

## 2014 - 2016 Interise Business Plan

Since 2004, Interise has promoted the economic revitalization of lower income communities by providing existing small business owners with the knowledge, know-how, and networks needed to further grow their businesses, create jobs, and become community leaders.



**INTERISE**

where small business goes to grow

"Developing the 3-year strategic plan helped us gain immense insight into our business and allowed us to move forward with confidence. The knowledge, commitment, and richness of resources offered through the StreetWise 'MBA'™ can assist any small business looking to become successful and sustainable."

- Daniel Cordon, Haley House Bakery Café  
(The Café houses a Transitional Employment Program for formerly incarcerated community members)



"Emerging Leaders was one of the best things that ever happened to my business. The program not only gave me confidence in myself and enhanced my business knowledge; it improved my management skills and helped me to become even more efficient in many aspects of my company. Acknowledging that it is more important for me to work **on** my business instead of **in** my business has made a huge difference in moving forward with the long-term goals of Ortega's Appliance Service Today, Inc. Since completing Emerging Leaders two years ago, I have hired two additional appliance repair technicians. The total business revenue was up 16% in 2011 and is up 40% in the first half of 2012 for an overall total of 56% revenue increase after completing the curriculum. These numbers are an amazing testimony in itself; in addition, Ortega's Appliance Service Today, Inc. was named the recipient of the 2012 New Mexico Ethics in Business Award. This has been a huge honor that has opened many more doors."



- Manny Ortega, Ortega's Appliance Service Today, Inc.

## Table of Contents

A. Executive Summary .....	3
B. Market Context and Need (the "problem").....	5
C. Strategy and Theory of Change (the "solution").....	8
D. Scaling Plan .....	11
E. Evaluation and Knowledge Dissemination Plan.....	22
F. Organization .....	23
G. Financial Plan for the Scaling/Expansion Initiative .....	26
H. Risk Assessment, Mitigation and Contingency Plan.....	28

## A. Executive Summary

*Interise's mission is to stimulate economic revitalization in lower-income communities through job creation, wealth generation, and the fostering of community leadership by enabling established small business owners (SBOs), who have already demonstrated success, to further strengthen and grow their businesses.*

Our StreetWise 'MBA'<sup>TM</sup> (SWMBA) program provides a diverse group of SBOs in underserved communities with the management education, access to new markets, peer networks, and additional resources needed to further grow their businesses. The final output of our program is a three-year Strategic Growth Action Plan<sup>TM</sup> (SGAP). The SWMBA provides the discipline and structure these business owners need to step back and work *on* their businesses, rather than *in* their businesses.

Interise works exclusively with existing small businesses that have survived the start-up stage and have the potential to achieve second stage growth.<sup>1</sup> These businesses are typically three to five years old and are unhindered by legal problems (such as tax liabilities). On average, our businesses employ 7.5 workers (no sole proprietorships) and most have fewer than 20 employees. Our typical business has between \$250K and \$10M in annual revenue. In 2012, 92 percent of our program participants were people of color, women, immigrants, or operated a business in a lower-income community.

Interise has established itself as a cost-effective, results-driven organization with a proven track record in lower-income communities across the country. We have served almost 2,100 small business owners to date, and plan to serve 600 additional small business owners in 40 U.S. cities in 2014.

Our own partnership-based business model is designed for growth.<sup>2</sup> We have a wholesale, rather than a retail, program delivery model. In our first ten years, we have scaled our mission impact by licensing our research-based SWMBA curriculum to a network of delivery partners, including federal, state and local government, small business associations, and universities. We identify and build relationships with delivery partners who are already established in their local communities. Our model builds both our brand and our partners' brands by enabling them to own their programs while offering our proven SWMBA curriculum. Through licensing the SWMBA, we build our partners' capacity to serve and grow local small businesses in their community. As our national network of partners grows, so will our capacity to serve even more companies.

Our partnership model is cost-effective, adaptable and easily scalable, as reflected in our strong partnership renewal rates. At the local level, our partners staff the program, recruit and select their local business owners, and set and retain their local brand. Interise provides our partners with:

- Use of the SWMBA curriculum
- Training and on-going support for program managers and instructors
- Program monitoring and impact evaluation
- Public relations resources

Our 2014-2016 business plan has four key scaling strategies:

1. **Widen Impact:** Continue to expand our scope and scale our mission impact through licenses, contracts, and other partnership opportunities.
2. **Deepen Impact:** Develop ways to continue to engage past SWMBA participants with each other and with Interise, and build systems to connect participants to the resources that support successful implementation of their business growth plans.
3. **Share Impact:** Engage in research for the purpose of sharing insights and knowledge about established small businesses, their owners, and their communities.
4. **Sustain Impact:** Strengthen our infrastructure and organizational capacity in order to successfully expand our scope and scale, including developing the capacity of our board and staff, and streamlining our organizational systems and processes.

Our proposed 2014-2016 financial plan will take us from an organization with an annual budget of \$2.3 million in 2013, to \$4.1 million in 2016. This reflects our plan to expand from 35 to 60 active sites in 2016 through new partnerships with federal, state, and local governments, 'anchor' institutions<sup>3</sup>, minority business associations, and community-based economic development organizations.

Our overall budget growth reflects the cost-effectiveness of our scaling model. By 2016, economies of scale will enable us to serve each additional site for roughly \$56,000 per year – a cost that our partners would find difficult to match if they attempted to build and deliver their own comparable program.

As we grow, we plan to maintain a 75/25 percent split between earned income and contributed income. (In 2013, we achieved an 80/20 percent split.) We will also increase our cash reserves, building a greater cushion for potential downward turns in the economy. In total, we will need to generate \$10 million to fund this business plan. The Surdna Foundation, who funded us previously, has already committed \$375K (\$125K annually) to fund this plan.

By leveraging the pent-up growth potential of established small businesses, Interise will integrate the job creation potential of the three major engines of economic growth and employment in urban lower income communities: small businesses, government, and 'anchor' institutions, including large corporations, hospitals and universities. Over the next three years:

- An additional 2,295 SBOs will complete the SWMBA and enter our national peer network.
- Their small businesses will create and retain 31,088 local jobs, and secure \$1.9 billion in contracts from government agencies and 'anchor' institutions.
- Twenty-five more partners will acquire the capacity and tools to continue this cycle of local impact, by investing in a license that pays for itself, and has the potential to generate residual revenue in its third year.

## B. Market Context and Need (the “problem”)

**Define the problem to be solved and the need for a scaled solution:** The best poverty alleviation program is the creation of good local jobs. In the communities we serve, there is always a shortage of these jobs—a shortage that is even more pronounced after the 2008 recession. Small businesses play a crucial role in U.S. economic growth and employment overall, and are critical to the economic development of lower income urban communities. According to the U.S. Small Business Administration (SBA), in 2010 there were 5.2 million small business employer firms in the United States, each with fewer than 20 employees. Of these firms, 715,000 were minority-owned and 846,000 were woman-owned.

A 2012 McKinsey report notes that small businesses<sup>4</sup> traditionally drive our economy. They account for almost two-thirds of all net new job creation. Established small employer firms have the potential to create more stable, better quality local jobs than startups do, and to do so more cost-effectively.<sup>5</sup> As an example of this potential, businesses that completed the SWMBA during the years of the recession created net new jobs at 10 times the rate of the private sector as a whole.<sup>6</sup>

The potential is there. What are lacking are the resources needed to unlock it. Existing SBOs in urban lower-income communities consistently lack the social networks, management capabilities and knowledge, business development support, and access to capital needed to scale their businesses. Research undertaken at Boston University on the local leadership gaps in low-income communities found that SBOs are not able to give back to their communities in significant ways until their businesses are stable.<sup>7</sup> Thus, growing small businesses contributes to a community’s economic resilience and vibrancy.

In 2004, Interise was created to address this gap, with a focus on underserved established small businesses in under-resourced communities. In 2012, 92 percent of our program participants were people of color, women, immigrants, or operated a business in a lower income community, with people of color making up nearly half of the total (45 percent).

**Evidence of demand and/or demonstrated support:** Interise’s rapid expansion reflects the demand for our Streetwise ‘MBA’™ (SWMBA) program. In our first four years, we retained our first contract with the SBA’s Emerging Leaders initiative, and expanded from one site in Massachusetts to over 25 sites nationwide. With our current partners we deliver our program in 35 cities across the country. There continues to be a strong demand for our program in these cities. In over two-thirds of our existing sites, there is a waiting list for future classes. We also have over 300 partnership prospects under cultivation—including federal, local and state government agencies, minority small business associations, and ‘anchor’ institutions. (See Appendix for Partnership Segments.)

**How our intervention is unique:** Interise’s key differentiator is our *cost-effective, adaptable, easily scalable* model, with a program that leads to the *behavioral changes* business owners need for continued growth. Our evidence-based program design combines business knowledge with education theory in a way that is best described as a combination of a stripped-down MBA—in its instructional content—and the “Weight Watchers®” peer learning model—in its instructional design. As a result, SBOs acquire the management behaviors needed to achieve and sustain growth in a way that is “sticky,” that is, their newly acquired knowledge and skills translate to long-term behavioral changes.

Our model's success is based on who we teach, what we teach, who teaches it, and how we teach it, as well as our commitment to thorough quality assurance and evaluation. The SWMBA curriculum is taught using a "live case" method that guides small business owners through an analysis of their own businesses; this analysis is a core component of each instructional session. Over the course of 27 weeks, SBOs work with experts and peers on business development and strategic planning, learn about access to capital and government contracts, and get a hands-on education in financials, marketing and sales, and human resources. Our instructors and subject matter experts include academics and experienced entrepreneurs with firsthand knowledge of what it takes to grow a business.

