



PROSPER
PORTLAND
Building an Equitable Economy

DATE: November 13, 2019
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 19-52

Authorizing the First Amendment to the Subrecipient Contract with Livelihood NW to Implement a Portion of the Inclusive Business Resource Network During Fiscal Year 2019-20

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution 7347

At the November 13, 2019 Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on the Inclusive Business Resource Network (IBRN), an innovative program that supports partner service providers with critical resources to assist minority and women business owners and entrepreneurs across the city of Portland. Staff will also seek Prosper Portland Board approval authorizing the executive director to enter into a contract amendment with Livelihood NW (formerly Portland State University Business Outreach Program) to provide microenterprise development, small business growth, and support for businesses impacted by the Powell-Division Action Plan in fiscal year (FY) 2019-20.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Implementation and funding of IBRN supports Prosper Portland's goals of widely shared prosperity and collaboration with our partners to build an equitable economy. Specifically, IBRN supports the advancement of entrepreneurs from underrepresented populations and encourages thriving businesses that provide wealth creation opportunities for Portlanders of color and other underrepresented entrepreneurs.

Furthermore, IBRN exemplifies Prosper Portland's collaboration with partners to build an equitable economy. Delivering comprehensive business assistance requires an extensive network of partners with a range of cultural competencies, skills, and specializations to fully address the needs of underrepresented entrepreneurs.

BACKGROUND AND CONTEXT

Through focused resources, collaboration, and client-centered services, IBRN seeks to drastically shift outcomes for business owners of color, immigrants, women founders, and other underrepresented minorities. For the decade prior to the creation of IBRN, Prosper Portland developed and managed multiple programs to support minority and women entrepreneurs and business owners. In some instances, Prosper Portland managed contracts with organizations providing technical assistance (such

as the Microenterprise and Small Business Development programs); in other cases, Prosper Portland ran the programs in-house (such as Increase Project and Startup PDX Challenge).

In July 2017, staff combined these various programs to create IBRN, a portfolio approach to delivering services. Capitalizing on Prosper Portland's strength as a convener, IBRN offers a more holistic and effective service delivery system for underrepresented entrepreneurs in Portland. In this new approach, Prosper Portland no longer operates programs in-house but rather partners with and funds organizations to operate a range of programs designed to support diverse entrepreneurs across industries, growth paths, and business stages.

On September 12, 2018, the Prosper Portland Board of Commissioners through Resolution No. 7286 adopted IBRN Program Guidelines, including three types of grant agreements. Technical Assistance grants comprise approximately 90 percent of the IBRN delivery budget and cover a range of programs, including one-on-one technical assistance, incubators, and business growth programs. Professional Service and A la Carte grants cover a range of services that provide specialized support for IBRN businesses such as accounting set-up, tax support, legal advice, digital marketing, market research, and scholarships to classes and workshops. The Professional Service and A la Carte grants offer a pool of services that provide the wrap-around service support unique to IBRN.

The IBRN approach has more efficiently leveraged funds to serve nearly triple the number of clients in comparison to the number served in the Microenterprise and Small Business Development Programs. IBRN serves approximately 1,000 businesses annually, of which approximately 500 receive long-term support (at least 30 hours per year); of those 500 businesses, 70 percent are people of color and 60 percent are women.

The development of IBRN also helped Mercatus grow. The business directory and story-telling platform has seen a steady increase of new directory membership over three and a half years, from 50-plus in its launch year to now more than 500 listed members. As IBRN has allowed Prosper Portland to work more closely in partnership with community organizations, Mercatus has strengthened Prosper Portland's relationship with business owners in underserved communities. The Mercatus program not only hosts the business directory but also publishes an annual magazine that includes the full directory of participating businesses. The directory and magazines are tools to help connect members with business growth opportunities and increased exposure. Mercatus also hosts events to bring business owners together for growth opportunities like My People's Market, institutional purchasing opportunities, and networking/resource events like Momentous.

By nature of its experience delivering the IBRN program, Prosper Portland has become well positioned to manage other business technical assistance programs funded by the City of Portland (City). For example, in FY 2018-19 Prosper Portland, in collaboration with the City, issued a Request for Proposals for a new program to serve cannabis entrepreneurs of color, ultimately selecting Nu Leaf Project as the selected provider. Nu Leaf Project has since completed its first year of offering both business grants and technical assistance to cannabis entrepreneurs of color. Prosper Portland is also currently working with the City to implement the Community Opportunities and Enhancements Program (COEP) which will provide business technical assistance for construction firms owned by people of color and women through IBRN. Staff are seeking Prosper Portland Board approval of an intergovernmental agreement with the City to implement its portion of COEP in a separate item on the November 13, 2019 agenda.

IBRN service providers focus on supporting businesses from startup through growth and ensure technical assistance leads to wealth creation. Partners track IBRN outcomes through an online system and report annually through a badge system for business owners receiving support network-wide. With

its partners, Prosper Portland has committed to achieving the following outcomes from FY 2017-18 through FY 2021-22.

