Investing in the Success of African-American-Owned Small Businesses:

Recommendations for Increasing Access to Capital

OCTOBER 2015

EXECUTIVE SUMMARY

Small businesses are major engines of economic growth. Of the roughly 3 million private-sector jobs created in 2014, nearly 2 million were generated by small businesses.[1] They innovate new technologies, producing 16 times more patents per employee than their larger counterparts,[2] and strengthen local communities by providing vital goods and services and employment opportunities. African-Americans are the fastest growing segment of the nation's small business owners. African-American business ownership increased 60 percent during the economic expansion from 2002 to 2007, as compared to roughly 13 percent for white-owned firms during the same period.[3] Over the same period, receipts generated by black-owned businesses increased 55.1 percent to $137.5 billion. [3] Approximately 1.9 million, or 7 percent, of the nation's small businesses are African-American-owned, including many of the independent shops, restaurants and service providers that create jobs and economic opportunity in underserved communities across the country.[4]

Despite the rise of African-American small businesses, access to capital, particularly to loans between $50,000 and $350,000, presents a major obstacle to growth. Small Business Administration (SBA) loans to African-Americans declined 47 percent between 2009 and 2013, even as overall SBA loan volume rose roughly 25 percent during the same period.[5] Today, African-Americans constitute approximately 2 percent of loan approvals in the SBA's 7(a) program - its most common loan program - versus 5 percent for Hispanic, 23 percent for Asian, and 70 percent for white borrowers.[6]

Although not the only source of loan capital, the SBA is a primary outlet for minority entrepreneurs who rely more heavily on financial institutions for loans than all other borrowing sources combined.[7] SBA is also one of the only sources that provides publicly available data on borrower demographics, positioning the SBA as a proxy for national trends regarding small business lending and race.

African-American entrepreneurs denied SBA loans have few good lending alternatives. Most cannot access venture capital or other equity vehicles because their businesses rarely meet investors' eligibility requirements. While friends and family remain a common source of capital for small business owners, they are less frequently an option in the African-American community[8] where there is little generational wealth and 27.2 percent of the population lives in poverty, as compared to 14.5 percent of Americans as a whole.[9]
High-cost lenders have stepped in to fill this market gap.[10] Based almost exclusively online, some operate much like payday lenders, misleading consumers with hidden fees and paying themselves back via automatic withdrawals from borrowers' bank accounts. Such lenders disguise annual interest rates, which can reach upwards of three digits, and offer borrowers multiple loans. These lenders trap borrowers in a cycle of mounting debt that will further obstruct their efforts to start and grow the small businesses that are critical to a thriving economy and vibrant community. Clearly there is a need for better alternatives.

Recognizing the need to increase access to affordable, sustainable loans for African-American entrepreneurs, VEDC brought together 55 leaders in small business lending in 2015 to find solutions. VEDC contracted with Walker and Associates Consulting to conduct one-on-one interviews with 15 experts and facilitate roundtable discussions in New York City and Chicago with 40 attendees including representatives from the SBA, national and local financial institutions, Community Development Financial Institutions, investment funds focused on African-American entrepreneurs, and chambers of commerce, along with a handful of African-American entrepreneurs.

Across geographies and differing vantage points, participants agreed on three key recommendations representing a new contribution to the field of small business lending. These experts were candid in identifying barriers and solutions, and put forward truly innovative strategies for increasing access to affordable financing for African-American entrepreneurs. The resulting key recommendations from the VEDC expert roundtable represent a new contribution to the field of small business lending.

Specifically, they outlined the following recommendations:

1. **Establish a dedicated loan fund to provide African-American entrepreneurs with affordable small business loans between $35,000 and $250,000.** Key features of such a fund include:
    a. Flexible eligibility criteria to address individual borrowers' unique needs, including customizing credit, collateral and cash flow requirements.
    b. Affordable loan terms and deal structures to facilitate patient capital.
    c. Ongoing, robust technical assistance as part of financing, including pre-application, application and post-application support.
    d. A loan loss reserve to protect investors.

2. **Establish a standardized referral system that enables traditional financial institutions to connect African-American entrepreneurs to mission-based lenders.** When a traditional financial institution cannot provide the entrepreneur with financing, a referral by that institution to a mission-focused lender provides the institution an alternative to denying the applicant outright. A referral also helps mission-focused lenders expand their reach and better connect with target populations who are oftentimes unaware of mission-focused lenders. Respective regulators of both traditional and mission-focused institutions should mandate and track referrals to ensure efficacy.

