



# Empowering Excellence:

## Building Ecosystems for Black Entrepreneurs

September 2023

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## EXECUTIVE SUMMARY

Black entrepreneurs have persevered through unprecedented challenges to lead a small business revival, but they continue to face barriers that impact their ability to pursue and accomplish long-term growth and business sustainability. Understanding the Black small businesses landscape is critical for policymakers, small business advocates, philanthropists, and service providers to make strategic decisions and investments that will strengthen these businesses and the communities in which they work.

According to the latest US Census data, there are more than 3 million Black-owned businesses in the country; 66% of these have fewer than ten employees, and 17% have no employees other than the owner.<sup>iii</sup> Despite making up just 3% of small businesses nationwide, Black-owned enterprises provide critical services to their communities, and they contribute substantially to both local and national economies through hundreds of billions of dollars in wages, spending, and tax revenue.<sup>iii,iv</sup> However, historical and structural inequities have created significant obstacles to success for Black entrepreneurs, limiting their ability to start, grow, and scale their small businesses. This research study, with a specific focus on the experiences of established Black-owned small businesses, reveals new findings about the nuances of their successes and challenges, and lays out specific tools needed to build a truly supportive ecosystem for Black entrepreneurs.



For nearly 30 years, Accion Opportunity Fund (AOF) has worked to support this entrepreneurial ecosystem by connecting small businesses to affordable capital, educational resources, coaching, and networks. We have deployed over \$800 million in capital to more than 25,000 entrepreneurs across 45 states, 90% of whom identify as women, people of color, or low-to-moderate income. Nearly 7,000 small business owners have engaged with us through our coaching, webinars, in-person events, and grant programs in FY23 alone, with almost 70% identifying as Black, African, or African American.

With generous philanthropic support from LegalZoom, AOF and its research partner Financial Health Network (FHN) surveyed and interviewed 660 AOF Black small business engagers\* to understand the challenges they faced in starting, sustaining, or scaling their businesses, and the supports that have helped them grow. We also wanted to better understand how these small business owners define success, their experience accessing capital, their overall financial health, and how prepared they are for the future and the unexpected.

Study participants have been in operation for at least three years and have engaged with AOF through our programming. We focused on this subset of Black entrepreneurs instead of the broader Black small business community, partly because of the extensive research already done on that larger population. Many existing studies include “younger” businesses, and while learning from these small businesses is important, 80% of Black-owned businesses fail within 18 months.<sup>v</sup>

This study’s explicit goal is to learn from small businesses that have survived longer term and understand what has helped them survive.

*\* Black small business owners in this study are individuals (“engagers”) who have been in operation for three or more years and signed up for Accion Opportunity Fund services such as business advising, newsletters, and other services. They may or may not have received those services. Active loan borrowers were excluded from the survey. Unless otherwise stated, findings and conclusions in this report should be considered through the lens of this study’s sample population.*

## Overview of Findings

This study sheds new light on how Black-owned small businesses have survived, the resources they still need, and the challenges they have faced in getting to this point. Key findings include:

**Black women are driving small business growth, but challenges persist.** Our findings are consistent with other studies that have found Black women leading the way for Black-owned small businesses, but with major obstacles in their path.

**Capital access is the single biggest challenge AOF’s Black business owner engagers report.** Access to capital is the most common challenge for Black small business owners in our study. 76% of respondents list capital access as a challenge.

**Strong networks—both informal and formal—are critical tools for success.** While informal networks like friends and family are foundational sources of support for Black entrepreneurs, there is strong demand for formal support services such as legal advice, tax help, and business strategy.

**Today is capable and confident, tomorrow remains cautious.** Black business owners in this study expressed confidence and optimism about running their businesses from day to day, but most reported limited cash reserves, and many lack a preparedness plan for when unexpected issues arise.

**Black entrepreneurs are motivated by community building, not just profit.** Many respondents provided personal reasons close to their heart and passion when explaining why they wanted to start a business.



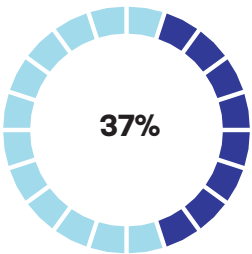


# KEY FINDINGS

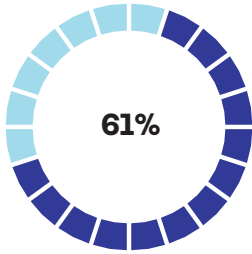
## Black women are driving small business growth, but challenges persist.

In the post-COVID small business landscape, Black women are blazing trails, outnumbering their male counterparts in both participation in AOF advising services and launching new businesses more broadly.

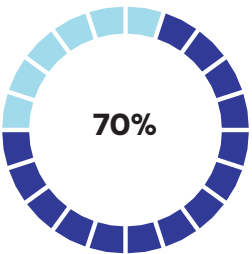
**Women are more likely than men to engage with AOF.** While 37% of Black business owners nationwide are women,<sup>vi</sup> 61% of AOF’s Black engagers and 70% of survey respondents who reported their gender identify as female. Similarly, 77% of AOF’s coaching recipients identify as Black, and 70% identify as women (FY23). Nearly half (47%) of our one-on-one coaching recipients self-identify as Black women.



Black businesses owned by women nationally



Black AOF engagers who are women



AOF coaching recipients who are women

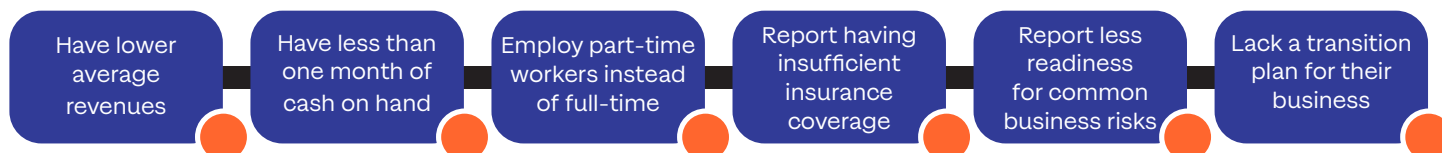
**Black women are outpacing other groups in starting and operating new small businesses.** Many studies of the small business landscape have shown that Black women are taking the lead in launching new businesses.<sup>vii</sup> As of May 2021, at least 17% of Black women were starting or operating new businesses—surpassing white women (10%) and white men (15%), according to Harvard Business Review.<sup>viii</sup> Moreover, while women make up 37% of small business owners in the broader small business community, 45% of Black-owned businesses were owned by women, according to the Pew Research Center.<sup>ix</sup>



## Despite their leadership, Black women entrepreneurs face significant disparities.

Taken together, these data points suggest that Black women may be more proactive in starting and seeking help for their businesses than other demographic groups. However, systemic inequities faced by Black women have created barriers to business growth and financial mobility.

