A group of people, mostly men, are shown from the chest up, arranged in a circle. They have their hands raised, palms facing up, in a gesture of support, agreement, or participation. The background is slightly blurred, focusing attention on the hands and the gesture. The overall tone is professional and collaborative.

What has worked elsewhere?

- Back Office Systems
- On-going support, mentoring, and coaching
- Coordinating government



1) Back Office Systems

- Accounting
- Legal aid
- Point of Sale
- Electronic Payroll
- Scheduling
- HR
- Alternative Business models (e.g. coops)

Examples: Providing Back Office Support

- Co-ops:
 - The Grange Farmers Co-op
 - The Smart Co-op
 - Center for Family Life (Up & Go and Brightly)
- Creative Government Support:
 - Commercial lease legal assistance (NYC and SF)
 - Seattle Restored pop-up program
 - Subsidized small business consulting (Seattle, Portland, & Detroit)
 - Free Point of Sale software (Seattle)

2) On-going support, mentoring, and coaching

Entrepreneurs of Color Fund (San Francisco)

- Rejecting the one-and-done service model
- Access to capital: the “not yet” instead of “no” model



3) Coordinating Government Functions

French and Spanish Model

- Government officials are responsible for business support *and* labor enforcement
- Balance carrots and sticks

Third Italy Model

- The government actively works to promote business models that support small business and high employment standards

Seattle

- Coordination with business development and labor enforcement offices

The Connection Between Capital Access and Back of the Office Support



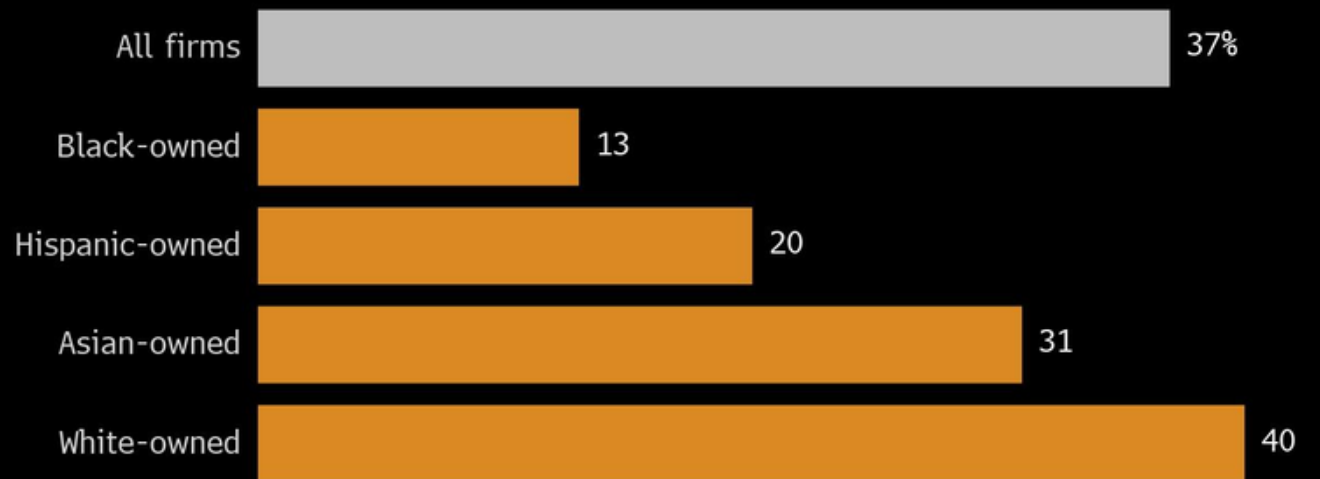
Understanding the problem

- All small businesses face challenges accessing credit
- Worse for immigrants and people of color
 - They are told no more often and face higher interest rates (Bates and Robb 2013)
- How race matters?
 - Direct racism
 - Systemic racism (credit history, wealth, and documentation) (Baradaran 2017)

Unequal Financing

Minority-owned small businesses had more difficulty accessing credit in 2020

■ Share of firms that received all financing sought

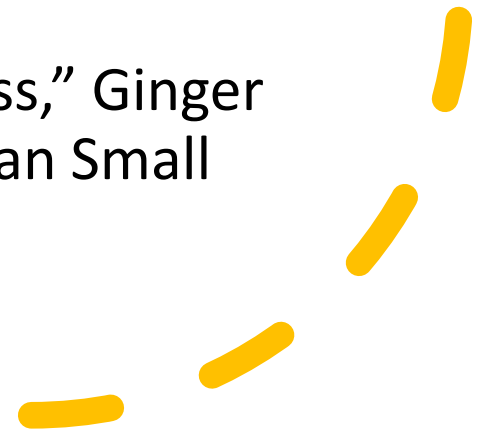


Source: Federal Reserve Small Business Credit Survey

Bloomberg

Back of the
office
support
combats the
systemic
challenge

- Provides the tools and knowledge to generate the data
 - Systemic racial gaps in formal education, business experience, and tech make it harder to access accounting support and compete for loans (Brookings 2015)
 - Disparities made worse when English isn't people's first language (US MBDA 2010)
- Tools and data can have a big impact
 - Accounting support enables businesses to make their case and demonstrate the administrative capacity lenders need to see
 - "Data can really democratize access," Ginger Siegal, Mastercard's North American Small business Lead



In Sum

- Back of the office support reduces systemic barriers to capital access by providing small businesses with the accounting and a track record to better apply for loans
- It also improves compliance and provides communities the resources they need to build quality jobs!





Discussion:

- How do you envision these ideas changing the landscape for you or other small businesses in Minneapolis? What would it mean?
- What are your biggest takeaways from this discussion and why?
- What are the challenges we might encounter?



Back-Office Systems Pilot Project: Updates



Initial Focus

- **Initial Services**
 - Subsidized Payroll
 - Accounting Support
- **Initial target businesses**
 - Focus on very small businesses
 - Focus on food service & retail sectors
 - Focus on businesses in low-investment areas
 - 30-50 businesses
 - ***But - not only these businesses***

Timeline:

- City RFP issued in Aug. 26th for \$125,000
- Proposals due Sept. 16th, 2022
- Target pilot program launch: early 2023

Expansion goals – fundraise to:

- Expand to more small businesses
- Provide ongoing support
- Expand services to point-of-sale systems, HR support

Pilot Project Goals

Stabilize and growing
small businesses

Improve job quality &
labor law compliance

Set businesses up to
access capital



The Teams

Small Business Outreach

Identify and recruit businesses to our pilot program and to participate in the Roundtable



Pilot Intervention Team

Work on shaping, building out and launching our back of the office support program



Policy Team

Develop strategies for fundraising from the City (through city council and mayor's office) and State governments for the pilot and develop recommendations for how to weave together the City's economic development, small business support, and labor standards compliance into an overall effort to raise job quality.



Team Purpose Exercise

- We will now break into 3 small groups that correspond to each team to create a team purpose for each of our teams!
- Each team will have a leader that will facilitate the conversation. I will go over the exercise we will be doing together, and your leader will repeat it again in the small group.
- A compelling Purpose - **clear, challenging, and consequential.**

This team exists to [direct outcome]...

...by [3-5 bullet points]

...so that [progress is made towards a broader/larger goal]