

INCLUSIVE TECHNOLOGY ENTREPRENEURSHIP IN CHICAGO



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Chicago Global Shapers

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WHO WE ARE, AND WHY THIS REPORT:

The Chicago Global Shapers Hub is part of the Global Shapers Community - an initiative of the World Economic Forum to build a global network of young people driving dialogue, action, and change. Since our founding in 2013, we have brought about change by partnering with mission-focused organizations across Chicago through impact projects, supporting the work of other international hubs, and providing professional development opportunities for the young leaders in our group. You can learn more about us and our impact at our website, www.chicagoshapers.org.

We wrote this report as one of our yearly impact projects focused on preparing Chicagoans for the “Future of Work” and as part of the World Economic Forum’s “Shape My City’s Future” initiative. As a community of young leaders in Chicago, we desire a Future of Work for our city that:

- Balances human potential and technological advancement
- Ensures economic opportunity and prosperity for everyone, regardless of race, class, gender, and place
- Enables creativity and entrepreneurship to thrive

Recognizing the large and growing role that technology is playing in Chicago to shape the Future of Work, we chose to focus this report on a more inclusive path forward for the technology sector. We completed this work through engaging key local leaders in the city’s technology community; utilizing key findings from the World Economic Forum on technology entrepreneurship; and workshopping recommendations with a diverse set of young professionals.

It’s important to note that the challenges and opportunities the technology sector is facing on inclusivity in Chicago - similar to many other cities and countries - are wide-ranging and intricate, and there is no shortage of valuable reports on and research into them. This report is not intended to replicate those reports or research. Rather, it aims to highlight the viewpoint of young professionals in Chicago on these issues, which Chicago Global Shapers is uniquely positioned to share. We believe young professionals have an important contribution to make to - and are notably impacted by - challenges and opportunities on inclusivity in the tech sector, and are excited to share some of their perspectives on it with you.



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BACKGROUND ON CHICAGO

The technology sector in the global economy has rapidly expanded in recent years, representing one of the most significant trends in economic growth for nations and cities. Global cities are becoming leading innovation hubs in their own unique ways, following Silicon Valley's lead and discovering unique paths for technology and innovation-focused economic growth. This is especially true for Chicago, which has been ranked as a leading technology hub by multiple organizations, including KPMG and Deloitte.

However, while Chicago has fostered notable growth in its technology sector, that growth has been imbalanced, disproportionately neglecting specific communities and geographies. This imbalance parallels other similar disparities in local economies, chronic unemployment, public safety and other challenges that have excluded parts of the city from fully participating in its economic advancement. Across the board, these disparities necessitate a vision of diversity, inclusivity and equity in any components of economic growth.

From our extensive engagement with various local technology & innovation leaders and young professionals, and with these disparities in view, we focused our report on four strategic focus areas within this space:

The talent pipeline: the technology sector is one of the fastest growing professional sectors within Chicago's economy and will have huge demands on talent. How that talent is recruited and sourced has notable implications.

Talent retention: Chicago now competes with both domestic and global cities with growing technology sectors. How will Chicago retain and attract global technology talent?

Building an inclusive technology culture: what are our best strategies to target tech's most underrepresented communities - women, people of color, immigrants and military veterans?

Building an effective technology entrepreneurship ecosystem: long-term investment in small business entrepreneurship is a staple with public policy makers. However, we need 21st century ideas as we build a future-focused, tech-driven entrepreneurship ecosystem.



BACKGROUND ON THE CHICAGO TECHNOLOGY COMMUNITY

Chicago has a rich history of technology innovation. From early-comer CDW (founded as MPK Computing in 1984, and now employees over 6,000 people and serves business around the country) to Careerbuilder, Orbitz, Groupon, and Grubhub, Chicago is no stranger to start-up companies looking for a stable place to turn their idea into a brand name business. Today, Chicago's technology and innovation scene makes it a leading hub for entrepreneurs looking for a city with a reasonable cost of living, corporate, university and national lab support, and local funding sources. The Chicago technology scene has developed substantially over the 35 years since CDW was founded. Among other signs:

In 2002 and 2003 respectively, the business schools at the University of Chicago and Northwestern University founded entrepreneurial programs to provide aspiring entrepreneurs with the tailored technical skills they need. These programs continue to grow and serve the technology community. One of the major local newspapers, the Chicago Sun-Times, launched the Chicago Innovation Awards, signaling that the city and its citizens were looking to establish a culture of innovation and the successful entrepreneurs in the community were informally supporting aspiring entrepreneurs. Over time, this informal mentorship led to a more structured technology community. From 2009-2013, several community-based and structured support mechanisms grew up to support the technology community in Chicago. As a brief history: Excelerate Labs brought its world-class accelerator to Chicago in 2009. Shortly thereafter, Built in Chicago, Technori, and TechWeek were founded, each with the goal of establishing online and in person forums and conferences forums for entrepreneurs to meet, collaborate, and learn from one another. In 2013, 1871 opened in Chicago's famed Merchandise Mart, providing a comprehensive hub for solo entrepreneurs and early stage start-ups. At 1871, founders can rent office space and take advantage of the many programs and mentors available to coach young entrepreneurs.

While the scene is always evolving, these successful startups, educational opportunities and incubators that have developed in the last few decades serve as the skeleton for Chicago's technology innovators - and a testament to the growing nature of the space.



IMBALANCES IN TECHNOLOGY OPPORTUNITY

However, while that space is growing, people of color (POC), women, veterans and individuals with disabilities have not been able to take advantage of this growth in the technology ecosystem to the same degree as their white counterparts. There are a number of structural impediments preventing POC technology entrepreneurs' full participation.

The first major impediment concerns incubators. As noted above, incubators and accelerators are a key part of the technology landscape - they provide entrepreneurs with much needed legal, financial, and strategic advice when building and scaling businesses. Additionally, these organizations unlock dense and exclusive networks that provide entrepreneurs with access to funding and critical mentorship.

A 2019 report from Black Technology Mecca (BTM), a Chicago-based African-American technology advocacy organization, notes that "among the 32 incubators and accelerators we identified in Chicago, 8 (25%) were founded by black entrepreneurs and 11 have black individuals in management level positions. Yet, only seven of these were physically located within 5 miles of a predominantly black neighborhood." Of 683 networking opportunities identified in the same report, only 3% were networking opportunities specifically for people of color. 8% was focused on diversity and inclusion. Of the 639 mentors listed across Chicago technology incubators, only 33 were mentors of color.

The second impediment concerns the resources required to build capacity. According to the BTM report, "Black college graduates are less likely to have capital to finance early entrepreneurial efforts". One reason for this might be due to debt. In Illinois, black students graduating with a bachelor's degrees had an average of \$35,571 in federal loan debt, Latinx students graduated with \$24,753, and white students with \$18,615 in debt over the same period of time. 29.5% of black graduates were labeled delinquent on loan repayment as compared to 18.4% of white students.

According to the BTM report, the higher rate of loan delinquency and larger loan burden for potential POC entrepreneurs makes it increasingly difficult for them to secure loans to start a new venture. Moreover, the racial distribution of venture capitalists - another critical way to get financial resources - is typically starkly white. Nationally, only 0.35% of VCs are black, 2.55% are Latinx, 10.6% are Asian and a resounding 86.3% are white.

IMBALANCES IN TECHNOLOGY OPPORTUNITY

Ablorde Ashigbi, a Chicago-based black technology entrepreneur, said in an interview that the statistics on access match with his experiences. Ashigbi, who worked as a venture capitalist for 3 years and eventually started his own company, said that the biggest obstacle facing technology entrepreneurs is “lack of capital and resources to help scale quickly and robustly”, adding that “experienced mentorship, especially in sales and go-to-market” is not easy to come by in Chicago. “The culture of equity ownership [is different in Chicago],” said Ashigbi. “Early employees are not willing to forgo larger cash compensation in favor of ownership in the company. The culture of ownership is still being established”

According to Ashigbi, “entrepreneurs see the availability of capital and the risk-averseness of that capital in Chicago as a problem...as a black early-stage entrepreneur I haven’t considered leaving Chicago because Chicago is my home, but I won’t lie that other ecosystems have significant advantages over Chicago that lots of early stage entrepreneurs would see as reasons to leave.” Nonetheless, despite the current inequity in tech-based economic expansion, some minority programs and businesses have successfully entered this important space. Their struggles and successes can provide best practices policy framework that could be applied to the city at large to help elevate Chicago’s position as a global leader in the equitable technology space. Some notable examples are highlighted below:



WOMEN & POC FOUNDED / LED STARTUPS:

- InvestHer Ventures

An early stage investment firm that partners with and invests in female entrepreneurs.

