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VOICES OF WOMEN OF COLOR ENTREPRENEURS

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Voices of Women of Color Entrepreneurs

The What

This report utilizes the unique perspective of She the People, who center the stories of women of color. Building on their 2022 National Listening Sessions, which revealed that a priority for women of color in the United States was the ability to be stable, and indeed, thrive, in a complicated, chaotic economy to not only sustain (or attain) a robust quality of life, but also to gain control over their circumstances. The only way to understand these needs further is to listen to the voices of women of color who are living the experience of entrepreneurs- and the policy, organizational, and service implications for communities.

The Why

Women of color are the fastest growing group of entrepreneurs in the United States. By all reports, they start their own businesses at a 4% higher rate than the overall population. Despite this growth, there continue to be many challenges. For instance:

- Black women-owned businesses have high growth rates, but only 3% last into maturity (defined as lasting past five years).
- The majority of women of color use their personal funds, including credit cards and retirement accounts to first fund/start their businesses.
- Many women of color businesses are considered "side hustles" because they must also maintain a full time job, making it difficult to dedicate even 40 hours a week to their enterprises.

The Who

A purposive sampling technique was employed to recruit participants. The target population consisted of women who met the inclusion criteria, which included identification as a woman of color and who were currently an entrepreneur or business owner. A total of 419 participants were included in the study, with 404 respondents in the quantitative phase and 15 participants in the qualitative phase. All were over 18 and resided in the United States.

The How

This report employed a mixed methods approach, combining quantitative and qualitative methods to explore the main objectives of why, how, and what women of color entrepreneurs experience when building their businesses. The quantitative component utilized a cross-sectional survey design, while the qualitative component involved semi-structured interviews. The integration of both methods aimed to provide a comprehensive understanding of the research topic by examining both numerical data and participants' perspectives.
WHAT WOMEN OF COLOR ENTREPRENEURS ARE SAYING...

about why they became an entrepreneur

"Finally the right opportunity came for me to take the leap for this to be my primary source of income, my business. As a new entrepreneur, I can't stop thinking about it. It's everything"

"61.23% of respondents stated that they started their business because they wanted flexibility and control over their time."

about how they started a business

"The first year and a half when I first started my business, I had some 401k money that I had pulled from."

"I pretty much liquidated all that I had (to start this business), and I have no retirement left. But you know I got to this point. We got paying customers. We got revenue, and then we started getting our first investment in late January."

about their challenges

![Challenge Bar Chart]

about what they want

1. Financial products that take into account intersectionality such as the types of businesses, geographic location, other access to support.
2. Move beyond mentorship and into sponsorship.
3. Significant cash flow that will "make a difference."
4. More knowledge and development of good business practices, especially how to mature and scale their businesses.
5. Increased access to formal, business and professional networks.
Business is not just self-serving. Black owned businesses are serving a community and we have to look at it that way in everything that we do. It's not just a purchase when you go into someone's business or just a service. Literally it's a purchase with a purpose—because at the end of the day, it's serving an entire community.

Restauranteur
In the years leading up to 2020, Asian Pacific Islander, Black, and Latina owned businesses grew by 58% at a faster rate than businesses started by white women and men overall. Despite this, COVID-19 was devastating to business owners that were people of color, especially women. Even with the rebound from the pandemic, 83% of female business owners are white women. Further, even with the fast rate of growth that continues for Black women owned businesses, only 3% are able to maintain them beyond 5 years (Census Bureau, 2021). To address this challenge, financial, educational, and community institutions have created programs aimed at helping women of color entrepreneurs grow their business. These programs offer a continuum of support from trainings essential to business growth, mentors to review business goals, and new networks, which has offset some of the challenges and barriers.

What else can be done to support women of color entrepreneurs? Before this question can be answered, the context must be understood more in depth of why the phenomenon of launching businesses and "side hustle" businesses occur within communities of color and usually by women. And, the only way to truly understand this is by listening to the voices of women of color who are living the experience of entrepreneurs.

This report utilizes the unique perspective of She the People, who center the stories of women of color. Building on their 2022 National Listening Sessions, which revealed that a priority for women of color in the United States was the ability to be stable, and indeed, thrive, in a complicated, chaotic economy to not only sustain (or attain) a robust quality of life, but also to gain control over their circumstances.

INTRODUCTION

COVID really put into perspective the sacredness of life and how short life is. It happened in a clashing of times where the intersections of saying it's time for you to do something you've been wanting to do and really doing it are right in front of you. You have to make a decision. So I did.

Serial Entrepreneur

Women of color entrepreneurs are an important and growing group that must be understood. The report reveals what motivates women of color to start their own businesses- and it's not the expected response. Rather than being driven by making more money; women of color are more concerned with being able to control their own time, flexibility, and to follow their passions.

The pandemic did not only create pockets of economic instability, it also ignited a movement for doing work that was meaningful and fulfilling. The women of color who participated in the listening sessions and interviews painted a picture of struggle, but also one of hope and a belief that entrepreneurship can lead to better outcomes, quality of life, and choices for the future. That vision is possible especially if women of color entrepreneurs are able to access capital at the same rate as white men, collaborate with venture capitalists, and empower their community. This report highlights the perspectives and stories of women of colors' experiences, what they identify as their biggest needs and solutions, and concludes with recommendations that stakeholders can immediately put into action.
Setting the Context: What we know about Women of Color Entrepreneurs

A GROWING COMMUNITY

Women of color are the fastest growing group of entrepreneurs in the United States. By all reports, they start their own businesses at a 4% higher rate than the overall population. The National Women's Business Council’s 2022 report asserts the substantial contribution of women owned businesses. Women-owned businesses with and without employees saw increases that far surpassed those of male owned businesses between 2014 to 2018. For instance, women owned businesses grew 16.7% compared to the 5.2% of those owned by men. The Kauffman Foundation's Trends in Entrepreneurship series shows the percentage of women-owned startups have consistently been 46.4% (1998) and dipping only slightly to 36.3% (2007). Guidant Financial’s 2022 Women in Business Trends report found that the reasons women started their own business were as follows (in this order): desire to be their own boss (58%), unfulfilled by corporate America (38%), wanted to pursue their passion (30%) and/or were not ready to or could not retire (21%).

