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THE WHITE HOUSE

WASHINGTON

January 2, 1973

MEMORANDUM FOR FRED MALEK

FROM: BOB BROWN *Bob*

I am deeply concerned, as I know several other Blacks who have worked and strongly supported the President over the last four years are at this point, because it seems that another kind of criteria is being developed for some key jobs within the Administration. More specifically, I strongly feel that (1) loyalty to the President and his policies and programs should be of the highest priority; (2) we must look forward to building for 1974 and 1976.

If those people who have had the opportunity to be loyal and to carry out the programs and policies of the President have not done so, then I do not feel that there should be any question about maintaining them in sensitive and key areas during the second term. Those of us who gladly took whatever heat was forthcoming and who will be expected to work for building the Republican Party and building support for the President's policies and programs should have something to say about those people who are expected to carry out this mission. Frankly speaking, I do not feel that it is in the best interest of the Administration to maintain or project anybody who has not given some strong indication of his loyalty and willingness to serve the President and carry out his wishes to the fullest extent.

We have people who have worked with us who possess all of the basic qualifications for most of the jobs that will be forthcoming. Examples of these persons can be seen in Stan Scott and Sam Sparks who have gone beyond the call of duty in every instance.

I would hope that in the coming weeks that we can work closer together in building a second Administration that will have total dedication to the great leader of this nation and its people. You know better than I do that the bureaucracy will not respond to anything less.

cc: H.R. Haldeman
John Ehrlichman
✓ Ken Cole

✓ bcc: Stan Scott



The Director of OMBE would tell the White House staff one thing about a project and do another. He would lie to us concerning proposals to be funded and their amounts.

We understand some people feel the Director of OMBE should be kept on indefinitely. If this is the prevailing view, we again recommend the following:

1. Sam Sparks be immediately appointed as Deputy Director of OMBE

The Director of OMBE:

2. Be relieved of all sign-off authority
3. The Director of OMBE be given a three-month notice
4. Sparks be elevated to the Director's slot when the present Director departs, with the Deputy's job held open for a Spanish-speaking person.

ADMINISTRATIVELY CONFIDENTIAL

cc: Bob Brown
✓ Stan Scott



THE WHITE HOUSE

WASHINGTON

January 3, 1973

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR BILL MARUMOTO

FROM: NORRIS SYDNOR, JR.

SUBJECT: Director of OMBE

Per your request please find the following items concerning the Director of OMBE's relation with the White House:

Early last summer the President asked Secretary Peterson to have OMBE assist Jim Brown with problems he was having with an OMBE proposal. The Director of OMBE found reasons why the Brown proposal should not be funded. The Director of OMBE later recommended a large cut in the Brown proposal after additional White House pressure was applied. We do not know if the proposal has been funded to date.

This office requested advance notice of projects funded in key states and cities during the Presidential campaign; we received notice from our people in the field or from the press. Not from OMBE!

OMBE funded projects without our knowledge or participation after they agreed to do so.

OMBE funded projects that were overwhelmingly Democratic during the campaign. Two Republican candidates for the House of Representatives were defeated by Democratic candidates who received OMBE funds during the campaign. In one case, Jack Hawke of Durham County, North Carolina was defeated by less than 1,000 votes that were related to the project.



May 4, 1973

Mr. Israel Rubin
Assistant Director for Government
Programs Division
Office of Minority Business
Enterprise
U.S. Department of Commerce
Washington, D.C. 20230



Dear Mr. Rubin:

I am writing to express my concern regarding the continued funding of COGME by the Office of Minority Business Enterprise, Contract #2-35597, OMBE Project #99-039-0047-00. Although I have received no formal notification that COGME would not be refunded, recent discussions with OMBE personnel have somewhat clouded my understanding of our funding status.

At the time of our original grant, I was assured by John Jenkins that second year support for COGME would be given high priority at OMBE. Richard Hobson of Dhs Department of Health, Education, and Welfare was similarly assured, and on that basis we proceeded with negotiations for a matching grant from H.E.W. However, during a recent visit to Washington on March 16th (less than a month after a meeting had been scheduled with H.E.W. to discuss the matching grant) I was informed by Arthur Williams at OMBE that COGME's prospects for continued support were jeopardized by the President's impounding of funds and by a realignment of priorities by OMBE. If this is the case, I would, of course, like to receive some authoritative confirmation, so that I may respond appropriately. If there are obstacles (as have been suggested by OMBE personnel) blocking the continuation of support to COGME, I would also like to hear about them via some official channel.

Needless to say, I believe strongly in the merits of the COGME program and I do not want these merits overlooked simply because of a "communication problem." I also believe strongly that COGME fits---as well as any program might---the objectives and obligations of OMBE.

If you have any questions about our program, I would

welcome the opportunity of discussing it with you. In any case, I would welcome clarification of our funding status for the present year.

I will be in touch with you shortly to discuss the matters raised in this letter.

Sincerely,

Bert King
Executive Director

BK:pm





U.S. DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

JUN - 4 1973

MAY 31 1973

Mr. Bert King
Executive Director
Council for Opportunity in Graduate
Management Education
675 Massachusetts Avenue
Cambridge, Massachusetts 02139

Dear Mr. King:

This is in response to your letter of May 4, 1973 to Mr. Israel Rubin, requesting clarification of the refunding status of the Council for Opportunity in Graduate Management Education (COGME).

The Office of Minority Business Enterprise (OMBE) has in the past supported several education programs designed to increase the number of minority holders of the Master of Business Administration (MBA) degree. However, recently there has been a realignment of priorities with the emphasis placed on education and training programs which directly assist the existing minority businessman.

Accordingly, OMBE is continuing funding degree programs only where it has a contractual obligation to support a specified number of MBA candidates until they graduate.

Since OMBE's funds were used by COGME to pay its administrative overhead costs, we will be unable to continue support for the program. Except for the delinquent reports indicated below, OMBE's decision not to refund COGME is not based on any dissatisfaction with its overall performance during the contract period.

Furthermore, in connection with your recently concluded contract, No. 2-35597, you are requested to submit the required financial and narrative reports due from COGME on December 21, 1972 and March 21, 1973. When these reports are received, and if our review shows them to be satisfactory, we will forward COGME's payment request vouchers to the

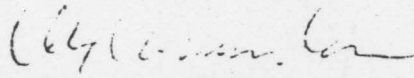


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Departmental Contracting Office for final disposition in accord with the terms and conditions of the contract. We are currently holding vouchers totaling \$77,000. We look forward to the receipt of the reports.

I hope this clarifies the programmatic constraints which make this action necessary. If OMBE can be of further assistance, please feel free to call upon us.

Sincerely,



Alex Armendaris
Director
Office of Minority Business Enterprise



A United States
Department of Commerce
Publication
from the
Office of Minority
Business Enterprise,
Incorporating
OUTLOOK

July / August 1973
OMBE



ACCESS



**INSURANCE:
A Growing
Industry
for Minority
Business**

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July/August 1973

OMBE

ACCESS

From the Office of Minority Business Enterprise

U.S. Department of Commerce

Frederick B. Dent, Secretary

John K. Tabor, Under Secretary

Alex Armendaris, Director of the Office of Minority Business Enterprise



All inquiries or requests for additional copies should be addressed to The Office of Minority Business Enterprise, U.S. Department of Commerce, Washington, D.C.

The Secretary of Commerce has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through April 30, 1974.

COVER: Many minority insurance companies are breaking into the industry's lucrative group policy market, but undercapitalization plagues smaller firms. New MESBIC may help. See story page 3.

director's corner



In our last issue, this column outlined a comprehensive study designed to assess the effectiveness of the OMBE structure with a view toward charting the future course of the minority enterprise effort.

The results of the study are in—and they indicate that a new structure emphasizing local operation is necessary in order to provide more effective program management and more responsive delivery of services to minority businessmen.

Today, three-fourths of the OMBE staff is in Washington, D.C. and one-fourth is in the field. By October, this ratio will be reversed.

Six Regional Offices are being established to carry out the major responsibility for administering the OMBE program. They will be located in New York City, Atlanta, Chicago, Dallas, San Francisco and Washington, D.C.

Each Office headed by a regional director and his deputy, will have all of the elements of the OMBE program within its staff. Project Officers will monitor the OMBE-funded organizations. Specialists in finance, education, Government programs and contracting will be on board to develop the Region's resources in these areas and focus them in support of OMBE contractors.

Once this new system is in place, we believe that its benefits for OMBE contractors will be apparent.

The overriding advantage is that OMBE operations will be streamlined through the Regional Offices thereby eliminating frustrating red tape and loss of valuable time in seeking the right channels to Washington.

Contractors will have one point of contact in OMBE—the Project Officer at the Regional Office in his area. Plans call for a significant reduction of the average workload of Project Officers over the present Washington-based system thus affording contractors a larger share of OMBE staff attention.

Moreover, Project Officers will be familiar with the locality and can be more responsive to the problems funded organizations encounter there.

Through his Project Officer, the contractor will be at one end of a direct chain to the OMBE Director. The Project Officer reports to the Regional Director who is directly responsible to the OMBE Director in Washington.

National programs will be monitored by OMBE staff in Washington in coordination with the Regional Offices. And, to provide added coverage within the Region, satellite offices will be set up in key cities within each Region.

In the last analysis, every business is a local business. That is the thrust behind the decentralization of OMBE—to put its resources where the business action is—in major cities and towns across the country.

Alex Armendaris

MINORITY INSURANCE INDUSTRY PROSPERS

Many of the Nation's minority managed insurance companies are climbing the success ladder, breaking into the lucrative group policy market and achieving what OMBE has set out to do—building a strong minority middle class.

According to the census of minority-owned business conducted by the Commerce Department, there are approximately 178 minority insurance carriers nationwide.

Some of the minority-owned and managed firms are the most durable manifestations of minority enterprise and have a lot to offer their newly sought business clients in the minority community.

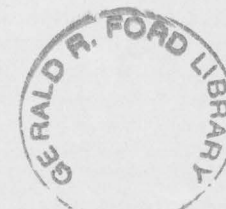
Others, the smaller ones, are stymied by undercapitalization—the one weak link in the minority insurance industry's efforts. Their capital bases need expanding and strengthening.

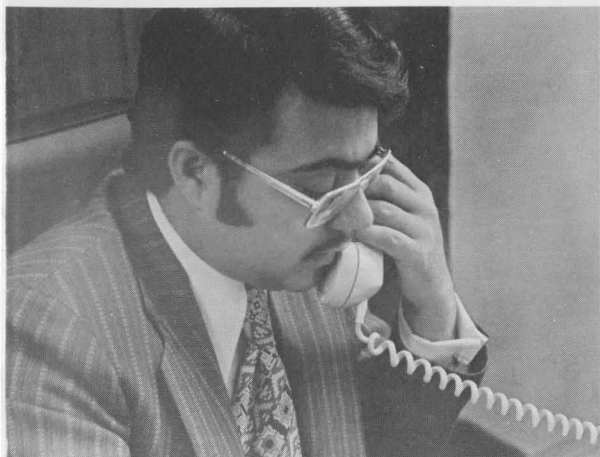
These smaller firms can look forward to a major capitalization plan being developed under contract with OMBE. The National Insurance Association is taking the lead role in the formation of a corporation that resembles a Minority Enterprise Small Business Investment Company (MESBIC). It will seek a MESBIC license from the Small Business Administration and, if successful, can provide the needed assistance to the smaller firms in expanding capitalization.

