

THE LAUNCH OF THE COMMUNITY NAVIGATOR PILOT PROGRAM: Government and Community Partners Rise to Meet the Challenge of a Critical Economic Moment

Launched by the U.S. Small Business Administration (SBA) in 2021, the Community Navigator Pilot Program (CNPP) is an innovative approach to serving historically disadvantaged small business owners who were disproportionately impacted by the economic shocks and hardship of the COVID-19 pandemic. CNPP was designed to connect these small business owners to the resources they needed to build back their businesses, create jobs and opportunities, and drive economic growth in across the nation. The SBA's vision was to create a robust ecosystem of organizations housing community-based navigators to assist diverse small business owners, truly meeting these small business owners where they were and helping them on a path forward. Utilizing a "hub and spoke" model that brought together experienced national and regional organizations and local community partners, CNPP was also designed to build the capacity of community-based partners across the nation to support small business owners with the information, resources, training, coaching, and access to capital they need, right in their own neighborhoods.

The International Rescue Committee (IRC) has been serving immigrant, newcomer, refugee, and mainstream community small business owners in communities since 1999 and was proud to join the SBA as a national partner in implementing CNPP. IRC's CNPP project spans six states with over 20 local partners. To launch CNPP, IRC onboarded and trained dozens of staff across the nation, creating an ecosystem of knowledge, resources, and community-based access to capital that leveraged IRC's subsidiary Community Development Financial Institution (CDFI), namely the IRC's Center for Economic Opportunity (CEO), and dozens of state and local small business relief programs. To date, over 2,300 small business owners have been positively impacted through IRC's CNPP project. These resilient small business owners have strengthened their skills, invested in their business operations, and been able to access millions in business capital and financing through over 16,500 hours of technical assistance. Community Navigators have helped these businesses apply for over \$24,000,000 in relief to keep their businesses open, vibrant and growing, landing more than \$10,000,000 in capital so far to sustain these businesses. Importantly, it is not just the small businesses that have benefited from CNPP - these businesses have multiplied this investment many times over, keeping their doors open, creating or retaining 1,174 jobs to date, and have added to local economies throughout the US.

IMPACT SNAPSHOT

2,300

Small business
owners served
through IRC's
CNPP

37%

Increased
median annual
revenue

**Over \$10
million**

Relief capital
accessed



Why Focusing on Historically Underserved Small Business Owners Matters

The pandemic had a disproportionate impact on minority and immigrant-owned businesses. For example, during COVID-19 the decrease in Black, Latinx, and immigrant business owners ranged from 50-100% higher than White, non-immigrant business owners.[1] Coming out of the pandemic, minority and immigrant business owners were more likely than non-minority businesses to report that their business is in distress because of the pandemic and may close (66% vs. 57%), were more likely to report a need for business capital in the near term (19% vs. 6%), and were more likely to report that they have tried to access capital and failed (13% vs. 8%).[2] In the first two months of the pandemic, America lost more than two million minority and immigrant-owned businesses and many that did survive are still struggling.[3] In short, while the pandemic brought challenges to large swaths of the American economy among minority and immigrant-owned businesses, the pandemic brought a crisis that only exacerbated historical disinvestment in these entrepreneurs and their communities.

These minority and immigrant-owned small businesses - economic engines of our economy - were frequently left behind during initial pandemic relief efforts because they lacked the banking relationships or had informal records that disallowed their applications for specific types of small business relief. Others simply did not speak, read, and write English well enough to connect with small business resource centers and navigate complicated processes and resources. Others - impacted by decades of experience where financial service providers and government programs did not serve their communities well - were hesitant to seek assistance.

The need among historically underserved business owners has been great during this period of economic upheaval and SBA - in its vision for CNPP - recognized that to meet this need, to support diverse small business owners equitably, a new approach was needed.

How IRC Brought CNPP to Life in Communities Across the U.S.

