THE ENTERPRISE CENTER

COCKTAILS & ECONOMICS

DEVELOPING AN EYE FOR THE ECONOMY

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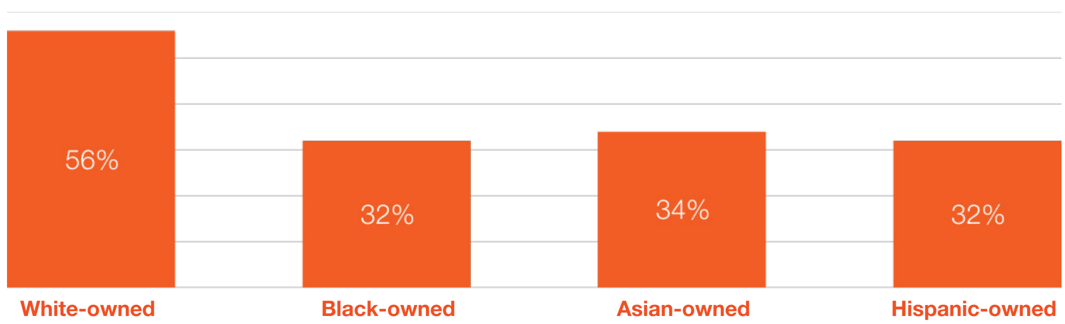
After leading The Enterprise Center for 33 years, Della Clark has learned a lot about what helps entrepreneurs get to the next level.

As president of The Enterprise Center, she helps small businesses access the resources they need — whether it's capital and financing or business consulting services. But as she's worked with entrepreneurs over the years, she's noticed that businesses tend to follow one of two paths. Those who come from wealthy backgrounds and have a lot of capital at their disposal are able to grow their business quickly. Those who don't come from wealthy backgrounds often struggle to access the capital they need to grow, and their businesses remain small as a result.

Diverse entrepreneurs are disproportionately affected by these obstacles to accessing the capital they need to grow, as they are less likely to receive the full amount of funding they apply for when compared to White entrepreneurs.

Percentage of firms that received the funding they applied for[1]:



Service providers, like The Enterprise Center, have tried a lot of different strategies to help close these gaps. They've held workshops and seminars for small business owners. They've created incubators and accelerators to help entrepreneurs develop ideas and accelerate their growth. But few have tried actually getting entrepreneurs from low-wealth communities the capital they needed in different types and forms. Many service providers focus on loans and grants rather than equity investments to get small businesses the cash they need.

"I realized that this is a challenge in every city in America," Clark says. "They bet on training, workshops and seminars, but they haven't put forth capital in a serious way in low wealth communities."

Clark's experiences working with firms seeking to access Innovate Capital, a for-profit SBIC equity fund sponsored by The Enterprise Center, had led her to believe that it was imperative to pivot The Enterprise Center to better focus on being a center for capital investment — a change she believes is necessary for service providers around the country to make. The need for this shift is due to the fact that many entrepreneurs do not have their finances, leadership team, and operations in solid enough standing to make them investable.

1 Data taken from the Bipartisan Policy Center: https://bipartisanpolicy.org/report/small-businesses-matter-capital-access/

As Clark prepared to steward the nonprofit through this major transition, she decided to travel around the county to listen to the needs of entrepreneurs so that she could see if other cities were facing similar challenges with getting capital to low-wealth communities that she was seeing in Philadelphia. She also wanted to make sure that entrepreneurs had the macroeconomic data they needed to make informed financial decisions about their capital needs and the future of their businesses.

So, she teamed up with several prominent economists and traveled around the country, listening to the needs of entrepreneurs and teaching them about how they could use macroeconomic data to drive their business decisions. She also spread the word to service providers about why it's important to help small businesses access all types of capital and not just debt. She leveraged her nationwide network and set off on a 21 city tour with the aim of exploring the challenges small businesses, and diverse entrepreneurs in particular, are facing. The result was Cocktails & Economics, supported by JPMorgan Chase and others. The events kicked off in February of 2024 here in Philadelphia and ran throughout the remainder of the year.

Each event started with a conversation between Clark and a local entrepreneur working in the beverage industry, which was followed by a conversation with an economist who shared information about macroeconomic trends that could have local impacts — allowing smaller businesses to access data that they aren't typically using to inform their business practices. The events lead to eye-opening insights about what cities need to do to better support small businesses and diverse entrepreneurs.

