

Underdog Entrepreneurs Need More Than Capital to Grow

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KEYWORDS: Banking, Finance, Insurance, wellbeing, Business Growth.

Firm growth can help underdog entrepreneurs build wealth and create jobs—but it also increases stress, isolation, and burnout risk. Learn how ecosystem partners can help them grow without sacrificing resilience.

Underdogs have a special place in contemporary pop culture. From the rise of Rocky Balboa to David versus Goliath, we tend to root for underdogs and celebrate their success. Rather than focusing on their limitations, contemporary organizational perspectives have shifted the [lens to their potential](https://hbr.org/2020/01/the-upside-of-being-an-underdog) (https://hbr.org/2020/01/the-upside-of-being-an-underdog) .

Underdogs are everywhere in the entrepreneurship world. The term “underdog entrepreneur” encompasses founders facing a range of systemic adversities, including neurodiversity, educational barriers, immigrant status, and racial or gender biases (Miller & Le Breton-Miller, 2017). Regardless of the obstacle, underdog entrepreneurs have a big goal in common: to grow their firm (Bort & Totterman, 2023).

Firm growth is not merely about individual success. It is the engine that breaks cycles of hardship, creates jobs, and generates wealth in the communities where these entrepreneurs operate. Consider Scooters Coffee franchisee [Lauret Odesanya](https://shoutoutdfw.com/meet-lauret-odesanya-owner-and-operator/) (https://shoutoutdfw.com/meet-lauret-odesanya-owner-and-operator/), a Nigerian entrepreneur who built her first Scooters Coffee location during the pandemic's most challenging months. Despite facing a psychologically demanding landscape, Lauret not only survived but is also [strategizing for expansion](https://www.firstwomens.bank/uploads/userfiles/files/documents/2024_FWB_Impact%20Report_FINAL-) (https://www.firstwomens.bank/uploads/userfiles/files/documents/2024_FWB_Impact%20Report_FINAL-

v2_sm.pdf) .

While managing a growing start-up is rife with challenges for any entrepreneur, it carries additional burdens for underdog entrepreneurs. For example, female entrepreneurs operating in male-dominated industries are more likely to face bias and judgement, which results in a higher bar for establishing legitimacy. An entrepreneur succinctly laid this out [in a post](https://www.reddit.com/r/Femalefounders/comments/1ayn717/comment/krw325s/?utm_source=share&utm_medium=web3x&utm_name=web3xcss&utm_term=1&utm_content=share_button) (https://www.reddit.com/r/Femalefounders/comments/1ayn717/comment/krw325s/?utm_source=share&utm_medium=web3x&utm_name=web3xcss&utm_term=1&utm_content=share_button) shared in the ‘/r/femalefounders’ subreddit:

“I’m a female founder in the aerospace industry. Like you suggested, I appreciate that the challenge forces me to be better, do better, do more than my male counterparts - that said, almost 11 years in, I also find it exhausting on a soul deep level. The work is the easy part - having to fight for every opportunity is hard. Far harder than it should be.”

These experiences illustrate a tension at the heart of underdog entrepreneurship. Growth represents the clearest path to breaking cycles of adversity and building lasting success, yet pursuing growth imposes psychological costs that fall disproportionately on those already navigating systemic barriers. Underdog entrepreneurs need more than capital and grit: They need robust ecosystems that recognize and address the hidden burdens of growing a new company. Financial institutions, particularly community banks and mission-driven lenders, can serve as critical partners in helping underdog entrepreneurs pursue growth without sacrificing their well-being in the process (Berger et al., 2014).

The Firm Growth and Well-Being



Paradox

Underdog entrepreneurs face a fundamental paradox. Firm growth represents a pathway to break cycles of adversity, build wealth, legitimize their firms, and create opportunities within their communities. Without firm growth, ventures remain fragile and vulnerable. Scaling the business offers the best chance at sustainable success and long-term flourishing. Yet growth introduces compounding pressures that can undermine the very entrepreneurs who need it most.

Research on rapid growth illustrates an accumulation of what [scholars term “non-financial debts”](https://eiexchange.com/content/why-startup-success-can-become-employee-stres). (https://eiexchange.com/content/why-startup-success-can-become-employee-stres) Just as financial debt accrues interest when left unaddressed, non-financial debts represent organizational and psychological costs that compound over time. Leaders stretched too thin delay developing their teams. Cultural foundations erode as hiring outpaces onboarding. Employees burn out when growth demands exceed organizational capacity. Each unaddressed cost makes the next challenge harder to meet. For underdog entrepreneurs already navigating systemic barriers and heightened scrutiny, these debts accumulate faster and carry steeper interest.

The aerospace founder's observation that "the work is the easy part" captures a crucial insight. Technical and operational challenges pale in comparison to the psychological burden of persistent legitimacy battles. When every opportunity requires a fight, entrepreneurial resilience becomes stretched dangerously thin. The cumulative effect resembles debt that accrues interest. Each barrier overcome depletes resources needed for the next challenge, creating what conservation of resources (COR) theory describes as "loss spirals" where resource depletion compounds over time (Lanivich, 2015).

