
Tri-County Council for Southern Maryland

Final Report

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Executive Summary

Milligan & Company, LLC in partnership with BITHGroup Technologies was engaged by the Tri-County Council of Southern Maryland to collect and analyze minority/women owned business data, build a web based tool to support the Tri-County outreach efforts and provide recommendations for a sustainability and capacity building initiative.

Problem/Opportunity Statement

The Tri-County area is facing unprecedented demographic changes resulting in increased community diversity and entrepreneurial opportunities. The growth in the region is increasing the demand for a new array of goods and services addressing the needs and interests of a more diverse community.

Additionally, the Governor’s commitment to support small businesses combined with changes in local contracting demands due to BRAC (Base Realignment And Closure) and the consolidation of larger companies is forcing small businesses to become more competitive in their service offerings, marketing plans and capabilities.

Project Phases and Methodology

The project included four phases – kick-off, data collection, implementation and wrap-up. The phases focused on outreaching to the minority/women owned businesses, analyzing primary and secondary data and developing a web based tool that enables the Tri-County Council of Southern Maryland’s Minority Business Opportunities Task Force (MBOT) to interface with the community of businesses that they service.

Data Collection

The project team developed and distributed a survey instrument that captured general contact information, business background, revenue and technical assistance needs. As a result of a mailing to 490 businesses and attendance at business networking events, a total of 112 survey responses were obtained. In addition, the team also incorporated into their analysis business data obtained from the SBA Dynamic Small Business Search and MDOT MBE/DBE listing.

Southern Maryland Background

An estimated 325,195 persons reside in the tri-county Southern Maryland region – six percent of the state’s total population. By year-end 2020, the total Southern Maryland population is expected to grow by 26 percent. Over the same time period, the area’s minority population is anticipated to grow from

28.9 percent of the population to 33.8 percent.

Southern Maryland's economy is driven by the presence of the Department of Defense. Given Southern Maryland's military presence, BRAC will significantly impact the region's economy. "Maryland is one of the few states benefitting from BRAC. It is estimated that BRAC will bring approximately 60,000 new jobs and 28,000 new households to Maryland in the upcoming years."¹

Key Findings

The following are the project's key takeaways identified through the survey responses, stakeholder engagement, secondary research, and general business development knowledge.

- Minority/women owned firms lack certification and/or business registration. Of the businesses that responded to the survey, 41 percent fail to maintain a minority certification status.
- Under representation of minority/women owned firms due to businesses operating "under the radar."
- Firms unable to compete because of an inability to adequately market and position their service offerings. Survey results identified that 37 percent of the businesses require market/new business development assistance and 66 percent reported a need to focus on revenue growth.
- Many firms reported limited financial expertise and access to capital.
- There is a need for business capacity building. Of the businesses that responded to the survey, 22 percent plan to focus on talent and operational issues.

Sustainability and Capability Initiative Recommendations

The project's survey findings reported that while over 59 percent of the businesses have operated over six years, the majority of the firms earned less than \$500k. The findings from the survey confirmed that the target businesses are seeking support to market their businesses and to gain access to capital to fund future growth. Thus, the project recommends the creation of a sustainability and capability initiative that supports businesses by increasing capacity, accelerating access to opportunities, expanding data collection and leveraging technology.

The stated initiative areas of focus were also selected because the majority of the tasks are achievable by leveraging the MBOT's existing network of stakeholders and other economic development resources throughout the Southern Maryland area. By the MBOT positioning itself as a conduit for identifying business needs and serving as a technical assistance referral resource, the MBOT is able to achieve its goal of further supporting business by leveraging resources and information supporting the needs of the minority/women owned business community.

¹ Carey Christopher, "BRAC Study Finds Pros and Cons for Small Businesses", *Southern Maryland Online*, November 1, 2008.

Background

The Tri-County Council for Southern Maryland is the regional planning and development agency for the Calvert, Charles and St. Mary's counties. Through programmatic regional initiatives, the Tri-County Council is a leading support institution for small businesses. The Council fulfills the following economic development needs.

- Serves as a forum for the resolution of region-wide issues and the attainment of regional goals.
- Provides a framework for cooperation and coordination among the elected, civic and business leaders of the Region.
- Undertakes action programs that focus local, state and federal resources in a comprehensive strategy to enhance the quality of life for all the people of Southern Maryland.
- Initiates and coordinates plans and projects which foster the physical, economic and social development of the region.

Vision

Southern Maryland is a dynamic, competitive, high performing economic region committed to the steady enhancement of the region's quality of life and prosperity, which successfully balances the development of high quality job opportunities with commitment to preserve the region's extraordinary environment, natural and cultural resources and historic identity.

Tri-County Council for Southern Maryland

In 2007, the Council sanctioned the regional Minority Business Opportunities Task Force (MBOT) to aid the Council in the data gathering and needs analysis for Southern Maryland's growing minority/women owned businesses. The MBOT stakeholders are the Council's primary team to leverage expertise and to access the business community (appendix – MBOT stakeholder list).

Project Overview

Milligan & Company, LLC in partnership with BITHGroup Technologies was engaged by the Tri-County Council of Southern Maryland to collect and analyze minority/women owned firm data, build a web based tool to support the County's outreach efforts and provide recommendations for a sustainability and capacity building initiative. The study's findings and web based tool enable the Tri-County Council to achieve the following objectives:

- To support the initiatives of the regional Minority Business Opportunities Task Force in

deploying a dynamic, collaboratively managed regional strategy.

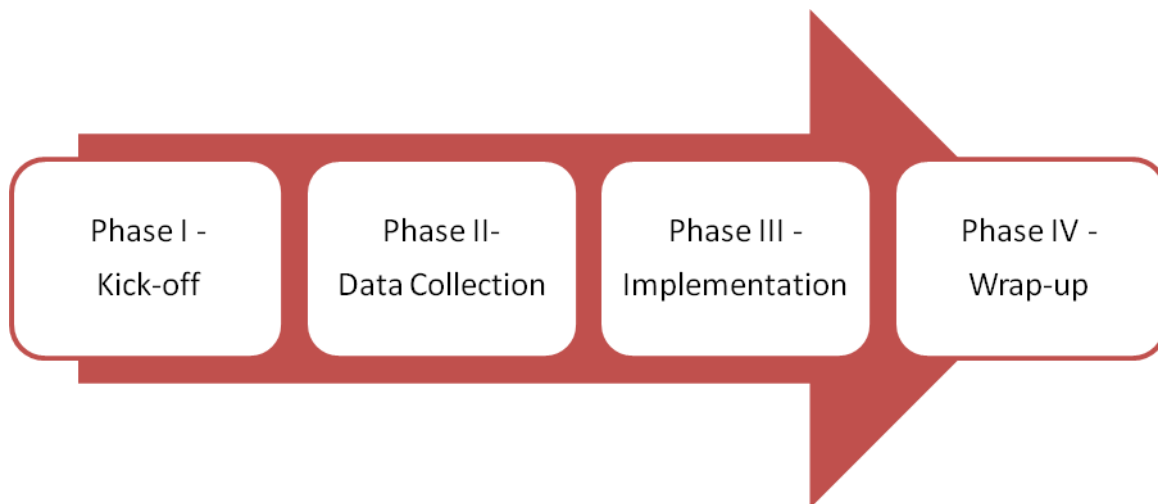
- To provide a point of access for support information, capacity building and sustainability of minority/women owned entrepreneurial initiatives.
- To position local minority/women owned businesses to succeed by preparing them to capitalize on the Southern Maryland economic development growth opportunities.

Problem/Opportunity Statement

The Tri-County area is facing unprecedented demographic changes resulting in increased community diversity and entrepreneurial opportunities. The growth in the region is increasing the demand for a new array of goods and services addressing the needs and interests of a more diverse community.

Additionally, the Governor's commitment to support small businesses, combined with changes in local contracting demands due to BRAC (Base Realignment And Closure) and the consolidation of larger companies is forcing small businesses to become more competitive in their service offerings, marketing plans and capabilities. *In short, time is of the essence for minority/women owned businesses to position themselves to benefit from the opportunities present within the Southern Maryland and surrounding areas.* Thus, these businesses require support developing their capacity and accessing opportunities.

Project Phases and Methodologies



Since the October 2008 project launch, the project team, in partnership with the Tri-County Council stakeholders, worked to achieve the stated objectives within each phase of the project plan. **Phase I, Kick-off**, focused on the collection of preliminary data and the initial stakeholder engagement process – project kick-off session and planning session. The purpose of the initial stakeholder meeting was to

introduce the project team, discuss the engagement methodology, review the proposed survey instrument outline and initiate conversations regarding the web site and data base design. Upon completion of Phase I, a preliminary findings report was presented to the Council Stakeholders by the project team.

