



Illinois
Department of Commerce
& Economic Opportunity
OFFICE OF MINORITY ECONOMIC EMPOWERMENT
JB Pritzker, Governor



February 2023

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EXECUTIVE SUMMARY

Introduction

In December 2020, Brookings published a report titled, “To expand the economy, invest in Black businesses.”¹ The report cited the Census Bureau’s 2019 Annual Business Survey, noting that in 2019 there were a total of 5,771,292 employer firms (businesses with more than one employee), of which only 2.3% (134,567) were Black-owned, even though Black people comprise 14.2% of the country’s population. The research shows that focusing on support for Black businesses helps bring jobs and economic development to Black communities while also growing the American economy. This is because according to the data, Black-owned employer businesses hire a high percentage of Black employees, thereby expanding economic opportunity in their communities.

In Illinois, the numbers are similar. According to the most recent American Communities Survey data available², Black people make up approximately 14% of the population. While Black businesses make up approximately 11% of all businesses in Illinois, they comprise only 2% of the state’s 243,465 employer businesses³. This data and the findings from the Black Business Survey serve an impactful purpose: how can Illinois’ stakeholders collaborate to empower and support Black business owners that have long faced systemic barriers to growth?

The Illinois Department of Commerce and Economic Opportunity (DCEO), Chicago State University, and the Chicago Urban League launched the Illinois Black Business Survey in late 2021. This first-of-its-kind statewide Black Business Survey solicited information directly from Black-owned businesses to provide empirical context to better understand the unique challenges facing Black-owned businesses across the state. The Black Business Survey was undertaken with the goal to learn directly from business owners about the challenges and opportunities they faced in order to bring stakeholders together to foster collaborative, impactful support.

Methodology & Survey Information

The Illinois Black Business Survey was an online survey deployed using the Qualtrics platform. It was available for responses during the months of October, November, and December of 2021. The target audience for the survey was Black business owners operating in Illinois. Survey questions were reviewed and approved by the Institutional Review Board prior to the launch of the initiative. Partners utilized email campaigns, webinars, and social media to drive traffic to the survey link.

The survey was designed to provide insights for the purposes of collaborating to support and grow Illinois’ Black businesses. The survey included self-reported data from 1,355 businesses, which is a sampling of the approximately 141,000 Black-owned businesses in Illinois. Additionally, the timing of the survey from October-December 2021 reflects a period where businesses were facing greater levels of uncertainty regarding the COVID-19 pandemic. While the responses reported largely mirror other data sources and trends, conclusions drawn pertain to the group of respondents and are meant to provide a snapshot.

¹ <https://www.brookings.edu/research/black-owned-businesses-in-u-s-cities-the-challenges-solutions-and-opportunities-for-prosperity/>

² U.S. Census Bureau 2021 American Community Survey

³ U.S. Census Bureau 2018 & 2020 Annual Business Survey

Executive Summary - Survey Overview

The questions in the Illinois Black Business Survey sought to understand:

1. The characteristics of Illinois Black businesses
2. The experiences of Black businesses as it relates to financing options
3. Information on the operational and environmental challenges that Black business owners are facing
4. The opportunities for training and development for Black businesses in Illinois

CHARACTERISTICS OF BLACK-OWNED BUSINESSES

Learning more about the characteristics of Illinois Black businesses provides insights that can inform how service providers and organizations can support Black businesses. This section summarizes the characteristics of respondents, including size, number of years in operation, operations and more.

Top Industries:

- Professional services – 12.22%
- Food and Restaurant-Bar – 10.75%
- Education/Social Services – 9.72%
- Retail – 8.98%
- Personal services – 6.77%
- Arts entertainment – 6.33%

Time in Operation:

- 10+ Years – 30.8%
- 3-9 Years – 37.8%
- 2 years or less – 31.4%

Business Size, Revenue & Operations:

- 66% of respondents are microenterprises and solo entrepreneurs who reported no part-time or full-time employees other than themselves
 - Of the 34% of the companies that did have full-time employees, 85% had Black employees working for their business
- 53% of respondents are home-based
- 60% of respondents reported their annual revenues before the pandemic were \$50,000
- 33% reported no impact or an increase in revenue after the onset of the pandemic while 66% reported losses

Gender:

- 64% of survey respondents were Black women business owners

Many Black-owned businesses are microenterprises and solopreneurs, with the majority of respondents earning revenue of less than \$50,000 before the pandemic (60%) and (66%) not having full or part-time employees. However, the respondents who did have employees overwhelmingly reported that they employed Black workers (85%). Consistent with the

Brookings Institute Report, this finding reinforces the idea that helping Black businesses grow expands employment opportunities and overall investment in the Black community.

Over half of businesses (56%) responded that they are not engaged in contracting/procurement opportunities. While not all industries have many potential contracting opportunities, this does represent an opportunity for stakeholders to help businesses receive their certification in order to perform public sector contracting and procurement – especially considering the high percentage of businesses in the professional service sector represented.

In terms of revenue, the COVID-19 pandemic has impacted many businesses, but Black businesses have been affected more acutely. According to data from Block Advisors, more than 59% of small businesses (all demographics) reported less revenue than originally expected post-pandemic. Their study found that more than half of Black-owned small businesses experienced at least a 50% decrease in revenue during the pandemic compared to a 37% decrease in revenue among white business owners.⁴ Among survey respondents, 33% saw no change in revenue or an increase, while 66% of Black businesses reported revenue losses.

The demographics of business owners are considered mature business owners and are majority women-owned (64%).

FINANCING BLACK-OWNED BUSINESSES

Access to capital is routinely cited as one of the biggest challenges for small businesses, especially for entrepreneurs of color. This section explores financing for survey respondents, including COVID-19 related funding from the State.

The primary sources of startup funding for survey respondents:

- Personal Savings (71%)
- Gifts/Loans from Family and Friends (8%)
- Credit Cards (6%)

COVID-19 Support Funding:

- 75% of respondents received COVID-19 support funding from the state or federal government

Personal savings was identified as the primary source of startup funding for survey respondents, which is typical of most entrepreneurs, as personal savings constitutes business owner's equity. The challenge is many Black businesses have much smaller amounts of equity to contribute into their startup business because Black families start from a smaller wealth position compared to white families.⁵ If most businesses' startup capital comes from personal savings such as family wealth, and Black families have significantly lower family wealth, financing is an area where further solutions are needed. It is also important to consider the historical circumstances that contribute to the drastic differences in family wealth positions.

⁴ <https://investors.hrblock.com/news-releases/news-release-details/new-study-reveals-ongoing-revenue-woes-small-businesses-black>

⁵ <https://www.federalreserve.gov/econres/notes/feds-notes/wealth-inequality-and-the-racial-wealth-gap-20211022.htm>

When asked about challenges related to financial management, most businesses identified a lack of access to funding and capital as their top challenge, followed by limited cash flow/insufficient funds to run a business, and insufficient credit/income/collateral to qualify for a loan.

In terms of receiving COVID-19 support, 3 out of 4 respondents shared that they were able to secure financing through COVID-19 relief programs. Business owners responded that they accessed Federal programs such as the SBA's Paycheck Protection Program and Emergency Injury Disaster Loan, as well as State of Illinois grant programs like the Business Interruption Grant (BIG) and the Back to Business grant (B2B). DCEO engaged a statewide network to provide outreach for grants, including partners like the Chicago Urban League and Urban League affiliates.

Lending standards are very formulaic, and many Black businesses face challenges meeting the formula needs to access traditional financial capital, with barriers such as credit score, cash flow, and equity. One interesting finding from the survey was that highly educated business owners were less likely to report facing challenges related to securing bank loans (education effect). This is not to say that those challenges do not exist, but perhaps the training and networks developed while pursuing education help an entrepreneur to navigate the financing process.

OPERATIONAL AND ENVIRONMENTAL CHALLENGES

Establishing a business is just one part of being an entrepreneur. This section explores the findings related to challenges experienced by Black-owned businesses when running their businesses.

Challenges Related to Growth

- In terms of challenges related to growth and expansion, respondents identified the following aspects of business most difficult:
 - Implementing technology (32%)
 - Marketing their products or services (30%)
 - Attracting customers (21%)
 - Diversifying their client/customer base (17%)

A significant number of respondents found it difficult to implement technology. Implementing new technologies will be crucial to Black businesses sustaining operations successfully, in addition to overcoming challenges in the future. Approximately 70% of respondents stated they had a functioning website. Of those that did not have one, 16% indicated they lacked the skillset to create or connections to engage outside support with website development.

In terms of geographic market (or location-based) challenges, many respondents expressed struggling with stagnant business environments in their communities. Organizations looking to support Black businesses should consider providing training and delivering content related to building capacity around the challenges mentioned in the survey – namely business strategies that help companies respond to local geographic and market challenges, and to “pivot” and adjust to the new post-COVID-19 landscape.

As leaders and organizations work to implement solutions to business development challenges, it is important to include the voices and ideas of Black business owners. Making room for Black entrepreneurs and creating on-ramps and platforms for their contribution to solutions will go a long way to acknowledge the pivotal role that they play in creating vibrant economies in communities across the state of Illinois. It will also lend itself to more buy-in, as well as higher quality solutions and interventions to local challenges.

OPPORTUNITIES FOR TRAINING AND DEVELOPMENT

Survey respondents were asked what training and development support the business owner might utilize to help build capacity and successfully navigate challenges. The top three responses were:

- 12.1% Marketing (including advertising, social and traditional media marketing, etc.)
- 12% Accounting (including accounting procedures, expense tracking, budgeting, etc.)
- 11.3% Development (including funding, promoting business to investors, acquiring additional financial and operational resources, etc.)

Service providers may consider offering trainings to strengthen Black business operations, such as basic marketing and accounting practices, and strategies to build out a workforce – putting entrepreneurs in positions to compete better.

When providing professional training to Black business owners, it is important that leaders and business development organizations consider culture. Presenters need to be able to connect with Black business owners and address their questions/concerns related to the topic. If this does not happen, it could deepen the lack of trust and feelings of disconnection that often exists between Black businesses and many service providers.

There are opportunities to help Black businesses build social capital and strengthen networks as well. Leaders and business development organizations need to facilitate impactful networking opportunities, helping Black businesses connect with diverse individuals from all walks of life, with different life experiences and skills to bring to the table.

EXECUTIVE SUMMARY - CONCLUSION

Strategic investments in programming and supports for Black businesses can potentially offer major economic and social returns for individual business owners, local communities, and the overall state economy. This is why the Illinois Black Business Survey was initiated - to gather context, and better understand the unique experience of Black businesses in Illinois. The survey findings will help inform strategic responses to these challenges, support the development of future programs and policies, and will serve as a resource for entities interested in helping Black businesses grow and develop.

BLACK BUSINESS SURVEY REPORT

The report has been divided into the following sections:

- Characteristics of Black Owned Businesses
- Financing Black Owned Businesses
- Challenges Black-Owned Businesses are Facing
- Opportunities for Training and Development
- Key Take-Aways

In each section, the data points gathered from businesses are bulleted for ease of reading. Underlined text is used to emphasize significant points related to the data. You will find **bolded text** to offer insights and context, as well as *italicized text* with supporting data.

