



# Leveraging the Growth of Minority-Owned Small Employer Firms for Equitable Economic Development

J. Jean Horstman, StepBack Collaborative

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# Contents

GOAL: Illustrate how engaging an ecosystem in the design and development of a capacity building program for Minority-Owned Small Employer Firms\* will catalyze job creation, grow employers, and build the trust needed for equitable economic development.

1. Looking at Ecosystems Systemically
2. Introducing Minority-Owned Small Employer Firms Ecosystem
3. Capacity Building Model for Minority-Owned Small Employer Firms (MSEF)
4. On-Line Resources



# Looking at Ecosystems Systemically

A Quick Fix is a Fix that Fails.

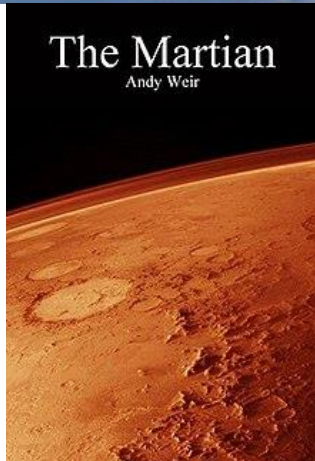


# Systems are Multi-Layered

- Organizational
  - Primary focus and where most time spent
  - Targets, performance measures, top down
- The Interpersonal
  - To optimize the whole, we must improve the relationships between the parts.
- Values and Mental Models – What can sink you
  - Existing values
  - Values we choose and to which hold each other accountable
  - Mental Models: unspoken beliefs about our selves, each other, and the system



# Change Moves at the Speed of Trust



- Every system change is a new experiment.
- If we knew how to do it, it would already be done.
- Embrace same goal: learn our way forward together.
- Invest more time on relationships and values.
  - Getting nose to nose
  - Questions create space
  - Inquire, appreciate, listen, reflect



# The system works with and on itself

- Invite members to create together
- Utilize the motivational power of curiosity in
  - i) Exploring a compelling question ,
    - not judgmental or accusatory
  - ii) Designing and implementing an exploration of the question
  - iii) Making sense of what arises
- Catalyze trust between members
- A shared learning project
- Co-problem framers and solvers

Suggested Learning Project

MSEF Capacity Building Program



# Ecosystem Problem Solving: Small Business/Good Jobs

- Identify who is in the ecosystem (more to come on actor mapping)
- Craft a compelling invitational question that evokes curiosity.
- Invite actors from each domain to join a learning community.
- Decide how we could work together so that others want to join us?
- Identify what might be possible.
- Define existing blockages. Structural, relational, mental models?
- Identify one to two low-risk, high-leverage ecosystem experiments that don't require permission from anyone.
- Try. Learn. Keep what works. Identify what's next. Repeat.
- Celebrate with each other and the ecosystem.
- Maintain momentum and stimulate curiosity.



# Introducing Minority-Owned Small Employer Firms (MSEFs)

Their Challenges and Opportunities





# The Business Life Cycle – Second Stage

- Different Small Business Stages Require Different Small Business Strategies
- Growth Challenge for small employer firms: Everything is changing!
  - “Stuckedness” – Buried in the Business
  - Trust/Imposter Syndrome
  - Mutual evolution of the business and the business owner
  - Shift in leadership style from Control and Direction to Delegation, Trust, and Process
  - Growth is driven by 4 Cs: Customers, capacity, connections, and capital
  - Sales and expanding markets
  - Cashflow management



