Unlocking Black Prosperity: Advancing Wealth Through Small Business, Asset Development, and Community Investment

Agenda

- ## Diagnostic Tool Presentation

  - Noah McDaniel, Research Associate, Urban Institute

- ## Fireside Chat

  - Andre K. Fowlkes, President, Start Co. Memphis

  - Ellen Shepard, CEO and Principal, Community Allies

  - Brett Theodos, Senior Fellow, Urban Institute (moderator)

- ## Panel Discussion and Q&A

  - LesLeigh D. Ford, Associate Director, Urban Institute

  - Harsha Mallajosyula, Data Director, Black Wealth Data Center

  - Michael Neal, Senior Fellow, Urban Institute

  - Facilitator: Kimberly Burrowes, Training and Technical Assistance Senior Manager, Urban Institute

Housekeeping

- The event is being recorded, and the recording will be posted online afterward.

- Speaker biographies and related materials are available online.

- All participants are muted, but you can type your questions or comments into the Q&A box at any time. We will have a Q&A segment at the end of the session.

- You can hide captions or adjust settings with the Live Transcript button.

Diagnostic Tool Presentation

Introducing the Small Business Landscape Diagnostic

A **Small Business Landscape** is the broader context and relationships influencing small business development in a place. This includes the conditions of the labor market, lenders and investors, business support organizations (BSOs), local government, and the connections between them.

The **Small Business Landscape Diagnostic** is a data tool for local stakeholders to self-assess their local small business ecosystem's capacity across several indicators, measured against other places.

Possible Use Cases for the Diagnostic

- Quantify how your place compares across key indicators of the capacity of small business ecosystems.

- Frame questions you already have or reveal new questions about how to assess small business ecosystems.

- Develop your own methods for assessing small business development.

- Identify strategies for supporting small businesses.

What is Included in the Diagnostic?

- Small business presence

- Lending and access to capital

- Small business development support system

- Private associations of businesses

- Local government support

- Landscape capacity measured across 20 indicators

  - Urban has used nationally available data to calculate nine indicators for large cities and counties

  - Local users can use their own data and qualitative assessment to evaluate the remaining indicators

How We Determined the Indicators

- Consulted with subject matter experts, ecosystem builders, and development practitioners.

- Compiled nationally available data sources for cities and counties on small business presence and lending.

- Ranked places based on the distribution of data for each indicator to produce a five-point scale.

How to Use the Small Business Landscape Diagnostic

City	Population	1. Share of Employment in Microbusinesses		2. Share of Employment in Small and Medium Businesses		3. Nonemployer Businesses per Working-Age Population	
		Value	Rank	Value	Rank	Value	Rank
New York	8,516,202	17%	Partly exceeds expectations	29%	Meets expectations	0.40	Meets expectations
Los Angeles	3,857,897	21%	Exceeds expectations	31%	Meets expectations	0.46	Partly exceeds expectations
Chicago	2,707,648	14%	Meets expectations	30%	Meets expectations	0.41	Meets expectations
Houston	2,300,419	21%	Exceeds expectations	31%	Partly exceeds expectations	0.54	Partly exceeds expectations
Phoenix	1,624,832	14%	Partly underperforms	28%	Meets expectations	0.38	Meets expectations
Philadelphia	1,582,432	12%	Partly underperforms	28%	Partly underperforms	0.32	Partly underperforms
San Antonio	1,458,954	12%	Partly underperforms	26%	Partly underperforms	0.40	Meets expectations
San Diego	1,385,061	18%	Partly exceeds expectations	31%	Meets expectations	0.37	Meets expectations
Dallas	1,299,553	15%	Meets expectations	26%	Partly underperforms	0.47	Partly exceeds expectations
San Jose	990,054	13%	Partly underperforms	25%	Partly underperforms	0.29	Partly underperforms
Austin	967,862	15%	Meets expectations	31%	Meets expectations	0.42	Meets expectations

Section 1: Small Business Presence

1. Share of Employment in Microbusinesses (Businesses with 1 to 19 employees)

Value of indicator (write in value provided in supplemental data table):

_____

Rank based on value (circle one using provided values):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: Census County Business Patterns, county level, 2023. We calculate the share of employment in firms with 1 to 19 employees out of total employment. This excludes nonemployers.

Why this matters: Microbusinesses often contribute more to a unique sense of place than larger businesses. A larger share of employment in microbusinesses suggests local economic conditions, labor markets, and capital access favorable for those businesses' development.

2. Share of Employment in Small and Medium Businesses (20 to 499 employees)

Value of indicator (write in value provided in supplemental data table):

_____

Rank based on value (circle one using provided values):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: Census County Business Patterns, county level, 2023. We calculate the share of employment in firms with 20 to 499 employees out of total employment. This excludes nonemployers.