In **Phase II, Data Collection or Business Outreach**, the project team efforts centered on the following actions: distributing the survey instrument (reference appendix), obtaining business information from third party resources and analyzing research findings to develop a preliminary findings report. Additionally, the project team also worked with the Council to define the data base reporting requirements and web site functionality.

In **Phases III, implementation**, was a combination of developing the web site prototype and modifying the data collection process based upon direction from the Council. **Phase IV or Wrap-up**, the final phase, entailed presenting the collected data and preliminary technical assistance recommendations to the Council and gaining feedback regarding the final web site design and final report areas of focus.

Data Collection

Data collection consisted of primary and secondary sources. Primary sources were obtained through direct contact with businesses and attendance at various business development events. Secondary sources included responses to surveys mailed to a database of minority and women owned businesses.

In total, the project team obtained 112 survey responses. 51 percent of survey responses were obtained from direct mail solicitations; 49 percent of the survey responses were obtained through the project team's outreach efforts.

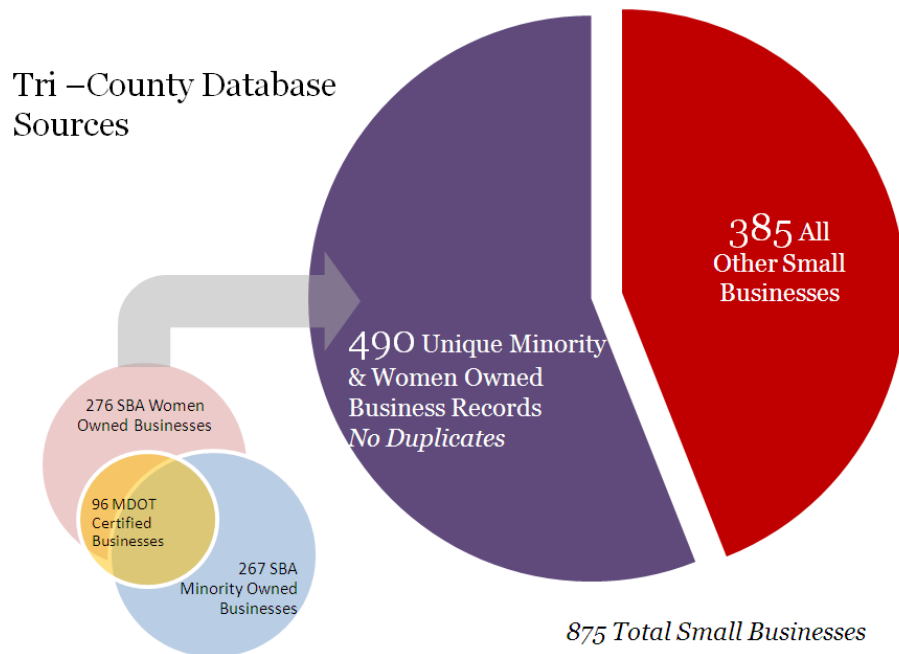
Primary Sources

In an effort to identify and solicit input from businesses not currently connected with the Council or its stakeholder members, the project team developed a business survey (reference Appendix) to capture basic contact information, business background and a high-level needs assessment. The project team also attended various business events throughout the tri-county area where the survey was distributed. The team was introduced to other regional organizations at these events who also agreed to distribute the surveys to their members or constituents

Survey Instrument Overview - In an effort to populate the Smart BiZ Tool data base, the project team developed a business survey instrument. Survey components:

- *Contact Information – General background information to identify businesses responded*
- *Business Background – Detailed questions focused on type of business structure, ownership, historical revenue and industry focus.*
- *Business Assessment – Questions attempting to identify the types of technical assistance needed to support with building capacity for minority firms.*

Secondary Sources



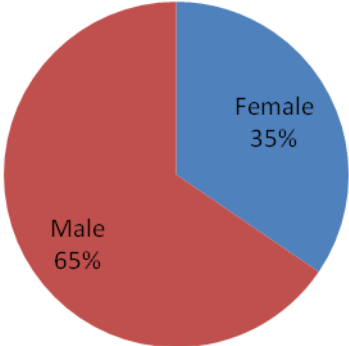
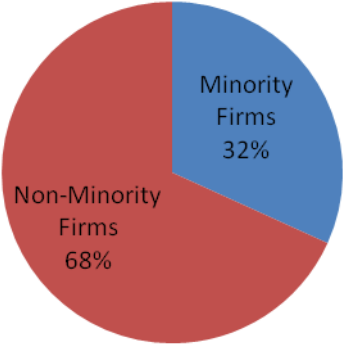
Source: SBA Dynamic Small Business Search and MDOT MBE/DBE listing

The secondary sources for businesses include 875² tri-county area establishments. This list was generated from the SBA Dynamic Small Business Search, also known as the Central Contractor Registration (CCR), and the State of MD Directory of Certified MBE/DBE firms. These lists were combined and any duplicates (i.e. firms certified as both minority and women and firms that appeared on multiple listings) were eliminated to arrive at a unique listing of 490 minority/woman owned firms. Dun and Bradstreet data was used as a verification source.

² The 875 small businesses only represent businesses registered on CCR.

Each of the secondary source businesses was sent a copy of the survey. The mailing was followed up by an email request to the firms that failed to respond to the initial mail survey. The same types of firms responded from our secondary sources as from the outreach conducted during business events.

Secondary Sources - Tri-County Minority/Woman Owned Business Demographics

<h4>Small Businesses By Gender</h4>  <table border="1"><thead><tr><th>Gender</th><th>Percentage</th></tr></thead><tbody><tr><td>Male</td><td>65%</td></tr><tr><td>Female</td><td>35%</td></tr></tbody></table>	Gender	Percentage	Male	65%	Female	35%	<p>Of the total small businesses within the Tri-County area, 65 percent of the businesses are owned by males.</p>
Gender	Percentage						
Male	65%						
Female	35%						
<h4>Percentage of Minority Firms</h4>  <table border="1"><thead><tr><th>Firm Type</th><th>Percentage</th></tr></thead><tbody><tr><td>Non-Minority Firms</td><td>68%</td></tr><tr><td>Minority Firms</td><td>32%</td></tr></tbody></table>	Firm Type	Percentage	Non-Minority Firms	68%	Minority Firms	32%	<p>Of the total small businesses within the Tri-County area, 32 percent are owned by minority firms.</p>
Firm Type	Percentage						
Non-Minority Firms	68%						
Minority Firms	32%						

Southern Maryland Background

The three counties of Southern Maryland, Calvert, Charles and St. Mary's, are bordered by the Chesapeake Bay on the east, by the Potomac River on the west and by Anne Arundel and Prince George's counties on the north. Southern Maryland is located on the western shore of the Chesapeake Bay.

An estimated 325,195 persons reside in the tri-county Southern Maryland region – six percent of the state's total population. With a population of 139,006, Charles is the largest county. St. Mary's (98,650) and Calvert (87,539) are second and third in population size, respectively (reference appendix).³

Measured by population, Southern Maryland is the fastest growing region in the State. From 2000 to 2003, the populations of Calvert and Charles Counties grew 12.8 percent and 10.4 percent, respectively, ranking as the top two counties in Maryland in terms of population growth during that period. St. Mary's County was not far behind, ranking seventh in the State with 7.6 percent population growth from 2000 to 2003.

By year-end 2020, the total Southern Maryland population is expected to grow by 26 percent. Over the same time period, the area's minority population is anticipated to grow from 28.9 percent of the population to 33.8 percent.

Southern Maryland's economy is driven by the presence of the defense industry. In Charles County, the leading employer with 2,800 employees is the Naval Support Facility (NSF) Indian Head. With employment of 10,500, the Patuxent River Naval Air Station is St. Mary's largest employer. Calvert

Southern Maryland History –

In 1634, English settlers arrived permanently in Maryland, establishing the first capital in St. Mary's City. St. Mary's County was established in 1637, Calvert County in 1654, and Charles County in 1658.¹

Prior to the current military installations, the region was primarily an agrarian economy comprised of tobacco and fisheries.

³ MD Department of Planning, U.S. Census Bureau 2005 – 2007 American Community Survey.

County, primarily a Washington, DC commuter community, represented the county with the least amount of government-related personnel.

BRAC Impact on Southern Maryland

Given Southern Maryland's military presence, BRAC will significantly impact the region's economy. In 2005, a Congressional order established the BRAC Commission focusing on the reorganization of military bases to be completed by 2011. "Maryland is one of the few states benefitting from BRAC. It is estimated that BRAC will bring approximately 60,000 new jobs and 28,000 new households to Maryland in the upcoming years."⁴

The Maryland BRAC Small and Minority Business Opportunities Study, released by Lt. Governor Anthony Brown, reports "Despite obstacles, Maryland's small and minority-owned businesses are likely to obtain more government contracts in the coming years." Thus, the efforts of the MBOT are very timely, positioning minority/women-owned firms to be able to benefit from the forth coming contracting opportunities.

