Expanding CDFI Coverage in Underserved Areas

Customer Acquisition

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GoToWebinar

CDFI Fund’s Capacity Building Initiative

• The Capacity Building Initiative will greatly expand technical assistance and training opportunities for Community Development Financial Institutions (CDFIs) nationwide and significantly boost the ability of CDFIs to deliver financial products and services to underserved communities.

• Industry-wide training will target key issues currently affecting CDFIs and the communities they serve.
What is the *Expanding CDFI Coverage in Underserved Areas* Initiative?

- The series will provide specialized training and technical assistance to certified and emerging Community Development Financial Institutions (CDFIs) seeking to expand their reach into underserved communities that currently lack a CDFI presence.

- The workshops include content that is applicable to all CDFI organizational structures, including loan funds, credit unions, banks, and venture capital funds.
Training Partners

Community Development Bankers Association (CDBA) is a national trade association of the community development bank sector. CDBA is the voice and champion of banks and thrifts with a mission of serving low and moderate income communities.

Community Development Venture Capital Alliance (CDVCA) is a network of community development venture capital funds, which provide equity capital to growth businesses in low-income communities to create good jobs, productive wealth, and entrepreneurial capacity.

National Federation of Community Development Credit Unions (NFCDCU) is a national association for community development credit unions providing capital, advocacy, technical assistance, training to support innovative services for low-income consumers.

Opportunity Finance Network (OFN) is a leading national network of community development financial institutions (CDFIs) investing in opportunities that benefit low-income, low-wealth, and other disadvantaged communities across America.

About the Training Partners
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Customer Acquisition Topics

• Framing customer acquisition and retention within a strategic context.

• Creating a marketing strategy and tactics to attract and retain customers.

• Developing and nurturing effective referral networks.

• Accessing online tools to find potential customers:
  – LinkedIn
  – Reference USA
Identifying Your Most Important Customer

• Strategic context for finding and retaining qualified customers.

• Using the Business Model Canvas to align elements.

• Focus on solving customers’ problems.

• Match your value proposition with your most important customer.

Creating a Strategic Context

• Customer acquisition and retention do not happen in a vacuum.

• To be effective, a customer acquisition and marketing strategy must reflect and bring to life the organization’s strategic priorities and business model.
A Business Model Handbook

From Business Model Generation
By Alexander Osterwalder and Yves Pigneur (2010)

The Business Model Canvas

• The Business Model Canvas can help you to identify and connect the dots between:
  
  – Your most important customers
  – Your value proposition in the marketplace
  – Your infrastructure
  – Your bottom line – financial and impact
Customers don’t care about your solution. They care about their problems.

Dave McClure, 500 Startups, cited by Ash Maurya, Running Lean
Identifying Your Most Important Customers

- Identify your key customers within the context of your value proposition:
  - For whom are you creating value?
  - Who are your most important customers and why?
  - What problem do your most important customers need help solving?

What Customer Problems Are We Solving?

- Stage 1: Problem/Solution Fit – Identifying the problem and matching it with a solution.

- Key Question: Do I have a problem worth solving?
  - Is it something customers want? (Must have)
  - Will they will pay for it? If not, who will? (Viable)
  - Can it be solved? (Feasible)
What Customer Problems Are We Solving?

• Stage 2: Problem/Market Fit – Ensuring problem is what market needs to have solved.

• Key Question: Have I built something people want?
  – How will I test my product idea with my most important customers?
  – How are they solving their problem now and why is my solution enough better for them to switch?
  – Can I expect (and measure) early traction with my product (at least 40% retention)?

What Customer Problems Are We Solving?

• **Product risk:** What are you solving? (Problem)
  – How do customers rank their top three problems?

• **Market risk:** Who is the competition? (Existing Alternatives)
  – How do customers solve these problems today?

• **Customer risk:** Who has the pain? (Customer segments)
  – Is this a viable customer segment?
Exercise One: Who/What/What

• **Whose** attention are we trying to get?
  – Which customer segment?

• **What** do they think about us now?
  – Where are they on the stage of customer experience?

• **What** do we want them to think about us?
  – What do they need to know?

• **What** do we want them to do?
  – What are our business objectives?

Exercise Two: Describe Your Most Important Customer

• Write/draw a profile of your most important customer:
  – Where does she live?
  – What’s her ethnicity/country of origin/language? Age? Income level? Asset level?
  – What kind of small business does she operate or want to start?
  – What kind of financing does she need?
  – How ready is she to borrow from you?
  – Can she take advantage of depository or TA services that you or your partners offer?
Exercise Three: Matching Your Value Proposition and Your Most Important Customer

- How well does your description of your most important customer match/not match your value proposition?

- How could you strengthen the match between the two? What would you change?

Staying Focused on Your Most Important Customer

- Who is not your most important customer?

- Has your organization’s definition of its most important customer changed over time?

- How much time and money are you presently spending with people who are not – or no longer - your most important customers?

- Are there ways that you can (quickly) help them through referrals to partners?
Marketing to Your Most Important Customer

- Creating a Customer-Centric Culture
- Stages of the Customer Experience
- Developing a Marketing Strategy
- Nurturing a Referral Network

Marketing is the process that identifies, anticipates, and satisfies customer requirements in a way that generates financial and social returns.

