Advancing Inclusive Entrepreneurship and Business Growth in Urban Manufacturing:

Lessons from Portland and Cincinnati

Equity Community of Practice
Urban Manufacturing Alliance

Tanu Kumar & Chris Schildt, Co-Chairs
January 25th, 2017
Today’s Agenda:

• Welcome and introductions
  – Poll – Where are you calling from?
    – 5 minutes

• What is the Equity CoP?
  – Tanu Kumar & Chris Schildt, Equity CoP Co-Chairs
    – 10 minutes

• Introduction to Today’s Webinar and Speakers
  – Tracy Gray, 22 Capital Group – Facilitator
    – 5 minutes

• Portland Case Study
  – Katherine Krajnak, Senior Industry Liaison, Portland Development Commission
    – 10 minutes

• Cincinnati Case Study
  – Darrin Redus, Vice President, Minority Business Accelerator, Cincinnati Chamber of Commerce
    – 10 minutes

• Facilitated Question and Answer Session
  – Chris, Darrin, Katherine, and Tanu
    – 15 minutes

• Audience Question and Answer Session
  – Please type your questions into the Questions box in your Control Panel
    – 15 minutes

• Thank you!
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The Urban Manufacturing Alliance

UMA is a coalition of 500 members across 145 cities that are sustaining and growing manufacturing in urban centers. Through Gatherings, original research, policy development, and our Communities of Practice, UMA is working to ensure that cities continue to be places where we make things.

Manufacturing matters, and it matters deeply to the health and vitality of cities. A strong urban manufacturing base supports innovation, sustains living-wage jobs that provide a crucial pathway to the middle class, promotes Here are some ways UMA is strengthening the manufacturing sector.
What is a CoP: *A mechanism for our members to easily access each other’s expertise and drive the creation of resources.*

UMA’s Four CoP’s include:

- Equity
- Land Use Policy and Real Estate Development
- Workforce Development
- Local Branding
The Equity CoP Advisory Board

**Jose Corona** – Director of Equity and Strategic Partnerships, City of Oakland

**Tracy Gray** – Managing Director, The 22 Capital Group

**Darrin Redus** – Vice President, Cincinnati USA Regional Chamber of Commerce, Minority Business Accelerator

**Michelle Thong** – Business Development Officer, City of San Jose

**Andrew Beideman** – Associate, RW Ventures, Chicago
INCLUSIVE ENTREPRENEURSHIP IN PORTLAND

UMA Webinar
Katherine Krajnak
Portland Development Commission

Photo: Michael Silberstein
STRA TEGIC PLAN ALIGNMENT

Objective 3
Foster Wealth Creation within Communities of Color and Low-Income Neighborhoods
PATHS TO BUSINESS GROWTH

Revenue

Time

High Growth
Scalable Product Growth
Growing Small Business
Microenterprise Business
<table>
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<tr>
<th>Business Type</th>
<th>PDC Support Program</th>
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<tr>
<td>High Growth</td>
<td>• Startup PDX Challenge</td>
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<td>• Inclusive Startup Fund Fund</td>
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<td>Scalable Product</td>
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<tr>
<td>Microenterprise</td>
<td>• Microenterprise and Small Business Development Program</td>
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OUR APPROACH

• Having direct relationships with minority entrepreneurs to understand their unique barriers
• Thinking differently about how government can help entrepreneurs
• Facilitating peer-to-peer learning
• Investing in people to grow next generation mentors & leaders

Joy Davis, Design + Culture Lab
Roslynn Tellvik & Sook Goh, RAFT Syrups
ECOSYSTEM WIDE CHANGE

- Startup Weekend Latino
- Portland Startup Week
- Hispanicpros
- Pitch Black
- Mercatus Website

- TiE Oregon
- Startup PDX Challenge (Incubate PDX 2017)
- Oregon Entrepreneur Network
- Microenterprise & Small Business Development Program

- Inclusive Startup Fund (Elevate Capital)
- Increase Project
- Portland Seed Fund
- Athletic & Outdoor Peer to Peer
INCLUSIVE STARTUP FUND

- $3 million pre-seed fund
  - $500K City of Portland
  - $500K Multnomah County
  - $250K State of Oregon
- $25 - $75K investments
- 6 month mentoring program
- 30 companies
- Industry diverse portfolio
- Target founder demographics
  - 40% Black and/or Latino
  - 40% women
  - 20% other underrepresented
TEAM SELECTION

• Diverse Pipeline
• Mentor Program
• Fund Structure & Capitalization
• Investment Experience
WHAT’S NEXT

SMALL BUSINESS TECHNICAL ASSISTANCE PARTNERSHIP
BUILDING 1000 STRONG

OUTCOMES

1000 Businesses strong and stabilized

25 Businesses scaling to double or triple their size

250 Businesses achieve growth milestones

100 Traded sector startups launch into the market

GOALS

• Lead with outcomes
• Improve service delivery
• Facilitate inclusive community of practice
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Advancing Inclusive Entrepreneurship
Strategic Overview of The Minority Business Accelerator

Cincinnati USA Regional Chamber
November 9, 2016
Our Mission

To **accelerate** the development of **sizable** minority businesses and **strengthen** and **expand** the regional minority **entrepreneurial** community.
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Why Is This Important?

