Innovative Growth Strategies for Small Business Lenders

Pam Porter, OFN
Greg Henderson, Brenda McDaniel, Don Harrington, and Chuck Hurst

Agenda

- Overview of Small Business Collaborative
- Growth Plans by Collaborative members
- How can other Small Business Lenders get involved?
Goldman Sachs 10,000 Small Businesses

Helps entrepreneurs create jobs and economic opportunity by providing greater access to education, capital, and business support services.

Small Business Financing Initiative:
Multi-faceted program to increase the scale of small business lending by mission-driven lenders

#OFNCONF  #RETHINK
Growth Plan Components

- Executive Summary
- Growth Goals
- Customer Problems, Segments, and Value Proposition
- Competitive Marketplace
- Operations: Lending Life Cycle and Technology
- Organizational Culture, Leadership, and Performance
- Measurement: Financials and Impact

Each Growth Plan section included training, tools, and exercises to develop the content...
Aggregate Small Business Activity through 12/31/2015

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<tbody>
<tr>
<td>Total Assets</td>
<td>$1.1 Billion</td>
<td>+26%</td>
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<td>Gross Loans Outstanding</td>
<td>9,800</td>
<td>+39%</td>
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<td>$482 million</td>
<td>+41</td>
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<tr>
<td>Loans Closed / Year</td>
<td>4931</td>
<td>+35%</td>
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<td>$326 million</td>
<td>+14</td>
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Presenting are:

- Accion New Mexico
  - Greg Henderson
- Kentucky Highlands
  - Brenda McDaniel
- Northern Initiatives
  - Chuck Hurst
- Carolinas Small Business Development Fund
  - Don Harrington
Historically a micro-lender

Goal: Expand into small business

Priority initiatives:
- New product: Alternative to MCA called Split Funding
- New processes: Streamline data capture and tracking
- Customer focus: Client Experience Manager

Results:
- Impact: Increased loans to underserved entrepreneurs from 67% to 80%
- Volume: Increase loans originated 2013-2015:
  - #: 94% and $: 81%
  - 1st half of 2016: 9% of all loans were small business loans

48 year history financing businesses in Kentucky Highlands

Goal: Grow small business lending and impact

Priority initiatives:
- New products: Small farmers; community facilities (USDA)
- New partnerships: Pro Neighborhoods; CDFI Bond Guarantee; ACC; Governor’s Office of Agricultural Policy

Results:
- Loan portfolio grew 51% March 2014-June 2016
- 727 jobs since March 2014
25 years of providing business loans and services in rural Northern Michigan

Goal: Increase small business lending and provide innovative business services

Priority initiatives:
- Efficiency in delivering micro loans and CA
- Scalable processes in lending and services
- Online customer portal: Strengthen and lengthen customer relationships through services provided

Results:
- 23% increase in micro, 33% increase in total loans
- 22% increase borrowers receiving business services

Transformed from serving CDCUs to being a direct small business lender

Goal: Develop products and programs to serve small business owners (from scratch)

Priority initiatives:
- Western Women’s Business Center
- CA lending
- POC Initiative / TSC CARES

Results:
- Since 2011: $30 million in over 430 loans
- 286.5% Growth in loans outstanding since 2013
- 1,018 jobs created or retained
How can other Small Business lenders get involved?

- Recorded webinars on Business Model components
- 2-day Business Model training in Philadelphia
  - February 8-9, 2016
- Executive Training for CDFI Board Members