

African American Business and Workforce Inclusion and Engagement Report

City of Dover, Delaware

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The Importance of an Inclusion Study

Inequity imposes high economic costs on virtually every actor in the regional economy: investors, government agencies, business managers, homeowners, renters, the rich and the poor, the idle, and workers alike. Sharp city disparities stifle growth, slow momentum and eat away at the sense of community that historically binds neighbors--and communities--together. This, in turn, often leads to “white flight” and shrinking public investments in human capital such as when families flee public school systems and grow increasingly reluctant to contribute their tax dollars to support the school system and community.

In a global economy that relies more on knowledge, education, technological skills, urban areas are not economically competitive when a large segment of the population does not have the skills or training to contribute to the region’s economic output. Cities gain a competitive edge by investing in educated, creative, and healthy businesses and workers who can add value to products and deliver services across the region. The hard numbers show that equity and inclusion are directly tied to a region’s economic health.

Studies indicate that rising incomes and falling levels of poverty improve metropolitan economic performance. And what’s more, across the United States, income gains in central cities between 1970 and 1990 had a positive impact on suburban incomes, population growth, and home values. One late 1990s study of 74 urban areas found a positive relationship between the reduction of poverty in core cities and overall metropolitan growth. Essentially, the less segregated and divided the region, the stronger the economy. In a recent analysis of 118 metropolitan areas, researchers concluded that racial inclusion and income equality are associated with strong regional economic growth. In that study, researchers condensed a wide range of variables into a list of just nine indicators, each encompassing several key variables. Of the nine, “Racial Inclusion and Income Equality” is the only indicator that had a high correlation with all four of the researchers’ measures for economic growth (per capita income, employment, gross metropolitan output, and productivity). In fact, this indicator had the strongest or 2nd strongest correlation with three of the four economic growth measures used: employment

growth, productivity, and change in real output. Recent research by Manual Pastor and Chris Benner confirm these findings that inequity causes urban economies to “drag.”

Thus, the purpose of this report is to analyze the efforts of the City of Dover to effectively engage the African American workforce and business communities for the purpose of local and regional prosperity. This analysis should serve as the basis for the development and implementation of an inclusion plan for the City.

Dover's African Americans Population at a Glance

In 2013, the population of the City of Dover was 37,366 with approximately 40.3% of the population comprised of African Americans, 43.9% White, 9.1% Hispanic, 3.1% Asian, .06% Pacific Islanders, .23% from other races and 3.2% from two or more races. It is important to note that the African American population has increased by slightly more than 3% while the population of whites has decreased by approximately 11% when compared to the 2000 Census.

With respect to age, the city of Dover’s population is spread out with 23.5% under the age of 18, 15.7% from 18 to 24, 27.9% from 25 to 44, 19.5% from 45 to 64, and 13.3% who were 65 years of age or older.

The individual median income for a household in the city was \$38,669, and the median income for a family was \$48,338. Males had a median income of \$34,824 versus \$26,061 for females. The per capita income (PCI) for the city was \$19,445 with the African American median PCI reaching \$16,538 and their white counterparts median PCI at \$29,139. Approximately 11.5% of families and 13.8% of the population were below the poverty line, including 19.6% of those under age 18 and 10.4% of those ages 65 or over.

In the area of occupations, 32% of African Americans in Dover are employed in management, business, science, and art fields of work; 27% work in service; 24% work in sales and office, 14% work in production, transportation, and material moving, and 7% work in natural resources, construction and maintenance. Additionally, 47% of the African American populations are unemployed as a percentage of the total population while 16% are unemployed as a percentage of the total labor force. 85.6% of African Americans have at least a GED/High School equivalency.

The City of Dover's largest employer is the State government. A large portion, but not all, of the state's bureaucracy is located in and around Dover. African American businesses

represent 12.7% of all firms which is above the State average of 8.7%. Dover is one of the fastest-growing areas in the state of Delaware, due in large part to the relatively low cost of living. As a consequence, the Kent County government is a major employer in the area as well. Apart from the state and county governments, Dover's significant employers include Dover Air Force Base, Dover Downs, Inc., Bayhealth Kent General Memorial Hospital, Delaware State University, Energizer-Playtex Products, and Kraft Foods.

