



EMPOWERING
ENTREPRENEURS

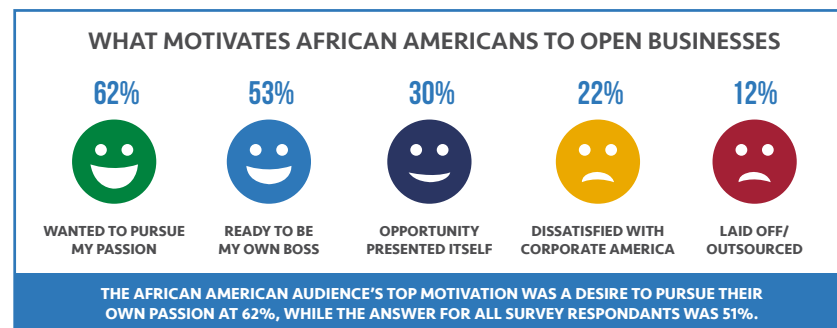


BACKGROUND



The National Black MBA Association® hosted its third Black Think event at this year’s Central Intercollegiate Athletic Association’s (CIAA) Minority Business & Leadership Symposium in Charlotte, North Carolina, in conjunction with the NMBBAA® Charlotte Chapter and with sponsorship by Cricket Wireless. The goal of the think tank was to explore the critical challenges currently faced by Black entrepreneurs as they compete in today’s economy.

According to the United States Small Business Administration’s Survey of Business Owners there are an estimated 2.6M Black owned businesses. Collectively, they generate \$150B in annual receipts for the US Economy. Many Black business owners start a business because they want to pursue their passion (62%). Some are simply ready to be their own boss (53%), while over 30% say that a unique opportunity presented itself, while 22% were dissatisfied with corporate America. Finally, just 12% of Black business owners were motivated by a layoff (Trends of Black Business Ownership, Black Enterprise 2018).



Although Blacks have a heritage of being innovative and resourceful, far too often there are systemic barriers which keep us from competing and building wealth as a community. since entrepreneurship is the greatest equalizer in wealth disparity, the idea of building wealth and building legacies were examined through the lens of small business ownership.

NMBBAA® convened entrepreneurs, investors, bankers, and supplier diversity professionals to share their experiences as part of the roundtable discussions. The discussions revolved around the following key topics:

- SCALING AND GROWING BUSINESS
- CAPACITY BUILDING AND ORGANIZATIONAL COMPETITIVENESS
- INCREASING SUPPORT AND MENTORSHIP
- INCLUSIVE ECONOMIC DEVELOPMENT

Over 80 participants split up into small groups where they were presented with four “challenge” questions designed to elicit thoughtful and robust conversations. The questions were as follows:

- 1 What are the challenges preventing black entrepreneurs from building scalable businesses that realize their growth potential?
- 2 What are some effective strategies black-owned businesses can use to increase their operational capacity and build more competitive organizations?
- 3 In what ways can peer mentorship from other entrepreneurs create a stronger pipeline of black-owned businesses?
- 4 What are the pragmatic ways to practice inclusive economic development that hold everyone accountable for the distribution of wealth in our country?

Each group shared their collective insights, best practices, and proposed solutions to the challenges. This report is a summary of responses received from the participants.

SCALING AND GROWING BUSINESS

Though “scaling” seems to be the buzzword in business today, many entrepreneurs struggle to understand the difference between scaling a business and growing a business. Scaling a business is when you can sell more products or service more customers, which increases revenue, but finding a way to do this without increasing your expenses. The increased revenue that is not being used to help scale can now be used to grow your business. Scaling may involve automating systems or processes or building high customer retention rates to cite a few examples. As the participants discussed, they concurred that black entrepreneurs seem to face a specific set of challenges that impede their ability to scale and grow their businesses competitively. After addressing the relevant challenge question, the think tank groups offered the following key insights and recommendations.

✓ Black entrepreneurs must move beyond simply creating a business plan for capturing ideas. A business plan should be used as a tool for driving company performance by reviewing them at critical milestones and evaluating performance against them. Businesses that can demonstrate their ability to plan properly and perform on-demand increase their appeal to prospective investors and find it much easier to scale.

✓ To successfully and efficiently scale, business owners must diligently work to reduce production and delivery times without diminishing quality. Make sure you can reproduce products without losing quality or profits.

