

# The Street

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## 5 Black-Owned Businesses Making a Buzz

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NEW YORK ([MainStreet](#)) -- Along with Martin Luther King Jr.'s fight for social justice came goals of economic justice, and the famed civil rights leader would be pleased to learn that today black-owned small businesses are one of the fastest-growing segments in the small-business sector.

From 2002 to 2007, the number of black-owned businesses rose by 60%, to 1.9 million -- more than tripling the national rate of 18% to become approximately 7% of all small businesses, according to the most recent data available by the U.S. Census Bureau's *Survey of Business Owners*. In 2007, nearly four in 10 black-owned businesses operated in health care and social assistance as well as in the repair, maintenance, personal and laundry services sectors.

Black-owned businesses, like the rest, took a hit as a result of the recession. But while obtaining capital is still hard for all small businesses, blacks have an even tougher time gaining financing.

Data from 2009 research by the [Kauffman Foundation](#) reveal "dramatic" differences in the capital injections of black-owned start-ups compared with white-owned new businesses.

The median personal wealth for whites is 11 times higher than that of blacks, according to the survey, which cited census data. Since personal savings are typically used as collateral or to be invested directly into the business, "low levels of black personal wealth may be detrimental to securing capital," the research found, adding that black-owned start-ups "experience higher loan denial probabilities, pay higher interest rates than white-owned businesses and have low levels of start-up capital."

The survey tracked nearly 5,000 businesses founded in 2004 over their early years of operation.

"Having less access to capital not just at start-up, but also in subsequent years, could have a detrimental effect on black-owned firms' long-term performance," says Robert Litan, vice president of Research and Policy at the foundation.

# The Street

"Anything that you deal with in business ... is exacerbated for the minority community," says Daryl Williams, CEO of the Urban Entrepreneur Partnership, a Kauffman affiliate. "If there is a lack of access to capital for general population, it's exponentially higher for the minority population."

As we celebrate King and his work, it's good to know there are plenty of black entrepreneurs who have bucked the trend. Here are five business owners who had a dream and made it come true:

**1. Deidra Viney**  
**Express Employment Professionals, Jersey City, N.J.**  
**Lesson:** Persevere.



College friends Deidra Viney and Holly Winters opened an [Express Employment Professionals](#) franchise in Jersey City, N.J., in late 2000 after deciding to leave their corporate finance jobs.

"I've always had an entrepreneurial spirit," Viney says. "What really cemented it for me was when I was a corporate lender -- my very first job, I used to lend to small businesses. The people were just like you and me. They were no different than me. They all told me their story of how they started. If they can do it, why can't I?"

At the time, Viney says, she was looking to start a business that could withstand downturns in the economy. [Outsourcing](#) appealed to her, she says.

Express Employment Professionals is a staffing firm that places long-term employees, workers for temporary projects and short-term replacements.

# The Street

"Companies always need people," Viney says. "Staffing is just another component of what businesses don't have time to do. Let them work on their core duties and let the experts" hire for them.

But it was tough at first, especially because 9/11 happened less than a year into their venture. "We had to sacrifice a lot to get to this point -- like our salaries! I went from six figures to basically nothing and had to work really hard to get that back up again. But we worked hard, learned a lot and I wouldn't change anything," Viney says.

The franchise owners saw their business go through another downturn as the recession gripped the country. The staffing industry took a beating, Viney acknowledges, but once again they stayed on course and made sure to maintain strong relationships with clients to help them through the tough times. As businesses recover and start to hire again, their franchise grows as well. Business was up 25% last year, Viney says.

Viney and her partner are now looking to expand their reach into such areas as engineering and home health care. "There are whole host of other areas that we don't do that we can definitely explore," she says.

"I don't necessarily look at my race as an indicator of a plus or minus," she says. "I'm doing my best to go out and market my company to provide good people."

## 2. Charles Reed Owner of five Schlotzsky's in Texas Lesson: Listen to your gut.



Charles Reed got his entrepreneurial kick-start in 1993 when he decided to leave his job in HR at a large oil company and buy with his wife a [Schlotzsky's](#) sandwich shop in Plano, Texas.

