

Inclusive & Resilient Recovery

# Small Businesses of Color:

Toward an Inclusive and Resilient Recovery



Federal Reserve Bank *of* Atlanta  
Community & Economic Development

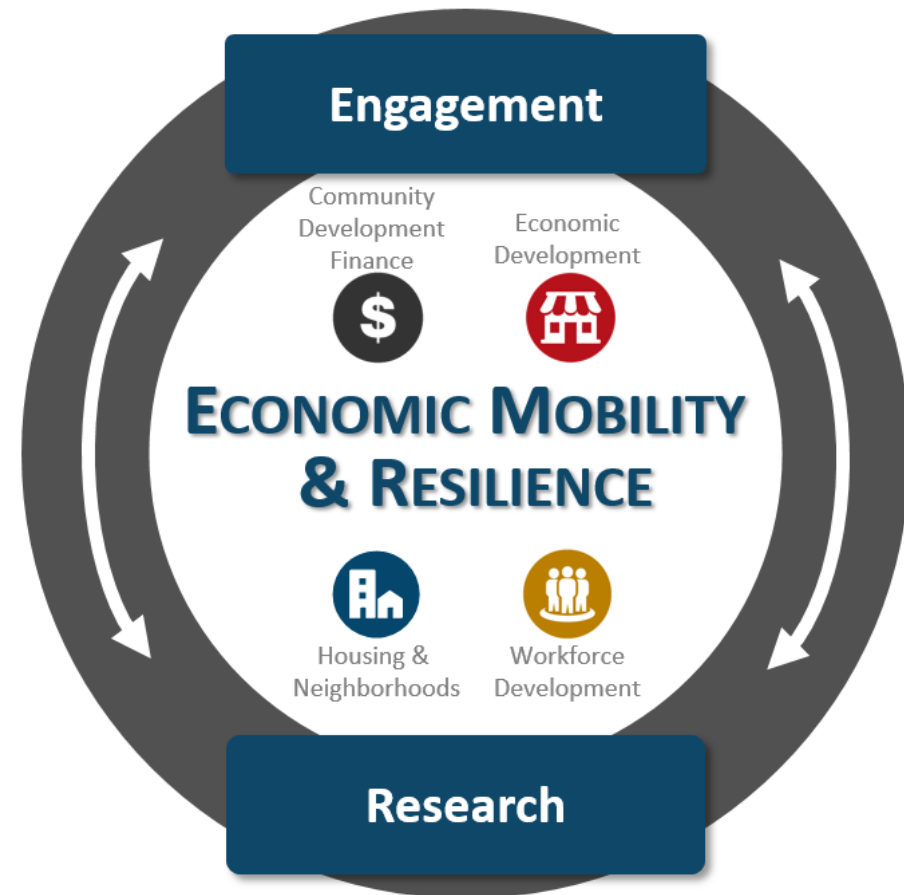


# CED at the Atlanta Fed

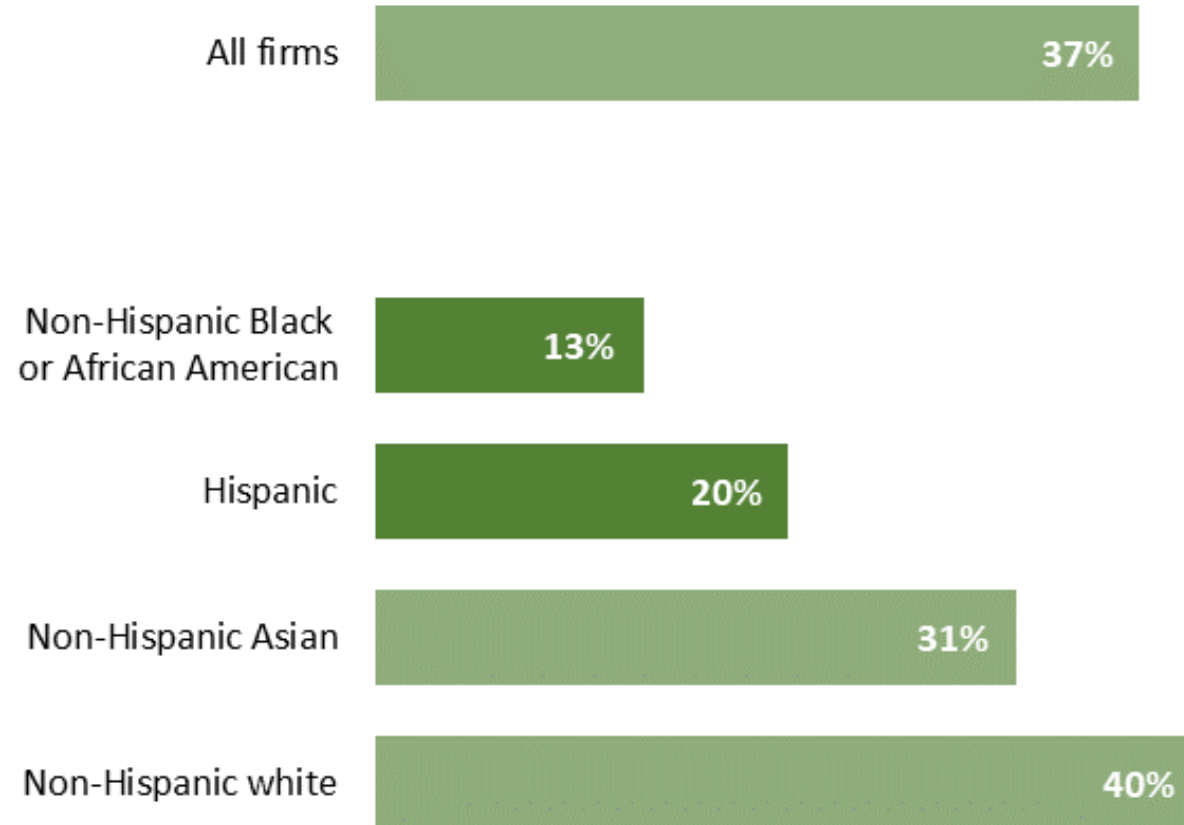
## MISSION

Support the Central Bank's mandate of stable prices and maximum employment by working to improve the **economic mobility and resilience** of people and places for a healthy economy.

To access our papers, data tools, and other resources visit [the CED webpage](#).



