

NeighborWorks® Training Institute

ACCESSING CAPITAL FOR NATIVE CDFI GROWTH



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TABLE OF CONTENTS

TAB 1	Course Overview
TAB 2	Making the Ask: Is your Native CDFI Ready?
TAB 3	Making your Case: Preparing a Case Statement
TAB 4	Funders Roundtable
TAB 5	Making your Pitch: Refining your Elevator Speech
TAB 6	Resources <ul style="list-style-type: none">• Additional Resources• About the Instructors

TAB 3

MAKING YOUR CASE: PREPARING A CASE STATEMENT

Making Your Case: Preparing a Case Statement

What is a case statement?

A case statement is a document, usually three to five pages long, that introduces your organization; explains a project, program, or idea for which you are seeking funding; details the impacts that success will bring; and, in general, “makes a case” for your funding request. It must be short, to the point, well-written, and distinctive, standing out from all others that a funder receives.

Other definitions include:

A case statement is simply a written document that states the most important facts about an organization. It can range in length from a wallet-size card to twenty pages or more. Preparing such a statement provides the opportunity to amass data that will best illustrate the competence of your staff and the effectiveness of your work.

- *Securing Your Organization's Future*, Michael Seltzer

[The case statement] is an attempt to put in writing a brief, clear statement that communicates the purpose, program and financial needs of the organization. It truly answers the question of why you are conducting the campaign. But more than that, it is a public statement that must stand alone without explanation.

- *The Complete Fundraising Guide to Successful Campaigns*, Ted D. Bayley

For members of the TLJ II cohort and CDFIs in general, the case statement needs to answer questions *before* they are asked, such as:

- What is the organization and what does it do?
- What is your mission?
- What have you done?
- What is distinctive about your CDFI compared to all other CDFIs?
- What are you trying to do specific to your funding request?
- How will the funder investment accomplish this?
- Why should the investor/lender bet on your organization? What’s in it for them?
- Who else is participating?

Case statements are generally about the “ask,” – the funding for either general support, an opportunity such as a new program, or a match where the investor/lender funds are levered. There has to be an explicit, stated, and crystal-clear connection between the funder investment and the outcomes. In other words, the funder must see the following: **\$ = outcomes.**

The case statement is not a task for an intern or junior staff. It should be written by senior staff – those individuals who know everything about your organization, who are fully committed to the mission, and who have a track record. You should assign the best writer you have. Alternatively, and often, CDFIs hire proven consultants to write the statements in collaboration with senior staff.

A case statement should:

... aim high, provide perspective, arouse a sense of history and continuity, convey a feeling of importance, relevance and urgency, and have whatever stuff is needed to warm the heart and stir the mind.

– *Designs for Fund Raising*, Harold J. Seymour

Characteristics of a Strong Case Statement

There is no one set of rules for what constitutes a good case statement. If there were, all statements would be identical and boring. To borrow a marketing phrase, you should “tell them what you are going to tell them, then tell them, and then tell them what you told them.” The case statement must tell a story that the reader will remember.

First, some general concepts:

- **Know your reader!** Ask yourself, “Why would they invest in us?” If you can answer that question, the rest is form over substance. A bank does not want to provide a loan for a business that has no track record. Similarly, a foundation does not want to provide support for a CDFI that has lost money for three of the last four years and has nothing to show for it except a case statement asking for support. Investors want to bet on winners – and feel good about it. Research your foundations to see how much they give and for what. Your request will not get a foundation to change their mission.

- **Ask for what you need, not what you want.** Ask for the exact amount that will get the job done. Unlike some federal funding sources, the funding you will ask for in the case statement must be a perfect fit for the puzzle. This brings clarity to the mind of the reader.
- **Outcomes, outcomes, outcomes.** This is a business deal and a social transaction. You have to tie the two together. It's not "we might accomplish this. . ." It is "we will accomplish this. . ."
- **Keep it simple.** All the background, financials, board of directors' resumes, press clippings, awards, audits, handshaking and ribbon cutting pictures go in an appendix. The statement should have nothing in it that is superfluous.
- **Source your information.** If you make a statement that a reasonable person might question, e.g., "our poverty rate is 25%," make sure the reader knows where you got this fact. Use endnotes, not footnotes.
- **Perfection.** No typos, no grammar errors, no formatting issues. If your organization does not have the writing and editing skills among its staff to produce a perfect document, then hire it out. There is no need to be too clever or cute, nor is it necessary to guilt a funder. A case statement is your organization's resume, *writ small*. Use declarative statements. A reader should see no question marks or exclamation points unless you are quoting someone.

