



EXECUTIVE SUMMARY | OCTOBER 2024

Expanding Access to Capital: How Next Street's Go-to-Market Strategy Launched California Small Business Loan Match

next street





Introducing California Small Business Loan Match

Next Street's Role in the Initiative for Inclusive Entrepreneurship

The Initiative for Inclusive Entrepreneurship (IIE) was launched in 2023 with the goal of ensuring the U.S. Department of the Treasury's \$10 billion State Small Business Credit Initiative (SSBCI) - in particular the specific allocations for socially and economically disadvantaged entrepreneurs (SEDI), tribal governments, and very small businesses (VSBs) - not only strengthens the small business ecosystem, but also advances racial equity. As a co-leading organization of the initiative, Next Street was charged with developing solutions to increase capital access for Main Street small businesses, particularly those owned by SEDI entrepreneurs, leveraging SSBCI programs to drive equitable economic development.



California's SSBCI Challenge

With the largest concentration of small businesses in the nation, California received the most substantial SSBCI allocation, positioning its diverse small business ecosystem for significant impact. Like many other states, California encountered early challenges in effectively reaching all segments of its population with SSBCI programs.

These challenges included:

- Gaps in technology
- Marketing capacity
- Connectivity between small businesses and lenders



The **California Infrastructure and Economic Development Bank (IBank) Small Business Finance Center**, an SSBCI co-implementing entity for the state, recognized the need for a scalable tool to connect small businesses with lenders enrolled in their Loan Guarantee program, as well as future state-run initiatives. They identified **Community Reinvestment Fund's (CRF) CRF Connect**, a platform designed to facilitate connections between small businesses and responsible lenders, as the **ideal technology solution**; however, a critical funding gap and limited marketing resources hindered the adoption and integration of this approach into IBank's existing SSBCI framework.

Our Go-To-Market Solution

Through IIE, Next Street secured funding to implement CRF Connect in California and developed a tailored Go-to-Market Strategy to address the specific challenges preventing SSBCI dollars from effectively reaching small businesses throughout the state, driving at two key outcomes:

- Fostering awareness amongst small businesses, in particular SEDI businesses, in California around access to capital from responsible lenders (e.g., Community Development Financial Institutions)

- Increasing the access to and flow of SSBCI capital to SEDI small businesses in California through responsible lending products

Our goal is to help you achieve yours.



The GTM Strategy included launching a new website and resource, **California Small Business Loan Match**, supported by CRF Connect. This one-stop experience simplifies the process for small businesses to connect with vetted, responsible lenders enrolled in IBank's SSBCI Loan Guarantee program, making it easier for them to find and access the right lending options at the right time. To maximize the reach of this new resource, Next Street implemented a multi-channel marketing plan designed to raise awareness among small businesses and key ecosystem players about the opportunities for capital access it provides.

Additionally, Next Street engaged a variety of partners deeply embedded in the California ecosystem as well as several organizations working directly with small businesses in local communities. This collaborative approach ensured that the GTM Strategy was not only well-aligned with local needs, but also effectively activated and supported the small business network across California.





Early Impact

As part of our GTM Strategy, Next Street executed upon a 10-week paid marketing campaign (April 24 - June 30, 2024), which yielded significant results in generating ecosystem awareness and facilitating access to capital:



6.8 million

impressions achieved through paid advertising efforts



100,386

website visits from 65,078 unique users



2,037

pre-applications submitted, with 1,528 small businesses (66.23% of applicants) successfully connecting to a lender



AMONG THE MATCHED APPLICANTS:

56%

small businesses owned by women

69%

small businesses owned by people of color



From April 24 - June 30, 2024, pre-applicants matched with **\$177.3 million** in capital that they may not have had the opportunity to access otherwise. Additionally, as of October 2024, **fourteen loans have closed, totaling \$869,953.**



Loan Match launch event at California Endowment Center for Healthy Communities on April 24, 2024. Photos by RSE.

Sacramento-based entrepreneur, Donna Lee, received a \$25,000 loan from Working Solutions, one of the dozens of lenders featured on California Small Business Loan Match. Her former business model relied on 1:1 business coaching, which Donna felt wasn't scalable for the future. So, she is using the funding to launch online courses that can be offered as part of a subscription service. In addition the loan will allow her to hire an assistant to help with admin and marketing for her practice.



“ I was making enough money to support myself, but not to grow and set my business up to be more sustainable in the future. Other lenders made me feel judged - like I wasn't running my business 'the right way.' Working Solutions was very warm and they listened. They took the time to understand my financial situations and worked with me. They were very human.”

– Dr. Donna Lee, Intuitive Spiritual Mindset Coach

These early outcomes highlight the effectiveness of Next Street's ecosystem driven GTM Strategy in fostering awareness and subsequent access to capital opportunities for underserved small businesses. The successes, as well as lessons learned, of this initiative in California serve as a blueprint for similar efforts nationwide.

To delve deeper into Next Street's Go-To-Market product offerings, or to learn more about our work with the Initiative for Inclusive Entrepreneurship, please contact:

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