

H.E.R.O.E.S Project
Presented by Forrest Samuel Carter
<https://connect.msu.edu/p5rd9ck0fr7/>

Forrest Samuel Carter: I'd certainly like to thank the US economic development administration, MSU and certainly the Center for regional economic innovation for making this project possible. On Feb. 7, 2013 a historic event took place. The first collegiate chapter of a chartered black chamber of commerce in the country was itself chartered. A few days later the stock market soared and injury-riddled Spartan team crushed Michigan on the basketball court and the president unexpectedly proposed raising the minimum wage.

Now, was the event on the 7th the leading domino in all of these events? Well, I'm not sure. But I am comfortable saying that few projects have such a modest level will potentially have such a large impact on our economy and communities as the HEROES program and the many similar student-directed projects that have been funded by the center.

We'd like to share with you today the conceptual framework on which the program was built. We'd like to discuss the task involved with developing and executing the program and the student network. We then will look at the deliverables or service outcomes produced by the project over the fall term, and finally look at the future plans beyond the window of funding for the project.

So what problem are we trying to solve? Hopefully we will have an impact on the number and size of black businesses. Recent statistics suggest this may not be as much of a problem as in the past. Throughout the last census period, black-owned businesses were among the fastest growing segments of the economy. In the period 2002-2007, black-owned businesses increased 61% to a total of 1.9 million. This compares to majority-owned businesses over the same period which only grew by 18% to a total of 27.2 million.

Further investigation of this data though tells a slightly different story. It may be that blacks are simply becoming more self-employed but not really establishing job-creating, wealth-creating enterprises, which is the primary reason we tout entrepreneurships. Of these 1.9 million black-owned businesses, only 5% had employees, and only 14% had revenues above \$1 million. This compares with majority businesses where 20% had employees and 38% had revenues above \$1 million.

So what underlies this problem? Well in 1978 while flying from Atlanta for a job interview, here at Michigan State in fact, I had a conversation with a successful venture capitalist from Atlanta. As we discussed my research interests, my work in community and economic development, he shared an observation with me on his

perspective of why there were so few black entrepreneurs. His commentary was simply that “blacks just don’t know enough rich people.”

I must admit, I was taken aback just a bit, because I first considered this an offensive comment. But I held my tongue and soon realized that there was no offense intended – far from it. In fact, he had a very sincere concern for this issue. But this was just a very direct observation from a seasoned financier. Years later my own research and that of others statistically validated his very matter-of-fact observation.

Traditional thinking has historically laid the blame for low or under-performing black businesses at either their lack of capital, lack of business acumen, or lack of market access. Efforts to address the impact of black businesses have also historically revolved around trying to find solutions to these three problems. In one form or another, programs to provide preferential treatment with respect to loans, training programs, or preferential purchasing programs have been implemented to try to impact again the number and performance of minority-owned businesses.

I and others contend, though, that this lack of capital, business acumen and market access are really just spurious effects of the key culprit: that being the complete lack of connections which would engender social capital between some elements of the black community and the broader majority community and limited or weakened relationships or connections between other sectors of the black community and again the broader majority community.

Farley and Rob in their study on race and entrepreneurial success found that the greatest explanatory factor was the low levels of black assets and in addition, another significant factor was the size and nature or lack thereof of social networks. Essentially, as my friend found so many years ago, statistically they found that blacks just didn’t know enough rich people.

So what’s the solution? We hypothesize that if more vehicles are created that help establish strong connections and relationships that foster greater social capital – that these connected communities will provide greater context to make opportunities more available, markets more successful, provide greater collisions which enhance technology, innovation and business acumen, and also provide more access to financial and human capital.

Let’s listen to a keynote speaker at the charter event, Don Roberts, who is president and CEO of Caracal Sigma and Empire Office Products, one of the largest black-owned printing companies in the United States, and it’s part of the answer.

Don Roberts: In my opinion, you people are extremely important. As an entrepreneur, number one is relationships. Foster your relationships. On your resumes – on your report cards – there should be a grade for how you foster and manage your relationships. I really believe that and that’s for everyone in here: how

you manage and foster your relationships and the quality of those relationships is extremely important as an entrepreneur.

The second thing is your reputation. The older you get, the more you realize how important your reputation is. If you take shortcuts, they will catch up with you. There are people who always get the phone calls when there's an opportunity. And it's the folks with the reputations that have the good relationships. It really is a function of those two things in my opinion. Sometimes a person who may not have the best idea or the most talent will get the opportunity if they have the right relationship and a good reputation.

Forrest Samuel Carter: It's all about relationships. And so the HEROES program is an attempt to establish an institution that can create and nurture such a connected community.