3. **Increase the collection and availability of data on small business lending and borrower race.** The failure to begin collecting racial data as required by the Consumer Financial Protection Act of 2010, combined with the discontinuation of the U.S. Census Bureau's Characteristics of Business Owners Survey, has contributed to the absence of data on small business lending by race beyond the SBA. Absent such data, assessing the small business lending sector's ability to reach underserved populations and communities in need is not possible.

THE PUBLIC BENEFITS OF SMALL BUSINESSES

Small businesses are critical components of a thriving economy and contribute to the nation's economic prosperity in multiple important ways.

1. **Small businesses are major job creators.** Of the roughly 3 million private-sector jobs created in 2014, nearly 2 million were generated by small businesses.[11] Similarly, small businesses accounted for 63 percent of new jobs created in the United States between 1993 and mid-2013.[12]

2. **Small businesses are innovators.** Among businesses that generate numerous patents (at least 15 patents in 4 years), small businesses produce 16 times more patents per employee than their larger counterparts.[13] They comprise 37 percent of the nation's high-tech employment.[14]

3. **Small businesses are economic drivers.** Specifically, small businesses are:
    a. 99.7 percent of U.S. employer firms
    b. 48.5 percent of private-sector employment
    c. 46 percent of private-sector output
    d. 98 percent of firms exporting goods[15]

4. **Small businesses reinvest in their communities.** 48 percent of each dollar spent at a local, independent business recirculates locally, as compared to less than 14 percent of purchases at chain stores.[16]

5. **African-American-owned businesses stabilize underserved communities**. The vast majority of African-American businesses are in African-American communities, many of which lack access to basic goods and services such as healthy, affordable food stores. These businesses can help fill those gaps. Additionally, new jobs created by these businesses are usually filled by people from the neighborhood, creating important employment opportunities in communities struggling with high rates of unemployment or underemployment.

"Black-owned businesses create jobs where they are needed most to support families, strengthen communities, and build the economy."

– MARIE C. JOHNS: FORMER DEPUTY ADMINISTRATOR U.S. SMALL BUSINESS ADMINISTRATION

THE HISTORY OF SMALL BUSINESS LENDING TO AFRICAN-AMERICAN ENTREPRENEURS

African-Americans are the fastest growing segment of the nation's small business owners. African-American business ownership increased 60 percent during the economic expansion from 2002 to 2007, as compared to roughly 13 percent for white-owned firms during the same period.[17] Approximately 1.9 million, or 7 percent, of the nation's small businesses are African-American-owned, including many of the independent shops, restaurants, and service providers that create jobs and economic opportunity in underserved communities across the country.[18]

A critical source of capital for many African-American entrepreneurs is the Small Business Administration (SBA), a federal entity that increases the availability of small business loans by limiting the risk exposure of participating lenders. The SBA vets and approves participating lenders to control for the quality of both the lenders and the products it supports.

In 1999, the SBA introduced Community Express, a loan program targeted at small business owners in underserved communities. Community Express was a subprogram within the 7(a) Loan Program, which is the SBA's general small business lending program and represents the majority of its annual loan volume.

Community Express proved effective at deploying small business capital to African-American entrepreneurs when compared to the SBA's 7(a) program, its most common loan program. Between 1999 and 2008, lenders utilized Community Express to originate small business loans totaling roughly $1 billion.[19] African-Americans received 22 percent of those loans, as compared to 11 percent to Hispanic borrowers, 15 percent to Asian borrowers, and 47 percent to white borrowers.[20] In comparison, today African-Americans constitute roughly 2 percent of loan approvals in the larger 7(a) program as compared to 5 percent for Hispanic, 23 percent for Asian, and 70 percent for white borrowers.[21]

While the Community Express Program proved effective at delivering critical small business capital to African-American entrepreneurs during a period of national prosperity, loan volume plummeted in the wake of the 2008 financial crisis. Within the Community

Express program, African-Americans' share of loan approvals dropped 9 percent between 2008 and 2011, even as loans to white borrowers increased 26 percent during the same period. Within the SBA at large, loans to African-American entrepreneurs declined 47 percent between 2009 and 2013, while overall SBA loan volume rose roughly 25 percent during the same period.[22]

The decline in loans to African-American entrepreneurs is largely a consequence of the 2008 financial crisis. In the aftermath, some of the nation's largest SBA lenders either stopped participating in the program or dramatically scaled back. Many others significantly tightened credit, collateral, and other underwriting requirements. Consequently, African-Americans who once possessed the necessary credit history and assets to qualify for a traditional small business loan became ineligible.

