Blackstone Charitable Foundation

World Business Chicago

ChicagoNEXT
An Initiative of World Business Chicago

LEAPING THE CHASM

A report on the Blackstone Inclusive Entrepreneurship Challenge, a collaboration between the Blackstone Charitable Foundation and World Business Chicago's ChicagoNEXT initiative

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The report itself was created by Christina Hachikian, Clinical Associate Professor of Strategic Management at the University of Chicago Booth School of Business, and James Carmichael, who interviewed, researched, and wrote under Professor Hachikian's supervision.

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EXECUTIVE SUMMARY

The Blackstone Inclusive Entrepreneurship Challenge ("BXC") was a grant-making program that ran from 2017 to 2020 and allocated $3 million to direct-service entrepreneurial support organizations (ESOs) in Chicago. BXC was a partnership between the Blackstone Charitable Foundation, its funder, and ChicagoNEXT, an initiative of the city of Chicago focused on developing the city's tech sector.

BXC's goal was to increase the inclusivity of entrepreneurship in Chicago, which it sought to do by providing

1. **Funding for direct-service ESOs to develop new services and**
2. **A platform through which these organizations could form strengthening ties**

Chicago is a hub of world-class research institutions, market-making exchanges in financial derivatives, and numerous corporate headquarters. The city both fosters and benefits from thriving entrepreneurial networks of technology, talent, and investment capital. However, as in much of America, access to these networks is unevenly distributed: women, people of color, people with disabilities, veterans, Native populations, and many other demographics are underrepresented. **A chasm of bias and structural factors separates these underrepresented communities from vital networks of opportunity.** In Chicago, the chasm is literally visible; the city is geographically segregated between a prosperous core and historically majority-minority communities at its western and southern peripheries.

A NOVEL HYPOTHESIS AND LESSONS LEARNED

BXC sought to address structural inequalities through a funding strategy with three anchoring principles that came together in a single novel hypothesis: **can local, direct-service ESOs effectively use large-scale funding to develop and expand new services over a multi-year timeframe**? In other words, can a significant upfront donor investment help these ESOs increase capacity and help more individuals "leap the chasm" of unequal access and bias?

BXC's three anchoring principles placed it in a gap in this market. "Venture funding" on the order of millions of dollars is not uncommon, but generally reserved for helping *proven* solutions with *demonstrated results* reach scale (much like "venture" capital anywhere). On the other hand, it is not uncommon for smaller organizations to receive "*pilot* funding" to innovate and test brand-new solutions—but this "pilot" funding is not offered for sustained time-frames and is given at the level of tens of thousands, rather than millions, of dollars. The essence of BXC's novelty was that it sought to provide funding of the *size* and *duration* of "venture" but to these smaller, local ESOs in order to spur their creation of *brand new* solutions for entrenched, structural problems in access and equity in entrepreneurship.

Further, it did so at a time when the conversation surrounding inclusive entrepreneurship was not what it is today. The facts about uneven access were known, discussed, and deplored by some, but the dearth of founders of color or female founders was not—even a few years ago—seen as a pressing social justice issue in the same way that it is now, in 2020.

In these important ways, BXC was forward-looking. And in funding a cohort of three ESOs for three years, BXC gave its novel hypothesis a real-world test whose results contain lessons for similar future programs.

The anchoring principles of "local", "large-scale", and "sustained" were affirmed. BXC's grantees demonstrated that carefully and knowledgeably selected small- to mid-sized organizations *can* effectively utilize significant funding to develop, over time, new programming that serves their target populations.

An even *more* sustained timeframe would be of particular value. This would allow grantee ESOs more time for planning and program improvement. It would also allow them to gather more data on impact and results before going to potential *subsequent* funders, increasing the chances that any successful programming developed under such a pilot grant could continue.

THE GRANTEES

Each of the grantees selected to receive all three years of BXC's funding embodies its goal of helping potential entrepreneurs "leap the chasm" separating them from mainstream networks of expertise, skills-building, talent, and capital. The grantees were also, however, distinctive: each used its funding to develop specific programs that met the specific needs of its service population.

Bunker Labs sought to use pull marketing and content creation to awaken veterans of the United States Armed Forces to the possibilities that entrepreneurship can hold for them, and to assure that those whose interest is piqued can pursue preparation and networking through its "Launch Lab Online", a digital platform which provides both community and skills-building courses to anyone, anywhere.

West Side Forward, the economic development spinoff of a community services organization that has served Chicago's West Side for decades, established a "Technology Elevation Center" to provide cohorted workshops to potential tech entrepreneurs. These workshops exposed members of its community to new technologies and skills-building curricula, while providing mentorship and mutual support that facilitated their introduction into Chicago's networks of technology, talent, and capital.

Future Founders launched and developed its "Startup Bootcamp", a networking and skills-building program for young entrepreneurs from underserved backgrounds that allows them to connect with each other, acquire skills, network with experts and mentors, and envision the potential reality of themselves as entrepreneurs.

A central challenge facing this funding agenda is the balance between flexibility and oversight. Many of BXC's most and least successful elements came down to this. It is a complex balance for any funder, and all the more so for a program that seeks to help grantees operate in an entrepreneurial way by creating programming that *does not exist yet*, for underserved potential entrepreneurs who are themselves considering starting businesses that *do not exist yet*. The cascading layers of uncertainty and opportunity stack to create a distinct and contextually-specific set of stakes.

PANDEMIC AND BEYOND

In 2020, as BXC's three-year term drew to a close, its grantees were scrambling like everyone else. Each faced challenges brought on by the COVID-19 pandemic, including an uncertain funding environment; each sought to respond as shifting economic and social realities impacted its service population. At the same time, each also fought to keep an eye on the need to prepare for *post*-COVID challenges and opportunities.

These ESOs are responsive partners working for underserved populations' present *and future* prosperity. If we are going to make progress against structural inequity in entrepreneurship, the funding community must help these organizations empower potential founders to "leap the chasm" with supportive programming that mitigates the numerous factors stacked against aspiring entrepreneurs from underserved demographics. This means that the funding community must *itself* take a leap, making big, bold bets on unproven solutions offered by smaller, direct-service ESOs such as the three grantees whose stories are told in this report.

Proactive, responsive aid from funders and partners will help assure that these organizations not only survive but can plan. It will help assure their ability to offer not only *presently* required services, but also *forward-looking* training, networking, and empowerment opportunities so that these underserved communities do not enter the post-pandemic world even *further* behind than they were when it started.

The BXC program's lessons—both positive and cautionary—are important *right now*. The capacity of our economy to provide equality of opportunity and widespread prosperity is one intertwined rope of capacity and strength. An inclusive, dynamic entrepreneurial sector serves us all, assuring that a broad and diverse pool of founders and makers will be coming ready as economic and social activities begin to recover from the shocks the pandemic has wrought.

This report's purpose is to spur resources and energy towards inclusion and growth. The lessons herein are offered to help future funders help ESOs; so that the ESOs, in *their* turn, can empower founders-to-be who will contribute to our shared prosperity today and tomorrow.

INTRODUCTION: THE CHASM

The city of Chicago offers a rich entrepreneurial landscape. Every year, leading researchers at world-class institutions like The University of Chicago produce technologies that are commercialized through sophisticated partnerships; MBA candidates at top-tier programs like The University of Chicago's Booth School of Business and Northwestern's Kellogg School of Management work on their own entrepreneurial ventures, participating in nationally-recognized pitch competitions that can lead to multimillion dollar investments from blue-chip venture capital firms; fintech entrepreneurs refine products for Chicago's world-leading derivatives exchanges; and an ecosystem of incubators and mutual support networks interconnects all of these units, fostering both experienced and budding entrepreneurs.

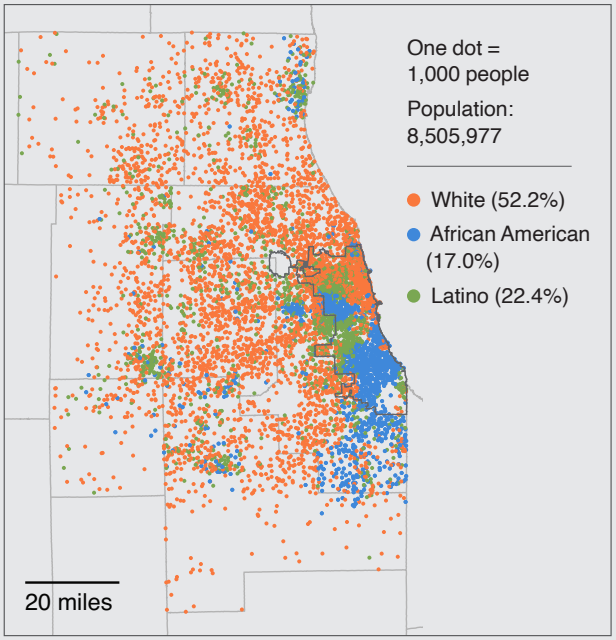
Chicago offers, in other words, an entrepreneurial environment in keeping with its status as one of the most economically dynamic cities in the United States. It has produced successful firms across business sectors, from Grubhub in food delivery to Braintree in payment systems to One Acre Fund in social impact. And beyond these known names and heady acquisitions, a seething bed of contenders vies for growth; and beyond *them* an even broader base of striving *would-be* contenders pushes for early-stage financing to test products and markets; and so on all the way down to the point of origin for every new firm and product: the nascent entrepreneur with a (maybe) good idea.

Except that this chain *breaks*—and does so abruptly. Because Chicago, like the United States of America, is unequal. The story of every great American metropolis since the 1970s is a tale not of two cities, but *many* within each. Each is a geographic agglomeration of humans, capital, and infrastructure that is physically continuous but, in fact, comprised of contiguous-*but-discrete* units separated by fault-lines of history, class, education, wealth, and race.

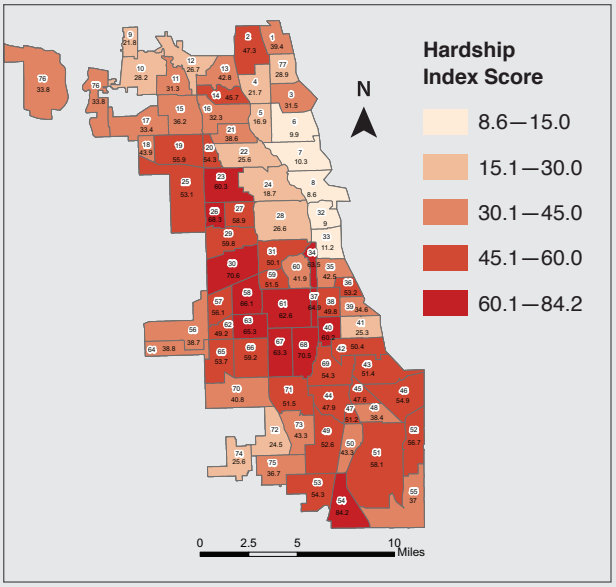
These discrepancies impact opportunity. Broad populations—women; people of color; the differently-abled—have been historically excluded from many forms of commercial and economic activity. Entrepreneurship has been no exception. These inequities are fed by and feed deep structural injustices—differences in access to educational opportunities, or to the networks of early-stage capital on which startups depend.

In Chicago, these disparities take specific manifestation. History has left the city geographically divided. This map of "The Great Cities Institute Hardship Index", tells the story. As you radiate out from Chicago's robust, prosperous core,

Chicago Region: Concentrated Racial Segregation[1]



The Great Cities Institute Hardship Index[2]
2017 Chicago Community Area Economic Hardship Index



1. The Cost of Segregation. Metropolitan Planning Council. 2017. metroplanning.org/uploads/cms/documents/cost-of-segregation.pdf
2. "2017 Chicago Community Area Economic Hardship Index." The Great Cities Institute. 2017. greatcities.uic.edu/wp-content/uploads/2019/12/Hardship-Index-Fact-Sheet-2017-ACS-Final-1.pdf

its westerly and southerly extremes grow increasingly disadvantaged in employment, income, housing—almost any metric of health, wealth, and well-being. The physical distances are small: thirty, forty-five minutes by bus or commuter rail. But in that short space a chasm opens between separate worlds. Andrea Zopp, President and CEO of World Business Chicago (or "WBC"), the city of Chicago's economic development agency, puts it thus: most "potential entrepreneurs of color aren't even in the same *environment*" as Chicago's prosperous hub and its networks of professional, social, and financial contacts.

"How do we bridge that gap between place and opportunity?"

It's not a new problem, nor has it gone unaddressed. It is a persistent reality that Chicago must face. Alya Adamany Woods was Executive Director of ChicagoNEXT, WBC's initiative to drive growth and opportunity in Chicago's tech sector,[3] until mid-2019. "The question," as Woods sees it, is "how do we bridge that gap between place and opportunity?"

No one has the answer. Mark Tebbe doesn't pretend to. But Tebbe—entrepreneur, Adjunct Professor at Chicago Booth, and Chair of ChicagoNEXT—can offer some insight. He upgrades the "gap" that Woods notes to "a chasm": a yawning divide between many of Chicago's residents and the city's full range of opportunity. And he emphasizes that, since "it is truly a chasm, you can't make incremental steps crossing it." This barely-metaphorical divide defines the daunting challenge that faces any aspiring entrepreneur who lives in an underserved geography, or is a member of an underrepresented group, or—as is often the case—fits *both* these criteria: a chasm that demands "that entrepreneurial leap."

That entrepreneurial leap. Leaping for a goal; committing 100% before it's clear whether you are jumping towards firm ground or out into empty air. It is one of entrepreneurship's most famous—and most famously terrifying—requirements. It's a mental, emotional, and financial challenge; it's a challenge that *every* entrepreneur must face.

But if you know few or perhaps *no one* else who has done it; if you come from a part of your city that is disconnected from the institutions and conversations and opportunities that help people take that bold leap; if you know that the way you look, or speak, or *are* will mean that you face unfair obstacles in courting investors; if your own situation—financial, family, personal—makes the risks of a leap like that hard to imagine... then you may never do it. You'll stay, stuck, on your side. Even if you *could* have. Even if, maybe, you'd have landed just fine.

No program can ever *fully* "span the chasm"; entrepreneurship, by definition, involves risk. But there's "risky" on one hand, "unfair" on the other. The fact is that potential entrepreneurs do not all face the *same* leap; a wider gap yawns before many sub-groups. And *that* is a problem that *can* be addressed; that *difference* is not entrepreneurial risk, but rather the outcome of structural and institutional biases and inequalities in our society. Creating interventions that *mitigate* that difference, that help span the chasm that underserved and underprivileged groups face, partway; programs which work to assure that—while a leap is required; a leap is *always* required—it's the *same leap* that any potential funder must face ...that is a just and achievable goal.