# Share of Firms that received all financing sought (% of all applicants)



**Share of firms in fair or poor condition, at time of survey**  
(% of employer firms)

Non-Hispanic Asian

79%

Non-Hispanic Black  
or African American

77%

Hispanic

66%

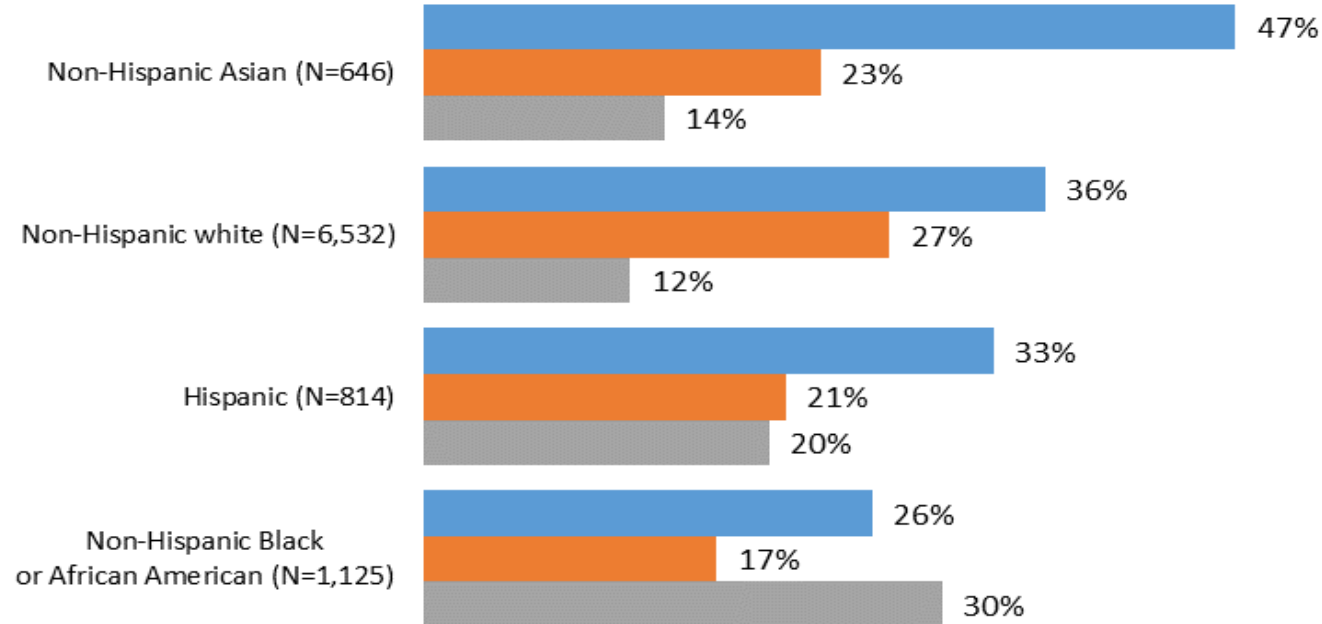
Non-Hispanic white

54%

Source: Small Business Credit Survey, 2021 Report on Employer Firms

# Looking Ahead: Expected challenges resulting from the pandemic, next 12 months

■ Demand for products/services ■ Government-mandated restrictions or closures ■ Availability of credit



