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Trust Talks Episode #2: Fund for Equitable Business Growth

Shandra Richardson: Hi, everyone. My name is Shandra Richardson, with The Chicago Community Trust. I serve on the Growing Household Wealth team and have been a project manager of the Fund for Equitable Business Growth for the past year and a half. Today's discussion is going to be around a very cool and innovative, collaborative effort that we are privileged to be a part of here at the Trust with our friends, called the Fund for Equitable Business Growth. We are joined on this podcast by a few of our partners who I'm going to ask to introduce themselves.

Mambu Sherman: Thanks, Shandra. My name is Mambu Sherman, with JP Morgan Chase. I am a VP of global philanthropy with our foundation. Glad to be here.

Eya Louis: Sure, Shandra. Thank you so much for having us. As she mentioned, my name is Eya Louis, and I serve as the contractor development coordinator for Elevate.

Constance Simms-Kincaid: First of all, thank you all for having me. My name is Constance Simms-Kincaid, I am the owner/operator of 5 Loaves Eatery, located at 405 E. 75th St. in the Chatham area. We have been there now for going on roughly about 15-16 years.

SR: For today's discussion, I wanted to take a step back, and talk about what this fund about? I'd like to start with you, Eya from Elevate Energy, and just ask you how has the Fund for Equitable Business Growth enabled Elevate Energy to improve or expand its offering to entrepreneurs of color?

EL: The fund has helped Elevate provide some much-needed services to our small, local, diverse entrepreneurs, in this case, contractors that could not have afforded the services they received. It's helped us give our businesses a much-needed infrastructure base, so that when funding or project opportunities come along, they can take advantage of them. We're offering our businesses tools such as accounting tools to set up and clean up their books and create those financial statements that are needed, project management tools to successfully track their project expenses and progress, and money management systems that create a method of tracking every single dollar and appropriating it as necessary to their accounts. So, being able to offer our contractors these tools, puts them in a position to take advantage of some of the opportunities that are coming along these days.

SR: Thank you so much. That's excellent. The Fund has taken this experience and looks at it as a rich marketplace that's unfolding for entrepreneurs of color every day. And, that marketplace is only possible because of the work that you all are doing Eya at Elevate Energy, and by so many of our partners. But really

it's also possible because of the belief coming from funders and investors, who really looked at this idea and brought their talents and expertise, and really their resource is. So having said that, JP-Morgan and Chase has been really an early seed investor in the Fund. And so, I'd like to ask you, Mambu, to really share with us, why is this an important component of the bank's giving?

MS: That's a great question, Shandra. Our support for the Fund for Equitable Business Growth is really about the potential and value small businesses and entrepreneurs offer. Not just the local neighborhoods that they're in, but the broader Chicago ecosystem. Whether that's generating jobs, increasing financial stability for small business owners, or improving commercial activity in local neighborhoods, we don't often talk about the ecosystem when we talk about the small business work. Quick anecdote: when you see one fish wash up on the shore, you may ask what happened to that fish? When you see a significant number of fish washed up on that shore, we have to ask ourselves, what's going on in the sea, what's going on in that environment, in that ecosystem? And that's what this partnership with the Fund for Equitable Business Growth is about. Identifying solutions that not only help local business support organizations, but that takes a broader look at the solutions across the ecosystem, and how we can think about plugging those gaps and strengthening small businesses and the organizations that serve them.

SR: Thank you for just illustrating that for us, Mambu. On that thread, Eya, can you talk to us about what partnership means to Elevate Energy? What has it meant in the context of the Fund? And what are some highlights, from the partnerships that you've been able to develop?

EL: Our partnerships include one with Business Services Collective and with Sustainable Options for Urban Living. Our project is affectionately termed Light bulb, as in the light bulb goes off. Through our collaborative efforts, Business Services Collective has helped our entrepreneurs by providing estimating services for large projects and creating a customized estimating tool for the smaller projects so that they can get those bids in as quickly as possible. Sustainable Options for Urban Living has helped us with project management tools, helping our entrepreneurs to keep track of everything that goes on, on a project so that they are more organized, and things happen in a more succinct manner. Together with the Fund's help, we have been able to establish this infrastructure of back-office services. By back office, we're referring to things like estimating, accounting, and the project management tools that were put in place.

SR: Thank you so much for sharing that. I want to remind those of you who are listening that, the rich information we're sharing is available on our website, equitablebizgrowth.org. There you can read about some of this information here and find out more about the partnerships that are supported through the Fund.

Now I'd like to talk a little bit about the tremendous impact of COVID-19 on businesses and business start-ups. The National Bureau of Economic Research, using Census data, reported that 3.3 million businesses were forced to shut their doors due to COVID-19. Among these businesses, Black-owned

enterprises were the most impacted. This is certainly something that we know not only statistically but anecdotally as we drive down our commercial corridors. We see the impacts on Black and brown businesses across our very own city and our neighborhood streets.

