

MINORITY BUSINESS CENTER,

A PROJECT TO GENERATE CED
ACTIVITY IN LONG ISLAND'S
MINORITY COMMUNITIES

by

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DEFINING THE PROBLEM:

LONG ISLAND, NEW YORK: PLAYGROUND OF THE RICH AND FAMOUS

Long Island, New York is a suburban community located to the east of New York City. It is approximately 120 miles long and 12 -20 miles wide.

Except for the boroughs of Queens and Brooklyn which are part of New York City, Long Island is organized into two major political subdivisions: Nassau County and Suffolk County, which is further east. Within these two counties exist two cities, a multitude of townships and numerous incorporated villages. Of the two, Nassau County is very suburbanized and highly developed, while Suffolk retains much of its rural character. Highlighting this point, is comparing their density. While Nassau has almost the same population as Suffolk, (1,067,420 Vs 1,133,930), its residents live in less than one third the area (287 sq miles vs 911 sq miles).

Statistically, Long Island is an affluent community. With its high concentration of wealth it is one of our nation's wealthiest communities. According to *Sales and Marketing Management's 1993 Survey of Buying Power*, Long Island is the 6th highest ranked suburban communities in effective buying income (disposable income after taxes).

Suburban Effective Buying Income 1992

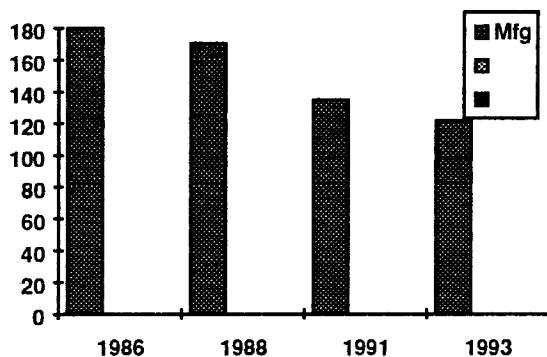
RANK	AREA	(\$000)
1	Chicago	92,229,680
2	Los Angeles - Long Beach	76,551,634
3	Washington	75,088,021
4	Philadelphia	68,070,920
5	Detroit	57,570,876
6	NASSAU - SUFFOLK	55,919,173

The same report also shows that Long Island has the highest percentage of households with incomes over \$ 50,000 with 56.9%. Compared to the national average of 28.3%, Long Island is double the national average.

THE OTHER LONG ISLAND

This apparent wealth however, belies the fact that there are many poor living in this oasis of wealth. Previously transparent, Long Island's poor are growing at an alarming rate.

Many of these "newly poor" are formerly middle class workers victimized by the economic downturn resulting from the downsizing of the military budget. Long a bastion of America's defense and high tech industries, Long Island's growth was fueled by the good fortunes of companies like Grumman Aerospace, Unysis, Fairchild-Republic and other similar defense sector companies. As lay offs hit, thousands of white professionals found themselves unemployed or competing for jobs for which they were overqualified either because of education or experience.



**Loss of Manufacturing Jobs (000's)
1986 - 1988**

This dislocation has an adverse effect on Long Island's historically impoverished communities. Already lagging behind the general population in economic participation, these communities, previously neglected by most Long Islanders, are shortchanged even further as resources are redistributed onto a larger base of beneficiaries.

LONG ISLANDS HISPANIC COMMUNITY

Minority communities are in the greatest peril of remaining locked out of the American dream. Immigrant minorities become scapegoats as Long Islander's continue to become squeezed by rising costs and falling incomes. This economic dislocation breeds bias crimes which are on the rise and anti immigrant ordinances like Proposition 187 or English Only legislation. Exacerbating the tension between Long Island's newly poor and immigrant communities is the rising rate of informal immigration. During the ten years since the 1980 census the Long Island Hispanic community grew by 78.8% in Nassau County and 49.7% in Suffolk County. This blends into a 62% increase countywide.

During that same time period, the White population decreased by 9.1% in Nassau and 0.7% in Suffolk.

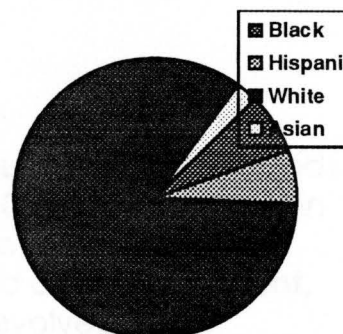
In Suffolk County, Hispanics and Blacks are 14.3% of the population. However in terms of economic performance they significantly over represented in categories which measure economic dislocation.

In fact, according to a report issued by SUNY Stony Brook's Center for Health Policy and Management, Latinos make up 15.2% of Suffolk County's Public Assistance Caseload by cases and 17.2% of the Public Assistance Caseload by persons.

This Latino poverty is concentrated in several Townships:

Islip - Cases 31.6% / Persons 34.9%
Babylon - Cases 9.7% / Persons 10.9%
Brookhaven - Cases 9.8% / Persons 11.4%

These three townships account for 80% of the County's total Latino caseload by cases and persons.



