

Aspire Challenge: Finding Solutions to Empower Formerly Incarcerated Individuals with Entrepreneurship Training and Access to Microloans

Contestant Capacity

1. Organizational Background:

Name of Organization: Capacity Builders, Inc., (CBI)

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CBI was established over 20 years ago as a nonprofit with headquarters in Farmington, New Mexico. CBI's mission is to *improve the quality of life for the poorest and neediest tribal communities, nonprofits, and the people in the United States through capacity building support and direct services that lead to job creation, economic independence, wellness and abundance*. Consistent with this mission, the CBI Aspire Challenge Project will provide training for 50 ex-offenders on the Navajo Nation who are currently on parole or probation or soon to be released from incarceration, who seek to develop and establish a successful business. CBI will recruit from the Crownpoint and Shiprock Correctional Facilities, geographically located in the northwest corner of New Mexico on the Navajo Reservation. Ex-offenders return to communities on the Navajo Reservation where some of the poorest American communities exist. Per capita income is well below 50% of the national average and unemployment is at least 225% above the national average. Actual recidivism data do not exist. By anecdotal evidence, recidivism rates are high with judges and bailiffs reporting that the faces in the court are always familiar. Consider these demographic numbers: there is one job for every 48 working age adults; 30% of homes do not have plumbing and 61% do not have electricity; less than 8% of the citizens have a college education and 31% are illiterate in English; and 72% live in areas with no Internet or cell phone service. There is a very high probability that ex-offenders will remain unemployed for at least one year after release and most will be rearrested. Entrepreneurship training with microloan assistance is one solution to these challenges for ex-offenders in the Crownpoint and Shiprock, New Mexico portion of the Navajo Nation. CBI has extensive experience providing technical assistance and training for microentrepreneurs with American Indians on the Navajo Reservation. CBI has provided a series training sessions that collectively served 95 individuals in 2014, 849 in 2015, and 489 in 2015. CBI continues to provide training and technical assistance throughout the Navajo Nation for nascent entrepreneurs and small disadvantaged business owners. Currently, CBI's *2nd Chance Young Fathers Project* leverages State and Federal funding to improve lives and reduce recidivism among young Navajo offenders leading to strong families, educational achievement, and economic self-sufficiency – including training to support emerging entrepreneurs. During 2013-2015, success indicators from CBI microentrepreneur training were tracked revealing that 330 CBI clients obtained a microloan/financing to start a business and 184 new businesses were begun. More significant is the increase in annual income as reported in 2015 where, on average, annual incomes went from \$12,540 to \$42,790. CBI has attained recognition and credibility as a training and technical assistance provider in and among Navajo communities.

2. Background and Management Team: Ms. Rachel Nawrocki, CBI's Executive Director since 2008, will provide oversight and assistance to the Project Coordinator for all activities, services, training program development and Project implementation including training, technical assistance and connecting ex-offender entrepreneurs with access to capital. Ms. Nawrocki has 20+ years' progressive expertise in leadership, training, and problem solving for nonprofit organizations and small businesses. Ms. Nawrocki possesses keen understanding of business priorities, is a genuine team player who is committed to managing operations and projects flawlessly and is recognized for consistent success in developing the processes and procedures to streamline operations. Mr. Michael Peacock, of Southwest Business Development Consultants, Inc., will serve as the Project Coordinator. Mr. Peacock's consulting business is an SBA 8(a) Certified Small Disadvantaged Business located in New Mexico. Mr. Peacock has over 24 years experience in providing business, community, and economic development services to individuals, businesses, organizations and tribes throughout New Mexico and the United States through his affiliations with the New Mexico Business Development Center and the National Center for Native American Enterprise Development. Mr. Peacock will provide training and will also connect Project participants with access to capital and micro-lenders. Due to Mr. Peacock's experience and qualifications, he is an ideal candidate to lead the CBI entrepreneurship training program.