- ▶ IRC leveraged its own network of community-based offices - home to exceptionally diverse staff who bring deep cultural and linguistic competency - as well as more than 20 small, local organizations, nearly all of whom had strong connections to the minority and immigrant communities in their region
- ▶ IRC invested in training a cadre of dozens of Community Navigators who were ready to meet the needs of small business owners - this included hundreds of hours of training through Community Navigator Bootcamps, webinars, conferences, and site visits
- ▶ IRC stayed attentive to the ecosystem and focused services and programming on filling the gaps and maximizing opportunities to leverage existing resources and integrating the cultural and linguistic supports needed to ensure that diverse small business owners could access and benefit from these resources
- ▶ IRC recognized the importance of capital and prioritized supporting small business owners in accessing small business relief grants and affordable business loans
- ▶ IRC prioritized operational efficiency in all areas of programming including resource development, service delivery, access to capital, and collecting, using, and reporting on program data in real-time
- ▶ IRC focused on responsiveness as conditions changed during the pandemic and post-pandemic period, the needs and opportunities available to small business owners changed and IRC's CNPP has been designed to be nimble

1 https://www.nber.org/system/files/working_papers/w27309/w27309.pdf

2 <https://www.uschamber.com/press-release/coronavirus-pandemic-hits-minority-owned-small-businesses-disproportionately-hard-new>

3 https://www.nber.org/system/files/working_papers/w27309/w27309.pdf

IRC's CNPP-In-Action Spotlight:



The Latin American Association is one of the more than 20 local community organizations brought into the IRC project because of its strength in serving the Latin American immigrant community in Georgia. Through CNPP, they were able to build their capacity to work with Spanish-speaking small business owners and have had significant success impacting women-owned businesses through a women's business summit, cohort models, and mini-grants to help businesses flourish.



IRC's CNPP-In-Action Spotlight:



To support access to capital, IRC's Center for Economic Opportunity (CEO) launched a no-fee, 0% small business loan up to \$10,000 - a product that 109 small businesses in CNPP markets that clients have taken advantage of to support their operations and growth. These small loans totaling over \$1,160,000 were vital to opportunities for growth and increased vitality.

CEO's mission-based lending gave access to those with no or poor credit scores. 15% of borrowers in CNPP markets had no FICO scores; over 40% had no or poor FICO scores. Through CNPP these communities were reached.



These implementation strategies have enabled IRC to serve an exceptionally diverse group of more than 2,300 small business owners - who face many challenges - in just 18 months. These business owners come from 98 countries and speak over 120 languages. These businesses averaged less than \$75,000 in annual revenue upon enrollment with the lowest still in start-up mode and the highest over thirteen million - all seeking services to stay afloat in the distressed COVID-19 economy. Among those that have accessed capital through IRC's CDFI, less than half had a good or prime FICO score, over 40% had no or poor FICO scores, barring them from accessing mainstream capital. More than 55% are women. They reside in communities as diverse as urban San Diego, rural Iowa, and suburban Phoenix. And while they face challenges and barriers, these business owners are the driver of economic growth in industries ranging from agriculture to hospitality, health services to retail, and many more. Some key achievements of IRC's CNPP program are shown on the following page.

Key Achievements To Date



2,300

small business owners served through IRC's CNPP



Over 16,000

hours of technical assistance was delivered to underserved communities



454

small business owners attended

1,441

trainings to improve their skills and knowledge



Over 840

small businesses received

Over \$10 million

in business relief funds



261

small businesses reported a median increase of

37%

in annual revenues



Over 1,100

jobs have been created or retained

Two Years In: What We Have Learned About Supporting America's Diverse Small Business Owners

IRC's CNPP program has created best practices and led to many learnings. As the ecosystem of public, private, and community partners invested in thriving American small business continues to progress towards a world of equity and economic opportunity for all small businesses, IRC is excited to share the following ten recommendations.

