

**BLACK. BRITISH.
IN BUSINESS ...AND
PROUD! UNITED
IN PURPOSE**



YEAR 2 REPORT



September 2022



Black Business Network | Lloyds Bank

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This year, our focus was to assess the impact of barriers Black entrepreneurs said they were facing, such as discrimination, racism and concern about equal access to opportunities.

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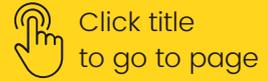


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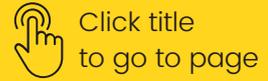


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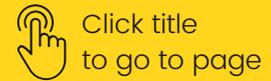


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FOREWORD | UNITED IN PURPOSE

The commitment by Black Business Network and our partners, Lloyds Bank and Savanta, to produce **three consecutive annual reports** was and is an active acknowledgement of the persistent difficulties Black business owners in the UK are facing.

Our [2021 Black. British. In Business & Proud study](#) was a fact-finding mission to understand the challenges and barriers that Black entrepreneurs are facing and the potential ways forward that would enable them to grow and thrive. The findings were unfortunately not surprising but a stark reminder of the pervasive way that race, discrimination and inequality continue to cause an economic divide and hinder progress for ethnic minorities. As a result, our findings in 2021 led to [10 recommendations as a charter for action](#).

This year, our focus was to **assess the impact of barriers** Black entrepreneurs said they were facing, such as discrimination, racism and concern about equal access to opportunities. We also wanted to **measure the positive impact** of the recommendations and actions we started to implement following last year's findings. Part of our responsibility as community-centred support is to investigate and communicate the barriers that continue to prevent the **financial growth and stability** of Black businesses. We are aware that no singular action or organisation will solve these problems, but we continue to commit to **collaboration and taking action**.

Our goal, following a period of reflection internally as an organisation and listening to the voices of those most affected by racial inequality, is to **sustain our continuous efforts** to work closely with those that are part of a bigger institutional structure. A significant share of our resources is dedicated to creating institutional and systemic change. We know that our **plan is ambitious**, and we have to be prepared to navigate barriers as we go, **working collaboratively** with other organisations and institutions, **welcoming change** and **sharing our ambitions**.

We want to be clear about what we expect organisational transformation to look like. The last year has given us confidence that change can happen when working with committed partners, and we want to double down on those efforts. We value partners that are open about their shortcomings and historical failings; organisations that answer with integrity when faced with important questions about the road ahead to achieve change.

We understand the importance of **inviting diverse voices** to these conversations if we are ever to truly understand – and more importantly, repair, the breakdown in trust with people from marginalised communities. We acknowledge, without question, that Black communities have been failed by institutions in a way that continues to reverberate through the **social, epistemic and economic** disparities we see, contributing to the wealth gap today.

This year's report is titled '**United in Purpose**', calling for more effective collaboration between the Black business community, financial institutions, government and wider society. We must align our actions with the values and interests of the Black business community to truly create change for Black entrepreneurs in the United Kingdom.

Our mission is to create an **ecosystem** and an **equitable model** of business support. In order to achieve this, we must recognise the strength in building partnerships and creating collaborative environments. We must be united in our actions if we are ever going to build a better future for the **Black business community**; we all have a part to play.

Shari Leigh
Founder
Black Business Network



SHARI LEIGH
Founder, Black Business Network

WELCOME MESSAGE FROM LLOYDS BANK: ELYN CORFIELD

We have been working with British businesses for hundreds of years, striving to meet their needs and helping them achieve their ambitions.

Supporting businesses is part of our core purpose of helping Britain prosper, and Britain can only truly prosper when it's inclusive of all communities.

As CEO for Business and Commercial Banking, which supports start-ups through to mid-sized corporates, I know how important entrepreneurs are to the UK's future prosperity.

We passionately believe that all businesses should have the same opportunities to succeed as each other but we recognise through what Black business communities are telling us that there's still much work to do to create an equitable landscape.

It's sobering to hear first-hand the experiences, thoughts and feelings of Black entrepreneurs and this report, in its second year, again makes for uncomfortable reading.

We've made a commitment within our Race Action Plan to help create equity for Black entrepreneurs. We pledge to use our influence to make bigger and faster changes and we'll hold ourselves to account on our progress.

Continuing to listen to Black business owners is a crucial step in building trust and following the inaugural report in 2021, we collectively developed [ten recommendations](#) as a charter for action, informed by the Black Business Advisory Committee (BBAC), Community Leaders and Black business owners.

Alongside our fantastic partners including the BBAC, Black Business Network (BBN) and Foundervine we've launched a number of initiatives aligned to these recommendations. These include the [Immerse programme](#), and sponsorship of the Black Investor 360 Finance Festival. We have formed relationships with Black-owned national and regional grassroots organisations to support events and initiatives aligned to our collective

mission of enabling Black-owned businesses to thrive; such as Jamii, Black Owned Business Exhibition (BOB Expo) and the UK Black Business Show. We've established more than one hundred mentoring relationships as part of our partnership with Mentor Black Business, and have committed to one hundred more. We are also developing a Supply Chain Diversity programme to ensure our supply base represents the communities we serve.

While I'm proud to see the impact these initiatives are having, there's still a long way to go. We, our financial services peers, government, and other institutions, share a collective responsibility to do more. And we will do more.

You can find out more about: our support for Black-owned businesses on our [dedicated Black Business Hub](#), the [progress we have made so far aligned to the ten recommendations](#), and our [Race Action Plan](#).

Elyn Corfield
CEO, Business & Commercial Banking
Lloyds Banking Group



ELYN CORFIELD

CEO, Business & Commercial Banking,
Lloyds Banking Group

OUR FINDINGS

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Persistent discrimination impacts on mental health and confidence, leading to a breakdown in trust of formal institutions.

- **67%** of Black business owners have been negatively discriminated against in their past entrepreneurial efforts; a rise from **51%** in 2021. And **58%** of those who have been negatively discriminated against say it has had a detrimental impact on their mental health and confidence.



Past experiences of discrimination and generational culture has led to a fear of finance and a theme of discouragement.

- The biggest concerns for accessing finance are worries about taking on debt (**34%**), not knowing which funding option to choose (**28%**) and a fear of rejection (**27%**)
- Leading to only three in ten Black business owners approaching banks for finance and two in ten choosing to take up a bank loan.



OUR FINDINGS CONT'D...

Black entrepreneurs seeking business advice primarily do so within the Black community, potentially hampering growth, and productivity.

- Black business owners turn to their friends (**31%**), Black business community groups or social media groups (both **29%**), rather than banks (**12%**) for advice and support.
- Funding requirements are modest with **48%** borrowing less than £5,000 and the average value only **£2,000**.
- Six in ten (**61%**) Black solopreneurs had an annual turnover of less than **£20,000**. The UK average turnover for solopreneurs is more than double Black-owned ones.



Progress has been made but more effort needs to be made on a systemic level.

- **51%** of business owners have seen positive action from banks but only **12%** say it is significant action.
- And **61%** of those who have seen banks take positive action trust banks compared to only **30%** who have seen banks take no positive action or a backwards step.

SUCCESS



In progress...

EXECUTIVE SUMMARY

'Black. British. In Business & Proud' is the only study in the UK that considers the complete entrepreneurial lifecycle for Black business owners in Britain. From ideation to a sustainable business model, we had c.1000 respondents take part in the survey this year at different stages of entrepreneurship. This year's report identified three key themes:

- **Mistrust of Formal Institutions, Barriers and Low Visibility of Black People**
- **The Importance of Family, Community & Networks**
- **Accessing Finance and Knowledge**

Our study this year, Black. British. In Business & Proud: United in Purpose, set out to check progress against the challenges discovered in 2021 and measure the positive effects of our recommendations in action. Barriers identified last year were extensive; some were intersectional, proving particularly challenging for Black women, while others were felt prominently in certain industries, such as presenting as a Black hair-and-beauty business. Entrepreneurs in this industry expressed that their products and services were not being valued by financiers. Disappointingly, this year's survey revealed experiences of discrimination remain high for Black entrepreneurs, with two in three (67%) Black business owners being negatively affected – higher in fact than the 2021 findings, where just over half (51%) had been negatively affected by their experiences of discrimination. The devastating effects of this key statistic signal implications far beyond the numbers.

There is also a low level of trust in institutions and the government – exemplified by some of the evidence uncovered in the Gray report¹ earlier this year following the 'Partygate' scandal.

The Picture This Year

This year, we delved deeper and refined our questions during in-person interviews and roundtable discussions to try and understand why there continues to be a lack of trust in government and financial institutions. We also measured the effects that distrust in institutions and the government has on Black entrepreneurs, business management, growth and access to funding.

[1] See: [Investigation Into Alleged Gatherings On Government Premises During Covid Restrictions – Update, Cabinet Office \(2022\)](#)

As a result of Black business owners' experiences of racial trauma – historic, current or vicarious – and recurring events such as racial discrimination and daily microaggressions, many Black entrepreneurs are operating without support from any formal institutions, and in many cases, they are working on their own without a business partner or team. Informal support networks, such as family and social media groups, remain a leading choice in the Black business community, but without formal guidance, support and funding, we can see why Black businesses led by a solopreneur are struggling to sustain an annual turnover of over £20,000.

Many Black business owners just aren't in a position to feel that accessing funding will provide them with a fair and indiscriminate experience. Black business owners may also experience cultural hesitation about taking on debt compared to white ethnic groups,² possibly as a result of being denied finance historically, experiencing higher rates of rejection when applying for loans than their white counterparts,³ higher rates of economic deprivation and unequal opportunities.

Racial Injustice

We tend to think of systemic issues with race as something that is a social issue further afield, with the UK further ahead in terms of progress. There is, of course, a wealth of research that illustrates race discrimination as a major driver of economic disparities for members of the Black diaspora in other countries within the West. For instance, the overtly racially discriminate practice of 'redlining' in the US designed by the US government-sponsored Home Owners' Loan Corporation and the Federal Home Loan Bank Board. Maps were created that categorised residential areas considered 'desirable', and areas were not sanctioned for lending if "inhabited by negroes". This act of racial discrimination was only tackled as recently as 1968, following the introduction of the Fair Housing Act.⁴

However, the UK also presents some equally shocking barriers for social mobility where Black minorities are concerned. Homelessness has grown massively in ethnic minority communities, from 18% to 36% in the last two decades – double the presence of ethnic minorities in the population.⁵ In the UK, 2016–18 data from

[2] See: [Ethnicity, personal finances and Coronavirus: FCA \(2021\)](#).

[3] See: [Ethnic Minority Businesses and Access to Finance](#)

[4] Note: The 1968 Act expanded on previous acts and prohibited discrimination concerning the sale, rental and financing of housing based on race, religion, national origin, sex, (and as amended) handicap and family status. Title VIII of the Act is also known as the Fair Housing Act (of 1968).

[5] See: [Racial discrimination in UK housing has a long history and deep roots' \(Gulliver, 2017\)](#).

the Resolution Foundation briefing also showed that people of Black African ethnicity held the lowest typical wealth (in current prices, £23,700 family wealth per adult) – less than an eighth of the typical wealth held by a person of white British ethnicity (£197,000)⁶. We also know that less than 1% of venture capital investment has been awarded to Black entrepreneurs in the last 10 years.⁷

Growth Potential

30% of the larger micro-businesses surveyed, those with an annual turnover of £100k or more, accessed a bank loan or other bank funding to help their business, compared to 17% of businesses with a turnover of less than £100k. The median amount Black entrepreneurs said they took to set up their business was £2,000, with around half (48%) stating they took under £5,000. This raises two questions: First, is the modest request in line with their business needs and growth potential, or does the Black business community err on the side of caution, anticipating bias in the assessment process? Second, are Black business owners accurately making a decision about the amount of loan they request if they have not previously been able to access formal support and guidance in the financial sector?

What this means to us when we translate it into action is that we need to identify places and spaces for earlier intervention and continuous support throughout the lifecycle of a business. The development of such support must be delivered in partnership with financial and governmental institutions, education providers and ethnic minority-led organisations with strong positions within the Black business community. By creating an ecosystem whereby each business owner receives exactly what they need to achieve their potential, we can begin to address the way structural inequity has delayed progress.

It is clear from our conversations with the Black business community that they have seen some positive action from the early-stage delivery with our partners. Six in 10 Black business owners are aware of at least one of the seven initiatives that have been rolled out by Lloyds Bank in the last year, but we understand that more needs to be done.

[6] See: 'A Gap that won't close: The distribution of wealth between ethnic groups in Great Britain' (Banham, 2020).

[7] See: 'Diversity Beyond Gender' (Extend Ventures, 2020).

Our objectives during this edition of our three-year research project are to:

1. Better understand the impact of previously identified barriers faced by Black entrepreneurs and the positive impact early action can have, allowing us to customise tools for their growth.
2. Use the report as a means of highlighting the voices of the Black entrepreneurial community to impact long-term systemic change through collaboration.

Read more about our initiatives and actions in sections [seven](#) and [eight](#).

WHAT WE'VE ACHIEVED SO FAR

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Reflections from Black Business Network

We feel that listening and learning is only one facet of systemic change and certainly not where the work ends for us as part of our mission. Our vision is to take action and create an ecosystem that brings together a network of changemakers who can accomplish together more than we ever could alone. We define our ecosystem as one network of many organisations, governing bodies and providers within our industries that will prioritise tailored support for Black business owners in the UK.

We hear the voices of Black entrepreneurs, those that are tired of the burden they're facing when trying to build a business on unforgiving economic terrain. In order to illustrate the good work being undertaken by Black Business Network, Lloyds Bank, the Black Business Advisory Committee and our partners, we have highlighted our journey so far and our action-taking towards a model of equity – and eventually, justice. We hope the transparency we demonstrate by sharing our work will inspire others to take action and, more importantly, call on other interested local, governmental and national organisations with the same mission to collaborate with us.

The focus of our actions has and always will be to better the position of Black entrepreneurs in the UK. We are working towards equity, with our sights set on justice as the final destination for real systemic change. This is why we are invested in continuing to measure our progress with research; we know there are lost statistics when ethnicities are grouped together with the catchall terms 'BAME' or 'ethnic minorities', and that is no longer enough. Our specific focus on the Black business community plays an important part in moving towards justice. It is vital for us to note and understand changes and trends so that we can continue to see Black businesses adapt, build, grow and thrive.

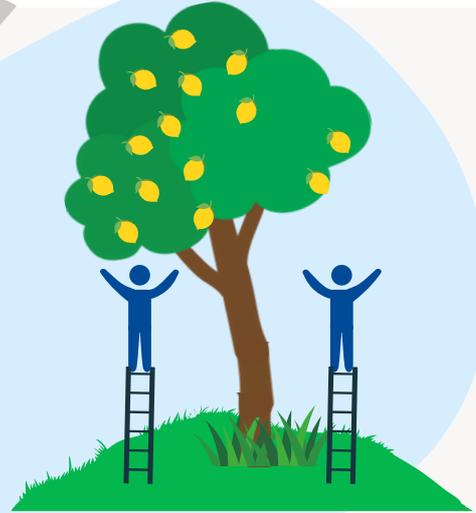
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Inequality
Unequal access to opportunities

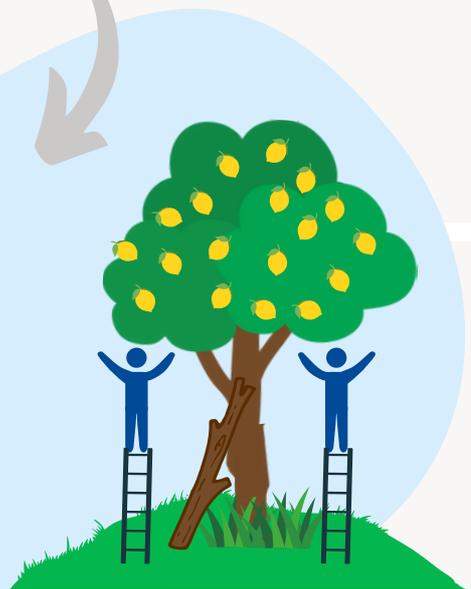


Equality?
Evenly distributed tools and assistance



 **WE ARE HERE**

Equity
Custom tools that identify and address inequality



Justice
Fixing the system to offer equal access to both tools and opportunities

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Scale of Systemic Change	Meaning	Action Taken So Far	Progression for Formal Institutions
Inequality	Unequal access to opportunities	Acknowledging that a collective BAME approach doesn't always work and reacting to the problem	Produced & implemented the Race Action Plan & BBAC
Equality?	Evenly distributed tools and assistance	<u>BBIBP Research</u> - Identifying & understanding what these barriers to opportunity are and how we can begin to address them	Our recommendations for all formal institutions to begin addressing the barriers
Equity	Custom tools that identify and address inequality	<u>Current Activations & Next Stage Activations</u> - Working from the recommendations, we have hosted and facilitated a number of activations that specialise in addressing the barriers to opportunity. The next stage involves working to further customise these activations to better address the imbalance	Working to increase visibility and formalise the recommended actions for Black entrepreneurs with a commitment to create an active and successful ecosystem
Justice	Fixing the system to offer equal access to both tools and opportunities	<u>Industry Collaboration & Long Term Investment</u> - Alongside our partners we will be calling for guided, high level industry collaboration to start tackling the structures that can create long term systemic change	Government, financial and formal institutions to proactively collaborate to effect policy that can better support Black entrepreneurs

Reflections From Lloyds Bank

[Our progress report](#) highlights the actions we have taken alongside our partners in response to the [10 recommendations](#) from the 2021 Black. British. In Business & Proud report.

