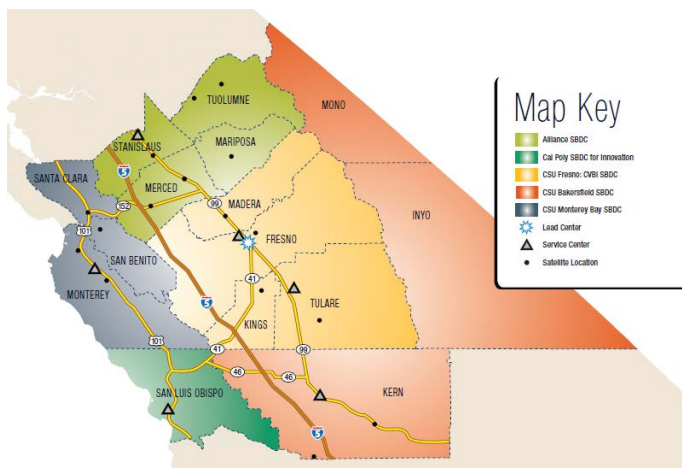
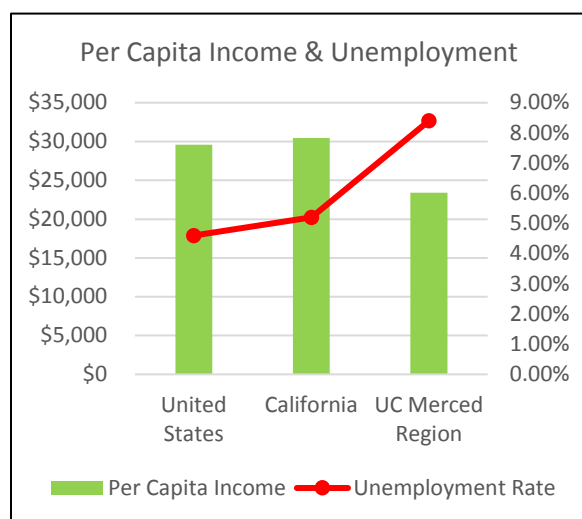


Contestant Capacity

Organizational Background: Since 2003, the UC Merced SBDC Regional Network (UCM SBDC) has served small businesses in Central California. UCM SBDC provides entrepreneurs and small businesses with high-quality consulting, support for innovation, access to information, and tools. The UCM SBDC covers 14 counties and 51,000 square miles in Central California and serves a population of 4.3 million people. The UCM SBDC is the most extensive provider of business assistance in the region. As one of 63 accredited programs in the United States, UCM SBDC is one of only 16 to earn the additional designation as an innovation and technology accredited program. The UCM SBDC has helped create more than \$300 million in financing (loans and equity) among its clients.



This region is home to 3 federal penitentiaries, 6 state prisons, 16 county jails, and numerous law enforcement and correctional offices. Overall, California has the highest cost of living per capita in the United States¹, at 152.3% with the cost of housing at 242% of the national average. In addition, low per capita income and high unemployment exacerbate circumstances individuals' experience as citizens returning from incarceration.



	UC Merced Region	California	United States
Per Capita Income ²	\$23,418	\$30,441	\$29,573
Unemployment Rate ³	8.4%	5.2%	4.6%

The lead office and 5 service centers regularly field calls from previously incarcerated individuals interested in starting or growing a business, however, there is not a formal program at this time. The UCM SBDC is not aware of any programs in the entrepreneurial ecosystem in this region that specifically target the previously incarcerated.

Organization: UC Merced SBDC Regional Network

Contact: Diane Howerton, Regional Director, 559-241-6590, dhowerton@ucmerced.edu

Background of Management Team: Regional Director, Diane Howerton, will manage the budget and compliance of the grant and will have programmatic oversight of the project. Associate Director, Mysty Rusk, will oversee the execution of the proposed solution. A business owner who's been incarcerated is much more likely to give someone who has been in prison a chance. Rusk has developed programs and curriculum for entrepreneur's and has taught existing business curriculum as well. Her focus is on practical application of business skills as opposed to classroom style learning. She's an expert in angel investing and leads the Program for Innovation and Tech Commercialization. Rusk will be teaming up with volunteer organizations that work with prison populations specifically those that have historically been involved in job training. Full bios can be found at: <https://linkedin.com/in/diane-howerton-b2395a9> and <https://linkedin.com/in/mystyrusk/>, respectively. An advisory team consisting of existing outreach programs such as Project Rebound and representatives from parole and probation departments will round out the Management Team.

