

REPORT



Black Women Entrepreneurs

Past and Present Conditions of Black Women's Business Ownership

Commissioned by:

Prepared by:



About National Women's Business Council

The National Women's Business Council is a non-partisan federal advisory council created to serve as an independent source of advice and counsel to the U.S. Small Business Administration, Congress and the White House on issues of impact and importance to women business owners, leaders and entrepreneurs.

About the U.S. Small Business Administration Office of Advocacy

The Office of Advocacy is an independent voice for small business within the federal government, the watchdog for the Regulatory Flexibility Act (RFA) and the source of small business statistics. The Office of Advocacy advances the views and concerns of small businesses before Congress, the White House, the federal agencies, the federal courts and state policy makers.

About Walker's Legacy

Founded in 2009, Walker's Legacy is a professional collective committed to the empowerment and support of women of color in business. Its dynamic programming promotes the career advancement, skill sets, and network of women in business and women entrepreneurs. Women who engage Walker's Legacy are women who aspire to start their own businesses, or are looking to enhance their knowledge of achieving success in corporate America and their network of like-minded progressive women.





FINAL REPORT

Black Women Entrepreneurs: Past and Present Conditions of Black Women's Business Ownership

Commissioned by the National Women's Business Council and The U.S. Small Business Administration's Office of Advocacy Prepared by Walker's Legacy (SBAHQ-16-M-001)

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EXECUTIVE SUMMARY

The number of women-owned businesses is rapidly growing. Amidst these increases, Black women have become one of the fastest growing segments of entrepreneurs in the country. This work explores the many challenges and opportunities faced by Black women entrepreneurs.

Historically, Black Americans have owned and operated their own businesses in the United States since the era of slavery. Black women have long made up a significant portion of the labor force and have done so alongside Black American men. As of 2012, Black women entrepreneurs owned approximately 1,525,494 businesses across the United States and composed almost 58.9 percent of all Black business owners.¹

Motivations for women to start their own businesses include escape from labor and market disadvantages and discrimination, desire for career advancement beyond perceived glass ceilings, family commitments, personal interests, and the pursuit of financial stability. Black women have been shown to exhibit similar motivations as women business owners overall, but also explicitly express the desire to support and uplift their communities in the process.

Existing studies suggest numerous barriers that women face as they seek to start and maintain a successful business, including lack of start-up capital, resources, and loans; gender discrimination within male-dominated sectors; little access to strong networks; difficulty in obtaining government contracts; and children and family obligations. Similar barriers exist for Black women and are further compounded by the influence of race on social, human, and financial capital. In order to inform its analysis of Black women's entrepreneurship, Walker's Legacy hosted three events in Washington, DC; Houston, TX; and New York, NY. Each event was designed to illuminate the experiences of Black women entrepreneurs in the community. In addition to the Black women entrepreneurs, each event also included Black financial service representatives, government and policy officials, general and business community leaders, academics, and business service providers.

The Black women entrepreneurs present at the breakout sessions:

1. Expressed a desire to start their own businesses so that they can follow their passions, have freedom and flexibility, create generational wealth and a legacy for their children, and give back to their respective communities;
2. Described efforts to access financial capital as lengthy, exacerbated by lack of information, and largely impacted by “having a seat at the right table,” which many women felt that they did not have;
3. Described the role that fear plays in the choice to seek financial support;
4. Identified the lack of available and quality mentors and sponsors who can not only support Black women-owned business but also champion their needs and experiences;
5. Cited discrimination and stereotyping as key challenges to successful business start-up and maintenance;
6. Maintained that work-life balance and personal fulfillment were key motivators for starting a business;
7. Acknowledged fear of rejection and failure as key challenges; and
8. Conveyed a number of challenges to growing their business, including funding and hiring like-minded and trustworthy staff.

KEY RECOMMENDATIONS:

Given the literature and the results of the breakout sessions with Black women entrepreneurs, this report makes the following recommendations specifically geared toward Black women business owners:

- **Diversify:** Continue to seek opportunities to engage with business groups, agencies, and associations that broaden your circles and that challenge and push past boundaries and levels of comfort.
- **Build:** Proactively cultivate new relationships and pursue mechanisms to self-mentor by examining existing examples of successful Black businesswomen.

- **Alternate:** Seek non-traditional funding sources, such as crowdfunding, that may provide more equitable access to debt and equity capital.

Additional Recommendations:

- **Increase the number of Black women investors**

An article in Puget Sound Business Journal asserted that “male angel investors tend to choose entrepreneurs who look like a startup CEO – someone who is typically male.” The article continues on to say that nearly three-fourths of angel investors are also male. In addition, research conducted by the Diana Project also found that venture capital firms with women partners were more likely to invest in companies with women in leadership. This has been shown to work against burgeoning women entrepreneurs. Given the lack of angel investors who are both women and of color, qualified Black women should seek to become accredited angel investors for Black women-owned businesses.

- **Improve and expand intentional information and resource sharing targeting Black women business owners.**

Access to information and knowledge about key resources was an important need expressed by participants in the break-out sessions. While resources and programming exist to target women and minority-owned businesses, many Black women may be unaware of these offerings and opportunities.

Intentional dissemination of information and marketing is necessary to ensure that women business owners, no matter their race, are aware of available resources, know how to access them, and are also supported through the application or participation process.

Key to this for Black women are strategic partnerships with Black women and business organizations as well as women’s business associations, women’s Chambers of

Commerce, and various centers devoted to women business owners. These include Women's Business Centers (WBCs) and Women's Business Development Centers (SBDCs). Additionally, Black Chambers of Commerce, colleges and universities, and faith-based organizations can be valuable for providing such connections. Additionally, it is advisable to engage existing Black business women to serve as champions and information disseminators.

Lastly, developing and promoting resource platforms can be of great value. One such resource is the platform established in 2016 by the National Women's Business Council, which analyzed 600 resources and determined 200 best-in-class resources for women-owned business. This process can be replicated by other business service-providing organizations that reflect best-in-class resources for minority businesses.

- **Improve and develop local community enterprise resource programs.**

A need for more flexible and alternative funding sources and funders who understand the needs and realities of Black women business owners is vital. Creating mechanisms to monitor, train, and support existing financial institutions and funders in engagement and specialties associated with the Black female entrepreneur seems to be one possible response to this request. Supporting accessible community-based business resources (e.g., Community Development Corporations [CDCs], local entrepreneurship and business resource centers, WBCs, SBDCs, and Minority Business Development Centers [MBDCs]) is also key to the success of Black women-owned businesses. Further, bolstering existing and local community enterprise resources so that they can be more accessible and visible and cater to the unique needs and realities of Black women business owners could prove to be a fruitful endeavor.

Community Development Financial Institutions (CDFIs) often fill the access to capital gap in underserved and rural communities. Therefore, we recommend continued support of these entities and their respective educational programs and trainings for women-owned businesses.

- **Further develop mentorship programs and networking opportunities for Black women-owned businesses.**

Increased opportunities to network, share, collaborate, and locate mentors were central to the needs expressed by participants during this research. Additionally, literature identifies a lack of adequate networks as a significant barrier. Given this, support for mentorship programs specifically for Black women business owners to assist Black women with broadening their business networks is a key intervention.

Based on her examination of Black entrepreneurs in Cleveland, Bessie House-Soremekan recommends the development of local mentorship and shadowing opportunities for business owners. She also recommends the development of a database that lists local resources and business owners in the area to assist with this networking process. In the same vein, the creation of formalized programs like those established by Walker's Legacy, which directly connect Black women business owners to mentors and sponsors as well as provide the infrastructure to facilitate events, meetups, and networking opportunities, could have significant impacts on social networks.

- **Encourage entrepreneurship curricula at Historically Black Colleges and Universities (HBCU) and encourage universities and colleges that currently have entrepreneurship programming to expand and incorporate diverse curricula:**

At the focal point of the Black educational system are the more than one hundred remaining Historically Black Colleges and Universities (HBCUs) that exist within the U.S. While particular opportunities exist at all-women colleges within the HBCU network, such as Spelman College, Agnes-Scott College, and Bennett College, research has shown that institutions within the network, regardless of gender focus, both enroll and graduate more Black women than men.

Therefore, incorporating entrepreneurship curricula across disciplines has the potential to directly impact Black women with entrepreneurial aspirations. Opportunities exist for

HBCUs to encourage entrepreneurship curriculum integration across disciplines as well as establish campus-affiliated entrepreneurial centers and incubators. These efforts can provide students with the opportunity to gain valuable, real enterprising experience and improve early exposure to business practices and principles.

Additionally, many universities and colleges have begun offering courses on entrepreneurship and business development. These institutions should continue this trend, as this will help create the next generation of entrepreneurs. To meet the diversifying population of the U.S., these institutions should consider partnering with HBCUs to develop curricula that meet the needs of minority business owners and entrepreneurs. Creating curricula across institutions that address the challenges of women entrepreneurs and minority women entrepreneurs ensures that a greater percentage of minority women can take advantage of these courses.

- **Conduct additional qualitative and in-depth research on Black women business owners.**

This report provides a launch pad of sorts that can shed light onto additional research needed about Black women business owners. Additional in-depth and qualitative inquiry is needed to further illuminate Black women's experiences. Specifically, there is a need for more detailed data in order to meaningfully study the use and impact of government programs such as 8A or the women-owned business certification process. Research could also include investigations of need-based entrepreneurship, the impacts of fear on business start-ups, and loan application processes.

