

**Grant Period:** October 1, 2020 – September 30, 2021

## **Overview and Context**

The Diversifying Ownership Pilot (DOP) was conceived to expand Black and Latino ownership of high-growth businesses by preparing them to acquire growing companies, as an enhancement to the Southland Development Authority's (SDA) Southland Equitable Recovery Stimulus Program. The DOP scope of work proposed using specific criteria to identify both companies for sale and high-capacity entrepreneurs of color and facilitating strategic company acquisitions and phased ownership transfers. It included deal sourcing, legal and financial structuring, market analysis and new business development as well as ongoing mentoring for emerging entrepreneurs through the SDA.

As the DOP team began identifying and engaging both for-sale businesses and entrepreneurs of color, several lessons emerged (see "Challenges, Opportunities, and Learnings," below). These caused the team to change course during the Grant Period, and the decision was ultimately made – led by the SDA – to revise its strategy for supporting business ownership by entrepreneurs of color. The SDA is pursuing public and philanthropic grants to create a fund that will provide financial resources to entrepreneurs of color in support of their due diligence activities and the acquisition transactions themselves. The activities executed and deliverables created by TREND during the Grant Period for DOP help lay the foundation for the SDA's implementation of that new strategy.

## **Narrative Report**

During the Grant Period, the DOP has collaborated on a range of activities to develop a strategy to (a) identify and engage growth companies that may be available for sale in the Southland, and (b) recruit and prepare entrepreneurs of color who may be interested in acquiring them.

### **Role and Activities**

The Chicago TREND Corporation's (TREND) role has primarily included the following activities:

- Strategic advice to the DOP team related to:
  - Developing criteria for ideal entrepreneurial program participants
  - Developing criteria with which to screen Southland firms
  - Evaluating mechanisms and channels for identifying high-growth firms, including engagement of local stakeholders (chambers, business associations, professionals service providers), leveraging third-party data providers, etc.
  - Identifying and building / structuring relationships with business owners in the Southland to encourage their participation in DOP
- Developing the outreach strategy, plan and tools/collateral materials for engaging entrepreneurs of color, including:
  - Identification of priority ecosystem organizations (e.g., chambers of commerce, minority business associations, etc.) for engagement
  - Entrepreneur intake questionnaire to obtain key information for interested candidates

- Standardized entrepreneur profile template to capture key characteristics and facilitate assessment of fit with the DOP program overall and specific acquisition opportunities
- Direct outreach and engagement with six prospective entrepreneurs of color with whom TREND has existing relationships to introduce DOP and gauge their interest in participating
- Engagement with professional service providers to explore options for the structure of DOP's participation in the deals that it aims to broker between Southland businesses and entrepreneurs of color
- Active participation in virtual team meetings convened by the project lead and staff
- Ongoing thought partnership in collaboration with the project lead, staff and other strategic advisors
- Reviewing and providing feedback on various DOP materials including web content, program marketing collateral, email blasts, etc.

### **Achievements**

The project team's achievements include the following:

- 3 entrepreneurs of color (individuals or teams) identified as potential pilot participants
- 3 existing Southland businesses engaged as potential sellers
- One team of entrepreneurs of color engaged with Intuition Enterprise (Felicia Hardy) to identify appropriate acquisition opportunities
- Created key foundational elements to implement an effective, scaled engagement strategy for entrepreneurs of color (organizational outreach targets, intake questionnaire and profile template; see Attachments A, B and C)
- Identified challenges and opportunities that inform evolution of the SDA's strategy for facilitating inclusive ownership of high-growth businesses

Activities carried out as part of DOP have been conducted in conformity with the terms of the Grant.

