Effectively supporting communities of color starts with accurate, abundant data, as outlined by Black & Brown Founders, an organization providing community, education and access to Black and Latinx entrepreneurs.

"You can’t fix what you don’t even consider counting. As a team, Black & Brown Founders strongly believes that we must have data that tells stories of the realities of communities of color — and Black folks, in particular. Data is not only needed but essential to supporting business creation and success. It gives institutions accountability metrics to measure progress and make lasting structural changes. It allows us to redefine expectations, instead of leaning on antiquated assumptions that were not created for us and set us up for failure.

It is not unusual for Black & Brown Founders to have potential partners ask us to educate and engage them, only to find out they lack a data-informed approach and a culturally-competent model to support the people who are part of our community. This signals to us that there is a poor understanding of how to serve Black businesses and entrepreneurs. The irony is that many contemporary methods emphasize that to successfully build a business, founders must know who their customers are. Too many organizations do not practice internally what they teach. As a result, society continues to ignore that there is an underserved, overlooked, and often underestimated economic power that keeps this country viable. It is the Black community.

Hello Alice’s approach to supporting small business owners while gathering data has compelled us to engage in a partnership. Now, after launching the COVID-19 Business Resource Center, they have a unique data set of how the pandemic has affected Black-owned businesses.

What does the Hello Alice data say?
• 81% of respondents need less than $100K to keep themselves in business.
COVID has laid bare the true extent of the racial wealth gap. Talent and hard work are not enough to find financial success, yet those are the predominant messages we hear. Networks and support structures without bias need to be supported on a grand scale now.

69% of Black entrepreneurs for COVID-19 Business for All Emergency Grants identify as women.

The tail is wagging the dog.

When many people think of the future of entrepreneurship, they think of innovation and Silicon Valley. Entrepreneurship is down in this country, and that lack of growth has long-term economic consequences for all of us. But guess who is the fastest-growing group of people creating businesses? Black women. Black women are also the most educated group in this country, but institutions do little to nothing to support, finance, and invest in their businesses and visions. We know that the difference between a visionary and being “too early to market” is how much backing you can get. Just think about the many missed opportunities to empower women of color because of structural bias and racism.

92% of Black entrepreneurs are calling on the government to step up and give them access to more emergency grants, ranging from $10k-25k.

You get what you pay for.

During this pandemic, we have had an increase in billionaire wealth while most Black-owned businesses have experienced an extinction-level event. This is due in part to the lack of connection with banking institutions, the above mentioned racial wealth gap, and the historic disinvestment in Black communities. We understand that all of our economic futures are intertwined. So many people currently have their financial future held hostage by racist institutions.

What can you do about it?

If your organization gathers data, ask if it is gathering the data you need to create equity, and steward that data with extreme care. Educate your organization on how to measure the opportunities you are creating for the Black community and Black people.
Invest in the Black community. It is a moral and economic imperative and has the ability to unlock untold benefits for an emerging global economy.

Advocate for Black people to your local, state, and national officials to invest in and support the Black community.

Be accountable and ask for accountability on how Black-owned businesses are supported in your networks. This is an intergenerational call to action, not a side project for the next six months. This will require all of us to be continuously working on how to make shifts that benefit Black folks.

Develop a relationship with the Black community and the organizations that serve Black people. Listen to what folks are asking for and provide it. Be ready to go beyond your comfort zone, because the support and information will not look the same as to what you are used to doing.

Want more?

Here are some resources to educate yourself:

- Facts from BIA
- Black Tech for Black Lives
- Project Include
- Black & Brown Founders Podcast
- Code2040
- Black Girls Code
- Lesbians Who Tech

By Deldelp Medina  
Director of Research and Strategy, Black & Brown Founders

Aniyia L. Williams  
Founder and Executive Director, Black & Brown Founders
COVID-19 Business Resource Center

Hello Alice is hosting the COVID-19 Business Resource Center (covid19.helloalice.com) in partnership with the U.S. Chamber of Commerce Foundation, eBay Foundation, Global Entrepreneurship Network, Salesforce Essentials, Silicon Valley Bank, Verizon, and UBS. Through the Center, business owners can connect with peers likewise affected by this pandemic and experts to get the help they need in real time, including comprehensive access to financial support, government programs, real-time policy updates, enterprise discounts, virtual events, and step-by-step guides targeted at specific industries as they prepare to reopen. Through the Center, small business owners were provided with the opportunity to apply for $10,000 COVID-19 Business for All Emergency Grants on a rolling basis that include mentorship for every applicant. This is just part of a collective effort to ensure #BusinessForAll during the COVID-19 pandemic and beyond.

