



NAACP



The Black-Owned Economy: A Hello Alice Impact Report

In Partnership with the NAACP and DivInc.



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Executive Summary

The tradition of Black entrepreneurship in America stretches back centuries. Thomas Jennings was one of the first African Americans to receive a patent for his dry cleaning technique in 1821. Madam CJ Walker became America's first female self-made millionaire in 1913 by commercializing cosmetics and hair care products for Black women. Today there are [an estimated 2.6 million Black-owned businesses](#) in the United States that generate more than \$150 billion in revenue, all despite persistent wealth and funding gaps that make it more difficult for Black entrepreneurs to succeed.

Recent data from the Federal Reserve shows what a racial funding gap looks like in action. When a Black entrepreneur walks into a bank and asks for a loan, [only about 61% get at least a percentage of what they ask for](#)— and when they do get approved, Black owners [receive an interest rate significantly higher than white owners](#). Some herald technological solutions to racist lending practices, but algorithms [tend to reflect their creators' biases](#).

The simple fact is that it is harder to be a Black small business owner, yet millions of Black Americans choose to walk the entrepreneurial path. With this report, Hello Alice set out to understand what that path looks like for the approximately 79,000 Black small business owners on our platform. By reviewing a combination of anonymous user data and survey responses from our growing body of grant applications, a picture emerges of who they are, where they operate, what they need, and how we can all ensure the success of a vibrant, Black-owned economy across the United States.

NAACP + Hello Alice Advance Black-Owned Businesses

"Passion is energy. Feel the power that comes from focusing on what excites you." — **Oprah Winfrey.**

Any ambitious business owner is familiar with this sentiment — the longing desire to see the manifestation of our dream. From idea to concept to fulfillment, all aspects of building a business are fueled by energy birthed from passion. It's this energy that keeps many going while others concede. It keeps us up at night because those dreams require context. It is what enables us to forge ahead despite obstacles that have stifled many. Knowing what can be accomplished by staying the course is the feeling that birthed some of the greatest success stories in our nation's history. But even with this passion, 2020 revealed tremendous obstacles that many within our communities could not have imagined. No amount of focus or ambition would have allowed us to navigate a pandemic and economic pitfalls that brought our nation, our small businesses, and our communities to their knees.

It's hard to argue that the Black small business community wasn't hit in an unprecedented way. Historically, these businesses have less access to credit and less ability to withstand income loss. Even more important, these businesses are not only providers of critical services in underserved communities; they also serve as primary sources of jobs and income. These communities must receive extraordinary, rapid, and flexible support to survive and recover from the pandemic. Failure to do so would only widen an already unsustainable racial disparity.

Addressing the ongoing plight of so many within the community, the NAACP has partnered with Hello Alice and others to help rebuild and sustain entrepreneurs throughout this country. This powerful alliance hopes to alleviate the most vexing challenges entrepreneurs face when starting and growing a business. Impactful data efforts like this Black-owned business data report and our ongoing grant initiatives will provide insights and access to capital to address the implicit bias in capital decisions. We are excited to bring together thousands of Black entrepreneurs in collaboration with Hello Alice. This ongoing effort is just the start of the critical work that our community sorely needs.

Long before the start of the pandemic, the NAACP recognized the dire need for Black-owned businesses to find their way to experts, capital, and more to sustain themselves. Often the backbone of the community, Black enterprises bear the brunt of hardship with little recourse. The economic and socio-political landscape has made it abundantly clear that major brands and companies must step up to save businesses and ensure the well-being of a nation in peril. The NAACP stands ready to join the effort to move our country toward a brighter, stronger, and more equitable society.

We are grateful to Hello Alice and our partners across this nation who recognize this as a crucial moment to protect and build upon the hard work of Black entrepreneurs and Black-owned businesses. Their passion will unlock endless possibilities for the future of our communities throughout this nation.