Meanwhile, many minority operated insurance companies are not newcomers in the industry.

Progress is so remarkable that in one instance the City of Jacksonville has turned over most of its insurance business to a black company.

With \$1,413,824,208 insurance in force and





Although there are fewer than 200 minority insurance carriers, there are nearly 4,000 agents and brokers. Typical of their number is Puerto Rican native Luis Silva, president of Luis Silva & Associates, Inc. in New York City. Besides running a successful agency, the 28-year old Silva is a regular contributor on insurance topics to the periodical El Tiempo.

Home office of North Carolina Mutual Life Insurance Co., Durham, one of the Nation's oldest and largest minority insurance firms.



\$129,233,894 in assets, North Carolina Mutual Life Insurance Co. of Durham continues to hold the lead position among minority firms. It ranks in the upper 10 percent in assets owned of the more than 1,500 legal reserve life insurance companies operating in the U.S. even though it operates in only 11 states and the District of Columbia.

Established in 1899, North Carolina Mutual is the dean of the black-managed life insurance companies in America. It grew to greatness on premiums sold to black policyholders in a segregated marketplace.

Last year North Carolina Mutual decided to go after the group coverage market in the Nation's blue chip corporations. It drew in more than \$500 million worth of group insurance coverage, and jumped from 892 on the list of U.S. insurance companies to 207 in the rankings by the National Underwriters Co.

North Carolina Mutual is one example of a market penetration that has rendered many of the industrial giants of America virtually color blind in their insurance decisions.

"They are entering the group policy field by successfully demonstrating their capability for providing the same kind of service and benefits as the majority

companies," explained Charles A. Davis, executive director of the National Insurance Association.

There are at least 10 black-operated insurance companies now in the group policy market, according to Davis.

"The way it is done is for a large corporation to divide the business between a major white insurance company and one or more black companies," Davis said. "To this extent the firms are becoming color blind."

Davis said the next major market breakthrough will be large scale individual sales and only then can it be said insurance companies operate in an entirely color blind marketplace.

"Government efforts, through the National Minority Purchasing Council and OMBE have been extremely valuable to members of the National Insurance Association," Davis pointed out.

Reviewing the background of the industry he represents and its place in the marketplace, Davis noted that when the oldest black company was formed 80 years ago, almost all minority businesses were small, service proprietorships. The manufacturing and big operations came much later.

"Initially, the minority insurance firm's role was to provide burial in-

surance," Davis continued. "Over time they have come to offer all sophisticated variations of life insurance, death, retirement benefits, cash reserve for emergencies, business protection, mortgage cancellation and fringe benefits for workers," he said.

Many of these companies are also engaged in health and hospitalization, Davis added.

He said it is possible to trace the economic growth of the minority community through the growth of the black insurance companies.

"No other institution in the black community serves quite the same purpose as the insurance company which has created the economic floor for the black middle class," Davis asserted.

"It has been the principal means of estate building and maintains family status in the case of the death of a family breadwinner," he added.

In addition, Davis pointed out that the black insurance firms have provided a steady flow of leadership and managerial talent in the black community.

Presently there are approximately 4,000 persons employed by these companies in managerial positions and this figure has remained level for a number of years.

Dent Tells Minority Contractors: Outlook Good in Growing Industry

Renewal of existing structures, widespread high incomes, the growing need for improvements in transportation and the need for new construction techniques to cut energy consumption all indicate a solid and substantial rate of growth for the Nation's construction industry in the immediate future, according to Secretary of Commerce Frederick B. Dent.

Addressing the fourth annual convention of the National Association of Minority Contractors (NAMC) in Chicago recently, Secretary Dent assured the contractors that the Government is keeping close watch on problems spawned by the current economic boom including rising lumber costs and concern over fuel shortages as part of its policy to continue prosperity while curbing the rate of inflation.

In discussing the benefits, problems and challenges of the American economy, the Secretary told the contractors that it is apparent that America has yet to meet the challenge of minority group participation in the economy.

With regard to minority contractors, the Secretary said an essential part of the program of the Commerce Department's Office of Minority Business Enterprise has been the funding of 17 Construction Contractor Assistance Centers (CCACs) across the country to provide assistance in obtaining financing and technical assistance and to identify opportunities for minority contractors.

"The CCAC program has been OMBE's most successful program in terms of business dollars generated for minority-owned companies," Secretary Dent stated.

In the first three quarters of fiscal year 1973, these organizations serviced 675 clients: 163 of these obtained financing totaling \$8.5 million and 293 contracts were obtained totaling \$63.5 million.

Secretary Dent told the minority contractors that in view of this performance, OMBE is interested in ex-

panding this program in order to multiply its effect even further.

Secretary Dent was the keynote speaker at the three-day meeting, hosted by United Builders Association of Chicago, which had as its theme "Move 73" (Minority Opportunity in a Viable Economy).

The Secretary congratulated United Builders for its performance as an OMBE-funded CCAC, citing specifically the group's negotiation of the largest all-black joint venture in Chicago between R. S. Bailey & Associates and the Amalgamated Painting Contractors.

The base contract, valued at \$305,000, is for painting the Standard Oil Tower and is one of the Midwest's largest painting contracts. When complete, it could total as much as \$500,000.

The job represents a special breakthrough because it shows how minority contractors can, with sufficient technical assistance, get into the mainstream of private construction.

Paul King, executive director of United Builders, said the convention brought together Government officials, mortgage bankers, developers, housing specialists, industrial leaders as well as NAMC contractor members from around the Nation.

King said the conference workshop sessions dealt with technical assistance for minority builders; construction costs and productivity; construction management; Government economic policies affecting construction; and careers in construction.

Additional conference speakers included Illinois Governor Daniel Walker; Congressman Parren J. Mitchell, member of the House Permanent Select Committee on Small Business; the Rev.

Jesse L. Jackson of Operation P.U.S.H.; and Imam Baraka of the Congress of African People.

The NAMC was organized in response to the minimal participation of minority contractors in national construction. In July 1969, some 300 minority contractors met in San Francisco to form a national organization that would help minority contractors to enter the mainstream of the construction industry.

By the end of the three day conference, the National Association of Minority Contractors had been formed as a non-profit educational association headquartered in San Francisco. Today there are over 1,500 active NAMC members throughout the U.S.

As part of its educational effort, NAMC initiated a Department of Labor program called Job Opportunities in the Business Sector (JOBS). Just prior to its recent national convention, Secretary of Labor Peter J. Brennan announced that the Department of Labor had extended its contract with NAMC in support of this program for a second year.

According to a minority builder census conducted two years ago by the National Association for the Advancement of Colored People, the greatest problem faced by minority contractors is the lack of skilled manpower. Under its \$175,000 JOBS contract with the Labor Department, NAMC provides on-the-job training coupled with extensive supportive services such as remedial and basic education, transportation and other services.

NAMC believes that only through training more minority craftsmen will there eventually evolve sufficient numbers of minority contractors.



Secretary of Commerce Frederick B. Dent, right, recently told the National Association of Minority Contractors (NAMC) that OMBE's Construction Contractors Assistance Center (CCAC) program has been its most successful effort in terms of business dollars generated for minority-owned firms. At left, is Paul King, executive director of United Builders Association of Chicago, an OMBE-funded CCAC and the host chapter for the NAMC convention.

500 Students Enrolled in Business Management Training

With 15 professional football players running interference for them, some 500 young people from disadvantaged backgrounds are moving toward career goals in the business world.

It's all part of a unique program called the Business Management Fellowship started by OMBE in cooperation with the National Football League (NFL) and the private business community.

Nationwide, private business firms have awarded Business Management Fellowships to 508 students. Under the terms of the program, these students, all high school seniors in the top ten percent of their graduating classes, will work for the companies during summer, Christmas and Easter vacations during their college careers.

Upon graduation from college, the students will be brought into the firms through regular personnel channels as full time professionals. To qualify for the program, the students must be eligible to attend college and must show financial need. Many of them are from minority groups.

In addition to the 508 commitments for the coming school year, 257 firms have expressed an interest in participating in the program next year.

The Business Management Fellowship results were announced at a special ceremony at the Commerce Department in Washington to honor the 15 professional football players who worked for the Department during the last few months to market the program to private industry.

The players were recruited with the cooperation of NFL Commissioner Pete Rozelle. Buddy Young, Rozelle's special assistant, was primarily responsible for recruiting the players OMBE needed to sell the program. Young

said, "In reviewing OMBE's needs, I decided to recruit the younger players in the league who could use the money they earned during the three month assignment and who have the enthusiasm and salesmanship to do an effective job."

Under Secretary of Commerce John K. Tabor presented award certificates to the players. They are: Jimmie Jones, Mack Alston, Ted Vactor and George Nock of the Washington Redskins; Conway Hayman and Homer Post of the New England Patriots; Jim Harris and Joe Williams of the Los Angeles Rams; Dave Lewis and Jesse Phillips of the Cincinnati Bengals; Melvin Holmes of the Pittsburgh Steelers; Cal Snowden and Chris Fletcher of the San Diego Chargers; Rudy Redmond of the Detroit Lions; and Clarence Ellis of the Atlanta Falcons.

The ceremony also honored a Commerce Department official who originally developed the Business Management Fellowship. He is Francis X. Seymour, chief of the Operations Division, Office of Personnel.

Seymour conceived the idea in 1967 as a method for bringing disadvantaged students from the Washington, D.C. area into the Commerce Department at the professional level. The program was so successful at Commerce, that the Civil Service Commission later adopted it for Government-wide use. Today over 1,000 young professionals, many of them minorities are serving in the Federal Government as a result of this program.

Because it worked so well in Government, Seymour suggested that

OMBE adopt the program for use in the private sector. The result was the Business Management Fellowship Program.

In presenting the awards, Under Secretary Tabor pointed out that the compensation the 508 students will receive for vacation work during the four-year terms of their Fellowships is estimated at \$7,000 per student. "Thus business firms, in signing up to provide 508 Fellowships, have agreed to commit a total payment of about \$3.5 million to selected students," Tabor said.

Since it only cost OMBE \$125,000 to implement the program this year, this means that the Federal Government's contribution to the program is less than four percent of the anticipated private industry commitment to support the program.

"This is an exceptionally low overhead and a significant saving to taxpayers in view of the fact that the costs of many other youth related programs have been many times this figure," the Under Secretary pointed out.

OMBE Director Alex Armendaris commended the football players for the dedication and enthusiasm they brought to the Business Management Fellowship Program. Calling the program a practical way to develop future minority entrepreneurs, Armendaris said, "The long-range benefits of the program are evident: a pool of college trained, business-oriented minority employees is being developed on an ongoing basis and in an organized manner as candidates for the executive programs of business and industry."



Fifteen professional football players were honored by OMBE for their successful efforts in promoting the Business Management Fellowship Program. Pictured at the ceremony are, left to right, OMBE Director Alex Armendaris; Washington Redskins Defensive End Jimmie Jones; Buddy Young, special assistant to NFL Commissioner Pete Rozelle; and John K. Tabor, Under Secretary of Commerce.

Focus on Profits

Matching a qualified minority entrepreneur with a business opportunity is not always an easy job for business specialists at OMBE's Local Business Development Organizations.

