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## **GOLDEN SEEDS NEWSLETTER - SPECIAL EDITION**

### **Golden Seeds' Reflection on Racial Equality and Access to Capital**

We are deeply moved by the heartbreaking events of the past several weeks that are a continuation of centuries of racial inequality. At Golden Seeds, we are looking both inward and outward to ensure that we learn, evolve and act.

Our organization was founded in 2005 with the mission of gender diversity and inclusion. This powerful idea has informed our 15 years of funding women-led companies. We are proud of the progress made to date, yet we are still humbled by the challenges of achieving real parity for female entrepreneurs, especially female black founders. We are acutely aware that women entrepreneurs of color, particularly those who are black, face a much steeper climb to achieve funding and success. After all this time, more than 85% of venture capital still goes to all-male teams, with only a tiny fraction of the remaining 15% going to black women founders.

A principal goal of Golden Seeds is to create an environment in which women entrepreneurs are welcomed, seriously considered for funding, treated respectfully and benefit from constructive feedback. Similarly, we endeavor to create an environment for angel investors that is inclusive and productive. However, we must ensure that our environment is equally welcoming for entrepreneurs and investors of color. We acknowledge we are not where we should, nor want to, be. We are committed to continuing our work to improve.

We will expand our efforts to create conditions that foster the likelihood of funding and the support of more diverse entrepreneurs. We are committed to actively aligning ourselves with organizations that are focusing on these important issues.

We can and will do more to engage with minority investors. We welcome their insights, their candor and their perspectives. We are committed to recognizing bias in ourselves, calling it out, learning and improving. Entrepreneurs and investors will benefit immeasurably from a more diverse entrepreneurial ecosystem.

**A Conversation with Jill Johnson, Co-Founder, Institute for Entrepreneurial Leadership and Founder, Women of Color Connecting and Making Black Angels**



Jill Johnson is the Co-Founder of the [Institute for Entrepreneurial Leadership](#). She is also the Founder of [Women of Color Connecting](#) and the Making Black Angels movement. Since 2002, Jill has been a pioneering and unrelenting voice for inclusive entrepreneurial ecosystems. She is at the forefront of raising awareness and creating change.

Golden Seeds has been collaborating with Jill over the past 18 months to support her organization and to deepen our understanding of the complex issues her organization is tackling. She is an important advisor to Golden Seeds on these critical issues. We admire and appreciate her work and that of her colleagues in the Making Black Angels movement.

Below is a recent interview with Jill about diversity, inclusion and her views about a path forward.

**Golden Seeds:**

Jill, you have been a leading voice for a long time advocating for inclusive entrepreneurial ecosystems. Tell us about your activities to increase support for black entrepreneurs.

**Jill Johnson:**

We founded the [Institute for Entrepreneurial Leadership](#) (IFEL) in 2002. Headquartered in Newark, N.J., IFEL supports economic development through entrepreneurship. We are experts in creating and implementing small business programming in support of larger economic development objectives. Our mission is to eradicate the systemic barriers that prevent entrepreneurs of color from being able to access the knowledge, networks and capital required for business success. Through these years, we have supported thousands of entrepreneurs with our resources and programs.

In 2018, after deep introspection, I decided it was time for a pivot to focus our work on systemic-level issues. That is when we started the [Women of Color Connecting](#) program to focus on bridging the relationship divide between Women of Color entrepreneurs who have the potential to grow, scale, and exit and those who can support their success. As you know, it is through the Women of Color Connecting program that we came to work with Golden Seeds.

**Golden Seeds:**

You often speak about the many challenges that black entrepreneurs have in funding their companies. Can you elaborate on those challenges?

**Jill Johnson:**

While the terrible events of the past several weeks, as well as the ongoing pandemic, have led to increased public discourse about wealth inequality, this is an issue that has been at the core of our work since our inception. The median white household wealth in

the United States is \$171,000, compared to \$17,000 for black households. Among the reasons why this shocking statistic matters is how it impacts access to capital conversation.

When we consider the source of capital to start businesses, personal savings and credit account for \$185 billion of the money that funds businesses. Next comes friends and family, which account for another \$60 billion, and then venture capital and bank financing, which together contribute about \$36 billion. Angel capital is the fourth-largest source of funding at \$20 billion. Given that the largest sources of capital are based on personal wealth, it is easy to understand why the black community can't invest in itself. And that means that many high potential black entrepreneurs simply can't get started – and those who do have a tough time getting on the path that leads to building big companies. These entrepreneurs are missing out on the opportunity to build wealth for themselves and their employees. This negatively impacts our economy in so many ways.

**Golden Seeds:**

As you know, Golden Seeds is an angel capital network that invests in women entrepreneurs. What would you like to see from angel investors to ensure that black entrepreneurs have the opportunity for funding?

**Jill Johnson:**

The solutions are complex, but it must start with being intentional about creating the conditions for black entrepreneurs to be welcomed, mentored, considered and funded. Without funding, they just can't get off first base. If investors are serious, they need to realize the suggestion of raising significant family and friends capital is a non-starter for most black entrepreneurs. It would be very helpful if investors could be prepared to be part of the "family and friends" capital, not just wait for it. When you think of the stark wealth gap in this country, it seems clear that if there is to be real progress, white investors will need to participate in funding more diverse entrepreneurs.

