



Allies for
Community
Business



**Allies for Community Business
Strategic Direction
2021 - 2023**

Allies for Community Business | 2021 – 2023 Strategic Direction

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Executive Summary

Allies for Community Business

2021 – 2023 Strategic Direction

Allies for Community Business **provides the capital, coaching, and collaboration entrepreneurs need to grow great businesses in their communities.**

Allies for Community Business is launching its new brand alongside its updated strategic direction that will guide the organization in **creating meaningful client outcomes, engaging deeply in communities, and building a strong and sustainable organization.**

Ultimately, success of this strategic direction and the organization overall will be defined in 2023 by the **success of its clients, the value of its community partnerships, the solidity of the organization's finances and operations, and the effectiveness of the team and culture.**

In July 2020, Allies for Community Business commenced a strategic planning process to address two foundational questions.

What will A4CB offer to help entrepreneurs grow?

- How will we provide capital to small business owners?
- How will we provide high-quality business coaching to small business owners?
- How will we collaborate with partners to help small business owners grow?

How will A4CB improve in helping entrepreneurs grow?

- How should we find more entrepreneurs to serve in underserved neighborhoods?
- How should we provide our services to entrepreneurs more effectively?
- How should we raise money more effectively?
- What additional services should we provide that will improve our economics by generating fee income that would reduce our reliance on fundraising?
- How should we organize ourselves to maximize the value we can provide?

The planning process addressed these questions in the larger context of growing obstacles entrepreneurs of color faced in 2020.

This plan articulates key changes in how the organization will advance its Vision, Mission, and Outcomes

Vision | Entrepreneurs from any background can start and grow businesses that create wealth for their families and communities.

Mission | We provide the capital, coaching, and collaboration entrepreneurs need to grow great businesses in their communities.



GEOGRAPHY

Concentrate more heavily on East Garfield Park and the rest of the West Side of Chicago, while continuing to support underserved entrepreneurs throughout Chicagoland and beyond.



CUSTOMERS

Continue to focus on Black, Hispanic, women, and low-income entrepreneurs.



PRODUCTS AND SERVICES

Provide an integrated client experience around capital, coaching, and collaboration.



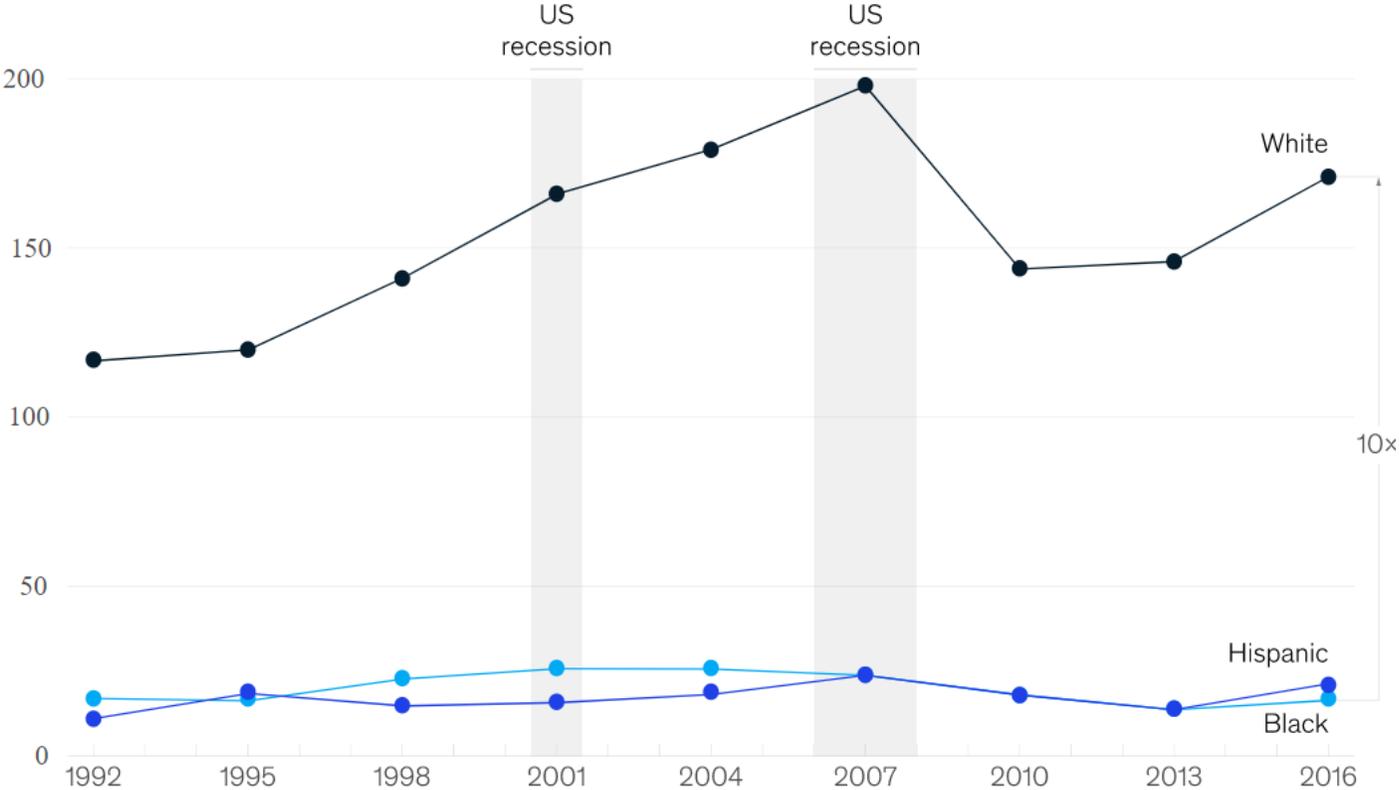
CHANNELS

Leverage new capital and coaching platforms and deepen community and banking relationships in underserved neighborhoods.

The strategic planning process was informed and inspired by the stark economic realities for families and communities of color...

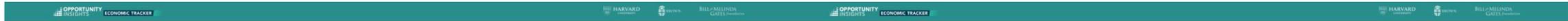
There is a wide and persistent gap in wealth between white and black families.

Median family wealth in 1992–2016 by ethnicity/race, \$ thousand¹



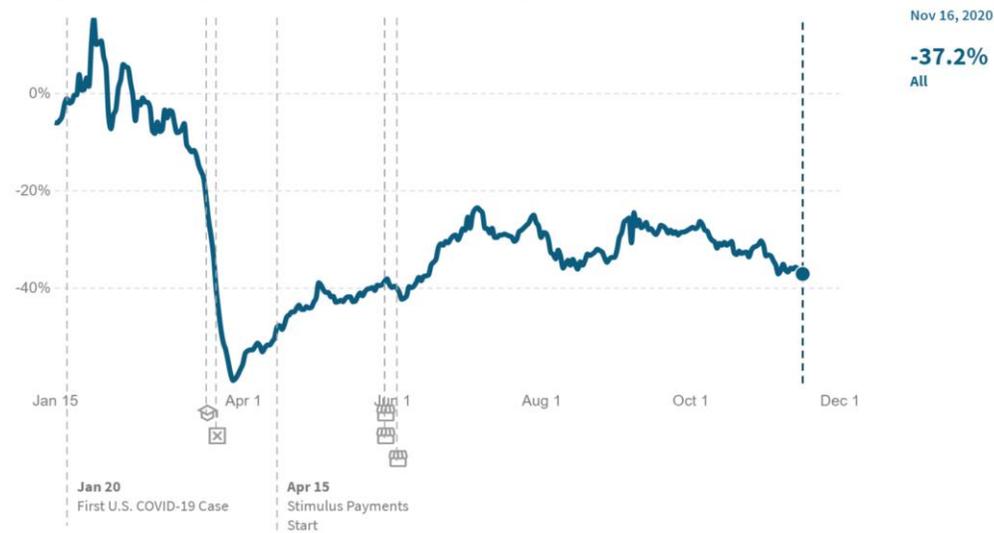
¹2016 dollars.
Source: "2016 survey of consumer finances," Federal Reserve Board, September 2017, federalreserve.gov

...further impacted by the COVID-19 pandemic and resulting economic fallout for small business revenues and closures.



Percent Change in Small Business Revenue*

In **Chicago**, as of **November 16 2020**, total small business revenue **decreased** by **37.2%** compared to January 2020.

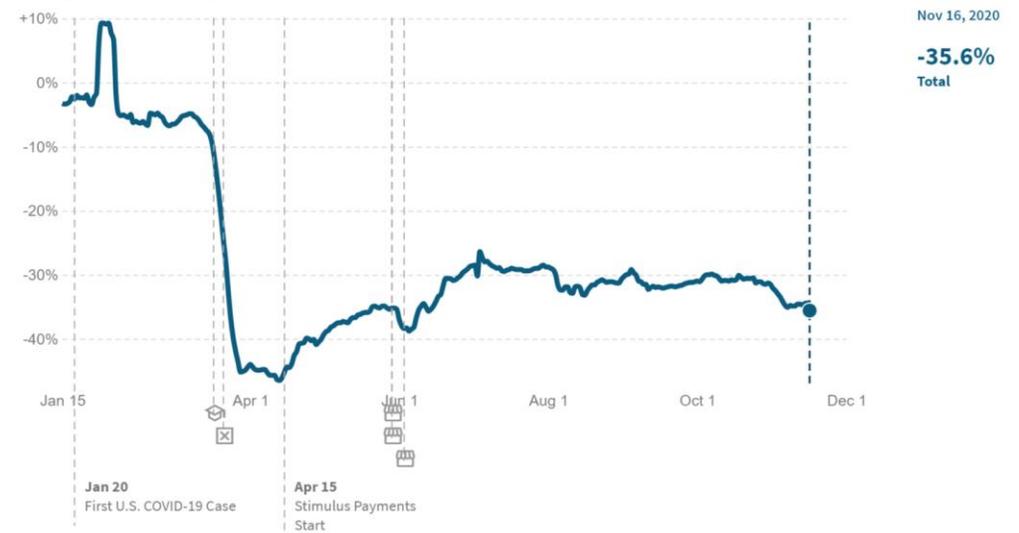


*Change in net business revenue for small businesses, indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Womply.

last updated: **November 25, 2020** next update expected: **December 04, 2020**

Percent Change in Number of Small Businesses Open*

In **Chicago**, as of **November 16 2020**, the number of small businesses open **decreased** by **35.6%** compared to January 2020.



