



Catalyzing Economic Opportunity for Under- Resourced Entrepreneurs of Color

Oakland, California

Developed in partnership with



Mission

Mandela Partners, formerly Mandela MarketPlace, is a non-profit organization that works in partnership with local residents, family farmers, and community-based businesses to improve health, create wealth, and build assets through local food enterprises in low-income communities.



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Mandela Partners is working to level the playing field for small businesses and entrepreneurs of color by strengthening access to economic opportunities in the places where they live and work, as well as address persistent racial disparities in business ownership.

01 | Background

San Francisco “East Bay” resident and food entrepreneur, LaShawn Raybon’s passion for food is deeply rooted in her family’s history. LaShawn’s family owned the Golden Lily Restaurant in the San Francisco Fillmore District in the mid-1980s, and today LaShawn has continued that legacy through the launch of her very own food business, I Am Cafe. Likewise, Laronda Sullivan, a longtime East Oakland resident, is instilling in her two young daughters the importance of intergenerational wealth building and entrepreneurship through their latest endeavor — a family-owned lemonade business. The goal of Ya Diddy Lemonade, a name coined by Laronda’s youngest daughter, is to sell fresh lemonade made with seasonal fruits in their community, while teaching her children what it’s like to run a food business from the ground up.

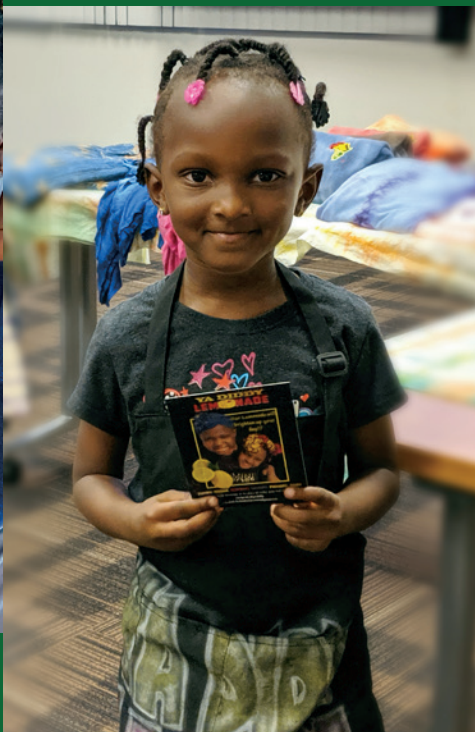
LaShawn, Laronda and her children all have something in common: they received support from Mandela Partners to bring their food business concept to life.

Mandela Partners, in collaboration with several other community based organizations and local agencies, provides aspiring entrepreneurs and local business owners access to a variety of business resources, along with advising and capital support. However, this type of capacity building often feels like the exception and not the norm, particularly for under-resourced entrepreneurs who typically have less start-up capital to put into their business and less collateral to attract outside credit. Mandela Partners is working to level the playing field for small businesses and entrepreneurs of color by strengthening access to economic opportunities in the places where they live and work, as well as address persistent racial disparities in business ownership. Mandela Partners developed this action plan to identify a set of needs and community priorities; highlight gaps in current programming, services, and policy decisions; and provide a set of recommended strategies and actions for uplifting systems-level change for under-resourced resident entrepreneurs of color.



LaShawn Raybon, owner of I AM Cafe

Laronda Sullivan's daughter, one of our youngest entrepreneurs



Rene Lontoc, Owner of Thank Que Grill

02 | Needs and Priorities

Mandela Partners (MP) has worked in partnership with under-resourced communities for more than a decade—including West Oakland, Deep East Oakland, as well as San Antonio and Fruitvale neighborhoods of East Oakland (Figure 1). These areas disproportionately experience higher inequities than neighboring communities in Alameda County, with West Oakland experiencing higher rates of unemployment (14.3%) and poverty (28.2%), with similar rates in East Oakland (16.4%, 24.4% respectively) than the rest of the county (8.5%, 11.4% respectively).¹

