

PART 3



STRENGTH



WEAKNESSES



OPPORTUNITIES



THREATS

MAKING SWOT CONNECTIONS

The recommendations were surfaced from the community and have the secondary goal of mitigating observed problems explored through a SWOT analysis of the ecosystem. Each has the role of either supporting a strength, mitigating a weakness, taking advantage of an opportunity, or directly confronting a potential threat.

In short, the basic SWOT findings follow:

[S]TRENGTHS

- a. Racial diversity of population
- b. Healthcare industry as a competitive advantage
- c. Program rich (caveat= system poor)
- d. Synergy within the city power structure

[W]EAKNESSES

- a. Racial disparities in business ownership
- b. Wage gap
- c. Inequity in resource distribution
- a. Community-based blight included

[O]PPORTUNITIES

- a. Growth within high-wage industries
- b. Diversity of existing Black-owned business (types)
- c. Rate of business creation with slower exits
- d. Room to grow employees
- e. Improving quality of place
- f. Room to customize resources

[T]HREATS

- a. COVID recovery
- b. Need to address reduction in educational attainment
- c. Generational trauma and ingrained distrust
- d. Perceptions, stereotypes and inaccurate assumptions

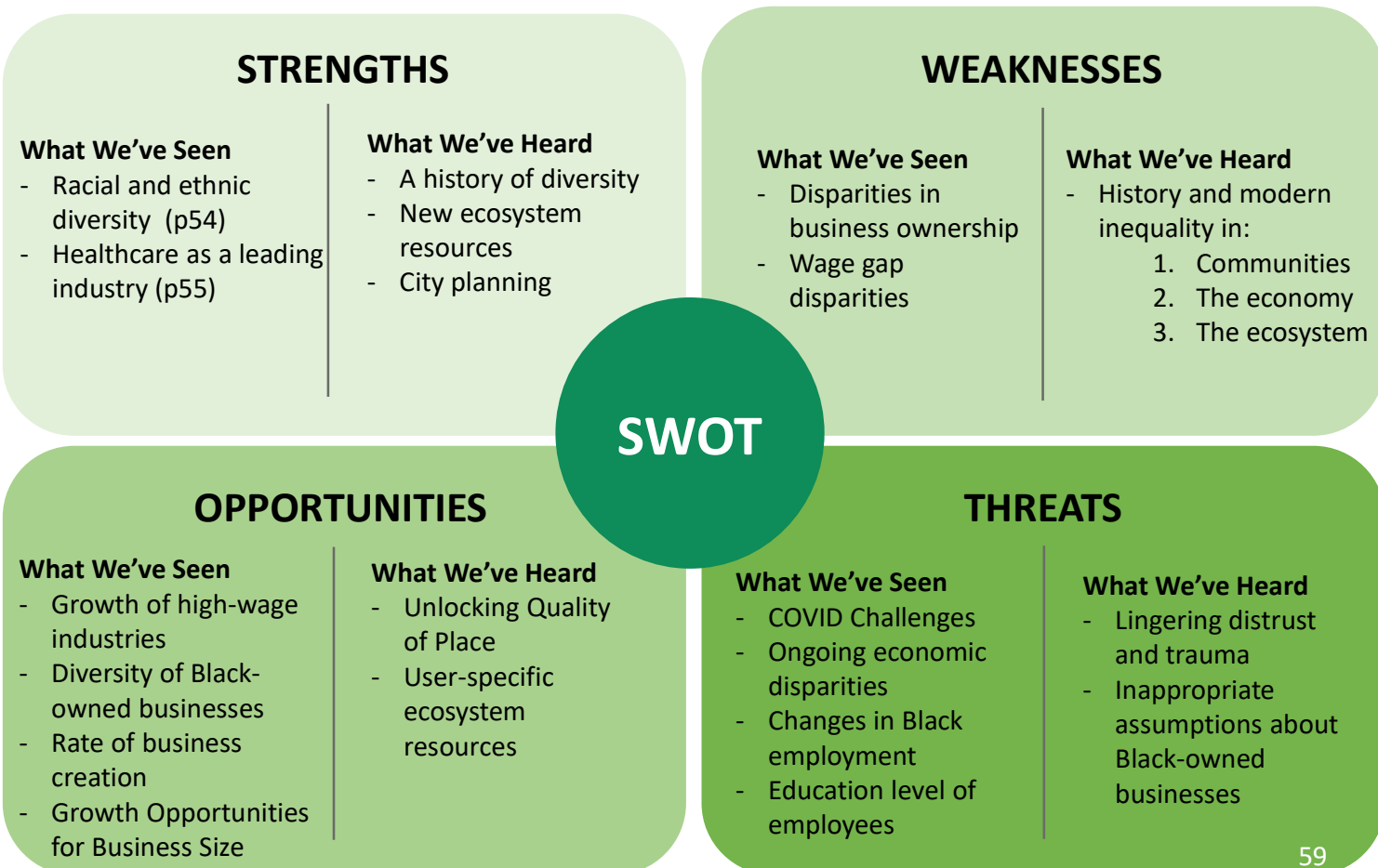
BASELINE ANALYSIS

To develop the strategic recommendation and enhance Birmingham’s Black-owned business support ecosystem, we considered the local economy. Here we frame Birmingham’s industry makeup and state of the ecosystem around strengths, weaknesses, opportunities, and threats (SWOT).

Insights are presented through two lenses: *what we’ve seen*, which are trends based on published data sources, economic reports, and labor statistics analysis, and *what we’ve heard*, which are trends consistently heard throughout this project’s community engagement.

These efforts included interviews with ecosystem organizations and the businesses they support, multiple visits to Birmingham to understand community context and geography, and facilitation focused on the ecosystem’s collective vision and concepts for achieving this vision. **While we recognize anecdotal evidence may not reflect all perspectives held across the community, this qualitative analysis does reflect the most consistent themes and sentiments, many of which are in direct correlation to the quantitative analysis.**

Data collection and reporting varies in availability for the area, especially regarding the breakdown for specific demographics. As a result, throughout this SWOT analysis, the Birmingham-Hoover metropolitan statistical area (MSA) is the geographic boundary for analyzed data. Occasionally, when data is available at both levels, we compared the MSA to the City of Birmingham. In a few instances, where only county-level data is available, we use Jefferson County data. These instances are noted.





STRENGTHS

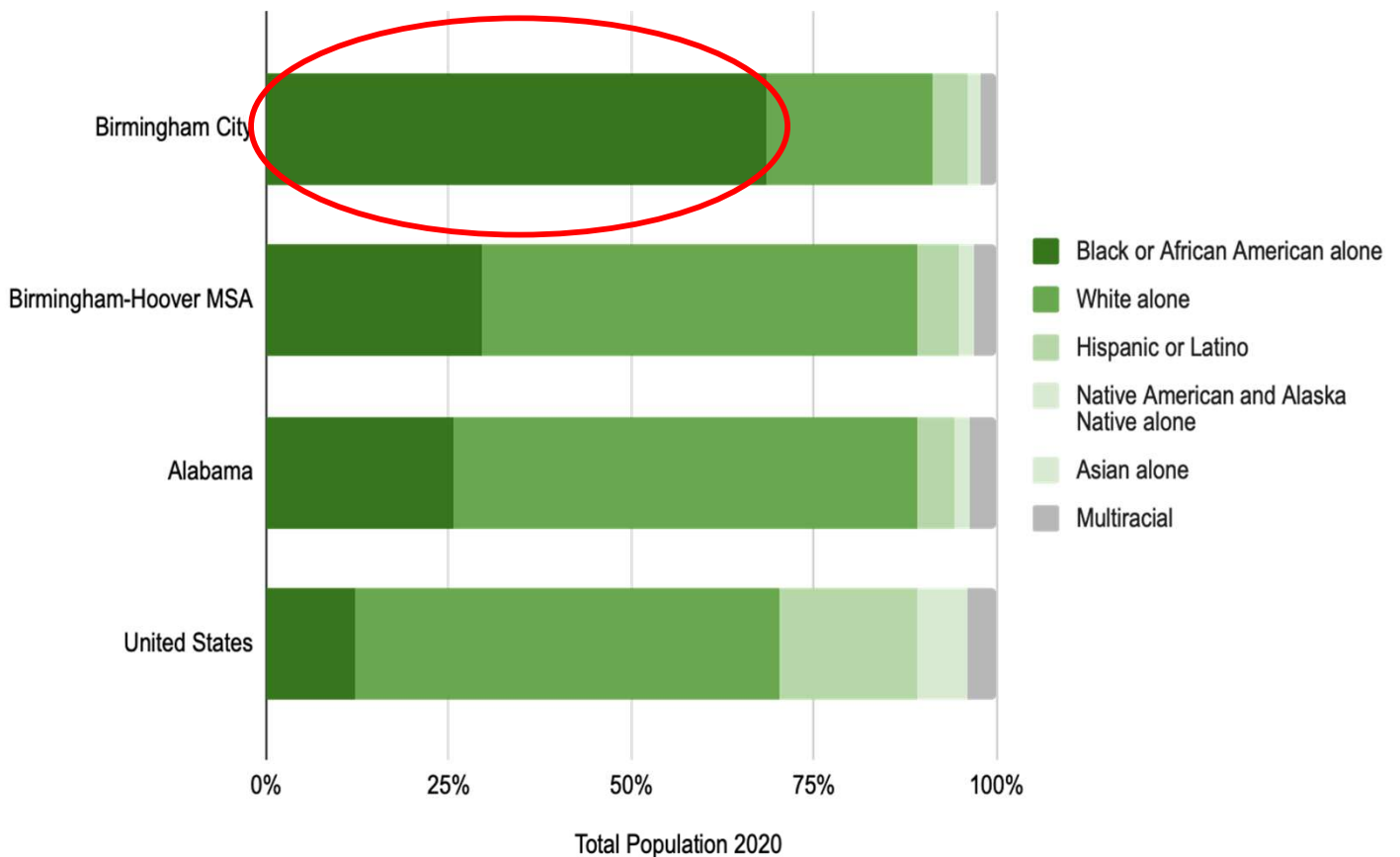
-WHAT WE'VE SEEN-

RACIAL & ETHNIC DIVERSITY

Both the city of Birmingham and the Birmingham-Hoover MSA are more racially diverse than the United States.

