

Portland

CULTIVATING DIVERSE LEADERS

AND AN INCLUSIVE STARTUP CULTURE

PHOTO CREDIT: RICH UCHYTLIC CC-BY-NC-SA 2.0

“We’re a very white, progressive city,” said Katherine Krajnak, Senior Industry Liaison at the Portland Development Commission (PDC).

The city’s 72 percent non-Hispanic white population ranks it as the whitest of America’s 50 largest metros. “But there’s diverse talent and diverse leadership in our community that we need to be supporting.”

PDC, Portland’s redevelopment, urban renewal, and economic development agency, has documented that change is coming—according to the [National Equity Atlas](#), by 2040, 42 percent of the city’s population will be people of color. Recognizing the fact that Portland’s economic future is tied to growing the wealth of the city’s communities of color, the agency made equity and inclusion the central themes of its five-year strategic plan, adopted in 2015.

Equitable innovation Economies

The EIE initiative is a multi-year effort led by the Pratt Center for Community Development in partnership with PolicyLink and the Urban Manufacturing Alliance.

EIE helps cities pursue inclusive growth strategies in innovation and manufacturing to advance more equitable outcomes.

In its pilot phase, four cities - Indianapolis, New York City, Portland, OR and San Jose, CA - have been collaborating to identify equity objectives, refine programmatic approaches, and track the impacts of their efforts focused on these sectors.

The agency hadn't shifted its thinking and approaches in isolation. Activist organizations and affinity groups in the city laid some of the early groundwork; Krajnak cites studies done in the early 2000s by the organization [Coalition of Communities of Color](#) as generating powerful and unsettling data that helped city agencies to recognize how the city has historically contributed to structural racism and take action to reverse inequities.

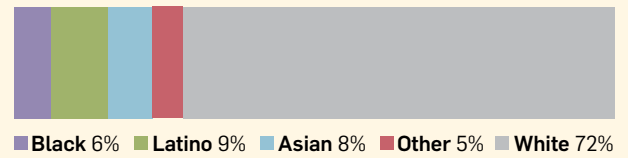
Since Portland began participating in the Equitable Innovation Economies (EIE) initiative, Krajnak said that "the level of focus on inclusion has been amplified times 10. It was already there, but it's been more institutionalized in our strategic planning process."

The PDC has identified Portland's market-leading sectors to include software, digital media, metals and machinery manufacturing, and athletic/outdoor (the region is home to Nike, Adidas, and Columbia Sportswear). And PDC staff have been trying to ensure that the prosperity that is generated in those industries is harnessed and shared. Much effort has focused on the city's burgeoning tech sector. But a scan of local startups conducted in 2013 and 2014 demonstrated that diversity in the city's tech sector compares dishearteningly to national numbers: only two percent of teams that received venture-backed funding those years had a black founder, and only 19 percent had female founders.

To support and cultivate entrepreneurs of color, PDC has embarked on a three-year Inclusive Entrepreneurship Action Plan to create a more inclusive startup ecosystem. Strategies include: investing in leadership development and entrepreneurial education, taking an ecosystem-wide approach to build an inclusive culture, casting a wider net to draw in minority entrepreneurs that might be working outside the existing tech network, and taking risks with the understanding that they might be vulnerable to criticism or failure.

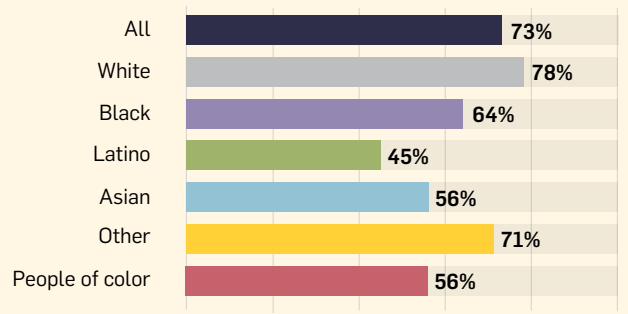
OVERVIEW: PORTLAND

Total Population: 632,000



Source: US Census 2010, American Community Survey 2014 5 year estimates

Wages: Share of workers earning at least \$15/hour by race/ethnicity, 2012



Source: National Equity Atlas (www.nationalequityatlas.org), Integrated Public Use Microdata System (IPUMS)

