**PeopleFund Proposal to the U.S. Small Business Administration**

**Aspire Challenge | Project Restart | Capital and Business Education for Formerly Incarcerated**

**Submitted by PeopleFund | peoplefund.org | Offices in Austin, Houston, El Paso, Fort Worth, San Antonio, Mission**

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**Organizational Background**

The PeopleFund mission is to create economic opportunity and financial stability for underserved people by providing access to capital, education and resources to build healthy small businesses. We work with minorities, women, veterans, and low income entrepreneurs to build a path to prosperity and the American dream. Through access to small business capital and free business education, we inspire, educate, fund, and elevate some of our community’s most vulnerable populations. 91% of our clients are underserved and disenfranchised populations, and nearly all have been abandoned by the financial mainstream. By building their credit and business expertise, we create thriving communities around small businesses that bring valuable goods and services to areas traditionally neglected by economic development. Our clients span the industry spectrum, including construction, manufacturing, education and family support, affordable housing, technology, green and sustainable enterprises, healthcare, arts and culture, retail, and professional services. They are proud, determined entrepreneurs looking for a ladder out of poverty, and PeopleFund provides a step up as they climb.

There are 40 certified CDFIs (community development financial institutions) in Texas, 26 of which are loan funds similar to PeopleFund. It is important to note that each loan fund is unique. Not all CDFIs provide small business loans and many have a very narrow target market of particular genders, ethnicities, or even limited geographies at the neighborhood level. PeopleFund’s target market, geographic service area and product offerings are broad and inclusive, working to provide comprehensive solutions in partnership with Opportunity plus that bring valuable skills and capital to women in need. We seek to improve small businesses and graduate them back to the financial mainstream; we want to create successful female entrepreneurs that can build strong credit history, thriving small businesses, and hubs of community engagement. As both a lender and educational provider, PeopleFund’s Project Restart provides a refined approach to the access to capital and financial education needs of the formerly incarcerated.

PeopleFund has an established track record of successfully providing high-impact loans. In 2016, we lent $8.6 million, provided 15,000 hours of free business education and training, and created 300 jobs across Texas. Our clients renovated over 100,000 sq. ft. of property and created 1,300 child care slots. Historically, we’ve lent over $55 million to underserved entrepreneurs, and our work is far from finished. With support from this Challenge grant, we can advance opportunity for ex-offenders through Project Restart, an expansion of our existing access to capital program for the formerly incarcerated, combined with tailored mentorship and a comprehensive business education curriculum designed to provide tailored small business support that produces thriving small business and stable livelihoods for a population who otherwise struggles to find stable employment.

Texas has the largest prisoner population in the country, and consistently rates in the top 10 states with largest prisoners per capita; the need for recidivism and expanded opportunities for probationer and parolee programs is particularly acute. With offices in Dallas, Houston, Austin, and across Texas, PeopleFund is strategically postured to meet the needs of small businesses near large population centers and demonstrated concentrations of ex-offenders. With a 23-year track record of lending and education to special populations, a pronounced commitment to diversity, and existing strategic partnerships, we can provide comprehensive entrepreneurial support as the formerly incarcerated build ladders out of poverty and paths to prosperity.

**Managerial Capacity & Experience**

President & CEO: In 2010,Gary Lindner became President & CEO. Since then PeopleFund has grown from a 5 county central Texas service area to a statewide lender (254 counties) with enormous social and economic impact. He hired a high energy staff, and successfully opened seven PeopleFund offices across the state, and tripled outstanding loans. From 2004-2015, Mr. Lindner has been responsible for 6,000 Community Development Financial Institution (CDFI) loans to Texas small businesses

Chief Financial Officer: Julia Dunn is responsible for monitoring all internal financial and accounting controls, provides financial modeling and analysis experience. She began her career at KPMG in Dallas and worked as an Audit Manager for non-profit engagements. Additionally, she has served as Director of Finance for several non-profit agencies.

Director of Lending:, Rocio Vallejo is passionate about entrepreneurship; for the last 10 years she has devoted her time to assisting small business owners with access to capital and business development. She also held management roles in national banks with Texas locations. Before joining PeopleFund, Rocio was responsible for central Texas loan production and portfolio management for Accion Texas, Inc.

Director of Advancement & Education: Amber Cooney is responsible for PeopleFund’s comprehensive development strategy, including managing donor relations, community investment, fundraising, and grant writing. She also oversees the organization’s external messaging, special events, community programs, public relations, and online presence. To ensure quality educational support for prospective entrepreneurs and PeopleFund clients, Amber leads educational programming and technical assistance, including the organization’s volunteer program, workshops, curriculums, and online resources.

Director of Underwriting and Risk Management: Laura Shock is responsible for analyzing each loan request for associated risk and compliance with internal credit policy and alignment to PeopleFund’s mission to create economic opportunity and financial stability for underserved populations. Prior to joining PeopleFund, Laura worked as a Credit Products Officer in the Austin Business Banking group at Bank of America. She has held commercial underwriting positions with KeyBank in Seattle and GE Capital in Chicago.