— The Short-Term Impacts

It is pleasing to see that only 7% of current Black entrepreneurs and 4% of future entrepreneurs said that none of the recommendations offer a solution to the barriers they're facing – meaning that **we remain confident we are focused on the most meaningful areas**. Nuances to these recommendations and how to implement them are explored through qualitative research with experts, in-depth interviews and roundtables as set out in section seven, with further next steps and actions explored in section eight.

Overall, trust in banks and formal institutions remains low. However, we have seen **some positive signs of trust improving**, specifically among those that took part in the 2021 research. 70% of last year's participants trust banks, compared to 41% of participants that were taking part in the survey for the first time this year; and 61% of those who have seen banks take positive action trust banks, compared to only 30% who have seen banks take no positive action. **These positive statistics amplify the importance of listening and taking authentic action to start to break down the barriers for Black entrepreneurs and rebuild trust within the community.**

Collectively this year, across all the initiatives and events we have played a part in, we have provided 16,000 hours of total support to more than 3,000 Black entrepreneurs and business owners.

— The Importance Of Partnerships

The steps we have taken to date show the power of collaboration. While we recognise there is much more to do, we wouldn't have made the progress we have without the immense support from our partners and the organisations we work alongside. It is only through these relationships that institutions like Lloyds Bank can start to build the bridge of trust within the Black business community. **We are very grateful to the Lloyds Bank Black Business Advisory Committee, Black Business Network, Foundervine, Jamii, Mentor Black Business, Black Business Show, She Leads For Legacy, BOB Expo, Black South West Network and Coldr, among others, for trusting and guiding Lloyds Bank to support our collective mission to make the UK entrepreneurial experience more inclusive and enable Black-owned businesses to grow and thrive.**

One of the partnerships we're particularly proud of is the Foundervine Immerse programme, creating support for entrepreneurs at various stages of their journey. The programme offers six spotlight events, two community get-togethers, two accelerators and an online series of 24 educational videos, covering themes such as finance, marketing, digital skills, scaling a business and mental health. **There are over 1,100 members of the Immerse community, and the programme to date has supported more than 400 founders with an average event satisfaction score of 4.8 out of 5.**

'The accelerator was life changing. Not only was I able to interact and engage with some incredibly inspiring speakers and mentors, but I was also able to grow my network of fellow entrepreneurs who are looking to make a real change and impact on the world. One of the greatest outcomes I got out of the accelerators was setting up my MVP. Additionally, it has informed me a lot more about the marketing avenues and strategies around the brand and further helped me understand the needs and requirements for building a community.'

**Abel Akale, Foundervine Immerse Participant,
Founder – ONEOFFNATURE, www.oneoffnature.com**

‘Being a part of the programme has allowed us to raise awareness and test our product on a micro scale. Besides the numerous connections we have made, it has been overwhelming to see the feedback from our website and our product. Having a peer-to-peer experience and sharing the difficulties with those in the same boat has been invaluable to me, and I wouldn’t trade this experience for the world.’

Ellenor McIntosh, Foundervine Immerse Participant,
Founder – Twipes, www.twipes.uk

— The Need For Industry, Governmental And Societal Collaboration to Support Long-Term Systemic Change

As outlined in the [UK Finance – Supporting Ethnic Minority Entrepreneurship in the UK](#) report, it is pleasing to see the banking industry taking proactive steps to address racial barriers and the trust deficit. Broader still, 2022 has seen the launch of a number of initiatives outside of the industry, such as the ‘Thrive with Sainsbury’s’ programme, the Sky and Black Equity Organisation £1m fund partnership, the eBay ‘Black in Bloom’ initiative, and Cornerstone Partners’ £20m equity fund.

Despite the positive progress, our research shows that 51% of current business owners have seen positive action from banks, but only 12% describe it as significant action. Couple this with even higher levels of distrust of national and local governments, and it is evident that no one organisation can act alone – it will require significant collaboration across all actors in the system to dismantle centuries of structural racism and to enact systemic change.

As a leading financial services provider in the UK that has made a multi-year commitment to help create equity and justice for Black entrepreneurs, it is central to our very purpose as an organisation to use our influence to orchestrate collaboration across formal institutions. We intend to accelerate our efforts towards this in the next year.

It is the desire of the Lloyds Bank Black Business Advisory Committee and our partners to create a legacy and galvanise organisations and leaders within the Black business community, using their knowledge, experiences and solutions to help shape a more equitable landscape.

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Many Black businesses are failing to break beyond the boundary of more than £100k turnover per year.

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See Page 24

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THE LANDSCAPE FOR BLACK BRITISH ENTREPRENEURS

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The world has evolved and changed so much in just a few years, which has polarised and divided society. The war in Ukraine, the long-term impacts of the pandemic, the race to create a Covid-19 vaccine in order to resume everyday life and now, the cost-of-living crisis. Yet there is a contradiction between what we strive to achieve in modern life and that which enmeshes current politics in the history of colonialism and systemic racism, ever-present and yet to be dismantled. No individual can tackle something built by the majority – that is certain. A barrage of economic conflicts in recent years has left many businesses struggling to stay afloat, which requires strong national leadership to support entrepreneurs as the life-blood of the economy.

Many Black businesses are failing to break beyond the boundary of more than £100k turnover per year. However, there is a percentage that has achieved not only sustenance but growth in terms of job creation – taking on up to 50 employees and generating enough turnover to be considered bigger micro-businesses, those considered medium sized in the UK⁸. We want to understand the process of growth from solopreneur to becoming a bigger micro-business and the barriers faced as part of that journey. The success of businesses further on in their operational life is an important part of modelling business success and building an ecosystem that listens and is inclusive.

[8] See: [Business population estimates for the UK and regions: 2019 statistical release \(Gov.uk, 2020\)](#)

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Who We Spoke To

Our research focuses on Black people living in Britain actively running a business or with ambitions to run a business in the future. This year we saw just under 1,000 respondents take part, with just over a third (34%) of business owners operating a business without a partner or employees, identified as ‘solopreneurs’,⁹ which is in line with other data on SMEs in the UK.¹⁰

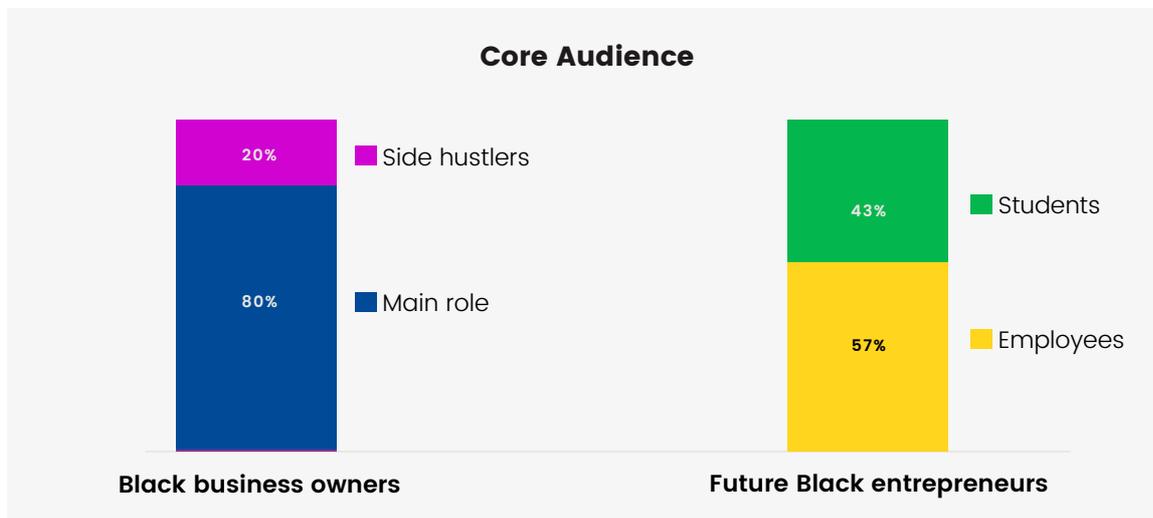


FIGURE 1: BREAKDOWN OF CORE AUDIENCE – CURRENT BUSINESS OWNERS AND FUTURE ENTREPRENEURS

Continued 

[9] Note: A solopreneur is a business owner who runs their business independently without the support of a co-founder or employees.
[10] See: [80% of Black respondents in the 2017 BDRC Continental report did not have employees. \(BDRC, 2016\).](#)

Women In Entrepreneurship

Black women represented a significant 64% of this year's sample, which, although opposite from the national trend of other female ethnic groups setting up in business in the UK, is understandable, as anecdotal evidence from INC.com indicates many Black women find white- and male-dominated workplaces 'exhausting and inflexible'.¹¹

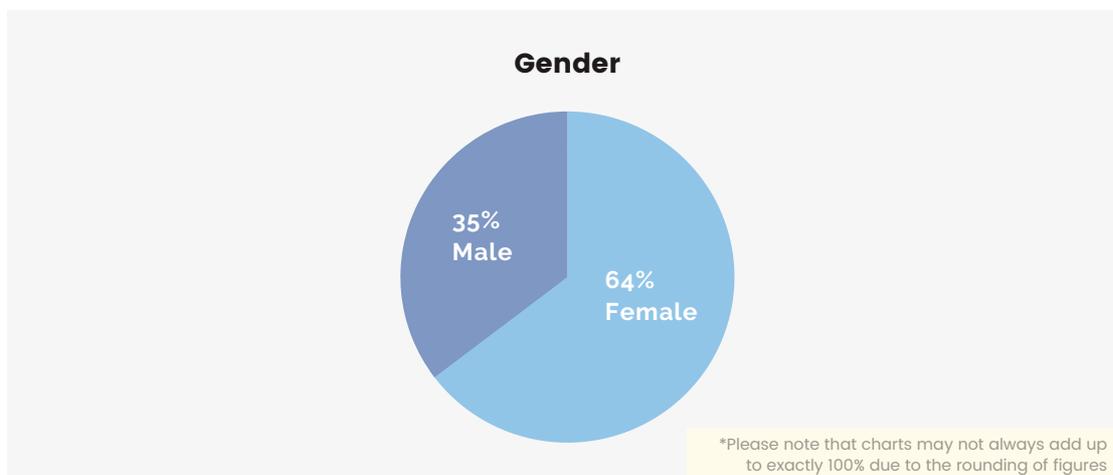


FIGURE 2: GENDER

Bigger research reports, such as the Global Entrepreneurship Monitor, support this rising figure of women in entrepreneurship, taking the lead and making significant contributions to the global economy – over 139 million women were identified as established business owners¹² in their 2020/21 report.

Despite these growing numbers, a report by the Federation of Small Businesses highlights the struggle for female entrepreneurs despite their ambition, finding that 'female-led businesses are only 44% of the size of male-led businesses on average, in terms of their contribution to the economy, and male SMEs are five times more likely to scale up to £1 million turnover than female SMEs'.¹³

[11] See: 'Why Minority Women Now Control Nearly Half of All Women-Run Businesses' (INC, n.d.)

[12] See: 'Women's Entrepreneurship Report: Thriving through Crisis, Global Entrepreneurship Monitor' (GEM, 2021)

[13] See: 'The Alison Rose Review of Female Entrepreneurship' (Rose, 2019)

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We found similar gender differences in our study; female business owners are more likely to have a turnover of under £100k when compared to males (77% vs 64%). In addition, 37% of female business owners had a turnover of less than £20k per annum, compared to 25% of males. The gap in average turnover, however, was much larger between men and women in our survey – sitting at £46,667 per annum for male business owners and £28,167 per annum for females. When looking at bigger micro-businesses, 8% of male business owners had a turnover of more than £500k per annum, compared to 4% of females.

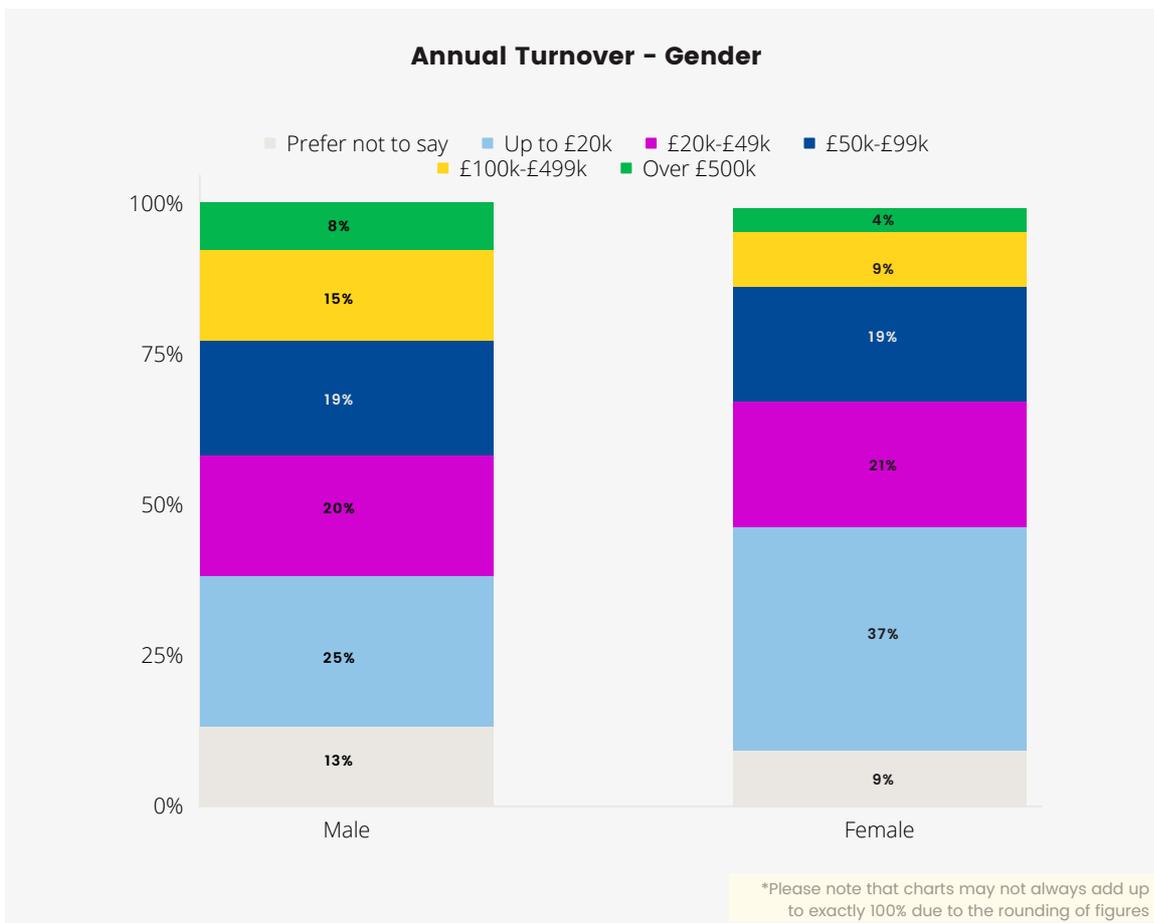


FIGURE 3: BREAKDOWN OF ANNUAL TURNOVER – GENDER

The Economic Crisis and the Impact on British Business Owners Mental Health

The ongoing social, environmental and economic effects of COVID-19; inflation; lack of governmental leadership and the current cost-of-living crisis have affected the personal lives and businesses of every demographic across the UK. In a survey earlier this year, 51% of UK SMEs said they were concerned that rocketing prices would dent consumer spending.¹⁴ Since the decade began, ethnic minority communities have faced increasingly uncertain global landscapes and Black business owners have been in need of political advocacy that supports, not thwarts, progress. Unfortunately, while navigating these challenges, we also saw a rise in Black business owners experiencing racism in this year's survey – 84% of business owners saw racism and society's attitude to Black entrepreneurs as a barrier to their business.