The MSA closely mirrors the demographic breakdown of the state of Alabama, yet the city of Birmingham features a key difference, the population share of the Black community. Birmingham's racial and ethnic diversity is an essential asset for the present and future strength of Birmingham, presenting building blocks for the growth of a more inclusive and equitable economy.

Diversity: Race and Ethnicity by Geographical Area



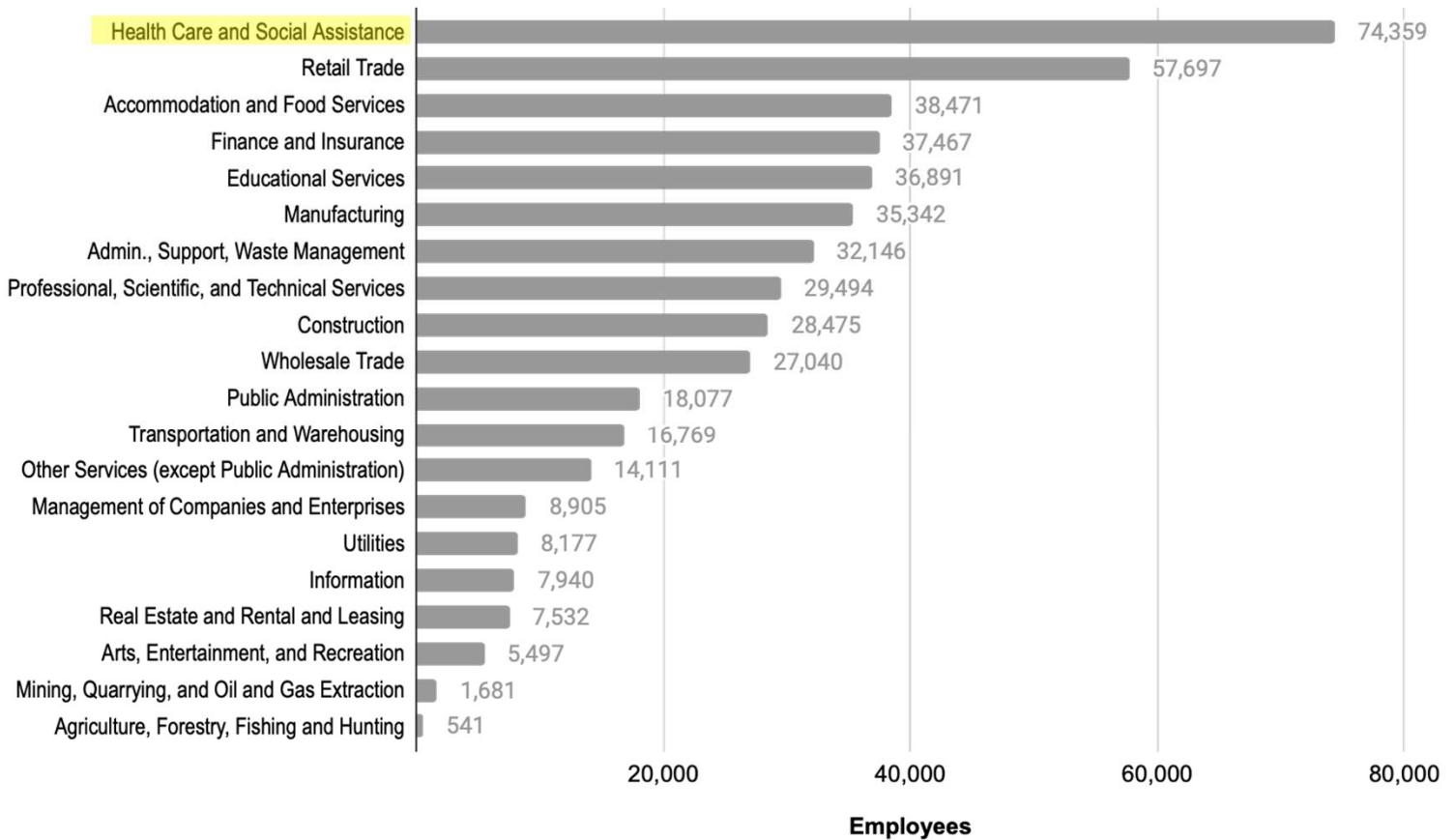
Source: Decennial Census 2020

HEALTHCARE AS A LEADING INDUSTRY

Overall, Health Care/Social Assistance is the largest employing industry in Birmingham. Health Care is also the largest employing industry in the nation¹, with 20 million employees across the US. Having Health Care as a leading industry is a strength as the Bureau of Labor Statistics (BLS) projects the industry will grow 14% by 2028.

After Health Care, Retail stands out as the second-most employing industry, followed by Accommodation and Food Service. These three industries have maintained their status as top employing industries since 2014.

Birmingham Employment by Industry 2020 | Census Quarterly Workforce Indicators (2020)



¹ Bureau, US Census. "Census Bureau's 2018 County Business Patterns Provides Data on Over 1,200 Industries." Census.gov. Accessed April 28, 2022. <https://www.census.gov/library/stories/2020/10/health-care-still-largest-united-states-employer.html>.

A HISTORY OF DIVERSITY

-WHAT WE'VE HEARD-

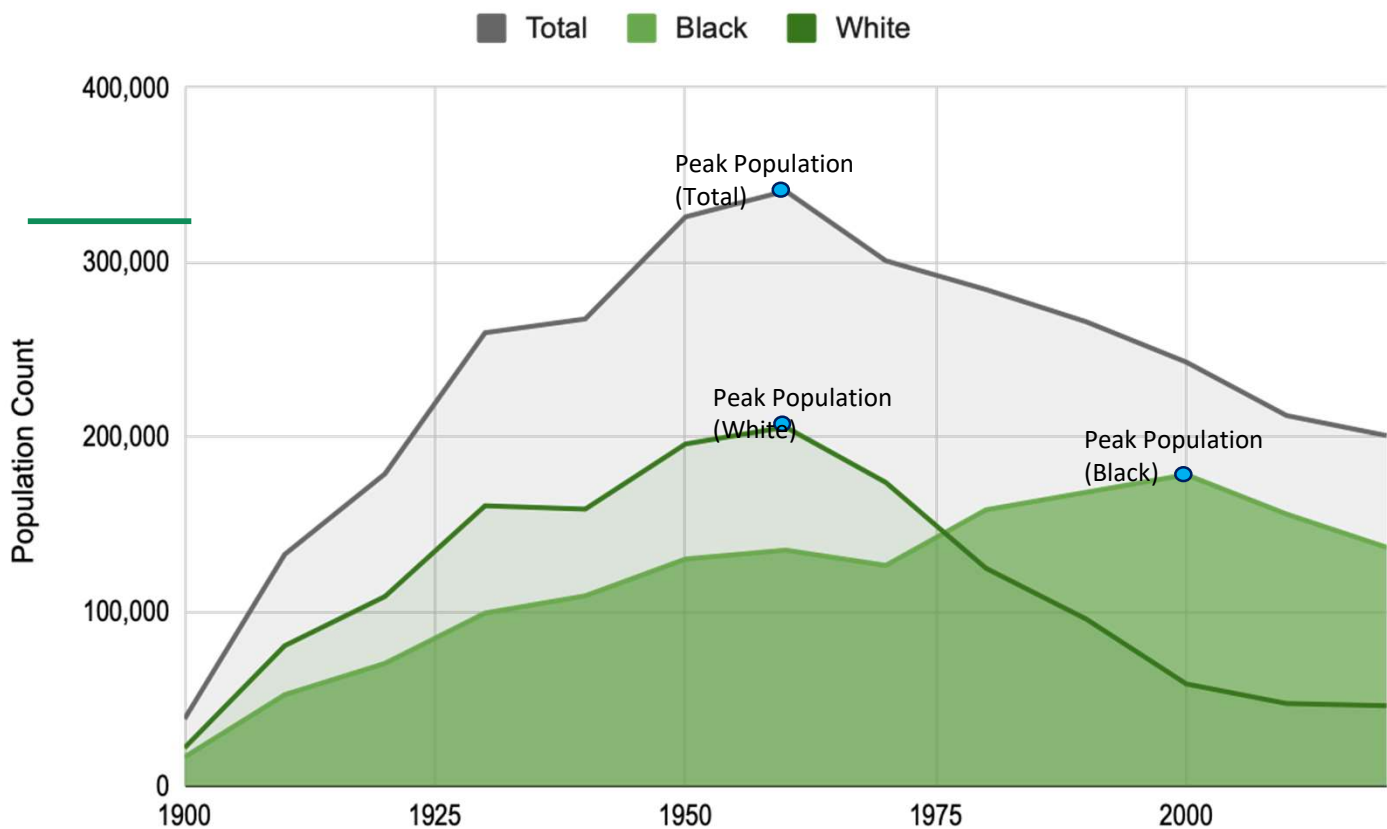
Birmingham has a rich and resilient history with its demographics being one of the city's largest strengths.

