

THE FUTURE OF CITIES

A Roadmap to Inclusive Entrepreneurship

MUNICIPAL ACTION GUIDE





CENTER FOR CITY SOLUTIONS

About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions. NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues, and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

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FOREWORD

This municipal action guide provides a practical framework for understanding and supporting inclusive entrepreneurship, including specific examples and steps city leaders can take to improve racial and social equity, expand economic opportunity and participation, and build dynamic and resilient local economies.

The recommendations in this guide were developed through a collaboration between the National League of Cities and Nowak Metro Finance Lab. Both organizations focus their work on engaging a variety of cities, communities and leaders across private, public and philanthropic sectors. The National League of Cities' City Innovation Ecosystems program aims to support city leaders in creating the right policies, programs and practices that drive inclusive, entrepreneurship-led economic growth in their communities. To date, this network has grown to include more than 15 cities, 200 local partners and \$100 million in resources.

The Nowak Metro Finance Lab works at the intersection of city hall policy, private investment and business-civic leadership to drive inclusive metro economies and build community wealth.

Together, through their shared experiences and observations, the National League of Cities and the Nowak Metro Finance Lab developed the following action guide to help city halls advance inclusive entrepreneurship as their local economies emerge from the pandemic. The framework, recommendations, examples and case studies offered were refined and ground-proofed through interviews with dozens of city leaders across the country. Their shared aim is to provide discrete, actionable steps that, taken together, can build more inclusive, dynamic and sustainable entrepreneurial ecosystems no matter where a city is in its journey.



THIS GUIDE WILL HELP CITY LEADERS TAKE ACTIONABLE STEPS TO IMPROVE RACIAL AND SOCIAL EQUITY, EXPAND ECONOMIC OPPORTUNITY AND PARTICIPATION, AND BUILD DYNAMIC AND RESILIENT ECONOMIES.

A ROADMAP TO INCLUSIVE ENTREPRENEURSHIP

The opportunity to start and grow a business is fundamental to realizing the American Dream. Not only do small businesses generate two-thirds of new jobs and employ 47 percent of our workforce, but entrepreneurship provides a critical path to economic and social stability as well as wealth-building opportunities for many Americans, at least in theory.¹ But too often Black, Indigenous, People of Color (BIPOC), women, LGBTQ+, and other historically marginalized residents are excluded from the opportunity to start and grow a business of their own. Inequities in accessing capital, networks and support widen our country's racial wealth gap and shrink our shared economic potential. These barriers to entrepreneurship reflect and perpetuate larger societal inequities and injustices highlighted and exacerbated by the pandemic.

Cities must act to address systemic barriers and inequities, offering targeted support to those entrepreneurs that need it the most.² This action guide provides recommendations, best practices and case studies that, when taken together, will help cities dismantle barriers and empower underrepresented entrepreneurs, helping expand economic opportunity,

strengthen communities, narrow the racial wealth gap and realize the full potential of American ingenuity and competitiveness.³

City leaders are uniquely positioned to take meaningful action across **entrepreneurship ecosystems** that lowers barriers, expands opportunities available to a diverse set of founders and business owners, and ensures **inclusive entrepreneurship** in their communities.



INCLUSIVE ENTREPRENEURSHIP ECOSYSTEM

A local economy where small business creation, ownership and success are equally accessible to all residents regardless of race, ethnicity, gender, sexual orientation or other identity.

ENTREPRENEURSHIP ECOSYSTEM

Encompasses all entrepreneurship support organizations (ESOs), including capital providers and business assistance organizations, as well as entrepreneurs themselves within a specific community.



CITIES MUST ACT TO ADDRESS SYSTEMIC BARRIERS AND INEQUITIES, OFFERING TARGETED SUPPORT TO THOSE ENTREPRENEURS THAT NEED IT THE MOST.

Considering the whole range of possible action by cities, this report gives leaders five high-level recommendations for driving inclusion across their entrepreneurship ecosystems.

- 1. Begin by understanding the entrepreneurship ecosystem's baseline.** City leaders should reach out to underrepresented entrepreneurs and the wide array of organizations supporting them to get a full picture of the ecosystem, developing a baseline understanding of the number and types of firms within a city as well as their sectors, revenues and diversity.
- 2. Catalogue and convene a full network of entrepreneurship support organizations.** To help identify partners, gaps and potential collaboration opportunities, city leaders should create a single, easily accessible public resource that catalogues the full ecosystem and network of support organizations. It is important to consider entrepreneurship support organizations (ESOs) broadly and include a variety of community-serving organizations.
- 3. Develop a plan for inclusive entrepreneurship and track metrics for accountability and transparency.** To achieve truly inclusive goals in systems affected by fragmentation of resources and/or support organizations, city leaders should create (or update) a clear and explicit plan for inclusive entrepreneurship. This plan should

include agreed upon measurable goals for the number, size and sector of diverse businesses while creating key benchmarks to evaluate program effectiveness

- 4. Build a presence in the community to enhance access and facilitate inclusive placemaking.** The work and reach of city leaders are most inclusive and successful when they venture beyond city hall and connect directly with entrepreneurs. Through remote offices, pop-ups and shared spaces, city leaders can reach entrepreneurs where they are more comfortable, provide more convenient access, amplify the work of existing community organizations, and bring materials, technology and services directly into neighborhoods, bridging language and digital barriers while supporting inclusive placemaking.
- 5. Offer capital and business support services for entrepreneurs by leveraging city hall's convening power.** City leaders can reach a broad range of entrepreneurs by bringing together key capital providers and business support organizations to address the discrete gaps and barriers preventing an inclusive entrepreneurship ecosystem from taking shape. Cities must use their local convening power and have a clear understanding of what types of capital and business support are required to grow and assist a wider range of businesses.

ENTREPRENEURSHIP: A HISTORICAL REFLECTION

The challenges entrepreneurs faced during the height of the COVID-19 pandemic starkly demonstrate the many pervasive historical inequities that have long plagued America's entrepreneurship ecosystem. Although entrepreneurship is one of Americans' primary options for upward mobility and wealth building, underrepresented entrepreneurs are systematically excluded from capital and institutions, and often disadvantaged in their efforts to start a business and build wealth. Furthermore, the rapid transition to e-commerce threatens to further exacerbate these inequalities as the digital divide impacts lower income and people of color, preventing entrepreneurs from getting their goods and services online. Changes in the entrepreneurial landscape benefit those who already have a leg-up, leaving many underrepresented communities behind.⁴

Inclusive entrepreneurship faces **three main historical challenges** that drive current inequities:



**Social
inequality**



**Decline in
economic dynamism**



**Rise of
e-commerce**



Social inequality

The COVID-19 pandemic magnified racial economic inequities within our country at the same time the murder of George Floyd sparked a nationwide reckoning over continued racialized police brutality and other systemic injustices faced by Black Americans. Entrepreneurship provides one of the main modes of upward mobility for BIPOC Americans who have been historically excluded from capital and institutions and/or systematically disadvantaged in their efforts to start a business, save and build wealth.⁵ In the spring of 2020, 41 percent of Black-owned businesses closed, as opposed to 17 percent of those with White owners.⁶ Meanwhile, BIPOC entrepreneurs were disproportionately excluded from federal Paycheck Protection

Program loans and other critical financial lifelines needed to stabilize and recover.⁷

In summer 2020, a chorus of private, civic and corporate leaders voiced their commitments to closing the racial wealth gap and addressing other inequities. Delivery of these commitments remains a work in progress.⁸ Advancing an inclusive entrepreneurship agenda requires taking steps to redress the long history of exclusion and deep-seated racial inequality hardwired into our financial system.