Perfection is achieved, not when there is nothing more to add, but when there is nothing left to take away." [Antoine de Saint-Exupéry, *Airman's Odyssey*](#)

- **Visuals are OK.** Visual presentation of information breaks up text and makes a document more readable. Again, know your reader. Don't insert graphics with declining trends – everything must point upwards in charts and graphs. If it does not, don't use it. The graphic has to fit into the document, not overwhelm it.

Key Components

A case statement outline should include:

1. Introduction – the pitch combined with mission, vision, and history
2. The opportunity and use of funds
3. The need for the funding – the link between the investment and the outcome
4. Results/impacts – timeline
5. Conclusion

Below, we take the components of a case statement outlined above, provide a brief explanation and guidelines and provide examples of the component. Some of the examples we use were taken from the TLJI case statement competition, where a panel of investors reviewed case statements from cohort members, ranked them, and selected a winning statement.

1. Introduction

The introduction should be one or two short paragraphs that summarize what you will be telling the reader in greater detail in the rest of the document. You want to hit the main points of the opportunity (notice how we are using the word “opportunity” rather than “support”) you are proposing to the funder. You immediately want to catch their attention. The introduction outlines what will follow in the remainder of the statement presentation. If the introduction is not clear to you, it won't be clear to someone who knows less about your organization.

Example of an introduction from a successful case statement:

CDFI ABC seeks an equity investment of \$25,000 to assist in the purchase of an existing profitable services business located on XYZ Reservation. The purchase price of the business is \$100,000. CDFI ABC will provide an additional \$25,000 in equity and the First National Bank will provide the balance of the financing, to include \$100,000 in additional working capital. The business will employ three members of

the XYZ reservation on a full time basis. Profits from the business will flow to CDFI ABC and the investor. CDFI ABC will use the profits to subsidize development services in partnership with its local credit union.

This introduction:

- states up front what the organization is asking for
- tells why it needs the money
- lays out how the deal will be structured, who else is committing funds, and shows that the organization has a stake in the deal
- demonstrates the immediate social benefits of the deal - outcomes

An example of an introductory paragraph of a case statement with room for improvement:

I. DEMPOGRAPHIC [sic]

The ABC CDFI is a certified Native CDFI established in 1996. For families living on or near the reservation, ABC provides home mortgages, home improvement loans, and interim construction loans through its Loan Fund; loan origination, brokering and loan packaging services for third-party lenders; and construction services, homebuyer and financial education, and individual financial counseling. ABC also serve Native families living on the reservation with down payment closing cost assistance in the form a grant available through the Indian Housing Authority, a Tribal Designated Housing Enterprise (TDHE).

Where do we start? The very first word is spelled wrong. Did anyone read this before it went out? There is too much technical language in this introduction. The reader has to know what a CDFI is, a TDHE is, and a Housing Authority. Nowhere does the author state what they want and why they want it.

2. The Opportunity and Use of Funds

The two concepts can be rolled into one section if you chose. The “ask” needs to be framed as an opportunity for the funder to get on the success train as it leaves the station - not as a chore, ultimatum, or necessity. Don’t beg, cajole, plead or implore. State the opportunity. State where the funder fits into the CDFI’s vision of the opportunity. Smart people can draw their own conclusions from well-presented facts.

A good example:

As previously stated, the Native CDFI will need \$2,000,000 in equity and \$4,000,000 in debt financing to be able to enter this new market.