"Della is a force of nature," says Jessica Cosmé Platt, president of Bellevue Public Affairs, who helped organize the events. "These were awesome conversations to have and we were really happy to work with Della and her team."

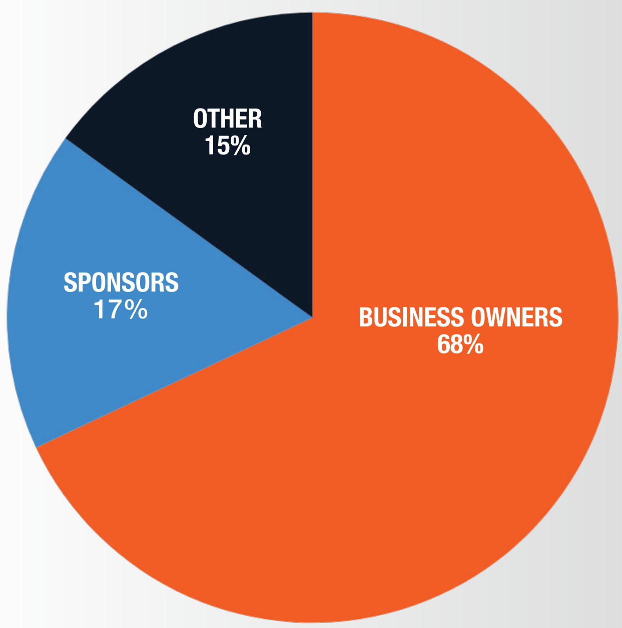
That vibrancy was on display at the Cocktails & Economics gathering on March 27 at JPMorgan Chase's beautiful headquarters in downtown Washington, D.C.

A packed crowd, the majority of whom were local small business owners, heard from Tim Berry, chairman of JPMorgan Chase's Mid-Atlantic Region and head of its Global Corporate Responsibility Group, who began by paying homage to the small business owners in attendance.

"Small business is the glue that holds the economy together in this country," Berry said. "Everyone that I can think of growing up had some local business that is part of the story of their life — a diner, a dry cleaner. For me, it was a record store. My dad is a record collector, and I spent many, many, many hours as a kid sitting on the floor in the record store. Those are the kinds of businesses that make communities and make neighborhoods. That's why we at JPMorgan Chase are so proud to be the biggest small lender, with 6 million small business customers."

Washington, D.C. was representative of the audience and experience at many Cocktails & Economics events: attendees were primarily local entrepreneurs; 68 percent of audience members were business owners, 17 percent were sponsors of the event, and another 15 percent were a mix of investment bankers, business development managers, consultants, wealth advisors, venture capitalists, nonprofit leaders, and other professionals.

ATTENDEES



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- Phoenix
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- Houston
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- Charlotte
- San Antonio
- Oakland
- Atlanta
- Detroit
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- Orlando
- Chicago
- New York
- Baltimore
- St. Louis
- Erie
- Memphis
- Minneapolis
- Los Angeles
- Miami

“We had the opportunity to go across the country to see what is working and what’s not working.”

Raymond Brothers,
Strategic Communications Associate, Bellevue Public Affairs

MAJOR THEMES

Many small businesses face similar challenges and need similar resources to succeed. Here's a look at four of the commonalities that emerged.

Little Engagement with Macroeconomic Data

Many of the small businesses that attended weren't tracking broader macroeconomic trends, like inflation, supply chain issues, and Federal employment data that had ripple effects for their businesses. Even today, downtowns in cities across America remain deeply affected by the pandemic. Nationally, downtown recovery has been uneven. On average, cities have recovered about 76 percent of their foot traffic compared to 2019. But some cities, like St. Louis, Missouri, lag behind that number recovering only about 53 percent of their foot traffic compared to pre-pandemic levels. Here in Philadelphia, on a typical weekday, Center City still isn't seeing as much foot traffic as it did in 2019, though weekend foot traffic has recovered, per a Center City District report. As the economy continues to recover, day-to-day small businesses are navigating many challenges.

Many business owners are a team of one — they manage daily operations, track financials, and promote their business themselves. They don't necessarily have time to track and analyze economic data so that they can use it to make informed financial decisions about how to grow their businessses.

"If you're a major company, you probably get a flash report — at least in the morning, maybe twice a day depending on your business — that tells you about treasury bond interest rates. It provides you with updates, such as 'interest rates just dropped a point'," Clark says. "I wonder how many small businesses even know that, right? Because they don't get that information. Small business owners tend to make very bad decisions because they don't get access to informed financial data for solutions."

