

# Running a Business While Black

## Analyzing the Obstacles of Black Entrepreneurship

### I. Capital Constraints

Black business owners are more likely to be rejected for bank funding.

- The rejection rate for Black business owners applying for bank funding was three times higher than the rate for white business owners. (**Note:** Respondents were asked if they received full, partial, or no funding. Here “rejection” indicates they received no funding.)
- Of those with household incomes of \$75,000 or below, less than 1/3 of Black business owners received bank funding, compared to almost 2/3 of white business owners.
- More than mentorship or hiring a stronger team, Black business owners want stronger ties to capital resources.

### II. Education Doesn't Equalize

Black women are the most educated, but have the lowest median revenues.

- Black women are the most highly educated group among participants, with over 86% having at least a college degree.
- Despite this, Black women's median revenue was less than half that of white men, generating only 47 cents for every dollar collected by a white male business owner.

### III. Double Bottom Line

Black business owners have a bigger ripple effect in the community.

- Over 50% of Black business owners served in a community leadership role and around 74% were a business mentor to a member of the community.
- But only 48% of those employed by Black business owners were full time, reflecting the potential downstream impact of limited access to capital, talent and networks.

Data for this infographic were drawn from a series of surveys collected longitudinally from 10,000 Small Businesses participants administered at “baseline” (i.e., prior to entering the program), graduation, 6 months, 18 months, and 30 months after graduation. The data encompasses 10+ years of data collected from the inaugural cohorts who began the program in 2010 to the most recent cohorts who matriculated in March 2020. Across all participants, the baseline response rates yield 99.9%. Similarly, the graduation survey achieved a response rate of 99.3%. The response rates for 6-, 18- and 30-month surveys are respectively 74%, 70%; and 42%.

In addition, access to capital data points were drawn from an ad-hoc policy survey developed by Babson College and administered by a third party, independent research firm over a two-week period between April 12 – 25, 2019 to all current scholars and graduates of 10,000 Small Businesses. The survey was administered via a convenience sampling method to 8,800+ program participants, which is a population of business owners who are actively seeking growth. We received a total of 2,285 responses, approximately a 25.7% response rate, yielding an overall margin of error of 2% at a 95% confidence interval.