



Twenty-Ninth Sunday in Ordinary Time October 21, 2012 B

JOB CREATORS

Would-be entrepreneurs often give up for lack of two things: training and cash. Enter some college students with a big idea...

I am grateful to Laura Dodson for heading up our Job Seekers Ministry. The following article appeared in the September edition of the magazine *U.S. Catholic*. It could be helpful to some of you or your family and friends. Also, I am wondering if any of you with a business background could do something in the parish to help small business owners or parishioners who would like to start their own small businesses.

This Monday, we will have a brainstorming meeting in the Ministry Building, Room 313, on what we can do to help people start up a small business.

*When a series of life blows knocked Tracey Amadi off-kilter, she decided it was time for a new start. For more than 15 years Amadi had worked in accounting, but after the death of her husband and her own diagnosis of kidney failure, she wanted to try working for herself. When she learned her friend and coworker Janice Francisco had a talent for making all-natural body scrubs, she proposed they go into business together. In 2009 Amadi and Francisco's start-up company, **Skin Arise**, was born.*

Of course, it takes more than one good idea to build a successful business. The biggest challenge for Skin Arise, Amadi realized, was marketing. In the world of big vendors, it was difficult to stand out and convince people to sample their product.

"In order for people to appreciate our scrubs, they have to try them," Amadi says. "A lot of people loved the scent, but nobody really wanted to take the time to try it."

Frustrated, Amadi sought knowledge and marketing tips from the Intersect Fund, a nonprofit organization that helps struggling entrepreneurs by providing coaching and small-business loans.

Based out of New Brunswick, New Jersey, near the campus of Rutgers University, the Intersect Fund is one of more than a dozen microfinance institutions (MFIs) that have sprung up in recent years on college campuses across the country. These organizations rely heavily on

the support of local donors and student staff members to make a lasting difference in the lives of area small-business owners.

*The Intersect Fund was founded in 2008 by Rutgers students Joe Shure and Rohan Mathew. At the time, both were working on the school newspaper, *The Daily Targum*, which brought them into contact with the local community. The more they learned about New Brunswick, the more troubled they became about the many people living below the poverty line only a short distance from their campus.*

"When you are inside the university bubble, walking around between classes and visiting businesses that cater to the university, you get a really distorted view of what's going on," says Mathew. "[New Brunswick] seems like the picture of prosperity, but not everyone who lives there gets a chance to reap those benefits, and that didn't sit well with us."

As they learned more about the area's problems, they began to pay attention to the small businesses people were running to help make ends meet. "The role of the side business, the pocket business, that was a very important part that people who lived outside the college campuses needed to get by," Mathew says. "Handymen, street businesses, small caterers—when you are running a business, you are only dependent on yourself. You're dependent on your ability to go out and get some customers and have your sales be bigger than your expenses. That seemed like something we could have a quantifiable effect on."

After doing some research on microfinance, Mathew and Shure decided to start their own organization that would offer small loans and business training to local entrepreneurs in need of support. They sought funding from a local bank and the help of the Catholic Church, holding their first training courses for would-be entrepreneurs in the basement of nearby Sacred Heart Church.

The first class focused on business basics and drew just four people. As word spread, more classes followed at area libraries, churches, and banks. Later, grants from the Catholic Campaign for Human Development allowed the Intersect Fund to rent office space.

Since those early days the Intersect Fund has continued to grow. The organization has enrolled hundreds of people in its Entrepreneur University, an

eight-week business training program that teaches potential business owners about marketing and promotion, reaching customers, pricing, and how to navigate legal and accounting issues. In addition, the Fund has given out more than 160 loans totaling \$290,000.

The loans are small—on average about \$1,500, according to Shure—and are given to owners of microbusinesses, defined as operations with five or fewer employees. Clients include house cleaners, street food vendors, truckers, barbers, and all manner of store owners.

For these people loans can pay for anything from a new set of tires for a company truck to a second hot dog stand. In many cases clients take out small loans in order to build their credit.

“The common thread is the need for some kind of asset which is going to help their business,” Shure says. “Although these loans are crucial for these people’s businesses, they are not profitable for a bank. We’re set up in such a way to be able to lend to folks that other people won’t lend to.”

Most of the clients the Intersect Fund works with qualify as high-risk, either due to poor credit history or a lack thereof. Since the small loans they need aren’t profitable for a regular bank, a business owner would likely have to resort to borrowing money from loved ones, charging a credit card, or dealing with a predatory lender.