Nearly 20 years later, the couple owns five Schlotzsky's, all in Texas.

"I was working for a major corporation and I was just looking for a change," Reed says. He decided on franchising; he wanted something that was local, but had opportunity for expansion.

# The Street

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But being your own boss comes with pros and cons. "I have a lot of responsibility," Reed says. "That being said, I do have a fair amount of opportunity to arrange my day in a way that fits the things that I am doing."

"The most important thing is it allowed me to provide appropriate jobs for people, and that's important to me," he adds.

As a minority, though, Reed acknowledges that finding capital has been a challenge. "For me the challenge has always been, where do you get the cash to grow and [to be able to] build the appropriate banking relationships -- that's always been an issue for a small business, and blacks in particular," he says.

"If you have the appropriate training, the appropriate amount of capital and the understanding of how much time and work is involved in it, then I think that the opportunity will be there," he says. "Learn as much as you can about the endeavor you are going into and recognize that whatever you think the cost is, add another 15% to 20% to it and more time. In addition, never eat your seed money, and spend a whole lot less than you make."

But probably the biggest lesson Reed has learned is to follow your instincts, even when others contradict you. "Instincts are all of your experiences and training. If it tells you contrary to what someone is trying to tell you to do -- stick by your guns and be willing go down the path that others may not," he says.

For instance, two years after Reed bought his first store, he saw an opportunity to build a location on a busy highway in Plano. At the time, it didn't have much else going on around it. Schlotzsky's corporate didn't think the site he had chosen would be very successful. Reed went ahead with the store opening anyway. Today, he says, the area surrounding the location is fully developed, with more than 150,000 cars that pass by on a daily basis. And his Schlotzsky's gets to reap those customer benefits. "I'm local and I believe I have better local knowledge," he says. "I did it anyway and it did fine."

# The Street

### 3. Jennefer Witter The Boreland Group, New York City and Washington, D.C. Lesson: Be tenacious.



After Jennefer Witter's mother died in late 2000, Witter decided to quit her job as a corporate public relations manager at **Ketchum** to recharge her life, including a reassessment of her career.

At first she considered geriatric care, among other things, but ultimately Witter decided to use her experiences at Ketchum to form a boutique public relations agency, [The Boreland Group](#), in 2003.

It is Witter's tenacity that has helped it succeed. "When I was starting my company, I sent about 200 emails to everyone I knew. Out of that 200, I got one response," she says, but that led to her first client -- a real estate broker in New York City.

Witter's success work representing that client raised her business' profile, and she started to get calls and referrals. But she doesn't rely solely on her clients putting in a good word for her. Witter works constantly to keep the visibility of her company high, she says, by going to as many events as possible (even if she knows not a soul there) to network, regularly appearing and writing for the media and keeping up with social media.

"Within the black community we are always told by our parents that we have to work harder, we have to achieve higher, because either the expectations for us are so low or so tainted by stereotypes or muted prejudice we almost go through the door and start with a negative. That is a challenge throughout the career," she says. "A lot of times I'm the only black or black professional in the room. You never know what assumptions are made because of the color of your skin."

It inspires Witter to push herself even harder to succeed.

"Every event I go to I create three specific objectives that I need to achieve at each event in order for me to make this a successful event," she says.

# The Street

Over the past eight years, even with the downturn in the economy, the company has been able to "not only maintain [revenue], but also increase revenue each year. We are known for getting results on what we promise to the clients and the accounts. We work hard to achieve that," she says.

One way Witter has been able to keep her costs down is by working with independent contractors as opposed to full-time staff. Witter also focuses typically on retainer accounts, although to get through the rough economy she began taking on project-based accounts as well.

Witter's clients tend to be in real estate, other small businesses and nonprofits. She is looking to expand the agency's reach into Washington, D.C., where she says there is huge opportunity for public relations. She also aims to get certified as a small-business federal contractor that is both minority- and woman-owned, so she can start bidding on U.S. government projects as they come up. "We are thriving," Witter says.

#### 4. R. Donahue (Don) Peebles Chairman and CEO of The Peebles Corp.

Lesson: Take a risk.



