



**FACT SHEET**

# **Black Women Business Leaders Navigating Access to Capital**

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[cbcfinc.org](http://cbcfinc.org)

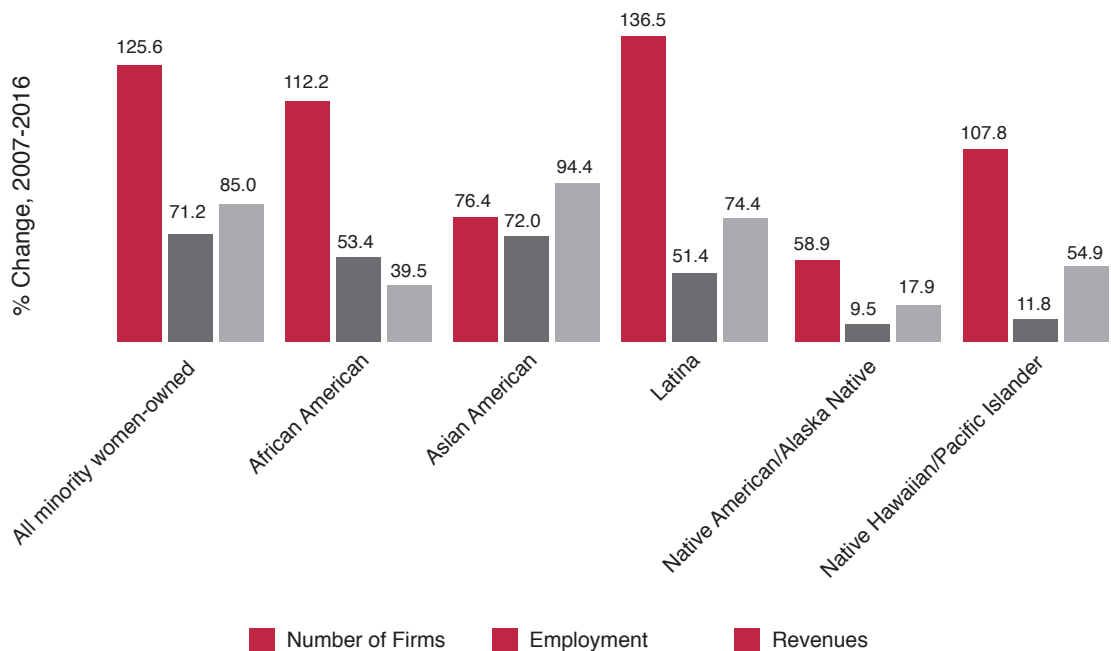
# Overview

African American women business leaders are changing the face of the global economy, helping to sustain job creation and economic growth. However, despite being a driving force in boosting the nation's economy, black women entrepreneurs with highly competitive, sustainable and profitable businesses continue to face significant barriers in funding and leveraging resources to climb to the ladder of capital access.

According to newly released data from the U.S. Census Bureau presented in the 2016 *State of Women-Owned Businesses Report* commissioned by American Express Open:

- There are more than 11 million women-owned businesses in the United States. This is a 45% increase compared to a 9% increase among all businesses between 2007 and 2016, reflecting a growth rate that is five times the national average.
- Of the 11 million women-owned businesses, approximately 1.9 million are owned by African American women, employing close to 400,000 and generating \$51.4 billion in revenue.
- Between 2007 and 2016, the number of African American women-owned firms has increased by 112%, more than doubling in number.

Among Women of Color, Latinas Lead the Way in Growth in # of Firms, Asian American Lead in Employment, Revenue Growth



American Express OPEN/Womenable estimates as of 2016, based on 2002-2012 data from US Census Bureau

# Historical and Emerging Trends

Based on 1997 to 2007 census data, the growth rate of African American women-owned businesses was 322% and 14% overall of all women-owned businesses. During this period, Black women topped the chart in revenue growth compared to other minority-owned business<sup>1</sup>, employed 1.3 million individuals and generated \$42 billion dollars in gross receipts.

Clearly, the contributions of African American women-owned businesses illustrate the breadth and depth of access to capital. However, the real issue is not whether more black women should start businesses, but rather providing support to black women entrepreneurs who are already in business, enabling them to grow their enterprises to the next level.

## Stemming the Tide

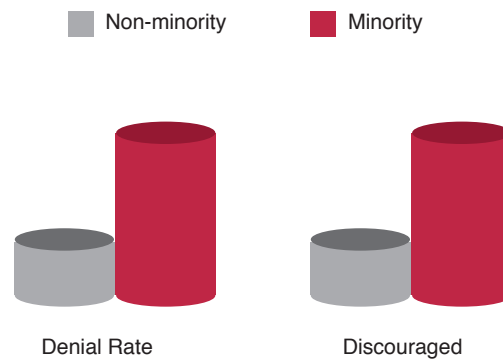
Today, successful black women-owned businesses are commonplace. Nationally, they rank third overall in firm growth and employment, and four out of five in revenue growth from 2007 to 2016. However, for African American women entrepreneurs who have grown their businesses beyond the million dollar milestone, determining how to access funds in the crucial growth stages of their companies is critical to long term fiscal stability.

In addition, a growing number of post-recession barriers such as a loss in annual revenue, creditworthiness, and home ownership, have resulted in depletion of capital or lack thereof. Furthermore, a national shortage of skilled labor has begun to influence the growth and capacity of black women-owned business leaders across the country.

