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Trust Talks Episode #27: Fueling Small Business Growth in Chicago

Earl Grandberry: Hello, and welcome to *Trust Talks*, episode 27. I'm Earl Grandberry, director of The Fund for Equitable Business Growth, otherwise known as FEBG. Small businesses are more than engines of economic activity, they're essential community assets, creating jobs, access to goods and services, building neighborhood connections, and helping families and communities build greater financial stability. Yet, access to the resources that allow small business to start, sustain, and grow has not been equitable across the Chicago region. FEBG was launched in 2019 in response to the research from Next Street that found significant geographic disparities in access to business resources, growth opportunities and capital.

Those findings reinforce the need for a more equitable and coordinated small business support system, one that ensures entrepreneurs and communities that have historically faced barriers to opportunity can access the tools and resources they need to thrive. Through deep partnership with business support organizations, or BSOs, the Fund works to strengthen the ecosystem by improving access to capital, supporting business services, and helping build more effective partnerships to resources for small business owners.

Ultimately, this work is about advancing a more inclusive local economy in which opportunity is not determined by geography or by longstanding disparities and access to resources. Today, we have an opportunity to take stock of that work and consider what comes next. Next Street is reevaluating the small business ecosystem across the Chicago region, and its forthcoming research offers a new look at where progress has been made, where inequity and gaps persist, and what those findings can mean for the organizations and institutions working to support small businesses.

Using Next Street's findings as our starting point, we will explore what the data tells us about the future of FEBG and the broader small business ecosystem, including the roles of BSOs, capital providers, philanthropy, and business owners themselves in building a more equitable and effective system of support. To get a closer look at the potential path forward, I'm enlisting to the help of three guests who bring distinct perspectives from across Chicago's small business ecosystem.

Together, we will look at what we've learned, where the ecosystem still has to do work and what it takes to ensure more small business owners in the community that they call home have equitable opportunities to prosper. Please take a moment to introduce yourselves.

Sara Dinges: Hi, I'm Sara Dinges, the head of ecosystem solutions at Next Street. Next Street is a national small business solutions firm, and we work with our clients, typically corporations, government, philanthropy, to strengthen the small businesses in their communities and in their supply chains. We are a B corporation, we're an employee-owned firm, which we're really proud of, and we're also a small business ourselves with an office and a team here in Chicago. I've worked directly with small businesses for almost 20 years, both with Next Street and also at the City of Chicago and leading chambers of commerce in the city.

Linda Boasmond: Good afternoon. Thank you for having me. I am Linda Boasmond. I am the president and CEO of Cedar Concepts Chemical Manufacturer. We have two plants located in the South Side of Chicago. Cedar Concepts has been in business for approximately 35 years and we manufacture something called surfactants. I won't get technical with you, but I will tell you that we ship about 70 to a hundred million pounds of chemicals worldwide per year to corporations from Clorox to Procter & Gamble to Boeing and companies just within the Chicagoland area. We have just under 50 employees and we're very, very proud of the fact that we have built the first chemical manufacturing plant in the City of Chicago in over 50 years.

Niharika Hanglem: Hi, my name is Niharika Hanglem, and I lead the entrepreneurs' program at The Richard L. Duchossois Foundation. We are a relatively new foundation in the Chicago region, focusing on three program areas, entrepreneurship, veterans, and strong families. My background lies in the intersection of entrepreneurship, innovation, and economic development with prior experience at the World Bank's Innovation Labs, Melinda Gates-backed GET Cities, and previously at Illinois Tech's Innovation and Entrepreneurship Hub, Kaplan Institute. In my current role at The RLD Foundation, my focus is on driving equitable economic development and building sustainable entrepreneurship ecosystems that deliver long-term benefits, not just for entrepreneurs and small businesses, but also for the larger Chicago region. Thank you so much for having me on.

Earl Grandberry: Thank you guys for joining us. Let's get started. So Sara, it's been eight years since the Next Street conducted the regional analysis of Chicago's small business ecosystem and the magnitude of it. Next Street is now ready to roll out the 2026 reassessment report. What are the throughlines you're seeing since the launch of the report in 2019?

