

BOOKS REVIEWED

BLACK ENTERPRISE INC. By Alvin Puryear and Charles West, Anchor Press, New York, 1973, 462 pages, \$9.95.

During the turbulent sixties it became evident that no real solutions to the crucial housing and education problems of the Black community would be forthcoming until the communities involved developed a financially independent leadership with a sound economic base. As a result, many communities demanded not simply handouts in the form of poverty funds, but the control of businesses which would return a profit to the residents of the community. In answer to this outcry organizations such as the widely heralded Bedford-Stuyvesant Restoration Corporation¹ were formed to push economic development in the nation's minority communities.

In an effort to create a guide to successful business development, Puryear and West, in *Black Enterprise Inc.*, explore the successes and failures of Black businesses assisted by organizations similar to the Bedford-Stuyvesant Restoration Corporation. These organizations, which the authors term Community Business Development Organizations (CBDOs), generally give technical and funding assistance to minority enterprises. However, the most salient feature of these organizations is that they are controlled by residents or by representatives selected by the residents of the communities they serve.

Although Puryear and West present a sketch of both the history of the Black entrepreneur and CBDOs, the main thrust of the authors' attempt to create a guide to successful business development rests upon the presentation and analysis of nine case studies,² which the authors have selected from several hundred. Each of the nine cases includes in its detail the exchange of letters, personal meetings, and inner feelings, as well as financial state-

1. The Bedford-Stuyvesant section of Brooklyn, New York, is often referred to as the country's second largest ghetto after Chicago's South Side. In December 1966 Senator Robert Kennedy announced that the area was to become the testing ground for an experiment in community rejuvenation. By May, 1967, Kennedy's program was in operation as the Bedford-Stuyvesant Restoration Corporation, a community-based, non-profit organization, organized to initiate and direct projects to revitalize the economy of Bedford-Stuyvesant. It has become one of the chief models for dozens of other community business organizations in American cities with large Black populations. See *Bedford-Stuyvesant Restoration Corporation, Annual Report 6* (1968). A. Puryear and C. West, *Black Enterprise, Inc.* 419 (1973).

2. Because many of the businesses are still operational, the authors have changed the names of the businessmen and the CBDOs, and in several instances the locale and dates of the studies have been changed. However, the authors assure the reader that there are no changes from any of the original case data in regard to financial statements, reports, proposals, or other materials of the businesses or CBDOs.

ments, balance sheets, and income statements. Thus, *Black Enterprise Inc.* becomes more of an experience than simply a compilation of statistics and dialogue.

The first group of case studies looks at franchise operation. Outwardly, franchises, especially those of well known franchisors, appear to be attractive business opportunities, giving the franchisee both assistance and an instant clientele. However, it is the big franchisor who enjoys most of the benefits from this arrangement. With the franchisor often taking a percentage of the gross income, the franchisee must pay regardless of whether there was a profit. In addition, the franchisee often finds himself with high rent and inventory he can't sell. If the franchisee is doing extremely well there is a possibility that the franchisor will try to move a second franchise into the area, thus maximizing the franchisor's profits at the expense of the franchisee. These and other problems such as lack of financial acumen and bad judgment are illustrated in two cases—Bailey's ART Transmission and Jeff's All-Star Ribs.

Certainly if Black Americans are to have a hand in their own destiny they must control some of the forces of production. Although there are great possibilities for large capital gains, the second group of cases points to the fact that manufacturing may be the most precarious operation of all. Complex problems such as inventory control, production scheduling, cost accounting, market development and resources management loom very big in the success or failure of such operations, and a small mistake could lead to very substantial losses.

The failures in the case of a real estate salesman who tried to run a plastics manufacturing company and a designer who tried his hand at clothes manufacturing indicate that it is very difficult to be a successful manufacturer without a competent knowledge of the field. Unfortunately, few Blacks possess such knowledge. Those that do, however, should be encouraged and assisted.

In the final group of case studies the authors examine Black service firms. This section is especially valuable since the majority of Black business will be of the service type. With sound business technique service businesses can prosper in Black communities despite outside competition and inferior purchasing power of the local residents.

Unfortunately, many Blacks lack the technical experience or financial skills to adequately maximize their earnings. The tendency for new firms to consider "luxury expenditures" before the business has developed profits and a positive cash flow has caused many businesses to go under. To illustrate these problems the authors present a graphic scenerio of four Black services which include: a trucking company started by four young men in Roxbury, Massachusetts; a television and radio repairman in San Francisco who fulfilled his dream of operating his own television shop; a Black shoe-store salesman who took over a profitable shoe company and helped bring about his own demise by siphoning off revenues; and a security guard who tried to play the role of the big businessman before he got his first customer.

Although the book lacks in depth analyses of possible solutions, its contribution is that it brings to focus the myriad problems that often get lost in mere statistic and rhetoric. *Black Enterprise Inc.* should be invaluable both to the businessman who wants to avoid as many pitfalls as possible, and to all those who are interested in the future of minority economic development.

David S. Chaney

A LAWYER'S MANUAL ON COMMUNITY - BASED ECONOMIC DEVELOPMENT

A Publication of the National Housing and Economic Development
Law Project 828 pages Price \$10.00

In the black-white realm of the literary world, there are, generally, three classifications of "how-to" manuals. In the first class are those books which are painstakingly well-written but somewhat anachronous often due to the tremendous amount of effort and time put into them. Another class consists of those quickly and often poorly written manuals that are manufactured to "get to the public" while the issues and subject matters are still "hot items". In the third class can be found those rare well-written, informative manuals which meet the demands of the particular reading audience at the time when the information is sorely needed. This manual falls into the first classification.

During these times when venture capital is scarce, when government funding is on the wane, and when even the economic prophets of the establishment are warning the people of meager times ahead, the National Housing and Economic Development Law Project, is offering "after the fact" advice on how "we" can improve our communities through economic development by obtaining the requisite funding through venture capital, government grants, and other rapidly dwindling sources of finance.

The first chapter is largely introductory in nature. It comments on the need for building a strong economic base within minority communities as a vehicle for social equality. That this need is recognized by "black leaders" is illustrated by the fact that persons such as Dr. Martin Luther King, Roy Innis, Floyd McKissick and Jesse Jackson have, or had, re-directed their methods of obtaining legal rights and social progress for their people. Their thrust, as, explained in the manual, shifted from the mass protest of the 1960's to the acquisition of wealth through community development programs. Economic development, of course, registered well with the "corporate leaders" who quickly supported government spending under the rubric of "green power," "minority entrepreneurship," "ghetto self-determination," and "Black capitalism."

In the manual's second chapter, the legal forms for the community development corporation (CDC) are discussed. We are told that the prime goal of the CDC is to alleviate poverty by creating a "sound economic and social base" for the low income community.

Profit, non-profit, and cooperative corporate forms are considered in depth from the initial funding stages, through the powers and duties of the corporation's officers and directors, to the accountability and control by the corporation's members and the effect that state law has on these functions.