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Urban League shifts focus to economic empowerment

Wealth goals pushed over social service

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The leader of the Chicago Urban League is expected to announce Friday that the organization is abandoning its social-service programs to focus exclusively on economic-development issues affecting African-Americans.

The organization plans to concentrate on building businesses, workforce diversity and commercial real-estate development, league president and CEO Cheryl Jackson told the Tribune editorial board earlier this week.

The announcement comes as Urban League chapters nationwide are increasingly promoting economic rights as the "next civil rights frontier" for blacks. The goal is to close the wealth gap between African-Americans and whites, said Marc Morial, president of the National Urban League, based in New York City.

Jackson, who will unveil the details of the plan at the league's annual luncheon Friday, said the agenda includes the creation of a South Side center to incubate black businesses, a \$25 million venture capital fund to support them, and partnerships with BP America Inc. and Northwestern University.

"Social services are needed and necessary, but there has to be one organization out there whose sole purpose is to create economic wealth," Jackson said.

She said the chapter, among the most prominent nationally, will phase out its health and family programs over the next year and refer clients to social-service agencies.

BP America is providing \$6.2 million over three years for the initiative, with \$1 million earmarked for the venture capital fund. The Illinois Finance Authority has committed \$1 million to the business center, which should be open by 2009. The league must raise \$23 million more for the capital fund, Jackson said, adding that it would be managed by a

major financial institution.

"We're focusing on entrepreneurship because it creates jobs and generational wealth," said Jackson, who became chief executive of the 1,000-member league in October.

According to the National Urban League's 2006 "State of Black America" report, the median net worth of the average black family is 10 times less than that of the average white family--\$6,166 compared with \$67,000. The difference is due largely to disparities in homeownership and income, the report found.

In 2004 the National Urban League launched the Urban Entrepreneur Partnership in collaboration with the federal government, major companies and foundations to develop businesses and create jobs in neglected urban areas. Over the last decade, affiliate chapters have started similar programs. For example, the Orlando chapter provides business coaching through a partnership with Walt Disney World, the U.S. Small Business Administration and others.

"In this continuum from enslavement to emancipation to enfranchisement to empowerment, it's about the African-American community developing its assets," Morial said.

Economic empowerment has been part of the local league's mission since it was founded in 1916 to help Southern blacks who migrated North to find jobs and housing. But with thousands of social-service agencies now in existence, Jackson said it's time to focus on economic development.

Under Project Next, as the local plan is called, the business center will serve black-owned companies that generate between \$100,000 and \$1 million in revenue annually. The focus will be on retail, construction and professional-services companies, which account for almost 50 percent of black-owned businesses in Chicago, Jackson said.

Kellogg School of Management at Northwestern University will offer business owners one-on-one training in how to grow their companies and get access to capital and contracts.

"There are few resources for labor-intensive businesses like professional services, retail and construction," Jackson said. "These are the businesses that have difficulty getting loans."

The initiative will also include increasing African-American membership in trade unions and helping more blacks enter corporate management.

John Rogers, founder and CEO of Ariel Capital Management, one of the country's largest black-owned investment firms, said that it is crucial for African-Americans to be "true participants" in the local economy.

He said that many black success stories, including the election of Chicago's first black mayor, Harold Washington, wouldn't have been possible without the financial support of black businesses.

"These businesses became the pillars of our community," said Rogers, vice chairman of the Chicago league's board. "We've had black law firms for years, but none has cracked the top 25 of the Crain's [Chicago Business] list."

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