- Noirefy

A career advancement platform that connects minority professionals to job opportunities at high growth companies

- mRelief

A nonprofit startup working to help people gain access to social services and eat with dignity

- PartySlate

A website that inspires people planning events and connects them with the leading event professionals and venues across the country and the world.

PROGRAMS TARGETED AT FOSTERING INCLUSIVITY:

- Blackstone Inclusive Entrepreneurship Challenge Partnership with Blackstone, the City of Chicago and Chicago NEXT, a initiative focused on inclusive growth in the City. Launched in 2017 and has awarded \$3M over 3 years to date to organizations helping to advance inclusive entrepreneurship in Chicago, including:

- Bethel New Life, a West Side nonprofit - \$400K to expand its Business Technology Innovation Program

- Bunker Labs, a national nonprofit focused on supporting veteran entrepreneurs - \$450K to expand its efforts to transform veterans into entrepreneurs and expand its Launch Lab Online to 50 states

- Blue 1647, a Chicago incubator - \$450K to help expand women and minority-owned businesses to have access to public sector procurement contracts

- Future Founders, a Chicago organization focused on empowering youth to be entrepreneurs - \$400K to help millennial entrepreneurs in skill scaling, workshops and pitching

While these programs have helped a number of aspiring entrepreneurs, the capital program - as defined above - is still significant, as is ensuring that the right people are connected with the resources available.

In an interview, Joey Mak, Vice President of Programs at the Chicagoland Chamber of Commerce, said the largest barrier local entrepreneurs currently face is access to capital - especially early stage capital availability. He added that engaging with the rest of the startup community is a close second - while there are many programs out there for entrepreneurs, there isn't a centralized location with information about them.



ENSURING ACCESS:

Interviews with multiple stakeholders pointed to a similar consensus specifically for underrepresented groups - while there are organizations that exist to serve under-represented communities, they are often based downtown. That location has benefits - it's central, meaning that individuals in the South, West, North Sides and suburbs of Chicago can theoretically easily access these resources. However, sometimes access isn't that simple, and interviewees suggested that neighborhood pop-ups/satellites and online resources could significantly increase access and visibility of a diverse set of entrepreneurs.

"Chicago needs further coordination and amplification of the initiatives going on in...communities to broadcast to the nation and the world," said Adam Hecktman, Director of Technology & Civic Innovation for Microsoft in Chicago. "We almost require a more prominent public relations effort as a city to tell these neighborhood success stories."



CHICAGO INCLUSIVE TECHNOLOGY MAP:

- Chicago NEXT
- Chicago Entrepreneurs of Color Fund
- Illinois Venture Capital Association
- Illinois Technology Association
- Chi Hack Night
- Impact Engine
- 1871
- Technexus
- The Polsky Center
- The Garage at Northwestern
- Kaplan Center

LGBTQ-FOCUSED ORGANIZATIONS:

- Trans Technology Social Enterprises

MINORITY-FOCUSED ORGANIZATIONS:

- I'm Black in Tech
- Bethel New Life
- Blue Lacuna
- Black Technology Mecca
- Future Founders
- Hyde Park Angels
- Englewood Development Center
- Illinois Hispanic Chamber of Commerce
- Sunshine Enterprises

WOMEN-FOCUSED ORGANIZATIONS:

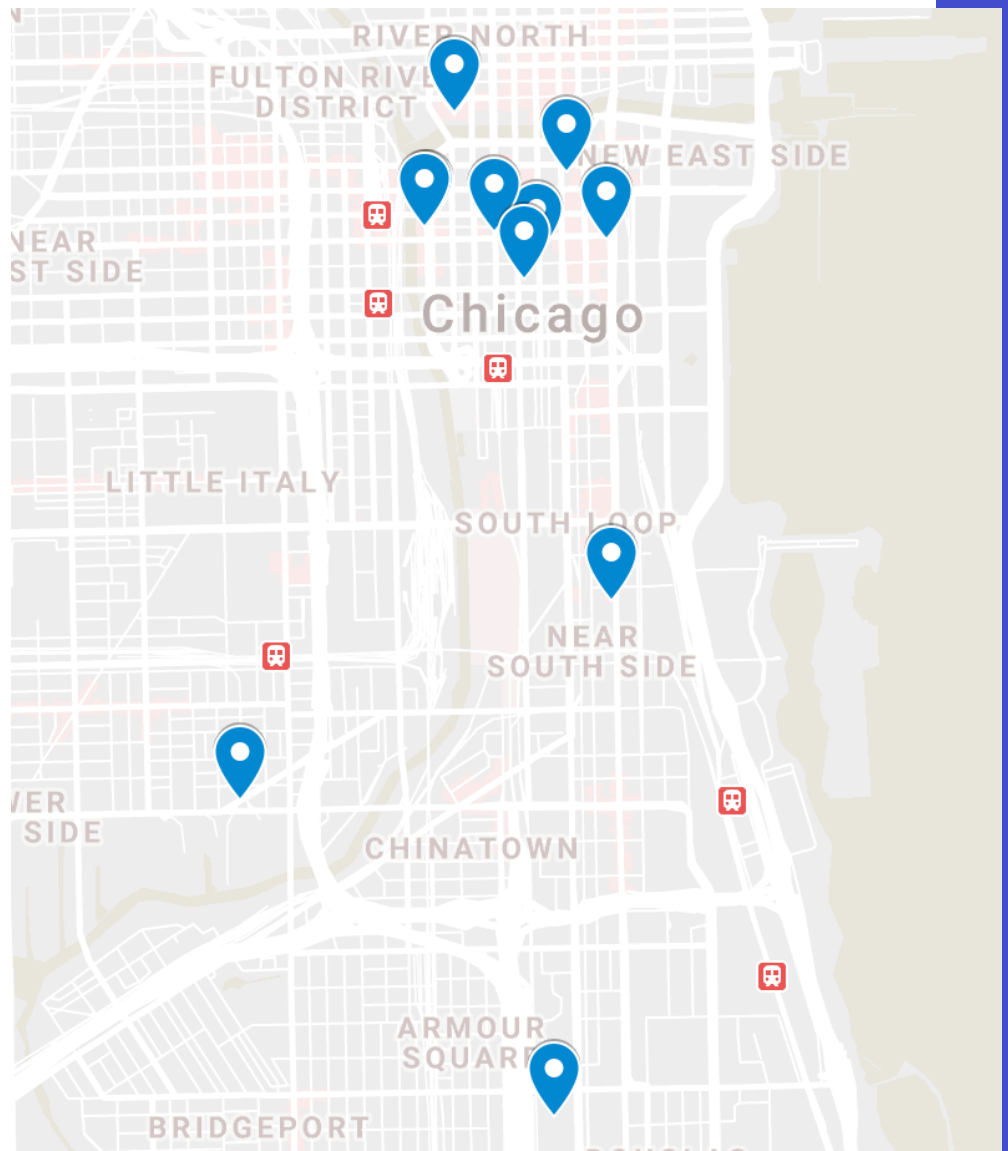
- Women's Business Development Center (Jason Rebello, InventIllinois Program)
- WiSTEM
- Ms. Tech
- Women Technology Founders

WOMEN-FOCUSED ORGANIZATIONS:

- Bunker Labs



CHICAGO INCLUSIVE TECHNOLOGY MAP:



ENSURING ACCESS:

The challenges that Chicago - and many other cities - face in access to capital, access and other components of inclusive technology growth are notable, but not incomparable. There are many valuable best practices and recommendations that organizations more versed in this space (e.g. - the P33 initiative) have published.

To provide a more unique perspective specific to our Shapers chapter, we wanted to solicit the thoughts of young professionals across the city, from a broad range of backgrounds (though primarily in or connected to tech) on how to address these issues. To do so, we held a workshop in May 2019, with roughly 75 attendees.

The workshop had two main objectives: 1) Engage Shapers, partners and the general public on a discussion of the future of work as it related to inclusive growth in the technology sector and 2) Develop and workshop concrete recommendations on inclusive tech.

Based on the background research outlined above, we crafted 4 topics for attendees to discuss: the talent pipeline, retention, technology culture, and entrepreneurship. All four of these topics are instrumental in shaping an innovative and inclusive technology culture in Chicago. We set up a station for each topic, with an appointed facilitator, and attendees walked around to each station and joined the conversation at each. Attendees shared their insights and personal experiences via verbal comments and sticky notes, which were then distilled to write this report. A more detailed breakdown of the focus areas and guiding questions used during the workshop is below:

- Talent pipeline: Chicago has a significant and growing number of technology companies, which in turn have a growing demand for talent? How do those companies source the talent they need? In particular:
 - Is the existing talent supply adequate for existing company demand, and does it fully leverage assets like City Colleges and local universities?
 - Is it adequate to permit further growth?
 - How do you think we stack up against other big technology cities, and what makes Chicago unique to the technology talent pipeline?
 - How inclusive is the pipeline, and what are best practices in this area relevant to Chicago?