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INTRODUCTION

As of 2012, there were 9,878,397 women-owned businesses in operation in the United States (U.S). These numbers are rapidly growing.ⁱⁱ These businesses had generated nearly \$1.4 trillion dollars in receipts and had paid \$263.7 billion dollars in payroll expenses. Women represent 36.3 percent of all business owners and their businesses accounted for 11.9 percent of total receipts.ⁱⁱⁱ

Amidst the growing numbers of women-owned businesses, the rapidly increasing rates of business ownership among women of color are also drawing significant attention. A report released in 2016 found that while women business owners of color generally have smaller firms, their growth in number outpaces women-owned firms more generally.^{iv} Quoted in a 2015 Fortune Magazine article entitled “The Fastest Growing Group of Entrepreneurs in America,” Margot Dorfman, CEO of the U.S. Women’s Chamber of Commerce, attributes this growth to “the lack of fair pay, fair promotion, and family-friendly policies found in corporate America...” She goes on to say that “women of color, when you look at the statistics, are impacted more significantly by all of the negative factors that women face. It’s not surprising that they have chosen to invest in themselves...”^v

Black women, in particular, have become one of the fastest growing entrepreneurial demographic groups in the country. With 1,521,494 firms, Black women business owners are making significant contributions to the entrepreneurial landscape, representing 45% of all minority-women-owned businesses and 29% of new women-owned companies between 2007 and 2012. It is essential to explore the unique experiences and barriers faced by this fast growing entrepreneurial segment, as a greater understanding of this group will illuminate the engagement and resources needed to further support their continued and scalable contributions to the national economy.

In order to ground and contextualize an understanding of the current phenomenon of Black women’s growing business ownership, this report begins with an historical analysis of Black business ownership in the U.S. as well as a depiction of the history of Black women, labor, and entrepreneurship in the U.S. It then explores the current landscape of Black female entrepreneurship, details the methodology used to investigate this population, and discusses the findings from conversations held with Black women entrepreneurs. Building upon these components, the report concludes with recommendations to further support and develop Black women-owned businesses.

BACKGROUND

HISTORY OF BLACK BUSINESS OWNERSHIP IN THE UNITED STATES

Black business ownership and entrepreneurship has a strong history in the U.S.^{vi} Juliet E. K. Walker's book *The History of Black Business in America* traces Black business practices to merchants and traders in West Africa and asserts that even during the era of slavery in the U.S., Black individuals, both free and enslaved, participated in self-operating enterprises.^{vii}

She states that:

Even with minimal resources, Black Americans have had a long tradition of saving for both individual and cooperative group enterprises, beginning with African slave secret burial societies established in the 1600s and continuing with free African mutual aid societies founded in the 1700s.^{viii}

More importantly, however, Walker's work highlights the ways in which systemic and institutionalized mechanisms were used to deliberately "exclude Blacks from free access to and participation in the American business community during the age of slavery - almost 250 years..."^{ix}

Although racial tensions, slavery, and legal restrictions hindered many Black-owned businesses from reaching significant financial success prior to the Civil War and Reconstruction, examples of successful Black-owned businesses from that time period do exist. Not only were freedmen operating their own enterprises, but it has been calculated that approximately three percent of enslaved individuals hired out their services.^x This, of course, benefited slave owners in many ways, but some enslaved individuals earned enough money to even purchase their own freedom.

The Post-Emancipation Era altered the geographic, social, and economic circumstances for the newly freed Black communities, resulting in conditions that allowed for entrepreneurial opportunities. Margaret Levenstein, in her census review of Black business ownership in 1910, refers to Booker T. Washington^{xi}, who asserted that in 1900, there were an estimated 9,000 Black-owned business. Her analysis reveals that there were approximately 19,000 Black-owned businesses reflected in the 1910 census.^{xii} The data also reveal that rates of Black

entrepreneurship and White entrepreneurship were fairly close. Black businesses also had a higher percentage concentration in the agricultural sector. Consequently, Levenstein attributes the periodic decline in the numbers of Black entrepreneurial efforts possibly to the decline of agricultural employment opportunities.^{xiii}

Levenstein's work highlights a period in time in which Black entrepreneurship was prevalent. In fact, though it faced extraordinary challenges, Black entrepreneurship flourished in a period of institutional segregation and Jim Crow. While most services provided by Black workers were initially aimed toward white patrons, increased racial tensions and segregation rapidly reduced this practice. On the other hand, Black businesses thrived most in areas that were heavily segregated and where they served predominantly Black clientele.^{xiv} John Ingham, in his examination of residential segregation and Black business ownership, found that more integrated areas without strong geographic separations between Whites and Blacks had weaker Black business networks. Ingham goes on to state that segregation not only served as a "wall of protection" that supported growth and development, but he also quotes W.E.B. Dubois, who stated that "it is the density of the Negro population in the main that gives the Negro businessman his best chance." Agriculture, undertaking, dressmaking, Black hair care, and other personal services developed as niche areas of Black business ownership during times of segregation and racial disadvantage. These entrepreneurial niches closely mirror historical Black employment patterns due to trades and professions established during slavery.^{xv}

BLACK WOMEN, LABOR, AND WORK IN THE UNITED STATES

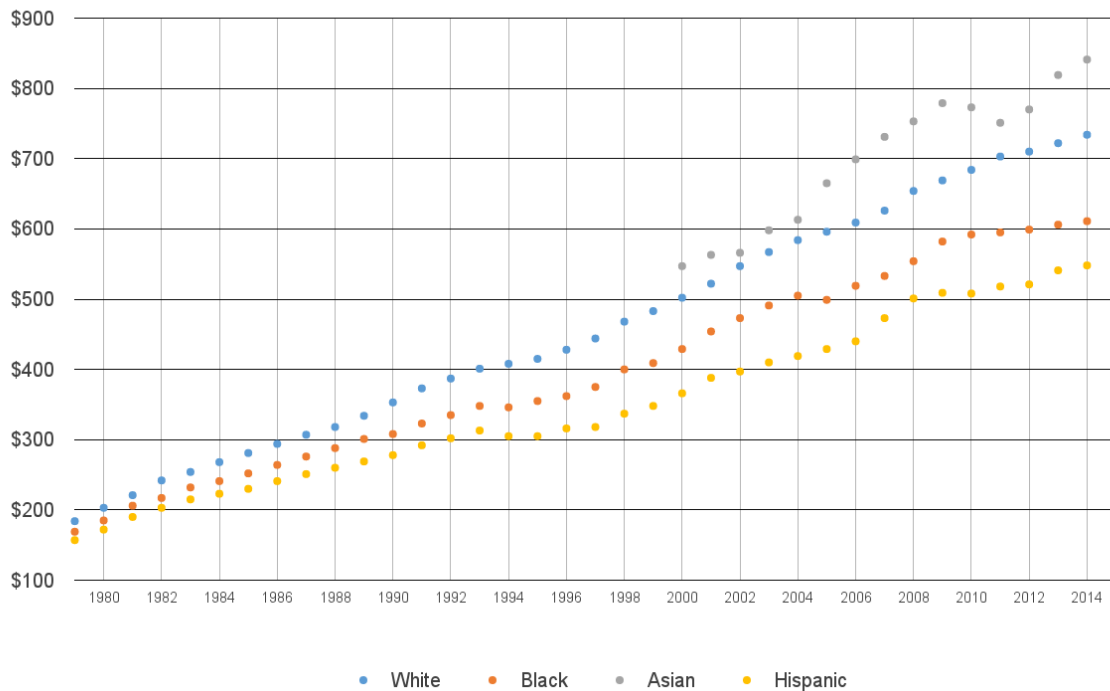
In considering the historical trajectory of Black American labor and business ownership, it is important to note that Black women have long been active as self-employed laborers and have owned and operated their own businesses alongside Black men. Given Black business histories, it is important to also consider the role of Black women's work during the era of enslavement.

Since the inception of the trans-Atlantic slave trade, Black women in the U.S. have existed at a precarious intersection of race, gender, and class. Enslaved Black women cooked, cleaned, cared for the children and families of slave owners, and reproduced and replenished the slave labor force by having children. On the other hand, enslaved women were not excused from the harsh manual labor of the field. In this way, there was no divide for enslaved women between what was considered men's labor or women's labor.

While it is important to acknowledge the devastating impacts of slavery on Black families, significant discussion of the trauma of slavery is beyond the scope of this paper. We note here the ways in which the heritage of slavery may be reflected in the experience and practices of Black women workers and business owners today.

- Black American women have consistently made up a large portion of the labor force. This has been found to be true generally and particularly in relation to Black male workers. **Black women, both married and unwed, have consistently worked more than their white female counterparts, from the Post-Emancipation and Civil Rights Eras through today.**^{xvi}
- With longstanding and significant barriers to educational and alternative employment opportunities, Black women have historically been relegated to low-paying jobs and domestic work—particularly in the Jim Crow South. This historical wage gap is evidenced by **Exhibit 01** which provides comparative median weekly wages for working women since 1980 and shows a weekly wage difference of negative \$123 per week for Black women against their White female counterparts in 2014. Further, according to Delores P. Aldridge’s historical analysis of Black women in the economic marketplace, even when Black women were able to access jobs and positions commonly held for men or White women and with comparable education, Black women still earned wages far below their male and White female counterparts.^{xvii}
- Their high rate of labor force participation and the demands of motherhood, children, and family obligations in conjunction with employment have historically been challenges for Black women.

Exhibit 01: Graph - Women's Median Weekly Earnings By Race and Ethnicity



(Source: U.S. Bureau of Labor Statistics. *BLS Report: Women in the Labor Force: A Data Book*. December 2015.)

While a large segment of both Black men's and women's work has been historically concentrated in agriculture, Black women have also engaged in other employment sectors, such as retail and personal services.^{xviii} Levenstein's examination of the 1910 Census demonstrates that Black women of the early 20th century developed entrepreneurial niches in dressmaking, Black hair care, and other personal services, such as household/private home domestic work, boarding houses, beauty shops, restaurants, and clothing stores, midwifery, and education. Note that many of these areas reflect the "traditional" women's roles that Black women historically assumed.

