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MISSION

The mission of the New Economy Initiative (NEI) is to grow an inclusive culture of entrepreneurship in southeast Michigan that benefits all residents and strengthens the regional economy.

NEI works to achieve its mission by acting as a...



STRATEGIC GRANT MAKER supporting nonprofits that constitute a wide network of support for entrepreneurs of all kinds in southeast Michigan



CONVENER of philanthropic, government, nonprofit, and for-profit partners working to develop and sustain a network of support for entrepreneurs in southeast Michigan



STORYTELLER sharing how diverse entrepreneurs are creating a better future for their communities



NEI FUNDERS

The New Economy Initiative is made possible by the generous support of its funders. Since 2007, the following 13 foundations have contributed a total of \$159 million to the effort

C.S. Mott Foundation
Community Foundation for Southeast Michigan
Ford Foundation
Hudson-Webber Foundation
Kresge Foundation
Max M. & Marjorie S. Fisher Foundation
McGregor Fund
Ralph C. Wilson, Jr. Foundation
Skillman Foundation
Surdna Foundation
W.K. Kellogg Foundation
William Davidson Foundation



COVID-19 FUNDERS

NEI received additional support from the following funders to respond to the critical needs of the southeast Michigan small business community amid the COVID-19 pandemic

Community Foundation for Southeast Michigan
Fifth Third Bank
Ford Foundation
Hudson-Webber Foundation
JPMorgan Chase
Knight Foundation
Ralph C. Wilson Jr. Foundation
William Davidson Foundation
and Other Donors to the Community Foundation for
Southeast Michigan's COVID-19 Small Business Relief Fund



2020 ANNUAL REPORT EXECUTIVE DIRECTOR'S LETTER

Wow! When I wrote my 2019 Annual Report Director's Letter, we were in the early months of the COVID-19 pandemic and in the initial stages collaborating with our partners to provide small business relief during that time of uncertainty and crisis. I never could have imagined that one year later we would still be living in "pandemic mode," with all the associated challenges and struggles. 2020 was quite a year.

In addition to COVID-19, we have seen our city wrestle with a renewed focus on the racial disparities in our community. We've also witnessed political unrest locally and nationally that many of us have not experienced before. As is often the case in times of crisis, we turned to our "trusted connections"; our family, friends, colleagues, and neighbors who we knew would help us get through whatever obstacles we faced.

Fortunately, some of the small businesses in our region also had "trusted connections" to turn to: the NEI network of small business support organizations, the Detroit Economic Growth Corporation, Detroit Means Business, and other private, public and philanthropic leaders. So many individuals and organizations came together and worked as hard as possible to provide some level of relief to them in their time of crisis with capital, assistance, and information about resources. Through it all, we have been amazed at the many and varied ways that the network, along with our funders

and our Community Foundation for Southeast Miachigan (CFSEM) colleagues, worked together with speed and resilience to provide vital support through grants. While the impact of the pandemic continues to linger - and the work before us seems unending - we know that together we can continue to make an impact on our region during this time of recovery.

In the pages of this report, you will read about some of the work we accomplished last year in partnership with our funders and grantees, as well as stories of resilience from small businesses. Throughout the early months of the pandemic, we were inspired by the narratives shared through the In Good Co. Detroit series. The fortitude and persistence of the entrepreneurs featured encouraged and pushed us to dig deeper and find that sense of resiliency in ourselves and each other. You can learn more about this series at InGoodCoDetroit.com.





Also critical to our recovery will be the community development organizations that ensure businesses in their neighborhoods have information and connections to direct service providers.

The generosity of past and new funders to the COVID-19 Small Business Relief Fund established at CFSEM allowed us to deploy \$5 million dollars in grants for loan relief, rent relief, capital, and practical assistance, as well as to support the production of PPE in the early days when the demand for PPE was far greater than the supply. You will find more information on our COVID-19 grantmaking in the pages that follow.

Our media partners at Model D published a series of stories on our Detroit Innovation Fellows (DIFs) last year. Each story highlighted the work of the individual fellows, but also revealed the network they created and the ways they pivoted their work and formed partnerships to respond to the unexpected needs in their communities during the pandemic. More information about the DIF program can be found at DetroitInnovation.org.

As we look toward recovery amid the ongoing pandemic, strengthened by the leadership and commitment of existing and new funders, we remain committed to providing support to business support organizations (BSOs) that offer multiple access points to services for underserved small businesses. This group represents direct service providers including CDFIs, microfinance programs, affordable space providers, and business planning mentors. Also critical to our recovery will be the community development organizations that ensure businesses in their neighborhoods have information and connections to direct service providers. In addition to funding, these business support organizations will need to continue to work together in new and diverse ways to adjust to the new needs of the businesses they serve.

The Inclusive Small Business Support Network program and Fund will be launched this year, and while this transition is occurring, I want to thank my colleague Don Jones for his commitment to this work over the last ten years. Don is retiring at the end of July, and he leaves an important legacy of work for us to steward. Most importantly, Don was at the forefront of our neighborhood strategy and helped elevate the importance of neighborhood small businesses to the stabilization and revitalization of the commercial corridors in our city. A trusted colleague and advisor to many in the ecosystem, the NEI team wishes him well in his retirement. His commitment to inclusion, dedication to supporting our grantees, and good humor will be greatly missed.

Sincerely,

Pamela Lewis

Executive Director,

New Economy Initiative

RESULTS: 2020 AT A GLANCE

In 2020, NEI invested in 49 programs supporting southeast Michigan entrepreneurs through 53 grants totaling \$6,645,250 to 34 organizations. With NEI's support, these programs achieved the following outcomes last year:

4903 companies assisted

121 companies launched

Of the client companies served by NEI grantees...



are women-led



are minority-led



are women- or minority-led



are women- and minority-led



percent are immigrant-led

These companies

employed

leveraged

8,969 & \$311.4m

people

in capital in 2020

Where these companies are located:





city of Detroit

66%

Southeast Michigan

In addition to serving companies and founders, NEI's grantees have exposed thousands of southeast Michigan residents to opportunities to learn about entrepreneurship.

In 2020...

93,531

people were exposed to entrepreneurial services through more than

1,273

events, workshops, and programs hosted by NEI grantees

RESULTS: 2007—PRESENT

Since 2007, NEI has awarded 620 grants and \$127,036,798 to organizations that have achieved the following cumulative outcomes:

18,986 companies assisted

3,130 companies launched

These companies employed



44,565 people

and leveraged more than



\$1.89 Billion

in capital, and exposed



482,088 people

to entrepreneurial services through events, workshops, and programs hosted by NEI grantees.





