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WEBINAR

DRIVING PROSPERITY: HOW SUPPORTING BLACK ENTREPRENEURSHIP HAS FUELED
SIGNIFICANT GROWTH AND CAN SUSTAIN FUTURE MOMENTUM

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WELCOMING REMARKS:

ANDRE M. PERRY

Senior Fellow and Director, Center for Community Uplift, Brookings Metro

DISCUSSION:

RON BUSBY SR.

President and CEO, U.S. Black Chambers, Inc.

JOHN BURNS

Co-Founder, The Burns Brothers

NICOLE ELAM

President and CEO, National Bankers Association

MODERATOR: TYNESIA BOYEA-ROBINSON

President and CEO, CapEQ Impact Investing Advisors

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PERRY: Thank you for joining us at Brookings Metro for this important event, “Driving Prosperity: How Supporting Black Entrepreneurship Has Fueled Significant Growth and Can Sustain Future Momentum.” My name is Andre Perry, senior fellow and author of the forthcoming book, “Black Power Scorecard.” And I’m honored to welcome you as we explore the transformative impact of Black-owned businesses on our economy. From 2017 to 2022, across two different administrations, Black-owned employer firms, businesses with more than one employee, have been pivotal in driving economic growth across the United States.

They have not only boosted economies in both red and blue states, but also created positive spillover effects in both rural and urban areas. During this period, we saw the addition of over 70 ,000 new Black-owned employer firms, equivalent to about half the overall increase in the nation. This growth exemplifies the power of entrepreneurship. Today, we gather to reflect on this tremendous period of growth and to discuss the ongoing efforts of the 1555 initiative, which is dedicated to increasing the percentage of Black-owned employer firms. We’ll examine how public and private investments during the first Trump administration and the Biden administration have influenced this growth and what can be done to continue it. As we look ahead, we face a new era of federal regulation that will impact many of programs and policies that are related to or provided context to this growth.

It’s crucial that we understand the potential implications of the changes on entrepreneurship, regional competitiveness, and economic growth. As we gather to discuss the strides made by Black entrepreneurs, it’s important to ground our discussion in the latest findings. I’m pleased to present insights from our recent report, “Driving Prosperity: How Black-owned Businesses Fueled Recent Economic Growth,” co-authored by myself, Hannah Stevens, and Manann Donoghoe, released just yesterday. This report sheds light on the pivotal role Black-owned businesses have played in our nation’s economic expansion. If you want to see the report again, I’ll repeat it, “Driving Prosperity: How Black-Owned Businesses Fueled Recent Economic Growth,” please use your favorite search engine, search for it, and look at the data that I will present today. So, without further ado, I’m going to switch to advance by slides here. So just bear with me as I figure this out because I’m having a difficult time in having it this way.

So, between 2017 and 2022, Black entrepreneurs achieve remarkable progress with the number of Black-owned employer businesses increasing by around 57%, adding over 70,000 new firms to our economy. This represents an impressive average annual growth rate of 9.7%. In just one year from 2021 to 2022, these businesses grew by 20.8%, reaching a total of nearly 195,000 firms nationwide. Yet despite this significant growth, Black-owned businesses still represent only about 3.3 % of all employer firms, even though Black Americans make up 14.4 % of the population. This highlights both the achievements and the challenges that lie ahead in ensuring all communities can thrive. In addition to the rising number of black-owned businesses, we've seen an impressive growth in other key areas. From 2017 to 2022, these businesses increased their total revenue by 65.7%, expanded their workforce by 34.6%, and boosted their payroll by 69.5%.

These growth rates outpaced those of every other racial group except for American Indians and Native American business owners who achieved greater success increase in revenue, employees, and payroll. This data underscores the dynamic contributions of minority entrepreneurs to our economy. Shown in this next slide, Black female -owned employer businesses increased their revenue by 82%, while Black male -owned businesses saw a 63.9 % rise. However, Black male -owned businesses outpaced employee growth at 43.7 % and payroll at 75.4 % compared to 38.8 % and 67.9 % for their female counterparts. Of the 70,000 new Black-owned businesses from 2017 to 2022, fewer than half, around 32,000 were female -owned, despite women making over half of the Black population. This highlights both the successes and ongoing disparities in business ownership between genders. Since cities experienced significant growth in Black-owned businesses, with many surpassing the national average, of the 288 metro areas with available data, two -thirds saw increases, particularly in large cities in the South and East Coast.

However, 37 metro areas experienced a decline and 57 remained constant from 2017 to 2022. Next here, so the top 10 largest increases in the number of Black-owned firms, we see the metropolitan areas in Atlanta, Miami, Fort Lauderdale, Washington, D.C. area where we are. You see the increase among the 10 largest cities across the United States. But as a share of the total population, we see increases in Port St. Lucia, Florida, Vallejo, California, Reno, Nevada, Temple, Texas, Fort Wayne, Madison, Wisconsin, and other places.

I wanted just to go back here to some of the professions that drove this increase. So, health care and social sciences, professional scientific and technical services, transportation and warehousing, administrative support. So, we've seen increases in a number of areas, but significant increases, particularly in the health care sector and in transportation. No surprises there, given the pandemic and related businesses towards health care and transportation. So now I want to transition to our panelists who truly understand why, the why behind these numbers and explore strategies for sustaining this growth in today's context. I'm pleased to introduce our panelists who bring valuable insights and expertise that will help us go into these important topics.