### **Challenges, Opportunities and Learnings**

Lessons learned during the DOP Grant Period include:

- Limited pool of businesses for acquisition: The DOP team identified fewer than 25 businesses meeting its criteria and poised for acquisition in all of Cook County (including, but not limited to, the Southland). This was a smaller pool of acquisition opportunities than the DOP team had anticipated. The range of business types was also relatively narrow and not entirely aligned with high-growth-potential industries and clusters such as metals manufacturing and food processing. Businesses represented industries including woodworking/furniture, construction/contracting, janitorial and transportation. Additional strategies for identifying businesses that might be interested in selling – even if not actively searching for a buyer – should be considered and explored.
- Mismatch of entrepreneurs and available businesses: Related to the first learning, entrepreneurs engaged by the DOP team were not strong matches for the businesses identified as potential

acquisition targets. For example, DOP engaged with one entrepreneur team that is seeking to acquire one or more businesses in the chemicals and metals industries to roll up into their existing business portfolio. There were no appropriate businesses available with which to match this entrepreneurial team during the Grant Period. More nuanced matchmaking strategies should be developed and tested to increase the alignment between sellers and buyers and facilitate mutually beneficial transactions.

- Augmenting diligence resources: Performing due diligence on a potential business acquisition, building a relationship with the owner/seller and structuring a purchase transaction require significant time and expertise. In addition to services provided by the members of the DOP team, entrepreneurs who seek to acquire a business also need funding to support their own participation in that work, as well as legal counsel and other resources not included as part of DOP's services. DOP did not include this type of financial resources during the Grant Period, which ultimately was a significant contributor to the SDA's change in strategic direction with respect to the original aims of the DOP program. SDA aims to raise a fund that can provide developers with needed resources for due diligence and acquisition.

### **Financial Report**

During the grant reporting period, TREND has expended grant funds solely on personnel costs incurred in its role as a strategic advisor to DOP. As of September 30, 2021, \$26,562 has been expended on the time spent by TREND team members. Please see Attachment D for more detail.

No income has been earned on the DOP grant funds during the reporting period.

The **Diversifying Ownership Pilot (DOP)** aims to facilitate the purchase of established companies in high-growth industries in Cook County's south suburbs by African American and Hispanic/Latinx business professionals. The pilot's primary objectives are to help African American and Hispanic/Latinx entrepreneurs identify, evaluate and acquire established businesses and support these entrepreneurs as they scale their enterprises.

To identify diverse entrepreneurs to engage in DOP, the project team developed a strategy to partner with community-based organizations to build a pipeline of African American and Hispanic/Latinx professionals that align with DOP's preliminary eligibility criteria. These organizations have deep connections with entrepreneurs and small business owners in their neighborhoods and are best positioned to identify individuals with the potential to successfully participate in DOP.

The outreach strategy includes establishing a contact at each of these organizations and sharing collateral material to introduce DOP's objectives and ideal characteristics of entrepreneur participants. These local, trusted advisors can then determine which of their clients and colleagues might be best suited to participate in DOP, share information about the program and make a connection to the DOP team for further engagement.

The DOP team is seeking African American and Hispanic/Latinx entrepreneurs that meet the following initial criteria:

- Managerial Experience – Mid- or upper-level manager experience at a mid- or large-size firm
- Entrepreneurial Experience – Experience building and sustaining a self-sufficient business
- MBA Graduate or Business Training – Ready to buy and manage a growing enterprise
- Capital and Credit – A minimum of \$50,000 in savings and a credit score of 680

Each DOP candidate will be asked to complete an online intake questionnaire and schedule introductory conversation with the DOP team. Based on this initial interaction, the team will develop an Entrepreneur Profile that highlights the candidate's experience and interests to aid the match process with high-growth companies.

See the following pages for a preliminary list of organizations that DOP aims to target in its outreach efforts to identify African American and Hispanic/Latinx entrepreneurs.

***Organizations Targeted for Outreach***

**The Bronzeville Incubator** – The Bronzeville Incubator brings together ambitious first- and second-stage entrepreneurs in the culinary, creative and sustainability industries with a shared commitment to community development. Incubator members are innovators in their fields and share a mission to establish holistic approaches to community development and wealth creation. The incubator provides them with access to capacity-building resources and a productive space to work and connect.

The incubator is also home to the Illinois SBDC at Build Bronzeville, one of the newest SBDCs in the state, which opened in Q2 2020. The SBDC has a commitment to revitalize the historic Bronzeville community through commerce.