In January 2020, no one imagined the challenges the country would soon face in health, the economy, and the renewed revelation of disparities for the microbusinesses in underserved communities that drive local economies. It was clear — very quickly — that the shutdown of businesses, a necessary step for community health, would be a significant obstacle for the very small businesses operating in our region.

In March, NEI staff contacted both non-profit business support organizations and small business owners, including the 144 businesses supported by NEIdeas. Three priorities of need were identified: capital support, practical assistance, and securing personal protection equipment. NEI took up the challenge of how to address these needs as quickly as possible for the greatest number of businesses supported by existing NEI grant money and new contributions from philanthropy.



Programs were developed with non-profit partners:

- Loan relief totaling \$1.1 million made six months of payments for 228 small businesses that had received loans from the non-profit lenders Build Institute/Kiva, Detroit Development Fund, Invest Detroit, Michigan Women Forward, and ProsperUS Detroit. The average monthly loan payment was \$800. In addition to providing necessary support for the businesses, this support also provided relief to the balance sheets of these lenders.
- Rent relief totaling \$980,000 was made for three to four months for 516 businesses. The average rent subsidy was \$4,200. The non-profit partners that administered the rent payments were Central Detroit Christian CDC, Eastern Market Corporation, Grandmont Rosedale CDC, Invest Detroit, Jefferson East CDC, and Midtown Detroit Inc.
- Stabilization funds were grants made to more than 1,100 businesses in Detroit, Hamtramck, Highland Park, Dearborn, Pontiac, and the Ann Arbor / Ypsilanti area. Included were the 144 past NEIdeas winners. Program partners were TechTown Detroit, ACCESS, Oakland Livingston Human Service Agency, Ann Arbor Spark, Invest Detroit Foundation, Michigan Women Forward, and Osborn Business Association. Total grant amount awarded was \$1.8 million with an average payment of \$1,700.

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Practical assistance: Small business owners were also asking for practical advice on the variety of challenges they were facing, including online marketing, employee retention, and assistance navigating federal and state programs. NEI made two grants totaling \$860,000 to Tech Town for the 313 Strong assistance program and to the Accounting Aid Society. More than 600 businesses were provided a range of services, from group sessions to 1:1 assistance.

NEI also partnered with Fiscal Management Associates (FMA), a national consultancy focused on nonprofits, to conduct two clinics to ensure NEI grantees and other nonprofit small business ecosystem partners had tools to complete the Payment Protection Plan loan application.



Personal Protection Equipment: To support the creation of Personal Protection Equipment (PPE), NEI made two grants totaling \$320,000 to the Empowerment Plan and Lawrence Technological University. Together, working in cooperation with the Industrial Sewing and Innovation Center (ISAIC), they produced more than 160,000 units of PPE for hospitals and non-profits throughout the state of Michigan.



Summary

All together these programs reached nearly 2,200 business, with the primary focus on those with less than 10 employees. And NEI and its partners continue to reach small businesses led by people of color, immigrants, and women. 60 percent of businesses served by NEI grantees are led by people of color and 70 percent by women.

To provide access to information for small businesses, NEI-funded resource navigation tool Startup Space created a landing page with current COVID-19 related resources, that received over 4,000 visitors in 4 weeks.

In addition to this work, NEI was a leader in the organizing of the city-wide small business pandemic relief efforts that came be known as Detroit Means Business. Grants of \$65,000 helped with initial staffing support at Detroit Economic Growth Corporation, website development, and support for the small business advisory team, the Stakeholder Advisory Group (SAG).







SMALL BUSINESS STORIES

There's a saying that goes, "It's only a gift if you give it away." Chef Bee — formally known as Harriette Brown — believes in that rule. For the past eight years, she's sold healthy fare to those who ask for it and given it away to those in need.

As the chef and owner of Sisters On A Roll, Chef Bee hosts pop ups on the east and west sides of Detroit, sells premade vegan wings, soups, and salads through wholesale distribution, and is known to gift meals to folks every Wednesday evening at the Rosa Parks Transit Center in downtown Detroit.

Since its founding in 2013, Sisters On A Roll has been moving to become a fully functional mobile cafe, complete with a food truck and trailer.

"One purpose for this business is healing people with food," Chef Bee says. "If we're stuck in one locale, we have to wait for people to come to us. But if we're mobile, we can take it to them."

In addition to signifying mobility, the Sisters On A Roll moniker also pays homage to Chef Bee's friend Sharon DuMas. For a graduation party in 2013, Dumas needed help getting around in her wheelchair and asked Chef Bee for assistance. Turns out, the party also needed a last-minute caterer. Chef Bee, equipped with crunchy egg rolls and Kool-Aid pies in her culinary repertoire, took the charge – much to the delight of partygoers.

Over the past few years, Chef Bee has been working to secure enough capital to fully transform the food truck and trailer into a mobile kitchen. And up until the onset of the COVID-19 pandemic, she was earning steady revenue hosting pop ups and working out of Nosh Pit

Over the past few years, Chef Bee has been working to secure enough capital to fully transform the food truck and trailer into a mobile kitchen.

in Hamtramck to prepare food for wholesale distribution.

"Catering was hit or miss, but we did pop ups every week all over the city, and our partnership with Nosh Pit was wonderful," said Chef Bee. "With Nosh Pit, we had kitchen time to develop new products and they were serving our food on their menu. Then, the pandemic hit and changed everything."

The ban on in-person dining during months-long stretches throughout 2020 nearly eliminated income for the business.

"Pop ups ceased; Nosh Pit closed. We had to get creative," she says.

For Chef Bee, creativity meant securing a new, albeit temporary, kitchen partner to hone her craft. Now, she's working out of a commissary kitchen at Marygrove Conservancy. The relationship has been critical not only in providing commercial kitchen space, but also time to experiment with vegan recipes inspired by non-vegan foods.

Her vegan wings have long been a hit, as well as her Angel Eggz,

a vegan take on deviled eggs that feature a potato or mushroom base and chickpea filling. Other favorites include the Stuff'd Soulman (salmon) with Skrimp seasoned with Creole spices and vegan lamb served with an asparagus stir fry.

Expanding her menu has been a reliable method to bring in more business during the pandemic. Because of heightened food safety measures required to curb the spread of COVID-19, food must be served in certified meal safe containers, which has required a significant increase in operating costs. That means no styrofoam – only containers that can fully seal and be reheated on a low temperature in an oven.

