

# 2017-2018

## ANNUAL REVIEW & STRATEGIC OUTLOOK

# *Minority Business Accelerator*



**Cincinnati USA**  
**Regional Chamber**  
Minority Business Accelerator

# Who We Are

The Minority Business Accelerator has been the flagship minority business and economic inclusion initiative of the Cincinnati USA Regional Chamber for the past 15 years. True to its founding mission in 2003, the Minority Business Accelerator ("Accelerator") remains committed to growing sizeable African-American & Hispanic-owned and operated businesses as a critical economic catalyst to address lingering economic disparities in these specific populations, while concurrently (and as a result) stimulating the broader economic region as a whole. To assist and support these large-scale minority firms, the Accelerator's process primarily involves three fundamental steps illustrated below:



Left to right: David Foxx, Richard Lofgren, Jill Meyer, Darrin Reedus, Scott Robertson, Cynthia Booth, Calvin Buford, Bob Castellini.

## Advisory Board

The Accelerator is governed by a dynamic group of seasoned C-level corporate and business executives, as well as minority business leaders that work closely with the Accelerator team to help shape the go-forward vision and sustainability of the initiative, driving not only results but also economic outcomes.

### Advisory Board Members:

**Cynthia Booth** – COBCO Enterprises | **Bob Castellini** – Castellini Management Company | **Calvin Buford** – Dinsmore & Shohl | **David Foxx** – d.e.Foxx & Associates, Inc. | **Richard Lofgren** – UC Health | **Michael McCuen** – KeyBank | **Tim Massa** – The Kroger Co. | **Jill Meyer** – Cincinnati USA Regional Chamber | **Darrin Redus** – Cincinnati USA Regional Chamber | **Scott Robertson**, Chair – RCF Group

In addition to the Advisory Board, the Accelerator is further supported by a newly created Partners Committee made up of senior business leaders and executives in supply chain, procurement, supplier diversity and other critical business functions. This committee ensures the Accelerator is deeply engaged with the key strategic partners in the region that are critical to driving success and economic outcomes.

The Partners Committee consists of business leaders from the following organizations:





## The Team

The Accelerator is led by Vice President & Executive Director Darrin Redus, along with a core team of senior business advisors, and an extended team of coaches and subject matter experts that are engaged as part of a customized set of business solutions and growth strategies for each client engagement.



*Left to right: Rich Eggers, Patrick Griffis, Darrin Redus, Jenell Hubbard, Thomas Fernandez.*

### Rich Eggers

Rich Eggers has enjoyed over 25 years in global purchasing, product supply, business development and consultancy. As a senior business advisor for the Cincinnati USA Regional Chamber's Minority Business Accelerator, Eggers is focused on creating winning solutions by combining breakthrough strategic thinking with excellence in measured execution. He has been sought out to lead business development turnarounds, strategic supply chain interventions, sourcing and supplier relationship management best practices at the leadership team level across several industries at multiple large and mid-size enterprises.

### Patrick C. Griffis

Patrick Griffis brings an extensive background to the Cincinnati USA Regional Chamber's Minority Business Accelerator, where he works as a senior business advisor. Griffis has served nearly two decades of federal service with over 12 years in senior leadership positions within the U.S. Government, including the Pentagon's Office of the Secretary of Defense, Federal Aviation Administration, U.S. Environmental Protection Agency and the Department of Homeland Security, where he was responsible for overseeing and administering billions of dollars in program spending with small and mid-sized companies across the country.

### Darrin Redus

Darrin Redus, Sr. serves as vice president for the Cincinnati USA Regional Chamber and leads its flagship Minority Business Accelerator program and regional economic inclusion efforts. A national thought leader for inclusive entrepreneurship and growing larger-scale diverse businesses, Darrin is a seasoned business executive and successful entrepreneur. Prior to his work at the Chamber, Darrin served as President and CEO for MainStreet Inclusion Advisors, a national consulting firm developing diverse technology-based businesses and networks.

### Jenell N. Hubbard

Jenell Hubbard serves as a senior business advisor at the Cincinnati USA Regional Chamber's Minority Business Accelerator. As an experienced, innovative professional, Jenell has demonstrated a keen ability to analyze data, apply creative solutions and execute complex business investment strategies. She developed these skills through her long-term career as a commercial real estate lending professional, securities broker and investment advisory portfolio manager. In addition to serving as a thought leader within the financial sector, Jenell has utilized her insights to communicate complex strategies resulting in consistently high net returns to her portfolio of clients.

