

# Capital Matters: Race, Gender and Entrepreneurship Conference

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# SMALL BUSINESSES, BIG IMPACT.



Sources: Small Business Administration and U.S. Census Bureau

\*Source: Bluefin

# U.S. Census Bureau (2016) - Annual Survey of Entrepreneurs (ASE 2016)

Race	All firms	Firms with no employees	Firms with 1 to 4 employees	Firms with 5 to 9 employees	Firms with 10 to 19 employees	Firms with 20 to 49 employees	Firms with 50 or more employees
White	100%	10.3%	51.5%	17.4%	10.8%	6.8%	3.2%
Black or African American	100%	11.3%	56.3%	15.5%	8.7%	5.2%	3.0%
American Indian and Alaska Native	100%	11.4%	54.1%	19.0%	8.9%	5.0%	1.6%
Asian	100%	7.5%	55.5%	19.1%	10.8%	5.5%	1.6%
Some other race	100%	10.5%	54.1%	17.8%	9.5%	6.3%	1.9%
Ethnicity	All firms	Firms with no employees	Firms with 1 to 4 employees	Firms with 5 to 9 employees	Firms with 10 to 19 employees	Firms with 20 to 49 employees	Firms with 50 or more employees
Hispanic	100%	10.6%	55.0%	16.6%	10.5%	5.1%	2.1%
Non-Hispanic	100%	10.0%	51.8%	17.6%	10.8%	6.8%	3.1%
Gender	All firms	Firms with no employees	Firms with 1 to 4 employees	Firms with 5 to 9 employees	Firms with 10 to 19 employees	Firms with 20 to 49 employees	Firms with 50 or more employees
Female-owned	100%	10.7%	55.1%	16.9%	9.9%	5.3%	2.1%
Male-owned	100%	9.8%	51.2%	17.5%	10.9%	7.2%	3.5%

\*Source: Self created table using 2016 US Census Data

RAISING CAPITAL IS A MAJOR HURDLE TO SMALL BUSINESS CREATION<sup>17</sup>

33%

LACK OF CAPITAL/CASH FLOW

15%

MARKETING/  
ADVERTISING

13%

ADMINISTRATIVE  
WORK

13%

TIME  
MANAGEMENT

13%

RECRUITING/  
EMPLOYEE  
RETENTION

6%

MANAGING/  
PROVIDING  
BENEFITS

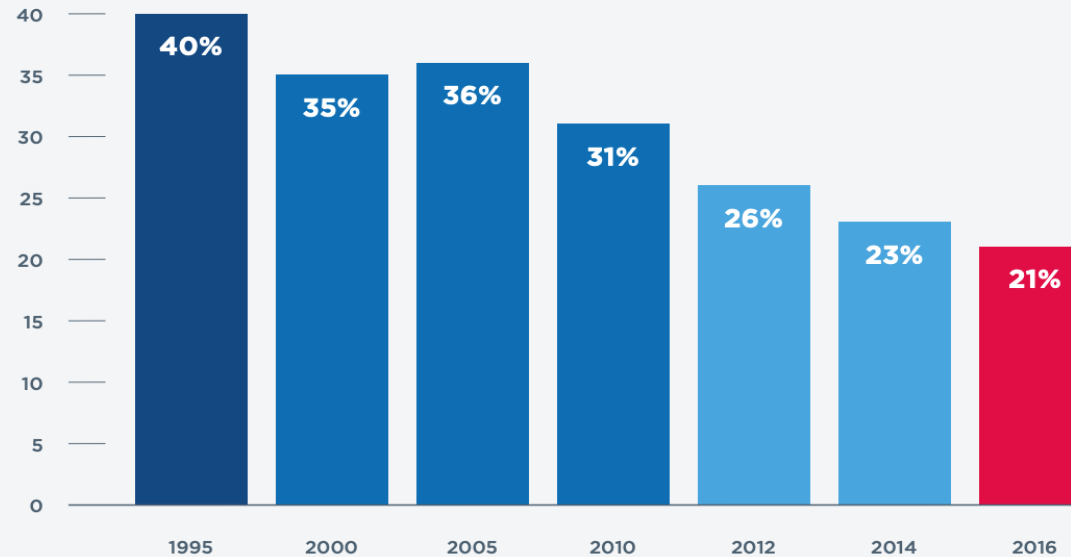
6%

OTHER

BANKS AREN'T LENDING TO SMALL BUSINESSES LIKE THEY USED TO...<sup>18</sup>

70 percent of small businesses seek loans in amounts under \$250,000, and more than 60 percent seek loans under \$100,000. Bank-based commercial loans of \$1 million or less have fallen every year since 2008, even as loans for \$1+ million rebounded.

