Access to Capital for Entrepreneurs: reducing barriers for the 83+%
How can we reduce barriers in access to capital for entrepreneurs?

Initial 2018 study: landscape analysis and published report

>83% not served by VC firms or banks

Venture capital
< 1% of new businesses


Small business loans & microloans
~ 18% of new businesses
How the 83%+ finance new businesses:

1. Personal/family savings – 63.9%
2. Bank loans -17.9%
3. Personal credit cards – 10.3%
4. No outside capital needed – 8.9 %
5. Personal home equity loan – 7.3%

9. Investment from venture capitalists - .6%
Lula Luu of Fin Gourmet
Barrier 1: Fund size and relationships with institutional capital

- Over 300+ institutional investors who manage more than $1B
- Fewer than 5% would invest in funds less than $100M
- Large funds under-index on geographic, racial, gender barriers
Barrier 2: How do we build community wealth?

- Gap between asset holders, asset managers, distressed communities
- Qualified purchasers, accredited investors, non-accredited investors
- Venture capital exemption
Barrier 3: Gap between venture capital and debt

- Revenue-share, profit-sharing, employee ownership, pay for success: models higher return than debt, lower risk than equity
- Capital Access Lab: over 100 funds from 32 states, 55% women run, 42% led by people of color
Discussion