The New Orleans Index at Ten

Expanding Opportunity for Minority-Owned Businesses in Metro New Orleans

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Introduction

As our nation becomes increasingly diverse, the strength of minority-owned businesses will be a crucial aspect of job and wealth generation in the years to come. A joint report from the Milken Institute and the Minority Business Development Agency (MBDA) concludes that minority-owned business enterprises (MBEs) are a driving force behind growth and will be a major segment of the U.S. economy in the 21st century. To be sure, small business ownership—and its correlate, self-employment—create a disproportionate share of new jobs in the economy, represent an important source of innovation, and have a notable effect on political decisions in the United States.

In addition, many academicians and policymakers view self-employment as a route out of poverty and as an alternative to unemployment or discrimination in the labor market.

Post-Katrina New Orleans has enjoyed a boom in entrepreneurship. According to The Data Center’s forthcoming New Orleans Index at Ten, business startups have skyrocketed in the New Orleans metro, eclipsing the national rate by 64 percent.

INDIVIDUALS STARTING UP BUSINESSES PER 100,000 ADULT POPULATION (THREE-YEAR AVERAGES)

Source: The New Orleans Index at Ten, The Data Center, forthcoming July 2015
The media has highlighted multiple entrepreneurs innovating in the field of public education, as well as a growing high-tech presence in New Orleans.7 The Data Center has lifted up opportunities in the nontraditional field of water management, declaring that South-east Louisiana could be the Silicon Valley of coastal restoration, protection, and urban water management in the years to come. 8 A large number of key incubators and supports have sprung up or expanded post-Katrina. The innovation that entrepreneurs bring to the marketplace is the main attractor for many investors and some lenders. While metro New Orleans gets consistently high marks for its focus on promoting innovative entrepreneurship—with such efforts as Idea Village, the Tulane and SUNO business plan competitions, Launch Pad, and Power Moves NOLA—some have questioned whether the minority population of the New Orleans metro area has benefited at an equitable level from the remarkable renaissance of entrepreneurship post-Katrina.

This essay provides empirical data on the extent to which MBEs perceive the post-Katrina entrepreneurial ecosystem as providing the conditions and framework that successfully promote opportunities for their development and growth. The findings presented in this essay are firsthand accounts of the perceptions of the inclusiveness of the New Orleans metro entrepreneurial ecosystem and the available opportunities for New Orleans metro’s diverse communities.

We begin with a look at the very limited and sometimes conflicting data on MBEs in the New Orleans metro. We next provide details on the concept of an entrepreneurial ecosystem, and then present a summary from our interviews of MBEs and key institutional business support players in the metro. We close with observations and suggestions for policies and practices to enhance the effectiveness of the ecosystem in supporting MBE growth and development.

### Table 1

**Overview of MBE Businesses in New Orleans Metro**

<table>
<thead>
<tr>
<th>METRO NEW ORLEANS*</th>
<th>1997 (000)</th>
<th>2002 (000)</th>
<th>2007 (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>1,400</td>
<td>1,320</td>
<td>1,100***</td>
</tr>
<tr>
<td>Minority Population</td>
<td>595.0</td>
<td>607.6</td>
<td>475.2 (est.)</td>
</tr>
<tr>
<td>All Firms Number</td>
<td>98.2</td>
<td>108.0</td>
<td>108.2</td>
</tr>
<tr>
<td>All Firms Receipts (billions)</td>
<td>$102.7</td>
<td>$154.0</td>
<td>$163.0</td>
</tr>
<tr>
<td>Minority Firms Number</td>
<td>18.0</td>
<td>25.9</td>
<td>29.3</td>
</tr>
<tr>
<td>Minority Firms Receipts (billions)</td>
<td>$2.0</td>
<td>$2.2</td>
<td>$3.1</td>
</tr>
<tr>
<td>Minority % of Population</td>
<td>42.3%</td>
<td>46.0%</td>
<td>43.1%</td>
</tr>
<tr>
<td>Minority % of Firms</td>
<td>18.2%</td>
<td>24%</td>
<td>27.1%</td>
</tr>
<tr>
<td>Minority % Receipts</td>
<td>2.1%</td>
<td>2.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td>BPR** Minority National/ BPR Minority/Minority New Orleans Metro</td>
<td>42/30</td>
<td>42/43</td>
<td>57 NA6</td>
</tr>
<tr>
<td>Equitable Deficit Parity (billions)</td>
<td>$39.4</td>
<td>$55.0</td>
<td>$59.7</td>
</tr>
<tr>
<td>BPR Non-Minority National/Non-Minority New Orleans Metro</td>
<td>91/101</td>
<td>80/81</td>
<td>90/101</td>
</tr>
</tbody>
</table>

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*MBDA collects data within an SMSA that includes the parishes of the New Orleans SMSA and the Bogalusa metro area.