**Entrepreneurial Solution: Recruitment Plan**

PeopleFund has always been proud to serve the formally incarcerated individuals, including more than 7 year as the funding partner for the Prison Entrepreneurship Program. We have numerous ex-offenders in our current portfolio who are actively transforming their lives through our educational programming and affordable small business capital. With the lowest rates and fees of any community lender in Texas and classroom instruction combined with tailored individual mentoring, business templates, and comprehensive curriculums that emphasize personal credit building, business growth, budgeting, and networking, we have built a reputation as an inclusive solution for all disenfranchised entrepreneurs in Texas. To offer a few examples of small business success among the formerly incarcerated we serve: *Sonance Rehearsal Studios, LLC:* Established in 2002 by Jason Butler, Sonance Rehearsal Studios offer 2 locations in Austin for bands to rehearse and record groundbreaking music.  *3rd Day Treatment Center, LLC:* A premier substance abuse treatment center in College Station founded by Gerald Winn that provides Adult Intensive Outpatient Programs, Group and Individual Counseling, as well as Family Support Groups.   *As the Crow Flies Transport and Hauling, LLC:* This San Antonio based transport and hauling company provides economical and reliable services throughout the state of Texas was founded by ex-offender Freeman Pollard. *Painting with a Twist:* A successful painting and social studio in the Greater Austin area.  *Mr. Froze Margarita:* A mobile frozen margarita service founded bySam Lounnarath in the Dallas/Fort Worth Area.

Our recruitment plan would leverage strategic relationships with Travis and Harris County (memorandums of agreement are already in place), referral services from social justice nonprofits, targeted marketing within the prison systems and digital campaigns that share the program information with hubs of support, such as the Texas Workforce Commission, Texas Offenders Reentry Initiative, Bridges to Life, and other organizations. 26% of all released prisoners are in Harris County, where PeopleFund has operated an office for 4 years, 15% in Dallas County, where PeopleFund has operated an office for 5 years, 4% in Travis County, where PeopleFund’s headquarters have been located for 23 years, 8% in Tarrant County where PeopleFund has operated an office for 3 years, and 6% in Bexar County, where PeopleFund has officed for 3 years. With strong community connections, existing educational partnerships and outreach initiatives, PeopleFund has both facilities for trainings and a reputation for ex-offender support.

**Entrepreneurial Solution: Classroom Instruction & Community Connections**

For many small business owners, funds from PeopleFund are the first external investment their business has received; many haven’t attempted accounting, budgeting, or inventory management before. In the weeds of day-to-day operation, it is also hard for entrepreneurs to be thought leaders, innovators, or pause to reflect on the direction of their company. PeopleFund’s business education and technical assistance programs step in to provide individualized attention, classroom instruction, online resources, and flexible curriculums that elevate their businesses without detracting from their daily operations. Graduates of our business education programs see improved personal credit, stability and growth in business financials, improved personnel management, and increased efficiency.

To meet the needs of the startup businesses through Project Restart, PeopleFund proposes the following curriculum:

* Goal Setting and Measuring Success – This session will enable cohort participants to set measurable objectives and related action items to achieve metrics laid forth in their business plan. This session will emphasize prioritization of tasks, objective measurement, and tie back to the market analysis and budget projections from their business plan.
* Resource Leverage and Management – Many small business owners often feel segregated by the independent nature of entrepreneurship, but no entrepreneur should feel alone. This session discusses community resources (access to capital, mentorship, networking, chamber offerings, small business development center, procurement opportunities, et al) as well as management techniques to best utilize time, effort, and funds. Also during this session entrepreneurs will either fine-tune their business plans individually with a PeopleFund business advisor or coordinate an appointment to build a business plan with a member of the PeopleFund team.
* Personal Branding – Many sole proprietors struggle to pitch their business, or develop a personal brand strong enough to catapult their business. This session will ensure that all cohort participants have a linkedin profile, professional headshot, professional biography, understand how their name is displayed in search engine results, how to build an about.me profile, and a professional resume that emphasizes the expertise relevant to their business enterprise. We will tie this session back to how the entrepreneur can present their personal story, relate it to their business, and pitch their product or service in a short timespan to potential customers or partners.
* Bookkeeping Basics – This session will streamline the process for financial record keeping, vendor management, and accounts receivable/payable. We’ll feature invoice templates, best practices for delinquent customers, and transaction management.
* Pricing and Profitability – Reflecting upon the budget projections and market analysis within the business plan, this session will discuss best practices for pricing, profit margins, and profitability. We will evaluate price breaks, inventory management costs, and other factors that lead to incorrect pricing and financial loss.
* Financial Statement Analysis – For this session, which takes place midway through the year, we will evaluate the business’s financial progress. We’ll evaluate if their financial statements reflect best accounting practices and make suggestions based off of both formatting and financial strength shown at time of analysis. Additional mentor pairings will be assigned specifically related to financial health at this time.
* Adjusting for Adversity – This session, also at the midway point in the cohort, will address success beyond financial statements and any challenges hindering the women in the cohort. Additional mentors in sales, marketing, personnel, etc. will be on hand and can provide advice depending on the specific pain points expressed by the women.
* Business Branding – Similar to the personal branding session, the business branding session will ensure the cohort members have a digital presence for their business via website, yelp, and social media. We will discuss domain purchases, free website builders, search engine optimization, pay per click advertising, free methods of email communication and customer retention. For the enrollees without social media, we will have support staff on hand to create business manager accounts and business pages.
* Human Resources and Compliance – Specific subtopics will be dependent upon the industries the women represent, but this session will review the Fair Labor Standards Act and potential unpaid internships, hiring processes, industry and locale specific compliance standards, as well as personnel topics.
* Lead Generation – This session will cover lead circles, newsletters and customer outreach, strategic partnerships, chamber memberships, community networking opportunities, and best practices for lead generation so the cohort can attract, secure, and retain customers.
* Scaling and Expansion – We’ll cover responsible growth and scaling for cohort members to ensure financial success. Access to capital, credit maintenance, and budgeting best practices will be reviewed as well.
* Continuing Education for Entrepreneurs – This final session, which will also feature a graduation/recognition of cohort completion, will also review the ongoing mentorship and business advising opportunities from both PeopleFund strategic partners.