✓ Keep things predictable by normalizing costs where possible. This means creating and sticking to a budget, limiting discretionary spending, and locking in rates by negotiating multi-term contracts with suppliers and discounts for bulk purchases.

✓ Implement processes to standardize key operations like assembly, packaging, tagging logistics, and reporting. Move toward automating these operations as much as possible to increase efficiency and improve quality assurance.

✓ Identify viable and specific sales channels. Aggressively market to them to increase demand and drive sales.

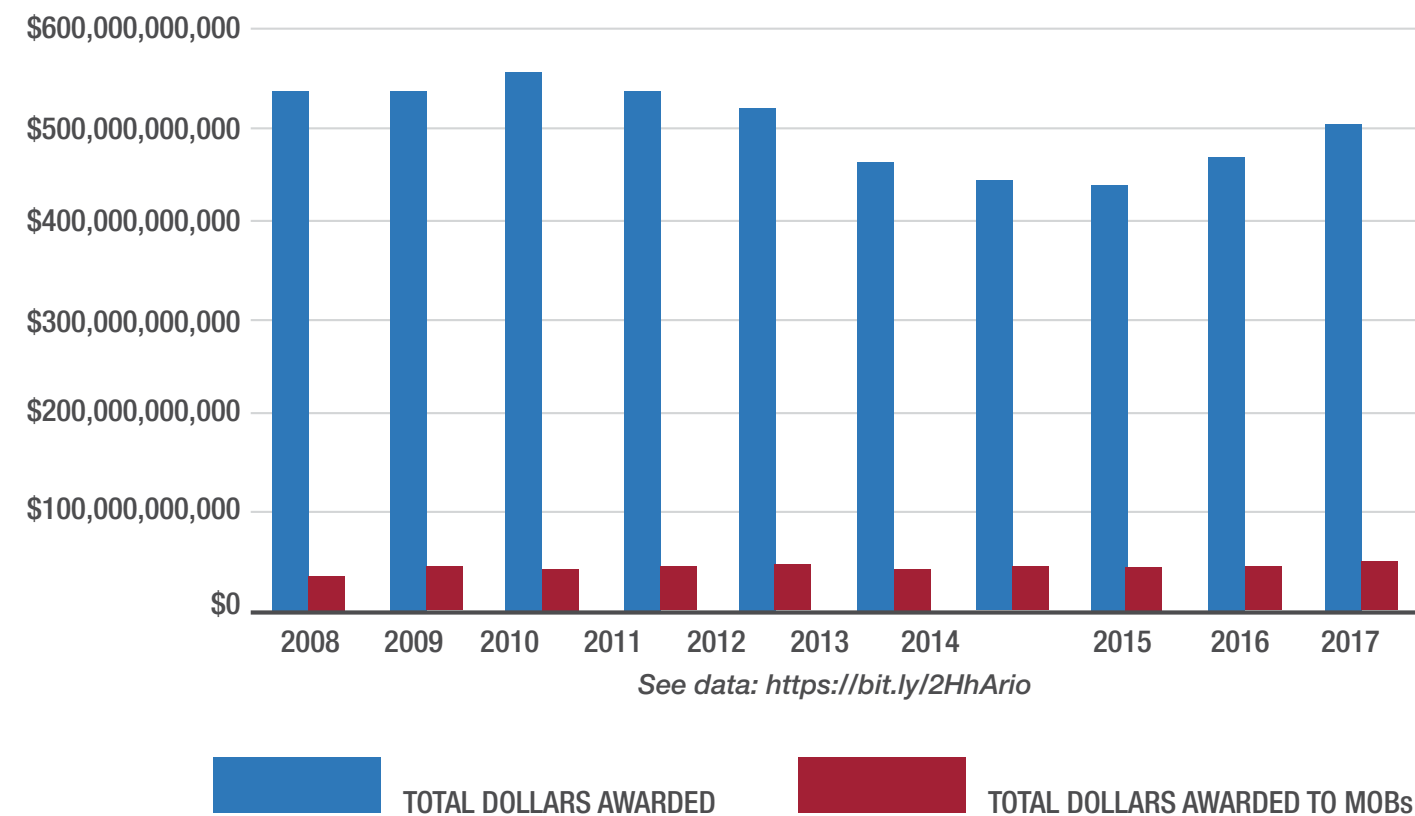
✓ Invest in business management and executive leadership training to learn competencies needed to become more competitive.

