California Association for
Micro Enterprise Opportunity

1 Hallidie Plaza, Suite 715
San Francisco, CA 94102
ph 415.992.4880
fax 415.445.9529
www.microbiz.org

Press Contact:
Heidi Pickman, Communications and Policy
Phone: 310.392.0211
Email: hpickman@microbiz.org

Microbusinesses are the Country's Backbone

Very small businesses create the jobs. Period. From 2004 to 2013, **U.S. micro-businesses created a net of 7 million jobs.** Very small businesses created jobs every year and mostly created more jobs than any other firm size. During 2009 and 2010, micro-businesses were the only firm size that created jobs. (Small Business Administration)

Our labor force is undergoing a clear, structural shift to independent work. In 2012, roughly 1 in 4 independents hired other independents, spending $96 billion and employing the equivalent of 2.3 million full-time workers via contract hiring. (*State of Independence in America*)

> *After Chris Saint had spinal cord surgery, it became clear that he couldn't return to being a private investigator. After reminiscing about ice cream trucks at a party, Chris and his wife Jennifer drew up plans for a "pimped-out truck with pinstripes and a rockin' stereo system." They took their plan to a regular bank, but didn't get very far. The bank said that they were too risky.*
>
> *They were referred to **ACCION San Diego** by a friend. The greatest thing was when the Saints presented their idea to ACCION – they 'got it' and loaned Jennifer and Chris $35,000. They also got business management assistance. "They didn't laugh," said Jennifer. "And they went all the way with us which was so cool. During the first year, we called our counselor: 'We are struggling, we don't know what to do' and they were always supportive. We wouldn't still be here without ACCION in that first year."*
>
> *The Sweet Treats truck mainly caters to corporate events with a menu that includes Häagen Dazs, Ben and Jerry's, Snow Cones and dog ice cream. They became so successful that they went **to CDC Small Business Finance** for a bigger loan to pay off ACCION and buy another truck. They now have three trucks and are looking at a fourth, have two employees besides themselves and hire lots of independent contractors.*

Read more Micro Enterprise success stories.

CAMEO

CAMEO's Mission

CAMEO's mission is to **grow a healthy, vibrant, thriving environment for all entrepreneurs and start-up businesses by advancing the work of our statewide member network.**

Our members help the self-employed and entrepreneurs **create jobs** for themselves and others, help Main Street **businesses survive and thrive** during difficult economic times, **revitalize neighborhoods** through business development, and provide infrastructure that **strengthens families and communities**.

Our member organizations provide entrepreneurs with small business financing such as loans and credit, business technical assistance (think mini-MBA) and business management training.

CAMEO is the voice for Micro Business in California - expanding resources and building capacity for its member organizations.

CAMEO

- Provides information on trends, innovations, and technology to increase capacity to serve more clients and reach new markets;
- Cultivates new resources and investments to provide business services and capital to microbusinesses;
- Promotes best practices;
- Builds public awareness about the positive economic impacts of Micro Enterprise development
- Advocates at the local, state and federal level for public policies that support our industry in California.

CAMEO is California's statewide Micro Enterprise association made up of over 180 lenders, training programs, job creators, agencies and individuals dedicated to furthering Micro Enterprise development in California.

Claudia Viek has been CEO of CAMEO since 2007. Claudia has been a pioneer in both the Micro Enterprise and business incubation fields in California and is a recognized thought leader in the field. She is the former Executive Director (14 years) of the Renaissance Entrepreneurship Center. Renaissance is an award winning training, financing and business incubation program in San Francisco. Claudia served on the Board of the National Business Incubation Association and founded the Pacific Incubation Network of business incubators from Baja to Alaska.

CAMEO

California Microbusiness Means Business
Creating Jobs and Economic Progress

Microbusinesses create the jobs.