As a cornerstone of our efforts, PeopleFund enlists the resources of strategic partners to assist its clients. Statewide strategic partners include SCORE, RISE, regional Small Business Development Centers, University of Texas School of Law and McCombs Business School and affiliates, Texas Legal Services, Texas Association of Nonprofit Organizations (TANO), EDCO Ventures, Cornerstone Financial Education, Foundation Communities, BCL of Texas, Consumer Credit Counseling, and Financial Literacy Coalition of Central Texas. PF also maintains hyper-local connections to provide resources for clients including Financial Fitness Greater Austin, East Austin Economic Development Corporation, Manos de Cristo, and Austin Area Urban League among others. When appropriate, we welcome the opportunity to collaborate and leverage our partners for the benefit of the Project Restart participants.

**Entrepreneurial Solution: Mentor Supplementation**

PeopleFund already matches local industry professionals with clients to assist with the technical and/or operational aspects of their organization. One-to-One Mentorship provides focused assistance on specific projects as well as larger-scale guidance, depending on client need. Mentors are culled from a continually growing group of professional volunteers in the communities served who are eager to assist clients with a myriad of needs including accounting, bookkeeping software, credit counseling, operations, legal, marketing, IT, design, etc. PeopleFund volunteers are selected based on relevant qualifications as identified in the volunteer application or CV, and each is vetted by listed references and background check. Through this mentorship program, referred to as People2People, we provide specific guidance for targeted challenges displayed by program participants. PeopleFund’s education specialist for curriculums & mentorship will play a key role in program delivery, understanding the challenges posed by each cohort member and pairing them with one or more mentors to meet their needs. PeopleFund also maintains two women’s business assistance centers in Austin and Dallas which offer office space, access to technology, and dedicated staff to provide hands-on assistance for the cohort members. We also have dedicated staff who provide onsite visits to check-in with the cohort members and ensure their business is successful. We evaluate client financial statements quarterly and provide analyses and additional mentorship if the financial statements warrant further assistance. We believe in walking hand-in-hand with our clients to provide a comprehensive solution, and Project Restart would enable us to quickly scale our services to the formerly incarcerated even further. PeopleFund’s technical assistance has been recognized by the SBA and we’ve been previous recipients of SBA Microloan TA funding and SBA PRIME technical assistance support; we ensure Project Restart would be a continuation of impactful and substantive business education programming.

**Access to Capital**

Small businesses are the engines that power our economy. They create jobs, invest money in our community and break the cycle of poverty. Small business revenue elevates the business owners, their families, and their communities. When small businesses win, we all win. However, according to a report presented at the Small Business and Entrepreneurship forum hosted by the Board of Governors of the Federal Reserve System, lending to small businesses by major banks remains limited, and as such, access to capital remains the biggest obstacle to growth and job creation for the majority of small business owners.

Access to capital is particularly acute among PeopleFund’s Target Market of minority- and woman-owned businesses and low-income communities. Recognizing these challenges, our loan program ranges from $1,000 to $350,000 with flexible underwriting and loan readiness programming. With the lowest rates and fees of any community lender in the state, we are able to work with nonprofits, startups, and existing small businesses. Each loan is underwritten on its own merit, without minimum credit scores or exclusionary practices.

We believe that bad things happen to good people and that everyone deserves a chance at the American Dream. As a nonprofit lender, we bring a mission-driven approach to our client relationships and we have an internal team to ensure educational success. With formerly incarcerated individuals on our advisory committees, and in our current portfolio, we understand the commitment and flexibility necessary for small business success. We look forward to working with the SBA for project Restart and thank you for your consideration of this proposal.