Most groups of investors are white -- often mainly white men. The more diverse the investor groups are; the better. This is no different than any other conversation about diversity. Diverse groups have more far-reaching conversations, reflect diverse opinions and create an environment of inclusiveness for all. This can make a very big difference to black entrepreneurs who appear before such groups to seek funding.

The job isn't finished with writing one or more checks. Black entrepreneurs, like all entrepreneurs, need the support, guidance and mentoring their investors can provide. Investors help to open doors, they help to steer founders toward solutions, and they share the experience of their successes and failures. If you don't have that support system, you are at a disadvantage, often learning through trial and error, which can be costly. If financial resources are limited, the mistakes that are teaching moments for funded entrepreneurs become nails in the coffin for black entrepreneurs. We would urge the angel investor community to focus on the many ways -- large and small -- they can fuel the success of these companies.

**Golden Seeds:**

Several years ago, you launched the Making of Black Angels campaign. Please describe that initiative.

**Jill Johnson:**

Despite the wealth gap problem, there are many black people who have the financial capacity to become angel investors. I started talking with people in my network only to find out that many were not aware of angel investing as an asset class and had never been invited to explore investing through an angel group. We launched the [Making of Black Angels](#) campaign to drive greater inclusion in the angel investing sector. Engaging in the angel community creates an opportunity to build bridges to communities of wealth and networks of influence. Long term, we believe this will open doors for black entrepreneurs. Right now, our focus is on increasing awareness about angel investing within the black community and cultivating a pipeline of new black angel investors who will join existing angel networks, such as Golden Seeds. We have formed a Leadership Council, which includes experienced angel investors. This is the way we hope to enable the diversity of thought I spoke about earlier.

**Golden Seeds:**

We have often spoken about the parallels between Golden Seeds and Black Angels. Can you comment on this?

**Jill Johnson:**

The parallels are exactly why our Black Angels campaign is so important. We think that those who have the capacity to be angels can be important leaders and advocates for black entrepreneurs. Just like the women who started Golden Seeds, Black Angels can help create an environment in which black entrepreneurs will be seriously considered for funding. While there may be angels that we cultivate who want to exclusively support black entrepreneurs, we are encouraging our Black Angels community to join existing angel networks to be the bridge for black entrepreneurs to the vast wealth of resources that exists within those groups. We want Black Angels to become active participants in entrepreneurial funding systems for many reasons, but notably because they can be a conduit for the tremendous opportunities that black entrepreneurs can bring to the table. Investors are leaving money on the table by not being more inclusive.

**Golden Seeds:**

You often speak about the need for allies and champions. Can you expand on this idea?

**Jill Johnson:**

Lack of funding for black entrepreneurs isn't going to change without recognition and acknowledgement of the underlying issues. It's easy to be supportive of others pulling themselves up and it makes people feel good to reach back to offer a helping hand to those in need. What isn't so comfortable is to be introspective and recognize the complicity that you play in maintaining a pernicious status quo that perpetuates inequality. The wealth gap started with centuries of slavery and then legal barriers that prevented

black people from building wealth. The wealth creation journey for most black families started within the last 60 years. Being an ally starts with acknowledging this simple truth.

Allies involved in the investor ecosystem can play a tremendous role in changing the wealth trajectory of the black community within a generation. Being an ally requires taking action. As an ally you have a responsibility to educate yourself about the facts, to speak up about injustices, to recognize your own biases and overcome them. An ally becomes a champion through intentionality about creating access, i.e., inviting a black friend or colleague to a professional or social event that presents new networking opportunities for that person, building relationships with black founders, requiring that the teams in which you invest have at least one black person with meaningful equity, inviting black accredited investors into your deals. The needle will move regarding the access to capital problem when more investors become champions.

### **Golden Seeds:**

In closing, how can we best amplify the work of the Black Angels community?

### **Jill Johnson:**

We have really enjoyed getting to know the Golden Seeds community and look forward to deepening our relationship over time. As a nonprofit, donations are always needed. What we really want is for people to be introspective and think about how they can open a door for someone else who is not part of their existing community. Just the act of making an introduction can have more impact than you could imagine. Opening doors starts with developing relationships. Make an effort to expand your network and meet more black people. If you don't know where to look, start with events that target black entrepreneurs or black investors. They exist and you will be welcomed. I invite people to connect with me on [LinkedIn](#) and share information with their respective networks, and we invite everyone to learn more about [Making Black Angels](#) and to get involved. Together we can make a difference.

[Learn more about Making Black Angels to get involved or donate.](#)

## ABOUT US

### ***The early-stage investment firm with a focus on women leaders***

Golden Seeds pursues investment returns through the empowerment of women entrepreneurs and those who invest in them. We offer an environment in which exciting women-led businesses receive capital and connections to grow and successfully exit. The group is headquartered in New York City, with active chapters in Arizona, Atlanta, Boston, Dallas, Houston, New Jersey, and Silicon Valley. One of the largest angel networks in the United States, Golden Seeds has more than 300 members and has a relationship with three funds with committed capital of \$40 million. In total, Golden Seeds has invested nearly \$130 million in 185 companies. We aim to achieve market returns for our investors while at the same time creating lasting impact.

[Investors, learn more here.](#) | [Entrepreneurs, learn more here.](#)

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