

Project in Community Economic Development

Final Report

**New Bedford Working Capital Network
Progress Panel**

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Abstract:

Since 1993 a growing number of New Bedford area microentrepreneurs have gained access to credit, training and networking through participation in the New Bedford Working Capital Network (NBWCN) sponsored by PACE, a Community Action Agency. To ensure the NBWCN continues its expansion while maintaining and improving the quality of services provided, a strategy must be developed to achieve sustainability within the next three to five years. At the core of this strategy is the Progress Panel, a participant led governing structure which will have responsibility over most aspects of program operations including recruitment, business and leadership development training, design and management of new lending products, fundraising, public relations, lobbying initiatives and other vital activities.

History of PACE/New Bedford Working Capital Network:

The *New Bedford Working Capital Network* is a non-profit program that strengthens micro-businesses and communities by providing group-based support, loans and technical assistance to self-employed persons with limited access to resources. Working Capital believes that the smallest businesses, often owned by low income and minority entrepreneurs, can become increasingly productive with access to the advantages enjoyed by larger companies, namely: capital, business connections, practical business education and support from peers.

People Acting in Community Endeavors (PACE) is the local affiliate of Working Capital which is the largest microenterprise development organization in the United States. The Home Office of Working Capital is in Cambridge, MA. Business Loan Groups are at the core of the Working Capital model. Between four and ten micro-business owners meet regularly to share ideas, network, review, approve or reject each others loan applications and learn valuable business skills by completing Working Capital's twenty step business tutorials. Each Business Loan Group has its own self governance structure and unique name such as: *City Pride, Strictly Business, United Entrepreneurial Group, Kaleidoscope Working Cooperative, Mind Your Business, Money Matters and On Our Way.*

The NBWCN is managed by three Enterprise Agents (E.A.'s) who each take responsibility for guiding new Business Loan Groups through the chartering and initial loan stage. After the groups form, the facilitation of meetings, processing of loans and most other aspects of group functioning are performed by the group members themselves. The Enterprise Agents act as a resource to the group when necessary. Two Enterprise Agents are full-time PACE staff. William O. Maddocks is the Director of Development for the agency and Corinn Williams is the coordinator of a grassroots organizers training project, in addition to her Enterprise Agent duties. José Vinagre is a contract Enterprise Agent who speaks fluent Portuguese.

The New Bedford Working Capital Network (NBWCN) was founded in 1993 by People Acting in Community Endeavors, PACE Inc., the anti-poverty agency for the greater New Bedford area, with the assistance of Downtown New Bedford, Inc. a local business association and the Rainbow Community Development Corp., a minority C.D.C. from the south central section of the city. At the first information session, held in April 1993, four business loan groups were formed comprised of twenty-seven micro-entrepreneurs. Since then we have accomplished the following:

<input type="checkbox"/>	Micro-Businesses Assisted To Date:	103
<input type="checkbox"/>	Micro-Business Members Currently Serving:	70
<input type="checkbox"/>	Business Loan Groups Formed To Date:	11
<input type="checkbox"/>	Business Loan Groups Presently Chartered:	7
<input type="checkbox"/>	Loans Issued To Date:	112
<input type="checkbox"/>	Aggregate Value Of All Loans Issued To Date:	\$98,500
<input type="checkbox"/>	Repayment Rate As A Percentage Of All Loans Issued:	98.65 %

Reached Underserved Members of the Community:

- Served mostly low and moderate income microentrepreneurs many of which are under-employed or who are self-employed through their micro-business.
- Designed and implemented recruitment campaigns to offer Working Capital to Latino, Portuguese, unemployed and home child care entrepreneurs.
- Initiated a campaign to recruit New Bedford fishing industry workers who face the eminent closure of fishing grounds.

