

## **CONTESTANT CAPACITY**

### **1. Organizational Background**

Hispanic Economic Development Corporation of Greater Kansas City (HEDC)

2130 Jefferson Street, Kansas City, MO 64108

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The Hispanic Economic Development Corporation (HEDC) – established in March of 1993 – is dedicated to improving the lives of Latinos within the Greater Kansas City area. HEDC achieves this through business development and economic and community wealth creation initiatives. With an established history of documented success in supporting area entrepreneurs, HEDC provides access to a proven Business Development model that is fully sensitive – and customized – to the identified needs and challenges of individual participants, including opportunities for improved financial management and capacity building. Since 2006, HEDC has served more than 3,000 new, existing, and aspiring entrepreneurs; totaling more than 27,000 hours of small business development training and technical assistance.

HEDC serves the Greater Kansas City area, which is made up of 13 total counties in Missouri and Kansas. However, a majority of individuals served reside from 3 principal counties (Jackson County in Missouri, and Johnson and Wyandotte Counties in Kansas), totaling approximately 85% of all clients served annually. For the SBA Aspire Challenge, HEDC seeks to target residents and former felons within Jackson County (HEDC's current clients from this county makes up approximately 40% of all clients served annually). According to Jackson County Corrections, the 2015 average daily population at the Jackson County Detention Center and Regional Correction Center were 780 and 139 inmates, respectively. The total number of admissions to both Centers in 2015 was approximately 15,000, with releases numbering the same. Kansas City, MO, Jackson County's largest city, is considered by the FBI to one of the most dangerous cities in America; with a 2015 rate of 1,268 violent crimes per 100,000 people (well above the national average of 336 violent crimes per 100,000 people).

In February of 2010, HEDC partnered with Beyond the Conviction to facilitate its Operation JumpStart – First Step class to 8 formerly-imprisoned individuals, covering a week-long intensive training on business strategic planning. These individuals each participated in 42.50 hours of small business development training and technical assistance. With more than 200 entrepreneurial resources available in the Greater Kansas City area, the community must include formerly-incarcerated individuals and other underserved populations in order to help it sustainably grow into one of America's strongest entrepreneurial ecosystems.

### **2. Background of Management Team**

Pedro Zamora, Executive Director, has more than 25 years of professional experience, working at the executive level in businesses ranging from small to large corporations. Mr. Zamora specializes in using data management tools to track an organization's economic impact. He has a degree from the Missouri University Science/Technology.

Michael Carmona, Director of Community & Business Development, began his career in 2006, working for a local food market at the management level. Mr. Carmona oversees the operations and growth of HEDC's programs and services. Holding a Master's in Business Administration, Mr. Carmona has facilitated the start-up of more than 50 small businesses since joining HEDC in 2012.

Maria Mendoza, Community & Business Development Specialist, provides one-on-one technical assistance for current/aspiring entrepreneurs, helping them start and grow their businesses. Mrs. Mendoza has a Bachelor's in Business Administration, with an emphasis in Finance

## **ENTREPRENEURIAL EDUCATION DELIVERY SOLUTION**

### **1. Participant Recruitment Plan**

HEDC prides itself on its work and the key partnerships it maintains in order to grow the economic well-being of individuals within the Greater Kansas City area. Through current partnerships with El Centro, Inc. in Kansas City Kansas, Guadalupe Centers, Inc. in Kansas City, MO, and Kansas City Area Parents as Teachers Consortium in Olathe, KS – among others – HEDC’s educational programs and services create a value-added piece in improving the lives of low-income individuals. Via small business development training, basic and intermediate computer training, and financial education programming, HEDC seeks to build upon the foundations created by partner social service agencies.

