

# Building Organizational Capabilities in Service of Equitable and Inclusive Small Business Ecosystems

A Practitioner's Guide



SEPTEMBER 2021

# Operationalizing Strategies with this Guide

Local Initiatives Support Corporation (LISC) and Next Street have partnered to publish this practitioners' guide. It outlines how organizations serving small businesses can work together to identify ecosystem-level and organization-specific strategies.

LISC and Next Street recognize practitioners need support for ecosystem-level coordination as well as informed strategies for their individual organizations based on local market needs and varying stakeholder assets. This guide is designed for practitioners looking to strengthen their support for small businesses and will also serve as a tool to spark conversation alongside other local partners.

## This guide will:

- Share best practices leading with equity and inclusion to help assess local market capacities and gaps
- Outline the potential roles in which local stakeholders can adapt or intensify their efforts
- Provide decision-making criteria to identify appropriate ecosystem roles for organizations and their partners
- Offer guidance on how to create an implementation plan to execute

The creation of this guide was made possible by Lowe's Companies, Inc., The Nielsen Foundation and Visa Foundation, together with the ongoing support for LISC's national small business ecosystem building efforts from JPMorgan Chase, Kaiser Permanente, The Kresge Foundation, MetLife Foundation, State Farm, Truist Cares, a cooperative effort between Truist Financial Corporation, Truist Foundation, Inc., and Truist Charitable Fund, U.S. Bank, Verizon and Wells Fargo.

► **COVER IMAGE:** Lowe's Small Business Relief Grantee, Second Look Construction, Mint Hill, NC  
PHOTO CREDIT: MARCELLO AQUINO PHOTOGRAPHY





► **ABOVE:** Lowe's Small Business Grant recipient, The Snack Shop, Melville, LA  
PHOTO COURTESY OF LOWE'S

# Contents

## 4 Introduction

- 4 Highlighting the Need for Inclusive and Equitable Small Business Ecosystems
- 5 Showcasing the Opportunity for Collaborative Small Business Ecosystem Strategies

## 8 Getting Started

- 9 Approach to Small Business Ecosystem Decision-making

## 12 Grounding in Community Context: Community Engagement

## 13 Understanding the Local Small Business Ecosystem

## 17 Deciding Where to Focus

- 18 Roles Needed in the Ecosystem
- 19 Organizational Capabilities and How to Assess Them

## 26 Operationalizing the Plan and Managing for Success

## 30 Conclusion

---

## 31 Appendices

- 32 Additional Case Studies: Demonstrations of Ecosystem Collaboratives
  - 37 Endnotes
  - 38 Additional Resources
  - 38 Other Contributing Sources
  - 41 Publicly Available Small Business Data
  - 42 Acknowledgements
- 

**Separate Writeable PDF  
Worksheet Packet**

# Introduction

## Highlighting the Need for Inclusive and Equitable Small Business Ecosystems

Small businesses are the beating heart of local economies and communities across the country. As mainstays of neighborhood identity, small businesses<sup>1</sup> strengthen community pride and connections among residents. Small businesses also serve as a significant employment engine, driving approximately two-thirds of job growth nationally over the last two decades.<sup>2</sup> A focus on small business development can build individual, household, and broader community wealth. Small businesses provide pathways for asset ownership, income generation, local employment, and for greater reinvestment of revenues into local neighborhoods.<sup>3, 4</sup>

Despite the importance of small businesses and the opportunities they present, Black, Indigenous and People of Color (BIPOC) communities have faced and continue to face structural barriers that challenge their abilities to start, sustain, and scale thriving small businesses. Black and Latino(a) business ownership, for example, is disproportionately lower compared to representation among the country's population.<sup>5</sup>

DEMOGRAPHIC	BUSINESS OWNERSHIP	PERCENTAGE OF US POPULATION
<b>Black</b>	2.2%	13.4%
<b>Latino(a)</b>	5.8%	18.5%

The COVID-19 pandemic and ongoing recovery intensified longstanding inequities across the country. Small businesses and firms owned by BIPOC entrepreneurs have suffered the worst of the pandemic's economic impact. Nationally, BIPOC-owned small businesses have been historically concentrated in industries hit hardest by the pandemic – including food services and retail trade. As such, they have faced higher closure rates compared to White-owned businesses.<sup>6</sup>


Systemic inequities have universal consequences that extend beyond BIPOC communities. Fully including BIPOC communities in the economy and addressing gaps in Black Americans' wages, education, and housing would bring universal gains in the form of economic growth from increased jobs, consumption, and investment. Racial and ethnic discrimination, segregation, and violence have cost the United States an estimated \$16 trillion in lost GDP over the past 20 years.<sup>7</sup>

To build an *equitable* ecosystem for small business means actively identifying and addressing structural barriers that curtail access and opportunity for business owners, particularly



BIPOC entrepreneurs, women entrepreneurs, people with low incomes, and businesses located in under-invested neighborhoods.

What do we mean by the word “ecosystem”? Simply a set of *conditions* and *supports* that all entrepreneurs need to thrive—to launch and expand their businesses, and to sustain them in the face of impediments to growth and economic shocks. See other [shared definitions](#) for this report on page 8.



What do we mean by the word “ecosystem”? Simply a set of **conditions** and **supports** that all entrepreneurs need **to thrive**—to launch and expand their businesses, and to sustain them in the face of impediments to growth and economic shocks.

A small business ecosystem is made up of a network of local organizations and individuals that support small businesses. The ecosystem is built not just on one organization's offerings, but on the relationships between a myriad of stakeholders and entities as they work together to identify needs, fill service gaps, make connections, and provide resources.

## Showcasing the Opportunity for Collaborative Small Business Ecosystem Strategies

Small businesses require inclusive and coordinated small business ecosystems to thrive beyond the COVID-19 recovery and toward sustainable, long-term prosperity. Practitioners in a small business ecosystem range from direct service and capital providers to system-level conveners and advocates. In most historically disinvested communities, the resources dedicated to supporting business owners are comparatively small. To overcome this gap, it is critical that small business ecosystem practitioners collaborate and strategically deploy resources to support BIPOC entrepreneurs. For small business ecosystems to have an impact greater than the sum of their individual programs, practitioners should build a baseline understanding of local market assets and gaps, partner with peers to understand potential synergies, and focus on opportunities that their organizations are uniquely positioned to pursue.

Local small business communities vary from coast to coast and across large cities and small towns based on unique place-based histories and identities. However, all local small business ecosystems share a collective need for intentionality, partnerships, meaningful referral networks, funding, and policy change. Strong coordination among stakeholders – including capital providers, service providers, and local government – supports the quality, efficiency, and scale of impact on small businesses. Connectivity, reach, and cultural competencies represented across the ecosystem are indicators of ecosystem efficacy as is the density of network connections among stakeholders. In fact, these collective measures matter more than the overall number of ecosystem stakeholders and programs.<sup>8</sup> Collaboration benefits not only small businesses, but also those who serve them. Deliberate coordination leads to stronger ties among practitioners and allows for deeper reach and better uptake.

This report will feature a number of case studies of ecosystem coordination and specific ecosystem stakeholders. Each of these examples provides a different view of innovative approaches that benefit small businesses, but none is meant to define an “end state” for success as many (if not all) small business ecosystems are still in early stages of development.





► **LEFT:** Daniel and Suzette Sweatt, owners of SweattBoxx Wellness Center on Indianapolis' Far Eastside

#### ENTREPRENEUR SPOTLIGHT

## THE IMPORTANCE OF SMALL BUSINESS SUPPORT ECOSYSTEMS

**D**aniel and Suzette Sweatt's personal fitness journeys inspired them to share their passion with others in their community. Their small business, SweattBoxx Wellness Center, offers classes, fitness training, and health and wellness programs for all ages in Indianapolis' Far Eastside and through their mobile offerings throughout the city. When the pandemic forced fitness centers to close in spring 2020, SweattBoxx adapted, loaning equipment to its clients and launching virtual classes. That summer, the Sweatts began offering outdoor, socially distanced classes at a local park. This shift gave the business an opportunity to connect with the community in a deeper way.

All of these adjustments required capital and support. SweattBoxx needed funds to purchase equipment that would allow it to adapt its programs and keep the business running. Fortunately, the small business ecosystem partners in Indianapolis were connected. Area CDFIs, grassroots Business Development Organizations (BDOs), the chamber of commerce, and the state were able to come together in support of SweattBoxx through several avenues.

The Sweatts worked early on with a small, neighborhood-based training program, Source

Entrepreneurship Center, which helped them connect to other larger support networks. As a result, they were able to procure early grant funds and a microloan. For example, with a LISC-matched Kiva microloan, offered at 0% and no fees, Daniel and Suzette were able to purchase a trailer and equipment to take their fitness classes on the road to outdoor locations. They also successfully applied for a U.S. Small Business Administration (SBA) loan through the Indy Chamber Business Ownership Initiative (BOI). A BOI coach provided hands-on assistance to help the couple navigate the application process. The SBA loan helped them continue leasing their space during a time of uncertain cash flow. SweattBoxx also received a Restart Grant from the state to install a HEPA purified air system in the space to make their business safer once clients returned.