A not-so-good example:

Over the five year project period XYZ will use \$750,000 to finance direct loans to low income target market members. FA will be used primarily to support high demand consumer lending. The Reservation is an area of extreme high housing need. FA will also be used to finance and leverage funds to support long term productive assets like 10 and 25 year home construction, home improvement and mortgage loans. The capacity to finance these long term loans is dependent not just on demand but also on the availability of sufficient capital resources to allow funds to be invested for several years before revolving.

In the above paragraph, besides the grammatical errors, there is too much technical jargon. What is FA? What are productive assets? A reader will ask, “What are they saying here? Where is the opportunity?” The writer has used the word “demand” but not backed it up. What they are saying is “give us the money and we will find the demand, which we think exists, aren’t really sure, and have no plans to document it.”

Or:

What’s in it for you? Regardless if your donation is \$1,000.00 or \$100,000.00 (any amount will be greatly appreciated) you will have the satisfaction of knowing you have helped make a dream come true for a well deserving family whom otherwise may not have had the opportunity.

While the excerpt above came from a general plea for donations hiding itself as a case statement, the paragraph literally begs the question “will my satisfaction be increased if I give more money?” And the answer is “probably not.” There is no need to put a decimal point and two trailing zeros at the end. The writer mixes money and emotion. Why is the donation entry limit inferred at \$1,000? What if I want to contribute \$10? Will I look bad? Look at the emotional words – *appreciated, satisfaction, dream come true, well deserving*. The funds are presumed to be a vehicle for making dreams come true. What are those dreams?

3. The Need

You will want to dedicate a section of the case statement to defining the need/demand (recognize the difference between the two words) relative to the problem you are seeking to address. When you define the problem, keep it narrow and streamlined so that whatever funding request you make will appear to be sufficient to cover your proposed solution and/or show what other funding will be contributed and where that money will come from.

A well-defined needs statement:

Education in basic money management is a peak interest of the Indian Country Community Loan Fund. We recognize that the most effective approach to breaking the complacency pattern is to educate and excite our youth about the lifelong benefits of having access to money. This can be achieved through the use of matched savings accounts, aka Individual Development Accounts (IDAs).

A needs statement that *needs* work:

According to the United States Department of Labor, Bureau of Labor Statistics, the national unemployment rate was 8.1 percent in 2012. According to the Economic Research Organization, the average 2012 unemployment rate in our County was 8.3 percent. If we take into account underemployment, workers who completed temporary jobs, and discouraged workers, this rate jumps up to 13.9 percent!

On first reading, the second statement is harmless enough. The writer states facts, albeit without actually sourcing them. However, let's look a little closer.

First, the document was written in 2013 but the unemployment figures are from 2012. The reader is going to want to know why you are giving year-old data. Sometimes year-old or even older data is the only data available, but you need to explain your data in an endnote. Second, the writer essentially states that there is no difference between the national and the state unemployment differences (8.1% versus 8.3%). Lastly, the writer takes a very big leap jumping all the way to 13.9% and implies, having successfully pulled a number out of a hat, or somewhere else, a gee-whiz surprise with an exclamation point!

There is a slight of hand here. The CDFI relies on government data to prove they are really no different employment-wise, but then goes on to develop its own definitions and methodologies to make things look worse than they probably are. The reader is left with the question, “If I count the underemployed, etc. what does the national level jump to?”

Finally, let’s talk about need and demand. People need housing. Consumers demand loan products. Talking about poverty and the need for savings is wonderful, but how many people will demand an IDA? There’s only one way to find that out – ask people in a systematic, consistent, and valid way. This sounds much more difficult than it is. One will constantly be amazed at CDFI managers who state that the reason for their lack of success in deploying loan capital is that there is no economy on the reservation. If you stand in an area that has any foot traffic and ask the first five passersby, “who do you owe money to?” you have documented demand at a more realistic level than all the hypothesizing you could ever do.

It will help if you have some understanding of the theory of comparative advantage first described by David Ricardo in his 1817 book, *On the Principles of Political Economy and Taxation*. The reason we mention this is that you need to have a rock-solid conviction that your CDFI is not only the best in the world, but the most appropriate vehicle to carry on a social mission within the context of capitalism.