An empirical report on an analysis was done by Chicago State University College of Business, looking at survey responses to uncover correlations and determinant factors in the success of Black-owned businesses. Findings are included throughout the survey discussion in **red**.

The full empirical report can be found in Appendix A.

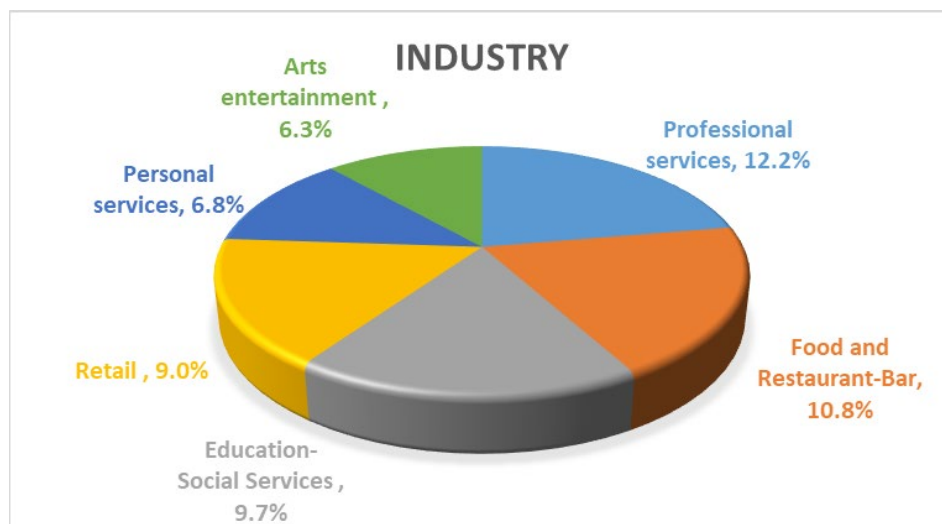
The full list of survey questions is included in Appendix B.

Characteristics of Black-Owned Businesses

A major accomplishment of the survey is the compiling of helpful information on what Black businesses in Illinois “look like.” Having an accurate understanding of the profile and demographics of Black businesses supports efforts to provide support and make connections through outreach. There will be more on outreach later in the report.

There were a number of characteristics covered, starting with the top industries that Black businesses in Illinois operate. Although the top industries for businesses across the state (based on GDP) are **business/financial services, manufacturing, government/governmental enterprises, education, wholesale trade**⁶, for survey respondents the top industries include:

- Top Industries that respondents participate in were as follows:
 - Professional Services – 12.22%
 - Food and Restaurant-Bar – 10.75%
 - Education-Social Services – 9.72%
 - Retail – 8.98%
 - Personal Services – 6.77%
 - Arts and Entertainment – 6.33%



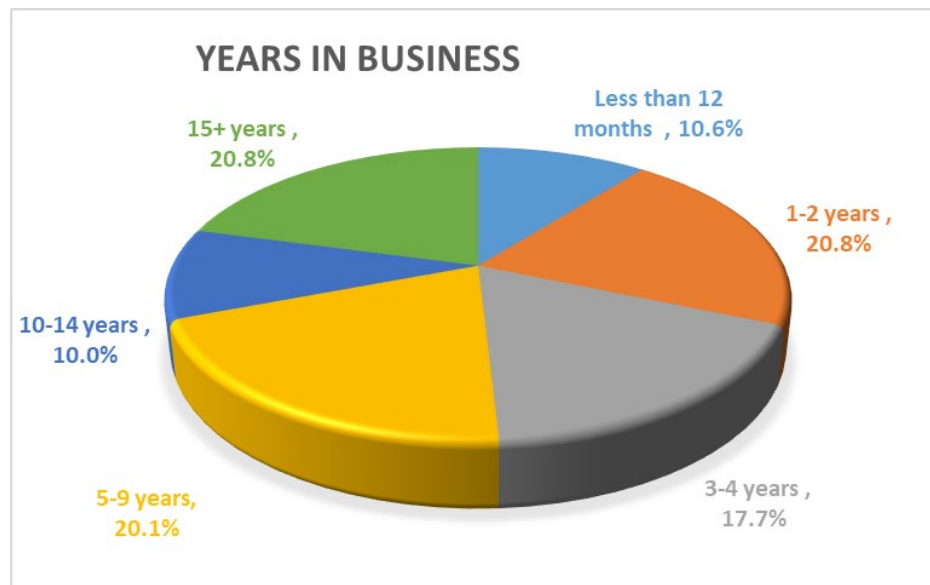
An area of further study for business support organizations to consider is - identify ways to bolster Black business success in industries where they have strong representation, but also work to assist Black entrepreneurs to operate in the major industries⁶ and areas of targeted growth for Illinois' economy.

- In terms of the legal structure chosen by the business owners, the majority of respondents are operating as an LLC – 46.47%: 20% are operating as sole proprietors or in partnerships. The remaining respondents reported operating as another form of corporate entity.

⁶ <https://www.statista.com/statistics/304912/illinois-real-gdp-by-industry/>

More than 30% of respondents been operating for more than 10 years, which demonstrates a great level of stability, especially given that respondents are mostly small businesses.

- Most businesses that responded to the survey have been operating between 3-9 years (38%), while 32% have been operating for less than 2 years and 31% for 10+ years.



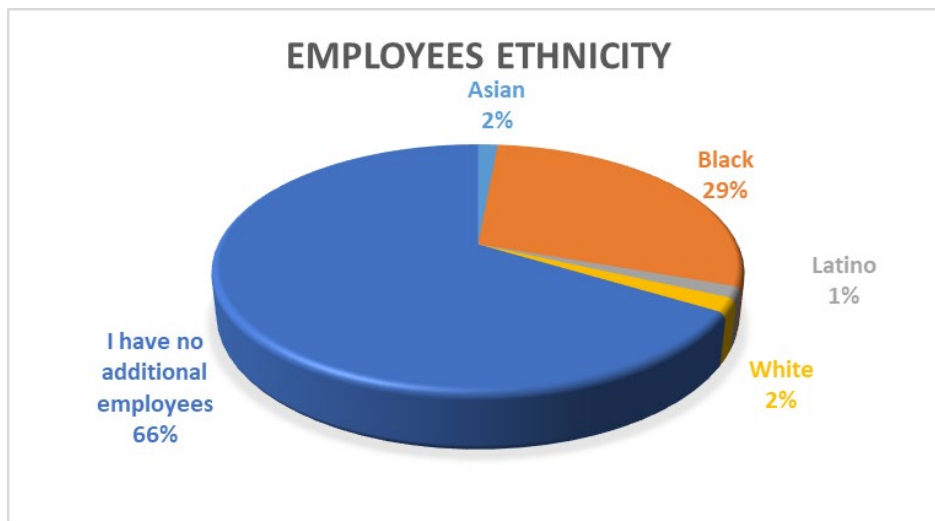
A business having more years of operation is generally a sign of stability. In addition, according to our analysis of survey responses, firms which have been operating for a longer time in the business tend to report that they earn higher revenues (firm age effect). This underscores the importance of support organizations working to help Black businesses become sustainable and remain open.

- From an operational standpoint, 53% of respondents said that their company is home-based. The percentage of companies operating out of brick-and-mortar locations was 36%, with the remaining 11% utilizing coworking or shared work spaces.

The majority of respondents are home-based businesses. Business development service providers should be mindful of this, as home-based businesses often require a different type of technical assistance than brick-and-mortar businesses.

- These business owners overwhelmingly responded that they started the business by themselves – over 80% of the respondents. Of the remaining 20% of respondents, more than half of those businesses (12%) started the company with a partner.
- Businesses responded that the majority (66%) did not have any additional full or part-time employees other than themselves. Of the 34% of companies that did have full-time employees, 85% had Black employees working for the business.

- *Economist Timothy Bates documented in his book, “Banking on Black Enterprise”⁷, that 96% of Black-owned businesses located in minority neighborhoods have workforces that are at least 50% minority, and 87% of Black-owned businesses in non-minority neighborhoods have workforces that are at least 50% minority. This is in contrast to 38% of white-owned companies in the same neighborhoods whose workforces are at least 50% minority.*



Many Black businesses are microenterprises and solopreneurs. Having to “go at it alone” may be a contributing factor to some of the challenges that Black businesses endure (challenges covered later in the report). While some businesses may not be in a position to hire, Black entrepreneurs can still benefit from stronger networks and expanded social capital - an additional point discussed later in the report.

Black businesses often have no employees. However, when they bring on employees, they overwhelmingly hire Black workers. Therefore, supporting Black businesses directly expands employment and overall investment in the Black community.

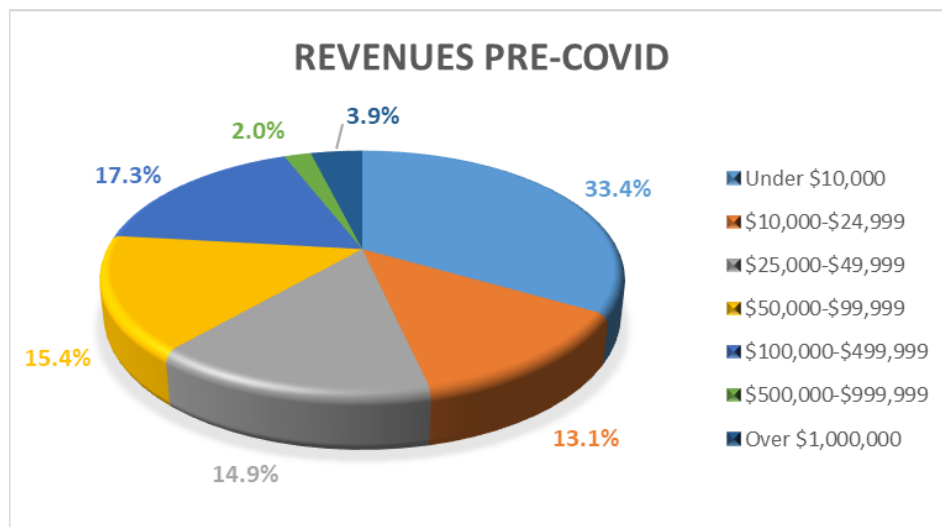
- In responses to the questions on sales and the makeup of the majority of their customer base, respondents shared that 57% comes from consumer sales, 32% is from business-to-business sales, and the remaining 11% is from government.
- Over half of businesses (56%) responded that they are not engaged in contracting/procurement opportunities of any kind. The companies that do engage in these opportunities primarily work with private sector businesses (27%). The remaining 17% of companies responded that they have opportunities with governmental agencies.

⁷ Bates, Timothy. *Banking on Black Enterprise: The Potential of Emerging Firms for Revitalizing Urban Economies*. Joint Center for Political and Economic Studies, 1993.

- The majority of respondents (64.7%) shared that they are not certified as M/WBE, veteran or disabled business owners. 15.6% of respondents have the state of Illinois BEP certification, 10% are certified through their local government, 5.9% had federal certifications.

There are opportunities for service providers to help businesses complete their certification and do public and private sector contracting and procurement – especially considering the number of professional service businesses represented.