Resources and programs for African American Businesses

The City of Dover has demonstrated the capacity and willingness to support small businesses of all populations through the provision of a diverse set of resources and programs over the past five years, with specific insight resulting from a 2013 survey of downtown business resource needs conducted by the Downtown Dover Partnership (DDP). The highlight of their efforts that has qualifying focus on African American business engagement is the DDP Minority Owned Vendor preference program that has set a 2% goal for minority business procurement. Additionally, the City's offerings include general small business development, technical assistance and counseling, such as the one recently conducted in Dover's downtown Westside district, in the areas of business start-up, concept feasibility, business plan development, market analysis, access to capital (e.g. SBA loan program), State permitting, site selection, strategic planning, demographic research and incentive programs such as the DDP facade initiative. The City also leverages several referral programs including the Minority Business Certification of Delaware; the Office of Supplier Diversity and Government procurement; the Delaware State Public Health Department; the Delaware State Agriculture Department and; the Small Business Development Network Partners in Delaware. Moreover, the City has successfully partnered with other organizations such as Kent Economic Partnership and Delaware Technical and Community College to implement both the Kent County Open for Business and Kent Economic Summit programs, respectively.

While the City of Dover has identified key resources and programs that are available to support African American businesses, there are essential elements to the product and services deliverables that are absent within the process of implementation and dissemination thereby creating an impact on the African American business community that is less than optimal. Specifically, the City has not created a comprehensive inclusion plan for engaging African

American businesses especially as it pertains to the implementation and/or dissemination of their programs and services. With the exception of the Minority Owned Vendor preference policy and referrals to Minority Business Certification and the Supplier Diversity program, the City has not demonstrated an inclusion plan that is unique to and focused on the African American business community. Embedded in the inclusion plan would be many of the tenants of an effective business retention and expansion (BR&E) plan that targets African American businesses. A successful African American BR&E strategy serves the following key purposes:

1. To demonstrate to existing African American businesses that the community appreciates their contribution to the local economy
2. To encourage expansion amongst African American businesses that leads to sustainable job growth
3. To help African American businesses solve their problems and challenges
4. To assist local businesses in gaining awareness of available resources
5. To develop collaborative relationships amongst the African American business community for participating in comprehensive long-range retention and expansion activities
6. To build the African American business community capacity and cooperation to sustain growth and development activities
7. To provide better information and understanding for all local leaders of the strengths and weaknesses of the African American business climate.

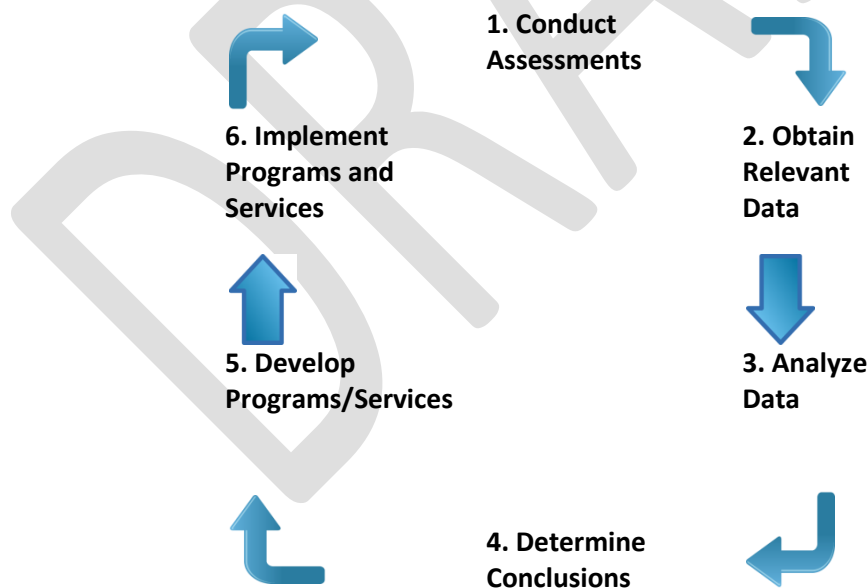
Additionally, the City could: (1) monitor African American businesses shares of prime contract bids by size of contract and use share of bids as one measure of program and organizational effectiveness; (2) identify African American businesses that are qualified for prime contracts and encourage and help interested firms to submit competitive bids; (3) ensure that local government policies and practices do not diminish access to information about prime contract opportunities for qualified and interested African American firms; and (4) do not rely on bidders lists as the primary basis for determining African American businesses availability, since many qualified and interested African American businesses do not bid because of perceived barriers in local government.

The aforementioned examples signal another critical component for effective African American business engagement - using data for decision making. A data driven decision making

(DDDM) focus would provide the City with African American business assessment data and relevant background information, to inform decisions related to planning and implementing African American business development strategies in the City. Research shows that if plans at the city and community levels are based on assessment information relevant to the desired outcomes for the target group, the probability is increased that the target group will attain the desired outcomes.

Thus, city officials must understand that assessment of African American business performance is integral in the planning, implementation, assessment, and revision of an inclusion plan and strategy for engagement. Leadership at the local government level must be able to determine whether or not an assessment is a valid and reliable measure of what is being instituted and to know what types of assessments are appropriate for local level vs. County or State level planning. Diagram 1, referred to as the “cycle of inquiry”, illustrates the basic steps in the application of data to inform decision-making.

