



# Growth Under Pressure

Practical Operating Strategies for Minority-Owned  
Firms in a Tight Economy

---

A White Paper for OMSDC Members and Partners  
Author: Jamie R. Van Doren  
Date: April 30, 2026

## Executive Summary

*The phone rings less often. The proposals go out, but the purchase orders take longer to come back. The check that used to arrive in 30 days now arrives in 55. Nothing is broken. Everything is slower.*

This paper advances a practical thesis. In a tight economy, growth is shaped less by the total number of opportunities in the market and more by how quickly a firm can convert opportunities into cash, proof, and repeat business. Recent data show a business environment marked by high uncertainty, weaker sales momentum, slower capital spending, tighter credit standards, and widespread payment friction. For minority-owned firms, those pressures are often amplified by smaller revenue bases, weaker financing outcomes, and the higher trust burden that comes with entering buyer systems as a newer or less familiar supplier.<sup>[1]</sup>

### Key findings:

- 1. Pressure moves through time before it shows up in survival metrics.** The most consequential variables are often days to decision, days to invoice, and days to payment. The Federal Reserve's small-business surveys<sup>[2]</sup> show weak revenue expectations and widespread payment challenges, while current lending surveys show continued tightening in credit standards.<sup>[3]</sup>
- 2. Minority-owned firms often face stacked exposure rather than a single disadvantage.** Recent Federal Reserve data show sharper discouragement, denial, and credit-risk patterns for Black-owned employer firms, alongside smaller revenue bands for several minority groups. The same slowdown can therefore create a larger operating effect.<sup>[4]</sup>
- 3. Disciplined firms respond operationally, not rhetorically.** They narrow the pipeline before widening it, trade on terms before cutting price, standardize proof for buyers, and run tighter weekly cash routines. That response fits the underlying data better than a generic "sell harder" approach.<sup>[2]</sup>
- 4. Relationships are an economic asset when they are structured.** One in three small businesses sells mostly to other businesses or entities, most serve customers close to home, and officially recognized teaming models already exist for firms that need shared past performance, shared capacity, or shared bids.<sup>[5]</sup>

*A note on method: Where this paper draws operational conclusions from survey data rather than citing direct findings, those inferences are identified. The goal is to be useful without overstating what the evidence proves.*

*Growth under pressure is possible, but it rewards firms that run a pressure plan rather than a hope plan. For MBEs, that means protecting cash, converting relationships into demand, and making it easy for buyers to say yes with confidence.<sup>[6]</sup>*

*The economy doesn't need to collapse for supplier pressure to build. It just needs to get selective.*

— GROWTH UNDER PRESSURE, OMSDC 2026

# The Transmission Mechanism

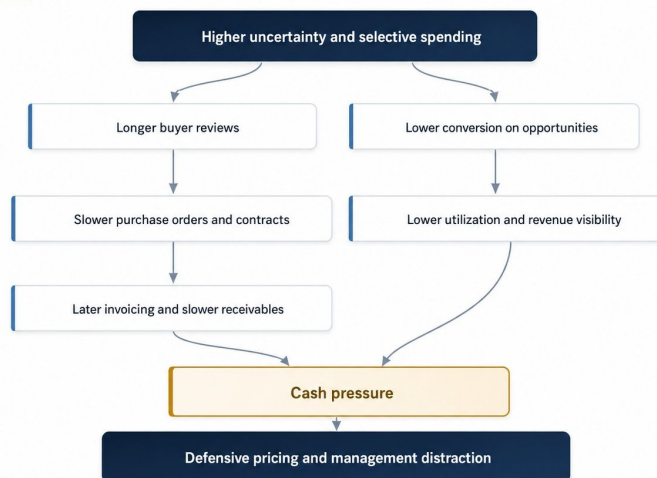
The current environment is not defined by one dramatic break. It is defined by a set of signals that are individually manageable but collectively demanding. In March 2026, NFIB<sup>[7]</sup> reported small-business optimism below its long-run average, uncertainty at 92, a net negative reading for recent nominal sales, and planned capital outlays at their lowest level since November 2009. The Federal Reserve's 2025 Small Business Credit Survey, released in 2026, found revenue expectations at their lowest level since 2020 and identified reaching customers and growing sales as the most common operational challenge.<sup>[8]</sup>