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last updated: **November 25, 2020** next update expected: **December 04, 2020**

To address the systemic challenges target entrepreneurs and business owners face, A4CB's strategic direction anchors on three audiences.

Our Success Will Be Defined By*

For Clients

- Clients achieving their desired business goals for revenues, profits, take home pay, and growth
- Clients receiving the capital, coaching, and collaboration services they need to achieve their goals

For Communities

- Promote our clients, their businesses, and their needs
- Partners making best fit client referrals
- Partners valuing our relationship so that we are as critical to their work as they are to ours

For the Organization

- Building an engaged, valued, coordinated, and high-performing team
- Improving the unit economics and volume of lending
- Improving our self-sufficiency and sustainability
- Growing awareness of our new name, brand, and strategic direction
- Growing and diversifying our revenues

*Benchmarks to be developed as part of measurement planning in 2021.

The strategic direction is articulated by Vision, Mission, and Outcomes and is captured in a Results Frame.

Vision | Entrepreneurs from any background can start and grow businesses that create wealth for their families and communities.

Mission | We provide the capital, coaching, and collaboration entrepreneurs need to grow great businesses in their communities.

Results Frame (Outcomes)



- The Results Frame incorporates 10 outcomes that are of **highest priority for the organization**
- They inform **progress towards creating meaningful change.**
- The Results Frame includes both internal/organizational outcomes (five) and social outcomes (five) **recognizing that they are interrelated and codependent.**
- The Results Frame is not intended to capture all of an organization's activities, but rather **provide 'flexibility within a framework' of what it can achieve.**

The strategic direction also identifies priority initiatives and progress indicators that drive implementation.

Priority Initiatives launch across the three-year plan period, focusing on foundational needs first.

Highlights of 2021 Priority Initiatives

| <i>Build a Strong and Sustainable Organization</i> | <i>Engage Deeply in Communities</i> | <i>Create Meaningful Client Outcomes</i> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Focusing on our team and culture • Improving and enhancing account systems, technology, and data strategy • Generating new revenues through individual giving | <ul style="list-style-type: none"> • Launching our new brand while emphasizing our investment in communities of color • Enhancing our offerings to West Side of Chicago businesses at The Hatchery • Promoting clients and their businesses • Improving our value exchange with partners | <ul style="list-style-type: none"> • Implementing new lending and coaching platforms • Designing new team roles to support clients • Launching the Regional Business Center with the City of Chicago • Tracking client outcomes and milestones |

Details on Priority Initiatives are included later in these materials along with Progress Indicators for Results Frame outcomes.

Planning Overview

Overview of Planning Need
Internal and External Drivers
Engagement Timeline



Allies for Community Business sought strategic planning support in summer 2020 to address several questions.

What will A4CB offer to help entrepreneurs grow?

- How will we provide capital to small business owners?
- How will we provide high-quality business coaching to small business owners?
- How will we collaborate with partners to help small business owners grow?

How will A4CB improve in helping entrepreneurs grow?

- How should we find more entrepreneurs to serve in underserved neighborhoods?
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A4CB presented these questions in the context of growing racial wealth gaps in Chicago and nationally, large scale protests during summer 2020, and the ongoing COVID-19 pandemic.

Informed by planning questions, the process was also rooted in internal and external drivers that provide context for the strategic direction.

INTERNAL DRIVERS

- **Better economic model** – A4CB’s economic model needs to be adjusted to increase sustainability, minimize loan losses, improve lending efficiency, and be responsive to clients.
- **Renaming and rebranding** – A4CB ran a concurrent renaming and rebranding process to become independent of its affiliate relationships.
- **Continued integration** – Initial integration of lending and coaching has additional steps to take to create a more seamless experience for clients.
- **Understanding data and outcomes** – Data access and usage is a recognized organizational gap requiring a shift to be data-informed and outcomes-focused in order to guide investment, forecasting and planning, products and services, staffing, and governance decisions.

EXTERNAL DRIVERS

- **COVID-19** – The pandemic and related economic fallout have and continue to wreak havoc on small businesses, and particularly those led by minority entrepreneurs in underinvested communities. These realities have further restrained business capital access from traditional sources.
- **Racial reckoning** – 2020 has featured an increased focus on the racial wealth gap and the inequities that impact minority populations in the U.S. and specifically how minority-owned and led businesses remain systemically challenged in access to capital, supports, relationships, and services they need to succeed.
- **Online lenders** – A4CB is seeing prospective clients opt to borrow from online lenders who can provide capital quickly, even if at less favorable terms and with fewer if any supports.

To address the outlined questions and drivers, Revolution Impact facilitated a three-phase process that ran over a five-month period.



*Source: Adapted from Lafley, A.G. and Roger L. Martin. *Playing to Win: How Strategy Really Works*. HBR Press. 2013.

Summary Findings from Primary and Secondary Research



Primary and secondary research, combined with facilitated working sessions, were critical to the planning process.

PRIMARY RESEARCH INPUTS



Stakeholder interviews

40 participants across staff, board, funders/ supporters, clients, and referral partners



Facilitated engagement

Co-creative working sessions with the Leadership Team (11) and All Staff (4) along with periodic updates and input from the Board of Directors

Facilitated group engagement was complemented by deeper dive discussions with content and functional leads in the organization as planning progressed.

SECONDARY RESEARCH INPUTS



Strategy Review

Determining strengths and opportunities for A4CB based on current strategies and outcomes



Selected Research

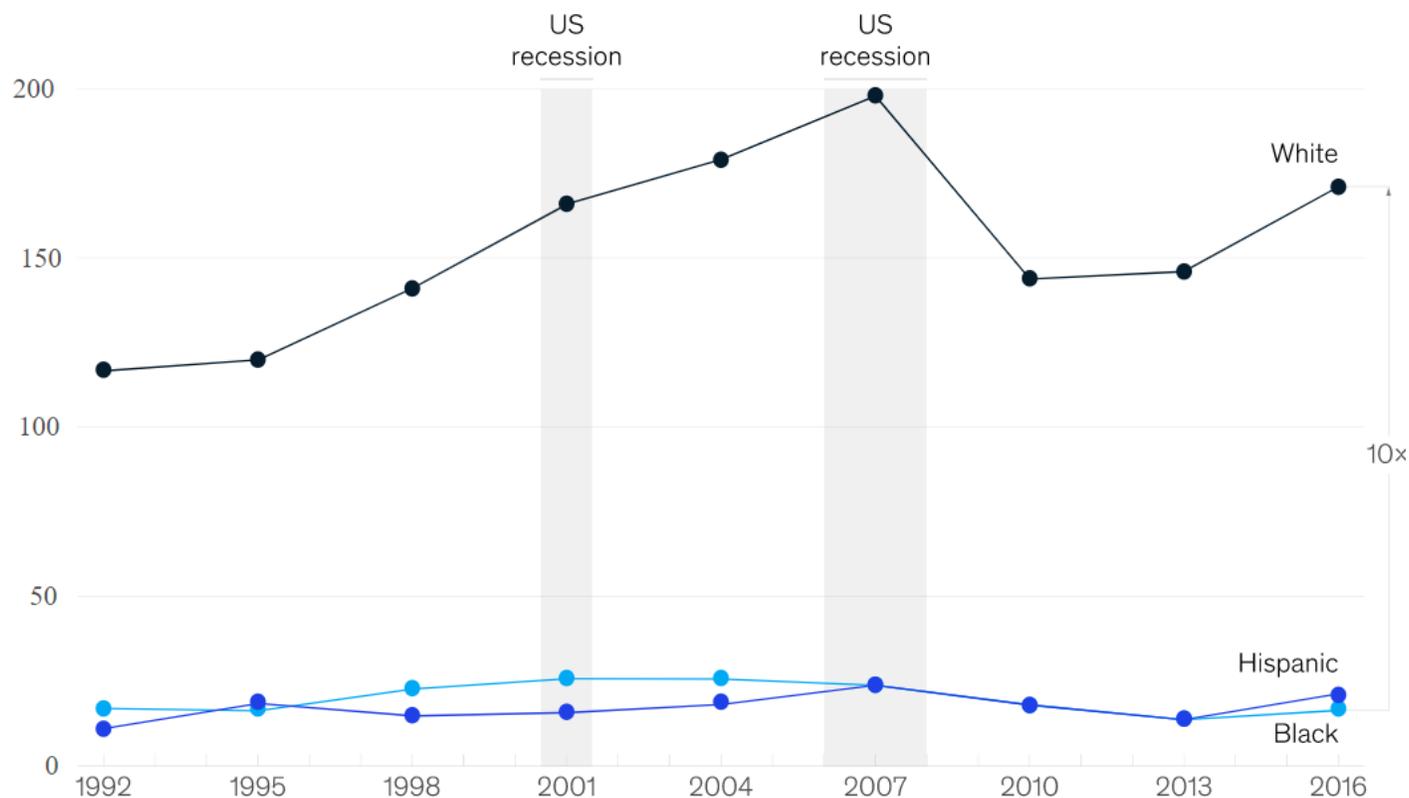
Focused research to inform strategic direction, determine emerging opportunities for capital access, and unpack measurement challenges in the sector



The strategic planning process was informed and inspired by the stark economic realities for families and communities of color...

There is a wide and persistent gap in wealth between white and black families.