Sara Dinges: The throughline that I'll start with, and I think a very important starting point for this conversation today, is that we know entrepreneurship matters. Small businesses, we hear often, are the backbone to the economy, and that's true. In this region, small businesses are critical and they are critical for economic mobility potential. We also, for this report, different from 2018, we studied both the City of Chicago and Greater Cook County. So, in that region, the Chicago region, we know that there are 687,000 small businesses, just again, to put some data behind that backbone thought, and that those businesses support more than one million jobs. We also know nationally that families or households with a business owner in them, typically have four times the net worth than non-business owner families. So, that really can create economic stability and again, mobility for families and for communities.

While entrepreneurship is so critical and it matters, we also saw a throughline that the benefits, they are still uneven. Diverse business owners still face barriers to capital, to customers, to networks, to business support. For example, we know from the report that 12 percent of Black or African American business owners say that they fully have their financing needs met as opposed to about 40 percent of white business owners. So, we see that those benefits can be uneven. Another throughline that I'll just mention is that since 2018, the small business ecosystem is really broader and it's more coordinated. We're seeing that right here in this room, The Fund for Equitable Business Growth. It was a recommendation from the first report, and Next Street works all over the country and we talk to people about FEBG and they say, "We need one of those funder collaboratives in our region."

So, to be able to see that stood up and having impact here today is just really an incredible thing. Also, another example is the Cook County Small Business Source. That is a front door for small businesses throughout the entire county to get the help that they need. Even with that broader and more coordinated ecosystem, the report will say it doesn't mean it's necessarily an easier one to use. We're still seeing some of those gaps where entrepreneurs are relying more on trusted personal relationships rather than formal business support organizations. We still see a very big capital gap. The capital gap is $34 billion, and that equals about 80 percent unmet capital need. Some of those gaps that we outlined in the first report, we're seeing even with the meaningful infrastructure built today, that those gaps still exist. What this report really will do is say what needs to be the top priority for the ecosystem moving forward and how do we rally around those priorities together.

Earl Grandberry: That's great, Sara. Because of that, what does it mean for FEBG? What does it mean as we clarify our direction moving forward and what we should do next?

Sara Dinges: Right, and that's a great question. I already said that it's a model and we're here kind of seeing the living, breathing results of the recommendation to form FEBG. But moving forward, FEBG's role as a collaborative of investors and funders really should be of systems change. The one main way to do that is through the coordination, getting a collaborative of funders to invest in this research, and then to have the stakeholders and partners invest in the implementation. Not every stakeholder or partner can play the same role, but everybody has a unique role to play. Coming alongside the investment areas and saying, "This is what I can do and where my expertise is," really in simple terms, getting everybody on the same page.

The other thing I'll say is that FEBG can really invest in programs that move the needle for economic mobility for entrepreneurs. The report is going to, for example, point to a couple of program investment areas, and just to name those real quick, one is programs that support businesses that can scale and that can grow. I said there are 687,000 small businesses in the Chicago region, and what we've seen since 2018 is that out of those businesses, we have about 134,000 that are employer businesses. We say that because they have employees and they're typically the businesses that rent space, buy a building, create jobs. The growth for those businesses has remained flat since 2018. It's been 0.1 percent. There can be programs that are invested in for those growing and scaling businesses.

We know that another area that could really move the needle is to invest in ways that businesses can succession plan and can transfer their ownership. That's called entrepreneurship through acquisition. We found that 52 percent of Chicago region businesses are 55 or older and with very limited formal succession planning. Preparing businesses that are viable already to be able to transfer ownership, to retain the jobs that have been created, to retain the wealth and families and households and communities, that is definitely an area of focus.

The last thing I'll say, again, is really around this capital piece that I mentioned that $34 billion of unmet capital and to develop right sized and flexible capital that can meet an entrepreneur on their journey, whether they need traditional debt or maybe they're ready for equity and to be backed by venture, that is something that is really a need to meet businesses where they are. It's not just about capital access, it's about capital availability, making sure that they get that money into their hands.