Key Innovation and Manufacturing Sectors

- Tech
- Entrepreneurship
- Athletic/outdoor
- Machinery manufacturing



IMAGE CREDIT: MARCUS YAM

Pensole Academy, a PDC partner, aims to create the next generation of footwear designers by teaching students the entire footwear design process, from concept development to prototyping to branding.



Portland Mayor Charles Hales (far left) and First Lady Nancy Hales (far right) with the 2015 Startup PDX Challenge graduates.

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■ KATHERINE KRAJNAK,
PORTLAND DEVELOPMENT COMMISSION

By focusing on early-stage, scalable entrepreneurs, the initiative can help unclog the bottleneck preventing founders of color from getting equitable opportunities for growth. “If you start with diverse leadership from the very beginning, that’s going to impact who these founders will be hiring for their employees,” said Krajnak, “This, in turn, helps set the company culture, so that you’re not trying to fix [diversity issues] later on down the road.”

The agency is also trying to support existing local affinity networks and support groups, while also encouraging the tech sector at large to demonstrate a commitment to a more inclusive culture. Similar to Silicon Valley’s [Project Include](#), PDC has encouraged tech companies in Portland to sign the [Portland Tech Diversity Pledge](#) to take a stand on the underrepresentation of women and communities of color. So far 23 companies and six organizations have signed the pledge. Together, this cohort has 1,900 existing employees in the Portland region, signaling the potential for significant change in the future.

One of PDC's hallmark programs has been [Startup PDX Challenge](#), an annual competition designed to connect entrepreneurs from underrepresented demographics in the tech and manufacturing industries with early-stage growth support and funding. Winners receive a \$25,000 convertible note or low-interest loan, free rent, legal services, and marketing and hiring/HR services. It is open to anyone, but PDC is explicit about seeking founders from diverse backgrounds. Partnership building has been key to identifying candidates. Events ranging from small networking gatherings to large conferences have linked the city's startup community with affinity organizations in communities of color, such as [Hispanicpros](#). So far, among more than 300 total applications to the Challenge, a quarter of the teams have had a black and/or Latino founder and 61 percent of the founders in the 2014 and 2015 classes were black and/or Latino.

One of the 2014 winners was Tyrone Poole, founder of [NoAppFee.com](#). Formerly homeless, Poole created a matching service for housing seekers and landlords, streamlining the tedious and expensive housing search process for low-income individuals and families seeking permanent shelter. Earlier this year, NoAppfee.com was the People's Choice Winner and took fifth place at the 1776 Challenge Cup, a global tournament for the most promising, scalable startups. He has plans to launch the site in five more cities soon. Poole's success not only demonstrates the potential for programs like Startup PDX Challenge to create wealth for individuals, but shows the potential of targeting investments towards products that solve challenges in low-income communities around the country.



IMAGE CREDIT: PORTLAND TRIBUNE

Tyrone Poole, founder of NoAppFee.com, developed his business through the Startup PDX Challenge. He took fifth place at the 1776 Challenge Cup and was the People's Choice Winner.



A Portland Incubator Experiment (PIE) Accelerator Space in 2014. PIE is an operational partner of the PDX Startup Challenge.

IMAGE CREDIT: METROPOLIS MAGAZINE

Another 2014 winner, Lynn Le, is putting a new spin on athleisure. Her company, **Society Nine**, is a fighting gear and active wear brand for women who are serious practitioners and instructors/trainers in mixed martial arts, boxing, and extreme sports. The daughter of Vietnamese immigrants, Le was recently profiled on *Quit Your Day Job*, a reality show competition for entrepreneurs that aired on the Oxygen network.