Across community engagement efforts, a strong sense of pride is noted in how the city came to be, its recovery in the post-industrial era, and perhaps most notably, its population. The city is close to 70% Black, a population that has weathered time and remained strong and dense in the face of legal and systemic struggle.



STRENGTHS

Diversity: Race and Ethnicity in Birmingham Over Time (1900-2020)



Source: Decennial Census 2020

The Black population in Birmingham steadily grew throughout the last century, peaking in 2000. Similar to other cities that experienced white flight, Birmingham’s white population began to decline in the 1960s, falling by nearly three-quarters as of 2010.

Birmingham’s Black population also slightly declined in the 1960s, but rebounded in the 1970s, increasing at a rate above 25%. Birmingham’s shifting demographics define these decades, playing directly off the city’s role in the Civil Rights Movement.

Birmingham’s history of Civil Rights activism continues to shape its identity. 4th Avenue and the Civil Rights District represent a complex history and demonstrate how Birmingham played such a crucial role then, up to present day. The city became a battleground based on race, and ultimately justice prevailed. It has since become a beacon of hope for what Black Americans in the South can accomplish: peace, prosperity, and a better tomorrow.

However, this same movement left behind ample trauma and a legacy of distrust between Black residents and the city as a whole. Socioeconomic data did not magically shift in the post-Civil Rights era. Many of the correlated socioeconomic trends and psychological impacts continue.

NEW ECOSYSTEM RESOURCES

Specific to the economic and business support ecosystem of Birmingham, immense momentum in the volume of resources available for Black-owned businesses and their owners is becoming more apparent.

Specifically, the last 3-5 years have marked a shift on this front. Nonprofits, accelerators, CDFIs, and other resource partners have created minority-specific funding mechanisms, technical assistance programs, networking opportunities, education courses, and even full-fledged support organizations effective in getting resources into people's hands and proving to longtime Black residents that opportunity exists and is achievable. Examples, but not an exhaustive list, of this work include:



Bronze Valley's work to fund minority-owned technology startups throughout the city and country, such as **Mixtroz**, and provide technical assistance and mentoring, generating 31 new jobs and \$6.4M in revenue from 2018-2020 in Black and women-owned businesses.

The Alabama Minority Business Development Agency's support for Black contractors in winning procurement opportunities, assisting companies with market assessments and capital access that support business growth.

Multiple **Community Development Finance Institutions (CDFIs)**, including Sabre Finance, LiftFund, and TruFund, provided \$3.1M of loans in 2021 throughout the state to businesses and founders that may not meet the standards of a traditional bank loan, increasing capital access across Alabama.

The work of **The Penny Foundation** to help longtime Black residents of Birmingham to build generational wealth, crafting programming and funding streams that engage Black populations and business owners, civic and corporate donors, and small business ecosystem partners.

IGNITE! Alabama stepping into Birmingham's Black-owned business ecosystem and serving as a convener for partners and stakeholders to meet and discuss collective goals and impacts, creating well-attended educational workshops, connections between business owners and financing opportunities, and gathering professional service providers to support Black-owned businesses.

CITY PLANNING

Many civically involved engagement participants pointed to the robust city and regional planning efforts as a massive strength for the Birmingham area.

Groups including the City government and Regional Planning Commission of Greater Birmingham have drafted plans to provide an immense level of detail on existing conditions, community opinions, and potential for redevelopment and investment in each of Birmingham's unique corridors. New groups are also being formed to discuss and move towards revitalization, education reform, economic development, and innovation, all reflecting a strong synergistic base from which to build.



WEAKNESSES

-WHAT WE'VE SEEN-

DISPARITIES IN BUSINESS OWNERSHIP

Referenced in a February 2022 Lending Tree Study on metropolitan areas with the largest presence of Black businesses (with employees, not including sole proprietors), Birmingham is an example of a place with a large Black population that does not translate into a large share of Black-owned businesses. Washington DC, Richmond, St. Louis, and Baltimore all have more Black-owned businesses than Birmingham despite having smaller shares of Black residents.

When considering the share of Black-owned businesses relative to the share of the Black population, [Brookings](#) found Birmingham ranked lowest of the nation's 53 largest metros in 2021. For every 10,000 Birmingham MSA residents, there are only six Black-owned businesses, compared to 238 white-owned businesses. **Parity between business owners by race would see more than 7,000 total Black-owned businesses with employees across the MSA as opposed to the current 693.**



Diversity: Birmingham Black Business Ownership (with Employees) as a Percentage of Population

Rank in Black Businesses	Metro	Total Businesses	Black-Owned Businesses	% of Black-Owned Businesses	% of population that's Black
20 th /50 metros	Birmingham	19,683	693	3.5%	31%

Source: Lending Tree

WAGE GAP DISPARITIES

Black Workers Earn Less than their White Counterparts. Despite growing wages in the metro, Black workers continue to be paid the lowest average annual wage (\$41,364) of all races and ethnicities. Not only do low wages impact one's ability to achieve basic needs and quality of life, but they also make start-up capital or credit more difficult to attain when trying to start (or formalize) a business.

Disparity: Summary of Employment and Wages by Race

Race/Ethnicity	Employment 2020	Change in # of workers 2015-2020	Average annual wages 2020	Change in # of wages 2015-2020
White Alone	330,435	-0.2%	\$68,976	26.0%
Black or African American Alone	140,446	1.0%	\$41,364	21.2%
Native Americans and Alaska Natives	1,896	9.5%	\$48,948	18.5%
Asian Alone	8,367	15.8%	\$71,172	30.1%
Native Hawaiian or Other Pacific Islander Alone	390	NA	\$47,520	NA
Two or More Race Groups	5,083	15.7%	\$47,580	22.5%
Hispanic Ethnicity*	17,087	22.79%	\$46,356	23.7%
Total Workforce	414,544	1.73%	\$62,124	30.0%

*Source: Census Quarterly Workforce Indicators 2020

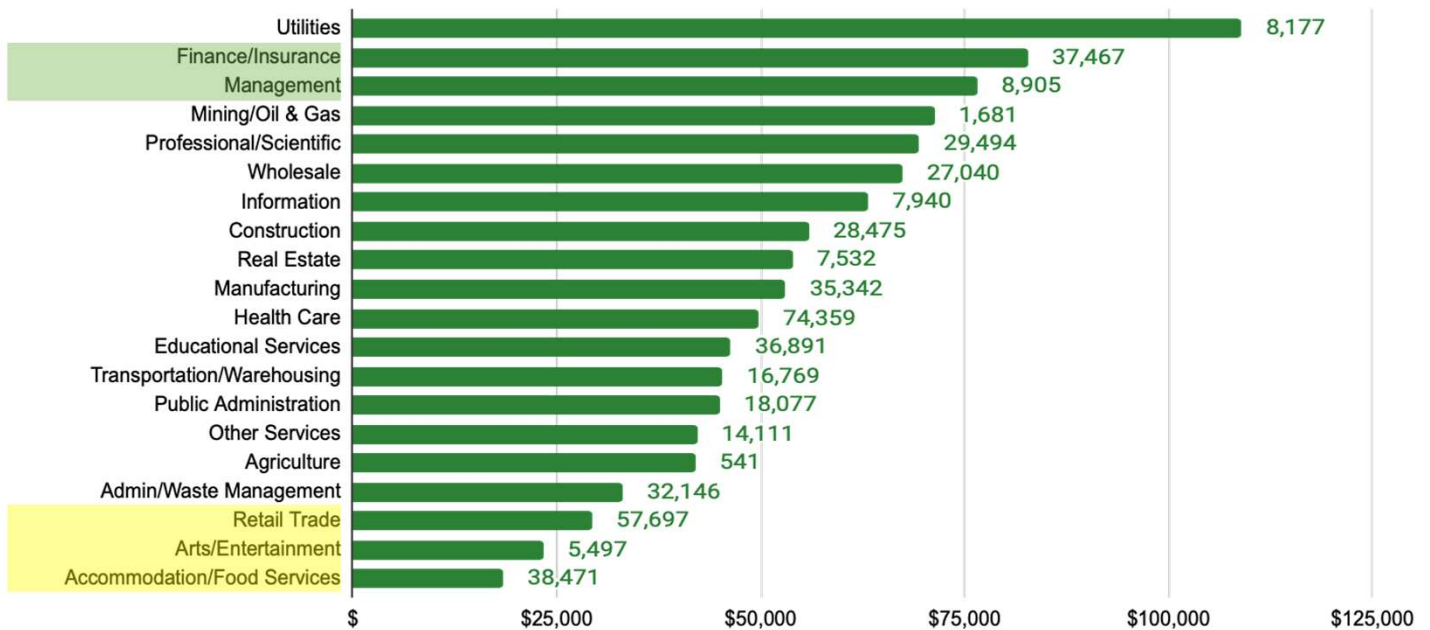
While the metropolitan area's workforce remained stable from 2015 to 2020, wages grew by 30%. However, Black workers experienced smaller gains in wages (21.2%) relative to almost all other races and ethnicities. Black workers brought home \$27,600 less than white workers in 2020.

WEAKNESSES

In 2020, industries with the lowest wages included **Accommodation/Food Service, Arts/Entertainment, and Retail**. Two of these industries are among the largest employers in Birmingham: Retail (57,697) and Accommodation/Food Service (38,471). Finance/Insurance and Management experienced the largest jumps in wages from 2019-2020.