"Putting things in individual, certified meal safe containers makes sure everything is safe for you and the client – and eats up food costs," says Chef Bee. "For instance, we used to put salad right into a container with other portions of a meal, or people could simply add it to their food tray. Now, we have to prepare salads in individual, meal safe salad cups. It helps with both safety and portion control, but on the backside, it does eat up food costs. We have



to be creative in what we're offering to offset the cost of this new delivery system and still feed the same amount of people good, healthy food."

Before the pandemic, Sisters On A Roll distributed free meals to the food insecure at the Rosa Parks Transit Center in downtown Detroit. Last spring, Chef Bee suspended this service, but once businesses began to slowly reopen, she resumed.

For Chef Bee, the community service component of Sisters On A Roll is as vital to the business as getting the food truck up and running. It has been sustained by donations from individuals who enjoy her food and believe in her work.

To keep the for-profit side of the business strong, Chef Bee continues to form new business-to-business partnerships, apply for small business grants, and pivot to online service. The company's website is in development, the business sells wholesale to D-Loft Cafe in Oak Park, and Chef Bee also offers customizable meal subscriptions.

In the meantime, Sisters On A Roll hasn't lost sight of its main goal: to get on wheels. With a fully operational food truck and trailer opening opportunities for meal service all over Detroit, Chef Bee believes she can generate enough revenue to create new jobs by adding four people to her team.

Sisters On A Roll has seen success in that regard. Thanks to support from the New Economy Initiative through **Build Institute**, the company received roughly \$1,800 which paid off 20 percent of its outstanding **Kiva** loan.

Still, the business has a long way to go. "On the low end it will take another \$25,000 to outfit the truck and trailer to remain stationary and serve food," Chef Bee says. "At the high end, which is the design and goal for my business from the very beginning, we still need \$58,000 to refit our food truck so that it's a fully operational mobile cafe, where we bring the flavor of love to you."

Until she reaches that milestone, Chef Bee will continue to do what she can to serve Detroiters – whether they can pay her for her services or not.





SMALL BUSINESS STORIES

In recent years, Detroit's dining scene has garnered national attention. The opening of farm-to-table shared plates eateries, upscale cafes with lavender-infused lattes, and speakeasies boasting \$20 craft cocktails have become — to some — signposts of the city's "comeback" from a historic bankruptcy.

Amid the narratives of restaurant revivals, however, Juan Carlos Dueweke-Perez, founder of Detroit-based immigrant-owned marketing and public relations agency Featherstone, saw something different.

Dueweke-Perez noticed that a large section of the city's existing entrepreneurial infrastructure had been ignored in the shuffle. Dueweke-Perez's family had immigrated to the United States from Guadalajara as a child and was intimately familiar with how the community's informal economy helped provide opportunities for Detroit's Southwest side to thrive. As a kid, he helped his mother bake cheesecakes, which they would then sell by going door-to-door throughout the neighborhood.

But stories of small-scale, neighborhood businesses like his mother's were almost never highlighted. Carnicerias, taco trucks, mom-and-pop hardware stores, tire shops, and Mexican restaurants might have been long-standing pillars, supporting the city's economy, but you wouldn't have known it by reading most of the headlines in local and national media.

One barrier for outfits like Dueweke-Perez's in garnering the same attention as new Detroit restaurants and businesses has been a lack of publicity. Without the capital needed to hire a top-dollar PR firm or the literacy around what an effective marketing strategy can achieve, Black, Brown, Indigenous, and queer-owned businesses are more likely to fail.

Dueweke-Perez sought to change that.

In 2015, he launched what began as Featherstone Moments after completing a business accelerator program with **ProsperUS Detroit**. Much of Dueweke-Perez's early work centered on photography, providing customers with the type of Instagramworthy imagery to catch customers' eyes as they scrolled. He went on to become a technical service provider at ProsperUS, then at **TechTown Detroit**.

Soon, he was part of the entrepreneurial ecosystem. Dueweke-Perez trained with the Goldman Sachs 10,000 Small Businesses program and completed a fellowship at TechTown. His experiences would prove foundational in the trajectory of Featherstone, though that wouldn't be clear until 2020.

Dueweke-Perez's professional experiences helped him assist his clients in accessing the same kinds of resources that he received. He wouldn't simply settle on grabbing the type of exposure that better-resourced

ventures benefit from, but to help his clients navigate an ecosystem that they might not otherwise know about.

As the years have gone by, the Featherstone Agency team has grown to a crew of six experts: Mia Ruiz and Nadia Batayeh who handle social media: Sabira Rahman who specializes in public relations; Anaelmarlon Luzayamo, a full-stack web developer; and Lucio Delira, a strategist and content creator. In addition to hyping their clients' products and services, they focus on emphasizing the stories behind the people they serve. The intention is that customers will feel a deeper connection to the businesses' stories. That mission has only been reinforced by the COVID-19 pandemic.

"I think that what COVID did, is that it validated our model," Dueweke-Perez says. "It's easy to talk to (our clients) and say look, listen, people aren't just buying your food simply because it's good, people are buying it because they care about you. But in order for us to make a connection down the line... we have to feed different types of information to (the public)."

"I think that what COVID did, is that it validated our model," Dueweke-Perez says







Much of Featherstone's client-base is in the food service industry. In fact, before the pandemic hit, Dueweke-Perez and one of his collaborators, Monica Casarez (who was among the thousands of Detroiters who died from COVID-19 in the early months of the crisis) had been attempting to create a Southwest Detroit Restaurant Week that would rival other weeks-long dining events in the region. The pair pulled it off on a shoestring budget, collaborating with dozens of local eateries, who created special menus for the occasion and introduced customers to the vast culinary diversity of Mexican, Central American, and Caribbean cuisine.

When restaurants closed their dining rooms and dramatically changed their menus to comply with COVID-19 protocols, it became much more challenging for Featherstone's clients to create those types of events and connections with customers.

El Asador, the Mexican steak and seafood restaurant on Springwells in southwest Detroit had long been popular for its intimate dining room where guests enjoyed convivial service, personalized tableside guacamole service, and halal-friendly prime cuts of meat. Without that lively environment, Dueweke-Perez's team had to think of ways to help El Asador's proprietor Chef Luis Garza repackage parts of the El Asador experience.

As part of the restaurant's pivot, El Asador began offering spicy chorizo and potato tacos for Superbowl Sunday, sophisticated trays of Mole de Gallina, made up of juicy chicken thighs and legs that are simmered in Mexico's treasured mole sauce, and satisfying family-sized servings of enchiladas verdes, stuffed with juicy shredded chicken and topped with fire-roasted tomatillo sauce, sour cream, onions, diced crispy potatoes, and crumbly queso fresco.