The peer relational aspect of our model is key, and sets us apart from other programs. The social learning approach of our curriculum provides the peer reinforcement needed to keep a participant accountable to him or herself – and the group – for the changes they are creating in themselves and their businesses.<sup>8</sup> We position a SBO into concentric circles of mentoring, starting with small mentoring groups, expanding to all their class participants and instructor, and widening to include the business experts and mentors they meet through Interise's partners, and our national volunteer network of business professionals. In this web of relationships, SBOs build trusting and transformative relationships, and move from isolation to integration into a network of growth-focused SBO peers.

Our partnership model was informed by academic research that links networked organizations to increased social impact.<sup>9</sup> Through our delivery partners, we have both national and local impact. Our program is designed to build our partners' capacity, and to strengthen their position in their local small business ecosystem. We work with them to build their brand and reputation. Our partners can customize their programs through additional seminars and events, and have used program customizations to address issues specific to their local community. In short, Interise's approach involves growing a multi-sector network of local partners who work toward a common mission, using a common approach, and holding themselves accountable to common performance and impact metrics.

**Ecosystem analysis:** Existing small business and entrepreneurship assistance organizations can be roughly divided into two categories: those that serve start-up or fledgling businesses, and those that serve long-established, larger businesses.<sup>10</sup> Organizations that serve start-ups work with businesses that are typically less than 3 years old, with annual revenues below \$250K, and are either sole proprietorships or companies with few full-time employees. In contrast, organizations that serve established enterprises typically work with businesses that are over 5 years old, with revenues above \$10 million, and with 50 or more employees. Interise was founded to help fill the gap in this ecosystem by serving *existing growth-oriented small business owners in low-to-moderate income (LMI) neighborhoods*. (In the Appendix, we illustrate our opportunity area on the national and regional level.)

Although there are a few other organizations that serve urban enterprises in the middle stages of their business growth (Inner City Advisors, Renaissance Entrepreneurship Center, and Tuck Minority Business Executive Program), only Interise delivers such a *high dosage program* (27 weeks), with a *rigorous* curriculum designed to create long-term behavioral change, that is *directly offered in multiple LMI communities* across the US.

**1) National Landscape:** Our national landscape includes Goldman Sachs 10,000 Small Businesses, Entrepreneurs' Organization's Entrepreneurial Masters Program (EMP), Next

Street Financial, and Endeavor. Goldman Sachs' program is designed to help the corporation fulfill its federal Community Reinvestment Act requirements.<sup>11</sup> The Act's requirements encourage them to focus on smaller businesses with annual revenues less than \$1M. Entrepreneurs' Organization's EMP annually brings together 65 SBOs of companies that gross more than \$1M. Their 4-day Massachusetts-based program is focused on leadership development and networking, and does not concentrate on recruiting SBOs from LMI businesses. Neither Next Street Financial nor Endeavor is direct competition to our target market. Next Street Financial is a for-profit company that offers finance and business advisory services to organizations in underserved markets with revenues greater than \$5M and over 10 years of steady growth. Since 2011, they have served only 80 employers.<sup>12</sup> Endeavor, a US based nonprofit, is exclusively focused on high-growth businesses in international emerging markets.

Local university courses, including programs at business schools and in executive education programs, are usually both high-dosage and rigorous, yet are often economically beyond the reach of our target SBOs. These courses also often require SBOs to leave their communities and businesses to participate in on-campus sessions. Finally, national CEO peer mentoring programs like YPO (Young Presidents' Organization) and Vistage primarily target CEOs of large organizations, and require high fees for membership and services.

**2) Local and Regional Landscape:** The existing landscape of local and regional small business development agencies and service providers is predominately focused on start-up and micro-businesses. Organizations that serve small business entrepreneurs at an earlier stage of their development are ideal referral partners for Interise. We are exploring partnerships with some of these small regional providers, especially those with multiple sites within a geographic region. We have already successfully partnered with Small Business Development Centers (SBDCs), a national assistance network supported by the SBA. SBDCs work with start-up businesses to offer advice and short learning engagements, and target minority members of socially and economically disadvantaged groups including women, veterans, and the disabled.

**Vision for influencing the sector:** Through our nationwide expansion, we are building the capacity of the small business development sector as a whole. Our vision for influencing the sector includes strengthening the environment for small businesses at the local, state, and national level, and generating a better understanding of the ways in which strong small businesses contribute to the strength of their communities. We work through three channels: small business owners, our partners, and sharing our research on small business issues. We work to transform the sector by:

- Developing the capacity of small business owners whose businesses have the greatest potential for growth, in places with the fewest resources available to help them grow.
- Expanding the outreach capabilities of practitioners in the field (our partners), by adding our proven programs to their roster of services and activities.
- Developing and sharing a proven, evidence-based model for change that others can use as an example of success.

## C. Strategy and Theory of Change (the “solution”)

**Description of organization and mission:** Interise promotes the economic revitalization of lower income communities through a small business development strategy. We target established small businesses with the potential to achieve second stage growth. These businesses are typically three to seven years old, with an average of 7.5 employees, and \$1.8M in annual revenues.

Our SWMBA provides a diverse group of SBOs in underserved communities with the management education (knowledge and know-how), access to new markets and peer networks, and additional resources needed to further grow their businesses. The final output of the SWMBA is a three-year Strategic Growth Action Plan™ (SGAP). The SWMBA provides the discipline and structure these business owners need to step back and work *on* their business, rather than *in* their business. We currently offer our SWMBA in 35 cities, through both direct delivery and a national network of partners.

**Description of initiative being scaled:** The StreetWise ‘MBA’™ is a 27-week certificate program that facilitates access to new markets, capital, and knowledge through small business executive education, peer-to-peer learning, coaching, and networking opportunities. Participants invest 100 hours working on their businesses and learning the behaviors needed to continue to grow their businesses effectively. It has three components:

- Peer-to-peer learning through small mentoring groups and 13 class sessions.
- Hands-on, participatory classroom learning that integrates participants’ live case analyses with curriculum readings, and insights from instructors and business guest experts.
- The development of a three-year growth plan (SGAP).

In order to support SBOs as they implement their growth plans, Interise also provides avenues for continued engagement. In 2013, we invested in product development research with Continuum, a product design firm, which found that past participants look to Interise for applied knowledge, to hold them accountable to their plans, for ways to give back and help other SBOs grow, and for ways to grow the leadership of their businesses. In 2014, we will begin to prototype new programs and services based on this development work.

**Brief overview of the Theory of Change of the scaling initiative:** There are three engines of economic growth and employment in lower income urban communities: small businesses, government, and ‘anchor’ institutions, including large corporations, hospitals and universities. We know that stable existing businesses are key to economic growth and job creation in major metropolitan areas and so-called secondary cities.<sup>13</sup> However, small business owners in lower income communities often lack the skills, knowledge, support, and access to financing capital to grow their business.<sup>14</sup>

Interise stimulates economic growth in lower income communities by helping small business owners grow and expand their business. Our evidence-based model provides small business owners with: 1) a hands-on ‘MBA’ curriculum, 2) a professional support network of small business owner peers and mentors, and 3) a community of peers who learn together, inspire one another, and hold each other accountable. (See our Logic Model on the following page.)

## Interise Logic Model

**Problem:** Despite their pivotal role as economic accelerators and job creators, the owners of established small businesses in LMI communities lack the networks, knowledge, and access to financing needed to grow their businesses.

**Mission:** *Interise stimulates economic revitalization in lower-income communities through job creation, wealth generation, and the fostering of community leadership by enabling established small business owners, who have already demonstrated success, to further strengthen and grow their businesses.*



### Inputs/ Resources

- StreetWise 'MBA'<sup>TM</sup> curriculum, Instructors, and Program Managers
- Business volunteer network (mentors)
- Delivery partners (i.e., licenses, contract)

### Activities

- Procure and broker partnerships
- Deliver StreetWise 'MBA'<sup>TM</sup> (directly and through partners)
- Provide post-graduate opportunities for StreetWise 'MBA'<sup>TM</sup> participants
- Monitoring and Evaluation
- Business volunteer engagement
- Research and advocacy around small business issues

### Outputs

- Partners who deliver our model to small business owners nationwide
- Small business owners who graduate with:
  - A business plan
  - Increased managerial skills
  - Enhanced capacity to take on community leadership roles
  - Increased knowledge of financing opportunities
  - A network of peers
  - Access to new markets
  - Access to ongoing professional support

### Outcomes

- Small business owners who:
  - Are better equipped to manage and grow their business
  - Go from isolated business leaders to a community of peers
  - Are more likely to rise to community leadership roles
  - Are better connected to other businesses, organizations, and government at the local, regional and national level
- Small businesses with:
  - Increased profitability
  - Expanded capacity to retain and create local employment
  - Access to new capital, contracts, and markets

### Impact

Build stronger and more economically resilient communities characterized by:

- A stronger small business community
- An expanded pool of community leaders
- Increased civil engagement
- Local economic integration to regional, national, and international markets

We deliver the SWMBA both directly and through our network of partners. Therefore, we broker partnerships to license our product to state and local governments, ‘anchor’ institutions, foundations, community development finance institutions (CDFIs) and community-based organizations (CBOs), among others. In addition, we provide post-graduate opportunities for SWMBA participants to continue to engage with each other and with Interise. We also engage in monitoring for quality assurance and evaluation for program impact. Finally, we conduct research and advocacy around small business issues.

Our model leads to change at the individual, small business, and community level. At the individual level, small business owners work together to acquire the knowledge, behaviors, and connections to grow their business and create jobs. In addition to supporting business owners in creating a roadmap for growth, we build their capacity to do business with large institutions and government through contracts and procurement, thus connecting the three major engines of growth and employment at the community level.

