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Subcommittee on Commerce, Trade, and Consumer Protection
Chairman Bobby L. Rush

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THE MINORITY BUSINESS DEVELOPMENT AGENCY:
ENHANCING THE PROSPECTS FOR SUCCESS

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Introduction

Mr. Chairman and distinguished subcommittee members, the US Pan Asian American Chamber of Commerce Education Foundation (USPAACC-EF) welcomes this opportunity to speak before this subcommittee on the subject of enhancing the prospects for success for the Minority Business Development Agency (MBDA) and the minority-owned business enterprise (MBE) community.

USPAACC-EF is a national non-profit organization that promotes, nurtures and propels economic growth by opening doors to contract, educational and professional opportunities for Asian Americans and their business partners in the Federal government, corporate America, and the small and MBE community who are doing business in the United States and in Asia.

We are grateful to you for convening this hearing on this important issue because the success of the MBDA means the success of MBEs that are among the community members we serve.

I will make an opening statement and then look forward to answering your questions.

About US Pan Asian American Chamber of Commerce Education Foundation

The US Pan Asian American Chamber of Commerce Education Foundation (USPAACC-EF) was formed in 1984 as a national, non-profit, non-partisan organization representing all Asian Americans and Asian American-related groups in business.

Since our founding, we have been working to help Asian American businesses to succeed and thrive. We have also been providing certification to qualified Asian American businesses that want to do business in the MBE development arena in the mainstream marketplace. Through our active participation in Supplier Diversity programs nationwide, USPAACC-EF has been establishing direct links between Asian

American suppliers and buyers, program managers and end users from the federal, state and local governments, corporate America, and the small and MBE community.

Our national headquarters is based here in Washington, DC. It is also here where I began my career as a lawyer specializing in immigration and international trade more than 20 years ago. Together with my husband Paul, we embarked on a journey to work with people who wanted a better life for themselves and for their families.

Through this work, I have come to meet and know many immigrants from the Asia-Pacific region and the Indian subcontinent: students taking their undergrad and graduate studies at American colleges and universities, regular folks with professional careers and special skills, entrepreneurs who wanted to build or expand a successful business here in the United States, and investors who believed America is the safest destination for their money.

They all had one thing in common: they were all on a journey in pursuit of their American Dream.

It soon became apparent to me that many Asian American entrepreneurs were struggling to compete effectively in mainstream America. The language and cultural differences became their major stumbling blocks toward successful integration and effective competition in the mainstream marketplace. There was not a single organization that sought to unite them, understand their issues, offer solutions, and advocate for them.

I saw an opportunity to help to mitigate these challenges. I was already in the nation's capital—where important decisions are made and laws are passed. In fact, our law office was just a stone's throw away from the White House and the U.S. Congress. And so I took the important first step to talk to some Washington movers and shakers I have come to know.

My goal was to create for the Asian American business community, a strong voice in our nation's capital and in the rest of the country that would speak to their talents, capabilities, aspirations, concerns, and challenges.

In 1984, together with 11 Asian Americans, I organized the US Pan Asian American Chamber of Commerce Education Foundation as a volunteer. I balanced my work as partner at my husband's law firm, as well as being a wife and a mother to our two young sons; the work was grueling but gratifying.

I testified and participated at meetings in Congress, and told the Asian American stories in Congress, the White House, the Small Business Administration and the MBDA. I told them that Asian Americans are not only the stereotypical mom-and-pop store owners, restaurant owners, and laundromat operators; that we are also successful doctors, lawyers, architects, engineers, inventors, artists, athletes, entrepreneurs, and more.

I also reached out to other federal government agencies and knocked on doors of Fortune companies wherever they would listen. At first it was difficult. But slowly, some opened their minds and they too listened. And since then, they have opened their doors to us.

Today, 24 years later, I am proud to say that we have accomplished a lot.

We have grown in membership and have extended our reach nationwide with seven Regional Chapters: Our national headquarters in Washington, DC covers the DC-Virginia-Maryland region; our Regional Chapters in New York cover the Northeast; Atlanta covers the Southeast region, Chicago covers the Midwest; Arlington (Texas) covers the Southwest; and we have our Northern and Southern California Chapters in San Francisco and Los Angeles.