### Thomas Fernandez

Thomas Fernandez is a senior business advisor in the Cincinnati USA Regional Chamber's Minority Business Accelerator. Fernandez received his B.S. in Industrial Management from Carnegie Mellon University. Fernandez served at Procter & Gamble in purchasing, human resources and acquisitions and divestitures in the U.S. and the U.K. Fernandez started then sold two franchise businesses. He co-founded the Society of Asian Scientists and Engineers [SASE] and serves on the Boards of SASE and City Gospel Mission.

## Laying the Foundation for 2022

It started with a clear vision – to take the results the Minority Business Accelerator saw in its first 13 years and double them. After two years of careful planning and execution, we are well on our way to achieving that goal. For the Cincinnati region's minority-owned firms, this success equates to another billion in incremental growth and 3,500 new jobs by 2022.

Now more than ever, the region's minority firms are being positioned for unparalleled growth. Thanks to a continued focus on accelerated organic growth, coupled with strategic transactions such as mergers, acquisitions and joint ventures, our region's business landscape is becoming increasingly more diverse. Moreover, Accelerator portfolio firms are now enjoying greater access to regional leaders and industry experts, which has empowered them to grow their businesses and advance on a path to greater success.

It is also our priority to ensure minority entrepreneurs have access to industries and sectors that have historically lacked diverse representation. For that reason, we work with law firms, banks, accountants and other partners to identify qualified minority buyers to support broader succession planning efforts of "mainstream" businesses in our region.

The collaboration of our corporate and institutional partners has been instrumental in achieving our bold vision. Our corporate partners have given Accelerator portfolio firms access to advanced systems, expertise and business tools that enhance the capacity and overall market readiness of our region's MBEs.

The Accelerator has also launched an exciting new business development platform as part of a regional collaboration through the Cincinnati Minority Business Collaborative [CMBC]. This collaboration of non-profit organizations has worked behind the scenes for nearly seven years to collectively support the growth and development of minority firms. Now, it will identify and prepare 50 minority businesses that demonstrate the ability to grow by a minimum of \$5 million and create at least 15 jobs over the next five years.

Cincinnati's civic and corporate leaders define the accessibility, approachability and action-orientation of the region. To strengthen and expand the regional minority entrepreneurial community, we must continue to come together across backgrounds, cultures and industries to accelerate the development of sizable minority businesses.

Thank you to the supporters of Cincinnati's Minority Business Accelerator – you are driving this success.

If our work resonates with you, I encourage you to get involved with and support our vision as we continue to take our work to the next level.

Join us on our path to a more diverse and vibrant region!

Scott Robertson  
Chair, Minority Business Accelerator Leadership Council





# Where We've Been

As the Accelerator marches towards its ambitious goal of stimulating the incremental growth of minority business revenues by \$1 billion and creating 3,500 new jobs by 2022, it's appropriate to reflect on where we've been and the significant achievements we have had to date. The following data points provide a snapshot:

Founded in  
**2003**

**65 PORTFOLIO**  
companies supported

**Regional minority spending up**  
**\$1.1 BILLION TODAY**

**Job creation up to**  
**over 3,500 today**

**Average company size up**  
**\$30 million today**

**25%**  
of portfolio companies doubled  
in size over the past 3 years

**Created the \$2 Million L. Ross Love GrowthBridge Fund** (now fully deployed in 2018 following four new investments and resulting in a total of 14 investments since inception)

Identified **10 high potential emerging minority firms** over the past year as part of a pipeline building initiative with the CMBC (Cincinnati Minority Business Collaborative)

Building on the above data points, a number of strategic shifts and milestones were achieved to further position the Accelerator for exponential growth going forward. Examples include the following:

- ✓ Created a new governance structure to bring corporate CEOs and "C-suite" executives to the Accelerator's newly created Advisory Board
- ✓ Created a new fee-for-service business model to reinforce a stronger value proposition and drive accelerated growth
- ✓ Secured over \$1.5 million in new grant funding to further support the ramp up to a more sustainable business model
- ✓ Established a breakthrough partnership with The Health Collaborative to drive a regional healthcare supplier diversity strategy to accelerate growth
- ✓ Established a new partnership with REDI Cincinnati to attract larger scale minority-owned businesses to the region to complement our existing landscape of minority firms – particularly in key industries representing regional strengths
- ✓ Established a breakthrough collaboration with Miami University to drive patented technologies from institutional and corporate partners to existing minority-owned firms to accelerate growth
- ✓ Established a new partnership with Northern Kentucky University and its Center for Innovation & Entrepreneurship to leverage students to further support the research, analysis and business presentation development required for effective capital and new business presentations
- ✓ Secured over \$150,000 in annual in-kind support from area banks, law firms and accounting firms to provide subject matter expertise and "bench strength" to enable the Accelerator to support any type and volume of sophisticated business transactions
- ✓ Led the creation of a revamped and robust pipeline building initiative with eight regional non-profits called the Cincinnati Minority Business Collaborative (CMBC) to identify 10 emerging and high-growth MBEs annually, or 50 over the next five years
- ✓ Established a unique succession planning initiative with area accounting firms and law firms to identify existing "non-minority" firms of size with no identified succession plan that could be acquisition opportunities for minority entrepreneurs
- ✓ Secured an extension of the L. Ross Love GrowthBridge Fund in order to further invest growth capital in emerging MBEs, which has now fully deployed approximately \$2 million in funding to 14 high potential MBEs