Internal changes at PDC have been established as well. “I think having a very intentional and really deep dive on staff development on issues of inclusion at every organization is really important,” said Krajnak. “And when I say a deep dive, I mean having some really hard conversations on the nature of institutional racism in our society.” The agency has done some “intentional reprogramming culturally” around the topic, including convening an

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Stephanie Duncker, program manager of Startup PDX Challenge, is currently focusing on structuring the initiative's events and programs to be even more accessible and effective at reaching underrepresented people in tech. “We are targeting specific populations in spaces where they feel safe, about the industries and issues that affect them,” said Duncker. The Challenge will have an increased focus on holding entrepreneurship workshops for women and people of color affinity groups and will host a follow-up event to June 2016's Startup Weekend Latino.

Equity Council to build inclusion in the workplace. The Council empowered employees to put together individual development plans and encouraged them to take inclusion trainings. Krajnak is a co-facilitator of an internal pilot, Racial Equity Impact Assessment (REIA) for one of PDC's large redevelopment projects, which will inform a larger rollout to all PDC projects and programs. A team is working on a video and storytelling piece about the discriminatory planning practices and development projects PDC helmed earlier in its history, which were some of the cause conditions for current day segregation and inequality.

In addition to helping the agency institutionalize some of the inclusion strategies mentioned above, Krajnak said the EIE Initiative provided the confidence to continue moving deeper into the work. “We had been thinking about starting something called the Inclusive Startup Fund for a little while,” she noted. The idea for the fund was to increase access to capital flowing to entrepreneurs of color and women. When Adam Friedman from the Pratt Center independently suggested something similar, Krajnak said PDC was able to respond, “‘Actually, we have thought about that.’ And that was validating.” The Inclusive Startup Fund’s management team was selected in March 2016, and the fund launched with \$1.25 M in contributions from PDC, Multnomah County, and the State of Oregon.¹

Looking ahead at its EIE work, PDC has a group focused on affordability for manufacturing businesses in the Central Eastside Industrial Sanctuary, an industrial district that is home to a lot of makers and small manufacturers. The group

is looking at equity, workforce development, and retaining businesses as the district undergoes an upcoming zoning update.

PDC is continuing to balance action with building and maintaining community relationships. “Especially with an organization like an economic development agency, you want to move quickly and act a little bit like a startup—you want to iterate and be agile,” said Krajnak. “But if you move too fast and don’t include the community leaders and partners, they will not be invested.”

Part of the balance has been to take positions and act in a way that might make PDC vulnerable to criticism from partners—both communities of color and the startup ecosystem. Seeing other EIE pilot cities like New York struggle with these same issues has encouraged PDC to meet these challenges and opportunities head on. “Improving relationships with communities is an ongoing process,” said Krajnak. “I would say this is at the top of our minds every day.”

ENDNOTES:

1. Sherrell Dorsey. “Portland Fund Fuels Minority and Women Entrepreneurs.” March 2016. *NextCity.org*. [<https://nextcity.org/daily/entry/portland-inclusive-startup-fund-fuels-minority-women-entrepreneurs>]

LINKS:

PORTLAND DEVELOPMENT COMMISSION <http://www.pdc.us/>
NATIONAL EQUITY ATLAS <http://nationalequityatlas.org/>
COALITION OF COMMUNITIES OF COLOR <http://www.coalitioncommunitiescolor.org/>
PROJECT INCLUDE <http://projectinclude.org/about/>
PORTLAND TECH DIVERSITY PLEDGE <http://www.techtownportland.com/diversity>
STARTUP PDX CHALLENGE <http://www.pdc.us/startuppdxchallenge.aspx>
HISPANICPROS <https://www.facebook.com/hispanicpros/>
NOAPPFEE.COM <https://www.noappfee.com/>
SOCIETY NINE <http://www.societynine.com/>

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