USPAACC-EF has become and continues to be the preeminent organization that connects the Asian American business community with the federal, state and local governments, Fortune corporations, and the small and MBE community.

We are also the first Pan Asian American organization to take a serious and sustained interest in one of the fastest-growing ethnic groups and one of the most diverse in the country —with heritage from East Asia, Southeast Asia, the Indian subcontinent, and the Pacific Islands.

We have the largest database that contains information about the most innovative and cost-effective Asian American suppliers across industries; a strong connection to Asian American business communities here and to successful businesses based in the Asia-Pacific region. This is our unique added value that our corporate members could tap and take advantage of to grow their market share and their bottom line.

Our Small Business Transportation Resource Center, Southwest Region (SBTRC-SW), based in San Francisco, helps to prepare small businesses in Arizona, California, Hawaii, Nevada and Utah, so that they could have an equal opportunity to participate in U.S. Department of Transportation-funded contracts at the local, state and federal levels. To help these businesses. SBTRC-SW draws upon a variety of resources for business assessment, technical assistance, financial assistance, business training, one-on-one counseling, conference participation, and dissemination contract opportunity information throughout the region.

Through our unique one-on-one business matchmaking meetings, USPAACC-EF was the first to introduce this platform that allows suppliers to build business connections and strengthen relationships with potential customers in government agencies at the federal, state, and local levels, as well as corporate America. Along with our summits, seminars and workshops, we continue to educate and nurture our members with one main goal in mind: for them to succeed in the domestic and global market place.

There are still, however, challenges today and on the horizon. The current economy is still reeling from a downturn. And the American demographic landscape has changed dramatically in the last two decades. We now have a mosaic of ethnic population of all shades—white, black, brown, yellow, red and all shades in between. This change represents more opportunities and diverse markets to tap—as well as challenges—for Asian Americans, who are now among the fastest-growing ethnic groups in the country.

Asian Americans is a Diverse Group

Asian Americans now account for approximately five percent of the total U.S. population (15.2 million out of total U.S. population of 302 billion in 2007), with the majority born overseas. Asian Americans constitute more than one-quarter of the foreign-born population in the United States. Immigrants have come from China, India, the Philippines, Vietnam, Korea, and other Asian countries in search of better educational and economic opportunities, and freedom. They packed their belongings in a container, or a suit case, or on their bare backs, and brought with them a diverse set of cultures, languages, customs, and mores.

To better understand how Asian Americans fit within the minority context in this country; I'd like to briefly describe who we are ethnically and where we fit in American mainstream society.

To say that Asian Americans are diverse may be an understatement, considering, as I have laid out earlier, we have origins in countries in East Asia, Southeast Asia, the Indian subcontinent and the Pacific Islands. We are a complex ethnic group: the Census lists 16 different classifications for Asian Americans, and 28 Asian and 19 Pacific Islander groups. In all, we speak over 100 languages and dialects.

The total number of Asian Americans compared to other ethnic groups may be relatively smaller, but the numbers are changing. By 2050, the Asian American population is

projected to climb to 40.6 million or 9.2 percent of the total U.S. population (US Census data projections – August 2008).

Asian Americans live in different parts of the country, but are heavily concentrated in the western part of the United States with an overwhelming majority (96%) living in metropolitan areas. More than half of this group (54%) lived in the West in 2004. About 35 percent of Asians lived in California, 10 percent in New York, and 6 percent in Texas. Together, these three states account for more than 50 percent of the Asian population.

The largest proportion of nearly every major Asian American ethnic group lived in California (35%). The most recent Census figures show that three-fifths of Chinese Americans lived in California or New York, while about two-thirds of Filipinos and Japanese lived in California and Hawaii.

Asian Indian (or South Asians) and Korean populations are somewhat less concentrated geographically, although large communities have emerged in a handful of States, including Illinois, New Jersey, California, New York, and Texas.

Southeast Asians are distributed in a different pattern because of Federal resettlement programs that created pockets of Southeast Asian refugees in a few States. Nearly two-fifths of the Hmong population, for example, lived in Minnesota and Wisconsin in 1990. One-tenth of Vietnamese Americans live in Texas—the largest concentration of Vietnamese Americans lived outside of California (Census 2006).