Heroes, for those of you who may not remember, was a science-fiction drama popular among young people between 2006 and 2010. The series focused on ordinary people who found within themselves extraordinary power and abilities while grappling with their normal, everyday lives.

This program hopes to connect student heroes with existing entrepreneurial heroes to help inspire them and stabilize their communities. The main goal of the project was to bring, again, these two entities – students and successful entrepreneurs – together to foster social-capital relationships. Specifically, the program hopes to develop network, enable mentoring, expand capabilities both on the part of the businesses and students, and ultimately hope to launch a number of student business startups.

It is our sincere desire that this connected community of students and entrepreneurs will provide the context, collisions and capital that are so needed to foster successful minority businesses. As we look at providing context, businesses have to create customers by solving their problems. An entrepreneur can only creatively solve those problems that they're aware of. Just like a writer, they need to broaden their perspectives and experiences to potentially encounter a larger range of opportunities disguised as problems.

So hopefully through the HEROES program, students can learn first-hand about the joys, challenges and realities of being an entrepreneur. Most importantly, we want them to realize that being an entrepreneur is in fact very, very much possible for them.

Again, gaining context and perspective is very important. For example, when considering a printing business, students might typically think of a scenario like this. After hearing Mr. Don Roberts speak though, they now think of this: Caracal was recently awarded the national contract to supply all the printing goods to the Harrah's Casinos. They were also recently licensed in Canada to also service all the

casino businesses across the entire country. Again, it's one of the largest black-owned printing businesses in the country. And so it's against have very different perspectives about the nature of this business and some of the opportunities that might exist in businesses they may have never considered.

They also gain some perspective about just what's possible. Statistics of entrepreneurial activity show less than a stellar picture for the state of Michigan. We can see here where Michigan ranks with respect to the Kaufmann entrepreneurial index, where, as we look at some of the high numbers (.41, .50), Michigan is around .22. The Detroit area bodes a little bit better with respect to other metropolitan communities – again it's kind of in the middle of the pack. We find though with respect to minorities and particular black-owned businesses, the picture is a little bit different. Let's listen as Ken Harris, chair of Michigan's Black Chamber of Commerce, provides the students with some perspective.

Ken Harris: I don't know if you all knew that there are more than 79,000 black businesses in Michigan I don't know if you knew that Detroit has more than 32,000, which is ranked #4 in the entire country behind L.A., New York and Chicago, so we're in a prominent position. I don't know if you knew that black folks spend a whole lot of money – more than \$8.9 billion as a community, and that doesn't connect with all of the businesses that are in the room. So you have not only a responsibility but we have a responsibility to you and we see you as the future so the state chamber's committed to the Lansing chamber and the Lansing chamber is now committed to you.

Don Roberts: As a black entrepreneur, the place to be is Michigan. So for those of you were born and raised here, I'm envious. For those of you who are entrepreneurs and are born and raised, no matter what folks say, there are people like me who are not from here who have given up a lot for the purpose of specifically relocating and coming to Michigan. This is my home now – I've been here 11 years – this is home, and this is the arena. If you're going to fight that battle, if you're going to become an entrepreneur, and you're going to create opportunities and wealth, this is the place to start. And if you don't believe me, read the magazines. Read Black Enterprise. What he stated was 24 out of 100 are here in Michigan. What he didn't state was another 14 were in Michigan, or they're from Michigan. So a cool 40% have Michigan roots.

Forrest Samuel Carter: So again, hopefully continued interactions with entrepreneurs such as Mr. Roberts will give students a slightly different perspective about the opportunities that exist in entrepreneurship and certainly the opportunities that exist right here at home in Michigan.

One of the distinctions between self-employment and those job-creating, wealth-creating businesses that we all see is innovation. It's shown here by Steven Johnson. The ideas that fuel innovation come from collisions. I have another video clip:

Steven Johnson: What I found in all of these systems, there are these recurring patterns that you see again and again that are crucial for creating environments that are unusually innovative. One pattern I call the slow hunch. The breakthrough ideas almost never come from a moment of great insight in a sudden stroke of inspiration. Most important ideas take a long time to evolve and spend a long time dormant in the background. It isn't until the ideas had 2-3 years, sometimes 10-20 years, to mature, that it suddenly becomes accessible and useful to you in a certain way. And this is partially because good ideas normally come from the collision between smaller hunches so that they form something bigger than themselves. So you see a lot in the history of innovation cases of someone who has half of an idea.

