible evidence of minority entrepreneurs transforming the inner city in Saint Paul along University Avenue area, the East side and District Sol on the West side and in Minneapolis along Lake Street, Nicollet Avenue and Central Avenue in Minneapolis.

At the neighborhood level, the Neighborhood Development Centers' partners in various neighborhoods in the Twin Cities have trained 338 entrepreneurs (68 percent of these are minority entrepreneurs) creating 1,169 jobs and have an annual payroll of close to \$19 million. Twenty-three percent had moved into vacant buildings.

MINORITY ENTREPRENEURS ARE ACTIVE IN THE HIGH TECHNOLOGY SECTORS

According to City Business Book of Lists for Minnesota in 1999-2000, minority entrepreneurs are among the top 25 computer consulting firms; the top 25 web design firms; the top 25 computer service and repair firm; and the top 25 computer training firms. A recent Wall Street Journal article (May 2, 2000) focused on the potential of just one such minority groups - Asian Indian entrepreneurs in the United States having a collective net worth of \$25 billion with around \$6 billion of that money available to invest. The Stanford Institute for Economic Policy estimated in 1998 there were 774 companies in Silicon Valley run by Asian Indian entrepreneurs.

MINORITY ENTREPRENEURS HELP INTEGRATE THEIR COMMUNITIES INTO THE MAINSTREAM BY EXPANDING THE COMMUNITY'S ECONOMIC BASE

In the Twin Cities the 338 entrepreneurs of the NDC network, mainly small home-based businesses and minority businesses, spent an estimated \$1.5 million in supplies from local vendors and \$3.7 million in annual rent.

MINORITY ENTREPRENEURS REPRESENT IN THEIR COMMUNITIES AND SERVE AS POSITIVE ROLE MODELS

The entrepreneurs in the NDC network contributed \$58,000 to neighborhood events or activities in the past year. Fifty-eight percent of paid employees are neighborhood residents. Seventy-five percent of these business owners believe they serve as role models in their communities; 28 percent stated that they were leaders in their communities; 20 percent stated that their businesses were a place where community members can meet and 53 percent feel connected to neighborhood groups and associations.

MINORITY ENTREPRENEURS PROVIDE CRITICAL LINKAGES TO MAINSTREAM BUSINESSES THAT WANT TO TAP INTO THE ESTIMATED 6 BILLION DOLLAR ETHNIC ECONOMY IN MINNESOTA

Four major areas of business potential are:

- businesses that provide services to new immigrants that need to be culturally specific and bilingual and include service industries such as tax, accounting, and real estate.
- culturally unique businesses and services such as wedding halls and funeral services, food preparation etc.
- mainstream businesses that want to tap into ethnic markets through niche marketing.
- businesses that want to use local ethnic networks to explore global export markets.

MINORITY ENTREPRENEURS HELP TO DEVELOP OVERSEAS MARKETS FOR EXPORTS

Nationally, Census data reveals that Asian and Hispanic firms have a higher tendency to export than other firms do. Researchers from the University of California at Berkeley found that for every 1 percent increase in the number of first-generation immigrants from a given country, exports from California go up by nearly 0.5 percent.

Map 6 will help us identify possible areas of potential for minority business development across the state. The data illustrates school districts where minority school enrollments are equal to or greater than 10 percent of the total enrollments. With the appropriate set of interventions, Minnesota can tap into this dynamic source of ethnic capital.

Minority communities pay an estimated half a billion dollars in tax as can be seen in the table below.

Tax Contributions

Race	Population (1998)	Per capita Income (1999)**	Total Income	Tax Estimate*
American Indian	\$ 57,522	\$ 8,581	\$ 493,596,282	\$ 34,946,616***
Asian	124, 171	10,270	1,275,236,170	161,954,993
Hispanic	86, 936	10,201	886,834,136	112,627,935
Black	140,644	11,107	1,562,132,908	198,390,879
Total Tax Payments (State and Local)			\$ 507, 920, 423	

* Based on the estimated average effective tax rate paid by Minnesota residents of 12.7 percent as estimated by the 1996 Minnesota Tax Incidence Study.

** Per capita incomes are the 1990 figures adjusted for inflation.

*** Based on an effective average business tax rate of 2.9 percent as estimated by the 1996 Minnesota Tax Incidence Study 1996, and that 40 percent of Native Americans pay state income tax.





BARRIERS FACING MINORITY ENTREPRENEURS

Through our focus groups, analysis of state disparity studies and other sources we can identify a number of barriers faced by minority entrepreneurs in Minnesota. It is the responsibility of public officials to ensure that all entrepreneurs have equal and fair access to public resources. Officials need to be more sensitive to the unique needs of minority clients.

Barriers to Successful Business Identified in Minority Business Focus Groups

Access to capital - difficulty in getting capital during start-up phase. Now as firms become relatively successful and established, banks are more willing to lend to them.

Poor Information – information on programs and regulations are not easily available.

Language – New immigrants need important regulations translated in their language for easier use.

Poor Entrepreneurial Base - Some ethnic groups mentioned the absence of a tradition of business owners in their communities.

Religion – Somali immigrant entrepreneurs find paying of interest on loans going against their religious beliefs. Restaurant and other business owners find lack of cultural awareness in established regulations.

Lack of Trust in Mainstream Institutions – Minority groups have a history of mistrust of mainstream institutions and this presents a barrier in the use of public services.

Identity – For Native Americans, land on the reservation cannot be used for collateral. Further in the development of their telecommunication infrastructure, they face the problem of having private property dispersed between reservation land and this poses problems of access.

Networks – Minority business owners find themselves outside established business and social networks essential for the success of their business.

Business Opportunities – Minority business owners find selling to small and medium sized businesses difficult. They find it easier to do business with large corporations.

Barriers to Minority Businesses Identified by State Disparity Studies

General Barriers in the Market Area (Appendix 1)

Stereotyping and judgement of minorities.

Breaking into the contracting network.

Difficulty obtaining bid information.

Excessive monitoring or higher standards of review.

Business institutional barriers such as redlining, and denial of credit by banks.

Difficulties encountered with managers and inspectors – being treated differently or not given the same treatment.

Barriers Imposed by Prime Contractors

Being denied contracts despite low bids.

Bid shopping – finding a lower bid after a minority firm submits a bid.

Reduction in scope of work or cancellation of contracts.

Late Payment.

Barriers to Minority Firms Identified in Disparity Studies Done for the City of Minneapolis, City of Saint Paul, Hennepin County, Independent School District and Ramsey County

Multiple certification processes within the same marketplace.

Prime contractors engaged in bid shopping.

Manufacturers will not sell the same brand or product to minority and women suppliers or they may sell them at an inflated cost and so minorities are unable to meet specified bid requirements.

Minority firms are frequently under-informed on business opportunities.

Contractors are given insufficient lead times to prepare bid proposals.

Minority firms do not have equal access to supplies needed for contracting.

Due to past discrimination in education, work experience and other areas, minority firms lack experience or skill in critical areas for performing of contracts.

Minority firms do not have equal access to bonding due to smaller size, fewer resources and discrimination.

Minority firms do not have equal access to financing due to size, resources or discrimination.

Minority firms do not have equal access to insurance for reasons of size and discrimination.

Large contracts seem to go to the same group of contractors and do not provide as many opportunities for minority firms.

Major Differences between Minority and other Firms

Historical Experience

Experience with slavery, or forced isolation on a reservation, or with an oppressive regime in an immigrant's former country, results in a breakdown of trust. Trust, as Alan Greenspan, Chairman of the Federal Reserve states, is the foundation upon which the market operates. This breakdown of trust has negative impacts on minority entrepreneurs. For instance, a minority person might not use a program run by a mainstream institution, as they might doubt the intentions or the actions of the people in those institutions. Trust develops only when there are healthy relationships based on equality.

Lower Asset Base

According to a recent report from the Milken Institute, minority entrepreneurs have a lower asset base than their majority counterparts. For instance, Black-owned businesses start with less equity capital (\$12,224) than White-owned firms (\$17,488) do. This difference is rooted in lower levels of household net worth.

In 1995 the median net worth of White households was \$115,000 compared to the median net worth of \$29,650 for Hispanics and \$24,750 for Blacks.

Lower Entrepreneurial Base

Minority entrepreneurs lack the same network of family or close relatives who could serve as business mentors and a network for mutual gain. According to the 1987 Economic Census, 50.1 percent of white males had a close relative that owned a business while the corresponding rate for Asian Americans was 37.6 percent. While 25.1 percent of white males worked for a close relative that owned a business, the corresponding rate for Asian Americans was 14.2 percent. Native American focus group members talked about the absence of a history of entrepreneurs in their communities.

Teenage employment provides another avenue into experiencing what it takes to run or own a business. Higher teenage unemployment by minority youth poses another barrier in the development of entrepreneurial capital. According to the Bureau of Labor Statistics, Black teen unemployment in April 2000 was 22.2 percent compared to 11.6 percent for white teens.

Poorer Access to Capital

The Milken Institute quotes the following data from the 1993 National Survey of Small Business Finance:

Prospective lenders (primarily commercial banks) are four times more likely to deny credit to firms owned by Blacks than to firms owned by non-Hispanic whites.

Prospective lenders are twice as likely to deny credit to firms owned by Asians than to firms owned by non-Hispanic whites.

Culture

Cultural values influence the success of a business. For instance, Native American values of sharing or “giving away” run counter to the profit motive of a business and the wealth accumulation of capitalism.

There is a lack of understanding of appropriate cultural ways to interact with minority business clients. For instance, a Native American may not look directly into the eyes of another person out of respect. However, others may interpret this in a negative way. An Asian American might not be assertive in expressing opinions out of respect and this silence would be looked upon negatively or by others or the Asian American’s view would not be received in the deliberations.