Entrepreneurial Education Delivery Solution

1. Participant Recruitment Plan: Capacity Builders, Inc., (CBI) will engage American Indian ex-offenders in training and technical assistance to empower and provide support for entrepreneurial efforts. CBI has experience in both working with disadvantaged entrepreneurs and with ex-offenders from the Navajo Nation to create positive outcomes that address the near third-world conditions of the Navajo people. CBI will use this experience to connect with ex-offenders and provide training and technical assistance to lead in economic self-sufficiency through starting a business. To begin, Project staff will recruit participants in the two target areas: Crownpoint and Shiprock. The CBI Project staff will promote, recruit and enroll at least 50 American Indian ex-offender participants through coordination with the Navajo Nation Corrections Department. Recruitment strategies go hand-in-hand with Project marketing strategies. Marketing will begin with CBI's Executive Director (or designee) contacting the Judicial Branch of the Navajo Nation and the correctional facilities in Crownpoint and Shiprock, New Mexico, with information about the Project. Flyers featuring Project fast-facts will be provided to correctional facility staff to share with offenders (male and female) scheduled for release. These facilities will be a valuable resource for identification of potential participants once released and on parole. Project staff will also contact Navajo Probation Services District Offices – specifically the offices located in Shiprock and Crownpoint, New Mexico. Project staff will provide information and distribute flyers at each Probation Services Office. Contact information will be included on the flyers and on all marketing materials. The Probation Services Offices will be another valuable resource to identify adults on probation residing in each area. CBI staff will also promote the Project through newspapers, local community meetings, local radio public service announcements and other community events. The primary guidelines identified for recruitment are that a potential participant be on probation or parole or is soon to be released from incarceration and will then be on parole. The next recruitment guideline is to identify ex-offenders that are involved in running a small business or are interested in starting a small business. Once a potential participant is identified, Project staff will meet face-to-face to explain Project expectations and provide assistance in completing an application. The application will include participant contact information and his/her areas of interest for starting or enhancing a small business. Project staff will then maintain contact with each applicant up to and during the 4-week training sessions.

2. Classroom Instruction: The training and technical assistance offered through this Project will be presented as a way to become self-sufficient and increase income by assisting ex-offenders start and run a small business. The Project Coordinator, with assistance from CBI's Executive Director, will conduct five (5) four-week training sessions over the 12-month Project with two taking place in Shiprock and the remaining three at a Crownpoint location. The target services to be provided include: recruit and enroll participants as cohorts for the Training and Technical Assistance project; provide five (5) four-week training programs for ten participants in each cohort; provide technical assistance for next-steps; and conduct 30- and 60-day client follow-up post training. The actual training will consist of staff and Project Coordinator-led daily sessions, Monday through Friday, at least three hours per day over each of the five (5) four-week training periods. The sessions will vary in length and participants will learn ways to either develop a small business and/or ways to enhance existing business through presentations to promote growth, expansion, innovation, productivity and management. The training topics will include but not be exclusive to: Transitions to Entrepreneurship – functioning as a small business and as an ex-offender; Start Your Own Business – taking the dream of starting a business and put it into action; Business Development for the Professional – understanding professionalism and boundaries of business ownership; Small Business Guide – a guide to requirements of specific business regulations in generals as well as business-type regulations; Internet Marketing Basics – building a social network for your business, implementing search engine optimization and other online marketing strategies; Marketing for Small Business – provides fresh insights to a variety of marketing ideas to help participants develop a marketing plan; Fundamentals of Business Management; and Start Your Business-Pulling It All Together – guiding participants to analyze and synthesize what has been covered in the training program and develop a final business plan and strategy. Participant plans will include specific next-steps to be carried out within 60 days of completing the training program. CBI will track participant progress through evaluation questionnaires completed by Project participants at the conclusion of each training topic.