Median family wealth in 1992–2016 by ethnicity/race, \$ thousand¹



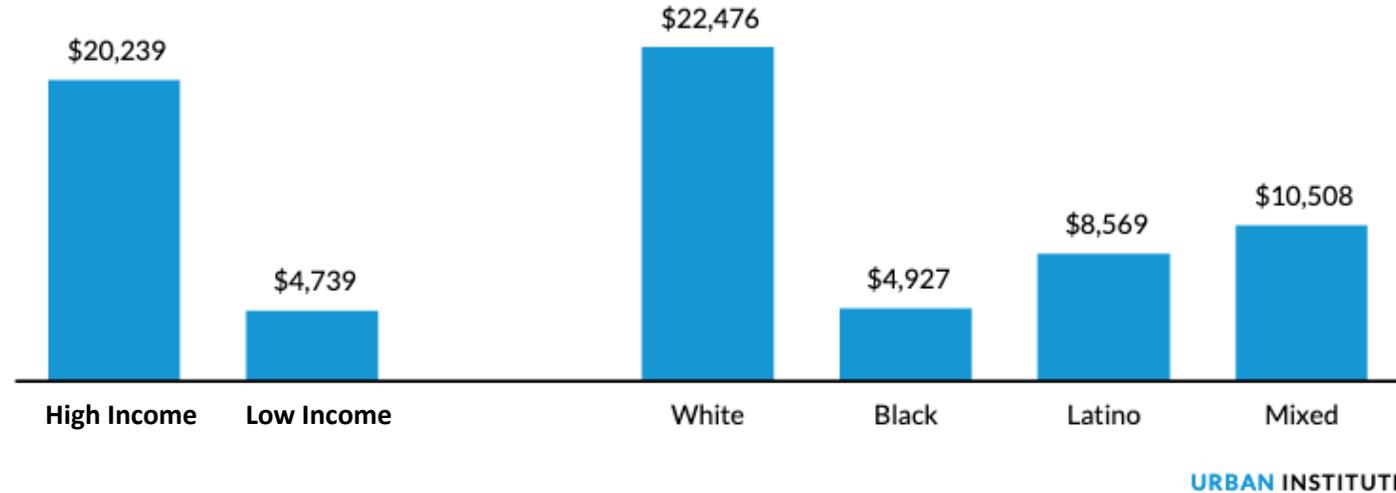
¹2016 dollars.
Source: "2016 survey of consumer finances," Federal Reserve Board, September 2017, federalreserve.gov



...with localized effects that show dramatic underinvestment in low-income communities and communities of color...

Market-driven investment in Chicago from 2011-2017

Average Annual Market Investment per Household (at median)



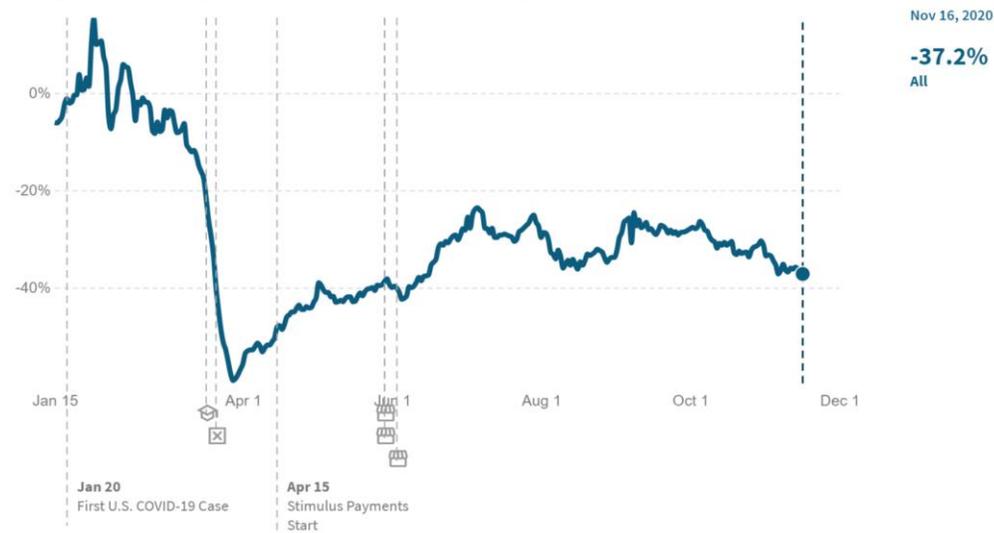
Mission-driven lending (including CDFIs) is the converse, with the highest investment in majority low-income and Black neighborhoods. Yet it represents just \$4 billion compared to \$67 billion in market lending.



...further impacted by the COVID-19 pandemic and resulting economic fallout for small business revenues and closures.

Percent Change in Small Business Revenue*

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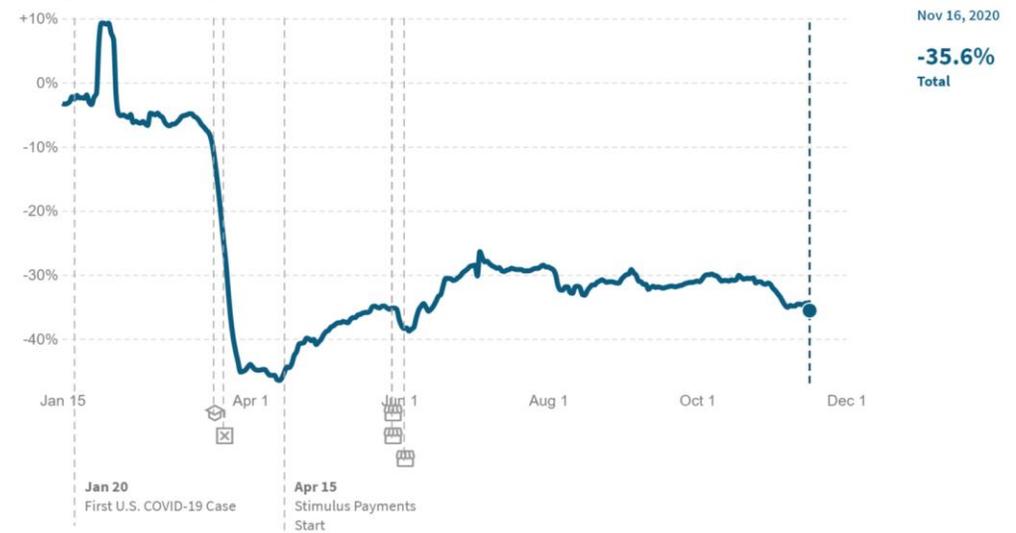


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Stakeholders identified meaningful strengths that the organization can build upon into 2021 – 2023.

Stakeholders **have clarity on the funding and coaching role** A4CB strives to play in the sector and in the geographies where it works.

Stakeholders see A4CB as a **reliable partner to government and funders** eager to support entrepreneurs of color and those otherwise unable to secure capital and resources.

Stakeholders see the **staff as highly committed to the mission and to the clients they serve;** stakeholders specifically referenced the shifts the organization made in 2020 to support clients and other entrepreneurs and business owners with emergency aid during COVID-19.

A4CB is **recognized and well-respected;** many think A4CB is a much larger organization than it is suggesting the potential for outsized impact going forward.



Stakeholders also identified areas of attention for A4CB during the planning process.

Stakeholders first and most frequently cited the **market realities that A4CB and micro/small business lenders face**, suggesting a need for ongoing refinement of the economic model while still driving mission.

While stakeholders recognize that A4CB is a lender first, **there is a feeling that there are too many distractions** that are taking staff attention away from the core business which must be successful.

Several stakeholders shared that A4CB is behind on technology that can improve client engagement and loan processing/ management. **Addressing technology limitations are a priority** as the organization considers growth and scale in the future.

Several **stakeholders saw a need for increased outreach, partnerships, and marketing to find potential clients**. Stakeholders also recognized that A4CB cannot compete with marketing budgets of fintech firms to build awareness.



Finally stakeholders shared opportunities for growth going forward.

Stakeholders shared a **variety of perspectives on where A4CB should operate geographically**. Responses ranged from neighborhood level deep focus to continued work across Illinois and Indiana and potentially beyond.

Stakeholders broadly understand A4CB's focus on underserved entrepreneurs, but also **want to be clearer on what populations are of focus** even if other populations are being served by virtue of geographic reach.

Stakeholder shared questions on **the right combination of current services (capital, coaching, and connections)** and the degree to which they should be offered independently or in combinations based on client needs.

Stakeholders acknowledged the deep reliance of A4CB on partnerships. Stakeholders shared that **choosing partners well and aligned to geographies and customer segments must be explicit in future plans**.



As Phase 1 interviews concluded, several stakeholder profiles emerged.



Experts/ Influencers/ Peers

- Have high regard for A4CB and its work
- Local experts and peers feel A4CB needs closer community ties
- Impressed by its emergence from a tough financial situation
- Recognize the challenges of microlending
- Understand A4CB's role but not its higher purpose



Policymakers

- See A4CB as critical to the local economy and ecosystem; see A4CB as safe and reliable
- Want to see the organization grow and have more influence
- Encourage A4CB to explore new types of businesses to support and dig deeper into community



Board of Directors

- Clear on governance role, even if some operational focus is required/ requested
- High level of belief in the role of A4CB
- Donors and board members whose organizations are supporters also see A4CB as a safe investment
- Concerned about the trend in loan volume; want to see the organization grow
- Impressed by the response to COVID-19



Staff

- Believe in the mission and work; feel their colleagues do as well; ready to rally around results
- Want to attract and retain high-performing staff and staff and leaders that represent the community
- Eager to become more technologically savvy and responsive to community
- Want to be more connected to communities



During Phase 2 of the engagement, clients also shared perspectives on their needs from A4CB going forward.

ASSETS AND CAPABILITIES

- **Critical Source of Capital** – Participating clients know A4CB as a lender, and **the capital they've received has been integral to the success of their businesses.**
- **Network Connector** – Clients expressed that **A4CB has a valuable network and has been helpful in making connections** to new business opportunities, vendors, and advisors.
- **Genuine Care for Clients** – Clients believe that A4CB has a **real commitment to helping their businesses flourish.** This is reflected in sustained relationships, understanding of client experience, and responsiveness.

