

The Reality of Black Owned Business, *What Can We Do to Make a Difference?*

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Abstract

As a black woman studying finance, I am concerned about the success of black owned businesses. I explore the history of black owned businesses highlighting challenges and factors that made them successful. Going back as far as the 18th century, black people have always been a part of the business community but unfortunately were never able to prosper immensely compared to white businesses. They have been systematically oppressed and suffered from hidden agendas inflicted by the white race; including but not limited to; racism, sexism, classism and the list goes on, causing a cycle of debt. After interviewing a few individuals involved with the business industry, we continue to see people of color face similar problems. It is only through education and with the help of organizations devoted to the economic development of black communities that we see black businesses thriving. While there are a number of black owned businesses with successful stories, black people are inadvertently struggling to find investments and run a self-sufficient business. Reasons ranging from a lack of support from their communities to poor reputation from white superiors. As a result, black businesses are disproportionately represented, impairing their socio-economic status and causing a life of struggle. With everything being said, there is a way that we can help black owners achieve success and get the proper investment needed for their businesses. With the help of banks, local communities, government officials etc., people can work together to uplift black businesses. There is a dire need to establish diversity, equity and inclusion, support groups, directly invest in black owned businesses, and educate the ignorant and uncertain. The end goal is for people to have the same opportunities, despite their race class or gender, and to develop a world where there are a higher number of black owned businesses thriving.

Keywords: discrimination, race, class, gender, minority, white privilege, finance, profit, Upper and Lower South, entrepreneurship, finance, Disadvantages of being a person of color, advantages of being white, women in business.

History of Black Businesses

African American businesses, also known as Black businesses, have been around throughout the years of slavery, as early as 1790, in both the Upper and Lower South. Upper South refers to states from Delaware to Missouri, including North Carolina, Tennessee, Virginia, Kentucky, west Virginia and was composed of free farmers who had no access to cotton or other cash crops. Lower South, or the Deep South, refers to states like South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, and Texas. It was known as the land of cotton and slavery as their economy thrived primarily by plantation agriculture. It is interesting to think about slaves being involved in business activities considering that they were looked at as a piece of property. Plus, black codes and payment demands by slave owners nearly made it impossible for slave businesspeople to gain freedom papers. Motivated by the American Revolution (1775-83), free and enslaved blacks took an interest in the business industry as they were destined to make profit-making businesses, and for some, buy their freedom. Many free African Americans became barbers, builders, dressmakers, grocers, mechanics, merchants, restaurateurs, planters, sailmakers, shoemakers, tailors, tobacconists, tradesmen, etc. As a black business owner, many people faced racial violence, hostile environments and were faced with many adversities that were determining factors in their success or loss.

When discussing the history of African American businesses, it is very important to keep in mind the various time periods, differences in locations and skin complexion/race. While many

black businesses thrived in both regions, it is important to recognize that in the Lower South it was usually the “mulatto negro”, free, lighter skin blacks and former slaves of mixed ancestry, who were able to prosper and branch off to start their own businesses. Because they had white lineage, they received assistance and resources from their white family members to jumpstart their businesses. However, African Americans in the Upper South were not as successful in starting their businesses because not only were they dark skinned, illiterate, with very few skills and no white lineage but they were legally denied the right to own property by the government. They struggled to conduct business and compared to those in the Lower South, they owned less property. In the state of Virginia in 1820, there were only 200 property-owning rural free blacks in the entire state with a population of 37,000. Compared to the property and business owners in the Lower South, they represented a little under half the population of business owners in the Lower South. This is crucial as being able to own property classified you as a business owner. Having land meant that you had means to sell crops thus generating an income. There was a significant difference in the amount of people of color owning property because of differences in skin color and family lineage.

Lower South

The success of black businesses in the lower South can be compared to a person riding a roller coaster for the first time. There are numerous ups and down and as they continue to ride the roller coaster, history repeats itself. Dating back to the late antebellum era, free African Americans in business were constantly under attack by whites. White people had the perception that black people could only be slaves or perform menial type of jobs. In hopes of saving the better paying jobs for white people, white artisans used race and many discriminatory laws

pertaining to self-expression to compete with black business owners. They often pushed people of color out of certain skilled occupations and ran their customers away. This was possible as white businesses typically owned a vast majority of property in which they had earned enough money to protect them from any political currents that could be potentially thrown their way. Despite the racial tensions, the Lower South gained a respectable reputation as a place with the most prosperous group of blacks in business. African Americans began establishing their own businesses after utilizing the support of their white alliances. People like Benjamin Montgomery, who was one of Joseph Davis's, a cotton planter and the brother of the future president of the Confederacy, favorite slaves, started and conducted a retail dry goods store at Davis Bend in Mississippi. He sold items to his slaves in exchange for wood, vegetables, chickens, and eggs. Also, Benjamin Turner, an Alabama Congressman from 1871-73, obtained various properties in Selma and a livery stable while he was a slave (Schweninger). One of the largest black planters and slave owners in the 18th century, James Pendarvis, was conceived by a slave woman and white planter. Pendarvis inherited a large plantation and owned more than 3,000 acres and 113 slaves by 1786. Here we begin to see how people of color with traces of white ancestry, are using their network and skin complexion to their advantage. This was not the case for free black in the Upper South.

Reconstruction Period 1865-1877

Due to the abolition of slavery after the Civil War (1861-65), many landowners could not farm their land as they no longer had slaves, nor could they afford labor. Instead, they developed a business system known as sharecropping as a way to impose legal slavery. Sharecropping involved sharecroppers who would farm landowners' land and exchange the crops they grew for

rent. African Americans who participated in this system received little to no money and were often cheated by their landowners. This instilled a cycle of debt because sharecroppers were never able to pay off their rent. Furthermore, during the years between 1861-1880, black owned businesses began struggling to maintain their businesses and hold on to land because they also faced intrusions from the Union Soldiers during and after this period of Civil War. "The war commenced pretty hard on folks..... the Confederates, who swept up the slaves and some of the wealthiest free persons of color in America owned their plantations was a solid flame" a free Negro in St. Mary Parish, Louisiana, recalled. This political reconstruction marked prolonged periods of racial unrest and violence for black business owners in the Lower South. Even people in New Orleans, who were said to be well off, struggled to maintain their businesses as their place of business was destroyed and was soon forced to closed down. Only 25% of business owners were able to maintain or even enhance their business during this time period while the other 75% practically lost everything. In 1860, 14% of planters had at least 2,000\$ real estate. This number dropped to 2% in 1870. The proportion of black people with businesses who were illiterate rose from 18 percent to 46 percent, and the proportion with estates of less than \$1,000 rose from 14 to 37 percent (Schweninger). Given the fact that resources were now limited, and the wake of emancipation led to white hostility, the number of African Americans owning business decreased and only a small number of former slaves were able to establish businesses compared to earlier times in the 1790's.

In the latter years after the Civil War had passed and many black owners lost their businesses, there was a rise for new black entrepreneurs. There were missionary organizations like the Freemen's Bureau, black and white teachers from both the North and South, churches and schools working hard to educate the former slaves and people of color. For example, the

Freedmen's Union Industrial School in Richmond, Virginia helped women of color to sew in 1866. This type of help was seen all throughout the Lower South states. With people learning and developing new skills, they wanted to perfect their craft and start a business of their own. In addition, despite not being successful as they were before, free blacks who had already possessed a business or formerly owned one were able to rebuild their businesses.

