

LiftFund Entrepreneur Development Program

LiftFund was founded in 1994 as a 501(c)(3) nonprofit organization in San Antonio, TX, with the vision of promoting economic opportunity for underserved entrepreneurs, mostly low- to moderate-income, women, minorities, and startups. Since its founding, the organization has provided entrepreneurs with 6,704 hours of business education and helped create 1,724 jobs and retained 3,337. We are uniquely positioned to extend wrap-around services to empowering formerly incarcerated individuals through consultation and digital education. As a technical assistance provider, LiftFund is successful at providing business education to the “at risk”, who need these resources most. We recognize individuals’ potential even with little or no credit, inexperience in business startup and management, or lack of resources. As a gap financier, LiftFund has seen first-hand that consultation and capital can bring about opportunity for formerly incarcerated individuals, like Kenny Smith and Jarvis Wayne Moore.

Kenny Smith made some decisions early on that landed him in prison. Upon parole, Kenny participated in Goodwill’s Job Readiness Program where he received mentorship and assistance from LiftFund Business Development Officer, Alma Valdez. Kenny was able to pursue his dream of opening his own barber shop on San Antonio’s Southside. With his \$5,000 loan, he purchased equipment and leased a store front location—Tapers, Blends and Fades Barbershop is evidence of challenges overcome, renewed life and a sense of accomplishment for Kenny, his family and the community.

Jarvis Wayne Moore had difficulty finding a job when he was released from prison in 2009. Working odd jobs to make ends meet, he developed a reputation for reliability and tenacity. He now owns two businesses, Get Right City, a cleaning service, and Jarvis Labor Staffing Solutions, a construction business which offers demolition and site preparation services and specializes in screening, training and hiring formerly incarcerated. When Jarvis needed working capital, LiftFund qualified him for a \$12,000 loan that enabled Jarvis to buy the equipment he needed to grow his business. Jarvis regularly hires paroles, giving them the second chance he was given. In 2016, he received the Minority Entrepreneur of the Year award from The UTSA Institute for Economic Development MBDA Business Center and the Minority Enterprise Development (MED) Week Consortium.

We propose a pilot program serving the formerly incarcerated in Houston, Dallas and San Antonio, Texas. Texas has the 7th highest state imprisonment rate in the United States with an average of 150,000 inmates in Texas prisons in 2015 of which 50% are released on parole annually (The Sentencing Project & TJCD, 2016). Including individuals on probation, Texas has an estimated 175,000 formerly incarcerated individuals in need of a way to make ends meet; however, upon release individuals are faced with considerable barriers to successful re-entry. Texas has 248 restrictions to employment for formerly incarcerated individuals. These state-sanctioned restrictions create a gap in living wage employment, further limiting their ability to provide basic needs for themselves and their families and become a contributing member of society. Creative solutions to earning income, such as through entrepreneurship, are essential and LiftFund is committed to assisting Texas’ re-entry population during their transition to successful self-employment through key consultations, partnerships and access to capital.

Celina Pena, Chief Program Officer, is responsible for management and support of the business education and training departments; she is a former Women Business Center director and currently sits on the Credit Builder’s Alliance national board. *Richard Gianni*, Regional VP Houston, has four decades of retail banking experience from Houston community and regional banks and is experienced in counseling entrepreneurs and serves on the board of Target Hunger, is a member of the Good Neighbor Health Care Center board and the Houston Community College School of Banking Advisory Board. *Dennis Silva*, Business Development Officer, brings 10 years of experience in small business banking and retail banking as well as over 25 years of senior management and leadership. For over a year, Silva has established a strong relationship with the Prison Entrepreneurship Program (PEP) in Houston through provision of entrepreneurship training, counseling and guidance to graduates who are transitioning from facility to society. *Carlos Acosta*, Business Advisor provides support of documentation and programming for the LiftFund Women’s Business Center and works with veterans through Boots to Business and underserved youth in a high school entrepreneurship program. *Alma Valdez*, Business Development Officer, assists countless entrepreneurs by providing business education, credit building and lending, and mentors formerly incarcerated individuals through the Bexar County Small Minority & Women-Owned Business Enterprise (SMWBE) program.