Diagram 1: Cycle of Inquiry



Hence, city officials need to be data literate. This can happen only when the leadership within the City government actively encourages and assists city officials in understanding the importance of

relating valid African American business assessment information to inclusion and strategic planning. A culture must be created in which African American business information is considered essential to small business development and; policy makers, economic development leaders and practicing economic developers need to agree on the following:

1. ***Establishing city level commitment to DDDM:*** The city should adopt policies and strategies to ensure that all necessary resources and support services for African American businesses are funded and implemented to guide planning and related implementation through the use of objective and relevant African American small business assessment information. City government leadership must understand that the use of objective and relevant African American business assessment data will significantly increase the probability that they will experience growth. This will result when cause and effect are understood, and when using African American business information to ask “Why?” and “What can we do better?” becomes standard in the City.
2. **Using local assessments and related data to plan for African American business needs:** Once a city assessment has helped to pinpoint the needs of African American businesses it can be used to provide sufficient detail enabling city and economic development officials to develop specific inclusion/strategic plans once DDDM is adopted, to address the deficiencies identified by the City’s assessments.
3. **Considering information about the demographic, program and technical assistance variables that impact African American small business development as determined from the assessment components of DDDM:** The use of business data alone is not sufficient to design services and plans that effectively address the individual needs of African American businesses. Information systems for DDDM must also provide data on business demographics: the amount of time in business, financial status, product/service, marketing, success motivation and other behavioral indicators and other factors as needed. Other considerations in DDDM are conditions under which programs and services can be provided: availability and frequency of technical assistance, capital funding, African American procurement goals, etc. - “opportunity to succeed” variables.
4. **Developing inclusion and strategic plans based on DDDM:** In order for data to influence the City's action items, the city must institute a process whereby economic

developers continuously monitor assessment data and other information relevant to African American business performance, and translate that information into the delivery of services and programs. This component of DDDM requires the greatest effort on the part of city officials, as the design and re-design of services and programs based on African American business assessment data will require significant time and effort. Some basic considerations in preparing or revising programs and technical assistance services based on DDDM are:

- a. Are technical assistant unit objectives linked to the City's standards/expectations?
- b. Is periodic assessment of African American business performance provided, recorded and linked back to the programmatic and technical assistance objectives?
- c. Is there a commitment to implementing technical assistance to African American businesses and administering the prescribed assessments as scheduled?
- d. To what extent is technology used to help automate the design and monitoring of programs and services for African American businesses?
- e. Are economic developers provided with the time and resources needed to plan, modify, and implement programs and technical assistance activities based on DDDM for African American businesses?

5. **Making relevant assessment data available to economic developers for planning:** The State/City must be committed to using DDDM as a pre-requisite to the effective and sustained use of data to inform program and technical assistance planning for African Americans at the local level. This means the State/City will make the funding and staff time available to assist economic development officials in the development of relevant data sets and use of DDDM. It also means that State/City staff will make every effort to make the relevant assessment and demographic data and information available to economic development professionals when they need it to do planning. This includes the provision of longitudinal business data so that change in business performance over time can be determined and used in the local DDDM service planning.
6. **Providing professional development and ongoing support for city and economic development officials in using assessment information to inform program and technical assistance planning at the local levels:** As with any new initiative, the city

must provide the professional development necessary to build the capacity and desire of each economic development official to utilize DDDM. Professional development must extend beyond simply using data to inform others about African American business success. It must ensure that data is used to design and revise practice so that it more closely conforms to city's expectations and results in increased small business development amongst African American small businesses. Finally, economic developers need to be committed to DDDM as a strategy to help African American businesses improve their performance to the extent that their deficiencies are eliminated.

Resources and programs for African American Workforce Development

Economic competitiveness and viability are ultimately dependent on the quality and diversity of our workforce. Regardless of how much a city improves its infrastructure or improves public safety, if a City lacks a diversified, skilled and able workforce, they will never be able to effectively compete for 21st century jobs. Thus, the economic prosperity of Dover and its business community is inseparably tied to the City's ability to efficiently and effectively provide comprehensive workforce training opportunities to its African American population. A diverse and inclusive workforce is necessary to drive innovation, foster creativity, and guide business strategies. Multiple voices lead to new ideas, new services, and new products, and encourage out-of-the box thinking. Companies no longer view diversity and inclusion efforts as separate from their other business practices, and recognize that a diverse workforce can differentiate them from their competitors and can help capture new clients. Diversity in the workplace simply makes good business sense and can bring about many benefits including;

- Improved marketing and customer service through better understanding and accommodation of diverse customer groups and their needs
- Improved ability to attract and recruit top talent
- Eligibility for government contracts for which minority or gender-balanced businesses are given preference
- Improved corporate image
- Improved employee creativity, problem-solving and decision-making through effective management of diverse perspectives.