Provided Quality Training and Networking Opportunities:

- Instituted the New Bedford Working Capital Network Advisory Group: Members include bankers, other business professionals and Working Capital micro-entrepreneurs and who provide technical assistance and advice on the overall direction of the NBWCN.
- Held educational forums for members on Tax Issues, Direct Mail Marketing and other topics.
- Held a micro-business EXPO at the North Dartmouth Mall in October 1994 which showcased New Bedford Working Capital Network businesses to more than 25,000 shoppers.
- Through the Progress Panel Training Committee designed and instituted a “***Business Progress Volunteers***” training system which recruits business professionals from the greater New Bedford area to work as “ pro bono” technical assistance providers for the Business Loan Groups.

Created Successful Strategies to Build Political Awareness and Program Sustainability

- Made microenterprise development an issue in 1995 Mayoral and City Council elections through participation of WC members on community election debate committees and panels.
- Instituted the Progress Panel which is a member led governing board to provide training, new loan products, a greater political voice and to ensure sustainability for the NBWCN.
- Established links with community groups, banks and established business and economic development interests.
- Obtained funding and in-kind services from banks, foundations, corporations, government agencies and individuals.

Profile of the Target Community

The community which will participate in and benefit from this project is defined best as the community of microentrepreneurs who belong to Working Capital Business Loan Groups in the greater New Bedford, MA area. Demographically Working Capital members include a wide cross-section of the racial and ethnic population of the region including: Cape Verdeans, Latinos, French-Canadians, Polish, Irish, Portuguese African-Americans and Native Americans. Most of the Working Capital participants are from low income or working class backgrounds. There are an equal amount of women and men in the Business Loan Groups. Presently there are 70 active participants but that number will steadily increase during the foreseeable future. The typical Working Capital member has been in business at least six months and works a full or part-time job other than their micro-enterprise. Most Working Capital participants have experienced some kind of barrier to accessing the resources necessary to build their businesses. These barriers include the inability to get a bank or S.B.A. loan, limited business skills and isolation from other micro-businesses and the larger business community.

The New Bedford area has experienced double digit unemployment following an exodus of high paying, mostly union shop manufacturing jobs over the past seven or eight years. Self-Employment has emerged as an important income supplement or employment alternative for workers who can find only low paying full-time or part time jobs. Presently few resources exist for micro-enterprises that are in need of small amounts of loan capital, practical business training and access to networks of other micro-entrepreneurs. The few “micro-lending” programs that do exist require a much greater level of collateral, financial records and business experience than is extant among the target population of the NBWCN . Traditional small business technical assistance providers such as SCORE and the SBDC have not met the needs of most area microentrepreneurs.

Problem Statement:

If no solution is found then the several dozen to several hundred Working Capital Business Loan Group members from the greater New Bedford area will not have the structure and support they need to continue to benefit from the Working Capital program and be part of a growing community of microentrepreneurs within the next three to five years.

There are several timely and compelling reasons for the development of a strategy towards self sufficiency for the New Bedford Working Capital Network. Among the most timely is the current deadlock that is occurring in Washington over the federal budget. Since the majority of funding for PACE Inc. is derived from federal sources the ability of the agency to lend its support to initiatives such as Working Capital could quickly come into serious question if funding were substantially reduced. Presently about 35 percent of the NBWCN budget is in the form of in-kind contributions by PACE. These contributions include rent, a portion of telephone costs, salaries, supplies, insurance, audit and other fiscal management costs and other expenses. While the creation of the Progress Panel would not be able to fill this funding gap, many of the activities now carried out by agency staff such as recruiting new members and on-going group support could be shifted to members of the Progress Panel within a short period if necessary.

Longer term reasons for the development of a strategy of self sufficiency are the inter-related issues of funding and overall ownership of the program. From a funding perspective it will be necessary to demonstrate to foundation and bank funders that the NBWCN program has the ability to raise funds internally through some form of fee or dues structure from its membership. Peer group models are highly expensive ways to support micro-enterprises and the present “honey moon” among foundations and banks for the model cannot be expected to last indefinitely.

Ultimately it is hoped that as much as seventy-five percent of the costs for operating the program can be raised through dues, fees and /or interest charges on loans. The creation of the Progress Panel is a step towards this eventual goal.