As a result, small businesses have increased profitability, expanded capacity to retain and create local employment, and are better connected to other businesses, institutions, and government at the local, regional, and national level. Moreover, successful small business owners are able to engage in other community leadership roles and act as advocates for themselves, through local, regional and national organizations. Many of our graduates are active in their local chamber of commerce, business or professional associations, or other community-based organizations.

Taken together, these changes build stronger and more economically resilient communities, with an expanded pool of community leaders, and local integration to regional and national markets.

**Evidence of positive impact:** Interise has a proven track record of success. From the start, we have been committed to stringent evaluation both to provide on-going quality assurance and to measure our impact. Each SWMBA participant completes a baseline survey and an annual follow-up survey for three years after graduation. The baseline and annual surveys measure the same outcomes, allowing us to track participants over time. In addition, a third party reviewer analyzes our raw data every year<sup>15</sup>, and has consistently found the same impact outcomes reported by Interise.

Each year we publish our Impact Report detailing results from the previous year. Our most recent report is available at <http://www.interise.org/2012impact>. Our 2012 outcomes, gathered from 638 respondents,<sup>16</sup> include:

- Number of net jobs created and retained in 2012: 8,352 FTEs
- Percentage of businesses that maintained all or added new employees: 73%
- Average starting salary for new employees: \$46,875
- Percent of business owners reporting an increase in revenue: 65%
- Average value of new government contracts: \$2M
- Average value of new financing secured: \$300K
- Amount secured in new business generated from connections made through the program: \$11.5M
- Percent of SBOs reporting they are active in their local community: 65%

## D. Scaling Plan

In the past three years, with funding from the Smith Family Foundation, we looked closely at the systems, products and people we would need to significantly expand our impact, and those findings are incorporated into this scaling plan.

**Description of Scaling Plan and its underlying strategy:** Our wholesale program delivery model is designed for growth. For the past 10 years, we have strategically scaled our mission impact through replication by offering the SWMBA through a network of delivery partners. We identify and build relationships with delivery partners who are well established in their local communities, and license the use of the SWMBA to them. Licensing the SWMBA means that our partners “contribute” the costs associated with staffing and running our program locally. At each site, a partner must recruit and hire a program manager with an approximate salary of \$60K and one instructor with an approximate salary of \$7K. By the end of 2016, this “contribution” from our partners will amount to \$2,345,000.

	Program Managers		Instructors	
	Count	Cost	Count	Cost
2013	5	\$300,000	5	\$35,000
2014	15	\$900,000	15	\$105,000
2015	24	\$1,440,000	24	\$168,000
2016	35	\$2,100,000	35	\$245,000

Our licensing model is cost-effective, adaptable and easily scalable, and achieves expanded delivery while assuring quality. Interise provides our license partners with use of the SWMBA, training and on-going support for program managers and instructors, program monitoring and impact evaluation, and public relations resources. We believe that what is best done locally is done by our partners – they staff the program, recruit and select their local business owners, and set and retain their local brand. Partners locally brand and own their program, with Interise as a supporting brand. In much the same way that a number of different computer brands run on Intel™ chips, our partners’ programs run on the SWMBA. It is a case of “*Interise Inside.*”

In the next three years, we will scale by pursuing partnerships that build statewide or regional networks of sites. To accomplish this, we will prioritize new partnerships in regions where Interise can build a large footprint through partners such as state and local governments, ‘anchor’ institutions, minority business associations, and community-based economic development organizations.

The benefit of creating regions where multiple providers are offering our program is two-fold. First, we can acquire additional partners more easily, by accessing the statewide or national networks of our existing partners. Our initial reference customer serves as proof of concept, gives us credibility, and allows us to access their network of potential partners. Second, we can provide a platform for our partners to work together and support each other as they deliver the curriculum, allowing them to share resources including instructors and corporate volunteers. We have seen these benefits through our direct delivery in Massachusetts, and in Ohio, where the Youngstown SBA program has helped the Cleveland program get started.

**Competitive advantage and barriers to entry:** Our competitive advantage is grounded in our peer-to-peer behavioral change instructional model, our consistent record of delivering high quality programming, our focus on a data-driven approach, and our lasting dedication to the needs of small business owners in lower income communities. At the same time, we provide

our partners with a program that works and, through our co-branding strategy, build their capacity for success and their local reputation for excellence.

**1) Peer-to-peer behavioral change model:** Our curriculum and instructors not only share new knowledge but also facilitate a shift to the new professional behaviors that small business entrepreneurs need to continue to grow their businesses. To create the lasting change we seek, we implement processes that encourage our SBOs to immediately and actively adopt professional behaviors that improve their overall ability to grow their businesses. The behaviors that make small business owners successful during the start-up phase are not the same as those needed to continue growing. Through their joint experiences, Interise participants continue to reinforce new behaviors and hold themselves accountable to their use and impact.

**2) Consistent record:** When our partners license our curriculum, we provide their staff and instructors with comprehensive support to ensure that they can maintain the same high level of service that we provide at our managed sites. We offer marketing and recruitment resources, quality assurance support, and access to our network of business professional volunteers. In exchange, partners must comply with our performance measurement requirements and standards, and recruit SBOs who fit our target member profile.

**3) Data-driven approach:** Our evaluation systems are a key competitive advantage. Our robust evaluation approach and longitudinal data are difficult to replicate. We want to be recognized as the clear leader in measuring impact, in sharing program outcomes transparently, and as a vocal advocate for data-driven solutions.

**4) Lasting dedication to the needs of small business owners:** For over 10 years, Interise has been focused on helping existing small business owners in lower income communities develop their companies. From interviews with our SBOs, we know that our entrepreneurs value our face-to-face, personalized service and the real relationships and friendships they build through the program. They trust Interise to deliver high-quality and effective programs, which is why 93 percent of them would recommend the SWMBA to other business owners.

**Target Customer:** We see partners as our primary customer since they are the key to reaching small business owners. Only through effective partnerships can we efficiently serve more small business owners.

We have a client-centered approach to partnerships and work with potential partners to demonstrate that our program is both scalable and customizable. We put our partners first, giving them the flexibility they need to offer a proven product that enhances their brand and is specifically tailored to their needs.

We determined the characteristics of an ideal Interise partner based on research undertaken for our first business plan. Our target partners are:

- Located in a metropolitan or secondary city
- Financially stable and able to pay licensing and material fees to Interise
- Dedicated to serving Interise's target audience of low-to-moderate-income, women, minority, and immigrant small business owners
- Recognized as having a proven track record of services provided
- Well-managed and stable

- Comfortable with using an evaluation system to measure program performance
- Committed to learning and continuous improvement

Once an organization has been chosen as a partner, it must also agree to:

- Recruit existing small businesses that fit Interise's target participant profile
- Run classes with 15-18 small business owners to ensure instructional quality
- Comply with the Interise measurement and evaluation requirements
- Meet and maintain certain performance measurements identified by Interise's national office in order to renew its license

**Target Beneficiaries:** Our target beneficiaries/participants are established small business owners with the most potential to impact their communities positively. Our selection criteria is based on research illustrating that employer firms have a greater impact than sole proprietorships on the economy and the health and well-being of local communities. Employer firms employ a greater number of people, tend to be in existence longer, and their owners tend to grow the business enterprise rather than seeing it as a lifestyle business or a way to supplement their income.<sup>17</sup> A 2005 study, contracted by the SBA and conducted by the Initiative for a Competitive Inner City, found that employer firms with fewer than 20 employees made up 86 percent of businesses in the United States' 100 most populous metropolitan statistical areas, and added 1.7 million net new jobs between 1995 to 2002, more than the number of new hires for large businesses.<sup>18</sup> *Established, small employer firms create new jobs, generate wealth, and otherwise contribute to the community in ways that lead to significant poverty alleviation.*

Interise focuses exclusively on existing small employers in underserved communities whose businesses are poised for growth. We recruit the owners of small businesses that have been operational for over three years, with annual revenues of \$250K-\$10M, and at least one employee on payroll. Our participants display strong leadership skills and exhibit aspirations for growth. They are motivated to grow their businesses but lack the know-how and/or financial resources to take their businesses to the next level. These businesses have survived startup and experienced growth, but have, for whatever reason, hit a wall. To grow further, they need specific resources tailored for their point in the business cycle, ideally strategic support such as executive education, growth resources, and mentors.<sup>19</sup>

**Distribution plan:** There are a large number of Interise potential partners throughout the United States. We focus our work on specific geographic areas so that our programs' effects are concentrated and the full potential of our program to economically revitalize communities is better realized. Our SBA contract already lets us work in 6 of the 10 large cities with the highest percentage of residents living below the poverty line: Detroit (42.3% below the poverty line), Miami (31.7%), Fresno (31.5%), Newark (30.4%), Milwaukee (29.9%), and St. Louis (29.2%).<sup>20</sup> One of our partners works in Cleveland (36.1%).

To determine how to prioritize partnership opportunities among the 50 states, we rank states by the characteristics of our ideal participants. In the Appendix's Size of Impact Market, we rank the states by the number of very-low to moderate-income communities (Number of Renewal Communities, Empowerment Zones and Enterprise Communities), the percentage of minority small business owners, and the number of small business employer firms with fewer than 20 employees. California, New York, Texas, Florida, Illinois and New

Jersey all ranked highly for these three factors, and we currently support programs in each of these states. We also looked at the poorest states with dense urban clusters that could support our program, and chose to add two states to our current targets: Tennessee and North Carolina. Both states have urban areas that could sustain our program and support on-going regional networks for graduates.<sup>21</sup>

As we begin to cultivate statewide footprints, our strategy is to use our existing partners as “reference partners” for other regional/national organizations. Interise currently develops partnerships with organizations drawn from five target market segments: 1) local government (cities with populations of 600,000 or more), 2) state and local government agencies with a focus on supplier diversity or Minority and Women Business Enterprises, 3) significant anchor institutions, 4) minority business associations, and 5) community based organizations focused on community economic development. The Appendix’s Target Partnership Segments includes examples of existing reference partners.