What matters for operators is the transmission path. Macro caution becomes operational pressure through three concrete channels. First, demand softens or becomes more selective, which reduces conversion and stretches the time between proposal and award. Second, approvals slow because buyers add layers of review, demand more documentation, or re-evaluate budgets. Third, payment cycles lengthen or become less predictable, which turns booked revenue into delayed cash. The Federal Reserve's payments report found that roughly four in five small firms face payment-related challenges, and that slow-paying customers are especially relevant in professional services, real estate, and manufacturing. Recent lending surveys also show continuing credit tightening, which means delayed cash is harder to bridge externally.<sup>[9]</sup>

Here is the counterintuitive part. The economy doesn't need to collapse for supplier pressure to build. It just needs to get selective. The Bureau of Transportation Statistics<sup>[10]</sup> reported that the Freight Transportation Services Index rose 1.9 percent year over year in February 2026 and reached a new high, even as small-business surveys pointed to weaker sales sentiment and lower capital-spending plans. In other words, this cycle is traveling less through a broad collapse in activity and more through selection, timing, and financing friction.<sup>[11]</sup>

## How Pressure Transmits: From Macro Caution to Operating Strain

The transmission mechanism from economic uncertainty to supplier-level cash pressure



*The short version: uncertainty slows decisions, slow decisions delay cash, and delayed cash forces defensive behavior that makes the next cycle harder.*

### Five Warning Signs

- Proposal volume rises while signed revenue stalls
- Buyers request more proof, references, or revised scopes late in the cycle
- Accounts receivable over 45 days begins to climb
- Discounts appear before payment terms or scope are clarified
- Owners spend more time chasing cash than deepening customer relationships

*That pressure hits every small firm. But it doesn't hit every firm equally.*

# Why Minority-Owned Firms Are More Exposed

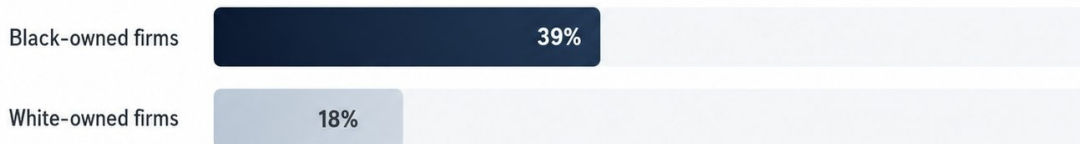
Minority business exposure is best understood as a stack of compounding challenges that must be navigated individually but have outsized impact as a whole. These challenges include capital, concentration, trust-building, and data. They are related. And they don't need to all go wrong at once for pressure to increase.

On capital, the latest Federal Reserve chartbook by race and ethnicity shows a materially harder financing picture for Black-owned employer firms. Among applicants for loans, lines of credit, or merchant cash advances, 39 percent of Black applicants were denied, versus 18 percent of White applicants. Among nonapplicants, 44 percent of Black-owned firms said they didn't apply because they didn't think they would be approved, versus 5 percent of White-owned firms. The same chartbook shows White-owned firms far more concentrated in the low-credit-risk category, while Black-owned firms are more concentrated in medium- and high-risk bands.<sup>[13]</sup>

## The Financing Gap: Denial and Discouragement by Race

Federal Reserve Small Business Credit Survey, 2025 Chartbook by Race and Ethnicity of Ownership

