



# Black History in VC

**Jarrid Tingle**  
**Tori Orr**  
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# Overview

The first modern VC firm, American Research and Development Corporation (ARDC), was formed in 1946. Prior to ARDC, wealthy families were the main source of risk capital for private companies. ARDC proved that 1) institutional investors were interested in the asset class and 2) that VCs could provide companies with hands-on help in addition to money.<sup>1</sup>

Approximately a decade later in 1958, the federal government institutionalized VC by creating the Small Business Investment Company (SBIC) program. SBIC was designed to increase small business access to venture capital and private equity for growth, production, and modernization.<sup>2</sup> Unfortunately, the program did not work well for minority entrepreneurs. In response, the Small Business Administration (SBA) created the Minority Enterprise Small Business Investment Company (MESBIC) program in 1969 to invest in companies that are owned by at least 51% members of a minority group.<sup>3</sup>

Over the next 54 years, the VC landscape evolved tremendously. One of the first Black-owned VC funds was Urban National Corp which grew to be one of the most profitable minority-oriented VC corporations in the nation in 1982 with \$1 million in profits.<sup>4</sup> JoAnn Price of Fairview Capital became one of the first Black woman VC fund managers and raised \$100 million in 1994.<sup>5</sup> Base10, co-founded by Adeyemi Ajao in 2018, is currently one of the world's largest Black owned VC firms with \$1.3 billion AUM.<sup>6</sup>

This presentation highlights 52 Black-owned VC firms from 1970 through 2019.

<sup>1</sup> [Venture Forward](#) Venture History 101

<sup>2</sup> [Small Business Investor Alliance](#) About the SBIC Program

<sup>3</sup> [The Business Professor](#) Minority Enterprise Small Business Investment Company - Explained

<sup>4</sup> [Washington Post](#) Risking Minority Ventures

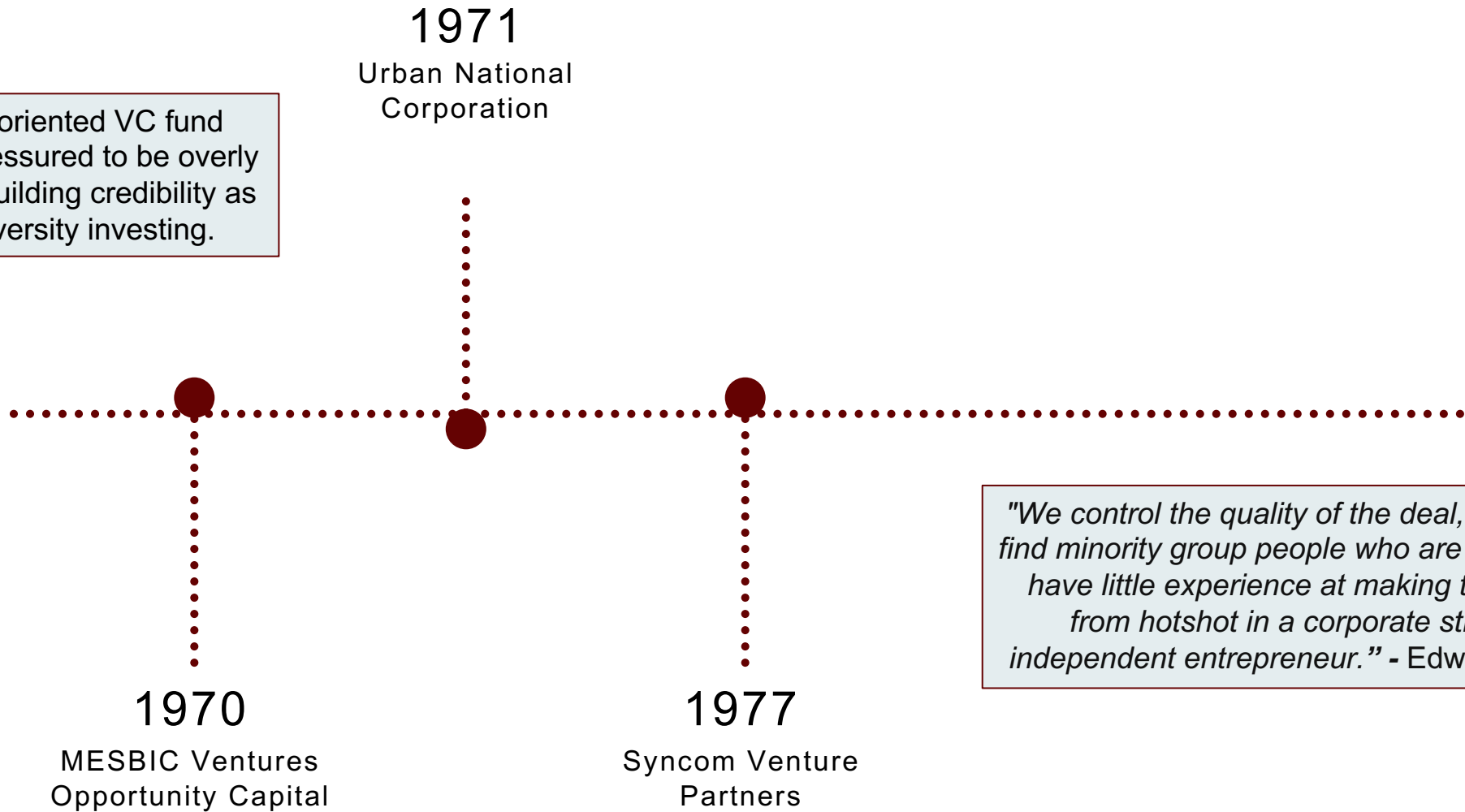
<sup>5</sup> [Fortune](#) There Are More Women and POC Running VC and PE Firms Than Ever Before

