

---

# Welcome!

## USHCC Weekend Program

### September 19 and 20th

Melissa Paulsen

---

# Welcome!



# My Background

- Passionate about building entrepreneurial capacity (teaching and consulting)
  - includes non-profits, for profits, and hybrids
- Experience with microenterprise development and technical assistance/access to financing
  - Currently chair a student-run 501(c)3 that offers alternative lending to payday lending
  - Ongoing MV Consulting program which provides technical assistance to SBN low- and moderate-income entrepreneurs (macro- and micro-issues)
- Advisor to equity fund that will launch \$100M Fund II

# Agenda

- Introductions
- What's Keeping You Up at Night?
- Industry Overview
- Microscope: Business Enterprise Financial Challenges
- Transitioning from Challenges to Opportunities:
  - Case Ex: Endeavor – Detroit/Miami
  - Case Ex: SJC Chamber - South Bend, IN
  - Case Ex: Blending Social and Economic Value
- Questions

# Overview – What We Know

- Business ownership is a major economic engine
- Second largest source of household wealth in the US
- An important strategy through which people can achieve financial success.

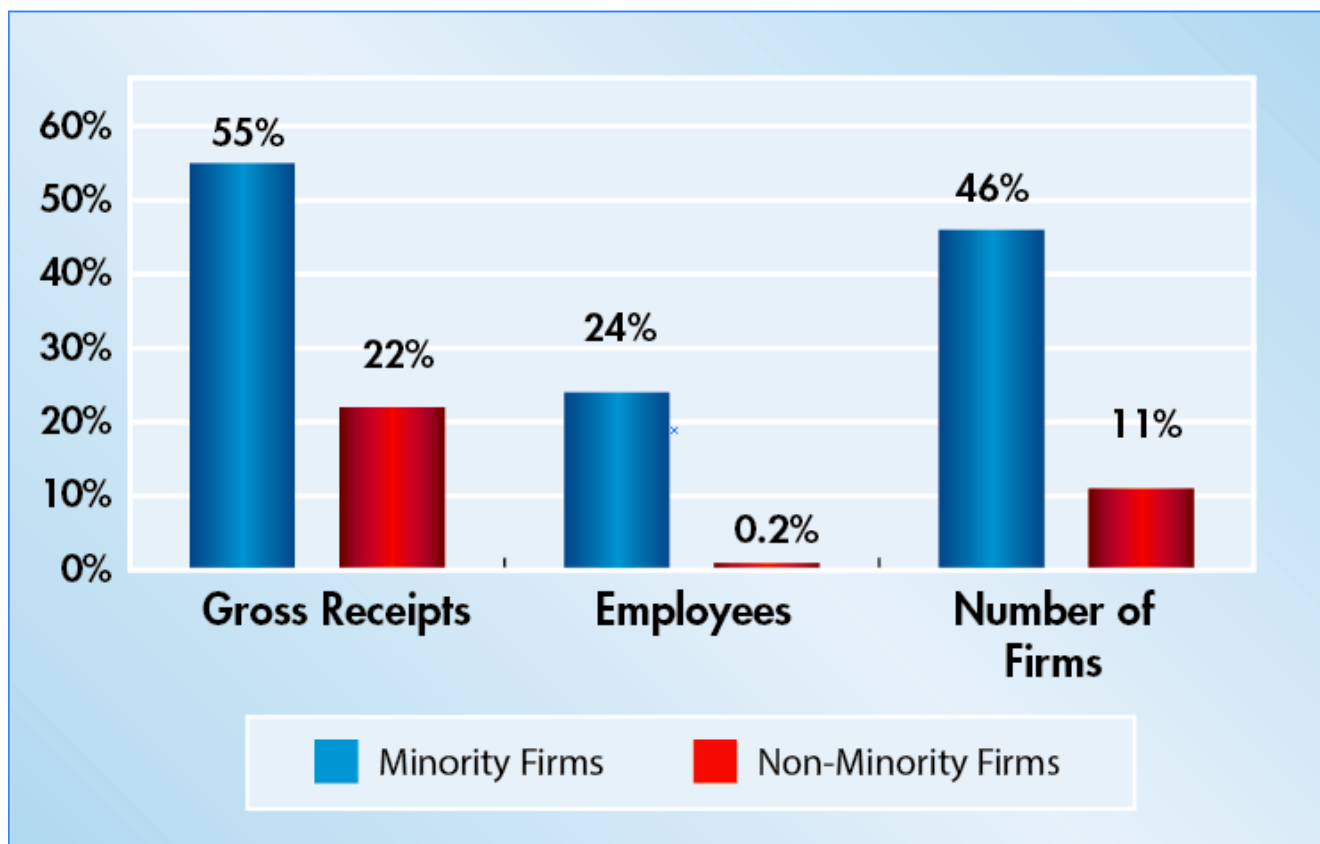
# Minority-Owned Business

## At a Glance

- 5.8 million minority-owned businesses in the US
- Who contribute \$1 trillion in economic output
- Create nearly 6 million jobs
- Represent 21% of all firms in the US.

**Source: MBDA.gov**

# US Minority Business Growth (2002 – 2007)



US Census Bureau, 2007 Survey of BO, released June 2010

# How Are We Supporting Them?

How do we help them:

- Manage growth
- Connect them to suppliers
- Expand markets
- Find exporting opportunities
- Access financing
- Build their capacity through technical assistance
- Ultimately, build better business models?



# Further Complications

## **CFED Spring 2014 Policy Brief**

### Finding #1:

Cash flow was the most frequently reported financial challenge, including mismatched payables and receivables, or simply low sales/profitability

# Further Complications

## CFED Spring 2014 Policy Brief

### Finding #2:

In terms of savings, only one in four surveyed said they used business savings to prevent problems, which was further exacerbated at tax time

