Dialogues on Inclusive Entrepreneurship

Inclusive Entrepreneurship Forum
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Georgia Institute of Technology, Atlanta, Georgia

Introduction

Entrepreneurship, a cornerstone for the economic might of our country, is not inclusive. Approximately 1% of founders of venture-funded startups are Black. Less than 2.5% of venture funding raised is by startups with Black or Hispanic founders. Only 20% of startups have women founders or co-founders. With the renewed momentum in the country around social justice and equality, this is an opportune time to develop novel ideas for how inclusive entrepreneurship can be made a reality.

The Inclusive Entrepreneurship Forum, hosted by Georgia Tech, brought together a vast array of participants from the Atlanta innovation ecosystem. The event was held at the Kendeda Building for Innovative Sustainable Design, the first living building in the Southeast. The event was spearheaded by Ángel Cabrera, the president of Georgia Tech, who challenged the gathering to take inspiration from what the Kendeda Building represents and envision how the city of Atlanta can play a leading role in what is an important and difficult problem – the enablement of inclusive entrepreneurship – inspiring all to find and develop ideas that will change the world for the better and create opportunities for others. The gathering included academics, entrepreneurs, investors, government officials, nonprofit leaders, students, and industry representatives. Over a series of sessions that included a fireside chat, panels, and discussions, several important issues pertaining to inclusive entrepreneurship were discussed. This article is a summary of the discussions and key takeaways.

The Meaning of Inclusiveness

The entrepreneurial environment is not a value-chain, but rather an ecosystem. Inclusive entrepreneurship is the creation of an ecosystem that makes entrepreneurship an equal opportunity for everyone, regardless of race, gender, culture, religion, disability, etc. It goes beyond simply increasing diversity of participation in entrepreneurship – it means cultivating a more intentional support system to help people with various characteristics thrive on their entrepreneurial journey. Inclusive entrepreneurship will allow for spontaneous interactions without barriers within this ecosystem. It must have a dynamic definition and must be contextualized to a place and time.

Inclusiveness is a behavior and will take a while to cultivate in our people. It must be considered and built from the very beginning so as not to incur a diversity deficit that will compound with time. Inclusivity must be part of the fabric of a society and needs to be a 24/7 focus. It is also of paramount importance to acknowledge the underlying inequity that exists in our city and state, and then become deliberate about the ways in which equity of opportunities can be created to lift those who are already under-resourced. There is much that Georgia Tech can do to pave the way to build an inclusive innovation ecosystem in Atlanta and the state, the first stake of which has been firmly planted by starting a dialogue at the forum.

Why Inclusion Matters

Inclusive entrepreneurship is the right thing to do. Having an inclusive mindset directly addresses issues such as prejudice and racism and helps minority groups that have been the target

of a long history of exclusion and injustice. Considerable data and statistics show that both employees and customers in companies are happier, more productive, and more passionate when inclusion is a fundamental mindset at those companies. Companies with diverse boards and employees are more successful and can maximize returns to investors. Investing and supporting diverse founders and ideas is good for the bottom line because these startups can access the spending power of minority demographics, hire and bring nontraditional workers into the talent market, and solve problems that are particular to their cultures or communities. There is a delicate balance to be struck between mixing money and diversity so as not to take advantage of historically exploited people. But there is still room to take a stand and commit capital to back minority founders.

The McKinsey data-driven *Diversity Matters* report series – *Why Diversity Matters* (2015), *Delivering through Diversity* (2018), and *Diversity Wins* (2020) – makes a convincing argument for the business case for diversity in the context of established companies. Drawing upon data from more than 1,000 companies in over 15 countries, the reports show that companies in the top quartile for gender diversity metrics perform up to 25% better in profits compared to companies in the bottom quartile. Similarly, companies in the top quartile for ethnic and cultural diversity perform up to 36% better in profits compared to companies in the bottom quartile.

The reports correctly acknowledge that while the relationship between diversity and inclusion and performance is a correlation, and a causal link is difficult to establish, the numbers combined with reasonable qualitative reasoning strongly supports the business case of diversity and inclusion. Specifically, the reports argue that there is evidence that more diverse companies can attract the best talent, improve their customer orientation, increase employee satisfaction, and lead to better decision making, and all these factors contribute to better performance.

Several panelists observed that they saw morale, retention, deeper insights, and better connections with customers all as reasons why they intentionally cultivated and nurtured diversity and inclusion in their companies. Inclusiveness can also help in breakthroughs and disruption of entire industries. One panelist spoke about how she was one of the first women in the water purification industry and she saw opportunities differently compared to others. Another theme that repeated was how companies thrive when they are better integrated with the community they are in, and that inclusion matters because community matters.