I am pleased to introduce our distinguished panelists. First, we're going to have Ron Busby, senior president and CEO of the U.S. Black Chamber, whose leadership has been instrumental in advocating for Black businesses nationwide. John Burns, co-founder of the Burns Brothers, who brings first-hand experiences and insight into the entrepreneurial journey and the challenges faced by Black business owners. Nicole Elam, president and CEO of the National Bankers Association, who will share her expertise on financial inclusion and the role of banking in supporting Black entrepreneurship. Our discussion will be moderated by Ty Boyea-Robinson, president and CEO of CAPIQ Impact Investing Advisors. Ty is a thought leader in impact investing and will guide our conversation as we explore strategies to maintain and build upon this progress. Thank you all for dealing with my technical inexperience and we look forward to a productive and enlightening discussion. Thank you.

BOYEA-ROBINSON: Thank you, Andre. This is the fifth year that we have invested in this report and each year the research makes me giddy. I just get so excited when I look at that bar graph going up and up and up, and I have to put an exclamation point on some of the data that Andre shared. The fact that over the five -year period since doing this report, the revenues of Black businesses who are employer firms have gone up by 65.7 percent. The number of employees have gone up by 34.6 percent. The payroll that we pay has gone up by 69.5 percent. This is not a flash in a pan and it's not an accident. You get what you measure and the fact that Brookings has been a long -term partner to make sure that we raise the stakes and the eyeballs on what it means to really invest in Black business growth has been phenomenal and instrumental.

One of the things in the report that I love is the fact that it says that the growth amongst businesses grew overall, not just Black businesses, not just across race and ethnicity, but if you look at revenue and payroll and employees, it also grew amongst employer businesses. Basically, that means that growth in communities and targeting support for communities who have long been devoid of and divorced from opportunity does not come at the expense of others. In fact, the report says, growth among Black-owned businesses and other race and ethnicity groups helped drive a national economic recovery following the pandemic.

So, growth for all is really what we need to focus on and we want to make sure that during this conversation we're focused not just on the state of play today, but how to continue the solutions and the outcomes that get us to a point where our economy works for everyone. And I am so grateful that I have this esteemed group of panelists, Ron, John, and Nicole who are going to break it down for us so we know exactly what's going on. So, let's start with you, Ron. Can you tell us about the role of the Black Chamber and what you're seeing in a macro level that has helped fuel Black business growth?

BUSBY: Well, Ty, thank you so much for this opportunity. And, Andre, as well, the data and information was really not surprising to many of us, but for those of you that are looking and watching, welcome. It's an honor to be here with my two good friends, Nicole and John. We are all working in conjunction to try to continue this momentum that we've seen. The US Black Chamber has been a part of this. We started in 2009, and so we were here during the difficult years of the recession in 2010, and we've also been here through this growth that we've seen over the last five years from 2017 through 2020. The US Black Chamber is here to really support local Black Chambers. We operate 176 local Black Chambers around the country and have a membership base of over 350 ,000 Black-owned businesses.

The role that we play is changing daily. Historically, many of the technical assistance and funding opportunities come from the federal government, but as this administration is looking to downsize, looking to remove some of the spending, a lot of that responsibility is going to now fall on nonprofits like the US Black Chambers, and other organizations that are doing the work. What the US Black

Chamber is here is to make sure that our businesses have contract opportunities, that they have someone here in Washington, D.C. advocating on their behalf, as well as to make sure that we have the networking opportunities to work with each other. What we're saying in reference to the future of our economy and in reference to our communities is that we're going to have to be diligent on who we spend our money with, how we spend our money, and where we bank and where we support one another, and I think this panel will address many of those issues as we go forward. In reference to some of the growth that we've seen, there are some reasons and rationale behind it, and some of them deal with corporate America itself.

Some of them deals with the public sector. We saw that in the private sector, supplier diversity programs were implemented, created, and they did the jobs. We also saw in the public sector where when the public sector says, hey, we're going to have programs to increase diversity, to increase inclusion, and increase equity, it is now working, and we've seen just when we've started to disaggregate the numbers that we've just discussed, the federal government has also increased. Although we have the largest number of Black-owned businesses in the country's history, we do business with the federal government. We still receive the smallest amount of contracts. 1.5 % is what we receive, the Asian community, 1.8%, the Hispanic community, 1.7%, but yet we as Black consumers and Black business owners receive the smallest amount. As we get forward, I'd really like to be able to talk about the Native Alaskans and the Native Americans in reference to some of the programs that they have to be able to increase their spend and increase their prosperity going forward. We are very excited about the growth and about the conversation that is being handed in.

BOYEA-ROBINSON: Thank you, Ron. You can't have a conversation about growing Black businesses with talking about, show me where the money is. That's all about access to capital. Nicole, I hear that you're the one on the ground making sure that capital is landing in communities. Can you tell me how the National Bankers Association is driving that capital flow and what trends that you've witnessed with that?

ELAM: Thank you, Ty. Well, we all know that access to capital is a vital driver for business growth, particularly as it relates to the success and the scalability of Black businesses. One thing that we

know is that Black businesses are starting. We just heard data. They're growing. They're getting past the three -year mark, but many of them have challenges successfully scaling. At the National Bankers Association, which represents minority-owned banks, we've witnessed significant momentum in improving capital access for Black entrepreneurs. Some of it has really been fueled by the work of minority-owned banks, which have historically been one of the only or the few sources of capital for Black businesses. Now, over the last few years, what I would call the pandemic and post-George years from 2020 to 2024, there were five big emerging trends that I saw as it relates to capital accessibility.

The first big trend was increased investments in minority banks and community development financial institutions. Now, during that period of time of 2020 to 2024, you saw the public and private sectors investing billions of dollars into community lenders, and they did it under the guise of if we invest in community lenders, they'll push that out into the streets. And that's exactly what happened. During that period of time, minority banks increased their lending to small businesses, particularly Black businesses. And so, they had access to capital in a way that they hadn't had before. The second big trend that we saw as it relates to capital accessibility is a trend that Ron hit on, which is this growth in public and private sector commitments. You saw explosive growth in government and corporate programs to fund and support Black businesses, whether it's from procurement or it's from the SBA's community navigators' program, diverse supplier programs, you just saw an explosive growth and investment. So that infused a lot of capital into Black businesses.

