

Putting the Power into the Hands of Small Business Owners

by Cindy Elmore



Looking pensively at his hands, Indonesian refugee, Machyar Gleuenta, remembered wondering as a 10-year-old boy in Aceh, Sumatra, if painters possessed magic in their hands that enabled them to create paintings that appeared three-dimensional. “I thought that people who could paint were like a miracle,” said Gleuenta. When he finally met a painter, he said that it was a spiritual meeting. “His hands were no different.

His fingers were no different. There was no mystery.” From that time, Gleuenta knew that becoming a successful painter would take both talent and hard work.

After receiving political asylum in the United States in 1994, Gleuenta was awarded scholarships to study at the Maine College of Art in Portland and the

He knew that not everyone could pay thousands of dollars for an original oil painting, but they could purchase quality reproduction prints.

Pennsylvania Academy of Fine Arts in Philadelphia. When he graduated from art school, he moved to Atlanta to establish his art business. Struggling to make ends meet, he worked as a plumber during the day and painted at night. Eventually experiencing success, Gleuenta was commissioned to paint a portrait of former ambassador to the United Nations, Andrew Young. Seeking to tap into the high-end, art market, Gleuenta relocated to a one-room studio apartment in Northern Virginia. After his business began to take off, he realized the need for financial assistance to take his business to the next level. He turned to the Ethiopian Community Development Council’s Enterprise Development Group (EDG) in Washington, D.C. for assistance with business development and completing applications for a \$15,000 loan from the Office of Refugee Resettlement (ORR).



In art class as a child, Gleuenta made brooms, spoons and anything else that could be sold to tourists. These early experiences taught him the necessity of marketing to a variety of income levels.



Brenda Williams, loan officer for ECDC’s Enterprise Development Group, worked with artist, Machyar Gleuenta, to communicate his business needs to the loan committee.

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He knew that not everyone could pay thousands of dollars for an original oil painting, but they could purchase quality reproduction prints. He took his idea to Brenda Williams, a loan officer at EDG. “We recommended an ORR loan, one of EDG’s loan fund sources. We direct people where they need to go,” said Williams.

Today, Gleuenta offers high-quality reproduction prints. He recommends EDG to other small business owners. “There is no way that I could have done it without a loan considering the cost of the transparencies, travel to New York and a van to transport the art,” he says.

According to Williams, “At first, the loan committee did not understand about artists and what they needed to do business. It was an education process.” Assisted by



Belay Embaye,
EDG Program Director

Williams, Gleuenta worked to communicate his business needs to the loan committee for approval. "With EDG I was able to get into reproduction prints and offer people art at a range of prices," he said.

Creating Sustainable Community Economic Development Opportunities

An independent nonprofit subsidiary of the Ethiopian Community Development Council (ECDC), EDG was developed to provide microeconomic development support services for low- to moderate-income clients throughout the greater D.C. metro area. Incorporated as a separate entity in October 2000, EDG's initiatives include a Microloan, Used Car Loan Financing, and Individual Development Account (IDA) programs. The Microloan Loan program began in 1992 with a \$25,000 grant from the U.S. Department of Health and Human Services Office of Refugee Resettlement and expanded in 1994 with a grant from the Small Business Administration (SBA). Funded by the SBA, the U.S. Department of Treasury's Community Development Financial Institution (CDFI), the U.S. Department of Health and Human Services, the State of Virginia, Arlington County, Fairfax County, and other jurisdictions, and local national banks such as

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IDA counselors, Emmanuel Mpfayokurera and Nurayni Tanir-Hapol, encourage Enterprise Development Group's clients to establish IDA accounts in order to purchase automobiles, start small businesses, pay for an education or buy a computer.



