

## ***SBA Aspire Challenge Solution: Aspire Capital Accelerator***

Washington Area Community Investment Fund (Wacif)

### ***Contestant Capacity***

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### **Organizational Background**

The Washington Area Community Investment Fund, Inc. (Wacif) is a regional nonprofit community development loan fund whose mission is to promote economic opportunity in underserved neighborhoods in the Washington, DC, metropolitan area. Wacif fulfills its mission by providing access to capital products and services, one-on-one technical assistance, and entrepreneurial training workshops to local low- to moderate-income entrepreneurs. Wacif was one of the first loan funds across the country to be certified as a Community Development Financial Institution by the U.S. Treasury Department, a certification held consistently for over 20 years. Since its inception in 1987, Wacif has closed over 275 loans totaling nearly \$30 million. Over the past two years, Wacif has closed over \$2 million in loans and has assisted over 450 entrepreneurs by providing more than 700 technical assistance consultations, resulting in over 100 local jobs created or retained. Wacif's current loan portfolio supports more than 50 entrepreneurs whom Wacif's staff assists through the life of their loans, whose average term is approximately three years.

Wacif's small business development programs and services have grown significantly since the organization expanded its strategic direction and closed its first small business loan in 2003. Wacif has extensive experience with citywide partnerships, and has been a key provider of small business training focused on low- and moderate-income entrepreneurs. For over 10 years, Wacif has partnered with the D.C. Department of Housing and Community Development (DHCD) to provide small business technical assistance services throughout the city. Wacif has also partnered with the D.C. Department of Small and Local Business Development (DSLBD) in the execution of its FastTracDC initiative to deliver the Kauffman Foundation's FastTrac curriculum to nearly 50 entrepreneurs from neighborhoods with the greatest concentrations of poverty in the city. In addition, Wacif was selected by the D.C. Department of Employment Services to lead its EnterpriseDC initiative. EnterpriseDC was a two-year program focused on providing entrepreneurship training for nearly 100 low- and moderate-income individuals. Program participants comprised of a mix of unemployed or underemployed, formerly incarcerated, and residents from Washington, D.C.'s most distressed neighborhoods in Wards 7 and 8. In 2016, Wacif launched a new partnership with AARP Foundation, Work for Yourself@50+, which empowers individuals 50 and older with opportunities to explore entrepreneurship. Wacif was selected as one of 17 organizations around the country to deliver entrepreneurial education through workshops and one-on-one consultations.

### **Background of Management Team**

Wacif's executive director, Harold Pettigrew, brings over 15 years of economic development experience leading successful initiatives to help entrepreneurs start, develop, and grow small businesses from New York City to Washington, D.C. Prior to Wacif, Harold served as the Director of Entrepreneurship at the Corporation for Enterprise Development (CFED), one of the nation's leading asset building organizations focused on the financial security of low- and moderate-income families. Before joining CFED, he led D.C.'s Department of Small and Local Business Development (DSLBD). During his tenure, he launched the city's first export readiness and development program, launched the District's Procurement Technical Assistance Center (PTAC), created the city's first small business technology commercialization support initiative, and launched new access to capital products and a retail focus on local neighborhoods. In addition, he developed partnerships with Google, and the Kauffman Foundation to start and grow over 250 small businesses in the city. Prior to his appointment as Director, Harold served as Administrator at the Department of Consumer and Regulatory Affairs (DCRA), where he streamlined licensing processes and launched the city's Small Business Regulatory Resource Center to assist small businesses.

Tim Hampton serves as a Loan Officer and Entrepreneurship Coach, and brings his experience coaching entrepreneurs day-to-day, and his past work as the lead program manager for the Enterprise DC initiative. Tim also serves as co-lead and facilitator of workshops for Wacif's partnership with AARP Foundation on Work for Yourself@50+ program.

### ***Entrepreneurial Education Delivery Solution***

#### **Participant Recruitment Plan**

Upon announcement of an award, we will mobilize efforts to launch the Aspire Capital Accelerator program in Washington, D.C. Wacif's marketing and outreach efforts are coordinated by its director of communications and outreach. This position is charged with strategically engaging and deepening Wacif's reach in the communities it serves via online, print, local media, and in-person channels. In addition to its strong online engagement, Wacif markets its products and services by leveraging established relationships from the neighborhood up to the region-wide level with community partners, direct service providers, and government agencies which also serve its target market, giving Wacif direct access to this audience.