** Business Participation Rate (BPR) is the number of business owners in a specific race/ethnic group for every 1,000 persons in that same group. Source: US Census population estimates for 2002, 2007.

Minority-owned businesses are significantly underrepresented in metro New Orleans

Despite the estimated 100,000 New Orleans metro residents who fled following Katrina and who possibly owned minority businesses that never reopened after Katrina, the MBE share of the number of owned businesses post-Katrina actually grew, as indicated in Table 1. Nonetheless, MBEs in the metro were significantly underrepresented in business ownership pre-Katrina and continue to be underrepresented post-Katrina.

In 1996, the Minority Business Development Agency (MBDA) instituted a strategy and policy initiative called entrepreneurial parity, which MBDA defines as “reaching proportionality between minority population percentage and percentage share of business development measures such as numbers of firms, gross receipts and employment.” In the New Orleans metro, while minorities represented 43.1 percent of the total population, they owned only 27.1 percent of all firms, and, as indicated in Table 1 above, their businesses received less than 2 percent of receipts in 2007, well below entrepreneurial parity.

A key statistic not captured in Table 1 is that metro New Orleans is currently number one in the nation in the rate of self-employment among African-Americans, at 17.4 percent. New Orleans is followed closely by Atlanta, at 17.1 percent. The latter city has long held the prideful distinction of being the “home of Black capitalism.” A close examination of the New Orleans entrepreneurial ecosystem may uncover some unique strategies in the ecosystem that has allowed it to edge out Atlanta in that self-employment statistic.

A healthy entrepreneurial ecosystem has many dimensions

The concept of an entrepreneurial ecosystem has recently been used to describe the financial, cultural, philanthropic, human and professional resources, and governmental policies that support successful entrepreneurship. Healthy entrepreneurial ecosystems help entrepreneurial firms access resources and provide incubation as needed while they refine their operations and gain market acceptance. The literature identifies six key determinates or domains which drive entrepreneurial performance and market impact:

1. Support services and connections - physical infrastructure, such as transportation and communication networks; non-governmental institutions; industry networks and professional associations; and the presence of accessible professionals such as lawyers, accountants and investment bankers;
2. Finance - the full spectrum of financial services available to entrepreneurs, including access to capital, public sector contracting, and the impact of related economic macro-factors;
3. Policy - government regulations that support or inhibit entrepreneurship along with focal public leadership;
4. Human capital - the quality of the higher education system, the capacity of community residents to meet market needs, local work ethics and rules, and the skills level of the workforce;
5. Markets - entrepreneurial networks, market sizes, innovation incentives/barriers, pricing power, and the presence of early customers, and
6. Culture - both societal norms and success stories to inspire the next generation of entrepreneurs as well as influence comfort with innovation and technology.

Figure 1 illustrates the domains discussed above. We would expect a healthy entrepreneurial ecosystem to impact economic growth indicators such as job creation and positively impact the diverse variety of entrepreneurs, MBEs and others, in the marketplace.

Author Daniel Isenberg reminds us, “Although any society’s entrepreneurship ecosystem can be described using the same six domains, each ecosystem is the result of the hundreds of elements interacting in highly complex and idiosyncratic ways.” We may learn general principles by analyzing other ecosystems, but the idiosyncratic nature of New Orleans’ ecosystem will undoubtedly contain some elements and interactions unique to the New Orleans metro. Widespread disasters such as Katrina require large scale, “top down” action from government as well as “bottom up” initiatives from organizations that form the entrepreneurial ecosystem. We expect to get some indication of both actions through our empirical look at metro New Orleans.
Gathering data on minority entrepreneurs in post-Katrina New Orleans

