

TexOMBE NEWS

THE NEWSLETTER OF THE TEXAS INDUSTRIAL COMMISSION/OFFICE OF MINORITY BUSINESS ENTERPRISE

Vol. 2, No. 6

November-December, 1974

TexOMBE Second Fiscal Year Ends With Strong Growth

-- Loan Approvals More Than Triple FY 1973 Totals. --

TexOMBE's second fiscal year came to a close October 31st with a total of \$5,571,348 in funds having been generated for minority loans, private, state and federal contracts, and minority bank deposits.

Business loans were again the largest single factor in total dollar volume. 142 loans were approved for a total of \$2,912,158. This compares with 34 loans at \$736,363 approved during FY 1973. An additional 92 loans totalling \$2,807,701 were pending approval or in work at lending institutions in Texas.

The most dramatic growth came in the area of contract and purchasing awards to minority business firms from all sections of the economy. A total of 39 contracts valued at \$2,372,388 were awarded during FY 1974 as compared with on-

ly three valued at \$269,299 in FY 1973. Additional grants, bank deposits and lines of credit added \$286,802 to the year's grand total.

Technical Assistance was rendered to 1201 TexOMBE clients, either individually or collectively in local seminars and meetings. Procurement seminars increased to 31 throughout the state as compared to 17 last year. Average attendance at seminars also climbed from 25 per session in 1973 to 35 in 1974.

Despite the tight money market and strong competition for contract and procurement dollars, TexOMBE well exceeded its goal of \$15 generated for each federal dollar spent. Final tallies, in fact, show a ratio of 22.97 business dollars generated for each federal tax dollar spent.

TexOMBE is a department of the Texas Industrial Commission, Community Development Division.

Mexico-U.S. Trade Conference Held in Laredo, Texas

A three day conference on Mexico-U.S. trade opportunities closed in Laredo November 21st with delegates hailing it as one of the most informative sessions ever held.

Cosponsored by the Institute for International Trade of Texas A & I University at Laredo, the Texas Industrial Commission, and the United States Department of Commerce, the conference heard eighteen speakers cover a range of subjects from international banking and credits to export opportunities for small business.

One of the most important presentations for small manufacturers and wholesalers was given by John Mullin, Esq., United States Consul and Chief of the Commerce Section, U.S. Consulate in Monterrey, Mexico. Mullin explained the computerized identification system jointly operated by the State Department and Department of Commerce, which identifies American businesses by SIC code number.

Under the system, whenever a foreign company requests a particular product at a commercial office, the request is channeled through Commerce's computer system which matches it to firms registered. These firms automatically receive an invitation to explore the particular opportunity.

Mullin noted that nearly 200 commercial consulates exist throughout the world and that they average 150 requests each year. The potential, therefore, is very great even for small businesses, because the value

HCR99 Committee Hears Pleas For Help in Bid Procedures

More assistance in coping with red tape and giving small business owners a spokesman in Austin is the consensus of testimony developing from meetings being held by the Joint Interim Committee on Small Business. The committee, formed under the auspices of Senate-House Concurrent Resolution (HCR 99) has heard testimony

from local business owners in Austin, Dallas, Houston, and Odessa since September.

Besides complicated bid processes, a major problem area is business education, according to testimony heard by the committee. Proposals presented to the committee include more night classes, workshops and seminars in state and local schools

(Please see HCR 99, Page 2)

(Please see MEXICO, Page 2)

Beaumont City Officials, Minority Contractors Meet

A first meeting to explore possible contracting opportunities was held recently between city officials of Beaumont, the Association of General Contractors of the Houston-Beaumont Area, and TexOMBE personnel.

The purpose of the meeting, according to Bert Adams, TexOMBE Government Agencies Coordinator, was to discuss ways in which the minority contractors can have a greater share in the approximately \$40 million worth of capital improvements planned by the East Texas City.

Adams praised the action by Beaumont city officials, noting that

the meeting was one of the first in which a Texas city has taken the initiative in bringing contract opportunities to minority contractors.

Following presentation of plans by city personnel, the contractors agreed to begin steps toward forming a joint venture. Such a consortium would be in a strong position to bid on larger contracts by pooling money and equipment resources.

TexOMBE's role, said Adams, would be to provide technical assistance in such areas as interim financing, bonding, and development of lines of credit to the contractor group.

Mexico-U.S. Trade Conference Held In Laredo, Texas

(Continued from Page 1)

of such requests may range anywhere from \$200 to \$2,000,000, thus falling within the capabilities of a wide range of business types and sizes.