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Entrepreneurial Education Delivery Solution

Participant Recruitment Plan

LiftFund will recruit from our current/future clients who are part of the re-entry population, and from partnerships with PEP, Goodwill Industries, United Way of Dallas, and prison programs at the county, city and state level. A core group of LiftFund team members and key external partners will serve as a taskforce to design, assess, and implement the re-entry program described below. The program addresses major barriers identified by entrepreneurs such as, confidence, self-navigating through programs and services available, lack of experience in financial and business management, and networking and communication skills.

Classroom Instruction

The goal of LiftFund's program is to expand the pathway of effective partners that serve this population of entrepreneur by providing business education, developing their entrepreneurial skill set and building confidence. LiftFund's classroom design will include twice a month sessions with mentoring scheduled in the area of financial readiness, marketing and outreach strategies, goal setting, networking and mentorship and more. Our services will be available in both English and Spanish, free of charge, and tackle issues and pitfalls that aspiring entrepreneurs may encounter when starting their business. We will utilize the Gallup StrengthsFinder assessment to help them discover what they do best and become aware of how best to utilize their strengths. The program also includes online training through LiftFund's online learning management system, LiftLearn, which makes education more accessible by eliminating travel time and costs, adapting to a busy or dynamic schedule, providing access to resources as needed and auto-evaluating. Our interactive learning platform is accessible from any device and does not require software downloads. LiftLearn allows individuals to gain important management and financial skills through informational videos, financial and planning templates and information retention quizzes. With Aspire Challenge funding LiftFund will design and continuously improve a program that fits the needs of formerly incarcerated individuals so they may reach their goals to successful small business ownership and financial stability.

Mentoring

For persons re-entering the community, reconnection is difficult and mentorship significantly increases the success of this process for aspiring entrepreneurs in their efforts to start their business. Entrepreneurs will work one-on-one with a LiftFund team member as well as an identified mentor. LiftFund will integrate and leverage mentors, so clients can learn from successful business owners and individuals who have been in similar situations to theirs. Our team will work with entrepreneurs to complete a preliminary evaluation of their aptitude for self-employment, to include identifying any areas of concern or barriers to the successful pursuit of self-employment such as cash flow needs, deficiencies, capital readiness, and credit education. We will work with and support the creation of the client's business plan and establish realistic self-employment goals based on the individual. LiftFund will design a program that provides flexibility with the curricula to allow for customization to address the needs of the individual entrepreneur.

Community Connections

LiftFund works with nonprofits, community organizations and leaders to assist in asset-building, self-employment, and workforce and community development and we recognize the importance to strengthen our commitment to formerly incarcerated individuals. To scale our support, LiftFund coordinates with key partners and leaders in the community specifically for this segment of aspiring entrepreneurs, to include: Goodwill Industries, Prison Entrepreneur Program, SBDCs, SCORE, community colleges, county and city leadership and more. In addition, LiftFund invites guest speakers and area experts such as CPAs, bookkeepers, attorneys, financial analysts, marketers and social media professionals within the community to provide their expertise on relevant topics to our workshops, seminars, round-tables and events. We believe that to be truly impactful, nothing significant is accomplished alone.

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Additionally, we work with many partners across sectors in the entrepreneurial development space. Maintaining and creating frameworks and infrastructure that integrate and leverage partner efforts is a strategic objective of this effort. We believe achieving this objective for the formerly incarcerated entrepreneur is paramount. In conjunction with our partners, we host events, workshops, mentorship, seminars and round-tables in a collaborative work space that offers learning opportunities for entrepreneurs as well as networking events connecting entrepreneurs with industry professionals, peers and successful small business owners in their community.