85% of those who feel strongly they have been discriminated against are concerned about not having equal opportunities compared to white-owned businesses (compared to 53% of those who have not experienced discrimination and 73% of business owners as a whole).

Another concerning consequence of the myriad complexities Black business owners are facing is a detrimental impact on Black business owners' confidence, as well as their mental health. Race-based stress and environmental factors that affect health outcomes are well documented in research¹⁵. The effects are apparent, having a notable negative impact on mental and physical health – demotivating entrepreneurs.

When asked the question 'What effect has discrimination had on your mental health and confidence as an entrepreneur or future entrepreneur?', we found that many Black entrepreneurs had experienced a knock-on effect to not only their mental health but their physical health as well due to these stressors. In addition, 79% of those who felt strongly that they had been discriminated against felt that not being taken seriously by others was a barrier (vs 56% of those who have not faced discrimination and 66% of all business owners).

[14] See: ['Most small firms fear long-term fallout from UK's cost of living crisis'](#) (Guardian Newspaper, 2022).

[15] See: ['Initial Development of the Race-Based Traumatic Stress Symptom Scale: Assessing the Emotional Impact of Racism. Psychological Trauma: Theory, Research, Practice, and Policy, 5\(1\), 1–9.'](#)

One business owner, aged 20, developed a skin condition due to stress:

‘[It] made me develop a skin condition caused by stress overthinking. It made me feel as though I had to rush everything, which began to take place with normal things, such as washing up and even walking.’

Business Owner, Female, 20, Business Support Services

Region & Industry

London was the leading region for Black business owners, representing 55% of the category – down from 61% last year. In order to ensure a representative geographical sample this year, we introduced a cap on survey respondents from London, recognising that often research can overlook the picture in other parts of the country.

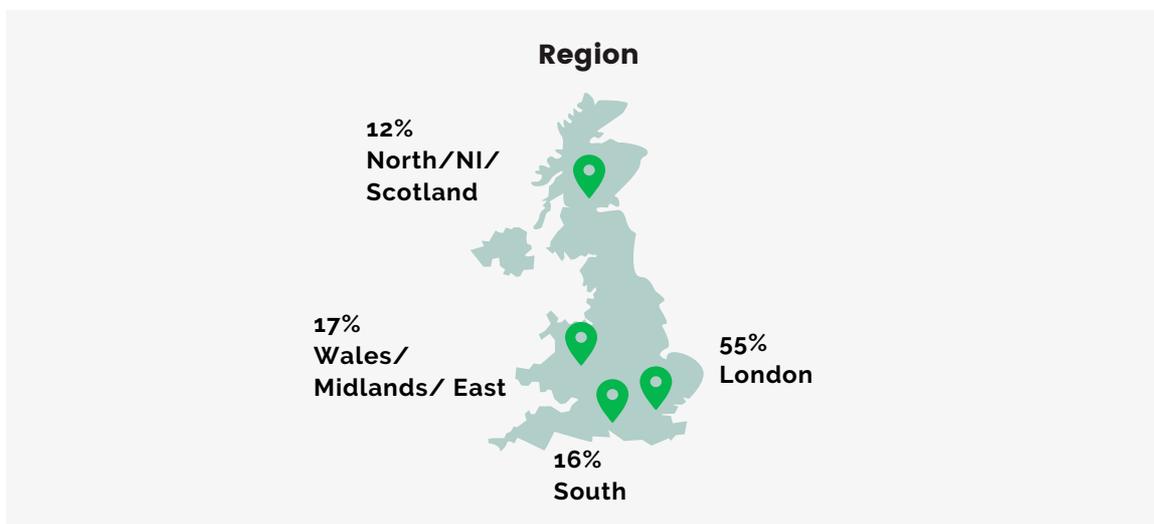


FIGURE 4: DISTRIBUTION ACROSS REGIONS

The representation of businesses was vast and covered a wide range of stages, industries and business goals. The average length of trading time was five years, with 27% in business for over five years and 41% operating for up to two years so far.

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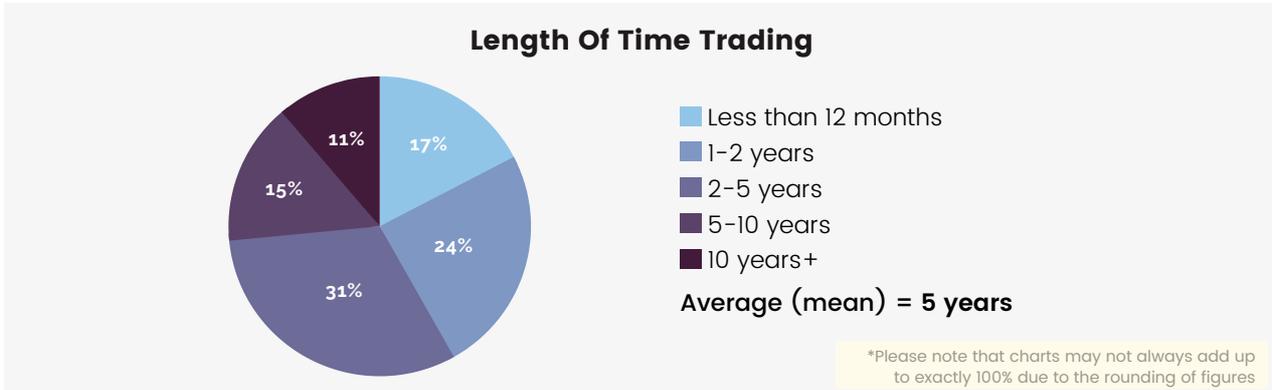


FIGURE 5: BUSINESS TENURE AVERAGE (MEAN): FIVE YEARS

Similar to last year, the largest sector represented by business owners was leisure, which made up 30% and encompassed hospitality, the arts, fashion and beauty. This was followed by businesses in services (23%), including automotive, energy, finance, IT and more.

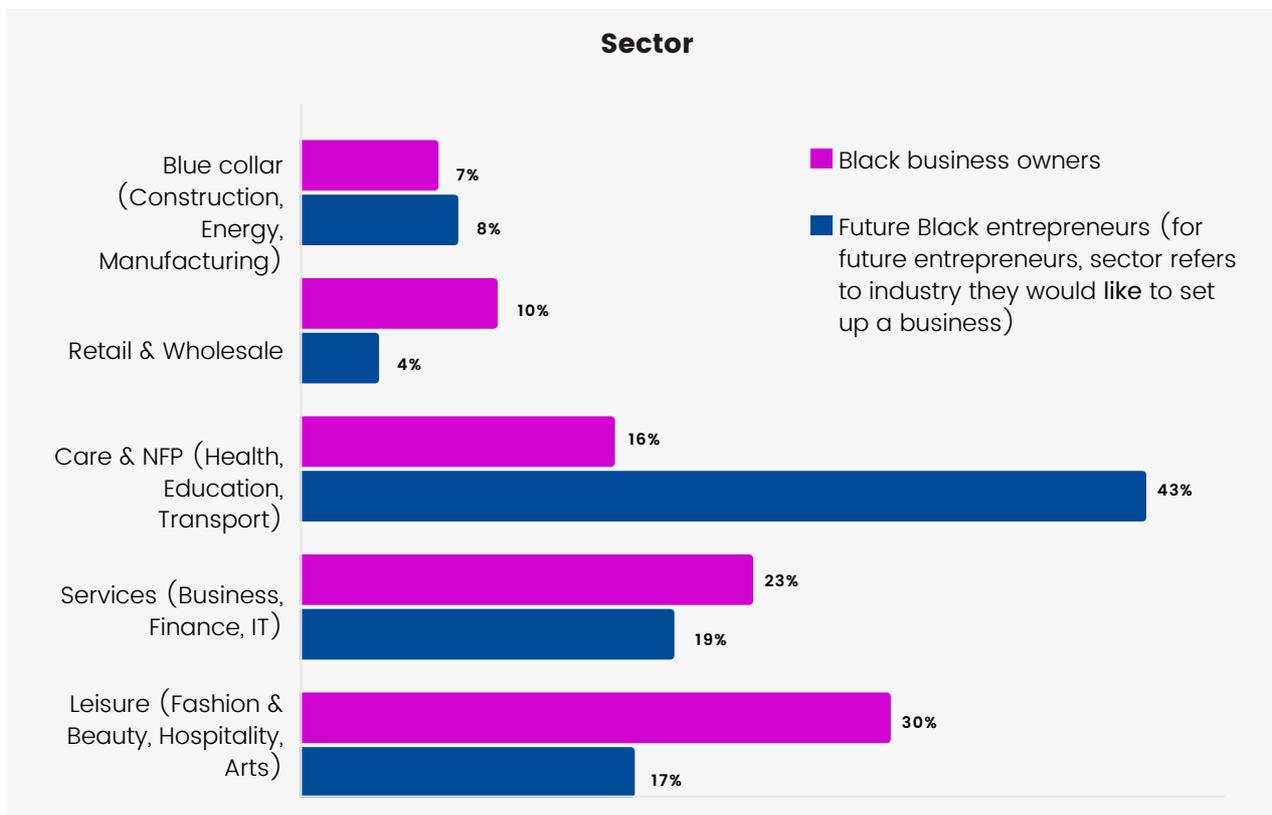


FIGURE 6: BLACK ENTREPRENEURS BY SECTOR – BUSINESS OWNERS AND FUTURE ENTREPRENEURS

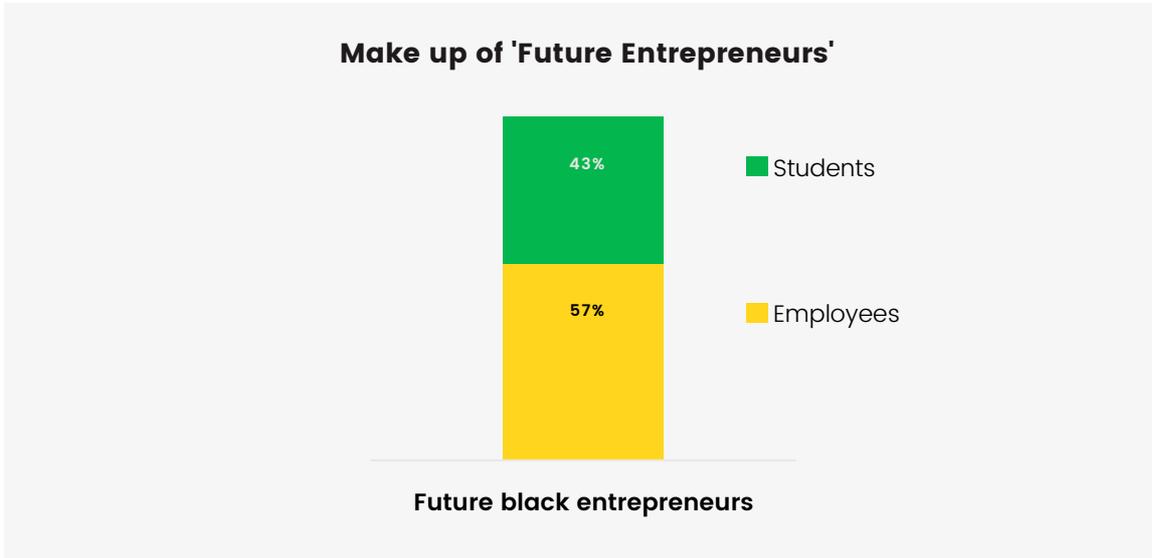


FIGURE 7: BREAKDOWN OF FUTURE ENTREPRENEUR CATEGORY

The Ambition of Future Entrepreneurs

Our future entrepreneurs¹⁶ were identified as those who were employees (57%) or students (43%). This category was made up of some respondents that had started a business venture in the past (although they were no longer trading) but expressed a desire to do so again in future. There were also respondents in this category that wanted to set up in business for the first time in the future. 48% of students already had an idea about what kind of business they would like to run – a positive indication of the drive and passion many entrepreneurs hold. Despite this positive start, maintaining that positivity did appear to be a challenge. It was found that 15% of future entrepreneurs had set up a company previously before ceasing to trade, with a further 12% starting the process in the past.

“I’ve been to networking events and seen all the black attendees ignored so we just networked amongst each other.”

Future Entrepreneur, Male, 38, Retail

[16] Note: The use of the term 'future entrepreneurs' in this report refers to those that started have either started a business venture in the past they are not currently operating but would like to pursue again in the future or those that haven't before but would like to start a business venture in future.

“I’ve had people refusing to look at my stand at exhibitions. People saying, they are not interested in products from a Black person.”

Future Entrepreneur, Female, 45, Organic Farming

As with current business owners, around two thirds of future entrepreneurs were female and one third were male. Over half of this category were employees, and out of those employed, nearly half (43%) would like to start a business in the public or not-for-profit sector.

There are several cultural factors to consider that may inhibit future entrepreneurs from building sustainable businesses and accessing formal finance when needed. Many future entrepreneurs expressed that they would be dependent on family and friends for start-up loans as a form of informal borrowing. Although helpful for new business owners to not have the burden of repayment or interest until they are established, it does pose a problem. The use of informal avenues to save or unregulated funding arrangements between friends, family and the local community can often lead to a lack of credit history on record.

“Borrowing from banks is a problem and lack of financial knowledge. I’d rather borrow from family and not get into debt.”

Business owner, Female, 40, Retail

In addition, we know that ethnic minority households accumulate less generational wealth than white British households¹⁷. They are less likely to inherit property or financial assets from family members, which equates to limited home equity accumulation and collateral to offer as security when applying for loans.

82% of future entrepreneurs took part in the survey for the first time this year. They were already utilising online platforms to access information and advice about setting up a business: future entrepreneurs were more likely to go online (65%) and turn to Youtubers/influencers (50%) and social media (44%).

[17] See: [‘What explains the UK’s racial wealth gap?’ \(Kanabar, 2022\)](#)

A Business Community Of Solopreneurs

A considerable proportion of Black business owners were identified as solopreneurs, representing a third of our total sample, with seven in ten of them women and just three in ten men. Working independently without co-founders or employees and with minimal access to funding was a burden that resulted in a significant decline in mental health for many respondents.

74% of solopreneurs had overwhelming concerns about equal opportunities compared to non-Black businesses; the burden of running a business compounded with the isolation of lone working, racial discrimination and lack of formal support networks creates a picture of heavy responsibility and a position of inaccessibility for this group to grow.

"For a long time, I stayed stagnant. It nearly ruined my business. I've had bouts of depression. For a long time, I've asked for another person to front the business so that I could grow. This dented my confidence a lot."

Female, 47, West Midlands, Professional Services

Nearly two thirds (62%) of Black solopreneurs raised a nominal £5,000 maximum in funding, compared to 41% of businesses with at least two employees that sought the same amount. 16% of solopreneurs raised between £10,000 and £100,000, paling in comparison to the 39% of larger micro-businesses with two or more employees that raised between the same amounts.

There is clearly a link between business owners not accessing funding for a variety of reasons and the gap in financial knowledge, which can lead to stagnant and even declining business – thus the finding that 15% of our future entrepreneurs had actually previously tried to set up in business unsuccessfully. The resulting harm is that many solopreneurs' chances of growing into larger, more sustainable businesses will slip away. Even when managing to stay in business, there is a shocking disparity between Black solopreneurs, who had a mean turnover of £23,000, and the UK average turnover of £72,000¹⁸. Our findings show that a significant 61% of Black solopreneurs had an annual turnover of less than £20,000.