Entrepreneurial Education Delivery Solution

Participant Recruitment Plan: An outreach and public service campaign will be launched to identify participants. Presentations and materials delivered to the 25 identified correctional facilities targeted at individuals who will be released, outreach to judges, parole and probation officers, law enforcement and other organizations involved in the community reintegration process are critical to the success of the outreach program. Special attention will be given to the development of programs focused on women entrepreneurs at the Central California Women's Facility, which is the largest facility for women in California housing over 2,800 individuals.

Classroom Instruction: Instructors will be given special training on developing trust and dispensing with judgement in advance of the coursework. One of the major barriers to reducing recidivism is connecting individuals with financial self-sufficiency. This entrepreneurship training program combines practical business skills with positive personal empowerment to maximize self-sufficiency and reduce recidivism. Classes will be a blend of in-person group activities, video conference, and 1:1 mentoring sessions. The coursework is discussion based and covers 18 practical principles that can be applied to any business. The principles are covered in these broad business categories: 1) Good and Services, 2) Marketing, 3) Financial Management, and 4) Leadership and Operations. Participants will receive training on business planning using traditional and new models including Lean Canvas. As a result of the class, participants will:

- Understand the characteristics of a business owner and what it takes to become an entrepreneur
- Clarify his/her role as the entrepreneur/owner
- Have a practical business plan (or equivalent) for a growth oriented business
- Set goals in areas of leadership, product, marketing and financial management
- Identify resources in the community to support further business development
- Develop a system of accountability and support for achieving those goals

This model and curriculum was developed for a common sense approach with the idea that some very successful entrepreneurs do not excel in the classroom environment. Theories have been broken down into simple easy to apply, practical approaches. For example, a section on “product differentiation” simplifies the complexity by helping entrepreneurs choose whether their product will be: 1) faster, or 2) better, or 3) cheaper. The facilitator uses the notion of faster, better, cheaper to discuss whether a product is differentiated based on speed, quality, or price respectively. Both small and large group activities are added to support learning styles, allow for peer teaching, and reinforcement of each concept.

Each cohort will have no less than 6 in-person meetings. There’s potential to run satellite locations for outlying areas. Between each in-person meeting, there will be a videoconference to check in, ask questions, and share progress. In addition to the videoconferences, each participant will have the opportunity to work with a SBDC consultant to practice and refine the concepts and make forward progress on the development of the business.

- We are currently exploring web based tools that will also give participants far greater access and interaction than a classroom webpage. In addition to documents and videos, we would like to offer interactive forums where a participant can ask a question and get a response from one of our consultants.
- In advance of the initial session participants will be invited to take Tom Rath’s *Strengths Based Leadership*. The simple quiz will provide insights for participants on their natural strengths and how to use those strengths for their success. For the balance of the class, participants will come back to this profile and learn how to use it in planning, hiring, managing, etc.
- Beginning with the first class, participants will receive assistance in developing their entrepreneurial dream. Participants who choose to work with a SBDC consultant will receive additional 1:1 support and coaching in the development of his/her entrepreneurship interests and visions
- Each cohort will learn to look at the whole business and focus on his/her ability to ask better questions and make better decisions for long term success. Sharpening these foundation-based skills allows an entrepreneur to make better use of other training, opportunities and situations.