At the same time the market was contracting, the financial crisis left millions of Americans grappling with mounting debts, decimated credit histories, and underwater mortgages. African-American families were especially hard hit by the crisis losing 47.6 percent of their wealth as compared to 26.2 percent for their white counterparts.[23] Such financial devastation pushed African-American entrepreneurs that much farther away from lenders' tightening eligibility requirements, further impeding African-American's ability to recover financially from the crisis and its aftermath. This loss of wealth represents the eradication of economic mobility and stability for millions of African-Americans, with devastating implications for both future and current generations.

"The financial crisis presented extraordinary challenges and very real opportunities for CDFIs to help transform the financial services industry by creating innovative financing tools to serve the unique needs of their clients."

– Donna Gambrell: Former Director, Community Development Financial Institutions Fund

In 2011, the SBA retired the Community Express program. According to internal SBA reports, throughout its 12-year history, the average annual cumulative default rate on the Community Express portfolio was 22 percent and as high as 40 percent for African-American borrowers.[24] Though these default rates were unacceptably high, they are generally understood to be at least partially due to substandard lending practices by 3 lenders who collectively originated more than 85 percent of all Community Express loans. Another 113 lenders originated the remaining 15 percent of the Community Express loans.[25]

That same year, the SBA replaced Community Express with Community Advantage, which also targets minority and underserved borrowers. Community Advantage differs, however, by seeking improved portfolio performance by placing more emphasis on technical assistance and encouraging participation by mission-focused lenders. At the time of publication, there is no publicly available data on the racial makeup of the Community Advantage portfolio.

Though not the only source of loan capital, the SBA is a primary outlet for minority entrepreneurs, who rely more heavily on financial institutions for loans than all other borrowing sources combined.[26] SBA is also one of the only sources that provides publicly available data on borrower demographics, positioning the SBA as a proxy for national trends related to small business lending and race. Denied an SBA loan, these entrepreneurs have few good alternatives. Most African-American entrepreneurs cannot access venture capital or other equity vehicles because their businesses rarely meet investors' eligibility requirements. While friends and family remain a common source of capital for small business owners, they are less frequently an option in the African-American community[27] where there is little generational wealth and 27.2 percent of the population lives in poverty, as compared to 14.5 percent of the population as a whole.[28]

Demand remains for loan capital, and high-cost lenders have stepped in to fill the market gap.[29] Based almost exclusively online, some operate much like payday lenders, misleading consumers with hidden fees and paying themselves back via automatic withdrawals from borrowers' bank accounts. They frequently disguise interest rates, which can reach upwards of three digits (see table on page 5), and offer multiple loans,

Small Business Lending Options[30]			
Lender Features:	**Mission-Based Micro-Lenders:**	**Mission-Based Small Business Lenders:**	**Alternative Online Lenders:**
Overview	- Nonprofit organizations, such as CDFIs, that have a primary mission of community development for underserved markets providing a range of products, including very small loans and development services for both startups and small businesses	- Nonprofit organizations, such as CDFIs, that have a primary mission of community development for underserved markets providing not only financing but development services for existing small businesses	- Private, commercial and unregulated lenders known for quick, online processing and provision of fast, short-term cash through small business loans and/or a merchant cash advance (MCA; sell a portion of future credit and debit card sales)
Amount	- Up to $50,000	- $50,000-$500,000	- Up to $250,000
Process: Approval & Closing Time	- Approval in 2 to 10 business days	- Approval in 2 days or more - Underwriting in 2 weeks or more - Controlled disbursement	- Prequalification in 10 minutes or less - Funds sent in as little as 2 to 3 business days
Interest Rate	- 8% to 18%	- 3.5% to 8.25%	- 30% to 200%
Maturity	- 6 to 60 months	- Varies but not to exceed 5 to 20 years, based upon use	- 4 to 24 months
Fees	- $135 processing fee - 3% to 5% closing costs (or capped at $100)	- Application fees can range from $150 to $1,300 and may be refunded after closing - Up to 3 points plus out-of-pocket costs - No prepayment penalty	- No application fee - No fees until you draw on a line of credit - No prepayment penalty - Can be 1% to 13.5% of selected loan amount for the first two months
Cash & Collateral Requirement	- Personal guarantee often required - Start-up loan prerequisites (e.g. outside source of income) - Sufficient cash flow required	- 10 to 20% down payment may be required depending upon use and loan type - Loans won't be declined solely based on credit or cash flow and collateral may be non-traditional	- No personal collateral required - Past credit problems may not be an issue but may lead to higher APRs
Unique Components	- Offer some industry-specific start-up loan types - Small initial loan amounts which can increase for repeat loans - 1-on-1 Technical Assistance	- Provide customized Technical Assistance - Have several community outreach programs targeting women and minority-owned businesses	- Leverage business indicators such as sales history and reviews, minimizing focus on credit and collateral - MCA: A small, fixed amount is automatically deducted from bank accounts each weekday - Mobile platforms offer ongoing access to cash, 24/7 - Borrowers pay for ease of access in hidden fees such as high loan broker commissions