There has been little systematic information collected on the current state and perceptions of minority-owned business in metro New Orleans. Therefore, primary data collection is required in order to make some determination about entrepreneurial opportunity for minorities in New Orleans. We designed two instruments to capture the impressions and thoughts of two groups of key players in the entrepreneurial ecosystem: minority business owners and institutional players. We included questions about the ecosystem in general, as well as about perceptions of its embracing and enabling of MBEs. An overview of the concept of entrepreneurial ecosystem was provided to all interviewees as part of the introduction. Our sampling goals were to interview a purposive and convenience sample of at least 36 MBEs and, at least 10 institutional players (e.g., the New Orleans BioInnovation Center, the New Orleans Chamber Women’s Business Alliance, the Mayor’s Office of Supplier Diversity, and the New Orleans Small Business Development Center) to help provide context to the findings from the individual surveys. We did not anticipate a deep statistical analysis but more of a concurrence of impressions from the selected stakeholders who actively participate in the entrepreneurial ecosystem.

PROFILE OF THE RESPONDENTS

The convenience sample of respondents who participated in our inquiry gave useful insights into how the entrepreneur ecosystem is perceived and tends to provide support to MBEs in metro New Orleans. A general profile of survey respondents follows.

• **Pre- and post-Katrina presence** - Over 40 percent of respondents (43 percent) started before Katrina and survived the devastating impact of Katrina. Resilience is partially a function of how individuals rebound and these entrepreneurs appear to exemplify resilience. The survey respondent pool is not deep enough to permit valid statistical comparisons between the before and after Katrina groups of MBEs, however.

• **Gender** - Respondents were almost equally split by gender, with 53 percent male, suggesting minimal tendency for gender bias in the views presented in the summary responses.

• **Age/entrepreneurial experience** - The median age of the respondent pool was 40 with a distribution from 30 to 69. For about one-fourth of the respondents, this was their first entrepreneurial experience.

• **Business sector** - Over 70 percent of survey respondents owned businesses in the hospitality (30 percent) and food (44 percent) sectors — the traditional and reputational industries of New Orleans metro. In contrast, the MBDA national data for 2002 indicated that only 4.5 percent were in hospitality and food, suggesting a focus on what is familiar rather than the emerging opportunities in the economy. More reflective of the national trend for MBEs, 17 percent of survey respondents reported retailing as their primary business sector. This statistic is comparable to the US Census data for 2007, which indicated that 15 percent of MBEs nationally were in retailing. Somewhat surprisingly, only 4 percent of respondents were in the construction business sector despite the billions of dollars that have come to the region to support rebuilding post-Katrina. According to MBDA data, 10.9 percent of New Orleans metro MBEs were in construction in 2002 and 6 percent in 1997. Sample respondents do not proportionately represent businesses in the construction sector.

• **Financial results** - Almost 75 percent of the survey respondents have been profitable, averaging 6 to 20 percent of sales. Fully 40 percent recorded a profit margin in excess of 20 percent of sales.

The early observations from the above participant profile is that MBEs in the New Orleans metro may not be taking advantage of growing new sectors such as high tech and water management, but instead are concentrating on the historic sectors of interest to MBEs locally and nationally.

PERCEPTIONS OF THE SUPPORT AND FINANCE DOMAINS

A remarkable number of key institutional entities were noted as part of the entrepreneurial ecosystem in metro New Orleans, as reflected in Figure 2. Additionally, the New Orleans Chamber’s Women’s Business Alliance and the Southern Region Minority Supplier Development Council each certify minority businesses as “disadvantaged” and thereby eligible for special initiatives in contracting opportunities. Special initiatives are designed to give certified MBEs some advantage in the contracting and procurement process as a partial remedy to the underrepresentation of MBEs historically in business opportunities, both in the public and private sectors. Certification by these organizations is in response to supplier diversity initiatives for corporate America and the City’s Office of Supplier Diversity. Although even this partial list of institutional support might seem impressive, our respondents were not enthusiastic. Table 1 indicates that something is not working for MBEs in metro New Orleans. The survey respondents offered that each of the entities and initiatives noted in Figure 2 and mentioned above tend to have separate and unique targets for expanding the inclusion of MBEs in the entrepreneurial ecosystem. Thus, the paperwork to get into the ecosystem as a provider of services and products is time consuming, duplicative, and discouraging. Eligibility differs and changes as new administrators are brought aboard and new policies are implemented.
In theory, certification appears helpful. In reality, sample respondents comment that it is just another tool, underutilized and largely ineffective, that fails to significantly expand how MBEs participate in metro New Orleans’ entrepreneurial ecosystem. Note the survey findings:

- Over 80 percent of the survey respondents were not registered as a “disadvantaged business enterprise.”
- Almost 25 percent of those who are not registered are unaware that there is such a program in metro New Orleans.
- Almost 25 percent expressed doubt that the “affirmative action type process” was needed because it carried an unwanted label of getting an unfair advantage.

