

OCTOBER 2020

# SEEKING EQUITY



*Black and Brown  
Entrepreneurship in  
Wilmington, Delaware*

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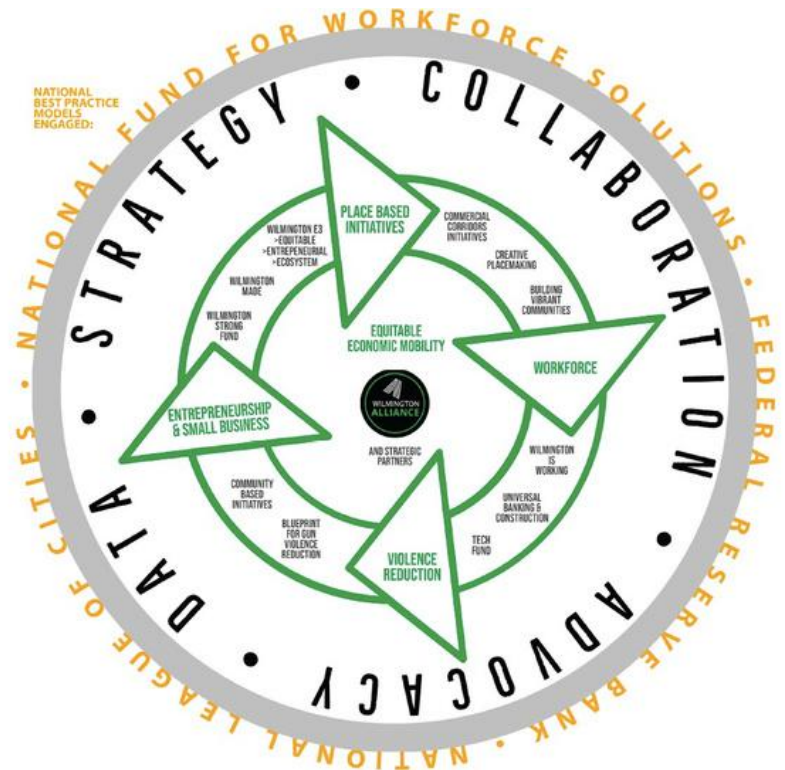
Wilmington Alliance



# ABOUT WILMINGTON ALLIANCE

## Vision

Wilmington Alliance, in collaboration with community, civic and business leaders, prioritizes Wilmington's highest needs and inequities and strategically addresses them. The Alliance is the convener and connector of neighborhoods, businesses, nonprofits and local, state, and regional development entities to drive economic opportunity and social vitality. Nurturing this network of catalysts for the betterment of Wilmington and its residents, the Alliance will focus on economic and workforce development, revitalization through community engagement, and creative placemaking.



# ABOUT TECHNICAL.LY

## Our Mission

We convene the smartest people and organizations in industries that matter for local communities to thrive in the future.

To do that, we make connections with journalism, events and services. Visit us at [Technical.ly](http://Technical.ly).

## Our Vision

We envision better workplaces that create more equitable hometowns.

## Our Values

- Welcoming
- Connective
- Challenging



# WHAT WILL BRING RACIAL EQUITY TO ENTREPRENEURSHIP IN WILMINGTON?

## Overview

The reporting for this series, backed by a 12-week series of case studies underwritten by the Wilmington Alliance, launched on June 16. That was just two weeks after the Memorial Day killing of George Floyd, and in the middle of the biggest civil rights uprising in the U.S. since 1968.

The timing was right, but it was coincidental: The project had been in the works since late 2019. It was initially planned to start in March, but with the COVID-19 lockdown causing disruption in all aspects of life, it was postponed. We didn't want the stories to get buried under the pandemic news.

We didn't know the rescheduled start would fall during such an intensely raw time for Wilmington's Black communities. Nor did we know that in June, white people, organizations and corporations would, en masse, be about as willing to listen to what Black people had to say as they ever have been in the nation's history.

The early interviews, especially, were at times emotional. Metaphorical masks had come off. We don't know how these interviews would have looked if May 25, 2020, never happened. But having conducted interviews with hundreds of Delaware entrepreneurs since Technical.ly first launched here in 2014, we feel pretty confident that few would have been as candid. If done at another time, the most commonly cited obstacles for growing Black and Brown entrepreneurship in Wilmington may have been more on program issues and resources — and less on the systemic racism that became a clear theme of this report.