**Demand for products/ services** is the top expected challenge among Asian-owned firms.

Among Black-owned firms, **credit availability** is the primary concern.

Source: Small Business Credit Survey, 2021 Report on Employer Firms





2020

# SMALL BUSINESSES COLOR RECOVERY GUIDE

*For City Leaders and Community Groups*



FEDERAL RESERVE BANK *of* KANSAS CITY



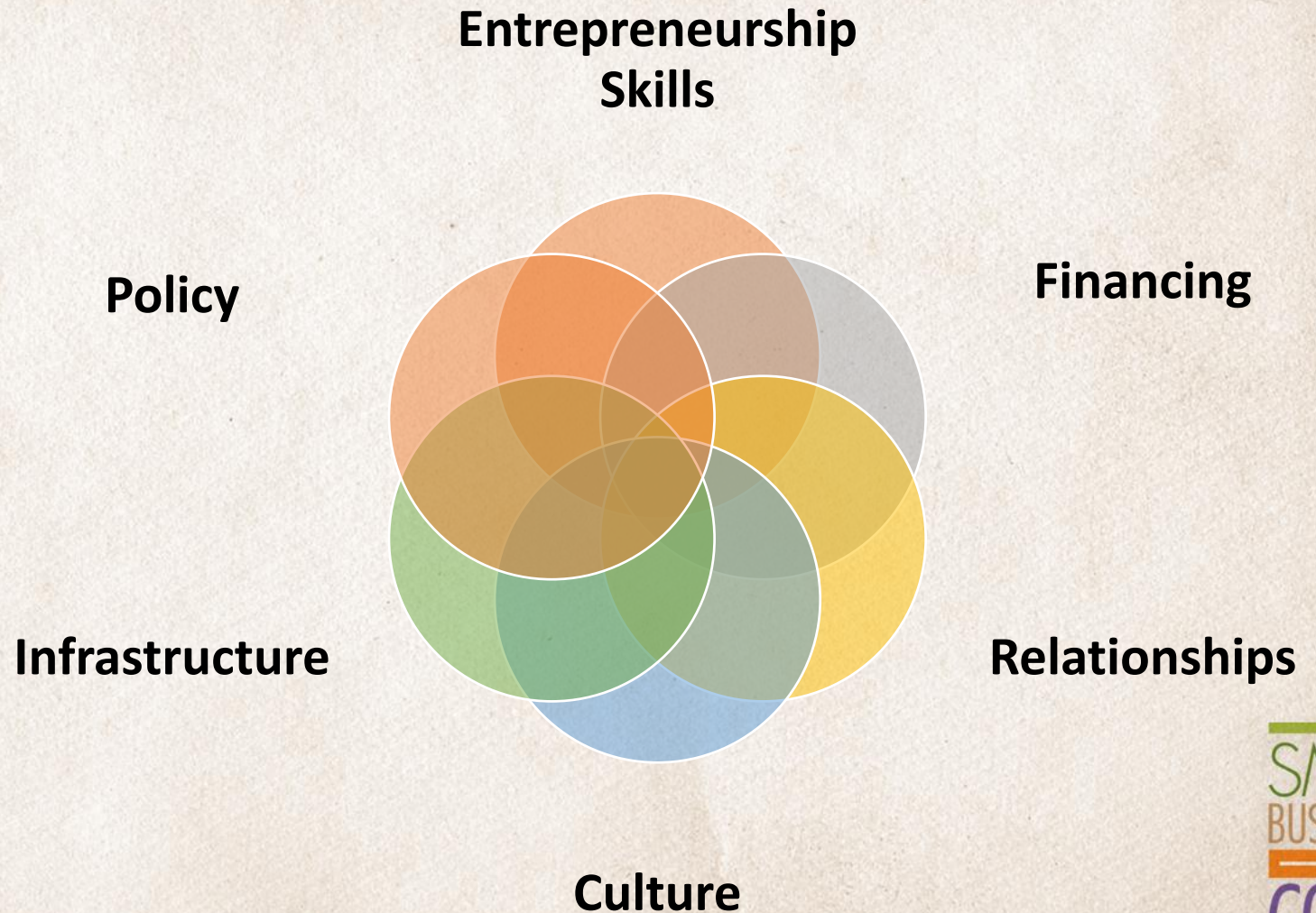
FEDERAL  
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BANK  
*of* ATLANTA



