

STATE OF BLACK CHICAGO CONGRESS
BUSINESS DEVELOPMENT AND OPPORTUNITY FOCUS GROUP
WHITE PAPER SUMMARY

OBJECTIVE:

The purpose of the focus group is to identify the barriers and impediments to growing Black businesses in the business to consumer(B2C), business to business(B2B) and business to government(B2G). impactful.

THE PROBLEM

The Business Development and Opportunity Focus Group found that while each area had its own unique challenges, every Black business whether consumer, business or government focused, faced similar problems. The focus group identified four areas of impacting the growth of Black Business:

- Access to Capital
- Mentorship
- Lack of Access to Public and Private Sector Opportunities
- Lack of Black Businesses of Size/Scale/Capabilities (Infrastructure)
- Lack of Black entrepreneurs and companies in Growth Oriented Sectors/industries

Other issues that were identified include:

- Lack of awareness of Black businesses
- Access to information
- Disconnect between the broader community and larger, more successful Black firms
- Lack of monitoring/compliance of spend by public and private sector organizations with Black businesses
- No current or reliable database of Black owned businesses
- Not enough public/political pressure on government and corporations to utilize Black businesses

1. **ACCESS TO CAPITAL**

Black companies' lack of access to capital is a major barrier to growth. Most small businesses are started with savings, and funding from friends and family. Black entrepreneurs lack a network of individuals that have the resources to help them start businesses. Existing firms also find it difficult to access capital. The lack of angel investors, interest by venture capitalist and the unwillingness of banks to make loans to blacks hampers the growth opportunities for black companies

PROPOSED SOLUTIONS:

- Creation of a local angel investment fund focused on funding Black businesses start ups
- Utilizing non-traditional forms of raising capital such as crowd funding, microloans to provide growth capital for businesses
- Develop a public/private fund for growth oriented businesses
- Develop an initiative for Black businesses to pitch to existing angel investor and venture capital groups
- Use new bonds and social entrepreneurship ventures to attract new capital

2. **MENTORSHIP**

Having access to knowledgeable mentors is critical to growing our businesses. Companies need persons who understand their business and sectors, that have "been there and done it" to help provide insight and guidance.

PROPOSED SOLUTIONS:

- Have executives and entrepreneurs from larger, more successful firms agree to mentor owners of Black companies
- Create a series of workshops and panels of the leading business experts to provide information on the trends impacting their industries and businesses

3. **LACK OF ACCESS TO PUBLIC AND PRIVATE SECTOR BUSINESS OPPORTUNITIES**

The percentage of Black business participation in government contracting opportunities is abysmal. Black professional service firms are limited in their ability to secure meaningful contracts. The number of large scale black contractors in the city of Chicago has dwindled to a handful. Additionally, the presence of "front" companies has created a perception that Black companies are incapable or not truly Black owned. Changes in the affirmative action laws have also caused our most successful and most experienced businesses to "graduate" from public sector set aside programs, leaving our least experienced and smaller scale companies to compete for work.

PROPOSED SOLUTIONS:

- Develop an initiative to get 10 major corporations to establish five new \$5 million or greater relationships with Black businesses
- Create a report card for every public agency and major corporation on their utilization of Black businesses
- Have major public agencies conduct an annual procurement meeting projecting their needs and spend over an 18 month period.
- Create a database of Black business by industry to develop a capacity analysis to help increase Black contracting opportunities in the public and private sector

4. LACK OF BUSINESSES OF SIZE/SCALE/CAPABILITIES

One of the challenges to business growth is having the business infrastructure to take on larger projects and clients. Access to management/technical human capital is a major impediment. Without having the team with the expertise, it's unlikely that Black firms can win larger more profitable work. We must focus on helping "growth oriented" companies not "lifestyle" businesses

PROPOSED SOLUTIONS:

- Encourage Black firms to merge and acquire other companies to add scale and expertise
- Expand use of strategic partnerships majority and minority companies
- Evolve our business models to add more value add products and services

5. LACK OF ENTREPRENEURS AND BUSINESSES IN GROWTH ORIENTED SECTORS/INDUSTRIES

The concentration of Black companies in certain industries such as professional services, construction, food/beverage and personal services are putting us at a grave disadvantage. There are very few black owned companies in the areas such as life sciences, technology, and clean tech. We must diversify the types of businesses we own.

PROPOSED SOLUTIONS:

- Create an incubator focused on developing young entrepreneurs in projected growth areas
- Develop social entrepreneurship ventures that combine sound business models with social/philanthropic missions
- Develop partnerships with other minority and majority entrepreneurs with expertise in these sectors

NEXT STEPS

The Business Development and Opportunity Focus Group believe that the key to implementation of these solutions is someone has to own this issue. We need an organization that will further develop the concepts outlined in this document and develop specific initiatives around these solutions. An organization whose specific focus is on the growth and profitability of Black business.

The Alliance of Business Leaders and Entrepreneurs(ABLE) which is the leading organization representing Black businesses and entrepreneurs in Chicago, has agreed to “own” this issue and develop an action plan for implementing the solutions outlined by the Focus Group. ABLE will work in collaboration with other organizations such as the Urban League, Minority Supplier Development Council, Chicagoland Chamber of Commerce and World Business Chicago to develop specific initiatives and metrics around these problems and solutions. It is their intent to report out their progress at a State of Black Business Breakfast that will be held the first quarter of 2014.