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## Breaking Down Systemic Barriers Around African American Entrepreneurship

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# Breaking Down Systemic Barriers Around African American Entrepreneurship

Jul 1, 2020

The benefits of entrepreneurship are well documented. Startups are responsible for nearly all job growth in the United States, experience growth rates substantially higher than other businesses, can help eliminate poverty and have an outsized impact on overall economic productivity and GDP. Despite this, entrepreneurship and venture capital have been largely closed to minorities, with African Americans being impacted particularly hard.

African Americans make up approximately 13 percent of the U.S. population yet only 2.2 percent of small businesses are owned by them. By comparison, whites make up approximately 60 percent of the population but own 82.5 percent of all businesses. Black-owned businesses are also valued eight times lower than white-owned firms and their annual revenue averages nine times less than white-owned businesses. Compounding this is the fact that only one percent of venture capital dollars go to Black entrepreneurs. All of this has helped contribute to our economy's growing inequality.

On Tuesday, June 30th the IDEA Center at the University of Notre Dame hosted a webinar conversation on how to break down systemic barriers around African American entrepreneurship. More specifically, our panel of speakers discussed what barriers exist for Black entrepreneurs (and why); what needs to be done to increase Black entrepreneurship; how models of Black entrepreneurship might look different from what traditional models expect; and how Notre Dame, other universities, investors, politicians, and attendees of the webinar can support these efforts now.

This webinar featured Philip Gaskin, vice president of entrepreneurship at the Ewing Marion Kauffman Foundation; G. Marcus Cole, the Joseph A. Matson Dean and Professor of Law at Notre Dame Law School; Andrew Welters, CEO and partner at 5Lion Ventures; and Bryan Ritchie, the Vice President and Cathy and John Martin Associate Provost for Innovation at Notre Dame.

## **Transcript – English (auto-generated)**

*Errors have not been corrected.*

Transcript

0:00

like to welcome everybody to ideas at Notre Dame webinar and podcast series

0:05

from the idea Center at Notre Dame my name is Brian Ricci I'm the vice president of innovation and the Cathy

0:13

and John Martin associate provost here at the university because this is a webinar

0:19

neither we as speakers nor the other attendees can hear or see you so if you

0:24

have questions for us please use the Q&A feature within the zoom app and we'll spend time in the last half of this

0:30

webinar answering your questions and I would encourage you to begin at asking

0:35

those questions as soon as you have them so that those can queue up and we can get an idea of which questions are

0:41

coming in we're very fortunate today in this webinar to have three very

0:47

distinguished guests with us and to talk about a very difficult topic but one

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that is very timely and needs a lot of discussion especially with a bias

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towards action and so I am very pleased today to introduce these three speakers

1:05

first of all we have Phillip Gaskin he's the vice president and launch of inertia at the Ewing Marion Kauffman Foundation

1:12

where he is responsible for meeting the foundation's comprehensive entrepreneurship portfolio as a leader

1:18

with deep expertise in developing diverse entrepreneurial ecosystems Phillip also oversees the Foundation's

1:24

national strategy focused on eliminating systemic barriers to entrepreneurship and enhancing economic activity through

1:30

inclusive entrepreneurship previously Phillip served as campaign director for national candidates including Cory

1:37

Booker for US Senate and President Barack Obama directing efforts in Pennsylvania for Obama for America in

1:44

these roles he built in scaled grassroots ecosystems of volunteers who delivered historic results aligning

1:51

community city and state leaders to support policy initiatives welcome Phillip glad to have you here today

1:57

thank you Marcus Cole is the Joseph a Matson Dean and professor of law at

2:03

Notre Dame Law School Dean Cole is a leading scholar of the empirical law and economics of Commerce and finance he was

2:10

a faculty member at Stanford Law School from nineteen seven until he became the newest Dean

2:16

here at Notre Dame has many years of experience in the Silicon Valley area has given him many insights into how

2:22

entrepreneurship works at Stanford he led two endowed chairs and taught courses in the areas of bankruptcy

2:28

banking contracts and venture capital in addition he served for five years as associate dean for curriculum and

2:34

academic affairs welcome Dean Cole thank you thanks for having me Brendan and

2:41

last but not least Andrew Walters as a venture capitalist and entrepreneur with a background in

2:47

founding operating and advising early state healthcare and technology companies in 2013 he founded bt  
I are an

2:55

advanced fully customizable concierge service designed to enhance the experience of high-value patrons  
and

3:01

fans and drive revenue growth in sports and entertainment venues Andrew then

3:06

launched five Lyon ventures in 2014 an early-stage venture firm focused on seed plus and series a  
companies Andrew and

3:14

his team manage a portfolio of companies across the healthcare technology software and  
communication industries

3:20

and who received a BA in history from the University of Notre Dame and was later appointed by  
President father John

3:26

Jenkins and the Advisory Council of the idea Center welcome Andrew glad to have you here today

3:31

I should mention that Andrew as the entrepreneur of the group is probably

3:37

going to be the one who has the most in-depth experience on the topic that we had today so we're glad  
you're here with

3:43

us Andrew so the purpose of this webinar let me start by giving a little bit of

3:49

an overview of the current state of the Entrepreneurship environment

3:55

entrepreneurs and startups have a sizable impact on economic development and growth they can it can help

4:02

eliminate poverty revitalize communities and as many of us know and preach it is a driver of wealth creation the problem

4:11

is that these benefits aren't reaching everybody and certainly not evenly entrepreneurship and particularly the

4:17

funding mechanisms for entrepreneurs have largely been closed to minorities with African Americans being impacted

4:23

particularly hard and let me just give you a few statistics here african-americans make up

4:28

approximately 13% of the u.s. population yet only 2.2 percent of small businesses

4:34

are owned by them by comparison White's make up approximately 60% of the population but on 82 and a half percent

4:41

of all businesses black owned businesses are also valued 8 times lower than white

4:47

owned firms and their annual revenue averages 9 times less than white owned businesses compounding this is the fact

4:54

that only 1% of venture capital dollars go to black entrepreneurs all of this has helped contribute to our economy's

5:00

growing inequality what we'd like to do with this webinar is address actionable

5:05

ways that we can help increase black entrepreneurship in particular and in general how we can create an

