

# Minority-owned businesses are growing in the South, but South Carolina has a long way to go

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During the 1960s, Clifford Smith was acutely aware of how his skin color would affect his ability to have a career in the South.

The Charlotte native, then 18, joined the Air Force, studied at Arizona State University and eventually settled into Southern California's bustling aerospace industry.

He started a successful consulting company and at one point was contracted by engineering giant AlliedSignal to travel to Greenwood, where 125 employees produced 11 percent of the hydraulic market.

"I remember flying down to Greenwood, and thinking ... 'Everyone is going to be white. Except me,'" Smith said. "I get here, and it was diverse. It was the way it was supposed to be. The way I thought it should be."

Virginia and the Carolinas were ripe with government and military operations, Smith said, so in 2006 he abandoned Southern California and started a consulting firm in North Charleston. He now owns Energy Construction Environmental Corp.

Smith is one of thousands of African-Americans who own a small business in South Carolina. Even though minority and women-owned businesses are the fastest growing groups of small business owners, the ratio of population to ownership remains disproportionate.

In South Carolina, African-Americans make up 30 percent of the state population but own 10 percent of small business, according to the [latest data compiled by the Minority Business Development Agency](#), an arm of the U.S. Department of Commerce.

By contrast, about 14 percent of Georgia's small businesses are owned by African-Americans, who make up 29 percent of the Peach State's population. In Virginia, African-Americans account for 20 percent of the population and own 8 percent of small businesses.

The lack of parity is not lost on leaders at the national level. At a panel discussion in Washington, D.C., earlier this year, U.S. Secretary of Commerce Wilbur Ross spoke about the importance of diversifying business.

"When African-Americans thrive, all of America thrives," he said.

On the same day in North Charleston, U.S. Sen. Tim Scott tried to bridge the gap between existing policies and the historically disadvantaged business owners they are designed to help.

That month, the Republican lawmaker invited finance experts and procurement officers from Charleston County and Charleston County School District — two of the area's largest governments — to meet with 185 minorities and women who own small businesses.

Scott told The Post and Courier that he hoped the event educated business owners about how race and gender-based certifications and programs can help them land contracts with local government, as well as larger companies.

Several employers, including the Medical University of South Carolina, have recently pledged to dedicate a portion of their contracts to minority-owned businesses.

"One of the largest economic drivers of our economy has been able to land flagships," Scott said. "The Boeings, the Volvos, the BMWs ... all these folks have suppliers and vendors who work for them."

But a handful of business owners who attended Scott's event said the largest hurdle is one that affects nearly all small businesses — access to capital.

Joey Jefferson, 38, has been in business in North Charleston for 10 years. His general contracting firm, Palmetto Civil Group LLC, has landed big contracts, including a role in the county's St. James Library project.

While the 2018 tax cut was a huge help for small business owners, Jefferson said he hopes to see more rules put in place at the local level. Procurement offices vary greatly from county to town to city and that causes confusion and delay. For example, mandating a statewide expedited turnaround for invoices would be helpful. Sometimes those documents come back after a few days; sometimes it takes a month.

"That's something that all small businesses would jump up and cheer for," he said. "Cash flow is everything."

When asked to put financing into perspective, Smith, who is 69, wondered if some challenges were rooted in stereotypes.

"We don't have the history, the decades of having your dad play golf with a banker," Smith said. "With contracts, it's hard to break into the good ol' boy network."

That's why procurement programs aimed at attracting minority-owned businesses exist. To qualify for spots in a procurement program, cities and counties require fairly similar items — three years of tax returns, credit scores, business plans. But Smith said the paperwork can be grueling and bureaucratic.

Jefferson said he often sees procurement offices vying to fill diversity quotas opt for larger, sometimes out-of-state, companies over local groups.

Claudette Gill, owner of Gill Trucking in North Charleston, has won several contracts with government agencies ranging from Charleston County to the S.C. Department of Transportation.

But to do so, Gill, said, she had to play the game.

"It's all about who you talk to and who you know," Gill said. "It's not about what you know. ... Your capabilities, the equipment you have or your certifications."

Because of Gill's resume and history of networking — key skills that Scott pushed during his event — her name has been on subcontractors' minds when help is needed.

But what a subcontractor with MUSC recently wanted was impossible to deliver.

"He needed me for a couple days ... to move 350 loads from Maine to Charleston, for \$1,300," Gill said. "I had a problem with that."

Gill, who was [profiled by The Post and Courier in 2014](#), said she pays her drivers a starting wage of \$14 an hour and pays \$16,000 a month to maintain and insure her trucks. She could not afford to lose a driver for so little return.

"Those are the challenges that we have when it comes to getting work," she said. "They say, 'You're either gonna do it at our rate, or no rate.'"

Like other governments across the state, Charleston County is eager to accept competitive bids from small businesses, said Barrett Tolbert, the procurement director. The county's Small Business Enterprise program takes bids exclusively from companies that gross less than \$7.5 million during the course of three years.

Stephen Gilchrest, president of the S.C. African American Chamber of Commerce, said the number of minority and women-aimed procurement programs are increasing.

"We don't want to create more quota systems," Gilchrest said. "We hope local governments figure that out. We care less about the dog and pony show."

These programs are often drafted by legal departments and approved by city and county councils.