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NOW

Boosting Black and Latinx Entrepreneurship in Philadelphia



A reporting series by Michael Butler
Edited by Julie Zeglen
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Project Overview

Black and brown Americans are underrepresented as business owners. The reasons why are intertwined with old, ugly intertwined issues of racism and neglect. Can such a thorny national issue be addressed locally?

That was a central goal of a 10-part series published by local innovation economy news site Technical.ly highlighting Black and Latinx entrepreneurship in Philadelphia. Built on a decade of reporting on startup and small business growth, the series used a case study format to find patterns and lessons from those who have had success. The series asked: What's working in supporting Black and Latinx founders? What isn't?

To identify challenges and opportunities Technical.ly reporter Michael Butler interviewed 10 entrepreneurs about their experiences launching and sustaining their businesses, especially during the COVID-19 pandemic. This report summarizes his findings.

REPORTING PROCESS

- Technical.ly has reported on Black and brown entrepreneurs since 2009.
- Reporter Michael Butler has spent six-plus months in an intensive digital equity-focused reporting beat.
- Editor Julie Zeglen has spent the last five years covering equitable economic growth.
- This series featured intensive interviews with Black and brown small business owners in fall 2020.



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BY THE NUMBERS

COVID-19'S IMPACT

68% vs. 44%

Percentage points by which active Black business owners fell in March-July 2020, compared to active white business owners, per Economy League of Greater Philadelphia [analysis](#)

LOW BUSINESS DENSITY

1.8 Black-owned businesses per
1,000 Black residents

3 Hispanic-owned businesses per
1,000 Hispanic residents

Compared to 21.6 white-owned businesses, per a 2020 Center City District [report](#)

VC DEALS

1% and 0.6% vs. 60.4%

Percentage of all-Black and all-Hispanic founding teams versus all-white that raised venture capital from the 100 most active US firms in 2019, per a 2021 Diversity.VC [report](#)

POPULATION

44% and 15% vs. 6% and 4%

Black and Latinx population of Philadelphia, compared to ownership percentage of employer firms in the city, per Pew Trusts [analysis](#)



What the entrepreneurs say

Black and Latinx business owners can thrive in Philadelphia. But they need more resources to do it.

COVID-19 has meant reduced business for many entrepreneurs in the form of modified hours, fewer customers and in many cases, closures. Black entrepreneurs have been especially impacted by the pandemic: Its first five months, biz ownership for this group fell at a higher rate. Meanwhile, social unrest following the killings of Black people like George Floyd by police saw local businesses weathering additional damage, and entrepreneurs of color are dealing with mental anguish of seeing people who look like them lose their lives.

Black and Latinx people represent 44% and 15% of Philadelphia's population, respectively, but own only 6% and 4% of employer firms in the city, plus 30% and 13% of non-employer firms. Boosting these entrepreneurs has been a focus of local efforts in recent years, both from the City of Philadelphia and other institutions, and more grassroots efforts. Still, we hear often in our reporting that opportunities for funding, networks and other resources are harder to come by — both locally and nationally — if you're a person of color.

Over the last several weeks of 2020, Technical.ly profiled 10 Black and Latinx entrepreneurs about the challenges they've faced in growing their businesses in Philadelphia, as well as what resources they have used to support that growth, and what more is needed. The series asked: What's working in supporting Black and Latinx founders? What isn't?

Themes emerged from these interviews — some related to this especially challenging past year, and some more systemic. Finding access to capital could be consistently difficult, they said. Some founders pondered how they could break through to bigger growth after initial success. For many, simply staying solvent amid a pandemic had become their main challenge. And dealing with the gravity of a social uprising that had been years in the making provided an additional layer of duress.

Hearing the entrepreneurs' stories via phone and video call while the coronavirus raged provided this reporter with a surreal gateway into the lives of people already used to working on their own terms, and now thrust into new circumstances presenting a sort of existential crisis. Conversations about their professional journeys sometimes got sentimental and even dark when discussing systemic inequities that might have precluded them from success.

But each story was powerful and conveyed the resilience of these entrepreneurs. Here's what they said is needed to make success more accessible to more people.