As in other areas of life, the way entrepreneurs' multiple identities — race, gender, sexual orientation, etc. — intersect factors profoundly into their experiences and, unfortunately,

ADVANCING AN INCLUSIVE ENTREPRENEURSHIP AGENDA REQUIRES TAKING STEPS TO ADDRESS THE LONG HISTORY OF EXCLUSION AND RACIAL INEQUALITY HARDWIRED INTO OUR FINANCIAL SYSTEMS.



prospects of business success. Women start and own businesses at roughly one-third the rate of men and are less likely to receive the same levels of financial support enjoyed by male entrepreneurs.⁹ Expected to shoulder more burdens at home during the COVID-19 pandemic, women's participation in the workforce dropped to the lowest level in decades, while woman-owned businesses reported more obstacles compared to

their male counterparts.¹⁰ Though under-researched, discrimination against LGBTQ+ individuals extends into the business world and presents barriers to LGBTQ+ founders.¹¹ As a result, entrepreneurship support must take extra, intentional steps to account for entrepreneurs' intersecting identities. Table 1 shows how wide the gap is in business ownership, sales and representation for founders by demographic group.

Table 1: Business Ownership Equity Metrics, among America's 105 most populous cities

| Population | Business Density (per 1,000 residents of same population) | Average Annual Sales | Representation of Firms in High-Wage Industries |
|------------|---|----------------------|---|
| Asian | 34.7 | \$1.3M | 11.8% |
| Black | 3.9 | \$1.1M | 13.8% |
| Latinx | 6.1 | \$1.4M | 10.9% |
| BIPOC | 7.7 | \$1.3M | 11.5% |
| White | 27.5 | \$2.8M | 17.3% |
| Women | 7.8 | \$1.4M | 17.5% |
| Men | 23.9 | \$3.0M | 16.6% |

Source: Nowak Metro Finance Lab's Small Business Equity Toolkit, analysis of 2017 American Community Survey and 2018 Annual Business Survey.

Note: Although Table 1 uses the most comprehensive national dataset available, the chart does not account for the intersection of multiple identities (e.g., Asian women) because of limitations in data collection. As such, it does not present a full picture of how entrepreneurs' identities factor into their experiences starting a business.



Decline in economic dynamism

The way social inequality shapes Americans' economic prospects is made worse by the consistent decline of small business creation in America.¹² In the 1970s, more than 16 percent of all firms in the United States were less than one year old. By 2014, that figure dropped to 8 percent, highlighting a steady decline in the startup rate over the last few decades.¹³ This **loss of economic dynamism** means Americans today are less likely to start businesses, move across state lines and change jobs than at any point in recent history. Some researchers attribute these changes and overall loss in entrepreneurial activity to corporate consolidation hastened by globalization, technology and lack of antitrust enforcement; others point to barriers for individuals that are uniquely American, such as employer-based health care coverage and a large burden of student debt.¹⁴

The country's overall loss of entrepreneurial activity feeds its growing racial wealth gap. Alongside homeownership, starting and owning a business is one of the main ways that many Americans build wealth. However, inequities in the number, size and earnings of BIPOC-owned firms persists while the wealth gap between White and Black Americans has further increased in recent decades.¹⁵ With student loans, for instance, Latinx and Black Americans are respectively two and three times more likely than White Americans to default given lower levels of inherited wealth, the rising cost of higher education, and a complexity of other factors.¹⁶ These financial burdens disproportionately fall on BIPOC Americans, making it more difficult for them to start a business of their own and creating a vicious cycle that perpetuates the racial wealth gap.



LOSS OF ECONOMIC DYNAMISM

Americans are less likely to start a business, move across state lines and change jobs today than at any point in recent history.



Rise of e-commerce

The advance of technology and online shopping has expanded the options for many entrepreneurs. Small businesses can now offer their products directly to shoppers at home and, in many cases, well beyond their local markets to customers across the globe.¹⁷ The line between local retail and traded sectors has blurred, allowing many businesses new and, in some cases, limitless opportunities for growth.

These advances have also created dramatic first-mover advantages and increased opportunities for anti-competitive behavior. A handful of e-commerce giants dominate the space, underscoring the power of online firms even against the best-established incumbents of the 20th century economy (e.g., Amazon surpassing Walmart as the world's largest retailer in August 2021).¹⁸ Through Amazon

Marketplace, small business sellers clash to compete on a global scale, and Amazon takes a substantial cut of revenue.¹⁹ Entrepreneurs therefore must compete on two fronts as e-commerce takes away walk-in business while also lowering margins when selling online.

The rise of e-commerce disadvantages underserved populations impacted by America's deep digital divide between communities with and without reliable internet connectivity, reflecting racial segregation and the cascading effects of past redlining policies.²⁰ Inclusive entrepreneurship requires intentional work to ensure all entrepreneurs can create digital footprints for their businesses, access online services and competitively reach customers in their community and beyond.



THE RISE OF E-COMMERCE DISADVANTAGES UNDERSERVED POPULATIONS IMPACTED BY AMERICA'S DEEP DIGITAL DIVIDE BETWEEN COMMUNITIES WITH AND WITHOUT RELIABLE INTERNET CONNECTIVITY.

RECOMMENDATIONS: A ROADMAP TO INCLUSIVE ENTREPRENEURSHIP

Genuinely inclusive entrepreneurship ecosystems help redress racial, social, and economic inequities at-large and dismantle discrete barriers that exist across a given community. The leadership of mayors, city council members, city managers and other city leaders is vital to generate and maintain ecosystems where all residents can start businesses that take root and thrive. Although many factors shape an entrepreneur's journey, decisions made in city hall can make decisive impacts for entrepreneurs across the community.

Because many of the most impactful interventions for entrepreneurs are made by a broad array of actors inside and outside of city hall, this action guide includes participation from a range of groups to ensure a truly inclusive entrepreneurship ecosystem. An ecosystem-wide view is necessary to account for the myriad factors that affect entrepreneurs and their prospects of success. Three guiding principles will help city leaders implement the recommendations.

- **The strategies build on one another.** Just as the recommendations scale up in sophistication, they should also be implemented in order. The outcomes of each step should be used to inform the next as city leaders move from initial conversations to network-wide convening to committing to common metrics of success and later deploying resources. These recommended actions can also be iterative as leaders update and reexamine the effectiveness of their interventions, seeking additional feedback and growing their entrepreneurship support ecosystem.
- **City leadership is necessary but not sufficient.** None of the recommendations can be carried out by city hall alone. City leaders must engage partners outside of the government to successfully activate an inclusive entrepreneurship ecosystem. The city should look to partner with community-

based organizations to inform or deliver in any of these policy areas. At the same time, city leaders — in particular mayors and city managers — are best situated to lend their influence and coordinate actions across fragmented entrepreneurial ecosystems. Without their leadership, it is difficult for inclusive entrepreneurship to improve beyond a discordant jumble of well-meaning but disconnected programs.

- **Entrepreneurship Support Organizations are an essential ingredient.** ESOs perform many functions supporting and empowering entrepreneurs to realize their goals. ESOs include a wide array of organizations and structures — nonprofits, public authorities, corporations, churches, philanthropies, credit unions, childcare providers and neighborhood associations — offering help to entrepreneurs. City hall must convene and coordinate action across ESOs, partnering with and investing in them where needed while keeping an open mind toward unconventional partnerships.



ENTREPRENEURSHIP SUPPORT ORGANIZATIONS (ESOS)

Organizations supporting entrepreneurs in their endeavors to open, maintain, or grow their businesses and livelihoods.

Begin by understanding the entrepreneurial ecosystem's baseline

In working across the entrepreneurship ecosystem, it is critical for cities to understand their baseline. Disentangling the challenges facing underrepresented entrepreneurs requires understanding a number of factors that span organizations and firms within the entrepreneurship ecosystem. Gaining a clear understanding requires leading with questions and building on existing community knowledge to gain a deep familiarity with the whole ecosystem.

Entrepreneurship ecosystems consist of five major elements that reach entrepreneurs at different stages. A baseline will gather information on the strengths, gaps and barriers that pervade each of the following:

- **Local governments that permit new firms and zone spaces** for commercial activity.
- **Large- and mid-sized institutions that procure goods and services** from entrepreneurs, including local government, federal agencies, public authorities, hospitals, universities and corporate anchors.
- **Capital providers who lend to, or invest in, entrepreneurs**, including traditional banks, community lenders, impact investors, venture capitalists, angel and other equity investors, and in some states public authorities.

- **Commercial corridors where entrepreneurs operate** and which provide the geographic backbone of much business activity.
- **Entrepreneurship support organizations (ESOs) that help entrepreneurs bridge gaps and lower barriers** across the other four elements of the ecosystem.