OPPORTUNITIES FOR GROWTH

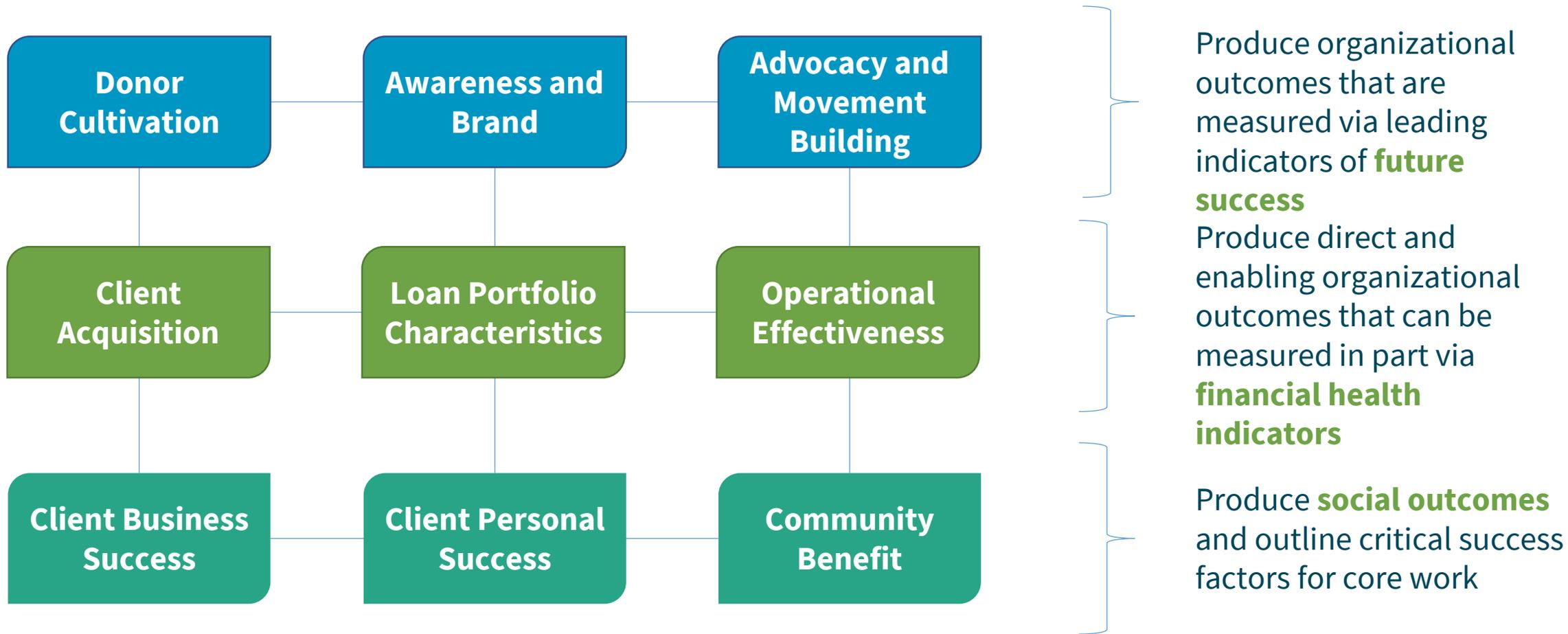
- **Grant Support** – Clients want support accessing grants. Especially during the pandemic, **many have unmet capital needs but are wary of taking on additional debt.**
- **Increased Connector Role** – While clients already value the connections A4CB offers, **they believe there is potential to amplify this work.** In particular they see A4CB: (1) facilitating connections to prospective institutional customers and (2) convening peer cohorts through which clients share experiences and learn from one another.
- **Affinity-Based Verticals** – Clients are **interested in a program model with verticals organized around shared experience,** either in industry sectors or phase of development.

STRATEGIC POSSIBILITIES

- **Intersecting Client Interests** – Clients' **desire for more strategic connections, both with peers and potential partners,** aligns with their interest in the creation of affinity groups. There is potential to intentionally cultivate networks that support clients and the mission.
- **Assets Illuminate Advantages** – Clients universally **appreciate the benefits of working with A4CB and named points of distinction in its approach.** This highlights A4CB's competitive advantages and possibilities for clarifying and accessing its target market.
- **Building Wealth** – Client concerns around borrowing raise an important question: **What forms of capital best balance wealth creation for clients and financial viability for A4CB?**



From the strategy review, nine outcome themes emerged that informed the planning process.





Today, A4CB strives to achieve multiple social outcomes for clients and communities through capital, coaching, and connections.

CLIENT BUSINESS SUCCESS

- **Lead with Lending** – Success focuses on the degree to which access to capital is producing business **outcomes that are meaningful to clients.**
- **Coaching and Connections** – Furthermore, **coaching and connections should also produce meaningful outcomes for clients** to accelerate past and overcome barriers they may face beyond access to capital.
- **Capturing Additional Client Outcomes** – A4CB considers on **jobs that are created and retained** as a key business success metric.

CLIENT PERSONAL SUCCESS

- **Revenue and Employment** – A4CB **demonstrates a focus on the impact of revenues and employment** on clients (and their employees).
- **Meeting Client Needs** – The longer arc of the work is about how **changes in client income create more personal opportunity** for entrepreneurs and their families.
- **Urgent Supports** – A4CB responded to COVID-19 by supporting entrepreneurs as people and individuals; **this approach is key to relationship and trust building.**

COMMUNITY BENEFIT

- **Macro Effects** – Inherent in A4CB's mission and strategy is the idea that **investing in local entrepreneurs creates larger benefits** for neighborhoods and communities.
- **Raising Employment Rates** – A4CB also **discusses the aggregate wage increases** that are attributable to the businesses and entrepreneurs it supports.
- **Community Revitalization** – There is **less evidence on the impact of A4CB's work on community revitalization**, though this is clearly critical to mission.



In materials provided, there is evidence of a desire to find new clients through tighter connections to communities and partners.

CLIENT ACQUISITION

- **Connecting through Partners** – Prior strategy and subsequent visioning work identified additional opportunities to **enhance banking partner referrals, explore online lending partners, and engage with government partners.**
- **Connecting through Communities** – Additionally, prior work acknowledged the **need for stronger ‘on the ground’ partnerships** with community organizations.
- **Competing with ‘Online First’** – Analysis revealed the **challenge of competing with online lenders.**

LOAN PORTFOLIO CHARACTERISTICS

- **Small Loans for Most** – **97% of A4CB’s lending is for loans under \$25,000.** National research shows that 81% of small business needs are for funding over \$25,000. (2019)
- **Supporting Diverse Borrowers** – **76% of A4CB borrowers are people of color;** 70% are Black or Latino. 54% of borrowers are low income. (2019)
- **Tying Geography to Industry** – The Hatchery represents the potential for place-based work – **a focus on an industry in a geography.** Does this approach have merit in other parts of A4CB’s work?

OPERATIONAL EFFECTIVENESS

- **Speed** – Several strategy review documents acknowledged the need **to move more quickly** including loan processing, servicing, and partner referrals.
- **Access** – Today, 5% of funding sources used in the past five years by small businesses were nonprofit/ community-based funding source and **1% were CDFIs.**
- **Technology** – **Both speed and access can be enabled by technology** and require investment by A4CB into the ‘moments of truth’ for prospective clients.



Future success for A4CB will rely on great execution of operations and how the organization sees itself in the broader ecosystem.

DONOR CULTIVATION

- **Opportunities for Growth Funding** – Microlending is a tough business, producing limited if any free cash flow. **Growth funding (i.e., capital campaign) will be necessary to drive certain strategic planning recommendations.**
- **Opportunities for Individual Giving** – Several strategy documents reference **more active individual giving and outreach campaigns.** Nationally, individual donors have engaged to support small businesses and Black and Latino-owned small businesses.

AWARENESS AND BRAND

- **Ties to Larger Brand** – It is **unclear from strategy review the discrete value of the A4CB brand.** We presume any value comes as a ‘stamp of approval’ among institutional partners knowledgeable about the field.
- **Client Connections and Fundraising** – Branding generally has the benefit of **making client connections and fundraising (including with individuals) more robust.**
- **Rebranding Opportunities** – **Rebranding creates a moment to engage with communities, clients, partners, and donors.**

ADVOCACY AND MOVEMENT

- **Beyond Operations** – Provided strategy review documents feature the outputs of lending and providing capital. **However, messaging strives for higher order macro outcomes.**
- **In Response to COVID-19** – A4CB’s response to COVID-19 provides an opportunity to **shed light on how the pandemic has adversely impacted its clients and why.**
- **Addressing Racial Wealth Gaps** – **Strategy documents reference racial disparities in opportunity and wealth,** and there is referenced interest to address these realities.



Finally, secondary research uncovered opportunities for even greater impact around three areas of selected investigation.

INFORMING STRATEGIC DIRECTION

- **Scale** – Increasing assets and volume shouldn't be conflated with greater impact or scale. By **clearly articulating the problem** they aim to solve, CDFIs can build their own **definition of scale** and **set impact-aligned outcomes**. This is a foundation for effective strategy.
- **Market share** – CDFIs prioritize low-income Black and Latino communities in Chicago but represent a tiny portion of the market. There continues to be an **essential local role for CDFIs**
- **Absorptive capacity** – **Some ecosystems have more absorptive capacity**, meaning they are more able to make the most of new capital. INVEST South/West and other local initiatives are cultivating hubs of absorptive capacity.

ACCESSING CAPITAL

- **Racial Wealth Gap Inhibits Entrepreneurs of Color** – Individuals with less wealth have less ability to self-fund, typically fewer connections to others with wealth, and less collateral to secure credit. **The result is that Black and Latino business owners have less capital than White peers, are less likely to receive loans, and often pay more when they do.** This holds true even when controlling for credit scores.
- **Novel Approaches to Addressing the Racial Wealth Gap for Entrepreneurs** – **There is much need for additional experimentation in this area**, but there are emerging ideas for addressing the effect of the racial wealth gap on small business owners of color.

FROM OUTPUTS TO OUTCOMES

- **Outputs as an Industry Norm** – Number of loans originated or number of clients served – both commonly tracked CDFI outputs – **show progress toward outcomes, yet they are not indicators of an actual change.**
- **Measuring Outcomes Is Challenging** – **Contextual factors make moving from outputs to outcome challenging for CDFIs.** Most are relatively small, so it's difficult to understand a CDFI's role in community-level outcomes. Gathering outcome data from borrowers remains resource intensive
- **Deeper Understanding** – There is a need for **more external evaluations** carried out by academic and research personnel to move closer attribution models for the CDFI field.

Sources: Revolution Impact secondary research and synthesis; full research review and bibliography included in Leadership Team meeting materials dated August 26, 2020.

Strategic Direction Summary

Strategic Themes

Articulating Strategic Direction

Executing on Strategic Direction

Knowns and Unknowns



Aligning for Outcomes: 2021 – 2023

Strategic Direction is focused on three strategic themes that drive Mission and Vision

Create Meaningful Client Outcomes

The organization's success is that of its clients, their businesses, and the families and communities that rely on their daily efforts.

Engage Deeply in Communities

The organization will also be connecting more deeply in targeted communities in order to drive both social and internal outcomes.

Build a Strong and Sustainable Organization

A4CB is committed to building a financially strong, operationally sound, data-informed, and talent-driven organization in order to deliver on client outcomes.

The plan both articulates strategic direction and discusses how to execute on the strategic direction.

