

Chatham County Minority Entrepreneur and Small Business Needs Assessment

James H. Johnson, Jr.

Stephen J. Appold

Jeanne Milliken Bonds

Kenan-Flagler Business School

University of North Carolina at
Chapel Hill



Agenda

- What were we asked to do?
- How did we go about doing it?
- What were our findings?
- What did we recommend?



Our Task

To assess the needs of minority entrepreneurs and small business owners in Chatham County.



Our Research Methods

Entrepreneurial & Small Business Ecosystem Framework

Entrepreneurial Orientation & Commitment

- Civic entrepreneurial culture
- Grow from within mentality & regulatory structure
- Innovation, Risk Taking & Failure Tolerance
- Life cycle model of small business development
- Inclusive contracting & procurement (government & anchor employers)

Entrepreneurial Actors & Advocates

- Start-up Pitch Competitions, Reverse Pitch Competitions, Innovation Challenges, Hackathons
- Support & mentoring services
- Makerspaces & Hackerspaces
- Incubators & Co-working Spaces
- Networking & Accelerator Programs

**DIGITAL
HUB**

Entrepreneurial Resource Providers

- Banks
- Business Angel Networks
- Impact Investors
- Crowdfunding & Peer-to-Peer Lending
- Large Firms
- Universities
- Research & Development Centers
- Innovation Districts

Entrepreneurial Connectors

- Chambers of Commerce
- Professional Associations
- Merchant Associations
- Peer Networks

Data & Methods

- Published sources of data on number and types of existing minority owned businesses
- Content analysis of web-based and printed materials produced by entrepreneurial and small business support organizations
- Key informant interviews with aspiring entrepreneurs, start-ups, and established small business owners, as well as local government officials, leaders of ESOs, and community advocates for minority business development in Chatham County.
- Semi-structured interview protocols used to collect the qualitative data.
- Digital recordings of interviews transcribed and analyzed for major themes.



Who Did We
Interview?




The Entrepreneurs

- Necessity Entrepreneurs
 - Opportunity Entrepreneurs
 - Legacy Small Business Owners
 - Home-based businesses
 - Non-employee & employee-based businesses
 - Informal businesses
 - Registered businesses
 - Female firms operating in traditionally male-dominated industries
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Other Key Informants

- Chatham County Elected Officials
 - County government officials
 - Municipal government officials
 - Entrepreneurial support organization leaders
 - African American and Hispanic community leaders
 - Bankers & other private sector leaders
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What were
our Findings?

Eight Key Takeaways

- #1: Chatham County is a magnet for both demographic and economic growth—a prime spot for minority entrepreneurialism and small business development.
- #2: Opposition to further growth and efforts to manage/regulate growth in Chatham County are barriers to entrepreneurship and small business development, especially for minority entrepreneurs.
- #3: To achieve equitable growth, local officials must—consciously and intentionally—address the race/ethnic divide that exist within Chatham County.

Key Takeaways Cont'd

- #4: In part due to the stark pattern of racial segregation and institutional distrust as well as obstacles stemming from efforts to manage growth, minority entrepreneurship and small business development has been uneven in Chatham County.
- #5: Following the small business development playbook has been—and remains—a challenge for minority entrepreneurs in Chatham County.
- #6: The Chatham County entrepreneurial ecosystem is under-developed and difficult to navigate especially if you are a minority entrepreneur or small business owner.

Key Takeaways Cont'd

- #7: For minority entrepreneurs and small business owners in Chatham County, perceptions of both unbridled opportunities and critical needs and challenges abound.
- 8#: Desperately Needed: An Inclusive and Equitable Entrepreneurial and Small Business Ecosystem.





What were our
recommendations?

Regulatory Framework

- *Our regulatory framework...is an impediment...we don't have an organized process for engaging with...minority businesses...walking in the door is going to be completely confusing and I think that is a disincentive for home businesses trying to navigate how to start. We really need to do a better job of trying to figure how to set up a process for somebody [to] navigate how to become successful. And that's what really we need.*
- County government official

