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Committee on Small Business
and Entrepreneurship

United States Senate

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Field Hearing
Senate Small Business and Entrepreneurship Committee
Bowie State University
October 29, 2007

I applaud the choice of holding this hearing at Bowie State University, an institution that has a proud history of producing small business leaders and entrepreneurs, and the symbolism of our meeting in a room holding the special collections of Thurgood Marshall, the American hero who did so much to provide opportunity and justice to millions.

I also would like to praise Senator Cardin for his strong record on small business issues, which was underscored by your meeting earlier this year with Prince George's County small and minority business owners at which you promised to help find a way to improve opportunities for all small business owners. That commitment was recognized throughout the state.

The title of today's hearing is very pertinent to our collective efforts to use the engine of small business to add to economic dynamism and jobs creation in society. And as much progress as we've made in our society toward enabling minority small businesses to make productive contributions to this progress since Justice Marshall was first appointed to the High Court over forty years ago, the issue of leveling the playing field is still a matter of critical importance.

This subject came up when the man who appointed Justice Marshall, President Lyndon Johnson, was asked why he championed policies aimed at leveling the field for minorities. Johnson, whose life experience taught him about the barriers that minorities and the poor of all colors, have faced in our country, said the following wise words in response:

"You do not take a person who, for years, has been hobbled by chains and liberate him, bring him up to the starting line of a race and then say, 'You are free to compete with all the others,' and still justly believe that you have been completely fair," said the President. "Thus it is not enough just to open the gates of opportunity. All our citizens must have the ability to walk through those gates. This is the next and more profound stage of the battle for civil rights. We seek not just freedom, but opportunity. We seek not just legal equality, but human ability, not just

equality as a right and a theory, but equality as a fact and equality as a result. To this end equal opportunity is essential, but not enough, not enough. Men and women of all races are born with the same range of abilities. But ability is not just the product of birth. Ability is stretched or stunted by the family that you live with, and the neighborhood that you live in – by the school you go to and the poverty and the richness of your surroundings. It is the product of a hundred unseen forces playing upon the little infant, the child, and finally the man.”

Please allow me to clearly state my position about a critical point relating to the issue of leveling the playing field. I do not assert that the only means by which the federal government can take positive steps to help minority enterprises contribute to society’s vital work is to create contract bidding systems that benefit one particular group or another.

Indeed, I am proud that in nearly 20 years, my company, Systems Application and Technologies, has achieved much success through simple hard work, and by pursuing a vision that recognized a void in the market place for professional services related to defense, homeland security, engineering and technical and investigative services and facilities management.

Systems Application and Technologies is representative of the three million minority-owned businesses in our country. Our firm was recently recognized as one of the top 100 minority business enterprises in Maryland, an honor that our entire staff shares justifiable pride.

It is important to point out that in addition to being important providers of quality goods and services, these businesses help strengthen the fabric of our neighborhoods and communities.

I recommend that the Committee use its influence over federal contracting, and programs run by the Small Business Administration and the Department of Commerce’s Minority Business Development Agency, to implement positive policies that encourage small and minority-owned business growth.

With most of the world's business being conducted by small entrepreneurs, it makes good economic sense for our government to develop policies and use its purchasing power—some one-fifth of the gross domestic product—for this purpose.

The government can positively work to level the playing field through policies that help make capital more accessible, expand business education, promote a culture of entrepreneurship, reduce unnecessary regulatory burdens, and protect intellectual property.

With a debt of gratitude to business development expert Steve Strauss, whose ideas have influenced my thinking on this important public policy issue, here’s my brief take on each of these subjects.

First, and most importantly, the Government must implement a 21st century technology with the capability of real time minority business tracking, monitoring, reporting, marketplace analysis and strategic planning. This Minority Business Development/Contract Compliance Monitoring and Strategic Planning System should have the ability to identify disparities in the marketplace and help to determine if those disparities are the result of discrimination benign or otherwise. The System should assist in determining if race conscience or race neutral programs should be implemented to address any identified disparities throughout the federal marketplace. The technology should be implemented throughout the federal government. The technology should also provide an overall federal report card on minority business participation (MBE, WBE, 8a, DBE SDB, HUB zone, etc.) as required by oversight entities. This type of technology which is Croson, Adarand and Western Paving compliant is available in the marketplace and could provide the backdrop for a serious Minority Business Development initiative. Information is power.

Second, to help minority-owned and other small business entrepreneurs get started, the government should encourage banks to provide seed money to these risk takers by establishing a pool of federally guaranteed small business loans.

Third, to help give new businesses the know-how to succeed, the federal government can play a small but vital role by providing institutions such as Bowie State University financial incentives to create business incubators. These are facilities where faculty business experts teach budding entrepreneurs everything from sales and marketing to law and taxes. Similarly, government agencies should be encouraged to expand the amount of advice they offer to potential small business contractors on their websites.

Fourth, and this is an easy one, government can do more to recognize and publicize the accomplishments of outstanding minority-owned and other small businesses, and to tap the skills and wisdom of distinguished minority business owners on commissions dealing with important societal issues.

Fifth, the government can creatively use the tax code with an eye toward encouraging small-business growth by offering credits for investments in training and education and increasing the deductions for investments. With respect to small business regulation, we must guard against stymieing small business expansion through unnecessary and burdensome rules and reporting requirements.

Finally, to encourage small business entrepreneurs to be risk takers, government must continue to zealously ensure that the government is enforcing policies that protect firms' patent, copyright, trademark and other vital intellectual property rights.

To sum up, all of these proposed policies will help create win-win situations, and provide a useful framework for congressional action to level the playing field.

In closing, I hope the committee recognizes that the success of minority-owned businesses will help us realize the vision of the Great Society that people like Lyndon Johnson and Thurgood Marshall devoted their careers in public service to, and which thousands of budding minority entrepreneurs are working to put into practice today. I thank the committee for the honor of speaking to you today.