“There are folks everywhere with a lot of talent who need only \$4,000 or \$5,000, but there’s not really a good place to get it other than credit cards or payday loaners,” Shure says. “Our goal is to make sure everyone who needs a loan in New Jersey can get one from a reputable organization.”

Micro-business model

Organizations like the Intersect Fund are nothing new. Modern-day microfinance was brought into the international spotlight by the work of the Nobel Prize recipient Muhammad Yunus, whose Grameen Bank has helped millions in the developing world by offering small loans to encourage business growth.

In the United States microfinance has been around for several decades, with varying levels of success. In 2008 Grameen America opened its first branch in New York.

The Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD) is an organization that works to “identify, develop, and disseminate best practices in the field of microenterprise and to publicize the value of microenterprise as an anti-poverty intervention.”

According to Elaine L. Edgcomb, the director of FIELD, there are an estimated 25.5 million microbusinesses in the country, founded for a variety of reasons. Some entrepreneurs start microbusinesses in response to a lack of quality jobs, while others start businesses so they can spend more time with their children or to fulfill a need in changing communities.

Within that population of entrepreneurs, there are an estimated 10 million who, for one reason or another, lack the resources to be successful. Not all of those business owners work with microfinance organizations, but for the ones who do, FIELD estimates that for every dollar an MFI invests in a client, that client’s income will show an initial return between \$1.30 and \$1.40.

“This was the return after an average of 2.3 years since clients entered the program,” says Edgcomb. “Assuming that the clients continued to engage in business, those returns would increase.”

Those numbers do not include the other positive results that successful microbusinesses can have for the economy, including more tax money for local and state governments, a reduction in public assistance costs, and an increase in money circulation in local communities.

What makes the Intersect Fund unique among MFIs is its university connections and its heavy reliance on student volunteer involvement. Similar student-focused organizations have developed on other campuses as well, including Catholic universities such as Georgetown and Notre Dame. These organizations are supported financially by various sources, including private donors, corporate grants, and government funds.

In 2009 the Campus Microfinance Alliance was formed to unite the various college programs, enabling them to share ideas and resources. Alliance director Vanessa Carter, a 2008 graduate of Claremont McKenna College in Claremont, California, hopes that the alliance will help current MFIs grow and encourage new ones to develop.

So far so good, she says. Since 2009 the number of campus MFIs has grown from three to 12, and an increasing number of schools are considering developing programs of their own. To support that growth the Campus Microfinance Alliance offers technical assistance and site visits, an annual conference, and Lend for America, an internship program that pairs students with positions at leading MFIs across the country.

The goal is that after spending the summer with an executive director of one of the organizations, students will put the knowledge they’ve gained to use on their own campuses. “My hope would be that someday starting a campus MFI would be as ubiquitous as starting an ultimate Frisbee team,” Carter says.

She believes that students are drawn to the microfinance field because of the learning opportunities and the tangible results they can see in the lives of business owners. “Doing microfinance is a way you can really see yourself making an impact,” she says. “You can learn about business and can take that experience and do anything with it. It’s really meaningful.”

Mathew, who is chair of the Campus Microfinance Alliance, believes campus MFIs reflect a rise in socially conscious ideals in the younger generation.

“After what the financial institutions did to us in the past few years, people took a step back and said, ‘How can I make a positive impact in the world?’ With this, you get to go home every day knowing for sure that you’re doing something positive,” says Mathew. “There’s always something you can do to improve, and there’s always more people that can be helped, but at least we’re doing something, and that’s more than a lot of people can say.”

Difference makers

The desire to make a difference is what led Georgetown junior Alex Honjiyo to become involved with the Hilltop Microfinance Initiative, a Washington-based MFI managed and staffed by Georgetown students. Honjiyo serves as chief executive officer.

Hilltop, which was founded in 2010, currently has four clients—two in the loan program and two in business training courses. Honjiyo believes the work Hilltop does is a way students can put the Catholic ideals upon which Georgetown was founded into action.

“Here we get a lot of information about social justice and what that means, but there’s something to be said for taking what you learn in the classroom and putting it into practice. It’s really valuable for someone to see,” he says. “Being able to see these people and learn about them is an incredible experience.”