Which is a long way from saying it's *close* to "easy."

Because any such program or intervention—any effort to help *would-be* founders make it across—*itself* requires that same entrepreneurial leap. Because the disconnection these groups face—women; people of color; Native populations—is deep and profound; these are problems that no one yet knows how to solve. Approaching them, therefore, demands commitment and flexibility; conviction and—as necessary—quick and ready adjustment. Any effort to help potential entrepreneurs achieve the mix of bravery and adaptability that their goals require will itself benefit from that same bravery and adaptability. To flirt with another *rough-and-ready* truism of venture investment: solving big problems requires big bets.

This report is about such a bet, such a leap. It is about a collaboration between two institutions—one private, one public—whose cultures and teams prepared them to take such a risk. It is about their effort to create a funding structure dedicated to helping organizations working to span the chasm—maybe not *all the way*, but enough so that the specific communities face, at least, *less* of an impossible, yawning abyss.

This report is about tactical errors and strategic success; about mistakes being made and hypotheses validated. It is about a whole *chain* of people and institutions, from the large-scale sponsors of the grantmaking effort, to the direct-service organizations their grantmaking empowered, to the ambitious someday-entrepreneurs served by these organizations' programs.

It is about how each of these, differently, all faced the chasm; and how, together, they all took the leap.

3. worldbusinesschicago.com/chicagonext

SPANNING THE CHASM: THE BLACKSTONE INCLUSIVE ENTREPRENEURSHIP CHALLENGE

Launched in 2017 and concluding in 2020, the Blackstone Inclusive Entrepreneurship Challenge (hereafter, "BXC") was designed to fund and empower direct-service organizations dedicated to helping individuals from excluded groups overcome structural obstacles to entrepreneurship. In other words, BXC was designed to help span the chasm.

Conception and collaboration

BXC grew out of discussions in 2016 between Chicago's then-Mayor Rahm Emmanuel and Jonathan Gray, now COO of Blackstone, at the time its Global Head of Real Estate. Conversations regarding Blackstone's real estate assets in central Chicago—that dense, prosperous core—evolved; beginning with the topic of what the firm could do to facilitate growth around its real estate holdings, they expanded to include a detailed examination of what Blackstone could do to support entrepreneurship in the city of Chicago.

Exploring possibilities, the foundation's first instinct was to bring its signature program, university-based entrepreneurship "LaunchPads," to some of Chicago's institutions of higher learning. These LaunchPads are a multifaceted network of university-based activities "designed to complement existing on-campus entrepreneurship resources, catalyze student ventures through connections to off-campus opportunities, and convene students and staff at global events" dedicated to "transform[ing] students into entrepreneurs."[4]

But in "going to Chicago and talking to local stakeholders," recalls Tony Tolentino, then Vice-President of the Blackstone Charitable Foundation, "it became very apparent that the program we had in mind wasn't applicable." The developed areas of Chicago's entrepreneurial scene, including its many richly-endowed colleges and universities, did not require this kind of support: they had multiple similar programs of their own. On the other hand, Chicago's more strained institutions—city colleges, youth-aid organizations—lacked the human and financial bandwidth to make the best use of Blackstone's program, especially with respect to sustaining the effort after the foundation's initial funding.

It was a challenge. "Chicago's not a small Midwestern town," notes Abin Kuriakose, ChicagoNEXT's current Director. As Kuriakose says, Chicago does not offer the low-hanging fruit of an undeveloped economic landscape. But it contains great inequality—areas and demographics excluded from its wealth of opportunities. As the Foundation and NEXT continued to discuss possibilities, this divide "kept coming up," recalls Amy Stursberg, the Executive Director of the Blackstone Charitable Foundation. "How people are getting left out of these dynamic ecosystems." The two organizations' staffs, working together, determined that "we don't need a mentor network," she recalls, such as that which the LaunchPad program could provide. "We need to provide access and connectivity to the things that are already working well in the city" for people who have been traditionally excluded from them.

"*That's* the chasm," Mark Tebbe says, spreading his hands. So "the pitch" for the still nascent program developed towards a goal: span the chasm for "these underserved entrepreneurial communities."

Blackstone focused on "really listening to partners on the ground" in Chicago during this period, Tolentino recalls. The goal was to "let partners lead" in formulating an appropriate program and then "find a strong partner who can execute on the ground." In NEXT, Blackstone had found both. Even so, recalls Alya Adamany Woods, "it took us a while." She and Tony Tolentino worked in detail to "land on what that

$3 Million
Given

3	8	3
Years	Initial ESOs	Final ESOs

Kickoff of the Blackstone Inclusive Entrepreneurship Challenge, 2017

4. blackstonelaunchpad.org

would look like", Woods remembers. "It was challenging. But Blackstone listened," she says, and eventually Woods and Tolentino put together "a happy medium": a collaborative effort, funded by the private foundation and managed by the public agency, dedicated to bridging the gap between Chicago's networks of opportunity in entrepreneurship and those excluded from them.

ANCHORING PRINCIPLES: LOCAL, LARGE-SCALE, SUSTAINED

This "happy medium", in Woods's phrase, had several anchoring principles. One could call them hypotheses, since the particular combination of BXC's focus, scale, and duration were "basically unheard of in the Chicago landscape" at the time, explains Moira Hardek, who took over as interim project director for the BXC program in 2019, after Alya Adamany Woods's departure. These anchoring principles—summarized here as "local", "large-scale", and "sustained—come together as the three defining elements of a practical hypothesis that BXC bet could unlock underserved populations' potential.

Local

The "unheard of"-*ness* Hardek mentions above was not that no foundation had ever thought to put a few million dollars towards entrepreneurship, of course. But this sort of giving might be channeled through, for example, an established university or other large institution. Allocating *grants of this size directly to comparatively small, grassroots, direct-service organizations for relatively untested ideas* was one of BXC's most forward-looking features. ChicagoNEXT's familiarity with the city's ecosystem allowed the new program to seek out local entrepreneur support organizations, or ESOs, that had promising track records, the institutional capacity to expand, and a plan for what they might do with a significant infusion of funding.

This was an unusual funding agenda, but the arguments for it were varied and clear. Firstly, it was an effective extension of the philosophy already described above; it was an effective way to assure that the programming facilitated by BXC's financing was fit-for-purpose and conducted by groups that had already worked to earn the trust of the communities they served. This was an important reality to be aware of, since "it wasn't a hugely diverse group of people *planning* the project," acknowledges Zopp, who at the time was observing from a position within the Mayor's office.

> **"So the question was," [Zopp] continues, 'how will this work at a neighborhood level?' If most of the people involved aren't connected at the neighborhood level, how do you assure that the programming is? And that piece—going through locally-based organizations—that built a lot of opportunity into the program, opportunity for feedback from the community itself.**

Working within this ecosystem of small-scale ESOs also had the attraction of multiplying BXC's impact by allowing the program to serve as a vehicle through which disparate, disconnected organizations could engage with each other. "The orgs were facing similar challenges," Tolentino recalls. "So if they're all facing the same challenges, they're all in the same region, why not find a way to" facilitate knowledge-sharing and connection? This, thought Tolentino, could be the program's "secret sauce"—an added layer of value that could prove as useful as the funding itself.

Large-Scale

The decision to go "local" and partner with smaller direct-service organizations was matched by BXC's robust commitment to provide these organizations with substantial grant funding. The chasm-bridge metaphor continues to serve: if partnering with existing, direct-service ESOs assured that BXC began at the right place, that it found organizations which met potential entrepreneurs where they were, then the *next* step was to make sure that these organizations were provided with sufficient resources to span the chasm: to build a bridge—a *whole* bridge—between their service populations and the mainstream networks of capital, expertise, and talent from which these communities were excluded. This meant assuring that the scale of funding was equal to the task, a commitment that Blackstone made to maximize the chance of the program's success.

Sustained Over Time

BXC's third core principle completes the chasm-bridge image. Granting funds to *direct-service* ESOs assured that BXC's resources wound up in the right place: where underserved, potentially entrepreneurial communities are being beneficially engaged. Granting funds of *sufficiently large scale* assured that the organizations doing this work would be provided with the resources required to build bridges between their excluded service groups and mainstream networks. And, finally, this third piece: providing *funding sustained over a multi-year time period* assured that these organizations—and their communities—would have

time to adapt, adjust, and perfect their service offerings; *i.e.*, would assure that the bridges were built with care and with time to tweak and improve errors during construction, rather than risk a rushed effort that resulted in a program that proved to be structurally unsound.

A NOVEL HYPOTHESIS

Abin Kuriakose reinforces how novel BXC's three anchoring features—to fund *local, direct-service organizations* with *large-scale grants* over *an extended time frame*—were at the time. Programming and funding focused on equity of access in entrepreneurship was scarce outside of institutional education to begin with, he notes, "and where it *did* exist, was it something like BXC?" Kuriakose shakes his head. "No. That *scale* of funding, to *these* organizations, with a *long-term* focus ...people may have been *talking* about entrepreneurship," he says. "But the programming, actually *doing* something—that was novel."

These three features combined, as noted, to mean that BXC was in fact exploring a hypothesis. It was asking what could happen if operationally successful, high-potential ESOs were empowered with sustained, significant funding. And it committed itself to a hopeful answer, namely:

Local direct-service organizations can effectively use large-scale funding to develop and expand new services over time by leveraging the trust and expertise they have earned from working closely with their service demographic.

So, at a time when the need for inclusive entrepreneurship was only beginning to become active in public discourse, when *any* programming and funding with this focus was scarce, BXC proposed to offer local grantee organizations comparatively large sums on a *sustained timeframe*, in a program that would span over two or three years.

These three attributes combined to form the essence of BXC as a funding agenda, program, and experiment. This report is about the answers that it found, lessons it learned, and challenges it faced, with a focus on informing future programs set towards similar goals.

The next section is the heart of the report: the stories of the BXC program's three principal grantees, the three ESOs funded through the duration of this three-year pilot. Each of these organizations used their grant funding to support dramatically expanded service offerings in different ways, serving different constituencies. After detailing the opportunities, successes, and future challenges of these grantees, the report will then return to an examination of the program *itself*, recounting events from the perspective ChicagoNEXT and the Blackstone Charitable Foundation to scrutinize what they—and future funders—can glean from what went well, what did not, and what's left unresolved.

THE GRANTEES' STORIES

A report produced in mid-2018, *Driving Inclusive Urban Entrepreneurial Ecosystems*,[5] describes BXC's progress through its first year of operations. The first full cohort was a diverse group of eight organizations selected by ChicagoNEXT and the Blackstone Charitable Foundation from a targeted application process.

As BXC progressed through year 2 and year 3, the cohort was trimmed—first to four, then three ESOs. This report will focus in detail on these three final grantees; the organizations selected to see the program through to its finish. Each came to BXC with technical and institutional potential that aligned them with BXC's anchoring principles: a focused direct-service relationship with a specific underserved population; the capacity to put a comparatively large amount of funding to productive use; and plans that would benefit from sustained—rather than "one-shot"—funding and support. Each of these ESOs made full use of the capital offered by BXC to expand and develop long-held plans for which funding had been, till then, missing; each now faces questions about how to continue the work they began under the program.

Each, most importantly, bridges a gap: serves as a span between the world of entrepreneurship with all its potential and a population that might, otherwise, be shut out.

Beyond this, as we'll now see, they're very different.

Year One: Eight ESO Cohort

- 1871
- West Side Forward
- Blue1647
- Bunker Labs
- City Tech Collaborative / Colony 5
- Future Founders
- i.c.stars
- Women's Business Development Center

5. "Driving Inclusive Urban Entrepreneurial Ecosystems". ChicagoNEXT; Justice Informed, LLC; Initiative for a Competitive Inner City. April 2019. worldbusinesschicago.com/wp-content/uploads/2019/05/Blackstone-Report.pdf

BUNKER LABS

Inviting veterans in

"The narrative around veterans' services is about mental health," observes Devin Sizer, Bunker Labs' Foundation Relationship Manager. "But there's a *lot* of stuff around employment and entrepreneurship."

It can be complex for veterans to re-engage with the mainstream economy after their term of service. On the positive side, many are discharged in possession of valuable skills, from specific technical proficiencies to a general work-ethic grown out of years in structured, demanding environments.

However, veterans also face a variety of obstacles. One of the most universal is geographic and professional isolation: stationed in bases, abroad or at home, many have spent their professional lives up until that point far from the hubs of non-military employment; similarly, many veterans are robustly networked *with each other* but *not* with the general population. Meanwhile, many face other, particular challenges; around four-million veterans are affected by some form of service-related disability.[6]

All of these challenges impact veterans' reintegration into *any* field of work, and entrepreneurship presents specific additional obstacles. As a diverse community, veterans are drawn from across America's demography—including many groups that are systematically underrepresented in entrepreneurship already because of factors that go beyond any complications presented by their former military service. Bunker Labs faces the need this creates head-on by creating inclusive networks that embrace "a mix of veterans, spouses, active duty, and families," according to Sizer. There is also a small percent of civilians with no military affiliation, past or present, who are welcomed into Bunker's programs. Per Sizer, this combination results in a pool of Bunker Labs' program participants that is 42% people of color (compared to about 22% of the overall U.S. veteran population), and 26% women (compared to about 8% of the overall U.S. veteran population). This mixing is valuable in and of itself, addressing one of the main challenges veterans face; by opening its programming to anyone, Bunker Labs takes the first step in helping all its participants create the kind of diverse, sophisticated networks that any onward journey into entrepreneurship will require.

6. "Service-connected disability-rating status and ratings for civilian veterans 18 years and over. *United States Census Bureau*. data.census.gov/cedsci/table?tid=ACSDT1Y2015.B21100&q=ACSDT1Y2015.B21100

"You demystify the process," Bunker Labs' Founder and former CEO, Todd Connor, explains. A veteran himself, Connor speaks from experience about veterans' needs. "With programming and mutual support, you demystify it. If we can build very clear protocols and codify pathways, we can convince vets" that entrepreneurship could be for them.

Launch Lab Online

Bunker Lab's solution is a networked, image-savvy educational platform accessible to anyone, anywhere. Long before the COVID-19 pandemic forced so much activity online, Bunker Labs launched and honed it over time as an ideal way to address several core challenges faced by its service demographic. BXC's grant funding added nearly five-percent to the organization's operating budget, allowing it to expand this network's capacity and, crucially, marketing.

