

Transcript

FedTalk: Supporting Small Businesses through Supplier Diversity Programs

September 14, 2022

Opening Remarks:

Maria Thompson, Small Business Credit Survey, Outreach Manager, Federal Reserve Bank of Cleveland

Panelists:

Teleangé Thomas, Chief Operations and Relationships Officer, JumpStart Inc.

Tiffany Jordan, Contract Compliance Manager, Northeast Ohio Regional Sewer District

Christopher Nance, Vice President of Construction and Inclusive Talent Initiatives, Greater Cleveland Partnership

Moderated by George Sample, Vice President and Deputy Director of the Office of Minority and Women Inclusion, Federal Reserve Bank of Cleveland

Maria Thompson:

Good afternoon. Thank you for joining us and welcome to today's FedTalk. I'm Maria Thompson, small business credit survey outreach manager at the Federal Reserve Bank of Cleveland. It's my pleasure to kick off today's FedTalk session on supporting small businesses through supplier diversity programs. [FedTalk](#) is the Cleveland Fed's speaker series in which we share research that is relevant to our community. Past events have covered such topics as the racial wealth gap, access to the labor market, and financial literacy. All of our events can be found on our website, clevelandfed.org, or on our [YouTube channel](#).

Small businesses are critical to the US economy, but data on small businesses is limited, especially data on how and why small businesses seek financing. Through the annual Small Business Credit Survey, or SBCS, the Federal Reserve banks capture one-of-a-kind data on small businesses. The Fed is apolitical, independent, and decentralized, which puts it in a unique position to collect, analyze, and distribute this data. By taking the survey, small business owners contribute to data that directly informs the Fed, federal government agencies, service providers, policy makers, and others, ultimately benefiting their business and other businesses like theirs.

The survey takes 10 minutes to complete and is open to for-profit businesses with fewer than 500 employees. Responses are confidential, and small business owners do not need to provide any personal information. The survey is open through Friday, November 4. A link will be shared in our post-session email. I will now pass it off to our moderator, George Sample, vice president for the Office of Diversity, Equity and Inclusion at the Federal Reserve Bank of Cleveland. George.

George Sample:

Maria. Thank you so much for the introduction. I appreciate it. And welcome everyone to this session. We are looking forward to getting into a really cool, engaging conversation.

As Maria mentioned, I'm vice president for Diversity, Equity Inclusion, and Opportunity. I lead our Diversity Inclusion group. I also lead our Education and Museum Outreach group. So we have a great opportunity where we connect with both the public and are able to spread financial literacy throughout our Fourth District. But before we get started, I want to hop into a few housekeeping notes. So during this event, for you who are attending the event, you'll see that your camera and your microphone are disabled for the event. If you want to ask questions, and we want you to ask a lot of questions because we want this to be a back-and-forth kind of situation, please use the chat box. I will be monitoring the chat box.

So the questions you put in there, I will make sure we share with our panelists so we can be able to address the questions as you put those in, because we want to make sure that you get all the value out of this conversation that you'd like to get. If the call does drop for you, please feel free to use the dial-in information provided in the invitation to join the call. So we have four panelists with us today. So I'm happy I know all these folks. I know it's going to be a lively and engaging conversation, because these are experts. You're being treated to some people who have done some really, really good work in this area.

The first person is Tiffany Jordan. She's contract compliance manager at the Northeast Ohio Regional Sewer District. I used to work with Tiffany back in the day, or actually she worked, I just came to her offices to crack jokes. She did all the actual work. Chris Nance is vice president of construction, inclusive talent initiatives at the Greater Cleveland Partnership. He has been doing that work for a very long time. He is known throughout the region, and his impact on our region is really substantial. So we're so happy to have you, Chris, join us for the panel. Teleangé Thomas, she's chief operations officer and relations officer at Jumpstart, Inc. I knew Teleangé when she was helping foundations all over the place get their life in order. So Teleangé is a great person to have with us here on this panel, because she's going to add so much value to the panel that we have today. And you've already heard from Maria Thompson, who is our small business credit survey outreach manager here at the Federal Reserve Bank of Cleveland.

In order to open this conversation, we're going to have Maria present the findings of the Small Business Credit Survey, and that's going to kind of set the foundation for what our conversation is going to look like. Once Maria is done with that, we're going to get into a back-and-forth conversation with our panelists for today. I'll pass it back over to Maria.

Maria Thompson:

Thank you, George. And good afternoon again, everyone. Before I begin with key findings from the Small Business Credit Survey's 2022 Report on Employer Firms, I would like to acknowledge the views in this presentation are my own and not necessarily those of the Federal Reserve Bank of Cleveland or the Federal Reserve System. Now let's begin with an overview of a Small Business Credit Survey, or SBCS, as you'll likely hear me refer to it. The SBCS has been administered since 2016 as a diverse national collaboration of nonprofit organizations that are engaged in this effort by the 12 Federal Reserve banks. Last year, this diverse network consisted of more than 400 nonprofit organizations throughout the country. The SBCS is an annual online survey, and this makes it easy and convenient for business owners to take the

survey, even using the convenience of their mobile device. The 2021 SBCS has resulted in almost 11,000 responses from employer firms or businesses with fewer than 500 employees, and better than 6,500 responses from non-employer firms, or businesses where the owner is the only operator.

