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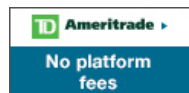
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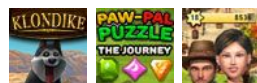
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# Mentors help minority companies accelerate growth

## Mentoring groups help minority companies accelerate growth, create jobs in local communities

By Joyce m. Rosenberg, AP Business Writer April 16, 2014 11:11 AM



Mel Gravely, president of TriVersity Construction, poses in his office in front of...

NEW YORK (AP) -- Mel Gravely says his construction company might not exist today if he didn't have mentors to guide it.

Gravely's company, TriVersity, joined a program called a minority business accelerator even before he bought a controlling interest in the Cincinnati-based company in 2006. It helped the company get started and win contracts that have helped Triversity's revenue double.

"I don't make any move at all without getting the input of the accelerator," Gravely says.

Minority business accelerators have launched in a handful of

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metropolitan areas in recent years as local businesses, chambers of commerce and economic development groups work to create more jobs and improve the quality of life in their regions. The Cincinnati accelerator, created by the Cincinnati USA Regional Chamber in 2003, has inspired officials and business people in the Greenville, S.C.; Charlotte, N.C., and Newark, N.J. areas to start similar programs.

A key goal of the accelerators is to help minority owned-companies win contracts with large companies. Despite the rapid growth in the number of minority-owned businesses — over 45 percent between 2002 and 2007, according to the Census Bureau — they struggle to get business with major companies. Many don't have the ability to fulfill million-dollar contracts, something the accelerators aim to change. But there's also a lingering perception that minority companies can't do the job or can't do it well, according to business owners and professors who study minority business. And although many minority companies can fulfill a contract, there's still resistance at many large companies to taking risks with a new supplier, no matter who owns it.

"Most people are not racist. They just don't like to change," says Crystal German, vice president of economic inclusion at the Cincinnati Chamber.

#### WHAT ARE MINORITY BUSINESS ACCELERATORS?

Accelerators help companies speed up growth. The programs focus on a small number of companies that have shown potential to succeed and create jobs. To be in the Cincinnati program, a company must already be well-established, have annual revenue of \$1 million or more and have a business plan that shows it can grow significantly in the next two to five years. The goal is to help small companies grow into bigger ones so they can make a greater contribution to local economies.

"The theory is that the largest companies have the greatest potential to employ people, generate tax revenues, make charitable contributions and overall drive the economy," German says.

Mentors at the accelerators act as advisers, meeting with company owners, helping them improve operations and build strategies. They also connect owners with big customers.

Large corporations provide contract opportunities, mentoring or both. In Cincinnati, Fortune 500 members Macys Inc. and Procter & Gamble Co. are among those that have given more business to minority companies.

"What we do is try and not only provide counsel for the accelerator, but also connect the dots, the needs of our company with those of suppliers that are coming up in their ability to deal with P&G and Macy's," says Amy Hanson, a Macy's vice president and head of the accelerator's leadership council.



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In Greenville, Ava Smith has enrolled in the accelerator there because she's being approached by companies all over the U.S. and she wants to be sure she can handle all the new business that comes her way. The program is in its first year.

"You don't know what you don't know," says Smith, owner of Flat Fee Hiring, a 12-year-old recruiting company in Greenville. "I'm going to the next level where I need to think like a CEO instead of a small business."

WHY THEY EXIST

Local chambers of commerce and economic development agencies have launched accelerators to help minority businesses create jobs. Officials say the inability of minority companies to expand holds back a region's economic growth.

"Look at the number of minority business enterprises and how many are able to build jobs. It's grossly disproportionate from their majority counterparts," says Nika White, vice president of diversity and inclusion at the Greenville Chamber of Commerce.

One reason for the disparity is that a small company may not have the infrastructure, such as computer systems, and the experience to operate on the level needed to fulfill a big contract, says Jeffrey Robinson, a professor of management and entrepreneurship at Rutgers University. He is working on the Newark accelerator.

"There's a leap you have to take from the five-person company to a couple hundred, to being a multimillion-dollar company. You can't run them the same way," Robinson says.

