



INCLUSIVE ENTREPRENEURSHIP GROUNDWORK INITIATIVE

RICHMOND

Portfolio of Strategies for Strengthening the Local Inclusive Entrepreneurial Ecosystem

FORWARD CITIES

A NATIONAL NETWORK OF CITIES COMMITTED TO INCLUSIVE ENTREPRENEURSHIP

Prepared July 2019

TABLE OF CONTENTS

Executive Summary	4
Background	4
Process	4
Target Outcomes	4
Synopsis of Research Findings	5
Proposed Minimal Viable Solutions	5
Next Steps	6
Introduction	7
Engagement Model: Groundwork Initiative	7
Objectives	7
Timeline	8
Stakeholder Input	8
Target Outcomes	8
Minimal Viable Solutions (MVS) Profiles	10
MVS 1: Entrepreneurial Discovery Assessment	10
MVS 2: Industry Growth Cluster Analysis	13
MVS 3: ESO Digital Navigator	16
Summary of Minimal Viable Solutions	18
Potential Next Steps	18
Appendix	22
Staff Involved	22
LISC Entrepreneurial Focus	22
Forward Cities Foundational Principles	23
Economic Indicators	24
Opportunity Gap	24
Earnings Gap	25
Wealth Gap	27
Self-Employment	29
Entrepreneurial Density	29
Entrepreneurial Dynamism	32
Entrepreneurial Diversity	34
Jobs at Risk of Automation	36

Workers in Alternative Work Arrangements	38
Ratio of “Good” to “Promising” to “Other” Jobs for BA Holders	39
Literature Review	40
Barriers to Inclusive Entrepreneurship	40
Introduction	40
Financial Support Challenges	40
Non-Financial Access Challenges	43
Displacement and Limited Opportunities	45
Conclusion	46
Working Group Inputs	47
Entrepreneur Panel Survey Example	49
Economic Indicator Data sources	54
Works Cited	55

Executive Summary

Background

Between January and July of 2019, Forward Cities worked in concert with a group of cross-sector stakeholders in Richmond (the LISC Groundwork Initiative Working Group) focused on developing strategies to reduce barriers for people interested in (or new to) starting businesses in identified neighborhoods in the community. Using a data enabled and community-informed process, consensus around a set of testable ideas to address these barriers began to emerge. The findings from the research and ensuing recommendations for action are outlined in the following report.

Process

The LISC Groundwork Initiative set out to strengthen awareness of the local inclusive entrepreneurial economy of Richmond, to foster alignment among both its grass-roots and tree-top stakeholders, to elevate the voice and input of community members, and to build consensus for a set of pilot initiatives aligned with mutually agreed upon outcomes. The eight-month process was oriented around a set of milestones, including:

1. Assembling a local Working Group of cross-sector stakeholders¹;
2. Training a local Project Manager, Schirra Hayes, to facilitate the process on the ground with support from the national Forward Cities team;
3. Implementing two research projects: the development and process integration of a set of Economic Inclusion Indicators for the community and a literature study reviewing relevant studies done in other communities facing similar barriers as identified by the Working Group;
4. Defining a set of target outcomes; and
5. Developing a set of recommendations to be considered for initial pilot investment; and
6. Engaging local entrepreneurial support organizations (ESOs) to inform the strategic plan and be considered as future implementation partners.

Target Outcomes

Drawing on the research findings, the Working Group began the process of identifying and agreeing on a set of target outcomes that would help inform the development of an aligned set of target outcomes.

The identified target outcomes include:

- Strengthening understanding of markets and sectors for individuals considering starting a business;
- Increasing the understanding of priorities of entrepreneurs in focus communities;

¹ For a list of Working Group members please see Appendix.

- Expanding micro-loan opportunities (such as Kiva, Woodforest) for under-connected entrepreneurs in Richmond; and
- Increasing utilization of training offerings for newly established entrepreneurs including mentoring/coaching resources.

Synopsis of Research Findings

Richmond has important work to do to foster a more inclusive entrepreneurial ecosystem, but it has gathered momentum to begin tackling this challenge right now. The Forward Cities economic inclusion indicators show racial resource gaps. The attendant literature review shows that various interventions exist to help connect historically disadvantaged individuals and communities to the ecosystem. Progress is being made, but gaps and inequities persist.

The economic inclusion indicators provide evidence that Richmond residents do not share economic prosperity equitably and that White residents tend to hold greater advantages. The median earnings gap between races is growing (while that between sexes is declining). A considerable wealth gap, as calculated by homeownership rates, exists between races. There are many more White-owned businesses as a fraction of their population share than African-American/Black-owned businesses. While all groups we examined had access to good or promising jobs, African Americans had the highest rate of low-quality jobs. These numbers show that in various aspects of economic participation, Richmond is not equitable.

These findings align with findings from the literature review. Business supports are bifurcated by race and language, and investment gaps exist. Given the predominance of white business owners, the business network caters to white entrepreneurs. Given that White families tend to have more wealth, they can take greater business risks.

Keeping these data points, barriers, and assets in mind, it is clear that Richmond would benefit from fostering a more inclusive entrepreneurial ecosystem and investing in a set of pilot initiative (aka Minimal Viable Solutions) to address immediate gaps in the ecosystem.

Proposed Minimal Viable Solutions

With the articulation of the long-term target outcomes, the Richmond's LISC Groundwork Initiative Working Group laid the foundation for the development and vetting of Minimal Viable Solutions (MVSs) by Forward Cities staff in collaboration with the local stakeholders in July.

These proposed MVSs include first and foremost:

- the deployment of a survey to better understand the needs, access, and perceptions of entrepreneurs in focus communities;
- conducting a research analysis of industry growth clusters unique to Richmond; and
- the creation of a digital navigator that will enhance the ability of entrepreneurs to access needed resources.

In addition to the above highlighted pilot projects other conceptual ideas were developed, but received less support and buy-in from the local Working Group members. In time, these ideas

could be fleshed out and further strengthened for a future phase of work that complements or builds upon the fate of the proposed MVSs. Relatedly, other parts of the city and the region should consider adopting and/or scaling interventions that prove out to have a demonstrable level of success in the community.

Next Steps

To build on the momentum and community alignment established during the Groundwork Initiative and help Richmond further build out a coordinated approach to fostering a more robust inclusive entrepreneurship ecosystem it is recommended that city government takes the next step in this journey by launching an 18-month Community Entrepreneurship Accelerator. This 18-month capacity-building work would address specific gaps in current service offerings through the implementation and evaluation of identified Minimal Viable Solutions (MVSs). More specifically, it would include:

- Hiring a full-time Local Director for Community Entrepreneurship at LISC to serve as a trusted local project manager and facilitator for the totality of the Accelerator;
- Building on the local LISC Groundwork Initiative Working Group to help oversee this work;
- Supporting the implementation of the proposed MVSs to remove barriers to entrepreneurship and small business growth;
- Developing and implementing a comprehensive ecosystem development effort that increases communication and coordination among entrepreneurship support organizations and aligns them on a set of target outcomes;
- Rigorously evaluating the impact of both the coordinated ecosystem-building efforts as well as the MVSs to make recommendations about scaling successful efforts;
- Capturing and amplifying stories emerging from the work that can be shared locally and across LISC's and Forward Cities' storytelling platform; and
- Connecting Richmond's community leaders with both LISC's and Forward Cities' national learning networks of other communities and partners to exchange best practices with the goal to strengthen the region's inclusive growth efforts.

Introduction

LISC is a national non-profit serving 35 cities nationwide. Born out of the Ford Foundation over 40 years ago, they bridge the gap between capital and need in the communities they serve by offering the relationships and expertise to help community organizations attract the kinds of resources that allow them to do their best work. Their expanded focus into equity-minded economic development led to an agreement with Forward Cities to run three Groundwork Initiatives simultaneously, with Richmond being one of them.

Forward Cities is a national nonprofit that provides capacity building to cities and micropolitans committed to boosting entrepreneurship and small business growth in under-connected neighborhoods. We foster collaboration and learning between our member cities and within regions and states. We believe that entrepreneurship is a critical economic driver and creator of wealth but this prosperity is not broadly shared. This lack of prosperity is keenly felt within communities of color, particularly in cities. Within this context, our nation's cities can offer a hopeful antidote by:

- Creating laboratories for inclusive entrepreneurship
- Fostering cross-sector/cross-city collaboration focused on shared prosperity
- Increasing local investment opportunities
- Strengthening ties between anchor institutions and the local entrepreneurial community
- Developing models for place-based systems-change

To realize inclusive growth, communities need to take an intentional, data-informed, community driven approach to understanding the barriers and investing in strategies to overcome them.

Engagement Model: Groundwork Initiative

Objectives

To build on the existing momentum for an inclusive and equitable entrepreneurial ecosystem, Richmond engaged in a Groundwork Initiative to help with the following:

- 1) focus inclusive entrepreneurship and entrepreneurial ecosystem efforts in a handful of neighborhoods as a model for other communities;
- 2) better understand the local inclusive entrepreneurship landscape within these neighborhoods through a systems mapping effort;
- 3) build awareness, support, and alignment among a set of cross-sector stakeholders about approaches to strengthening the local inclusive economy in these communities;

4) develop a set of pilot initiatives designed to accelerate and eliminate barriers to entrepreneurship and small business growth, boost job opportunities, and revitalize commercial corridors with a focus on local ownership.

Timeline

1. In January of 2019, Richmond began recruiting members for its Working Group, which was tasked with completing the “Inclusive Economic Ecosystem Canvas” process aimed at developing solutions to help entrepreneurs in focus communities be more successful.
2. Also in January training was completed for the incoming Project Manager at the Forward Cities headquarters city of Durham, NC.
3. In March, the first Working Group meeting was held, acclimating participants to the process and completing the first steps in the canvas.
4. In April, a delegation attended the Indianapolis Showcase visit, which consisted of learning sessions, intra-city networking, and neighborhood site visits.
5. In June, members of the Working Group attended the Forward Cities national conference held in Pittsburgh, PA.
6. Working group meetings continued every few weeks until June. The final meeting was held on July 17, 2019, at which point the canvas process was complete.
7. The Groundwork Initiative engagement officially ended July 26, 2019.

Looking ahead:

8. Upon final presentation of the Portfolio of Inclusive Strategies, and assuming interest in applying these strategies was apparent, a validation period would begin that would last for up to three months.
9. After lining up key partners and resources, an implementation period would begin that would last up to twelve months.
10. At the conclusion of the implementation period, an evaluation would be conducted to assess progress.

Stakeholder Input

The LISC Virginia office attempted to attract a wide cross-section of stakeholders to include ESOs (entrepreneurial support organizations), municipal departments, the philanthropic community, entrepreneurs and small business owners to take an honest look at what challenges exist for people with a desire to start or expand a business. We had a keen focus on including minority & women owned business who live and/or owning businesses in the targeted low-income communities within our city and looked to address the unique challenges faced by these groups. With a wide range of stakeholders in the conversation, we hoped to develop a more equitable entrepreneurial ecosystem and develop some comprehensive strategies designed to address the entrepreneurial barriers for people of color.

Target Outcomes

Once target populations were identified, the Working Group was able to work together to come up with recommendations that served as stepping stones to the target outcomes that were identified previously.

The target outcomes identified include:

1. Strengthening understanding of markets and sectors for individuals considering starting a business;
2. Increasing the understanding of priorities of entrepreneurs in focus communities;
3. Expanding micro-loan opportunities for under-connected entrepreneurs in Richmond; and
4. Increasing utilization of training offerings for newly established entrepreneurs including mentoring/coaching resources.

As the conversation around reaching these target outcomes in an equitable way continued, a process was used to come to consensus on which MVSs had the potential to make the biggest impact to serve the target populations (see Appendix) of the community. The MVSs were selected and developed by Forward Cities staff in concert with the Working Group in June.

Ideally, these MVSs would undergo up to a three month refinement and validation period followed by a six month implementation period. At the end of the ninth month, an interim evaluation would be conducted to determine the level of progress of each, and any necessary adjustments would be made to maximize the chances of success.

Minimal Viable Solutions (MVS) Profiles

MVS 1: Entrepreneurial Discovery Assessment

Entrepreneurial barriers that the Working Group identified:

- Ready access to lending in the 50-250k range
- Lack of access to/general knowledge of relevant technical assistance resources
- Limited safety net for failure (i.e. if a business fails it puts the entrepreneur in significant financial distress - more so than in better resourced communities)
- Investment gaps along racial and gender lines

The LISC Groundwork Initiative Working Group settled in on a handful of specific areas of learning. Generally speaking, they determined that a greater understanding of both the attitudes of entrepreneurs as well as of the industry clusters was needed to have a better level of intentionality around how to best serve them. The Working Group had entrepreneurial inputs from seven different small business owners in the second half of the engagement. While they did not help to fully inform the originally identified barriers, they helped to validate much of what was learned and proposed on the front end of the process.

Towards the first piece, it was shown to be necessary to better understand the needs, access, and perceptions of entrepreneurs in these areas so that the appropriate alignment (or creation) of resources could be properly done. Aside from more fully activating this sub-population of interest, the learnings could provide stakeholders with a baseline understanding that could be the focus for the future determination of support efforts. Specifically, it would be of benefit to have more clarity around the barriers entrepreneurs face, the business development stage in which businesses are in, the entrepreneurial community's familiarity with local entrepreneurial support organizations (ESOs), and the level of financial support entrepreneurs receive, amongst other factors.

It is advised that stakeholders in Richmond execute a survey similar to the Forward Cities Entrepreneurial Panel Survey (see Appendix for a sample template) in an effort to fill these knowledge gaps. In order to effectively deploy the survey, multiple well-embedded ESOs would be needed as dissemination partners. To ensure that the conclusions drawn from the data are valid and reliable, it is advised that the survey be collected by an entity or group with a track record in deploying large-scale surveys. LISC Virginia has run a SEED program and will be deploying a city-wide survey to past participants that may offer insights to help satisfy this need.

What we have learned so far

In many cases, resources exist to serve this sub-population of entrepreneurs in the city, as is evidenced by synopses of the barrier literature review, below. However, feeling welcome within and participating fully in those resources could be lacking. Directly asking the entrepreneurs and aspiring entrepreneurs themselves would lead to better understanding.

Ready access to lending in the 50-250k range

Our research found that several loan opportunities exist in the \$50-250k range. However, entrepreneurs have told local news outlets that they find it easier to find capital in nearby cities rather than Richmond.² Several loan programs exist in Richmond. The Citywide Revolving Loan Program³ makes loans up to \$250k with interest rates up to 9 percent. The Economic Development Loan Fund provides loans between \$50 and \$500k.⁴ LISC partnered with Kiva to secure micro-loans to small businesses for up to \$10k. The Loan Guarantee Program has a maximum loan amount of \$750k.⁵ The Tobacco Region Revitalization Commission offers loans in 'tobacco regions' of the state starting \$10k to as high as \$2 million. The Supporting East End Entrepreneurship Development (SEED) granted up to \$110k to seven Richmond entrepreneurs in 2018⁶

Lack of access to resources

Richmond entrepreneurial ecosystems appear bifurcated. There is a predominantly White and wealthy primary system and less well resourced, secondary support environments that serve non-white and less affluent entrepreneurs. Specific organizations arose out of community members' desire for business ownership despite limited access to the formal entrepreneurship support system. Michel Zajur, for example, began addressing this need through community meetings at his family restaurant "La Siesta" several decades ago, which grew into what is the Virginia Hispanic Chamber today.⁷ Other organizations, such as the Metropolitan Business League, RVA Works, the Department of Small Business and Supplier Diversity, The Richmond Minority Business Department, and the African American Chamber of Commerce have similar origin stories. UnBoundRVA guides future entrepreneurs from low-income communities during a one-year program. They provide extensive training and support over time to promote business success.⁸ RVA Works works with underrepresented entrepreneurs over the course of 17 weeks to provide training and network support.⁹ The continued need and growth of these organizations illustrates their utility to the communities they serve, and the current perceived inaccessibility of the dominant ecosystem.

²Reid Blackwell, John. "Golden Age' of Entrepreneurialism: Startups See Richmond Area as Favorable, but with Some Caveats." *Richmond Times-Dispatch*, 18 Mar. 2017,

https://www.richmond.com/business/local/golden-age-of-entrepreneurialism-startups-see-richmond-area-as-favorable/article_d21ca5cb-fd9c-5206-9250-fc6bbcaa15fb.html

³"Citywide Revolving Loans | Richmond VA, Economic and Community Development." *YesRichmondVa.Com*, <http://www.yesrichmondva.com/local-business-assistance/Citywide-Revolving-Loans>. Accessed 5 Apr. 2019.

⁴*Economic Development Loan Fund-Info-Sheet*. State of Virginia Department of Small Business and Supplier Diversity, 2018, <https://www.sbsd.virginia.gov/wp-content/uploads/2018/07/EDLF-Info-Sheet2018.pdf>

⁵*Loan Guaranty Program*. Virginia Small Business Financing Authority, 22 Jan. 2014. <https://vastartup.org/wp-content/uploads/2014/10/LGP-Info-Sheet-.pdf>.

⁶Gillian, Gregory. "Seven Businesses in Richmond's East End Receive Grants Totaling \$110,000." *Richmond Times-Dispatch*, 29 Nov. 2018,

https://www.richmond.com/business/local/seven-businesses-in-richmond-s-east-end-receive-grants-totaling/article_a779b733-f577-5c3f-9290-188a1c5ed42d.html.

