Learnings from the Diverse Community Capital Program: A Value Proposition for Small Business Lenders

June 15, 2017
- Sarah Bennett, Wells Fargo
- Alexandra Jaskula-Ranga, Opportunity Finance Network
- Jasmine Gebon, BBIF Florida
- Paul Hoffman, Pathway Lending
- Jen Leybovich, Main Street Launch

Agenda

- Welcome from Wells Fargo
- Learnings from the DCC Knowledge Network: Value Proposition
- Value Proposition Task Force Members
  - Jasmine Gebon, BBIF Florida
  - Paul Hoffman, Pathway Lending
  - Jen Leybovich, Main Street Launch
- Value Proposition Exercise and Report Out
- Concluding Advice
- Questions
Sarah Bennett, Senior Vice President
Wells Fargo

WELCOME

Diverse Community Capital Program

- The Diverse Community Capital program is Wells Fargo’s commitment over three years to support Community Development Financial Institutions (CDFIs) serving diverse small businesses.

- Wells Fargo is making available $75 million in capital for CDFIs to increase CDFI lending to diverse small businesses, with initial focus on increasing lending to African-American-owned businesses, based on the study findings.

- To that end, Wells Fargo will provide:
  1) $25 million in grant capital
  2) $50 million in debt capital, and
  3) the opportunity to participate in activities that build Social Capital in the CDFI industry with the objective of creating greater capital access for diverse small businesses.
Social Capital Program

- The program will offer activities to build effective support networks and social infrastructure (Social Capital) among CDFIs for the purpose of increasing lending to diverse small businesses.

- Social Capital activities will include mentorship programs, peer learning, Knowledge Networks, and other collaborative efforts to improve and increase the capacity of CDFIs to lend to diverse business owners.

- Wells Fargo will offer the Social Capital activities through Opportunity Finance Network (OFN).
2016 DCC Working Groups

Goal:
- Encourage knowledge sharing by CDFIs that have best practices on specific topics.

Activity:
- Working group calls and in-person discussions of best practices documented in publications.
- Consulting and mentoring activity focusing on topics.

Marketing and Outreach Working Group:
- Competition of online lenders prompted CDFIs in the working group to identify a need for a common value proposition for small business lenders.

The Value Proposition Development Process

Discovery
- CDFIs: Provide focus group input
- GMMB: Develop core themes
- 4 CDFI Participants

Development
- GMMB: Develop multi-use value proposition for CDFI small business lenders
- CDFIs: Provide two rounds of feedback
- 4 CDFI Participants

Deploy
- CDFIs: Provide 1-2 pieces of marketing collateral for enhancement
- GMMB: Provide recommendations to revise marketing materials to reflect value proposition
- 2 CDFI Participants

Replicate
- OFN: Publishes document to share findings with CDFI Industry
- CDFIs: Offer revised materials to share as examples
- 3 CDFI Participants

September

October – December

December – March

May – July
Goals of the Value Proposition

The value proposition is intended to help CDFIs:

- Communicate their overarching value-add to their communities, and demonstrate the importance of disseminating clear, effective messaging to their target audience of small business owners.

- Find core language individual CDFIs can use in a variety of contexts and media to communicate the unique and key offerings they provide to (small) business owners. The language is designed for tailoring and use in individual markets by individual CDFIs, and not as overarching messaging intended to apply to CDFIs as a class.

(Small) Business Value Proposition

While running a (small) business isn’t simple, the bottom line is; it takes money to keep the doors open, the lights on, and the customers happy. Getting (small) business owners the funds they need is a big part of what we do at [CDFI name here] but our mission is bigger than that. We believe in relationship lending, so more than just investing, we partner with [Community/market name here] entrepreneurs. Making smart capital available. Business planning. Right-sizing (small) business loans. Providing long-term customer assistance. At [CDFI name here], we know it takes something special to open a (small) business. That’s why we specialize in the things it takes to keep [Community/market name here] (small) businesses open.
Overall Guidance

In their Marketing and Outreach, CDFIs should consider:

- Starting with a piece of simple marketing material that is borrower-focused, has a call to action, and touches on your mission.
- Looking at the value proposition as a suggestion for tone, messaging, phrasing rather than a verbatim statement.
- Simplifying the message, eliminating jargon, and speaking directly to the borrower.
- Consulting an outside “set of eyes,” preferably your borrowers.
ABOUT BBIF FLORIDA

• CDFI, private non-profit loan fund
• Celebrating 30 years
• Statewide; Orlando base

Mission Statement

“To develop and promote Black business enterprises through education, training, loans, investments, and other activities and aggressively promote an atmosphere conducive to their development”.

