

NATIONAL INCLUSIVE METRO RECOVERY PLAYBOOK

ACCELERATOR
FOR
AMERICA



Center for
Inclusive Growth



DREXEL UNIVERSITY

Nowak Metro Finance Lab

Lindy Institute for Urban Innovation

THE STATE OF SMALL BUSINESS IN AMERICA

The COVID-19 crisis is our nation's greatest economic shock since the Great Depression. It is landing hardest on small businesses, the heart of local economies and community life. The pandemic has reminded us of the outsized role small businesses play in our economy, employing 47% of the U.S. workforce, generating two-thirds of new jobs, and serving as a critical path to economic self-sufficiency.¹ The pandemic has revealed not only the fragility of many of these enterprises but also the profound deficiencies in how they are supported by federal policies, private practice, and local action.

The COVID-19 crisis has devastated Main Street small businesses across America. Since February 2020, almost a quarter of all U.S. small businesses have closed at least temporarily.² In the hardest hit sectors, like restaurants, hotels, and retail, the numbers are far higher. In September 2020, Yelp reported that for businesses on its platform, more than half (60%) of closures were permanent.³ Womply has estimated that 185,000 small businesses — one in seven nationally — had shut down permanently by the end of August 2020.⁴ Those closures have left millions of Americans out of work and transformed lively neighborhoods around the country into retail ghost towns, destroying the wealth built by many families over generations in the process.



REBUILD AND
RECOVER

1 Drexel University Nowak Metro Finance Lab & Yale University ISPS. 2020, October 19. Big Ideas for Small Businesses. Retrieved from: <https://www.bigideasforsmallbusiness.org/report>.

2 U.S. Chamber of Commerce. 2020, July 29. U.S. Chamber of Commerce Small Business Coronavirus Impact Poll. Retrieved from: <https://www.uschamber.com/report/july-2020-small-business-coronavirus-impact-poll>.

3 Yelp. 2020, September. Yelp: Local Economic Impact Report. Retrieved from: <https://www.yelpconomiccoverage.com/business-closures-update-sep-2020>.

4 Womply. 2020, September. Report: How many local businesses have had to close due to COVID-19? Retrieved from: <https://www.womply.com/blog/report-how-many-local-businesses-have-had-to-close-due-to-covid-19/>.

THE IMPACTS FOR BLACK BUSINESS OWNERS HAVE BEEN CATASTROPHIC.

Because Black-owned businesses tend to be smaller, operate with less capital, and have less-established banking relationships than their white-owned counterparts, they are also more likely to fold under economic pressure. The Federal Reserve of New York reported that from February to April of 2020, the number of active Black businesses declined by 41 percent.⁵ Due to well-documented issues in the distribution of federally-backed forgivable loans to Black business owners through the Paycheck Protection Program in the spring, Black business closures are likely higher than this early number reports.⁶ This is a devastating setback for metro economies, the quality of life in neighborhoods around the country, and for efforts to close our nation's growing racial wealth gap.

America's Black-owned businesses entered the coronavirus pandemic in a much weaker spot than the country's white-owned businesses. We document the baseline for Black-owned firms in the 100 largest metros and cities in America in 2017, the most recent year for which federal data is available, in our [Small Business Equity Tool](#). Put bluntly, the picture is not pretty. In 45 years, America has managed to create 100,000 new Black-owned businesses with employees. During that time period, we have added 3.7 million employer businesses overall. Our policies have fallen short, because our vision has fallen short. We have not properly understood the disparities and have focused on the wrong indicators of success. We built the Small Business Equity Tool so local leaders could understand their local baseline for the number, size, and sector concentrations of Black-owned businesses and the significant gaps that exist between Black- and white-owned businesses. This will allow them to set ambitious goals for an inclusive economy.

Ambitious goals are necessary for this moment in our nation's history. They show the massive opportunity to simultaneously grow our economy, transform our cities, and close our wealth gap. Doing so requires more focused goals, more intentional coordination, and a more tenacious commitment than ever before. We are hopeful. President Biden has made racial equity a central commitment of his executive actions and plans to build back better from the pandemic. But federal action must be met by local ingenuity. This document provides a metro-level playbook for mayors, business leaders, civic leaders, and other local leaders to chart a course for an inclusive recovery. It provides a snapshot of where we were as a country prior to the pandemic, measures the tremendous economic opportunity of an inclusive recovery, and highlights local best practices that are emerging to create an ecosystem approach. In sum, it provides a clear set of actions to drive the inclusive recovery our cities need.



⁵ Kramer Mills, C. & Battisto, J. 2020, August. Double Jeopardy: COVID-19's Concentrated Health and Wealth Effects in Black Communities. Retrieved from: https://www.newyorkfed.org/medialibrary/media/smallbusiness/DoubleJeopardy_COVID19andBlackOwnedBusinesses.

⁶ Associated Press. 2021, January 04. Minority-owned businesses were last in line to receive loans, latest PPP data show. Retrieved from: <https://www.cbsnews.com/news/minority-owned-businesses-were-last-to-receive-ppp-loans-adding-to-their-despair/>.



SMALL BUSINESS: KEY TO AN INCLUSIVE ECONOMIC RECOVERY AND EXPANDING OPPORTUNITY

1

BUSINESS OWNERSHIP CAN HELP CLOSE THE RACIAL WEALTH GAP

Black business owners have 12 times more wealth and have higher levels of economic mobility than counterparts who are not business owners.⁷

2

GROWING JOBS IN BLACK COMMUNITIES

According to a 2007 national survey of 350 CEOs of Black-owned businesses, Black-owned businesses hire Black employees for two out of every three jobs.⁸

3

EXPANDING OPPORTUNITIES FOR UPWARD MOBILITY

While the economic mobility of white workers is greater than that of Black workers, the upward economic mobility of Black entrepreneurs is equivalent to that of white entrepreneurs.⁹



WHAT IS A SMALL BUSINESS?

According to the SBA, a small business is any private firm that has between 1-500 employees.



SMALL BUSINESSES ARE CENTRAL TO THE DOWNTURN AND MUST BE CENTRAL TO THE RECOVERY

Small businesses sat at the intersection of three colliding forces in 2020.¹⁰

1

ECONOMIC CENTRALIZATION

Twenty years of economy-wide business consolidation has led to reduced competition and lower rates of business formation, pre-pandemic.

2

RACIAL INJUSTICE

Structural barriers in the economy result in deep racial inequalities in rates of business ownership.

3

SMALL BUSINESS-LED RECESSION

COVID-19 has devastated the small business sector, resulting in unemployment and shuttered neighborhoods.

⁷ Interise. 2018, June. Bridging the Wealth Gap: Small Business Growth. Retrieved from: <https://interise.org/wp-content/uploads/BridgingtheWealthGap.pdf>.

⁸ Boston, T. 2011, November 9. The Gazelle Index®: A National Survey of High-Performing Minority, Women and Non-minority Small Businesses. Retrieved from: <https://www.federalreserve.gov/newsevents/conferences/boston-20111109.pdf>.

⁹ Association for Enterprise Opportunity. 2019, March. The Tapestry of Black Business Ownership in America: Untapped Opportunities for Success. Retrieved from: https://aeoworks.org/wp-content/uploads/2019/03/AEO_Black-Owned_Business_Report_02_16_17_FOR_WEB-1.pdf.

¹⁰ Drexel University Nowak Metro Finance Lab & Yale University ISPS. 2020, October 19. Big Ideas for Small Businesses. Retrieved from: <https://www.bigideasforsmallbusiness.org/report>.



AN INCLUSIVE SMALL BUSINESS
RECOVERY REQUIRES A NEW APPROACH

WE NEED TO THINK BIGGER: DOUBLING BUSINESSES ISN'T ENOUGH

Nationally, there are **three Black-owned businesses for every 1,000 Black residents** while there are **20 white-owned businesses for every 1,000 white residents**. Over the past 45 years, Black-owned businesses have seen little growth nationally. In 1972, there were around 25,000 Black-owned employer businesses in the country (1.3% of all employer businesses). In 2017, the nation had 124,000 Black-owned employer businesses (2.2% of employer businesses). During the same period, the U.S. economy added more than three million businesses.