# The Entrepreneurship Ecosystem

## So, what is an ecosystem?

The individuals, organizations, support programs, investors, companies, relationships, policies, environments, spaces, and cultures that interactively work together in support of entrepreneurs as they start and grow...companies in local communities.





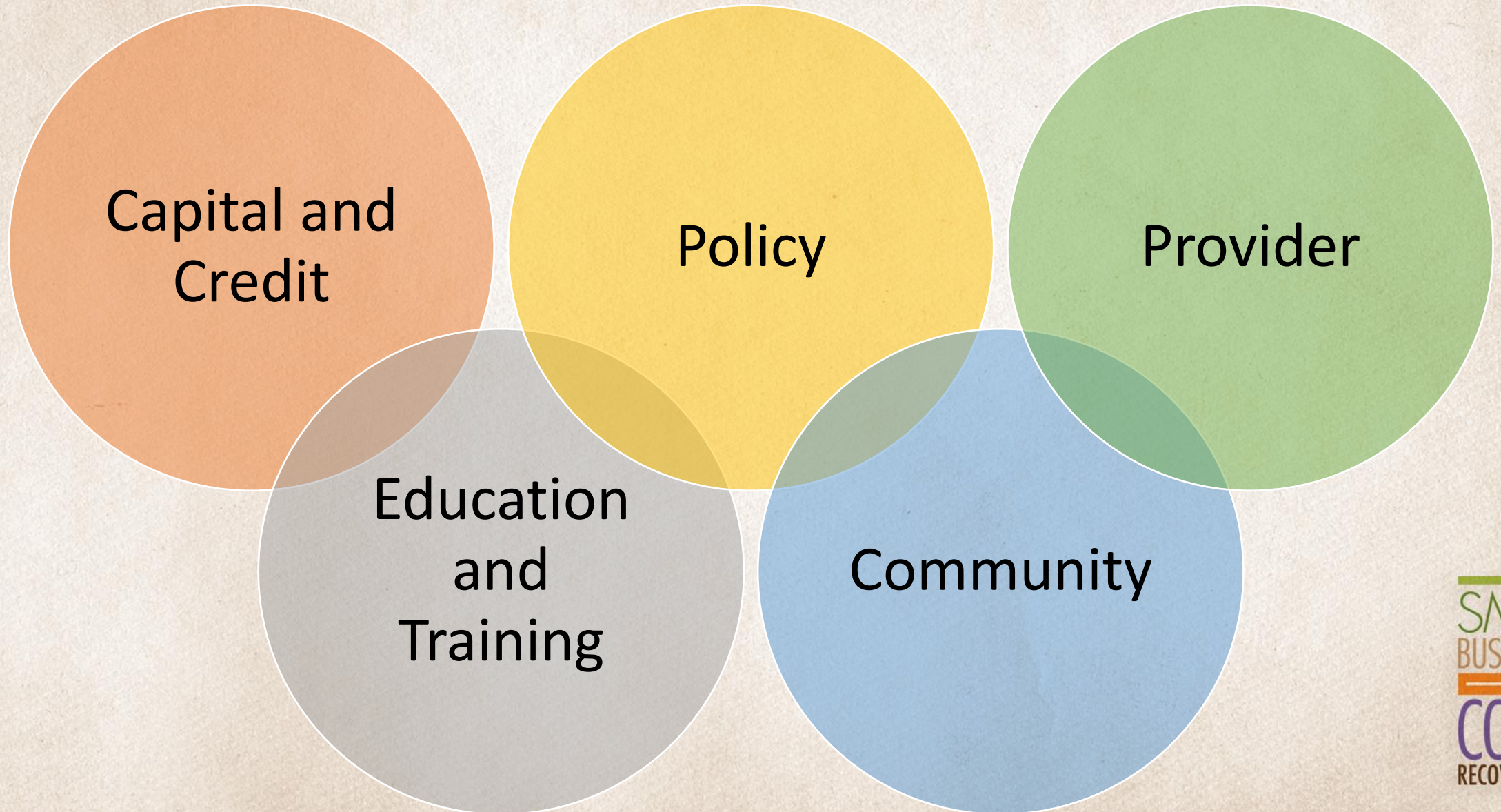
# Your Community Is Unique

One program alone is not sufficient. Each strategy to support SBOCs must be tailored by your local community and must address multiple opportunities for improvement in your ecosystem.

However, focusing on specific areas of improvement, with a long-term view towards strengthening the whole ecosystem is a good way to start.



# General Support Recommendations from the Field





# Capital and Credit

- Develop Low/No-Cost and deferred credit and capital facilities
- Develop flexible Underwriting