Religion

Recent immigrants to Minnesota from Somalia are averse to taking loans since the practice of paying “interest” goes against Islamic beliefs. This poses challenges to both entrepreneurial development as well as lending institutions. Yet Somali’s are very proud of the history of entrepreneurship in their former homeland.

Language/ Glass Ceiling

Some minority entrepreneurs, such as Asian American entrepreneurs with high educational qualifications turn to self employment activities such as operating grocery stores, because of language barriers or because of glass ceiling issues in their former jobs.





SMALL BUSINESS-FRIENDLY INFRASTRUCTURE

Vision: The state creates a small business-friendly environment and develops incentives to encourage small and minority business start-ups.

1. The state should ensure that a small business economic development infrastructure is in place in Minnesota where key services are available near a center of economic activity. (Chart 1). For instance in a geographical area there should be private, non-profit or governmental resources for loans, technical assistance, equity pools, incubators, and basic business services.
2. A centralized, user friendly database of sources of financial and technical assistance for small businesses and minority businesses should be developed and distributed through key information sources in the state such as, library networks, community development corporations, the small business development centers, bankers, attorneys, city and county officials and community organizations.

The State can market and manage a toll free number and web site where after the client enters their zip code a list of local resources will be identified.

In order for this facility to exist a number of requirements need to be in place such as information by:

- *Type of loan* – micro loans, small loans under \$75,000, larger loans greater than \$75,000.
- *Type of equity financing* needed – micro equity under \$50,000; small equity under \$350,000; large equity financing greater than \$350,000.
- *Format of technical assistance delivery* - ethnic languages, neighborhood, university based.
- *Type of technical assistance* - accounting, taxes, financial, legal, technology.
- *Networking Resources* – chambers of commerce, professional associations etc.
- *Supporting infrastructure* - academic institutions etc.

3. A 'welcoming/resource package' could be made available at the Secretary of State's office and other key locations. This simple resource package could include the following:
 - a. A one-page business checklist made available in major languages such as Somali, Hmong, and Spanish;
 - b. A one page list of major funding and technical assistance providers;
 - c. A one page list of networking resources such as local chambers of commerce etc.;
 - d. A welcome letter from the Governor/Commissioner Trade and Economic Development/Secretary of State.
4. The state in cooperation with local government develops an incentive package for small business start-ups that may include:
 - a. Phase-in of property-tax or corporate tax payments over the first two years of operation;
 - b. Phase-in of non-critical licensing and regulations over the first year of operation;
 - c. Negotiated group rates for health and other kinds of insurance;
 - d. Follow the model of some states that provide assistance for a tax credit for SBA loan guarantee fees.
5. The Workforce Centers around the state can serve as a resource for entrepreneurs especially in the areas of job skill training and employee recruitment.

EMPIRICAL OBSERVATIONS

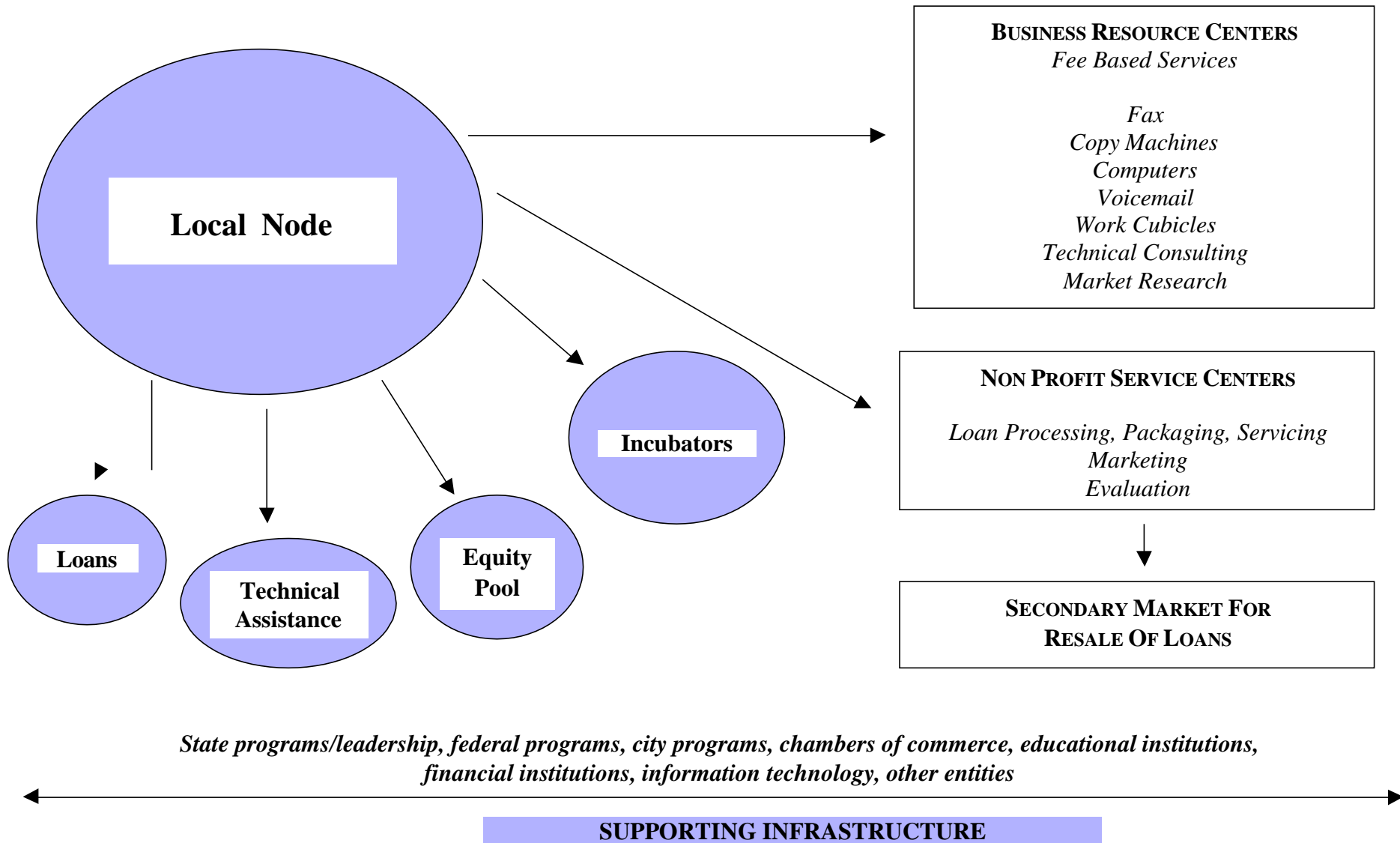
A Survey of Hmong Entrepreneurs on the East Side of Saint Paul found that 70 percent wanted assistance with loan information.

A survey of NDC business alumni identified the top three ways NDC can help them: loans, marketing and technical assistance.



CHART 1

**SUGGESTED SMALL BUSINESS INFRASTRUCTURE
AT THE LOCAL LEVEL**





FINANCIAL AND TECHNICAL ASSISTANCE ENVIRONMENT

A. Technical Assistance

*Vision: Appropriate and quality technical assistance
is available for minority businesses*

RECOMMENDATIONS

1. Technical assistance to minority entrepreneurs should be provided according to the capacity of the entrepreneur and the environment most suitable to the entrepreneur. For some entrepreneurs it means training and technical assistance in the language of the new immigrant in a neighborhood setting. For others, it might mean a well structured minority-client focused approach. At the same time there should be evaluations conducted on the quality of technical assistance and the relationship between technical assistance rendered and business outcomes. We need to identify and categorize the niche area of technical assistance providers in the state so that clients and programs could be structured towards the needs and capability of minority entrepreneurs (Chart 2).

The Working Group identifies the following categories of technical assistance providers in Minnesota:

- a. *Ethnic/Linguistic/Neighborhood based* providers such as the Neighborhood Development Center, which provides training in Somali, Hmong, Spanish and English.
- b. *Mainstream programs adapted to Minority clients*, such as MEDA's programs.
- c. *Mainstream programs* delivered to any client needing assistance such as those offered by the Small Business Development Centers, SCORE, DTED's Small Business Office, and university based programs.
- d. *Firm Specific* programs such as on-site technical assistance provided to members of the Mercado Central cooperative.
- e. *Conduit Programs* where clients are directed to appropriate resources such as web based programs like www.bizlinks.org or the Business Resource Center of Saint Paul.

2. There is need to set up processes to evaluate the quality of technical assistance that is provided to clients through state-sponsored or other programs. Such an evaluation would provide outcome measures as well as an analysis of the curriculum and an evaluation of the trainers.
3. To ensure the quality and availability of technical assistance to minority firms especially start-ups and firms in the growth process, state allocations to the Microenterprise Fund for technical service should be increased to providers of ethnic/linguistic based technical assistance and the structured minority entrepreneur based programs.
4. Expand the management capabilities of the non-profit organizations that currently provide these services to start-up minority businesses, such as the language/neighborhood-based programs and the structured minority entrepreneur based programs.
5. Increase State funding for SBDC's and MEDA for minority business outreach and service in rural Minnesota.
6. Develop Business Resource Centers spread across the state, tied to non-profit intermediaries that would provide fee based services such as: day offices (computer, telephone, voice mail, copy, fax services); accounting, legal, marketing, and finance consulting staffed by either *pro bono* or fee-based professionals.
7. Explore the possibility of expanding the NDC model of technical training and assistance where a centralized system delivers services at the neighborhood level with ownership of the program residing with neighborhood partners.

