# Circle of Aunts & Uncles
# Overview for Entrepreneurs

**Purpose:** The Circle of Aunts & Uncles is a multi-generational project to provide low-interest loans and social capital to under-resourced entrepreneurs in order to co-create a more equitable, compassionate, sustainable, and vibrant local economy in the Greater Philadelphia region.

**Vision**: We envision a prosperous regional economy that supplies basic needs to the local population, works in harmony with our ecosystem, supports vibrant, joyful, and inclusive community life and has broad-based business ownership reflecting the demographics of our population.

**Partnership with The Enterprise Center (TEC)**
The Circle of Aunts & Uncles has a partnership with TEC, a 501c3 Community Development and Financial Institution (CDFI) with almost 30 years of experience supporting high-potential minority entrepreneurs in Philadelphia. Among its contributions to the Circle, TEC houses our loan fund and manages the Circle's loan fund and bookkeeping, provides a loan fund manager who refers potential borrowers to the Circle, coordinates meetings and provides technical assistance for the entrepreneurs as needed. Currently, the TEC manager is Inja Coates, and she is the contact person for entrepreneurs in communicating with the Circle. Inja Coates <circleofauntsanduncles@gmail.com>

**Loans:** Typically, loans are for up to $12,000, interest of 3% is charged, and loans are for 1-3 years. Loans are given for a specific purpose such as purchase of equipment, not general operating funds, non-material expenses such as travel, or paying off other loans.

**Social Capital:** The Circle of Aunts & Uncles leverages non-financial resources to support our entrepreneurs and their businesses beyond loan dollars. The group has extensive professional experience and connections in many sectors. For example, aunts and uncles may spread the word about the business to friends and colleagues, become customers themselves, provide marketing/management/sales advice and/or make connections to potential buyers, reporters, seasoned colleagues in the same industry, local suppliers, storage opportunities, real estate or legal professionals and/or other resources.

**Business sector:** Our interest is in businesses that are helping to build local self-reliance in basic needs for our region: sustainable agriculture and food; renewable energy and no-emission transportation; sustainable clothing and textiles; green building materials and construction; household supplies such as eco-friendly cleaning products; repair/reuse/recycle/compost; health, well-being, and personal care products & services; household furnishing, crafts and artisanal products; independent media; local arts & culture, neighborhood tourism, and technology that supports our local economy.

**Geographic focus:** Primarily Philadelphia, but also the greater region including Bucks, Chester, Delaware, Montgomery and Camden counties if the businesses serve Philadelphia, such as farms, manufacturers and renewable energy businesses.

**Business requirements:**

- Must be currently in business, and have generated revenues for at least the last 6 months.
- Have separate business bank account from personal bank account.
- Entrepreneur who applies and will work with Aunts & Uncles is majority owner.
- Entrepreneur is US citizen (including naturalized) or resident alien.
- Entrepreneur is at least 21 years of age.

**Priority is given to entrepreneurs in the following categories:**

**1. Social Justice**

- Entrepreneur can demonstrate limited financial means;

Entrepreneur is from a historically marginalized community/population, traditionally excluded from business ownership, i.e. women and people of color.

- And/or entrepreneur is providing living wage jobs and/or needed products or services in those communities.
- Pays employees a living-wage.
- Pays fair trade prices when purchasing from suppliers.

**2. Environmental Sustainability**

Aspires to learn about and embrace eco-friendly business practices, such as:

Buys 100% renewable electricity;
Reduces packaging and other waste;
Buys recycled paper and other office supplies;
Makes use of waste from other businesses as inputs;
Reuses boxes and other products rather than discarding;
Recycles paper, plastic and aluminum;
Purchases sustainably grown food, textiles, wood and other products as much as possible;
Composts food waste;
Purchases pasture-raised meat, poultry and eggs (rather than from factory farms.)

**3. Building our Local Economy**

a. Type of business (our primary interest is in the first type of business, but the other two are also valued):

1). Local production for local consumption- The business provides a product or service needed by the region to build local self-reliance, including production that replaces imports with locally produced products, retailers selling locally produced products, or distributers who are building the local supply chain.

2). Imports - Business imports products not available locally using fair trade practices that provide a living wage to the producers where products originate.
3). Exports - Business exports sustainably produced products needed in other communities once local needs are met, providing jobs locally.

b. Local sourcing - Business purchases supplies and other inputs from local businesses and farms as much as possible, helping to build stronger local supply chains.

c. Growth Strategy – the entrepreneur develops growth and exit strategies that maintain local independent ownership, ie not selling to a publicly traded corporation, but rather to employees, family members or another local entrepreneur.

d. Measurement of Success – the entrepreneur does not measure success by profit alone, but by the impact of its business on people (employees, suppliers, customers, community), and the natural environment. This is also referred to as measuring success by the triple bottom line of people, planet and profit.