In the wake of rapidly gentrifying neighborhoods of East Oakland and West Oakland, accessing affordable commercial space has become increasingly difficult, with many longstanding Black, Indigenous, and other people of color (BIPOC) businesses being displaced. BIPOC small businesses have been the bedrock of the Oakland economy for the last several decades. These small business owners historically have led the way in hiring local residents and young people—cultivating an entrepreneurial spirit and strong work ethic, using sustainable practices for hiring and retaining employees, and helping to recirculate money in the local economy. Local food

businesses and restaurants, in particular, represent longstanding traditions and cultural reflections of the neighborhood, but also signify familial ties to previous generations. For example, Dionne Knox, owner of Zella’s Soulful Kitchen and current participant in MP’s Business Incubation Network, named her restaurant after her grandmother, Zella. Dionne cooked alongside Grandma Zella as a child, who taught Dionne about the value of a great meal and the way in which it can unify people. These deeply ingrained experiences inspired Dionne to transition from leading youth development programs to creating and selling home-cooked meals that allow everyone to experience a little bit of her grandmother. In essence, Oakland simply wouldn’t be Oakland without small, local food businesses.

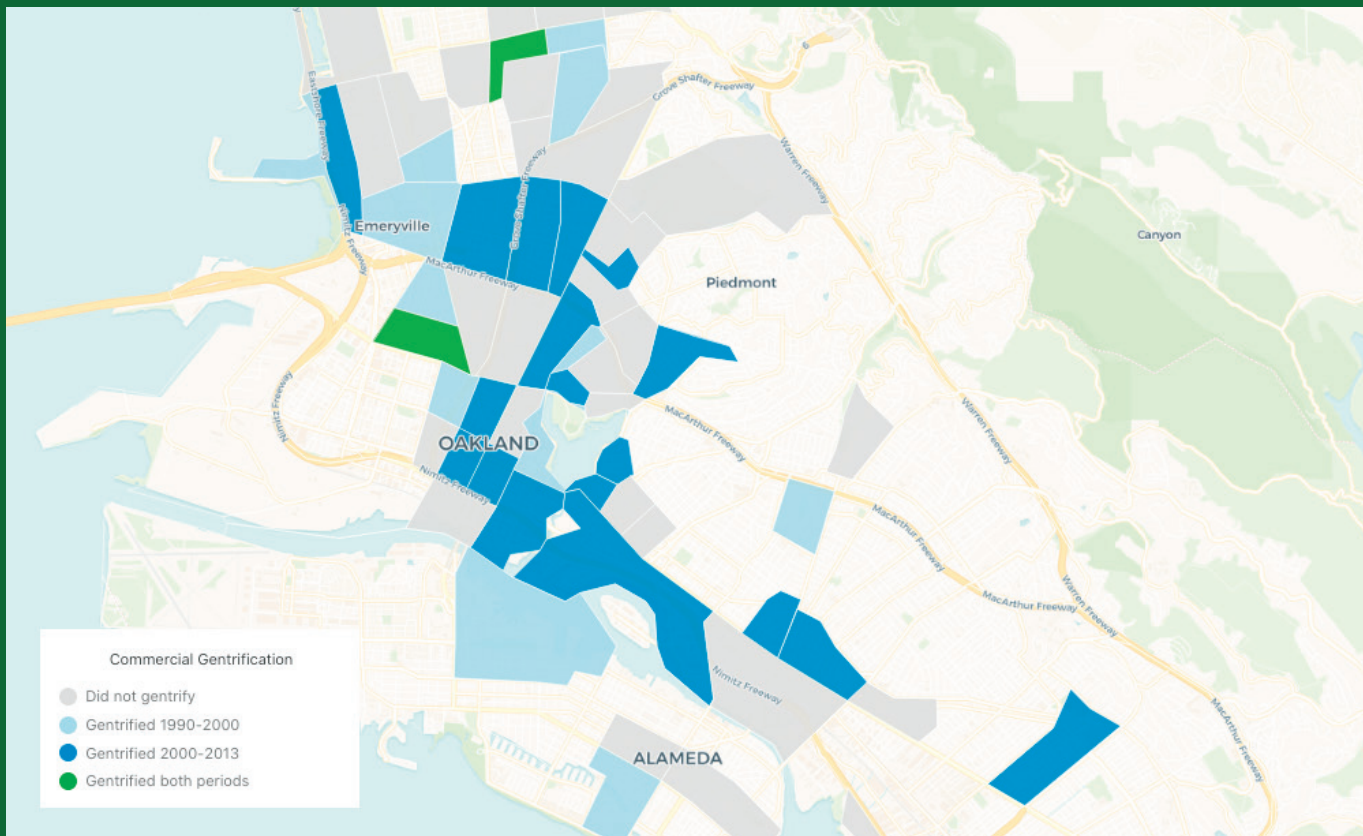
Commercial gentrification—characterized by an influx in capital that manifests itself in changes to brick and mortar commercial establishments—has been evaluated in terms of the number of business establishments that have changed ownership, as well as by the capacity of existing businesses to survive changes in rents and operating costs.² Data from the Urban Displacement Project demonstrates the rapid

