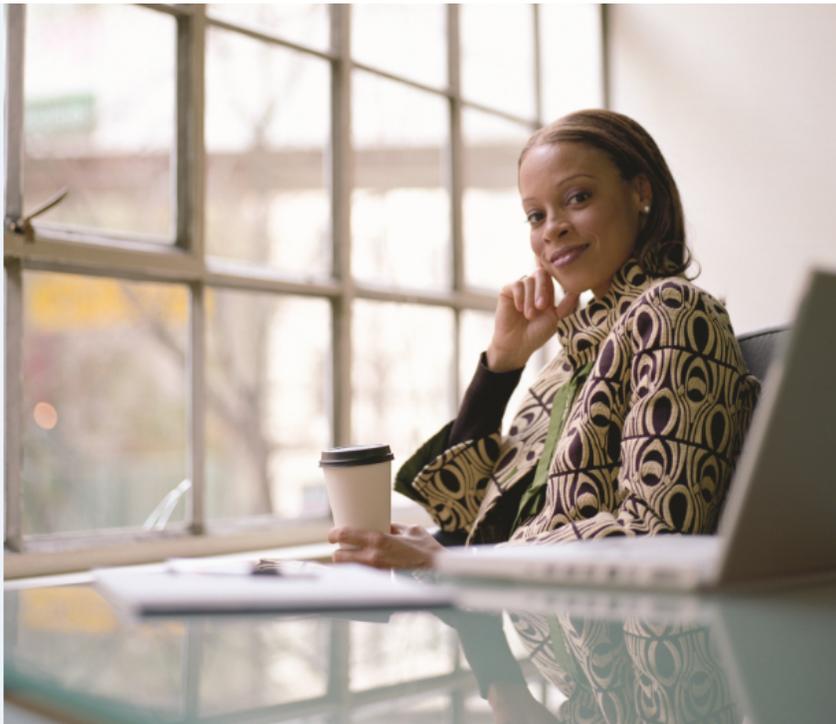


Bridging the wealth gap

A road map for minority and women entrepreneurs



A critical moment for minority entrepreneurs

Since the tragic killings of George Floyd and Breonna Taylor, the world has increasingly embraced the celebration of Juneteenth, an annual federal holiday commemorating the end of slavery in the United States. With the many achievements and societal contributions of African Americans—especially in business—in the spotlight, now is the time to address a major issue that African American families have faced since emancipation: closing the wealth gap that has remained stagnant for over 70 years.

The average Black family's wealth in the United States is only one-tenth of that of a White family, according to MSNBC. Black entrepreneurship is a key vehicle for closing the wealth gap, as ownership is critical to the upward mobility of this community. For minority business owners, especially those who are Black, access to resources and exit planning advice is integral to success.

The first step: Minority Business Enterprise and/or Women Business Enterprise status

To create greater opportunity, member organizations like the National Minority Supplier Development Council (NMSDC) and Women's Business Enterprise National Council (WBENC) offer a myriad of programs to help drive revenue growth and strategic partnerships.

Becoming MBE and/or WBE certified has countless benefits, and the following are a few important ones to consider:

- **Access and networking.** MBEs have exposure to 13,000 other MBEs to engage in business opportunities and the ability to form partnering relationships, strategic alliances or joint ventures for success.
- **Business opportunity fairs.** At the largest US conferences focused on minority business development, MBEs can present themselves to hundreds of prospective buyers, government agencies and procurement professionals in a single setting.
- **Contract opportunities.** NMSDC facilitates business connections between buying agencies and MBEs, which sets the foundation for future partnering and business opportunities.

Planning your exit early

It may seem counterintuitive to consider exit planning when you're starting your business. However, it is highly recommended that when a business owner starts their business, they should do so with the end in mind. Early in your business cycle, a Certified Exit Planning Advisor® (CEPA®) can help you to establish a well thought-out exit strategy—a blueprint for selling your company for maximum benefit—while also taking advantage of potential opportunities along the way.

For example, while obtaining MBE status is great for growing the business, it does add complexity when it's time to sell your company. Here's what a CEPA® will tell you: if the acquiring entity is not MBE certified, the current entity (with its new owners) will lose its MBE status. If you had contracts that were specifically earmarked for an MBE enterprise, the new entity would lose these contracts. Therefore, the new owner may not include those contracts at full value and recognize what the firm is truly worth.

CEPAs are a highly specialized group of business advisors trained in aiding clients grow, preserve and transfer business wealth by helping owners and their families successfully plan and execute ownership transitions. They provide clients with important guidance as they begin to consider exiting their companies and shifting wealth on to their personal balance sheet.

Getting the right guidance

Exit planning is complex, but it is seemingly more complex for minority-owned businesses. It's essential for these entrepreneurs to remain open-minded, explore exit strategies and marry their goals and objectives to the strategy that best solves for such. This helps to remove any bias towards one exit strategy over another and makes it easier to make a fully informed decision that can impact not only the health of your business, but also your legacy.

By joining the minority business community and engaging with trusted advisors, Black entrepreneurs can find the financial resources and footing to build their companies for maximum success. These steps can help narrow the wealth gap by building greater ownership that sets the entire African American community on the road to greater financial freedom.

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