⁷"About Us." *Virginia Hispanic Chamber*, <https://www.vahcc.com/about-us>. Accessed 6 Apr. 2019.

⁸"Peter Paul Development Center." *What Is UnBoundRVA?*, 29 June 2015, <https://www.peterpauldevcenter.org/what-is-unboundrva/>.

⁹Reid Blackwell, John. "Twenty-Two Budding Entrepreneurs Recognized for Completing RVA Works Program." *Richmond Times-Dispatch*, 1 Mar. 2019, https://www.richmond.com/business/local/twenty-two-budding-entrepreneurs-recognized-for-completing-rva-works-program/article_c70eccea-2837-5271-95a2-52b80bff2d4e.html.

Investment gaps along racial and gender lines

Inequities across racial groups do exist. In the Richmond area between 2012 and 2017, businesses in majority minority census tracts received only 7.4 percent of the Community Reinvestment Act-reported loans under \$100k and only 7.1 percent of all loans even though they represent 13.6 percent of businesses. According to the Woodstock Institute, “If those businesses had received loans in proportion to their share of businesses overall, they would have received more than 3,800 additional loans totaling over \$58.1 million between 2012 and 2015.”¹⁰ In light of this information, understanding from whom target entrepreneurs receive investment would inform future solutions.

Fortunately, Virginia is the state with the second-smallest Latino entrepreneurship gap in the country,¹¹ and the state, as well as the city of Richmond, stand out in terms of female-owned business growth.¹²

Again, it helps to understand which groups are facing which barriers and why before viable solutions are constructed. If successful, this would give local stakeholders a rich data set to work from when determining next steps. Potential beneficiaries include the City of Richmond, local universities, and a variety of regional ESOs. The increased attention would position the focus neighborhood for greater resources and opportunities to develop partnerships, helping to directly impact the small businesses currently practicing and close to forming. Arranging for individual or group facilitation to those resources (as recommended specifically in MVS 3) would be a natural next step in the process. A potential example would be the SBA statewide resource guide, which is produced annually.

The direct negative impacts to entrepreneurs would be fairly minimal should this effort not produce enough data. That said, the community would miss an opportunity to learn from a pivotal segment of the population, and would be less informed in designing and implementing strategies that could directly benefit them on the whole. On a granular level, some entrepreneurs who took part may feel they wasted precious time should no actionable results develop in the aftermath of their participation.

Input	Activities	Outputs	Short-term Outcomes	Long-term Outcomes
<i>Tentative: Month 1 - Month 3 (Planning of MVS up to Launch)</i>			-	-
What (categories of) resources are needed for the MVS planning process to be successful? (e.g.	What concrete steps do you need to take to get the MVS ready to deploy (e.g. which partners need to sign MOUs? meet with	What are the direct products of the MVS planning activities? (e.g. number of partners aligned)	Not applicable during this time period	Not applicable during this time period

¹⁰ *Patterns of Disparity: Small Business Lending in the Detroit and Richmond Regions*. The Woodstock Institute, 2017, <https://www.issuelab.org/resource/patterns-of-disparity-small-business-lending-in-the-detroit-and-richmond-regions.html>.

¹¹ *THE U.S. LATINO ENTREPRENEURSHIP GAP*. Graduate School of Stanford Business, 2018, <https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/report-slei-2018-latino-entrepreneurship-gap.pdf>.

¹² *THE 2018 STATE OF WOMEN-OWNED BUSINESSES REPORT*. American Express, 2018, https://about.americanexpress.com/files/doc_library/file/2018-state-of-women-owned-businesses-report.pdf.

specific partner buy-in) Scope of Service that outlines the goals, desired timeline and desired outcomes of the survey design, as well as the required aptitude and experience of potential service providers.	city about event permitting)? RFP process or vetting of possible survey specialist(s) Determination about the scope of the survey (target participants, geography, etc.)	Service agreement signed with survey specialist(s), including scope of work		
Input	Activities	Outputs	Short-term Outcomes	Long-term Outcomes
<i>Tentative: Month 4 - Month 10 (Deployment of MVS)</i>			<i>Within 1 year of launch</i>	<i>3-5 years after launch</i>
What (categories of) resources are needed for the MVS to be successful? Survey specialist(s) Incentive dollars for survey participation Survey outreach partners in the community	What do the partners implementing the MVS need to do during this time period? Survey outreach Data collection Data analysis	What are the direct products of the MVS deployment activities? (e.g. # entrepreneurs served) Report on survey results Presentation of report to local stakeholders	What are the short-term intended effects of the MVS on the target participants? Expanded understanding of entrepreneurial barriers, aspirations and interactions with existing supports	What are the long-term intended effects of the MVS on the target participants? Integration of entrepreneurial voices in plans to strengthen the Richmond ecosystem

MVS 2: Industry Growth Cluster Analysis

Entrepreneurial barriers that the Working Group identified:

- Homogenous ecosystems and networks that provide resources which are challenging to access for people of color (social network)
- Investment gaps along racial and gender lines
- Lack of access to relevant technical assistance resources
- Limited safety net for failure (i.e. if a business fails it puts the entrepreneur in significant financial distress - more so than in better resourced communities)

As noted above, Richmond's entrepreneurial ecosystems and business investments appear bifurcated along racial lines. Additionally, marked gaps in entrepreneurship exist between social groups in Richmond. White, male, and non-hispanic entrepreneurs own businesses at much higher rates than African-American/Black, female, and Hispanic entrepreneurs even when population subgroup sizes are accounted for. For every 1,000 African-American/Black residents in the city, there are only 2.4 African-American/Black owned businesses. That number for White business owners is nearly 13. There are simply fewer African-American/Black-owned business and as such, the network of relationships and resources is smaller for that population. Additionally, the very existence of the numerous minority-facing entrepreneurial supports indicates the distinct need for networks of access, both for relationships and resources, for the minority entrepreneur.

Nationally, research shows that small minority-owned businesses that serve minority clientele face greater risk of failure with less resources to fall back on, resulting in higher rates of closure four years after opening.¹³ Further, White populations are more likely to work for a family member's business, meaning they have a greater network to fall to if they start their own.¹⁴ The African American/Black and other minority communities are less likely to have those networks, increasing business risk in a strained economy.

Because networks are smaller, ecosystems are hard to access, investment tends to be lower, and safety nets smaller, getting minority entrepreneurs into the right, growing, fields is important.

In concert with the above proposed Entrepreneurial Discovery Assessment, a separate research analysis of industry growth clusters in Richmond is recommended. Its objective would be to provide a deeper understanding of the potential areas of focus for the recruitment and support of prospective and potential entrepreneurs in focus neighborhoods, thereby greatly increasing their chances of success and sustainability.

This MVS proposes the enlisting of a research organization that can speak to specific trends in growth cluster changes over time in the Richmond area, helping to compliment the qualitative inputs provided by the Working Group as well as the Economic Inclusion Indicators (see Appendix for both) throughout this engagement. The Working Group sectors surfaced the following sectors as growth sectors:

- Healthcare/Medical
- Construction (green and traditional)
- Restaurant/hospitality
- Procurement/minority vendorism (thanks to shifts in policy)
- Higher Education
- Technology - Automation and Artificial Intelligence

¹³Bates, Tim, and Alicia Robb. "LSE US Centre." *Small Businesses Run by Immigrants in Minority Neighborhoods Make Less Profit and Have a Greater Risk of Failure.*, 9 Sept. 2014, <https://blogs.lse.ac.uk/usappblog/2014/09/09/small-businesses-run-by-immigrants-in-minority-neighborhoods-make-less-profit-and-have-a-greater-risk-of-failure/>.

¹⁴ Michael Paul Williams, and Emily C. Dooley. "Black Entrepreneurs in Richmond Face New Challenges." *McClatchy - Tribune Business News*, 03/21/ 2010, Web.

❑ Advanced manufacturing

The economic inclusion indicators for Richmond document that educational services, health care and social assistance (27%), professional, scientific, management, administrative, and waste management services (14%), and arts, entertainment, recreation, accommodation and food services (12%) accounted for over half of the positive employment change from 2012 to 2016.

Using these inputs as a starting point, the study would seek to further validate what had been provided as well as to seek additional clusters of growth worthy of consideration. Specifically, focus would be put on clusters that showed significant prospect for growth in the coming years locally, as well as those that had been showing progress with business starts nationally. Collectively, we would have a picture of sector vibrancy that could be used with the aforementioned entrepreneurial survey results to drive a more focused direction locally.

The risk of failure here is again fairly limited to a continuation of the status quo and an overall lack of progress in the effort to provide direction to the inclusive entrepreneurial community. Negative individual impact would largely be mitigated due to the insular delivery of the study and the reliance on data already accumulated.

Input	Activities	Outputs	Short-term Outcomes	Long-term Outcomes
<i>Tentative: Month 1 - Month 3 (Planning of MVS up to Launch)</i>			-	-
What (categories of) resources are needed for the MVS planning process to be successful? (e.g. specific partner buy-in) Data Research agency	What concrete steps do you need to take to get the MVS ready to deploy (e.g. which partners need to sign MOUs? meet with city about event permitting)? Accumulate relevant data from existing sources Recruit and contract a research agency familiar with this work	What are the direct products of the MVS planning activities? (e.g. number of partners aligned) Plan of action for implementation of the study	Not applicable during this time period	Not applicable during this time period
Input	Activities	Outputs	Short-term Outcomes	Long-term Outcomes
<i>Tentative: Month 4 - Month 10 (Deployment of MVS)</i>			<i>Within 1 year of launch</i>	<i>3-5 years after launch</i>
What (categories of) resources are needed for the MVS to be successful?	What do the partners implementing the MVS need to do during this time period?	What are the direct products of the MVS deployment activities? (e.g. #	What are the short-term intended effects of the MVS on the	What are the long-term intended effects of the MVS on the

Research agency identifies potential sources of data	Conduct the necessary research	entrepreneurs served) Actionable data on growth sectors unique to Richmond	target participants? Greater awareness of sectors worth directing entrepreneurs	target participants? Greater engagement (exploration) by entrepreneurs in the identified sectors
--	--------------------------------	---	--	---

MVS 3: ESO Digital Navigator

Entrepreneurial barriers that the Working Group identified:

- Resources (such as classes) are offered 9-5, when most people work
- Minimal media attention on existing efforts
- Lack of access to resources

In order to properly curate the necessary resources to address the deficiencies learned from the entrepreneurial survey and to channel resources to identified clusters, it is recommended that an asset mapping exercise of entrepreneurial support resources be conducted to provide the inputs necessary to build a digital navigator that will assist businesses seeking relevant support resources, accommodating various schedules in the process.

In a survey of current training events, at least half start after 5 pm. Start Up Virginia classes are offered only during the traditional workday.¹⁵ The city's Minority Business Development Department have classes at 4, 5 and 6pm.¹⁶ Richmond SCORE has classes both during the day and after five,¹⁷ although the "How to Start Your Own Business" training is consistently during the traditional working day.

The proposed navigator would be pre-populated with existing resources identified through the asset mapping exercise, but would look to grow into a robust, continuously evolving platform capable of delivering on entrepreneurial resource desires as they evolve over time. Using entrepreneurs cultivated from prior MVS engagements and identified by partner ESOs, an informal matchmaking exercise will begin, helping to create the foundation of the network needed to bring the navigator to maximum effectiveness.

The digital resource navigator would help to expand visibility around these support resources, and be fortified by appropriate storytelling dynamics that can help direct additional attention to the work being done by entrepreneurs in focus neighborhoods.

Existing resources identified by the Working Group include:

- SCORE technical support
- City of Richmond business grant opportunities

¹⁵"Richmond, VA Startup Virginia Events." *Eventbrite*, <https://www.eventbrite.com/d/va--richmond/startup-virginia/>. Accessed 5 Apr. 2019.

¹⁶ *Richmond VA > Office of Minority Business Development > Training Opportunities*. <http://www.richmondgov.com/MinorityBusinessDevelopment/Training.aspx>. Accessed 5 Apr. 2019.

¹⁷"Calendar of Events." *Richmond SCORE*, Apr. 2019, http://events.r20.constantcontact.com/calendar/monthview?eso=001ugBMnildJydr0VcQZl_lw%3D%3D&llr=iicc86cab

- Small, Women-owned, and Minority-owned Business (SWaM) certification and training

Forward Cities has seen organizations like [SourceLink](#) engage on this front in other cities in its network, and would recommend consideration of their model for this endeavor. SourceLink specializes in connecting entrepreneurial communities across the country, helping to identify, connect, and empower entrepreneurs and potentially measure their success as it relates to others.

If successful, this network should serve direct benefit to entrepreneurs who learn of it and take advantage of its resources. Better connected entrepreneurs lead to more effective business practices, greater access to people who can provide assistance, and a more effective support system.

Input	Activities	Outputs	Short-term Outcomes	Long-term Outcomes
<i>Tentative: Month 1 - Month 3 (Planning of MVS up to Launch)</i>			-	-
What (categories of) resources are needed for the MVS planning process to be successful? (e.g. specific partner buy-in) Asset map strategy	What concrete steps do you need to take to get the MVS ready to deploy (e.g. which partners need to sign MOUs? meet with city about event permitting)? Deploy the asset map	What are the direct products of the MVS planning activities? (e.g. number of partners aligned) Completed asset map, which informs stakeholders of which direction to take the digital network creation	Not applicable during this time period	Not applicable during this time period
Input	Activities	Outputs	Short-term Outcomes	Long-term Outcomes
<i>Tentative: Month 4 - Month 10 (Deployment of MVS)</i>			<i>Within 1 year of launch</i>	<i>3-5 years after launch</i>
What (categories of) resources are needed for the MVS to be successful? Existing digital network (i.e. SourceLink) or development of a new model	What do the partners implementing the MVS need to do during this time period? Determine best path forward for the network Populate it on a base level with resources learned from the asset mapping exercise	What are the direct products of the MVS deployment activities? (e.g. # entrepreneurs served) Functional digital network	What are the short-term intended effects of the MVS on the target participants? The platform experiences a strong launch an exponential increase of useage over the initial year of operation with support	What are the long-term intended effects of the MVS on the target participants? Entrepreneurs report greater connectivity with and deeper trust for participating service providers.

			organizational also reporting an increase in incoming inquiries from entrepreneurs.	City-wide adoption and repeat usage Evolved functionality Model for other cities
--	--	--	---	--

Summary of Minimal Viable Solutions

The recommendations that Forward Cities has put forth here offer an opportunity to better familiarize stakeholders with the attitudes of focus entrepreneurs, develop a clearer understanding of the sectors worth directing them into, and more fully develop the tools necessary to help them find greater success.

These beginning steps would lay a foundation for actionable, inclusive-focused work, and galvanize partnerships that would long outlive the implementation phase. Additionally, they would help to develop a city-wide, community-informed entrepreneurial ecosystem that could provide sustainable resource support to aspiring entrepreneurs for years to come.

Potential Next Steps

To build on the momentum and community alignment established during the Groundwork Initiative and help Richmond further build out a coordinated approach to fostering a more robust inclusive entrepreneurship ecosystem it is recommended that the city take the next step in this journey by launching an 18-month Community Entrepreneurship Accelerator. This 18-month capacity-building work would address specific gaps in current service offerings through the further refinement, implementation, and evaluation of identified Minimal Viable Solutions (MVSs), it is recommended that the city take the next step in this journey by launching an 18-month Community Entrepreneurship Accelerator. More specifically, it would include:

- Hiring a full-time Local Director for Community Entrepreneurship at LISC to serve as a trusted local project manager and facilitator for the totality of the Accelerator;
- Maintaining and building on the local cross-sector, diverse LISC Groundwork Initiative Inclusive Innovation Council/Working Group to help oversee this work;
- Supporting the implementation of the proposed high potential, high-impact MVSs to remove barriers to entrepreneurship and small business growth;
- Developing and implementing a comprehensive ecosystem development effort that increases communication and coordination among entrepreneurship support organizations and aligns them on a set of target outcomes anchored in a shared data repository;
- Rigorously evaluating the impact of both the coordinated economic ecosystem-building efforts as well as the MVSs to make recommendations about scaling successful efforts;
- Capturing and amplifying stories emerging from the work that can be shared locally and across LISC’s and Forward Cities’ storytelling platform; and

- Connecting Richmond's community leaders with both LISC's and Forward Cities' national learning networks of other communities and partners to exchange best practices with the goal to strengthen the region's inclusive growth efforts.

By continuing this work with Forward Cities, Richmond will also be invited to join a national cohort of other cities implementing similar efforts to help foster opportunities for shared learning and collaboration. This includes Pittsburgh, Columbus (Franklin County), Indianapolis, New Kensington, PA, and Kansas City, as well as several other cities across the United States projected to launch by January 2020 including the currently committed cities/regions of Long Beach, Central New Mexico, and Baltimore.