¹ U.S. Census Bureau; American Community Survey (ACS), 2006-2010 ACS 5-year Estimates

² Transit Oriented Development & Commercial Gentrification: Exploring the Linkages, UC Berkeley Center for Community Innovation & UCLA Center for Neighborhood Knowledge (2017).

[illegible]

Figure 2



shift in commercial gentrification in Oakland over a 20-year period (Figure 2).³ Neighborhood change in the form of commercial gentrification has harmed BIPOC businesses, due to shifting markets and rising rents that have been catalyzed by the technology boom over the past decade.⁴ “Big tech” has not only transformed communities and the people who have traditionally lived in many Oakland neighborhoods, but the commercial retail landscape is shifting dramatically as tech companies, as well as chain commercial retail, have made for a trying climate for

small businesses. From September 2019 to January 2020, 28 food businesses closed in Oakland alone, with similar trends observed across San Francisco and the Greater East Bay.

High commercial rents combined with limited access to technical, financial, and physical resources are ongoing challenges that have been identified among BIPOC food entrepreneurs and local businesses—hindering their ability to launch and grow businesses in the communities in which they

³ Zuk, M., & Chapple, K. (2015). Urban Displacement Project.

⁴ U.S. Census Bureau; American Community Survey (ACS), 2006-2010 ACS 5-year Estimates

live and work. Technical resources are not easily accessible to under-resourced entrepreneurs of color because trainings are not available “in place”—meaning that small business service centers focus on downtown rather than disinvested neighborhoods. While many community organizations provide resources and support for small businesses, it often is not clear how entrepreneurs should be navigating different organizations and services. Materials often lack cultural relevance, while service information is not typically tailored to each entrepreneur’s unique needs. Services and resources available are traditionally focused on business formation and permitting, versus business development support and planning. As a result, BIPOC entrepreneurs have limited opportunities in capacity building and expertise to recognize their own potential to take the steps to launch and/or grow their business.

Furthermore, mentorship and advising opportunities for entrepreneurs of color have not been available in the same ways as they have been for wealthier, predominantly White entrepreneurs. Exposing BIPOC entrepreneurs and small business owners to a network, or BIPOC entrepreneur “ecosystem,” will enhance peer-to-peer learning and mentorship,

and build a continuum of support. According to research from the Kauffman Foundation, the creation of a business pipeline has been shown to boost the likelihood that someone will become a successful entrepreneur.⁵

Finally, the historical lack of access to financing for entrepreneurs in underserved communities continues to inhibit local, sustainably implemented economic development. Although the microlending and mission driven investment entities continue to grow, community-based entrepreneurs are still having difficulty accessing those resources due to systemic barriers that most often present themselves in conventional underwriting practices. Black entrepreneurs, for example, are almost three times as likely as White entrepreneurs to have profitability hurt by lack of access to capital and are more than twice as likely as White entrepreneurs to have profits negatively impacted by the cost of capital.⁶ BIPOC small businesses are often denied loans because of limited credit history or low credit ratings, and the exclusion of other criteria for determining loan eligibility, such as the number of years in operation or providing referrals from the entrepreneurs’ business network.