[18] See: 'UK Small Business Statistics' (Merchant Savvy, 2022).

Black solopreneurs reported a wide range of barriers to business. They described a lack of funding (56%), personal finances (53%) and time (32%) as significant barriers. The saying 'time is money' signifies the importance of time as a major social resource in the Western world. Research indicates that time itself is racialised and that Black ethnic minorities struggle with 'less free time and suffer a time penalty in multiple facets of life'¹⁹.

When we consider the value of time as a resource and privilege in the capitalist context, we can see how a low turnover for any business – but particularly for Black business owners also dealing with additional societal barriers – will, in due course, have a knock-on effect of their physical and mental health, financial stability and business sustainability, all of which are shaped by racism throughout the life course.

"I feel as if I have no future because people cannot see beyond race and there is a pathological desire to see Black people fail. I feel as if I have no future in the UK but do not have the finances to leave."

Female, 51, East, Pet Products

Low turnover would weaken the spirit of any business owner, potentially denying them opportunities to unlock future growth of any kind, including building a legacy of generational wealth and improved social mobility. This couldn't be truer than for the 20% of those in the 'current business owners' category who were considered to be operating a business as a 'side hustle', meaning that the business was not in fact their main role.

"I've gone back to work [instead of running my own business]; it's like I've given up. It affected my mental health, in the sense that I could've achieved my dreams to change the world – and help a lot of people in the UK and beyond. It hurts me, not being able to do that. If I die today, I'll know that I wasn't able to share my idea with the world and benefit communities."

Male, 46, Small Business

[19] See: '[Racism and the Life Course: Taking Time Seriously](#)' (Gee et al., 2019).

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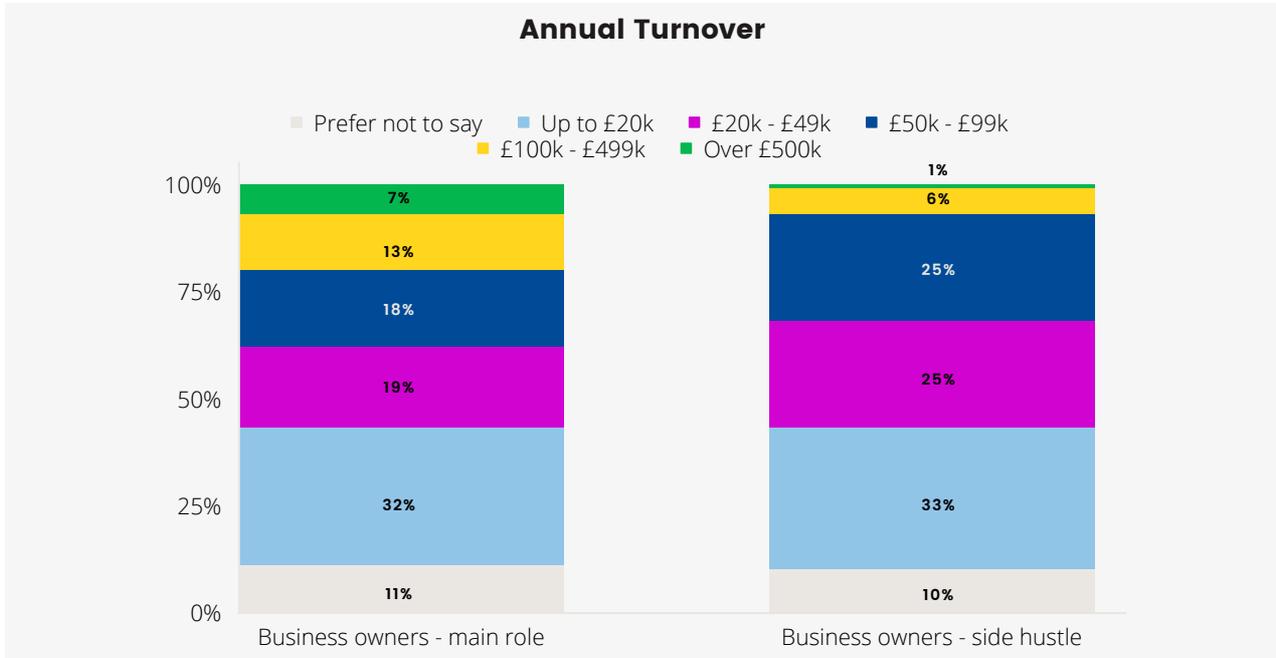


FIGURE 8: ANNUAL TURNOVER OF FULL-TIME BUSINESS OWNERS VS SIDE HUSTLERS

Side Hustlers: Making The Leap To Entrepreneurship

One in five businesses was operated as a side hustle, meaning Black entrepreneurs were managing the pressures of employment or study and running a business as well. Among solopreneurs, the number of businesses operating as a side hustle was even higher – with 29% having to manage multiple demands.

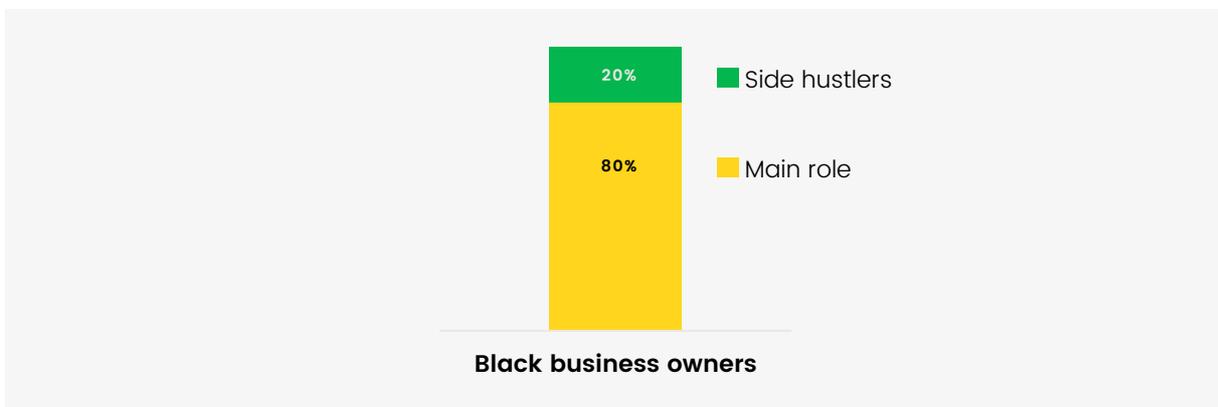


FIGURE 9: BREAKDOWN OF SIDE HUSTLERS AND BLACK BUSINESS OWNERS

Those who were operating their business as a side hustle had an average age of 30, were predominantly female (67%) and primarily owned businesses within the fashion & beauty sector (20%), followed by technology & communications and retail, which were both 10%. With less time to put into their own business, the challenges of transitioning to full business management, without supported growth strategies, became an even greater feat.

78% of side hustlers saw that lack of time was, understandably, a barrier to growing their business, and 28% felt they were too 'time poor' to complete the necessary work to access finance. While still a barrier, personal finance seemed less of a challenge for side hustlers compared to main-role business owners, with 86% of side hustlers identifying personal finance as a barrier when running a business vs 90% of those running their businesses full time. This is presumably because they have alternative sources of income. 73% of side hustlers were concerned that personal responsibilities such as caring for others would impact their ability to run a business, hence why there could be apprehension about running it full time.

Side hustlers were also more likely to trust banks compared to those who ran their business as their main role (54% vs 37%), although less than a quarter (24%) used a bank loan to fund their business, with 31% favouring loans from family instead.

Barriers For Bigger Businesses

We were delighted to see 61% of business owners this year identifying as joint partnerships with two or more founders and employing teams. This group was running micro companies with 2-9 employees and building beyond solo ventures. 14% ran businesses with 10-49 staff, and 13% had 50 employees or more. What was also interesting was that over half (53%) of Black business owners with 50 or more members of staff were aged 26-40, evidence that age doesn't necessarily play a part in the viability of a business.

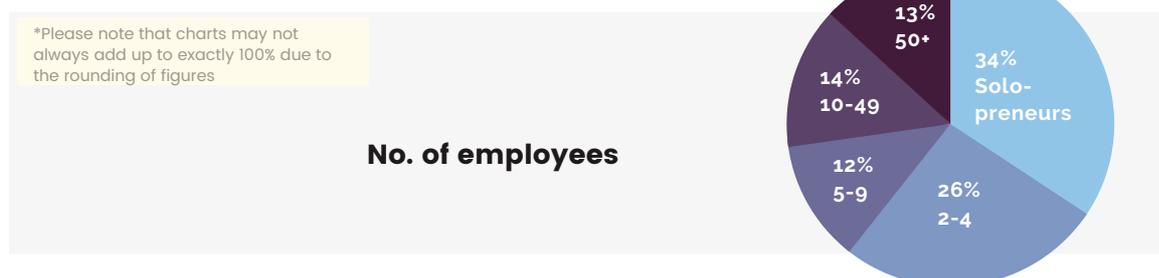


FIGURE 10: NUMBER OF EMPLOYEES

In terms of financial turnover, it is important to recognise that there is again a significant gap between the bigger micro-businesses we saw in our survey and the UK national average – indication that something beyond business acumen and funding plays a part in the wealth gap. Despite bigger micro-businesses with 50 or more employees achieving a much higher turnover than that of solopreneurs, 56% still only had an annual turnover of up to £100,000. The national average turnover in the UK is £156,749²⁰ for businesses of all sizes and £262,458 for small businesses of up to 50 staff, leaving a remarkable void between Black businesses and other businesses in the UK. The reasons for this, as evidenced throughout our findings, are the ceaseless barriers Black business owners continue to face, including mental health deterioration, a lack of access to funding, discrimination and impeded access to equal opportunities.

Employee bandings	*UK Average Turnover	UK Average Turnover of Black Businesses
Solopreneurs	£72,461	£23,121
2-9 employees	£548,028	£110,965

Table 1: National average turnover vs UK Average Turnover of Black Businesses, Black. British. In Business & Proud 2022

We have come to understand that there is a hyper-awareness and vigilance that comes with being a Black body in a white space. Black business owners want to be seen without being judged on any preconceptions and want to leave interactions with financial institutions feeling understood, on a level playing field and unharmed by structural violence. This means shifting the thinking of institutions from being right to being responsible and accountable. This must be recognisable in the way institutions communicate with the Black business community – only then can unity in the community prevail.

Those who feel they have been discriminated against at all are more likely to see limited avenues as a barrier to growing their business compared to those who have not (77% compared to 64%).

[20] See: 'What is the average small business turnover in the UK?' (Business Advice, 2021)
*Table 1: 'UK Average Turnover' <https://www.merchantsavvy.co.uk/uk-sme-data-stats-charts/>

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Nearly two thirds (62%) of Black solopreneurs raised a nominal £5,000 maximum in funding, compared to 41% of businesses with at least two employees that sought the same amount.

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MISTRUST OF FORMAL INSTITUTIONS, BARRIERS & LOW VISIBILITY

In order to gain an accurate picture of the Black business community, research solely dedicated to capturing the entrepreneurial journey of Black people is vital.

We know we have an opportunity to make a difference in our institutions and, more importantly, outside of them – in the heart of the communities we want to understand more about. We recognise the value of capturing truly insightful data about business ownership, growth and the true economic value of Black businesses in the UK.

For Black entrepreneurs who took part in our survey last year, levels of trust in banks were significant and positive. 70% of last year's participants trust banks compared to 41% of participants who were taking part in the survey for the first time this year. This remarkable difference shows the importance of initiatives to rebuild trust, such as those rolled out by Black Business Network, Lloyds Bank and our partners, in order to repair relationships with disaffected groups.

Key Statistics

- Two in three (67%) Black business owners have been negatively discriminated against in their past entrepreneurial efforts, a rise from half (51%) in 2021.
- Over half (57%) are concerned about presenting as a Black owned business.
- 73% of Black business owners said they are concerned with not having access to equal opportunities.
- Only 40% of Black business owners trust banks to have the best interests of Black entrepreneurs in mind, even lower than the 2021 figure of 43%.
- 51% of Black business owners have seen some positive action from banks, but only 12% say it was significant action.
- Six in ten Black business owners are aware of at least one of the recent Lloyds Bank & Black Business Network initiatives.

‘A lot of the change is surface level and not sustainable because there isn’t enough work being done to address the issues on a systematic level. [You need to] have the people who understand the issues being faced be a part of providing solutions. This isn’t just [about having] one Black person within the organisation; they do not [all] face the same issues. It’s imperative to have people who have faced these specific issues involved in finding solutions.’

Female, 37, Small Business

Garnering Trust

Despite this positive start, we recognise that many institutions, from banks to government and local government, remain in the early stages of making durable changes – there is still a long way to go. Among Black business owners, only 12% saw significant positive action from banks. Some described the attempts at progress as ‘tick box’ exercises. In particular, solopreneurs have been left unconvinced that significant action has been taken, as just 6% stated they had seen any actions taken.

Traditional banks were more highly regarded as a whole than challenger banks and, in fact, were even more highly regarded among future entrepreneurs, with 90% of this category regarding them more highly than challenger banks. Overall, traditional banks were more highly regarded than challenger banks in 2021, something that may be linked to the support they were able to offer personal and business account holders during the COVID-19 crisis and the initiatives being rolled out to support ethnic minority communities.

51% of Black business owners saw banks taking ‘positive action’ in the past year, as opposed to saying they had seen no noticeable action or that banks had taken a step back in trying to demonstrate they had the best interests of Black entrepreneurs at heart. This figure proved to be similar to private investors (50%), national government (47%) and local authorities (41%).

Businesses with employees were more likely to have seen ‘positive action’ than businesses with fewer employees: 71% of those with 10- 49 employees, 45% of businesses with two to nine employees and 44% of solopreneurs agreed. It was also the case that businesses established more recently (compared to longer-established ones) agreed that they had seen ‘positive action’.

The Never-Changing Face Of Discrimination

Dishearteningly, 67% of Black business owners this year have been negatively discriminated against as a Black person in their past entrepreneurial efforts, a significant rise from 51% in 2021. We feel this increase may be in part a truer reflection of Black people's reality as they become more comfortable sharing their experiences following the collective awakening of global consciousness regarding racism as Black Lives Matter moved back into focus following George Floyd's murder. This is a serious cause for concern as our mission as an ethical collective of organisations is to be industry leaders in anti-racist practice and a positive co-production with other organisations, agencies and Black businesses in our community.

Future entrepreneurs were more concerned about presenting as a Black-owned business than current business owners (62% vs 57%), displaying an apprehension about what they may be faced with – possibly due to not yet having to navigate any environments related to setting up their businesses. 85% of respondents also felt society's attitude towards Black entrepreneurs was or would be a barrier if they were to set up in business. Black British men reported higher levels of discrimination than women (71% vs 62%), and experiences of discrimination were felt more strongly among younger audiences too. 70% of under-25s reported they had experienced discrimination in their past entrepreneurial efforts. Experiencing discrimination was also more likely in specific sectors; 70% of Black business owners in retail and wholesale had experienced discrimination, as well as 70% of those in services such as finance, IT and business.

One company owner working in financial services explained that due to stigma in his sector, he felt discomfort with the idea of including his face on his own business's website, so he chose not to. This is deeply worrying, especially with the experiences not improving within the category of future entrepreneurs. The hesitancy to present as a Black business has increased slightly by 2%, year-on-year, with findings showing that over half (57%) of Black business owners are concerned and 31% very concerned about presenting as a Black business.

Institutional Mistrust

It is perhaps not surprising that the UK government was the least trusted institution overall, with only 28% of Black business owners and 31% of future entrepreneurs trusting them. This was closely followed by local government authorities, only trusted by 35% of Black business owners and 36% of future entrepreneurs. However, banks were next, with only 40% of Black business owners trusting banks – a position we will continue to address with Lloyds Bank and other partners.

When compared to last year's results, which found 43% of Black business owners and 44% of future entrepreneurs trusted banks, it is important to reflect on why the problem has not improved. We will be focusing on meeting Black entrepreneurs within their communities to change this, actively working to shift this belief as we look ahead.

