

**BLOG** Published November 21, 2024 • 4 minute read

# Lights, Camera, Action! How LA Entrepreneurs Are Shaping Their Communities



*Rachel Evans, Policy Advisor*

Rep. Sydney Kamlager-Dove recently stated, “Small businesses are the backbone of community economies.” That’s why the Alliance for Entrepreneurial Equity hosted a roundtable in Los Angeles in late October to hear directly from local entrepreneurs about their experiences. We were joined by Mayor Karen Bass, US Representatives Judy Chu and Sydney Kamlager-Dove, and two dozen individuals from LA’s small business community. The conversation examined challenges that small businesses face, how stakeholders are working to break down barriers to entrepreneurship, and what policymakers can do to help small businesses thrive.

During the discussion, three key themes took shape:

**Financing from family and friends is helpful—but far from guaranteed.** Financial support from family and friends can be the crucial boost that helps a budding entrepreneur or struggling business gain traction. With their close knowledge of and connection to the entrepreneur, loved ones are often the first to believe in a venture and the most willing to provide seed money to bring an idea to life. At our roundtable, the owner of a boutique shared that her initial funding came from a family friend, and her parents were able to advocate for her and her dream.

Yet, many entrepreneurs don't have access to financial gifts and informal funding—particularly in diverse communities without an abundance of wealthy networks to tap. That's why it's critical for small business owners to form a personal relationship with a local banker or other community lender early in their entrepreneurial journey. One coffee shop owner who spoke at the roundtable said that he was lucky to find a realtor who took a chance on him and provided space for his business.

Increasingly, business owners of color face greater hurdles to accessing financial resources or building relationships within the business community. There is a clear need for the private sector and the government to step in and fill the grantmaking gap unavailable to most underserved communities through low- to no-interest in financing.



**Preparation is essential for sustainable success.** At the roundtable, experts emphasized how extensive preparation is critical to successful financing. Aspiring business owners need to develop a savings plan, study customer demographics and market trends, and understand their industry deeply when approaching a lender. Community lenders suggested meeting with bankers months before applying for a loan to strengthen one's application and prepare the business for institutional financing. A Wells Fargo representative noted that while lending standards set the minimum



requirements for a business, strategic planning with an expert can elevate an applicant's profile and increase their chances of securing a loan. (Note: Support for our work comes in part from AEE's Industry Council, which includes Wells Fargo and Amazon as founding partners).

Beyond planning for loans, successful entrepreneurs are constantly on the hunt for growth opportunities. Mayor Karen Bass highlighted ProcureLA, a new program to help prepare small businesses win city contracts. With the FIFA World Cup in 2026 and the 2028 Olympic and Paralympic Games coming to LA, Mayor Bass wants to ensure "small and local businesses access opportunities that are economic drivers." Large international events can be drivers of long-term business success for diverse small businesses, and Mayor Bass is putting an important focus on the once-in-generation opportunity presented by the World Cup and the Olympics.



**There is a fundamental lack of awareness about community and government support.** There are countless resources available to business owners—from nonprofits and community groups, to local, state, and federal government initiatives. But that support can only help if entrepreneurs are aware of it, and far too many aren't. One entrepreneur pointed out that while officials often celebrate small business launch rates, they fail to address the alarming closure rates. This sentiment reflects a broader frustration among owners who say that available resources can be hard to locate, leaving many unaware of the support available to help sustain their ventures.

Rep. Judy Chu shared her personal experience, stating, “Entrepreneurship is what allowed my family to survive and thrive.” She was troubled to discover that many were unaware of resources like the Small Business Administration's Community Navigator Program and Small Business Development Centers—programs that are often free and essential for business success.

At the roundtable, a diverse bench of organizations highlighted their resources and support for business owners. For example, Wells Fargo’s Open for Business Fund created a \$420 million effort to help small businesses by giving flexible capital to community development financial institutions and local nonprofits to support local businesses. Amazon highlighted its tools to help business owners launch and grow online, while the Los Angeles Urban League discussed its technical assistance services that equip entrepreneurs with essential skills and guidance. To bridge the gap between available resources and awareness, however, improved outreach is essential to ensure business owners can access the support needed for their long-term success.



The Alliance for Entrepreneurial Equity appreciates all the participants who joined us in Los Angeles. Each insightful contribution helps to shape AEE’s policy agenda as we look for ways to support women and people of color in their entrepreneurial endeavors.

## TOPICS