Today's Asian American is a relatively younger, well-educated, the most wired, internet-savvy bilingual ethnic group with deeper pockets.

Asian Americans have the highest median household income in the United States. The average Asian American household earns over \$63,000 annually—the highest of any racial group and higher than the national average. The disposable income among Asian Americans has reached a buying power of \$526 billion in the last couple of years (Selig

estimates). The strong buying power is propelled by the fact that overall most Asian Americans have a good education and therefore hold relatively high-level jobs or are business owners with substantial amount of disposable income.

Asian Americans Business Owners

Among U.S. small businesses, MBEs are the fastest-growing sector; and Asian American businesses are the fastest-growing of this group. Based on the most recent Census Survey of Business Owners (Revised 2008), over 1.1 million Asian American businesses generated more than \$393 billion in revenues—proportionately the largest among all ethnic groups.

According to the same Survey, the growth of Asian American-owned firms outpaced the national rate, as they grew by 24% compared to 10% for all classifiable firms, which are all U.S. firms excluding publicly-held firms, and gross receipts increased by 8%, surpassing the growth rate for all firms (between 1997 and 2002).

Asian American-owned firms hired 2.5 million paid employees—the largest among all ethnic groups. Almost 1-in-3 of all Asian American-owned firms (319,300 businesses) had paid employees.

In 2008 alone, the Top Ten of the USPAACC-EF's "Fast 50 Asian American Businesses" generated a combined \$4.9 billion in revenue. This year, we introduced another group of Asian American firms which have bucked the downward economic trend to post surprising growth rates—averaging 75%.

Most Asian American businesses, however, do not fit the stereotypical hi-tech garage start-ups or the "mom-and-pop" operations. In fact, according to the latest Census Report, the biggest share of Asian American businesses falls into the services category, with heavy concentration in professional, scientific, and technical services, health care, personal care and social assistance, retail, personal services, retail, accommodation

and food, repair and maintenance, etc. They are also in transportation, construction, wholesale, waste and remediation services.

Issues and Challenges Facing Asian American Businesses

Despite the largely positive numbers registered by Asian American businesses in the past several years, many continue to struggle to compete effectively in the mainstream marketplace in today's competitive global economy. In the area of Supplier Diversity, a program that encourages utilization of businesses owned by minorities and women, Asian American-owned businesses continue to be under-represented in all sectors except for information technology (IT) and telecommunications. The current economic climate has further diminished their chances to grow and be competitive.

A) Contract Bundling

From the corporate perspective, the shift toward increased utilization of fewer but larger suppliers, also called contract bundling, has had a major negative impact on MBEs. Today, major changes have occurred by which companies approach and manage their supply base. Most notably, companies in the manufacturing industry have streamlined the total number of suppliers they maintain. They now utilize larger, full-service suppliers to design and build products, eliminating many suppliers who provide varying components of the product.

The ripple effect from this consolidation effort has also adversely affected Asian American businesses—as most contracts offered are too large for small businesses to participate in.

B) Access and Inclusion

Indeed, there is much work to be done in the realm of Supplier Diversity, especially in addressing issues that are most important to Asian American businesses: access and inclusion.

USPAACC-EF is the organization that is uniquely positioned to help Asian American businesses in their pursuit for successful entry and effective competition in the world of Supplier Diversity. Apart from strong cultural ties with our constituency, we have designed programs and tools for sustainability to help Asian American businesses connect and do business with Fortune corporations and the federal government.

Asian American suppliers, however, continue to meet challenges in their efforts with many corporations. Until recently, a common practice for corporate buyers was to offer only limited, short-term contracts and frequently switch suppliers.

To make matters worse, a number of major corporations have not been recognizing USPAACC-EF certification of Asian American suppliers—a roadblock that virtually suspends entry into the world of Supplier Diversity.

C) Certification* of Asian American Business as MBE

Supplier Diversity is a strategic business process and a tool for equal opportunity, aimed at providing businesses owned by minorities and women, a way to become suppliers to major corporations and government agencies. For many buyers, this process is part of a mindset that as responsible corporate citizens, they should purchase their goods and services from a diverse group of suppliers, just as they would ask a diverse group of consumers to purchase their products or services.