% OF BANK LOANS TO SMALL BUSINESSES

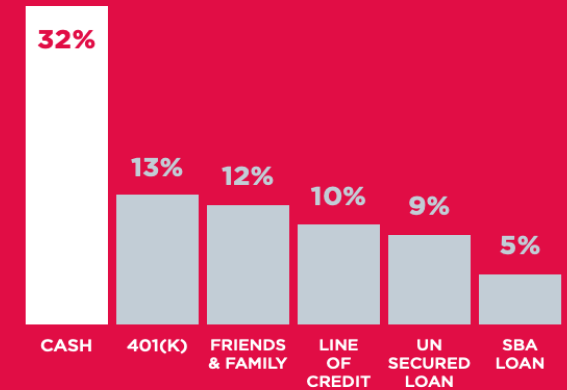


SO SMALL BUSINESS OWNERS RELY ON THEIR PERSONAL FUNDING

4/5

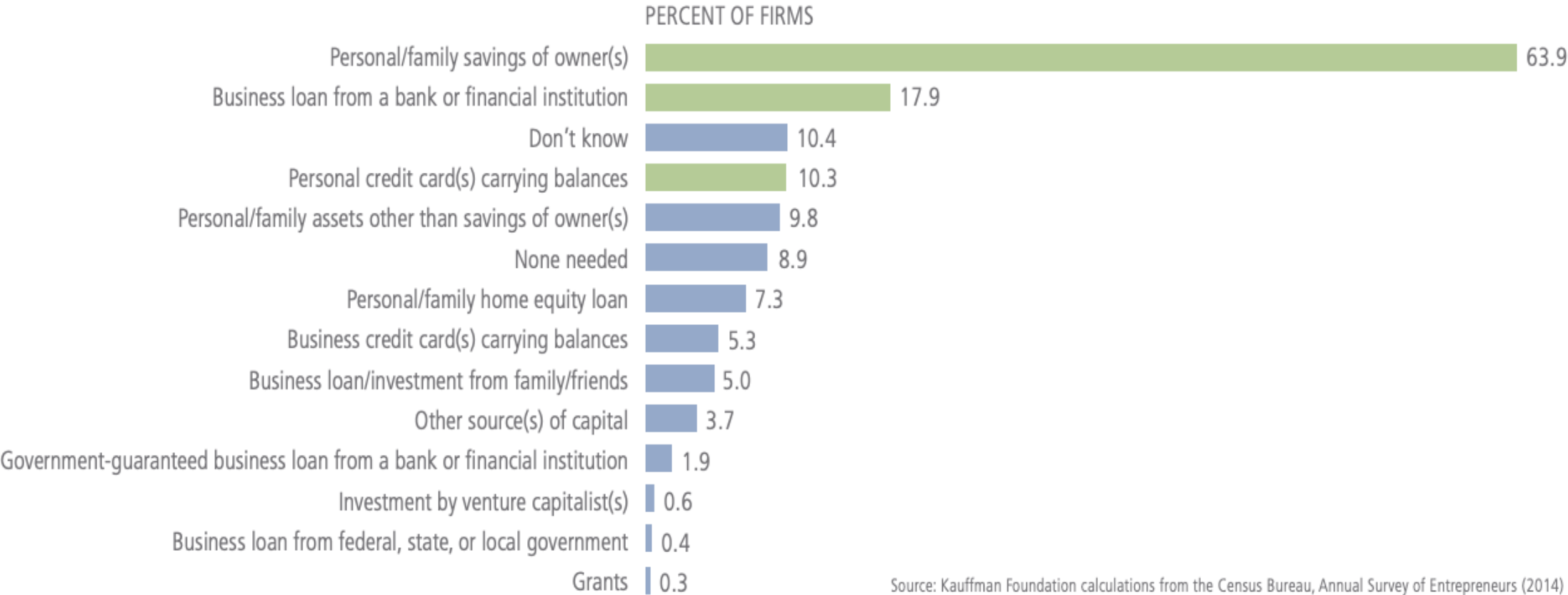
MICROBUSINESSES (FEWER THAN 5 EMPLOYEES) USE PERSONAL FUNDS TO ADDRESS FINANCIAL CHALLENGES FOR THEIR BUSINESS.<sup>19</sup>