Atlanta and This Moment

As devastating as the pandemic has been, it has also opened new doors and paved new pathways for how inclusive innovation can be done. Remote working has flattened the country in terms of where employers hire from and has created a new tool that can be used for equity in the workforce. The pandemic may eventually have served as an impetus to "*accelerate the rest.*" A panelist observed that, "*This is a moment when a movement for inclusive entrepreneurship can be launched. This is truly a shake-the-globe moment. We should hold ourselves accountable to not let this moment pass.*" The world, post-Covid, is likely to be a complicated place. Reality will necessarily be a hybrid between pre-Covid functioning and Covid-forced mechanisms. There will be an increased emphasis on a "lean-in" intentional culture shifting from what was earlier a somewhat passive culture, and it is in this shift that there is an enormous opportunity to

capture the moment and make inclusive entrepreneurship happen. At the same time, the pandemic is also likely to deepen certain inequities that exist in the workplace, especially those that impact women and people of color. As an example, remote working is likely to be disproportionately preferred by women and has been shown to result in slower career growth rates.

And what better place than Atlanta and Georgia to take the lead. Fifty-one percent of Atlanta's population is Black. It is the second largest metro area in terms of Black population. Georgia is home to 10 HBCUs. Georgia Tech, situated in the heart of Atlanta, ranks No. 1 in engineering doctoral degrees awarded to Black students, and No. 2 in engineering undergraduate degrees awarded to Black students. The city and the state can also boast a few unique characteristics that are hard to find elsewhere: a diverse citizenry, a large system of universities creating technical talent, the highest density of Fortune 500s headquartered here, an integrated healthcare scene, a thriving music, arts, and movie industries and a low cost of living. Furthermore, Atlanta also is a city that consistently ranks among the top cities in terms of income inequality. Thus, an inclusion movement can make a truly dramatic impact on the city's citizens.

Yet, for decades now, Atlanta has been labeled an up-and-coming city for innovation – or worse yet ignored, in national conversations. Now though, with the overnight success of several unicorns like Calendly and Greenlight, that narrative is changing. We stand poised to throw fuel onto this fire and firmly position ourselves as the leader in building a different kind of innovation ecosystem – an inclusive one. One that has equity of opportunity for founders who are Black, LatinX, female, or otherwise underrepresented due to a long history of barriers and exclusion. One that transcends the classism of tech startups versus small businesses that transform local communities.

In addition to the 26 universities within the University System of Georgia (USG), Georgia is also home to world-class private universities like Emory, Morehouse, Spelman, Mercer, and the Savannah College of Art and Design (SCAD). Our challenge isn't nurturing talent but rather keeping it and attracting those who have left to return. We also have the added obstacle that these educational opportunities are not equitably distributed – young Black and LatinX kids do not have the means to access the doors that meaningful higher education can open for them.

Atlanta, and more broadly, Georgia, has a few key ingredients that are hard – if not impossible – to replicate externally. One panelist pointed out the 3Cs that are Atlanta's strengths: "*colleges, corporations, and culture.*" Another simply said: "*Atlanta is cool.*" Atlanta's reasonable costs of living and doing business can also be an incentive for startups and companies to be founded and grown in the city.

Furthermore, several factors facilitate growth of strong bio-related innovation and entrepreneurship in Atlanta. For example, the Centers for Disease Control and Prevention (CDC) is headquartered in Atlanta. Also, Atlanta boasts strong healthcare and medical research facilities in the city's universities.

It is worth noting that there are other cities actively working toward the goal of becoming the mecca for inclusive innovation – most notably, Detroit, Tulsa, Chattanooga, and Cincinnati. Thus, the time is now for Atlanta to take bold steps on emerging as the national leader.

Key Focus Areas

Throughout the day, three points emerged repeatedly as the areas to focus on to enable inclusive entrepreneurship: talent, early-stage capital, and collaboration. These three broad thrusts play an outsized role in shaping an inclusive innovation ecosystem.

Talent:

"If you want to win the innovation battle, win the talent battle." – Steve Case

"I saw Atlanta as an HR opportunity that everyone overlooks." – Bara Cola

"For almost everything you want to measure, there is a line you can draw between the north and south of Atlanta. We need to acknowledge the disparities that exist today." – Jewel Burks Solomon

"Focus should be on the entrepreneurs and not on entrepreneurship." – Jay Bailey

What do startups, educational institutions, and multinational corporations have in common? They are all vying to attract and retain talent. In America, we have witnessed a "brain drain" to the coasts, as talented individuals increasingly seek out opportunities in California, New York, and Boston. And these trends mirror National Venture Capital Association metrics that show over 75% of national venture capital being allocated to companies in these regions. This is not surprising since investors evaluate early-stage companies on the founding team pedigree and, in later stages, care especially about their ability to hire talent at scale. Capital follows talent.

