

7 Obstacles

Black
Entrepreneurs
Face and How to
Overcome Them

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7 Obstacles Black Entrepreneurs Face and How to Overcome Them

I have said a million times that black entrepreneurship and entrepreneurship are two different things. I don't make any apologies about it. I focus on the black entrepreneurship study moreso than just entrepreneurship. I do so because black entrepreneurs round up the bottom of the list for who's success and who's not. This is why I study and help black entrepreneurs master their lane.

Understand that entrepreneurship and black entrepreneurship are two different studies. You must first master black entrepreneurship (if you're of the black race or doing black business) before you can conquer general entrepreneurship. There are five elements that determine a black business:

1. Commerce being executed under black ownership.
2. Commerce catering to black customers.
3. Commerce being carried out by black workers.
4. Commerce being conducted in the black community.
5. Commerce using black supplied goods or services.

So, why should we take a special interest in mastering these elements? What will this do for our leverage? Let me break this down. The reason men feel they can, and often do, take advantage of women, is because women just aren't as strong. Give women physical strength equal to a man's and the number physical assaults would subside. Ideologically, we operate as fascists. Equalize our pockets - and the mindset of how we manage them - and the economic attacks on the black community will also subside. Simply put, we fear the source of our monetary survival and the "source" knows we are in need of them. It's called financial abuse, that it manifests as physical and mental abuse. It happens in our romantic relationships and it also continues to play out in the black community's relationship with America and even the world. The best way to influence someone is to pay them. Customers influence businesses. Businesses influence workers.

The issues black entrepreneurs face in business are not all based on race or oppression. The causes are even more widespread. For black entrepreneurs, obstacles exist in three forms: societal, community and personal. Among these three, there are sub-components that affect each category. Including racial, religious, cultural, psychological, political, financial, and social issues. Let's get into the 7 of 50 findings.



Obstacle 1: Relationship Consumption

Black customers often expect to work with, purchase from or have a direct relationship with the owner (if the business is black-owned) in order to patronize the business.

Our community is largely built on relationships. We like to know that we agree with or get along with the ownership and staff of any business we frequent. But that's just it. Black customers only hold to this standard with black-owned businesses, while, we often seek to get along only with the "business" (in abstract) if it is not black-owned. When it's a black-owned business, if we don't have a comfortable relationship with the owners, employers and other customers, we will take our dollars elsewhere. But these relationships don't concern us when it comes to non-black businesses. This is demonstrated many times when we continue to shop



with businesses whose personnel regularly disrespect marginalize or don't even acknowledge us. The beauty supply stores, the neighborhood convenience stores (gas stations), and several premium apparel brand stores prove this concept daily. The people employed at those places are often not as friendly towards us, but we continue to shop there because we love their products or their location is convenient. What we do is forge the relationship with the business or the brand; rather than the owner or employees.



Obstacle 2: Black Sophisticates

Black Sophisticates have low desires for business ownership.

The New York Times published a scathing article on October 12, 2017 uncovering the massive dysfunction in the justice system. It revealed that of the 212 courts in South Carolina, 139 of them do not have public defenders. They focus on funding prosecution but not defense. This leaves many impoverished defendants with no defense, and they ultimately wind up getting locked up. Statistics show 8 out of 10 convictions come by way of plea deals and only 10% of prisoners go to federal prisons. Most defendants that plea are repeat offenders, poor or without a support system of family or friend. According to the Innocence Project, almost half of all arrests are wrongful convictions. With Blacks making up 40% of the prison system, where one in three black Americans can expect to get arrested and one in five can expect a conviction (though we only make up 13% of the population), there are millions of wrongful convictions against Blacks. What does this mean?

With statistics like these, you can expect felons to do one of three things:

1. Re-offend
2. Accept a lifetime of low paying jobs (discussed later)
3. Start a business.

This poses a multi-layered problem for black entrepreneurs. Here's how. When offenders re-offend, it's typically within their own community and it is often an economic crime against a business (robbery, theft, etc.). Otherwise, they seek work in their community as a convicted felon (more on this later) or they will start a business.

I always say that Black Sophisticates - professional, well-mannered, college degreed workers - are as big a problem for the black community as the criminals are. Since they are not actively starting businesses and, instead, look for employment out the black community, the black business community is left to make up its job force with those having less desirable work skills. This can give the black entrepreneur a bad reputation as a manager, like a cloud over the black business community, that it must work hard to push past before their businesses can truly be accepted as strong viable enterprises.



Let's take an even closer look.

Immigrants who migrate to America typically represent the best of their people. They are the risk-takers. They are the people who are seeking a greater life experience. They are hopeful, they work hard, and they seek entrepreneurship. These people go on to build significant wealth.

When the best of our Blacks doesn't also seek entrepreneurship, our business community is left in danger of being annihilated by hardworking immigrants. It's not that Asians, Hispanics, Jewish, or Irish don't have stagnant individuals in their native communities, it's that those people typically don't migrate to America. When Blacks migrate to those Ireland or Latin America, they are hard workers, too, because the simple act of migration means you are in possession of certain qualities of qualities.