Within the Southern Maryland area, the consistent themes are a growth in population, an influx of technology businesses and a need for small business innovation to meet the growing demands of a more diverse community. The area's population boom is being driven by the migration of minorities and immigrants from cities such as Atlanta, Chicago, Dallas, and New York to suburban communities. This shift is causing minorities to contribute a greater share to the growth of suburban and exurban counties. In the 1990s, for example, blacks accounted for 12.4 percent of the growth in suburbs. Today, the number has jumped to 16.6 percent. Hispanics went from 18.9 percent to 24.5 percent.⁵

Southern Maryland County Detail

Charles

Charles County benefits from the impact of the defense industry in Indian Head and the growing number of high-tech businesses relocating into the county. The new businesses being attracted to Charles County are offering higher salaries. From 2005 to 2006, household incomes grew faster in Charles County than in any other county in the Washington region, increasing by 15.2 percent from \$69,673 to \$80,179.⁶

In addition to expanding its business base, Charles County is also transitioning from a predominately white suburb to the nation's fastest growing African-American community. Individuals are relocating from Prince George's County and Washington DC.

⁴ Carey Christopher, "BRAC Study Finds Pros and Cons for Small Businesses", *Southern Maryland Online*, November 1, 2008.

⁵ Haya El Nasser and Brad Heath, "More Blacks Going for Untraditional: Suburbs, Fast-Growing Locations" *USA Today*, August 9, 2007, pg. 6A.

⁶ Philip Rucker, "S. Md. Adds Wealth, Diversity and Size" *The Washington Post*, September 2, 2007, pg. C01.

Although the area is experiencing growth, businesses such as restaurants and real estate developers are feeling the sluggishness of the economy. Thus, it is imperative that the county’s small businesses gain support in terms of seeking technical assistance, accessing to capital and obtaining the capacity to meet the growth opportunities of the area.

St. Mary’s

A predominant number of the small businesses within the St. Mary entrepreneurial community are contracting firms primarily servicing federal defense projects. As the government continues to fund initiatives such as Patuxent River Naval Air Station, federal contracting firms will continue to experience strong demand. At the same time, businesses most impacted by the strains of the current economic climate include those that rely on discretionary income. The negative impact for these businesses is that patrons are being forced to spend a greater portion of their income on necessities such as housing, food and energy, which limits available funds for dining out and other purchases considered nonessential.

Calvert

In an interview with the Calvert County Chamber of Commerce President, Carolyn McHugh, Ms. McHugh commented “Calvert County is fairly unique in that 60 percent of the workforce commutes either to Washington, D.C. or to Pax River.” Thus, the employment within Calvert County is fairly stable. Based upon 2005 to 2006 household data, Calvert is Southern Maryland’s wealthiest county.⁷ The U.S. Census Bureau ranked Calvert and Charles among the 10 wealthiest small counties in the nation. Similar to the other counties within Southern Maryland, the Calvert businesses hardest hit by the economic climate are local developers, builders, real estate professionals and related services such as restaurants and small retailers.

U.S. Census Bureau Nonemployer Statistics -This survey reports the findings from 2.3 million nonemployer firms. The U.S Census bureau collects the information from tax returns reported to the IRS. The following is a summary of information reported for the Tri-County area:

<u>County</u>	<u># Firms</u>	<u>Receipts (\$1,000)</u>
Charles	9,512	\$335,385
St. Mary’s	6,411	\$252,366
<u>Calvert</u>	<u>6,544</u>	<u>\$264,792</u>
Total	22,467	\$852,543

Source: *Nonemployer Statistics, 2007*

⁷⁷ Philip Harker, “St. Mary’s Wealthiest County and One of the Most Rapidly Growing,” September 27, 2007, pg. C01.

Key Conclusions and Recommendations

The following are the project's key takeaways identified through the survey responses, stakeholder engagement, secondary research, and general business development knowledge.

Conclusions:	Business Impact:
Minority/women owned firms lacking certification and/or business registration	<p>Of the 112 businesses that responded to the survey, 59% of the businesses obtained a minority certification status.</p> <p>Needs to overcome initial barriers to be properly positioned for contracting opportunities.</p>
Under representation of minority/women owned firms due to firms operating "under the radar"	<p>The potential for several firms operating "under the radar"- unlicensed and/or un-registered business whose activities and revenues are difficult, if not impossible, to track.</p>
Firms unable to compete because of an inability to adequately market and position their service offerings	<p>37% of businesses survey responded that marketing is their greatest challenge.</p> <p>Firms lacking the insight to develop adequate capability statements.</p> <p>Lack of proper service offering alignment with the needs of the market.</p>
Limited financial expertise and access to capital	<p>Surveyed businesses responded with a need for assistance in financial areas of – accounting (5 %), cash flow management (23 %), and access to capital (20%).</p>
Need for increase business capability	<p>25% of businesses responded that within the next year they are focusing on talent and operational issues ranging from hiring the proper management team to developing adequate business procedures.</p>

The Council's survey findings reported that while over 60 percent of the businesses have been in operation for over six years, the majority of the firms reported revenue less than \$500,000. The findings from the survey confirmed that the target businesses are seeking support to market their businesses better and gain access to capital to fund future growth. By the increased web presence and a standard offering of technical assistance support, the Council is positioned to be a lead support service for the Southern Maryland minority business community.

Specific areas of recommended technical assistance are noted below based primarily on the results of the project's data collection efforts.

Certification and Business Registration Incentives

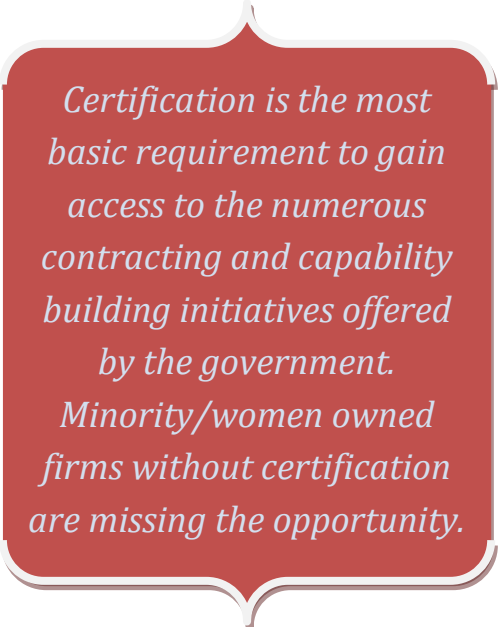
Certification as a minority/woman/disadvantaged business is different than registration as a business. By making the website more of an aggregator of information, the value of the Council's service offering increases. This also comports with the identification of marketing as the biggest business challenge and growing revenue as the largest area of future business focus.

Certification

Of the 112 businesses that responded to the survey, 41 percent reported not maintaining a minority or woman-owned certification status. Certification can be an important tool in pursuing government, and even some private sector, contracting opportunities. Council technical assistance in helping minority/women owned businesses obtain certification could, potentially, increase these businesses' contracting opportunities. One recommendation is to develop assistance mechanisms to encourage more minority/women owned businesses to pursue appropriate certification status. An initial step in this process will be for the Council website to provide one-stop information regarding federal, state, and local and private sector certifications. As a way of showing the "carrot" of certification, the website may also serve as a posting board for opportunities presented to certified businesses.

Business Registration

Separate from minority/woman/disadvantaged certification status, the importance and meaning of business registration can be a useful technical assistance add-on. These add-ons can range from information regarding registration on the Central Contractor Registration (CCR) system for federal contracting opportunities, State of Maryland and local resource databases and even more basic



Certification is the most basic requirement to gain access to the numerous contracting and capability building initiatives offered by the government. Minority/women owned firms without certification are missing the opportunity.

information such as the importance of having a business registered with the State as a legitimate entity. For entity reporting, businesses should also pursue registration with Dun and Bradstreet.

Certification and Business Registration Assistance

Certification and registration is most likely an early step technical assistance process. Many small businesses may need assistance in completing applications, gathering documents and understanding the process as it unfolds. The Council, with the assistance of the various stakeholders in the area, can be a crucial link in this process, either in directly assisting firms, or connecting them with supportive organizations for these services.