White workers disproportionately work in higher-wage industries. The share of white workers surpassed the share of the white population in the top nine wage-paying industries: Utilities, Finance/Insurance, Management, Mining/Oil/Gas, Professional/Scientific/Technical Services, Wholesale, Information, Construction, and Real Estate.

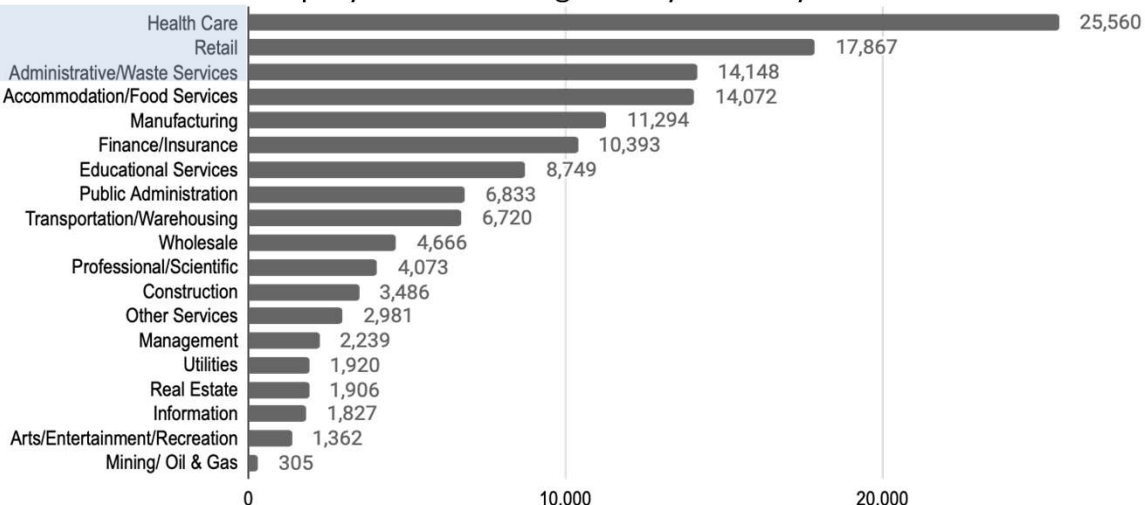
Wages: Average Annual Earnings in Birmingham by Industry



Source: Census Quarterly Workforce Indicators 2020

Beyond Health Care, Black workers are concentrated in low-wage industries such as Retail, Administrative/ Waste Services, and Accommodation/Food Service. These industries all experienced employment losses during COVID.

Workforce: Black Employees in Birmingham by Industry



Source: Census Quarterly Workforce Indicators 2020



HISTORY & MODERN INEQUALITY

-WHAT WE'VE HEARD-

Birmingham has suffered from race-based inequality since its inception in the Jim Crow era, a fact confirmed in both interviews and analysis.

Data suggests Black communities and individuals have always lagged behind city averages in terms of wages, educational attainment, health outcomes, and business ownership. Despite efforts to shift these paradigms, these realities remain steadfast today. We see inequality manifested in modern Birmingham in three main avenues related to this project: 1. communities, 2. the economy, and 3. the city's economic and business support ecosystem.

IN THE COMMUNITY

Birmingham's communities have long been separated on the basis of race. While the predominantly white communities of Homewood, Vestavia, and Mountain Brook have received main street investment, housing development, and increases in population, predominantly Black areas have dealt with crime, blight, inferior schools, and an overall lack of investment. We heard the following perception in a variety of engagements on this project: "in Birmingham, where you're from defines who you are and what you're capable of."

Considering the precursors to building strong social networks and wealth are tied to educational outcomes, healthy environment, and access to creativity, Birmingham suffers from a vast weakness on this front.

The lack of community-based support for longtime Black areas only perpetuates this reality. While most affluent, populous white areas have a community development corporation (CDC) to look after things like land use, housing development, and assistance for businesses, predominantly Black communities often lack these resources and capacities.

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*In Birmingham,
where you're
from defines who
you are and what
you're capable of.*

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IN THE ECONOMY

The above data paints a grim picture of the economy for Black residents of Birmingham. Black workers are more likely to hold jobs in lower-wage industries, reflected in the fact that this demographic makes approximately \$27,000 less annually than white workers, on average. Black residents are also significantly less likely to start and own a business, and if they do, the odds are it will be a sole proprietorship with no employees. These businesses are often missing out on capital injections that can see a business scale, growing their staff and revenue. These realities combine to paint a grim picture of what it means to be Black in Birmingham. As one of our interviewees poignantly pointed out:

“there is a real perception in Birmingham that a Black person can only go so far.”

IN THE ECOSYSTEM

While the economic and business support ecosystem has recently been building out resources specifically for Black-owned businesses, support groups frequently lack specific offerings that meet the needs of this demographic. Black business owners see ecosystem resources as sometimes having insurmountably high barriers to entry. Classes require time away from manning the counter or front desk of a business. Accelerator programs often require high-growth ideas and innovative technologies that lifestyle and service-oriented businesses lack or simply find unrelatable. Capital requires connections, notoriety, as well as strong documentation, and pro forma financial statements. The Black community lacks access to the lawyers, accountants, and investors required to generate these documents, financial history, and records.

The problems Black-owned businesses face on this front are layered and systemic. An interviewee for this project claimed,

“ecosystem providers take the word of the five Black people they know and make it law.”

Thus, programming and resources are seen as lacking true impact. The average business owner who seeks help is not having their root problems addressed. Limited success stories are great, but widespread impact in spaces that require solutions would trump these anecdotes and testimonials.



OPPORTUNITIES

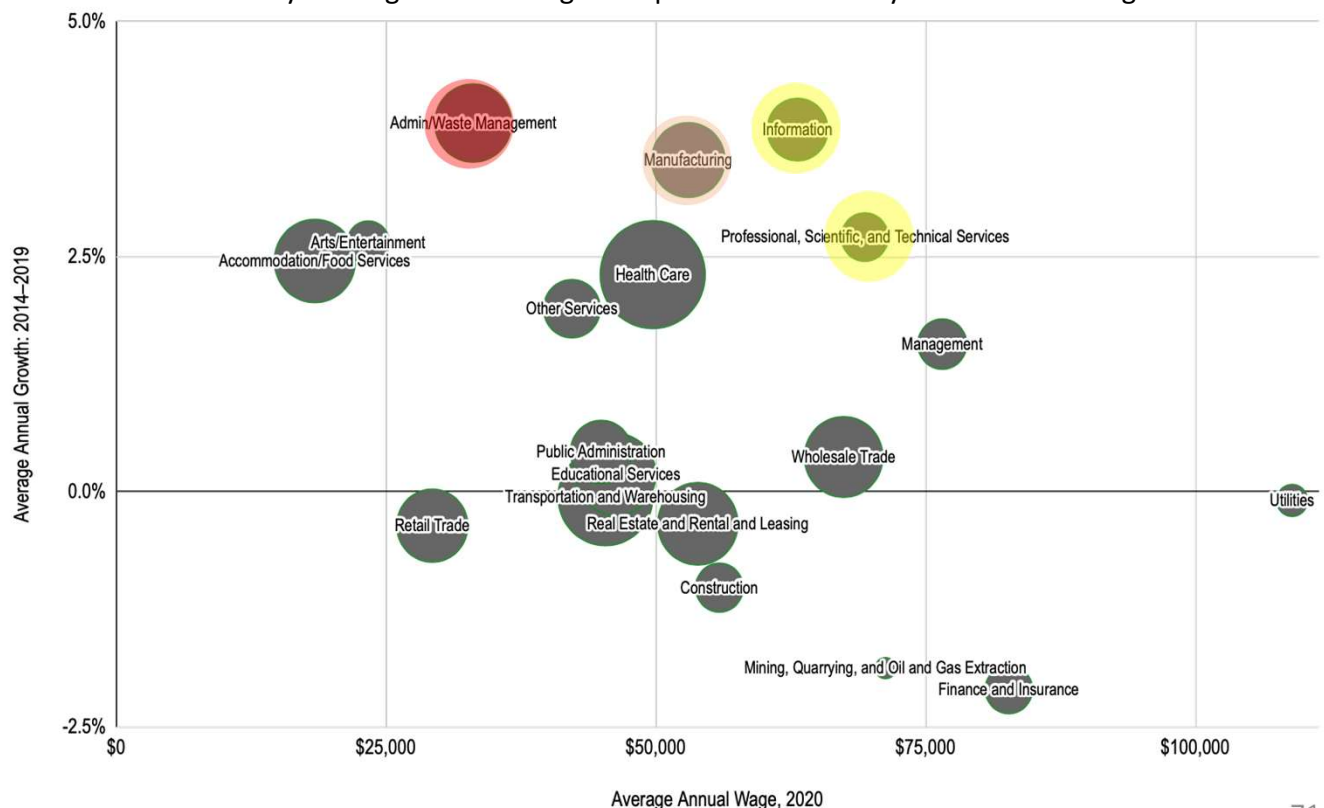
-WHAT WE'VE SEEN-

GROWTH OF HIGH WAGE INDUSTRIES

Before the COVID-19 pandemic, a mix of blue, white, and creative (Arts/Entertainment) collar industries were growing. Notably, high-wage industries such as Information and Professional/Scientific/Technical Services topped the chart along with more middle-of-the road Manufacturing and less lucrative Administrative/Waste Management.