Derrick Johnson
President and CEO
NAACP

Lessons from COVID-19

The harms of the pandemic have disproportionately fallen on [New Majority](#) communities. As [a recent Economic Policy Institute report](#) explains, “Persistent racial disparities in health status, access to health care, wealth, employment, wages, housing, income, and poverty all contribute to greater susceptibility to the virus — both economically and physically.” The Black community, in particular, was ill-equipped to recover from the pandemic’s economic collapse after the Great Recession of 2007–2009, during [which the median net worth of Black households decreased by 53%](#) — more than any other group. These combined factors help explain why 40% of Black-owned businesses are currently at risk of closing forever.

Any economic solution that does not prioritize racial justice will fail. To understand what that means, look to how the Paycheck Protection Program (PPP) and other CARES Act funding could not assist the Black business owners who needed them most. Just [12% of Black and Latino business owners were approved for CARES Act funding](#) essential to business survival; a separate investigation found that [lenders offered Black business owners inferior treatment](#) compared to White owners with similar credit.

The refreshed Paycheck Protection Program addressed these flaws by [prioritizing Community Development Financial Institutions \(CDFIs\) and other lenders that serve New Majority populations](#), but that is only the beginning. As Hello Alice data illustrates, Black-owned small businesses generate less revenue than their non-Black counterparts, and Black entrepreneurs devote outsized effort to accessing the capital required to grow. Solving the funding puzzle once and for all will be the key to success for Black small business owners during the pandemic and beyond.



“2020 was the start of the next decade of work where we collectively and collaboratively innovate to completely tear down ALL of the institutional barriers and biases in order to generate equitable opportunities in entrepreneurship for Black folks. This is the time. Right here. Right now.” — **Preston L. James II**
Co-founder and CEO of DivInc.

Get to Know the Owners

Comprising the largest demographic of small business owners on Hello Alice, Black entrepreneurs operate firm across the United States. More than two-thirds of this population are women, reflecting Black women’s pre-pandemic status as the [fastest-growing group of entrepreneurs in the country](#).