Last winter, Jane Thomas of the Washington Business Development Center (WBDC) in Washington, D.C. almost gave up trying to find a photographer to take advantage of an opportunity to operate a portrait studio. The studio was to be opened as a post exchange concession at Fort George G. Meade, Md.

OMBE Government Programs Division and the Department of Defense's Army and Air Force Exchange Service had identified the concession opportunity on the large Army base located north of Washington. OMBE had then requested WBDC to locate a qualified minority photographer to open the business.

"The candidates we talked with either didn't have the money to invest in the equipment needed for the business or were afraid to take a chance," Ms. Thomas said.

"Some, who reviewed the terms of the two-year contract with us, were discouraged by the complicated language," she explained, adding that they did not realize that it offered an opportunity to get a start and become competitive in a couple of years.

Then, in early February, Ms. Thomas had her picture taken. The occasion was her graduation from Washington's Southeastern University. A local photographer, Earl Howard Studios, was taking the senior class photos and the studio sent a young black photographer named George Tolbert to Southeastern to do the shooting.

Impressed by Tolbert's professional technique, Ms. Thomas approached him and told him about her project.

He was interested and later visited WBDC's downtown office to discuss details of the concession opportunity.

Tolbert, who had learned the photography profession while serving in the Army, said he had never heard of WBDC before he met Jane Thomas. "After the Army, I worked in the portrait studios at Sears and Hecht Co. for about 18 months before joining Earl Howard Studios in 1972. I knew the technical aspects of portrait photography," he said, "but I couldn't have opened the business without WBDC. They helped me with the contract technicalities, legal aspects and financial advice."

Tolbert used his own savings to set up his business. Under the terms of his contract with the Army and Air Force Exchange Service, the Service provides him the place to do business in return for a concession fee.

Asked how the studio has done since its opening early this summer, Tolbert said that business had exceeded his expectations. He is looking forward to an increase in volume around the first of next year when a new post exchange shopping center is completed at Ft. Meade and his studio is moved into the center.

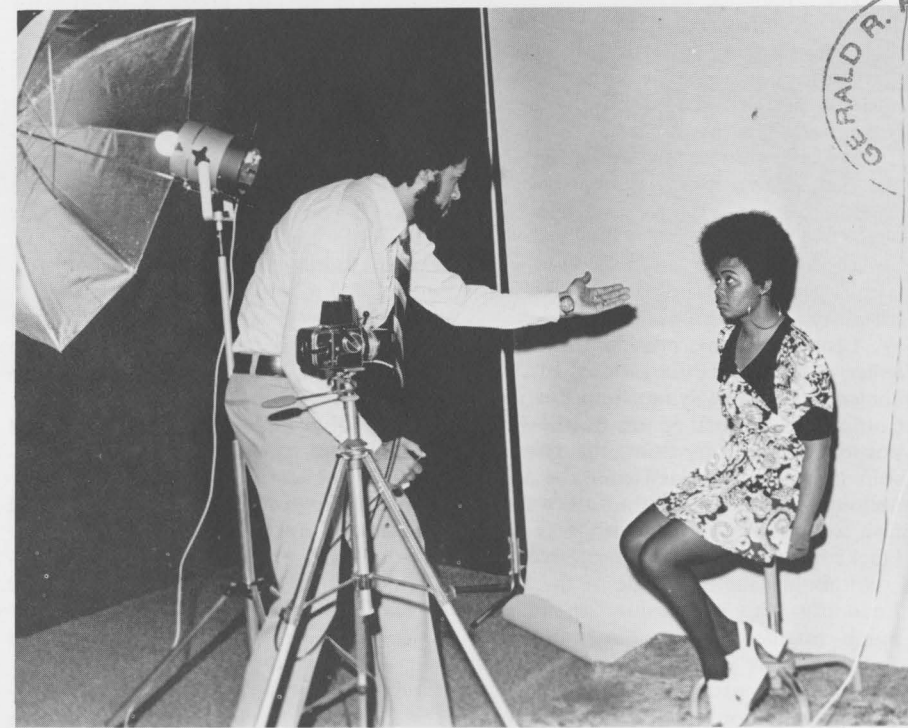
"When we move in with the other concessions in the shopping center," Tolbert said, "we will get more traffic passing by the studio and business should continue to increase."

Tolbert's concession and another, awarded to United Services, Inc. for quarters cleaning at Bolling and An-

draws Air Force Bases in Washington, are the first contracts awarded by the Defense Department's Army and Air Force Exchange Service in cooperation with OMBE's program to place minority businessmen in concessions opportunities on military installations. To date 89 concessions have been opened on Federal facilities across the Nation. The gross estimated value of the contracts let so far under the program exceeds \$21 million.



Cutting the ribbon marking the opening of the Fort George G. Meade Post Exchange Concession Portrait Studio is Jane Thomas, business consultant, Washington Business Development Center (WBDC). Looking on are, left to right, George Tolbert, operator of the studio; Barry Knauf, contract specialist, Army and Air Force Exchange Service; Michael D. Wallach, WBDC president; Marsha Harrison, OMBE program officer; and Arthur Williams, deputy assistant director of OMBE Government Programs Division.



At work in his new studio, Tolbert draws on his experience with several Washington portrait studios as he poses a customer.

NEW
DIMENSIONS
FOR
MINORITY

BUSINESS



Black-owned businesses will reach 191,000 in 1973 with gross receipts of \$8.4 billion, and by 1980 will total 240,000 businesses with aggregate receipts of \$11 billion.

These projections by Garland C. Guice, executive director of the Chicago Economic Development Corp. (CEDCO), were made in a presentation on the "State of the Black Economy" at a recent two-day national symposium in Chicago.

CEDCO, an OMBE Local Business Development Organization, sponsored the third annual symposium for leading economists, businessmen and educators who assessed the present state of the minority economy and explored its future direction.

"The challenge now," Guice said, "is for minority businesses to change their traditional patterns of activity and move into the new dimensions of business activity caused by changes in consumer spending habits.

"We are slowly but surely opening up new dimensions," Guice asserted, "and I feel we will face that challenge well."

Acknowledging advances and looking with a critical eye toward areas of uncertainty, the symposium—headed by W. Leonard Evans, president and publisher of Tuesday Publications, Inc. and chairman of the Symposium National Committee—zeroed in on business opportunities for minorities, the relationship between the black and the international economy, and the future direction of the minority economy from black, brown and red perspectives.

Although labeled—State of the Black Economy—the symposium spanned a much broader area to include views and problems of a number of other minority businessmen.

A presentation on the Spanish-American view of the minority economy was given by Benjamin Fernandez, a con-

sulting economist with a Chatsworth, Calif. firm. James White Eagle, economic development specialist with the Pawnee Tribe in Illinois, offered the American Indian perspective of the minority economy.

Guice, in his industry-by-industry evaluation and projections, called the outlook for minority business a "mixed bag" and saw the need for minority businessmen to "move firmly into new and expanding fields such as health.

"Projected needs for medical and surgical equipment, laboratory and radiology equipment, monitoring devices, cardiac equipment, and disposable supplies is growing at a rate of nine percent per year," Guice pointed out. He said the industry has room for small firms with quality products because of the problems faced with long transportation hauls and storage of these products.

Another area pinpointed by Guice for prospective minority business expansion is the recreation industry where he cited "rapid growth." As leisure time and income increase, people will be travelling more, using the services of hotels, motels and automobile-connect-

ed products. "Various types of firms will develop which are centered on early child care development," he projected. "As the trend to working mothers continues, many disposable and pre-packaged products for the child will be in demand.

"The environment must be cleaned up, and the communications industry is on the verge of a major expansion," Guice noted. He cited other areas for minority ventures. "Cable television, with its allied product and service demands, is here."

Asserting that his report can "provide a basis on which to build for the future," Guice presented the symposium's first annual outlook for minority

business. Using Commerce's "U.S. Industrial Outlook," the Census Bureau's report "Minority-Owned Businesses: 1969," and "A Look at Business in 1990: A Summary of the White House Conference on the Industrial World Ahead," Guice made an industry-by-industry forecast and report on minority business conditions.

His report offered an optimistic outlook for minority business growth in construction, manufacturing, transportation, wholesale and retail trade.

Finance, insurance and real estate represent the areas where minority firms are farthest behind the total economy, but some progress had been made.

There are about 65 minority banks with deposits of approximately \$800 million. These deposits represent about .8 percent of the total commercial bank deposits. The expected rise in deposits is 6.2 percent in 1974 to about \$850 million. Approximately eight new banks should be established.

There are some 33 black mortgage banking firms, which did a volume of \$90 million in 1972. This represents less than .3 percent of the \$25 billion in total business by mortgage banking companies.

Minority savings and loan associations number approximately 60, with assets of nearly \$400 million. This is less than .2 percent of the \$203 billion in the total industry. This industry is experiencing rapid growth and should have 12 minority additions and \$420 million in assets by the end of 1974, according to Guice's report.

In addition to this comprehensive evaluation of minority prospects in various industries, the economists devoted a portion of the symposium to a look at multiple perspectives on blacks in the southern economy and particular attention was given to the role of education in minority business progress.



Above, participants in a Symposium panel on "Black Economy and the International Economy" are shown with Garland Guice, center. From left are Vincent McDonald, Howard University; Darwin Bolden, Pan African Business Information Center; Ernest Murphy, University of Maryland, Baltimore; and Dr. Robert Kitchen Jr., minister-counsellor, Economic and Social Affairs, U.S. Mission to the United Nations. Left, Benjamin Fernandez, consulting economist, Fernandez & Associates, discusses the Spanish-American view of the minority economy at the two-day Symposium in Chicago.

For Sale: Minority- Produced Goods and Services

It was billed as the "problem ranking" session at a recent Milwaukee meeting where State procurement officials sat down with minority businessmen to list obstacles which may be keeping them from doing business together.

High on the list was the businessmen's lack of information as to procedures for bidding and receiving State contracts. The State government purchasing people complained of inadequate listings of capable minority firms from which to solicit bids.

The meeting, which brought officials from the Wisconsin Department of Purchases and Services face to face with potential minority suppliers, was arranged by Urban Markets Unlimited, Inc. of Milwaukee, a black-owned firm specializing in projects to get minority-produced goods and services into the corporate marketplace.

Urban Markets President William J. Delaney said he formed the company to perform a specific marketing service. "We believe that there is a real need for a professional service to help both corporate and Government purchasers and minority suppliers to identify and remove obstacles which in the past may have precluded business relationships," Delaney explained.

Organized a year ago, Urban Markets has three full time professionals including Delaney and Curtiss E. Harris, vice president for market services. It primarily serves the State of Wisconsin, but has assisted firms as far away as Massachusetts to develop a systematic approach to minority buying.

As a result of the Milwaukee meeting, Delaney's firm is developing a pamphlet for distribution to minority companies on how to sell to the State of Wisconsin for the Wisconsin State Office of Minority Business Enterprise. The firm is also preparing a comprehensive directory of minority suppliers for the University of Wisconsin-Extension, Department of Business and Industry.

Among local firms which have uti-

lized the services of Urban Markets is the Jos. Schlitz Brewing Company. Delaney's firm prepared a listing identifying minority manufacturing, maintenance, construction, wholesalers, and service firms within a 150 mile radius of Milwaukee for Schlitz.

