AGENDA FOR ACTION

OUR ANNUAL PUBLICATION ON ENTREPRENEURSHIP & JOB CREATION

ALL IN FOR LOCAL ENTREPRENEURS

ICA
What We Do  Growing local businesses, creating good jobs.

About ICA’s Model
Inner City Advisors (ICA) selects, manages and invests in high impact entrepreneurs in order to create good jobs and equity for inner city residents. We provide high quality services to help Bay Area entrepreneurs grow their businesses and make a positive impact on the people they employ, the communities where they operate and the world.

We know that a new economic development strategy is needed in these difficult times. In order to sustain our nation’s growth and prosperity, all residents must be incorporated into an economic model that embraces our country’s changing demographics, and ensures investment in future generations.

By bringing people together who are passionate about building small business as well as thriving communities, we’ve seen our model for job creation work. We’ve seen companies that have the resources to grow, that are pillars of our communities, plus the opportunity to network with and learn from other entrepreneurs.

Our business growth strategy series features Michael C. Bush and The 8 Factors Framework, which is an action-oriented method for managing an enterprise as a fully integrated system, based on real-world experiences of leading and growing small businesses.

Pro Bono Management Consulting
At the core of the ICA model is a hands-on management consulting approach that leverages our council of Portfolio Advisors composed of proven entrepreneurs, experienced executives and industry experts. They provide hands-on strategic advice and consulting to portfolio companies in eight essential focus areas based on The 8 Factors framework.

The ICA team develops a work plan and builds a team of advisors who work closely with the portfolio company on a regular basis to help reach key business goals. Drawing from an intimate understanding of the marketplace, advisors roll up their sleeves and delve into the details to provide customized leadership.

Entrepreneurship Education
The ICA Entrepreneurship Institute gives entrepreneurs the mental infrastructure to stabilize, grow and lead their businesses, plus the opportunity to network with and learn from other entrepreneurs.

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Smart Capital Investments
The ICA Investment Fund, launched in 2012, makes smart capital investments directly to high impact entrepreneurs in order to create good jobs and equity for inner city residents. We provide high quality services to help Bay Area entrepreneurs grow their businesses and make a positive impact on the people they employ, the communities where they operate and the world.

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Accelerating growth and creating good jobs will require a new model based on equity, to ensure that all residents—especially those excluded from resources that generate wealth—create and prosper from that growth. The quality of jobs, and the degree to which the people with marginalized socioeconomic status are able to participate in the growth and transformation of our economy, will affect our society for years to come. America cannot achieve the transformation it seeks without investing in people who have historically been excluded. At its core, ICA is an ecosystem of people investing in people. The more we invest in each other, especially the most vulnerable—the better off we all will be.

“ICA’s model is a powerful case study for how to build an equitable economy that works for all people. Right now we need more resources invested into our model to dramatically increase its impact. There are too many underemployed people that can’t afford incremental growth.”

“Equity is not only a matter of social justice or morality; it is an economic necessity. By building the capabilities of those who are furthest behind, America can only begin to address its most serious challenges, but also creates the conditions that allow all of us to flourish. It is an essential focus area based on The 8 Factors framework.

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Total wealth ICA created in 2011: $111,537,500

Why It Matters
Equity is an economic imperative.

While there are many successful programs that help people become entrepreneurs, the challenge is to achieve greater scale—helping existing small businesses grow so that they can generate more jobs for the people who need them most. Entrepreneurs deserve the high quality services and resources that are necessary to bring their innovations to scale.

ICA has leveraged its partnerships to increase the size and strength of our entrepreneurial support ecosystem, mobilizing government, private business, nonprofit organizations and the public to work in concert towards supporting entrepreneurs and creating good jobs. We are leading this charge by launching an innovative investment fund that enables local entrepreneurs to overcome their biggest barriers to scale and maximize the creation of good jobs and equity for inner city residents.

Today, an unparalleled network of people are invested in the ICA mission, but its time to invest more resources and dramatically increase our impact. By expanding our model, we will build healthy communities that nurture families, making it possible for all residents, regardless of their socioeconomic status, to have equal access to good jobs and wealth.

ICA’s equity-driven job creation model supports the local, high impact entrepreneurs our economy needs to succeed. With greater flexibility and resources more broadly distributed, the preferences of diverse and changing populations, these local entrepreneurs often have a competitive edge over national chains. They offer living wages to their employees and are deeply invested in their communities. Most importantly, they reduce the racial disparities in employment and financial success that hold our economy back. By investing in these entrepreneurs, we are increasing our growth and competitiveness as a nation.