Earl Grandberry: Thanks, Sara. That was great grounding where the report is going. I'm looking forward to reading it more. Niharika, with your extensive experience in philanthropy, entrepreneurship, small business, why should philanthropy care about small business?

Niharika Hanglem: Thank you for your question. I think philanthropy should care about small businesses because it's more than just about the business. They are about people, they're about the communities, they're about jobs, wealth creation, and, of course, the vitality of our neighborhoods here in Chicago. I've spent much of my career working in the intersection of entrepreneurship, innovation, and economic development, like I'd mentioned earlier. One thing that I've learned over the years is that we put a great amount of responsibility on the entrepreneur themselves, build a great business, fundraise capital, acquire customers, navigate the system, build the right network. But whether an entrepreneur succeeds or not is deeply influenced by the ecosystem around them. Do they have access to the right kind of capital at the right time? Can they find trusted technical assistance? Do they have the pathways to customers and those procurement opportunities? And do they have the networks that open doors for them? And are all of those things connected in a way that our entrepreneurs, especially here in the Chicago region, can navigate in a meaningful manner? So, when I think about philanthropy's role in supporting our entrepreneurs, navigating this ecosystem, I think we do have a very important role. We can support individual entrepreneurs, we can support individual small businesses and startups, but we can also look upstream from a vantage point of where philanthropy sits and also oftentimes downstream to see what are the conditions that allow entrepreneurs and small businesses and our startups to thrive and where can philanthropic capital help strengthen the ecosystem. So for RLD Foundation, it's really important for us because we really care about the vitality of Chicago's neighborhoods. When small businesses thrive, they create jobs.

To Sara's point earlier, I think we have more than 90 percent of net new jobs that are created in the Cook County that's created just by small businesses. More than 50 percent of jobs in the private sector are, again, created by small businesses in the Chicago region. So, the benefits don't stop with just the business owners. They create jobs, they build household wealth, they activate commercial corridors, and obviously they provide important goods and services. Then, of course, they keep the economic value circulating within our local region. So, I think I will say that to me, supporting small business is not peripheral to community development. I think for me, for us here at RLD, it is essentially community development.

Earl Grandberry: Thank you. Follow-up question. As you know, FEBG is evolving our strategy and the function of how we can be a more coordinated platform with lasting systems change. Speaking from that perspective, from a mission-driven philanthropic organization, what are the key ingredients to impacting an entire ecosystem?

Niharika Hanglem: That's a big one. I think I want to start by saying that no single organization and no single funder changes an ecosystem. I think system change fundamentally requires that understanding of where we sit within the larger system and how we can all work collectively. I think what FEBG is trying to do in that effort is probably one of the best examples that we have here in the Chicago region. So, I'm very grateful to you all for your leadership and the work that FEBG is doing. If I have to break it down, I would say that there are a few key ingredients. First of all is listening and proximity. I think the work that you've done with Next Street, funders essentially need to understand the experiences of the entrepreneurs and of the organizations that serve our entrepreneurs. At RLD, we call ourselves the learning organization. We are very much focused on systems change and systems thinking.

So, we are also, as a relatively new foundation, this is officially our second year of operating, we are spending a lot of time thinking and listening to organizations that are operating at the grassroots level before we decide what the solution should be that should support the entrepreneurship ecosystem and so on. Second, I think, is connectivity. Chicago does not necessarily lack organizations, programs, or resources. I think sometimes the challenge is how well those resources connect and how well are these entrepreneurs moving from one organization to another, from technical assistance to capital, for example, or from startup support to a growth-stage resources.

So, a strong ecosystem is not just about having individual organizations or programs, but it's also about how well all the pieces work together. Then, third, of course, from philanthropy’s perspective, it really is about patient and flexible capital. Systems don't change on a one-year grant cycle. I think this is me kind of putting myself on the spot, but philanthropy has to be willing to support experimentation, investing in infrastructure, investing in collaboration and learning, and recognizing that some of the most important results take time.

