



Driving Innovation in BSO Operations through Ecosystem Collaboration

Capacity Building for Capacity Builders Workshop

June 6, 2024

Assessing Your Capabilities Activity

LISC + NEXT STREET | WORKSHEET 3

Building Organizational Capabilities in Service of Equitable and Inclusive Small Business Ecosystems: A Practitioners Guide

Comparing Your Capabilities to Your Peers Worksheet

Activity!

Fill out this worksheet with your organization's capabilities + share your responses with one person from another organization

	YOUR ORGANIZATION	PEER ORGANIZATION 1	PEER ORGANIZATION 2	PEER ORGANIZATION 3	PEER ORGANIZATION 4
	Enter Your Organization Name	Enter Organization Name	Enter Organization Name	Enter Organization Name	Enter Organization Name
Execution	Small Business Service Delivery				
	Small Business Capital Administration & Servicing				
	Program & Product Design				
	Quality Control & Compliance				
	Impact Measurement & Evaluation				
	Community Small Business Engagement				
	Fundraising				
Planning	Reputation & Credibility in Small Business Work				
	Awareness Building				
	Partner Management				
	Research & Analysis				
	Strategy-setting				



Today's Session

During today's session, participants will:

- ✓ Deepen your understanding of what **BSO innovation through collaborative networks** means and how it can lead to enhanced support for small businesses
- ✓ Learn about **case studies** of BSO innovation in collaborative ecosystems, specifically highlighting the **Cook County Small Business Source and Southland Development Authority** in a panel discussion
- ✓ **Walk away with a tool** to assess your organization's capabilities and opportunities for innovation



NEXT STREET'S MISSION

Our mission is to help every small business realize their potential. We do that by designing and developing solutions to connect entrepreneurs and small business owners with the right resources at the right time.

State of Black and Latine Businesses

The small business infrastructure is broken

- **Systemic bias** results in Black-owned small businesses being approved for financing at [1/3 the rate of white-owned](#) small businesses¹
- **Decades of mistrust** have broken channels, as business owners of color are half as likely to use mainstream financial institutions—who control 98% of funding
- **Lack of data-driven insights** limits understanding and responsiveness to small business needs and results in products and services are not consumer-informed or tested
- **Fragmented and under-resourced local providers** who have the trust of small businesses are not able to work at a scale
- **Lack of understanding** and ability to navigate resources amongst small businesses that need help the most

Unprecedented levels of investment are being made in a system that does not work

- US government invested an unprecedented **\$1T** in small business funding in 2020²
- US government has dedicated **\$100B** a year to small businesses – double the annual average pre-COVID³
- Corporations have committed **\$66B** to racial equity, but have only succeeded in deploying 0.4% of their commitments⁴

Sources: ¹Federal Reserve Small Business Credit Survey, 2019.

²McKinsey Institute for Black Economic Mobility, *The economic impact of closing the racial wealth gap*, August 2019

³White House Report, *Building on the Biden Harris Small Business Boom*, May 2023

⁴McKinsey Institute for Black Economic Mobility, *Corporate commitments to racial justice: An update*, February 2023



What do we mean when we say: *Driving Innovation in BSO Operations?*



On the **frontlines of serving Black and Latine businesses** are **Business Support Organizations (BSOs)** – you all!



We are here today to **build capacity to better serve small businesses**



One way to do that is through **driving innovation in BSO operations by identifying organizational strengths, capabilities, and opportunities for collaboration** to level up operations and enhance support for small businesses

Guiding Principles

When considering ways to innovate, BSOs can lean on these guiding principles

1. Realize Equity
2. **Build on Strengths**
3. Develop Community-Based Solutions
4. **Pursue Solutions Comprehensively**
5. Make a Commitment to Place
6. Create New Partners, Leverage Existing Ones

**Focus for today*

Guiding Principles

Strategies for small business ecosystems should follow community development best practices. Through its decades of community development experience, LISC has developed the following guiding principles. Organizations can lean on these principles as they select their role(s) in building inclusive and equitable small business ecosystems.¹⁰