MOST POPULAR FINANCING METHODS<sup>20</sup>



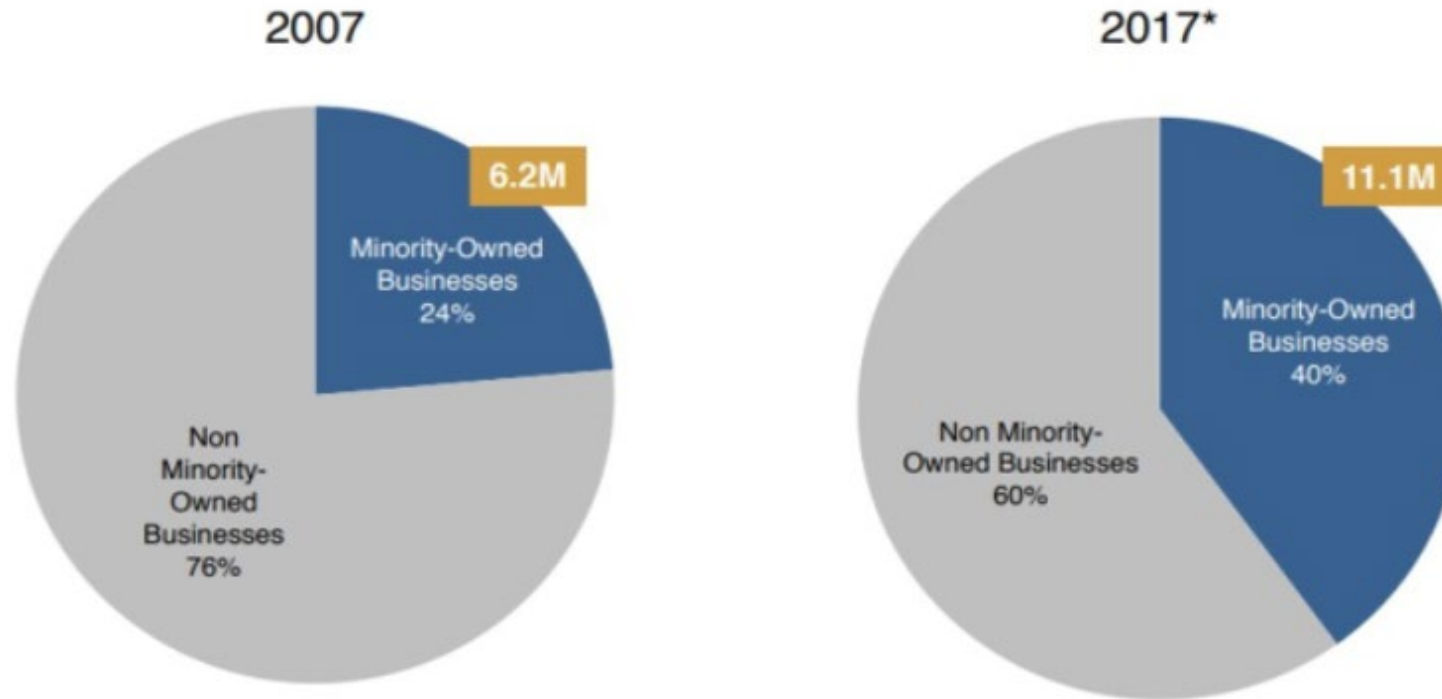
\*Source: Business Forward (2019)