"We have to think about how to make it easier for people to have the food in a somewhat similar experience... the experience in itself happens through the cooking, the heating, the tasting, and smelling. And of course, the service itself is not going to be the same, but we're also taking into consideration that families are at The effects of the pandemic have yet to be realized in the entrepreneurial ecosystem.

home and they're more than likely not going out. We just talk them through about how to hit multiple birds with one stone," says Dueweke-Perez.

Catering to customers while complying with COVID remains a challenge for traditional sit-down restaurants — regardless of the state's latest updates on dining restrictions. Even as restaurants have slowly begun to increase dine-in capacity, changes in how restaurants provide service are likely to continue beyond the pandemic. Other restaurants have experimented with selling meal kits online, converting dining rooms to makeshift grocery markets, and partnering with community organizers and nonprofits to feed food-insecure families.

Along with the pivots in client services, the pandemic has introduced Featherstone to a new client-base: some of the very entrepreneurial servicing agencies that gave him his start.

Featherstone was brought on to provide marketing consulting to ProsperUS, helping with digital marketing and PR. Dueweke-Perez also serves on a stakeholder advisory

board with **Detroit Means Business**, volunteer work that gives him a platform to share with multiple organizations just how his clients have been impacted by the pandemic. The team has also been working on a couple of proposals to provide other marketing and communications services and a marketing campaign. Eventually, Dueweke-Perez wants to find a way for his team members to not just be employees or partners, but to create a collective, one in which people of color have an equal voice in the direction of the work that they do.

The effects of the pandemic have yet to be realized in the entrepreneurial ecosystem. But it highlights the importance of the support systems that have been developing for years to empower the types of businesses that Featherstone works with.

For Dueweke-Perez, reflecting on his own entrepreneurial journey, he's pleased with the direction his work is taking.





SMALL BUSINESS STORIES

For many Detroit residents, finding a safe, inviting place for little ones to play can be a challenge. At least it was for Danielle North, who was living in Grandmont Rosedale with her young son when he asked to go play at an indoor playground in the suburbs.

The spot quickly became one of his favorites to socialize with other children and release his energy. Unfortunately, it wasn't anywhere close to home. North wondered if she could find something similar nearby in Grandmont Rosedale. A quick Google search found nothing. North wondered again: Why should something so abundant outside of Detroit's city limits be nonexistent in her neighborhood — let alone the entire city?



North started daydreaming about the type of space she, herself would create. She imagined something with colorful, kid-friendly playground equipment and a little lounge where parents could hang out – all indoors, so it could be enjoyed year-round.

Having recently left her job with Detroit Public Schools as well as operating her own K-12 consulting firm, North realized she was well-positioned to turn her daydream into reality.

"I said, I'm going to open an indoor playground for my kids. It doesn't exist and we deserve it," North says. "And all the kids in the neighborhood deserve it as well."

North began researching how such a space might fare in Detroit. She consulted data gathered by the **Grandmont Rosedale Development Corporation** to determine how many families lived in the area. She looked at its proximity to other neighboring Detroit communities, as well as its vicinity to freeways, which could make it appealing to folks in the suburbs. Finally, in 2016, North launched Kidz Kingdom – a children's play center housed inside

a 2,600-square-foot space in the Grandland Shopping Center on Fenkell at Grand River.

Since opening five years ago, North's journey as owner of Kidz Kingdom has been full of twists and turns. She is often educating families on what the space is, who frequently confuse it for a daycare. Others wonder if they can drop off their kids while they went shopping in the plaza next door? (Oh, and is it free?)

North learned to address all these questions and pivot her business as needed in her efforts to make the business thrive. She hired a licensed preschool staff member. She added a drop-in option for folks wanting to run errands and not have to worry about cranky kids. She started a date night feature, where parents could have a place where their youngsters could play while they wined and dined without worry. Parents could also rent out the space for private parties.

"I believe I've needed to pivot, reinvent myself and fight for my business all along since 2016, literally from the very moment of having a brick and mortar business," North says.

Those quick adjustments began to pay off, but she still faced challenges, including a constant battle with her landlord, a Europe-based developer who, she says, has no connection or interest in what was going on in Grandmont Rosedale, let alone the mission of Kidz Kingdom.

"It's just really difficult and frustrating. We actually need more programs in place to discourage landlords from being predatory against small business owners in the city of Detroit,"

North knew that land ownership would be vital if Kidz Kingdom was going to continue – another challenge in a market where buyers are frequently offering \$500,000 in cash on properties that would meet her needs while others, as North has noticed, don't even have walls.

On top of the challenges to lock in a deal on a new home for Kidz Kingdom, the COVID-19 pandemic hit.

Immediately, income from date nights and private parties evaporated, leaving the bulk of North's revenue tied to the childcare base. The end result: Kidz Kingdom closed for several months in

"I believe I've needed to pivot, reinvent myself and fight for my business all along since 2016, literally from the very moment of having a brick and mortar business," North says.





2020, while North, pivoting yet again, sought resources in the forms of philanthropy and grants, particularly as a licensed childcare provider.

Kidz Kingdom's designation as a licensed childcare provider helped tremendously when the state of Michigan's Department of Health and Human Service began providing subsidies to childcare providers to assist families in need of childcare services during the pandemic. Kidz

Kingdom also was able to receive PPP, Economic Injury Disaster lending from the **Small Business Administration**, loan forgiveness for a loan that North received through **ProsperUS Detroit**, and a few months of rent forgiveness.

"That was just groundbreaking, you don't see that (kind of support) as a business owner," says North. "While COVID has been, oh boy, we've been hard hit it's also been somewhat of a

blessing in disguise because we would have never seen this kind of support. It took business owners to go through a pandemic for the world to realize that, you know, business owners need help. They struggle. We've always needed low-interest loans.

Indeed, COVID-19 demonstrated how necessary it is for small business owners to be able to access low-interest loans, grants, and other sources of backup to deal with the uncertainties of landlords, or, even other unforeseen matters like a global health crisis. Having those resources in place helped North navigate the early months of the pandemic.

"I'm confident that we're going to pull through because I'm not going to give up, but I see that this isn't going to be an easy hill to climb," North says.

As for the immediate future, North says that she was getting ready to sign a four-month extension on her lease, which was set to expire in March. In February, she said that she was hoping to make some progress in identifying and securing a loan on the ideal property in her community to build a permanent home for Kidz Kingdom.

In the meantime, North has also developed other ways to bring playtime to families can't make it out to the playground. In December, she launched an online toy store featuring multicultural toys, books, games, and activities that promote acceptance of other cultures and education through play. Among the items on inventory is a book North wrote, "American Families & 'The Talk,'" based on an op-ed she penned for the *Detroit* Free Press. The book addresses the difficult conversations that many families – such as her own – have recently had on the topic of racial justice in response to the events that took place in communities across the country last summer.