EMPIRICAL OBSERVATIONS

In the survey of NDC alumni business owners 42 percent report more income after training. Prior to training 10 percent reported less than \$500 per month, after training only 1 percent earns that little. Before training 6 percent earned more than \$3500 per month, now 31 percent report monthly incomes above \$3500.

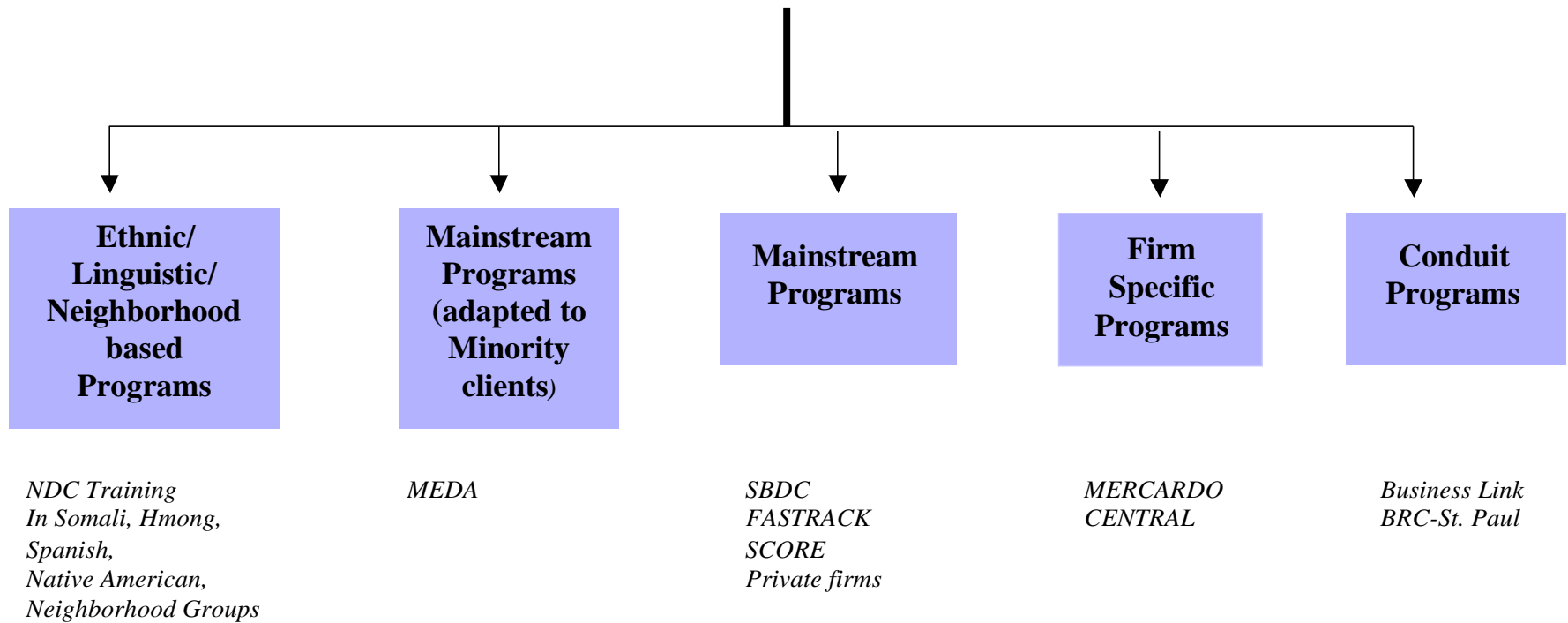
Minority entrepreneur sales for MEDA was \$992 million - a 28 percent increase from 1998.

A Survey of Hmong Entrepreneurs on the East Side of Saint Paul found that 27 percent had a business plan and 29 percent did some form of market research. 67 percent wanted to learn how to develop a business plan.



CHART 2

TECHNICAL ASSISTANCE NETWORK IN MINNESOTA AVAILABLE FOR MINORITY FIRMS





COMPREHENSIVE AND COORDINATED FINANCIAL AND TECHNICAL ASSISTANCE ENVIRONMENT

B. Financing: Debt Capital

Vision: Adequate and equitable access to debt and equity capital is available to meet the needs of minority entrepreneurs.

RECOMMENDATIONS

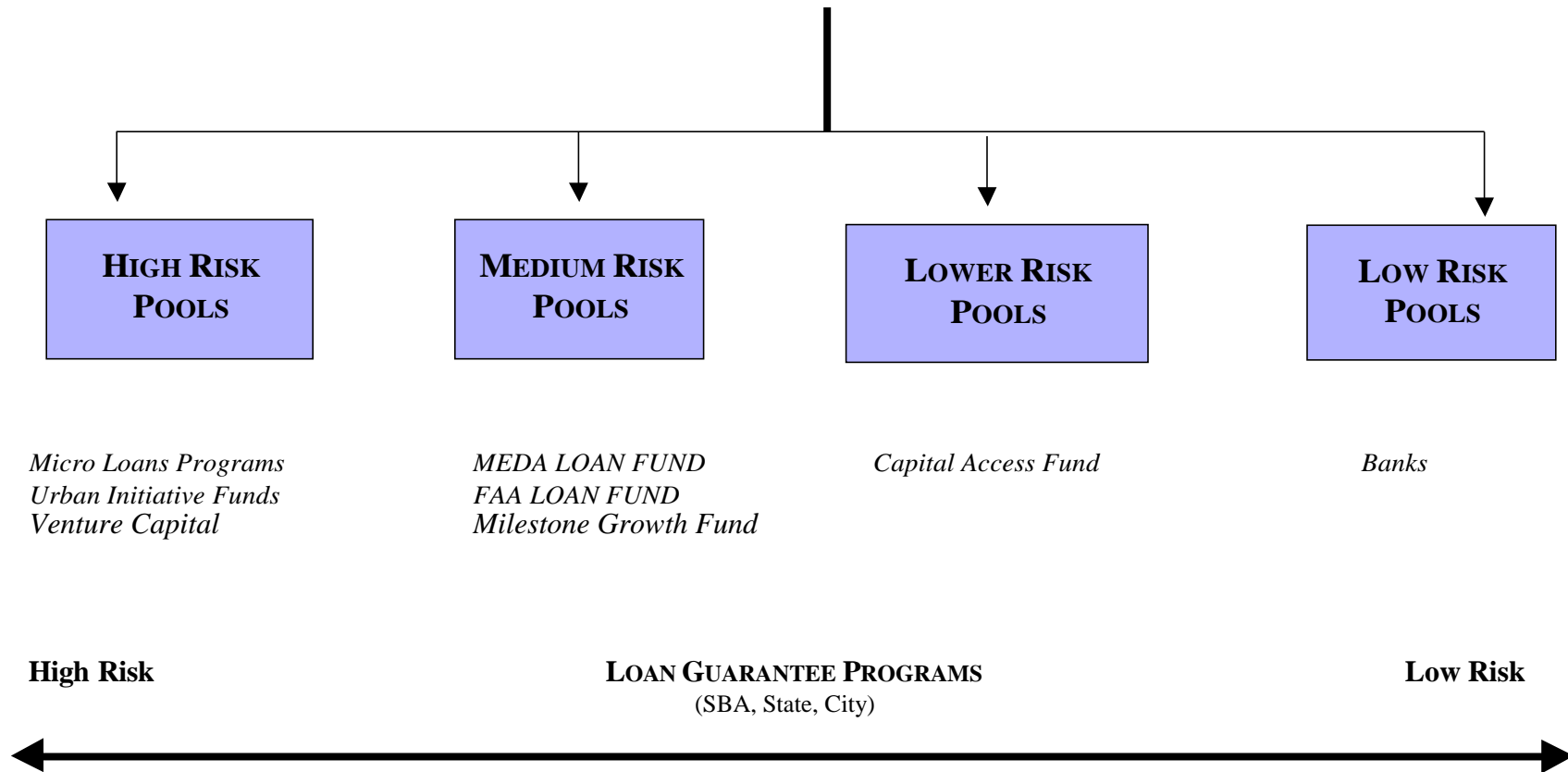
1. Loan funds should be funded to expand their capacity to deliver ongoing technical assistance to clients especially in the case of high-risk start-ups where banks are unwilling/unable to service minority clients.
2. Loan funds that provide much needed debt capital should be allowed the flexibility to expand in ways such as the use of convertible debentures where appropriate.
3. The Urban Initiative Funds can be modified to better fit the needs of the minority entrepreneurs in the following areas.
 - a. Increase the cap on loans to retail businesses from \$10,000 to \$50,000.
 - b. For small start-ups allow the job creation aspects of the program to be a growth goal.
 - c. Assess the quality and availability of technical assistance provided to loan recipients.
 - d. Allow alternatives to interest payments for loans to Islamic clients.
 - e. Encourage partners to move to the efficiency model outlined below.
 - f. Increase funding for the Urban Initiatives Program as it is close to depletion.
 - g. Reallocate resources from Urban Initiative Partners who are not utilizing their funds to other partners that are more effective.
4. Rural loan and technical assistance programs should be adapted to the needs of rural minority entrepreneurs.
5. Non-profit and other providers of financial services should be encouraged to coordinate their loan programs to achieve greater efficiencies and out-source technical functions such as loan processing, loan packaging, loan servicing and marketing to a central facility jointly owned by them and staffed by professionals. This will allow neighborhood organizations to specialize in what they do best – outreach to clients in their areas (Chart 5). The Minneapolis Consortium for Community Development is a good model.


6. The state should explore the options for non-asset based financing for professional service firms.
7. The state should revive its community development corporation program.



CHART 3

FUNDING ASSISTANCE NETWORK IN MINNESOTA AVAILABLE FOR MINORITY FIRMS





Financing: Equity Capital

Vision: Adequate and equitable access to debt and equity capital is available to meet the needs of minority entrepreneurs.