Chairman of the Board
Jose Corona
CEO, Inner City Advisors
“They are really there for the long term. For me it has been an ongoing relationship. I am always humbled by how much they support and try to connect me, and give me access to the resources that they have.”

Our Staff

Our Funders

Our Advisors

Our Community Partners

Our Capital Partners

The Power of the ICA Network
ICA invests in people who invest in people.

ICA BOARD

STAFF

PROFESSIONAL SERVICE PROVIDERS

CORPORATIONS

HIGH IMPACT ENTREPRENEURS

ICASUPPLIERS

COMMUNITY PARTNERS

GOVERNMENT

ACADEMIC INSTITUTIONS

CAPITAL PARTNERS

FUNDEES
Entrepreneur Institute: Proven, action-oriented education to lead, stabilize and grow a business.

“We ended up tripling our revenue in 2011, largely due to the simple principles of the ICA Education series.”

Core Foods
CORE Foods’ mission is simple: make it easy to eat healthy anywhere. A certified B Corp, CORE runs on Zero Percent Financial Return. That means that any profit they make beyond their costs of doing business are given away. This is a strong incentive to internalize all of their costs. CORE uses their resources to stay on the cutting edge of sustainability, have happy, healthy employees and produce the highest quality product.

Oaklandish
Through the ICA network, Angela Tsay, of Oaklandish is meeting new partners that share Oaklandish’s vision of spreading ‘Local Love’. This past winter Oaklandish’s retail store started carrying products by ICA companies Numi Tea and Back to the Roots. Quickly realizing Stanford MBA had not taught him the realities of running a company, he began to analyze the most critical aspects of his business in order to gain control. This analysis evolved into The 8 Factors, an entrepreneur and small business framework that combines real-world realities of running a company, he began to analyze the most critical aspects of his business in order to gain control. This analysis evolved into The 8 Factors, an entrepreneur and small business framework that combines real-world experiences with the practical, action-oriented parts of an MBA program.

Senda Athletics
Based in Oakland, California, Senda Athletics makes certified fair-trade soccer balls and training gear, among whose customers is San Jose Earthquakes. Senda took part in the 2011 ICA Business Strategy Series. ICA has given Senda access to discounted legal services, education opportunities and a connection to a capital partner, New Resource Bank, a socially responsible financial institution.

The 8 Factors
ICAs 2012 Business Growth Series features The 8 Factors Framework, developed and taught by The 8 Factors President, ICA Board Member and Advisor, Michael C. Bush, providing entrepreneurs and small business owners with the tools to successfully lead and grow their businesses.

The framework arose from the daily problems Michael encountered as a small business owner: tracking cash flow, assessing competitors, hiring the right people, etc. Quickly realizing Stanford MBA had not taught him the realities of running a company, he began to analyze the most critical aspects of his business in order to gain control. This analysis evolved into The 8 Factors, an entrepreneur and small business framework that combines real-world experience with the practical, action-oriented parts of an MBA program.

The ICA Portfolio
High-caliber, pro bono management consulting and strategic advice to maximize growth.

ICA helped us build an incredibly useful model. It has allowed us to get data on how to run our business better, which has led to new opportunities around raising capital and helping us grow.”

Advisor: Michael C. Bush
In 2011, Michael Bush, lead advisor for Juniper Ridge, completely transformed the company’s operations through advice and resources around demand planning, inventory management, and new product development.

ISA® High-quality, pro bono management consulting and strategic advice to maximize growth.

ICA provided organizational strategy and business development to help us get data on how to run our business better, which has led to new opportunities around raising capital and helping us grow.”

Advisor: Lisa Griffin
In 2011, Lisa Griffin, lead advisor for Juniper Ridge, completely transformed the company’s operations through advice and resources around demand planning, inventory management, and new product development.

Professional Service Provider Highlight:
Fitzgerald, Abbott & Beardsley, LLP
In 2011, Fitzgerald, Abbott & Beardsley, LLP (FAB Law) set the standard for what it means to be an ICA Professional Service Provider. Through their generous commitment to ICA as the form of pro bono and deeply discounted legal counsel, FAB Law donated a total value in the amount of $93,000 and worked with 9 ICA-affiliated companies.

ICA in the News
Juniper Ridge
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Advisor: Lisa Griffin
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Advisor: Lisa Griffin
In 2011, Lisa Griffin, lead advisor for Juniper Ridge, completely transformed the company’s operations through advice and resources around demand planning, inventory management, and new product development.
**ICA Funder Return:**
Every $1 of usable cash donations yields $190 in local wages.

