



THE FACTS

Access to capital in traditional lending markets has historically been a challenge for Black and Brown businesses. The Center's [Indicators for an Inclusive Economy](#) show 6.4% of bank loans go to majority-people of color neighborhoods compared to 93.6% for majority-white neighborhoods. This has led Black and Brown entrepreneurs to rely on non-traditional sources of capital to start, scale, and maintain their businesses.

Research shows Black and Brown entrepreneurs face issues such as a lack of collateral to secure loans or they face more stringent loan underwriting criteria in traditional lending markets. These systemic challenges force many to rely on family networks, credit cards, or sift through unknown options from non-banking sources of capital to finance their endeavors.

To address historic disinvestment and wealth extraction, federal and local governments and businesses are investing directly in the capacity for Black and Brown business owners to grow and scale their businesses. These institutions acknowledge the power of diverse entrepreneurs to improve the economy and revitalize their own neighborhoods and commercial corridor.

Accelerators and diverse equity funds like the [Vanguard Accelerator and Fund](#), created by the Center for Economic Inclusion in partnership with NEOO Partners and Founder's First CDC invests in the capital, connections and capacity business owners need to grow jobs in growth sectors.

The training and funding Vanguard offers businesses position them to accelerate growth and attraction of bank, venture and angel investments.

THE BUSINESS CASE

Investing in Black and Brown businesses is a proven wealth builder. If 15% of Black-owned businesses had employment parity, they would create 600,000 new jobs and add \$55 billion to the US economy, according to a study from AEO. Association of Enterprise Opportunity Tapestry of Black Business Ownership in America.

Similarly, dismantling systemic racism in bank lending to close the disparate gaps in lending for Black business owners would add \$65 billion in annual revenues among these businesses.

Research shows that Black-owned firms are more likely to hire Black workers than White-owned firms. Thus, these firms are an important avenue for wealth building for both business owners and workers alike. Additionally, 75% of surveyed Black women business owners listed "wanting to help my community" as a key factor in starting their business, 15% higher than the average for all businesses.

PROMISING PRACTICES

1. **Boeing Corporation's** supplier diversity team models several practices to encourage and support small and diverse suppliers:
 - Break up large supplier contracts into multiple, smaller contracts to establish relationships and develop capacity.
 - Revise invoicing and payment to shorter time-spans (e.g. Net 15) to ease capitalization and alleviate cash flow difficulties for these smaller firms.
 - As needed, extend bridge loans to small suppliers to ensure solvency and continued procurement relationship.
2. At Black-owned banks, 67% of mortgages are given to Black households, compared with under 1% at the average bank. Many large US firms made pledges to move assets into Black-owned banks and CDFIs in recent years; follow-through on these commitments is crucial.



LET US HELP YOU BUILD AN ANTI-RACIST, ECONOMICALLY INCLUSIVE WORKPLACE!

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