The other compelling reason for development of a participant led management structure is the most important reason for the creation of the Progress Panel. Beyond the “poverty alleviation” reasons that a Community Action Agency would involve itself in the operation of a micro-enterprise development initiative like Working Capital is a more fundamental commitment by

PACE staff to build a sustainable community from the ashes of New Bedford's post industrial era. Community building cannot occur if the ownership and control of the tools of community building are in the hands of an entity that is not truly the community. Despite all of the good work that PACE has done in the greater New Bedford area, if the will of congress or the agency board of directors should change, the sponsorship of the program could end. If the NBWCN is ultimately governed and owned by the members which it serves, its future and its ability to effectively meet the needs of it members can be guaranteed for years to come. This is the essence of what this Community Economic Development project seeks to accomplish.

Project Goals and Objectives:

This Community Economic Development Project will build a participant led governance and management structure which will become responsible for many aspects of the expansion and operation of the Working Capital program within the next five years. The *New Bedford Working Capital Network Progress Panel* will be responsible for the design and delivery of technical and financial assistance initiatives for use by all Working Capital participants, recruitment of new participants, public relations activities to build public and political support for the program and to enlist the assistance of funders and the established business community.

In February of 1995 the members of the newly formed New Bedford Working Capital Network Progress Panel wrote the following goals statement:

The New Bedford Working Capital Network will :

- **Address issues which cannot be satisfied at the group level.**
- **Act as a clearinghouse for information, skills training, and resource development.**
- **Participate in the planning and presentation of new program services and loan products.**
- **Participate in public relations activities for the New Bedford Working Capital Network.**

The creation of the NBWCN Progress Panel is vital to both the expansion of the Working Capital program in the greater New Bedford area and for its long term survival as a viable micro-enterprise development program. When successful, this CED project, through the Progress Panel, will have completed the following objectives:

Minimum Objectives

- Creation of a wider sense of mission and unity among most New Bedford Working Capital Business Loan Group members which would result in a sense of ownership and responsibility for the future of the program.
- Participation of at least two to three members of every Business Loan Group in the activities of the wider Working Capital program including committee work and the development of the Progress Panel.
- Selection of a board of directors which is representative of all existing Business Loan Groups, the writing of by-laws, election of officers and regularly scheduled meetings.

- Creation of a committee structure which includes: a Training Committee, a Next Step Loan Committee and other committees which will work to provide a range of member benefits and services, provide leadership development and group dynamics support for Business Loan Groups which are experiencing difficulties and a committee which will assist the Working Capital program in public education, political action and lobbying activities.
- Progress Panel sponsored training seminars and networking opportunities between Business Loan Groups occurring on a regular basis.
- Creation of a training system which includes utilizing established business professionals as consultants and mentors and possibly a comprehensive entrepreneurial training program.
- The establishment of a role for the Progress Panel in the public relations and recruitment activities of the NBWCN program.
- Conduct/promote voter and legislative education about the needs of micro-entrepreneurs and the ways government can provide assistance and support.

Maximum Objectives

- Creation of a menu of larger and more flexible loan products which include the management of a loan pool financed by both private and public sources.
- The development of a dues or fee structure for Working Capital members which will contribute a significant amount to the operational budget of the program (at least 25 % initially and, with earnings from interest, as much as 75 % within five years)
- Creation of a menu of services which may include: group health insurance, group purchasing discounts, a micro-business incubator, cooperatively managed office, retail or warehouse space, an alternative currency program to prevent external leakage of locally generated dollars, an investors club, a regular newsletter, a NBWCN Home Page on the INTERNET and other services.
- Exploration of the Progress Panel becoming a separate 501 (c)(3) corporation which would take over operation of the New Bedford area Working Capital program from PACE Inc.