ENSURING ACCESS:

- Retention: Chicago is home to a significant base of technology talent. What support do they get as they progress throughout their careers? Specific areas to explore might include:
 - What formal technology mentorship opportunities exist in Chicago, and are there best practices to leverage from other cities?
 - What resources do companies offer to promote employee mental health?
 - What makes Chicago appealing to a mid-career technology worker, compared to other big technology cities?
- Technology culture: For any industry, opportunities for professional development, support and civic contributions outside of day to day work are important. In Chicago, where are there opportunities for companies and individuals working in technology to apply their talents outside of their jobs/network to drive professional development, receive support and/or to contribute to the City? In particular:
 - What are the existing opportunities, and what makes them successful?
 - What's missing in the existing opportunities? What are best practices from other cities Chicago could leverage to fill those gaps?
 - Where is there a need for pro bono contributions of technology talent in the City?
- Entrepreneurship: Entrepreneurship and technology go hand in hand, and Chicago is home to several prominent home-grown technology companies, as well as incubators like 1871. However, there's room to grow, especially in comparison to peer cities. How can the city better nurture, support and retain technology entrepreneurship? In particular:
 - What existing resources exist to support technology entrepreneurs, how well are they meeting the demand, and how accessible/equitable are they? (e.g. - Blue Lacuna is one of the few incubators outside of the Loop)
 - What's missing in the existing resources? What are best practices from other cities Chicago could leverage to fill those gaps?
 - How equitable are existing financing mechanisms for technology startups, and where are there gaps?



RECOMMENDATIONS DEVELOPED FROM THE WORKSHOP

Based on the comments and suggestions from the workshop, as well as the background research noted above and comments from interviewees, we developed a series of recommendations on each of these topics, seen through the lens of young professionals.

- **Starting mentorship and support early, and ensuring it continues:** A consistent theme in feedback focused on opportunities to start mentoring and supporting individuals interested in technology early, in middle or high school. Several respondents cited Northwestern University's FUSE grants, which brings STEM curriculum to multiple CPS schools as a best practice in this space. Beyond resources for younger individuals, many respondents noted the importance of mentorship and support that changes as an individual progresses in their career, and meets their new needs. For some, this meant different mentors at different stages of their career; for others, this meant targeted mid-career training around advances in the industry, or demystifying a career pathway that "seems long and foreign". Several respondents also highlighted the difficulty in finding mentors outside of their own firm, or finding a mentor at all if working freelance or otherwise not employed full-time.

- **Destigmatizing mental health:** A strong majority of respondents pointed to the need to destigmatize mental health, and better support individuals in the space, citing ideas ranging from: education for firms on the benefits and best practices for mental health; broadening discussions around mental health to wellness/healthy living practices; to ensuring tangible checkpoints and resources like time off. Several respondents also highlighted a need to build mental health resources for self-employed individuals, who may not otherwise have access to them, especially given the size of Chicago's gig economy.

"Health strategies are surface level - (they) should extend to meaningful resources like time off, or integration into one on one check-ins."

RECOMMENDATIONS DEVELOPED FROM THE WORKSHOP

- Demonstrating impact within and beyond the job: Respondents highlighted opportunities to create clear impact, both within their own firm and through pro bono opportunities. Within firms, respondents emphasized the need for firms to make their core values clear and intentional in the work they do, and to provide ways for employees to see how they contribute. On pro bono opportunities, respondents pointed to both the need for technical support in Chicago's public sector, and the valuable skill-building that individuals can gain when they participate in it, citing potential clients ranging from the City of Chicago to local CBOs and foundations. Several respondents also cited opportunities for civic technology in Chicago as influential in their decision to stay in or move to Chicago.

“(Our) generation job hops, pivots, and focuses on what is important now and alignment with core values over loyalty to a firm.”

“I will follow “problem-solving” technology companies.”

“(Chicago) nonprofits need help building databases to track their metrics, building websites, and using technology to activate different audiences.”