<sup>6</sup> [Techcrunch](#) Base10 Partners Closes Fund Three With \$460M to Invest Globally



# 1970s

Early minority-oriented VC fund managers felt pressured to be overly selective when building credibility as pioneers in diversity investing.



*"We control the quality of the deal," he said. "We find minority group people who are competent but have little experience at making the transition from hotshot in a corporate structure to independent entrepreneur." - Edward Dugger III*



# 1970s Investor Spotlight

Terry Jones



Herbert P. Wilkins Sr.



Syndicated Communications Inc. (Syncom) was founded in Maryland in February 1977 to diversify the ownership of media in the US. Investments made by Syncom fueled the growth of many successful companies such as BET, Radio One, TV One, and most recently Iridium Satellite.

Syncom has invested in over 150 companies with an aggregate market value of over \$10 billion, some of which went public or were sold to major corporations. Along with its telecom portfolio, Syncom also invested in companies that brought cable television to Black and Hispanic communities in Los Angeles, Chicago, and DC.

Syncom's first fund generated approximately \$140 million in profits from the \$20 million invested.<sup>1</sup>

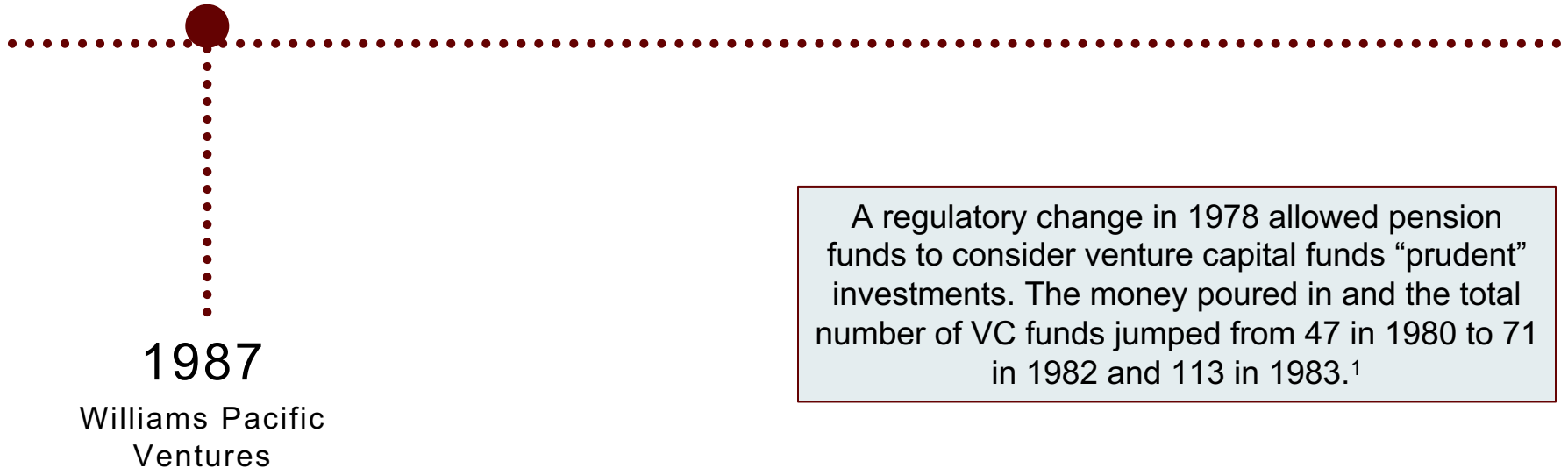
Mr. Jones received a B.S. degree from Trinity College, a M.S. degree from George Washington University, and an M.B.A. from Harvard Business School.