- From 2003-2012, microbusinesses created 900,000 jobs in California, while big businesses lost about 200,000 jobs.
- 4.2 million Californians were employed by microbusinesses in 2007.
- 3 million microbusinesses have no employees.
- Small local businesses have a multiplier effect on their local economies that is twice that of big national chains.
- Jobs are created locally.

Technical assistance is the key to success.

- Microentrepreneurs that have gone through training programs and receive technical assistance from ***CAMEO members have an 80% success rate*** (versus the 50-80% failure rate of small businesses that don't seek help.)
- CAMEO member clients who start their own businesses also on average ***create two jobs in addition to their own***, over a three-five year period.

CAMEO businesses create jobs and generate income.

CAMEO members serve about 20,000 businesses with training, business technical assistance and loans. These firms, which were largely start-ups, created or supported about ***35,000 jobs for California's economy***.

- The businesses created a total of ***$1.5 billion in economic activity***.
- For every $3,000 in technical assistance provided, a company generates $70,000 in sales.
- Federal taxes paid increased 35% over a five-year period.
- Traditionally, CAMEO members have served the emerging majority, the underserved - women, minorities and low income – or those who have high barriers to entry into the business world.
- Because of the Great Recession, CAMEO members are serving new populations - struggling Main Street businesses and unemployed who have turned entrepreneurial and are the new *free-agents*.
- An estimated 120,000 unemployed (about 5% of unemployed) are potential entrepreneurs.

CAMEO

AMERICAN BANKER | BANKTHINK INFORMED OPINION

How to Tame the Wild West of Marketplace Lending

By Claudia Viek
August 12, 2016

Online alternative lenders offer a variety of advantages from their use of automation, big data and crowdfunding to reach small businesses. They offer quick loan decisions with a stripped-down application process. These firms assess risk immediately with efficient use of algorithms and technology. Money can be distributed in days, not months.

But for too many small businesses, getting financing from one of these lenders is like the Wild West.

Advertisements for quick cash — once the domain of those lending to individual consumers — are more and more promising the same to small businesses. Internet searches for "small business loan" find sites offering "Up to $500,000 in 24 Hours," "10-minute application," and "get approved and funded instantly."

But data shows the process is anything but easy and affordable for many small businesses. Right before the end of 2015, California's Department of Business Oversight (DBO) sent "an online survey to 14 marketplace lenders requesting five-year trend data about their loan and investor funding programs." The DBO aggregated the findings. Nationally, from 2010-14, the dollar amount of these 14 companies' small-business financing transactions increased by 630% — from $400 million to $3 billion. Through the first half of 2015, transactions totaled $2.26 billion. The majority of their loans carried higher APRs, ranging from 41% to 101% or higher.

Another recent study by Opportunity Fund, a mission-driven lender, analyzed the type of financing that is offered to their small-business clients by competing merchant cash advance companies, alternative lenders that provide financing to small businesses. The study, the first of its kind, looked at 104 small businesses that were involved in 150 financing transactions from 54 different alternative lenders. Many of the borrowers in the study had been stuck with loans they just couldn't afford. The average alternative financing carried an annual percentage rate of 94%, with one loan reaching 358%. The average monthly loan was almost double the net income available to the small-business owners.

Not all online financing fits into the "borrower beware" category. Some online players, such as Lending Club and Funding Circle, have adopted responsible lending practices and can be a source of affordable capital. Square offers an easily understood cash advance, and Intuit directs its customers into vetted, honest products. Online alternative financing can be an efficient source of capital.

But it can also be predatory, especially to the unaware, inexperienced borrower.

Some lenders have tried to hide their true costs by making their offerings appear inexpensive and easy to obtain, but they often have short repayment terms (less than a year) coupled with daily or weekly payment cycles. As we've seen with small-dollar consumer financing, those types of structures can lead to financial ruin. Some particularly unappealing products have double-dipping clauses (meaning you pay twice on the same loan) and don't consider a borrower's ability to pay back in the financing decision. Some obfuscate the true interest rate costs by charging fees and prepayment penalties, and some have confidentiality clauses that won't let borrowers disclose terms to a third party.

