

Entrepreneurial Financing and Economic Development

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INSTITUTE *for*

ECONOMIC ADVANCEMENT

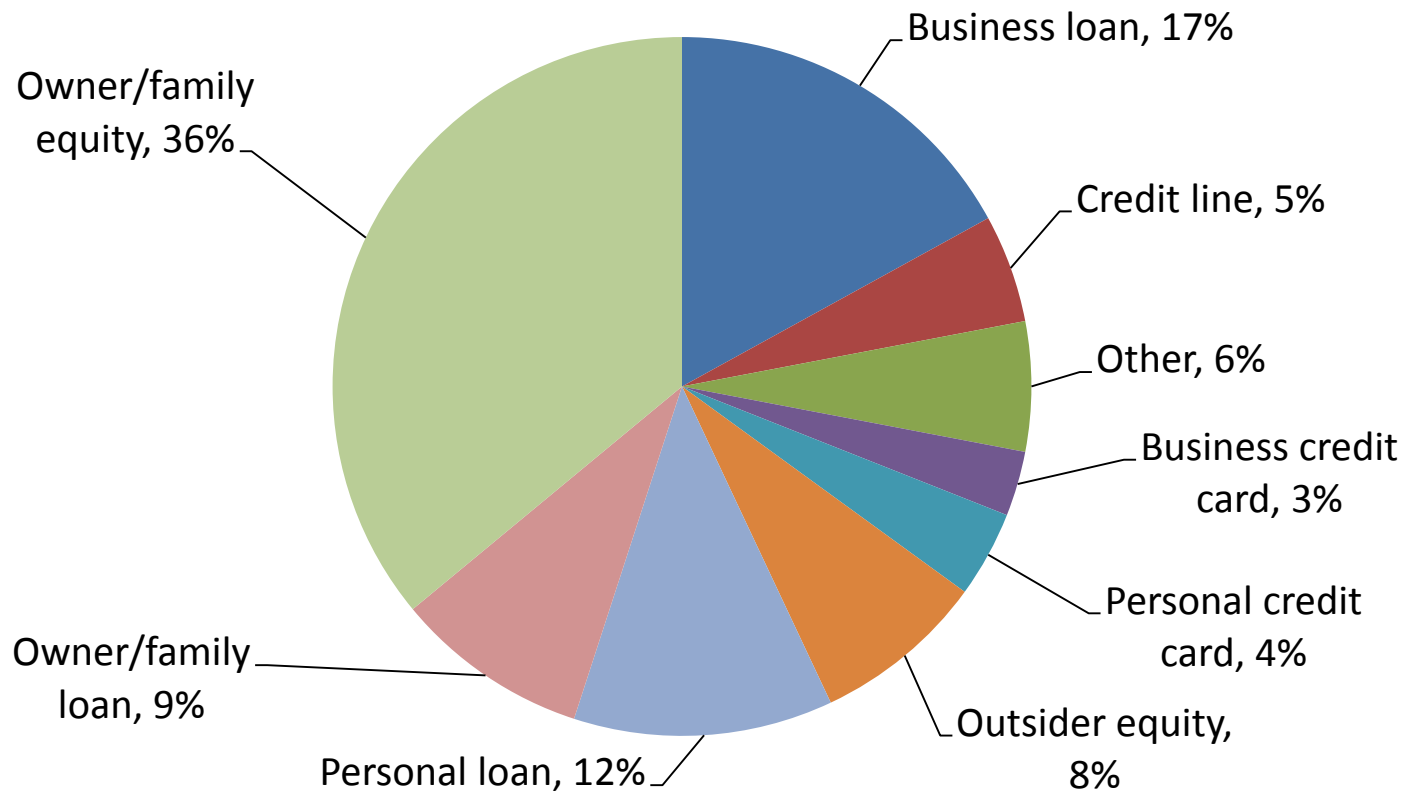
COLLEGE OF BUSINESS

Why Small Business Development?

