

Skin In The Game:

A Closer Look at Funding Challenges and Opportunities for Black-Owned Businesses



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BLACK-OWNED
37%
WHITE-OWNED

of Black business owners report that their revenue dropped by at least half since the pandemic began, compared to of White owners, based on a recent survey. ¹



8 out of 10 Black-owned businesses fail within the first 18 months. ²



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Financing shortfalls are more common among Black-owned firms than among white-owned firms. ³



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Income Does Not Equal Impact



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The murder of George Floyd and COVID-19’s disproportionate toll on Black-owned businesses led to a global call to action against racial injustice and Corporate America’s promise to address inequality.

However, despite this unprecedented attention and \$70B of financial support, most minority businesses are still struggling to stay afloat - let alone thrive.

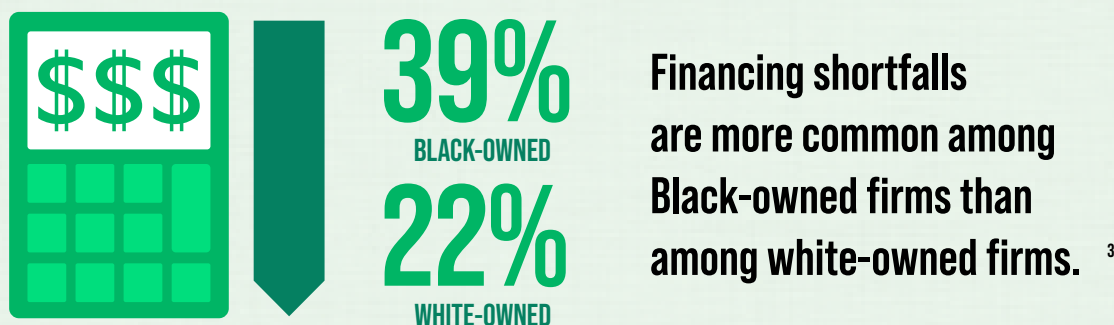
53% of Black business owners report that their revenue dropped by at least half since the pandemic began, compared to 37% of White owners, based on a recent survey.¹

But COVID-19 is not to blame for this racial inequality.

In fact, long before the pandemic, **8 out of 10 Black-owned businesses fail within the first 18 months.²**

This shows the need for a different approach and to provide the support that can actually make a lasting impact - the kind that goes beyond funding and promises.

Black Business Funding: The Good, The Bad, and The Ugly



There's no denying that funding is crucial for any business to succeed.

And it's even more critical for Black business owners.

Black-owned businesses that received growth funding expanded owner wealth by **45% more than those that did not.³**

This funding is often used to purchase more advanced equipment, hire more staff, or open new business locations - all of which can help speed up production, improve output, and ultimately scale their business.

Sadly, the lack of capital is twice as likely to be cited as the reason for the closure of Black-owned firms.³

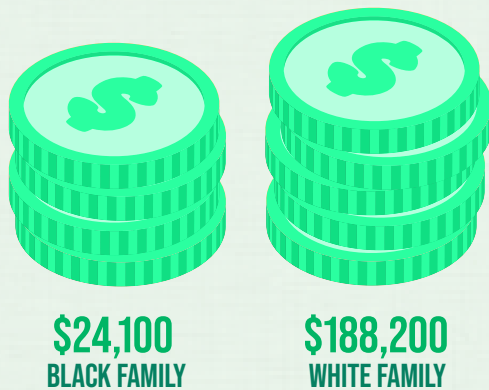
According to the Federal Reserve Bank's 2021 Small Business Credit Survey (SBCS), **financing shortfalls are more common among Black-owned (39%) firms than among white-owned firms (22%).³**

The systemic oppression Black business owners face makes it difficult for them to get approved for business loans that could spark the growth of their businesses

Those who fail to get support from conventional banking programs and those who do not have access to expert guidance in choosing the best financing structure for their business, often choose the simplicity and clarity of alternative options or non-bank services.

However, these usually come with high transaction costs, greater risks, onerous terms and conditions, and fewer regulatory protections.

Generational Racial Wealth Gap: What It Truly Means To Have Skin In The Game



An average White family in America had \$188,200 in wealth, and average Black family had \$24,100

Black business owners often don't have access to the same generational wealth that many white business owners enjoy.

According to the Federal Reserve, in 2019, **the average White family in America had \$188,200 in wealth, while the average Black family only had \$24,100.³**

This doesn't only affect how much wealth they have right now, but also their capability to make more money from their ventures.

Aside from funding, business owners need access to extensive training programs and resources to develop the skills and business acumen needed to succeed.

People with generational wealth also have more connections that they can turn to for support - whether it's with funding, resources, or introductions to meaningful connections.

Lastly, and most importantly, having generational wealth means having a safety net. White business owners with generational wealth can often take bigger risks in hopes of bigger rewards to grow their businesses. Meanwhile, most Black business owners would have nothing to fall back on, which leads to smaller, more calculated steps, and ultimately slower growth, if any.

In short, taking risks can mean risking everything they have.



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of Black business owners say they are “discouraged” from applying for loans.

Bridging the Racial Funding Gap: How Financial Institution Can Drive Change in Black Communities

The economic vitality of Black communities hinges significantly on the success and growth of Black-owned small businesses and microenterprises. Yet, these businesses face an undeniable and stark disparity when it comes to accessing capital. The racial funding gap is more than just a statistical blip—it's a palpable barrier for Black entrepreneurs striving to carve out their space in the business realm.

To lay bare the extent of the challenge: a mere 1% of Black business owners succeed in obtaining business loans during their inaugural year. The average startup capital for these entrepreneurs stands at a modest \$35,205. This discrepancy is further illuminated by the fact that 37.9% of Black business owners express feelings of discouragement even before initiating loan applications.