Project Methods:

The Officers Summit

In December 1994 the chairpersons of all New Bedford Working Capital Network Business Loan Groups came together to discuss common problems with group management such as late loan payments and lack of participation. The Officers Summit was the first time in the year and a half history of the program that group leaders had an opportunity to share their experiences and lend each other support. As an outcome of this meeting a concept was born to create a representative body which could look out for the interests of both individual participants and loan groups as well as the overall New Bedford Working Capital Network program. (A similar body has been recently organized in metropolitan Boston which is called the *Boston Borrowers Council*.) The new “group of groups” called itself the **New Bedford Working Capital Network Progress Panel**.

What If We Held An Election and Nobody Came ?

The newly formed Progress Panel met in the early weeks of 1995 and wrote a mission and goals statement. It was decided by the group that an election should be held to choose the first slate of officers for the new body. A notice and nomination form was mailed to all Working Capital members in early March for elections which were to be held on March 23, 1995. By the day of the election only five nominations had been received and only seven members (out of 65) showed up to vote. Those present decided it would not be worthwhile to hold the elections. The problem, which the participants quickly identified, was the lack of knowledge of who was involved in the program outside of each members own Business Loan Group. Other than a Business EXPO held in October 1994 and the Officers Summit in December, there had been no opportunity for Working Capital members from the various loan groups to get to meet each other, so the selection of officers in this vacuum was impossible.

Building Unity Through A Birthday Party

The members who attended the failed election meeting quickly went to work to plan an event which would bring all of the New Bedford Working Capital members together for an evening of fun, an opportunity to network with each other and to learn about the purpose of the Progress Panel. The event was billed as a “**2nd Birthday Party**” for the Working Capital program which had begun in April 1993 with a very successful founding informational meeting.

The turn out at this event was good with about half of the program's members attending. There was a large amount of mingling, door prizes and a very heartfelt (and also somewhat lengthy) pitch for the Progress Panel made by one of the loan group members. This gathering succeeded in creating the beginnings of a program-wide identity and the building of camaraderie which was a prerequisite for the creation of a governing body with representation from all loan groups.

The Members Take the Lead

Following the Birthday Party event another organizational meeting of the Progress Panel was scheduled. This meeting, which was held on May 31, 1995, was to bring the Progress Panel into operation through a different strategy than the failed election attempt back in March. The Progress Panel would initially consist of two committees which represented the areas of interest expressed by the membership at both the Officers Summit in December and the April Birthday Party event. It was decided by the group that a steering committee for the PP was not yet necessary. *[Note: My belief was that we needed to have a steering committee to pull the overall work of the Progress Panel together in addition to the work the two committees were focusing on. I was overruled by the members who felt there was enough to do already. In hindsight I now know the members were right since it was difficult to do much more than the work of the committees with the limited number of people we had and because it was summer (always a difficult time to start new initiatives with community based organizations). There was also a continuing need to work on increasing the overall group identity and sense of the "big picture" of the program before moving ahead with the internal organization of the Progress Panel. The decision not to form a steering committee at that time almost entirely derailed my original work plan for the Progress Panel for the next six months. This was also the point in time that I realized that this was truly a CED project with a life of its own that was to be directed by the participants and not by what I had hoped to accomplish.]*

The Progress Panel Committees

The May 31st meeting resulted in the creation of the Progress Panel Training Committee and the Next Step Loan Committee. The Training Committee (TC) was charged with the responsibility of coordinating a training process for the Business Loan Groups which is centered on the Working Capital 20 step tutorials. The TC would also help design and implement a training program which would utilize business professionals from the community to provide technical assistance at the

group level, in large inter-group seminars and possibly on a one-on-one basis with individual micro-entrepreneurs. The TC met for the first time in June and developed an ambitious list of tasks to work on over the next several months.

The other committee which is known as the Next Step Loan Committee was created in response to several borrowers requests to be able to access larger loans and possibly more flexible terms than the \$500 to \$5,000 loan step process offered by the Working Capital Home Office.

The Summer Gathering Focuses On Building Strong Groups

Another Progress Panel gathering on July 20, 1995 brought together members from all existing loan groups to a park in the south end of New Bedford on a warm summer's evening. After a delicious pot luck dinner and barbecue members worked in small groups intentionally comprised of people from different loan groups to answer a variety of questions around the functioning of their loan groups and issues with member participation of in the overall management of the program .

