



# BREAKING DOWN BARRIERS TO CAPITAL: OVERCOMING RACIAL BIAS IN FUNDING

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Cheryl Dorsey, Echoing Green

Jeff Bradach, The Bridgespan Group

Don Gips, Skoll Foundation



# Technology norms for this session

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Please **mute** your audio



**Chat questions** at any time

# Introducing the hosts

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**Cheryl Dorsey**

President  
Echoing Green



**Jeff Bradach**

Managing Partner & Co-founder  
The Bridgespan Group

# Objectives for the conversation

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Share the motivation and insights from our forthcoming **research on race-based “barriers to capital”** – building on conversations at Skoll World Forum and elsewhere



Offer our latest thinking on **what the funding community can do to remove those barriers**, including work under way at our own organizations



**Understand your questions and reflections** on the research and potential action steps

# Leaders of color and racial equity practitioners have been pointing out race-based barriers to capital for decades

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“ The reason you see Black people struggling to raise money, build a company, or start a movement, is not because they aren’t good at it. It’s certainly not because they aren’t as capable as people who have the resources. It’s because of the way this all started out. The U.S. was founded on and continues to operate with the exploitation of Black labor. If you understand that, you’ll come to this work more humble as a funder.”

**Brandon Anderson, Founder of Raheem**

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# We heard multiple reasons why funders haven't yet addressed these barriers, so we are collaborating to spur greater progress

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## The problem

Funders aren't taking action due to lack of:

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### Awareness:

Funders aren't being reached by the existing messengers

### Understanding:

Funders think funding disparities are due to factors other than race

### Motivation:

Funders don't see the importance of barriers to capital as a major impediment to impact

### Clear steps:

Funders aren't sure how to take action beyond collecting and disaggregating data

## Our role

We've launched a joint campaign to:

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Leverage our organizations' distinct relationships with funders, and build upon Cheryl's experience as a speaker and advocate on this issue

Conduct data-driven analysis to better understand the magnitude of race-based disparities, drawing on Echoing Green's data

Share data and stories, centering the voices of leaders of color and equity practitioners, to highlight the implications of race-based disparities

Clarify the drivers of race-based barriers to capital, advocate for potential action steps, and incorporate findings into our own work

# We used quantitative methods to better understand the magnitude of race-based barriers to capital

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## Quantitative data

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### Financial data from 160+ U.S. social ventures

who were selected as semifinalists, finalists, or fellows from Echoing Green's applicant pool, averaging data from the three years following their application

