

2019

ANALYSIS OF THE STATUS OF WOMEN OF COLOR ENTREPRENEURS IN SACRAMENTO



Commissioned by
Willow Tree Roots
The Power of SHE
(Shaping & Honing
Entrepreneurs)™

Prepared by
Maya Wallace Consulting



Sacramento Should Invest in Women of Color Entrepreneurs

SACRAMENTO DEMOGRAPHIC DATA DEMONSTRATE A NEED FOR ACCELERATED ECONOMIC GROWTH FOR CERTAIN GROUPS

Sacramento County is home to over 1.5 million people living in 532,000 households. The median yearly household income in Sacramento County is \$67,032, roughly ten percent lower than the state of California's median household income. In addition, women make roughly \$5,000 less in median income relative to men in Sacramento County. These gaps widen when women of color are disaggregated.

Sacramento fares worse than the state as a whole on a number of metrics, including the percentage of people living in poverty (14.1% compared with 13.3% statewide), college degree attainment (29.9% versus 32.6% statewide), and higher measures of income inequality than the state's average. Sacramento residents are employed primarily in the healthcare, retail, and government sectors.

In concert with the Brookings Institution, the Greater Sacramento Economic Council, Valley Vision, the Sacramento Area Council of Governments, and the Sacramento Metro Chamber are working to coordinate various economic initiatives and develop shared metrics to set the region on a path toward inclusive economic growth. The resulting regional prosperity strategy framework has identified indicators, industries, and activities that the region should take to spur inclusive economic growth. That these regional institutions recognize the importance of inclusion is significant; Sacramento's diversity constitutes both a challenge and an opportunity as the region takes actions to ensure that a broader cross-section of residents benefit from strategic investment and partake in the region's ongoing economic growth.

As part of developing the regional prosperity strategy framework, the Brookings Institution conducted a market assessment to situate Sacramento among other metropolitan areas and to create a measurement framework and action strategy to help drive inclusive economic growth. The prosperity framework's measures show that Sacramento lags behind most metropolitan areas in nearly all measures of inclusive growth, with lower gross metropolitan product, business firm growth, standard of living, and relative poverty reduction.



¹Statistics in this section are derived from the American Community Survey of the US Census Bureau and the extrapolations available via www.behealthysacramento.org, a Sacramento County website that houses quality of life data, also primarily derived from US Census Bureau data, for the area.

Current Rank (out of Top 100 Metropolitan Areas)	Measures	Definition
67th	Growth	Change in gross metropolitan product, job growth at young firms
71st	Prosperity	Changes in productivity, standard of living, average annual wage growth
84th	Inclusion	Improvements to median wage, improvements to employment rate, reducing relative poverty

Sacramento County's population diversity likely contributes to its rank among other regions nationally. High housing and transportation costs hinder household disposable income in Sacramento County, and median household income, educational attainment, and other factors are lower than state and national averages, impacting both disposable and absolute income levels. These challenges disproportionately affect communities of color and individuals with lower levels of education and permeate multiple domains of life, affecting earning potential, mobility, access to community resources and amenities, and can depress future opportunities for households and youth.

Current Rank (out of Top 100 Metropolitan Areas)	County: Sacramento		State: California	
	Persons	% of Population	Persons	% of Population
White	835,819	54.0%	21,884,750	54.8%
Black/African American	158,272	10.2%	2,353,434	5.9%
American Indian/Alaskan Native	15,447	1.0%	388,756	1.0%
Asian	249,928	16.1%	5,915,491	14.8%
Native Hawaiian/Pacific Islander	17,825	1.2%	160,940	0.4%
Some Other Race	156,597	10.1%	7,112,692	17.8%
2+ Races	114,936	7.4%	2,148,785	5.4%
Hispanic/Latino*	365,131	23.6%	15,802,941	39.5%

As the table above shows, Sacramento County's diversity is widespread. In addition to the ethnic and racial diversity above, Sacramento also has a high percentage of foreign-born individuals - 20 percent. With such significant diversity, collaboration across organizations, efforts and initiatives to improve economic development and quality of life outcomes is necessary.

Racial and ethnic diversity among women in Sacramento reflects similar patterns, with women of color comprising 46% of the total women in Sacramento County. As shown in the table below, median income for women of color varies, and is significantly lower than the median income for women overall. In addition, Sacramento County experiences a high rate of poverty, with 22% of children living below the poverty line, and much higher rates for children of color - 36% for African American children, and 27% for Latinx youth. The high concentrations of children of color living in poverty makes an additional compelling point about the potential for entrepreneurial investment in women of color to improve economic metrics and individuals' quality of life.

Women of Color by Race/Ethnicity - Sacramento County			Median Household Income by Race/Ethnicity
Black	81,060	22.3%	\$46,859
American Indian/ Alaskan Native	7,742	2.1%	\$57,753
Asian	130,176	35.8%	\$73,346
Native Hawaiian/ Pacific Islander	9,180	2.5%	\$61,230
Some other race	76,285	21.0%	\$52,176
2 or more races	59,142	16.3%	\$58,004
Total	363,585	45.9%	
Hispanic/Latino	181,144	22.9%	15,447

Educational attainment can also impact household earnings. While the total percentage of Sacramento residents obtaining a college degree by age 25 is 29.9%, that number falls for Black and Latina women, and for several other racial groups as shown in the table below. Despite this education gap, entrepreneurship and small business ownership helps provide additional income and net worth to families at every level of the income distribution.

²While Hispanic/Latino individuals may be represented in any racial group, our figures attempt to include the proportion of Latinos as differentiated from the White Non-Hispanic and Black Non-Hispanic populations.

Women's Educational Attainment Age 25+ - Sacramento County

Race/Ethnicity **Percent**

White

High school graduate or higher	94.4%
Bachelor's degree or higher	33.9%

Black

High school graduate or higher	89.8%
Bachelor's degree or higher	21.6%

American Indian/Alaska Native

High school graduate or higher	83.3%
Bachelor's degree or higher	15.3%

Asian

High school graduate or higher	78.8%
Bachelor's degree or higher	38.2%

Native Hawaiian/Other Pacific Islander

High school graduate or higher	81.5%
Bachelor's degree or higher	11.2%

Some Other Race

High school graduate or higher	70.3%
Bachelor's degree or higher	13.3%

Two or More Races

High school graduate or higher	88.0%
Bachelor's degree or higher	26.7%

Hispanic/Latino

High school graduate or higher	74.2%
Bachelor's degree or higher	17.4%



INVESTING IN WOMEN-OWNED BUSINESSES CAN ACCELERATE HOUSEHOLD INCOME AND JOB CREATION, EVEN MORE SO AMONG WOMEN OF COLOR

Periodically, the US Census Bureau conducts a survey of business owners to understand the characteristics of new and growing businesses. Others have extended this work to identify ways to increase entrepreneurial success for these firms.