✓ Black entrepreneurs should strive for product or service differentiation, which, when coupled with an effective go-to-market strategy, provides a strong competitive advantage. Participants noted that black entrepreneurs often have difficulties maintaining and growing market share because they struggle to effectively communicate their value proposition which often leads to an inconsistency in fulfilling brand promises.

CAPACITY BUILDING AND ORGANIZATIONAL COMPETITIVENESS

With many Black-owned businesses being micro- and small businesses, competing for large contracts or responding to RFPs can prove to be difficult. According to USAspending.gov, federal spending on contracts to minority owned businesses was 9.8% in 2017. However, those companies are not awarded the most lucrative contracts. Data shows that of the top fifty most lucrative contracts awarded by the federal government in 2016 and 2017, not even one was awarded to a woman- or minority-led business.

FEDERAL CONTRACTS AWARDED TO MINORITY-OWNED BUSINESSES 2008-2017



It has therefore become imperative for Black entrepreneurs to invest in capacity building if they want to grow their businesses and qualify for larger, wealth building opportunities.

- Invest in talent, recognizing that good talent comes at a premium.
- Strategically identify strong business partners and outsource the right functions to reduce labor burden and expand expertise.
- Commit to the continuous improvement of your organizational structure including the development of effective processes and procedures to drive operations.
- Create a growth plan that includes an exit strategy and succession.
- Develop financial and organizational strategies that turn short-term sacrifices into mid and long-term gains. Study your financial plans each year.
- To increase your financial leverage, focus on improving and maintaining a stellar credit rating, both personally and with your business.
- Don't be afraid of using credit to build capacity if it helps your company realize its growth potential.
- Create reserves to invest in growth.

INCREASING SUPPORT AND PROFESSIONAL MENTORSHIP

Professional mentorship can provide a vital support system for Black business owners. According to recent data published by SCORE, mentoring can increase the likelihood of small business success.

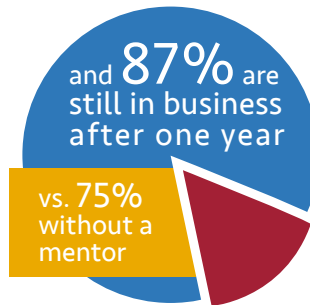
Entrepreneurs with access to a mentor are five times more likely to start a business (10%) than those who do not have a mentor (2%).

ENTREPRENEURS WITH A MENTOR ARE

5X

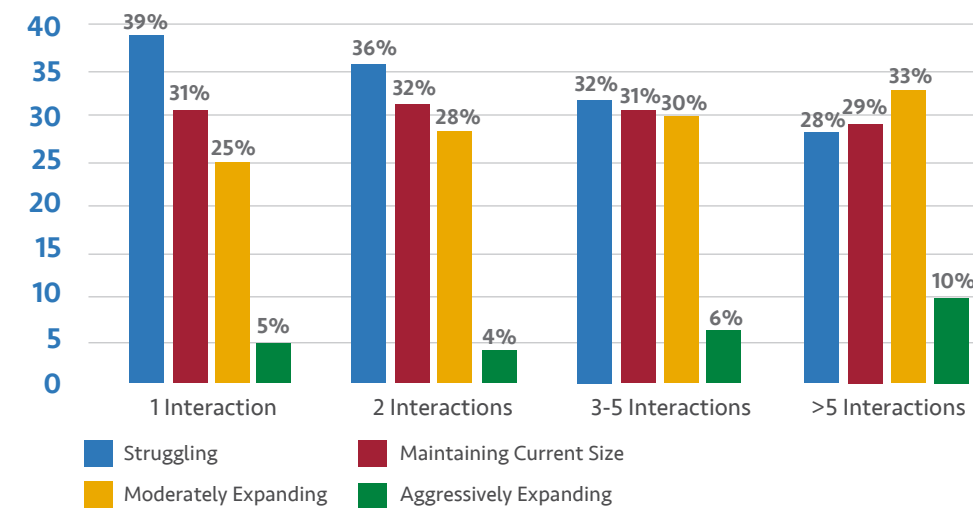


MORE LIKELY TO START A BUSINESS



How much mentoring is enough?