**AOF's survey of Black small business owners found that women respondents were significantly more likely than men to:**



A 2019 American Express study had similar results and concluded that “Black female founders earn an average revenue of just \$24,000, compared to \$142,900 among all women-owned businesses.”<sup>x</sup> Black woman-owned small businesses may beat the odds by surviving beyond three years, but they often do so under considerable financial constraints.

## What is causing these disparities?

While there may be many factors contributing to lower average revenues for Black women entrepreneurs compared to the broader small business community, Harvard Business Review points out that Black women are more likely to start small businesses in industries that generate lower average revenues.<sup>xi</sup> Response data from AOF's study reflects these trends.

**Women in this study are more likely than men to operate businesses in low-margin industries, including:**

### Accommodation/food service



### Healthcare/social services



### Education



### Retail



*My business is the foundation of something I'm going to pass down to my children... it's the foundation of my goal of supplying mothers with jobs because I'm a mom of four, and working isn't easy for me without childcare.*

**- Retail entrepreneur, Texas**

*I work with 100% women contractors for my business, and I also support young local women artists and entrepreneurs as part of my model of doing business. I have been designing handbags since 2015 and launched this business in 2020 to show young women creatives innovative ways to monetize art.*

**- Handbag designer, Michigan**



## Capital access is the most significant challenge Black AOF engagers report.

**Black entrepreneurs in this study overwhelmingly reported having trouble gaining access to capital.**

When asked what challenges they have faced with their business, access to capital was cited by three-quarters of respondents:

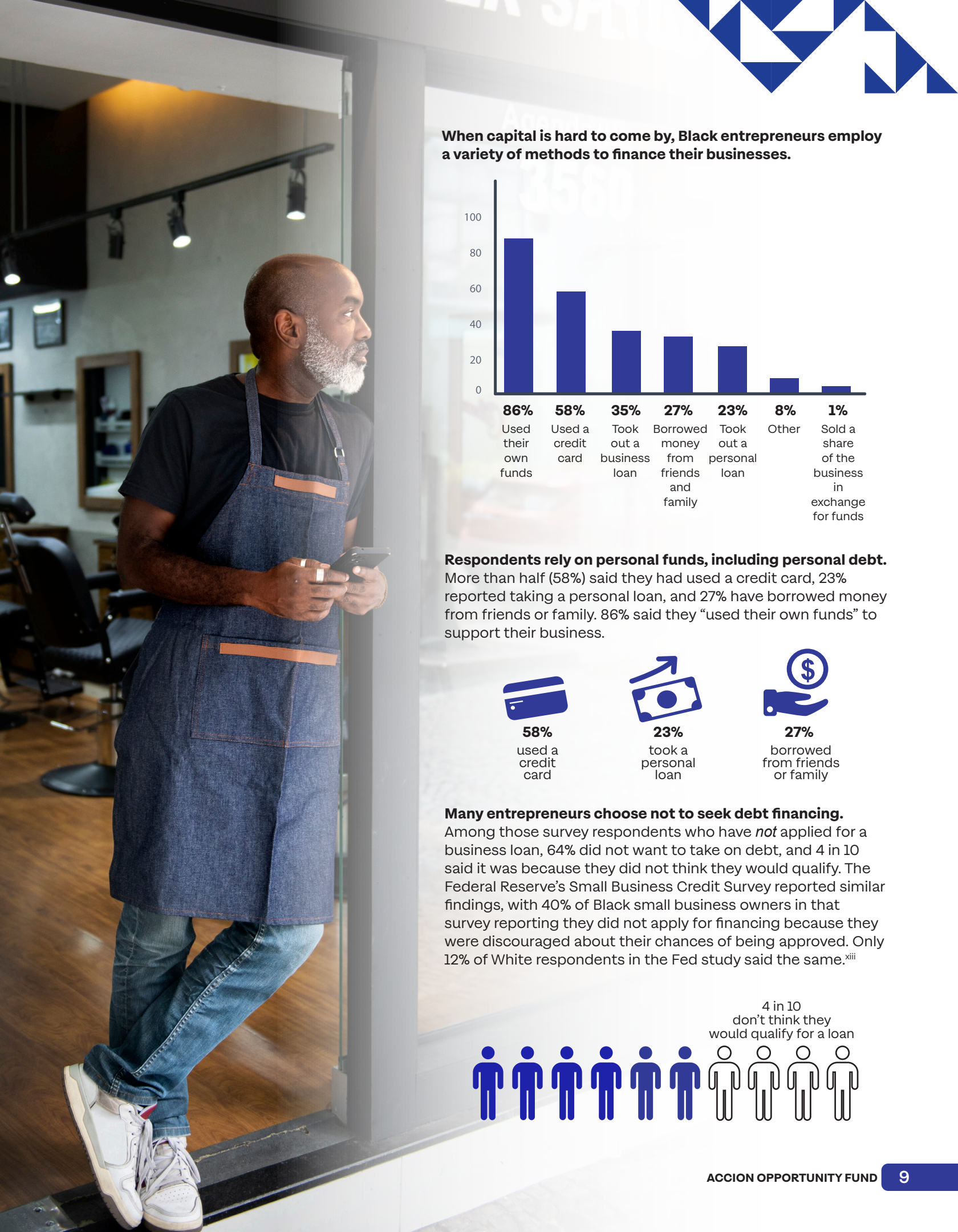


The Federal Reserve's most recent Small Business Credit Survey reported similar results, with half of Black entrepreneurs stating that their funding needs were unmet, while only 27% of White small business owners said the same. Only 14% of Black-owned small businesses in that study received all the funding they applied for, compared to 45% of White small business owners.<sup>xii</sup>

