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A corporate initiative aims to help emerging minority businesses grow.

By Ralph G. Moore

Minority business development has been a work in progress since the civil rights movement of the 1960s. Over the years, there have been a number of initiatives designed to stimulate minority business development, such as the Small Business Administration's 7(j) Management and Technical Assistance Program and guaranteed loan programs, the Minority Business Development Agency's Business Development Centers, and numerous state, local, and non-profit programs.

While these and others have played a critical role in the expansion of minority business enterprises in America—and thousands of minority-owned businesses owe their success to them—the primary focus of these initiatives has been on, for the most part, either creating new minority businesses or providing assistance to those with revenues less than \$20 million.

The marketplace, however, is demanding larger minority business enterprises, and chief procurement officers are seeking scalability in their suppliers. As more and more minority-owned firms reach the \$20 million threshold, which may be defined as emerging minority business enterprises, they have different needs, many of which are not met by existing programs. There are a few exceptions. The National Minority Supplier Development Council's (NMSDC) Corpo-



rate Plus program recognizes minority suppliers with national capabilities, and there are a number of excellent training programs, such as the NMSDC's executive program at J.L. Kellogg Graduate School of Management at Northwestern University and the Minority Business Executive Programs at the Tuck School of Business at Dartmouth. But the majority of initiatives fall short when it comes to reaching these emerging firms.

A recently completed project that attempted to fill that gap was **The Wachovia Technical Assistance Project (TAP)**, designed to build capacity among minority business enterprises by



Lenny Springs

providing participants with growth-orientated solutions and strategies that they could incorporate into their existing business plans. A key component of the initiative was the utilization of the expertise of leading minority consultants and executive coaches who were uniquely able to assist their fellow minority-owned businesses with capacity-building strategies.

The Wachovia Vision

Wachovia Corporation, a global financial giant with more than \$553 billion in assets, has made a significant commitment to support minority business enterprises. **Lenny Springs**, senior vice president of supplier diversity, crafted the vision for the bank to go beyond the traditional approach to supplier diversity and to create a project that focused on capacity building for certified minority businesses. Not only did he have the vision, but he also had the courage to request support and funding from Wachovia's senior leadership. After securing that support, and \$2 million in funding, that vision became a reality in January 2005 through the creation of TAP.

The project utilized a unique strategy

for advancing the growth of emerging minority business enterprises, using a combination of management education and one-on-one consulting and executive coaching services delivered by minority professionals. TAP became part of a \$75 billion community commitment to the nine states where the SouthTrust/Wachovia merger occurred. Those states were Alabama, Georgia, Florida, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia. What made Wachovia's commitment unique is the fact that minority business enterprises benefiting from TAP did not have to be Wachovia customers or suppliers.

To transform the TAP vision into reality, Wachovia retained **Ralph G. Moore & Associates (RGMA)**, one of the nation's leading experts on supplier diversity and minority business development, to provide consulting and management assistance. RGMA has more than 27 years of experience working with minority-owned businesses and corporate supplier diversity programs. For the past 14 years, RGMA has served

as the lead training consultant to the NMSDC, and since its founding in 1979, the firm has conducted more than 1,000 one-on-one capacity-building sessions with minority- and woman-owned businesses.

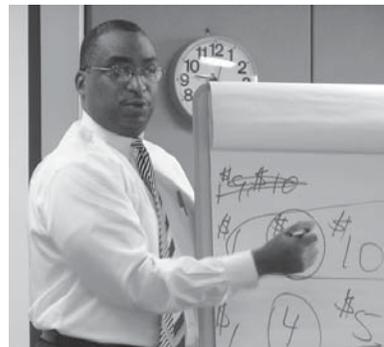
Wachovia's overall goal was to build the capacity of emerging minority business enterprises so that they could better compete in the corporate marketplace. The project had four specific objectives. The first was to provide consulting services focused on capacity building. The second was to help participants expand vendor relationships within the corporate marketplace. The third was to position supplier diversity and small business banking to support capacity building among minority business enter-

prises. And the last was to demonstrate a measurable impact on minority business growth.

Project Overview

The heart of TAP was the **One-on-One Technical Assistance** component, which involved 12 select minority business enterprises. This component of TAP focused on assessing the functional areas of each firm's operation, including strategic direction, marketing, technology, financial management, and human resources. Following an initial assessment, a report capturing the findings was presented to each minority business with recommendations for capacity building.