WE NEED AMBITIOUS GOALS TO DRAMATICALLY INCREASE THE NUMBER, SIZE, AND SECTOR OF BLACK-OWNED BUSINESSES

To inclusively grow Black business ownership and close the racial wealth gap, we must set ambitious **5- and 10-year targets** focused on growing the number and size of Black-owned businesses and their participation in high-wage sectors.

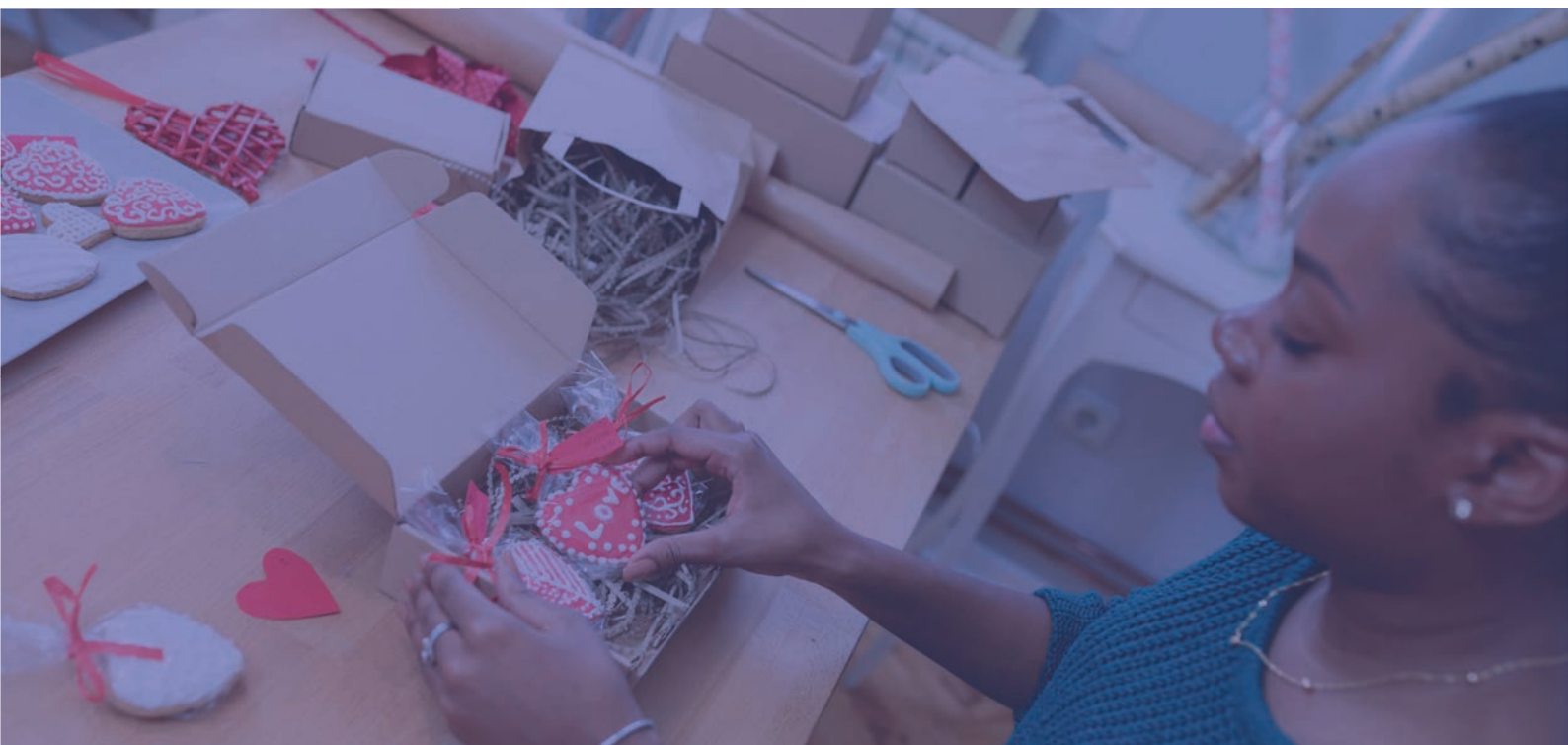
WE NEED NEW STRATEGIES THAT ENGAGE WHOLE ECOSYSTEMS

Focusing on Black-owned businesses alone will not solve the problem. **We need to focus on the whole ecosystem and across sectors** — from access to institutional demand, to supportive commercial corridors, to capital access. Goals should account for how COVID-19 relief and recovery strategies across the metro support minority business growth.

THIS PLAYBOOK PROVIDES A LOCAL ROADMAP
FOR GROWING BLACK-OWNED BUSINESSES IN THE
POST-COVID ECONOMIC RECOVERY.



IT IS A GUIDE TO INFORM LOCAL STRATEGY AND PRIORITIZE DEVELOPMENT.



SIX KEY NATIONAL TAKEAWAYS

Achieving parity between Black- and white-owned firms presents a huge economic opportunity. It would add **806,000 more firms, create 1.6 million more jobs, and generate \$676 billion** in revenue.¹¹

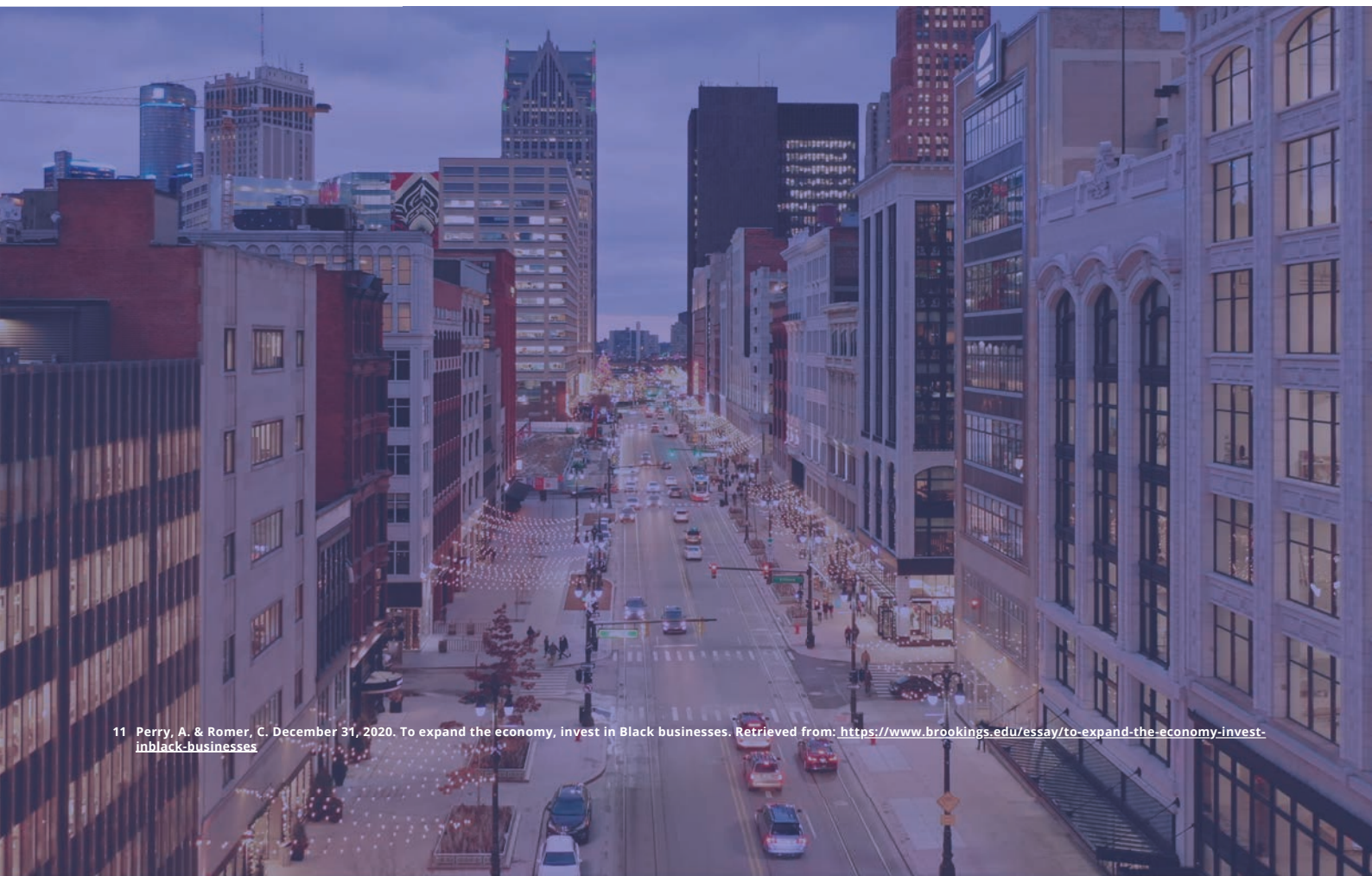
America needs to **double the average annual revenues of Black-owned employer firms** and create 7 times the number of Black-owned employer firms to achieve equity with white firms.