The other thing that's important when you think about ideas this way is that when ideas take form in this hunch state they need to collide with other hunches. Oftentimes the thing that turns a hunch into a real breakthrough is another hunch that's lurking in someone else's mind. And you have to figure out a way to create systems that allow those hunches to come together and turn into something bigger than the sum of their parts.

Forrest Samuel Carter: So the HEROES Program hopes to foster the type of technology and knowledge transfer between its two main constituents to generate these types of idea- and innovation-generating collisions. Students gain out of these interactions experience and guidance from potential mentors, and the businesses themselves gain the technical skills possessed by the students and an infusion of new ideas.

Finally, we hope that the social capital engendered by the organization creates greater access to human capital as well as actual financial capital.

In the next section I want to begin talking about the mechanics or process of putting the group together. Given the things that we've talked about, as you can imagine there were many students who were encouraged to be a part of this, but the key was finding those who were really willing to put in the work that it took to get this off the ground, and it did require a bit of tedious work.

We thank our two primary constituents, the Michigan Chamber of Commerce and the Lansing Chamber of Commerce. There was quite a bit of work that had to take place with respect to developing the set of by-laws that the students had to present to the university to become a legitimate student organization recognized by Michigan State University. We also though wanted their by-laws to be consistent with the Chamber. The idea was that this is actually a chartered group by the Chamber of Commerce and that it will at some point be chartered by the national Chamber of Commerce. It also hopes to be a model for similar collegiate organizations across the state and across the country. So honestly there was quite more than I had expected – a lot of legalities if you will that the students had to incorporate into their by-laws to give them the autonomy and the freedom to operate as a student group but also be consistent and avail some of the concerns

with respect to liabilities, etc. on the part of the state, local and potentially national organization. So that took most of the time last semester in terms of organizing this group.

Again, if we risk crashing, I want to share a couple of comments from two of our constituencies with respect to the state and local chambers.

Ken Harris: What the Michigan State University Black Chamber of Commerce will significantly impact is not only the student environment but the community at large. This is a historic opportunity. This is the first collegiate chapter in the nation to embrace a concept and a framework of entrepreneurship, innovation, and more importantly, connecting the dots effectively. Now we have not only student innovation connected to a local Chamber of Commerce with the Lansing Black Chamber, but also a statewide Chamber of Commerce and global opportunities with the US Black Chamber of Commerce. So this is significant and exciting. The impact that can be made is shared resources and opportunities. We're excited at the state Chamber of Commerce. And most importantly I think the rest of the country will now have a model that they can follow and set precedent for entrepreneurship being in the forethought of their future endeavors.

An organization, I believe, helped me tremendously. One, when I was a student, we didn't have the opportunities that were available to students today. So to have a framework and structure that is made available to students to tap into, to share resources, education, knowledgebase... and more importantly, your network is your net worth. And so when you can figure out that relationships are meaningful and are a key to your development, you can tap into an organization like this and set your future visions and dreams apart. This is an opportunity, I believe, with this Chamber of Commerce on campus, now students can connect with their entrepreneurial pursuits, they can connect with an institution to provide resources and access to capital, and also put together shared experiences and success stories. This is a unique opportunity and I look forward to working with the students here as president and CEO of the Michigan Black Chamber of Commerce.

Tyrone Sanders: I think that the impact that the MSU BCC will have on the chamber as a whole will certainly be one of equal enthusiasm. I think that first of all we look forward to the opportunity to be mentors and to help you guys reach your dreams and aspirations, become opportunities, and become contributing members of society. I think that some of the most successful entrepreneurs are actually young people. I think you guys have earned a place at the table. And I think that ultimately, by you guys providing some input into the organization and how we seek to grow this organization to be a voice for black business in the State of Michigan, I think you guys are going to be a good addition to that dialogue.

Unfortunately, when I went to Michigan State University, I did not have the benefit of an organization like the Michigan BCC. I think that having had some of the guidance, wisdom, and knowledge that some of the business owners that some of

you guys are going to have the opportunity to network with will be invaluable because it is going to allow you guys to avoid some of the pitfalls that we have faced in starting and growing our businesses. So I think that the dialogue that you guys are going to be able to have and the networking opportunities that you are going to have are going to be invaluable.

Forrest Samuel Carter: A collaboration is one where there are win-win exchanges. It is somewhat evident the great potential benefits students stand to gain from the networks such as the HEROES Program. But as Ken Harris, the first speaker you heard who is the director of the state BCC, and Tyrone Sanders, the second speaker who is the head of the local Lansing BCC, both suggest, they see great potential gain from their organization as well.