These types of numbers continue to make the SBCS the largest survey of its kind. Our survey is filled in the fall of each year, and the SBCS for 2022 began earlier this month and will be open through November 4, 2022. Even though the SBCS isn't a random sample survey, we take extra steps to weight the sample so that our pool of respondents matches the true makeup of small businesses across the United States as closely as possible. Now, as we go to our second slide, sometimes we get the question, why does the Federal Reserve track small business conditions? And as we see here, most businesses are small or have fewer than 500 employees, and 75 percent of them have fewer than 10 employees. So knowledge about small businesses facilitates a better understanding of the overall economy. Additionally, many jobs are at small businesses. About half of all jobs are at businesses with fewer than 500 employees, and small businesses create dynamism, meaning they contribute to employment, economic, and productivity growth.

Now, as we look at our next slide, given the importance of small businesses, information on what makes them thrive like access to credit is likewise important, as it entails a variety of factors like research. Research using the SBCS and other sources points to persistent disparities in access to capital by gender, race, and region, and then there's awareness for a lack of access to credit and how it can constrain the growth potential of small businesses. For instance, less initial capital for a business owner usually means they have to use more personal debt and may start smaller than they otherwise would. And then there's connectivity. It's in the last two bullet points. And in other words, it's factors like relationships with a financial service provider and how that can be a precursor to access to capital. For instance, prior data showed that a lack of a banking relationship made it more difficult for some businesses to access the Paycheck Protection Program during the pandemic.

So it's beneficial to know if there are any disparities or awareness gaps in terms of what we know about access to credit. And I will kind of dig in with our next slide in terms of what are some of the key findings from the 2021 SBCS for this FedTalk presentation today. Certainly in our few minutes here, we won't have time to probe into each area of the Small Business Credit Survey's findings, so what I'll be doing today is really highlighting just a couple of things. One is, I'll be highlighting findings on the small business financial condition and access to credit based on data we collected from the 2021 survey, which again was filled during the fall of last year and resulted in those 17,000 or so responses, with 11,000 of those being from employer firms, or firms that had employees less than 500 individuals.

And then I'll also highlight several of those findings from last year's survey on financial condition and access to credit compared to surveys that were conducted in the past, and how the results differ by category of business and by race and ethnicity of the business owner. And by presenting this information, I'm also hoping to whet your appetite to seek out and check out some of our other reports, which are posted on our website, which I'll show at the end of this presentation. So now let's start with that first graph on slide number five. We begin with important information on revenue performance from our 2016 to our 2021 surveys. And what we see when we focus on the bars for the years representing 2016 to 2019 surveys is that firm

performance held fairly steady, with the green bars showing that little more than half of all small businesses said their revenues had increased in the past year.

However, when we focus on the bars representing the 2022 survey, we see the effect the COVID-19 pandemic had on small businesses, with just 14 percent saying revenues had increased in the past 12 months. Now, as we turn our attention on the next slide, we see that at the time of our 2021 survey, most small businesses did not feel confident in their financial position heading into 2022. We see this by focusing on the red and the orange sections of the bar that depict the percent of business owners that said their firm was either in poor or fair financial condition, as opposed to the gold and the green sections, that show owners that felt that their business was good, very good, or excellent financial condition. Now with our next slide, we'll distill this information down by looking at this information according to a couple of different categories.

Now with the backdrop of the slides we just discussed in general about small businesses, on this graph, we see that the percent of owners that felt that they were pessimistic about their financial condition or said that it was in poor or fair financial condition, and across a few key demographic categories. So as you see from the three different sets of bars, businesses owned by people of color, the top set, smaller businesses and the ones in service-oriented sectors of the economy like leisure and hospitality, were more likely to say they were in poor or fair financial condition. And to drill this down further, on related findings for firms of color, I'd like to draw your attention to the text box that's to the side of this graph that invites you to see the 2022 SBCS report on firms owned by people of color that's posted to our fedsmallbusiness.org website. Now, as we explored here, financial condition differs by race of the business owner, but what about access to financing? Let's see if this was also the case with our following slides on access to financing. Slide eight, please.

With this slide, we're looking at a time-series chart on access to financing, and our question for SBCS years 2016 to 2020, and 2021. Many consider access to financing as being somewhat of a lifeline for small businesses. So it's interesting to take note of the bottom or the green layer on this chart, because it represents the share of businesses that received all of the financing they sought. Now, looking at the green layer, we see that in 2021, just 31 percent of firms that applied for financing said they received all of the financing they needed. And that's the lowest number since our 2016 survey, and 20 percentage points lower than in 2019. And while we're focused on this chart, let's also take note of the top or the orange layer, because it shows the increase in the percent of respondents for 2021 that received none of the financing they sought, and this percent was 35. And it's the highest since our 2016 survey. Now, how does all of this information look for businesses by race and ethnicity? Let's take a look with our next slide.

