

Elevating Black Business Ownership and Community Wealth in Mississippi

TIM LAMPKIN

Founder and CEO
Higher Purpose Co.

The views expressed in this article are those of the individual author/authors and do not represent the views of or an endorsement by the Federal Reserve Bank of St. Louis, the Federal Reserve Board of Governors, or the Federal Reserve System.

Institutional Racism in Mississippi

For the most part, wealth creation has historically centered on business ownership, homeownership and land ownership. Discriminatory practices in all of these areas removed the opportunity to create wealth from Black people in the United States, especially in the area of business ownership. Even in spite of these discriminatory practices, history shows us how Black residents came together to create communities of Black businesses. For example, Mound Bayou, Mississippi—known as the Jewel of the Delta—was founded by former slaves in 1887. The town was full of thriving Black businesses, civic organizations and a hospital—all of which supported one another. Unfortunately, this progress was frequently shattered by hate and deconstructed by white supremacists who either burned down business districts—e.g., Black Wall Street in Tulsa, Oklahoma—or created intentional obstacles causing those businesses to close. For example, many banks contributed to the growing racial wealth gap by systematically denying Black residents business loans. While plenty of well-intentioned “access to capital” programs meant to address these systemic issues have come and gone—including in Mississippi, the Delta and the South overall—by and large, Black families and communities still struggle to build wealth.

Capital access programs in the South and across this country respond to a crisis that is not new. This crisis is the direct legacy of slavery and its afterlife in Jim Crow laws, segregation and a systemic lack of investment in Black communities. Sadly, this underinvestment has resulted in low-income rural communities in the South suffering profound economic harm and being left behind. Furthermore, old models of generating wealth, particularly in Mississippi and the Delta, have traditionally excluded and exploited lower-income Black residents of the region, be that through predatory rental markets, or through payday lenders and high-interest loans for the poor. The solutions often deployed to change these rural communities can reproduce the same extractive economic development structures, and so it is

no wonder that different outcomes for Black people are often not achieved. Typically, strategies in rural areas have focused on recruiting big-box retailers or manufacturers that in many cases will create numerous jobs paying hourly wages, but that come with inconsistent schedules and that do not provide adequate benefits. At the same time, these large companies may undermine the viability of existing small businesses that are owned by local people. If the big retailer is not profitable enough for the shareholders, then it may be shut down since it is solely driven by capitalism. The homegrown approach of building an ecosystem to support local businesses is a more sustainable strategy.

Enacting systemic change is difficult, especially in the South. It is difficult because each system—be it financial, educational or political—has to be changed since in various ways they work in tandem. Mississippi has often trailed behind the rest of the nation in creating programs leading to increased economic mobility. Its deeply rooted history still hovers, while the new wave of thinkers, innovators and creators pushes against the status quo. Systems change requires providing Black people something many have never had—a way to build wealth, not just individually but with a community. Wealth is not merely having a steady income or more money. It is threaded in the financial stability that only actual ownership can bring: the ability to earn—and maintain those earnings—without having them disproportionately extracted. This strategy embraces the spirit of cooperative economics using a statewide approach whereby individuals and businesses serve a need in their local communities while building a large network focused on the collective.

Black entrepreneurs often face difficulty starting their businesses because they lack existing accumulated wealth, which is necessary for capitalizing a new business or collateralizing a business loan with a bank. The limitation on the ability of Black entrepreneurs to open new businesses because of collateral requirements imposed by financial institutions and wealthy individuals can feel particularly unjust given the history of wealth-building on the backs of Black laborers in Mississippi and the South. To account for these pre-existing wealth disparities and expand capital access for Black entrepreneurs, there should be intentional efforts to establish a new standard for collateral requirements for business loans to ensure individuals who have been discriminated against receive a fair chance to succeed in business.

Unfortunately, even when a Black entrepreneur does have collateral, it is often a home or personal car that is used to collateralize the loan request. If the business then experiences challenges, the borrower is placed into a very extractive position. His or her home or car—which is not associated with the business—can be subject to repossession by the bank, which disrupts the business owner’s entire life.

The idea that most Black entrepreneurs in Mississippi cannot receive the capital they need to pursue business ownership is devastating. To address the challenges outlined above and overcome the shortfalls that exist in traditional approaches to bridging the capital gap for Black communities, Higher Purpose Co. (HPC) is working to rethink capital and how Black entrepreneurs and small-business owners access it.

Shifting Systems

Systems theorist Donella Meadows describes a system as “an interconnected set of elements that is coherently organized in a way that achieves something.”¹ To shift a system, three components of that definition must be addressed: the elements (the parts that make up the system), the interconnections (the ways the elements interact), and the purpose (the “something” the system works to achieve). HPC thinks about this framework to advance its work.