Start with factfinding

To tap into the wisdom of various communities' and individuals' experiences, city leaders should first engage in a fact-finding exercise across the ecosystem. Open-ended questions often lead to unexpected answers and highly productive conversations and partnerships, turning over new stones in advancing inclusive entrepreneurship.

Pose these questions to a representative sampling of entrepreneurs, ESOs and community-serving financial institutions. As respondents refer to other organizations and allies, city leaders can make a list of key leaders and organizations to also engage. This is the first step for building a baseline understanding of the ecosystem. Cities should also seek out previous work; few will need to start from scratch, as they discover and build on the previous work and knowledge of existing ESOs in their communities.



QUESTIONS FOR ENTREPRENEURS

- What are your current needs as an entrepreneur?
- What are your goals, how do you hope to get there, and what stands in your way?
- Who have been your strongest allies?
- What have been your biggest roadblocks?
- If you were in charge of the city, which policies or practices would you change?
- Where would you invest?

Think broadly about what organizations to connect with at this stage. From its fact-finding conversations, the Economic Development Department in the city of Long Beach, CA, realized that many community organizations providing other social services — such as childcare and nutritional assistance — are not typically considered as business supports

QUESTIONS FOR ESOS AND COMMUNITY-SERVING FINANCIAL INSTITUTIONS

- Where do you see the greatest inequities in the community?
- Do processes and services serve all residents equally well?
- Which policies and practices impede underserved entrepreneurs?
- What racial inequities exist and how might they be addressed equitably?
- Where do you need support?
- Who have been your strongest allies in your work?

but provide important resources for aspiring entrepreneurs. These organizations saw providing a pathway to entrepreneurship and, in turn, financial independence and upward mobility as a key part of their missions. Their perspective was valuable in better understanding the baseline of the entrepreneurship ecosystem in Long Beach.

Ensure accuracy

Focus on outreach to various racial, ethnic and gendered entrepreneurship communities across the city to ensure that a variety of perspectives are represented. Intentionality at this stage pays dividends by providing a clear-eyed perspective of the whole ecosystem. Aggregating data and comparisons with peer cities, as found in the Nowak Lab's Small Business Equity

Toolkit, can help inform conversations and direct attention to areas of significant underrepresentation and opportunities for growth.²¹ Generating accurate responses requires a degree of trust. To offset any mistrust that exists between communities and city hall, city leaders should engage ESOs and intermediaries with community standing to ask these questions, or share the information they have already gathered.

CONSIDER NOWAK LAB'S SMALL BUSINESS EQUITY TOOLKIT TO SUPPORT THIS WORK.

→ WWW.SMALLBUSINESSEQUITYTOOLKIT.COM/TOOLKIT



CITY SPOTLIGHT

Philadelphia, PA

The Enterprise Center (TEC) in Philadelphia, PA, a longstanding ESO, systematically listens to the needs of its entrepreneurs. In the process, it learned that BIPOC-owned and especially Black-owned businesses were in dire need of flexible growth equity more than venture capital. BIPOC-owned businesses are often offered debt to finance growth, whereas non-BIPOC owners have access to patient capital that does not weigh down businesses' balance sheets or their ability to scale. Venture capital, meanwhile, dilutes BIPOC ownership stake, and angel investors often include social impact covenants that create additional tasks for owners (such as creating a certain number of jobs) which may not be in line with BIPOC owners' business plans. Once BIPOC-owned enterprises served by TEC become established and exceed \$1 million in annual sales, they need flexible growth capital - a financial product that is very hard to come by. To help address this gap, TEC is launching a \$50 million equity growth fund in early 2022 to support underserved BIPOC entrepreneurs.²²

Catalogue and convene a full network of entrepreneurship support organizations

Building on a baseline assessment of ecosystem gaps, barriers and strengths, city leaders should catalogue the whole ecosystem of supporting organizations and convene a full network of ESOs. This will help them achieve three goals:

- Identify partners for supporting entrepreneurs across the city.
- Discover gaps in services and how they can be filled.
- Help entrepreneurs navigate what can be a jumble of disconnected resources.

For all entrepreneurs, starting and owning a business is inherently an interdisciplinary endeavor. Success requires knowledge and expertise in various areas, including marketing, finance and effective management. It also requires knowledge of how to navigate the fragmented public and private landscape of capital, regulations and procurement. Both sets of technical knowledge require support, which is often less available to BIPOC and underrepresented entrepreneurs.

This is why ESOs are the glue that hold together entrepreneurship ecosystems and, as a result, why cataloguing them is so vital to inclusive entrepreneurship.

City leaders are in a unique position to take a citywide view to identify ESOs, publicize their tailored services and utilize city hall's "soft power" to convene leading organizations to address ecosystem problems head-on.

Identify key ESOs

In addition to completing an ecosystem baseline, city leaders and key community partners should conduct systematic outreach to all parts of the city. This step requires stronger contacts and relationships, which will facilitate deeper questioning and more detailed answers. City leaders should ask which services are currently offered, which needs remain unmet and which gaps they see in the community as opportunities to better serve entrepreneurs. Services may range from simple access to financial tools, such

"BUILDING ECOSYSTEMS IS A BEAUTIFUL AND MESSY PROCESS."

— RENATA KOWALCZYK, CEO,
WILMINGTON ALLIANCE

as bookkeeping or banking, to childcare and support addressing more systemic barriers such as low credit scores. Holistic thinking is key when engaging in these conversations.

Leaders should remain vigilant about which perspectives are represented and which communities they have not yet reached. The organizations included should represent a broad range of groups — nonprofit, philanthropic, private and other governments — able to offer and leverage resources. City leaders should consider organizations that operate in each entrepreneurship policy area:

- **Business support (“technical assistance”) organizations:** Small Business Development Centers (run by the SBA), community-serving business chambers, academic institutions and libraries.
- **Capital access support organizations:** Community Development Financial Institutions, banks and nonprofits.
- **Procurement and permitting support organizations:** public authorities and nonprofit intermediaries, both local and federally supported.
- **Inclusive placemaking organizations:** planning organizations, libraries, community centers and places of worship.
- **Organizations with measurement and analytical capacity:** academic institutions, community service providers, business counselors and nonprofits.

This engagement should focus on identifying a relatively thorough list of organizations that support entrepreneurs as they navigate public and private resources, in addition to traditional business coaching.

Map entrepreneurship resources

Once city leaders have received feedback and identified where current services are being provided, they should create a single public resource documenting who is currently offering which services. This exercise will give the whole community a common resource for finding entrepreneurship support, helping future and current business owners, organizations and city staff. It will also illuminate where there are opportunities to collaborate, expand offerings and fill gaps.

Conversations can lead to organizations offering additional capacity to meet needs identified in the community by entrepreneurs. City leaders may find areas where they directly invest or leverage dollars into much-needed, high-impact programming for entrepreneurs by either scaling up existing support organizations or starting new ones.



For inspiration on how to visualize these resources, check out:

Detroit’s BizGrid, a guide to the city’s resources for entrepreneurs.²³ Designed and compiled by a joint committee of the Detroit Business Support Network consisting of Bizdom, D:hive, Detroit Economic Growth Corporation, InsYght and TechTown Detroit (in partnership with the city), the collaboration engages entrepreneurs and ESOs to distribute and grow the Grid.

→ www.detroitbizgrid.com

With the support of NLC, the city of Easthampton, MA, launched its **Blueprint Easthampton initiative**, which in part mapped resources for the entire region. After surveying 32 organizations within its ESO network, city leaders identified partner organizations as far away as Boston (100 miles away) but only five with a local Easthampton address. The city now collaborates on regular partner calls, improving its ability to connect its entrepreneurs with ESOs in nearby cities and vice versa.²⁴

→ www.blueprinteasthampton.com

Convene partners and facilitate regular communication

With the ecosystem mapped, city leaders should use their unique positions as conveners and central nodes to facilitate regular forums for communication. Modes of communication can include monthly calls, newsletters or online forums. These conversations should continue previous ones, honing in on current and new services being offered, needs and challenges observed in the network, and opportunities to collaborate and grow. Cities should hold

at least one large, in-person meeting of all key ESOs focused on addressing key ecosystem gaps and building networks as an entree to recurring conversations.