Participants in this component also received coaching from leading subject-matter experts in a number of disciplines, including information



Northwestern University's top business professor, **Steven Rogers**, lectured on business valuation at the Executive Leadership Summit.

technology, accounting, public relations, advertising, website development, and marketing communications. Some participants were also matched with individual coaches who provided invaluable insight and assistance. Some of them have retained

their coaches and continue to utilize them in their quest for future growth and development.

In addition to individual technical assistance, TAP included several other business-building initiatives. For example, the **Wachovia Growth Summits**, a series of workshops targeting mid-sized to large minority-owned businesses, were designed as one-day events. The target audience was minority business enterprises with annual revenues above \$1 million, that employed five or more people, and that had been in business for more than two years. Workshops were held in Atlanta, Dallas, Houston, and Birmingham.

The **Minority Business Enterprise Vendor Conference**, a one-and-a-half

day conference held in Charlotte, provided some of Wachovia's top minority suppliers, as well as other leading minority businesses from throughout the country, with growth strategy information and opportunities to develop relationships with Wachovia senior management and procurement representatives.

An **Executive Leadership Summit** was also held in Atlanta for One-on-One Technical Assistance participants. Led by **Steven Rogers**, the Gund Family Professor of Entrepreneurship at the **Kellogg School of Management**, the one-day workshop addressed issues such as managing your balance sheet and maximizing the value of the business.

TAP also included a website enhancement initiative, a project which assisted 11 minority firms in the Alabama and Carolina regions to enhance their existing websites. For this component, Wachovia teamed up with RGMA and the **North Carolina Institute for Minority Economic Development** to manage the process. Technology experts were also identified to provide development services.

Challenges

The first challenge that program leaders faced was securing participation, especially from those minority businesses who would participate in the One-on-One Technical Assistance component. The minority businesses selected for this part of the project covered various commodities and were identified based on selection criteria developed by Wachovia and RGMA. Many minority business owners and executives had experienced disappointment with other mentoring programs, so they were initially reluctant to participate. Early discussions revealed many reservations. Some of those concerns were:

"I don't have time for some kid with a degree in history who has never had to meet a payroll to try to tell me how to run my business."

"I have never gotten any meaning-

ful advice from these freebie mentoring programs."

"Why in the %&\$\$# do I need a coach? I built this business without any advice from a %\$#&&# coach!"*

"What makes you think that I need consulting assistance?"

"The last time I said yes to a project like this, all they did was take up a lot of my time and my staff's time talking, and six months later they sent me a 50-page document that summarized everything we said to them. It looked good, but there was not one piece of advice that I could use!"

Despite those reservations, the program leaders knew they had a winning value proposition. But they also knew they had to present it face-to-face. So they visited every company and presented a solid case for why TAP was different from any other project they had participated in. The selling points were clear and concise:

- All services would be provided by industry-leading professional service firms that were also minority-owned.

- Participants would have access to executive coaches who normally coach Fortune 500 senior executives (and some of the coaches were former senior executives themselves). Participants would have the opportunity to identify a priority issue from their business plan and have a seasoned consultant to help find a solution.

- And, finally, participants would have access to all of these services at no cost. Wachovia was funding everything.

Not everyone said yes, but 12 minority CEOs did agree to participate. They came from **Adorno & Yoss LLC**; **Aguirre Building Systems**; **Archura, LLC**; **Atlanta Life Insurance Company**; **CD Moody Construction Company, Inc.**; **Cole Chemical**; **Gourmet Services, Inc.**; **Fortress Systems International**; **IMAGES USA**; **Integrated Systems**; **Salton Companies**; and **Vanguard Distributors, Inc.**

Lesson Learned

One of the critical lessons learned from TAP is that emerging minority business leaders are quite careful

about how they spend their time and resources, but they will embrace capacity building when they feel that the level of service providers and proposed services are of value to an emerging company. The feedback from the minority CEOs on the contribution this process has made to their businesses has been extremely positive.

"Our one-on-one assessment allowed us to step back and take a thorough look at the overall operation of our company,"

Hank Adorno, CEO of Adorno & Yoss, a Hispanic-owned law firm based in Miami, Florida, said. "Although we are a multimillion-dollar firm, the assessment process allowed us to focus on business issues, which showed us how to be more competitive in acquiring new clients and expanding business with existing clients."