**Racial Breakdown
Nassau/Suffolk
1990 Census**

There are other indications that Long Island's Hispanic population experiences low levels of participation. Educational levels lag the general population both in terms of high school graduation rates and levels of BA and BS degrees. Post graduate rates are only 4.66% college, less than half the rates of Whites.

In an economy where the primary redevelopment focus by the corporate and government communities is "going High Tech", the lack of a significant post graduate base bodes poorly for the Hispanic community's capacity to maintain or improve its economic participation.

Unemployment rates are higher in the Hispanic community also. In Nassau County Hispanic unemployment is 5.9% vs 3.5% for the general population. In Suffolk the rates are 7.2% vs 4.1%.

THE PROBLEM STATEMENT

Unless something is done to begin developing CED strategies within Long Island's minority communities in the near future, minority participation in the Long Island economy will continue its retrograde thereby creating a permanent impoverished community.

THE MINORITY BUSINESS CENTER

As a response to the problems identified in the previous section, I decided to create a minority business center as an engine for CED development in Long Island. Originally conceived as merely an incubator for would be business owners to nurture their companies in a shared cost environment, due to the complexities of sustaining this effort it has evolved considerably.

One of the first obstacles that I encountered in attempting to find funding for this project was the question...."Isn't somebody doing this already?" For most human service types, all business development centers are the same and the fact that the Minority Business Center chief mission is to create CED initiatives within Long Island's minority communities is a subtlety lost to them.

The fact however remains that there is considerable business development support in Long Island. What is lacking is an integration between the community's social needs and its economic development needs. Currently no analysis is being done on how to move large numbers

of community residents up the ladder of participation while developing an overall development strategy for that community. Successful CED development will demand more than providing business plans for would be entrepreneurs. Issues of financing and capitalization need to be addressed and secured by an entity committed to stimulating business growth in Long Island's neediest communities.

There also is a great need to document economic development performance in the community. The data used for much of this paper was recently compiled by SUNY Stony Brook Center for Health Policy and Management. Good data needs to be produced and economic performance measured in order to develop effective strategies for continued growth. This vacuum of information debilitates effective community development.

PROJECT GOALS

The Minority Business Center proposes to accomplish the following:

1. Promote business ownership in minority communities of Long Island
2. Increase employability by providing training in MBC's core businesses
3. Research, monitor and respond to changing economic conditions
4. Implement CED initiatives using private, public and foundation resources

METHODS TO ACHIEVE GOALS

In order to diffuse the criticism of duplication of services, the Minority Business Center will work very closely with all of Long Island's entrepreneurial centers and other business development centers. In as many circumstances as possible the Minority Business Center will recommend that its clients utilize these other services. This will avoid duplication, support other center's work by providing a steady stream of clients and build bridges into the existing development community. Most importantly it will use existing resources as effectively as possible.

New minority owned businesses will be nurtured and supported in the incubator operations of the Minority Business Center. In addition to traditional incubator services like conference room accessibility, administrative support and subsidized rental costs, the Minority Business Center will offer personal counseling.

Designed on the agency system, business owners will meet with Minority Business Center personnel who will help the owner identify their goals and then will design an action plan to achieve those goals. During these weekly conferences, activities will be reviewed and compared to their results. If adjustments in activity need to be made in order to achieve goals they can be corrected in small increments until the goals are attained.

As an advocate for minority business development, the Minority Business Center will be responsible for working with local financial institutions in creating mechanisms for providing capital to newly formed businesses. I have discussed this issue with lender's and presented suggestions on how this can be achieved at the Long Island Association Regional Economic Development Symposium.

The Minority Business Center will challenge the private and public sectors to provide the necessary financial resources to sustain business development. It will create papers documenting the state of minority businesses on Long Island and the needs of this community. By carefully documenting lending patterns and experience, the Minority Business Center will be able to monitor community investment activity, holding financial institutions accountable for their policies.

MINORITY BUSINESS CENTER CORE BUSINESSES

Early in the planning process, my faculty advisor showed me the desirability of creating income streams to sustain the Center. Core businesses create income streams in order to sustain the work. This approach will allow the Minority Business Center to continue its efforts to initiate CED activities.

Core businesses include:

1. Insurance Agency
2. Telemarketing Company
3. Business Incubator
4. Venture Capital Firm

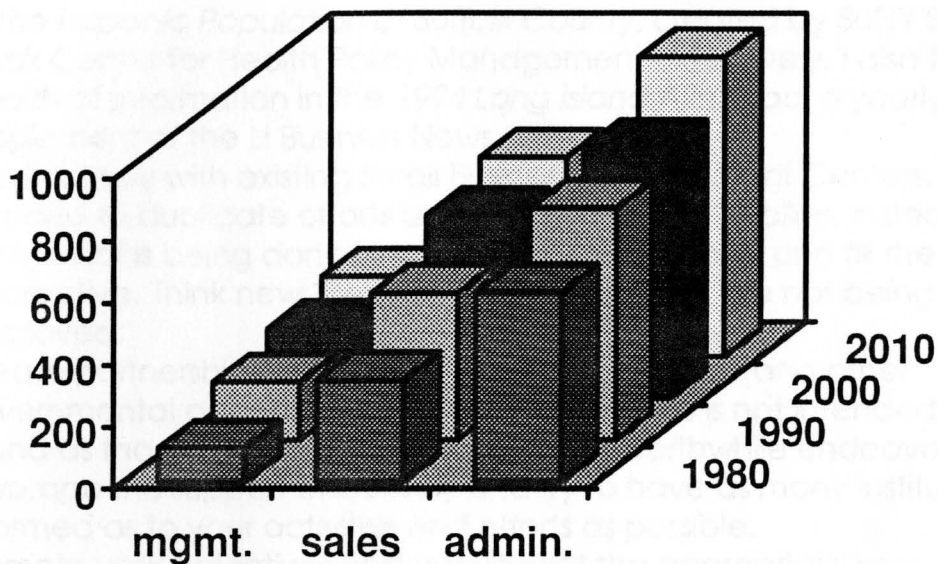
Choosing an insurance agency as one of the Center's core businesses was a natural choice. I have managed a small agency and have over 15 years experience in the insurance field. In addition, local economists have predicted considerable job growth in the financial services field. (See graph on next page)

Given this potential job growth, introducing community residents to the financial services industry and allowing them to obtain relevant job experience should improve their employability. Financial services is a gateway industry leading to jobs in many related fields. Management, sales, marketing are disciplines which have career paths in Insurance, as well as other industries.

Weaving elements of cooperative ownership in its business ventures is an important objective for the Minority Business Center. While the Minority Business Center will need to maintain ultimate control over its enterprises, these businesses can be run democratically and maintain standards of CED. As trainees move up the ladder of participation, they will accrue equity in their contribution to the agency's growth.

Reserves will be established so at the end of their three year training period they will have accrued a nest egg. These funds can be used to help them finance their own agency, open another business or for other reasons. There even is the possibility of maintaining a relationship with the agency as either a part time or full time associate. Within five years, this subsidiary of the Minority Business Center will be the largest specialty marketer to the local Long Island community. More importantly, this sub project should be easily replicable to other communities and will be a model for CED job development.

JOB GROWTH TRENDS IN FINANCIAL SERVICES INDUSTRY (ooo's omitted)



SOURCE: LIMRA (Life Insurance Marketing Research Association)

RESULTS

As of the writing of this final report, the Minority Business Center has had the following results:

1. A Board of Directors has been organized
2. An Executive Director has been authorized to incorporate the Center
3. A business plan for the Insurance agency has been completed
4. A conference has been organized for January 28th to create an agenda for community development
5. A fund raising strategy has been created
6. A building identified and preliminary negotiations are underway
7. Preliminary discussions for creating a community development credit union

ANALYSIS and RECOMMENDATIONS

Anyone attempting a project similar in scope to this one should keep in mind the following recommendations:

1. Document the economic conditions as they presently exist in their communities. I found the census to be helpful, but also used the *Profile of the Hispanic Population of Suffolk County*, created by SUNY Stony Brook Center for Health Policy Management extensively. I also found a wealth of information in the *1994 Long Island Almanac*, a yearly supplement of the LI Business News.
2. Work closely with existing Small Business Development Centers. There is no need to duplicate efforts and alienate potential allies. Instead, study what is being done to what needs to be done and fill the gap.
3. Be creative. Think new. Develop strategies which are not being employed.
4. Create partnerships with the corporate community and other governmental agencies whenever possible. This is not intended to sound as though its an easy feat, but it is a worthwhile endeavor. Leverage this support effectively and try to have as many institutions informed as to your activities and efforts as possible.
5. Promote your objectives and activities at the appropriate venues. Testifying at a public hearing sponsored by the Long Island Association was very helpful in beginning discussions with interested business leaders.
6. Speak at Kiwanis, Lions Clubs and Rotary meetings.
7. Join local trade groups, industry associations and Chambers of Commerce. This will help you stay in touch with your natural constituency and help get resources for your ventures.
8. Publish articles describing the issues you are attempting to address and the work you are trying to achieve. There is no easier way to establish your expertise than to being published in a local/regional newspaper.

CONCLUSIONS

CED is hard work. However, if traditionally non participating communities fail to introduce CED initiatives their poverty will increase and their economic participation will decrease. The CED practitioner is in a unique position to favorably impact their communities and have valuable resources at their disposal.

Primary resources include the national contacts developed by the CED program. Many times, I was able to get valuable advice from my classmates as well as my advisor. The success of the Minority Business Center is attributable to their support, help and guidance. A strong framework for supporting CED activity has been described in this report. The strength comes from the insights and experience of my peers and my professors.

As we continue our efforts to increase communities' LOP (Level of Participation) rates, it is important that we continue our networking. Throughout the past fifteen months I have observed that our best efforts occur when we freely collaborate with one another. I encourage that collaboration.