**Marketing plan:** Our objective is to develop and implement a communications and marketing strategy that clearly differentiates Interise from its competitors, supports partnerships, and strengthens connections with all small business owners who complete the SWMBA. Our marketing efforts have already earned Interise favorable recognition in the national and regional media.

To support our efforts we currently retain a public relations contractor and have hired a Director of Development and External Affairs. In 2014 we will increase our marketing resources by hiring a Marketing Manager.

We have found that the most compelling way to share our success is to tell the stories of our entrepreneurs and their journey: from working in isolation to building the team and support systems that they need to grow. Over the past ten years, our work and the achievements of our graduates have been highlighted in many regional and national media stories.<sup>22</sup> For the next three years, we will focus on establishing our thought leadership and telling our story with major national news outlets such as NPR, The Wall Street Journal, and The New York Times. We will continue to place stories with local, regional, and national news outlets to highlight the efforts of our partners, and the success of our program participants.

Interise uses a co-branding strategy with partners. We believe our partners are most successful when our program is delivered through their local channels, with marketing efforts on their own behalf. The implication for Interise is that we can successfully grow our impact without having to make a significant local marketing investment in each site. Thus, our mission is better served by helping partners build their local brand through our quality program. As Harry Truman said, “it’s amazing what you can get done if you don’t care who gets the credit.”

**Additional organizational capacity and infrastructure needed to scale successfully:** In order to support our scaling plan, we must develop the capacity of our board and staff, enlist the necessary fundraising expertise, and streamline our organizational systems and processes. We will invest in the additional human resources, professional development programs, and succession planning needed to support and retain our team, as detailed below under Scaling Goals and Milestones. A list of 2014-2016 projected hires is included in the Appendix.

As we grow, we must refine our existing organizational systems and processes. In 2014, we will streamline our quality assurance systems by investing in technology to collect and process evaluation data. We are also investing in knowledge management systems to help us better share information within our team as we grow.

In 2014, we will retain a website contractor and a design contractor to lead the redesign of our website (\$40K). Their task will be to align our website with our scaling plan's focus on developing partnerships and fostering continued engagement. In 2016, we will conduct a comprehensive business health self-assessment through participation in the Malcolm Baldrige National Quality Award application process.

**12 Month Operating Plan:** Our goals for 2014 are:

- **Widen and Deepen Impact:**
  - Continue to deliver a high quality program to our partners and SBOs.
  - Serve 600 Small Business Owners in 40 sites across the country.
  - Remain the provider of choice for all of our partners—our licensees and the Small Business Administration.
  - Establish 7 new partnerships.
  - Expand our business volunteer network to the national level.
  - Prototype and pilot new initiatives that support SBOs' continued engagement.
- **Share Impact:**
  - Invest in producing and sharing original research on small business issues.
- **Sustain Impact:**
  - Continue to cultivate and develop talent to support organizational growth.
  - Develop systems and processes to support scaling of operations, including a process to develop and assess potential new products, a knowledge management system, support for peer-to-peer networking, and streamlined monitoring and evaluation systems.

Our partner outreach, continued engagement, research, fundraising, marketing, and internal management activities occur year-round. Our programmatic activities also run throughout the year. SWMBA program start dates vary by partner, with our largest partner, the SBA, running from April through October. The SWMBA Curriculum Roadmap in the Appendix provides more detail on the participants' learning experience. We conduct Instructor and Program Manager training for our partners twice a year, in the first and third quarters, and provide ongoing instructor support throughout year (tied to Instructor Support Groups). Monitoring and evaluation activities occur throughout the year. Our annual assessment survey is carried out in the first quarter, but other monitoring and evaluation activities are tied to start and end dates of each program site, including the Baseline Survey ("Business Assessment"), Session Evaluations, Mid-program evaluations ("Start-Stop-Continue"), and End-of-program evaluations.

**Scaling Goals, Milestones and Anticipated Social Impact:** To scale our program and increase our mission impact over the next three years, Interise will:



**1. Widen Impact: Continue to expand the scope and scale of our mission impact through licenses, contracts, and other partnership opportunities.**

Through partnerships, Interise currently serves small business owners at 35 sites nationwide. In the next three years we will:

- Continue our geographic expansion by entering into new partnerships that replicate our model and/or a version of our model tailored to specific industries.
- Identify and develop new products or services that can be offered in association with the SWMBA license, supporting, not diluting, SWMBA sales.

By expanding existing contracts and licenses, and/or adding new partnerships, Interise will grow from 35 current sites to 60 sites by the end of 2016, adding 7 sites in 2014, and 9 new sites in each of the following two years.

Our partnership delivery model allows us to reach significantly more people than with direct delivery, while maintaining a small administrative footprint. In order to successfully expand our partnerships, we are investing in our national expansion team. A Senior Manager for National Expansion was hired in 2013. In each year of this plan, we will hire an additional program manager to support and retain relationships with a portfolio of partners.

We will expand our product offerings. In order to do this, we will establish a new product development process that assesses market opportunities, and develop the internal systems and operations needed to expand our product offering. We will also invest in a knowledge management system, and expand our product management team, adding a Training and Technical Support Associate in 2015 and a Quality Assurance Associate in 2016.

We will also create a new curriculum module to increase participants’ success in contracting with ‘anchor’ institutions. SWMBA participants have already proven highly successful with government contracting, securing over \$1 billion since 2008. The goal of the new module will be to enable small businesses to replicate this success with large ‘anchor’ institutions, thereby connecting these three engines of growth and employment: government, small businesses, and ‘anchor’ institutions.

**Milestones, Targets, and Timetable: Widen Impact**

OBJECTIVES	2014	2015	2016
<i>Increase partnerships with target markets: local govt, anchors, minority chambers</i>	<ul style="list-style-type: none"> <li>• 7 new partnerships</li> <li>• 600 new SBOs served/year</li> </ul>	<ul style="list-style-type: none"> <li>• 8 new partnerships</li> <li>• 800 new SBOs served/year</li> </ul>	<ul style="list-style-type: none"> <li>• 8 new partnerships</li> <li>• 60 total sites with SBA</li> <li>• 1000+ new SBOs served/year</li> </ul>
<i>Develop statewide networks where there are 3 to 5 cities able to support partnerships</i>	<ul style="list-style-type: none"> <li>• Secure a reference customer for each target market segment</li> <li>• Develop statewide plans for Texas, California and Ohio</li> </ul>	<ul style="list-style-type: none"> <li>• Implement statewide plans</li> </ul>	<ul style="list-style-type: none"> <li>• At least one statewide program in place, either through state agency or multiple partners</li> <li>• Measure impact of our networks on their local communities/businesses</li> </ul>

OBJECTIVES	2014	2015	2016
<i>Use technology to streamline QA systems: data collection and processing (to support scale)</i>	<ul style="list-style-type: none"> <li>Scanner System (Q2)</li> <li>Integrate existing Instructor QA systems into one Instructor Dashboard (Q1)</li> <li>Finalize session evaluation processing system</li> </ul>	<ul style="list-style-type: none"> <li>Continue to research ways in which technology can improve data collection and processing</li> </ul>	<ul style="list-style-type: none"> <li>Continue to research ways in which technology can improve data collection and processing</li> </ul>
<i>Diversify offering by introducing new products that support the SWMBA</i>	<ul style="list-style-type: none"> <li>Develop new product assessment process (Q2)</li> <li>Identify and launch Knowledge Management System (Q3)</li> </ul>	<ul style="list-style-type: none"> <li>Design and prototype new product(s) that support existing partners in leveraging the impact of their participants</li> </ul>	<ul style="list-style-type: none"> <li>Launch new products</li> </ul>
<i>Facilitate increase in local procurement by anchor institutions</i>	<ul style="list-style-type: none"> <li>Add-on module on anchors developed (Q2)</li> <li>Pilot of module(Q3)</li> </ul>	<ul style="list-style-type: none"> <li>Begin investigation of a market-based approach to connect small businesses to procurement offices (Q1)</li> </ul>	<ul style="list-style-type: none"> <li>Develop and distribute an assessment of the feasibility of a market-based approach to connect small businesses to procurement offices (Q3)</li> </ul>
<i>Develop and implement communications and marketing strategy to support scaling</i>	<ul style="list-style-type: none"> <li>Communications and marketing strategy that capitalizes on 10 year anniversary</li> <li>Place three stories nationally</li> <li>Finalize protocols for co-branding.</li> </ul>	<ul style="list-style-type: none"> <li>Implement communications and marketing strategy</li> <li>Continue to place national and local stories</li> </ul>	<ul style="list-style-type: none"> <li>Implement communications and marketing strategy</li> <li>Continue to place national and local stories</li> </ul>
	<b>2014 HIRES</b>	<b>2015 HIRES</b>	<b>2016 HIRES</b>
	<ul style="list-style-type: none"> <li>Dir of Development (Q1)</li> <li>Marketing Manager (Q2)</li> <li>Dir of National Expansion (Q1)</li> <li>Program Manager (one for 8-10 licensees) (Q2)</li> <li>IT/Customer Supp. (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>Sales Associate (Q2)</li> <li>Development Associate (Q2)</li> <li>Training and Technical Support Associate (Q1)</li> <li>Program Manager (one for 8-10 licensees)</li> </ul>	<ul style="list-style-type: none"> <li>Quality Assurance Associate (Q3)</li> <li>Program Managers (one for 8- 10 licensees)</li> <li>Clerk AR/AP (Q1)</li> <li>Talent Manager (Q1)</li> </ul>

Deepen



## **2. Deepen Impact: Develop ways to continue to engage past SWMBA participants with each other and with Interise, and build systems to connect participants to the resources that support successful implementation of their business growth plans.**

Through their continued engagement with Interise and each other, participants reinforce positive behaviors and hold themselves accountable. Our research shows that participants have a strong desire for peer engagement after completing the curriculum, and for opportunities to “give back” to fellow small business owners in their communities. By supporting the implementation of participants’ SGAPs, actively engaging past participants in mentoring, and providing additional opportunities for continued engagement of past participants, we expect to strengthen our impact at the level of small businesses and communities, as well as the small business ecosystem.