Growth across this wide variety of industries can encourage inclusive economies by demanding workers with an equally wide range of technical skills and experience. Serving entrepreneurs across these industries can see the ecosystem actualize this opportunity for inclusive growth. More entrepreneurs benefitting multiple sectors can beget more work, both within the target and externally, from Healthcare to Construction. Additionally, opportunities for cross-pollination or interdisciplinary collaboration thrive in an environment with a healthy mix of industries.

Industry: Average Annual Wage Compared with Industry Growth Percentage



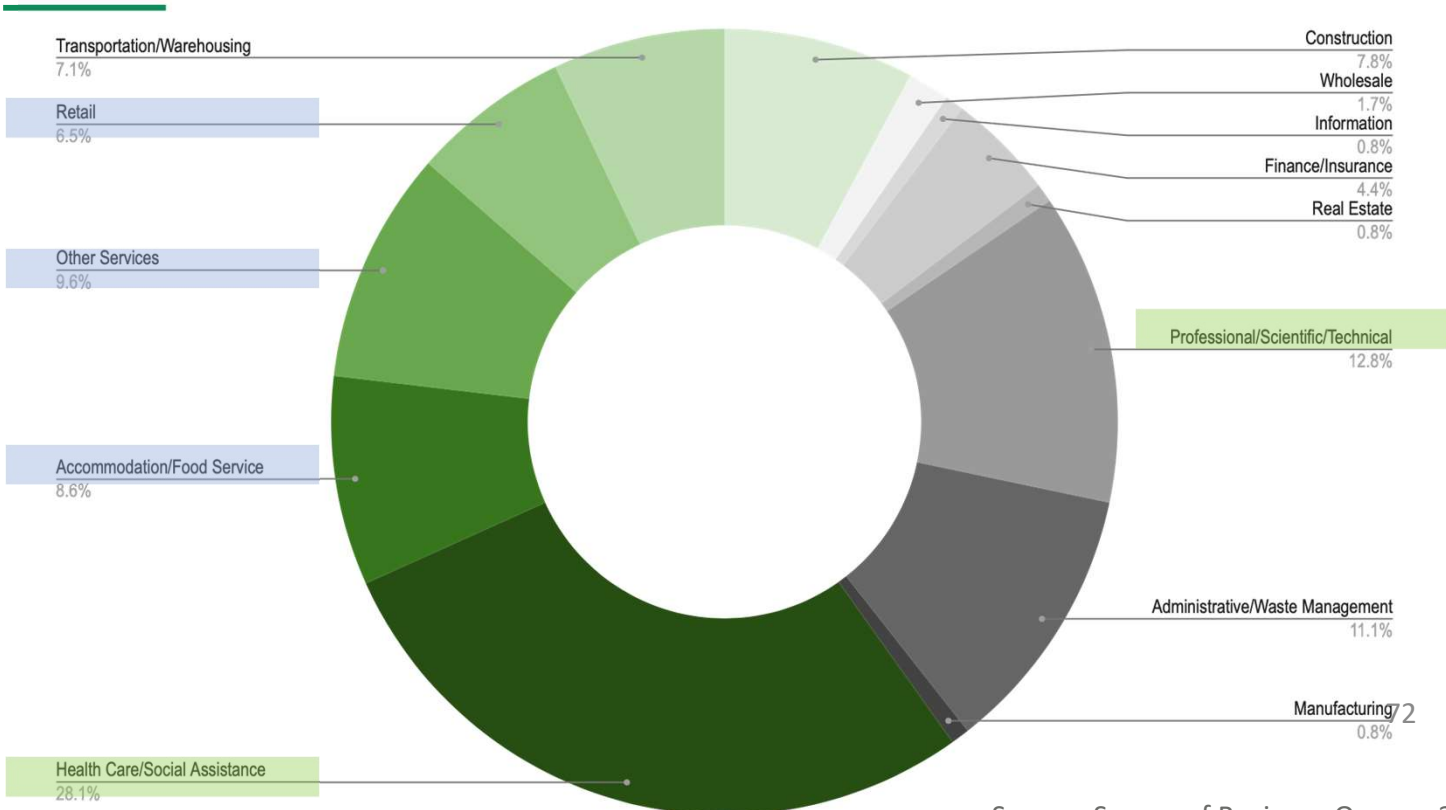
DIVERSITY OF BLACK-OWNED BUSINESSES

A common misconception is that despite a lot of recent buzz around technology, most Black entrepreneurs operate within lifestyle industries. Data as far back as 2012 establishes that this is not the actual case.

According to Survey of Business Owner (SBO) data reported in 2012, the most recent and accurate information available from the census, there were 526 Black-owned businesses in the Birmingham MSA. As represented in the chart below, approximately 25% of those businesses are within lifestyle serving sectors (Accommodation/Food Service, Retail, and Other Services). This is less than the overall share of lifestyle businesses in Birmingham across all business owner demographics, which was 29% during that same timeframe.

The largest share of Black-owned businesses is in Health Care and Social Assistance. This industry accounts for 10% of the region’s overall firms, and 28% of Black-owned businesses. As Birmingham creates a Health Care-centric economy, there is a definite opportunity to ensure these business owners enjoy and share in the growth of this sector.

Finally, while 12.7% of Black-owned businesses are Professional/Scientific/Technical Services firms, which is very close to the overall industry share of that sector, only 2.8% of total for that industry are Black-owned. Through technology development and partners like Innovation Depot, there is an opportunity to see even greater diversity. Sectors with the largest share of Black-owned businesses matching local sector growth patterns provide an excellent opportunity for building Black wealth.



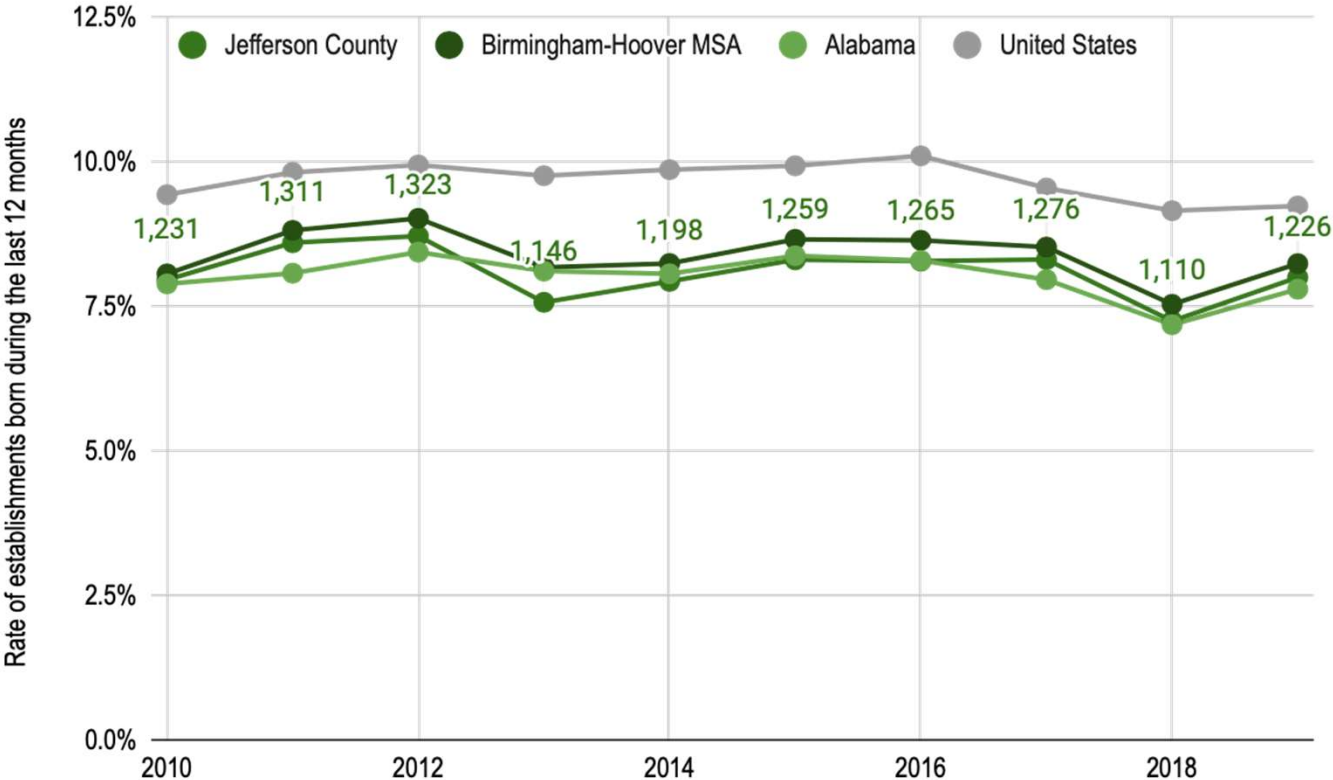
Source: Survey of Business Owners 2012

SMALL BUSINESS ENTRIES ARE UP

Before the pandemic, business entries were trending upward in Jefferson County and the MSA, slightly outpacing Alabama. However, the county, MSA, and state all trailed the national rate of new establishments over the decade. As of 2019, Birmingham was back to nearly the same number of business starts as in 2010.

