



BIPOC Chamber of Commerce Feasibility Study

City of Tacoma Community and Economic Development Department

Authorship and Acknowledgments

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Purpose of the Study

The mission of the City of Tacoma’s Community and Economic Development Department is to facilitate equitable economic growth and opportunity by supporting existing businesses, enabling reinvestment and revitalization, and promoting the attraction and creation of new businesses, living wage jobs, and housing options to enhance the quality of life in the community. The City is equally committed to identifying and eliminating the underlying drivers that perpetuate racial inequity. The City believes that a diverse, inclusive society provides opportunities to all and will eventually make us a stronger city and the best place to live, work, and thrive.

As such, the Community and Economic Development Department (CEDD) has engaged in strategic efforts to address the disproportionate impact of the pandemic on local businesses owned and operated by people of color. One of those strategies is to assess the feasibility of establishing a chamber of commerce (or alliance) in Tacoma for Black, Indigenous, People of Color (BIPOC) owned businesses. These types of chambers of commerce are trending nationally. This report includes profile information on affinity-based chambers of commerce in the Pacific Northwest (**Appendix A**). An affinity-based chamber may center race, nationality, ethnicity, or even sexual orientation. It is a growing response to the racial wealth gap and the lack of economic access and support for people of color and other marginalized communities who own and operate small businesses.

Business ownership by race/ethnicity with percentage of total population

Race/Ethnicity of business-owner	All firms number businesses	% of all firms	% firms with employees	% of U.S. population
Asian	1,917,902	7.10%	9.40%	5.00%
Black	2,584,403	9.50%	2.10%	12.60%
Hispanic	3,305,873	12.20%	5.60%	16.90%
Native American	272,919	1.00%	0.50%	1.70%
White non-Hispanic	19,278,260	70.90%	81.60%	62.80%

NCRC.ORG

NATIONAL COMMUNITY REINVESTMENT COALITION

Figure 1

The above graph is from the National Community Reinvestment Coalition report published in April of 2020. Researchers from the JPMorgan Chase Institute found that businesses located in Black and Hispanic communities were less likely to have the cash available to survive the COVID-19 pandemic. Although Black and Hispanic people represent 12.6% and 16.9% of the U.S. population, Black-owned and Hispanic-owned businesses with employees are only 2.1% and 5.6% of businesses, respectively. Furthermore, Black-owned businesses are much more likely to be non-employer firms (sole proprietorships). In 2019, only 4.1% of Black-owned businesses were employer firms, compared to 19% of white-owned businesses.

The COVID-19 pandemic was undeniably impactful for both public and private sectors. However, small and startup businesses experienced significant losses, particularly minority owned businesses. Preexisting disparities in lending, networks, and the economic environment already made these businesses more vulnerable, but the pandemic exacerbated the vulnerabilities. Research indicates that the pandemic led to greater earnings losses for business owners of color than white business owners. Losses of business earnings were 17% for all business owners, 28% for Black business owners, 21% for Asian business owners, 19% for Latinx business owners, and 15% for white business owners (Fairlie, 2022).

A 2020 report revealed that the fallout from the pandemic resulted in the number of self-employed Black-Americans dropping by 41% from February to April while the number of Latinx non-employer entrepreneurs dropped 32%, compared to a 17% drop for white entrepreneurs (Fairlie, 2020). The 2022 Small Business Survey reported that despite some improvement in revenue and employment performance among employer firms, firms owned by people of color were less likely than white-owned firms to report that either metric had reached pre-pandemic levels. Access to the capital required to bounce back was a significant barrier for minority owned businesses. Racial disparities were revealed in the Paycheck Protection Program (PPP) funding allocated during the pandemic. The chart below notes that Black-owned business received less than half of the funding for which they applied.

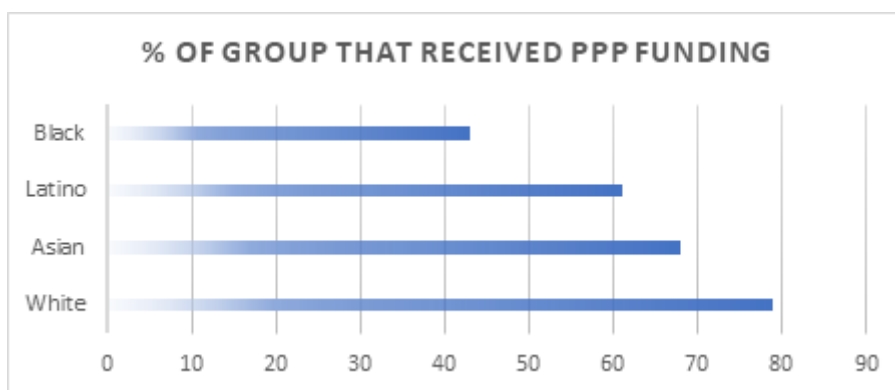


Figure 2: Source Small Business Survey, 2022

Difficulties that businesses of color face in access to financing and capital is an obstacle on their path to sustain themselves and grow. Given that people of color are an increasing share of the self-employed, and that startups owned by people of color are more likely than their white-owned counterparts to indicate a desire to grow, a focus on closing these gaps will become more important.

This report contains the results of a survey designed to gather the opinions of local business owners specific to their level of interest in a BIPOC-focused chamber of commerce. In addition to interest, business owner/operators were asked what they need to take their business to the next level. The report also contains comparative data and information about local and regional efforts that are geared toward small businesses such as business support programs and affinity-based chambers of commerce. The data and research are presented here in the form of recommendations to the City of Tacoma’s Community and Economic Development Department.