From the start of the twisted crises of 2020, the systemic nature of inequity in American entrepreneurship became clear. In spring 2020, the U.S. federal government deployed the most expansive fiscal stimulus program for small business in generations. Quickly, the Paycheck Protection Program (PPP), a component of the CARES Act, proved to magnify existing structural inequalities.

It became a complicated microcosm of gaps in wealth creation by race, a story familiar in Wilmington.



# PROJECT GOAL

To identify and tell the stories of successes in economic growth and inclusion in Wilmington, Delaware, Technical.ly led a three-month reporting series on Black and Brown founders.

Find the full series at <http://bit.ly/seeking-equity>

Fiscal stimulus in times of economic crisis, as spring 2020 most certainly was, requires considerable speed. By nearly all accounts, PPP did move quickly. In this initial wave, the federal government distributed a remarkable \$349 billion via its Small Business Administration. To put that in perspective, the SBA processed more than 14 years worth of loans in less than 14 days. In order to move so quickly, the program relied on commercial lenders, which favored existing clients, familiar businesses, employees and offices. Well intentioned or not, the impact on the racial makeup of American entrepreneurship became clear.

How many of the small businesses that received a PPP loans were Black-owned? By one count: about 5%.

The Seeking Equity in Wilmington was in no way meant to be a review of this remarkable fiscal stimulus program. But the timing proved a telling, and chilling, supportive narrative. Of the dozen Black or Brown-owned businesses in Wilmington featured in this series, only one, computer repair retail shop NERDiT NOW, received PPP, via its nonprofit the NERDiT Foundation; the business itself was rejected. The amount it did receive was shockingly low — \$5,000. Most of the PPP loans were small — nearly 90% were for less than \$150,000, but the average was \$107,000.

Another, GreenBox Kitchen, was waiting for PPP funds well after the first wave of funding finished. With a less established banking relationship, cofounder Jason Aviles said he wasn't even sure what size the loan would be at all. The other 10 Black and Latinx-owned businesses in the series received no PPP funds, with most not even eligible to apply.

This is what Black and Brown entrepreneurship looks like in Wilmington, and many of these founders report they don't feel the system will ever work in their favor. Many said PPP felt an apt symbol.

Levitea's Tynisha Lomax reported being without an existing established banking relationship. She effectively opted-out of the program entirely.

Business owners of color have often learned to do it without bank loans, whether by launching a business while working full time, like The Sold Firm owner Nataki Oliver and Lafate Gallery owner Eunice Lafate; focusing on grant programs and funding from in-network investors or the new wave of startup pitch competitions; or by crowdsourcing funds. Some, like AfroZen owner Adanna Murrell, keep costs low by running businesses on social media rather than brick-and-mortar storefronts.

These founders report building their own non-traditional systems outside of established pathways.

*Of the country's signature small business protection program, just 5% of loans went to Black-owned businesses.*

These alternatives to bank loans have one natural advantage: No business loan means no business loan debt. But, in the case of PPP, no business loans meant no established relationship with a bank relationship manager who can help guide you through the system. When founders of color operate outside of existing structures, communities lose a source of economic prosperity.

## The uneven playing field

At the core of most equity discussions is the notion that we have to “even the playing field.” For many, that means putting money into (often white-designed) programs.

For a lot of Black- and brown-owned business, what it means to them is equal opportunity in the most literal, non-jargon sense. Businesses don't thrive on programs to help businesses thrive. They thrive on business. Contracts. Referrals. For many of the businesses we talked to, these things were notably lacking — even if they were celebrated for their work.

Markevis Gideon, cofounder of NERDiT NOW, was in his third month of refurbishing and distributing laptop computers for free to households that needed them for school and work through the NERDiT Foundation when we interviewed him in June.

The project — made possible by funding from Discover Bank — garnered NERDiT quite a bit of much-deserved publicity. In Delaware's close-knit business community, it felt as if everyone was talking about how the small computer repair business with a storefront in Newport was giving away computers to kids in need. They were lauded.

That did not, however, translate into customers and contracts. It was if NERDiT's efforts made people feel good, and applauding was enough.

Black creatives get lowballed, something Mādō Agency founder Linda Watson has dealt with, along with an ongoing struggle to find businesses to contract with.

Irene Castañeda, owner of Veronica's Kitchen, was told she would probably never get a business loan, one of the most basic resources for business owners. Most of our interviewees started their businesses either with their own money, such as former corporate go-getter Akilah Bernard, founder of I am B.E.A.U.T.Y, or with pitch competition winnings, which helped launch NERDiT NOW.