⁵ Startup Financing Trends by Race: How Access to Capital Impacts Profitability, Annual Survey of Entrepreneurs Data Briefing Series, The Kauffman Foundation (October 2016).

⁶ See note 5, above.

03 | Purpose/Action

To address this urgent and timely need, Mandela Partners has identified a set of strategies and recommendations with the goal to:

Strengthen access to economic opportunity for local under-resourced entrepreneurs of color in the places where they have historic roots and long-standing social connections, with a strategic focus on West Oakland and East Oakland.

Strategy #1

Conduct a landscape assessment with local entrepreneurs within MP's Business Incubation Network to identify needs, priorities, and challenges in operating a business in a commercial space.

(May 2020 - October 2020)

MP proposes facilitating one-on-one interviews with up to 20 local resident entrepreneurs to better understand: key challenges (and opportunities) in accessing physical commercial space; types of resources needed to be able to access culturally competent small business and entrepreneurial services with community partners; and other information

Pipeline entrepreneurs will also be able to access a growing network of vending opportunities through which entrepreneurs will be able to market-test products in culturally relevant venues that seek to elevate local, community entrepreneurs.

needed to be able to effectively navigate the ecosystem of small business services. These interviews will also cover policies and regulations that can be further strengthened at the local level to uplift their business operations. Specifically on the policy front, MP will seek to better understand how entrepreneurs can take advantage of AB626 (Microenterprise Home Kitchen Operations) — a bill that passed in 2018, which amended the California Retail Code to allow food operations in a resident entrepreneur's private home. While it expands opportunities for micro-food enterprises, it is contingent upon local governments to authorize the law which has neither been fully supported nor implemented in Alameda County. In essence, these interviews will shed light on opportunities and areas for growth in supporting small business operations and highlight key issues addressed by entrepreneurs for creating an advocacy platform for AB626 (this is detailed further in the fourth proposed action, page 14). These interviews will be documented, analyzed, and included as part of MP's assessment to inform a set of actions that would benefit BIPOC small businesses and entrepreneurs.

- **Indicators of Success:** Development of interview guide; 20 documented interviews; completed landscape review

Strategy #2

Develop a pipeline of support for local under-resourced entrepreneurs and entrepreneurs of color.

(November 2020 - April 2021)

MP will facilitate the following activities to build a successful Entrepreneur Pipeline:

Place-Based Outreach: Place-based outreach efforts to enroll participants in the support pipeline will be carried out through a three-pronged approach: **1)** Reaching out to current and past MP program participants who are part of an entrepreneurial community; **2)** Disseminating program information through multiple social media platforms, and **3)** Distributing flyers/outreach materials directly to communities in which Mandela has long-standing connection and/or through grassroots organizations and community groups that have deep connections with low- and moderate-income (LMI) residents.

Activating the Pipeline: MP will provide tailored capacity building sessions “in place” that will support entrepreneurs in building and finalizing their business concept, analyzing product pricing, exploring low-cost marketing tools, understanding how businesses get funded, and gaining access to legal resources. Capacity building resources will also be informed by needs addressed in interviews. The Pipeline will allow for peer-to-peer sharing regarding business best practices and business planning resources, which will allow for experienced entrepreneurs and business owners from similar backgrounds to share vetted practices with new entrepreneurs. This peer sharing space will not only build cohesion among the entrepreneur pipeline, but also provide new BIPOC businesses with an ecosystem of relevant mentorship and advising that traditionally has only been more accessible to predominantly higher wealth, White entrepreneurs. Throughout this Pipeline and with technical support from MP, entrepreneurs will be able to focus on continued development of business plans, building and implementation of marketing strategies, development of business financials and refining projections, vetting and connection with capital sources, and receiving support in the loan application process.