# Further Complications

## CFED Spring 2014 Policy Brief

### Finding #3:

- Limited access to financial products and services that are tailored to their needs.
  - Should be noted that the prevalence of borrowing is surprisingly low
  - Attributed to perceived lack of access, use of family and friends, credit cards, poor credit scores, etc.

While the CFED's policy brief did not specifically target minority-owned businesses, statistically and anecdotally, there are differences between white-owned and minority-owned businesses, whether it is access to capital or access to training and education.

**How do we support these  
minority-owned businesses?**

**How Can We Up Their  
Competitive Advantage?**

# How Do We Transition from Challenges to Opportunities?

What programs/initiatives can we introduce in financial management, business modeling, customer segmentation , and value proposition design?

# Great Debate:

## Is All Entrepreneurship Social?

What about those engaging in social and/or environmental impact, who may have increased business model challenges?

While we might debate whether or not any/all entrepreneurship is social, there is no doubt that successful enterprise models expand the economy, create jobs and strengthen local communities.

# Typology of Ventures



"Social Entrepreneurship: Educating, Integrating & Experiencing." Heidi Neck, Candida Brush, Patricia Greene, Stephen Schiffman, Denis Ceru, 2008 USASBE conference, San Antonio TX.



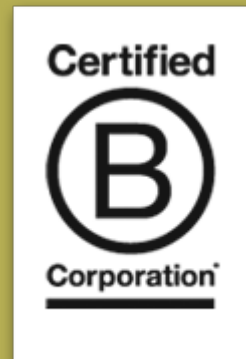
# Blending Economic and Social Value

Reconceiving products and markets



Redefining productivity in the value chain





B Corps use the power of business to solve social and environmental problems.

A Better way to do Business

shop the

# BARGAIN BIN

The more you buy the more you save!

3 for \$10 | 4 for \$12  
+ \$3 each additional book

START SAVING ►

An advertisement for Better World Books' Bargain Bin. The background is a dark blue wooden plank texture. At the top left, there's a small photo of a smiling woman. Below it are book covers for 'The Kite Runner' and 'Holes'. To the right, more book covers are shown, including 'Nicholas Sparks', 'The Secret Life of Bees', 'Flags of Our Fathers', and 'New Moon'. The central text promotes a discount: '3 for \$10 | 4 for \$12' and '+ \$3 each additional book'. A 'START SAVING' button with a right arrow is at the bottom center.