GreenBox Kitchen's Aviles came to the stark discovery that the playing field was uneven when he finally worked his way into Wilmington's business networking circle of must-knows, and found that he was pretty much the only one who had scrapped his way to the room.

But funding — whether it's emergency funding or business capital — is only part of the story.

Danny DeJesus, founder of the United Tech Project, fights to give disadvantaged people access to tech education — something he himself discovered empowerment in while fighting for himself during a troubled youth spent in and out of prison.

It's not something everyone has to fight for. There are two Wilmingtons — two tracks that are uneven and receive access at different rates.

“With the new Delaware COVID relief grants, it was the first time we all got the information at the same time,” said Tamara Varella of the WIN Factory, at the virtual wrap dinner for the series on Sept. 10. “Usually, we're the last to find out.”

The first to find out about opportunities, Aviles had learned, often knew someone involved in doling the opportunities out, at least by a degree or two.

For some of these founders, improvements in their level of access have only reinforced a belief of how far behind they are from their white counterparts.

## Ignoring the 70%

About 60% of Wilmington's population is Black. Those identifying as Hispanic/Latinx make up 10%. Most of the rest of this city is white, with other small pockets.

Why, then, as many Black and Latinx view it, does the city cater disproportionately to white-owned businesses? Why are the areas of downtown that get the most focus, such as upper Market Street and the Riverfront, strikingly less Black than the neighborhoods they border?

There are lots of “rational” reasons. During weekdays, there are a lot of commuters from the predominantly white suburbs who want to work in a “nice” city that feels “comfortable” and “safe.” It's a familiar challenge for city economic development plans overcoming anti-urban and outright racist stereotypes. But for all we've learned from urban development in bigger cities that have already gone through the tremors of urban development and economic growth, why in Wilmington does niceness appear to mean whiteness?

To synthesize several of these Wilmington business owners, when will well-meaning people realize that that attitude in itself — that Wilmington must follow a contorted whitening to complete its economic revival — fuels economic disempowerment?

Several of the business owners we talked to do have businesses downtown, including GreenBox Kitchen and Milk & Honey LOMA on Market Street. They could become anchors to build around if this city wanted to. As it stands now, they are in the minority, and few of the Market Street businesses cater to the people who live in the neighborhood — especially youth.



Union Street on Wilmington's West Side is home to old-school neighborhood businesses like the original rowhouse Capriotti's Sandwich Shop, Kozy Korner diner, Mrs. Robino's and Dead Presidents Pub mixed with younger neighborhood standbys like El Toro Cantina, Merengue House, El Mana and Christa-Bell's Caribbean Cuisine. It is on the cusp of a real renaissance.

That is, if the rapid turnover in some of the corridor's commercial properties over the past few years doesn't stable itself out. Prime locations like the former Black Lab Breads and 8th Street Kitchen sit depressingly vacant, while new additions like Milk & Honey West Side inject optimism that the diverse residential neighborhood's stretch of storefronts will live up to its potential.

What's stopping it?

"The rent is just too high," said Milk & Honey owner Quincy Watkins. Union Street, which serves a largely working class community, is seeing commercial rent rates that aren't sustainable for businesses offering affordable goods and services.

Rents that are high — but still lower than tonier neighborhoods like Trolley Square and The Highlands — encourage gentrification and push out neighborhood businesses. This is nothing new, but the West Side thrives when its businesses reflect its diversity.

Revitalization doesn't have to mean modern redlining, where the ones who get access to nearly all of the commercial real estate are the same ones who are first in line for business grants. Other neighborhoods don't have to be ignored. Oliver's The Sold Firm is on Tatnall Street in West Center City. She says Market Street and The Riverfront were out of reach for her and many other business owners of color — both due to cost and access. That means only a lucky few Black and Brown businesses have access to a large amount of economic development resources in a the city where they make up the majority of the population.

## Competition over compensation

The WIN Factory on MLK Jr. Boulevard near the train station is a hub for Black and Brown entrepreneurs. The coworking space operated by the WIN Factory Wealth League offers lots of resources for business owners.

Cofounder Varella has been a consultant for 20 years, helping businesses and nonprofits better accommodate clientele from underrepresented backgrounds like her own. When she says she understands what the city's Black communities need, she means it.

And yet, her team at the WIN Factory, including the founders of Influencers Lab Media and Futures First Gaming, is rarely paid to consult on programs designed as business resources for the city's Black and Brown communities. Instead, they say, they are called on when the program is ready to launch to spread the word — for free.