Only 20 percent of MBEs currently subcontract with larger firms in the metro and most report this is because of personal relationships and not successful outreach from prime contractors. This is perhaps related to certification process issues, which, according to respondents, are time consuming for MBEs, have inconsistent requirements among contracting authorities, and are of doubtful benefit to the MBEs who do successfully complete the certification process. As a follow-up to perceptions of opportunities for MBEs, several respondents voiced common complaints: the size of procurement needs are often too large and need to be “unbundled” for most MBEs, and “access to information is a barrier” that makes a timely responses unrealistic, especially for MBEs with little margin for error in how they pursue business opportunities.

**Figure 2: Partial List of Institutional Support Organizations**

- **Women’s Business Enterprise Council South** - offers a national certification for women-owned businesses
- **Accion** - helps MBEs, establishes credit for small businesses
- **New Orleans Startup Fund** - provides a seed fund to support innovative start ups
- **Good Work Network** - connects micro/small businesses to the resources they need
- **Idea Village** - deals with the high end/venture capital
- **Goldman Sachs 10,000 small businesses program** - helps entrepreneurs create jobs and economic opportunity by providing greater access to education, capital and business support services
- **SBA funded Small Business Development Center** - recently selected as one of the best entrepreneurship development centers in the country
- **Operation Hope** - works with the lower-end entrepreneurs and does financial education
- **PowerMoves.NOLA** - works on attracting minority entrepreneurs to New Orleans and provides venture capital.

**Figure 3: Perception of Support and Finance Domains**

![Figure 3: Perception of Support and Finance Domains](image-url)
The survey results suggest that an improved streamlined process with enhanced marketing of benefits might change the outcomes and effectiveness of the existing certification efforts. A simple one-stop certification process might significantly impact the MBE community.

The lack of access to capital has been a persistent complaint by MBEs since the first report on the subject was done for MBDA by James H. Lowery & Associates in 1978. Almost 40 percent of respondents had no comments on how access to debt and equity funds has been helpful to their operations. It is noteworthy, given the long-standing complaint about access to capital by MBEs, that about half of the sample that responded to the stimulus question asking about access (omitting the NA) considered the lenders, investors, and other key players in the finance domain to be “moderately” to “extremely” helpful in accessing debt and equity capital. Almost one in five respondents has been helped by the incubator programs in metro New Orleans.

Figure 3 captures the related responses to the survey’s inquiry into financial access and support programs. The sample results are suggestive of a MBE community with weaker relationships to the traditional funding mechanisms of banks and investors, who provide operating and growth capital to businesses. Some MBEs appear to enjoy a strong relationship with the key players in the finance domain while a large percentage (40 percent) of MBEs seem disconnected from these players. Taken together, the results suggest room for improved awareness and outreach to MBEs by financial institutions, incubators, and investors.

Finally, in the finance domain, nearly 60 percent of respondents indicated that family and friends were the primary source of external capital; this is a pattern typical to meeting the early funding needs of entrepreneurs who start a business.

PERCEPTIONS OF THE POLICY DOMAIN

We also inquired about perceptions of the adequacy of the basic business policies and infrastructure of the metro, including electricity, Internet/telecom, water, gas, and transportation. With the noticeable exception of Business Licensing and Permits and the Tax Administration, well over 70 percent of respondents saw these infrastructure policies as no obstacle or, in worst case, only a minor obstacle to current business operations. Figure 4 captures the related responses to the survey’s inquiry into the tax policies, labor, and trade regulations, as well as business licensing, permits policies, and related survey questions.
PERCEPTIONS OF THE MARKET AND HUMAN CAPITAL DOMAINS

Almost 90 percent of respondents indicated that they became entrepreneurs because they saw business opportunities. This is counterevidence to the prevailing hypotheses that MBEs form as a response to discouragement by low wages and/or institutional resistance to hiring people of color.