Other entrepreneurship opportunities presented themselves as the Industrial Revolution in the North, made a surplus of jobs readily available to people of color. Many African Americans also thought about moving to the North to pursue construction and farming for a means of income. Whites were extremely excited about the potential movement of blacks from the South to urban areas in the North as this would reduce the chances of black people creating their own businesses and place people of color back in labor roles. However, in 1910, Ruth Standish Baldwin and George Edmond Haynes established the National Urban League to advocate for the health and welfare of African Americans in the industrial world. The National Urban League's primary goal was to ensure civil rights, power and economic reliance to African Americans. To add on, Booker T. Washington, an educated black man, also created the National Negro Business League to keep African Americans grounded in the South and provide them with the resources needed for them to pursue their dream businesses. Booker T. Washington supported black people establishing their own businesses and worked to encourage them to develop "agribusiness and locally based retail establishments to recycle their precious dollars and economically empower themselves" (National Black Chamber of Commerce). Without these two leagues, people of color would have been stripped of their rights and worked to the ground given the harsh conditions of the industrial sites or economically unstable because they would have lacked the resources needed to maintain their business.

The Negro Business League

The National Negro Business League was an alliance of 40 southern towns that together served the needs of segregated black businesses in the black neighborhoods. Together with the help of business associations, they provided economic activity and leadership for black businesses reaching places like Texas, Greenwood, Oklahoma, North Carolina, all the way to Maryland. These towns and associations have been advocating for the support for black owned businesses since the 1900's. Educational, employment and home ownership opportunities start becoming available for African American as the league was financially supported by white businesses and individuals like Andrew Carnegie. Andrew Carnegie was one of the richest Americans as he was an industrialist and philanthropist leading the steel industry. The League was able to teach women all sorts of trades like cooking, sewing, handicraft and both men and women how to start and run a prosperous business. As a result of these newly gained resources, we begin to see an increase in the number of successful black owned businesses. According to the US Census Bureau, "there were 300,000+ Black owned businesses doing \$33 billion in annual sales". Not only were black businesses growing but the economy was flourishing. As blacks generated more income to spend and poured into their businesses, their buying power increased. It was said that "in 1905 black consumers have buying power after taxes of nearly \$1 trillion" (The Selig Center for Economic Growth at the University of Georgia). From an economic standpoint, African Americans were growing rapidly and of the American society was the fastest growing economic segment given all the help of the league and the white contributions.

Things began to change for African Americans once, the 26th president, Theodore Roosevelt, thought it was “politically incorrect” to support associations like the National Negro Business League, the National Association for the Advancement of Colored People, and their ideas about black entrepreneurship. This directly impacted black entrepreneurship as white contributors start pulling their funding and Roosevelt instead, implemented many social programs as the Great Depression was coming to full form. With many people of color leaving to the North and Western urban centers to pursue job opportunities, and social programs in place of the educational and employment opportunities for African Americans, black owned businesses declined in numbers. The financial and educational support of the League influenced the success and presence of black owned businesses. According to the Small Business Administration, the budget supporting black owned businesses in the early 1900’s was \$980 million with over 5,000 staff members to help lead the educational programs. Today, that budget has decreased to less than \$400 million with staff members around 1,700 which explains why during the Clinton Administration, black businesses decreased from 6% of all federal procurement, to 1% today. (National Black Chambers of Commerce). Losing resources stopped businesses from growing as they struggled with retaining employees, generating sales and maintaining the cost of goods.

Upper South - Reconstruction Period 1865-1877

African Americans in the Upper South were denied rights from owning land and often were discriminated against because of their darker skin complexion. During this time period, because many were unskilled, only a few were qualified to be quasi-businessmen, owning little shops in their neighborhoods. There was little expansion in black businesses, as people were not knowledgeable, nor did they have the same privilege of having access to resources provided by

their white family members. Black business owners had to develop a great work ethic plus build up their white clientele, before they were able to establish a successful business. People like Robert Clark had little money and minor skills, however, “after working in a hotel and saving enough to purchase his freedom, he opened a livery stable, which eventually became the most popular establishment of its kind in the town of Petersburg, Virginia” (Schweninger). By 1860, he increased his total estate to \$9,000, which included \$5,000 worth of real estate. Another man named William Johnson, also started a barbershop in St. Louis, Missouri in 1840. He made this possible because he saved “a small amount of money and began investing in city property” (Schweninger). After more than ten years of saving money, he managed to increase his business among white lawyers, businessmen, and civic leaders as well as his property holdings in the 1950’s. There were no educational courses or lump sum of cash from their white grandfathers being given during this time period. These gentlemen taught themselves everything they knew and waited long years to generate the capital and knowledge needed to run a business. It is clear that they lacked the resources they needed but it was their resilience and dedication that allowed them to be successful.

With an upturn in the economy, including improved roads and river, transportation systems, new techniques for replenishing the land, increasing demands for skilled workers in 1840+ and segregation, African Americans interest in the business industry spiked. Conditions were more favorable to pursue their business ventures as African Americans were legally able to own and operate businesses. During the 1850’s the number of entrepreneurs doubled from 575 to 1048 in rural areas (Bernardo). There was an increase in women of color who were opening up boarding and lodging houses, seamstress shops, and laundry businesses in different neighborhoods. Prior to the Reconstruction Era, African American people were not able to

legally start businesses under the American structure due to discriminatory laws and black codes. Black codes, also known as Black laws, were laws passed during the Civil War to govern the behavior of free blacks. These laws limited free blacks' freedom and tried to reframe them from entering the business industry by keeping them in low wage paying jobs. With the help of Freedmen Bureau, the Reconstruction Era eliminated the black codes however the American government established the Jim Crow system and segregation to continue to try to condition free blacks' behavior. Jim Crow laws was implemented to provide separate but equal facilities and opportunities, however they actually condemned blacks to inferior treatment. These laws supported institutionalized inequality by separating blacks and whites. There was an influx of black owned businesses being established despite the demeaning environment of Jim Crow. Because blacks were cut off from white businesses and pushed into large communities, people of color had the opportunity to make their own viable with no outside white distractions. Most of these businesses were small, local and family-owned. Like the Lower South, the National Negro Business League provided support and resources to help these businesses thrive. As time progressed, more African American businesses became prominent in the 1900's. The National Association for the Advancement of Colored People provided legal assistance and helped blacks fight for racial equity through legal action.

With black businesses booming within these segregated communities, the establishment of what was known as Black Wall Street (BWS) came alive. Black Wall Street was a self-sufficient business district in Oklahoma. Being segregated had allowed African Americans to acquire a piece of land, known as Greenwood, and cluster on the strip with many the opening of many businesses including grocery stores, barbershops, doctor's offices, law firms, post office, bank and real estate. The neighborhood also established two schools and their own newspaper

called Tulsa Star. Tulsa Star educated black people about their legal rights and any court rulings that would impact their way of living. They really valued education and because the schools that existed by the federal government gave black minimal education, they developed two schools of their own to invest in the education of their kids. Businesses within the district, all contributed to the cost to finance these schools. As BWS thrived, so did the lives of African Americans. BWS was known as one of the most affluent African American communities. Furthermore, blacks who were former slaves, drastically expanded their business operations and increased their wealth. Among the most successful in this economic expansion were “Chestertown restaurateur William Perkins, who more than quadrupled his \$2,300 antebellum estate by 1870; Baltimore barber Augustus Roberts, who owned no realty in 1860, but was listed as being worth \$12,000 in 1870; Alexandria Va” (Schweninger). There was an increase in businesses and a change in the profile of many of the black businesses that were operating in the postbellum Upper South as freedman entered entrepreneurship. According to Census, there was “an increase in the proportion of "black" from 51 percent to 67 percent, as well as a proportional increase among barbers (after farmers the largest antebellum business group) and an increase among blacksmiths and draymen” (Schweninger).