Significant research has explored beauty and hair care as a key niche for Black women, a means for financial subsistence, a manifestation of an active "culture of helping" others and the community, and a prime example of Black women's persistent entrepreneurial efforts.^{xix} Notable among this type of entrepreneur are women such as Annie Malone and Madam C.J. Walker,

who both stand as consistent persons of interest when examining both Black women and entrepreneurship (**see Appendix A for historical and present-day biographical sketches**).

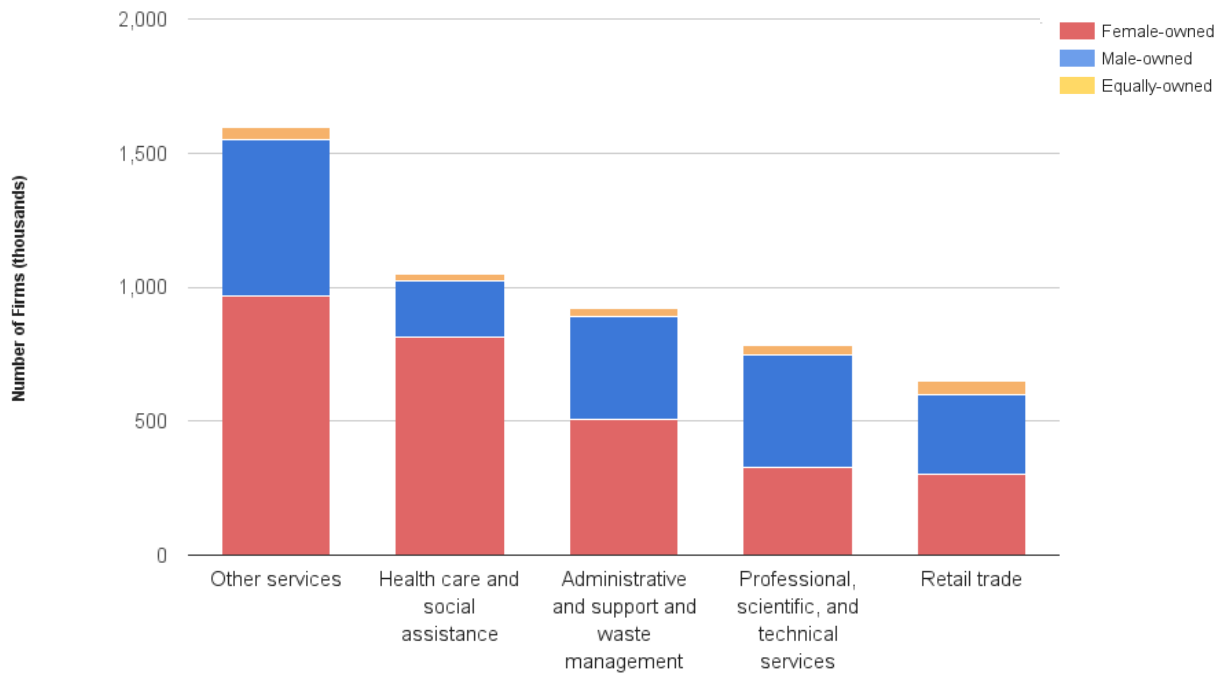
CONTEMPORARY ENTREPRENEURIAL LANDSCAPE: RACE AND GENDER

CONTEMPORARY ENTREPRENEURSHIP WITHIN MINORITY COMMUNITIES

Much of the literature cited in this report explores entrepreneurial patterns with consideration to the impacts of race and gender. Research shows that for communities of color^{xx} in the U.S., self-employment and business ownership have been and continue to be sought-after employment options. In fact, there have been a number of studies that evaluate communities of color and business ownership patterns.^{xxi}

The January 2016 Fact Sheet released by the Minority Business Development Agency (MBDA) asserts that as of 2012, there were 7,952,386 minority-owned firms in the U.S. These firms generated approximately \$1.4 trillion dollars in gross receipts compared to the \$10.5 trillion dollars generated by non-minority business owners. In 2012, minority-owned businesses employed approximately 7.2 million individuals. Firms were concentrated in 1) Transportation and Warehousing; 2) Healthcare and Social Assistance; 3) Administrative Support Waste Management and Remediation Services; 4) Professional, Scientific, and Technology; 5) Construction; and 6) and Retail Trade.^{xxii} However, while from 2007 to 2012, minority-owned businesses collectively realized growth in the number of firms, employees, and gross receipts, the average amount of receipts for these firms *decreased* over the same time period. **Exhibit 02** outlines the top five industries for minority womenowned firms, providing comparative assessment of minority-women business owners against male-owned and-equally-owned firms.

Exhibit 02: Top Five Industries by Minority Women-Owned* Firms, 2012



(Source: Survey of Business Owners and Self-Employed Persons (SBO), US Census Bureau, 2012.)

Existing literature identifies the following key motivators for communities of color to pursue business ownership: 1) escape from labor and employment disadvantage, 2) financial opportunity, and 3) survivalist practices.^{xxiii} However, alongside these motivations, there are a number of influential barriers faced by communities of color attempting to launch or sustain their own businesses. They include: 1) the inability to access start-up capital and resources, 2) generally lower levels of wealth, 3) racial discrimination, and 4) inadequate networks.^{xxiv} Despite the “allure” of self-employment as a means to escape the experiences of labor discrimination and establish financial security, when comparing income and hours worked, not all minority business owners have realized benefits beyond those seen by their non-business-owner counterparts.^{xxv}

CONTEMPORARY BLACK ENTREPRENEURSHIP

The noteworthy growth of Black business ownership does not minimize the persistent barriers to initiating and maintaining successful businesses for Black entrepreneurs. In fact, Black business owners make up far less than their proportionate percentage of the total population.

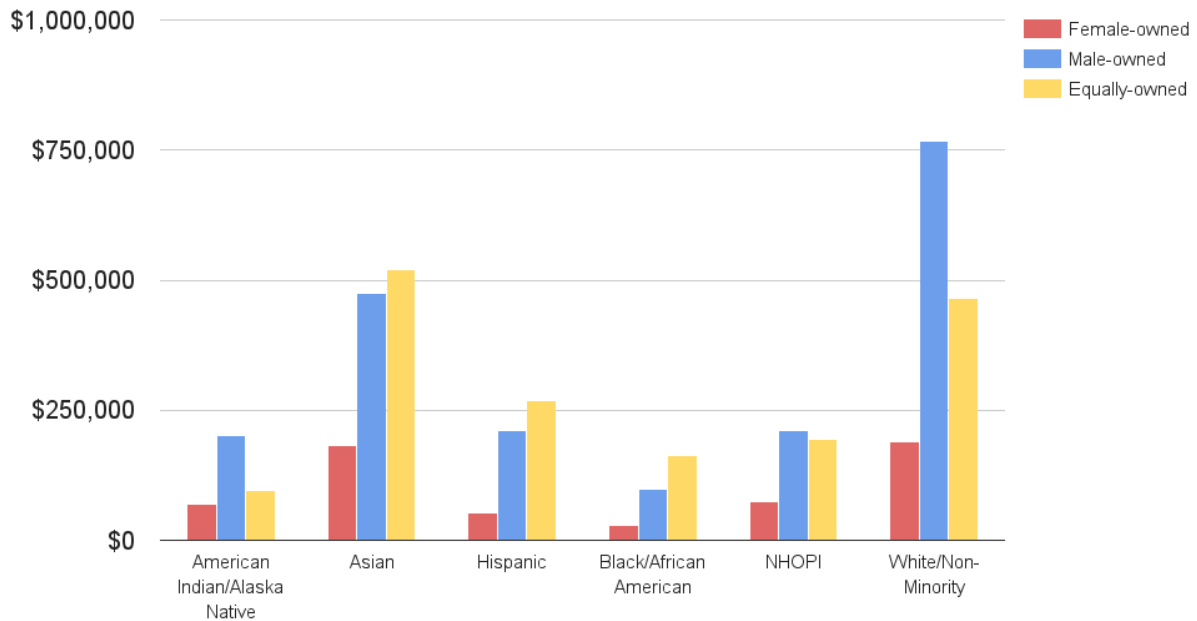
The most recent Survey of Business Owners (SBO) data report that in 2012, there were 2.6 million Black-owned businesses nationally. Compared to White and other minority-owned businesses, Black-owned businesses have been found to 1) collectively produce lower receipts, 2) employ fewer individuals, and 3) generally average smaller revenues.^{xxvi}

As of 2012, Black-owned business collectively generated \$150.2 billion dollars in receipts. When compared to other races, such as Asian, White, Native Hawaiian Pacific Islander, and American Indian and Alaska Native, Black-owned businesses have one of the lowest receipt levels, exceeding only receipts from businesses owned by Native Hawaiian Pacific Islanders and American Indians and Alaska Natives.

The discrepancy in earnings becomes even more apparent when average receipts are examined. For example, Black-owned businesses have the lowest average receipt level of all minority-owned businesses at \$58,119. In comparison, minority-owned businesses' average receipts stand at \$173,552, which is nearly three times that of black-owned businesses. Additionally, the average receipts for White-owned businesses are over nine times those of Black-owned firms at \$552,079. This disparity is also present when we examine gender differences with various races and ethnicities. For example, the average receipts for White women-owned firms are \$189,037, which is nearly three times that of Black women-owned firms at \$69,101 (**see Exhibit 03**).^{xxvii}

Further, average receipts disparities for minority-owned firms directly correlate with the ability to hire, and therefore the total number of paid employees and the total payroll for minority-, women-, and minority-women-owned firms are considerably lower than firms owned by their White male counterparts (**see Exhibit 04 and 05**).

Exhibit 03: Graph - Average Receipts by Sex, Race, and Ethnicity^{xxviii}, 2012



(Source: Survey of Business Owners and Self-Employed Persons (SBO), US Census Bureau, 2012.)