Contact – Bernard Loyd, Managing Director

Website – [www.thebronzevilleincubator.com](http://www.thebronzevilleincubator.com), <https://www.buildbronzeville.com/sbdc>

**Chamber 57** – Chamber 57 is the chamber of commerce for communities in Rich Township, including Matteson, Olympia Fields, Park Forest, Richton Park and University Park. It is a central information resource for its 200+ members regarding businesses and community issues and a vehicle through which business and professional people work together voluntarily to define and solve community issues.

Contact – Keeana Barber, board member

Website – <https://chamber57.org/>

**Chatham Business Development Association (CBA)** – The mission of CBA is to enhance social, political and economic growth within the Chatham community. CBA creates opportunities, inroads and programs to benefit and ensure the prosperity, economic strength and excellence of service in Chatham and its surrounding communities. Over the years, CBA has worked closely with major financial institutions, corporations, local businesses and civic leaders to spearhead economic development in vulnerable neighborhoods, and where the majority of small and minority-owned businesses have their business operations.

Contact – Melinda Kelly, President

Website – [www.cbaworks.org/index.php](http://www.cbaworks.org/index.php)

**Chicago Southland Chamber of Commerce** – The Chicago Southland Chamber of Commerce provides regional leadership, advocacy, strategic alliances and programs that unite and grow its members and the business community. It aims to be the primary organization that unites businesses and communities to create an environment where diverse businesses will be attracted and thrive; local organizations work together for regional development and community improvement; and public policy promotes strong and healthy businesses.

Contact – Vicki Brown, board member (Illinois SBDC at SSEGI)

Website – <https://www.chicagosouthlandchamber.com/>

## **Attachment A: Diversifying Ownership Pilot Outreach Plan**

*Confidential Draft*

**Emerald South Economic Development Collaborative** – The Emerald South Economic Development Collaborative generates community wealth and amplifies local culture through shared pride, power and investment for Chicago's mid-South Side. Its mission is to attract and coordinate investment through community convening and collaborative partnerships that increase local ownership and prosperity in the communities of Woodlawn, Washington Park and South Shore.

Contact – Ghian Foreman, Executive Director

Website – [www.emeraldsouth.org](http://www.emeraldsouth.org)

**Illinois Hispanic Chamber of Commerce (IHCC)** – IHCC's mission is to cultivate knowledge, connections and collaboration to effect transformational social change and achieve sustainable economic impact through entrepreneurship. IHCC is committed to helping entrepreneurs grow and succeed by providing resources that will help them be competitive in today's economy, including through advocacy, training and networking

Contact – Jaime Di Paulo, President and CEO

Website - <https://ihccbussness.net/>

**Local Initiatives Support Corporation (LISC)** – LISC Chicago is the local office of the nation's leading community development investment organization. LISC works to build community wealth and catalyze opportunities in communities across Chicago by investing in people and places through housing, businesses, jobs, schools, safety, youth programming and more.

Contact – Torrence Moore, Senior Director, Community Development

Website – [www.lisc.org/chicago](http://www.lisc.org/chicago)

**North Lawndale Community Coordinating Council (NLCCC)** – The North Lawndale Coordinating Council is a group of North Lawndale stakeholders, including community-based organizations, business owners, elected officials and individuals, that have come together to guide comprehensive planning and implementation in North Lawndale (Community Area 29). The council seeks innovative solutions to improve the built environment and increase the capacity of local organizations to make a positive impact on the community.

Contact – Rodney Harrington

Website – [www.nlcccplanning.org](http://www.nlcccplanning.org)

**Quad Communities Development Corporation (QCDC)** – QCDC serves the south lakefront communities of North Kenwood, Oakland, Douglas and Grand Boulevard. QCDC aims to improve the quality of life and economic strength of the neighborhoods it serves by driving the development of commercial projects, supporting and attracting small businesses and creating an environment that attracts private investment to catalyze the creation of a vibrant, sustainable and healthy mixed-income community.

Contact – Rhonda McFarland, Executive Director

Website – [www.qcdc.org](http://www.qcdc.org)

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**South East Chicago Commission (SECC)** – Founded in 1952, SECC is a community-based not-for-profit organization focused on enhancing economic development in five neighborhoods on the south side of Chicago: Hyde Park, Woodlawn, Washington Park, Kenwood and Oakland. SECC’s economic development programs and initiatives include business attraction and retention and support for small businesses and entrepreneurs.