County website issues

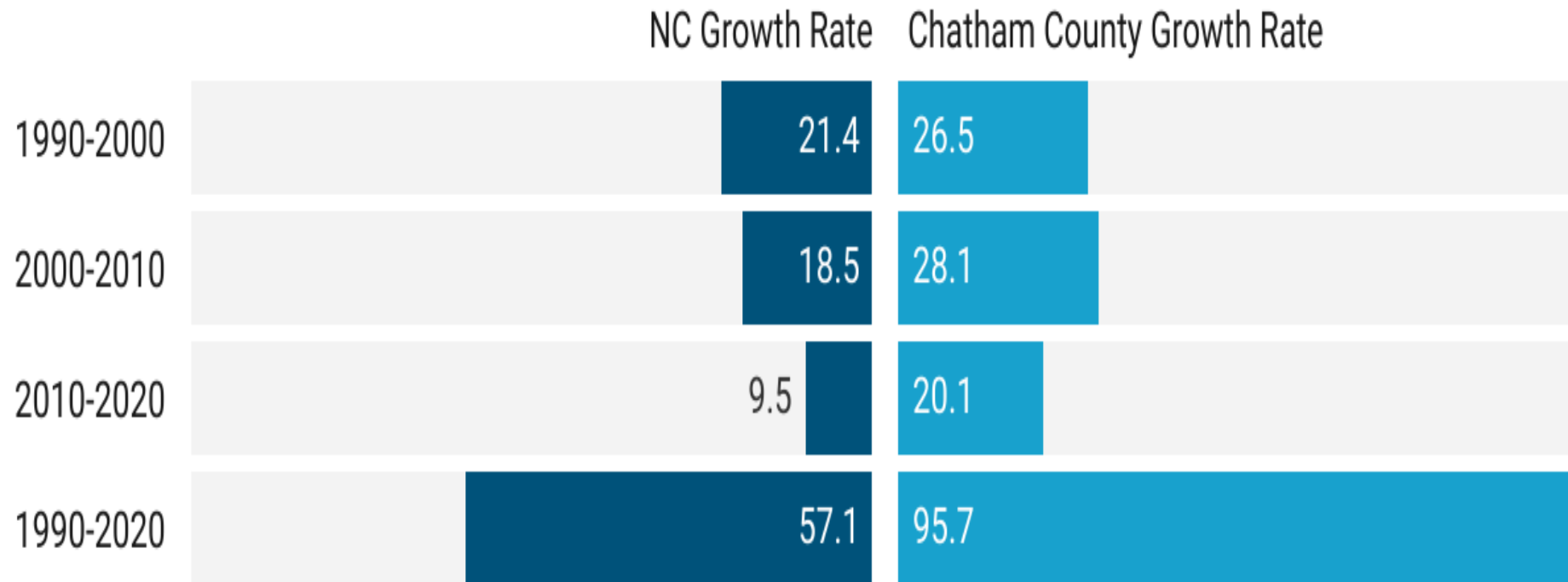
- One County government official said, if minorities aspiring to start or expand a business in Chatham County consulted the County's website,
 - *...they'd be overwhelmed... We need...to reformat everything. We have a ton of information but we don't...have it set up to navigate...nothing's connected—planning department, building inspections, fire marshal, central permitting, water department...our websites are not interconnected...there's no one stop where they can go to the website and [find what you need to do] to start a business.*
- Elaborating this individual said,
- *You might find something that says how to start a business but it's only going to get you to a certain point...trying to navigate how to actually go through that process, it's not going to help you...It's almost like it would be better if we had [dedicated] staff that would be the one go to [for small business assistance].*



Recommendation #1: Embrace a Place-Based Approach to Building an Inclusive Entrepreneurial and Small Business Ecosystem

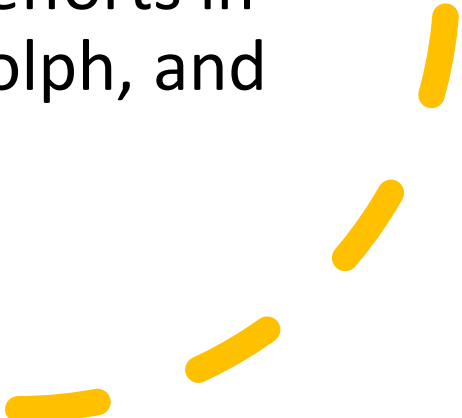
Jurisdictions embracing a place-based approach strive to develop supports for not only all types of businesses, including historically underutilized or marginalized enterprises in various stages of development, but also communities suffering from a history of neglect and disinvestment. To paraphrase the National League of Cities, the place-based approach strives to create accessible spaces (i.e., makers' spaces, incubators, accelerators, coworking spaces, etc.) with open doors for historically marginalized groups and communities who need connections to knowledge and intellectual capital assets as well as financial capital to launch, grow, and sustain successful business enterprises

North Carolina & Chatham County Population Growth Rates, By Decade, 1990-2020



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Economic Drivers of Growth

- Massive growth and rising cost of living in core RTP counties
 - Pandemic refugees fleeing nation's major urban centers
 - Chatham Park & MOSAIC
 - Successful business recruitment efforts (e.g., VinFast & Fed Ex)
 - Beneficiary of spillover population and successful business recruitment efforts in surrounding counties (Lee, Randolph, and Guilford).
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Consensus: Unparalleled Opportunities for Minority Entrepreneurs & Small Business

- *There's going to be opportunity that we don't even know about...It's going to create a whole new economy, basically, and...we need to take some time [and figure out] how do we reach [minority entrepreneurs and small business owners] and... position them for success. They're going to be small businesspeople that are gonna come [into the county] from...all over and be real successful as a result of [these development projects]. I would like to figure out how we can help some of the people that are already here and position them to also be successful in that...same realm.*