At a micro level, these communications break down silos and create pathways for warm hand-offs between services for entrepreneurs (e.g., from accounting to accessing capital). At a community-wide level, these convenings are essential to continually identifying gaps, leveraging collective resources and creating opportunities to better serve all entrepreneurs.



Create Campaign, Inc.'s Prosper Community Contractor Collective Graduates

Designate a continuing convening entity

Although few positions can initiate a recurring convening process as well as city hall, not all cities have staff capacity to continually facilitate convenings. In some cases it may prove more effective for another community-

based organization to lead this outreach. Cities can commission ecosystem mapping work and recognize entities outside of city hall as facilitators. If the city has reliable partners, it can be helpful to pass responsibilities on to neutral parties with long-term presence and investment in the entrepreneurship ecosystem.



CITY SPOTLIGHT

Wichita, KS

The city of Wichita, KS, understands the importance of community engagement. Wichita Vice Mayor Brandon Johnson's background as a community organizer and founder of Community Operations Recovery Network (CORE), a nonprofit focused on economic empowerment for Wichita residents, has enabled him to leverage a broad array of ESOs within his network to empower diverse entrepreneurs.²⁵ Vice Mayor Johnson is now able to link people to programs — and the business community to overlooked investments — through regular convenings across the ecosystem. This work is amplified by Create Campaign, a hub for Wichita's BIPOC founders and organizers within the community that links community members to the Small Business Development Center, CORE and other business development organizations.²⁶ Through regular convenings, the Vice Mayor has advanced business support workshops and helped inform advocacy and programs that drive inclusive entrepreneurship while emphasizing the importance of these efforts in overcoming the city's history of redlining and segregation.

For example, Prosper Community Contractor Collective is a supplier diversity initiative coordinated by Create Campaign that links BIPOC-owned businesses with contracts for improvements to homes impacted by the installation of transmission lines in central-northeast Wichita (the improvements are at no cost to property owners). In 2021, more than 350 homeowners submitted applications, and so far 19 contracts have been awarded totaling \$70,000.

Photo credit: www.createcampaignks.com/prosper

Develop a plan for inclusive entrepreneurship and track metrics for accountability and transparency

City leaders must be deliberate about setting goals, ensuring they reflect national standards and local needs. To reflect local needs, the city should use its previous conversations and continual ESO convenings to inform the specific measurable goals for the city as a whole and for specific neighborhoods. The Nowak Lab created a Small Business Equity Toolkit to help cities understand their baselines and set goals moving forward.²⁷ The Toolkit measures three dimensions of entrepreneurship that are recommended as foundations for any local inclusive entrepreneurship goals:

- **Number of BIPOC and underrepresented businesses:** This is the most common metric for inclusive entrepreneurship, but it alone is insufficient. City leaders should make sure to find and compile the most up-to-date information at the city level (and if-possible the neighborhood level), disaggregated by demographic group to find a baseline and set goals for this number.
- **Revenue size of BIPOC and underrepresented businesses:** This metric helps show the growth rate of businesses and is crucial to understanding whether the ecosystem facilitates long-term success. Data should be disaggregated at least by race, ethnicity and gender. The most up-to-date national data for race and ethnicity can be found on the U.S. Census's Annual Business Survey, but that data has a three-year lag. As an alternative, city leaders should try to compile more local sources to set baselines and goals for revenue growth.²⁸

- **Sectoral concentration of BIPOC and underrepresented businesses:** This metric clarifies whether businesses are being formed in low-wage industries (e.g., childcare, retail, etc.), middle-wage industries (e.g., construction, clerical, etc.), or high-wage industries (e.g., professional services). This helps ascertain the prosperity of business owners and workers. Data and goals should be disaggregated at least by race, ethnicity and gender. The most up-to-date national data can be found on the U.S. Census's Annual Business Survey, but the data here has a three-year lag so city leaders should again try to compile more local sources to set sector-based baselines and goals.

Note: Data available at the national level is limited to race, ethnicity and gender, but cities should still strive for data on sexual orientation and more cross-sectional identities.

Be cognizant of reporting burdens

Cities must be keenly aware of the administrative burdens they create for entrepreneurs by requiring reporting. Making capital and coaching available in underserved and especially BIPOC communities with legacies of disinvestment is itself an intrinsic good. City leaders must be cognizant of the workload they create for entrepreneurs when they ask for extensive reporting in return, recognizing that reporting is often not required for investment in non-BIPOC-owned businesses. Sometimes

reporting is best left to the ESO level. **City leaders should keep reporting requirements for metrics simple and based on measures that signify lasting, high-impact growth.**

Develop key metrics within an ESO network

As city leaders engage ESOs and regularly convene their network of stakeholders, they can determine the right measures of success. What does success look like? How will the community know equity and quality of life is improving? These questions will point to which metrics will — and will not — indicate increased prosperity across the community and success for diverse entrepreneurs. Use the three metrics suggested above to serve as starting points against which to evaluate success.

Disaggregate data

To advance equity in entrepreneurship, city leaders must be aware of demographic breakdowns of small businesses ownership and success in their communities. Some cities hesitate to disaggregate data (as several states have stringent bans on affirmative action) or worry these measurements may be “divisive.” Although

city leaders should be intentional about how they collect this data (sometimes it is best collected through partners), any city seriously committed to inclusion needs to acquire these three measurements at minimum to evaluate their city’s inequities and the impacts of its programs.

Accounting for metrics by demographic represents the bare minimum necessary for understanding and addressing inequities in entrepreneurship, and even the most restrictive of state laws permit it.

For example, LA Metro, under the leadership of Phil Washington, has implemented “small business prime” and “medium-sized business” procurement programs with the aim of increasing the number and size of businesses contracting on city construction projects. California’s Proposition 209 — one of the most restrictive in the nation — banned the consideration of race, gender or sexuality in government contracting decisions, so the LA Metro program takes business size — but not owner demographics — into account. However, the program still tracks data along the lines of race, gender and ethnicity, as its outcomes are not considered in the design of the program.²⁹



Baltimore Together’s Metrics for Equitable Progress

The city of Baltimore, MD, opened up its economic development plan for public comment to ensure that its metrics were aligned with community priorities. Measuring improvements in Baltimore City’s economy is an essential component of the Baltimore Together plan. The broad set of metrics listed here will be tracked and used to assess progress.³⁰

To ensure a more equitable economy, Baltimore intends to use the following metrics:

- Median income gap: White-Black
- B.A. degree gap: White-Black
- Employment gap: White-Black
- Housing wealth gap: White-Black
- Wealth gap: Foreign born-native
- Number/percentage of Black-owned and immigrant-owned businesses
- Number/percentage of businesses, employees and revenue by race of business ownership
- Number/percentage of businesses owned by women and minority women
- Location of businesses
- Hispanic/Latinx-owned businesses
- Asian-American-owned businesses

Update progress and practice accountability

Collect data at regular intervals to track progress. This process is incumbent upon a preexisting, strong network of ESOs. Reporting should accurately reflect progress, and cities should approach it as an opportunity to address any shortfalls and learn from areas of success.

Leading with metrics will create a culture of accountability from the beginning. It is important city leaders maintain an attitude of impact-driven accountability in carrying forward their programs, honestly evaluating programs and changing course if needed. With clear communication, expectations-setting and impact-forward leadership, transparency and accountability will yield benefits that outweigh the risks.



CITY SPOTLIGHT

Portland, OR

Prosper Portland, the economic and urban development arm of the city of Portland, OR, works closely with its partners across its Inclusive Business Resource Network (IBRN).³¹ Prosper Portland coordinates and convenes this network, compiling regular reports on entrepreneurs served, demographics, types of services offered per entrepreneur and economic metrics of success, such as the number of profitable businesses, jobs retained and jobs created.

