

ENTREPRENEURSHIP INITIATIVE

THE INNOVATION MISSION

Fighting poverty with big ideas.

People living in poverty need more money to pay the rent, to buy food, to pay for utilities, to purchase clothing, to pay for healthcare—to survive. Stable work with a living wage is essential to preventing poverty, creating economic stability, and moving up the income ladder. Yet many low-wage workers face numerous barriers to employment that limit their ability to find and keep a job, and to experience economic security and mobility. Even when people are successful in securing a job, they face low and stagnant wages, irregular and unstable schedules and little to no opportunity for advancement.

Accounting for Race:

Problems of poverty and economic immobility are worse when accounting for race.

Black workers are more likely to work in low-wage occupations such as healthcare support and food service while their white counterparts are disproportionately represented in higher paying jobs such as management and engineering.

\$28K IS THE MEDIAN INCOME FOR BLACK RESIDENTS OF THE CLEVELAND METRO AREA COMPARED TO **\$60K** FOR WHITES.

IN CLEVELAND, **52.2%** OF THOSE LIVING IN POVERTY ARE BLACK.*



50% OF BLACK CHILDREN LIVE IN POVERTY.*



*Source: The Center for Community Solutions

TRADITIONAL EMPLOYMENT IS NOT ENOUGH AND WE MUST LOOK AT OTHER PATHWAYS FOR INCOME.



ENTREPRENEURSHIP IS A POWERFUL PATHWAY OUT OF POVERTY.

An Aspen Institute study concluded, after following 1500 low-income entrepreneurs for five years, that 53% had moved out of poverty during the five years, 75% increased their household income between \$8,000 and \$22,374, and assets had increased by as much as \$15,000 over five years. In Northeast Ohio, as of 2015 there were 21,935 entrepreneurial businesses employing 0-4 people.

Challenges Facing Low-income Entrepreneurs

- Lack of access to entrepreneurial role models and mentors.
- Limited financial literacy skills.
- Lack of savings, access to credit, and/or access to capital.
- Lack the confidence to succeed because most educational and workforce systems do not encourage or promote entrepreneurship as a career option or pathway.
- Lack of access to high-quality legal services and the earlier the better.



1

The Solution/Approach—Entrepreneurship Initiative

Launch a Neighborhood-Based Entrepreneurship Center in Cleveland

Step 1 will be to partner with MORTAR (wearemortar.com) for a 2-day site visit and charrette to be held in June 2019. MORTAR will analyze Cleveland's entrepreneurship ecosystem and provide feedback and guidance on how Cleveland may build upon existing assets to help underrepresented, underserved, and low-income entrepreneurs improve the health and vitality of their businesses and communities.

- MORTAR is a successful and nationally acclaimed neighborhood-based entrepreneurship center in Cincinnati. Their program includes a specialized curriculum that provides a framework for nurturing the entrepreneur including practical tools to help them develop, fund, and implement promising business ventures.
- The short-term goal of Step 1 is to critically and strategically analyze Cleveland's entrepreneurship ecosystem and to develop a plan for how to better serve underrepresented, underserved, and low-income entrepreneurs.
- The long-term goal is to establish a neighborhood-based entrepreneurship center that serves this population, that builds upon existing local assets and capacity, supports and enables businesses to succeed, and creates opportunities to build and revitalize neighborhoods and communities.

This initiative aims to ensure that Cleveland's entrepreneurship ecosystem is inclusive; supports underrepresented, underserved, and low-income entrepreneurs; and promotes entrepreneurship as a pathway out of poverty.

2

Develop the Entrepreneurs Legal Services Clinic at The Legal Aid Society of Cleveland

Step 2 will be the development of the Entrepreneurs Legal Services Clinic at The Legal Aid Society of Cleveland to provide legal services to low-income entrepreneurs.

- Clients will go through 2 legal check-ups: (1) Screen the business for preliminary legal issues that all businesses must address early in the business development; and (2) Screen the individual business owner for personal legal problems that may be interfering with their ability to successfully develop and manage their business.
- Clients will receive a range of services, including brief advice and counsel, to enable entrepreneurs to make informed decisions while understanding the legal ramifications, and more extensive legal assistance provided by a Legal Aid staff member or pro bono attorney for extended representation.
- Legal Aid will partner with local organizations for outreach and referral to Legal Aid's clinic, as well as develop brochures, presentations, and other educational materials on relevant legal topics for entrepreneurs.

Julie Cortes, Senior Attorney
The Legal Aid Society of Cleveland
216.861.5697

julie.cortes@lasclev.org