Details of the proposed Community Entrepreneurship Accelerator (with suggested timeline based on the launch of the Accelerator following the Groundwork Initiative):

1. **Hiring and Supporting a Local Director of Community Entrepreneurship:** Forward Cities, in partnership with local partner organizations, will help recruit, hire, train, and support a full-time, 18-month Local Director (LD). It is anticipated the Director would be hired from the local community, be housed at LISC and stay engaged in the work after the Accelerator ends. The Local Director will be part of a national cohort of Directors in other Accelerator cities and will be provided with ongoing professional development opportunities and tools and resources that can be applied to their local context. In addition to supporting the implementation of the MVSs in the local community, the Director will also be responsible for identifying and implementing strategies to strengthen the local inclusive entrepreneurship ecosystem through a collective impact strategy that can be sustained well beyond the wrap up of the Accelerator. *A job description of the Local Director as well as profiles of Local Directors in other communities are available upon request.*
2. **Further developing and facilitating local Innovation Council:** Building on the cross-sector coalition of stakeholders engaged in the Groundwork Initiative, LISC and Forward Cities will continue to work with grassroots and treetop leaders across the community to identify other key stakeholders to engage in the process - particularly entrepreneurs and under-employed individuals from the targeted under-connected neighborhoods - to ensure significant and authentic input from the community in this work. *A description of the Local Innovation Council including examples from other cities are available upon request.*
3. **Refining and Implementing MVSs:** During the Groundwork Initiative, community stakeholders identified target outcomes, developed strategies to achieve these outcomes, and specifically identified a set of proposed MVSs that can be implemented within the next three months. In this next phase of work, LISC and Forward Cities propose working with the local Council to help get these MVSs investment-ready in order to maximize the chances that a review committee of local funders will approve funding. Once approved, MVSs will receive initial seed capital from the funds allocated for this purpose.
4. **Strengthening the Local Inclusive Entrepreneurial Ecosystem:** In addition to helping implement a set of targeted interventions, the Local Director will also work with community stakeholders and local service providers to increase the coordination and connectivity of the local entrepreneurship ecosystem. This includes: working with local partners to convene and facilitate a set of conversations focused on coordinating and

streamlining service availability and delivery; developing a coordinated communications and outreach/ intake strategy (including the potential of a central communications platform) that reduces redundancies and enhances the ability for a business/individual to navigate available offerings; facilitating a set of conversations to agree upon a set of target outcomes for these coordinated efforts that can be tracked over time and are anchored in a shared data repository; engaging institutional partners (such as universities, economic development agencies, corporations, etc.) and funders to engage with and support the local ecosystem; tracking progress including regular social network mapping and analysis; and putting into place an infrastructure for collective action and impact that can be sustained for years to come.

5. **Research & Evaluation:** The Forward Cities Research & Evaluation team with input from LISC will augment the core data and research insights that were generated by the Economic Inclusion Indicators and the Literature Review of the hitherto identified barriers to entrepreneurship and small business growth and workforce development opportunities as part of the Groundwork Initiative. This will be achieved primarily through Ecosystem Partner surveys as well as administrative data requests and analyses as needed. The Research & Evaluation team will develop and implement an evaluation framework for MVSs as well as the ecosystem development efforts. This includes articulating realistic outcomes, translating these into measurable metrics and pairing them with the appropriate evaluation methodology. In this process, Forward Cities will leverage its experience conducting large-scale panel surveys and social network analyses, establishing and tracking baseline data, and using storytelling to capture anecdotal evidence of progress. Evaluation findings will also integrate the learnings from the deployment and successes of the first MVSs into the design and roll-out of a potential second round of MVSs as well as further refinement to the ecosystem development process.
6. **Amplify the work through Storytelling:** In partnership with local storytelling/media partners, LISC and Forward Cities will identify and capture at least a dozen stories and case studies emerging from the work in Richmond that we can amplify across our respective communication platforms - including our website, monthly newsletter (13K subscribers), and Twitter feed that reaches over 23K followers. Additionally, we will look to showcase this work at our national conferences and through other media partners in the region and nationally.

Target outcomes:

Over the course of the proposed Community Entrepreneurship Accelerator we strive to achieve short-term outcomes as well as lay the foundation for achieving medium-term impacts (3-5 years).

Short-term outcomes (by end of grant):

- Entrepreneurs participating in MVSs will be exposed to and become familiar with existing entrepreneurial and business supports within the local ecosystem, as evidenced by a 20% increase in comparison with an initial entrepreneurs' survey.
- Entrepreneurs participating in MVSs will feel better equipped to take their business idea to the next level or grow their existing business, as evidenced by a 40% increase in comparison with an initial entrepreneurs' survey.
- Entrepreneurial support organizations and advisors participating in MVSs will be exposed and introduced to a broader demographic and sectoral representation of

currently under-connected entrepreneurs and business owners as evidenced by a self-reported increase of connections facilitated through MVSs.

Medium-term impact of sustained commitment (3-5 years):

- Local business investors and funders affected by MVSs will be exposed and introduced to a broader demographic and sectoral representation of entrepreneurs and business owners as evidenced by a 50% increase in underrepresented entrepreneurs or support organizations helping these entrepreneurs receiving funding.
- Twenty percent increase in the number of locally-owned enterprises, especially in currently under-connected communities and among under-represented entrepreneurs.
- Fifteen percent growth in average annual revenue per locally-owned enterprise.

Impact of joining the Forward Cities' network:

- Greater coordination and engagement among a diverse, cross-sector group of community stakeholders within the region and partner communities;
- Increased connection to a national/regional network of leaders striving to build inclusive economic ecosystems in their respective cities; and
- Increased access to relevant promising practices and partners.

Appendix

Staff Involved

Elizabeth Demetriou and Bill Taft served as oversight staff from the LISC national office, framing the engagement and advising direction throughout.

Capacity building for this engagement involved a number of people, namely Schirra Hayes, who served as Project Manager from the LISC Richmond office, as well as Fay Horwitt, Christopher Gergen, Brandon Hudson, and Brett Brenton from the Forward Cities team.

The Forward Cities Research team supporting this project was led by Sarah Thelen with the assistance of Stacey Williams and a team of Research Associates, including Hannah Loftus, Melissa Roark and Eliza Salmon.

The LISC Richmond Working Group was supported by the following individuals at various points in the engagement:

- Evette Roots, City of Richmond
- Valaryee Mitchell, City of Richmond
- Pat Foster, City of Richmond
- Monica Chavez, LaMilpa Restaurant
- Carena Ives, Jamaica House Restaurant
- Shawn Nicholson, SMN Square
- Ashley Williams, Bare Soul Yoga
- Darlene Birchett, The Yard Guy
- Rasheeda Creighton, 1717 Innovation Center
- Alicia Hawkins, Barbeque & Pig and Brew Restaurants
- Justin Ferrell, Where To
- Sequoia Ross, Favour Cookie Company

LISC Entrepreneurial Focus

LISC is the country's largest community development organization, with programs in 35 cities and a rural program that serves over 2,000 counties in 44 states. Since 1979, we have invested \$20 billion dollars, resulting in 400,500 affordable homes, 66 million square feet of commercial, retail and community space, and millions of people positively impacted. Our economic development strategy expands the ability of people, places, and businesses to contribute to equitable prosperity, so that all are able to thrive. Through integrated strategies, we invest in building foundational employment skills, provide resources, financing and support networks for businesses, and drive revival of commercial and industrial districts in disinvested communities.

LISC provides a diverse range of loan and equity products for commercial, real estate, and business development to support job growth in underserved communities by helping equip entrepreneurs and local businesses with the resources they need to grow. We provide direct financing while also building out larger networks of coordinated assistance for small enterprises overlooked by conventional financing channels, strategically supporting minority, women, and veteran entrepreneurs.

Forward Cities Foundational Principles

WHO ARE WE?

Forward Cities is a national capacity-building organization and learning network working within and between cities and micropolitans to create more inclusive entrepreneurial ecosystems.

MISSION: to create opportunities for shared prosperity through inclusive and equitable entrepreneurial ecosystem development.

WHAT PROBLEM ARE WE TRYING TO SOLVE? Entrepreneurs create jobs, economic growth and numerous social benefits for our community, yet too many people still face significant barriers to entrepreneurial opportunity. Many people have faced systemic challenges which limit economic and wealth building opportunities for a large portion of our fellow residents, hampering the ability of cities to fully thrive and compete. These entrepreneurs and the neighborhoods in which they are embedded are largely under-connected, under-resourced, under-valued, and under-invested, which limits their potential for success.

WHAT IS OUR INTENDED IMPACT? The ultimate goal is to close the wealth gap by boosting entrepreneurial starts and increasing revenue in entrepreneurial businesses owned by under-connected, under-resourced, under-valued, and under-invested communities - with an emphasis on communities of color, women, immigrants, and rural populations.

WHO ARE THE ENTREPRENEURS AND BUSINESS OWNERS WE SERVE?

- Aspiring entrepreneurs who have an idea but not a business model
- Emerging entrepreneurs with a business model that is pre-revenue
- Businesses with revenue and at least a full-time employee
- Growth oriented businesses aspiring to scale to multiple employees

WHAT MAKES OUR PROCESS OF COMMUNITY ENGAGEMENT DIFFERENT?

We help local and national coalitions of community partners co-create and activate the fabric of their inclusive entrepreneurial ecosystems. For communities engaged in our capacity-building programs this occurs through a process of local priority and barrier discovery, strategic alignment, pilot strategy testing and scale-up. Specifically, our work is:

- Data-informed
- Human-centered
- Community-fed

- Action-oriented
- Collaboration-minded

Through our learning network, we create opportunities for shared learning around coalition building and activation as well as adoption of tested ecosystem strategies.

Economic Indicators

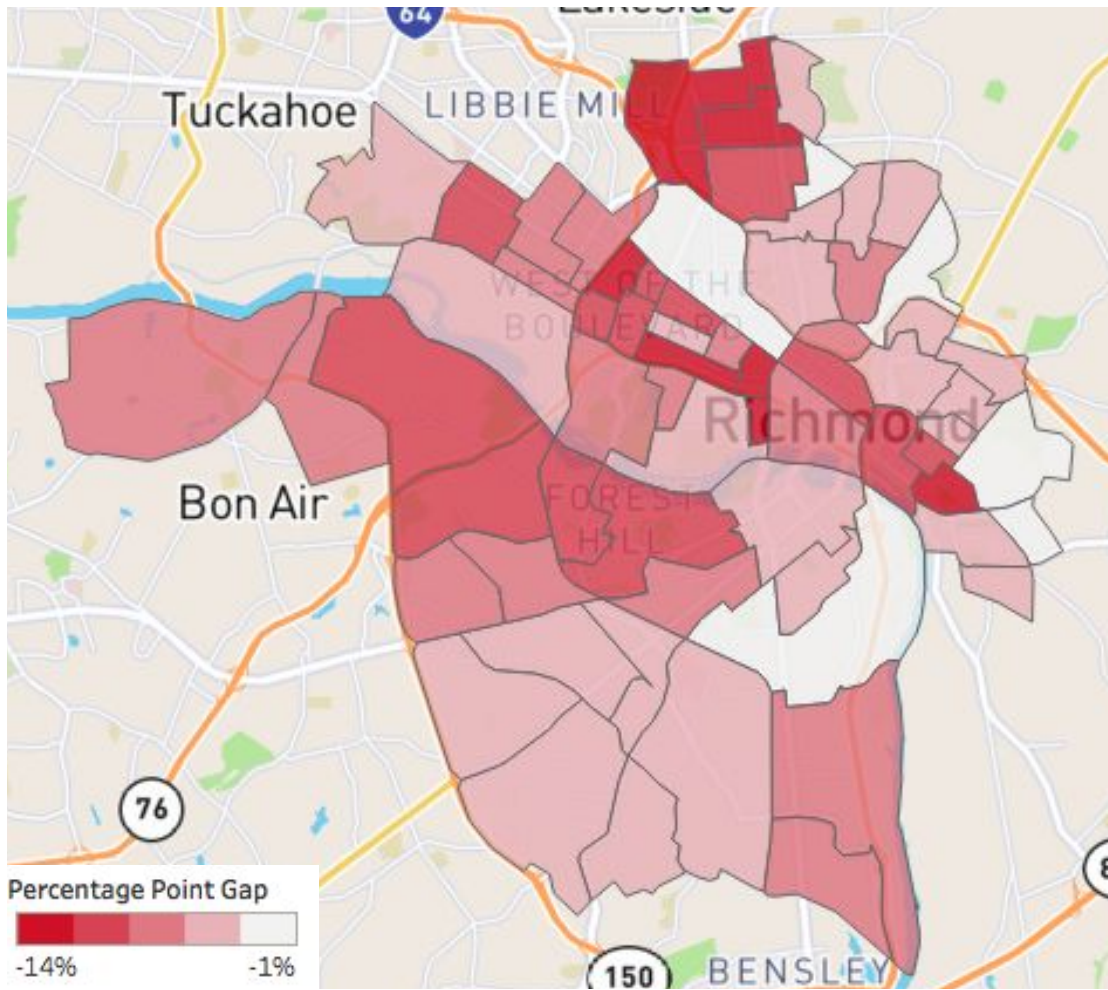
Forward Cities developed a set of economic inclusion indicators, whose application has two goals: 1) to provide an initial snapshot of the city's spatial and socio-demographic inequities that help the Working Group select which personas and areas to focus on as they develop an inclusive ecosystem canvas, and 2) to serve as a baseline assessment from which to compare and to evaluate the future strategic initiatives. Sources for each indicator can be found at the end of the appendix.

The following indicators show how businesses and workers fare in Richmond relative to the state and nation, and over time. These data indicate considerable racial inequities in homeownership and business ownership. While Richmond has several interesting factors that appear to be moving it more toward an equitable ecosystem, certain racial and ethnic groups are less integrated into the economic fabric of the region.

Opportunity Gap

The Opportunity Gap is the difference in average household income (at age 36-41) between people born into families at the 25th and 50th percentile of the income distribution in a given location. The larger the gap in the distribution, the larger the income inequality between families. The number helps explain if income gaps are intergenerational, and how income inequality cycles through families. In the Richmond area, those from poorer families are an estimated 10 percentage points lower on the income distribution than those from middle class families when they are in their late 30's. When the original gap is 25 percentage points (50th percentile - 25th percentile = 25 point gap) a 10 point gap represents a reduction in inequality. The 25th percentile became less poor (31st percentile), and the 50th percentile became a little poorer (41st percentile) in Richmond. Figure 1 shows these gaps by census tract. Gaps are largest in the darkest tracts, either in the center or north of the metropolitan area.

Figure 1: Opportunity Gap Between 25th and 50th Percentiles



Earnings Gap

For every dollar that a White male makes in Richmond, an African-American/Black female makes 59 cents, an African-American/Black male makes 63 cents, and a White female makes 91 cents. That nine cent gap represents near-gender parity for White workers in Richmond compared to White women in Virginia and the U.S. (77 cents to the White male dollar for both).

1 : 91 : 63 : 59
WM : WF : BM : BF

African-American/Black populations of both sexes have a different story to tell. At every level of comparison, African-American/Black populations consistently make less than White men. The disparity between the White and African-American/Black populations is slightly larger in Richmond than in Virginia. Black males in Richmond make 63 cents for every dollar earned by White men, while in Virginia the average is 69 cents and the national average is 71 cents. Black females in Richmond make 59 cents, while in Virginia the average is 60 cents and the national average is 63 cents to every White male dollar. This shows that earnings disparities are amplified at the city level, and that African-American/Black populations face greater economic hardship than other groups.

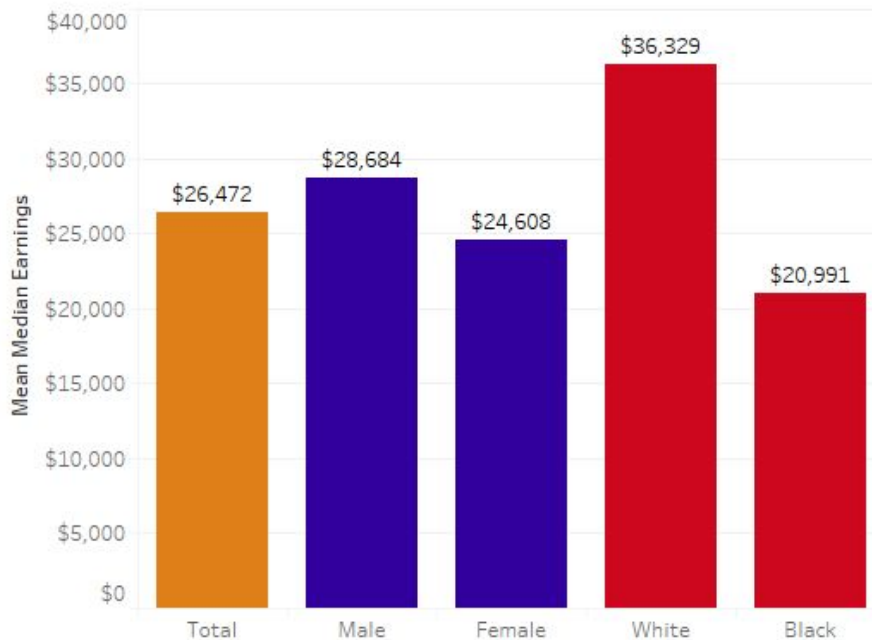


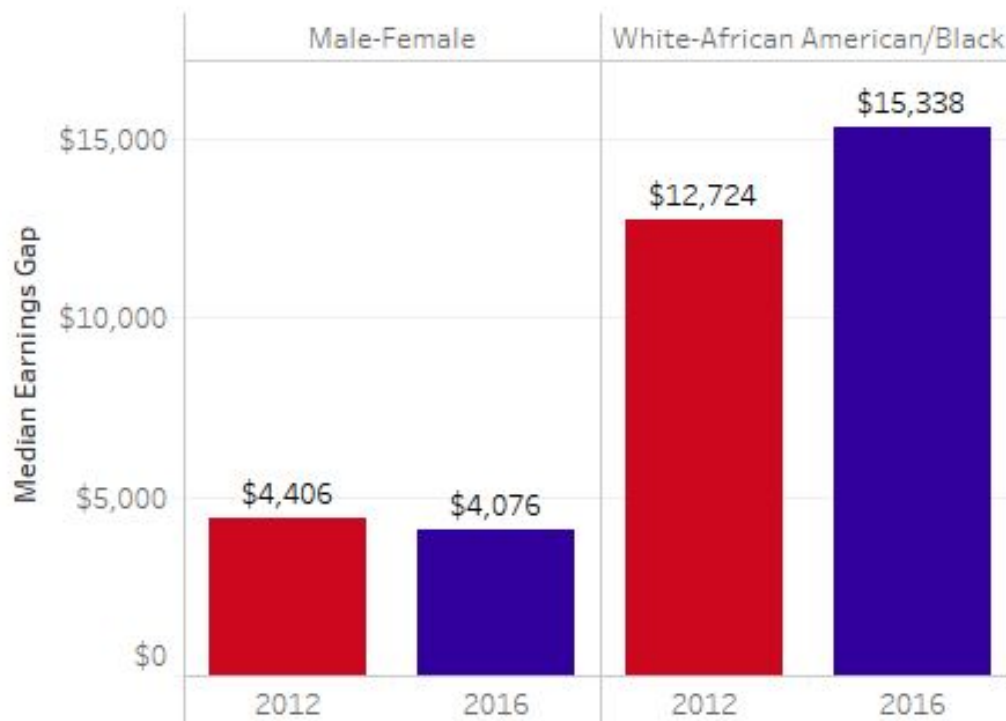
Figure 2: Earnings Gap By Group, 2016

As Figure 2 illustrates, White and African-American/Black workers make considerably different amounts, a much larger gap than between women and men in the area. White people make

\$15,338 more per year than African-American/Black workers, whereas men make \$4,076 more in median earnings than women. Earnings have considerable implications for savings, financial stability, family stress, as well as other factors, and this data shows that African-American/Black populations are disproportionately burdened by lower salaries relative to White workers.