Black Wall Street was able to be successful because of people like O.W. Gurley, a wealthy African American landowner from Arkansas, and J.B Stradford, who purposely sold land to African Americans. They purchased over 40 acres of land in what is known as Tulsa, Oklahoma, in which he sold to black people to start BWS. Gurley provided black people with boarding house and loans for those who were interested in starting a business. This was directly correlated to the internal circulation of the black dollar. As black people remained segregated from white businesses and black families and businesses were booming, the black dollar stayed

circulated amongst the community for a longer time period. The community was shaped gracefully and impacted the economic status of African Americans.

Tulsa, Oklahoma – 20th century

Just when black businesses were at their peak and black communities were financially stable, racial violence occurred. The success of black people attracted the attention of white businesses as they were jealous of the upscale lifestyles people of the “inferior race” were living. Black business owners began facing hostile experiences and attacks from whites. However, accusations of a black man, Dick Rowland attempting to rape a white woman, Sarah Page in 1921, was the icing on the cake for racial violence. While, white folks marched to the courthouse to demand Rowland so he can suffer the consequences of “his actions”, an army of African Americans, including World War I veterans, gathered in Rowland’s defense. Shortly after, black people retreated to their homes in Greenwood where they were followed by white rioters who looted and burned down the neighborhood. Many homes and businesses were destroyed as the city officials did nothing to stop this riot. Over 200 people were killed, 800 people were injured and the 35 blocks that made up the district were destroyed. Black Wall Street suffered financially and had never recovered to its entirety. In May 1921, according to the documentary *Against all Odds: The Fight for a Black Middle Class* with Bob Harey, many black businesses were destroyed and burned to the ground as a result of angry white folks who wanted to lynch Rowland. What was formerly known and recognized as the Black Wall Street was in ashes. This was a simple act of hatred on behalf of white people. They hated to see any ounce of happiness or success be derived from African Americans because for them, it was a white world and only the white race was to be seen as superior.

In 1922, with the help of black townships people in Oklahoma, and donations from black churches, the Greenwood community was on the verge of being restored. The NAACP also offered legal support for those people of color who were jailed during the riot and helped them sue the government and receive compensation. At the end of 1922, the reconstruction of Black Wall Street was completed. Despite any help from the white community, approximately 80 businesses were able to thrive, however, some businesses like the Tulsa Star was never able to recover. Black Wall Street was able to operate for many years after the riot. Even during the Great Depression (1929-33), the district managed to provide the foundation for many civic and political participation on behalf of the affluent African American residents. By the end of the 1950's, many black businesses had closed down as white people began flooding the neighborhood and creating their own businesses. With the Tulsa City Commission blocking the rebuilding of Greenwood, black families were homeless and had no option but to leave Greenwood. White individuals and businesses who could afford to reconstruct the neighborhood, with the support of the city, moved in and claimed the area. Eventually black dollars were no longer circulating in the community and were being spent outside the area. What was known as the Black Wall Street ceased to exist. After Black Wall Street, black entrepreneurship continued but was not nearly as successful as it could have been. They were able to develop an area as a result of being segregated, woke entrepreneurs, internal circulation of the black dollar, and organizations in support of the black economic developments. Despite the violence, bigotry, intimidation, and lack of assistance from the federal government, black people still try to find a way in a cold world with the help of major organizations as seen in the 20th century.

20th century- Reestablishment of the National Negro Business League

The National Negro Business League was reestablished in 1991 by Harry C. Alford with 16 chapters because he wanted to establish a support group for African Americans. Back in 1989, he realized that every ethnic group was a part of or had a specific national business association that was in support and worked to advocate for that particular ethnic groups' economic well-being except African Americans. Inspired by other minority advocates like Booker T. Washington, Harry and his wife Kay, also established a National Black Chamber of Commerce (NBCC). They worked relentlessly to get NBCC incorporated in Washington D.C. in May of 1993. From what started as 14 chapters, the National Black Chambers of Commerce emerged into over 200 chapters occupying 40 states and 50 nations. It is the largest Black business association in the world. With a Board of Directors and a Strategic plan, the NBCC is driven and dedicated to "the development and interests of Black entrepreneurs" (NBCC). In the United States alone, there are 151 individual chapters, all of which are a federation that self-governs and pays dues. Holding conventions annually, the NBCC educates members and participants on a variety of topics including but not limited to Section 3 of the HUD Act, Title VI of the Civil Rights Act, environmental policy, capital access and international trade. All in all, The National Black Chamber of Commerce is a corporation whose mission is to "economically empower and sustain African-American communities through entrepreneurship and capitalistic activity within the US and via interaction with the African Diaspora" (NBCC).

Concluding the History of Black Owned Businesses

Through history, we can begin to see how everything began for people of color in the business industry. From slaves to successful business owners, the path was not clear nor an easy one. In the lower states where there was a large amount of people of color who was mixed, who

had an advantage from free African Americans in the upper states. You can see that there was a “distinct free Negro business class” emerging, especially in farming districts and in places like Charleston, New Orleans, as they were related to the white slaveholding class who had prosperous enterprises. On the other hand, free blacks in the Upper South barely established and owned a business. Those who did, only maintained small operations working as skilled or semi-skilled artisans. Race played a major role because the blacker you were the less successful you were. Not having access to rights to own land, not being as skilled as those in the Lower South and ultimately having little to no access into the business industry made establishing your own business, and for some their freedom, impossible. There was only a small number of free African Americans in the Upper South who actually operated successful businesses or owned large land. However, these businesses were widely scattered and like the many free black business owners in the Lower South, they had ties to the white slaveholding class (Schweninger). Without the support of many affluent African Americans, organization, and having an education, getting their businesses off the ground would have been impossible for most African Americans.

Furthermore, being successful was not enough as race and class problems followed you. There were “increasing racial conflicts and growing anti-Negro sentiment” as a result of white supremacist theories that made it extremely difficult for businesses to continue to grow and expand. Because white people thought their race was more deserving and superior, they jeopardized black businesses, leaving a few to survive in the Upper South, BWS being a prime example. Rebuild neighborhoods and businesses was impossible as the government was usually in favor of the racial inequality and inferiority of black people.

Some key highlights within the history of how black owned businesses emerged are the association, organizations and individuals that were created to support African Americans. The

National Negro Business League and the National Blacks Chamber of Commerce provided great opportunities for black people to learn and be successful in entrepreneurship. People like Andrew Carnegie, O.W. Gurley, J.B. Stradford made African American business dreams a reality.

Despite many hardships that people of color faced in the business industry, their determination and resilience kept them going as they strived to operate a self-sufficient black owned business.

Black Businesses in the 21st Century

As you can see from the history of black owned businesses, there have been influential leaders and organization who have paved the way for many people of color in the business industry. Despite all the hurdles they had to jump over, slaves and free individuals were destined for greatness. We see that same determination in the 21st century as people of color are still heavily invested in the business industry to continue chasing their dreams of being a successful business owner. In a survey of 2,700 people conducted by Guidant Financial and Lending Club in 2018, the top five reasons why people of color wanted to start their own business were: they wanted to pursue their own passion, they wanted to be their own boss, a great opportunity came their way, they were disappointed in Corporate America and they were laid off and needed to find a way of living.

