

A Publication of the Institute for Entrepreneurial Thinking • www.entrethinking.com

The Three Eras of Minority Business Development

Excerpt from *What Is the Color Of Opportunity?* *New Realities at the Crossroads of Business and Race*

by Melvin J. Gravelly, Ph.D.



Don't Miss the Signs: How a Changing Environment Can Kill Your Business

Let me tell you a little story about how the changes

in minority business development can force you to rethink your business. Years ago I owned a company with a few other partners. It was back in the *Set-aside Era*, the first of the three eras of minority business development. That was back when they set projects aside and only minority firms could pursue them. There's still a little of that going on today but not much. We started the business because there were few minorities in the field. Our minority status was our competitive advantage.

That may sound crazy in today's terms but it was so crazy it worked. We grew very quickly. We made money. We were a part of interesting projects. We didn't get a chance to do the interesting parts of the interesting projects but at least we were 'on the team'. Then things began to change. We couldn't get anyone to give us an opportunity to do the next, more significant tier of work. It became more and more difficult for us to get contracts. The contracts we did get were smaller and less lucrative. What used to be the uninteresting parts of projects became the mundane parts. We struggled to keep good talent because talented people didn't want to work on mundane things.

The situation wasn't good. So what

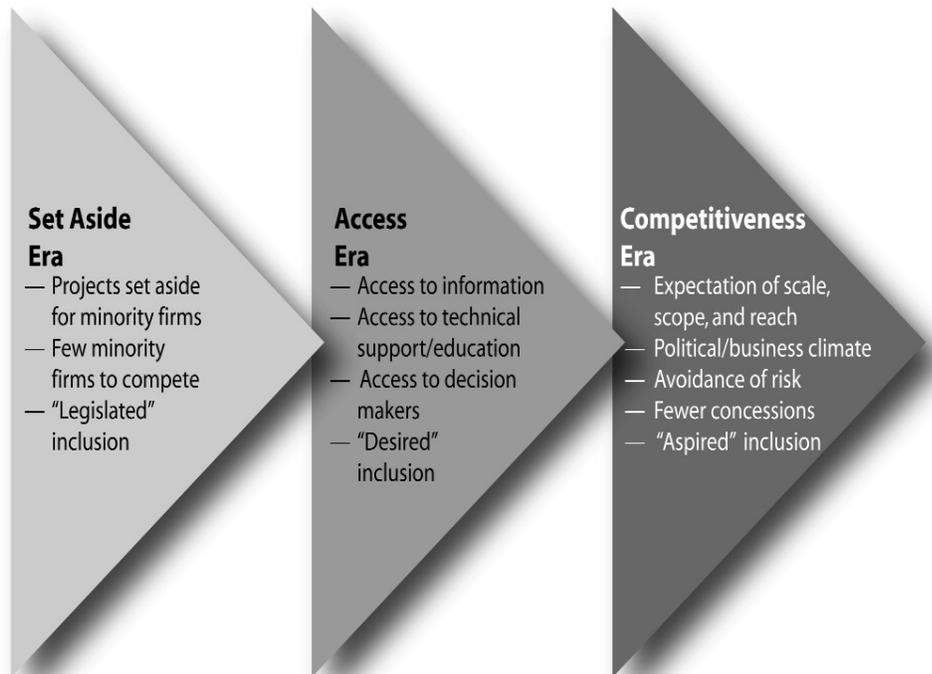
had changed from when we started the business? At the time we couldn't figure it out. What we discovered later was the era had changed from the *Set-aside Era* to the *Access Era*, the second era of minority business development. The new era changed the rules. The *Access Era* was designed to get minority firms information about opportunities, access to meet decision makers and access to the technical assistance everyone thought we needed. But the *Access Era* provided no guaranteed access to *contracts*. So we got caught in the *Access Era* with a competitive advantage that only worked in the *Set-aside Era*. From then on we struggled as a business. I remember the night it hit me how out of step we had

become. In our monthly managers meeting I asked if anyone could step us through the process of getting work not set aside for minority firms. How do businesses work the system to *see* an opportunity? Then how do they *seek* that opportunity? And finally, how do they *secure* it? None of us could articulate the process.

We missed the warning signs. The changes in the approach to minority business were subtle but there were clear warning signs along the way. Worse yet, we lied to ourselves about our true competitive position.

We are at the tail end of the *Access Era* now and moving quickly into what I'm calling the *Competitiveness Era*. The *Competitiveness Era* means

Three Eras of Minority Business Development



more change. Even the organizations most committed to doing business with minority firms will do so with fewer concessions.

What do I mean? I mean the nature of our advanced global market and the changes in how minority business development is viewed has changed the game. Organizations won't go far out of their way to do business with minority firms. They're still interested

but they're making fewer and fewer concessions on things like scale, price, reach, or risk. So if your business feels different to you, you're experiencing the impact of these changes in approach that are happening as we speak. You may be thinking that doesn't seem fair. That's your perspective. What's unfairness in your mind is a business imperative in the minds of major buying organizations. Don't act

surprised. There have been warning signs along the way. We've been hearing about the need to be globally competitive for years, but few companies have changed their business model. Using the tactical focus to get the next contract worked for many in the *Access Era*, but it won't work in the *Competitiveness Era*.

© Melvin J. Gravely, II 2010

Dr. Mel Gravely is the author of eight books including his most recent, *What Is the Color of Opportunity?* He is also the Managing Director of the Institute for Entrepreneurial Thinking, Ltd. Contact him by e-mail at Mel@Entrethinking.com.