ARTICULATING STRATEGIC DIRECTION

EXECUTING ON STRATEGIC DIRECTION



Vision and Mission along with ideal future states for A4CB, its clients, and the communities where it works



Results Frame that identifies what outcomes A4CB will plan to achieve
Outcomes inform strategic choices and measurement approach



Summary of planned geographies, offerings, customers, and channels
What is new and changing and what is staying the same across offerings



Prioritized initiatives that will advance Results Frame outcomes



Recommended quantitative indicators of how progress can be measured on Results Frame outcomes

The strategic direction complements and informs 2021 budget and operational planning.

Vision and Mission are the foundation for the strategic plan.

Vision | **Entrepreneurs from any background can start and grow businesses that create wealth for their families and communities.**

Mission | **Allies for Community Business provides the capital, coaching, and collaboration entrepreneurs need to grow great businesses in their communities.**

The guiding aspiration includes ideal future states for A4CB clients, communities, and the organization.

IDEAL FUTURE STATE FOR CLIENTS

A4CB clients have access to the capital and other resources they need on advantageous terms that fit their stage of business growth.

Client businesses are thriving and generating resources for the community, especially through job creation.

Clients' business and personal finances are strong, enabling readiness for unexpected challenges and providing wealth that benefits current and future generations.

IDEAL FUTURE STATE FOR COMMUNITIES

A4CB communities have abundant access to capital and are vibrant, fully-utilized commercial hubs.

This is possible through coordination among local grassroots organizations, allyship from financial institutions and capital providers, and engagement with local residents.

Active partnership with government and philanthropy also unlocks capital for the benefit of local communities and raises awareness for needed and unique investments.

IDEAL FUTURE STATE FOR A4CB

A4CB has achieved broad brand awareness and is the trusted partner of choice for clients and partners alike across its footprint.

The organization has a robust and mission-aligned client base and pipeline that enables both ambitious social impact and financial self-sufficiency.

A4CB delivers on the promise of the ideal future states for clients and communities through a diverse, engaged, and passionate team.



Expressing outcomes the organization expects to achieve is the basis for strategic choices and measurement.

Results Frame (Outcomes)



- The Results Frame incorporates 10 outcomes that are of **highest priority for the organization**
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- The Results Frame includes both internal/ organizational outcomes (five) and social outcomes (five) **recognizing that they are interrelated and codependent.**
- The Results Frame is not intended to capture all of an organization's activities, but rather **provide 'flexibility within a framework' of what it can achieve.**

ALLIES FOR COMMUNITY BUSINESS

Vision | Entrepreneurs from any background can start and grow businesses that create wealth for their families and communities.

Social Outcomes

Create Meaningful Client Outcomes

Reduce funding, knowledge, relationship, and service disparities that adversely impact underserved entrepreneurs

Improve the financial position of our clients' businesses by providing the optimal amount and structure of capital

Strengthen our clients' businesses by helping them improve operations, attract customers, access markets, grow staff, and achieve goals

Engage Deeply in Communities

Strengthen partnerships and relationships in the communities where we work

Champion the assets, talents, and needs of historically marginalized entrepreneurs

Internal Outcomes

Build a Strong and Sustainable Organization

Grow and diversify revenues and earned income

Strengthen financial planning, position, and flexibility

Improve operations through talent, technology, and measurement

Develop and nurture a high-performing team

Foster a dynamic, diverse, engaging, and inclusive culture

Mission | We provide the capital, coaching, and collaboration entrepreneurs need to grow great businesses in their communities.



To further articulate strategic direction, there are key changes of how the organization will advance Vision, Mission, and Outcomes.



GEOGRAPHY

Concentrate more heavily on East Garfield Park and the rest of the West Side of Chicago, while continuing to support underserved entrepreneurs throughout Chicagoland and beyond.

Additional Chicago community areas, based on demographic makeup became a potential focus followed by opportunistic supports of entrepreneurs and business owners outside of Chicago (statewide IL) and support of current efforts in Lake County and South Bend (IN) in the near term.



CUSTOMERS

Continue to focus on Black, Hispanic, women, and low-income entrepreneurs.

The customer focus remains constant, with greater intentionality around building the partnerships necessary to reach more prospective clients and ensure A4CB is gathering client insight to better understand customer segments and needs.



PRODUCTS AND SERVICES

Provide an integrated client experience around capital, coaching, and collaboration.

Offerings are focused on those that help improve the cash position (revenues and expenses) of clients directly and more broadly improve the operations of their businesses. All offerings must be informed by client need, what A4CB can raise capital to do, and what A4CB is uniquely positioned to provide.



CHANNELS

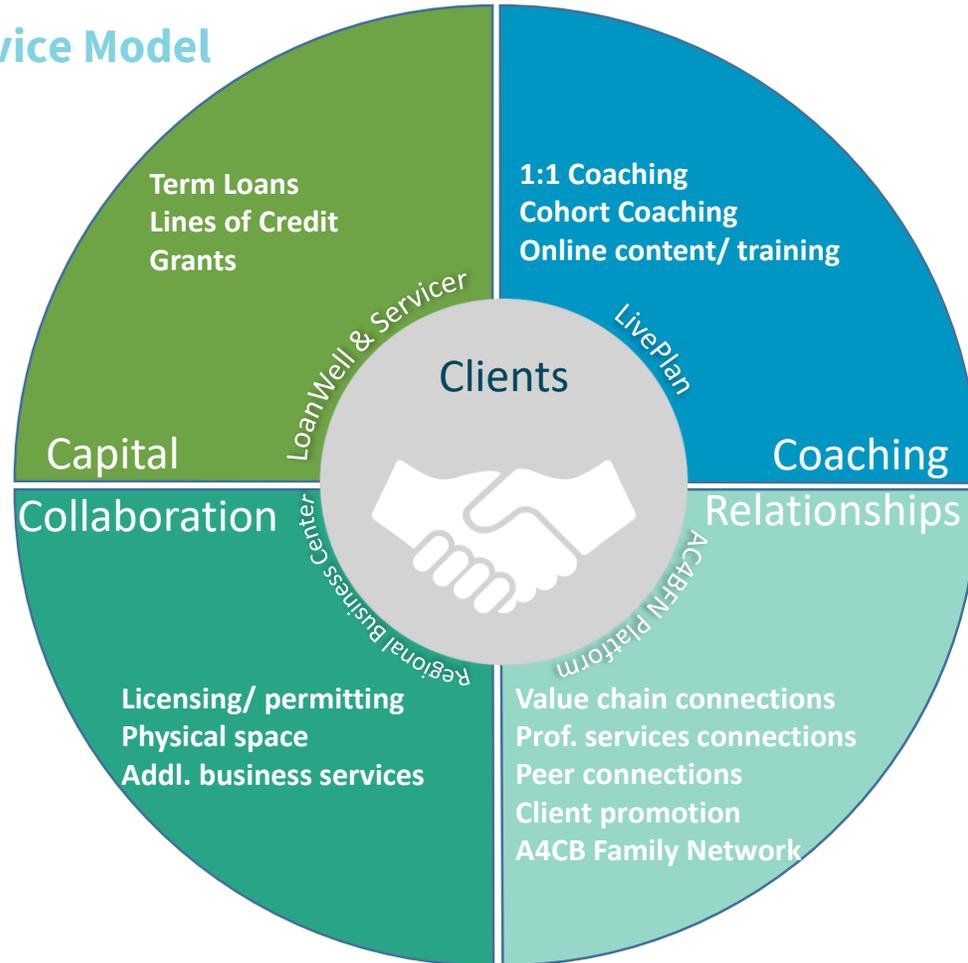
Leverage new capital and coaching platforms and deepen community and banking relationships in underserved neighborhoods.

2020 has forced A4CB to push new delivery mechanisms for funding, coaching, and other elements of client supports. Even with a more concentrated geographic focus, these new delivery mechanisms are necessary to reach clients, reach new clients, streamline operations, and get better data on the outcomes the organization is achieving.



A4CB will be implementing a modified service model to drive client outcomes.

Service Model



- Clients connect with A4CB through any **individual or combination of products and services**
- **Clients blend products and services based on their needs and with A4CB’s guidance** on the hypothesis that the right combinations increase likelihood of client success (e.g., improve revenues) while also improving A4CB’s sustainability (e.g., reduce loan losses)
- **Clients are stewarded through products and services by their key contact – an “ally”** – who can bring in specialists as needed
- The **service model requires robust data** enabled by a variety of platforms



While many product and service categories will remain similar, the details and focus will evolve.

Capital – Priority Offerings

| 2021 Products & Services | What’s New or Changing | Future Products and Services for R&D |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Loans up to \$2,500 • Loans \$2,501 - \$25,000 • Loans \$25,001 - \$100,000 • SBA Community Advantage Loans • Term loans and lines of credit | <ul style="list-style-type: none"> • Streamline loan process (reduce time) and improve quality of loan applications via LoanWell, time study, and organizational design • Increase focus on SBA Community Advantage loans and other larger lending opportunities • Integration of all funding clients into LivePlan as a path to improved repayment rates and coaching • Improve community-based organization referral quality | <ul style="list-style-type: none"> • Explore offering new borrower benefit features based on servicing capacity and flexibility that can attract prospective borrowers and create incentives for data sharing • Explore loans up to \$250,000 • Explore offering equity investments with better pricing than current offerings in the market |
| <ul style="list-style-type: none"> • Funded grant programs | <ul style="list-style-type: none"> • Streamline design and execution of future grant programs by creating grant program templates that incorporate lessons from 2020 programs | <ul style="list-style-type: none"> • Ongoing work with funders to build relevant grant programs for clients and prospective clients |

Capital offerings focus on meeting clients’ evolving needs while delivering more efficiently (process) and effectively (integration with other A4CB offerings) to improve client financial position.



While many product and service categories will remain similar to today, the details and focus will evolve (Cont'd).

Coaching – Priority Offerings

| 2021 Products & Services | What's New or Changing | Future Products and Services for R&D |
|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> 1:1 Coaching/ Business Planning (Live) | <ul style="list-style-type: none"> Integration of all coaching clients into LivePlan Adding capacity of experienced coaches and advisors to support maturing and complex businesses Formalize milestones in the coaching model Bring funding into coaching discussions earlier in the process | <ul style="list-style-type: none"> Live access to client financials to inform coaching and business planning supports |
| <ul style="list-style-type: none"> Cohort-based coaching (Live) | <ul style="list-style-type: none"> Expand Neighborhood Entrepreneurship Lab concept to additional cohorts | <ul style="list-style-type: none"> Partner with incubator programs to identify potential cohort members for next level coaching supports |
| <ul style="list-style-type: none"> Group webinars (Live) and On Demand Training (Prerecorded) | <ul style="list-style-type: none"> Address timely business issues with clients via group webinars Make on demand training components available to all clients, rather than just Neighborhood Entrepreneurship Lab participants | <ul style="list-style-type: none"> Develop A4CB-specific content for on demand training purposes |

Coaching offerings are focused on building clients' ability to successfully run their businesses, improve their financial position, and increase the likelihood of timely loan repayment (reduce loan losses).