Program success is measured through a badge system where milestones achieved by program participants are summarized into “Launch,” “Scale,” “Growth” and “Strong and Stable” categories (see Appendix page 34 for more information on Prosper Portland’s badge system). The platform has disaggregated demographic data throughout. Prosper Portland measures its progress against beginning-of-year targets and evaluates its successes and challenges. The entire IBRN milestone program is intentionally designed to support inclusion. As stated in its annual progress report, “[our] outcomes and program portfolio were designed with an emphasis on supporting a business through growth and ensuring technical assistance leads to wealth creation outcomes for disadvantaged entrepreneurs (people of color, women founders and low income business owners).”³² It also identifies possible interventions to mitigate areas where they fall short: “city business license process is a barrier ... we plan on working with the Revenue Bureau to find better solutions.”

Build a presence in the community to enhance access and facilitate inclusive placemaking

Effective leaders in cities both large and small have a direct presence in their communities through organizing, pop-ups and other forms of outreach. General strategies for outreach and specific tactics are most effective when delivered through a place-based, neighborhood focus. They are further enhanced by the creative activation of public spaces for a diversity of residents to gather and do business.

This process of intentionally connecting to the community will better inform the iterative process of evaluating the ecosystem’s baseline, mapping resources and measuring progress. It also enables city leaders to better craft and implement policies and interventions at the neighborhood level. This can serve as a building block toward developing inclusive and accessible commercial corridors.³³

Reach beyond city hall

Not all policies can be effectively decided and implemented from city hall. Changing the geography of city operations and reach may require a new frame of mind for city leaders. Elected officials are known to work outside of the office, attending community events and visiting local businesses, but it is important city staff do so as well.

By simply leaving city hall, setting up pop-ups, going door-to-door and having a presence in neighborhoods and at community events, city staff can better inform their decisions and vastly expand the reach of entrepreneurship support programs. Deploying staff outside city hall

provides numerous benefits when developing inclusive entrepreneurship ecosystems:

- Staff can see and hear how the administrative decisions they make daily affect the entrepreneurs they serve.
- Staff will likely become more aware of differences and barriers between communities and how some programs — for example, converting parking spots to socially distanced outdoor dining — may be more feasible in some communities than others.
- Staff will reach communities they would not otherwise hear from. Navigating bureaucracy within a city — let alone overlapping levels of state and local governments — to find who exactly can offer a service or resolve an issue is difficult for even the most well-resourced entrepreneur.

Two factors should influence where cities set up outposts and focus outreach: need and opportunity. After identifying demographics and neighborhoods where there is need, city leaders can determine where they can do the most to advance equity. Serving these neighborhoods requires finding partners the city can team up with. This will lead to opportunities for the city to co-locate, invest in, link up with or support existing ESOs.

The Economic Development Blueprint in the city of Long Beach, CA, led to the creation of Enterprise Zones and BizCare pop-ups that provide direct neighborhood action and a presence beyond city



hall, reaching the city's diverse neighborhoods and directly bringing resources where they are needed.³⁴ By taking a neighborhood-by-neighborhood approach best exemplified by its Economic Empowerment Zones in North, Central and West Long Beach (historically redlined and underserved Latinx and Black neighborhoods), city staff left city hall to set up services out in the community. Communicating in multiple spoken languages, staff provide tools community members may need to set up their businesses, such as accounting and internet access.³⁵

Bridge language and technological barriers

Language and technological barriers present particularly formidable hurdles for city leaders and ESOs. These can be mitigated in part through direct outreach. City leaders should ensure all materials are translated to languages spoken within the community, and that the translation is reviewed by native speakers. Business and tax terms do not always translate literally and can cause confusion in key areas like grant applications, coaching, and business regulations. If there are no native speakers on staff, city officials can partner with ESOs to assist with translation.

A lack of broadband and affordable connectivity presents a systemic barrier that can prove even more difficult to overcome. City leaders can bring mobile banks of computers to help small businesses access online resources and training and build their

own digital footprints, even those as simple as social media pages with pictures of their products and their addresses. Cities can also have laptops and hotspots ready for check-out.

Without fixed and mobile broadband access, retailers, their workers and their customers will not benefit from technological advances. Many cities have created digital inclusion plans to chart their paths forward and make broadband more affordable in their communities. Others have established offices of digital equity to more pointedly focus on addressing this issue in their communities.³⁶

In terms of other technological barriers, city administrators should be aware again of baselines within their community. Typically, this means not requiring wet signatures, paper forms or other processes that require printing, opting instead for entirely online applications. They should also ensure websites and other materials display well on mobile devices, as many households rely on smartphones and cellular data.

Fund 17, a key ESO in the city of New Orleans, LA, set up its own workspace for entrepreneurs called the Community Business Incubator. A key to its success is its low cost, starting at \$15 monthly rent and scaling up to \$50. This makes the office broadly accessible within the community. It offers computers on-site with laptops available for rent, along with mobile hotspots so members can stay connected

at home. Moreover, just having a commercial address helps entrepreneurs obtain permits and licenses as they scale their solopreneur businesses. Coming in 2022, Fund17 is

working to create its "Credit Incubator," an extension of the Incubator that will report rent payments to credit rating agencies and help tenants build their credit histories.³⁷



CITY SPOTLIGHT

Oklahoma City, OK

As soon as Oklahoma City, OK, saw Restaurant Revitalization Funds coming online, Progress OKC, a nonprofit Community Development Corporation and staple ESO for inclusive entrepreneurship in Oklahoma City, set up shop in locations across the city: a health care clinic in a historically Black neighborhood in north OKC, a church in the largely Latinx Historic Capitol Hill neighborhood, and a public library on the diverse northeast side of town.³⁸ Because the city does not have its own economic development office, Mayor David Holt forged strong partnerships with Progress OKC and the Greater Oklahoma City Chamber to coordinate and deliver city initiatives. More importantly, these partnerships served as receptors for feedback from the community on how the city and mayor's office can better direct resources to community needs. In addition to setting up physical locations for one-on-one assistance, Progress OKC and other city partners developed a strong marketing strategy and canvassed door-to-door. Their marketing strategy leverages community- and language-specific outlets such as Telemundo Spanish television in addition to social media.

Now that the city's ESO network has branched out and established physical locations for outreach in historically underserved communities, it is in a position to assist with federal and local programs where resources are needed most. To date, Progress OKC and ESO partners have provided business services support to nearly 100 under-resourced and very small businesses. Previous efforts include assistance with federal PPP and EIDL funding programs, the city's Small Business Recovery and Minority Business Recovery and Oklahoma City Urban Renewal Authority Small Business Grant programs.³⁹ The vast majority of the ESO network's clientele are BIPOC, microenterprise and underserved business owners. The ESO network is using the Henrietta B. Foster Center – the only YMCA open to Black residents during segregation and now a multi-purpose community center – to provide business advisory services to small and minority-owned businesses.⁴⁰

The OKC team emphasized three core parts of its outreach: **place, timing and representation**. Place and timing increase accessibility, better fitting resources to the community, and representation means that coaches reflect and come from the community, increasing program utilization and impact.

Offer capital and business support services for entrepreneurs by leveraging city hall’s convening power

As in all healthy ecosystems, communities thrive when they are home to a variety of businesses across a full range of sectors. Covering businesses across a continuum from retail to business-to-business suppliers to software and financial services companies diversifies cities’ economies, building resilience and opportunities for creative spillover. Considering the resources made available in 2021 from federal relief funds and sidelined private investments, cities are now more than ever looking to deploy a full range of resources to a full range of businesses across all sectors, of varying sizes, and including more diverse cross-sections of communities.

Although businesses will need different types of capital products depending on their expected growth, cities and ESOs have experienced an evolution in thinking around where they should focus their energies. **Effective business assistance, reaching across the continuum from food trucks to fintech, is rooted in sound business coaching and support.** Before jumping to venture capital and other, often flashier and less inclusive interventions, cities should focus on and master fundamental business support efforts, such as:⁴¹

- **Accounting**, which focuses on bookkeeping and entails support often labeled as cash flow analysis, financial statements and tax compliance.
- **Marketing**, which focuses on communicating to investors and customers and entails support often labeled pitch, online presence and social media.
- **Business planning**, which focuses on strategic development of the firm and entails support often labeled as projections, scenario planning and pro formas.

