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DARRELL JOHNSON AND JOHN MATTHEWS

TOWARD AN EQUITABLE ENTREPRENEURIAL ECOSYSTEM

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Historically, small businesses have competed with first-generation and multi-generational businesses. First-generation companies often begin with an individual having an idea and an innovator bringing it to fruition. In contrast, multi-generational businesses build upon the foundation that has been instilled throughout the life of the business. Looking through the lens of Black Business Development over the last ten years, it is apparent that Black businesses supply quality goods and services but have traditionally lacked capacity, opportunity, and sustainability.

Capacity

Over the years, there have been efforts to increase technical assistance programming to small businesses at the federal, state, and local levels; however, the most critical piece that has been historically inadequate is access to information. Although technical assistance resources existed at all levels of government, those who needed the resources and resource providers were often disconnected from them. Several factors contributed to this disconnect, especially apathy, as business owners were trying to keep their companies afloat instead of working to create a scalable business model.

Business development entities established these capacity-building resources to close the wealth gap, but the resources were underutilized by minority businesses because business owners lacked information (regarding availability) and an understanding of the benefits of using the resources. For these reasons, minority firms

have not been able to take advantage of opportunities, regardless of their capacity to compete.

Opportunity

Generally, companies that are ill-equipped to take advantage of opportunities will not survive, making the need for capacity-building a priority. However, the availability of business development resources do not automatically create immediate opportunities, further frustrating those the programs intended to serve.

Although providers offer valuable services to address underbidding, financial management, reinvesting in the business, and other issues facing small business owners, sole provision of capacity building services can create a repetitive cycle within which small businesses complete the program or training, develop the necessary capacity to perform, but have no opportunity for procurement or contracts – thereby diminishing the value of the programs that aimed to aid these businesses. Therefore, the success rate of these firms was sub-par, and most firms could not achieve sustainability.

Sustainability

There has long been a direct correlation between opportunity and sustainability. Simply put, when there is no opportunity, sustainability does not exist. Thus, the entrepreneurship cycle ends, and the rate of unsuccessful businesses increases. Historically, this cycle suggests that

capability, lack of capacity, lack of information and lack of opportunity leads to the limited sustainability and viability of Black businesses.

The Evolution

Today, there is an even greater awareness that the wealth gap must be closed to create a better quality of life and economic vitality. As a result of technological advances, there seems to be a better understanding of resources, and more BIPOC firms can access information about capacity, opportunity, and sustainability. In today's modern economy, Black businesses can better compete due to the accessibility of real-time resources to assist their development. Although there remains a disconnect in the continuum of JIT (just-in-time) resources to move a company as it grows, business owners can conduct research and development and access more programs. Therefore, more African-Americans are entering the arena of entrepreneurship and taking advantage of enhanced capacity building.

Still, nationally, white households generally hold a larger portion of their net worth in business equity (36%) than black households (12%). In a recent review of Census' Annual Business Survey by the Baton Rouge Area Chamber (BRAC) Business Intelligence team, "there are over 302,000 black residents in the Capital region, meaning that there is one black-owned establishment with an employee for every 491 residents. Comparatively, there is one white-owned business for every 42 white residents, meaning that white residents are roughly 12 times more likely to own a business than black residents."

This data indicates the necessity of a more collaborative, concentrated effort to develop micro-enterprises to viable second-stage companies, including access to information on sectors of opportunity which will begin to build a framework for sustainability.

Toward an Equitable Ecosystem

Ultimately, sustainability solely depends on the will of BIPOC firms to look ahead at opportunities that are conducive to growth. Minority firms are lagging at the next levels, such as green infrastructure, coastal restoration, development, and manufacturing – which many consider to be sectors of significant future growth.

To build an equitable, robust entrepreneurial ecosystem, one must connect all these activities – capacity building, opportunity, sustainability and viability. Small business resource providers should develop a strong foundation built on each to ensure the continued enhancement of minority-owned businesses in their development.

About the Authors

Darrell Johnson

A native of New Orleans, Darrell L. Johnson, Jr. serves as Manager of Diversity & Inclusion Programs at BRAC. In this role, Darrell leads BRAC's diversity and inclusion initiatives including providing business services, advancing corporate and workplace diversity initiatives, and pushing for reinvestment and redevelopment of underserved areas through the efforts of BRAC's business development and quality of place teams. Darrell joins BRAC from Louisiana Economic Development, where he served on the Small Business Services team and was responsible for repositioning Louisiana as one of the best places to start, grow, and sustain a business. He also supported and grew the LED Growth Network – an alumni network of over 500 Louisiana-based small businesses that employ over 15,500 full time employees and represent over \$3.3 billion in annual sales.



John W. Matthews, Jr.

John W. Matthews, Jr., a native of New Orleans, Louisiana, graduated with a B.S. from Southern University, Baton Rouge, Louisiana and obtained his Master of Business Administration Degree from Loyola University in New Orleans, Louisiana. After completing twenty successful years with Texaco, Inc., John accepted an appointment and was commissioned by the Governor of Louisiana to the Governor's Office of Urban Affairs and Development in August 1993. In February 1997, John transitioned to Louisiana Economic Development (LED) as Manager of the Small Business Bonding Assistance Program to assist small contractors with greater access to construction related projects. Since 2003, and until retirement in 2018, John served as Senior Director of Small Business Services for LED which offers a comprehensive array of programs and resources that build capacity, cultivate opportunities, and accelerate growth of small businesses.