Since 2007, the number of women-owned firms has grown significantly, outpacing overall firm growth. According to the American Express 2018 State of Women-Owned Business Report, which uses US Census data to extrapolate changes in the business landscape, women-owned businesses increased by significantly higher percentages based on number of firms, total employment, and total revenues relative to business growth as a whole.

- The results for women of color are even more significant. Firms owned by African-American women grew by 163%, and by 172% for Latinas. Native Hawaiian/Pacific Islander women and Asian-American women also saw significant business activity. Overall, the number of women of color-owned businesses increased by 163% between 2007 and 2018. Nationally, African-American women and Latina business ownership is significant, with African American women leading 20% of new women-owned businesses, and Latinas creating 17%. Unfortunately, the average revenues generated by both Latina and African American women are significantly lower than women-owned firms overall. This has implications for Sacramento, which has a high proportion of women of color who identify as African American (22%) and Latina (23%).

Investing in women-owned firms can pay greater dividends to the community in terms of hiring as well. Once firms reach a threshold of \$250,000 in revenues, founders begin to hire employees. Employment growth is one of the metrics the regional prosperity framework identified. Typically, women of color owned businesses tend to hire from within their community once employees are needed. Leveraging this tendency can help increase employment and income among women of color in Sacramento County.

In addition to potentially raising the economic fortunes of women of color and their families in Sacramento, investing in women of color entrepreneurship can deliver other benefits. Recent tax code changes and the creation of Opportunity Zones present an opportunity to identify and invest in women of color owned businesses located within these zones, which tend to have higher populations of low-income people and people of color. Supporting businesses located in these zones increases economic activity, access to career pathways, and can directly raise family incomes. Furthermore, multiple studies suggest that because investors tend to be overwhelmingly white and male, they may forgo investments in products and businesses that address the needs and interests specific to women and people of color. This is a missed opportunity to grow economic activity for these communities and potentially lost revenue for investors.



BARRIERS EXPERIENCED BY WOMEN AND WOMEN OF COLOR ENTREPRENEURS

Although our community stands to benefit significantly from investment in women of color entrepreneurship, we must remove systemic barriers to their success to fully realize this potential. To understand the barriers facing women and women of color in entrepreneurship, we surveyed the participants of The Power of SHE, interviewed entrepreneur support organizations, chambers of commerce, and other ecosystem builders, and reviewed the literature to develop a robust view of the barriers women and women of color face in driving successful business. Barriers affecting women business owners fall into several broad categories: lack of access to capital, under-resourced networks, and insufficient skill development. These barriers have multiple elements, detailed below. In addition, we assessed whether local organizations gather data on women of color-led businesses and use that to understand the needs of women of color and target outreach and services accordingly.



BARRIER #1: INSUFFICIENT ACCESS TO CAPITAL

FINANCIAL DISADVANTAGES

While studies suggest that women of color often become entrepreneurs in response to limited traditional employment opportunities, revenue and wage gaps between women of color and other groups also limit the growth and sustainability of women of color-owned businesses relative to businesses owned by men. When women of color are funding their startups, they often have fewer personal financial resources to put into the business. This is further compounded by more shallow personal and professional networks, which can limit their ability to raise capital from family and friends. Furthermore, when women of color do access loans, they borrow less and at higher rates, further limiting growth opportunities.

BIAS

Women and women of color-led startups are much less likely to be funded at the same levels as firms led by men. A study of funding acquired by women-led versus men-led startups found that, when pitching their ideas, women are asked questions about preventing failure while men are asked more about how they intend to promote success. This results in male-led firms receiving funding up to seven times higher than women-led firms, and explains nearly all the gender funding gap. Cultural bias may also affect what investors view as a practical potential investment.

LACK OF REPRESENTATION

Women of color are significantly underrepresented in funder networks and within venture capital firms. Women and people of color are particularly underrepresented in venture capital firms, resulting in women-led startups receiving just 2% of venture capital funds, despite women businesses constituting 38% of firms nationwide.

Women and people of color are also less likely to apply for and receive loans from traditional lending institutions. This reinforces institutional bias, since funders encounter fewer women of color entrepreneurs.

BARRIER #2: INADEQUATE EDUCATION, SKILLS, AND EXPERIENCE



EDUCATIONAL ATTAINMENT

There is a positive correlation between education levels and entrepreneurial success. Women of color have lower education levels, especially black, Latina, and Native American women. Efforts to assist with degree attainment can increase the skills needed for women of color to be successful entrepreneurs.

BUSINESS MANAGEMENT SKILLS

Our survey of Power of SHE participants echoed the national research: women of color expressed a need for additional exposure to business planning and financial management skills to manage and grow their businesses. In addition, studies showed that specific, targeted, and timely skill development is most effective in improving business growth.

PRIOR BUSINESS EXPERIENCE

These groups experience greater obstacles because they are not exposed to business operations through prior business employment. Since a predictor of entrepreneurial success is prior exposure, either through employment or family business experience, reducing these barriers has the potential to create intergenerational wealth through business succession as well.

BARRIER #3: LACK OF ACCESS TO DEVELOPED BUSINESS NETWORKS

ROLE MODELS/MENTORS WITH SIMILAR BACKGROUNDS

Power of SHE participants frequently expressed a desire for mentors from similar backgrounds, both as a way of feeling more comfortable in a business environment and as a way to gain insight into their business processes from those who had traversed the path before. National research supports the idea that individuals need targeted, informed support. In our discussions with entrepreneur service organizations, we found that some worked to help their members become mentors.

BARRIER #4: ABSENCE OF COMPREHENSIVE DATA COLLECTION AND REPORTING

We surveyed several entrepreneur support and business networking organizations to learn more about their approach to data collection and targeted outreach. We found that most organizations are not collecting data specific to race and gender. Failing to consider these dimensions may hinder organizations' ability to identify interventions that can support women of color entrepreneurs.

