ELEVATING BLACK WOMEN ENTREPRENEURS

INSIGHTS FROM BUSINESS OWNERS AND TAKE CREATIVE CONTROL

JAN 2021

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CHANNING GATEWOOD

www.TakeCreativeControl.org
In February of 2020, SaVonne quit her full-time job to grow her new business, Aya Paper Co., an eco-friendly card company. She would rush from one event to another, selling out her card stock and building a loyal following. One month later, the global pandemic hit and the whole world shut down.

SaVonne is just one among the thousands of Black women who start new businesses each day. Between 2007 and 2012, Black women opened over 600,000 new businesses, and from 2014 to 2019, Black women-owned businesses grew 50 percent—the highest growth among all demographic groups. On average, however, Black women-owned businesses are smaller in size than those owned by men or women of other races and ethnic groups.

**CHART 1: WOMEN OWNED FIRMS AS A PERCENTAGE OF FIRMS WITHIN RACE OR ETHNICITY, 2002-2012**

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Women</td>
<td>28%</td>
<td>33%</td>
</tr>
<tr>
<td>Black Women</td>
<td>66%</td>
<td>59%</td>
</tr>
<tr>
<td>American Indian Women</td>
<td>30%</td>
<td>48%</td>
</tr>
<tr>
<td>Asian Women</td>
<td>31%</td>
<td>39%</td>
</tr>
<tr>
<td>Hispanic Women</td>
<td>34%</td>
<td>44%</td>
</tr>
<tr>
<td>White Women</td>
<td>28%</td>
<td>33%</td>
</tr>
</tbody>
</table>

SOURCE: KANSAS CITY FEDERAL RESERVE

Accessing credit is historically more difficult, which makes the first years of business ownership evermore precarious. Few Black women-owned businesses survive beyond five years, which is considered a key landmark in a business’s lifespan. Structural differences in personal wealth, business experience, and social and professional networks, along with balancing caregiving responsibilities, present unique challenges to business ownership. For these reasons, Black women-owned businesses require targeted support to ensure their success. But this support pays off: without the contributions of these businesses, our neighborhoods and communities would suffer.

**BARRIERS FOR BLACK-OWNED BUSINESSES: BEFORE, DURING, AND AFTER THE GLOBAL PANDEMIC**

The COVID-19 pandemic has hit small businesses within Black and brown communities the hardest, forcing the closure of 41 percent of Black-owned businesses, compared to only 17 percent of white-owned businesses. These closures, inevitably, caused destabilizing ripple effects for families and communities. Black-owned businesses create essential jobs, provide necessary services, and are catalysts for future businesses. While the pandemic is not the only challenge that Black business owners face, it has exposed deep inequities that have long-persisted in our economy.

**Access to capital:** A study by the Federal Reserve Bank of Kansas City found that the challenges Black women faced when seeking loans tended to discourage them from applying for future financing, as Black women feared they would be turned down. Furthermore, they found that half of Black women-owned businesses relied on personal savings to start their businesses. In many cases, budding Black entrepreneurs have turned to their families, churches and communities to find start-up funding. Difficulties in securing capital have incentivized Black women to start businesses that do not require much capital. Unfortunately, though, these businesses are typically in oversaturated industries, such as hospitality and retail, and tend to be less profitable.

**CHART 2: REASONS FOR NOT APPLYING FOR BUSINESS CREDIT, 2016**

SOURCE: KANSAS CITY FEDERAL RESERVE
The COVID-19 pandemic has crushed Black and brown families, depleting savings and leaving millions unemployed with nothing but a tattered safety net to rely on. In 2019, white households had a median wealth of $188,000, whereas Black households had a median wealth of $24,000. This disparity partially explains why white households have been able to weather the storm better than Black households. The lack of a safety net and the inability to secure adequate funding has left Black women entrepreneurs with less flexibility and fewer options for waiting out the pandemic.

