

Empowering organic entrepreneurial assets within underserved community's

Walter Cotton III

Managing Partner – The Cotton Exchange, USA

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Abstract

By expanding cocurricular programs to support the entrepreneurial skill-set development needs of emergent enterprise owners, who seek to leverage their well-defined but underutilized public sector contracting advantage. Historically black colleges and universities (HBCUs) and predominately black institutions (PBI) would become keenly positioned to increase their student populations (i.e., the degree and certification seeking students), grant and donation capture while also empowering residents of underserved communities with the ability to become meaningful jobs creating assets within their communities.

The dynamic growth being enjoyed by programs like Syracuse University's Institute for Veterans and Military Families ('IVMF') presents a premier example of the outcomes that are suggested and evidenced throughout this paper. More importantly this paper suggests that HBCUs and PBIs are equally well positioned to take ownership of the latent demand for targeted cocurricular programs that focus on the entrepreneurial development needs of the residents of underserved communities. And are best positioned to empower the resulting enterprises and community stakeholders with the ability to turn the Public Sector's demand for the products and services of these emergent enterprises into sustainable jobs creating assets within underserved communities.

This paper also seeks to connect the jobs creating interests of the underserved community's stakeholders, and their Organic Human Resources ('OHR'), to a set of empowering public-sector regulations and programs that enable the jobs growth advantages contemplated herein. My objective is to reveal a comprehensive strategy for achieving the outcomes outlined in this paper, by utilizing the experiential learnings that resulted from more than 20 years of interface with a broad segment of stakeholder from underserved communities (e.g., Preference Owning Residents, Business Development Organizations, Intuitions of Higher Learning and Government Agencies) as justifications for the conclusions suggested by this paper.

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¹ Moore, Brenda L. "African Americans in the Military," in Robert L. Harris and Rosalyn Terborg-Penn (eds.)*The Columbia Guide to African American History Since 1939*. Columbia University Press, 2006:120-135.

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1. Background

The global economic downturn, and resulting reduction in employment outlets for today's workforce, has produced a material increase in demand for functional cocurricular programs that focus on the entrepreneurial interests of the prospective customers of institutions of higher-learning. Central to this paper is the fact that this trend has not spared HBCUs or PBIs. Moreover, it furthers the growing belief that HBCUs and PBIs have an unresolved need to identify meaningful reactions to this trend that result in the development of product offerings that produce value in-flow for their Institutions.

A simple online search of the term Entrepreneurial Boot Camps or Training yields a plethora of programs that are designed to meet this emerging demand. With few HBCUs or PBIs showing up anywhere near the top of these search results. One of the shared flaws within the programs that surface in the top 100 results is the program's reliance on the participants to generate viable business models that can be launched into sustainable going concerns.

The goal of this paper is to reveal an underutilized, but superior, approach HBCUs and PBIs can employ toward meeting their perspective customers at this intersection of emerging demand. As outlined in Rolle/Billy/Pittman (2015), there is an acute need for the creation of comprehensive entrepreneurial training assets, within HBCUs and PBIs, to meet the acute demand for functional entrepreneurial training that can also compete for the cocurricular demands of the residents from underserved communities.

My personal interface with Government funded business advising assets and two decades of professional consultative client feedback (i.e., from preference owning small and medium business owners) has revealed an underemployed strategy that would 1) immediately produce viable going concerns (i.e., in any industry of interest), 2) reduce or eliminate the attrition rate that is experienced by neophyte business owners and 3) empower HBCUs and PBIs with a cocurricular solution-set that equips their graduates with the ability to immediately become jobs creating assets within their communities.

The systems contemplated herein highlights the HBCU and PBIs' unique ability to create functional pathways for the development of Public/Private Partnering ('P/Pp') solutions that mine the organic human resources ('OHRs') within underserved communities and a methodology for converting those resources into economy building assets that act as revitalization agents for our Nation's underserved communities.

I am defining an underserved community's OHRs as the socioeconomic status owning residents of those communities (e.g., Minority, Women, Veteran and other residents). I further define these residents as unique, as they own a legislated advantage in securing contracts with the Federal, State and in some cases Local Governments – and Government reliant organizations (e.g., Prime contractors with material but unmet subcontracting obligations).

The stated goal here is to illuminate an approach toward creating sustainable cocurricular entrepreneurs training programs that are based on proven solutions that are underutilized by today's institutions of higher learning.

Functional contractor training and skill-set enhancement programs, such as those employed to assist the Service Disabled Veteran business community in securing a \$40 Billion dollar penetration into the contracting spend of the Federal Government, are prime examples of the type of cocurricular programming that would act as critical enabling assets that can also empower HBCUs & PBIs with the ability to more effectively support their customers' interest in secure break-in solutions for accessing previously closed markets. [Boldon/Maure (2017)].