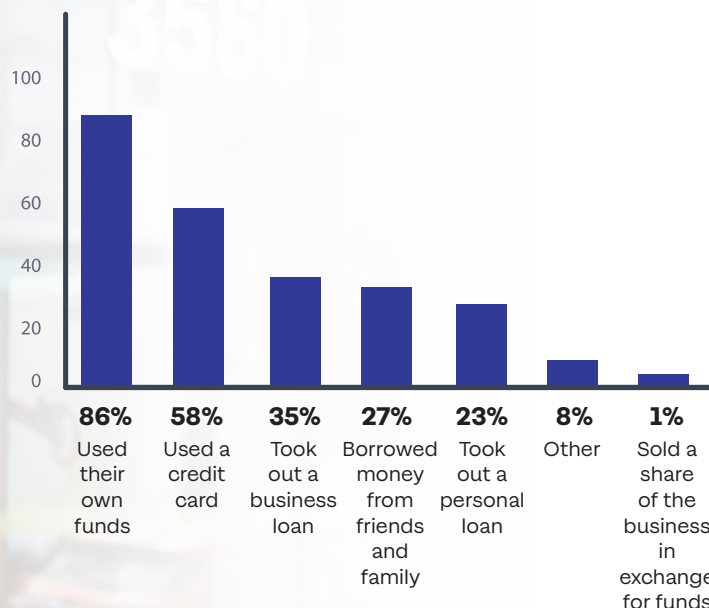
*I have been in my business for 27 years with no funds, providing programs and services to my community. Just think what impact there would be if I did have the resources needed... and the funds to impact change for the youth and the community.*

**- Small business owner, Ohio**





**When capital is hard to come by, Black entrepreneurs employ a variety of methods to finance their businesses.**



**Respondents rely on personal funds, including personal debt.**

More than half (58%) said they had used a credit card, 23% reported taking a personal loan, and 27% have borrowed money from friends or family. 86% said they “used their own funds” to support their business.



**58%**  
used a  
credit  
card



**23%**  
took a  
personal  
loan



**27%**  
borrowed  
from friends  
or family

**Many entrepreneurs choose not to seek debt financing.**

Among those survey respondents who have *not* applied for a business loan, 64% did not want to take on debt, and 4 in 10 said it was because they did not think they would qualify. The Federal Reserve’s Small Business Credit Survey reported similar findings, with 40% of Black small business owners in that survey reporting they did not apply for financing because they were discouraged about their chances of being approved. Only 12% of White respondents in the Fed study said the same.<sup>xiii</sup>

4 in 10  
don't think they  
would qualify for a loan





Black entrepreneurs, especially Black women, must rely on self-funding more than the broader small business community. A 2021 J.P. Morgan study describes the “headwinds [that] are disproportionately distributed among Black women,” who, despite opening businesses at higher rates, are more likely than other demographic groups to self-fund their enterprises due to lack of access to credit.<sup>xiv</sup> With that said, 61% of entrepreneurs in the broader small business community use their personal credit cards to finance their small businesses, consistent with our findings.<sup>xv</sup> These data points highlight the challenges many small businesses face in accessing commercial financing products.

While personal resources and credit cards may help a young business get off the ground, reliance on personal credit in the short term can negatively impact the ability to qualify for business credit in the long run. Participants in this study described how high credit card utilization and increased personal debt harmed their credit and ability to qualify for business financing. For any entrepreneur, this can become a vicious cycle, as the unavailability of business capital leads to greater reliance on credit cards and personal funds. This, in turn, impacts one’s credit and ability to access financing for their business later down the line.





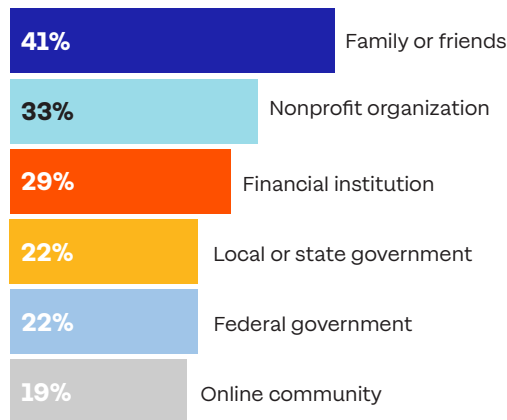
Sherard Duvall  
OTR Media Group

## Strong networks—informal and formal—are critical to business success.

While many studies focus on the lack of access to capital for Black-owned small businesses, this study adds an additional element by studying other areas of support, such as informal and formal networks. Survey respondents who said they had sought help with their businesses often found it among “informal” sources such as friends, family, or online communities. However, entrepreneurs also described a need for more “formal” sources of support. Focus group participants stated that connecting with an established mentor in the same field and with a similar background was a gamechanger. Survey respondents described a need for more specialized consultation regarding taxes, legal issues, and business strategy.

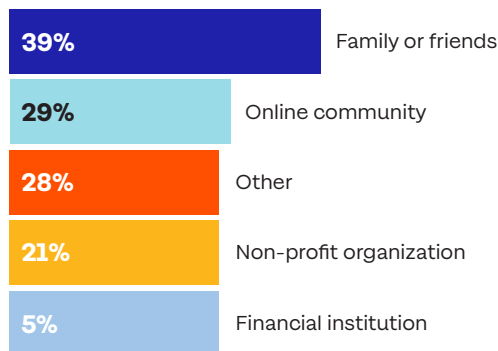
### Friends, family, and online communities help Black small business owners navigate a variety of challenges.