Geography

The first of these is geographic: meeting these potential entrepreneurs "where they are" in a literal sense. Recent veterans of the Armed Forces are coming from years of frequent moves, foreign postings, and potential long-term assignments in base locations that, for the most part, do not have rich ecosystems of innovation—or anything. There's "almost an inverse correlation between duty stations and job opportunities," Connor asserts. "The gap is pretty substantial, and plays out when you look at [typical] veteran employment" as well as entrepreneurship.

Dan Biga, Bunker Labs' Regional Executive Director for the Greater Chicago area, seconds this experience. He remembers facing this "ecosystem gap" himself, back when he was newly discharged from the service. Now he works with veterans and spouses as they face the same hurdles. Coming out of the armed forces in a location where you and your family have made lives, as he describes it, is a disorienting challenge; where you live, where you've worked

may be all that you know—but it also may well no longer offer you much.

This is why, even before the pandemic, Bunker moved to "turn this weakness into a strength," as Biga puts it. By creating a locally-thriving, nationally-connected network for veterans to explore and engage opportunities in entrepreneurship, Bunker indeed met its entrepreneurs where they are—in many different locations. Bunker made productive use of BXC's funding as a chance to expand the base of this network and strengthen its curricular offerings and systems, making an already valuable tool richer and deeper.

Networks

The second essential challenge facing many veterans flows directly from the first: being "where they are" physically, they are both literally and figuratively well outside of the crucial networks that any new business will need to survive and grow.

"*Porous* networks," Todd Connor specifies, warming to one of Bunker Labs' guiding principles. "It's the main challenge faced by veterans: porous, interconnected networks." Veterans, for the most part, are networked with veterans—through private connections made during their own terms of service; through legacy organizations such as the Veterans of Foreign Wars and American Legion, though these have seen a steady secular decline in their membership numbers over the last several decades;[7] and by "newer organizations [that] reflect cultural shifts in a smaller community of younger and increasingly diverse veterans."[8] This shifting landscape faces a continuous shortcoming: the various networks it creates, while invaluable to veterans in many ways, are silo-ed from mainstream society. They are not "porous", to borrow Connor's term. Most veterans entered service young; their early professional careers were spent in the armed forces; they did not enjoy the opportunity to build a broader set of personal and professional associations across their 20s and early 30s. Dan Biga, channeling his and his cohort's experience, emphatically underlines this: "It's the network. It's the network it's the network," his hands lift, "it's the *network*."

This structural exclusion is frustrating when it goes unaddressed by interventions that are not tailored to veterans' specific needs. Many veterans *have* the skills and workplace experience that entrepreneurship requires. They are not missing *content* or background, *per se*; they are missing the spur into thinking about, the pull of someone saying *hey: this is you. You can do this*. "Sometimes it gets oversimplified," Kuriakose observes. "A lot of incubation hubs rely on, 'we're going to put content online; that's how people will learn about entrepreneurship.' And that's valuable, but it's not how people are going to pursue a pathway."

To pursue a pathway of entrepreneurship, veterans—like anyone else—need networks. For capital, mentorship, technical skills, one-off advice, hiring, reality checks, emotional support—everything, really. The industry that has sprung up around analyzing and attempting (with mixed success) to recreate the productive networks of places like Sandhill Road or the business accelerator 1871 in Chicago is a continuous demonstration of both the importance and challenge of creating this kind of effective network. And that's a challenge that comes before, even, "thinking about making those networks accessible for people who aren't already there," notes Alya Adamany Woods—consciously using 'there' as both a physical marker and sense of readiness

7. "VFW snaps 27-year membership decline and adds nearly 25,000 new members". *Military Times*. July 26 2019. militarytimes.com/2019/07/16/vfw-snaps-27-year-membership-decline-and-adds-nearly-25000-new-members

8. "Veterans' Groups Compete With Each Other, and Struggle With the V.A". *The New York Times*. January 4 2019. nytimes.com/2019/01/04/us/politics/veterans-service-organizations.html

and connection. “How do you make sure it’s more than just inviting some ‘community members’ to an event at 1871?”

Bunker Labs Online seeks to do this by facilitating open, ‘porous’, diverse networks that bring veterans, veteran’s spouses and other family members, and *non*-veterans who can benefit from its training and convening activities together to discuss and share opportunities in entrepreneur- and founder-ship. “LaunchLab is free to *anyone*, regardless of veteran status,” Dan Biga emphasizes. This is very much by design; rather than adulterating or compromising Bunker’s work to serve its core demographic, “that’s a major plus for veterans as well,” Biga concludes. Connor elaborates that “to create the right network and social capital, if you only have *veterans*, or only have women, only have *et cetera*—that isn’t enough. If you don’t have connectivity into *diversified* networks you’re not solving it.”

> **“If you don’t have the connectivity into diversified networks, you’re not solving it.”**

Marketing

BXC funding helped expand Bunker Labs’ strategy to address a subtle-but-important impediment to veterans entering entrepreneurship. The Bunker Labs team had long learned that pull marketing had to be a part of their work. They needed to “create environments that *attract* people,” Connor explains. “It can seem frivolous, maybe, for a nonprofit to invest in brand and in telling ‘cool stories’,” he laughs. “It’s expensive! But it’s an expense that Bunker knew it had to cover in order to wrestle attention in a context where entrepreneurship is not front-of-mind.”

The reason is simple, and flows from the structural factors above. Many veterans are in a self-reinforcing loop that exclude entrepreneurship and other non-traditional career paths from their immediate consideration: since they are mostly networked with each other, and veterans are underrepresented in entrepreneurship, newly-discharged veterans don’t see many peers starting up their own businesses. If they are interested, therefore, they may examine their own networks and find that they don’t even know where they’d *begin* such an enterprise. In most cases, they don’t even get that far because other, more familiar paths beckon them in. “Vets just don’t automatically think about this path,” explains Connor. “You have to *convert* them to thinking about it, bring in their interest.”

Dan Biga again reinforces this point with his own lived experience. “It wasn’t until I plugged into the Bunker Labs community” as a program participant “that the possibility of this pathway even occurred to me. They started throwing out ideas that challenged what I was thinking,” which had been limited to more traditional fields: public service and teaching. “They made me reassess where I was, what I could do.”

“People have to be invited,” Connor emphasizes. “We have to be explicit and say, ‘You’re talented. You could do this. We think you should consider it.’”

“It’s not like we’re trying to be a production studio,” he continues, “but if you’re not appealing to the 26-year old who’s getting out of the Marine Corps, you’re not going to win. You *have* to create relevance” to pull veterans in. And then, once you’ve done that, have something to teach them. And a forum where they can connect with their peers. All this, wrapped together, is Launch Lab Online.

WEST SIDE FORWARD

WEST SIDE FORWARD

Serving the “real West Side” since the 1960s

Bethel New Life is a grassroots nonprofit with a deep history in Chicago’s West Side. Sprung from the works of a Lutheran church, the organization has spent decades providing social services like housing for veterans and seniors, career training, access to healthier food choices, and incubation space for other local nonprofits.

Over the last decade, Bethel expanded to include initiatives focused explicitly on economic development. West Side Forward emerged from this new direction; the organization was created as a vehicle for work in economic development and skills-training that served Bethel’s community in a different way than its traditional, faith-based social services. “We had opened up a small business development center under Bethel New Life already,” Ed Coleman,

West Side Forward's CEO and President, explains. "This was rebranding for that new vision, new direction." Entrepreneurship training programs, established in 2012, invite members of the community to "come in with their own concepts, no matter what the business" or what level of education, background, and experience they have.

"What we've done with BXC," Coleman explains, "has been part of this evolution."

Tech Start-Up

Inclusiveness is central to West Side Forward. BXC funding helped the organization pursue it. Residents of "the real West Side," as Ed Coleman calls it, face obstacles that mean many—like Bunker Labs' veterans—never even consider entrepreneurship. And if they do consider it, structural impediments make it hard for even the most committed to know where to begin.

West Side Forward's "Tech Start-Up" program, run out of its new Technology Elevation Center ("TEC 4950", named for its address on West Thomas Street), seeks to help individuals overcome these hurdles. Its first focus is to rectify an unjust lack of exposure; its second is to address real, structural exclusion from mainstream professional and social networks. Finally, Tech Start-Up seeks to empower the potential entrepreneur through skills- and confidence-building.

"No matter what zip code you're born into," Coleman says, "people have capability. They have intelligence, enthusiasm. It's simply a matter of tapping into that."

Exposure to Expertise

Many residents of the West Side have had limited exposure to business-enabling technologies such as coding, app development, and 3D-printing. A central focus of Tech Start-Up is simply to provide this exposure.

"The BXC challenge allowed us to invest in expertise," says Roxanne Charles, West Side Forward's Chief Engagement Officer. "To bring in experts that speak the language" of tech and technology and "to invest in equipment and basic infrastructure needs so that our programs could align technology capacity with" this expert instruction.

"The low-hanging fruit was to invest in what most people would consider basic software systems," Charles continues. "CAD, CAM—so our entrepreneurs can come to our computer lab", use these (costly) tools, and explore their ideas.

These and other investments were the physical, infrastructural component of setting up TEC 4950, Philip Fairweather explains, elaborating on Charles's same theme. Fairweather, as West Side Forward's Business Innovation and Technology Manager from 2017 through 2019, formulated and facilitated much of this new programming. "Then there's personnel, equipment, consultants": the human capital. "If we need somebody to come in and help an entrepreneur with wireframing, or getting the apps coded, for example."

What was exciting to Fairweather was how reliably just doing this—providing interested people with exposure to tech from which they'd been excluded—produced results. "They see these technologies: virtual reality, 3D printing" he explains, ticking down the list. "The key is to get them *in front* of people. To explain how it works: 'this is the machine'; 'this is what it looks like'; 'this is what people are using it for.'" Print a functioning whistle to demo 3D printing, for example, "and then," his hand drops. "Then I let 'em alone. Let 'em alone, and they come back to the next class—*every time*—with ideas."

"Every time you shake the tree," Fairweather concludes, "amazing entrepreneurs come out of these communities."

Networks

"Many business owners who are *not* people of color," Roxanne Charles explains, are fortunate to have financial resources and expertise that they can tap into within their immediate network. Our business owners don't have that. They just don't have that. And that's a challenge for any business, nevermind with a tech business...the truth of the matter is that when you're living in a distressed community, when you're the single income in your household… we have a huge disconnect. We absolutely need more bridges, wider and deeper.

Charles is, of course, describing the chasm—the disconnect between Chicago's racially and economically segregated neighborhoods. This is a reality that Bethel and West Side Forward have worked to overcome for years, and BXC funding supported their latest such efforts in Tech Start-Up and TEC 4950.

The first network that Tech Start-Up concerns itself with is proximate, local. "It's a cohort-based operation," Ed Coleman explains. "With the workshops... a team building setting" allows participants to foster connections *within* their own group, sharing experiences and insights with others who understand where they're coming from. Then, within the context of the space itself, there is also "a lot of mentorship capability " from experts who come in to demonstrate and guest lecture.

Finally, Fairweather details how the cohort goes *beyond* that context: first together, then solo. He describes how each group, confident in the ties it has created within itself, is empowered by the confidence to expand that network. "One-on-one, initially, they often got self-conscious" if thrust into contact with a mentor or expert. But "if I brought them into some incubator, in a field trip atmosphere? They were able to build relationships, ask questions. If they listened to a panel of professionals" as a cohort, together, *then* individual members *would* feel comfortable "connect[ing] with those folks by themselves. They'd go visit these places themselves," *afterwards*, having made first contact as part of a group of familiar faces.

Skills and Self-Confidence

"We meet our participants at their current level of understanding," Roxanne Charles says, echoing a recurring theme of all BXC's grantees. "What we've found is that many of the businesses that come to us for guidance lack understanding of fundamental technology tools," basic necessities such as accounting, and strategic areas like marketing or customer acquisition.

"People try to simplify it into access to capital and having the right amount of business connections," says Coleman. "And yes! Having capital is important. But knowing what to do with it's important, too."

This, then, is the final piece of Tech Start-Up. With its focus on exposure and networking, it addresses fundamental inequities that are outside of its students' control—inequities in education and access that mean many of them have not been exposed to important technologies; inequities in networks and contacts that mean that most of them do not have access to 'friends and family' financing, do not have a 2nd-degree acquaintance on LinkedIn who can 'answer a few questions about the new Android API'. And then, finally, it also works to help its participants feel confident *in themselves*, in their own ability and understanding.

"It's the learning, absolutely… but also the learning that they could learn."

The effect of this pedagogical course can be transformative. It is not about turning people into experts. It's about conveying the fact that yes: they can do this. "It's the learning, absolutely," Fairweather nods, quickly adding: "But also the learning that they could learn."

The key is "giving people [both] the tools and the confidence-building," Coleman concludes. "Convincing them that this is something they can in fact achieve."

He pauses, then adds: "There's a lot to undo."

West Side Forward's Tech Start-up program and TEC 4950's resources enable participants "to go from saying, 'This is what I want to do, to saying 'Well, this is how I do it.'" It meets ambitious, proactive individuals—individuals who have sought out the opportunities it presents, and it helps them bridge the gap between where they are and where—with a nudge—they can imagine themselves being.

Future Founders

FUTURE FOUNDERS

"We believe every youth can become an entrepreneur." This is the first sentence on Future Founders' website[9] and it's one of the first things that Scott Issen, the organization's President & CEO, says. The trouble, as he points out almost as quickly, is that "they might not believe that yet."

"So... how can we *convince* them?" Issen continues. "How can we convince youth that they can create their own opportunity?"

Each of BXC's grantees face a question like this. For Future Founders, it is about reaching young people who are not exposed to their own possibilities. "You can't be what you can't see," Issen says. So "our solution is to reach them early." Future Founders is dedicated to creating a more inclusive entrepreneurial economy by getting at potential founders *early*; running workshops and programs for middle-school, high-school, and more mature 18- to 30-old founders. In all cases they serve a "diverse" base of potential future founders who "want to start and grow businesses but don't know where to begin."

9. futurefounders.com/about-us

"How can we convince youth that they can create their own opportunity?"

Startup Bootcamp

Future Founders' focus on inclusion, underrepresented youth, and tech made the organization an excellent fit for BXC. "We're industry agnostic," Tina Hrabak, Future Founders' Director of Startups, explains. "We have businesses from food to drone technology. But," she emphasizes, "we do deal *lots* with tech," since that's a principal point of fascination for the organization's target demographic.

Future Founders is also entrepreneurial at its core, and it leapt at the chance to align with BXC's spirit of experimentation and novelty. "The big thing that BXC allowed us to do," Hrabak explains, "was to create a program to help idea-stage entrepreneurs." Using the year one funding, Future Founders initiated long-mooted plans to build up what started out known as the "Chicago Cohort" and would eventually come to be called "Startup Bootcamps".