# Top three most-used sources of startup capital



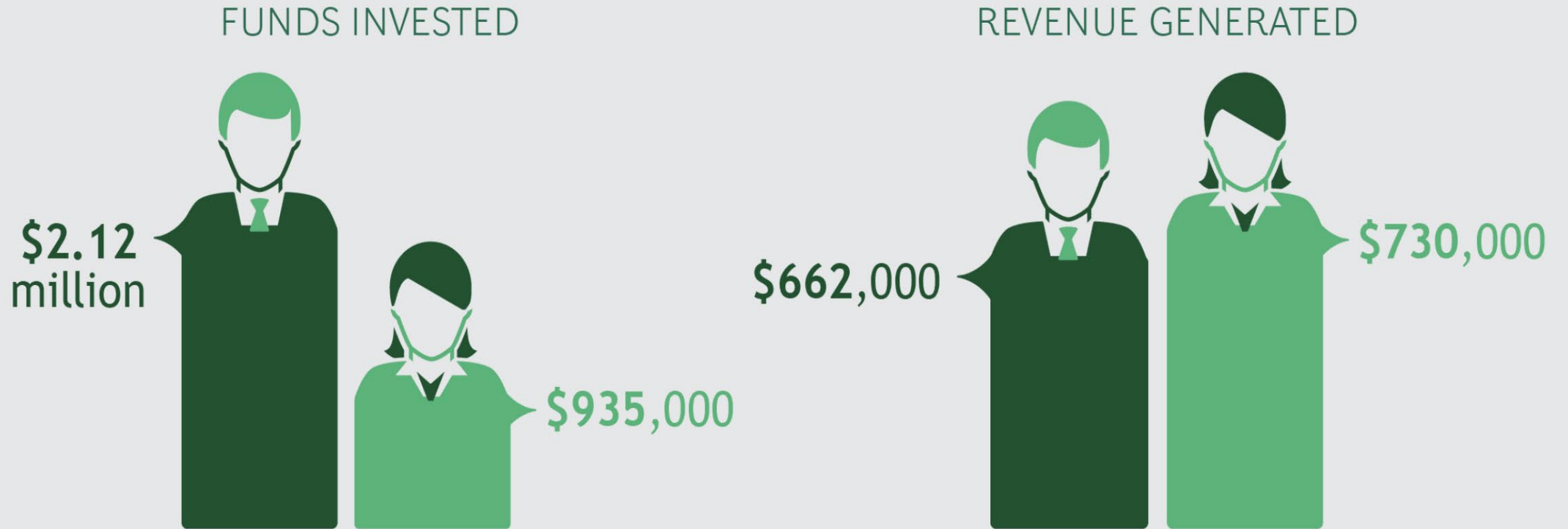
Source: Kauffman Foundation calculations from the Census Bureau, Annual Survey of Entrepreneurs (2014)

# Number of Minority Owned U.S. Businesses Growing Rapidly



Source: U.S. Census, Survey of Business Owners 2012: Number of firms with or without paid employees  
\* 2017 estimate based on % increase from 2007 to 2012

# Startups Founded or Cofounded by Women Garner Less in Investments but Generate More Revenue



**Sources:** MassChallenge; BCG analysis.

**Note:** Of the 350 companies included in the analysis, 258 were founded by men, and 92 were founded or cofounded by women.

# Unequal Access to Financial Resources - Loans

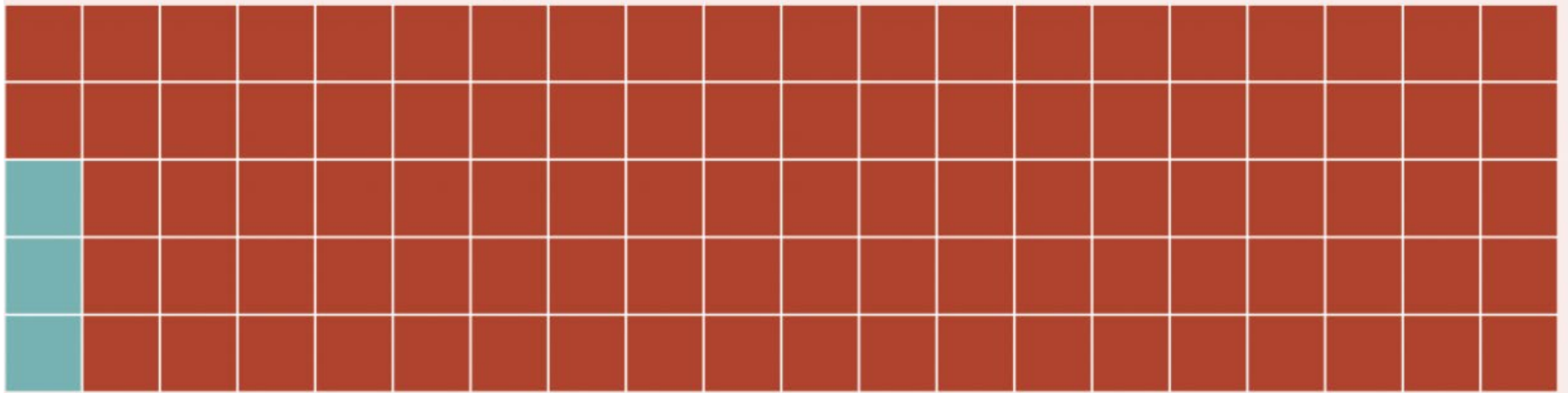


\*Source: Belt Magazine (2018)



