

REQUEST FOR INFORMATION

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

THE STATE SMALL BUSINESS CREDIT INITIATIVE

SEPTEMBER 8, 2021

RFI - CASE - 00338445

A. Background

The State Small Business Credit Initiative (SSBCI) will provide funds to the State of Michigan to support programs for small businesses. Michigan has received an allocation based on a federal formula and will also be competing for an additional allocation based on a competitive application. As the state develops its application and designs small business capital and technical assistance programs through an inclusive and equitable lens, the State invites the public to provide information and feedback in order to support new and existing small businesses.

B. Purpose of the Request for Information

The MEDC is requesting information from the public - including financial institutions, Community Development Financial Institutions (CDFI), Minority Deposit Institutions (MDI), economic development organizations, neighborhood and community development organizations, technical assistance providers, small business support organizations, Venture Capital Funds, Angel Funds, and other entities that serve a small business customer - will be asked to provide recommendations for opportunities to scale or improve existing resources or to create new programs.

Responses may be used as part of the State's SSBCI competitive application and/or used as part of program design. Responses will also inform the State of opportunities for administrative partner organizations who will be able to deliver support at a local, regional, or state-wide level. The State has prioritized four audience segments and requests program ideas that will benefit / impact the following business types: micro-businesses (10 employees or less), small to mid-size manufacturers, startup / innovation businesses, and socially & economically disadvantaged ("SEDI") businesses.

SSBCI as part of the American Recovery Plan is a continuation of a previous allocation that funded the State's capital access programs including the Capital Access Program (CAP), Loan Participation, Loan Guarantee, and Collateral Support. The new federal allocation allows for an expansion of program that includes opportunities to support venture capital and technical assistance programs in addition to capital access.

Goals

- Enable equitable access to SSBCI funding across the State of Michigan for both capital access programs, venture capital & technical assistance
- Engage new and traditional partners in program ideation
- Provide an understanding of the state's priorities for SSBCI funding including increasing access to micro-businesses (10 employees or less), small to mid-size manufactures, startup / innovation businesses, socially & economically disadvantaged businesses

Organizational Questions

- 1) How long has your organization been in operation?
- 2) What geographic area does your organization cover?

- 3) Describe your organization's history working with small businesses?
- 4) Does your organization predominately work with micro-businesses (10 employees or less), small to mid-size manufacturers, startup / innovation businesses, or socially & economically disadvantaged businesses?
- 5) What is the primary function of your organization (lender, technical support provider, regional economic development, other)?

Technical Assistance Program Questions

1) Technical Assistance Needs

Considering a broad range of technical assistance support that can be delivered to small businesses, rank the following desired outcomes in order of priority (1- highest priority, 10 – lowest) for the each of the following small business segments (only answer for the business segments your organization supports / has expertise):

- i. Business Ideation (Developing a small business idea)
- ii. Business Planning (Creation of a business plan)
- iii. Financial Literacy (Increasing financial literacy awareness, improving credit scores, etc.)
- iv. Strengthening Network of Individual Businesses (Mentorship, access & relationship building with financial institutions)
- v. Loan Preparedness (Understanding what banks need, preparing to access loan enhancement programs or traditional financing)
- vi. Post-loan technical assistance (wrap-around services)
- vii. Business Growth (Focus on HR, efficiencies in operations, hiring, increasing sales)
- viii. Marketing, Technology Integration and/or e-commerce
- ix. Succession Planning
- x. Other

2) Technical Assistance Program Creation / Scale

Please provide information related to the following questions for each technical assistance program the State should consider:

- *New / Existing Program*
 - Is this a new program or an existing program you would like to scale?
 - If an existing program, please provide a link and/or attach program materials.
- *Anticipated Small Business Segment Supported*
 - Micro-businesses, small to mid-size manufactures, start up/ innovation businesses, socially and economically disadvantaged, others
- *Program description*
 - Include information on how the program would be designed, implemented, and managed.
- *Delivery model & outreach*
 - Describe how the program is delivered to small business owners. Is the program delivered through 1 to 1 counseling, 1 to many trainings, online or in-person training, learning cohort, etc.?
- *Anticipated outcomes/Measuring Success*
 - What is the immediate outcome of the program? Please be as specific as possible.
 - How will you measure success once the program is implemented? (Examples: Capital Formation, Number of loan applications submitted, Grants / loans secured, translation services perform, etc.)
- *Estimated number of businesses served*
 - How many businesses will have access to the program?
 - Of the businesses that have access, what percentage do you anticipate meeting the organization's metric for success? Please explain. (Example: Provide a loan preparedness technical assistance program to 100 businesses. Of the 100 businesses, 25 percent are anticipated to receive a loan.)
- *Program budget*
 - What is the anticipated cost needed to implement this program?
- *Leveraged resources*
 - If an existing program, how has this resource been funded in the past?
 - If a new program, what financial resources do you anticipate leveraging? Please list all local, regional, state and/or federal resources.
- *Geographic coverage area*
 - Would this program be offered to businesses state-wide or to businesses located within a specific geographic area? Please be specific.
- *Timing*
 - Identify the length of time the program would run based on the budget you provided.