“Even before the pandemic, founders of color were constrained by undercapitalization and relied on family loans to start and maintain their businesses... We believe that in order to move towards equitable recovery, equity and equity-like capital with flexible terms...” DEMETRIC DUCKETT, LIVING CITIES

# Education and Training

- Scale up existing programs
- Increase technology training
- Ensure training is both available and accessible

“The greatest need that founders have is gaining the skill set to execute efficiently...The challenge that many of our founders face is that they do not have the same access to skill-building as certain more privileged groups.” SERGIO PALUCH, PARTNER, BETA BOOM



# Policy

- Strengthen diverse government procurement policies.
- Improve the use of subsidies to support SBOCs
- Develop and improve place-based policies such as business improvement districts.



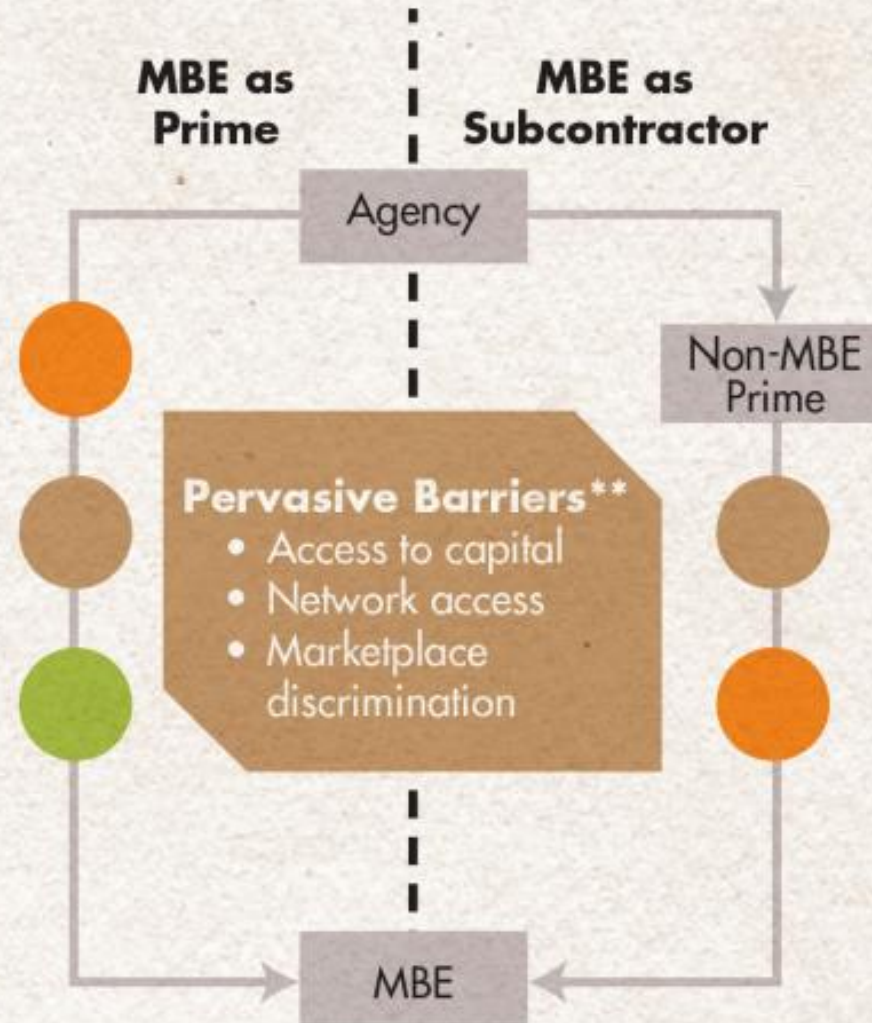
# Most Frequently Cited Contracting Barriers Facing MBES