The third thing that you saw during that period of time was the rise in impact investing. You saw investors and corporations funding small businesses, not just because it was an economic issue. So, you saw private capital, you saw private equity, you saw venture capital, you saw grants that were particularly focused on high growth Black enterprises exploding like never before. The fourth trend that we saw was an expansion of alternative financing options. Now, traditional bank loans have historically been difficult for Black businesses to secure for a number of different reasons that we don't have time to go into today, but it's historically been very difficult. Even to this day, six out of 10 Black businesses are denied loans, and that's compared to only 37% of their non -Black, white counterparts. And so, it's just very difficult for them to get those loans.

Even if you control for things like their credit profiles, the type of industry that they're in, it's still very difficult for them to get traditional bank loans. But during that period, you saw an explosion of alternative financing options. So, you saw fintech platforms providing new lending, and oftentimes with less stringent credit requirements. You saw crowdfunding platforms that allowed there to be new and innovative ways for Black entrepreneurs to raise capital. The third thing that you saw was revenue -based financing, which allowed businesses to secure funding without giving up their equity. Now, the fifth trend that we saw was a stronger ecosystem of Black-led VCs and business accelerators. Now, why does that matter?

We all know capital is important, but one of the reasons why Black businesses fail is because they don't have everything that they need to be successful aside from just capital. Capital is just one leg of the stool. They need coaching. They need customers. They need a full ecosystem of support. They need a network. They need business -developed resources. So, while you saw a growing number of Black-led venture capital firms and business accelerators, they were focused on making sure that they not just had capital, but they had the entire ecosystem that they needed to survive. So those were five of the big trends that we saw as it relates to capital accessibility during that time period. And so, there's a lot of those things that we can build on. And there are some things that we're starting to see a retraction from.

BOYEA-ROBINSON: Ooh, Nicole, you got all the trends. Thank you for that. And that aligns really closely with the Path to 1555 key performance indicators. If you go to Pathto1555.org and look at our work, it shows things like fund managers of color matter. It shows things like innovative capital products matter. And so, it's amazing to start to see that really work on the ground. Now, whatever we have these panels, we always want to make sure that we have someone who's walking the walk and talking the talk. And that is a Black entrepreneur employer firm. So that is Mr. John Burns.

So, John Burns, you are here to make sure that you break it down for everybody as a successful serial entrepreneur about what does it take for a Black entrepreneur to be successful and share more about Burns Brothers, your companies, and all the factors that have been critical to your growth.

BURNS: Absolutely. Well, thank you all. It's such a pleasure to be with some esteemed colleagues and friends. And obviously, thanks Brookings for hosting this. And I was listening to Nicole, I was like, give me all of that. I need all of those resources. And so, to kind of frame my brother and I's journey, we have a company called the Burns Brothers that we launched a number of years ago. It's grown and evolved to more of a holding company. So, we have a number of businesses that ladder up to that larger organization. We have a hospitality company that we have a restaurant in DC that we're opening actually in two weeks called Cotto. We have a private membership club called HQDC house. We have our second location of that membership club in Nairobi, Kenya. And so that all ladders up to our hospitality company.

We have a large event production company where we do concerts, awards shows, festivals. We did the first ever Juneteenth concert at the White House for President Biden. And we also did the second one last year as well. We've done massive concerts across the country as well. And we have a multicultural marketing company. And we also have a talent and culture company where we do workshops and trainings and facilitations for Fortune 500 companies. And that's kind of more of our domestic work. And my brother and I are also partners in a large company based in Africa. We're actually in six countries across the continent. We're in Egypt, we're in Rwanda, we're in Nigeria, we're in South Africa, we're in Kenya, we're in Ethiopia. And we just became one of the largest private employers on the continent of Africa with about 20,000 employees across six countries. And I say all this to frame it because what we've seen most successful with growing businesses, and obviously there's enormous challenges.

And I'll go into some more details of partnership. You cannot scale, you cannot grow without all the resources that Nicole mentioned, but also the power of partnership with what Ron and folks like Nicole are also providing in addition to all the resources. What they are partners. And partners come in different forms and fashions. And so, as we think about entrepreneurship, we think about how can we scale, not through like our own just faculty, so to speak, but how can we grow together? And I think as entrepreneurs specifically, how can we look at things from a collaborative approach, from a

scalability approach, but it's all based upon unification and what you can do from a partnership standpoint to ultimately grow organizations.

BOYEA-ROBINSON: I love that, John. And I want to stay with you for a little bit because we're really getting into some innovation here. And you mentioned, and you're very passionate about the opportunities in the continent of Africa. Would you mind sharing how those partnerships came to be and what the opportunities for growth are for black entrepreneurs?

BURNS: Yeah, absolutely. I always say, and I can get into the partnership piece and how we scale to Africa, but Africa is not the past. It's not the future. It's now. If you are a business owner, especially if you're thinking about scalability, you're not focused on the continent of Africa in some form or fashion, then you're doing your business a disservice, number one, but you're doing kind of yourself a disservice because there's so much opportunity. But the challenge is understanding how to connect with that opportunity. And so, for us to kind of rewind the tape, my brother in a prior life was the COO of a Fortune 500 company called Conduit. And Conduit was the biggest call center company in the world. He had like 50, 60,000 employees. And so, through those relationships, we met a gentleman in South Africa a number of years ago who was doing some call center work in South Africa. As a result of that interaction, that formed a partnership and since have grown throughout the continent of Africa. But again, what we're trying to do now is not everybody is afforded opportunity to have that relationship.