America's small business ecosystem is fragmented and, as a result, previous efforts to expand opportunities to Black business owners have fallen short. **Embracing a whole-ecosystem approach** is the path forward.

13% of Americans are Black, but **only 2.2% of American business owners** are Black.

Black-owned firms are **concentrated in low-wage sectors**: 46% of Black-owned businesses in America are in Health Care and Social Assistance, Accommodation and Food Service, and Administrative and Support — compared to 24% of white-owned businesses.

Coordinating around clear goals in 2021 presents a unique opportunity to **harness federal resources in the short term and build strong ecosystems for the long haul**, especially through dedicated supplier diversity efforts.



¹¹ Perry, A. & Romer, C. December 31, 2020. To expand the economy, invest in Black businesses. Retrieved from: <https://www.brookings.edu/essay/to-expand-the-economy-invest-in-black-businesses>

An aerial photograph of a city skyline at dusk. The sky is a mix of deep blue and purple. In the center, a prominent skyscraper with a glass facade and a distinctive top structure is visible. To the left, a large arch bridge spans across a river. The foreground is filled with various high-rise buildings, some with lit windows. The text "THE STATE OF BLACK-OWNED BUSINESS IN AMERICA" is overlaid in white, bold, sans-serif font. A small white horizontal line is positioned below the word "AMERICA".

THE STATE OF
BLACK-OWNED
BUSINESS IN
AMERICA

NATIONAL BLACK-OWNED
BUSINESS BASELINE

Prior to the pandemic, the U.S. was home to approximately three million Black-owned firms. These firms were overrepresented among nonemployers. Put another way, prior to the pandemic, while 13% of America's population was Black, only 2.2% of employer firms were Black-owned.

EMPLOYER AND NONEMPLOYER FIRMS IN THE UNITED STATES,
2017

	EMPLOYER FIRMS	NONEMPLOYER FIRMS	TOTAL FIRMS
TOTAL	5,744,643	25,310,000	31,054,643
BLACK-OWNED	124,004 <small>(2.2% of all employer firms)</small>	2,951,000 <small>(11.7% of all nonemployer firms)</small>	3,075,004 <small>(9.9% of all firms)</small>
WHITE-OWNED	4,769,762 <small>(83% of all employer firms)</small>	19,990,000 <small>(79% of all nonemployer firms)</small>	24,759,762 <small>(79.7% of all firms)</small>

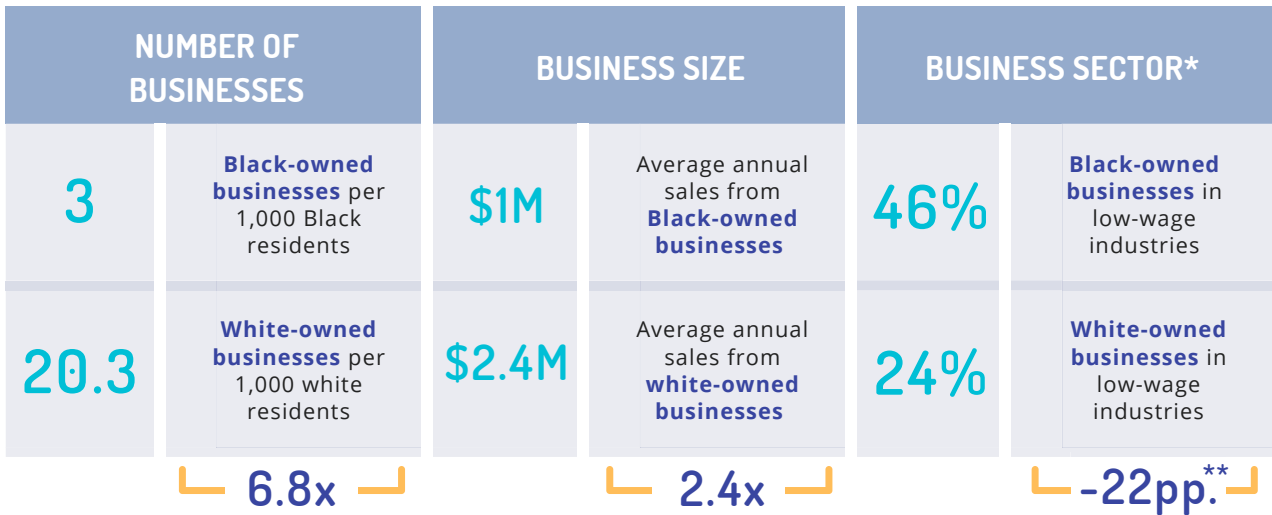
Source: 2018 Annual Business Survey (2018 ABS) and 2017 Nonemployer Statistics by Demographics (2017, NES-D).



NATIONAL BLACK-OWNED EMPLOYER BUSINESS SCORECARD — PRE-COVID

We are starting with stark disparities. Doubling the number of Black-owned businesses will not be enough.

NATIONAL BLACK-OWNED BUSINESSES BASELINE PRE-COVID



Source: 2018 Annual Business Survey (ABS) and 2017 American Community Survey (ACS).

*Low-wage industries we measure include: (i) the Health Care and Social Assistance sector, (ii) the Accommodation and Food Services sector, and (iii) the Administrative and Support Sector. Given that some firms do not specify the sector in the database, this percentage is the lower bound of the real percentage of firms in low-wage industries.

**p.p. is an abbreviation for percentage point, the difference between two percentages.

13% OF THE U.S. POPULATION IS BLACK, YET ONLY **2.2%** OF EMPLOYER FIRMS (124,004) ARE OWNED BY BLACK ENTREPRENEURS.



**BLACK-OWNED FIRMS ARE A LARGE
GROWTH OPPORTUNITY IN AMERICA**

Between 2012 and 2017, the number of employer firms in America grew by 6%. During that same period, the number of Black-owned firms grew by 14%. Yet, there are still large gaps to bridge. Eliminating racial disparities would create significant economic prosperity for the country: if the number of Black-owned businesses was equivalent to the Black population, and if Black-owned businesses had the same average size as non-Black-owned businesses, there would be **806,000 more Black-owned firms, creating 1.6 million more jobs, and generating \$676 billion more in revenue.**¹²

**ACTION: SET RECOVERY GOALS FOR THE NUMBER,
SIZE, AND SECTOR OF MINORITY-OWNED BUSINESSES.**



¹² Perry, A. & Romer, C. 2020, December 31. To expand the economy, invest in Black businesses. Retrieved from: <https://www.brookings.edu/essay/to-expand-the-economy-invest-in-black-businesses>

An aerial photograph of Pittsburgh, Pennsylvania, taken at dusk. The sky is a mix of deep blue and purple. The city's skyline is illuminated, with many windows glowing. The PPG Place building, with its distinctive glass and steel dome, is the central focus. Other prominent buildings include the PPG Arena and the PPG Field stadium. The Allegheny River is visible in the background, with the Roberto Clementi Bridge and the Fort Pitt Bridge crossing it. The overall scene is a vibrant urban landscape.

THE ECOSYSTEM APPROACH TO RECOVERY

Small businesses flourish with the support from institutions designed for mentoring, supporting capital access, marketplace creation and connection, supply aggregation and demand matching from small companies to large institutions, fostering communities of practice, and helping with critical transition points in the business life cycle. Collectively, these various intermediaries and the services they provide make up the small business ecosystem. We call the various institutions that make up ecosystems “intermediaries” because they serve as connections between public sources of funding, entrepreneurs of color, potential private sector customers, investors, and partners. Federal programs have the greatest impact when they harness ongoing efforts undertaken by these local intermediaries.