Local economic development professional




Foundations of Distrust

- County's turbulent history of lethal racial violence

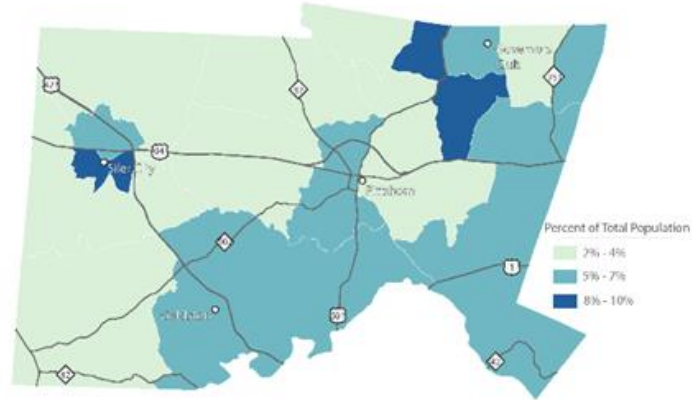
More recent incidents of race- and ethnicity-based disparate treatment

Manifested geographically in a stark pattern of racial and economic segregation within the county.

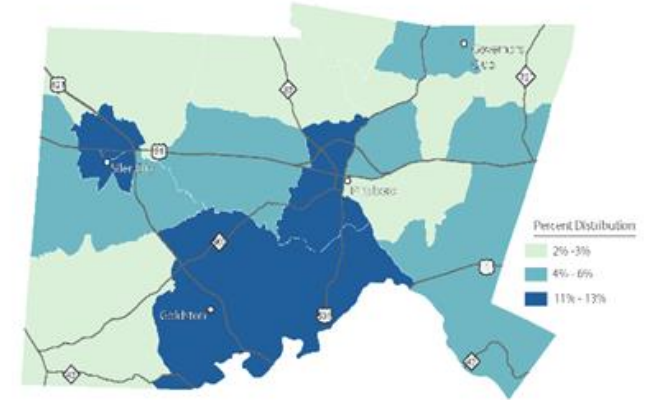


Distribution of Chatham County Population by Race, 2020

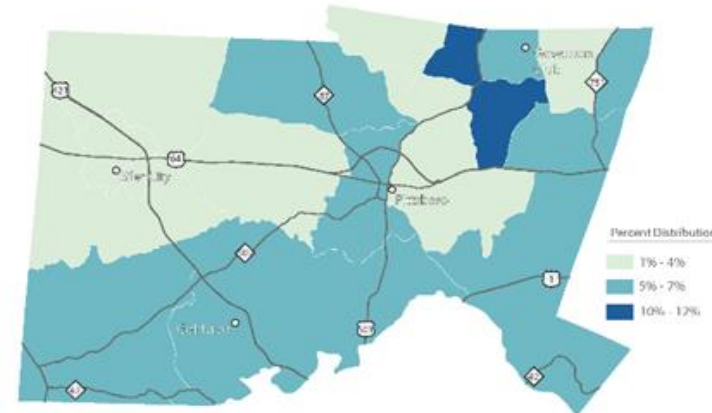
Distribution of Chatham County Total Population by Census Tract, 2020



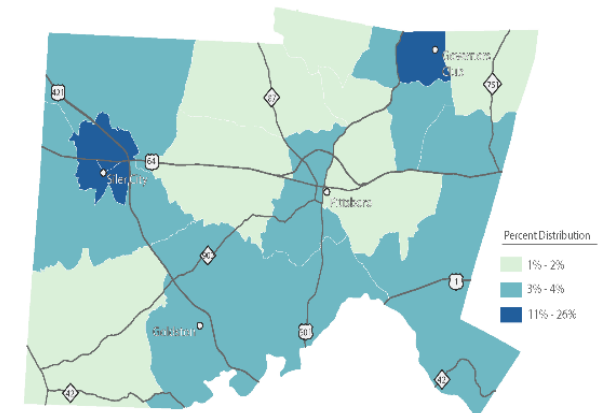
Distribution of Black Population by Census Tract, 2020



