5 Reasons Why Entrepreneurs Are Privileged

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As a Black woman entrepreneur, I've managed to run a successful diversity, equity and inclusion (DEI) consultancy for the past six years. But I promise, it wasn't easy. For me, becoming an entrepreneur looked like getting a doctorate in organizational leadership and working my way to owning a business. Despite the years I dedicated to my entrepreneurial journey, I still benefited from a level of privilege that many don't share when it comes to entrepreneurship.

I've talked for years about how Black women don't receive the support or mentorship they need in the workplace to succeed as well as about the many ways Black entrepreneurs struggle in this space. But we should talk about the privilege that those of us who *do* succeed in business have. We should also talk about the reasons why people in marginalized communities start businesses from the beginning and how their entrepreneurial endeavors can be long-lasting and successful.

The complexities of privilege in entrepreneurship are vast but worth discussing. We have to peel back the layers to discover how more entrepreneurs from marginalized communities can lift themselves out of poverty and into prosperity.

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1. Having start-up funding is a privilege

How will I fund my business? This question looms over many entrepreneurs. When 66% of them use their own money to start a business and another 33% start with less than $5,000, it's a perfectly valid concern. This means that if they aren't born with a silver spoon in their mouths, some folks have to look beyond their personal bank accounts to kickstart their businesses.

Venture capitalists, friends, family or bank loans are funding options, but most of these come with serious strings attached. It's a privilege to have access to these resources in the first place, but it can feel oppressive to have to ask, in general. Knowing that the loan you used to start your business will double, triple, or quadruple your personal debt is a daunting realization.

I was fortunate enough that when I started my DEI consultancy, I didn't have to struggle for funding. I had the privilege of having a husband who was ahead of me on his entrepreneurial journey. His business endeavors gave me the freedom to build my consultancy without the pressure of needing to contribute to our household income. Not everybody has that opportunity. Equitable access to funding for a business isn't easy to find and every entrepreneur falls into a different place on the spectrum of privilege and oppression when it comes to funding.

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2. Having other entrepreneurs to look up to is a privilege

Whether it's a parent, grandparent, aunt or uncle, having someone in the family who is an entrepreneur helps make the

dream of starting a business of your own feel more achievable.

I didn’t have an entrepreneur in my family, but my husband did. His dad was the example that inspired a ripple effect of entrepreneurs in the family. Seeing his family members start, grow and scale businesses was inspiring to witness. As we all know, representation matters. Watching entrepreneurs who look like us experience the ups and downs of business helps us know our dreams are possible.

However, if we have never seen entrepreneurs like us, it’s harder to imagine how starting and growing our businesses would be possible. For some of us, having access to a successful entrepreneur in our lives is a privilege that likely impacts the success of the businesses we hope to create.

3. Having a college education before starting a business is a privilege

As someone who received her doctorate, I’m in the minority of entrepreneurs: 62% of entrepreneurs have at least a bachelor’s degree while 7% have a doctorate or other degree. I also reap additional financial benefits as a result of my educational privilege. It turns out entrepreneurs with doctoral degrees earn 35% more than those with high school diplomas.

But not all entrepreneurs have the privilege of going to college. Many people choose entrepreneurship because of the seemingly unlimited earning potential it promises, even those with only a high school diploma. For many marginalized folks who didn’t have access to college or university, entrepreneurship may feel like the only way to pull themselves out of their economic situation and into a brighter future.

4. Having a business that lasts more than three years is a privilege

Despite Black women being one of the fastest-growing demographics of entrepreneurs in the U.S., CNBC reported that eight out of 10 Black-owned businesses fail in the first 18 months. Having a great business idea and some funding to boost your journey will help; however, maintaining a business for more than five years is a rarity. Around 49% of women-owned businesses are less than five years old and as they approach the six to 10 year window, that number shrinks to 17.5%.

There are many reasons why the privilege of business longevity isn't afforded to all. Funding runs out, an unexpected business emergency shows up or the entrepreneur simply has a change of heart about their venture. Regardless of the reason, having a business that lasts decades is a privilege that some marginalized entrepreneurs only dream of.

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5. Starting your own business can actually *create* privilege

In light of the recent layoffs nationwide across many industries, now is one of the best times to try entrepreneurship. The main motivators for becoming an entrepreneur are the numerous ways it can grow and expand our financial and personal futures. Research shows that women who start their own businesses do so because they are ready to chase their passions and work for themselves.

Entrepreneurs of color are starting businesses for similar reasons. Dissatisfaction with their boss and the lack of

diversity, equity and inclusion in corporate America cause many to start their own businesses.

Most importantly, for many entrepreneurs, their salary ambitions can reach whole new heights. While the average woman earns 82 cents for every dollar a man earns, the average woman entrepreneur earns 91 cents. Although a one-to-one earning ratio would be the best-case scenario, it's clear that for many women, starting their own business helps them close the pay gap.

The lifestyle and flexibility perks of entrepreneurship cannot be overstated either, such as working from home with hours that fit your schedule. The ability to parent or become a caregiver to someone you love or simply being able to avoid microaggressions, pay disparities and unequal treatment at work are all new privileges afforded by starting your own business. For many marginalized folks, this kind of economic and personal freedom is a dream that can only come true with entrepreneurship.

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Final thoughts

As marginalized folks balance the pros and cons of becoming an entrepreneur, those of us who have already found success in this space should ask ourselves: What can we do to lift up more entrepreneurs from marginalized communities? How can we leverage our privilege and power to be sensitive to the issues that arise for new entrepreneurs? How can we fund and support them in the most critical stages of their business?

In my opinion, successful entrepreneurs have an obligation to share their privilege with others and help more folks confidently enter into the entrepreneurial space. Say the names of new entrepreneurs in rooms that matter. Offer a loan

or donate capital to entrepreneurs in marginalized communities. Mentor new entrepreneurs and flatten their learning curve so they can be more likely to thrive beyond the five-year mark.

Sharing entrepreneurial wisdom and offering resources when available can help more women, folks with disabilities, queer and people of color reach entrepreneurial success and grow their careers beyond imagination.

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