Despite some initial movements by policymakers to explore regulating marketplace lenders, this sector is still falling through the regulatory cracks.

Here are three steps to taming the Wild West of online small-business financing:

1. Educate small businesses. Every small business that seeks capital needs to understand easy online cash. Every small business needs to know what "honest" capital looks like, i.e. transparent and affordable money that is essential to healthy local businesses and economic growth. They should know about the Small Business Borrower's Bill of Rights, which focuses on transparency, fairness and the interest of the borrowers. Additionally, those who can should endorse the Borrower's Bill of Rights to promote best practices in lending.

2. Demand a comprehensive study into the characteristics and effects of short-term, high-cost alternative financing on small business. We need more than one study of 150 transactions.

3. And I hate to say it, but we need some rules. Oversight of this industry essentially is nonexistent. Many of the merchant cash advance businesses are not regulated as lenders because they do not technically provide loans — and fall through the cracks of the law.

Claudia Viek is the chief executive officer of the California Association for Micro Enterprise Opportunity. She is the former executive director of the Renaissance Entrepreneurship Center.

November 09, 2015, 01:00 pm

The small business case to designate California Desert monuments

By Claudia Viek

California's rural economies depend on very small businesses – 95 percent of companies in these areas have fewer than five employees. Many of them depend upon our state's unique and spectacular natural resources for their success. The California Desert region is no exception.

That's why we're making the business case that President Obama heed Sen. Feinstein's (D-Calif.) request that he designate three new national monuments in this region - Castle Mountains, Mojave Trails, and Sand to Snow - and protect one of the richest landscapes in North America.

Many businesses in this region depend on tourists, outdoor adventure seekers, and travelers for their livelihood. One such place is the Ludlow Café, a funky diner on Route 66 known for their fluffy, homemade biscuits. Drawing new attention to the desert supports and strengthens businesses like the Ludlow Café and helps bolster a strong and diversified infrastructure of small, locally owned businesses that are major job creators for rural areas.

While 'nearby' cities – as in 80-plus miles from Ludlow – have a couple dozen large employers or lots of bright lights, the towns throughout the California desert are small and unlikely to lure big business. Plus large businesses aren't in business to create jobs, but rather to maximize profits for shareholders. If we look to the federal, state and local governments to provide jobs, we'll just find dramatic cuts in public sector employment.

So who creates the jobs? The DIYers who are starting their own small businesses. National monument designations will attract new attention and enhance tourism and recreation in the region, thus increasing the dependability of customer flow, a must-have ingredient for these businesses. With customers come other economic benefits, like jobs and community investment.

Preserving the California desert will also preserve the painted mountains, archaeological treasures, renowned wildflower displays, diverse recreational opportunities, and western history that includes Native Americans, General Patton's World War II training sites, and Route 66. Each of the three proposed monuments has their own special features.

Castle Mountain is home to Joshua tree, pinon pine, and juniper forests, rich Native American archaeological sites, several unique wildlife habitats, and the historic gold mining ghost town of Hart.

In Mojave Trails – which links the Mojave National Preserve to Joshua Tree National Park – one finds sensitive wildlife, unspoiled desert vistas, sacred Native American trails, and hundreds of miles of alluring backroads, along with lava flows, trilobite fossil beds and the longest undeveloped stretch of Route 66.

Sand to Snow is one of the most important wildlife corridors in Southern California, one of the most botanically diverse mountain areas in the contiguous U.S., and includes highly accessible recreational assets such as 25 miles of the Pacific Crest Trail. Its Black Lava Butte and Flat Top Mesa are home to stunning cultural sites and rare plant species.

Visitors come to this area because of these natural resources and recreational possibilities. Already, visitors to the region's three national parks-Joshua Tree, Death Valley, and the Mojave National Preserve attract over 3.2 million visitors who spent $194 million and supported over 2,700 jobs in 2014. Add to this the nearly 4.2 million visitors who visited California desert lands managed by the Bureau of Land Management in 2013.