Slide nine. At the top of this slide, we first see a bar chart with two green bars, one light and one dark. And these represent survey respondents that said they received all of the financing they sought for year 2019 via the green bar, and as many of you may think about that too, to be the pre-pandemic year. And then we're looking at the darker green bar for year 2021, which again is taken from our most recent report finding. And the change in business owners that said they received all of the funds they sought went from 51 percent in 2019 to 31 percent in 2021, which is a quite notable difference. Now, when we drop down to look at this information by race and ethnicity, we see that 19 percent of Hispanic-owned business firms, 16 percent of Black-owned firms, and just 15 percent of Asian-owned firms that applied for financing in the year prior to our

survey said they received all of the financing they sought. Now, comparatively, this was the case for 35 percent of white-owned firms.

Although there are many, many more key findings from the 2022 SBCS reports, in the interest of time, we will end our review of the data here. However, with the following two slides, I'd like to bring your attention to some of the reports that we offer via our website. The first one shows the variety of demographics that we provide information on, and what we call our firms and focus mini slide decks. And then the following slide shows a variety of reports that we also offer that go into greater detail on these topics and others. And then finally, I'd like to conclude by encouraging any small business owner to take the survey this year. Again, it's open now and it concludes November 4. And if you're an organization that works with small businesses, we'd like to encourage you to consider becoming an SBCS partner organization. And it would be my pleasure to give you more information on how partnership with the SBCS works. I want to thank you again for your attention today and for the opportunity to be part of this program, and I'll turn it back over to George.

George Sample:

Well, Maria, thank you so much for sharing that information. That's a wealth of information that will help to set a foundation for the conversation that we'll have. So I want to turn it over to our panelists and just fresh off of hearing that and all the data that Maria was able to provide, what's your initial take? What's your initial response to that? And we'll start with Tiffany.

Tiffany Jordan:

George, thank you so much for the question. Based on the information that was just shared by Maria—it was an excellent report, great data that was incorporated into the report—we still have a lot of work to do. That's how I saw it. We still have a lot of work to do, and we want to get those numbers, those stats up and better. That's why we're all here. And that's why we're all in the industry that we are in to assist small businesses and small business owners to help them and find out what their needs are.

George Sample:

Awesome. Thank you. Chris, what are your thoughts?

Christopher Nance:

George, thank you. And thank you for the outstanding leadership of the Federal Reserve Bank. You and Diana Starks and team have always done an amazing job in bringing forward important information, and Maria's presentation was certainly even further evidence of that. In fact, I've put a couple of additional points of data and I think my first thought is it's so important that as advocates for communities of color and for women, that we ground all of our conversation in relevant data. And so thank you for starting there. Two quick additional references. I placed a study by the Levine School, a 2019 study by the Levine School, and kind of a top-line stat that was really very startling to me is that there are 24,000 minority businesses, based on the Census of this report that was released by the CSU Levine School in 2019. And if those 24,000 minority businesses were to add just one employee, not 10, not 20, but if they were to add just one employee, we could cut unemployment in the Cleveland MSA by half.

That is how crucial the growth of minority-owned small businesses is to the lifeblood of our economy. And then more specifically, I also put a link in the chat to a longitudinal study that we've initiated here at the Greater Cleveland Partnership that zeros in on the sector that I've been focusing on for the last eight-plus years here at the GCP, the construction sector, which includes development and finance, professional services, the construction process, and also facilities maintenance. And we look at the workforce issues and construction demand. And so that's a study that we initially released in 2014. We did an update to the study, and I'll end with this, George. Over the last 10 years, we have not seen much growth. As the Fed data also supports. In fact, in a decade of \$20 billion worth of construction demand, we only saw about 5 percent MBE minority business participation, and that includes both workforce and in contracting. So as Tiffany said, it's both sobering and we have work to do.

George Sample:

Yeah. And that's a great point. I mean, you started off talking about how we have to ground this conversation in relevant data. So thank you. For anyone that didn't notice, Chris did drop the report he's talking about in the chat. So please feel free to grab that link and pull that information, because we do have to ground this in data. There was another question asked about the slides. This entire program will be recorded. So you'll be able to view it as much as you want for your viewing pleasure, and share it with your friends. I'll pass it over to Teleangé. What are your thoughts on the information that Maria presented to start our conversation?

Teleangé Thomas:

Absolutely. Good afternoon. And thank you again, George, for hosting us this afternoon and for centering this important topic. I appreciate and echo what Tiffany and Chris have already raised up. I think it is absolutely critical that we have consistent data to help understand and frame what the lived experience is for our small businesses. And then the other component to me that stands out is the essential reality of being able to disaggregate that data, meaning that there is uniqueness in how a Black-owned versus a Latino- or Hispanic-owned or a women-owned business owner and operator experiences the financial system, experiences engaging in the marketplace, working with customers and clients, et cetera. So really understanding that uniqueness and having the data to inform us on the challenges, on the opportunities, and more importantly, where the gaps are so that organizations like the ones that we represent and others can be better partners and better bridges to help them in their success and growth.

