

Inc.

The Magazine for Growing Companies

May/June, 2023



Project Black co-founder Les Brun also serves as founder, chairman, and CEO of New York City-based Ariel Alternatives, the private equity arm of global asset management firm Ariel Investments, with \$17.1 billion in assets under management. Photography by Storm Harper

3 Years After George Floyd, Has Anything Changed for Black Founders? Promises, commitments, and pledges abounded in the wake of George Floyd's murder.

Now, three years later, Black founders reflect on the changes they've witnessed—and those they've had to drive themselves.

BY REBECCA DECZYNSKI, ALI DONALDSON

The summer of 2020 was rife with promise—and promises. After George Floyd's murder in May of that year sparked a nationwide conversation about systemic racism, countless companies, financial firms, and corporations made commitments. They'd invest more in Black-owned businesses. They'd create more accessible pipelines for Black entrepreneurs to turn their ideas into fast-growing companies. They'd diversify their supply chains and their retail shelves. They'd pour resources into diversity, equity, and inclusion initiatives.

For many Black founders, these promises felt dubious, if not downright empty. Still, this was a moment when opportunities—however briefly—abounded. And entrepreneurs know how to make the most of an opportunity.

Some members of the Black community took matters into their own hands; there was no time to wait to dismantle a 400-year-old system that inhibited their success with endless hurdles. They drove large retailers to commit to buying 15 percent or more of their stock from Black-owned businesses, started their own accelerators for BIPOC founders, and accumulated wealth to invest in the still drastically underfunded Black entrepreneurial community.

Three years later, this much we know: According to data from management consulting giant McKinsey, U.S. companies have pledged upwards of \$340 billion to "fight racial injustice" since May 2020. But how exactly have all those dollars translated into real, tangible progress? Inc. spoke with Black founders across the U.S. to hear firsthand about what they've seen since the murder of George Floyd—and to learn what, in their view, needs to come next.

ARIEL ALTERNATIVES and PROJECT BLACK FUND

"During the summer of 2020, Ariel Investments co-CEO Melody Hobson organized a series of meetings of Black executives. Five of us got together on Zoom calls every Sunday. The intent was to see if we could identify opportunities, in the wake of the murder of George Floyd, that we could exploit to the benefit of our community. There was an expressed desire from the Fortune 500 to see what they could do to reduce the wealth inequality that holds back Black and Brown communities by increasing their spend with diverse suppliers. JPMorgan CEO Jamie Dimon told Melody (a JPMorgan board member) the company had allocated \$30 billion to many initiatives, one of which was to invest in minority-owned asset managers. As he reviewed the list that had been prepared by his folks, Melody noted that a number of those companies were either subscale or not in business. That was the genesis of Project Black—thinking about how we could address the mismatch between the Fortune 500 desire to increase their spend with diverse suppliers and the fact that the overwhelming majority of minority-owned businesses, particularly Black-owned businesses, were subscale. We decided to create a private equity fund to acquire midcap businesses. Some of the companies could be minority-owned. With our access to broader amounts of capital and to a broader swath of customers, we could turbocharge their growth. On the flip side, some of the enterprises we would acquire—if not most—would not be minority-owned at the outset, just by dint of their size. We planned to 'minoritize' them—to use a term Melody coined—and diversify the companies from the top down. In February, we closed our inaugural \$1.45 billion fund. And now there are lots of folks watching from the sidelines. Some are supporters. Others are waiting to say, 'I told you they couldn't do it.' We're going to prove those folks wrong."