June 12–14
Pacific Grove, California
nativecdficonvening.org

2018 Native CDFI Capital Access Convening

Bringing Native CDFIs, Funders, and Investors Together to Bring Capital to Native Communities
Key Performance Indicators – Dashboards for Empowerment

NCDFI Performance Data Collection, Management, Analysis, Reporting and Associated Decision Making Opportunities
Take away

• All NCDFIs collect, manage and report out key performance data – but, mostly historical look-backs

• Reformatting performance data into KPIs facilitates use by management to monitor, analyze and adjust performance real time

• KPI ROI – potentially increase NCDFIs growth, competitiveness & accelerated self-sufficiency
KPI Session Outline

• Why KPIs? Big Picture NCDFI Industry Context
• One NCDFI KPI development/use case study
• Potential for use of KPI Dashboards with NCDFI Collaboratives
• Efficiencies of generating KPI reports in databases – the OTIS example
Why KPIs?

• Why are KPIs helpful?
Popular evaluation tools

Table 1: Step 2: Financial Analysis Scoring Criteria

<table>
<thead>
<tr>
<th>Application Assessment Tool (AAT)</th>
<th>1, 2, 3, 4, or 5</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Net Loan Loss Ratio</td>
<td>Charge-offs ($) – Recoveries ($) / Total Equity Investments Portfolio ($) / Total OBO Balance Sheet Loan Portfolio ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Delinquency Rate</td>
<td>Loans Delinquent 31 to 90 Days ($) – Loans 90 Days or more Past Due ($) / Total Equity Investments Portfolio ($) / Total OBO Balance Sheet Loan Portfolio ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Loan Loss Reserve Ratio</td>
<td>Allowance for Loan and Lease Losses ($) / Total Equity Investments Portfolio ($) / Total OBO Balance Sheet Loan Portfolio ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Portfolio at Risk Ratio (PAR)</td>
<td>Loans 90 Days or more Past Due ($) / Other Real Estate Owned (OREO) ($) + Troubled Debt Restructuring ($) / Total Equity Investments Portfolio ($) / Total OBO Balance Sheet Loan Portfolio ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Change in Portfolio at Risk Ratio</td>
<td>PAR – PAR (Prior) / PAR (Prior)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Net Asset Ratio</td>
<td>Total Net Assets or Equity ($) / Total Assets ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Change in Net Asset Ratio</td>
<td>Net Asset Ratio – Net Asset Ratio (Prior) / Net Asset Ratio (Prior)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Total Assets</td>
<td>Total Assets ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Change in Total Assets</td>
<td>Total Assets – Total Assets (Prior) / Total Assets (Prior)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Unrestricted Net Asset Ratio</td>
<td>Unrestricted Net Assets ($) / Total Assets ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Income Ratio</td>
<td>Total Revenue ($) / Total Expenses ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Interest Coverage Ratio II</td>
<td>Interest Income ($) / Interest Expense ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Net Income</td>
<td>Total Revenue ($) / Total Expenses ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Change in Net Income Ratio</td>
<td>Net Income – Net Income (Prior) / Net Income (Prior)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Reliance on Government Funding Ratio</td>
<td>Government Grants ($) / Total Revenue ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Self-Sufficiency Ratio</td>
<td>Earned Revenue ($) / Operating Expenses ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Change in Self Sufficiency Ratio</td>
<td>Self-Sufficiency Ratio – Self-Sufficiency Ratio (Prior) / Self-Sufficiency Ratio (Prior)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Financing Capital Liquidity Ratio</td>
<td>Available Financing Capital ($) / Commitments ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>Current Assets ($) / Total Current Liabilities ($)</td>
<td>1, 2, 3, 4, or 5</td>
</tr>
</tbody>
</table>

Aeris Explorer KPIs:

1. Total Assets
2. Unrestricted Net Assets/Total Assets
3. Net Assets for Financing/Total Assets
4. Leverage (Total Debt/Net Assets)
5. (Unrestricted Net Assets + Allowance for Loan Losses)/Gross Loans Receivable
6. Total Loans Outstanding $
7. Delinquencies (> 90 Days)/Outstandings
8. Gross Amount Charged Off/Outstandings
9. Allowance for Loan Losses/Outstandings
10. Earned Revenue
11. Total Contributed Revenue
12. Financing Expenses
13. Operating Expenses (Net of Unrealized and Grants Made)
14. Surplus (Deficit) from Operations
15. Self-Sufficiency (Earned Revenue/Expenses)
16. Current Ratio (Current Assets/Current Liabilities)
17. Deployment
18. Total FTE Staff
19. Total FTE Lending Staff
20. Operating Expenses/Total # of Loans
21. Loans Outstanding $/FTE Lending Staff #
Continually tracking KPIs