- *According to an article in the Harvard Business Review, supplier diversity programs “represent an opportunity to actively join the fight against racial discrimination, create economic opportunity, and enhance their businesses.”*⁸
- The survey question pertaining to business revenues prior to the onset of the COVID-19 pandemic showed that 33% of the respondents had revenues under \$10,000. 17% responded that their revenues were much higher - between \$100,000 to \$499,999. Close to 6% shared that they have revenues over \$500,000.
 - *In May 2020, McKinsey & Co. released an article stating that 58% of Black-owned businesses nationwide were at risk of financial distress before the pandemic, compared with about 27% of white-owned companies.*⁹



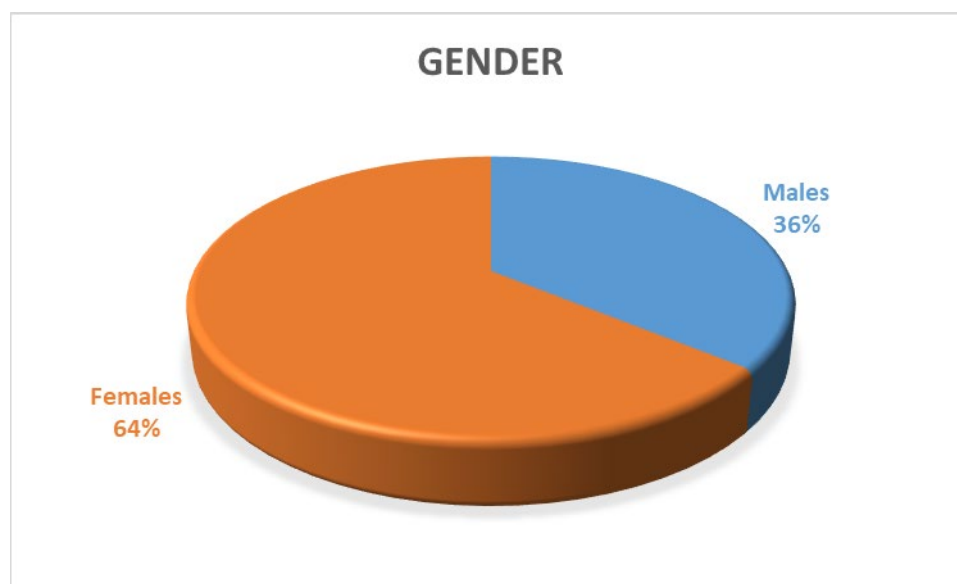
In terms of revenues, Black business respondents were extremely small pre-pandemic – with approximately 60% responding that their revenues were less than \$50,000 annually. Many Black businesses saw no change or an increase in revenue after the onset of the

⁸ <https://hbr.org/2020/08/why-you-need-a-supplier-diversity-program>

⁹ <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19s-effect-on-minority-owned-small-businesses-in-the-united-states>

pandemic (33%), however, approximately 67% of Black businesses reported annual revenue losses of \$10,000+.

- Hardly any of the business owners that completed the survey identified as ages 18-25 (<1%). 19% were between the ages of 26-40, 47% between age 41-55, and 33% were 56+.
- The marital status of the respondents showed that 55% were single (36% with children) and 45% were married (34% with children).
 - *According to U.S. Census data, 30% of Black people are married in the U.S. 45% of survey respondents were married.¹⁰*
- The household size for the business owners that responded ranged from 1 to 6, with nearly 50% saying that 2-3 additional people reside in their household; the remaining 50% were nearly equally divided between just the owner and 4-6 people.
- The majority of the respondents (64%) identified as female, with 34% classifying themselves as males. The balance reported non-binary gender identities or preferred not to say.
 - *In 2021, the Harvard Business Review published an article titled “Black women are more likely to start a business than white men,” which showed that Black women are leading the way to business startups. Black women start businesses at a rate 7% higher than their white female counterparts.¹¹*



¹⁰ <https://www.census.gov/library/stories/2022/07/marriage-prevalence-for-black-adults-varies-by-state.html>

¹¹ <https://hbr.org/2021/05/black-women-are-more-likely-to-start-a-business-than-white-men>

Business owners in this survey are mostly mature in age – 41 and older – with children and families that they are responsible for. This is very important for service providers to consider, as it should inform outreach and engagement efforts.

As it related to business success, *our analysis of survey responses shows that the age of the business owner is not a determinant factor in the success of Black-owned businesses (age effect).* However, we did find *that male-owned businesses tend to be more profitable (gender effect).* This is an area where more study is needed to better understand the causes of the gender effect.

- *A 2016 MOESW study states that although they tend to be less profitable, it is incorrect to say that women-owned businesses “underperform.” The study says that the accurate characterization is to say that women-owned businesses show “constrained performance.” The constraints include the type of business, access to capital, limitations on time to devote to a business due to family caregiving responsibilities, and fewer assets to invest. The study stated that these constraints do not equate to women entrepreneurs being less competent than their male peers.¹²*

An area of further study could be identifying ways to encourage young people to pursue business ownership as a path to success.

- Almost 56% of respondents shared that they are the primary income-earner for their household.
- 52% of respondents reported that income generated from their business is their primary source of income.
- 32% of the business owners that responded to the survey had obtained some form of a professional degree, while 29% had a bachelor's degree, and 20% attended college but did not receive a degree at some point after completing their secondary education.
 - *Based on data obtained from the Census Bureau, respondents exceed the national average of business owners with professional/advance degrees.¹³ The percentage of respondents with 4-year degrees was above the national average. U.S. Census says that 23.5% of Americans have bachelor’s degrees.¹⁴*

Based on responses to this survey, Illinois Black business owners have higher educational attainment than the overall Black community. Black entrepreneurs have about the same level of education as the broader population.

¹²

<https://www.oesw.mn.gov/PDFdocs/Why%20do%20women%20start%20disproportionately%20fewer%20businesses%20than%20menv2.pdf>

¹³ <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p20-578.pdf>

¹⁴ <https://www.census.gov/newsroom/press-releases/2022/educational-attainment.html>

- The survey asked – *What motivated you to want to own your own business?* Of the 18 options, the five most frequent responses were (full list of options in appendix B):
 1. To make a difference in their community
 2. Create something for the future
 3. Be their own boss
 4. Bring an idea or vision to life
 5. Freedom and independence

As a follow-up to the question on motivation, the survey allows respondents to identify influencing factors that assisted with the development of the business. Here, businesses were able to submit a brief comment. Many of the responses were very similar to the following:

- *I needed to trust in and enjoy the foods that I eat and was not finding what I needed on the grocery shelf.*
- *To bring real resources to the Black community and stop the farce of perceived "equity" and blame on the "pandemic" as the reason for ignoring the Black community.*
- *Provide a part of the foundation that will lead to a legacy for me and my family to inspire member's entrepreneurial dreams and success for generations to come.*
- *There are no black owned businesses in my community*
- *Create jobs for all, make products in America by Americans with a good salary*
- *I have 7 felony convictions and went to prison 3 times. Being a business owner has allowed me to completely change my life. Not only change my life, but inspire those around me. It's so many things in life I'm told I can't do, because of my past. This has been the thing I can do.*
- *As a black male having a bachelors degree and 2 associate degrees and no criminal background but always having a difficult time finding employment.*

Many of the Black entrepreneurs that responded to the survey are motivated by outwardly-focused or communal aims. There is an intent to contribute to solutions and address challenges in their community.

In other cases, respondents cited motivations related to self-determination – overcoming personal roadblocks and changing the circumstances of their lives (e.g. being their own boss).

Black entrepreneurs are a major force for good in communities all across the state – addressing Black unemployment and other development needs that often go unmet in the Black community. Ensuring Black businesses have access to quality training and support could amplify the positive impacts of supporting the growth of Black-owned businesses.

Financing Black-Owned Businesses

Access to capital is regularly cited as a barrier to Black entrepreneurs starting and sustaining business. We posed a set of questions on financing to Black businesses in our survey.

- The survey inquired what the primary sources of startup funding were for Black businesses in Illinois. Top three sources reported by survey respondents were:
 - Personal Savings 71%
 - Gifts/Loans from Family and Friends 8%
 - Credit Cards 6%
- In discussing forms of external financing used, just over 25% of Black business owners responded that they leveraged external business funding (business line of credit, business loan, equity investment or factoring receivables), however 74% relied heavily on personal financing - with credit cards making up the majority of financing used (21%).

Personal savings was identified as the primary source of startup funding. This is typical of most entrepreneurs, as personal savings constitutes business owner's equity. The challenge is many Black businesses have much smaller amounts of equity to contribute into their startup business. This is because Black families start from a smaller wealth position.

- *In 2020, the Federal Reserve System published findings of a 2019 survey conducted by studying Consumer Finances. The survey showed that Black median wealth is \$24,100 – 13% that of white families \$188,200, with Hispanic families having median wealth \$36,100 – 50% higher than their Black counterparts.¹⁵*

If startup capital for most businesses comes from personal savings such as family wealth, and we find that Black families have significantly lower family wealth, we identify an area where further solutions are needed. It is also important to consider the historical circumstances that contribute to the drastic differences in family wealth positions. This is significant, and is a major factor related to the challenges Black business owners face today.

- When asked about major issues related to financial management, a lack of access to funding and capital was selected most (31%), followed by limited cash flow/insufficient funds to run a business (27%), and insufficient credit/income/collateral to qualify for a loan (21%) were selected as top issues by respondents.

Lending standards are very formulaic, and many Black businesses struggle to meet the underwriting requirements set by lending institutions (credit score, cash flow, equity, etc.). An area of further study could be finding ways to adjust underwriting standards to allow

¹⁵ <https://www.federalreserve.gov/econres/notes/feds-notes/wealth-inequality-and-the-racial-wealth-gap-20211022.htm>

Black businesses to be assessed on a broader set of characteristics that better demonstrate their talent and capacity to be successful.

Organizations and leaders looking to support Black businesses should also consider ways to strengthen relationships between lending institutions and the Black community. This could mean bringing in staff at banks that better reflect the community and/or building intentional outreach strategies for the Black business community in Illinois. The characteristics of business owners discussed previously in this report should be considered when building outreach strategies.

- Many respondents shared that they are familiar with their personal credit score and the business credit score to secure external funding – important factors related to accessing financing and capital. A resounding 91% stated that they know their personal credit score while only 9% know their business credit score. The business owners identified a median personal credit score of 690.
 - *According to financial services company Nerdwallet.com, business loan providers generally consider a credit score that falls somewhere between 640 and 700 to be good but not excellent. Generally, the minimum credit score for SBA and term loans is around 680.¹⁶*
- When asked how much money Black business owners were seeking in startup funding, the top three answers were "a moderate amount" (59%) "a little" (17%) and "a lot" (9%).
- The next question asked business owners to identify their initial startup capital needs. Entrepreneurs could select ranges of funding as their response. The amount selected most was between \$1,000-4,999 (24%); \$5,000-9,999 (16%) and \$10,000-19,999 (18%).