5:12

entrepreneurship without barriers to all business owners to grow and develop

5:18

their businesses so let me start by putting out the question what barriers

5:24

exist for black entrepreneurs right now what have we seen in the past and how can we move forward in the future and

5:30

Philip I'll direct this first to you and then let's go through all of the panelists for your perspective on this

5:36

broad question and then maybe we can drill down on this sounds good Brian thanks again for him for having me yeah

5:43

you know I a lot of robust conversation today underway on social justice housing

5:50

policing education jobs and of course health and you know African Americans

5:56

are dying from coronavirus at our rate six times higher than than others and

6:02

you know with the shelter in place orders put a particular strain on small

6:08

business owners of of color specifically African Americans just by not having

6:14

cash in in reserves and so I wanted to start with the moment so to speak from

6:19

the African American entrepreneurship framing from that perspective in the moment that we're in but let's take a

6:25

just taking a step back begin with the fact that nationwide entrepreneurship

6:31

has been declining for about four decades overall and meaning more and more people today work for fewer and

6:36

fewer companies but many of our pallas sees today favor big business over new

6:43

businesses and promise big businesses aren't creating enough jobs they tend to

6:49

boost productivity which means people are doing the same amount of work but

6:54

the actual number of jobs is an increase in so the need for entrepreneurship the need for more entrepreneurial starts is

7:00

more important than than ever before the entrepreneurship and small business such a important integral part of the economy

7:08

but all you asked about the the barriers and they're there are four overall and

7:15

we talked about this in our America's new business plan of funding capital

7:20

knowledge support and and and support

7:25

and and networks I should say as well as a few others and so we start with

7:32

capital even before Koba devastated the

7:37

economy black entrepreneurs were struggling already in this area 83 percent of entrepreneurs do not access

7:44



what we call institutional forms of capital those are bank loans or venture

7:49

capital and the vast majority of all that venture capital in the country goes

7:55

to one demographic which is white males with only 1% going to african-americans

8:02

so that's about 20 out of 21 billion dollars of venture capital about 80 percent goes to those demographics so

8:10

then we look at it geographically 80 percent of it goes to four states New

8:17

York California Massachusetts Texas basically five regional areas across the

8:23

nation and so that leaves out an awful lot of people a subset of this is is the

8:31

the credit market subset of this is african-americans difficulty in getting loans to start a business to start a new

8:39

enterprise taking that idea into reality and so I always start with here with

8:44

this part with my story about my dad and when I was a kid used to go everywhere

8:49

with my dad in Central and South Central Los Angeles we'd take me everywhere and one of the places we used to go to a

8:56

lot was the bank our different banks I realized we were going to a number of different things and I finally asked him

9:02

one day I said that why do we go to so many banks you know there's like third or fourth bank we've gone to why are we

9:08

going to so many can we go back to that other bank by the way cuz they give away the best cherry blow pops lollipops I

9:13

used to like but he said son I'll tell you when you get older as it turned out

9:19

the reason why he was going to so many banks is because it took him too long to be seen as viable in order to get a loan

9:26

to start a business so we were because of the zip code that we were in because

9:32

of the color of his skin because of his credit credit score of just being a couple of points too low it took him

9:39

four years to secure any part any form of any form of capital help and this this continues on today whether it's an

9:46

urban urban edge suburban and rural these type of challenges when it comes to capital happen and you know

9:55

african-americans are three times less in terms overall to get approved for a loan less likely to be approved for a

10:05

loan than others so I think the Capital One is one we can certainly start with

10:10

in the conversation today because it is as I say when you put a you're trying to

10:16

run an entrepreneurial economy and you're putting a lid on african-americans and other other

10:24

minorities as well you haven't really found a solution for the rural America

10:30

in addressing this in rural America and by the way I mentioned 1% of venture capital goes to African Americans only

10:36

2% goes to women and so there are a number of different challenges as it

10:42

relates to capital I'll stop there and open it back to the road Thank You Philip I appreciate you streaming those

10:49

four big challenges Marcus maybe you could jump in and talk a little bit about your perspective coming from the Silicon Valley and what

10:56

you're seeing there and also your perception of some of the things that Philip has been talking about in terms of these constraints yeah so I I don't

11:04

like to think of the constraints as as barriers so much as these structures

11:11

that have have developed over time and over over the years there's there's a

11:18

it's not an accident that the Technology Center in the United States is based in

11:24

Silicon Valley and that it remains in

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Silicon Valley it's both the the heart of technology development and technology

11:36

finance and that's because of a pioneer

11:42

at Stanford during World War two Fred Terman who was the Dean of the engineering school at Stanford had the

11:49

idea that a lot of the technological advancement that the Defense Department

11:56

or at that time was the department of war needed could be produced better in

12:02

an academic setting than it could in an industrial setting and so he convinced

12:07

the Department of Defense to finance a lot of the basic research that took

12:13

place at Stanford and from that you see he saw a bunch of technological startups

12:20

generated around the Stanford campus and then in the Silicon Valley and after a

12:27

while they no longer needed the the university for anything more than Talent

12:33

and as a result the money was attracted to people who had STEM backgrounds so

12:40

what you have today are venture capitalists on Sand Hill Road and in

12:47

around Silicon Valley who for whom personal relationships are critically

12:53

important they want to know the entrepreneur they want to be able to check in with the entrepreneur  
regular basis they want to know the ins and outs

13:01

of the way that entrepreneur thinks and they want to develop long-term relationships with those  
entrepreneurs to continue on into serial businesses

13:11

after the first venture is spun off so the

13:16

the real barrier so to speak is that is a structure that's educational and in a

13:23

way because the the venture capital the money is seeking out talent that is is

13:32

trained and in order to to to get more

13:38

venture capital and resources to minority businesses those those seeking

13:47

start those businesses have to have the the background to be able to break in to

13:55

into those those networks now that's only going to happen if we have some

14:01

real fundamental shifts in our educational environment to produce the

14:07

kind of education that's required to participate in an entrepreneurial sector

14:12

in our in our society in our economy and so on that's one of the big challenges

14:19

is not so much changing things at the end of the of the pipeline but actually

14:26

constructing a pipeline that can get access to capital for our our entire

14:34

society for all of his talent you know that's I love the way you put that I'm

14:39

excited about all the things that are coming out on the table in terms of things we might do if we're focused on