Distribution of White Population by Census Tract, 2020

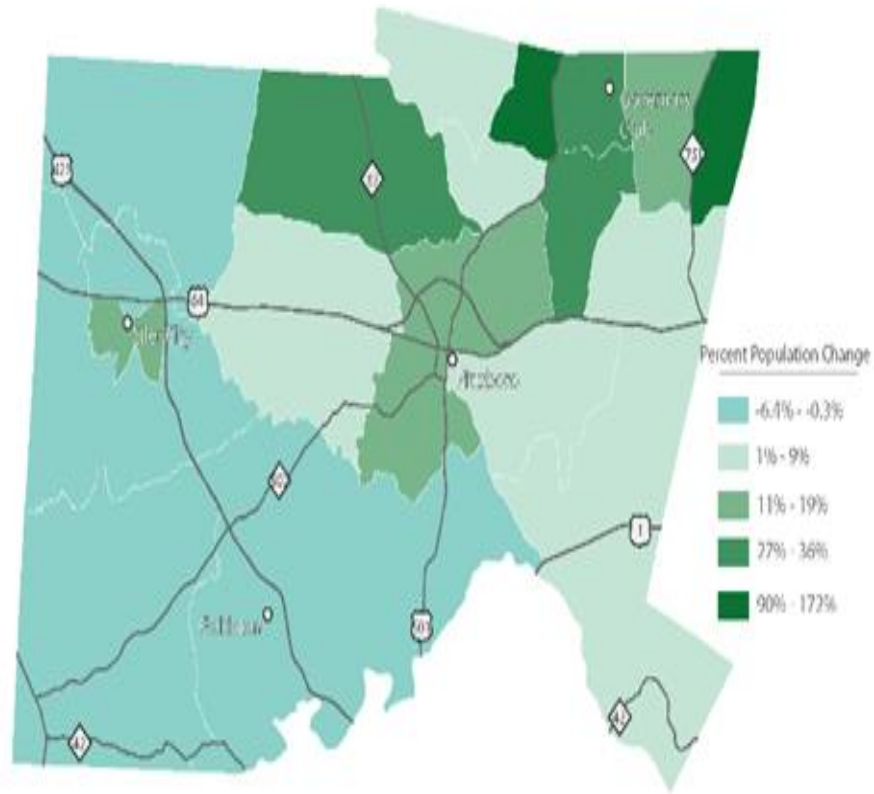


Distribution of Hispanic Population by Census Tract, 2020

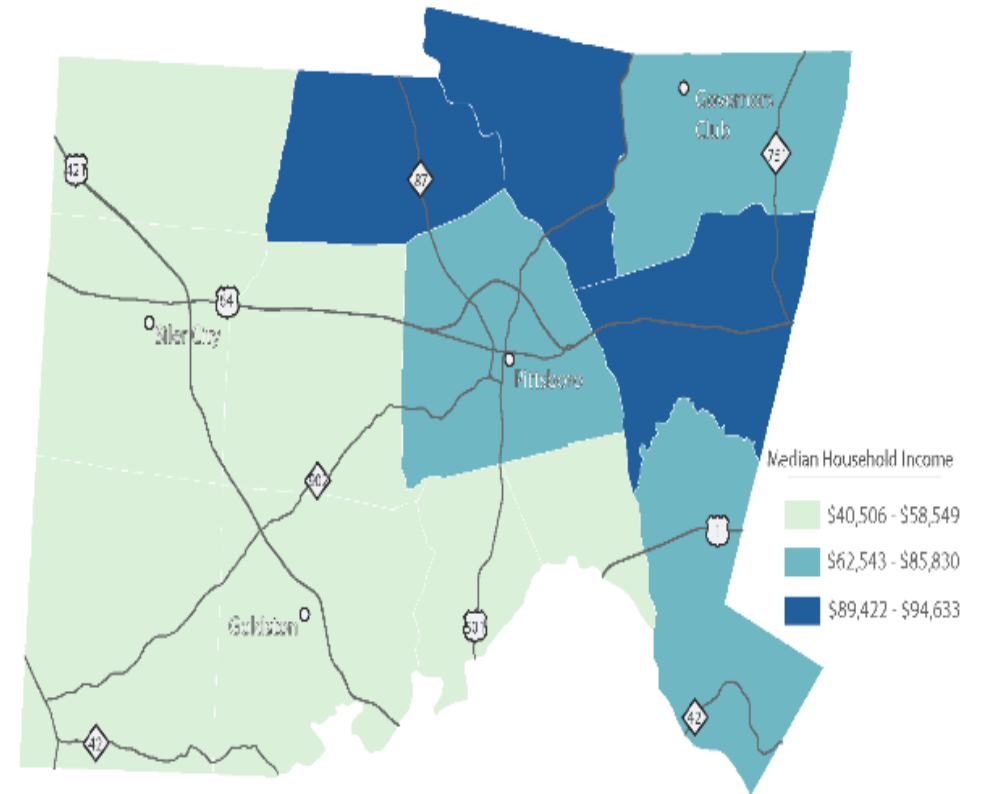