The distribution of these responses raises opportunities to evaluate the following:

1. **Further study could be done on the need for microloan products to be made available to Black businesses, as well as more outreach and education around existing microloan products.**
2. **There are opportunities to provide support around planning, market research and strategy (mentioned later in the report). Startup ventures are typically capital intensive. Supporting Black entrepreneurs to get a better understanding of what it will take to be successful early in their business lifecycle will help increase the likelihood of sustainable operations.**

Addressing gaps in levels of startup capital is a major issue for Black business success. This is important because our analysis found that respondents with higher initial startup capital tend to earn higher revenues (initial startup capital effect). Assisting Black businesses with startup capital would likely increase the number of Black businesses operating across the state.

In terms of additional ways Black businesses can access capital, non-traditional funding channels such as crowd funding, and institutions like Community Development Financial

¹⁶ https://www.nerdwallet.com/company?trk=nw_gf_5.0

Institutions (CDFIs), could be an area to study further. Equity funding vehicles such as venture capital is not widely available to Black businesses.

Another innovative intervention would be to build capacity at the grassroots community level to infuse equity capital into small Black businesses. Working to build linkages between the community and these businesses may be helpful to increase access to capital.

- Although many business owners responded earlier in the survey that they are unable to secure conventional financing consistently, 3 out of 4 respondents shared that they were able to secure financing through COVID-19 relief programs. Federal programs such as the SBA's Paycheck Protection Program and Emergency Injury Disaster Loan were the most accessible programs. The State of Illinois provided the business owners with financing opportunities through grant programs such as the Business Interruption Grant (BIG) and the Back to Business grant (B2B) to the tune of 13%.

SBA Paycheck Protection Program (PPP)	27.49%
SBA Economic Injury Disaster Loan (EIDL)	23.78%
State of IL or local government grant (BIG Grant, B2B)	12.87%
Private grants or donations	7.50%
Other	4.58%
I have not received emergency relief	23.78%

There was strong outreach throughout the pandemic from the IL DCEO frontline offices – including the IL Office of Minority Economic Empowerment (OMEE) and the IL Regional Economic Development Team (Team RED). The Chicago Urban League, and Urban League affiliates throughout the state were also part of outreach efforts to support minority businesses throughout the pandemic. In addition, DCEO implemented the Community Navigators program, which created a network of spoke and hub organizations across the state to support businesses in making application to all COVID-19 relief programs.

Challenges Impacting Black-Owned Businesses

According to an article from CNBC, nationwide Black-owned businesses lag behind their white counterparts substantially in sales, profits, employment, and survival. Eight out of 10 Black-owned businesses fail within the first 18 months. This speaks to the challenges that many Black businesses face. This survey inquired about the challenges and mitigating factors that Black business owners faced throughout the life cycle of their endeavor. Questions in this section covered issues related to hiring employees, general growth and expansion, as well as geographic challenges.

- When asked about human resource challenges, the hiring of qualified individuals due to cost was the challenge selected most by respondents (33%), with the cost of benefits and health care next (29.7%), followed by lack of access to qualified employees (23.5%) and difficulty retaining employees (13.6%).

Survey data shows that the majority of respondents do not have employees and have started their business alone. In light of responses to this question, support organizations may consider helping companies build a team to support their operations – or develop a plan for doing so.

- 70% of respondents stated that they have a functioning website. Of the firms that did not have a website, 21% are in favor of a website but had not gotten around to it, 16% stated that cost is a factor, while 16% lack the skillset to develop a site or do not have knowledge of any company to do so.
- In terms of challenges related to growth and expansion, respondents identified the following aspects of business most difficult: implementing technology (32%), marketing their products or services (30%), attracting customers (21%) and diversifying their client/customer base (17%).

Implementing new strategies and technologies will be crucial to the success of Black businesses in the future. Organizations looking to support Black businesses should consider delivering training content that will build capacity related to business development and marketing as well as integrating technology into their marketing tactics. Training should also focus on helping companies “pivot” and adjust to the new COVID-19 landscape.

- The survey asked about geographical challenges as well, allowing business owners to identify the most pressing issue related to their physical location. The top three challenges were – stalled or stagnant local business environment (26%), lack of access to affordable brick-and-mortar locations (22%) and lack of access to buildings that accommodate business needs (20%). Additional geographic challenges identified were neighborhood safety concerns (13%), oversaturated market in their area (11%) and neighborhood walkability/transportation issues (8%).

In terms of geographic market (or location-based) challenges, many respondents seem to struggle with stagnant business environments in their communities. This is another element of the need for support around business development strategies. Service providers should help Black businesses build strong plans to tap into or create commercial opportunities. A strong plan will help Black businesses be sustainable and persevere through geographic challenges.

- Business owners were asked questions about challenges related to being excluded – namely from business and financing opportunities. This question speaks to the systemic obstacles that many Black entrepreneurs may encounter in efforts to operate a business. Respondents identified difficulty securing financing from banks as the top challenge (33%), followed by being restricted by the "Good Ol' Boy" network (28%), discriminatory and racist practices (21%) and difficulties bidding/winning contracts (19%).
 - *According to the Federal Reserve, 80.2% of white business owners receive at least a percentage of the funding they request from a bank, compared to 66.4% of Black business owners.*¹⁷

Feelings of exclusion speak to a longstanding disconnect between Black businesses and institutional funding opportunities. In order for Black businesses to compete, there will need to be more support from traditional financial institutions.

An interesting finding from our analysis was that highly educated business owners are less likely to report facing exclusion challenges related to securing bank loans and discriminatory practices (education effect). This is not to say that challenges do not still exist for these individuals, but perhaps the training and networks developed while pursuing education help an entrepreneur to navigate the financing process.

As leaders and organizations work to respond to challenges, it is important to elevate the voices of Black business owners. Making room for Black entrepreneurs and creating on-ramps and platforms for their contribution to solutions will go a long way to acknowledge the pivotal role that they play in the economic success of our state. It will also lend itself to more buy-in, as well as higher quality solutions and interventions.

Opportunities for Training and Development

Capacity building and skills development are important to success in business. There were questions in the Black Business Survey about training and development that the business owner might have utilized. Respondents could select more than one answer. The top three responses regarding needs were:

- Marketing (including advertising, social and traditional media marketing, etc.) - 12.1%
- Accounting (including accounting procedures, expense tracking, budgeting, etc.) - 11.9%

¹⁷ <https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.html>

- Development (including funding, promoting business to investors, acquiring additional financial and operational resources, etc.) - 11.3%

The least sought out trainings were:

- Communications - Internal (including employee communications, updates, conflict management, etc.) - 7.2%
- Human Resources Management (including hiring, training, performance management, terminations, etc.) - 7.4%
- Operational Management (including business processes and planning, managing facilities and resources, etc.) - 9.2%

When bringing trainings to Black business owners, it is important that leaders and business development organizations consider culture. Presenters need to be able to connect with Black business owners and address their concerns related to the topic. If this is not done, it could deepen the lack of trust and feelings of disconnection that often exists between Black businesses and many business development resource providers.

In addition to training, the survey asks about formal and informal supports Black businesses rely on. Respondents were offered 7 options in the survey and could select more than one. Below, responses are ranked – with #1 being most selected and #7 being least selected:

1. Mentoring (friends, family, industry contacts) - 23%
2. Personal Intuition (gut instincts) - 19.1%
3. Educational Courses/Workshops - 19%
4. Professional service providers (accountant, lawyer, financial planner) - 14.5%
5. Small Business Development Centers (SBDCs) - 14%
6. Anything else (other) 5.4% – Responses in this section were very similar to the following:
 - Partnerships with other Black businesses
 - Industry Networking groups
 - Spiritual Guidance-Prayer and Faith in God
 - Personal Self Education
 - YouTube, Content creators
7. Incubators/accelerators 5.3%

Black businesses responded that they depend heavily on mentors (including friends and family). This is a powerful attribute, as it is in line with the communal motivations of many Black business owners (mentioned in the Characteristics section). However, it can be a barrier to growth in business. This is because a limited network often translates into limited economic opportunities. It also speaks to a reality that Black businesses do not always see institutional supports as trusted resources for support.

In some instances, entrepreneurs may be paying for services and information that they could be getting for free. It could be helpful for business development organizations and community leaders to work to ensure entrepreneurs feel connected to the institutional resources and supports that exist. It is important to be consistent with support offerings.

This will help build trust so that entrepreneurs feel more confident reaching out for assistance.

Black businesses would benefit from opportunities to build social capital and strengthen professional networks. Leaders and business development organizations could help by facilitating impactful networking opportunities, helping Black businesses connect with diverse individuals from all walks of life, with different life experiences and skills to bring to the table.

- The survey inquired about whether or not research and planning was conducted by business owners prior to starting their business. Of the more than 1,300 responses, just over 60% stated that they had conducted market research for the industry and/or geographic area. Also, nearly 60% stated that they developed a written business plan.

There are numerous factors that contribute to the unique challenges that Black businesses face. Proper planning and research will not neutralize all challenges, but this will certainly help to mitigate many of the simpler issues that stifle Black business success. There is great work being done through the IL SBDC and Urban League network throughout the State of Illinois, and many of the members of the IL DCEO's Black Business Collective to support business planning. There is also a strong commitment from stakeholders to work together and find solutions in collaboration.

KEY TAKE-AWAYS & RECOMMENDATIONS

- Characteristics of Black-Owned Businesses – Black businesses are purpose-driven community builders. Many of the business characteristics gathered, including education levels, years in business, industries, motivations, and hiring practices indicate that there is great energy in the Black business community. Black entrepreneurs are a major force for good in communities all across the state. Therefore, working to grow Black businesses directly expands employment and overall investment in the Black community.

Recommendations:

Community leaders and business development organizations should consider the characteristics of Black businesses and work to tailor support. A continued commitment to coaching and advising will be crucial to the success of Black businesses in Illinois. Those in position to provide advice and guidance to Black businesses would benefit from taking a tailored approach to outreach and support.

Many Black businesses responded that they are not certified as minority businesses, and do not engage in business with the public sector

- **There are opportunities to help businesses receive their certification and do public sector contracting and procurement – especially considering the number of professional service businesses represented.**
- **In terms of reasons for starting a business, survey responses indicate that Black entrepreneurs are motivated by outwardly focused or communal aims. There is an intent to contribute to solutions and address challenges in their community. This is a very special cultural attribute. With more support and resources, the communal motivations that Black business owners expressed could translate into deep impact and contribute to remedying many social challenges.**
- **There were many long-standing Black businesses that responded to the survey. In addition, according to our analysis of survey responses, firms which have been operating for a longer time in the business tend to report that they earn higher revenues (firm age effect). This underscores the importance of support organizations working to help Black businesses become sustainable and remain open.**
- **An area of further study for business support organizations to consider is - identify ways to bolster Black business success in industries where they have strong representation, but also work to assist Black entrepreneurs to operate in the major industries and areas of targeted growth for the**

Illinois economy. This would be an innovative response to supporting the needs of the Black business community. It would also fill gaps in the business development landscape.