- Connection with innovation
- Fit with existing clusters
- Filling market gaps
- Long term retention

Small Business Financing

Share of Small Business Financing Dollars for Startup Firms

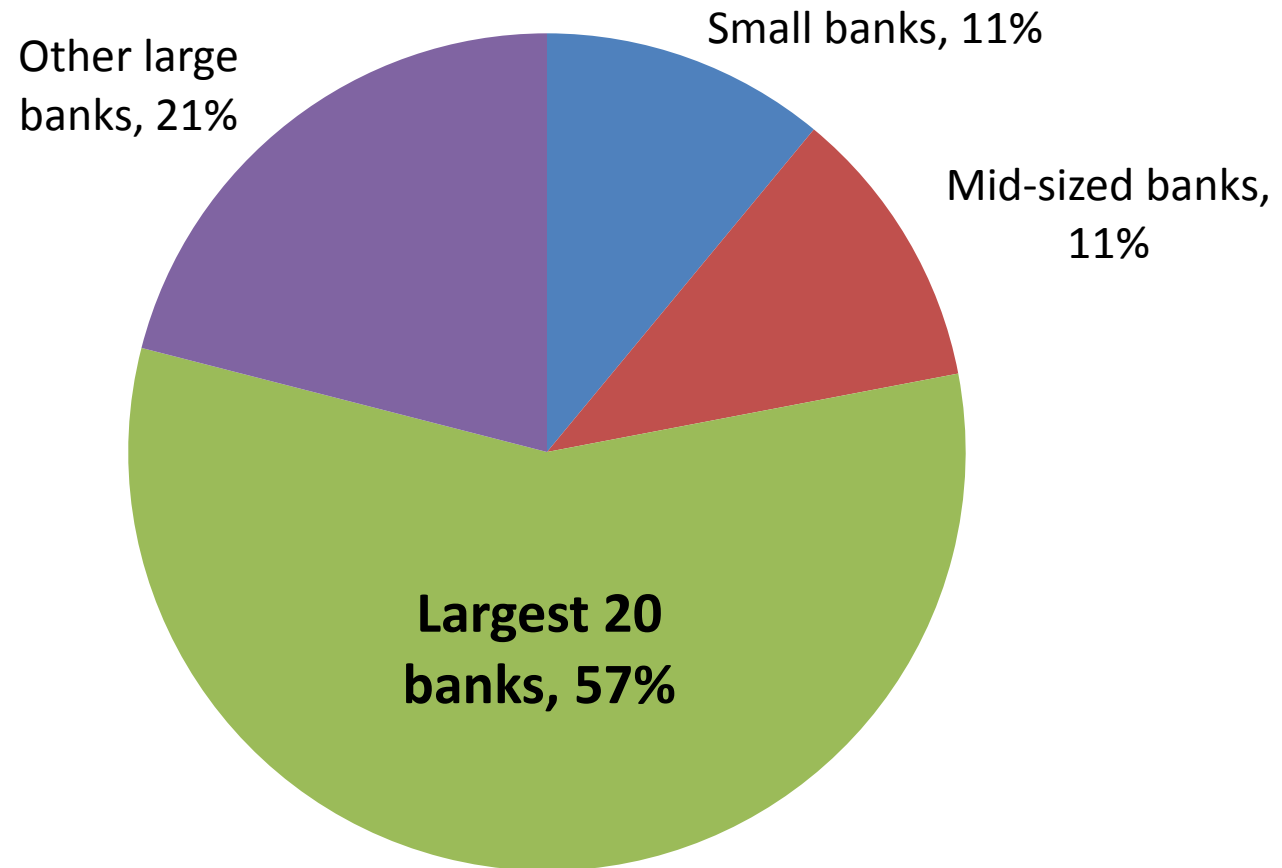


Note: Firms started in 2004 and about one-tenth did not use capital to start.
Source: U.S. Small Business Administration, Office of Advocacy, from data provided by Kauffman Firm Survey