Although the trends for women owned businesses were positive, it’s important to remember that the $1.8 trillion dollar revenue they earned is still less than 5% of total private sector revenue. Worse, though many have cited the growth of women of color entrepreneurs, especially Black women, Guidant Financial’s 2022 Women in Business Trends Report found that there was a decrease of women of color owned businesses during the pandemic. It’s unclear what the exact reasons are but many reports cite reasons ranging from caregiving issues to income needs, but since the pandemic, there has been renewed activity.

Despite the challenges, women of color account for 50% of all women owned businesses- about 6.4 million companies. According to American Express, women of color owned businesses also increased by 43% since 2014 (compared to that of white women which increased 5.6%). Within this growth is individual growth in all groups, namely 50% for African American/Black women; 41% for Native Hawaiian/Pacific Islanders; 40% for Latinas; 37% for Asian Americans and 26% for Native Americans/Alaskan Natives. Also, despite Black women-owned businesses having high growth rates, only 3% last into maturity (defined as lasting past five years). This indicates that the barriers and challenges to women of color owned businesses are not exclusive to the formation of entrepreneurial ventures, but throughout their whole business life cycle. This also indicates the need for further research.

Finally the right opportunity came for me to take the leap for this to be my primary source of income, my business. As a new entrepreneur, I can't stop thinking about it. It's everything. I'm buzzing about it. I wake up in the middle of the night excited. All of this, that's a good sign.

Private Practice
Methodology

**Design**

This report employed a mixed methods approach, combining quantitative and qualitative methods to explore the main objectives of why, how, and what women of color entrepreneurs experience when building their businesses. The quantitative component utilized a cross-sectional survey design, while the qualitative component involved semi-structured interviews. The integration of both methods aimed to provide a comprehensive understanding of the research topic by examining both numerical data and participants' perspectives.

**Quantitative Data Collection**

Data collection for the quantitative phase was conducted through a self-administered survey. The survey questionnaire was developed based on an extensive review of relevant literature and previous survey instruments, as well as areas of interest from stakeholders. The survey was administered using Zoho, an online survey platform to enhance accessibility and reach a wider pool of potential participants. Zoho includes access to their networks for wider distribution (for a fee) while also being shared with research networks, etc. Polls were conducted in English and deployed from 4-12-23 to 5-31-23 to maximize opportunities to respond. Participants were provided with clear instructions and a timeframe to complete the survey. Confidentiality and anonymity were ensured throughout the data collection process, though respondents could choose to provide email addresses if they were interested in being interviewed and/or included in the report distribution.

**Qualitative Data Collection**

The qualitative phase involved semi-structured interviews with selected participants. The interview guide was developed based on the research objectives and relevant literature. The guide consisted of open-ended questions that allowed participants to express their experiences, perceptions, and opinions regarding their journeys as women of color entrepreneurs. Participants were able to define "entrepreneurship" and during interviews, this definition was operationalized. Two virtual Listening Sessions were held and 7 key informant interviews were conducted virtually on the Zoom platforms. Interviews were recorded with the consent of the participants and transcribed using Rev transcription services. Field notes were also taken during the interviews to capture non-verbal cues and contextual information, as well as for interviewees who did not consent to recording.

**Participants**

A purposive sampling technique was employed to recruit participants. The target population consisted of women who met the inclusion criteria, which included identification as a woman of color and who were currently an entrepreneur or business owner. A total of 419 participants were included in the study, with 404 respondents in the quantitative phase and 15 participants in the qualitative phase. All participants were over the age of 18 and resided in the United States.
Intersectional Theoretical Lens

This report uses an analytical framework called WOC+: women of color analysis, with the “+” representing the various intersecting identities that should be considered. Intersectionality, developed by Black feminist and professor Kimberle Crenshaw (1989), is an analytic framework that describes the multi-layered identities, such as race, gender, class, and other social group factors that intersect to compound experiences with marginalization, oppression, and privilege. It is necessary to design all perspective measures using this lens and to understand what women of color entrepreneurs need across many different social locations including but not limited to race, age, gender identity, gender expression, disability, socioeconomic status, sexual orientation, and immigration status. As such, a narrative analysis was used to focus on the entrepreneurial perspectives of women of color.

Dynamic systems theory (Keenan, 2010; Lewis, 2000; Newman & Newman, 2020) is also used in this study to understand: 1) the systems that are holding the entrepreneurial process and systemic issues in place, especially within a capitalist economy, 2) the relationship of power, institutional norms, and the attitudes and assumptions that influence entrepreneurial behavior (from start-up to sustainability), and 3) the opportunity structure for entrepreneurs.

### Key Findings

#### Quantitative Data
- 61.23% of respondents stated that they started their business because they wanted flexibility and control over their time.
- 65.43% started their business using their own personal funds.
- 46.43% identified lack of capital (including cash flow) as the primary reason for being unable to scale or grow their business.
- Informal networks such as friends and family are who women of color entrepreneurs trust the most to give them guidance.