Since businesses encompass a wide variety of activities and starting points, city leaders should work with ESOs to develop support programming that is able to reach the full spectrum of entrepreneurs, from those operating at home to main street retail to tech-enabled start-ups. Regardless of growth prospects, all entrepreneurs need advice and support for a common set of services as they launch and scale. Cities and their ESO partners that demonstrate a strong ability to deliver this common trifecta of services while covering a wide spectrum of enterprises and including a diverse range of entrepreneurs are more likely to have an inclusive entrepreneurship ecosystem.



CITY SPOTLIGHT

Long Beach, CA

The city of Long Beach, CA, has brokered multiple capital product offerings serving a range of business sizes using funds from a variety of sources: US Economic Development Administration Revolving Loan Funds, Community Development Block Grant dollars, private crowdfunding via Kiva, CARES Act relief dollars in 2020, and now American Rescue Plan funds available to the city.⁴²

| Fund Name | Amount | Term | Rate + Fee | Uses | Other Conditions |
|-------------------------------------|--------------------------|--|---|--|---|
| Kiva Long Beach Loan Program | \$500 to \$15,000 | 6 months to 3 years, possible 6-month grace period | 0 percent, no fee, | Any business expense | Borrower must crowdfund loan in 30 days |
| Microenterprise Loan Program | \$25,000 to \$100,000 | 5 to 10 years | Prime + 1.5 percent, 2 percent loan fee | Business expenses except construction | Located in Long Beach, must create 1 full-time job for every \$35,000 borrowed |
| Grow Long Beach Fund | \$100,000 to \$2 million | 3 to 25 years | Prime, no fee | Any business expense | Operative in Long Beach for > 2 years; underwritten by National Development Council CDFI; guaranteed by SBA |
| Emergency Microloan Program | \$2,500 to \$10,000 | 5 to 7 years, possible 9-month grace period | 2.4 percent, no fee | Business expenses: personnel, rent, supplies/materials, utilities, professional services, and more | Businesses and nonprofits financially burdened by COVID-19 |

Map capital offerings

As a subset of cities' entrepreneurship support mapping exercises, they should make a deliberate effort to catalogue the types of capital products offered within their communities and which products are most utilized by entrepreneurs. City leaders should pay special attention to *where* products are reaching. Which neighborhoods are served? Which are not? What is the demographic breakdown of services rendered? Mapping these details is important but can be difficult because of the uneven capital landscape across cities and the hard-to-trace geographical footprint of fintech lenders. Ideally, cities should aim to map capital by provider, by product, by sector and by neighborhood. Because this process requires a high degree of technical knowledge, it may be worth engaging a consultant.

Identify key capital sources to track

Though imperfect, this data can illustrate widespread gaps in communities and unearth opportunities to unlock capital and growth for under-served entrepreneurs:

- Small Business Administration small business lending data.⁴³
- Community Reinvestment Act small business lending data.⁴⁴
- Community Development Financial Institutions small business lending data.⁴⁵

Create pathways that formalize informal entrepreneurship

Comprehensive small business support can help entrepreneurs build out their businesses, increasing their earnings, equity and wealth-building opportunities. This support emphasizes that residents who make a living as sole proprietor/non-employer roles are also striving entrepreneurs. Creating opportunities for continued growth can open the door for many BIPOC and women "solopreneurs" looking to grow their current businesses and incomes or expand their side-hustles into a full-time opportunities with greater autonomy and potential.

Support begins with coaching — helping business owners set up a limited liability corporation (LLC), obtain an employer identification number (EIN) and create financial projections — and gets entrepreneurs to a place where they are ready to be linked up to local banks, pitch competitions and even angel investors. Recognizing entrepreneurs' common starting points but also diversity of needs, cities can rely on previous outreach efforts to bring in community members who may not consider themselves "entrepreneurs." Once entrepreneurs are capital-ready, cities can set up and leverage low- and zero-interest capital and crowd-funded products to help these businesses attain early-stage growth at low-cost and with low barriers to entry.⁴⁶

Importantly, directly connecting business support programs to dollars demonstrates to underrepresented entrepreneurs that these programs are worth their time. ESOs who support these communities emphasize that many underserved entrepreneurs have seen technical and business assistance programs come and go, many of them time-intensive with no clear pay-off. By creating a clear connection between financial inclusion opportunities and paths to investment and growth for interested entrepreneurs, ESOs and city leaders can increase engagement as they more clearly demonstrate to underrepresented entrepreneurs the potential pay-offs.

Offer, leverage and deliver with dollars

Directly or indirectly, city leaders are in unique positions to address and leverage capital to address gaps observed in the community. In an ideal world, they can offer capital products that reach a full continuum of businesses across sectors and across stages of growth. An inclusive entrepreneurship agenda requires focusing on a wide variety of capital products, convening capital providers and using tools such as the Community Reinvestment Act to expand access to underrepresented entrepreneurs historically excluded from traditional banking and venture capital.



DIRECTLY CONNECTING BUSINESS SUPPORT PROGRAMS TO DOLLARS DEMONSTRATES TO ENTREPRENEURS THAT THESE PROGRAMS ARE WORTH THEIR TIME.



CITY SPOTLIGHT

Philadelphia, PA

“As we think about the pain points of small businesses in America and how we coach them through their hurdles, the cohort and group models should be seriously reviewed. Here’s a metaphor for the need for one-on-one small business support: Most people go to their physician for two reasons—a checkup or experiencing pain. But when they enter the examination room to discuss their personal matters, fifteen other patients are not in the same room. It is a discussion in private and they can disclose their pain points. In most cases, they leave with some sort of a treatment plan. This is how we should address pain points of small business owners in low wealth communities: one-to-one. Yes, it is more costly, but the results will far outpace the old group model especially for low-wealth business owners. America needs small business technical assistance reform, and it should move to business support services, delivered primarily one-to-one. This will help bridge the gap between the growth strategy experts and patient capital provided to middle- to upper-class entrepreneurs that do not reach low-wealth founders.” — Della Clark, President and Chief Executive Officer, The Enterprise Center in Philadelphia, PA

The Enterprise Center (TEC) in Philadelphia, PA, sees first-hand the disparities entrepreneurs experience. They note two systems for small business capital — one for prosperous communities and the other for underserved, BIPOC entrepreneurs (see Appendix page 35 for more in the divided systems for small business capital). While well-resourced entrepreneurs benefit from patient capital and equity investments, BIPOC and low-wealth entrepreneurs are left to finance their businesses with debt, weighing down their ability to achieve similar growth. TEC and its CEO Della Clark are stepping up to create the Innovate Capital Growth Fund, launching in early 2022, to bridge this divided system.⁴⁷

TEC filed for a Small Business Investment Company (SBIC) license — the main source of equity financing offered by the U.S. Small Business Administration (SBA) and federal government — to create its Innovative Growth Capital Fund. TEC set a goal of raising \$50 million to seed the fund.⁴⁸ To raise funds, TEC will target institutional investors (such as donor-advised funds) and leverage the Community Reinvestment Act’s requirement that large banks invest in underserved communities, an extremely effective and underutilized capital development strategy.

SBICs typically invest in ventures like Apple, Callaway Golf and Outback Steakhouse. However, TEC is using the tool in a transformative way to invest in businesses with very different profiles.⁴⁹ The intention for the Innovative Growth Capital Fund is to bring patient and flexible equity investment to mid-sized, locally based, BIPOC-owned businesses. This will help cultivate more BIPOC CEOs and demonstrate that inclusive investments can have market rate returns, making them rapidly emerging market-rate capital investments. TEC’s Fund serves as a capital access compliment to concurrent Philadelphia efforts to boost supplier diversity in public and larger-value private contracts. Taken together, TEC’s work within the ecosystem aims to close the city’s persistent racial wealth gap and build wealth in BIPOC neighborhoods, benefiting the city as a whole.



