

Black Founders Face High-Stakes Decisions Too Early

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KEYWORDS: Venture Capital, business support, Entrepreneurship, Black entrepreneurship.

Standard startup advice assumes room to experiment. Experts explain why many Black founders must prioritize survival sooner—and how ecosystems and support programs can respond.

Startup guidance is commonly built around assumptions about what founders can afford to do early and fast. Experiment. Develop a minimally viable product. Iterate. This guidance often comes with the expectation that early missteps are part of learning, not a lasting setback. When founders struggle, the explanation given is often equally familiar: the wrong market, a weak product, or poor execution.

But several scholars and practitioners we spoke with argued that, for many Black founders, the earliest decisions are shaped by a different set of realities that standard startup advice barely acknowledges. Obligations to family and community, uneven network access, and support systems that impose high “time taxes” in exchange for small amounts of capital create conditions that not only make entrepreneurship harder, but also affect which paths to success are available, when certain strategic choices must be made, and what trade-offs founders face.

To better understand these challenges, we asked experts who research Black entrepreneurship and/or work closely with Black founders a series of questions about early decision-making, community support, ecosystem design, and what research gets right (and wrong). Their answers map a more complete picture of the challenges Black founders experience and point toward practical changes that ecosystem leaders, funders, and entrepreneurs can make now. What follows are the major themes that emerged, and actionable implications for those building

entrepreneurship ecosystems and for founders navigating them.

Key strategic decisions show up early, when flexibility is lowest

Black founders often face pivotal decisions earlier than their non-Black peers because the environment leaves less room for experimentation. Maurice Murphy, Assistant Professor of Strategy & Entrepreneurship at the University of Georgia, described a common pattern: because many Black founders have less access to intergenerational wealth and established networks, they may prioritize venture survival and immediate revenue far earlier than founders who can afford to experiment and optimize for growth first. That can compress timelines for product validation, customer acquisition, and hiring. It can also reduce the tolerance for “learning cycles” that burn cash without a near-term payoff.

Billy Mzenga, Director of the Institute for Social Innovation at the University of St. Thomas, Minnesota, made a related point. When founders lack a financial cushion, they can be pushed into major commitments (for example, debt on suboptimal terms or giving away too much equity) without the benefit of experienced advisors or the time to fully analyze long-run consequences. In other words, some early “strategic” decisions are actually decisions made under pressure, with limited information, and because the alternative is missing payroll, bill payments, or otherwise running out of runway before the business model has a chance to prove itself.

Implication: If entrepreneurial support organizations (ESOs) want better outcomes, they should stop interpreting survival-first behavior as a lack of strategic understanding or growth orientation. For many founders, prioritizing early revenue and cash discipline is a rational response to high downside exposure and limited resources. A practical implication for ESOs is to build



explicit tracks from day one: a viability-first pathway (customer-funded validation, cash-flow planning, equity coaching, and quick access to non-dilutive capital) and a scale-ready pathway (venture-style growth, investor preparation, and network bridging), with a clear on-ramp that lets founders move between them as constraints change.

Family and Community Obligations Shape Strategy

Many Black founders have financial responsibilities that sit alongside entrepreneurship: supporting family members, contributing to household stability, and investing in the next generation.

Trey Lewis, Assistant Professor of Entrepreneurship at Virginia Tech (and the co-author of this article), noted that one contemporary form this takes is in college subsidization. Many Black households are simultaneously managing day-to-day expenses and contributing to college costs for children in the household, and in a context where student loan usage is high. The effect is not merely “less money for the startup.” It is a different risk landscape where entrepreneurship competes with commitments that are morally and relationally binding, and that have long time horizons. These obligations can quietly constrain founders’ willingness to take entrepreneurial action because when the household is already stretching to cover education costs, the downside of a business setback is harder to absorb.