For the SBA Aspire Challenge, HEDC seeks to partner with Connections to Success and KC NoVA to recruit participants to the two planned entrepreneurship accelerator cohorts to be offered to formerly-incarcerated individuals. Connections to Success, an organization focused on breaking the cycle of poverty, and KCNoVa, a community collaboration between multiple organizations (including the Jackson County Prosecutor’s Office, U.S. Attorney’s Office, Kansas City Missouri Police Department, and the FBI), currently serve a large number of formerly-incarcerated individuals and existing felons who are seeking to improve their economic well-being. Through these two referral partners, HEDC is confident in gaining a large number of participants (expected 30-40 through grant period).

In addition, KCSOURCELINK, the leading referral partner to KC’s more than entrepreneur-serving organizations, will play a key role in marketing the program. HEDC’s weekly radio show, “El Momento Empresarial”, small business column in Dos Mundos Bilingual newspaper, and social media pages, will also play major roles in recruiting individuals to the program.

### **2. Classroom Instruction**

HEDC plans to deliver existing classes – while also introducing new programs and services – during the program period. HEDC expects to host two separate co-horts of 15-20 individuals, lasting 6 months each. Each individual program is evaluated through surveys and collection of key performance metrics.

#### **KAUFFMAN FASTTRAC - NEWVENTURE**

HEDC will offer both English and Spanish versions of FastTrac NewVenture program, a 30-hour course with a proven framework to help support aspiring entrepreneurs plan their business start-up. In this course, accelerator participants will discover how their business concepts match their personal visions, learn how to set realistic financial goals, and determine their target market and competitive advantage.

#### **BUSINESS WORKSHOPS**

HEDC will offer small business workshops, in both English and Spanish, to accelerator participants. The workshops emphasize personal and professional development, allow for interactive learning, and provide business information and education. HEDC determines workshop topics through feedback from past and existing clients (through surveys and other sources). Topics will include financial control, marketing, competitive analysis, and consumer relations. Workshops will emphasize topics first introduced in the FastTrac program, along with other topics that will be helpful to accelerator participants as they build the foundations of their products and services. Cohorts will also take advantage of this opportunity to learn presentation and storytelling skills, as each workshop will invite local, regional, and national professionals as guest speakers (this is important as they plan to deliver their business pitches at the end of each accelerator session).

Other workshops/classes include QuickBooks training, digital literacy/technology training, and financial education (personal and financial).

#### INDIVIDUAL DEVELOPMENT ACCOUNTS FOR SMALL BUSINESSES

A new program to HEDC, qualifying participants of the SBA Aspire Challenge will have the opportunity to open up a savings account that will offer them a 4:1-dollar match. Money saved – in addition to matching funds – can be used to support expenses related to business start-up and growth (including being used as an equitable investment when seeking a loan).

### **3. Mentoring**

#### ONE-ON-ONE TECHNICAL ASSISTANCE

HEDC will provide technical assistance to Aspire Challenge participants, helping each one further identify and build upon their strategic business model. This will include business planning, finance/accounting assistance, licensing and permit registration, legal/insurance issues, location assistance, marketing, loan packaging preparation, and assistance with local Minority Business Enterprise/Women Business Enterprise (M/WBE) certifications. The counselor assists clients in developing a timeline of tasks and responsibilities that will be put into place to manage benchmarks and other milestones in the startup/growth process. The ideal situation is for participants to fully understand the challenges of a business, including personal and legal obligations. With the more education participants receive, the higher the probability of success they are likely to see. HEDC expects to commit more than 1,500 hours of technical assistance to Aspire participants seeking to build upon the entrepreneurial skills and strategies developed in the FastTrac program and small business workshops.

### **4. Community Connections**

HEDC understands that in order to build the most sustainable means to economic opportunity and wealth, individuals must receive support from a number groups that will assist them with their various needs. Organizations such as Connections to Success, and KC BizCare – to name a couple – will be key partners in delivering a holistic approach to building the economic well-being of each participant.

