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Overlooked and Underfunded: Minority Entrepreneurs

I believe we may look back on this moment in history as pivotal. I also respect skeptics, not as naïve as me, who say we have been here before, yet so little has changed.

I hope what is different now is that our country's voices are so loud and so clear and so numerous. And that the timing, during this devastating pandemic, is right for us to hear them. That all of these things combine to inspire those of us (myself included) who have said little before to finally listen, reflect, act and keep acting.

Listen

I am listening to Black voices in the investment community. Black entrepreneurs, investors, venture capitalists, business leaders and investment journalists are all weighing in on the inequities within the investment world. Importantly, they are sharing their personal experiences and a window into what it's like to navigate a world that's far more difficult and painful than it should be. Some have spent their lives dedicated to this mission and have had to repeat themselves again and again. Some are speaking out within their professional environment for the first time. In all cases, I am grateful to learn from them.

I cannot do justice to those personal stories here, but I can recap the sad statistics that sit alongside them. Black entrepreneurs are woefully underrepresented in venture capital funds – less than 1 percent of venture-backed companies have a Black founder¹. They also have access to significantly less funding from friends and family, a common earlier funding path².

Reflect

I am reflecting on the investment industry's share of this problem and my role in this ecosystem. I serve on our firm's Investment Committee, which has the responsibility and the privilege of evaluating a variety of investment opportunities on behalf of our clients. This includes investments in private companies, or more often, funds that invest in several private companies. Funds accept investment capital from our clients and invest that capital in entrepreneurs starting companies (venture capital) or in more mature companies (growth, buyout, etc.).

From this vantage point, I can confirm that minority entrepreneurs continue to experience a serious lack of funding and support and I accept responsibility for contributing to this inequity.

Act

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I am acting now, as a start, by highlighting the problem of underfunding minority founders and sharing a few avenues to support them.

If you are so inclined, I encourage you to join me in donating to one of the following organizations that either provide funding to minority entrepreneurs or support local ecosystems that offer various other forms of support (access to a strong network, tools, training). Equal support in the early stages of these companies' lives could make a huge difference in how our country feels years from now. Power can be shifted, and the system can change, but only if we act.

Black & Brown Founders

What is it? – A nonprofit organization that provides community, education, and access to Black and Latinx entrepreneurs, allowing them to launch and build tech businesses with modest resources. They give entrepreneurs knowledge, tools and cutting-edge tactics to launch startups without relying on venture capital. For more information, click [here](#).

Other supporters – Microsoft for Startups, City of Philadelphia, Backstage Capital, Kapor Center
Structure – 501(c)(3) nonprofit organization, EIN 82-2187440 – [donate here](#)

Black Girl Ventures

What is it? – A nonprofit organization that funds and scales tech-enabled, revenue-generating businesses (under \$1M) founded by people who identify as Black/Brown and woman. Their signature pitch program provides coaching, crowdfunding, and community for their founders. For more information, click [here](#).

Other supporters – Google Cloud for Startups, Bumble

Structure – 501(c)(3) nonprofit organization, EIN 83-0935942 – [donate here](#)

The Runway Project | Common Future

What is it? – A nonprofit organization solving the “friends and family” seed funding gap for African American entrepreneurs. The organization provides loans to entrepreneurs of color in conjunction with Self-Help Federal Credit Union. They also provide support with business plans and pitches. For more information, click [here](#).

Other supporters – CFED, Impact America Fund, Self-Help Federal Credit Union, ImpactHub

Structure – 501(c)(3) nonprofit organization, EIN 46-3468086 (Everyday People for Change Inc.) – [donate here](#)

The Talent x Opportunity Fund (TxO) | Andreessen Horowitz

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What is it? – A program by one of the top U.S. venture capital firms that will provide seed capital, training, and a strong network for entrepreneurs who have the talent, drive, and ideas to build great businesses but lack the typical background and resources to do so. For more information, click [here](#).

Other supporters – This is a new effort by a well-established venture capital firm.

Structure – Donor Advisory Fund managed by Tides, EIN: 51-0198509 – [donate here](#) (If not giving via this link, specify Talent x Opportunity Fund with your donation.)

¹Rate My Investor study of U.S. venture activity from 2013 through 2017

²The Runway Project and 2016 Pew Research Center survey, “On Views of Race and Inequality, Blacks and Whites are Worlds Apart”

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