14:45

how do we restructure the capital allocation the network's the way we connect people to the right mentors and

14:52

then to your point also Marcus how do we get them into the right educational structure and system so they learn this

14:58

as they go forward and and I know you as an entrepreneur are a big proponent of

15:04

how we learn these systems how we get connected to the knowledge maybe you can talk a little bit about your experiences

15:10

and and and how you see that as being beneficial as we try to expand the the

15:15

access to different people ya know I think a number of really good points were raised in terms of education

15:22

allocation of capital you know for me you know growing up in a

15:28

household that was not entrepreneurship my dad's an entrepreneur you know I grew up learning

15:35

about entrepreneurship right and the ability to start your own venture right

15:41

and you know the the process of going out and raising money and and also the

15:46

barriers that come along with being a black entrepreneur and I think that you

15:53

know I consider myself really really lucky to have grown up understanding how

15:58

that process works right understanding how the relationships impact a lot of the outcomes that you see with with

16:05

these companies you know across a variety of industries and I think that

16:10

there are just so many black people young black entrepreneurs because there

16:17

are a lot that's that's another common kind of misconception that there just aren't black entrepreneurs there are a

16:24

ton right but I think that there's a lack of exposure to entrepreneurship

16:30

exposure to venture capital kind of a lot which which leads to lack of

16:36

understanding of how the whole process fits together I think there's a a

16:42

thought out there that one if you want to entrepreneurship your every day

16:48

you're risking everything you know every day you're taking a million different chances and and so the risk profile of

16:56

being an entrepreneur being a venture capital is just blown completely out of proportion

17:01

in my experience and or at least you know looking in from the outside right and so I think that a big part of this

17:07

is just educating people on what what entrepreneurship really is right what the kind of risk profile also is and

17:15

then also when you look at venture capital you have to you know I was

17:21

telling a story to you guys the other day right where I was speaking with a student from Notre Dame and he was

17:28

thinking about going into the investment space and he was talking about private

17:33

equity and then he was talking about consulting and a number of these different things and he was just so weary about possibly getting into

17:39

venture capital and I told all my said well you know if you going to venture capital as an analyst

17:46

right you're not going to be taking a tremendous amount of risk right you're gonna be sitting there as an analyst

17:52

you're getting paid a salary right if you're not the managing director or or the the the you know the manager of a

17:59

fund right the risk profile is significantly lower than people think

18:04

right and all that's just a it's just a result of exposure and education right

18:11

so - tamarcus is when I think it's not necessarily there are components of the

18:17

end end of the process that need to be addressed right but it's really at the beginning right when kids are in

18:23

kindergarten lower school right how do you start to foster that understanding

18:28

and expose them to the process so they understand the value of being an

18:34

entrepreneur the possibilities and also again back to some prior points that

18:39

were made the relationships the interpersonal relationships the last thing I was saying I'll throw it back is

18:45

that there's also a misconception I think a significant misconception that

18:52

these companies that you see do so well they they you know the entrepreneur the



18:58

founder has worked so hard and they've done this and that and the other and they and they made it happen right and

19:03

it's okay and that does happen right there's a lot of hard working hours that go in but there's also a lot of phone

19:10

calls that get made there's a lot of relationships that come into play there's a lot of different things that happen behind the scenes that results in

19:17

that company that was worth you know five million dollars one day and was worth 300 million dollars the next day

19:22

and it's just a network right it's a club that is very insulated right and I

19:28

think that if you don't know that if you don't know the real rules of the road if you've never been exposed to it and then

19:35

you sit at a disadvantage and that's where a lot of black and brown entrepreneurs got to sit right now you

19:41

know I love that idea Andrew that it's a club and the real question is how do you get people into the club right the club

19:46

has been exclusive how do we get the club to be inclusive and you know the idea Center is all of you know really

19:53

wants to be an agent of change in at least our team with the South Bend Elkhart region to say how do we create a hub of

20:00

entrepreneurship in an ecosystem and entrepreneurship that is equally open to

20:05

everybody everyone can get in the club everybody has access to what needs to happen and going to your point and also

20:11

you know Phillip is an expert in this space and I know Marcus it's not a lot about this and you're bringing up this

20:17

same point maybe we start at the beginning and talk about how do we get into the pipeline the educational

20:23

pipeline that draws people into that Club I don't Marcus maybe you want to start and talk a little bit I know you've had

20:29

a lot of experience in in the K through 12 side of things and one an area that

20:34

the idea center is looking at hard in terms of how do we influence and affect that yeah thanks Brian i I think that

20:42

one of the big failures in this area is the failure of our educational system

20:48

and particularly a K through 12 educational system we are we are failing

20:53

our our talent in this country and so we

20:59

start to provide true educational opportunity for every single kid we have

21:06

no idea what we're losing out on you know we don't know where the next Albert

21:12

Einstein is going to come from we don't know where the next cure for cancer is going to come from so we need to invest in our K through 12 system and right now

21:21

it's broken I've worked in the charter school space for over seven years

21:28

helping to develop one of the most successful charter school networks in California and when I found is that the

21:37

obstacles that are that are in a way of getting kids educated tend to be ones of

21:45

protecting special interests by teachers unions and the the school service and

21:52

services industries they've got a vested interest in keeping things the way they are and are reluctant to embrace change

22:02

what we need are school systems that are geared towards developing

22:09

science technology and math training for

22:15

four kids to be able to tackle the the issues of the 21st century and once

22:22

they've once it got in that foundation there they're prepared to go into the

22:29

the economy of the 21st century that's not the only source of pipeline there

22:34

are are the very people that both Philip and Andrew discussed like they're their parents who have experiences and

22:43

entrepreneurs and it's those people that we can turn to perhaps not with stem

22:49

backgrounds but with entrepreneurial backgrounds to partner with to help develop business and develop talent in

22:58

in small businesses and then the one other thing I want to mention particularly for women an important

23:07

source of of talent is the serial entrepreneur well we don't have a lot of

23:13

women in venture capital right now you're starting to see Silicon Valley

23:18

venture capital firms identify talent within the companies that they funded

23:24

and pull out some of the women and minorities in those companies to give

23:31

them some experience in venture capital and take them under their wing and engage in real mentorship it's the kind

23:38

of thing that Andrew was talking about earlier and it's those mentoring relationships

