

URL: <https://stvp.stanford.edu/clips/when-you-cant-afford-to-fail>

Many entrepreneurs rely on so-called “friends-and-family” money to get their venture off the ground, and build a safety net in case their venture is unsuccessful. But many Black founders, observes RUNWAY founder Jessica Norwood, don't have friends and family who can afford to invest tens of thousands of dollars in a nascent business. To combat systemic racism and discrimination at that early stage of the entrepreneurial journey, she explains, RUNWAY has focussed on providing “I Believe In You” money to Black founders who often struggle to raise funding through traditional means.



Transcript

- There is \$60 billion a year 00:00:06,150 that's spent on friends and family, money.. And you've probably all heard the term friends and family, it is when people tell you you have a fantastic idea, but you should borrow money from your friends and your family.. And on average, that number is about \$30,000 of gift or investment that folks receive when they're getting started.. But when you look at the racial wealth gap, when you look at that number, you realize really quickly that black folks are not gonna have friends and family that can put that kind of money into their businesses.. So this is the beginning of the entrepreneurship journey that I wanna lay out for everyone.. Right at the very beginning, you're already facing systemic racism and discrimination, right at the very beginning.. And so when we look at this and what I really like about how you talk about this Professor Eesley is this piece around mindset of opportunity and not fearing failure.. So what happens when you don't have that \$30,000 to get going and you can't go to a bank or friends or family or anybody, because those at the beginning are deemed too risky, right? And so what happens is that this mindset of opportunity for a black entrepreneur, they're gonna always be perpetually living inside of a fear because they can't afford to fail.. There is no backup.. There is no other money..

There is nobody coming.. And what they're having to do is take a little money from their regular, their main income, or they're having to move money from here or there perpetually in this startup mode.. Sometimes even five years still on this whole startup thing.. And then the innovation moves forward, or somebody else gets a wind of that idea and pushes forward.. And because they didn't have the capitalization, those ideas don't ever leave the back of that napkin.. And what I like to talk about inside of this and the reason why I runway and why I start off with friends and family is because as I mentioned earlier about reimagining, and this is a word that I'm gonna keep saying a lot of about reimagining.. Because what I was looking for was an opportunity for people to reimagine what it was like to really be friends and family.. What would it look like if the system responded in a way where it gave and made investments as friends and family, and what I call the money that we put out is I believe in new money.. Because what's lost inside of this is that place where people actually look at black and brown entrepreneurs and see them as innovators, see them as creators, see them as worthy and needed in solving the problems that are impacting their communities.. So the startup part, this sort of bootstrapping, it impacts the psyche..

It impacts the actual business itself, because a lot of this, what we're saying is we don't really find what you have to be credible.. We don't think you're worthy.. We don't think you're valuable when we don't put those early kinds of resources in...