The initial round of funding from BXC was eventually joined by an additional $400k Future Founders received as part of the program's ongoing grantmaking. All of it went into the human and technological capacity required to develop and iterate this brand-new platform. "The program had about as many names as there were years of BXC," Issen remembers, laughing, giving just one visible example of the responsiveness and adaptation of Future Founders' process.

"At a high-level, the Bootcamps are about validation. People coming to the table—or, now, to the Zoom—and they may be in school, they may be out of school, they *never have been* to school...but they want to explore. They want to find out whether they can turn a side-hustle [or] an *idea* into a real business."

Startup Bootcamp is focused at the older end of Future Founders' target demographics; 18- to 30-years olds entertaining the idea of starting actual, active businesses. Each "Bootcamp" starts with an initial group of around 50 people for a "workshop and discussion series that instills a foundation of entrepreneurial skills"[10] while helping them build a support network of like-minded peers. This "Phase 1" ends with a grand finale pitch day that gives each an opportunity to present their business to an outside audience, many of them doing so for the first time. After this pitch day, the Future Founders team selects around 20 of the most intentional founders from the first phase for continued programming and more personalized mentorship and coaching.

Iteration and Growth

Future Founders knew its core demographic: their interests, their aspirations, and the obstacles they faced. And it had long hoped to build a program of this kind. "We identified the need and concept for the Startup Bootcamp program for 1 to 2 years," says Issen. "But were not able to bring it to life as quickly or at scale without funding from BXC." The program, thus, grew up inside BXC's three-year term.

Building and scaling a program of this kind—with its combination of discussion and curricula; its mix of in-person and digital interface—meant discovering *how* to best

10. futurefounders.com/startup-bootcamp/#anchor

empower this demographic using new tools and methods. Future Founders began with a target of "eighty to a hundred [young people] nationally," Hrabak recalls, and "forty or fifty in Chicago itself," with an emphasis on outreach to young women, immigrants, and candidates of color. The cohorts themselves were kept from getting too large: the goal was twenty to thirty people, to allow for both discussion and more direct connections.

Almost immediately, Future Founders saw they had to adapt. The first cohort in 2018 ran for six months and focused more on mentoring and less on business fundamentals. The organization realized that their aspiring entrepreneurs needed more foundational knowledge and exposure to the tactical steps they'd have to undertake in order to validate and launch any business idea. The 2019 and 2020 program cycles, therefore, used a new model that included workshops on customer discovery, tools to test product-market fit, and basic financials. The point was a walk-through of all the steps in bringing a product or service to market, from originating and testing "all the way to sales," as Hrabak lays it out.

The pedagogical aim was correct and necessary; *more* necessary, in fact, than the organization had foreseen. It's crucial to "focus on age and stage-appropriate programming," Hrabak clarifies, and it turned out that—for the age and stage of candidates they were working with—"eight weeks is...*way* too short," she crisply recalls. "This was a major learning. You have to *actively* coach them throughout the whole process," and a workshop a week was therefore far too fast. "The important thing," Hrabak explains, "is realizing that for underrepresented founders this may be the first they're exposed to a profit-and-loss form" or any fundamentals of business training, and that it takes *time* and *personalized attention* to help them skill up.

So, like West Side Forward, Future Founders discovered that *one of* the chasms between some individuals in some underrepresented groups and their nascent entrepreneurial aspirations is the extent to which their educational and social backgrounds have left them without any exposure to the essential tools and analytics of starting a business. In fact, these nascent young founders did not even know what they did not know, which made serving them harder. "*They* did not know what to ask for," Hrabak says, underscoring the fact that the organization had to *discern* the needs before it could even *build* programming for them.

So Future Founders was entrepreneurial: it iterated, adapted, changed. They tooled up their model and drew out the timeline: the content piece became *monthly*, extending the overall length of the program. "That gives us time to flesh it out and get more in-depth," Hrabak explains; it "provides sanity for everyone," participants *and* staff.

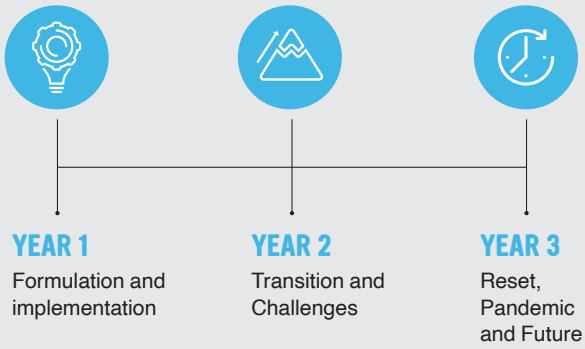
Future Founders fourth cohort finished its cycle in 2020. They ran the initial group with 20 participants in 2018, the first full year after receiving the BXC funding. In 2019 they ran two more cohorts, implementing the tweaks and changes described above. Finally, in 2020, this last cohort finished its Bootcamp in a world vastly altered from the one in which it began, as we'll discuss when we look to the future of *all* these grantees', and their programming, in the final section of this report.

THE PROGRAM'S STORY

Each of these three ESOs made effective use of the opportunity BXC's funding afforded them. Each sought, in their own entrepreneurial way, to create *novel* services and platforms that served their constituents' previously unmet needs. Their stories reveal overlapping and reinforcing themes.

- "The chasm" between underrepresented groups and the opportunities of entrepreneurship can be decomposed into two parts:
  1. These groups' exclusion from networks of capital, expertise, and talent; and
  2. These groups' lack of access to educational opportunities, coupled with the failure of many of the educational resources they *do* receive.
- These two separate-but-related factors combine to create separate-but-related obstacles:
  1. First is a *fundamental problem of social capital*. Not only do potential entrepreneurs from these underserved groups not know how to approach turning their "great idea" into a business—they also don't know *anyone else* who knows. Or anyone *who knows anyone who knows*, et cetera. This draws a curtain between them and the realities of entrepreneurship, even as it might be glimpsed through second- and third-degree social ties.
  2. That lack of clarity combines with their own awareness of skills they may lack or technical subjects in which their preparation is lacking. Except—and this is a crucial difference—where a more privileged potential entrepreneur might not only have a social network that could help them prepare, as noted above, more privileged potential founders may also have internalized explicit and implicit messages that "no one knows what they're doing"; "all founders have a steep learning curve" and the like. While potential founders from these traditionally excluded groups may have internalized quite an opposite message; they see *very few* people like themselves in that world; they receive very few signals that, *yes, this is for you*. And so many conclude that, in fact, it is not. That entrepreneurship "just isn't realistic" for someone in their position—from their neighborhood, or with their work experience, or from their background, or *et cetera*.
- Finally, one class of organization well-positioned to *address* all these issues—which is exactly what preparing people to "leap the chasm" requires: addressing *all* these issues—is direct-service, grassroots ESOs that are closely affiliated with specific groups or geographies. These small and smaller-*ish* organizations have built out operational proficiency and a base of trust with those they seek to serve, often because the organizations themselves sprang from these populations.

The BXC Program Story



Now, this report will turn its focus towards crystallizing these lessons *at the funding level*; *i.e.*, examining the BXC program itself. Common themes emerge in this timeline as well: the grantees' stories contain many consistent elements with respect to their experience over these three years. These elements are reinforced by the narrative offered by those *inside* BXC, at Blackstone and NEXT.

This section will walk through that narrative, year-by-year.

YEAR 1: FORMULATION AND IMPLEMENTATION

As discussed at the start of this report, ChicagoNEXT and the Blackstone Charitable Foundation collaborated to build a program that served a pressing need in Chicago while fitting with each organizations' strengths, limitations, and capacity.

The Foundation brought funding, of course. Equally, it quickly proved its willingness to deploy that funding in a novel and as-yet-untested structure outside the familiar programming originally envisioned.

ChicagoNEXT brought local knowledge and contacts, as well as operational and administrative capacity. Its familiarity with Chicago's tech landscape, in particular, allowed the BXC program to be specific both in targeting specific needs and in locating a cohort of existing ESOs that served those needs and were good candidates for increased capacity. "Figuring out what communities to focus on" was important, explains Alya Adamany Woods, who—with Tony Tolentino at the Foundation—was one of the program's main architects. NEXT's experience and relationships helped them do this efficiently and effectively.

"Chicago had a robust ecosystem of strong ESOs," Tony Tolentino summarizes. The program's goal was to "identify some of the strongest, provide them with capacity...and break down barriers between the organizations."

NEXT's local knowledge made a targeted and efficacious application process possible. In mid-2017, as BXC moved from selection into execution, the working relationship between the Foundation and NEXT evolved. The Blackstone Charitable Foundation is not a high-headcount, high-capacity operational manager. Rather, "it's an entrepreneurial place and it's a nimble place," says Stursberg, the foundation's Executive Director. "In terms of what Blackstone brings to the table," Tolentino elaborates, "it's capital—obviously—and our brand. Executing a program is not in our wheelhouse, and I think knowing that going in is important."

It provided the funding, contributed to collaborative program design, and then stepped back from day-to-day engagement to allow NEXT to administer and manage the program and grantees.

In Alya Adamany Woods's assessment, "we managed these things pretty well in year one." That view is generally echoed by the grantees. In May of 2018, BXC organized a summit that leveraged Blackstone's reputation and contacts to bring leaders from private foundations, city agencies, think-tanks, and the funding community together for a day long showcase at Willis Tower that featured expert panels as well as a chance for several of BXC's grantees to "pitch" themselves to this highly-desirable audience. The summit reflected a reality that both the grantees and the BXC team were aware of: BXC's three-year timeline would pass quickly, leaving the grantees in need of further partnerships to assure the continuity of any new programming they'd developed under it. BXC was designed "to lay the seeds, to have other foundations pick up these orgs," Mark Tebbe says. So "that whole day was about sharing impact" in order to entice future funding.

Year one also saw tentative efforts begin to tie the BXC grantees together as a *cohort*, in keeping with Woods and Tolentino's vision. The leadership of West Side Forward and Bunker Labs, for example, participated in the "pitch days" that became a culminating feature of Future Founders' Startup Bootcamp; Ed Coleman and Todd Connor acted as judges (and, therefore, mentors) to the young entrepreneurs attempting, in many cases, their first formal pitch presentation.

From mid-2017 through much of 2018, the BXC program and its grantees began forging this new path together. Recalling that time, Future Founders' CEO Scott Issen summarizes year one as a promising start that was "an inflection point for the organization."

YEAR 2: TRANSITION AND CHALLENGES

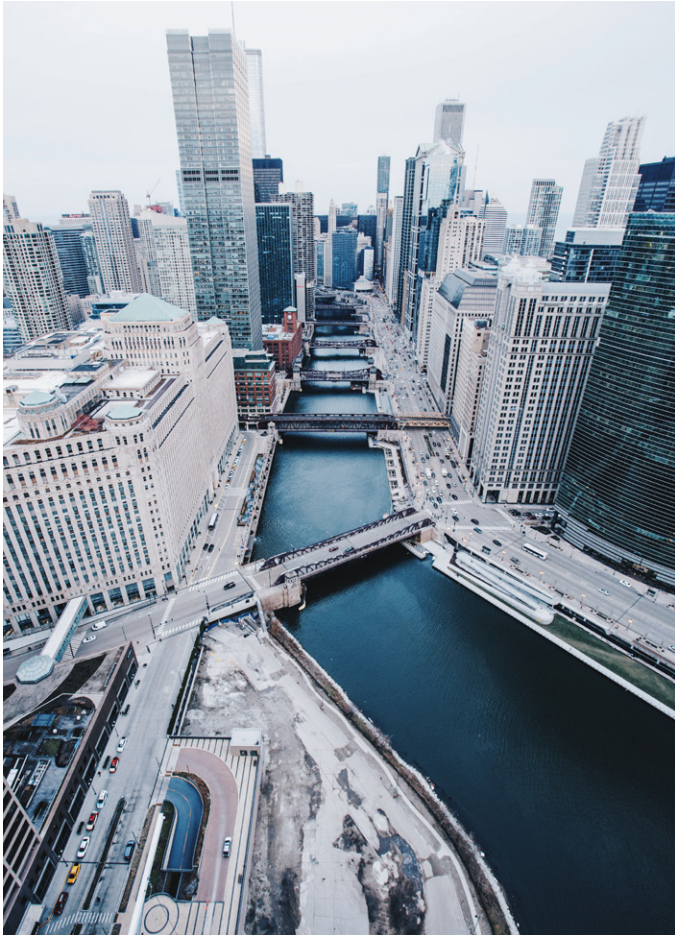
Year 2 of the BXC program did not build upon year one's promise.

Crucially, the disbursement of funds was *not* affected by the turmoil of these months, so the grantees were able to continue building and improving their new service offerings without hesitation or interruption. But they did so in an increasingly silent vacuum in which communication and other key program elements of BXC faded away, until the program *itself* became "virtually non-existent," in one grantee's phrasing of an experience echoed by all.

This interruption of momentum was caused by a combination of factors that differ in cause—some were idiosyncratic and impossible to predict, others programmatic and possibly avoidable. These factors should therefore be untangled into separate threads, especially in the context of teasing out lessons for the future; that is precisely what the "Lessons Learned" section will do later in this report.

As a narrative, however, and especially one *viewed through the lens of the grantees' experience*, these "different threads" *were* twined together into a single rope of events that tugged everyone with them. Describing that—the events themselves, and the grantees' experience of them—is what *this* section will do.

2018 to '19 was a time of transition in Chicago. Lori Lightfoot won a hard-fought mayoral election to succeed Rahm Emmanuel, who had held office for two terms and whose savvy relationship-brokering had set off the chain of events that led to the BXC's existence.



Against this backdrop, both Alya Adamany Woods (ChicagoNEXT) and Tony Tolentino (the Blackstone Charitable Foundation) left their respective organizations in 2019. Neither departure was abrupt; Tolentino had alerted the Foundation to his intentions months earlier, and Woods entered a phased progression from maternity leave to transition out of ChicagoNEXT over a similarly extended timeframe. Beyond the regret of losing two valued leaders, nothing in anyone's account suggests negativity surrounding either Woods's or Tolentino's decision to move on to their next opportunity, or anything but conscientious professionalism in how they handled their exits.

However, these changes did mean that the BXC program lost both of its chief architects within the span of a few months in 2019. Woods and Tolentino were the main axis of connection between the funder (Blackstone) and implementation partner (NEXT); the pair had developed sturdy and consistent communications. This connection, however, was not adequately replicated elsewhere in their respective organizations; as such, their simultaneous departures had a negative impact on BXC's operations.