George Sample:

So you touched on the uniqueness of the experience, and that was, Maria, for your slide nine, you had the different green bars that showed very evidently how different businesses are experiencing or experienced the pandemic differently. Can you give us more? Because you talked about the what's happening. Maria, in your take, why is it happening? What's going on, and are there things that we should be thoughtful of to start to move towards solution for these gaps?

Maria Thompson:

Thank you. I think the common misconception is that gaps and disparities have been addressed, because we have a variety of programs that are now available. However, as we see from the data,

and this is the reason why the data's so important, is that that's not the case. The playing field has not been totally leveled. So what we need to do is have more information like this, coupled with the anecdotal information and then the drill-down information on different populations or different segments of small businesses, because there's not a silver bullet for addressing any one particular business, like there isn't one for addressing different businesses by race. And I'll only add to that is that businesses are so very unique, from a daycare center to a restaurant to a web design company. So how we address the needs of each one of those may vary.

George Sample:

Yeah. And thank you for saying that. That'll lead into our next question. So as you mentioned, there's a kind of misconception that the programs in place are helping us to all the way bridge that gap. So Tiffany, what are some other misconceptions people may have when it comes to small, women- or minority-owned businesses?

Tiffany Jordan:

This is my favorite question. Thank you, George. I don't know.

George Sample:

Give us the first answer. Don't give us the end of the answer. Give us the first answer you thought of.

Tiffany Jordan:

Okay. So the common misconception is substandard or inferior service or quality. That just really burns me up. And the reason why it burns me up is because we're all human. We're all business owners in this forum. And we do business as people with other businesses all the time. So when I do business with Amazon, you don't hear me run around bad-mouthing Amazon, or I do business with Walmart or other big, large companies. You don't hear me bad-mouthing those firms, but the minute someone does business with a smaller firm, local firm, small, women, minority, you hear about it. We've all heard those types of conversations, and it's kind of like, okay, I get it. We make mistakes. We don't do things right. Small business owners don't always hit the mark. I get it. But the bashing has to stop. It's the way we speak about our companies.

And so we have to speak more positively, and we need to just say, as business owners, we are qualified to do something. We can do something. And if mistakes are made, we are capable of fixing them, as well. So the misconception is that before we're even hired, also. Before we are even able to conduct the service that we are somehow inferior, we lack capacity, and that we're incapable to deliver. So I wish that people would kind of change that mindset a little bit and give these small business owners a chance to see that they are capable. They are qualified, and with the right tools, and if given the right tools, that they can deliver.

George Sample:

And that goes into how are we focusing on the businesses that we interact with. For the small business, any mistake is evidence that we shouldn't hire in the first place. For the big business, it's like, hey, whatever. So that starting point is so different for the different organizations.

Tiffany Jordan:

And my primary focus is in construction and engineering contracts. So working with the smaller firms and construction contracts, they usually call me directly. They'll have gripes about the larger companies and things like that. And there's a difference in how they're looked at. Most people don't complain openly about the larger firms, the larger construction firms. However, I get high-level complaints about the smaller construction firms. And I think that it's time for us to either stop the negative rhetoric or look at them both equally.

George Sample:

Agreed.

Christopher Nance:

And since Tiffany mentioned construction, I just want to quickly pick up on that observation. I've worked with construction firms who are sole proprietorships, people who even are coming to me with an idea, to some of the largest minority-owned construction firms and largest female-owned construction firms in the region. So my response to your question is what is one of the common misperceptions is just the opposite. Because I work at the Greater Cleveland Partnership, we're the chamber of commerce. We're the largest chamber of commerce in the state of Ohio. We're one of the largest metropolitan chambers of commerce in the United States. And part of our work involves, therefore, bigger picture. What is the bigger picture? And so I've had the good fortune to engage with some of the largest minority firms. And so one of the misperceptions is that every minority-owned business is just starting out.

Well, no. We have minority-owned businesses that are doing specifically construction projects that are \$10 million, \$20 million, \$50 million, \$100 million. In fact, I'm aware of one contract on a current major project in town which is north of \$100 million. So another common misperception is that we are fledgling and just starting out, and that's just simply not accurate. Now, we clearly have a long way to go to grow the ecosystem, but minority-owned businesses exist at every stage of development, from sole proprietorship to multi-generational businesses.

George Sample:

And Chris, that's so relevant. I mean, what's the picture that pops into your mind when you say minority-owned business? And it's often that, because that's kind of what's been painted for most minority businesses, the person and his brother rolling up with the pickup truck, and that's the entirety of the business. And that's inappropriate. That's a small, inappropriate box for us to try to put these businesses in. And Teleangé, what are your thoughts? What is a common misconception you have seen in regards to smaller, women- or minority-owned businesses?