During this, however, more than 40 percent of minority-owned businesses added new services in comparison to 27 percent of all small businesses. Businesses of color, although, drastically impacted by COVID-19, are actually innovating in a very difficult moment and really pushing past a hardship and adding new services. The Fund is again positioned to come alongside these businesses to provide the resources and support they need to endure and be resilient in such a time as this. Now, I'd like to turn it back to you, Constance to get your perspective on this.

CSK: For me, prior to joining the Greater Chatham Initiative, I did not know how important it was to have a banking relationship. And once that PPP, the very first round, set in, we not only realized that, but we were hit smack dead in the face with it. If you did not have that you were not going to get those funds. Social media and being in touch with your guests or your customers, was something huge for us as well. But I would have to say, though, that the main thing for me was having that banking relationship and knowing how to manage your back-of-the-house funds. And stretch a dollar a lot more, especially during COVID.

SR: That's consistent with what we as investors and business partners doing this work have heard consistently across the board.

A part of the Fund's goal is to grow. We want to grow not in just the capability to support more businesses and more business servicing organizations. But we'd also like to grow in how we invest the money. What would you say are some key advice points for us investors thinking about what to do better and where to go deeper? What do you think this Fund can do next, from your perspective?

CSK: FoodLab, had a lot of plans to do some major, major things as far as the businesses kind of grouping basically together, and having buying power. Unfortunately, we did not get to that point just yet. But I'm hoping to see that in the future because I think that is extremely important, is that for us as business owners that we join together, and we start really holding other companies and everything accountable, that the black dollar does count. That the buying power is there, and that it's strong. And, then also just being owners of our own properties in our community. Like for instance, there's a property that sits across King Drive that has been empty for a very, very long time. And I know that property is owned by a bank. We can move forward with buying these empty lots and boarded-up buildings, as a whole. So that these businesses, we can move forward and let these younger people come in and actually learn from start to finish how to open a business, how to run a business.

SR: I hear you saying that there's an opportunity for investors doing this work to think about the structural system in which these businesses sit. There are opportunities to find ways to continue to build community

wealth. We're not talking about just you, your business and your own personal wealth building. We're also talking about the community at large, the asset of land, and how we leverage this land. The second piece I hear you talking about is legacy planning. How do we set up the businesses to be able to pass along all the learnings and the legacy of what you have gained to that next generation- we're moving more into an economy where entrepreneurship is becoming a focal point. It's no longer about getting your degree so that you can go work at a company or someone else's business. It's more about how you think of yourself as an entrepreneur.

Give us a little commercial about where 5 Loaves is going next. Is it going on to 10 loaves? We'd love to know about your goals.

CSK: Once again, 5 Loaves is located at 405 E. 75th St., two doors down from King Drive. Right now, we are all takeout still because we are a small, no, let me say quaint- a quaint restaurant that normally seats about 24 people. However, due to the COVID and things like that, we can only let in nine people. So right now, we are takeout, we are on all of the [food delivery] platforms that you can basically think about. Uber Eats, ChowNow, GrubHub. That has actually kept us in business. And I thank once again FoodLab for guiding us through that. Because sales had plummeted prior to that and we were not on any type of platform prior to COVID.

As far as the future, 5 Loaves has been sitting on 75th Street for 15 years now. We've gone through quite a lot. We've had fires, we've had copper wiring stolen. It seems like every year, something was going on there. So, we are praying and hoping that for 2021 that we're able to stand on our two feet and have some 5 Loaves babies, which means that we want to see 5 Loaves grow, especially in the Chatham area. Our community deserves it just like any other does.

My goal has always been to give our neighborhood and our neighbors the same type of amenities that other neighborhoods take for granted. We need those same types of visual things that make you feel good about coming home and make you feel good about telling someone, "Hey, meet me for lunch, meet me for breakfast." Those types of things will change an entire community.

SR: Thank you so much Constance, and my very best to your business as you continue to grow throughout the year.

What I'd like to focus on now is where the Fund is going next. As the investors come together, absorb our success, and think about what more we can do to support entrepreneurs of color with the tools and resources they need right now, we think about furthering investment and the ecosystem in this very distinct and unique time. Next Street has published a report on the equity capital gap for entrepreneurs of color. It found we need to support an innovation pool of equity or debt-based capital that is right-sized for our entrepreneurs. So, we're looking at unique capital products and partnerships that are doing that, and

there is no lack of solutions and ideas around this. We're also looking at how we support inclusive business practice models?

Eya, this is where I want to punt it back to you. What are some goals that might be similar or different that we should learn about, as other investors might be listening to this and thinking about where they might partner with us.

EL: Some of our main goals at Elevate include the clean energy economy and the equity within that. By that, we mean the economy generated by the basic technology, the technology of energy efficiency in buildings and homes as this begins to unfold and we move into the future. What would like to see our entrepreneurs grow within this economy and the workforce currently being trained in solar and HVAC systems and all of the ever-evolving new technology be hired by entrepreneurs working and living in typically underserved communities. The other encouragement that we are sincerely hoping comes from this project is that trained workers get that spark to want to become entrepreneurs and hire either their classmates or those who come behind them.