Further, the gap between African-Americans/Black and White populations are growing, while the gap between women and men is shrinking. Between 2012 and 2016, the gap grew by about \$2,600 between the former, while the latter gap reduced by about \$330 as shown in the charts in Figure 3. This suggests that income is concentrating with White individuals, and African-American/Black populations are increasingly at risk for poverty.

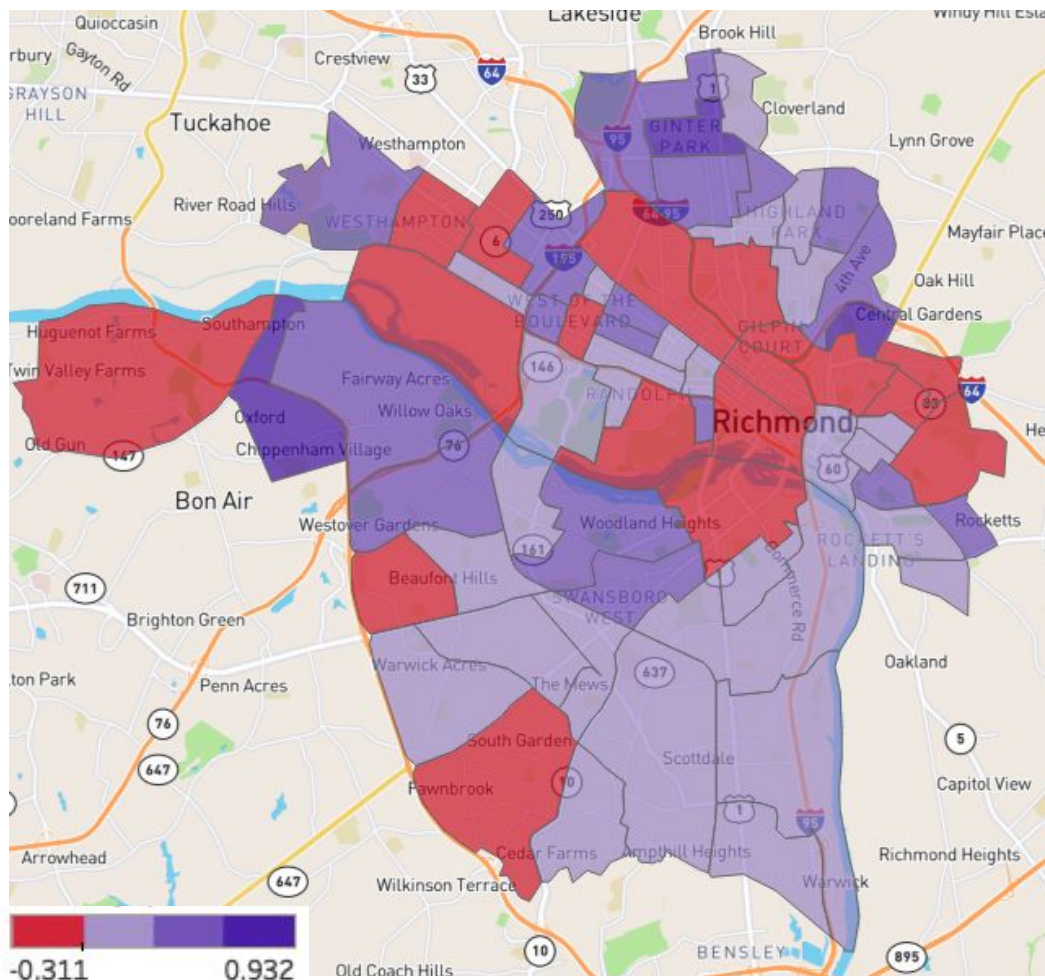
Figure 3: Change in Earnings, 2012-2016



Wealth Gap

Homeownership serves as a proxy for wealth, given that it is connected and contributes to family assets. In Richmond, there was a 17 percentage point homeownership gap between White and African-American/Black families in 2016. Of all African-American/Black households, 34 percent owned their homes rather than rented. That rate was 51 percent for White households. As Figure 4 shows, spatially, this considerable difference is not obvious. Relative homeownership in Richmond is spread throughout the city, with African-Americans owning homes at rates higher than Whites in some tracts, and the inverse in other tracts. Some tracts have higher rates of African-American/Black homeownership than White homeownership, in the dark red tracts. However, the gaps are largest when Whites own homes at higher rates, suggesting that White families generally have very high rates of home ownership.

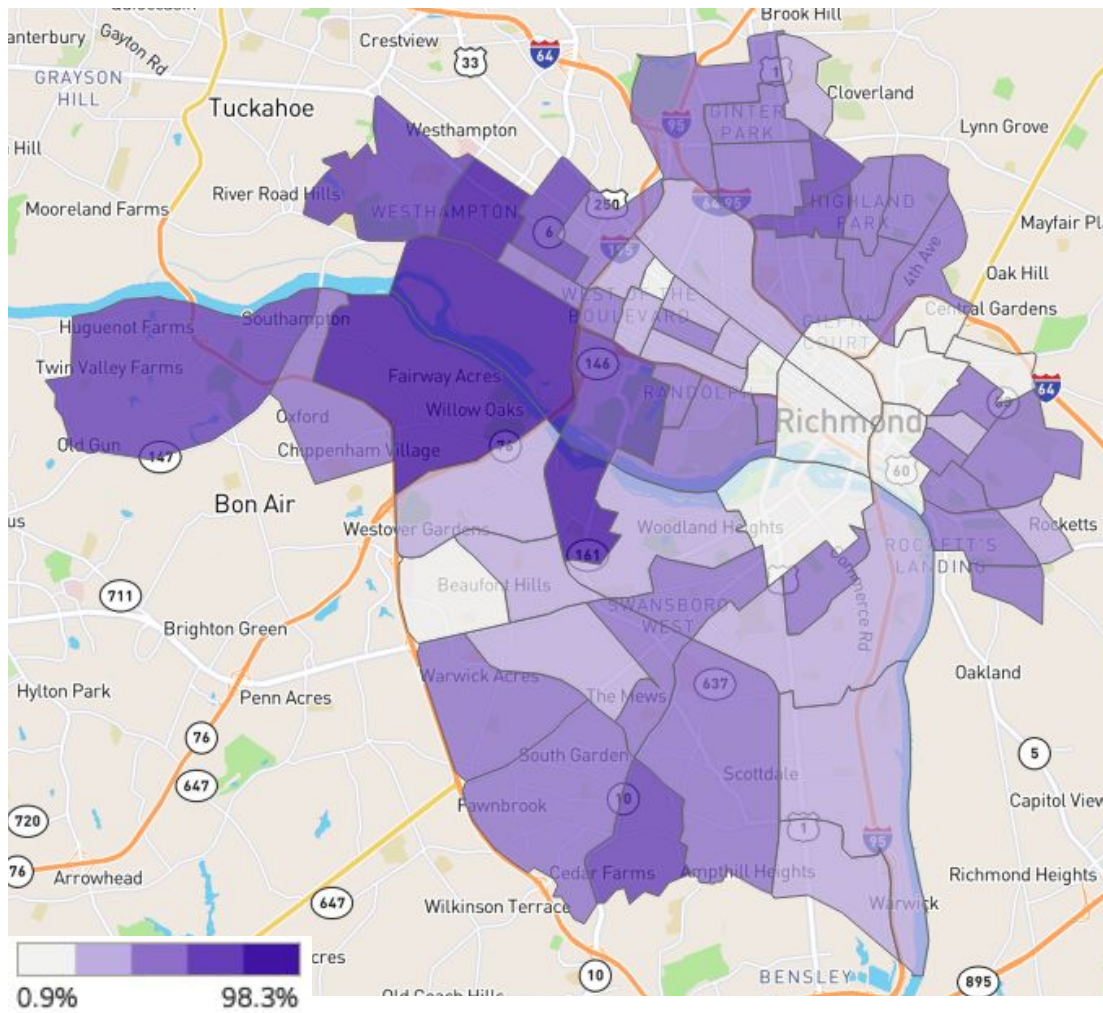
Figure 4: Census tract-specific homeownership rates between White (non-Hispanic) and African-American/Black households



Homeownership rates, however, are not spread out evenly. Some of the areas where African-American/Blacks own homes at lower rates than Whites also have very low

homeownership rates in general. This suggests that few families own homes in downtown, and those that do tend slightly more to be White, as seen in Figure 5. Overall, these data suggest that families of both racial groups have access to homeownership.

Figure 5: Rates of Homeownership Rates Across Richmond

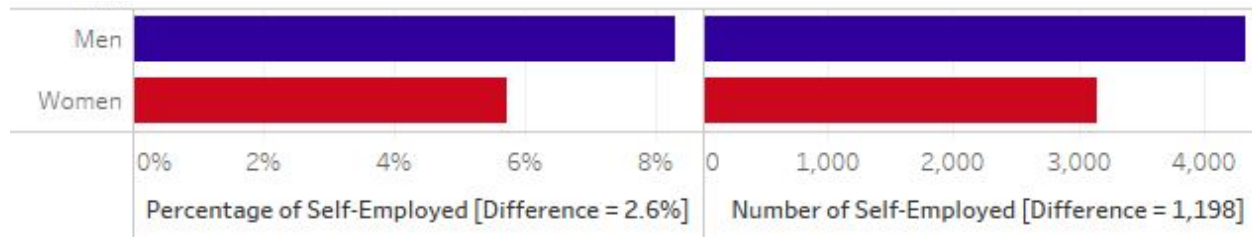


Self-Employment

Self-employment rates provide the best available marker of the number of entrepreneurs in the country at the census tract level. Disaggregating self-employment by gender helps decipher unequal trends in self-employment. Evidence that self-employment is more prevalent at the lower end of the income spectrum further reinforces the importance of this indicator for economic inclusivity work. Self-employed individuals are much more likely to have lower levels of education and earnings and live in areas with higher rates of unemployment than employees that work for organizations.¹⁸ This implies that those who are self-employed might do so out of necessity rather than choice. If self-employment is a survival technique for some, this indicates that the broader ecosystem has no other options for those individuals.

In Richmond, 7,484 (out of 107,261) or 7% of workers over 16 years old are self-employed. This is lower than the state (8%) and national (10%) estimates for 2016. Men are more likely to be self-employed than women, with an increase in self employment rates between 2012 and 2016. While there was an 11.4% increase in self-employment between 2012 and 2016, disparities between sexes still existed in 2016 as seen in Figure 6.

Figure 6: Rates of Self Employment by Sex



These numbers suggest that men have greater access to entrepreneurship than women, or rather self employment is their only option more so than for women. Data for racial groups were not available at the time of analysis.

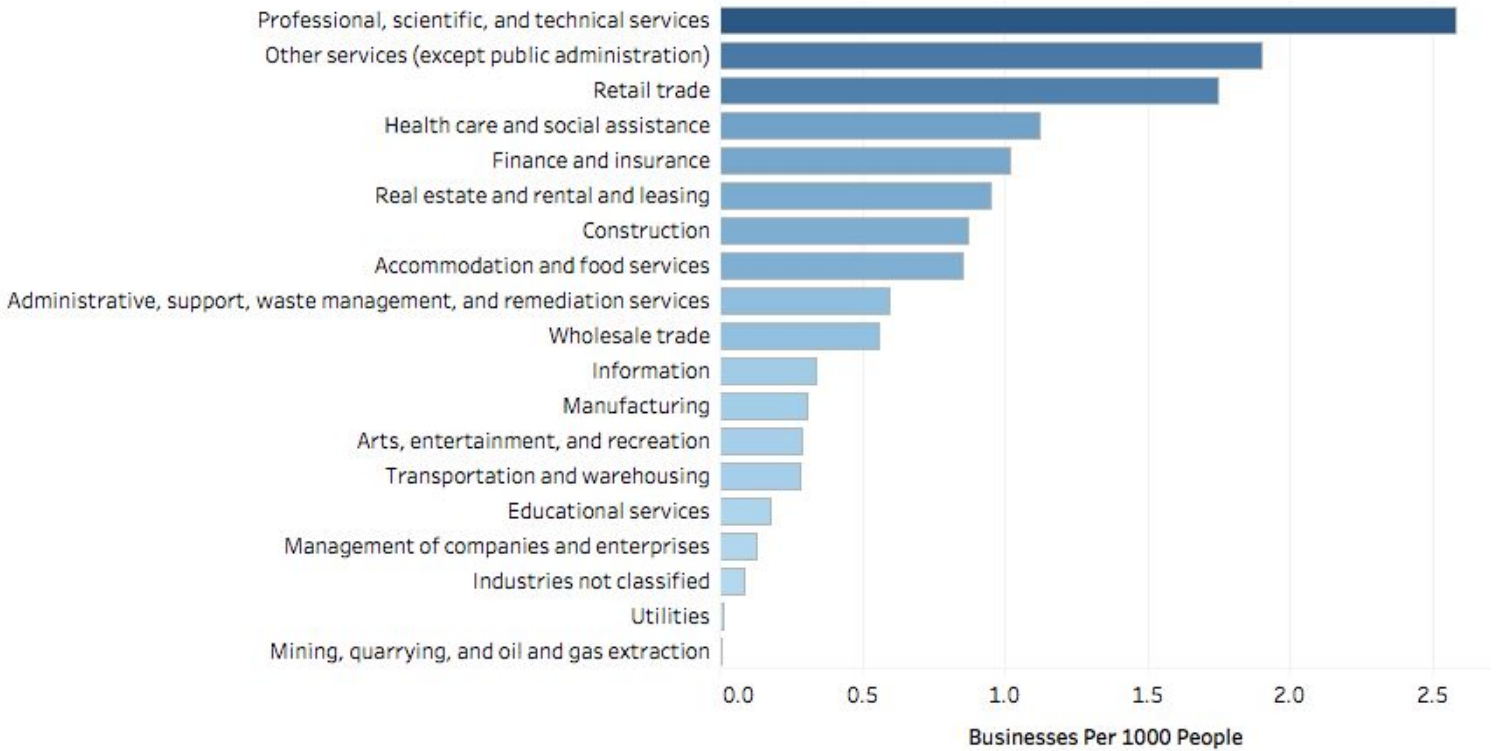
Entrepreneurial Density

Concentration of entrepreneurship can be quantified by the number of businesses across the city with up to 4 employees per 1,000 residents. In Richmond, there are about 10 businesses per population unit (1,000 residents), which is slightly more than the state rate (9.7) , and slightly less than the national rate (10.7).