Similar to the officers summit back in December, the most common theme from each of the small group sessions was a desire to tighten up the functioning of the loan groups and find ways to increase the participation and commitment of the group members. This Progress Panel gathering was focused entirely on group dynamics and an evaluation of how people felt about the overall program functioning. The objective was to create a heightened sense of commitment by group members and increase member support for Business Loan Group officers who have the major responsibility to deal with problems resulting from poor participation, late loan payments and disagreements between group members. There was not a focus on either the work of the PP committees or the organizing the structure of the Progress Panel.

Next Step Loan Committee Swings Into Action

The second committee of the Progress Panel the Next Step Loan Committee (NSLC) didn't have its first meeting until early October of 1995. This committee began with the objective of determining what Working Capital businesses needed in terms of larger loans and flexible loan terms and decided early on to create a survey to gauge what the majority of members felt about these issues. The group was offered and decided to tap the expertise of Michael Swack of New Hampshire College to help look at some of the options and steps necessary to create a locally controlled loan pool. The member credit needs survey took more than two months to develop and

it was not circulated to loan group members until early 1996. The work of the NSLC was also slowed down by some committee members other responsibilities with the Training Committee and Progress Panel November gathering.

Recently some potential opportunities have been identified which may make a substantial amount of low interest loan funds available for the creation of a locally controlled loan pool. The PPNSLC is now studying how some aspects of the peer lending model could be retained in a lending program which offers substantially higher loan levels or more flexible terms than is currently offered by the Working Capital Home Office. The committee is anxious to meet more frequently now and is very committed to following this process through.

Training Committee's Work Pays Off

The Training Committee set three objectives for its work to bring more training opportunities to Working Capital members. The first objective was to require each Business Loan Group to appoint a member to serve as the Curriculum Coordinator for the group. The Working Capital program offers an excellent 20 part tutorial curriculum which each Business Loan Group is expected to work on at their regular meetings. Some loan groups require completion of tutorials to be eligible for increasingly larger loan amounts.

Through the first few TC meetings it was learned that the completion of the tutorials was not occurring in every group and that some groups were far ahead of others having completed more than half of the twenty modules. The TC decided the best way to ensure the groups were working on the tutorials would be to select a Curriculum Coordinator from each loan groups who would have the responsibility of keeping the group on track, attending TC meetings to share the progress of the group and bringing any questions the group encountered while completing the modules. Most groups have now selected a Curriculum Coordinator but a well coordinated system of accountability has not yet been achieved.

The second objective of the TC was to design and present regular training seminars which would be open to all members of the program. The TC presented two workshops in the fall of 1995. One was a direct mail marketing seminar presented by the U.S. Postal Service. The second session was a tax seminar which featured three CPAs one of whom was a former IRS agent. Both of these sessions were fairly well attended with about 10 to 15 members from three or four different loan groups attending. More training sessions will be held in the late winter and early spring

including a newspaper advertising seminar offered by the Standard Times (New Bedford's regional newspaper) and a telemarketing seminar offered by NYNEX.

The third objective of the TC was to recruit experienced business professionals from the community to serve as pro bono consultants to the loan groups. This system is known as the *Business Progress Volunteers* program has already recruited more than a dozen excellent business people who will begin visiting loan groups in early 1996. The skills of these volunteers range from marketing experts and accountants to financing professionals and an attorney. The Training Committee will be working with the New Bedford Working Capital Advisory Group to screen and orient the newly recruited Business Progress Volunteers. The Advisory Group was formed in November of 1993 and includes among its members bankers, representatives from business associations, lawyers, accountants, business consultants and members of some Working Capital Business Loan Groups and has provide organizational and technical support to the NBWCN program. The role and name of the AG will soon change to the Training Advisory Group and will primarily act as a support system to help the TC meet its three training objectives. While much fine tuning of the NBWCN training system still must occur, the foundation built by the TC over the past seven months provides a solid and multi-faceted menu of training options to assist individual businesses and the Business Loan groups.