3. Mentoring: CBI will provide individualized support for participants who are developing entrepreneurial skills and strategies. Each four-week training and technical assistance program will be face-to-face with ten recruited ex-offenders participating in one of five cohorts over the 12-month Project period. This target number of ex-offenders per cohort provides the opportunity for each participant to receive individualized attention, direction, guidance and support from Project staff and trainers who will also serve as mentors. Each of the training topics listed above will be conducted to make the topics relevant to the participants. The last session, *Start Your Own Business-Pulling It All Together*, will specifically focus on providing individualized technical assistance that will not end with the four-week training but will continue through ongoing communication and check-points to determine progress at 30 and 60 days post-training. Participants will receive mentoring by Project staff for successful implementation of next-steps as identified in the individualized business plans. Once a four-week training session has ended, project staff will facilitate a meeting with the completing participants for debrief and the opportunity for participants to share individual experiences. The members of each cohort will continue this support for one another by establishing a support group. The support groups will meet monthly for at least the following 6 months after the training session has ended for ongoing information and experience sharing and to provide support and encouragement among cohort members. Project staff will monitor the support groups to encourage and ensure that the cohorts are meeting. CBI will provide relevant and requested information as well as support for each participant to actively address their business plans and realize their dreams to be a successful business owner. CBI will ensure that language barriers (Navajo) are addressed and no client will struggle to understand the content of the training and technical assistance program. Accommodations for participants with disabilities will be provided. CBI Project staff are also American Indian and have extensive understanding of the Navajo culture and the need to incorporate cultural components and considerations as part of the training program, in facilitating group meetings, and as mentors for Project participants.

4. Community Connections: CBI has developed a positive and fruitful working relationship with the Navajo Nation. CBI has provided capacity building training and programs focused on guidance for tribal members to create income opportunities through individual business creation and entrepreneurial efforts. CBI has established relationships and has conducted programs in collaboration with both Navajo Nation correctional facilities targeted for this Project. One specific program that showcases these successful relationships is CBI's 2nd *Chance Young Fathers Project* targeting young Navajo offenders. Through the 2nd *Chance Project*, CBI has developed and benefitted from well-established partnerships with the Navajo Department of Corrections in the identification and recruitment of Navajo youth to participate and benefit from the program. CBI staff members have worked within and among both communities (Shiprock and Crownpoint) for a variety of community focused initiatives that have previously focused on preventing alcohol and substance abuse, juvenile offender reentry, and programs with the schools on the Navajo Reservation to address the prevention of teen pregnancy and risky behaviors. CBI staff members have collaborated with community leaders in the target communities through various organizations and the Chapter Houses (similar to a state government within the Navajo Nation government structure) to support and assist the Navajo people. Examples of community organizations include the business community, healthcare professionals, civic/volunteers, religious/fraternal organizations, and social service agencies. CBI is aware that ex-offenders face many challenges for reentry from incarceration and on parole or probation. CBI will refer participants to social service agencies or services within the communities for additional services that are identified. It is also possible participants have not completed high school and may have literacy issues with limited reading and writing skills. CBI will refer ex-offender participants who may need additional adult basic education services to organizations offering the programs that will meet participant needs. These services may also include access to transition services, financial literacy instruction and other services to improve the economic well-being of the returning ex-offender. CBI's relationships within the Shiprock and Crownpoint communities will help in participant recruitment and participant referrals to support services. The Shiprock and Crownpoint Chapter Houses will provide the availability of computers, Internet access and other resources for Project implementation. In addition, community organizations will assist in the identification of the specific locations within these communities to hold the training session. CBI's established connections to the communities will be a valuable asset in the implementation of this Project.