Clearinghouse of resources

Marc Coleman has seen success since launching dev agency The Tactile Group in 2004 that had included landing a contract with Philadelphia International Airport. His Center City business has been able to grow with the help of a number of local biz-building programs, including The Enterprise Center and PIDC's Your Outsourced CFO, so he believes resources for Black and Latinx entrepreneurs to succeed already exist – they just aren't visible or accessible enough to everyone who needs them. Organizations offering those resources should work to meet Black and brown entrepreneurs where they're at.

"If there were a single place Black and brown founders could go for this information, the nonprofits [offering resources would] want to own that story," he said. "These things would have a much longer reach if they were coordinated and share some of the glory and burden."

Harriett's Bookshop owner Jeannine Cook launched her Fishtown bookstore in early 2020, just before the pandemic hit. Finding ways to sell books outside during a time where Black people and allies needed a tangible sense of community was a challenge that she worked expeditiously to meet.

One of the issues Cook has with potential funders seeking to help Black and Latinx businesses is the number of questions that come with applications. The time required to respond to inquires and compile the information needed takes away from the time that entrepreneurs like her have to invest in their businesses. "Make your process more streamlined and easy to access," she said. "We're doing things in the old ways."

Earlier institutional support

Having access to local Chambers of Commerce and other professional organizations in the earlier stages of business planning can be a major asset for Black and Latinx entrepreneurs striving for success.

Venezuelan eatery Puyero cofounder has developed a local following and adapted to the pandemic. Cofounder Gilberto Arends said he's grateful for the support the Queen Village shop has received from the Greater Philadelphia Hispanic Chamber of Commerce in recent months, including in the form of Dine Latino Restaurant Week held in October. However, he wishes that he knew about the Chamber when his family was still in its planning stages – an awareness issue.





Edward Garcia and his partner Jeannie Wong own Queen and Rook Gaming Cafe. They launched their Queen Village business in September 2019 by sidestepping institutional investors and reaching out to friends and family for what became their first round of investment. Garcia agrees that having relationships with organizations like the Hispanic Chamber earlier on could be a major benefit to Latinx businesses looking for ways to access startup capital, for instance.

“Once you blow up, everyone is lining up to mentor you,” he said. “But it’s before you blow up that you need help in getting to the next step. If you have one location, how do you get to the next? If you’re working from home, how do you get to the second year?”

Better representation

The importance of diversity among decision makers surfaced often in conversations with the entrepreneurs.

Ariell Johnson’s Amalgam Comics & Coffeehouse in East Kensington has received acclaim from the East Coast comic community and supporters of Black-owned businesses over the past five years. In several experiences pitching loan committees and other stakeholders on her supporting her business, Johnson said noticed that they are rarely as diverse as the entrepreneurs they aim to serve. With better representation, she believes more business owners could thrive.





“I always think it comes down to who is in the room,” she said. “If your organization’s mission is to help women, people of color, Black or queer people, those people need to be present in the organization. I had to pitch to loan committees and it’s not lost on me that the majority of the time the room I’m pitching to is 95% white and 75% male.”

After exiting his first startup GSI Health, in 2016, LeRoy Jones has formed EREflow, which has a focus on guiding other entrepreneurs in the early stages of their professional journeys. During his time at GSI Health, Jones had success in raising \$5 million over several rounds of funding, including from Ben Franklin Technology Partners and Rittenhouse Ventures. Getting his company to be seen as more than a minority-owned business was often a challenge, however.

“[When] trying to raise money for company, I didn’t see anyone that looked like me on either side of the table,” he said. “We had such a hard time getting access to capital, even though we had a good track record, customers and leadership.”

And Garcia found getting a lease for Queen and Rook to be a difficult experience. Over two years, he and Wong went through four realtors to see 10 different spaces. But each time, Garcia felt that property owners wanted a larger deposit than they would have asked of a white business owner; his MBA and high annual salary and the couple’s good credit couldn’t prevent potential landlords from ignoring that they were not white, he said.

Mentorship from pros

Several entrepreneurs mentioned how helpful it was to learn from others who had launched businesses in tough circumstances.