RECOMMENDATIONS

There is a need to provide equity financing for small businesses. However, if the state plays a role in this area there should be a clear understanding that financing in the area of equity is both needed as well as risky. The assumption of risk in the process has to be recognized in a pragmatic way very much in the manner of a venture capitalist.

1. The state in consultation with existing public-private equity pools such as the Anoka County Capital Fund, Dakota County Capital Fund, MIN Corp, Northeast Ventures, and Milestone Growth Fund should develop micro equity pools across Minnesota.
2. To meet the critical need for small equity funds for needs below \$50,000 that can serve as a critical base for future economic development growth the state could:
 - a. Serve as a coordinator and initial contributor for a statewide proposal to the federal Community Development Financial Institution Fund (CDFI) to establish equity pools with existing certified CDFI's in the state. The state proposal would be to set up three micro equity pools in the Twin Cities and Greater Minnesota, investing \$500,000 in each pool with a similar CDFI match and with investments from banks and utilities. A partner proposal to CDFI could be to increase the capacity of state CDFIs to expand their capacity to deliver quality technical assistance.

Alternatively, the state could work with the SBA to help create equity pools under the New Market Initiative programs.


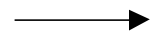
- b. Explore options such as a \$500 dollar tax credit to taxpayers who invest in neighborhood equity pools as an incentive for both the high-risk entailed but also to encourage communities to invest in their local businesses.
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CHART 4

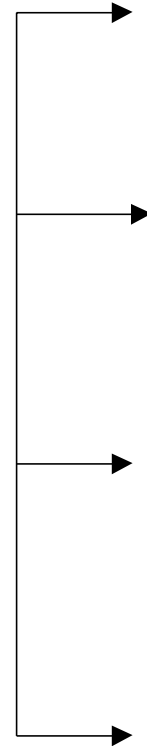
SUGGESTED FINANCIAL INFRASTRUCTURE FOR SMALL BUSINESS FIRMS IN MINNESOTA
(EQUITY CAPITAL)

Individual
Tax Credits



Equity Pools

Public Private
Partnerships



NEIGHBORHOOD



CITY



STATEWIDE



TECHNOLOGY

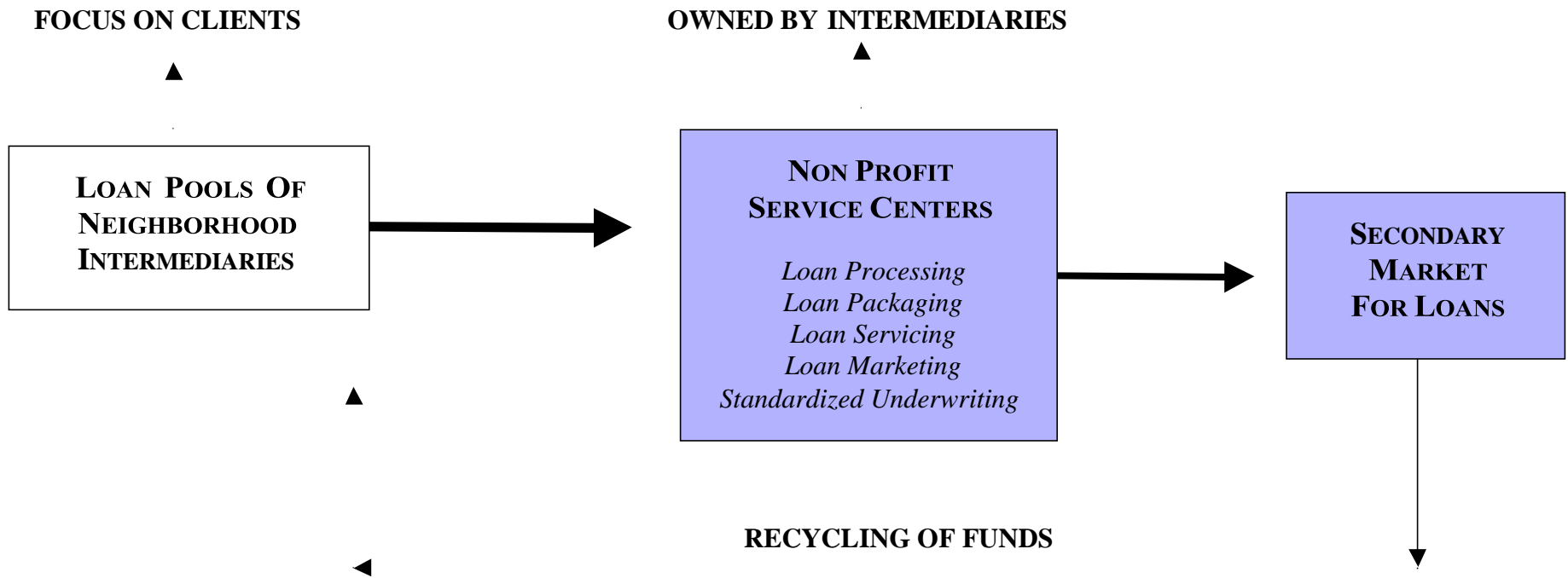


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CHART 5

SUGGESTED FINANCIAL INFRASTRUCTURE FOR NON PROFIT INTERMEDIARIES IN MINNESOTA (DEBT CAPITAL)





CREDIT

RECOMMENDATIONS

1. Banks and other lending institutions should be encouraged to understand the unique ethnic minority market so that their decisions on credit to entrepreneurs would be based on more than mechanical techniques such as credit scoring to a deeper character/cultural understanding approach.
2. Lessons learned from other parts of the country (as documented in a recent report of the Office of Comptroller of the Currency), such as consumer education about the financial system; good working relationships with ethnic minority communities; bilingual and culturally sensitive loan officers; making products accessible to consumers; and helping borrowers establish a credit history through staggered lending.
3. Banks need to take proactive steps in areas on minority economic clusters to set up strategic relationships where risk and technical assistance needs of minority entrepreneurs are shared with non-profit intermediaries. The MEDA and Frogtown Action Alliance Loan Funds are good models to replicate in under-served markets.

EMPIRICAL OBSERVATIONS

A survey of clients of the Urban Initiative Funds identified 'securing adequate capital' as a dominant concern of minority entrepreneurs, followed by finding skilled workers, market analysis and planning and introduction of new products and services.





BUSINESS OPERATIONS

Vision: Abundance of business to business resources are available such as peer mentoring and networking to help minority businesses to grow.

1. A simplified tax and regulatory system is needed.
 - a. Education
 - b. Orientation
 - c. Administration
 - d. Roles and responsibilities
 - e. Utilization
2. In the area of licensing, in areas including food processing, the Working Group recommends:
 - a. Recruitment of bilingual staff in state and local licensing offices where minority populations with special language needs are present.
 - b. Development of bilingual regulatory materials in areas where new immigrant clusters are located.
 - c. Funding for the development of new standards in areas where no standards exist.
 - d. Cultural sensitivity training for officials so that they can seek ways laws can be developed and enforced within specific cultural contexts.
 - e. Education of new immigrant customers on laws and standards so that they can encourage businesses to comply with these laws and standards.
 - f. Ensure that people's names are spelled correctly in public documents.
3. Assist small businesses through such activities as partnering with Workforce Centers and technical colleges over the recruitment and training of qualified candidates.
4. Develop mechanisms through which there could be research and development assistance from the state technical college and university system.



BUSINESS MODELS/ OTHER

RECOMMENDATIONS

1. The Working Group recommends a study of the different models included in this report to assess the feasibility of replication in other contexts:
 - a. The Metropolitan Economic Development Association Programs
 - b. Neighborhood Development Center's Ethnic/Language Training and Technical Assistance based in neighborhoods
 - c. Minneapolis Consortium of Community Developers Loan Fund with centralized administration but neighborhood control
 - d. Hispanic business cooperative (Mercardo Central)
 - e. Somali mini mall on Pillsbury (private rental space)
 - f. Siyaza Inc., an inner city manufacturing plant
 - g. Genesis Business Center, Inc (equity for rent)
 - h. Franklin Business Center (business incubator)
 - i. Midtown Business Center (business incubator)
 - j. American Indian Business Development Centers projects on Franklin Avenue (neighborhood/corridor development)
 - k. REDA's development and marketing of District Sol
 - l. IMPACT's database/bid matching capabilities
 - m. Mille Lacs Corporate Commission's Economic Development Initiatives (diversification and infrastructure development on reservations)
 - n. MEDA and Frogtown Action Alliance Loan Funds in partnership with banks, foundations and public resources
 - o. CERT program in Hennepin and Ramsey Counties
 - p. MEDA's Construction Partnership programs and Pacesetter Programs
 - q. NDC's program data/evaluation techniques
 - r. Anoka and Dakota County Equity funds
 - s. MIN Corp's Rain Network and Rural Equity Funds
 - t. RECIPES for Success
 - u. CRF's portfolio on neighborhood loan funds
 - v. SBA's 8(a) Program, BusinessLinc program for networking, New Market Equity Initiatives
 - w. Networking model of the Minority Supplier Development Council supported by MEDA



NATIVE AMERICANS

1. The State in cooperation with Tribal Governments and organizations such as the American Indian Chamber of Commerce and the Indian Affairs Council, should develop a comprehensive plan to address the following issues:
 - a. In all policies and programs the unique needs of Native Americans, especially those in rural areas, should be considered.
 - b. The state develops a tourism concept around Native American communities in Minnesota around various themes: rural and urban Indian life; tours of Indian Museums across the state; the Casino journey across the state; culture and art tour etc.
 - c. Coordinate the certification process involving Native American businesses with the Indian Affairs Council and the American Indian Chamber of Commerce to ensure proper identification of Native American Firms.
 - d. Expand the capacity of existing organizations meeting the unique technical assistance needs of Native American entrepreneurs.
 - e. Address the issue of the digital divide in the reservations by helping to provide a technological infrastructure.
 - f. Assist tribal governments in attempts to develop the telecommunications infrastructure around issues of private property between reservation lands.
 - g. Provide training to public officials on the appropriate way to interact with Native Americans.
 - h. Collaborate with foundations and other institutions to educate the general public on popular stereotypes around Native Americans in Minnesota. For instance, not all reservations make money on casinos.
 - i. Collaborate with banks and other financial institutions to increase financial services in reservations learning from best practices in other states as documented in the recent report of the Comptroller of the Currency on *Lending in Indian Country*. Among the strategies identified in that report are: consumer education on financial services on reservations; developing strategic relationships between financial institutions and tribal governments over sharing of risk and collateral issues; developing innovative programs such as staggered lending to help consumers develop a good credit history; and understanding the sovereign status, culture and laws of Native American communities.