#### Listening Sessions
- One of the most important aspects for participants was the “why,” which defined the type of business they created and how they did so.
- Many participants made the distinction that entrepreneurship did not mean “full time work” and that there were many barriers to being able to start full time businesses.
- All participants said that the single need for growing their business was “financial freedom,” which included a range of solutions from lines of credit to government grants.

#### Key Informant Interviews
- Distinctions were made between starting a nonprofit versus a for-profit business because there are differences in the bottom line.
- All participants shared that a benefit of their entrepreneur journey is the flexibility in their schedules given their intersecting identities and roles.
- Most participants expressed a need for capital or money to launch their businesses.

Methodology continued...
Through an intersectional lens, it is clear that there is not just one type of entrepreneurial journey— or even a generalizable one. They are as different as the reasons women of color may start businesses in the first place and the multiple ways in which they eventually do. Even more variety is found in their business plans and goals. Despite this, women of color fell into some general personas. Understanding these personas may allow organizations, institutions, and other stakeholders to meet unique needs that might be overlooked or not otherwise be captured. Many of the participants in this report discussed not being able to access resources because they did not fit particular criteria or conversely, resources did not fully meet their businesses’ specific needs.

| 1 | Solo-preneur

It is very common for those that responded to this report to begin as a "solo" journey, relying on themselves for everything as they started their business. Most solo-preneurs do it all themselves either by choice (to save money) or by circumstance (there is no capital to hire).

The Solo-preneur is a woman of many trades. Some women felt as if they wore many hats as they started their business. And, that is because she does. She is the business developer, administrator, the manager, the strategist, the marketer, IT, telecommunications, and even customer service representative. Sometimes, she might even be the content product or service creator and maker. This was the one persona that almost all participants played at some point or another, usually when their businesses started to grow, but not enough to garner using resources to staff up.

| 2 | The Boss

This entrepreneur always knew she was going to own her own business, define work in her own way, and create an empire— or at least try. This is also the serial entrepreneur— building bigger and better solutions in multiple industries.

She is in charge of her company, but unlike the Solo-preneur, she expands quickly, takes risks, and oversees growth and scale. According to the Harvard Business Review, she is usually educated and has personal funds as well as access to investors. She oversees strategizing to team building. In a handful of examples, this boss behavior is a result of working within strong social and professional networks that are willing to support them. Black women have especially been pivotal in this workforce shift— despite the fact that they have to come up with more funding and deal with the overall workforce shift that reflects society’s social norms.

| 3 | The Side-Hustler

This woman has some good ideas, but she needs some help in getting her entrepreneurialism established because she is still balancing a full time job and trying to earn some extra money on the side.

She had a good idea and started to develop it, but all the while she also had to keep working her “day job.” Her Suite Spot, a virtual networker, states that about 65% of women of color are engaged in some kind of “side hustle.” According to Fast Company, women of color are more likely to have a side hustle (65%) than launch a full time business (32%). Like most women of color, this entrepreneur does make some extra cash, while engaging in something she is passionate about. While there is the potential for her to earn equal to or more than she does with her day job, there are also pragmatic barriers such as sufficient capital, work-life balance, and needs to develop their business acumen.

| 4 | The Change Maker

Sometimes known as the Non-Profit Entrepreneur, she wants to create social impact, cultivate justice, and change the world for the better.

The non-profit entrepreneur was not always considered in the same league as the “business” entrepreneur, but in this moment in history, the ability to create new agencies, interventions and innovations to increase social impact for good is necessary. In many ways, it’s even riskier especially with the sobering fact that many non-profit organizations do not make it beyond the one year mark. Because of this, the non-profit entrepreneur must be creative and innovative. She is also inclusive, a bridge builder and crosser, inviting in multidisciplinary perspectives, designing solutions to social problems, and implementing them.
Social entrepreneurship is based on an on-profit business model, which is started to address social issues. Though it began in the 1980’s as a way to create or augment businesses to do social good and move beyond performative corporate responsibility - there has been huge growth in the past few years. There are different types of Social Entrepreneurship, but included in this category are one of personal highlighted in this report: **Nonprofit Entrepreneurs**. Nonprofit entrepreneurs are focused on social, not material gain- changing the "bottom line." Profits are reinvested into the business or organization to facilitate expansion of their services. These are companies that choose to direct their efforts for social good. Unlike other social entrepreneurs, non-profits acquire funds through grants and donations whereas social entrepreneurship still uses for-profit models.

**THE NONPROFIT LANDSCAPE**

There are 1.5 million non-profits in United States, accounting for 10% of the workforce and 15% of all global non-profits. However, women in general suffer inequities within this space- getting paid 24.8% less than their male counterparts. Also, while 56% of women lead nonprofits valuing less than a million dollars, this number drops down to 22% once the organization is worth over a million dollars. As an entrepreneurial venture, non-profits are high risk, but high reward options.

**THE B CORP**

The 21st century has demonstrated an increase in stakeholder values, especially social and environmental concerns. In some spaces this has led to the concept of the "triple bottom line" which is profit, people, and planet. A nonprofit, B-Lab, created a certification for "B Corporations," which is a for-profit corporation that has passed their process which has five conditions: accountability, transparency, performance, availability, and cost. Although there are corporate leaders who want their businesses to focus on planet and people, larger trends are also driving more B Corps. Large businesses have made their Corporate Social Responsibility more robust, and small businesses want to prove they are authentic advocates of their values. In other words, they want to be considered "good." Another reason is that key organizational elements and changes are able to support these changes. Business leaders and researchers believe that B Corps signal the beginnings of a "tectonic shift" to more local and democratic forms of organizations that demonstrate and lead by their core values.
RESULTS AND FINDINGS

Quantitative Data Collection occurred over six weeks (April 12 to May 31, 2023). A one time, national poll yielded a response rate of 404 women of color entrepreneurs after screening from 5785 total responses (with 5239 disqualified from screener questions and 142 partial responses). The survey was conducted in English in the United States with the margin of error being ±5 percentage points.