The access to talent, especially for the scaling stage (5,000 - 10,000 employees) is critical for Atlanta to emerge as a viable place to build successful businesses. It is imperative that the city invest in retaining and attracting talent and be inclusive in doing so. In short, how can Atlanta emerge to be a magnet for top talent? How can Atlanta win in what is a "battle for talent" amongst different cities?

To truly commit to being inclusive, we first need to define what it means to be inclusive, then build key performance indicators (KPIs) for measurement and tie these into how we define success. We must acknowledge the disparities that exist today. We must challenge our schools and colleges to address the barriers for Black and LatinX students, and corporations need to make long-term commitments, from the top-down, to meaningfully address the make-up of their employees.

To lower barriers to growing our talent base, we need a comprehensive ecosystem that can deliver the following:

- **Places/cities/neighborhoods** where people who are working on similar things can bump into like-minded people with similar ideas who are seeking similar opportunities. Although we can't always engineer serendipity, we can increase our chances by going outside of tech and startups – for instance, deliberately bringing musicians, artists, film makers, and dancers together when overhauling neighborhoods or planning initiatives. An ecosystem brings people who are interested in solving problems together. We must engage, not turn away from, the sources of poverty and crime in our existing communities and communicate to the people that there are different ways to express their talents and be celebrated in their communities.

- **Role models** that inspire. There is something about expectations (parental, societal, and self) that influence what one can aspire to do – or not. We must give young people – especially Black children in middle school and high school – the opportunity to see themselves in scenarios of success. And wrap this in narrative and stories that we can tell one another to help influence the expectations we have for our city and state and everyone within it. We need to change the narrative for how successful entrepreneurs "look."

- **Experiences** that elevate and celebrate our success stories and help talented individuals in other states see the potential in relocating here. These massive initiatives help create serendipity and craft a platform to showcase narratives for everyone to believe in the wonder and possibility of what is to come. Atlanta needs to create a counterpart to the SXSW conference in Austin, Texas, but tailor it to Atlanta's unique culture.

- **The Arts** community matters a lot in changing the entrepreneurial culture of a city. Entrepreneurs care about the lifestyle they will be able to experience in the city they move to. Atlanta must be purposeful in creating an exciting, inclusive city to which entrepreneurs will flock. The Arts can bring about the clustering that is craved by entrepreneurs.

- **Support for Legal Immigration**: The "headline" story of America is the story of innovation and entrepreneurship. We've been the most entrepreneurial country in the world. Immigration needs to be a key focus area in attracting and retaining talent from overseas. Forty-five percent of Fortune 500 company founders were either immigrants or children of immigrants. If we don't enable legal immigration, America will cease to be the leader in innovation and entrepreneurship.

Early-stage Capital:

"Panoramic was started to find and invest in opportunities not everybody else sees." – Paul Judge

"Invite and immerse outside VCs in the Atlanta ecosystem to show them why investing in companies here makes sense." – Lara Hodgson

"Every CREATE-X company has stayed here and successfully raised capital." – Chris Klaus

The effects of survivorship bias are disproportionately represented in entrepreneurship. We often hear metrics such as "less than 10%" of startups succeed." As the reasons behind these failures are explored, the first critical milestone that most startups never reach is raising a friends-and-family round of funding to build or test their prototype. By its very definition, raising money from friends and family requires the founder to have a network that has wealth to spare and invest into startups or innovation initiatives. This is not always the case – especially for minority founders. On the other hand, funding startup technologies in biology, medicine, commercial hardware, and other R&D intensive fields requires large infusions of capital at regular intervals. We say that capital follows talent, and yet capital is unevenly dispersed to 90% men and 10% women – and only 1% to Black founders. To be successful, it really matters where you live, what you like, and who you know.

The lack of access to early-stage capital locally has led to two different outcomes. First, startups that needed to raise money look/move to the coasts to find it, and second, those that remain in Atlanta "bootstrap," becoming even more resilient at doing more with limited resources. The early-stage startups that thrive in Atlanta are often more mature for their stage – to the surprise of many external investors.