The average respondent added at least one full-time employee over the last three years, bringing the average company size to six full-timers (four permanent and two temporary), about six part-timers, and one unpaid family member. Figure 5 captures some of the responses to our inquiries regarding human capital. In terms of market information and human capital, almost 60 percent suggested that access to market information and top managers to help grow their business was not an issue for their operations. From another perspective, about a third of respondents considered an inadequately trained workforce as a major obstacle to the growth and development of their business while about one in six considered the lack of appropriately qualified top managers a major obstacle.

Over 80 percent of respondents indicated that they have found access to legal, tax and consultants/advisors to be helpful; one in six even suggested that access to these services was “extremely helpful.” Over half of respondents (55 percent) noted that management and technical assistance consultants and business advisors had been moderately helpful to the current operation of their business with over 40 percent responding that these external human resources have been “very helpful.” Although as noted earlier, about 20 percent of respondents were helped by a relationship with a metro incubator/accelerator, almost twice as many respondents (37 percent) reported incubators/accelerators as not helpful to their business.

PERCEPTIONS OF THE CULTURE DOMAIN

We were curious about innovation among our survey respondents. We asked respondents if they had introduced new or significantly improved products or services in the last three years. Somewhat unexpectedly, almost one-third of respondents reported innovation in providing customized delivery services, new consumer items, and personal care products. As noted above, the survey respondents were not big in the high tech arena but did demonstrate one of the key elements of successful entrepreneurship: innovating in how they provide services and products to the marketplace.
In response to perceptions of the cultural aspects of the ecosystem—“how we do things around here”—the entrepreneurial ecosystem was generally viewed favorably. Respondents (60 percent) agreed that generally speaking, they feel well supported as entrepreneurs in metro New Orleans. Approximately the same percentage of people felt connected with local business organizations while over half (55 percent) agreed that the metro is friendly to small business. Regarding obstacles to their business success, 45 percent of respondents agreed that politics were not an obstacle. Fifty-five percent agreed that competition was not an obstacle. Fifty-two percent agreed that crime was not an obstacle, while only about one in six thought it to be a major obstacle. Sixty-five percent agreed that corruption was not an obstacle while less than 10 percent thought corruption was a major obstacle to doing business in the metro.

Almost 50 percent of respondents expressed that the overall business environment in metro New Orleans was not even a minor obstacle to doing business, while fewer than 5 percent of respondents saw very severe obstacles to doing business in the ecosystem. The survey results suggest much good and some less good. Considering the latter, from an emotional perspective, one MBE expressed it best: “I hated it when I first came here … but I learned to love New Orleans because of its people.” “I struggle,” added another respondent, “[but] I am committed.” The people side of the culture domain seems to help keep folks going here.

An important corollary response pattern further highlights the need for action; approximately four in ten respondents (39 percent) agreed with the statement: “Generally speaking, I feel that New Orleans is friendly to minority small business owners.” (Emphasis on the word “minority” was included in the survey instrument and, as a comparative reminder, note that 60 percent of respondents felt generally well supported as an entrepreneur in the metro.)

The conundrum perhaps uncovered by these contrasting responses suggests that metro New Orleans is indeed perceived as having a supportive entrepreneurial ecosystem; however, that ecosystem has yet to fully embrace its MBE population.

The people side of the culture domain seems to help keep MBEs positive. However, a small subset of respondents, about 10 percent, did not want the survey results to be completed without acknowledging the existence of ‘implicit racism.’ There is a pattern of a “failure of inclusion” in the aftermath of Katrina. Those respondents in the arts and entertainment sector tended to give kudos to the overall New Orleans culture—Jazz Fest, Mardi Gras, French Quarter Fest—which makes this place a destination for millions of visitors. These visitors keep artistic MBEs in business in spite of the survey observation that people often like the art but don’t like “who is selling it.” Whether the above perceptions are true or not true is not the relevant issue. For most folks, perception is reality.

Implications for future policy and actions

Repeatedly, survey respondents expressed a desire to better connect MBEs with resources in what is generally perceived as a positive entrepreneurial environment in metro New Orleans. Several observations flow from these survey findings.