Pipeline entrepreneurs will also be able to access a growing network of vending opportunities through which entrepreneurs will be able to market-test products in culturally relevant venues that seek to elevate local, community entrepreneurs. Eligible entrepreneurs will have met regulatory requirements to sell products and services in current MP sponsored venues including, but not limited to Jack London Square Farmers Market (weekly) and the Crucible Showcase (quarterly), with additional venues made available as they are identified.

- **Indicators of Success:** Develop a pipeline of 30 BIPOC small businesses and entrepreneurs; facilitate eight resource and capacity building meetings with entrepreneurs annually; documentation of additional feedback, challenges, and needs related to strengthening economic opportunity and wealth building for entrepreneurs; 90% of pipeline entrepreneurs will finalize individual business plans; 25% of pipeline entrepreneurs will market test products; 30% of pipeline entrepreneurs will establish and/or grow their food business



Grand opening of Ashland Market & Café

Strategy #3

Strengthen access to capital through low and no cost financial tools, coupled with culturally-relevant technical assistance to accelerate small business growth among entrepreneurs of color.

(January 2021 - June 2022)

MP will work to establish and grow a revolving loan fund centered on supporting under-resourced entrepreneurs of color. This loan fund will employ alternative underwriting principles (i.e., social capital, industry experience, and equity focus) with the goal of creating loans that are easy to pay off and capable of covering crucial investments among BIPOC businesses. As part of this process, MP will work one-on-one with entrepreneurs to provide culturally relevant advising and technical assistance on navigating microlending and Community Development Financial Institutions (CDFIs) and providing vital resourcing that will allow locally owned businesses to grow while building healthy and vibrant communities.

- **Indicators of Success:** 25% of pipeline entrepreneurs will gain access to capital in the form of a loan or microloan utilizing MP's alternative underwriting principles

Strategy #4

Support the Alameda County Board of Supervisors to opt-in to AB626: Microenterprise Home Kitchen Operations, including considerations to ensure that the policy reaches under-served entrepreneurs of color.

(January 2021 - December 2021)

AB626: Microenterprise Home Kitchen Operations (MEHKOS) creates a permitting system for home kitchens, legalizing the sale of home cooked food. This opens the door for the first time for home cooks to enter the food economy. Additionally, operating MEHKOS businesses could provide valuable operations and business management experience to entrepreneurs who are ready for long-term brick and mortar spaces. However, this statewide policy that was passed in 2018 and went into effect in January 2019 has an “opt in” provision for municipalities — meaning it is at the discretion of California localities to implement and enforce this policy. To date, the board of supervisors in Riverside County, California is the only California county to pass an ordinance that regulates micro-enterprise home kitchen operations through MEHKOS. The Alameda County Board of Supervisors has

considered issuing home cooking permits, but expressed concerns about home kitchen operators' ability to effectively navigate sanitation and food safety provisions.

At the same time, there are several issues that have emerged from home cooks and entrepreneurs who like the idea of the policy, but are concerned about tenant protections and enforcement procedures if the policy were to be instituted in Alameda County. For example, some food entrepreneurs are concerned that this policy will give landlords an excuse to evict, given that tenant protection language is not included in MEHKOS. For undocumented immigrants, the fear of being evicted and reported to immigration officials is further heightened. From the perspective of landlords, they have raised parking-related concerns if customers are competing with tenants and neighbors for parking.

In addition to this information, MP will incorporate feedback documented from interviews (Strategy 1) to inform a Policy Plan that will be presented to the Alameda County Board of Supervisors. This Plan will include a set of recommendations for implementation and enforcement based on needs identified by resident entrepreneurs, and also offer guidance for creating funding that would allow local community-based organizations to support business planning and permitting navigation as it relates to this new policy. Therefore, Alameda County has an opportunity to go beyond "opting in" by supporting access to resources for small businesses and food entrepreneurs, thus, alleviating the burden on Alameda County Department of Environmental Health.

- **Indicators of Success:** Completed landscape assessment; completed Policy Plan; implementation of MEHKOS locally



Thank Que Grill team prepping entrees for the Ashland Market & Cafe grand opening

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