In the previous section on talent, the importance of building role models and investing back into the community were discussed. This is ever truer in the case of capital. Local entrepreneurs who succeed understand the power and reach of the ecosystem more than any transplant can. First, we should consistently shine a spotlight on these successes and build narratives around them that inspire young people, and second, we should incentivize these veterans to invest and give back to the community. We should spend time attracting outside investors to see the merits of the ecosystem and look within to elevate the heroes from this community to do more work to propel us forward.

Collaboration:

"In Atlanta the desire to connect – entrepreneurs, corporates, investors, and researchers – already exists." – Blake Patton

"To truly be inclusive, we have to give access to kids everywhere to opportunities." – Sherry Farrugia

"If we don't capitalize on what we have in Atlanta, the access to universities, corporates, and capital will erode." – Jay Bailey

Key parts of our economy, though individually well-developed, are still in nascent stages of their collaborative interactions. The industry-university-startup relationship trifecta especially must be considerably improved. As one panelist astutely observed, the current state of breaking down these silos looks like an awkward middle school dance where many are waiting for someone to take the first step. For a thriving ecosystem to exist in earnest, we cannot be fast followers but must ourselves be innovative. The risk when taking the first step needs to be manageable.

There is some hope on the horizon. Leadership from the state government has led to the creation of initiatives like Invest Georgia, Partnership for Inclusive Innovation, and the Advanced Technology Development Center (ATDC). In addition, efforts such as Georgia Tech Serve-Learn-Sustain (SLS), Georgia Tech Institute for Leadership and Entrepreneurship, the Center for Civic Innovation, RCE Greater Atlanta, and the Partnership for Southern Equity (PSE) are all actively focused on the issue of equity. The Engage Program has been a truly commercial endeavor to bring industry-leading corporations together with startups building the future of enterprise technology. Yet, in healthcare, we are vastly underestimated, despite having medical systems like Emory, Mercer, Grady, and WellStar based in the state.

Now is the time to be transformative. To create something real we must shift the conversation and talk about lifting the whole community and rooting it in its culture. There is a very real possibility that if Atlanta doesn't capitalize on its people and these key ingredients, this ecosystem infrastructure will begin to erode. There must be follow-through on the big swings and flagpole initiatives we are poised to deliver. The challenge will be to band together and raise the capital to do it here in Atlanta and bring the world to witness it. As one panelist wonderfully put it: "*We must make a deliberate effort to see one another.*"

Other Areas:

In addition to these three broad categories of comments, the day's discussion also brought up issues related to:

- **New Customers and Markets**: For startups to thrive, it is imperative that they have access to new customers and markets. Partnerships with large corporations and local governments that are willing to test and pilot new ideas/technologies and change their standard procurement processes to be friendly to entrepreneurs can change the trajectory of many startups.

- **Mitigating Risk**: A few years ago, the entrepreneurial culture among students across the Georgia Tech campus was a problem. They didn't think building a startup was a viable career path. CREATE-X changed that. For faculty and graduate students to take similar risks, intentional programs and incentive alignment are necessary for them as well. Creating a culture where they are not punished for trying – and even more importantly for failing – will be crucial to changing the status quo and enticing more research commercialization across the board. Despite its successes, CREATE-X also has faced challenges in terms of being inclusive and serving a diverse group of students.

- **Knowledge Networks**: If we are looking to be inclusive, we need to provide entrepreneurs access to knowledge networks, i.e., access to people who know how to do things that someone can't do themselves – a place or way to answer, "Who should we ask about that?" This can take the form of matchmaking based on asks and gives, so experienced mentors can help people find their path. The strength of ties in a network matters – we must explore how we can capitalize and build on that.

The Don'ts for Inclusiveness

Finally, while much of the day focused on how to make inclusive entrepreneurship happen, there was also a discussion on what to avoid in the process. The following "don'ts" emerged during the panel discussions:

- Don't over-burden Black and female and other underrepresented employees by inviting them to every event.

- Don't minimize complaints around diversity and inclusion – give them the attention they require even if they might appear to be trivial on first blush.

- Don't place the burden of developing the solution to an inclusion problem on the person who is complaining about the problem.

- Don't assume that diversity will automatically lead to inclusion. Inclusion needs more intentional support after diversity has been created in the workforce.

- Don't treat diversity and inclusion as a purely internal effort and thus fail to engage with the community.

- Don't assume that solutions in one context work for another. All organizations and situations are unique.