79,303 Black business owners



67% stated they identify as female

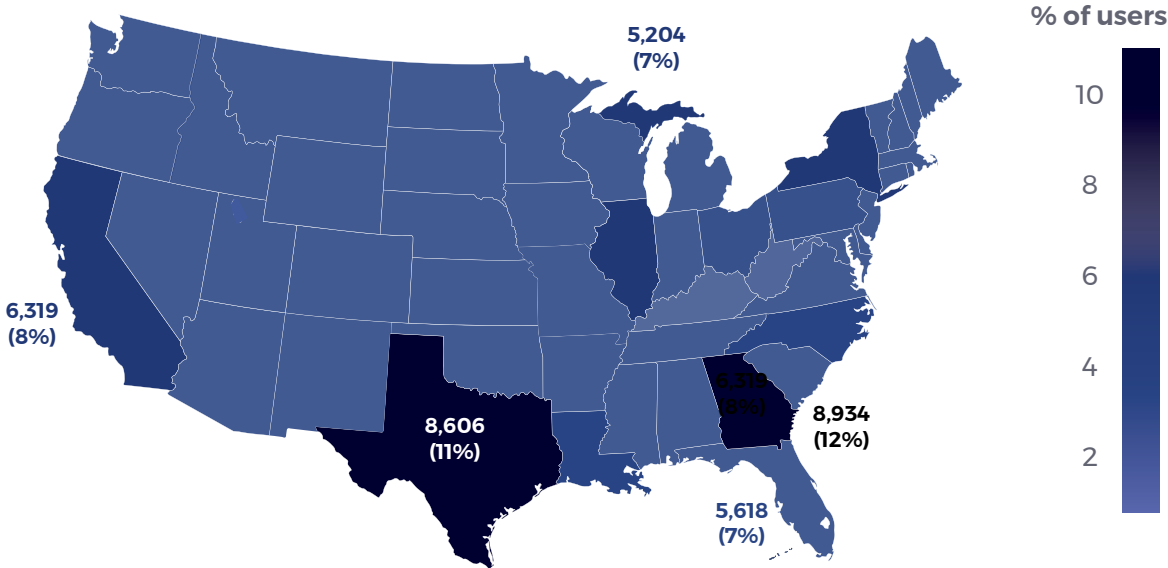


32% stated they identify as male



0.4% stated they identify as gender non-conforming

Sample size: 75,408



34% 30 – 39 years old



28% 40 – 49 years old



16% 50 – 59 years old

22% fell in the following age groups:
under 18, 18 – 29, 60 – 69, 70 or older or prefer not to say

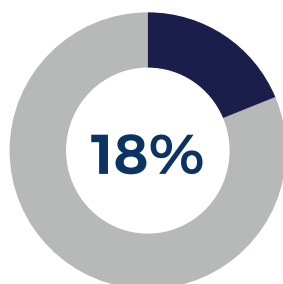


Diauna Tyson founded Atlanta-based *The Cute Shuttle* in 2015 to provide eco-friendly transportation options for daily commuting, concerts, festivals, and special events. She identifies as a member of the LGBTQ+ community and operates in Georgia, the top state for Black owners on Hello Alice.

Get to Know the Owners

The Black business owners on Hello Alice encompass nearly all **New Majority** segments, with significant representation among those with disabilities and the military-connected and LGBTQ+ communities.

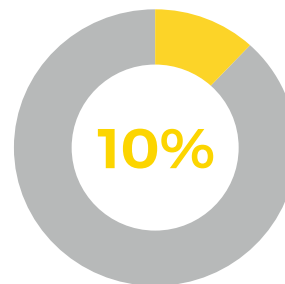
MILITARY



of Black small business owners identify as military connected

Sample size: 66,761

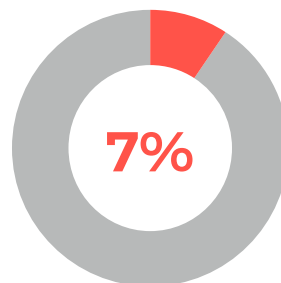
OWNERS WITH DISABILITIES



of Black small business owners identify as an owner with a disability

Sample size: 50,185

LGBTQ+



of Black small business owners identify as part of the LGBTQ+ community

Sample size: 66,459



An active-duty service member, **Vernon Logan** is the managing partner at *Logan Ventures*. The business consulting company offers project management, security analysis, social media strategy, and other services. During the pandemic, *Logan Ventures* has invested in software to serve its clients safely.



If you too are a military-connected owner like Vernon, [check out this page](#) for specific business resources.

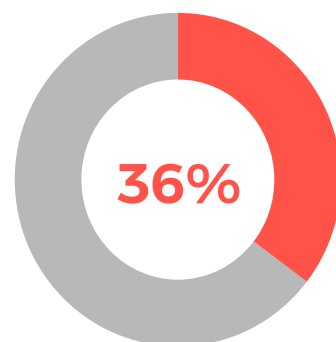
Greatest Business Challenge

When we asked Black small business owners about their biggest challenges, the number one response was **raising capital**. More than one-third of Black-owned businesses also reported total revenue of less than \$25,000 – roughly twice the share found among non-Black-owned businesses. Without access to sufficient funding, these Black-owned firms are less likely to grow their business or respond successfully to unforeseen challenges such as the pandemic.

These are the **top five biggest challenges** faced by Black business owners (Sample size: 61,343):



- Raise Capital
- Growing Business
- Operate My Business
- Acquire Customers
- Build Awareness



of Black-owned businesses have a company **revenue** under **\$25,000**

Sample size: 64,040



Founded in 2007 by **Sterling Wise**, *The Wise Decision* has grown from an in-home weight loss business to a 25,000-square-foot health and fitness center located in Detroit, Michigan. Due to the pandemic, limits on indoor gatherings forced Wise to close his doors for months.