In terms of building capacity of the student network, we mentioned there was quite a lot of work and discussion on how to give full autonomy yet full connection with the state and local BCC. The leadership of the student organization will have a voting position on the executive team on the Lansing BCC, their local affiliate. As more organizations go across the state and every local BCC across the state has a corresponding collegiate affiliate, they will elect a governing body, and that governing body will have a voting seat on the state BCC executive team. And so again, the idea is to build leadership capacity from the ground up throughout the student chapters.

Next, looking at building consensus: ultimately, as we said, this is a student organization. It is one thing to propose an agenda and a set of goals to them, but it is another to have them completely buy into the program and see their own goals and agendas. I would like to show you a short clip of the actual charter event where the students presented their goals and objectives to other prospective student members.

My apologies: that video did not get copied over but it was the president and the executive team of the student organization. Currently, there are about 10 chartered members of the organization and they presented to a group of about 15 or 20 prospective members that evening with respect to the benefits, by-laws, etc. So really, the most important part of this process is the students, and I apologize for not allowing you to see their comments and how thrilled they are about this organization coming into existence.

“Service is the rent we pay for being.” This is a famous quote by Marian Edelman with respect to the importance of service. Again, the first word in the acronym that is the name of the organization is helping. So at its core, this organization is intended to be a student service organization. The grant required two basic sets deliverables: the main deliverable was simply the establishment of a student organization. The second had to do with a series of service activities that the students would provide for both the state constituency and local BCC. These services are embedded in the organization’s by-laws. So although they are free to make some selections and

design a wide array of activities that they have the desire to be engaged in, they are required to produce at least one, if not two, business plans for their respective local BCC business.

So this group worked on a business plan for Duckett Brothers Distributors. Tico Duckett, and his brother Todd, are two well-known Spartans. Tico has been running a very successful janitorial supply company for over 14 years. He is what you would call a second-tier company. He is right on the verge of that next level of expanded growth. In relationship to taking that step and acquiring some needed capital, he worked with myself and the team of students to develop a fairly comprehensive business plan. Let's listen to Tico's comments on his feelings toward the role the students had in this important stage of his business growth.

Tico Duckett: I believe that I was one of the first to have the students help me with my business plan. One thing I think it brings to the table is new young minds that are out looking at your sector. The new technology and research that Michigan State has to offer allows a businessman like myself of 14 years to be up to speed as far as what's out there and what in my industry works for my company.

Forrest Samuel Carter: The study or service activity was for the BCC as a whole. So again, the by-laws of the organization in a fairly general sense, asked the student groups to provide some activities specific to one or two businesses individually within their respective BCC affiliate, and also perform some area of service for the BCC as a whole. The critical need for the Lansing BCC, which is only a year and a half old, is to develop a database. Quite simply, they didn't really have a full grasp of the extensiveness of the minority businesses within the Lansing community and desperately needed a database to begin to build programs, membership, etc. So the students developed a Delphi study which essentially asked known businesspeople to identify all the other businesspeople they knew of and in a multiple-round series of data collection, hopes to get a fairly accurate coverage of minority businesses within the community. So they developed a survey and are just starting the first round of research, so this will be a primary activity throughout the rest of the Spring. This is a screenshot of the SurveyMonkey survey site that the students are using to launch the survey.

In the interest of time we are going to look at the last study that the students are doing, and this is service toward the state. Again, generally they have the autonomy and flexibility to define the service activity, but they are required to do something with respect to individual businesses, something with respect to their local affiliate, and something that has more of a global or national impact at the state or national level. This is a study that they are just beginning to collect the data for. Again, as we look at innovation as the primary driver of those wealth-creating, job-creating businesses, they're doing an analysis of the top black-owned businesses historically over the last couple of decades vs. the top majority businesses. The hypothesis is that majority businesses tend to foster more innovation and as a result generate more wealth that has more stability. So the expectations are that if we look at the

black enterprise top 100 black businesses starting at the year 2001 that we will see that businesses on this list stay for a shorter period of time and have more volatility. That is, you'll have a business that is say #2, #3 or #4 for one year, and just a few years later might not be on the list or perhaps unfortunately may not even be in business, whereas with majority businesses when looking at the bottom 100 of the Fortune 500 (businesses 401-500), we will see them stay on that list and stay in those positions over a much longer period of time and have much less variability within any change on that list. The idea is to try to build an argument in hope that the students will be able to present this study at the national black enterprise convention in Cleveland this year to suggest not only the importance of fostering business participation but more consciousness about innovation within those businesses among the community.

So those are some of the service activities that this organization and students were able to start and in some cases finish. The organization is built and up and running, they were able to complete a business plan for a local business, they're beginning to collect the data with respect to their service to their local affiliate, and they're in the design and data collection stages in their study with respect to the state BCC.