Methodology

Colemon and Associates facilitated the following process steps to collect the opinions and thoughts of local business owners as it relates to the feasibility of a BIPOC-focused chamber of commerce in Tacoma.

Inventory and Outreach

- Engage and interview key informants
- Administer the survey to businesses
- Follow up when necessary

Research

- Identify/Inventory comparable entities (Chambers of Commerce)
- Survey local conditions
- Identify feasibility criteria for analysis

Figure 3: Methodology

The Inventory and Outreach Phase of the project included engaging business owners, administering the survey, and collecting responses. Given that Colemon and Associates is also a small business, the survey and process was designed with the understanding that time is a commodity for small business owners/operators, particularly here in Tacoma where many are non-employer entities. The survey was intentionally brief and conducted using a relaxed and relational posture.

Prior to conducting the survey, key informants were identified and interviewed. Some were familiar to Colemon and Associates, others were referred. The interviewees represent organizations that offer support services (training, coaching, consultation, etc.) to small businesses. These individuals offered tremendous insight in response to the informal questions about the small business landscape of Tacoma. Comments have been captured below in brevity (Figure 4). The insight from those who with deeper connections to local small businesses allowed for survey responses to be contextualized and helped shape the feasibility criteria for analysis.

Small Business Capacity Builders	Insight/Feedback
Tacoma Urban League	Black businesses need increased access to start-up capital
Tacoma-Pierce County Black Collective	Black businesses should be prioritized based on the racial wealth gap data
Mi Centro	Language and translation needs are a barrier for Latino-owned business growth
Tacoma-Pierce County Chamber of Commerce	May be a need for smaller, geography or affinity-based chambers of commerce

Washington African American Chamber of Commerce	There is momentum for affinity-based chambers of commerce
Washington State Department of Commerce	Still many businesses who are not “ready” to receive large public-sector contracts

Figure 4. Key Informant Comments

The 2017 Census reports that there are 2,340 businesses owned by people of color in Pierce County, with 703 of those businesses in Tacoma. A total of 376 local businesses were researched and attempts to contact 304 were made, of those 133 businesses were surveyed. Local businesses were defined as those located/headquartered in Tacoma. Online or e-commerce businesses need to have a registered owner address in Tacoma. The survey responses were captured in the **Business Profile Information Form (Appendix B)** which was administered between March and June of 2023. The form included two primary questions, “**what does your business need to go to the next level?**” and “**what is your level of interest in participating in a BIPOC chamber of commerce?**” Four researchers with a background in research, data analysis, and diversity, equity, and inclusion (DEI):

(1) reviewed the directories/database of businesses contacts and source documents to create a comprehensive list of businesses to be contacted.

(2) were responsible to contact a specific number of businesses via phone, email, text, in-person scheduled meetings, walk-ins (when feasible), in social settings based on opportunity, and through social media

(3) followed up a minimum of three times if there was no initial response to the inquiry and engaged translators when feasible and necessary

Responses to the two primary questions were compiled, aggregated, and included in the section entitled Conclusions and Recommendations.

Adjacent is a sample of a completed Business Profile Information Form which captures the survey responses as well as additional information about the business. **Appendix C** is a spreadsheet that contains the **Compiled Survey Data**.

Business Profile Information Form

RESEARCHING A BIPOC CHAMBER OF COMMERCE

BIPOC refers to Black, Indigenous, People of Color – it is a term to acknowledge the diversity of people of color around the globe. Our research will gather the opinions of BIPOC business owners – to assess the feasibility of a BIPOC Chamber of Commerce in Tacoma-Pierce County. A chamber of commerce is a business network that furthers the interest of its members.

BUSINESS INFORMATION:

Name of Business: Peter Tolosa - Chosen Barbers
 Location (physical/virtual/website): 1142 Fawcett Ave Suite 102
 Phone: 252-785-1194 Email: peter.tolosa.664@gmail.com
 Years in Business: 2019
 Type of Business (e.g., retail, wholesale, service, hospitality, etc.): Barber Shop

What do you need to take your business to the next level? Check all that may apply:

- Access to capital/line of credit
- Up-front cash investment
- Money management/accounting help
- Technology upgrades
- Not sure
- Opportunities to connect with other businesses
- Advertising/Online & Social Media presence - radio
- Information on trends that impact my business
- Other, please specify: *open engage w/ community*

Use this space for additional comments:

LEVEL OF INTEREST IN A BIPOC CHAMBER OF COMMERCE:

- Full membership/regular participation
- Periodic participation; no membership
- Interested in learning more first
- Not interested at all
- Unsure

OPTIONAL SELF-DISCLOSED DEMOGRAPHIC INFORMATION OF BUSINESS OWNER(S):

Race/Ethnicity/Heritage: *Spanish/Mexican*
 Gender: *male*
 Sexual Orientation:

coleman & associates

Criteria for Analysis

The following criteria were used to determine the conditions needed for a BIPOC chamber of commerce to be successful. These criteria or conditions were also considered in developing the Conclusions and Recommendations contained in this report.