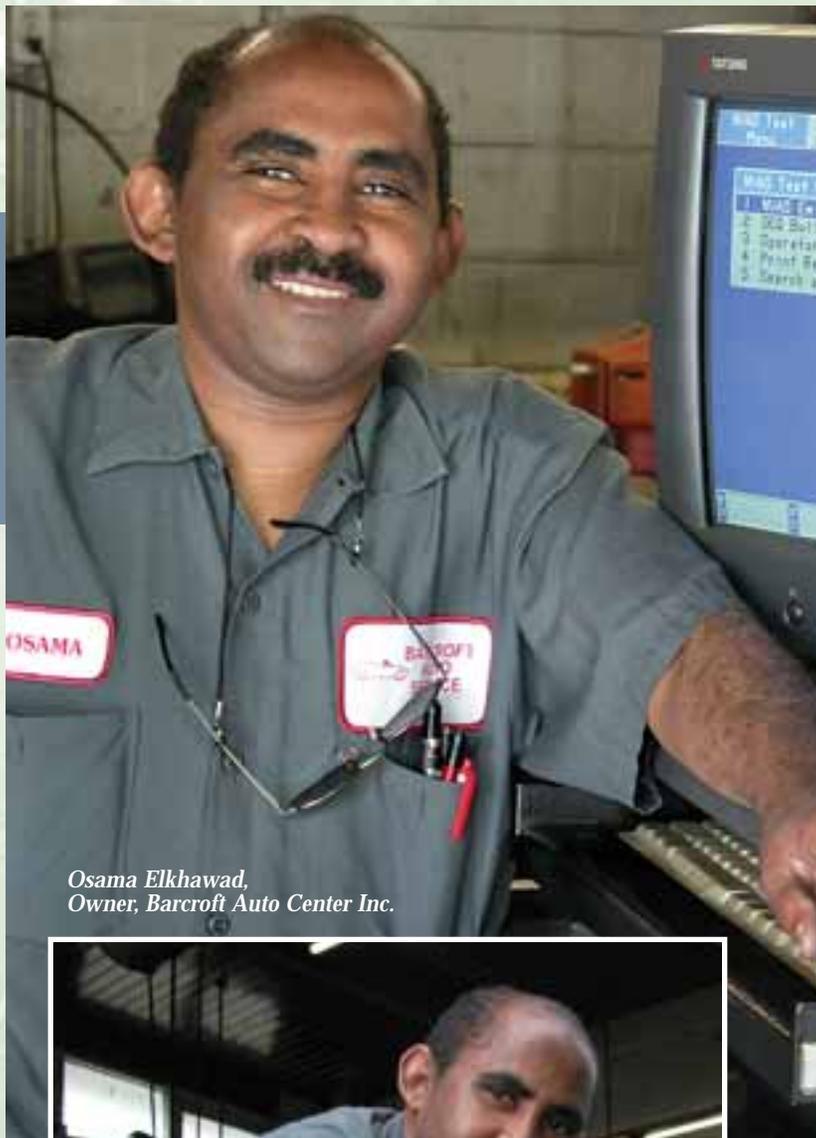
Michelle Wilson, Loan and Technical Assistance Manager for EDG

Capital One, Bank of America, Citibank, the Calvert Foundation, and others, the Microloan program provides clients with direct loans ranging from \$500 to \$35,000. According to EDG program director Belay Embaye, "EDG is an independent, nonprofit subsidiary of ECDC. We offer microloans to unbankable low- to moderate-income entrepreneurs with diverse ethnic backgrounds. The IDA program, funded by ORR, provides financial literacy education to bring about behavioral change and

financial incentives at a two-to-one match grant to low-income refugees and asylees to purchase assets such as a car, computer, house or business."

In addition, EDG jump starts financial independence for low- to moderate-income individuals and families through the Used Car Finance program. Realizing that owning an automobile is a key to establishing immigrants and low-income people in their communities,

An intermediary financial lender of the SBA and a certified member of the CDFI, EDG is the only organization that operates in the entire metropolitan area of Washington, D.C.



Osama Elkhawad,
Owner, Barcroft Auto Center Inc.



“EDG really helped me. I needed to finance the machine and the banks would not work with me because I didn’t have a lot of credit history. It is not easy for an immigrant.”

Elkhawad

EDG offers clients direct loans up to \$10,000 on vehicles that are less than five years old and have less than 60,000 miles at half of the prevailing market interest rate for such clients. An intermediary financial lender of the SBA and a certified member of the CDFI, EDG is the only organization that operates in the entire metropolitan area of Washington, D.C.

Calculating Big Profits for Small Business

A refugee from the Sudan, Osama Elkhawad came to EDG in 2001 requesting a \$35,000 loan to purchase an emissions diagnostic machine for his service station. An accountant in the Sudan, Elkhawad began working as a cashier at a service station and quickly moved up to bookkeeper after he came to the United States. While working at the service station, he also learned mechanical repair and decided to open his own shop. EDG assisted him with the initial loan to establish an automotive service repair business in Annadale, Virginia, and purchase an emissions diagnostic machine. Elkhawad knew that the mandated inspections would generate a steady stream of business activity. “EDG really helped me. I needed to finance the machine and the banks would not work with me because I didn’t have a lot of credit history. It is not easy for an immigrant,” he said.