### DENIAL RATE AMONG APPLICANTS



### DISCOURAGEMENT RATE AMONG NON-APPLICANTS

Did not apply because they believed approval was unlikely



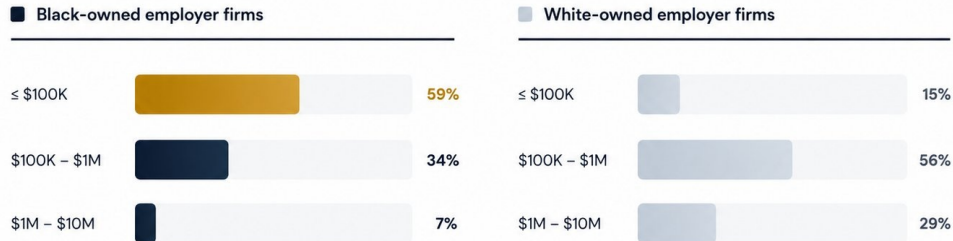
Black-owned employer firms
  White-owned employer firms

*The operating loss often happens before any formal rejection. When 44 percent of Black non-applicants choose not to apply at all, tight conditions reduce growth before they reduce ambition.*

On concentration, the same data show that revenue bands are distributed differently across ownership groups. In the 2025 chartbook, 59 percent of Black-owned employer firms were in the \$100,000-or-less revenue category, compared with 15 percent of White-owned firms. Only 7 percent of Black-owned firms sat in the \$1 million to \$10 million band, versus 29 percent of White-owned firms. Hispanic-owned firms were also more concentrated in the lower revenue bands. A smaller base doesn't make growth impossible. It does make single-customer dependence, delayed approvals, and late payments more consequential.<sup>[14]</sup>

## Revenue Distribution: A Different Starting Line

Share of employer firms by annual revenue band, 2025 Federal Reserve Chartbook



**8.4** ×

Black-owned firms are 8.4 times more likely to fall in the lowest revenue band than White-owned firms

**4.1** ×

White-owned firms are 4.1 times more likely to reach the \$1M–\$10M band than Black-owned firms

Source: Federal Reserve Banks, 2025 Firms in Focus: Chartbook on Firms by Race and Ethnicity of Ownership

On trust-building, procurement systems reward familiarity. The Urban Institute<sup>[15]</sup> notes that it is easier for firms to win government contracts after they have already done business with the contracting entity, which can entrench existing patterns over time. A NASPO-supported<sup>[16]</sup> 2024 review adds a related point: in its review of 132 solicitations, diversity factors were often described as important but rarely appeared as specific selection criteria in award decisions.<sup>[17]</sup>

On data, the exposure is practical rather than abstract. Buyers search for suppliers through profiles, directories, certifications, capabilities statements, insurance records, and performance history. The SBA<sup>[18]</sup> explicitly advises firms to maintain complete profiles with a capabilities narrative, keywords, NAICS codes, and performance history. Firms with clean, current, standardized proof assets move through systems faster. Firms without them pay in time.<sup>[19]</sup>

### The Cost Before the Rejection Letter

Consider a facilities contractor who lands a meeting with a regional health system. The scope is real. The timeline is tight. Scaling up means bridging payroll for 60 days before the first milestone payment arrives. She knows what the loan application will look like: the revenue is modest, and the credit history carries a dip from a slow-paying client two years ago. She doesn't apply. Not because a lender said no. Because the expected "no" isn't worth the time it would cost. The contract goes to a firm that could self-fund the ramp.

That scenario is not hypothetical in aggregate. In the Federal Reserve chartbook, the discouragement effect was strikingly high among Black nonapplicants: 44 percent chose not to apply because they believed approval was unlikely. The operating loss happens before any formal rejection letter. That is how tight conditions reduce growth before they reduce ambition.<sup>[20]</sup>

*When 44 percent of Black non-applicants choose not to apply at all, tight conditions reduce growth before they reduce ambition.*

— GROWTH UNDER PRESSURE, OMSDC 2026

## The Four Pressure Points

**Pipeline.** In a tight economy, the pipeline problem is often mistaken for a lead problem. Survey evidence suggests the bottleneck is more often conversion, buyer access, or budget certainty. If reaching customers and growing sales is the most common operational challenge, then firms should track stage-by-stage conversion, median days from first meeting to decision, and the share of pursuits attached to a real budget and buying owner. More opportunities are useful only when the opportunities are qualified.<sup>[21]</sup>

### The Pipeline in Plain English

Most pipeline problems aren't lead problems. They're conversion problems.