23:43

that are critically important for building the next generation of small business and and tech business and

23:51

entrepreneurs that's fantastic you know a couple of things before I turn it over to Philip for his perspective on this

23:58

just so everybody knows who's listening today the idea center is is exploring

24:05

aggressively an opportunity to connect with the local school systems to create

24:10

and nurture talent in underrepresented communities and would welcome anybody

24:16

out there who would be interested in partnering with us on this I would welcome you're reaching out to us in

24:22

this area we think this is a very critical area and and one that we want to explore and work on we're also

24:29

looking to to your point Marcus how do we find those serial entrepreneurs you

24:34

know sometimes we've had conversations with it within the black community and also with women and others who say you

24:41

know I'm not an entrepreneur I don't have an idea I'm not sure how I would get into this space to andrew's point

24:47

and what we like to say is we'd like to help mentor you to that point we'd like to help give you opportunities and let

24:54

you practice on some of those opportunities in a very safe environment again to Enders point one that is not

25:01

too hard if we fail right so we can fail forward we can have opportunities to learn and grow and fail so in that sense

25:09

we're also looking to invite people to engage with us in that area Phillip what

25:14

are your thoughts on this I know this is your area of expertise and you spend a lot of time thinking about it I am you

25:22

know as we go into it close to Independence Day you know one of the things I think about is our

25:28

interdependence and what we're talking about when it comes to ecosystems and effective ecosystems is being

25:34

interdependent what we're realizing in the country right now is a lot of

25:42

information and things that have been there for a long time we tend to come together in the moments of we reunite

25:50

whether it's Great Recession or whatever it is we unite and come together and then somehow we become independent again

25:58

and we fall back apart and when we do that what's happening is below the

26:03

surface of the inequalities are just continuing to build and so until we become interdependent more

26:09

interdependent in nature from the ecosystems and systems perspective you

26:15

know the more challenge we're going to be we can't keep you know it does should not take a kovat and social unrest to

26:21

unguents understand what the underlying are and so and the other thing I would say is when we look at where the

26:26

demographics are going and economists say anywhere from twenty to thirty years the United States will be majority women

26:33

people of color yeah and so those two three three large demographics not being

26:41

in rural not being able to get in the game to start and grow a business and to

26:47

then employ people so when it comes from a viability and sustainability of the economy this is about that as well and

26:55

so when I look at we look at the gaps in in venture capital funding and and and

27:01

other gaps it's how do we all come together and understand that this is about where we all go and the base of

27:08

our art ecosystems work at Kauffman is looking at that the thesis is the more

27:14

interconnected and more dense a network is the more supportive of it is for entrepreneurs the more successful more

27:22

successful that entrepreneur will be entrepreneurs are are cast out there and

27:29

they have to go through this maze in a community of who do I talk to who has money whatever and there's no real

27:35

roadmap there's the folks are doing work on this we're doing work and others a Kansas City sourcelink and others are doing

27:42

work around this but it's until we remove these systemic barriers that

27:48

would break from capital to networks to resources to mentorship to health

27:54

healthcare and all the different things it's going to be it's going to be quite a challenge I you know Brian you and I

28:01

have talked about it and you believe that so that the Notre Dame in the geographic area of where you are you

28:07

have that opportunity to really excel here from the standpoint of using nodes

28:14

of the community to bring people together understand what will it take to what are the gaps but how do you move

28:20

someone through than an entrepreneur if you know that from the idea phase all the way through so that there's economic

28:26

economic growth and I mean and wealth overall yeah I love your idea of dense

28:32

networks and how do we create those dense networks and again the invitation to say you know come and and and bring

28:39

your talents and your abilities and let's get you connected with the right mentors throughout our network which by

28:44

the way is worldwide right I mean it's to every you know Silicon Valley Boston

28:49

Austin wherever and get you connected with the right people and deeply integrate you within that network while

28:55

we're creating our local network as well Andrew your thoughts on as you listen to

29:01

this as an entrepreneur yourself as you're building businesses what would you like to see happen from an action

29:08

standpoint and how can we go about that effectively and include people like you who know so much about this space you

29:17

know I think one of the things that always sticks out to me and you know we

29:24

talked about this a lot before before the panel right is there's always a

29:29

conversation going on right maybe not the hard conversations but there's always a conversation going on right but

29:37

we're kind of at a point where I think you're seeing in a bunch of different spaces you know with everything that's

29:44

going on in our country and around the world that you know people are done just



29:49

having conversations right like it's time to actually do something actionable

29:54

right I was reading an article the other day and it was just talking about the

30:00

venture capital world and how they're getting tired of hearing that they're not diverse enough and that they're not

30:06

giving enough opportunities to to black people and brown people and and you know

30:12

generally these people that don't look like the prototypical VC and it was

30:19

interesting because the kind of takeaway was that all right well here if you're

30:24

tired of hearing about it then do something right you know it has

30:30

to be like actions have to be put in place and I think one of the things that

30:36

we continue to discuss is education right how do you foster entrepreneurship

30:41

and exposure in education from an early age right so that does take that does

30:46

take capital right which is obviously what kind of makes most things kind of

30:52

go round but there's a lot of this that is is not capital intensive right it's it's more time right it's it's taking

30:59

the time if you have um a network to to extend that network

31:05

to somebody who's interested in entrepreneurship somebody who's trying to get an idea off the ground right a lot of the work that we do mmm in our

31:13

company it is not is not has nothing to do with capital absolutely nothing right

31:21

like our main function right is to is to is to make investments but at the same time I probably spend at least half my

31:27

time just talking with people I didn't having conversations with entrepreneurs about their idea right like before you

31:34

make that investment you have to go through the paces and the steps of getting to know that person right

31:39

getting to know their background and their understanding of how this whole game works right and so I think that

31:45

it's just one of those things where it's just it's not enough it's just not

31:53

enough to just talk about it and and and I'm kind of dodging the question a little bit by not putting forth a

31:58

specific action step but I think that a lot of this is really focusing on on

32:04

having conversations with people because I think one of the things that we see is that because there is this lack of

32:12

education and exposure at a young age right when you have black entrepreneurs that come to the table that come to

32:18

these traditional VCS and they're not as polished they're not as you know you can't they're not as kind of put

