

LOUISIANA POLITICS & GOVERNMENT

Landrieu: Minority businesses in New Orleans still face obstacles

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Mayor Mitch Landrieu, pictured in this file photo, spoke at an event on Wednesday (Feb. 28) to discuss disparities for minority and women-owned businesses in Greater New Orleans.(AP Photo/Jacquelyn Martin)

By Kevin Litten, klitten@nola.com,

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A study Mayor Mitch Landrieu previewed Wednesday (Feb. 28) found that minority- and women-owned businesses aren't operating on a level playing field with other businesses in New Orleans, despite efforts by the city to increase participation in municipal contracts.

Landrieu and the study's author touted positive results from city programs to boost so-called disadvantaged business enterprises (DBEs), but the mayor noted the persistent disparities these small companies face in the private sector.

Keen Independent Research, a Denver-based company, conducted the study for the city. Its principal, Annette Humm Keen, spoke Wednesday during an event Landrieu hosted at the New Orleans Jazz Market.

Interviews and focus groups from the study determined there are substantial barriers for minority businesses in city at large, despite gains New Orleans has made, she said. Obstacles include everything from trying to get a seat at the negotiating table to old stereotypes to which established businesses continue to cling.

"The lighter the skin color, the greater the access to doing the work in the marketplace," Keen said, recounting one person's comments gathered during the study's interview, public meeting and focus group process. The study involved a review of city contracts, including construction and professional services, as well as 5,000 businesses in the greater New Orleans area.

Landrieu said the study highlights conventional wisdom that disadvantaged business owners have expressed for years and provides proof of the challenges they face. He expressed hope that private companies will take a lead from the public sector in investing in disadvantaged businesses.

"Progressive government policies and practices can be impactful. But without buy-in from the business community, it's not going to deliver real economic news without their help," Landrieu said. "Government alone cannot solve this problem. This is a very hard truth."

Private investment disproportionately goes to businesses owned by white men, the mayor said. There are businesses that resist disadvantaged business policies because they believe they "weigh them down when they need to be

agile," he added. But Landrieu said "there has been no drop-off in quality" since the city began its program to make more DBE firms eligible for city work.

Landrieu acknowledged challenges ahead, including a lack of access to capital for disadvantaged businesses and improving participation among Hispanic and Asian American-owned businesses in city contracts.

The study found that the city's economic equity program is largely working, especially for African-American-owned businesses. African-American-owned businesses exceeded the benchmark set by Keen Independent Research.

Overall, all disadvantaged businesses also overperformed Keen's benchmark, receiving 47 percent of city contracts; the benchmark was 41 percent. Disadvantaged businesses include African-American (22.6 percent), Hispanic-American (4.9 percent), Asian-American (1.6 percent), Native American (1.1 percent) and white-women-owned (14.3 percent).

But the study found that Hispanic and Asian-American business were not nearly as successful in landing public contracts. In one key area where the city doesn't have to award a set amount of contracts to DBEs -- goods

procurement -- minority- and women-owned business participation is at 7 percent, far below the 21 percent regional benchmark.

That is "substantially below what you might expect," Keen said.

The study suggests a need to retool state and local DBE programs with an eye toward overcoming possible legal challenges, including renaming the program as the "Socially Disadvantaged Enterprise Program" or a similar title.

Keen also outlined several suggested changes, aimed at making "sure the city retains its current program but strengthens it."

The recommendations include:

- Narrowing eligibility requirements, including "local area" location that would require a company to provide evidence it has worked within the local metropolitan area in the past.
- Find ways to expand participation in procurement contracts, such as limited competition procurement methods for small purchases that would allow a small group of pre-qualified firms to bid on smaller contracts.
- More investment in capital and bonding programs that would improve access to capital for disadvantaged businesses.

- New rules that allow billing in advance, as well as accelerating payments for contractors and subcontractors. Keen said these changes would help keep disadvantaged businesses from waiting long periods for payment, which causes stress for those business that already struggle with a lack of access to capital.

The study is still in draft form, and Keen Independent Research is continuing to gather information before issuing a final report.

Public comments are being accepted through March 31 at 504-603-0017 on the study's website, noladisparitystudy.com, or at the study's email address, NOLADisparityStudy@keenindependent.com

Correction: An earlier version of this story misstated the percentage of contracts African-American-owned businesses received.

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