As the above examples reflect, our team is creating a necessary framework and infrastructure that firmly positions the Accelerator for exponential growth, success and economic outcomes moving forward. Now more than ever, we need the entire business community to rally around this vitally important business initiative to ensure that all of our region's citizens are equally participating in our region's economic transformation.

# L. Ross Love GrowthBridge Fund

The past year marked the realization and creation of a vision established in 2013. The \$2 Million L. Ross Love GrowthBridge Fund memorializes the exceptional Cincinnati business executive, entrepreneur and civic leader.

Since our last report, an additional four investments were made to emerging minority entrepreneurs, resulting in the full deployment of the fund and a total of 14 investments. In a recent press release capturing this significant milestone, Steve Love, brother of the late L. Ross Love, Jr. says it best. "I know that Ross would be very pleased with the full deployment of the Fund and the leadership that the Minority Business Accelerator has taken to create the success that we have seen. The key realization that the GrowthBridge Fund has assisted minority firms to grow their revenues, expand their businesses, and develop new markets was part of Ross' vision for minority businesses in the region."

In addition to the fund's 14 direct loans, eight additional loans for an additional \$1.2 million were referred to conventional funding sources in the region, further extending the fund's impact. The following graphic captures the final industry distribution of the 14 investments:



# Where We're Going

The Accelerator has made significant progress over the past year in moving towards its ambitious objective of \$1 billion in aggregate annual growth and 3,500 new jobs by 2022. To accomplish these lofty, but attainable goals, we have further framed our work going forward with four key strategic pillars, which are identified below:

## STRATEGIC PILLAR 1

### Grow the existing Portfolio

Organic and inorganic growth strategies to grow our existing base of portfolio companies, working closely with our corporate "Goal Setter" partners.

## STRATEGIC PILLAR 2

### Build a Robust Pipeline

Partnering with the CMBC (Cincinnati Minority Business Collaborative) to identify and develop at least 10 emerging businesses annually, or 50 over the next five years, that demonstrate the ability to grow annual revenues by at least \$5 million and create at least 15 jobs in three to five years.

## STRATEGIC PILLAR 3

### Attract Larger-Scale Minority Businesses to the Region

Unique collaboration with REDI Cincinnati, targeting 200 larger scale minority-owned businesses with annual sales greater than \$20 million to expand to Greater Cincinnati industry gaps and sectors that align with our regional strengths, and where we have an existing presence of minority-owned firms.

## STRATEGIC PILLAR 4

### Create New Minority-Owned Businesses via Acquisition

Partnering with regional accounting firms, law firms, investment bankers and other business leaders to identify mainstream established businesses with no identified succession plan as potential targets for acquisition by minority business owners and entrepreneurs.

In support of our strategic vision and framing, significant recent investments and partnerships have also been created or expanded with the following organizations:



## The Health Collaborative

In support of the above efforts, an exciting new relationship was established in 2018 with The Health Collaborative to advance a regional healthcare supplier diversity strategy in partnership with six major health systems, including TriHealth, Mercy Health, Cincinnati Children's Hospital, St. Elizabeth, Christ Hospital and UC Health.

Building on the work of our broader Goal Setter initiative, this unique collaboration brings together the leadership of the Health Collaborative and the C-Suite of each of the region's major health systems to exponentially grow minority spending in the region and the underlying job creation and workforce that follows. This unique collaboration directly aligns with the Accelerator's revenue and job creation objectives and serves as a tremendous sector pilot to further galvanize the leadership of key industry verticals and share best practices, synergies and larger-scale buying opportunities for minority entrepreneurs.