The paper also discusses several regulatory changes that act as fueling agents for a wealth transfer that has been measured to be well north of \$300 Billion dollars (see Table I). These regulatory enablers, in addition to providing justification for international business collaborations, also provides a framework for mitigating many of the barriers to entry that keep residents of underserved communities from extracting and leveraging the advantages that naturally result from decades of investment-neglect and the resulting asset devaluations that plague their once vibrant economic centers [H Wolman (1983)].

Table I:

Contract Dollars	FY-13	FY-14	FY-15	FY-16
Small Biz	90,431,291,086	99,599,842,533	105,249,454,349	50,938,418,354
SB Less Preference	59,320,252,131	59,804,427,891	56,224,404,311	28,439,812,682
SDVOSB	4,479,829,969	7,265,030,868	9,656,035,176	5,210,468,457
8(a)	17,348,032,869	21,651,655,859	26,205,447,371	11,834,889,220
HUBZone	9,283,176,117	10,878,727,915	13,163,567,491	5,453,247,995
Available Large Biz Spend	377,640,831,072	441,019,259,730	432,600,691,874	234,798,144,292
Total Spend	468,072,122,158	540,619,102,263	537,850,146,223	285,736,562,646

[Federal Preference & Large Business Spending FY-13 through 2nd. Qt. FY-16, data source Federal Procurement Data System]

Finally, this document highlights key learnings on methods for producing Cocurricular Training Alliances ('CTA') that can cost effectively yield sustainable economy revitalizing strategizes that maximize the type of underserved community market growth solutions that are sought by all stakeholders.

1. Introduction

Underserved business communities, the HBCUs/PBIs that rely on them for future customers and their entrepreneurial stakeholders are at what can easily be defined as a critical inflection point. This is a point on the value migration curve of a business, institutional or organizational growth measure where one either produces innovations that yields new value in-flow -- or fails to produce viable innovations and therefore ensures a level of value out-flow that results in obsolescence. Kodak, Block Buster, Toys R Us and technology like the Compact Disk are well studied examples of the impact of value migration.

This paper points to a method for leveraging a set of recently enacted SB contracting and regulatory changes toward producing material value in-flow opportunities for the OHR within underserved communities²³⁴⁵. As an example; the Small Business Jobs and Credit Act of 2010 included a provision that lead to the creation of a size standard affiliation exemption for all SBs. This provision opens the door for SBs to finally leverage the material competitive advantage they have long-owned in competitions for all federal contracts.

² [Small Business Jobs and Credit Act of 2010](#)

³ [Department of Veterans Affairs Vets-First Contracting Program](#)

⁴ [Kingdomware Supreme Court Decision](#)

⁵ [All Small Business Mentor Protégé Program](#)

Said another way; the affiliation exemption provision allows SBs to leverage a mandate in the Small Business Act that requires Federal Agencies to set-aside 'all procurements' that can be performed by SBs, with few exceptions.

This paper also speaks to limitations within today's existing value capture and contractor support systems (e.g., Government funded support programs, academic curriculum, stakeholder awareness...etc.) that retard the ability of interested parties to independently access the new stream of value that results from the regulatory enablers defined here-in⁶⁷⁸. As an example; few of the resources that are employed by the available contractor support systems own any meaningful experience owning or operation an enterprise. And more importantly, the majority of these resources do not reside in the underserved communities that seek to serve. These disconnects lead to a level of guidance and advising that results from theoretical as opposed experiential learning.

Please note: that my intention here is not to besmirch the contributions government funded advising organizations make toward delivering general business assistance and guidance. What I am specifically highlighting here is the systemic deficiencies these groups share in the area of advising Socioeconomic Preference Owning SBs (i.e., the OHRs within underserved communities) on methods for maximizing their contracting advantages...

One example of this shared systemic deficiency is the common advice given to startup preference owning contractors. The guidance normally suggests subcontracting with established contractors as the preferred path for establishing a level of past performance that would make these emerging enterprises independently contract viable. Yet this advice fails to incorporate the advantages that accrue to preference owning organizations that are uniquely positioned to leverage the existing authorities that allow for Joint Venturing between contractors.

These authorities empower emerging preference owning enterprises with the ability to utilize Joint Ventures as their method for becoming immediately contract viable, by linking their unique preference with the past performance of a non-preference owning enterprise. Resulting in the creation of a new entity that is immediately able to compete for contracts that can only be secured by preference owning entities that are responsible and responsive (i.e., capable of effectively meeting the need of the Requirement being set-aside by the Agency).

That said; the core intention of this paper is to highlight the critical need for our Government, Academic and Industry communities to proactively foster P/Pp relationships that can bridge the gaps that are currently allowing value to flow away from and out of their reach.