Data gathered from the community of over 200,000 small business owners educates thought leaders on the barriers and opportunities faced by small business owners. Small business owners, likewise, are encouraged to utilize this data and join us in advocating for the needs of Black business owners. Aggregate trends and insights ensure New Majority founders, including women, people of color, military-connected owners, entrepreneurs with disabilities, and members of the LGBTQ+ community, are represented both for their success and the hurdles they overcome. Data partnerships and contributions from digitalundivided, Black and Brown Founders and DivInc supplement this impact report to offer a comprehensive view of the environment for Black business owners. This data report is intended to be a tool for enterprise companies, policy makers, and thought leaders to better serve the unique needs of the Black small business community.
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Data on Black-Owned Businesses

This report compiles data from:

28,985 Black Entrepreneurs

69% identify as women
31% identify as men
0.2% identify as non-binary
0.2% identify as non-conforming
0.1% prefer not to say

8% of Black entrepreneurs identify as LGBTQ+
6% of Black entrepreneurs identify as Veterans
Current Status of Black-Owned Businesses

According to Global Strategy Group,1 “The economic damage is just beginning. Slightly more than 1 in 5 African American small business owners report temporarily closing due to the COVID-19 pandemic. This trend will intensify as time goes on. Among those who are still open and operating, almost half expect to close within 6 months if conditions remain the same.”

The COVID-19 pandemic presents unprecedented challenges for small business owners. To better understand business owners’ current needs, the Hello Alice COVID-19 Business for All Emergency Grant application collected demographic information, funding requirements, and operational challenges. The results, collected since March 2020, show that:

- 92% of Black entrepreneurs are calling on the government to step up and give them access to more emergency grants, ranging from $10k-$25k.
- For 37% of Black-owned businesses that applied, this amount of funding would mean business survival after COVID-19.
- Grants of that size would be put toward many things, including lost sales, as 68% of Black entrepreneurs said that was their biggest hurdle during this time of social distancing.
- The majority of Black business owners responded in the same manner as other business owners, stating on average that they needed $10k-$25k in order for their business to survive COVID-19. It’s safe to say that when owners were answering these questions, they did not anticipate COVID-19 affecting their businesses for more than four months. Additionally, the Payment Protection Program (PPP) was designed to help owners for only two and a half months when it was launched. Overall, both business owners and the United States government didn’t expect COVID-19 to affect businesses for this long.

According to a digitalundivided report,2 of those surveyed, 98% report that their business has been directly impacted by COVID-19.
Biggest Challenges Faced by Black Business Owners

When answering the question “What is your current biggest challenge?” 36% of Black business owners stated that it was raising capital and finding a loan, followed by 23% of Black business owners who stated that it was growing their business. We can venture to say the vast majority of the 36% of Black businesses owners facing challenges raising capital and finding a loan are doing so to grow their business, therefore there are roughly 59% of Black businesses needing support to help them grow.

COVID-19 has affected small business owners in many ways. To help small business owners, Hello Alice has created the COVID-19 Business Resource Center. At the Hello Alice COVID-19 Business Resource Center, small business owners have multiple resources at the tips of their fingers.

Jenny DuFresne is a former United States Marine and the founder of The DuFresne Solutions Group of Austin, Texas. She channeled her past service experience into creating her leadership development program by supporting mid-level leaders, managers, and supervisors. As a professional business service, Jenny joins 14% of other Black entrepreneurs who have a company in this industry.
Biggest Impacts on Black Business Owners

According to digitalundivided, “82% of Black business owners report that they have experienced ‘decrease/loss of revenue.’”

Black entrepreneurs report reduced sales due to social distancing measures as the most common COVID-19 impact to their business. Nearly 19,000 out of the 28,985 Black entrepreneurs listed this among the significant impacts of this crisis.

When compared to the average small business owner, Black owners report that they were equally impacted by the declining economy and social distancing/isolation. However, more Black business owners stated that they were impacted by the difficulty of collaborating with partners, customers, or their teams.