# Unequal Access to Financial Resources – Venture Capital

Fewer than 3% of venture capital firms have black or Latino investment professionals

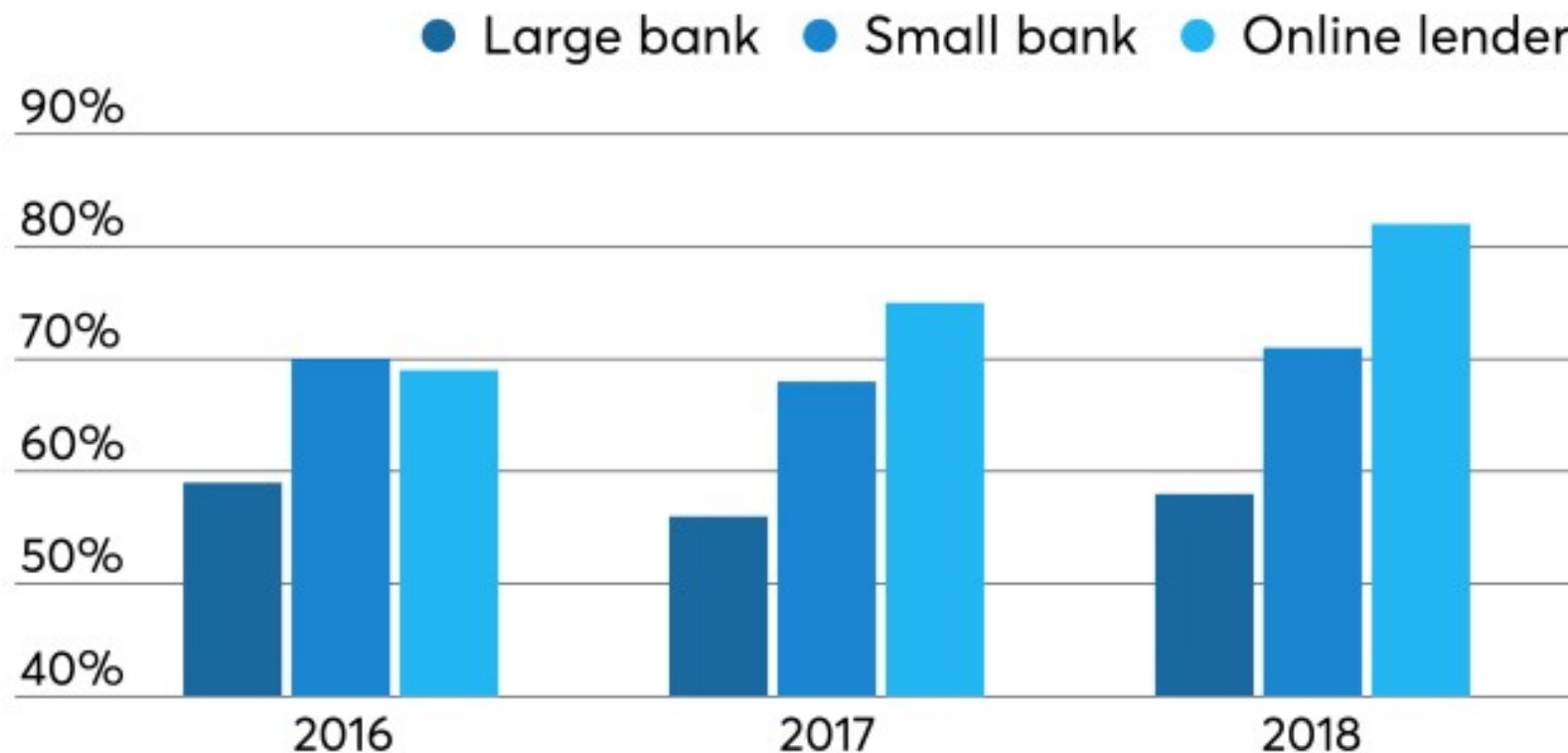


% of firms with black or Latino investment professionals

Data source: PitchBook

\*Source: Belt Magazine (2018)

# Who's lending to Small Businesses



Source: Fed banks' survey of small-business owners  
Note: Bars show approval rate by lender type

\*Source: American Banker (2019)

# Borrowers Bill of Rights

1. Transparent pricing and terms
2. Non-abusive products
3. Responsible underwriting
4. Fair treatment from Brokers
5. Inclusive credit access
6. Fair Collection Practices

