

Project Restart: Helping People Restart through Entrepreneurship
Fresno Community Development Financial Institution (Fresno CDFI)
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Contestant Capacity

Organizational Background. The mission of Fresno Community Development Financial Institution (Fresno CDFI) is to create a prosperous Central California by offering affordable financing and business advisory training to low- to moderate-income (LMI) entrepreneurs. Founded in 2008 to provide small business lending services to LMI and historically marginalized populations, Fresno CDFI has invested in the creation and expansion of 519 businesses, deploying over \$22 million in loans to entrepreneurs and providing them with 7,019 hours of technical assistance. Fresno CDFI is a subsidiary of Fresno Economic Opportunities Commission (Fresno EOC), a nonprofit community action agency. Fresno CDFI is the only U.S. Treasury-certified CDFI housed within one of California's community action agencies.

Fresno CDFI is a pioneer in supporting business start-ups and expansion plans of LMI entrepreneurs who have chosen small business as a pathway to improving their economic conditions. 55% of its loans in 2016 were to low-income individuals or low-income communities throughout central California.

As a mission-based lender, Fresno CDFI has purposely targeted underserved markets since its inception. In 2016, it established the Business Advisory Training Institute (BATI) to provide financial literacy training and pre-loan technical assistance to LMI and underserved aspiring entrepreneurs. The goal is to create a pipeline of better prepared potential borrowers. Project Restart will be expansion of this successful work.

Background of Management Team. The staff for **Project Restart** will include Fresno CDFI's Senior Manager of Operations, Senior Manager of Administration, and Business Development Manager, and Lead Business Development Officer that will collectively provide the business, cultural, and linguistic background necessary to effectively support the targeted entrepreneurs.

Salam Nalia is the Chief Executive Officer of Fresno CDFI and the Chief Financial Officer of Fresno CDFI's parent organization, Fresno EOC. He founded Fresno CDFI in 2008. Under his leadership, Fresno CDFI grew from an institution with \$500,000 in lending capital to one with over \$17 million in revolving loan funds. Mr. Nalia has secured over \$6.6 million from microloan programs operated by the SBA and the U.S. Department of Agriculture.

Jeremy Hofer, Fresno CDFI's Senior Manager of Operations, has a M.B.A. in Community Economic Development and four years of experience underwriting and presenting loans to credit committees. He has worked for Fresno CDFI for over eight years, and he will oversee Project Restart and supervise the Business Development Manager.

Tate Hill, II, Fresno CDFI's Senior Manager of Administration, holds a M.S. in Community Economic Development. He has more than 10 years of experience creating and implementing business development and technical programs to diverse and underserved communities. He will oversee contract development and technical assistance.

Ana F. Medina, Fresno CDFI's Business Development Manager, will supervise the Business Development Officers. Ana has 10 years of community relations and business development experience in urban and rural communities for both English and Spanish clients.

Joi Eubanks, Fresno CDFI's Lead Business Development Officer (BDO), will provide pre-loan technical assistance and application development support to clients. She developed and coordinates the Business Advisory Training Institute (BATI) and has successfully educated 45 residents from LMI and underserved communities.

Entrepreneurial Education Delivery Solution

Fresno CDFI's strategy to increase lending and technical assistance to high barrier small business owners includes a comprehensive marketing and outreach plan. Fresno CDFI's team has diverse backgrounds and relationships with varying local communities that allows them to effectively reach target demographics. The organization has demonstrated its ability to yield results among underserved populations with traditionally high barriers to entrepreneurship. In 2016, Fresno CDFI had a strategic goal to increase outcomes in the African-American community. Last year, the number of African American applicants to Fresno CDFI rose dramatically, accounting for 17% of all closed loans, compared to only 6% in 2015.

That success was rooted in targeted outreach and recruitment through deep community relationships and the development of a financial literacy and business education training program, the Business Advisory Training Institute (BATI).

Participant Recruitment Plan:

Because of a 2009 federal court mandate and new state laws- Prop 47 and Prop 57, California has a new wave of formerly incarcerated individuals back in society with limited resources to support their successful integration. In particular in the Central Valley, we have a disproportional amount of state and federal prisons. The Fresno County Probation monitored 6043 adults in 2015 of which 18% (1058) were considered 'low risk'. These and those selected as part of the state's second strike early release program, provide viable candidates to engage with about financial self-sufficiency options through entrepreneurship.

Fresno CDFI has developed a network of over 60 referral partners in banking, government, non-profit and other community groups. These partners frequently provide vital referrals of clients that do not meet the stringent underwriting standards and criteria of traditional banks. By forming a broad connection to small businesses and entrepreneurs from diverse and underserved communities, Fresno CDFI's staff is able to gain the trust of the individuals it serves, thereby ensuring that outreach, marketing and overall engagement is successful. Identifying entrepreneurs who have the passion and dedication necessary for managing their own businesses is key to running a successful program.

Fresno CDFI's staff are fluent in Spanish, Hmong, Lao, Punjabi, and Hindi. Marketing and outreach of products and services is conducted on an ongoing basis through a variety of media outlets. Fresno CDFI has utilized advertising on various local radio and TV outlets, including AMP TV (African American audiences), KBIF (Hmong/Punjabi audiences), Hmong TV, and Univision (Hispanic audiences). With Aspire Challenge funds, Fresno CDFI will continue utilizing these media outlets to increase lending and TA to underserved, high barrier aspiring entrepreneurs.