After being hardest hit by initial COVID impacts, recent [national data](#) points to Black business growth in 2021. Researcher Robert Fairlie found the share of Black business owners dropped 31% between quarters one and two of 2020. While the Annual Business Survey and Business Dynamic Statistics do not yet include data from COVID years, the Census Current Population Survey reports more Black workers are self-employed in February 2022 (1.2 million) than pre-pandemic in February 2020 (1.1 million). Compared to pre-pandemic, Fairlie finds the number of Black business owners was 28% higher in the third quarter of 2021. The growth rate of Latino/a business owners (19%) and white and Asian business owners (5%) trailed that of Black business owners over the same time period. When local data become available, these national trends can serve as a comparison.

Rate of Business Starts by Geographical Area (2010-2019)



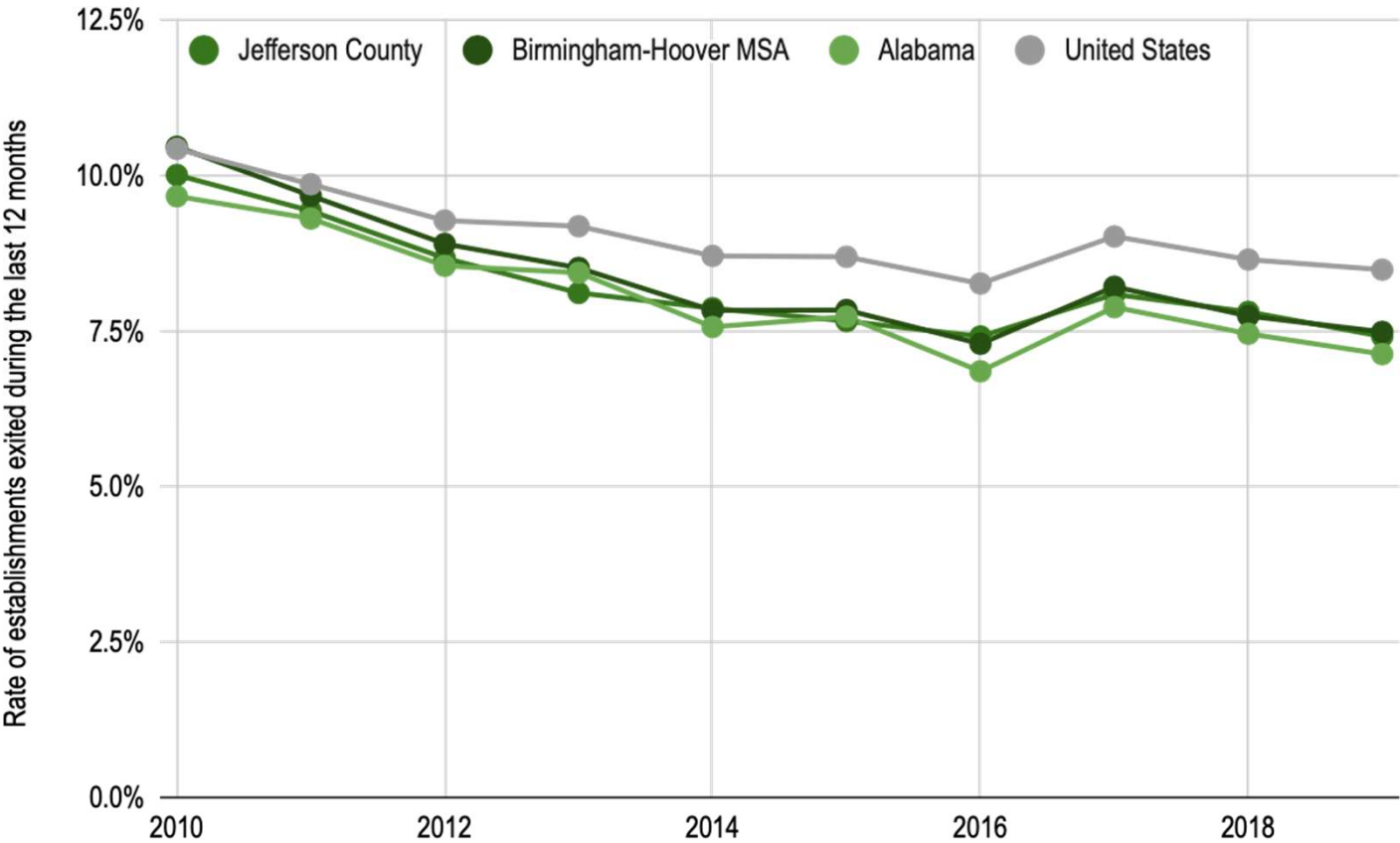
Source: Business Dynamic Statistics 2010-2019

SMALL BUSINESS EXITS ARE DOWN

Similar to entries, the county, MSA, and state trail the nation in business exits. This means that fewer local businesses were closing as compared to the national average. COVID certainly effected this trend, though to what degree has yet to be determined. Leading into these circumstance, local geographies had widened the gap over the previous decade, trending downward and maintaining fewer business losses.

Fewer losses provide several paths of opportunity. First, it assures the ecosystem that their direct investments in small businesses are less risky. As more businesses stay in the ecosystem, they can become mentors to new ventures and entrepreneurs. Also, exits capture not just failed entries, but retirements. The ecosystem can offer programming and resources around succession planning to further prevent full exits.

Rate of Business Exits by Geographical Area (2010-2019)



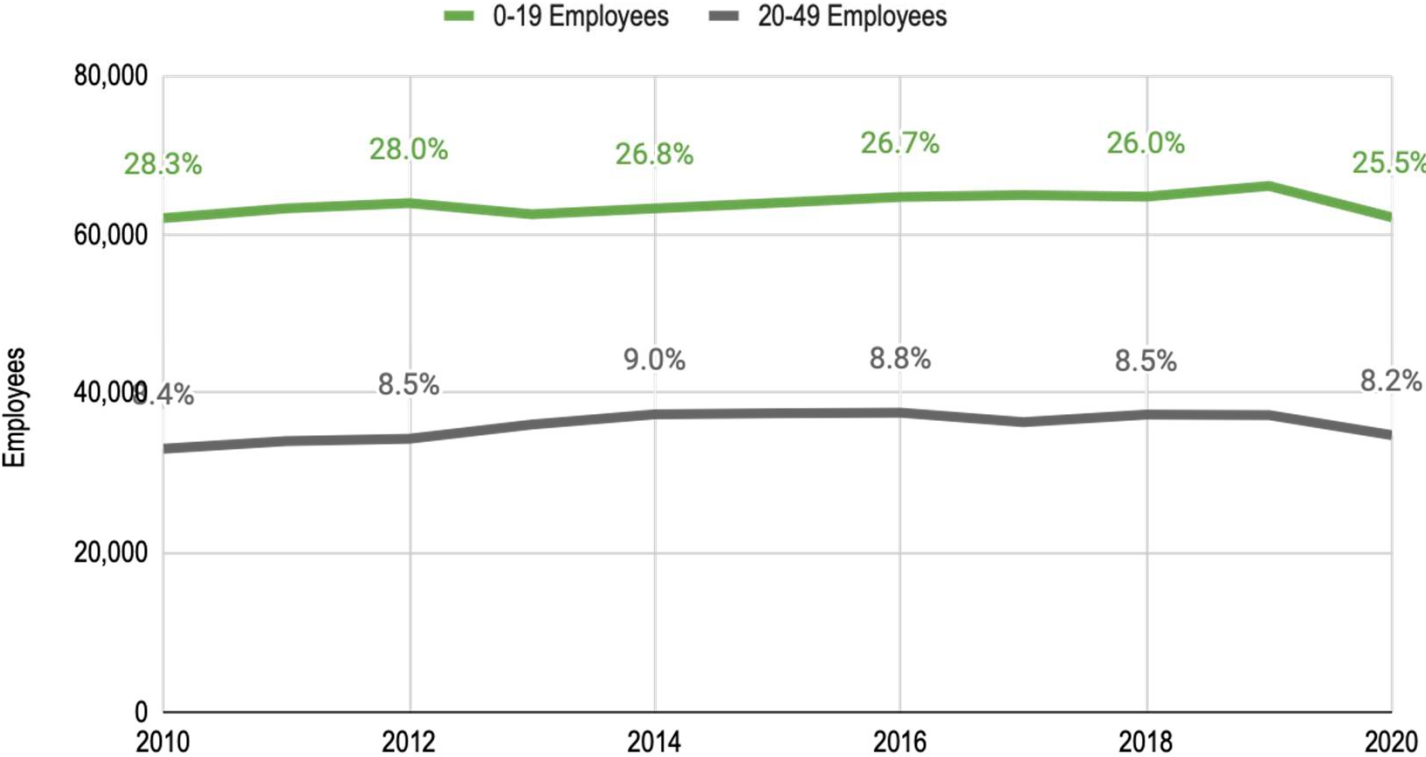
Source: Business Dynamic Statistics 2010-2019

GROWTH OPPORTUNITIES FOR BUSINESS SIZE

More than one quarter (25.5%) of total workers are employed at firms with less than 20 employees, compared to 18% of workers nationally. This signals the local workforce is already comfortable working for small businesses and can contribute to a culture of entrepreneurship.

To move from opportunity to strength, the ecosystem could further communicate with workers, beyond business owners, to understand local workplace preferences. This way, the ecosystem serves as a connector between businesses and the workforce, particularly in this tight labor market. Additionally, the ecosystem would gain knowledge on local barriers to employment or insights on retention that may impact small business success.

Small Businesses Employment as a share of Total Employment 2010-2020



Source: Census Quarterly Workforce Indicators 2020

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Revitalizing main streets and neighborhoods to be hubs for businesses can be a key positive change for the Black community.

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UNLOCKING QUALITY OF PLACE

-WHAT WE'VE HEARD-

Birmingham has many main streets and unique neighborhoods, both new and historic.