Through joining webinars, attending workshops and making connections within the small business community, Daniel and Suzette's proactive approach helped ready their business for new COVID resources. The Sweatts were able to access assistance as area small business service providers made intentional efforts to work together more collaboratively, connect to the businesses and to each other, and improve the environment to support neighborhood-based, BIPOC entrepreneurs.

# Getting Started

Identifying how an ecosystem and its individual practitioners should mobilize to best serve small businesses requires a staged, community-led process. This report proposes an approach to facilitate setting organizational and ecosystem-wide priorities, deciding where practitioners and local partners should focus, and operationalizing an implementation plan.

## Shared Definitions

This report will refer to the following terms through the lens of small business, defined as:

**SMALL BUSINESS:** This publication focuses on employer businesses with 1 – 49 employees and non-employer businesses (i.e. sole proprietors)

**PRACTITIONER:** An organization with an interest, existing program, and/or strategy to support diverse and unique small businesses for a variety of reasons such as wealth creation, racial equity, or workforce development; practitioners include local and municipal government, grantmakers, anchor institutions (e.g., corporations, hospitals, universities), business and community-based organizations and associations

**ECOSYSTEM:** A set of conditions and supports that all entrepreneurs need to thrive – to launch and expand their businesses, and to sustain them in the face of impediments to growth and economic shocks.

**SHARED PRIORITIES:** Collective and ranked strategies that solve for local market needs around small business; alignment on priorities is derived from a broad coalition of ecosystem practitioners committed to equity, inclusion and access

**ECOSYSTEM BUILDER:** Small business practitioners – usually serving the ecosystem as conveners, service providers, connectors, or advocates for a specific initiative – that lead collaboration or advance shared work toward one or more ecosystem priorities

**EQUITY:** An approach that ensures all small businesses have access to the same opportunities, recognizes that advantages and barriers exist, and seeks to right the unequal starting place for business owners

**INCLUSION:** A culture that demonstrates authentic and intentional recognition and participation, valuing and welcoming of different identities for small business owners

**ACCESSIBLE:** Ensuring all business owners are able to request, participate, or obtain services and capital from the ecosystem, regardless of their circumstances or where they are located





## Approach to Small Business Ecosystem Decision-making

Organizations that support small businesses – such as service providers, capital providers, funders, anchor institutions, and local government – can explore an iterative process (see **Figure 1**) of deciding how they should focus their efforts on small businesses. These stakeholders can begin by understanding the local small business ecosystem, leveraging that market context to decide where their organization and partners should focus, and then executing a commitment and plan for success in collaboration with other ecosystem players.

- 1** Understanding the local small business ecosystem begins with grounding in overall local context and assessing gaps between small business supply (e.g., business services or capital provision landscapes) and demand landscape (e.g., current state of small business, capital demand<sup>9</sup>). This work can leverage past reports, public and private data, and qualitative input from local stakeholders, further analyzed for equity, access and reach. This stage culminates in a prioritized list of needs for the small business ecosystem.
- 2** Next, deciding where to focus depends on an understanding of potential ecosystem roles and how local “power players” fulfill those roles. This allows organizations to understand what gaps remain to address local market needs. Once it is clear which types of ecosystem roles are still needed or under-resourced in a community, support organizations can begin to assess internal and system capabilities and priorities to inform their decisions on which gaps they may be able to help fill.
- 3** Lastly, operationalizing a plan and managing for success includes the development of an implementation roadmap. It is important that the plan has input from other local ecosystem partners, funders and small business stakeholders in the spirit of building a cohesive ecosystem. Through internal and external ongoing conversations, an organization can begin to sharpen its focus areas with the support and synergy of other ecosystem builders. Especially important during this stage is a resource analysis alongside funder engagement, allowing for ecosystem partners to collectively begin laying the groundwork for widescale agreement on the necessary expansions needed.

Across each of these steps, practitioners should maintain regular communication with peers working to identify shared priorities and complementary, often collaborative, paths forward. This process will allow organizations to base forward-looking small business strategies on a comprehensive understanding of local context and the capabilities they will need to generate deep impact according to their organizational priorities.

**FIGURE 1** Framework for Strategy-setting for Small Business Ecosystems





## Guiding Principles

Strategies for small business ecosystems should follow community development best practices. Through its decades of community development experience, LISC has developed the following guiding principles. Organizations can lean on these principles as they select their role(s) in building inclusive and equitable small business ecosystems.<sup>10</sup>

**REALIZE EQUITY:** Break down structural barriers to capital access and racial and economic wealth equality

**BUILD ON STRENGTHS:** Work at the intersection of locational advantages, existing partnerships, and growing industries and occupations

**DEVELOP COMMUNITY-BASED SOLUTIONS:** Recognize that each solution works best when all solutions are pursued together, informed by one another, connected to and influenced by broader strategies

### PURSUE SOLUTIONS

**COMPREHENSIVELY:** Invest in on-the-ground collaboration by coordinating and integrating resources and actors across sectors to develop and implement a shared action agenda that drives inclusive growth

**MAKE A COMMITMENT TO PLACE:** Focus on specific communities to address concentrated opportunity gaps in a more strategic and impactful way

**CREATE NEW PARTNERS, LEVERAGE EXISTING ONES:** Invest in building authentic partnerships with stakeholders at all levels and sizes, identify shared goals, and leverage resources for maximum impact

# Grounding in Community Context: Community Engagement

Throughout each stage of the ecosystem decision-making process, practitioners should incorporate the voice of community leaders, local partners, and small businesses. This inclusion of broad and diverse perspectives is crucial to supplement and validate research and internal perspectives. External stakeholders should represent diverse and varied tenures in the ecosystem, possess a complementary focus on communities that have been systemically held back (e.g., low- to moderate-income areas or BIPOC populations and neighborhoods), and add a voice that is not already or typically included in day-to-day program management. Best practices for ongoing engagement for small businesses, funders, fellow practitioners, and ecosystem leadership are included in this report, including in **Table 1** below and in each subsequent section of the report.<sup>11</sup>

**TABLE 1** Best Practices for Ongoing Inclusive Ecosystem Collaboration

## Small Business Engagement

- Ensure research, strategies, and priorities resonate with those the ecosystem building effort aims to serve by engaging small business owners in research, policymaking (e.g., focus groups), and implementation

## Partner and Practitioner Engagement

- Be thoughtful about curating a well-rounded set of leaders including small business owners, business support organizations, CDFIs, large financial institutions, government, and anchor institutions
- Keep the tent big and inclusive
- Be clear about expectations and commitment requirements

## Ecosystem Leadership

*for Ecosystem  
Builders*

- Select ecosystem practitioners that play diverse roles, in addition to conveners and other ecosystem builders
- Encourage ecosystem builders to have an ecosystem-level view so that they are aware of the initiatives of other committees and initiatives. This will enable them to connect the dots, use resources efficiently, and avoid duplication
- Create camaraderie and a culture of shared learning among ecosystem builders so they can make the most of the group's collective strengths (e.g., project management, ways of engaging entrepreneurs) and stay coordinated (e.g., understanding local funding capacity)

## Funder Engagement

- Engage funders early on throughout research and ongoing ecosystem conversations
- Identify funder champions to help co-chair or lead certain working groups to support system-wide dialogue and interface



# Understanding the Local Small Business Ecosystem

Practitioners can better understand the local context by examining a variety of data and gathering perspectives from peers (see **Table 2**). Local partners in this effort should include neighborhood-serving organizations working with different types of businesses (e.g., of various languages, immigration status, and demographics). This research informs the process of surfacing and prioritizing shared needs and solutions for the ecosystem (see **Table 3**).

Before engaging in a local market needs assessment, organizations should set clear goals for the assessment and include guardrails and definitions to guide new research efforts and the review of existing research and offerings across the ecosystem. Setting initial research parameters will also allow an organization to better focus its assessment on a target audience. These definitions should focus on inclusion and equity and may include defining small businesses (e.g., by number of employees or revenue), geography (e.g., specific city or multi-

► **BELOW:** Lowe's Small Business Relief Grantee, Kessler Baking Studio, Dallas, TX PHOTO COURTESY OF LOWE'S



ple counties, as well as focus on historically underserved neighborhoods), and entrepreneur demographics (e.g., a focus on inclusion and specific affinity groups, such as immigrant- or Black-owned businesses).

Next, embedding organizational strategy within the context of the overall ecosystem so that it is responsive to needs in the marketplace will allow practitioners to avoid potential operational siloes. An organization and its local partners can conduct a “literature review” of past research and map where collective efforts and resources currently dedicated to small businesses sit. Understand that BIPOC communities may have been subjected to multiple such research processes with a lack of follow-through. To build trust within communities, it is important to convey to key stakeholders that past efforts will be taken into consideration in the development of new initiatives.