Protecting additional recreational opportunities for local and area residents as well as visitors from around the world helps sustain and grow local communities. America's public lands attract baby-boomers and entrepreneurial types, who value quality of life factors and outdoor recreation.

For example, more than 500,000 seniors relocated to Western states in search of protected public lands between 2000 and 2010, creating nearly 300,000 jobs, and seniors-focused micro-businesses are capitalizing off the wave of baby-boomer retirement. Even my hairdresser intends on retiring to the Mojave Desert to open a café and curio shop. Research shows that from 1970 to 2010, western non-metro counties with more than 30 percent of their land base in federal protected status increased jobs four times more than Western non-metro counties with no protected federal land.

We have the opportunity to protect some of the most spectacular and diverse stretches of intact desert while helping to sustain and grow the local economy. Senator Feinstein has repeatedly introduced legislation to protect these areas dating back six years but the prospect for its passage continues to be bleak. It is time for this region to gain the protection it deserves and secure its economic future. I join Senator Feinstein in urging President Obama to designate Sand to Snow, Mojave Trails, and Castle Mountains as national monuments.

Viek is CEO of CAMEO (California Association for Micro Enterprise Opportunity), a non-profit with the mission of creating economic opportunity for all California entrepreneurs to build wealth and strong communities.

THE SACRAMENTO BEE

October 18, 2015 5:00 PM

New state law gives microlenders a more even playing field

Shoneji Robison, left, and Catarah Hampshire, owners of Southern Girl Desserts in Los Angeles, took out six loans and were in a financial mess until going to a nonprofit microlender. Nick Ut The Associated Press

By Claudia Viek
and Eric Weaver
Special to The Bee

Since traditional banks have largely stopped making small business loans, an influx of companies are stepping in to fill the gap. While some are lending to small businesses in a responsible way, many are not.

By signing Senate Bill 197, Gov. Jerry Brown took one small step to making sure that small business lending is not predatory for California's entrepreneurs.

To illustrate the problem, look to Catarah Hampshire and Shoneji Robison. They quickly grew Southern Girl Desserts, a cupcake business in Los Angeles. To keep up with demand and to expand, they needed fast cash to purchase equipment. A loan broker quickly got the "dessert divas" a cash advance and additional financing from an alternative lender.

Because both loans had very short terms and very high interest rates, Hampshire and Robison were unable to keep up with the large daily loan payments. Short of cash, they soon took out two more cash advances. The advances are not loans, are not regulated and can carry effective annual interest rates of 15 percent to 80 percent. Added up, their financing costs were eating up 40 percent of sales.

Then Hampshire received a flier in the mail from Opportunity Fund, a nonprofit microlender that offered a chance to refinance predatory loans with affordable capital. Her business cut their monthly payments by 90 percent with a longer term and lower interest rate. This loan also helps them build their credit, since it is a regulated business loan, not a cash advance unreported to the credit bureaus.

Opportunity Fund and other responsible lenders make sure that businesses have the ability to repay before making loans – an old-fashioned process called underwriting. Responsible lenders also do not make a second, third or fourth loan to a business already drowning in debt. SB 197 will help responsible lenders become more competitive with other financiers, such as cash-advance firms.

The measure is crucial to California's 3.6 million small businesses and microbusinesses, which need better information about the most appropriate financing available to them. Word of mouth is key to reaching business owners, especially in immigrant and minority communities.

Referral fees for successful loans encourage word of mouth, but before SB 197, state law prohibited licensed lenders from paying such fees to individuals or small businesses that do not have a state broker's license. Most referrers – including tax preparers, nonprofits and others – are not licensed because of high costs.