The City of Dover has demonstrated that they recognize the value of a diversified and educated workforce through the securing of a \$42k Community Development Block Grant that they received in 2010 for the purpose of cultivating youth employment. The City partnered with the Dover Housing Authority to implement the program that ultimately provided employment for 18 African American youth. The City, through the public library, also provides an on-going series of workforce development workshops. The City however falls short of having a comprehensive strategies in place that effectively targets African American workforce development and therefore has not demonstrated the ability to build upon the past initiative cited above. The City of Dover must establish coordination and/or provide leadership among existing programs and proposed initiatives such as:

- a. Higher Education and K-12
- b. Workforce development and transportation assistance and childcare provisions
- c. Development of cross-firm career ladders
- d. Efforts to help make business case for investment in workforce training
- e. Industry partnership programs between employers, unions, and other workforce representations with targeted recruitment efforts in African American community
- f. Prisoner and ex-offender educational programs as part of workforce development
- g. Partnership with regulation institutions to develop supplier diversity programs that increase spending with locally-owned minority businesses
- h. New development near African American neighborhoods with specific funding and programming for local first-source hiring, workforce training, educational youth services and support services for disadvantaged job seekers
- i. Identify model corporate and institutional policies that increase diversity in the workforce
- j. Promote local hiring

As in the case of African American small business development, a comprehensive inclusion plan would include all the tenants of effective data driven decision making for workforce development initiatives. The aforementioned activities must undergo a "cycle of inquiry" to ensure that programming and services offerings are efficiently and effectively meeting the objectives set for by local leadership and as prescribed in a city-wide inclusion plan.

Marketing strategies for African American Business and Workforce Resources and Programs

The City of Dover has laid a sound foundation for the successful marketing of resources to local businesses. The City (and DDP) has utilized social media tools, newsletters, local newspapers, network partners, and community vendors to connect with local businesses. However, the City must employ DDDM to ensure that their strategic efforts to connect with the African American population are effective and meeting their target goals. These targeted goals should include for example, the number of African American responses, with strategic efforts focusing on media outlets highly frequented by African Americans. Thus, the city should continue to embrace their economic gardening efforts within their existing businesses and workforce community with an emphasis on three basic elements:

1. Providing critical information needed by the African American workforce community to survive and thrive.
2. Developing and cultivating an infrastructure that goes beyond the physical infrastructure and includes quality of place, a culture that embraces growth and change, and access to intellectual resources, including qualified and talented employees.
3. Developing connections between businesses and the people and organizations that can help take them to the next level – business associations, universities, roundtable groups, service providers, etc.

Protocol for African American Businesses and Workforce participants to Access Resources and Programs

The City of Dover has successfully connected with key media outlets to inform businesses of the current resources available to them. These outlets include newspaper postings, radio, City and State websites/on-line updates, scheduled appointments. The next step for the City is to develop a clear and comprehensive protocol for the African American businesses to effectively access and utilize the resources and programs available to them via the aforementioned media outlets. It is critical that these businesses are kept up to date via media outlets that are both current in the information and timely in their delivery to ensure maximum penetration and effectiveness.

Recommendations

In an effort to further extend the City's commitment to African American inclusion the City should strongly consider the development of an African American Inclusion plan. The creation of this plan must also be inclusive of all key stakeholders within the City. The inclusion plan should focus on the following areas:

1. Providing critical information needed by businesses and the African American workforce community to survive and thrive
2. Developing and cultivating an infrastructure that goes beyond the physical infrastructure and includes quality of place, a culture that embraces growth and change, and access to intellectual resources, including qualified and talented employees.
3. Developing connections between businesses and the people and organizations that can help take them to the next level – business associations, universities, roundtable groups, service providers, etc.
4. Strengthening coordination among existing programs such as:
 - a. Higher Education and K-12
 - b. Workforce development and transportation assistance and childcare provisions
 - c. Development of cross-firm career ladders
 - d. Efforts to help make business case for investment in workforce training
 - e. Industry partnership programs between employers, unions, and other workforce representations with targeted recruitment efforts in African American community
 - f. Prisoner and ex-offender educational programs as part of workforce development
 - g. Investment in youth training and intern
 - h. Partnership with regulation institutions to develop supplier diversity programs that increase spending with locally-owned minority businesses
 - i. New development near African American neighborhoods with specific funding and programming for local first-source hiring, workforce training, educational youth services and support services for disadvantaged job seekers
 - j. Identify model corporate and institutional policies that increase diversity in the workforce
 - k. Promote local hiring

5. The City must commit to implementing data driven decision making to provide informed decisions related to planning and implementing business development and workforce strategies for African Americans.

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