The first-order effect was that communications became "very challenging," as Scott Issen recalls. "For a long time," Devin Sizer agrees, elaborating, "we didn't have a consistent point person," which led to confusion and a "lack of clarity."

Grantees were unsure, for instance, how or *if* their reports were received. Which made the volume of reporting seem (more) onerous. There had already been some adjustment with respect to that volume: "We had to do 28 grant reports in year one," Tina Hrabak notes, "but got that dramatically reduced to only 12 in years two and three." However, even that level soon began to "feel pointless," Devin Sizer recalls, as the disruptions in leadership meant "there was no communication, or response, or feedback." Sizer summarizes this *worst-of-both-worlds* situation in year two: "BXC's back-end and reporting were both *less* responsive and *more* demanding than any of our other funders'."

This dropoff in communications was matched by a cessation of connective programming. Events in year one like the Willis Tower summit had left the grantees hopeful that the program was "finding its legs, determining its priorities," and that its convenings would continue and strengthen as the three-year term progressed. Instead, networking and convening activities stopped happening, meaning that the BXC program was no longer facilitating connection between the grantees and either broader external networks *or* to each other, as a cohort. The result, in the words of one grantee, was that "we really haven't done anything with the other two organizations." Without diligent facilitation by a convening authority, "we're so focused on just getting the programs running" that the individual ESOs—and their hard-working teams—did not have the bandwidth to forge further ties; returning them to essentially the same situation, *viz*. their sibling organizations, that they were in *before* the advent of the BXC initiative. "The connections ultimately weren't strong" between the organizations, Ed Coleman observes; Todd Connor similarly admits that he's "not had specific engagement with the other two orgs." Both of these acknowledgments—made in sadness, not anger—are noteworthy because these are the two leaders who *had* participated in one of the only concrete interconnections between the organizations, when they had served as judges for Future Founders' pitch day. But the promising possibilities suggested by that collaboration never had the chance to flourish and develop.

The reader, at this point, may be curious about the totality with which Woods's and Tolentino's departure appears to have undercut BXC's programmatic execution. Even if one allows for the possibility that the initiative was over-reliant on these two individuals and their connection—a possibility explored in the "Lessons Learned" section, later—questions arise. To answer them, we must first briefly loop back in time, because these questions are answered by the thread

of the year 2 narrative, which—for clarity's sake—we've not yet recounted in detail.

In 2017, at the program's inception, ChicagoNEXT and Blackstone had sought a program director for BXC. This dedicated staffer was to be the nexus of and ambassador for all of BXC's efforts; they would report to NEXT's Director (Alya Adamany Woods, at the time) and serve as the hub of BXC's activities and communications, managing contact between the grantees and sponsoring organizations, facilitating the programming that connected grantees to each other (with assistance and support from the sponsoring organizations), and be out-and-about as the face of BXC and its grantees, working to integrate the ESOs and their service populations into Chicago's dynamic networks of finance, talent, and mentorship.

NEXT and Blackstone sought, and they *found*, such a program director. And the thread this begins, to keep the sequence and dependency of events clear, is the emerging and increasingly damaging mismatch in skills and focus between the requirements of that position and the skills and focus of the individual they had hired to fill it.

The hiring decision was thoughtfully made. BXC was designed to empower ESOs working to connect aspiring entrepreneurs from underserved demographics to mainstream networks of capital and expertise. NEXT and Blackstone, in seeking the leader and face of this program, sought someone who connected to each component of that mission: an entrepreneur who had faced these same challenges; an energetic networker with marketing instincts and an empathetic connection to the position of the grantees' constituencies.

The person they hired seemed like a great fit. Not only "perfect on paper," as Mark Tebbe notes, the candidate impressed everyone at NEXT and at Blackstone with energy and entrepreneurial commitment. Quickly, however, tensions and questions emerged. The new hire was committed only "half-time, at best." This might have been fine—Tebbe *et al* knew they were hiring an active entrepreneur—but it was matched by a lack of transparency in communications regarding the extent and nature of those commitments; Tebbe learned of one of the program director's most demanding startups third-hand, from a radio interview, as a "total surprise."

These hitches in accountability quickly manifested themselves in program execution. As noted above, while the grantees are consistent today in expressing appreciation for year one's convening efforts and in recalling their optimism that these efforts would continue and improve, it must be noted that they were consistent in their sense that these early efforts lacked a sense of purpose and organization,

and in the specific hope that BXC would "invest more in planning" as it matured into years two and three.

The grantees were also impacted, even before year 2, by lapses in oversight. They uniformly noted a frequent absence of programmatic check-in that was *disappointing*, starting in year one; disappointing because it represented a missed opportunity to leverage broader networks of expertise housed in Blackstone and NEXT to improve on their work *via* feedback to their reporting, *et cetera*. Philip Fairweather, at West Side Forward, frames it thus: "You don't want someone breathing down your neck. But you do want someone from the funding organization in there, checking in," assuring that "things are being done the way they need to be done."

This lack of administrative consistency ultimately created serious challenges at the organizational level. Blackstone grew increasingly frustrated by the fact that its own need to be kept abreast of the grantees' progress was not being met; ChicagoNEXT was caught in the middle as the intermediary between the program director and Blackstone. Finally, these tensions culminated in the departure of the program director in March of 2019—right around the time of both Woods's and Tolentino's own exits.

In sum, this meant that the BXC program spent its first year-plus of operations accommodating, with mixed success, the fact that the program director was only partially fulfilling the

> **"[Bunker Labs, West Side Forward, and Future Founders]... had worked consistently throughout the communications disruptions and leadership changes, and each had much to report on how they were using BXC funding to develop novel programmatic solutions for their core service demographics."**

requirements of that role; and that it then lost, in the space of a few months in early- to mid-2018, the program director, Tolentino, and shortly afterwards Woods; *i.e.*, the person whose job it had been to look after the program and the two people who had served as backstop and balance, filling in and mitigating inconsistencies in execution.

This meant that BXC moved into year two in a precarious state. "The results from the eight grantees," Mark Tebbe acknowledges, "weren't as strong as they could have been." Nonetheless, based on what information *was* available, a core of four of the eight grantees were determined to have been consistent and effective in their use of year one funding, and these four were selected for further grants through years two and three.

Unfortunately, the most acute knock-on effect from year one and two's missteps in oversight were only revealed once this decision had been made. Moira Hardek, a leader with a long background in tech and startups, came in as an interim project director on the BXC program in early 2019, as Alya Adamany Woods began her own transition out of ChicagoNEXT. Steering the program back on course was Hardek's pressing concern, and Abin Kuriakose credits her with quickly bringing operations and communications "back into a regular day-to-day" state of normalcy.

As part of these efforts, Hardek worked to get NEXT up-to-date with the details of each of the remaining four grantees' activity. Three of those four organizations are those whose narratives make up the body of this report: Bunker Labs, West Side Forward, and Future Founders. These three had worked consistently throughout the communications disruptions and leadership changes, and each had much to report on how they were using BXC funding to develop novel programmatic solutions for their core service demographics.

But one of the four remaining grantees seemed stuck. Even by the uneven standards of reporting that had been in place before Hardek's arrival, this grantee had demonstrated very little concrete progress in deploying funds. And the more Hardek examined the situation, the more troubling it became. Vagueness and evasion characterized her interactions with this grantees' leadership; they claimed to have developed apps and online tools but could not produce any evidence of the same. "Just send me the link'," Hardek recalls telling them, "prototypes, wireframes, whatever. Any work that you've got, just so that I can see it."

Nothing ever came, and it became clear that this organization had not created any of the digital access tools it had described in its application to BXC, nor pivoted to alternate solutions or efforts. It became equally clear that it had never been subject to pressure or questioning by BXC's program director as to why this was the case—or, if it had, that the director had never relayed its progress, or lack thereof, to anyone else at NEXT or the Foundation. The situation Hardek uncovered was an unpleasant surprise, especially in contrast to the other three remaining grantees.

Without indulging in conjecture or conclusions as to why, exactly, this organization had so comprehensively neglected to produce anything with the funds it had been granted, Hardek recommended with regretful confidence that it be excluded from the BXC program henceforth; from any further funding, of course, as well as association with the cohort and any ongoing programmatic activities. ChicagoNEXT and the Blackstone Foundation, sadly but confidently, took her recommendations and removed this fourth grantee from the BXC program.

YEAR 3: RESET, PANDEMIC, AND FUTURE

Throughout the disruptions and challenges of year 2, all three grantees featured in this report—the three ESOs that comprise the first full cohort of this pilot program—discharged both their reporting obligations and, more importantly, continued to deploy grant funds in iterated, evolving programming dedicated to their core constituencies.

As BXC entered year 3, Moira Hardek was instrumental in getting the program back on track by reengaging the three successful grantees in regular communications and undertaking the painful but necessary correction required when she uncovered the situation with the non-performing fourth grantee.

The next step in the reboot came as Abin Kuriakose took over from Moira Hardek. Hardek is uniformly credited with normalizing the program, but her tenure had always been framed as a stopgap. As Kuriakose transitioned into his new role as Director of ChicagoNEXT, he also took the reins on the BXC program and went to work with Mark

Program Data Over Three Years

Number of Potential Entrepreneurs Engaged by Cohort Programs	**175,420**
Number of Entrepreneurs in Cohort Programs	**8,426**
Number of Courses/Workshops Held	**1,725**
Number of Jobs Created	**316**
Number Companies Formed	**81**
Number Companies Generating Revenue	**203**
Entrepreneur Capital Raised	**$253,500**
Entrepreneur Revenue Generated	**$242,251**

Note: *Grantees made shifts in programming during 2020 to serve entrepreneurs during the pandemic with online content. Potential engagement includes all those with access to virtual content through COVID-19 grantee programming.*

Source: *Grantee reporting*

Tebbe, NEXT's Chair, to bring the remaining three grantees together and re-set the agenda. Everyone met in August of 2019. Their goal was to "change the tone, re-focus on programming," Tebbe recalls. "Ask the grantees, you know, 'what do you need?'"

The grantees *did* need things. They also had questions. They wanted to understand what the remainder of the program's three-year timeline would look like; if they could expect further funding moving into year 3; what the program's future might look like *after* that point. They wanted clarity on their current status and immediate future.

Their clearest request, beyond this clarity, was for the networking and marketing activities that had begun in year 1, but dropped off in year 2. "They all spoke up for stronger connectivity in the Chicago tech niche ecosystem," Kuriakose recounts, "including—of course—to the funding community. When you actually get down to it, in the business of nonprofits, that's what you need to do."

"Diversification is always a priority for fundraisers," confirms Devin Sizer. Especially in the position the grantees were in: having begun and developed burgeoning new programs, they were unsure what would happen after the pilot program. It had always been time-limited, of course, but the loss of much of year 2 meant that the grantees were "looking at the ledge," as Hardek puts it, with less programmatic support for and discussion of what might come after than they'd hoped to receive.

Kuriakose, still new in his own role, began working to "de-silo the grantees," to find ways "to be a champion for" these three dynamic organizations in ChicagoNEXT's network of funding opportunities and strategic partnerships. In addition, a more detailed "cohort program" was finally drawn up with the intention of crystallizing that aspect of the program in its final year.

But as the team began to implement this reset, fall gave way to winter and then the COVID-19 pandemic hit. This changed *every* plan, global and local. As economies went into lockdown beginning in March 2020, the three grantees and the BXC program had to adapt as economic, social, and political activities were thrown into uncertainty and, in many instances, crisis.

Flexibility again was important. The grantees' responses are discussed below. The *program* itself also pivoted quickly. It had undisbursed funds from the collapse of that original fourth grantee; the plan had been to distribute those funds in June of the year. But "we accelerated that after speaking with the grantees about their needs" at the start of the crisis in March, David Wachtel says. This led to the infusion of an additional hundred-thousand dollars in grant funding to each of the three remaining grantees in a timely fashion, as each was caught in a state of reaction to a swiftly changing situation.

This uncertainty persists. As of this report's publication in fall of 2020, an ever-changing "new normal" has transformed daily life while refusing to cohere into dependable projections for the next six months, nevermind twelve or eighteen. All of which raises the stakes of this report's findings and of the continuation of programs like BXC; programs that support and increase the capacity of organizations such as these three grantees. Issues of connection and access that urged the necessity of organizations like Bunker Labs, West Side Forward, and Future Founders *before* the pandemic have both changed and grown even more pronounced. These realities accumulate in conflicting pressures, both distracting from and heightening the value to society of efforts to assure a diverse, well-equipped pool of active entrepreneurs.

This report will conclude, now, by turning towards the future. First, it will examine lessons learned from the BXC program that could be applied to similar, future programming seeking to increase the inclusivity of American entrepreneurship. Then, it will turn to the prospects facing these three grantees—and organizations like them—as they work to address the global COVID-19 pandemic. Finally, it will consider the ongoing importance of preparing for the world *after* COVID-19, and the importance of beginning those preparations now.

LESSONS LEARNED: VALIDATION AND ROOM FOR IMPROVEMENT

This section seeks to distill the numerous first-hand accounts of the BXC program on which this report is built into qualitative takeaways. It is organized along fluid definitions of "program design" and "program execution"; the delineation between these categories is not meant to be absolute or instructive, but instead to serve as a way to structure the discussion. Individuals and organizations are encouraged to parse these findings in whatever way makes most sense for their context and needs.

The lessons below will be organized thus:

- Questions of **program design** are treated first, with both clear successes ("validations") and ambiguous or less successful aspects ("room for improvement") explored; and then
- Questions of **program execution** are given similar treatment in their own subsequent section

The discussion suggests, ultimately, that BXC's successes and shortcomings often stemmed from the same root causes: single facets of the institutions behind the program, or how they related, which had both positive and negative impacts. There is an evident meta-lesson in this impression, the sort of truism that it never hurts to reinforce once again: it is the responsibility of every organization to contend with and understand itself as it is. Undertaking an intervention of this kind—or, indeed, of any kind—requires an awareness of how many facets of organizational focus, capacity, and identity contain the yin/yang duality of both strength and weakness.

There is another point to note before moving forward; or, perhaps, the first specific lesson learned:

The existence of this report, in and of itself, should be validated as evidence of the kind of transparency and self-assessment that is required for initiatives like this—and the sector as a whole—to move forward.

Both the Blackstone Foundation and ChicagoNEXT have submitted to scrutiny, willingly; they have done so knowing that this will reveal "challenges" and "shortcomings" in the program and how they approached it. The grantees have been encouraged to share their experiences with candor and transparency; this report has relied on their openness throughout. This kind of assessment is vital to assure that the *next* such implementation is more impactful still, and the next, and the next as the sector progresses.