Wacif's long-standing work in the community and its cultivated relationships within its target market has given the organization an extensive contact list of community members, small business owner and microentrepreneurs, and business and industry leaders totaling approximately 3,500 individuals and organizations. Wacif also advertises its free upcoming events, business classes, and services through local publications such as the Capital Community News outlet, East of the River Magazine, each month. This publication is 100% targeted and widely available to residents of Ward 7 and 8—two of Wacif's largest target markets. Wacif's staff also pursues an aggressive outreach strategy by attending and participating in relevant community and association meeting, conferences, presentations, and events.

Wacif also serves as a member of the District of Columbia's Aspire to Entrepreneurship Task Force, a citywide initiative to support returning citizens in launching their own enterprises. Wacif is the only microlender actively involved in the Task Force, and will work with partner organizations, such as Mission: Launch, Inc., DC Reentry Task Force, and the Mayor's Office on Returning Citizen's Affairs, to further recruit program participants.

#### **Classroom Instruction**

Wacif has provided proven, existing curriculum for microenterprise development that can be customized to meet the needs of formerly incarcerated individuals. Wacif has taught Kauffman FastTrac's curriculum, one of the nation's premier business planning training program. Wacif also utilizes the Lean Canvas Business Model, which provides an actionable and entrepreneur-focused business plan that focuses on problems, solutions, key metrics and competitive advantages.

Wacif will to organize a minimum of 2 cohorts as required. The cohorts formed in the Aspire Capital Accelerator will encourage group accountability and support, and positive peer pressure and motivation among program participants. The knowledge based gained and networking opportunities will produce benefits for the participants extending beyond the finite timeframe of the program.

From our experience with low-to-moderate-income entrepreneurs, the top 3 challenges to obtaining credit are:

- (1) **Business modeling:** identifying the key activities and resources that are truly driving profits and growth
- (2) **Personal credit issues,** which for the microentrepreneur, is inextricably linked to accessing to business credit
- (3) **Understanding financial statements** and accounting principles, which are the language of business

The Aspire Capital Accelerator will address these challenges to small business development for returning citizens in an intensive, structured program that will include the following four group workshops:

- **Lean Canvas:** Program participants will create an innovative, streamlined, one-page business model and analysis. The Lean Canvas is an entrepreneur-focused business plan capturing essential elements for a successful small business including unique value proposition, customer segments, key metrics, cost structure, and revenue stream. The Lean Canvas is an effective and concise business planning tool.

- **Accelerating the “Build – Measure – Learn” Cycle to Increase Profit:** In this workshop, participants will learn techniques to accelerate the process of gaining valuable feedback and insight about new ideas with a minimum of time and cash. Entrepreneurs learn to create valid, measurable experiments with minimal resources to ascend the learning curve and quickly incorporate new data into their business.
- **Customer Acquisition and Retention and How to Budget for It:** In this workshop, participants will learn to build estimates of leads, conversions, sales, retention, and other relevant growth factors, create a predictive growth model and budget estimates, and then adjust that model as the estimates are informed by market reality. The workshop uses hands-on activities and small group exchanges to ensure that owners leave with an immediately useful plan and budget for their own sales activities.
- **Learning from Failure: DC Business Owners Describe Their Failed Ventures and the Lessons They Learned:** This workshop begins with successful entrepreneurs who have experienced a failed business venture followed by Q&A. Next, program participants will be guided through 3 case studies of failed businesses and the lessons learned from each. Finally, participants form small groups for the pre-mortem activity, in which they brainstorm various ways their businesses could fail, and then rank the top 5 in order of likelihood. Imagining the top scenarios in detail...what would be the warning signs, when would they first appear, and at what point would it be too late to solve the problems?

In addition to the workshops, Wacif will:

- (1) Provide one-on-one consultations with a credit specialist resulting in action plans to improve participants' personal credit to access business credit;
- (2) Engage accounting and banking professionals to educate and assist participants in creating accurate financial statements. Other professionals may be engaged to help entrepreneurs build capacity as needed;
- (3) Provide online resources, including short videos, worksheets, and links to other useful information; and,
- (4) Earmark up to \$250,000 from Wacif's Impact Capital Fund or SBA Microloan Fund that will target participants who successfully complete the Aspire Capital Accelerator.

