

How can this
moment create
sustained
momentum
for equity in
entrepreneurship?



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EY

Building a better
working world

Contents

Executive summary	01
Key findings	02
The entrepreneur's paradox	04
Solutions for a prosperous future	06
Conclusion	08
Methodology	08



Executive summary

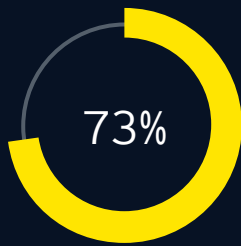
Many entrepreneurs struggle to succeed, even without the added uncertainty that comes from a global pandemic or factors tied to one’s gender, race, ethnicity, culture or ability. Diverse entrepreneurs often face additional obstacles and challenges gaining access to funding, opportunities and support.

Diverse entrepreneurs, in particular those who identify as Black or Latino, have been impacted both positively and negatively by the pandemic. They have experienced an increase in attention, with the spotlight on social justice, diversity and inclusion, and economic recovery, but are concerned that this wave of support may be fleeting. At the same time, many diverse entrepreneurs have continued to encounter systemic barriers to accessing capital or breaking into business networks.

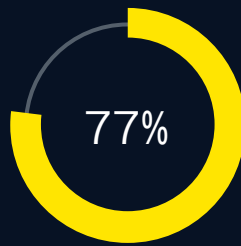
Fostering more inclusion and equity in entrepreneurship creates more jobs, accelerates innovation and, ultimately, improves our economy. Supporting diverse entrepreneurs is not only the right thing to do—it’s also good for business and society as a whole.

Black and Latino entrepreneurs are an economic force, and EY research underscores their business resiliency and output. But more action is needed from consumers, investors and the entire business community to address disparities caused by lack of access to capital, mentors and networks and to sustainably ensure the long-term economic growth of these trailblazing business owners.

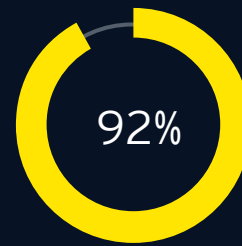
Key findings



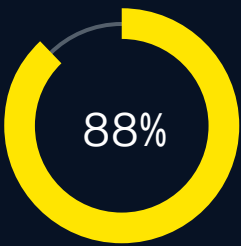
of established Black and Latino entrepreneurs experienced moderate to significant revenue growth over the past year



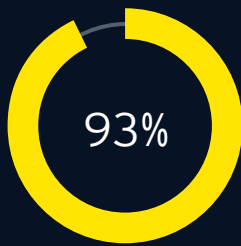
anticipate additional growth in 2022 compared to 2021



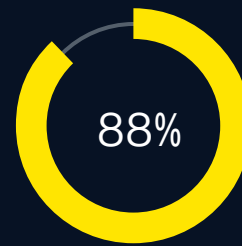
say a decline in this attention would impact their business performance or growth



report their company's performance this past year met or exceeded their expectations



are concerned this increased attention will provide only a short-term boost for Black- and Latino- owned businesses



believe the current environment has helped to increase attention for historically underrepresented minority-owned businesses

Importance of mentors

Trusted vendors and partners **(56%)**

Access to a mentor **(53%)**

Over half the entrepreneurs pointed to having a network of trusted vendors and partners **(56%)** and access to a mentor **(53%)** as key resources that would help them grow their business.

Black and Latino business owners in the community **(55%)**

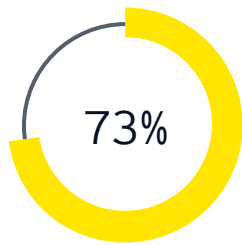
Formal mentorship program with Black and Latino business owners **(55%)**

These entrepreneurs see greater awareness of Black and Latino business owners in the community **(55%)** and a formal mentorship program with Black and Latino business owners **(55%)** as vital for supporting the next generation of Black and Latino business owners as well.

Established Black and Latino entrepreneurs unquestionably faced the brunt of the COVID-19 pandemic's negative economic impact, but those that were more firmly entrenched not only survived but *thrived*. In fact, 73% of established Black and Latino entrepreneurs experienced moderate to significant revenue growth over the past year. Only 10% lost revenue. By their own accounts, last year was a success by most measures. Nearly 9 in 10 (88%) report their company's performance this past year met or exceeded their expectations.