# MSEF Profile

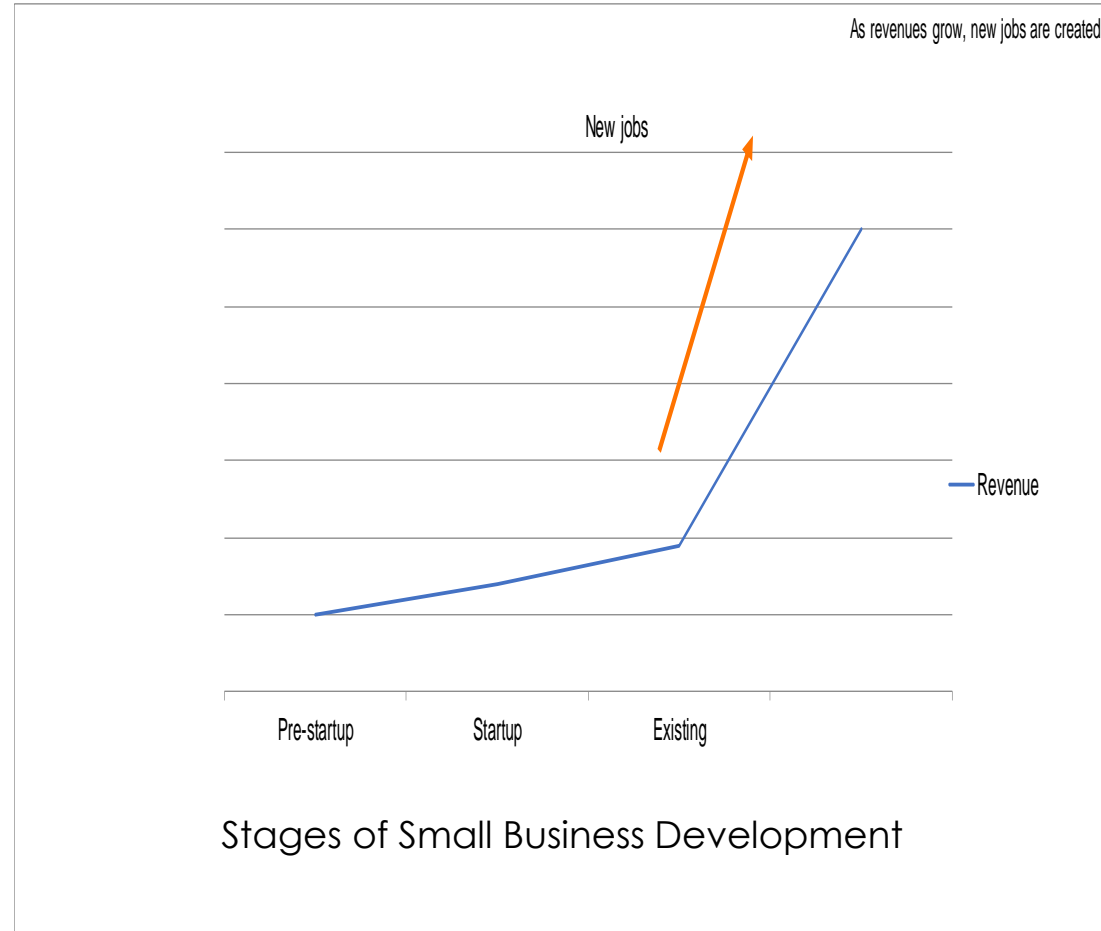
- Revenues:  $\geq \$150K$  and  $\leq \$5MM$
- Employees: 2+
- Years in Business: 3+
- Mentality: from entrepreneur of necessity to opportunity<sup>1</sup>
- Location: lower-wealth community or minority/owned
- Growth is market-driven: increased sales and expansion beyond local markets
- Owner buried in the business/isolated



# Why Existing Small Employer Firms?

**When they grow their businesses, they are better positioned to...**

- Create jobs
- Contribute to economic revitalization
- Engage more actively in civic and community leadership
- Take advantage of business financing



# Why Minority-Owned Small Employer Firms?

- In LMI-designated communities, the major sources of employment are Anchor Institutions, Government agencies, and Small Employer Firms.
- Small Employer Firms only net new job creators.
- Highest potential to create **good jobs with livable salaries and benefits.**
- Survived start up with highest potential for further growth and greater resilience<sup>1</sup>
- Models for the possibilities of growth!

Their growth and success activates the aspiration and belief of smaller, earlier stage business owners that they too can successfully grow.



# MSEF Ecosystem Domains

Fertilize: We are glad you are here!

