



Procurement Contracts for Small Business Owners Are Key to Countering Rising Income Inequality

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I am the proud president of Northside Economic Opportunity Network, an organization that works with residents of northern Minneapolis to turn them into successful entrepreneurs. Many of our clients are first-generation entrepreneurs. Most don't have postsecondary education or a family background in business and the support we provide is critical.

Our clients were hit hard by the COVID-19 pandemic and many struggled to keep their businesses open. Our staff made house calls to help those struggling with online grant applications. Digital literacy levels are low for clients of all ages, and many clients don't have a computer; instead, they rely solely on their smartphones. This has been an impediment for our clients in trying to access pandemic-related grants and relief. But the bigger challenge our clients face is getting access to procurement contracts.

Procurement contract opportunities from governments (local, state, and federal), corporations, and universities often exclude our clients. Procurement contracts matter because it's through these procurement and contracting opportunities that BIPOC business owners can grow and build wealth. Organizations often rely on tradition, returning to those they know, and put other impediments in place, including things like minimum size and scale or restrictions on suppliers. For decades, this has created an uneven playing field for small business owners of color and makes it seem like the system is rigged against them.

There's a joke in Minnesota that there are two seasons: winter and highway construction. Highway construction seems to be an annuity for the construction companies, which are not owned by African-Americans. Whoever owns the project proposal has the opportunity to determine who the vendors are. Government and corporate leaders need to figure out how to dismantle the impediments for BIPOC business owners. Laws and regulations are made by people making decisions. These decisions can be different. Leadership means that you make shifts that are required. And changes must be made to make a real, sustainable effort to remove impediments, and not make episodic efforts that are reactive to current events.

What makes entrepreneurship so appealing is that some of the baggage from our clients' past, like having been incarcerated, doesn't prevent them from earning a living nor necessarily cap what they earn. Some of NEON's most successful clients have criminal records for infractions committed in their youth. This is often a barrier to employment and limits the opportunities available to them. Even when they can obtain traditional employment, the jobs may be menial with little opportunity for career advancement. Also, these individuals are often creative, but they have not had a constructive outlet for their creativity. Entrepreneurship becomes a constructive way to unleash their creativity and their boundless determination. One of our clients, who was previously incarcerated, had his driver's license revoked for various reasons and couldn't afford the fees to reinstate his license. As a result, he could not drive to his work sites. He was thus forced to find someone to work with who could drive him to his job sites, even though it was clear that they did not share his work strong ethic. We at NEON were able to pay off the fees on his license and now this individual is running a successful commercial lawn care business and has two employees in addition to himself. With our support, he was able to regain his independence and become successful.

In general, much more support is needed for BIPOC entrepreneurs, from help with crafting a business plan and incorporating it as a business, to getting capital and establishing an online presence. Organizations like NEON meet clients where they are, teaching clients using effective adult learning techniques and helping them to learn by doing. But, like our clients, our resources are limited, and we have few opportunities to expand our services to meet the demand in our community.

Our clients are turning to entrepreneurship as a way of creating opportunities for themselves and their families. They want a legacy and to build wealth for their children. They want to do things that a traditional workplace doesn't enable. Black entrepreneurs have six times the wealth of their peers. It's the biggest wealth producer they can engage in. That's why it's critical that they have access to contracts that will help them grow their companies and invest in their future.