While many product and service categories will remain similar to today, the details and focus will evolve (Cont'd).

Relationships – Priority Offerings

| 2021 Products & Services | What's New or Changing | Future Products and Services for R&D |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Value chain partner relationships | <ul style="list-style-type: none"> Connect clients to potential new customers and suppliers in a more efficient way | <ul style="list-style-type: none"> TBD based on early work to formalize value chain partner relationship support; potential to evolve into a Services offering |
| <ul style="list-style-type: none"> Professional services partner relationships | <ul style="list-style-type: none"> Connect clients to business supports including legal...accounting/ finance, human resources, digital marketing, capital needs, etc. | <ul style="list-style-type: none"> TBD based on early work to formalize professional services partner relationships; potential to evolve into a Services offering |
| <ul style="list-style-type: none"> Client promotion | <ul style="list-style-type: none"> Promote A4CB clients to help them generate additional sales | |
| <ul style="list-style-type: none"> “A4CB Family Network” | <ul style="list-style-type: none"> Work with clients to design and develop an approach to formally establishing an A4CB Family Network to facilitate professional connections, buying, and selling. | <ul style="list-style-type: none"> Connect A4CB clients through technology platform to enhance A4CB Family Network |

Relationships strengthen connections to clients while also helping to improve client revenues and expenses, meet critical needs, and extend the reach and awareness of A4CB.



While many product and service categories will remain similar to today, the details and focus will evolve (Cont'd).

Collaboration – Priority Offerings

| 2021 Products & Services | What's New or Changing | Future Products and Services for R&D |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Regional Business Center | <ul style="list-style-type: none"> Offer business licenses and other services through a new Regional Business Center in partnership with the City of Chicago | <ul style="list-style-type: none"> Determine overall value add opportunities of serving in the Regional Business Center role to inform related product and services R&D |
| <ul style="list-style-type: none"> Physical space | <ul style="list-style-type: none"> Clarify the vision, mission, strategies, operations, and outcomes of The Hatchery joint venture as the incubator approaches capacity, which allows even deeper investment in West Side food and beverage entrepreneurs | <ul style="list-style-type: none"> TBD based on A4CB/ ICNC planning and coordination |
| <ul style="list-style-type: none"> Outsourced Solution for Client Professional Services | <ul style="list-style-type: none"> Explore client demand for outsourced professional services at a sufficient scale and favorable economics to justify continued exploration | <ul style="list-style-type: none"> Accounting Services Digital Marketing Services Human Resources Services |

Collaboration services meet immediate client needs and can also help bring new clients to A4CB.



The A4CB team has identified priority initiatives that address specific outcomes on the Results Frame.

Results Frame (Outcomes)



- Priority Initiatives included are organized by year when they are expected to commence, based on current information; all initiatives are associated with 2021 or 2022 with timing to be revised by the A4CB Leadership Team.
- The Priority Initiatives are not Mutually Exclusive/Collectivity Exhaustive. Rather, they are focused on those actions that are necessary to move Results Frame outcomes beyond day-to-day operations and current efforts.
- Some initiatives naturally advance multiple outcomes; for clarity, they are associated with the outcome they are expected to contribute to the most.
- Priority Initiatives inform budget and operational planning reflected later in these materials.



Priority Initiatives

Build a Strong and Sustainable Organization

| <i>Build a Strong and Sustainable Organization</i> | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Grow and diversify revenues and earned income | Strengthen financial planning, position, and flexibility | Improve operations through talent, technology, and measurement |
| <p>2021</p> <ul style="list-style-type: none"> • Design and Deploy Individual Giving Strategy – Leverage individual giving strategy as a new source of unrestricted grant revenue. • Research Outsourced Client Service Strategy – Complete R&D on what services A4CB can offer to clients on a fee-for-service basis, assessing economics and demand. <p>2022</p> <ul style="list-style-type: none"> • Deploy Outsourced Client Services – Based on 2021 research, execute on offering outsourced services to clients. | <p>2021</p> <ul style="list-style-type: none"> • Implement New Accounting System – Implement new accounting package to support more robust financial planning and forecasting. • Commit to Ongoing Modeling and Planning – Develop organizational approach to timely and robust financial modeling and planning, starting with core lending business and then extending to other parts of the organization. Modeling and planning should also inform go/ no go decision making on programs. • Engage Team on Financial Understanding – Develop financial engagement approach to build team understanding of operating model and economics. | <p>2021</p> <ul style="list-style-type: none"> • Complete Technology Audit – Retain outside vendor to complete technology audit; improve technology spend, usage, security, and management. • Develop Data Strategy – Retain outside vendor to develop data strategy to enable robust data-informed decision-making. • Complete Loan Process Time Study – Complete time study to improve loan processing efficiency and quality. • Optimize Office Administration – Ensure supports are in place cost effectively. • Pursue Hatchery Optimization – Update shared strategy and resource allocations across A4CB and ICNC for The Hatchery. |

Priority Initiatives

Build a Strong and Sustainable Organization (Cont'd)

| <i>Build a Strong and Sustainable Organization</i> | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Develop and nurture a high-performing team | Foster a dynamic, diverse, engaging, and inclusive culture |
| <p>2021</p> <ul style="list-style-type: none"> • Improve Human Resources Administration – Review, vet, and retain firm to support human resources administration; determine internal human resources staffing to complement outsourced partner. • Update Succession Planning – Develop succession planning for key organizational roles with both prospective internal and external successors identified. • Review and Refine Performance Planning – Update performance review and management approach based on new strategic direction. • Attract Additional Board Talent – Recruit, onboard, and cultivate eager new board members who offer the relationships and experiences A4CB will most value. | <p>2021</p> <ul style="list-style-type: none"> • Review and Refine Staff Engagement Survey – Develop and deploy revised staff engagement survey based on identified progress indicators. • Review and Affirm Core Values – Develop approaches internally to engage and strengthen organizational commitment to Core Values. |



Priority Initiatives

Build a Strong and Sustainable Organization (Cont'd)

| <i>Build a Strong and Sustainable Organization</i> | | | | | |
|-----------------------------------------------------------------------|----------------------------------------------|---------|--------|--------|--------|
| Outcome | Priority Initiative | 1Q2021* | 2Q2021 | 3Q2021 | 4Q2021 |
| Grow and diversify revenues and earned income | Design and Deploy Individual Giving Strategy | █ | | | |
| | Research Outsourced Client Service Strategy | | | █ | |
| Strengthen financial planning, position, and flexibility | Implement New Accounting System | | █ | | |
| | Commit to Ongoing Modeling and Planning | | █ | | |
| | Engage Team on Financial Understanding | █ | | | |
| Improve operations through talent, technology, and measurement | Complete Technology Audit | █ | | | |
| | Develop Data Strategy | █ | | | |
| | Complete Loan Process Time Study | █ | | | |
| | Optimize Office Administration | | █ | | |
| | Pursue Hatchery Optimization | █ | | | |
| Develop and nurture a high-performing team | Improve Human Resources Administration | █ | | | |
| | Update Succession Planning | | | █ | |
| | Review and Refine Performance Planning | █ | | | |
| | Attract Additional Board Talent | | █ | | |
| Foster a dynamic, diverse, engaging, and inclusive culture | Review and Refine Staff Engagement Survey | █ | | | |
| | Review and Affirm Core Values | █ | | | |

*Start quarter of strategic initiatives is indicated.



Priority Initiatives

Engage Deeply in Communities

Engage Deeply in Communities

Strengthen partnerships and relationships in the communities where we work

2021

- **Optimize Community Based Organization (CBO) Referrals** – Work with CBO partners to develop clear criteria for referrals for any provided services in order to increase the likelihood that A4CB can be supportive of referred clients.
- **Commit to Referral Partner Communications** – Improve feedback to referral partners on the disposition of their referral and outcomes that referred clients experienced.
- **Plan for A4CB Family Network** – Complete internal and client-informed planning of A4CB Family Network concept; determine go/ no go.

2022

- **Implement A4CB Family Network** – Depending on earlier planning work, A4CB Family Network implementation would commence in 2022.
- **Develop Partnership Strength Matrix** – Create MOUs with trusted partners, through which A4CB will improve feedback on the referred clients' outcomes.
- **Develop Referral Partner Self-Service Strategy** – Explore approach to have partners make referrals directly online and for them to track data on the path their referral clients are taking within A4CB supports.



Priority Initiatives

Engage Deeply in Communities (Cont'd)

Engage Deeply in Communities

Champion the assets, talents, and needs of historically marginalized entrepreneurs

2021

- **Complete Renaming/ Branding** – See A4CB/ Greater Good Studio developed project plan to support launch of new name and brand.
- **Continue to Position the New Brand** – Support of renaming and branding will carry throughout year with a coordinated and resourced marketing plan.
- **Promote Clients Proactively** – Active awareness building and promotion of client businesses including client mapping, featured small businesses and connections, if pursued, A4CB Family Network



Priority Initiatives

Engage Deeply in Communities (Cont'd)

| <i>Engage Deeply in Communities</i> | | | | | |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------|---------|--------|--------|--------|
| Outcome | Priority Initiative | 1Q2021* | 2Q2021 | 3Q2021 | 4Q2021 |
| Strengthen partnerships and relationships in the communities where we work | Optimize Community Based Organization (CBO) Referrals | | | | |
| | Commit to Referral Partner Communications | | | | |
| | Plan for A4CB Family Network | | | | |
| Champion the assets, talents, and needs of historically marginalized entrepreneurs | Complete Renaming/ Branding | | | | |
| | Continue to Position the New Brand | | | | |
| | Promote Clients Proactively | | | | |

*Start quarter of strategic initiatives is indicated.