**Intellectual Property Ownership:** Intellectual property (IP) ownership is instrumental for business owners, allowing them to secure wealth from their creations and inventions. IP was intended as an economic incentive to encourage innovation and artistry. Historically, IP law has not operated to the benefit of Black business owners and creators. In fact, when IP statutes were first enacted, most Black individuals in America were still enslaved.

For generations, Black inventors and creators could not use IP in the same manner as their white counterparts. Thus, Black artists and creators did not receive royalties for their music, nor did they receive credit or fair pay for their creations. In many cases, white inventors and creators have used IP laws against their Black peers.

For example, white creators would file for IP protection ahead of Black creators, blocking Black creators from future profits and further exploiting their work and ideas. If Black artists were paid at all, it was often per performance, rather than for their creations, which resulted in low pay and inconsistent royalties.

Nevertheless, Black people have contributed substantially to art, literature, and music even without the incentive of securing IP rights.
Rather than profiting from their contributions via IP law, Black creatives have been treated as if their works are in the “public domain,” free to use by anyone. Law professor K. J. Greene views IP as a “form of wealth” and suggests that since the works of Black people were appropriated and exploited for years, those exploitations constituted a “wealth transfer away from the Black community.” Securing IP protections serves as a way to reclaim and grow Black wealth. However, Black creators are less likely to secure these protections, which will impact future generations.

In his book, *The Death of Rhythm ‘N’ Blues*, author and journalist Nelson George writes, “Blacks create and then move on. Whites document and then recycle.” Lateef Mtima, law professor and founder of the Institute for Intellectual Property and Social Justice, has also stressed how important it is for artists to digitize their work, making it more accessible to large audiences and appealing to licensors.

He suggests that sharing work on a large digital platform “can create the kind of public following that can trigger a corporate licensing proposition, enhance creator bargaining leverage, or provide confirmation as to a market and revenue base worthy of the pursuit [of] an independent, entrepreneurial venture.” While the digital culture has its benefits, it also increases the risk of exploitation. Greene argues that "digital technology makes it easier to manipulate existing works, which leads to new possibilities for artists who can harness the technology, but also increases the potential for unauthorized alteration and appropriation of copyrighted works."

**The Digital Divide:** While the digital age has made it easier for artists to share their creations, it has also exposed disparities in Internet access, and smartphone and computer device ownership. The arrival of a largely digital world has had some negative impacts on Black business owners who are accustomed to operating in brick and mortar locations, rather than online.

The COVID-19 pandemic has forced businesses to move online and utilize new platforms and outreach tactics. Black business owners and Black consumers were forced to confront the accessibility challenges presented by digital and web-based models. For example, many Black-owned businesses are located in Black communities, which typically have less access to broadband. Only about 67 percent of households in Black neighborhoods have broadband internet, compared to nearly 84 percent in white neighborhoods. Therefore, Black business owners have had to consider how to best mix online and in-person outreach efforts during the pandemic to ensure they are reaching the communities they serve.
About Take Creative Control:
Take Creative Control (TCC) is an initiative of the Institute for Intellectual Property & Social Justice, a nonprofit organization that works to ensure creators of color are empowered to protect, share, and monetize their creative works.

Meet SaVonne Anderson
SaVonne is the founder and creative director of the sustainable stationery and gift company Aya Paper Co. - a company inspired by the well-being of the earth. As an advocate for environmental justice, SaVonne wanted to ensure that Aya Paper Co. didn't perpetuate issues like climate change and pollution, which disproportionately impact communities of color. Aya's collection is defined by neutral earth tones, minimalist illustrations, and modern typography. The collection emphasizes cards for everyday occasions—birthdays, congratulations, love, friendship, and sympathy—while also creating seasonal items for the Winter Holiday Season, Valentine’s Day, Women’s Month, Mother’s Day, Father’s Day, and more. Sentiments range from inspiring and poetic to lighthearted and humorous. In addition to cards, Aya has produced notecard sets, journals, tote bags, and candles.

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