After organizations have conducted a “map” of existing research and where local partners are deploying resources, they can then proceed with conducting new analysis to answer outstanding questions about the ecosystem. These new analyses can be structured to answer key questions across small business demand and supply. Demand analysis examines the current state of small businesses and the commonly requested services from business support organizations, while a supply analysis examines the business services (also known as business development) and capital landscapes. It is important to focus on these categories to identify how small businesses and BIPOC entrepreneurs are faring today, and how services and capital are or are not delivered equitably to meet their needs. See **Appendix p.41** for more information on data tools and resources.



► **ABOVE:** Business advisors from the Beverly Gray Business Exchange Center in Buffalo, NY pose with business owners after a capacity building training

**TABLE 2** Components of an Ecosystem Current State Assessment<sup>12</sup>

ASSESSMENT PHASE	GUIDING QUESTIONS TO ANSWER	
<b>Existing Landscape and Local Market Context</b> <i>Literature Review</i>	<ul style="list-style-type: none"> <li>What is the broader context and history of the local economy?</li> <li>Who are the major players?</li> <li>Who has historically held power and defined the local economy and small business development agenda? Who are the “power players” and “gatekeepers”?</li> </ul>	<ul style="list-style-type: none"> <li>What past research has been published on the small business ecosystem? What were the major findings?</li> <li>What initiatives are already underway among current players (including local and federal government initiatives)?</li> </ul>
<b>Small business demand landscape</b>	<ul style="list-style-type: none"> <li>How many small businesses exist in your local market?</li> <li>What are the characteristics of local small businesses (e.g., industry, size, employer v. non-employer, employee base, owner demographics, status, location)?</li> <li>What are the common services requested by small businesses (e.g., marketing services, business education, government contracting services, financing assistance, technology assistance, etc.)?</li> <li>What types of capital are requested by small businesses (e.g., loan and grant applications)?</li> </ul>	<ul style="list-style-type: none"> <li>How do needs or trends differ by entrepreneur demographics or geography (e.g., trends in under-resourced neighborhoods or areas with higher representation of BIPOC-owned or women-owned businesses)?</li> <li>How can strategies better support BIPOC entrepreneurs or high-need geographies? What are the implications on where to focus?</li> <li>How many businesses are served relative to the demand? Are current business support organizations able to absorb the demand for business growth and services?</li> </ul>
<b>Small business supply landscape</b> <i>Business development organization (BDO) and capital supply landscapes</i>	<b>Business Development / Services Landscape</b> <ul style="list-style-type: none"> <li>Whom do major service providers serve (e.g., by stage of business, industry, demographics and geography)?</li> <li>What services do major service providers offer (e.g., startup services, legal services, niche industry services, access to capital, etc.)?</li> <li>What form of assistance is available: group training, individualized mentoring, coaching or targeted technical assistance and for what phases of the business life cycle?</li> <li>How are services accessed (e.g., by geography with physical locations, regional centers, online)?</li> </ul>	<ul style="list-style-type: none"> <li>How culturally competent are business development and service providers locally (e.g., diversity of board and staff, availability in different languages)?</li> <li>How strong are the services provided? What is the capacity of the existing service providers? How many businesses are served relative to the demand? Are current business support organizations able to absorb the demand for business growth and services?</li> </ul>
	<b>Capital Supply Landscape</b> <ul style="list-style-type: none"> <li>What types of capital (e.g., loans, grants, equity, prize competitions, crowd-funding platforms) are available to small businesses locally?</li> </ul>	<ul style="list-style-type: none"> <li>What types of small businesses or entrepreneurs are able to access capital (e.g., focus on specific industries, demographics, size, neighborhoods/ geography)?</li> </ul>



As a final step in the local market needs assessment, organizations and local partners can collaboratively set ecosystem-level priorities and understand the implementation resources and stakeholders needed. Organizations can aggregate and synthesize major themes to identify a comprehensive set of ecosystem needs, and then prioritize these needs based on shared criteria. Evaluation can be based on factors such as ease of implementation (e.g., readiness of actors/role players already in place) and impact on communities (e.g., potential scale or depth of impact; controlling for specific neighborhoods, entrepreneur demographics).

Organizations can take a high-level approach to assessing the current state of a small business ecosystem, identifying key small business needs in their immediate market.<sup>13,14</sup> While organizations may not undertake a full assessment and intensive community engagement effort to comprehensively understand ecosystem priorities, a baseline understanding of local needs in partnership with other stakeholders is still necessary context for setting organizational priorities.

**TABLE 3**  
**Needs Prioritization and Solutions**  
**Development Process**

#### GUIDING QUESTIONS TO ANSWER

- Where are there gaps between small business demand and supply?
- Based on those gaps, what are major themes around small business needs for the local ecosystem?
- Among those major needs and themes, what specific priorities should the ecosystem align around?
- What does the ecosystem do very well? What are assets that the ecosystem and organizations can leverage?
- What do gaps and assets imply about existing shared ecosystem priorities?
- What are emerging shared priorities, solutions, and strategies to fill gaps and leverage assets?

#### GROUNDING IN COMMUNITY CONTEXT...

### When Understanding the Local Ecosystem

**D**uring the ecosystem assessment phase, external stakeholders and small business owners should be tapped to give input into a literature review on existing research and efforts, validate emerging findings on local market needs, and serve as thought partners to prioritize solutions for building a more equitable and inclusive ecosystem. This ongoing feedback and engagement can be collected through qualitative research (e.g., interviews and focus groups), focused quantitative research (e.g., surveys), and decision-making groups (e.g., working groups). When seeking input, ensure that representation from a diverse set of stakeholders is included. Consider incentives and/or compensation for both the time and input from stakeholders, and make sure these audiences continue to stay engaged not just at a point in time for one meeting, but to hear what became of their input and to advise on implementation. This process should set up a culture of ongoing continuous improvement. Practitioners and partners will need to invest in a conscientious, multi-year commitment in order to break cycles of inequitable access to small business ecosystem supports.

**Practitioners and partners will need to invest in a conscientious, multi-year commitment in order to break cycles of inequitable access to small business ecosystem supports.**



# Deciding Where to Focus

In considering potential roles to play in a local ecosystem, an organization must consider the local small business needs and context, the existing ecosystem roles and gaps that require either a new player or additional resourcing, and its own capabilities and priorities.

First, organizations must possess an array of specific capabilities to execute given roles. These capabilities range from planning competencies such as strategy-setting and research to execution capacities such as capital administration and small business services delivery. Next, organizations should match themselves and their local partners to the roles outlined in this report; this will allow organizations to identify potential gaps and understand what set of partners is best positioned to fill them to meet identified ecosystem priorities. See **Table 4** for key questions to answer during this step.



**TABLE 4** Considerations to Guide Focus and Direction

CONSIDERATION	KEY QUESTIONS TO ANSWER	
<b>Map local players to current ecosystem roles to identify gaps</b>	<ul style="list-style-type: none"> <li>Who plays each type of role in your market?</li> <li>What roles are needed but not filled by any organizations?</li> <li>What roles are filled, but inadequately? Are those organizations capable and willing to do more?</li> <li>Are there organizations that are capable of carrying out roles they are not currently filling?</li> <li>Is another local partner better suited or perceived as owning a given role in your market?</li> </ul>	<ul style="list-style-type: none"> <li>Are there gaps or niche industry needs where a new potential organization could step up and play that role?</li> <li>What roles need additional organizations to play them? Do these organizations exist in the market?</li> <li>Are there cultural competency deficits or underserved areas going unmet?</li> <li>Where do businesses go for support outside of traditional organizational support? Are there “non-traditional partners” to take into consideration?</li> </ul>
<b>Examine organizational capabilities and current roles</b>	<ul style="list-style-type: none"> <li>What capabilities does your organization currently possess?</li> <li>Which capabilities are strongest and which need further development?</li> <li>How do self-perceptions of capabilities match or differ with outside perspectives from local partners, businesses or funders?</li> <li>Is your organization being asked by partners, elected officials or funders to step into a role it currently does not staff?</li> </ul>	<ul style="list-style-type: none"> <li>What capabilities do other organizations in your ecosystem possess that could complement or enhance your organization’s capabilities?</li> <li>Examining organizational vision, why does your organization support small business? What types of outcomes (e.g., wealth creation v. eliminating the racial wealth gap) are you primarily driving toward?</li> </ul>

## Roles Needed in the Ecosystem

Organizations serving small businesses can play different roles, ranging from systems-level actors that support the ecosystem to ground-level operators that serve small businesses directly (see **Figure 2**). These roles are not mutually exclusive and often build off of one another, meaning that organizations often play two or more roles simultaneously. The most impactful roles for an organization to play depend on what other practitioners are doing and the capabilities still needed across the ecosystem.

While each role offers critical opportunities to lead on individual aspects of the small business ecosystem, the more traditional “ecosystem builder” cited by the Kauffman Foundation

is generally aligned to the ‘convener’ role in this guide.<sup>15</sup> Ecosystem builders often convene other small business-focused players around a shared priority or strategy (see example in **Case Study – Small Business Majority**). While practitioners often want to collaborate more effectively, there are often many competing organizational priorities, funding to support and prioritize the collaboration is non-existent, and responsibility for driving coordination is unclear. For highest efficacy, ecosystem builders ideally should receive long-term, dedicated funding and demonstrate the capacity to provide leadership and ensure collaboration is streamlined.