Finally, I think we have to think about what systems change truly looks like. Convenings and partnerships are important, but those are just intermediate outcomes at the end of the day. They're not necessarily the end goals. So, we ultimately want to know is capital flowing? Are entrepreneurs who have historically been excluded, are they gaining greater access to resources and funding and are businesses successfully moving from ideation to scale? I know that's one of the big focus of FEBG with your next stage. Then, of course, are neighborhoods benefiting from this work that's taking place in the entrepreneurship ecosystem?

I think the bottom line is that FEBG's role in all of this and the evolution of FEBG is significant because you're bringing all of us funders together in this funder collaborative where we are asking ourselves beyond just the individual programs, what needs to change about the way the ecosystem in itself is functioning? I think philanthropy is very well-positioned to ask that question and bring together the capital, the relationships, the data, and, of course, the patient capital that is needed to help the ecosystem move it forward.

Earl Grandberry: That's great. Thank you for giving that perspective. That's incredibly helpful.

Niharika Hanglem: Thank you.

Earl Grandberry: Linda, excited to get to you because you are, in fact, a small business owner. Please share a bit about your pathway to owning Cedar Concepts and a little bit more of just your experience in business.

Linda Boasmond: So, I actually began to own Cedar Concepts because I lost my job. Like many people, I did what anyone would do, which is go home and sulk. Then I thought, "Okay, now I need to do something here." I called my accountant and he said, "Why don't you buy it?" So, now I had this business. I had to go back and put all what I call business 101 pieces in place. There are organizations, as you've mentioned. I reached out to the WBDC, Women's Business Development Center, and many other organizations that were out there, The Chicago Urban League, to connect and try to fill in those building blocks. But what we don't have is a way to make it easy. Entrepreneurs don't have time. Of the three ladies sitting here, I was the last one to turn off my phone. So, we don't have time.

Time is critical for us, and we need to be able to say, "Okay, I can go here. I know this is my point of where my need will be met," and they need to know that that will happen. The second thing is that you talk about community involvement and developing our community. When I got ready to build my second plant, there was nothing over there. It was literally ground and abandoned buildings. And the City of Chicago actually told me, they said, "You spurred growth in this area when you built this facility." And if you were to come over there now and take a look around, there's probably been 10 other facilities built in the area. Once we sort of seeded the area, it was us and Testa Produce. We went up at the same time. We also brought in sustainability. Our buildings have wind, solar, all these sorts of needs that propel us into the future of what manufacturing will be like.

My operators can make anywhere from about 30, and when you start to talk about maintenance dollars per hour and up, they get full benefits. So, I like to say they make enough to take the family to Disney World and they make a very good living. I think when that money goes back into the community, your groceries, the things that you buy, it's the support and the lunch breaks, it's just the many different things that that puts into the community. Even building the second plant, a lot of the workers came from throughout the community. You see all of this go back into the community, and then you get to that next level and there's no help. It's just gone now. I think that's where organizations such as yours come into play, but we need, and again, like Earl, we need to garner and put all these people together now.

The last piece I want to talk about when you talked about that wonderful access to capital, okay, it's just not there. It's not there. And I really think you have to go back all the way to the federal level, to even the local level and make policy changes. You need policy changes for these businesses to thrive and survive. I remember when I did my first loan for my business, I had to “sign away my firstborn”, and I always compare that to the young man who started Whole Foods, whose father, he didn't have to worry about whether his bills were going to be paid or whether or not he would be able to support his family because he knew he was taken care of. While it was a great and wonderful success, most people coming out of my community are not going to have a father who can do something like that. And I know I didn't. So, how do we get this access to capital and make it real, make it real, make it work for small businesses?

Earl Grandberry: Thank you for adding those things because I wanted to follow up a little bit with you. Through this transition and ownership of your incredible company and the work that you did in the community and sprouting up the economic development, what would have made the transition easier or better for you? Was it immediate access to capital? Was it technical assistance? Was it additional mentorship? I mean, you did it all, right? But if you had to pick a few areas that you wish you would have had to transition and own Cedar Concepts, what would those be?