The November Gathering: Let's Just Do It !

The final Progress Panel meeting of 1995 was held on November 30, 1995. Several of the most active Progress Panel members participated in the planning of the meeting and three members prepared presentations which brought the membership up to date on some of the accomplishments of the past year and made a strong appeal for increased participation in the Progress Panel. One member, at his own expense wrote, printed and mailed an invitation letter to all Working Capital members which exclaimed "*Working Capital as you knew it is gone. No longer is it just a few people gathered to chat and hoping to get a \$500 loan -- Working Capital is now a recognized community service group that can help its members in the political, business, and financial sectors of New Bedford and beyond*".

The meeting was primarily a strategic planning session which asked the following question as its theme: "**Where will you (and your business) be in the year 2000 A.D. and how can the New Bedford Working Capital Network help to get you there ?**". While some of the same areas of

frustration surfaced about member participation, the small group sessions focused primarily on what new services the program could offer and how the NBWCN, through the Progress Panel, could have a more positive impact on both existing and new members. There was strong consensus that participation in the Progress Panel should be mandatory for every Working Capital loan group and those groups who did not participate would be excluded from new services and programs such as larger or more flexible loans, group health or purchasing programs and other initiatives. There was some debate about whether the requirement should be written into the by-laws of each loan group. After a struggle the group reached consensus that without the “teeth” of adding the requirement to group by-laws, participation may not be enforceable.

Many exciting ideas emerged from this session about the direction members want to see the program take over the next five years. Eight of the twenty attending volunteered to serve on a Steering Committee that was given the responsibility of designing a structure for the new representative body (Six of the seven chartered Business Loan Groups were represented on the Steering Committee). One veteran chairperson of one of the first loan groups said “We’ve been hearing about this Progress Panel stuff for months now. We think its a good idea and were tired of talking about it - let’s just do it and get it going!”

The Progress Panel Organizational Plan

The Steering Committee met on January 4, 1996 and in a very dynamic two hours session created an organizational frame work and time table for the Progress Panel (See Appendices New Bedford Working Capital Network Progress Panel Draft Organizational Plan). The Steering Committee set the date of February 29, 1996 for the founding meeting of the New Bedford Working Capital Network Progress Panel Board of Directors. Each Business Loan Group will be asked to choose their representatives and ensure they attend this meeting at which elections will occur, a set of draft by-laws will be circulated and the role of the committees will be re-defined. The level of energy and commitment necessary to build a strong and active Progress Panel is high and we expect an exciting and ambitious year of expansion and improvement of the New Bedford Working Capital program led by Business Loan Group members.

Project Results:

Minimum Objectives

Objective:

Creation of a wider sense of mission and unity among most New Bedford Working Capital Business Loan Group members which would result in a sense of ownership and responsibility for the future of the program.

Results:

Three quarterly gatherings of the Progress Panel were held in 1995 which provided an opportunity for networking, inter-group problem solving on issues of participation and group dynamics and discussion on the creation of a larger role for the Progress Panel in the operation of the Working Capital program. Many informal bonds between group members from different groups developed and collaborative business relationships were forged creating a program-wide group identity.

Objective:

Participation of at least two to three members of every Business Loan Group in the activities of the wider Working Capital program including committee work and the development of the Progress Panel.

Results:

Participation at most Progress Panel meetings (both quarterly gatherings and committee meetings) has been good with a fairly wide distribution of members from most of the Business Loan Groups. There is a direct correlation between the level of participation and commitment of members within individual loan groups and those members participation in the work of the larger Working Capital program. Business Loan Groups which were experiencing low turn out at meetings or serious conflict between members were usually not represented at Progress Panel meetings.

Objective:

Selection of a board of directors which is representative of all existing Business Loan Groups, the writing of by-laws, election of officers and regularly scheduled meetings.

Results:

On November 30, 1995 the Progress Panel agreed to create a representative Board of Directors and formalize of its two existing committees the Training Committee and the Next Step Loan

committee. On February 29, 1996 the Progress Panel Board of Directors will have its founding meeting which will elect officers, review a draft of by-laws and set a schedule of meetings for the next year.