65% of Black entrepreneurs were impacted by reduced sales due to social distancing isolation

40% of Black entrepreneurs were impacted by difficulty collaborating with partners, customers, or team

40% of Black entrepreneurs were impacted by employee anxiety and distraction

64% of Black entrepreneurs were impacted by reduced sales due to declining economy

36% of Black entrepreneurs were impacted by difficulty accessing short-term capital

As a single mother and a serial entrepreneur, Desiree Santiago, understands the true value of time. She created Sway’D Style Lounge to be a one-stop-time-saving-spot: dry cleaning, hair salon, copy services, and more. However, not considered an essential business, social distancing measures have greatly impacted her and her employees.

“In the service industry that is not considered ‘essential,’ we don’t open, we don’t serve, we don’t have capital to exist.”

Organizations: If you would like to learn more about bringing awareness to Black-owned businesses, watch digitalundivided’s We Rise Virtual Summit.
The overwhelming majority of Black business owners — nearly three out of four — reported they needed emergency funding immediately in order to survive the COVID-19 pandemic. This stat increases to nearly nine out of every ten when coupled with entrepreneurs who reported they needed funding within two weeks. The graphic below captures the dire financial situations of Black business owners across the country.

**Emergency Funding**

Elorm Ahiamadjie spent years driving a taxi alongside his father in order to save enough money to start a business on his own. In 2018 Elorm partnered with his friend Allen Yang to launch Delaware Limo. COVID-19 has greatly impacted his transportation business. Delaware Limo reflects the 74% of Black entrepreneurs that need funding immediately. As Elorm put it: “With graduation, proms, and weddings being canceled, our most profitable season of the year has been virtually eliminated.”

**91%** of Black entrepreneurs need support from the government through emergency grants

**64%** of Black entrepreneurs need support from the government through long-term grants

**49%** of Black entrepreneurs need support from the government through rent relief

**35%** of Black entrepreneurs need support from the government through tax deferrals or waivers

**77%** of Black entrepreneurs said they need emergency funding **immediately**

**12%** of Black entrepreneurs said they need emergency funding **within 2 weeks**

**9%** of Black entrepreneurs said they need emergency funding **within 30 days**

**2%** of Black entrepreneurs said they need emergency funding **within 60 days**
For most Black founders, COVID-19 has exacerbated the existing challenges to building sustainable and scalable businesses. Revenue streams have shut down. Many founders have had to pivot their business significantly, which is extremely difficult to do. For most, equitable access to financial capital to help them through the crisis remains elusive. Recent reports indicate that just 2% of the hundreds of billions of dollars of CARES Act PPP loans went to Black-owned businesses.1 One report estimates that more than 40% of Black-owned businesses will be shuttered due to COVID-19 versus 17% of those with white owners.2

The bottom line is that we must fix the systemic racial, gender, and bias issues associated with the lack of access to social and financial capital. And make no mistake: **It is systemic when you have just 1% of venture capital investment going to Black and Latinx entrepreneurs and a woeful .06% going to Black women founders**.3 There is something very broken in the system, and now is the time to fix it.

Are there some easy steps to take to create sustainable positive movement?

Yes! That said, our history makes this work a really heavy lift. These inequities and disparities are real and are the intended results caused by policies, laws, and behaviors from leaders in this country. We’ve been in denial, and folks refused to acknowledge that this problem actually existed. Some still refuse to acknowledge! Together we must recognize and acknowledge reality so that we can stop treating symptoms and remove the barriers at the core. We don’t mind doing the lifting; we just want the institutions and systems to stop adding more weight every time we make a little progress.

That is called oppression. We’ve endured hundreds of years of this already. We want allies in removing these weights together and keeping it off. By doing so, we can make this heavy lift a helluva lot

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1Thinknum, 2Stanford Institute for Economic Policy Research, 3The Washington Post
easier. Here are some things we can do to move to create more equitable socio economic opportunities for Black entrepreneurs:

**First**, for any organization/company that acknowledges they want to be more authentically inclusive or wants to create positive change, they should proactively and intentionally seek out a collaborative partnership with an organization that is focused on making the tech startup community more diverse. Organizations like DivInc¹ or Black Innovation Alliance² or BlckVC³ or Black Women Talk Tech⁴ are just a few great examples from a long list of potential partners. Folks need to be prepared to invest in these partnerships, preferably with money versus in-kind. This is not charity work! This is about doing the work today for a truly equitable and inclusive future. We have to move the mountains today to make that happen.