REALIZE EQUITY: Break down structural barriers to capital access and racial and economic wealth equality

BUILD ON STRENGTHS: Work at the intersection of locational advantages, existing partnerships, and growing industries and occupations

DEVELOP COMMUNITY-BASED SOLUTIONS: Recognize that each solution works best when all solutions are pursued together, informed by one another, connected to and influenced by broader strategies

PURSUE SOLUTIONS COMPREHENSIVELY: Invest in on-the-ground collaboration by coordinating and integrating resources and actors across sectors to develop and implement a shared action agenda that drives inclusive growth

MAKE A COMMITMENT TO PLACE: Focus on specific communities to address concentrated opportunity gaps in a more strategic and impactful way

CREATE NEW PARTNERS, LEVERAGE EXISTING ONES: Invest in building authentic partnerships with stakeholders at all levels and sizes, identify shared goals, and leverage resources for maximum impact

NXST Case Study 1

In 2021, Next Street, in partnership with LISC, published a Practitioner's Guide designed for practitioners looking to strengthen their support for small businesses.

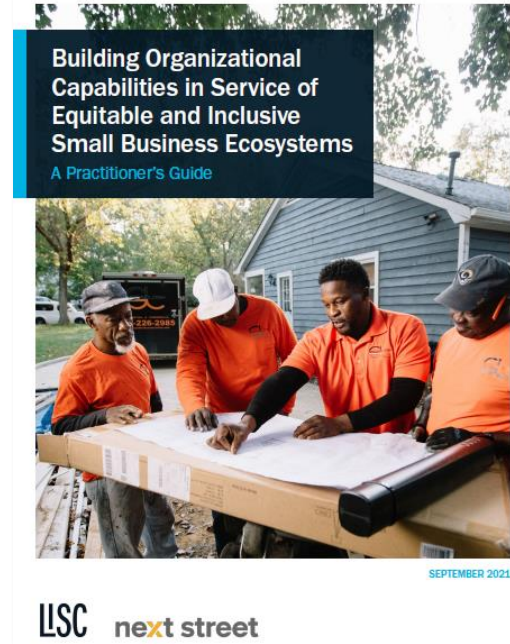
Summary

Title: Building Organizational Capabilities in Service of Equitable and Inclusive Small Business Ecosystems

Purpose: Published guide for practitioners looking to strengthen their support for small businesses

Key Findings:

- Strong coordination among stakeholders – including capital providers, service providers, and local government – supports the quality, efficiency, and scale of impact on small businesses.
- An organization's evaluation of its own capabilities and priorities will help identify the types of assets it needs to build out or strengthen.



Why it's relevant today: Use the 'Assessing Your Capabilities' Worksheet to identify your organization's role in the ecosystem and begin to identify opportunities for further innovation and collaboration

Assessing Your Capabilities Activity

Discussion

Share how you filled out your worksheet

	Your Organization	SERVICES PROVIDER	CAPITAL PROVIDER	INNOVATOR	CAPACITY BUILDER	FUNDER	CONVENER	ADVOCATE	INVESTIGATOR
		Intermediary							
Execution	Small Business Service Delivery	✓							
	Small Business Capital Administration & Servicing		✓						
	Program & Product Design	✓	✓	✓	✓				
	Quality Control & Compliance	✓	✓	✓	✓	✓			
	Impact Measurement & Evaluation			✓					✓
	Community Small Business Engagement	✓	✓					✓	✓
	Fundraising	✓	✓				✓		
Planning	Reputation & Credibility in Small Business Work	✓	✓		✓		✓	✓	
	Awareness Building							✓	
	Partner Management			✓	✓	✓	✓		✓
	Research & Analysis							✓	✓
	Strategy-setting						✓	✓	✓

NXST Case Study 2

In 2018-19, Next Street, in partnership with Community Reinvestment Fund, published a Chicago ecosystem study with funding from the Chicago Community Trust, Polk Brothers Foundation, and JP Morgan Chase