Objective:

Creation of a committee structure which includes: a Training Committee, a Next Step Loan Committee and other committees which will work to provide a range of member benefits and services, provide leadership development and group dynamics support for Business Loan Groups which are experiencing difficulties and a committee which will assist the Working Capital program in public education, political action and lobbying activities.

Objective:

Progress Panel sponsored training seminars and networking opportunities between Business Loan Groups occurring on a regular basis.

Objective:

Creation of a training system which includes utilizing established business professionals as consultants and mentors and possibly a comprehensive entrepreneurial training program.

Objective:

The establishment of a role for the Progress Panel in the public relations and recruitment activities of the NBWCN program.

Results:

In June 1995 a Training Committee was created which organized training seminars on Direct Mail Marketing presented by the U.S. Postal Service and a Tax Seminar presented by three tax accountants. The Training Committee has also developed a "Business Progress Volunteers" training system utilizing established business professionals from the community to act as consultants to Business Loan Groups and individual members. A community needs assessment is underway to determine the need for a comprehensive entrepreneurial training program for fishing industry workers and family members. The creation of a training program could be expanded so it could be offered to all Working Capital members.

A Next Step Loan Committee has been meeting since the fall of 1995 and is working on creating a menu of larger and more flexible loan products which includes the management of a loan pool financed by both private and public sources.

Research was conducted into the creation of a micro-business incubator but no action has yet occurred. A committee to work on creating a larger menu of member benefits and services has not been formed yet.

Although a formal role in public relations and recruitment activities has not yet been determined there is strong loyalty by Working Capital business to the growth and enhancement of the program. Many new members of Business Loan Groups were recruited by present Working Capital members. Whenever the NBWCN holds a public event such as a news conference or informational meeting, several Working Capital members show up to lend their support.

Objective:

Active voter and legislative education about the needs of micro-entrepreneurs and the ways government can provide assistance and support.

Results:

During the fall 1995 elections NBWCN members participated in a community coalition who sponsored eight city council and mayoral election debates introducing microenterprise development as a campaign issue for the first time in city history. The new awareness of the need for city government to be involved in assisting microenterprises by both Working Capital members and city officials needs to be further developed with the goal of leveraging Community Development funds for the creation of micro loan and business training programs.

Maximum Objectives

Objective:

Creation of a menu of larger and more flexible loan products which includes the management of a loan pool financed by both private and public sources.

Results:

The Progress Panel Next Step Loan Committee and Working Capital Enterprise Agents are negotiating with representatives of a major religious denomination for the creation of a locally controlled lending pool which can make loans larger than the present Working Capital limit of \$5,000. The larger loans may range from \$5,000 to \$25,000 and the committee is studying the possibility of using the funds from the religious denomination to leverage city controlled funds. Discussions have been initiated with the Working Capital Home Office about offering of larger loans (up to \$10,000) within the peer lending structure, but possibly including a role for the

Progress Panel in approving and monitoring the loans. We are also exploring ways that loans can be made on a more flexible basis such as short term lines of credit, skipping intermediate loans steps (\$1,000 to \$3,000) to give members access to larger loans somewhat quicker if certain training and attendance requirements are met.

Objective:

The development of a dues or fee structure for Working Capital members which will contribute a significant amount to the operational budget of the program (at least 25 % initially and with interest earnings as much as 75 % within five years).

Results:

The topic of a dues or fee structure has been discussed at some of the Progress Panel meetings during the past year. While there appears to be some support for the idea, there has been no decisions made at this time. It is likely that the dues question will be one of the early areas of discussion when the new Progress Panel meets over the next few months.

Objective:

Creation of a menu of services which may include: group health insurance, group purchasing discounts, a micro-business incubator, cooperatively managed office, retail or warehouse space, an alternative currency program to prevent external leakage of locally generated dollars, an investors club, a regular newsletter, a NBWCN Home Page on the INTERNET and other services.