As North continues her mission to support children and families in her community, she has no doubt that she will keep pivoting to meet needs as they arise, whether through a book, a toy store, or – in the case of Kidz Kingdom – a multi-faceted place that kids and parents alike can enjoy.





In a chaotic and challenging 2020, NEI focused on a path forward. A path to ensure that as the economy recovers over the next three to five years, underserved small businesses are served by a strong, inclusive, networked set of supports so the local economy and neighborhoods continue to grow and prosper.

This path was charted by a decade of learnings from grantmaking and programs, as well as insights gathered by listening to small business owners, civic partners and business support organization leaders who are committed to strengthening underserved small businesses—leaders who agree that underserved small businesses must not be disproportionately left behind in the recovery.







Today, NEI has sharpened its focus to preserve and strengthen the network of support for smaller small businesses – those with 2 to 50 employees – with an emphasis on microbusinesses led by people of color and women in Detroit and Wayne County. The need for a strong network of small business support organizations (BSOs) offering capital, practical assistance, information, and trusted connections to resources that can assist small businesses through this difficult period is more important than ever.



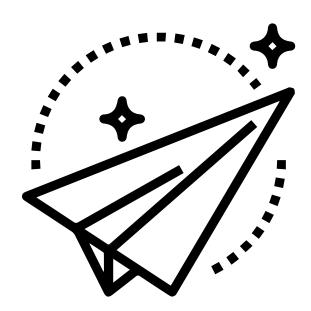
Beau Bien Fine Foods, Blessed Beginnings Learning Center, Bon Bon Bon, Taqueria El Nacimiento, ESI Hardware Store, Lush Yummies Pie Co., Nandi's Knowledge Cafe, Naturalicious, Painexx Corporation



The Problem

Existing small businesses led by people of color, immigrants, and women are disproportionately disconnected from capital, resources, and strategic social networks that provide them an equal opportunity to start, grow, and thrive. This was true prior to the COVID-19 crisis. In fact, it was the primary driver of the philanthropic funded network

of support for small businesses that NEI has nurtured for years. Even though much has been accomplished, ongoing barriers to relief programs, practical assistance, and access to capital were illuminated and intensified during the pandemic when the scale of need catapulted.



The Solution

To appropriately resource the business support network going forward, NEI championed the creation of a new, \$22 million Inclusive Small Business Support Network Fund (the "Fund") at the Community Foundation for Southeast Michigan with three purposes:

First, to provide reliable operating support over a period of at least three years for the existing business support organizations, inclusively and effectively supporting underserved small businesses in Detroit and neighboring underserved Wayne County communities. These BSOs will be the key partners in the Inclusive Small Business Support Network.

Second, to provide five years of support to activate a new, solely focused stewardship role for the Network (the "Network Director - Director Office"), hosted at Invest Detroit, to make sure the network of support for underserved small businesses in the target geography is known, relevant, accessible, and easy to navigate for underserved business owners and those assisting them.

Third, to advocate for and encourage public and other private funding to support additional programming focused on underserved small businesses across the state, and to share the research and insights of NEI with communities in Michigan and across the U.S. as the entire country seeks to recover.

Building and strengthening the Network is a high priority for this next phase of NEI. What we have learned from our work is that all stakeholders with a mission to help small business grow and thrive are stronger when working together.

Small businesses and entrepreneurs are a driving force of job creation and economic growth. Providing accessible capital, support, and resources to underserved small businesses can change the trajectory for struggling neighborhoods, build wealth among entrepreneurs of color and women, and improve the economy, overall.







Detroit Innovation Fellowship (DIF)

In July 2018, NEI launched the Detroit Innovation Fellowship (DIF), a talent-development program that promotes and invests in social entrepreneurs leading projects to strengthen neighborhoods in Detroit, Hamtramck, and Highland Park. The program completed its second and final cohort in 2020, with twelve fellows representing nine projects selected to participate. Get to know the fellows and learn more about their projects at DetroitInnovation.org.

Each fellow received a stipend (\$10,000 per project), as well as additional funding for professional development. In 2020, fellows met in-person before the COVID-19 pandemic, and then met virtually, to learn from experts and discuss the challenges and opportunities their projects face. NEI engaged the Urban Consulate to manage and facilitate these meetings, which are designed with input from the fellows. To date, fellows have used their funds to collaborate on design and

construction projects, create inclusive community spaces, and mitigate blight in neighborhoods.

To close out DIF, NEI partnered with Issue Media Group to publish a series of stories celebrating the fellows of the 2019-2020 cohort, as well as a special report of the program, in Model D. These stories highlighted the spirit of collaboration and community between the fellows and how they sustained their projects through COVID-19. For example, when the pandemic hit, Mose Primus of Yorkshire Woods teamed up with fellow cohort member Tammy Black of Jefferson Chalmers, to give away produce boxes to residents in need. In Warrendale, fellows Barb and Joe Matney set up a food distribution program at their community garden on Minock Street and Whitlock Avenue. More on the current work of the fellows and the complete series of stories can be found at ModelDMedia. com/series/detroit-innovation.aspx.







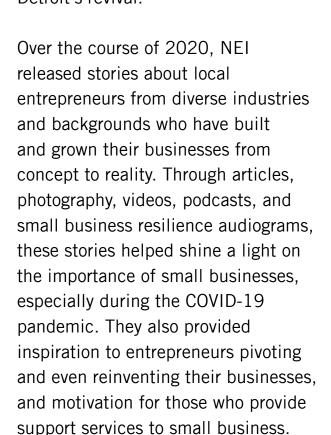
In Memory of Samoy Smith

On April 14, 2020, Detroit lost Samoy Smith, a member in the 2018-2019 Detroit Innovation Fellowship cohort. Samoy was a social entrepreneur, community leader, mother, and friend. She was diagnosed with stage four lung cancer in the spring of 2019 at the age of 32, and after a year of treatment and struggle, she lost her fight. Samoy is survived by her husband Erik and their three young children.

Samoy was one of the brightest lights that the NEI team has had the honor of knowing. She was passionate about children, education, and being a steward of the community. Creating Space Detroit, one of the nonprofit organizations Samoy founded, is still working to beautify unused parts of the Bagley neighborhood. To contribute to their projects and help Samoy's legacy live on, visit CreatingSpaceD.org.

In Good Co. Detroit

In November 2019, with support from the John S. and James L. Knight Foundation, NEI launched In Good Co. Detroit – a storytelling campaign designed to celebrate Detroit entrepreneurs and inspire residents to see themselves in narratives of Detroit's revival.