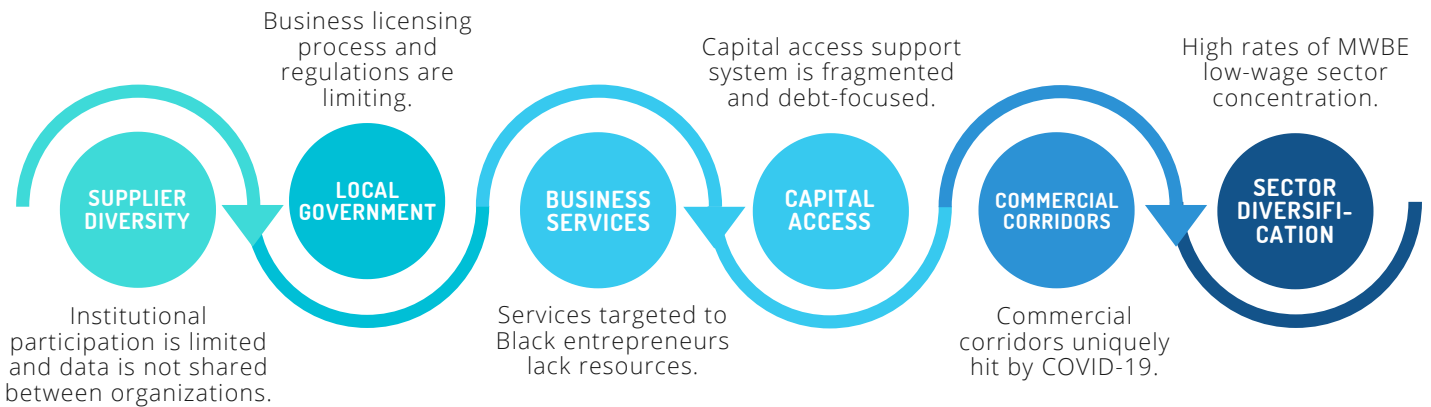
The venture capital world often talks about startup ecosystems: overlapping networks of institutions that deliver coordinated, multifaceted support to grow and scale startups. Just as this concept applies to Silicon Valley tech startups, it also applies to building community wealth through Black-owned business growth. We identify six functions of government, nonprofit, and private organizations that help make up small business ecosystems. We then highlight some of the best practices that first-mover coalitions of public, private, and civic actors are undertaking to grow elements of their local Black-business ecosystem.



COMMON ECOSYSTEM ELEMENTS AND GAPS

ECOSYSTEM-WIDE GAPS

- A lack of systemic small business **data collection**.
- A lack of a **coordinating intermediary** to help different ecosystem elements work in tandem.



HARNESSING ECOSYSTEMS FOR STRATEGIC GOALS

INCREASE THE SIZE OF BLACK-OWNED BUSINESSES

- Supplier diversity efforts should be broadened and transparently focus on increasing prime contracts for Black-owned business.
- Capital access should be improved and products expanded for the continuum of growing Black-owned firms.
- Business services should focus on operational support for business growth.
- Commercial corridors should work with existing businesses to reduce overhead operating costs coming out of the pandemic.

GOAL 1

INCREASE THE NUMBER OF BLACK-OWNED BUSINESSES

- Expand the number of business service offerings for Black startups.
- Local government should streamline the business licensing process.
- Whole ecosystem should improve capital access for new entrepreneurs.
- Commercial corridors should help new entrepreneurs access retail space through innovative space-sharing models.
- Local leaders should develop a diversification strategy to help startups form in high-wage sectors.

GOAL 2

INCREASE THE NUMBER OF BLACK-OWNED BUSINESSES IN HIGH-WAGE SECTORS

- Local government should focus resources on the creation and support of businesses in priority high-wage sectors like technology and construction.
- Local leaders across sectors should develop a sector diversification strategy that sets sector-specific goals.



An aerial photograph of a city skyline at dusk. The sky is a mix of deep blue and purple. The city is filled with numerous skyscrapers and buildings, many of which are illuminated from within. A prominent building with a glass facade and a pointed top is visible in the center. In the background, a bridge with a distinctive arch design spans across a river. The overall scene conveys a sense of urban growth and activity.

BEST PRACTICES FOR SMALL BUSINESS ECOSYSTEM GROWTH

NATIONAL BEST PRACTICES

Cities across the country are pioneering approaches to strengthen different dimensions of their Black-owned business ecosystems. Some of the most innovative models that harness unique local strengths are listed below with key practices elaborated upon in the following section.

BEST PRACTICES FOR AN ECOSYSTEM-WIDE APPROACH

Cincinnati is a recognized national leader for its ecosystem-wide approach to growing the size, number, and high-wage sector of its Black-owned businesses. The City's Minority Business Accelerator, MORTAR, and sophisticated philanthropic investments from its corporate ecosystem are among the elements that allow it to lead.

BEST PRACTICES FOR SUPPLIER DIVERSITY

Los Angeles has developed a nation-leading procurement model for the City's Metro system. The criteria for public procurement using federal money can stifle minority business growth as these businesses seek to qualify for contracts. L.A. Metro has developed a two-tiered procurement system to foster minority-owned business growth.

BEST PRACTICES FOR LOCAL GOVERNMENT

Boston has developed a one-stop-shop for registering businesses that provides a "how to" guide for starting different types of businesses. These explainers have key details on how to navigate paperwork, licenses, and regulations in addition to directions on where to access financing.

BEST PRACTICES FOR BUSINESS SUPPORT SERVICES

Cincinnati's Minority Business Accelerator has focused on growing Black-owned firms in the manufacturing sector. Prior to COVID-19, it was pursuing a four-pronged strategy to: (i) help minority-owned businesses scale; (ii) build a pipeline of future minority-owned businesses; (iii) bring more minority-owned firms into the region's manufacturing, aerospace, and chemicals sectors; and (iv) grow minority-owned businesses by acquiring existing businesses with no succession plans.

BEST PRACTICES FOR CAPITAL ACCESS

The St. Louis Contractor Loan Fund (CLF) aims to grow the number, size, and stability of minority- and women-owned construction companies and provide them the ability to bid on larger contracts. Partners have pooled their financial and technical business resources to make construction and expansion loans to minority- and women-owned businesses to facilitate their greater participation in construction projects throughout the region. Private money makes up more than 90 percent of the \$10 million fund.

BEST PRACTICES FOR COMMERCIAL CORRIDORS

Detroit has developed a strategic neighborhood fund that provides entrepreneurs with access to low-cost debt on a geographical basis. This has enhanced the flow of capital to neighborhoods that otherwise would have lagging small business investment.

BEST PRACTICES FOR SECTOR DIVERSIFICATION STRATEGIES

Chicago-RE/CAST Initiative is a partnership between business, labor, government, and the financial sector to help the City create successful succession plans across workers, customers, and middle managers. In Cook County, there are potentially 1,500 to 2,000 companies at risk due to the succession gap. The Re/Cast initiative aims to solve this problem and grow Chicago's diverse manufacturing base by arranging the acquisition of manufacturing companies through ownership succession by groups of employees and particularly Black and Hispanic men and women.



CINCINNATI'S ECOSYSTEM-WIDE APPROACH

Cincinnati is nationally known for its strong and innovative consortia of community revitalization intermediaries, most notably the Center City Development Corporation. Cincinnati is unique in that it has strong organizations across every element of its ecosystem as well as having a few keystone institutions that drive change across a whole variety of ecosystem elements. Cincinnati's experience is borne out of decades of collaboration and a focus on equitable economic development.

1

ANCHOR PROCUREMENT

Procter & Gamble, Kroger, and the Uptown Consortium lead the City's supplier diversity initiatives. Kroger is a member of the Billion Dollar Roundtable, a coalition of corporations that spend \$1 billion or more with minority- and women-owned businesses, and has worked hard to increase its diverse procurement initiatives locally.