Continued Business Outreach

From secondary sources, we identified businesses that were registered on CCR. In order to register on CCR, an entrepreneur would have completed a typical business formation process: obtaining an EIN, registering with their appropriate State agency, obtaining a Duns Number, etc. What our efforts cannot identify are businesses operating “under the radar” – individuals operating un-licensed or un-registered business whose activities and revenues are difficult, if not impossible, to track. A continued outreach effort should be made through the business organizations utilized in our primary sources efforts, to encourage un-registered/un-licensed businesses to comply with standard practices and seek services through the Council. A key means to attract these businesses can be an emphasis on the benefits of registration and licensing on prospective contracting opportunities and technical assistance.

Marketing Assistance

With 37 percent of the businesses responding that marketing is their biggest challenge, programmatic initiatives are needed to assist entrepreneurs identify their target market and develop effective marketing strategies. For businesses targeting the government sector, the ability to articulate service offerings in the form of a capabilities statement is key element required to obtain a contracting opportunities.

For example, technical assistance can be provided to help entrepreneurs understand and use very basic on-line tools such as Google Maps, “Super Pages”, on-line communities and local resources (Chambers of Commerce, etc.) that provide free or low-cost marketing or presence building tools. Such tools can be an effective way to present business capabilities/services with recent movers to

Program Review - Business Outreach and Capacity Building:

SBA Emerging 200 Initiative –
In 2007, the SBA launched the Emerging 200 Initiative. The program was designed to assist inner-city businesses with accelerating their growth and preparing for expansion. The program featured a comprehensive curriculum focused on developing winning strategies and attracting capital to fuel growth. Participants have the opportunity to work with experienced mentors, attend workshops and develop connections with banks and the

the tri-county area.

Focusing on the two biggest industries of respondents, service and construction, highlights the different approaches that may need to assist businesses in the area of marketing. The service industry is typically a sector where firms need to stand out in order to attract business, while the construction sector needs to be in tune with those seeking their services as well as other firms in their sector with complementary product and service offerings. For both sectors, price is an important factor in a competitive situation.

To address divergent marketing needs, it may be important to provide some technical assistance on identifying where the work will be (as in the construction market), which may be thought of more as business development. For other sectors, advertising and public relations-type marketing may be the critical need. Tailoring marketing technical assistance in this way will provide more targeted and meaningful assistance to the firms, and will require different types of technical assistance providers. There are agencies and firms that specialize in providing assistance in identifying public sector opportunities (that is more targeted to construction and professional service firms) and others that specialize in consumer marketing (which would provide more benefit to retail and other service entities).

The Council should also consider providing training on proposal writing and developing sales materials and sales skills. Key to these businesses increasing their sales is their ability to adequately present their service offerings and capabilities. The Council, and its network of stakeholder across many disciplines, is uniquely positioned to spearhead these efforts.

Technical Assistance Impact -

In 2004, the SBA, through its extensive network of technical service providers, assisted over 2.44 million people in services ranging from writing an initial business plan to helping businesses raise \$19.29 billion in loans and venture capital financing. The reason why individuals seek assistance is because entrepreneurship requires a working knowledge of bookkeeping, marketing, cash management and other business disciplines. The more technical assistance obtained; the greater the chances for business success.

Franchising World, March 2005

Financial Technical Assistance

With over 40 percent of the respondents identifying some financial area as a business challenge, technical assistance in these areas should be seriously considered. Typical of most small businesses, many respondents identified a need to focus on cash flow management and strategies to gain access to capital. By partnering with business associations, local credit unions, community banks, Small Business Development Centers, and even the local universities, the Council could develop a network of service providers to assist with training on these key topics. By strengthening a business's financial capacity, the Council plays an integral role in helping the business to achieve its

long-term goal.

Back Office Business Assistance

Going hand in hand with challenges identified in the financial area are responses that related to future focus areas for businesses. Hiring staff, business processes and exit strategies comprised over 26 percent of responses. Not only are these areas essential for growth, but many of them also impact a firm's ability to develop positive cash flow and their access to capital. The Council can play an important role in designing and delivering assistance in the areas of implementing or recommending sound accounting systems, understanding and improving employment practices such as recruiting and retention, and succession planning to sustain small businesses in the area.

The common trend throughout each of the counties is the adverse impact of the economy on local small businesses. While growth in the area presents an opportunity for many businesses to expand their offerings, there is an increased need to ensure that the businesses are positioned to address a market where spending is tightened. In order to ensure that minority and women owned businesses survive, there is a need to support them with planning their cash reserves, assessing operational flexibility and accessing short/long-term funding.

Sustainability and Capability Initiative

The project's research and outreach efforts resulted in the identification of a common theme – there is a growing demand for goods and services provided by local small businesses; however, minority/women owned businesses often lack expertise in the areas of marketing, operations and general management to successfully compete against larger, more established companies. Thus, the need exists for an entity such as Milligan & Company, LLC capable of providing the critical technical support needed to implement the proposed business advisory services.

In October of 2008, the Governor's Office of Minority Affairs conducted a study to evaluate the opportunities and challenges that small and minority/women owned firms faced when competing for BRAC opportunities. Based upon interviews with government contracting officers and small business owners, the study revealed market perceptions and business deficiencies hindering small businesses.

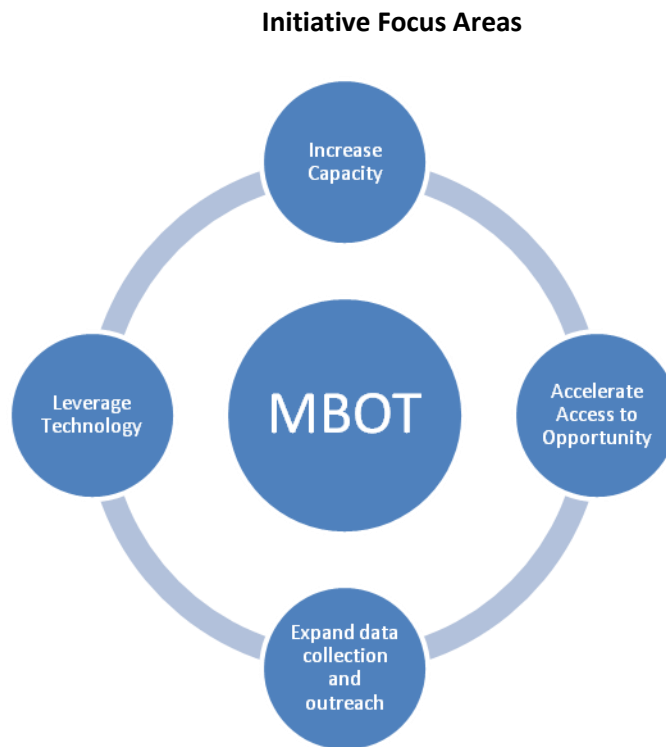
- There is an opinion amongst government procurement officers and prime contractors that small firms lack the operation capability to perform work as effectively as large firms.
- Small firms feel that they lack the business acumen and capacity to successfully compete against the often overshadowing and better known larger companies.⁸

⁸ Governor's Office of Minority Affairs, "Maryland BRAC Small Minority Business Opportunities Study", October 2008.

- Often government procurement officers felt that the smaller firms fail to understand the government procurement process.
 - In addition to gaining a better understanding of the overall procurement process, minority/women owned firms also require assistance with developing contracting relationships, executing teaming agreements and positioning service offerings to align with the needs of the market.

The good news regarding the stated areas of concern is that these challenges can be mitigated by efforts such as the Tri-County Council’s sustainability and capability initiative.

MBOT Sustainability and Capability Initiative



Source: Tri-County Council stakeholder input

To address the concerns of how to position minority/women owned businesses to successfully compete, MBOT proposes to launch a business sustainability and capability initiative. Based upon the project findings and the region’s projected growth, the initiative focuses on four core elements of business development and information access.

- **Increase Capacity** – While minority/women owned firms in Southern Maryland are ideally positioned geographically to benefit from the development changes in the region, these

businesses must possess the operational and financial capacity to meet the demands of these new business opportunities. Thus, these firms require capability technical assistance.

- **Accelerate Access To Opportunity** – To better position minority/women owned firms for the upcoming opportunities, improvements are needed in the general information flow for contracting opportunities. Increased networking to development procurement officer relationships and to gain exposure to prime contractors is a way to enhance the contracting information flow. Thus, MBOT’s initiative will also focus on assisting businesses with pairing/matching with other firms to pursue contracting engagements.
- **Expand Data Collection and Outreach** – While the project team’s outreach efforts included contacting approximately 490 companies by a mailing survey and attending business networking functions hosted by local economic development organizations, these actions still failed to reach businesses “operating under the radar.” Additionally, the fluid nature of business creation presents the challenge of maintaining on an ongoing an accurate and current business profiles. Thus, the efforts of this project must continue to be extended into the MBOT’s long-term sustainability and capability plans.
- **Leverage Technology** – Given that Southern Maryland is a rural area, technology is an efficient means to create an online community of businesses able to access technical assistance resources, provide a centralized procurement listing and capture ongoing insight from web site viewers. Technology is a means to maximize the MBOT resources while increasing outreach efforts to the businesses that the MBOT targets.

