

A model to grow black biz - Maryland Small Business Development Financing Authority

Angela L. Flagg

States looking for ways to stimulate the growth of minority-owned businesses should set their sights on the Maryland Small Business Development Financing Authority (MSBDFA). MSBDFA is responsible for Maryland boasting the highest percentage of black-owned businesses in the nation. And small business advocates hope the authority's success can be duplicated elsewhere.

The authority has boosted black entrepreneurship in Maryland since it was launched 12 years ago with \$2 million from the state. According to Census Bureau statistics, in the five years ending in 1987, one in every 11 Maryland businesses was black-owned. The national average was one in every 32 firms. Additionally, black-owned businesses in the state rose by 58% during that period, while the national growth rate was 38%.

Stanley W. Tucker, MSBDFA executive director, says the authority's success is tied to its operating as a profit center - not a cost center. The authority's \$1.5 million budget is generated by interest and investment income and from fees charged to clients and financial institutions. "The only difference between us and a regular bank is that we don't accept deposits and we aren't regulated," Tucker says.

MSBDFA provides small and minority businesses contract financing, loan guarantees, equity investments for franchises, surety bond guarantees and equity investments for business acquisitions. To date, it has assisted more than 350 businesses. In 1991, the agency distributed approximately \$3.5 million in loans to nearly 35 businesses.

Tucker admits that having a governor who is pro-business, and the close proximity to federal agencies in the nation's capital have also contributed to the success of black entrepreneurs in his state.

John F. Robinson, president and CEO of the New York-based National Minority Business Council, says MSBDFA is "a viable model. He cites New York and Georgia as prime areas for such a program, stressing that those states have strong minority populations with the elected officials that are necessary to get this type of program successfully off the ground.

Small businesses in Maryland may contract MSBDFA at 410-333-4270.

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