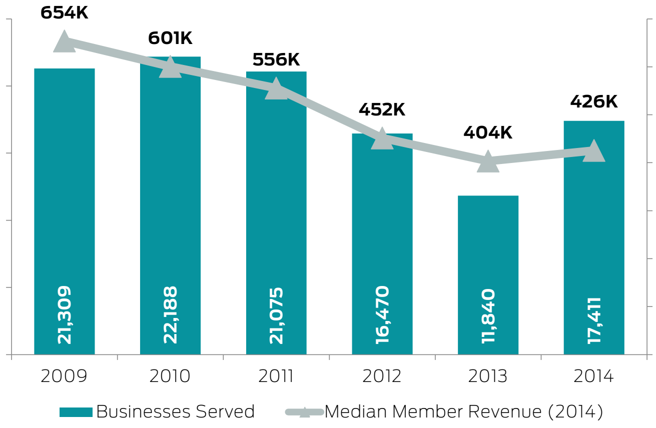
Meanwhile, alternative lenders and banks commonly use brokers to reach potential customers. Also, since they structure their products so they are not loans, they can pay referral fees to anyone.

Because of this uneven playing field, California businesses were not always getting the best financing available. With SB 197, Opportunity Fund and other lenders can now compete against predatory lenders. It is still a bit like David vs. Goliath trying to reach small-business owners with the affordable credit, but SB 197 provides responsible lenders with a new slingshot.

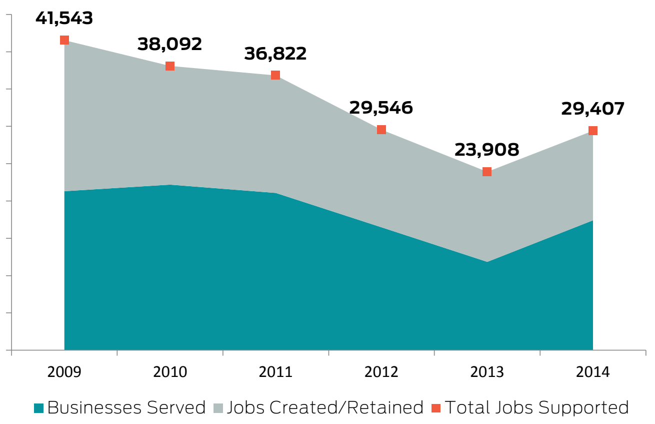
Claudia Viek is CEO of the California Association for Micro Enterprise Opportunity, a statewide network of microlenders. Eric Weaver is founder and CEO of Opportunity Fund, a leading microfinance provider.

CAMEO ANNUAL CENSUS
Program Year 2014

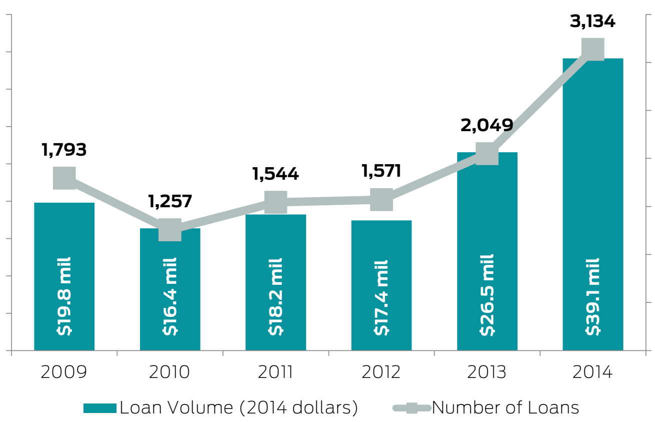
Businesses and Revenue



Total Jobs Supported



Microlending



CAMEO is California's microbusiness support network, dedicated to growing a healthy, vibrant, thriving environment for *all* entrepreneurs and start-up businesses by advancing the work of our members. Together we help entrepreneurs harness their innovative ideas and creativity so that they fulfill their dreams, create local jobs, and grow our state's economy.

