

## CONTESTANT CAPACITY

City Startup Labs (CSL), based in Charlotte, NC, operates an entrepreneurs academy (hybrid accelerator/incubator) specifically designed for black male millennials (18-34 yrs.). It has conducted a 2-year pilot in collaboration with the Urban League of Central Carolinas in 2014-15, and currently is winding up its third cohort through an affiliation with Ventureprise (a high-tech/high growth incubator at the University of North Carolina at Charlotte (UNCC). The program is the only one of its type in the country, devoted to this population.

The rationale for focusing on this demographic (young black men) is based in part on the following: 1) they are disproportionately represented among millennials with criminal records, including higher rates of incarceration [In 2010, all black men were six times as likely as all white men to be incarcerated, Pew Research 2013], 2) their unemployment rate is consistently twice that of their white counterparts, even when accounting for a college degree [Economic Policy Institute, December 2015], 3) the number of businesses owned by African American women grew 322% since 1997, making black females the fastest growing group of entrepreneurs in the U.S. – thus necessitating a better alignment and strengthening of the black male startup participation rate, and 4) pre-great recession, black male millennials were nearly a third more likely to start businesses than their white counterparts [Kauffman Foundation]. Taken together, this represents an underserved market of opportunity.

City Startup Labs' focus on young black men provides a special insight for how to understand, approach and address the entrepreneurial challenges facing *returning citizens*. The CSL approach works to develop three classes of assets: 1) human capital (through its education and technical assistance) – where business, financial literacy and employment based skills are developed, 2) social capital – where the participants build a community of advisors, advocates, coaches/mentors, friends, family and associates, and have access to the Charlotte entrepreneurial eco-system through CSL's network, 3) economic capital – where the participants can begin to think realistically about personal/familial and inter-generational wealth, but also the role they can play in the greater community, as a new role model to aspire to – we like to say, "it's not just about the *cheddar*, but about making things better."

City Startup Labs secured funding for the pilot from the Rockefeller, Wells Fargo and Knight Foundations. It also was an awardee of the SBA Accelerator Fund in 2014 (1 of 50 organizations selected countrywide), as well as the Z. Smith Reynolds Foundation, Google Fiber and Microsoft. As mentioned, CSL collaborated with the Urban League and now Ventureprise at UNCC. The effort has received the endorsement of ex-Mayors Anthony Foxx, and Dan Clodfelter, along with current Mayor, Jennifer Roberts, as well as the Presidents of the Charlotte Regional Partnership, and Chamber of Commerce. It has partnered with HQ Charlotte-Packard Place (Charlotte's startup hub), Queen City Forward (Charlotte's social enterprise accelerator), SCORE and Palo Alto Software. CSL has been a member of the Charlotte Entrepreneurial Alliance. Additional relationships have been established with area corporations, CharlotteWorks, the Foundation for the Carolinas, Mayor's Business Alliance, the Office of Economic Development, the Charlotte Mecklenburg Black Chamber of Commerce, Access Charlotte, Leadership Charlotte, the United Way and Goodwill, among others.

Given the City of Charlotte's issues around [socio-economic mobility](#) and the civil unrest of last year, along with recent city-wide interest in *inclusive entrepreneurship*, City Startup Labs is well poised for this challenge.

City Startup Labs, Inc. [Henry Rock, Executive Director, 704.807.3000, [henry.rock@citystartuplabs.com](mailto:henry.rock@citystartuplabs.com)]

Rock has over two decades of experience in media sales, advertising and marketing, in addition to business development and strategic planning for small black-owned and operated businesses, including his own ventures. He was featured at a [TEDx Talk](#) in 2013, about re-imagining young black men as a new class of entrepreneurs. He's studied economics at Rutgers University and marketing at the Keller Graduate School of Business Management.

## PARTICIPANT RECRUITMENT PLAN

CSL through its relationships, with the Director of Rehabilitative Programs and Services – North Carolina Division of Adult Correction and Juvenile Justice, and the Mecklenburg County Sheriff, has already begun the process of determining the merits of a targeted entrepreneurship program for this population. Additionally, CSL has the support of the CMPD Chief of Police and the Mayor's office for such an initiative.