Perhaps it is most prudent to start with HPC’s purpose. HPC serves as nonprofit agency focused on economic justice, with a mission to build community wealth among Black Mississippians by supporting the ownership of financial, cultural and political power. HPC’s work is not focused on creating “Black capitalism” and pinning hopes on a couple of Black billionaires who—against all odds—can make this system work for them. These Black billionaires are important to remind us what is possible, but they are still extreme outliers. It is essential to think about how we move not just a couple of highly successful individuals, but entire communities, from poverty to prosperity. HPC is tackling the individualistic wealth creation culture by building “a statewide community of Black entrepreneurs, artists, and farmers who are collectively supporting one another as a new generation of local economy practitioners,” as described by Simon Stumpf, who leads the search and selection process of new Ashoka Fellows in the U.S.² HPC advances



Higher Purpose Business Fellowship graduates Jecorrey Miller (left), founder of BAM Fest, and Dorfus Young Sr., co-owner of Young Family Farm, attend the Higher Purpose Funding Network Convening. Photo courtesy of Ivory Cancer, HPC's director of Branding, Storytelling and Advocacy.

this work by utilizing the pillars of business ownership, narrative change and advocacy, with Black entrepreneurs and capital representing the main elements of the system that HPC works to influence. Our programs are built on these three pillars, including our Funding Network, Business Fellowship and Institute for Black Entrepreneurship.

Higher Purpose Funding Network

Despite the abundance of capital in our country and in their communities, many Black entrepreneurs are still denied credit. Because of this, we work to change the way that Black entrepreneurs and capital interact. In Mississippi, there is no centralized effort to help Black business owners shop for the appropriate type of capital necessary to support their businesses. This is why the Higher Purpose Funding Network (HPFN) was created. The HPFN addresses the reactive, siloed and competitive nature of the current financial system by fostering a collaborative and highly tailored alternative. We coordinate with the potential borrowers and financial institutions, so it is easier for individual seekers of business funding to explore and effectively compare multiple options at once.



Mekaelia Davis (forefront), program director of Inclusive Economies at Surdna Foundation, and T'Keyah Williams, owner of Mama Nature's Juice Bar, attend the 2019 Higher Purpose Funding Network Convening. Photo courtesy of Ivory Cancer, HPC's director of Branding, Storytelling and Advocacy.

Application Packaging

HPC assists entrepreneurs with organizing and reviewing all documents related to the funding requests to ensure they are properly prepared, with the goal of accelerating the request for business funding. This includes the application and supporting information such as financial statements, business plans and registration forms.

Capital Matchmaking

The HPFN works with multiple financial institutions to create an integrated suite of capital assistance products, including grants, low-interest loans, guarantees and investment dollars from HPC, Kiva (a nonprofit microfinance company), community development financial institutions, traditional banks and impact investors. HPC's Funding Network also serves as a resource for financial institutions that have to decline a capital applicant. By referring the applicant to the Funding Network, the financial institution has an opportunity to redirect the applicant to different sources of capital rather than just simply declining the capital request and moving on. Between November 2019 and May 2021, the Funding Network deployed



Higher Purpose Co. Founder and CEO Tim Lampkin (center), COO Shequite Johnson (with arms crossed) and Business Fellowship Coordinator Angela Williams talk with Christopher Lewis, owner of Part-Time Gamers, at the Higher Purpose Business Fellowship pop-up graduation in Clarksdale, Mississippi. Photo courtesy of Trent Calvin Photography, HPC business member.

Collaborative

The HPFN works with multiple financial institutions to create an integrated suite of capital assistance products, including grants, low-interest loans, guarantees and investment dollars from HPC, Kiva (a nonprofit microfinance company), community development financial institutions, traditional banks and impact investors.

more than \$800,000 to nearly 200 Black entrepreneurs, farmers and artists. Philanthropic funders, many from outside of Mississippi, help local investors see Black business ownership as a missed opportunity, and how simplifying the process of applying for capital and cultivating a pipeline of Black businesses is a tremendous value-add.

Business Advising

HPC business advising is very similar to technical assistance. Entrepreneurs often connect with HPC since they have several tasks with



Higher Purpose Business Fellowship graduates Kenesha and Jason Lewis, owners of Kay's Kute Fruit, celebrating their grand opening in Greenville, Mississippi. Pictured left to right: Natasha Lewis, Keysha McKnight, owners Kenesha and Jason Lewis, and Ken D. Kirk. Photo courtesy of Shequite Johnson, chief operating officer of HPC.

which they need assistance. Our business advising provides no- or low-cost support in the areas of marketing, accounting, legal services, credit repair and mental health counseling. HPC works with trusted consultants who have several years of industry experience to ensure entrepreneurs are being supported to help their businesses grow. For example, Jecorry Miller, founder of the Birthplace of American Music Festival (BAM Fest), graduated from the Higher Purpose Business Fellowship in 2019. In addition to helping Miller access more than \$6,000 of business funding—including a mixture of grants and a Kiva loan—HPC hired a local Black-owned marketing agency to partner with our director of Branding, Storytelling and Advocacy to support the brand development of the festival and the creation of a customized website.

