



CASE STUDY:

NEIDEAS



NEIdeas winner LaShawn Bridges, owner of Blessed Beginnings, llc., in her new location in Detroit.

PROBLEM

Detroit did not have a cohesive ecosystem to support the economic growth of neighborhoods through small business ownership. Older businesses in marginalized areas throughout the city were as critical to the economy as start-ups, yet many lacked access to traditional sources of capital. In most instances, these “mom and pop” establishments were neighborhood anchors, owned by BIPOC residents, that had been catering to an underserved population for generations. And those long-time small business owners felt ignored and left behind by the attention being focused on start-ups.

Another challenge of establishing an infrastructure to support small businesses at the local level was that many of them defied the generally accepted definitions of “entrepreneur” and “business.” Enterprises without storefronts, operated out of homes, were not perceived as legitimate.

In order to offer an inclusive strategy for inspiring economic development, NEI had to expand the reality and perception of its investments beyond new, tech-focused companies that were primarily based in the Detroit region and across southeast Michigan. It also had to broaden its thinking about what a business was and who entrepreneurs were to achieve its goal of making wealth and prosperity available for all.

SOLUTION



In 2014, the New Economy Initiative launched **NEIDEAS: REWARDING IDEAS FOR BUSINESS GROWTH**, an outreach effort and challenge geared toward existing businesses in Detroit, Hamtramck, and Highland Park — “been-ups” instead of “start-ups.” (Been-ups were businesses that had been formed for at least three years before the application submission date.)

The program rewarded those with the best ideas for growth through two challenges:

1.

one that provided \$10,000 to businesses with annual gross revenues of less than \$750,000 and

2.

one that offered \$100,000 to enterprises grossing between \$750,000 and \$5MM yearly.

Rather than glorifying cash as the central “prize,” the monetary awards served as incentives to engage these small businesses in ecosystem-building activities to stabilize and strengthen their companies and, by extension, the neighborhoods in which they existed.

NEIdeas was the product of much discussion between NEI staff, community organizers, and local business advocates. It was an answer to how to be as inclusive as possible with philanthropic support and acknowledge the role small businesses had played in the evolution of Detroit and urban communities sharing the city’s border. It also generated an inventory of small businesses that included a compilation of their needs and the ways to assist them. This information helped identify content experts who were matched with awardees to fill operational gaps like accounting, web development, and marketing.

Prior to introducing NEIdeas to small businesses, 30 **NEIGHBORHOOD “AMBASSADORS”** were selected to establish trust within each of the target areas. These consisted of people associated with churches, community organizations, and other familiar sources and locations that became NEI information hubs. Grassroots businesses interested in participating in the challenges could visit any of them and complete a streamlined application that did not require detailed documents or extensive computer skills. Applicants simply had to have been operating three-or-more years, employ at least two people, and be seeking ways to expand their business. Applications and other publications were printed in five languages to accommodate and reflect the three target communities’ diversity. The program was promoted through radio ads, public sessions, printed materials, and past winners’ stories. Each competition culminated in an event that shined a light on “been-ups” contributions and reminded them of their value.

NEIdeas stopped offering cash awards in 2018 to focus on making connections for and providing technical assistance to past winners and applicants. Given the city’s environmental changes and the influx of business planning competitions, NEI felt it had fulfilled its purpose in this arena. Additionally, it had demonstrated how philanthropy could catalyze economic growth and serve as a road map for municipalities looking to foster small business development at a localized level.