¹⁸ Bencsik, Panka, Tuugi Chuluun, and Carol Graham. *Are the self-employed happy entrepreneurs?* The Brookings Institute, Sep 29, 2017
<https://www.brookings.edu/blog/future-development/2017/09/29/are-the-self-employed-happy-entrepreneurs/>

As figure 9 shows, small businesses in specific industries are more common than others. The “professional, scientific and technical services” industry is the most prevalent in Richmond, with “other services” and “retail trade” following. The “other services” category includes: repair and maintenance, personal and laundry services, religious, grantmaking, civil, professional and related services, and private households.¹⁹

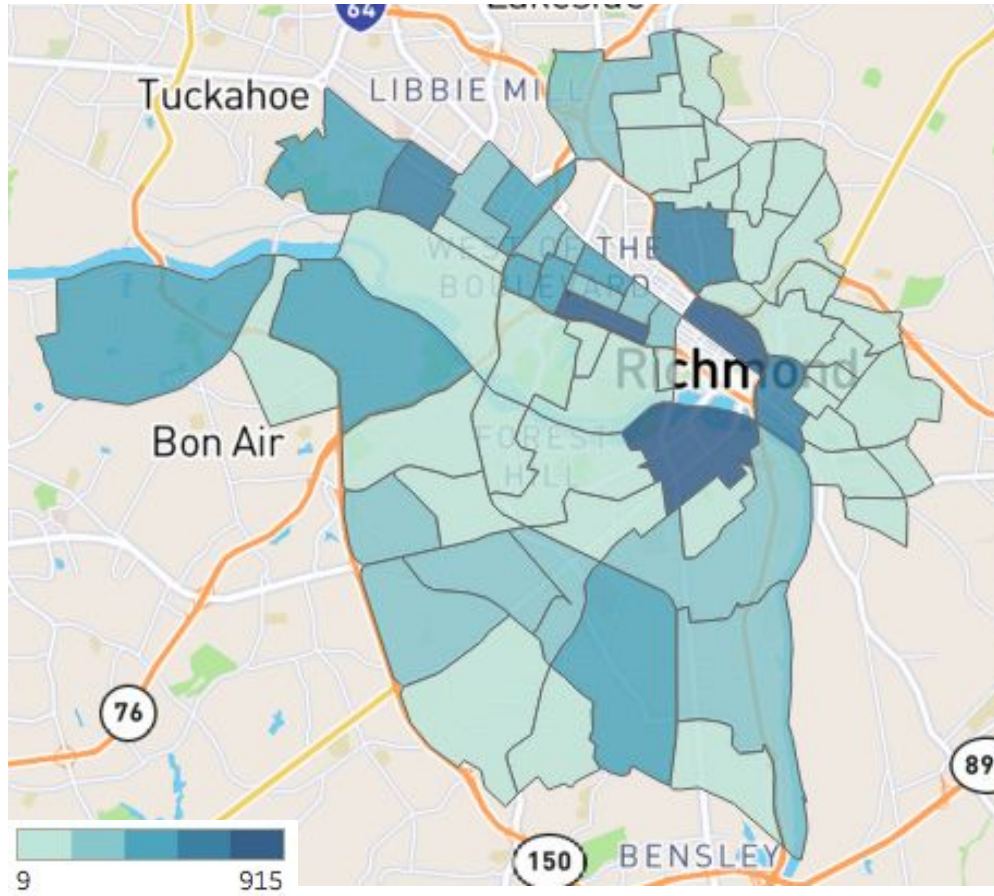
Figure 9: Businesses Per 1000 Residents By Industry, 2016



Entrepreneurship in Richmond is spatially concentrated in the city center, with high rates also to the outer south and northwest of the city. Figure 10 suggests that less small business activity exists in the northeast region of the city, where several light-shade tracts connect. This may be due to low population levels in those areas.

¹⁹ Industry Statistics Portal. The Census Bureau. <https://www.census.gov/econ/isp/sampler.php?naicscode=81&naicslevel=2>

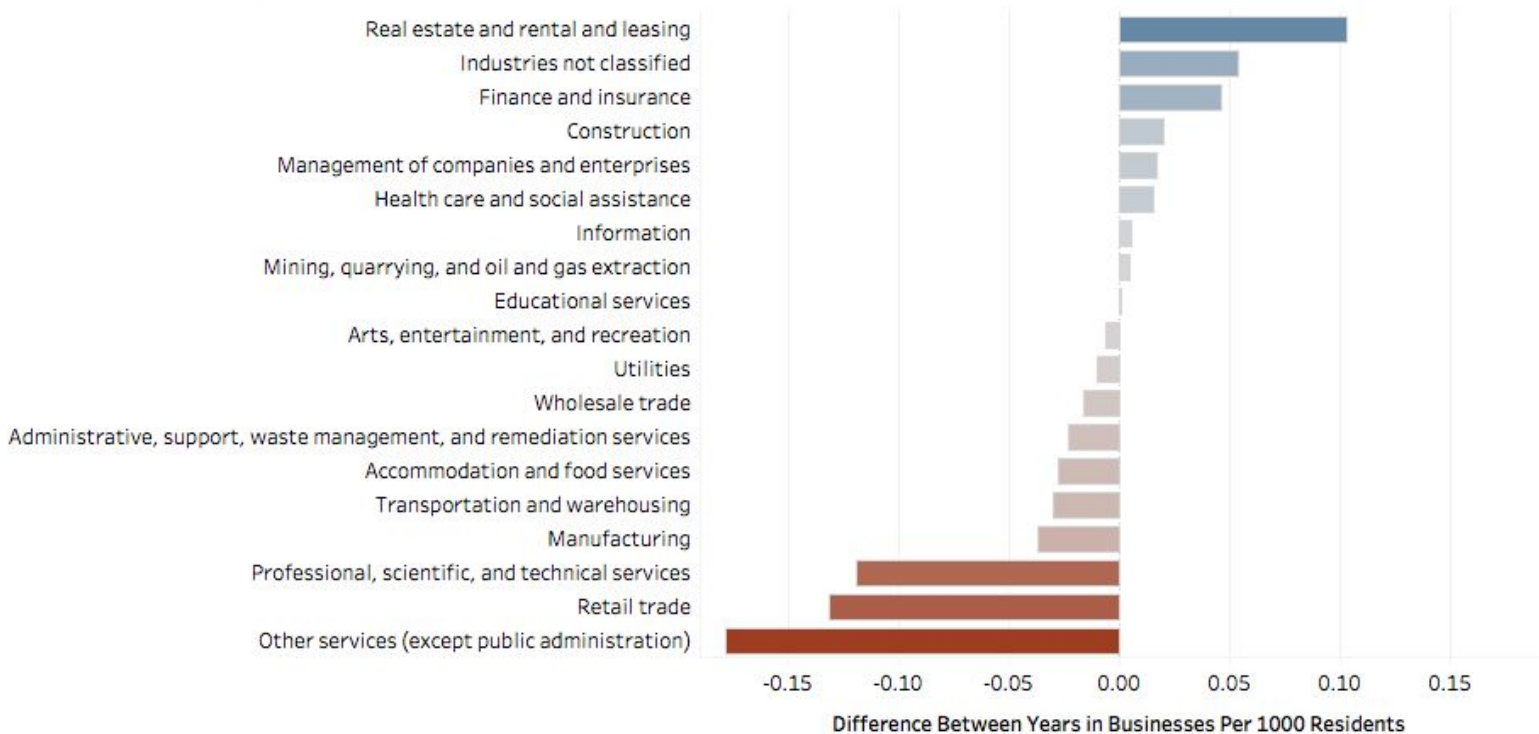
Figure 10: Number of Jobs At Businesses Under 20 Employees, 2015



Entrepreneurial Dynamism

Between 2012 and 2016, Richmond gained 93 businesses who employ under five people. This is a 3.2% increase in that category of business. That was on par with the 3.3% increase the state of Virginia saw between years, and under the 3.9% increase for the U.S. Figure 9 below shows which industries saw small business growth or decline during this period, with Real Estate, Rental and Leasing seeing the largest jump at about 10 more businesses per 1,000 people in the city. The “other services” sector, which is the second most dense in the Richmond area, saw the greatest decline. “Retail trade” and “professional, scientific, and technical services” saw considerable declines in small businesses as well. This could indicate that small businesses in those industries are growing in size, and not being replaced.

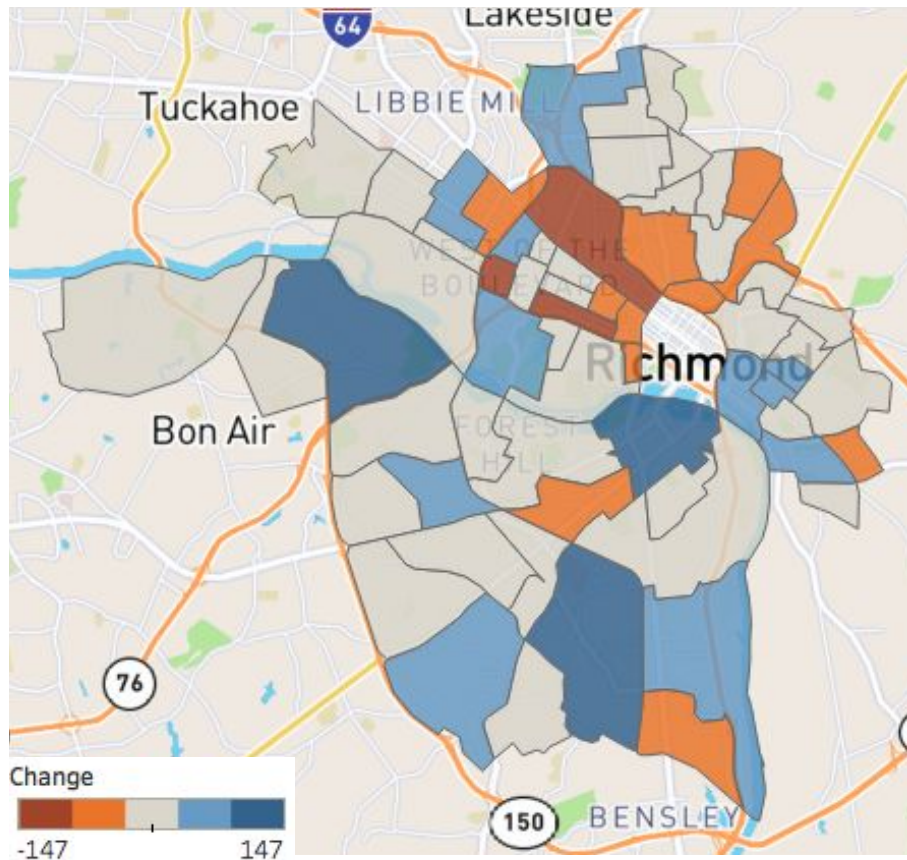
Figure 11: Change in Density Between 2012 and 2016



These changes are concentrated in certain sections of Richmond. Northern parts of the city saw declines in entrepreneurship while the south/southeast saw growth. Stagnant areas are also spread throughout the city. The city center in Figure 12 was excluded to show greater variance in the other tracts.

Given that the eastern side of the city is mostly African American, while the west is predominantly White,²⁰ these data suggest that entrepreneurship tends to happen most in Whiter areas.

Figure 12: Change in Number of Jobs at Businesses Under 20 Employees, 2011-2015



²⁰ Cable, Dustin. The Racial Dot Map. University of Virginia. (2013). <https://demographics.coopercenter.org/racial-dot-map>

Entrepreneurial Diversity

Marked gaps exist between social groups in Richmond. White, male, and non-hispanic entrepreneurs own businesses at much higher rates than African-American/Black, female, and Hispanic entrepreneurs. For every 1,000 African-American/Black residents in the city, there are only 2.4 African-American/Black owned businesses. That number for White business owners is nearly 13. However, these estimates were not far from state and national estimates.

Figure 13: Rate of Business Ownership Per 1000 Residents of Group

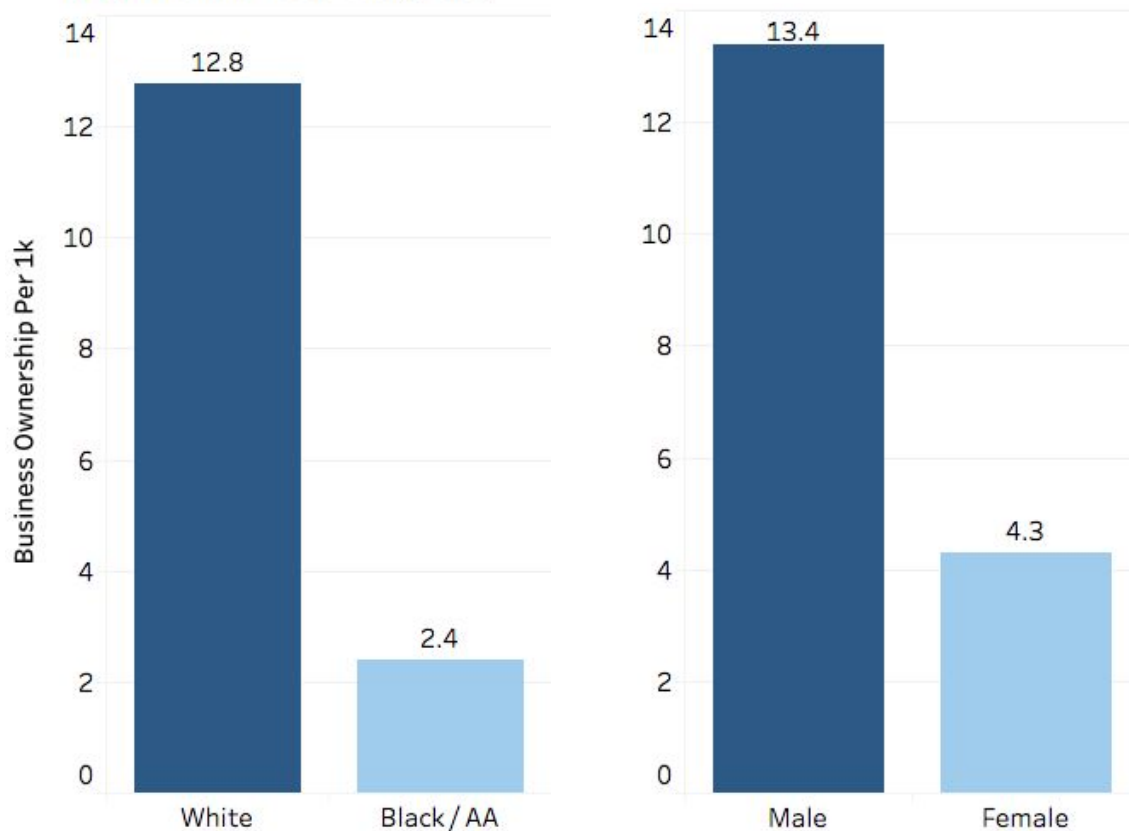
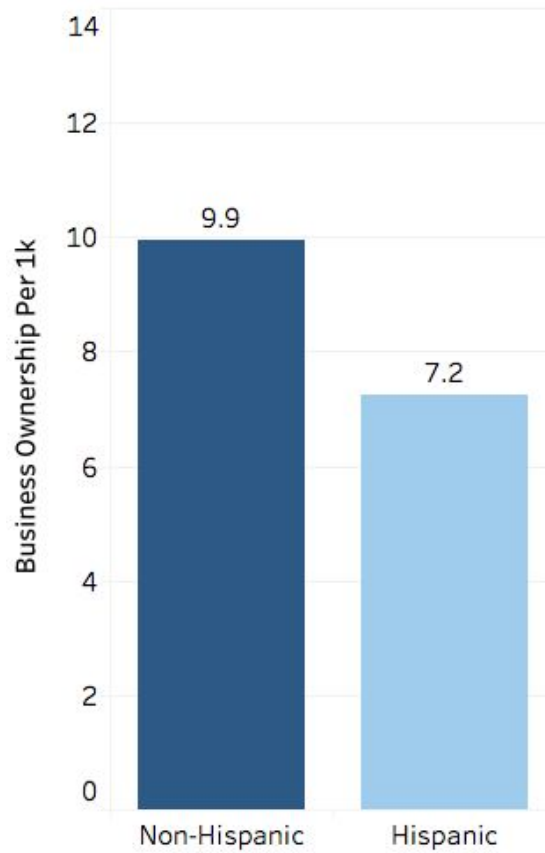


Figure 13 shows these numbers, as well as the notable gaps between sexes. If the entrepreneurial ecosystem were accessible for everyone, one would expect these rates to be about equal.

Hispanics, which are only about 5% of Richmond’s population as of 2016, are doing considerably better than the women and African-American/Black populations in terms of business ownership rates. See figure 14.