“Need is not demand. Effective economic demand requires not merely need but corresponding purchasing power.” [Henry Hazlitt, *Economics in One Lesson: The Shortest & Surest Way to Understand Basic Economics*](#)

4. Results/Impacts

You must address the impacts that will occur as a result of the actions of the funder. You do not need to dwell on what will happen if you are not successful. Most funders know the game. Preaching doom and gloom, condemnation and acrimony, or even hinting at a sense of your CDFI's entitlement will more often than not result in a poor case statement and will turn funders off.

Results can be attitude-changes, jobs, loans, bank accounts, knowledge – something – anything. You need to say clearly what are the results, how you know this, how you can prove it if asked. Results generally are bland – four loans, three IDAs, two employees, and one CDFI. Impacts can be game changers – poverty alleviation, education, empowerment, and an increase in creditworthiness. The differences are subtle, but not that that subtle. Results come first, then impacts. Results are outputs – impacts are outcomes.

An example of a well-written impact statement is below. It is short and sweet – note the two-year timeline:

An increase in Native CDFI's profitability means increased sustainability. Native CDFI does not rely on operating grants, but funds its operating expenses through its earned income. The injection of the currently needed \$6,000,000 in new capital will allow us to become self-sufficient within two years.

And:

Good Guy CDC has developed a sophisticated client tracking system to demonstrate program performance and client outcomes. With increased investment, we will achieve the following outcomes over the next five years:

# Clients Served (Business)	250
# Clients Served (Financial Education)	1,500
# Businesses Started	50
# Businesses Expanded	100
# Business Loans	150
Total \$ Amt. of Loans	\$20,000,000
# Gov't Contracts By CDC Clients	10
# Total Value of Government Contracts	\$4,500,000
# of Jobs Created/Retained	500
# of Clients With Increased Credit Score	350

And one that needs work:

At this time, USA Credit Union is seeking \$915,000 in operational support to continue offering these no cost services to the community and to expand our service reach over the next five (5) years.

In the above, which was the only remotely relevant text about impacts in the case statement and the last paragraph of the case statement, not only does the writer for the first time identify what they want (after three pages), but its only impact is “support to continue offering these no cost services to the community and to expand our service reach over the next five (5) years.”

5. Summary

The summary or conclusion should be a one-paragraph, non-technical last “punch” to make your pitch. The following are two examples of successful summary paragraphs:

In conclusion, the Indian Country Loan Fund looks forward to becoming a strong parent to our young entrepreneurs as they learn, grow, and ultimately become borrowers. We are excited about the future as we watch our communities’ attitudes change and understand the importance of good financial practices. We anticipate an even greater shift in community learning as today’s new young savers become the financial teachers of tomorrow’s youth.

And:

Using the information and philosophy provided by The Leadership Journey, NeighborWorks and the CDFI Fund, ABC CDFI has decided to take sustainability into its own hands through a process of generating internal subsidy through the purchase and expansion of an existing business. This will allow us to continue provision of those development services related to our mission and, at the same time, develop the economy of the reservation.

Checklist

Use the following checklist to help you to ensure you've written a good case statement:

1. What do you want?
2. Why do you want it?
3. What will you do with it?
4. How do you define success?
5. Who else might be involved?
6. Is your introduction a brief summary of your project, program, or idea and is it written in such a way that it will catch the attention of the reader?
7. If the only thing a funder reads was the first paragraph, could they get the idea?
8. Have you explained who you are and what you do?
9. How is your success going to make the funder look good?
10. How is your possible failure going to make the funder look bad?

Remember, it is essential to give yourself enough time to reread the case statement, have other staff read and comment on it, fix typos and spelling and grammatical errors, and make appropriate edits.

Writing a case statement is not difficult. Don't make it so. If you have a clear, well-thought-out idea, the words will come. Get help if you need it. Write it as a fresh document, not a cut-and-paste exercise. Readers appreciate brevity and well-crafted proposals. You need substance, but you also need form.

The case statement is not a landfill where everything gets tossed in. It should be a diamond – sparkling, hard, valuable and symbolic of something of incomparable value – your CDFI.