Contact – Diane Burnham, Executive Director

Website – [www.secc-chicago.org](http://www.secc-chicago.org)

**South Shore Chamber of Commerce** – The South Shore Chamber of Commerce strengthens and supports business corridors and small businesses by empowering members with effective training, technical assistance and access to private- and public-sector resources. The chamber engages a broad range of stakeholders to improve the overall quality of life in South Shore, With a focus on attracting and retaining new and diverse businesses.

Contact – Tonya Trice, Executive Director

Website – [www.southshorechamberinc.org](http://www.southshorechamberinc.org)

# Diversifying Ownership Pilot Intake Questionnaire

The Diversifying Ownership Pilot (DOP) aims to facilitate the purchase of companies by African American and Hispanic/Latinx business professionals. The pilot's primary objectives are to help African American and Hispanic/Latinx entrepreneurs acquire established businesses and support these entrepreneurs as they scale these businesses into highgrowth companies.

The DOP pilot presents attractive opportunity for diverse professionals a path to business ownership and an opportunity to affect real economic growth in the south suburbs sub-region.

The DOP is a program of the Southland Development Authority (SDA) that will foster long-term economic development

gkosarko@gmail.com [Switch account](#)



\* Required

Email \*

Your email

Full Name \*

Your answer



Request edit access



Telephone Number \*

Your answer

Managerial Experience (Corp. Mid-Senior Level) \*

Your answer

Managerial Experience (Entrepreneurial) \*

Your answer

Education History \*

Your answer

List names of business partners and email. (if applicable) \*

Your answer

Please describe your team's experience. \*

Your answer

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Describe your preferred company profile. Please include industry sector,

company size and annual revenue. \*

Your answer

How soon are you looking to acquire the new business? \*

- 3-6 months
- 1 Year
- 2 Years

Do you have investors? \*

- Yes
- No
- Maybe

Has your company been pre-qualified by the SBA? \*

- Yes
- No

Describe your staffing plan. (Include identifying who will manage day-to-day operations.) \*

Your answer

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What is your current growth strategy? \*

Your answer

Submit

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## DIVERSIFIED OWNERSHIP PILOT (DOP)

### ENTREPRENEUR'S NAME

#### PROFILE

Brief summary of professional expertise, strengths, successes and current goals.

#### EDUCATION

UNIVERSITY/SCHOOL #1

UNIVERSITY/SCHOOL #2

ACADEMIC AWARDS/RECOGNITIONS

#### CONTACT

1234 South Street  
Chicago, IL 60608  
entrepreneur@gmail.com

#### WORK EXPERIENCE

PRIOR EMPLOYER #1 & ROLE

PRIOR EMPLOYER #2 & ROLE

PRIOR EMPLOYER #3 & ROLE

#### ACQUISITION CHARACTERISTICS

Hyper-Local	
Manufacturing Sector	
Sustainability	
Green Design	
Retail	

#### ENTREPRENEURIAL EXPERIENCE

Describe most recent entrepreneurial venture

#### SKILLS

Mergers/Acquisitions	
Structured Finance	
Public Finance	
Supply Chain Mngmt	

#### PROFESSIONAL REFERENCES

REFERENCE #1

REFERENCE #2

#### PROFESSIONAL AFFILIATIONS

REFERENCE #1

## Attachment D

### Diversifying Ownership Pilot

Final Financial Report: October 1, 2020 - September 30, 2021

Personnel	Days Spent
CEO	4.5
COO	6
Dir., RE Finance & Sm. Biz Services	7
Contractor	3.75
<b>Total Days</b>	<b>21.25</b>

Average Daily Rate\* \$ 1,250

**Personnel Expenditures to Date** **\$ 26,562**

#### Grant Funds

Disbursement #1 \$ 13,281

Disbursement #2 \$ 13,281

Total Grant Funds Remaining **\$ -**

\* Per Exhibit A of grant agreement