which trap borrowers in a cycle of mounting debt that will further obstruct their efforts to start and grow the small businesses that are critical to a thriving economy and vibrant community. Clearly there is a need for better alternatives.

THE WAY FORWARD

African-American entrepreneurs frequently operate in a different business ecosystem than their counterparts from different races or ethnicities. Oftentimes their businesses are in low-income neighborhoods where there is a struggle to find safe, suitable business space and to contend with the skyrocketing rents associated with gentrification. Few friends and family members have sufficient disposable income to make loans. Mentors and professional networks that can provide guidance and support to navigate the complexities of entrepreneurship are lacking. In short, the deck is stacked against African-American entrepreneurs before they even begin to confront common challenges such as cash flow, market share, and product viability that small business owners of all races must face. As with any other niche market, such unique circumstances demand specialized resources tailored to the specific needs of African-American entrepreneurs.

In 2015, VEDC convened 55 small business lending professionals to discuss the barriers to affordable, sustainable small business loans facing African-American entrepreneurs and possible innovations to resolve them. One-on-one interviews were conducted with 15 experts and roundtable discussions were facilitated in New York City and Chicago with 40 attendees, including representatives from the SBA, national and local financial institutions, Community Development Financial Institutions, investment funds focused on African-American entrepreneurs, and chambers of commerce, along with a handful of African-American entrepreneurs.

"The time is now to advance new strategies to increase access to capital in underserved communities. There are internal advocates who have the interest and experience to respond to the challenge. A customized model supported by mission lenders who are equipped for scale will be required for success."

– GRADY HEDGESPETH: DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY, U.S. SMALL BUSINESS ADMINISTRATION

Never before have so many practitioners put aside their differences, shelved their ongoing battles for market share, suspended their politics, and talked honestly and directly about this issue. Because participants were promised anonymity, these experts were candid in identifying barriers and solutions, and crafted truly viable strategies for increasing access to affordable financing for African-American entrepreneurs.

Across geographies and differing vantage points, they all agreed that, as a New York roundtable participant explained, “We must address the disproportionate lack of capital going to black businesses.” Participants also agreed that traditional financial institutions and mission-focused lenders can effectively serve this market through strategic partnerships that leverage each organization’s complementary strengths. Traditional financial institutions have the capital to serve African-American small business owners. Many of these lenders also have unique access to a dedicated pipeline of entrepreneurs in need of financing thanks to widespread brand recognition via marketing campaigns and, in some instances, neighborhood storefronts. Small business owners know about mainstream lenders, whereas they might be unfamiliar with mission-focused lenders.

Despite these advantages, traditional financial institutions struggle to effectively serve African-American entrepreneurs. According to mainstream lenders interviewed for this report, the challenge is partly due to the additional capital reserves associated with these loans that are required of traditional financial institutions by their regulators. In addition, the amount of time required to underwrite and originate business loans between $50,000 and $350,000, which are considered relatively small by their standards, is prohibitive.

Traditional financial institutions could circumvent these challenges by lending directly to mission-focused lenders, who could then deploy the capital through underwriting that is both rigorous and flexible. In lending to the mission-focused organization, the traditional financial institution only has to underwrite one loan and one borrower, significantly reducing time and personnel demands, as well as the institution’s risk exposure. As a Chicago participant explained, “It is important for mission-critical lenders to be equipped to compete with new lenders aggressively tapping this market.” Added another participant from Chicago, “Providing small business service organizations with the resources for customized loan assistance is critical.”