There are other ecosystem players that shape and bring unique value to the small business environment, including government, philanthropy and other investors, and anchor institutions. Although these institutions may also align to the practitioner roles in **Figure 2**, we distinguish their roles based on their institutional positions (e.g., government institutions or philanthropic funder status are set designations). Local government supports small business development by driving an upstream environment through influencing policies and funding that impact local stakeholders or entrepreneurs; philanthropy or other investors in small businesses direct resources to power and influence leadership and ecosystems; and anchor institutions, such as universities, hospitals, and corporations, provide stable and scalable contracting opportunities for small businesses.

## Organizational Capabilities and How to Assess Them

There are specific capabilities organizations must have in order to effectively play each of the ecosystem roles defined in **Figure 2**. The capabilities that power these roles sit on a spectrum from planning competencies such as strategy-setting and research and analysis, to execution expertise like program and product design or service delivery (see **Figure 3**). This report highlights 12 capabilities that can help organizations identify the roles they and their partners currently play and new roles they may have the potential to play. Throughout the following section, we have included case studies that provide detail on how organizations can take on roles based on their capabilities in support of the small business ecosystem.

**FIGURE 2** Potential Roles in a Small Business Ecosystem





**FIGURE 3** Inventory of Organizational Capabilities



CAPABILITY	DEFINITION
<b>Small Business Service Delivery</b>	Provide support or connectivity directly to small businesses; efforts and programming are delivered directly to local business owners individually or in group settings
<b>Small Business Capital Administration &amp; Servicing</b>	Vet eligibility of small businesses receiving capital (e.g., underwriting for loans), issue financing, and follow up with funding recipients (e.g., for repayment of loans, compliance with reporting)
<b>Program &amp; Product Design</b>	Develop and build programs, products, and new innovations that will benefit the small business ecosystem
<b>Quality Control &amp; Compliance</b>	Promote high-quality services, products, and programs, while ensuring alignment with necessary reporting, regulations, and guidelines
<b>Impact Measurement &amp; Evaluation</b>	Facilitate the collection, sharing, and evaluation of program and ecosystem data across stakeholders; findings to inform partners about delivery of services and build a stronger base of evidence
<b>Community Small Business Engagement</b>	Interface and work directly with small businesses to converse, deepen understanding, and solve small business-related challenges collaboratively. Provide representation for constituency groups and associations
<b>Fundraising</b>	Raise and coordinate public and private funding to dedicate towards local small business efforts, programs, and initiatives
<b>Reputation &amp; Credibility in Small Business Work</b>	Earn a widely recognized and trusted brand and reputation for small business work; history of work and collaboration with other stakeholders
<b>Awareness Building</b>	Champion and raise awareness of ecosystem priorities and solutions; marketing, framing, and storytelling
<b>Partner Management</b>	Coordinate efforts with other partners to collaborate and coordinate different initiatives
<b>Research &amp; Analysis</b>	Study and examine challenges and assets to identify opportunities to improve impact across the small business ecosystem; conduct qualitative and quantitative research and analysis
<b>Strategy-setting</b>	Develop local small business strategies, efforts, and policies that can be activated across ecosystem stakeholders

**FIGURE 4** Mapping Roles to Organizational Capabilities



**Figure 4** illustrates how these capabilities correspond to varied roles and often overlap from role to role. For example, the ‘Investigator’ role researches and shares learning to inform ecosystem priorities and understanding; to do so, this role requires capabilities in strategy setting, research, and partner management. If an organization does not currently possess each of these capabilities, it may lack the necessary internal assets to play an ‘Investigator’ role effectively. This insight then leads to further considerations, such as whether to build up new capabilities in-house, partner with other players to find complementary roles and capabilities, or vacate a role that another practitioner may be able to better fill.

Conducting a “mapping” of local small business stakeholders across roles requires multiple conversations and inputs from local market needs research, as well as follow-up input through additional interviews and feedback. The above framework can be used to examine strengths and capabilities for organizations within the ecosystem by reflecting on demonstrated track record of a specific capability (e.g., specific programs that speak to the strength of each capability) and efficacy of offerings that speak to a given capability (e.g., outputs, number of people engaged).

## CASE STUDY

# SMALL BUSINESS MAJORITY

Chicago and Cook County



### ADVOCATE ROLE CAPABILITIES

- strategy-setting
- research & analysis
- awareness building
- reputation and credibility in small business work
- community small business engagement



### CONVENER ROLE CAPABILITIES

- strategy-setting
- partner management
- reputation and credibility in small business work
- community small business engagement



### INVESTIGATOR ROLE CAPABILITIES

- strategy-setting
- research & analysis
- partner management
- impact measurement & evaluation



### SERVICE PROVIDER ROLE CAPABILITIES

- reputation & credibility in small business work
- fundraising
- community small business engagement
- quality control & compliance
- program & product design
- small business service delivery

The **Small Business Majority** is an example of an organization that plays the **advocate, convener, instigator** and **service provider** roles in the Chicago and the surrounding Cook County small business ecosystem. The Small Business Majority leverages its large network of small businesses and local organizations to deliver resources and trainings to entrepreneurs that promote equitable small business growth and advocate for policies and legislative solutions. They also conduct research with small business owners and service providers on issues impacting business operations, training, policy development and policy implementation to strengthen entrepreneurship. In Chicago and Cook County, Small Business Majority co-leads the Chicago Inclusive Growth Coalition (CIGC) with the vision of promoting small businesses and self-employment among women and BIPOC communities and advancing a sustainable and inclusive Chicago and Cook County economy. The CIGC is comprised of 38 local stakeholders in working groups driving initiatives forward. As part of this coalition, Small Business Majority advocates for the adoption of standardized basic measures to guide impact evaluation and ecosystem investment by expanding the use of outcomes-based measures. They published a toolkit in late 2020 with six common outcome standards with recommended accompanying metrics and templates to guide the use and adoption by business development organizations (BDOs) in Chicago and Cook County that especially provide services for clients who own or seek-to-operate a business or reside in an underserved area. The toolkit establishes a goal of achieving measurable progress towards strengthening the foundations for inclusive growth and achieving the outcomes by 2025. CIGC is one example of a platform afforded to partner organizations to work together and to advocate for local initiatives.

[CLICK HERE TO READ MORE](#)

## Organizational Capabilities and How to Assess Them (cont.)

An organization's evaluation of its own capabilities and priorities will help identify the types of assets it needs to build out or strengthen. For this self-assessment, an organization can gauge capabilities and priorities by holding internal brainstorming sessions, inventorying strengths and challenges through data collection and analysis, and validating insights with peer small business ecosystem members, funders, and partners. Perspectives and honest feedback to solicit at this stage include a wide range of different individuals and organizations, including small business owners as “customers” of programming and peers as thought partners. Ultimately, an organization's capabilities should be viewed in relation to other organizations to determine potential areas for collaboration.

Alongside an organizational capabilities assessment, small business stakeholders should examine organizational priorities that drive their small business work. Organizations may not be direct service providers like business development organizations, but may still serve businesses within the ecosystem in various ways. These include initiatives focused on broader community revitalization, wealth creation, racial wealth equity, entrepreneurship, and workforce development. Through visioning and discussion, an organization can better understand and articulate which of these types of outcomes it is driving toward and what roles in the ecosystem align most closely.

For example, if an organization's main mission is holistic community revitalization, it may prefer to prioritize a convener or connector role to assist businesses in attracting non-conventional resources such as real estate financing, tax credits, or other special funding that might be industry- or neighborhood-specific. If an organization is instead primarily driven by a vision around racial wealth equity, then it may prefer to prioritize an advocate role to connect efforts around pushing for legislation and policies that combat overall systemic and structural racism, including education, workforce, benefits, housing, and more.

As a final but important consideration in determining the roles an organization should maintain or pursue, organizations should recognize that they do not operate in a vacuum. They depend on the support and validation from their partners, funders, investors and local leaders. In addition to understanding the roles their own organizations are equipped to play, stakeholders should be aware of other entities' “claims” to specific roles and whether their capability supports those claims. It can present a challenge when another organization is protective of its role in filling a specific part of the ecosystem, even when it doesn't serve it well. In parallel, decisions to build out any new capacities or roles also rely on the ability to generate revenue or attract funding for short-term and long-term sustainability. As such, roles, efforts, and opportunities under consideration should be explored in close coordination with the other players in the ecosystem.