Marketing – reaching out to customers with your organization’s value proposition – is a central component of an organization’s customer-centric culture.
Using Marketing to Create a Customer-Centric Culture

• Effective marketing can help create a customer-centric culture that strengthens the ties between the lending organization and the customer:
  – Find the customer
  – Listen to the customer
  – Respond to the customer
  – Keep the customer

Adapted from “Marketing for Microfinance, A Women’s World Banking Publication”

Stages of the Customer Experience

• Stage One – Awareness
• Stage Two – Consideration, Inquiry, Visit
• Stage Three – Activation
• Stage Four – Repeat/Loyal Customer
• Stage Five – Influence Others
The Role of a Marketing Strategy

- A marketing strategy is a strategic document that is part of a business model.

- An effective marketing strategy helps drive customer acquisition and loan origination.

- A marketing strategy focuses on reaching the most important customers the organization is trying to attract and retain.

Getting Started with a Marketing Strategy

- It is like a roadmap—in reverse.

- You start with your final destination in mind—who do you want to reach and what do you want them to do?

- Work backward to develop a plan that will get you there.
How to Craft a Marketing Strategy in Seven Steps

1. Define Goals
2. Identify Target Audience
3. Call to Action
4. Select and Implement Tactics
5. Manage Resources, Roles, and Responsibilities
6. Develop Project Plan
7. Evaluate and Measure Outcomes

Marketing Tactics

- Tactics and strategy are different. The strategy is the plan; tactics are the tools used to carry out the plan.
- Determine which marketing tactics fit the specific target audience, budget, and desired outcome for your organization.
- Tactics can include social media, PR, e-newsletters, advertising, loan promotions, and referral networks.
The Importance of Developing and Nurturing Referral Networks

• Referral networks can provide a critical pipeline of potential borrowers.

• To be effective, referral networks need consistent time investment and nurturing.

• The importance of a feedback loop with referral networks: let them know what happened with the referral and thank them (and mean it).

Implementation of the Marketing Strategy is a Shared Responsibility

• Everyone in the organization plays a part in customer acquisition and loan origination through implementation of the marketing strategy.

• Creating and supporting a customer-centric culture throughout the organization is a critical step in significantly increasing loan volume.
Questions?

Examples of Marketing Tactics:

Using LinkedIn to Reach Potential Customers

Using ReferenceUSA for Business Research
Examples of Online Tools to Reach Potential Customers: LinkedIn

Examples of Online Tools to Reach Potential Customers

• LinkedIn: Identify entrepreneurs and established business owners
  – More than 400 million users
  – Potential borrower must have created LinkedIn account
  – Market events and updates

• ReferenceUSA: Identify established businesses
  – More than 24 million U.S. businesses
  – Company information including sales revenue, judgment/liens, industry sector, etc.

• Send marketing information and updates to identified relevant contacts on LinkedIn and ReferenceUSA.
Using LinkedIn to Reach Potential Customers

As of February 2016: 400 million+ users worldwide

Poll Question

Are you currently using the Advanced Search page to mine LinkedIn's database?
How To Search For Prospects on LinkedIn:

• Using Advanced Search Feature

• Finding and Mining Groups

• www.nonprofits.linkedin.com

Advanced Search

Click on "Advanced" for more robust search features and targeted searching!
Advanced Search

Board Connect allows for greater searching capacity!

LinkedIn Searches

• You must be logged in to your LinkedIn account for the search results to be tailored to you.

• The more first degree connections you have, the more robust your search results will be.
Example: Search for people in “Food Production” within 100 miles of NYC

Save Your Searches!
Puts LinkedIn prospecting on auto-pilot for you.
How To Search For Prospects on LinkedIn:

• Using Advanced Search Feature

• Searching within LinkedIn Groups

Notice what displays when you type in “Restaurant” into the general search box.

Groups are a great place to find many people within specific industries.
Notice this group has over 44,000 members in it! Consider joining groups in the industries that matter most to you for networking.

Maria’s Top 5 Tips on Prospecting with LinkedIn

- Make sure your own LinkedIn profile is 100% complete (or as close as possible with firm’s compliance). LinkedIn will provide you with tips on making it complete.
- Broaden your own network by inviting those people you already know to connect with you. Don’t forget to follow up with people after networking events by connecting on LinkedIn.
- Peruse the list of your First Degree Connections to determine who else THEY are directly connected to. Ask to be connected to people you identify as your ideal prospects.
- Join LinkedIn Groups! Find out where your target market has joined a Group on LinkedIn and join the group yourself. Share discussions and news articles that will help position you as an expert in your area and invite Group members to connect directly with you.
- Use the “Advanced People Search” tab to find anyone on LinkedIn who is in your target market. Use the “keywords” field and narrow your search results by geography, industry, degrees of separation, Groups, etc. You can even search by your alma mater, giving you an instant reason to connect with someone new. This technique alone will turn up a goldmine of new contacts. Last step: Extend invitations to connect.
Example of Online Tools to Reach Potential Customers: ReferenceUSA

ReferenceUSA to Identify Potential Business Customers

- ReferenceUSA can help identify established businesses within your CDFI’s:
  - Target market
  - Preferred industry sectors
  - Business size and stage (based on number of employees and sales revenue)

- Free if used in your library.

- Your local reference librarians will have a working knowledge of this product.

- Usually available off-site with your library card bar code.
Business Research

Search Fields
...more search fields

And even more!
Sample Search:
Eating & Drinking Places; Atlanta Metro Area;
20-99 Employees; $1-$10mil Sales

This list can be downloaded to Excel.

Sample Record:
120 Tavern & Music Hall
Sample Record

Sample Record (continued)
Questions?

Expanding CDFI Coverage in Underserved Areas Webinar Series

• Upcoming topics include:
  – April 5, 2016: Fundraising Strategies for your CDFI

...and 5 more to be delivered before June 2016!
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