Each of these areas has a specific vibe and energy, combining to create a city with diverse demographics, residential areas, commercial hubs, and recreational spaces. However, interviewees and analysis suggested that most of the city's predominantly-Black areas experience a lower quality of place than other areas. Referring to the physical characteristics of communities, which often includes community plans, design, development, and maintenance, these facets impact the lives of people living, working, or visiting that community. Clean main streets full of storefronts and working spaces for businesses exist only in small pockets. Areas, where people can gather and share stories and knowledge, grow smaller and smaller due to blight and disinvestment. High rates of property renting, as opposed to owning, limits the ability of individuals and families to build generational wealth.

One of our interviewees pointed out that while these trends are certainly a weakness for the city, they equally represent an opportunity. “Revitalizing main streets and neighborhoods to be hubs for businesses can be a key positive change for the Black community.” Another added that *“Blight and other urban issues can be solved with innovation.”*

Placemaking is a long-term strategy that presents an immense opportunity for Birmingham to redefine its built environment to better support the education, health, and wealth of Black residents. Investing in innovative pilot programs that not only get capital and resources into the hands of Black families and businesses but help build a better quality of place, catalyze the city and its resource partners, and shift long-standing paradigms surrounding race and inequality.

It will be crucial, though, for displacement and gentrification to be avoided in this process. Community development corporations (CDCs) can be a starting block for enhancing the quality of place in Birmingham's plethora of neighborhoods. With the support of funds from the federal to the foundation level, innovation and action can turn a problem into a prosperous future.

This project presents a unique opportunity for a city, community, and its stakeholders to understand not only who provides support to Black-owned businesses, but real strategies for investment into the organizations and institutions that can alter current economic realities. Throughout our engagement, people have noted the support ecosystem's largest opportunity is the chance to leverage these findings to shape future strategy and work.

USER-SPECIFIC ECOSYSTEM RESOURCES

The above findings all simultaneously represent weakness and opportunity for Black-owned businesses and their support groups. Where there is currently a gap, there is an opportunity for an institution, whether new or experienced, to tackle an identified problem and create a solution.

An economic and business support ecosystem that tackles problems it has identified through robust engagement and data analysis is better positioned for efficiency and success. As resources become increasingly user-specific to the needs of businesses and their owners, the impact will only be heightened across the city. Creating buy-in surrounding these findings and the opportunity they present is a crucial step in Birmingham's support ecosystem becoming its best self.

A lack of investment and loan capital that is less than \$50K or more than \$3M

The need for further connectivity to lawyers, accountants, and business planning specialists

A need for more flexible, physical working space for brick-and-mortar establishments

The barriers the ecosystem presents in having businesses participate in programming

A desire for unified marketing and outreach amongst ecosystem services

The need for a resource hub where people know to look for assistance and capital

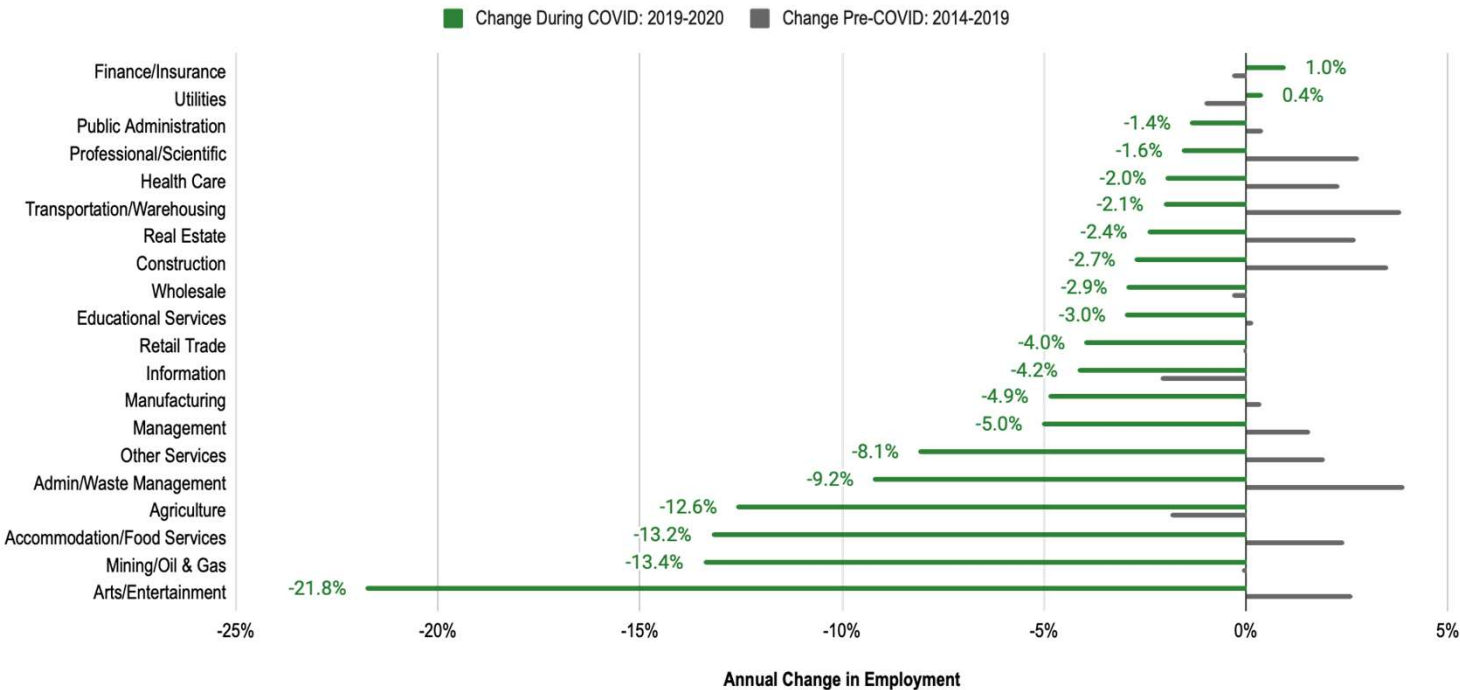
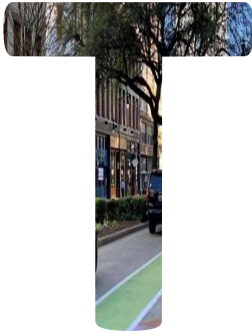
THREATS

-WHAT WE'VE SEEN-

COVID-19

Though hardly unique to Birmingham, COVID-19, and its economic impact remain a threat to the business ecosystem given its disproportionate impact on business owners of color.

Not only has the pandemic placed additional challenges on business owners, but the racial disparities of this impact also threaten to widen the gap in Black business ownership. As the Federal Reserve suggested in 2021, "Firms owned by people of color reported more significant negative effects on business revenue, employment, and operations as a result of the COVID-19 pandemic."



After growing from 2014-2019, Arts, Entertainment, and Recreation saw the largest loss in employment during the pandemic. Accommodation and Food Service, Agriculture, and Mining/Oil and Gas all lost more than 10% of their workforce.

While these trends were experienced nationally, PPP loan data reveals that Black-owned businesses incurred additional costs and challenges due to COVID-19. On top of addressing existing network needs and structural barriers, the ecosystem should keep in mind that established Black businesses may need assistance stabilizing or rebuilding due to the pandemic.

Source: Census Quarterly Workforce Indicators 2014-2019



The pandemic exacerbated both financial conditions and stress. As the Federal Reserve noted:

Condition

86%

Nationally, sales declined 86% and 85% for Black and Hispanic-owned firms, respectively, while 79% of white-owned firms reported a decrease in sales.

77%

While 77% of Black-owned firms reported that their financial condition was poor or fair, 54% of white-owned firms reported similar conditions.

Stress

92%

92% of Black business owners experienced financial challenges in 2020, compared to 85% in 2019.

3/4

Three-Quarters of Black and Asian owners had difficulties covering their expenses.

53%

Black business owners had difficulty accessing credit in 2020 - the most of any other group.



THREATS

National data revealed Black business owners were more likely to tap into personal capital to address business financial conditions and stressors. Almost three-quarters of Black business owners (74%) used their personal funds in response to business financial challenges, compared to 65% of Hispanic-owned firms, 65% of Asian-owned firms, and 61% of white-owned firms. While white business owners were the most likely to report that their personal finances were not impacted by COVID-19, 46% of Black business owners were concerned about hits to personal credit scores or assets. **Business ownership requires risk, however Black business owners absorb more risk, especially during the pandemic.**

Birmingham city leaders also recognize this risky connection between business and personal finance, as suggested in interviews. In order to help Black businesses, thrive, the ecosystem should assume or help diminish some of this risk.

When Black businesses did seek COVID relief, they received less assistance than other groups. Only 61% of Black-owned businesses applied for PPP loans (compared to 82% of white-owned businesses). Of those, only 43% of Black-owned businesses received all of the PPP funding they sought, compared to 78% of white-owned firms. According to the Federal Reserve Bank Small Business Credit Survey, "Black-owned applicant firms were five times as likely as white-owned firms to receive none of the PPP funding for which they applied (20% compared to 4%)." Thus, COVID relief threatens to widen existing gaps in financial conditions and stress. The ecosystem is in a position to connect Black businesses to all resources, not just their own.