## CASE STUDY

# ASPEN INSTITUTE BOI + EBA FUND

## National



### INVESTIGATOR ROLE CAPABILITIES

- strategy-setting
- research & analysis
- partner management
- impact measurement & evaluation



### ADVOCATE ROLE CAPABILITIES

- strategy-setting
- partner management
- reputation and credibility in small business work
- community small business engagement



### FUNDER ROLE CAPABILITIES

- partner management
- fundraising
- quality control & compliance



### INNOVATOR ROLE CAPABILITIES

- partner management
- impact measurement & evaluation
- quality control & compliance
- program & product design



### CAPACITY BUILDER ROLE CAPABILITIES

- partner management
- reputation and credibility in small business work
- quality control and compliance
- program and product design

The **Aspen Institute** via its **Business Ownership Initiative (BOI)** is an example of an organization that plays both an **investigator** role and **advocate** role. The BOI is an initiative of the Aspen Institute, an international think tank, that introduces solutions advancing business ownership as an economic opportunity strategy. In early 2020, the BOI was able to use its research and strategy-setting skills to garner funder attention from corporations and philanthropic organizations and provide a solution to the capital constraints of community development financial institutions (CDFIs) through the creation of a new nonprofit organization, the **Entrepreneur Backed Assets (EBA) Fund**. EBA Fund launched in December 2020 and is a secondary market that connects bank liquidity to communities in need through CDFI microlenders. EBA Fund emerged as a strategy from the BOI's ongoing work with six microlenders, collectively comprising the Microfinance Impact Collaborative (MIC). Together they work to identify and implement strategies for scaling microlending efforts in the US. EBA Fund purchases microloans (small business loans up to \$50,000) directly from CDFIs when they need liquidity and holds the loans until bank buyers are looking to purchase. Revenue generated from the secondary market premiums paid by bank buyers is returned to the CDFI partners as subsidy in the form of donations from EBA Fund. EBA Fund combines several roles in one, functioning as a **funder**, **innovator**, and **capacity builder**. Beyond the original MIC members, EBA Fund adds CDFIs partners new to microlending, or focused on scaling, to help them grow and take advantage of the secondary market. As of summer 2021, EBA Fund has 11 CDFI partners. This Fund increases liquidity and subsidy for CDFIs without the need for additional net assets or debt, enabling these microlenders to reach more entrepreneurs.

[CLICK HERE TO READ MORE](#)

# Operationalizing the Plan and Managing for Success

After selecting its strategic roles, an organization can begin developing a plan with input from its partners. Implementation planning begins with decisions on business planning, internal capacity and staffing responsibilities, external fundraising and partner development, and impact measurement. To provide guidance on implementation questions, milestones, and considerations, **Figure 5** contains a template timeline with guiding questions to begin planning work.

## Setting up your Implementation Plan

Creating an Implementation Plan can help an organization make sure it has all of the operational components of its plan together. Such a business plan would include a profile of the small businesses it is looking to serve, the products and services it is looking to deliver, a budget and financial plan (often over a three- to five-year horizon), marketing plan, staffing plan, fundraising plan and how the organization will track progress. Below are critical components and tips for executing on that plan.

## Internal and External Set Up

An organization should assess the skills and capacity of its staff and existing internal resources to determine what additional resources are required or available for the plan. For new internal resources, job descriptions should clearly define the roles and responsibilities. To push forward onboarding processes, new staff can gain relevant experience through the introduction to organization partners and existing research. External resources can also be used from the private (consultants), public (government, volunteers), and non-profit (service providers) spheres. External resources are particularly helpful for moving forward quickly until new staff members are brought on, if at all. Understanding internal and external resource needs will be a major input into the development of budget needs.

## Partner Relationship Building and Fundraising

An organization will likely need funder, operator, and intermediary partnerships to accomplish its strategy. During earlier phases of landscape and role analyses, practitioners may identify either: 1) missing roles within an ecosystem, 2) new, prospective operator, and/or 3) inter-

## CASE STUDY

# CALIFORNIA ASSOCIATION FOR MICROENTERPRISE OPPORTUNITY (CAMEO)

California



### CAPACITY BUILDER ROLE CAPABILITIES

- partner management
- reputation and credibility in small business work
- quality control and compliance
- program and product design



### ADVOCATE ROLE CAPABILITIES

- strategy-setting
- partner management
- reputation and credibility in small business work
- community small business engagement



### CONVENER ROLE CAPABILITIES

- strategy-setting
- partner management
- reputation and credibility in small business work
- community small business engagement

The **California Association for Microenterprise Opportunity (CAMEO)** is an example of an organization that plays multiple roles – **capacity builder**, **advocate**, and **convener** – in the California small business ecosystem. CAMEO is the largest statewide microenterprise network in the country with a mission to grow a thriving ecosystem of support for underserved entrepreneurs. CAMEO's capacity building programs include the CDFI Incubator and the CAMEO Academy. The CDFI Incubator is a comprehensive suite of programs for young mission-based lenders that would like to strengthen their lending infrastructure, knowledge, and skills for greater impact and stronger portfolios. The CAMEO Academy provides capacity building webinars and an online learning management system for its members to deliver high quality services. As an advocate, CAMEO advances policy efforts at the national and state level. They were coalition leaders that passed the nation's first small business truth-in-lending bill. After years of working with state legislators, the state invested \$23 million in the small business development ecosystem. CAMEO also convenes its network of organizations working with small businesses to share best practices and promote new trends and foster the ecosystem of support. In addition to regional meetings, cohorts of practice, CAMEO's newsletters and website are frequently updated with industry news, reports, job postings, and event opportunities as an added benefit to its members and the micro-business field and is recognized as a go-to resource.

[CLICK HERE TO READ MORE](#)

## GROUNDING IN COMMUNITY CONTEXT...

### When Deciding Where to Focus

**W**hen deciding on ecosystem-wide and organization-specific roles to pursue, practitioners should use input from community entrepreneurs, partners, and funders to test internal findings, deepen understanding of organizational and ecosystem capabilities. They should discuss existing and potential new roles with other local players to make sure the focus areas and strategies they are considering are needed, inclusive, and viable. The entrepreneur voice helps organizations equitably address the needs of small business owners. The partner voice can make sure that collective strategies meet those needs and reduce competition and duplication of efforts. Finally, bringing funders into the conversation early on will aid future efforts to secure adequate funding. Overall, external perspectives are needed at this stage to ensure collective buy-in and coordination.



mediary partnerships. They should consider in their implementation plans how to build new partner relationships to bridge any ecosystem and/or individual organizational gaps.

Funding partnerships will also be critical to enacting new strategies. The sources of funds for small business initiatives vary by the amount needed, organization type, funding type (e.g., grants, guarantees), geography, and initiative activity. Within larger organizations, the department owning the plan may need to negotiate and gather buy-in from other internal departments to secure funding for its initiatives. For external funding, organizations can start by developing a donor and outreach list along with a funding pitch that can help build the case to funders in a compelling manner. Start with existing funders of your organization to both ensure and validate support for an expanded role. These funders could be early champions and provide seed funding or increased support to fund additional initiatives. Be mindful of the funding capacity within the ecosystem that may result in competition between organizations for limited funding. Collaborative fundraising can be more appealing to funders that are seeking to make a large impact and trust a group of collaborating organizations to deliver. Therefore, identifying and aligning with partners that are critical for the plan's roll out and for establishing an appealing partnership to funders is recommended.

## Impact Measurement, Accountability, and Performance Management

Impact measurement plans should include short-, medium-, and long-term outcomes to manage near-term performance and understand long-term progress to goals. Considerations for metrics include the availability of data, source of data, collection approach, collection frequency, geographic breakdown, and data timeframe. For example, a long-term outcome for job creation can be measured by external data from the Bureau of Labor Statistics but also by collecting data from local service providers. Establishing an impact measurement plan requires longitudinal tracking of data by first collecting baseline data and follow-on instances of data. In formulating an impact measurement plan, practitioners should consider the reporting burden on small businesses and partners, perhaps tying data collection to funding so that they are not asking for data without compensating partners for the effort.

For accountability, organizations can use data from their impact measurement frameworks to inform funders on use of funds. Stakeholders including community leaders, partner organizations, and small businesses should also have access to this data for accountability purposes. At the onset, regular milestones will allow for momentum building and keep partners engaged. Use those milestones to build an atmosphere for mutual accountability and difficult conversations. Request feedback from peers but also provide it to ensure that the work is moving forward. The organization's plan should be flexible to accommodate changing needs within the ecosystem. Performance management can help organizations course correct if the work does not go to plan and adapt to the needs of the small business ecosystem as they evolve.