- *Partnership*
 - If applicable, please list any local, regional, or state-wide partner organization who have or will assist with the promotion or implementation the program.

Lending Questions

- 1) If your organization is a lender, has your organization participated in SSBCI funded loan enhancement programs (collateral support, loan participation, capital access program, small business loan guarantee) in the past?
 - *If yes, which program(s)?*
 - What, if anything, do you recommend be changed to improve the effectiveness of the program(s)?
 - What changes should be made to promote access to capital for diverse businesses, including SEDI businesses and businesses with 10 or fewer employees?
 - *If no, for what reason did your organization not participate?*
- 2) What do you see as the primary impediment to small businesses accessing capital?
- 3) What gaps exist in the small business lending market that are not currently being addressed by MEDC, SBA, USDA, or other loan enhancement programs?
- 4) Do you have any other comments on the design and implementation of MEDC loan enhancement programs that would improve their effectiveness?

Equity Investing Questions

- 8) If your organization is a Fund, has your organization participated in MSF equity programs (e.g. 21st Century Investment Fund, Pre-Seed Fund, Pure Michigan Venture Development Program, Michigan Accelerator Fund) in the past?
 - *If yes, which program(s)?*
 - What, if anything, do you recommend be changed to improve the effectiveness of the program(s), considering the new investment climate in MI?
 - What changes should be made to promote access to capital for diverse businesses and businesses located in opportunity zones?
 - *If no, is your organization interested in partnering on the new state-funded initiatives and why?*
- 9) Should the State focus on attracting out-of-state venture funds versus prioritizing existing local investing capacity?

- 10) What investment vehicle/model is needed to infuse capital into local startup community (e.g. Fund of Funds, direct investing by the MSF as LP, co-investing)
- 11) Are there any models of impact investing or equity investing programs for non-tech businesses that the state should consider?
- 12) Considering recent trends with small business lending/equity investing on the rise, please share your recommendation(s) on prioritization of funds (e.g. pre-seed/seed investment vs growth stage, industry focus, manufacturing competitiveness and addressing inequitable capital access).

THIS RFI IS SEEKING INFORMATION ONLY AND DOES NOT IMPLY, COMMIT, OR GUARANTEE FUNDING IN ANY MANNER NOW OR IN THE FUTURE TO ANY PARTY. THIS RFI IS NOT SEEKING BIDS FOR SERVICES AT THIS TIME.

ANY DOCUMENTS PRESENTED AS A PART OF THE RFI ARE SUBJECT TO DISCLOSURE UNDER THE FREEDOM OF INFORMATION ACT.

C. Request for Information Guidelines

- **Responses are due by 3:00pm EST time on September 27, 2021.**
- Responses should be submitted via **e-mail only** to contractsandgrants@michigan.org as a single Portable Document Format (.pdf) attachment. **Response will not be accepted via U.S. mail or any other delivery method.**
- **RESPONSES MUST INCLUDE THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFI-CASE-00338445” with Company Name, and “message 1 of 2”, as appropriate, if the bid consists of multiple emails.**
- ***The MEDC will not respond to telephone inquiries, or visitation by Bidders or their representatives. Bidder’s sole point of contact concerning the RFI is below and any communication outside of this process may result in disqualification.***
- Responses can be a maximum of 10 pages, utilizing ten (10) point font or greater, submitted as a single .pdf file.

Any change or update to this RFI will be posted on the MEDC website. Such postings shall constitute constructive notice to the general public of any modifications or alterations of the RFI.

D. Request for Information Response

Respondents are asked to respond to and provide information for the following items:

1. Contact Information of the Respondent
 - a) Organization and business name and address.
 - b) Name, title, email and phone number of the individual(s) responsible for the respondent's RFI response.
2. Background, Area of Expertise and Experience
3. Pricing Models for Services

Please include any additional information that you believe may be beneficial that is not described above.