To fully capitalize on the potential benefits of investing in women of color entrepreneurs, better data are needed. We developed a rubric to evaluate the existing efforts to support women of color entrepreneurs and surveyed organizations to understand what data are being collected to understand the needs of women of color entrepreneurs and to measure progress in supporting them.

Multiple organizations in the Sacramento region have focused on creating programs to support and grow the innovation and entrepreneurship ecosystems. However, of those who responded to our survey, we found that most are not collecting data regarding race and gender. They do all pay attention to the needs of women-owned businesses, but have not explicitly articulated or tracked various metrics or interventions. This limits their ability to determine what works for different segments of the population.

LOCAL DATA COLLECTION & REPORTING

Types of Data Collected	National Association of Women Business Owners	Founders Institute	Sacramento Metro Chamber/ Small Business Development Center	Greater Sacramento Economic Council	Startup Sac	Sacramento Hispanic Chamber of Commerce
business climate			x	x		study in progress
access to capital			x			x
inclusion on measures of race, ethnicity, gender, veteran status, immigration status, sexual orientation, etc.			x	x	x	
firm revenue by race/ ethnicity and gender			x			
efforts to outreach, attract, and retain women of color						

BARRIER #5: TARGETED OUTREACH AND SUPPORT

Of the organizations surveyed, we found that most have not engaged in targeted outreach and support for women of color-owned businesses. Based on our research with the Power of SHE participants, having a safe environment to explore business concepts with other women of color, as well as access to mentors from the same community played a significant role in their confidence and perseverance as business owners. See Appendix A for the survey results from the second Power of SHE cohort for more information on how the program design influenced participants' experience.

ECOSYSTEM ANALYSIS						
	National Association of Women Business Owners	Founders Institute	Sacramento Metro Chamber/ Small Business Development Center	Greater Sacramento Economic Council	Startup Sac	Sacramento Hispanic Chamber of Commerce
Women Focus	x					
People of Color/Ethnic Focus	DEI role					x
Membership Organization	x	x	x	x		x
Industry Focus						
Education & Skill Development						
online	x	x	x			
workshops	x	x	x			x
peer to peer	x	x				x
Network Building						
mentorship	x	x	x			x
events	x	x	x			x
regional connectivity	x	x	x	x	x	x
industry specific						

ECOSYSTEM ANALYSIS

	National Association of Women Business Owners	Founders Institute	Sacramento Metro Chamber/ Small Business Development Center	Greater Sacramento Economic Council	Startup Sac	Sacramento Hispanic Chamber of Commerce
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collaboration w/POC + women specific organizations

x

x

x

x

Access to Capital

exposure to bankers, investor groups, VCs

x

financial advising + loan readiness

x

x

addressing bias

x

x

x

micro lending

Only available to a small group of award winners

other

Periodic funding program availability review





SACRAMENTO REGIONAL PROSPERITY STRATEGY FRAMEWORK

Over the past decade, Sacramento has championed several initiatives focused on accelerating regional economic development. Our most recent efforts have acknowledged that without inclusion, Sacramento cannot achieve its desired economic growth. The region's diversity is too embedded in the overall economic trajectory of the region to be a secondary concern. As a result, the prosperity principles - centered around investments in the regional business climate, human capital, and local infrastructure - identified in the strategy specify inclusive elements. Of particular interest to our work are the elements listed under the concept of supporting people, including targeting workers and entrepreneurs from all backgrounds to foster equitable wealth creation and inclusive growth, and increasing access to community programs, jobs, capital, health care and stable housing for vulnerable and struggling communities.

The prosperity strategy framework outlines five factors - tradable industries, innovation, talent, infrastructure, and governance - that will drive economic growth for the region. The table below is adapted from the Regional Prosperity Strategy Framework document released in February 2019. Highlighted elements represent areas that align with or could be extended to impact the effort to increase entrepreneurship for women of color, and recommendations for operationalizing these factors with respect to women of color are listed below each factor.

5-Factor Framework	Regional Performance	Areas for Focus
Tradable Industries	<p>Tradable industries allow for Sacramento residents to export to other markets rather than relying on the size of the local market exclusively. Sacramento's growth in these industries is trailing the nation, and many new jobs in Sacramento are lower-wage, locally-serving.</p>	<p>Food/agriculture cluster Health/Life Sciences Automotive/autonomous vehicles</p>
<p>We note that the high-growth industries identified by the prosperity framework rely primarily on skills developed through the study of STEM (science, technology, engineering and mathematics) domains. To the extent possible, organizations can identify women of color working in these industries and recruit them into incubators, business plan competitions and other vehicles for women of color.</p>		
Innovation	<p>The region trails peers in firm scaling and advanced industry growth</p>	<p>Identify gaps that hinder business dynamism, including tech transfer</p>
<p>According to analysis by American Express, employment and revenue growth increases significantly for women-owned businesses as they reach \$250,000 in revenues. Identifying and supporting these firms while removing barriers to capital, mentoring, business networks, and talent can contribute to improving several measures of inclusive growth.</p>		

5-Factor Framework	Regional Performance	Areas for Focus
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Talent

Changing labor market is more pronounced here.

Digital skills, including an emphasis on inclusion, should be a regional priority

Supplying sufficient highly-skilled employees to work in the target tradable industries our economic development community is targeting requires upskilling many in the region. Given the region’s demographics, a fully inclusive outcome requires a focus on women of color. Sacramento has multiple programs aimed at increasing digital skills among its population; continuing to identify and train women of color that can benefit the most from these skills is key to improving economic mobility among these groups.

Infrastructure

Uneven mobility, accessibility, and geography of opportunity

Factor economic objectives into spatial planning and transportation investments

Mobility and accessibility affect women of color in their entrepreneurial journey. Our survey of program participants, entrepreneur support organizations, and national research, revealed that accessibility of educational programming and events, as well as access to transportation to work, and childcare access emerged as concerns for women of color entrepreneurs.

Governance

High levels of fragmentation

Momentum of civic institutions in setting priorities

In our review of the data collected by various entrepreneur training and support organizations, we noted that few collected and tracked data specific to women of color. Given the self-identified levels of fragmentation in our region with respect to civic institutions responsible for economic growth, aligning metrics that reflect outcomes for women of color with overall goals is essential to inclusive growth.