In Good Co. Detroit also featured a directory of hundreds of business support resources that are available



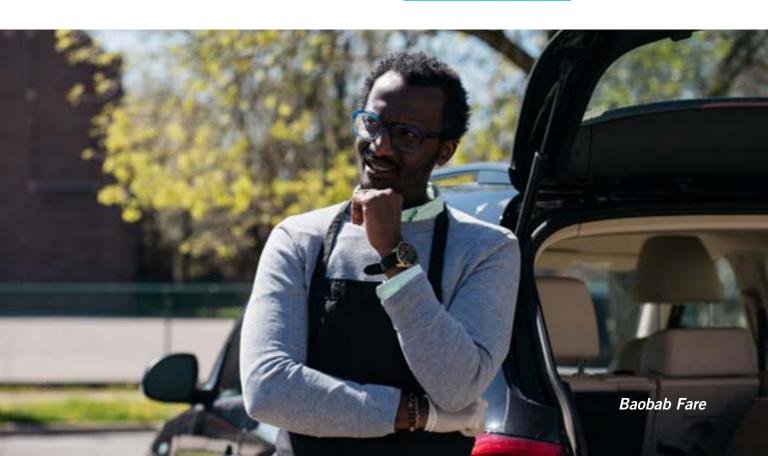
at InGoodCoDetroit.com through the resource navigation tool Startup Space. Through the site, entrepreneurs can locate service providers dedicated to helping small businesses grow and thrive in southeast Michigan. An additional Startup Space landing page was built to respond to the need of small businesses to access information on COVID-19 specific resources and grant opportunities in real-time.

The campaign concluded with the virtual event In Good Co. Detroit Live – a day packed with sessions that brought small business owners, investors, and service providers together to share key insights and opportunities for success during the challenges of the pandemic.

NEI is dedicated to connecting small businesses and future entrepreneurs to people and resources that can support their growth and goals.

Now more than ever, NEI is dedicated to connecting small businesses and future entrepreneurs to people and resources that can support their growth and goals. The inspiration and information shared by the In Good Co. Detroit and Startup Space team throughout the campaign demonstrated the power of storytelling and making knowledge more accessible to small business owners.

To watch, read, and listen to the entrepreneurs featured in the In Good Co. Detroit storytelling campaign, visit InGoodCoDetroit.com.







NEInsights.org

What happens when inclusion is the starting point for a small business development strategy in underserved communities? This is the fundamental question that drives the work of NEI, day-to-day, and what motivates NEI to advocate for focused investment in inclusive economic development.

Drawing on NEI's 14 years of concentrated investment and focus on supporting underserved businesses in the region and in Detroit, NEInsights.org was developed in 2020 and launched at the beginning of 2021, to serve as an online knowledge platform that documents NEI's history and serves as a guide for other communities seeking to activate equitable strategies for small business growth.

NEI's goal through <u>NEInsights.org</u> is that other communities will prioritize an inclusive focus to their economic development and advance policies so that more public resources go to this focus, ensuring a more equitable future for small businesses.

Learn about NEI's path to focusing on underserved small businesses through the interactive timeline under the history section, explore the how-to guide, and discover dozens of resources, including new case studies, to support your own journey to build an inclusive small business support network at NEInsights.org.





GOVERNANCE

The New Economy Initiative is a special project housed within the Community Foundation for Southeast Michigan (CFSEM). Since its inception in 2007, 13 national and local foundations have committed a total of \$159 million in support of NEI. The CFSEM board of trustees officially approves NEI grants, which are recommended by the NEI grant review committee, a sub-group of the NEI Steering Committee.

The NEI Steering Committee, chaired by Steven Hamp, is responsible for the strategic direction of NEI. The committee consists of local entrepreneurs, representatives of NEI funder organizations, and civic and corporate leaders immersed in regional economic development in southeast Michigan. A new advisory structure for NEI will be activated in 2021.

2020 NEI Steering Committee Members

Steven Hamp, Chair

Pamela Lewis, Executive Director, New Economy Initiative

Lizabeth Ardisana, CEO, ASG Renaissance

Lavea Brachman, Vice President of Programs, Ralph C. Wilson, Jr. Foundation

Ralph J. Gerson, Board Member, William Davidson Foundation

Paul Glomski, CEO and Co-founder, Detroit Labs

Lydia Gutierrez, President, Hacienda Foods

Wendy Lewis Jackson, Managing Director, Detroit, Kresge Foundation

Faye Nelson, Michigan Director, W.K. Kellogg Foundation

Mariam C. Noland, President, Community Foundation for Southeast Michigan

Chris Rizik, CEO, Renaissance Venture Capital Fund

Kevin Ryan, Program Officer, Ford Foundation

Veronika Scott, Founder, The Empowerment Plan

Nathaniel Wallace, Detroit Director, Knight Foundation



GRANTS

In 2020, NEI made 53 grants totaling \$6.64 million in response to the impact of the COVID-19 pandemic on small businesses in our region and to support business services organizations.



Approved NEI Grants-Small Business COVID-19 Relief Fund

LOAN RELIEF GRANTS

The loan relief program provided immediate assistance to existing borrowers of NEI-funded community development financial institutions (CDFIs) and microfinance program providers who are a part of Detroit's coordinated small business support network. This program relieved borrowers of loan payments for six months, freeing up cash to address other capital needs, protect credit scores, and stabilize the balance sheets of nonprofit community lenders. A total of 260 borrowers received the benefit, at a total cost of \$1.1 million.

Build Institute

\$36,500

support for loan relief intervention to provide six months of loan payments to small business borrowers in response to the COVID-19 crisis

Detroit Development Fund/Detroit Community Loan Fund

\$546,000

support for loan relief intervention to provide six months of loan payments to small business borrowers in response to the COVID-19 crisis

Invest Detroit Foundation \$212.000

support for loan relief intervention to provide six months of loan payments to small business borrowers in response to the COVID-19 crisis

Michigan Women's Foundation/dba Michigan Women Forward

\$159,000

support for loan relief intervention to provide six months of loan payments to small business borrowers in response to the COVID-19 crisis

Southwest Economic Solutions/ ProsperUS Detroit

\$131,000

support for loan relief intervention to provide six months of loan payments to small business borrowers in response to the COVID-19 crisis



RENT RELIEF GRANTS

The rent relief program provided immediate assistance to existing tenants of NEI-funded community development organizations (CDOs) and landlords associated with Detroit's Neighborhood Strategic Fund, focusing assistance on high-priority commercial corridors in neighborhoods across the city and in downtown Detroit. This program relieved tenants of rent expenses for up to three months, freeing up cash to address other capital needs, secure their physical locations, and stabilize the balance sheets of CDOs and strategic landlords. Approximately 600 small businesses received this benefit, at a total cost of \$980,000.

