

# BUSINESS DIALOGUE

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## Will the Stimulus Package Stimulate Minority Businesses? I don't know but it can stimulate some.

by Melvin J. Gravely, Ph.D.



The government will spend \$499 Billion (the balance of the \$787 Billion stimulus package are tax cuts and not actual spending) designed to stimulate the United States economy. Much of the money will be spent on construction and construction related services. Yet there are elements of the package that include opportunities for a variety of industries including professional services companies, technology firms and training organizations. The big question among minority business owners is "will the stimulus package stimulate minority businesses?" The fair answer is we don't know but the signs are becoming clearer as the money starts to flow.

The bulk of the money will be spent through state and local governments. They will use their own current policy provisions and procedures to include minorities. Those states and communities who have a track record of spending considerable dollars with diverse firms will likely find it easy to continue their trend. Those many communities who have not done so well will face the same challenges with the stimulus money. This stimulus bill will be the biggest test of our systemic progress in our fifty year long efforts to increase minority participation.

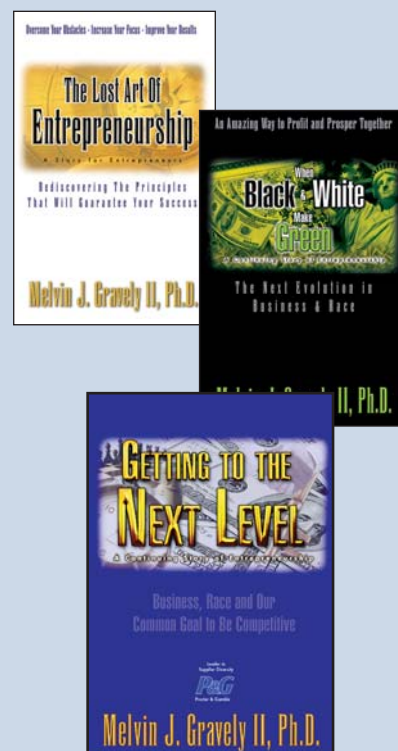
Be careful assuming your private sector savvy will lead directly to success in the public space. It won't.

What can diverse firms do to position themselves for success? Be careful what you ask for. Be smart about how you pursue the business. Be sure you know what you are really getting.

**Be careful.** The stimulus package is primarily a public sector initiative. Be careful if your primary experience is with the private sector. The projects may look the same but how you secure business, perform work and get paid by the public sector is as different as oranges are to bananas. The complexity of government processes, the means of supplier selection and even the methods of delivering services to the public sector can be daunting. Be careful assuming your private sector savvy will lead directly to success in the public space. It won't.

**Be smart.** Even if you know the public space well, be smart about how you pursue the business. There will likely be a lot of confusion with unclear and quickly changing processes. We have never spent this much money this fast. No one knows how it is actually going to look. I expect a mess. (Those of you involved with the New Orleans recovery post Katrina may have a clue.) For example, I expect payment to be unpredictable (so it is prudent to assume it will be slow). When I say be smart I mean always consider the worst case scenario. Make sure you can finance your project even under strained conditions. Seek to understand the complete process through project comple-

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tion and especially the payment portion. Consider if you should be a prime or a sub. This is not the time to let the ego rein. The less experience you have with public agencies the more risk you assume as the prime. The risk is highest when you cannot know what you don't know.

**Be sure.** We are clearly in a recession (or worse.) Business is slow for just about everyone. But even in this economic time all business is not good business. Be sure you know what you really get from the work you might do through this stimulus bill. Most observers will measure how much of this bill went through minority owned

firms. The real test is not how much went through but how much minority firms were able to keep. What did they keep in terms of capacity? What did they keep in profit and sustainable growth? What did they keep in new relationships? What about new knowledge and new processes and new personnel? A contract through this bill is not the goal. The contract is a means to the real goals of building a stronger, more com-

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petitive, and more profitable business. Is that what you are getting?

There are more questions about this stimulus package than there are answers. The good news is we will find out soon. The bad news is the learning will likely resemble drinking water from a fire hose. I pray the bill works for our nation and I encourage you to make sure it works for you. That's what I think. What do you think? E-mail your comments to [Dialogue@entrethinking.com](mailto:Dialogue@entrethinking.com).

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