Our services, specifically through our consultation of financial capability and business acumen provide a comfort level and pathway for re-entry entrepreneurs to overcome barriers to success. Our services will assist re-entry entrepreneurs in the start or strengthening of their small business while also stabilizing and creating incomes, generating jobs and contributing to the economic revitalization of communities. Entrepreneurship is an effective strategy for success when faced with significant barriers to employment such as having a criminal record. We have provided services for formerly incarcerated and believe the Aspire Challenge opportunity is a natural fit with our mission in increasing the financial outlook of re-entry entrepreneurship.

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Access to Capital

Our clients do not have access to traditional bank products and services, due to little or no credit, inexperience in business startup and general business knowledge, or lack of resources. We recognize that within our services we have provided financing to formerly incarcerated entrepreneurs throughout our footprint and while we do not have an identified number of re-entry entrepreneurs to report here, we have qualitative data that affirms why LiftFund should scale and implement a program for the re-entry population.

LiftFund serves predominantly Hispanic and African American entrepreneurs, and the diversity of LiftFund's constituency and staffing varies by region. In 2016, 86% of our Texas clients were minorities a group who is historically underserved and plagued with significant gaps in income, available resources, assets, and opportunities for growth. The entrepreneurs we serve face unique challenges with respect to sources of funding and credit. For 23 years and over \$210 million in business lending, we are committed to financial inclusion for all entrepreneurs. LiftFund developed a flexible risk assessment model, we utilize to provide over 20 specialized loan product with flexible underwriting to clients with FICO credit scores as low as 500, or even no credit; unlike conventional banks. Our relationships are critical to the success of our programs. LiftFund partners with entrepreneurs to create positive impact in our community and this philosophy inspires loyalty among our clients resulting in referrals, a 96% repayment rate, and an average of 3 loans financed with LiftFund per client. Our ultimate goal is to assist entrepreneurs in building credit so they may become "bankable", graduate to larger dollar loans and access more services within the financial mainstream.

LiftFund has designed two products that go beyond traditional business lending: The Promise Loan and Up Loan products were specifically designed to increase lending to low-wealth and credit entrepreneurs by offering products that meet their credit needs. The Promise Loan is a \$5,000 product based on business instinct, character, and basic financial literacy. LiftFund has provided 1,173 diverse entrepreneurs with Promise Loans in the amount of \$6,143,624 since launching this product in 2013. The UP Loan is a \$15,000 loan requiring minimal documentation and is based on our risk model's performance. Since 2014, LiftFund has funded 320 entrepreneurs totaling \$4,204,588. In addition to our innovative loan products, LiftFund is committed to designing a product that can serve individuals with a criminal background, one potential product is a "Irrevocable Letter of Credit" to help address some of the challenges entrepreneurs face when they have a criminal record in their background. This letter of credit will help the individual in securing a lease for the business location, obtaining insurance or a bond needed to operate the business. LiftFund is also committed to building credit and therefore, we work with borrowers if they are unable to meet payments while also reporting borrower histories to TransUnion. LiftFund assess not only education and product but also servicing and support for this population.

Providing capital and support to unlikely entrepreneurs is what LiftFund does best. LiftFund is part of the network of mission-driven organizations working to transform the lending landscape by empowering entrepreneurs to make affordable and ethical credit choices in support of small business startup and growth. In a recent study using LiftFund data gathered from 2010 – 2015, we found that small businesses have a 74% better chance of succeeding when business education is coupled with the loan. LiftFund team members will work one-on-one with entrepreneurs to thoroughly assess their current financial situation including credit, income and collateral levels as well as realistic capital needs. We will assist entrepreneurs in the collection of required information as well as help them through the process of properly filling out the lending application. And for those individuals who do not initially qualify for a loan, we provide direction on how and where they can improve their capital readiness as well as workshops on credit repair and financial fitness. When they are ready to graduate from LiftFund products into the traditional banking sector, we have a network of trusted bank partners to refer them to and help make that transition seamless and painless.