The survey data matched the narrative analysis. It confirmed how the personal and professional experiences of women of color entrepreneurs shaped their business decisions.

A total of 15 women's perspectives were gained through two listening sessions (n=8) and key informant interviews (n=7). Sessions were held virtually using the Zoom platform.

To inform the intersectional analysis and dynamic system change strategy that resulted from this research, the focus was on four themes of interest: why did women start a business; how their business was started; challenges they experienced; and what they felt they needed to grow their business (which listening session respondents refered to as a "wish list"). Each theme is organized by response areas identified by qualitative data and also demonstrated in the quantitative poll results.

To begin both the survey and listening session, respondents were first asked whether they started their own business(es), what type of business, and then to describe their work. Answers mirrored the national data on Women of Color owned businesses which shows that there is variance rather than concentrations of particular industries (Simply Business, 2022). According to the Center for American Progress (2014), one reason may be that industry types also tend to vary within groups. For example, Asian American owned businesses contain both the highest and lowest industry types—professional services and beauty services. Overall, however, women of color owned businesses tend to be more represented in the services sectors (such as hair, nail, and lash salons), healthcare and social assistance, and professional or technical services (such as lawyers, bookkeepers, and developers).

The top five business types included in this report are from the following:
1. Coaching / Consulting
2. Mental Health Services (including private clinical or therapeutic services)
3. Salon Services
4. Educational Services
5. Cleaning Services

An important note is that non-profit entrepreneurs also participated and were included as there is an overrepresentation of Latinx and African American women involved in non-profit entrepreneurism.

"I can create my own culture. So I have to unlearn and relearn the ways I want to run my company, and I want to run it with joy, with abundance, with less stress, ideally no stress."

Publisher
The most cited reason for starting a business is usually because of the need for extra funds. Thus, women of color tend to start or engage in some type of "side hustle," which rarely develops into a full time business. The latter tends to be realized if there is enough capital not only to start the business but to withstand risks and failure in the earlier stages. Although this is the main driver for women of color, their level of revenue is markedly lower than white women. According to the American Express Women Business Owner statistics (2019), the average revenue of white women owned businesses is $218,800, while the average revenue for women of color is $65,800.

Therefore, it was interesting that the largest "why" of this survey was "better flexibility." This finding was also reflected in the narrative responses and stories of the women of color participating in the listening sessions and the key informant interviews. Often, "better flexibility" was also described as being able to control their own time. This was also related to dual (or sometimes triple) care-giving roles related to COVID. One key informant, who had her own clinical therapy practice said, "I had to take care of my children who were now attending school virtually and then my mother became ill during the pandemic so I took care of her as well. Starting my own business I didn't have to go into the office every day and I could be in full control of my schedule."

The second largest area where women of color found their "why" was that they saw a gap in the marketplace or a need for what they had to offer. One woman who started a social media marketing and training company said, "A lot of businesses that were coming for help- retooling and rethinking what they had been doing. They had to reimagine before they could move forward. And also, I felt like social media was an equalizer when it comes to age and disabilities. Because I have a number of friends that are disabled in some sort of way."
Although the largest “why” for respondents was the ability for women of color to have more flexibility especially by controlling their time, the most common answer found in other surveys and reports is that women of color start side hustles or their own businesses because of the bottom line: they want (or need) to earn more (or extra) income. In this case, respondents revealed that a majority are unable to pay themselves the same or more as their previous job or career. In fact, only 15.31% of women of color entrepreneurs in this study are paying themselves the same or more than they had previously made. The remaining either were not making a profit, experienced cash flow challenges, or used any profits to reinvest back into the business.

Qualitative Quotables

- That is about money mindset. We are talking about scarcity and abundance, but money mindset. Because I do think women and women of color even more specifically, we can't be afraid to make a lot of money. We can't be afraid and worried that we have to take care of everybody along the way.
- I believe that we should focus on growing the biggest businesses we can, the most profitable, selling them for the most and do good.
- You create a big business, you can hire more people and majority of people who we hire looks like us. Those people who we hire, we can provide them living wages. Their living wages now are infused in their particular families that put them in a whole different space than their families.
- I run a full business, but it's me. Even the thought of contracting and hiring work, that means it will be a cut and loss for me personally.
- I think specifically for me it was the lack of knowledge, like general knowledge, about how to do certain things. I had to rely on friends that had started a private practice to give me information.
SPOTLIGHT: 

"I NEED A SIDE HUSTLE..."

The biggest reason....

HerSuiteSpot, a virtual network of women of color (2022) report 65% of women of color have a side hustle because they need to make extra money. A majority will not or cannot expand this to a full-time business model. JP Morgan (2023) found that women of color founders spent less than 40 hours a week on their side hustle. One key informant said, "Even if I had the capital to make my side hustle a full time gig, I would not be able to afford things like health care. It's easier to keep my main job so that I can also keep my benefits."

