

Minority Small Business Launch Center

VSU GO VA APPLICATION - EXECUTIVE SUMMARY



Entrepreneurship is a key driver of economic development for economies (Porter, 2003) and communities (Perry-Rivers, 2016). Yet, because entrepreneurship is driven by wealth and resource access (Hurst, 2004) and not all groups have had equitable opportunity to accrue and transfer wealth or access to resources, self-employment rates and performance levels are lower for minorities than for non-minorities (Morelix, Hwang, & Tareque, 2017).

This disparity is highly important in Virginia given its disproportionately high percentage of minorities (14.3% in the U.S.; 19.2% in Virginia) who will make up increasing shares of the total population and the workforce in the next decades. Further, though African Americans, the largest minority group in Virginia, are disproportionately college-educated in the state overall (25.2% in Virginia compared to 22.5% with bachelors or higher in the U.S.), this does not hold in the Richmond MSA where African Americans are disproportionately less college educated (20.5%), and have lower household incomes and property values than African-Americans in the state as a whole and in other key Go Virginia regions, including Hampton Roads and Northern Virginia. The lack or lower value of these entrepreneurship-facilitating resources (education, income, and wealth) among minorities in Central Virginia has impacted minority group members' capacity to pursue successful entrepreneurship, and led to the current lower self-employment participation rates of the largest minority group (2.8% for African-Americans in the Richmond MSA compared to 5.4% for whites).

One means to redress this is to create a supportive entrepreneurship pre-accelerator customized to minority community needs to enable group members more opportunities to access resources to enable their launch of scalable, sustainable enterprises. This can increase their capacity for generating transgenerational wealth and for contributing more to Virginia's economy.

To increase the entrepreneurship participation rate of minorities and performance of nascent minority-led firms in Region 4, Virginia State University's Division of Research

and Economic Development and the VSU Center for Entrepreneurship seek two-year funding for creating a Minority Small Business Launch Center (SBLC) that provides a comprehensive suite of entrepreneurship-facilitating and support resources including:

1. Student and Faculty-Led Business Support and Technical Assistance
2. Entrepreneurship Launch and Growth Certification Training
3. Access to Co-working Space
4. Training on Investor, Venture Capital, and Bank Funding
5. Hosted Regional Entrepreneurship Networking Events
6. Training on How to Do Business with Virginia and Navigate SBA Programs
7. Attorney-Led Intellectual Property Protection Workshops
8. Attorney-Led Legal Business Formation Counseling
9. College Youth Innovation and Entrepreneurship Fellowships and Consultancies
10. High School Youth Entrepreneurship Training Programs
11. Memberships to Regional Chambers of Commerce and Trade Associations
12. An Entrepreneurship Peer Mentorship Program
13. Seed and Expansion Capital Access Through Pitch Competitions
14. Scheduled Access to Maker Space

The programmatic elements, the selection of entrepreneurs in early life cycle stages, and the industry focus of this proposed program are based on salient academic research, Census Bureau, Bureau of Labor Statistics, State Council of Higher Education (SCHEV) data, and/or Virginia Labor Market Information (LMI) data that have identified distinct differences between minority and non-minority entrepreneurs in entrepreneurship life cycle stages, network access and membership, industry diversity, risk-levels, educational majors and attainment, self-employment by educational attainment, wealth and income, access to funding, and challenges faced (Bates, Jackson & Johnson, 2007; Selected Economic, 2019; Virginia Employment, 2021; Enrollment by Race, 2019; Employment by Major Industry Sector, 2020).

Based on this research, we believe the programmatic elements we have proposed are necessary to mitigate the lack of resources and other challenges that minority entrepreneurs are likely to face in their early stages of development. Further, we believe it is necessary to focus on minority founders and firms in nascent stages of development, which would include pre-acceleration to early acceleration (embryonic to early growth) stages of the entrepreneurship life cycle since all minority enterprises are likely to remain in these early stages longer than non-minority enterprises if they succeed to growth at all. Our premise for early-stage level emphasis encompassing launch to early growth is affirmed by research by the Ewing Marion Kauffman Foundation which shows that U.S. minority-led firms start smaller and stay smaller than their non-minority counterparts. Because of high failure rates, stunted or interrupted growth, the scale-up gap between minority and non-minority firms is huge, and total self-employment is lower for minorities (Morelix et al, 2017). The buffers our program would provide could help more minority firms make it to acceleration.