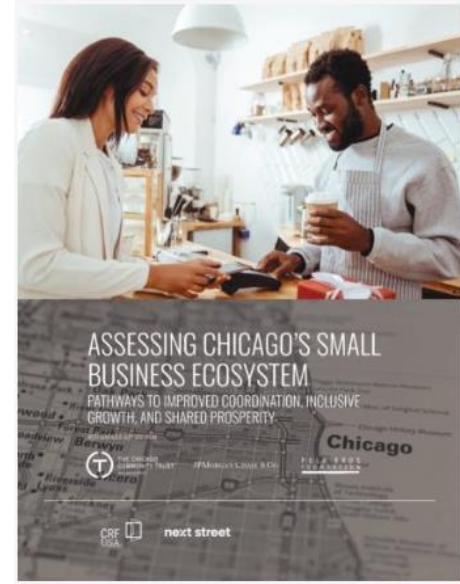
Summary

Title: Assessing Chicago's Small Business Ecosystem: Pathways to Improved Coordination, Inclusive Growth, and Share Prosperity

Purpose: Determine how the City of Chicago can ensure equitable access to opportunity for all small business owners.

Key Findings:

- There is continued evidence of a supportive environment for small businesses. Research included a scan of more than 135 BSOs and 70 unique capital providers active in the Chicago SMB market.
- The fruits of Chicago's SMB economy have not been shared equally.
- Research culminated in a set of recommendations around enhanced business service offerings, industry specific strategies, and flexible capital.



Why it's relevant today: *The findings of this report, coupled with the need for rapid response to the COVID-19 pandemic, led to the creation of the Cook County Small Business Source.*

Today's Panelists



Domini Gamble
Program Manager, Cook County Bureau
of Economic Development



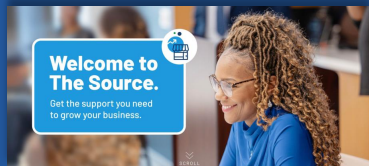
Emmanuel (Manny) Davila
Director of Business Growth Services,
Southland Development Authority

Cook County Small Business Source: Overview of Services

The Cook County Small Business Source provides free, at-no-cost services to businesses throughout Cook County.

Business Advising

Individual and group expert business advising provides small business owners with the advice and assistance they need



Resources

A resource library and a network of over 50 partners are available to help grow and scale small businesses



Events

Events connect small business owners with our community of advisors who provide in depth knowledge on topics important to small businesses



Grants

Grant programs and grant application support to financially support small business owners to start, grow, and scale their business



In 2023, The Source was supported by a **network of over 50 Business Support Organization (BSO) and referral partners.**

