

# CDFIs INVEST

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## Strategies for Driving Scale and Impact in Micro and Small Business Lending

Alex Dang, Galen Gondolfi, Joyce Klein, Brad McConnell, Metta Smith  
September 27, 2017

## Microfinance Impact Collaborative members

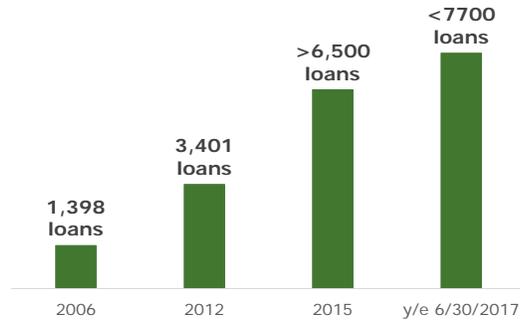
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Accion Chicago	
Accion East	
Accion New Mexico•Arizona•Colorado•Nevada•Texas	
Intersect Fund	
Justine PETERSEN	
Opportunity Fund	

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## Lending trajectory (aggregate across all MIC members)

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## Purpose

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To inform, strengthen, and accelerate the efforts of US microfinance organizations committed to significantly increasing the impact of their work.



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## Activities

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Microfinance Impact Collaborative -- convened in 2015

- Meet twice a year for three days.
- In-depth dialogue, peer exchange and skill-building

- Portfolio trends and quality
- Technology development, use and partnerships
- Change management
- Market trends, particularly re: online lending, new products and players
- Organizational structure
- Leadership succession
- Raising capital
- Loan pricing
- Customer acquisition
- Loan products and product development



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## Outcomes from collaboration

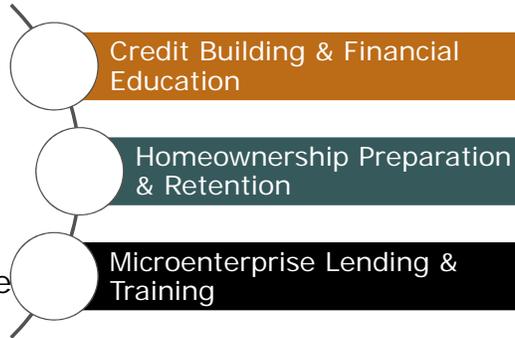
- Partnerships:
  - Secured card pilot – Justine PETERSEN and FIELD
  - Accion and Opportunity Fund outcomes research
- Small Business Borrowers' Bill of Rights
- Revitalization of Accion U.S. Network
- Research on shared technology platforms
- Basis for broader capacity-building efforts:
  - OFN “Scaling Microfinance” technical assistance
  - OFN/other conference sessions
  - Recent webinars on microloan underwriting



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## Justine PETERSEN

Our **mission** is to connect low- and moderate-income families with institutional resources in order to build financial assets and create enduring change

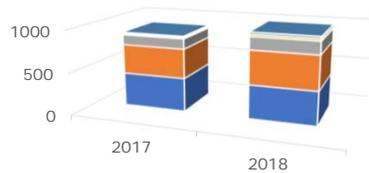


Originated **over \$60MM** in credit building, micro-enterprise, small business and contractor loans

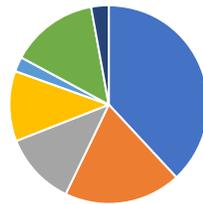


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## Strategic Goals 2017-2018



- USDA
- SBA Community Advantage
- Small & Minority Contractor Loans
- CDFI Microloan & Small Business Loans
- SBA Microloan



- St. Louis Metro (MO)
- Kansas City Metro
- Metro East IL
- SW MO
- SE MO
- Central IL
- Eastern KS

Small Business/ Micro-Loans Originated



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## Accion Chicago: What We Do

Accion Chicago believes that the most powerful way to create jobs and wealth in the neighborhoods that need them most is to invest in small business owners that **hire** locally and **reinvest** their profits back into their communities. Where jobs are created, so is wealth. Where wealth accumulates, so does opportunity. Where opportunity grows, crime falls.



We provide neighborhood entrepreneurs with the **capital, coaching, and connections** they need to grow their businesses.

Unlike online lenders who provide cash quickly but with opaque terms and no further assistance, we effectively partner with neighborhood business owners by first developing **trust**. Our Community Lenders are dedicated to the neighborhoods they serve, and build relationships with local business owners and community leaders so that the entrepreneurs in their area know that we are there to help them grow.



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## Goals and Strategies

### Goals

- |                                     |                                       |
|-------------------------------------|---------------------------------------|
| <i>2017</i>                         | <i>2020</i>                           |
| • 485 loans funded                  | • 1000 loans funded                   |
| • 3000 entrepreneurs served         | • 5000 entrepreneurs served           |
| • Measuring inputs: loans and hours | • Measuring outcomes: jobs and wealth |

### Strategies

- Build trusting relationships in the neighborhoods we seek to serve
- Say Yes to every entrepreneur in Illinois and NW Indiana through capital, coaching, and connections
- Provide capital as fast as any competitor, provide coaching at scale yet with a personal touch, and provide connections that build community online and in person



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**GOAL**

*By 2020 we will*  
 Invest \$500,000,000 to help 50,000+ people  
 by investing in underserved entrepreneurs, students, and  
 working families in California and beyond to achieve  
 economic mobility.

50,000+ UNDERSERVED INDIVIDUALS

<p><b>80%</b></p> <p>40,000 minority entrepreneurs, students and working families</p>	<p><b>50%</b></p> <p>28,000 women entrepreneurs, students and working families</p>	<p><b>80%</b></p> <p>40,000 low- and moderate-income households</p>
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**Geography**  
 Opportunity Fund will deepen its services inside California while expanding its support for small businesses nationally through technology and partnerships.

**Technology**  
 Technology will be developed into a core function that will support growth across the Program, Finance, and Development teams. A robust lending technology platform will enable Opportunity Fund to support small businesses everywhere.

**Compliance**  
 Growth of this magnitude will require upgrades to compliance capabilities across the organization.

**Fundraising and Finance**  
 Special approach to investments will be required to fuel high ticket growth projects, protect against losses nationwide, and rapid growth of lending.

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## Who We Are



*Accion client Shirley Pino, owner of RedWing Design in Albuquerque, NM.*



Ready to launch her business, Shirley was in need of new sewing equipment and more supplies. A friend referred her to Accion for a start-up loan. Since then, Shirley has received additional loans from Accion to continue growing RedWing Design.

“From day one, Accion believed in me,” Shirley reflects. “Every single person that I have encountered from Accion has this belief and faith in me. They’re always encouraging me.”

➤ **\$114.8 million** lent across our five-state region of Arizona, Colorado Nevada, New Mexico and Texas.

➤ **16,073 jobs created** or sustained by the organization’s client businesses.

➤ **89%** of the loans issued by Accion went to **low-income, minority, and/or women entrepreneurs.**

## Growth Strategies

- Drive the Moonshot Goal
- Improve technology
- Improve customer experience
- Improve outreach and marketing efforts
- Expand reach to underserved and isolated communities

	2017	2018	2019
Loans	1800	2080	2700
Dollars Lent	\$25,000,000	\$32,260,939	\$42,706,952

## **Before You Go**

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