Linda Boasmond: I think the first one, I didn't know where to go. Remember, I talk about time. So, you can't go back and make up that time. That's time I could have used to build my customer base, to do many other things, more innovation I lost. When we're talking about time, we didn't lose a month or two. We lost years trying to figure out who we could go to. We finally ended up doing debt financing with a bank. And that process, at that time, I did not have my advisory board, and so I had never gone through that process. If you talk about coming, again, a person with not a lot of resources, you probably haven't done any kind of banking or a loan or what that involves.

Having someone to guide you and support you, because I had to do mine through the way any other business would be. I went out and hired a law firm. That's very expensive. It was very expensive. Hundreds of thousands of dollars. Can we have a law firm that maybe donate something? I'm not asking them to do it for nothing, but you need some legal assistance that you don't have to pay $300,000 for. Accountants, while I have a CPA on staff, you still need external accountants, and we do have a firm, and unfortunately, I had to do it the hard way, and that's why I don't want the people who come after me to have to go through that same pathway. There needs to be an easier way, so that they can spend their time developing the business, not spending hours on top of hours reading legal documents, reading all these other documents.

You actually are working on your business, the growth of the business. And that, again, is time that's lost. How they can ease or structure covenants, those bank loans and things like that, those things impact you and impact how your business is going to be run.

Earl Grandberry: That's great. Thanks for sharing that. Switching as a segue, switching to kind of this next round, I want to start with you, Sara, and it's opened up to anybody else that would love to answer this. What kind of support are most needed for business, for ready for growth, based off of what we've learned from Next Street and the upcoming report, what are some supports that you think businesses need to get to that level where Linda is now?

Sara Dinges: We always say at Next Street, and this is the work that we do across the country, that having a single front door and reducing the number of knocks the entrepreneur has to do, to Niharika's point, we put so much responsibility on them. To be able to have a single front door where an entrepreneur can know right away, "I'm at this stage, this is what I'm looking for, this is what I need, this is how I need to utilize it," I think is most helpful and is also back to that systems change piece. Also, just as an ecosystem, bringing it back to that, if we really looked at that need, and I'm doing the flip side of the data I shared earlier, which was that $34 billion number, 80 percent going unmet.

So, the flip side is only 20 percent is met, and if we all just held that as the priority, that percentage has to increase. If we looked at measures and then we scaled what worked, and so we looked at application exceptions and borrower measures and just every single piece that somebody needs to go through and really segmenting what those growth businesses need, then I think that that would be something, again, that would really move the needle.

Earl Grandberry: Niharika, I want you to jump in a little bit on this as well. We're both in a similar perspective where we're both funders to a degree. Based off what Sara's saying, what do you think some other things that from our position would be helpful to really engage and help support this ecosystem for business owners like Linda?

Niharika Hanglem: Yeah. When I think about where our entrepreneurs sit, I think about it from we've talked a lot about that navigation that entrepreneurs need. Both of you have spoken about the challenges of our small business owners navigating through these through, for lack of a better term, the fragmentation of that ecosystem that exists. When I think about what is needed in terms of the innovation and the types of partnerships that we need to focus on creating to make it a more optimized experience for our entrepreneurs, for our small business owners, I think it sits at the intersection of capital, business support, and market access. So, Chicago has tremendous assets. We have world-class universities; we have a lot of really strong community-based organizations. We have CDFIs, we have a lot of lenders, corporations, we have a very diverse economy, philanthropy, of course, and public sector partners as well.

The opportunity is not necessarily about creating something new, but it's about connecting what already exists in a much more effective manner. I often think about the way the intersections happen and the way that connective tissue needs to be built out. So, for example, could business support organizations and capital providers work at an earlier stage where entrepreneurs and small business owners can move more easily and transition more easily from technical assistance, program support or curriculum to access to capital? And then, could corporations and our anchor institutions work in a more directed fashion in a more intentional manner to create customer and procurement pathways for our small businesses?