Moving forward and looking at the future, we hope to, through the state BCC, build a number of field trips to visit some of the businesses that are members of the state chamber. We hope to take a group of students to the black enterprise national convention in Cleveland. As we get more student/collegiate entities, we hope to foster competitions (case competitions, business plan competitions, workshops and trainings) to enhance their business acumen that we've talked about, and again, the students are valid members of the state BCC and their local affiliate so they have free access to all the chamber events. So whatever events the chamber members have access to, the students have access to as well, in particular the social events where again those mentoring relationships can be developed and fostered. And we hope to develop an internship program where we can have over the summer students working in some of these business startups to gain first-hand experience with entrepreneurship.

With respect to expansion, a group in Ann Arbor is just about ready to establish a group there associated with the Southfield BCC and University of Michigan. Our hope next year is to move into Wayne State, Grand Rapids/Grand Valley, and Flint/Saginaw areas. The grand hope is to continue with the successful concepts we've had with the MSU chapter. Again there have been discussions, and hopefully this will be a national model and we will see these collegiate chapters growing across the country affiliated with black chambers.

And so I'm sure I'm a bit biased, but I'd like to say "mission accomplished" with respect to the goals and aspirations of the HEROES Program. I'd be more than willing to certainly answer questions now, but feel free to contact me at any time to the extent some of you may have an interest with a chapter, with a university or higher education center in your area.

I might mention just in passing that this is a Spartan MSU collegiate chapter, but membership within the by-laws is open to Lansing Community College, Davenport University, etc., so that any student who's in an institution of higher education within this geographical area is welcome to be a member. We want to have the broadest impact across our youth as we can with respect to getting them involved in entrepreneurship.

Thank you for your patience with some of the technology this morning and I look forward to answering any questions that anyone may have.

Question: Are you as a group reaching out to CEDAM, Microenterprise Network, and other groups that work with low-income and startup groups?

Forrest Samuel Carter: At least locally, yes. You mentioned the Entrepreneurship Institute. Denise P. is certainly a member of the Lansing BCC and so again she's been supportive of the student group. We haven't worked immediately on a direct project of some of the startups that Denise works with. Again, initially we could only address one, so we chose the Duckett Brothers. But the hope is, as we grow with more members, that we would be more of a direct resource to early/new startups and again microenterprises that Denise works with, with her group. The intention is to work with and cooperate with similar entities across the state, but these were just the ones, again as we started up ourselves, that we reached out to.

Follow Up: I just think with GLEQ, Microenterprise Network, and MIC, a second step is – getting organized and communicating is great – but then taking it to these network connections that will fulfill some of your opportunities.

Forrest Samuel Carter: Oh, very much, I agree. There have been discussions along those lines. I work with GLEQ. I know Ken Harris – we have met with folks at BIZDOM. We hope that this organization and ultimately will help them address some of their goals with respect to getting more diversity in some of their programs. And so the connections are there and we fully intend to build upon them.

Follow Up: We'll reach out – there are a couple of people at REI who know how to get hold of our group.

Forrest Samuel Carter: We'll look forward. We'll try to exchange and keep you aware of what things we're doing and where we're going, especially as we move across the state hopefully.

Jennifer Bruen: This is why we have the REI network. We want to keep doing these types of webinars, and the referral process – we have that intact. So if there's a way to connect with people, we'll do our part.

Question: Are these first year college students or second year college students?

Forrest Samuel Carter: They're spread across – I think the youngest I know is a sophomore – we don't have any freshmen. The expectation is once we're an entity, as people come on campus we will have freshmen. But primarily they are juniors and seniors with one or two sophomores. As I said, we only have 10 in the group right now, but moving forward, I would suspect that we would be across the board. One of my problems is, in terms of my immediate reach, students don't get into our college of business until they're juniors. This is in no way related – none of the leadership are business students – they are from engineering, communications, journalism... they are across campus, but my immediate reach tended to impact upperclassmen.

Follow Up: Great. Well I just wanted to let you know we are launching a summer camp, wood camp, for startups, in collaboration with BIZDOM and Detroit Technology Exchange. The program is specifically called Launch Detroit and I would encourage you to send to your students the application once we release it, but if you need me to connect with you on a side note I would be happy to give you some additional details.

Forrest Samuel Carter: Very much, I would like that. We would like to get as many of our students involved as we could.

Question: I might recommend you bestow his contact information to everybody.

Forrest Samuel Carter: My email is carterf@msu.edu and my phone number is 517-432-6396 (additional contact information on slide).