Working with Michelle Wilson, the loan and technical assistance manager for EDG, Elkhawad secured the loan and has opened a second service station with five bays. “Osama works very hard and is almost finished paying his first loan. He only has \$5,000 left to pay on his loan and has two years left to pay it,” said Wilson. The secret to Elkhawad’s success is hard work and persistence. “I dream of a healthy, happy life. Right now, I work seven days a week, 17 hours a day. I’m thankful



Angela Trammel, owner of three Curves franchises, financed her first Curves fitness center through EDG's loan program.

"Applying for a loan to start the business was much harder than buying a house. EDG staff helped me through every step of the process."

Trammel

to EDG for the loan because even though I have credit cards, the banks would not help me," he explained.

Becoming Financially Fit

A young, mother of two, Angela Trammel, had been laid off from her job at the Marriott after 9/11. Since she was a member of a Curves Fitness Center and loved the concept of empowering women to become physically fit, she began researching the cost of purchasing a Curves franchise and ways to finance the endeavor. "I was on-line looking for financing and I linked to EDG. I knew that they had diverse clients." The cost for the franchise was \$19,500, but it took \$60,000 to open the doors to her fitness center. "Applying for a loan to start the business was much harder than buying a house. EDG staff helped me through every step of the process," said Trammel.



Shirley Suggs manages one of Trammel's Curves franchises.

Just three years later, Angela and her husband, Ernest, own three Curves Fitness Centers with 12 employees. Recently, giving birth to her third child, she has found the financial freedom and flexibility needed to care for her busy family. In fact, within a three year period, the Trammel's grew their annual household income from \$80,000 to \$250,000. "I had felt that I could do it from day one. I'm grateful to EDG for giving me the opportunity," she said. "The power to amaze yourself" is the Curves advertising slogan. With assistance from EDG, she has amazed herself and those in her community.



Michelle Wilson

"We plan to diversify our loan and operating funds... Our goal is to meet the myriad of social and economic needs of our clients while diversifying our funding sources."

Belay Embaye

While EDG celebrates the success of business owners like Gleuenta, Elkhawad and Trammel, the organization is also striving to become more financially fit and still meet the vast array of economic needs of low- and moderate-income people. Working toward this end, EDG has established three main financial goals to achieve by 2008: to become more self-reliant by meeting most of its financial needs for its core operations from earned revenues; to diversify its funding sources to at least 50 percent from government and 50 percent from non-government sources and raise a minimum of \$5 to \$8 million in revolving capital. "I look forward to the day that we are self-sufficient. We plan to diversify our loan and operating funds. We will begin charging moderate fees for services. Our goal is to meet the myriad of social and economic needs of our clients while diversifying our funding sources," said Embaye. MW

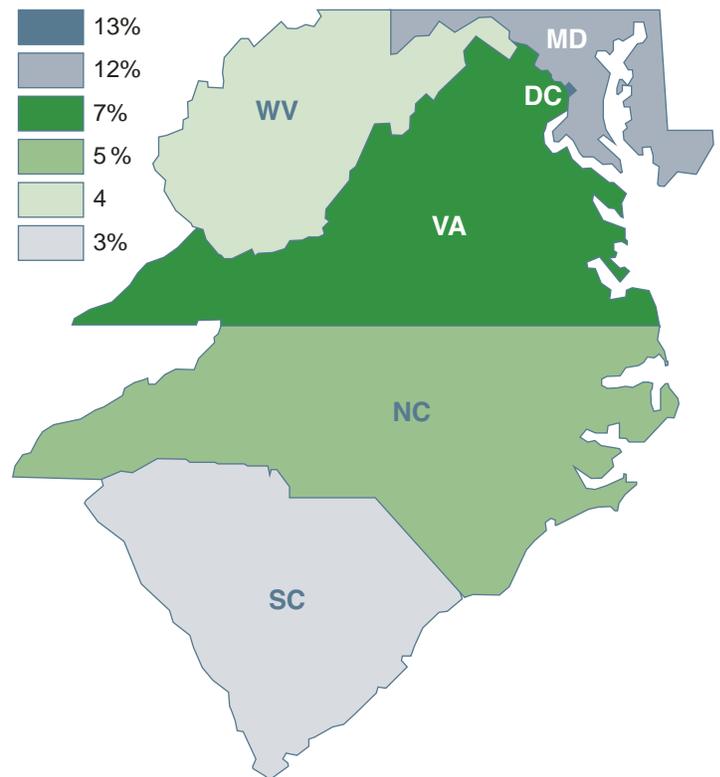
EDG's Microloan Program Accomplishments

- Provided microloans to over 380 entrepreneurs
- Disbursed over \$6.5 million in loan funds
- Created 500 new jobs and retained 370 jobs
- Raised over \$8 million in loan funds
- Provided business development and financial training for over 3,500 individuals in the Washington, D.C., metropolitan area