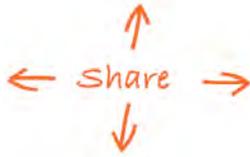
Over the next three years, we will test and launch initiatives that support participants in the successful implementation of their 3-year SGAPs and beyond, and create strong networks of peer mentoring and support. Starting in 2014, we will pilot three new initiatives:

- An annual retreat for SWMBA graduates and partners of the SWMBA. Our partners and prospective partners can use this convening to share and discuss best practices and other evidence-based models for sector change.
- The ‘Robin Program,’ modeled on the SWMBA but geared towards the second in command or “right hand” person of the business owner.
- “Adopt a class,” in which local Interise alumni engage with a new class as mentors.

To accomplish these objectives, we will expand our continued engagement team by adding a Continued Engagement Associate to support our existing Senior Manager. We will also invest \$55K over two years to develop a technology platform to facilitate peer-to-peer problem solving and mentoring among current and past SWMBA participants.

### Milestones, Targets, and Timetable: Deepen Impact

OBJECTIVES	2014	2015	2016
<i>Support peer to peer mentoring and communications</i>	<ul style="list-style-type: none"> <li>• Explore tech platform to facilitate on-going peer-to-peer problem solving and mentoring (Q3)</li> <li>• Ensure that SWMBA collateral materials include continued engagement opportunities (Q2)</li> </ul>	<ul style="list-style-type: none"> <li>• Focus Continued Engagement Manager on ‘match-making’ member needs with the abilities of other members.</li> </ul>	
<i>Develop new initiatives to continue to engage SWMBA graduates</i>	<ul style="list-style-type: none"> <li>• Prototype on-going support groups for MA participants</li> <li>• Pilot adopt-a-class</li> <li>• Plan first national members retreat, include partners</li> <li>• Undertake needs assessment for the “Robin Program”</li> </ul>	<ul style="list-style-type: none"> <li>• Hold first national members retreat, include partners</li> <li>• Implement prototypes</li> <li>• Develop and test the ‘Robin Program’</li> </ul>	<ul style="list-style-type: none"> <li>• Hold annual national members retreat, include partners</li> <li>• One or more new continued engagement initiatives in place</li> <li>• 50% of graduates in engagement</li> </ul>
<i>Expand the network of business volunteers from MA to national</i>	<ul style="list-style-type: none"> <li>• Formalize rules of engagement and tech platform (Q2)</li> <li>• Migrate MA volunteers to national platform (Q3)</li> <li>• Develop system to identify and track all existing volunteers in the national network</li> <li>• Select local guest experts to mentor participants (Q3)</li> </ul>	<ul style="list-style-type: none"> <li>• Identify the types of corporate volunteer partners that align with SBO needs (i.e., HR compliance, social media expertise, etc.)</li> <li>• Recruit first corporate partner to provide volunteer services for program participants</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to build national network of business volunteers</li> <li>• Recruit second corporate partner</li> </ul>
	<b>2014 HIRES</b>	<b>2015 HIRES</b>	<b>2016 HIRES</b>
		<ul style="list-style-type: none"> <li>• Cont’d Engagement Associate (Q1)</li> </ul>	



**3. Share Impact: Engage in research for the purpose of sharing insights and knowledge about established small businesses, their owners, and their communities.**

Interise shares our research and knowledge with other service providers in our field so that we can influence the whole sector.

We have already influenced our small business development sector with our work—both the design of the federal Emerging Leaders program, and Goldman Sachs 10,000 Small Businesses were influenced by SWMBA. Interise is recognized as a thought leader in the sector; our CEO meets regularly with state and federal policy makers, and presents our work at conferences.

In 2013, we conducted original research on small business resilience, published as a working paper by the Federal Reserve Bank of San Francisco (*Navigating Uncertainty and Growing Jobs: Considering Small Employer Firm Resilience During Challenging Economic Times*, available at [www.interise.org/resiliency](http://www.interise.org/resiliency)). In the next three years, Interise will engage in research on small business issues—particularly those faced by businesses in underserved communities. Through this work, we hope to raise the organization’s profile and build our brand, while emerging as a thought leader on small business issues.

We will continue to strengthen our ability to conduct original research by collaborating with other organizations for research funding. Conditional on that funding, we will hire research staff including a Director of Research and Evaluation in 2015, and a Research Manager in 2016. In the future, we hope to use our research to launch conversations with potential curriculum delivery partners, advocate for the use of evaluation throughout the sector, and build our network of supporters nationwide.

**Milestones, Targets, and Timetable: Share Impact**

OBJECTIVES	2014	2015	2016
<i>Grow our research capacity</i>	<ul style="list-style-type: none"> <li>Complete 1 research paper (Q1)</li> <li>Develop dissemination plan (Q2)</li> <li>Complete second paper and plan 2015 research (Q3)</li> <li>Expand Board Research Committee to include non-board members</li> <li>Raise \$150K to support research</li> </ul>	<ul style="list-style-type: none"> <li>Publish 2 papers a year</li> <li>Assess and refine dissemination strategy</li> <li>Raise \$300K to support research</li> </ul>	<ul style="list-style-type: none"> <li>Publish 2 papers a year</li> <li>Raise \$300K to support research</li> </ul>
<i>Build the Interise brand and raise our profile with other thought leaders.</i>	<ul style="list-style-type: none"> <li>Engage in 3-5 conference presentations and 4-5 meetings with state and federal policy makers</li> </ul>	<ul style="list-style-type: none"> <li>Engage in 3-5 conference presentations and 4-5 meetings with state and federal policy makers</li> </ul>	<ul style="list-style-type: none"> <li>Engage in 5-7 conference presentations and 5-8 meetings with state and federal policy makers</li> </ul>
	<b>2014 HIRES</b>	<b>2015 HIRES</b>	<b>2016 HIRES</b>
		<ul style="list-style-type: none"> <li>Director of Research and Evaluation (Q1)</li> </ul>	<ul style="list-style-type: none"> <li>Research Manager (Q3)</li> </ul>



**4. Sustain Impact: Strengthen our infrastructure and organizational capacity in order to successfully expand our scope and scale, including developing the capacity of our board and staff, and streamlining our organizational systems and processes.**

**Leadership and Team Capacity:** Our ability to sustain our impact depends critically on our underlying organizational strength and sustainability. We must grow our Board to support our intended growth, and secure and retain talented staff to execute our strategy.

We must *expand our board to increase its strategic depth, diversity, ability to provide access to networks, and influence in networks needed to scale Interise's mission.* This year, we completed a gap analysis and are in the process of recruiting new members using criteria we detail in the Appendix. Our intent is to add 4 to 6 women and 2 men by the end of 2014, to achieve a board composed of 15 members, including 51 percent women, 40 percent minorities, and 100 percent donors. Ideal candidates possess prior board experience, and senior-level experience in economic development, finance, corporate sponsorship development, procurement, or alumni engagement, and/or have significant experience with scaling through providing content/services to a network of partners. We will retain a Board Governance consultant to further enhance the board's ability to function effectively, including integrating new members, developing effective committees, and staying focused on our scaling plan.

We will supplement our leadership's fundraising experience by investing in consultants to guide our fundraising campaign to support this plan's implementation. In addition, we will build a significant cash reserve to give our organization the resilience it would need in the next economic downturn, or in the event of a temporary loss of earned income.

In the next three years, we must *secure and retain the staff needed to achieve our business plan goals.* To this end, Interise will continue to provide an annual training budget for each employee, and develop career pathways for Manager, Senior Manager, and Director level positions. In 2016, we will expand our HR capacity from our current HR solution, Insperty, to include an internal Talent Manager. 2014-2016 projected hires are shown in the Appendix.

Interise's culture is reflected in our core values: respect and integrity; continuous learning and improvement; and grit and vibrancy. These values are the key to our success, and we are committed to maintaining our values and culture of excellence as our staff grows.

**Massachusetts sites:** Since our founding, our direct delivery sites in our home state of Massachusetts have been an incredible resource. Direct delivery sites help us understand our partners' and instructors' needs, and give us firsthand experience with small business owners as students. We experience directly what it takes to hire and train instructors, recruit and conduct classes, and fully implement and evaluate our curriculum. Over the next three years, we will continue to use these sites to invest in the health of our city and state, test and learn from new ideas, and enhance our credibility with our partners.