Initially the recruitment and selection process will be conducted over a six month period beginning with: a) an informational and awareness effort designed to introduce the program's structure, participant requirements, and assessment tools (including a candidate needs and entrepreneurial aptitude). This process will be organized through the State and County corrections system and entities such as the Exodus Foundation (which assists reentry populations, b) identification and referral of prospects, c) application (including an essay, references, statement of support of family and friends, etc.), and d) interview. Once this process has been established, recruitment activity will then function year-round with a target yield of 25-30 participants per cohort.

## CLASSROOM INSTRUCTION

City Startup Labs has developed and continues to refine an accelerator/incubator hybrid model that is both progressive [in that the participants are sequenced through a series of four modules where aptitudes increase], and layered [where successive business acumen is built on top of a foundational layer]. The model uses a blended approach, which includes classroom instruction, digital materials (i.e., ebooks, quizzes, videos, and other online content), peer-to-peer assignments, and topic-specific guest speakers. To date, this model has had one cohort per year, but it can be easily adapted to a Spring/Fall two cohort plan.

CSL's program is designed to influence the participant's success in the following ways: 1) tapping their *personal motivation*, such that they remain engaged and are able to modify habitual behaviors, 2) facilitating their *personal abilities*, so that they begin to experience success from day one, 3) stimulating *social motivation*, where we encourage the reinforcement of positive behaviors, 4) fostering the *social ability* that enables peer-to-peer motivation, knowledge exchange and mentoring, 5) installing *structural motivation* or the use of perceived incentives to stay the course, and 6) building a *structural ability*, in which their environment enables success.

**Module 1: Cultivation** – is a three-day weekend intensive, facilitated by cognitive behavioral experts, where the participants explore who they are, why they are, and where they are – addressing character, integrity, accountability, responsibility, as well as what stands in the way of realizing one's possibilities. Cultivation addresses *personal and social motivations*.

**Module 2: Preparation** – is a month-long (twice a week) session, where teams are assembled (using the Gallup StrengthFinders EP10 Entrepreneurial Assessment) to work together for the remainder of the program. This module helps the participant really come to terms with what it means to be an entrepreneur. It covers entrepreneurial mindset, critical thinking, experiential-learning, human-centered design, problem-solving, and includes preliminary exposure to financial literacy basics. Here is where they come to understand more fully their *personal and social abilities*. The teams will begin the process of contextualizing restorative justice by building trust and connections with the community through the creation of social enterprises (businesses with a triple bottom-line of people, planet and profits).

**Module 3: Education** – This 10 week session (once per week) gives the participants the tools and fundamentals to research, plan and ultimately launch a new venture. We will use a modification of the [Disciplined Entrepreneurship Toolbox](#), based on Bill Aulet's, work at MIT. We've found that this is a very practical approach to training entrepreneurs, who are launching startups (which is an important distinction). Contemporary practice around entrepreneurial education and training focuses on customer discovery, lean startup principles

and business model generation leading to the creation of a minimum viable product (MVP), as pioneered by Steve Blank at Stanford. This approach differs from the more traditional practice of modeling a startup as a small business. Disciplined Entrepreneurship addresses six key areas: who is the customer, how the customer's needs are fulfilled, how to acquire customers, what's the business model for generating revenues, how the product/service is designed, built & delivered and ultimately how the business scales (less emphasis will be given this during the program). Using Disciplined Entrepreneurship keeps the participants focused on what really matters in the creation of a successful new venture, versus thinking as a small business owner – which will be their next step, once they sufficiently determined and met customer needs and how to generate revenue.

Another important consideration is that the Education Module will focus on the development of viable **team-centric enterprises** – that provide for the needs of the team (i.e., livable earnings), while also employing others from within the community, as well as fresh *returnees*. This also reinforces *structural motivation and ability*, through collaboration and a collective dynamism built from the program's start. While we will allow for personal startup interests, we've found that entrepreneurs striking out on their own are much less likely to succeed, than those who have a team of co-founders. A galvanized team of this sort is also more likely to provide a counterpoint to the participant grappling with potential recidivism issues.

**Module 4: Demonstration** – is an opportunity to take what has been learned during the accelerator portion of the program and craft the *minimum viable product or demonstration*. This includes six months of incubation supported with mentoring/coaching, co-working space, admin, legal, accounting, IT development, strategic planning, etc. Six monthly deep-dives or “venture-hacks” are done on business-critical topics, such as business strategy, brand & message, building the product/service offering, marketing & sales, business model & metrics that matter and culture/recruitment /team building /leadership. At the end of this module, the participants/ teams are required to complete a business plan using LivePlan, provided by Palo Alto Software, a CSL partner.