#### Access to money to cover business expenses



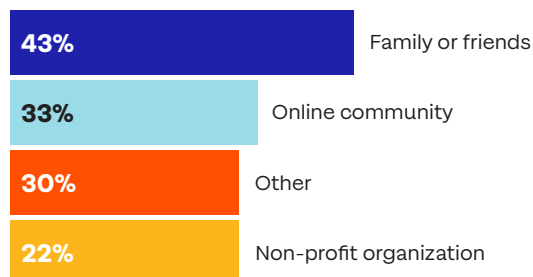
n=323

#### Managing day-to-day operations



n=224

#### Marketing and advertising



n=359



## One-on-one mentorship is essential.

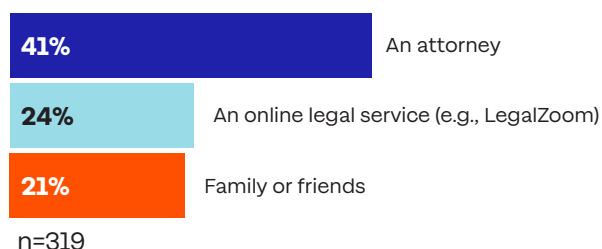
All focus group participants spoke highly of how one-on-one mentorship was imperative to the success of their business. A guide who understood the nuance and challenges specific to their backgrounds was even better. More specifically, entrepreneurs emphasized how essential it was that the mentor be familiar with their type of business. They added that it would be ideal for the mentor to be Black as well, so that they understood the challenges of navigating industries or relationships as a Black entrepreneur.

*My biggest asset [was] my business mentors.  
- Film and media entrepreneur, South Carolina*

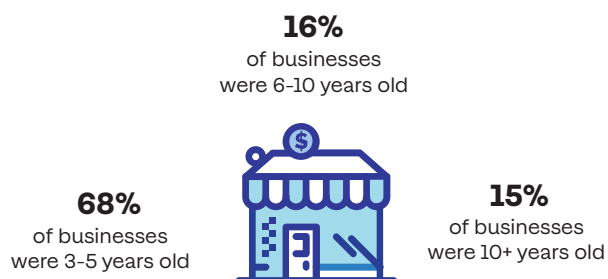
## For technical expertise, Black business owners went to the professionals.

Business owners sought experts like attorneys, accountants, and nonprofit organizations for more specialized consultation in taxes, legal issues, and business strategy. Respondents were most likely to consult with a service professional (e.g., attorney or tax professional), while others utilized online resources (e.g., LegalZoom or TurboTax) for assistance. Younger businesses were more likely to use online legal and tax services than older businesses.

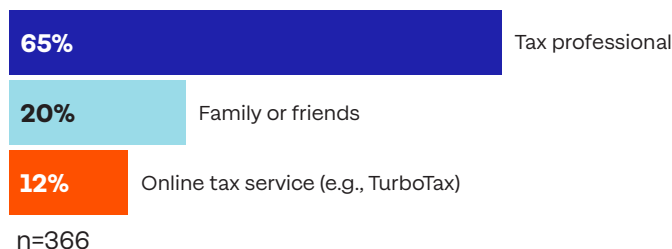
### Legal advice



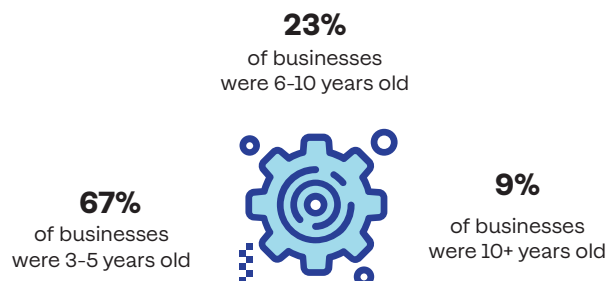
Of those that sought online legal advice (n=73):



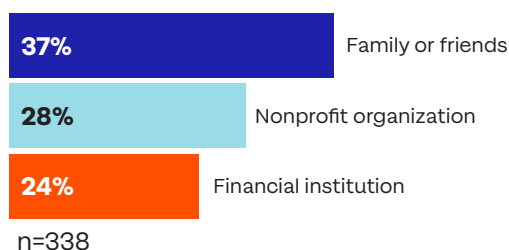
### Tax advice



Of those that sought online tax advice (n=43):