32:24

together in the traditional sense right and and there has to be an understanding

32:30

of the history right of what one of maybe cause that person to get to this point with a great idea but not have you

32:37

know everything every tea every every t cross and every I dotted and I think

32:43

that unless you do that and have that historical background in context it

32:48

makes it very difficult right but I think it there has to be a concerted effort on the part of venture capitalists to say hey okay I'm going to

32:57

invest in 10 black black owned companies right I'm going to invest in 10 black or

33:04

brown owned companies and entrepreneurs and just make the decision just do it right like if you if it's so frustrating

33:11

because and other people could speak to this you just hear it's like oh we're tired of

33:16

hearing about diversity we're tired of hear about this that and the other who cares like I don't care if you're tired

33:22

right do something about it right and and you know put your money where your mouth is right it's kind of what it

33:27

comes down to in my perspective great point great point we've reached the halfway mark in time so let me let

33:34

me get to some questions I got a lot of questions from all of the people here so

33:40

first question I'll throw out to the to the group and we can each take a shot at this says my company is positioned in a

33:47

rapidly growing and very important market segment but we still struggle to gain traction with government agencies

33:53

or the private sector for one reason or another there always seems to be a reason that prevents us from establishing managing and expanding our

34:00

customer base I remain certain that we can deliver exceptional results on a consistent basis how do you enter the

34:07

club what do you think policy policy and

34:15

advocacy I I spoke I'll host her in this I I mentioned and I'll drop into the chat here are America's America's new

34:24

business plan which is a four-point bipartisan plan that is to provide

34:31

advocacy to spur policy maker activity

34:36

local federal and state level to advocate for entrepreneurs and and

34:42

there's those four pillars I mentioned before knowledge support opportunity and

34:48

funding what are the and what we're talking about here Falls almost interrelated into into all of those but

34:56

what is it that how why are they stuck and why are they stuck in that position

35:02

what is it is there anything from a policy perspective or a regulation perspective from a support perspective

35:08

or something that policymakers local federal and state could actually be you

35:14

know brings them make them aware of and have them help front entrepreneurs and

35:20

it's one of the reasons why we we do arm our annual mayor's conference and on

35:25

entrepreneurship bringing together one hundred hundred mayors that come together that brainstorm and take away

35:32

commitments and solutions policies programs and practices they can take back to their cities but it's not only

35:38

at the local level it's at the state and federal level as well with so many of those different types of organization

35:45

jiz that we here so we you know are hoping that maybe we will it's 170

35:52

organizations that are now in the in a coalition start us up now coalition that are actually taking it to the to the

36:01

streets if you cannot do necessary to the streets but through the cities and the states and federal level advocating

36:06

to policy makers in their areas you know I appreciate your idea there about getting connected through you know state

36:13

local federal types of policies and areas and I would offer to whoever that

36:18

was who asked that question in that business to come and engage with the idea center where we can help you

36:24

identify what it is that's holding you back help make the connections with the right areas for example Small Business

36:30

Innovation research loans that are grants that are you know non diluted

36:36

funding that can get you connected with opportunities inside the federal government we have real access to some

36:41

of those as well so that would also be something we would say please come in and connect with us and let's see if we

36:46

can't help other other thoughts on that at all so I Brian I want to agree with fill up

36:56

there that part of what makes it difficult for those kind of efforts to

37:02

be triggered by the private sector is a venture capitalists have limited

37:07

partners and they've got to generate a return to those limited partners and

37:13

when they when they are seeking to make placements investments they have a

37:21

responsibility they have a fiduciary duty to those limited partners to maximize their return and that means

37:29

that they can't take a lot of risks that government is able to take and so policy

37:37

is one way in which we can change the direction or course of the

37:42

flow of capital another way we can do it with regard to the pipeline is an idea

37:50

it's not my own idea it's an idea that come out of Europe actually from the

37:56

rise of a couple of private institutions in Europe and that's it's an idea that I call venture human capital where you

38:06

have a bunch of investors who invest in kids and part of their investment will

38:12

get those kids to the educational foundation that they need in exchange

38:19

for a profit sharing arrangement where

38:25

the investors will get a portion of the salary or wages from that kid when that

38:32

kid makes it onto the market for a 10-year period it's not something we've

38:37

ever tried in the United States I don't even know if we could try it in the United States given our the the

38:43

arrangement of our current bankruptcy laws which would allow a kid to discharge that obligation and as a

38:50

result it would cause that market to dry up immediately but it's something I

38:56

think is worth exploring especially for low-income kids who don't have the parents who can finance an education or

39:04

finance a startup business it might be the human equivalent of venture capital

39:14

when it comes to startup companies that's a great point Marcus and even I think about as you're talking maybe the

39:20

opportunity even of doing this on a philanthropic basis with people who want to really make a difference and say I'll

39:25

sponsor you know a child of color from you know kindergarten through twelfth

39:32

grade if it's an automatic entrance into Notre Dame and the idea Center in a stem background and a connection to the

39:38

ability to build a company and really change the trajectory of these groups of people early maybe there's ways to think

39:44

about it there and then move it into an investment opportunity if that makes sense I I love that idea

39:51

here's another question what are your thoughts on the necessity of mentorship professional coaching for young

39:56

professionals entrepreneurs who want to not only enter the field but also excel

40:01

we've touched on this a little bit but but maybe we can dive in a little bit in terms of how do we do this and what do

40:08

you think the impacts are of this you

40:14

know I start back at the education and and revenge and this there earlier about when I go back and think I didn't know

40:20

my dad was an entrepreneur until almost the day he died never heard the word didn't hear it in

40:25



school wasn't and I look back and I think had he know and had I know what

40:32

would have been different what would the conversations have been and so the mentoring and development

40:39

that starts early and it's one of the reasons that here one of the things we're doing at Kauffman is a initiative

40:46

on real-world learning in our education work and so what are what are the what are the skills the gifts and skills that

40:54

a student hands or where the skills that a student can learn in order that a

40:59

real-world applicable because let's say they may not if they're not able to afford to go to college or what have you

41:05

or or just college doesn't interested in what's being taught what are those real skills and how to mentor them and teach

41:11

them on those things I just I just want to give a different frame on that I'll

41:16

turn it over to Marcus and Andrew if there's any thoughts on that but that's just one thing that crossed my mind I