Also, through the many programs operated by its' parent organization, Fresno EOC, Fresno CDFI has access to 150,000 low-income Central Valley residents. Fresno EOC serves in an area with one of the highest concentrations of poverty in the nation: Fresno County. Fresno CDFI markets its products and services to target groups, including African Americans and Latinos, through Fresno EOC's 30 human and economic development programs. For example, the Fresno EOC Street Saints, a grassroots community engagement program, regularly engages residents in southwest Fresno who are unemployed, formerly incarcerated, or in need of family support. Fresno EOC's Employment & Training Services provides soft-skill, case management, and job application assistance to young adults. Fresno EOC's Youth Sanctuary provides housing and wrap-around services to homeless youth. These programs provide Fresno CDFI connections to underserved and underrepresented populations.

Fresno CDFI values the importance of formerly incarcerated individuals' reintegration into society, therefore these individuals would be integrated into the standard BATI program with other participants. This allows the target participant to learn from peers and community members while building their business network and confidence.

Classroom Instruction: In 2016, Ms. Eubanks developed and piloted the Business Advisory Training Institute (BATI), a 15-week financial literacy curriculum, with two cohorts of clients from the Fresno EOC Street Saints. The Fresno Street Saints is a grassroots program working to restore safety, health and prosperity to Southwest Fresno. These individuals, comprised of parents, community leaders, and business owners, completed BATI, with the goal to increase participants' financial knowledge in banking, budgeting, business financials, credit building, and lending principles. The curriculum's culminating project is a participant-created business plan.

The main objective of this training is to provide hands-on opportunities to gain knowledge and skills regarding financial, credit, and debt management that empowers participants to make financially responsible decisions. The class also focuses on entrepreneurship and the ability to be a successful business owner.

SUCCESS STORY: A formerly incarcerated participant used the knowledge gained through BATI to re-launch his janitorial business. As part of the training, he developed a business plan, was coached through the loan application process, and was subsequently approved for a loan of \$5,000 to purchase needed equipment. That participant has since gained service contracts with Fresno EOC and he is in the process of getting Disadvantaged Business Enterprise (DBE) certified through the City of Fresno.

BATI is now a sought-after program with a waitlist of churches in west Fresno wanting it for their parishioners and it is currently being incorporated into the youth employment and education programs at Fresno EOC.

Mentoring: Fresno CDFI's model promotes peer mentorship through class assignments and activities that increase accountability. In addition, the model connects participants with business professionals in banking, accounting, and marketing. Fresno CDFI has in-house staff that provides technical assistance for pre- and post-loan support along with technical assistance partnerships with the UC Merced's Small Business Development Center (SBDC) Network, ethnic chambers, and local business associations to support new or existing businesses.

In addition, Fresno EOC programs, such as the Career Opportunities Reached through Participation in Service (CORPS), Employment & Training, and Youth Sanctuary, provide participants and comprehensive case management and support services to existing and new clients.

With nearly 10 years of experience lending and support traditionally high-risk and underserved populations, Fresno CDFI understands the value and need of providing mentors can effectively connect with the entrepreneur participant. Fresno CDFI is uniquely qualified to support the targeted entrepreneurs because of its portfolio history, culturally component staff, and its network of business, lending and social services partners who are aligned with its service mission. Because of this capacity, Fresno CDFI in 2016 received grant awards from Wells Fargo and Pacific Western Bank to expand its work with diverse and underserved populations.

Community Connections: Project Restart will provide participants will a multifaceted support network in and out the training program itself. As a part of the Fresno EOC family of services, Fresno CDFI can connect them to services outside of the scope of the program but critical to their ability to effectively start or expand a business including child education (Head Start), food & nutrition (WIC) , health services, transportation services, employment assistance and other family needs.

Access to Capital

Fresno CDFI has been a Small Business Association (SBA) microloan Intermediary since 2010. Currently, it offers microenterprise and enterprise loans of between \$2,500 to \$300,000 for working capital, equipment, inventory, gap and bridge financing, business acquisitions, franchises, and other uses on a case by case basis. Underwriting criteria for loan applicants is set by the funding source, predominantly the SBA and USDA, along with several corporate contributors. Generally, loan applicants are evaluated based on the five unique, nontraditional Cs: character, capacity, capital, collateral, and conditions of the business.

Fresno CDFI takes measures to fully develop the potential of low- and moderate-income entrepreneurs, offering pre- and post-loan technical assistance (TA) as a complementary development product. In pre-loan TA, Business Development Officers (BDOs) assess the business idea with the applicant, evaluate their business plan, financial and tax statements. Fresno CDFI spends an average of six hours of pre-loan TA and 3 hours of one-on-one consultation to prepare the business owner's loan application and implementation processes. In post-loan TA, BDOs and Technical Assistance Analysts connect with borrowers at least quarterly to check on the status of the business and coach them through any issues or areas of improvement. After the term of the loan, Fresno CDFI engages in post-loan TA for six months and as requested by the borrower.

Most importantly, Fresno CDFI's leadership and staff consider themselves 'lenders with a heart' who are concerned not only with the business but the business owner. Because it is a mission-driven lender and part of a larger organization that is rooted in providing economic opportunities for underserved populations, it has the lending appetite to connect entrepreneurs with capital regardless of their past to support the success of their business.