Teleangé Thomas:

Well, Tiffany and Chris are making my job pretty easy, because they're hitting on all the passion points that I think are important to lift up. But staying with somewhat of the theme that I raised around uniqueness, I think one of the common misconceptions is that one size fits all when it comes to small business. So Maria pointed out very early in her presentation that majority of small businesses, 10 employees or less, let alone 500 or less. So when you're thinking about that from the business-to-business economy and what that means, there are different places where

small businesses need to be met in order for them to be successful in their relationship in the marketplace. So whether we're talking about the level of insurance that needs to be carried or what the invoicing is, if it's net 30 or net 90 or so on and so forth, one size fits all, I think, is a misconception that we set a standard set of rules, and that all small businesses should be able to meet and adhere to those. And it doesn't take into account the uniqueness of that small business.

George Sample:

I want to continue down that thread. There's not a one-size-fits-all kind of solution for small businesses that you interact with. So Tiffany, I know you at the Northeast Ohio Regional Sewer District will sometimes have open houses for businesses to come in. Can you talk about some of the ways that you've gone to make sure that you go beyond one size fits all to cater to the specific needs to help those minority-, women-owned and small businesses interact with the Regional Sewer District?

Tiffany Jordan:

Yes. Thank you. Well really quick, I want to piggyback off of something Teleangé said, as well as Chris. Small businesses are so diverse. And you said this too, George, it's like the one guy in the pickup. In my world, working at the Regional Sewer District, and prior to working with the Regional Sewer District, I worked at the county, and the county was kind of like a social service agency. So we had small businesses that were certified in the social service background to help family, children, elderly, and things like that. Now I'm more in the green, blue great space, construction engineering space, so we have minorities in that space, as well. I believe Teleangé or Chris mentioned this, that the dollar amounts that I see as it relates to their taxes, some of them are doing quite well. And they may not be doing as well as they want to, or they may not be doing as well as their counterpart that is considered to be a larger business, but they are doing quite well.

At the Regional Sewer District one of the things that we've done pre-COVID was have open houses, different types, of how to get certified with the District, how to get certified with any organization, really, because I would invite my peers such as the City of Cleveland RTA, Cuyahoga County certifications officers to those type of events. But one event that we'll have coming up probably in 2023, and we've hosted in the past, was how to do business with the District. So we look over the area of the entire Regional Sewer District. So for example, when we talk about diversity in firms, once again, we'll have a two-day session, and we'll have five directors or chiefs come to one day, then five others come to the other session. So the first day it could be IT. We could ask all of our IT firms to show up, someone who may have an HR background, because the HR director is speaking that day, operation and maintenance.

So you see there's the diversity once again showing itself when it comes to small business, because I might have a minority-owned IT firm. I may have a minority-owned consultant firm, a minority-owned construction firm. And just a shameless plug real quick, because I'm going to do it anyway. The Regional Sewer District, a lot of people don't think to come to us for business. They just think, oh I don't do that type of business. I don't do construction. I don't do engineering. However, we do a lot of stuff. We do catering. We may host an event, or something like that. So again, it goes back to that diversity in business and what it's like for small

businesses to grow with the assistance of the Regional Sewer District, as well. So I hope I answered that question, and let the next person take it. Thank you.

George Sample:

Yeah. We are friends here of the shameless plug, so feel free to plug away. So Chris, you and Tiffany started getting into some of the strategies that the Northeast Ohio Regional Sewer District is using to make sure they can get engaged with women- and minority-owned businesses. From a partnership standpoint, what are some of the strategies that you've done to engage with, partner with, help support women and small owned businesses?

Christopher Nance:

I'm going to punt to Teleangé for now, and then I'll jump in. Thanks.

Teleangé Thomas:

Sure. Happy to chime in here. So Jumpstart has been able to partner with various organizations that carry significant purchasing power that are needing to connect to small businesses in our region. Two quick examples. We partnered with NASA over the last handful of years. I apologize here. I don't know if you heard that. We've partnered with NASA over the last handful of years and created intentional space for small businesses to understand how to do business with NASA. So we do programming with them during Small Business Month that helps them become visible to the institution, but also learn the language, learn the rules of engagement, understand the application process, and then identify where they might have gaps. And then Jumpstart is able to then provide those wraparound support services to the small businesses, to help them get ready to secure that contract. In addition, we've done similar things with organizations such as the Cavs (Cleveland NBA team). So for us it really is about helping small businesses become visible to those with the purchasing power, and then helping them address any gaps that they may have that could prevent them from successfully securing contracts.

Christopher Nance:

Yeah. Teleangé, I wonder if you could share a little bit about the business advisor role that is so key to a lot of the initiatives at Jumpstart, because I'd like to pick up on that.

Teleangé Thomas:

Absolutely. Thank you for raising it, Chris. So yes, we are very fortunate to have a number of business advisors on staff at Jumpstart. And then we also partner with subject matter experts across the region. But really what that entails is that one-on-one relationship, where the advisors really become a support and an extension to our small businesses, to really understand how they are running their business and where their needs are, whether that's in their financials, whether it's from a marketing strategy standpoint, whether it's trying to identify and figure out customer base, et cetera. So really getting clear about what the need and the gap is, and then helping them build solutions towards that end. So we provide that service for free. It is an intensive service, as we like to say. We say this is a high-touch, hand-to-hand type of commitment and relationship to walk with them from where they are to help them grow to where they want to be.