- **Economic conditions for nonprofits.** Given that chambers of commerce are almost exclusively nonprofit organizations, it is important to determine if a BIPOC chamber as a new nonprofit can compete in Tacoma’s philanthropic landscape. Furthermore, many chambers are membership based and generate revenue through memberships. With this in mind, a local BIPOC chamber would need to consider the desire and capacity of its potential constituent base to pay a membership fee.
- **Geographic proximity of other chambers.** Race-based and affinity-based chambers continue to emerge in response to the lack of economic access for people of color. There are a number in the Pacific Northwest and Puget Sound Region, however none are based in Tacoma. Do any of the established chambers offer the access and support desired by Tacoma-based businesses?
- **Local programs and support for small businesses.** A primary function of a chamber of commerce is to connect its membership to resources and opportunities for growth and sustainability. By identifying what is currently available, a potential BIPOC chamber of commerce could fill service gaps of support not available. This could limit a duplication of services or oversaturation of services to a smaller subpopulation.
- **Cross-cultural connection.** There have been many local attempts to address disparities in specific fields such as healthcare, education, and community safety. Very often, these efforts are intentional in centering the voices of those most impacted and/or People of Color. The challenge lies in balancing voices, narratives, and the visibility of each racial/ethnic group represented. When strategies and opportunities become weighted towards one group or issues become *wedged* between groups – it can erode trust between race-based and affinity-based groups.

Conclusions and Recommendations

The following conclusions and recommendations are based on the survey data, the insights of key informants and an understanding of the local conditions for the establishment of a BIPOC Chamber of Commerce.

CONCLUSION AND RECOMMENDATION ONE

Tacoma Should NOT Establish a BIPOC Chamber of Commerce at This Time. The graph below reflects the aggregated responses (not considering race or ethnicity) of those surveyed (Figure 5). Of the 133 respondents, 53% indicated that they would participate at a full or periodic level while 47% were not sure, wanted to learn more or simply declined. This could indicate a “majority” response who want to participate in a BIPOC Chamber of Commerce. Yet for a survey sample of this size (N=133) the margin of error is 10% or less, the data may also be interpreted as not

compelling enough to infer that a BIPOC Chamber of Commerce is desired. Attempts were made to contact 304 businesses and of those researchers were able to survey 133 which resulted in a 43% survey completion rate. According to the Tacoma-Pierce County Chamber of Commerce, there are over 700 small businesses owned by people of color in Tacoma. This survey's methodology did not include a mechanism to presort potential respondents based their proportional racial/ethnic representation of the overall population of Tacoma.

As such, the data has limitations. For example, the data reflects that full participation in a BIPOC chamber was more desired by Blacks (58%) who make up 10.8% of the Tacoma population, Asians (29% desired full participation) who make up 8.8%, and Individuals of Two or More Races (9.6% desired full participation) who make up 11.7% and only one business owner showed an interest in learning more about industry trends. Interpreting that most respondents are not interested in industry trends may be an unfounded conclusion. This aspect of the data may raise questions about the availability of *non-work* time for small business owners and the need for highly creative engagement strategies. Even though social media, patronage (e.g., receiving the service or goods of the business to be surveyed), scheduled appointments, texts, and calls – were utilized – there was still a large segment of the BIPOC small business community whose voices are not represented in these results, which could be attributed to a lack of time.

The data also reveals that nearly the same number of respondents (31 and 29, respectively) desire full participation and to learn more, but race/ethnicity is stratified differently for this data point. Just as many Asians (34%) as Blacks (37.9%) want to learn more and 17% of Hispanics want to learn more.

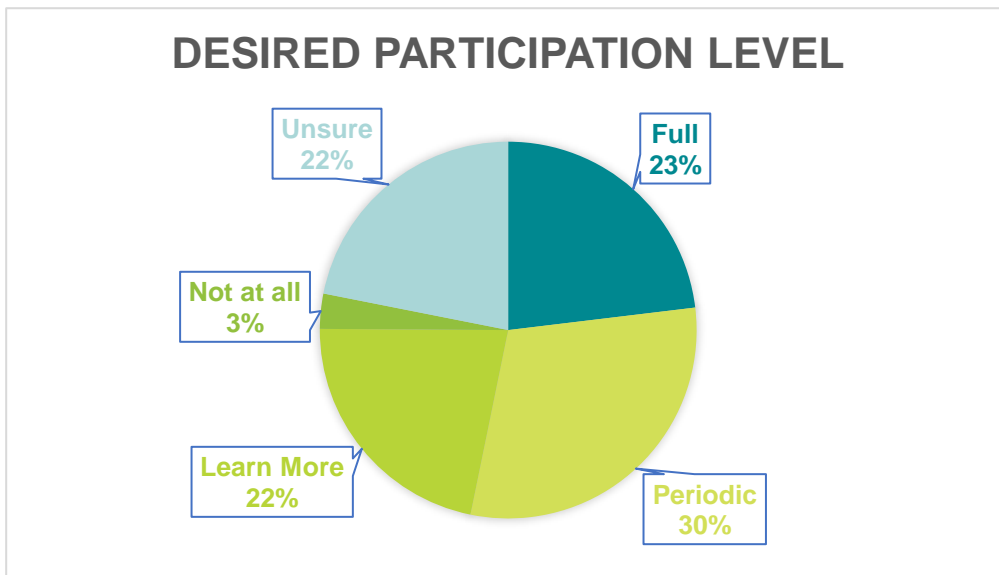


Figure 5: Reported Level of Participation from Respondents

Most respondents prefer to participate in a BIPOC chamber on a periodic basis: Blacks at 35%; Asians at 37.5%; Hispanics at 10%; Individuals of Two or More Races at 5%; Pacific Islanders at 5%; Middle Easterners at 5%; and Other at 2.5%. Based on the *BIPOC Business Executive Roundtable Report*, local BIPOC business owners indicated a desire to continue participating in the roundtable and even potentially an incubator hub. If some respondents participated in both studies, there may be some correlation in the data results (e.g., high response rate for periodic participation).

That way business owners/operators would have the time to participate in multiple efforts and local offerings.

The table below reflects how each racial/ethnic group responded to the two primary survey questions (Figure 6).

