



SMALL BUSINESS NEWS

Tracking Minority Contracting

Has Dodd-Frank helped black-owned businesses land more deals with federal agencies?

LAST YEAR MARKED THE FIRST TIME THAT 19 federal agencies, including the Federal Deposit Insurance Corp., the Federal Reserve, and the Securities and Exchange Commission, were required by the Dodd-Frank Wall Street Reform and Consumer Protection Act to report to Congress their purchasing activity with the pool of contractors who sell the government goods and services. The law, signed by President Obama in July 2010, required federal agencies to open an Office of Minority and Women Inclusion (OMWI) to track their diversity efforts in workforce hiring and procurement with these groups.

The goal was to open up more contracting opportunities for minority and women firms. All told, the agencies allocated nearly \$700 million in providing new contracts to minority and women firms in 2011 out of a total of about \$3.8 billion spent with all contractors. The FDIC by far invested the most at \$416.5 million, representing 29.8% of the \$1.4 billion total contracts awarded. The U.S. Department of the Treasury spent \$50 million with minority-owned businesses, 20% of total contracts with more than half awarded to black-owned firms and \$26 million with women-owned firms, in fiscal year 2011. The Office of the Comptroller of the Currency dispensed more than a combined \$66 million to both groups, or 38.4% of OCC's total spend. During 2011, the Federal Reserve Board's procurement contracts for goods and services totaled \$125 million, of which more than \$11 million, or about 9%, went to minority-owned businesses.

Claiming the law does indeed provide greater leverage for minority- and women-owned businesses to win federal contracts, Ralph Bazilio, CEO of Bazilio Cobb Associates, says his company expects to land new deals this year from government agencies. In fact, Bazilio is confident revenues will grow 25% from last year because of requirements in the Dodd-Frank Act that call for federal government agencies and financial services firms to provide new work to minority suppliers.

The African American-owned Bazilio Cobb Associates was awarded 17 task orders with contract ceilings valued at \$29.5 million in 2011 by the FDIC, making the Washington, D.C.-based certified public accounting and consulting firm the largest black-owned recipient of projects from the FDIC.

Bazilio's firm provided the FDIC such services as managing the balance sheets of banks that the agency might close or sell, ensuring that assets of banks the

FDIC might take over offered value to potential buyers, and providing the regulator with audit compliance services. Bazilio's firm also helped the FDIC protect depositors' money in the midst of a sour housing market and rising home mortgage foreclosures.

"We commend the FDIC for making ▶

BAZILIO'S CPA FIRM IS COMPETING MORE BROADLY IN OPEN MARKET.



BAZILIO RECEIVED FDIC CONTRACTS VALUED AT \$29.5 MILLION.

such bold moves to engage minority firms," Bazilio says, adding that the work with the FDIC positions his firm to compete more broadly in the open market.

Supporters of Dodd-Frank contend it puts the appropriate processes in place to enable minority and women firms to pursue new contracts. For instance, each of the nation's 12 Federal Reserve Banks have an OMWI link on its website, allowing potential contractors to find projects and individuals to make job connections.

Lorraine Cole, Ph.D., director of the Office of Minority and Women Inclusion for the Treasury, notes what's important about Section 342 of Dodd-Frank, which was born in the wake of the national financial crisis, is that it creates a concentrated focus on both workforce diversity and business diversity within the federal financial agencies. The OMWI

office supports the agency's outreach to minority- and women-owned businesses, as well as small businesses in various socioeconomic categories, to increase the diversity of qualified firms participating in the Treasury's business activities. "It has heightened the awareness of prospective vendors about opportunities and sharpened the top-of-mind focus within the agency on fair inclusion when considering contractors," Cole says.

The Treasury also merged its department-wide small business contracting activities into its OMWI office. For the first time, the Treasury exceeded contracting goals established by the Small Business Administration, with small firms, including minority and women businesses, surpassing the 28.5% goal with 34.5%, amounting to \$766 million in fiscal year 2011. However, going forward, there could be fewer contracting opportunities due to budgetary constraints.

The agencies' reports include summaries on how contracts were granted and investing challenges faced in targeting MWOBs. William Michael Cunningham, social adviser at Creative Investment Research Inc. in Washington, D.C., says Dodd-Frank has helped minority firms identify what they can expect to sell to federal agencies, whether it's office supplies, information technology, or security services. However, while the law provides agencies some transparency, it does not necessarily force them to do more business with minority contractors.

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Cunningham points out that Dodd-Frank was designed to get women- and minority-owned firms out of the "contracting ghetto" of mainly providing the federal government projects that fit within current cultural stereotypes, including contracts for such work as janitorial and security services. So, a black-owned firm was less likely to be able to sell high intellectual content such as economic forecasting or investment management services, adds Cunningham.

Aimed at helping more minority- and women-owned firms land contracts with the federal government, Cunningham's firm is hosting a \$100 webinar on Oct. 1 called Review of Office of Minority and Women Inclusion (OMWI) Performance: Opportunities for Minority and Women Firms, Implications for Policymakers at <http://omwirpt.eventbrite.com>. For more on the bidding process, also see "Winning Government Bids," Small Biz, June 2012.

—Jeffrey McKinney



CAROLYN M. BROWN'S TIP OF THE MONTH

Elevate Your Customer Support

Great customer service pays off in many ways. Satisfied customers equal loyal followers, which translate into revenues. You can elevate your customer service by providing support 24/7 using a real-time chat service or help desk service such as LiveHelpNow.net and Desk.com. LiveHelpNow is Web-based software, starting at \$21 a month, which provides live desk help tools including live chat. Desk.com is a social help desk. With minimal setup, your business can have cloud-based customer support to help tackle questions from phone calls, e-mails, and social networks including Twitter and Facebook. Desk.com starts at \$49 per agent, per month, but also offers flex pricing.

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