So how can we be those conduits for connectivity to educate people, to build awareness, and to ultimately be those connectors to help identify opportunities? Because as you think about the emerging markets, especially in East Africa, I don't know if folks know this, but Kenya has a strategic economic partnership with the US And so there's very direct business and economic lines from an opportunity standpoint that exist in Kenya. Ethiopia is very similar, West Africa, Nigeria. And so how can we through forms like this provide education and then leveraging our resources and connectivity provide people with the opportunities to understand actually how to scale a business, how to grow a business, how to connect with people on the continent to ultimately aid and helping support whatever type of venture you want to pursue.

BOYEA-ROBINSON: Thank you, John. I have a feeling your LinkedIn is going to be blowing up because people are going to say, please tell me how to do this.

BURNS: Yeah, I'm happy to. Happy to. I think again, I don't want to keep talking, but I think we've been blessed that we have to share the blessing.

BOYEA-ROBINSON: Amen. Amen. I love that. I also love the concept of we grow through community. We grow with each other and really putting to bed the concept of it's a zero-sum game and that we get where we need to be together. So, thank you for sharing those words and that innovation. I want to stay on that innovation for a bit and go to you, Ron. Some of the things in the report that were new this year and things around how you grow through acquisitions. There's also things like employee ownership. I would love for you to share a little bit more about some of these innovation approaches and your role in driving that.

BURNS: First off, before taking on this role as the USBC president, I was a business owner in Oakland, California, and I had a very traditional business. I was in janitorial. I had left corporate America where I was a senior VP in Coca-Cola. I had worked at IBM, Xerox and a lot of tech companies. My salary was about \$150,000 a year. My father's business was doing about \$150,000 a year in annual revenue. And so, when I left corporate America to go home to take over that business, all my friends and family thought I was crazy to move back into the same bunk bed that I had when I was in the third grade, but I had a vision of how I was going to grow my company. And through the years, I had grown it from \$150,000 to become one of the largest Black-owned firms in the United States. I ended up reading a book, *Why Should White Guys Have All the Fun*, by Reginald Lewis, who's one of my fraternity brothers out of Baltimore. And what I realized is just like he, just like Elon Musk, they never started anything. They acquired businesses.

And so, I was in Oakland, California, right down the street relatively from what was then called San Jose, now Silicon Valley. And although I had been in the tech industry, I could not even get an interview to empty the trash at my previous employer at IBM. And so, I could not understand the

challenges, but as opposed to trying to keep hitting my head up against the wall, I decided I was going to take advantage of this acquisition opportunity. I looked around, found a company that met my criteria. I did the due diligence interviewing all of their employees, all of their vendors, all of their bankers, all of their suppliers, all of their customers. I knew more about the firm than they did. And during the course of negotiation, I was able to buy us a \$7 million firm that doubled my size in revenue. All the time in this current role, I talked to corporate America about doing more business with Black firms. And this is what they say. Well, Ron, we do more business with Black firms if we could find them and if they had the size and scale. And so, the US Black Chamber is saying, well, how can we remove these barriers?

And so, we created our own Black business directory called By Black, B-Y-B-L-A -C-K dot U-S, so that we can be found, not just by corporate America, by each other. Many times, we look around and say, hey, you know, I'd really like to spend money with Black firms, but I don't exist. And so now a modern-day green book of sorts is now technologically created so that we can find each other. But more importantly, we can do mergers, acquisitions, consortiums, and when and where it makes sense, joint ventures. I love what John talked about in reference to partnerships. So often we see, if you just look at Black Enterprise annually, they do the top 100 Black firms. And every year about 10 % of those firms drop off the list. And you say to yourself, well, why? They were good business owners and it wasn't that they did make bad mistakes. They didn't have anyone to pass that off too.

And so, when young people tell me, hey, I want to start a business, I say, that's not a good idea. What I would recommend is you go find someone that's in business that has an idea of what you are doing. Go volunteer or work for them. Learn their business. And one of two things can happen. We talk about employee stock ownership. You can either purchase that firm when they get ready to retire, or you can earn your way into leadership. I was able to take over my father's business. But when we surveyed those businesses on Black Enterprise, they say, just like many of our franchise owners, we would love to be able to pass this off to someone in my community, but no one has raised their hand. And so, so often we think we've got to grow business, start it, grow it, expand it, when in reality, we no longer have that liberty. We don't have that time. Right now, there are billions of dollars that are contracts that are sitting in the private sector and the public sector.

We can't say, I'm going to start a business next month. I'm going to grow it fast enough to be able to take advantage of the contracts or opportunities that are being created today. We've got to accelerate that. And I think part of that solution is through acquisitions, mergers, joint ventures, and consortium. And they don't have to be other minority firms. We can find majority firms that are also looking to be sold, looking for a future. And I think our minority, particularly Black firms, have to be creative and have to look outside the box on how we're going to grow our firms.

BOYEA-ROBINSON: Thank you, Ron. And great news, too, that there are multiple organizations now focused on that, whether it's Chamber, as you mentioned, New Majority Capital, APIS, and Heritage. And so, there's infrastructure around that in a way that there wasn't even a few years back. So that's exciting news. I would say, I know we are very excited and enthused about the report. We are equally proud and excited about the outcomes that we've seen. And also, I'm sure there's some people on the YouTube who are side-eye, like, but what context are we in now? And is it all going to fall apart? So, Nicole, you kind of gave me, like, a little bit of a bread crumb there where you said a lot of things are working, but now we're seeing some retraction. I would love to go back to you and just have your thoughts on how you're seeing the capital market shift during these crazy times.