2

BUSINESS SUPPORT SERVICES

Cincinnati has a wide variety of entrepreneurial support organizations, but two leading organizations are the Minority Business Accelerator and MORTAR. The centerpiece of MORTAR's model is a fourteen-week intensive Entrepreneurship Academy designed for minority entrepreneurs who are starting or growing their businesses.

3

CAPITAL ACCESS

Cincinnati has a number of innovative capital access organizations that are helping to connect diverse entrepreneurs with debt and equity financing. Two include Fifth Third Bank, which has committed \$100 million to a regional neighborhood fund, and Centrifuse, which has a syndicated fund for local corporations that has invested \$90 million of venture capital into regional startups.

4

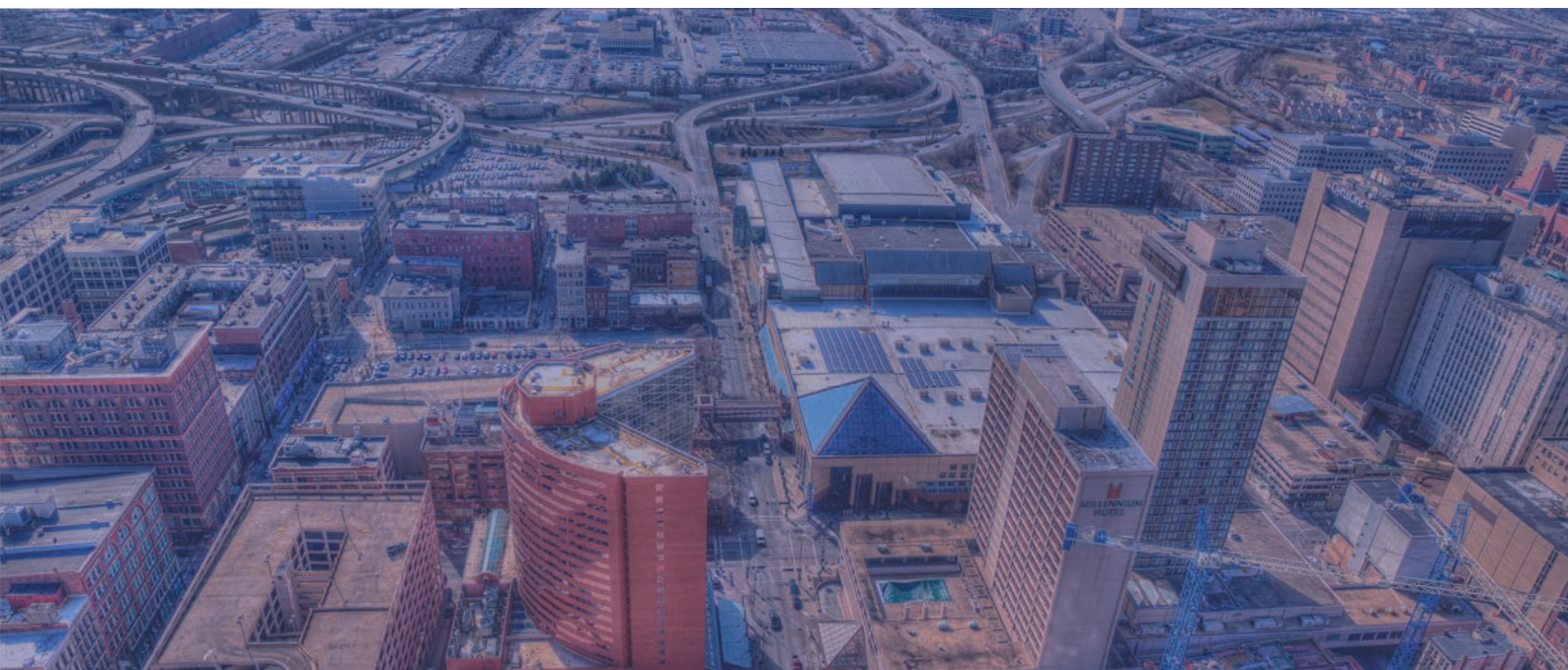
BUSINESS DISTRICTS

Cincinnati is in the process of establishing a regeneration alliance to coordinate between local organizations and optimize the distribution and use of resources across numerous Neighborhood Business Districts (NBDs). The alliance will work with key stakeholders and community associations in selected NBDs to design customized mechanisms and strategies.

5

SECTOR DIVERSIFICATION

Cincinnati's Minority Business Accelerator has focused on growing Black-owned firms in the manufacturing sector. Prior to COVID-19, it was pursuing a four-pronged strategy to: (i) help minority-owned businesses scale; (ii) build a pipeline of future minority-owned businesses; (iii) bring more minority-owned firms into the region's manufacturing, aerospace, and chemicals sectors; and (iv) grow minority-owned businesses by acquiring existing businesses with no succession plans.



BEST PRACTICES: SUPPLIER DIVERSITY

LOS ANGELES METRO: MWBE CONSTRUCTION CONTRACTING

Construction is a large employer for Black- and Hispanic-owned firms in Los Angeles. Under Phil Washington's leadership, L.A. Metro has established two programs to help MWBE firms access federally-supported construction contracts, a Medium-Sized Business Program and a Small Business Prime Program, to support small businesses with tools to "get certified and grow."

[READ MORE](#)

SMALL BUSINESS PRIME PROGRAM

The Small Business Prime program sets aside applicable contracts — up to \$5 million — for which only Metro certified Small Business Enterprises (SBEs) can compete, opening a direct route to contract opportunities for smaller firms. The program applies to federally funded and non-federally funded, competitively negotiated contracts, sealed bids, and public works projects, from \$3,000 up to \$5 million.

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MEDIUM-SIZED BUSINESS PROGRAM

The innovative Medium-Sized Business Program is for firms certified by L.A. Metro that are not subsidiaries and have gross annual receipts of \$25 million (maximum \$250 million averaged over three years), with a maximum of 250 employees. These firms have a separate pool of contract bidding where they compete against each other for contracts between \$12 and \$30 million. This program provides an incentive for smaller Black- and Hispanic-owned firms to grow while still qualifying for set-aside contracting.

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BEST PRACTICES: BUSINESS SERVICES

CINCINNATI REGIONAL CHAMBER'S MINORITY BUSINESS ACCELERATOR

Cincinnati's Minority Business Accelerator has focused on growing Black-owned firms in the manufacturing sector. Prior to COVID-19, it was pursuing a four-pronged strategy to: (i) help minority-owned businesses of scale grow; (ii) build a pipeline of future minority-owned businesses and identify 50 growing companies over the next five years as part of its portfolio; (iii) work with the lead economic development agency for the region to bring more minority-owned firms into the manufacturing, aerospace, and chemicals sectors (as of February 2021, it had about 200 prospects), and; (iv) grow minority-owned businesses by acquiring other businesses with no succession plans.

They aim to double the annual aggregate sales of their portfolio firms to \$2 billion and create an additional 3,500 jobs over the next five years.

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BEST PRACTICES: CAPITAL ACCESS

THE ST. LOUIS CONTRACTOR LOAN FUND (\$10 MILLION)

Created by public, civic, and business leaders in 2015, the Contractor Loan Fund (CLF) is intended to grow the number, size, and stability of minority- and women-owned construction companies and provide them the ability to bid on larger contracts. CLF partners have pooled their financial and technical business resources to make construction and expansion loans to minority- and women- owned businesses to facilitate their greater participation in construction projects throughout the region. The Contractor Loan Fund is a project of 30 St. Louis-area businesses and institutions, including Stifel Bank & Trust, BJC HealthCare, S.M. Wilson & Co., and the St. Louis NAACP. Private money makes up more than 90 percent of the fund. This fund is likely to be rebooted as St. Louis focuses on a more integrated procurement strategy.