- 1 Services for diverse small business owners need to be delivered by organizations and people that reflect the communities they serve.** This strategy ensures a foundation of trust, linguistic access, cultural appropriateness, and efficient outreach efforts.
- 2 Navigate, train, and provide TA on specific small business pain points.** Many small businesses missed out on vital small business relief during the pandemic because they lacked the network, know-how, or documents that were required to access the resource. Proactively building small business owner capacity in these areas - such as connecting businesses to financial institution relationships, providing training on areas like record keeping and business taxes, as well as navigating complex applications that are hard, for various reasons, for small businesses to complete - will result in small businesses that are better prepared to pivot and respond when challenges arise.
- 3 Create business-type and industry-specific trainings and workshops.** Many types of small businesses - from childcare centers to food businesses to trucking and transportation businesses - require very specific knowledge of licensing requirements, financing strategies, staffing models, and more. Business-type and/or industry-specific trainings - especially when offered in a cohort model that supports peer learning and network development - are a highly impactful strategy for building the knowledge, skills, and confidence of small business owners operating specific types of businesses. For limited English proficient individuals, a cohort model also allows for an efficient approach to delivering services and skill building in relevant language(s) while simultaneously strengthening English vocabulary related to that type of business.
- 4 Develop expertise on high-need business sectors and leverage word of mouth to get connected and amplify impact.** Many of IRC's CNPP staff became experts in sectors that were especially high-need in their communities. Word of this expertise spread within tight-knit immigrant and minority communities and as such, more small business owners stepped forward seeking assistance.

- 5 Work with municipalities to reach historically marginalized communities.** Both during and outside of the pandemic, municipalities are key stakeholders in developing and implementing small business strategies including grant and loan programs, place and neighborhood-based efforts and more. By partnering with these efforts, programs and services can leverage additional resources but also support the municipality in achieving diversity and equity goals.
- 6 Create and sustain peer networks to catalyze valuable relationships, learning, and growth.** Providing small business owners with opportunities to share their learnings with each other is an investment creating many returns. Creating time for focused sharing, questions and answers, and informal dialogue can create a depth of learning that a workshop alone does not provide and these networks can prove critical to business and community resilience in the future.
- 7 Provide services through multiple channels.** IRC CNPP staff connected and served small business owners through over a dozen channels - in-person in neighborhood-based locations, through social media, using text and Whatsapp communications, through events, markets, and fairs, through in-person and online trainings, and more. Small business owners are busy and having varying levels of comfort with and preferences for service delivery modalities so service providers must be flexible.
- 8 Community Navigation is high-touch - and worth it.** Many small business owners need highly personalized services to meet them where they are. A Community Navigator can help a small business owner that is struggling with English, digital literacy, or other barriers to overcome these barriers and take steps forward with their business in the short-term. Filling out applications when a business owner cannot write themselves, modeling a monthly sales tax report until the small business owner can do it herself, explaining detailed language on an application so the business owners understand the details - all of these are tasks that can enhance, strengthen, and build local economies - because Community Navigation goes the extra mile where other providers do not tread. But just as important, this high-touch model builds lasting capacity within the small business owner so that in the future, they feel more confident navigating the processes and tasks that are critical to the sustainability of their business.
- 9 Capital draws businesses, technical assistance is long-term.** Small businesses are in constant need of capital -whether to start, expand, or survive. Indeed, many small business owners initially approached IRC's CNPP program for access to capital. Yet in this moment, an opportunity is created to build the knowledge and skills of the small business owner for the long-term. IRC's CNPP program approaches the access to capital moment as a way to provide needed technical assistance in a range of areas from preparing financial documents to thinking through sales and revenue projections, analyzing capital expenditures to tax planning and much more.
- 10 Create and sustain a robust ecosystem.** Small businesses have a never-ending list of needs.No one program can provide expert advice on these various areas. CNPP has enabled IRC to create a regional web of providers, starting with formal project partners and extending outwards to business services (e.g. accountants), to partners within city, county, and state agencies, to lenders that serve various needs to other nonprofit organizations that can provide additional services. Creating warm referral pathways that welcome a small business owner is crucial when serving historically marginalized small business owners. Historically, many of these business owners were often not able to access a swath of mainstream services - a big part of the reason CNPP was launched. CNPP has afforded the opportunity to create these relationships and ensure that small business owners can access and benefit from these services provided by other institutions because they have a Community Navigator who is their advocate and partner throughout the process.