Total Population and Median Household Income, Chatham County, 2020 & 2021

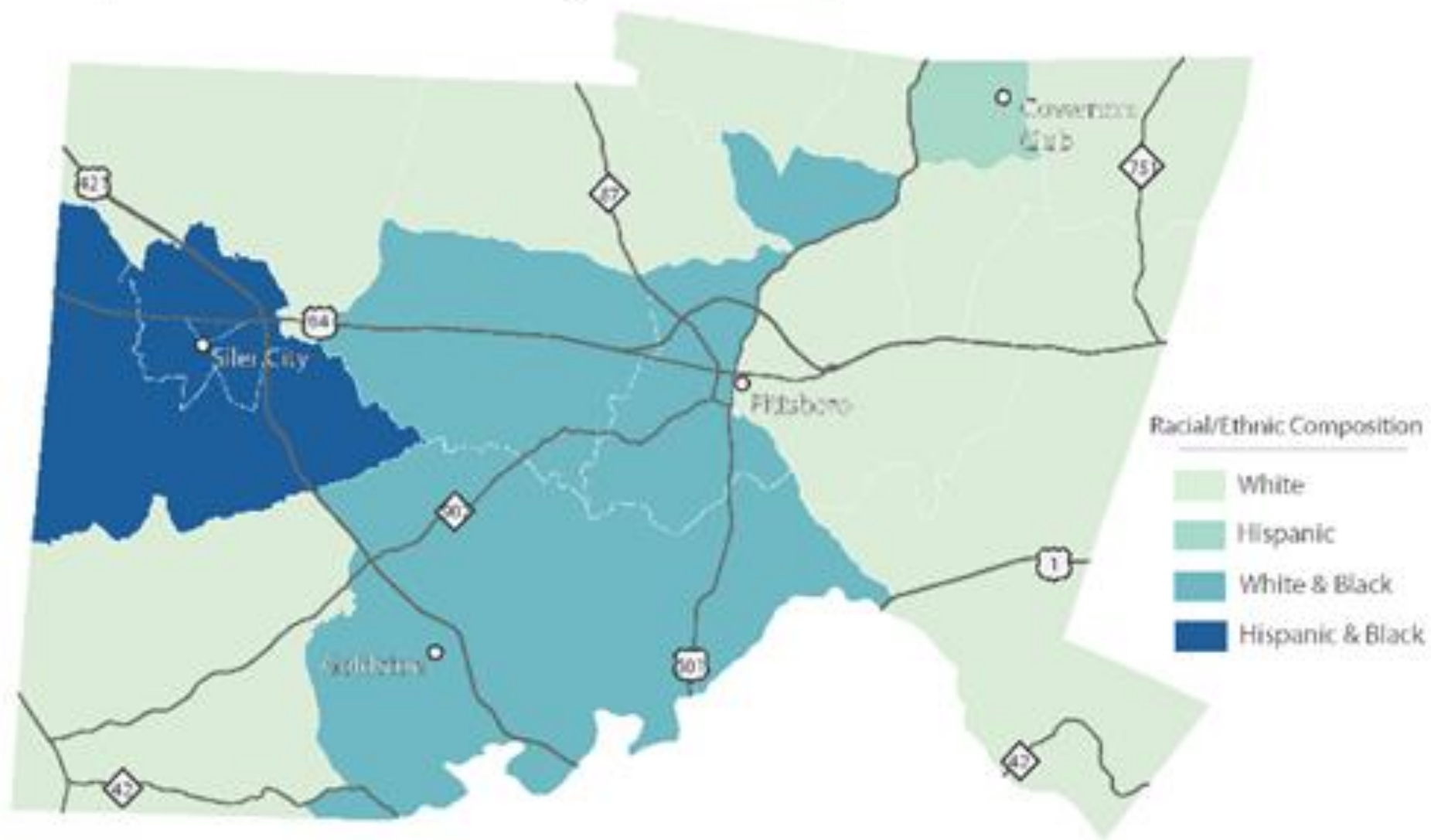
Total Population Change by Census Tract, 2010 - 2020