Results:

There has been no formal action on the creation of additional member benefits and services as of yet. It is expected a committee will be formed by the Progress Panel Board to work in this area.

Objective:

Exploration of the Progress Panel becoming a separate 501 (c)(3) corporation which would take over operation of the New Bedford area Working Capital program from PACE Inc.

Results:

This idea has been briefly discussed by Progress Panel members but it is premature to consider this option until the Progress Panel is on solid organizational ground and has determined its strategic direction beyond the first several months.

Analysis / Conclusions / Recommendations:

The most fundamental challenge of any community based initiative is to move the members of the community from a perceived position of independence and isolation to a realization that an inter-dependent relationship with others can lead to improvements they could never have created alone. When micro-entrepreneurs made the initial step to join a Working Capital Business Loan Group they began the process of building interdependent relationships toward their common interests. When I began this Community Economic Development project I imagined the steps necessary to build a participant led structure would be much different than what actually occurred. My expectations were based on my own experience as a community organizer and political activist. In many issues I have been involved in, a community, national or international event which caused some civil injustice or military outrage forged a bond of collective resolve necessary to build organizations, strategies, and actions among people who had once been isolated and working alone. This lack of a common identity was the stumbling block which kept the concept of the Progress Panel at bay for many months.

Inadvertently due to the failure of the February elections, the Working Capital membership was given the opportunity to work with others from different Business Loan Groups and to plant the seeds of a collective vision for the Working Capital program. Months of attending meetings, planning and carrying out strategies, making mistakes, and creating a more capable program has built a strong core of participants who feel they are part of something significant. As one group member remarked about his participation in the New Bedford election debates “I’ve never been involved in stuff like this before. I really enjoy doing this”.

During the past year members who have been active in the Progress Panel work have often turned their attention to the importance of strengthening the individual loan group as a means of supporting the overall growth of the program. At one session the idea of establishing a “code of conduct” or a Working Capital Business Ethics was discussed. The role of the Progress Panel as a body to set the standard for each member and each loan group was clearly defined at this stage. I appreciate the inherent wisdom and good judgment of the Working Capital members who were more than willing to tell us when we were going too fast or creating too much structure when we

didn't need it. Most of the people who have given their time to the Progress Panel over the past year are highly committed folks who have full time jobs, families, their micro-enterprise (if its not their full time occupation), their loan group and usually other community involvement. These members bring to the program not only a vision of what could be, but also what is realistic and do-able with the limited resources of time and money. As one of the Steering Committee members said "the creme rises to the top" and we are fortunate to have these excellent leaders involved in the NBWCN program.

In micro-enterprise development circles the Working Capital model comes from a methodology known as the minimalist school. The foundation of minimalist program design is based on the belief that the more the program participants can "do for them selves" the more the program can do for more people. There is not much written in the literature about participant led governing bodies above the peer group level within peer lending microenterprise programs. Certainly the Center Committees of the Grameen Bank in Bangladesh hold some similarity to the Progress Panel concept. Most peer lending models depend on the autonomy of the individual peer groups and would not be able to expand to other villages if staff carried out the administrative work for group members. But the concept of a "groups of groups" which will eventually take over full operation of the program seems to be a new development in a field that itself is relatively new. Presently the Boston Working Capital program (known as Metropolitan Working Capital) has developed a Borrowers Council which has taken over much of the management of the program from the affiliate organizations. There are similar models being planned at other Working Capital programs in Delaware and South Florida. Based on some of the experiences of the New Bedford Progress Panel the Working Capital Home Office will be convening a "Leadership Summit" of loan group leaders from programs throughout Massachusetts and Rhode Island which will have a focus on increasing participant roles in the operation and ownership of the program.

The establishment of the Progress Panel by the participants of the New Bedford Working Capital Network represents a bold step forward towards building a micro-enterprise development program that will not only survive a diminished role for the founding agency (PACE Inc.) but will most likely be transformed into a significant force for Community Economic Development in the greater New Bedford area well into the twenty-first century.