N=133	Black (N=53/ 39.8%)	Hispanic (N=13/ 9.7%)	Pacific Island (N=2/ 1.5%)	Asian (N=48/ 36%)	2+ Races (N=10/ 7.5%)	Middle Eastern (N=2/ 1.5%)	Indigenous /Native Am. (N=2/1.5%)	Sikh (N=2 1.5%)	Other (N=1/ .7%)
<u>NEEDS REPORTED TO LEVEL UP BUSINESS</u>									
Capital Investment (N=48)	45.8%	10.4%		29%	8%	2%	2%	2%	
Finance Management (N=11)	9%	9%		81.8%					
Line of Credit (N=32)	50%	15.6%	3%	15.6%	12.5%	3%			
Technology (N=3)	66.6%			33.33%					
Not Sure (N=9)	25%		12.5%	50%	12.5%				
Connection (N=16)	50%			37.5%	6.25%				6.25%
Marketing (N=13)	30.7%	15%		46%	7.6%				
Industry Trends (N=1)	100%								
<u>PARTICIPATION</u>									
Full (N=31)	58%	3.2%		29%	9.6%				
Periodic (N=40)	35%	10%	5%	37.5%	5%	5%			2.5%
Learn More (N=29)	37.9%	17%	3.4%	34%	6.8%				
Unsure (N=29)	34.4%	13.7%		34.4%	17%				
Not At All (N=4)	25%			25%			25%	25%	

Figure 6 Reported Needs and Desired Participation Levels by Race/Ethnicity

Other factors to consider in the establishment of a BIPOC Chamber of Commerce are based on the Criteria for Analysis on page 7 of this report. Additional rationale for the recommendation is as follows:

1. **The economic conditions of nonprofit organizations.** Since the onset of the COVID-19 in 2019, money has been earmarked and allocated from federal, state, and local governments to stimulate the economic downturn of the pandemic. These dollars were accessible to most if not all forms of incorporated businesses even though data has revealed racial and ethnic disparities in their allocation (See Figure 2, page 4). The stimulus was designed as a short-term stopgap. As we end 2023, these dollars will no longer be available at the same level nor for the same intent. The impact of the current federal administration's Build Back Better plan has yet to be actualized for small businesses even with its focus on family leave, access to federal contracts, and uplifting the supply chain. With less public funding flowing into communities, the private sector may be unduly tapped and/or nonprofits may *fill the gap* through revenue generating strategies such as fees for service i.e., memberships and events as is typical with chambers of commerce. However, the benefits and challenges of this income generating strategy have been historically evaluated primarily on White-led chambers of commerce. The lack of robust philanthropic networks of color (esp. in the Pacific Northwest), disparities in philanthropic giving, and the racial wealth divide in which People of Color possess less wealth (for charity) than their White counterparts - all indicate that a BIPOC chamber of commerce may experience higher fundraising hurdles than their White counterparts. The Tacoma-Pierce County Chamber of Commerce identifies 53 nonprofit members, some in Tacoma, but all serving Tacoma. Tax Exempt World is an online source (reputation unverified) that states there are over 6,000 nonprofits in Pierce County. Regardless of the count, a new, nonprofit chamber of commerce will need a compelling case to compete in a field with less diversified dollars available.

Given the comparative analysis (See page 15-17 of this report) of race and affinity-based chambers of commerce in the Pacific Northwest, it is difficult to propose an ideal size and structure for a Tacoma-based BIPOC Chamber of Commerce if it were to be recommended. However, the research supports this:

An adequate staffing structure could be between 1-3 staff during a start-up phase. This would allow for an executive level staff who is responsible for fundraising and membership; a subject matter expert who is responsible for programmatic activities (training, business support, and advocacy); and an administrator for research, implementation, and evaluation. A guesstimate of a budget to support staff positions and operational costs associated with programs could range from \$150,000 to \$300,000 in the first 1-3 years of operations. This would allow for an office, operational and programmatic expenses, and staff costs. While this is a conservative estimate, there are additional ways in which costs can be offset by having members donate their time, having operations be virtual versus a need for office space, and through partnerships that leverage costs and impact.

2. **Cross-cultural connection.** Current social movements such as #Black Lives Matter, the Indigenous Land Rights movement, #MeToo, and others can be leveraged by cross-cultural collaboration as evidenced in 1960's through the 1980's (i.e., the Chicano Movement, ERA/Women's Rights, and the Civil Rights movement). In those years, allyship was a core strategy to raise visibility, understanding, and making sustained, legislative change. These

past movements suggest that cross-cultural collaboration is possible, effective, and even necessary for change. But a common misstep is to wedge or pit communities of color against each other in competition for economic gains. Allyship is defined by Merriam Webster as *supportive with another person or group; an association with members of a marginalized or mistreated group to which one does not belong*. As antiracism and diversity, equity, and inclusion trends on a global scale, the term accomplice-ship has been introduced to the lexicon. According to the YWCA of Seattle, accomplice-ship in the context of race and social justice work, is someone who assists others in creating a space of inclusion, equity, and safety for all, often at the risk of their own social and/or professional standing and physical well-being. The success of a BIPOC Chamber of Commerce may require a basic if not intimate understanding and demonstration of allyship and accomplice-ship. If the increased support to small businesses in the last few years was based in part on the lack of resources disproportionately flowing to communities of color – then the imperatives for a BIPOC Chamber of Commerce are (1) to look for similarities and celebrate differences, a nuanced difference can bridge unique cultures; (2) to define the value proposition of the BIPOC Chamber of Commerce, everyone involved has to understand and commit to their role in a cross-cultural ecosystem; and (3) to create compelling case studies so that everyone has a reason to collaborate. Examples of these types of sustained efforts in Tacoma are lacking.