Mzenga also framed these trade-offs psychologically as well as financially. When core needs such as housing, food, and family stability are uncertain, it narrows the cognitive space for creativity and long-term strategic thinking. Scarcity makes it harder for founders to step back and work *on* the business rather than feeling trapped working *in* it. Susana Santos, Associate Professor of Entrepreneurship at Florida State University, echoed this same dynamic. Black founders often have to manage multiple roles earlier and with greater intensity balancing family, job-related, and venture pressures simultaneously.

Implication: ESOs and investors offering only venture-facing solutions (“here’s capital,” “here’s office space”) may miss what truly limits founder action. Effective support can require understanding founders holistically, including long-term, moral obligations outside the business. In practice, that means ESOs should reduce

the “time tax” that often comes with small dollars by streamlining reporting, making workshops optional or modular, and shifting high-touch requirements to the moments when founders actually need them. Flexible participation formats such as “pause-and-rejoin” pathways can help founders manage household and business obligations. Given the specific challenges around education and debt, ESOs can add a practical household finance + venture finance coaching component to help founders plan around educational obligations and family commitments.

Capital Constraints Raise the Cost of Learning

Lewis highlighted how limited or conditional access to capital can push founders toward personally costly funding strategies, such as drawing on savings or home equity. This makes failure disproportionately damaging to net worth. In this context, “trying and learning” has a higher personal penalty. Lewis suggested that some founders may benefit from early career choices that build more financial margin before entrepreneurial entry, not as a prescription for everyone, but as one route to expanding future options.

Murphy described a tactical adaptation to these conditions of validating the product early, and, when possible, using customers to help pay for a minimum viable product. Doing so can reduce financing needs and create evidence of demand that later improves investor credibility. Mzenga emphasized what capital often buys in practice, which is not just operating dollars, but the ability to purchase the time needed to delegate execution, create bandwidth for strategic thinking, and make decisions with less noise from urgent survival demands.

Implication: A funding conversation that focuses only on “more dollars” can miss what matters just as much, and that is the structure of support—what kind of capital, delivered when, with what expectations, and with what time commitment? Which leads to the next theme.

Many Entrepreneurship Support Programs Add a “Time Tax”

Across responses, one critique emerged that some well-intentioned entrepreneurship programs extract significant time and attention through application hoops, required sessions, and reporting requirements, in

exchange for relatively small amounts of funding.

Mzenga described founders' frustrations with grants that come with strings attached that consume work time disproportionate to the dollars received. For founders already operating under scarcity and multiple responsibilities this can be self-defeating because the support mechanism competes with the work required to make the venture viable.

Murphy and Susana Santos, Associate Professor of Entrepreneurship at Florida State University, pointed to what better designed systems do differently. They embed founders in supportive ecosystems, pairing them not only with mentors but also advocates who can bridge network gaps with investors and partners. Santos emphasized culture and community, or support that includes emotional reinforcement, mutual promotion, and norms of showing up for one another. Murphy stressed early access to non-dilutive capital so Black founders can focus on perfecting their product and/or business model, as well as and practical help that accelerates viability rather than prolonging pre-launch bureaucracy.

Implication: Ecosystems should treat founder time as a scarce resource. The question is not only "Are we providing support?" but "Are we inadvertently creating friction that cancels out the support?"

Job Creation Matters, but it's Not the Only Outcome

Interviewees emphasized that job creation matters, particularly from the standpoint of economic development and community uplift. But the importance of job creation does not mean it should function as the primary yardstick for every Black-owned business in every context. For some founders—particularly those motivated by autonomy, schedule flexibility, or building a platform to do meaningful work without the burden of managing payroll—other measures of success may be more applicable.

Alex Lewis, Assistant Professor at the University of Texas, San Antonio, reinforced the community-level case for job creation, drawing on historical traditions in Black leadership that view Black-owned business as vehicles for employment and broader economic improvement in Black communities. From that perspective, ecosystem organizations supporting depressed communities should not only facilitate job

creation but also encourage it as an aspirational goal, while recognizing that entrepreneurs may pursue different paths and different stages.

