
Q&A: Why growing minority biz matters

By Erica Schlaikjer
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*What can be done to increase minority participation in mainstream business? And why does it matter? **James Lowry**, 69, senior adviser and global diversity director for Boston Consulting Group's Chicago office, has spent his career trying to answer those questions. In 1978, his firm, James H. Lowry & Associates, published the first major study on minority business enterprise development for the U.S. Department of Commerce. Since then, he's become an expert on ethnic marketing and workforce diversity, consulting minority entrepreneurs as well as senior executives at companies such as Caterpillar Inc., Ford Motor Co. and McKinsey & Co.*

Why is it important for minority-owned businesses to expand?

By 2042, the largest number of people in this country will be minorities. Unless we grow businesses of size, we will not have assets in our communities, we will not create leaders, we will not have products and services that can compete with the global market, and we will not be cost-competitive.

What needs to happen for minority businesses to become part of the mainstream?

Minorities have to form strategic partnerships with non-minorities. The new generation of entrepreneurs has to demonstrate global growth, so America can see the uniqueness of a strong minority firm creating new markets and opportunities abroad. Growth is going to occur mostly through business-to-business transactions.

What are the advantages of staying in a certain ethnic niche?

One, there is a certain degree of allegiance to minorities to buy minority products. Two, the entrepreneur understands the market. Three, to some extent, financial institutions in the community like to lend to minority entrepreneurs. The older guard, especially, has a certain affinity to create jobs for people from the community.

What are some mistakes that minority business owners make when trying to grow?

Most minorities are first-generation CEOs, so they'll do what they've done well, and they'll do it to death. But to survive, any businessperson has to be pragmatic and know where the market's going. They ought to diversify into industries where you have growth. Also, minorities don't merge. They just love the corner office. That's stupid. You have to feel comfortable giving up day-to-day operations.

What are the conditions that make it challenging for a minority firm to do business with mainstream corporations?

In the 1980s, major corporations were very supportive of mentor-mentee programs. Times have changed. There's less flexibility for minority-owned firms. They have to be competitive in pricing and quality. If you're small, the chances of being able to compete, even as a second-tier supplier, are very slim. Globalization and offshore competition forces anyone, irrespective of race, to take on the new global economy.

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