Beginning a side hustle may be to bring in extra income, but another reason to start one is because of a desire to do meaningful work. As one respondent said, "After COVID, I wanted to do something important to me even if it was part time." This points out that other things such as meaning, autonomy, and flexibility maybe as important as the need for extra income.

Why a side hustle?

Respondents were like many women of color who describe their businesses as a "side hustle" rather than an entrepreneurial venture or full time business. This language and reference tends to be a unique way that women of color have empowered the action of making extra money from a deficit to a strength. "Hustle" has come to mean the ability and choice to do more- reframing this work as something that can be enriching and empowering. This may be because it is not their primary income, but a way to make much needed extra income. One key informant said, "My side hustle isn't about following my passions, but because I needed to cover all my family's expenses."

However, sometimes, a side hustle can be a way to test ideas as one survey respondent explained, "I want this to be a business but have to see if it is viable first so it's my side hustle...for now."

The Gig Economy & Technology

The pandemic was a game-changer, according to almost all key informant interviews. One interviewee said, "All of the sudden, we had a gig economy and it gave me some choices that I didn't have before that let me do things on my time. I started with Uber and was a driver for them and once I understood how to make it work, I also started my own independent service- just for the local community. The use of technology makes everything a lot easier and this gives me a lot of opportunities." Technology also helps women of color juggle family responsibilities and address limited time. One interviewee said, "I can have meetings and also make connections with people across the Pacific Ocean. Apps like Zoom and WhatsApp have literally opened my world up."

Side Hustle Implications and Recommendations

Policy implications of side hustles include: redefining a "side hustle" to the first step in building their entrepreneurial journey. This will also help institutions understand the opportunities that supposed side hustles can have for the community.

Recommendations: mentorship and other business development programs should include how to grown side hustles into full time business ventures, women of color entrepreneurs should be able to access capital even for part-time businesses, and there needs to be more support to help scale ideas.

"I started an etsy shop and it was easier than I thought it would be. It lets me transform my interest in art into a viable way to add to my income. I would like to do it more, but you know, for now it's a good side hustle."
Almost all of the business literature and financial reports cite that women of color use their own capital to fund their start up costs. This is true even though women of color have less personal wealth than men or white women. For example, single mothers that are Latina or African American have zero median wealth (National Women's Business Council, 2021). A QuickBooks 2022 Special Report found that only 15% of all women of color businesses even received a private business loan. This number is slightly lower than what respondents reported (20.99%).

All the things costs so much. I think software was as big of an expense as the hardware. All of the licenses. And then I went through some trainings- so a lot of overhead, lot of money moving out. And I gave myself a couple years to figure things out because I had the money. The first year and a half when I first started my business, I had some 401k money that I had pulled from.

I actually liquidated my retirement to support my living expenses, and that was what the startup fee was. It was only $33k. But I pretty much liquidated all that I had, and I have no retirement left. But you know I got to this point. We got paying customers. We got revenue, and then we started getting our first investment in late January. The challenge is that a product company requires a lot of capital, unlike a service company.

I did not realize how much it would cost to actually start my business and that was just the basics- building, licenses, materials, food. You don't think about all the stuff that goes on when you are eating in a restaurant.

Most women of color used their capital for start up cost, according to the literature and that is the same from survey respondents. Cash flow is a tie here, followed by Marketing. Almost all of the key informants interviewed indicated that after start up costs and cash flow, that marketing was essential- especially for expanding and scaling business. Several key informants expressed having to "understand social media and start using it to drive business." In fact, for some of the key informants, they were unable to imagine being successful without a presence on those platforms.
In addition to finding and/or having enough capital to start a business, women of color entrepreneurs have to address other aspects of "how" they are able to start their own businesses. This could include aspects related to industry specifics for their business such as specialty or technical knowledge, how to get customers, what needs to be set up, and for non-profit entrepreneurs, what they need to do to access and get grants. For many of the respondents, these steps were crucial to how their businesses started and how they continued to evolve. In many cases, they may have had little to no education on entrepreneurship. For others, even with business education or business experiences, it was still somewhat of a leap of faith to begin, especially if it was a shift to following their passion.

**QUALITATIVE QUOTABLES**

- Although I wanted to badly do something and create something, the thing that really held me back was, how do I start a business? What are the steps and the legitimate ways to make this a real business where it's not just a side hustle, hobby thing?
- How am I going to make money doing something that I really love and what I want to do? So I had to figure out the technical aspect of, how do I become a business? How do I register my business? What are the steps? How do I go about it? And then there is also doubt...is this really a real thing? Am I really going to do this? Can I do this?
- I'm gonna to do the thing I tell women not to do - don't start a product company, as it requires too much capital. The private margins are too small. But, that's what I decided to do because I have to do something for myself.
- So finally the right opportunity came for me to take the leap for this to be my primary source of income, my business. But as a new entrepreneur, I can't stop thinking about it. It's everything. It's like I'm buzzing about it. It's like I wake up in the middle of the night excited, which I think that's a good sign because I've always been used to working through being a worker at places, like working through not getting burnt out and this is a new way for me to be in relationship with work too.
- I think specifically for me it was the lack of knowledge, like general knowledge, about how to do certain things. I had to rely on friends that had started a private practice to give me information.

**Trainings, Mentorship, and Coaching**

Most business literature extol the role of mentorship for women of color. However, for women of color, different models might be needed. The Harvard Business Review (2021) suggests that instead of "mentorship," women of color might better benefit from "sponsorship," a phenomenon that includes amplifying, boosting, connecting, and defending "protégées." This model should be considered as the qualitative data indicates that much more than mentorship or coaching may be needed.