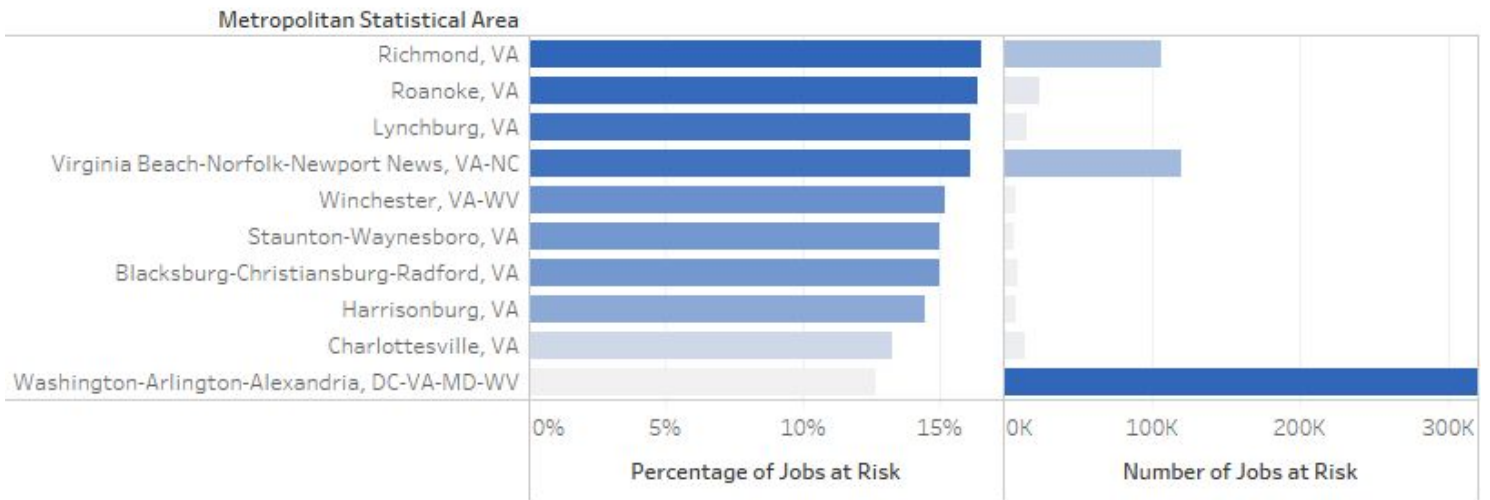
Figure 14: Rate of Business Ownership Per 1000 Residents of Group



Jobs at Risk of Automation

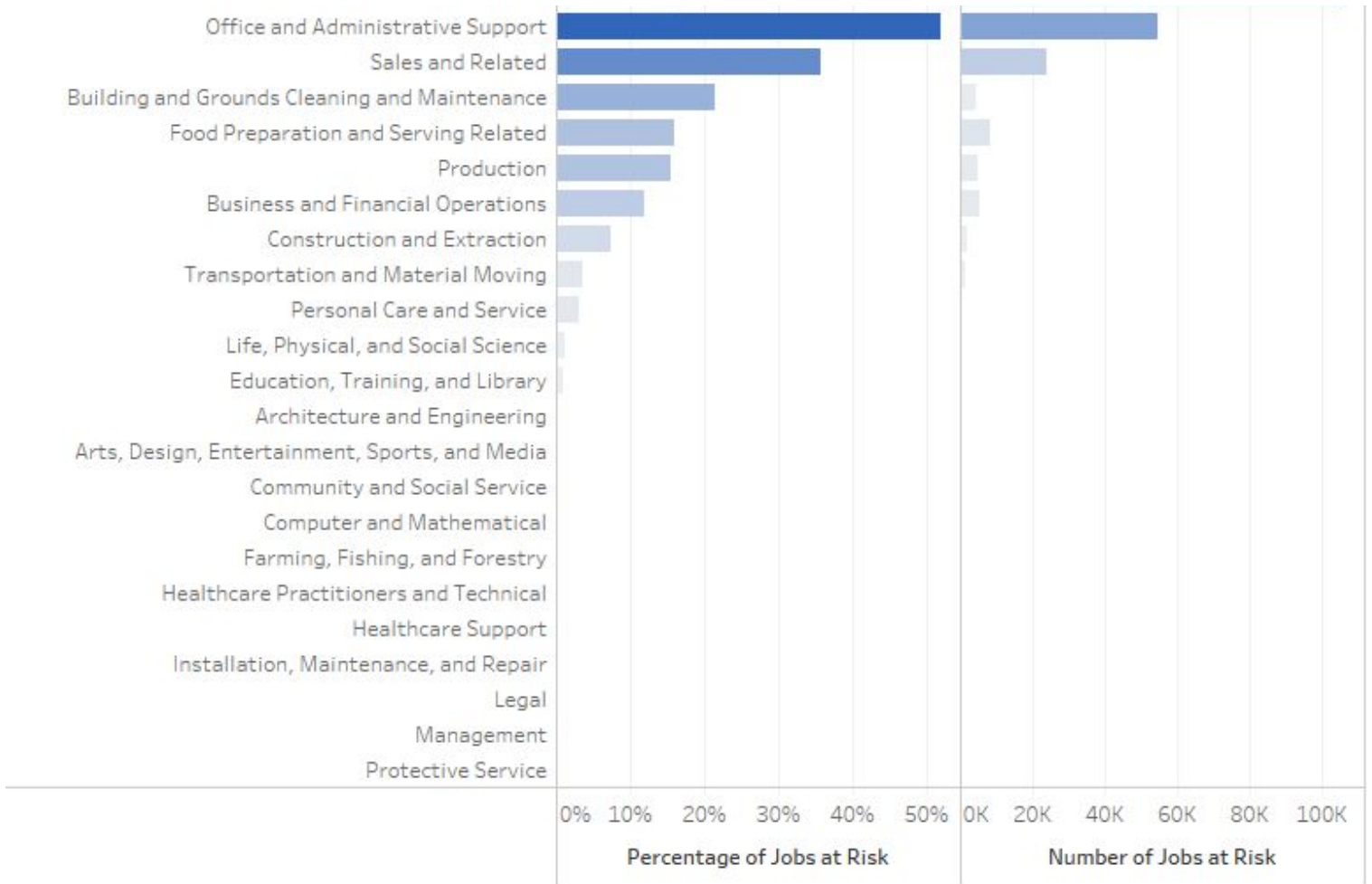
Employment positions at risk of automation are generally defined as those that have a 95 percent probability of computerization. As Figure 15 shows, while Richmond has the largest risk in terms of percent, the number of jobs at risk is third highest compared to other metropolitan areas across Virginia. These numbers suggest that a notable portion of jobs, and thus employees, are at risk as industries advance.

Figure 15: Percent and Number of Jobs at Risk by MSA, 2017



As Figure 16 shows, many industries are not at risk. These include community and social service, artistic, and maintenance occupations, among others. Industries that are at most risk are office and administrative positions, as well as sales-type jobs. These do not appear to be industries with entrepreneurial growth (see Entrepreneurial Dynamism, above). So, the growing industries in the area are not ones that appear at risk of automation.

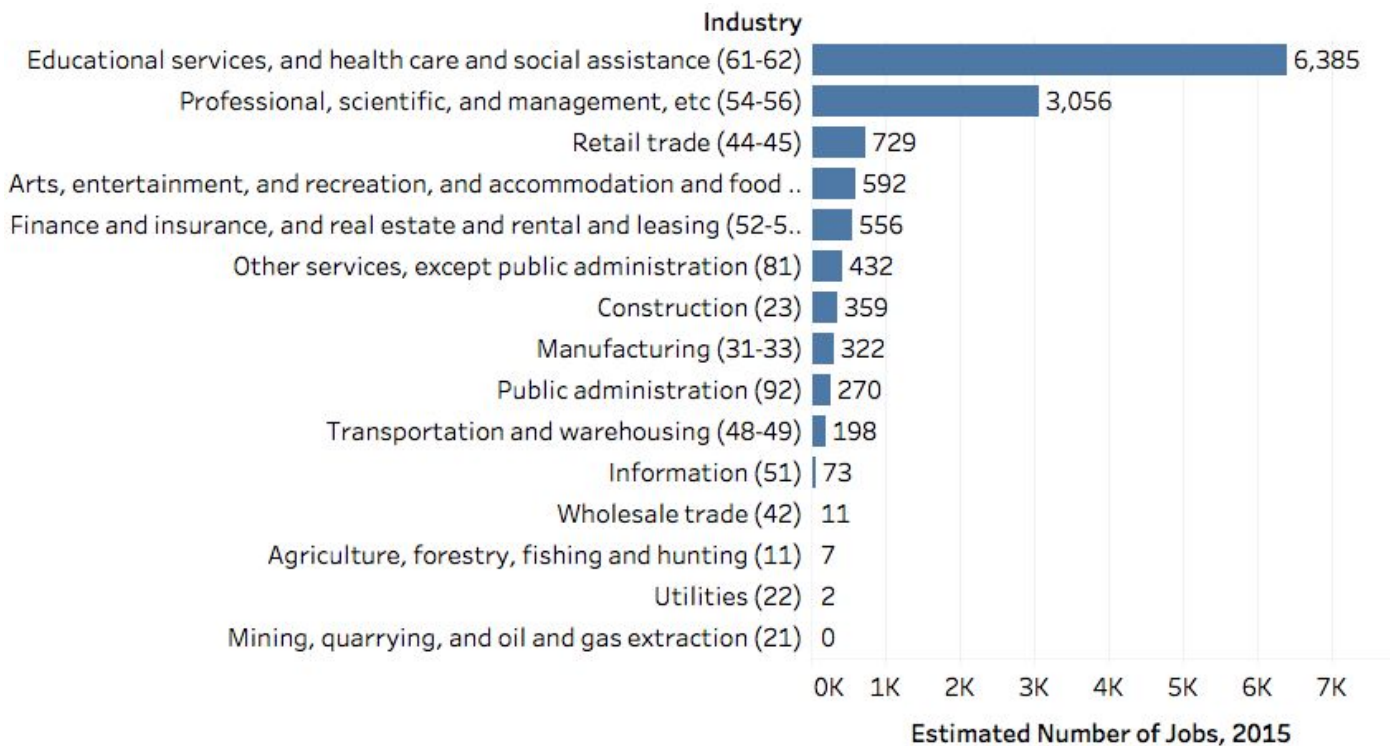
Figure 16: Jobs at Risk for Automation By Occupation, 2017



Workers in Alternative Work Arrangements

Alternative work arrangements are those that include temporary help agency workers, on-call workers, contract company workers, and independent contractors or freelancers.²¹ Workers with these kinds of positions run the gamut “from high-skill freelancers who chose not to be employed in order to have greater work-life flexibility, to low-wage service workers who are on call for unpredictable work hours and barely able to make a living, to workers with long-term employment contracts but who work where they want when they want.”²² In other words, these positions capture some of the most stable to least stable workers.

Figure 17: Estimates of Workers in Alternative Arrangements, 2015



The data displayed in Figure 17 indicate, two industries most heavily contain workers in alternative work arrangements; “educational, health care and social assistance,” as well as “professional, scientific, management, administrative and waste services.” This industry’s workers may be more vulnerable given their contract-status and lack of benefits. Taken together with the entrepreneurial density indicator data, Richmond’s growth industries are not represented in large numbers in Figure 17, meaning most are in jobs with more predictable hours.

²¹ Katz, Lawrence F., and Alan B. Krueger. *The rise and nature of alternative work arrangements in the United States, 1995-2015*. No. w22667. National Bureau of Economic Research, 2016.

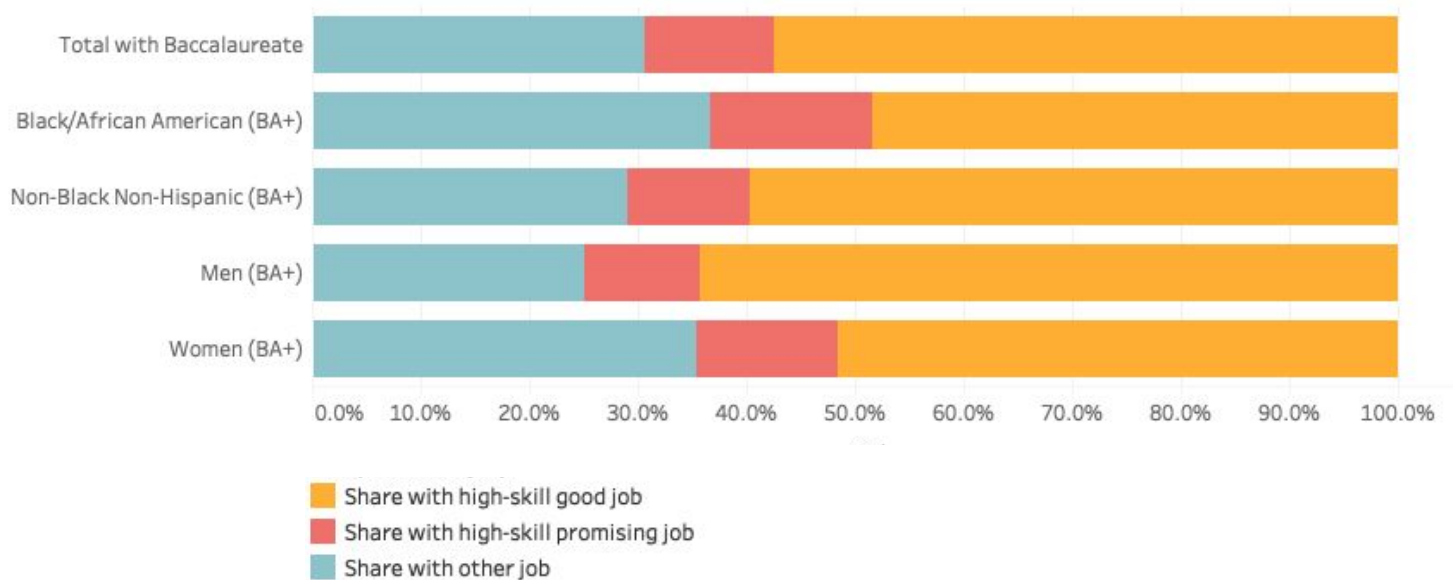
²² Spreitzer, Gretchen M., Lindsey Cameron, and Lyndon Garrett. "Alternative work arrangements: Two images of the new world of work." *Annual Review of Organizational Psychology and Organizational Behavior* 4 (2017): 473-499.

Ratio of “Good” to “Promising” to “Other” Jobs for BA Holders

- “Good jobs provide stable employment, middle-class wages and benefits
- Promising jobs are entry-level positions from which most workers can reach a good job within 10 years
- Other jobs do not provide decent pay, benefits, or pathways to good jobs”²³

Inequities exist between women and men, as well as African-American/Black and White residents in terms of job quality. A higher proportion of African-American/Black and female Richmond citizens hold jobs without decent pay, benefits or mobility than for White and male workers, as Figure 18 shows. Over 60% of men have stable jobs with mobility opportunities, while that rate is just over 50% for women and about 45% for African-American/Black populations. This indicates that these two subgroups face greater work insecurity and mobility, and earn less than men and White workers. This information mirrors the Earnings Gap findings previously reported.

Figure 18: Percent of Each Job Type Held by Workers with at Least a BA



²³ Shearer, Chad. and Isha Shaw. *Opportunity Industries*. The Brookings Institute, 2018. <https://www.brookings.edu/research/opportunity-industries/>

Literature Review

The literature review serves to provide a basis of research for the barriers to inclusive entrepreneurship identified by the Richmond Groundwork Initiative's Working Group. Wherever possible, local or regional research was used. If that did not exist, state or national-level data as used.

What follows is a delineation of the barriers identified by the Working Group and the existing research surrounding each barrier and previously successful or viable local interventions to address the barrier.

Barriers to Inclusive Entrepreneurship

1. Lending in the \$50k-250k range is minimally existent
2. Homogenous ecosystems are challenging to access
3. Resources (such as classes) are offered 9-5, when most people work
4. Language barriers exist (typically Spanish)
5. There is a risk of displacement by developers due to shifts in ownership and rents
6. Investment gaps exist across gender and racial lines (direct funding)
7. The combination of personal and business financial management skills are limited (financial capability)
8. Networks of access for resources and relationships are smaller for our target populations
9. There is a limited number of opportunities to fail

These barriers can be categorized into three areas: financial support, non-financial access, and displacement with limited opportunities.

Introduction

Richmond is in a unique position. According to the Groundwork Initiative LISC council, it is a relatively affordable city with a positive attitude toward entrepreneurship as evidenced by various coaching and mentorship opportunities for small businesses. (see appendix) However, there is an undercurrent of inequity, particularly around financial supports and access to non-financial supports. Displacement of historically disadvantaged populations further limits opportunities.

This report will examine barriers to entrepreneurship for target populations (see appendix) identified by the Forward Cities and LISC-convened Council. It will also look at previously successful or viable interventions to increase inclusive entrepreneurship.

Financial Support Challenges

Lending in the \$50k-250k range is minimally existent

Our research found many loan options in the \$50-250k range.

Our research found that several loan opportunities exist in the \$50-250k range. This suggests that securing loans between \$50 and 250k for small business owners is possible.²⁴

It is important to note that some research suggests that high-minority population areas have a large need for business loans but apply for those loans at a much lower rate.²⁵ This suggests that while loans may be available, something else is preventing business owners from applying. The very need for external monetary assistance makes sense when wealth and opportunity gaps are wide as suggested in the wealth and opportunity gap data presented earlier in this brief. Additionally, entrepreneurs have told local news outlets that they find it easier to find capital in nearby cities rather than Richmond.²⁶

Related interventions:

- The Citywide Revolving Loan Program²⁷ is administered by the Department of Housing and Community Development and provides access to capital for small businesses, entrepreneurs, developers, and nonprofits to stimulate the revitalization of Richmond's neighborhoods and promote permanent job creation for low to moderate income residents. The maximum loan amount is \$250k with interest rates up to 9 percent.
- The Economic Development Loan Fund provides loans between \$50 and \$500k.²⁸
- The Loan Guarantee Program has a maximum loan amount of \$750k.²⁹
- The Tobacco Region Revitalization Commission offers loans in 'tobacco regions' of the state starting \$10k to as high as \$2 million. The Supporting East End Entrepreneurship Development, or SEED grants totaled over \$110k in investment to seven Richmond entrepreneurs last year.³⁰ These grants are under \$50k per person.
- The document "Virginia Lending Programs 2010" from Blue Ridge Crossroads Economic and Small Business Development Authority provides a considerable list of lending and other entrepreneurial benefit programs.³¹ Some information is outdated and contacting the lending body is recommended for the latest information.
- Virginia has launched a matchmaking website to connect entrepreneurs and investors in the state called The Virginia is for Entrepreneurs (VA4E) initiative³²

²⁴ Tobacco Region Opportunity Fund Policy. Virginia Tobacco Region Revitalization Commission, 8 Jan. 2019, https://www.revitalizeva.org/wp-content/uploads/2019/02/TROF-Policy_190220_FINAL.pdf.