**FIGURE 5** Guiding Questions for Developing an Implementation Plan

	TIMELINE FOR IMPLEMENTATION / EXAMPLE GUIDING QUESTIONS				LONGER-TERM SUSTAINABILITY CONSIDERATIONS
	First 30 – 90 Days	First Six Months	First Year	Second Year	
<b>OVERALL PLAN</b> What are the key drivers for moving the work forward?	<ul style="list-style-type: none"> <li>Are the needs important to the local market ecosystem? Are small businesses providing input?</li> <li>What is the key stakeholder engagement strategy?</li> <li>Who is the right project lead and sponsor?</li> <li>Are stakeholders aligned on what constitutes success?</li> </ul>	<ul style="list-style-type: none"> <li>Have funding prospects been procured?</li> <li>Has pilot program launched?</li> <li>Are small businesses and partners set up to provide continuous input and feedback?</li> </ul>	<ul style="list-style-type: none"> <li>Is data being collected to track progress?</li> <li>Has the first year been successful in meeting equitable outcomes?</li> <li>What are we learning from the data to date?</li> <li>What is to be learned from participant and stakeholder feedback?</li> <li>Has anything changed in the ecosystem to impact the work?</li> </ul>	<ul style="list-style-type: none"> <li>What are we learning from the data?</li> <li>Is the pilot ready for embedding into your organization or expansion?</li> <li>What additional funding or resources are needed for continuation?</li> <li>What partners could be helpful for more efficient and effective delivery?</li> </ul>	<ul style="list-style-type: none"> <li>Should the program continue?</li> <li>If yes, what are the funding, staffing or partnership needs to ongoing implementation?</li> <li>What improvements are needed? What other innovations are needed?</li> </ul>
<b>KEY MILESTONES</b> What milestones are in place to keep the work moving forward?	<ul style="list-style-type: none"> <li>Has a regular meeting cadence been set up?</li> <li>How much funding is required to meet objectives?</li> </ul>	<ul style="list-style-type: none"> <li>Should meeting cadence be revisited?</li> <li>Are there any deadlines that need to be adjusted?</li> </ul>	<ul style="list-style-type: none"> <li>Are further milestones required?</li> <li>What data is needed to continue to process improve and course correct?</li> </ul>	<ul style="list-style-type: none"> <li>Who needs to be added to the stakeholder table?</li> <li>What evaluation analysis needs to be deployed?</li> </ul>	<ul style="list-style-type: none"> <li>What additional policy or program improvements are needed?</li> <li>What are the ongoing gaps or shortcomings of the ecosystem (revisit or refresh data and equitable mapping analysis with partners)</li> </ul>

### GROUNDING IN COMMUNITY CONTEXT...

## When Operationalizing the Plan

During implementation discussions, practitioners should develop plans with direct input from external stakeholders to ensure roll-out strategies foster an equitable and inclusive environment for small business owners. To ensure that new initiatives or efforts are complementary to existing work underway, partners, funders, and small businesses should weigh in on strategic discussions to ensure that new and synergistic value is added through any future offerings. Recognize the need to continue building on the momentum from earlier steps and avoid long interruptions between stages, especially in moving from deciding where to focus to operationalizing the plan.

# Conclusion

Small businesses are critical to the country's economy and its diverse communities. Alignment among small business practitioners is essential to achieve more inclusive and equitable ecosystems to support BIPOC-owned businesses and those systemically left behind. Organizations that serve small businesses can use this guide to launch conversations with multiple partners, leading to concrete planning around the best ways to fill gaps in the ecosystem and complement one another's capabilities.

Embarking on this intensive ecosystem decision-making process lays the foundation of a small business strategy that practitioners and their partners can collectively rally around. This process will equip organizations to understand the local market context, assess roles of peers and themselves, and begin creating an implementation roadmap.

Small business ecosystems should coordinate around long-term and sustainable strategies. With increased visibility of the challenges faced by the small business community and BIPOC entrepreneurs, the time to act is now.

As organizations and local partners plan to carve out a path forward, they can:

- 1 Identify Resources Needed for Strategy Building:** Align on the capacity and resources that can be dedicated towards strategic planning and implementation.
- 2 Diagnose a Path Forward:** Use information and tools shared in this guide and other ecosystem building guides to take stock of organizational capabilities and priorities, and how they may or may not complement efforts and strengths of your local partners.

For additional guidance and reference on community engagement and ecosystem alignment processes, review past small business ecosystem assessments conducted by Next Street and its partners, some of which include:

i. [Chicago, IL](#)   ii. [Dallas, TX](#)   iii. [Columbus, OH](#)   iv. [Los Angeles County, CA](#)   v. [New York, NY](#)

- 3 Connect with Others:** Begin the conversation with other stakeholders in your local market, or with other practitioners nationally, to guide and inform your work.

For additional support and guidance on place-based partnerships and community development, contact a [local LISC office](#) in your market.


For additional support and guidance on evaluating the small business needs and prioritizing solutions for your market, contact [Next Street](#).

# Appendices



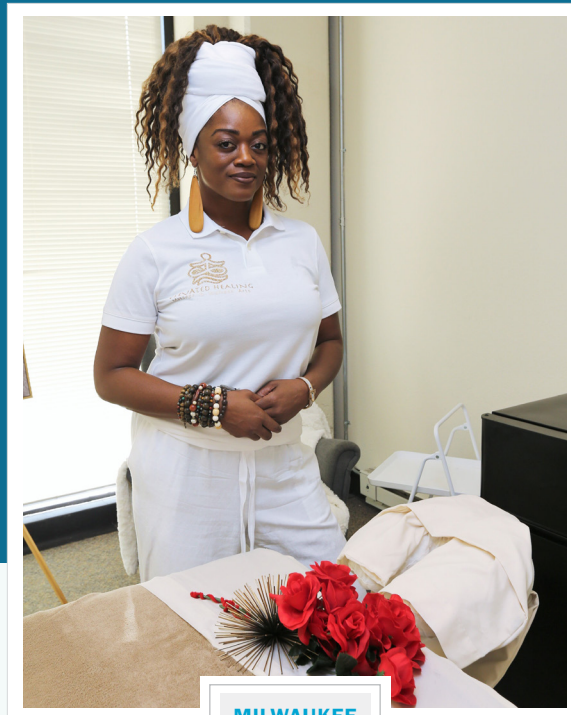
► Lowe's Small Business Relief Grantee, Dodo Farms, Brookville, MD  
PHOTO COURTESY OF LOWE'S





## Additional Case Studies: Demonstrations of Ecosystem Collaboratives





▶ **LEFT:** LaTasha Tharp, Elevated Healing:  
Massage & Wellness Arts, Milwaukee, WI

## COORDINATING ECOSYSTEM SUPPORTS ON BEHALF OF HISTORICALLY UNDERINVESTED COMMERCIAL CORRIDORS

**T**he Brew City Match collaborative demonstrates the power of bringing ecosystem supports to targeted places: Milwaukee's historic Black and Latino(a) commercial corridors. Brew City Match is comprised of a diverse set of 11 public, private, and nonprofit economic development organizations that work collaboratively together to help BIPOC small businesses thrive in targeted commercial corridors. LISC Milwaukee organized the pilot in 2018 as part of JPMorgan Chase's Partnerships for Raising Opportunity in Neighborhoods (PRO Neighborhoods) program, which was one of four projects selected across the country to drive economic activity in underinvested neighborhoods. Brew City Match aligned with the Milwaukee (MKE) United Greater Action Agenda, a cross-sector effort to take advantage of a \$3.5 billion investment in Milwaukee's downtown and ensure that it benefits the neighborhoods nearby. Brew City Match is an anti-displacement wealth building strategy focused on developing BIPOC entrepreneurs. Brew City Match operates in four Business Improvement Districts (BID): Historic King Drive BID, North Avenue/Fond du Lac Marketplace BID, Cesar Chavez Drive BID, and the Near West Side BID.

Collaborative members provide entrepreneurs with traditional business development services, like coaching and start-up assistance, and grants and loans for capital and initial operating expense. They also work to improve the condition and appearance of properties along the designated commercial corridors and help match businesses in need of space with available properties. Brew City Match works to make impact through coordinated investment in traditionally underserved neighborhoods.

Because the collaborative structure was already established and functioning, Brew City Match was able to respond quickly when the pandemic hit. The partners worked with Chase to repurpose existing funds as well as attract new funds to keep entrepreneurs in business despite revenue losses. The collaborative awarded 62 micro-grants to over 75% BIPOC-owned and 70% women-owned small business owners. They also made forgivable zero-interest loans to help businesses cover their rent, payroll, and other fixed expenses. By creating resource directories and communicating widely with businesses in the targeted corridors, Brew City Match was also able to reach small local businesses that may not otherwise have been able to access SBA or CARES Act support.

PHOTO BY PAT ROBINSON COURTESY OF CITY OF MILWAUKEE DEPARTMENT OF CITY DEVELOPMENT



► **LEFT:** Launch event for the Columbus Small Business Agenda

## OPERATIONALIZING A SMALL BUSINESS AGENDA FOR AN INCLUSIVE ECOSYSTEM

**T**he Columbus small business ecosystem is an example of a city-sponsored effort to spark an inclusive, community-led ecosystem. The City engaged Next Street, Development Strategies, and an Advisory Committee of more than 40 leaders across the small business ecosystem to develop and form the Columbus Small Business Agenda. The Agenda's mission is to cultivate an inclusive, dynamic, and continuously improving small business ecosystem that enables all entrepreneurs to enjoy equitable opportunity for success that contributes to local economic development outcomes. The Agenda included an assessment to uncover gaps and opportunities for supporting small businesses, an alignment on strategies and roles and responsibilities for the implementation of the Agenda, and implementation of the Agenda and the execution of short-term and long-term strategies.