Chatham County Median Household Income by Township, 2021



Racial Composition of Chatham County Census Tracts, 2020



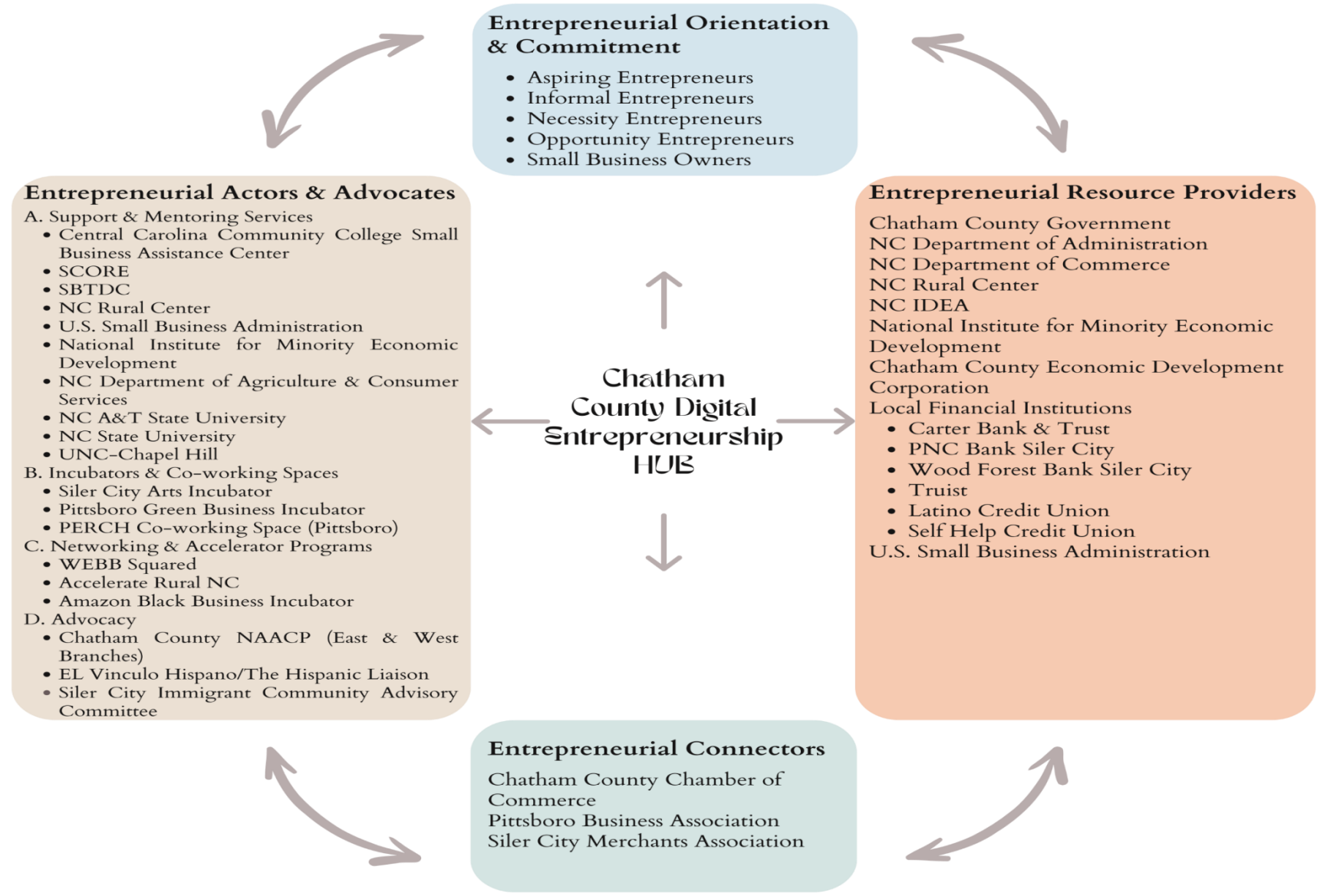
Chatham County Population & Small Business Ownership Shares by Race/Ethnicity & Sex, 2019

Race/Ethnicity	Population 15 and older		Business owners		Over/(Under)-representation*
	Both sexes				
All	62,392	100.0%	4,282	100.0%	100
Hispanic	6,028	9.7%	379	8.9%	(92)
White	46,652	74.8%	3,450	80.6%	108
Black	7,792	12.5%	313	7.3%	(59)
Other	1,920	3.1%	141	3.3%	107
	Male				
All	29,578	100.0%	2,658	100.0%	100
Hispanic	3,117	10.5%	263	9.9%	(94)
White	21,979	74.3%	2,150	80.9%	109
Black	3,636	12.3%	162	6.1%	(50)
Other	846	2.9%	83	3.1%	109
	Female				
All	32,814	100.0%	1,624	100.0%	100
Hispanic	2,911	8.9%	116	7.1%	(81)
White	24,673	75.2%	1,300	80.0%	106
Black	4,156	12.7%	150	9.2%	(73)
Other	1,074	3.3%	58	3.6%	109
* 100 equals parity					

Recommendation #2

- Create a balanced approach to economic development—given that the EDC’s primary mission is business recruitment—by establishing a parallel entity—a Chatham County Innovation Lab—that focuses exclusively on entrepreneurship and small business development.
- Use the proposed Chatham County Innovation Lab to develop a digital one-stop hub for an expanded list of entrepreneurial and small business supports, including resources that exist at the state and federal levels of government as well as in banks and other private sector entities.
- Partner with trusted-messenger organizations in the African American and Hispanic communities to staff the proposed Chatham County Innovations Lab.
- Develop a multi-channel communications strategy and plan to ensure that information flow from the Lab regarding available entrepreneurial supports and resources as well as business opportunities is disseminated via a trusted messenger/trusted messaging system.

A Prototype Chatham County Entrepreneurial & Small Business Ecosystem Digital Hub



Recommendation #3

- Adopt a mission-driven innovation approach to minority entrepreneurship & small business development.
- Leverage the approach by investing in makerspaces, incubators and accelerators, and co-working spaces in minority communities and rural parts of the county where much of the industrial development will occur.
- Sponsor start-up pitch competitions, reverse pitch competitions, and/or innovation challenges in these spaces to generate new business ventures and reimaged or rebranded small businesses capable of responding to mission critical equity issues in the county.



