



OFN CONNECT 2014: BECAUSE EQUITY SUMMARY

December 1, 2014



EXECUTIVE SUMMARY

At **OFN's 30th Anniversary Conference** in Denver, Colorado, OFN celebrated 30 years of history and success by the CDFI industry. During the conference, participants challenged each other to think about the industry's next 30 years through the lens of equity, starting with a focus on racial equity.

To that end, the conference opening plenary, **Diversity, Inclusion, and Equity in the CDFI Industry**, began the dialogue about the importance of focusing on equity in our work. OFN's President and CEO Mark Pinsky, in his State of the Industry Speech, **Because Equity**, further challenged us to think about equity's connection to our industry's origins, to our individual CDFI's missions, and to our future work.

OFN Connect, an open meeting the next day for all Conference participants, offered everyone the opportunity to respond to the opening plenary and Mark's speech, and to discuss if and how the industry should address such an important topic. From an hour-long facilitated discussion based on guiding questions, six common themes emerged:

- Communication and Common Language
- Measurement and Accountability
- Education and Professional Development
- Industry Support and Leadership
- Trust and Transparency
- Expanding Beyond Racial Equity

This memo summarizes these themes, including participant comments (in italics) for each. It also provides participant-recommended next steps in each area.

For a more detailed look at the starting points for OFN's equity work, please see the appendices at the end of this document.

1. Overview

In mid-October, 1,100 practitioners, funders, investors, and others attended OFN's 30th Anniversary Conference. Together we **Learned** through high-quality sessions delivered by our peers and industry leaders, **Joined** together to address the challenge of diversity, inclusion, and equity in the CDFI industry, and left Denver with renewed energy to **Lead** the way to opportunity. For all.



The Conference not only highlighted three decades of history and success, but also pushed us all to consider one important challenge for our next 30 years: Equity.

Our opening plenary—**Diversity, Inclusion, and Equity in the CDFI Industry**—was a provocative discussion that kicked off a long-term challenge to improve equity, particularly racial equity, in our industry. In his State of the Industry Speech, **Because Equity**, OFN President and CEO Mark Pinsky asked participants to look at every aspect of their work through an equity lens. He encouraged them to ask, “What can I do differently to make opportunity more equal—both inside my organization and externally in the communities I serve?”

The conversation continued at **OFN Connect**, where attendees discussed the roles of OFN, their own organizations, and themselves in advancing equity industry wide. Thank you to all of you who participated and raised your voice during these important discussions.

2. OFN Connect Discussions

At OFN Connect, OFN staff and Board Members facilitated a series of small group conversations on equity that invited—and got—open and honest feedback from conference participants on racial equity. OFN’s goal for the session was to gather feedback on both the Opening Plenary and the State of the Industry speech, OFN’s approach¹, and OFN’s plans to lead the industry to improve equity across the industry, in CDFIs, and in the communities CDFIs serve. The OFN Connect session dedicated approximately one hour to equity.

Earlier, at the close of the Conference’s opening plenary, participants were asked to answer the following survey questions:

- Is equity the right focus for OFN?
- Is equity the right focus for the industry?
- How important is this work in the industry?
- How important is this work in your organization?
- How important is this work to you personally?

OFN Connect picked up on the survey and then expanded the discussion. OFN presented the results from the survey² and shared OFN’s working definitions of diversity, inclusion and equity, based on our work with Race Matters Institute (RMI). We then gave participants a series of prompts to guide small group conversations at every table.

¹ See Appendix 1: OFN’s Equity Work Overview

² See Appendix 2: Opening Plenary Survey Questions



OFN staff and Board Members served as note takers/facilitators, guiding discussion at each table around four prompts:

- Do you understand OFN’s definition and approach? Do they make sense to you? Why or why not?
- What do you think OFN’s role is in advancing equity in the industry?
- What do you think your/your organization’s role is in advancing Equity at your organization or more broadly?
- What do you think the next steps should be?

The success of this discussion depended greatly on whether participants were active and engaged at their table (small group) discussions. OFN hoped to encourage active and open participation at each of the tables.

OFN collected the feedback at the tables and also offered note cards and pens at each table to capture additional anonymous comments.

3. Summary of Participant Themes, Feedback, and Next Steps

The participant feedback and recommendations centered on the following themes:

- Communication and Common Language
- Measurement and Accountability
- Education and Professional Development
- Industry Support and Leadership
- Trust and Transparency
- Expanding Beyond Racial Equity Focus

Theme 1: The Need for Communication and Common Language

One of the questions posed to participants related to OFN’s use of RMI’s definitions of diversity, inclusion, and equity and its approach. Participants agreed overwhelmingly on the need for greater clarity in these definitions and, more specifically, a common taxonomy to discuss equity within the CDFI industry moving forward.