The stated areas of focus were also selected because the majority of the tasks are achievable by leveraging the MBOT’s existing network of stakeholders and other economic development resources. By the MBOT positioning itself as a conduit for identifying business needs and a serving as a technical assistance referral resource, the organization is able to achieve its goal of further supporting business by leveraging resources of partnering agencies.

The Greater Philadelphia Minority Business Strategic Alliance (GPMBSA) is an example of a program that leverages stakeholder participation to achieve the organization’s objectives. Through the partnership of 28 strategic relationships, the GPMBSA is a referral network and business advocate for Philadelphia minority firms. The GPMBSA supports the needs of the business community through the following efforts:

- The GPMBSA website acts as an information resource for technical assistance.
- The organization hosts stakeholders meetings that generally focus on topics such as improving minority contracting opportunities and accessing assistance.
- The organization directs businesses to the appropriate technical resource services being offered throughout the City of Philadelphia.

GPMBSA was founded by Milligan & Company, LLC.

Implementation Tasks and Resource Requirements Matrix

To achieve the objectives of the MBOT sustainability and capability initiative, the following matrix outlines the areas of focus, implementation tasks and required resources. With the exception of addressing the need for a technical resource, the initiative requirements are primarily achieved through the coordination efforts of the MBOT and the organization's ability to leverage its stakeholder network. The proposed implementation model addresses the organization's concern regarding resource constraints and fulfilling the objectives of the initiative.

Initiative Focus Area	Implementation Tasks	Focus Area Objectives	Resource Requirements
Increase Capacity	Inventory existing technical assistance resources	Evaluate the technical assistance service area gaps	Support staff to conduct/consolidate inventory findings
	Design technical assistance program leveraging resources identified by the technical assistance inventory effort	Identify resources to provide technical assistance in the areas of weaknesses identified by the project	Outreach/technical assistance partner
Increase Access to Opportunities	Promote and provide assistance for businesses to obtain certification and registrations	Ensure that minority/women owned businesses meet the basic requirement for pursuing government contracting and other business development opportunities	Outreach/technical assistance partner
	Assist businesses with aligning their service offerings and capabilities with the market demand	Position minority/women owned firms to be able to compete effectively for new business opportunities	Outreach/technical assistance partner
	Make firms aware of contracting opportunities	Improve the information flow of contracting opportunities	Outreach/technical assistance partner
	Facilitate partnering/networking opportunities with prime contractors	Create a means for minority/women owned firms to partner with primes	Outreach/technical assistance partner
Expand Data Collection and Outreach	Continue to collect data evaluating the needs of the region's minority/women owned firms	Develop a process to keep business profiles current while also continuing to outreach to "under the radar" and newly formed business entities	Outreach/technical assistance partner
Leverage Technology	Launch Smart BiZ Tool	Create centralized resource to access procurement information and technical assistance services	Launch complete. No resource required
	Manage the ongoing web site content development	Keep the web site content relevant and current	Technical Resource

Appendix

Tri-County Council For Southern Maryland

TRI-COUNTY COUNCIL FOR SOUTHERN MARYLAND

Officers of the Tri-County Council

Gary V. Hodge, Chairman
Gerald W. Clark, First Vice-Chairman
John L. Bohanan Jr., Second Vice-Chairman
Harry Shasho, Third Vice-Chairman

Southern Maryland Delegation
to the Maryland General Assembly

District 28

Senator Thomas Mac Middleton
Delegate Peter F. Murphy
Delegate Sally Jameson
Delegate Murray D. Levy

District 29

Senator Roy P. Dyson
Delegate John F. Wood, Jr.
Delegate John L. Bohanan, Jr.
Delegate Anthony J. O'Donnell

District 27

Senator Thomas V. Mike Miller, Jr.
Delegate Sue Kullen
Delegate James E. Proctor, Jr.
Delegate Joseph F. Vallario, Jr.

Boards of Commissioners

Calvert County

Wilson H. Parran, Pres.
Linda L. Kelley
Barbara A. Stinnett
Susan Shaw
Gerald W. Clark

Charles County

Wayne Cooper, Pres.
Dr. Edith J. Patterson
Reuben E. Collins, II
Gary V. Hodge
Samuel N. Graves, Jr.

St. Mary's County

Francis Jack Russell, Pres.
Thomas A. Mattingly, Sr.
Kenneth R. Dement
Lawrence D. Jarboe
Daniel H. Raley

Members-at-Large

David Hale

Harry Shasho

Mary Lynn Stone

Southern Maryland Municipal Association

Stewart Cumbo

Executive Director

Wayne E. Clark

***Tri-County Council For Southern
Maryland***

Tri-County Council for Southern Maryland

Minority Business Opportunities Task Force

Calvert County Minority Business Alliance

Dawn Tucker

Eric Franklin

Charles County Minority Business Advocacy Council

Mike Moses

Delores Moses

Embassy Business Complex

Reginald Kearney

St. Mary's County Minority Business Alliance

Agnes Butler

Wanda Fenwick

Project Survey

**Tri-County Council for Southern Maryland
Business Survey**

DICLOSURE: Full disclosure of financial and other proprietary information to Tri-County Council for Southern Maryland by the client is usually essential to provide effective assistance. All clients are assured that such information is held in the strict confidence at all times and will

not be disclosed to anyone outside the organization unless the client specifically authorizes this in writing prior to any disclosure. **In lieu of filling out this copy of the survey, you can enter the information online at Tri-County Council's website at: <http://www.tccsmd.org>. Use the Small Business Survey Link.**

PART 1: CONTACT INFORMATION

Business Name: _____

Owner's Name: _____ **Alternate Contact Person:**

Mailing Address : _____

City: _____ **State:** _____ **Zip Code:** _____

Phone: _____ **Alternate Phone:** _____ **Fax:** _____

Email: _____

Website: _____

Part 2: BUSINESS BACKGROUND

Business Structure: Sole Proprietorship Partnership Limited Liability Co. Corporation

Ownership: Female African American Hispanic American Native American
Subcontinent Asian American Asian Pacific American Other _____

List any minority/women business certifications held (along with issuing agency):

Average Gross Revenue (for a typical year):

<\$100k \$101k - \$500k \$501k - \$1m \$1m - \$4m >\$5m

Years in Business: <1 year 1-5 years 6-10 years 11-15 years 16-20 years >20 years

Average Number of employees (for a typical year): ____ full time ____ part time

Type(s) of work performed:

If known, list the appropriate industry code/title (s) for your business (e.g. NAICS, SIC, etc):

Part 3: BUSINESS ASSESSMENT

Describe (by percentages) your major revenue sources.

____% Private Small Businesses ____% Large Corporation ____% General Public
____% Government = ____ Local ____ State ____ Federal

Describe (by percentages) where you conduct business.

____% Locally ____% State-Wide ____% Regionally ____% Nationally ____% Internationally

How do you find clients/contracts? Review Periodicals Online Search Engine

Networking Email Notification Other _____

How do potential clients find you? Website Direct Mail Email Blast Word-of-Mouth

Paid Advertisement Business Associations Other _____

What business/professional associations are you or your firm a member?

What is your single biggest business challenge?