- I think particularly as a woman of color, sometimes there's no price tag on how we have to deal with just dominant fuckery, just bullshit. There’s a lot of BS that we have to deal with in institutions, applying for things, applying for money, all of that. I think there’s been foundations that are like, "How can we help you? Do you need mentoring and this?" I’m like, "No, just give me money so I can do this work."
- I think women of color can be over mentored, over coached, over service provided ... and after all that, still under resourced. Business needs capital.
- Obviously it's their own craft, and obviously they want their clients but I don't really get any guidance. I think just practice my craft and keep going.
65% of women of color started their businesses using their own funds.

I am not sure how to grow my business beyond what it is without more capital. And I don't know if I will qualify. If it weren't for the support of my friends and family and liquidating my retirement, I couldn't have started in the first place.

Black business owners who apply for funding have a rejection rate that is three times higher than that of White business owners (Goldman Sachs, 2020)

New Entrepreneur

POLICY RECOMMENDATIONS

Women of color need to have access to more long-term funding resources and solutions not only to start businesses but also to mature and scale. First, the finance community and the government should work together to recognize biases in assessments and approvals. President Biden's "Investments in America" initiative should be supported, further implemented, and continued. Finally, better efforts to outreach and provide information to women of color is needed.
The Simply Business 2022 report stated that women of color entrepreneurs face a number of challenges and barriers from the micro-aggressive to systemic racism. Here, most respondents indicated that their challenges and barriers revolved around inadequate amounts of capital, low margins, and/or cash flow. However, they also reported having to negotiate cultural expectations, feeling discriminated against, and frustration over inequities.

**Theme 3: Challenges and Barriers**

- **If it's hard for a person just walking around because they feel the racial hate, I feel like it's harder for women, especially women of color- to just start up a business and to even think of wanting to do a side hustle. You know mine- it's just at home, because you don't feel that racialism. And I feel like that needs to change. I feel like everybody deserves to be whatever they want to be, do a business that they so desire.**

- **During the pandemic there was the EIDL loan, the emergency loan that was sponsored by the SBA that had very low interest rate, 3% for 30 years, and it did not require collateral - because many women of color don't have a house and even if you have something to collateralize with, it's too risky to put up your only piece of real estate for a business.**

- **You have to be able to make sure that the money you are infusing in these businesses that you're passionate about them being thriving businesses. You really have to study where they are financially and understand what amount will be to take them to the next level. Not just get them out the hole, but take them to the next level.**

- **We were always scrambling. We were always scrambling for the next thing, and to not just make the case, but make it visible and make it feel like it was important.**

- **The biggest challenge is my lack of business knowledge- honestly, this sounds so basic, but how do you sustain a business? What are the steps involved in doing that? What problems should I anticipate running into, how do I know if I'm doing things legally or not? What do I do about my taxes? How do I even do my taxes?**
One of the biggest areas that have been identified as a challenge and barrier is the lack of capital and access to capital. The Global Entrepreneurs Monitor’s 2021 report highlights the fact that women of color tend to utilize less formal ways of accessing capital and that when they do use formal avenues, they are turned down more often in comparison to their male and white counterparts. Diversity VC (2022) wrote that only 1.87% of venture capital funds were given to women and people of color start-ups—roughly, this means that only about 582 million dollars out of a larger whole of 32.6 billion dollars. The lack of access to capital is one that respondents well understood. Other concerns from respondents include: not having enough time, marketing, low customer outreach/turn out, and not having enough training or knowledge. The one area not mirrored in listening sessions or key informant interviews is “competing family responsibilities.” This may be because most qualitative participants in part started their businesses to attend to family needs.

**QUALITATIVE QUOTABLES**

- There are programs out there where you fill out the application and it takes you three hours to do the application for $5,000 or even $10,000. What can you honestly do with that?
- What do I want funders to know? I would say first come out of your corporate office. What I mean by that is your vision and your lens or your reach can only reach so far from a certain level. And if your passion really is to, as you said, get a return, but also want to pour into what is it that women of color businesses need, you have to make sure that you know a variety of women of color in business that are outside of your circle or outside of who you have access to. Not only that, but just expand your thinking as well.
- I was talking to another entrepreneur of color and we were commiserating that, it’s like this, I know there's money out there, I hear about people getting money, but I don't know where to start. Neither one of us went through the process of establishing a business line credit.
- But it's definitely risky. It's not stable. It’s not. It's all the things in our culture that they want. It has to be stable, it’s got to be risk averse. Running a business at any level, whether you’re a startup or you’ve been here to the end of days, it’s always a risk. And I think that’s a shared commonality with all business and business owners.
- I had to inject a lot of my own capital upfront. I’m very fortunate, I will say, to not have to take income from this business, but it's very much my 24/7 every single day focus. Because it's venture backed, it's built to scale so that means growing top line revenue over profitability for a period of time. The challenge is that a product company requires a lot of capital, a lot, unlike a service company.
I have been using all of the resources I can and social media has been a game changer. I use Instagram to showcase my work, provide testimonials, and tell the story of my business in what I think is an authentic way. I'm excited about my work and I want others to be too.

Private Therapist

Listening sessions and key informant interviews revealed that a majority of the women felt that a lack of marketing, particularly social media knowledge made it difficult to grow their businesses. Even if there was no evidence in their experience to support this, participants and respondents believed they could not grow without being able to optimize social media. In many ways they are not wrong- Business.Com reports that women owned businesses use social media sites like Instagram and Facebook, especially for social commerce platforms. Globally, women are also taking advantage of the relatively cheap, exponential way to utilize social media. For example, 63% of women entrepreneurs in Indonesia use social media as a main hub for communication and marketing (Women's World Banking Report, 2019).