# Accelerator Champions

## Pace Setter Award



Ebou Vroom, President

### HYUR Staffing Services

Over the past two years, HYUR Staffing Services has grown its annual revenues by nearly 50 percent annually and nearly tripled the size of its workforce to earn the distinction as our 2017-2018 Pace Setter Award winner. HYUR has created a culture of diverse, passionate and dedicated professionals who are ready to do whatever it takes to help their clients grow. The company's unique position within the industry and its in-depth understanding of the marketplace, coupled with its goal-oriented management philosophy has fueled the organization's growth. Positive, successful employees directly translate to positive results for the clients.

The company attributes its success to three key areas: 1. Understanding its partners' business models and cultures to effectively recruit the correct person; 2. Reducing the time that partners spend on recruiting and interviewing candidates by efficiently screening individuals prior to the clients' internal interviewing process; and 3. Providing market-based understanding and best practices for higher retention and workforce management. Clients have reflected that HYUR's method and business model increases retention and profitability by streamlining their talent management efforts.

## Innovator of the Year Award



Daryl Hammett, COO

### CONN<sup>X</sup>US

ConnXus powers sustainable global supply chains through a suite of software solutions designed to give procurement professionals, diverse suppliers and small businesses the tools they need to innovate, source, track and connect. ConnXus combines all procurement functions of supplier risk, sustainable sourcing, supplier relationship management, supplier diversity and supplier development in one place. In partnership with the Accelerator, ConnXus offers these unique set of services to Goal Setters so these companies can continue to streamline and optimize supplier diversity strategies and solutions. ConnXus has received numerous awards and recognition for its innovative solutions, and recently secured an additional \$2 million investment

to further accelerate and expand its suite of solutions. This unique collaboration with the Accelerator will further position the Cincinnati region as a national model for minority business development and inclusion, further cementing our regional efforts as a national best practice.



Rod Robinson, Founder,  
President & CEO

## Community Impact Award



Albert C. Smitherman,  
President and CEO



As a prior winner of the Accelerator's Community Impact Award, Jostin Construction Inc. continues to exemplify the far-reaching impact of minority business success in the community. Driven by its unique set of core values, which includes a focus on diversity, the company has developed a culture of success that is as inspiring as it is impactful. In terms of pure business results, Jostin Construction continues to grow top line revenues and bottom line profitability at a healthy 20 percent or better for successive years, leveraging this success to create employment opportunities for the underserved in our region and facilitating employment opportunities for well over 500 returning citizens who were previously incarcerated.



Liza D. Smitherman,  
VP Professional Development

Jostin Construction has done an incredible job providing the necessary soft skills and workforce training that prepares returning citizens for sustainable careers. While maintaining a large percentage of returning citizens as a regular part of its ongoing operations, the company has become a pipeline of opportunity that funnels a segment of our population to lasting careers with numerous organizations in the region that, without Jostin's involvement and commitment to training, may have never had a second chance at a fresh start.



## Capacity to Excel Award (Co-Winners)



Lonnie Grayson, CEO



Environmental Services and Solutions' (ESS) financial turnaround places it on a solid path to success. ESS's story validates the ageless principles of creating a strategic plan and knowing your financial numbers from top to bottom.

At the end of 2015, ESS was losing money. ESS CEO Lonnie Grayson involved its board, employees, financial expert Mark Merkel and the Accelerator to craft a strategic plan. The profit margin was deteriorating and cutting expenses would not be enough. ESS was selective of industries and customers for its business mix. By getting wholistic input, ESS made choices that had broad alignment to achieve the desired results.

One of the key catalysts in engineering the turnaround was the ability to strategically restructure the debt on the ESS balance sheet. With the help and support of the Accelerator, ESS secured \$175,000 from the L. Ross Love GrowthBridge Fund. This enabled the company to restructure debt and break these collateral holds, rebuild the balance sheet and solicit offers from regional and national financial institutions.

ESS's results are impressive. Its balance sheet change from 2017 reflects a 64 percent increase in current assets and a 65 percent increase in total assets. Current Liabilities have decreased by 33 percent and total liabilities have decreased by over 17 percent, leading to an increase in Total Equity of more than 221 percent.



E. Thomas Fernandez, CEO



Elevar Design Group took strategic steps to increase its Capacity to Excel for the next 50 years. It started in 1967 with Emilio Fernandez, a Cuban native who immigrated to Cincinnati and founded SFA Architects.

Elevar has added 32 staff members (60 percent growth) over the past 3 years including architects, engineers and designers to service its clients. This readiness is paying dividends in new awards, including Elevar's central role with FC Cincinnati's new construction. SFA also joined forces with PDT Architects in 2009 and then Roth Partnership in 2016. These three separate design firms, each with its own specialty and established practice, came together to form and rebrand as Elevar Design Group in 2018. The company's vision to elevate or, in Spanish, Elevar, takes design and client satisfaction to new heights.