Specifically, participants collectively put forward the following recommendations:

1. **Establish a dedicated loan fund to provide African-American entrepreneurs with affordable small business loans between $35,000 and $250,000.** Explained a participant from New York, “This strategy has worked for other populations; build on those successes.” Key features of such a fund include:
    a. Flexible eligibility criteria to address individual borrowers’ unique needs, including credit, collateral and cash flow requirements. “Given the tremendous community benefit, we must have the courage to overturn rigid and dated credit and collateral guidelines and give mission-focused lenders the leeway to go back to the basics of character- and cash flow-based lending,” argued another participant from New York.
    b. Affordable loan terms and deal structures to facilitate patient capital.
    c. Ongoing, robust technical assistance as part of financing, including pre-application, application and post-application support. A Chicago participant specifically recommended “taking technical assistance to the businesses, especially in the areas of finance, accounting, technology and procurement.”
    d. A loan loss reserve to protect investors. “To account for potentially higher losses, tap into SBA and state guarantees, and include a loan loss reserve,” suggested a Chicago participant.

2. **Establish a standardized referral system that enables traditional financial institutions to connect African-American entrepreneurs to mission-based lenders.** When a traditional financial institution cannot provide the entrepreneur with financing, a referral by that institution to a mission-focused lender provides the institution an alternative to denying the applicant outright. A referral also helps mission-focused lenders expand their reach and better connect with target populations who are oftentimes unaware of mission-focused lenders. Respective regulators of traditional and mission-focused institutions should mandate and track referrals to ensure participation and efficacy.

3. **Increase the collection and availability of data on small business lending and borrower race.** The failure to begin collecting racial data as required by the Consumer Financial Protection Act of 2010, combined with the discontinuation of the U.S. Census Bureau’s Characteristics of Business Owners Survey, has contributed to the absence of data on small business lending by race excluding SBA lending. Absent such data, assessing the small business lending sector’s ability to reach underserved populations and communities in need is not possible.

END NOTES

[1] https://www.sba.gov/blogs/small-businesses-create-2-million-jobs

[2] https://www.sba.gov/sites/default/files/advocacy/FAQ_March_2014_0.pdf

[3] U.S. Census Bureau, 2007 Survey of Business Owners.

[4] U.S. Census Bureau, 2007 Survey of Business Owners.

[5] Bates, Tim & Alicia Robb. "Decline in SBA Loans to Blacks Raises Questions About Obama Administration's Commitment," National Black Chamber of Commerce. April 9, 2013.

[6]https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA%207a%20and%20504%20Gross%20Loan%20Approval%20Volume%20as%20of%2012-31-2013.pdf

[7] http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1989448

[8] http://www.forbes.com/sites/kauffman/2012/07/30/minority-owned-businesses-come-up-short-in-access-to-capital-its-time-to-change-the-equation-for-mbes/

[9]http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf

[10] http://www.governing.com/topics/finance/gov-predatory-business-loans-crisis.html

[11] https://www.sba.gov/blogs/small-businesses-create-2-million-jobs

[12] https://www.sba.gov/sites/default/files/advocacy/FAQ_March_2014_0.pdf

[13] https://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf

[14] https://www.sba.gov/sites/default/files/advocacy/FAQ_March_2014_0.pdf

[15] https://www.sba.gov/sites/default/files/advocacy/FAQ_March_2014_0.pdf

[16] http://www.amiba.net/resources/multiplier-effect/#ixzz3hDgAy0z0

[17] U.S. Census Bureau, 2007 Survey of Business Owners.

[18] U.S. Census Bureau, 2007 Survey of Business Owners. See Appendix A for more data: Share of the Nation's Small Businesses by Minority Group.
[19] SBA FOIA Report - Community Express Gross Approvals by Fiscal Year (1999 - 2011).

[20] SBA FOIA Report - Community Express Gross Approvals by Fiscal Year (1999 - 2011).

[21]https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA%207a%20and%20504%20Gross%20Loan%20Approval%20Volume%20as%20of%2012-31-2013.pdf

[22] Bates, Tim & Alicia Robb. "Decline in SBA Loans to Blacks Raises Questions About Obama Administration's Commitment," National Black Chamber of Commerce. April 9, 2013.