Certification of MBEs creates an environment that maximizes participation by MBEs in corporate and government contract awards. Suppliers are able to tap into a rich vein—commonly known as the “Supplier Diversity” program—which sets aside billions of dollars annually in procurement contracts to certified MBEs. Certification, however, is by no means a guarantee that minority business owner will land a lucrative contract with a Fortune 1000 corporation or the government. Yet it provides that all-important opportunity to have a foot in the door to their Supplier Diversity programs.

Yet, Asian American suppliers have met resistance for access and inclusion in a playing field that is not level... Many Asian American businesses have not taken advantage of this program in part because certification—a requisite process in Supplier Diversity—is perceived as complex, confusing, and time-consuming. Moreover, they do not fully comprehend the process. Thus, Asian American business owners still require a practical understanding of why it is necessary to be certified as a MBE and the processes certification would entail.

USPAACC-EF is in our 10th year in training, developing, and certifying Asian American businesses. We have already educated thousands about the efficacy of Supplier Diversity, certified as many as we could; and we plan to continue to inform businesses about the merits of certification.

USPAACC-EF is the most logical choice for Asian American businesses that want to be certified because of our Gold standard review process and the patient manner with which we educate and work with those who ask for certification. USPAACC-EF certification is the premier stamp of approval for Asian American businesses—an assurance that a supplier is a bona fide minority-owned business.

USPAACC-EF also has the definite advantage of speaking the multitude of Asian languages, the familiarity and understanding of the cultural nuances that are essential to effectively reach Asian American entrepreneurs and consumers—a clear advantage which corporations and governments value.

Working with USPAACC-EF results in mutual benefits for suppliers and buyers. For corporations, accepting USPAACC-EF certification demonstrates their strong commitment to diversity and MBE utilization, especially the fastest-growing Asian American community. They will have unique access to the most diverse, innovative, competitive and cost-effective Asian American suppliers of products and services.

For Asian American suppliers, their most important ally is USPAACC-EF, an organization that continues to advocate for them and continues to provide an enhanced value proposition to their business partners in corporate America and the government. It is a win-win situation.

Two major Factors affect the successful participation of Asian American businesses in Supplier Diversity:

1) For most Asian American business owners who aspire to increasing their participation in the mainstream through Supplier Diversity, getting certified as a minority supplier could still be a major hurdle. In addition to a serious lack of knowledge and awareness about certification, their tendency toward less transparent financial disclosure and company ownership structure discourages their participation as well. And when dealing with the government, their cautious disposition is apparent, many having come from backgrounds where they would avoid the government at all costs.

Most of these challenges, however, could be explained by antecedent cultural orientations, as most Asian American entrepreneurs are new immigrants or are not familiar with “Western-style” business practices. A primary reason is that a good number of Asian American business owners are immigrants from cultures where transparency in business is not the norm. It is difficult for them to transition to an unfamiliar way of doing business.

While in general Asian American entrepreneurs are competitive, they are not procurement-savvy and still need to get a full grasp of the requisite processes of Supplier Diversity programs. Compared to other ethnic groups, they are newcomers to this business process.

2) As a strategic business imperative, corporations deal with certified MBEs to demonstrate their sincere interest in doing business with them as evidence of being good corporate citizens. This process also helps them to meet their internal diversity

goals for various reasons. Still, there are corporations who do not recognize USPAACC-EF certification without good reason, despite our rigorous certification procedures.

The adverse impact of the aforementioned issues will be mitigated by the following:

1) USPAACC-EF to fill the gap. In order to boost Asian American participation in this competitive marketplace, USPAACC-EF will continue our certification program to increase the number of qualified Asian American suppliers in Supplier Diversity programs and will help them to successfully navigate this complex arena.

USPAACC-EF will continue to seek and identify world-class products and services by top-calibre Asian American suppliers. We will also provide Asian American suppliers with important access to Supplier Diversity programs through our unique one-on-one matchmaking and networking sessions, and will educate them through summits and workshops.

2) Asian American businesses who need special attention. We will reach out to Asian American businesses through in-language communication. In many cases, Asian American entrepreneurs feel most comfortable discussing complex issues in their native language and in a manner consistent with their culture. This is one of the core strengths of USPAACC-EF. We will also assuage members of these cultures that they could comfortably walk through strange doors and eventually achieve in the marketplace.