Prioritizing and addressing racial disparities have been a primary motivation for establishing race or affinity-based chambers of commerce. The City of Tacoma, specifically the Neighborhood and Community Services department commissioned a report in 2019 of its nonprofit funding portfolio and found that nonprofits headed by or primarily serving people of color were disproportionately underfunded compared to their white counterparts. While this City department has shifted its priorities to better meet the needs of communities of color – it is unclear if other local funders have conducted similar examinations to address disproportionalities in giving or increased their awareness and understanding of the needs of the BIPOC community.

Because the data impedes more conclusive inferences, the recommendation is to not establish a BIPOC Chamber of Commerce in Tacoma. Like many chambers, the Tacoma-Pierce County Chamber of Commerce provides a wealth of information and data on its membership. The Chamber conducts trends analyses to inform the community (regardless of membership) on the local economy. The City, County and other local nonprofits track specific data sets about those they serve, but what seems to be missing is a centralized data container that aggregates all the information from the various entities. Currently, listings of businesses are duplicative versus comprehensive, information on sites are not maintained or consistently updated, and there is less information about businesses who are not connected to a public resource of some type (e.g., loan program, business support program, etc.). Given how quickly small businesses dissolve, the need for real time data is critical to address the needs of small businesses and most importantly their sustainability and growth, especially in communities of color. Is it possible for a White-led chamber of commerce to collaborate with, offer allyship and even potentially accomplice-ship to communities of color regarding the sustainability of their businesses? Is it equally or equitably possible for a single race focused chamber of commerce such as the new African American Chamber of Commerce or soon to be Latino Chamber of Commerce to engage in allyship and/or accomplice-ship with other

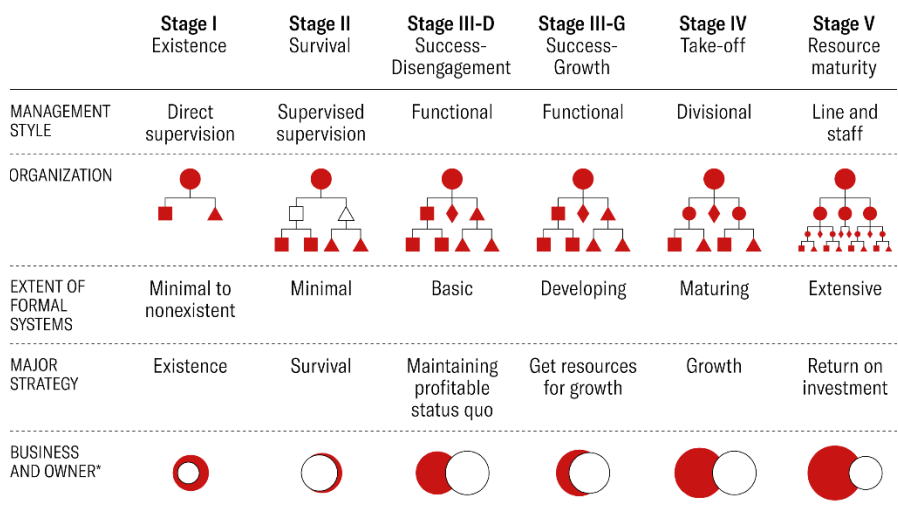
communities of color for the same purpose? The launch of these single race focused chambers of commerce (African American and Latino) in Tacoma may indicate a lack of desire for a BIPOC chamber of commerce.

Lastly, researchers on this project were able to connect with entrepreneurs who generate income in the secondary sneaker reselling market. According to Forbes, in 2017 this market surpassed \$1 billion in revenue for its industry. Because of the success of these entrepreneurs engaged in this revenue stream, the team informally interviewed (N<5) individuals. The data was not aggregated or compiled into all data results due to its lack of comparative significance. However, the interviews did reveal the following: (1) two of the respondents had no desire to incorporate into a legal entity citing taxes as a concern; (2) one respondent stated that they intend to maintain their current size/structure/market share based on the revenue they generate; and (3) two respondents questioned the relevance of a chamber of commerce to their specific business goals.

CONCLUSION AND RECOMMENDATION TWO

Create a Small Business Ecosystem. An ecosystem in this instance means a complex network or interconnected system that meets the needs of small businesses at various life cycle stages. The exhibit to the right below is from a Harvard Business Review article entitled *The Five Stages of Small Business Growth* (May 1983). The chart offers context for the variance in needs that small businesses have depending on the developmental stage.

Nationally, Chambers of Commerce have been helping to equip and empower small businesses for decades, with the specific intention of creating and sustaining jobs that grow the economy. From business development training and advocating for policy reform to cross sector partnerships and scholarships, chambers are a touchstone for national and international commerce. The U.S. Chamber of Commerce has collected and analyzed data to report on not only the racial disparities that exist in employment and entrepreneurship but made connections between these inequities and the larger systemic opportunity gaps such as education, health, criminal justice, and wealth disparities (2020). This same report communicates the economic gains available by stating that “if the number of people-of-color-owned firms was proportional to labor force participation, the United States would have more than 1.1 million more businesses supporting an estimated 9 million jobs.”



*Smaller circle represents owner. Larger circle represents business. HBR

In response, the U.S. Chamber of Commerce launched the Equality of Opportunity Initiative (EOI) to develop real, sustainable solutions to help close race-based opportunity gaps in six key areas: education, employment, entrepreneurship, criminal justice, health, and wealth. Specific recommendations made to address the entrepreneurship gap are diversifying the supply chain, supporting the Minority Business Development Agency (MBDA), hosting pitch competitions to access private investments, increasing access to capital, and increased education and policy reform to support the formerly incarcerated in starting their own business. Since 2016, the City of Tacoma has hosted the Washington MBDA Business Center which is one of 35 centers nationwide. The Center provides technical assistance and strategic business consulting to established minority-owned businesses in Washington State. The goal is to promote the growth of minority-owned business through the mobilization and advancement of public and private sector programs, policy, and research.