## Milestones, Targets, and Timetable: Sustain Impact

<b>OBJECTIVES</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<i>Expand board's strategic depth</i>	<ul style="list-style-type: none"> <li>• Complete gap analysis</li> <li>• Recruit new members</li> </ul>	<ul style="list-style-type: none"> <li>• Recruit and retain new members</li> </ul>	<ul style="list-style-type: none"> <li>• Recruit and retain new members</li> </ul>
<i>Diversify board</i>	<ul style="list-style-type: none"> <li>• Achieve and maintain 51% women as members of the board</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain 51% women as members of the board</li> <li>• Secure WBE Certification</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain 51% women as members of the board</li> </ul>
<i>Ensure board effectiveness</i>	<ul style="list-style-type: none"> <li>• Establish management system for Board Committees</li> <li>• Governance committee supports committee chairs</li> <li>• Revise board on-boarding materials and process for multiple new members</li> </ul>	<ul style="list-style-type: none"> <li>• Board Retreat (Q2)</li> </ul>	<ul style="list-style-type: none"> <li>• Board Retreat (Q2)</li> </ul>
<i>Succession plan for key leaders</i>	<ul style="list-style-type: none"> <li>• Develop succession plan for the Board Chair and Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>• Succession plan in place</li> </ul>	
<i>Secure and retain talent</i>	<ul style="list-style-type: none"> <li>• Complete new hires in BP org chart</li> <li>• Develop career pathways</li> </ul>	<ul style="list-style-type: none"> <li>• Complete new hires in BP org chart</li> <li>• Implement career pathways</li> </ul>	<ul style="list-style-type: none"> <li>• Complete new hires in BP org chart</li> <li>• Implement career pathways</li> </ul>
<i>Funding for Business Plan</i>	<ul style="list-style-type: none"> <li>• Finalize fundraising plan (Q3)</li> <li>• Contract corporate sponsorship consultant (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Contract corporate sponsorship consultant (Q1-Q3)</li> </ul>	
<i>Strengthen cash reserve</i>	<ul style="list-style-type: none"> <li>• Plan \$1M campaign</li> </ul>	<ul style="list-style-type: none"> <li>• Launch \$1M campaign</li> </ul>	<ul style="list-style-type: none"> <li>• Complete \$1M campaign</li> </ul>
<i>Optimize use of direct delivery sites</i>	<ul style="list-style-type: none"> <li>• Continue to serve existing MA sites: Boston (2), Worcester, South Coast</li> <li>• Secure new partner in Lawrence (Q3)</li> </ul>	<ul style="list-style-type: none"> <li>• Hire MA Senior Program Manager (Q1)</li> </ul>	<ul style="list-style-type: none"> <li>• Secure new partner in Hartford, Springfield or Western MA (Q1)</li> </ul>

## E. Evaluation and Knowledge Dissemination Plan

**Plan for Assessing Outcomes/Impact:** From our inception, Interise has employed a stringent evaluation system to track outcomes and impact over time, and improve programming for future participants. Our findings—based on data that spans multiple years and cities across the United States—have informed national government initiatives through the Emerging Leaders Initiative, and are cited as an influence on Goldman Sachs’ 10,000 Small Businesses program.

Our monitoring and evaluation systems are an integral part of our program, rather than an add-on or afterthought. Data analysis and reporting are conducted independently of our partners, and our internal evaluation is validated by a third-party at the national level.<sup>23</sup> Participants complete an intake survey and a follow-up survey at the end of the curriculum, and an annual survey for three years after completing the program. The intake survey gathers demographic data and detailed business information, including baseline data on program outcomes. The annual survey includes the same business-related questions, in order to track program outcomes for each participant over time. The intake (baseline) and annual survey measure key business outcomes including revenue growth, profitability, and amount of new capital obtained, among others. We also gather information about impact beyond each small business, such as whether program participants are active in civic and charitable activities, the quantity and quality of new jobs created (including the average annual starting salary of new employees), and whether employees live and work in the same community.

**Plan for Communicating Impact of Scaling Initiative:** Our commitment to evaluation of impact is an important differentiator, and we plan to continue leveraging our evaluation data to demonstrate our impact. Our commitment is reflected in our annual national survey of current and past SBOs. We want to understand how their businesses are doing, what works, and the evolving challenges they face, and we collect data on our impact on our SBOs’ community-building activity, wealth generation, job creation, and access to markets and capital. Our Impact Report compiles the results, enabling us to measure the social and economic impact of our programs and inform our work going forward. This report is sent to our partners, funders, and other stakeholders and is also easily downloaded on our website.

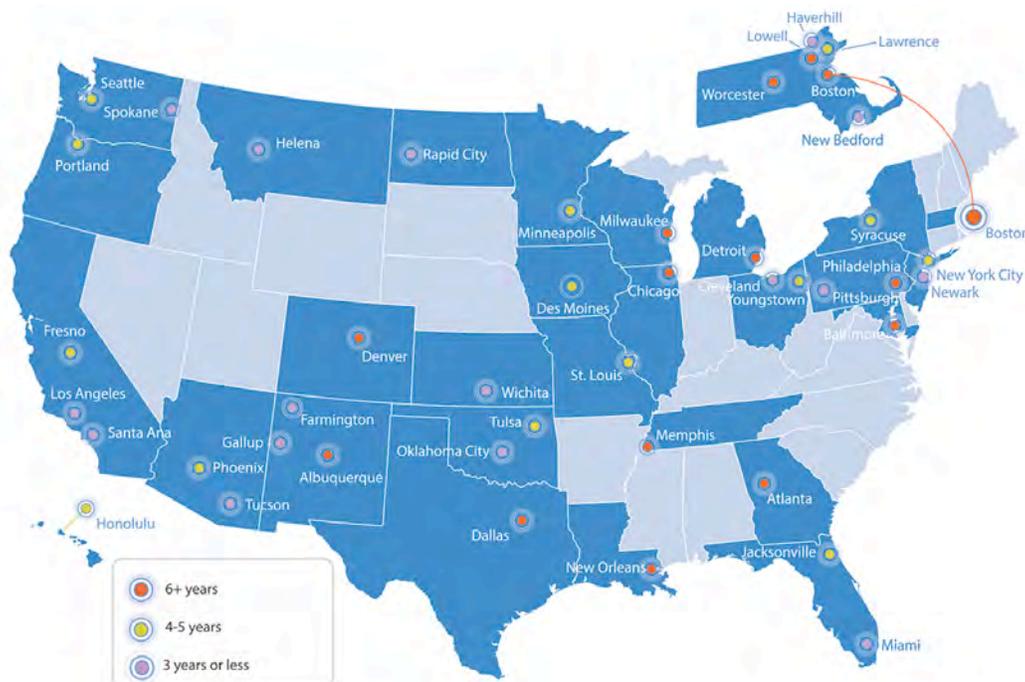
## F. Organization

**History of the organization:** Interise began as a program at Boston University in 2001, through the work of Sociology Professor Dan Monti and School of Management lecturer Andrew Wolk. They found that established small businesses in low-income communities, particularly those that are women- or minority-owned, are often unable to grow to their full potential. They also documented an imbalance in which existing training programs, technical assistance, and financial resources leaned heavily toward helping startup businesses rather than existing ones. Yet, on average, eight out of 10 new businesses fail. At the same time, existing small businesses have been shown to have a far larger impact on employment opportunities in lower-income neighborhoods, which can directly affect local living conditions.

Interise was created to address this imbalance by focusing on improving the skills of these small business owners, thereby strengthening their businesses. Our founding was based on research that showed that a thriving small business community enhances neighborhood stability while also strengthening local leadership and that, according to research conducted by the SBA, small businesses in inner cities created nearly three times the number of new jobs that larger companies created between 1995 and 2002.

Interise received its first major grant in 2003 to provide small business executive education. Since then, Interise's approach has created measurable outcomes for small businesses nationwide, while shining a spotlight on the needs of this market.

**Current size and reach:** Interise began with one program in Boston and subsequently added programs in 5 neighboring cities. In 2008, Interise started its national expansion when it was chosen to be the national instructional provider for the U.S. Small Business Administration's Emerging Leaders initiative, which has enabled us to make our curriculum available to small business owners in dozens of cities. In 2012, Interise again won the competitive bid to become the curriculum and training provider for Emerging Leaders.



In 2010, we began to license our curriculum to partner organizations. Our first licensee was the City of New York’s Department of Small Business Services (SBS) in 2010, in partnership with the NYU Stern School of Business. Based on the inaugural cohort’s results, SBS chose to offer two cohorts in 2011 to reach more small businesses. The following year, in addition to their traditional program utilizing the SWMBA, SBS piloted a new offering with the Mayor’s Office of Media and Entertainment. Our second licensee, the University of Pittsburgh’s Institute for Entrepreneurial Excellence, began programming in October 2011. Over the next year, the Greater Dallas Hispanic Chamber of Commerce and the City of Portland Oregon Procurement Services Division also joined our licensee network and offered their first classes.

Today, through our range of programs, we serve over 500 small business owners each year in 35 communities throughout the United States.

**Why we are well positioned to successfully scale this initiative:** Over the last decade, Interise has established itself as a premier small business development program while rapidly expanding across the country. We have the necessary core talent, systems, and business model to successfully scale our program.

We have built a core team with the right skills to facilitate rapid growth. Within two months of being granted our first contract with the SBA, our staff hired and trained 10 instructors in cities in which we had never operated before. Jean Horstman, our experienced and well-regarded CEO, has been with Interise since 2006 and is committed to expanding our successful model. Steve Kirk, our Director of Finance and Administration, has years of experience with growth-oriented nonprofits. Our Director of Program Operations, Bernard Johnson, brings his experience with our direct delivery operations and sales, and is taking that experience to our national expansion efforts. We recently hired a National Expansion Senior Manager, Tanya Pope, to oversee the recruitment, development and management of our national network of partners. Finally, our staff is trained in relationship-based consultative sales methods in order to enable our partners to adapt the curriculum to their needs and successfully launch their programs.