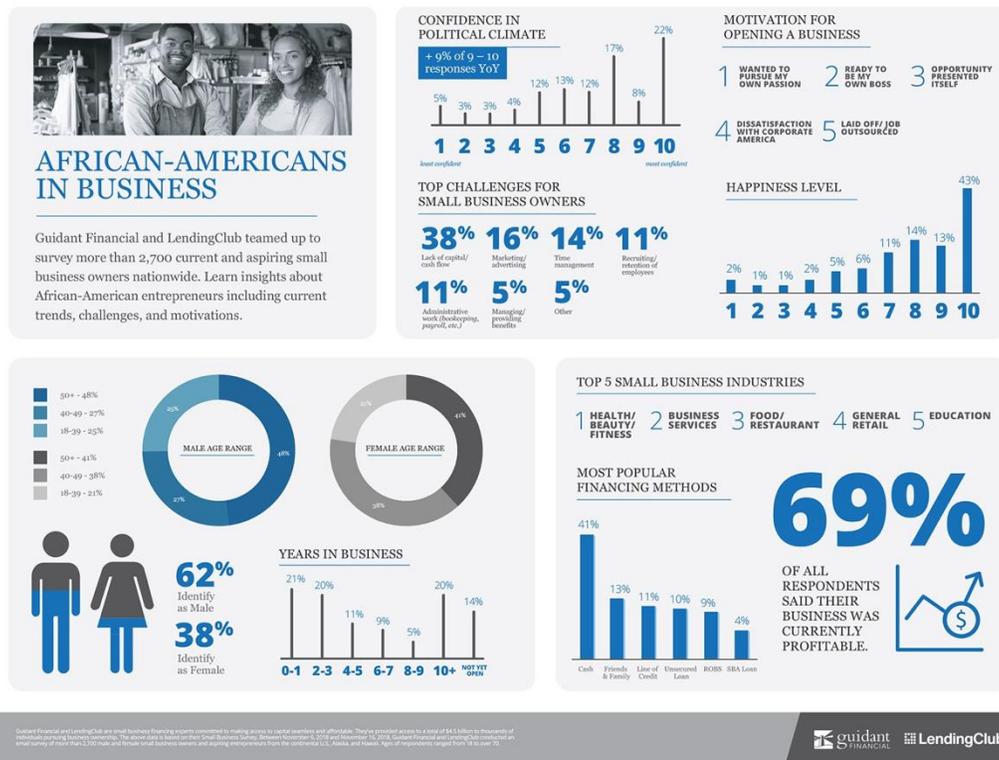
Some common challenges that people of color have faced while pursuing entrepreneurship includes but are not limited to profitability and cash flow, marketing and advertisement and time management with percentages of 38%, 16% and 14% respectively (Guidant Financial). Although 69% of those businesses reported that their businesses were profitable, only 20% of these businesses last 10 years or more and 14% of these businesses have not taken off yet. History repeats itself as we continue to see a disproportionate amount of

resources within the black community. What's even worse is that people of color's confidence in the political climate is very low, their happiness does not reach 50%, 43%, until they are 10 years into their business, and that is only if they are able to sustain a business for that amount of time (Guidant Financial).

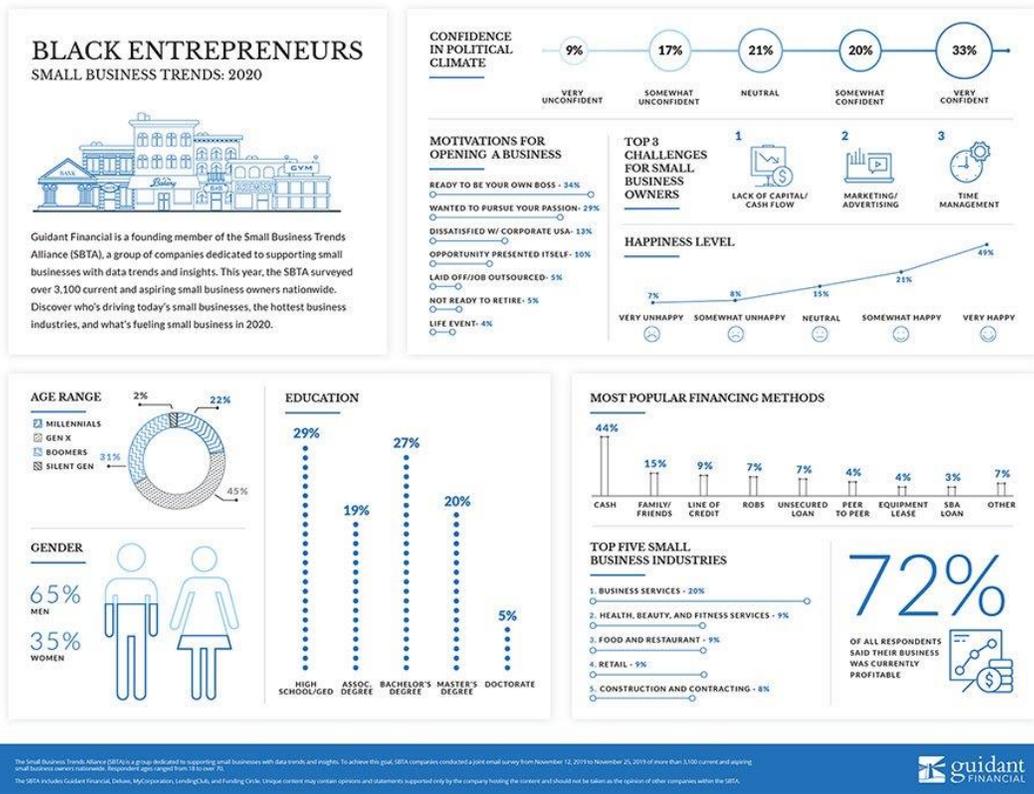
Another area of interest is the fact that there is a huge age and gender gap in the percentage of people of color in the business industry (refer to Figure 1). It is hard enough to be a person of color but being a woman of color in the business industry is a twofold setback. Despite the fact that women are extremely valuable and bring a lot to the table, they are often second guessed and receive below the average funds as any other business. According to a report from Morgan Stanley, investments for women in black owned businesses are 80% lower than other businesses. Investors have cold heartedly admitted that they rather look into businesses that are associated with men, white men especially, and have little regard to businesses of color. Many investors and bank loan investors do not think there is an imbalance in funding for women in black owned businesses but yet over 40% of investors mentioned that investing in women black owned businesses is not a priority and 31% of white investors do not care to prioritize black investing (Germano). White people in power claim that they think that 80% of women in black owned businesses get all the funding needed and turn their backs on them. There is clearly racial and gender bias when it comes to bank lenders and investors supporting women of color in business.

What banks and investors fail to realize is that despite their biases and discrimination, women in black businesses are true assets. According to the report mentioned above, women owned businesses lead markets by two percent. Investors always doubt women, especially black women and assume that they are not going to perform well against male owned or non-black

business. As a result of that mindset, investors miss out on a \$4.4 trillion opportunity. Women in black owned businesses could “account for \$6.8 trillion in gross receipts if they matched their percentage of the labor force and if business revenues were equal to traditional firms” but investors, like many other individuals, continuously exclude women out of the business industry (Germano). Check out Figure 1 and 2 below for more information.



(Figure 1)



(Figure 2)

Although people of color businesses are growing by 400%, their businesses receive lower loan amounts than whites, yet they are held to the same standards of success as white businesses. They are expected to leverage business problems on their own compared to those white businesses that receive bailouts and assistance. In the 2008 crisis, white American corporations received over \$15 trillion for bailout compared to \$2 trillion for those business of color (Gene Marks). History is continuing to repeat itself with the Coronavirus. Trillions of dollars are being considered to bailout while individuals are trying to advocate about \$484 billion dollars for the CARES program, which will be discussed later, for businesses of color. With a lack of support and guidance from the government, black business owners tend to experience slower growth and less hires in their business ventures. African American businesses typically have fewer employees than the average small business because they cannot afford to pay their workers. For

Example, in 2017 Black Enterprises identified the top 100 black owned business firms who were able to generate \$27 billion in revenue and hire 79,216 workers. While this number is impressive and shows the growth within people of color in business, a top firm in the U.S., Walmart, was able to generate 20 times the revenue of black business and hire 2.2 million more workers (Snipes). While black businesses are making progress, they've seemed to have entered a race in which white people have had achieved a 100-lap head start. History repeats itself as white people continue to have this idea that black people are only made out for a specific job. Dating back to the antebellum era, people of color were only good for labor and occupied jobs that were market specific service economies. It was the assumption that black people could not own or manage the farm business and therefore were banned from doing so. Much like today, white people do not see the relevance in black businesses and therefore do not support during crisis and in general.