To successfully reach the Asian American business community, USPAACC-EF will continue to work closely with our seven regional chapters and continue to strengthen our nationwide information and referral network of civic, community and government partners and collaborators.

3) Collaborate with corporations. We will continue a dialogue with corporations to discuss reciprocal acceptance of certification with other organizations that perform similar services for their constituents based on the merits of the USPAACC-EF

certification. The ultimate goal is to create a universal/reciprocal certification process that would be adopted by all stake holders.

Further, USPAACC-EF will continue to deliver maximum value to its corporate members by helping to identify and offer solutions to issues in the procurement process in combined efforts and in consultation with corporations.

USPAACC-EF will also continue to hold our regular Procurement Connections events nationwide. These special events—primarily designed for education, networking, and discussing contract opportunities—will also provide corporations with the chance to address the unique challenges they face when dealing with Asian American suppliers. It will be a learning process for corporations who want to be more aware about cultural sensitivities, as well as an opportunity for them to tap into one of the most innovative and cost-effective supplier market across industries.

By working with USPAACC-EF, corporations will have access to a larger pool of qualified Asian American suppliers, high quality goods and services, and superior customer service—while achieving their strategic Supplier Diversity objectives. They will also gain the rare opportunity to open doors to new markets through USPAACC-EF's direct link with burgeoning businesses in the established and emerging economies in the Asia-Pacific region.

The current strains in both the global and U.S. economies have indeed brought more challenges for companies that try to do more with less. Even more established businesses have to work harder to win contracts, and certification becomes even more vital to growth—and survival—in the global marketplace.

USPAACC-EF is steadfastly committed to helping its Asian American members to establish successful contracting relationships with Fortune corporations and the government. And bridging the cultural divide, building trust, and effective collaboration with corporations is a matter of paramount importance in providing a level playing field

for USPAACC-EF's constituency, and good products and services to corporations and government...

Asian American and MBEs in the Current Marketplace

By 2050, the U.S. Census Bureau predicts minorities will make up more than half of the U.S. population. By these numbers, the MBE community's endeavors will continue to thrive as the backbone of the U.S. economy.

Therefore, it is a strategic imperative for our government to ensure the sustainability of the MBE community, because along with small businesses, they are the laboratory of innovation: they invent more than half of the nation's technological know-how. Their contributions are making major impacts in technology, computers and peripherals, semiconductors and telecommunications. From NASA, to Transportation, Defense, NIH, and Silicon Valley—all are vying for the intellectual property churned out from the small and MBE community.

The future of our economy depends on the success of this vital community.

Yet, in the current business trenches, MBEs are still struggling. The gap in revenue between minority-owned firms and the non-minority-owned firms has grown wider. The most glaring issues affecting MBEs are: access to capital, access to contract opportunities, access to timely and useful information, and access to affordable financing structures. For those MBEs that have grown successfully over the years, access to capital may not be as important to them as access to contract opportunities.

The rapid globalization of markets and competition has also given rise to more challenges for Asian American businesses and other MBEs. According to the U.S. Census International Data Base (IDB), the three largest country populations in the world today are: China (1.3 billion); India (1.1 billion); and the United States (307 million). The

total global population is 6.8 billion. By 2020, the population ranking remains the same: China (1.4 billion); India (1.3 billion) and the United States (341 million).

These numbers are hard to ignore. The top two most populous countries in the world today and in the next decade are China and India. They are our trading partners as well as our competitors—they also represent a huge consumer market for U.S. businesses on this side of the Pacific Ocean.

China's economy continues to rapidly develop and become more influential in the global marketplace. China is the second largest economy in the world after that of the United States with a GDP of \$7.9 trillion (2008) when measured on purchasing power parity (ppp) basis. It has been the fastest-growing major economy for the past 30 years, with an average annual GDP growth rate above 10%.^{**}

Likewise, India's economy continues to thrive. The country's industrial sector has seen double-digit growth in the manufacturing, mining and electricity output sectors. Moreover, the increased presence of transnational corporations in India has led to more jobs and the rapid growth of the middle class with more disposable income. India has also made significant strides in liberalizing its trade and foreign investment policies, giving market access to India's agricultural market and key service sectors for U.S. exports and foreign direct investment. Bilateral merchandise trade between India and the U.S. has grown from \$6 billion in 1990 to \$33 billion in 2006.