The remainder of this paper will utilize, as its core example, the P/Pp relationship contemplated between Medgar Evers College of Business and the Cotton Exchange. A pilot of this P/Pp relationship resulted in the creation of a co-curricular training program that:

Graduated 6 Veteran SB Owners



Captured Congressional interest
Created more than 50 new jobs
Resulted in more than \$100 Million Dollars in projected FY 2018 contract awards,
and

[Congresswoman Velazquez / 2015 Medgar Vet Class]

⁶ APTAC

⁷ SCORE

⁸ SBDC

Motivated a Federal Prime Vendor to make a donation to Morgan State University's – Graves School of Business to sponsor 150 training scholarships that will act as the foundation for creation of a cocurricular Veteran training programing offered at its Entrepreneurial Development & Assistance Center⁹.

This paper hypothesizes that: 1) outcomes beyond those defined above are available to every underserved community, 2) can act as the foundation of a community's revitalization strategy and 3) can create a grant/donation advantage for those stakeholders that successfully implement initiatives of this nature.

2. Public/Private OHR Mining

'OHR Mining' is a term of art I used to define the practice of educating a community's preference owning constituents (e.g., Minority, Veteran and Women) on the statutory enabled advantages they own in contracting with their Federal, State and Local governments.

As an example: the US Federal Government has spending goals and contracting programs for 1) Woman Owned SBs |5%, 2) Small Disadvantaged Businesses |5%, 3) Disabled Veteran Owned SBs |3% & 4) Historically Underutilized Business Zones |3%. And, many States have enacted spending goals that mirror the Federal model, and increasingly we see the local governments in urban centers enacting similar social contracting solutions.

The effective implementation of the type of market mining tools contemplated here in would provide a community's OHRs with an unimpeachable system for penetrating contract spending like the \$300 Billion in federal contracting obligations that are defined above.

As an example; it is well understood that Minority Business Enterprises ('MBE') have long enjoyed a preference in contracting with their governmental bodies. What is equally well known is the fact that most of these governmental bodies fall-short of their contracting goals, on an annual basis (i.e., as measured through March 2018).

The primary causal factor associated with these contract short-falls is traditionally identified as the Government or Agency inability to find qualified MBEs for the projects that are being competed. And in the majority of cases these finding are accurate, when the MBEs' capabilities are reviewed on a standalone basis. [H Martin \M Berner \F Bluestei (2007)]

Yet the lack of availability argument can easily be eliminated by the introduction of an Alliance Centric business or operating model into this equation. More specifically; by teaching a community's preference owing constituents how to employ business models like Joint Venturing (e.g., utilizing Limited Liability Company operating models), you empower them with the ability to dynamically engineer the exact quality or service fit needed for the requirement being competed. Under the LLC operating model, the preference owning member retains a majority interest (e.g., 51%) in what becomes a subsidiary of their core enterprise. Moreover, this operating relationship is further insulated by the fact that the LLC's Operating Agreement governing the relationship empowers the preference owning member with the ability to make all of the LLC's major decisions. The practical advantage that results from this operating model can best be seen by applying this operating model against Federal Contracts and Grant capture...

As outlined in 13 CFR 125.8(a); "A joint venture of two or more business concerns may submit an offer as a small business for a Federal procurement, subcontract or property sale so long as each concern is small under the size standard corresponding to the NAICS code assigned to the contract or qualifies as small under one of the exceptions to affiliation set forth in 13 CFR 121.103(h)(3)."

Translating this regulation into terms that are relevant to this paper: an entity that is wholly owned by a preference owning constituent, or the preference owner themselves, can joint venture

⁹ Morgan State EDAC Announces Veteran Training

with a non-preference owning enterprise - and the resulting entity immediately qualifies for the award of a contract, grant or sale of property that is being set-aside for that preference group.

Extrapolating this concept to OHR Mining; we can say with confidence that a newly established preference owning business (i.e., without past experience or performance) can Joint Venture with an existing going concern (i.e., that owns past experience or performance) and the resulting entity would enjoy both the preference of the majority owner and the past performance of the minority member. Dynamically creating an exact fit for the requirement being competed by the Federal Government or Agency.

Moreover; by factoring in the exception to the Federal Size Standard determination and the requirement of the Small Business Act to give first-priority to SBs, for every dollar contracted by a Federal Agencies. You quickly see how the underemployed OHRs in underserved communities can be fashioned into economic growth accelerators.

At first read, one could easily dismiss the foregoing as hyperbole. Yet a review of the Federal Government's SB Goal attainment trend over the past 20 years clearly demonstrate the viability of this method (see: [SBA Goal Report](#)). Table II provides a view into 4 of the most recent years of this reporting:

Table II

Goal Attainment	FY-13	FY-14	FY-15	FY-16
Small Biz	22.10%	23.35%	25.05%	25.81%
WOSB	3.96%	4.35%	4.69%	5.05%
SDVOSB	2.94%	3.39%	3.67%	3.96%
SDB	7.96%	8.57%	9.50%	10.05%
HUBZone	1.88%	1.75%	1.83%	1.82%
Large Biz	78%	76%	75%	74%

[Federal spending results against the following goals BS 23%, WOSB 5%, SDVOSB 3%, SDB, 5% and HubZone 3%]

It should be noted that the federal government has met or exceeded the SB spending floor year-over-year since FY 2014.