Recommendation #4

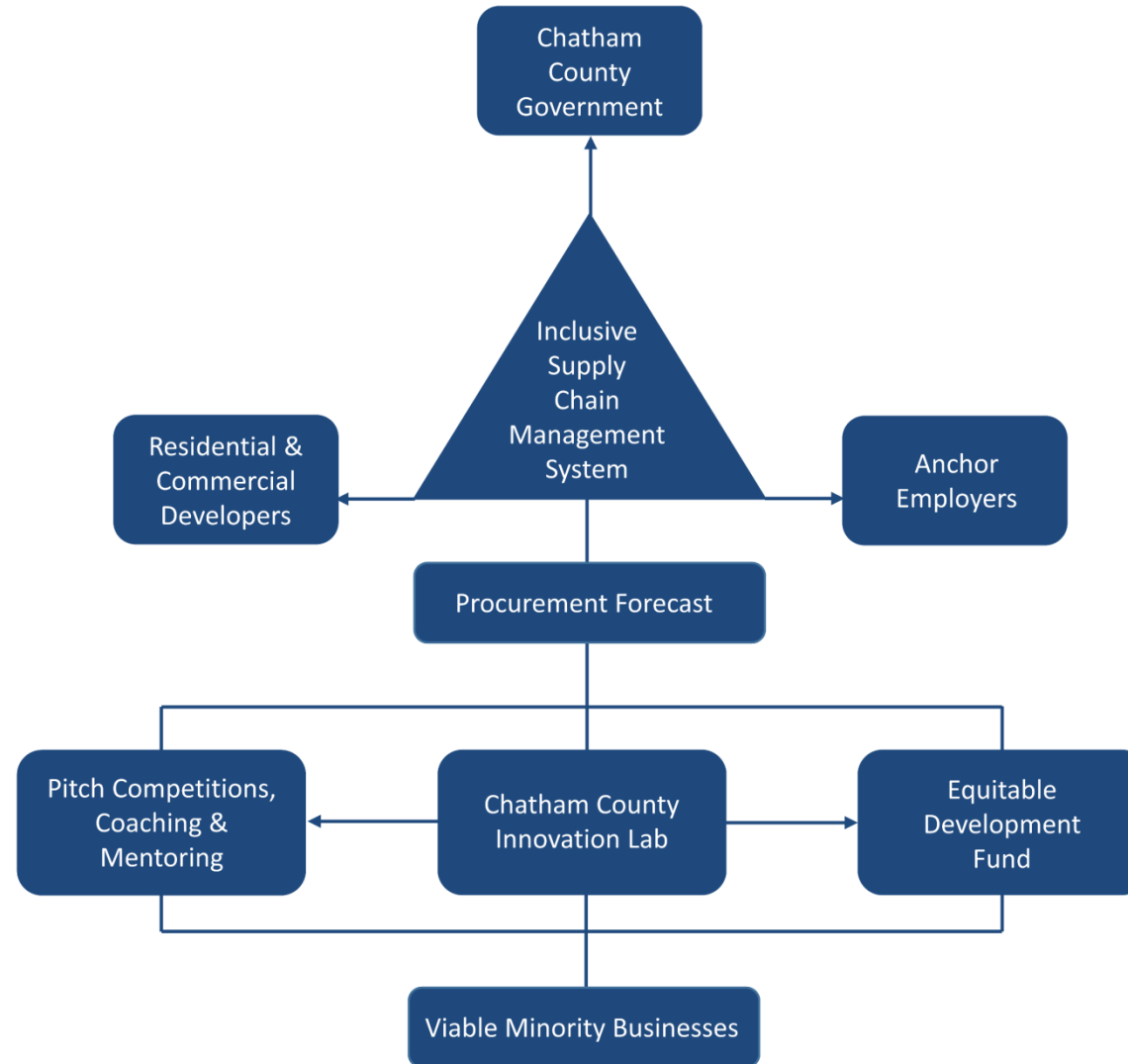
- Leverage government procurement and contracting to grow minority businesses and encourage existing anchor employers as well as newly recruited businesses to leverage their supply chains to facilitate minority business development in Chatham County.
- Invest in an inclusive supply chain management system, that is, a best-in-class e-procurement platform, to connect minorities with education, training, and networking as well as government and private sector contracting and procurement opportunities.
- Populate the platform with resources that will enable informal businesses to transition to formal businesses, thus enabling them to access resources that will further enhance the growth and development of their enterprises.

Table 3: Supplier Diversity Management E-procurement Platforms

E-Procurement Platform	Website
ConnXus	www.connXus.com
Supplier Gateway	https://www.suppliergateway.com/
Tealbook	https://www.tealbook.com/
Supplier.io	https://www.supplier.io/
AdaptOne	https://www.adaptone.com/
IQuantum diversity	https://www.iquantum.ai/
Arkesto	https://arkesto.com/
Bentley Systems	http://www.ebidsystems.com
graphiteConnect	http://graphiteconnect.com
PowerAdvocate	https://www.poweradvocate.com

- Source: Spend Matters Almanac available at <https://spendmatters.com/almanac/category/supplier-management-vendor-management/supplier-diversity-management/>.

A Mission-Driven Innovation Model of Minority Business Development



Recommendation #5

Consider supporting the proposed mission-driven innovation approach outlined in recommendation #3 by launching a Chatham County Equitable Development Fund—an investment vehicle that would provide start-up and growth capital to support minority-owned, mission-driven entrepreneurial venture and small business enterprises.