With \$600K in multi-year funding from the Smith Family Foundation, we have invested in building the systems and structures we need to scale. Between 2007 and 2009, we invested in curriculum development, and enhanced the evaluation and instructor support systems to support up to 50 cities. As we add more partners, we will upgrade these systems.

**Leadership team and governance structure:**



Interise is governed by our Board of Directors, one of whom is Interise’s CEO. The Board determines our strategic direction. The Leadership Team translates strategy into action through annual goals and the annual budget, both of which are approved by the Board. The entire Leadership Team attends the five annual board meetings, where organizational

progress is reported using a balanced scorecard. In 2013, we established the Implementation Team to engage the Senior Managers, who have responsibility for program operations.

We strive to have a diverse Board representing many different perspectives, professions, skills, backgrounds, ages, and races. We have set board composition goals of 51% women to support our application for women-certified nonprofit status, and 40% minority to continue our dedication to diversity. As we believe that structure follows strategy, the board has identified the functions we will need to add to support this business plan. Our board bios can be found in the Appendix, along with more details on the board recruitment targets.

Our **Leadership Team** manages our organizational development and our small—but highly motivated and dedicated—staff. These team members all attend and participate in board meetings and are focused on strategy and thinking externally.

- **Chief Executive Officer:** Jean Horstman has more than 30 years of nonprofit leadership experience, including senior leadership roles with Manchester Craftsmen's Guild, Building Educated Leaders for Life (BELL), and Citizen Schools. She is a graduate of Duke University and the City University of London.
- **Director of Finance and Administration:** Steve Kirk is responsible for the financial and administrative operations and systems that support Interise's strategic goals. He served as the Director of Finance and Operations for School Year Abroad, with an annual budget of more than \$10 million. He holds a B.A. from Boston College and an M.A. in Public Administration from the University of Houston.
- **Director of Program Operations:** Bernard Johnson oversees the creation and management of the systems and services needed to scale Interise nationally. He has served as manager of operations for two corporations, including GE Commercial Finance/InterPark. He holds a B.A. from University of Massachusetts, Boston.
- **Director of Development and External Affairs:** Brian Woods is responsible for fundraising and external affairs. Brian has served as Director of Development and then Chief Operating Officer at Ellis Memorial in Boston. He has also served as Director of Development at John Hope Settlement House. He holds a B.A. in English from Tufts University and a M.A. in Public Administration from Suffolk University.

Our **Implementation Team** includes our senior program managers who share responsibility for guiding key elements of our program delivery. They are encouraged to focus on our operations and internal thinking.

- **Senior Training Manager:** Brandon Mastrangelo trains and supports Interise instructors, ensuring consistent delivery of programming and quality assurance nationwide. He is also responsible for the development and upgrading of Interise curricula and learning programs. Brandon holds a B.S. from Oswego University in Business Administration.
- **Senior Program Manager – Partnerships:** Laura Masulis manages Interise's program evaluation process as well as identifying, cultivating, and managing partnerships across the country. Previously she was with the Public Consulting Group, specializing in business process redesign and strategic planning for workforce development, food security, and public assistance agencies around the country. Laura holds a B.A. from Wesleyan University.

- **Senior Expansion Manager:** Tanya Pope is responsible for developing and implementing the Interise licensing strategy. Tanya brings first-hand knowledge of supplier development and corporate, local government and anchor institution procurement to Interise. Tanya holds a M.S. and B.A. from Manhattanville College.
- **Senior Program Manager – SBA and Members Services:** Laura Scarlett-Tavares manages the Small Business Administration Emerging Leaders contract and the continued engagement of SWMBA graduates. Previously with Network for Teaching Entrepreneurship, Laura holds a B.A. from the University of Massachusetts at Amherst and an M.B.A. from Brandeis University.

## G. Financial Plan for the Scaling/Expansion Initiative

	2013 Budget	2014 Projected	2015 Projected	2016 Projected
<b>REVENUE</b>				
<b>Partnership Revenue</b>				
SBA Emerging Leaders	1,100,927	1,155,973	1,713,772	1,774,460
Other Partnership Revenue	444,000	649,500	900,000	1,200,000
<b>Direct Delivery Revenue</b>				
Tuition and Other Revenue	126,000	120,000	120,000	120,000
Mass Technology Collaborative		75,000	75,000	
USDA Contract	43,973			
Mass Growth Capital	48,000	35,000	35,000	35,000
<b>Total Earned Revenue</b>	<b>1,762,900</b>	<b>2,035,473</b>	<b>2,843,772</b>	<b>3,129,460</b>
<b>Individual Giving</b>				
Corporate	80,000	100,000	120,000	150,000
Foundation	99,500	150,000	300,000	400,000
	350,000	400,000	425,000	450,000
<b>Total Contributed Revenue</b>	<b>529,500</b>	<b>650,000</b>	<b>845,000</b>	<b>1,000,000</b>
<b>TOTAL REVENUE</b>	<b>2,292,400</b>	<b>2,685,473</b>	<b>3,688,772</b>	<b>4,129,460</b>
<b>EXPENSES</b>				
Compensation	1,107,000	1,439,100	1,888,050	2,047,950
Direct Delivery Exp.	148,300	155,715	163,501	171,676
Partner/Nat'l Program Exp	551,706	682,047	932,559	1,102,443
General Expenses	98,811	106,222	114,188	122,753
Operating Expenses	213,200	234,520	257,972	283,769
Development Expenses	27,500	28,875	30,319	31,835
Cash Reserve	30,000	30,000	30,000	30,000
<b>TOTAL EXPENSES</b>	<b>2,176,517</b>	<b>2,609,008</b>	<b>3,075,838</b>	<b>3,325,377</b>
<b>Surplus/(Deficit)</b>	<b>115,883</b>	<b>1,465</b>	<b>37,934</b>	<b>304,083</b>

**Overview of financial model:** Overall, the proposed 2014-2016 financial plan continues to diversify our income sources, while maintaining the share of earned income in total revenue above 75 percent throughout the three-year period. In line with our strategic priorities, Partnerships (i.e., contracts and licenses) will continue to make up the bulk of both earned and total income. Total revenue from partnerships is projected to increase gradually from 1.5 million in the 2013 budget to 3.0 million by 2016. This reflects our scaling plan to grow the initiative from 35 to 60 sites by 2016.

The composition of earned income will shift away from Massachusetts Direct Delivery sites to Partnership income. From 2013 to 2016, the share of earned income from Direct Delivery will decrease gradually from 12 to 5 percent, while the share of earned income from Partnerships will increase from 88 to 95 percent. Moreover, we will continue to diversify our partnership income sources. Over the three years, we will increase the share of income from licenses and other partnerships—different from the SBA contract—from a fifth to a third of total income (19 and 29 percent in 2013 and 2016, respectively). The budget includes an increase in the SBA contract from \$1.16 million in 2014 to \$1.71 million in 2015, in line with the SBA plan to serve 10 additional sites in 2015. In spite of this increase, the share of the SBA contract in total income decreases from roughly half in the 2013 budget, to 43 percent by 2016.

Contributed revenue (corporate, individual, and foundations) is projected to increase about 25 percent per year, fueled primarily by growth in corporate contributions. Through our Massachusetts Program, Interise has built long-term relationships with corporate donors who also have the potential to support our work nationally. One of these funders, who has supported our Massachusetts efforts for seven years as well as one of our licensees in another state, has already approached us about a national partnership. As we expand our funding from our existing funders, we will also grow relationships with new corporate donors who align with our national strategy and mission. For instance, in 2013, we began a partnership conversation with a national retail corporation, whose customers include small businesses, and expect it to come to fruition by Q4 in 2014. Their grants start at \$250,000 a year.

We assume growth in individual contributions will result from our increased investment in Continued Engagement, including a new annual conference for SWMBA graduates.

On the expense side, the budget supports the increased capacity needed to continue to scale our model through partnerships, including investments in the talent and technology needed to significantly grow our network of partners across the nation. Therefore, growth in total expenses is driven both by increases in Partnership/National Program expenses—which reflects our geographic expansion, primarily through new site licenses—and Compensation expenses—which include new senior hires in Development and National Expansion, as well as additional staff to develop and maintain relationships with a growing network of partners.

**Current funders and commitments:** Interise has already experienced success in fundraising for this business plan. The Surdna Foundation is providing a three-year grant of \$375K to support the widening strategy. The Apple Pickers Foundation has indicated that they will provide \$150K to support the sharing strategy. Our Massachusetts funding includes the Boston Foundation (\$100K), the Garfield Foundation (\$75K), Citizens Bank (\$50K), Citibank (\$30K), and grants of \$10K or less from Brandeis University, Peoples United, Bristol County Savings, TD Charitable, Boston Private Bank, and Eastern Bank. In 2013, our national contract with the SBA was for \$1.1 million and our earned revenue from other contracts, partners and direct delivery was \$662K.

**Fund development strategy:** The bulk of Interise's income is earned, rather than contributed from grants or donations. Therefore, our primary fund development strategy is our sales strategy for partnership expansion. For the roughly 25 percent of revenue made up by contributed income, our strategy has two main elements: a shift to national funders, and a

strong increase in corporate contributions. Both are linked to our overall strategy of increasing impact by expanding the scope and type of partnerships for our program. In order to support these shifts, we will engage a fundraising consultant to expand our capacity to develop significant funds from new sources. In 2014, we will retain a corporate sponsorship consultant to develop a 3-year fund development plan that ensures we achieve annual financial targets and build a \$1 million emergency cash reserve.