After outgrowing its previous offices, Elevar took on the revitalization of a 128-year-old building. Tom Fernandez, CEO of Elevar, wants the new headquarters to be a destination for staff and members of the community. At a \$6 Million investment, the new space is the largest investment an architectural firm has ever made in Cincinnati.

## Goal Setter of the Year



DeAsa Nichols, Manager of  
Supplier Diversity



Cincinnati Children's Hospital Medical Center (CCHMC) is leading the way in transforming our regional economy with its \$600 million Critical Care Building. This project is amongst other groundbreaking projects, including Location-T building and the Liberty project, for which supplier diversity goals were set and exceeded.

Cincinnati Children's continuously challenges its employees while working with community partners to keep supplier and workforce diversity as a strategic goal. It has committed \$11.5 million dollars for program support and community development in Avondale alone. Its Supplier Diversity Initiative includes both construction and purchased services and has now reached a seven-year total of \$406.5 million in spend.

Inclusion efforts also go well beyond increasing MWBE vendor inclusion/spend, including increased minority labor force participation and creation of minority apprenticeships with RWB Construction, Easter Seals and the Urban League. Other improvement efforts include payment terms (pre-pay/quick pay to support MWBE cash flow), MWBE vendor fairs and showcases to get suppliers in front of decision-makers, targeted bid packages to break down the scope of work in construction projects, MWBE utilization plans from Tier I prime contractors, where Tier II Sub-Contractor spend can be in the line of sight on the front end and supplier outreach and networking sessions to foster MWBE-to-MWBE business relationships. As an inaugural Goal Setter MBA company, CCHMC continues to set the pace by directly doing business with over 15 portfolio companies.

## From the Executive Director

The past 18 months have been largely focused on ensuring that we were positioned for rapid growth and as a fully sustainable business model to effectively carry out our mission into the future. Re-engaging our corporate CEOs and business partners, restructuring our governance, and creating a value-based fee-for-service business model were but a few critical shifts that were required to further position the Accelerator for its ambitious growth objectives.

With all the positioning and restructuring now firmly in place, the next three to four years will be laser-focused on the execution of our four strategic pillars of growing our existing portfolio companies, building a robust pipeline of minority firms, attracting existing larger-scale minority firms to the region and creating new minority firms of scale via acquisition. These four buckets of work all hold incredible promise for our region and will collectively serve to drive us to the overriding objective of \$1 billion in aggregate annual sales growth and 3,500 new jobs by 2022. New partnerships, such as our breakthrough work with The Health Collaborative, will continue to add momentum to our efforts as an expanded base of aligned business leaders, entrepreneurs and executives that are increasingly focused on expanding our region's base of larger-scale minority-owned businesses.

While I am excited about each of our four strategic pillars and the significant promise that they hold, I would like to draw attention to our fourth pillar of creating more larger-scale minority-owned business through the identification of existing mainstream businesses that lack a formal succession plan. As many of our established leaders eye retirement in mainstream businesses across a broad array of industry sectors, the absence of any formalized succession plan for so many of these businesses is both a challenge for our business community and an incredible opportunity to position our next generation of business owners.

Industries such as the manufacturing sector, for instance, have long been void of minority business ownership due to the historical challenges around access to capital for minority entrepreneurs to operate in capital-intensive industries. However, as existing ownership of manufacturing firms seek to transition without a succession plan, there is an incredible opportunity to create an existing minority-owned business of size and scale. There is also a value proposition for the seller of the business to financially benefit from the upside growth of the business, as we leverage the significant regional and national buying power of our corporate and institutional partners seeking to do more business with minority-owned firms.

Through the combination of growing our existing portfolio companies, building a robust pipeline of minority firms, attracting existing larger-scale minority firms to the region and creating new minority businesses of size via acquisition, I am convinced that our vision of \$1 billion and 3,500 new jobs by 2022 is firmly within grasp.

My sincere thanks and appreciation to all our partners and stakeholders for your continued commitment and support. The best is truly yet to come!

Darrin Redus

Cincinnati USA Regional Chamber Vice President & Executive Director

# 2022

Regional Minority Spending

## \$2 billion

Projected



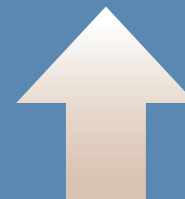
## \$1 billion

Today

Jobs

## 7,000

Projected



## 3,500

Today







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**Regional Chamber**  
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