Marketing Access to Capital Cash Flow

Accounting/Bookkeeping Other _____

For 2009, where do you plan to focus your attention (check the most important)? Growing Revenue

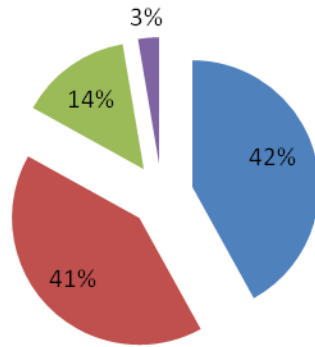
Establishing Processes and Procedures for the Business Hiring the Right Staff/Management Team

Positioning the Business for Sale Other _____

Survey Responses

Survey Responses By County

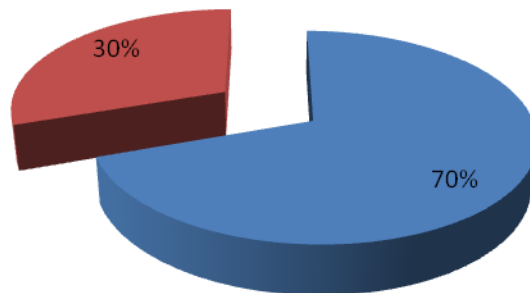
■ Charles ■ Calvert ■ St. Mary ■ Other Counties



A total of 112 businesses responded to the survey. Charles and Calvert provided the greatest number of responses generating

Business Owner Gender

■ Female ■ Male

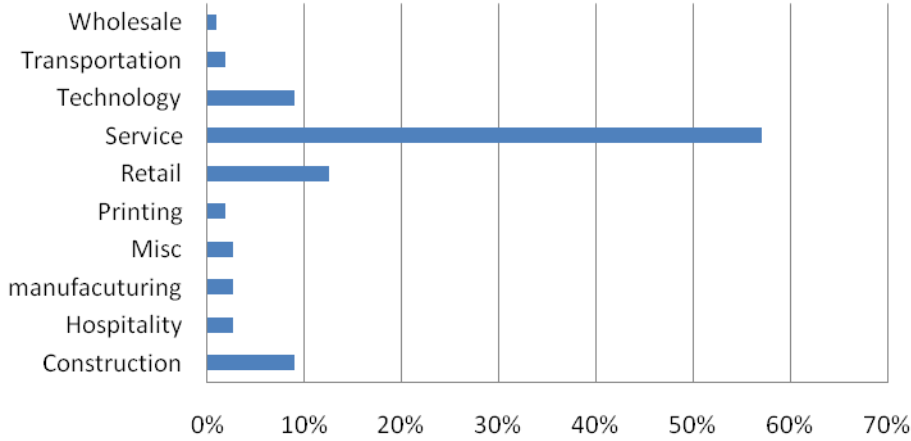


The majority of the survey responses came from female business owners. Females provided 70 percent of the responses received while males provided 30 percent.

Source: Project Survey

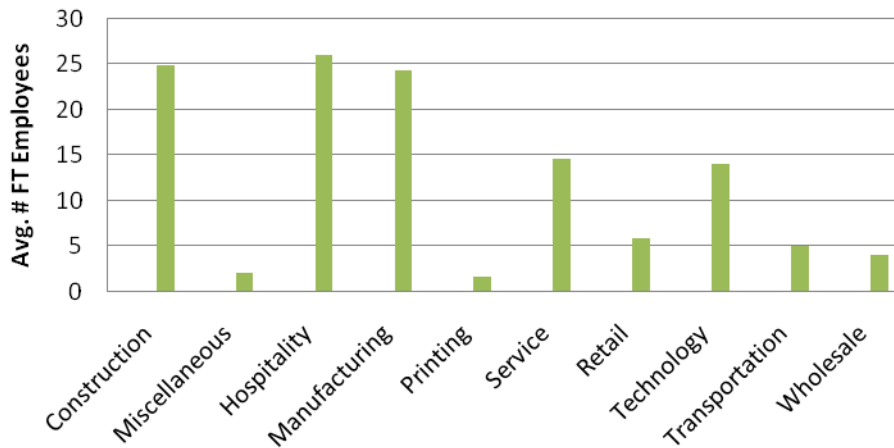
Source: Project Survey

Survey Businesses By Sector



Service is the largest sector reported. The service sector comprises businesses such as environmental, cleaning, human resources, accounting, graphic artist and courier.

FT Employees By Sector

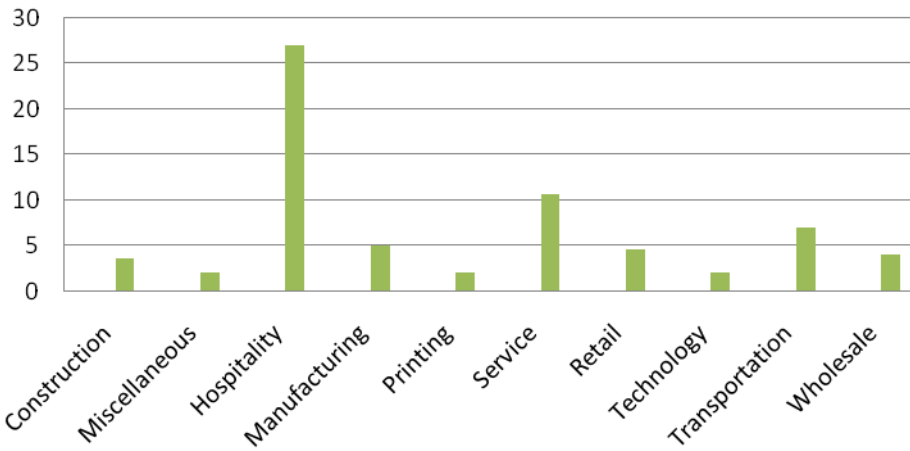


The top three sectors reported with the highest average number of full-time employees per business are:

- Hospitality
- Construction
- Manufacturing

The average number of employees per firm is 14.

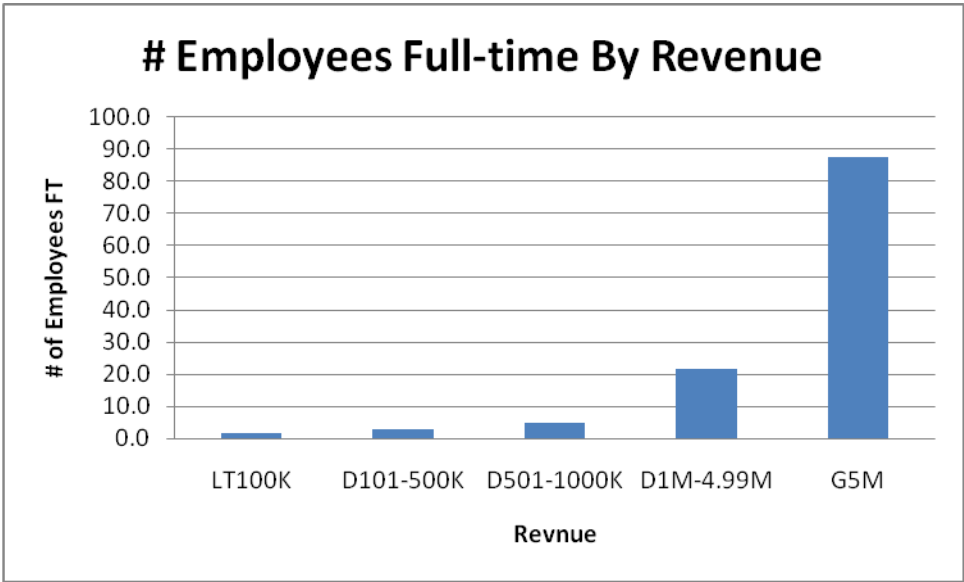
PT Employees By Sector



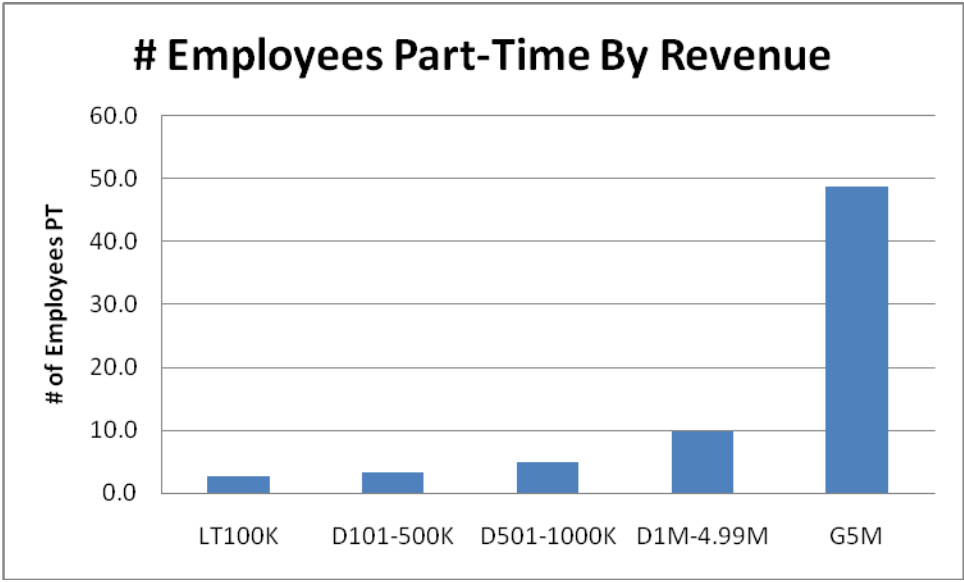
Hospitality is the leading sector for part-time employees.

The average number of part-time workers per firm is eight workers.