While the students involved in Hilltop are not all Catholic, Honjiyo believes they are all living lives of service. “Anyone can take the Jesuit ideals of being a man and woman for others, and those ideals are really core for Hilltop,” he says. “It’s not just about having those interesting ideas and talking about them. Here we can really put them into practice for the real world. My faith absolutely influences my love for the work I do with Hilltop.”

Notre Dame senior Gabrielle Rex, a management consulting major with a minor in poverty studies, spent last summer working on an internship with WESST, an MFI in New Mexico. Now she is enrolled in Notre Dame’s Microventuring Certificate Program, a two-semester program founded in 2006 that allows juniors and seniors from all fields of study to serve as mentors for low-income entrepreneurs.

As part of her involvement in the program, Rex has spent her spring semester working on a team to offer consulting advice for a local shop owner who fixes and sells others’ unwanted “junk.” Rex is passionate about helping small businesses because she believes they can make a real difference in the country’s unemployment rate.

“I believe at the entrepreneurial level, there is a lot of passion behind their businesses, but not a lot of structure,” Rex says. **“As a consultant, we get to say, ‘OK, we love this business idea, but this is what you have to do to implement it correctly.’”**

She sees the program as a way to live out the principles of Catholic social teaching by serving the country’s poor and marginalized. “It’s really giving people a chance who otherwise would never get a chance,” she says. “If you’re going to work in an industry like this, you’re going to take a pay cut, but I feel very rewarded to serve other people. I really believe that by serving others, you gain so much in return.”

Successful start-ups

That kind of service has made all the difference for business owner Gretchen Varkonyi, who for years worked as both a part-time secretary and real estate agent before abruptly finding herself unemployed in the fall of 2008.

“I’d never been down that far,” she says. “I’d worked since I was a teenager and I’m not afraid of hard work.”

But when there were no work opportunities available and unemployment benefits ran out, Varkonyi knew she needed to try something new. Deep in debt, she decided to draw up a business plan for a service she had provided for friends and family members years earlier—healthy homemade dinners delivered fresh to people’s doors.

To help launch her business, The Dinner Dame, she enrolled in a class offered by the Capital Good Fund, a Rhode Island-based MFI founded in 2009 by Andy Posner, at the time a Brown University graduate student.

Since its foundation the Capital Good Fund has given 180 loans and helped hundreds more with tax and business advice. In 2010 the group helped individuals create or preserve 39 full-time or part-time jobs. Like the Intersect Fund it is supported by the Catholic Campaign for Human Development, and the fund also collaborates with the Diocese of Providence to provide personal loans for new immigrants applying for green cards or citizenship.

Through her class with the MFI, Varkonyi received the training, resources, and support she needed to get The Dinner Dame off the ground. With the help of a few

small loans, she was able to keep her cell phone on, insure her business, pay for marketing materials, and secure the occasional use of a commercially licensed kitchen. She also found more customers thanks to Capital Good Fund contacts.

“The biggest thing they did for me was just huge, huge personal support in terms of believing in my business,” Varkonyi says. “I was unemployed, had nowhere to turn in terms of getting a traditional loan and they just really fired up my spirit, fired up my confidence, and they’ve been a tremendous support system—not just financially, but all around.”

Tracey Amadi found similar results with the Intersect Fund. Through classes, she learned about pricing, marketing, and how to calculate profit margins. Then, with the help of a \$1,000 loan, she was able to pay for professionally designed package materials that increased the appeal of her scrubs. She’s already been approached by Whole Foods Market, which plans on carrying Skin Arise products in their Madison, New Jersey store within the next few months.

*“When we got the labels, people thought we were in business for years because of how we packaged our products,” Amadi says. **“I tell anybody, if they’re thinking about trying to start a business and they need help, to go to the Intersect Fund because they gave me so much information. I don’t think we would be where we are today without them.”***

Amadi hopes by the time she is back to health, she will be able to support herself completely with Skin Arise. “Our goal is to be a household name, just like Mary Kay and Revlon, but it’s going to take a lot of time and money,” she says.

In the meantime she revels in the second chance she has been given and the good example she believes she is setting for her daughters, ages 13 and 15.

“They can see that they can do anything that they put their mind to, especially with the obstacles I’ve experienced,” she says. “There’s nothing like, ‘I can’t.’ You’re gonna fall, but you pick yourself back up, brush yourself off, and keep on moving.”

Have a blessed week,

Le Sarah