Several minority CEOs experienced "aha!" moments that have changed the course of their businesses.

"The seminar was excellent; right on target," said **Kirby Salton**, the CEO of Salton Companies. "In the process of acquiring equitable partners and selling shares, the seminar was invaluable."

Donna Cole, CEO of Cole Chemical, added, "(We are) excited and blessed to be a part of TAP. Execu-



Hank Adorno



Kirby Salton



Donna Cole



Marlanda English

tive coaching is a luxury for a business owner. Subject matter experts bring valuable information as we continue to the next level. Thank you, Wachovia; watch us grow!"

The project also demonstrated that there is a pool of seasoned minority consulting and coaching talent ready to assist emerging minority businesses if provided the opportunity. It was gratifying to note the energy, enthusiasm, and professionalism that the subject matter experts and executive coaches brought to this project. Many expressed a sense of "coming home" because they were able to assist emerging minority business enterprises.

"Many (minority business enterprises) feel isolated," **Marlanda English** of **ECS Consulting** said. "They want to know if there are there other companies like them—"What are other people in my situation doing?" TAP allowed me the opportunity to address some of their issues."

There was compelling evidence of the need for TAP and the benefits it delivered. In total, more than 200 minority-owned businesses were assisted during TAP's initial year. Not only did TAP exceed its objectives, but it has realized benefits far beyond initial expectations.

Lasting Effects

The most common concern expressed by corporate America when asked about establishing partnerships with minority businesses is the issue of capacity and scalability. Size matters. TAP has demonstrated that capacity building and management education can make a measurable contribution to a minority business enterprise's ability to grow and therefore handle larger contracts. TAP has provided corporations that share Wachovia's commitment to supplier diversity with a blueprint for expanding their supplier diversity initiatives through minority

business capacity building.

There have been numerous theories from a variety of public and private "experts" on how to develop and sustain larger minority businesses, but very little action. Wachovia has followed the



TAP attendees listen carefully to a presentation. They are: (from left to right) **Hilda Garza Rader**, business development manager, **Cole Chemical**; **Nathaniel R. Goldston**, chairman and CEO, **Gourmet Services, Inc.**; **Valerie M. Goldston**, senior vice president and chief administration officer, **Gourmet Services, Inc.**; and **Sylvester C. Formey**, president, **Vanguard Distributors, Inc.**

words of Ben Franklin—"Well done is better than well said"—in transforming the theory of minority business capacity building into a working model from which all minority business development stakeholders can learn. The outstanding results of TAP will redefine how to grow and sustain larger minority businesses. From executive coaches to targeted consulting engagements, this project has created a new model for minority business capacity building that others will surely emulate.

Final Thoughts

Having replaced large corporations as the major job producer in America, small business development has become a national economic priority. Therefore, it is essential that small business development and expansion be a component of any successful jobs program targeted at depressed communities. RGMA's research indicates that in communities where the minority population is at least 20 percent, minority business development is a major contributor to the overall economic health of that community. TAP's contribution to enhancing the strength and potential

for growth of participating minority business enterprises will have a direct, positive impact on the economy of the communities where those enterprises do business. Stronger minority businesses deliver more jobs, a greater tax base, expanded community leadership, and an improved business climate.

However, the Wachovia TAP will be viewed as a failure if we think the job is done. TAP is not a stand-alone project, but part of the much larger process of minority business development and supplier diversity. RGMA and Wachovia will continue to monitor the progress and success of the participating enterprises for the following reasons:

- First, to identify any opportunity to assist them to be successful;
- Second, to continue to measure the benefits of TAP; and
- Third, to convey the lessons learned from TAP to the minority business development stakeholders for use in developing additional minority business enterprise capacity-building initiatives.

RGMA and Wachovia are proud of TAP, but they understand that it's just the beginning. ♦

*Ralph G. Moore, CPA, is president of **Ralph G. Moore & Associates** in Chicago, a leading consulting firm in the area of supplier diversity program strategy, management, and training. RGMA is one of the nation's premier change management firms specializing in integrating supplier diversity into corporate strategy and the formation of strategic alliances. An alumnus of Arthur Andersen & Co., Moore's presentation, "Raising the Bar," which delineates the five levels of supplier diversity programs, has been embraced as a popular standard for benchmarking corporate supplier diversity initiatives.*



Reprinted with permission from the November/December 2006 issue of
Minority Business Entrepreneur

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