If you are an owner looking for business funding, [this page](#), in partnership with the NAACP, hosts grants specifically for Black founders.

Top Industries



13% of owners stated that their business was in **Professional Business Services** industry



13% of owners stated that their business was in **Consumer Goods, Retail, and E-Commerce** industry



13% of owners stated that their business was in **Beauty and Self-Care** industry



9% of owners stated that their business was in **Healthcare and Wellness** industry

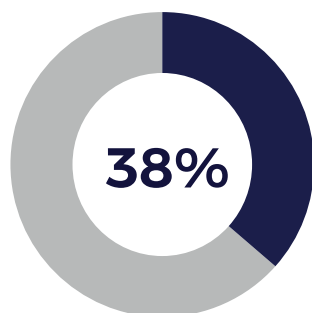
Nearly **one-fourth** of Black-owned businesses fall under the **Beauty and Self-Care** and **Healthcare and Wellness** industries. These are among the sectors most negatively impacted by stay-at-home orders and social distancing guidelines.



Hello Alice provides resources specific to your industry. And then make part of it a [live link](#).

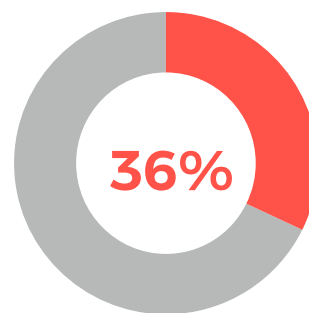
Customer Acquisition

The pandemic has forced business owners to test new, virtual ways of reaching customers. In total, **38%** of Black-owned businesses report **social media** as their top acquisition channel – 11 percentage points more than among non-Black-owned businesses.



38% of Black small business owners said their top acquisition channel was **social media**

Sample size: 45,627



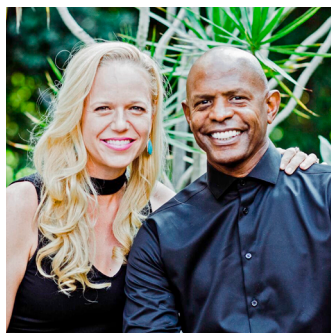
36% of Black small business owners said their top acquisition channel was **customer referrals**

Sample size: 45,627

Among non-Black owners, **45%** said that **customer referrals** were their number one acquisition channel; **27%** said **social media**

Sample size: 77,793

Interested in amplifying small business owners through social media? Simply **like**, **comment**, and **share their posts!**



Joe and Celia Ward-Wallace opened *South LA Cafe* in November 2019 as a coffee shop, grocery store, and community center for South Central Los Angeles. The couple has defied low expectations to build a loyal following, and South LA Cafe is now one of the 71% of Black-owned small businesses that employ between 2-10 employees (sample size: 61,060).



Learn how to find and hire employees to add to your team by using [this Hello Alice Guide](#).

Funding

Among Hello Alice small business owners, Black entrepreneurs are focused on **funding**. Internal traffic data shows that non-Black owners engage with strategic planning resources to best position their businesses for 2021. In contrast, Black owners consistently gravitate to applications for federal aid programs, private grant opportunities, and other funding resources hosted on Hello Alice.

This behavior reflects the differences in capital access across demographics. While some non-Black businesses are focused on pandemic growth strategies, many Black-owned businesses are stuck looking for money to keep the lights on.



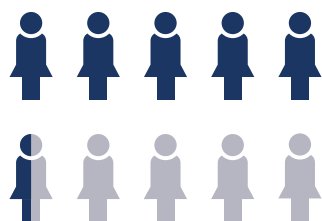
Beginning with only a family recipe and a tree in the yard, CEO/Creative Director **Karneisha Christian** built *Pucker Up Lemonade* into a growing business that today handcrafts more than 40 varieties of lemonade. Christian's 13-year-old daughter, Charli, officially serves as vice president of research and development in charge of testing new flavors.



