



THE FACTS

Women of color business owners are leading the nations shift in job creation and wealth building. Among all women owned businesses Black women own 21% and Latina women own 18%, generating over \$700 billion in annual revenues among their peers. Yet too often these business owners are locked out of the networks that influence capital flows and contracts, two key ingredients for employer businesses.

Black and Latina women are changing the face of economic mobility and wealth building by relying on skills and values intrinsic to their communities. Black and Latina women face barriers to accessing capital that harm their growth and the economies where they work.

Meanwhile, three years after America's largest corporation's pledged to spend over \$80 billion with Black owned businesses, the trickle of spending remains slow. Increasing spending in Minneapolis-St. Paul alone could contribute dramatically to efforts to increase the number of job creating Black owned businesses to mirror the representation in the market. According to Brookings, achieving this goal would add over 7,100 businesses to the market.

According to a 2022 study completed by the Center for Economic Inclusion, when looking at the relative number of firms in specific fields, the report found some industries with much higher Black and Latino firms: about 23% in commercial and institutional construction, 25% in site preparation, 16% in specialty trade contractors, 18% in public relations agencies, 13% in scientific and technical consulting and 12% in general management consulting.

According to McKinsey, 70% of the revenue gap between Black and non-Black owned businesses is concentrated in five industries:

- Wholesale trade
- Retail trade
- construction
- Manufacturing
- Professional Services

To achieve these bold goals and build healthy, innovative supply chains, public and private sector employers alike will need to move beyond spending pledges to commitments to dramatically transform the way they build relationships with America's fastest growing businesses.

THE BUSINESS CASE

Black-owned firms are more likely to hire Black workers than white-owned firms, providing a key pathway to build wealth for business owners and workers.

Small and minority owned businesses are nimble and innovative. These traits make them excellent investment candidates as companies look to add resilience to supply chains through diverse sourcing (e.g. diversifying areas with sole-source suppliers).

PROMISING PRACTICES

1. A mid-sized construction firm intentionally works with small and diverse supplier organizations to meet current business needs, but also to help grow and scale suppliers to be innovative and robust long-term partners.
2. A large multinational technology firm forms procurement partnerships with diverse supplier organizations.
3. One Vanguard Accelerator (VA) company provides technology solutions including custom-built learning management systems. Since participating in VA, this company has grown in scale and predominantly hires and contracts with women and people of color, reinvesting their resources in the local community.



Project Vanguard, the Vanguard Accelerator and Fund, can help you increase spending with Black and Latina women-owned businesses and other entrepreneurs.

CONTACT US:

ACTIVATE@CENTERFORECONOMICINCLUSION.ORG

651.351.8200