**Key Indicator 1: Total Wealth Created**
$111,537,500

**Key Indicator 2: Total Jobs Created**
2445

**Key Indicator 3: Total Revenue Under Management**
$163M

**Cost of a Job:**
$218

73% Woman Owned Businesses
60% Minority Owned Businesses
72% Employees with Health Benefits
40% Minority Held Positions

**Mission Investments:**
$4,230,717

ICA $445,007
Investments in organization

Portfolio $3,114,150
Investments in portfolio

Education $671,560
Investments in education

**Av. Salary & wage (Portfolio):**
$53,103/yr
$16.69/hr

**Jobs Created from 2005 - Present**

<table>
<thead>
<tr>
<th>Year</th>
<th>Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>200</td>
</tr>
<tr>
<td>2006</td>
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</tr>
<tr>
<td>2008</td>
<td>1500</td>
</tr>
<tr>
<td>2009</td>
<td>1750</td>
</tr>
<tr>
<td>2010</td>
<td>2000</td>
</tr>
</tbody>
</table>

**Av. Revenue (Portfolio):**
$6,500,000

**Av. Revenue (Education):**
$872,559

**Mission Profit™ Impact Tracking**

**Key Ratios:**
- Funder Return: Total Jobs x Avg Salaries
  Total Wealth Created
- Mission ROI: Total Mission Investments + Total Usable Cash Donations
  Total Wealth Created
- Cost of a Job: ICA Operating Expenses
  ICA Total Jobs Created & Retained

**Key Terms:**
- Mission Investments: Key indicators of in-kind donations of time, materials, and professional services to ICA operations and direct service to clients.
- Mission Returns: Key indicators of our mission impact, total wealth created & total jobs created.
“When I can pay my workers really well, keep giving them raises and they keep moving up, we benefit because they’re invested in the business. They’re getting real benefit and so is the community because they’re keeping the money here.”

Hall Newbegin, Owner, Juniper Ridge, Oakland

What is a “good” Job? Employees of ICA companies define their standards for job quality.

We ensure that the jobs we help create are good jobs. But what is a “good” job? Speaking with employees from our portfolio companies, it became clear that the quality of a job is determined more than just how much it pays. Here is what we have to be a “good” job:

1. Full-time hours, health benefits and family-sustaining wages that enable savings, not subsistence.
2. Dignified, fulfilling, purposeful work that impacts the organization’s mission and the world at large.
3. Healthy, respect-filled relationships between employees and between employee and employer.
4. Career advancement opportunities to grow and develop personally and professionally.
5. Alignment of employee and organization values.
6. A short commute with a low impact on the environment.
7. Career advancement opportunities to grow and develop personally and professionally.
8. Alignment of employee and organization values.

Here are two parallel tracks that are critical to creating good jobs:

1. Engage effective workforce training and placement.
2. Support community programs and public policy for employee benefits, wages and resources.
3. Increase skills training and career ladder opportunities within your community.

SUPPORTING THE ENTREPRENEUR
1. Select and serve the entrepreneur.
2. Advise an effective and viable growth strategy.
3. Increase smart capital investments to small businesses.

BRIDGING THE WORKFORCE
1. Engage effective workforce training and placement.
2. Support community programs and public policy for employee benefits, wages and resources.
3. Increase skills training and career ladder opportunities within your community.

In the United States, consumers account for 70 percent of economic activity. Growth stagnates and unemployment remains high when the dividends of profit are concentrated at the top. Right now, people can’t afford to buy all the goods and services the productivity revolution is generating. This is why equity is an economic imperative. The gains from growth must be shared far more broadly and fairly in order to increase the consumer activity that enables small businesses to grow and good jobs to be created.

ICA’s equity-driven growth model is designed to help businesses attract new customers, increase revenue, create more jobs, share livable wages and reinvest in the local economy. As this new workforce’s ability to spend increases, those dollars stay in the local economy ensuring small business growth and a stronger sense of community.

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How to Create a Good Job Everyone has a role and a responsibility.

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Smart capital investments driven by job creation & equity.
The ICA Investment Fund will lead with the mission to maximize job creation by pairing direct investment with high quality services, tailored to meet the full needs of each business.

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In ICA’s continued evolution to enhance its mission, we have launched an innovative investment fund (The ICA Fund), which enables us to invest directly into ICA companies in order to maximize the creation of good jobs. In direct response to the challenges our companies face in accessing smart, flexible capital, this fund enables ICA to directly overcome entrepreneurs’ biggest barrier to growth.