This Guide, in partnership with our friends at Lendio, can help you navigate and apply for the Paycheck Protection Program.

Company Data

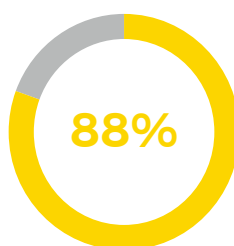
More than half of Black small business owners said that their business performed worse in 2020 when compared to 2019, but there is hope. Nearly **9 in 10 Black owners said they expect to perform better this year**, and almost as many plan to spend more on software to adapt to changing business conditions. With the majority of Black-owned businesses funded by personal savings, these owners are invested in finding a path forward.



aprox. 5 in 10

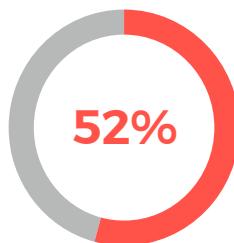
55% stated that their business performed **worse in 2020** when compared to 2019

Sample size: 9,679



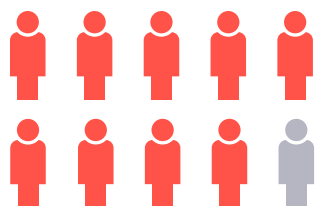
stated they expect their business spending on **software** to be **more in 2021**

Sample size: 13,666



stated that their business is a **Limited Liability Corporation**

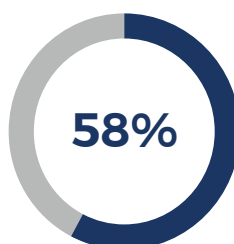
Sample size: 65,875



aprox. 9 in 10

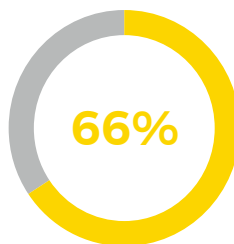
89% stated they expect their business to perform **better in 2021**

Sample size: 14,579



stated that their path to **ownership** was through their **personal savings**



Sample size: 9,745



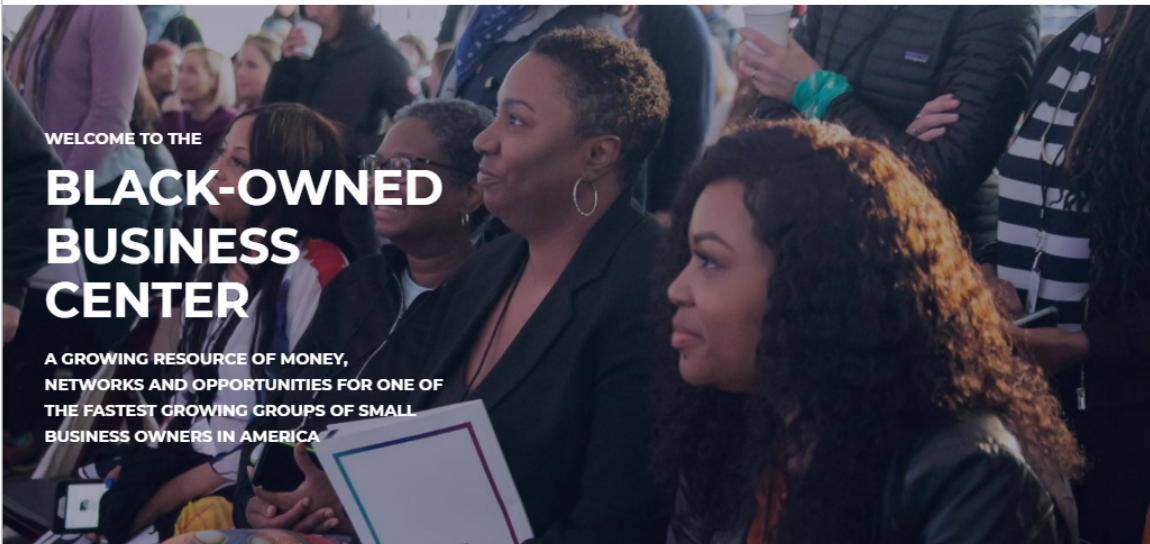
stated that **75% - 100%** of their teams identify as one or more **New Majority** demographics

