

# Business leaders step up efforts to bring minority-owned firms into the fold

By Jon Chesto

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Scott Baker came to Boston for college, and the Los Angeles native stayed after graduating from Boston University in 1986.

But he was surprised how tough it was to break into the city's business scene, as he worked with two partners to launch a courier service called Skycom. "I found Boston to be a very parochial place," he said.

Baker is black, while Boston's business leadership, then as now, is dominated by older white men — many of whom share local connections going back years. The barriers to entry made it tough for Baker to get a foothold. He eventually broadened the business, and today RTD Logistics is a \$5 million-a-year company with a dozen employees, scores of couriers, and more than 150 customers every month.

Now after all these years, Baker has reason to hope those old barriers are easier to overcome. The reason for his optimism: two ambitious efforts at Eastern Bank and the Greater Boston Chamber of Commerce to stimulate minority-owned ventures and diversify the city's business community

The programs overlap in key ways. The Chamber is assembling an initiative to connect contractors with large employers, using some of the \$10 million that Eastern is pledging for a broader diversity campaign.

Such efforts have been tried before. One such initiative in the 1980s gave birth to The Partnership, a local nonprofit that grooms minority professionals. Other attempts, though, petered out, with little or no long-term impact.

"It's shameful, in a city like Boston that is thriving in a major way, that few of us are participating in it," said Daryl Settles, a developer and restaurateur who is black. "As a whole, the [minority] community has been left behind."

The chief executives of Eastern and the Chamber are relatively new to their roles, and both have made diversity a key part of their leadership strategies. These initiatives were underway before Mayor Martin J. Walsh made race the centerpiece of his high-profile speech to the Chamber in September, 2016, but

that speech added to the momentum. Also, at the chamber's annual meeting in May, Suffolk Construction chief executive John Fish urged the crowd to tackle the diversity issue, following racist taunts at Fenway Park.

Chamber chief James Rooney, who championed diversity at his previous job at the Massachusetts Convention Center Authority, is launching a program dubbed "Pacesetters." It's modeled in part after a minority business accelerator in Cincinnati, and will encourage large employers in Boston to work together to set goals for buying a certain amount of goods and services from minority-owned businesses.

Chamber leaders hosted more than 50 potential "Pacesetters" at its downtown office on June 22. The goal is to have six to 10 employers signed up by year's end. Participants would meet quarterly, share contracting strategies, and participate in a matchmaking process with minority-owned firms.

"We're one of the most economically unequal cities in the country," Rooney said. "I think [the new program] can send a powerful statement that the broader business community gets it as it relates to these issues of race and economic opportunity."

The cost of launching Pacesetters would be funded through a grant from Eastern, and Chamber officials expect to seek support from others down the road.

Eastern Bank's commitment stemmed from discussions two years ago within the company about making a major, game-changing philanthropic investment. The Boston-based bank sets aside 10 percent of its profits every year for charity, with most grants running \$2,500 or less.

This initiative would be on an altogether different scale: a \$10 million commitment from the bank's \$100 million foundation, spent over three years on improving diversity in the city's business community.

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"We believe that we have a responsibility and an opportunity to help address the wealth and income disparity in the city, which is the highest in the nation," said Robert Rivers, Eastern's chief executive. "It is not only the right thing to do, but the smart thing, as our business depends upon a growing and thriving community in which success is shared by all."

Eastern's money will be divided among three fronts. One is the chamber's Pacesetters program. Another is Eastern's new Business Equity Initiative, which pairs minority business owners with strategic advisors. Among the first 10 businesses in that effort are RTD Logistics, Settles' Catalyst Ventures, and Done Right Building Services, a building maintenance firm based in Boston.

"I've been in business for over 22 years, I have over 400 employees, I have \$12 million in sales," said Done Right owner Anthony Samuels, who is black. "And I still find it difficult to break into the downtown market."

The bank pays for 80 percent of the costs, the business owners the rest. The goal is to help these businesses grow significantly, enough to hire more workers and become a bigger player in the community.

Eastern is also setting aside money for a new growth fund that could provide grants, equity investments and low-interest or no-interest loans to minority-owned businesses.

The powerful Boston Foundation is in talks with Eastern about playing a role. Paul Grogan, the foundation's president, said much of Boston's economic success has been passing by important segments of the city's population. "If you get these powerful institutions working together on this, it really could amount to something," Grogan said.

Black members of the chamber's leadership committee — Walter Prince, Steven Wright, and Fletcher "Flash" Wiley — are helping to shape the Pacesetters program.

"It can have lasting impact as you have deeper relationships develop between. . . the corporations in Boston in the different sectors and the various minority business members that are participating," said Wright, a partner at law firm Holland & Knight.

To Darren Donovan, managing principal at KPMG's Boston office, addressing the issue of diversity is essential to making the city more competitive.

"The city's face has to look more welcoming and inclusive. We want to make sure that the image of Boston being a racist city really gets put into the archives," Donovan said. "We want to be able to feel like we've all turned a corner."