Small Business Financing

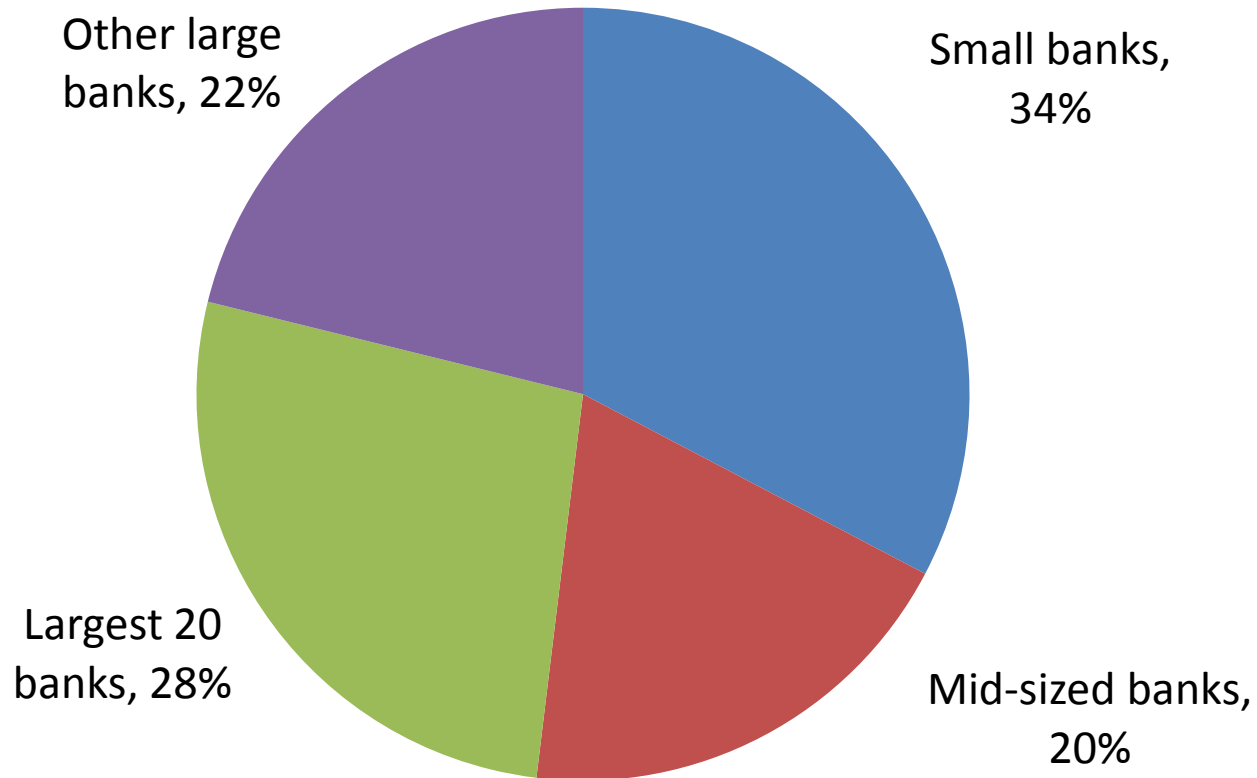
- Self-financing (Equity)
- Venture Capital (Equity)
 - Small amounts available & hard to get
 - V.C.s often want 5-year exit plan
- Bank Loans (Debt)
 - SBA, SBIR (Guaranteed by U.S. Government)
 - Limited amounts available
 - Must meet specific requirements (e.g., good credit)

Share of Bank Assets by Bank Size



Source: FDIC Corp. Data, 3rd quarter 2009

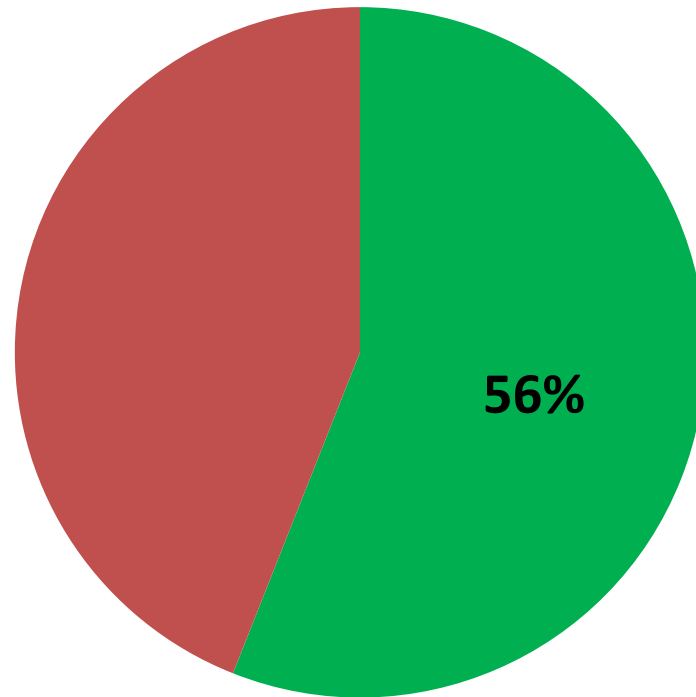
Share of Small Business Lending by Bank Size