Our network is made up of over 170 organizations, agencies, and individuals dedicated to furthering microbusiness development in California. We raise resources, advocate for supportive public policies, and build the capacity of our members so that they can expand entrepreneurial training, business assistance, and lending services to more California businesses.

Every year we survey our members to determine their economic impacts and the landscape of microbusiness development. By doing so, organizations are able to demonstrate the significant role the Micro sector plays in local and statewide economies.

Following are highlights from survey outcomes for 2014.

Statewide Impacts
CAMEO Members in 2014

- 19,866 clients and 17,411 business served
- 65% of clients served were low-to-moderate income
- 29,407 jobs supported; these include full- and part-time jobs created over a 36-month period, plus all businesses served
- $1.3 billion estimated gross sales generated by businesses served
- 3,134 loans under $50,000 for a total of $39.1 million; average loan size was $12,478
- Members provided 248,868 hours of group training and 77,563 hours of one-on-one consulting
- 38% of CAMEO members provide training, coaching, and lending services; 62% provide only training and coaching services
- 35% of CAMEO members serve only urban areas; 20% serve only rural areas; 45% serve both
- Median revenue per member organization was $425,635, an increase of 8% over last year

CAMEO™

2015 Faces of Entrepreneurship

Abraham Lopez

Abraham Lopez arrived in San Rafael in 1997 from Mexico. His first job was washing dishes, but he worked his way up to supervisor at Rickey's Restaurant in Novato. He opened a small catering company in 2007, but the recession hit and he had to close. He has a passion for gadgets and technology, so he promised his son, Johny: "Someday, we're going to open an electronics repair business."

He started saving money, and enrolled in a business class at **Renaissance Marin** in 2011. He worked three jobs to keep his promise and launch **YucaTech Technology Solutions**: nights at restaurant, mornings in hotel maintenance, and afternoons at YucaTech. Today, he has two employees and his own storefront, with plans for another. His son Johny enrolled in Pomona College in the fall of 2015 to study business and environmental science.

Toni Ricci grew up poor in a small town in Maine. She started dancing when she was five years old, and knew that she wanted to own her own dance studio. She studied dance in college, and toured the country with a troupe before falling in love with Los Angeles. She moved to California with just $500, and started teaching at a dance studio in Tarzana. Within 2 years she went from teaching 4 classes a week to 30, becoming very attached to her kids. When the owner decided to sell the business in 2012, she thought, "This is the time to open my own studio."

Elite Dance and Performing Arts Center opened in September 2012 with 60 students. After some cash flow problems and being unable to get a bank loan, she found **VEDC**. "They've saved us from going under over the past three years." Today, the school has 270 students and is thriving.

Tony Ricci

Highlights of Annual Survey

- Lending increased by 52% from 2013 to 2014; and is up by 250% over 2010. Our members made 3,134 loans, for a total volume of $39.1 million. Microlending increased across the network from the previous year: 50% of lenders made the same or greater number of microloans; the median lender made 17% more loans.
- Jobs supported (business owners plus their employees) increased by 23%, recovering to 2012 levels. Our members' revenue increased in 2014 after five years of decline, with the median organization's revenue growing by 8% over 2013. Although jobs supported and median revenue remain lower than they were in 2009, we are encouraged by this growth in client services.
- Federal funding declined as a share of member revenue, accounting for only 25% of revenue in 2014, down from 40% in 2013. Private sources make up the shortfall, rising from 25% in 2013 to 40% in 2014. Earned income from events, loans, and program fees was the second largest source of revenue at 32%.
- The SBDC network served 65,000 businesses in 2014, and supported 8,625 jobs, up by 9% from last year. SDBC clients started 920 new businesses and secured $535.5 million in capital with SBDC assistance. Their clients generated $343.7 million in new revenue, a substantial growth over the previous year.

1 Hallidie Plaza, Suite 715
San Francisco, CA 94102

Phone: (415) 992-4480
Fax: (415).445-9529

cameo@microbiz.org
www.microbiz.org