PROCUREMENT

Vision: Public procurement dollars are used efficiently and at the same time help to grow small businesses.

The procurement program of the state can remove barriers facing minority firms through a holistic approach from centralized certification to support services for minority entrepreneurs.

A Preliminary analysis of total procurement dollars spent by the state and metropolitan governments such as the Metropolitan Council, Metropolitan Airports Commission, Mosquito Control District and Metropolitan Sports Facilities during the period July 1, 1995 to June 30, 1997 reveals that:

Out of 2.2 billion public dollars spent on procurement, minority entrepreneurs' share of the business was only around 36 million dollars (Appendix 1).

In the area of public procurement minority firms are being used in an insignificant way.

Hennepin County offers a good model for how procurement reform can be meaningful.

1. Following the recommendations of the state disparity study, the state should develop a comprehensive plan **within the next six months**, in its procurement arm to help grow minority businesses through the following (Chart 6):
 - a. Increase sub-contracting opportunities for small business and minority firms both in terms of goals as well as by increasing direct bids for certain portions of large contracts;
 - b. Develop a centralized certification system **within the next six months**, at the state and local level to make it easier for minority businesses to take advantage of procurement services;
 - c. Establish structured partnering programs between large corporation and small minority firms doing business with the state;
 - d. Encourage the development of fee-based or subsidized support services for minority firms to match organizational capacity of minority firms to the job requirements, preparations of bids, and project based technical assistance;
 - e. Increase the utilization of minority firms in the small contracts that do not require bids;
 - f. Use bid-matching programs connecting minority contractors to available bids;
 - g. Develop tracking systems to evaluate 'graduation' rates of minority firms from the targeted vendor program;

- h. Develop a system such that firms that partner with minority owned firms in a meaningful and structurally sound way (such as the MEDA Construction Partnering Program) can avail of preferences given to targeted vendors in the awarding of contracts.
2. *According to Minnesota Purchasing Guidelines for purchases under \$2500 only one solicitation is necessary (if available) from a targeted (TD) or economically disadvantaged (E D) vendor. For the amounts \$2500-5000 two solicitations are needed one of which should be from a TD or E D vendor. For purchases between \$5000 to \$25,000, two solicitations must be sent to TD or E D vendors.*

The Working Group is concerned with the report from the state disparity study that even though the state has provided opportunities for minority small businesses to avail of these small purchase opportunities, minority firms have been declared underutilized in the Seven County metropolitan area. A critical growth opportunity for small firms remains underutilized.

The state with the help of community organizations should develop:

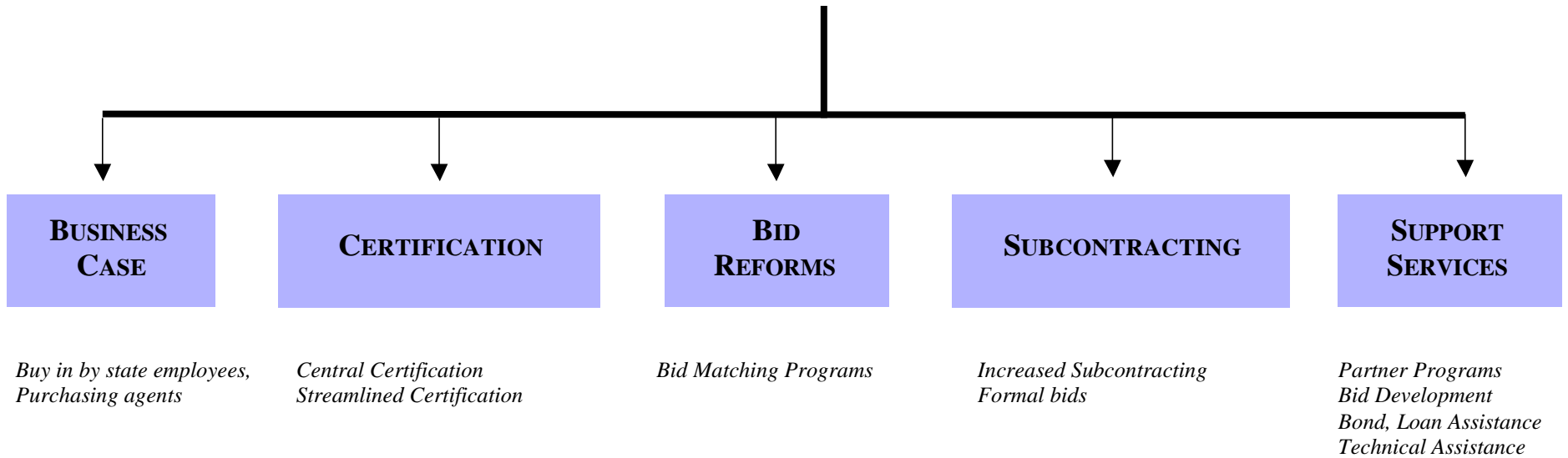
- a. A list with contact information of potential minority firms available to do business with the state at the under \$25,000 level in key product and service categories;
 - b. Make these lists available to all purchasing agents in the state;
 - c. Conduct training sessions for these minority entrepreneurs on state regulations and requirements;
 - d. Develop a monitoring system to assess progress.
3. Survey purchasing officers in every state unit to gain their understanding of the role and possibilities of the targeted procurement program of the state.
 4. In training sessions with purchasing agents for the state there is the need to emphasize that the purpose of a TD or ED program is to help grow a business and so the purchasing agent is playing an important role in the process.
 5. Adopt procurement rationale and policies that have been successful in the supplier diversity programs of large corporations in Minnesota. Some of these policies include the need of a strong business case for the program; incentives for procurement officials; and support programs for minority suppliers such a mentoring programs.
 6. The state needs to provide clarification about the order of the Department of Administration stating which ethnic firms are categorized as under or over-utilized. An ethnic firm group might be declared over-utilized on one market area but the public perception would be that it is over-utilized across the board and so denied business opportunities.

7. A public-private partnership could set up a structured program where minority firms doing business with the state are provided with supportive services in order to execute their contracts in the most efficient manner.
8. An investigation should be conducted to understand the rationale behind the fact that across the state procurement system a small number of contractors acquire a large proportion of public procurement dollars. A system should be devised to allow more competition in the procurement process and to ensure that no monopolies are created in the provision of public services.
9. Large contracts, if that is the best possible option for the state, should be structured in such a way to allow the involvement of smaller firms to participate in the provision of services.



CHART 6

PROCUREMENT REFORM





IMMIGRATION

Vision: Minnesota will be the best place to immigrate because of economic and business opportunities.

State Level

- a. The state develops a comprehensive plan for integration of immigrants and minorities in Minnesota that includes the following:
 - i) an inventory of immigrant assets (job skills, education etc) matched against state needs;
 - ii) study of experiences with immigrant clusters in rural and urban Minnesota;
 - iii) models of how companies are adapting as they utilize new immigrants to meet their labor needs;
 - iv) models of how new immigrants have contributed to the arts and food of Minnesota;
 - v) factors that explain occupational mobility of immigrants of certain countries versus others;
 - vi) costs of new immigrants in terms of public resources versus benefits of immigrants in terms of economic and other contributions;
 - vii) federal, state and local laws and institutions as they relate to immigration;
 - viii) dynamics within minority communities between the established residents and the new immigrants.

Some Immediate Recommendations:

- b. Increase state funding for the labor certification process.
- c. Increase educational outreach efforts of the INS to community groups on legal issues.

Federal Level

- a. Introduce and increase the visa allocation for a new category of "essential workers" as recommended by the American Immigration Lawyer Association that will benefit a number of workers in Minnesota doing essential work to meet the labor shortage such as roofers.
- b. Increase the visa allocation for skilled workers and speed up the visa approval process.

- c. Reform the INS as suggested by the American Immigration Lawyer Association.





ECONOMIC OPPORTUNITIES AROUND MINORITY CLUSTERS

1. The Working Group recommends the possibility of developing a marketing identity around main commercial corridors where minority ethnic businesses are concentrated, for example, District Del Sol in Saint Paul. This could involve ethnic streetscapes, ethnic maps and other such instruments that could have both business and tourism potential. The state can partner with organizations such as LISC who are already investing in the development of commercial corridors in the Twin Cities.
2. The state should promote a blueprint to develop the economic base of immigrant/minority clusters in urban and rural Minnesota. In terms of the ethnic economy possibilities for business partnerships exist in many areas including the following:
 - a. Food/grocery/restaurants
 - b. Money transfers
 - c. Realtors
 - d. Insurance
 - e. Wedding Halls, Funeral Homes
 - f. Cultural needs/practices
 - g. Employment brokers
 - h. Translation and cultural liaisons.
3. The state should facilitate a civic dialogue at the local level about issues and challenges in integrating new immigrants into the local society. Cultural training is needed for both the new immigrants as well as established residents. A compilation of best practices in Minnesota such as the “Community Connectors” programs and other such initiatives of the city of Worthington will help other small Minnesota towns find policy role models within Minnesota.
4. A public-private partnership should be organized to help immigrant and minority communities integrate in communities they are part of. A recent report of the Urban Coalition (1998) illustrated that minority youth in rural areas of Minnesota had higher rates of smoking and drinking and reported a higher incidence of threats against them or injuries as compared to their counterparts in the Twin Cities.