Implication: The takeaway is not disagreement about whether jobs matter, but a design question about how programs define and measure success. When does job creation become the appropriate expectation, and when might other more personal outcomes (stability, supplemental income, wealth building, capability development) be more aligned with founder intent and context? Programs should be clear about what they reward and if job creation is the goal, build pathways that make that outcome feasible. If not, don't force founders into a success definition that may be misaligned with their strategy or life goals.

What Research Gets Right, and Where it Can Go Next

Scholarship has documented many of the inequities faced across the venture lifecycle, but they pushed researchers to ask sharper questions that do more than restate these disparities. Trey Lewis argued that research often over-focuses on access to capital while under-examining founders' available funds to take entrepreneurial action -- that is, the practical slack that makes experimentation and persistence possible. He suggested reframing the romanticized "entrepreneurial leap" into a more realistic picture of the risks many Black entrepreneurs face.

Murphy urged researchers to study not only barriers, but the methods of overcoming them. In particular, the combination of factors that enable rapid scaling among Black-founded ventures and how those factors may differ from non-Black founded ventures.

Mzenga suggested examining the interaction of race with class mobility and network exposure over time. For example, whether later-career access to professional networks in fields like law or finance changes the resources and opportunities available to entrepreneurs in ways that race-only comparisons can miss.

Better Stories Lead to Better Systems

The point of listening to expert perspectives like these is not to replace one story of the entrepreneurial journey with another. It's to tell a more accurate story, one that recognizes that founders make decisions inside real

lives, with real obligations, and within systems that can either expand or constrict their degrees of freedom. When ecosystems and funders design support around that fuller reality, it enables the creation of more paths to viable, scalable entrepreneurship across the population.

Practical Implications

For ecosystem leaders and program designers

- **Design for time scarcity.** Minimize hoops and mandatory programming tied to small grants. If participation is required, make sure the value-to-time ratio is obvious and high.
- **Support the founder, not just the venture.** Build mechanisms that acknowledge family/household obligations and role overload as real strategic constraints.
- **Provide advocates, not only mentors.** Mentorship helps; advocacy moves resources, introductions, and legitimacy across network gaps.
- **Normalize survival-first as rational.** Help founders build revenue pathways and customer-funded validation without pressuring pursuit of VC-style scaling immediately.
- **Be explicit about success metrics.** If job creation is central, build an on-ramp that makes hiring feasible (cashflow support, bookkeeping/payroll help, staged hiring plans). If autonomy businesses are welcome, don't penalize them by design.

For funders

- **Offer catalytic capital with fewer strings.** Early dollars should expand founder bandwidth, not consume it. For example, a flexible \$10K-\$25K grant with few reporting obligations that can pay for an MVP, legal setup, or part-time help -- rather than a similarly sized award that requires weekly sessions, extensive paperwork, and rigid spending rules.
- **Fund capacity, not just milestones.** In many cases, capital that buys time (operations support, part-time execution help) may unlock better strategy and execution than capital restricted to narrow budget categories.
- **Match instrument to reality.** Non-dilutive options can matter early; later, consider

structures that reduce personal downside exposure when founders otherwise must risk home equity or savings.

For founders navigating these ecosystems

- **Treat runway as strategy.** Choose pathways—customer-funded MVPs, early revenue validation, staged commitments—that reduce the cost of learning.
- **Protect equity and terms early.** If you lack advisors, seek them deliberately before signing away long-run upside under time pressure.
- **Build networks with intention.** Look for ecosystems that provide not only education but real bridging ties—people who can open doors, not just offer advice.
- **Define success on purpose.** Be clear whether autonomy, community job creation, or scalable growth is the aim—and choose programs that actually support that aim.

Special thanks to Maurice Murphy (University of Georgia), Susana Santos (Florida State University), Alex Lewis (University of Texas, San Antonio), and Billy Mzenga (University of St. Thomas, Minnesota) for sharing their insights and experiences.