For all of these reasons, the focus here will be "lessons" and not "recommendations". This section will seek to accurately recount *this* program and *these* grantees' experience, leaving it to future practitioners to apply its findings as they see fit in their own work and context.

PROGRAM DESIGN

Validations in Design: Local, Large-Scale, and Sustained

The three anchoring principles of BXC's funding hypothesis—that local, direct-service ESOs could effectively utilize large-scale grants to develop new programs and services over a sustained time-frame—was supported by the performance of these three grantees.

At the start of the BXC program (and this report) a set of then-novel assertions defined the scope and shape of the funding agenda; these were hypotheses about elements of programmatic design that might best empower ESOs dedicated to bridging the chasm between specific underrepresented groups and the potential gains of entrepreneurship as a readily available choice.

Local

The Blackstone Charitable Foundation and ChicagoNEXT collaboratively pivoted from Blackstone's original plan to a novel concept, one that spoke directly to a pressing problem: the chasm between those *left out* of Chicago's world-class downtown and university networks of capital and expertise in technology and entrepreneurship.

In designing the BXC program, Blackstone and ChicagoNEXT committed to devolving authority and execution to grantee ESOs—anchored, operating grassroots organizations that had experience working with, and had earned the trust of, the communities they served. "Trust is a challenge," Ed Coleman notes. "Trust is not a plentiful commodity...teaching people to trust is a key challenge."

This focus was also consonant with BXC's goal of spurring new solutions that increase inclusivity in entrepreneurship. As noted throughout this report, this meant that the funding

agenda rewarded entrepreneurship in the grantees themselves, as well as in the people these ESOs served. Young, local, smaller direct-service organizations were not only amenable to these goals, but primed for them—and primed to operate in the mindset of discovery and uncertainty that such entrepreneurship requires. BXC's potential was well-served by the rapid, responsive feedback and flexibility that characterized all three of its grantees' use of funding.

Large-scale

One of the most decisive elements of the BXC program was that, having chosen to focus on smaller ESOs directly serving specific populations, it limited its number of grantees—first to eight, then to four (and, by circumstance, three)—in order to assure that each individual organization received a significant influx of funding. As comments throughout this report have made clear, this was an unusual and welcome opportunity for many of these organizations. It is only in the last year or two that inclusion in entrepreneurship has come to be seen as a social justice issue; Moira Hardek notes that "for a long time, people would point to other problems" as more worthy and pressing. BXC operated ahead of this curve, offering significant funding to undercapitalized but proficient organizations that were ready to deploy it into developing new programs and services.

All three of BXC's anchoring principles—local, large-scale, and sustained—worked together as an interconnected whole. Much as an effective bridge needs all of its parts—suspension cabling; deck for passage; pylons with firm and deep-rooted foundations—so too does a program like BXC require mutually reinforcing elements to succeed.

Sustained

The third of BXC's mutually-reinforcing elements was the *sustained* timeframe of its grant-making. This was also, as many participants observed, unusual; it was novel to offer sustained funding for services that *didn't exist yet*, to *develop them*, rather than to proven, existing solutions.

The risks of such a strategy are self-evident. It is that big bet, that "leap" across "the chasm." But the grantees' success makes its rewards clear, as well. BXC's design squared a circle that many such smaller organizations face: the only way to get sustained funding is to have a proven, up-and-running service or intervention. *But* the pilot funding that is generally available is insufficient—in amount and duration—to support the development of any such program.

BXC's sustained timeframe allowed the ESOs to plan on the order of months and years, rather than weeks and months. This meant they could, and *did*, take the time to iterate and improve programming, reversing and pivoting if necessary; it meant they could *plan* on their ability to do so and work intentionally, rather than simply in response to events. And it meant they could engage at least the first few cohorts in these new services without worrying about the sudden reversal and loss of trust that comes when a project is abruptly cut off midway through.

In fact, parsing the grantees' response to year two's disruptions reinforces the importance of this program element. The fact that all three of these organizations

worked steadily throughout year two, improving on their programs as planned despite BXC's confusing and near-total disappearance, is testament both to the quality of their self-governance and to the criteria that selected them. And it is interesting to note that, upon resumption of normalized communications in year three, the grantees' most urgent questions were on the topic of sustained funding. They pressed Abin Kuriakose and Mark Tebbe, as BXC's representatives, to shed light on what they could expect from BXC to help them connect to ongoing funding partners who might assure the continued existence—and improvement—of the new services and programs they'd developed under BXC's three-year term of giving.

Room for Improvement in Design: Selection, Networking, Timeframe, and Data

Selection

LESSON //

Effective selection may depend on an entity with built-in local knowledge; without this, the cost—in time, money, or both—of creating a successful cohort may be prohibitively high.

The process by which the BXC program selected its initial eight grantees can be considered a success.[11] The "improvement" in this case, therefore, is *not* because something was not executed well. Rather, the selection process *was* well-performed, but in a manner that leaves important questions unanswered. These questions are relevant for anyone seeking to emulate such a process in the future, especially in pursuit of a similar funding agenda dedicated to the development of novel services that do not yet exist.

A central question is how to duplicate the local knowledge that ChicagoNEXT brought in as Blackstone's local, operating partner. Tony Tolentino thinks the answer is simple: "If Blackstone were to do this again, or any foundation...to work on the ground, go hyperlocal or regional—you have to rely on a local partner. A local partner provides credibility, helps navigate the politics, the ecosystem."

ChicagoNEXT's contribution to BXC was invaluable. In order to run an efficient, timely, targeted application process, NEXT deployed local knowledge and contacts that were idiosyncratic not just to the organization, but to specific individuals within the organization. These are exactly the kind of vital assets—local knowledge, local contacts—whose absence could stymie a program like BXC before it even got off the ground; they are exactly the kind of assets Tolentino is speaking of when he says that a local partner is invaluable.

However, this valuable practical data-point only reinforces the necessity of having these assets: local knowledge, local contacts. It is not proof—even as loosely as one might use "proof" in this context—that a local partner is necessary. It is certainly not proof that a local partner of NEXT's particulars (part of city government, *et cetera*) is necessary. This is not to say that NEXT's contribution to BXC specifically was not essential; it *was*. The question is for future funders considering similar initiatives; the question is whether they should follow the precise template of BXC's partnership, or whether there is latitude to acquire these same essential local assets through other means.

Because BXC so heavily relied on the least reproducible of these options—the specific knowledge and experience of specific individuals at a specifically-constructed organization (NEXT), and because capturing process and data regarding selection was not part of the program from the outset, this stands as an important and unresolved thread. A hypothetical future funder of a similar program *would* need, somehow, to obtain this expertise. The unresolved question, which could be valuable explored to provide options and choice, and thus expand opportunities for this kind of program to flourish in the future, is what *range of options* might exist for obtaining the local assets required to formulate, select, and implement a responsible and beneficial regional, city, or hyperlocal program of this kind.

Networking: Cohort

LESSON //

It is important that any time spent "convening" is designed to be maximally efficient and productive. Prior to launch, a program such as this should carefully lay out specific goals for its efforts to connect grantees to each other and external networks, and these goals should remain the foundation on which any event or convening is based. Events that lack this specificity of purpose frequently fail to be value-added for small organizations, which are inherently capacity- and time-constrained.

11. The fact that one of the final 4 grantees should not have been selected, certainly for ongoing funding and perhaps for the program at all, is a failure of *oversight* rather than of *selection*. No process is perfect, and it was in failing to *catch* the issues with this grantee that BXC—and its program director—can be said to have failed. This will be discussed as part of that topic, therefore: execution issues in oversight.

The grantees were uniformly pleased with the prospect of networking with one another, the potential value of which is made clear in each of their narratives, above. Most recall an optimistic sense of how these efforts began in year one. The optimism was tied to the hope that—much like their own new initiatives—BXC's convening know-how would improve over the course of the program's three years.[12]

The unresolved question here is how, in the next iteration of a funding vehicle like BXC, the centralized networking events might "hit the ground running". This question is all the more pertinent *because* there were reasonable explanations for why BXC in year one "did not have a great content plan", in one grantee's articulation of a widely-expressed view. These explanations include the fact the funder is a non-local foundation that is not and had not presented itself as an operational facilitator ready to plan events or formulate curricula; and, that the program was administered by a local economic development agency that, while experienced at convening, was itself managing multiple other initiatives.

In other words, the circumstances that presented challenges to pre-planning could easily be replicated in future similar funding contexts. So the lesson to be flagged is probably simply to consider how to "investment more in planning up front," as one grantee recommended. Moira Hardek imagines "a sustainable version" of future programs that might be, in inception, "a little slower, with more community input in decisions" that focused less on marketing initiatives and more on operational details such as when and how convenings were organized and what the gatherings focused on.

Nor need care and rigor in *pre*-planning translate into rigidity and inflexibility in execution. While any future, hypothetical program would be well served by adroit management that was aware of and could articulate these two distinct and potentially co-interfering goals—*i.e.*, both *having* a plan *and* being flexible in the face of grantees' evolving needs—it is *not* the case that they are definitionally mutually.

There is little question that the aim of conducting events (virtual or in-person) that gather a cohort of grantees of this kind is potentially value-added for the participants. Recall Tolentino's hope, at the program's inception, that this cohorting could prove to be its "secret sauce." For these busy organizations, having the *opportunity* to network with potential partner organizations—to share learnings, or forge actual material partnerships, or determine together which of these possibilities might work—is both beneficial and *not* something it is easy for them to create on their own.

The lesson is to be aware of how potentially complicated setting up such opportunities can be, and thinking about how—given context—any future programs of this kind can and should begin planning, earlier.

Networking: Funder

LESSON //

The successful and trackable contribution of the funder's non-financial resources—employee expertise, network contacts, etc.—can be as important as the grant funding itself; it should be planned with the same specificity and intentionality given to monetary grants in order to assure effective, duplicable "allocation."

This takeaway is focused on design, intentionality, and planning; in execution, as noted below, two of the three grantee orgs *have* forged promising future partnerships with the Blackstone Charitable Foundation.

As the program moved through its first two-point-five years, graduating from a somewhat bumpy to promising start, to the disrupted and disrupting year two, to the nascent rebuilding of year three, all grantees recall an experience of disappointment with the level of engagement they had—or did not have—with the Blackstone Charitable Foundation and, perhaps more importantly, Blackstone itself. This was in part due to the reality of the working relationship between Blackstone and ChicagoNEXT; *i.e.*, that the Foundation would have little to no direct contact with the grantees, who would instead be overseen by ChicagoNEXT and the BXC program itself in the person of the program director. (It is worth noting, in that context, to observe that the grantees' sense of disconnection from Blackstone *pre*-dated the eventually acute problems created by the program director's performance.)

The crux of this issue, which contains the germs of the affirmative lesson articulated above, is that the grantees were disappointed *because* they were so attracted to the tremendous *non-financial assets* they hoped Blackstone could bring to this space and, specifically, to their own organizations. Their lack of contact with it throughout the program, exacerbated but not originated by the total lapse in communications in year 2, was therefore disappointing as an unrealized, exciting possibility, by the fact that they all felt Blackstone's brand, culture, and experience in entrepreneurship could contribute to their operations and

12. To reiterate this point: the issue here is *not* the cessation of networking activities in year 2. This was an issue, of course—but not what is being highlighted in this section. Rather, these are unresolved questions raised by the design and implementation of BXC's cohort programming *when it was running as intended* in year 1.

to the prospects of the individuals who come to them for training and empowerment.

Happily, as BXC righted itself and drew to a close in year 3, two of the three grantees *have* forged exactly this kind of tie. Future Founders has been contracted as a program partner for Blackstone's LaunchPad programs, and Bunker Labs is piloting a mentorship opportunity connecting its emerging entrepreneurs to Blackstone's pool of experienced, expert employees. Todd Connor emphasizes the value of this: "It signals to entrepreneurs that are just getting started" that they can and should be taken seriously, he says. "It's an invitation to participate."

It is to everyone's credit that this crystallization of potential emerged from year three's revitalization of BXC. In future, especially in a future program with *more* grantees, or a *longer* timeframe, it would be beneficial to *plan* and *integrate* this kind of connection into the programmatic core. Like every type of direct-service organization, ESOs have particular needs. It is probable that the consonance of these needs with a corporate funder's *non*-financial resources might be a typical feature of any BXC-like funding, since it is likely that corporate funders whose identities are tied to entrepreneurship will be attracted to this kind of funding agenda. Indeed, *any* funder of scale—foundation, corporate foundation, university competition, or public program—is likely to possess institutional capital that could be valuable to ESOs and their service demographics. This capital represents a tremendous opportunity to add value—value that might even exceed that of any capital it disburses; keeping its non-financial capacity siloed too far from the grantees to whom it extends funding could be a missed opportunity to multiply that funding's impact. In order to assure that this potential is realized, with minimal frictions on the funder's side and "hustle" on the grantees, any future program would do well to carefully plan towards it *beforehand*, treating the "allocation" of these non-financial resources with the same specificity and intentionality it gives to the dispersal of its grant funding.

Sustained Timeframe

LESSON //

Funding over an even more sustained timeframe would allow for even greater iteration and programmatic development, bringing grantees closer to scalability and sustainability.

This lesson is simple and built on one of BXC's successful hypotheses: its three-year duration. Providing this scale of funding over a sustained time-frame to organizations and

projects that are *at the pilot stage* was a novel and potentially risky solution; multi-year funding programs are, of course, not uncommon—but they are generally reserved for either larger grantees or scaling/growth-stage activities (or for interventions that fit *both* those limiting criteria). True to the culture of its sponsor organizations, the BXC program took a risk on unproven programming from younger organizations.

What this achieved has been outlined in each of the three grantee's narratives, as previously mentioned. The ESOs featured in this report used their BXC funding to develop plans that required time and iteration—plans that had, until then, gone unrealized in large part due to a lack of steady, adequate funding to entrepreneurship with a social justice lens.

This specific funding agenda was novel in 2016–17, when BXC launched. It remains unusual as of this report's publication in late 2020. And its validation is manifest in the programs themselves and, somewhat ironically, in the fact that the uncertain future facing each is worth being concerned about; *i.e.*, the fact that—in each case—worthwhile programming was created, the details of which are still being perfected.

The lesson is that the timeframe could be even longer.

This is true not only because of the self-evident fact that, with time as with money, more is usually more. It is true because, with duration, there are threshold factors. There is a length of program *beneath* which, for example, ESOs simply wouldn't have time to develop and implement new programming. BXC's three-year span cleared that threshold, but narrowly. Each of these grantee organizations took one to one-and-a-half years to ramp up and begin offering new services; this was facilitated by the agility with which each transitioned from "launch" to an "iteration" period during which they were *offering* the service to their target communities while iterating and improving as they went along.