[23] McKernan, Mary, Carolyn Ratcliff, Eugene Steverle and Sisi Zhang. "Impact of the Great Recession and Beyond." Disparities in Wealth Building by Generation and Race," Urban Institute. April, 2014.

[24] SBA FOIA Report – Community Express Cumulative Purchase Rate (1999 - 2014).

[25] SBA FOIA Report - Community Express Gross Approvals by Fiscal Year (1999 - 2011).

[26] http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1989448

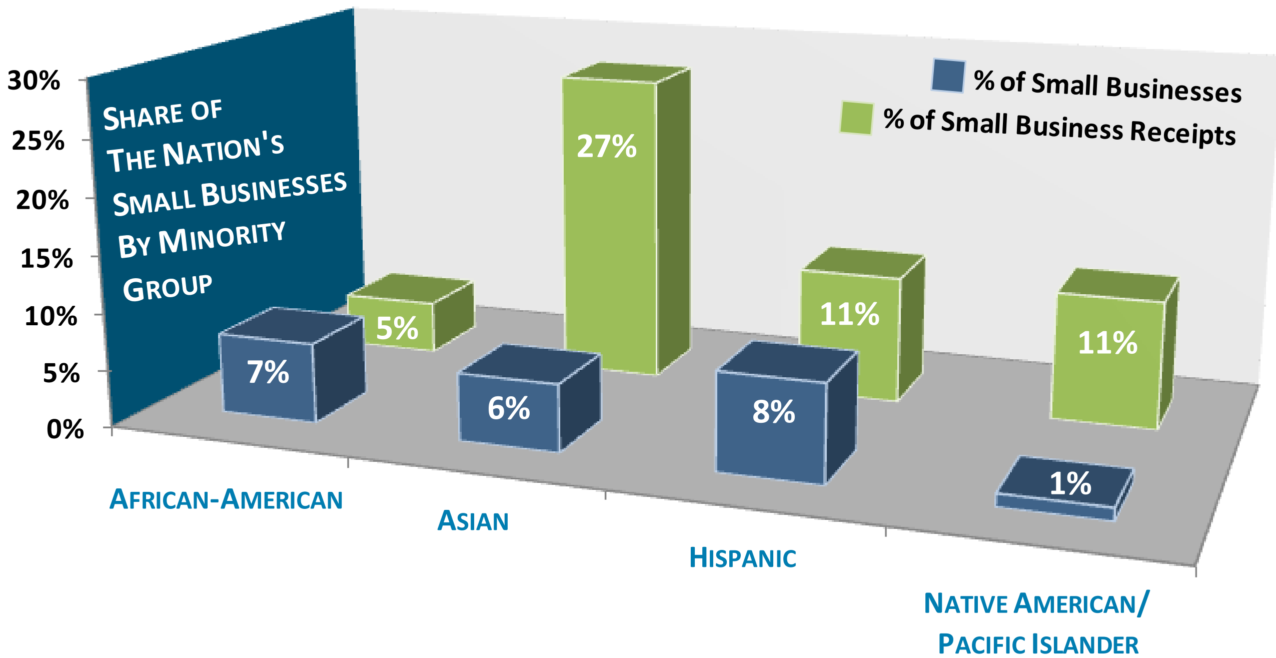
[27] http://www.forbes.com/sites/kauffman/2012/07/30/minority-owned-businesses-come-up-short-in-access-to-capital-its-time-to-change-the-equation-for-mbes/

[28]http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf

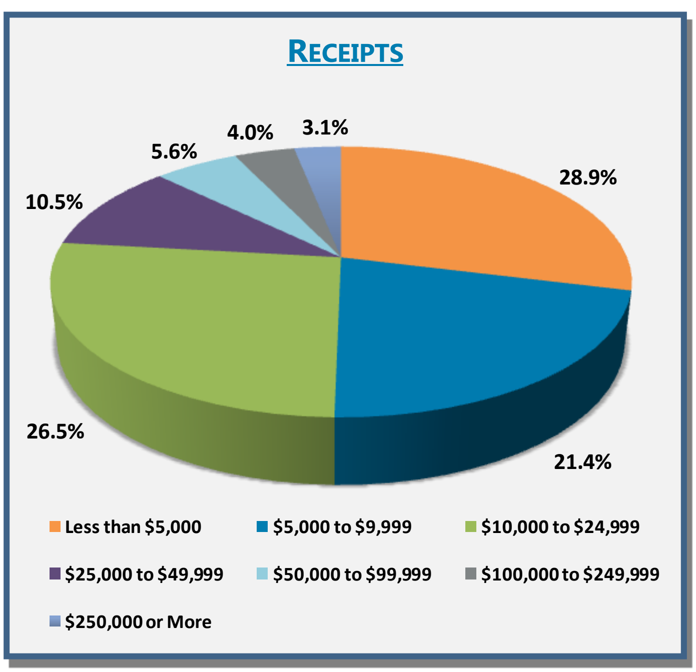
[29] http://www.governing.com/topics/finance/gov-predatory-business-loans-crisis.html