Exhibit 04: Table - All Businesses - Number of Paid Employees by Sex, Race, and Ethnicity, 2012

Number of Employees by Sex, Race and Ethnicity, 2012			
Race	Female-Owned	Male-Owned	Equally-Owned
American Indian/Alaska Native	110,023	289,708	4,821
Asian	804,276	2,261,502	506,798
Black/African-American	316,977	563,338	94,738
Hispanic	470,726	1,622,404	236,423
Native Hawaiian/Pacific Islander	11,701	24,740	2,560
White	6,754,361	36,273,128	5,228,160
All Firms	8,431,614	41,132,111	6,494,837

(Source: Survey of Business Owners and Self-Employed Persons (SBO), US Census Bureau, 2012.)

Exhibit 05: Table - All Businesses - Total Payroll by Sex, Race and Ethnicity, 2012

Payroll by Sex, Race and Ethnicity, 2012			
Race	Female-owned (\$1,000)	Male-owned (\$1,000)	Equally-Owned (\$1,000)
American Indian/Alaska Native	3,325,287	10,241,133	115,900
Asian	22,618,160	75,754,073	12,171,381
Black/African American	7,703,359	18,061,030	1,925,568
Hispanic	13,151,297	52,149,832	5,554,576
Native Hawaiian/Pacific Islander	376,744	1,002,271	51,577
White	217,546,451	1,481,048,867	157,792,890
All Firms	263,720,252	1,643,868,568	188,853,393

(Source: Survey of Business Owners and Self-Employed Persons (SBO), US Census Bureau, 2012.)

The literature presents a number of theories regarding the periodic decline and present deficit in the number of Black-owned business. These include 1) cultural differences,^{xxxix} 2) discrimination,^{xxx} 3) new opportunities for public sector employment,^{xxxi} and 4) generally unsuccessful attempts at business ownership.^{xxxii}

CONTEMPORARY ENTREPRENEURSHIP AMONG WOMEN

In addition to monitoring racial and ethnic trends, numerous studies have examined topics that address gender differences in entrepreneurship, including: 1) motivations,^{xxxiii} 2) time utilization,^{xxxiv} and 3) social and business networks.^{xxxv} Additional key differences highlighted in the literature include 1) commitment to non-hierarchical organizational structures,^{xxxvi} 2) a helping and relational culture,^{xxxvii} 3) self-perceptions of competence,^{xxxviii} and 4) time allocation and productivity that are often impacted by family obligations.^{xxxix} Given differences between outcomes and performance, the comparative analysis between women and men entrepreneurs continues to be a popular topic (**see Exhibit 06**).

Exhibit 06: Table - Firms by Gender, Comparison Between Women-Owned and Men-Owned Businesses, 2012

Gender	Number of Firms in 2007	Number of Firms in 2012	% of Total Firms in 2012	Receipts of all Firms (\$1,000)	Employment	Payroll (\$1,000)
Women-owned	7,792,115	9,878,397	36.3%	\$1,419,834,295	8,431,614	\$263,720,252
Men-owned	13,900,554	14,844,597	54.6%	\$9,466,039,188	41,132,111	\$1,643,868,568

(Source: Survey of Business Owners and Self-Employed Persons (SBO), US Census Bureau, 2012.)

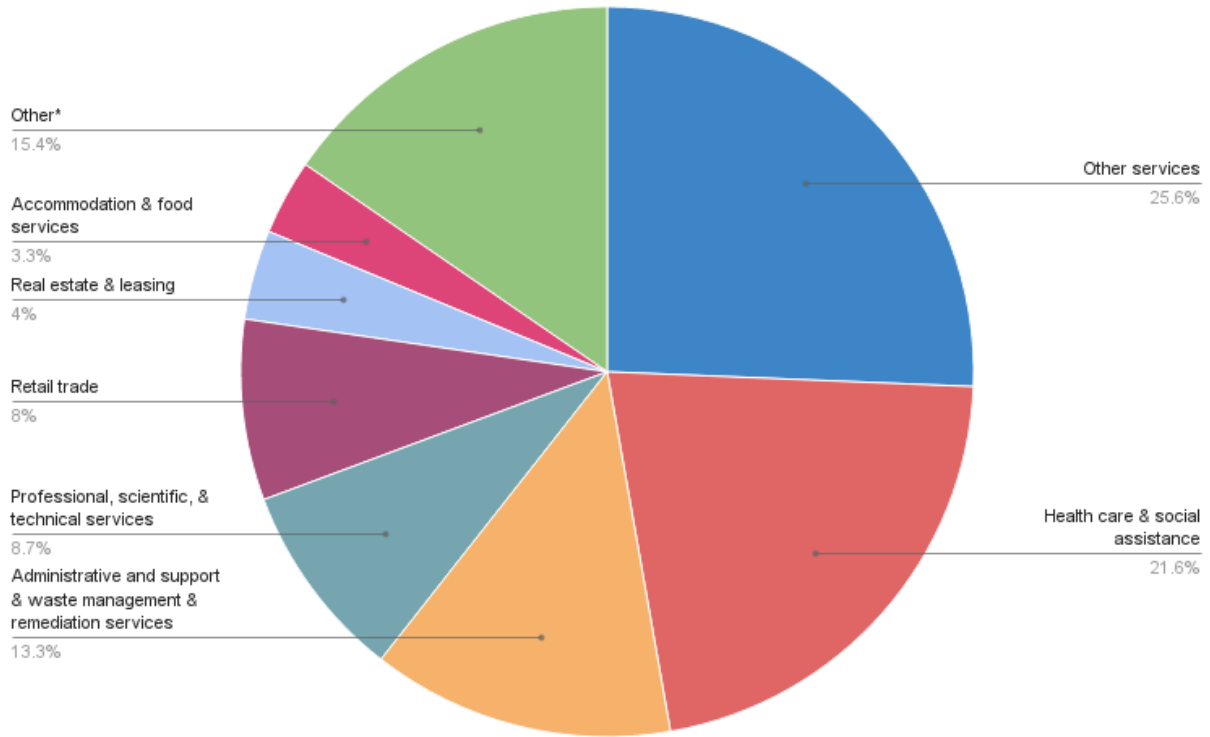
From 2007 to 2012, women’s rates of entrepreneurship increased dramatically at a rate nearly 4 times that of their male counterparts. Women-owned firms also generated \$1.4 trillion dollars in receipts in 2012 and employed 8,431,614 individuals who were paid over \$263.7 billion dollars. In comparison, men-owned firms generated \$ 9.5 trillion in annual receipts and employed 41,132,111 individuals who were paid \$1.6 trillion dollars.^{xi}

As previously discussed, although there has been a substantial increase in women-owned firms since 2007, these firms have not experienced an increase in receipts. Numerous studies have reflected this growth trend and have found that women-owned ventures are ultimately less profitable than ventures of their male counterparts.^{xii} Yet sources suggest that women-owned businesses often define measures of success differently than businesses of their male counterparts. **In particular, findings show that women entrepreneurs may not solely define success by financial profit, but rather gauge their achievements by their ability to meet self-established goals, provide wealth, spend time with their families, give back to their communities, meet customer needs, and pursue personal passions and interests.**^{xiii}

MINORITY WOMEN-OWNED FIRMS

Minority women-owned firms were responsible for over 1.6 million jobs in 2012. This represents 19.6 percent of all employment among women-owned firms. Moreover, these minority women-owned firms represent 3.7 million U.S. businesses and are concentrated in 1) Other Services; 2) Healthcare and Social Assistance; 3) Administrative and Support and Waste Management and Remediation Services; 4) Professional, Scientific, and Technical Services; and 5) Retail Trade (see exhibits 07 and 08).

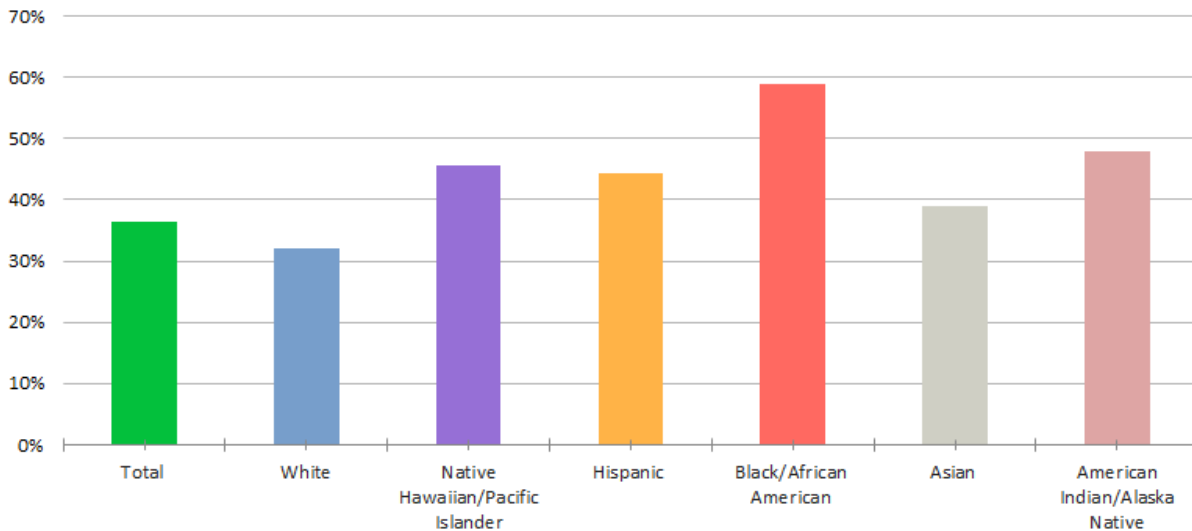
Exhibit 07: Graph - Industry Sector of Minority Women-Owned Firms, 2012



*Other includes: Arts, entertainment, and recreation, Educational Services, Construction, Transportation and warehousing, Finance and insurance, Wholesale Trade, Manufacturing, Information, Agriculture, forestry, fishing, and hunting , Utilities, Mining, quarrying, and oil and gas extraction, Industries not classified, Management of companies and enterprises

(Source: Survey of Business Owners and Self-Employed Persons (SBO), US Census Bureau, 2012.)