Equal Opportunities

Many Black businesses are concerned about not having equal opportunities compared to white-owned businesses. 73% of Black business owners stated as such, with around half (48%) very concerned about unequal opportunities. For future entrepreneurs, this concern represents a bigger problem, with 80% concerned and 49% very concerned – a rise of 5% compared to 2021. The magnitude of this aspect of business was, in fact, as high a concern as the current energy crisis.

'Let's put it this way: my sister does pass for white, and she has never had any credit rejections or opportunities for finance [rejected]. Whatever she has asked for, they have thrown at her – and she has an unbelievable amount of debt. Something is wrong somewhere.'

Male, 49, Solopreneur

For many, this can and has resulted in effects on their businesses and their daily lives – felt in their everyday experiences and in seemingly necessary activities, like marketing their businesses online. One entrepreneur explained how social media has helped to shine a light on the vast scale of challenges in society that need to be addressed:

‘With social media, I’ve noticed that a company can post the exact same post and have an image of a Black person – then the next week of an Anglo person; the social media response is night and day. There are heavier negative responses as opposed to the Anglo, where you get a few likes or shares.’

Male, 36, Small Business

Black business owners are experiencing isolation and loneliness in their journeys. Whether that is due to working without any other colleagues, facing barriers to accessing support, misunderstanding formal routes of applying for injections of finance or simply not receiving the same level of interest as white business counterparts, the resulting effects can be devastating and have a negative impact on their success – 57% of those who have been negatively discriminated against say it has had a detrimental impact on their mental health and confidence.

‘It has been quite testing, but, sadly, over time, you become more resilient to the struggles, and it impacts your mental psyche less directly. However, it’s always something you must be mindful of because it can and will impact you over time.’

Male, 36, South-East, Financial Services

Admirably, some of those able to keep their mental health in check despite the challenges are trying to channel discrimination into a determination to succeed, motivating them to invest more in building their business. However, for some, the weight of it all is too much and they suffer a great toll on their health and their ambitions. There are a range of effects that can occur as a result of discrimination. Many were noted in the experiences of business owners, including loss of their sense of agency; feelings of depression, stress and anxiety; demoralisation; being highly self-conscious and battling ‘imposter syndrome’.

'It gets quite stressful when you think there are opportunities I am prevented from accessing, and it makes me feel like – what's the point of trying if others are getting perks when they are just different to me? It does knock your confidence and makes me wonder why I bother. It's hard to keep going when others are getting the credit when it's due to me.'

Female, 42, Solopreneur

Time To Take Action

Black entrepreneurs have seen some early signs of banks taking action to knock down barriers and improve relationships with them. Overall, awareness of specific Lloyds Bank and Black Business Network initiatives within the last year has been relatively high. Just over half (51%) of all Black business owners have seen banks take positive action, as well as 49% of future entrepreneurs.

59% of Black business owners were aware of at least one initiative rolled out by Lloyds Bank and partners – of these, 69% of business owners had accessed at least one. The highest awareness was for the bank hub and the partnership with Foundervine's Immerse programme, with one in five business owners aware of both. Younger Black business owners, aged 16–25, were the most aware of the initiatives, with 76% of those aged under 26 and 60% of those aged 26–40 being aware, compared to only 43% of those aged over 40.

Solopreneurs were less likely to have recognised banks taking positive action over the last year (44%), but this may again allude to the pitfalls of solo entrepreneurship; findings showed that only 31% were aware of an initiative, compared to 70% of Black entrepreneurs at companies with a partner or employees. It was also observed by more established businesses, with fewer businesses under five years old knowing about one of the initiatives for change, compared to companies running for more than five years (58% vs 63%).

There are absolutely no justifications for the level of discrimination and lack of equal opportunities affecting Black business owners. We recognise that actions need to consist of more than a tick box exercise or government and financial institutions completing an equality and diversity course. It involves reviewing their internal processes, their management style and representation, their complicity in the reproduction of racial inequality and their personal biases, not only for as long as it's visible but for as long as they are operating as a global leader in business and beyond.

“ —

A lot of the change is surface level and not sustainable because there isn't enough work being done to address the issues on a systematic level.

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THE IMPORTANCE OF FAMILY, COMMUNITY AND NETWORKS

The Black business community still remains independent of much outside counsel due to decades of mistreatment, discrimination and repression. They rightly want to be empowered through their own avenues with financial institutions and wider society showcasing their understanding and willingness to work their way.

Black entrepreneurs expressed that they are keen to see any finance sourced from banks provided alongside relevant support. Improving access to funding is one thing, but Black businesses also see value in initiatives encouraging financial education and mentoring. Networking opportunities can and do provide space to learn from others in similar positions, steering those not as far on their journey towards successes and away from mistakes.

One of the questions we wanted to answer this year is, how do we provide relevant support, ensuring it reaches Black entrepreneurs effectively while also resolving mistrust? Black entrepreneurs are less likely to overcome barriers and see banks as a go-to source of help and guidance as long as high levels of distrust continue unchecked. We think part of the solution is meeting them in the places and spaces they already connect with other businesses, family, friends and community groups.

Key Statistics

- The top advice or support sources for Black business owners are their friends (31%), Black business community groups (29%) and social media groups (29%).
- 44% turn to influencers or YouTubers for business news and information.
- 61% of solopreneurs find news on social media, compared to 33% of owners of all other business sizes.

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Online Networks

For the first time this year, data was captured to find out the online networks business owners are using to seek out business information and support. Responses show a dependency on outlets such as specialist business organisations, YouTube channels run by influencers and social networking platforms. When asked, ‘From which publications and channels do you source your business news and information?’, online influencers and social media came out on top as the most utilised sources. 59% of current business owners look online first for answers to their queries, compared to 65% of future entrepreneurs; 44% of business owners look to influencers or YouTubers, compared to 50% of future entrepreneurs; 40% of business owners look to social media for business news and information, compared to 44% of future entrepreneurs.

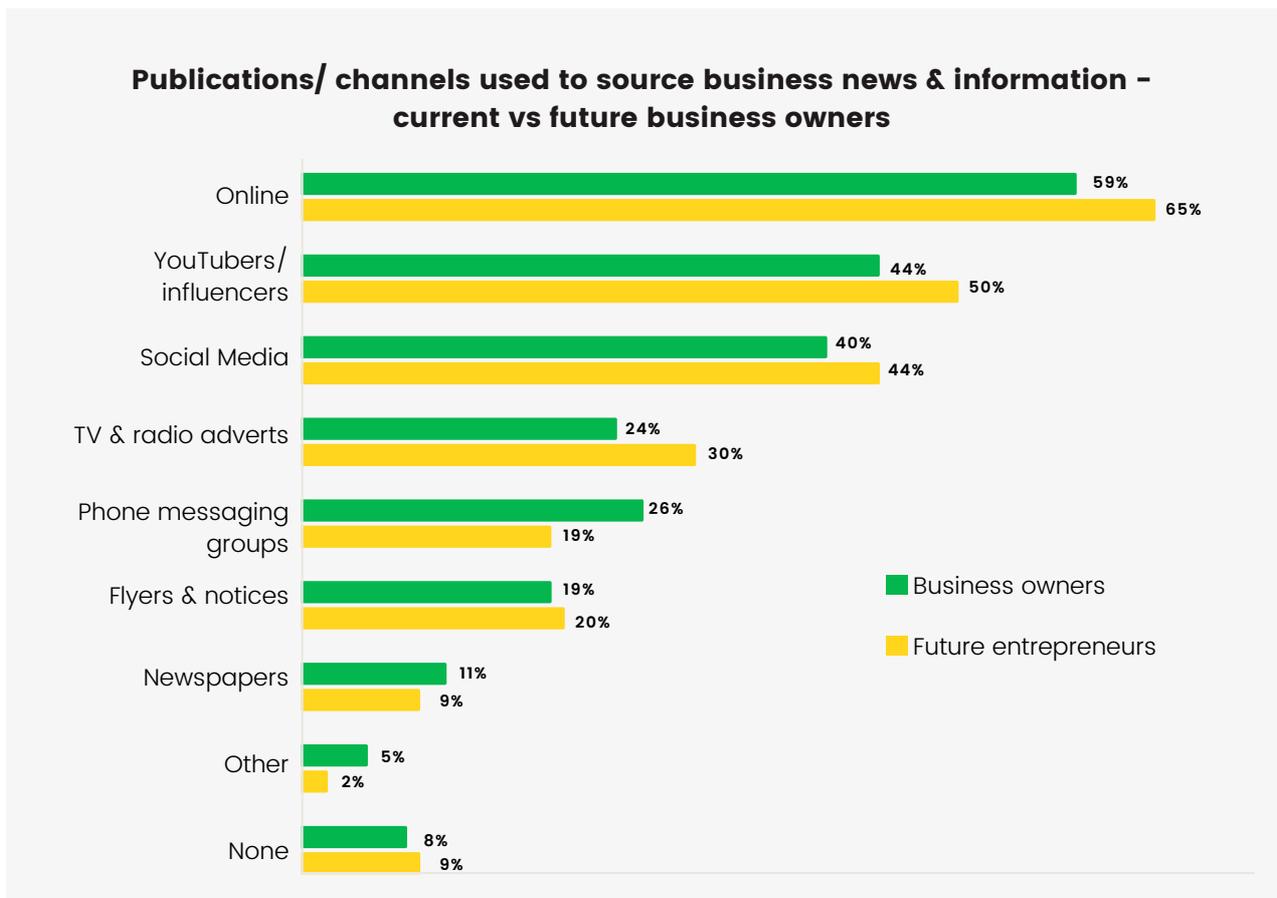


FIGURE 11: SOURCES OF BUSINESS NEWS & INFORMATION, CURRENT VS FUTURE BUSINESS OWNERS

Gen Z²¹ (aged under 26) and Millennials²² (aged 26 to 40) were also more likely to look to YouTubers and influencers than older generations, aged 41 or over (52% and 50% compared to 35%). These older generations were more likely to source their information from newspapers – 15% compared to only 7% of Gen Z. Women were also more likely to use social media compared to men (48% vs 32%).

Negative experiences using mainstream online networks can certainly prompt business owners to rely primarily on Black networks, where representation isn't an issue – something that many business owners recognised was missing from formal business platforms.

'A forum can be created where there's a lot more guidance, where your business is looked at a lot more in depth, so that you have a better understanding of the web you're getting into. Once you're in it, it's "oh, you're just there – deal with it." People don't understand that finances and mental health are so closely related; it's crazy . . . I don't know how honest and true the banks would be supplying that service, [but] it would be lovely.'

Cheryl, Hospitality, Solopreneur

Family Support

Black business owners were also turning to their friends (31%) and family (26%) for business advice or support, with Black business community groups and social media groups both selected as a go-to source of information (29%), rather than banks, which just 12% of business owners said they used. In contrast, 26% of non-Black business owners go to banks for advice or support, which could be part of the reason Black business owners tend to remain in business with lower turnover. Although one of the top go-to sources is social media groups, mentors from the Black community (25%) or sector specialist groups (20%) were also invaluable networks of support. On the other end of the scale, banks were not under consideration as an avenue for advice for many – 9% of Black solopreneurs sought no support at all, with a dismal 5% of solopreneurs turning to a bank for advice.

[21] Note: Gen Z are the demographic cohort preceding the millennials, born between 1980s and the first half of the 90s.

[22] Note: Millennials are the demographic cohort mostly offspring of the Gen- X/ Baby boomers. Born between the 90s and early 2000s

'I always [learn from] friends and family. My sister used to be my director for the business. My mum's always let me borrow money if I need it. I've got a great friend who has always supported me by letting me borrow money, especially when it comes to things like cashflow. I have been heavily supported by friends and family throughout running the company. I had one friend who had a credit card and I didn't, so she added me to the credit card and let me use it for my business. We had a loan agreement for that, which was typed up and signed by two solicitors.'

Anne-Marie, Professional Services, Rolladome, Small Business

Promoting The Strength Of The Black Pound

The thread of local community remains strong this year, both online and in person. Two in 10 Black business owners and future entrepreneurs told us they used flyers and notices in local community shops. We also had many business owners telling us about a variety of groups and support networks on established networks such as Facebook that were centred around supporting Black business owners specifically. In addition, 3% were part of Black Pound Day and utilised other channels, which included UK Black Pride, Black Ballad and Black-Owned Economy.

'In terms of trying to reach people in the community on a national scale, it would be about identifying where there are pockets of that ethnic community. There will be an area where people tend to gravitate to. They should focus on churches or community groups in those areas. And then on a wider scale, in terms of trying to catch some of the next generation coming out, approach universities and colleges. When it comes to engaging with the local authorities, if they can shed light on where they have ethnic pockets and where they can engage. Shifting the thinking of community leaders can result in a trickling effect. And engage with organisations that have chains.'

BBN Roundtable Event Attendee

The statistics we have on the communication channels Black entrepreneurs are using for news and business information suggest that for us to improve engagement with Black business owners and for them to have access to tools that help them upskill, it's more important than ever to meet them in the places and spaces they already use. We want to empower the Black business

community by being in the community with them, rather than trying to promote short-term diversity schemes. We have to meet Black business owners where they are at the moment, partnering with organisations with a vested interest in reaching them. We need to redefine what the communication strategy for formal institutions looks like and take steps to break the traditional model of interaction.

‘Two of my suppliers have groups on Facebook. Recently, when I wasn’t seeing much traffic on my website, I put a message out there – and I instantly had people coming; they were very supportive and very positive. I’m having to do my own research, emailing other companies to speak about how to start the fulfilment side of the business. If it’s a WhatsApp group or a Facebook group, anywhere you can chat and have people tell you exactly what they’ve learnt from their experience, pass it on. Knowledge is power . . . There’s a group on Facebook called Black Business Owners. Every month there was a post saying, “Write the name of your business and where you’re located,” and they encourage everyone to follow. That’s a very good initiative.’

Frances, Manufacturing, Flickerwick Candles, Small Business

It’s not difficult to see why family networks and representation from within the Black business community all play an important role in supporting Black entrepreneurs. Black business owners want to hear from people who look like them, whom they can interact with and learn from. For banks and other financial institutions looking to increase their engagement with them, a key recommendation from our roundtable was focusing on bringing real businesses to light, sharing Black business success and using case studies to showcase their wins and the ways they were supported by banks along that journey.

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Although one of the top go-to sources is social media groups, mentors from the Black community (25%) or sector specialist groups (20%) were also invaluable networks of support.

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ACCESSING FINANCE AND BUILDING KNOWLEDGE

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As described earlier, there is a very real sense of distrust in banks and government, which leads many Black business owners to depend on their own personal savings when starting and growing their business. Having to 'bootstrap' your business is a demanding and precarious way to start in business, which is why it makes it even more necessary for the right information, the right support and the right choices related to finance to be provided if any business is to succeed. The three themes we unearthed this year and last emerged as a result of us diving into the stories of Black business owners at all stages, hearing their experiences of facing the barriers we know exist. Our focus in the year ahead, now we have a greater understanding of what the barriers are, is how they can be removed.

Key Statistics

- Only three in 10 Black business owners approach banks and two in 10 choose to take up a bank loan.
- 45% of Black solopreneurs use personal collateral to fund their business, compared to 25% of Black business owners with employees.
- 48% of Black business owners borrowed less than £5,000, with the average value only £2,000, so funding is relatively modest.
- Just over half (54%) of businesses that applied to a bank received the full amount they applied for; however, 16% felt the assessment was not fair.
- The biggest concerns for accessing finance are worries about taking on debt (34%), not knowing which funding option to choose (28%) and a fear of rejection (27%).
- 18% are not aware of the factors that influence their business credit score, and 27% do not know what steps to take to improve it.
- 40% of students feel that financial literacy and accounting are core skills that young people should be taught.

Fear Of Finance

Despite an increase since 2021, seeing 20% of Black business owners taking bank finance this year versus just 13% last year, we see that there are still some complexities when receiving it. While Black owners of bigger micro-businesses were more likely to have obtained better funding than solopreneurs, 46% of those with 50 employees or more received only £10,000 or less. There is a question about if those who apply are asking for the financial amount they need, or if they're asking for an amount they think would not be perceived as ambitious. Black entrepreneurs also expressed worries about being in debt or rejected when applying for finance, which led to 15% of Black business owners not applying for any funding at all.