Priority Initiatives

Create Meaningful Client Outcomes

Create Meaningful Client Outcomes

Reduce capital, coaching, collaboration disparities that adversely impact underserved entrepreneurs

2021

- **Implement LoanWell** – Implement new loan origination system which will be live at the end of January 2021. *Implementation tied to Loan Process Time Study* as well.
- **Invest in LivePlan** – Add more clients to LivePlan platform.
- **Launch Regional Business Center** – Begin providing city licenses and permits, developing a new source of client relationships and connections to local community organizations and partners.
- **Evaluate Online Training Options** – Assess cost effectiveness of existing training providers relative to ‘grow your own’ online training content strategy or alternative providers.
- **Develop Program Strategy For Grants** – Determine internal team and process for managing program grants and a process by which grant opportunities are pursued.



Priority Initiatives

Create Meaningful Client Outcomes (Cont'd)

| Create Meaningful Client Outcomes | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Improve the financial position of our clients' businesses by providing the optimal amount and structure of capital</p> | <p>Strengthen our clients' businesses by helping them improve operations, attract customers, access markets, grow staff, and achieve goals</p> |
| <p>2021</p> <ul style="list-style-type: none"> • Track Client Outcomes – Via LoanWell, LivePlan, NeonCRM, and related data sources, formalize approach to client outcomes tracking and related value exchange between A4CB and clients for data. <p><i>“Develop Data Strategy” is a precursor to Track Client Outcomes.</i></p> | <p>2021</p> <ul style="list-style-type: none"> • Design and Activate Ally Role – Design “Ally” job function as business advisors who can guide clients through the full portfolio of products and services offered by A4CB. • Track Client Milestones – Formalize approach and data collection strategy for tracking client milestones and begin to explore how milestones correlate with outcomes. • Conduct Client Engagement Survey – Revise or develop client engagement survey to capture critical client insights. <p>2022</p> <ul style="list-style-type: none"> • Explore Program Evaluation – Initial exploration of formal evaluation of A4CB’s programs and to test hypothesis of how combinations of service improve client and A4CB outcomes. |

Priority Initiatives

Create Meaningful Client Outcomes (Cont'd)

| Create Meaningful Client Outcomes | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------|--------|--------|--------|
| Outcome | Priority Initiative | 1Q2021* | 2Q2021 | 3Q2021 | 4Q2021 |
| Reduce capital, coaching, and collaboration disparities that adversely impact underserved entrepreneurs | Implement LoanWell | █ | | | |
| | Integrate LivePlan | █ | | | |
| | Launch Regional Business Center | █ | | | |
| | Evaluate Online Training Options | | | █ | |
| | Develop Program Strategy For Grants | █ | | | |
| Improve the financial position of our clients' businesses by providing the optimal amount and structure of capital | Track Client Outcomes <i>Dependent on "Develop Data Strategy"</i> | | █ | | |
| Strengthen our clients' businesses by helping them improve operations, attract customers, access markets, grow staff, and achieve goals | Design and Activate Ally Role | █ | | | |
| | Track Client Milestones | █ | | | |
| | Conduct Client Engagement Survey | | █ | | |

*Start quarter of strategic initiatives is indicated.



The A4CB team also identified progress indicators that are high priority, alongside an assessment of whether the required data is available.

Results Frame (Outcomes)



- Progress indicators are also tied to Results Frame outcomes. Included indicators were deemed most important to Leadership Team members
- Over 2021, the Leadership Team will provide guidance on data availability of selected measures. All indicators in blue text should have data available during 2021.
- As a reminder, indicators are designed to mark progress against Results Frame outcomes, noting there are other input and output data the organization will need to track for day-to-day management and reporting,
- The Leadership Team has also been provided with additional indicators that could have data available for them in the future.

On the slides that follow, data for progress indicators in blue, standard text are available now or could be available in the future with focused effort. Indicators in *green, italics* are not available, but remain a priority.



Progress Indicators – *Build a Strong and Sustainable Organization*

| <i>Build a Strong and Sustainable Organization</i> | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Grow and diversify revenues and earned income | Strengthen financial planning, position, and flexibility |
| <ul style="list-style-type: none"> • Net surplus – \$ total revenues less total expenses • Revenue diversity – % value of revenue by source and type • Public Sources – \$ of public dollars allocated to A4CB to support core products and services • Private Sources – \$ of private dollars allocated to A4CB to support core products and services • Total revenue – \$ total annual revenues • Loan Volume Outstanding – Total and by loan categories | <ul style="list-style-type: none"> • Unrestricted Cash Balance – Liquid Unrestricted Net Assets • Months of reserves – # months operating reserves • Self-Sufficiency Ratio – Earned income/ total operating expenses • “Sustainability Ratio” – Earned income + fee income for services provided to government / total operating expenses – Hatchery book losses • Deployment Ratio – Dollars lent/ dollar borrowed • Net Asset Ratio – Net assets/ total assets • Loan Loss Provision – Estimated future loan charge offs • Delinquency Rate – 31+ days past due • Charge off Rates – 12 month rolling |

Note: Quantitative indicators are focused on Results Frame outcomes; the organization may track additional indicators to support day-to-day operations.

Progress Indicators

Build a Strong and Sustainable Organization (Cont'd)

| <i>Build a Strong and Sustainable Organization</i> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Improve operations through talent, technology, and measurement |
| <ul style="list-style-type: none"> • Operations projects – # of active continuous improvement and investment projects focused on operations where there is a measurable outcome • Project efficiency – # of active projects that are tracking on-time and on budget • Impact – Degree to which desired outcomes improve based on project implementation • Efficiency – Degree to which efficiency (time, cost, and/ or allocation of capital and labor) improve based on project implementation |

Note: Quantitative indicators are focused on Results Frame outcomes; the organization may track additional indicators to support day-to-day operations.



Progress Indicators

Build a Strong and Sustainable Organization (Cont'd)

| Build a Strong and Sustainable Organization | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Develop and nurture a high-performing team | Develop and nurture a high-performing team |
| <ul style="list-style-type: none"> • Days to Fill Open Positions – # of days to fill open positions • Staff Development – % of staff that are engaged in developmental/ growth opportunities (internal/ external) • Staff Performance – % of staff that exceed quantitative and qualitative goals • Board Development – % of board that are actively engaged in governance • Board Capacity – % of board that see the body as strong, vibrant, capable, and fulfilling fiduciary obligations | <ul style="list-style-type: none"> • Retention: % of staff that continue at organization on annual basis • Staff Fulfillment: % of staff that rate the organization highly on priority team and culture metrics (i.e., Gallup Employee Engagement Survey) • Staff Engagement: % of staff who are engaged (i.e., Gallup Employee Engagement Survey) • Staff Capacity: % of staff that see the organization and their role as right-sized and thriving (i.e., Gallup Employee Engagement Survey) • Staff Alignment: % of staff who see their roles as aligned to organizational outcomes and mission (i.e., Gallup Employee Engagement Survey) • Core Values: % of staff that see the organization operating consistent with Core Values |

Note: Quantitative indicators are focused on Results Frame outcomes; the organization may track additional indicators to support day-to-day operations.



Progress Indicators

Engage Deeply in Communities

Engage Deeply in Communities

Strengthen partnerships and relationships in the communities where we work

- **Partnerships** – # of partners, by partnership tier (partnership tiers are based on a scoring of partnership strength), type (e.g. bank, CBO, government, etc.), and geography
- **Partner Referrals** – # of referrals from partners for relevant services by tier and type
- **Active Clients from Partner Referrals** – # of active clients from partner referrals by tier, type, and geography
- **Partnership Expectation Management** – % of partnership MOU goals met
- **Quality of Partner Referrals** – % of partner referrals that become clients, by service offering, by tier, type, and geography
- **Community Partner Retention** – % of community partners that continue as partners, year over year (i.e., have an active MOU) by tier and geography
- **Active Clients from Reginal Business Center** – # of active clients from Regional Business Center
- **Partner Net Promoter Score** – Annual overall score based on survey (likelihood to refer friend, family member, or colleague to A4CB), by partner tier and type
- **Partnership Execution** – # of partners for which we fulfill all MOU components

Note: Quantitative indicators are focused on Results Frame outcomes; the organization may track additional indicators to support day-to-day operations.

Progress Indicators

Engage Deeply in Communities (Cont'd)

Engage Deeply in Communities

Champion the assets, talents, and needs of historically marginalized entrepreneurs

- **Communications Reach** – # reach/ impressions of priority organizational messaging focused on underserved entrepreneurs and their assets, talents, businesses, and needs
- **Client Net Promoter Score** – Annual overall score based on survey (likelihood to refer friend, family member, or colleague to A4CB)
- **Demand for Expertise** – # of inbound inquiries for staff expertise on critical issues

Note: Quantitative indicators are focused on Results Frame outcomes; the organization may track additional indicators to support day-to-day operations.



Progress Indicators

Create Meaningful Client Outcomes

Create Meaningful Client Outcomes

Reduce capital, coaching, and collaboration disparities that adversely impact underserved entrepreneurs

- **Loans Originated** – #/ \$ value of loans originated, by loan size category, industry, geography, and client demographics
- **Active Clients** – # of active clients, by service type, industry, geography, and client demographics
- **Cohort Coaching Persistence** – % of cohort coaching clients who persist through end of program
- **Reginal Business Center Clients Served** – # of clients served through Regional Business Center
- **Regional Business Center Services Provided** – # of licenses/ permits provided through Regional Business Center
- **Grants Provided** – #/ \$ value of grants provided by grant type, industry, geography, and client demographics

Note: Quantitative indicators are focused on Results Frame outcomes; the organization may track additional indicators to support day-to-day operations.



Progress Indicators

Create Meaningful Client Outcomes (Cont'd)

| Create Meaningful Client Outcomes | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Improve the financial position of our clients' businesses by providing the optimal amount and structure of capital</p> <ul style="list-style-type: none"> • Funding Disbursement – Days to fund clients from start of loan/ grant application (from initial application to closing and from approval to closing) • Short/ Mid/ Long Term Impact (Funding) – \$ change in financial position (income statement, statement of cash flows, and balance sheet) for loan/ grant funded clients during/ after one year/ after three years of the loan/ grant term • ROI of Funded Activities – (Where applicable) Client ROI of invested capital | <p>Strengthen our clients' businesses by helping them improve operations, attract customers, access markets, grow staff, and achieve goals</p> <ul style="list-style-type: none"> • Client Progress on Coaching Milestones – Based on coaching model and related assessment rubric • Client Adoption of Priority Business Practices – Degree to which clients adopt best practices that emerge from coaching and related services • Short/ Mid/ Long Term Impact (All Services) – \$ change in financial position (income statement, statement of cash flows, and balance sheet) for clients during/ one year after/ three years • <i>Client Personal Income – \$ change in client 'take home pay'</i> • <i>Client Employment – # change in FTE</i> |

Note: Quantitative indicators are focused on Results Frame outcomes; the organization may track additional indicators to support day-to-day operations.