CITY SPOTLIGHT

Anchorage, AK

The municipality of Anchorage, AK, manages several funds through 49th State Angel Fund (49SAF) that serve entrepreneurs at various stages of growth with a focus on traditionally disadvantaged entrepreneurs and potential for exponential, tech start-up-like growth (see Appendix page 36 for more on 49SAF’s Capital Continuum Fund Structure).⁵⁰ 49SAF is uniquely evergreen. Initially seeded by the federal State Small Business Credit Initiative (SSBCI), the city is able to:

- **Source deals locally through extensive ecosystem-building programs and opportunities, matching private investments one-to-one.**
- **Ensure successful investment returns fund operations, future investments and ecosystem and entrepreneurship support programming that builds the pipeline for future investible Alaska-based businesses (see Appendix page 37 for more on 49SAF’s capital continuum).**⁵¹

This fund strongly focuses on local entrepreneurs. The mayor must grant a waiver for investments outside of the municipality per SSBCI guidelines. It also only invests in equity deals, unusual among locally focused funds outside of major markets and traditional tech hubs, let alone city-run outfits. The program demonstrates that with the right ecosystem-building initiatives and focus on disadvantaged entrepreneurs, equity investing can reach beyond Silicon Valley to a larger variety of entrepreneurs and cities as smaller markets look to diversify their economies. In Anchorage’s case, the city looked to move away from oil and gas, mining and seafood harvesting industries and toward emerging industries including digital media, entertainment and alternative energy.⁵²

CONCLUSION

Our country's history of racialized redlining, segregation and economic exclusion leads marginalized Americans to face particularly severe hurdles that keep them from full participation in business ownership and growth. The pandemic merely underscored the challenges and opportunities facing underrepresented entrepreneurs.

Cities play a key role in ensuring inclusive entrepreneurship within their communities. They are uniquely positioned to take meaningful actions across entrepreneurship ecosystems that lower barriers and expands the opportunities available to a diverse set of founders and business owners. Although capital is critical, capital alone is not enough. Cities must be purposeful in creating and fostering an inclusive entrepreneurship ecosystem that connects business owners with the resources they need at each stage of growth.

In a similar vein, cities must consider how the ecosystem of social policy impacts

entrepreneurs. City leaders and their ESO partners must think holistically about their entrepreneurs and focus on policies that improve their prospects and contributions to the community and economy at large. This means considering issues beyond the scope of a single city department, to broader policy areas such as affordable housing, childcare and their interplay.

Building an inclusive entrepreneurship ecosystem takes a lot of work. At its best, this work necessitates intentional and participatory planning and goal setting; continuous outreach and conversation; and constant and interactive measurement, evaluation and innovation. None of this work is easy, but the benefits can profoundly transform the lives of individuals, families and communities. Supporting inclusive entrepreneurship ecosystems is critical to promoting social equality, diminishing our country's racial wealth gap and growing our shared economic potential.

SUPPORTING INCLUSIVE ENTREPRENEURSHIP ECOSYSTEMS IS CRITICAL TO PROMOTING SOCIAL EQUALITY, DIMINISHING OUR COUNTRY'S RACIAL WEALTH GAP AND GROWING OUR SHARED ECONOMIC POTENTIAL.

APPENDIX






Prosper Portland Progress Report

BADGES & TARGETS

Prosper Portland tracks outcomes for clients who are enrolled in long-term, intensive business technical assistance programming. Partner organizations use a badge system to determine progress made by business owners receiving network-wide support. Each badge category has 9-12 milestones. Clients must meet four of the possible milestones in each category to earn the respective badge. Data is collected throughout the year and analyzed at the end of the fiscal year.

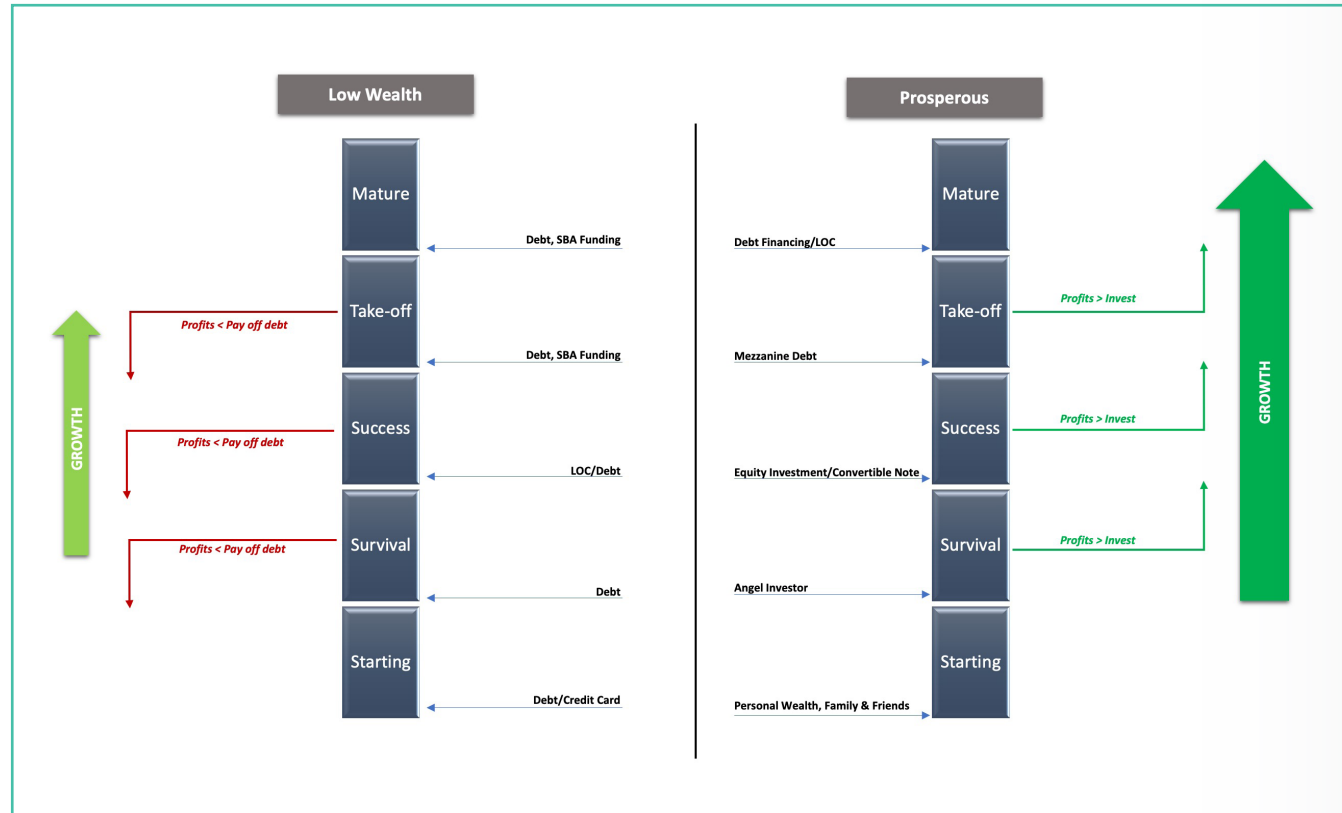
The feedback from our business advisors is that the city business license process is a barrier for businesses working toward the "strong and stable" category. Many are far from the gross sales threshold which would make them non-exempt, for tax purposes, but the process for maintaining up-to-date sales records is one of the bottlenecks for the badge system. We plan on working with the Revenue Bureau to find better solutions for businesses to overcome this barrier.