While registration with the Department of Commerce's computer system is only one of many steps needed to enter the export market, it is an important sales tool, especially for small firms that cannot afford direct overseas representation.

-- TEXOMBE CAN HELP --

Texas OMBE can help any small manufacturer or wholesale supplier get on the system. Interested firms should contact James Richardson, Private Enterprise Coordinator, Texas OMBE, 1711 San Antonio St., Austin, Texas 78701.

HCR99 Committee Hears Small Business Problems

(Continued from Page 1)

to offset lack of knowledge in business operations and in methods of bidding and selling to government agencies at various levels.

Small businessmen also lack knowledge in such areas as transportation or goods, rates and tariffs, and effective communications, the committee learned.

The nine-member group is composed of three persons from the private sector including independent insurance agency owner Anthony Cangelosi of San Antonio, Ross Forney of Forney Engineering, Addison, and Robert Uhr of entex, inc., New Braunfels; Senate members Mike McKinnon of Corpus Christi, Peyton McKnight, Tyler, and Jack Ogg of Houston; and Representatives Sam Hudson of Dallas (serving as chairman), Chris Miller, Fort Worth, and Lindsey Rodriguez, Hidalgo.

One in Seven 1973 Housing Starts Was Condominium

Almost one out of every seven housing units started in 1973 was intended for condominium ownership, according to Commerce Department's Bureau of Census. Census statistics also show that about one out of every 12 single-family units and one out of nine family units started (in buildings with five units or more) were townhouses or townhouse apartments, respectively.

The South accounted for nearly half of all housing units intended for condominium ownership. For apartments intended for condominium ownership, two-thirds were located in the South. Townhouses and townhouse apartments in the West accounted for 12 percent of all housing units started in that region.

Small Mfg. Firms Tend To Market Close To Home

Shipments from small manufacturers move primarily within small market areas -- less than 100 miles from the plant -- according to a new report from Commerce Department's Bureau of Census.

Data from the 1972 Commodity Transportation Survey shows that shipments transported less than 100 miles from the plant accounted for more than half the total value of all shipments from small manufacturers (those with 10 - 19 employees).

Shipments traveling less than 50 miles from the plant amounted to about 40% of the total value of shipments.

The commodity transportation survey, a sample survey, is one of three components of the census of transportation.

Know Your State Agencies - VI

Office of Consumer Credit Commissioner

Continuing a series of articles on Texas State Agencies of interest to business. Future issues will cover other agencies and departments having purchasing or regulatory responsibilities affecting business interests in Texas.

The Office of Consumer Credit Commissioner holds broad regulatory powers over many forms of consumer credit. The office was formed in 1967, when it superseded the Office of Regulatory Loan Commissioner, originally established to regulate loan compa-

nies making cash loans of \$1500 or less.

At the time of its formation, the OCCC was granted increased regulatory powers over such small loan companies and also over other consumer credit such as installment loans, retail installment sales and motor vehicle installment sales. In subsequent years, the Commission was also empowered to regulate loans made by vending machine operators to tavern keepers, and to enforce the Texas Pawn Shop Act, passed by the 62nd Legislature.

Included in the Commission's duties is the issuance of licenses to those businesses operating under the portion of the Texas Consumer Credit Code applying to regulated loans. The office also regulates such businesses.

In addition to licensing small

lenders, the Commission is empowered to investigate and handle complaints and to enforce sections of the Consumer Credit Code dealing with consumer credit. It shares jurisdiction with the State Attorney General's office in enforcing provisions of the Code relating to consumer protection and deceptive trade practices.

Another area of responsibility relates to use of promotional games in advertising. The Commission is empowered to require reports from retail firms ensuring compliance with laws dealing with deceptive trade practices and such promotional advertising games as prize drawings and "free bonuses." Finally, it encourages and assists in developing educational programs "promoting the prudent and beneficial use of consumer credit by citizens of the state."



OFFICE OF
MINORITY BUSINESS ENTERPRISE

VOL. 2 November-December, 1974 NO. 6

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TexOMBE is a project funded by the United States Department of Commerce.

Minority Group New Owners Of Del Rio VW Dealership

Five months of cost factor and market analysis came to a successful end December 13th when J. Ingle Volkswagen of Del Rio held its grand opening. The dealership, owned by Louis Terrazas, George Ozuna, and J. Ingle, was purchased from its previous owners after local banks agreed to extend over \$100,000 in credit for "floor planning" — stocking the dealership with automobiles, parts, and new service equipment.