Objective

To provide loan capital and business development training to all minority and underserved businesses.

Strategic Goal

To become a self-sustaining and high-performing CDFI by utilizing business and real estate development other initiatives as tools for growth.

Target Market

Black Businesses throughout FL

VALUE PROPOSITION PROCESS

FIRST: Participated in surveys leading up to the VP

NEXT: Worked with Marketing and Outreach Working Group on how it could be curtailed

THEN: One-on-One opportunity to work w/ GMMB to refine marketing pieces

• Annual Report(s)
• Brochure
• General PPT

LAST: feedback, recommendations and collateral audit
GMMB MARKETING RECOMMENDATIONS WERE WORKING WITH:

- Adoption of a value proposition: be real about challenges, what work and what doesn’t - make it work for your org
- Cherry pick what matters most: Prioritizing content across all marketing mediums
- Less can be more: Streamlining text, using easy to understand messaging - curtailed per audience
- Keeping the message connectable: use pull quotes, testimonies and actual client images
- Info quick, fast and convenient: leveraging web, digital and social media platforms
- Visuals matter: using engaging and simple graphics and infographics when possible

BROCHURE SAMPLE (BEFORE)

- Content heavy
- 4 panel tri-fold
**BROCHURE SAMPLE (AFTER)**

- Cherry picked content
- Messaging primarily for client
- Single panel

**ANNUAL REPORT (BEFORE)**

- FY 2013 to 2015
- 18-26 Pages
- Hard print
What this opportunity has afforded us:

- Understanding that we are not alone in our challenges
- Fresh perspective from outside of our bubble
- Ability to be more intentional with our marketing efforts

Thank you!

Jasmine Gebon
BBIF Florida
jgebon@bbif.com
407.649.4780
Paul Hoffmann, Director of Policy and Impacts
Pathway Lending

KNOWLEDGE NETWORK
MEMBER PERSPECTIVE

Who We Are: Pathway Lending

- Small Business Lender –
  - Statewide in Tennessee (includes EE & Multi Family)
  - Appalachian Alabama (new market in 2016)

- Education Provider – Women’s Business Center
  - Nashville Metropolitan Area – 16 counties
  - Primarily Women- and Minority-Owned Businesses

- Long-Term Relationships- from pre-application to graduation
Why We Participated

- Tired of being “the best kept secret” in small business financing
- Aware of increasing competition from Online Lenders like OnDeck & Kabbage
  - THESE PROVIDERS USE SIMILAR LANGUAGE:
    - Concise
    - Straight-forward “jargon-free”
    - Customer-focused
- Wanted to connect the work we do as an industry by creating a common language

Our Takeaways

TECHNICAL:
- Break Habit of Over-Explaining
- Reduce Technical Jargon: Plain English
- Move Away from “We”-Centric language
- AP Style Grammar & Punctuation

EMOTIONAL:
- Aspirational not Technical
- Something Special to be an Entrepreneur
- Highlight Long-Term Relationship
Points of Conflict

- Too cutesy – too much of a departure
- Too long - paragraph when we’re trying to be concise
- Too jargon-y – right sizing & smart capital?
- Too focused – we speak to multiple audiences

Insights when Applying Value Prop

- Segment Your Audiences & Channels
- Be Aspirational not Clinical/Technical
- Apply the “So What, Who Cares?” Test
- Review is an Ongoing Process
Based in Nashville, Pathway Lending is a Community Development Financial Institution (CDFI) as certified by the U.S. Department of the Treasury. Founded in 1999, Pathway Lending provides loans to businesses lacking access to traditional financing options throughout Tennessee. In the 16 years since its inception, Pathway Lending has made approximately 1,000 loans totaling more than $160 million. Pathway Lending’s current loan portfolio supports more than 8,500 full-time jobs with average wages of $15.48 per hour. Pathway Lending is headquartered in Nashville. For more information, visit www.pathwaylending.org.
EXAMPLE: CO-WORKING SPACE SIGNAGE

We provide education and lending solutions to small businesses.