41:23

think that's a really good point such a big part of it is definitely starting

41:29

early you know I think that you know so

41:35

many so many venture capital firms have you know these venture venture partner programs right that are advisor their

41:41

advisors to the firm you know but they also you know work as you know one things we've talked about it the idea

41:47

centers is venture coaches founder coaches things of that nature and I think that in order to kind of make a

41:57

real change and create some real shift or transformation it just has to start

42:03

earlier right so you can't you you can't wait until somebody has a you know kind of a

42:10

business plan and all everything together to start engaging with them on that level to get start to give them

42:16

that understanding of kind of how all this works you know but the the you know

42:21

and Marcus talked about it earlier just the interpersonal relationships are just

42:26

so so important I think that if if you know going back to the thought around

42:33

kind of a human capital right and investing in kids that are really really young age with where there's a specific

42:40

track that has kind of been placed in front of them right I mean I that so much of this is just access an

42:46

opportunity right in a lot of its luck right but I think if you can provide

42:54

kind of these roadmaps where you say hey this kids coming out of you know is it in kindergarten he's got a sponsor

43:00

that's committed to literally you know 20 years of sponsorship which could

43:06

include that person introducing him to folks in their network introducing them to different mentors and and and

43:14

exposing them to these things I think that'd be really really key from a big I think that'd be a big move you know for

43:22

somebody to kind of step up and make that commitment but yeah it definitely just goes back to education and in

43:30

letting entrepreneurs know that every

43:35

entrepreneur that you see out there you know on TV that's been successful etc etc you know as much as they could take

43:41

credit it's like many other things as much they can take credit for you know everybody always always applauds the

43:48

founder who does really well right but I think the best founders are the ones who recognize that it is a thousand percent

43:58

and the success is a thousand percent a results of the people you put around you and the people is advising you right and

44:04

and so a lot of is just kind of having an understanding and recognition of the

44:11

fact that although there are these prominent founders out there there's probably 30 different mentors that

44:17

they've worked with over the course of their career in order to make sure that they didn't that they

44:24

that they got to that point but also in the in the failure right because there's a lot of failure it's a huge roller

44:30

coaster right and not everybody's equipped for that but I think that the successful entrepreneurs in predominantly white entrepreneurs have

44:38

the understanding of the young age that you can fail and that's okay and they

44:44

know that there's going to be a network around them from that Club right to to

44:49

support them and say okay you failed once like let's keep going right versus you failed once now you got to go get a

44:55

you got to go get a different you got to pursue a different career right so I think it's the support system that's so

45:02

important I think that people need to recognize that and support and support

45:07

that idea that's a that's a very rich answer and there's so much in there to unpack one of the things that I think is

45:14

is is really critical to is this this idea that I can fail at this I can try

45:20

something I've got people around me that can help me and there's another question that kind

45:26

of goes right onto this which I says from the perspective of people who are not in the club what can they do to be

45:33

part of the solution and one of the things that I hear you saying to is this willingness to step forward and connect

45:40

with those people who can help you to to be to be part of a network that's willing to take you in is also a scary

45:48

but an important step right if I look around and say wow I could go I'll use

45:53

an example to the idea center but I don't see very many people there to look like me and therefore I'm afraid to

45:59

connect to that environment how do we both make it welcoming for them and they

46:04

also have the the courage to do that so that they could get access to all these

46:10

networks and support systems I'll just throw that out there is a question for all of you you know I'll

46:16

just think it take it really quickly I think that conversations like this where we're actually talking about action

46:21

steps right and where people can see that the Notre Dame idea Center is about

46:27

that right I think is a big step right you have to recognize and admit that maybe

46:34

you're not in in in maybe you're not as involved as

46:39

you think you are right in in different circumstances and I think that once you

46:44

get to the point where you can kind of say hey we can do better we're willing to have the conversations

46:49

I think people you know might start to get more comfortable with going into an

46:55

environment like the idea centered saying okay like I at least know that

47:00

these conversations are happening they've recognized that me coming in as a black entrepreneur might not be

47:06

comfortable might not be you know I might be scared etc and I think it's kind of a an

47:12

acknowledgement of that being okay because most entrepreneurs entrepreneurs are or terrified of something right

47:21

that's out there and I think that this is just an this is not just but it's another thing that we need to put into

47:28

that kind of that basket of things that you know scare the heck out of entrepreneurs and say when it comes to

47:35

black and brown entrepreneurs this is something that might turn them off of this and this is something that might

47:40

scare them away how do we move forward to to address those things and be open to acknowledging that yeah just so

47:49

everyone is aware I sent out my email address on the chat the QA and the chat

47:55

and if you are an entrepreneur who wants to get connected into our ecosystem we are actively looking for you so send me

48:02

an email I we don't we don't care what people look like I want women minorities

48:08

anybody who wants to be connected to this ecosystem we want to plug you in so send me an email and we'll do all we can

48:14

we we're biased towards technology companies but that doesn't mean I love Andrews earlier point to which was

48:20

sometimes you don't might not be the main entrepreneur today but could be tomorrow so come get connected to the

48:26

system and we'll try to work and figure out where the best fits are Marcus I don't know if you have other ideas that

48:31

you want to add and then we'll go to Philip to for some comments I just want to add something to what Andrew you said

48:36

I thought what Angie just said was very important one of the things that you noticed in Silicon Valley is that

48:45

investors feel more calm well with co-founders rather than

48:51

founders in other words what I mean by that is that investors are attracted to

48:59

companies that are founded by teams of people rather than by one individual

49:05

leader as an individual leader it's gonna is going to have their their flaws

49:11

but teams tend to be able to compensate for the flaws of each other and so a lot

49:17

of them that investors are attracted to that of a founding situation and that's

49:23

another opportunity for an entree for minority and women entrepreneurs is that

49:30

they don't have to be the idea person they can be a partner with that Indian person thank you yeah I think

49:39

inclusivity and inclusive thinking is really important you know I always say that in Bryan to your point of having

49:46

everyone everyone welcome and everyone included and it's from that finger who's

49:51

not in the room and one of the things that in this system changed nature of

49:57

how communities form an entrepreneurial communities form is making sure that

50:03

everyone is in the room that should be in the room and the awareness to who's missing and who's not there and then why

