

Testimony

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**The Committee on Small Business
Subcommittee on Economic Growth, Tax, and Capital
Access**

**Hearing: "Reversing the Decline in Women
Entrepreneurship: Opportunities for Rebuilding the
Economy."**

10:00 A.M. (ET) on Tuesday, June 15, 2021

Greetings Madam Chair and members of the Subcommittee on Economic Growth, Tax, and Capital Access, my name is Ayris Scales and I have the great pleasure of serving as the CEO of Walker's Legacy Foundation and Managing Director of Walker's Legacy LLC. It is my honor to submit testimony as we discuss and seek solutions to reverse the decline in women entrepreneurship and identify opportunities for rebuilding the economy.

Walker's Legacy, LLC was founded in 2009, and in 2016, launched its social impact arm, Walker's Legacy Foundation. Collectively our fundamental values, inspiration and strategic approach is shaped and driven by the philanthropic spirit and unprecedented entrepreneurial achievements of Madam C. J. Walker; this country's first self made female entrepreneur.

Our whole purpose is to unleash the next generation of self-made women and to improve the livelihood and economic prosperity of women and girls through entrepreneurship, as well as, their financial gains and professional development. Before the pandemic, two-thirds of all women were breadwinners for their families, a status even more common among Black and Latina women, low-income women, and mothers with school-age children. Supporting wealth creation and economic success for low to moderate-income Black and Latina women, female founders, and entrepreneurs is fundamental to reversing the decline and building back stronger via a system not just focused on rebounding, but focused on true and equitable recovery.

COVID-19 shook the American economy, shedding light on deep economic disparities faced by people of color, especially Black and Latina women led households and businesses. Over 2 million women left the labor force during the COVID crisis, and the unemployment rate for Black and Latina women remains persistently higher than the unemployment rates for White and

Asian men and women. And over 80% of female respondents to our COVID19 Impact study, recently shared that they are scared their businesses will be closed by the end of this year; these are astonishing numbers, but they are not beyond repair.

Building a more equitable and inclusive country requires an all hands, multi-sector approach, and bi-partisan approach. Personally, as a trisector professional who at every step of the way pushes herself to be a champion of women, a voice for those most marginalized and a true believer in the power of the collective; I've been on the frontlines establishing partnerships, developing policy, creating and executing strategic initiatives, overseeing investments and amplifying stories that tell just that for which we are gathered here today.

This moment and the momentum that's finally focused on investing resources, infrastructure and policies to support and advance small businesses, particularly those led by minorities, women and other marginalized demographics could not come at a more poignant moment in time. At Walker's Legacy, we recognize that women are the backbones of our families and home, that women led enterprises and small businesses collectively are the backbone of our communities and that in turn makes them the backbone and true engine of our economy.

This country is and always has been, built on the bold vision, innovation and hustle of everyday citizens who sought new, better and different ways to not just create wealth but to create opportunity. And I came to Walker's Legacy because I believe wholeheartedly that empowering women is a surefire strategy to closing socio-economic inequities. More specifically, we seek to close racial and gender disparities through entrepreneurship.

According to the American Progress, African American and Hispanic female-owned businesses are the fastest-growing entrepreneurial segment in the country. Growing at a rate 6 times faster than white firms, at nearly 300%. And with more women being pushed out and/or deciding to check out of the workforce, entrepreneurial endeavors are becoming their alternative or side hustle. However, minority-owned-women firms continue to struggle with growth, regardless of their income status, capital, and hiring needed to scale and expand.

The barriers for women starting and maintaining a successful business include lack of startup capital, resources, and loans; gender discrimination within male-dominated sectors; little access to strong networks; difficulty in obtaining government and private contracts; along with children and family obligations - these barriers are further compounded for women of color as a result of the influence of race on social, human, and financial capital.

For example, among all businesses nationally those owned by Black women have average sales per business of \$28,000, compared to \$768,000 for those owned by white men. And we know that Black women founders receive less than one percent of venture capital deals and receive lower loan amounts at higher interest rates than other founders.

Additionally, women founders, particularly those of color, traditionally lack access to formal business training, social networks and mentors that can support their launch, sustainability and scale. The importance of Black and Brown representation via mentors, instructors, representatives and examples, goes a long way in supporting the women in which we serve, dreams and aspirations. In fact, confidence and the impact of mentors are just a couple of the

metrics in which we actually track pre and post completion of a Walker's Legacy business accelerator; as the ability to believe in your vision and talent is just as important as having both. 70% of small businesses that received mentoring survive five more years and 93% of small businesses have noted that mentoring has helped them succeed. And upon completion of our programs nearly 85% of the women state that they feel more confident to launch, pitch or scale their business plan to customers, investors and the public.

And while these issues were prevalent before our economy was hit with the impact of the global pandemic, we see that challenges and barriers have only continued to get worse for small businesses. So as we begin to reopen across the country, our stakeholders are both excited but also burdened and emotionally taxed trying to navigate what's to come and a landscape of uncertainty. They are seeking guidance and support on even more issues and challenges such as:

- Employee reintegration and retention due to new work normals and expectations from the workforce;
- How to more quickly access and apply technology to pivot to online and virtual commerce;
- The removal of discriminatory barriers and evaluation criteria in order to access capital and business insurance;
- And how to manage emerging mental health issues and concerns.

Other findings from our COVID19 Impact study found the following:

■ **Disaster Preparedness**

- More than 80% of multicultural business women did not have a disaster preparedness plan.

- More than 60% of multicultural business women believe business interruption insurance would have been helpful.

■ **Technology**

- For multicultural business women, seven on a scale of 10, were using technology prior to the pandemic, this increased to eight out of 10 during the pandemic.

■ **Wellness & Work-Life Balance**

- Multicultural business women acknowledge that COVID-19's impact has affected their mental health (75.07%).

These concerns and true gaps, only further reiterate the need for ongoing federal funding, but also that of the private sector. In a recent survey conducted by Walker's Legacy, we found that 60% of our respondent business owners were awarded government funding and 60% of multicultural business women indicated that supply chain disruptions impacted their business operations. Federal support via PPP loans - loan forgiveness; child care assistance and unemployment insurance has been lifelines to women led businesses and the small business ecosystem in general. With nearly 50% of all Americans working for a small business, we know we can not afford both literally and figuratively to continue to invest in their speedy recovery.

In closing, for more than a decade Walker's Legacy has been providing critical support through our thought provoking content, our 10 week instructor led, industry agnostic business accelerators and boot camps, and our mentoring and networking programs - all specifically designed to increase the confidence, coins and connections for women of color entrepreneurs. We have engaged with thousands upon thousands of women across the country and actually

around the globe and see every day the resilience demonstrated by small business owners and hear their outcry for support and solutions.

We are committed to leveraging intentional metrics, emerging policies, and market data to ensure that we're delivering approaches that are responsive, culturally sensitive, economically feasible, and generate long-term sustainability and scale. Now more than ever, we stand ready and diligent to support multi-sector efforts to ensure that in fact there is not a decline in women and that small businesses are at the forefront of recovery efforts, here and beyond.

This concludes my testimony. I thank you for the opportunity to share more about Walker's Legacy, the needs of our members, alum and stakeholders and how collectively we can and should continue to invest in women as we seek solutions to stabilize and recover our economy.