[READ MORE](#)



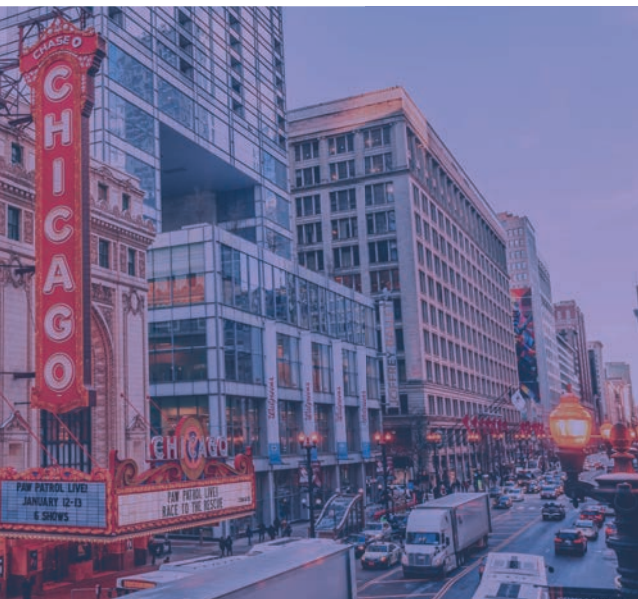
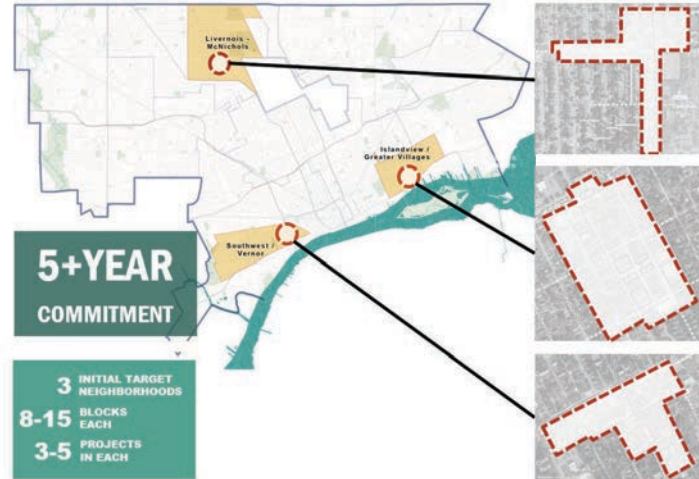
BEST PRACTICES: COMMERCIAL CORRIDORS

DETROIT STRATEGIC NEIGHBORHOOD FUND: COMMERCIAL CORRIDOR FOCUSED CAPITAL ACCESS

Detroit's Strategic Neighborhood Fund is a model initiative. The fund aims to improve Detroit neighborhoods through a multi-faceted strategy: improving streetscapes and walkability, kickstarting local businesses, and adding or preserving affordable housing. It is a multi-sector partnership managed by Invest Detroit (a local CDFI). The first phase of the fund in 2016 was a \$42 million investment targeted to three neighborhoods and focused around micro districts within these neighborhoods. It provided gap financing for development projects in these areas. The second phase of the fund in 2018 was \$130 million targeted around seven additional neighborhoods.

[READ MORE](#)

STRATEGIC NEIGHBORHOOD FUND (SNF) THE FIRST THREE NEIGHBORHOODS



BEST PRACTICES: SECTOR DIVERSIFICATION

CHICAGO MANUFACTURING RENAISSANCE'S RE/CAST INITIATIVE

Re/Cast is a partnership between business, labor, government, and the financial sector to help Chicago create successful succession plans across workers, customers, and middle managers. In Cook County, there are potentially 1,500 to 2,000 companies at risk due to the succession gap. The Re/Cast initiative aims to solve this problem and grow Chicago's diverse manufacturing base by arranging the acquisition of manufacturing companies through ownership succession by groups of employees and particularly Black and Hispanic men and women.

[READ MORE](#)

ACTION: ASSESS YOUR LOCAL ECOSYSTEM, REVIEW BEST PRACTICES FOR ECOSYSTEM GROWTH, AND STRATEGICALLY APPLY PRACTICES LOCALLY.



An aerial photograph of a city skyline at dusk. The sky is a mix of deep blue and purple. In the foreground, several tall office buildings are visible, some with lights on. In the background, a river flows through the city, and a bridge is visible. The text "COORDINATE RECOVERY SPENDING TO ACHIEVE BLACK-OWNED BUSINESS GOALS" is overlaid in white, bold, sans-serif font. A small white horizontal line is positioned below the word "GOALS".

COORDINATE RECOVERY
SPENDING TO ACHIEVE
BLACK-OWNED
BUSINESS GOALS

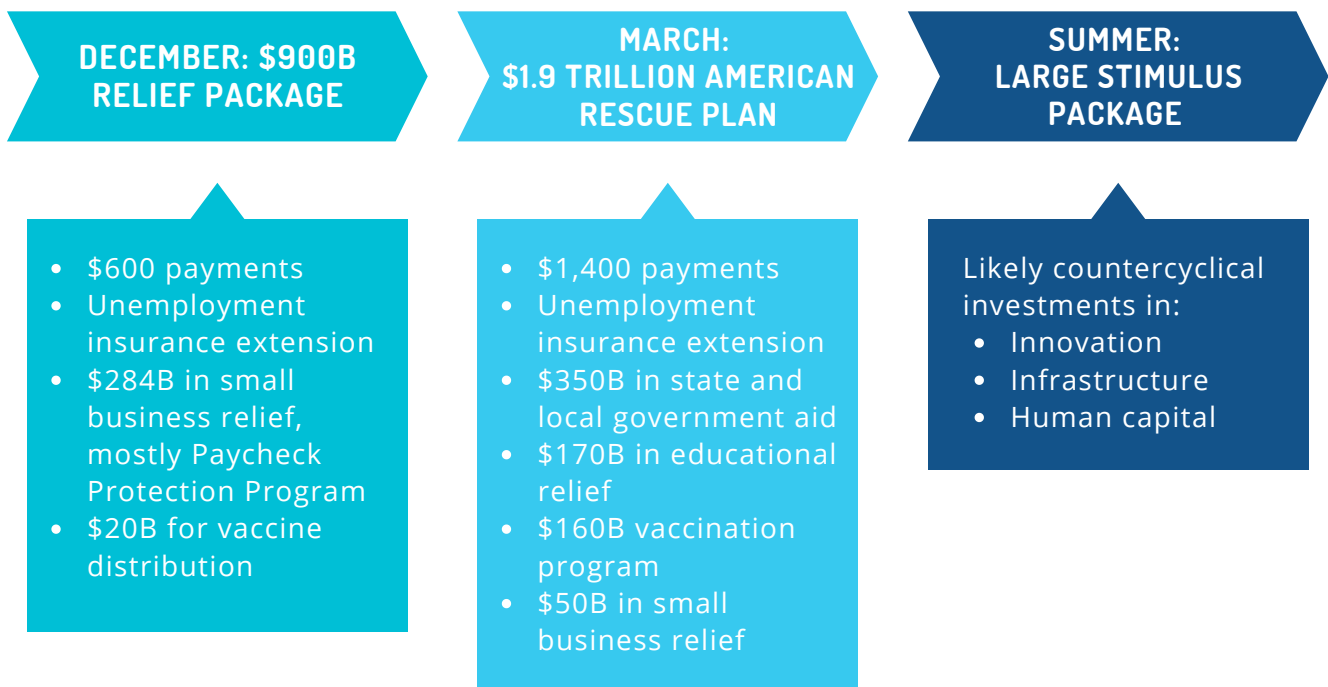
If we have learned anything from 2020, it's that **federal investments work best when they are locally organized and amplified.** Over the past year, city, metropolitan, and regional leaders have played critical roles in responding to crises as they unfolded, deploying federal emergency resources and preparing for larger nationally-driven recovery efforts. We expect 2021 to only build on this truism: federal investments only work when they are designed, deployed, and delivered by local entities who know their places best.

Cities must get ready to deploy what will likely be the largest public investment in a decade.¹³ Dedicated city, regional, county, and state networks will be essential for distributing federal relief and recovery funding. It is imperative that local coalitions organize now to navigate the wide array of sources and agencies through which the funding will flow. If organized, local leaders can direct resources to transformative and job-creating priorities, allowing them to maximize this federal investment.

In addition to highlighting local priorities, **Stimulus Command Centers** should ensure that the recovery is inclusive. They can do this by making supplier diversity a central tenet of procurement across a wide variety of local efforts to leverage federal investments.