- **MBE inclusion** - The survey indicated that MBEs were not as satisfied with how the ecosystem supports them specifically versus how they perceive it supports the general population of small business owners. MBEs commented that the size of procurement needs are often too large and need to be “unbundled” if MBEs are to have a realistic opportunity to become service providers to both public and private sector clients. One innovative approach to this opportunity is to challenge the risk posture of most procurement and contracting offices by unbundling large procurement and contracting needs before they come to the proposal stage. Alternately, we propose a unique procurement approach in which the public sector entity acts as the prime contractor. In effect, this concept mirrors what the federal government does with its long-standing 8a process.

To facilitate MBE inclusion in an otherwise healthy ecosystem, we see the possibility of another innovative approach that includes the concept of an entrepreneurial ombudsman—an individual designated to resolve issues and manage connections between individuals (MBEs) and larger entities in the ecosystem (e.g., public and private sector procurement and contracting offices). This ombudsman would both strengthen the connection between MBEs and the various elements of the ecosystem and, more importantly, keep MBEs connected with follow-up contact and support as needed. This ombudsman would serve much like the ‘maven’ Malcolm Gladwell made famous in his best-seller *The Tipping Point*, sharing information and facilitating meaningful interactions between otherwise disconnected business folks. Social media and other marketing/connecting tools might be helpfully organized around the domains and common interest of both MBEs and other business owners and key decision makers. Enhanced access to incubators, financial support, contracting opportunities, and participation in networks are outcomes that could be used to measure the impact of this coordinating and connecting activity. Importantly, the ombudsman functions should help align the industry focus of MBEs with the sectors emphasized by economic development leaders. This should help redirect MBEs’ interests from an overrepresentation in hospitality and retailing. The survey results presented here could serve as interim baselines until more experience is gained in the marketplace.

The Metro New Orleans Sourcelink was initially designed as a one-stop initiative to aggregate resources and disseminate information that might be helpful to MBEs. It is now underfunded and lacks the focus to fulfill its original purpose. A sufficiently funded and managed reincarnation of this concept may be the missing link in raising MBE participation in an otherwise thriving entrepreneurial ecosystem. The survey uncovered plans for a proposed “boot camp” for MBEs intended to strengthen the capabilities within the MBE...
community, enhance collaboration, and increase shared learning from those who have succeeded in the ecosystem.

- **Interning future MBEs** - Survey participants who were artisan entrepreneurs (e.g., independent musicians, painters, and street performers) suggest that the ecosystem would benefit significantly from an intern program that specifically targets minority youth to help stimulate their interest in entrepreneurship as a career path.

- **MBEs working on own self-interest** - Survey participants insisted that MBEs ought to take the initiative to meet their bank managers and loan officers as regular business customers before they need capital for growth or reinvestment. A record of steady deposits could be a powerful argument for approving a business loan request. MBEs are also challenged to deepen networking between MBEs, which would make them more apt to pursue a joint venture or partnership. That partnering should make them ready and able to tackle large procurement and contracting opportunities. This strategy might minimize the overcrowding of MBEs at the small edge of contracting and enable more aggressive participation in larger opportunities in which the margin for error is more forgiving and repeat business more likely.

As indicated in Figure 5, respondents expressed concern with accessing an adequately trained workforce and appropriately trained top managers in response to our inquiries regarding human capital. In a recent survey by the City of New Orleans, it was also noted that 33.3 percent of employers indicated that there were insufficient numbers of qualified applicants meeting an acceptable level of experience, training, or needed certification. The dearth of a qualified workforce to support the growth and development of entrepreneurial ventures is not unique to MBEs. However, given the underrepresented level of MBE firms, this market issue might present a strong opportunity for MBEs in selected sectors to partner with one of the universities (perhaps SUNO or UNO, who would appear to have a mandate in this area) to help establish workshops or courses that specifically address the human resource needs of MBEs. For example, MBE senior managers in the hospitality industry might be interested in students who pursue training in customer service, while construction firms may be interested in students who take courses in estimating and construction management.

A well-documented case study of entrepreneurship in St. Louis revealed that entrepreneurs learn from interacting with other entrepreneurs. Potentially large and untapped reservoirs of external advice exist for entrepreneurs in general, and we can imagine how big that untapped reservoir must be for MBEs. Systematic networking within the MBE population seems to require innovative intervention. We suggest establishing a funded entity that arranges, manages, and facilitates routine social and business interactions within the MBE population. This could be done by industrial cluster—mimicking the current focus of The Data Center on water management—and put MBEs with a common sector interest in the same room with like-minded others who are attracted by business opportunities. A cohesive community of MBEs could result from this sharing of knowledge, expertise, and opportunities.