Federal Reserve statistics accentuate this disparity, revealing that while 80.2% of white business owners manage to secure at least some portion of their requested funding, only 66.4% of BIPOC entrepreneurs experience the same success. When they do manage to receive financing, BIPOC businesses often grapple with lesser amounts—typically about \$30,000 less than white-owned counterparts—and are burdened with interest rates that average 1.4% higher.

Financial institutions stand at the precipice of a transformative opportunity. By proactively addressing these disparities, they can not only foster economic growth in Black communities but also reinforce their commitment to creating an inclusive economic landscape. One pivotal strategy lies in the realm of microloans. While small-dollar lending has proven to be a game-changer for several small businesses, there exists a conspicuous lack of lenders offering such options in the U.S. By introducing and promoting microloan initiatives tailored for Black-owned businesses, financial institutions can offer a lifeline to these entrepreneurs, allowing them to launch, sustain, and expand their ventures.

Furthermore, beyond merely providing financial support, there's a critical need for technical assistance. Offering educational resources, mentorship programs, and training workshops can empower Black entrepreneurs with the tools and knowledge they need to navigate the complex world of business financing.

The road to economic equality is undeniably challenging, but with concerted efforts from financial institutions, it's a journey that promises significant returns, not just in economic terms but in fostering vibrant, resilient, and diverse communities.

¹ Black-owned small businesses hit harder by pandemic than White-owned firms, CBS News

² Why Black-owned businesses are struggling to stay afloat, CNBC

³ Strengthening the Links Between Business Ownership and Minority Wealth Building, Capital One

⁴ Finding Diverse Suppliers: Beyond Best Practices, Supplier.io

⁵ Corporate America's \$50 billion promise, The Washington Post

The Boomin' Effect



As a Black business owner, I have come to realize the importance of businesses in enriching our communities.

Businesses not only allow business owners to build their wealth and bridge the racial wealth gap for themselves. It also creates jobs that improve the quality of life of more people. It helps provide essential goods and services to keep the money in the community, and it adds life and vibrancy to the neighborhoods.

Sadly, it also opened my eyes to the systemic oppression that's kept Black-owned businesses from thriving for decades. The lack of access to the things we need to not just survive but to thrive.

That's why we've decided to build Black Business Boom, a social enterprise that supports entrepreneurship in Black communities to address and reduce economic inequality.

Boomin University, powered by Black Business Boom, is dedicated to supporting minority small business owners by providing free educational resources and opportunities to help grow their businesses.

Our programs offer a range of benefits, including access to workshops, courses, mentorship programs, networking events, and other resources designed to help entrepreneurs develop skills and knowledge to succeed in their respective industries.

We accomplish this through our specialty in Training and Technical Assistance, Procurement Matchmaking, and Branding & Digital Marketing.

These specialties allow us to provide a holistic, and comprehensive approach to supporting Black-owned businesses achieve the success they deserve.

Our Training and Technical Assistance program offers expert guidance on business planning, financial management, and marketing, along with customized technical assistance. We match minority-owned businesses with private-sector procurement departments to develop competitive proposals and increase their chances of winning contracts.

Our branding, social media, and digital marketing services help clients build strong and recognizable brands with customized marketing strategies.

Empowering Black Businesses Through Microfinance Solutions



In the vast landscape of community development, there lies a profound opportunity to uplift Black-owned businesses through the lens of microfinance. At Boomin University, our refocused vision acknowledges the challenges Black small businesses and microenterprises face, especially in securing traditional loans. It's essential to emphasize that offering microfinancing is more than just providing financial support; it's about investing in dreams, fortifying community pillars, and enacting genuine economic transformation.

By allying with Boomin University, community development professionals at banks open doors to an expansive and potent network of Black microenterprises. This partnership isn't a mere transactional relationship – it's an invitation to participate in, and contribute to, the growth and success of Black entrepreneurs.

A pivotal element of our efforts is the "Boomin to the Bank" program. This capital readiness intensive is meticulously designed to equip Black small business owners with the skills, knowledge, and strategies to access vital capital for business growth. We delve deep into the nuances of financial readiness, ensuring these entrepreneurs are well-prepared to navigate the complexities of loans, grants, and other financing avenues.

Together, as we champion the power of microfinance, we can set a foundation for Black entrepreneurs that ensures their success. Join us in this pivotal journey and let's amplify the impact of Black businesses in our communities.

Hi, I'm DANIELLE MCGEE

Founder of Black Business Boom

Welcome to Boomin University, powered by Black Business Boom. We are thrilled to present this unique opportunity for your corporation to make a tangible impact on the growth and success of Black-owned small businesses. As an organization, we firmly believe in the transformative power of education and the importance of empowering underrepresented communities to achieve economic equity and prosperity.



Why Partner with Boomin University



By entering into a partnership with Boomin University, your organization will significantly contribute to the advancement and strengthening of Black-owned businesses by empowering Black entrepreneurs on their journey to success.

Your collaboration will ensure that these driven individuals can access our transformative educational resources at no cost, enabling them to surmount systemic barriers and generate a lasting positive impact within their communities.

Together, we can advocate for economic equity and opportunity, cultivating a future where Black-owned businesses thrive and add to the overall vigor and diversity of our economy. We invite you and your organization to join forces with Boomin University and invest in the success of the next generation of Black business leaders by creating a powerful partnership for change.

Boomin University is a groundbreaking initiative designed to connect Black small business owners with industry experts who can provide essential guidance on business growth and accessing capital.

Through targeted workshops and programs covering vital areas such as financial management and digital marketing, our participants acquire the knowledge and skills needed to thrive in today's competitive landscape.

Contact us today to learn more!

WWW.BOOMINU.COM/INTRO