Source: Project Survey



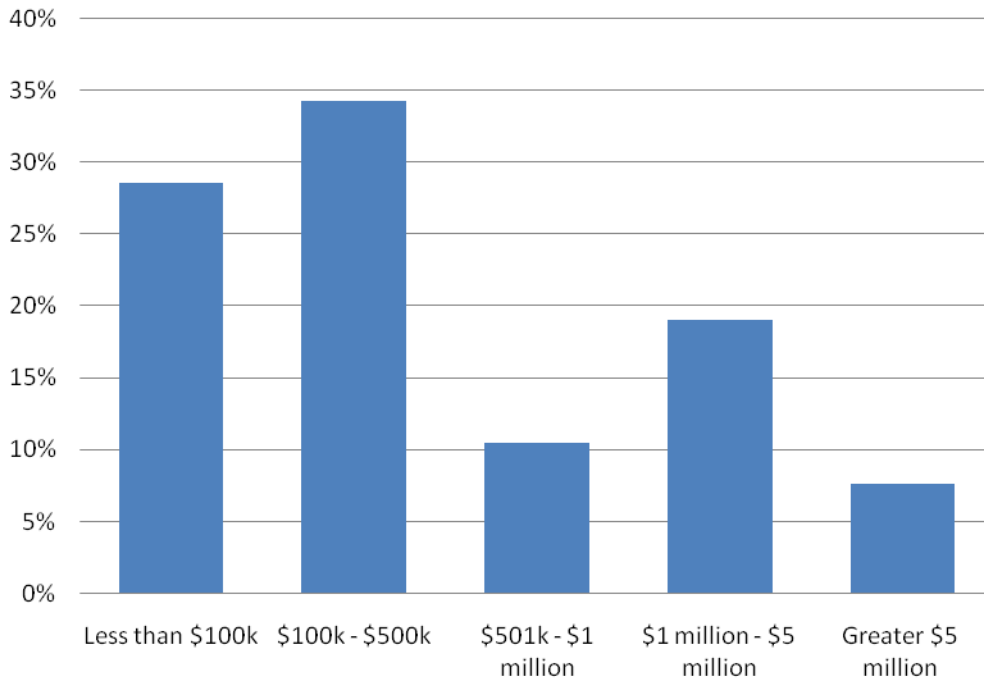
The number of employees is consistent with the revenue reported. Thus, firms with revenue greater than \$5M employ the greatest number of workers.



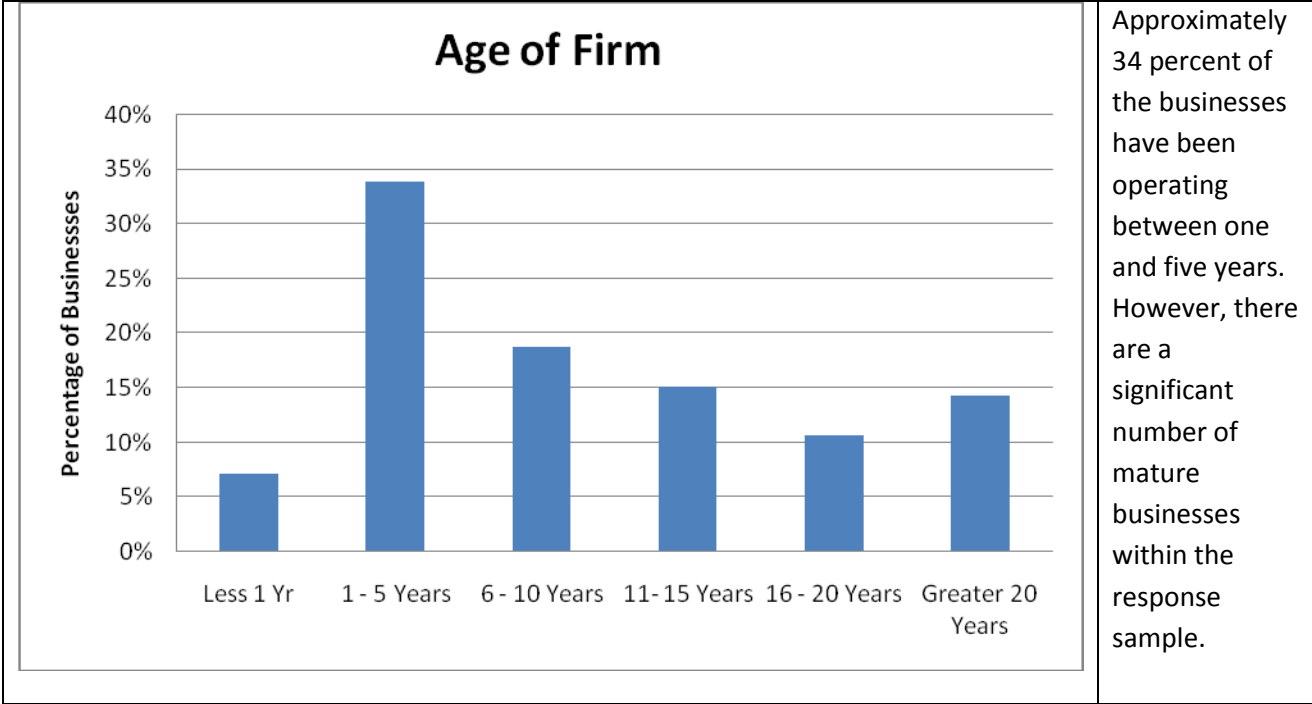
Consistent with the findings stated in the aforementioned chart, the number of employees increases based upon the revenue obtained.

Source: Project Survey

Revenue By Size of Business

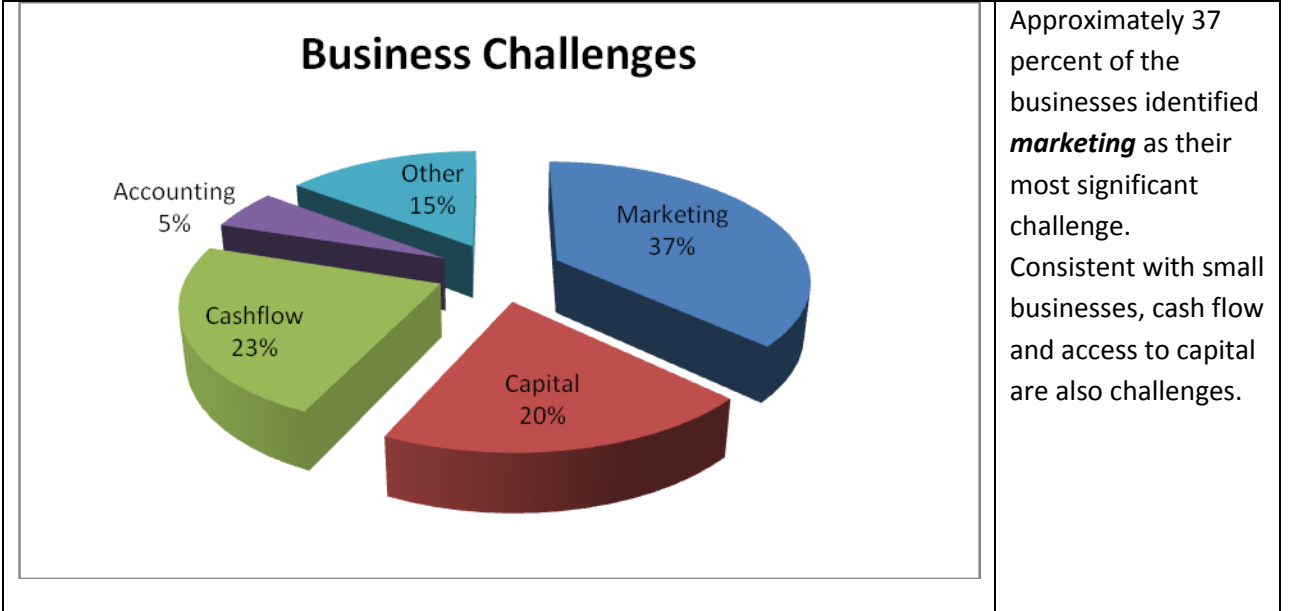


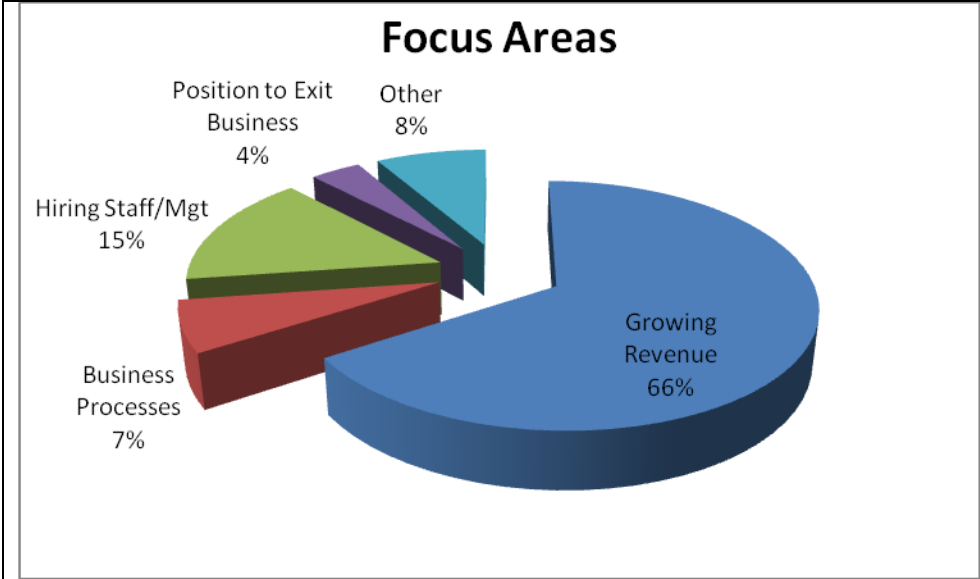
The majority of the tri-county minority businesses generate less than \$500k in revenue. Thus, the majority of these businesses are in the early stages of development with regards to generating sales, obtaining talent and managing growth.