Mr. Wilkins Sr. received a B.A. from Boston University and an M.B.A. from Harvard Business School.



# 1980s

Despite the 1970s proving that early-stage investing is where the returns are, investors in the 1980s started to invest at later stages and in already-established markets. Several Black fund managers pivoted to growth and private equity during this time.



A regulatory change in 1978 allowed pension funds to consider venture capital funds “prudent” investments. The money poured in and the total number of VC funds jumped from 47 in 1980 to 71 in 1982 and 113 in 1983.<sup>1</sup>



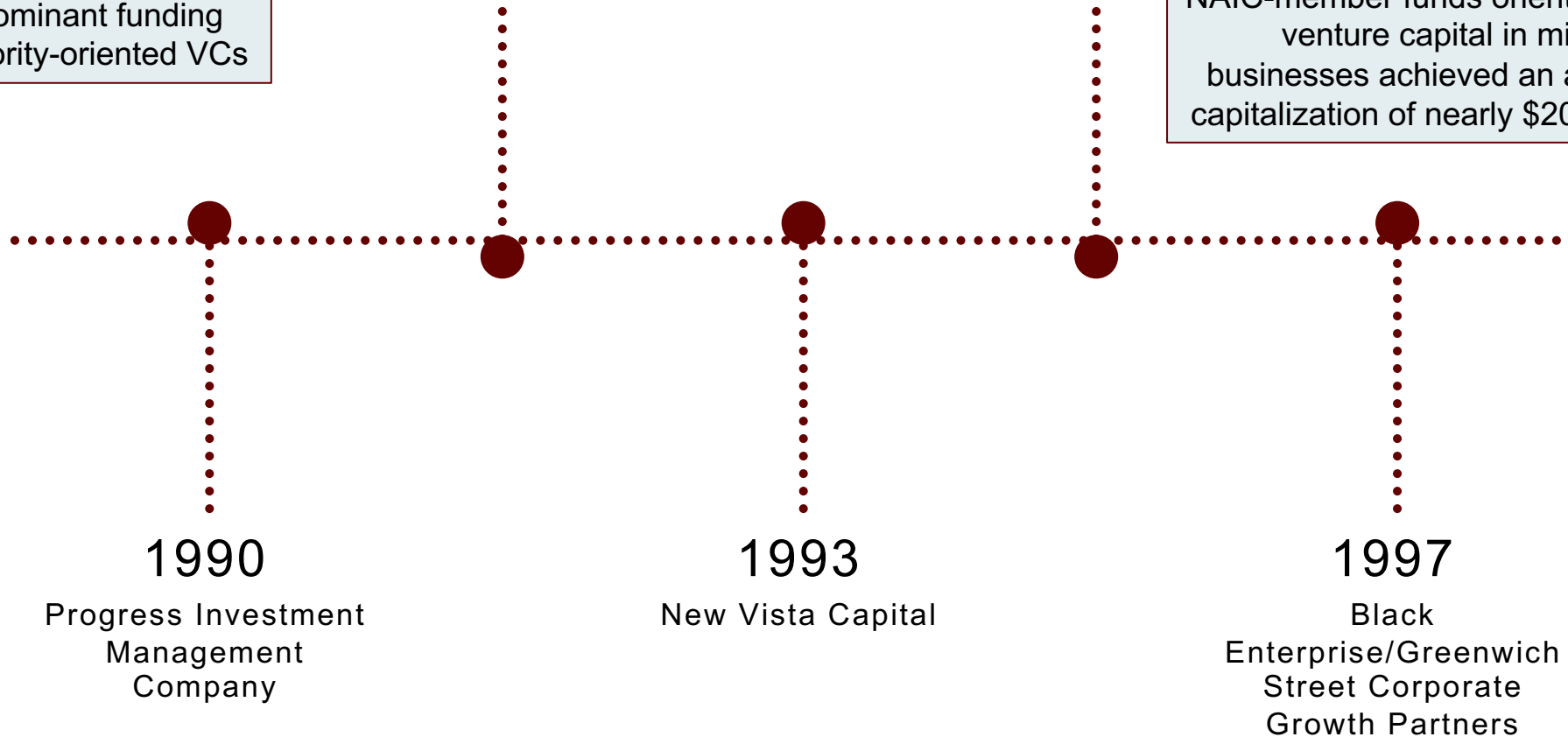
# 1990s

The pension fund surpassed the SBA as the nation's predominant funding source for minority-oriented VCs

1992  
TSG Ventures

1994  
Fairview Capital Partners

NAIC-member funds oriented toward investing venture capital in minority-owned businesses achieved an aggregate industry capitalization of nearly \$200 million by 1990.<sup>1</sup>



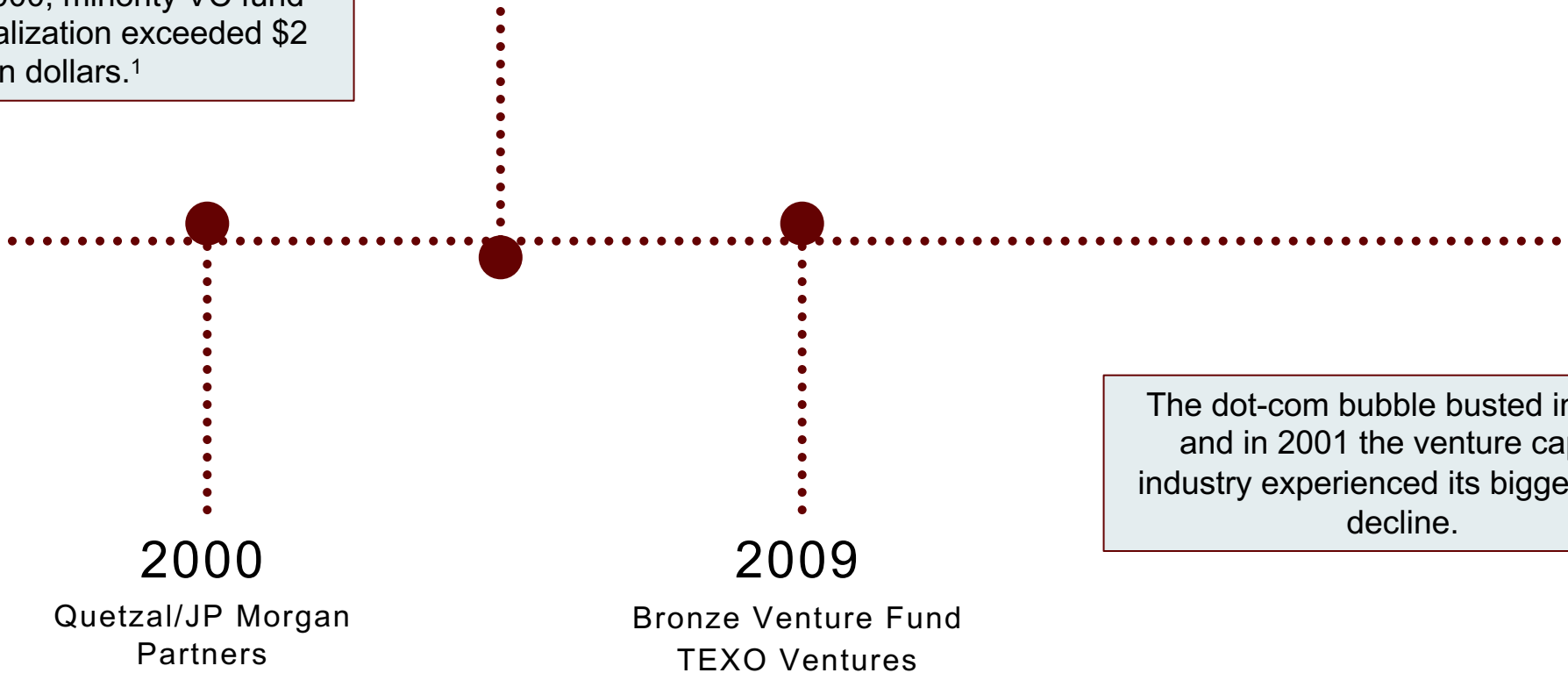
<sup>1</sup> [Bates and Bradford](#) The Viability of the Minority-Oriented Venture-Capital Industry Under Alternative Financing Arrangements