**Secondly**, assuming the “why” is understood within the company/organization, they must decide what and how you want to be more inclusive. What problem do you want to solve internally (sound familiar?) so you can understand how to engage with the right external partners? Here are examples: If you are a VC, angel investment group, or accelerator, do you want to see investment in founders of color and women increase to 30% of all investment in Austin? Do we want more limited partners of color or investors of color as part of your fund? Do you want more board members/executives of color on your team? Do you want to help programs that help diverse founders? Do you want to develop a pipeline of students of color through internships? As a corporation, can you encourage the diverse leader to serve as mentors in the startup community?

**Thirdly**, engage in a lot more meaningful, action-oriented dialogue with startup and corporate leaders of color with the intention of effecting positive, measurable change. DivInc hosts these meetings with committed startup community leaders and corporate executives.

**Fourth**, the startup community leaders — as well as real estate development leaders and other high net worth leaders — have a lot of influence in their communities. They need to get behind some of the grand ideas that come from conversations in points 1–3 above to push cities/foundations/corporations/venture capital/angel investors to create initiatives that invest to support greater inclusivity in our innovation ecosystem and hold them accountable to it. One example is that we need to be innovative in coming up with alternative and equitable access to funding, in particular in the early stages of building businesses. There is too much brain power to not be able

¹DivInc, ²The Black Innovation Alliance, ³BLCK VC, ⁴Black Women Talk Tech
to figure this out. Let’s identify the barriers and work together to remove the barriers, be they policies, laws, or systems.

According to McKinsey, the racial wealth gap in the United States will have a dampening effect on the U.S. economy to the tune of $1.5 trillion dollars between 2019-2028 alone. By closing this gap, the U.S. GDP could be 4-6% higher by 2028. We have an amazing opportunity ahead of us to create greater economic prosperity for this country. Let’s be the change we want to see for our future.”

Preston L. James, II

By Preston James

Co-Founder & CEO,
DivInc
Where to Go
From Here

According to digitalundivided,1 “51% of Black business owners report that their businesses will sustain themselves for ‘less than one month.’”

Since our launch in 2017, Hello Alice has hosted resources and opportunities for Black business owners, who make up 24% of our total platform community. We are and always will be committed to equal access for Black business owners. This effort acknowledges the fact that by percentage, Black women are the fastest growing group of entrepreneurs in the United States. Our data shows that there needs to be a specific concentrated or conscious effort to support Black business owners to overcome the challenges posed by the COVID-19 pandemic. Hello Alice’s 30,000+ Black owners called for a Black-Owned Business Resource Center (blackbiz.helloalice.com), and we responded with the most up-to-date opportunities, resources, and step-by-step guides to help Black business owners reopen safely and successfully. Thanks to generous support from our partners at Visible, UBS, and Stacy’s Rise Project we are also devoting a portion of our COVID-19 Business for All Emergency Grant funding specifically to Black business owners. Together we will emerge from this crisis stronger than before.
According to Global Strategy Group,¹ a majority (51%) of Black and Latinx small business owners who sought assistance requested less than $20,000 in temporary funding from the federal government. Only about 1 in 10 (12%) received the assistance they requested. Almost two-thirds report they have either received no assistance (41%) or are still waiting to hear whether they will receive any federal help (21%).

Finally, Hello Alice recommends the following actions based on our data:

1. **More loans and grants.** Black business owners overwhelmingly requested access to funding in amounts between $10,000-$50,000.

2. **Extend government programs.** Demand for rent relief, tax deferrals, and tax waivers was a common theme.

3. **Targeted outreach.** It's not enough to express support; industry-specific groups must actively reach out and include Black owners in their networks.

4. **Engage with the following organizations:** DivInc, digitalundivided and Black and Brown Founders
About Hello Alice

Hello Alice (helloalice.com) helps businesses launch and grow. A free multi-channel platform powered by machine learning, Hello Alice guides business owners by providing access to funding, networks, and services. Through a network of more than 200,000 owners in all 50 states and across the globe, Hello Alice is building the largest community of business owners in the country while tracking data and trends to increase owner success rate. Hello Alice partners with enterprise business services, government agencies, and institutions looking to serve small and medium business owners to ensure increased revenues and to provide the best-possible experience for owners who want to start or grow their companies. Founded in 2017 by Elizabeth Gore and Carolyn Rodz, Hello Alice believes in business for all — by providing access to all owners, especially women, people of color, military connected, the LGBTQ+ community, and persons with disabilities. Hello Alice exists to serve every American with an entrepreneurial spirit.
Citations

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