

WELLS FARGO BANK 2008-2009 TECHNICAL ASSISTANCE INITIATIVE

March 3, 2008 Jack Toan from Wells Fargo Bank presents a check for \$100,000 for the technical assistance program 2008 ? 2009 to the partnership between Small Business Financial Development Corporation of Orange County and Hispanic Business Consultants. (from right to left). Eduardo Figueroa, Charles Ledgerwood, Jack Toan and Michael Ocasio

The Small Business Financial Development Corporation of Orange County (SBFDC) and Hispanic Business Consultants (HBC) believe in a firm mission of building alliances to provide economic development initiatives for Latino entrepreneurs in Southern California. Their leadership has earned them a reputation as the primary educational business specialists for Hispanics through their work over the last eight (8) years providing technical assistance, financial literacy, loan packaging and business training in Spanish. This partnership has produced positive and measurable results, as many of the Technical Assistance Program graduates have successfully started a wide range of small businesses, including restaurants, house-cleaning services, beauty salons, small manufacturing companies, bookkeeping services, dry-cleaners, bakeries, graphic and web page designs and retail stores, among others. The two companies are fulfilling an unmet need in a mostly economically disadvantaged area by providing educational tools to empower the Hispanic community both economically and socially. The collaboration of SBFDC and HBC has effectively structured viable and sustainable training for the next generation of Latino entrepreneurs who want to successfully start and maintain a business.

It is the philosophy of the SBFDC to assist any business entity in finding capital to start or grow their business. The SBFDC has become known as the leading referral source within the Orange County community. Every client is provided the courtesy of discussing his or her situation, and staff members attempt to locate the best program for each individual, whether it be a bank loan, guaranteed product or nontraditional lender (such as a factor). The staff assists in reviewing business plans and prepares clients by helping them with loan packaging for the application process; if necessary, individuals are referred to a program such as Hispanic Business Consultants (HBC) or the Small Business Development Center for technical assistance. The SBFDC has a referral network of over sixty financial institutions as well as numerous non-traditional lenders.

Description of the technical assistance programs that our agencies have administered in the last four (4) years. Including number of participants and number of graduates for each program.

The technical assistance program that we offer through HBC serves low-income, disabled and women Latinos, who are primarily immigrants, who want to start or already have a business by providing a wide array of entrepreneurial workshops. The 3-hour core seminars cover the fundamentals of starting a business, information on taxes (we work with the IRS, EDD, Tax Board of Equalization, State Funds and other government agencies), how to use technology to have more productive businesses, how to obtain financing and methods of increasing participants' self-esteem. The 24-hour course, "Successful Business I" (Negocio Exitoso I ? NE I), includes technical assistance covering the following areas: business readiness training; self assessment to determine the best business to start; feasibility projection; business plan development; introductory management classes; individualized strategic business planning; marketing and customer service; human resources; financial introduction; cash flow development and analysis; business management controls; legal aspects of a business; insurance; and licenses and permits. A second 24-hour course, "Consolidating Your Successful Business" (Consolidando Tu Negocio Exitoso ? CTNE II), is an advanced program that helps established businesses to build, consolidate and expand their operations, so as to generate more jobs, increase sales and profits and pay taxes; when necessary, we also assist them in preparing their loan packages to obtain financing. In each of these courses, we teach participants how to network to promote their businesses.

Our alliance with HBC over the last six years assisting Hispanics has produced positive and quantifiable results. As mentioned, many graduates of the courses have successfully started a wide range of small businesses, including restaurants, housecleaners, beauty salons, small manufacturing companies, dry-cleaners, retail stores, website design services and others.

From 2004 - 2005, our partnership managed and presented twelve (12) 3-hour Spanish-speaking seminars (419 participants) and graduated 165 participants in six (6) 24-hour entrepreneurial courses.

During 2006 - 2007, we offered another twelve (12) 3-hour Spanish-speaking seminars (586 participants) and graduated

157 participants in six (6) 24-hour entrepreneurial courses. Also during 2007, with a \$10,000 grant from Union Bank and in partnership with the National Hispanic Business Women Association, we graduated 22 participants in an additional 24-hour entrepreneurial course. In regard to gender, 54% of participants were women, during 2006 ? 2007.

In regards to loan packaging and related technical assistance services, Small Business Financial Development Corporation of Orange County (SBFDC) has guaranteed 171 loans for a total of \$21.0 million. Since our inception in 2001, we have helped to create 635 local jobs, retained 2,236 jobs and graduated 122 loans into mainstream banking. At the SBFDC, we help business people find the right financing program; more importantly, borrowers are monitored and, when necessary, sent to TA courses and coaching to assure the success of the entrepreneurs and the repayment of the loan.

Current population that our organization targets for offering technical assistance programs.

Our programs in Spanish target low-income, disabled, and women Latino immigrants who want to start or already have a business. According to a U.S. Census report, Hispanics are starting businesses at faster rates than any other segment of the population. Hispanic entrepreneurs are vital contributors to the U.S. economy, generating jobs, paying taxes and positively impacting our communities. Orange County has a rich, greatly diversified business community that boasts the fifth largest concentration of minority-owned firms in the nation. Minority-owned companies alone now account for roughly one out of every four Orange County business establishments. In Orange County, a 25 percent increase of Latino-owned businesses during the past decade contributed about \$8.7 billion in revenue, according to the latest U.S. economic census. Orange County is in 10th place as the county with the most Hispanic-owned firms in the United States.

It is important to note that only 20 percent of Hispanic small businesses survive three years after their launch; the main reason for their failure is lack of information and business education. This is why our program is targeting the Spanish-speaking population.

SBFDC and HBC have made a measurable difference in the Latino community. We have contributed to the development of small businesses and start-ups and have substantially improved the economic and social conditions of Hispanics in this generation and the next.

For instance, one of the greatest success stories from our program is the opening of an Italian-Argentinean restaurant in Laguna Hills, Orange County. Leopoldo and his wife Teresa, who attended the 24-hour NE I course in 2005, invested \$300,000 and obtained a credit line with Wells Fargo Bank for \$190,000. They created 27 new jobs with the restaurant and an Italian market next door. Last year, they were offered \$1 million for their business.

At the same time, our experience has demonstrated that there is still a large sector of the county's Hispanic community that could benefit from this program. The intention of this proposal is to expand services that help fulfill an evident need in Orange County. Our purpose at SBFDC and HBC is to help these Latinos achieve the "American Dream" through the use of our original material, knowledge, experience and programs.

Our technical assistance services help businesses access capital/resources in order to have sustainable growth.

Our courses and seminars include information on how to access capital and what kinds of traditional and non-traditional sources of financing are available, with their respective pros and cons. We also have guest speakers from Wells Fargo Bank and other community micro-loan programs (such as ACCION and the SBA) to talk about their programs and how they can benefit participants. In our program, we help our clients to find the best loan program to fulfill their specific needs. Our goal, when possible, is to serve them through the state loan guarantee program. We also assist them in putting together their loan package.

Though difficult to track, we can show that in the last few years at least 60 participants received funding for their businesses totaling \$1.8 Million. We believe, however, the results are two to three times greater.

Advocacy for our clients is also very important. Last year, we were instrumental in starting discussions among different organizations that lead to the OC Hispanic Chamber of Commerce developing a proposal for a micro-loans program to meet the needs of our clients and others. A coalition of organizations, led by the Hispanic Chamber, is requesting the support of Wells Fargo. Our involvement will be to provide TA to the Spanish-speaking entrepreneurs, assist them with the loan packaging and, when possible, provide our state loan guarantees.