Exhibit 08: Graph - Share of All Businesses within Race or Ethnicity Category Owned by Women, 2012



(Source: Survey of Business Owners and Self-Employed Persons (SBO), US Census Bureau, 2012.)

BLACK WOMEN ENTREPRENEURS: CURRENT LANDSCAPE

As of 2012, there were approximately 1,521,494 Black women-owned businesses in the U.S. Of these businesses, 97.5 percent had no employees other than the owner. In line with their historical rates of participation, Black women entrepreneurs make up 58.9 percent of all Black-owned firms.

In 2012, Black women-owned businesses generated \$42.2 billion dollars in receipts.^{xliii} This is 28.1 percent of the receipts generated collectively by Black-owned businesses (**see Exhibit 09**). At the firm level, the average receipts for Black women-owned businesses were \$27,753, while the average receipts for Black male-owned firms were \$98,665. Although Black women-owned businesses represent the majority of Black firms, gender pay disparity has resulted in these firms receiving only slightly more than one-third of all receipts amongst Black businesses.

Exhibit 09: Table - Comparison Between Black Women-Owned and Black Men-Owned Businesses, 2012

Gender	Number of Firms in 2007	Number of Firms in 2012	% of Total Black-owned Firms 2012	Receipts of all Firms (\$1,000)	Employment	Payroll (\$1,000)
Black Women-owned	911,728	1,521,494	58.9%	42,225,349	316,977	7,703,359
Black Men-owned	856,754	1,014,767	39.3%	100,122,400	563,338	18,061,030

(Source: Survey of Business Owners and Self-Employed Persons (SBO), US Census Bureau, 2012.)

BLACK WOMEN ENTREPRENEURS: BARRIERS TO SELF-EMPLOYMENT

Shared Experiences as Female Entrepreneurs

For women, existing studies have presented numerous barriers that impact the ability to adequately start and maintain a successful business. Some of these barriers include lack of start-up capital, resources, and access to loans; gender discrimination within male-dominated sectors; lack of availability and access to strong networks, inability to receive government contracts; and children and family obligations.^{xliv}

Black women’s experiences reveal challenges similar to those faced by other women business owners. Nevertheless, viewing these similarities with broad strokes erases some of the nuances that differentiate Black women’s experiences. The section that follows strives to specifically identify distinguishing characteristics of Black women business owners’ lived experiences.

Social and Human Capital Challenges

Katherine Inman, in her book *Women’s Resources in Business Start-Up: A Study of Black and White Women Entrepreneurs*, found that social capital and networks had important impacts on not only an increase in human capital but also a business owner’s access to financial capital.^{xlv} Social capital, both personal and professional, facilitates the decision-making and problem-solving process that can help to ensure business success. Research conducted by the National Women’s Business Council highlights that women-owned firms and men-owned firms construct their networks differently. In particular, women business owners tend to rely on individuals who

do not have equity in the company, as well as individuals, such as friends and family, who provide advice, support, and guidance, but are not directly involved with the management of the business.^{xlvi}

This pattern seems to be prevalent for Black women-owned firms as well. Inman found that many of the Black women in her study often drew upon friends and kinship networks as well as community-based resources. This example helps to illustrate the ways in which Black business owners, and especially Black women, use themselves, families, and friends as key resources. Yet even when the kin and community connections exist, the question is whether they are also able to provide the adequate information, capital, and support necessary to start-up a new venture. **Given economic and social disparities that exist for Black women, these firms may experience additional difficulties in cultivating a strong social network that could foster business survival and growth.**

Access and availability of business networks may be an additional barrier for Black women-owned firms in their attempt to increase their human capital. Minorities and women in general often have difficulty connecting and developing meaningful cross-cultural, cross-economic, cross-gender relationships within the fraternal and highly homogenous business world. Infiltrating both male- and White-dominated spaces for Black women can be particularly taxing. While relying on kinship and friendship is important, Black women business owners' limited ability to access diverse and impactful social networks can hinder their success.

Limited to Access to Seed and Financial Capital

While many women generally face significant challenges accessing capital and finances to launch and grow business ventures, women of color, and for the purposes of this report, Black women, experience an additional layer of difficulty. While research alludes to gender discrimination in the loan application processes, the stakes can increase when both race and gender factor into loan approval. A 2013 report released by the Small Business Administration found that not only do women and minority business owners choose not to apply for loans due to fear of rejection, but even when controlling for type and form of business structure and credit score, women- and minority-owned businesses were less likely to get approved for loans.^{xlvii}

Black women entrepreneurs are also impacted by historic economic disadvantages, which have resulted in continued negative socio-economic situations such as lack of generational wealth and limited present and historic assets both for the individual and within the family and social

networks and supports. **A recent report found that it would take the average Black family 228 years to amass the same wealth as an average White household^{xlviii}.** Additionally, research shows that the median value of household assets or net worth for a Black family in 2011 was approximately \$7,113. This is compared to \$111,146 for White, non-Hispanic households and \$8,348 for Hispanic households.^{xlix}

Household income figures also reveal significant gaps. As of 2014, the average household income for Black households was \$35,398. This is compared to \$42,491 for Hispanics of any race, \$60,256 White non-Hispanics, and \$74,297 for Asiansⁱ. The prevalence of single-income and female-headed households also poses significant barriers and can be exacerbated with the addition of children to the household. In 2014, 39.9 percent of Black families with children under the age of 18 had a working mother as the sole head of household, compared to 14.5 percent for White, non-Hispanic families.ⁱⁱ Of these Black households, approximately 33.8 percent were below the poverty line, despite the working status of the mother.ⁱⁱⁱ These economic challenges and financial constraints have large impacts on access to collateral and assets for financial capital.

While the obstacles to starting one's own business for Black women are indeed significant, interestingly, economic hardships and familial challenges have been shown to serve as both *barriers* and *motivators* for Black women business owners.

BLACK WOMEN ENTREPRENEURS: KEY MOTIVATORS

In evaluating key motivations for women, studies have found that motivations for women to start their own business include escape from labor and market disadvantages and discrimination, lack of ability to move up (glass ceilings), family commitments, personal interests, and financial stability.^{liii} Black women's motivations for starting businesses align with those traditionally associated with women business owners.

Again, the history of Black women's labor in the U.S., which includes slavery, consistently larger percentages of representation in the workforce, and histories of discrimination and inequality that relegated Black women to low-wage and service jobs, exacerbates some of these motivating circumstances.

Overcoming Discrimination

While many women cite discrimination in the workforce as a motivation for starting their business, Black women experience the impacts of both gendered and racialized discrimination. This impact is called the “double minority challenge.”^{liv} Black women are susceptible to the barriers and marginalization faced by both women business owners and entrepreneurs of color. This not only manifests in interpersonal interactions and glass ceilings, but also in wage disparities. As previously stated in the earlier review of Black women and work, even with advances in employment and educational opportunities over time, Black women are still impacted by gendered and racialized wage gaps. **According to a 2016 report released by the American Association of University Women, Black women are paid 90 percent of what their Black male counterparts are paid. This becomes even more dramatic when we examine race: Black women earn 63 percent of a typical White man’s earnings.**^{lv}

Commitment to Providing for Their Families

Child care and family obligations can cause financial strain for all entrepreneurs. However, when coupled with economic disenfranchisement, Black women-owned firms have additional factors that could limit business start-up success or hinder business growth. According to National Women’s Law Center, seven percent of household income is spent by families who are paying for childcare. Yet for low-income families, 30 percent of household income is spent on childcare.^{lvi}As previously discussed, Black women often fall in this low income category. Thus, Black women may pursue entrepreneurship due to work-life balance and family needs.

Given the history and economic conditions that have been shown to disenfranchise women of color, self-employment and entrepreneurship for women, and particularly Black women, presents itself as a worthwhile economic alternative.

UNIQUE ELEMENTS OF BLACK FEMALE ENTREPRENEURSHIP: FAITH, SOCIAL ENTREPRENEURSHIP

Research has revealed a relationship between Black women’s entrepreneurial endeavors and their spiritual callings, passions, engagement in social activism, and community as key motivators for business ownership.^{lvii} In one study that conducted in-depth interviews with a

small group of Black women about their reasons for exiting the workforce, all of the women referred to the role of faith and following a spiritual calling.^{lviii}

Much of the research that examines Black women’s labor history also alludes to the fact that Black women have traditionally prioritized the well-being of their children, families, and communities at large.^{lix} Stephanie J. Shaw, in her book *What Women Ought to Be*, describes that the practice of social responsibility to others was instilled in many young Black women as a central part of their upbringing and that uplift of the community was taught to remain a central part of their work.^{lx}

This commitment to the community centers on not only social activism and political engagement, but also on concrete efforts such as communal child rearing, mutual family support, and a focus on preparing children and younger generations for success. In this respect, Black women’s work encompasses not only the private sphere of home life and the public sphere of paid work, but also unpaid community and public service. Although the focus on community uplift and well-being may have been a result of racial segregation and necessitous for survival, generally, this sentiment has persisted in the contemporary work, especially in regards to Black women entrepreneurs.

METHODOLOGY

The varied social, economic, and historical contexts discussed in prior sections of this report shed light on the need for a more qualitative understanding of the current and present day challenges and opportunities faced by African American women entrepreneurs, which serves as the basis for this report. This section outlines the methodology and analyzes the responses generated from national breakout sessions conducted with Black women entrepreneurs.

This project builds upon existing literature and situates it alongside feedback from three roundtable discussions and expert panels on Black women's entrepreneurship. This process was developed in order to:

- 1) Extend previous and existing dialogues around Black women entrepreneurs,
- 2) Draw upon the direct experiences of Black women entrepreneurs, and
- 3) Provide critical analysis in order to inform key policy recommendations.

