Navigating the new normal
NMSDC's Texas affiliate council leaders cautiously optimistic about 2021

The economy helped many small businesses thrive in 2019, and 2020 was off to a good start. But then, the world changed as COVID-19 swooped in like a thief in the night and ripped the rug out from under companies, agencies and individuals alike.

"Virtual" became the new norm both professionally and personally. In-person communication shifted to videotelephony providers like Zoom and Microsoft Teams. A significant amount of retail sales shifted to Amazon and other online retailers. Web services, like Google Classroom, replaced in-class learning for most students at all levels of the educational spectrum.

The COVID-19 pandemic forced most MBEs to pivot — quickly — to adapt their products, services or delivery to meet clients' needs. For help, many looked to their certifying organizations, such as the regional affiliates of the National Minority Supplier Development Council Inc.

Here, we talk to the leaders of NMSDC's three Texas regional councils about how they are helping their members position themselves for success in this new normal.

- **Margo J. Posey** is president and CEO of the Dallas/Fort Worth Minority Supplier Development Council. Its 1,071 certified MBEs report revenues of $6.7 billion and employ 31,377 people.
- **Ingrid Robinson** is president of the Houston Minority Supplier Development Council. Its 600-plus certified MBEs generate $16.8 billion and employ 39,300.
- **Karen Box** is president and CEO of the Southwest Minority Supplier Development Council. Its 528 certified MBEs generate revenues of $10.6 billion and employ 40,309.

What do you see as the greatest opportunity, challenge or trend that will impact MBEs in 2021? How can they prepare for it?

Posey: The global pandemic and social unrest caused by racial disparity in our country has made us all reexamine how we do business with each other. The greatest challenge for minority-owned businesses is how to successfully connect to business opportunities in this new normal environment and to know where opportunities exist. Virtual environments create some level of learning and understanding about an industry, but not as much transparency as can be realized in a one-on-one, face-to-face conversation. In addition, it is harder to create strategic alliances virtually that can address larger opportunities.

Several minority business leaders developed a video last year titled "MBEs Mean Business," which can be viewed at mbesmeanbusiness.org. MBEs need to continue to remind corporations, nonprofit organizations and each other that they are about doing business. It is paramount that organizations like the Dallas/Fort Worth Minority Supplier Development Council drive connections focused on minority business inclusion. We must all continue to talk, but also, we must focus on execution that leads to quantifiable results for buying entities and ethnic minority businesses.
Robinson: As the country reckons with the economic and social inequities experienced by business owners and communities of color, I believe the greatest opportunity for MBEs in 2021 is the expansion of service offerings to existing customers.

The economy is anticipated to remain weak over the first half of the year, making many major corporations that have reduced their employee base skittish to add new suppliers — but they are actively seeking ways to expand relationships with existing suppliers that are familiar with their businesses and can add additional value in other areas.

Those MBEs who heeded our advice to reimagine their businesses and pivot will find themselves best positioned to take advantage of more opportunities in 2021. Another area that will see more opportunities is with the public sector, as governmental entities release findings from economic and procurement disparity studies performed in 2020. Thus far, all have found significant disparities in contracting with minority, women and small businesses. As solutions are developed to address these disparities, more opportunities will emerge at the federal, state and local levels.

Unfortunately, many MBEs will still face the challenge of accessing capital to support their businesses during this economic downturn. Assisting MBEs with accessing the second round of the Paycheck Protection Program, as well as traditional and nontraditional forms of capital, will be a focus for HMSCD. We know how important it is for our businesses to remain economically viable, which is an underlying support

We must all continue to talk, but we must also focus on execution that leads to quantifiable results for buying entities and ethnic minority businesses.
— Margo J. Posey, president and CEO, D/FW MSDC

The global pandemic has pushed us to embrace doing business virtually — while it is important to be able to meet and shake hands on a deal, many will be done with virtual handshakes instead.
— Ingrid Robinson, president and CEO, Houston MSDC

When corporations bring minority vendors into their supply chain, they gain THE competitive advantage.
— Karen Box, president and CEO, Southwest MSDC
pillar for many minority communities.