RECOMMENDED INTERVENTIONS

- Align entrepreneur support organizations with regional economic development initiatives.
- Update prosperity framework strategy to include inclusion metrics specific to women of color-owned businesses.
- All entrepreneur support organizations that serve women and women of color entrepreneurs need to collect data based on race, ethnicity and gender in addition to firm size, anticipated growth plans, capital needs, etc.
- Target women of color entrepreneurs and track the success of various outreach efforts
- Partner with organizations that serve and promote women of color to bring them into entrepreneurship, supplier, and investor networks.
- Convene women of color entrepreneurs.
- Provide access to funder networks and support business readiness for investment.
- Address institutional bias through anti-bias training.
- Provide workshops to assist women of color with pitching their business ideas.
- Standardize the questions that investors ask of all entrepreneurs, with a focus on promotion and success, rather than defense against obstacles.

Appendix A - Power of SHE Fall 2018 Cohort Analysis

BACKGROUND

The Power of SHE program is an entrepreneurship education program supporting women of color. The program recruits at least 25 women per cohort for a 12-session program that provides women with lectures and exercises that take them through the process of developing a business concept and beginning to start a business, networking opportunities and mentoring to support women as they develop their own business venture. The training faculty are recruited from various business and entrepreneur support organizations, local consultants and other community posts.

METHODOLOGY & OBJECTIVES

The research portion of this project has the following goals:

1. Assess participant learning over the course of the program via pre-program and exit surveys, interviews with participants and entrepreneurship community members.
2. Identify areas for program design improvement.
3. Recommend additional entrepreneurship ecosystem support for women of color based on ongoing discussions with and assessments of program participants' progress at periodic intervals following completion of the program.
4. Assess the overall entrepreneurship ecosystem, including business resource centers, entrepreneur service organizations, networking and mentoring opportunities, and available funding resources with respect to the needs of women of color entrepreneurs.
5. Develop indicators that complement and extend existing indicators that enable the community to allocate resources aimed at addressing the needs of women of color entrepreneurs.

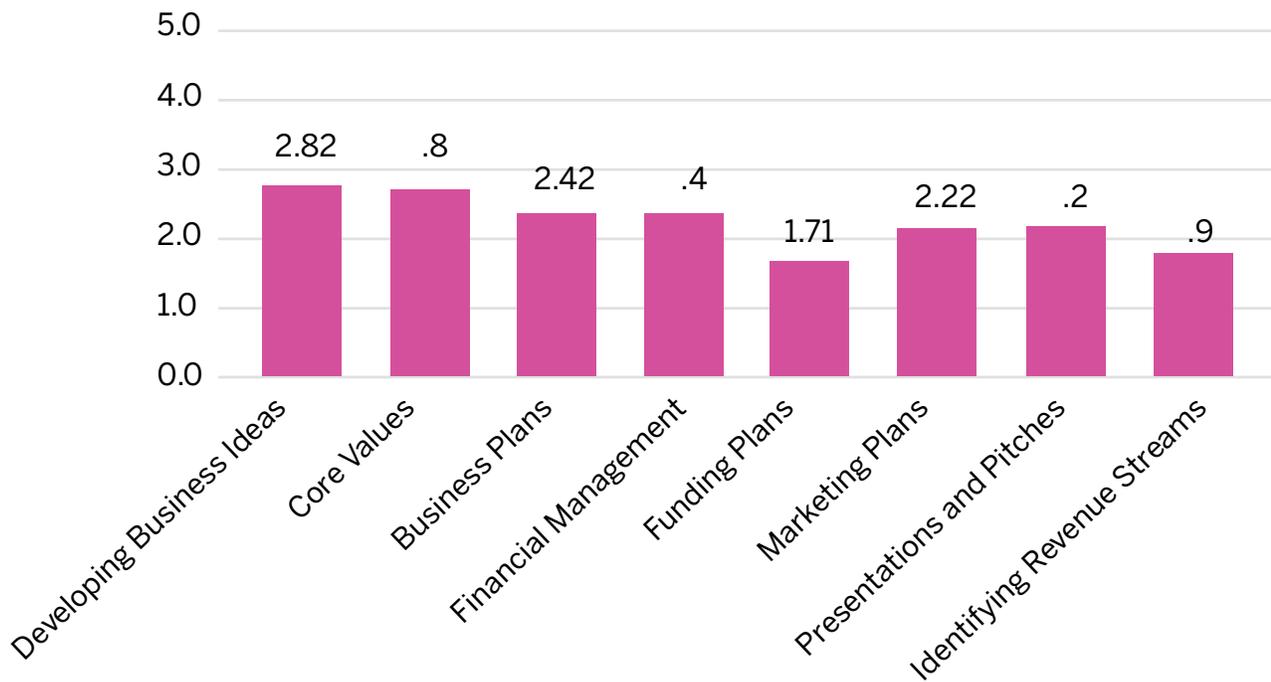


PRE-PROGRAM SURVEY RESULTS

To understand the baseline experience of this group, participants were surveyed during the first session of the program. We used a google form to distribute the survey. A total of 26 participants completed the survey.

Participants were asked to rate their familiarity with the business concepts addressed throughout the course of the program on a scale of 1 to 5, with 1 being not at all familiar, and 5 being most familiar. The average scores for each topic are presented in Figure 1:

PRE-PROGRAM BUSINESS CONCEPT FAMILIARITY



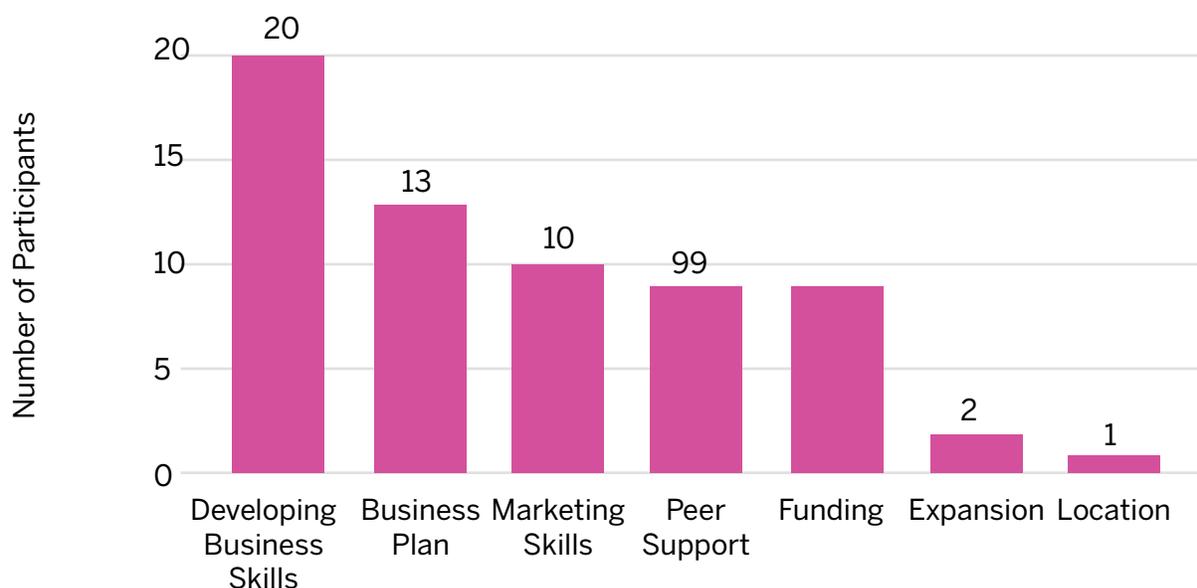
Participants were collectively most familiar with the general concepts associated with developing, refining, and communicating business ideas and incorporating their core values into their business design and approach. Participants rated themselves lowest with respect to funding their businesses, along with identifying revenue streams. As we later note, this also manifested in the open-ended feedback participants offered in the exit survey, as well as the feedback we received from the individuals who judged our pitch competition.

We also asked whether program participants had any prior experience with small business or entrepreneurship, including working with or owning a small business, creating a business plan, or participating in a startup competition. None of our participants had created a business plan or participated in a startup competition, however, almost 40% had owned some form of small business (we classified franchises and direct sales businesses as small businesses), and an additional 15% had worked for a small business.

We sought to gain some insight from our participants about their experiences in business and entrepreneurship, so we surveyed them to find out what kind of barriers to success they had experienced in their efforts to establish their own or work for others' businesses. Marketing in particular, along with a general lack of specific skills related to business management, access to funding, and a need for mentors emerged as the most common barriers to their success. Conversely, when asked what elements of their experience worked well, our participants identified networks, relationships and support systems as critical to their success, in addition to having a high quality product or service and good customer service skills.

Finally, we asked participants to tell us what their goals were for the program. Predictably, the most common goal was to develop business skills. Nearly half also identified the importance of help developing and refining their business plan and model. Peer support, networking, and mentoring with other women of color entrepreneurs also figured highly in the responses. The full results are shown in the figure below.

POWER OF SHE FALL 2018 COHORT - PARTICIPATION GOALS

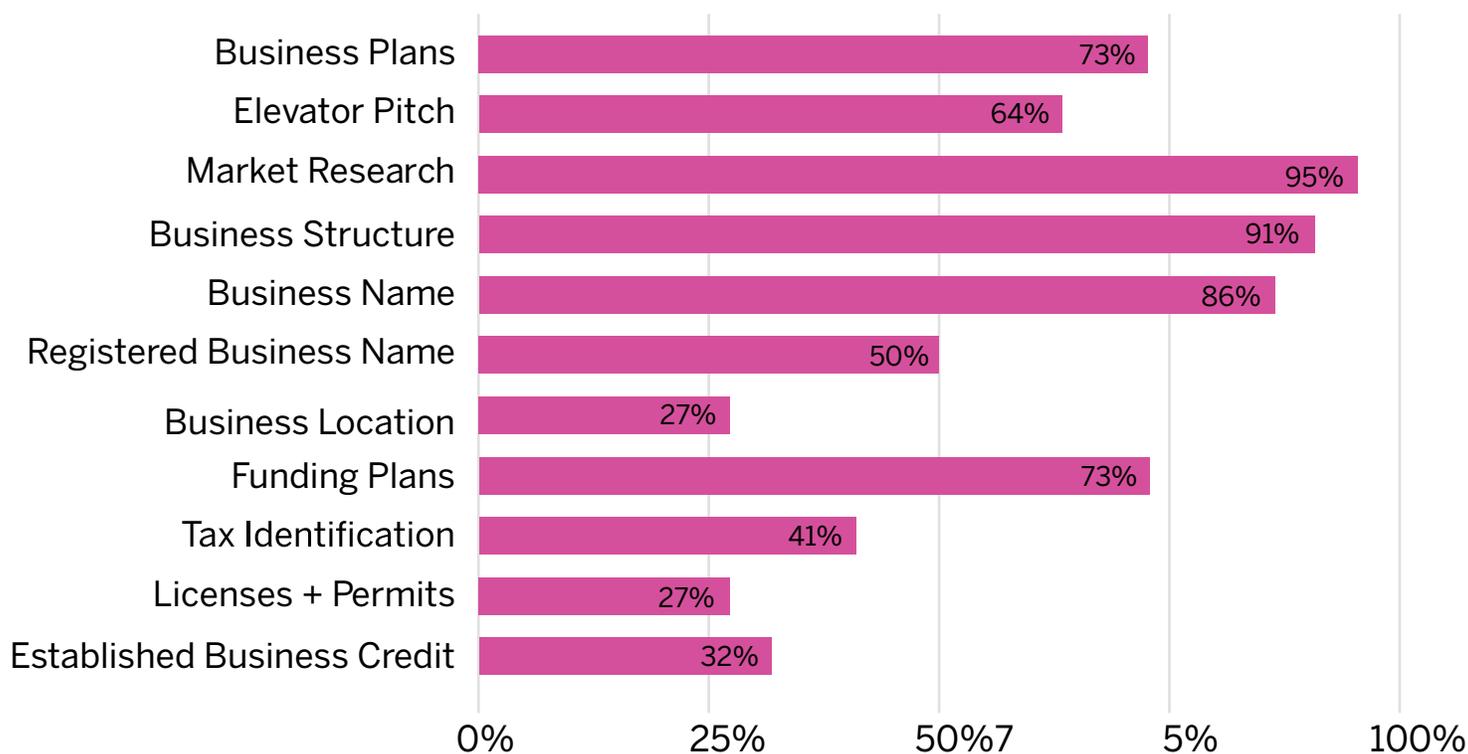


EXIT SURVEY RESULTS

We administered a hard copy survey to participants during the final session to gather feedback on business development milestones, familiarity with the business concepts covered during the course, and a self-assessment of whether participants achieved the goals they articulated at the beginning of the program. We received 22 responses, a drop-off of 15% from the initial survey.

