



Economic Impact of Houston Area Minority Businesses Hits \$14B

Report reveals potential of region's certified MBEs

HOUSTON (June 6, 2022) – Certified minority businesses in the Houston region generated \$14 billion in economic activity and contributed \$8.5 billion to the local GDP in 2020, according to a new analysis.

The *2022 Houston Minority Business Enterprise Economic Impact Analysis*, a joint report from Houston Minority Supplier Development Council (HMSDC) and the Greater Houston Partnership's One Houston Together initiative, examined the 2020 economic impact of 771 minority business enterprises (MBEs) certified by HMSDC across 18 different sectors in the region.

HMSDC-certified MBEs supported roughly 70,500 jobs in the metro area in 2020, paying \$5.4 billion in wages, according to the report.

"This report is vital to understanding the impact of MBEs in our region," said Ingrid Robinson, President of HMSDC. "The data reveals the power of our minority business community, and they also illuminate the unrealized potential of the region's minority businesses and what is possible with focused and increased attention on procurement."

Partnership President and CEO Bob Harvey said the report provides an important baseline for where the region's MBEs stand as efforts are expanding to grow corporate spending with MBEs. "Based on the results of our Equity & Inclusion Assessment last year, we know that purchasing from MBEs is a challenge for our region. That's why we have made accelerating the growth of underrepresented businesses one of the two focus areas of our One Houston Together initiative, the other being advancing underrepresented talent from initial hiring to the board room. The results of this report tell us that our regions MBEs are capable of growth if given the opportunity."

The top five industries represented among the MBEs were professional services (37.2%), administration/waste management (11.1%), wholesale trade (10.7%), construction (9.8%), and manufacturing (9.3%). When it comes to revenue, wholesale trade leads with 40% of total revenue, followed by professional services at 22%. With such broad industries and expertise, the Houston-region is prepared to be a national leader in designing and implementing a local procurement roadmap unrivaled by any other major U.S. city. A collective effort to increase MBE spend by purchasers in the region will be necessary to make this goal a reality.

Procurement and supply chain leaders should use the report to map their purchasing needs with the goods and services provided by Houston-based MBEs. The data provides a compelling reminder that increasing local spend can help our region realize the multiplier effects created when MBEs are equally considered in local company procurement.

Wayne McConnell, Managing Partner of Houston-based McConnell Jones – one of the largest African American owned public accounting firms in the U.S. believes the report is an important step. "As a Partnership board member for more than 15 years, I am pleased to see the progress of One

Houston Together and the collaboration on this report. We all have a part to play, and this data helps both minority business owners and companies engaged in purchasing to do a better job. The data confirms the capacity of Houston minority owned businesses and the impact they have on our local economy. I hope the report will be used to expand access for Houston-area MBEs that are ready and able to meet the needs of our region’s purchasers.”

“Houston area corporations have an opportunity to join in advancing minority led businesses in this region, but it will require breaking from business as usual, a willingness to learn what best practice looks like, and real commitment to affect meaningful change”, said Gretchen Watkins, President of Shell USA, Inc., and Co-Chair of the Partnership’s Racial Equity Committee. Watkins leads the committee with fellow Co-Chair Ruth Simmons, President of Prairie View A&M University.

The 771 certified MBEs collectively produced \$8.2 billion in revenue. The report found that among the MBE race/ethnicity categories, revenue directly correlated with employee count. Hispanic MBEs, for instance, generated the most revenue and had the highest total employee count while Native MBEs had the fewest total employees and ranked fifth in revenue generated. Given the correlation, the report estimates that a 10% increase in revenue across all MBEs would result in more than 6,700 new jobs for the region.

The Partnership and HMSDC have identified three things the Houston business community can act on immediately to improve outcomes in Houston.

- Track spending with Houston-region MBEs and participate in aggregate regional data reporting
- Leverage Tier 1/Prime relationships to drive increased spending with Houston-region MBEs
- Set aggressive near- to intermediate-term goals to increase spend with Houston-region MBEs, recognizing that minority businesses are present throughout the local economy

[View the full report.](#)

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One Houston Together is the Greater Houston Partnership’s commitment to leverage the power of the business community to reduce inequities. One Houston Together is a data-driven effort of 100+ businesses, institutions, and nonprofit organizations to advance people of color into senior management roles, increase racial diversity on corporate boards, and grow spending with Minority Business Enterprises. [Learn More](#)

Houston Minority Supplier Development Council (HMSDC) actively involves its members in efforts to increase and expand business opportunities and business growth for Minority Business Enterprises and to drive excellence in supplier diversity and supplier development. [Learn More](#)

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