## Government

Advocate  
Convener  
Infrastructure  
Customer Service  
Mentality

## Conducive Culture

Celebration  
Promotion  
Visibility/Recognition  
Engagement

## Feed - Access

**Expanded Markets** –  
Procurement/Supplier  
Development

Stage Appropriate  
**Capital**

**Talent** and Resources to  
Growth Talent

## Seed - Learn

Business-Stage Appropriate  
Capacity Building

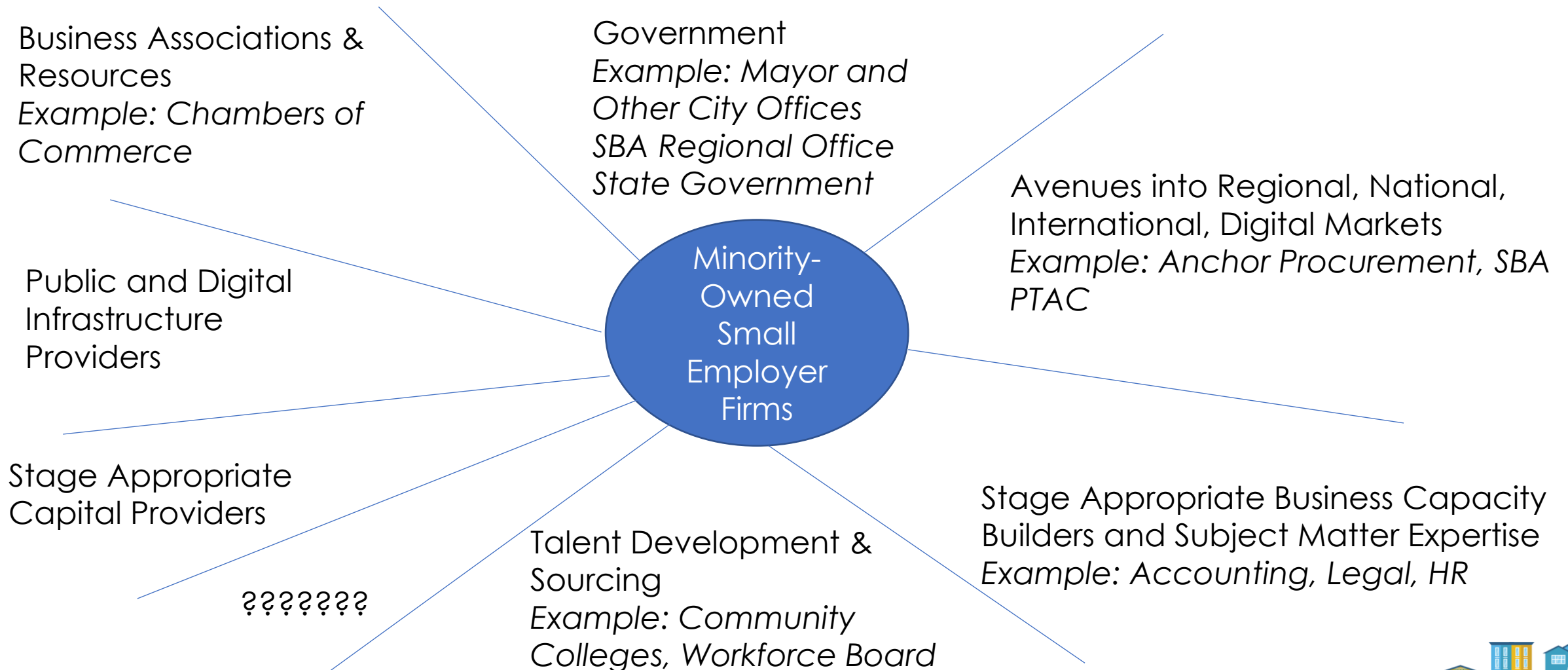


# Seed – Successful Capacity Building

Challenge	Details	Components
Trust Deficit/Isolation	Imposter Syndrome	Peer-To-Peer Cohort Learning Live Case: Study own businesses
Doing Everything	Shift of Leadership style <ul style="list-style-type: none"> <li>• From Control and Direction to Delegation, Trust, and Process</li> </ul>	Behavioral Ed Model <ul style="list-style-type: none"> <li>• Long and frequent enough to form and keep new habits</li> <li>• Participatory/Facilitative Instruction</li> </ul>
Market and Employee Expansion	When, where, and how to do both	Stage Appropriate Business Curriculum Growth Plan
Bridging Social Capital	Building relationships within other ecosystems domains	High Profile Growth Plan Presentations
Stage Appropriate Capital/Larger Contracts	Building relationships within other ecosystems domains	Integrate domains into the program