Although its clients are primarily corporations, institutions and local government agencies seeking to establish minority purchasing programs, Urban Markets has assisted several individual minority companies to upgrade their marketing techniques. The firm offers marketing research and planning services as well as general management capabilities.

Asked how Urban Markets' approach to minority purchasing compares with Government programs designed for this purpose, Delaney explained, "Urban Markets' service is on an individ-

ual basis. We try to match a company's requirement for specific supplies or services with qualified minority contractors in the appropriate field. For example, we are conducting a search for six minority electrical component manufacturers in response to a request by the Digital Equipment Co. of Westfield, Mass."

Commenting on the National Minority Purchasing Council (NMPC), established by OMBE and private businessmen to bring more business to minority firms, Delaney stated, "The NMPC places responsibility for establishing and executing minority purchasing goals in the corporate community. This is advantageous because private firms can more effectively match their needs with the goal of bringing minority firms into the corporate marketplace."



These two men, Curtiss E. Harris, left, vice president of Urban Markets Unlimited, Inc. and William J. Delaney, president and a founder of the company, are in the business of getting business for minority-owned firms in the Milwaukee, Wisc. area. Their services enable local government agencies, corporations and institutions to link up with competent and competitive minority suppliers.

Indian Business Group Expands

Indians residing in the San Francisco area can now take advantage of business assistance services offered by the Urban Indian Development Association (UIDA) at its regional office which opened June 1.

Robert J. Vasquez, an Apache Indian, heads the new office located in downtown San Francisco. Vasquez was director of program development for the Office of Economic Opportunity's

Indian Division before joining UIDA.

UIDA also announced that it plans to open a smaller field office in Reno, Nevada in the near future.

The office of Minority Business Enterprise, in approving modification of its contract with UIDA to authorize establishment of the new offices, is moving forward in its plans to extend its delivery system of technical and management assistance to Indian-owned enterprises.

Headquartered in Los Angeles, UIDA is a non-profit corporation founded and directed by American Indians. It serves as an OMBE Local Business Development Organization providing business assistance services to Indian entrepreneurs.

Cleveland MESBIC A First

Five Cleveland black doctors and the widow of a sixth have pooled their resources to form the first Minority Enterprise Small Business Investment Company (MESBIC) established with private funds raised entirely from the minority community.

Announcement of the new MESBIC, Glenco Enterprise, Inc., was made as the six were commended at the White House recently by Stanley S. Scott, special assistant to President Nixon. The five physicians from the Glenville section of Cleveland are Dr. Edward L. Wilkerson, Dr. Lewis F. Wright, Dr. Timothy Stephens, Dr. Griffin Allen and Dr. David Wallace. Mrs. Margaret Schumake is the widow of the sixth black doctor.

Dr. Wilkerson will act as president of the MESBIC and Dr. Wright will serve as manager.

"Formation of Glenco Enterprise represents a significant first in President Nixon's minority enterprise program," Scott said.

"All previously licensed MESBICs have been formed by non-minorities, corporations or financial institutions, but now, for the first time, private minority capital has been pooled to provide the entire \$150,000 of paid-in capital for the MESBIC," Scott stated.

Dr. Wilkerson said Glenco, the first MESBIC to be established in Cleveland, was formed to provide a much needed source of equity capital for minority entrepreneurs.

"I believe that business opportunities for minority citizens in Cleveland will be greatly expanded by this new source of business financing," Dr. Wilkerson said. He expressed hope that Cleveland financial institutions and private companies would invest in the Glenco MESBIC to strengthen its financial capabilities.

Also present at the White House meeting was Walter Larke Sorg, assistant director of OMBE for private programs.

MESBICs are privately owned and operated small business investment companies licensed by the Small Busi-



At the White House meeting marking the launching of the new Cleveland MESBIC are, left to right, Dr. Timothy Stephens; Stanley S. Scott, special assistant to President Nixon; Dr. Lewis F. Wright, who will manage the MESBIC; Dr. Edward L. Wilkerson, its president and the principal organizer of the venture; and Dr. Griffin Allen.

ness Administration. MESBICs offer equity capital, long term loans, loan guarantees and management assistance to minority businessmen. Other MESBICs recently licensed by the SBA are: 21C Corp., Cambridge, Mass.; Finest Capital Corp., Forest Hills, N.Y.; Equal Opportunities of Pennsylvania, LeMoyne, Penn.; Independence Capital Formation, Inc., Detroit; Dayton

MESBIC, Inc., Dayton, Ohio; and SCDF Investment Corp., Lafayette, La.

These new MESBICs bring the total private paid-in capitalization of all MESBICs to \$24,752,322. Under the MESBIC program, these funds can be leveraged with Federal and private funds to produce more than \$400 million in actual loans and investments in minority enterprises.

Albuquerque is Site of Minority Business Conference

Some 150 Federal officials looked at ways in which Government agencies can more effectively utilize their regional and local structures in meeting the goals of President Nixon's minority enterprise program at the third national Minority Business Opportunity Committee (MBOC) Conference held recently in Albuquerque, New Mexico.

The three-day meeting drew Government officials from 34 cities where MBOCs have been established. MBOCs are working committees of regional Federal Executive Boards (FEBs) or, in some cities, Federal Executive Associations (FEAs). President Nixon has

given the FEBs and FEAs responsibility for decentralizing Federal programs to make them responsive to the needs of the communities where Federal agencies are located. The MBOCs address the development of specific programs designed to better utilize Federal resources in response to the needs of their minority business communities.

In announcing plans for the conference, OMBE Director Alex Armendaris said that the MBOC program exemplifies the coordinated thrust of President Nixon's minority enterprise effort. "By drawing on all the Federal resources available in a given community," Armendaris said, "OMBE can assure that every avenue of opportunity available to the minority entrepreneur is being pursued."

"The MBOC effort complements and enhances the support the OMBE program receives from the private business sector, both on the local and national levels," the OMBE Director stated.

In workshop sessions the conference participants studied ways to maximize local agency participation in specific MBOC projects and developed methods for implementing a comprehensive MBOC reporting system.

ACCESS PROFILES

Future Looks Beautiful for Ohio Businesswoman

Put a determined lady with experience in beauty salon operations together with an OMBE Local Business Development Organization and the result is a modern full-service beauty shop.

That's what happened in Youngstown, Ohio recently when Vickie

Brown visited the Youngstown Area Development Corp. (YADC). A licensed beautician, Mrs. Brown had extensive experience in beauty work and was a certified beauty teacher. She was seeking a better future for herself and her five children.

YADC business specialist Clifford Ashe III went to work on the case and Mrs. Brown was able to secure a direct loan from the Small Business Administration. But packaging the \$4,000 loan was only part of the job for YADC. Staff members helped locate the business site, researched zoning and health regulations, assisted in negotiating leases for the building, and in securing supplies and services to assure successful operation of the beauty shop.

Now that Vickie Brown's Beauty Salon is open for business on Youngstown's northside, Ashe and other YADC staffers are continuing to assist Mrs. Brown with technical and management problems.

This ongoing assistance, combined with Mrs. Brown's experience and her cordial attitude in dealing with her customers, all point to success for this new venture.



This twosome, businesswoman Vickie Brown and Clifford Ashe of the Youngstown Area Development Corp., teamed up to make Vickie Brown's Beauty Salon a reality.

Door-To-Door Service Navajo Style

If the Navajo can't get to the city store, Navajo businesswoman Gloria Ballentine and her husband, David, bring the store to them.

Over the summer the Ballentines travelled the huge Navajo Reservation in northeast Arizona and western New Mexico in a 35-foot converted school bus selling stock from their Phoenix, Ariz. western wear store.

Mrs. Ballentine estimates that the bus will account for about 25 percent of Ballentine's Western Wear's sales this year. The Ballentines, recipients of a Small Business Administration loan, sell clothing, leather goods, and livestock supplies in their Phoenix store.

While Ballentine's Western Wear is on the road via the school bus, the store in Phoenix is managed by another Navajo woman, Elsie Lee.

The Ballentine daughters, Uthynia, 12, and Debra, 10, travel with their



Above, with husband David at the wheel, Navajo businesswoman Gloria Ballentine stands ready to set out from Phoenix on another sales trip to the Navajo Reservation in northeast Arizona.

At right, inside their mobile store, Gloria and David Ballentine display a sample of the clothing carried by Ballentine's Western Wear.



parents on the reservation sales trips providing the family a working vacation together.

8(a) Contractor Talks About The Program That Gave Him A Boost

A painting contractor, who came up the hard way, took a day off recently to visit Washington, D.C. headquarters of the National Aeronautics and Space Administration and talk about his experience with NASA's minority procurement program.

Known as the "8(a) Program" for the section of the Small Business Administration Act authorizing it, the program permits the Federal purchasing agency to contract with SBA which in turn subcontracts the work to a disadvantaged company without competitive bidding.

The contractor, Richard T. Stokes of Greenbelt, Md., has just nailed down his seventh painting contract with NASA. He says things look pretty good for Stokes and Company, Inc. now, thanks to 8(a), but that hasn't always been the case.

After completing the seventh grade in his home town of Crewe, Va., Stokes began as a painter, traveling to various cities to find work. In his travels, he still sought to get an education, attending night school in Baltimore and later at the University of Tennessee, where he studied business administration. After three years in the Army he entered the Carver Vocational School in Baltimore to study painting and decorating.

In 1951 Stokes formed a partnership with a friend, Harry S. Bass, whom he met during his apprenticeship days. Bass & Stokes Painting Contractors did a good business—nearly a half million dollars' worth one year—but then the bottom fell out because the Federal Government, with whom they had numerous contracts, cut back on its painting programs.

When the partnership failed, Stokes found work hauling wood and doing other odd jobs to earn a living for his family. In 1960, he was hired as a superintendent for the construction firm of R. G. Martz in Petersburg, Va.

His job took him to several states in the East and South during the next two years until he settled in Clarksville, Tenn.

But he wasn't satisfied, Stokes recalled. The desire to be his own boss and head his own business persisted. Finally, in 1970, he was able to organize Stokes and Company, but things didn't go very smoothly at first.

"I was as broke as I could be," Stokes said, "but I have always been a fighter. Once I seriously considered getting out of the painting business, and then I heard about the 8(a) Program. You can never understand what I mean by that unless you've had to meet a payroll on Friday and didn't have the money," he said.

That was in June of 1970. Stokes moved to Washington, D.C., rented a small downtown office, installed a tele-

enth NASA contract was recently negotiated for work at the Goddard Space Flight Center in Maryland.

Stokes considers his experience with 8(a) an educational one which enabled him to develop and expand his business. "I feel that I have now reached the point where I can be competitive, that I can bid on both Government and private contracts, which I fully intend to do," he said.

While praising the 8(a) program, Stokes thinks it can be improved. For one thing, he said it would be easier for contractors if money were made available faster, say, about every two weeks. Another improvement according to Stokes would be to have the Federal Government cooperate in the program with state and local governments and with private industry.

In the early days of 8(a) Stokes re-



Painting contractor Richard T. Stokes has done several jobs for NASA under the SBA's 8(a) Program. Stokes said this experience enabled him to develop his business to a point where he can bid competitively on both Government and private contracts.

phone, and began calling Government and private organizations to drum up business for his fledgling company.