Growth remains essential, yet growth also creates unique burdens. The paradox cannot be resolved through individual effort alone. Persistent legitimacy battles, the isolation of navigating unfamiliar institutional terrain, and the cumulative weight of systemic barriers all deplete the resources that COR theory identifies as essential for resilience. External support structures become necessary to interrupt the cycle. Underdog entrepreneurs need partners who provide not just capital but also relational resources: networks that reduce isolation, mentorship that builds efficacy, and

sustained relationships that buffer against the hidden costs of firm growth.

Ecosystem Partners as a Solution to the Paradox

Addressing the growth and well-being paradox requires rethinking how financial institutions support underdog entrepreneurs. Traditional banking relationships focus narrowly on providing capital and minimizing risk. Banks evaluate creditworthiness, structure loans, and monitor repayment. For underdog entrepreneurs, who might lack traditional credentials or collateral, securing financing represents a significant hurdle. Yet even when these entrepreneurs obtain funding, the relationship typically ends at the transaction.

Community banks and mission-driven lenders are well positioned to address the paradox. Unlike large banks that rely on standardized underwriting criteria, community banks specialize in relationship-based lending that accommodates the complexities common in small businesses (Berger et al., 2014). Their focus on local markets means loan officers understand borrowers and their operating environments. Their long-term orientation creates incentives to support client success beyond initial transactions. For underdog entrepreneurs, these characteristics prove especially valuable. Relationship lending can bridge credential gaps; local knowledge can substitute for conventional signals of legitimacy; and sustained partnerships can provide the relational resources needed to interrupt loss spirals. Moving beyond transactional relationships to become ecosystem partners serves both social and business objectives.

While incubators, accelerators, and CDFIs can also provide non-financial support, community banks offer distinct advantages through their ongoing financial relationships and existing infrastructure. Practical interventions might include peer networking programs that connect underdog entrepreneurs facing similar challenges, mentorship initiatives that pair experienced business leaders with emerging founders, educational workshops that address knowledge gaps, and introductions to potential customers or partners that leverage banks' existing relationships.

Measuring these non-financial outcomes remains an emerging practice. AON's Human Sustainability Index offers one model, tracking workforce resilience and well-being alongside traditional performance metrics (Aon,

2020), Adapting such frameworks to entrepreneurial contexts could help banks evaluate whether their support interrupts the loss spirals underdog entrepreneurs face while addressing the psychological costs that growth imposes on founders and their teams.

Human sustainability programming can benefit entrepreneurs and businesses. Banks that successfully support underdog entrepreneurs build loyalty, differentiate their services, and access high-growth market segments. As these businesses succeed and scale, they become valuable long-term clients. Furthermore, banks demonstrate commitment to community development and inclusive economic growth, aligning with increasing stakeholder expectations.

Examples already exist. First Women's Bank has built a model around fostering networks of entrepreneurs going through similar challenges, recognizing that capital alone cannot address the compounding pressures underdog entrepreneurs face during growth. Community development financial institutions (CDFIs) have long provided technical assistance alongside lending, understanding that underdog entrepreneurs need comprehensive support to navigate growth challenges.

A Path Forward

The patterns emerging from underdog entrepreneurs' experiences point to a consistent tension. Underdog entrepreneurs possess the growth aspirations necessary to build significant businesses. Their ventures create jobs, generate wealth, and diversify the entrepreneurial landscape. Yet they face a paradox: the growth essential to their success also creates unique burdens that threaten to undermine their well-being and their ventures.

Resolving the paradox means understanding that underdog entrepreneurs need more than capital. It's necessary but not enough. Community banks and mission-driven lenders can serve as ecosystem partners, providing the networks, mentorship, and comprehensive support that help underdog entrepreneurs navigate scaling challenges while maintaining resilience.

More Research is Needed

While illustrative cases like Lauret Odesanya and reflections shared by founders in online communities offer valuable insight, our understanding of how the

paradox unfolds over time remains incomplete. Longitudinal studies tracking resilience, well-being, and supportive stakeholder relationships across different stages of the entrepreneurial journey could reveal when and how interventions prove most effective. Research examining the causal mechanisms connecting ecosystem support to sustainable growth would move the field from promising anecdotes toward evidence-based practice. Early evidence suggests new ventures may represent a critical window, when legitimacy deficits are steepest and relational resources scarcest (Lanivich, 2015).

A Call to Action

For underdog entrepreneurs, recognizing that growth challenges extend beyond operations creates permission to seek support. Building networks with peers facing similar barriers reduces isolation. Prioritizing well-being alongside growth metrics prevents the burnout that often derails promising ventures.

For community banks, the opportunity is substantial. Moving beyond transactional relationships requires relatively modest investments that generate significant returns in client loyalty, market access, and community impact.

Underdog entrepreneurs represent one of the most significant untapped opportunities in the entrepreneurial ecosystem. The question is not whether they seek to grow their businesses; research confirms they possess the aspiration and drive to do so (Bort & Totterman, 2023). The question is whether we will build the systems that allow them to pursue growth without sacrificing their well-being in the process.

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