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EXECUTIVE SUMMARY

THE PROBLEM

Subtext: In the Summer of 2020, Prosper was formed to shift the economic landscape of Jefferson County including a longstanding paradigm for Birmingham's Black community. At the time, the city ranked last in the rate of Black business ownership among the USA's largest 53 metro areas. With this report and planning effort, the organization seeks to create a baseline of information for decision-making that adequately reflects the context of Birmingham's economic and business support ecosystem.

THE PLANNING EFFORT

To begin, Prosper commissioned Fourth Economy Consulting, IGNITE! Alabama, and LRY Media to better understand not only the work being done to support Birmingham's Black-owned businesses, but to comprehend a potential path forward for what is dubbed 'the ecosystem'. This ecosystem is made up of Birmingham's economic and business support nonprofits alongside organizations who create economic development initiatives, support startups and the entrepreneurs behind them, get capital to businesses looking to expand, and help make the city simultaneously more equitable and prosperous.

This project seeks to answer questions such as:

1. What data is behind Birmingham's low rate of Black-business ownership?
2. Who are ecosystem organizations supporting, and how?
3. What do Birmingham's Black business owners feel is necessary to shift the status quo? Civic leaders? Philanthropists?
4. How can ecosystem partners begin to alter these pervasive realities?

A rigorous planning effort anchored by analysis, interviews, and ideation sessions helped craft 3 primary stages of recommendations, meant to help Birmingham achieve more equitable business ownership through its support ecosystem.

HOW TO READ THIS REPORT

The report is arranged in three distinct parts:

Part I: Business Archetypes and Ecosystem Map- provides the structure to help business owners discover who and where they are in the larger landscape as well as what resource providers are available to assist them regardless of business type or stage.

Part II: Strategic Recommendations- assist with the way forward and how to take the ecosystem from its current state to a vision for a brighter, more inclusive future.

Part III: SWOT Analysis- details the strengths, weaknesses, opportunities, and threats to the Black businesses in Birmingham along with some historical context for how.

CRITICAL INSIGHTS



Racial Disparities Linger in Business Ownership and Wages

Black residents lag severely behind their white counterparts in rate of business ownership and wages



Existing Black-Owned Businesses Require more Professional Connections

The ecosystem fails to adequately get high-level professional services such as accounting, legal, and banking assistance to a critical mass of Black-owned businesses



Historic Diversity can be a Key to Economic Growth

Birmingham's history of demographic diversity can become a large economic asset to the city if generational wealth is created in existing communities



Ecosystem Investments should Target Enhanced Funding, Marketing, and a Physical Resource Hub

Black business owners require increased capital access, more unified marketing, and a physical hub for resources to feel that the ecosystem is adequately supporting them

KEY FINDINGS

Accountability

The ecosystem needs to align on transparent reporting measures that help to aggregate and show how combined efforts are either supporting businesses or where there are significant gaps to be filled. The current available data is sparse and often unreliable, but with collaborative effort from service providers and businesses through consolidated processes of data collection and sharing, this can be solved.

Connectivity

By establishing formal relationships between Black business owners and professional services providers, the ecosystem can be best prepared for responding to the remaining recommendations.



RECOMMENDATIONS



These recommendations are meant to act as a developmental blueprint for Birmingham’s Black business owners, service providers, and key stakeholders to achieve more success in upward economic mobility. This process starts with work that individual ecosystem partners and groups of collaborators can take on. From there, it moves towards actions that take the broader community into mind and require the focus of players from the city to community level. Lastly, with a new structure of strategies and programs implemented, Birmingham can look to build on their actions in creating more equity.

CONCLUSION

Birmingham requires top-down and bottom-up changes to its level of support for Black-owned businesses, and the Black population in general, if it intends to alter long-standing community and economic realities. However, the level of investment and commitment available at the fingertips of local ecosystem organizations, funders, and other community partners suggests a real impetus for these data changes to meet a tipping point. While circumstances will change through politics and economic adjustments from the local to federal level, the current momentum in Birmingham to support Black-owned businesses can be pushed even further with this set of actions. The future of Birmingham, its Black population, and its achievement of equity depends on it.

RECAP, SUMMARY AND WRAP

The origin of this project posed four primary questions relevant to Birmingham's issue of low Black business ownership rates. These questions and their corresponding answers are:

1. What data is behind Birmingham's low rate of Black-business ownership?

Birmingham suffers from a low rate of Black-business ownership due to historic inequities and racism, the congregation of local Black workers in low-wage industries, and the inability of Birmingham's Black-owned businesses to grow in employment and revenue.

RESPONSE: The three phases of actions recommended in this report provide a holistic set of strategies to increase Black-business ownership and growth of existing businesses.

2. Who are ecosystem organizations supporting, and how?

Ecosystem organizations have built out specific resources for potential and existing Black-owned businesses in the past 5 years. However, these resources have failed to make considerable progress due to their lack of scalability and failure to become ingrained into local communities.

RESPONSE: As part of the research into this report an ecosystem map was created and can be found here. [\[link\]](#). The immediate action recommendations seek to address the issues identified around resources.

What do Birmingham's Black business owners feel is necessary to shift the status quo? Civic leaders? Philanthropists?

Ecosystem organizations have built out specific resources for potential and existing Black-owned businesses in the past 5 years. However, these resources have failed to make considerable progress due to their lack of scalability and failure to become ingrained into local communities.

RESPONSE: Immediate action is necessary to begin driving changes to Birmingham's perpetual issues of racial inequities. Ecosystem partners must work together to collectively scale and market programs meant to support Black-owned businesses.

How can ecosystem partners begin to alter these pervasive realities?

A collective strategy of short-term capital infusion, mid-term public-private collaboration on the city's racial socioeconomic issues, and long-term shifts in what it means to be Black in Birmingham can help the city better achieve racial equity in business ownership, social outcomes, and community health.

RESPONSE: To drive systemic change in Birmingham, public-private ecosystem partners will have to work in tandem to drive programming, policies, and other initiatives centered around racial equity in the mid to long-term.