And then, also RLD and FEBG are very common in our approach in terms of how we use data. And so from a data perspective, can we use shared data to better understand where are entrepreneurs getting stuck and where resources might be getting duplicated or simply what might be missing in the ecosystem? So, I think that intersection is something that's of interest of how do we connect neighborhood businesses to larger economic opportunities? How do we connect our small businesses to some of those industries and sectors where Chicago is emerging or already has strengthened? So, I think the innovation opportunity is really about how we organize and connect the ecosystem and not so much necessarily about creating new programs.

Earl Grandberry: Okay. We're getting to time. So, I got one question to each one of you guys and I would love maybe Sara to get her thoughts and then Niharika, then we want to end with you, Linda. And here's the last question. So, shifting to blue sky vision, what would the Chicago small business ecosystem look like if it was more coordinated in five years? And I would love Sara to start, then Niharika, then we're going to end with Linda.

Sara Dinges: I love this question, the magic wand. I will say, I think there's innovation around the professional services and the shared offerings. One of the most expensive and most challenging things for a small business owner is health insurance. If you think about maybe the cost of a plan for a small business that has five or less employees, and then you think about the collective purchasing of a hundred small businesses with five or less employees, there has to be an innovative solution there where there could be that collective power for bringing down those costs. I know some local chambers of commerce have started to offer those types of programs to their members.

I think that that really gets at the heart of coordination, not thinking about things singularly, but as a collective. We talk a lot in our work just about radical collaboration. That means stepping out of our silos, out of our sectors, thinking about things differently. And so maybe a chamber of commerce isn't a health insurance expert, but to have a membership behind you to get lower costs to reduce barriers and reduce challenges for small business owners, those are the types of things I would want to see in five years from a more coordinated network in the ecosystem.

Earl Grandberry: Thanks, Sara.

Niharika Hanglem: I think I'm going to reiterate some of what I've said earlier. My blue sky vision is very simple, and I think it speaks a lot to some of the points that Linda raised earlier. An entrepreneur should not need to understand the ecosystem in order to benefit from it. I think today we expect entrepreneurs to figure out which organizations to go to, like which funders or lenders that they should or should not access or who has the right product for them, what are the options or who are even the customers, for example.

I think in an ideal scenario, I feel that in a truly coordinated ecosystem, that all of that navigation for the entrepreneur would happen organically and behind the scenes through stronger referral pathways, through procurement channels, through the right capital at the right stage, and even your connection to your peer entrepreneurs and peer groups, which I think is so valuable, building that community of practice for yourself, finding your cheerleaders, so to speak, and so on. So, I think I hope my blue sky vision for the Chicago region in the entrepreneurship ecosystem is that our entrepreneurs, our small businesses truly have the opportunity to succeed where the onus of success does not rest with the entrepreneur themselves, that the onus of success rests with the system, with the ecosystem.

Linda Boasmond: I will talk a little bit about the benefits of a small entrepreneur. I built inside of our community. I employ inside of our community. We started an organization for girls, and in our community, over 5,000 girls have gone through our program. Over 100 scholarships awarded from that program. We've seen some of those girls become entrepreneurs because people will become what they can see, what they can touch, and what they can feel. You need hands-on, you need people to be available, you need them to be available quickly, and people need to know exactly where to go right away and to get a deal done because when a deal is on the table, it's on the table now. It's not on the table two years from now. So, that entrepreneur needs to tap into that deal, that contract, or whatever it is, that innovation, whatever that they are about to develop in a small amount of time. And anytime you can take that time down, success is the outcome.

Earl Grandberry: Now, as we pivot to concluding this episode, I'd like to take a moment to thank our guest again, Sara, Niharika, and Linda. Thank you. Thank you to our listeners. We hope you leave this episode having learned something new about the critical role of small businesses for communities and for the economy. If you'd like to learn more, head over to our FEBG website, equitablebizgrowth.org. You can learn more about the trust small business work at cct.org. Thank you so much.

Linda Boasmond:

Thank you.

Niharika Hanglem:

Thank you.

Sara Dinges:

Thank you.