Higher Purpose Business Fellowship

In addition to facing barriers to accessing the right type of capital at the right time, many current or aspiring Black business owners struggle with how to effectively start and grow their businesses. Through our work, we have found that existing entrepreneur and small-business resources do not

adequately support the specific needs of Black business owners. As a result, HPC launched the Higher Purpose Business Fellowship (HPBF), the first business fellowship program in Mississippi specifically targeted to the needs of Black businesses. The HPBF is a six-month program anchored by HPC's culturally relevant curriculum, business growth support and access to the HPFN. The HPBF focuses on businesses in the food, health, education, and arts and culture industries. The HPBF gives Black entrepreneurs in Mississippi the opportunity to learn the ins and outs of entrepreneurship by getting the tools and resources they need to expand their businesses.

One component of the HPBF is a series of immersion trips—in-person trips to various places such as Jackson, Mississippi, and Selma and Montgomery, Alabama—for program fellows. The purpose of the immersion trips is to provide the opportunity for aspiring or current Black entrepreneurs to engage with other local business owners.

In addition to receiving business support, fellows have the opportunity to pitch their businesses in front of a large audience with a chance to win \$2,500. One recent participant in the HPBF was Kay's Kute Fruit, owned by Jason and Kenesha Lewis. Kay's Kute Fruit completed HPC's Business Fellowship program during the 2020 pandemic and then went on to win the pitch competition. HPC also worked with the owners to obtain a \$40,000 business loan from HPFN partner Communities Unlimited. Since it received the loan, Kay's Kute Fruit has purchased a vacant building and has opened its first location in the heart of downtown Greenville, Mississippi.

Higher Purpose Institute for Black Entrepreneurship

Beyond helping individual Black business owners, HPC is dedicated to changing the narrative about what is possible for Black people in the South.

Tailored

Through our work, we have found that existing entrepreneur and small-business resources do not adequately support the specific needs of Black business owners. As a result, HPC launched the Higher Purpose Business Fellowship (HPBF), the first business fellowship program in Mississippi specifically targeted to the needs of Black businesses.



Two attendees at the Sixth Annual #MoneyPurposeSuccess Women’s Entrepreneurship Summit held in Jackson, Mississippi. Photo courtesy of Ivory Cancer, HPC’s director of Branding, Storytelling and Advocacy.

To that end, HPC launched the Institute for Black Entrepreneurship (the Institute) to mobilize Black communities to realize and exercise their collective power by focusing on entrepreneur education, narrative change and advocacy.

The annual #MoneyPurposeSuccess Women’s Entrepreneurship Summit was launched in 2016 with the support of the Federal Reserve Bank of St. Louis. Black women entrepreneurs from across the country have attended this summit. Speakers and facilitators provided tangible tools and resources to help attendees grow personally and in their businesses. The summit is an example of one way that HPC has delivered on the institute’s education goals.

HPC also launched Higher Purpose Films to elevate our narrative-change strategy, which has partnered with three filmmakers to highlight thought-provoking content focused on topics deeply connected to Mississippi.

The training, town halls and community wealth chats that HPC offers its members advance the organization’s advocacy goals and have been leveraged to discuss civic engagement, policy and systemic solutions for creating equitable opportunities for Black residents in Mississippi.

Inclusive

Beyond helping individual Black business owners, HPC is dedicated to changing the narrative about what is possible for Black people in the South. To that end, HPC launched the Institute for Black Entrepreneurship to mobilize Black communities to realize and exercise their collective power.

Conclusion

HPC is working to change the system for how Black entrepreneurs connect to capital and how wealth is created for Black communities. The Higher Purpose Funding Network, Business Fellowship and Institute for Black Entrepreneurship each help us pursue this aim. In communities far and wide, capital access and business support for Black entrepreneurs must be reimaged with a radical approach and cannot just be the latest social justice trend. Creating new patterns in community and economic development for Black entrepreneurs requires deep, long-term commitment that understands that true change happens over time.

References

Higher Purpose Co. "Higher Purpose Co. CEO Tim Lampkin Selected as First Ashoka Fellow in Mississippi." *Welcome to Ashoka's Fellowship*. April 2, 2021. See higherpurposeco.org/higher-purpose-co-ceo-tim-lampkin-selected-as-first-ashoka-fellow-in-mississippi.

Meadows, Donella H. *Thinking in Systems: A Primer*. Chelsea Green Publishing Company, 2008.

Endnotes

¹ See Meadows.

² See Higher Purpose Co.