NETWORKING

Vision: There is a culture of goodwill and hospitality in Minnesota that facilitates minority business development.

A new public-private partnership can be established to increase networking opportunities for minority businesses. This can be achieved through structured programs such as business to business exchanges as well as through the involvement of local chambers of commerce.


1. Develop a Minority Business Network of minority entrepreneurs, bankers, technical and funding providers, chambers of commerce and other interested parties to facilitate minority business development.
2. Develop networking training programs (as offered by the Saint Paul Chamber of Commerce) for minority entrepreneurs, so that they can participate fully in mainstream networks such as the local chamber of commerce. Using 1992 census data, if we assume that just 10 percent of the 4200 Twin City area minority firms became members of their local chamber of commerce there is \$126,000 in additional revenue for local chambers (assuming a membership rate of \$300).
3. Develop business to business networks between small minority firms with other small and mid sized firms.
4. Work with existing programs such as the Minority Supplier Development Council that promotes business ties between minority firms with large corporations and government agencies.
5. The State organizes networking opportunities between minority entrepreneurs and top public officials to help build trust and relationships.
6. State officials in programs involving minority communities should be encouraged to participate in community events, as these are opportunities to build relationships with minority communities.



ENTREPRENEURIAL BASE

Vision: A strong entrepreneurial base exists in terms of the educational and technical qualifications of ethnic minority youth in Minnesota.

RECOMMENDATIONS

1. Policy attention should focus on programs to address the high dropout rates among minority youth. Compared to the four year completion rate of white students of 82 percent for the period 1995 to 1998 (OEA, 1999), the corresponding rates for Asians was 68 percent; for Blacks 36 percent; for Hispanics 49 percent; and American Indians was 43 percent.
 2. Programs are needed to address the disparity in educational achievement by minority students in school, especially in mathematics, reading, and writing.
 3. The state should consider scholarships and other programs to encourage minority students to enroll in business related academic programs.
 4. Ten percent of public construction dollars should go towards apprenticeship programs aimed at minority youth. The design and implementation of such apprenticeship programs should be in partnership with minority community organizations.
- 



MINORITY WOMEN

An evaluation needs to be done whether the needs of minority women are being met within the present system of financial and technical assistance. Minority women firms received an insignificant amount of public procurement dollars.

EMPIRICAL OBSERVATIONS

According to the 1992 Economic Census in Minnesota 40 percent of minority entrepreneurs were women. Black women and women in the Asian and American Indian ethnic groups represented over 40 percent of entrepreneurs in their communities.


Women comprised 47 percent of the new immigrant business owners in the ENABLE survey of University Avenue in Saint Paul.

Of the 262 loans of the Urban Initiative Funds to 207 businesses, 90 or 34 percent were made to female owned businesses.

In the Neighborhood Development Survey of Alumni Business Owners male and female business owners were almost equally divided – 51 percent male and 49 percent female.

24 percent of the Metropolitan Economic Development Association clients in 1999 were women.

In 1999, 28 percent (of the 86 percent) female business development program clients served by WomenVenture's were minority women.





HOME BASED BUSINESSES

RECOMMENDATIONS

An evaluation needs to be done whether the needs of Home-based businesses are being met through existing policies and programs, as an estimated 56 percent of businesses in Minnesota are home based businesses.

A national report on Home-based businesses sponsored by the SBA (SBA, 1999) recommends the following policies for Home-based businesses:

1. Expand efforts to reach home-based businesses in effective ways.
2. Increase access to developing markets and electronic commerce.
3. Remove legal barriers and restrictive tax policies such as local zoning codes, home occupation rulings and tax policies such as home office deductions and the threat of an IRS audit.
4. Explore options of establishing virtual corporations with possibilities of joint ventures with other partners and teleworkers.
5. The alumni of NDC, many of whom are home based businesses, identified three areas where they need assistance: loans, technical assistance and marketing.

EMPIRICAL OBSERVATION

The Home-based entrepreneurs of NDC had a significantly higher rate of moving outside the home – 21 percent compared to national rates of less than 5 percent.

According to the national study on Home-based businesses (SBA, 1999) most women and non-minority men prefer homebased firms to businesses located in more traditional locations. The majority of blacks, Hispanics and other minorities do not operate businesses from home but rather are non-HBBs. Non minority men can choose to have businesses based at home or not and can achieve gross receipts within the range of \$50,000 to \$100,000; for women and Hispanics the relevant range is \$25,000 to \$50,000; for blacks and other minorities the relevant range is \$10,000 to \$25,000.

Blacks have the highest percentage (48 percent) of female business owners compared to Hispanic (30 percent) and other minorities (37 percent). A high proportion of other minorities is foreign-born (63 percent).



ECONOMIC DEVELOPMENT INFRASTRUCTURE FOR MINORITY BUSINESSES

State

The Urban Initiative Funds with a Twin City inner-ring suburb focus is the only state program that explicitly targets low income and minority entrepreneurs. The fund operates through 14 non-profit partners. Established in 1993, its primary source of funds is investments of the original \$ 6 million legislative appropriation and principal repayments of those receiving loans.

All other programs such as the Job Skills Partnerships, Capital Access Program, and Microenterprise Grant program are mainstream programs.

The state administers Small Business Development Centers across Minnesota and has a Small Business Assistance Office.

SBA Network

The SBA network of intermediaries, micro lenders, certified lenders, certified development corporations, small business investment companies, small business development centers and the 8(a) program is the backbone of the economic development infrastructure in Minnesota.

Neighborhood Non Profits

There is a vast network of neighborhood non-profit community development corporations that are key players in local economic development activities. MEDA and Milestone Growth Fund are the only non-profits with an explicit mission to help minority businesses. MEDA served more minority clients than the entire Small Business Development Center network in Minnesota. However, there are non-profits in the Twin Cities who have a majority of their clients, minority entrepreneurs.


RECOMMENDATIONS

1. DTED, establishes an Economic Development Council of key providers of financial and technical assistance services in the state such as the SBA, Minnesota Bankers Association, Minnesota Chamber of Commerce, state and city economic development agencies and non profit and for profit service providers to develop efficiencies and coordination in policies and programs around the state.
2. An organization such as MEDA should become a central clearing-house on data/analysis on minority entrepreneurs in the state.
3. An organizational partnership of organizations serving minority entrepreneurs should be developed to ensure program coordination, updated information on minority entrepreneurs, and policy and program innovation to address needs of minority entrepreneurs at every level of the firms life cycle.



RESEARCH AGENDA

The Working Group identifies the following areas where information needs to be collected and analyzed:

1. Identification/development of a state small business development strategy.
 2. Identification of the economic development infrastructure (finance, technical assistance, technology) available for small businesses in Minnesota.
 3. An analysis of issues (and programs) of home-based businesses in Minnesota.
 4. An analysis of issues (and programs) of minority women entrepreneurs in Minnesota.
 5. Comparison of Minnesota relative to the nation in terms of equity funds, research and development, information resources available for small and minority businesses.
 6. Classification of organizations serving minority and small businesses in the state on **outcome data** by average and median size of loans distributed; by type of capital – debt, equity capital; by delivery method of technical assistance provided (ethnic group, neighborhood, university based etc); and by ethnicity of clients served.
 7. Compilation of evaluations of small business assistance programs in Minnesota.
- 



RECOMMENDATIONS TO STATE DEPARTMENTS

(Please see detailed recommendations in the text)

RECOMMENDATIONS TO THE DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT

1. Establish an Economic Development Council of key providers of financial and technical assistance services in the state such as the SBA, Minnesota Bankers Association, Minnesota Chamber of Commerce, state and city economic development agencies and non profit and for profit service providers to develop efficiencies and coordination in policies and programs around the state.
2. Reorganize the State Small Business Assistance Office to incorporate recommendations regarding a centralized and top quality database of resources to cover the information gap in the state.
3. Direct resources to the ethnic based technical assistance/training programs for minority entrepreneurs and the structured minority entrepreneur based approaches that are achieving success in the state.
4. Direct resources to increase the capacity of those organizations serving high-risk minority entrepreneurs.
5. Partner with private and non-profit organizations to improve the availability of equity capital in the state, especially micro equity capital under \$50,000.
6. In coordination with the SBA encourage the Small Business Development Centers in areas of emerging minority economic clusters, to develop programs in partnerships with organizations with experience with ethnic/minority based technical assistance/training.
7. Encourage centralization of technical functions in loan pools among Urban Initiative partners to achieve economies of scale and better services to clients.
8. Adopt changes in the Urban Initiative Funds as recommended in the report.
9. Encourage organizations serving minority clients to specialize in areas of core competency and collaborate with other organizations to prevent duplication of programs serving the same clients.
10. Develop policies and programs targeting Home-based businesses.