Critiques of the predominant methodology and research on women entrepreneurs state that the focus is overwhelmingly male-centric.^{lxi} While studies that examine women's entrepreneurship patterns exist, critics maintain that their analyses utilize male-dominated perspectives and fail to provide a more nuanced understanding of women's experiences. Some reviews of the existing literature call for not only a feminist and intersectional approach to research on women's entrepreneurship, but also a framework that centers social stratification in its analysis.^{lxii} Jeffery Robinson's piece entitled "Exploring Stratification and Entrepreneurship: African American Women Entrepreneurs Redefine Success in Growth Ventures" describes "social stratification as the end result of institutional processes that partition society into advantaged and disadvantaged socially constructed groups." He continues by saying that "the pursuit of entrepreneurship is tied directly to the historical, social, and institutional processes of social stratification..."^{lxiii} Accordingly, this report seeks to ground its analysis in a framework that is both historical and intersectional and provides space for women to expound on their experiences and speak in an unstructured way about their perspectives.

In addition, the methodological design of this project seeks to be in compliance with the federal Paperwork Reduction Act (PRA) of 1995. Given this, certain types of quantitative information, including demographic data, was not collected. The resulting information was collected primarily through unstructured conversations for theme-building purposes. This limits the amount of detail that can be provided about each participant, as quantitative data were not collected.

EXPERT PANELS AND BREAKOUT SESSIONS

To inform the development of this report, three events were organized. Each event included a panel discussion that offered an opportunity for successful Black women business owners and other experts in the field to discuss issues pertaining to Black women and business ownership. Each event also allotted a portion of the time for roundtable discussions and breakout sessions. The first event, conducted by Walker's Legacy in Washington, DC, allowed the team to develop a preliminary understanding of the issues. Subsequent events were held in Houston, TX and New York, NY. All locations were strategically chosen based on data that identify the key markets in which there are significant numbers of Black women-owned businesses. Approximately 40 to 50 participants attended each event.

During the events, the participants convened in small groups of eight to ten women to engage in open dialogues about the pressing issues for Black women entrepreneurs. These conversations were held to allow participants to freely express their opinions, concerns, recommendations and more. Some of the key themes of interest included:

- Motivations for starting one's own business,
- Mentors and networks,
- Access to capital and resources, and
- Challenges to starting and maintaining one's own business.

Each group was informally guided by a facilitator who was chosen through an application process and selected based on their relevant expertise and experience. Facilitators participated in a pre-event call to discuss the methodology, their role, and useful facilitation skills. Notes from the conversations were captured on flip chart paper.

Exhibit 11: Table - Target Participants

City	Date	Program	Target Participants
Washington, DC *	March 25, 2016	Black women Entrepreneur Research and Expert Panel	Entrepreneurs
Houston, TX	June 10, 2016		Financial service representatives
New York, NY	June 17th, 2016		Government and policy officials General and business community leaders Academics Business Service Providers

* *Independent research event/activity*

KEY FINDINGS: CONVERSATIONS WITH BLACK WOMEN ENTREPRENEURS

Thus far, this report has provided a review of key issues in the existing literature and offered historical context to frame the present examination of Black women entrepreneurs. Even with this, much of the data are devoid of the voices and direct experiences of Black women business owners. However, the conversations and insights provided during the events described above presented a number of recurring issues and themes that prove useful for understanding the unique challenges and opportunities faced by Black women entrepreneurs as described in their own words. **The following discussion seeks to incorporate qualitative insights that speak to lived experiences of Black women entrepreneurs and business women.**

MOTIVATIONS

Black women business owners at each event identified similar motivations for starting a business. The responses can be categorized into five main thematic areas (**see Appendix B**):

- ***Difficulties and discontent within the employment market***

Participants discussed feelings of loneliness and isolation in their traditional and corporate employment roles. They also identified discontent with corporate America generally, as well as layoffs and the inability to move up in their jobs, as key motivators for starting their own business.

- ***Desire for more flexibility and freedom***

The need for flexibility and the desire to be one's own boss arose as key motivations for business foundation. Participants identified freedom to make their own decisions and have ownership and control over their own ideas as important pieces of the decision to launch their own businesses.

- ***Desire for increased life and work fulfillment***

Participants discussed the desire to find fulfillment in their work environment and in their lives in general. In particular, they mentioned seeking the opportunity to be creative.

- ***Children and Family Obligations and Goals***

In addition to the need for work-life balance that allows time for family, across the board, women talked about the importance of children. In particular, the idea of being an example for children as well as creating generational wealth and leaving behind a legacy were key areas that continued to arise in the discussions. The expressed aspiration to create generational wealth is significant given histories of economic disadvantage and the persistent deficit in net worth for Black families in the United States.

- ***Social and Community Responsibility***

Social impact and helping others was a key motivator for participants. Many discussed the ability to provide employment to others as a key benefit to entrepreneurship. Also, the participants mentioned their desires to support and help their own communities as a part of their entrepreneurial work.

ACCESS TO CAPITAL AND RESOURCES

Participant feedback identified access to capital and resources as a significant barrier to starting and maintaining one's own business. Lack of information regarding available resources and the process of obtaining a loan were recurring themes in the discussions. Inadequate networks, discrimination, and the existence of an unequal playing field presented themselves as key hindrances to accessing capital and resources. Additionally, fear of failure, rejection, and debt also played a significant role in the women's choices and experiences. The main themes can be divided into four primary areas (**see Appendix C**):

- ***Fear and risk***

Participants brought up risk and fear as key issues when attempting to access financial capital. They discussed the fear of rejection and denial in the loan application process.

More importantly, the women described the process of acquiring financial capital and loans as daunting and lengthy, particularly in light of their doubts and fears about approval. They described the effort as potentially “not worth it.” The participants described “borrowing from themselves first” and borrowing from family.

- ***Access to information***

Participants felt that they were lacking key information not only regarding resources but also “how” to access capital. Some respondents alluded to the degree to which they had to search and research in order to find information and prepare to pursue capital. Many felt lack of information was a significant issue.

- ***Lack of access***

Many women expressed that when it came to capital and resources, they generally did not have access. Racism and discrimination were referenced as key sources for this problem, but they also described “not having a seat at the table” or at the “right tables” as well as not having the social and human capital that would make them privy to key resources.

- ***Availability of alternative resources***

Participants expressed the desire for a greater number of alternative and flexible funding sources. In particular, they expressed the need and importance of having funders who understand the realities and unique experiences of Black women as pertaining to limited access to credit, single income household status, general experiences of discrimination, and limited disposable income, exacerbated by gender income inequality.

MENTORSHIP AND NETWORKS

The general sentiment regarding issues of mentorship and networks was that support is generally inadequate in both *availability* and *quality*. Participants expressed a desire for not only more mentors and sponsors who “looked like them” and shared their background, but also opportunities to broaden and diversify their networks. They described the inability to access

certain circles or to “be at the table,” the need for more opportunities and infrastructure to network regularly, and the need for a “champion to act on the behalf of Black women and women of color.” Also, many participants expressed a desire and the need to share their experiences with one another. Generally, this issue area can be divided into three main recurring themes (**see Appendix D**):

- ***Lack of mentors and sponsors***

Generally, women felt that mentors and sponsors were neither adequate nor available. They described the difficulty in finding like-minded mentors with similar backgrounds and experiences, mentors in the same business sector or industry, or, in fact, the ability to find any mentors at all. Participants also expressed a desire for champions who would act on their behalf. Gender and race were not identified as required characteristics of ideal mentors; understanding of circumstances and general ability to provide professional and mentoring support were highlighted as important.

- ***Lack of access***

Similar to issues with access to capital, women described “not having a seat at the table” as having a significant and detrimental effect on their networks.

- ***Broadening and diversifying networks***

Participants expressed a desire to broaden their social networks. On the one hand, they discussed the importance of networking opportunities with like-minded individuals and those who understand their circumstances. On the other hand, the women wanted more diverse circles, global networks, and building relationships that some described as “reaching across the table.”

OTHER CHALLENGES

Many of the challenges described directly linked to the key issue areas of mentorship and networks, as well as access to capital and resources. However, participants also identified many additional challenges, such as difficulty maintaining work-life balance, lack of information, the need for adequate support, and fear. Finally, women discussed the burdens of navigating the

impacts of assumptions and stereotypes of Black women, growing their business teams, and identifying and knowing the value of their business and work. Beyond the capital and mentorship challenges already discussed, responses can be grouped into key challenge areas **of fear, impacts of race and gender, and growing one's business (see Appendix D).**

- ***Fear and Confidence***

Participants discussed overcoming the fear of failure and doubting their abilities. This included experiences of “imposter syndrome.” In addition, the risks associated with leaving a steady job also created anxiety and fear.

- ***Impacts of race and gender***

Participants stated that racism and discrimination were key challenges that impacted their experiences as entrepreneurs. In particular, they mentioned the ways in which their appearance—hair, complexion, or other cultural identifiers (such as dress)—impacted how people perceived them and that those stereotypes and assumptions about the capability, educational qualifications, and professionalism of Black women had significant impacts on their business. Finally, they expressed the lack of support for Black business, by both White and Black patrons, in general.

- ***Growing and maintaining one's business***

Women expressed a number of key challenges that arise when attempting to grow their business. Some of the recurring issues included needing funding to expand, hire, and pay staff as well as finding trustworthy staff who share their work ethic and vision. In addition, budgeting and knowing the value of their work and business were key challenges related to business growth.