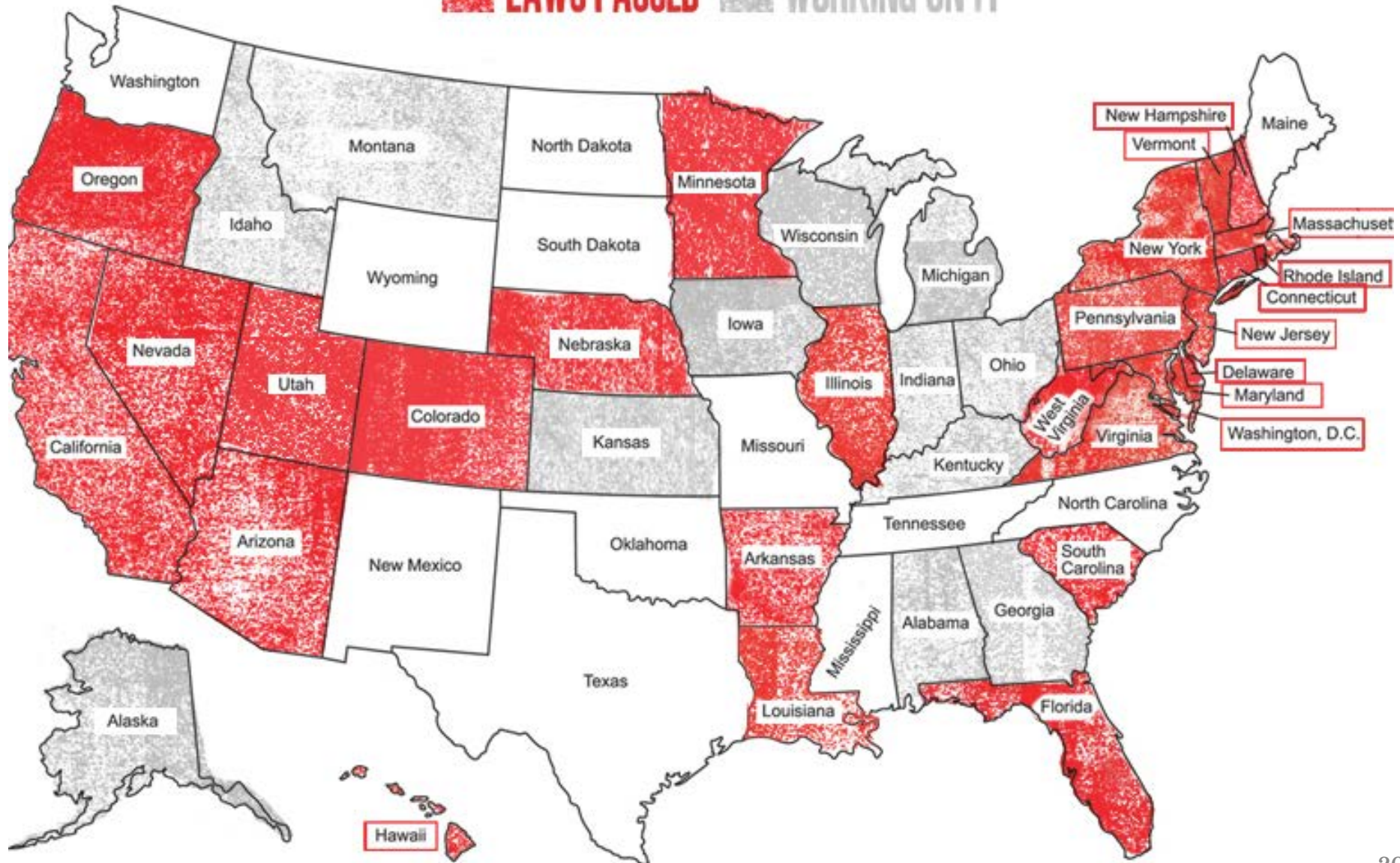
Better World Books

Impact: <http://www.betterworldbooks.com/>



# Creating a New Kind of Corporation for a New Economy

**27 LAWS PASSED** 14 WORKING ON IT



# Endeavor

**1,100+**

high-impact entrepreneurs from 700+  
companies in 24 emerging and growth  
markets