EXAMPLE: ANNUAL REPORT: BEFORE
EXAMPLE: ANNUAL REPORT: AFTER

Jen Leybovich, SVP, Strategy & Development
Main Street Launch

KNOWLEDGE NETWORK
MEMBER PERSPECTIVE
Our Process

- Worked on Value Proposition in Working Group

- GMMB feedback - focused on our Veteran target market
  - Approachable and conversational language

Insights when Applying Value Prop

- Adapt to your org style, geography, and customer
  - Long-term relationships
  - Challenged versus growing/robust economic regions
  - Sophisticated borrowers

- Overall Guidance, Apply as Appropriate
  - Clients versus funder materials
Financing The Front Lines of Veteran Business

If you are a veteran, there are resources and funding available for your small business.

VETERAN LAUNCH is at the forefront for supporting the military veteran community by providing business resources and training to help veterans start or grow their small business.

Our Services
- Education: Education services tailored to help veterans start or grow their business.
- Services: Services for veterans, including financial and business support services.
- Relationships: Networking opportunities for veterans, including financial and business support services.

Our Purpose
To increase the number of successful veteran-owned businesses, through capital, education, and relationships.

Our Vision
VETERAN LAUNCH serves the needs of our military veterans by providing successful veteran-owned businesses, through capital, education, and relationships.

Our Impact
VETERAN LAUNCH is a 501(c)(3) non-profit organization that helps veterans start or grow their small business.

Our Story
We are a veteran-owned small business that helps other veterans start or grow their small business.

Our Team
- Mike McWeeney, CEO: Mike has over 30 years of experience in the business world and has a passion for helping veterans.
- Maria Diaz, COO: Maria has over 15 years of experience in business development and has a passion for helping veterans.

Contact Us
Mike McWeeney
CEO, Veteran Launch
info@veteranlaunch.org
916.963.8907

We are proud to be part of the veteran community and support our fellow veterans.
General Marketing Lessons Learned

- Focus on business owner
  - Limit text, and increase images and testimonials

- Emphasize:
  - Aspirations versus Challenges
  - Success versus Failure
  - Business owner versus “underserved” or “low income”

- Tailor the message, have a clear purpose and audience

General Marketing Lessons Learned

- Partners are great brand ambassadors and lead generators
- Cross market your channels
- Responding to reporter inquiries increases response when you have a story idea to pitch
- Buying targeted listservs can increase pipeline
VALUE PROPOSITION EXERCISE

Directions

1. Read the Elements of a Value Proposition and the Value Proposition Statement for Small Business Lenders.

2. Identify the components of the value proposition in the statement below and fill in the blanks. Please note: Some value proposition elements will be easy to identify while others may be implied.
Elements of a Value Proposition

- **For** (target customers)
- **Who are dissatisfied with** (the current alternative)
- **Our product is a** (new product)
- **That provides** (key problem-solving capability)
- **Unlike** (the product alternative)

PARTING PIECE OF ADVICE

Jasmine Gebon, BBIF Florida
Paul Hoffmann, Pathway Lending
Jen Leybovich, Main Street Launch
Diverse Community Capital Resources

- Access publications and register for the first webinar *Innovations in Underwriting*.
  - Wednesday, July 26th at 2 pm ET

- www.ohn.org/wells-fargo-dcc

**Contact us:**
- Alexandra Jaskula-Ranga (ajaskula@ohn.org)
- Megan Teare (megan.g.teare@wellsfargo.com)
- Jasmine Gebon (jgebon@bbif.com)
- Paul Hoffmann (paul.hoffmann@pathwaylending.org)
- Jen Leybovich (jen@mainstreetlaunch.org)

**QUESTIONS?**