The following September, Stokes and Company was awarded its first 8(a) contract to paint the garage at the State Department building. The firm received two more after that for work in Huntington, W.Va. and Bethesda, Md.

In June 1971 Stokes signed his first 8(a) contract for NASA work. The contract, for \$118,000, was for a job at NASA's Langley, Va. Research Center. Joseph F. Braig, small and minority business specialist at Langley, said that as a result of its performance under the initial contract, Stokes' firm has been awarded five more contracts at the Center totaling over \$325,000. His sev-

called, the biggest obstacle for a minority contractor was to get a bid and performance bond. Now the Government has overcome this by instituting a bonding program through the Small Business Administration.

"Section 8(a) is definitely a step in the right direction. What a minority contractor needs is understanding," Stokes said, "and this is what he gets through the aid of 8(a)."

Stokes' experience is much like that of hundreds of other minority business people across the country. By giving them the opportunity to gain valuable management and technical experience and to establish a record of performance, the SBA's 8(a) Program has helped their firms graduate into successful competitive enterprises.

publications

Some businessmen giving thought to adding more minorities to their professional work force have experienced difficulty in locating minority college graduates trained in fields to meet their firm's needs.

Others would like to get the word out to minority citizens about job training opportunities, but are unable to reach them through regular recruiting channels.

Two directories, published by the Department of Labor's Manpower Administration, should help to solve these problems.

The *Directory of Minority College Graduates 1971-72* lists minority graduates from U.S. institutions offering two-year certificates and bachelor, master and doctorate degrees. Each entry

contains the graduate's name, address and the name of the educational institution he attended.

For easy reference in locating potential candidates in a particular field and with specific training, there are two indexes of major fields of study in the front of the book. One references graduates with the bachelor, master or doctorate degrees, while the other refers the reader to graduates with associate degrees or certificates.

Approximately 60,000 minority college graduates appear in the directory. Of this number, 43,190 are black, 8,215 are Spanish American, and 1,358 are American Indian.

The 214-page *Directory for Reaching Minority Groups* lists alphabetically by state and city, the names and ad-

resses of black colleges and universities, fraternities and sororities, Federal, state and local government agencies, minority oriented organizations, media and religious groups who are able to reach minority groups to tell them about job training and opportunities.

Material for the directory was collected by the field staff of the Manpower Administration's Bureau of Apprenticeship and Training. The back of the book contains a listing of Apprenticeship Outreach Centers and State Apprenticeship agencies.

The National Association for the Advancement of Colored People, the National Urban League, the Bureau of Indian Affairs, the National Newspaper Publishers Association, the American GI Forum, and the national offices of the black fraternities and sororities made their membership lists available for the Directory.

Both of these directories can be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. The *Directory of Minority College Graduates 1971-72* (stock number 2900-0159) sells for \$8.00 and the *Directory for Reaching Minority Groups* (stock number 2906-0005) costs \$2.60.

Business People Complete Training

The Rev. Charles P. Lucas, Jr., board chairman of the Minority Economic Developers Council (MEDCO) in Cleveland, recently presented certificates to 88 student business people who had just completed 10 weeks of business training at 'MEDCO university.'

"There is only so far that anyone can take you," the Rev. Lucas told the graduates, "sooner or later you have to take over. You must move from here."

Although the occasion marked the closing of the formal training in the areas of advertising, basic business procedures, applied accounting and restaurant management, the Rev. Lucas told the graduates that MEDCO is always ready to help them in their businesses. "MEDCO is not a closed 'university'—its staff is always around to help," he said.

MEDCO is an OMBE-funded Local



Pictured are five of the people who helped make possible the training of 88 minority entrepreneurs in various business subjects. They are, left to right, John W. Mahlmeister of Cole National Corp.; Armond L. Robinson, executive director of the Minority Economic Developers Council; Charles Eder, director of advertising for the East Ohio Gas Co.; Roy P. Karp, Chevrolet Plant, General Motors Corp.; and Bertram E. Gardner, vice president, Cleveland Trust Co.

Business Development Organization offering business assistance services and specialized training to minority businessmen in the Cleveland area. Armond L. Robinson, MEDCO executive director, said in recognizing the achievements of the graduates, "They spent 10 weeks improving themselves, but this couldn't have happened, without the people and organizations who

contributed to the success of the program."

Among firms cited for their contributions to the program were Cole National Corp., East Ohio Gas Company, General Motors and the Cleveland Trust Co.

Principal speaker at the graduation ceremony was James W. Wade, assistant cashier, Central National Bank,

coming events

September

- 24-27 National Business League 73rd Annual Convention, Hyatt Regency House, Chicago
- 26-28 United Mortgage Bankers of America, National Organization of Minority Architects, City Planners Association, and National Association of Minority Contractors second annual joint convention, Shoreham Hotel, Washington, D.C. Contact UMBA President Dempsey J. Travis, 312/994-1446

October

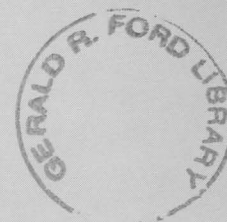
- 9-30 Seminar in grocery management, sponsored by Durham Business and Professional Chain, Durham, N.C. 919/688-7356
- 10-13 National Bankers Association Convention, McCormick Inn, Chicago
- 29-30 Business Opportunities Exposition, Cleveland Engineering Center, Contact Greater Cleveland Growth Corp., 216/241-4313

who described the bank's program for the minority business community. "We want to have a social conscience, not guilt," Wade said. "We want your business. We are interested in people like you who will spend extra time to gain knowledge." Wade told the graduates, adding, "Having a banker work with you can make the difference to your success. We'll promise nothing, but we will take a long hard look and do what we can."

MEDCO's next series of courses begins this fall, according to Wendell Erwin, president of the Ohio NAACP and assistant director of MEDCO. Erwin said course topics will include applied accounting; basic business procedures; taxes, business forms and payrolls; retail clothing; grocery; legal aspects of business; and insurance.

briefs

on minority business



THE NATIONAL MINORITY PURCHASING COUNCIL is carrying its message to purchasing agents on an industry-by-industry basis through its solicitation of trade association members. Five have already responded: the American Bankers Association, the Electronics Industries Association, the Aerospace Industries Association of America, the National Security Industrial Association, and the National Association of Purchasing Management.

LITTLE ROCK, ARK. AND MILWAUKEE, WIS. now have Minority Business Opportunity Committees (MBOCs) in operation. MBOCs, whose memberships are comprised of regionally based Federal officials from various Government agencies in major cities, are responsible for localizing the Government's minority enterprise program.

THE NATION'S FIRST BLACK-OWNED AND OPERATED RADIO NEWS NETWORK is on the air with hourly five-minute feeds from its New York City studio to stations in 40 cities. Eugene D. Jackson, National Black Network president, said the network provides the news reports, of special interest to black listeners, to the stations without charge, but sells time to national advertisers.

AAMESBIC RECENTLY NAMED GRIFFIN F. DAY III to serve as its executive director. AAMESBIC (American Association of Minority Enterprise Small Business Investment Companies) is a national organization formed in 1971 by MESBIC managers to provide a channel for cooperative efforts among MESBICs. In his new position, Day will be responsible for planning program activities to be implemented under AAMESBIC's contract with OMBE.

TWO DALLAS BANKS AND SIX NATIONALLY KNOWN FIRMS have been recognized for their support of minority enterprise by the Dallas-Fort Worth Minority Business Opportunity Committee. Honored were First National Bank and Main Street National Bank for significant lending programs; University Computing and Phillips Petroleum for helping establish a MESBIC; Sun Oil, Atlantic Richfield, General Dynamics, and Vought Systems Division of LTV Aerospace for minority vending efforts. Singled out for individual recognition was Walter W. Durham for his role in the formation of the Dallas Alliance for Minority Enterprise and the MESBIC Financial Corp. of Dallas.

U.S. DEPARTMENT OF COMMERCE
Office of Minority Business Enterprise
Washington, D.C. 20230

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Mamadou Bari, center, director of broadcasting for the Ministry of Information of the Republic of Guinea, West Africa, is briefed on an electronic computer by Dennis Goodlow, data processing specialist at Golden State Mutual Life Insurance Co., while touring the firm's home office in Los Angeles. At right is a State Department interpreter, Donald Woods. Golden State got its start 50 years ago by serving blacks in need, but unable to obtain life insurance elsewhere. Today the company has life insurance in force totaling \$1 billion.

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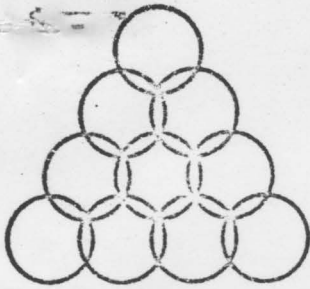


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July 23, 1973



COGME

**COUNCIL FOR OPPORTUNITY IN
GRADUATE MANAGEMENT EDUCATION**

Graduate School of Business Administration
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Graduate School of Industrial Administration
Carnegie-Mellon University

Graduate School of Business
University of Chicago

Graduate School of Business
Columbia University

Graduate School of Business and
Public Administration
Cornell University

The Amos Tuck School of
Business Administration
Dartmouth College

Graduate School of Business Administration
Harvard University

Alfred P. Sloan School of Management
Massachusetts Institute of Technology

Wharton School of Finance and Commerce
University of Pennsylvania

Graduate School of Business
Stanford University

Mr. Alex Armendaris
Director
Office of Minority Business Enterprise
U.S. Department of Commerce
Washington, D.C. 20230

Dear Mr. Armendaris:

It was a pleasure for Dean Pounds and me to meet with you and Israel Rubin to discuss the COGME program. As suggested during our conversation, I'm writing to you now to request that COGME be refunded for a second year. My request is based not only on my conviction that COGME is a most valuable program (and one which is compatible with the objectives of OMBE) but also on my understanding of the original contract negotiations.

As I mentioned in my previous letter to you, both Richard Hobson of HEW and I were assured (as recently as February of this year) that funding for a second year would be forthcoming. With that assurance in mind, we have pursued negotiations with HEW for a matching grant. Also, our original proposal (copy enclosed) requested funds for direct use as fellowships, but we were informed at the time of the original negotiations that OMBE could support only administrative operations and could not provide direct aid to students. We were understandably confused to learn recently that OMBE has been providing direct aid to students during the period of our funding. But regardless of the confusion, OMBE funds were, in effect, providing aid to students (although admittedly there was no "contractual obligation to support a specified number"), since these funds made possible the release of Sloan Foundation money--previously allocated to administration--for use as fellowships.

It would be, I think, very regrettable to allow a confusion of this sort to jeopardize a program as productive--for OMBE purposes--as COGME. A substantial number of our graduates are presently serving in public organizations promoting minority economic development. Numerous other graduates are employed in private businesses serving minority communities and several of our graduates have become successful entrepreneurs. Also, the "spinoff" effect of the



Mr. Armendaris
July 23, 1973
Page 2

activities of COGME graduates--although incalculable in precise terms--appears to be considerable. (One indication of this effect is the continuing rise in number of applications to COGME; another is the increasing number of employment referrals passing through our office.) Finally, since many of our graduates were employed in minority-owned or minority-oriented business prior to their enrollment in MBA programs, we would certainly seem to fit into the category of "education and training programs which directly assist . . . existing minority businessmen" (refer to your letter of May 31). Should OMBE require it, we could restrict application of future OMBE funds to the education of particular students conforming to OMBE guidelines.