Participants repeatedly requested that OFN try to develop a clearer, more inclusive, and more comprehensive set of terms that more accurately describes the problem and the overall goals to be accomplished by OFN and by the industry.



The term “racial equity,” specifically the word “equity” raised concerns because of its use as a financial term.

Other words and terms that participants identified as problematic for purposes of this discussion are: *underserved populations* and *race (felt that race meant African American)*. Participants felt that the definitions need clarity and need to be used consistently across the industry.

Participant Comments

- *Definitions are moving us past traditional understandings of diversity and equity*
- *Equity is a problem; it is a finance term.*
- *Like equity as rationale for doing work.*
- *The concept of Diversity, Inclusion & Equity is very important and must be clear to all.*
- *Lack of understanding of the RMI definitions. Most time spent trying to hash-out the equity definition. Finally concluded that equity was associated with institutional biases and “access to advantages” that must be overcome.*

Recommended Next Steps

Participants recommended that OFN revisit the definitions and develop a definition of equity that is based on an outcome we can measure (data), is broader and more inclusive, and is more easily understood and communicated. Participants recommended that we either find a different word or create a better understanding of how the industry uses equity as a word with dual meanings.

Overall, participants asked for OFN to provide not only common language and definitions, but communication tools the industry can use to address this issue with board members, partners, and their respective communities.

Theme 2: The Importance of Measuring Progress and Accountability

As a performance-based industry, the CDFI sector is committed to metrics. Participants questioned how OFN planned on measuring progress toward racial equity without losing our ability to focus on growth and scale. Metrics, measurements, and holding industry leaders accountable towards outcomes were a point of concern for participants. The conversations revealed a desire for metrics, standards, and collecting/reporting related data, while offering insightful comments about being judged unfairly by peers for not being a diverse organization.



Participant Comments

- *Call attention to sources of inequity—finding appropriate metrics and indices and determining causes*
- *Focus on standardization in measuring impact*
- *Clarity on ways to measure*
- *What is equity—How are we going to measure?*
- *Standardize evaluations about diversity/equity/inclusion with Members*
- *Conflicting messages: OFN usually pushes growth and scale but that doesn't lead to racial equity (growth and scale often equates to financing mostly white businesses)*
- *What does this mean—our staff % or the results?*
- *What is the correct level of diversity?*
- *Look at data more: how many minorities have been promoted? How many are hired vs. founders*
- *Data work: Understand what minority-led CDFIs look like → sector, geography, size, etc. so that comparisons make sense and benchmarking on access to resources*
- *Accountability—You get the results you measure for. Put the numbers in front of us and we'll respond accordingly. Most of us really don't want to lag on this issue.*

Recommended Next Steps

Participants questioned how much data OFN already has that can be analyzed for key indicators and shared. However, they also emphasized the need for more data specific to equity and diversity and urged OFN to create the tools to collect it.

There were requests that OFN develop and/or otherwise provide tools, such as surveys and inventories of practices, that can help the field measure progress toward actions participants believe most often advance equity including: recruitment, skill development, target community representation, etc.

Some participants suggested looking to other rating systems and indices as models. Suggestions included an AERIS rating on equity and possibly mirroring the Human Rights Campaign's Equality Index so there is an external, published, uniform prioritization of organizations.



Theme 3: The Need for Education and Professional Development

Although some participants questioned the focus on equity (OFN's motivation), many more valued the equity focus but felt that they lack the professional expertise to address it within their organizations. Many called for sharing educational resources and creating a professional development system for the industry on this issue.

This section has some overlap with the "Industry Support and Leadership" section (below) because participants called on OFN to provide the educational leadership Members need to: help educate industry partners on the problem; develop and provide training; develop materials and other resources needed for organizations to work with their own staff members; and, design communication templates that will help organizations continue to address this issue as part of their daily work.

Participant Comments

- *OFN could lead public awareness campaign around this issue.*
- *Keep teaching about it; role model the solution*
- *Education and marketing were main topics of this conversation*
- *OFN can play a role in creating educational opportunities*
- *Starting point is to educate ourselves and then others in the community*
- *We need to generate awareness and acceptance of the concept.*
- *OFN should lead this process, and help CDFIs find the right tools for education and advocacy*
- *Support training efforts (curriculum) and educate CDFIs on the concept.*
- *Offer resources of different firms that could assist CDFIs with the mission.*
- *Provide access to RMI materials*
- *OFN should create a program to train on how to do this. OFN should be a model.*

Recommended Next Steps

In the areas of education and professional development, participants provided specific examples of short-term next steps that OFN could take to help move the industry along in its understanding of the problem and possible outcome goals. Participants recommended that OFN inventory the industry's current efforts in this space and urged OFN to support training efforts that will continue to educate CDFIs on the issue of equity.