ELAM: Yeah, that's a great question. And it is one that is on the minds of Black entrepreneurs and business leaders right now. There's no denying that the capital markets are shifting and that there are some companies and investors that are stepping back from the racial equity commitments because of the recent presidential executive orders and just because of this anti-DEI environment. Like, there's a huge, there's a huge retraction that's happening. But there is a silver lining because while certain funding streams are tightening, others are evolving. And I think what's important to note is that Black businesses have to be strategic and navigating this new landscape.

One of the first things that we're seeing is a shift from race -based funding initiatives towards more race-neutral and economic -based models. So many organizations that had DEI programs and that still want to support Black businesses are now focused on investing in historically under-capitalized businesses without explicitly tying it to race. This means that the capital is still out there and is still available, but you have to look at it differently.

So, it means, for example, instead of corporations and companies focused on funding Black businesses, they're focused on funding underserved and under-resourced businesses. So, the shift from race, they're also moving from race to place. So instead of focused on Black businesses, I'm focused on under-resourced and under-capitalized businesses in Atlanta. Now, why Atlanta? Because Brookings just told me that there are so many Black businesses in Atlanta. So, this shift from race to place allows them to continue to focus on funding those businesses. Another thing that you're seeing is that they're focused on economic mobility.

They're focused on communities and businesses that are serving or that are sitting in or that are located in places that may have high poverty rates or high unemployment rates. Why? Because it allows them to focus on economic mobility. Instead of focusing on just Black businesses, they're focused on the small business ecosystem at large. So, these small shifts from race to race neutral, from race to place, and it's not just about Black people. You're seeing this shift as it relates to race, gender, ethnicity, sexual orientation. These small shifts are occurring to allow them to continue to fund the work that they were always doing. The second thing that I would note is that minority banks and community development financial institutions that received billions of dollars between 2020 and 2024 still have capital that they're looking to push out and lend to Black businesses.

So those opportunities are still there and they continue to exist. The third thing is these alternative funding sources that gained a lot of traction. They're still there. And so now what we need to help Black entrepreneurs do is adapt by turning to fintech lending, by turning to crowd funding and revenue-based financing. And we can maybe talk more in the Q&A about what are some things that you need to be careful of. And at the same time, you still have impact investors who are still engaged because again, they're focused not just on equity issues, but on economic issues. They're focused on inclusive economic development, inclusive economic opportunity. So, the challenge now is just making sure that Black businesses remain on folks' radars. The last thing that I would say is that while companies are scaling back their D&I initiatives and they're scaling back their diverse supplier programs, some of them are turning it up.

Even if they're doubling down because they're changing the language a little bit, they're still there. Why? Because the private sector recognize the benefits of economic investments. And so, these opportunities are there. So, I guess I would say that while the capital landscape is changing and the environment will certainly make it harder for Black businesses to get capital, to get contracts, to get institutional support, it's not impossible. The path forward is difficult, but it's not impossible. There are still avenues out there for growth. The key now is adaptability. You have to find those new capital pathways. You've got to be attuned to leveraging the language shifts, the shifts in D&I programs. You've got to be attuned to that and leveraging these alternative financing options.

BOYEA-ROBINSON: Thank you, Nicole. And thank you for being really straightforward and transparent. I think it's a tough pill for a lot of folks to swallow, and I know folks are frustrated, maybe don't agree with some of the changes, and also, we have to equip people to be able to meet the moment. One of the organizations that we've partnered with that's helped impact investors and others is called Freedom Economy, and it's a group of legal support and service of investors to continue to invest in things that drive diversity, equity, inclusion, environmental, social, and governance, and impact. And I think one piece that gets lost sometimes that I really want to underscore is that it is not illegal to focus on race, conscious, investing, grant making, or support. It is still very legal to focus on race, conscious, investing, and support.

So even though there's shifts, the shifts are based on people making risk calculations, but not on a changed legal environment. So, I think that's something that people often lose in a lot of the noise, but I just wanted to underscore that, that while people might be making these choices, it doesn't mean it is not legal to do work that's focused on Black and Brown communities. And in fact, there are plenty of laws in place, whether it's 14th Amendment, Title VII, EEOC, that actually are about not discriminating. And we can't forget the fact that a lot of these programs were put into place to help combat the fact that there has been decades, if not centuries, of discrimination in particular populations. And that's why a lot of these programs were put into place. So, I just wanted to underscore that for anybody who's listening is like, this is driving me nuts. But thank you, Nicole, for that very detailed transfer.

ELAM: And Ty, you brought up a great point because while it may not be illegal, I think the intended impact is to scare people away under the guise of it may be illegal. And so, people aren't wanting to take that risk. They're not wanting to take that reputational risk. They're not wanting to take that business risk, but it has the same impact of it being illegal. And I think that's the challenging thing about the environment that we're in. And that's why you see people trying to find other indicators to get to race. I still want to do the work. I don't want to get bogged down with trying to defend myself and having people targeting. Let me find different ways to get to it. Because like you mentioned, Ty, it's not illegal, but people are scared.

So, it still has that chilling effect. And so, one of the things that I begin to see, even with the last administration, looking at other indicators to get to race. Like, OK, let's move backwards. Because economics and mobility and wellness and all of those things are still factors. I can still use all of those factors that may get me to the same outcome. But it is very difficult because you can't use race neutral initiatives and policies to solve race-based problems.

BOYEA-ROBINSON: Say it for the people in the back, Nicole. All right. Well, let's be real here. And John, you're my truth sayers. You're my I'm -on -the -ground person. Are you experiencing challenges now in your business with some of the changes in context and landscape?

BURNS: Yeah, I mean, I think that goes without being said, of course. Right. So, I think the administration has imposed certain challenges that affect, obviously, businesses of color. But a challenge is a challenge is a challenge is a challenge. Right. As an entrepreneur, all you deal with is challenges. Right. And so, framing this, and obviously some challenges are more significant and more challenging than others. But the mindset of an entrepreneur has to be about pivoting, has to be about being nimble, has to be about adapting. Right. And so, we learned a long time ago, especially when it comes to like administrations and federal government, local government, state government, whatever it is, the pendulum of priorities shifts so drastically all the time. Right. So, if you're relying on that pendulum to stay in one area, it's not going to stay. Right.