Through strategic marketing and outreach the Tacoma-Pierce County Chamber has increased its membership to 15.6% of members being Black, Indigenous, People of Color, women, and Veterans. These groups alongside the Tacoma-Pierce County Chamber are working to close racial disparities in business via the Pierce County Business Accelerator program THRIVE, as well as a partnership with Kiva to provide 0% interest microloans to underserved business owners. Comparatively, Black, Asian, Hispanic, Individuals of Two or More Races, Native Hawaiian/Pacific Islander represent 46.4% of the population in Tacoma and Veterans are 18.2% while women are 49.6% of the population.

One of the criteria for analysis is to consider the geographic proximity of affinity/race-based chambers and programs that support small businesses. In August 2023, the Washington African American Chamber of Commerce opened an office in Pierce County (in addition to its Richland, Washington office). During a key informant interview with one of its founders, it was indicated that this chamber would honor memberships of other chambers as way to foster networking. In the following pages is a comparative analysis of race/affinity-based chambers of commerce in the Puget Sound Region. The analysis offers a snapshot of the structure of chambers that are in close proximity to Tacoma.

In addition to these efforts there are other stakeholders working with small businesses to help them grow and sustain. Examples include Spaceworks, Pierce County Business Skills Program, and Small Business Development Center (Tacoma and Puyallup) just to name a few. This indicates that a level of support exists in Tacoma for small businesses. However, it does not indicate if those services are culturally competent or even designed for the needs of People of Color. The survey data indicates that most respondents need an investment in capital (85.2%) and a Line of Credit (99.7%). However, it is the same need that is most unmet because of bias and potentially, racism. According to Pew Research, Federal Reserve numbers show that 80.2% of white business owners receive at least a percentage of the funding they request from a bank. Only 66.4% of BIPOC business owners can say the same. When BIPOC-owned firms do get funding, the amounts tend to be about \$30,000 less than comparable white-owned businesses, while their interest rates are about 1.4% higher.

Creating and/or formalizing a local ecosystem that can measure the effectiveness of these programs, their impact, and communicating it widely may increase awareness and access in



communities of color. Make It Tacoma is a network with potential for a structure and backbone specifically for this purpose. As mentioned before, an ecosystem in this context, is a joint venture among stakeholders that centralizes information, data, services, and interconnected strategies to create pathways for small businesses based on their development/life stage. A small business ecosystem could serve as a collective impact effort for Tacoma's small business community. Local activities that could be knitted together as a collective impact ecosystem are: (1) classes/incubator/accelerator program activities by multiple providers; (2) advocacy efforts by multiple entities structured as chambers or networks; (3) networking opportunities that are industry specific or combined; (4) energy and momentum (or will and skill) to address the unique needs of small businesses that are owned/operated by People of Color; and (5) national and local data that demonstrates the need to address disparities for BIPOC businesses. The only missing element is an evaluative component that ensures continuous improvement of effective strategies and a way to determine whether or not a threshold (not just one business at a time) is being raised and positively impacted.

The recommendation is to encourage the primary small business supporters in Tacoma e.g., City, County, Economic Development Board, and the Tacoma-Pierce County Chamber of Commerce to align service strategies in the creation of an ecosystem that reduces the barriers to economic access and support to minority owned business. The ecosystem should consider the following elements: (1) research and innovations around the root causes of disparate business support for BIPOC; (2) core business supports which are already in existence such as consultation/coaching, training, access to financial resources; (3) a shared online platform or index that captures real time data on local small businesses; (4) collective impact metrics that show growth and sustainability in local small businesses (with an emphasis on BIPOC businesses) across industries; and (5) affinity-based or race-centric strategies proven to be successful in helping small businesses. An ecosystem approach has the ability to connect isolated and duplicative efforts to mitigate a quantity over quality approach.

Below is a graph that illustrates the level of diversity across industries of survey respondents. It can serve as an indicator of whether or not certain racial or ethnic groups are concentrated in specific industries. If that is the case, the information could help inform future strategies for support and increased access to industries that are under-represented by People of Color.

