



April 17, 2023

Dear Councilmembers:

I am writing in support of the Montgomery County Black Collective and the programs offered to small minority businesses and minority-led nonprofit organizations.

The Collective has advocated for and made available increased opportunities for development resources that have expanded Black businesses. According to a 2020 article in Entrepreneurship Issue Brief #4, business owners who have more hours of mentorship report more revenue and employment growth than business owners with fewer hours. We know it is essential for minority, especially Black-owned businesses to have incubation services (inside or outside of a physical space) that provides relevant training, mentorship, and networking necessary to expand the marketability of the product or service. Our partner, the Maryland Black Chamber of Commerce, has worked diligently to roll out a comprehensive and extensive sequence of training programs for business owners. We benefit by not duplicating efforts in training, yet enrolling many of those businesses in our AMBER development programs.

Our signature program, AMBER, is an individualized business coaching and technical assistance effort that serves companies and nonprofits over 16 weeks with one-on-one goal accountability and subject matter experts necessary for each unique organization. It stretches the learning process beyond traditional training. The individualized program helps businesses grow and thrive, primarily due to our coach's ability to break down complicated navigation resources and obtain meetings with procurement decision makers, allowing business owners to spend more time on the operation of their company. Similarly, nonprofit organizations need financial contracts that build in the cost of infrastructure. Like any business, the cost of overhead such as marketing, accounting, rent and supplies, and management time for the CEO is what will help build the sustainability of the organization. Too many nonprofits, particularly Black-led charities, fail to obtain funding that allows the inclusion of overhead. Black-led nonprofits traditionally have less access to funders, and for-profits often lack social capital, therefore we are committed to ensuring grants and contracts by the County build in a 15% overhead to support the proper management of direct programs or tasks.

Below are our key accomplishments over the past nine months:

- Launched an 8-month business coaching pilot with 10 participants
- Provided more than 400 hours of one-on-one coaching and technical assistance since November 2022
- Linked more than two dozen companies with direct contracting opportunities
- Conducted 5 sessions on compliance, governance, succession planning, fundraising, and grant review to 20 nonprofit organizations
- Will launch two coaching cohorts with 10 more for-profit businesses by May 1 that will run for 16 weeks
- Will launch a 16 week coaching cohort for nonprofit business executives by May 1st
- Partnered with the County Business Center and MCEDC for small group learning sessions and referrals to critical information that is helping to expand opportunities
- Supported more than 100 hours of subject matter expertise to minority businesses to help them improve and scale their operations
- Conducted a community survey of perceptions about doing business in Montgomery County
- Conducted 5 community focus groups on deeper discussions regarding the community survey

Data we are tracking through individual assessments on the progress of minority business owners strategically meeting their key performance indicators demonstrates that they are operating more efficiently and effectively.

Scores in the areas of organizational structure, processes and procedures, and performance metrics show an average improvement of 24%, moving from a group average of 38% to 62% by the mid-point of the program. Some individual scores are higher than the group averages.

The Black Collective requests the Council ensure continued support for minority business development. Specifically, we support the following efforts that will enrich those efforts that are essential to equitable economic development funding:

- More access to capital and low-interest loans for minority entrepreneurs, specific mini-grants for infrastructure (technology, staffing, indirect costs) for nonprofit organizations
- Increased funding for Black-led and Black-benefitting nonprofit organizations
- Expanding online “one-stop shops”, as a single portal that provides businesses with practical regulatory information and guidance and allows for online submission of permit applications, grants, loans, tax credits and compliance reports.
- Target business grants and loans for Black entrepreneurs, including financial assistance such as the County’s Make Office Vacancies Extinct (MOVE) program that provides direct financial assistance to attract new businesses to occupy certain types of vacant properties such as Class A and B office space.
- In 2012, Montgomery County established the “Small Business Plus!” program in partnership with local lenders, depositing approximately \$50 million in local community banks. The deposits allow the banks to boost lending to local small businesses with the objective of increasing job opportunities for County residents. Access to capital through innovative programs like this will assist more than 80% of entrepreneurs that do not access bank loans or venture capital at the time of startup, instead relying on personal savings or credit cards for startup capital.
- Deliberate and culturally competent outreach and service to communities of color. Programs offered by the Black Collective and its partners at the Maryland Black Chamber of Commerce, the Black Business Council and mainstream programs that want to reach minority entrepreneurs serve these communities in a culturally appropriate manner.
- Expand access to incubation and accelerator programs like those offered by the County, Maryland Women’s Business Center and M&T Bank. While access to office space and discounted services are not an indicator of success, when structured to support minority entrepreneurs with the subject matter experts needed on the spot and ensuring that the business is connected to valid market opportunities, companies can thrive.
- Allow more nimble use of contract funding for Black businesses to allow for a micro-grant program for Black-led nonprofit organizations and start-up businesses that can be used to sustain their operation, expand a program, and improve organizational capacity.

The Council and the County Executive’s office have worked diligently with leaders in the Black community and with the organizational members of the Montgomery County Black Collective to commit significant resources to expanding minority business access. We will continue to collaborate with you on expansion and critical adjustments to the programs and look forward to celebrating the positive outcomes from our collective efforts. Thank you for your partnership and your commitment to creating opportunities for underserved businesses in our community.

Regards,



Kim Jones
Executive Director