The industry sectors on which our program will focus include those that Region 4 has prioritized. These are manufacturing, health/life sciences and biosciences, information and emerging technologies, and logistics (Grow, 2019). Additionally, we will support entrepreneurs in “related” industries to those prioritized by Region 4 as identified by the BLS and the Cybersecurity and Infrastructure Agency (CISA) including communications, energy, financial services, transportation, emergency services, professional and business services, and the IT-enabled sector identified as the “digital economy” which encompasses primarily ecommerce-operated and digital media businesses (Barefoot et al, 2018; Henry-Nickie, Frimpong, & Sun, 2019; Communications Sector, 2021).

These industries were selected based on college education major patterns within minority communities which are different than those that exist for other groups (Bates et al, 2007), and to ensure we would have the greatest level of participation from college educated minority entrepreneurs who we believe have higher potential to generate scalable, successful enterprises than those without any college education in Region 4. The majority of the industries prioritized by our program are also projected to have high employment growth over the next ten years by the BLS, have higher numbers of jobs in occupational categories with above mean annual wages (Employment by detailed occupation, 2020), and have potential to generate revenue from sales across regions or countries (traded industries).

Our program is complementary and not redundant to Region 4’s ecosystem. Ultimately, we seek to serve as an initial training ground, and then a conduit linking better-prepared, high-potential, early-stage minority entrepreneurs via Virginia State University, a reputable and “friendly” gateway, to other entrepreneurship support organizations (ESOs), key training, resources and networks in Region 4 post participation in our program. Some resources and support systems already exist in Region 4’s ecosystem, but are rarely utilized by minorities because of lack of perceived access to entrepreneurship-facilitating resources, including venture capital and commercial funding; lower levels of minority entrepreneur preparation; and few natural linkages or bridges to valuable networks due to historically segregated patterns of socialization and resource access that have created disparate networks for distinct racial groups.

[LINK TO REFERENCES](#)

SELF-EMPLOYMENT BY RACE IN THE RICHMOND MSA

	Total Self Employed and % Self Employed, Richmond, VA Metro				
	White alone	Black or African American alone	Native American	Asian alone	Hispanic or Latino (of any race)
Total:	399,190	166,127	2,008	22,386	32,165
Total Incorporated Self Employment (Men/Women)	15147	2375	43	1453	537
% Incorporated Self Employment	4%	1%	2%	6%	2%
Total Unincorporated Self Employment (Men/Women)	21311	4272	40	743	1551
% Unincorporated Self Employment	5%	3%	2%	3%	5%
Total Inc. and Uninc. Self Employment (Men/Women)	36458	6647	83	2196	2088
% Inc. and Uninc. Self Employment	9%	4%	4%	10%	6%



PARTICIPATING CITIES & COUNTIES

The Cities of Petersburg, Colonial Heights, Hopewell, Richmond, and Emporia; and the counties of Prince George, Dinwiddie, Sussex, Chesterfield, and Henrico



PROJECT OUTCOMES (METRICS)

- Number of entrepreneurs trained
 - o Target: 300 businesses/entrepreneurs trained over 2 years
- Number of credentials awarded:
 - o # of VSU Small Business Launch Certificates
 - o # of MBL Entrepreneur Certificates (from course powered by Start-Up Virginia)
 - o Target: Awarding of 100 certifications over 2 years
- Number of businesses founded
 - o Target: 40 new businesses founded over 2 years
- Number of Patents/Patent applications
 - o Target: 5 patent applications over 2 years
- Number of businesses expanded*
 - o Target: 40 businesses expanded over 2 years
- New products completed/released to production
 - o Target: 10 new products released to production over 2 years
- Percentage of captured participation of minorities in the Richmond MSA/Region 4 service area
 - o Target: 3% (Higher than current 2.8% minority entrepreneurship rate in region)
- Training contact hours provided to participants in VSU’s Minority Small Business Launch Center by program service providers, partners, and industry professionals
 - oTarget: 2,496
- Percentage of participants surveyed who state program improved their business acumen and/or performance (based on survey to be administered by VSU)
 - o Target: 90%
- Exit interviews with participants (qualitative)
 - oTarget: 50%

*Expansion can be based on increased revenue, sales in a new geographic market, or new products/services launched