The more mentoring a business receives, the greater the likelihood that a business can shake off struggles and focus on improvements and expansion.*



The transference of information, wisdom, and resources that occurs over the course of a mentor/mentee relationship can lead to competitive advantages and business success. While many entrepreneurs rely on their mentors for guidance in decision-making, professional development, and market research, mentoring also involves a delicate balance of setting healthy boundaries to accommodate the emotional, social and professional responsibilities that come with it.

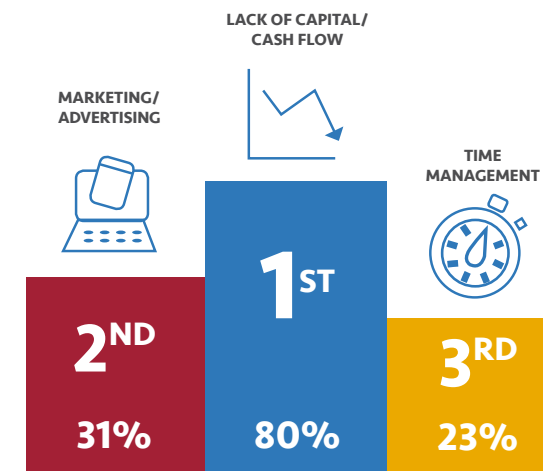
- Mentorship can provide entrepreneurs with a feedback loop as well as models for business success and resilience.
- Mentors: Ask mentees about their challenges with a sincere desire to learn and a goal to inspire. Be honest about the challenges you face when starting your business.
- Mentees: Learn about your mentors' strengths and weaknesses then find out how you can be supportive.
- Manage mentorship commitments by forming groups and focusing on key developmental milestones.
- Seek out opportunities for intergenerational mentorship with those who are both older and younger. This is essential to both learning about emerging trends and developing perspective.
- Mentorship can help the community at large by creating advocates and thought leaders who influence government and corporate policy.
- Sustainable models of mentorship can encourage intergenerational engagement, meetups, and protégé programs that stimulate the development of complementary business networks.

ACHIEVING INCLUSIVE ECONOMIC DEVELOPMENT AND ACCOUNTABILITY

The Black community has faced a long history of obstructions to their economic development. Discrimination in the housing, labor, and capital markets has stifled economic mobility for generations. Often, economic development happens around black communities but not in them. Nevertheless, the more than 19 million black individuals in the United States work force contribute \$1 trillion to the American economy. Fighting for equality is going to take cooperation, the forming of strategic alliances and the willingness and courage to hold leaders accountable.

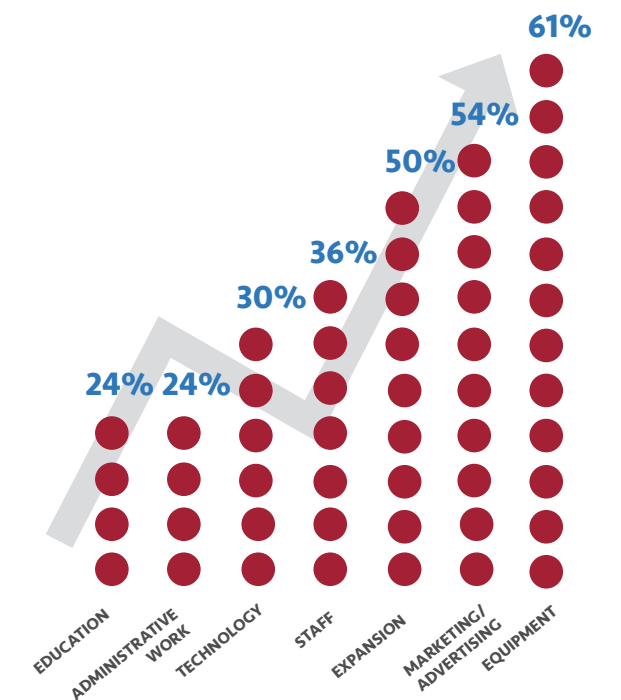
- The most prevailing challenge, recognized by all entrepreneurs, is the historical lack of access to capital. Without relationships with bankers and investors willing to fund their ventures, Black entrepreneurs struggle to acquire the resources needed to grow and compete in the larger economy.
- Black business owners must also be informed citizens, willing to engage policy makers in government to drive reforms.
- In order to create a sustainable economy, the Black community must strengthen trade internally and protect community assets that they can leverage in larger marketplaces.