- 1,000 businesses strong and stabilized
- 250 businesses achieving growth milestones
- 25 businesses scaling to double or triple their size
- 100 traded sector startups assisted to launch into the market

From the program's inception in July 2017 through first quarter of FY 2019-20, service providers reported the following outcomes:

- 150 businesses became strong and stable
- 57 businesses achieved growth milestones
- 6 businesses scaled their operations
- 47 traded sector startups launched into the market

This is a point-in-time measurement that will continue to increase as partners report on client milestones.

Another way of measuring the program's effectiveness is through an annual client satisfaction survey. In FY 2018-19, staff distributed an annual client satisfaction survey to 915 clients who received IBRN services since the program's inaugural year (FY 2017-18). Mailers announcing the survey went to clients, and the online survey collected a total of 170 responses in English, Spanish, and Russian. At least 68 percent agreed with the statements in the survey, responding 'Somewhat Agree' or 'Strongly Agree.' The following is a sample of the survey results:

Considering the overall services you received, was it:

- An exceptional value, worth all the time you spent on it - 75%
- A good value, worth most of the time you spent on it - 18%
- A poor value, worth less than the time you spent on it - 1%
- Not sure - 6%

How likely are you to recommend these services to others?

- Extremely likely - 82%
- Very likely - 9%
- Moderately likely - 4%
- Slightly likely - 2%
- Not at all likely - 3%

Overall, I am a satisfied client of the Inclusive Business Resource Network

- Strongly agree - 74%
- Agree - 14%
- Neither agree or disagree - 9%
- Disagree - 2%
- Strongly disagree 2%

EQUITY IMPACT

IBRN is designed to serve entrepreneurs who are currently underrepresented as successful business owners in Portland, whether they are low-income or identify as a person of color or other underrepresented identity. Of the 1,000 strong and stable businesses supported over a five-year period, staff anticipates 75 percent will be owned by people of color. Those 1,000 business owners will receive technical assistance and resources to increase their business resiliency and create wealth for themselves and their families.

In addition, IBRN providers, referred to as the Community of Practice (CoP), have been working together to develop a shared equity lens. Since FY 2017-18, the CoP has participated in five days of equity training emphasizing racial equity and tools for business advisors to be better prepared to coach their business clients in a culturally competent way.

Prosper Portland staff convene the CoP monthly to build trust and share best practices. More than 60 percent of the business advisors in IBRN are people of color and collectively speak more than 20 languages. Advisors can often speak the client's first language and add the value of shared experience with business owners of color.

COMMUNITY PARTICIPATION AND FEEDBACK

Prosper Portland plays a dual role of funder and convener of IBRN. As a convener, Prosper Portland staff believe the CoP model is essential to IBRN's success because it supports an environment of trust building, learning, and client-centered collaboration. Annually, a survey of IBRN organization staff provides greater understanding of whether the CoP model is accomplishing its goals and how staff might improve their experience.

IBRN partners inform and help shape the program in multiple ways: monthly CoP meetings, one-on-one check-ins with contract managers, and topic-specific committees including Marketing/Outreach, Professional Services, Equity, Outcomes, and Program Managers.

This collaborative approach gives Prosper Portland staff real-time feedback in order to identify gaps, areas for iterative improvement, and ideas to pilot. For example, as a result of recommendations and ideas from IBRN partners, staff piloted a business tax support program in FY 2018-19 and were able to secure ongoing General Fund resources to continue that program. Staff also piloted a digital marketing support program along with trainings and a digital marketing roadmap for IBRN business advisors. Furthermore, Prosper Portland secured \$100,000 from the Governor's Strategic Reserve Fund to further the digital marketing program in FY 2019-20.

The IBRN Program Guidelines specify that contracts may be renewed for up to five years, based on performance and annual budget availability. For FY 2019-20 staff is amending contracts to increase funding for services. The new, two-year cumulative budget for Livelihood NW is \$941,702, which exceeds the Executive Director's signature authority and requires Prosper Portland Board approval. Livelihood NW delivers on multiple scopes which increases its overall contract amount.

If the contract amendment is approved, Livelihood NW will:

- Provide long-term one-on-one individualized technical assistance to approximately 100 microenterprise businesses.
- Provide business navigation to approximately 40 entrepreneurs in two Neighborhood Prosperity Network districts (The Rosewood Initiative and Division-Midway Alliance).
- Run two cohorts of the Increase Project serving approximately 20 growth-oriented businesses.
- Provide light-touch support for businesses impacted by the Division Transit Project.

BUDGET AND FINANCIAL INFORMATION

The IBRN FY 2019-20 budget is shown in Table 1 below.

Table 1 – FY 2019-20 IBRN Budget

Revenue	
General Fund	\$1,611,289
Cannabis Tax Revenue Funds	\$527,126
Cannabis Social Equity Funds	\$210,000
Mercatus/My People’s Market General Fund	\$100,000
Fall BMP Division Bus Rapid Transit General Fund	\$100,000
Community Development Block Grant (CDBG)	\$553,792
Enterprise Zone	\$476,000
Total Revenue	\$3,578,207

Program Expenditures	
Personnel	\$400,506
Indirect	\$118,797
Grants to Organizations (Program Delivery)	3,011,500
Materials & Services	\$47,404
Total Revenue	\$3,578,207

Future funding of IBRN will be dependent on annual allocations of CDBG funds and General Funds.