Access to Capital

1. Access to micro-lending: An important part of Capacity Builders, Inc.'s, (CBI) work involves connecting individuals, organizations and businesses to a support systems relevant to specific capacity-building needs and in connecting microentrepreneurs with micro-lending opportunities. Over the course of each of the five (5) four-week training programs, CBI and the Project Coordinator will collaborate with micro-lending programs for participation in the Project to present micro-lending opportunities and an overview of available resources. CBI will reach out to resources located near Shiprock and Crownpoint: Farmington Small Business Development Center (SBDC) – San Juan College in Farmington; Small business investment companies and local resource partners; Northwest New Mexico Council of Government Center for Workforce Training; Enterprise Center; Farmington Chamber of Commerce; Four Corners Economic Development; Regional Business Development Office; and SBA partners such as SCORE that provide mentoring from experienced professional mentors/volunteers. Connections will be established with the SBA Loan Fund (loans to small businesses and start-up businesses), for information about loans that are available and qualifications to obtain a loan. One potential Loan Fund option is the SBA Microloan Program for small businesses with loans of up to \$50,000 that can be used for working capital, inventory or supplies, furniture or fixtures and machinery or equipment. The SBA Microloan program allows businesses to take advantage of the Loan Fund's Technical Assistance Program for pre- and post-loan assistance. The Loan Fund's *CreativeFund* offers opportunities to help arts and cultural entrepreneurs launch or grow creative businesses. SBA's Loan Fund also offers workshops and other free services that participants can access during or after completion of the training program. During the fourth week of each training program, a forum will take place for presentations, discussions and information-sharing to link participants with microlenders, resources and applicable lenders/loans. Some of these include: Local Economic Development Act—Capital Outlay Funds, New Market Tax Credits, Collateral Support Program, and Public Project Fund identified by the New Mexico Economic Development Department Finance Development Team (FDT). Specific programs identified by the FDT most relevant to Project participant needs include: ACCION New Mexico – loans to support self-employed individuals who have limited or no access to traditional business credit; SBA 504 Loan Program –expanding small businesses with 90% financing to buy real estate, make leasehold improvement, buy and install machinery, equipment and fixtures, and pay soft costs; WESST Corp –business skills training, product marketing, development opportunities and small loans to viable or growing businesses owned by women and minorities.

2. Connection to capital and funding opportunities: The Project's training topics provide each cohort with information and guidance to start a business (or enhance an existing business), for growth, expansion, innovation, productivity and management. Embedded in each training session will be instruction to prepare participants to meet with capital providers. Participants will learn critical soft skills to include: Work Ethic; Positive attitude; Good communication skills; Time management; Problem-solving skills; Self-confidence; Flexibility and adaptability; and Working well under pressure. Participants will have the opportunity to practice these skills throughout the training program. Program topics collectively lead each participant to develop and complete a business plan and strategy. Each cohort member will produce a business plan that is supported by documentation and is written to reflect knowledge and professionalism as an entrepreneur. The Project Coordinator will provide his expertise and work with each entrepreneur to develop and refine his/her business plan in preparation for presentations to potential lenders. The forum (described above) will provide an opportunity to match participants with relevant lenders and funders. Prior to the forum, participants will develop a business-pitch to present to members of the microlending entrepreneurial system. The pitches will include best practices such as 1) essentials only; 2) business plan outline; 3) is crystal-clear to everyone; 4) showcase soft skills; 5) address competition; 6) give the numbers behind the business plan; and 7) show the product or mock-up. Participants will practice their business pitches with the Project staff and other cohort members prior to the forum. Immediately after the forum, participants will analyze the funding/loan options and determine which is the best fit for their enterprise. Once the four-week session ends, an infrastructure will be in place for each entrepreneur to take the defined next-steps to start or expand his/her small business.



SUPPORT FOR CAPACITY BUILDERS' ASPIRE CHALLENGE INITIATIVE

The Navajo Nation Department of Corrections, in partnership with Capacity Builders, brings innovative and wholistic programming to incarcerated individuals in corrections facilities across the Navajo Nation. Through our "2nd Chance Young Fathers Project" this partnership leverages State and Federal funding to improve lives and reduce recidivism among young Navajo offenders. We do this by facilitating programming that targets many facets of young offenders' experience. Outcomes include: strong families, educational achievement, and economic self-sufficiency. To address economic self-reliance, and primarily because there are indeed so few "jobs" on the Navajo Nation, the 2nd Chance Young Fathers Project is wholly invested in systems of change that target training and support for emerging entrepreneurs. Business start-up supports to include training, technical assistance and connection to capital are key and necessary components of lasting change in the lives of Navajo youth.

For these reasons, we, the undersigned, support Capacity Builders' ASPIRE CHALLENGE Initiative, and are committed to ensuring its ongoing implementation in the corrections facilities on the Navajo Nation.

Date: February 10, 2017

A handwritten signature in blue ink that reads 'Tina Gray'.

Tina Gray

2nd Chance Young Fathers Project Manager

A handwritten signature in blue ink that reads 'Melani Armendariz'.

Melani Armendariz

2nd Chance Young Fathers Business Training Manager