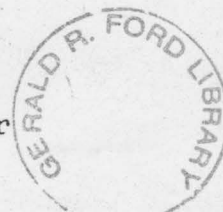
Without OMBE funds, many qualified applicants will be denied fellowship aid and consequently be deterred from attending school. The loss of potential students represents a loss in potential resources to minority communities. It may also represent a further financial loss to COGME, since to limit the scope of our operations at this juncture might imperil our chances of attracting additional support from private industry. We have been conducting a vigorous fund-raising program in the private sector, aimed at establishing COGME eventually as a privately supported organization. However, the success of this program rests heavily on our ability to convince private corporations of our long-term viability. The present commitment of the federal government and the continued increase in number of fellowships awarded are important factors in promoting our credibility with industry.

For all these reasons, I hope that you will review your decision and agree to refund COGME. The program has been a concrete success--and your continued support would help to assure its successful future. Please let me know if you would like any additional information. I look forward to hearing from you soon.

Sincerely,

Bert King
Executive Director

cc: Dean William Pounds
Chairman of the Board of Trustees





U.S. DEPARTMENT OF COMMERCE
Office of Minority Business Enterprises
Washington, D.C. 20230

AUG 13 1973

AUG 13 1973

Mr. Bert King
Executive Director
Council for Opportunity in Graduate
Management Education
675 Massachusetts Avenue
Cambridge, Massachusetts 02139

Dear Mr. King:

Thank you for your letter of July 23 expressing concern about continuation of OMBE funding for the Council for Opportunity in Graduate Management Education (COGME).

While I believe that you have carefully and coherently laid before us good arguments as to why OMBE should continue to provide funds to COGME, I must again deny your request. It is essential that we look at the COGME program in light of OMBE's programs and priorities. As we have discussed with you before, OMBE has made a definite determination to move away from support of MBA programs. Our education and training priorities are with the existing entrepreneur and meeting his basic business education and other training needs.

Our decision with regard to allocation of limited OMBE funds does not, of course, mean that we regard COGME and its efforts as unimportant. On the contrary, we believe that COGME is filling an essential role in building a stronger minority business community. We hope, and believe, that you will be successful in your strenuous and far-reaching efforts to raise funds elsewhere to continue the COGME program at its present level.

Sincerely,

Alex Armendaris
Director



Bert King, William Pounds

THE SECRETARY OF THE TREASURY
WASHINGTON 20420

April 12, 1973

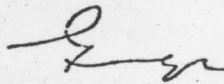
Dear Sid:

I was delighted to receive your recent letter describing the Business School's participation in COGME and I do recall our previous discussions on this subject. COGME serves a vital function, and in my view, is a sound approach for providing financial aid. I have let Cap Weinberger know of my support and hope that HEW's response to their proposal will be positive.

O'Bie and I will look forward to seeing you and Freda if business or pleasure brings you our way.

With best regards.

Sincerely,



George P. Shultz

Dean Sidney Davidson
University of Chicago
Graduate School of Business
Chicago, Illinois 60637





TEL: 261-5181

Malcolm X Educational Foundation

Business Resources and Services Center
5412 West Madison

Chicago, Illinois 60644

July 3, 1973

Mr. Stanley Scott
Special Assistant
to the President
Executive Office Building
The White House
Washington, D.C.



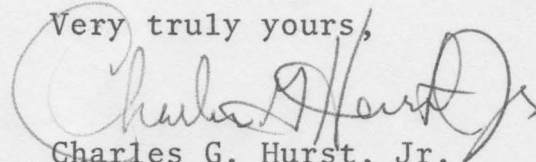
Dear Stan:

I am writing this letter in the event that I fail to reach you by telephone today (Tuesday July 3). This letter is prompted by a call from a friend on the OMBE staff who has informed me that all that is needed for renewal of our OMBE contract is a personal word from you to the Director. I hope you will see fit to call him as soon as possible so that I can begin our planning, and enjoy some relief from the pressure that goes with not knowing what the future holds.

As indicated in an earlier letter our progress has been exceedingly good, in this respect. The evaluation by the local office was highly favorable, and the outlook for the future has been adjudicated as very good by all familiar with what we are doing.

Sincerest thanks for your assistance.

Very truly yours,


Charles G. Hurst, Jr.
President

/s

July 23, 1973

Mr. Alex Amendaras, Director
Office of Minority Business Enterprise
U.S. Department of Commerce
14th & Constitution Ave., N.W.
Washington, D.C. 20230



Dear Mr. Amendaras:

Attached to this letter is a proposal outlining plans for a Minority Trade Fair, to be held in late October, 1973. This detailed set of plans clearly points out the benefits of such events even occurring, through the results of last year's Trade Fair.

The State, City and most of all the Minority Community are very pleased that OMBE opened the various doors, through Trade Fair '72, with its support. In addition, it brought together minority and nonminority firms, it introduced minority firms to each other, it expanded Federal, State, County, City, and Private entrepreneurs to the capabilities of the minority entrepreneur. This encounter exposed the need for constant efforts to bring about and keep at hand a mechanism that will keep each entity informed. In fact many concerns began to realize and to incorporate purchasing from minority vendors as an important facet of their affirmative action programs and policies.

According to our counts, some nine hundred, primarily minority businessmen attended our workshops, more than three-hundred and fifty major buyers were present and in excess of four thousand people attended the Fair during its two day run. The interest of the minority businessman and his desire to participate further provided proof of the great need for such an endeavor, along with resulting in contracts valued at over \$11 million.

With limited time and space available, the Fair was filled to capacity and some minority businessmen had to be denied booth space. And yet Trade Fair '72 was not half as effective as it could have been because of many things, all being centered around time. Time allotted from the word go to the time of the show. Some reacted to what was, in the beginning, sure chaos, but later found to be worthy. It is because of such things, we are attempting to make adjustments.

It must be noted that two persons, whose undying faith caused us to maintain faith in the OMBE concept, those who insisted that we not give up, were of invaluable assistance to the success of Trade Fair '72. For a while, we felt that OMBE was not concerned about press perpetuation, that it was not interested in the minority businessman becoming involved, active and concerned about his share of the business enterprise market, but we were assured by these two men, that OMBE was interested in helping

Page 2

in many areas. They assured us that it was the policy of OMBE to bring to the minority entrepreneur information, opportunity and assistance to insure his survival. For these reasons, Men of Tomorrow praise Mr. Arthur Williams and Mr. Jerome Hutton.

I firmly believe this Fair cincept complements the specific efforts and programs emanating from your Department. I am looking foward to hearing from you in the very near future and to discussing this proposal with you and/or your staff.

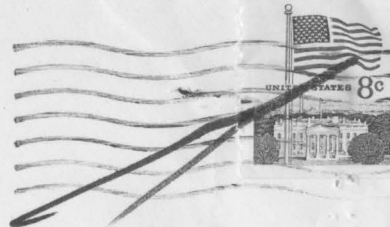
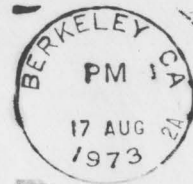
Sincerely,

Gordon Henderson
President
Men of Tomorrow, Inc.

MW/kp
Attachment
cc: Stanley Scott
Senator Alan Cranston



Men of Tomorrow
1833 Alcatraz Ave.
Berkeley, Ca. 94703



Mr. Stanley Scott
Special Assistant to the President
The White House
Washington, D.C. 20230

→ S TOP-28





23

NABM

National Association of Black Manufacturers, Inc.

1525 I Street, N.W. - Suite 918 Washington, D.C. 20006 - (202) 785-5133

BOARD OF DIRECTORS

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Theodore A. Adams, Jr.
Executive Director

August 28, 1973

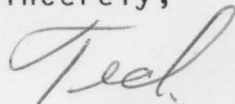
Mr. Alex Armendaris
Director, OMBE
Department of Commerce
Room 5051
14th & Constitution Avenue, N.W.
Washington, D. C. 20230

Dear Alex:

Article in the Washington Post
August 21, 1973 by Mrs. Claudia Levy

You are advised officially that NABM is not opposed to your decentralization effort and hereby supports you in your efforts to improve the federal minority enterprise program by any effort necessary.

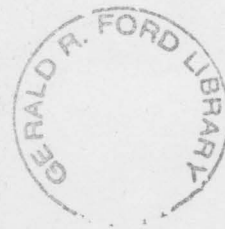
Sincerely,



Theodore A. Adams, Jr.
Executive Director

TAA/cl's

cc: Congressman Parren Mitchell
Mr. Stanley S. Scott
Dr. Henry Lucas



C. A. V. ENTERPRISES, INC.

32 EAST 57TH STREET
NEW YORK, NEW YORK 10022

(212) 832-0550-51

CHARLES A. VINCENT
PRESIDENT AND CHIEF EXECUTIVE OFFICER
JOHN W. POTTER, JR.
EXECUTIVE VICE PRESIDENT AND SECRETARY

September 12, 1973

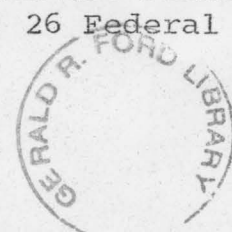
Mr. Alex Arnendaris, Director
Office of Minority Business Enterprise
United States Department of Commerce
Main Commerce Building
Room 5051
Washington, D. C. 20230

Dear Mr. Arnendaris:

Recently, it was brought to my attention that the Office of Minority Business Enterprise might be interested in establishing a branch office in the New York City area to help carry out the many programs, which your organization has participated in, more effectively. Therefore, I would like very much to have you request space in the new C. A. V. Building, now under construction at 55 West 125th Street, in the heart of Harlem, Borough of Manhattan, New York City, New York 10027.

The building will officially open December of this year and already the main tenant, thus far, is the Federal Government. Some of the agencies of the Federal Government which will be housed in this building are the regional office of the Internal Revenue Service, the regional office of Social Security, Congressman Charles B. Rangel's new office, and a part of the Justice Department.

Should your organization desire space in this building, all that is required is that you get in touch with Mr. Sidney Beck at the General Services Administration, 26 Federal Plaza New York.



Mr. Alex Arnendaris
September 12, 1973
Page 2

Enclosed herein is a brochure which fully explains the structure of the building as well as reveals the many facilities and features within it. This office will be more than happy to accommodate you.

I look forward to hearing from you on this matter very soon.

Very truly yours,

Charles A. Vincent
Charles A. Vincent
President

CAV:vjd
Enclosure

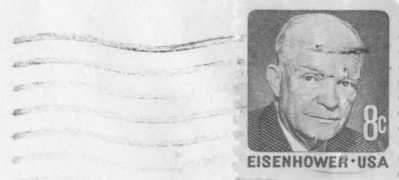
cc: Mr. John N. Grayson
Mr. Bradley Patterson
Mr. Stanley Scott



C. A. V. ENTERPRISES, INC.

32 EAST 57TH STREET

NEW YORK, NEW YORK 10022



Mr. Stanley Scott
Administrative Assistant to the
President of the United States
Executive Office Building
The White House
Washington, D. C.





