Investing in Diverse Entrepreneurs

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Willmar Economic Trends

- Willmar’s population is about 20,000 and Kandiyohi County around 43,000. Willmar represents 47% of the population, 52% of the businesses, 70% of the jobs and payroll, and 92% of the job growth from 2012 to 2018 (QCEW data from MN DEED).

- While Kandiyohi Co.’s population ranks 23rd in Minnesota, its economy was the 17th largest in 2018, & 16th fastest growing since 2013 (DEED county profile, Oct. 2019).

- From 2013 to 2018, employers in Kandiyohi Co. added jobs at a rate of 8.2%, outpacing the state’s 7.0% growth rate.

- In the past four years Willmar has had over $190 million in new construction fairly evenly spread between commercial/industrial, institutional, and housing construction. In 2019 the total was $62 million in construction value.

- In 2019 Policom ranked Willmar as the top Micropolitan Statistical Area in Minnesota and #66 in the country (In 2015 our economic strength ranking was #135 in the U.S.).

- Public and private investment in Willmar’s Downtown has exceeded $21 million over the last six years.
The Times are A-Changin’ & So is the Workforce

Willmar’s workforce is changing and so is Minnesota’s workforce.

- Overall, MN foreign-born residents are very engaged in the workforce—72% participation rate in the labor force vs. native-born residents in MN having a 70% participation rate. (Employment characteristics do vary by race/origin.)
- In 2015, 20% of Minnesota’s residents were a racial or ethnic minority. By 2035 it will be 25%. Willmar’s population is approximately 22% Latino and 10% East African.
- Kandiyohi County had 3rd largest Latino population in the state on a percentage basis, and had 10th largest African American population in the state on a percentage basis.

Our schools (and our future workforce) are changing as well.

- Willmar’s school system is referred to as a majority-minority with about 57% students of color, inc. 34% Latino, 18% East African, and 2% Asian.
- 90 school districts in the state have diverse student populations over 20%; and 27 school districts were majority-minority in 2018.
- The growth of diverse students supported construction of new $27M elementary school in 2017.
What is Diversity?

- There are many forms of Diversity; such as Diversity of Race, Ethnicity, Cultural Background, Educational Background; Socioeconomic Background, Geography, Gender Roles, Physical Ability, Age, Religion, Political Views, etc.

- Diversity is good for business and it is a driver of innovation. The diversity focus for my presentation will be oriented to ethnicity and other cultural characteristics.

- Businesses and institutions are adding Diversity & Inclusion (D&I) initiatives. From companies like Target and Hormel to higher education institutions, such as Ridgewater College in Willmar & Hutchinson, employers are adding departments/fulltime staff to address the inclusion, participation, and promotion of diverse populations at all levels.

- Cities, counties, and economic developers need to do likewise—they need to be proactive, creative, and inclusive in working with diverse populations.

- Recognize that all diverse populations have business entrepreneurs, with some demographics being particularly active in business creation (e.g. East African).
Diverse Businesses in Willmar

- In 1980 the Hispanic population in Kandiyohi County was 206. Now it is over 4,700, with most of that growth occurring after 1990. The new Americans were coming to work at turkey processing and other ag-related businesses.

- Similarly, the East African immigrants (primarily from Somalia) started coming to Willmar in earnest in the 1990’s. Officially, there are about 1,500 East Africans, though it’s likely higher than 2,000.

- The first businesses with diverse business owners started in the late 1980’s. In 2004 there were fewer than 12 diverse businesses, by 2012 there were 48 diverse businesses, and today by the EDC’s count it is around 78 diverse businesses (though it is likely higher).

- The EDC conducted a Diverse BRE Program in 2017 that surveyed 18 diverse businesses. Among the findings: new immigrants often start with “mom & pop” stores (e.g. ethnic groceries and restaurants); later they start branching out to service businesses.

- Geographically, 75% of the Somali businesses are concentrated in the Downtown; in contrast, 66% of the Latino businesses have now dispersed along highway corridors in Willmar.

- The most frequent trade area for Somali businesses was 11 to 15 miles; most frequent trade area for Latino businesses in Willmar was 51 to 100 miles.
Working with Diverse Businesses—Do’s & Don’ts

Successful Collaboration with Diverse Businesses requires:

► Communication! Break the ice, talk with people face-to-face. Personal contact is important to build trust. For Somalis, that may mean having tea with them (and later maybe Sambusas, a fried pastry stuffed with meat). For Latinos, they may bring family members to interpret. Having an interpreter present to explain a program can be important for successful participation.

► Effort! Learn peoples’ names and their business names. You may not get it perfect, but they will appreciate the effort.

► Facilitation of entrepreneur/family involvement! Certain training events or meetings, for instance, might entail arranging for child care. The time and day for a meeting can be important too. If you are working with communities active in the Islamic faith, then don’t schedule a meeting for Friday at 12:30 p.m. when it would coincide with Masjid or Friday communal prayers.

► Using the talents of a successful diverse entrepreneur to get your message across! In the Somali community, e.g. a retailer may “sell the key” to another person; or have leases only by handshake.
Working with Diverse Businesses—Do’s & Don’ts (Cont.)