The leading reasons why Black and White-owned businesses did not apply for PPP loans can inform ecosystem strategies. White-owned firms disproportionately cited not needing financial support as the reason for not applying for PPP. Black-owned businesses cited not expecting to qualify for loans or loan forgiveness as their top reason for not applying for PPP. The Federal Reserve also found that minority-owned businesses were more likely to have missed deadlines or been unaware of the program altogether. **Themes of both connectivity and information sharing run throughout the SWOT analysis.**

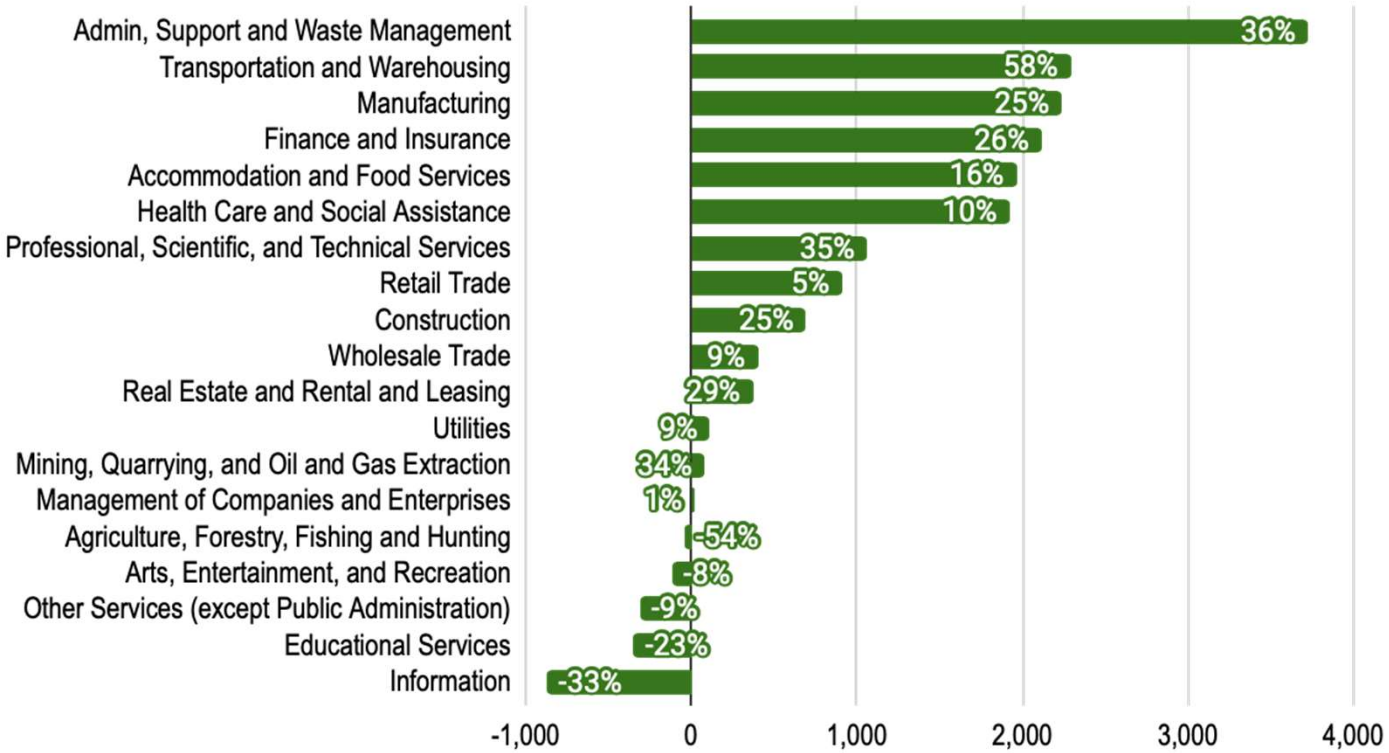
Birmingham received almost 11,000 PPP loans, which supported 56,268 jobs. Industries with the largest share of employees received the largest loans. Professional/Technical/Scientific Services and Other Services received over one-third of total loans. The COVID-19 pandemic exemplifies that financial conditions and stress can also vary by industry.

CHANGES IN BLACK EMPLOYMENT

From 2010 to 2020, Admin/Support/Waste Management gained the most Black workers, which is consistent with [national trends](#).

Black workers left Information more than any other industry. Information is the seventh highest average wage of the twenty major industries, while Admin/Support/Waste Management is 17th and Transportation/Warehousing is 13th. This partially explains lower wage growth rates, given the increase in low-wage workers. However, the exit of high-wage workers is concerning. While too early to conclude, this may suggest a 'brain drain' exit of highly skilled workers.

Rate of Change in Black Employment by Industry



Source: Census Quarterly Workforce Indicators 2020

EDUCATION LEVEL OF EMPLOYEES

Notably, the number of workers without a high school diploma grew at the fastest rate of any category of education between 2015 and 2020.

The overall rate of population with less than a high school diploma remains lower than the national average as of 2020. However, despite growing at the largest rate, the average annual wage for individuals with less than a high school degree remains well below the national average.

A higher share of low-wage workers would threaten the sustainability of small businesses long-term, as wages impact consumer spending. Entrepreneurship or employment at a small business provides an alternative to college or higher education but is not a substitute for high school education.

Educational Attainment	% of Workforce 2020	Change in # of workers 2015-2020	Average annual wages 2020	Change in # of wages 2015-2020
Less than high school	12.58%	8.26%	\$46,824	30.24%
High school or equivalent, no college	28.17%	-0.15%	\$53,064	24.92%
Some college or Associate degree	32.47%	0.15%	\$59,856	22.83%
Bachelor's degree or advanced degree	26.67%	-1.05%	\$92,424	27.52%

Source: Census Quarterly Workforce Indicators 2020

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The mindset of Black residents has been shaped through a history of trauma, disparity, and necessary resilience.

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LINGERING DISTRUST AND TRAUMA

-WHAT WE'VE HEARD-

From generations of discrimination, both overt and systemic, to modern disparities existing in the city's civic and economic data, many of Birmingham's Black residents expressed a sense of distrust of the city's power structures.

Black residents feel they are intentionally not given a seat at the table when it comes to public matters and are overlooked when it comes to private investment and dealings. Much of this distrust can be traced back to the city's history of racism and the predominantly white “ruling class.” In the modern day, the issue persists through the lack of access to generational wealth that Black individuals and families experience.

Without a baseline of trust and understanding, good governance and support from organizations and institutions can be for naught. The mindset of Black residents has been shaped through a history of trauma, disparity, and necessary resilience. For this mindset to shift, there must be immense action taken to alter perceptions, lived experience, and present reality. Decades of inequity and legalized disparity have fostered a belief within Birmingham's Black community that the ‘establishment’ will not sacrifice anything — power, profit, or property — to create impact, progress, or equity for the community. Many note that impact-oriented work relative to the Black community is frequently viewed as a charitable cause, instead of a fundamental requirement for collective socioeconomic success. Until an action plan that prioritizes reconciliation receives broad commitment and demonstrates true intent for impact, distrust will actively linger as a large threat to any sort of progress and prosperity.



BIRMINGHAM'S HISTORY OF RACISM

Mentioned throughout this SWOT analysis, Birmingham suffers from a traumatic history of racism, both overt, legalized, and systemic, still felt to this day.

It is the core root of why disparities and inequities exist today. It is the clear reason behind the distrust of Black residents in existing power structures, and it arguably stands as the greatest barrier between the city and opportunities for comprehensive progress and community improvement. existence?

Systemic racism is not something that can be fixed overnight, nor in 50 years of corrective policy, programming, and collective action.

Racism is a legacy that lives on as long as the living have experienced it. This history represents a constant threat to Birmingham's identity and future. How can a city, which has experienced such trauma, persevere and create better outcomes for a community that has been persecuted for the entirety of the city's existence? Only through intentionality.

Racism is a legacy that lives on as long as the living have experienced it.

INACCURATE ASSUMPTIONS ABOUT BLACK-OWNED BUSINESSES

The above threats create a world where perceptions between the Black and White communities of Birmingham are often misguided. We've previously outlined how submission of PPP loan applications by Black businesses were negatively impacted due, in part, to just such perceptions (p77). Arguably, the most relevant insight surfaced relating to the economic and business support ecosystem is how investors, banks, and support partners described and often perceive Black-owned businesses in Birmingham. We heard comments that painted Black-owned businesses as predominantly lifestyle and services-based, utilizing home offices or retail brick-and-mortar space to make small if any profits. For many of these businesses there are traces of truth in this. However, this perception is often applied universally across all Black businesses alongside the insinuation that scalability is not just unattainable but not an explicit desire of any of these business owners.

By extension, this by and large excludes these businesses as viable for investments that may see growth in revenues, real estate, materials, employment, or economies of scale.

This perception is incorrect, according to data and engagements with Black business owners. These founders seek to scale and grow profitability in line with their peers, achieving prosperity and generational wealth through business growth. However, due to this lingering perception, funders and supporters are missing from these businesses' balance sheets, missing out on the investment benefits of giving them a chance to prove themselves, and most unfortunately, missed from the lived experience of the owners. As one interviewee sternly put it: "The journey looks easier for white tech founders than it is for the average Black business owner."

These assumptions drive the decisions that can open, but usually close doors of opportunity for Black businesses, which represents a true threat to the growth of Birmingham by directly impacting businesses, but also investment portfolios, support services, communities, retail, and industry across the board. While some business archetypes like the mentioned tech-enabled entities may have higher success rates as tradable entities, scaling profit to the benefit of founders, funders, and the city's reputation alike, Black-owned businesses should not be left out of consideration.

“*The journey looks easier for white tech founders than it is for the average Black business owner.*”

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