CHARLS E. WALKER ASSOCIATES, INC.

1730 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D. C. 20006 - (202) 785-9622

September 19, 1973

Mr. Stan Scott
Room 179
Executive Office Building
Washington, D.C. 20500

Dear Stan:

I have put together a few things that might be helpful in the preparation of the announcement of Dr. Walker being appointed as Chairman of the President's advisory Council on Minority Business Enterprise. The first note that I would stress is that on May 23, 1972, the National Urban League presented a special citation to Dr. Walker "in recognition of his continuing commitment and contribution to equal opportunity in education and minority business enterprise."

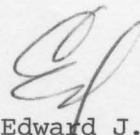
Dr. Walker was responsible for the Administration's efforts to increase deposits in minority banks. He coordinated the effort of 24 departments and agencies and through persistence and persuasion government deposits were increased by almost three times the original goal of \$35 million. This program has continued because of its impact on the minority business community.

In all modesty, Stan, the minority bank program was probably the most successful Administration effort in helping minority business. This program has a huge multiplier effect with the increase in deposits being translated into business loans in the minority communities.

Dr. Walker has also worked closely with the predominantly black colleges for almost a decade starting back when he was the Executive Vice President of the American Bankers Association.

If you need any more dope, I have enclosed a copy of the President's letter to Charly at the time of his resignation, Ron Ziegler's press briefing announcing the resignation and a current bio of Dr. Walker.

Sincerely,



Edward J. Gannon
Executive Vice President



Enclosures

THE WHITE HOUSE

WASHINGTON

December 5, 1972

Dear Charly:

It is with deepest appreciation for your contributions to our Administration that I accept your resignation as Deputy Secretary of the Treasury, effective upon confirmation of your successor.

In only a few short years, we have set our country on a new course toward prosperity without war and toward more responsive, more effective government. Whatever we achieve in the future will have as its starting point the solid accomplishments of our first team, and as one of the key members of that team, I hope you will always take pride in the important role you have played.

Your enthusiasm, your ability to go directly to the heart of a matter, and your sound judgment are rare qualities that have added great strength to our efforts. You have served four Secretaries of the Treasury with dedication and distinction. You have helped guide key legislation -- including Revenue Sharing and two major tax bills -- through the Congress, and you have brought to our minority enterprise and student loan programs a commitment which I know is deeply personal.

I shall always be grateful to you for your willingness to serve the nation with us, and I hope we may call upon you for counsel from time to time in the future.



-2-

As you return to private life, you take with you the profound respect of your many friends in the Administration, all of whom I know join me in wishing you every success in the years ahead.

Sincerely,

Richard Nixon

Honorable Charls Walker
Deputy Secretary of the Treasury
Washington, D. C.



AT THE WHITE HOUSE

WITH RON ZIEGLER

4:15 P.M. EST

DECEMBER 5, 1972

TUESDAY

MR. ZIEGLER: I am sorry we are late today.

The President has been working in his EOB office all day, and having staff meetings and working on the planning for the second term, but the President did want me to make a couple of additional announcements this afternoon, so that is why we are late and that is why we called you back this afternoon.

First of all, I should tell you that the President this afternoon, during the course of his meetings, has decided to work tomorrow at Camp David on the planning for the second term and will work up there the remainder of the week. He will have appointments scheduled for Camp David tomorrow, and very likely on Thursday. As soon as those are set, we will let you know. I do not have that schedule to give you at this time.

The President plans to go up to Camp David at about 8:00 o'clock tonight. We will brief at Camp David tomorrow. We will brief, however, there and do it in the same way we have done it in the past. In other words, we will have the information available, to those of you who do not want to go to Camp David, here. We will not have doughnuts at the trailer at Camp David, because I do not think that the press really wants to be served doughnuts by the Government at Camp David, despite what Time magazine says. (Laughter)

Q Why not?

MR. ZIEGLER: Unless Cleve Ryan wants to arrange for those doughnuts. We may be able to have some hot coffee for you.

Q Steaks would be acceptable.

MR. ZIEGLER: If it does rain, we will provide you plastic covering. (Laughter)

Q What time is the briefing up there?

MR. ZIEGLER: At about 11:30.

The further announcements that we have to make today:

Last Friday, as you may recall, we announced that Secretary of the Treasury Shultz will be continuing in his present position into the second term, and we also announced the fact that he would be Chairman of the Council on Economic Policy and Assistant to the President.

MORE

#1614



The departure of both of these distinguished public servants, Deputy Secretary Walker and Assistant Secretary Rossides, is an occasion for gratitude for the services they have rendered to the Administration and the country over the past four years. So the President, with regret, is accepting the resignations of Dr. Walker and Eugene Rossides today.

I should add that the President will be meeting with Charls Walker later this week at Camp David, either tomorrow or Thursday. The President wants to meet with him further before he returns to private life. The President is pleased that Dr. Walker will be available to the President for counsel and his expertise in the time ahead.

We also have three other announcements to provide you with today which we will give you in writing following the briefing. I believe they will be self-explanatory.

Those are all the announcements that we have.

Q No successors to these two?

MR. ZIEGLER: We do not have successors to announce at this time.

Q Do you know what they are going to do?

MR. ZIEGLER: I believe both gentlemen have plans in private life, but I think it would be appropriate for them to announce those plans.

Q You promised us a press conference today with Robert Finch.

MR. ZIEGLER: He will be available tomorrow.

Q Here?

MR. ZIEGLER: He will be available here tomorrow.

Q What time?

MR. ZIEGLER: After the briefing at Camp David.

Q Immediately after?

MR. ZIEGLER: Yes.

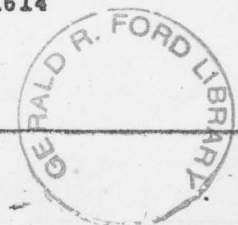
Q How can we cover both?

MR. ZIEGLER: If you want to be at Camp David, you are welcome to be there. That is where we will have further announcements tomorrow. That is where the President will be. That information will be available here, as it has been in the past, on a delayed basis, after people up there have filed. If you want to receive that information from Camp David in that form, and also cover Bob Finch, you can be here.

If you want to make the decision, you have only two options: You can be at Camp David or you can be here. You will have to decide that on your own.

MORE

#1614



Today I have two announcements that relate to the Department of the Treasury.

With reluctance and regret, the President has asked me to announce this afternoon that two other top officials of the Treasury Department have asked him to accept their resignations in order that they may return to private life. Those two gentlemen are Dr. Charles E. Walker, Deputy Secretary of the Treasury, and Eugene T. Rossides, Assistant Secretary of the Treasury for Enforcement, Tariff and Trade Affairs, and Operations.

Dr. Walker served as Assistant Secretary of the Treasury under Secretary Robert B. Anderson during the Eisenhower Administration from 1959 to 1961. He returned to the Department as Number 2 man at the beginning of this Administration in 1960, first as Under Secretary and then in the new position of Deputy Secretary which was created earlier this year.

He has served the public interest with exceptional distinction, President Nixon feels, under three Secretaries of the Treasury. In accepting Dr. Walker's resignation, the President expressed his deep appreciation for the Deputy Secretary's numerous contributions to the policy successes of this Administration. Among the major pieces of legislation which Dr. Walker has successfully guided to passage have been the Tax Reform Act of 1969, the Revenue Sharing Act of 1972, the general revenue sharing bill which was signed in October, and legislation in the fields of student loans and minority enterprise.

The strong staff and vigorous administrative operation which the Treasury has built up over the past four years are largely to Dr. Walker's credit. Dr. Walker was instrumental in the developing of the President's new economic policies of August 1971, and has been a leading spokesman for those policies in literally hundreds of public forums over the past years.

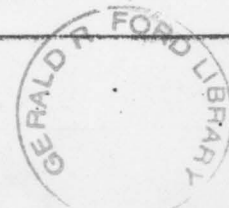
President Nixon hopes to be able to continue drawing on the Deputy Secretary's counsel and expertise in the time ahead.

Assistant Secretary Eugene Rossides has been one of the ablest and most dedicated sub-Cabinet officials in the President's Administration since early 1969. In accepting with regret Mr. Rossides decision to leave Government service, the President indicated his gratitude for the Assistant Secretary's outstanding leadership in two fields which have commanded top importance in the efforts of this Administration, namely, law enforcement and international trade.

The Treasury Department's strong and effective role in combatting the drug trade, organized crime and air piracy during the past four years has been developed under the command of Assistant Secretary Rossides. Mr. Rossides has also been responsible for significant progress in the area of countervailing duties and anti-dumping regulations aimed at curbing unfair trade practices which can harm American interests in world markets.

MORE

#1614



Charls E. Walker, President

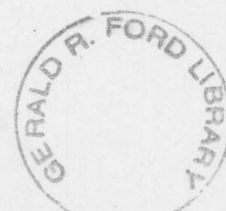
Dr. Charls E. Walker, 49, served as Deputy Secretary of the Treasury during the first Nixon Administration. A 20-year veteran of the Washington scene, he has had broad experience in economics and finance as a teacher, writer, speaker, trade association official (Executive Vice President of the American Bankers Association from 1961 to 1969) and public official, serving in the second Eisenhower Administration as Special Assistant to Treasury Secretary Robert B. Anderson and earlier as an official in the Federal Reserve System.

A native of Texas, Dr. Walker received his BBA and MBA degrees at the University of Texas and his Ph.D. in Economics at the University of Pennsylvania. He taught at the University of Texas and at the Wharton School of Finance.

As the number two man in the Treasury Department from 1969-1973, Dr. Walker was directly involved in a broad range of programs and activities. In addition to administrative duties, he managed many legislative activities for the Administration, including tax measures, economic stabilization legislation, and general revenue sharing. He also played a major role in the formulation of economic policy and was directly involved in Phases I and II and the planning for Phase III.

Dr. Walker is a trustee of the Joint Council on Economic Education and a former member of the Board of Editors of the Journal of Finance. He is also co-editor of The Banker's Handbook. During World War II he was a pilot in the U. S. Army Air Force.

February, 1973



CHARLS E. WALKER ASSOCIATES, INC.

1730 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D. C. 20006



Mr. Stan Scott
179, Executive Office Building

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 26, 1973

Time:

FOR ACTION: Ken Cole

cc (for information): Stan Scott ✓

FROM THE STAFF SECRETARY

DUE: Date: October 1, 1973

Time:

SUBJECT:

Letter from Secretary Dent, 9-20, attaching proposed letter to new Cabinet officers restating President's commitment to the goals of the Office of Minority Business Enterprise

ACTION REQUESTED:

☒ For Necessary Action☐ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☐ For Your Comments☐ Draft Remarks

REMARKS:



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please

BRUCE A. KEHRLI
Staff Secretary

7

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

September 20, 1973

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

RL
Early in your first term you created the Office of Minority Business Enterprise which became a part of our Department. The initial success which this office enjoyed was related in large measure to the cooperation and support extended to it by the Departments of the Federal government.

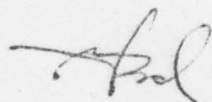
Since a complete turnover in Cabinet officers has occurred since the founding of this office, it occurs to me that a letter to the new Cabinet officers restating your commitment to the goals of OMBE and your wish that all Departments of government assist in achieving its goals would be a very constructive move.

