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ViewPoint: Equal access to capital will fuel small-biz growth

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There are over 300,000 businesses in Massachusetts owned by women, minorities and immigrants, employing thousands of people and generating billions of dollars in revenue to fuel our local economy. Unfortunately, most of these businesses face steep challenges when it comes to accessing capital.

Adequate financing is among the most urgent obstacles to the success of businesses owned by people of color. The U.S. Department of Commerce found in 2012 that minority-owned businesses pay higher interest rates on loans, are more likely to be denied credit, and face higher rates of loan rejection even after controlling for factors such as business size and creditworthiness. Immigrant entrepreneurs are often challenged by a lack of familiarity with U.S. government procedures and limited language skills. A recent study of Boston's immigrant owners found that participants had experienced discrimination based on their language, customs, or ethnicity.

The commonwealth of Massachusetts is working to address these challenges through Opportunities for All, a series of strategic steps by the Baker-Polito administration and the Legislature to leverage the personal investment, innovation and elbow grease of small-business owners with creative lending products to match their business needs.

Massachusetts Growth Capital Corp. (MGCC), a quasi-public agency, was created to help small and midsize businesses prosper and has a special focus on businesses owned by women, minorities and immigrants. MGCC creates and preserves jobs at small businesses and promotes economic development in Gateway cities and low- and moderate-income communities. Strategies include providing loans to viable companies that cannot get traditional financing, and providing technical assistance to business owners to attain capital and grow their businesses. Since our inception in 2010 we have supported 263 companies with over \$83 million in financing and positively impacted over 9,100 jobs throughout the commonwealth. This year we are rolling out new several initiatives to address “the capital gap.”

MGCC's new Diversity Goal Support Program, for example, enables businesses owned by minorities, including veterans and LGBTQ communities, access to capital to meet upfront expenses, equipment and payroll on public and private contracts that have a goal-based diversity component. MGCC has committed \$5 million to this program and it is unique in the country for combining capital with building capacity of these businesses.

MGCC has begun a partnership with English for New Bostonians to provide "English for Speakers of Other Languages for Entrepreneurs" and is working to develop the program statewide.

We are working with local and state partners across the commonwealth to serve the needs of small businesses, a critical engine of job and economic growth for Massachusetts.

Lawrence D. Andrews is president and CEO of Massachusetts Growth Capital Corp.