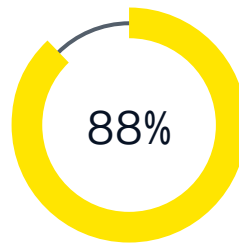
Buoyed by their results in the midst of the extenuating circumstances, established Black and Latino entrepreneurs are optimistic about the future. More than 3 in 4 (77%) of these entrepreneurs anticipate additional growth in 2022 compared to 2021. This growth could allow them to focus on opportunities to achieve long-term sustainability and build generational wealth.

Growth amid the pandemic



73% of established Black and Latino entrepreneurs experienced moderate to significant revenue growth over the past year

Exceeding expectations



88% reported that their companies' performance met or exceeded expectations

Three in four (77%) of these entrepreneurs anticipate additional growth in 2022 compared to 2021

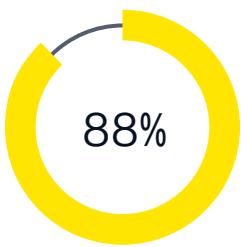


The entrepreneur's paradox

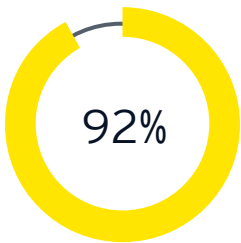
The current socioeconomic environment in the United States created greater awareness of the systemic barriers faced by Black and Latino entrepreneurs and increased support for their businesses. About 9 in 10 (92%) cite the current environment for boosting their business in ways it has not experienced before, and 88% say it has helped to increase attention for historically underrepresented minority-owned businesses.

Impacts of the economic, social and political environment

The environment helped minority-owned businesses as a whole and these Black and Latino entrepreneurs personally



increased attention for historically underrepresented minority-owned businesses



fueled momentum for minority-owned businesses in ways they have not experienced before

The increased exposure opened doors to new opportunities for nearly all established Black and Latino entrepreneurs. In fact, only 1% reported no new or increased support over the past year! Among the forms of support that these entrepreneurs received over the past year, half (50%) received business collaboration offers; 47% received donations or grants; and 35% were offered education, training or mentorship.

Perhaps most notable of all, entrepreneurs of color found the current business environment the perfect time to reset and strengthen their brand. Nearly half (47%) say the impact led to stronger exposure to existing customers, and 35% received exposure to new customers they might have otherwise been unable to access.

Ninety-four percent say their business has received increased attention from non-minority consumers and businesses. And a continued societal push for inclusivity could further expand their reach beyond their traditional customer base, potentially exponentially increasing their potential for growth.

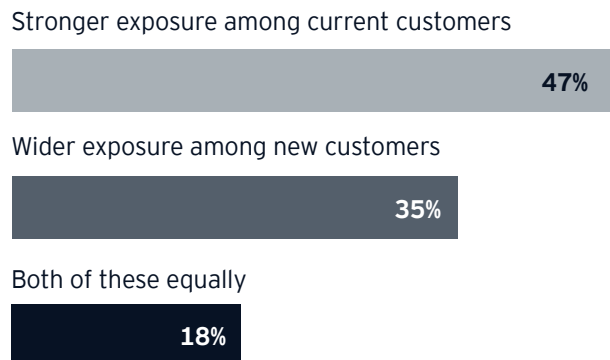
New opportunities

99% of Black and Latino entrepreneurs experienced new or increased support over the past year



New and repeat customer growth

Almost half (47%) saw stronger exposure among current customers

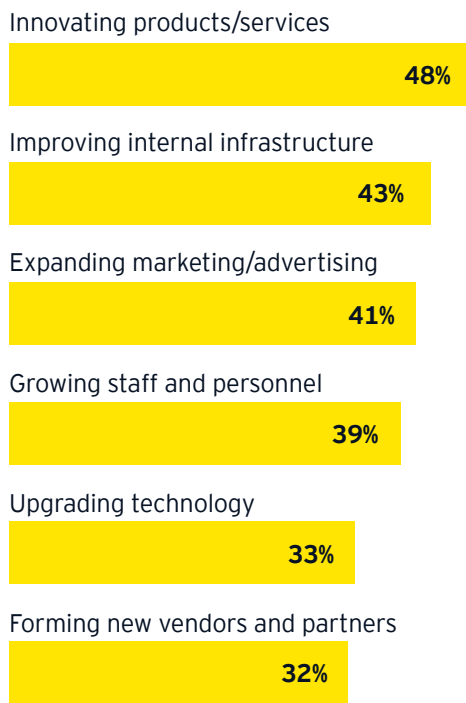


Established Black and Latino entrepreneurs have also benefited from the intensified focus on supporting local businesses during these turbulent times. Only 6% say they got no or not much support from the local community; in contrast, 32% received significant support and 61% received moderate support.