We are also exploring alternative ways to capture outcomes for more clients in our system, specifically clients enrolled in the light-touch program. In the past year we've seen a greater use of this service level, which provides more flexible access to technical assistance and resources for entrepreneurs.

| BADGE | 18/19 ACTUAL | 18/19 TARGET (CUMULATIVE) |
|--|---|---------------------------|
|  <p>STRONG & STABLE</p> <p>Have established a foundation for the future and receive a benefit from their business.</p> | <p>151</p> <p>67% POC 25% African American 26% Latinx 68% Women 14% 2 or more programs* 55% 2 or more providers**</p> | 200 |
|  <p>GROWTH</p> <p>Have realized efficiencies in ordering, operating and/or production</p> | <p>56</p> <p>68% POC 25% African American 21% Latinx 69% Women 48% 2 or more programs* 50% 2 or more providers**</p> | 30 |
|  <p>SCALE</p> <p>Have a market-proven product/service and investing in the expansion of their business footprint</p> | <p>6</p> <p>50% POC 33% African American 17% Latinx 33% Women 20% 2 or more programs**</p> | 4 |
|  <p>LAUNCH</p> <p>Move past traded sector business concept and launch a product or technology into a new market</p> | <p>46</p> <p>65% POC 33% African American 17% Latinx 80% Women</p> | 12 |
| <p>TOTAL BADGE COUNT</p>  | <p>259</p> <p>67% POC 27% African American 24% Latinx 69% Women</p> | 246 |

* Badge earner enrolled in more than one program
** Badge earner worked with more than one provider in the network

How The Enterprise Center defines America's two divided systems for small business capital

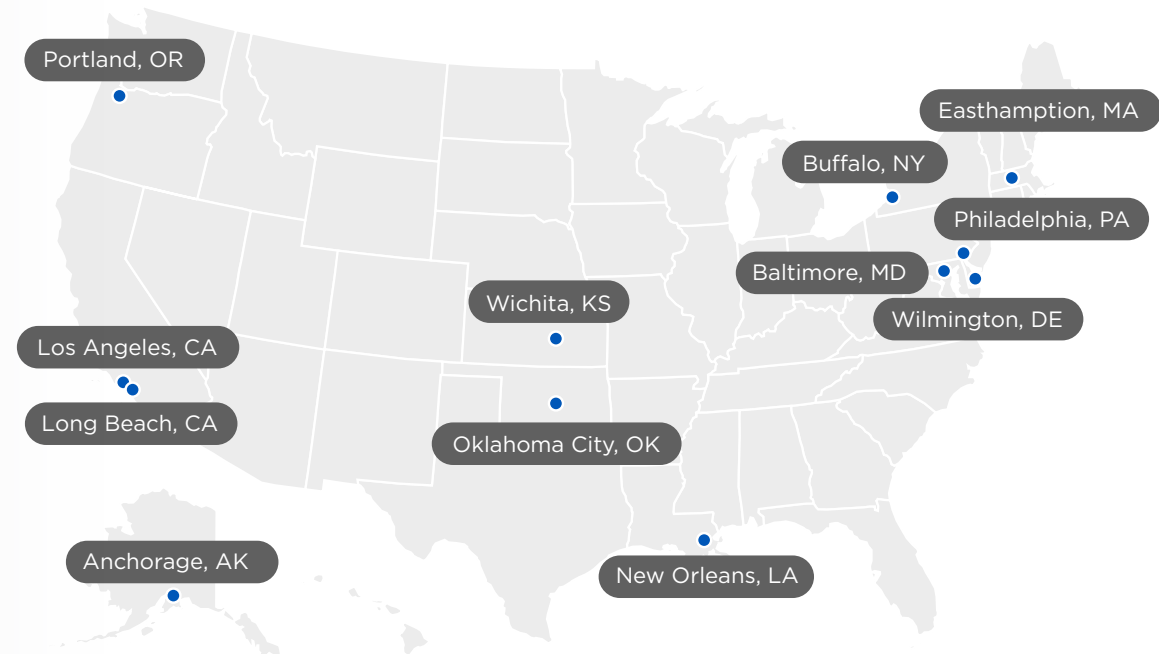
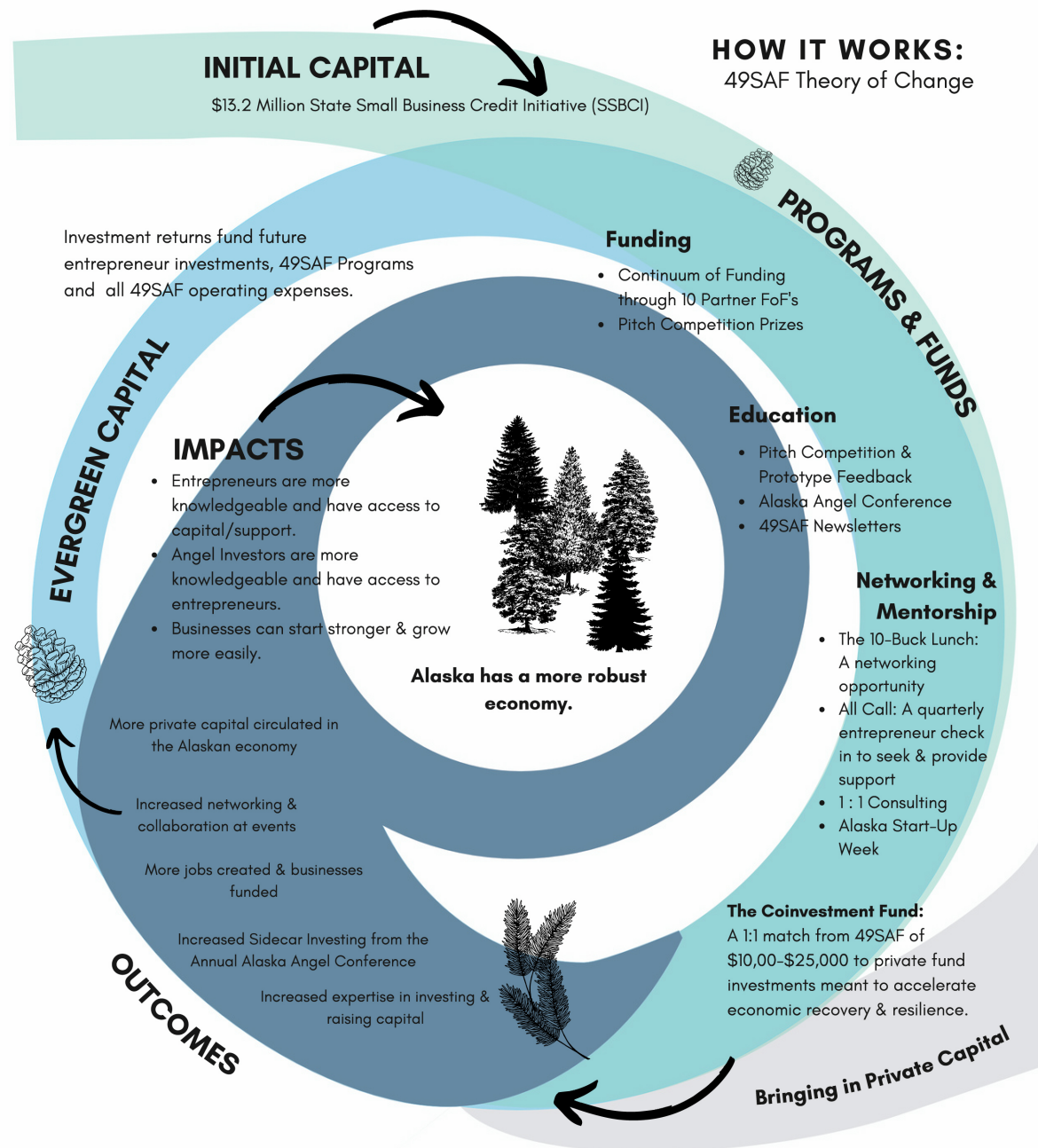


49SAF's Capital Continuum Fund Structure

| Funds | Capital | %Out | Year |
|--------------------------|---------|------|------|
| Anchorage Opportunity I | \$3.86M | 100% | 2013 |
| Alaska Accelerator | \$2M | 100% | 2014 |
| Anchorage Equity | \$8.5M | 87% | 2014 |
| 49th Fund | \$3.9M | 37% | 2014 |
| Launch Alaska | \$1.73M | 34% | 2017 |
| Anchorage Opportunity II | \$2.5M | 4% | 2019 |
| Co-Investment Fund | \$1M | 0% | |
| AK Angel Conference 2019 | \$115K | 100% | 2019 |
| AK Seed Fund | \$50K | 100% | 2019 |
| ACLT - Set Up Shop | \$450K | 0% | 2019 |
| AK Angel Conference 2020 | \$100K | 100% | 2020 |

"Capital" reflects total fund size (49SAF is typically 50%).
 "Out" reflects deployment of 49SAF's investment.
 Key component is public to private dollar-for-dollar leverage.

49SAF's Capital Continuum



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Endnotes

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