Source: FDIC Corp. Data, 3rd quarter 2009

Small Business Share of All Commercial Loans

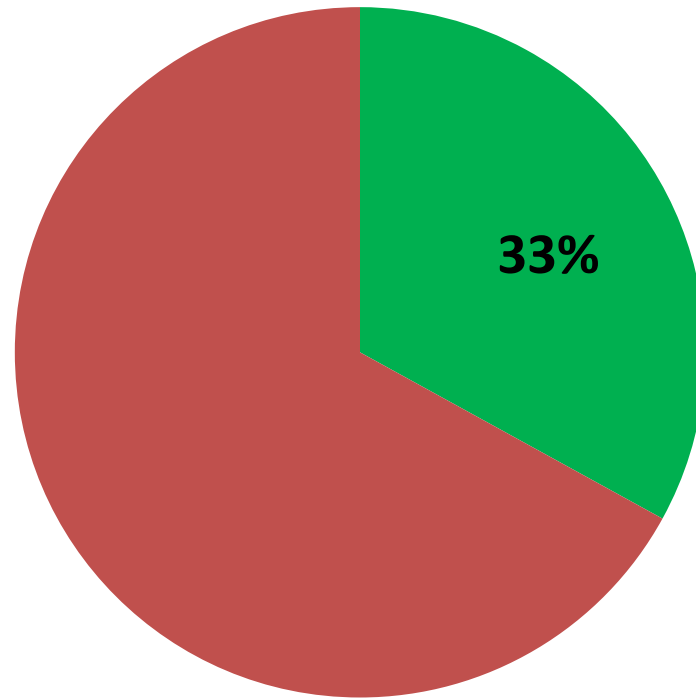
Small Banks



Source: FDIC Corp. Data, 3rd quarter 2009

Small Business Share of All Commercial Loans

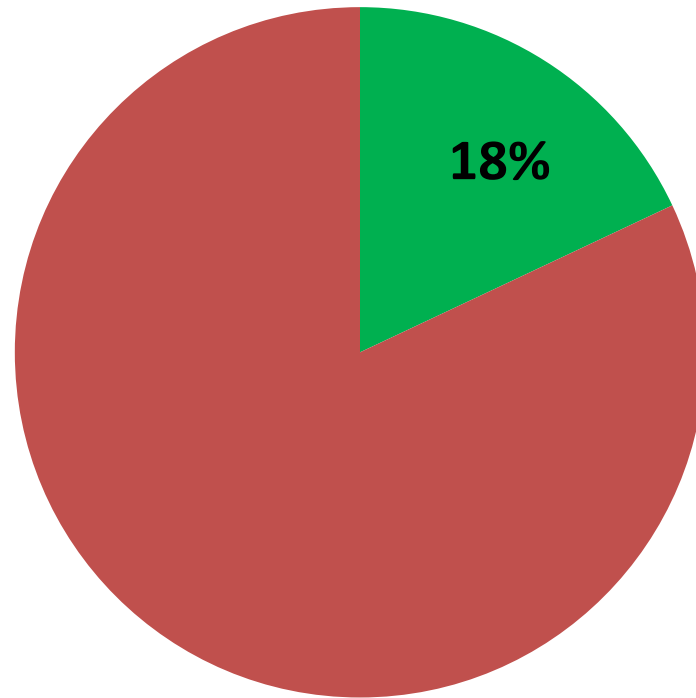
Mid-sized Banks



Source: FDIC Corp. Data, 3rd quarter 2009

Small Business Share of All Commercial Loans

Largest 20 Banks



Source: FDIC Corp. Data, 3rd quarter 2009

Other Financing Alternatives

- Community Banks: Southern Bancorp
 - Nonprofit
 - Make loans that are smaller than for-profit banks can make
 - May have somewhat lower interest rate
 - Lends for other development purposes