An Acknowledgement

A discussion about inclusive innovation is not complete without acknowledging the groups or people whose voices and opinions might have been missing from the proceedings today. A nonexhaustive list follows: (1) representation from other minority groups including members from the LGBTQ+ community and people with disabilities, (2) leaders of corporations and their innovation efforts, (3) members of other universities – perhaps those not located in Atlanta, (4) artists, (5) musicians, (6) actors and other movie affiliates, (7) civil rights leaders, (8) entrepreneurs who failed, and (9) community leaders and experts in inclusive innovation.

Summary and Next Steps

The Inclusive Entrepreneurship Forum was a resounding success in bringing together a wide variety of participants from the innovation ecosystem to talk about how Atlanta can emerge as a leader for inclusive entrepreneurship. It is worth emphasizing, however, that this event was merely the beginning of a movement, and the real work lies ahead of us. Interesting insights were identified, and solution strategies were discussed that we will together pursue in the coming months and years.

Inclusive innovation and minority entrepreneurship have been important to the Georgia Institute of Technology community, both within and beyond campus. We've partnered around Atlanta,

including in the immediate communities around campus, and within the entire State of Georgia. Some of these initiatives include public-private partnerships. and our programs include the State of Georgia along with higher education collaborators, key business leaders, and other leaders across the state.

We know there is more work to be done. Looking ahead and guided by our Institute strategic plan, including our research and economic development strategy, the opportunity to engage with our community to contribute to and drive economic development continually resonates with stakeholders. Specifically, we are looking forward to furthering our engagement and partnerships in and around Atlanta to increase Black, LatinX, and female entrepreneurs. We hope to join you all at the table.

Appendix:

List of Panelists, Moderators, and Contributors [in order of participation]

Ángel Cabrera (President, Georgia Tech)
Steve Case (Chairman and CEO, Revolution LLC)
Raheem Beyah (Dean of the College of Engineering, Georgia Tech)
Chris Klaus (Founder and CEO, Kaneva; Founder and Partner, CyberLaunch)
Geoff Duncan (Lieutenant Governor, State of Georgia)
Guy Primus (CEO and Board Member, Valence Enterprises)
Jewel Burks Solomon (Head of Startups, Google)
Lara Hodgson (Co-Founder, President, and CEO, Now)
Mark Buffington (Managing Partner, Panoramic Ventures; Founder, BIP Capital)
Paul Judge (Managing Partner, Panoramic Ventures; Co-Founder/Chairman, Pindrop)
Raghupathy Sivakumar (Chief Commercialization Officer, Georgia Tech)
Cory Hewett (Co-Founder and CEO, Gimme)
Courtney Law (Managing Director, Biolocity)
John Gattuso (Chief Executive Officer, FIXD)
Krista Walton (Associate Dean for Research and Innovation, Georgia Tech)
Nashlie Sephus (Applied Science Manager, Amazon Artificial Intelligence; Founder, TheBeanPath.org)
Shannon Evanchec (Co-Founder, TruePani Inc.)
Chaouki Abdallah (Executive Vice President for Research, Georgia Tech)
Bara Cola (Founder and CEO, Carbice Corporation; Professor, Georgia Tech)
LaVonda Brown (Founder & CEO, EyeGage)
Tymirra Smith (Founder and Lead Industrial Designer, Steminista Collective)
Alex Gonzalez (Chief Innovation Officer, Metro Atlanta Chamber)
Blake Patton (Founder and Managing Partner, Tech Square Ventures)
Jay Bailey (President and CEO, Russell Center for Innovation & Entrepreneurship)
John Avery (Director, Advanced Technology Development Center)
Sherry Farrugia (Chief Executive Office, Global Center for Medical Innovation)
Steve McLaughlin (Provost, Georgia Tech)
Gleb Yushin (Co-Founder and CTO, Sila Nanotechnologies, Inc.; Professor, Georgia Tech)
James Dahlman (Associate Professor, Georgia Tech)
Jennifer Hasler (Professor, Georgia Tech)
Pamela Bhatti (Associate Chair for Innovation & Entrepreneurship, Georgia Tech)
Rhett Mayor (Associate Professor, Georgia Tech)
Stefan France (Associate Professor, Georgia Tech)
Nammy Vedire (Director of Platform & Operations, Engage)
Rhea Perkins (Program Manager, Georgia Tech)
Tamesha Squire (Event Coordinator, Georgia Tech)
Joy Harris (Associate Director, CREATE-X, Georgia Tech)
Amelia Schaffner (Director of Entrepreneurship, Emory)
Jennifer Hirsch (Director, SLS, Georgia Tech)
Michael Oxman (Managing Director, Ray C. Anderson Center, Georgia Tech)
Christopher Burke (Executive Director, Community Relations, Georgia Tech)