Christopher Nance:

And I'd love to pick up on your lived experience comment from earlier. One of the things, George, since I've been doing this work for a little while now, is that I've developed some trusted relationships with folks. And for a lot of our particularly kind of next level, to move to that next level for minority firms, to Teleangé's point, we are asking folks to share a great deal of information. Now the Greater Cleveland Partnership is a private organization, so when we consult with folks, what you share with us stays with us. And so that's important, trusted relationships. But trusting relationships are two-way streets. We are asking minority businesses, we're asking businesses who want to grow, to be transparent. If you have operational needs, you got to tell us that. If you have administrative needs, you got to tell us that. If you have financial needs, you got to tell us that. If you have personnel needs, you got to tell us that, because we are going to find out. When we connect you to a client and you make a pitch to the client and you are either not able to execute on the work or you're not even able to submit a response to a proposal, we're going to find that out.

And so some of the most important conversations that I've had during my tenure here at the Greater Cleveland Partnership is being able to have those kinds of conversations where we encourage the business owner. And I'll finish with this. A lot of our particularly next-level minority businesses that are growing, they've explored a lot of programs, a lot of initiatives. And so we also have the responsibility to make sure that the programmatic support that we offer provides actual value to the business, not just perceived value, or just because you visited with us, we check the box. No, we need to make sure that we are delivering what I would call actual value to the client.

George Sample:

That's awesome. That's awesome. Well, Maria, I'll ask you the question, because you've done the research in this area. As you've done the research about what's happening in this space, have you come across any strategies that companies can use to engage with women- and minority-owned businesses?

Maria Thompson:

Well, a strategy I'll talk about which relates to one of our findings, which many surveys don't hit at, is discouragement. And from our small business credit surveys, a continuing question relative to access to credit is discouragement and how that plays into a small business owner applying for credit or not. And by and large, minority small business owners tend not to apply for credit because they're discouraged from the process, and that can come internally or externally. So as we talk about strategies, and the folks on the panel with me are the experts, so I would really look to them, but I would say that strategies can be the tangible ones. Open houses were talked about, inviting one's peers to programs where they can obtain minority business certifications and learn how to do business with the company. But then there's the intangible, and how do we hit at things like discouragement?

I love how Tiffany put it about the bashing of minority-owned business owners, and maybe even more particular with women minority-owned business owners, and about how that has to stop, because that plays on the psyche of a business owner. So not only in terms of the perception about that business owner, but in terms of that business owner having the thought that this is something that they can do and be successful in. So the strategies relating to the intangible, how

do we make minority-owned businesses feel welcome about coming and letting them know that, hey, those opportunities are open to you. And a lot of times it's by standing up other minority business owners that they are doing work with, but the folks on the panel probably have many more strategies than what I can think of.

Christopher Nance:

George, I wanted to jump in on Maria's observation. And so the importance of relationships, the importance of relationships specifically in this financial space, in addition to those of us who are a part of this seminar. I'll just give you my own experience. So during COVID, I'm a face-to-face person. So I have a relationship with a commercial bank in town. And so during COVID I noticed that nobody was visiting with the relationship managers where I bank. They were just sitting there. Nobody was. So I sat down, and I have now established a relationship with my banker which led to me refi-ing my mortgage, saving almost 350 percent basis points on my mortgage as a direct result of that relationship-establishing work. There's something called Credit Karma that I didn't even know existed. Right? And because I thought I had to wait for them. I apply for a loan and then hold my breath.

Just once more, there's a thing called Credit Karma where I can check my credit every single day of the week, and it's free. Sign up for Credit Karma, somebody put it in the chat. And so that's really, really important, and we have to manage. And there's all kinds of user-friendly things within that Credit Karma website where you can keep track of all of your debts, your payments, and the things that influence your credit score. And as a small business owner, arguably, there's nothing more important than managing your credit and managing your borrowing capacity. That's key to growing any successful business. So I'll pause there, but Credit Karma, y'all.

George Sample:

I wanted to follow up on that. Because one of the things that I took note of while Maria was giving her presentation was just the difficulty that small or minority-owned businesses, women-owned businesses, have getting the financing that they seek. And Chris, you started going down this road. So I'd love to hear from our other panelists as well, what can we do? What can organizations do, both from a bigger organization standpoint, support organization, but also from a small business standpoint, what should be done to help small, women-, and minority-owned businesses have more success getting the financing that they seek?

Teleangé Thomas:

That's a great question, George, and I'm happy to jump in on the topic. Clearly, it is one of still the prevailing challenges that our small businesses face, whether it's the direct access, the chart showed it very clearly that the Black community or African American community is lacking and lagging in that access in comparison to the other racial and ethnic populations. Jumpstart, we are, quote unquote, not a bank or a lender in the traditional sense. However, we understand the importance of capital paired with connections compared with services to help small businesses achieve their growth goals. And so what we have seen, particularly in that space, is that there needs to be more risk-friendly capital available that understands and meets small businesses where they're at. And again, I kind of go back to unpacking and understanding the uniqueness of what it is to be a WBE versus an MBE versus a majority small business owner.