Not paying attention to this data can be bad for businesses. If a business owner isn't engaging with macroeconomic data, they can't make the well-informed financial decisions investors are looking for. For example, if a small business owner isn't paying attention to inflation, they might not be prepared for how it affects their bottom line.

Access to macroeconomic data is another common struggle. Even if an entrepreneur has time to seek out the data they may not know how to navigate dense economic statistics. During the events, many of the presenting economists noticed that there was a marked difference in the way entrepreneurs perceived the economy compared to actual economic indicators. Many thought the economy was worse off based on their anecdotal experiences. At the time of the events, inflation was easing, though it's now rising again, and unemployment rates were improving.

Economist William Michael Cunningham, founder and CEO of Creative Investment Research, was able to give insight into the mismatch between economic indicators and entrepreneurs' lived experiences. "I had been complaining for months about the inaccuracies surrounding economic theory, economic thought, and economic indicators. [There was] drama in the promotions around inflation and … its impact, and how the Federal Reserve had — or had not — taken steps to lower inflation," he said.

"I was aware that they were doing all that they could do. They had done a magnificent job, but I was frustrated by the fact that that messaging didn't seem to be dominant in the public discussions at the time around inflation."

Cunningham's talks detailed how inflation is defined and what current economic indicators could tell small businesses about the economy. He also pointed attendees toward resources such as the Federal Reserve Beige Book that can help them track macroeconomic trends, so they can use them to make informed financial decisions.

Similarly, the Federal Reserve Bank of Chicago's Director of the Economic Mobility Project Dr. Kristen Broady encouraged entrepreneurs in attendance at June's Detroit event to read the Bureau of Labor Statistics' Monthly Labor Review and Consumer Price Index reports.

At the Miami event later that month, Troy Duffie, director of financial markets at the Milken Institute, was enthusiastic about the future for small businesses while contextualizing macroeconomictrends for the audience. Duffie spoke about how the national economic indicators, like GDP growth, are improving and — now that they have some relief from inflation — consumers are looking to spend. Miami has the country's 14th largest diverse consumer market. Diverse-owned businesses in the city account for $2.3 billion in sales.

Duffie shared that as unemployment rates decrease businesses may struggle with finding enough workers to grow their companies as quickly as they'd like. This is especially true for small businesses, which may face more challenges as they try to take advantage of favorable economic conditions compared to larger firms. While many business owners may have entered Cocktails & Economics events with little knowledge about how to practically apply macroeconomic data to their business decisions, the guest economists all made sure that the entrepreneurs walked out of the room equipped with new economic data tools in their arsenals.

Abundant Resources to Start a Business, Fewer to Grow a Business

In each city, The Enterprise Center partnered with service providers, financial institutions, and local entrepreneurs to host the events. What they found was that while many entrepreneurs feel supported in the early stages of starting their business, it's harder to find resources that they need as their business grows, such as knowledge of the economic environment, practical expertise, and mentorship.

Part of the reason for this is, as businesses grow, their needs change and become more individualized. Not all businesses follow the same growth trajectory — some are able to expand their operations quicker than others based on product success, access to capital, and other factors. Others might be able to draw on more resources from friends and family to set them up for success sooner.

Struggles Accessing Startup Capital

Even with seemingly abundant informational resources, low-wealth entrepreneurs may still struggle to raise startup capital. More affluent entrepreneurs can often rely on friends and family for capital to launch their businesses or tap into their networks for access to traditional business startup loans and venture capital. Wealth disparity, and in turn a difference in access to start-up capital, negatively affects some diverse entrepreneurs more than others. For example, White households are 9.2 times wealthier than Black households and 5.1 times wealthier than Hispanic households, according to 2021 Pew Research Center data. However, the trend does not hold for Asian households, which are 20 percent wealthier than the median White household.

“If you are an entrepreneur born with a plastic spoon in your mouth — which means you did not come from any wealth — your pathway as an entrepreneur or CEO of your own business is fundamentally different then someone born with a silver spoon in their mouth,” Clark says.

“If you were born with a silver spoon, your parents have a network. You've probably traveled, had exposure to a range of experiences, gone to private school, had a choice of Ivy League schools. Your pathway and your access to financial resources to grow is different than someone born with a plastic spoon.”