Central Detroit Christian Community Development Corporation \$22,000

support for rent relief intervention to provide rent payments for small business tenants in strategic neighborhood business districts impacted by the COVID-19 crisis

Eastern Market Corporation \$122,000

support for rent relief intervention to provide rent payments for small business tenants in strategic neighborhood business districts impacted by the COVID-19 crisis

Grandmont Rosedale Development Corporation

\$24,000

support for rent relief intervention to provide rent payments for small business tenants in strategic neighborhood business districts impacted by the COVID-19 crisis

Invest Detroit Foundation \$500,000

support for rent relief intervention to provide rent payments for small business tenants in strategic neighborhood business districts impacted by the COVID-19 crisis

Jefferson East Inc. \$12.000

support for rent relief intervention to provide rent payments for small business tenants in strategic neighborhood business districts impacted by the COVID-19 crisis

Midtown Detroit Inc. \$300,000

support for rent relief intervention to provide three months of rent payments for storefront businesses during the COVID-19 closing of neighborhood business districts

METRO DETROIT PPE COLLECTIVE GRANT

Two grants were made to support the Metro Detroit PPE Collective which provided tens of thousands of FDA approved gowns to medical staff across the city, region and state; preserved some of our most vulnerable workers, recently homeless women, who are employed at the mission-based Empowerment Plan; and demonstrated the exponential benefit of collaborations that engage the innovative talents of nonprofit, small business, and corporate leaders.

Empowerment Plan \$300,000

support for a partnership with Industrial Sewing and Innovation Center (ISAIC) for the development of personal protection equipment for communities in need related to the COVID-19 crisis

Lawrence Technological University/ Centrepolis Accelerator \$70,500

support for the development of personal protection equipment for communities in need related to the COVID-19 crisis



STABILIZATION FUNDS AND TECHNICAL ASSISTANCE GRANTS

Six stabilization fund programs provided immediate capital to microbusinesses (under 10 employees) that are led by owners who have annual incomes less than 80% of the average median income (i.e., \$46,000 for a single person). These programs provided direct grants ranging from \$1,000 to \$5,000 for small businesses in five underserved communities in Wayne, Oakland, and Washtenaw counties. Grants were also made to four technical assistance service providers to provide additional resources (accounting, legal/HR, marketing et al) to the small business owners who received grant funded support throughout the COVID-19 crisis. The total cost of this effort was \$2.6 million.

Accounting Aid Society \$160,000

support for financial coaching for small businesses receiving COVID-19 relief funds

Ann Arbor SPARK Foundation \$180,000

support for emergency capital for neighborhood small businesses facing disruptions in operations due to the COVID-19 pandemic

Arab Community Center for Economic and Social Services (ACCESS) \$165,000

support for the Dearborn Small Business Relief Fund to provide emergency capital for neighborhood businesses facing disruptions in operations due to the COVID-19 pandemic

Detroit Economic Growth Association \$25,000

support for a partnership with the Detroit Means Business initiative to provide human resource technical assistance to small businesses in the recovery phase of the COVID-19 pandemic

Detroit Economic Growth Association \$40.000

support to provide project management for the Detroit Means Business (DMB) initiative to assist small businesses during the COVID-19 pandemic

Eastern Michigan University Foundation \$48,500

support for Michigan Small Business Development Center (MI-SBDC) to offer support services to Detroit area neighborhood businesses

Invest Detroit Foundation \$150,000

support for the Tech Startup Stabilization Fund to provide urgent capital for operational support for companies impacted by the COVID-19 pandemic

Matrix Human Service \$400,000

support for a partnership with Osborn Neighborhood Alliance to provide emergency capital for neighborhood small businesses and social enterprises facing disruptions in operations due to the COVID-19 pandemic

Michigan Women's Foundation/ dba Michigan Women Forward \$100,000 (\$50,000 from COVID-19 Small Business Relief Fund; \$50,000 from NEI3)

support for matching funds to provide urgent capital for womenowned companies impacted by the COVID-19 pandemic and for general operations

Wayne State University Research & Technological Park (TechTown) \$650,000

support for the Detroit Small Business Stabilization Fund to provide emergency capital for neighborhood businesses facing disruptions in operations due to the COVID-19 pandemic

Wayne State University Research & Technological Park (TechTown) \$700,000

support for coordination and delivery of technical assistance for small businesses receiving COVID-19 relief funds



NEI also made 10 grants totaling \$760,000 to support business services organizations in 2020 through our traditional grantmaking program.

Allied Media Projects Inc. \$175,000

support for the Equitable Internet Initiative in five neighborhoods in the city of Detroit

Build Institute \$112,000

support for entrepreneur and small business education programs

Endeavor Detroit \$40,000

support for the ScaleUp program to support selected early stage, highgrowth entrepreneurs

Lawrence Technological University/ Centrepolis Accelerator \$100.000

support for the LTU Centrepolis Accelerator Evergreen Fund to provide capital to hardware and tech enabled companies

Miami Foundation \$20.000

support for Urban Consulate-Detroit to organize a virtual crosscity exchange to advance Detroit Innovation Fellows work to build more equitable & sustainable communities

Michigan Community Resources \$120,000

Support to manage the NEI Neighborhood Business Initiative Worktable

SCORE Southeast Michigan \$31,500

support for mentor recruitment and to expand programming in the seven counties of southeast Michigan

Southwest Detroit Business Association \$35,000

Support for the real estate advocacy program that will increase and support brick-and-mortar businesses in southwest Detroit

University of Michigan, Board of Regents \$60.000

Support to UM Detroit Neighborhood Entrepreneurs Project to offer technical assistance programming to past NEIdeas winners and other neighborhood small businesses in metro Detroit

Venture Catalyst \$80,000

Support to provide accessible programming and mentorship for diverse high-growth startups in southeast Michigan



Three grants were made in the final year of the Youth Entrepreneurship Learning Initiative to support the expansion of entrepreneurial training to youth in metro Detroit. This project is a partnership between the C. S. Mott Foundation, the New Economy Initiative and the Community Foundation for Southeast Michigan.