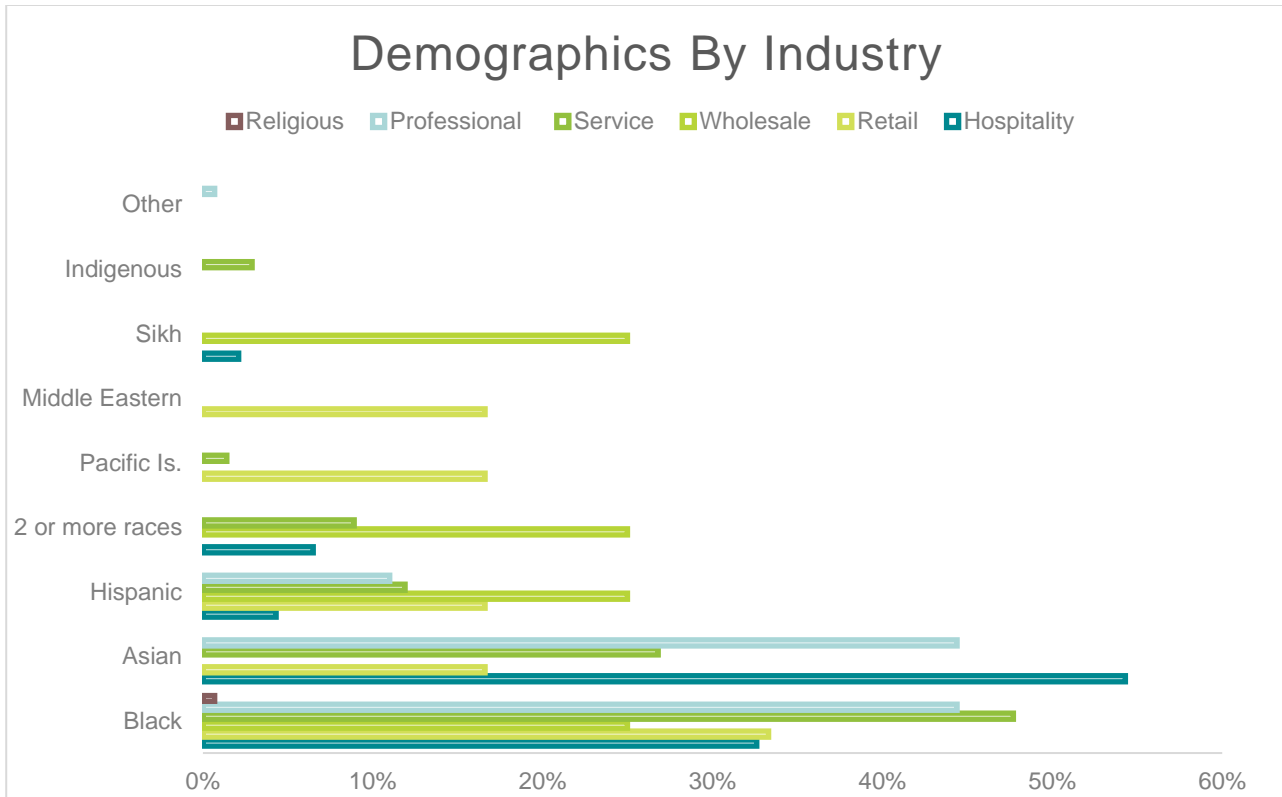


Figure 7 Industries Represented in Survey Respondents

At first glance, this chart suggests that Blacks are well represented across multiple industries, however the data reflects 133 local businesses with 39.8% of those being Black owned. This may not be an accurate indication of diversity. But the data does raise the following questions: (1) is there a need to increase the diversity of business owners across industries? (2) do Black and Asian business owners/operators access public sector resources (i.e., the City’s loan program, etc.) in greater numbers than other racial/ethnic groups? Does this mean there is more data about Black and Asian business owners than other racial/ethnic groups? During this data collection process, researchers consistently encountered distrust from BIPOC business owners in statements such as “I’m not comfortable answering these questions,” “what will you do with this information,” and “I prefer not to answer.” The lack of trust regardless of what it may be motivated by, is a factor to be considered in serving communities of color. How can cross-cultural trust be built to ensure that all small businesses in communities have an opportunity to grow, thrive, and sustain?

Comparative Analysis

In consideration of the viability of an ecosystem versus a race/affinity-based chamber of commerce, this report offers the following comparative analysis of local chambers of commerce.

Eighteen (18) Chambers of Commerce were reviewed, the furthest away in Richland, Washington and Portland, Oregon. **Appendix A** is the spreadsheet that provides additional details of this analysis. Below is a brief synopsis of similar and unique service strategies of those chambers.

Similarities in Core Programming

- **Advocacy** – working with elected officials and governmental agencies to advocate for policies and legislation that benefits small business and demonstrates more equity
- **Access to capital** – raising awareness of and providing support to apply for and receive loans and grants
- **Scholarship** – funding for youth/young adults to access educational opportunities
- **Business development** (trainings, webinars) – skill building in business management, as well as information on new/updated policy or compliance information e.g., labor laws and taxes
- **Networking** – online and in-person opportunities to connect with other business owners, cultivate connections and develop formal and informal partnerships
- **Events** – annual fundraising events and campaigns (galas, golf tournaments) as well as forums, social events, and anniversary celebrations

Outlier/Unique Programming

- Seattle Latino Metro – provides a digital networking program to encourage new partnerships and collaborations between small businesses
- Ethnic Chamber Coalition* – provides a labor standards digital tool to help small businesses ensure they comply with city ordinances
- Pride in Business, NW Native Chamber - Incubator/Business Accelerator programming to train small business owners on the essential pieces of doing business such as trademarks, financial managements, marketing and required certifications
- African, Filipino Chambers - Immigration resources
- Greater Seattle Business Association – Safe travel guide for LGBTQ+ business owners

*Ethnic Chambers of Commerce Coalition (ECCC) received a \$340,000 grant from Seattle Office of Labor Standards' Business Outreach and Education Fund (BOEF). The award focused on African American, Asian, East African, Immigrant and Refugees, Latinx, Pacific Islander businesses. There are also key partners outside of the chamber network such as Korean American Grocer's Association of Washington (KAGRO) and Business Impact NW. Links to key partners can be found [here](#). No impact statements or reports exist on ECCC's website

yet. It was also noted that the majority of the fiduciary officers and others featured on the website appear to be of Asian descent versus the other racial and ethnic groups that are targeted for partnership. It was also noted that the focus appears to be strictly on labor standards ordinances, paid and sick leave, and record keeping which may reflect the scope of the funding from BOEF.

Membership models

Of all the chambers reviewed in this analysis, memberships are available to individuals, small businesses, and large businesses, with many offering discounted rates for students, elders and faith-based organizations or non-profit and corporate rates.