**The key insight:** Adding more prospects to the top of this pipeline doesn't help if deals are stalling between Qualified Lead and Conversion. In a tight economy, track where opportunities die — that's where the real bottleneck lives.

**Price.** Price pressure rises as buyers become more careful, but lowering price without changing scope or terms can move risk from the buyer's budget to the supplier's balance sheet. A better first question is whether the buyer will trade faster payment, an upfront deposit, milestone billing, narrower scope, or a longer commitment for the concession being requested.<sup>[22]</sup>

#### Questions Before Lowering Price

- What is the real gross margin after financing and collection costs
- Is the buyer also changing payment timing, scope, or volume commitment
- Would a milestone invoice or deposit solve the problem more cleanly
- Is this a strategic account with repeat potential and reference value
- Are we lowering price to win, or lowering price because qualification was weak

**Cash.** Cash pressure is where the economy stops being a headline and becomes a Tuesday morning problem. The Federal Reserve's payments report states plainly that customer payments are the primary source of cash for small businesses, and that roughly four in five firms face payment-related challenges. In the 2025 SBCS released in 2026, 56 percent of firms sought financing to meet operating expenses. This is why 13-week cash forecasting, invoice-speed discipline, and weekly collection routines matter more than abstract annual budgeting during pressure periods.<sup>[23]</sup>

#### Quick Cash Conversion Tactics

- Invoice within 24 hours of a completed milestone
- Confirm buyer acceptance criteria before work starts
- Move long projects to milestone billing
- Call top overdue accounts weekly, not monthly
- Offer a term trade, such as faster pay for a modest administrative discount



**Attention.** The least measured pressure point is management attention. For SMBs especially, owners begin spending more time on custom proposals, receivables follow-up, funding conversations, and internal fire control. That shift weakens sales follow-through and process quality. In practice, attention pressure shows up as delayed callbacks, inconsistent follow-up, and proposal work that starts from scratch too often.<sup>[12]</sup>

## **When One Late Check Rewires the Business**

For a B2B supplier on monthly invoicing, a 30-day slip by one anchor account doesn't only delay cash. It frequently triggers a second-order response: leaning on a credit line, slowing purchasing, or distracting leadership into collections. That is why modest improvements in billing and payment terms can be more valuable than a modest increase in booked sales.<sup>[23]</sup>

---

*Internal execution becomes the first line of financing.*

— GROWTH UNDER PRESSURE, OMSDC 2026

---

## What Disciplined Firms Do Differently

Disciplined firms treat pressure as a routing problem. They make it easier for good work to turn into fast decisions and dependable cash.

First, they build visibility. That means a weekly cash view, a live receivables list with named owners, and a pipeline sorted by budget certainty, gross margin, and payment profile. Second, they sell with a proof pack. One clean capability statement, current insurance and certifications, a concise list of past performance, two or three references, standard scope language, and a current search profile do more for conversion than another generic intro deck. This is especially important in systems that reward prior relationships and documented performance.<sup>[24]</sup>

READY REFERENCE

### The Proof Pack

What disciplined firms have ready before a buyer asks

- **Capability statement** — one page, current, with clear differentiators and NAICS codes
- **Insurance and certifications** — current certificates of insurance, MBE certification, and any relevant licenses
- **Past performance** — concise list of 3–5 relevant projects with outcomes, not just client names
- **References** — two to three named contacts who can speak to delivery quality and reliability
- **Standard scope language** — reusable service descriptions and deliverable frameworks
- **Searchable supplier profile** — updated with keywords, capabilities narrative, and current contact info
- **Teaming one-pager** — a short "how we work together" document for partners and primes

i This pack does more for conversion than another generic intro deck — especially in systems that reward documented performance and prior relationships.