So, we have Blacks competing locally with the best immigrants in areas like beauty supply (Korean, Middle Eastern dominance), legal representation and real estate (Jewish dominance), nail shops (Vietnamese dominance) domestic services (Hispanic dominance) and more. These people go on to build significant wealth.



Obstacle 3: The Humor

When black comedians present humor about black businesses or the black community, it is in a disparaging way.

Masters allowed their slaves limited freedom in two areas: entertainment and worship. So, it's no surprise that we continue to put most of our hope for success into entertainment (including athletics) and hope for healing in the church. These are the fields in which we overwhelmingly pursue careers and charity. Or, if we're not making a living at it, we become huge fans. We give massive credibility and trust to clergy and entertainers. When our comedians hit the stage, we applaud and believe.

It's true that laughter is therapeutic. This makes our comedians, unlicensed therapists. We laugh but agree. Comedians often tell true stories about sensitive or painful subjects; doing it with humor makes it palatable. The problem in their performances is that with impeccable uniformity, they tell jokes about the black community which unveil our idiosyncrasies, while their jokes about the white community unveil their prestige. A story about a black person's credit points at how horrible it is – how incapable he is at handling finances. A witticism about a white person's credit shows how perfect it is. A witticism on Whites is, them having good credit and money in the bank. A joke on a white person is, "I need to keep a white person around for good credit". A joke on a black business is how "ghetto" it is being ran. I know, many generalizations.

So, as we know by now, entertainment is a major player in how Blacks are presented. When their subject is the white community or white businesses, black comedians find humor in their intellect and properness. But Blacks – especially black men – are portrayed as hapless, helpless, pleasure-seeking and without goals or purpose in their lives. If you think about it, this is not very different from the "Step & Fetchit" characters of the black-face minstrel shows of old. And that is tragic because this pattern of joke telling creates a sense of "truism" that isn't always factual. As it relates to a black business, it feeds the belief that it will be struggling along with poor credit and horrible customer service. It's funny on stage but not funny in the community. Some might say, "But poorly ran black-owned businesses is the truth." I would say, it is not.



Obstacle 4: The Protest

Organized protest is outmoded.

Even though discrimination is still an issue Blacks face every day in America, our approach to battling it continues to be antiquated, dangerous for us and helpful for “them.” Here’s what I mean: Companies often find themselves at the bitter center of a protest when they discriminate against customers and workers. Chick-Fila faced a controversy in 2012 when Chief Operating Officer Dan Cathy publicly stated his opposition to gay marriage. Many came out in support, while others hit the restaurant parking lots in protest.

The irony regarding is that, our protests also act as educational lessons for the companies at the center of the controversy. We actually teach them while we protest. By protesting, declare what offended us. In doing so, we also bring solutions to the table for the offenders to learn from - sometimes at their request. When we sit with them at their table, we make it harder for the upcoming black entrepreneur to benefit, from that company fumbling the “ethical, service and or moral football”. Instead, discussing the infractions is like teaching the opposing team how to better carry the football. When the company we once patronized fails us, we should leave them to their own devices and march our feet and our wallets to a competitive black-owned business.

In addition, we only protest businesses that make us angry and uncomfortable. This is a bad practice. We should economically protest all types of business, not just the ones that mistreat us or discriminate against us, by making sure we patronize and support black-owned businesses all the time, not just when it is convenient. Otherwise, we are like the slaves who didn’t want to end slavery, simply because their masters treated them well. Through those protests, non-black businesses learn to treat us better or learn to hide their prejudice better. Either way, if we keep protesting, we will keep giving away our power and keep making those businesses smarter, more powerful and more competitive against the black businesses for the same market share.



Obstacle 5: Wage Gap

Black families have less income and wealth, making it harder to obtain start-up capital.

Being under-capitalized is an issue when starting any business. Most budding capitalists will need to work for another company before they are able to launch out on their own as a full-time entrepreneur. That was my story. Holding a job allows you to gain experience, solidify credit, and amass some savings to use to start a business. However, when your wages are beneath those of your white counterparts, it will take you longer to start a business or conduct entrepreneurship on a full-time basis is. This is why most times black entrepreneurs begin by



running a business on the side before they can truly get out there and be a job creator for others. According to Pacific Standard, "In 1979, the average black man in America earned about 80 percent of the average white man... By 2016, this gap had grown such that the average black male worker earned just 70 percent of the hourly wage of the average white male worker." Wages can fund new businesses but being

underpaid makes the process harder and longer. Black entrepreneurs sometimes start their business too soon based on the start-up capital they have amassed (in the sense of the average time it takes before someone is fed up with a job and decides to start their own company), compromising both its quality and potential. Due to their being underemployed, even if all black workers supported black-owned businesses, they have less money to spend - so a black entrepreneur's business revenue will still be lower than that of his or her white counterparts.

But of course, having this deliberate and focused spending in our community would be a great start. We often tout our \$1.2 trillion spending power, but without payroll power that \$1.2 trillion spending power is elusive and lower than it truly ought to be.