This is where USPAACC-EF comes in. We have the expertise and connections to bridge the gap and connect U.S.-based businesses with their counterparts in these rapidly emerging markets. USPAACC-EF has a wealth of knowledge and information about what and where the market opportunities are in the Asia-Pacific region.

USPAACC-EF's successful trade missions to China in the past few years—which have included MBEs—have opened a new gateway for U.S.-based businesses and have built stronger relations that become the basis for meaningful and strategic future ventures. Our goal is to bring down barriers to these growing markets and provide U.S.-based

businesses the wellspring of opportunity found in the emerging markets in the Asia-Pacific region.

Strengthening Strategic Partnerships

Here in the United States, USPAACC-EF's main goal is to help Asian American-owned businesses to compete effectively and achieve economic parity in the mainstream marketplace.

We can achieve this goal by working together with the MBDA, along with other national organizations such as the National Minority Supplier Development Council (NMSDC), the U.S. Hispanic Chamber of Commerce (USHCC), as well as state and local business development organizations.

We must work together to advance our constituents' shared aspirations. We may have our specific interests, but we strive to be inclusive, look at what we have in common with organizations with similar goals, albeit different constituents and priorities, and work on those common goals. Sharing best practices amongst Supplier Diversity advocacy, development and training organizations will be a good start.

Through these strategic partnerships, we could ensure a level playing field, and create a "blueprint" or roadmap to help MBEs to succeed in the mainstream marketplace.

We must find solutions to improve the performance of MBEs in the supply chain of major corporations, help MBEs to gain access to capital, contracts, and new and emerging industries, and streamline their market entry process.

We also seek to help to position MBEs in the new economy of the future, The Green Economy. We will counsel them to re-tool, innovate, re-invent themselves, and/or diversify their product or service offerings that are in line with the mandates of a more viable and sustainable green economy.

On the government side, we will continue to advocate for the elimination of unreasonable “contract bundling” and to help MBEs to gain greater access to stronger relationships throughout the various channels of the federal government. By doing so, they will be better positioned to compete for more substantial contracts. It is in these larger federal contracts that lay the real economic value for MBEs.

With MBDA, we could explore new market opportunities and growth sectors, help to reach out to our constituents and become the pipeline or gateway to strategic partnerships and creative financing with the private sector, financial institutions, local businesses, organizations, and with the academic community.

We will tap into the “brain trust” in our communities—colleges and universities, federal and state agencies, chambers of commerce, local civic leaders, banks and financial institutions, successful companies in the private sector, and entrepreneurs, etc.—and leverage their strengths to help capacity building efforts and for economic development. They will be the source of innovation, a ready workforce, new ideas, contracts, capital, mentorship, strategic alliances, etc., as we address and implement overall growth strategies

It is important to note that mentoring is especially important for minorities because we do not have access to the usual, common and informal networks to gain useful information. At some point, there has to be someone who explains to them the way the system works and how to work inside it.

We will also emphasize the importance of the Asian business concept of “guanxi” or making “connections” or strengthening the business “relationship.” Especially in this kind of economic downturn, when it comes to building and cementing relationships, nothing beats the personal touch of a face-to-face meeting, and the savvy business owner builds such visits into the marketing plan. The value of the “face time” and the power of the handshake build relationships, these build trust. And people want to do business with people they trust.

We will also help them to be always on solutions-based mode. MBEs will fully understand and work on their core competencies and build on these strengths. They will maintain a focused agenda for growth and stay ahead of the curve through innovation and reinvention.

To overcome the current economy, it is incumbent upon MBEs to become more proactive, find creative financing means, seek alternative means to diversify their product or service offerings, form strategic alliances, or reinvent for the future. Indeed, this is a daunting task to accomplish. This is why we are here today: to help to provide the solutions and to give them hope.