Why this matters: Small and medium firms are relatively more innovative and dynamic than larger firms, and can be important sources of local economic development owing to recycling of sourcing and profit.

3. Nonemployer Businesses per Working-Age Population

Value of indicator (write in value provided in supplemental data table):

_____

Rank based on value (circle one using provided values):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: Census Nonemployer Statistics (number of nonemployers) and American Community Survey (ACS) (working-age population, county level, 2022). We scale the number of nonemployer firms by working-age population to make values comparable between places.

Why this matters: Most small businesses are nonemployers. Some nonemployers may stay that way, while others have large growth potential, under the right conditions.

4. Share of Businesses Producing Traded Goods and Services

Value of indicator (write in value provided in supplemental data table):

_____

Rank based on value (circle one using provided values):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: Census County Business Patterns (number of businesses), county level, 2023; US Cluster Mapping Project (sector classification), 2009. We classify each sector at the four-digit NAICS (North American Industry Classification System) level based on the definitions provided by the Cluster Mapping Project.

Why this matters: Traded goods and services are those which are produced locally and sold nationally and internationally. This can indicate local industrial specialization and human capital concentration.

Section 2: Lending and Access to Capital

5. Bank Business Lending (Community Reinvestment Act) per Employee (Firms with fewer Than 500)

Value of indicator (write in value provided in supplemental data table):

_____

Rank based on value (circle one using provided values):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: Federal Financial Institutions Examination Council Community Reinvestment Act Disclosure Files, city level, 2023; Census Longitudinal Employer-Household Dynamics, city level, 2018–2022. We divide bank lending by the average annual employment in firms with fewer than 500 employees.

Why this matters: Access to conventional bank capital is essential to nearly all small businesses, particularly in underserved places. The availability of CRA bank lending reflects broader local mainstream credit supply.

6. Small Business Administration 7(a) Lending per Employee (Firms with Fewer Than 250)

Value of indicator (write in value provided in supplemental data table):

_____

Rank based on value (circle one using provided values):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: Small Business Administration 7(a) Loan Program Data, city level, 2024; Census Longitudinal Employer-Household Dynamics, city level, 2018–2022. We divide total 7(a) lending by the average annual employment in firms with fewer than 250 employees.

Why this matters: SBA-guaranteed lending supports small businesses that may struggle to access nonguaranteed capital. SBA underwriting requires lender specialization.

7. Small Business Administration 504 Lending per Employee (Firms with Fewer Than 250)

Value of indicator (write in value provided in supplemental data table):

_____

Rank based on value (circle one using provided values):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: Small Business Administration 504 Loan Program Data, city level, 2024; Census Longitudinal Employer-Household Dynamics, city level, 2018–2022. We divide total 504 lending by the average annual employment in firms with fewer than 250 employees.

Why this matters: SBA 504 lending supports real estate purchasing and rehabilitation. Physical infrastructure is a key credit need for many growing firms.

8. Community Development Financial Institution Microlending per Employee (Firms with Fewer Than 20)

Value of indicator (write in value provided in supplemental data table):

_____

Rank based on value (circle one using provided values):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: CDFI Fund Transaction-Level Reports, city, 2022; Census Longitudinal Employer-Household Dynamics, city level, 2018–2022. We divide total CDFI microlending by the average annual employment in firms with fewer than 20 employees.

Why this matters: CDFIs can fill important capital gaps in the small business lending environment, including taking greater risk, offering more flexible services, and offering expanded development (business advisory) services.

9. Community Development Financial Institution Small Business Lending per Employee (Firms with Fewer Than 20)

Value of indicator (write in value provided in supplemental data table):

_____

Rank based on value (circle one using provided values):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: CDFI Fund Transaction-Level Reports, city, 2022; Census Longitudinal Employer-Household Dynamics, city level, 2018–2022. We divide total CDFI small business lending by the average annual employment in firms with fewer than 20 employees.

Why this matters: CDFIs can fill important capital gaps in the small business lending environment, to include taking greater risk, offering more flexible services, or offering expanded development (business advisory) services.

10. Angel and Seed Deals per Working-Age Population

Value of indicator (write in value you calculate):

_____

Rank based on value (circle one based on your own assessment):

1. Underperforms
2. Partly underperforms
3. Meets expectations
4. Partly exceeds expectations
5. Exceeds expectations

Data and methods: While no public national sources on equity investments are available, commercial sources like Pitchbook are. Alternatively, see whether your state or place collects data on deals to determine a value. We recommend scaling deals by the working-age population in the place (available in ACS data).

Why this matters: Early-stage equity investment is important for startups that don't yet have the scale for venture capital. More deals may indicate an ecosystem that better facilitates high-growth entrepreneurship.

Please consider sharing your feedback after using the diagnostic at

smallbizdiagnostic@urban.org

Fireside Chat

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