To varying extents, all three grantees' are still in this "iterative" phase with the programming they used their BXC

Tracking: Data and Impact

	Entrepreneurs in Cohort Programs	Courses/Workshops/ Events Held	Jobs Created
Bunker Labs	5,795	703	—
West Side Forward	401	544	32
Future Founders	95	228	135

Source: *Grantee reporting*

funding to develop. Which means they have yet to achieve steady-state stability or gather compelling, detailed, rigorous data on their outcomes and efficacy. This is not a critique of the grantees themselves, but a truistic observation about how long things take. It takes time to design, implement, tune, and then run programming for enough cycles to amass a body of evidence that argues for its existence. But this is precisely what ESOs like the three BXC grantees must do, because it's what they must bring to other foundations and potential corporate donors as they seek future partnerships to *keep* these new programs running, growing, iterating, and improving.

So how long is "long enough"? What time frame ensures that a lean, small-*ish* ESO such as these three grantees would have time to design, implement, and cycle through several rotations of some new service offering, gathering enough evidence to make a compelling case for funders' support? There isn't a definite answer, of course. But the experience of BXC suggests that three-years is a start but is not *quite* enough. Another eighteen months to two years would probably make a difference, and might be what is required for many small, lean, well-managed ESOs to cross another threshold: one that allows them to gather data and begin to construct a convincing qualitative and/or qualitative narrative for funders and institutional investors who they hope will support the continuation of their work.

Tracking: Data and Impact

LESSON //

Even with iterative, early-stage programs, planning should be done up front to assure tracking of specific, selected metrics; using these metrics and industry-standard developmental evaluation[13] techniques will help grantees and further the sector's understanding of innovation.

13. "Evaluating Social Innovation". FSG. fsg.org/publications/evaluating-social-innovation

There are a number of assertions that can credibly be made about the BXC program's outcomes. The new services designed and implemented by the three ESOs featured in this report appear to be, based on participation, valuable to their core constituencies. Each ESO also emphasizes that BXC funding was either essential to or instrumental in their ability to initiate or expand these programs. Anecdotally, the stories behind each are illustrative and heartening, suggesting methods by which inequalities in access to entrepreneurship can be mitigated by thoughtful intervention.

But neither the initial analytic challenge of considering what data to capture nor the operational challenge of actually *capturing* that data were addressed in BXC's founding program design. As such—and as distinct from any issues of program execution—the data tracked that emerges from this pilot effort are idiosyncratic, hard to verify, and useful only as orienting values regarding high-level illustrations of its grantees' activity; what is missing is robust comparable measures that could be used to work out the program's impact or, even, outcomes.

The table above (Tracking: Data and Impact) is an object example. The question is not whether the grantees made a good-faith effort to capture data; there is no reason to doubt the evidence that they did. And these data *are* useful on a qualitative, narrative level: as illustrations of differences between the grantees.

But while these discrepancies can be useful to note, the lack of a standardized rubric for reporting and measurement also means that they invite as many questions as they resolve. Does this reveal something fundamental about their populations, or their programs? Does it matter that Bunker Labs, from its much larger pools, does not claim to have created any jobs? Or is that another accident of reporting?

The intrusion of questions like this is *not* necessarily the fault of the grantees' reporting acumen, either in this case or as a general rule. There are numerous possible explanations for any of these oddities, and data always comes with oddities and questions attached. That is precisely why it is so

important to standardize definitions and oversee reporting if a viable set of forward-looking data are to be gleaned from any intervention. These grantees are diverse in mission, activities, and populations served; finding a single set of uniform indicators to track all of their work would always be a non-trivial research agenda. It's made even more complex by the fact that, in this specific case, the programming and interventions are *themselves* moving targets that change and evolve over the funding period; this might mean that a responsive and evolving set of metrics would be required to adequately track "what's going on."

All this is further complicated by the fact that applying traditional performance indicators to *any* of these ESOs may create an inaccurate or unduly negative impression; the businesses whose creation they are facilitating are not going to perform well on standard metrics of either commercial entrepreneurship or traditional philanthropy. But this is very different from those businesses being failures or lacking in value to their founders and communities, which means that tracking the *wrong* indicators presents an actual *risk*, as well as a potential waste of time and effort. Which flows to the final point, regarding time and effort: in a pilot program, it is reasonable to imagine that the focus may be on design, execution, and on-the-go adjustment rather than planning, tracking, and data analysis.

The point here, therefore, is to make a suggestion rather than issue a critique. In order for funding strategies *such* as the BXC program to become more widespread, they will have to do a hard thing: track data from the outset; meaning they will have to know, at the outset, *what* data to track; meaning they will have to know, at the outset, what analysis or research agenda will be most useful *after* the program is included. This is a very hard circle to square. It must be quickly acknowledged that *all these things are hard*; they are costly in time, expertise, and—probably—funding. But they also must be mentioned because, without them, it will remain difficult to make any definite statements at all about the material *outcomes* of funding such as this, nevermind the even more challenging proposition of attempting to understand, and eventually the more challenging prospect of measuring true *impact* of such a program—meaning how the world might look if it had never been.

PROGRAM EXECUTION AND IMPLEMENTATION

We shift now from a focus on the hypotheses and *ex ante* planning behind BXC to examine what happened once those plans made contact with reality. Again, this organizational rubric—"design" vs. "implementation"—is only offered as a device to achieve clarity in discussion. There are aspects of "design" that will strike some readers as having more to do with "implementation", and vice versa. The taxonomy is unimportant; what's important is the substance of the lessons and what future designer/implementers may put into action as best they see fit.

Validations in Execution: Flexibility and…Flexibility

LESSON //

If you are going to work to build entrepreneurial communities and organizations, you must do so in an entrepreneurial way. This begins with flexibility in the face of new information.

It is not the case that the BXC program had only one facet in which its execution was successful. Rather, it is the case that this key attribute—its flexibility—percolated into *several* key areas of implementation to good effect.

Flexibility in Execution: Program Planning

The BXC program was flexible from—literally—before it existed. The process of its creation was the result of Blackstone's responsiveness to local feedback regarding its original plan, and then of ChicagoNEXT's swift adjustment to serve as the local partner that Blackstone required. The program design itself is discussed above; the point here is to discuss how dynamic, listening-oriented, adaptive decision-making defined BXC's inception and creation.

Upon learning that their signature LaunchPad program was not, in fact, well-suited to Chicago's specific needs, Blackstone's leadership embraced a necessary pivot. "Nimble and responsive is kind of our M.O.," Amy Stursberg notes, and optimal programming is "organic, based on local needs. It's not coming up with the same program and scaling it" by default, "because every city is dealing with something different."

ChicagoNEXT matched Blackstone's flexibility in playing *its* role in an adaptive way. It had a clear goal, which was consistent with its mandate "to make sure that we were satisfying the objectives of the entrepreneurial community, tailoring [the program] towards the needs of the Chicago ecosystem, and working with equity access in mind" as Alya Adamany Woods summarizes. But it also understood that, in this case, part of its role was "to be the intermediary,"—to supply local knowledge and implementation ability to a valuable new philanthropic partner attached to an important *commercial* partner for the city of Chicago.

The lesson here is of a piece with one of this report's recurring themes. The BXC program was itself an entrepreneurial pilot exercise that served ESOs that in

turn served prospective entrepreneurs—in other words, that the specific needs and requirements of innovation and startup-y-ness were present throughout BXC's conception, formation, and implementation. Blackstone and NEXT's institutional readiness to meet these needs and requirements is essential to the project's existence and realization, a lesson that may be of particular value to both public agencies that are less inherently innovation-focused than NEXT and foundations that may be more tied to preset structures than Blackstone's.

Flexibility in Execution: Grantee Oversight

In terms of the grantees' experience, this flexibility emerged as second only to the size and structure of the grant funding itself in defining why—despite challenges—BXC "worked" for them.

Devin Sizer, of Bunker Labs, underscores this point. "They're not only open to but actually excited about innovation...other private foundations are less excited about your changing programs midstream," but BXC was "supportive of it," which meant that the grantees did not have to manage "continual stress about explaining [changes] to the funder."

Each grantees' narrative has outlined in detail the layered sequence that made this flexibility so imperative. All three organizations work with populations of potential entrepreneurs who, in many cases, do not even yet know what they do not know; then, even as these entrepreneurs mature in their skills and awareness, they do so into the shifting and constantly responsive field of innovation itself—in which adaptability and flexibility are key to relevance and survival, even for something as simple as an idea in a workshop; *then*, the ESOs themselves are entrepreneurially creating services and programming for these potential entrepreneurs, adapting and modifying their work as they go to make sure it is fit for purpose, providing value to their constituencies in a sustainable operational structure. And, while there's no set formula, it probably makes sense to think of these multiple layers of uncertainty as being *multiplicative* rather than simply *additive*, layering atop one another reinforcing mutability. It is easy to see how taking a rigid mindset into this context could lead to, at best, tension and numerous missed metrics and expectations and, at worst, a total breakdown of relationship between funder/organizer and grantee organizations. Instead, Blackstone and NEXT imbued BXC with an adaptive flexibility that extended intentional leeway to grantees as they figured out how to create new, effective solutions.

Room for Improvement in Execution: Communication and Oversight

This section discusses the two areas where, most clearly, the disruptions of year 2 affected the efficacy and completeness of the BXC program. In doing so, it will seek to distinguish between factors which are specific and idiosyncratic to the individuals involved and other, more generalizable takeaways.

Room for Improvement in Execution: Communication

LESSON //

Make contingency plans for staff turnover at the funder and any operational partners. In particular, assure that no key channel of communication relies solely on a single connection between two specific individuals, because a program like this—which depends on flexibility and quick, ad hoc solutions—may particularly lend itself to this kind of narrow dependency. It is a challenge that must be balanced with the need for that for flexibility and agility, of course. But within that context, the more institutional and multi-tier ties can be between the funder and any operational partner, and the clearer plans are for keeping up orderly communications with the grantees under various circumstances, the harder it will be for such circumstances to disrupt program activity.

There were two precipitating events behind the dropoff in communications between the BXC program and its grantees. One was the mismatch between the individual hired to be program director and the skills that role required; this will be discussed in the following section ("Room for Improvement in Execution: Oversight and Management"). *This* section will address the other cause, because there are different lessons to be gleaned from each.

The departure of Alya Adamany Woods and Tony Tolentino in 2019 was a natural event, in that it occurred in the predictable-but-unpredictable course of things and in that each exit was, by all accounts, handled with diligent professionalism. Woods and Tolentino were the leaders who had formulated the program and were serving as its point-people; both were valued in their organizations for precisely the traits that led them to perform these roles successfully — precisely the traits, in all likelihood, which helped earn them the opportunities for which they left. Avoiding the

risk factors for *this* could even be deleterious; "Don't hire effective people, because other organizations may want them as well," is not a robust HR policy.

But their departure revealed a weakness in the extent to which BXC's structure and communications had come to rely not just on Woods's and Tolentino's individual leadership, but on the relationship bridged between these two people, in particular, *rather than their organizations more broadly*. This report has outlined the disruption to the grantees' experience this caused: how it made their reporting seem onerous at best, how it led to confusion and a breakdown of trust. Tina Hrabak recalls "at least 3 people who've been [the program's] point-person at WBC" in the wake of these transitions in leadership, and Devin Sizer underscores the impact of the shifting roster: the grantee-funder relationship is firmest when built on a foundation of transparency and trust that allows for hard conversations about failures, pivots, and adjustments — but "you don't necessarily want to have that conversation with someone you've just met."

This point is doubly important to make because of its interaction with another key lesson gleaned from the pilot: that (1) a sustained three-year engagement was of great value to the grantees, and (2) that engagement should be, if anything, *longer*. There is no way to guarantee, over the course of a three- or four- or five-year program, that key staff and leadership will not shift and change. So the answer must be instead to prepare for that eventuality, building it into chains of communication and program operations.

Room for Improvement in Execution: Oversight and Management

LESSON //

Management of an adaptive program like this requires a mix of skills: both detail-oriented oversight and planning and entrepreneurial ambassadorship (with a network to match). This mix may be hard to find in a single person; if so, the program's sponsoring organizations should devise a leadership structure that assures all required skills are present, with clear expectations for the role each will play.

The primary operational lapse in the BXC program was the failure of oversight that allowed a non-performing member of the original eight grantees to (1) be selected into the final cohort of four, and then (2) persist in its non-performance for months, until the events described above brought in new leadership whose orienting due diligence quickly uncovered the nature of the situation.

It may be tempting to interpret this series of lapses as an extension of BXC's key operational merit: its "hands-off" flexibility. This interpretation would parse these events as "flexibility gone too far" and fit into an analytic rubric this report itself has endorsed: the idea that the *merits* and *flaws* of a program like BXC often both stem from the same root attribute(s).

But relying on that flipside-dichotomy, in this case, might rob this episode of generalizability and teachability; it also risks needlessly overstating the risks of flexibility. The adaptivity shown by the Blackstone Charitable Foundation and ChicagoNEXT was a strength—full stop. It allowed these two organizations to come together quickly and productively to formulate an appropriate program; it allowed that program to be patient and adjust as grantees adapted their plans to the needs they were serving; it allowed for nimble response as events transformed the world—for example, the quick reallocation of funds originally earmarked for that fourth organization to the remaining three when the COVID-19 pandemic struck, in recognition of the sudden and increased strain they were facing.

The lesson, rather, from the failures of oversight and follow-through that led to weaknesses in year one's programmatic offerings and eventually the departure of the program director and removal of a grantee from the final four are about management; specifically, about the skills required to run an initiative like BXC. And they are, to that extent,

generalizable—since they can be used to inform key budgetary and staffing considerations of any future similar programs.

"On paper," as Mark Tebbe said earlier, BXC's program director had seemed "perfect." Indeed, this "dynamic" and marketing-oriented hire may have *been* "perfect" for one of the BXC program's key needs: evangelism, an outward face, a rainmaker "looking for a big win." Everyone at ChicagoNEXT and the Blackstone Foundation was "impressed" with this person along these same lines and he was hired—*per* Tebbe—to focus on "building up the network."

Networking was indeed essential to BXC's goals; "networking" and "networks", both the verb and the noun. To be successful, the program needed to act as a champion for its grantees, forging ties between them and Chicago's rich entrepreneurial infrastructural *networks*.