Recommendations for MBDA

- 1) Establish proactive and strategic partnerships with the private sector and government agencies to ensure a level playing field and to create a “blueprint” or roadmap to provide MBEs access to the mainstream marketplace. Set specific targets and benchmarks and build creative strategies and solutions around them.
- 2) Strengthen inter-agency collaboration and coordination to identify new opportunities throughout the federal government, in emerging markets here and abroad. These opportunities include those arising from The American Recovery and Reinvestment Act of 2009 (ARRA).
- 3) Establish accountability among MBDA staff. Put more of its resources for the work at the regional level, the business development centers, to identify contract opportunities and help MBE to bid for the opportunities.
- 4) Help to streamline processes and provide MBEs with greater access to stronger relationships throughout the various channels of the federal government. By doing so, they will be better positioned to compete for more substantial contracts. It is in these larger federal contracts that lay the real economic value for MBEs.

- 5) Create programs to help to position MBEs in the new economy of the future: The Green Economy. Help them to innovate, re-invent themselves, and/or diversify their product or service offerings that are in line with the mandates of a more viable and sustainable green economy.
- 6) Collaborate with Fortune corporations and find creative solutions to improve MBE performance in the supply chain of these major corporations.
- 7) Collaborate with local and national organizations such as USPAACC-EF in a grassroots effort to disseminate news about business opportunities, technical information, and other useful news items in a timely manner to MBEs and help them in their marketing and vetting process. Partner with these organizations to build a pipeline to help MBEs to re-tool, innovate, and streamline the market entry process. Join them in their business development events to reach out to MBEs, bring contract opportunities to the events to meet and work with the MBEs to prepare for bidding and winning contracts.
- 8) Tap into the “brain trust” in local communities—community colleges and universities, chambers of commerce, local banks, the private sector, entrepreneurs, etc.—and leverage their strengths for economic development. They will be the source of innovation, workforce, new ideas, contracts, creative financing, mentorship, strategic alliances, etc.
- 9) Support the elimination of unreasonable “contract bundling.”
- 10) Explore policy incentives to support MBEs and investors through tax breaks, streamlined processes, access to more contract opportunities, etc.

Conclusion

In order to survive and thrive in the current marketplace, it is incumbent upon MBEs to become more proactive, find creative financing means, seek alternative means to diversify their product or service offerings, form strategic alliances, or reinvent for the future. Indeed, these are daunting tasks. This is why we are here today. Through a re-tooled MBDA, we should be able to help to pave the way, provide the solutions, and to give them hope.

At USPAACC-EF, we recognize that, at the end of the day, our role goes beyond brokering business relationships. Our goal is to help to provide a level playing field for Asian American-owned businesses and to bring in as many of them as part of the ongoing dialogues and processes to ensure their economic growth. As stewards and advocates for economic growth, we are mindful of the responsibilities that accompany our plan to continue this legacy. That is why we work conscientiously everyday to ensure that Asian American businesses continue to succeed and thrive in a more prosperous America where people of all race, color, ethnic origin, creed and gender have equal access to business opportunities in the government and corporate procurement marketplace.

Mr. Chairman, thank you again for holding this very timely and important hearing, and for the invitation to testify today. I would be happy to answer any questions that you and your colleagues may have.

*Certification is needed to prevent fraud and to prove that diverse suppliers are tapped, especially in instances where government contracts call for a portion of the contract to be directed to MBEs.

USPAACC-EF applies the same high standards—if not higher—to every certification process. To obtain USPAACC-EF certification, a business owner will complete an

application, provide corporate and financial records, evidence of at least 51% ownership, control and management of the business by one or more Asian Americans, and be interviewed at a site visit to verify the veracity of the statement made in the application. Despite this rigorous process, some corporations tell Asian American suppliers who have been certified by USPAACC-EF that they are not eligible to do business with their corporations under the Supplier Diversity program.

**In 2008, China bought the following items from the United States, among other products: Soybeans (worth \$7.2 billion); Meat and Poultry (\$1 billion); Raw Cattle (\$1.6 billion); Fish and Shellfish (\$585 million); Copper (\$2.4 billion); Steel (\$5 billion); Plastics (\$3 billion); Chemicals (\$3.5 billion); Electric Apparatus (\$1.4 billion); Computer Accessories and Telecommunications/Semiconductor Equipment (\$10 billion).