### Creating a business plan or strategy

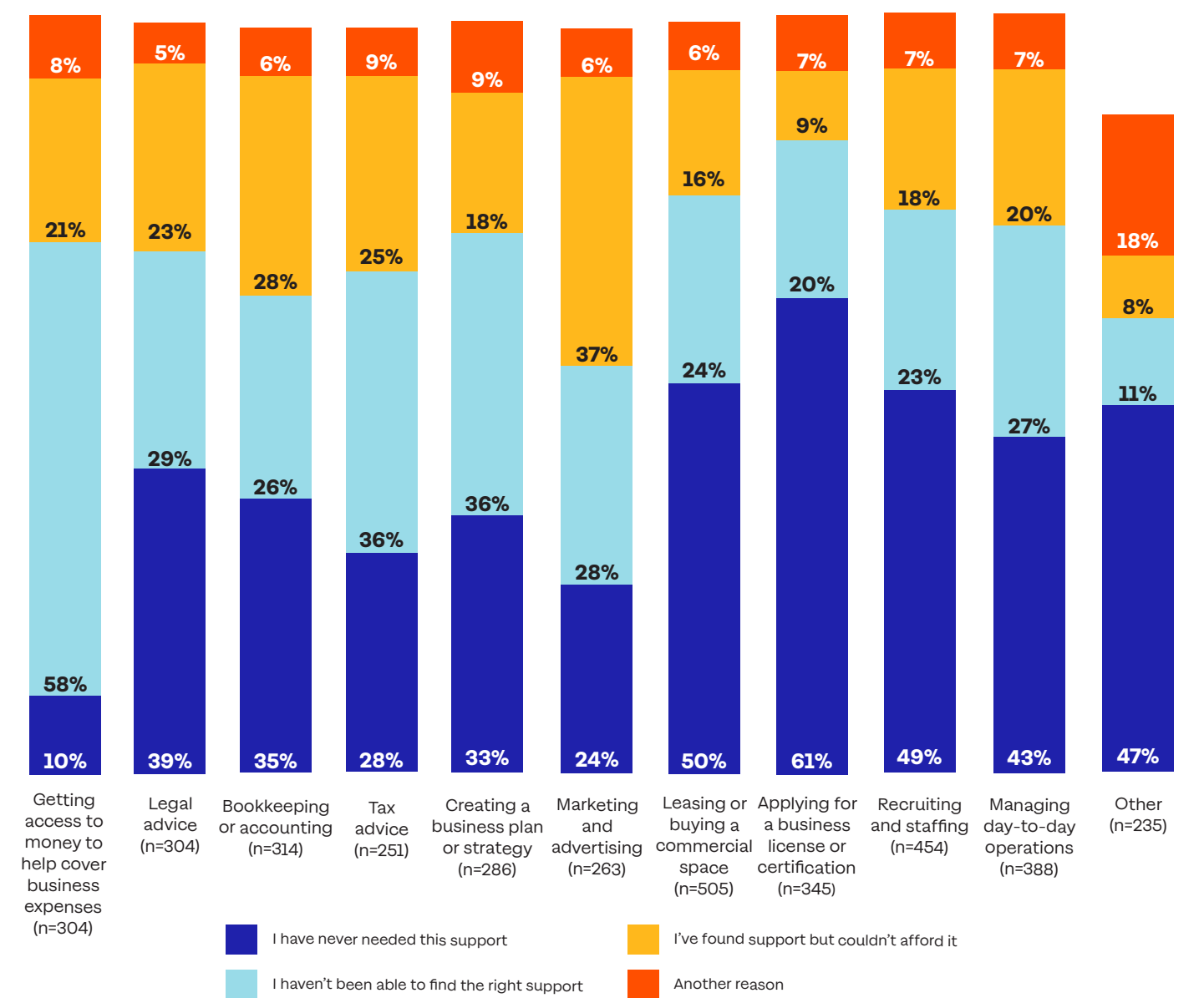


*Business coaching and mentorship to address mindset issues that cause entrepreneurs to hold themselves back is equally as desirable as help to access business capital.  
- Small business owner, Georgia*

Friends and family, as well as online communities, were also commonly cited as sources of support for these specialized topics. Many respondents may have preferred to tap into more formal sources of support, but many reported that they were unable to find the right formal sources or that they could not afford those services. For example, 52% of the participants who did not receive legal advice stated that they either could not find or could not afford those services. Similarly, 61% said the same regarding tax advice and 65% felt likewise with marketing and advertising. Lacking access to these specialized areas of support could severely hamper the success of Black entrepreneurs.

Regarding the issue of capital access, nearly 80% of respondents said they either could not find the right support, or they could not afford to pay for services that would help connect them to capital.

Why haven't you received support for these business challenges?



I KNOW the resources and tools are out there for Black and Brown businesses [but] they don't always feel as accessible.  
- Entrepreneur, Illinois

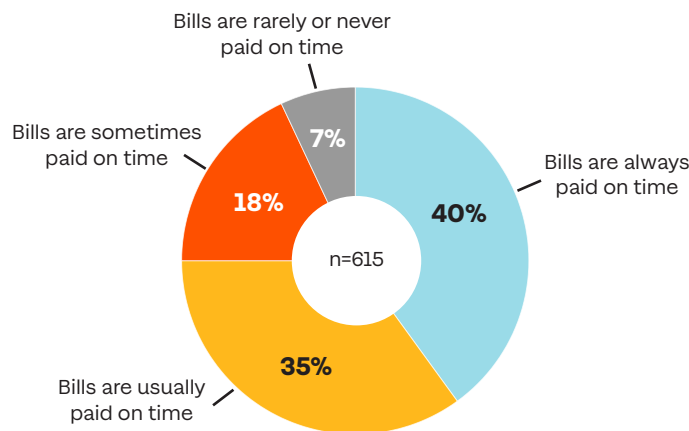


## Today is capable and confident, tomorrow remains cautious.

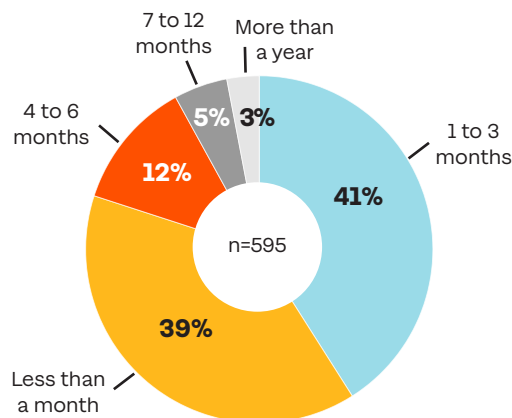
Black entrepreneurs in this study were confident today—many managing their bills on time and breaking even or making a profit—but responses concerning the future revealed stark vulnerabilities that could limit growth potential. This finding closely aligns with a key takeaway from AOF's 2017 national impact study, in which many entrepreneurs reported they were able to track and meet their financial obligations but were unprepared for financial emergencies or volatility.<sup>xvi</sup>

Nearly 70% of survey respondents reported breaking even or making a profit from their business—matching trends across the broader Black small business community. According to a study conducted by Goldman Sachs, 81% of Black business owners were optimistic about the financial trajectory of their business this year.<sup>xvii</sup> 65% of the broader small business community also expect revenues to increase in the next twelve months.<sup>xviii</sup>

**Black entrepreneurs were confident in managing their businesses today, with 75% stating they could pay their commercial bills on time or usually on time.**