Using the Small Business Administration's steps to creating a business, we evaluated participants' progress on creating a viable business during the program. As the figure below shows, participants' made significant strides in the ideation phases of business creation: developing a model or plan, conducting market research, deciding on a structure, and choosing a name. This cohort has made less progress overall regarding active steps to establish a business, 41% have obtained federal and state tax identification numbers, 27% have obtained required permits and licenses, and just a third have begun the process of establishing business credit. Given the timing of these elements in the course (roughly halfway through the overall program), we expect these numbers to increase during our 6-month follow-up survey.

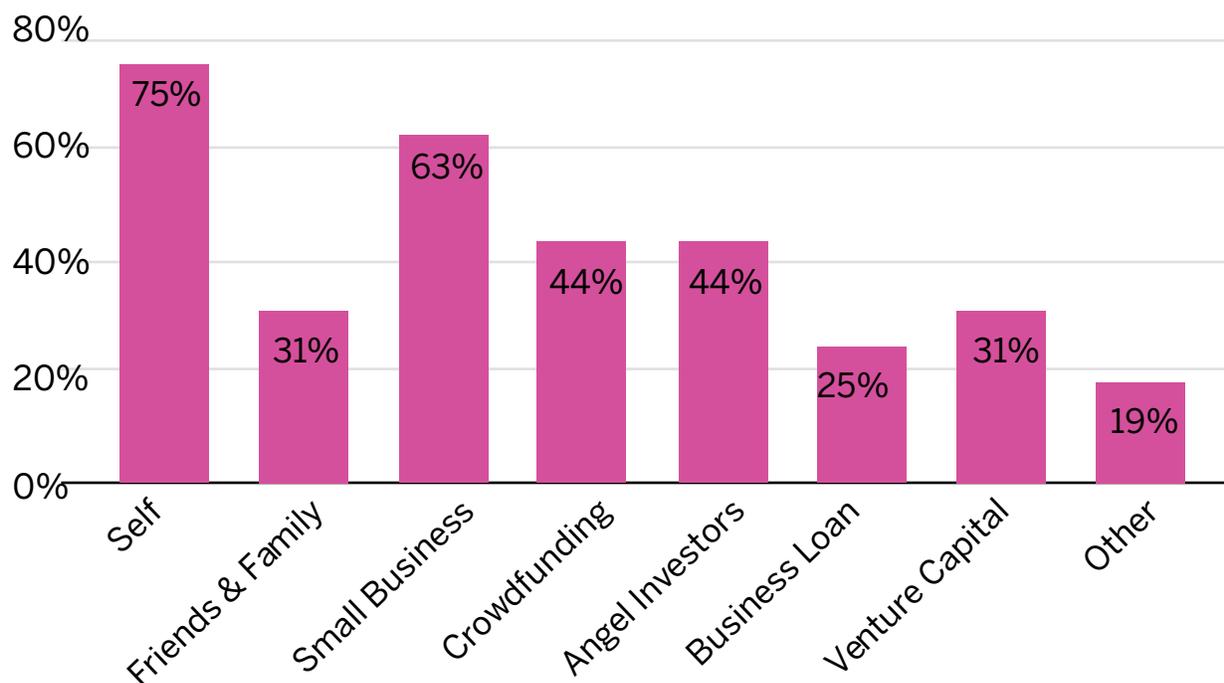
STEPS TO ESTABLISHING A BUSINESS



For the participants who had selected a business structure, we found that 20 of the 22 respondents had chosen a structure. Of these, nine had chosen to incorporate, while four each had chosen to be sole proprietors or start the process of creating a 501 (c) 3 non-profit organization. While most of the course content is focused on for-profit business creation, it may make sense to offer other venture types as alternatives for participants; many noted a desire to contribute to community health and well-being, with business proposals focused on health and wellness for others in their communities, which may be better facilitated by non-profit or b-corp designations.

Notably, 16 of the 22 respondents had identified a funding plan for getting their businesses off the ground. We asked them to share their approach to funding, the results of which are shown below. Many identified self-funding and bootstrapping as their primary funding approach. This is of some concern, as it reflects a lack of access to capital for many women-owned firms, and reinforces the revenue gaps that women of color-owned firms experience.

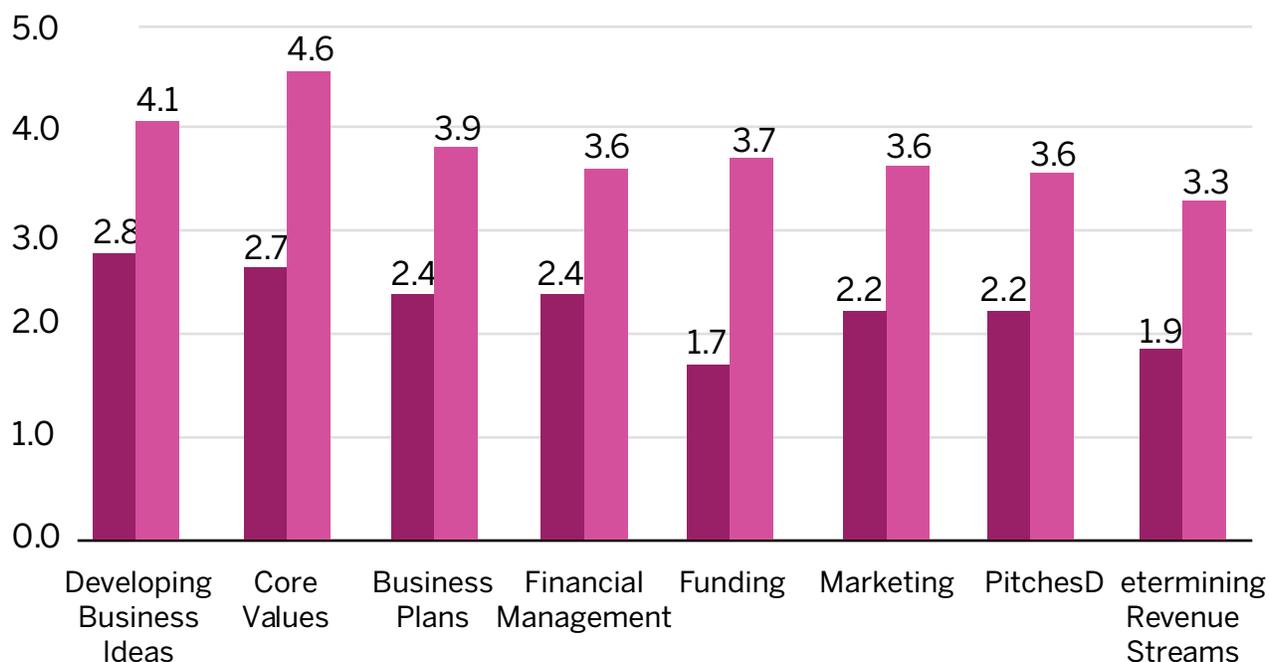
SOURCES OF BUSINESS FUNDS



We also asked participants to tell us about their marketing plans. Nine responded that they had completed a marketing plan, but at least 15 responded that they had engaged in some marketing activity, such as social media, creating a website, or attending a networking event.