Third, they trade on structure before rate. They ask for deposits, milestone invoices, faster approval checkpoints, or a defined work package. Fourth, they expand from current trust before chasing distant trust. The Federal Reserve found that about one in three firms sells mostly to other businesses or entities, and most serve a large share of customers close to home. Existing customers, referral partners, and regional buyers are often the fastest route to resilient growth because the proof burden is lower.<sup>[25]</sup>

The strongest firms also standardize the work behind the work. Proposal modules are reusable. Reference stories are current. Buyer onboarding packets are ready before they're requested. Internal roles are explicit. That operating discipline matters because external capital isn't picking up the slack. The Kansas City Fed found continuing tightening in credit standards through Q4 2025.<sup>[26]</sup> When lenders are more selective, the cash a firm frees up through faster invoicing, tighter collections, and reusable proposal infrastructure functions as self-generated working capital. Internal execution becomes the first line of financing.

# Relationships, the MBE-to-MBE Demand Engine, and Shared Capacity

The next growth lever is relationship structure. Recent Federal Reserve data show that other businesses account for significant sales for a large share of firms, and 59 percent of firms serve a significant portion of customers within 50 miles of headquarters. That makes a regional business-to-business demand engine commercially relevant right now.<sup>[27]</sup>

This is where MBE-to-MBE demand matters. According to the NMSDC,<sup>[28]</sup> certified MBEs generated \$599.7 billion in total economic output in 2024, supported more than 2.2 million jobs, and paid \$168 billion in wages. Even a modest increase in commercial purchasing across the MBE network can create meaningful near-term demand, especially in services, indirect spend, and category areas where trust, proximity, and responsiveness matter.<sup>[29]</sup>

**The barriers are familiar.** Firms can't always find one another by capability. Qualification packets vary. Scope is mismatched. Payment risk is unclear. The fix is to lower search cost and trust cost at the same time. A useful operating design includes a searchable member directory, a standard one-page "buy from me" profile, common definitions for workshare and referral fees, and a standing monthly exchange for live opportunities rather than generic networking.

Shared capacity is the next step. A pursuit pod is a small group of firms with adjacent capabilities that review opportunities together, share proof assets, and decide quickly who leads. A delivery pod adds common project management, quality checks, and escalation rules. For firms in public procurement, official structures already exist. The SBA states that joint ventures allow firms to combine past performance, share resources, and leverage each partner's experience and market share.<sup>[30]</sup>

There's a term gaining traction for a version of this that happens less formally: *co-opetition*. It describes what happens when firms with adjacent or even overlapping capabilities choose to cooperate rather than compete, because the overlap is less meaningful than the complementarity. The IT firm that handles enterprise projects above \$10,000 and the three-person shop whose sweet spot is \$3,000 service calls aren't really competitors. They're a referral engine waiting to be formalized. A standing agreement to route opportunities, share intelligence, and occasionally co-bid doesn't require a joint venture. It requires a conversation and a one-page terms sheet.

## Relationship Assets to Strengthen

- Three recent references with clear buyer outcomes
- A clean capabilities profile and searchable keywords
- One standard teaming conversation deck
- A current list of categories you buy as well as categories you sell
- A short "how we work together" document for partners and primes

## What Corporate Buyers Should Do

---

Corporate buyers have more leverage here than they sometimes realize. The most important change is to treat supplier access as an operating issue, not a communications issue. That means publishing onboarding requirements up front, assigning one accountable onboarding owner, setting a target cycle time, and keeping first-project scopes tight enough for a new supplier to succeed.<sup>[17]</sup>

The second move is to make participation scoreable. If supplier development, subcontracting, and team composition matter, they should appear in evaluation and review processes as concrete criteria. The SBA's own subcontracting framework gives a useful model: large primes use subcontracting plans, searchable tools, and supplier profiles to create real opportunity flow. Corporate procurement teams can adapt the same logic with category maps, second-tier tracking, and repeat-award measurement.<sup>[31]</sup>