Connections to Success operates under a model that serves the transitional needs of formerly-incarcerated individuals. During the program period, Connections to Success will help participants complete a life plan, outlining goals and objectives in several life space areas. Each participant will be assigned with a case manager and volunteer mentor to ensure they have the support needed to reach their goals. Through personal and professional development workshops, participants will learn cognitive skill building, health and wellness, and other educational programs. Through its existing service model, Connections to Success sees a 14% rate of recidivism in participants (within 12 months after release from incarceration), which is below the national average (44%). Lastly, through their Dress for Success program,

The City of Kansas City, Missouri Customer Service center (KC BizCare) was established in 2009 as a free business resource, advocacy and information center for new and existing businesses within the City. Through this partnership, BizCare will assist with the participants' understanding and navigation of the City's regulatory licensing, permitting, and approval process; in addition to streamlining initiatives to remove barriers to entry and systemic issues that impede a business's ability to grow.

With more than 500 businesses in our immediate network (businesses HEDC has helped start and grow), we expect to have a supportive group of small business owners who will provide mentorship to SBA Aspire participants.

## **ACCESS TO CAPITAL**

### **1. Access to Micro-Lending**

In 2011, HEDC established its lending subsidiary, Impacto Fund, Inc. to provide financial support to existing and aspiring small businesses owners seeking to grow and start their businesses, respectively. Currently recognized as an emerging CDFI, Impacto has awarded more than \$300,000 in micro-loans across the Greater Kansas City area. The impact of these loans have facilitated the start-up and growth of area businesses, leading to the creation of 40 new, full-time jobs.

Impacto's micro-loans offer a lending tool that is low in interest (between 5-6%) and flexible, depending on the client's assets and needs. Our loan policy stipulates, "Every effort should be made to comply with the client's request." This allows us, therefore, to make secured and unsecured loans. A client's history with HEDC and Impacto also plays a role in the loan application process. Over the years, we have learned that personal relationships are important; clients who have known us (and have gone through HEDC programming) for more than two years are usually very loyal and more likely to repay loans, which often results in lower interest rates.

HEDC works with other lenders across the city (Justine Petersen, EDC Loan Corporation, local banks) to assist small business owners (existing and aspiring) gain access to capital necessary in increasing a business's – and in turn, the individual's – opportunities for economic well-being.

### **2. Connection to Capital and Funding Opportunities**

The loan amount plays a role in the interest rate since it surfaces how much debt the client can encumber. The loan policy allows Impacto to charge a fee of up to 10% of the loan amount, depending on how much the loan will overextend the borrower's cash flow. It is our practice, however, to avoid these situations and instead encourage the client to participate in programs offered through our development services.

In October 2014, HEDC received funding from the Office of Community Services' (OCS) Community Economic Development (CED) Project to provide micro-loans to area businesses, that lead to the creation of full-time jobs to previously unemployed/underemployed individuals.

As an organization, we take pride in the quality of programs, and emphasis on one-on-one technical assistance, that enable an individual to be better-positioned to receive a loan (whether through Impacto or any of our lending partners). For individuals seeking financial support, HEDC offers the courses (FastTrac), workshops, and other programs and services needed to create a sustainable plan that includes a well-thought financial needs assessment. HEDC staff assists individuals with loan packaging prior to applying for a small business loan (business plan, credit report, financial forecast, and more). Once an individual receives a loan, HEDC staff continues to offer technical assistance, to increase sustainability of the business as the owner maintains timely loan payments.

In September 2016, HEDC was awarded \$150,000 from the Assets for Independence's (AFI) Individual Development Account (IDA) Project. Through this matching grant (\$300,000 in available funding), HEDC will offer at least 60 individuals the opportunity to opening up a savings account that will offer a 4:1-dollar match; leading to the purchase of resources needed to start and grow small businesses (i.e., licenses and permits, equipment, certifications). SBA Aspire participants meeting AFI guidelines will have the opportunity to participate in the IDA program, offering them an alternative means to funding their dreams.