Struggles Accessing Growth Capital

The primary challenge that emerged during Cocktails & Economics discussions was the struggle entrepreneurs face when accessing capital to grow their business. Last year, 77 percent of small businesses surveyed by Goldman Sachs said that they were concerned about their ability to access the funds they need. Dovetailing with this stat, many of the featured beverage entrepreneurs who presented at the events spoke about their own inability to access the capital that they needed to grow.

When small businesses can't get loans, equity investments, or other sources of funding, they struggle to expand their operations, invest in new technologies or otherwise grow their businesses. Businesses owned by people of color face additional, systemic challenges in accessing capital due to lack of engagement with subject matter experts from lenders.

"Capital flows differently for different people and places in America," Clark says. "I'm trying to push capital to many places and people where it ordinarily doesn't go, and I'm trying to inform businesses about the type of capital they should look for."

Small businesses primarily seek out two forms of capital: mini-grants and loans. Though those can be valuable sources of funding, they only address a business condition and not growth. As businesses grow, they need to consider all types of capital, including equity, for their needs.

Many of the events had few startups in attendance. "Startups look for one type of capital. Our audience was primarily growing their businesses and looking for larger amounts of money. Almost all had debt on their books and were at the borrowing limits. Follow-on capital is not discussed enough," Clark says. "No one ever creates that capital stack for them so they can see a pathway."

Blessy Thomas, partner at Philadelphia-based Innovate Capital Growth Fund, spoke in Atlanta. She, too, discussed the importance of blended assets. "The Enterprise Center has a CDFI that they've operated for 20 years, but, when I joined, I noticed that a lot of our businesses — who had great growth, a good top line, big, decent margins — it seemed like they still came back over and over again. They were all on that hamster wheel of debt," Thomas said.

"It just wasn't working and the reason why was because there was only one type of financing typically in the mix: loans. There was not a blended capital stack." Thomas emphasized, "The goal is to get businesses the right money, at the right time, in the right format."

Changing Our Lingo

One major way Clark and The Enterprise Center helped shift entrepreneurs' and service providers' perspectives was through teaching small businesses and service providers not to use terms like technical assistance or financial literacy that may put off lenders and investors and prevent small businesses from accessing capital.

Instead, businesses should be specific about the help they received and say they worked with CPAs, or a marketing team. Service providers can say they help people with financial intelligence. Many attendees found this to be one of the most helpful parts of Cocktails & Economics. Clark recalls crowd members taking out their phones to snap pictures of the slides.

"When you speak a certain way, people may come to conclusions about where you come from. So if you go into a meeting with a senior banker and say, 'I got technical assistance from The Enterprise Center,' I think they immediately put you in a box. If you are prepared with a team of professional service providers —a CPA, an attorney — as experts, that will elevate you," Clark says.

"What we found out was, particularly with small businesses, the lingo they use projects a different scale of their business, and it holds them back."

Here are some terms she recommended changing up:

Financial literacy	→	**Financial intelligence**
Underserved	→	**Low-wealth**
Technical assistance	→	**Business support services**
Business plan	→	**Growth strategy**
Generalists	→	**Subject matter experts**
Not just 'income statement'	→	**Full financial package**

CITY SPOTLIGHTS

Despite the challenges faced by small businesses, local economies are resilient. Detroit is making a comeback about ten years after the city filed for bankruptcy. Erie, PA created an inclusive growth framework that includes an equity-centered investment portfolio, and identified thirty-five projects the city could take on to foster long-term economic and small business growth. Miami and D.C. event attendees discussed the role AI could play in supporting small businesses. Others have also found innovative solutions to thrive.

Minneapolis, MN

Minneapolis boasts an impressive amount of small business support. Statewide, programs like Launch Minnesota and PROMISE are helping entrepreneurs access the capital they need. In 2024 and 2025, PROMISE, which supports small businesses affected by civil unrest and discrimination, disbursed $86 million, and Launch MN disbursed $3 million to innovative startups. Small businesses can receive as much as $50,000. These small grants aren't necessarily enough to support growth.

"Minneapolis, Minnesota had more money than any other city I went to," Clark says. "That state's putting out money for small businesses."

The problem? Much of this funding is through state-run grant programs. Small businesses need diverse and plentiful sources of capital to fuel their growth and help them succeed. Access to capital was a major challenge for the entrepreneurs in the audience. Many were looking for guidance on how to find loans and other sources of capital and avoid predatory lenders.