I would also like to let you know that OMBE is proceeding vigorously. On October 1 it will complete a reorganization which will place its staff throughout the country on a decentralized basis where the OMBE action now is and simultaneously we intend to ask the Inter-agency Council of OMBE to make new commitments to advance minority enterprises on behalf of all Departments and agencies of the government.

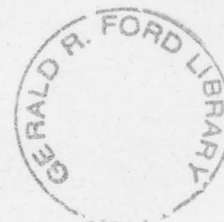
I am enclosing a letter for your consideration that might be sent to all of the Cabinet officers.

With many thanks for your leadership, I remain

Respectfully yours,



Secretary of Commerce



DRAFT

Dear Mr. Secretary,

During my first Administration, one of the actions of which I am particularly proud was the creation of the Office of Minority Business Enterprise, a program to stimulate and assist minority entrepreneurs in owning their own businesses and thereby participating more fully in the mainstream of American economic life. This program is administered by the Department of Commerce.

I am writing to let you know of my personal interest in the growth of minority enterprises through OMBE and to ask that you and your Department do all possible to assist in the growth of these enterprises. Your support of the OMBE inter-agency council in particular would be appreciated.

Cordially yours,

DRAFT



THE WHITE HOUSE
WASHINGTON

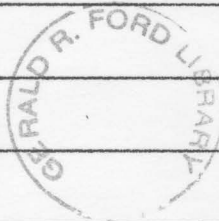
11-28-'73

Date

TO: JOHN CALHOUN ~~_____~~
HAZEL CORNWELL ✓
PAT HUGHES ✓

FROM: STANLEY SCOTT

ACTION: Xerox 5 copies of
attached



PAN AFRICAN BUSINESS CENTER, INC.
575 MADISON AVENUE, NEW YORK, N.Y. 10022
(212) 371-8520
CABLE ADDRESS: PANAFRIC NEW YORK



August 29, 1973

Mr. Stanley Scott
Special Assistant to the President
Old Executive Office Building
Room 179
Washington, D. C.



Dear Stan:

I appreciated the opportunity to meet with you last week to discuss the PanAf program and to share with you my thoughts about the future direction of the Office of Minority Business Enterprise. As per your request, I am setting forth my observations of OMBE in hope that they will assist you and the Domestic Council in developing a more comprehensive plan for OMBE. Please note that none of the comments below are to be construed in any way as critical of the present OMBE leadership.

1. Effective communication between the OMBE leadership and the diverse organization and community leadership of the minority enterprise cause has always been a difficult problem. The first two OMBE directors were unable to establish effective rapport, mutual confidence and trust, and develop an acceptance of their leadership from the diverse and frequently hostile groups with whom they were compelled to deal. The immediate past director of OMBE succeeded in developing effective communication -- in part because he had grant dollars, and in part because of his personality and concept of his role. The current OMBE leadership must develop its rapport, mutual confidence and trust, and gain acceptance of its leadership with the national and local community leaders operating in this field. Without this kind of communication, the program will be in substantial jeopardy. The enclosed newsclips indicate the problem.

The public controversy over the decentralization plan could have been avoided by prior consultation with the important organizational leadership and key congressional and political leadership. I'm sure you appreciate the fact that the constituency for the OMBE program, while potentially substantial, is and will be for the short run, shaky. Hence, every effort must be made, particularly in light of the transition of OMBE leadership, to rebuild the bridge of communication, confidence and trust.

continued.....

BOARD OF DIRECTORS:

Darwin W. Bolden,	Emiko Amoye,	G. D. Hildebrand	William R. Hudgins	The Hon. Parren J. Mitchell	Henry G. Parks, Jr.	David K. Kadane,
PRESIDENT	EXECUTIVE	The Hon. Samuel R. Pierce, Jr.	W. Leonard Evans, Jr.			LEGAL COUNSEL
	VICE PRESIDENT					

Mr. Stanley Scott
August 29, 1973

2.

2. The reorganization of OMBE poses two major threats:

- a. The decentralization of OMBE is currently being construed as another effort by the Administration to undercut strong national minority organizations by requiring local affiliates of said organizations to relate to regional OMBE centers rather than their respective national headquarters. The attached newsclips underline a problem that surfaced during the Venable days, and which was put to rest during the past administration. It has re-surfaced due to the lack of any apparent provisions in the decentralization plan to establish a national programs division which would evaluate and communicate with each national organization as a single entity. While I understand that Walter Sorg will relate to national programs, there has been no communication to anyone on the dimensions of his unit, its role and functions. Again, this illustrates the problem of communication. Nor is there any reassurance that the reorganization plan does not envision another attempt at dismemberment of the national organizations.
- b. The second problem resulting from the decentralization plan is the apparent switch in the criterion for evaluating existing programs. The OMBE funded small business development centers were designed and funded as small business organizations with little or limited capacity for medium size business development. The criterion used to evaluate their performance included the number of loans secured, the number of businesses refinanced, started, transferred, etc. It now appears that the principal new criteria will be the quality (size and potential for growth) of the venture. Most of the existing centers have no current capacity for medium level business development. Hence, the switch in the criteria is being construed as further effort to effect the dismantlement of the OMBE program. This is more than just a problem of communication; it is a problem of goals and objectives. If OMBE's goal is now to focus attention on medium level business development, it should so state. It should also develop and market a new plan to effect that result over "x" period of time. It should not allow itself to be suspected of having developed a new series of goals and objectives without participation by the minority community leaders and which are achieved in some back-handed fashion. OMBE can launch a new program of medium level business development centers but it must observe the political

continued.....

Mr. Stanley Scott
August 29, 1973

3.

sensitivities if it is to do so successfully.

3. The third major area concerns the future direction of the organization. I would suggest the following:

- a. More of the same...the process of facilitating minority interest in small business development is not complete. There is a continuing need for many of the small business development centers but not for all of them. Hence, consideration should be given to phasing out on a clearly enunciated schedule and pursuant to a rational program, some of the existing small business development centers which have not proven viable, and strengthening those who have proven their effectiveness and their potential for viability.
- b. OMBE should launch a medium size business development program built on the existing strong small-medium existing centers and limited to key urban areas with potential for launching such ventures. Such approach would require an augmentation of existing funding for selected small-medium business development. These units should be located in key urban centers where you also have a small business development center, MESBIC's, CDC's, and in which the President's Procurement Program operates. Such a combination of services provides a full range of services needed to facilitate the development of medium level business ventures.
- c. Elimination of the BRC program. The BRC program has not apparently proven successful. To a very large extent, it duplicates services performed by the ICBO type local councils. In most instances, it has no base of public support, and limited capacity for securing foundation and corporate contributions. Hence, its viability is limited and since most duplicate existing resources, the program should be eliminated.
- d. In the past year, a number of trade associations were funded to facilitate the growth, development and entry of minorities into particular business areas. Some of

continued.....



Mr. Stanley Scott
August 29, 1973

4.

these associations are marginal. Few have been funded at the level necessary to help them perform an effective job. Merely providing funding for an office, a director, a secretary, and a few limited public events is frankly a waste of public funds. If we are confronted with limited funds for this purpose, such funds should be pooled and allocated in substantial amounts to key sector trade associations; i.e. black manufacturers, insurance companies, banks, lawyers, real estate agents, mortgage brokers, etc.

In short, the policy should be that of allocating substantial funds to those key minority business trade associations which can "leverage" the growth of other minority businesses. No funds should be expended to create an association of trade associations as clearly such organizations, in an infant stage, will not surrender identity or authority to a super-organization.

Thus, efforts should be made to reduce the number of trade associations funded to the critical core of associations whose memberships operate in business fields and who can, in turn, "leverage" the growth of other business minorities.

- e. The President's Procurement Council holds substantial promise for future minority business development progress. Unfortunately, its limited staff and outreach may limit its capacity to realize its potential. Yet it is a key ingredient in any nationwide minority development program. It can become self sustaining if provided with the proper initial funding. Every consideration should be given to expanding it with sufficient funds over a three year period to give it the opportunity to achieve self sufficiency.
- f. The SBA role in the national minority business development appears to be substantially reduced. In part, this has resulted from its development of the call contract system as a substitute for the community business development organization contracts.



continued.....

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The call contract program has not been effective. That program should be eliminated; SBA should resume direct contracts with local business development centers and re-enter the minority business development field in a more substantial way.

- g. Some years ago, bills were introduced in Congress proposing the development of a National Development Bank. In the long run, any real program aimed at the economic development of the minority community must include a development bank approach. Apparently little support was given to that effort by the Administration. MESBIC's are no substitute for a national development bank. They are nothing more than a piece meal effort to finance, in a limited way, small businesses. They are incapable of having any national, lasting impact. Every effort should now be made to develop a model for a national minority development bank with a capital base sufficient to leverage minority medium and large business developments.
- h. The above points pose potential problems for the Administration and OMBE. They can only be accomplished through the intervention of some independent program such as the President's Advisory Council on Minority Business Enterprise. It achieved credibility during that hectic two year struggle with the Department of Commerce. Composed of corporate community and national business development leadership, it is the most logical body to facilitate the transformation of OMBE to a smaller, more effective and more productive unit, and re-cast the minority business program as in second stage on an overall minority economic development program. In short, it apparently is the only body with the capacity to successfully re-package the overall program. It will require new funding, new leadership, but it can achieve what others cannot with credibility and with



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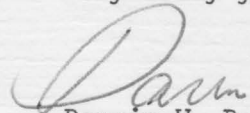
Mr. Stanley Scott
August 29, 1973

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success.

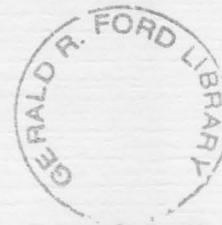
Stan, I have tried to set out just a few thoughts on the direction in which OMBE should move. I should be happy to discuss these with you at greater length if you wish.

Very truly yours,


Darwin W. Bolden
President

enclosures

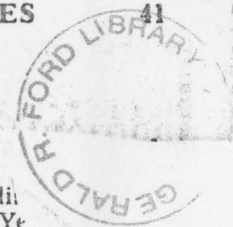
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Friday, August 17, 1973

THE MIAMI TIMES

Is Nixon Dismantling OMBE Program?



By: DIANE R. WILLIAMS

With the recent announcement of the decentralization of the Commerce

OMBE program. The "A" blame the man. He learned order authorizes the abolition well from what happened to of OMBE, while the "B" order his predecessor, John Jenkins, would set up an entirely new who was shafted by his organization. Consequently, political maneuvering for the

Since most OMBE funds for this fiscal year were committed last year, the defunding process becomes a necessary evil if Armendaris

"As we have discussed before, the Fiscal Year budget primarily a budget balancing possibilities and new funding possibilities

AUG 28 1973

AUG 28 1973

Page 16A - THE CALL and POST, Saturday, August 18, 1973

Reorganization Endangers OMBE

WASHINGTON-- (NBNS)--
The director of the Commerce Department's Office of
Minority Business Enterprise

ment."

Under the decentralization
plan, all but 60 staff members
would be transferred to other

ATURDAY AUGUST 11. 1973

STAR PAPERS

Minority Capital Program Ordered Decentralized

AUG 28 1973

WASHINGTON:--The director of the Commerce Department's Office of Minority Business Enterprise issued a

cross the country."

He has already asked staff members to indicate whether or not they will transfer vo-