11. Investigate the allocation of public programs and resources on minority women entrepreneurs being sensitive to ethnic variations among minority groups.
12. Serve as the lead agency to develop a comprehensive plan for minority economic clusters in the state.
13. Develop an incentive package for small business start-ups in Minnesota.
14. Develop in cooperation with Tribal Governments and other Native American organizations and other state agencies a Native American Economic Development strategy.
15. Develop ways to market ethnic corridors in Minnesota through such things as ethnic streetscapes and maps identifying ethnic commercial corridors.

RECOMMENDATIONS TO THE DEPARTMENT OF ECONOMIC SECURITY

Recommendations for the Governor's Workforce Development Plan (GWDP)

1. Workforce centers should expand further from universal centers to also become business information/resource centers with possibilities for day offices, voice mail, etc., as outlined in Chart 1. (*GWDP Recommendation 1*)
2. We support GWDP Recommendation 7 to increase efforts to bring new workers into the workforce.
 - a. We suggest the development of county plans to identify minority/immigrant communities with working age population (Map 2) and mechanisms to ensure their transitions to the workforce.
 - b. We support the GWDP to speed up the alien certification process of H 1 visas in Minnesota. If Minnesota gets the reputation for both – the availability of high quality jobs and an expedited and immigrant- friendly labor certification process, there will be a marked increase in high skilled workers to Minnesota.
 - c. For low skilled workers we recommend the development of a new category of workers called “efficiency workers” at the Federal level so that Minnesota businesses can employ them more easily.
3. We recommend the change of Principle 7 of the GWDP to read:

*State Government Workforce Initiatives will recognize and respond to the unique qualities of Minnesota's diverse regions **and people.***

4. We support GWDP Recommendation 1 referring to the Job Skills Partnerships Program to encourage small businesses to submit joint proposals. We recommend alerting agencies serving small and minority businesses about this new proposal.
5. We recommend the development of apprenticeship programs with a focus on minority youth in rural and urban areas to develop entrepreneurial skills. We recommend an evaluation of the reasons for limited success of LEAP and suggest the involvement of ethnic community organizations and schools with high minority enrollments in collaborative programs to increase number of minority youth undergoing apprenticeships.
6. We support the recommendation of the GWDP for the Post Secondary Enrollment Option (PSEO) and recommend an evaluation of enrollment of minority youth in these programs.

RE COMMENDATIONS TO THE DEPARTMENT OF ADMINISTRATION and METROPOLITAN GOVERNMENTS

Given the fact that Minority Business Enterprises received around 36 million dollars of 2.2 billion procurement dollars we suggest the following comprehensive plan:

1. The State adopts a central certification process for state agencies, metropolitan governments, and local governments. The Governor does this by executive order.

Model: the centralized certification program of Hennepin County, Ramsey County, Minneapolis, Saint Paul and Saint Paul Public Schools.

Model: Executive Order of Governor Ryan of Chicago establishing universal certification with a Central Certification board to oversee the process.

2. Since a few contractors receive a very large portion of both formal and informal contracts, the state should mandate the development of partnerships with smaller subcontractors to provide some of the contracted services.

Model: ME DA's program partnering a Major contractor with a minority contractor.

3. The state should provide support services to targeted vendors to help them become competitive such as assistance with lower prices for supplies, administrative assistance with bid preparation, and bid matching services that connect minority firms with large contractors/bids.

Model: Hennepin County's Procurement Program

4. The training for certified purchasing agents of the state should include a business case as elaborated in this report, namely that the state has a disadvantaged business program because it makes business sense to do so. Further, for contracts under \$25,000 where targeted vendors are given preference, the state should collaborate with community organizations and non-profits to develop sector specific lists of minority vendors.

RECOMMENDATIONS TO THE DEPARTMENT OF TRANSPORTATION

Given the fact that Minority Business Enterprises received around 770 *thousand* dollars of 783 million of procurement dollars we suggest the adoption of the comprehensive procurement plan recommended to the Department of Administration.

We further recommend that in the Telecommunication infrastructure project of the state that the telecommunication needs and issues of Native American communities living on the reservations are addressed to prevent a digital divide in rural Minnesota.

RECOMMENDATIONS TO THE DEPARTMENT OF PLANNING

1. We recommend that in the long range planning project of the state, *Minnesota by Design*, the needs of immigrant and minority communities be integrated and offer this report for the area of economic development.
2. We also recommend that the *Department of Planning, the Department of Trade and Economic Development, the Department of Economic Security, the Department of Children and Learning, and the Department of Human Rights* develop a comprehensive plan that includes the needs minority communities who live in rural areas of the state (Map 5) that includes the following:
 - a. Business assistance that reaches minority entrepreneurs.
 - b. Educational resources that reach minority students to help them succeed.
 - c. Workforce development plans that include minority adults and youth.
 - d. Models of best practices how Minnesota's urban and rural communities can develop strong relationships with new immigrants/minorities in their communities.

RECOMMENDATIONS TO THE DEPARTMENT OF HUMAN RIGHTS

1. We recommend that the name of the Department of Human Rights serve as a facilitator bringing communities and groups together to make Minnesota the best place to live in.
2. We recommend the study and distribution of best practices how Minnesota's urban and rural communities can develop strong relationships with new immigrants/minorities in their communities.



APPENDIX 1

Data on Minority Business Utilization in the State of Minnesota based on Recent Disparity Studies July 1 1995 – June 30, 1997

Minnesota Department of Transportation	Dollars	Percent
Prime Contractor Highway Construction (Total)	\$ 783, 171, 704	
Non M/WBE Utilization	\$ 775, 525, 753	99.02
Caucasian Females	\$ 6, 675, 218	0.85
Minority Business Enterprise (MBE)	\$ 970,733	0.12
Available Firms: Non M/WBE	70.79 %	
Caucasian Females	17.44 %	
MBE	11.77 %	

State of Minnesota Agencies

Prime Contractor Utilization (Total)	\$ 190, 534, 003	
Non M/WBE	\$ 160, 444, 953	84.21
Caucasian Females	\$ 13, 127, 666	6.89
MBEs	\$ 16, 961, 483	8.90
Product Equipment and Supplies (Total)	\$ 474, 294, 508	
Non M/WBE	\$ 462, 301, 555	97.47
Caucasian Females	\$ 5, 991, 289	1.25
Minority Business Enterprise (MBE)	\$ 6, 081, 664	1.28
Prime Contractor Utilization (Total) (Professional and Technical Services)	\$ 287, 199, 891	
Non M/WBE	\$ 279, 623, 030	97.36
Caucasian Females	\$ 3, 721, 123	1.30
MBEs	\$ 3, 855, 737	1.34
Available Firms: Non M/WBE	84.93 %	
Caucasian Females	10.34 %	
MBE	4.73 %	

Prime Contractor Utilization (Total) (Other Services)	\$ 138, 851, 674	
Non M/WBE	\$ 129, 140, 210	93.01
Caucasian Females	\$ 5, 954, 342	4.29
MBEs	\$ 3, 757, 123	2.71

		Dollars	Percent
Available Firms: Non M/WBE	88.99 %		
Caucasian Females	6.97 %		
MBE	4.04 %		

Metropolitan Governments

Metropolitan Mosquito Control

Prime Contractor Utilization (PES)		\$ 4,776,285	
Non M/WBE		\$ 4,719,403	98.81
Caucasian Females		\$ 34,045	0.71
MBEs		\$ 22,837	0.48

Available Firms: Non M/WBE	91.31 %		
Caucasian Females	5.23 %		
MBE	3.46 %		

Metropolitan Sports Facilities Commission

Prime Contractor Utilization (PES)		\$ 14,846,602	
Non M/WBE		\$ 14,609,273	98.40
Caucasian Females		\$ 129,871	0.87
MBEs		\$ 107,458	0.72

Available Firms: Non M/WBE	90.64 %		
Caucasian Females	5.79 %		
MBE	3.57 %		

Prime Contractor Utilization (Construction)		\$ 7,495,863	
Non M/WBE		\$ 7,101,423	94.74
Caucasian Females		\$ 307,940	4.11
MBEs		\$ 86,500	1.15

Available Firms: Non M/WBE	78.36 %		
Caucasian Females	12.29 %		
MBE	9.35 %		

Metropolitan Airports Commission	Dollars	Percent
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Prime Contractor Utilization (PES)	\$ 41,544,178	
Non M/WBE	\$ 39,869,651	95.97
Caucasian Females	\$ 825,799	1.99
MBEs	\$ 848,728	2.04

Available Firms: Non M/WBE	90.64 %
Caucasian Females	5.79 %
MBE	3.57 %

Prime Contractor Utilization (Construction)	\$ 144,972,640	
Non M/WBE	\$ 138,224,600	95.35
Caucasian Females	\$ 4,331,677	2.99
MBEs	\$ 2,416,363	1.67

Available Firms: Non M/WBE	78.36 %
Caucasian Females	12.29 %
MBE	9.35 %

Metropolitan Council

Prime Contractor Utilization (PES)	\$ 85,727,867	
Non M/WBE	\$ 82,839,173	96.63
Caucasian Females	\$ 1,857,409	2.17
MBEs	\$ 1,031,285	1.20

Available Firms: Non M/WBE	90.64 %
Caucasian Females	5.79 %
MBE	3.57 %

Prime Contractor Utilization (Construction)	\$ 47,838,203	
Non M/WBE	\$ 47,321,594	98.92
Caucasian Females	\$ 320,394	0.67
MBEs	\$ 196,215	0.14

Available Firms: Non M/WBE	78.36 %
Caucasian Females	12.29 %
MBE	9.35 %

GRAND TOTAL	\$ 2,221,253,418	
Non M/WBE	\$ 2,141,720,618	96.41 %
Caucasian Females	\$ 43,276,773	1.94 %
MBEs	\$ 36,336,126	1.63 %

Verification of Data in Disparity Studies:

For State Agencies 77 percent of the construction contracts, and 98 percent of the product, equipment and supplies contracts were less than \$5000, this does not require formal advertising or bids.