# Inclusive Ecosystem Actor Map (Names/Connections)



# Capacity Building Model for Minority-Owned Small Employer Firms

A suggested ecosystem learning and trust building project





# MSEFs and Trust



# Program Elements (based on FastTrac® Growth Venture)

Nine-months, part-time, 100+ hours

- FastTrac® Growth Venture curriculum (*FREE, available in English, Spanish, Mandarin*)
- 10 three-hour bi-weekly class sessions and 5 hours prep time
- At least “Live Case” studies by cohort members about their businesses
- Smaller CEO support groups for personal and group accountability. Meet between classes.
- Peer-to-Peer, facilitative instructor (not teaching!!)
  - Experience growing a business(s) *and* facilitating adult learning
  - Understanding of the cultural context of the business owners
- Adult Learning Cycle: share, learn, plan, execute, reflect
- The Instant Rolodex for Growth

**Output: Three-year Growth Plans presented to and celebrated by the ecosystem.**

**Outcome: Business knowledge, managerial know-how, and relationships needed for further growth**



# Rolodex for Growth – Activating the Ecosystem Through Service & Learning

External Expertise	Ecosystem Source	Need
<b>Successful Business Growth</b>	Chamber of Commerce, Board of Large Nonprofits, Successful Entrepreneurs	We all fake it! (Imposter Syndrome)
<b>Market Research</b>	Economic Development Agency, <b>Business Reference Librarian</b> , Market Research Specialist, State International Trade Agency/Association, <b>Business school students</b>	Growth based on larger markets
<b>Business Strategy</b>	B School Faculty, Consulting Firms, Finance Firms, Business Brokers, Business Strategists	Working on, not in the business
<b>Accounting</b>	Accountancy firms, Anchor Institutions	Cash flow
<b>Finance and financial advice</b>	Equity Funds, Finance Firms, Business Bankers, CDFIs, Angel Investors	Growth capital: Debt, Equity, both?
<b>Marketing and Sales</b>	B School Faculty, Marketing Consultants,	Growth based on expanded sales
<b>HR &amp; Organizational Development</b>	Anchors, Corporations, Chambers of Commerce, SHRM local membership, Professional Employee Organizations (PEO – Trinet, Insperity)	Talent, Sales, and Markets – keys to second stage growth
<b>Legal</b>	Attorneys, Insurance Brokers,	HR, acquisition, merger, liability
<b>Commercial Real Estate</b>	Commercial real estate agents, Economic Development Professionals	Change of facilities
<b>Operations and Technology</b>	Vistage members (successful businesses at scale), Lean consultants	Well designed operations support trust
<b>Contracting and Procurement</b>	Procurement Officers (local, state & federal government, anchors, and private, SBA PTAC), Marketing Consultants, E-Commerce	Strategy for mid-scale growth
<b>Communications</b>	Public Speaking Coaches, Graphic Designers, Media and PR Specialists, Social Media	Telling your story effective supports bridging social capital

# Online Resources

All Free!



# Further information available on request

**Strategic Doing** (Tool for facilitating local and ecosystem collaboration)

- <https://strategicdoing.net/>

## **Small Business Stages**

- <https://hbr.org/1983/05/the-five-stages-of-small-business-growth>

## **Stage Appropriate Business Development Curriculum**

**FastTrac® GrowthVenture™** (Free, Spanish, English, Mandarin)

- <https://www.fasttrac.org/green/>

## **Small Employer Firm Resilience**

- <https://www.frbsf.org/community-development/publications/working-papers/2012/december/small-employer-firm-resilience/>

## **System Actor Mapping**

- <https://kumu.io/> (private projects starting at \$9/month per project)
- <https://www.systemsinnovation.io/post/actor-mapping-canvas>
- <https://www.systemsinnovation.io/post/actor-mapping-guide>
- <https://www.fsg.org/tools-and-resources/guide-actor-mapping>



# StepBack Collaborative

[jjeanhorstman@gmail.com](mailto:jjeanhorstman@gmail.com)

+1 617 650 0722