**Application Process:**
The following five steps outline our application process. All forms should be submitted to circleofauntsanduncles@gmail.com.

1) In-take form
If you are connecting to the Aunts & Uncles through our website, rather than through a personal relationship, please first fill out the In-take form with basic information. If you are not qualified, this will save you the time of filling out a lengthy application. If you do have a personal connection that has encouraged you to apply, then you can skip this step.

2) Recommendation Form from an Advisor Organization
To begin the process of being invited to apply, an Advisor Organization submits the Recommendation Form, describing how they know the entrepreneur and what makes the advisor hopeful about the business. In addition to advisor organizations, entrepreneurs can be recommended by an individual aunt or uncle if there is an established relationship so that the recommendation is based on personal experience. Advisor organizations include: The Enterprise Center; Entrepreneur Works; Merchants Fund; Women's Opportunity Resource Center; Kiva Zip Philadelphia; and Untours Foundation. If the entrepreneur works with a business support organization that is not listed, please email us to see whether they can be included.

3) Loan Application
After a recommendation is accepted the entrepreneur is invited to summit a Loan Application. The applications are reviewed by a Loan Review Committee made up of the Loan Fund Manager and volunteer aunts and uncles.

4) Interview

If the Recommendation Form and Loan application are promising – meaning that the reviewers believe that the Circle of Aunts & Uncles can provide real value to the business through a business loan and social capital – the applicant will be invited to meet with 2-3 members of the Review Committee for an interview. The interview helps the Circle of Aunts & Uncles gauge the applicant's readiness for a loan and other types of support. If the aunts and uncles feel that the group can make valuable contributions to the business, the applicant will be notified within a week of the interview that they are invited to attend the next gathering of the Circle of Aunts & Uncles.

5) Aunts & Uncles Gathering

The Circle of Aunts & Uncles hold four gatherings a year during which two entrepreneurs are chosen to present their businesses. It is not a competition. We hope that loans will be made to both applicants. The gatherings are informal, usually held in the home of an aunt or uncle, and begin with a buffet dinner. During this time entrepreneurs are introduced to the other aunts and uncles (usually about 30 people attend the gathering). Following dinner entrepreneurs have ten minutes each to present, which should entail:

1. Tell your story and why you started your business.

2. How does your business benefit your community?

3. How much are you requesting in your loan, how will you use it, and how will the loan increase sales and/or decrease, request support and present their loan request?

Questions and discussion will follow. After the presentations and questions, the entrepreneurs leave and the aunts and uncles make their final decision. You will be notified of their decision within 3 days of the gathering.

**Benefits and Responsibilities of Entrepreneurs**

1. Sub-circle

When the Circle of Aunts & Uncles approves a loan to an entrepreneur, Aunts & Uncles volunteer to join a sub-circle to support that entrepreneur. The sub-circles are led by the Loan Fund Manager. Every effort is made to engage aunts and uncles who will have the most to contribute to that business, such as professional expertise, connections to customers and familiarity with market. Sub-circles meet periodically during the term of the loan, according to the needs of he entrepreneur. Some sub-circles only meet once and others meet multiple times over the years.

Some times a loan is not made until assistance is given in areas that need improvement. In this case, once the entrepreneur has demonstrated readiness and has a clear and compelling Loan Application, the sub-circle reports back to the full circle to recommend a new loan or second loan if the first is being repaid on schedule.

The entrepreneur is responsible for keeping the sub-circle informed of their progress, directly or through the Aunts & Uncles loan fund manager at The Enterprise Center

2. Manager from The Enterprise Center

Relationships between the entrepreneurs and the Circle of Aunts & Uncles is managed by the Loan Fund Manager from The Enterprise Center. Inja stays in touch with each entrepreneur and provides assistance as needed.

3. Spending the loan funds

The entrepreneur must only spend the loan money for the purpose for which it was given. If the entrepreneur would like to change the use of the loan, he/she must ask permission through the loan manager and subcircle. Once the loan money in part or in full is spent, please report to the loan manager and subcircle that you have successfully used the loan money for its intended purpose.

4. Quarterly Reports

The entrepreneurs send quarterly financials to the Loan Fund Manager, who will share with the Aunts & Uncles, and report any major progress or challenges they are experiencing.

**Increasing or decreasing credit standing**

The Aunts & Uncles hope that all of our entrepreneurs succeed. Increasing credit worthiness and bankability for mainstream credit is an intended outcome of this loan program. Defaults will negatively affect your credit rating, hurt your reputation, hurt the person/organization that recommends you for a loan, and also hurts other businesses who would have benefited from the loan money.

**Giving Back**

We hope that entrepreneurs in our program who succeed are willing in the future to help emerging entrepreneurs by mentoring, advising and perhaps even becoming an aunt or uncle!

We wish you all the best in your business and career.

*Revised 1/29/18*