There is a disproportionate representation of businesses of color within the U.S economy. Seeing that people of color make up a decent amount of the total population and have a huge buying power, the number does not seem to add up. According to data from the Small Business Administration, "about 71 percent of all U.S. businesses are white-owned, 10 percent are black owned and 12.2 percent are owned by Latinos" however, when we look at the percentage of sales, this same information is not reflected across the board (Kenny). Instead, white-owned businesses have 88 percent of the overall sales, while black businesses have 6 percent of the nation's employees and Latino businesses have 4 percent of U.S. sales (Kenny). Even though people of color have a presence in the world, they are not equally represented in the economy.

In the 21st century, we are able to see similar patterns of discrimination, whether its race, class, or gender related, within people of color. Black businesses are still being systematically oppressed as it extremely difficult to receive capital, drives sales, recruit and retain employees,

generate profits and expand. These factors trickle down negatively affecting the chances of self-sufficient black businesses.

Interviews

After exploring the history of black owned business, I wanted to take it a step further and depict what being a business owner as a person of color was like in the 21st century. I conducted four interviews with individuals who classified themselves as business owners, a former business owner and someone who works directly with black owned businesses. It is my hope that by interacting with these individuals, I can get a consensus of their experience and their perspectives on the business industry as they know it. In these interviews, I ask for background information in addition to discussing some pros and cons about being a person of color affiliated with the business industry. I am taking this approach because I think it is extremely important to have a holistic view of the trials and tribulations that people of color are faced with. For the sake of privacy, the individuals that I spoke with during my interviewing process will remain anonymous. I would be referring to them by Anonymous 1, Anonymous 2, Anonymous 3 and Anonymous 4.

African American Women in the School Business Industry

In October of 2019, I had the pleasure of meeting with two females who are the founders of an upstate organization that focuses on helping the youth and their low-income families academically and spiritually. They recognized that there was an achievement gap within the students in their community as they were performing lower than 70% of other students in neighboring towns of Newburgh and 50% of them were failing New York State exams. They

first started their work by doing a pilot in which they would manage an elementary after school program, starting in 2009 to 2012, to work with at risk youth that had academic issues in Math and English. They measured their success based on the community's participation which seemed to be increasing as they started noticing an influx in enrollment.

After their pilot, some of the challenges they faced with actually starting their academy were funding, sexism and racism. They knew funding was going to be competitive, as they were in competition with many neighboring businesses with similar missions like Horizon in the Hudson and Saint Francis of Assisi Elementary School. There were so many loopholes that they had to get through when applying for grants. For certain grants, they had to be able to prove that they were of minority status and that 80% of the members of the business were women or black, despite the fact that the two owners were people of color. They also noticed that women in black owned businesses received little to no grants compared to other organizations owned by women. Prior to applying for grants, getting banks and investors to invest in their organization was challenging. Investors would have a hard time seeing their vision and success often did not feel comfortable investing in their new business. They thought it was too risky based off of their key performance indicators and screening process. These indicators and processes would include question regarding race, income, business background etc., which hindered their chances of receiving loans. My interviewees believed they could not obtain business loans because they were black women and had no prior experience in the business industry. Another obstacle was imposed by property managers when it was time to rent and purchase a space to conduct their business. They were originally looking at a building that was a former school building that had recently closed down. The building managers initially did not want to give these ladies the building for various ambiguous reasons. When I asked my interviewees how they felt about that

process, they have mentioned that they thought it was race motivated because the building was already structured and approved to operate as a school. Luckily, by the grace of God, they were able to rent the space.

Thankfully, with the support of their families and board members, they were able to thrive. Other ways in which they generated funding was through fundraising, advertising and promotions, sponsorship, and stipends from social services. This endless support from friends and families made it possible for them to open up their business as a pre-K and kindergarten school on Sept 11th, 2019. Throughout their journey to success, they felt as if their race and gender played a major factor in the hardships they faced. As they actively searched for funding and properties, they were challenged, overlooked and underestimated because they were women of color. Moving forward, they plan to keep an annual report to track their progress in hopes of convincing future investors to invest in their business. They plan to use their community to their advantage and grow their business by any means possible.

African American Male running a Fast Food Franchise

My next interviewee shared his experience with trying to run a part of an established fast food franchise. He did not know that America was going to have an economic crisis in 2008, where many banks and investors were the root of the root of the problem. His experience touches upon problems in regard to discrimination and white privilege. My interviewee did not have the resources and support needed to conduct because he identifies as an African American man in business.

My interviewee decided to purchase a business mid 2006. For starters, he got the idea of being a business owner from a speaker at Business Expo: Networking Events he attended, early

2005. The speaker mentioned that some key takeaways to achieving the American Dream included owning a business, owning a house and making your money work for you. He recommended that your first business should be buying a part of a franchise because it is a business that is already well established and is self-sufficient. With that being said, my interviewee started his journey of proclaiming the American Dream. Him and his wife were already very hardworking individuals who saved immensely. They did everything in their power to keep amazing credit scores, high savings, and low expenses. After a few months, they reached a point in their lives where they were able to purchase a house. They made sure to never miss a mortgage payment. Their next step was to buy into a franchise into an area of interest. According to my interviewee, this step required a lot of work because he had to do a lot of research which included analyzing and understanding financial statements, business performance metrics, business trends etc. After some time researching, he found a business within the fast food industry he wanted to purchase and consulted with his wife. It appeared that the business had a positive future, based on their year over year sales plus other metric, so the couple decided to start the process of investing in this particular franchise. They called the company, set up meetings with their lawyers and went through numerous screening that required proof income, their assets, debt and their ability to run a business/make payment. This was perfect timing as they had recently purchased a house and would be able to use it as collateral for their business. After several long meetings and tedious transfers of documentation, my interviewee and his wife were now newly business owners. This was a huge accomplishment for their black family, and they couldn't possibly live this moment down. The future was looking uphill as they would now begin creating generational wealth.

After all the building construction, renovations, interviews for hiring workers, ironing out contracts with suppliers and distributors, the fast food business was up and running. Business picked up rather quickly as people were thrilled to have this new fast food restaurant in their community. My interviewee began bringing in a small profit. Besides running the operational aspect of the business, he devoted much of time to marketing, pushing as many promotions and ads out as possible. He wanted to put his name out there in the community and continued to do so by attending a few business networking events in hopes of increasing business, growing his brand, and connecting with other business owners to potentially work together. My interviewee mentioned how this was a turning point in his career as he experienced so much racism at these events. When he introduced himself as a business owner, white people would lose interest in talking or conducting business with him. He remembered how he was interacting with a few white males and once he told them he was a business owner and where he was located, police started making frequent visits to his place of work. He also noticed a decline in his customers and sales and believed that the white males were discouraging people from spending money at his business. It seemed as if white people were not content with the thought of a black man running a successful business and felt threatened enough to try sabotaging the business. He realized people paid more attention to him when he failed to mention he was not a business owner and just wanted to socialize. This provided white business owners a chance to boast about their accomplishments. From this, we can infer that white people upheld thoughts of superiority. They have determined that America was not a place where people of color are able to lived and upscale life. History continues to repeat itself as this idea is very similar to those white people who destroyed Black Wall Street in the 19th century.