In terms of self-report, the participants expressed a significant improvement in their familiarity with the concepts covered through the program. As the figure shows, participants rated their familiarity and comfort with business concepts significantly higher after completing the program.

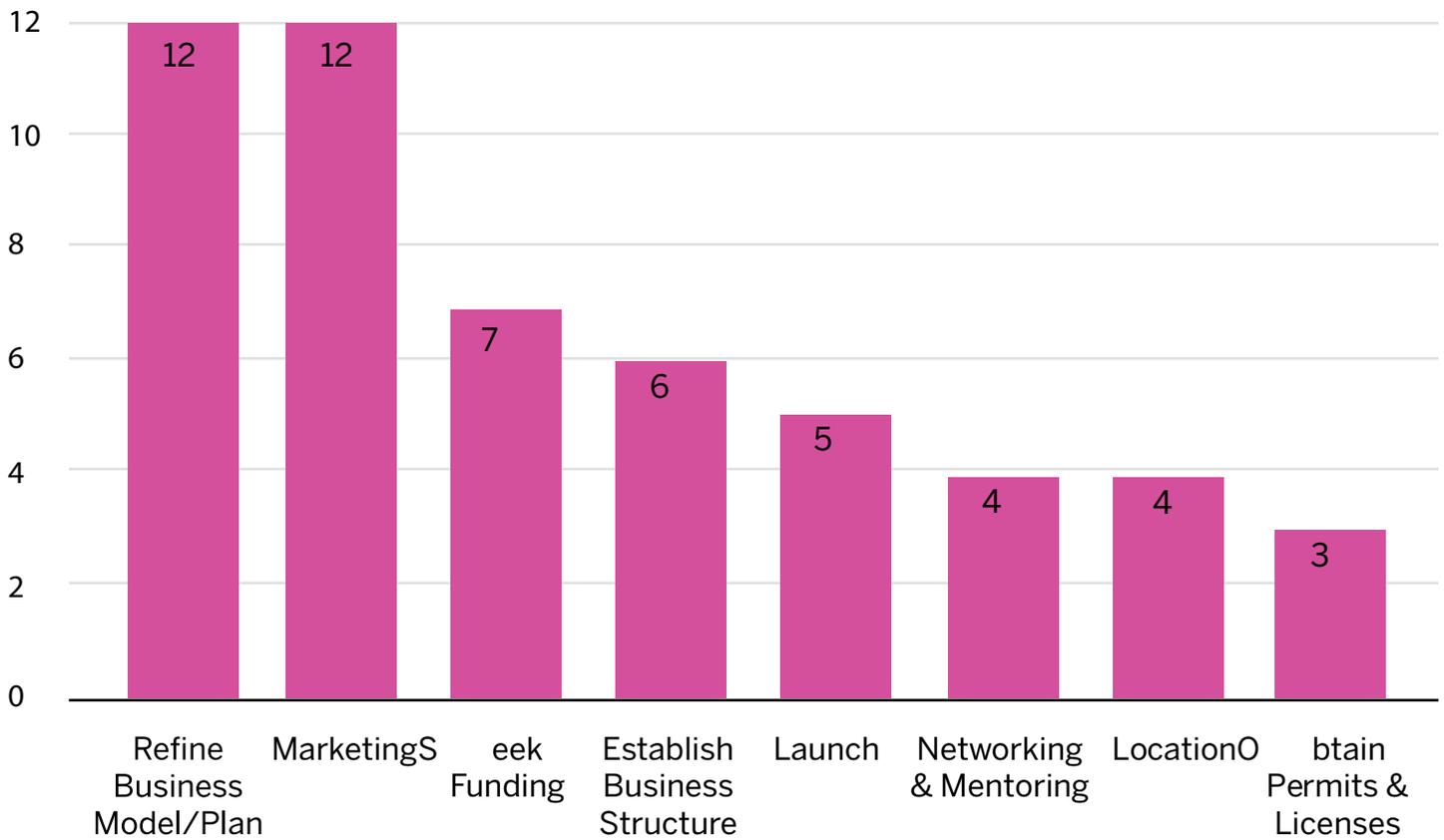
BUSINESS CONCEPT FAMILIARITY BEFORE AND AFTER PROGRAM



We note that although participants reported more comfort and familiarity with the course content, the judges from the pitch session indicated that they sensed that participants often could not explain their go-to-market strategy very clearly, and suggested that additional time be spent on preparing participants for the nuts and bolts of analyzing their overall capital needs and the theory of change underlying their business concepts. In their open-ended responses, the participants also made note of this missing element, asking for additional workshops on financial management and customer segmentation. Several participants also requested additional support with understanding their customers and developing marketing and branding strategies.

In addition to requesting additional financial management training, over a quarter of participants expressed a desire for a mentor to show them the ropes of creating and succeeding in business, and several identified a lack of access to funding, particularly through investors, as a barrier to scaling their firms. This reflects a national trend, in which women of color have high levels of business formation but lower revenues than their white women peers.

Finally, we surveyed participants to understand the next steps they intend to take to advance their business over the next three to six months. More than half (12 of 22) indicated plans to refine their business models or plans, or to working on marketing plans and materials for launching and sustaining their businesses.



Next Steps in Next 3-6 Months

Recommendations

Based on the results of the surveys, the following recommendations may contribute to greater success for current and future program participants.