THREE LANES OF FEDERAL INVESTMENT: ENSURE EQUITY

In addition to the relief package passed in December 2020, there will be a “one-two punch” of federal relief and recovery investments from the Biden Administration, with recovery legislation sequenced for different purposes. President Biden's \$1.9 trillion American Rescue Plan is the first part of these investments. It will likely pass in mid-March.



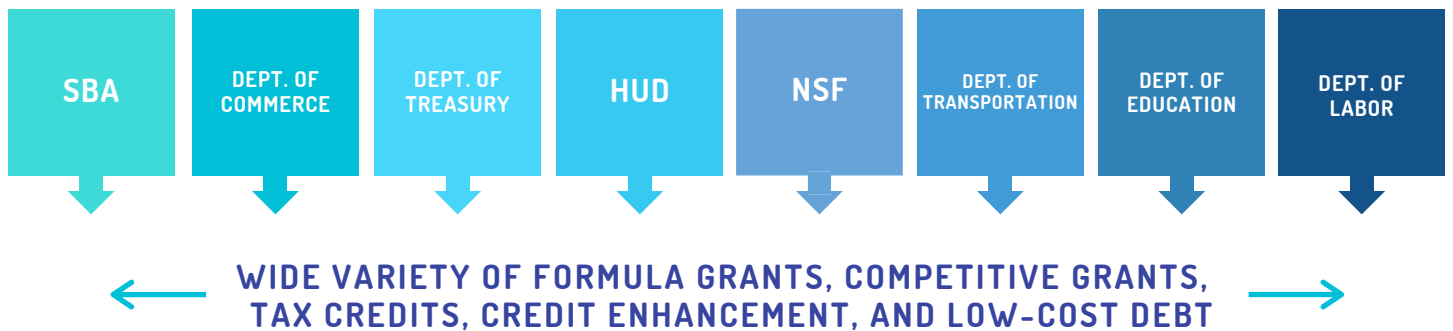
¹³ Katz, B., Higgins, C., Petrisin, A., & Saadine, M.. 2021, January 12. How Cities Should Get Ready for the Biden Stimulus. Retrieved from *The New Localism* : <https://www.thenewlocalism.com/newsletter/how-cities-should-get-ready-for-the-biden-stimulus/>



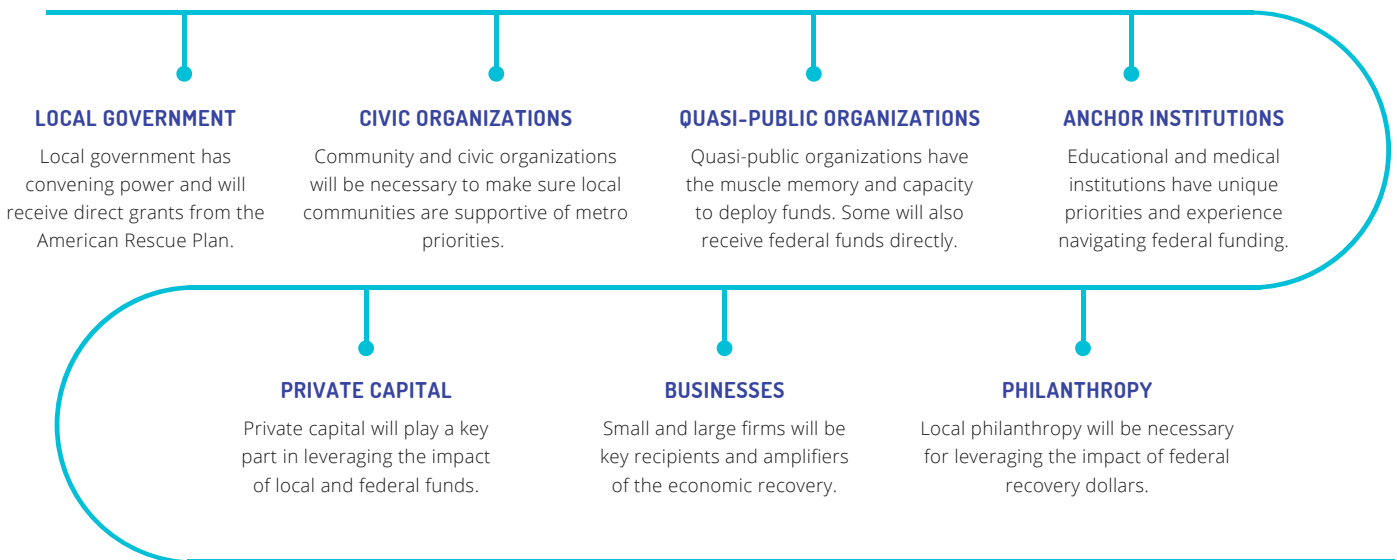
FEDERAL-TO-LOCAL INTERACTION: SILOED INVESTMENTS NEED LOCAL COORDINATION

Maximizing the impact of siloed, top-down federal funding sources will require **Stimulus Command Centers** to coordinate local priorities across key actors moving forward. Federal funds come in a variety of products: block grants, competitive grants, low-cost debt, tax credits, and more.

FEDERAL APPROACH – SILOED



LOCAL PRIORITIES – STIMULUS COMMAND CENTER NEEDED



**EACH TYPE OF FEDERAL INVESTMENT CAN HELP TO MEET
BLACK- AND HISPANIC-OWNED BUSINESS GROWTH GOALS**

Doing so requires leveraging a whole-ecosystem approach to drive supplier diversity, capital access, and workforce initiatives to meet local goals. Black and Hispanic entrepreneurs need clear access to a coordinated ecosystem of resources that help them start and scale operations as well as access to public and private contracting.

SMALL BUSINESS RELIEF

Ensure that Black- and Hispanic-owned businesses are not overlooked by PPP distribution channels as they were in previous rounds by building a PPP PREP program.¹⁴

COVID-19 PUBLIC HEALTH INVESTMENTS

Logistics firms for transporting vaccines and a wide variety of healthcare providers can benefit from contracts coming from federal spending focused on getting the virus under control.

INNOVATION

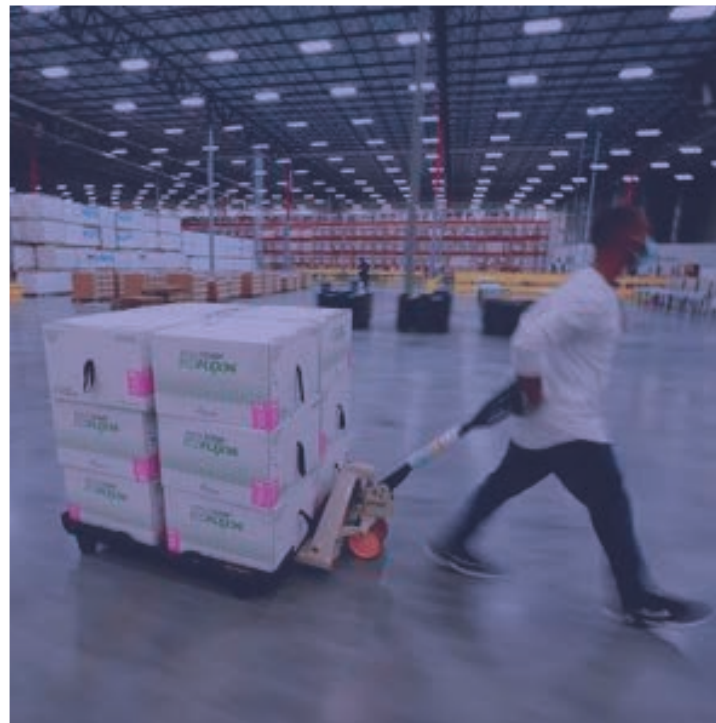
Tech transfer funding (i.e., SBIR), centers of excellence, and the prioritization of HBCUs can and should be targeted to support new Black- and Hispanic-owned firms in professional services sectors. These funds should also be directed to help grow existing firms that are branching into new science and engineering materials.

INFRASTRUCTURE

Spending on public transit, large construction projects, and climate-focused infrastructure presents a huge opportunity for Black and Hispanic firms to grow. These firms need the proper resources to insure against risk and access public contracts for big projects. Local models, like the one used by L.A. Metro, show how this can be done.