²⁵ Bates, Timothy, and Alicia Robb. "Impacts of Owner Race and Geographic Context on Access to Small-Business Financing." *Economic Development Quarterly*, vol. 30, no. 2, May 2016, pp. 159–170, doi:10.1177/0891242415620484.

²⁶ Reid Blackwell, John. "'Golden Age' of Entrepreneurialism: Startups See Richmond Area as Favorable, but with Some Caveats." *Richmond Times-Dispatch*, 18 Mar. 2017, https://www.richmond.com/business/local/golden-age-of-entrepreneurialism-startups-see-richmond-area-as-favorable/article_d21ca5cb-fd9c-5206-9250-fc6bbcaa15fb.html

²⁷ "Citywide Revolving Loans | Richmond VA, Economic and Community Development." *YesRichmondVa.Com*, <http://www.yesrichmondva.com/local-business-assistance/Citywide-Revolving-Loans>. Accessed 5 Apr. 2019.

²⁸ *Economic Development Loan Fund-Info-Sheet*. State of Virginia Department of Small Business and Supplier Diversity, 2018, <https://www.sbsd.virginia.gov/wp-content/uploads/2018/07/EDLF-Info-Sheet2018.pdf>

²⁹ *Loan Guaranty Program*. Virginia Small Business Financing Authority, 22 Jan. 2014. <https://vastartup.org/wp-content/uploads/2014/10/LGP-Info-Sheet-.pdf>.

³⁰ Gillian, Gregory. "Seven Businesses in Richmond's East End Receive Grants Totaling \$110,000." *Richmond Times-Dispatch*, 29 Nov. 2018, https://www.richmond.com/business/local/seven-businesses-in-richmond-s-east-end-receive-grants-totaling/article_a779b733-f577-5c3f-9290-188a1c5ed42d.html.

³¹ *Virginia Lending Programs and Business Incentives*. Blue Ridge Crossroads Economic and Small Business Development Authority, 2010, <http://www.brceda.org/wp-content/uploads/2010/10/VirginiaLendingPrograms.pdf>.

³² Shoorbajee, Zaid. "Virginia Launches Website to Connect Entrepreneurs with Investors." *StateScoop*, 12 Dec. 2017, <https://statescoop.com/virginia-launches-website-to-connect-entrepreneurs-with-investors/>.

Investment gaps exist across gender and racial lines (direct funding)***Our research found that investment gaps do exist across some but not all racial, ethnic and gender lines.***

Inequities across racial groups do exist. Nationally, African American/Blacks are the most likely to use credit cards for startup capital, whereas Whites have the highest use of traditional business loans.³³ In the Richmond area, businesses in majority minority census tracts constituted an average of 13.6 percent of businesses in the region between 2012 and 2015, but they received only 7.4 percent of the number of Community Reinvestment Act-reported loans under \$100k and only 7.1 percent of the total dollar amount of those loans during that period. According to the Woodstock Institute, “If those businesses had received loans in proportion to their share of businesses overall, they would have received more than 3,800 additional loans totaling over \$58.1 million between 2012 and 2015.”³⁴

Fortunately, Virginia is the state with the second-smallest Latino entrepreneurship gap in the country,³⁵ and the state, as well as the city of Richmond, stand out in terms of female-owned business growth.³⁶

Related interventions:

The Center for Innovative Technology is reinvesting proceeds from its successful GAP Funds investment program back into the Virginia economy in the form of the Virginia Founders Fund, a new program designed specifically to support entrepreneurs traditionally underrepresented in venture capital - minorities, women, veterans and other entrepreneurs located in regions outside of Northern Virginia.³⁷

The combination of personal and business financial management skills are limited (financial capability)***Our research did not find any literature specific to Richmond.***

No research was found regarding the financial management capability across racial and gender groups, indicating it is not well understood in the Virginia area. Some research suggests that minorities have greater difficulties accessing financial planners, for example, but that African Americans are much more likely to use financial planners when controlling for other household characteristics.³⁸

³³ “Geography, Race and Ethnicity Remain Barriers to Capital for Entrepreneurs.” *ICIC*, 17 Nov. 2016, <http://icic.org/blog/geography-race-ethnicity-remain-barriers-capital-entrepreneurs/>.

³⁴ *Patterns of Disparity: Small Business Lending in the Detroit and Richmond Regions*. The Woodstock Institute, 2017, <https://www.issuelab.org/resource/patterns-of-disparity-small-business-lending-in-the-detroit-and-richmond-regions.html>.

³⁵ *THE U.S. LATINO ENTREPRENEURSHIP GAP*. Graduate School of Stanford Business, 2018, <https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/report-slei-2018-latino-entrepreneurship-gap.pdf>.

³⁶ *THE 2018 STATE OF WOMEN-OWNED BUSINESSES REPORT*. American Express, 2018, https://about.americanexpress.com/files/doc_library/file/2018-state-of-women-owned-businesses-report.pdf.

³⁷ *Virginia Founders Fund - CIT GAP Funds | Center for Innovative Technology*. <https://www.cit.org/virginiafoundersfund/>. Accessed 5 Apr. 2019.

³⁸ White Jr, Kenneth J. "Financial planner use among Black and Hispanic households." *Journal of Financial Planning* 29.9 (2016): 40.

Related Interventions:

- The READ Center in Richmond offer financial literacy classes, one-on-one tutoring and web modules.³⁹
- A female entrepreneur network organization with a chapter in Richmond, eWomenNetwork hosts events about increasing business sales.

Non-Financial Access Challenges**Homogenous ecosystems are challenging to access*****Our research found this to be true in Richmond***

Richmond entrepreneurial ecosystems appear bifurcated. There is a predominantly White and wealthy primary system and secondary mini-ecosystems that cater toward non-white and less affluent entrepreneurs. Specific organizations arose out of community members' desire for business ownership alongside limited access to the entrepreneurship system. Michel Zajur began addressing this need through community meetings at his family restaurant "La Siesta" several decades ago, which grew into what is the Virginia Hispanic Chamber today.⁴⁰ Other organizations, such as the Metropolitan Business League, RVA Works, the Small Business and Supplier Diversity, The Richmond Minority Business Department, and the African American Chamber of Commerce have similar foundations. The continued need and growth of these organizations illustrates their utility to the communities they serve, and the opacity of the dominant ecosystem.

This barrier is further edified by the entrepreneurial diversity data presented earlier in this brief. White, male, and non-hispanic entrepreneurs own businesses at much higher rates than African-American/Black, female, and Hispanic entrepreneurs. For every 1,000 African-American/Black residents in the city, there are only 2.4 African-American/Black owned businesses. That number for White business owners is nearly 13.

(See related interventions after next barrier)

Networks of access for resources and relationships are smaller for our target populations***Our research found this to be true in Richmond***

As noted above, there are simply fewer African-American/Black-owned business and as such, the network of relationships and resources is smaller for that population. Additionally, the very existence of the numerous minority-facing entrepreneurial ecosystems indicates the distinct need for networks of access, both for relationships and resources, for the minority entrepreneur.

One local business owner highlights the need for minorities to prove they can accomplish their goals in order to break into the dominant network. "In Richmond, race matters second. [...] The most important aspect is, 'Can you do the job you said you were going to do?' He added: "You maybe don't have the benefit of the doubt; maybe it's a little harder to prove yourself, but

³⁹ "Financial Literacy." The READ Center, Jonas Marketing, readcenter.org/financial-literacy/.

⁴⁰ "About Us." *Virginia Hispanic Chamber*, <https://www.vahcc.com/about-us>. Accessed 6 Apr. 2019.

once you do, you're in the network."⁴¹ Bernard Robinson Sr. was working in IT before he started his business in 1997. This story highlights that the ability for minorities to 'prove themselves' may be much more difficult than for White and wealthy individuals.

Related interventions:

- UnBoundRVA guides future entrepreneurs from low-income communities during a one-year program. They provide extensive training and support over time to promote business success.⁴²
- RVA Works works with underrepresented entrepreneurs over the course of 17 weeks to provide training and network support.⁴³

Language barriers exist (typically Spanish)

Our research uncovered several ESL supports

Resources for entrepreneurs not comfortable speaking English exist, but the efficacy of these supports is not clear. Bilingual workshops and interpretation services, most commonly in Spanish, exist.⁴⁴ The Office of Multicultural Affairs (previously known as the Hispanic Liaison Office) provides interpretation services, but two of their six listed staff positions are vacant.⁴⁵ This raises concerns over how well individuals are being served. A report to the governor in 2017 recommended that the state have websites and other resources, as well as more bilingual staff, available in Spanish to increase Latino entrepreneurs access to information.⁴⁶ Future research is needed to understand specifically how non-English speakers navigate the entrepreneurial ecosystem, which resources are used and provide full, comparable system access to that of English speakers.

Related interventions:

- The Office of Multicultural Affairs (previously known as the Hispanic Liaison Office) provides interpretation services
- Networking events at the Virginia Hispanic Chamber⁴⁷ foster connection amid difficulties accessing online and other resources.
- Bilingual workshops and interpretation services, most commonly in Spanish, exist through the Virginia Hispanic Foundation

⁴¹ Bacqué, Peter. "Minority-Owned Businesses Survive." *Richmond Times-Dispatch*, 26 Feb. 2012, https://www.richmond.com/business/minority-owned-businesses-survive/article_2a8ba81c-0991-5cae-a7e0-139c2096cfd6.html.

⁴² "Peter Paul Development Center." *What Is UnBoundRVA?*, 29 June 2015, <https://www.peterpauldevcenter.org/what-is-unboundrva/>.

⁴³ Reid Blackwell, John. "Twenty-Two Budding Entrepreneurs Recognized for Completing RVA Works Program." *Richmond Times-Dispatch*, 1 Mar. 2019, https://www.richmond.com/business/local/twenty-two-budding-entrepreneurs-recognized-for-completing-rva-works-program/article_c70eccea-2837-5271-95a2-52b80bff2d4e.html.

⁴⁴ "BBDC | Richmond | Virginia Hispanic Foundation." *Virginia Hispanic Foundation | Richmond | Resources for Latinos*, <https://www.vahf.org/business-development>. Accessed 5 Apr. 2019.

⁴⁵ *Richmond VA > Office of Multicultural Affairs > Multicultural Affairs*. <http://www.richmondgov.com/MulticulturalAffairs/MulticulturalAffairs.aspx>. Accessed 5 Apr. 2019.

⁴⁶ Mejia, Robert (GOV). *Virginia Latino Advisory Board 2017 Annual Report*. Dec. 2017. <https://www.vlab.virginia.gov/media/governorvirginiagov/vlab/documents/2017-vlab-annual-report-final-draft-121817.pdf>

⁴⁷ "Hispanic Connect RVA Mixer." *Virginia Hispanic Chamber*, <https://www.vahcc.com/hispanic-connect-rva>. Accessed 5 Apr. 2019.

Resources (such as classes) are offered 9-5, when most people work

Our research found mixed results for class times

Upon reviewing upcoming training events, at least half are after 5 pm. These resources for the Richmond community are somewhat accessible and ensure to rotate the timing of their regular trainings to ensure all can join. Start Up Virginia classes are offered only during the traditional workday.⁴⁸

As seen in the entrepreneurial density and workers in alternative work arrangements indicators data presented earlier in this brief, Richmond's growth industries are not represented in large numbers in the alternative work arrangement data, meaning the higher-growth jobs are in sectors with more predictable, day-time hours.

Related interventions:

- The city's Minority Business Development Department have classes at 4, 5 and 6pm.⁴⁹
- Richmond SCORE has classes both during the day and after five,⁵⁰ although the "How to Start Your Own Business" training is consistently during the traditional working day.

Displacement and Limited Opportunities

There is a risk of displacement by developers due to shifts in ownership and rents

This appears to be true, further research needed to determine which neighborhoods are at risk.

Various parts of Richmond's ecosystem have grown in the past few decades. Expansion of anchor institutions, businesses and housing developments have changed the homeownership and rental landscape in Richmond. Even in 2018, expansion continues to be significant.⁵¹ While studies on the effects of the expansion are not apparent, local news outlets highlight the expansions' negative impact on residents and businesses.⁵²

As presented earlier in the brief, in Richmond overall, there was a 17 percentage point homeownership gap between Whites and African-American/Black in 2016. Of all African-American/Black households, 34 percent owned their homes rather than rented. That rate was 51 percent for White households. Further research would be needed to understand if predominantly White or African-American/Black neighborhoods are at risk of expansion and displacement from future development.

⁴⁸ "Richmond, VA Startup Virginia Events." *Eventbrite*, <https://www.eventbrite.com/d/va--richmond/startup-virginia/>. Accessed 5 Apr. 2019.

⁴⁹ *Richmond VA > Office of Minority Business Development > Training Opportunities*. <http://www.richmondgov.com/MinorityBusinessDevelopment/Training.aspx>. Accessed 5 Apr. 2019.

⁵⁰ "Calendar of Events." *Richmond SCORE*, Apr. 2019, http://events.r20.constantcontact.com/calendar/monthview?eso=001ugBMnildjydr0VcQZl_lw%3D%3D&llr=iicc86cab

⁵¹ Matingly, Justin. "How VCU's Construction Footprint Is Expanding in Richmond." *Richmond Times-Dispatch*, 27 Jan. 2018, https://www.richmond.com/news/local/education/city-of-richmond/how-vcu-s-construction-footprint-is-expanding-in-richmond/article_91f05c28-c6f4-5835-8733-f831697ed18b.html.

⁵² Bass, Scott, and Chris Dovi. "There Goes the 'Hood: How One of the City's Most Lauded Urban-Renewal Programs Is Reinforcing Richmond's Racial Divide." *Style Weekly*, 11 Apr. 2007, <https://www.styleweekly.com/richmond/there-goes-the-hood/Content?oid=1362081>.

Examples from other cities around the country, such as in Portland, OR,⁵³ Brooklyn, NY,⁵⁴ and elsewhere, anecdotally trace the residential and commercial uprooting of minority neighborhoods. Some research indicates that Richmond has a notably higher risk of displacement of African American/Black communities than other U.S. cities.⁵⁵

Related interventions:

- LISC corridor improvement projects target specific areas and revitalize them,⁵⁶ which keeps shop owners in their businesses.

There is a limited number of opportunities to fail

Our research found this to be true nationally.

Nationally, research shows that small minority-owned businesses that serve minority clientele face greater risk of failure with less resources to fall back on, resulting in higher rates of closure four years after opening.⁵⁷ This indicates that minority-owned businesses may have to choose between subscribing to White norms and values or staying true to their own racial and ethnic culture around their unique business. Further, White populations are more likely to work for a family member's business, meaning they have a greater network to fall to if they start their own.⁵⁸ The African American/Black and other minority communities are less likely to have those networks, increasing business risk in a strained economy.

Conclusion

Richmond has some work to do to foster a more inclusive entrepreneurial ecosystem, but it also has unique momentum. The economic indicators show a resource and network gap by race. The literature review shows that various interventions exist to help connect historically disadvantaged individuals and communities to the ecosystem at large. These interventions generally direct attention toward these groups rather than attempt change within the dominant, generally White and upper-class ecosystem.

The economic indicators show that White entrepreneurs hold the greatest advantages in the ecosystem. The median earnings gap between races is growing (while that between sexes is declining). A considerable wealth gap exists between races. The census tracts with the highest rate of White residents also have the highest rates of homeownership. There are many more White-owned businesses per White resident than African-American/Black-owned businesses per African-American/Black resident. While all groups we examined had majority-access to good or promising jobs, African Americans had the highest rate of low-quality jobs. These

⁵³ Monroe Sullivan, Daniel, and Samuel C. Shaw. "Retail Gentrification and Race: The Case of Alberta Street in Portland, Oregon." *Urban Affairs Review*, vol. 47, no. 3, 2011, pp. 413-432.

⁵⁴ Chronopoulos, Themis. "African Americans, Gentrification, and Neoliberal Urbanization: The Case of Fort Greene, Brooklyn." *Journal of African American Studies*, vol. 20, no. 3, 2016, pp. 294-322.

⁵⁵ Richardson, Jason, et al. "Shifting Neighborhoods: Gentrification and Cultural Displacement in American Cities." *NCRC*, 19 Mar. 2019, <https://ncrc.org/gentrification/>.

⁵⁶ Reports » *Virginia Local Initiatives Support Corporation*. <http://www.virginialisc.org/media-room/reports/>. Accessed 5 Apr. 2019.

⁵⁷ Bates, Tim, and Alicia Robb. "LSE US Centre." *Small Businesses Run by Immigrants in Minority Neighborhoods Make Less Profit and Have a Greater Risk of Failure.*, 9 Sept. 2014, <https://blogs.lse.ac.uk/usappblog/2014/09/09/small-businesses-run-by-immigrants-in-minority-neighborhoods-make-less-profit-and-have-a-greater-risk-of-failure/>.