## Key findings

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### Revenues

of the Black-led organizations are

**24% smaller**

than the revenues of their white-led counterparts

### Unrestricted net assets

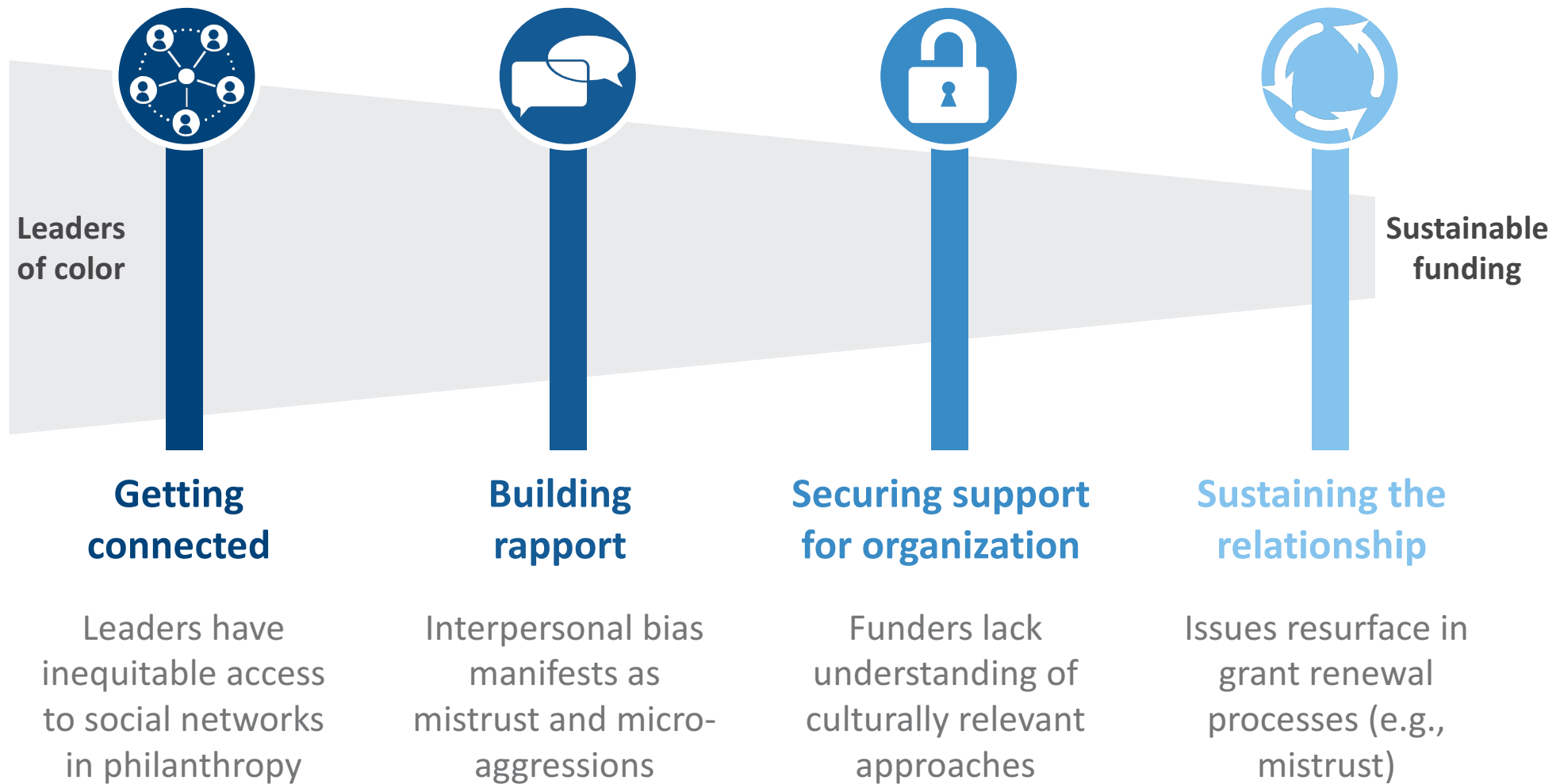
of the Black-led organizations are

**76% smaller**

than their white-led counterparts

This pattern holds for leaders doing **similar types of work** and with the **same education levels**, and is even **more pronounced for women of color**

# Interviews elevated four key barriers to capital faced by leaders of color





# The experiences of bias that leaders of color face take both a personal and professional toll

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## Personal

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- Fatigue
- Emotional hardship
- Pressure to compromise on values

“It does take a toll emotionally...I’ve learned that **if you want to make progress then you have to find ways to take care of yourself** – through prayer, through having a vision, through being in relationship. When I’m compromising in [philanthropic spaces], I try to balance that with self care”

Anonymous Native Leader

## Professional

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- Decreased time for other organizational priorities
- Decreased confidence in leadership ability

“The heat that I felt [from my board and funders] made me not the best chief executive in year one for [my colleagues]... **I was very focused externally.** ‘Let’s make sure the world says nothing about the vulnerabilities. Let’s make sure they feel confident’...That was probably **at the consequence of my internal team not feeling I was providing the direction that I needed to provide**”

Anonymous Asian Leader

# Our research to date shows that dismantling these barriers requires funders to address three underlying drivers

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## Bias



Deliberately and transparently **counter interpersonal and systemic biases**

## Risk



Redefine risk by **revisiting assumptions about what is necessary to achieve social impact** (e.g., seek opportunities to build capacity rather than punishing under-investment)

## Power



**Actively share, cede, and build power** (valuing proximity and ensuring accountability for doing so), which may involve working to repair harm

# Reflections on our own practice

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# Questions?

(Use Zoom chat box)