HUMAN CAPITAL

Skills training and workforce modernization will provide an opportunity to create a new generation of Black and Hispanic entrepreneurs. Local care should be taken to develop strategies so these entrepreneurs start firms in high growth, high-wage sectors.



**BLACK ENTREPRENEURS NEED CLEAR ACCESS TO A
COORDINATED ECOSYSTEM OF RESOURCES. THIS IS
NECESSARY TO ENSURE SUPPLIER DIVERSITY IS A
CROSS-CUTTING FOCUS OF THE RECOVERY.**



¹⁴ Katz, B., Clark, D. & Higgins, C. December 22, 2020. "Can Philly Perfect the PPP?" Retrieved from *The Philadelphia Citizen*: <https://thephiladelphiacitizen.org/can-philly-perfect-ppp/>.



STIMULUS COMMAND CENTERS

Many metros are poised to leverage the new flow of federal investments — if they organize internally to prepare for the coming funds. We recommend establishing 18-month **Stimulus Command Centers** that serve as executive-level task forces comprising leaders from the public, private, and civic sectors. They should serve as the local go-to points for planning, prioritizing, and coordinating federal relief and recovery investments.



Conduct quick-strike interviews with key leaders to **establish local priorities for federal investment.**



Build a "**Federal Investment Guide**" to coordinate and promote priority projects, similar to the Amazon HQ2 pitch, Opportunity Zone prospectuses, and the mayor's strategic plan.



Align local priorities with the form and timing of federal resources.



Focus on **leveraging federal resources** to braid them with local public, private, and civic investments to maximize the recovery's impact.

NEXT STEPS TO SET UP A STIMULUS COMMAND CENTER:

- 30 DAYS** → Allocate seed funds to establish a Stimulus Command Center with leaders from public, private, and civic sectors to crisis manage ARP distribution.
- 60 DAYS** → Hold information-gathering meetings with key infrastructure stimulus recipients to establish early priorities.
- 90 DAYS** → Complete draft "Federal Investment Guide" for command center steering committee review and Biden Administration advocacy.
- 120+ DAYS** → Publish "Federal Investment Guide" and leverage the command center to align local projects to federal funds and other sources of capital.

ACTION: ESTABLISH AN 18-MONTH STIMULUS COMMAND CENTER WITH A STRONG FOCUS ON EQUITY WHEN ESTABLISHING PRIORITIES.



An aerial photograph of Pittsburgh, Pennsylvania, taken at dusk. The city's skyline is illuminated, with the PPG Place building's distinctive glass dome being a prominent feature. The Allegheny River flows through the city, with several bridges visible, including the iconic yellow arch bridge. The sky is a mix of deep blue and purple, suggesting the time is either early evening or dawn. The text "NEXT STEPS" is overlaid in a clean, white, sans-serif font, centered horizontally and partially obscured by a white horizontal line.

NEXT STEPS

NEXT STEPS FOR AN INCLUSIVE
RECOVERY

- 1 ○ USE THE SMALL BUSINESS EQUITY TOOL TO ASSESS YOUR BUSINESS EQUITY BASELINE.
- 2 ○ SET FIVE-YEAR SMALL BUSINESS EQUITY GOAL FOR NUMBER, SIZE, AND SECTOR.
- 3 ○ ASSESS YOUR LOCAL ECOSYSTEM, REVIEW BEST PRACTICES FOR ECOSYSTEM GROWTH, AND STRATEGICALLY APPLY PRACTICES LOCALLY.
- 4 ○ ESTABLISH AN 18-MONTH STIMULUS COMMAND CENTER WITH A STRONG FOCUS ON EQUITY WHEN ESTABLISHING PRIORITIES.





THANK YOU

ACCELERATOR
FOR
AMERICA



Center for
Inclusive Growth



DREXEL UNIVERSITY

Nowak Metro Finance Lab

Lindly Institute for Urban Innovation

An aerial photograph of a city skyline at dusk. The sky is a mix of deep blue and purple, with some clouds. In the foreground, there are several multi-story buildings, some with flat roofs and others with more ornate facades. A street with trees and a few cars runs through the middle ground. In the background, a tall, modern skyscraper with a glass facade is prominent, reflecting the twilight sky. The text "DATA APPENDIX" is overlaid in the center in a white, bold, sans-serif font. A white horizontal line is positioned below the text.

DATA APPENDIX

NATIONAL ASIAN-OWNED* BUSINESS BASELINE – PRE-COVID

A SNAPSHOT FROM THE INTERACTIVE [SMALL BUSINESS EQUITY TOOL](#)

NUMBER OF BUSINESSES		BUSINESS SIZE		BUSINESS SECTOR**	
30.5	Asian-owned businesses per 1,000 Asian residents	\$1.5M	Average annual sales from Asian-owned businesses	40%	Asian-owned businesses in low-wage industries
20.3	White-owned businesses per 1,000 white residents	\$2.4M	Average annual sales from white-owned businesses	24%	White-owned businesses in low-wage industries
0.7x		1.6x		-16pp.***	

NATIONAL HISPANIC-OWNED* BUSINESS BASELINE – PRE-COVID

A SNAPSHOT FROM THE INTERACTIVE [SMALL BUSINESS EQUITY TOOL](#)

NUMBER OF BUSINESSES		BUSINESS SIZE		BUSINESS SECTOR**	
5.5	Hispanic-owned businesses per 1,000 Hispanic residents	\$1.3M	Average annual sales from Hispanic-owned businesses	32%	Hispanic-owned businesses in low-wage industries
19.1	Non-Hispanic-owned businesses per 1,000 non-Hispanic residents	\$2.4M	Average annual sales from non-Hispanic-owned businesses	26%	Non-Hispanic-owned businesses in low-wage industries
3.5x		1.8x		-6pp.***	

*The terms Hispanic, Asian, Black, Minority, and Women are used based on the categories defined by the U.S. Census Bureau in the American Community Survey.

Low-wage industries include: (i) the Health Care and Social Assistance sector, (ii) the Accommodation and Food Services sector, and (iii) the Administrative and Support sector. Given that some firms do not specify the sector in the database, this percentage is the lower bound of the real percentage of firms in low-wage industries. **Source: Authors' calculations based on 2018 Annual Business Survey (2018 ABS) and 2017 American Community Survey (2017 ACS).

***p.p. is an abbreviation for percentage point, the difference between two percentages.



NATIONAL MINORITY-OWNED*
BUSINESS BASELINE – PRE-COVID

A SNAPSHOT FROM THE INTERACTIVE [SMALL BUSINESS EQUITY TOOL](#)

NUMBER OF BUSINESSES		BUSINESS SIZE		BUSINESS SECTOR**	
7.9	Minority-owned businesses per 1,000 minority residents	\$1.4M	Average annual sales from minority-owned businesses	38%	Minority-owned businesses in low-wage industries
22.2	Non-minority-owned businesses per 1,000 non-minority residents	\$2.6M	Average annual sales from non-minority-owned businesses	24%	Non-minority-owned businesses in low-wage industries
2.8x		~1.9x		-14pp.***	

NATIONAL WOMEN-OWNED*
BUSINESS BASELINE – PRE-COVID

A SNAPSHOT FROM THE INTERACTIVE [SMALL BUSINESS EQUITY TOOL](#)

NUMBER OF BUSINESSES		BUSINESS SIZE		BUSINESS SECTOR**	
6.8	Women-owned businesses per 1,000 women residents	\$1.3M	Average annual sales from women-owned businesses	33%	Women-owned businesses in low-wage industries
21.7	Male-owned businesses per 1,000 male residents	\$2.9M	Average annual sales from male-owned businesses	24%	Male-owned businesses in low-wage industries
3.2x		2.2x		-9pp.***	

*The terms Hispanic, Asian, Black, Minority, and Women are used based on the categories defined by the U.S. Census Bureau in the American Community Survey.

Low-wage industries include: (i) the Health Care and Social Assistance sector, (ii) the Accommodation and Food Services sector, and (iii) the Administrative and Support sector. Given that some firms do not specify the sector in the database, this percentage is the lower bound of the real percentage of firms in low-wage industries. **Source: Authors' calculations based on 2018 Annual Business Survey (2018 ABS) and 2017 American Community Survey (2017 ACS).

***p.p. is an abbreviation for percentage point, the difference between two percentages.