- The nature of the in person classes are conversational. Each principle is described. Principles are combined into the story of a real entrepreneur. Participants work in small groups to apply the principles in relation to their own experience and translate the knowledge to entrepreneurial endeavors. Solo, small, and large group activities help participants gain clarity and develop new strategies. Principles include:

Appreciate Inquiry	Unique Selling Proposition	Focus on Strengths
SWOT Analysis	Leverage/Replication	Systems
Marketing	Coattail Marketing	Decision Making
Finance	Bookkeeping vs Financial Management	Entrepreneurial Balance
Leadership	Forecasting for Decision Making	Manager vs Leader
Product Differentiation	Inclusive Product Costing/Pricing	Local Resources
Planned Obsolescence		State Resources
Disruptive Technology		National/International Resources
The Pareto Principles	The Team	Public Commitment

Mentoring: As participants gain business acumen and confidence the SBDC will have a wide variety of consultants for each participant from which to choose. Participants will have exposure to a wide variety of guest speakers, instructors and consultants. Every effort will be made to connect participants with an appropriate mentor. Participants who take his/her business ideas forward will have access to one or several SBDC consultants to help them with various aspects of the business. This includes access to specialists with expertise in financial modeling and forecasting, loan packaging, angel investing, and crowdfunding.

Community Connections: Job prospects are scarce for many individuals coming out of correctional institutions. The SBDC views itself as an important part of the safety net by giving a previously incarcerated person real control over their work-related pursuits, we can help make a cycle-breaking difference. SBDC's are organized in a way that each Center Director has control and influence over the priorities and offerings of the local service center, so the offerings accurately reflect the small business needs of each community. The SBDC also works closely with business leaders and elected officials to help the local entrepreneurial ecosystem. Service centers are dispersed across the region, and each service center has a center director tasked with relationship management and continuously seeks access to programs and resources. Mentors and consultants will receive additional access to information about transitional services, and any other service that improves the economic well-being of the returning citizen.

Access to Capital

Access to micro-lending:

There are 3 specific attributes that set UCM SBDC apart from others:

1. UCM SBDC's number one key performance indicator is capital infusion for small business. There's a tremendous skillset in place to support traditional lending including microloans. In addition to traditional lending, the UCM SBDC has expertise in angel investing and crowdfunding.
2. Services are delivered primarily through 1:1 consulting, creating the time and space to give a previously incarcerated individuals the attention and support needed for long term success.
3. UCM SBDC deploys contract consultants to deliver these services. In addition to the 25 full time staff, there are 115-125 consultants on contract at any given time. Staff and consultants will be engaged for this grant as needs from participants arise.

The UCM SBDC works continuously to recruit and retain consulting talent across all major industries and business performance areas. A variety of guest speakers that either manage microloan programs or are experts in non-traditional finance will participate in each class. In addition to lenders and experts, microloan recipients will be invited to participate as guest speakers during the in-person meetings.

Special care will go to identifying successful small businesses that were founded by previously incarcerated individuals. Participants will be encouraged to meet and engage with people who have had similar life experiences and went on to create successful businesses.

Additional resources will be provided for each participant. In addition to micro-lending, participants will receive training about angel investing, crowdfunding, and as additional non-traditional sources of funding for small business.

Connection to capital and funding opportunities: The UCM SBDC's staff and consultants bring a variety of resources to the project. Specialists in everything from basic bookkeeping to loan packaging will be available to support participants.

- Beyond providing basic information about how to apply and where to go, SBDC consultants can take the extra time to help complete loan applications and can support an entrepreneurs in the months after a funding event to help with key decision making.
- Staff and consultants also have a wealth of knowledge about the preferences and priorities of different lending institutions.
- In addition to traditional lending sources which are more likely to have constraints for a previously incarcerated person, the UCM SBDC is connected to variety of micro and revolving loan funds, has expertise in crowdfunding and works with approximately 20 angel investment groups in Central California.

¹**Cost of Living:** 2017 Sperling's BestPlaces©. http://www.bestplaces.net/cost_of_living/state/california

²**Per Capita Income:** U.S. Census Bureau. [American Community Survey, 2010-2014 American Community Survey 5-Year Estimates](#), Table B01003. [American FactFinder](#).

³**Unemployment Rate:** Bureau of Labor Statistics December 2016 Unemployment Rates for States, Seasonally Adjusted. <https://www.bls.gov/web/laus/laumstrk.htm>