The research and analysis answered some, but not all, of the questions that informed plan development.

WHAT WE KNOW

- **Demand for services** – Secondary research, client interviews, and staff interviews all point toward additional needs that target entrepreneurs have in order to drive business success. Clients are eager for additional support via grants, connections to suppliers and customers, and active promotion of their businesses, in addition to other ongoing funding relationships (e.g., lines of credit and larger loans)
- **Current lending strategy struggles** – On both a volume and unit basis, the organization is making fewer loans every year and losing money on lending; however, it needs to keep the terms favorable to clients to fulfill and advance mission.
- **Process improvement is possible** – A4CB can improve the quality of referrals, quality of loan applications, efficiency of loan processing, and speed of underwriting.
- **Loan portfolio enhancements** – A4CB can be more intentional about providing larger loans (including Small Business Administration Community Advantage loans) to borrowers.
- **Obstacles to access** – Additionally, A4CB knows access to funding remains an ongoing obstacle for many entrepreneurs and business owners of color as well as access to the networks and relationships needed to grow and succeed.
- **Broader focus on target entrepreneurs** – 2020 has brought on heightened awareness and support from public and private sources on the needs of entrepreneurs and business owners of color in underinvested neighborhoods.



The research and analysis answered some, but not all, of the questions that informed plan development.

WHAT REMAINS UNKNOWN

- **Lasting impacts of COVID-19** – While A4CB anticipates additional grant programming to support clients, it is unclear on how long those programs will last, how effective they will be in sustaining client businesses, and when it can shift its full attention back to lending operations as a primary funding mechanism.
- **Efficiency gains** – A4CB believes the shift to LoanWell will improve overall loan operations and appropriately streamline credit policy; the degree and nature of improvement will be an area of learning as it moves through implementation.
- **Coaching impact on lending outcomes** – A4CB also believes that tighter integration of funding and knowledge/ coaching (and getting all clients onto LivePlan) will have a positive impact on lending results.
- **Name and brand** – The launch of a new name and brand is always precarious; even when supported by market research and consumer insights. Some successful organizations still end up suffering through the process.
- **Regional Business Center outcomes** – As A4CB starts work as a Regional Business Center the value add of that role will need to be assessed and optimized; the potential upside is currently unclear.
- **Potential of individual fundraising** – To date, the organization has had limited success with individual giving strategies, though it recognizes the opportunity that it provides, particularly with high-net-worth individuals who often themselves were entrepreneurs and business owners. The planned revenue from such efforts is an area of learning.
- **Capacity and change** – The outlined work requires additional staff capacity and change management efforts which will also occupy leadership's time and attention to do well. The unknown is the speed with which necessary changes can be made.

Implementation Guidance

Immediate Next Steps

Budget Summary

Plan Risks

Immediate next steps include continued development of budget and operating plans, engagement with key partners and stakeholders, and work planning for priority initiatives and measurement efforts

Advancing the strategic direction includes immediate next steps:

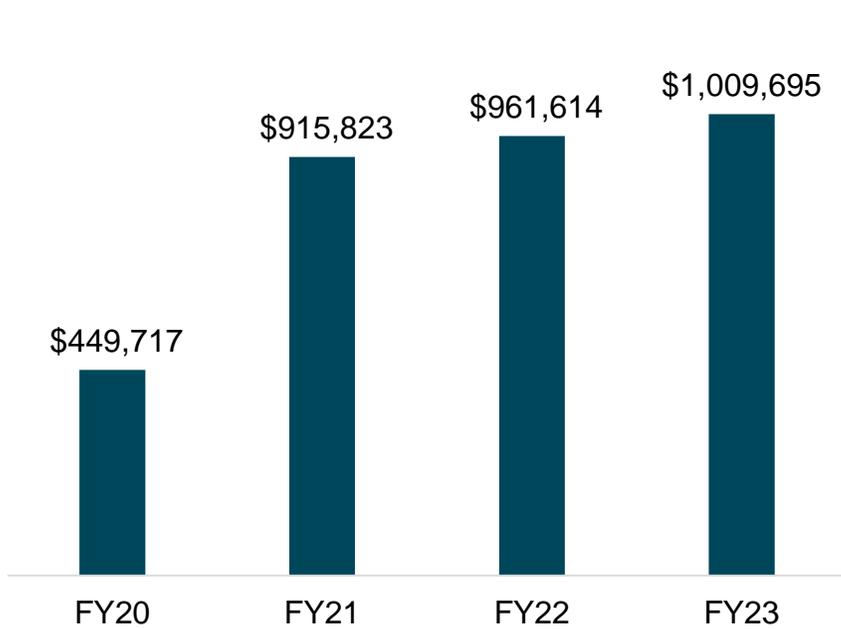
- 1) Create and execute a week-by-week implementation plan for Q1 2021 that includes priority initiatives and the new brand launch. As the strategic direction was developed in parallel to the budget and operating plan, the team has already made meaningful progress.
- 2) Educate staff, board, partners, funders, and government on the details of the new strategic direction in conjunction with the new brand, online presence, and loan platform.
- 3) Develop longer-term workplans for priority initiatives that will be pursued in 2021 and commence measurement planning to ensure the organization can mark progress on Results Frame outcomes over the coming months.

The strategic direction complements the FY21 budget and forecasts for FY22 and FY23.

| | FY20 | FY21 | FY22 | FY23 |
|-----------------|---------------|--------------|--------------|--------------|
| REVENUE | | | | |
| Support Revenue | \$ 10,366,737 | \$ 4,691,000 | \$ 4,691,000 | \$ 4,691,000 |
| Program Revenue | \$ 526,868 | \$ 1,013,886 | \$ 1,064,580 | \$ 1,117,809 |
| Other | \$ 185,105 | \$ 200,000 | \$ 200,000 | \$ 200,000 |
| Total Revenue | \$ 11,078,710 | \$ 5,904,886 | \$ 5,955,580 | \$ 6,008,809 |
| EXPENSES | | | | |
| Lending | \$ 821,990 | \$ 1,021,041 | \$ 1,072,093 | \$ 1,125,698 |
| Payroll | \$ 2,599,564 | \$ 3,007,619 | \$ 3,097,848 | \$ 3,190,783 |
| Operating | \$ 1,564,100 | \$ 1,678,422 | \$ 1,678,422 | \$ 1,678,422 |
| Total Expenses | \$ 4,985,653 | \$ 5,707,083 | \$ 5,848,363 | \$ 5,994,904 |
| Net Income | \$ 6,093,057 | \$ 197,803 | \$ 107,217 | \$ 13,906 |

The primary driver for revenue growth is projected to come from an increase in lending, both in number and size of loans.

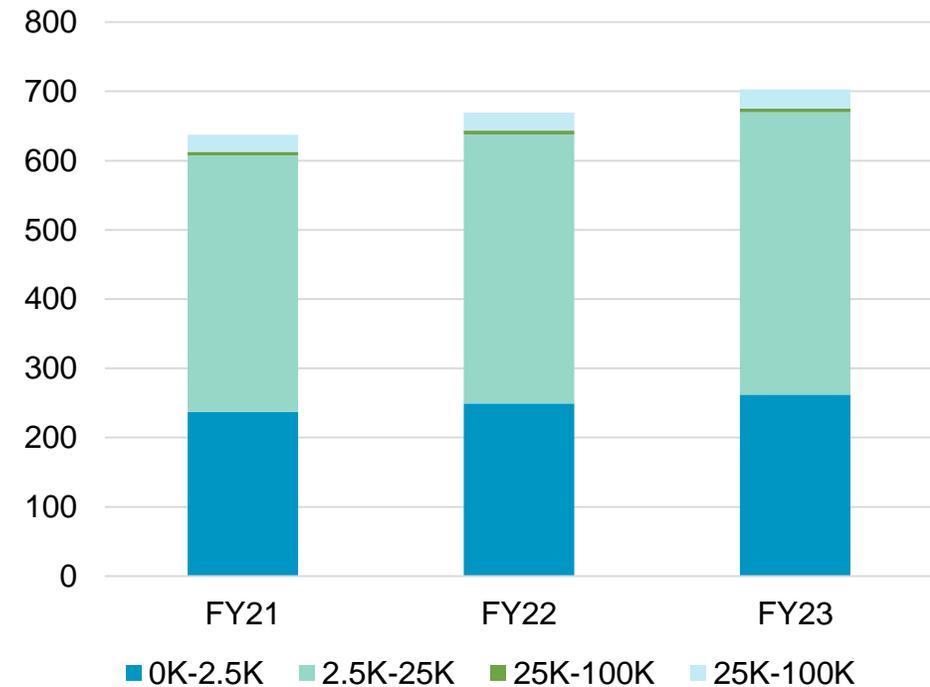
Total Loan Interest



Note:

- Loan interest is projected to increase by 125% from FY20 to FY23

Number of Loans by Size



Note:

- Loan sizes of \$2.5-\$25K and \$25K-\$100K are expected to have the largest increase in the number of loans.

All strategic plans have inherent implications and risks that should be monitored and adjusted for from 2021 – 2023.

MICRO RISKS

- **Staffing** – The strategic direction relies on A4CB’s ability to attract, retain, and grow team members that are adaptable to a new way of doing business and supporting clients.
- **Loan Economics** – Loan economics and charge off rates will have to become more favorable over time through process improvement and growing average loan size.
- **Data Access and Use** – The plan also relies on access to client and other programmatic data to inform decision making and drive Results Frame outcomes; progress will have to be made on the strategic direction while measurement planning also takes place.
- **New Name and Branding** – Early in 2021, the organization will launch its new name and brand which will divert team resources away from early implementation steps.

MACRO RISKS

- **Economic Fallout of COVID-19** – Continued economic constraints from COVID-19 have adversely impact A4CB’s clients and we will expect this reality to continue well into 2021.
- **Other Providers** – More micro and small loan providers are exploring national outreach while online lenders continue to offer pathways to fast money for interested borrowers.
- **Public and Policy Sentiment and Support** – 2020 has seen both public and policy focus on supporting small businesses and particularly those founded and led by Black and Latino entrepreneurs. The magnitude and frequency of support could change.
- **Foundation Support** – Similarly, changes in philanthropic interest or changes in spending by foundations could directly impact progress on the strategic direction.



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