And just what is available to you in the systems that we have currently available to work with and support small businesses. So just as an FYI, when we work with small businesses and those who particularly complete the Jumpstart programs, whether it's the Impact Program is one of the ones that people know the most, we've been able to attach small business capital to that. So just in the handful of years that we've been doing that program, we have provided grants in excess of \$540,000 to over 122 small businesses. And from a lending standpoint, we've lent out risk-friendly small business loans to 37 small businesses in excess of a million dollars. And 76 percent of those 37 businesses were Black-owned companies, and 73 percent were also women. So you see it's neck and neck, the majority are Black-female-owned businesses. So we know that there's a need there, that there is a gap in the marketplace to support them.

So I would say what needs to happen is that we need more options. We need more options that meet the businesses where they're at, that provide, again, that friendlier access and friendlier risk for their business to help them grow, and not forget that you still need wraparound support and services so that once the infusion of capital is happening, that there also is the support and the advising and the peer networks to help them optimize that use of cash for their business.

George Sample:

So I jotted in my notes the equation capital plus connections plus services equals success.

Teleangé Thomas:

We would like to think so. That has been the formula that has been working for us and for the entrepreneurs we serve.

George Sample:

Excellent. How about others? How can we help organizations get the financing they seek? Tiffany, you're on mute.

Tiffany Jordan:

Sorry about that. I thought I unmuted myself. I'll take that one, George. Your formula is a good one. When you start talking about access to capital, my mind goes in a couple of different places. I think about actual capital. I think about insurance. I think about bonding. I think about all those other things. And so in the work that I do at the Northeast Ohio Regional Sewer District, we work with companies that are already established. So then I think about other organizations. I think about Jumpstart, you know, where to send these people. I think about Urban League of Greater Cleveland. And I think about their personal banker, as Chris mentioned. When you have those type of relationships with people, organizations, you know where to go so you can grow, basically. I think that sometimes smaller companies don't know who to go to when, and I think that's imperative they know when to start, where to start. And even when they come to me and say, hey, Tiffany, I'm trying to start my business, because of the fact that I don't work with startups, I'll say, oh, did you talk to Jumpstart? Did you talk to Urban League and so forth? So who, what, and when is also a part of that formula.

Christopher Nance:

I think the only thing I would add, George, is that I'm back to relationships, I'm back to trusted relationships. I'm also, and I'll add, you have to be your own best advocate, which means you have to be transparent about what your strengths are and what your weaknesses are. There's a thing that, George is a fellow MBA. We did a 360 analysis at the beginning of our MBA program. And I learned some things about myself that I didn't understand, and closing those gaps has been a really important part of my professional growth. And I think it's critical for a small business person, but you have to be your own best advocate. And then just the only other quick word I would share on advocacy, because as representatives of larger organizations, and I'll just speak for myself, we are constantly advocating for a variety of different strategies to promote and to engage the growth of minority businesses.

The Greater Cleveland Partnership in particular has a significant public policy role there. And right now, we're currently involved in a very specific conversation with the City of Cleveland to make sure that the public policy initiatives, especially with the flow of all of these federal funds that are flowing as a direct result, that's taxpayer dollars. And minority-owned businesses, I'm sure that Maria and folks at the Fed could probably document the fact that minority communities pay more than our fair share of taxes. And I think it's just as important for us to make sure that we are fully engaged in the details of doing the research to find out how those federal dollars are flowing. I think we saw that PPP loans were disproportionately going to majority communities, and minority communities were pretty consistently overlooked. And so we need to hold folks accountable as we, also, are being held accountable as a part of the financial vetting process.

George Sample:

Awesome. Thank you for that, Chris. Reminder, we have about nine minutes left in the session. If you have any questions, please do drop them in the chat. If not, we'll continue this good conversation. I got plenty of questions, but if you have questions that you want to add to the conversation, please, please drop them in the chat. Our next question, I wanted to ask for supplier diversity strategy, what can companies do to improve their supplier diversity strategy? I offer that out to our group, whoever wants to go first with that question.

Christopher Nance:

That Tiff's bread and butter, but Teleangé ...

Teleangé Thomas:

It is Tiff's bread and butter. So I do [defer to] her wisdom, but I'll just tell you what we're hearing and learning from entrepreneurs. I think part of it is just visibility and access. So you heard early on about education days or open houses to just create space for small businesses to connect with companies and organizations that are seeking to work with small businesses. For every one small business that knows or is aware of how to get a contract with NASA and the Cavs and the Sewer District, there's 10 more that have no clue. And so I think there's just the constant outreach that needs to happen, the messaging, the bridging of the narrative about what makes you eligible, what makes you a good fit? What are the rules of engagement? I don't think we can over-communicate those aspects, and just create opportunities for small businesses to become aware and then more importantly, to become aligned to the opportunities.

