Project Proposal: Lending for Evanston and Northwestern Development

Although there exist extremely affluent pockets of Evanston, many of the city’s residents face immense financial challenges and seek to start their own business to create a sustainable, dependable source of income. Based on national estimates, there exist about 1,500 members of the “working poor” in Evanston and about 12% of them are self-employed. This constitutes a large group of people attempting to achieve financial self-sufficiency through business ownership.

Lending for Evanston and Northwestern Development, established in 2010, was designed to address the dearth of resources for local entrepreneurs, many of whom are unfamiliar with the method and requirements for starting a small business. LEND strives to enable low-income Evanston residents to obtain the business skills and capital they need to realize their entrepreneurial dreams.

LEND takes a two-pronged approach to aiding the community. First, we offer business-training services in the form of an eight-week course. Entrepreneurs are paired with qualified undergraduate students who guide them through a breadth of considerations that must be taken when starting or running a business (e.g. target market, cost of goods sold, marketing, etc.). Given the personalized structure of the program, the training is tailored specifically to the needs of each individual client.

In addition to the business training courses, LEND offers a microloan program. Adapting the model of international microfinance to a local context, we offer small amounts of capital, between $500 and $5,000, to qualified borrowers that demonstrate a need for funding but cannot qualify for conventional sources of capital. The funds can be used towards initial business start-up, renovation, or expansion.

In order to establish the capacity to execute our mission, LEND must utilize a variety of resources. Primarily, LEND leverages the abilities and passion of Northwestern undergraduate students to manage the organization and deliver services. We also collaborate with a variety of community groups to understand the market and reach new clients through referrals. Additionally, support from the local business community and city government officials helps us keep our mission in line with Evanston’s needs. These partnerships are crucial to establish LEND’s legitimacy as a valuable community resource. Finally, to ensure that we are capable of disbursing funds in a timely manner, LEND must be able to raise capital from a variety of sources including alumni, local philanthropies, and grant proposals. Our network of community partners is also instrumental in connecting us to funding opportunities.

Although the group has formalized its internal structure, raised capital, and received recognition from the local community, LEND will continue to face a number of challenges. Foremost, it will be important to explore different methods to maintain an active client pipeline, as locating qualified clients is difficult for such a young organization. Additionally, it will be imperative to preserve the diligence and proactive nature of the group despite efforts to expand operations in the upcoming years. LEND is a creative and dynamic organization and it will be important to resist stagnation. However, given the incredible support and recognition we have found in the community, we have the resources and the guidance to address these challenges and create positive change in Evanston.