We must remember the negative longevity of the Black diaspora not being able to earn capital from their own labour until after their emancipation. All too often we forget that the Black diaspora were taken from rich commercial environments across the African continent when sold into the slave trade between the 14th and 18th centuries.²³ Even then, they still came up against a multiplicity of requirements to legally access the same accounts, interest rates and benefits as white families. This is in part what drives the wealth gap today and the fear of accessing formal funding streams.

'It's all my own personal savings . . . I was chasing jobs. At that time, I didn't think anyone would have given me anything, so I had to rely on my own savings. When I started, it was trial and error; it wasn't about "where can I go to get information." Banks could be supportive, give tutorials, [but] I don't know how much a bank would be ready to go into giving tutorials for some of the things [that] can need full training. They can give you advice and support in financial aspects – bookkeeping, the finances you need, insurance.'

Desmore, Cleaning Services, Solopreneur

These injustices have reverberated throughout the centuries, and as a result, one of the most likely solutions for Black businesses to access funding is to use their personal collateral instead. Some of our interviews also revealed confusion regarding the role a bank could play in supporting an entrepreneur, with learning and education as a tool of empowerment but also as a step towards reconciliation with mistrusted financial institutions.

[23] See: 'An analysis of financial institutions in Black-majority communities: Black borrowers and depositors face considerable challenges in accessing banking services.' (Brookings, 2021).

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The Personal Burden

The personal burden of self-funding was a similar picture to 2021 with three in 10 (31%) using personal collateral. After personal collateral, familial ties and trust remained strong, if not stronger, than in 2021 as many more Black businesses relied on family funding in 2022 (29%) than in our 2021 survey (16%). Relatives were seen as an interest-free funding option, with repayment due only once entrepreneurs had earned enough. In particular, family was the go-to funding source for leisure businesses (38%), such as those in hospitality, the arts, fashion or beauty. Naturally, older generations were more likely to have the means to use their own money, with 38% of Gen X and Baby Boomers using their own personal collateral. This compared to only 15% of Gen Z founders. Nearly half (45%) of solopreneurs used their own funds, compared to a quarter of other businesses.

Confidence & Financial Knowledge

Unsurprisingly, banks were a distant third funding source for many Black entrepreneurs. For those who did apply for a bank loan, they prepared well, with the majority writing a business plan and researching relevant information in advance. Just over half who applied to a bank (54%) were successful – they were granted a loan for the full amount requested. There was, however, around a third who had to accept a smaller amount – something 34% of loan applicants in our survey experienced. Reasons cited for this were credit status, serviceability of the loan, lack of collateral and a commitment to paying off debts elsewhere. When asked if they thought the process for funding fairly assessed their business circumstances, 16% believed it did not.

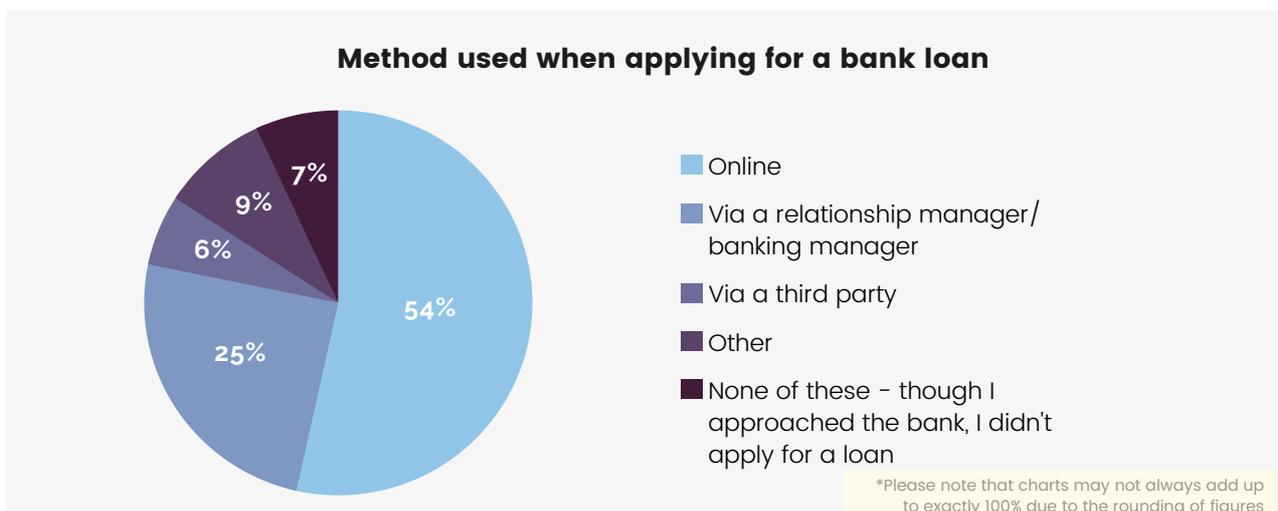


FIGURE 12: BREAKDOWN OF BANK LOAN APPLICATION METHODS

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This raises questions about how Black businesses' viability is determined compared to other businesses in the sector and how bias, unconscious or otherwise, plays a part in the assessment process. One in 10 Black bank loan applicants was rejected with no explanation. Considering this level of rejection, it is important for financial institutions to give clear and transparent explanations when funding is declined and to arm Black business owners with the knowledge and confidence to tackle application processes, get their businesses in the best place prior to applying and know the best funding solutions for their businesses.

Many of this year's respondents expressed a desire to see more opportunities to improve their knowledge and skills core to entrepreneurship, with 38% selecting this in their top three ideas for actions that could have the greatest impact on their business.

In terms of how a business credit score differs from a personal one, for example, the level of understanding about how to improve a business credit score varied and was low among solopreneurs. Only 41% of solopreneurs knew how to improve their business credit score, compared to 72% for all other businesses.

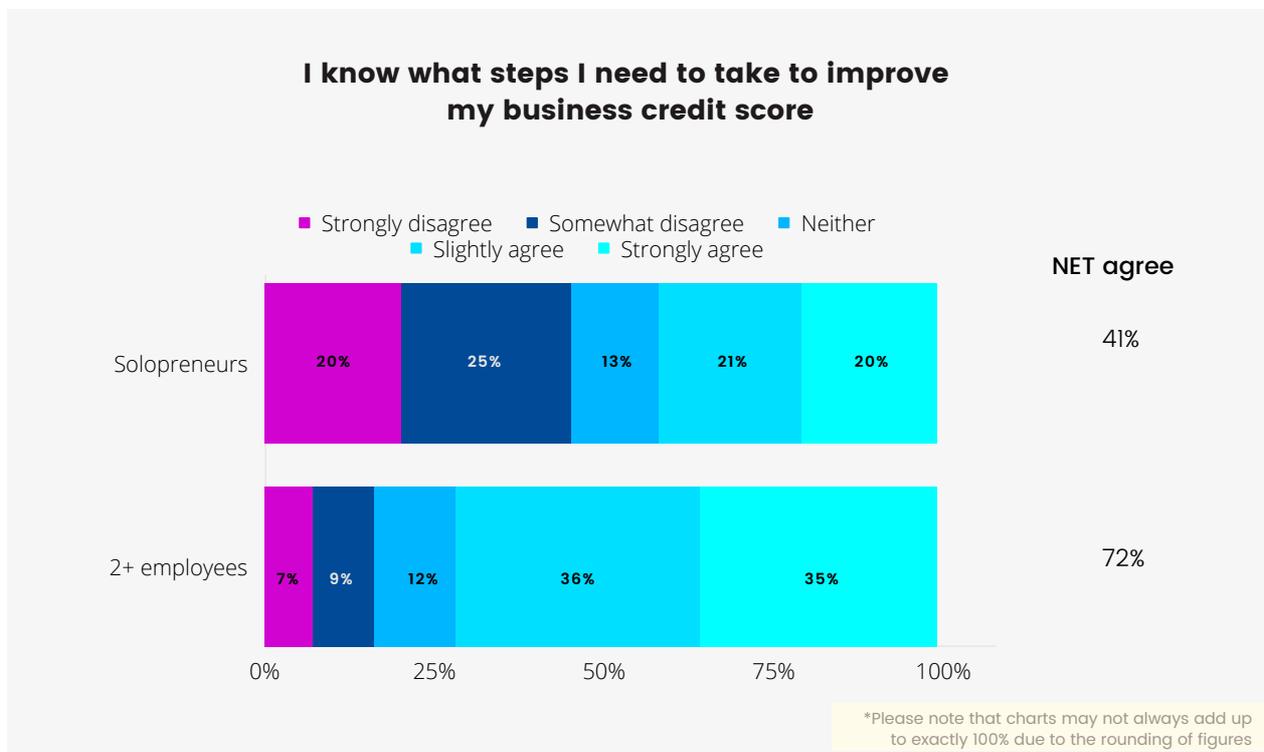


FIGURE 13: AWARENESS OF ACTIONS TO IMPROVE CREDIT SCORES BY BUSINESS TYPE

‘Business credit scoring I assume is on you, like a personal one.’

‘Credit rating is biased against Black businesses. Banks need to take time to manage and understand Black business profiles.’

‘I would have thought they assess your business projections and you, the founder. It would be different if you are a sole trader or limited company.’

BBN Roundtable Event Attendees

Linked to this, perhaps, is the fact that 30% of Black business owners in our research operate from a current personal account, rather than a business one. By continuing to operate out of a personal bank account, entrepreneurs may miss out on the many learning and education opportunities available from their bank – something they may be more aware of if they were to take steps to set up a business account. In order to bridge the knowledge gaps, there is great work to do to demystify financial terminology in general and prevent negative perceptions from acting as barriers to seeking support.

‘I think even though it’s your business one, it is still attached to you. Nobody’s ever sent me anything to do with my business credit score at all. I couldn’t tell you what it is. My personal credit score, I could probably tell you what it is. I know that if I apply for a grant, the grant funders will somehow do a credit check on me . . . I don’t think the business has its own credit score. I think it’s still very much dependent on who those directors are and what their personal credit score is. I’ve never had a business credit score.’

Anne-Marie, Professional Services, Rolladome, Small Business

When the Windrush generation arrived in the UK, obtaining a bank account of any type to build a strong financial history that proved their ‘readiness’ to purchase property was one of the biggest blockades. It derailed any ambition of wealth creation or even financial equality, as bank accounts could only be obtained by referral or recommendation – which was almost impossible to get without a landlord willing to vouch for you.

Global fintech platform, 'FinTech Solutions', documents these barriers to banking in specific detail: 'As an immigrant with no credit history in a foreign country, you were simply not trusted. Even with a referral from a landlord, you still were denied a bank account.'²⁴

These obstructions, of course, did not deter the newly established Black communities in the UK – it led, understandably, to informal, but highly effective, funding and saving schemes being established within their own communities. The most commonly known financial legacy from the Caribbean migrant population arriving in the United Kingdom in the 50s, 60s and 70s is 'pardner'.

Instead of relying on the British banking system, migrants would collaborate and save together in a monthly savings agreement, whereby each member would contribute the same amount monthly for as many months as there were members. The assigned 'banker' would distribute the total hand to one of the members each month in order for them to have a lump sum for a house deposit or some other living need.

Facing Financial Fears And Future-Proofing

Only three in 10 Black business owners approach banks and two in 10 choose to take up a bank loan. For some, asking for a bank loan remains an unnatural concept – if no positive connection with banks has ever been established within their families, upbringing or personal experience, it is certainly not realistic to expect that they hold hope in financial institutions. There is no blueprint for engaging with financial providers because financial institutions did not value Black communities enough to create one that worked or make concessions to meet this rich and vibrant community where they were at the time, which would have given them the support needed to succeed.

[24] [See: 'Being Black in the Financial Services Industry' \(FinTech Futures, 2019\)](#)

'I didn't want to have to incur debt. I had debt; I've done law school. But also, not understanding how business debt works, is it just debt because you're going to make the money back? So, it's just not understanding, not knowing how it works and what the implications are. I'd rather just do it myself because then I'm not answerable to anyone if things fail. My parents would say: "Your company, what's this? You go to law school to join a company." My parents were not entrepreneurs. It was all about a profession.'

Nyasha, Fashion & Beauty, Solopreneur

This fear of debt, rejection and the unknown stems from a very real and intentional bid to prevent progress within the Black community through structural and institutional racism, and as a result, many Black people, Black families and Black business owners may find themselves in a position of hesitancy or lower psychological standing; meaning they take a subjective judgement of their own legitimacy when performing an action. This can often lead to Black business owners questioning the legitimacy of their own knowledge.

'I just remember being so completely overwhelmed and stressed out by the entire process [of seeking funding]. Once we decided to no longer engage in any of those processes, to no longer move forward with crowdfunding and just bootstrap it with friends, family and our own funds as input, things just got a lot simpler . . . At least we were able to move forward and at least we were able to make progress with our actual company because at that point everything we were doing was finances. It was extremely overwhelming.'

Danni, IT Technology & Comms, Small Business

We believe that any long-term plan to demystify and improve access to finance can only be successful when applied from infancy through to adulthood. Without finding new and relevant ways to utilise digital platforms and technology, we cannot extend our reach to Black business communities that we have failed to connect with in the past. We would argue that there is a need for greater collaboration with the UK education system and that by working with schools and universities, the benefits of entrepreneurship and the skills required to become an entrepreneur could be better highlighted.

Supporting this, when asked which skills young people should be taught to help them start a business, the top answer from future entrepreneurs was financial literacy and accounting (40%). This was followed by networking (36%), then business and market research (34%). Furthermore, to encourage entrepreneurship, nearly half of Black students want to see the UK education system promote practical workshops, as well as work placements or apprenticeships in small businesses (both 47%).

‘We need to teach young people to be careful and safe with their money, but at the same time, you have to take on debt to get a credit score.’

BBN Roundtable Event Attendee

The fairness of the financial landscape has evolved over time, but there is still unsteady and inconsistent progress being made in 2022. Obstacles remain, prolonging the progress that Black entrepreneurs can make. The next section will explore our ambitions to help Black businesses reach their true potential.

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30% of Black business owners in our research operate from a current personal account, rather than a business one. By continuing to operate out of a personal bank account, entrepreneurs may miss out on the many learning and education opportunities available from their bank

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CREATING IMPACTFUL CHANGE

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Through our roundtable discussions, interviews with experts and our survey findings this year, we were pleased that there was strong validation of our 10 key recommendations from last year. We found that only 7% of Black business owners and 4% of future entrepreneurs said none of the recommendations we presented offer a solution for the barriers they're facing. This signals positive confirmation of the work we're already doing. The following sections explore the practical implementation of the 10 recommendations we put forward in 2021. Our goal over the next 12 months is to create an ecosystem that increases the visibility of Black businesses and creates long-term change for Black entrepreneurs.

Creating An Ecosystem

We want to build an ecosystem that is a model of co-production, whereby the core of it would continue to focus on authentic collaboration between the Black entrepreneurial community, financial institutions, and all the other parties in the system that can help create an equitable future where business owners can realise their potential. We want to advocate for Black businesses that will benefit from these institutions, reviewing and renewing new and legacy operational policies and practices. In order to see the ecosystem start to take shape, we have several external objectives:

- Investing our time and energies into community partnerships and collaborations
- Implementing support strategies for more equitable community-centred businesses
- Improving economic outcomes for Black businesses in the UK
- Reducing inequalities for Black business owners to access finance
- Centring equity in our strategic decision-making processes

'If we look at the top-10 matrix of why businesses fail: lack of finance, lack of marketing, lack of strategy, lack of leadership. So, for me those things are prerequisites; give people training and support in those spaces, but in a diligent way, not just a one-off way. "Oh, here's a course for three hours," and we tick a box and say, "Oh, yes, we've trained." That's not competence; it's going to be over a sustained period of time'

Dr Carlton Brown, Director, Aspire Consultancy

Achieving Better Access To Finance And Knowledge

There are four actions that Black entrepreneurs recommend us taking here. It is important to highlight that Black entrepreneurs do not just want funding without a robust programme of knowledge transfer partnerships and support that will improve their business and financial understanding.

1. Ringfence funding for Black-owned businesses: create easy-to-understand, long-term, transparent and accessible finance interventions – with relevant teaching about credit scoring.

Survey respondents, roundtable attendees and partners agreed this was key to accessing funding, so much so that some had championed it for years and likened it to other ringfenced funding that was already available for other minority groups, such as women. This kind of support would be for current and future entrepreneurs, improving investment in Black businesses, but also providing opportunities for trust to be re-established.

