

# 2008 Prosperity Partnership Minority-Owned Business Development Strategy



Prosperity  
PARTNERSHIP

As Washington state continues to become more diverse, support of minority-owned businesses is an increasingly important part of the Prosperity Partnership's Regional Economic Strategy. Nationally, 70 percent of new jobs are created by small business, and minority-owned businesses are a growing portion of small business in Washington state. Success among minority-owned businesses translates to increased jobs, increased wealth and long-term prosperity for all of our region's residents. More must be done to ensure that these entrepreneurs have the tools, resources and access they need to be successful.

## What is the Challenge?

According to the US Census, 3.5 percent of state population is Black, but Black-owned businesses accounted for only 1.5 percent of the total number of businesses in the state. Similarly, Hispanics made up 8.8 percent of the population, but only 2.2 percent of businesses state-wide were owned by Hispanics. Nationally, 17.8 percent of all businesses are owned by racial minorities, compared to just 10.9 percent of businesses in Washington state.

In May of 2007, the University of Washington published its first annual Washington Minority Business Survey. Minority business owners (MBOs) identified several challenges to their growth: 1) 17 percent of Washington state minority business owners reported that their financing needs were not met, compared to just 5 percent of small businesses nationwide, and 2) competition from larger businesses was ranked fifth among concerns of small business owners nationwide, whereas among minority business owners in Washington, it was ranked as the principal concern. Similarly, according to a recent Seattle University Minority Business Survey comparing Washington state MBOs to Washington state non-minority small business owners, Washington state MBOs report unmet credit needs and business development concerns at a significantly higher rate than Washington state non-minority small business owners.

## What Can We Do?

In March of 2007, the Prosperity Partnership formed the Minority Economic Development Working Group. The working group was asked to identify specific, tangible public policy and other changes that can be realized in the short term at the regional and state level to improve the ability of minority businesses and minority economic development organizations to be successful. Based on the data from the Washington Minority Business Survey and the Seattle University report, the working group identified two major barriers to success for minority businesses: lack of access to capital and credit, and lack of access to contracts. In order to get additional credit and new business opportunities, minority-owned businesses need to grow their capacity and improve their ability to negotiate existing systems of lending and contracting. The working group also specified the need to focus on preparing MBOs to be more competitive working in, or contracting with firms in the seven pilot Prosperity Partnership industry clusters. The Prosperity Partnership has identified these industries — information technology, aerospace, clean technology, life sciences, international trade, military, and tourism/visitors — as some of the largest and fastest growing in our region, based on employment and revenues. Gaining the ability to work with these clusters will give MBOs the best opportunity to expand their businesses, and will increase prosperity and create jobs in the Puget Sound region.

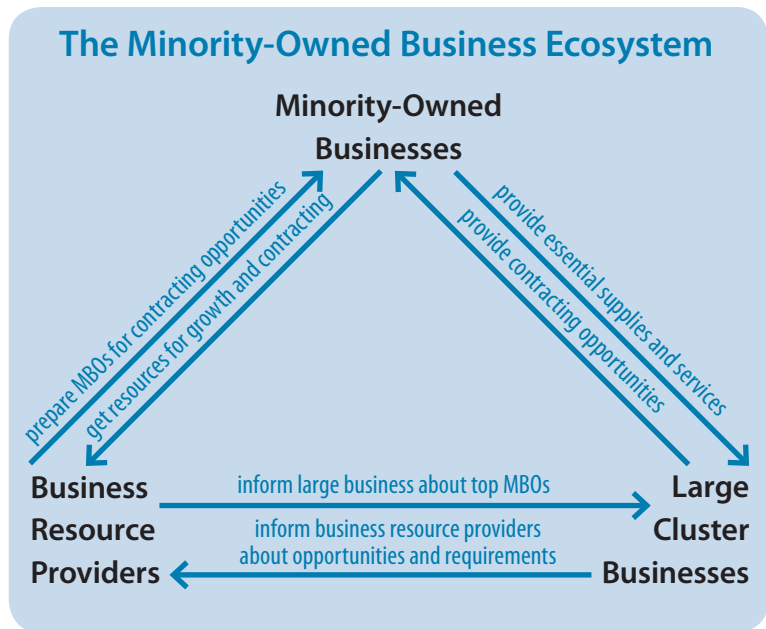
### Minority-Owned Businesses in King, Kitsap, Pierce, and Snohomish Counties

- 31,600 Minority-Owned Businesses in Prosperity Partnership Region.
- Minority-Owned Firms Generate \$8.8 Billion in Sales.
- Minority-Owned Firms Employ 62,300 People.

*Source: 2002 Business Census.*

## Our Strategy

Chaired by Seattle City Councilmember Bruce Harrell, the Minority Economic Development Working Group concluded that problems with access to contracting and capital stem from inefficiencies in the minority-owned business ecosystem — the system of interactions between MBOs, the large cluster businesses with whom they contract and the business resource providers (education and training organizations, funders, networking and advocacy groups and others) that prepare MBOs for business and connect them to opportunities. The Prosperity Partnership's strategy identifies steps to improve coordination and communication by each of the three corners of the ecosystem triangle:



### LARGE CLUSTER BUSINESSES —

#### Work with Regional Cluster Businesses to:

- Develop their supplier diversity programs and policies, based on shared best practices.
- Increase opportunities for peer networking among procurement and contracting officers.
- Create a shared database of top minority-owned businesses with the skills and capacity to meet cluster business needs.

#### Work with Regional Cluster Business Associations to:

- Encourage cluster businesses to develop supplier diversity programs and policies.
- Increase membership and networking opportunities for minority-owned businesses.

### BUSINESS RESOURCE PROVIDERS —

#### Work with Business Assistance and Advocacy Organizations like AAPP, UEC, BEDC, CCD, NMBC and others to:

- Identify our region's top high-capacity and fast-growing minority-owned businesses that can work in our leading industry clusters.
- Clarify the skills and capacity needed by minority-owned businesses to successfully secure credit and contracts.

### MINORITY-OWNED BUSINESSES —

#### Work with Minority-Owned Businesses to:

- Improve communication about contracting and credit opportunities, and help MBOs gain the skills and capacity needed to successfully secure them.

## A Broad Coalition

The Prosperity Partnership, a coalition of over 260 business, labor, government, non-profit, and educational organizations in the central Puget Sound region, has focused on seven industry clusters that are the drivers of the region's economy. The seven clusters are aerospace, clean technology, information technology (IT), life sciences, logistics and international trade, military, and tourism and visitors. The success of minority business enterprises, especially the enterprises operating in these clusters, will help to support economic success in the region in general.

## Contact

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