SR: Thank you so much, Eya. And when you talk about that, what comes up for me is this whole notion of equity. We've been using that term quite a bit in society recently, which is great. We also know, equity can mean one of two things, financial equity, or social equity. And I would just suggest to everyone listening that we mean it in both ways.

Having said that, I want to draw our attention to some statistics that compel us to do the work that we're doing. Small businesses in Englewood, 94 percent of which are Black-owned, are operating with less than a week of cash reserves in their deposit accounts, compared to 17 days for small businesses in Buena Park where 54 percent of the population is white. We're talking about a three times difference in cash liquidity. One of the things that we have been very appreciative of with JP-Morgan's partnership is the expertise the bank brings to this particular Fund in terms of understanding market analysis where businesses are growing, and industries are gaining traction. Mambu, spend a little time talking to us about the goals that the bank has around that, advancing equity in every sense, and what that means for the work done here in the Fund.

MS: So, for us, it starts with our approach. It's really with this question of how do we design solutions with the entrepreneur at the center? Our goal is to begin by taking a deeper, user-centered or human-centered approach to helping small businesses. It's from that lens we can start deconstructing our understanding of the barriers and then start looking at the possible solutions. That looks like building the connective tissue in this ecosystem. How do BSOs, Business Support Organizations, partner with each other, and how do Business Support Organizations partner with capital providers? And I think, most importantly for us, changing the role of funders. For so long, philanthropy has existed outside of the problem or outside of the challenges. And we're creating collaborative vehicles, or collaborative opportunities, that embed us

alongside service providers and entrepreneurs to design together. The Fund for Equitable Business Growth is one example of that. Another is the Inclusive Growth Coalition, a body of funders, business support organizations, entrepreneurs all coming together to think about the solutions we need in Chicago and how we can design together and create together.

Another goal, to get a little bit more tactical, is to look at how we can cultivate the capital landscape so entrepreneurs can access capital. We still have that challenge. We're exploring how we can increase flexible capital options. In addition to debt financing, we're exploring new models and ideas, for example, revenue-based financing models. We're taking a deeper look at the role equity plays in the market, equity as a financing model. And, helping entrepreneurs navigate the small business ecosystem. The last thing I want to highlight for us, is we are asking ourselves, how are we being truly inclusive? There are small business support organizations doing really great work in our local neighborhoods. Many of them may not have access to the fancy grant writers, or have large budgets, but they're doing meaningful work.

How do we make sure we're not just focusing on the usual suspects? It's instruments or opportunities like the Fund for Equitable Business Growth that allow us to go a little bit deeper and granular into who's doing great work in communities and how we can support them. I think that's one of the things that's been really special about the Fund. You're seeing an array of business support organizations that are deeply embedded in and with community. They're receiving support. They're enhancing their service delivery through these partnerships. That's one way equity looks for us.

SR: That's a beautiful description. It reminds me of another analogy as we come to a close today. The Fund is a food bazaar that offers customers a plethora of options. But it's not just about going to this bazaar, this space to get the resources you need and to go home. It's actually about the process, the adventure of getting a sense for different types of products from different kinds of providers. If we want anything to be taken away from today's conversation, we want listeners to know that this is truly about the process, the beauty of collaboration and meeting the needs of a unique marketplace.

One of the aspects of the Fund is that, it is not just a grant to support partnerships. We also pull the partnerships together throughout the year in a learning cohort and a community of practice. Eya, I would like you to close this out today and talk to us a little bit about Elevate Energy's experience and your partners' experience in this learning cohort.

EL: One noticeable highlight for Elevate has been the encouragement by the Fund to collaborate with other organizations. That's what's in our DNA. That's what Elevate typically tries to do in each and every effort that we put forth. So, the encouragement for this collaboration was very exciting to us. And the overall willingness of the other cohort participants to work together and provide additional services for all of the participants, no matter what particular group they were in. We look forward to continuing the collaborative efforts and the ability to refer our own participants to receive those additional and

complementary services to help their businesses grow. One thing that I noticed in one of our first convening meetings last year was that there was this sense of community among all of the partners participating in this. There wasn't the typical competition and competitiveness that occurs in these situations sometimes. I believed at that point, and I still believe to this day, that that's what is needed to move our entrepreneurs and the individuals in the communities that we serve forward creating that equitable field of play for all of us.

SR: Thank you so much, Eya. Everyone, this has been such a special time to learn more about the Fund for Equitable Business Growth. The collaboration, the partnering, the supporting of the businesses, the businesses doing amazing work and offering our communities amazing products and services every day this could not be possible if it were not for the willing hearts and minds that we have on this call the institutions that you represent here, and many of you who are listening. We want to just give out our heartfelt thank you to each of you that who have really joined us in this journey of collective impact. We really look forward to what is to come.