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### Loan Denials and Discouraged Applicants

U.S. Census Bureau, Survey of Small Business Finances, 2003  
U.S. Department of Commerce, Minority Business Development Agency



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<sup>1</sup> 2015 State of Women-Owned Businesses Report, commissioned by American Express Open

*(continued)*

While private equity firms, angel networks and alternative lending sources are highly regarded as bases for fiscal support, African American women-owned business have to employ both conventional and untraditional methods of engagement to move a business from \$5 million to the next level.

Beyond the numbers, black women-owned businesses are making a significant footprint in key markets. The interesting thing about statistics is that they reflect both facts and opportunities. The following recommendations highlight pragmatic and substantive areas where African American women-owned businesses can begin to secure funding in an effort to generate long term capital revenue. The recommendations below will also help to expand business and peer-to-peer networks, strengthen public private partnerships and raise awareness around sound investment and savings options with minority investment managers.

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## Key Recommendations

### **I** Develop Strategic Streams of Funding

- Rely less on traditional funding streams for capital such as engaging in peer-to-peer lending, developing international partnerships and participating in personal and professional networks to increase social capital.
- Form partnerships with and directly engage minority investment managers with a commitment to uplifting the African American community through corporate and social responsibility initiatives.
- Increased usage of technology in order to tap into a global economy of opportunities.

### **II** Explore Public/Private Partnerships

#### • Small Business Investment Companies

Small Business Investment Company (SBIC) is an SBA program to facilitate the flow of long-term capital to America's businesses. A multi-billion dollar program founded in 1958, the SBIC Program is one of many financial assistance programs available through the U.S. Small Business Administration. The structure of the program is unique in that SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses.

#### SBA Directory of Impact SBICs

Bluehenge Secured Debt SBIC, LP  
[bluehenge.com](http://bluehenge.com)

Small Business Community Capital II, LP  
[sbccfund.com](http://sbccfund.com)

Morgan Stanley Impact Fund, LP  
[morganstanley.com](http://morganstanley.com)

SJF Ventures III, LP  
[sjfventures.com](http://sjfventures.com)

Bridges Ventures U.S. Sustainable Growth Fund, LP  
[bridgesventures.com](http://bridgesventures.com)

Michigan Growth Capital Partners SBIC, LP  
[investmichigan.com](http://investmichigan.com)

Renovus Capital Partners, LP  
[renovuscapital.com](http://renovuscapital.com)

- **Minority Investment Managers** (see resources below)

“Minority investment manager” means a qualified investment manager that manages an investment portfolio and meets the definition of minority-owned business, female-owned business, or business owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

## Appendix

### African American Minority Investment Managers

Classification	Manager Name	Asset Class	Account Type
Emerging	Advent Capital	Fixed Income	Progress Investment Management MOM
Minority	Ariel Investments	Domestic Equity	Direct Mandate
Emerging	Ascend Ventures II, L.P.	Private Equity	Muller & Monroe Illinois Private Equity FOF
Emerging	Brown Capital Management, Inc.	International Equity	Direct Mandate
Emerging	Brown Capital Management, Inc.	International Equity	Progress Investment Management MOM
Emerging	Channing Capital Management	Domestic Equity	Direct Mandate
Emerging	DBL Equity Fund- BAEF II, L.P.	Private Equity	Muller & Monroe M2 Private Equity FOF
Minority	Earnest Partners	Fixed Income	Direct Mandate
Minority	Earnest Partners	International Equity	Direct Mandate
Emerging	Holland Capital Management	Domestic Equity	Direct Mandate
Emerging	ICV Capital Partners II, L.P.	Private Equity	Muller & Monroe Illinois Private Equity FOF
Emerging	ICV Capital Partners III, L.P.	Private Equity	Abbott Capital FOF
Emerging	ICV Capital Partners III, L.P.	Private Equity	Direct Mandate
Emerging	ICV Capital Partners III, L.P.	Private Equity	Pantheon FOF
Emerging	Muller & Monroe Illinois Private Equity FOF	Private Equity	Direct Mandate
Emerging	Muller & Monroe M2 Private Equity FOF	Private Equity	Direct Mandate
Emerging	Piedmont Investment Advisors	Fixed Income	Direct Mandate
Emerging	Progress Investment Management MOM	Fixed Income	Direct Mandate
Emerging	Progress Investment Management MOM	International Equity	Direct Mandate
Emerging	Pugh Capital Management	Fixed Income	Progress Investment Management MOM
Emerging	RLJ Equity Partners, L.P.	Private Equity	Muller & Monroe Illinois Private Equity FOF
Emerging	Smith Whiley Pelham Fund II, L.P.	Private Equity	Muller & Monroe Illinois Private Equity FOF
Emerging	Smith Whiley Pelham Fund III, L.P.	Private Equity	Muller & Monroe M2 Private Equity FOF
Emerging	Syncom Venture Partners V, L.P.	Private Equity	Muller & Monroe Illinois Private Equity FOF
Emerging	Vista Credit Opportunity Fund I, L.P.	Private Equity	Direct Mandate
Emerging	Vista Equity Partners V, L.P.	Private Equity	Direct Mandate
Emerging	Vista Equity Partners VI, L.P.	Private Equity	Direct Mandate
Emerging	Vista Foundation Fund II, L.P.	Private Equity	Direct Mandate
Emerging	Vistria Fund, L.P.	Private Equity	Direct Mandate
Emerging	Vistria Fund, L.P.	Private Equity	Pantheon FOF

- **Women's Business Center**

100 Business centers throughout the United States designed to help women start and expand small businesses.

[sba.gov/wbc](http://sba.gov/wbc)

### **III Avoid Access to Capital Pitfalls**

- Assess social contacts for available resources.
- Build contingency plans if expected resources fail.
- Assess whether minority loan programs will help or hinder your business.

