

Growth is key for minority businesses

With scale, entrepreneurs can make companies competitive

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The New Year is when most of us think about trimming our waistlines, but for minority entrepreneurs this is the time to focus on strategies that can build up the bottom line.

In tough economic times like these, a little belt-tightening is smart anyways, but minority-owned businesses need to take it a step further.

The Ewing Marion Kauffman Foundation in Kansas City, Mo., says minority-owned firms "must employ more innovative growth strategies, such as strategic alliances and partnerships, mergers and acquisitions and increased use of capital markets in order to become and remain competitive."

This isn't a slap at the mom-and-pop, minority-owned establishments that serve the central city. They're important to the central city economy. But it's critical even for those businesses to go beyond serving just their neighborhoods to reach a broader market.

"Many minority entrepreneurs tend to focus on meeting short-term cash needs. They never stop and say, where is this business going?" says Len Greenhalgh, professor of management at the Tuck School of Business at Dartmouth College and director of the college's executive programs for minority and women-owned businesses. "If you don't grow, you don't create jobs, you don't create wealth for your community, and you stay small and insignificant."

Opportunities



Photo/[Jack Orton](#)

Bill Beckett (left), CEO of Chrysalis Packaging & Assembly of Milwaukee, and Brent Birkhoff of Monterey Mills, a knitting fabrics manufacturer in Janesville, discuss the decubitus bed pads being cut by assembly worker Irma Rizo at Chrysalis Packaging on Tuesday. Beckett is exploring joint ventures that could help his company grow.

Size is ever more important as corporations consolidate their supplier base, says Eric Dobyne, director of the regional office of the U.S. Department of Commerce's Minority Business Development Agency in Chicago.

"Minority businesses typically don't have the scale to be competitive," says Dobyne. "One way to achieve scale is for minority businesses to work together and partner with other minority businesses and even non-minority businesses."

After struggling for eight years to grow his south side packaging and assembly company, Bill Beckett, president and CEO of Chrysalis Packaging & Assembly Corp., is looking at joint venture opportunities as a way to build sustainable growth.

"To compete nationally and internationally, you have to be pretty sizable and you need a lot of scale," said Beckett, whose company employs 20 people. "If you can joint venture with someone who brings knowledge and experience to the table, then you've got a leg up."

Innovation has been central to the growth of Art Smith's travel business, Keystone American Express Travel Services in New Berlin. The 15-employee company has annual sales of \$6.5 million. Smith recently expanded into the car rental business with the recent purchase of Avis/Brookfield.

"One of the things that stymie people and send some out of business is not being innovative and keeping up with processes that allow their companies to be successful over time," says Smith who launched his travel firm in 1990 in Milwaukee's Schlitz Park. "The key is to continue to look at the product or service we're delivering and determine how it can be delivered in a fashion that makes us unique."

Now, as banks become more conservative lenders due to troubles in the credit markets, minority entrepreneurs might want to look at alternative financing sources, such as private equity, angel investors and unsecured and subordinated debt, to obtain the financing to grow their businesses, Dobyne says.

"There are other sources of capital that many minority firms don't take advantage of. We're behind in bank loans, but we're even further behind in these alternative sources," he said.

Education will be critical to helping minority entrepreneurs understand new financing opportunities that are available.

We need individuals who help the community by creating jobs and improving the economic lives of others. We also need to make sure we nurture and grow the ones we have as the economy enters a rough spell.

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