This business momentum and increased support have allowed these entrepreneurs to invest in their businesses, some for the first time. Almost all (99%) invested as a result of the current environment. The most common were innovating services or products (48%), improving internal infrastructure and systems (43%), and expanding marketing or advertising (41%). The allocation of the first-time substantial investments also aligned with the most common investments.

Investments in their future growth

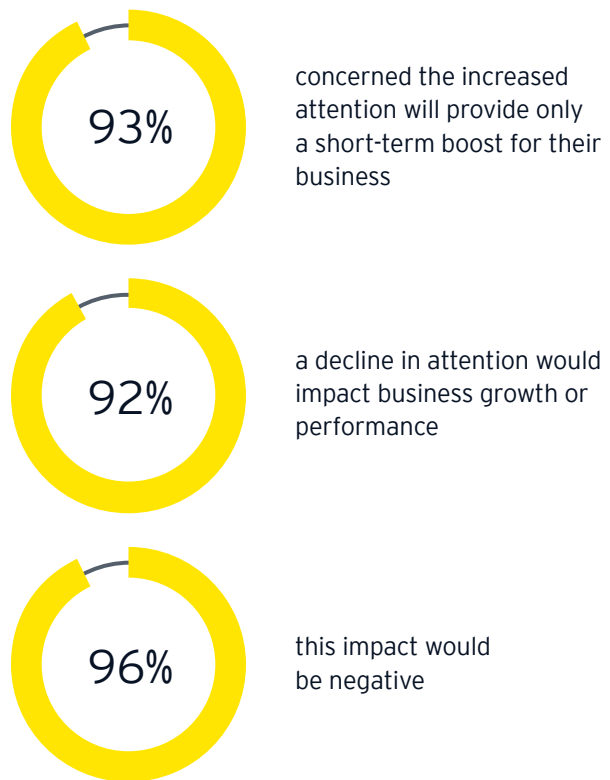
The vast majority (91%) made at least one substantial first-time investment.



Concerned about the long term

But what happens if we see waning momentum in the current focus on racial equity and social justice? The overwhelming majority of those who believe the current environment has increased attention for minority-owned businesses (93%) are concerned this increased attention will provide only a short-term boost for their businesses, and slightly similar number (92%) say a decline in this attention would impact their business performance or growth.

Such a pullback could possibly nullify the gains these businesses have made. Almost all (96%) who said a decrease in attention would impact their business performance or growth believe the effect would be negative. The most common consequences would be difficulty in retaining existing employees (48%), promoting their business (45%) and hiring new employees (44%).



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Even though everybody has been helping us to grow this business sometimes the trust is difficult to get so you need to demonstrate and you need to show more in order to really gain and move forward.



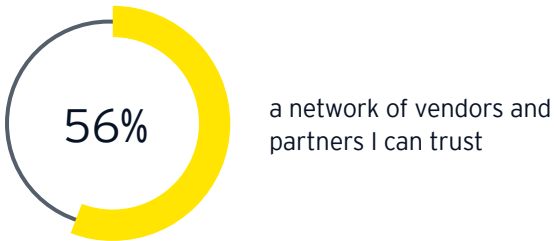
Elena Morales
Co-owner, SMT Automation

Solutions for a prosperous future

Established Black and Latino entrepreneurs are operating in uncharted territory, as most have never experienced this level of support along their entrepreneurial journey. About 3 in 5 (62%) say this current environment is more supportive than when they started their business.

Resources to help grow

Entrepreneurs want ...

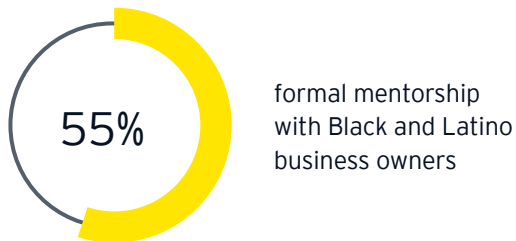


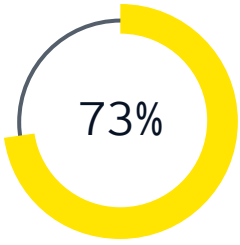
They recognize the importance of keeping their businesses in the public consciousness, and a plurality see themselves taking ownership of the effort needed to do so. These entrepreneurs hold business owners like themselves (29%) and community organizations (26%) most responsible for sustaining this increased attention, though government, media and even customers are also seen as responsible for sustaining this attention among some of the entrepreneurs.