R. Donahue "Don" Peebles is the chairman and CEO of the country's largest black-owned real estate development company. [The Peebles Corp.](#) has a multibillion-dollar portfolio of luxury hotels, high-rise residential and commercial properties in Washington, D.C., Miami and Las Vegas.

He is one of the country's wealthiest African-Americans. Peebles is also the author of two professional success books and is well-known in the political circuit as a member of the Congressional Black Caucus Foundation and president of Barack Obama's National Finance Committee, according to his professional bio.

How did he get to such an acclaimed status? Peebles first dropped out of college and took a risk on an inner-city area in Washington, D.C., to launch his career.

# The Street

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"One of the most important skills, the fundamental foundation to being successful, is hard work, commitment, dedication and tenacity, but what I think is the essential ingredient is the ability to see things that others don't see -- to find value where others don't," Peebles says. "That aspect of having vision of what the possibilities are and also not having any kind of mental boundaries in your mind as to what is accomplishable and doable" is essential to entrepreneurial success.

Peebles uses the first building he put up more than a quarter-century ago as an example. At the time, Peebles had never bought property -- he even rented his home -- and had no professional track record or equity. To top it off, the area he wanted to develop into an office building was in an economically neglected area.

"That was a \$10 million project. To think that a person who never built a building before and didn't even own their own home could believe that they could actually build a large office building and get it financed," Peebles says. "A big part of business is actually being willing to try to take the risk."

Peebles says he was lucky to be raised in D.C. In any other city, it would likely have been much harder for him, he says.

"I came of age after the civil rights movement had ushered in a new era. I started my business in Washington, D.C., which was a city that was predominantly African-American. The business power and wealth still resided in the non-minority community, but the local political power transferred ... There was a desire and a conscious effort to create opportunities for minority businesses and minority entrepreneurs to be successful," Peebles says.

Yet even as a successful developer Peebles remarks that "I don't think I was ever part of the club in, say, Miami, because it was a different culture and wasn't accustomed to seeing someone at my level who was African-American," he says. "But it didn't stop me from making a few hundred million dollars down there."

But the effort he had to put in was on par with The Boreland Group's Witter. "I felt that I had to win and by a bigger margin. I had to overwhelm. I had to be twice as good. I had to make it easy for a business person or political [leader] to want to do business with me," he says. He also sees it as a responsibility to give back to the entrepreneurial community, particularly to blacks. "We have a larger responsibility and a heavier burden, if you will, because there are so few successful black entrepreneurs. The No. 1 thing we have to do is [be] examples ... about the possibility of what is possible," he says.

# The Street

## 5. Kimberly Dillon

### House of Mikko

Lesson: Be flexible.



Kimberly Dillon's 2-year-old [House of Mikko](#), a beauty tips-sharing Web site primarily for black and minority women, is a work in progress. But it already has more than 82,000 followers on [Facebook](#).

"We really wanted to go after the African-American women audience because we really felt that no one was speaking to them. We really wanted to," she says, and that means making sure the site has a culture-specific tone and employs the right colloquialisms.

The company is expanding its audience to multi-ethnic groups of women, launching a mobile app this month that is a more toned-down version of House of Mikko and concentrates solely on hair technique and styles. "One of the key things [about the mobile app]: it solves a particular group's needs but doesn't alienate [users]."

Dillon is hoping her product catches on to become a global business. "I really want to have an impact and be a resource for women," with House of Mikko as the umbrella for digital beauty and lifestyle offerings, she says. "African-American women do not know what products work for them or where to get their hair done, and yet they spend three times more than any other segment."

But as a black women in tech entrepreneurship, she has set her sights on goals larger than that.

"The entrepreneurship gene is within us as a group of people," Dillon says, referring to blacks. "Where there is scarcity is in high-growth tech opportunities."

"More than ever, people are starting to build community around this and really adding our voices. There is definitely more of us out there, and I think it's an amazing time as an African-American in tech," she says. "It's pretty fascinating that I can go to a happy hour with 10 of my African-American friends and we all have tech companies."