### **Mentoring**

As a small business lender embedded in the community, Wacif has a network of small business owners and microentrepreneurs in a variety of industries that it can recruit as mentors for the program. These fields include, but are not limited to: contracting; fitness, health, and beauty; green technology; and the local restaurant and food distribution ecosystem. Mentorship was an integral part of Wacif's successful delivery of the EnterpriseDC entrepreneurship initiative. As part of the Aspire Capital Accelerator, Wacif will assign a staff member as an access to capital mentor, or identify a mentor from Wacif's network of entrepreneurs or community organizations throughout the city.

### **Community Connections**

Wacif has an extensive professional network comprised of technical assistance providers, nonprofit organizations, and local government agencies that support small business and community economic development. Wacif has collaborated with a variety of partners, including the Latino Economic Development Center; Greater Washington Hispanic Chamber of Commerce; the Washington, DC Women's Business Center; Byte Back, a local nonprofit providing computer training to underserved area residents; as well as the District of Columbia Department of Housing and Community Development, Small and Local Business Development, and Consumer and Regulatory Affairs; and other partners. Wacif will capitalize on these relationships to refer participants to complementary programs and services, such as additional business plan development assistance, technological training, and networking opportunities.

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### ***Access to Capital***

#### **Access to Micro-lending**

In addition to being a community development financial institution (CDFI), Wacif is a certified U.S. Small Business Administration (SBA) microlender and technical assistance provider for Region III (District of Columbia, Northern Virginia, and Maryland). As a designated SBA Microloan Intermediary, Wacif has deployed over \$1 million in SBA microloans.

Wacif's access to capital services is anchored by the Impact Capital Fund, our mission capital fund capitalized through institutional, and nearly 50 individual investors for 30 years. Wacif currently has approximately \$5 million in assets under management comprised of its Impact Capital Fund, D.C.'s Department of Small and Local Business Development's Certified Business Enterprise (CBE) Revolving Loan and Streetscape Relief Loan Funds, and other sources including SBA Microloan Fund, the Community Development Financial Institutions (CDFI) Fund. Wacif will leverage these financial resources to enhance the program.

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

Wacif is one of the Washington metropolitan region's leading CDFIs. The Aspire Capital Accelerator is being developed out of the need to deepen services targeting underserved, diverse, and undercapitalized entrepreneurs. Wacif is uniquely positioned to provide direct entrepreneurial education programs, and deploy capital that aligns with community focused outcomes. In Wacif's 30 years of experience, the best way to position entrepreneurs for success is to align capital with ongoing capacity building and technical assistance services. The Accelerator will leverage Wacif's existing funding options for entrepreneurs, but will also provide intensive capacity building services to increase returning citizen's knowledge about the process of obtaining capital, and improve their skills at managing new capital successfully. The cohorts formed in the Accelerator will encourage group interaction, accountability, support, and positive peer pressure and motivation among participants. The knowledge base gained and networking opportunities will produce benefits for the participants extending beyond the finite timeframe of the program.

Wacif will evaluate the needs of each participating entrepreneur, and determine what levels of capital are needed. If entrepreneurs have capital needs beyond Wacif's deployment levels, we will work with existing funding partners throughout the region such as banks, and other CDFI's to meet capital needs. In addition, when needed, Wacif will organize one-on-one consultations with existing banking partners to provide intensive drop-in style services to increase the entrepreneurs' financial capability.

Wacif's beliefs are anchored in equity and inclusion, with goals to ensure that low-to-moderate-income and entrepreneurs of color increase their financial capability and have access to the capital needed to build assets and create wealth. This core value is at the center of Wacif's lending strategy, which is designed to meet the needs of new borrowers. By increasing our focus on microloans, and lowering our average loan size, Wacif is deploying capital to meet the needs of entrepreneurs where they are in the business development life cycle. As mentioned previously, Wacif will also earmark up to \$250,000 in funding from its Impact Capital Fund and/or SBA Microloan Fund to target participants who successfully complete the Aspire Capital Accelerator and are capital ready.