Creating Sustainable Chicago Companies

Community Based Small Business Development

Building Businesses That Build Communities

5/12/2006
Chicago Community Ventures

Not-For-Profit organization, that provides innovative financing, consulting and economic development products to Chicago’s (LMI) communities.

- Created in 2000
- CDFI and CDE
- Annual operating budget just over $1.4 million
- 12 FTE’s, 5 MBA’s 3 MPP’s and 1 JD
- 4 FTE’s with international development experience
- Target market includes 564 LMI census tracts and encompasses 61% of the City of Chicago
- Operates Minority Business Enterprise Center (MEC)
- Operates Chicago Westside Entrepreneur Center (CWSEC)
Programmatic Focus

- Three program areas
  - Neighborhood Transformation Loan Fund (NTLF)
    - $1 million in equity capitalization
    - 8 loans averaging $180,000
    - Started in 2002 with equity grant from City of Chicago
    - From 2002 to 2003 2% average delinquency rate and 0% loan loss
    - 2004-2006 5% delinquency and 8% loss rates
    - Currently raising an additional $1.5 million in capital in 2006
    - Makes loans from $25,000 to $250,000
Programmatic Focus

- Business Advisory Services (BAS)
  - Organically growing community based high growth businesses
    - Over 1,800 clients served in various stages of business development
    - New focus on smaller number of existing firms with growth potential (most likely to have double bottom line impact)
  - Consulting has help strengthen NTLF
  - Value and impact driven consulting process
  - 2004, launched innovation competition with $100,000 in awards for five firms in green, MBE, WBE manufacturing and service sectors. Over 50 firms applied, 2006 competition has 200 applications
  - Won department of commerce contract to operate minority business center, focus on moving high growth MBE’s to scale
What do we do?

Cont.

Programmatic Focus

- Economic Development Initiatives (EDI)
  - GIS Mapping and website of CCV’s target market (Chicagoprospector.org)
  - Community specific market research
  - Community specific small business development strategy and programs: Small Business Development Initiative
  - Development finance consulting
Economic Development Initiatives

Past Projects

- ChicagoProspector.com (GIS website)
- Small Business Strategy Development
  - North Lawndale
  - Bronzeville
- Small Business Development Initiative
  - Partnership for New Communities (CHA Transformation)
- Development Finance
  - Processed over $20 million in development incentives
    - WVON (Chatman/Auburn Gresham)
    - Food For Less (Englewood)

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Building Businesses That Build Communities
The “Real World” of Community Based Businesses

Entrepreneurial Intelligence

Poverty

Market

Capitalization

- Undercapitalized
- Poverty Factors
- Overwhelming
- No Local Connection
- Poor Market Awareness

- Resourcefulness/Tenacity
- Integral part of community
- Gives Back
- Self Financed
- Savvy Market Awareness

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A Framework for Growing Community Based Businesses

Goals

- Increase locally generated employment
- Create community based high growth firms
- Create local mentors/role models

Strategies

- Intense gorilla outreach
- Forge local partnerships
- Surveys and focus groups
- Competitive application/selection process
- Six-month process

Activities

- Selection of 10 to 15 multi-sector firms
- Combined class room and individual consulting model
- Designed to grow business owners, foster informal networking and fix problems

Business Building Model

Identify Best Firms within a Specific Community

Strengthen Existing Business Infrastructure

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Strengthen Existing Business Infrastructure

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Project Outcomes

Growing Businesses

- Job Creation
- Increased Wealth Creation
- Increased Investment
- New Entrepreneurs

Stability Multipliers

- Poverty Shift
- Community Organizing
- Mutual Shared Interest
- Community Perception Changes

Community Benefits

- Increased Purchasing Power
- Higher Quality of Living
- Housing Stability
- City Begins to Care