- Financing Black-Owned Businesses – There are still long standing disconnects between lending institutions and Black businesses. There is work to be done to improve matters – lending institutions could do more to reconsider standards for assessing risk of businesses, and Black entrepreneurs can build a knowledge base around the attributes of business financing. Ultimately there was important information uncovered to help make advancements in finance and capital.
- Recommendations:
 - **Personal savings was identified as the primary source of startup funding. This is typical of most entrepreneurs, as personal savings constitutes business owner’s equity. Black families start from a smaller wealth position than the population as a whole and therefore, have less equity to invest in their businesses. If most businesses’ startup capital comes from personal savings such as family wealth, and we find that Black families have significantly lower family wealth, we identify an area where further solutions are needed. It is also important to consider the historical circumstances that contribute to the drastic differences in family wealth positions. This is significant, and is a major factor related to the challenges Black business owners face today.**
 - **Addressing gaps in levels of startup capital will be very important to supporting Black business success. This is important because our analysis found that respondents with higher initial startup capital tend to earn higher revenues (initial startup capital effect).** Assisting Black businesses with startup capital would likely increase the number of Black businesses operating across the state. Service providers should consider ways to leverage resources and create startup capital programs to help address this issue.
 - **Raising awareness for non-traditional funding channels such as crowd funding, and institutions like CDFIs, could be an area to study further.**
 - **Continue raising awareness about small business support resources available through the state, such as Advantage Illinois Loans and technical support through Small Business Development Centers across the state.**
 - **Another innovative intervention would be building capacity/a vehicle at the grassroots community level to infuse equity capital into small Black businesses. There could be community members with interest and capacity to invest. Working to build linkages between the community and these businesses may be helpful.**

- **Lending standards are very formulaic, and many Black businesses struggle to meet the underwriting requirements set by lending institutions (credit score, business location, cash flow, equity, etc.). An area of further study could be finding ways to adjust underwriting standards to allow Black businesses to be assessed on a broader set of characteristics that better demonstrate their talent and capacity to be successful.**
- **Lending leaders looking to support Black businesses should consider ways to strengthen relationships between lending institutions and the Black community. This could mean bringing in staff at banks that better reflect the community and/or building intentional outreach strategies for the Black business community in Illinois.**
- **Coaching and advising will be crucial to the success of Black businesses in Illinois. Supporting Black entrepreneurs to get a better understanding of what it will take to be successful early in their business lifecycle (more training and education on planning and strategy) will help increase the likelihood of sustainable operations.**
- **There was strong outreach throughout the pandemic from the IL DCEO frontline offices – including the IL Office of Minority Economic Empowerment (OMEE) and the IL Regional Economic Development Team (Team RED). The Chicago Urban League and Urban League affiliates throughout the state were also part of outreach efforts to support minority businesses throughout the pandemic. In addition, DCEO implemented the Community Navigators program, which created a network of spoke and hub organizations across the state to support businesses in making application to all COVID-19 relief programs.**
- **Challenges Impacting Black-Owned Businesses – Challenges can be seen as opportunities when viewed from a different vantage point. These are often the areas where the most change or growth is possible. Black businesses in Illinois shared issues related to staffing, technology, and their geographic market locations. Addressing these challenges could do a lot to change the circumstances of Black businesses in Illinois**
- **Recommendations:**
 - **Many Black businesses started their company alone and they often do not have employees.**
 - **Support organizations may consider helping companies build a team to support their operations – or develop a plan for doing so.**
 - **Implementing new strategies and technologies will be crucial to the success of Black businesses in the future. Organizations looking to**

support Black businesses should consider delivering training content that will build capacity and allow entrepreneurs to respond to the challenges mentioned in the survey. Training should also focus on helping companies “pivot” and adjust to the new COVID-19 landscape.

- **In terms of geographic market (or location-based) challenges, many respondents seem to struggle with stagnant business environments in their communities. This is another element of the need for support around business development strategies. Service providers should help Black businesses build strong plans to tap into or create commercial opportunities. A strong plan will help Black businesses be sustainable and persevere through geographic challenges**

Feelings of exclusion speak to a longstanding disconnect between Black businesses and institutional funding opportunities. In order for Black businesses to compete, there will need to be more support from traditional financial institutions.

- **An interesting finding from our analysis was that highly educated business owners are less likely to report facing exclusion challenges related to securing bank loans and discriminatory practices (education effect). This is not to say that those challenges do not still exist for these individuals, but perhaps the training and networks developed while pursuing education can help an entrepreneur to navigate the financing process.**
- **As leaders and organizations work to respond to challenges, it is important to elevate the voices of Black business owners. Making room for Black entrepreneurs and creating on-ramps and platforms for their contribution to solutions will go a long way to acknowledge the pivotal role that they play in the economic success of our state. It will also lend itself to more buy-in, as well as higher quality solutions and interventions.**
- Opportunities for Training & Development – Based on survey responses, Black businesses in Illinois have a unique approach to finding information to support their operations. There is a strong emphasis on business owners’ personal contacts and their own intuition. This works to reinforce a strong sense of community but can inadvertently disconnect a person from expanding their networks and access to information. Black business owners indicated they are interested in participating in trainings and workshops to improve their operations. The following are things that leaders should be aware of in working to support training and development for Black businesses.
- Recommendations:

- **When bringing trainings to Black business owners, it is important that leaders and business development organizations consider culture. Presenters need to be able to connect with Black business owners and address their concerns related to the topic. If this is not done, it could deepen the lack of trust and feelings of disconnection that often exists between Black businesses and many businesses development resources.**
- **Black businesses responded that they depend heavily on mentors (including friends and family). This is a powerful attribute, as it is in line with the communal motivations of many Black business owners (mentioned in the Characteristics section). However, it can be a barrier to growth in business. This is because a limited network often translates into limited economic opportunities. It also speaks to a reality that Black businesses do not always see institutional supports as trusted resources for support.**
- **In some instances, entrepreneurs may be paying for services and information that they could be getting for free. There is a clear disconnect, and it is likely contributing to the struggles that Black businesses endure. It could be helpful for business development organizations and community leaders to work to ensure entrepreneurs feel connected to the institutional resources and supports that exist. It is important to be consistent with support offerings. This will help build trust so that entrepreneurs feel more confident reaching out for assistance.**
- **Black businesses would benefit from opportunities to build social capital and strengthen professional networks. Leaders and business development organizations could help by facilitating impactful networking opportunities, assisting helping Black businesses to connect with diverse individuals from all walks of life, with different life experiences and skills to bring to the table.**
- **There are numerous factors that contribute to the unique challenges that Black businesses face. Proper planning and research will not neutralize all challenges, but this will certainly help to mitigate many of the simpler issues that stifle Black business success. There is great work being done through the IL SBDC and Urban League network throughout the state of Illinois, and many of the members of the IL DCEO's Black Business Collective to support business planning.**

Appendix A - Black Business Survey Research Report

1. Introduction

In the current empirical study, we attempt to take a step on the path of identifying the main factors which influence the success of Black-owned business, using a sample of 1,355 respondents who participated in the Illinois Black Business Survey. Our fundamental research question is to examine the main factors which influence Black-owned business in Illinois. To address this research question, we employ various model specifications that differ in the dependent (the success of Black-owned business) and independent variables. More specifically, we control for three main demographic variables of the business owner (namely, education, gender, and age) as well as the age and the initial startup capital of the business, and then we approach the relationship between these potential determinant factors and the profitability and various challenges faced by Black-owned businesses in Illinois. Table 1 defines all the variables used in the study and contains the definition and measurement details for key variables used in the report.

2. Education effect

The first demographic variable that we consider is examining the impact of the education level of the business owner on the success of Black-owned business from a variety of perspectives. For notational purposes, denote by $Education_i$ the highest level of educational attainment, proxied by a dummy variable that takes a value of 1 for those who have a 4-year degree or higher (responded 5, 6, and 7 to question (45) in the survey), and zero otherwise. To address this research question, we first allow education to influence the firm's revenue as a single predictor, as follows

$$Revenue_i = \alpha + \beta Education_i + \varepsilon_i, \quad (1)$$

Where $Revenue_i$ refers to the reported revenues of Black-owned business i and proxied by a dummy variable that takes a value of 1 for annual gross revenues greater than \$50,000 (responded 4, 5, 6, and 7 to question (32) in the survey), and zero otherwise.

We also model the impact of education on various challenges faced by Black-owned businesses in Illinois in different ways by controlling for three effects. First, we examine the influence of the educational level of the business owner on contractual opportunities. To this end, we run the following univariate regression

$$Difficulty_i = \alpha + \beta Education_i + \varepsilon_i, \quad (2)$$

Where $Difficulty_i$ refers to difficulty in contracting opportunities proxied by a dummy variable that takes a value of 1 for those respondents who chose ‘difficulty bidding/winning contracts’ as the primary exclusion challenge faced by Black-owned businesses in Illinois (i.e., those who responded 1 to question 13 in the survey), and zero for those who chose other challenges such as securing bank loans, lack access to connections, and discriminatory practices (i.e., those who responded 2, 3, and 4 to question (13) in the survey). Analogously, we regress $Education$ on $Connection$, using the following regression

$$Connection_i = \alpha + \beta Education_i + \varepsilon_i, \quad (3)$$

Where $Connection_i$ refers to ‘limited connections’ and proxied by a dummy variable that takes a value of one for those who responded “Lack access to connections” (responded 3 to question (13) in the survey) as the primary exclusion challenge, and zero otherwise. Lastly, we examine the influence of the educational level of the business owner on the ability to access capital as follows

$$Capital_i = \alpha + \beta Education_i + \varepsilon_i, \quad (4)$$

where $Capital_i$ refers to ‘lack access to funding and capital’ and proxied by a dummy variable that takes a value of 1 for those who responded “lack access to funding and capital” (responded 1 to question (9) in the survey) as the primary financial/risk management challenge, and zero for other challenges, including limited cash flow, lack access to financial planning, difficulties securing insurance, and insufficient credit/income to qualify for a loan.

Table 2 presents the estimation results of Equations (1)–(4). Panel A of Table 2 presents summary statistics of the highest level of educational attainment and shows that most of the respondents to the survey hold a professional degree (192 out of 601) and a 4-year degree (173 out of 601). Panel B of Table 2 reveals that education does not have a significant impact on the reported revenues. By contrast, Panels C and D of Table 2 show that the education coefficient estimates are significantly (at least 5% level) positive, suggesting that highly educated business owners are less likely to face exclusion challenges related to securing bank loans and discriminatory practices. Nevertheless, Panel E of Table 2 shows that there is no significant relationship between education and lack access to funding and capital as a primary financial/risk management challenge.

3. Gender effect

Moving on to our second demographic variable, our focus now is investigating the gender impact (i.e., male versus female). As shown in Panel A of Table 3, most of the respondents to the survey were woman-owned businesses (around 64% of the participants in the survey). For notational purposes, denote by *Gender* a dummy variable that takes a value of 1 for male (responded 1 to question (40) in the survey), and zero otherwise. Given such setup, we examine the impact of gender on the reported revenues using the following regression

$$Revenue_i = \alpha + \beta Gender_i + \varepsilon_i, \quad (5)$$

We next examine the relation between gender and various challenges (measured by *Difficulty*, *Connection* and *Capital* variables) faced by Black-owned businesses in Illinois. Analogously, we regress *Gender* on *Difficulty*, *Connection* and *Capital* variables, separately, as follows

$$Difficulty_i = \alpha + \beta Gender_i + \varepsilon_i, \quad (6)$$

$$Connection_i = \alpha + \beta Gender_i + \varepsilon_i, \quad (7)$$

$$Capital_i = \alpha + \beta Gender_i + \varepsilon_i, \quad (8)$$

Results are reported in Table 3. Results in Panel B of Table 3 show that the gender coefficient estimate is significantly (at 1% level) positive, suggesting that male-owned businesses tend to be more profitable. Conversely, Panels C, D, and E of Table 3 reveal that the gender of the business owner does not have a significant influence (at the 5% level) on contracting opportunities, connections, and the ability to access capital, respectively.