As time progressed, my interviewee kept evaluating his investment per usual and it seemed like things were looking downhill. Not only was he experiencing a loss of sales due to race related hatred, but the economy was taking a turn as, what is known to be the 2008 crisis was approaching. My interviewee was in different of contracts and deals with people ranging from contractors to distributors. After conducting research and consulting with his friends, he thought he may need assistance as he was already struggling to run the business plus there was going to be a decline in the economy. As a new businessman, he thought he would be able to rely on the franchise to help him through this rough time. He needed to somehow adjust his contracts because he was expected to pay high payments with little income coming in. He tried contacting members of the franchise that he had worked with earlier on, but many wouldn't answer the phone. Those he came in contact with blatantly did not offer any help, turned a blind eye on him and his problems and eventually stopped answering his calls. At this point in time, with business was declining everywhere, companies failing and filing for bankruptcy, my interviewee had to fire some employees to afford to keep his business running. He was understaffed, barely making a profit and nervous about the future of his business. He tried renegotiating contracts on his own but was unsuccessful because the franchise was not able to back him up. With his house as collateral, my interviewee began feeling defeated. He understood that his business was crippled, he couldn't afford to make the payments, had no resources or additional access to capital, and this was the end to his American Dream. The only thing left for him to do was to file for bankruptcy and find a way to untangle all of their assets. My interviewee and his wife flushed out their checking and savings count to purchase a lawyer in which he filed for bankruptcy. He decided to sell all his furniture from his house on eBay to generate money to buy an apartment. He knew his house was going to be taken so he tried preparing himself.

Entering the businesses industry was an overall bad experience for my interviewee. After several cries for help, no one was willing to help him and watched him suffer silently. He watched the government save and dump money into other organizations and branches of his franchise, yet he could not get any help from anyone at his store. He put his blood, sweat and tears into this business for it to last less than 2 years. He felt like the system had failed him despite him doing everything right. Today, my interviewee lives in a condominium, takes minimal risk and is currently focused on building a future for his children. He has no hope in achieving the American Dream and thinks that this was a learning experience in which he will teach his children from.

Employee from Good works Institute

In February of 2020, I had the pleasure of meeting with Goodworks Institute, a non-profit in upstate NY. As someone who works with small businesses, she was able to summarize her experience and share her thoughts in regard to investments in black businesses. We discussed some of the issues that people of color with businesses face and some of the necessary actions needed to help these businesses prosper. In my interview, one of the key things that were mentioned were “people of color in business, face many roadblocks with little to no resources, support and help from the community”. Many saving banks and banks are discriminative of people of color and oftentimes offer them higher interest rates compared to any other races. There is also a lack of support in the community. Because many people of color live-in low-income households, sometimes they cannot afford to buy and invest in black businesses. They are more likely to support white businesses that have lower prices. Also, black people actions are often the result of the discrimination and discouragement instilled in their DNA from birth.

Growing up, they were taught that black people were inferior, less worthy and do not deserve to be successful. As a result, their decisions are distorted, and actions made today are negatively impacted. They typically will not support black businesses because they want to stray away from that stigma and being associated as a person of color. Other topics that circled around in the interview was the fact that there is a need for democratizing wealth communities in the business industry as well as in the workforce. “There is a need for social equity that way we are supplying businesses and individuals with the same opportunities and resources needed to be successful” (My interviewee). She highlighted that the black dollar only circles around for 6 hours compared to Asians, Jewish, and white people whose dollars rotate for 28 days, 19 days and 17 days respectively. This goes to show the lack of equity that exist in today’s society and acts as a key comparison from Black Wall Street. One of the main reasons why black Wall Street was able to thrive was because the black dollar was circulating for longer period of time, like a year, within the community. Having the black dollar circulate effectively is very beneficial to black communities and businesses.

After identifying some of the issues she witnessed, she was able to provide potential solutions that she thought would be beneficial to black owned businesses and the world as a whole. For starters, she stressed the importance of resilience. People of color need not to give up no matter how hard things get and should continue fighting until they cannot anymore. This includes networking, as you should constantly be working towards connecting with people, promoting your brand and creating a positive image for yourself. One thing that was mentioned above was that because people come from low income households, they cannot afford the higher prices. To counter this, more people of color should enter the business industry because with competition, prices will decrease. Resources also need to be shared and businesses and

communities need to work together. This mindset is what led Black Wall Street to be as great as it was. Furthermore, changes within the media is prominent as it plays a major role in how African Americans are depicted. The media have a tendency of celebrating black artists or athletes which limits the average black person to thinking that those careers are the only way to be successful. There needs to be better representation of successful people of color which includes highlighting people of color that are lawyers, doctors, scientist, economist and of course business owners. Black children need to be inspired to strive for other professions, but it all starts from what's idolized in the media. The media should not also be the only source of information as fake news does exist. For those who are not of color, educating yourself and being open minded is key. Other races tend to look the way as financial problems and gaining resources are not issues that they come across. When encountering people of color who are struggling or do not meet certain criteria, it is not okay to make assumptions based on your personal biases. For example, with bank lenders, people of color were not raised with as much capital or had multiple businesses that were successful. Because they are not able to provide a history of successful businesses in the past does not justify why their interest rates should be higher. In addition, people who are not of color should be working to recruit and diversify members to account for a variety of perspectives and allow better representation. This can be helpful for educational purposes but also to ensure that there is diversity, equity and inclusion.

Concluding Interviews

From the interviews I conducted, we can see how race class and gender played a role in the success of black owned businesses. Being a person of color in the business industry is extremely difficult because not only do you face daily business problems, you're constantly

facing discrimination because of your skin color, disadvantages because of your gender and lack of support because of other people's personal biases. We continue to see a consistent pattern of privileged white people succeeding because they have connections to capital and resources. We continuously see how black businesses are jeopardized and driven to the ground because of inequitable treatment of class and gender. Lastly, we continue to see how, your skin complexion determines whether you will survive the business industry.

Success in Black Owned Business

Before we actually are able to talk about the achievements within black people in the business industry, we must define success. This term is used so frequently but means something different for each person. According to LinkedIn, success can be defined as the achievement of desired visions and planned outcomes. Some dictionary definitions label success as attaining wealth, fame or prosperity. For the sake of this essay, success is the achievement of a self-sufficient business. Black business owners wanted to run a business that did not require any outside help in which they could be emotionally and intellectually independent. Despite all the hardships, many African Americans were able to create self-sufficient jobs. With constant hard work, resilience, determination and the help of wonderful organizations that support black economic development, we are able to highlight key individuals and organizations that have led the way for people of color in the business industry.

Organizations

As mentioned earlier, there are a few organizations that exist that have been an anchor in the success of many black owned businesses that exist today. A few of those organizations

include but are not limited to the National Association for Advanced Colored People (NAACP), The National Negro Business League, The National Black Chamber of Commerce (NBCC), The National Urban League, Congregational Black Caucus (CBS) and The Minority Business Development Agency (MBDA), just to name a few.

The National Association for Advanced Colored People (NAACP) overarching goal is to “secure the political, educational, social, and economic equality of rights in order to eliminate race-based discrimination and ensure the health and well-being of all persons” (NAACP). Just recently, with everything that is taking place with COVID-19, the President of the NAACP puts pressure on the government to help out small black owned businesses. He wanted to enforce a Coronavirus Aid, Relief, and Economic Security (CARES) Package which is a stimulus bill to give \$484 billion to black communities to financially support black owned businesses in black communities that have been negatively impacted during coronavirus (Gray). In addition, the president hosts events called “Small Business Days” to help black owned businesses who do not have the physical space to sell and promote their businesses and products. He has worked with the CEO of Winston-Salem Urban League to help level the playing field for people of color pursuing entrepreneurship. They have provided resources including teaching computer literacy skills to keep these businesses up to speed with the technical world that constantly changes and is making a difference between successful and unsuccessful businesses (Stinson). This is extremely relevant as some of the problems people of color face is having the resources and tools to continue to compete with their counterparts.