# 2000s

2008

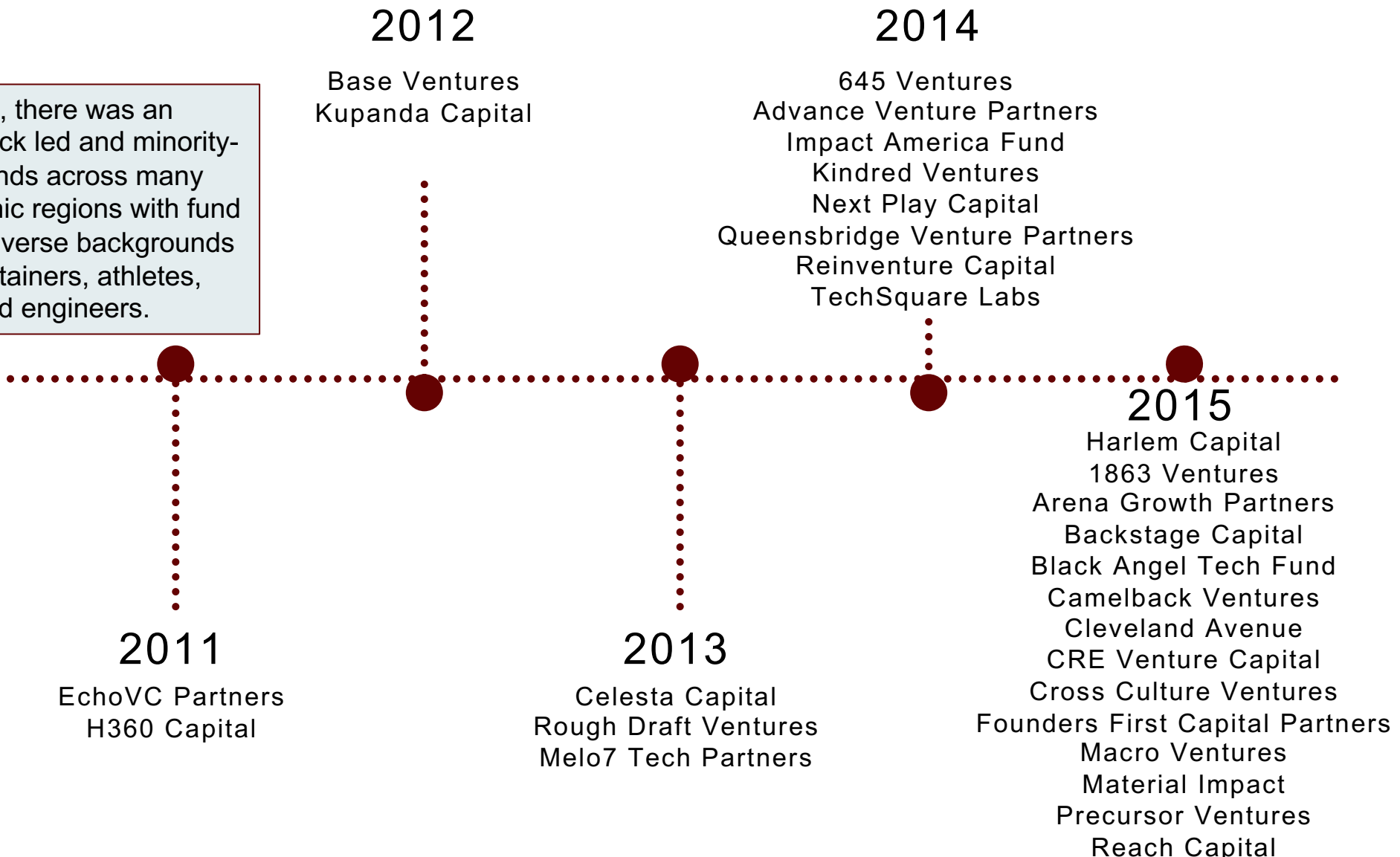
Hillcrest Venture Partners

By the end of 2000, minority VC fund aggregate capitalization exceeded \$2 billion dollars.<sup>1</sup>