RISK ASSESSMENT

The following processes and contractual obligations will ensure that contractors deliver optimal service and work toward the goals of IBRN:

- Contractors are required to report twice a year on accomplishments, challenges, and outcomes.
- Most contractors invoice monthly (at most quarterly) for reimbursement of program costs.
- Contractors are asked to collaborate with Prosper Portland to administer an annual client survey.
- The Hacienda CDC, Hispanic Metropolitan Chamber, Livelihood NW, and Micro Enterprise Services of Oregon contracts require subrecipients to adhere to federal regulations regarding the use of CDBG funds.

ATTACHMENTS

- A. List of FY 2019-20 IBRN Service Providers and Programs

List of FY 2019-20 IBRN Service Providers

- **Asian Pacific American Network of Oregon (APANO):** Building on its existing youth, leadership and adult education programming for the Asian Pacific Islander (API) community as well as its role as manager of the Jade District, APANO focuses on providing multicultural outreach and partner referral for API business owners in Portland. In a unique partnership with Livelihood NW, APANO provides culturally relevant assistance for business owners impacted by the Division Transit Project.
- **Hacienda CDC:** Building on its success assisting food entrepreneurs via the Micro Mercantes program and the Portland Mercado, Hacienda will deliver a small business boot camp and individual business technical assistance to help take Latino food entrepreneurs to the next level.
- **Hispanic Metropolitan Chamber of Commerce (HMC):** Since 2002, HMC has provided continuous, long-term, onsite business technical assistance to Latinos and communities of color in Oregon and SW Washington. HMC provides bilingual/bicultural outreach and long-term one-on-one advising and business development services throughout a client's business life.
- **Immigrant and Refugee Community Organization (IRCO):** Fulfilling its mission as Portland's anchor for the immigrant and refugee community, IRCO delivers culturally specific and multilingual services to connect talented, aspiring business owners with the advice and support they need to transform their dreams into thriving businesses in our community.
- **Livelihood NW:** Livelihood NW (previously the PSU Business Outreach Program) provides technical assistance and business consulting services to small business owners and entrepreneurs through professional one-on-one consulting. Livelihood also partners with APANO to offer technical assistance to businesses impacted by the Division Transit Project and facilitates a peer learning program for growing small businesses owned by people of color, known as the Increase Project.
- **Mercy Corps Northwest (MCNW):** Business classes and one-on-one advising, with a focus on the Arabic- and Russian-speaking communities.
- **Micro Enterprise Services of Oregon (MESO):** MESO's mission is to improve economic opportunities of underserved individuals through empowerment, education, and entrepreneurship for the benefit of families in the greater Portland community. Located at 4008 NE MLK Blvd, MESO is an important anchor for the N/NE business community and provides business navigation services for entrepreneurs of color in NE Portland. MESO provides financing, matched savings, market research and tailored one-on-one business advising within the IBRN network.
- **Native American Youth and Family Center (NAYA):** NAYA teaches an entrepreneurship class for native entrepreneurs and provides one-on-one technical assistance. NAYA is collaborating with ONAC to utilize its newly developed entrepreneurship curriculum created as part of the Oregon Native Enterprise (ONE) Coalition.
- **Neighborhood House:** Neighborhood House provides industry-specific support to in-home childcare providers through its Child Care Improvement Project.

- **NuLeaf:** NuLeaf provides support through the Cannabis Business Development Equity Program, a new initiative to address technical assistance needs for cannabis entrepreneurs from communities that have historically been disproportionately, negatively impacted by the prohibition of cannabis.
- **Oregon Native American Chamber (ONAC):** ONAC provides business navigation services for native entrepreneurs in Portland and leverages its statewide network of mentors and entrepreneurship curriculum developed through the ONE Coalition to assist entrepreneurs in Portland.
- **Portland Incubator Experiment (PIE):** Building on collective learning and mentor networks from nearly a decade of actively developing, managing, partnering, and innovating in a variety of co-working, incubator, and accelerator programs in the Portland area, the PIE manages an incubator for diverse founders in the Central Eastside Innovation Quadrant.
- **TiE Oregon:** Through startup boot camps for underrepresented entrepreneurs, TiE Oregon provides education, connection to mentors and resources for concept stage founders of tech and consumer products.
- **XXcelerate Fund:** XXcelerate is an innovative peer learning growth program for women founders of technology, consumer product and other scalable businesses.
- **Professional Services:** Free or low-cost professional services and classes that enhance IBRN programs include legal support through the Lewis and Clark Small Business Legal Clinic, market research through MESO's MarketLink program, credit coaching from Metropolitan Family Services, and tax support from Inclusion Tax. These partners have been chosen based on feedback from our IBRN partners.