## Prime Level Discriminatory Barriers

- Timely bid notification
- Explicit discrimination (stereotypes, higher and double standards)
- MBE/DBE stigma

## Prime Level Non-Discriminatory Barriers

- Large project sizes
- Bonding/Insurance
- Timely payment



## Subcontractor Level Discriminatory Barriers

- Timely bid notification
- Bid shopping
- Held bid
- Lack of good faith effort
- Only using an MBE if required
- Explicit discrimination (stereotypes, higher and double standards)
- MBE/DBE stigma



# Community

- Create holistic buy-local campaigns with a focus on SBOCs
- Improve the local environment where SBOCs live and often start their businesses.
- Co-create with SBOCs clear COVID-19 recovery plans

“Community campaigns and pledges to eat at Black-owned restaurants, commitments to use technical services (web design, social media managers, event planners, etc.) provided by people in our communities. Churches can certainly promote the services owned by members in their congregation.” LEE KATHRYN MAXEY-GASH OF THE COLORADO BLACK CHAMBER OF COMMERCE



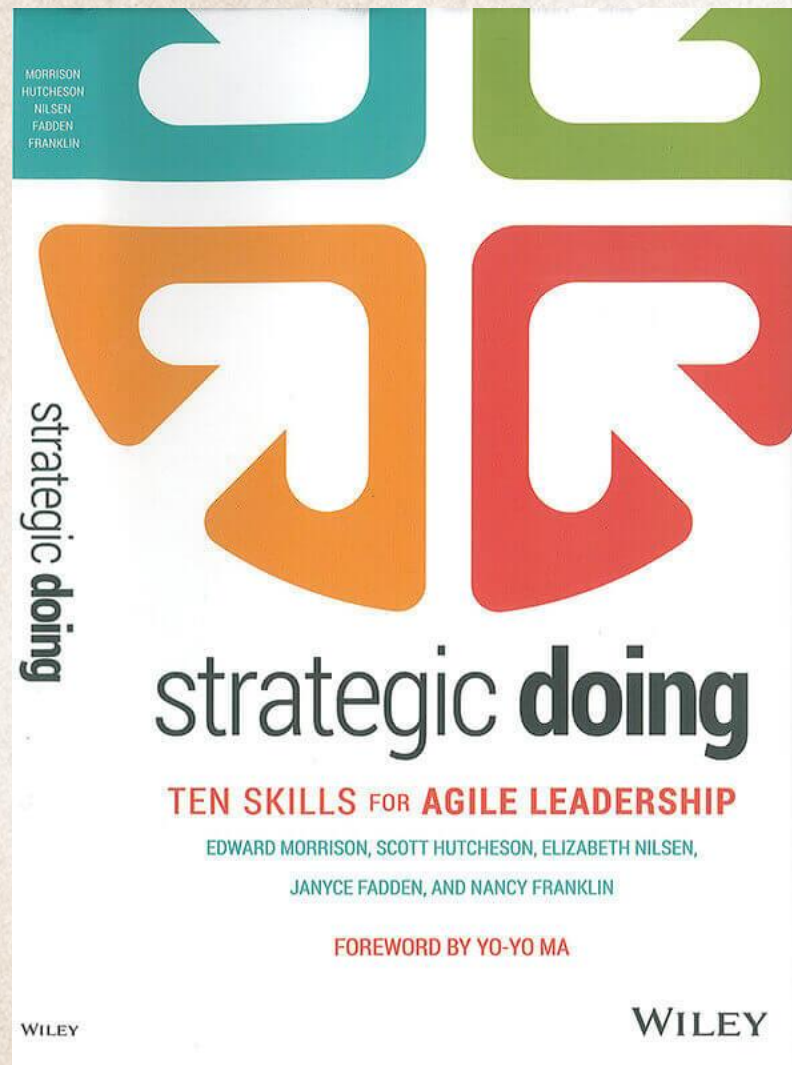
# Provider

- Improve foundation, corporate, and government support for inclusive local support programs.
- Support providers in the creation of new local funding mechanisms for SBOCs using a combination of government, philanthropic, and bank support.

We need recoverable grants or forgivable loans to help us build a revenue model. There are no real capital sources for social enterprises to access startup capital. As a result, most for-profit entrepreneur support organizations can only bootstrap, which doesn't allow us to scale in ways that meet the need. KELLY BURTON, FOUNDERS OF COLOR



# Recovery Community Pilot



# Small Businesses of Color: Toward an Inclusive and Resilient Recovery

## Moderator

### **Janelle Williams**

Community and Economic Development Senior  
Adviser  
Federal Reserve Bank of Atlanta

## Small Business Panelists

### **Sami Haiman-Merrero**

President and CEO  
Urbander

### **Lakeysha Hallmon**

CEO and Founder  
The Village Market

### **James Wahls**

Portfolio Manager of Social Investments  
Annie E. Casey Foundation