Detroit Area Pre-College Engineering Program (DAPCEP) \$50,000

Support for STEM Entrepreneurs, an expansion of a youth entrepreneurship program

Detroit Food & Entrepreneurship Academy \$50,000

Support to expand youth entrepreneurship programming

Give Merit, Inc. **\$50,000**

Support to implement 11th and 12th grade curriculum for a cohort-based program for high school students in Detroit

Finally, NEI approved grants to provide support to 16 Business Support Organizations (BSOs) who are providing vital services to the small business community in Detroit and Wayne County during this critical COVID-19 recovery phase. These grants are for four months (January – April) to provide support as a bridge to the next round of NEI funding. The amounts represent the prorated amounts for four months based upon their PY 2020 grant amounts.

ACCESS Growth Center \$49,250

support to extend the work of grant 2019-7260 to support the Entrepreneurial Growth Program to provide training and technical assistance for immigrant and non-English speaking populations to develop and grow businesses

Accounting Aid Society \$37,000

support to extend the work of grant 2019-3204 to support the Accounting Aid Academy to provide accounting and tax assistance services to small businesses

Build Institute \$50,000

support to continue the work of grant 2020-6741 for entrepreneur and small business education programs

Central Detroit Christian Community Development Corporation \$25,000

support to continue the work of grant 2019-7236 for support for business development and stabilization services for businesses in Detroit Central Woodward/North-End neighborhood



Detroit Development Fund/Detroit Community Loan Fund \$40.000

support to continue the work of grant 2019-7262 to operate the BizLoan Fund that will provide capital and technical assistance to underestimated businesses in Detroit, Hamtramck, and Highland Park

FoodLab Detroit \$38,000

support to extend the work of grant 2019-7237 to provide support for the accelerator program for food entrepreneurs in Detroit

Global Detroit \$50,000

support to extend the work of grant 2019-7254 to connect international talent to the Detroit region's innovation community and to enable business growth for immigrant entrepreneurs

Grandmont Rosedale Development Corporation \$25,000

support to continue the work for grant 2019-3205 to support business development and commercial activation work on the Grand River corridor in the Grandmont Rosedale community

Jefferson East Inc. \$20.000

support to continue the work of grant 2019-2853 to support the development of mixed-use properties in the Jefferson-Chalmers neighborhood

Michigan Women Forward \$50,000

support to extend the work of grant 2019-2938 to provide education, capital, technical assistance, and mentoring to economically disadvantaged women entrepreneurs in the Detroit region

Midtown Detroit Inc. \$42.000

support to continue the work of grant 2019-2940 to support the expansion of the Small Business Program to businesses in neighborhoods adjacent to Midtown

Osborn Neighborhood Alliance \$33,500

support to continue the work of grant 2019-7110 to provide support to assist new and existing neighborhood businesses to establish and grow by connecting them to support resources and business mentoring and coaching

ProsperUS Detroit \$45.000

support to continue the work of grant 2019-7238 for ProsperUS Detroit, a place-based economic development initiative that supports neighborhood entrepreneurs and small businesses

SCORE Detroit \$14,000

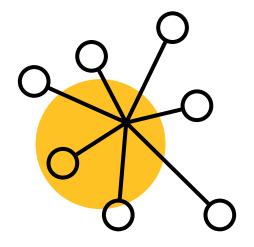
support to continue the work of grant 2020-6743 for mentor recruitment and to expand programming in the seven counties of southeast Michigan

Southwest Detroit Business Association \$20.000

support to continue the work of grant 2020-8594 for real estate advocacy program that will increase and support brick-and-mortar businesses in southwest Detroit

Wayne State University Research & Technological Park (TechTown) \$129,500

support to extend the work of grant 2019-3206 to support the Detroit-based high-tech business incubator and accelerators, a neighborhood business support program, and a regional MedHealth Innovation Cluster





NEI STAFF

MARY FULMER,

Program Officer

DONALD JONES,

Associate Director

PAMELA LEWIS,

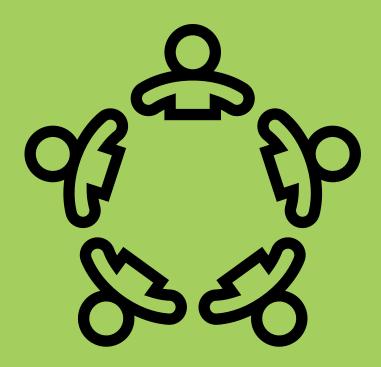
Executive Director

ANGELINA STARCESKI,

Communications Associate



PARTNERS AND CONSULTANTS



NEI engaged the following consultants in 2020 to strengthen and inform its work

313 Creative

Provided strategic counsel to the NEI team.

Adina Astor Consulting

Conducted ecosystem assessment and evaluation activities.

Build Create Studios

Provided technical support to NEI's digital communications efforts, including its website and e-newsletters.

Shannon Cason

Hosted and created podcasts and conducted interviews of entrepreneurs for In Good Co. Detroit.

Serena Maria Daniels

Interviewed entrepreneurs and wrote articles of entrepreneurs for In Good Co. Detroit and NEI's annual report.

EarlyWorks, Ilc

Provided strategic counsel for messaging, fundraising, and communications; supported the development and execution of NEInsights.

Eckblad Group

Provided training and support to align the technical assistance programs of NEI partner organizations.

Growth Capital Network

Captured grantee metrics and annual client data; supported staff in further development of the NEI Grant Progress Network database and data analysis.



Issue Media Group

Published a series of stories through *Model D* on NEI's Detroit Innovation Fellows.

Ali Lapetina Photography

Captured images of the In Good Co. Detroit entrepreneurs; provided photographic content for NEI's Annual Report.

Amanda Lewan

Assisted with social media strategy and account management for NEI and Pamela Lewis.

Lovio George

Provided strategic council, design, public relations, and media support to NEI leadership and staff.

Stephen McGee

Directed, edited, and produced films of entrepreneurs for In Good Co. Detroit.

Michigan Community Resources

Managed the NEI Neighborhood Business Initiative worktable and its subcommittees.

Nick Hagen Photography

Provided photographic content for NEI's annual report.

Projects+PEOPLE

Led the community outreach efforts of In Good Co. Detroit.

Spring Management Systems

Supported the NEI Grant Progress Network database and expanded its reporting functionality.

Startup Space

Provided support and assistance with the NEI Startup Space hub platform management; supported the NEI Small Business Survey conducted in fall and winter.

Unsold Studio

Provided graphic design services for NEI's 2020 annual report.

Urban Consulate

Coordinated and convened the Detroit Innovation Fellowship program.

Who's That?

Provided graphic design and consultant services for NEI communications efforts and programs.



CONTRIBUTORS

EDITING

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Space Lab

DESIGN

Unsold Studio





MAKE IT YOUR BUSINESS.

Annual Report 2020
A Network Response for Inclusive Small Business Support
Published April 2021