The third move is financial. Faster pay on early phases, milestone billing on implementation work, or prompt approval of completed deliverables can unlock more supplier capacity than another round of supplier outreach. That is especially true when small firms already report widespread payment friction. Buyers who want more resilient vendor bases should measure cycle time to onboard, days to first payment, repeat-award share, and second-tier MBE participation. Those are business metrics. They also happen to support a broader supplier base.<sup>[32]</sup>

*Growth under pressure is possible, but it rewards firms that run a pressure plan rather than a hope plan.*

— GROWTH UNDER PRESSURE, OMSDC 2026

# 90-Day Response Plan and Conclusion

## 30-Day Checklist

- Build a 13-week cash forecast
- Assign an owner to every overdue invoice
- Tag every live opportunity by budget certainty and payment profile
- Assemble a proof pack with references, insurance, certifications, and sample scope
- Identify three MBE partners or primes for active teaming conversations
- Call your top ten customers and ask about upcoming needs, renewals, and category gaps

**Build visibility.** In the first 30 days, the priority is operational clarity. Stand up a weekly cash meeting. Age receivables. Segment the pipeline into high-probability, medium-probability, and low-probability pursuits. Set pricing guardrails. Complete the proof pack and update every searchable supplier profile. Milestones: 100 percent of open invoices aged and assigned, 100 percent of new work invoiced within 24 hours of milestone completion, and one current capability packet ready for buyers and partners.<sup>[33]</sup>

**Convert relationships.** In days 31 to 60, shift from diagnosis to commercial movement. Ask existing customers for adjacent work. Launch one pursuit pod around a defined category. Move new proposals toward deposits, milestone billing, or clearer acceptance terms. Re-engage buyers that went quiet and ask directly which approvals or risk items remain unresolved. Milestones: reduce receivables over 45 days by at least 15 percent, ensure at least 25 percent of new quotes include a term improvement, hold three partner meetings, and submit two pod-based pursuits.<sup>[34]</sup>

**Institutionalize the model.** In days 61 to 90, lock in the routines that worked. Make the weekly dashboard permanent. Formalize one teaming agreement, joint venture path, or recurring referral mechanism. Publish an internal buyer-target list and a partner-target list. Milestones: lower days sales outstanding by 5 to 10 days, raise repeat-customer revenue share, secure one shared-capacity opportunity, and document one onboarding packet that can be reused without new drafting. This is where pressure turns into operating advantage.<sup>[35]</sup>

*Tight economies reward proof, speed, and disciplined coordination. MBEs that strengthen cash routines, standardize buyer confidence, and build structured demand through customers, peers, and teaming partners do more than protect the downside. They create a better growth architecture for the next expansion as well.*<sup>[36]</sup>

## Selected Sources

---

- [1], [7], [8] Current small-business conditions: NFIB, *Small Business Economic Trends*, March 2026.
- [2], [6], [29], [36] MBE economic footprint: NMSDC, *2024 Minority Businesses Economic Impact Report*.
- [3], [21] Small-business performance and financing: Federal Reserve Banks, *2026 Report on Employer Firms*.
- [4], [13], [14], [20] Racial and ethnic exposure patterns: Federal Reserve Banks, *2025 Firms in Focus: Chartbook on Firms by Race and Ethnicity of Ownership*.
- [5], [16], [25], [27] Customer mix and employer firms: Federal Reserve Banks, *2025 Report on Employer Firms*.
- [9], [10], [12], [15], [22], [23], [32], [33], [34] Payment-cycle pressure: Federal Reserve Banks, *2024 Report on Payments*.
- [11] Freight data: Bureau of Transportation Statistics, *Freight Transportation Services Index*, February 2026.
- [17], [24] Procurement barriers: Urban Institute, *Removing Barriers to Participation in Local and State Government Procurement and Contracting for Entrepreneurs of Color*.
- [18], [30] Teaming structures: U.S. Small Business Administration on joint ventures and mentor-protégé, plus FAR Subpart 9.6.
- [19], [31] Subcontracting: U.S. Small Business Administration, *Prime Subcontracting*.
- [26], [28], [35] Lending standards: Federal Reserve Bank of Kansas City, *Small Business Lending Survey, Q4 2025*.