‘That would be a dream scenario of ringfenced funding and interventions for credit scoring. I’ve been looking internationally at what other countries are doing around helping people, not just businesses, to improve their credit scoring, and there are some brilliant, innovative ideas, and I think that digital FinTech is levelling the playing field. I’d like to see the industry look at this seriously and open up some products, not just for black business owners, but for all business owners. But to hone back in on Black business owners, it would be fantastic if it were linked to the education piece and the access to finance. So, instead of bouncing people and saying, “No, you can’t have access to funding,” there is another track. “You can go on this programme where you get all the help you need to improve your credit scoring; this is what you need to do.”

Diana Chrouch, OBE, Chair, All Parliamentary Party Group for Ethnic Minority Communities ,

This is an action that requires the right mode of application and strategy around it to communicate the purpose, the process and the outcomes intended for entrepreneurs as a growth tool.

‘I don’t know how I feel about the ringfence of funding. And I think, it’s more like, if there’s a big pot of funding, the funding is there. It’s just a case of making sure that they can access that funding and they are treated fairly. So that the package is accessible.’

Justice Williams, MBE, Founder, Dream Plan Launch

2. Provide education, training and upskilling: offer self-serve online and face-to-face support, step-by-step and jargon-free on finance, marketing, digital, leadership and legal requirements..

Support for understanding how to keep a business running beyond the early years was also endorsed, not only catering to the training needs of businesses that want to scale, but also to start-ups, essentially catering to the specific needs of the business at the time. This element of meeting the business where it currently is was an important part of how actions could reach business owners and achieve positive outcomes.

‘A lot of government and other agencies focus on scaling, but it’s not the case that at the point for start-ups, people are not aware of that next step. Because actually, there’s less support for start-ups now that we don’t have Business Link anymore; we don’t have lots of free programmes to help people start up. A lot of it is by banks that are doing online courses and online stuff. And that again, if people don’t know it exists, there’re no fully funded programmes anymore. And there’s no access to grants, as such. There are start-up loans, and that’s about it.’

Justice Williams, MBE, Founder, Dream Plan Launch

‘The banks should be actually working with organisations like ours to create specific, bespoke, educational programmes you can access. So that you know by the time you’re going to open an account or ask for money, you’re 100% viable; make the training obligatory.’

**Dean Okai, Snr, Strategic Advisory Director, African
Diaspora Public Affairs Committee**

3. Create a bespoke mentoring programme: provide tailored advice and skills training with the support of a programme manager as part of an approach combining funding with education.

We heard that, alongside training, mentors add a personal touch, providing feedback on your business's progression and encouraging you to continue the journey with entrepreneurship.

'Mentoring is what a lot of our organisations need because it's that hand-holding, it's that showing them the way to go. It has to be a combination of the two through the lifetime of the business because right at the start, an organisation may not be at a stage where coaching helps them because they need some directive decisions and processes, depending on the type of individual you're dealing with.'

Leslie Ayoola, Director, B-Global

'There's data that talks about mentoring and coaching. Organisations or businesses that have mentors or coaches supporting them are more likely to perform at a better level and be sustainable. The data also tells us that 50% of new start-ups will fail within the first five years, so the consequence of that, if you have a role model or mentor supporting you, is that there is a greater probability that this may not be the case, or the attrition will be slower, to say the least.'

Dr Carlton Brown, Director, Aspire Consultancy

'Having your own sounding board is really useful. That's why mentoring programmes are great. On the other hand, there are lots of mentoring programmes available so sometimes there's a bit of mentoring fatigue where people are like, "I don't need mentoring, just give me the money!" We need mentoring programmes, yes, but we need it alongside the hard stuff – the cash, the resources, the open doors... Both together can work really well'

Mildred Talabi, Founder, Talabi Enterprise

4. Collaborate with schools and universities: encourage education on the benefits of entrepreneurship and the skills required – teach money management at an early age..

Knowledge before idea creation, particularly for those in schools, was highly endorsed. The current national curriculum should focus on making entrepreneurs – not employees. We are aware that some banks are successfully working on these collaborations with schools on initiatives such as this, but there is room to upscale and partner on such work.

‘This is integral. We haven’t got time to go over the whole education system, but it needs overhauling. Enterprise education and financial education are really important. I know there are banks where they go and teach kids about money management. But the whole enterprise education piece is a massive missing trick. I don’t know any banks that’re really leading on this. I know that there’s some stuff done in universities because I’ve been a part of it.’

Justice Williams, MBE, Founder, Dream Plan Launch

‘I think that’s 100% key. We had this in the UK around the 80s. I believe that this should be a part of the levelling-up agenda. If you’re teaching this at a right age, an early age, young people are coming out with the right skills and the right knowledge to be able to enter the world of entrepreneurship and have the skill sets to be able to do that, and also the mindset because you have to train the mind to be able to think in this way.’

Leslie Ayoola, Director, B-Global

‘Entrepreneurship isn’t given the same weight as university and education in our communities to some extent. We’re often encouraged into education with rhetoric of, “Work hard. Do well. Get a good job.” Whereas you can apply similar principle but change the ending. Say, “Work hard, do well, and run your own business.” And then it’s interesting from a financial perspective. A lot of us are happy to take on 20, 30, 40, 50 grand of debt to get a degree but wouldn’t have the same tolerance for debt if it was to back yourself and create your own business.’

Mac Alonge, Founder, The Equal Group

Tackling The Mistrust Of Formal Institutions, Barriers And Low Visibility

1. Improve trust in banks by sharing success stories. Be transparent – share statistics that demonstrate how Black entrepreneurs have been helped, then provide consistent and ongoing support to successfully funded applicants.

There are two actions that we recommend here, recognising that though steps have been taken, Black entrepreneurs have seen performative diversity marketing before that doesn’t lead to much, so in order to truly rebuild trust, actions must be bold, long term and work on a systemic level.

Spotlighting The Success

There was agreement that case studies would go a long way to showing ‘people like us’ could achieve success – showcasing the individual’s journey, including the challenges and how they overcame them. We hope that better relationships between banks and businesses could be achieved by supporting and sharing these valuable stories. We want to see banks be transparent – sharing statistics that demonstrate how Black entrepreneurs have been helped consistently, as well as providing regular and ongoing support to successfully funded applicants once they’ve received funding.

‘It’s really important to have a wide range of success stories. Banks become trusted because what you’re trying to do is build trust that someone like you has come into Lloyds Bank and they’ve had a great success story, and it wasn’t just one person, and it wasn’t just somebody in London. The case studies and success stories that are wide-ranging are great to definitely have and share widely and get people to come in and do their own testimonials.’

Jean Chawapiwa, Head of Member Services, Minority Supplier Development UK

An overwhelming number of participants in our surveys, expert interviews and roundtables asked for more spotlight on the success of Black entrepreneurs and the ways in which banks and other initiatives had helped them. This representation was heralded as one of the most instrumental forms of social proof in action.

‘You need testimonials and co-studies, and if you’re not showcasing these things, no one knows the good work that you’re doing – that you are funding Black-owned businesses. When I went to the private roundtable with an MP and somebody else from Lloyds Bank, they said, “This is all the stuff we’re doing. This is a report that we’re launching.” I thought, “I didn’t know any of these things.” Even the founder of a Black enterprise from London said, “I bank with Lloyds with my business, and I didn’t even know you did any of this stuff.” So, that speaks volumes.’

Justice Williams, MBE, Founder, Dream Plan Launch

'I would take that with a pinch of salt. You can have a bank that deals with, hundreds of thousands of businesses a year, and then just have one of them as a poster boy or girl to say, "Oh, yes, here's a Black business that we've helped out, etcetera," that they've focused on to show that the bank is diverse and helping a great range of people. But that's one in 10 thousand people. If you are going to share those success stories, you have to share the entirety of those stats. How many of those success stories were from this community? If you're not doing that, then it could smell of tokenism, you know? But on another angle, it is good that banks do show that they are helping them.'

Leslie Ayoola, Leslie Ayoola, Director, B-Global

2. Increase Black representation in banks and finance in general: train staff to understand Black barriers and ensure representation is at all levels.

Equally important was staff representation across organisations in the UK. This is vital for creating an environment of inclusivity and familiarity, building a positive, trusted relationship between banks and current and future business owners. Someone trained and with experience in the challenges of running a business as an ethnic minority. Being engaged by the right type of person when coming into a bank was particularly important.

'You need to demonstrate what you're doing, demonstrate through putting people in positions, the right people; that's always the caveat. It's not about putting someone for the sake of putting someone in a role; it's about putting the right people in the right positions and, yes, sharing stories of success; that's important. But they have to be genuine in their endeavours, not just as a cosmetic exercise to prove to the world that we're doing some great stuff, because that's a façade.'

Dr Carlton Brown, Director, Aspire Consultancy

Our Recommendations And Actions To Create An Ecosystem

Networking remains the most important action that Black entrepreneurs want to see, so it is important for financial institutions to connect with community organisations, support the execution of events and have adequate signposting so people know they are ready, willing and able to support them.

There Are Two Actions That We Recommend Here:

1. **Proactively partner with grassroots and local community organisations: trust the expertise within the community instead of creating new and separate initiatives.**

'Getting the right people into the grassroots and local community organisations, yes, because a lot of people are not going to walk through the doors of Lloyds Bank, but they will speak to someone at a local community organisation. Having the open sessions to connect is fantastic.'

**Jean Chawapiwa, Head of Member Services,
Minority Supplier Development UK**

2. Collaborate with Black community organisations to increase the visibility and adoption of support: help separate community networks to come together and form one ecosystem, committing to setting up diverse supply chains.

'I think quick visible action could be around tapping into whatever support is already available and having Lloyds Bank almost piggyback or tag along to something that's already available. They don't need to recreate the system. It's the same model that we've used with the police and the Violence Reduction Unit. We already have this meeting; we don't need to schedule another meeting and another set of objectives. Just fall in line with what's already there and amplify that.'

**Claudine Reid, MBE, Chair, Black Business Advisory Committee,
Lloyds Bank**

Collaboration with organisations like ours for the Black community would entail shifting the culture of banks and the expectation Black business owners may have about walking into a negative and judgemental environment. By showing up in the space's community organisations are already operating in and taking an active interest, being part of that conversation, is a great way for institutions to level the playing field.

'One of the great ways as well is for banks to open up their offices for some of these networking offices. It's a great thing to have people walking into banks and saying we're having the tea, the coffee, and then the people are there. But what you're doing is you're welcoming them in and saying this space is for you too, and there can be an afternoon connect; there can be an evening connect; it can be for wide-ranging groups, and you're really sending out a very strong message about how we want you to come in, and we want you to connect with us and meet our people.'

**Jean Chawapiwa, Head of Member Services, Minority
Supplier Development UK**

‘What I’d like to see from banks is for them to go on a long term journey with grassroots-level community organisations. To understand what they can do to make sure they have a longer shelf life than is typical. I think sometimes you see grassroots organisations pop up. They’re active for a year and a half, two years. Running purely on passion. And then because of a lack of funding or because of a lack of ability to commercialise what they do, they fall off. So, what can banks do to support them on a long-term basis? To say, “This is the core infrastructure that we can provide as a bank.” Whether it’s meeting rooms. Whether it’s finance. Whatever it is. To allow that organisation to have a longer shelf life and subsequently a longer term impact.’

Mac Alonge, Mac Alonge, Founder, The Equal Group

Conclusion

The Black. British. In Business & Proud report is still at the formative part of its journey, but we have started to lay the groundwork and take action in several areas. We have learned more about the challenges raised by Black entrepreneurs since we identified them in our 2021 report, and we know there is still a substantial amount of work to do. The current social conditions signal difficult times ahead for everybody, but we know the current state of economic affairs has a disproportionate effect on disadvantaged Black entrepreneurs compared to other business owners. Actions are more important than ever, and there is a long road to travel ahead for us to create impactful, unceasing change – something we know Black entrepreneurs want to see.

The recommendations and actions created in 2021 have made a great initial impression, with six in 10 business owners aware of at least one of the seven initiatives we have rolled out over the last 12 months. We are building an ecosystem – one that is effective at redistributing the balance of power. Part of building that system is welcoming continual and critical feedback that keeps us and our partners accountable and on task.

This report has highlighted how the entrepreneurial journey is starkly different for Black entrepreneurs in the UK to their non-Black counterparts. The experiences rarely change for Black businesses working in silos, with no formal support or team members, nor for those that are considered a 'bigger micro-business'. It is impossible to ignore the personal and epistemic sacrifices Black businesses are suffering. It is not time for deeper reflection; it is time for action. There is a real concern that history will continue to seep into the here and now, affecting established businesses trying their best to make headway to close the gap in turnover against national averages, as well as proving to be equally disruptive for future entrepreneurs who are yet to establish a business at all.

As a result, it has become overwhelmingly clear that Black entrepreneurs need to see long-term measures undertaken by community organisations, financial institutions and the government. There is a call to see greater transparency in the way the UK government creates policy that benefits Black entrepreneurs explicitly and how the education system can be reformed, as well as reform in financial institutions when they really take the time to evaluate their shortcomings.

We now know these are just some of the ways we can assist and empower the Black business community. They deserve dedication from those who say they are committed to making changes. Evidence of action is absolutely crucial from financial institutions. Black communities want to see a redistribution of power, we want changes that dismantle the echo chambers of oppressive systemic structures. Only then can we truly be united in our purpose.

“ —

|

We found that only 7% of Black business owners and 4% of future entrepreneurs said none of the recommendations we presented offer a solution for the barriers they're facing. This signals positive confirmation of the work we're already doing.

|

See Page 75

— ”



IMPACT PLAN INITIATIVE FROM BLACK BUSINESS NETWORK, LLOYDS BANK & THE BLACK BUSINESS ADVISORY COMMITTEE

As we explored in section two, systemic change will require long-term investment, commitment and accountability from all parties in the system, including formal institutions, policymakers, corporations and the entrepreneurial ecosystem. Lloyds Bank, the Black Business Advisory Committee, Black Business Network and our other partners will champion the following actions and will endeavour to play a significant role in orchestrating the required collaboration.

1. Continue to use the 10 recommendations from the 2021 report as our charter for action, ensuring they are visible for all parties in the system to use. Develop a robust framework to track progress and monitor progress.

The 2021 report recommendations were validated by Black entrepreneurs and business leaders to be solutions to some of the core issues they are facing. Section seven explores these in more detail and how they can be implemented. [The Lloyds Bank progress report](#) demonstrates the advancement they have made on the 10 recommendations.

Collective Call To Action And Next Steps

We'll raise the visibility of the 10 recommendations to be a charter for action for all formal institutions, policymakers and grassroots organisations supporting Black business communities. Having a common charter of consistent recommendations will enable a greater impact to be made, with better utilisation of resources.



New Recommendations From This Year's Research

2. Building stronger financial services industry and government collaboration. Focusing on themes such as:

- Development of a common set of commitments
- Improving ethnicity data collection
- Improving signposting of support

As outlined in section two of the report, the scale of systemic change to achieve the final goal of 'justice' is defined as fixing the system to offer equal access to both tools and opportunities. Change on this scale will require years of work to dismantle what has been built over hundreds of years, but what we can do now is promote and drive collaboration across industries and government in order to lay the groundwork for that change. Confusion and lack of clarity around actions previously taken by the government to address these barriers have reinforced the lack of trust in government by the Black business community. Collaboration avoids further duplication of work, increases influence on potential policy change and allows us to guide systemic change based directly on the feedback of Black entrepreneurs.

The absence of inclusive entrepreneurship policies and ethnicity data collection in the UK severely hinders financial institutions and governments from being able to accurately measure disproportionate outcomes or progress for ethnic minority businesses. Agreeing on a standardised way of collecting this data, and how to use it responsibly, could significantly enhance the efforts of organisations tackling the issue, recognising that the lack of trust from members of the Black communities will be an additional barrier to overcome in order to obtain that data. We have seen the early successes of this type of approach with the 'Investing in Women Code'.



Collective Call To Action And Next Steps

We will continue to engage with industry and government bodies such as UK Finance and relevant All-Party Parliamentary Groups (APPG) to champion a common set of principles and commitments that institutions with a shared mission can sign up for.