Characteristics of Loan Clients

- Ninety-eight percent of all microloan clients are low- to moderate-income individuals.
- Eighty-five percent of all microloan clients are minorities (women, new immigrants, African-Americans, Hispanics, Asians, etc.)
- Thirty percent of all microloan clients are female entrepreneurs, mostly head of households.

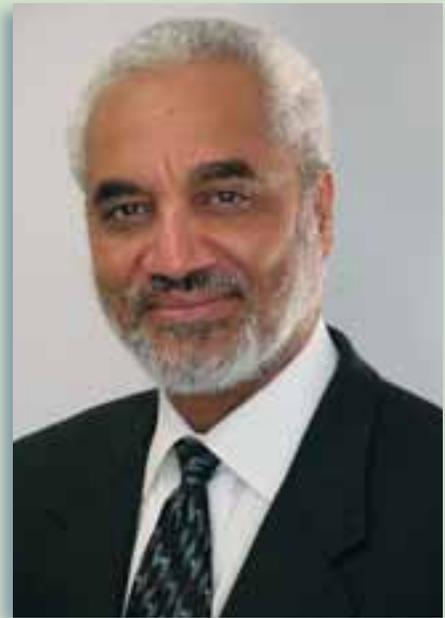
African Born as a Percent of Foreign-Born Population in the Fifth Federal Reserve District



EDG's IDA Program Accomplishments to Date

- Enrolled 727 clients with a total savings of \$959,000
- Committed \$1.9 million in match grants to be disbursed throughout the program
- Purchased assets with total value of \$9,535,000
- Trained over 680 clients in household income management, credit management, taxes, risk management, retirement and investment planning
- Successfully graduated 528 clients with acquired assets worth more than \$11 million. (Sixty-seven percent of graduates are individuals; 33 percent are families; 42 percent are female.)

ECDC Guides Refugees and Immigrants in their New Homeland



Tsehaye Teferra, President, Ethiopian Community Development Council

Founded by Dr. Tsehaye Teferra in 1983, the Ethiopian Community Development Council (ECDC) was established as a nonprofit organization to respond to the growing Ethiopian community in the Washington, D.C., metropolitan area and across the country. "In 1983, there were many Ethiopians coming as refugees from Africa and there was no organization to welcome or guide them. We organized to meet the needs," said Teferra. From the beginning, ECDC has served a diverse community of refugees and immigrants from around the world while focusing on the African newcomer community both locally and nationally. According to Teferra, "We referred refugees to vital services, provided translation services and worked as a bridge between the newcomer and the new country since they had no familiarity with the new culture."

In 1990, ECDC initiated its national refugee resettlement and placement program, which operates through a network of independent, community-based organizations and ECDC branch offices. ECDC established the African Resource Network (ARN) in 1991 to increase public awareness at a national level about African refugee issues and to help African community-based organizations in the U.S. strengthen their agencies through community, organizational and resource development.

Today, ECDC has 60 staff members with four branch offices in Arlington, Virginia; Washington, D.C.; Denver, Colorado; and Las Vegas, Nevada. The organization remains true to its mission of resettling refugees, while promoting cultural, educational and socioeconomic development programs in refugee and immigrant communities in the United States and conducting humanitarian and socioeconomic development programs in the Horn of Africa.

IDA Clients' Country of Origin

Afghanistan	3
Albania	1
Angola	1
Benin	1
Burkina Faso	1
Burma	46
Burundi	3
Cameroon	12
China	7
Colombia	2
Democratic Republic of the Congo	25
Eritrea	26
Ethiopian	372
Former Soviet Union	23
Guinea	1
Indonesia	1
Iran	29
Kenya	1
Kosovo	5
Liberia	1
Mauritania	4
Mongolia	1
Nepal	1
Nigeria	3
Republic of the Congo	1
Pakistan	1
Rwanda	7
Sierra Leone	7
Somalia	25
Sudan	51
Togo	4
Turkistan	1
Uganda	1
Ukraine	3
Vietnam	49