- **Anchoring opportunities** - The Democracy Collaborative model from Cleveland may be replicated here to focus on the anchor opportunities provided by the over $2 billion medical complexes of the Veteran’s Administration and the University Medical Center. This approach is, as we understand, currently being investigated and is strongly encouraged based upon our survey findings. A noteworthy complaint from survey respondents was that “when it comes time to do the work [acquired by MBEs as subcontractor to major primes] the minority-owned companies don’t actually get the business they were supposed to.” The model suggested here would monitor the primes and levy penalties that are significant enough to discourage this lack of good-faith effort that limits MBE successful participation in the ecosystem. The new systems installed by the city that purport to expand the capabilities of the city to electronically monitor the compliance of firms that claim minority participation but fail to deliver on that promise is a good start to changing how MBEs are included in the public policy component of the entrepreneur ecosystem.

The presence of a nationally recognized Small Business Development Center (SBDC), the local outreach and support entity funded and directed by the Small Business Administration, is an underappreciated and underutilized resource for MBEs. It could and should be an important component of the suggested MBE inclusion process. A simple one-stop certification process might be a tool implemented and owned by the SBDC that could make a significant positive impact on the MBE community. The highly visible medical projects, in combination with technology-enhanced monitoring of subcontracts and partnerships between non-minority and minority businesses, provides an opportunity for metro New Orleans to have an entrepreneurial ecosystem in which all firms participate at equitable levels.
Conclusion

In our introduction, we cautioned that these survey results are not generalizable. However, the summarized data does provide useful firsthand insights from MBEs regarding their perceptions of the entrepreneurial ecosystem. What is perhaps most clearly evident is that participation parity for MBEs in the robust entrepreneurship ecosystem of New Orleans has not changed significantly from pre- to post-Katrina.

The survey revealed an interesting conundrum: a majority of MBEs in the survey tended to agree that there is a positive presence of an entrepreneurial ecosystem in metro New Orleans. Yet, four out of 10 of the respondents do not feel that MBEs are equitably supported as participants in this ecosystem. A powerful and strong ecosystem that finds more than 40 percent of the population underrepresented leaves the metro vulnerable to the next crisis. The literature on resilience specifies that resilient regions have economic growth with relatively small income inequality, accumulated wealth that can be invested into rebuilding after a shock, and strong social capital.20

We have seen the frustration of Baltimore, Ferguson, and other communities explode into destruction of businesses in which some community members felt they had no ownership. This essay suggests several opportunities for metro New Orleans to change how MBEs participate in the economy, with the vision of rebuilding a region that offers economic opportunity for all.
Endnotes


2. Self-employment is often used as a synonym for business ownership by individuals; technically, it is the number of non-institutionalized individuals between 25 and 64 who report that they are self-employed. The distinction between self-employment and business ownership is subtle. Business owners may also be employees and employees can also be self-employed. Ultimately it is a tax issue regarding how one chooses to define his or her conditions of employment. In this essay we used the practitioner perspective and use the terms interchangeably. A useful discussion in the context of New Orleans can be found in J. Zissimopoulos and L. Karoly, "Employment and Self-Employment in the Wake of Hurricane Katrina," Demography 47 (2010), p. 345–367.


4. The discussion by Patricia G. Greene and Margaret M. Owen, "Race and ethnicity," Handbook of Entrepreneurial Dynamics: The process of business creation (2004), pp. 26-38, is a useful contribution to this issue.

5. The data for the MBDA 2007 is "due out sometime in 2015," according to the MBDA website. The BPR statistic is not computed here because the raw data on minority population and number of firms is captured from the U.S. Census which, as noted in endnote above, is not directly comparable to MBDA data. The 2007 Census data is our best estimate at the moment and included here until we can update with MBDA data. In preparing this essay, it became clear that data on MBEs in metro New Orleans are both scarce and sometimes contradictory.