HUMAN CAPITAL

**500,000+**

high quality jobs

FINANCIAL CAPITAL

**\$7.6Bn+**

revenues generated

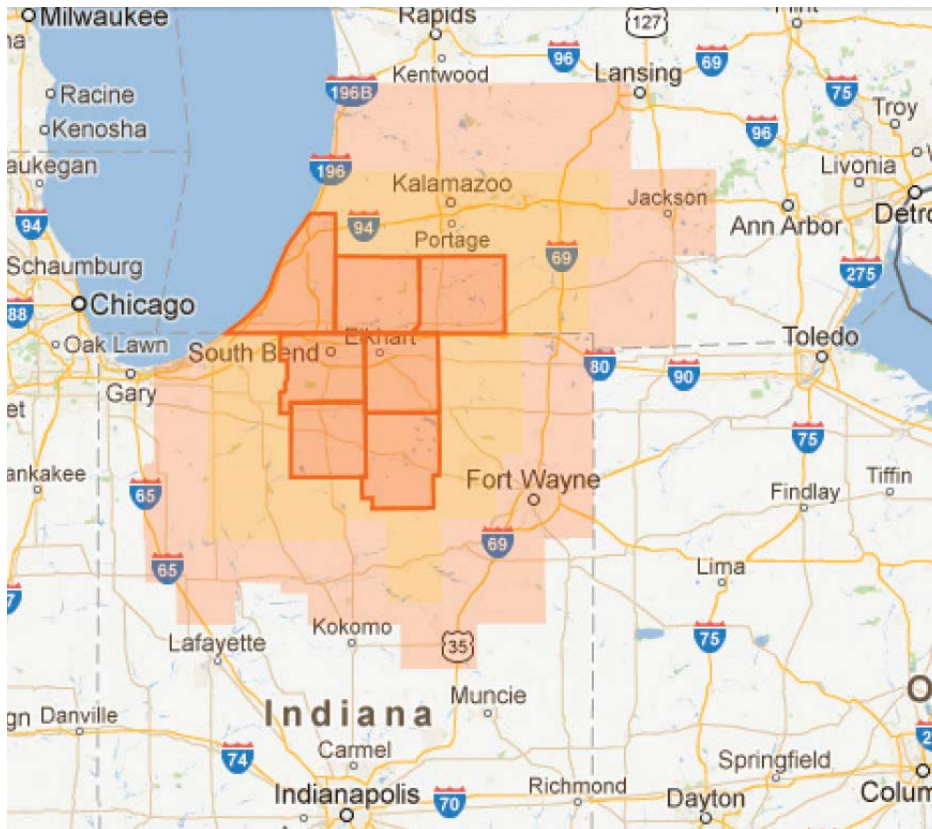




**ST. JOSEPH COUNTY, IN**  
CHAMBER OF COMMERCE



# South Bend, Indiana



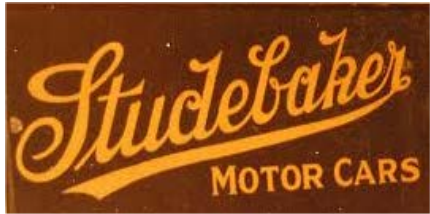
## The South Bend Region

- 1 Million residents
- Easy access to Chicago, Detroit, Indianapolis and beyond









A History of Automotive  
and  
Aerospace Innovation





## Made In the South Bend Area



## **Why Michiana Grew?**

- Local Entrepreneurs drove new product development
- Local Companies created new products
- Local Companies manufactured and distributed
- Local Companies expanded
- Local Companies created new divisions
- Local Companies enhanced existing products

# People Invented, Invested, and Produced

1924 to 1931 - 5500

***Patents filed by Vincent Bendix  
during his 1<sup>st</sup> 7 years in South Bend***

Not alone

***Studebaker credited with starting over 30 companies***

***Over 400 manufacturers in 1920's***

***Watches, fishing lures, conveyors, paint***

***Medical devices, dental and aerospace products***

***Massive investment in Automotive***

# Growing population, but innovation on decline

1990 to 2000 - 640

***Total patents filed in all of St. Joseph County***

- Headquarters operations are consolidated or relocated into major metropolitan areas
- Research and Development and most new product development follows headquarters out of town
- Midwest manufacturing facilities become branch operations



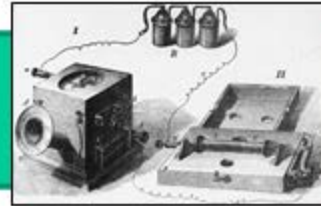
# CHANGING OUR INDUSTRY MIX

## **Needed:**

*New Intellectual Property that will fill the  
New Business / New product void*

## **Source:**

- Our area universities
- Our existing local businesses
- Local basements and garages



Those communities that build effective networks that identify and support good ideas are the communities that will grow and prosper