⁵⁸ Michael Paul Williams, and Emily C. Dooley. "Black Entrepreneurs in Richmond Face New Challenges." *McClatchy - Tribune Business News*, 03/21/ 2010, Web.

numbers show that in various aspects of economic participation, the Richmond ecosystem is increasingly built in a way that allows White entrepreneurs to get ahead.

These findings align with findings from the literature review. Business ecosystems are bifurcated by race and language, and investment gaps exist. Given the predominance of white business owners, the business network caters to white entrepreneurs. Given that White families tend to have more wealth, they can take greater business risks.

Keeping these data points, barriers and assets, particular to the Richmond ecosystem, in mind while creating minimally viable solutions keep those solutions data-driven and tailored, moving the city forward.

Working Group Inputs

Target populations

- Immigrant store shop owners
- Intentional communities
- Court/justice involved
- Necessity employed (second income jobs)
- Side hustles
- Undereducated/underskilled
- Working moms (typically single)
- Section 3 – opportunities for employment in federal opportunities
- Career changers
- Second act/encore phase – as a catalyst (necessity mindset)

Assets

- Desire for financial independence and stability
- E-commerce drive, social media access, crowdfunding
- Community attitude towards entrepreneurship
- VC (based on industry – tech heavy)
- Affordability of the city
- Geographic location
- Coaching and mentorship for small businesses
- Office of Minority Business Development resources

Growth Sectors

- Healthcare/Medical
- Construction (green and traditional)
- Restaurant/hospitality
- Procurement/minority vendorism (thanks to shifts in policy)
- Higher Education
- Technology - Automation and Artificial Intelligence
- Advanced manufacturing

Barriers

- Lending in the 50k-250k range is minimally existent
- Homogenous ecosystems and networks that provide resources which are challenging to access for POC (social network)
- Resources (such as classes) are offered 9-5, when most people work
- Language barriers (typically Spanish)
- Risk of displacement by developers and universities due to shifts in ownership and rents, and the lack of connectivity between these groups and residents
- Investment gaps across gender and racial lines (direct funding)
- Combination of personal and business financial management (financial capability)
- Limited number of opportunities to fail
- Credit woes, which force bootstrapping as opposed to traditional investing
- Former residents of focus communities lack the willingness to move back
- Minimal media attention on existing efforts

Places and Spaces (surfaced neighborhoods in *italics*)

- East End
 - Church Hill
 - Fulton
- Southside
 - Swansboro
 - Blackwell (partially gentrified)
 - *Oak Grove/Hillside/Manchester/Jeff Davis (Hull to Harwood)*
- Northside
 - Highland Park
 - *Gilpin*
 - Providence Park

Entrepreneur Panel Survey Example

FORWARD CITIES

Hello, we are interested in **your experiences in starting or trying to start a business**, and what potential barriers and assets to that process, you yourself encountered in your city.

This survey is launched in partnership with Forward Cities, a nonprofit that is working with a group of local community leaders in your city to strengthen support structures for all entrepreneurs in the city. We are particularly interested in perspectives from entrepreneurs and small business owners like you.

No matter whether you: are planning to start a business, planned to start one, currently have a business, or have an entrepreneurial side-hustle - we want to hear from you!

As your city continues to grow it is critical that we get smarter about how best to support community members to successfully launch businesses and share in the economic opportunity that is created. We want to learn how the work that is just getting started will impact you over the next two years. For that reason we want to talk to you again in Jan/Feb 2020 to hear how that work affected you.

This survey will take approximately 20 minutes. Following completion, you will receive a \$10 gift card. Thank you so much for your participation.

Please tell us your first name and the initial of your last name.

All information is completely confidential and will never be shared in an identifiable way with anyone outside the Forward Cities Research team.

Please tell us your email address.

We will use it to get back in touch with you in Jan/Feb 2020 to find out about 1) how you have been impacted by the work we are embarking on now and 2) your thoughts and suggestions to improve the work.

What statement best describes your experience owning a business?

- I currently have my own business
- I've never had a business, but am working to start one within 2 years
- I've never had a formal business, but I have a side-hustle besides other things I am doing
- I've never had a business, but I considered starting one at some point in the past two years before abandoning the idea eventually
- I never owned a business and I didn't consider starting one in the past two years

In which neighborhood do you currently live?

- Near West/Haughville/Hawthorne
- Northeast/Meadows/Martindale Brightwood
- Northwest/UNWA
- Other _____

Where is your business located?

If you don't have a permanent physical space, please select the neighborhood from where you run your business most of the time.

- Near West/Haughville/Hawthorne
- Northeast/Meadows/Martindale Brightwood
- Northwest/UNWA
- Other neighborhood _____

Please list 1-2 roadblocks that you experienced at the following stages of your entrepreneurial journey.

If you have not reached this stage of business development, please enter "not applicable."

Coming up with an idea

Turning your idea into a business concept

Getting your first few customers

Growing your market

If you think about the following business domains, where do you have immediate needs that are largely unmet at the moment and prevent your current business from growing?

	Immediate need	No immediate need
Marketing/Sales	<input type="radio"/>	<input type="radio"/>
Accounting	<input type="radio"/>	<input type="radio"/>
Finance	<input type="radio"/>	<input type="radio"/>
Personnel	<input type="radio"/>	<input type="radio"/>
Legal	<input type="radio"/>	<input type="radio"/>
Strategy	<input type="radio"/>	<input type="radio"/>

Which of these terms do you feel best describes you at the moment? (select one)

- business owner
- startup founder
- small business owner
- entrepreneur
- hustler

To what extent do you agree with the following statements:

	Strongly Disagree	Disagre e	Neither agree nor	Agree	Strongl y Agree

	disagree				
I consider myself a role model in my neighborhood as a result of the contributions I make to the community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There are a lot of role models in my neighborhood who look like me and have experience building a business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please describe the contributions you make to the neighborhood that make you a role model.

Please tell us to what extent do you agree with the following statements:
As a business owner...

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
I am <u>generally aware</u> of the full range of entrepreneurial supports and services across the city that I have access to.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I <u>use</u> the full range of entrepreneurial supports and services across the city that I have access to.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To what extent do you agree with the following statement:

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
There are effective support organizations and individuals with experience that are available to mentor and support business owners like me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How well do the following people or organizations **understand the challenges and opportunities** that you faced starting your own business?

Please rank on a scale from 1-5 (1 = they have no understanding at all, 5 = they completely understand).

	1 no under-stand- ing	2	3	4	5 complete understandi- ng
City programs for small businesses and entrepreneurs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Small Business Administration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fellow business owners and entrepreneurs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Family members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Close friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-profit support organizations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Banks or other financial institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please list up to three organizations in your city, which helped you personally start your own business. Please also list in a couple of keywords which services were most useful to you.

Name of organization	Most useful services

In one to two sentences, please describe a **positive experience** you had with an organization in the city that was trying to help you start your business. Naming the organization is optional.

In one to two sentences, please describe a **negative experience** you had with an organization in the city that was trying to help you start your business. Naming the organization is optional.

Based on your experience, do any of the following characteristics make it more difficult for you to start a business in your city?

	No	Maybe	Yes
Your gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your ethnicity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your race	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The language you primarily speak	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The country you are from	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your religious beliefs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your sexual orientation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you answered yes for any of the groups listed above, please use the space below to explain what makes it more difficult for this group.

Have you encountered any additional barriers to starting a business in your city that you have not yet described in this survey? If yes, please describe here in 1-2 sentences.

Economic Indicator Data sources

Indicator	Data Sources
-----------	--------------

Opportunity Gap	2017 Opportunity Atlas, Opportunity Insights
Earnings Gap	2016 American Community Survey (ACS) 5-Year Estimates, U.S. Census Bureau 2012 American Community Survey (ACS) 5-Year Estimates, U.S. Census Bureau
Wealth Gap	2016 American Community Survey (ACS) 5-Year Estimates, U.S. Census Bureau 2012 American Community Survey (ACS) 5-Year Estimates, U.S. Census Bureau
Self-Employment	2016 American Community Survey (ACS) 5-Year Estimates, U.S. Census Bureau 2016 Non-Employer Statistics, U.S. Census Bureau 2012 American Community Survey (ACS) 5-Year Estimates, U.S. Census Bureau
Growth Industries	2016 American Community Survey (ACS) 5-Year Estimates, U.S. Census Bureau 2012 American Community Survey (ACS) 5-Year Estimates, U.S. Census Bureau
Entrepreneurial Density	2016 Business Patterns, U.S. Census Bureau 2015 Policymap 2016 Survey of Entrepreneurs, U.S. Census Bureau
Entrepreneurial Dynamism	2015 Policymap 2016 Survey of Entrepreneurs, U.S. Census Bureau 2012 Survey of Entrepreneurs, U.S. Census Bureau
Jobs at Risk of Automation	2017 Bureau of Labor Statistics Frey & Osborne 2017. The Future of Employment: How Susceptible are Jobs to Computerization? Technological Forecasting and Social Change. 114: 254-280
Alternative Work Arrangements	2015 American Community Survey (ACS) 5-Year Estimates, U.S. Census Bureau 2005 American Community Survey (ACS) U.S. Census Bureau Katz & Krueger, 2016. The Rise and Nature of Alternative Work Arrangements in the U.S. National Bureau of Economic Research.
Job Ratio (Good/Promising/Other)	2017 Opportunity Industries. The Brookings Institute.

Works Cited

About Us.” *Virginia Hispanic Chamber*, <https://www.vahcc.com/about-us>. Accessed 6 Apr. 2019.

Bass, Scott, and Chris Dovi. “There Goes the ’Hood: How One of the City’s Most Lauded Urban-Renewal Programs Is Reinforcing Richmond’s Racial Divide.” *Style Weekly*, 11 Apr. 2007, <https://www.styleweekly.com/richmond/there-goes-the-hood/Content?oid=1362081>.

Bates, Tim, and Alicia Robb. “LSE US Centre.” *Small Businesses Run by Immigrants in Minority Neighborhoods Make Less Profit and Have a Greater Risk of Failure.*, 9 Sept. 2014, <https://blogs.lse.ac.uk/usappblog/2014/09/09/small-businesses-run-by-immigrants-in-minority-neighborhoods-make-less-profit-and-have-a-greater-risk-of-failure/>.

“BBDC | Richmond | Virginia Hispanic Foundation.” *Virginia Hispanic Foundation | Richmond | Resources for Latinos*, <https://www.vahf.org/business-development>. Accessed 5 Apr. 2019.

Bacqué, Peter. “Minority-Owned Businesses Survive.” *Richmond Times-Dispatch*, 26 Feb. 2012, https://www.richmond.com/business/minority-owned-businesses-survive/article_2a8ba81c-0991-5cae-a7e0-139c2096cfd6.html.

Bates, Timothy, and Alicia Robb. “Impacts of Owner Race and Geographic Context on Access to Small-Business Financing.” *Economic Development Quarterly*, vol. 30, no. 2, May 2016, pp. 159–170, doi:10.1177/0891242415620484.

“Calendar of Events.” *Richmond SCORE*, Apr. 2019, http://events.r20.constantcontact.com/calendar/monthview?eso=001ugBMnildJydr0VcQZl_lw%3D%3D&llr=iicc86cab.

“Citywide Revolving Loans | Richmond VA, Economic and Community Development.” *YesRichmondVa.Com*, <http://www.yesrichmondva.com/local-business-assistance/Citywide-Revolving-Loans>. Accessed 5 Apr. 2019.

Chronopoulos, Themis. “African Americans, Gentrification, and Neoliberal Urbanization: The Case of Fort Greene, Brooklyn.” *Journal of African American Studies*, vol. 20, no. 3, 2016, pp. 294-322.

Economic Development Loan Fund-Info-Sheet. State of Virginia Department of Small Business and Supplier Diversity, 2018, <https://www.sbsd.virginia.gov/wp-content/uploads/2018/07/EDLF-Info-Sheet2018.pdf>

“Financial Literacy.” The READ Center, Jonas Marketing, readcenter.org/financial-literacy/.

“Geography, Race and Ethnicity Remain Barriers to Capital for Entrepreneurs.” *ICIC*, 17 Nov. 2016, <http://icic.org/blog/geography-race-ethnicity-remain-barriers-capital-entrepreneurs/>.

Gillian, Gregory. “Seven Businesses in Richmond’s East End Receive Grants Totaling \$110,000.” *Richmond Times-Dispatch*, 29 Nov. 2018, https://www.richmond.com/business/local/seven-businesses-in-richmond-s-east-end-receive-grants-totaling/article_a779b733-f577-5c3f-9290-188a1c5ed42d.html.

“Hispanic Connect RVA Mixer.” *Virginia Hispanic Chamber*, <https://www.vahcc.com/hispanic-connect-rva>. Accessed 5 Apr. 2019.

Loan Guaranty Program. Virginia Small Business Financing Authority, 22 Jan. 2014. <https://vastartup.org/wp-content/uploads/2014/10/LGP-Info-Sheet-.pdf>.

Mattingly, Justin. “How VCU’s Construction Footprint Is Expanding in Richmond.” *Richmond Times-Dispatch*, 27 Jan. 2018, https://www.richmond.com/news/local/education/city-of-richmond/how-vcu-s-construction-footprint-is-expanding-in-richmond/article_91f05c28-c6f4-5835-8733-f831697ed18b.html.

Mejia, Robert (GOV). *Virginia Latino Advisory Board 2017 Annual Report*. Dec. 2017. <https://www.vlab.virginia.gov/media/governorviriniagov/vlab/documents/2017-vlab-annual-report-final-draft-121817.pdf>

Michael Paul Williams, and Emily C. Dooley. “Black Entrepreneurs in Richmond Face New Challenges.” *McClatchy - Tribune Business News*, 03/21/ 2010, Web.

Monroe Sullivan, Daniel, and Samuel C. Shaw. “Retail Gentrification and Race: The Case of Alberta Street in Portland, Oregon.” *Urban Affairs Review*, vol. 47, no. 3, 2011, pp. 413-432.

Patterns of Disparity: Small Business Lending in the Detroit and Richmond Regions. The Woodstock Institute, 2017, <https://www.issueab.org/resource/patterns-of-disparity-small-business-lending-in-the-detroit-and-richmond-regions.html>.

“Peter Paul Development Center.” *What Is UnBoundRVA?*, 29 June 2015, <https://www.peterpauldevcenter.org/what-is-unboundrva/>.

Reid Blackwell, John. “‘Golden Age’ of Entrepreneurialism: Startups See Richmond Area as Favorable, but with Some Caveats.” *Richmond Times-Dispatch*, 18 Mar. 2017, https://www.richmond.com/business/local/golden-age-of-entrepreneurialism-startups-see-richmond-area-as-favorable/article_d21ca5cb-fd9c-5206-9250-fc6bbcaa15fb.html

Reid Blackwell, John. “Twenty-Two Budding Entrepreneurs Recognized for Completing RVA Works Program.” *Richmond Times-Dispatch*, 1 Mar. 2019, https://www.richmond.com/business/local/twenty-two-budding-entrepreneurs-recognized-for-completing-rva-works-program/article_c70eccea-2837-5271-95a2-52b80bff2d4e.html.

Reports » Virginia Local Initiatives Support Corporation.

<http://www.virginialisc.org/media-room/reports/>. Accessed 5 Apr. 2019.

Richardson, Jason, et al. "Shifting Neighborhoods: Gentrification and Cultural Displacement in American Cities." *NCRC*, 19 Mar. 2019, <https://ncrc.org/gentrification/>.

Richmond VA > Office of Multicultural Affairs > Multicultural Affairs.

<http://www.richmondgov.com/MulticulturalAffairs/MulticulturalAffairs.aspx>. Accessed 5 Apr. 2019.

Richmond VA > Office of Minority Business Development > Training Opportunities.

<http://www.richmondgov.com/MinorityBusinessDevelopment/Training.aspx>. Accessed 5 Apr. 2019.

"Richmond, VA Startup Virginia Events." *Eventbrite*,

<https://www.eventbrite.com/d/va--richmond/startup-virginia/>. Accessed 5 Apr. 2019.

Shoorbajee, Zaid. "Virginia Launches Website to Connect Entrepreneurs with Investors." *StateScoop*, 12 Dec. 2017,

<https://statescoop.com/virginia-launches-website-to-connect-entrepreneurs-with-investors/>.

THE 2018 STATE OF WOMEN-OWNED BUSINESSES REPORT. American Express, 2018, https://about.americanexpress.com/files/doc_library/file/2018-state-of-women-owned-businesses-report.pdf.

THE U.S. LATINO ENTREPRENEURSHIP GAP. *Graduate School of Stanford Business, 2018*, <https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/report-slei-2018-latino-entrepreneurship-gap.pdf>.

Tobacco Region Opportunity Fund Policy. Virginia Tobacco Region Revitalization Commission, 8 Jan. 2019,

https://www.revitalizeva.org/wp-content/uploads/2019/02/TROF-Policy_190220_FINAL.pdf.

Virginia Founders Fund - CIT GAP Funds | Center for Innovative Technology.

<https://www.cit.org/virginiafoundersfund/>. Accessed 5 Apr. 2019.

Virginia Lending Programs and Business Incentives. Blue Ridge

Crossroads Economic and Small Business Development Authority, 2010,

<http://www.brceda.org/wp-content/uploads/2010/10/VirginiaLendingPrograms.pdf>.

White Jr, Kenneth J. "Financial planner use among black and Hispanic households." *Journal of Financial Planning* 29.9 (2016): 40.