

## **Organizational Background**

The Knoxville Area Urban League is a 501©3 tax exempt nonprofit organization chartered in 1968 in Knoxville, Tennessee. Our mission is to enable African Americans and others to secure economic self-reliance, parity, power and civil rights. We provide economic, business, housing, workforce, youth and educational services to achieve our organizational mission. Our service area includes Knox, Blount, and Anderson Counties, primarily the city of Knoxville. Our economic and business development training, technical assistance and capital are integrated and aligned to better position returning citizens to become entrepreneurs in low income communities. Terrence Carter, our Director of Economic and Business Development manages this department - (865) 524-5511 or [tcarter@thekaul.org](mailto:tcarter@thekaul.org).

The Knoxville Urban League has a 49-year history of service to low income communities and disadvantaged businesses. The Urban League's economic and business development activities support start-ups, business expansion and development that will create and retain jobs, and provide goods and services in low to moderate income communities with economic distress indicators as defined by the CDFI Fund. Our program has resulted in the deployment of nearly \$2 million dollars in capital to start and/or expand businesses. This investment has created and/or retained over 150 jobs and provides direct services to over 75 business owners each year. Approximately 13% of the business clients we serve have been formerly incarcerated.

## **Background of Management Team**

Our project management team has 58 years of experience planning and implementing training programs and providing technical assistance in group and 1-to-1 settings. Ms. Phyllis Young Nichols is President and Chief Executive Officer of the Knoxville Area Urban League. Ms. Nichols will manage the performance and compliance of the Economic and Business Development department. Serving as spokesperson for the organization, she will make presentations, television and radio interviews to promote economic and business growth in our service area. Ms. Nichols reports project progress to the governing board of directors and key stakeholders.

Terrence Carter, Director of Economic and Business Development, has 27 years of experience planning and implementing community, economic, and business development activities. He has raised and deployed over \$25 million dollars for projects in low to moderate income communities. Mr. Carter facilitates our CO.STARTERS Entrepreneurship Training Program and Empowerment Opportunity Loan Program. Mr. Carter is responsible for the implementation of his department's strategic plan, developing loan policies and procedures, raising public and private money to capitalize our loan funds and monitor our loan portfolio performance. He is also tasked with identifying and establishing strategic partnerships with banks, investors, and grant funders to leverage resources to increase economic and business growth within our service area.

Felix Harris, Director of Lending, has 18 years of experience in the banking and financial industry. Mr. Harris processes and underwrites small business loans; analyze applicant's financial status and credit to determine the feasibility of loan request. He reviews credit histories, financial statements, and other client financial information. Additionally, he conducts one-to-one budget and credit counseling to help clients improve their financial skills. He is responsible for scheduling loan closings, ordering checks for loan closings, ensuring documentation of bank balances and preparing loan reports.

## Participant Recruitment Plan

The Knoxville Area Urban League will recruit participants from the Community Set Up, C.O.N.N.E.C.T. Ministries and Midway Rehab Center. Each of these 501©3 nonprofit organizations have a mission to provide services to formerly incarcerated men and women returning to our community providing re-entry services. Our partnership agreement with **Midway Rehab Center** has endured for 15 years; we help their clients find jobs by providing job readiness skills training, assistance with writing resumes and assists with online job applications. On a daily basis, **Community Step Up** and **C.O.N.N.E.C.T. Ministries** refer their clients to the Urban League for assistance with housing, workforce, and business assistance. All three organizations are located within two miles of the Urban League and have agreed to partner with us to recruit and screen their clients who have an interest in becoming entrepreneurs.

## Classroom Instruction

In September 2014, the Knoxville Area Urban League launched our CO.STARTERS entrepreneurship training program to support start-ups and existing businesses. We conduct two 10-week CO.STARTERS entrepreneurship training classes; each training class is three hours for a total of 120 training hours per year. After completion of each of our entrepreneurship training cohorts, participants are eligible to compete for \$5,000 in our CO.STARTERS business pitch contest. To date, 63 individuals have participated in five cohort classes. Ten participants have won a total of \$53,000 provided by business owners that invest in our program. A stellar lineup of 25 successful local entrepreneurs with 320 years of combined business experience served as guest speakers and mentors for participants in our CO.STARTERS entrepreneurship training classes.

Our CO.STARTERS entrepreneurship training program teaches a business model discovery process where participants identify and test business assumptions through real customer interactions; develop a functioning business model; learn valuable management and marketing skills; and receive constructive feedback from potential business customers, successful small business owners, advisors, peers, and counselors from the Tennessee Small Business Development Center and SCORE of Greater Knoxville. Participants meet with assigned counselors each week to supplement classroom instruction and receive 1-to-1 guidance to develop their business plans.