So, you have to constantly adapt based upon that pendulum shift. And right. We see such a drastic pendulum shift versus what we saw four years ago. And so, when we look about business, I look at a macro level, and a micro level every single day. Right. At the macro level, these resources and all these things that Nicole is laying out. So, like I'm scribbling, taking notes. I'm like, oh my God, all this is like such valuable information. But at the micro level on a day to day, you have to adapt and pivot. The restaurant, the food's not coming on. Like all these different things. Right. So as a business owner, you have to always look at it from a mindset as how do your solution overcome challenges.

And so, I know the fear tactics and all the pomp and circumstance and everything going on. It's just, we have to look at it's just another challenge and how do we solution for this challenge and how do we overcome this challenge and how do we break it down in a way that's actually doable and like micro-steps that ultimately ladder up to a larger solution. And so, I always talk to folks who are so overwhelmed, just break it down and think about this another challenge. Like you deal with every single day as a business owner and how do your solution for it and how do you overcome it?

BOYEA-ROBINSON: John, you said entrepreneurs are built for this.

BURNS: You have to be built for it. I'm telling you this is Ron. Y'all know this is not for the faint. Entrepreneurship is not for the faint of heart. This is the real deal, holy field. This is not easy out here and you have to have it from that vantage point. That's why you can't be discouraged by the noise. It's just noise, right? You got to focus on your outcomes, focus on what works best for you and how you deal with your business. Pivot, be nimble, adapt and everything else is going to fall in line.

BOYEA-ROBINSON: Absolutely, John. In fact, the data that we've seen over the last five years with Brookings Institution, it's been interesting because when the first couple of years came out and we started seeing Black business growth surge, people were like, ah, well, it's not going to surge after the pandemic. Then it was growing. I was like, oh, but you're not seeing as much growth around women. Then after that, I was like, oh, women are driving the growth. And so, I feel like the data is really backing up your qualitative explanation that we meet the moment, whatever the moment is and we

have to continue to do that and recognize that is part of, not just our DNA, but that is part of our legacy.

BURNS: That's who we are. Right. We overcome challenges. That's the history of us as people. Right. And so again, we have to think through that lens of our legacy, our history in this world has been about overcoming obstacles. And so, this is no different.

ELAM: And I like John's point about adaptability because you don't have to really look far to see the benefits of adaptability. When you think about the pandemic, what you found is that businesses that were able to adapt were able to survive. Those that were able to move from brick and mortar to leveraging technology to continue to serve their customers or even find new ways to serve their customers. I was doing this. Now I'm creating PPP equipment, like all of these different things that people were having to adapt to. And so being able to adapt to the changing landscape and adapt to the current climates is always been key. And recently we saw that with the pandemic.

BOYEA-ROBINSON: Thank you, Nicole. Now, Ron, I'm going to go to you. Now, as you know, part of the Brookings environment, we're not going to disparage people, but we can be very clear about policy. And you have such a balcony view from a macro level. So, you've got your personal experience as leader in ADA certified business. You have all kinds of experience with businesses across the country. I would love for you to break down what are some of the implications of some of the recent decisions to move the consideration of race from federal contracting or more broadly, what's the role of civic infrastructure at the local and national level to help continue to advance Black business growth? Just a little something. Just a little something, Ron. Let's see what you can do.

BUSBY: Well, I'm going to try to keep this on a positive note. Before doing this, as I discussed, I was a business owner and like John, I looked at all types of avenues, both private sector and public sector. And one of the great programs that the public sector has was the program that you mentioned, which was the 8A Program. So, for the listeners that are tuning in, the number eight, I'm sorry, the number eight and then the letter eight. Prior to being in this program through the SBA, I was bidding on jobs in the thousands of dollars, sometimes hundreds of thousands of dollars annually. The day I

became ADA certified, I literally was bidding on jobs in the millions of dollars. And that year I doubled my firm from \$3 million to \$7 million because of the ADA firm. Now, we looked at your first slide or one of your early slides and it talked about the Native Alaskan firms and why they are doing so well. The ADA program is a great program for minority firms to have access to large contract opportunities that are set aside for minority owned firms. So particularly for firms that have had not the opportunities to compete, to be the due business with the federal government, have to go through a rigorous process to get in the program. It's very timely. But I say it should be, you should know your business because once you get in the program, it could make your life different overnight. But at the same time, it could also put you out of business overnight.

If you don't really understand your market, understand your own business, as well as understand doing business with the federal government. Some of the great things about the program is, again, they set aside contracts. We understand the federal government spends \$640 billion on products and services that we as business owners can compete for. They set aside certain numbers of contracts specifically for ADA firms. When I was in the program in the 90s, the largest contract that you could bid for as a black owned business was \$4 million. Here it is 30 years later, 2025, the largest contract that you can bid on as a black firm is \$4 million. For 30 years, we've not been able to increase the size, but yet the contracts are overwhelmingly much larger. You can't build infrastructure for \$4 million. The second piece of that, it is a nine-year window.

So, you get into the program and then you have nine years to work throughout the program. Many firms get into the program and may not get a contract for year three, four or five. So, they literally only have five or six years left in the program to be able to compete, to be able to win contracts, and to be able to implement their program. You cannot create generational wealth in nine years or less. The reason why I talk about the Native Alaskans so much is because I think they have realized the strategy. As a Native Alaskan firm, you can bid on a contract up to \$100 million dollars annually. And secondly, you never have to graduate out of the program. So, my great -great -great -great -great -great -great -great -great -great -grandfather could get into the program, win a contract, and pass it down through generations.