**Capital required by type of support:** Over 3 years, Interise requires an additional capital investment of \$3.6 million to achieve our set scaling goals. This capital will largely support our investments in organizational talent and the systems need to support a growing network of partners. Our plan is to raise \$900K in additional grants and donations, and \$2.7M in additional earned revenue.

**Projected funding by sources of support:** Our projected public funding includes the SBA Emerging Leaders contract, Mass Growth Capital, and Mass Technology Collaborative totaling \$4.9 million over three years. As detailed in this plan, we expect our partnership revenue (\$7.4 million) and direct delivery revenue (\$615K) to include a mix of both public and private sources. We anticipate foundation grants totaling \$1.3 million, and individual and corporate contributions totaling \$1.2 million.

**Sources of funds:** Interise receives two different types of support: contract/partnership revenue, and philanthropic revenue. Over the next three years, contract/partnership revenue will remain our primary source of income at 76 percent of our overall revenue, with contributed revenues, including grants, individual and corporate contributions making up the remaining 24 percent of income.

**Cost per unit of service:** One benefit arising from our approach to scaling mission impact through a partnership network is the low cost of job creation. For example, the SWMBA participants who completed our annual impact survey in 2011, created 1,015 net new jobs with an average annual salary of \$42K. At a program cost of \$2,670 per participant, each new job created ‘cost’ roughly \$1,250. The cost to the SBA for each job created through the 27-city Emerging Leaders Program was less than \$500.

## H. Risk Assessment, Mitigation and Contingency Plan

**Public sector revenue:** Following the 2016 election, changes in the federal budget may affect our Emerging Leaders contract. Over the next three years, we will mitigate this risk by expanding our sources of partnership revenue and establishing a cash reserve.

We have expanded our license target market segments to include non-public sector partners (e.g. business chambers, anchor institutions, corporations) and local and state governments. We have learned to focus on government offices responsible for building and maintaining supplier diversity. As with the Office of Procurement for the City of Portland, our program becomes part of their core offering to local businesses. We have also devoted significant energy to deepening our relationship with the Federal Reserve System. Through their focus on supplier diversity programming, the Fed is a powerful influence on small business development issues. Our leadership has built strong relationships with various members of the Fed including the Board of Governors in Washington DC, and several different regional banks within the system. At their conferences, we broaden our network of potential partners and supporters. We have also explored partnering with the U.S.

Department of Agriculture (USDA), but they only offer grants for state-level programs, with the exception of their national funding for tribal entities. Nevertheless, when appropriate, we refer our partners to apply for local USDA grants to support their programs.

In addition, we will launch a cash reserve campaign in 2015 with a goal of raising \$1 million to support our operations, mitigate the possible loss of the Emerging Leaders contract, and prepare for potential downturns in the economy.

**Contributed Revenue:** Interise’s business model is built on recurring earned income to mitigate sudden shifts in contributed income. Over the next three years, we will diversify our contributed income, increasing the percentage secured from corporate funders. We will target funders that share our interest in developing small local businesses. At the moment, we are exploring a national partnership with the Citi Foundation.

**Quality Control:** Interise currently employs the same strategies to ensure quality across our direct delivery and partner sites. As the curriculum is being delivered, we gather performance data to assess and improve instructor performance. Participants give feedback throughout the program: through session evaluations, a mid-point “Start, Stop, Continue” survey, and an end of program assessment of the curriculum, their instructor and the program manager. Session evaluations capture the quality of their learning experience and their level of confidence in using what they have learned.

All instructors receive extensive training on each component of the program and on facilitative instruction methods. Each instructor also participates in an instructor support group where they receive coaching from their peers and an Interise Senior Instructor; these groups meet before each of the five curriculum modules. All instructors receive at least one site visit from Interise staff – our staff provides a first-hand assessment of the instructor’s performance and additional instructional coaching. At the end of the curriculum, all instructors are given an overall assessment, and those who achieve our performance targets are retained. Ninety percent of Interise instructors have taught for 3 years or more.

**Partner Exit:** When a partner no longer wishes or is able to offer our program, we work to secure another partner in the same community to maintain continuity for our local graduates. During site visits, we proactively identify possible replacement licensees, and our efforts are often supported by our instructors’ local insight. When the SBA has dropped a site, we have been able to convert that site to a license within two to six months. This has happened twice in cities that were part of the SBA’s Emerging Leaders Initiative: Portland and Farmington. In Portland, the City of Portland Office of Procurement became the licensee; and in Farmington, New Mexico, the licensee is now the Four Corners Economic Development Corporation.

**Competitive Landscape:** Several features of our model promote strong relationships with our partners. First, Interise’s co-branding strategy is designed to embed our program into the work of partners and foster strong ties. Co-branding makes our program very attractive to new customers, as it makes the program all about them, not us. A second feature that supports long-term relationships with our customers, as well as attracting new ones, is evaluation. We collect, analyze, and provide impact data to all our partners. Many have told us that our evaluation services alone are worth the cost of the license. We prepare our partners for success and ensure they are recognized for it. We do this through pairing our co-branding strategy with our evidence-based curriculum for established small businesses,

which is delivered with training, support, and performance evaluations for instructors and staff.

**Talent:** Our Board and staff are essential to our success. We already set staff retention goals and encourage their continual professional development. Through our HR outsourcing solution, Insperty, we are able to offer corporate-level benefits like tuition reimbursement. Research by McKinsey found that high-performing employees thrive in cultures marked by candor and achievement. The culture at Interise reflects this research, and aligns with our values of respect and integrity, continuous improvement and learning, and grit and vibrancy. As we scale, we will maintain these elements of our culture as well as our commitment to staff, leadership and board diversity.

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<sup>1</sup> According to the Lowe Foundation: "Unlike startups, second-stage companies are no longer concerned about survival. And in contrast to small businesses and lifestyle entrepreneurs, second-stagers are significant job creators and many have established national and global markets that bring outside dollars into their communities."

<sup>2</sup> In developing our business model, we were inspired by research on networked non-profits developed by Jan Wei-Skillern, including: 1) Lagace, Martha. "Nonprofit Networking: The New Way to Grow," Harvard Business School Working Knowledge, 16 May 2005. (<http://hbswk.hbs.edu/item/4801.html>), 2) Wei-Skillern, Jane and Marciano, Sonia. "The Networked Nonprofit," *Stanford Social Innovation Review*, Spring 2008. 3) Wei-Skillern, Jane and Silver, Nora. "Four Network Principles for Collaboration Success," *The Foundation Review*, vol. 5.1, pp 121 – 129, 2013.

<sup>3</sup> Interise's definition of anchor institutions includes universities, hospitals, sports teams, and other entities who are bound to a locale for their existence.

<sup>4</sup> Defined here as businesses with less than 500 employees.

<sup>5</sup> Horn, John, & Darren Pleasance. "Restarting the U.S. Small Business Growth Engine." McKinsey Quarterly (2012)

<sup>6</sup> U.S. Bureau of Labor Statistics

<sup>7</sup> Brush et al (2007), "Building Ventures through Civic Capitalism," *The Annals of the American Academy of Political and Social Science*: 155-177.

<sup>8</sup> Bandura, Albert (2001) "Social Cognitive Theory of Mass Communication," *Media Psychology*, 3: 3, 265 – 299.

<sup>9</sup> Wei-Skillern, J., Silver, N., & Heitz, E. (2010) "Cracking the Network Code: Four Principles for Grantmakers", *Grantmakers for Effective Organizations*, 5. "Networking is the pursuit of mission impact through mobilizing, engaging and support trusted, values-aligned peers. From an operational perspective, networks can enable participants to deliver greater mission impact more efficiently and effectively without a dramatic expansion of internal organizational capacity and resources."

<sup>10</sup> According to the Small Business Administration, a small business can have up to 500 employees.

<sup>11</sup> Tozzi, John. How Goldman Profits from Nonprofits, February 2010.

[http://www.businessweek.com/magazine/content/10\\_07/b4166064319146.htm](http://www.businessweek.com/magazine/content/10_07/b4166064319146.htm)

<sup>12</sup> [http://www.nextstreet.com/about\\_us/the\\_next\\_street\\_story/](http://www.nextstreet.com/about_us/the_next_street_story/)

<sup>13</sup> A secondary city is defined as a city outside a large US metropolitan statistical area.

<sup>14</sup> See e.g., I. Light & C. Rosenstein. *Race, Ethnicity, and Entrepreneurship in Urban America*. (New York: 1995), 217.

<sup>15</sup> To ensure our program meets federal Office of Management and Budget (OMB) standards.

<sup>16</sup> 52% response rate for the 2012

<sup>17</sup> US Census Bureau, Survey of Business Owners – Characteristics of Businesses (2002).

<http://www.census.gov/csd/sbo/cbsummaryoffindings.htm>. "Nearly 17% of sole proprietorships with no paid employees operated less than 12 months; 9.2% reported their business as a hobby which generated income; and 29% operated a business to supplement their income."

<sup>18</sup> Small Business Association Office of Advocacy. "State of the Inner City Economies: Small Businesses in the Inner City," [www.sba.gov/advo](http://www.sba.gov/advo), no. 260 (October 2005), 7.

<sup>19</sup> Churchill, N.C., & Lewis, V.L. (1983). The Five Stages Of Small Business Growth. *Harvard Business Review*.

<sup>20</sup> <http://quickfacts.census.gov/qfd/states/>

<sup>21</sup> <http://www.census.gov/hhes/www/income/data/statemedian/>

<sup>22</sup> For a comprehensive list, see [http://www.interise.org/our\\_impact/press](http://www.interise.org/our_impact/press)

<sup>23</sup> Our SBA program raw data is given to an outside contract annually for validation. SBA represents the largest group of program participants.