## CO.STARTERS CURRICULUM TOPICS:

- **Week 1:** Knowing Yourself (Assumptions, Working Styles, Team Building, Obstacles)
- **Week 2:** Knowing Your Customer (Problem, Solution, Benefit, Competition, Advantage, Customer)
- **Week 3:** Getting the Relationship Right (Marketing & Message; Getting, Keeping & Growing Customers)
- **Week 4:** Building the Model to Scale (Starting Small, Distribution, Revenue, Typical Sale, Price)
- **Week 5:** Strengthening Your Structure (Business Structures, Licenses, IP, Hiring)
- **Week 6:** Discovering the Bottom Line (Startup & Ongoing Needs, Fixed & Variable Costs, Break Event Point)
- **Week 7:** Accounting for Growth (Break-Even Point, Sales Projections, Cash Flow, Accounting)
- **Week 8:** Planning for the Future (Raising Capital, Growth Plans, Goal Setting, Pitch Prep)
- **Week 9:** Sharing your Story
- **Week 10:** Writing Business Plans

By delivering an integrated approach to training and technical assistance, we can help formerly incarcerated individuals with entrepreneurial potential access capital they cannot qualify for because of credit score issues, lack of equity and capital to invest, little to no collateral and little to no experience operating a business. The Urban League believes our proposed services will address these deficiencies and position formerly incarcerated men and women to be successful in securing business capital. As a certified CDFI, the Urban League can offer more

than training and technical assistance; we can make loans to formerly incarcerated entrepreneurs. We incorporate extensive budget and credit counseling and repair, wealth building financial planning, money management, debt reduction strategies, financing strategies and other technical assistance to help resolve many of the problems our entrepreneurs with criminal records face.

### **Mentoring**

The Directors of Economic and Business Development and Lending will provide one-to-one mentoring, coaching, and technical assistance to formerly incarcerated program participants. In 2016, this team provided one-to-one mentoring to 94 entrepreneurs; 192 entrepreneurs attended 11 business workshops facilitated by the Urban League. We also partnered with the Knoxville Chamber of Commerce, Knoxville Entrepreneur Center, SCORE and the Tennessee Small Business Development Center to provide mentoring, business coaching, and capacity building. This collective group known as the Knoxville Business Support Network, provides individualized support to entrepreneurs to develop skills necessary to operate a successful business as well as strategies to address business and individual challenges that hinder access to capital for formerly incarcerated entrepreneurs. In 2016, the Knoxville Business Support Network facilitated eight business solution sessions to help increase the capacity of 127 entrepreneurs.

In addition to mentoring, the Urban League is collaborating with the City of Knoxville and the Knoxville Entrepreneur Center to develop an “Entrepreneur Passport”; a customized software application that will enable us to deliver technical assistance and training more efficiently. The software is designed to link entrepreneurs needing capital and technical assistance with specific entrepreneur serving organizations providing solutions to their specific needs.

### **Community Connections**

The Urban League will C.O.N.N.E.C.T. formerly incarcerated participants with local businesses in the community, social service providers, and human resource agencies. We maintain a directory of 154 services offered by agencies throughout the Knoxville community. Our recruitment partners: Midway Rehab Center, C.O.N.N.E.C.T. Ministries, and Community Set Up, also have community connections that will help formerly incarcerated entrepreneurs with basic fundamental needs such as food, shelter, health and dental care, and transportation.

Through our financial industry connections; we will provide formerly incarcerated participants with financial capability coaching consisting of budgeting and credit repair guidance. For example, volunteers from First Tennessee Bank, Fifth Third Bank, SunTrust Bank, and Pinnacle Financial Partners lead monthly financial literacy classes designed to teach participants how to create budgets, improve credit scores through debt reduction, and create and implement strategies for saving money.

## **Access to Capital**

The Knoxville Area Urban League has a 10 year demonstrated track record of making small business loans. We have capital that is accessible to formerly incarcerated individuals. We have a \$3.5 million dollar loan portfolio. From January 1, 2016 through January 31, 2017, we have invested capital totaling \$718,410 in 11 economically disadvantaged small businesses. We lend to entrepreneurs who cannot qualify for competitively priced traditional loans. We offer alternative financing options with lower rates and longer terms bundled with business assistance services designed to help our entrepreneurs achieve long-term sustainability and profitability.

Our loans also help finance deals when commercial lenders alone cannot fully meet the needs of disadvantaged entrepreneurs, especially those that have a criminal record. Our economic and business growth strategy has three critical components to meet the capital and business development services needs of our target market. Major components include lending capital, entrepreneurship training and one-on-one capacity building training and technical assistance. The loan program and business development services teaches our clients how to access capital and business resources needed to start or expand their businesses to achieve financial and economic self-sufficiency.

The proposed project to serve formerly incarcerated individuals is part of our broader economic and business development strategy. The strategy includes increasing the capacity of entrepreneurs in our target market to create businesses that provide jobs in low income communities; especially areas with high unemployment, high poverty rates and high loss of businesses. The primary purpose of our loan fund is to support start-ups and entrepreneurship as well as business expansion in the communities within our service area. Priority is given to loan applicants whose goods, services, and business activities provide the maximum community impact and benefits in the targeted service areas.

Through our CO.STARTERS entrepreneurship training classes, we will teach formerly incarcerated men and women how to qualify for loans through our Empowerment Opportunity Loan Program through classroom instruction and one-to-one technical assistance sessions. Below is an overview of our process.

1. Entrepreneurship training (mandatory for new start-up businesses)
2. Loan Application Submittal
3. Business Plan Submittal
4. Review of financial statements, tax returns, bank statement, credit reports
5. Determination of Community impact and benefits
6. Loan Review Committee Vote

Our independent loan review committee makes the final decision on each loan request. This volunteer committee provides invaluable service and insight from business, lender, or community perspectives. The committee is comprised of three business owners, three community residents, and four representatives from financial institutions. When loans are approved, we contract with a third party legal firm to close all approved loans. Based on the term sheet for each approved loan, our contracted provider prepares promissory notes, files liens and UCC filings to properly secure collateral for each loan closed. The third party legal firm makes the loan disbursements and submit a final closing statement to the Urban League loan program staff, management and loan clients.