Finally, a trend that will impact MBEs is the growth in online business relationships. There will be a continuation of virtual meetings and events from now on. The global pandemic has pushed us to embrace doing business virtually — while it is important to be able to meet and shake hands on a deal, many will be done with virtual handshakes instead. It is anticipated that it will take most of this year to get enough U.S. citizens vaccinated to make it safe to meet in large numbers in the future, so most organizations — including HMSDC — are planning for most events to be held virtually in 2021 with perhaps some hybrid events in the latter part of the year.

**Box:** Already vulnerable, minority business owners — though resilient and optimistic — may be most impacted by the pandemic. According to a recent report from McKinsey & Co. [Inc.], “more than 40% of minority-owned small businesses have added new services to support their communities and employees, while 56% remain optimistic about post-COVID-19 conditions. The 1.1 million minority-owned small businesses with employees in America are an essential job source, employing more than 8.7 million workers and annually generating more than $1 trillion in economic output.”

Compounded by the recent civil unrest, many of our MBES are grappling with a revolving door of business strategies to respond to their customer base. Resolve in their commitment to not be diminished by the malignancy of systemic racism, they find the impetus to engage in new strategic levels of impactful engagement. Persistence overcomes resistance.

Buoyed by intentional forward-thinking corporate industry leaders, who embrace the invaluable advantages of collaboration and diversification in their supply chain, the future of our MBES continues to look very promising.

It has always been the intent of SMSDC, an affiliate of NMSDC, to remain focused on certifying, developing, connecting and advocating for our minority-owned businesses. These four core pillars or this systematic approach of equipping minority entrepreneurs with the tools they need for continued economic empowerment underscores the consistent message of SMSDC. SMSDC’s events, educational workshops, passionate speakers and networking opportunities are skillfully designed to establish collaborative business relationships and connect our corporate partners with qualified MBES who can diversify their supply chain. When corporations bring minority vendors into their supply chain, they gain the competitive advantage.

Although SMSDC is currently not hosting any in-person events for the safety of our communities, we have planned exciting virtual meetings and webinars with valuable information and opportunities to connect. Please continue to join us at our virtual events as we continue to bring ways for MBES and corporate buyers to connect. Visit our website at smjdbc.org and click on “Events” to register.

### What’s your 2021 outlook for MBES in the supply chain?

**Posey:** For businesses that navigated 2020 there is some familiarity about what to expect in 2021. Corporations have touted their commitment to more minority business inclusion; therefore, we should see an uptick in purchasing from ethnic minority companies. With a vaccine rollout, there will be opportunities before the year is over to engage in some face-to-face discussions once again.

Those businesses that can move quickly, have learned how to navigate the new normal and can obtain access to capital to take advantage of opportunities will see growth. Buying entities that discovered in 2020 that MBE businesses could react quickly to their pandemic needs may also find that by expanding their use of minority-owned businesses in other areas, their local/regional supply chain will be stronger.

**Robinson:** My advice to MBES to prepare for 2021 is to continue to pivot and embrace change. Focus on cementing even closer relationships with existing customers and solving problems they have in other areas that will allow for business expansion. People will always do business with people they know, trust and respect. If you have those relationships, capitalize on them! For those businesses seeking new opportunities, seek to form or expand strategic relationships with other MBES who may need your services — as they look to meet additional needs of their customers.

The keys to 2021 are:

- Focus on strategic business relationships.
- Communicate how you can deliver additional value.
- Look to the public sector for new opportunities. While it may be more bureaucratic, it can be profitable.

**Box:** There are many promising opportunities on the horizon to help our MBES stimulate the economic ripples that promote business growth and job creation, and drive market innovation. I encourage all our certified MBES to do business with each other. To corporate America, if you are looking to BUY goods and services, partner with a certified MBE first! We must be deliberate in our decision-making to support each other, as we adapt to our new normal.