Source: Project Survey

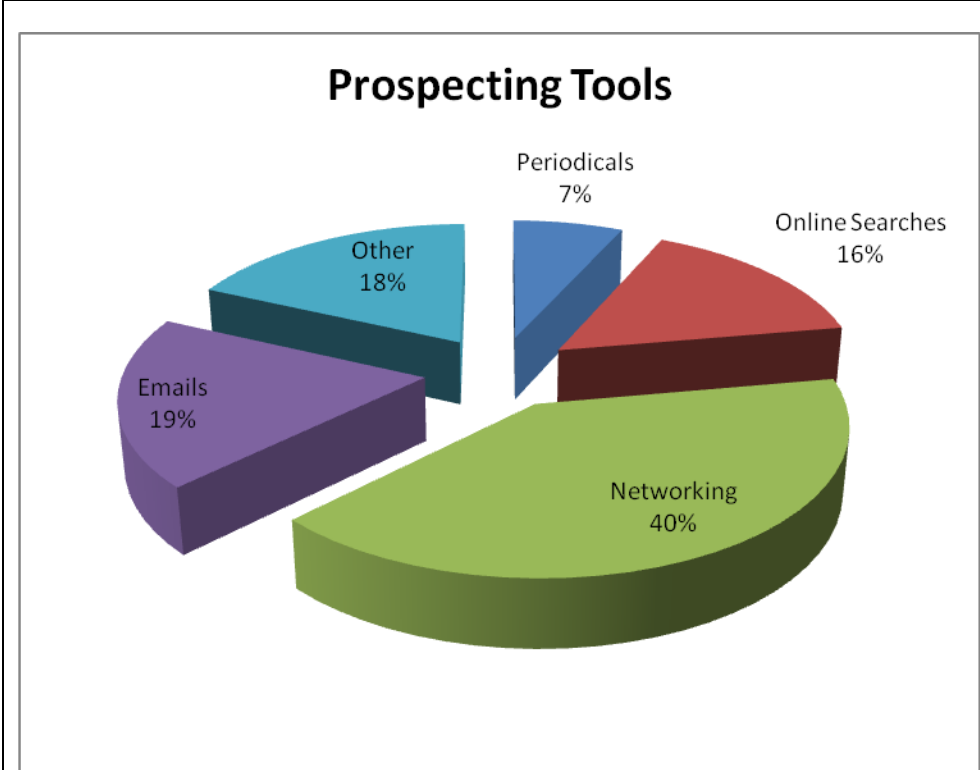
What Technical Assistance Do These Businesses Need?



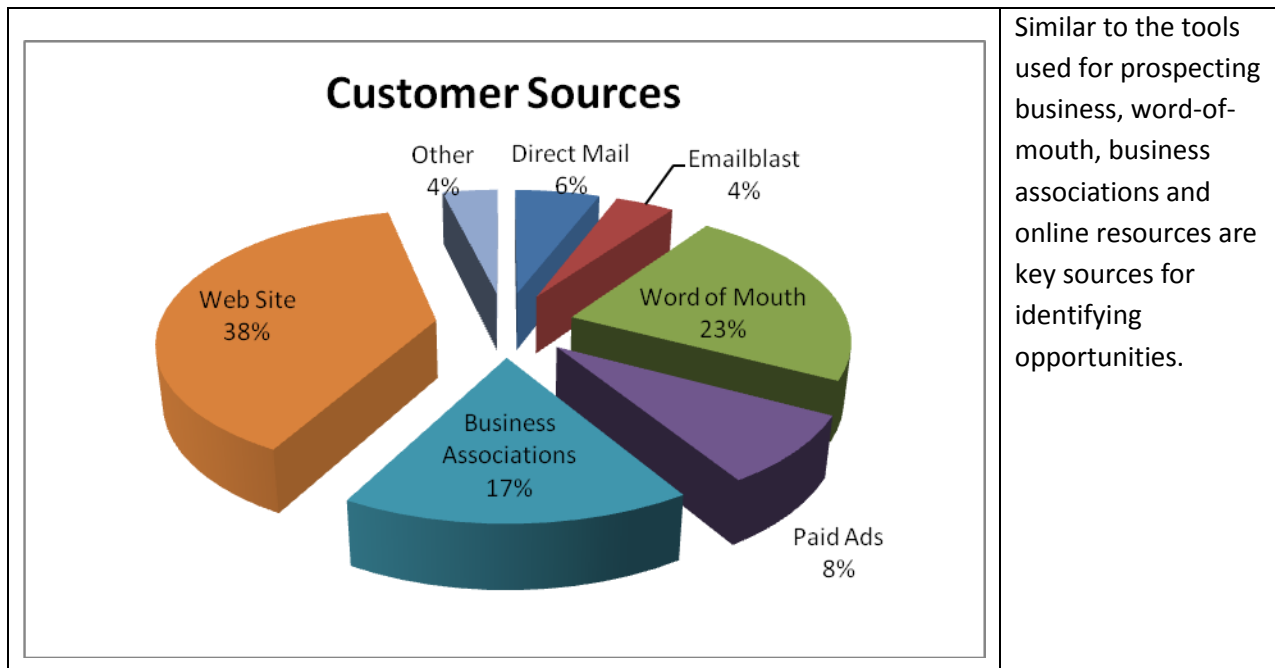


Approximately 66 percent of the businesses are focusing their efforts on growing revenue. This fact confirms the need for women and minority business support to access opportunities.

Source: Project Survey



Survey respondents confirmed that networking is their best prospecting source. Given the value of businesses outreaching to each other, there is a continued need for association/business gatherings to exchange contact information. Respondents also shared some additional sources such as associations, contractors and direct mail.



Similar to the tools used for prospecting business, word-of-mouth, business associations and online resources are key sources for identifying opportunities.

Source: Project Survey

Tri-County Area Demographic Information

	Charles	% of Total	St. Mary's	% of Total	Calvert	% of Total
Total Population	139,006		98,650		87,539	
Male	67,397	48%	49,078	50%	43,152	49%
Female	71,609	52%	49,572	50%	44,387	51%
Race						
White	79,906	57%	79,259	80%	71,914	82%
Black or African American	49,122	35%	14,183	14%	11,547	13%
American Indian & Alaska Native	858	1%	500	1%	161	0%
Asian	3,508	3%	2,230	2%	1,226	1%
Hispanic or Latino	4,778	3%	2,628	3%	2,049	2%
Other	1,492	1%	881	1%	862	1%

Average Household Size	2.83		2.65		2.95	
In labor Force (population 16+)	77,879		53,010		48,616	
Median Household Income	\$ 80,573		\$ 71,559		\$ 88,989	
Owner-occupied Homes Median Value	\$ 349,700		\$ 312,300		\$ 387,600	

Source: U.S. Census Bureau 2005 – 2007 American Community Survey. MD Department of Planning.

Smart BiZ Tool Screen Print



Tri-County Council for Southern Maryland

SMART BiZ Tool

Support. Develop. Enhance.

- Workforce Information
- Business Services
- Mentors
- Employee Development
- Business Development
- Procurement
- Partnership



Employee Development

Below find a list of area training providers and resources that can assist you with your business development and workforce development needs.

Small Business Development Center

- College of Southern Maryland
- Department of Housing and Community Services
- Department of Business and Economic Development
- Corporate Center
- Southern Maryland Workforce Services
- Lord & Tucker Management
- F1 Help Computer Training
- Software Technology
- Life Success Consultants