Other Financing Alternatives

- Community Banks: Accion Arkansas
 - Extension of Accion Texas
 - Strictly small business and microenterprise lender
 - Competitive and fixed interest rates
 - Hands-on business training and small business development tools
 - Credit history and risk determine loan amount and interest rate

Other Financing Alternatives

- Kiva
 - Started in 2005 partnering with microfinance institutions to administer loans globally
 - Uses crowdsourcing of loans
 - Works with borrowers in Kenya, Afghanistan, South Sudan
 - Expands to include Philippines, Micronesia, Eastern Europe
 - Kiva Zip started in 2011 in U.S., comes to Arkansas

Victor, Cafeto and a 0%, \$5,000 loan

Victor

Cafeto Coffee Shop

San Francisco, CA

OVERVIEW

ENDORSEMENT

REPAYMENTS

LENDERS

CONVERSATIONS 14



Personal Story

My name is Victor. I am soon to become business owner with my partner Abel, in the opening

✓ Recommend 2

ENDED

A loan of \$5,000 helps me to finish construction and decoration of my coffee shop.

100% repaid


Disbursement Type:  PayPal

Interest Rate: 0%
Repayment Term: 12 months
Monthly payments
Grace Period: N/A
Currency Exchange Loss: N/A
Listed: Nov 29, 2011
Disbursed: Dec 21, 2011
Paying Back: Dec 22, 2011
Ended: Nov 27, 2012

About Cafeto Coffee Shop

Industry: Restaurant / Caterers
Years in Operation: New Business
Follow: 

Victor's 'trustee', MEDA




Alpha

Lend Borrow Trustees Blog My Kiva

Hello, Jonny Price! [Edit account](#) [Feedback](#) [Logout](#)

Trustee: Mission Economic Development Agency

San Francisco, CA



OVERVIEW


BORROWER DUE DILIGENCE

Why are you interested in becoming a Trustee?


As an Asset Building Organization and within our Business Development Program is priority to support our clients to find resources to be able to launch their businesses. Aside from being Loan packaging one of the services that we provide we are always looking for sources of funding for our clients. Also, with the new lending policies, options for start up business are limited or unavailable we are always looking for more flexible financing options for this new business.

[Recommend](#) 2


About Mission Economic Development Agency

Trustee Type:	Organization
Website:	medaef.org
Badges:	
On Zip Since:	Nov 29, 2011 (15 months)
Loans Endorsed:	6
Total Value:	\$33,000
Fundraising/Raised:	2
Paying on Time:	Not enough data
Paying Back Late:	Not enough data
Repaid in Full:	3
Defaulted:	0
Repayment Rate:	100%

Most Recent Endorsements



Blanca
Blanca's Design J...
San Francisco, CA
9% raised



Victor
Cafeto Coffee Shop
San Francisco, CA
51% raised

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67 Total



Cailin Anne
Brooklyn, NY



Heidi
Boston, MA



Jonny
San Francisco,
CA



Sam
San Francisco,
CA



Alberto



Ali
San Francisco,
CA



Chris
Livermore, CA



Harry
San Francisco,
CA

Victor's 'crowd' of lenders

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Alec, Zip Lender

Thanks for the tip, Ali! Victor, I'm looking forward to coming and checking it out. See you soon!

Feb 28, 2012



Ali, Zip Lender

If you guys haven't seen this, Victor's coffee shop, Cafeto is on Yelp, and they've gotten great reviews so far:
<http://www.yelp.com/biz/cafeto-san-francisco>

I had the chance of trying a coffee from Cafeto a little while ago, and I really enjoyed it. The address is on Yelp if you're in San Francisco and want to go check it out.

Feb 28, 2012



Timothy, Zip Lender

Hello Victor! I am excited to swing by and purchase a cup of coffee - best of luck to you.

Feb 28, 2012

**Lenders
expressing
support,
and even
becoming
customers**



Victor, Zip Borrower

Hello to all my lenders! I just wanted to say a huge thank you to all of you for lending me this money and allowing me to launch Cafeto! We opened in December, so we have now been running for 6 months. Business is doing great! Customer numbers are strong and growing, and people in the neighborhood are very excited about Cafeto. Also, we have hired 5 people, so we have created 5 jobs!