Because it's not based upon an individual, but it's based upon an entity. And many of those entities are owned by one person that might have one percent or one drop of Native blood in them, and the rest of his business partners come from the majority community. When we look at creating programs in the future, we've got to do three things. We've got to have intentionality, transparency, and accountability. What we have seen, as I talked about earlier, that the Black firms received 1.5 percent of the government spend. The Native Americans, although they have the fewest number of firms, are receiving the largest number of contracts.

And so, for us, we're saying when we have the opportunity to go back and talk to this administration, as well as others, we want to have intentionality in the conversation. As opposed to it being minority, we want to know what is specifically being spent, created, as well as implemented to create the long-term generation of wealth in Black firms. Not about minorities, but truly what about Black firms. And we have seen when we can be intentional, when we can have transparency, and when we can really just aggregate the numbers, we too have the opportunity to compete and be successful long-term. And so, what we're seeing across the country is yes, many of the corporations are walking away from the diversity, equity, and inclusion. They still are committed to doing business with Black and minority firms, because it makes good business sense. But it is difficult to have some of those conversations for new minority firms trying to establish relationships.

And then the second reason, I think is going to be a concern, is many of the subcontract opportunities in which we have. Now, many of these D&I attacks are saying, hey, major contractor, you no longer have to be transparent in reference to the subcontracts that you award. So many of our Black firms are subcontractors to prime contractors. We don't get the opportunity for the large contract, but we get an opportunity to compete and be able to be involved. But now those mandates are being removed. And so many of my firms that are working with majority firms are saying, hey, I was never on the paper in the first place. So, they don't know I exist. There's no transparency. And most importantly, there's no accountability. And so, what the US Black Chamber is doing is saying, we've got to make sure that we're there advocating on behalf of Black businesses across the country, taking data like what we've shared to show that it is a business case to be able to continue to business with Black and minority firms across the country.

And lastly, what we have not talked about is the power of the Black dollar. We hear so much about the trillion dollars of spend power that we have, but never do we talk about how do we keep that dollar in our community to be able to create the long-term success. And so, you'll see organizations like the US Black Chamber and some of our church affiliates, especially talking about this month, making sure that we're spending our dollars where we are appreciated. And for me, it's about Black-owned businesses. So, I'm not as concerned about where you go to spend your money, but when you go there, make sure you find Black products and spend your money with them if you can't find a Black business in your community. But you can always go to BYBLACK.US and I guarantee you can find a Black-owned business that is providing the product and or service that you're looking for.

BOYEA-ROBINSON: Thank you, Ron. I love how you're saying, hey, they might be throwing different curve balls at us with this policy, but it wasn't perfect to begin with. So how do we use this moment to actually refine it to meet what our real needs are? And I also heard, let the dollar circulate. That's what I heard. I want to thank folks in advance. People sent some questions in advance. I want to give some time for the people from the audience to hear their questions. So, I have them in advance and I'll share a couple and then we'll close out with a few closing words. So, one question that came up, I want to go back to you, Nicole, because you hinted at this a little bit during the conversation, but you mentioned things like crowdfunding and alternative financing and innovative funding models. I'd love to know what do you see as the next generation of those models and do you feel like that's going to grow and non-traditional lending is going to grow over time?

ELAM: Absolutely. Non-traditional lending is going to grow over time. It's not perfect. There are things that we're going to have to be thoughtful of and mindful of. One thing is that non-bank and fintech providers aren't regulated in the same way. So, you've got a lot of issues and challenges as it relates to consumer protection and privacy and the use of data, all of these things that have been really good and helpful. How do you regulate all of those things in a way that protects the consumer? The great thing is that when you have increased competition, it typically goes to benefit the consumer, right? The fact that I've got Pepsi and Coke means that I may have a better product because I've got all of these different options.

And so, having more options is a good thing, but you have to be careful because some of them, not all of them are regulated. You also have to be thoughtful of garbage in, garbage out, right? A lot of the data that is used for underwriting is flawed data that can be very racist in nature. And so, you've got flawed data that's going in. It's flawed data that's coming out that's making underwriting decisions. So, it's not perfect. I still think that there is more work to be done and I think the best thing that you can do is make sure that these new opportunities, alternative sources of financing are working with well-established folks like black banks and minority banks who've been there, done that to make sure that they're creating products in a way that best serves the communities.

BOYEA-ROBINSON: Thank you, Nicole. I'm going to go to you. Oh, John, did you want to add to that?

BURNS: Oh, no, no, no. Nope, nothing. I was listening. I was just about to say my amen. But I think nothing to add.

BOYEA-ROBINSON: Hallelujah to your amen. I'm going to go to you because this is a question that feels more geared towards someone who's running their business day to day. So, for the companies who want to grow to be employer firms, are there approaches or supports that's needed for black businesses that's different for other businesses that have the same goal?

BURNS: Was that question to me or Ron? I'm sorry. I was, it was to me. Okay, so I was too busy saying my amen. Can you say it one more time? So, is it more?

BOYEA-ROBINSON: Yeah, so are there, if you're a black-owned business and you want to grow to employer firms, are there supports or needs that you have to get to that goal that's different than if you were not a black-owned firm?

BURNS: Yeah, yeah, no, absolutely. I think when you think about any organization, specifically an organization of color that's owned by especially a black founder, mentorship and sponsorship is really important, right? I think Ron mentioned just around the importance of knowing and being an expert in

your craft and maybe partnering with other folks, acquiring folks who are experts. So, I think mentorship and sponsorship is going to be critically important to, because what people can scale companies because they have the know-how or they have the knowledge or they have the acquisition skills to acquire a company that's doing it, but you can't scale a company and you can't grow a company if you don't have the know-how. And to Ron's point, we want to do this quicker and not have to spend 15, 20 years learning, right? So how can you hire the right people who are experts? I think oftentimes what we saw even early on with earlier challenges, we were hiring hard workers, we weren't hiring experts. It's a very different thing, right?