I started this work because I felt compelled to after, but I quickly realized that I need to do more than build the business, I have to market it and brand it and all of these things. I found that I have to create content for all the marketing before even publishing the first book. It's a lot to learn.

Publisher

I have to learn more about how to use social media. You have to- especially in anything that has to do with customer service or clients. You have to know how to use social media because they are using social media and you have to be able to reach out and connect and communicate. It seems to be a critical skill now and I know I have to add that to my skillset.

Restaurateur

In the United States alone, social media platform, TikTok, has 150 million active users- 61% are women. Recognizing the power of social media and Black owned businesses, TikTok launched an accelerator program, providing start up and support funding. However, the real power is still in the reach that TikTok users have.

Policies can be developed to increase diversity and equity on social media platforms, including accountability to communities of color. There are also economic implications that are opportunities to build policy for social commerce. As evidenced by how women of color organically use social media, these same platforms can be used to share information, advertise programs, and provide resources and training.
While there continue to exist many barriers and challenges that range from the structural and systemic to unique to the industries represented, participants, stakeholders, and survey respondents were very certain about what they needed to grow, sustain, and/or scale their businesses. With this, they also had innovative ideas about how to do so around the areas of capital, advisement, and networking.

More than 50% of survey respondents felt that the most helpful thing to them would be access to financial products (loans, lines of credit, etc.) and venture capital. However, it is important to note that these financial products should take into account the types of businesses and also where the businesses are located (geographically, within communities, and also any cultural contexts). For example, women were concerned with having to meet minimums on credit cards that were disproportionate to their businesses, causing more of a hardship than a help. On the other end of the continuum is the recommendation that grants, loans, and other forms of capital be large enough to create impact. One participant said, "This is very performative, these programs where companies provide grants to address DEI but the grants or other type of funding is only $10,000, $20,000, maybe $30,000 but it's not enough. It cannot make a difference. We need things that will make a difference."

In addition, suggestions such as micro loans, collective approaches, and restructuring grants (for those who are eligible) were made. This is in keeping with the literature and trends in accessing funds especially in the Black community. This is because, according to Brookings Institute (2020), Black women rarely have the wealth for early investments into their business- the average net worth of a Black household is 10 times less than their white counterparts. They suggest that one of the real issues is that unconscious bias may be why venture firms tend to give to those who look like them. Thus, while access to capital is important, equally so are more diversity in those institutions that are providing and gatekeeping such capital. One participant said, "I can't wait for a corporation to say yes, I agree with what you're saying, and we will fund the beta."
We're obviously in the same industry, essentially, writing and editing. And we had a good heart-to-heart talk with each other and we need to check in with each other and just, we'll be each other's rock in terms of holding each other accountable. What are you doing? And motivating each other because it can be, I don't say very lonely, but it's isolating to be a business owner, especially one where I probably only know one other publisher that's Filipino and we aren't friends but I call for support when I need to.

Particularly, I had one friend that was a good friend that had a private practice and I relied on her to ask what the requirements were, what documents I had to file. I relied heavily on her.

I recently got kind of acclimated to this whole entrepreneurship piece by being married to my husband who has been in entrepreneurship, if you ask him, he'll say since three years old. So it was something that was foreign to me, but by marriage, it's something that I have been accustomed to or learning or just being a part of.

Family and friends, who are usually considered the first round of capital funding (or gathering), do not hold the same promise for women of color as this first tier of connection is usually not one with the wealth to support a business initiative. However, as to this point of advisement and "who do you trust in your entrepreneurial journey?" almost half turn to family members or friends (48.89%). Indeed, it is not surprising that women of color turn to their families and friends. Black Girl Ventures (2020) emphasizes the importance with starting with community and how that is essential to any phase of the business. The women who participated in this report supported these suggestions. For example, reports from leading banks also indicated that 80% of API business owners felt supported by their families and that 37% turned to them for guidance and advice.

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Theme 4: Business Growth Wishlist

Networking and Coalitions
Family and friends are still a driving force when it comes to obtaining information, but respondents identified the need to expand their social networks. This is one of the top challenges, according to Business News Daily (2023). Social networks can exceed advisement or sharing of ideas - they can also lead to more access. Thus, professional organizations, ethnic chamber of commerce, women's councils, and even PR firms become important resources. Being able to work in alliances has also shown to be a promising pathway.

QUALITATIVE QUOTABLES:
SCORE is a national nonprofit that has a lot of either retired business owners or professionals right now who have insights on the know-how of business. So they really helped me figure out all those challenges.

on why women of color mentorship is important:
I don't think we talk enough about how powerful networking is or even defining what that should look like for it to be successful amongst Black women entrepreneurs. It's very important because at the end of the day, you're really infusing capital, mental capital, and physical capital. That should be an infusion that circulates this whole economic ecosystem for Black entrepreneurs.

on how different spaces bring different mindsets:
The more you're exposed to different mindsets, the more you start to notice the dissonance in the conversations when you're in these echo chambers of people's commitment to a certain type of struggle because that's what they know. When you begin to expand out into knowing that there are other possibilities, then it changes.

What networks are you using to obtain information? Select all that apply.

