



IN THE SPOTLIGHT: INDIANAPOLIS, IN

CASE STUDY



Through the generous support of our four funding partners (Central Indiana Community Foundation, LISC Indianapolis, United Way of Central Indiana and the Indy Chamber) Forward Cities has worked with a set of cross-sector community stakeholders to:

1. **Discover** Indianapolis' current and evolving entrepreneurial landscape
2. **Design** interventions to persistent barriers to entrepreneurship and small business growth among entrepreneurs and small business owners of color
3. **Deliver** measured impact of the interventions for sustainable change

DISCOVER

We assessed the barriers facing local Black and Latinx entrepreneurs to establish a baseline from which to measure progress.

WEALTH GAP



34 percentage point difference in the proportion of families living in homes they owned: white (non-Hispanic) 66% vs Black 32%

INCOME GAP



Among full time workers, white males made an average of \$51,864 per year versus \$31,874 for Black Females and \$27,256 for Hispanic Females.

BUSINESS OWNER DIVERSITY



Substantial differences in the rate of business ownership: 27.2 per 1,000 white (non-Hispanic) people versus 5.2 per 1,000 Black or African American

FINANCIAL SUPPORT



17% of Current Black Business Owners reported they were supported by a personal loan from a bank in 2019 vs 54% of white Owners

ENTREPRENEUR AND SMALL BUSINESS OWNER SURVEY, 2019

(Individuals who currently owned a business or were trying to start a business were asked about their most pressing needs)

< 1/2

Less than 1/2 of participants (35%) reported they were aware of the full range of entrepreneurial support organizations (ESOs) across the city.

< 1/3

Less than a third (25%) reported that they use the full range of supports available from ESOs

ENTREPRENEUR SUPPORT ORGANIZATION (ESO) SURVEY, 2019

(Organizations providing direct services to aspiring entrepreneurs and current business owners were asked about their characteristics, resources, and connectivity between organizations within the local ecosystem)

22%

22% reported organizations were “very successful” or “completely successful” at working together to support entrepreneurs and small business owners in Indianapolis.

DESIGN

We worked with local stakeholders to develop 3 Minimum Viable Solutions designed to address barriers found in the Discovery Phase.

1. NEIGHBORHOOD COWORKING SPACE WITH BUSINESS INCUBATOR



“

PARTICIPANTS GOT THE MOST OUT OF SKILL SHARES, LUNCH & LEARNS, AND WORKSHOPS

PROGRAM FACILITATOR

”

The absence of a culturally-affirming entrepreneurship hub for people from underserved communities, specifically Black and African American entrepreneurs and small business owners was identified as a barrier to equity in entrepreneurship. The pop-up coworking space offered a proximate, welcoming space for existing and aspiring entrepreneurs to gather, work, and learn about resources to advance their individual ventures.

ALTHOUGH THE SPACE WAS TEMPORARY, IT WAS MODELED AFTER MORE ROBUST FULL SERVICE ENTREPRENEURSHIP HUBS, PROVIDING FOR THE DAY TO DAY OFFICE NEEDS OF ENTREPRENEURS WITH AVAILABLE BUSINESS OFFICE EQUIPMENT AND MEETING SPACE.

2. BUSINESS MARKETING PACKAGE & PIVOT TO GRANT PROGRAM



Marketing support was a significant need among entrepreneurs and small business owners of color in the area. The Business Marketing Package was intended to provide wrap-around marketing services, such as: a marketing workshop, free basic marketing materials package and/or back office marketing and design support staff for a 3-6 month period. Due to the COVID-19 pandemic, the program pivoted to a grant lottery for entrepreneurs to receive funding for their most pressing needs.

THE REMAINING BALANCE OF FUNDS BECAME A WEEKLY DRAWING FOR A \$500 GRANT FOR ENTREPRENEURS IN TARGET NEIGHBORHOODS.

3. REVOLVING 0% INTEREST LOANS



The goal of this revolving loan program was to ensure that an entrepreneur can purchase the goods or equipment needed to land a contract for which they otherwise would have to decline. Loans ranged from \$1,000-5,000 through an application that didn't require credit underwriting but rather relies on character-based underwriting similar to KIVA. A credit counseling course was offered to all approved applicants.

ANY DECLINED LOAN APPLICATIONS WERE SENT TO A SMALL COMMITTEE MADE UP OF THE LOCAL DIRECTOR AND SEVERAL INNOVATION COUNCIL MEMBER VOLUNTEERS WHO EXAMINED THE APPLICATION AND VOUCHED FOR THE IMPACT THE BUSINESS HAS IN THE COMMUNITY.

DELIVER

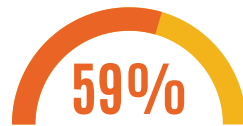
We evaluated our interventions' success using the baseline reported in the Discovery Phase.

COWORKING SPACE

Feb - Mar 2020



89% of participants reported that (due to the space) they are aware of resources that can help them meet the majority of their needs



59% reported that they had never worked with an entrepreneur support organization before coming to the coworking space

GRANTS PROGRAM

Mar - May 2020



77% of participants were from selected pilot neighborhoods of underserved communities



23 \$500 grants were dispersed to 23 entrepreneurs from pilot neighborhoods

REVOLVING 0% LOANS

Jan 2019 - Ongoing

At the time of the evaluation, this program had not yet been implemented as planned, limiting our ability to evaluate the MVS. Two loans were given to business owners in the pilot neighborhoods meeting the eligibility criteria but both were over the planned amount for the microloan program (\$25,000 and \$15,000). A third loan for \$5,000 was within the range planned for the microloans program but the recipient did not live in the included zip codes for the program.

SURVEY RESULTS IN 2020



56%, up from 35% in 2019, reported that they are aware of full range of supports available to them as an entrepreneur



58%, up from 25% in 2019, reported that they use the full range of supports available from ESOs



28%, up from 22% in 2019, reported organizations were "very successful" or "completely successful" at working together to support entrepreneurs and owners