SURVEYS AND ASSESSMENTS

1. Add an interim survey or interview: The pre-program and exit surveys capture high-level information about participants' business acumen, however, because they occurred so far apart with little interim assessment, program participants weren't afforded the opportunity to express when they needed additional support to fully understand certain concepts. In the exit survey, multiple participants expressed a need for additional training related to financial management, marketing, and business funding sources. Periodic check-ins with participants can allow program managers to adapt the course content more quickly to meet participants' needs.
2. Assist program participants with developing a stronger understanding of various course concepts by encouraging Power of SHE presenters to develop 3-5 questions that will help the participants gauge their mastery of a subject.

COURSE CONTENT

1. Enhance the course content related to financial management, business model analysis, and marketing support. As noted earlier, the pitch competition judges gauged that the participants did not always demonstrate a firm grasp of the financial elements necessary to successfully launch their businesses. Participants also expressed a desire to spend more time learning about market and customer segmentation and overall financial management to help them be successful.
2. During the program, participants were able to prepare for a vendor fair that helped highlight a need to engage in marketing activities, resulting in a workshop on social media marketing. Incorporating this into the regular course content will help strengthen marketing skills - marketing was identified most often as the business skill program participants sought to learn as part of participating in the Power of SHE.
3. Provide support to help participants plan their next steps following program completion. The exit survey revealed that many participants still needed to gain additional training such as grant writing, business model refinement, and support to launch or expand their businesses. Add a segment to the course that helps them identify these next steps and provide them with resources on how to take those next steps.
4. If possible, help connect program participants with mentors who have already created successful businesses. According to the participants, the opportunity to have peer support from other women of color created great value. Taking this a step further and identifying successful women of color entrepreneurs in the community to help guide the program participants can help them more effectively participate in The Power of SHE and launch their businesses faster.

Appendix B - Case Studies from Power of SHE Participants

MW - TOURISM AND ECONOMIC DEVELOPMENT THROUGH CURATED LOCAL EXPERIENCES

BUSINESS

Hospitality - local tours via electric tuk-tuk

PRIOR ENTREPRENEURSHIP EXPERIENCE: None

BACKGROUND

MW is from an immigrant family. She recently completed a master's degree in counseling and, in addition to pursuing a career in mental health, she is building a small business focused on eco-friendly curated tours of Sacramento. Currently, she is a sole proprietor with no employees, meaning she is fully responsible for all aspects of the business, as well as pursuing employment in her degree field.

GOAL

MW's goal is to be self-employed. Her experience with other women of color entrepreneurs has also encouraged her to target her counseling towards other entrepreneurs, especially those of color, who may be inclined to internalize their challenges rather than recognizing the structural factors impacting their success.

FUNDING

Without family resources, MW has relied on a crowdfunding campaign and personal funds to launch her business.

INNOVATION

In order to kickstart her business, MW has entered into a lease agreement with a nearby company that maintains a fleet of tuk-tuks, renting one from them. As a result, she is able to begin bootstrapping the business without having to purchase a vehicle. This keeps the monthly costs of the business low.

BIGGEST OBSTACLES

Like many women, MW struggles with impostor syndrome. This is reinforced by inappropriate attention from potential investors and a sense that, despite having achieved milestones to prove the viability of her business concept, natural partners have not been as readily collaborative as she anticipated.

MW has approached a major small business support organization for help with refining her concept and assistance in obtaining funding, but reported that the advice she received wasn't been specific to her situation (e.g. she can't just ask her parents for startup capital).

Feeling taken seriously - M.W. has obtained a lease for her vehicle, developed an innovative partnership, and, in her view, proved the viability of her concept.



AF - Wellness + Empowerment for Women of Color

BUSINESS

Yoga, wellness products, outings, design, coaching and speaking

PRIOR ENTREPRENEURSHIP EXPERIENCE

Graphic design business and other ventures as a supplement to service industry work.

BACKGROUND

AF embraced her business as part of a personal healing journey and a desire to create welcoming, healing experiences for women of color. Beginning by teaching yoga and offering graphic design services as supplements to a service industry job, AF signed up for the initial Power of SHE cohort to learn more about business fundamentals and apply them to her business.

GOAL

AF hopes to cultivate a culturally competent practice that focuses on accessibility and inclusion. Unlike many yoga businesses, she does not want to be affiliated with a particular studio, instead taking yoga to people in other environments. In addition to growing the product lines, she aims to train others in her practice of inclusive, diverse, supportive yoga and wellness activities.

FUNDING

AF has taken a bootstrapping approach to building her business. It has very low overhead and she has been able to garner family support to invest in her line of merchandise. Currently, she does not see the need for outside capital.

INNOVATION

AF's program relies on a volunteer team to deliver classes, retreats, and merchandise, and she splits profits from these lines with four individuals. As she develops partnerships with other brands and organizations (such as Lululemon and the Sacramento Kings)

BIGGEST OBSTACLES

While AF doesn't perceive her challenges as insurmountable, she has expressed a desire for more support with obtaining access to earned media (newspapers, magazines, radio programming) to share her work and message and a need for stronger marketing and business services support.



AC - Inclusive video games



BUSINESS

Educational game development nonprofit and for-profit independent video game studio, co-led with husband.

PRIOR ENTREPRENEURSHIP EXPERIENCE

AC and her husband have tech, training, and design backgrounds and often take on work for hire.

BACKGROUND

AC is the first black woman to head a game studio. Her work is focused on and informed by a desire to develop games that are interesting to women and people of color that reflect an array of storylines that are culturally diverse and engaging, and do not fall into the standard structures of many mainstream games, which often focus on violence and negatively reflect women and people of color.

GOAL

AC and her husband want to demonstrate that there is a large and growing market for culturally informed, diverse, inclusive games. They're developing games that elevate and center the stories of historically marginalized communities and working to unearth and share histories that have not been celebrated in gaming.

FUNDING

According to AC, many video game companies have attempted to use crowdfunding without fully delivering on their promised product; Star Citizen is a very high profile example. As a result, they are bootstrapping their business via personal resources and allowing fans to support their video game's podcast. As they build the audiences for their games, they hope to be able to garner investment from game development.

INNOVATION

Because major platforms and studios rely on historically successful titles to plan current and future games, the market is self-reinforcing. Because AC ultimately wants to sell her titles to the larger platforms, she and her husband are developing an audience for one of their games using a podcast. In addition, they are building microgames and mobile platform games, since both are more accessible and easier to get to market.

BIGGEST OBSTACLES

AC's biggest obstacles are breaking into a market space that is primarily focused on delivering titles that appeal to its existing market rather than investing in the growth and development of games that will appeal to other market segments.