Participants specifically asked OFN to share learning gleaned from RMI's training of OFN staff. They have also asked that OFN identify potential partners in this work and share those resources with Members.



Theme 4: The Need for Industry Support and Leadership

Many comments applauded OFN for taking on this issue but cautioned that our leadership would only be effective if OFN “walks the talk” by increasing diversity, equity, and inclusion within our own organization. While many participants felt that this conversation was one that needed to take place at a national level and across the industry, not everyone agreed that OFN should be the one to provide that focus. Overall, there was agreement that if OFN is going to take on this issue, we need to be consistent, lead by example, provide support and guidance to Members along the way, and see this through all the way. Participants also warned OFN to expect backlash.

Participant Comments

- *Reflection and follow up [on equity] at 2015 Conference*
- *Report card on OFN’s process*
- *Consistent focus*
- *Drop equity as issue for OFN in next year—not our role*
- *Create a model for other CDFIs.*
- *OFN should lead this process, and help CDFIs find the right tools for education and advocacy*
- *Lead by example. The marketing message should match the experience.*
- *OFN should set priorities and make it clear to how important the mission is.*
- *Can’t fix the problem. Advocate.*
- *Continue to engage in the conversation.*
- *Develop partnerships across industries to foster diversity within opportunity finance industry*
- *OFN needs to hold itself accountable for making strides on setting and achieving equity in its work. Do our outcomes align with our words? Important if OFN is going to lead the industry.*

Recommended Next Steps

Participants encouraged OFN to continue the engagement on this issue and to move into deeper, on-going, more inclusive discussions. To ensure better engagement and participation in this discussion participants recommended that OFN:

- Do a better job of aligning our work with long term strategic planning;
- Make it a priority across the industry;



- Help boards understand how they are both part of the problem and the solution; and,
- Act as the “bridge” that helps the industry collaborate and share information.

Participants also recommended that we may want to consider the establishment of an advisory board on equity in an effort to create a more inclusive dialogue. Another suggestion was that OFN identify Members employing best equity practices in their organizations and provide opportunities for those Members to share and support others in this effort. Finally, participants recommended making this a regular theme of every conference and urged OFN to consider investing more deeply in Members that embrace equity.

Theme 5: The Importance of Trust

Many comments received from participants offered support for OFN’s focus on equity, but others questioned OFN’s motives and commitment: Why this focus? Why now? Why does OFN think it should be the one to lead this work? Is OFN’s house in order?

Some comments suggested that the industry is not comfortable, ready or willing to take on this issue, while others championed the issue of equity and felt that this focus was a long time coming. Overall, comments focused on the importance of transparency, engagement, OFN accountability and, as mentioned above, seeing this all the way through.

Participant Comments

- *OFN needs to hold itself accountable for making strides on setting and achieving equity in its work. Do our outcomes align with our words? Important if OFN is going to lead the industry.*
- *Are the people of color authentic in their voice? Do the people of color feel comfortable speaking their truth?*
- *Why are we raising this topic? What are the motivations behind it?*
- *Why does OFN have to do this?*
- *OFN should not set the industry agenda; should not be prescriptive. This is the flavor of the week.*
- *Transparency*
- *[OFN] Modeling accountability. OFN has a majority of white staff. The Conference as a whole is fairly diverse.*



Recommended Next Steps

The varying levels of trust and confidence make the need for transparency and engagement critical in this process. Participants urged OFN to plan collaboratively and inclusively across the sector to ensure tight alignment of our work and moving towards a shared common language. As mentioned earlier, one suggestion for inclusion that is also important for trust and transparency purposes is the creation of an advisory board that both engages Members in the process while ensuring OFN accountability.

Theme 6: Expanding Beyond Racial Equity

Many participants emphasized the need to expand the conversation beyond racial equity. Some felt that this focus on racial equity is too limiting because there were so many different forms of inequity to be addressed, while others felt left out of the conversation primarily because they serve communities that are not racially diverse.

Participant Comments

- *Equity can be income, gender, etc.—Racial piece is more structurally engrained, gap between rich and poor is not just a racial issue*
- *Also not all CDFIs have minority communities to serve in their state. There is diversity. There is a focus on economic disadvantaged, so there is a disconnect in terms of equity. Low-income are usually minorities anyway.*
- *Race doesn't seem relevant to Native CDFIs that serve reservations or all white (90%) populations.*
- *The demographic chart on the table related to the OFN board was used to back up the argument about diversity not being exclusively focused on race; that gender, asset size, rural/urban diversity are all important.*
- *The industry also needs more young people, but that doesn't seem to be a focus. Equity seems to be too narrow of a focus.*
- *Question of "class" along with race.*
- *Geographies? There aren't always minorities available to hire.*
- *What about LGBT community? Providing benefits.*
- *Why race?*



Recommended Next Steps

Participants offered a variety of next steps. Some suggested revisiting RMI's definitions of diversity, inclusion and equity, while others called for a new definition that provides a *broader range of perspectives*. While some participants thought it was "fine" for OFN to start the equity work with race, they did not believe that everything else would naturally follow from that starting point. Members suggested focusing on structural poverty and class, or on the growing disparity between income and wealth.