Work on the buyout began last August, when exploratory conferences were held between James Richardson, TexOMBE Private Enterprise Coordinator, Central Texas Volkswagen Distributors of San Antonio, and the Ingle group. Al-

though interested in the dealership package, both Central Texas VW and local bankers had to be further convinced of its viability as an investment.

Richardson used the Texas Industrial Commission's computerized community profile on Del Rio and a motel study to prove the town's ability to support the dealership. Further market studies, cost factoring, and financial data provided by the dealership's previous owners convinced both groups that investment potentials were sound. Although Del Rio's population is only 22,000, it is a major regional market center and gateway to both Mexico and the Amistad Recreation Area.

Line Of Credit Will Ease Builder's Cash Flow Problem

As with many small general contractors, Hector Castro of San Marcos sometimes had to pass up construction jobs because the cost of buying large quantities of materials or paying labor costs exceeded his cash reserves.

Castro's problem centered on the billing practices of supply firms which usually demand payment in thirty days, whereas contractors often must wait 60 to 90 days or more for payment from the client, especially if the project is held up by inspections or bad weather.

Now, however, a \$100,000 line of credit arranged through an Austin bank will assist Castro to overcome his cash flow problems, and allow him to take on larger projects such as commercial buildings, or multi-family housing. Additionally, Castro will be able to pay cash for supplies, thus making it possible for him to improve profits.

Soil Conservation Service Hosts Meeting in Temple

The Soil Conservation Service last month held another of its meetings with minority contractors from Central Texas. Bert Adams, TexOMBE Government Agencies Coordinator, reported that seven contractor firms were represented, with two attending for the first time. Both firms were added to the bidders list of the SCS.

Those attending received counsel on how to prepare bid packages for SCS, and the types of projects forecast for the next several months.

Adams explained TexOMBE's role in identification of prospective contractors, and in follow-up work in such areas as bonding, financing, lines of credit, and counseling on bid writing and preparations.

Existing or potential contractors with experience in vegetation improvement, construction work, civil engineering or landscape archi-

ecture are being sought by the Soil Conservation Service. Also needed are firms with backgrounds in seedbed preparation, weed control, irrigation, fence construction, and heavy equipment operation.

Any contractor or potential contractor interested in these areas of work is invited to contact Bert Adams by writing to: Government Agencies Coordinator, Texas OMBE, 1711 San Antonio St., Austin, Texas 78701.

Corporations Seek Minority Mfgs, Contractors

A wide variety of manufactured goods are needed by large corporations and they are looking for minority owned firms to fill those needs, according to James Richardson, TexOMBE Private Enterprise Coordinator. Service firms are also being sought for many kinds of contractual work.

In addition, numerous contracting and procurement opportunities for minority businesses have been discovered through recent discussions with Continental Oil, Lone Star Gas, Phillips Petroleum Corp., and Sun Oil Co., according to Richardson.

"More than \$1.5 billion in goods and services are purchased by large manufacturing firms in Texas every year," said Richardson. "They buy everything from nuts and bolts to uniforms, gloves, chemicals, boxes ... you name it."

Richardson urges all minority firms in Texas to get in touch with the nearest TexOMBE field office or local business development organization to be identified as possible suppliers or service vendors.

TEXOMBE SCOREBOARD

A SUMMARY OF CONTRACTS AND LENDING ACTIVITIES BY THE TEXOMBE FIELD OFFICES TO THIS DATE.

	November, 1974 **		Total No./\$ For FY1975 (Began Nov. 1, 1974)	
	No./\$			
1.) Loans in Preliminary Stages	35/\$1,051,850			
2.) Loans in Process	22/ 768,420			
3.) Loans Pending Approval	35/ 1,058,037			
4.) Loans Approved	11/ 188,650			
5.) 8(a) Contracts Approved	- 0 -		11/\$188,650	
6.) Federal Contracts Approved	2/ 20,079		- 0 -	
7.) State Contracts Approved	2/ 11,656		2/ 20,079	
8.) Municipal Contracts Approved	- 0 -		2/ 11,656	
9.) Private Contracts	1/ 25,000		1/ 25,000	
10.) Other*	2/ 109,750		2/ 109,750	

* Includes deposits placed in minority banks from government and private sources; approved bonds, proposals and lines of credit; and state, federal and private grants approvals directly resulting from Texas OMBE work programs.

** Items 1.), 2.), and 3.) partly reflect carry-over from FY1973.