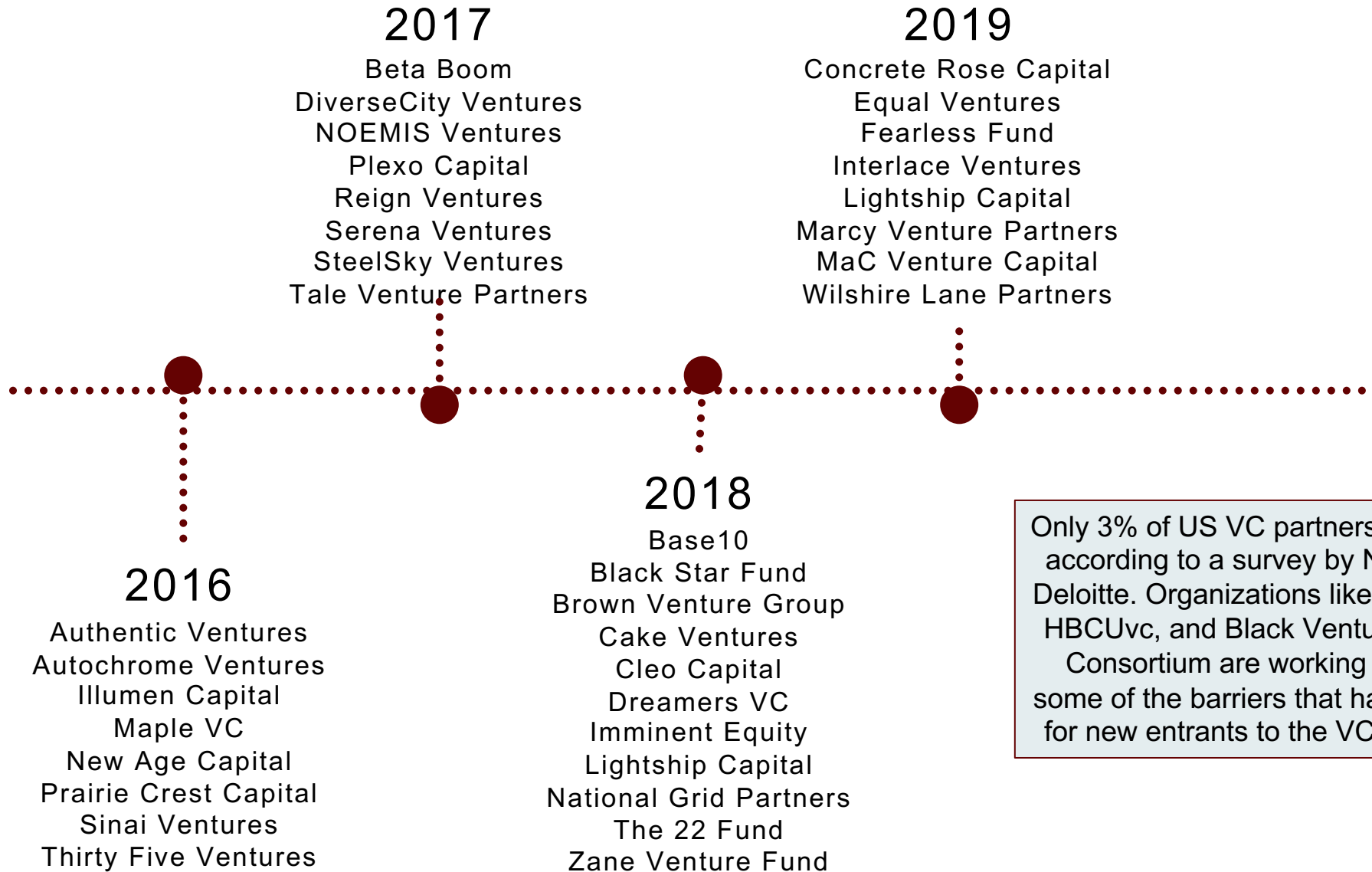
# 2010s

In the 2010s, there was an emergence of Black led and minority-oriented VC funds across many different geographic regions with fund managers from diverse backgrounds including entertainers, athletes, angels, and engineers.





# 2010s (cont.)



Only 3% of US VC partners are Black, according to a survey by NVCA and Deloitte. Organizations like BLCK VC, HBCUvc, and Black Venture Capital Consortium are working to break some of the barriers that have existed for new entrants to the VC industry.