- Family and friends: 40.25%
- Non-profit organizations: 35.80%
- Faith based organizations: 34.81%
- Professional organizations: 43.95%
- Chamber of Commerce: 30.86%
- Small Business Organizations: 40.49%
- Educational Institutions: 23.46%
- Financial Institutions: 20.99%
- Social Media: 26.91%
- Other (Please specify): 3.21%
Spotlight: Empowering Networks

When given the opportunity, the women of color interviewed in this report turned mostly to those friends, family, mentors, and professionals they trusted. Survey respondents named many other sources including professional organizations, small business organizations, and also family and friends. This matches the literature that indicates the social networks that women of color look to for advice and support are for the most part, informal and nonstructural. This may make it difficult for more formal institutions, resources, and programs to reach the communities that need them the most.

Network Recommendations

**FINANCIAL LITERACY**
This is a key area that is needed—especially for businesses that are started with personal funds.

**SHARE IDEAS**
Sponsor innovation groups, round tables, and community spaces are opportunities to share ideas and build networks.

**BE ONE STEP AHEAD**
Share easy to follow checklists for WOC entrepreneurs to make sure they are up to date and can access resources.

**BECOME A SPONSOR (NOT A MENTOR)**
Mentoring is helpful, but not as helpful as being a sponsor. Sponsors go beyond providing advice and counsel to actively advocate for the promotion of those they mentor.

1. In addition to the above recommendations, policies should be willing to be flexible and community centered. Instead of expecting women of color to go to more traditional sites of resources—how can resources be brought to them?
2. Policies that can help build wealth are important. Many networks are made up of women of color who are in similar circumstances, pathways to business maturity and scaling are important.
3. Processes are needed to keep women of color entrepreneurs aware of changing opportunities and resources. This can be crucial for struggling businesses such as support provided during and after the pandemic.

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Entrepreneurial women of color are a critical part of the economy. They generate revenue, employ people in their communities, and are instrumental in launching economic mobility for themselves and their families. However, being a women of color entrepreneur is challenging—there are setbacks, limitations, and uncertainties. While better access to funding streams, diverse industries, and networks are in short supply for women of color, their entrepreneurial spirit is not. Their participation as business owners is fundamental to the success of not only their own families but also to the success of the U.S. economy. Women of color entrepreneurs have proven time and again that they are about action, strategy, and perseverance. Here are some strategies/tips from women of color entrepreneurs TO women of color entrepreneurs and allies. May the sisterhood keep building!

### ESSENTIALS for women of color entrepreneurs

- **Remind yourself: you deserve to be in business.** Build business credit; it will help you grow your business by giving you access to capital.
- **Create a strong foundation: sales, marketing, finances (including cash flow), human resources.** Protect your assets.
- **Formalize your financial procedures (including organizing financial records, adopting good book keeping protocols, and using a payment processor).** Reflect on successes and failures. If you have to, fail forward. Then- reflect, develop an action plan, and emerge stronger than before.
- **Take care of your mental health.** Remember your why.
- **Build your network.** Do Good Things in the World.

### ESSENTIALS for investors

- **Collaborate with WOC entrepreneurs to grow, expand, and sustain their business through long term investment or relevant financial projects.** Provide 1-on-1 support and business capital.
- **Provide 1-on-1 support and business capital.** Go beyond coaching and mentoring, and do more sponsorship, as well as build coalitions and collectives for WOC Entrepreneurs.
- **Curate spaces to discuss successes, challenges, and to provide feedback and support.** Provide access to networks and open the door to funding opportunities.
- **Facilitate introductions to potential customer, investors, and lenders.** Create a forum to promote initiatives that provide WOC entrepreneurs access to business capital.

### ESSENTIALS Questions to Ask/Things to Do

- **What is your why?**
- **What's your vision?**
- **What can you leverage over time?**
- **What do you need to sustain yourself through the good, the bad, and the beautiful times?**
- **What is alignment in your business?**
- **What strategic decisions do you have to make?**
- **What is the best future for a business like yours?**
- **How are you organized?**
- **What aspect of your business can be streamlined?**
- **How does your business impact the community?**
- **Dial up precision and rigor in the decisions you make.**
- **Be levelheaded and pragmatic.**
- **Diversify your portfolio of products and/or services.**

### ESSENTIALS Supporters and Allies of Women of Color Entrepreneurs

- **Be a community- discuss business successes, challenges, and provide feedback and support to women of color entrepreneurs.** Practice active patience and have grace for this community, remember the work is hard.
- **Expand access to 21st century business strategic by building knowledge together.** Always try to do better for the community.
- **Imagine what can be...what's the scope and scale of your business?** Work on a risk-based business and market analysis to know the truth of the situation.
- **Be creative...be a dreamworker.** Share moments of resilience.
To all of the women of color who shared their stories, it is our privilege to listen.

To all of the ancestors, activists, thought leaders and visionaries who guided this work, it is our honor to stand on your shoulders.

To all the activists, rainmakers, thought leaders and visionaries who inspire and ignite, it is our solidarity that defines our purpose.

To She the People for their audacious collaboration, it is our responsibility to walk this path with you.

Additional Resources

- **The Growth Initiative** from the National Minority Supplier Development Council allows certified minority-owned business enterprises (MBEs) to access equity capital from institutional investors with the National Association of Investment Companies (NAIC), a network of diverse private-equity firms and hedge funds.
- **Accion**, a nonprofit lending network, helps underserved entrepreneurs including low-income entrepreneurs, women, and entrepreneurs of color.
- **Opportunity Fund** provides loans to low- and moderate-income businesses in the arts, and those promoting economic and social justice. The group is focused on helping African Americans achieve representation in more traditional seats of power.
- **The Minority Business Development Agency** offers strategic business consulting to help with strategic planning, business planning, staffing, and organization and structure. Find your local MBDA location here.

References Available Upon Request