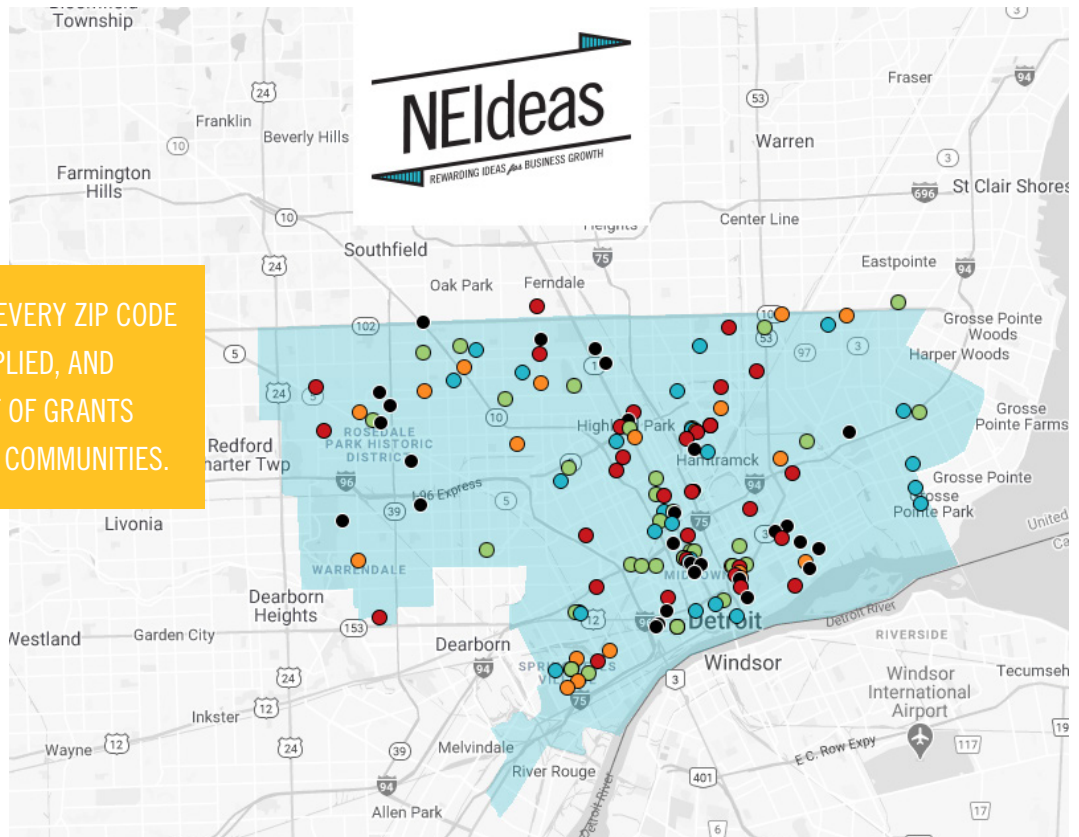
RESULTS

PEOPLE AT THE NEIGHBORHOOD LEVEL OFTEN FEEL LEFT BEHIND BY PHILANTHROPY, BELIEVING THAT IT IS ONLY INTERESTED IN INVESTING IN COOL OR GLITZY. A HALLMARK OF NEIDEAS’ SUCCESS WAS CHALLENGING THAT PERCEPTION BY EMPHASIZING INCLUSION, AND CELEBRATING AND SHOWCASING INCLUSIVITY THROUGH PROFESSIONAL IMAGERY AND MEDIA CHANNELS. BUSINESSES IN NEARLY EVERY ZIP CODE IN THE TARGET AREA APPLIED, AND MORE THAN 35 PERCENT OF GRANTS WENT TO HIGH-POVERTY COMMUNITIES.

The cross-section of business types represented in the competition was also inclusive. Hardware, book, and clothing stores; natural hair care salons and barbershops; bakeries, delis, and vegan restaurants; designers, manufacturers, and tailors were among the NEIdeas’ winners. Several home-based businesses also received funding.

**MAP SHOWING NEIDEAS WINNERS ACROSS THREE MUNICIPALITIES:
DETROIT, HIGHLAND PARK AND HAMTRAMCK**

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- 2018 Winners
- 2017 Winners
- 2016 Winners
- 2015 Winners
- 2014 Winners

Anecdotally, NEIdeas success is seen in the potential impact it had on recipients' lives and generational trajectory. Beyond funding, the program connected community-based entrepreneurs with resources that helped them professionalize and stabilize their businesses. By increasing the likelihood of their survival, these small enterprises became reliable sources of income, improved their owners' economic status, and provided future places of employment for neighborhood residents.

NEIdeas also ushered in a wave of business plan competitions that prioritized accessibility. Motor City Match and Motor City Re-Store and Rocket Mortgage Detroit Demo Day are prime examples. These programs foster entrepreneurship by awarding grants to new and established businesses and those looking to rehabilitate storefronts.

WHAT WE DID WELL

Approaches and activities that NEI did well in launching, growing, and promoting this initiative:

1.

Acknowledging the importance of existing small businesses to a healthy local economy and developing a multi-pronged outreach approach to include them.

2.

Using familiar community resources as champions to build trust among entrepreneurs working in marginalized and impoverished areas. (Neighborhood ambassadors were key to the program's outreach and ultimate success.)

3.

Breaking out of the traditional philanthropy box and experimenting with strategies to get capital to participants in accessible and impactful ways.

4.

Lifting up the work of underserved and overlooked neighborhood economic anchors by telling their stories and celebrating their contributions. Each year a major celebration (versus a stuffy award ceremony) was held to announce the winners. Beautiful photography and video was dedicated to capture the stories of NEIdeas winners and contribute to a narrative about the extraordinary diversity of small business owners.

WHAT WE MISSED

IN REFLECTING BACK...

- Misjudging the number of resources necessary to execute the matchmaking component between small businesses and the resources that they needed. Adding a staff person to solely be responsible for connecting businesses to the capital and practical assistance they needed would have built the ecosystem of support more quickly.
- Offering the competition beyond its useful shelf-life. NEIdeas was never just about giving out cash, but rather identifying small businesses, better understanding their needs, and pointing them to resources that had been activated by NEI's funding. Once that happened, which was about three years into the competition, it probably could have ended, and the focus shifted to capacity building.

IN LOOKING FORWARD...

- Resist becoming enamored with the competition or process as opposed to its objective or outcome.
- Focus on removing barriers and providing resources rather than believing that people need to be saved — entrepreneurs working in Detroit's neighborhoods are filled with talent, drive, and know-how.