#### MENTORING

City Startup Labs connects its participants on the last day of Module 1 with “Accountability Partners (AP),” who function much like mentors, but with the following differences: 1) they serve to hold the entrepreneur *accountable* to the commitments they made to themselves and others as they stepped up to the *challenge*, 2) they work with the participants on finding access to solutions, rather than attempting to solve a problem — whether it's personal, coursework and materials or business, 3) they function as one of the foundational pieces of the “social capital” asset established during the Cultivation Module.

CSL will outreach to potential AP's from its existing mentor network, inclusive of corporate employee affinity groups, faith-based volunteers, and other local organizations within the reentry community. The Accountability Partners will be given an orientation and training regarding their role, expectations, commitments and how to develop meaningful, trust-based engagements with formerly incarcerated mentees. AP's are required to meet with their charges once per week in-person or virtually, and in-person once per every four weeks. Additionally, they'll provide weekly reports about the nature of their meetings, successes, issues encountered and possible interventions. No more than two mentees will be assigned to an AP.

#### COMMUNITY CONNECTIONS

CSL has a rich and growing network of state, county and local stake-holders. Including the collaboration with the Urban League and Ventureprise, it has built relationships with CharlotteWorks (workforce development board), the Latin American Economic Development Corporation, Exodus Foundation, among others. Along with Rock's board memberships with Goodwill Industries of the Southern Piedmont and the Charlotte Mecklenburg Black Chamber of Commerce, the program makes available an infrastructure for the participants from wrap-around services, minority business support and employment training and placement, as needed.

## ACCESS TO CAPITAL

City Startup Labs has a robust local, state and national eco-system when it comes to access to capital. It addresses the issue of access in three stages:

1) **Pre-cap** – is where the program participants are introduced to personal financial management (financial literacy), including developing a relationship to money, with a bank, creating a budget, establishing a checking, savings and investment accounts, etc. For three cohorts, we've done this primarily through a local Edward Jones office, which specifically serves the needs of minority communities. Additionally, the ongoing relationship with CSL sponsor, Wells Fargo Bank, has also provided program participants with a wealth of *pre-cap* guidance and support. A new relationship with the Charlotte office of the Durham, NC- based, M&F Bank (Mechanics & Farmers – a historically black owned & operated institution) will be another resource through all three stages of access.

2) **Cap-Prep** – is where the focus shifts to how to align the seed-stage startup and founders to meet the requirements of a funder or lender. The Carolina Small Business Development Fund, formerly The Support Center is a CSL partner. Through their Carolina Small Business Capital Acquisition Required Education Services program (CARES), the participants will be *prepped* around three key areas: credit worthiness, insufficient equity, and lack of collateral. The CARES program is tailored to the individual needs of the new venture and is cued-up to be a primary resource for this program.

3) **Capitalization** – usually comes in the form of small loans, ranging from \$2,500 to \$50,000, rather than from equity angel investors. In addition to the Carolina Small Business Development Fund, CSL has developed another source for micro-funding through ACCION USA. Additionally, since the program's inception, CSL has directly participated in several activities with the Association of Enterprise Opportunities (AEO) on behalf of its Executive Director in the area of entrepreneurial education and training and access to capital for micro-enterprises. However, another area worth more exploration is the role that *social impact funders* can play, particularly support of social enterprises, as mentioned earlier. Rock started exploring this possibility during and following his attendance at the SOCAP2106 Conference this past September.

Participants will have two showcases for their ideas: 1) to the greater Charlotte community and entrepreneurial eco-system in an idea showcase/pitch, modeled along the lines of the three [high-profile events](#) done to date (2014-16), 2) another showcase, where demos or versions of the MVP are presented during an invitation-only "meet & greet" to a select group of potential funders, lenders and local stakeholders. Participants will be provided with business coaches during the lead-up to these showcases. These coaches will also come from the CSL network, including the Charlotte SCORE office, also a local partner.

On a whole, City Startup Labs has built a well-rounded network tailored to the needs of minority startups, micro-enterprises, as well as those of the *returning-citizen*, based on the work it has done with black male millennials.