Membership Perks

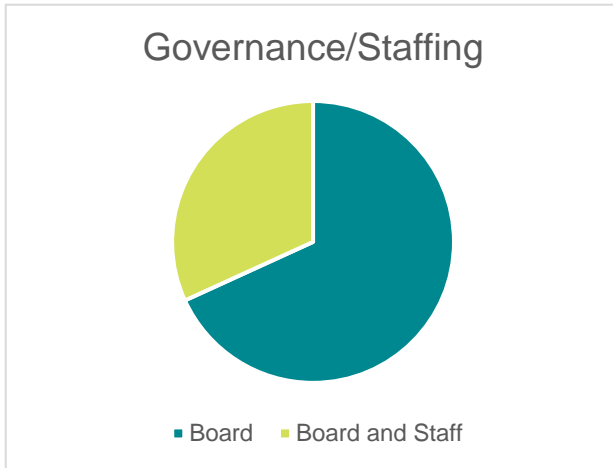
- Discounted memberships to other organizations such as the Nonprofit Association of Washington. The Seattle Metro Chamber has a special agreement with the Filipino Chamber of Commerce of the Pacific Northwest which allows small businesses with fewer than fifteen employees to receive free reciprocal memberships.
- Joint memberships with larger chambers

Culturally Specific Resources and Context

- Connections to Diversity, Equity, and Inclusion resources and consultants
- Explicit naming of success and service to their communities
- Awareness and emphasis that is sensitive to the needs of immigrant/refugee individuals and communities
- Filipino Chamber's online [Palengke Mall](#)
- Being a visible and active voice for their community's interests, needs and assets/gifts
- Ethnic Chambers of Commerce Coalition (ECCC), in partnership with the Seattle Office of Labor Standards (OLS), has created two interactive, online tools to help business owners understand the Seattle labor standards ordinances and their legal obligations as a business owner with employees working in the City of Seattle.
- [Online self-guided training](#)
- Translated materials, posters, and videos

Governance

Most of the chambers of commerce reviewed list Board members on their websites (83%), with less indicating that they have staff (39%).



Further exploring the recipients of the BOEF funding as well as the services they offer could provide additional insights into the concept of an ecosystem. For example, could the BOEF function as an advisory board for the ecosystem? Or perhaps they could co-author a curriculum or cohort programming for BIPOC business owners? Each organization aims to serve underserved, BIPOC entrepreneurs and business owners.

It is recommended that Tacoma stakeholders consider directing financial and human resources into a regional collective of business development entities. Another configuration could be a hub of support organizations that have a proven record of commitments and investments in communities of color. The hub could not only consist of programming that already exists such as networking, training webinars, and advocacy, but possess a bigger cross section of constituents through which additional influence could be leveraged. This collective could also consider operating in identity-based or sector-based pods with culturally nuanced programming. Lastly, it is recommended that designated staff (amongst stakeholder organizations) create and maintain relevant data sets. The relational capital built with and between chambers and other organizations could support mobilization, increased influence, and economic advancement, while streamlining existing efforts and mitigating duplication of services.

The list of BOEF funding recipients and their respective links are located [here](#).

Data Sets and Sources

The following data sets and sources were utilized throughout the process to draft this report:

- **Owned Biz Database** – is an excel spreadsheet hosted by the CEDD to house profile information on small businesses that can/do receive loans from the City of Tacoma.
- **Pierce County Business Accelerator Directory** – is an online directory of businesses that serve the Pierce County area to include Tacoma. The directory was cross-referenced with businesses in the Owned Biz Database to ensure wider outreach.
- **Tacoma Urban League Black Business Directory** – is an online directory of local businesses owned and operated by Black people. This directory was cross-referenced with other sources to ensure wider outreach.
- **BIPOC Business Executive Roundtable Report** – is a recent report studying the barriers for BIPOC business growth.

- **Research** on local business to verify if they are active or dissolved, and members of chambers of commerce around the country.
- **Lived Experience** – as small business owners and capacity builders who have assisted other businesses – reflections were brought forward to help inform the data and provide context while reviewing materials.

Readings/Studies

Dua, André, Mahajan, Deepa, Millan, Ingrid and Shelley Stewart (2020). COVID-19's effect on minority-owned small businesses in the United States. McKinsey and Company.

Misera, L. and Perimeter, Emily R. (2023). 2023 Report on Startup Firms Owned by People of Color: Findings from the 2022 Small Business Credit Survey." Small Business Credit Survey. Federal Reserve Banks.

Fairlie, Robert (2022). The Impacts of COVID-19 on Racial Disparities in Small Business Earnings.

Fairlie, Robert (2020). The Impact of Covid-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey. National Bureau of Economic Research.

Lee, Lynda (2023). Minority Business Ownership Differs by Sector, For Census.gov

U.S. Chamber of Commerce (2020). America's Opportunity Gaps: By the Numbers.

Data Constraints

The following factors are important to note as barriers to more comprehensive findings. If a second phase of this study is conducted, strategies to mitigate these constraints should be identified.

- Comparative, national data was difficult to analyze given that small businesses are often tracked as employer versus non-employee classifications. Some data had no comparable data sets.
- While community-based communication channels appear open and available, this experience revealed that they remain insular. Communication protocols and norms (who to call for what and when) remain insider information e.g., the launching of race-based chambers of commerce.
- Access to all small business contact information was a challenge. Multiple lists were merged, but all names/contacts had to be vetted to ensure they were still active and not dissolved. There were a few instances in which a business could not be verified.
- Mistrust on the part of BIPOC business owners significantly impeded data collection. Individuals did not want to answer questions from researchers.
- Some racial ethnic groups were significantly under-represented despite outreach efforts.