

BUSINESS

State and local officials looking to encourage more business owners of color

By Jordan Grice Aug. 17, 2019



1 of 4

State Treasurer Shawn Wooden meeting with Bridgeport business owners to hear about the barriers they face to sustainability.

Photo: Jordan Grice / Hearst Connecticut Media

While state and local organizations have tried to ease barriers for aspiring entrepreneurs, simply funding a venture continues to challenge proprietors of color in Connecticut.

“How do you grow a business with zero capital and zero entities that will pay into your dream?” asked Kelvin Ayala, co-owner of The Collab Exchange in Bridgeport, which mentors and offers workshops to budding business owners in the community.

August is National Black-Owned Business Month and the focus locally and statewide has been on the ongoing barriers affecting minority-owned businesses.

Black business owners account for roughly 10 percent of U.S. businesses and about 32 percent of all minority-owned businesses, according to the latest data from the U.S. Census Bureau, which dates to 2012. That amounts to approximately 2.6 million companies owned by African Americans.

Connecticut has about 56,000 minority-owned businesses, according to that data. That accounts for roughly 17 percent of business firms in the state.

State officials say they are hoping to increase that number in coming years.

“It’s critical that we as a state foster policy and provide support to small businesses and black owned businesses if we are going to be committed to growing our state and growing our economy,” said State Treasurer Shawn Wooden.

Bootstrapping

In a recent visit to Bridgeport, Wooden sat down with business owners to discuss what they see as the challenges and concerns they face regarding the future of their stores.

His trip took him around downtown Bridgeport with members of I LUV Bridgeport, a local group dedicated to promoting the city and changing its reputation. The group runs the Collab Exchange, which doubles as an incubator for aspiring retailers, many of whom are African American or Hispanic.

The business provides retail space to 18 entrepreneur retailers. It also attempts to improve the number of local small business owners in the Park City, many of whom are African American or Hispanic, which Ayala said continue to face barriers to entry and business growth.

“Black and Spanish businesses are historically undercapitalized,” he said. “We’re bootstrapping our businesses because we don’t have access to capital and can’t create employment opportunities.”

Kim Bianca Williams, owner of VCL Consulting Group in Bridgeport’s East side, had similar sentiments.

Williams had been trying for more than a year transform an 18,200 square-foot building in downtown Bridgeport into a live-work incubator for entrepreneurs of color.

While she started out seeking funding from banks, she eventually tried to raise the capital herself with side jobs and other low-cost ventures. Her last attempt to secure financing to buy the building was through Small Change, a real estate crowdfunding platform that features development projects focused on transforming cities nationwide.

Her project never got funded and the owner of the property sold it to another buyer.

“It’s hard doing it by yourself,” she said.

Assistance needed

While local and state programs have sought to open funding opportunities for minority-owned businesses, some feel it isn't enough.

“We can always do better,” said Fred Gee, director of Bridgeport’s Small and Minority Business Enterprise. “Everyone can increase their participation and their outreach to minority-owned businesses. Even though these businesses are sustainable, some of these guys should be millionaires by now ... They have the skillset and they have the work ethic to do that, but there are barriers and hindrances because they are people of color.”

In the past two years, Gee said, Bridgeport has awarded roughly \$500,000 in micro loans for black and Hispanic business owners with the help of lending institutions like Keybank, Nutmeg State Credit Union, CEDF and more.

The program provides loans from \$5,000 to \$25,000 to minority business owners looking for working capital to increase capacity or sales. Most of the businesses that have applied and received loans have been black owned according to Gee.

On the state level, Wooden touted the Minority Business Revolving Loan Fund, which provides loans and lines of credit from \$10,000 to \$100,000 to Connecticut businesses owned by minorities and women. The State Bond Commission, of which he is a member, authorized \$5 million for the fund in June.

“There is a strong entrepreneurial spirit within the black community and, given that, you might expect larger numbers ... it’s incumbent on us policy leaders to figure out how to boost those numbers and to look at the barriers for entrepreneurs in our state and start to break down those barriers,” Wooden said.

The Black Business Alliance serves as a strategic partner and program facilitator of the loan fund. The New Haven-based organization which offers outreach and technical assistance to entrepreneurs of color has helped more than 2,000 businesses across Connecticut.

“When entrepreneurs are aware of resources available to them as business owners and educated how to wield their business acumen and network, these communities can truly be empowered to create and sustain their eco-systems,” said Guilaine Menefee, Executive Director of the Black Business Alliance in a press release earlier this week. “It takes a village. The Black Business Alliance will lead the way to intentionally work with entrepreneurs, the state, foundations, government entities and other resources in the minority business community to equip them to success.”

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