Things to Avoid with Diverse Businesses:

- Assumptions may be wrong! Don’t assume that all Somalis or all Latinos are the same. Yes, there is sharia compliant financing of commercial businesses prohibiting usury or interest paid on all loans. But there are ways around that in terms of upfront fees. And there are Somalis who will accept regular loans.

- Don’t assume that the diverse business entrepreneurs will see or understand the value of a business plan. They may be so eager to get into business that they will cut corners, such as researching market competitors or setting up proper financials.

- Don’t be afraid to set up a microenterprise loan program for diverse entrepreneurs. Yes, the risks may be higher, but a diverse business owner is more likely to start small.

- Don’t hesitate to celebrate successes of diverse businesses (even “baby steps”). They may be starting an ethnic restaurant and risking everything. Or they may be the first one in their family to own a business or have a college degree.
In West Central MN there are a variety of resources that can be used to assist diverse businesses:

- **Southwest Initiative Foundation (SWIF) Business Loans** are available in West Central & Southwest MN. SWIF can finance up to $300,000. Contact: Scott Marquardt at 320-583-4629

- **Mid-Minnesota Development Commission (MMDC) Loans** are available in Kandiyohi, McLeod, Meeker, and Renville Counties and can finance up to $100,000. Contact: Les Nelson at 651-357-0146

- **African Development Center (ADC)** offers microloans, small business loans ($50,000 to $250,000), and sharia compliant. Contact: Abdirahin Hussen at 612-481-4577

- **Latino Economic Development Center (LEDC)** offers business financing and startup loans up to $50,000. Contact: Andres Salinas at 651-621-2758
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January 24th, 2020
CRF Core Values and Mission
The Beliefs That Guide Our Work

OUR MISSION
To empower people to improve their lives and strengthen their communities through innovative financial solutions.

OUR VISION
Transform the community development finance system so all people have the opportunity to realize their full potential.

OUR CORE VALUES
CREATE EQUITABLE ECONOMIC OPPORTUNITIES
LEAD THROUGH COLLABORATION
TRANSFORM THROUGH INNOVATION
EXCEL IN ALL WE DO
ACT WITH INTEGRITY
A Track Record of Transformative Community Impact

Improving lives and strengthening communities for over 30 years

- $2.4 billion in financing
- 49 states and DC with loans
- 1,700 loans to small businesses
- 85,000 jobs created or retained
- 1,000+ communities
- 1.8 million people served

85,000
1,000+
1,700
1.8 million
In last five years, $250+ Million in Small Business Lending
Our Small Business Lending Impact

Nationwide Impact

• 505 Loans
• $249.9 million in lending
  • $70.7 million in lending to minority-owned businesses
  • $47.3 million in lending to women-owned businesses
  • $28.6 million in lending to veteran-owned businesses
• 50% of these loans supported diverse borrowers
Our Small Business Lending Impact

Minnesota Impact

• 75 Loans
• $30.3 million in lending
  • $9.1 million in lending to minority-owned businesses
  • $5.9 million in lending to women-owned businesses
  • $1.4 million in lending to veteran-owned businesses
  • $3.9 million in lending in rural Minnesota communities
Case Study 1: Karibu Grocery and Deli

Situation:
• A trio of siblings wanted to open a grocery store and deli offering ethnic food options representing the local community's diverse population.
• Traditional financing was hard to find due to personal credit impacted by student loans.

Solution:
• African Development Center of Minnesota (ADC) referred the trio to CRF.
• We took a comprehensive look at the deal and found experienced owners and recognized the importance of this business to the surrounding low-income community due to the overwhelming community support.
• CRF was able to provide a loan to purchase real estate, equipment and working capital.

Impact:
• The business has created 11 jobs in a low-income neighborhood of St. Paul.
Case Study 2: Agelgil Ethiopian Restaurant

Situation:
- A popular Ethiopian restaurant in St. Paul had the opportunity to purchase the property that it leased.
- Traditional financing was hard to find due to personal credit impacted by emergency medical bills accumulated by one of the borrowers.

Solution:
- African Economic Development Solutions of Minnesota (AEDS) referred the owners to CRF.
- CRF provided a $550,000 SBA 7(a) loan.

Impact:
- By purchasing the property where the restaurant operates, the business will improve cash flow and gain a significant asset.
- A 100% woman and minority-owned business located in St. Paul is strengthened as a result of the financing.
Case Study 3: Arubah Emotional Health Services

Situation:
- Communities where people struggle with poverty, isolation or disenfranchisement have a critical need for mental health services.
- With three locations throughout the Twin Cities, Arubah Emotional Health Services provides outpatient mental health counseling to people living and working in low-income neighborhoods.
- When Arubah needed a small business loan to purchase a new location in North Minneapolis that would serve as a fourth service location as well as a business headquarters, founder and owner Anissa Keyes turned to CRF.

Solution:
- Working with the City of Minneapolis Community Planning and Development Department (CPED), Keyes was able to obtain a $211,000 SBA 7(a) small business loan for building acquisition, working capital, fixtures, furniture and equipment, and building improvements.

Impact:
- Arubah opened its fourth location as its headquarters in 2018
- A 100% woman and minority-owned business is strengthened as a result of the financing.
Thank you!

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