However, as much as independence is associated with the entrepreneurial spirit, a high-functioning support network is an essential element of the capacity building that Black and Latino entrepreneurs need to succeed, now and in the future. Over half the entrepreneurs pointed to having a network of trusted vendors and partners (56%) and access to a mentor (53%) as key resources that would help them grow their business.

These entrepreneurs see greater awareness of minority-owned business in the community (55%) and a formal mentorship program with others who share the same race or ethnicity as themselves (55%) as key for supporting the next generation of Black and Latino business owners as well.

Resources to support the next generation of Black and Latino business owners

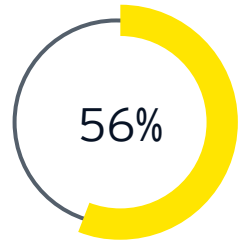




Early exposure to entrepreneurs

Most of the established Black and Latino entrepreneurs surveyed grew up around entrepreneurial family or friends. Nearly three in four (73%) had a family member or close friend growing up who was an entrepreneur, though most (62%) had only one.

Almost one in five (19%) say exposure to entrepreneurs growing up would have helped them achieve greater or earlier success.



Mentorship

Many Black and Latino entrepreneurs have turned to their peers and predecessors to draw on their experience and increase their odds of continued success. Over (56%) have had one formal or informal mentor, while 19% have had two or more.

Of those with at least one formal or informal mentor, 87% have had at least one mentor of their same race or ethnicity, including 15% who have had more than one.

When asked about the business impact of having access to mentors of their same race or ethnicity, more than half said it would provide insights relevant to their business goals (54%) and help them envision themselves having success (53%).

About a third (34%) say having a mentor of their same race or ethnicity would have helped them achieve greater or earlier success.

Early learning

Becoming involved in business- and entrepreneur-focused experiences early on can be beneficial as well. As the data shows, these successful entrepreneurs sought out opportunities to propel their growth.

About half participated in business networking events in their community (52%) and informal mentoring with business owners they admired (51%).

About a quarter say having earlier opportunities to learn business (24%) and being encouraged to take a wide variety of courses (22%) would have helped them achieve greater or earlier success.

Business networking events



Informal mentoring



The Entrepreneurs Access Network has been invaluable. My EY mentor facilitated connections with venture capital firms and has even helped me launch a brand-new electric vehicle business. Although I've been a CEO for nearly 20 years, this program gave me the opportunity to work on my business, not just in it — with real results.



Maurice Brewster
 Founder & Chief Executive Officer, Mosaic Global Transportation

Conclusion

Established Black and Latino entrepreneurs have proven their resilience over the course of the pandemic, and now they can focus on attaining long-term success. They have clearly cited the need for collaboration to continue to build on momentum gained over the last 12 months. Even as they assume primary responsibility for further increasing their brand awareness, they recognize that mentors and trusted business networks can help them accelerate the pace of reaching milestones in their journey.

Opportunity afforded to any entrepreneur must be afforded to every entrepreneur. The COVID-19 pandemic underscored severe inequalities faced by Black and Latino entrepreneurs, laying bare longstanding societal and racial barriers and a lack of capital and mentors. At the same time, the ongoing racial reckoning has provided an unprecedented wave of support for Black- and Latino-owned and led businesses.

Failing to provide these entrepreneurs with the support they need to scale reduces their capacity to employ others and to create wealth and prosperity, not only for Black and Latino business owners and other stakeholders but also for their communities. We must maintain strong support of diverse entrepreneurs to make lasting change and drive sustained momentum.

Wakefield Research was commissioned to conduct an online survey 1,000 established entrepreneurs of color (Black and Latino), defined as entrepreneurs from organizations with annual revenue of \$2m - \$25m. The survey was fielded using an email invitation and an online survey between August 3 and August 18, 2021.



Pictured: Appearing with her team, Elena Morales, Co-Owner of SMT Automation and EY Entrepreneurs Access Network participant

Visit ey.com/ean and [#eyaccessnetwork](https://twitter.com/eyaccessnetwork) for more information about EY Entrepreneurs Access Network.

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