Effectively Reaching Businesses Owned by People of Color

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Meda’s Mission
To help entrepreneurs of color SUCCEED!
And communities GROW!

Meda’s Vision
Thriving communities through equal economic participation
Who we serve:

- 44% are immigrants.
- 49% are low to moderate income

Respondent Industries:

- Construction: 22%
- Accommodations: 14%
- Admin/Facilities: 11%
- Healthcare: 2%
- Manufacturing: 10%
- Information Technology: 10%
- Professional Services: 15%
- Wholesale: 6%
- Transportation: 4%
- Retail: 6%

400 – 500 entrepreneurs of color each year

What Meda provides:

- Access to Capital
- Access to Business Consulting
- Access to Market Opportunities
Meda’s Annual Survey

Average respondents = 200+ firms

- Generated $1.4 billion in revenues
- Employed more than 7,800 people
- 51% of employees were people of color
- 80% of employees were paid $14.75 or more per hour

What Meda produced in 2014:

- Secured $26 million in financing for entrepreneurs of color
- Assisted with $660 million in contracts - 31% were to entrepreneurs of color
- Provided 12,000 hours of professional advice and 65 government procurement trainings
- Created 521 jobs through 15 new minority owned business starts and financing activity alone - average wage of $22/hour
Access to Capital

- Meda Loan Fund (CDFI)
- Minneapolis Foundation Stadium Fund
- St. Paul Foundation East Metro Fund
- Urban Initiative and Emerging Entrepreneur State Funds
- Leveraged Funds

Access to Business Consulting

- General Consulting – trusted advice
- High potential start-ups - planning
- Acquisitions – complex
- Team environment – best resources
- Industry Specific - Construction Connection
- Volunteers – HR, Marketing, PR, Legal, Accounting

Collaboration between CRF, Meda, City of Minneapolis and a community bank
Entrepreneurs of Color need:

- Structured support
  - Startup capital
  - Training and technical support
- Education
  - Black and Hispanic entrepreneurs have lower education levels than Asian and White entrepreneurs
  - Between 1976 and 2008, encouraging trend
    - Number of African Americans earning bachelor degrees in business increased 316%
    - Number of African Americans earning MBAs increased 1,399%
- Resources for asset creation
  - In 2013, White median net worth = 15X African American
  - In 2008, median equity of minority homeowners substantially less than non-minorities

Barriers for Minority Entrepreneurs

- Lending discrimination can exacerbate this problem by further restricting access to capital.
- When African Americans and Latinos are unable to build assets, their probability of participating in businesses reduces significantly.
Key Factors to Entrepreneurial Success

Four key factors to enter into and be successful in business are:
- Access to financial capital
- Access to human capital (education and experience)
- Family members in business
- Access to markets

Entrepreneurs of Color Grew through the Great Recession

In Minnesota:
- In 2012, there were 47,565 minority businesses with $8.7 billion in sales, employing over 63,000 people with an annual payroll of $1.7 billion.
- From 2007-2012, minority businesses achieved a 58% growth in sales. Non-minority businesses’ sales grew by only 30% in the same period.
- Minority businesses achieved a 68% growth in the number of jobs. Non-minority businesses’ jobs grew by only 10%.
Entrepreneurs of color make an impact

African American entrepreneurs reduce the racial wealth gap

- Study of income data from 1999 to 2009:
  - African American entrepreneurship reduces wealth disparities between African American and white families
  - Upward wealth mobility of African American entrepreneurs = white entrepreneurs
  - Self employed entrepreneurs have higher wealth and more upward mobility than those in the labor force