But networking was far from the program's only essential need; it also required, *especially from the individual placed at the hub of its operations*, a steady-handed administrative oversight that was lacking from the start. In the first year, issues in transparency and follow-through emerged that—at least in retrospect—could have been acted upon more quickly. What is clear now is that the program required an operational leader to serve as its nerve center: consistent attention to communication and detail to assure that vital information was passing from the grantees to the sponsoring organizations, and *vice versa*. The hire did not perform these responsibilities well and, in some cases, did not perform them at all.

"It was almost like they were looking for two different roles," Moira Hardek explains. "An "entrepreneur-in-residence' and then a formal 'directorship'." The fact that the BXC program director was busy on other startups was therefore "not the crux of the issue," to borrow Hardek's assessment. This split-focus was consistent with the 'entrepreneur-in-residence' part of the job description; in fact, one would expect such a person to be actively engaged in various projects.

What seems clear from both accounts of the hiring process and the reality of the program director's performance is that this person did not represent the right balance between entrepreneur-in-residence and program director. As one examines the narrative for lessons going forward, that means that Hardek's distinction between these two skill-sets points to a straightforward solution. Tolentino, looking back, puts it thus: "If I were to do it all over again, I would hire more of a *program director*."

BXC was almost certainly correct in anticipating that it would need and want the energy and ambassadorship of an entrepreneur-in-residence: someone to serve as an engaging 'face of the program.' But in seeking this out, it neglected the other—equally important—side of the ledger; it wound up hiring, effectively, a part-time entrepreneur-in-residence who was granted the compensation and authority of a formal 'director' and then—perhaps unsurprisingly—failed to perform in the latter role, to the misfortune of both the program and grantees' experience.

Future funding initiatives of this kind might, therefore, consider seeking out a full-time administrator *explicitly*; hiring an individual with experience appropriate to *this* requirement; and then determining the right budget commitment and recruitment process to bring in entrepreneur(s)-in-residence, who are naturally *not* full-time team members anyway. In doing so, of course, care should be taken to maintain balance; in particular, not to lose sight of the fact that flexibility and responsiveness will almost certainly be necessities for any successful program of this kind. But flexibility and steadiness are not mutually exclusive, and the presence of a dedicated operational director could assure a solid foundation for the program's launch and ongoing administration while supporting the network-building, mentorship, agility, and ambassadorial dynamism that are invaluable to any entrepreneurial venture.

ADAPTATION, GROWTH, AND THE FUTURE

In conclusion, let's first return to the grantees. This report's final section will examine the present and future that each is facing, with focus on the new programming developed with BXC's support. Then, that zoomed-in vision will draw back to encompass the sector: how ESOs like these grantees have the capacity to contribute to the economy and the well-being of communities throughout the United States, and how funders and public agencies can use the learnings from BXC, a pilot program of its kind, to refine future funding efforts and empower these organizations to fulfill their promise.

THE GRANTEES: THROUGH PANDEMIC AND ON

Bunker Labs

From 2017 through 2020, Bunker Labs "went national"—to borrow David Wachtel's phrase—with a digital platform that allowed them to reach veterans in widespread geographic dispersal. Using a mix of BXC funding and contributions from other donors, the veteran-focused ESO expanded its LaunchLab Online to create a decentralized network that is specifically designed to address vets' geographic challenges and create diverse, "porous" networks—networks that bring in potential entrepreneurs drawn from a range of communities including veterans, their spouses and families, as well as those with no connection to the armed forces at all.

> **"So how do you intentionally build social and network capital when you can't physically get together?"**

Given that Bunker was already actively expanding a digital-first platform predicated on solving the problem of geographic disconnection, it was in some senses well-prepared when the COVID-19 pandemic pushed so much professional, economic, and social activity online. There have nonetheless been major adjustments to make. The model Bunker built utilized a *mix* of in-person and online interaction. "A lot of it is about convenings," Todd Connor confirms. "Events, happy hours—those are the instruments by which we build the trust that can then cascade forward into the virtual space. So how do you intentionally build social and network capital when you can't physically get together?"

Dan Biga shares what the group's learned so far. "You latch onto folks quickly," he summarizes with. An expression of interest from a potential workshop member to a Bunker staffer; or from one Bunker workshop member to another,

expressed on a Zoom call or some online forum, needs to be deftly cached, recalled, and strengthened. "'This is somebody I need to follow up with,'" Biga recites, pushing what Bunker Labs is asserting as a mantra both for itself and the nascent founders it serves. "You can't trust in the recurring cadence" that comes from reliable—unavoidable—contact in person; contact from which even disparate individuals can benefit, since in-person networks strengthened in city A become thick hubs of network activity in an overall web that is connected to cities B, C, and D. "To make the network work," Biga says, it's important "to understand how someone's work in California might benefit someone else in Chicago, might then benefit someone else down in North Carolina," his hand lifts and circles: *and so on, and so on*.

Bunker Labs, unusually, is about 70% funded through corporate partnerships, 20% through private foundations, and 10% from individual giving. It was Sizer, the organization's Founding Relationship Manager, who pointed out earlier how important it is for nonprofits to diversify their fundraising base. The next 12–24 months is unlikely to be the right time for Bunker Labs to do that; more pressing—and, of course, impossible to predict—is how the pandemic's impact on the economy will impact Bunker's many corporate partners and therefore their philanthropic give.

The organization is entering this tenuous time with at least one new partnership, thanks to the realization of one thread of BXC's full potential. The Blackstone Charitable Foundation is piloting a mentoring program that links Blackstone

employees with Bunker Labs' emerging entrepreneurs, facilitating exactly the kind of connection that Todd Connor, the organization's founding CEO, had hoped for.

Bunker Labs, nonetheless, faces a future of questions. BXC's grant made up six- or seven-percent of the organization's overall budget, in Sizer's estimation. How will the loss of this funding impact LaunchLabs Online? Will Bunker see a simultaneous drop in its receipts from other corporate foundations, straining its capacity across operations? And how will it balance these realities—and the pressures they create on all aspects of the organization—in a time when, if anything, its services are *more* vital? When *more* veterans, facing diminished prospects in a "90% economy"[14] from which they are already sometimes disconnected, follow the growing trend[15] into entrepreneurship? These efforts affect more than the lives of individual veterans—though that demographic alone comprises nearly 20MM people.[16] Whether these veterans—and their family members, and anyone whose situation makes LaunchLab Online an ideal tool for their development—are able to tap into broader networks, to connect their expertise and ideas with others, will have knock-on effects throughout the American economy as it begins to recover from the pandemic shock.

West Side Forward

Of all three grantees, West Side Forward's mission has been most clearly—and suddenly; and sometimes traumatically—spotlighted by 2020's major events. Social trends and protest actions have increased the visibility of long-term and structural inequalities facing communities of color like Chicago's West Side. Meanwhile, it has been widely reported how the pandemic itself has disproportionately impacted people of color and low-income areas.

"There has been," Ed Coleman says, nodding slowly, "something of an...awakening. Of society, to some of the issues in the Black community."

The extent to which that translates into a durable shift in West Side/Bethel's funding base, however, is much more uncertain. Funding for the kind of services West Side offers to its specific constituents was hard to come by before

the pandemic, already. "Most of the grants that we were getting..." Fairweather's eyes tilt up, reckoning. "Twenty-five? Thirty thousand dollars?" He shrugs. "The pools of money are never enough. Or, if it's a full two-hundred thousand, say, then it's many organizations competing for the money." And even that sum, as Fairweather points out, is not enough to take on and develop new programming. "*Longer* investment," he emphasizes, returning to a theme of this report. "That's what you need. You need *long-term* investment."

This was the reality before the pandemic. The funding landscape, of course, has been altered in ways that are hard to predict; in West Side Forward's case, an equally important shift is to the immediate needs of their community and the impact this has on the organization's work.

"The pandemic reinforces the attention that we're getting," Coleman says. Awareness of the toll that COVID-19 is taking on economic activity and people's health in low-income communities and communities of color is growing as these impacts "create new challenges and needs: since the pandemic, we seem to be viewed as somewhat indispensable in terms of the support of existing businesses and the long-term thriving of the West Side business community."

Coleman is referring to the fact that West Side Forward was tapped by state and city governments to facilitate the loan application process for small businesses in its community, working to assure that public stimulus spending designed to cushion the pandemic's economic impact made it into impacted local economies. This work is, understandably, taking up much of the organization's bandwidth. "You know, frankly, in the COVID time that we're living in," Roxanne Charles explains, "West Side Forward is trying to parse our learnings and focus on how to support local businesses operating basic, day-to-day goods and services."

The urgency is self-evident. But it invites a necessary question: will the pandemic further exacerbate the fundamental inequalities faced by the residents of Chicago's West Side? Will the West Side fall even *further* behind

14. "Life After Lockdowns". *The Economist*. April 30th 2020.

15. "The number of new businesses in America is booming". *The Economist*. October 10 2020.

16. "Veteran population". National Center for Veterans Analysis and Statistics, United States Department of Veterans Affairs. va.gov/vetdata/Veteran_Population.asp

as organizations like West Side Forward are forced by circumstances to divert their attention *from* looking "forward" to dealing with immediate problems in their community?

This is not to say that the organization has misplaced its priorities. The pandemic and its associated economic downturn are real and present dangers, and West Side Forward is uniquely well-positioned to help cushion the blow. But it *is* to wonder how, if assured adequate resources, West Side Forward and organizations like it might be empowered with the capacity to *continue* to look to the future, continue to prepare the budding potential entrepreneurs in their communities, *even as* they offer vital and timely support services to existing small local proprietorships that provide "day-to-day goods and services," as Charles described them. What might it take—and how might funders help—to assure that West Side Forward could continue to prepare its community for the months and years *after* the pandemic, when once again opportunities will be opening up to commercialize *new* goods and services at dynamic scale?

Coleman and Charles remain committed to this vision of West Side Forward, to its capacity to serve the West Side's present *and* future. "We are not on a precipice," Coleman steadily notes. "And we expect that the things that we need to do with technology-based entrepreneurship will continue to evolve." Charles adds that the organization is "trying to figure out what kinds of technologies, resources, trainings, and boot camps we can deploy into [these] existing businesses," merging the present-tense imperative to keep local economies afloat to the longer-term vision to increase capacity in the community.

But the fact is that all of this remains uncertain. And without continued funding to assure that the organization can maintain and increase its capacity, its hands will be addressing present needs.

Future Founders

Future Founders

"I don't know what happens to Startup Bootcamp next," Scott Issens says, bluntly. "There *is* a funding shortfall."

This shortfall is frustrating. Doubly so because "Bootcamps" are low-cost operations. "Outside of my salary and this 'office'," Tina Hrabak finger-hooks air quotes, looking around her home on a video call, "we can run this program for next to nothing."

And it's not just the Bootcamps that the pandemic has simultaneously challenged and reinforced the value of. Future Founders had long run its "Discover Middle School" and "Discover High School" programs, which it describes as "high-energy, in-class workshops to equip middle"—and high school—"students with the skills and confidence needed to succeed in the 21st Century."[17] The pandemic has meant that the "in-class" part of that formula has gone away, but that the need for engaging programming for school-age children has *increased*; to the extent that the City of Chicago has engaged the organization to formalize and expand the digital availability of these "Discovery" programs.

The organization is busy and proactive, continually looking for ways to validate and expand its work. One recently came through the BXC program itself, in exactly the sort of synergy that the grantees had hoped for. "BXC added a lot of credibility to our program," Issen confirms generally. "The Blackstone name is one of the most respected in entrepreneurship" and he is excited about an ongoing partnership with the organization: in 2020, Future Founders

17. futurefounders.com/discover-middle-school

was contracted by the Blackstone Charitable Foundation to become a formal partner in its Launch Pad program's Summer and Fall fellowships, confirming the "fit" between these growing ESO and Blackstone's corporate and philanthropic goals.

With all this activity, Future Founders' situation may not be more uncertain than that of the other two BXC grantees. But Issen is transparent about pricing in the projected impact of the pandemic. "Fundraising is hard right now and," he goes on, "it will only get worse." Economic indicators lag and COVID-19 wave has yet to work its way fully through the economy: through the discretionary funding that corporate foundations have, through city and state budgets, and through the financial markets and their impact on large-scale foundations' balance sheets, in particular. The forecast for all these is uncertain, at best—which makes planning hard for a young organization that already faces a funding shortfall.

"What do we want to do? What *can* we do, right now? How do we deliver the most value to founders?"

"'What do we want to do?' 'What can we do, right now?'" Issen frames their predicament. "The Bootcamps fill a necessary gap in our offerings and are crucial to our next stage," especially in a socially-distanced and geographically agnostic world. But without funding, there may be no way to keep them running.

"How do we deliver the most value to founders?"

ESOS, ACCESS, AND THE POST-PANDEMIC ECONOMY

Like everything else in this report, the grantees' current status reflects the diversity between them—of mission, of program, of populations served—as well as some key commonalities they share. With respect to the latter, the clearest emerging concern—already manifest, in some cases—is that the disruptions, social strains, and economic hardship created by the pandemic will shift philanthropic funding and activity away from forward-looking, capacity-building work—the kind of work that, definitionally, ESOs do.

Being neither heartless nor insane, this report's recommendation is not that the social sector ignore the urgent and pressing needs brought on by a global economic and health crisis.

Rather, it is that the social sector—the corporate funding community; freestanding foundations both great and small; family offices and foundations; and public agencies that collaborate with all of the above—remain aware of and planning for life *post*-pandemic. The specific needs detailed by the populations these three organizations serve—veterans; low-income communities of color; young people whose resources and educational opportunities are unequal to their capacity and ambition—could be writ large across the whole United States; and, indeed, many other groups (Native communities; the dis- and differently-abled) face similar challenges in similar contexts. This value *increases* in times such as this, when many people must rely on themselves and local support structures in the face of broader economic mayhem.

The imperative, therefore, is a simple one; both in the case of these three grantees and broadly, in general. In shielding ourselves from the shocks of *today*, we are well served to recall that today sows the seeds of tomorrow. The potential entrepreneurs whose capacity is unlocked by Bunker Labs, West Side Forward, and Future Founders face a long and uncertain road at the best of times. Starting and growing a business requires perseverance, a range of skills, and good fortune; it requires integration within dense networks of capital, mentorship, peer support, expertise, and talent. Its *result* is a varied and prosperous world; and all the more varied, all the more prosperous, and all the more, yes, *just* when the entrepreneurial leap is open to anyone, whatever their background, with the ideas and the grit and the drive to attempt it.

The lessons learned from BXC will hopefully help to open this terrifying, thrilling possibility to anyone brave enough to take the leap.

Blackstone Charitable Foundation

World Business Chicago

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