6. Data from the U.S. Census and the Minority Business Development Agency (MBDA) are not exactly the same, as they use different metrics and definitions. The concept of "MBE" is a socially constructed denotation and defined slightly differently by different sources. MBDA defined "minority-owned" as any firm with Black or African American, American Indian and Alaska Native, Asian, Native Hawaiian and Other Pacific Islander, or Hispanic or Latino owners holding a 51% or larger stake. Others define "minority-owned" differently and choose to include women (minority and non-minority), veterans and physically disadvantaged people in this category; thus, the designation is often "disadvantage business enterprises" - DBE vs. MBE. Some individuals are ambivalent about this designation and are not always consistent in how they classify themselves for business purposes. We see the discrepancies between the U.S. Census and MBDA statistics as important but relatively minor and not essential items to be reconciled for the purposes of this essay. MBDA is the primary default data source used here.


11. For the last four decades Atlanta has elected an African American as mayor and those mayors have helped forge a progressive coalition with downtown business leaders to provide major support for minority-based businesses and for neighborhood-based organizations. With this relationship in place—a sometimes uneasy partnership between black political clout and white financial power—Atlanta has often been referred to as the "black mecca," a city to which people of color, and especially professionals, have been drawn to live and start their own businesses. The term black mecca is often considered to be synonymous with the designation for Atlanta as the "home of black capitalism." F. Scott (1982), Otis Graham (1999) and Sylvester Monroe (2010) provide in-depth discussions of Atlanta’s ascension to leadership as to how MBES (especially African American owned businesses) successfully pursue equitable participation in that city’s entrepreneurial ecosystem. The domains of the Atlanta ecosystem are instructive but do not parallel the economic drivers of the New Orleans metro. Also see: See Forbes, "The Cities Where African-Americans Are Doing The Best Economically," 2015 (http://www.forbes.com/sites/joelkotkin/2015/01/15/the-cities-where-african-americans-are-doing-the-best-economically/).


13. Ibid.

14. Both instruments are available upon request from the first author of this essay.

15. MBES highlighted a variety of supportive initiatives and programs in New Orleans metro. In the interest of space, we will make that list available upon request from the first author.

16. See J. E. Pinterits, V. P. Poteat, and L. B. Spanierman, "The White Privilege Attitudes Scale: Development and Initial Validation," Journal of Counseling Psychology, vol. 56, no. 3 (2009), pp. 417–429; a working definition of "white privilege": the "unearned advantages of being White in a racially stratified society... an expression of institutional power that is largely unacknowledged by most white individuals."

17. The 8(a) Business Development Program helps small, disadvantaged businesses compete in the marketplace. For general questions about the 8(a) Business Development program, email: 8aquestions@sba.gov.

18. St Louis is enjoying strong growth in its startup and entrepreneurial community. The Ewing Marion Kauffman Foundation recently published “Examining the Connections within the Startup Ecosystem: A Case Study of St Louis, 2014,” which provides insightful observations and recommendations on the characteristics of an effective and inclusive entrepreneurial ecosystem.

19. See “The New Orleans Workforce Investment Board Local Workforce Investment Plan For the Period of July 1, 2012 through June 30, 2017.” Mitchell J. Landrieu, Mayor; Robert T. Spencer, Jr; Chair, New Orleans Workforce Board, Nadiyah M. Coleman; Director, Office of Workforce Development.

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About The Data Center
The Data Center is the most trusted resource for data about greater New Orleans and Southeast Louisiana. Since 1997, The Data Center has been an objective partner in bringing reliable, thoroughly researched data to conversations about building a prosperous, inclusive, and sustainable region.

About The New Orleans Index at Ten Collection
The New Orleans Index at Ten collection includes contributions from The Data Center, the Brookings Institution, and more than a dozen local scholars. The aim of this collection is to advance discussion and action among residents and leaders in greater New Orleans and maximize opportunities provided by the 10-year anniversary of Katrina.

The New Orleans Index at Ten: Measuring Progress toward Prosperity analyzes more than 30 indicators to track the region’s progress on economic, inclusive, and sustainable growth. Essays contributed by leading local scholars and the Brookings Institution systematically document major post-Katrina reforms, and hold up new policy opportunities. Together these reports provide New Orleanians with facts to form a common understanding of our progress and possible future.

The New Orleans Index series, developed in collaboration with the Brookings Institution, and published since shortly after Katrina, has proven to be a widely used and cited publication. The Index’s value as a regularly updated, one-stop shop of metrics made it the go-to resource for national and local media, decisionmakers across all levels of government, and leaders in the private and nonprofit sectors.

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