First, the City of Columbus, together with its partners, conducted a six-month assessment resulting in four prioritized strategies for ecosystem players to coalesce around and support:

1. Expand awareness of resources
2. Build capacity of ecosystem stakeholders
3. Improve services and capital provision
4. Foster connectivity among anchors and small businesses

Local organizations serving in Ecosystem Builder roles aligned themselves to these strategies based on their existing capabilities and ability to drive the work forward. For example, the Ohio Minority Supplier Development Council as a convener is responsible for fostering connectivity among anchors and small businesses. It engages anchor institutions that purchase from local small businesses and will hold anchor collective meetings to outline goals for promoting “buy local” thinking.

The City of Columbus has continued to play a convener role in these efforts to advance the Agenda. With the advent of the COVID-19 pandemic, the Agenda framework already in place enabled the swift launch of the Columbus-Franklin County COVID-19 Small Business Response & Recovery Fund. The Fund mobilized its cultivated network of stakeholders – BDOs, government agencies, financial and philanthropic institutions, advocacy champions, and neighborhood referral partners – to collaboratively and efficiently drive financial relief and training to underserved small business owners. The Fund deployed \$7.6M in funding to 785 small business owners, of which 77% were BIPOC-owned, 65% were Black-owned, and 44% were Woman-owned.



BOSTON

► **LEFT:** Nikia Longy, Intriguing Hair, Boston, MA

## LEADING WITH RELATIONSHIPS TO BUILD AN INCLUSIVE ECOSYSTEM

**O**rganizations across the country mobilized to support BIPOC small business owners as pandemic-related shutdowns began taking a toll in spring 2020. Leaders in Boston quickly realized they could have a greater impact by working together. LISC Boston formed the Massachusetts Equitable PPP Access Initiative, with community development financial institutions, banks, business support organizations, foundations, and other supporting partners. The Initiative's mission was to help underbanked businesses and historically disadvantaged and underserved demographic groups, including businesses owned by women and people of color receive timely and equitable access to Paycheck Protection Program (PPP) loans from the U.S. Small Business Administration. LISC and its partners offered entrepreneurs workshops to explain the program's process and requirements, technical assistance on loan applications, and access to grants and other sources of funding. Throughout a year of intensive coalition and ecosystem building, the Massachusetts Equitable PPP

Access Initiative grew to include more than 100 partners and serve 3,100 businesses.

Based on that collaborative experience and persistent inequities in the state's small business support landscape, these partners formally launched a permanent group in 2021, the Coalition for an Equitable Economy. The Coalition for an Equitable Economy is a broad cross-sector coalition of stakeholders from across Massachusetts dedicated to creating an inclusive small business ecosystem and committed to values of racial equity, collaboration, and shared leadership. The Coalition's mission is to ensure equitable access to capital, business networks, education, technical support and other resources for Black, Latinx, immigrant, and low-income small business owners in Massachusetts. The partners aim to build on the foundation of existing assets to create a highly collaborative, innovative, and effective ecosystem that delivers to diverse entrepreneurs the resources they need to start, stabilize, and grow profitable businesses that fuel the Massachusetts economy.



► **LEFT:** Cherri Emery, Cherri's Chocol'art, Kalamazoo, Michigan

KALAMAZOO

## THE BEGINNING OF BUILDING AN EQUITABLE AND INCLUSIVE ECOSYSTEM SUPPORT NETWORK FROM SCRATCH

**T**he Greater Kalamazoo Business Resource Network (GKBRN) began as an informal consortium in January 2017 to address the ecosystem gaps in Kalamazoo for BIPOC and neighborhood-based micro and small businesses. There are currently more than 16 local nonprofit organizations and public institutions participating in the GKBRN collaborative along with LISC. GKBRN first created a one-stop website to promote and create awareness of all the available resources. Then launched the Kalamazoo Capital Consortium to create a single entry point for those struggling to find funding. The Capital Consortium then created a one-stop pre-application for lenders that serves as a lending triage where multiple lenders are able to view a business's request for lending and create collaborative solutions for entrepreneurs rather than barriers. The cohort includes 15

active financial institutions. To date, Capital Consortium has funded 18 businesses. Discussions are taking place with local foundations to support new startup capital for micro and small entrepreneurs. Next up, the consortium supported an initiative called, Scale Kalamazoo, which provides workshops, specific one-on-one mentoring, and peer-to-peer roundtables through a 16-week program. The Scale Kalamazoo program focuses on the fundamentals for business start-up and growth by focusing on financials, marketing, pricing, operations, etc. COVID-19 shut down operations of the majority of all the businesses going through the Scale Kalamazoo program in March of 2020. Even though this catastrophe occurred, 75% of the participating businesses were able to get federal support and all participants were able to continue operations through 2021.



# Endnotes

1. Defined here as employer businesses with 1–49 employees and non-employer businesses (i.e., sole proprietors)
2. Source: [Mills, 2016](#)
3. Source: [the 3/50 project](#)
4. Source: [Civic Economics, 2004](#)
5. Source: U.S. Census Annual Business Survey (2018), US Census, American Community Survey (2018)
6. Source: U.S. Census County Business Patterns (2017)
7. Source: [CitiGroup Global Perspectives and Solutions, 2020](#)
8. Source: [Kauffman Foundation, 2014](#)
9. Source: [Next Street, 2021](#)
10. Source: [LISC, 2020](#)
11. Approaching authentic engagement is also covered in the Ewing Marion Kauffman Foundation's report, [Allyship and Inclusion in an Entrepreneurship Ecosystem](#)
12. Note: This framework for an ecosystem assessment derives from Next Street's work nationally across 25 different cities and local markets
13. Source: [Understanding US Small Business Ecosystems: Recommendations for Field Building and Funding at the Local Level](#), JPMorgan Chase
14. Note: The local market needs assessment approach outlined in this report is adapted from Next Street's phased framework to conducting formal small business ecosystems
15. Note: Ecosystem Builder concept introduced in the [Kauffman Foundation, Entrepreneurial Ecosystem Building Playbook 3.0](#)

## Additional Resources

This report builds on past research and growing momentum behind small business development, including the [National Inclusive Metro Recovery Playbook](#), the [Kauffman Foundation's Entrepreneurial Ecosystem Building Playbook](#), the [Cities and Businesses of Color Guide to Economic Growth Report](#), and JPMorgan Chase Global Philanthropy's [Understanding US Small Business Ecosystems: Recommendations for Field Building and Funding at the Local Level](#) report. Previous reports focus on government audiences, broad ecosystem building coalitions, and philanthropic funders investing in small business. Furthermore, past literature focuses on ecosystem-level solutions and strategies, with an emphasis on fostering collaboration through models such as those led by “ecosystem builders” that drive and organize small business development efforts in a local market. This guide builds on those foundational pieces, targeting practitioners and on-the-ground entrepreneur support organizations. It is an agency-focused mapping tool to help self-assess, benchmark, and thoughtfully chart for growth that is directed at improving the responsiveness and inclusiveness of the local ecosystem.

## Other Contributing Sources

1. Accelerator for America, Mastercard Center for Inclusive Growth, Drexel University - Nowak Metro Finance Lab. (2020). National Inclusive Metro Recovery Playbook. Drexel University. [https://assets-sbet.s3.amazonaws.com/National\\_Inclusive\\_Metro\\_Recovery\\_Playbook.pdf](https://assets-sbet.s3.amazonaws.com/National_Inclusive_Metro_Recovery_Playbook.pdf)
2. Boyle, K. (2021, April 21). Closing the Racial Inequality Gaps. CitiGPS. <https://www.citivelocity.com/citigps/closing-the-racial-inequality-gaps/>
3. CAMEO. (2020, August 19). Academy. <https://cameonetwork.org/coaching-academy/>
4. Cincinnati Chamber of Commerce. (2021). Minority Business Accelerator - Cincinnati USA Regional Chamber. <https://www.cincinnati-chamber.com/the-inclusive-chamber/minority-business-accelerator>
5. Civic Economics. (2004, October). The Andersonville Study of Retail Economics. <http://nebula.wsimg.com/0d5203ffcac30fe852f544a21a475256?AccessKeyId=8E410A17553441C49302&disposition=0&alloworigin=1>