Kristal Sotomayor is one of the three founders of ;Presente! Media!, a collective working to empower creatives during a time in which many have lost work and are looking for more opportunities. As an independent filmmaker, they have seen firsthand how difficult it can be make steps forward in their career, and by uniting with other creatives of color, see the potential to have greater success.





Mentorship from independent filmmaker and educator Nadine Patterson helped Sotomayor succeed in their field by advocating for Sotomayor's growth and fundraising efforts.

"It's critical because business is about relationships," Patterson said. "You cannot move forward in your career unless you have connections with people who are established in an industry. It's virtually impossible. You need to see people in the industry who look like you and look like they're from your community to give you the fortitude to persevere."

Napoleon Suarez is the founder of Fishbox, a package delivery business based in South Philadelphia. He benefited early on from mentorship from his former boss, Seer Interactive's Wil Reynolds.

But he's also faced financial challenges over the business' life cycle that he partly attributes to a lack of guidance. The entrepreneur believe small biz-supporting organizations that help Black and Latinx founders could play a role here: By better understanding how to gain new customers, his business could have the tools to succeed in the long term.

Emeka Oguh of financial wellness fintech company PeopleJoy, also believes mentorship can prepare Black and brown founders for the peaks and valleys that come with entrepreneurship. Oguh has participated in the Mentor Connect program from PACT and Ben Franklin Technology Partners, which brings together founders with more seasoned entrepreneurs as coaches.





“Mentors come in different ways,” he said. “Some you have for life, some you have for a day. Anyone that can give you a new perspective is a mentor. This is agnostic of race, but we need more mentors. This is a super lonely journey and it’s always great to talk to current CEOs going through it, but also [have] a safe zone of being able to talk to somebody going through it who isn’t an investor or on your board.”

Support for capacity building

During a time in which COVID-19 has infected over 100,000 Philadelphians, Donna Allie’s Team Clean has maintained her business by using state-of-the-art cleaning equipment to sanitize spaces ranging from City Hall to the movie set of a Netflix production filming in the area.

However, even as the founder of a business that has existed for decades now and has a \$17 million three-year average in sales, she sees white-owned companies growing while she and her peers stay stuck, unable to take advantage of larger contracts. A program to help entrepreneurs like her learn how to scale, and the connections to do it, could help.

“I feel so bad about the struggle we have to go through,” she said. “I feel other business owners’ pain. We’re at a three-year average of \$17 million in sales. We can’t get out of that average and go to the next level. It’s not only me — I hear this from other friends in business. Here in Philadelphia we want to put capital into building capacity.” Allie believes organizations could also support Black business owners by providing information on maximizing their financial resources after making profits. Understanding how to invest and better manage cash flow is something she thinks could help many Black business owners succeed.

And for all the talk of Philly as a fledgling tech economy, Jones pointed out that a lack of good incentives for business owners to launch here as well as high taxes don’t make it easy for the city’s economic growth. Even so, Jones said, “I was able to be successful despite that. You can’t be a victim. You just keep going, no matter what.”



Now what?

Some of the challenges could apply to any entrepreneur. But many speak to the particular experience of Black and Latinx founders who must navigate racial inequities in their personal as well as professional lives.

Following George Floyd's killing, Coleman said, he had to explain to his staff that he might be mentally checked out, because Floyd could have been him or any other Black person in America. Johnson has dealt with depression because of this trauma at the same time she's laboring to keep her business open during the pandemic.

Juggling a pandemic and the mental strain of seeing people who look like you killed could hamper any savvy entrepreneur. But from this reporting, it's clear that Black and Latinx entrepreneurs are finding ways do more with less. It could be far easier if they had more resources at their disposal. As people of different backgrounds plan for economic recovery in 2021 and life after the pandemic, it is paramount to Philadelphia's economic success that Black and Latinx entrepreneurs receive more support in their endeavors.

REPORT TAKEAWAYS: WHAT BLACK AND LATINX ENTREPRENEURS SAY THEY NEED TO SUCCEED IN PHILADELPHIA

- A clearinghouse of easily accessible resources
- Earlier institutional support
- Better representation among business leaders
- Mentorship from experienced pros
- Support for capacity building
- Amplify success stories