4. Age effect

The third demographic variable that we consider is the age of the business owner, proxied by *Age* dummy variable that takes a value of 1 for those who are less than 25 years old (responded 1 to question (38) in the survey), and zero otherwise. Table 4 presents the results of examining the impact of age on *Revenue* (Panel B), *Difficulty* (Panel C), *Connection* (Panel D) and *Capital* (Panel E) variables. Nevertheless, Table 4 shows that the age of the business owner is not a determinant factor in the success of Black-owned businesses.

5. Firm Age effect

Table 5 summarizes the coefficient estimates of regressing *firm_age* (proxied by a dummy variable that takes a value of 1 for those businesses which have been in the business for less than 4 years, and zero otherwise) on *Revenue* (Panel B), *Difficulty* (Panel C), *Connection* (Panel D) and *Capital* (Panel E) variables. Panel B of Table 5 show that β coefficient is negative for the entire sample, which is statistically significant at the 1% level, suggesting that that firms which have been operating for a long time in the business tend to earn higher revenues.

6. Initial Capital Startup effect

Table 6 summarizes the coefficient estimates of regressing *initial_capital* (proxied by a dummy variable that takes a value of 1 if the initial startup capital was greater than \$10,000, and zero otherwise.) on *Revenue* (Panel B), *Difficulty* (Panel C), *Connection* (Panel D) and *Capital* (Panel E) variables. Panel B of Table 5 shows that firms with higher initial startup capital tend to earn higher revenues. By contrast, the initial startup capital does not have any significant impact on *Difficulty*, *Connection*, and *Capital*.

To mitigate any concerns about our specification choice, Table 7 reports the results of estimating four multiple regression models to test the interrelatedness of our primary dependent variables (*Revenue*, *Difficulty*, *Connection*, *Capital*) and our explanatory variables (*Education*, *Gender*, *Age*, *firm_age* and *initial_capital*). Multiple regression results in Table 7 continue to support results from univariate regressions.

7. Conclusion

In a nutshell, several interesting conclusions stand out from our empirical exercise: (1) highly educated business owners are less likely to face exclusion challenges related to securing bank loans and discriminatory practices (education effect); (2) male-owned businesses tend to be more profitable (gender effect); (3) the age of the business owner is not a determinant factor in the success of Black-owned businesses (gender effect); (4) firms which have been operating for a long time in the business tend to earn higher revenues (firm age effect); and (5) firms with higher initial startup capital tend to earn higher revenues (initial capital startup effect).

Table 1. Variable definitions

<i>Panel A. Dependent Variables</i>		
Variable	Definition and measurement	Survey Question
<i>Revenue</i>	“Business revenue” is proxied by a dummy variable that takes a value of 1 for revenues greater than \$50,000 (responded 4, 5, 6, and 7 to Q32) and zero otherwise.	Q32
<i>Difficulty</i>	“Difficulty in contracting opportunities” is proxied by a dummy variable that takes a value of 1 for those who had “Difficulty bidding/winning contracts” (responded 1 to Q13) as the primary exclusion challenge, and zero otherwise.	Q13
<i>Connection</i>	“Lack access to connection” is proxied by a dummy variable that takes a value of 1 for those who responded “Lack access to connections” (responded 3 to Q13), and zero otherwise.	Q13
<i>Capital</i>	“Lack access to funding and capital” is proxied by a dummy variable that takes a value of 1 for those who responded “Lack access to funding and capital” (responded 1 to Q9) as the primary financial/risk management challenge, and zero otherwise.	Q9
<i>Panel B. Independent Variables</i>		
Variable	Definition and measurement	Survey Question
<i>Education</i>	“Education” is variable that represents the highest level of educational attainment, and proxied by a dummy variable that takes a value of 1 for those who have a 4-year degree or higher (responded 5, 6, and 7 to Q45), and zero otherwise.	Q45
<i>Gender</i>	“Gender” is variable that represents the gender of the business owner, and proxied by a dummy variable that takes a value of 1 for male (responded 1 to Q40), and zero otherwise.	Q40
<i>Age</i>	“Age” is variable that represents the age of the business owner in years, and proxied by a dummy variable that takes a value of 1 for those who are less than 25 years old (responded 1 to Q38), and zero otherwise.	Q38
<i>firm_age</i>	“Firm age” is variable that represents the number of years the business has been in operation, and proxied by a dummy variable that takes a value of 1 for those businesses which have been in the business for less than 4 years (responded 1, 2 and 3 to Q22), and zero otherwise.	Q22
<i>initial_capital</i>	“Initial capital” is variable that represents the amount of the initial startup capital from all funding sources, and proxied by a dummy variable that takes a value of 1 if the startup capital was greater than \$10,000 (responded 4, 5, 6, and 7 to Q17), and zero otherwise.	Q17

TABLE 2. Education effect

<i>Panel A. Descriptive Statistics for Education</i>			
<u>Field</u>	<u>Count</u>	<u>Percentage</u>	
Less than high school	5	0.83%	
High school graduate	16	2.66%	
Some college	120	19.97%	
2-year college	61	10.15%	
4-year college	173	28.79%	
Professional degree	192	31.95%	
Trade/Technical/Vocational	34	5.66%	

<i>Panel B. Dependent Variable: Revenue</i>			
<u>Statistics</u>	<u>intercept</u>	<u>Education</u>	<u>R²</u>
PARMS	0.358***	0.061	0.004
STDERR	0.04	0.04	
T	10.26	1.43	

<i>Panel C. Dependent Variable: Difficulty</i>			
<u>Statistics</u>	<u>intercept</u>	<u>Education</u>	<u>R²</u>
PARMS	0.318***	0.108**	0.011
STDERR	0.04	0.04	
T	8.81	2.46	

<i>Panel D. Dependent Variable: Connection</i>			
<u>Statistics</u>	<u>intercept</u>	<u>Education</u>	<u>R²</u>
PARMS	0.448***	0.135***	0.017
STDERR	0.04	0.04	
T	12.28	3.05	

<i>Panel E. Dependent Variable: Capital</i>			
<u>Statistics</u>	<u>intercept</u>	<u>Education</u>	<u>R²</u>
PARMS	0.917***	-0.035	0.003
STDERR	0.02	0.03	
T	42.13	-1.33	

TABLE 3. Gender effect

<i>Panel A. Descriptive Statistics for Gender</i>			
<u>Field</u>	<u>Count</u>	<u>Percentage</u>	
Male	209	34.38%	
Female	392	64.47%	
Non-binary	3	0.49%	
Other	1	0.16%	
Prefer not to say	3	0.49%	

<i>Panel B. Dependent Variable: Revenue</i>			
<u>Statistics</u>	<u>intercept</u>	<u>gender</u>	<u>R²</u>
PARMS	0.335***	0.167***	0.027
STDERR	0.03	0.04	
T	13.41	3.94	

<i>Panel C. Dependent Variable: Difficulty</i>			
<u>Statistics</u>	<u>intercept</u>	<u>gender</u>	<u>R²</u>
PARMS	0.359***	0.087*	0.007
STDERR	0.03	0.04	
T	13.48	1.96	

<i>Panel D. Dependent Variable: Connection</i>			
<u>Statistics</u>	<u>intercept</u>	<u>gender</u>	<u>R²</u>
PARMS	0.524***	0.031	0.001
STDERR	0.03	0.05	
T	19.33	0.69	

<i>Panel E. Dependent Variable: Capital</i>			
<u>Statistics</u>	<u>intercept</u>	<u>gender</u>	<u>R²</u>
PARMS	0.888***	0.011	0
STDERR	0.02	0.03	
T	55.31	0.42	

TABLE 4. Age effect

<i>Panel A. Descriptive Statistics for Age</i>			
<u>Field</u>	<u>Count</u>	<u>Percentage</u>	
18-25	2	0.33%	
26-40	117	19.31%	
41-55	289	47.69%	
56+	198	32.67%	

<i>Panel B. Dependent Variable: Revenue</i>			
<u>Statistics</u>	<u>intercept</u>	<u>Age</u>	<u>R²</u>
PARMS	0.392***	0.092	0.001
STDERR	0.02	0.12	
T	19.19	0.79	

<i>Panel C. Dependent Variable: Difficulty</i>			
<u>Statistics</u>	<u>intercept</u>	<u>Age</u>	<u>R²</u>
PARMS	0.388***	0.121	0.002
STDERR	0.02	0.12	
T	18.26	1.01	

<i>Panel D. Dependent Variable: Connection</i>			
<u>Statistics</u>	<u>intercept</u>	<u>Age</u>	<u>R²</u>
PARMS	0.533***	0.137	0.002
STDERR	0.02	0.12	
T	24.72	1.13	

<i>Panel E. Dependent Variable: Capital</i>			
<u>Statistics</u>	<u>intercept</u>	<u>Age</u>	<u>R²</u>
PARMS	0.891***	0.036	0
STDERR	0.01	0.07	
T	68.49	0.50	

TABLE 5. Firm age effect

<i>Panel A. Descriptive Statistics for firm_age</i>			
<u>Field</u>	<u>Count</u>	<u>Percentage</u>	
Less than 1 year	72	10.62%	
1-2 years	141	20.80%	
3-4 years	120	17.70%	
5-9 years	136	20.06%	
10-14 years	68	10.03%	
15+ years	141	20.80%	

<i>Panel B. Dependent Variable: Revenue</i>			
<u>Statistics</u>	<u>intercept</u>	<u>firm age</u>	<u>R²</u>
PARMS	0.575***	-0.389***	0.159
STDERR	0.03	0.04	
T	22.53	-10.57	

<i>Panel C. Dependent Variable: Difficulty</i>			
<u>Statistics</u>	<u>intercept</u>	<u>firm age</u>	<u>R²</u>
PARMS	0.427***	-0.104***	0.011
STDERR	0.03	0.04	
T	15.55	-2.61	

<i>Panel D. Dependent Variable: Connection</i>			
<u>Statistics</u>	<u>intercept</u>	<u>firm age</u>	<u>R²</u>
PARMS	0.535***	0.005	0
STDERR	0.03	0.04	
T	18.98	0.13	

<i>Panel E. Dependent Variable: Capital</i>			
<u>Statistics</u>	<u>intercept</u>	<u>firm age</u>	<u>R²</u>
PARMS	0.887***	0.007	0
STDERR	0.02	0.03	
T	51.23	0.28	

TABLE 6. The initial startup capital effect

<i>Panel A. Descriptive Statistics for initial_capital</i>			
<u>Field</u>	<u>Count</u>	<u>Percentage</u>	
Under \$1,000	74	10.90%	
\$1,000-\$4,999	162	23.86%	
\$5,000-\$9,999	106	15.61%	
\$10,000-\$19,999	119	17.53%	
\$20,000-\$49,000	94	13.84%	
\$50,000-\$99,000	58	8.54%	
\$100,000 +	66	9.72%	