Nonprofit organizations that at one time would have directed funds to orgs like WIN now create their own programs — direct competitors — instead. The result is less funding to Black-owned resources, and programs that, Varella says, are often missing components vital to resources geared toward Black businesses.

The solution here should be doable, though it may not be popular: Instead of building competing resources, organizations without minority leadership should instead fund and/or partner with existing minority-led resources. Barring that, they should contract with minority-led orgs as consultants starting in the early planning stages.

*"I wasn't sure if we were going to reopen, honestly. What encouraged me was the commitment of West Side Grows Together to really help minority business."*

QUINCY WATKINS  
MILK & HONEY

*"There was a plea for Black millennials to come here — 'You're needed.'" So she relocated from New York City to Delaware, which she saw as an "opportunity zone."*

AKILAH BERNARD  
I AM B.E.A.U.T.Y.

Possibly the biggest challenge for Black and brown businesses is plain old ingrained racism, both explicit and implicit. Our interviewees shared several examples, from racist comments from customers to neighbors to plain snubbing. That won't go away without meaningful leadership — from white city leaders too.

Much of what business owners of color propose, including more access to commercial real estate and more corporate contracts, will only heighten perceived racial competition. For official agencies, it's much easier to stick with the status quo or move over-cautiously rather than attempt a radical rethink of Black and brown-first planning.

Reports like this are meant to end with a series of neat and simple bullet points that will fix Wilmington's equity in business issues. But it doesn't work that way. At the end of this reporting project, we gathered the founders we interviewed for a virtual dinner. There was joy in the collective experience — and in the shared knowledge of what still stood in the way.

Still, here are a few concrete, actionable items:

## Prioritize existing hubs

The federal 8(a) program connects small, minority-owned businesses to federal agencies for contract opportunities and mentoring. In a perfect world, Varella said, WIN Factory would be a hub of opportunity where business owners of color has access to a similar program locally. This goes more broadly still: economic development and policy leaders should prioritize the support and investment in existing efforts over the creation of new programs whenever possible.



**"There's a mindset of 'You're not good enough to come to the table, but you are good enough for us to use you.'"**

**Tamara Varella**



## Invest in people, not places

Prioritizing first physical infrastructure, before existing residents will drive up rent without allowing those there to benefit. Focus on underserved people. For example, the City should establish at least one grant specifically for Black, Latinx and Indigenous businesses owners. (Many “minority” facing programs include white women in the “minority” category, which, historically, has advantaged them disproportionately, notes one founder.)



## Benchmark elsewhere; Celebrate locally

Look to Wilmington's mid-Atlantic neighbors and similar peer cities nationwide to learn what has, and hasn't worked. Meanwhile, invest in storytelling, convening and networking among early generations of Black and Latinx founders. Entrepreneurs frequently speak of the lonely journey, which can be made lonelier still when they feel unrecognized, or underrepresented. This series itself was lauded by those interviewed.

**“I had an idea, and I bought some mangoes and corn and I made some tamales. ... Then I was thinking, ‘Well, I can do more.’”**

**Irene Castañeda**

## It always starts with education

Increase and fund quality programming and education at the elementary, middle and high school level that is accessible to public school students. Build more community centers to offer them. Consider a radical imagining of who, how and what is taught. Economic resiliency is an issue of social justice. Though a far more complex issue, if we want to see more Black and Latinx entrepreneurs, it will take focus at the roots.



# CONCLUSIONS

Across a dozen case studies, backed by hundreds of interviews over five years of reporting on entrepreneurship in Wilmington, there are headwinds and tailwinds Black and Latinx founders.

Systemic racism and centuries of oppression leave these entrepreneurs structurally behind white founders. This is due both to generational wealth and to implicit biases in institutions.

This is true everywhere in the United States, and 2020 has presented a focused moment on changing priorities. That is a powerful opportunity. Wilmington can benefit from late-mover advantage, by noting what has and hasn't worked elsewhere.

Wilmington is an especially segregated place, where the state's business community is largely removed from issues of poverty and racial disparity. Many of this city's economic winners are even farther removed from average residents. If you are reading this report, you have a responsibility for change.

Economic development efforts must prioritize breaking down these barriers. Black and Brown entrepreneurs in Wilmington report being isolated, and under-supported — but they also are among the most resilient and empowered communities in Delaware. Economic disempowerment is a true waste.

Given that, we'd like to offer a special thanks to these founders for allowing us to help tell their story. This city's fate is theirs.