SUMMARY OF KEY FINDINGS

Many of the participants' responses aligned with findings of the existing literature. Insights from discussions included the following:

- **Gaining access to capital and resources continues to be a significant challenge for Black women entrepreneurs.**

- **Identifying adequate mentors and lack of strong networks is a pressing issue.**
- **Discrimination continues to impact Black women entrepreneurs' business opportunities.**
- **Fear plays a key role in business decisions for Black women entrepreneurs.**

Women and minority business owners often cite discrimination as a chief concern they face as business owners. The feedback from this study's participants revealed a specific, related challenge: fear. Specifically, this fear could be described as 1) doubts about loan approval or capital access, 2) concerns about acceptance in various business communities based on appearance and stereotypes, and 3) general fear of failure.

- **Black women entrepreneurs experience a form of stereotyping and discrimination particular to Black women.**

Black women entrepreneurs identified the impacts of stereotypes and appearance, including hair style, for example, as a type of discrimination that impacts the perception of their professionalism in the business world.

- **Social entrepreneurship and community continue to be important components in Black female entrepreneurship.**

Respondents placed a significant emphasis on creating generational wealth, creating a legacy for their children, and helping and uplifting their own communities. This sentiment not only falls in line with other literature on the histories of Black women's entrepreneurship, but also with the historical role that Black women have played in their communities, not only as laborers, but also as community leaders.

OPPORTUNITIES & RECOMMENDATIONS

OPPORTUNITIES

Despite the many challenges outlined by this report, Black women remain one of the most entrepreneurial segments of the nation, establishing companies at higher rates than many of their female and male counterparts, second only to Hispanic women.

Given this aggressive entrepreneurial appetite, opportunities remain for Black women to further their entrepreneurial ambitions.

Leveraging Educational Attainment as Capital

According to the National Center for Education Statistics, Black women earned 68 percent of associate's degrees, 66 percent of bachelor's degrees, 71 percent of master's degrees and 65 percent of all doctorate degrees awarded to Black students in the U.S.^{lxiv}

Given these statistics, opportunities exist for Black women to leverage education as a pathway to entrepreneurship versus corporate America. Further, educational attainment has the potential to serve as a key source of "capital" that can support entrepreneurial success for aspiring Black women entrepreneurs, particularly those who may be entering into highly specialized industries. Education, particularly post-secondary education, provides not only meaningful credentials, but also the opportunity to expand one's social network.

Harnessing the Benefits of Digital and Technological Advancements

While this report outlines the challenges faced by Black women in obtaining funding to capitalize their businesses, advancements in technology have presented opportunities to reduce initial start-up costs in a wide range of industries. By extension, these advancements reduce barriers to entry for limited-funding entrepreneurs, such as Black women.

According to a recently released report on Black women in the technology field, only .02% of Black women in tech successfully receive angel or venture capital. Therefore,

there remains a need to address this gap and the possibility for great opportunity in focusing on this important sector.

RECOMMENDATIONS

Taking into consideration both the existing literature and the results of this study, the following actionable recommendations have been identified in order to not only aid in the development of Black women-owned businesses, but also to address some of the challenges highlighted during the breakout sessions.

For Black women business owners, the following components can play a key role in the development and growth of a successful business venture:

- **Diversity:** Continue to seek opportunities to engage with business groups, agencies, and associations that broaden networks and that challenge and push past boundaries and levels of comfort. Agencies such as the Small Business Association, Women’s Business Centers, and the Minority Business Development Association can help entrepreneurs develop hard and soft skills that could positively influence their businesses.
- **Building:** Proactively cultivate new relationships and pursue mechanisms to self-teach by examining existing examples of successful businesswomen. Although self-teaching is not ideal and should not be one’s sole source of learning or used as a permanent state of mentorship, the power of self-reflection through the experiences of existing examples of successful businesswomen as part of self-mentorship may fulfil immediate mentorship needs until one can secure a reputable mentor. Black women entrepreneurs should seek formalized mentorship programs that could help build and diversity their networks. The NWBC’s Resource Platform “Grow Her Business” highlights best-in-class mentorship programs that may fit many Black women’s business stage needs.
- **Alternation:** Seek non-traditional and alternative funding sources. For example, consider seeking advice or loans from Community Development Financial Institutions (CDFIs), as these institutions are dedicated to providing affordable lending options for low-income, low-wealth, and other disadvantaged communities. Utilize organizations such as the Association for Enterprise Opportunity (AEO), which provide useful tools to entrepreneurs who seek information regarding microloan financing. Additionally, crowdfunding and peer-to-peer lending have surfaced as mechanisms that may provide more equitable access to debt and equity capital.^{lxv}

Additional Recommendations:

- **Increase the number of Black women investors**

An article in Puget Sound Business Journal asserted that “male angel investors tend to choose entrepreneurs who look like a startup CEO – someone who is typically male.” The article continues on to say that nearly three-fourths of angel investors are also male.^{lxvi} In addition, research conducted by the Diana Project also found that venture capital firms with women partners were more likely to invest in companies with women in leadership.^{lxvii} This has been shown to work against burgeoning women entrepreneurs. Given the lack of angel investors who are both women and of color, qualified Black women should seek to become accredited angel investors^{lxviii} for Black women-owned businesses.

- **Improve and expand intentional information and resource sharing targeting Black women business owners.**

Access to information and knowledge about key resources was an important need expressed by participants in the break-out sessions. While resources and programming exist to target women and minority-owned businesses, many Black women may be unaware of these offerings and opportunities.

Intentional dissemination of information and marketing are necessary to ensure that women business owners, no matter their race, are aware of available resources, know how to access them, and are also supported through the application or participation process.

Key to this for Black women are strategic partnerships with Black women and business organizations as well as women’s business associations, women’s Chambers of Commerce, and various centers devoted to women business owners. These include Women’s Business Centers (WBCs) and Women’s Business Development Centers (SBDCs). Additionally, Black Chambers of Commerce, colleges and universities, and faith-based organizations can be valuable for providing such connections. Additionally, it

is advisable to engage existing Black business women to serve as champions and information disseminators.

Lastly, developing and promoting resource platforms can be of great value. One such resource is the platform established in 2016 by the National Women's Business Council, which analyzed 600 resources and determined 200 best-in-class resources for women-owned business. This process can be replicated by other business service-providing organizations that reflect best-in-class resources for minority businesses.

- **Improve and develop local community enterprise resource programs.**

A need for more flexible and alternative funding sources and funders who understand the needs and realities of Black women business owners is vital. Creating mechanisms to monitor, train, and support existing financial institutions and funders in engagement and specialties associated with the Black female entrepreneur seems to be one possible response to this request. Supporting accessible community-based business resources (e.g., Community Development Corporations [CDCs], local entrepreneurship and business resource centers, WBCs, SBDCs, and Minority Business Development Centers [MBDCs]) is also key to the success of Black women-owned businesses. Further, bolstering existing and local community enterprise resources so that they can be more accessible and visible and cater to the unique needs and realities of Black women business owners could prove to be a fruitful endeavor.

Community Development Financial Institutions (CDFIs) often fill the access to capital gap in underserved and rural communities. Therefore, we recommend continued support of these entities and their respective educational programs and trainings for women-owned businesses.

- **Further develop mentorship programs and networking opportunities for Black women-owned businesses.**

Increased opportunities to network, share, collaborate, and locate mentors were central to the needs expressed by participants during this research. Additionally, literature identifies a lack of adequate networks as a significant barrier. Given this, support for mentorship programs specifically for Black women business owners to assist Black women with broadening their business networks is a key intervention.

Based on her examination of Black entrepreneurs in Cleveland, Bessie House-Soremekan recommends the development of local mentorship and shadowing opportunities for business owners.^{lxix} She also recommends the development of a database that lists local resources and business owners in the area to assist with this networking process. In the same vein, the creation of formalized programs like those established by Walker's Legacy, which directly connect Black women business owners to mentors and sponsors as well as provide the infrastructure to facilitate events, meetups, and networking opportunities, could have significant impacts on social networks.

- **Encourage entrepreneurship curricula at Historically Black Colleges and Universities (HBCU) and encourage universities and colleges that currently have entrepreneurship programming to expand and incorporate diverse curricula:**

At the focal point of the Black educational system are the more than one hundred remaining Historically Black Colleges and Universities (HBCUs) that exist within the U.S. While particular opportunities exist at all-women colleges within the HBCU network, such as Spelman College, Agnes-Scott College, and Bennett College, research has shown that institutions within the network, regardless of gender focus, both enroll and graduate more Black women than men.^{lxx}

Therefore, incorporating entrepreneurship curricula across disciplines has the potential to directly impact Black women with entrepreneurial aspirations. Opportunities exist for HBCUs to encourage entrepreneurship curriculum integration across disciplines as well as establish campus-affiliated entrepreneurial centers and incubators. These efforts can provide students with the opportunity to gain valuable, real enterprising experience and improve early exposure to business practices and principles.

Additionally, many universities and colleges have begun offering courses on entrepreneurship and business development. These institutions should continue this trend, as this will help create the next generation of entrepreneurs. To meet the diversifying population of the U.S., these institutions should consider partnering with HBCUs to develop curricula that meet the needs of minority business owners and entrepreneurs. Creating curricula across institutions that address the challenges of women entrepreneurs and minority women entrepreneurs ensures that a greater percentage of minority women can take advantage of these courses.

CONCLUSION

Although newfound attention is being drawn to the rapid increase of Black women-owned businesses, when couched within the appropriate historical context, this phenomenon becomes less of a surprise. Black women have traditionally been a significant part of the workforce, operated their own businesses, and supported their communities for generations. Even with the social changes and advances that the country has seen over the years, there is still considerable work that can be done to support Black women-owned business.

Support for mechanisms that provide information and access to resources is key to increasing business growth and receipts and supporting successful Black women-owned businesses. It is also important to consider and analyze the desires, motivations, and measures of success that Black women-owned businesses are setting for themselves.

In closing, insights from this research reveal that there are still significant barriers pertaining to access to capital, identifying mentors and sponsors, and racial and gender discrimination. Fear also plays an important role. Nevertheless, social entrepreneurship and community impact are central to the desires and motivations for Black women business owners and their rapid growth.