Similarly, for Metropolitan Governments 88 percent of all construction contracts were below \$25,000 and 98 percent of product, equipment and supplies contracts were under \$25,000. Hence it is not unusual for MBEs to report not having received bid information.

For State Agencies, 7 percent of construction companies working on contracts under \$5000 receive 43 percent of the construction dollars under \$5000. Less than 1 percent of the product, equipment and supplies contracts under \$5000 received 28 percent of the dollars under \$5000.

For Metropolitan Governments, 6 percent of the construction companies on contracts under \$25,000 received over 50 percent of the construction contracting dollars. Similarly, 3 percent of the product, equipment and supplies companies working on contracts under \$25,000 received 50 percent of the dollars.

An analysis of **all** construction contracting dollars for State Agencies show that 6 percent of the contractors received almost 90 percent of the construction dollars. In the product, equipment and supplies contracts, less than 1 percent of contractors received 61 percent of contracting dollars.

An analysis of **all** construction contracting dollars for Metropolitan Governments show that 7 percent of the contractors received almost 50 percent of the construction dollars. In the product, equipment and supplies contracts, less than 1 percent of contractors received 50 percent of contracting dollars.

Minority and women owned businesses lost an estimated \$ 2 million in construction contracts under \$500,000 and an estimated \$14 million in products, equipment and supply contracts due to discrimination.

In informal contracts, where the selection process allows for subjective determinations of contract recipients by state officials, a statistically significant disparity was found for all minority groups and women in product, equipment and supplies contracts and for African Americans, Asian Americans, Hispanic Americans and Caucasian females on construction contracts.

APPENDIX 2

FOCUS GROUP ATTENDEES

Benjamin, Kurian
BENCO Messenger
Service, Inc.

Favors, Denise
U.S. Small Business
Administration

Hsiao, Holden
Shaw Lundquist
Associates, Inc.

Huang, Joe
Tech Info

Insixicngmay, Ting
Asian Pages

Kim, Dennis
Enviroscience

Kim, JinMahn
Champion Service Corp.

Lo, Tsong Sawh
Hmong Diversified
Industries, Inc.

McCreary, W. J., Jr.
R.A.W. Exposure
Entertainment, Inc.

Monteiro, Frank
Universal Engineering

Ng, Lewis
Buildings Consulting
Group

Pham, Tuan Joseph
Capital Market

Rani, Susan
Rani Engineering

Hsiao, Fred
Shaw Lundquist
Associates, Inc.

Tanaka, Jodie
Tanaka Advertising

Vang, Sy
Minneapolis

Blackorbay, Randy
Chippewa Graphics

Goggleye, Mary
Leech Lake Reservation

Goodwin, Jay
JGC, Inc.

Lumbar, Lyle
Lumbar Mechanical

Moore, Thomas
Federal Reserve Bank of
Minneapolis

Theroux, Laura
Indian Affairs Council

**Yawakie, Madonna
Peltier**
TICOM, Inc.

Baigorri, Monica M.
Creaciones Monica

Daigorri, Ivan M.
Creaciones Monica

Dolan, Rachel
Neighborhood
Development Center

Fitch, Luis
UNO "Branding
Hispanic"

Gaines, Mary
Federal Forum, Inc.

Galvan, Adriand
Comales y Cazuelas, Inc.

Gonzalez, Manuel
Gonzalez, Victorio
Manny's Tortas

LaFarga, Gloria
La Paloma

Leon, Ramon
"MEXAM" Furniture &
Upholstery Services

Linares, Juan
Isaiah / I.A.

Mabusth, Mirella
Mirella's Custom Sewing

Ortiz, Consuelo
"Infinity" Fashion
Design

Reyos, Modesto
Ernesto
Megusta

Samayoa, Lucy
Mercado Central

Varela, Rafael
La Escuela/MN Thsp.

Anderson, Melissa
Associated Bank

Bahneman, Mary
Women Venture

Baker, David
Riverview Economic
Development
Association

Bridges, Dorothy
Franklin National Bank

Burke, Tom
Wells Fargo/Norwest

Fannoun, Wafiq
Neighborhood
Redevelopment Council

Favors, Denise
U.S. Small Business
Administration

Flory, John
Whittier CDC

Gilbertson, Nancy
U.S. Small Business
Administration

Gustafson, Debby
Marquette Bank

Hang, Fu
Asian Development
Corporation

Haug, Lao Lu
WIND/NDC

Kimball, John
Franklin Bancorp

Kokodoko, Michou
Phillips Comm.
Development Corp.

Olsen, Bob
Western Bank

Omisore, Ade
Phillips CDC

Riba, Kevin
Community
Reinvestment

Shakir, Shem
Frogtown Action
Alliance

Storey, Kim
Associated Bank

Sudeith, Mary Ann
Firststar Bank of
Minnesota NA

Ali, Osman
MIKE

Hernandez, Ramiro
Joyeria Latina, Inc.

Kare, Zainab
MIKE

Leon, Ramon
MEXAM

Motilall, Ram
Diversified
Manufacturing Corp.

Narpaul, Rick
Innovative Chemical

Omisore, A.
Daybreak for Small

Xiong, Shua
Golden Harvest Foods

Yang, Xia
Marisa Kheereesantikul
Sewing

Anderson, Kathleen
Office of Congressman
Sabo

Adeda, Gedion E .
American Taxicab
Service

**Babington-Johnson,
Alfred**
Siyeza, Inc.,

Copeland, Richard
NAMC

Crowther, Donald
TCM Construction

English, William
English Enterprises

Glapion, Michael J.
Insurance and Surety
Specialists

Iwu, Ikechukwu
African Magazines

Kydd, Karen
The Kydd Group

Maddox, Wendell
ION Corporation

Newell, Fredrick
Newell Abatement
Services, Inc.

Thomas, Andre
Thomas Consulting

Wallace, Sandra
Independent Packing
Services

Almarza, Francisco
The Bridge World
Language Center, Inc.

Bravo, Ruth A.
El Bravo Restaurant

Martinez, Tony
Martinez Corporation

Mena, Maximo
Mena's International
Records

Mendez, Robert
Simply Signs by Mendez

Rainville, Mary
Vera Construction, Inc.

Ramos, Rafael
Legacy Communication
Group

Schreus, Martha
Gabash International

Torres, Carmen
Farmers Insurance

Moldenhauer, Mary
Greystar Electronics

Ross, David
Duluth Area Chamber of
Commerce

Roth, Neale
University of Minnesota,
Duluth

Nazareth, Malcolm
Center for Interfaith
Encounters

Reta, Taye
St. Cloud

Adafin, Mark D.
Global Employment
Solutions, Inc.

Solis, Jorge
Fiesta Mexicana

Bonko, David
Neighborhood
Development Center,
Inc.

E dwards, Sikivu
U.S. Postal Service

Fischer, John
3M

Garth, Sharon
Norwest Bank

Glass, Mike
Honeywell

**Griffin-Johnson,
Lorraine**
Facilitator

Hayes, Betsy
MN Dept. of
Administration

Huss, Mary
Deluxe Corporation

Issa, Abdulwoli
Hired

Lovejoy, Dorothy
MN Dept. of
Administration

Nhon, Tran T.
MEDA

Peppel, Bill
ADC
Telecommunications,
Inc.

Schupmann, Paul
General Mills, Inc.

Smallwood, Carolyn
ADC
Telecommunications,
Inc.

Taylor, Craig
University of Minnesota

Widdel, Susan
NSP

Winston, Jane
Pillsbury

Annette, John
White Earth Band of
Ojibwe

Barsness, Vernon
Minnesota Chippewa
Tribe

Dunkley, John
Mille Lacs Band

Dupurs, Wayne
Fond du Lac Tribal
Center

Harmes, Gary
Fond du Lac Tribal
Center

Holliday, Jason
Economic Development
Planner

Kozojed, Susan
N.W. Minnesota
Foundation

Martineau, Bob
Training Director
Fond du Lac Tribal
Center

Palmer, Karen
Northeast Entrepreneur
Fund

Smith, Debra
Fond du Lac Human
Services

Walt, Chuck
Fond du Lac Human
Services

White, Victoria
Leech Lake Band of
Ojibwe

Aljets, Curtis
U.S. Immigration &
Naturalization Service

Chaudhary, Satveer
MN House of
Representatives

F. Saavedra, Jorge
Chief Legal Officer
Centro Legal, Inc.

Goldfarb, Alan
Fredrikson & Byron, P.A.

Klow, John
U.S. Immigration &
Naturalization Service

Midby, Chuck
U.S. Immigration &
Naturalization Service

Millibergity, Lenore
Immigrant Law Center

Regan, Frances
MN Dept. of Economic
Security

Romens, Tom
MN Dept. of Economic
Security

Thal, Steven
American Immigration
Lawyers Assoc.

Adams, Martin
ICED

Aragon, Fermin C.
IMPACT

Bonds, Leslie
Diversity Information
Resources

Duncan, Paul
Ventures Magazine

Huynh, Nghi
AA Pren/IBCD

Isaacson, Bob
MN Dept. of Trade &
Economic Development

Oftelie, Antonio
ISEEK

Quintela, Alberto
Secretary of State Office

Rao, Dileep
IPC

Byos, Bill
Metropolitan Council

DeMers, Rebecca
Urban Initiative Board

Kiewel, Patricia
Entrepreneurial
Advantage

Oshodi, Tony
Minneapolis Urban
League, Inc.

Redd, Sonal Desai
Frogtown Action
Alliance

Stennes, Heidi
MN Dept. of Economic
Security

Phyllis Shirley
Brainerd

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