<i>Panel B. Dependent Variable: Revenue</i>			
<u>Statistics</u>	<u>intercept</u>	<u>initial capital</u>	<u>R²</u>
PARMS	0.254***	0.267***	0.075
STDERR	0.03	0.04	
T	9.38	6.88	

<i>Panel C. Dependent Variable: Difficulty</i>			
<u>Statistics</u>	<u>intercept</u>	<u>initial capital</u>	<u>R²</u>
PARMS	0.366***	0.015	0
STDERR	0.03	0.04	
T	12.83	0.39	

<i>Panel D. Dependent Variable: Connection</i>			
<u>Statistics</u>	<u>intercept</u>	<u>initial capital</u>	<u>R²</u>
PARMS	0.507***	0.056	0.003
STDERR	0.03	0.04	
T	17.37	1.38	

<i>Panel E. Dependent Variable: Capital</i>			
<u>Statistics</u>	<u>intercept</u>	<u>initial capital</u>	<u>R²</u>
PARMS	0.907***	-0.033	0.003
STDERR	0.02	0.03	
T	52.05	-1.34	

TABLE 7. Multiple Regressions

Indep. Var.→	<i>Education</i>	<i>Gender</i>	<i>Age</i>	<i>firm_age</i>	<i>initial_capital</i>	R^2
Dep. Var.↓	(1)	(2)	(3)	(4)	(5)	
<i>Revenue</i>	0.062	0.109***	0.088	-0.354***	0.243***	0.236
<i>Difficulty</i>	0.105**	0.069	0.095	-0.09**	-0.012	0.027
<i>Capital</i>	-0.034	0.034	0.025	0.011	-0.023	0.008
<i>Connections</i>	0.134***	0.025	0.132	0.021	0.036	0.022

Appendix B - OMEE/CUL/CSU Black Business Survey Questions

Below is the list of questions posed to Black business owners through our collaborative survey. You will also find select graphs of responses to questions.

SECTION 1: Motivation to Start a Business and Becoming an Entrepreneur

1.1A. What motivated you to want to own your own business? Of all the possible reasons you may have been motivated to become a business owner, please select 3 that were most influential to you

- a. Be my own boss
- b. Believe I could do something in my industry better than my competitors
- c. Better use of my skills and creativity
- d. Bring an idea or vision to life
- e. Build something
- f. Challenge myself
- g. Contribute to the growth of the local economy
- h. Create something to pass on to future generations
- i. Create a successful business to sell for profit
- j. Create employment opportunities for others
- k. Develop and manage my own team
- l. Do something different with my life
- m. Financial success
- n. Freedom and independence
- o. Lifelong dream
- p. Make a difference in my community
- q. Personal and professional growth
- r. Supplement my employment income
- s. Other (*Answer Option: Text Box*)

Be my own boss	8.06%
Believe I could do something in my industry better than my competitors	4.78%
Better use of my skills and creativity	7.53%
Bring an idea or vision to life	8.03%
Build something	5.87%
Challenge myself	4.75%
Contribute to the growth of the local economy	6.02%
Create something to pass on to future generations	8.16%
Create a successful business to sell for profit	2.46%
Develop and manage my own team	3.16%
Do something different with my life	3.16%
Financial success	6.60%
Freedom and independence	7.99%
Lifelong dream	4.33%
Make a difference in my community	8.66%
Personal and professional growth	6.77%
Supplement my employment income	2.66%
Other	1.01%

1.2A. At the time you were starting your business, had you conducted market research for your industry and/or geographic area?

- a. Yes
- b. No

1.2B. At the time you were starting your business, had you developed a written business plan?

- a. Yes
- b. No

SECTION 2: Needs, Challenges and Strengths

2.1A. Training and development are important tools for small business development and growth. Please tell us which of the following types of trainings you have taken and/or would like to take in the future. (Answer Option: Response Grid with Checkbox to select all)

Type of Training	Have Taken	Would Like to Take
------------------	------------	--------------------

Accounting (including accounting procedures, expense tracking, budgeting, etc.)		
Communications - External (including messaging, social and traditional media relations, etc.)		
Communications - Internal (including employee communications, updates, conflict management, etc.)		
Customer Relations/Sales (including leads, relationship building and maintenance, etc.)		
Development (including funding, promoting business to investors, acquiring additional financial and operational resources, etc.)		
Finance (including financial projections, financial planning, risk assessment, etc.)		
Human Resources Management (including hiring, training, performance management, terminations, etc.)		
Marketing (including advertising, social and traditional media marketing, etc.)		
Operational Management (including business processes and planning, managing facilities and resources, etc.)		
Technology (including web and computer-based programs, databases, customer relations software, etc.)		

Accounting (including accounting procedures, expense tracking, budgeting, etc.)	11.96%
Communications - External (including messaging, social and traditional media relations, etc.)	10.75%
Communications - Internal (including employee communications, updates, conflict management, etc.)	7.21%
Customer Relations/Sales (including leads, relationship building and maintenance, etc.)	10.05%
Development (including funding, promoting business to investors, acquiring additional financial and operational resources, etc.)	11.27%
Finance (including financial projections, financial planning, risk assessment, etc.)	10.33%
Human Resources Management (including hiring, training, performance management, terminations, etc.)	7.39%
Marketing (including advertising, social and traditional media marketing, etc.)	12.08%
Operational Management (including business processes and planning, managing facilities and resources, etc.)	9.18%
Technology (including web and computer-based programs, databases, customer relations software, etc.)	9.78%

2.2 - What type of formal or informal support services have you relied on in growing your business? *(Answer Option: checkbox to select all that apply)*

- a. Mentoring (friends, family, industry contacts)
- b. Incubators/accelerators
- c. Small Business Development Centers (SBDCs)
- d. Educational courses/workshops
- e. Professional service providers (accountant, lawyer, financial planner)

- f. Personal Intuition (gut instincts)
- g. Anything else? (text box to share)

Mentoring (friends, family, industry contacts)	22.98%
Incubators/accelerators	5.26%
Small Business Development Centers (SBDCs)	13.80%
Educational courses/workshops	19.02%
Professional service providers (accountant, lawyer, financial planner)	14.53%
Personal Intuition (gut instincts)	19.06%
Anything else	5.35%

2.3A. Please identify whether your business has experienced the following FINANCIAL/RISK MANAGEMENT challenges. *(Answer Option: Radial Button with Yes/No OR Checkbox to Select all)*

- a. Lack access to funding and capital
- b. Limited cash flow/Insufficient funds to run business
- c. Lack access to financial planning services
- d. Difficulties securing insurance/bonding
- e. Insufficient credit/income/collateral to qualify for a loan

Lack access to funding and capital	30.98%
Limited cash flow/Insufficient funds to run business	27.24%
Lack access to financial planning services	14.09%
Difficulties securing insurance/bonding	6.52%
Insufficient credit/income/collateral to qualify for a loan	21.17%

2.3B. Please identify whether your business has experienced the following GEOGRAPHIC/MARKET challenges. *(Answer Option: Radial Button with Yes/No OR Checkbox to Select all)*

- a. Oversaturated market for my industry/product/service in my geographic area
- b. Stalled or stagnant local economy that makes business development and growth very hard
- c. Neighborhood walkability or transportation issues affecting access to your business
- d. Neighborhood safety concerns affecting access to your business
- e. Lack access to affordable brick-and-mortar locations
- f. Lack access to buildings that accommodate my business needs

Oversaturated market for my industry/product/service in my geographic area	10.56%
Stalled or stagnant local economy that makes business development and growth very hard	26.47%
Neighborhood walkability or transportation issues affecting access to your business	8.10%
Neighborhood safety concerns affecting access to your business	13.09%
Lack access to affordable brick-and-mortar locations	22.16%
Lack access to buildings that accommodate my business needs	19.63%

2.3C. Please identify whether your business has experienced the following GROWTH/EXPANSION challenges. *(Answer Option: Radial Button with Yes/No OR Checkbox to Select all)*

- Difficulties marketing/advertising my product or service
- Difficulties attracting customers
- Difficulties diversifying client/customer base
- Difficulties implementing beneficial technology (website, inventory management system, point of sale system)

Difficulties marketing/advertising my product or service	29.52%
Difficulties attracting customers	21.43%
Difficulties diversifying client/customer base	16.67%
Difficulties implementing beneficial technology (website, inventory management system, point of sale system)	32.38%

2.3D. Please identify whether your business has experienced the following HUMAN RESOURCES challenges. *(Answer Option: Radial Button with Yes/No OR Checkbox to Select all)*

- Lack of access to qualified employees
- Difficulty retaining employees
- Cost of hiring employees is prohibitive
- Cost of providing health care/benefits is prohibitive

Lack of access to qualified employees	23.50%
Difficulty retaining employees	13.64%
Cost of hiring employees is prohibitive	33.17%
Cost of providing health care/benefits is prohibitive	29.69%

2.3E. Please identify whether your business has experienced the following EXCLUSION challenges. *(Answer Option: Radial Button with Yes/No OR Checkbox to Select all)*

- Difficulties bidding/winning contracts
- Difficulties securing bank loans or lines of credit
- "Good 'Ol Boy" network/Lack access to connections
- Discriminatory practices/Racism

Difficulties bidding/winning contracts	18.80%
Difficulties securing bank loans or lines of credit	32.92%
"Good 'Ol Boy" network/Lack access to connections	27.67%
Discriminatory practices/Racism	20.61%

SECTION 3: Access to Capital

3.1A. What sources of funding did you use to start or purchase your business? *(Answer*

Option: Checkbox to select all)

- a. Bank personal loan
- b. Bank business loan
- c. Credit cards
- d. Crowdfunding (example – gofundme)
- e. Government/nonprofit small business loan
- f. Government/nonprofit small business grant
- g. Family and friends - loan
- h. Family and friends - gift
- i. Investors
- j. Personal savings

3.1B. Of these sources, which was your primary source of start-up funding? *(Answer*

Option: Radial Button or Drop-Down of above options to select one)

3.1C. How much money were you seeking in start-up funds to get your business off the ground? *(Answer Options: Drop-down with pre-set dollar amounts OR blank text box to self-report estimate)*

None at all	7.16%
A little	16.81%
A moderate amount	58.77%
A lot	8.92%
A great deal	8.33%

3.1D. What was your initial start-up capital from all funding sources? *(Answer Option:*

Radial Button or Drop-Down)

- a. Under \$1,000
- b. \$1,000-\$4,999
- c. \$5,000-\$9,999
- d. \$10,000-\$19,999
- e. \$20,000 - \$49,999
- f. \$50,000 - \$99,999
- g. \$100,000 +

Under \$1,000	10.90%
\$1,000-\$4,999	23.86%
\$5,000-\$9,999	15.61%
\$10,000-\$19,999	17.53%
\$20,000 - \$49,999	13.84%
\$50,000 - \$99,999	8.54%
\$100,000 +	9.72%

