



## Effectively Reaching Businesses Owned by People of Color

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### 2015 OPPORTUNITY FINANCE NETWORK CONFERENCE

## Meda's Mission

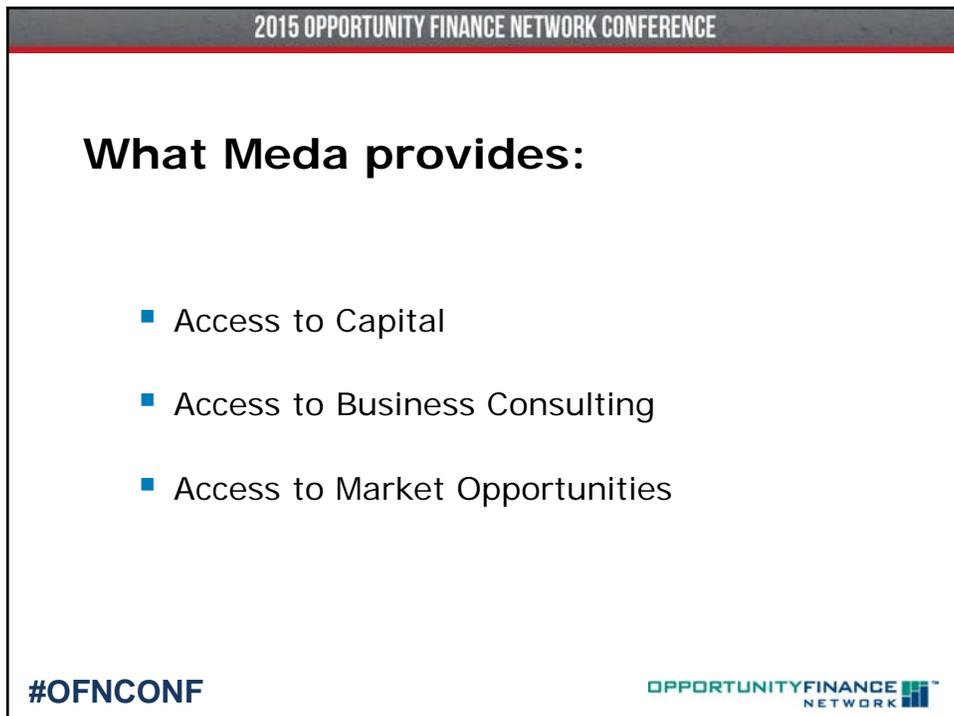
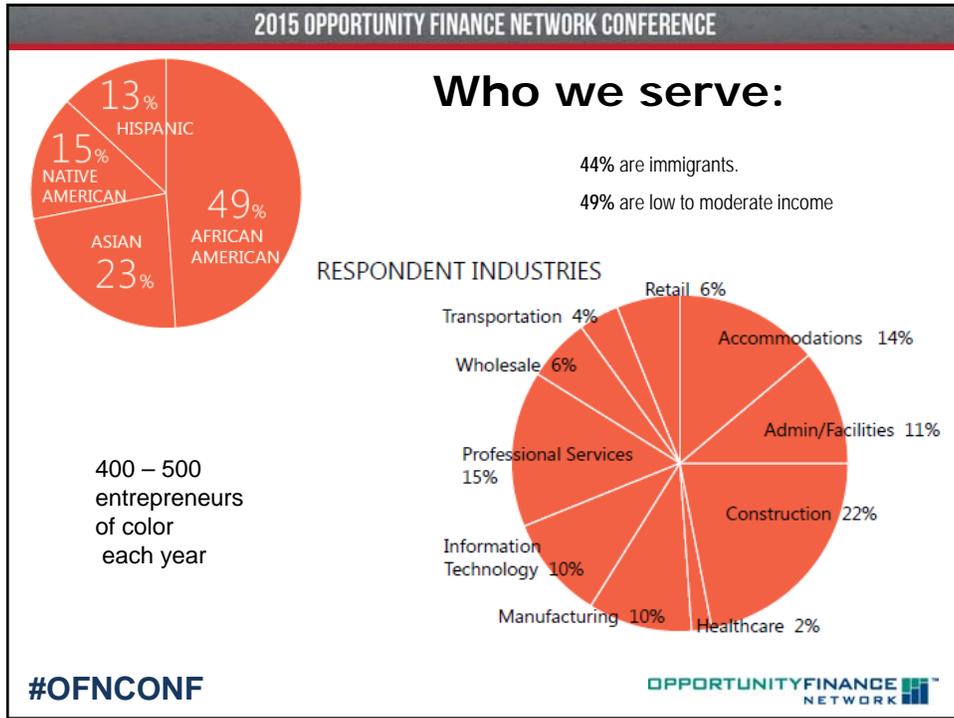
To help entrepreneurs of color **SUCCEED!**  
And communities **GROW!**

## Meda's Vision

Thriving communities through  
equal economic participation

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## 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

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## 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**

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## 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



Collaboration between CRF, Meda, City of Minneapolis and a community bank

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## 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

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**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

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**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.

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## 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

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## 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%.

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## 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

Source: William D. Bradford, Washington University. *The "Myth" That Black Entrepreneurs Can Reduce the Gap in Wealth between Black and White Families*. Thousand Oaks, CA: Economic Development Quarterly, vol. 28 no. 3 254-269, 2014

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