Last Sunday, Papa Bear and the Mowglis (a music band in the neighborhood) came to the coffee shop to play a free show! It was fantastic! They said that this coffee shop has brought life to the neighborhood.

Come and see us for yourselves at 111 Richland Avenue, San Francisco.

A few weeks ago I came to the Kiva head office to a party, where I told people about my story, and how this loan helped me launch Cafeto. And now I am always telling my friends about Kiva Zip, and how this loan helped me with my business. I have now endorsed another good friend of mine (Ernesto) for a loan, and this morning I started endorsing another friend, Rocio. Watch out for her loan appearing on the Kiva Zip website in the next few days!

Thank you to all of you for trusting me and helping me pursue my American dream!

Jun 9, 2012

Victor updating his lenders

MEDA updating Victor's lenders



Sabrina, Zip Trustee



Hi Everyone,

Just an update on Victor and his shop. When I first uploaded Victor's story the picture showed pretty much him on his space. I just recently visited him and the place is full of inventory, new equipment and customers. Sales are keeping steady growth which is great. Now that he is close to fully pay back his loan, I want to thank all the people that supported him. We are very happy as an organization to have believed in his potential. KIVA was not the first door we knocked on but only KIVA was willing to provide financing. Thank you KIVA and thank you Jonny for supporting entrepreneurs.

Oct 23, 2012

Lenders can connect on Yelp or Facebook

Victor
Cafeto Coffee Shop
San Francisco, CA

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Personal Story

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✓ Recommend 2

ENDED

A loan of \$5,000 helps me to finish construction and decoration of my coffee shop.

100% repaid

Disbursement Type:	 PayPal
Interest Rate:	0%
Repayment Term:	12 months Monthly payments
Grace Period:	N/A
Currency Exchange Loss:	N/A
Listed:	Nov 29, 2011
Disbursed:	Dec 21, 2011
Paying Back:	Dec 22, 2011
Ended:	Nov 27, 2012

About Cafeto Coffee Shop

Industry:	Restaurant / Caterers
Years in Operation:	New Business
Follow:	


Victor then endorsed his friend Rocio for a loan

Rocio

Rocio's House Cleaning Services

San Francisco, CA

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Personal Story

(Translated by the Kiva Zip team)

My name is Rocio Hernandez. I am a single mother and I am from Tierra Blanca, Veracruz, Mexico - a small town very different from San Francisco. I've been in the US for 9 years, I came here to give my children better opportunities and a better future. When I first got here my sister helped me get a job and housing. With my energy and desire to succeed I was able to save money to bring my children to the US. I have three children, Eduardo is 19 years old and he's studying English and working, Paulina is 16 and she is in high school and she wants to continue studying and Marcos is 12, also studying.


My goal is to have my own house cleaning business to help my kids study and progress


Recommend 0

PAYING BACK

A loan of \$3,000 helps me to buy a car so I can clean more houses per day.

58% repaid



Disbursement Type:  PayPal

Interest Rate: 0%

Repayment Term: 12 months
Monthly payments

Grace Period: N/A

Currency Exchange Loss: N/A

Listed: Jun 14, 2012


Disbursed: Jul 17, 2012

Paying Back: Jul 18, 2012


About Rocio's House Cleaning Services

Industry: Cleaning Services

Years in Operation: 6 months - 1 year

Badges: 

This loan is endorsed by

 Victor (Cafeto)

Victor is now 100% repaid...

Victor
Cafeto Coffee Shop
San Francisco, CA

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✓ Recommend 2

ENDED

A loan of \$5,000 helps me to finish construction and decoration of my coffee shop.

100% repaid

Disbursement Type:	 PayPal
Interest Rate:	0%
Repayment Term:	12 months Monthly payments
Grace Period:	N/A
Currency Exchange Loss:	N/A
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About Cafeto Coffee Shop

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Follow:	

What's Happening in Arkansas

- Kiva Unveiled March 15, 2013
 - 34 borrowers
 - 23 trustees
 - \$236,000 requested
- To date: 23 loans (67%) fully funded!

For More Information

- Accion

www.accionarkansas.org

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888-215-2373

- Kiva Zip

Zip.kiva.org

Justin Renfro

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408-455-7726