Sample size: 60,787

The Black-Owned Business Center


in partnership with


SMALL BUSINESS TOOLKIT
JOIN THE COMMUNITY









WELCOME TO THE

BLACK-OWNED BUSINESS CENTER

A GROWING RESOURCE OF MONEY, NETWORKS AND OPPORTUNITIES FOR ONE OF THE FASTEST GROWING GROUPS OF SMALL BUSINESS OWNERS IN AMERICA

PRESENTED BY THE NAACP, THE LARGEST AND MOST PRE-EMINENT CIVIL RIGHTS ORGANIZATION IN THE NATION,

in collaboration with



Shop from Black-owned businesses

Learn about and shop from hundreds of Black-owned businesses. Add your company to the list to amplify your reach.

NAACP

Join approx.
50,000 owners

Join the free NAACP Community on Hello Alice for peer-to-peer mentorship from thousands of fellow Black entrepreneurs.

Action Items

Hello Alice data shows that **89% of Black entrepreneurs expect their business to perform better in 2021 than 2020 – a rate six percentage points higher than business owners of all races**. After enduring a year of pandemic, civil unrest, and unprecedented natural disasters, these business owners are forging ahead with a renewed determination.

Money doesn't solve all problems, but we believe it's a good place to start. Working with our partners at NAACP, DoorDash, L'Oréal, and more, Hello Alice will deploy millions of dollars in grant funding to Black entrepreneurs in need. Everyone who joins Hello Alice will receive free, immediate access to step-by-step business guides, thousands of industry-specific business resources, and a peer-to-peer community of more than 350,000 small business owners ready to help them succeed.

To others looking to empower the Black-owned economy, words are no longer enough. We must come together and help Black small businesses become the hubs for job creation, business equity, and wealth that their communities need. We recommend exploring partnerships with [DivInc](#), [Black & Brown Founders](#), [BlckVC](#), and others already committed to advancing Black prosperity through entrepreneurship. Invite Black entrepreneurs to take over your social media channels and actively reach out and include Black owners in your networks. Most of all, leaders must use their influence and checkbooks to kickstart action-oriented dialogue with measurable criteria for success.

Finally, to the Black small business owners, we recommend the following actions for immediate support:

- **Visit the Black-Owned Business Resource Center**

Hosted in partnership with the NAACP, visit blackbiz.helloalice.com for resources and funding opportunities specific to Black entrepreneurs.

- **Apply for Federal Aid Programs**

The new-and-improved [Paycheck Protection Program](#) is offering underserved borrowers priority access to forgivable loans.

- **Join the NAACP Community**

Join the free [NAACP Community](#) on Hello Alice for peer-to-peer mentorship from thousands of fellow Black entrepreneurs.

About Hello Alice

Hello Alice (helloalice.com) helps businesses launch and grow. A free multi-channel platform powered by machine learning, Hello Alice guides business owners by providing access to funding, networks, and services. Through a network of more than 350,000 owners in all 50 states and across the globe, Hello Alice is building the largest community of business owners in the country while tracking data and trends to increase owner success rates. Hello Alice partners with enterprise business services, government agencies, and institutions looking to serve small and medium business owners to ensure increased revenues and to provide the best-possible experience for owners who want to start or grow their companies. Founded in 2017 by Elizabeth Gore and Carolyn Rodz, Hello Alice believes in business for all — by providing access to all owners, especially women, people of color, the military connected and LGBTQ+ communities, and persons with disabilities. Hello Alice exists to serve every American with an entrepreneurial spirit.

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