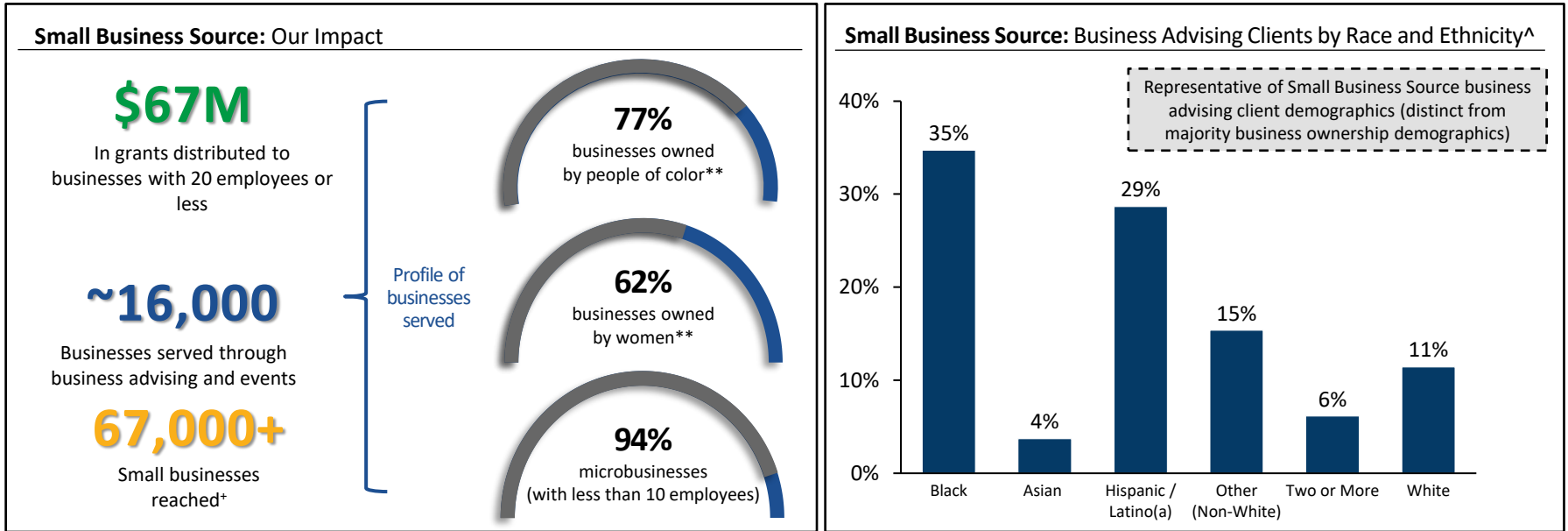
Cook County Small Business Source Business Advising Partners



Cook County Small Business Source 2023 Referral Partners

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|---|---|---|--|
| <ul style="list-style-type: none"> • Alsip Chamber of Commerce and Economic Development • Arab American Business Association • Arts Alliance Illinois • Asian American Chamber of Illinois • Austin Chamber of Commerce • Blue Island Area Chamber of Commerce & Industry • Chamber57 • Chicago Southland Chamber of Commerce • Chicago Southland Economic Development Corporation • Chicago's North Shore Convention and Visitors Bureau • Chinese Mutual Aid Association | <ul style="list-style-type: none"> • Des Plaines Chamber of Commerce • Elgin Area Chamber of Commerce • Evanston Chamber of Commerce • Far South Community Development Corporation • Greater Auburn Gresham Development Corporation • Greater Englewood Chamber of Commerce • Greater Wheeling Area Chamber of Commerce • IL Action for Children • Illinois Business Immigration Coalition • Melrose Park Chamber of Commerce | <ul style="list-style-type: none"> • Mount Greenwood Community and Business Association • Native American Chamber of Commerce • New Covenant CDC • Next Level Northwest • Northbrook Chamber of Commerce • Northwest Hispanic Chamber of Commerce • Northwest Side Community Development Corporation • Polish American Chamber of Commerce • Puerto Rican Cultural Center • Schaumburg Business Association | <ul style="list-style-type: none"> • SomerCor • South East Chicago Commission • South Shore Chamber of Commerce • Southland Black Chamber of Commerce • Southwest Collective • The Joseph Center • U.S. Pan-Asian Chamber of Commerce Midwest Region • West Suburban Chamber of Commerce & Industry • Winnetka-Northfield-Glencoe Chamber of Commerce |
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As of November 2023, our business advising client data highlights the program’s growth and diverse client base as shown below:



*Source: Cook County Small Business Source data from September 16, 2020, through November 30, 2023, accessed January 2024

** From intake data about majority business ownership (i.e., 51% or more of owner demographic); consists of 1,778 respondents for Women-majority owned businesses and 1,555 respondents for People of Color-majority owned businesses

[^] Sourced from intake data about the business advising client's race and ethnicity; consists of 2,903 business advising clients that reported race and ethnicity data

* **Small businesses reached** defined as businesses engaged (i.e., business advising applicants, grant applicants, event/webinar registrants, call center customers, other outreach via door knocking/phone banking) and “businesses served” (i.e., business advising applicants, event attendees)