50:11

is that and changed that it is that outreach is that understanding is admitting whatever it is you can have I

50:17

always say you can have a diverse room you can have an inclusive room doesn't

50:25

mean it's an equitable room so the e & di is is the key one for me an equal

50:32

seat at the front table in belonging in contributing in being heard and being

50:40

respected when those things can happen interconnectivity learning happens

50:46

change happens from that perspective and and keeping those those things in mind

50:52

when when convening people and beginning to come up with an idea on something

50:57

make sure everyone's represented that's an awesome input I mean even thinking about a

51:02



multi-dimensionally like that to really access the fullness of the human capital in the room right everybody's brain

51:08

everyone's perspective I think that's fantastic let me let me ask another very

51:14

interesting question says in the Boston area there are some VC firms forming funds to invest exclusively in

51:19

businesses owned by round and black leaders there's some by the way that are also doing this exclusively for

51:25

women-owned ventures is this an effective way to start to include people

51:31

in these ecosystems in these networks or do we just create new ecosystems and networks that are disconnected well I

51:39

think it's actually something and thank you for the question I'll start on this yes the answer is yes and trying out

51:46

what are the new Mecca no we're talking about systems change so sometimes you might have to create a new system or go

51:51

around it we're doing the the same thing testing out something called the capital access lab I just drop that into the

51:58

chat that answer the question yes I think if because we talked about this

52:04

the systemic barriers or how everyone wrote refer to them of how do we get

52:10

capital to people that Dulli deserve it and it taking too long and the systems

52:16

might do we have 20 years to wait for certain systems to change or even one year you know so create ways to get

52:25

capital to different groups that have to accelerate that our capital accidents leaves to try again it's a model it's a

52:32

test of a new mechanism and so it said we put money into a donor-advised fund

52:37

and that fund that is funding five fund managers who are funding diverse

52:45

entrepreneurs only and so what we're

52:53

doing is and looking at that and saying okay let's look at that is it is this something that will work

52:58

and most of these funds its revenue based revenue based models and we hope

53:04

that that's going to our learning on that will be something we can share share far and why we will share the

53:09

learning spark and why and see if this is something that's viable to do just just trying to test something

53:15

see what works so I want to jump in and sound of the little contrarian here I

53:22

I'm hopeful that models like what's being tried in Boston will work but I'm

53:29

I'm urging caution there because we've got experience where people use the

53:38

wrong criteria or basis for investing in the giving an example

53:44

the solar power industry in California several years ago the government decided

53:50

it was a good idea to invest in solar power and invested in several companies

53:55

that were not competitive and they they failed it is I think important to seek

54:01

out minority businesses and women-owned businesses but at the end of the day you have to make sure that they are

54:08

competitive and you are not selecting them simply because they are minority-owned or because they are owned

54:13

by women you have to select them because they are being missed by the market they are

54:19

being overlooked or they have to be real business opportunities and I frankly trust private investors to make those

54:28

decisions because at the end of the day they they have a fiduciary duty to their

54:33

investors to generate a return so I'm I'm I'm cautiously optimistic that the

54:39

efforts like that will work you know I love what you're saying to Marcus as a fund manager ourselves who are actively

54:46

looking for women and minority-owned businesses to invest in but at the same time having a fiduciary responsibility

54:51

to return to our limited partners it puts all the more pressure on us to

54:56

think about how we engage those folks early in our ecosystem and environment

55:01

to make sure that they are competitive right and to your point that they are co-founders with founders and that

55:07

they're learning to andrew's point all of the ins and outs of how entrepreneurship works and funding works

55:13

and and and as we all know it's a cut it's a complex environment it's it's something that takes some time to come

55:19

up that curve for anybody so we need to think about how that happens I appreciate that inside yeah

55:27

yeah I would just jump in a little bit and say I think it's a really really

55:32

good point that Marcus that Marcus made you know at the end of the day I think

55:38

one of the things that one of the things we focus on right at the idea centers is

55:44

really somebody might come in with an idea right it might be a terrible idea

55:50

okay but that happens a fair amount in the venture world right and it's kind of

55:57

what you do from that point right can you help that person to take the

56:02

idea they had and shift it or pivot it so it might make a bit more sense or it

56:08

might be a bit more applicable it's it's it's the ability to commercialize that product is a little bit better right I

56:14

do agree that you have to there's an aspect of this that that where there

56:22

needs to be the philanthropic side but I think when we talked about human capital and the sponsorship of individuals from

56:27

a young age right but I think at the same time it's a hard space like

56:33

entrepreneurship and sure you know it's a hard space to be in period right and I think that at the end of the day

56:41

like the initiative in Boston I think that's that's great I think it's a great thing but I would agree that you're not

56:50

doing not doing anybody any favors if you are investing in their company just

56:57

because they're black in my opinion I think that you the responsibility lies

57:03

in actually making sure that they're positioning themselves in the best way

57:09

possible and then putting putting putting the resources behind them and

57:16

the support and the network right is so important I think that there's a lot of

57:21

different factors but I think you really have to it really just comes back to

57:27

early education and exposure right so when people have called you to that point you know they know right they know

57:34

hey I've got an idea that the market missing right now and thus there's a better chance that there's going to be investment and supporting those sorts of

57:41

things but it has to start that's a start much earlier idea that you get to the point where you really know you've

57:47

got a D risk idea that is is worthy of that and again speaks to how important

57:52

it is to be engaged in that ecosystem early comment I was just gonna say and

57:59

with that in in doing that you know we help change one thing I think it needs

58:04

to change is the perception in their inherent thought that is a deficit

58:13

mentality versus an asset mentality when it comes to investing in women and black

58:18

people people of color you know that this this this notion that they're not

58:24

as viable to succeed they can't make the same type of money or return those are the also those type of implicit biases

58:31

that are there do create ideas around you know alternative mechanisms of

58:38

funding because we do hear number of entrepreneurs that state that in surveys

58:44

that we do so I just want to know that's a great point and being cognizant of those biases and making sure that that

58:51

we're evaluating those openly is going to be really critical one of the questions that we got here was what are

58:57

the specific things the idea center is doing to address this I want to mention two things that we're really addressing

59:04

and then give each of the panelists a chance to make some short comments and then we'll wrap this up two things that

59:11

we're doing we are as I mentioned before aggressively moving towards working with school systems whether they're charter