## Strategies

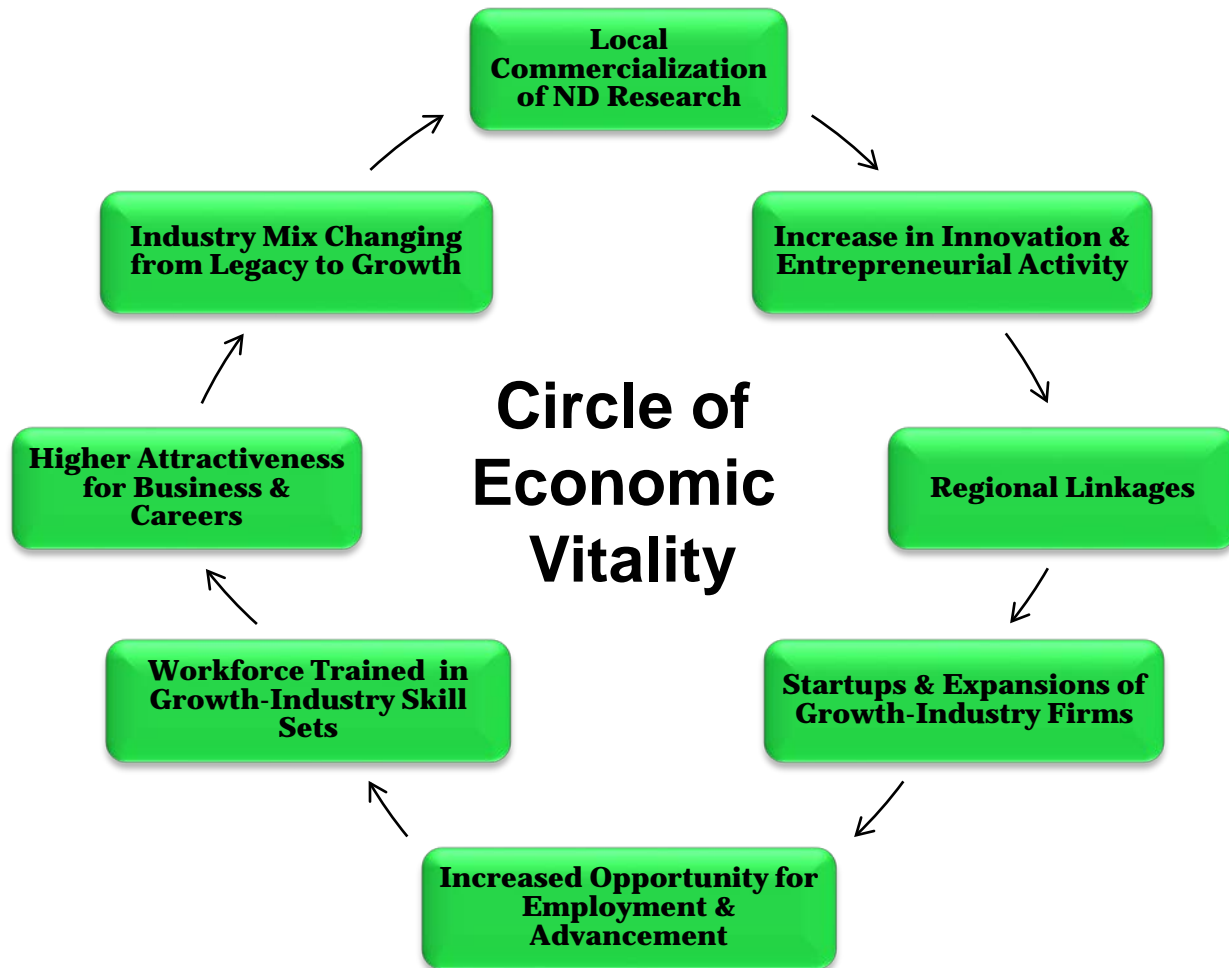
**Stimulate  
Innovation &  
Entrepreneurship**

**Accelerate  
Growth of  
Existing  
Businesses**

**Improve  
Economic  
Vitality**

**Develop a  
Highly-Skilled  
Workforce**

**Create a  
Pro-Growth  
Business Climate**



# CRITICAL SUCCESS FACTORS

- *Collaboration* & participation by private sector firms, educational institutions, nonprofit & philanthropic organizations, and government entities
- *Disciplined thinking* to maintain focus on eliminating the root cause—the Legacy Industry Mix—instead of just treating symptoms
- *Funding* from government agencies, philanthropic organizations, and private firms sufficient to pay for implementation of the strategies

# Questions?

**Contact: [mpaulse1@nd.edu](mailto:mpaulse1@nd.edu)**