The Minority Business Development Agency (MBDA) is an agency of the U.S. Department of Commerce, initially founded by President Nixon in 1969, that focuses on the growth and success of minority-owned businesses. Their members of the agency work to connect

minority-owned businesses with the capital, contracts, and markets they need growth. They serve as major advocates in meetings with elected officials, policy makers and business leaders and with their help, minority owned businesses are able to increase revenue, expand worldwide, create jobs, build scale and capacity. MBDA has made an everlasting impact in many minorities thus far. Over the last 3 years, the MBDA have helped to complete over 2,400 projects utilizing over 1,200 minority owned manufacturers, which represents 7% of all manufacturing clients that have been assisted. Over the same period, the MBDA has helped minority businesses to generate over \$2B in sales, create over 21,000 jobs, help businesses save a little over \$147 million and produce about \$4148 million in new investments. The MBDA has been more than helpful for people of color with their generous donations, mentorship and constant investments. According to the U.S. Census Bureau, the number of minority-owned small businesses in the U.S. is growing much faster than the overall small business growth rate (MBDA).

Similarly, the NBCC has been extremely helpful in the development of black owned businesses. Their goals are centered around using procurement, international trade, access to capital to increase business development and economic growth within African Americans communities. Distinguished problems like not having access to resources were combatted by educating and training those of colors within the business industry. They provided technical support and other skills needed to thrive within the business industry. Like the National Negro Business League, this organization fought on behalf of African Americans as they deciphered through Jim Crow. Today, the league fights for the rights and needs of African American entrepreneurs to local, state and federal governments.

Individuals

Likewise, there are extraordinary individuals who have successfully made their way in the business industry. Despite being self-sufficient and accomplished, they all have experienced great challenges and obstacles. Each having unique stories, I share how they have navigated their way through the business industry.

An interesting individual that comes to mind while on the topic of successful black business owners is Oprah Winfrey. Oprah Winfrey is the first African American to be a billionaire at the age of 32. She has overcome several adversities as she was raised in a rural area in Mississippi, by a single mother on government assistance and was sexually assaulted several times by family members. She got her education at Tennessee State University where she spent most of her time in Nashville on radio and television broadcasting. From early, she's been in the broadcasting world. After college, she moved to Maryland where she worked for eight years on "People are Talking", a talk show aired on WJZ TV. People were so impressed by her work that she was recruited to Chicago where she did her own show called A.M. Chicago and the rest is history. She established her own network and talk show, Oprah Winfrey Network and the Oprah Winfrey Show. She launched her own television production company, Harpo's Inc, got nominated for an Academy Award for Best Supporting Actress in the Color of Purple and continues exploring many business ventures. Oprah network kept growing as she is now the first African American to become a billionaire. Oprah's story is an example of how true dedication, perseverance and resilience will get you far in life. She did not grow up in wealth, but she still managed to educate herself. She stayed involved with things she was passionate about and with the help of a legendary film critic Roger Ebert, in 1986 she licensed her show for a national audience through syndication and began generating enough income growing her to a billionaire.

Oprah's talent and focus got her to where she was. Not everyone is and will be lucky to be as fortunate as Oprah.

A similar story is one of Ursula Burns and how she became CEO of Xerox. Xerox is an American corporation that sells print and digital products and services across over 160 countries. Burns was the first African American female to become CEO, in a male dominant industry, of a Fortune 500 company. She too grew up in a poor neighborhood in the Lower East side of Manhattan. She was raised by a low-income single mother who ran a daycare and performed services like cleaning to make ends meet. Ursula pursued her bachelor's degree in mechanical engineering at Polytechnic Institute at New York University. She then moved on to Columbia University to pursue her master's in mechanical engineering while being a summer intern for Xerox. Upon completing her masters, she started a full-time position as an assistant with the company in 1981 and has been with the company since 2016. Burns devoted numerous years into Xerox and in the end, her hard work paid off. She quickly rose through the ranks, obtaining numerous management and senior positions until she became CEO in 2009. Burns mentioned that "Being bold, outspoken and down to earth is typical Burns ... climbing up the ladder of a male-dominated company like Xerox was not a simple task". She had to take an assistant position and leverage that to her advantage. Burns has worked tirelessly and relentlessly to achieve all of her accomplishments despite all the difficulty it was to be the first woman. Her work did not end with Xerox as in 2009 she was selected by President Barack Obama "to help lead the Science, Technology, Engineering, and Mathematics (STEM) Education Coalition, a national alliance of more than 1,000 technological organizations striving to improve student participation and performance in the aforementioned subject areas through legislative advocacy" (Nolen). She even went on to become another chairman and CEO of an Amsterdam-based

telecommunications provider. We are beginning to see a common pattern in education and networking being some of the key ingredients to being successful as a person of color in the business industry. For Burns, she had to accept less to gain more in the future.

Another example of successful African Americans in business is Robert L. Johnson. He is the founder of Black Entertainment Television (BET) and he is one of few and the first African Americans to own majority of a major league sport in America, Charlotte Bobcats (basketball). He was well educated as he got his bachelor's in history from the University of Illinois and his master's in public affairs from Princeton University. He started his career by working for the Corporation for Public Broadcasting and the National Urban League upon moving to Washington D.C. The National Urban League was much like many organizations mentioned before that worked to eliminate segregation and to make sure that African Americans were able to participate in all aspects of the American life. From there, Johnson was able to network with many business and broadcasting people who were able to help make his dreams of having a black owned television company a reality. As a result, he was able to make a cable connection that broadcasted for two hours a week known as Black Entertainment Television (BET). Today, BET is one of the most prominent television networks targeting the African American audience. He is also known for accomplishing other things in life like organizing a tour of African American business leaders to Liberia. This trip led to the creation of the Liberia Enterprise Development Fund.

In an interview about his success and all of his accomplishments, he was asked tough questions about what it was like pursuing a career in the business industry, what were some challenges he faced and what advice or recommendations he would give. Robert Johnson had a lot to say as it is not easy being a person of color in the business industry. He mentioned that

being educated is a requirement. Without it, it's hard to be in the same rooms with people who you could connect with and be of potential help in the future. He stressed that the “next thing is bringing access to capital, a talented management team, and strategic partners and relationships. That has been the cornerstone of my success story. I’ve always had the good fortune of convincing partners to work with me by showing them that I have the same integrity, work ethic, and talent as they do” (Poe). Some problems, within minorities, that he mentioned is the fact “that there’s not enough capital in the community as a whole, and you have to go outside your family and friends to get capital to start your business. Minorities aren’t on the deal flow. You don’t see them at the tennis club or country club or on boards of directors, so connections aren’t made, and minorities are left out of the deal flow” (Poe). Johnson touches upon the same idea that we have seen throughout the history of people of color in the business industry. Not having capital or being at the tennis club is the equivalent of being a person of color in the Upper South and not having any white lineage in you. As a result, you miss out on the opportunity to make deals and connect with people who can invest in you, similar to how black owned businesses in the Upper South struggle to get their business up and established. There is a hidden barrier of being successful in the business industry and it comes down to systematically being oppressed. Time and time again, African Americans are blocked from resourced or have to go outside their communities for resources where they will face a system of oppression. This is depicted by the higher interest rates on loans, the lack of grants available, no support as witnessed by my interviewee who could not maintain a business in the fast food industry, people of the white face turning a blind eye to people of color in business etc.