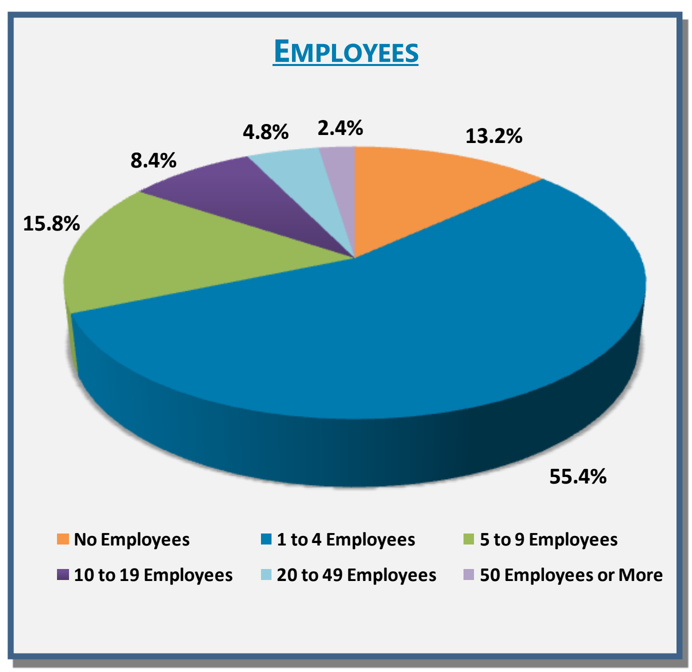
[30] Table data represents approximate and illustrative ranges across multiple providers in each lender category. Note that terms vary according to underwriting, the useful life of the asset being financed, the type of loan program, etc. and that all data, including interest rates, is subject to change.

APPENDIX A: Supportive Data (U.S. Census Bureau, 2007 Survey of Business Owners)



SIZE OF AFRICAN-AMERICAN-OWNED SMALL BUSINESSES





APPENDIX B: Interview and/or Round Table Participants*

NAME	TITLE	ORGANIZATION
Kirsy Anderson	Branch Manager, East NY Branch	City National Bank
Roberto Barragan	President	VEDC
Kendro Benjamin	SBA Director	Customers Bank
Gregg Bishop	Deputy Commissioner	Department of Small Business Services, City of New York
Willie Blalock	New Business and Portfolio Manager	City National Bank
Kevin Boes	President & CEO	LISC's New Markets Support Company
Teri Coaxum	Regional Advocate, Office of Advocacy Region II	U.S. Small Business Administration
Michelle Collins	Commercial Lending Officer	ABC Bank (Chicago)
Eugene Cornelius, Jr.	Deputy Director, Office of Field Operations	U.S. Small Business Administration
Coco Corona	Marketing Manager	VEDC
Brent Ciurlino	Director, Office of Risk Management	U.S. Small Business Administration
Arness Dancy	President & CEO	Chicagoland Black Chamber of Commerce, Inc.
Demetric Duckett	SVP, Business Development & Marketing	TruFund Financial Services, Inc.
Alan Fisher	Former Executive Director	California Reinvestment Coalition
Ophelia Gabrino	Executive Director, Corporate Partnership and Education	NYC Department of Small Business Services
Donna Gambrell	Former Director	CDFI Fund
Aaron Gillum	Managing Partner	Caerus Investment Partners
Michael Grant	President	National Bankers Association
Steve Hall	VP Business Development	Accion Chicago
Veronica Harris	Director, Government Affairs & Community Relations	Brooklyn Chamber of Commerce
Grady Hedgespeth	Director, Office of Economic Opportunity	U.S. Small Business Administration
Christyn Henson	New Communities Program Director	Quad Communities Development Corporation
Calvin Holmes	President	Chicago Community Loan Fund
OC Isaac	VP of National Strategic Initiatives	VEDC
Marie C. Johns	Former Deputy Administrator	U.S. Small Business Administration
Don Kincey	VP of Community Business Banking	Comerica Bank
Erica King	VP, Lending	Chicago Neighborhood Initiatives
Inez Long	President & CEO	BBIF Florida
Lenwood Long, Sr.	President & CEO	The Support Center
Antonio Manning	Region Executive, Global Philanthropy West/South West Region	JPMorgan Chase & Company
J. Alexander Martin	President	New York State Black Chamber of Commerce
Megan Mitchell	Program Manager, Elevating Entrepreneurs	UBS Americas Community Affairs & Corporate Responsibility
Preston D. Pinkett, III	Chairman and CEO	City National Bank
Mark Pinsky	President	Opportunity Finance Network
Diedra Porche	Senior VP, Market Manager Business Banking	JPMorgan Chase & Company