Entrepreneurs appreciated Clark's advice about bringing on more team members to fuel growth and changing their mindset when it comes to where and how to get capital. Bootstrapping a business solo is a difficult path; it's easier to grow with a team, investors, and trusted advisors.

"We need to look at our entrepreneurs differently, or their capital needs differently, and not treat them as if they can't have an equity investment," says Renay Dossman, president and CEO of the Neighborhood Development Center (NDC), a Twin Cities-based community development financial institution (CDFI) that partnered with The Enterprise Center on the event. "Making an equity investment in their business is a vote of confidence in them, even more so than giving them a loan."

As a result of the event, NDC is considering launching a program that would make equity investments in promising tech businesses. They're planning to launch "a new innovation center here in our state," Dossman says, which would house the program.

Memphis, TN

Memphis has a large and thriving diverse business community. Though the community is larger, many diverse entrepreneurs in the city struggle with similar challenges accessing capital as those in other cities, according to Jozelle Luster Booker, president and CEO, The MMBC Continuum. The MMBC Continuum partnered with The Enterprise Center on the Memphis Cocktails & Economics event. “When you talk to business owners, everyone talks about access to capital,” Luster Booker says.

One challenge she pointed to was getting local entrepreneurs to accept equity investments because they are sometimes hesitant to pursue capital that reduces their ownership share. The reasons for this are varied. Some fear discriminatory lending practices, and others worry that investors will pressure them to scale quickly, or prioritize short-term growth over long-term success.

“They want their businesses to grow, but they also want to protect their baby, their business that they created, that they hold dear to them, and the thought of giving up some portion of that is something that business owners kind of shy away from,” Luster Booker says.

Clark emphasized that businesses need blended capital — both debt and equity — to grow. “Most people think chasing contracts is a way to build your business when you really should be engineering your balance sheet with assets,” Clark said during the event. “There are lots of private equity and VC firms out there who don’t want to operate your business, they want to be your partner. And so whatever industry you’re in, find a private equity firm that is aligned with you. It’s not just about their dollars, it’s also about the doors they open up for you because remember, they don’t get their money back unless they help you grow.”

The MMBC Continuum plans to incorporate lessons from the event, especially the focus on equity investments, into the individual and group training programs they offer. After learning more about equity investments at Cocktails & Economics, some of the businesses they work with have begun to seek them out.

TAKEAWAYS

Low-wealth entrepreneurs around the country need access to capital and they need resources that can help them make informed financial decisions.

Today, as the economy is once again going through a period of major changes, it will be important for service providers to step in to help entrepreneurs increase their financial acumen, so that they can make well-informed decisions about their businesses' future and secure the capital they need to succeed.

The messages at Cocktails & Economics resonated strongly with attendees. Eighty-two percent said they'd recommend the events to a friend and 99 percent highly rated the overall experience. Attendees found the conversations with local entrepreneurs and information on broader macroeconomic trends most valuable. They also appreciated Clark's advice on reframing how they talk about financial intelligence and their businesses, so that they can attract the capital they need to grow.

"It provided an important understanding of fundamental issues and vocabulary that is necessary for entrepreneurs," an attendee said in an anonymous survey.

Clark also encouraged service providers, like those she partnered with to host Cocktails & Economics, to create more individualized support for small businesses. That way, they can go beyond entry level services and fuel business growth. The Enterprise Center is making similar moves. They're opening The Center for Capital Investment, which will help entrepreneurs prepare to make their businesses bankable and investable and they're launching Market Street Ventures to provide early stage capital for small businesses.

"[Cocktails & Economics] illuminated the need to understand and be familiar with economic indicators to make relevant and strategic business decisions. It also emphasized that the quality of the mindset and language were important for successful outcomes," another attendee said.

The events also provided attendees with resources that can help them grow their businesses: 97 percent of attendees signed up to receive free books that will teach them essential business skills — from building pitch decks to securing financing.

Clark and The Enterprise Center plan to continue Cocktails & Economics in the future and extend the time spent preparing entrepreneurs to access capital. The events will help connect small businesses with funders who can address their capital needs. Small businesses will participate in intensive financial educational sessions where they will learn about different types of capital and prepare balance sheets, income statements, and other financial packaging they'll need. Then, they'll have the opportunity to connect with potential funders. "I feel like these intensive gatherings with the service providers will create more long-term sustainability," Clark says.

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