- Creating spaces for affinity groups: Respondents noted gaps in support and mentorship for underrepresented identities in the technology ecosystem, especially for women and the LGBTQ community, and the importance of both “meeting people where they are” and providing resources like coding classes or structured mentorship early and often.

“Technology startups are well-poised to be cutting edge on culture and diversity, equity and inclusion because of their size and agility.”

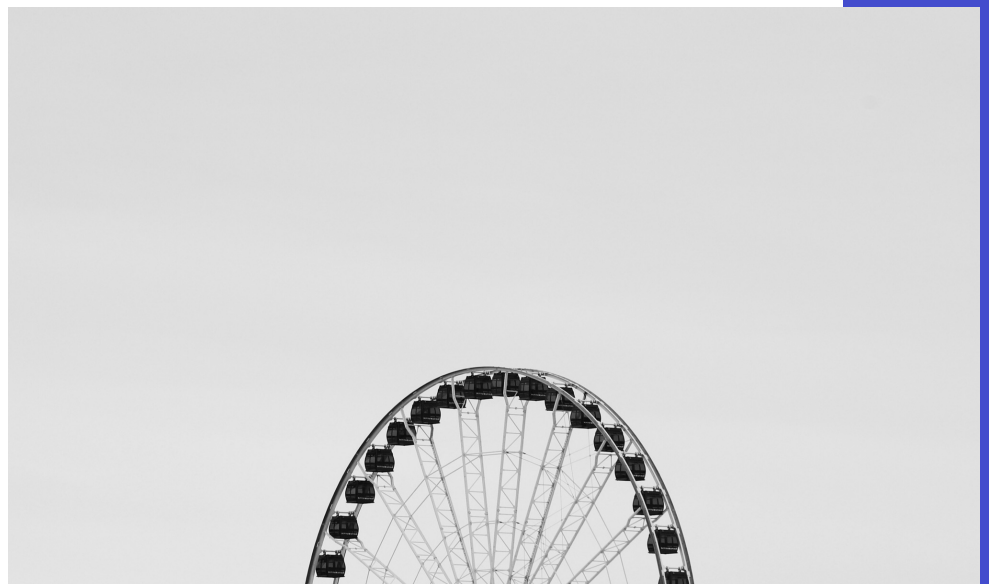
RECOMMENDATIONS DEVELOPED FROM THE WORKSHOP

- Increasing funding and connection for individuals outside the Loop: Respondents emphasized the need for increased accessibility of resources for both existing entrepreneurs and potential entrepreneurs, citing ideas like: increased support for entrepreneurship pipeline programs in neighborhoods; an online resource database for entrepreneurship meetups; better connection between technology programs and non-traditional learning spaces; and more local participation in programs like UNICEF's Generation Unlimited, which aims to help all young people prepare for the workforce.

“Exposure to what’s possible is key. It enables imagination, to dream of what doesn’t yet exist.”

“How do we expand the visibility and imagination for communities to enter technology entrepreneurship?”

- Creating space for failure: Beyond funding and connection, respondents highlighted the opportunity to create spaces that encourage social-emotional learning and risk-taking. For one respondent, that meant creating an “open dialogue/forum for conversation that is hard to carry out in day to day settings.” For others, it meant normalizing and supporting entrepreneurs facing failure and the inevitable disappointment and other emotions that come with it. A concrete policy example that can facilitate this is extending unemployment benefits beyond those simply “laid off” - the rise of contract roles means that a growing segment of the population is without a safety net if they are discarded regardless of fault.



IMPLICATIONS OF THIS REPORT FOR CHICAGO SHAPERS

1 - Inform impact projects related to future of work

Each year, the Chicago Global Shapers hub works on a portfolio of impact projects with community partners. Based on the need in Chicago and the mix of skills in our hub, we have chosen to focus our impact work on the 'future of work', and working to ensure every Chicago is ready for the future of work. The recommendations in this report offer areas where we might focus and design our future impact projects.

2- Reinforce commitment to diversity, equity, and inclusion

The insights in this report related to the different experiences of entrepreneurs in reinforce the importance of focusing impact work on the most vulnerable populations and communities in Chicago, and ensuring the Shaper hub represents the diversity of Chicago

3 - Participate in forums on inclusive entrepreneurship in Chicago

As a diverse group of young professionals representing various sectors in the city, the Chicago Global Shapers are well positioned to participate in dialogue about the experience of young entrepreneurs in the city, and provide council on future policies and programs.

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