Tiffany Jordan:

So I understand the question quite well, but here's what I want to say to that. And I feel like this is a little bit going down a little different lane, but I do understand the question. I feel as though small business owners need to hold people like myself, as well as others, accountable. Make us do our job. A lot of people will call me and say, hey, Tiffany, I need you to do this, or can you do this for me? I'm sorry, I'm sorry. They're very apologetic. And I'm like, no, no, no. Please don't apologize to me. If it was not for you, I wouldn't have a job. I need to do my job. You need to make me do my job, and you need to make others do their job. So if you need to sit down and you feel like there's something in an organization that you don't get, or something that you do not understand as a small business owner, then you need to either talk to me and say, hey, Tiffany, who do I need to talk to in your organization to get what I need to have done for me and my company, or even to try to get work with your organization? Feel free to do that, but make us as decision makers, if you will, accountable for the work that we are paid to do.

And that's really the best thing that we can do for small business owners as it relates to supplier diversity. We want to help you. And sometimes the other part of that is that they'll say, don't say I said it, or, I don't want anybody to know that it was coming from me. That type of vibe, which I'm definitely okay with. And I definitely will make sure that your opinion is put out there. And I won't say who said it, however, sometimes it's kind of weird. Voices from the outside sound louder than the voices from the inside, sometimes. When you're working with an organization, when someone says it from the outside, they hear it better. So I do need help doing my job as well, but I do need you guys. We all need to work together when it comes to supplier diversity and getting to what your needs are. So I do think I see a couple of things in the chat box, George, if you want to get—

George Sample:

Yeah, I think Tiffany forgot we are recording this. You want them people, they are going to be calling you all day left and right, but you told me to hold you accountable.

Christopher Nance:

Yeah. Can I quickly add some props to the Northeast Ohio Regional Sewer District? Because George, your having worked there, and Tiffany representing the Sewer District today and over a number of years. Tiffany spoke to the intentionality, and the Northeast Ohio Sewer District has been intentional about our supply and our diversity efforts, right, Tiff, for a number of years. You've been intentional. You've been consistent. And please correct me if I'm wrong on the numbers, but you all are engaged in about a 10 year project, almost \$3 billion. And you're about halfway through that process. And I think your minority contracting achievement is north of 30 percent, right?

Tiffany Jordan:

Yeah.

Christopher Nance:

That great. That's absolutely amazing. And so George, for the project owners or the folks who are running major projects, folks who are engaged in supplier diversity strategy, folks like

Tiffany in the Northeast Ohio Sewer District, give them a call. Because they are doing, talk about a best practice. You're living it, you're practicing it, and the results speak for themselves.

Tiffany Jordan:

Thank you so much for that, Chris. And just one more point to that. So the way we're able to do that, and you talk about holding people accountable. So internally I'll speak to our great leadership crowd. Kyle Jarvis Wells, who's our CEO, we have what is called diversity, equity, and inclusion goals, where the managers and directors and chiefs have to incorporate supplier diversity goals within their personal, professional goals, as well. So yeah, that's how we get our work done is to put those goals inside of our work and make sure that they're done that way.

George Sample:

So we're going to try to wrap this up on the case study which has appeared in the chat. So if you all have access to the chat, there's a question there from Valerie. It's kind of a two-part [question], basically looking to acquire a business and talking about the challenges that are there. So I'd love you to take a couple moments to read her two-part question that's there, and share what advice you would have for Valerie's next steps. I know you didn't know there was going to be a test, but—

Teleangé Thomas:

I did have an opportunity to read the question in the chat. So I'll be glad to start. So I think it's great that you are looking to acquire a commercial space for your business, and you absolutely should engage some of our traditional financial institutions that work with and support small businesses. To Chris's point, the relationship component is essential. They won't know you exist until you show up and have a conversation. With that being said, there's rules of engagement for every kind of product. So it may be a fit. It may not. So just a couple of other resources to keep in mind as you are seeking financing, I would consider ECDI as an option. You're a woman- and minority-owned business, so there's a lot of alignment there. That could be an option for you in terms of securing capital. And then another option would be the Ohio Department of Development. There's a couple of new products that they rolled out. I'm in contact with them monthly about different options that they have, and making sure that our small business community is aware of those. So I'm happy to drop the link into the chat for you, but there's a couple of loans right now that they've particularly earmarked for women small business owners that I think could potentially be a good fit and a good resource for what you're seeking. So hopefully that's helpful, and good luck to you.

George Sample:

Awesome. I know we have about a minute left, 30 seconds or so. Tiffany or Chris, do you have anything really quick you would add?

Tiffany Jordan:

I do. I got a quick question for Valerie. What type of business do you have? I'm not sure. I don't see.

Christopher Nance:

And if she responds in the chat, I'll quickly add it. I put my email in the chat, would encourage Valerie to drop me a note. If there are folks who we could introduce her to in the banking community, I'm happy to facilitate that.

George Sample:

Awesome. Awesome. Well, let me wrap this up. I don't want to run it over time, because we're right there at close to one hour, but thank you all for joining us for this conversation. Our panelists, I want to thank you so much for bringing your expert wisdom. I know you all, and I'm glad you were able to join us for this. I know that our attendees got a lot of value out of the information you shared today. The information about today's program will be sent in a follow up email to everyone who attended. There is going to be a recording of the event that will be posted to clevelandfed.org. So we just appreciate you all joining us today and hope you have a fantastic day.