3.2 Have you received emergency relief due to COVID-19? *(Answer Option: Checkbox to select all)*

- a. SBA Paycheck Protection Program (PPP)
- b. SBA Economic Injury Disaster Loan (EIDL)
- c. State of IL or local government grant (BIG Grant, B2B)
- d. Private grants or donations
- e. Other (text box)
- f. I have not received emergency relief

SBA Paycheck Protection Program (PPP)	27.49%
SBA Economic Injury Disaster Loan (EIDL)	23.78%
State of IL or local government grant (BIG Grant, B2B)	12.87%
Private grants or donations	7.50%
Other	4.58%
I have not received emergency relief	23.78%

SECTION 4: Business Characteristics

4.1. In which primary industry does your business belong? *(Answer Option: Radial Button or Drop Down menu)*

- a. Accommodations and Hospitality
- b. Agriculture
- c. Arts-Entertainment (Events)
- d. Construction
- e. Education-Social Services
- f. Fitness-Wellness
- g. Food and Restaurant-Bar
- h. Health Care-Medical-Life Sciences
- i. Personal Services (Barber, Cosmetology, Massage Therapy)
- j. Professional Services (Finance, Insurance, Legal, Marketing)
- k. Manufacturing

- l. Real Estate
- m. Retail Trade (non-restaurant)
- n. Technology-IT
- o. Transportation-Logistics-Warehousing
- p. Wholesale Trade
- q. Other (*Answer Option: Text Box*)

Accommodations and Hospitality	0.74%
Agriculture	1.03%
Arts-Entertainment (Events)	6.33%
Construction	5.89%
Education-Social Services	9.72%
Fitness-Wellness	2.50%
Food and Restaurant-Bar	10.75%
Health Care-Medical-Life Sciences	4.27%
Personal Services (Barber, Cosmetology, Massage Therapy)	6.77%
Professional Services (Finance, Insurance, Legal, Marketing)	12.22%
Manufacturing	2.65%
l. Real Estate	3.98%
Retail Trade (non-restaurant)	8.98%
Technology-IT	2.95%
Transportation-Logistics-Warehousing	4.12%
Wholesale Trade q. Other (Answer Option: Text Box)	1.03%
Other	16.05%

4.2. What is the legal ownership status of your business? (*Answer Option: Radial Button or Drop Down menu*)

- a. Sole Proprietorship
- b. LLC
- c. C-Corporation
- d. S-Corporation
- e. Partnership
- f. Franchisee
- g. Other (*Answer Option: Text Box*)

Sole Proprietorship	17.50%
LLC	46.47%
C-Corporation	11.62%
S-Corporation	18.09%
Partnership	1.76%
Franchisee	0.00%
Other	4.56%

4.3. How did you start/acquire your business? *(Answer Option: Radial Button or Drop Down menu)*

- a. I started the business by myself.
- b. I started the business with a partner(s).
- c. I purchased a franchise.
- d. I purchased the business from a non-family source.
- e. I purchased the business from a family member.
- f. I inherited the business from a family member

I started the business by myself.	81.80%
I started the business with a partner(s).	12.13%
I purchased a franchise.	2.22%
I purchased the business from a non-family source. (SKIP LOGIC: if yes, then)	2.51%
I purchased the business from a family member. (SKIP LOGIC: if yes, then)	0.59%
I inherited the business from a family member. (SKIP LOGIC: if yes, then)	0.74%

4.4. How many years has your business been in operation? *(Answer Option: Radial Button or Drop Down menu)*

- a. I am currently in my first 12 months of operation.
- b. 1-2 years
- c. 3-4 years
- d. 5-9 years
- e. 10-14 years
- f. 15+ years

I am currently in my first 12 months of operation.	10.62%
1-2 years	20.80%
3-4 years	17.70%
5-9 years	20.06%
10-14 years	10.03%
15+ years	20.80%

4.5. Do you hold any of the following business certifications? *(Answer Option: Checkboxes to select all that apply)*

- a. Local Certification (M/WBE, Vet, Disabled)
- b. State Certification (M/WBE, Vet, Disabled)
- c. Federal Certification (M/WBE, Vet, Disabled)
- d. Private Sector Certification (M/WBE, Vet, Disabled)
- e. HUBZone Certification
- f. None

Local Certification (M/WBE, Vet, Disabled)	10.07%
State Certification (M/WBE, Vet, Disabled)	15.56%
Federal Certification (M/WBE, Vet, Disabled)	5.88%
Private Sector Certification (M/WBE, Vet, Disabled)	1.96%
HUBZone Certification	1.83%
None	64.71%

4.6. In what kind of space does your business primarily operate? *(Answer Option: Radial Button or Drop Down menu)*

- a. My business operates out of my home.
- b. My business operates out of a work-share or coworking space.
- c. My business operates out of a bricks-and-mortar storefront, building or facility.

4.7. Does your business currently have a website? *(Answer Option: Radial Button)*

- a. Yes
- b. No

4.8. Not including you, how many FULL-TIME employees are employed by your business? *(Answer Option: Text Box – also include Checkbox option for*

4.8A. How many of these full-time employees are Asian? *(Answer Option: Text box)*

4.8B. How many of these full-time employees are Black? *(Answer Option: Text box)*

- 4.8C. How many of these full-time employees are Latino? *(Answer Option: Text box)*
 4.8D. How many of these full-time employees are White? *(Answer Option: Text box)*

4.9. Not including you, how many PART-TIME employees are employed by your business?
(Answer Option: Text Box – also include Checkbox option for

- 4.9A. How many of these part-time employees are Asian? *(Answer Option: Text box)*
 4.9B. How many of these part-time employees are Black? *(Answer Option: Text box)*
 4.9C. How many of these part-time employees are Latino? *(Answer Option: Text box)*
 4.9D. How many of these part-time employees are White? *(Answer Option: Text box)*

4.10. The majority of my customer/client base is: *(Answer Option: Radial Button or Drop Down menu)*

- a. B2B - Business Sales
- b. B2C – Consumer Sales
- c. Local Government
- d. State Government
- e. Federal Government

B2B - Business Sales	31.53%
B2C – Consumer Sales	56.61%
Local Government	5.93%
State Government	3.90%
Federal Government	2.03%

4.11. My business is engaged in contracting/procurement opportunities with the following sectors: *(Answer Option: Radial Button or Drop Down menu)*

- a. Private Sector
- b. Local Government
- c. State Government
- d. Federal Government
- e. Foreign Markets
- f. None, my business does not engage in these activities.

4.12. What was the annual gross revenue of your business before the COVID-19 pandemic (before 2020)? *(Answer Option: Radial Button or Drop Down menu)*

- a. Under \$10,000
- b. \$10,000-\$24,999
- c. \$25,000-\$49,999
- d. \$50,000-\$99,999
- e. \$100,000-\$499,999
- f. \$500,000-\$999,999
- g. Over \$1,000,000

Under \$10,000	33.39%
\$10,000-\$24,999	13.09%
\$25,000-\$49,999	14.93%
\$50,000-\$99,999	15.44%
\$100,000-\$499,999	17.28%
\$500,000-\$999,999	2.01%
Over \$1,000,000	3.86%

4.13. - On average, how has your annual revenue been impacted by the COVID-19 pandemic (since 2020)?

- a. I was not impacted
- b. Increased by \$10,000
- c. Increased by \$10,000-\$24,999
- d. Increased by \$25,000-\$50,000
- e. Increased by more than \$50,000
- f. Decreased by \$10,000
- g. Decreased by \$10,000-\$24,999
- h. Decreased by \$25,000-\$50,000
- i. Decreased by more than \$50,000

I was not impacted	17.44%
Increased by \$10,000	3.49%
Increased by \$10,000-\$24,999	4.65%
Increased by \$25,000-\$50,000	2.49%
Increased by more than \$50,000	5.15%
Decreased by \$10,000	18.44%
Decreased by \$10,000-\$24,999	18.77%
Decreased by \$25,000-\$50,000	11.30%
Decreased by more than \$50,000	18.27%

4.14. How does your business primarily fund its operations? (Answer Option: Radial Button or Drop Down Menu)

- a. Business earnings or revenues
- b. External Financing (line of credit, loans, credit cards outside investments)
- c. Personal funds
- d. Other (Answer Option: Text box)
- e. Unsure

4.15. Which of the following forms of external financing does your business currently use?

(Answer Option: Checkbox to select all that apply)

- a. Business line of credit
- b. Business loan
- c. Cash advance
- d. Credit card
- e. Equity investment
- f. Factoring receivables
- g. Leasing
- h. Personal line of credit
- i. Personal loan
- j. Trade credit
- k. Other (Text Box)
- l. My business does not use external financing

Business line of credit	10.86%
Business loan c. Cash advance	7.88%
Cash advance	1.79%
Credit card	21.48%
Equity investment	2.98%
Factoring receivables	2.15%
Leasing	2.03%
Personal line of credit	7.88%
Personal loan	9.31%
Trade credit	1.91%
Other	4.65%
My business does not use external financing	27.09%

4.15B. Does your business rely on your business credit score or personal credit score to secure external financing? *(Answer Option: Radial Button or Drop Down Menu)*

- a. Business score
- b. Personal score
- c. Both business AND personal score

4.16. If you know the values of your credit scores, please share them here if you are comfortable doing so.

- a. Business Score *(Answer Option: Text Box)*
- b. Personal Score *(Answer Option: Text Box)*

SECTION 5: Owner Characteristics

5.1. How old are you currently? *(Answer Option: Text Box)*

- a. 18-25
- b. 26-40
- c. 41-55
- d. 56 +

5.2. How would you identify your race/ethnicity? *(Answer Option: Radial Button or Drop Down Menu)*

- a. Asian
- b. Black
- c. Latinx
- d. White
- e. Other
- f. Prefer Not to Say

5.3. How would you identify your gender? *(Answer Option: Radial Button or Drop Down Menu)*

- a. Female
- b. Male
- c. Non-binary/Gender-Nonconforming
- d. Other
- e. Prefer Not to Say

#	Field	Choice Count
1	Male	34.38% 209
2	Female	64.47% 392
3	Non-binary / third gender	0.49% 3
4	Other	0.16% 1
5	Prefer not to say	0.49% 3

5.4. What is your marital status? *(Answer Option: Radial Button or Drop Down Menu)*

- a. Married/partnered with children
- b. Married/partnered without children
- c. Single/divorced/widowed with children
- d. Single/divorced/widowed without children

5.5A. What is your household size? *(Answer Option: Radial Button or Drop Down Menu)*

- a. Just me
- b. 2-3 people
- c. 4-6 people
- d. More than 6 people

5.5B. How many income-earners reside in your household and contribute to living expenses? *(Answer Option: Radial Button or Drop Down Menu)*

- a. Just me

- b. Me and a partner/spouse
- c. Me and several others

5.6. The income generated from my business is my primary source of income. (*Answer Option: Radial Button*)

- a. Yes
- b. No
- c. Prefer Not to Say

5.7. What is your highest level of educational attainment? (*Answer Option: Radial Button or Drop Down Menu*)

- a. Less than high school
- b. High school graduate
- c. Some college
- d. Associate's degree
- e. Bachelor's degree
- f. Graduate degree
- g. Trade/Technical/Vocational credentials