As we can see, Johnson was successful but there were a lot of contributing factors that played a major role in his life. For starters, he was well educated. But what happens to those

people of color who can't afford a decent education? This is how the system indirectly impacts the success of black people pursuing entrepreneurship. Another thing is, Johnson made valuable connections from working for a corporation and the National Urban League. His education allowed him a job that put him in direct contact with people who would later be his biggest investors and advocates for his business. He also had the great support of the Urban league which provided him with skills and resources. There is a desperate need for the establishment of more organizations that are devoted to the enhancement of people of color in all aspects of life. This varies from education, networks/networking, career success and mentorship. In addition, Johnson took what he learned plus hard work to make his dreams come true. Hard work is obvious but actually applying what is being taught to your passion will do the trick. Some people miss out on the lessons because they're not educated, nor do they have a seat at the table. Sometimes passion and hard work will not be enough as the system will constantly keep knocking you down until you cannot get up anymore. Lastly, paying it forward is the biggest part. After achieving all that he had, Johnson never turned his back on his people. He went forward in life and founded "Our Film Stories" to give people of color interested in the entertainment business an opportunity to pursue their dreams and to tell their stories. He also established the Liberian Enterprise Development Finance Company to promote investment and project development in Liberia. Seeing how difficult it was to be where he is currently, Johnson constantly gives back to help those who are in similar or worse positions he once was in.

Solutions

It is interesting enough that black businesses are still thriving despite the many obstacles they battle with. It would be even more interesting to see how much the economy benefits from

these black owned businesses if these challenges no longer existed and black owned businesses got the support they needed. It does not have to be this way as there are more than enough practical steps we could take to move forward. After surfing through the history of black owned businesses and catching a glimpse of what it is like in the 21st century, some ways in which society can help support and invest in business are by the following.

Diversity, Equity and Inclusion- Even Level Playing Field

As mentioned earlier, it is extremely unfortunate how little income black families are bringing in compared to white families. Some statistics mention that “99th percentile black family is worth a mere \$1,574,000 while the 99th percentile white family is worth over 12 million dollars. This means over 870,000 white families have a net worth above 12 million dollars, while, out of the 20 million black families in America, fewer than 380,000, less than 2%, are even worth a single million dollars. By comparison, over 13 million of the total 85 million, about 15%, white families are millionaires” (Snipes). The number one reason why black owned businesses are not self-sufficient is because they lack capital and the resources needed. One of the most important things that needs to be done is leveling the playing field for people of color. According to research, “communities’ generational economic empowerment is linked to entrepreneurial success” (Kenny). We need to improve African Americans everyday life and their economic and financial positions to effectively support their businesses and them as a whole. This includes improving their communities, schools, and providing jobs.

There is a strong need for diversity, equity and inclusion. We have seen through the history and 21st century of black owned businesses where being educated and having capital can land you, with people like Oprah Winfrey, Ursula Burns and Robert L. Johnson. America’s big

corporation and firms need to hire more people of color, women, and continue to diversify the workplace, schools and in society in general. Having diversity, equity and inclusion in the educational system can help students not only think critically and analytically but help them navigate their lives in a diverse and interconnected world. This kind of preparation can lead to a reduction in bias, stereotypes that have been the center of racial violence and discrimination within the black owned businesses in the Upper and Lower South. Providing people of color with an equitable opportunity to get educated and acquire jobs is equally as important. Graduation rates are much lower within people of color and this has a direct impact on their career path and future wealth. Similar to leveling the playing field, people of color should have the ability to attend school that will provide a proper education and adequate resources.

Furthermore, having diversity, equity and inclusion within the workforce foster a creative and more innovative environment for businesses to thrive. This is all possible because with diversity, comes people with different cultures, backgrounds and perspectives which can uniquely be pooled together to solve complex problem within an organization. Also, incorporating and practicing these three concepts allows the best candidates to be hired. A lot of times biases and stereotypes get in the way when making a decision about who to hire. Recruiting from a diverse talent pool can reduce this issue and help businesses achieve competitive advantage. This help black businesses because people of color will be provided the opportunity to gain skills and networks needed to start and maintain a self-sufficient business.

Overall, by empowering black people, even the playing field by providing the tools they need and incorporating diversity, equity and inclusion, we can advance and strengthen black people and their businesses. By strengthening black businesses we'll directly impact the economic state of the United States. It is said that black businesses are the second highest

employer of African Americans. It would be like killing two birds with one stone because black businesses would have the opportunity to thrive while employment opportunities for people of color will increase.

Directly investing to increase black owned businesses' capital

It is said that black businesses have trouble hiring and retaining employees because they are struggling to even generate revenue let alone profits. According to the U.S. Census Bureau's Survey of Business Owners (SBO) "over 90 percent of Latino and black firms do not have even one employee other than the owners (Snipes). With that being said, businesses who are able to hire and retain employees are said to have a greater economic impact than businesses who cannot. According to the survey mentioned above, "67.3 percent of firms without employees had annual sales of less than \$25,000" (U.S. Census Bureau). Another way we can help black owned businesses is by directly investing in them so they can afford to pay employees and yield a greater potential for growth. Once a company hit a \$250K mark, they'll be set to hire employees and run their businesses. Bank lenders and investors could help out with this process by setting a target and not quotas. Lenders typically check off the box that they've helped a handful of small businesses in comparison to the white businesses they solely work with. They can also assist by reviewing their screening process and making sure that it is not biased, nor does it have hidden agendas to systematically oppress people of color. They can help with investments by being extremely transparent and supplying adequate feedback for businesses of color to thrive.

Furthermore, using incentives for people and companies to invest in black owned businesses is not a terrible idea as well. In the interview with Robert L. Johnson, he mentioned that "using the tax code to give an incentive to companies that invest in minority businesses by

reducing the capital gains tax on that investment” is one way in which organizations could support businesses of color. This is very similar to the Minority tax Certificate program implemented by the Federal Communications Commission (FCC) years ago. This gives other organizations the opportunity to buy and invest in black owned products and services in exchange for the opportunity to defer that capital gains tax for five years.

While there are numerous cases of the government and entrepreneurs providing support for black owned businesses, more needs to be done as black owners and businesses are stagnant. For example, in Oakland, California, a special business district was created by the city council to “promote and support” local black artists and businesses. Furthermore, in February 2020 during Black History Month, Texas launched its first ever Black Business Week to celebrate black owned marketplaces such as BBurb, Black Wall Street and Philadelphia’s iBuyBlack.org (Gene Marks). While these efforts do not go unnoticed, more support is needed so that the support and benefits can impact businesses of color all over the United States.

More visibility and support groups

Despite the hardships and obstacle courses black people have to run, they should continue to make themselves more visible. Diamonds are made under pressure so if they need more investments or support, they should constantly work towards, if they aren’t already, meeting with people who have the potential to take their business to the next level. This includes but is not limited to attend meet and greets as well as business networking events. People of color should be aggressive and never forget to network linear and bilateral.

As I have mentioned before, there were and are many organizations that have paved the road for people of color in the business industry. With that being said, there should also be more

support groups and organizations for people of color to use to their advantage. There need to be more companies and organizations that have an interest in helping women of color in business.

Conclusion

I pursued this topic because as a person of color pursuing finance, with hopes of having my own business in the future, it is important for me to understand and share the history of African Americans in the business industry. It is extremely discouraging to enter the business industry knowing what I would potentially face and have to conquer to be successful. Change needs to happen and while it will not happen overnight, I think it is practical and possible.

There is no doubt that people of color have faced endless amounts of struggle in regard to starting and maintaining their businesses. They've battled being discriminated again because of their skin color, lacking resources because they had no white lineage or were not educated, and suffered from violence because of racial hatred. After Black Wall Street, black entrepreneurship continued but was not nearly as successful as it could have been. Despite any violence, bigotry, intimidation, and lack of assistance from the federal government, there are many organizations and individuals that stand tall and firm. They have and continued to pave the road. The number of black owned businesses and the degree to which they can be successful can explode with the help of the government and society. Being more practical about investing into black owned businesses and taking steps to incorporating diversity, equity and inclusion are all steps in the right direction.

I do believe there is hope for black owned businesses. They have the potential to be great and positively impact the world, but more people need to see the vision and put it into practice.

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