## Resources for Community and Economic Developers from the Atlanta Fed and the Federal Reserve System

### Focused on People:

**Unemployment Claims Monitor**: Data on initial and continued claims for unemployment insurance, including the Pandemic Emergency Unemployment Compensation and Unemployment Assistance, and claimants' demographic data,.

**Opportunity Occupations Monitor**: Get an estimate of the number and share of jobs accessible to workers without a bachelor's degree that pay more than the national median wage.

**Advancing Careers**: Examines barriers to employment, safety net policies and systems, and career pathways to support efforts to improve economic security for families and meet the talent needs of businesses for a healthy economy.

For more resources, visit:

[frbatlanta.org/community-development](https://frbatlanta.org/community-development)

### Focused on Communities:

**Small Business Credit Survey: 2021 Report on Employer Firms**: The first publication out of the 2020 SBCS focuses on small employer firms and seeks to document the toll the COVID-19 pandemic took on small businesses in 2020.

**Small Businesses of Color Recovery Guide**: The Atlanta and Kansas City Feds have published this guide to assist communities throughout the nation in supporting SBOCs as they recover from the economic crisis caused by the COVID-19 pandemic

**Renter Households Vulnerable to COVID-19 by Region**: The tool estimates the number of households susceptible to COVID-19-related job loss, at the intersection of income, cost-burdened status, dwelling unit type, and race.



**Racism and the Economy**  
focus on the **Economics Profession**

The Federal Reserve Banks of  
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Kansas City | Minneapolis | New York | Philadelphia  
Richmond | San Francisco | St. Louis

Join the next Racism and the Economy session focused on the Economics Profession on April 13

[Register Here](#)

# THANKS FOR JOINING US!

## ANY QUESTIONS?

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- For regular updates on all Community & Economic Development resources email [AtlFedComDev@atl.frb.org](mailto:AtlFedComDev@atl.frb.org) and type SUBSCRIBE in the subject line.
- For weekly updates on all the news from the Atlanta Fed text FRBA to 33777.
- Follow us on  [@AtlFedComDev](https://twitter.com/AtlFedComDev) on Twitter
- You can reach us at [Janelle.Williams@atl.frb.org](mailto:Janelle.Williams@atl.frb.org)