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APPENDIX

Appendix A: Historical Figures

Madam C. J. Walker: Sarah Breedlove

Madam C.J. Walker, born as Sarah Breedlove in 1867, was eulogized as the first female self-made millionaire in the United States. She is considered to be one of the wealthiest and most successful black businesswomen of the early twentieth century. Born to formerly enslaved parents, Walker started out working in the cotton fields alongside her sharecropping family. After being widowed, Walker worked as a laundress to support herself and her young daughter. Later, Walker developed her own line of hair and skin care products to address the needs of African-American women. She began by selling her products door to door. By 1910, she was operating a successful hair care manufacturing company in the U.S. as well as abroad. She was known for her success, for her social activism work, and for creating a workforce of African-American women who not only worked as “beauty culturists” but who were also able to live and support their own families.^{lxxi}

Maggie Lena Walker

Maggie Lena Walker was born in 1864 in Richmond, Virginia. She was a teacher early in her career but is best known for her reputation as a successful businesswoman and bank owner. In 1902, she chartered the St. Luke Penny Savings Bank, thus making her the first African-American woman to charter a bank in the United States. This bank would later be merged with other financial institutions, but would continue to operate in the community as an African-American-owned and -operated institution.^{lxxii}

Modern-Day Examples of Success

Janice Bryant Howroyd

Janice Bryant Howroyd is the founder and CEO of the Act-1 Group and is also the first Black woman to own a billion-dollar company. In 1978, she started her company, Act-1 Personnel Services. Although it started out operating out of a single office, it grew to Act-1 Group, a billion-dollar corporation that operates in over 200 locations across the United States as well as globally. Howroyd's company is not only the largest woman minority-owned employment agency, but also the largest black woman-owned business.^{lxxiii}

Cathy Hughes

Cathy Hughes is best known as the founder of media company Radio One and later of TV One. Prior to starting her business, Hughes worked for a newspaper in Omaha and later relocated to Washington, DC to serve as a lecturer of communications at Howard University. After her launching Radio One in 1980, Hughes revolutionized urban radio. Radio One became the largest black-owned radio chain in the country. Both Radio One and TV One are currently multimillion dollar businesses.^{lxxiv}

Appendix B: Breakout Session Responses: Motivations

Theme	Responses
Difficulties and discontent within the employment market	Loneliness and isolation, stress, feeling unappreciated, negative experiences in corporate America, loss of employment, glass ceilings
Flexibility and freedom	Desire for work-life balance, balancing family obligations with work, being one's own boss, ownership of one's own ideas and work
Life and work fulfillment	Following one's passions and dreams, ability to be creative, achievement opportunities, financial stability and freedom, being valued, receiving the full value of your work
Children and family	Work-life balance, creating generational and family wealth, being an example for children, creating a legacy for children
Social and Community Responsibility	Helping others, employing others, mentoring others, building wealth for the community, giving back
Other	Examples of entrepreneurship from family members, faith and spirituality as encouragement

Appendix C: Breakout Session Responses: Access to Capital and Resources

Themes	Responses
Fear and risk	Fear of failure, fear of loan application rejection, avoiding loans, loan process lengthy and not worth it, fear of debt, fear of high risk, borrowing one's own money first, borrowing from family, bartering with other Black women (space, materials) to reduce expenses
Information	Lack of information on available resources, lack of information and understanding of the loan process, need to do significant research to be prepared to secure capital, how much money to request
Lack of access	Lack of strong networks and human capital, discrimination (racism/sexism), "not being at the table for key conversations," historically no generational wealth, lack of the capital and collateral
Availability of alternative resources	Need more alternative and flexible funding sources, funders who understand the needs or "the reality" for Black women, looking for non-traditional funding sources

Appendix D: Breakout Session Responses: Mentorship and Networks

Theme	Responses
Lack of mentors and sponsors	Need a champion to act on their behalf, difficulty finding mentors/sponsors, lack of available mentors/sponsors, lack of mentors with shared background/experiences, the importance of sharing their experiences with others, looking for like-minded mentors
Lack of access	Inability to “be at the table” or “be in the room,” being a part of key circles and networks
Broadening and diversifying networks	Desire for broader and diverse networks, memberships in key circles, desire to build connections and relationships “across the table,” global perspectives, desire for more events and formal infrastructure that supports networking and visibility
Lack of general support	Lack of general support for Black businesses

Appendix E: Breakout Session Responses: Challenges

Themes	Responses
Fear and confidence	Fear of failure and of making mistakes, fear of leaving a steady job, “imposter syndrome” or doubts about capabilities, fear of the unknown
Access to resources and capital	Lengthy loan process, difficult to ask for money, how to search for funding, how to ask for money
Mentorships and networks	Lack of mentors and sponsors, inadequate Black women’s network
Information and knowledge	Not knowing how to do things, lack of information about resources, lack of access to key information, knowledge about the larger industry, knowledge about policy, knowledge about the global market
Impacts of race and gender	Stereotypes of Black women, assumptions about Black women, appearance impacts business and how people view you, lack of support for Black owned businesses (within the Black community and outside)
Growing and maintaining one’s own business	Work-life balance, family obligations, adequate funding to hire, pay, and keep employees, building a trustworthy team with similar values and work ethic, knowing the value and worth of your business, how to budget and set costs and fees,

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- ⁱ Survey of Business Owners and Self-Employed Persons (SBO), US Census Bureau, 2012
- ⁱⁱ Figures are based on data collected from the 2012 U.S. Census Survey of Business Owners (SBO). The current analysis includes privately-held and non-farm firms and excludes firms that are not classifiable by race, ethnicity, gender, or veteran status
- ⁱⁱⁱ Ibid.
- ^{iv} Weeks, Julie. "The 2016 State of Women-Owned Businesses Report." 2016. Commissioned by American Express OPEN Accessed August 1, 2016. <http://about.americanexpress.com/news/docs/2016x/2016SWOB.pdf>
- ^v Amy Haimerl. "The Fastest Growing Group of Entrepreneurs in America." *Fortune*, June 29, 2015. Accessed May 15, 2016. <http://fortune.com/2015/06/29/Black-women-entrepreneurs/>.
- ^{vi} John Sibley Butler. *Entrepreneurship and Self-Help Among Black Americans: A Reconsideration of Race and Economics*. New York: SUNY Press, 2012.; Bessie House-Soremekun. *Confronting the Odds: African American Entrepreneurship in Cleveland, Ohio*. Ohio: Kent State University Press, 2002.; Juliet E.K. Walker. *The History of Black Business in America: Capitalism, Race, Entrepreneurship*. Vol. 1. Chapel Hill: UNC Press Books, 2009.; Michael D Woodard. *Black Entrepreneurs in America: Stories of Struggle and Success*. New Brunswick: Rutgers University Press, 1997.
- ^{vii} Walker. *The History of Black Business*, 2009.
- ^{viii} Ibid., xv.
- ^{ix} Ibid., xvii
- ^x Ibid.
- ^{xi} Booker T. Washington was an educator and important leader in the Black community during the late 1800s and early 1900s. He believed the economics was central to Black progress and in 1900 founded the National Negro Business League.
- ^{xii} Margaret Levenstein. "African American Entrepreneurship: The View from the 1910 census." *Business and Economic History* 24, no. 1 (1995): 106-122.
- ^{xiii} Ibid.
- ^{xiv} Boyd "A Contextual Analysis of Black Self-Employment," 1991.; Robert L. Boyd. "Black Undertakers in Northern Cities During the Great Migration: The Rise of an Entrepreneurial Occupation." *Sociological Focus* 31, no. 3 (1998): 249-263.; John N Ingham. "Building Businesses, Creating Communities: Residential Segregation and the Growth of African American Business in Southern Cities, 1880–1915." *Business History Review* 77, no. 04 (2003): 639-665.; Silverman. "The Effects of Racism," 1998.
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- ^{xvi} United States Department of Labor Women's Bureau. "Black Women in the Labor Force" 2016.
- ^{xvii} Delores P Aldridge. "African-American Women in the Economic Marketplace: A Continuing Struggle." *Journal of Black Studies* 20, no. 2 (1989): 129-154.
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- ^{xx} This report utilizes the term "communities" or "people of color" interchangeably with "minority." While this report seeks to utilize empowering language, to avoid confusion relating to data and definitions, this report utilizes the term minority when referencing key statistics and/or research studies who utilize minority as a label in their data. The Small Business Administration (SBA) defines minority as belonging to the groups with the following ethnic origins: African, Asian Pacific, Asian Subcontinent, Hispanic, Native Alaskan, Native American, and Native Hawaiian. Generally, for the purposes of this report, "of color" refers to non-white populations.
- ^{xxi} Timothy Bates. "Financing the Development of Urban Minority Communities." *Changing Financial Markets*. (2001): 217; John Sibley Butler and George Kozmetsky. *Immigrant and Minority Entrepreneurship: The Continuous Rebirth of American Communities*. Connecticut: Greenwood Publishing Group, 2004.; Robert W Fairlie,. "Recent Trends in Ethnic and Racial Business Ownership." *Small Business Economics* 23, no. 3 (2004): 203-218.; Alicia M Robb and Robert W. Fairlie. "Access

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^{xxii} Minority Business Development Agency. "Fact Sheet: U.S. Minority-Owned Firms." 2016.

^{xxiii} Robert L. Boyd. "Survivalist Entrepreneurship Among Urban Blacks During the Great Depression: A Test of the Disadvantage Theory of Business Enterprise." *Social Science Quarterly* (2000): 972-984.; Butler and Kozmetsky. *Immigrant and Minority Entrepreneurship, 2004*.; Heilman and Chen. "Entrepreneurship as a solution", 1995.; Hayward Horton and Gordon De Jong. "Black Entrepreneurs: A Sociodemographic Analysis." *Research in Race and Ethnic Relations* 6 (1991): 105-120.

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