TOP CHALLENGES FOR AFRICAN AMERICAN SMALL BUSINESSES*



OF AFRICAN AMERICAN SMALL BUSINESS OWNERS SAID LACK OF CAPITAL WAS THE MOST CHALLENGING ASPECT OF RUNNING THEIR BUSINESS, WHICH IS 10% HIGHER THAN THE AVERAGE SMALL BUSINESS OWNER

WHERE ADDITIONAL CAPITAL WOULD BE SPENT*



SUMMARY

In summation, the prevailing consensus of the **Black Think** participants is the need for every entrepreneur to build a growth mindset, guided by vision and the will to execute. A growth mindset is best achieved by first having a firm belief that you can do what you set out to do. That said, as much as you believe in your business, you should also anticipate inevitable failures or mistakes. They will happen. Learn from them, make course corrections, and move on. Seeing challenges as opportunities to improve puts you steps ahead of competitors who see challenges only as obstacles. Finally, and perhaps most importantly, seek out every opportunity to learn, build skills, and improve on those things that will make you a better business owner. Decide now that you will be a lifelong student of the process of business ownership. The return on the investment of your time will be worth it.

The NBMBAA® recommends that every potential black business owner begin by utilizing the following valuable resources that can aid in building a sustainable business to create wealth for future generations. While this list is not exhaustive, it is a great place to start.

The NBMBAA® is committed to continuing the conversation on empowering entrepreneurs and providing programs and resources to build wealth in the Black community.

NBMBAA® Recommended Resources/Programs:

U. S. Small Business Administration
Minority Business Development Agency
National Black Chamber of Commerce
National Minority Supplier Development Council
Goldman Sachs 10K Small Businesses

ACKNOWLEDGEMENTS

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We would also like to thank all participants for lending support to these effort through your feedback during the roundtable discussions. Black Think participants represented the following companies and organizations:

Absolute Cleaning & Restoration, LLC	House of Representatives -
Allen University	Congresswoman Alma Adam
All-Pro Builders & Restorations, LLC	Incite Foundry
Asfalis Advisors	Knight Foundation
Bank of America	Laurel Street
BeEvolvedHR	Leslie's Laundry Care
Bogues Consulting Group	Life Enhancement Services
BrandDisco	Lil Associates II, Inc.
CAF	Linwick & Associates, LLC
Carolina Small Business Development Fund	McPherson, Berry & Associates, Inc.
CBRE	MDC Marketing Group LLC
Center for Next Generational L&P Development	Mecklenburg County Government
Charlotte-Mecklenburg Schools	Mesa Community College
Charlotteworks	NASA
Chowan University	National Association of Black Accountants, Inc
City of Charlotte	NBMBAA NY
Colliers International	NC Education Lottery
Core Communicators Broadcasting	NCDOT
D. Wilson Agency	Pinnacle Business Management
DA Everett Construction Group	PNC Bank
Department of Transportation	Policy
Discovery Chiropractic and Wellness Center	Pride Communications /dba Pride Magazine
Diversified Technology Group	Robert Half Finance
DMI Events	Rodgers
Duke Energy	Rutledge Financial
eVestment	State of North Carolina - HUB Office
FedEx	Stillman College
Fifth Third Bank	The Athletes Library
First Citizens Bank	The Kaleidoscope Group
Friendship Missionary Baptist Church	The Women's Business Center of Charlotte
Growmetix	Travel Agency
HBCU Connect	Uptown YolK



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ABOUT THE NATIONAL BLACK MBA'S BLACK THINK

NBMBAA's Black Think is a think tank for members of the Black Community to convene about the issues affecting their lives, careers and businesses. It convenes key influencers from across sectors to inspire collaboration and thought leadership around the following key impact areas: Education, Policy & Legislation, Community Empowerment, and Mentorship.

ABOUT NATIONAL BLACK MBA ASSOCIATION®

Founded in 1970, NBMBAA® is one of the largest minority professional development organizations in the United States. With over 45 local Chapters, NBMBAA® is dedicated to developing programs and creating educational opportunities that enhance individuals' lives while supporting the growth of urban communities and, as a result, the national economy.