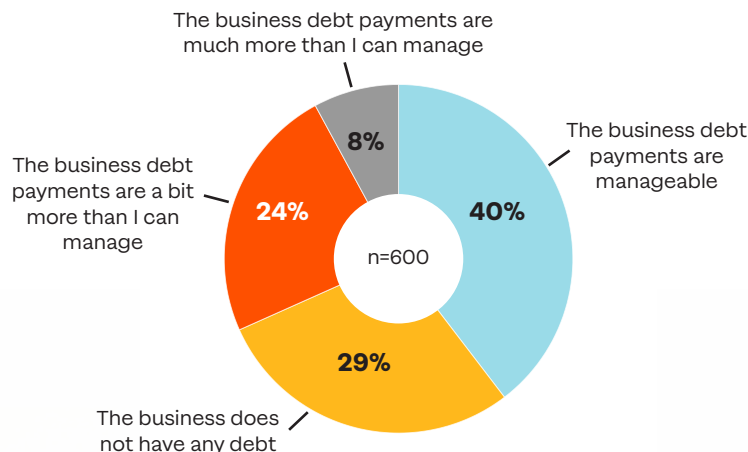
**However, outlooks become wary when looking ahead. A sizeable majority (80%) of respondents stated they had three or fewer months of cash reserves to cover bills and other expenses for the business.** Experts recommend having three to six months' worth of cash, at minimum, to cover expenses in case of an unforeseen event.<sup>xix</sup>



*It's hard to know how to adjust and pivot when things change, for example, the economy, competition, industry changes, etc. Especially when I don't have extra funds to reposition the business nor pay for full staff...*

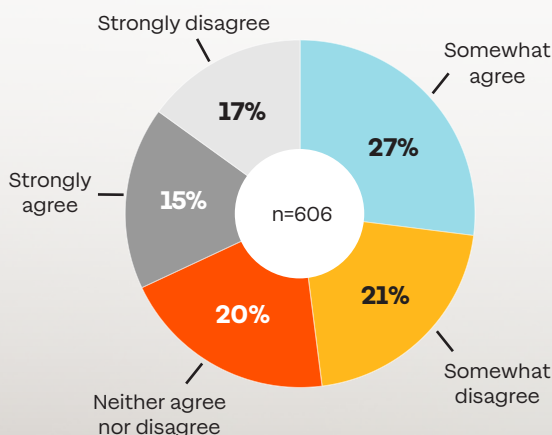
**- Small business owner, Illinois**

**While most respondents have manageable or zero business debt, almost a third said business debt payments were more than they could manage.**



**Respondents also reported feeling unprepared to handle saving and planning for emergencies, new competition, and other business threats. Only 42% of the participants said they “agreed” that they have a plan to address common business risks.** According to a recent report by Bank of America, 91% of small business owners have a business plan that is assessed and adjusted at least once a year; in the same report, 76% claimed their businesses are equipped to survive a recession.<sup>xx</sup>

**How much do you agree with the following statement?  
“I have a plan to address common business risks such as new competition, economic downturn, etc.”**

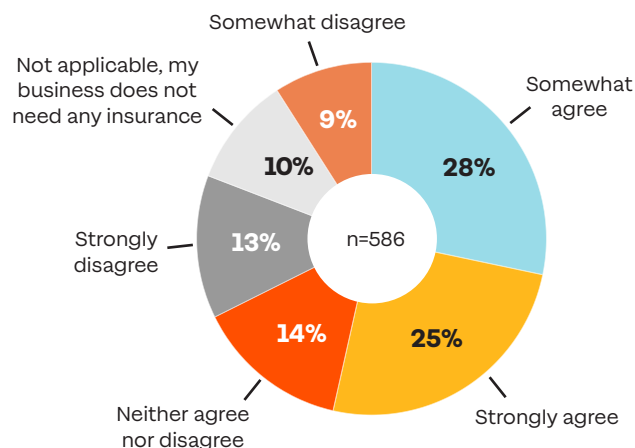




## Just over half agreed that they have sufficient insurance for their small business.

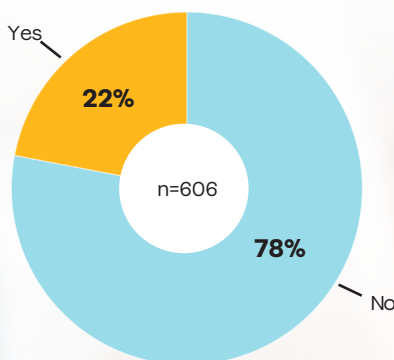
How much do you agree with the following statement?

"I am confident that the insurance policies I have for my business will provide enough support in case of an emergency".



## Less than a quarter of respondents reported having a plan to transition their business assets or ownership in case of disability or death.

Do you have a plan (such as a will or an estate plan) for transitioning the assets and ownership of your business in case something happens to you?



These financial health questions are an important barometer for how these Black-owned small businesses feel about the present and future. According to Financial Health Network's own research, a small business is considered financially healthy when it has capital access, manageable financial obligations and cash reserves, and plans for business risks and cash flow fluctuations.<sup>xxi</sup> It is clear that respondents feel confident about where they are today and believe that they can continue to grow. However, their lack of cash reserves, inadequate insurance, preparation for economic downturns, and lack of estate planning indicate they are not fully prepared for emergencies.





## Black entrepreneurs are motivated by community building, not just profit.

AOF's Black-owned small business findings contribute to a growing body of research showing that entrepreneurship offers African Americans opportunities to address community needs that have gone unmet.

When asked to share insights about their business journey, one-quarter of survey respondents who provided a comment (88 out of 340) shared specific social, community, and personally meaningful motivations for their business. One focus group participant recalled wanting to create jobs for formerly incarcerated people—a deliberate effort to help break the cycle of recidivism and poverty in their community. Given that the survey did not specifically ask why entrepreneurs started their businesses, we have strong reason to believe that the portion of AOF Black small business engagers motivated by a desire to give back to their families or communities is much higher. A 2022 Bank of America report found that 87% of Black entrepreneurs are committed to driving social change through their businesses with 55% considering racial justice and equity as essential causes for their businesses. In comparison, just 74% and 30% of non-Black entrepreneurs were in agreement, respectively.<sup>xxii</sup>

**Dozens of respondents shared personal or social goals related to their business.** Common and notable examples include:

- Meet a specific community need that was missing during their childhood or adolescence
- Provide mental, physical, or other health services to a particular subset of their community (including youth, women, seniors, low-income, and other individuals living with mental or physical health challenges)
- Grow organic, fresh foods, and promote healthy eating habits in their community
- Provide comfortable and functional head coverings for individuals undergoing cancer treatment
- Support other small business owners with a financial education that is fun, easy, and accessible
- Provide affordable childcare or other educational services in their community
- Improve their neighborhood by creating jobs, driving local economic activity, and/or building a sense of community and rootedness
- Maintain a flexible workplace to enable themselves and their employees to prioritize personal and family needs
- Build intergenerational wealth for their children and grandchildren

*As a Black-owned small catering business, we are committed to connecting with and supporting our community in a variety of ways. One way we do this is by partnering with local organizations and events that promote diversity and inclusion, such as cultural festivals or fundraisers for social justice causes. Additionally, we strive to hire and mentor individuals from underrepresented communities, including BIPOC and LGBTQ+ individuals, to provide them with opportunities to develop skills and gain experience in the culinary industry.*

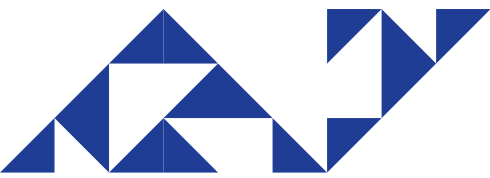
**- Caterer, California**

*I am trying to start a family business that will last for generations!*

**- Wholesaler, Illinois**

*I love helping people get fit and healthy. I'm really trying to improve the health in my community where many people die from preventive health diseases such as diabetes and high blood pressure. My company teaches its customers that health is wealth!*

**- Health and wellness entrepreneur, California**







## RECOMMENDATIONS

### Policy, Philanthropy, Small Business Services

The above findings provide timely and relevant information to a variety of stakeholders that support the small business ecosystem—namely, policymakers, funders, and service providers—about the challenges Black small business owners face within the existing framework of support. Just as importantly, this work seeks to link empirically driven research to policy and practice outcomes. Below we have laid out concrete actions that stakeholders and supporters of small business development can take to meet the unique needs of Black entrepreneurs in the areas of capital access, targeted business advising, contingency planning, and more.

*I am passionate about being a successful entrepreneur. Unfortunately, it has been difficult to scale without sufficient capital, business training, and mentors.*

**- Manufacturer, Florida**

#### Policymakers

##### Increase investment in Community Development Financial Institutions

Community Development Financial Institutions (CDFIs) play an essential role in expanding access to capital to Black-owned small businesses. CDFIs are US Treasury-designated organizations that promote community and economic development in financially distressed communities. CDFIs specialize in providing affordable and responsible small dollar loans to small businesses owned by historically underserved entrepreneurs in marginalized communities—including people of color, women, and low-to-moderate-income individuals. Three-quarters of Black-owned small businesses apply for loans under \$100,000.<sup>xxiii</sup>

Congress should increase the annual appropriations to the CDFI Fund, allowing CDFIs to continue to make these smaller loans at scale. As it stands, larger financial institutions such as banks are not incentivized to make small-dollar loans for various reasons, including the lack of profitability of such products. By allocating more funding to CDFIs, the federal government will help fill this financing gap and signal its commitment to supporting the nation's small businesses. Importantly, the CDFI operating model is extremely effective in its use of federal dollars: for every \$1 in grants provided by the CDFI Fund, CDFIs generate an additional \$12 in private capital.<sup>xxiv</sup>

To maximize CDFI impact further, we recommend funding allocation based on individual CDFI capacity to lend, as well as provide technology-specific investment grants to improve customer experience and innovate new and more inclusive lending models.

##### Invest in public-private partnerships

Public-private partnerships are instrumental in delivering capital into the hands of entrepreneurs of color and during times of need. When policymakers collaborate with CDFIs and the private sector, more dollars can be deployed to help more businesses.

Several funds were launched to support the smallest and most undercapitalized businesses during the COVID-19 pandemic, including the New York Forward Loan Fund, the California Rebuilding Fund (CARF), the Southern Opportunity and Resilience (SOAR) Fund, and the Washington State Small Business Flex Fund. Together, these programs raised more than \$315 million in private capital to leverage public funds from participating states and made \$200 million in loans to more than 3,300 small businesses across a network of 25 participating CDFIs. In particular, the California Rebuilding Fund served many first-time business borrowers (46% had never borrowed money for their business prior), and three-fifths of loan recipients were BIPOC-owned businesses.<sup>xxv</sup>

Policymakers—especially at the state level—should continue fostering and strengthening similar public private partnerships that focus on expanding capital access to entrepreneurs of color. Not only do these partnerships provide loan capital to CDFIs, but they also provide critical loan loss reserves, guarantees, and other assurances to further support lending in these communities.

## Service Providers

### Build your capacity for targeted services and products

Given the feedback provided by our research participants, it is clear there are several areas in which more targeted support is needed, especially in the areas of one-on-one mentorship and contingency planning. For business owners to have the tools they need to build long-term success, service providers must build their capacity to offer more nuanced services and products, and to make a concerted effort to reach out to Black and other underserved business communities.

Specifically, we call on providers of advising and mentoring services to:

- 1. Connect Black business owners with mentors from similar backgrounds.** To maximize the benefits of one-on-one mentorship, entrepreneurs need advice from experts who deeply understand the unique challenges and barriers facing Black business owners—especially Black women entrepreneurs who face racial and gender discrimination. Organizations providing business advising services must prioritize diversity in their efforts to recruit business mentors to ensure that their clients receive targeted and relevant services.
- 2. Provide targeted support on specific, high-demand topics.** Tax, accounting, legal, marketing, and other specialized advice all ranked at the top of what Black entrepreneurs in this study need to grow their businesses. While many organizations offer small business owners free or low-cost advising services, this research demonstrates significant unmet demand among Black entrepreneurs for affordable professional business services due to lack of awareness.
- 3. Educate small business owners about preparing for unexpected financial shocks, changing markets, and succession planning.** Entrepreneurs in this study expressed concern about the future of their businesses, with many unprepared for the unexpected. We recommend providers emphasize planning for the future—including building financial reserves, drafting business plans to address new competition, or preparing for an emergency. Some of the participants in this study reported that they started their small businesses to create generational wealth and contribute to their community. If Black entrepreneurs lack the appropriate planning for the future, unexpected events could wipe out that generational wealth and leave a vacuum in their communities.