APPENDIX 1: OFN'S EQUITY WORK

For years, the CDFI industry has needed to address diversity, inclusion, and equity across the CDFI industry. Today, OFN believes we have an approach that can move us forward. With the help of the Race Matters Institute (RMI), OFN started to define the parameters of the work that lay ahead, beginning with a set of RMI proposed definitions on diversity, inclusion, and equity:

- **Diversity** refers to the wide array of differences among people and their perspectives on the world. Yet a diverse organization is not necessarily an equitable organization.
- **Inclusion** means the ability of all people to raise their perspectives authentically, and for those voices to matter and impact decisions.
- **Equity** refers to the results of actions so that advantage and disadvantage are not distributed on the basis of race and ethnicity.

OFN committed to racial equity as a start for many reasons:

- Systemic, racial discrimination in lending and access to capital that occurred decades ago—and which still occurs today—is a major reason why people of color lack access to affordable credit and financing, and why large racial wealth gaps continue to exist and grow.
- This discrimination is also a major reason why disproportionate numbers of people of color live in disinvested neighborhoods across the country.
- As a result, communities served by CDFIs have larger percentages of people of color, putting CDFIs in a position of promoting racial equity in expanding access to capital.

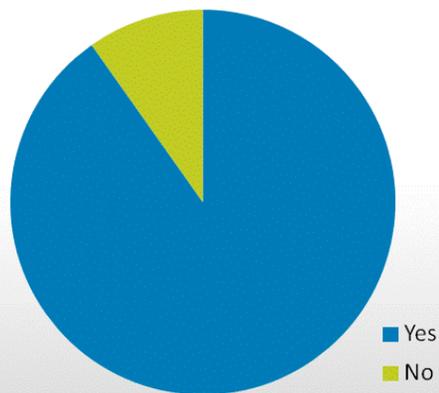
OFN expects to address other forms of equity (gender, sexual orientation, age, etc.) as we expand this work, and many of tools and systems we are thinking about are applicable to other forms of equity.



Appendix 2: Opening Plenary Survey Questions

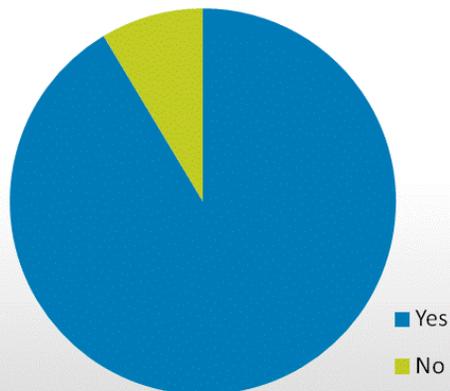
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Is equity the right focus for OFN?



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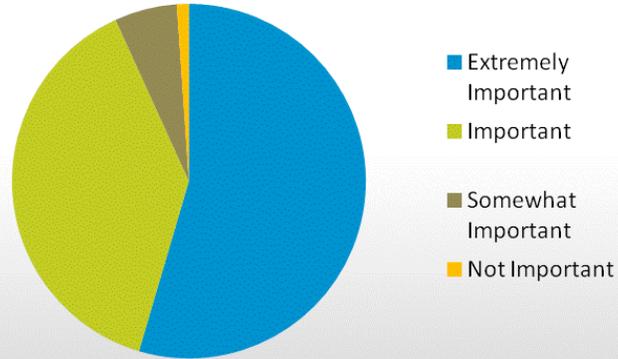
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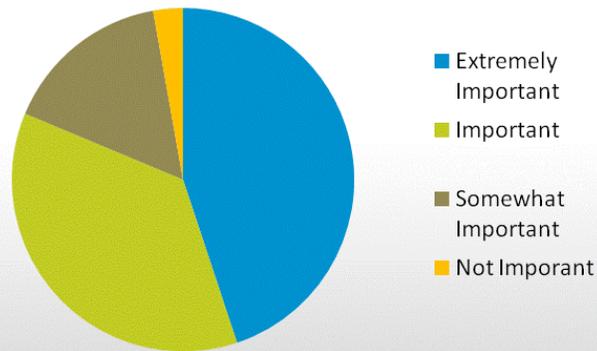
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How important is this work
in the industry?



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How important is this work
for your organization?





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How important is this work for you personally?