Obstacle 6: Celebration

There are no mainstream black celebrated holidays that encourages shopping at black businesses.

Every month in America there is something to celebrate; a reason to drive you to the retail stores. It's not always an exact holiday either. It could just be a season, like "Back-to-School" or "Spring Break". What's missing, though are holidays specific to the black community that could drive commerce to black-owned businesses. Yes, we have Dr. Martin Luther King, Jr. Day and Black History Month. We even have Juneteenth. However, none of these create the kind of excitement for us to shop.

In fact, everything being acknowledged and celebrated for Blacks tend to feel dark, not happy and jovial. Hence, there are no holidays that speak to the black community in a way that encourages us to shop as a deliberate act of support for black commerce. There's St. Patrick's Day (Irish), Columbus Day (Europeans/Caucasians) and Cinco de Mayo (Mexicans). These holidays do not highlight Americans. They highlight those ethnic groups in America. They encourage celebration - happiness, partying, spending and excitement, which typically favors the group being celebrated.

It appears that everything in our holidays depicting the black experience or contribution in America is dark. It focuses on our struggle and it keeps black Americans from seeing past it. It may bring a sense of pride for how much we have overcome, but it doesn't cause the kind of excitement that encourages us to support our businesses while we collectively gather. This is not only a problem in commerce. In our black churches and black gospel music, the messages we hear carry the tone of "Our day is coming just hold on...", that encourages us to see our current present state as hard; as a struggle. Rather than highlighting what we have overcome. The tone doesn't speak from a conquering place, a place we should celebrate and be optimistic about. It encourages us to focus on what's going wrong in our lives and not what's right. Thus, it perpetuates pessimism.



Obstacle 7: Sponsorship

Our community often demands support and sponsorship from black entrepreneurs the moment the doors open.

We do not ask new non-black-owned businesses for equal consideration with the same frequency. Something happens here two-fold:

1. We view locally-owned shops as approachable with an expectation of an immediate response to requests.
2. We view all business owners, especially of brick and mortar businesses, as being “in-the-money” rather than having just invested their money and awaiting a return.

The great thing about having a business in the community is that owners have the opportunity to forge an intimate relationship with their local customers. Unfortunately, this benefit can sometimes also become a disadvantage. When customers know who owns the business and can actually interact with them, the owner(s) often must walk on eggshells. When owners make decisions, or present themselves in ways that local customers don’t agree with, their entire business can come crumbling down. This includes saying, “No” to requests for donations or sponsorship of community events. If a new business is not seen as a good “corporate citizen,” even before it can afford to take money away from basic expenses like inventory, salaries, maintenance, etc., it may lose face in the community.

A vibrant community often stages events for the benefit of its citizens, such as sports and games, stage plays at community theaters, charitable walks, etc. Planners of such events often include “sponsorship” as part of their revenue projections, in order to wind up in the black and make the event a success. In other cases, local businesses are solicited to take out ads in the event brochure, or to offer products at a discount or as raffle prizes at no cost to the event planner. These event planners/solicitors are sometimes among the businesses’ customers, so they feel entitled to ask. The automatic assumption is that, as a black owner in the black community, they will be happy to do the right thing and support the community that supports their businesses.

The thing that impresses most people about something is when they see it as big. A black business owner who actually occupies a commercial space is seen as someone who has “come up.” That sometimes triggers people of the community to seek monetary gifts or sales from that business. But a business that hasn’t been around for at least 24-36 months has not truly proven its success. It has to go through the different seasons in order to obtain data that it is, in fact, successful. Solicitors, who double as customers, are not pleased to hear “No” – It makes them feel the relationship is one-sided and then they take their monies elsewhere. The ironic thing is, the business they take their money too is typically not being solicited for donations or sponsorships, so revenue is increased, rather than diminished. So, in essence, these customers are creating an economic hemorrhage that is driven by their emotions.

I hope you enjoyed this report and was able to gain some insight on unique issues that faces that black business community. The entire list of 50 obstacles with their solutions and the solutions for each of these in this report can be found in my 10th book, “50 Obstacles Black Entrepreneurs Face and How to Overcome Them”. I spent over a decade as a full-time entrepreneur and employer of people from my community. I have been able to collect critical information on the journey of a black entrepreneur from multiple aspects: my own business-building, teaching black business students at the collegiate level, training black entrepreneurs in business at my school and programs internationally and assisting black entrepreneurs with their businesses as a consultant. There are many universal issues that can be overcome.

Sign-up for my Black Entrepreneurship Preparedness training program.
Order my book by [clicking here](#)

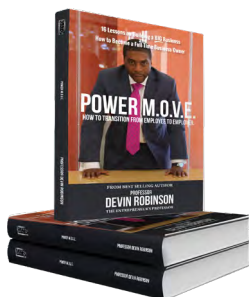


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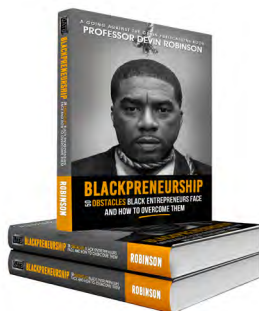
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