*Immigrant businesses suffer in silence because of language and cultural barriers and could benefit greatly from mentorships and other programs.*

**- Accommodations and food services entrepreneur, Massachusetts**



## Philanthropic Supporters

### Maximize impact through partnerships with mission-based organizations

Philanthropists, banks and corporate partners, and other funders that support development of the small business ecosystem can increase their impact by channeling philanthropic support to mission-based organizations offering the nuanced capital and business advising services mentioned above.

Studies (including this one) have found that experienced coaches and mentors are in short supply to Black entrepreneurs, and that there is a need for greater collaboration within the entrepreneurial ecosystem. Philanthropic investments directly build the capacity of service providers that specialize in business advising and mentorship to provide culturally-appropriate services, recruit qualified, experienced mentors, and build a strong framework of support.<sup>xxvi</sup>

Furthermore, investing in CDFIs and other nonprofit small business lenders leverages the support from the CDFI Fund (as described above) and helps close the capital access gap—a key goal of the Community Reinvestment Act (CRA), a landmark law intended to address financial discrimination by incentivizing banks to lend and invest in historically marginalized communities of color and poor areas. Nonprofit lenders often have flexible underwriting criteria that can adapt to thin or imperfect credit profiles and small-dollar capital needs. By partnering with these community lenders—who often offer one-on-one business advising as well—we can reach more Black business owners and meet their credit needs.







## METHODOLOGY

Accion Opportunity Fund (AOF) engaged Financial Health Network (FHN) to design, implement, and analyze this research study. The study consisted of two methods—a survey and a focus group—to ensure adequate range and depth of responses.

This study targeted small business owners who had engaged with AOF who:

- **Identified as Black or African American**
- **Currently own a small business in the United States for at least three years or had a small business in the past**

Unless otherwise noted, identifiable information has been removed from quotes and personal adages in this report to help preserve the anonymity of our participants.

### Survey

We invited 29,601 individuals via email to take a survey regarding their business, needs and support, financial health, and personal backgrounds. While not active borrowers, these individuals engaged with AOF by signing up for newsletters, business advising, grants, and other services. They identified or were predicted to identify as Black; among the list, 16,888 identified as female, 10,793 identified as male, and 1,891 did not report data or reported unclear data.

The survey was offered online via SurveyMonkey in English and was active between May 16, 2023, and June 2, 2023. The median survey length was 10 minutes and 10 seconds.

We received 1,043 responses, which were screened for eligibility and survey completeness. Because the number of former business owners who responded was very small, they were excluded from the final sample. The final count of eligible responses analyzed in this report was 660 (a response rate of 2.2%), consisting of Black or African American business owners who currently own a small business in the United States for at least three years.

Responses from this survey should not be considered representative of all Black small business owners or the general United States population.

### Focus Group

One focus group, facilitated by FHN, was held to gain qualitative insights from Black business owners and supplement the survey responses. 129 small business owners were invited via email to participate. The invited individuals consisted of AOF engagers who opted in (via a prior, separate survey process) to participate in a customer panel, self-identified as Black, and owned a business for three or more years.

A 60-minute focus group discussion was facilitated over Zoom. The participants included three Black business owners in the media, retail, and commercial cleaning industries. During the session, the group discussed their backgrounds, goals, ideas for success, challenges and needs, and recommendations on the types of support necessary for success.



# APPENDIX

## Demographics

After filtering survey responses for race and ethnicity in addition to age of business (we looked at businesses that were in operation for at least three years), we had a total of 660 eligible respondents.

### Small Business Owner Profile

Age	
18-35	19%
36-45	37%
46-55	25%
56 or older	11%
Missing	8%

Gender identity	
Woman	70%
Man	23%
Non-binary or gender non-conforming	<1%
Missing	6%

Highest degree or education	
Less than high school diploma	0%
High school diploma	6%
Some college but no degree	17%
Associate degree	12%
Bachelor's degree	25%
Master's, professional, or doctorate degree	32%
Missing	7%

### Small Business Profile

Length of business ownership	
3 to 5 years	59%
6 to 10 years	23%
More than 10 years	18%

Location of business headquarters	
Northeast	15%
Midwest	20%
South	49%
West	16%

Legal structure of the business	
Sole proprietorship	14%
Limited Liability Corporation (LLC)	70%
Limited Liability Partnership (LLP)	0%
Corporation - S Corp	10%
Corporation - C Corp	3%
Corporation - Nonprofit	2%

Business revenue	
\$25,000 or less	37%
\$25,001 - \$50,000	20%
\$50,001 - \$100,000	19%
\$100,001 - \$250,000	15%
\$250,001 - \$500,000	5%
\$500,001 - \$1,000,000	3%
\$1,000,001 - \$5,000,000	0%
More than \$5,000,000	0%
Don't know	1%

Number of employees, excluding owner(s)	
No employees	27%
Part-time employees only	16%
1 to 4 full-time employees	49%
5 to 9 full-time employees	4%
10 to 19 full-time employees	2%
20 to 49 full-time employees	0.3%
50 to 99 full-time employees	0.3%

Industry	
Agriculture, forestry, fishing and hunting	1%
Mining, quarrying, and oil and gas extraction	0%
Construction	2%
Manufacturing	3%
Wholesale trade	1%
Retail trade	17%
Transportation and warehousing	5%
Information	2%
Finance and insurance	2%
Real estate and rental and leasing	2%
Professional, scientific, and technical services	17%
Management of companies and enterprises	1%
Administrative and support and waste management and remediation services	3%
Education services	6%
Health care and social assistance	9%
Arts, entertainment, and recreation	6%
Accommodation and food services	9%
Other services (except public administration)	13%
Public administration	0%

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