6. Grandet, C., Wheat, C., & Farrell, D. (2019). Place Matters: Small Business Financial Health in Urban Communities. JPMorgan Chase and Co.  
<https://www.jpmorganchase.com/institute/research/small-business/place-matters-small-business-financial-health-in-urban-communities>
7. Kauffman Foundation. (2019). Entrepreneurial Ecosystem Building Playbook 3.0.  
<https://www.kauffman.org/ecosystem-playbook-draft-3/>
8. Living Cities, Citi Foundation, & Ascendant Global. (2020). Cities and Businesses of Color: A Guide to Economic Growth. [https://media.erepublic.com/document/CITYACCELERATOR\\_FINAL.pdf](https://media.erepublic.com/document/CITYACCELERATOR_FINAL.pdf)
9. Local Initiatives Support Corporation (2021, July). Building Equitable Local Ecosystems for Small Business. [https://www.lisc.org/media/filer\\_public/d2/aa/d2aab5f6-24bc-4dc4-b7cd-675b8d484dc6/072621\\_ecdev\\_brief\\_buildingequitablelocalecosystem.pdf](https://www.lisc.org/media/filer_public/d2/aa/d2aab5f6-24bc-4dc4-b7cd-675b8d484dc6/072621_ecdev_brief_buildingequitablelocalecosystem.pdf)
10. Local Initiatives Support Corporation. (2020, October). Tactical Guide: Inclusive Small Business Support - Strategies to support small businesses, which are minority- or women-owned, or located within low-to-moderate income communities. [https://www.lisc.org/media/filer\\_public/7b/a6/7ba61381-119d-4452-abfb-5c7c4b767eed/12082020\\_resource\\_ba-inclusive-small-business-support.pdf](https://www.lisc.org/media/filer_public/7b/a6/7ba61381-119d-4452-abfb-5c7c4b767eed/12082020_resource_ba-inclusive-small-business-support.pdf)
11. Mills, K. G., & McCarthy, B. (2016). The State of Small Business Lending: Innovation and Technology and the Implications for Regulation. Harvard Business School. [https://www.hbs.edu/faculty/Publication%20Files/17-042\\_30393d52-3c61-41cb-a78a-ebbe3e040e55.pdf](https://www.hbs.edu/faculty/Publication%20Files/17-042_30393d52-3c61-41cb-a78a-ebbe3e040e55.pdf)
12. Motoyama. (2014). Examining the Connections within the Startup Ecosystem: A Case Study of St. Louis. Kauffman Foundation. [https://www.kauffman.org/wp-content/uploads/2019/12/examining\\_the\\_connections\\_within\\_the\\_startup\\_ecosystem.pdf](https://www.kauffman.org/wp-content/uploads/2019/12/examining_the_connections_within_the_startup_ecosystem.pdf)
13. New Fund Will Expand Access to Capital for Small Businesses Owned by Entrepreneurs of Color. (2020, December 3). The Aspen Institute. <https://www.aspeninstitute.org/news/press-release/eba-fund-announcement/>
14. Next Street (2019, October 17). Chicago's Small Business Ecosystem. Next Street. <https://nextstreet.com/portfolio/chicago-small-business-ecosystem/>
15. Next Street. (2020, June 9). City of Columbus Small Business Agenda. <https://nextstreet.com/portfolio/city-of-columbus-small-business-agenda/>

16. Next Street. (2020, January 28). Dallas' Small Business Ecosystem Assessment. <https://nextstreet.com/portfolio/dallas-small-business-ecosystem-assessment/>
17. Next Street. (2021, April 9). LA County Small Business Ecosystem Assessment. <https://nextstreet.com/portfolio/la-county-small-business-ecosystem-assessment/>
18. Next Street. (2020, November 17). NYC Small Business Ecosystem Assessment. <https://nextstreet.com/portfolio/nyc-small-business-ecosystem-assessment/>
19. Small Business Majority. (2018). Chicago Inclusive Growth Coalition. <https://smallbusinessmajority.org/ecosystem-building/chicago/chicago-inclusive-growth-coalition>
20. The 3/50 Project. (2009). The 3/50 Project. <http://www.the350project.net/home.html>
21. United States Census Bureau. (2007–2017a). County Business Patterns [Dataset]. United States Census Bureau. <https://data.census.gov>
22. United States Census Bureau. (2007–2017b). Nonemployer Statistics [Dataset]. United States Census Bureau. <https://data.census.gov>
23. United States Census Bureau. (2012). Survey of Business Owners and Self-Employed Persons [Dataset]. United States Census Bureau. <https://data.census.gov>



# Publicly Available Small Business Data

Data Source	Data / Indicators Available	Geography Levels Available	Latest Year Available
<b>U.S. Census Annual Business Survey (ABS)</b>  <i>Provides annual data on select economic and demographic characteristics of employer businesses and their owners by gender, race, and ethnicity</i>	<ul style="list-style-type: none"> <li>Business data (number of establishments, jobs created, average salary, business density, annual sales) by 2–6 digit NAICS code and owner demographics</li> </ul>	U.S., states, and metropolitan areas	2018
<b>U.S. Census Non-employer Statistics (NES)</b>  <i>An annual series that provides subnational economic data for businesses that have no paid employees and are subject to federal income tax. This series includes the number of businesses and total receipts by industry.</i>	<ul style="list-style-type: none"> <li>Non-employer data (number of establishments) by 2–3 digit NAICS code</li> </ul>	U.S., states, metropolitan areas, and counties	2018
<b>U.S. Census Survey of Business Owners and Self-Employed Persons (SBO)</b>  <i>5-year survey with economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status</i>	<ul style="list-style-type: none"> <li>Business owner demographics by 2-digit NAICS code</li> <li>Business characteristics by 2-digit NAICS code</li> </ul>	U.S., states, metropolitan areas, and counties	2012
<b>U.S. Census County Business Patterns (CBP)</b>  <i>Annual series that provides subnational economic data by industry</i>	<ul style="list-style-type: none"> <li>Business data (number of establishments and employees, by establishment size) by 2–3 digit NAICS code</li> </ul>	U.S., states, metropolitan areas, and counties	2019
<b>U.S. Census American Community Survey (ACS) Public</b>  <i>Nationwide annual survey that provides data on individuals and families related to social, economic, housing, and demographic indicators</i>	<ul style="list-style-type: none"> <li>Workforce data by 2–6 digit NAICS code)</li> </ul>	U.S., states, metropolitan areas, counties, and census tracts	2018
<b>U.S. Census Longitudinal Employer-Household Dynamics (LEHD) Quarterly Workforce Indicators (QWI)</b>  <i>Annual series that provides quarterly workforce indicators on employment, job creation, earnings, and other measures of employment flows by industry</i>	<ul style="list-style-type: none"> <li>Workforce data (number of employees by age, educational attainment, race, ethnicity, and gender) by 2–6 digit NAICS code</li> </ul>	U.S., states, metropolitan areas, counties	2017

# Acknowledgements

## About LISC and Next Street

### LISC

Since its founding, LISC has been dedicated to creating change in the communities that need it most by leveraging and investing behind the power of the local stakeholders who know their communities best. Because of its national, place-based model encompassing 37 local offices and a rural network covering 49 states and Puerto Rico, LISC is uniquely positioned to drive transformational change within local small business ecosystems across the country. LISC is working to address racial health, wealth and opportunity gaps by fostering inclusive entrepreneurship and working to dismantle systemic barriers that prevent BIPOC, immigrants, refugees, women, and those with low or moderate incomes from successfully starting and growing businesses. [Learn more.](#)

### next street

Next Street is a mission-driven firm that mobilizes capital, customers, and capabilities to small businesses and entrepreneurs that have been systemically held back, with national expertise in equitable small business ecosystems. Next Street has conducted more than 25 formal small business ecosystem assessments, with research, convening, and follow-on implementation support catalyzing citywide and regional efforts to better serve small business communities. Next Street has distilled best practices from this experience, including measuring small business needs and developing organizational and coalition strategies to serve those needs, to form the foundation for the frameworks presented in this guide. [Learn more.](#)

## Contributors

---

**Elizabeth Demetriou**  
DIRECTOR, LISC

**Rian Irani**  
MANAGING ASSOCIATE,  
NEXT STREET

**Katie Johnson**  
DIRECTOR, NEXT STREET

**Cristian Lopez**  
ASSOCIATE, NEXT STREET

**Rachel McIntosh**  
SENIOR OFFICER, LISC

**Karleen Porcena**  
SENIOR OFFICER, LISC

**Frances Yang**  
ASSOCIATE, NEXT STREET

The authors would like to sincerely thank the additional staff and organizations that provided insights, reviews, interviews, or contributing content to this publication, including Miranda Rodriguez, Emma Kloppenburg, William Taft, Beth Haskovec, Karen Kelleher, Sonja Dean, Emily Scott, Megan Bulla, and Astrid Lewis Reedy (LISC). Katie Beach, Michael Roth, Spencer Lau and Charisse Conanan Johnson (Next Street). Outside contributors included: Suzette Sweatt (Sweattboxx Wellness Center), Geri Aglipay (Small Business Majority), Chelsea Probus (EBA Fund), Joyce Klein (Aspen Institute), Susan Fitter Harris (Susan Fitter Harris Consulting, LLC), Heidi Pickman (California Association for Microenterprise Opportunity – CAMEO), City of Milwaukee, City of Columbus.

---

The creation of this report was made possible by Lowe's Companies, Inc., The Nielsen Foundation and Visa Foundation, together with the ongoing support for LISC's national small business ecosystem building efforts from JPMorgan Chase, Kaiser Permanente, The Kresge Foundation, MetLife Foundation, State Farm, Truist Cares, a cooperative effort between Truist Financial Corporation, Truist Foundation, Inc., and Truist Charitable Fund, U.S. Bank, Verizon and Wells Fargo.

# LISC

[www.lisc.org](http://www.lisc.org)

---

# next street

[www.nextstreet.org](http://www.nextstreet.org)