More importantly, but less apparent, the Federal Government's ability to achieve and sustain its SB spending goals can be directly correlated to the result of the 2006 P/Pp that was created between the American Legion, The Cotton Exchange and the Small Business Administration. This P/Pp was used to mine, train and equip Disabled Veteran Owned SBs with the ability to leverage the Alliance Contracting and skill-set development strategy contemplated by this paper.

And, since Veterans are Minority, Women and SB owners, the Government's spending performance within those preference categories also began to meet or exceed expectations. Moreover, given that fact that the current SB goal attainment rate is only 23% of the available Federal spend. I postulate that underserved communities can mine and equip their OHR for the capture of their desired share of those Federal contracts that allow the awardee to define the place of performance. Which, given today's wide-area-workflow and telecommuting enabled systems, includes the majority of the unmet but legislated SB spending obligation (i.e., the remaining 70% of the federal annual spend).

3. Break-in, Disruption & Cocurricular Programming

Most of today's Government funded advising and support programs fall short in their ability to embrace and transfer the Alliance based contracting strategy contemplated by this paper. Which creates a material opportunity for HBCUs and PBIs to create cocurricular programs that migrate in both scope and value over time.

As an example; the early adopting underserved communities, HBCUs and PBIs can initially collaborate on strategies that result in P/Pp relationships that include the following roles:

Recruiting and informing of the OHR

This task can cost effectively be accomplished by repurposing and leveraging a portion of the institutional assets that are resident in and around the Stakeholders' communities.

Develop and deliver Cocurricular Programs that teach to the specific needs of the Strategic Contracting Alliance development model

This is a role that our HBCUs and PBIs can fill, either by developing training that effectively meets this need or acquiring and leveraging already proven solutions that are already acceptable to the targeted end-user (e.g., Federal, State or Local Agencies).

Develop and deliver Cocurricular Programs that meet the unique need of this emergent community of business owners

For example; HBCUs and PBIs can offer Proposal Writing or Certification centric training such as CMMI or ISO...etc.

Lead the creation of unique and community-based funding initiatives
The creation of a localized crowd funding vehicle that mitigates one of the most often stated barriers to business entry. It should be noted that the tax cuts and jobs act of 2017 includes a Capital Gains Exemption provision that can be leveraged against this interest.

Development of an import/export initiative that also empowers interested parties from approved foreign trading nations to gain access to these domestic contracting relationships, by becoming prospective Mentors and Joint Venture partners of the underserved community's OHRs
With minimum visioning, one can readily see how those early adopting communities and institutions would rapidly approach and cross a real "Tipping Point" (i.e., M. Gladwell 2000 The Tipping Point) that brands them as the preferred environment for any enterprise with the interests contemplated by this paper (see: [Syracuse University Institute for Veteran & Military Families](#)).

4. Conclusion

HBCUs and PBI are well positioned to take advantage of the increasing demand for entrepreneurial training that is emerging from within our Nation's underserved communities.

This paper's recommendation to the HBCU, PBI and Underserved Community's Stakeholder is that they 1) Proactively develop a collaborative framework or system that supports a strategic economy and market development alliance that targets the OHRs within their communities 2) create cocurricular programs that identify, implement and evolve repeatable value generating solutions for these communities, similar to the one contemplated here in, and 3) hyper focus these assets on the federal government's, then state and finally local governments' preference spend requirements (i.e., in just that order).

The reward available to each participant can be best approximated by reviewing what Dr. Mike Haney accomplished in 12 short years with his cocurricular offering of a Veteran Bootcamp at Syracuse University. This well-intentioned program to help Gulf War Veterans realize their business ownership dreams, has evolved into the nationally recognized Institute for Veterans and Military Families. The Institute produces more \$100 Million in annual funding through grants, public sector contracts, corporate donations and gifts from a grateful nation. (see: [Syracuse \\$20 Million Resource Center Gift](#)).

My assertion is that the above outcomes would be dwarfed by the organized efforts of an HBCU, PBI or an alliance thereof that focuses its resources on developing cocurricular programs that target the entrepreneurial interests of the OHRs within underserved communities.

Quoting Dr. J. D. Rolle; "as globally, fewer employment opportunities become available for graduates, we must find innovative and creative methods to develop entrepreneurial alternatives." [Rolle, J.D. (2018)]

This paper contemplates a proven and truly viable example of one such alternative.

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