3. Build a UK-wide Black business ecosystem approach to enable collaboration and promote unity.

An entrepreneurial ecosystem is described as a network of interconnected systems that aim to support the creation and growth of new ventures. The elements featured in an entrepreneurial ecosystem are stakeholders that will help shape and guide the entrepreneurial experience, such as government, schools and universities, investors and banks, social leaders and research centres. An ecosystem also acts as a means of uniting the often-siloed, Black-led organisations to work together in a more productive and cohesive manner, creating a smoother customer journey for current and future Black entrepreneurs, vastly improving the probability of entrepreneurial success. Developing an ecosystem is therefore critical to promoting unity among organisations with a common mission.

There are many Black-led or ethnic minority-focused organisations, initiatives, advisors and business support groups across the country, already doing great work towards supporting Black entrepreneurs and championing systemic change, but due to limited outreach or resources, it can be difficult for them to reach their intended audiences. This means that there are opportunities available that Black entrepreneurs are missing out on. Connecting these organisations allows us to strengthen their individual outputs by creating opportunities for these organisations to work together.

Collective Call To Action And Next Steps

In order to create an ecosystem, we will need to identify and classify the objectives of the aforementioned groups and advisors. Once identified, they can be categorised, and referral paths can be defined between advisors and organisations to assist with simpler signposting. Finally, the information will be collated and summarised in a way that is easily accessible for Black entrepreneurs.



Black Business Network will be developing our existing support hubs and directories to begin this process of identification and classification, calling on our existing and new partners to link into all parties in the ecosystem.

4. Develop a community of Changemakers and Ambassadors who formal institutions can work closely with to help ensure actions have impact.

Our research has shown that while the actions that have been taken so far are valuable, there is a need to broaden awareness within the Black entrepreneurial community to increase engagement and uptake of the initiatives to support them. Black entrepreneurs have overwhelmingly called for programmes and initiatives to be marketed to them ‘where they are’, meaning their community spaces (online and physical) and through their community leaders. This is especially true for older generations that perhaps aren’t so comfortable using social media. Changemakers and Ambassadors allow formal institutions to work with the community through trusted sources, reaching more inner city and regional groups. This also means that institutions need to prioritise time for their staff to go into community groups and spaces to truly connect with them to build trust.

Collective Call To Action And Next Steps

Institutions should define roles and responsibilities of Changemakers and Ambassadors that are aligned with their vision and mission. Researching and connecting with the right people who can advocate in their networks will help build the bridge of trust and create more impact. This may also mean exploring new approaches to target specific age groups and preferences (i.e., using influencers, Black majority churches, embassies, diaspora media and radio). It is also essential that we increase efforts to enhance their visibility so that they can connect with each other and collaborate more easily, avoiding duplication and increasing efficiency.



5. Create bespoke layers of support depending on business stage, ensuring the whole business lifecycle is addressed.

The research has highlighted the need to address holistic support and general professional development of Black entrepreneurs at all stages of the journey, from school and university, pre-start, start-up, scale-up, maturity and exit. Each stage will require different interventions with a multi-layered approach, potentially from different providers, another reason why mapping the ecosystem is important.

Collective Call To Action And Next Steps

Formal institutions that offer programmes and initiatives should consider how they are supporting each stage of the journey or look to signpost to other organisations in particular parts of the journey where interventions are less abundant. They should also consider role models and case studies for each stage to enable peer-to-peer learning.



APPENDICES

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Black Entrepreneurs- Lloyds Bank Progress Report

Continued





LLOYDS BANK

Lloyds Bank actions to support Black-owned businesses aligned to the 10 recommendations from the 2021 Black. British. In Business & Proud report

Find out more about our [Race Action Plan](#) and our [Supporting Black Owned Business Hub](#)

21 BBiBP Recommendation

Action taken by Lloyds Bank

Improve cultural fluency and Black representation in financial services



- Established the **Black Business Advisory Committee** to drive accountability and action
- **Target to increase Black representation** in senior roles from 0.6% to at least **3% by 2025**
- Launched **Black talent, sponsorship and career acceleration programmes**
- Provided **19 paid internships** for Black students via the **10,000 Black Interns** initiative
- **c.72,000** colleagues have completed **Race education training**
- Launched a colleague **Race Advisory Panel** and **Race Space** for anti-racism resources
- We have published an annual **Ethnicity Pay Gap Report** since 2020
- We signed the **Black Talent Charter in Finance** to enhance equality of opportunity

Partner with grassroots and local community organisations



- Partnered with **Foundervine** to launch the **Immerse programme**; creating comprehensive support for entrepreneurs at various stages of their journey
- Partnered with **Black Business Network** to understand the barriers for Black entrepreneurs via the Black. British. In Business & Proud multi-year research journey
- Partnered with **Jamii** to create **two pop-up shops** in London and Birmingham to increase visibility of Black British brands
- Partnered with **Mentor Black Business** and **Black South West Network** to provide mentorship
- Provided sponsorship of regional events such as **Birmingham Black Business Show** and **BOB Expo** and **Empowered to Lead** events in Manchester

Provide ringfenced funding and support to create equity



- Our independent charitable foundation, **Lloyds Bank Foundation**, has committed to award 25% of new funding from its main grants programme to charities led by and for Black, Asian and minority ethnic communities. **Since making this commitment in 2020 the Foundation has awarded 130 grants, totalling £6.5m, 28% of the Foundation's core grants**
- **The Lloyds Bank School for Social Entrepreneurs** has supported 1,350 social entrepreneurs in the first five years of the programme. Places are prioritised towards diverse applicants and the scheme provides education, mentorship and grants
- **Committed to work with industry experts and partners** such as UK Finance and All Party Parliamentary Group (APPG) for Ethnic Minority Business Owners, using our power of influence to address systemic barriers preventing access to finance

Provide opportunities to improve knowledge and skills core to entrepreneurship



- **Supported c400 businesses** via the **Foundervine Immerse programme**; offering 6 spotlight events, 2 community get-togethers, 2 accelerators and an online series of 24 educational videos, covering themes such as: finance, marketing, digital skills, scaling a business and mental health. Average event satisfaction score of 4.8 out of 5
- Headline sponsors of the **Black Investor 360 Finance Festival**, aimed at accelerating the personal & business financial journey of current and aspiring black business owners
- **LDC, via the partnership with The Prince's Trust, helped c400 young entrepreneurs to start their own business**, with a 25% of the young people from ethnic minorities
- Business guides on finance and other skills curated in a **central hub**
- **The Lloyds Bank Academy** provides free resources to learn new skills and improve productivity, with a new **Foundervine hub**

Create a central hub of support available from trusted sources



- Launched the **Black Business Resource Hub** in partnership with Black Business Network – a directory of business resources to help navigate to useful information including funding, networking, mentoring, events and marketplaces
- Developed a **Lloyds Bank Black Business Hub** as a one-stop shop for all Lloyds Bank content, guides, partnership and initiatives relating to the Black business programme

Collaborate with schools and universities to encourage entrepreneurship



- Supported c300 ethnic minority students via our **Virtual Work Experience Programme**
- Launch of the **Skills Builder partnership** supporting 2,600 students to develop skills outside of the curriculum that will enable young people to thrive in life
- Delivered **finance workshops** to secondary schools in East London, Dagenham and Redbridge to c.350 young people
- **Mentoring programme** for c.150 school and colleague students to support and encourage their aspirations, leading to work experience and job shadowing
- In 2022 we have **provided 215 Apprenticeship places**, with 47% of applicants from Black or minority ethnic background. 191 Graduate placements with 43% from a minority ethnic background and 7% Black.

Provide networking opportunities



- The Foundervine Immerse **Community Gatherings bring together 300+ attendees** including founders, the Advisory Committee, industry experts, mentors and Lloyds Bank colleagues. Featuring keynote speeches, interactive workshops, mentoring and stalls
- Headline sponsors of the **Black Investor 360 Finance Festival** with 500 attendees, 42 speakers and 60 Vendors
- **5 National and Regional Community Conversation events** with over 1,000 attendees in total, providing networking opportunities and practical advice on different topics
- Sponsors of the Launchpad at **Black Business Show's inaugural event in Birmingham with 1,400 attendees**, facilitating networking and hosting a Black Women Leaders roundtable

Create a bespoke mentoring programme



- In partnership with **Mentor Black Business**, we have reached our **commitment to provide 100 mentors** from across Lloyds Banking Group, delivering vital support for Black business owners to help them tackle challenges and grow. The programme runs for a minimum of 6 months for each relationship pairing, and encompasses training and access to other opportunities. We are now looking to expand the partnership by providing an **additional 100 mentors**

Provide visibility and endorsement to champion Black businesses



- Sponsored 2 x pop up shops with **Jamii** in London and Birmingham; **showcasing 40+ Black female makers and their brands** in prominent high street locations
- Headline sponsors of **BOB Expo** in Manchester – the **UK's largest Expo showcasing 100 Black owned businesses and their products and services** to the public
- Commissioned **Black owned PR agency, Coldr**, to support with communications and ensure we are reaching the right audiences
- Developing **Black business case studies** to provide visibility and demonstrate how Lloyds Bank have supported their journey

Provide fair and equitable opportunities to be part of supply chains



- We are developing a **Supply Chain Diversity programme**, with the purpose of driving greater diversity across our supply base to ensure that our supply chain represents the communities we serve
- The programme has **recently partnered with MSDUK and WeConnect** with the aim of introducing more diverse-owned businesses into the organisation
- We are reviewing existing processes to ensure **I&D standards are applied across the wider supply base**

10 RECOMMENDATIONS

Breaking Down The Barriers & Gaining Trust



Recommendation 1:

Improve cultural fluency and Black representation in financial services



Recommendation 2:

Partner with grassroots and local community organisations to gain trust



Recommendation 3:

Provide ring-fenced support to create equity

Knowledge, Skills & Support



Recommendation 4:

Provide opportunities to improve knowledge and skills core to entrepreneurship



Recommendation 5:

Create a central hub of support available from trusted sources



Recommendation 6:

Collaborate with schools and universities to encourage entrepreneurship

Creating Opportunities To Connect & Get Advice



Recommendation 7:

Provide networking opportunities



Recommendation 8:

Create a bespoke mentoring programme

Visibility & Endorsement



Recommendation 9:

Provide visibility and endorsement to champion Black businesses



Recommendation 10:

Provide fair and equitable opportunities to be part of supply chains and business ecosystems

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APPENDIX 1

About Black Business Network

Black Business Network is the home of Black business owners and start-up entrepreneurs. The CIC was designed to strengthen business connections, financing and knowledge in our community.

We pride ourselves on collaborating with other Black organisations and the right corporate engagement to bring about a collective spirit of change for our entrepreneurs. Providing access to business support resources, services, educational and networking events, while staying updated on the latest news and engagement in our business community.

You can find out more about Black Business Network [here](#).

About Lloyds Bank

Since 1765, Lloyds Bank have been providing expert support and guidance to households, businesses and communities of Britain. Their expertise and understanding are built on this experience, providing financial confidence and peace of mind for customers of every generation. Lloyds Bank are committed to supporting families and businesses, helping them to take the next step, whatever that may be. Lloyds Bank, by your side.

[Find out more](#) about Lloyds Bank.

About Lloyds Bank Black Business Advisory Committee

The Lloyds Bank Black Business Advisory Committee was established to investigate the barriers to growth that are preventing the Black business community via rigorous research of the full business life cycle for Black businesses in Britain. All 12 members bring with them a diverse set of experience and expertise, which equips them to investigate in detail the barriers to growth for the Black business community.

The committee works alongside Lloyds Bank Internal Race Advisory Panel of 23 Black, Asian and Minority Ethnic colleagues formed as part of Lloyds Bank's Race Action Plan. The committee underpins Lloyds Bank future actions to ensure Black-led businesses have the best opportunity to start, grow, adapt and thrive.

You can find out more about Lloyds Business Committee [here](#).

About Savanta

Savanta is a fast-growing data, market research and advisory company. We inform and inspire our clients through powerful data, empowering technology and high-impact consulting, all designed to help our clients make better decisions and achieve faster progress.

Savanta offers clients a full range of intelligence services, including: Research & consulting – tailored solutions built using specialists from Savanta's Industry and Methodology Practices, Data collection and analysis – access to 100 million respondents through a proprietary technology platform and Intelligence products – including the **BrandVue** and **MarketVue** reputation tracking solutions.

You can find out more about Savanta [here](#).

APPENDIX 2

RESEARCH METHODOLOGY

Black. British. In Business & Proud is a collaboration between the Black Business Network, Lloyds Bank and Savanta to learn more about the business journey for Black people in Britain. The research was run in three stages using a mixed-method approach to data collection. A quantitative survey developed by Savanta Research alongside Black Business Network was promoted using several available networks. These included the Black Business Network website, through the members on the Lloyds Bank Black Business Advisory Committee and across associated communication channels of all partner organisations.

The methodology was designed to promote inclusivity, welcoming established business owners and individuals with aspirations to become business owners at all stages of their journey.

Stage 1:

Stage 1 consisted of a quantitative survey of 1000+ respondents across the UK, and ran from mid-May to mid-June 2022 identifying three key audiences:

- 538 Black business owners
- 455 'future entrepreneurs'- Black employees that expressed motivation to start a business, or Black students with a business idea and/or a plan to put it into practice
- 125 non-Black business owners

The survey was conducted using a combination of the online survey and telephone interviews, to ensure that a wide and comprehensive range of opinions were collected. The survey took 15 minutes to complete.

Stage 2:

Stage 2 consisted of a deep-dive qualitative study. Interviews were conducted with 10 Black business owners: from sole traders to owners of companies with 50 or more employees. Each interview was conducted via video call, lasting between 45 and 60 minutes. The entrepreneurs were selected from a wide range of business sectors, across all regions of the UK.

Stage 3:

Stage 3 consisted of a deep-dive qualitative exploration of the actions, using two methods:

- Two round table discussions with businesses and experts, all of whom were from the Black community: one held virtually, one in-person
- 10 experts from the Black community interviewed on a one-to-one basis: conducted via video call, lasting 60 minutes – these experts ranged from heads of organisations and support groups to financial specialists.

APPENDIX 3

GLOSSARY OF TERMS

Black-business	A business owned by a person with African ancestral origins.
BME/BAME	A historical categorisation, no longer used. 'BME', Black and minority ethnic and 'BAME' (Black, Asian and minority ethnic). Terms that emphasise certain ethnic minority groups (Asian and black) and exclude others (mixed, other and white ethnic minority groups). As noted by GOV.UK, "The terms can also mask disparities between different ethnic groups and create misleading interpretations of data."
Black/ African Diaspora	People of native African origin/ descent living outside of the continent.
Business owner	A business owner is an individual who owns and operates a business, small or large, with the aim of deriving profit from its successful operation. Responsible for strategic decision making and all operational management.
Challenger banks	Banks that are newly or recently established that create direct competition for banks that have been established for longer periods of time in the UK.
Ethnic minorities	All ethnic groups except the white British group.
Entrepreneur	An entrepreneur is an individual who uses the skills and initiative necessary to bring good new ideas to market. In creating the business an entrepreneur bears most of the risks and the rewards.
Financial institution	A financial institution is a corporation that provides services as an intermediary between consumers and financial markets.
Future entrepreneur	The term 'future entrepreneurs' in this report refers to those that started have either started a business venture in the past they are not currently operating but would like to pursue again in the future or those that haven't before but would like to start a business venture in future.
Gen-X	The name given to generations born between 1965 and the early 1980s.



Gen-Z

The demographic cohort born mid to late 1990s - 2010s

Millennials

The demographic cohort born between the 1980s to 1996.

Pardner

A pardner is a popular form of informal savings. Contributions are usually made monthly or weekly. It depends on the needs of the group. The person who forms the group is usually the banker.

This person collects the money from all the participants and then pays the money to the member whose turn it is each month. Each lump sum is called a hand. The banker distributes hands for the entire pardner cycle until each member has been paid.

The members of a pardner usually select when they would want their hand, depending on their financial commitments. However, if an emergency situation comes up, one pardner member can swap hands with another member. Source: (Prosperitypardner.com).

Side-hustle

Work or business venture beside your main occupation in order to make extra income.

Solopreneur

A solopreneur is a business owner that runs their business independently without the support of a co-founder or employees.

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