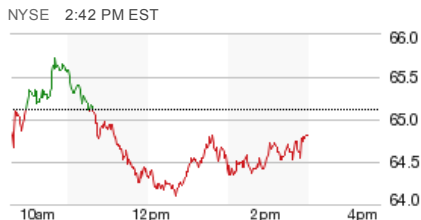
Minority-owned companies still aren't getting the big contracts they should, says Leonard Greenhalgh, a professor of management at the Tuck School of Business at Dartmouth College. One of his specialties is minority businesses and their role as suppliers to larger companies. Big businesses tend to keep the same suppliers for years unless there are problems or a technological change, he says.

"It's white males buying from white males," Greenhalgh says. "Minority- and women-owned suppliers are both incredibly important to the future of the economy. That's why you need accelerators. Those owners have the odds stacked against them."

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There's also a perception in the business world that minority companies aren't up to the task, says Gravely, the TriVersity owner. Other companies believe minority businesses may not be able to fulfill a contract because they don't have enough workers. Some believe that minority businesses aren't professional enough.

"I've got to overcome a negative perception — not negative to me personally, but generally. I have to prove a capability," says Gravely, who's also chair of the Cincinnati Chamber of Commerce.

#### LIFE IN THE ACCELERATOR

In Cincinnati, companies set long-range strategic plans with the help of their mentors. They meet at least four times a year and many are in touch regularly. Through the program, the companies learn how to become larger players. If needed, mentors help companies build a management team and change how they operate.

During one of German's meetings with TriVersity, she realized the company didn't have a formal budgeting process.

"She told us, 'that's a weird way to do your budget,'" Gravely recalls. "She wasn't mean about it, but she said, 'I have some suggestions,'" TriVersity revamped the way it did its budget, and ultimately hired a finance manager.

Businesses are generally mentored for a year or more by accelerator employees and some big corporations that do business with minority companies.

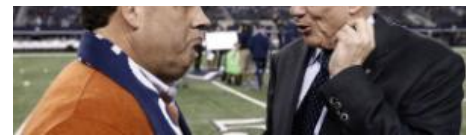
After nearly nine years in the Cincinnati program, the goals for World Pac Paper are still to grow through contracts or expansion.

"We work with them on their strategy every year, who they're targeting, what industries they're trying to get into, what products or services they want to add," says Denise deSilva Litter, a mentor in the program. "A lot of the work we do with (owner Edgar Smith) is conversation, what kind of companies should you look to acquire, do they have products similar to what your company already offer?"

Litter, who has worked in corporate purchasing, and other mentors are in continual contact with the big corporations and organizations that agree to work with companies in the accelerator to find out about available contracts that might be a good fit.

"We don't encourage one of our portfolio companies to go after every single company in Cincinnati. We want them to fine-tune their strategy and their focus on who is the right company," she says.

After a target is chosen, Litter helps a small business set up a meeting with the larger company and prepare its sales presentation.



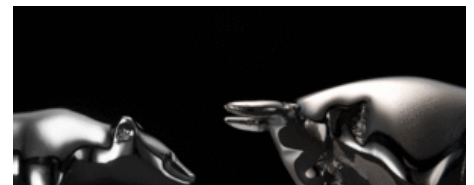
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That was the appeal of the accelerator for Tillie Hidalgo Lima, the owner of Best Upon Request, a concierge services provider that has been in the program since 2010. Her company was already growing, but not thriving the way she hoped.

The accelerator has helped her get contracts with Fifth Third Bank Corp. and the Cincinnati Children's Hospital Medical Center.

"I saw the accelerator as something that could give us a lift," she says.

Companies in the accelerator can also be mentored by some of the big corporations that work with the accelerator. When World Pac first began working with Macy's shortly after Smith started it in 2004, the paper company was selling the retailer paper for newspaper advertising inserts and catalogs. As more customers have started shopping online, there's less need for paper and more for mailing cartons. The relationship with Macy's has contributed to World Pac's shift to more of a cardboard supplier, and it is now making shopping bags for the retailer, Smith says.

"We had to scale up sooner than later and Macy's, our first Fortune 500 customer, played a significant role in that effort," Smith says.

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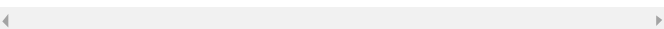
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