And so how do you get out of the mindset of the startup mindset whereby just working hard towards a common goal and then ultimately reevaluate the organization and say, was that hard worker actually knowledgeable of the space that they're over? And so, I think that's just the mindset shift that you often have to get out as an entrepreneur. And so, as you grow to like an employer-based firm, you have to have layers. You have to have bifurcation of the layers of the organization to ensure that it's manageable. Communication flow is coming down and coming up. And so, I think you structure, structure, structure is so important. And I think you can accomplish that by understanding what you're doing and hiring the right people to deliver the right product.

BOYEA-ROBINSON: I'll throw in a little bit there too, you know, when I started my company 13 years ago, I think one of the things my husband and I did was make sure that we had a barrier between business finances and family finances and an agreement on what is our buffer that we're going to have financially. And it's not that every company doesn't need that. However, if you're a black owned business, you're often less likely to get loans, less likely to have generational wealth to be able to be passed to you. And so, you have to manage your finances in a different way. And especially once you start bringing on employees, I always have six months of capital on the bank for if I'm going to hire somebody, because I need to know that we have the financial capacity to be able to take care of those folks and afford those folks. And I think those are being a little more conservative from the capital side, I think is really critical for black owned firms, especially if you don't have a backstop of capital behind you for whatever reason.

BURNS: Yeah. And that's right. And I totally agree. And the downside against that approach is you can never take advantage of an opportunity when it presents itself. Right. And so that in business, as we all know, opportunities come and they go quickly. And so how can you be nimble and you need capital to do that? And I think a lot of times and we kind of have that same approach, too, we become so conservative and we're planning so far ahead, we can't take advantage of the moment as much as we'd like. And in business, there could be an opportunity today that you have to fees. And so how can we working with folks like Nicole, working with folks like Ron, have those resources in place when a moment presents itself? We have access to that two million dollars. We can go at it hard. Right. And we don't have to worry about making payroll in six months, which obviously is a great concern. And so, I think both are both are right and nothing is necessarily wrong. But I think it's just the approach and the mindset that we have to have folks like these two to help us get these resources.

BOYEA-ROBINSON: Absolutely. Don't get me wrong. I definitely have my line of credit.

BURNS: So that's all that.

BOYEA-ROBINSON: Exactly. That's exactly what you guys are saying. Is this shift from being a CEO or a shift from being a founder to a CEO? There's a lot that goes into that. And that, I think, really captures the examples that you guys are shift.

BURNS: That's exactly right. That's exactly right.

BOYEA-ROBINSON: I want to close this out on a positive note. Why don't we start with you, Ron, and each will go Ron, Nicole and end with you, John. What is one thing that we can do to continue this amazing momentum and continue to fight in these times? So, Ron, Nicole, John.

BURNS: All right. Well, two things. One, intentionality of how we're spending our money, how we're supporting one another in the communities. I think when we show up, we do an expert job on making sure that our communities are self-sufficient. We've been here before and we know some of the strategies that have been implemented in the past and we've got to modify those going forward.

But I think based upon our history, we have the resources and the skills now that we've never had before. I'll end with this. And I know we said we weren't going to talk about any particular person or administration, but I will say this on a positive note, you know, there's a lot of talk about making America great again. And at the US Black Chamber, I say Black folk want America to be great, too. But in order for there to be a great America, there has got to be a great Black America. In order for there to be a great Black America, we need great Black businesses. That's what this conversation is today. And in order to have great Black businesses, John knows this well, you need great Black organizations that have the resources to be able to support them. We've got to be committed.

The federal government was always there to kind of fill in the gaps for us in reference to resources, technical assistance and funding. Those days are gone. And so now organizations like the US Black Chamber, National Bankers Association and others that were created for these times in these conditions are truly here to be your friends. Make sure you're supporting our organizations as well. Become members. Join our organization. Make sure your voices are continuing to be heard. Right now, is not the time to turn the TV off. It's not the time to disengage. We've got to make sure that we're continuing the movement because it's not going to be long and it's not going to be left up to one person of the future of Black America.

ELAM: I would say be resilient and adaptable. Resilience means staying innovative, leveraging new funding opportunities, be attuned to the language shifts in D&I programs, forging strong networks and partners, pushing forward with the same determination that Black businesses have always had over the last generation or so. You know, our success isn't dependent upon a single source of capital, a single policy, a single administration. It's rooted in our ability to create, adapt and thrive. So be resilient and adaptable.

BURNS: I love it. I love it. And I hate going last because I think those answers were so right and I totally agree. And I think for me, it's kind of threefold. It's don't let this moment define you. Right. I think it's really based on your resilience, your fortitude and your ability to be nimble and pivot across business. And then thinking from an entrepreneurship standpoint, I always kind of leave with like two kind of things.

One of my mentors told me as the fire engine goes by, if you have a fallback, you fall back. And so, you have to have the mindset of you need to pursue whatever dream, whatever aspiration, whatever business goal you have. You have to be intentional to Ron's point and be organized and obviously diligent around the craft. And then my brother and I say this all every single day. My plan B is to make my plan A work. And so, as people of color, as business owners of color, we need to be focused on the outcomes that we want. And let's focus on making our plan A work and not so quickly pivot to our plan B.

BOYEA-ROBINSON: I agree. Thank you so much to my wonderful panelists, Ron, John and Nicole. All the love. Thank you to Brookings Institution for your ongoing partnership. And thank you, audience, for coming. Really enjoy the conversation and let's keep fighting.

BUSBY: Thank you for having us.