



BlackEconomics.org®

“Increasing the Size and Viability of Black Businesses”

Problems can be multifaceted. As an example, consider: How can we increase the size and viability of Black American businesses? We often approach these problems from the most obvious angle: i.e., Black Americans should follow the famous Marcus Garvey adage, “Be Black, Buy Black, and Think Black.” The notion is that, if we patronize Black businesses more and spend more dollars with our businesses, then we can increase the size of those businesses and ensure their viability.

We are certainly creating Black businesses at a rapid rate, and the expectation is that this will continue for the foreseeable future.¹ Also, there appears to be no dearth of Black college graduates with business degrees.² Therefore, the small size and viability problems seem to spring mainly from a lack of demand for goods and services that Black businesses supply.

We should never forget that “America’s business is doing business.”³ In this case, we use the aforementioned quote to indicate that,

in addition to American private sector businesses, the US government and every state and local government (the public sector) engage with businesses. We are not here suggesting that more Black businesses should attempt to hitch their wagons only to the US Government’s Small Business Administration. Rather, we suggest that more Black businesses include in their strategies efforts to secure business relationships with all levels of government: Federal, state, and local.

However, the strategy that we propose may be different from what you suppose. You may be contemplating going through the front door to initiate relationships with these governments. No! We propose that the business door to government be opened to us from the inside so that more opportunities are guaranteed for Black businesses by the various levels of government.

How can we do this? We can work to put in place more “Chief Procurement Officers,” “Directors of Procurement,” or “Directors of

¹ See a recent BlackEconomics.org [entrepreneurship bulletin](#).

² According to the American Council on Education, nearly 20% of all bachelor’s degrees awarded to Black Americans for 2016 were in the “Business” field; <https://www.equityinhighered.org/indicators/undergraduate-persistence-and-completion/completed->

[bachelors-degree-fields-of-study-2016/](#) (Ret. 123021).

³ This quote is from US President Calvin Coolidge. See Ellen Terrell (2019), “When a quote is not (exactly) a quote: The Business of America is Business Edition” (January 17); https://blogs.loc.gov/inside_adams/2019/01/when-a-quote-is-not-exactly-a-quote-the-business-of-america-is-business-edition/ (Retrieved 072721).

Purchasing”—as they are variously known. Here, we are not suggesting that Blacks in these positions should violate fair contracting laws or engage in corrupt practices. No! We simply suggest that Blacks in these positions should ensure that Black firms obtain the same access to government business opportunities that White firms have enjoyed in the past and still enjoy today.

In the case of city governments, we can make this happen by pledging our Black votes to appointing authorities—mayors or city managers—who appoint these procurement/purchasing officials. It may be favorable to have high-ranking politicians at the city and county levels pledge to place

Blacks in key positions. But from a black business perspective there is not a more key position than the top procurement/purchasing official who can ensure that Black businesses secure favorable business relationships and opportunities with government.

Sticking with cities for now and to get a flavor of the current situation, we surveyed two groups of cities: (1) The top 20 US cities by population;⁴ and (2) the top 20 US cities by Black American population.⁵ Table 1 provides a summary of our findings: (1) The number of cities whose top procurement/purchasing officer is Black; and cities’ 2018 fiscal year budgets.

Table 1.—Top 20 Cities, Black Chiefs of Procurement/Purchasing, and 2018 Budgets

No.	Types of Cities	Number of Black Chiefs of Procurement or Directors of Purchasing	Total Value of Fiscal Year 2018 Budgets
1	Top 20 US Cities by Population Size	3	~ USD 180 billion
2	Top 20 US Cities by Black Americans as Percentage of the Population	11	~ USD 18 billion

Sources: Data collected from Cities’ Internet websites and tabulated by BlackEconomics.org.

Table 1 shows that, for the top 20 cities by population, only three had a top Black procurement/purchasing official; for the top 20 cities by Black population, 11 had a top Black procurement/purchasing official. Hence, we conclude that we are probably positioned well for predominantly Black cities, but we have much work to do for the nation’s largest cities.

It is important to note that the top 20 cities by population and the top 20 cities by Black population had a total budget of ~USD 180 billion and ~USD 18 billion, respectively,

during fiscal year 2018. A considerable portion (about one-third) of these budgets is accounted for by compensation of employees. However, much of the remainder of the budgets is expended through a procurement process.

Venturing a hypothetical and expanding consideration to all (Federal, state, and local) governments, if Black businesses could have secured just 10% of these governments’ non-compensation of employees spending in 2018, it would have equaled about USD 500

⁴ For the top 20 cities by population see <https://worldpopulationreview.com/us-cities> (Ret. 122721).

⁵ Black Americans comprised at least 50% or more of all the top 20 cities by Black population; see https://en.wikipedia.org/wiki/List_of_U.S._cities_with_large_Black_populations (Ret. 122721).

billion.^{6,7} Of course, this could have only been possible if Black businesses had reflected sufficient size and production scope.

Note that total receipts for Black American businesses for 2018 was just USD 200 billion.⁸

Therefore, it would be to Black America's advantage to begin to think more strategically concerning ways to improve our outcomes. In this case, especially from a political point of view, we should avoid going for style over substance—the appointment of a Black American to a highly visible political position—when we can obtain real benefits by having a Black American appointed to a position that can ensure that business opportunities reach our areas of influence.

By adopting a more strategic approach, we should be able to ensure that Black businesses can garner more business opportunities, can grow to more reasonable sizes (from nonemployers to employers), and can remain viable for longer time periods.

Note: The strategy discussed herein contradicts in some ways the principles of independence and self-reliance through Black Liberation that we advocate generally. However, we can use this strategy to produce more income and wealth to build a solid financial base leading up to our liberation. Keep in mind that, until we achieve liberation, we remain part of, and contribute to, the governments through which our businesses can expand their size and extend their viability.

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⁶ It is common knowledge that Black Americans comprise more than 10% of the population in 2018.

⁷ See the US Department of Commerce, Bureau of Economic Analysis' National Income and Product Account (NIPA) Table 3.1 for data on Total Government Receipts and Expenditures for 2018; <https://www.bea.gov/> (Ret. 123021). The total value of expenditure was about USD 6.9 trillion; NIPA

Table 3.10.5 showed that compensation of employees accounted for about USD 1.9 trillion.

⁸ Statistics on Black business receipts are from the US Department of Commerce, Census Bureau Annual Business Survey; <https://www.census.gov/programs-surveys/abs.html> (Ret. 123021).