59:18

schools or local school systems and districts about how we create pipelines of entrepreneurship and stem capacity

59:26

starting with kindergarten moving through twelfth grade with automatic access into Notre Dame lots of work to

59:33

be done there but what we're trying to do is create innovation fellowships within the idea center work where people

59:39

have been steeped in this knowledge and in these ecosystems and networks from a very young age and yes that might take

59:46

us 20 years but what I don't want to do is be having this discussion in 20 years wishing we'd started 20 years earlier

59:52

right so that's our long-term approach and we're more aggressively moving on

59:57

that so folks that want to help us love to connect the other thing we're doing is if we have any strength at all in

1:00:04

Notre Dame its our network we we have 750,000 alums worldwide we have

1:00:10

connections into virtually every major corporation in every major institution

1:00:16

and in our effort to create a local ecosystem we can connect you with a worldwide ecosystem as well so the

1:00:22

mentorship thing that our panelists have talked about today is a critical focus of hours of success connecting all

1:00:29

entrepreneurs with the right mentors the right advisors the right board members the right people with the right

1:00:35

connections that can help them be successful as they go forward so again I invite you to come and connect with us

1:00:42

so that we can help you connect with all the right people that can help move this forward those are two specific action

1:00:48

items that we're taking now and happy to consider others as well as we wrap up

1:00:53

let me give each of you two minutes any final thoughts let's go in kind of

1:00:59

reverse order I'll go Marcus and then Andrew and then Phillip and then we'll wrap this up go ahead Marcus so I

1:01:06

appreciate the opportunity to be here on this panel I I just think that Brian

1:01:12

you've just touched on the two most important things that we can do number one is that we have to create a pipeline

1:01:18

of of talent we have to invest in in our people and and number two is we have

1:01:26

have mentors who can pass knowledge along to the to the pipeline that we

1:01:32

generate it's not enough for us to create black and brown kids with talent

1:01:38



and education and skills if they are deprived of the access to mentorship and

1:01:46

guidance that's really critical to success in in in small business so

1:01:53

hopefully we can have some impact especially at Notre Dame on on creating

1:01:59

that kind of environment thank you Marcus and thanks for joining us today it's great to have you  
Andrew yeah would

1:02:08

echo what Marcus said and just this has been a great conversation and and I think that you know one of  
the things

1:02:14

that I talked to Brian about before before before this panel and when he was

1:02:20

describing what we were doing what the purpose of it was was I wanted to know

1:02:25

very very specifically that this would be a conversation that led to action and

1:02:31

we discussed this before you know Marcus and with Marcus and Phillip and and I

1:02:36

truly believe that what what's happening at the ideas center is completely based

1:02:43

around action what Brian is all about is action

1:02:49

so I'd said that first but I would probably come back to a couple of things

1:02:54

you know I think it at the end of the day comes down to education exposure

1:02:59

mentorship and to to mark this point you know you need that you need to develop

1:03:04

that pipeline you know so targeted funding for for specific individuals for schools for workshops for scholarships

1:03:11

that start at the beginning a start in kindergarten it's just so huge to then

1:03:16

take that person you know through their through their life up to the point which they're going to college right and and

1:03:24

and and have them be in a position where they've been learning about the game

1:03:29

they've been learning about the club they've been you know creating their own network as a result of people who are

1:03:36

willing to give them that access and give them that guidance and I think the

1:03:42

last thing I would say is that as I mentioned before this is a time for a

1:03:53

lot of conversations it's a time for action I think it's a it's a time where

1:03:58

there's there's there's going to be a ton of a ton of ton of different ways to

1:04:05

meaningfully participate in society as an entrepreneur because of all the transformations that are gonna gonna

1:04:11

gonna have to happen as a result of the pandemic and and everything else that's

1:04:17

going on and so I would say that for all the the

1:04:22

VCS listening for the entrepreneurs that have companies that are thinking about

1:04:28

starting companies but yeah actually at the VCS right so at the VCS you just

1:04:36

have to do it right it comes down to I said earlier you got to put your money

1:04:42

where your mouth is you know and say we're gonna do this we're gonna support

1:04:47

action and we're gonna do that with dollars in the way that we would for you

1:04:55

know a white entrepreneur and so I think that until you just do it and stop

1:05:02

talking about it and stop complaining about the fact that everybody's mad at you because you're not that's because if the

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countenance it comes it's a conscious decision and so if you make a conscious decision to take action it'll become

1:05:15

very clear very quickly who's doing that and who's not and I think the folks that do do that

1:05:20

will will will benefit greatly and we'll

1:05:26

also be doing really really good work fantastic thanks Andrew Philip this is

1:05:32

why you never follow an entrepreneur

1:05:39

following Marcus and Andrea okay I think

1:05:46

you know our founder Ewing Marion Kauffman and a wonderful quote all the

1:05:52

money in the world cannot solve problems unless we work together and if we work

1:05:58

together there's no problem in the world that can stop us yes I go back to the interdependence theme and a little bit

1:06:05

of a theme from what Andrew is just saying it's this is a moment in time that doesn't come very often the

1:06:11

tectonic plates shifting that we have out there and maybe once in a hundred years you got to grab on the times like

1:06:17

this that are there there are hard times they're hard for so many people or losing people but you know there's a

1:06:25

door opening as well and this is the time if you don't know how to jump in if

1:06:30

you don't know how to change if you you don't think he can make a difference if you haven't liked the conversation but this is the time to

1:06:38

say I don't have the answer I need help I want to help how do I do it and or you

1:06:46

know study and find a way to do it this is a golden opportunity time for us to

1:06:52

make sure that we all all thrive and everyone can take some idea and make it

1:06:59

make it a reality economic reality thank you thank you to all of our panel arts

1:07:07

our participants Andrew Philip Marcus really appreciate you being with us with us today having a very tough and open in

1:07:15

productive conversation for all of you listening these these proceedings will

1:07:20

be on a podcast that you can find in wherever you get your podcasts and also on our website at ideas Center dot ND

1:07:27

dot edu and should be available very soon and as is also the questions and

1:07:34

again we invite you if you want to be a part of what we're doing too please engage and we look forward to hearing

1:07:40

from you again thank you all for participating and we hope you have a wonderful rest of your day