• By 2050, Ethnic Minorities will represent half of U.S. Population
• Today, roughly half of all pre-school age children represent ethnic minorities
• America is living longer with more projected retirees than workers contributing to Social Security
• Widening Economic Disparities (unemployment, income, wealth, etc.) threaten entire financial/economic system
• Accelerated Globalization
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What Are The Disparities?

- Whites have 13X the net worth of Blacks & Hispanics (largest gap since 1989)
- Over the past 25 years, the wealth gap has nearly tripled according to Brandeis University

**Wealth Gap Widens ($K)**

- 2010:
  - White: $139
  - Black: $17
  - Hispanic: $16

- 2013:
  - White: $141
  - Black: $11
  - Hispanic: $14

Pew Research Center report released 12/14
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What Are The Disparities?

- Minority households' median income fell 9% between 2010 and 2013, compared to a drop of only 1% for majority households.
- Despite increases in business starts and revenues, Black owned businesses generate less than 1% of U.S GDP, and less than 4% when factoring in Hispanic owned firms.
- Only 1 in 18 African American & Hispanic firms > 1 employee versus 1 in 5 for majority firms.

Unemployment Rate

Jobless and not looking for work or working part-time
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Driving Realities & Opportunity

- Economic Inclusion has become a national imperative
- Cities/Regions/Businesses across the country more aggressively adopting inclusion strategies
- National Foundations and federal government aggressively partnering with leading organizations and communities
- Unique talent/business attraction/retention opportunity
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Brief Historical Profile of Accelerator

- Founded in 2003
- Product of Cincinnati Action Now (CAN) Commission
- Emphasis on African American- & Hispanic-owned businesses
- Address well-documented economic disparities by stimulating high growth entrepreneurship and job creation
- 2004 Portfolio consisted of 20 firms with average revenues of $6.7 million
- Early “Spending” from area corporations with local minority firms of ~ $100 million at inception
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Current State

- 32 high performing minority businesses
- 9 different industry categories
- 3,500+ jobs created
- $1B aggregate annual sales
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Current State

Industry Distribution

- Engineering: 28%
- Construction: 13%
- Manufacturing & Distribution: 13%
- Human Resources: 9%
- Information Technology: 9%
- Architecture: 9%
- Facilities Management: 6%
- Marketing Services: 6%

$31 Million avg. annual sales/firm
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MBA Brands
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Our 2016 Goal Setters

[Logos of various companies]
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Our 2016 Goal Setters
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5 Year Growth Objectives & BHAG

• Increase Aggregate Annual Revenues of Portfolio by: $1 Billion

• Create: 3,500 additional jobs
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Increase Aggregate Annual Revenues by $1 Billion

General approach

• Enhanced engagement with Portfolio Companies
• Deepen partnering efforts with Goal Setters
• Catalyze a robust high growth pipeline
• Support minority business attraction efforts
Increase Aggregate Annual Revenues by $1 Billion

Strategies & Tactics – (Portfolio Firms)

- New markets, product lines, exporting, “pivoting”
- M&A, Joint Ventures – majority/minority
- Deepen understanding/positioning for equity capital
- Continue capacity and capital readiness efforts
Optimize efforts with Goal Setters

- Identify new opportunities for Portfolio Companies
- Identify industry verticals with minimal/no MBE representation
- Identify core strategic needs of each Goal Setter

Increase Aggregate Annual Revenues by $1 Billion
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Create 3,500 Additional Jobs

Impact & Realities

• By-product of growing larger scale MBEs
• Disproportionate impact on underserved communities
• Intentional focus on challenged populations
• Leverage with foundations and philanthropic partners
• Unrecognized partner in the war on poverty
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Visual Snapshot

Accelerator Portfolio Companies/ Pipeline Firms (CMBC)
- Business Assessments
- S.W.O.T Analysis
- Capital Readiness
- Capacity Building
- Client Readiness
- Strategic Introductions

Business Acquisitions
- Divestitures
- Business Creation
- New Contracts
- Joint Ventures
- Majority/Minority Deals
- Equity Financing
- (Business Attraction/Relocation)
- (Talent Attraction/Retention)

Corporate Partners/ Goal Setters
- Identifying Spend Goals/Opportunities
- Leveraging “Business Case” for Inclusion
- Strategic Sourcing/Partnering Needs
- Optimization of new/existing MBE vendors
- Industry Verticals with little/no MBE Spend
- Client Succession Planning Strategies
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Thank you
Question & Answer Session

To ask a question **type your question** under the “Question” section on your control panel and **we will read your question to the group**. Please include your organization with your question.
What’s Next?

The Equity CoP will continue to tell the stories of inclusion across land use and real estate developments, workforce, advanced manufacturing, policy creation, and more.

Have a question or a case study? Email us at info@urbanmfg.org

And don’t miss UMA’s next program!

The Workforce Community of Practice Webinar:
“Strategies and Practices to get Youth on Manufacturing Shop Floors”
Tuesday, February 28th at 2pmEST
Sign up at bit.ly/ShopFloors