The ICA Fund was made possible with the seed investment from the Y&H Soda Foundation, based on their trust in ICA’s track record of growing companies and creating jobs and their confidence in the ICA team to execute on the Fund’s objectives. Additionally, the full execution of this Fund could not have happened without the generous support of the East Bay Community Foundation and the members of ICA’s Capital Committee.

The ICA Fund invests capital in ICA Portfolio Companies to create more employment and social returns by investing in local enterprises to help these enterprises achieve growth. In partnership with mission-aligned banks and investors, The ICA Fund offers debt products and alternative investment vehicles that support the growth objectives of ICA Portfolio Companies. In 2011, the average debt financing need for ICA companies was $30,290,200; the ICA Fund’s investments are expected to range in size from $100,000 to $500,000. Based on our analysis, the Investment Fund fills a current void in the capital sector, and seeks to leverage and maximize the efforts of our banking and private equity partners.

We are confident that there is a considerable opportunity to produce good financial and social returns by investing in local companies through a well-structured and well-executed investment strategy. This strategy is underscored by the implementation of ICA’s full range of quality services—including high-caliber advising, financial forecasting, positioning companies for capital or liquidity events and growth management—in order to maximize the return on investment. The ICA Fund’s strategy is to execute a strategy with two simple but far-reaching objectives: (1) capitalize on overlooked opportunities in the inner city by focusing on inner city companies as a new asset class, and (2) invest in jobs and equity for inner city residents through the expansion of the businesses in which investments are made. The rigor of this structure prioritizes our mission returns, and will dramatically increase our social impact.

The ICA Fund provides philanthropic investors the opportunity to yield high social returns by pairing smart capital with the highest quality management consulting services. Based on a landscape assessment of business financing activity in the Bay Area, The ICA Fund will empower Portfolio Companies to create more employment opportunities that provide upward mobility for all people.

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THE ICA CAPITAL COMMITTEE

Michael Bush  Sean Murphy  Jeff Cheung  Don Reinke  Jim Harris

Total outside capital ICA companies secured in 2011:

$30,290,200

Primary financing challenges for ICA Portfolio companies:

- 60% Lengthy Process
- 30% Unfavorable Terms
- 30% Gap of Collateral

1. INVEST financially in ICA’s mission.
   To scale our impact, we need more cash. Last year we created and retained 2,445 good jobs with just $534,000 in total operating expenses. Increase our operating budget and multiply our impact.

2. BUILD ICA’s service capacity.
   To maximize the ICA mission, we need to increase our ability to serve more entrepreneurs. Become or refer a Professional Service Provider, Capital Provider, Pro Bono Advisor or Instructor.

3. CATAPULT ICA’s visibility.
   The more people that know and care about our work, the faster that we can accelerate the solution. Spread the word. Introduce us to journalists to dramatically multiply the number of people invested in this mission.

4. BRIDGE ICA’s workforce development gap
   To truly fulfill this mission, we must create a more effective pipeline between people who have barriers to employment and the good jobs we create. Connect us to innovative programs that provide the support that employers and employees need.

5. BUY products & services from ICA companies
   Put your dough ($) where the jobs grow. ICA companies are among the most diverse, innovative and responsible in the marketplace. Patronizing them directly supports quality job creation and equitable growth in the Bay Area.

Action.innercityadvisors.org/agenda
Connecting the Dots: Santiago Cuenca-Romero talks about the power of leveraging the ICA network.

Local Women Entrepreneurs: Ingrid Merriwether on navigating the ship of a rapidly growing business.

Natural Luxury: Juniper Ridge’s founder, Hall Newbegin explains how his love for the wilderness translates into a thriving business and good jobs.

From Waste to Wages: Back to the Roots founders, Nikhil Arora and Alex Velez talk mushrooms, innovative business models, and the impact ICA has had on their growth.

People First: the founders of Ed Support Services talk about instilling their values in their work with children.

From Farm to Fork: Doug Stonebreaker and his crew at Prather Ranch Meat Co. talk about their passion for meat, the importance of community and some lessons they’ve learned.

Love & Hummus
Love & Hummus makes the only local, organic, hummus in the Bay Area, and their business is growing.

Gelateria Naia
Gelateria Naia crafts Gelato from scratch, using the finest ingredients in the Bay Area, including Numi Tea and Blue Bottle Coffee.

Red Door Catering
Reign Free, owner of Red Door Catering, is taking her business to the next level.