Name	Title	Organization
Paul Quintero	CEO	Accion East, Inc.
Sandra Romero	Manager of National Initiatives	VEDC
Robert Rose	COO	Chicago Community Loan Fund
Rick Russo	Senior VP & Chief Operating Officer	Brooklyn Chamber of Commerce
Paul P. Sawyer	Director	NYC MBDA
Carlo A. Scissura	President & CEO	Brooklyn Chamber of Commerce
Joe Shaia	VP, Member Services	Brooklyn Chamber of Commerce
Daryl Shore	VP, Community Development - Global Philanthropy, Office of Corporate Responsibility	JPMorgan Chase & Company
Selena Sizemore	Director of Entrepreneurship	Chicago Urban League
Robert S. Steiner	District Director	U.S. Small Business Administration
Andrew Steininger	Senior VP & Chief of Staff	Brooklyn Chamber of Commerce
Ayton Taylor	Chairman	Illinois Black Chamber of Commerce
Rachael Van Tosh	Senior Project Manager	NYC Economic Development Corporation
Robert Villarreal	Senior VP	CDC Small Business Finance
Catrina Warmack	Business Development Officer – Chicagoland Business Opportunity Fund	VEDC
Arlene Williams	Senior Executive VP/Lending	Seaway Bank and Trust Company
Clarence Williams	President	California Capital Financial Development Corporation
Dafina Williams	Senior Associate, Public Policy	Opportunity Finance Network
Jeffrey Wright	Business Banker	Urban Partnership Bank

* *All Titles and Organizations are listed as of the dates of the Interviews and/or Round Tables.*

About VEDC & Acknowledgements

VEDC is one of the largest nonprofit business development organizations in California, offering direct micro and small business loans, as well as SBA 7(a) and SBA 504 loans to underserved populations across the state. VEDC has over 37 years of experience in providing affordable business assistance services, direct financial assistance, entrepreneurial training and economic development to individuals and businesses in metro Los Angeles. VEDC has expanded to provide lending services in Nevada, Chicago, Miami, and the New York Tri-State area.

VEDC's mission is to create and sustain jobs and businesses in our communities by providing high-quality small business development services. We implement this by giving underserved communities and low and moderate income residents the tools to build assets and raise economic standards by assisting with job creation and workforce development, as well as creating and growing new businesses.

Special thanks to all interviewees and participants in Round Table Discussions held in New York at the Brooklyn Chamber of Commerce and in Chicago at the Chicago Community Loan Fund.

In addition, VEDC would like to thank Walker & Associates Consulting for their contribution to the research, roundtable discussions, and the co-authorship of this report. VEDC also thanks Loren Berlin for her co-authorship and editing of this report.

VEDC By The #s:

ASSISTED 98,000+ BUSINESSES

HELPED CREATE & RETAIN 27,000+ JOBS

HELPED LAUNCH 1,700+ NEW BUSINESSES

PROVIDED $360,000,000+ IN DIRECT & GUARANTEED LENDING TO SMALL BUSINESSES

GRADUATED 3,300+ FROM THE ENTREPRENEURIAL TRAINING PROGRAM

75% OF CLIENTELE IS LOW AND MODERATE INCOME

50% OF CLIENTELE ARE MINORITY & WOMEN-OWNED BUSINESSES

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