Table 4: Impact Investment Innovations

Name of Fund
<u>Invest STL</u>
<u>Reinvestment Baltimore Democratizing Development</u>
<u>NFG Chicago Community Loan Fund</u>
<u>Invest Atlanta</u>
<u>Invest Detroit</u>
<u>Propeller Fund—New Orleans</u>
<u>Inclusive Innovations Incubator, Washington, DC</u>
<u>Bay Area Investing</u>
<u>Southern Impact Investing Alliance</u>

- Source: compiled by authors.

Recommendation #5


Invest in impact investment training for County government staff and invite staff from other entrepreneurial support organizations to participate so that moving forward all of the stakeholders in the Chatham County entrepreneurial ecosystem have a keen understanding of the diverse pools of capital and the equity tools that can be leveraged to promote and facilitate minority business development—and inclusive and equitable, place-based community economic development more generally.



To Execute



To Execute

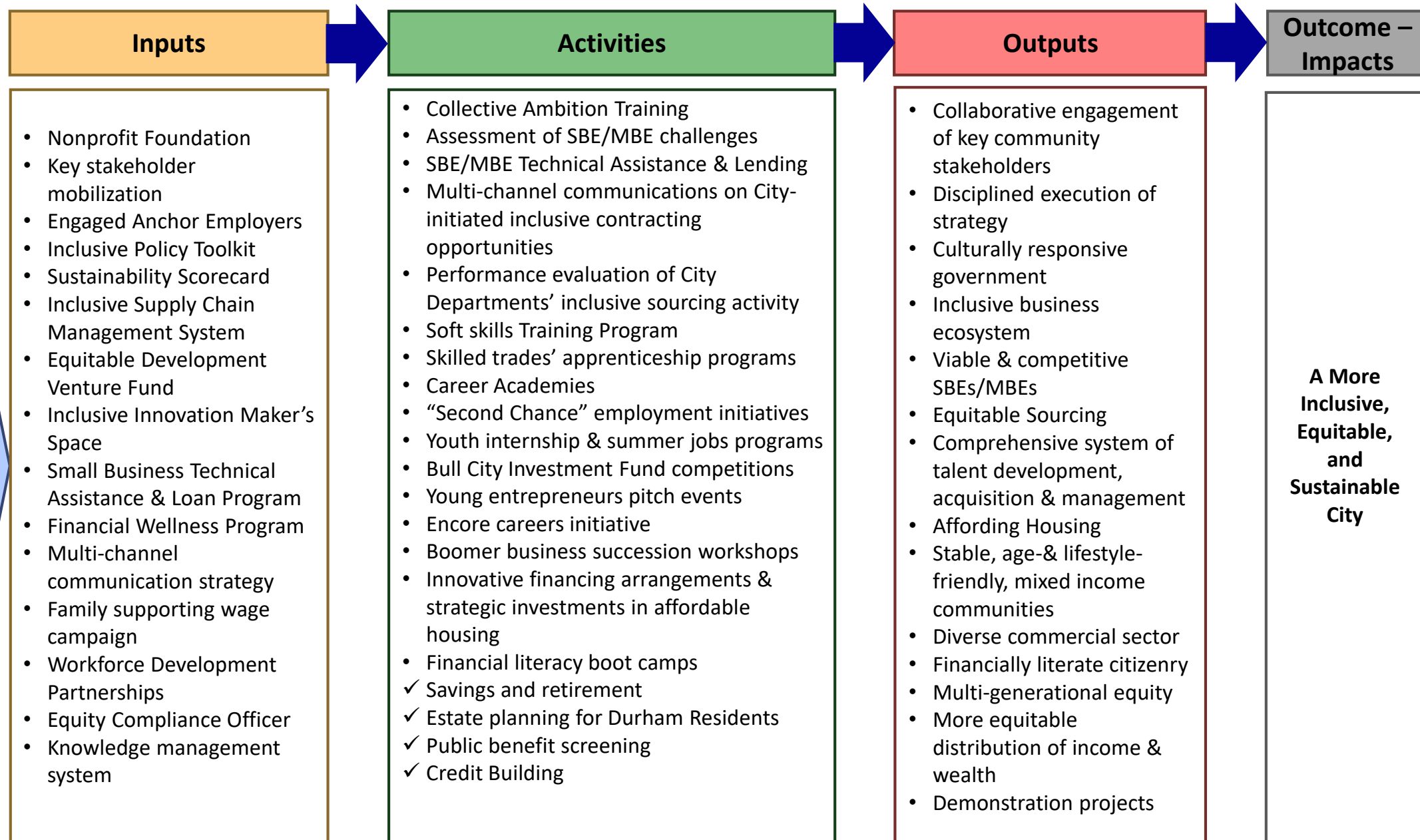
- *...the County must devise an implementation logic model and exploit its convening powers with other key stakeholders in the community and beyond to forge the mutually beneficial strategic alliances required to create and sustain an inclusive and equitable entrepreneur and small business ecosystem...*
- 



An Example

Durham's Built2Last Implementation Logic
Model

Durham's Built2Last Logic Model





The End