• Have a living document
  – Excel file or database report
• Adjust performance essentially real time
• Scenarios where this helps
• Board members “see” what you’re saying
Other benefits

• Moving beyond financial ratios...
• KPIs for people other than funders
• KPIs for your understanding
• Responsiveness to target market
Final big picture ideas

• You’re being evaluated, so it’s beneficial to evaluate yourself
• Real time changes to management
• Respond to the push for data-driven programs and operations
• Increase access to capital
The First American Capital Corp – KPIs - Working on our NCDFI

• FACC – Launched 2002, NCDFI 2004, SBA Microlender -2007 – ~$11,000,000 in loans deployed/leveraged – 215 jobs created/ 584 jobs retained - +$4,000,000 Total Assets, self-sufficiency +40%

• FACC’s first exposure to the power of KPI Dashboards was the result of participation in the CDFI Native Initiatives – The Leadership Journey II – specifically at a 2014 NeighborWorks workshop in DC
The First American Capital Corp
KPIs– Working on our NCDFI

• A FACC Board member was also in this workshop and challenged FACC staff to develop a KPI Dashboard – “What gets measured gets done” -- reaction ‘Oh great, more work…’

• FACC had a running start for source documents in the form of two reports developed by FACC staff members - to track but not analyze – FACC Loan Metrics and Cash Management Reports - SEE
The First American Capital Corp
KPIs – Working on our NCDFI

• FACC Loan Metrics Report – data all day:
The First American Capital Corp
KPIs – Working on our NCDFI

• FACC Cash Report – Management/Operations, FA Sub-Funds, LLRs, Special Projects – cash is king:
The First American Capital Corp
KPIs – Working on our NCDFI

• Using workshop materials from the NW TLJII, FACC staff developed a draft KPI Dashboard early in 2015 – initially focusing just on the CDFI MPS and PAR ratios – see screen shot & DEMO template of moving parts… (Caleb & Gary) –

• Becoming aware of the new CDFI Minimum And Prudent Standards Ratios in the FY18 NACA – we created a new KPI template – DEMO - Templates available to those interested.
The First American Capital Corp
KPIs – Working on our NCDFI

- Historic MPS/PAR template – Sources / Impacts
The First American Capital Corp
KPIs – Working on our NCDFI

• New CDFI MAPS Template – Sources / Impacts
The First American Capital Corp KPIs-Working on our NCDFI

• During 2015 FACC staff and a Board member brainstormed on other key data points that would be of value to management and helpful to the Board – resulting in building out the FACC Dashboard into 2016 to include:

➢ Cash Management / Funds available to Lend & Management Reserve
➢ Budget to Actual Performance
➢ Loan Pipeline
➢ Borrower Characteristics – on/off rez, tribal affiliation, work type
➢ MPS/PAR
➢ Aggregate Loan Production/Borrower Outcomes & Impacts – DEMO
The First American Capital Corp KPIs – Working on our NCDFI

- FACC KPI Dashboard V2.0:
The First American Capital Corp KPIs – Working on our NCDFI

- Over time in 2016 and 2017 FACC Management realized that some key questions were not being addressed in the KPI Dashboard, e.g.
  - **Funding Pipeline** (FA grants/loans – available for loans, TA, operating)
  - **More detailed TA client and Borrower descriptive information** (e.g. NAICS) compared with available industry data (e.g. Survey of Business Owners)
  - **FACC investment by individual clients/borrowers**: 1-to-1 TA staff time/involvement in workshops
  - **Metrics such as changes in borrowers’ annual revenue/credit scores/jobs** – attributable to FACC FA/TA
  - **Detailed Operational info** such as tracking impact of Deferred Revenue
The First American Capital Corp KPIs – Working on our NCDFI

- FACC staff also obtained feedback from the Board—that receive the KSP Dashboard quarter—(e.g. some formatting issues relative to printing the entire report, requests for more graphic representation of the data presented) – lead to reformatting the FACC KPI report into stand alone subject matter reports in an Excel workbook format – Note Caleb/Oweesta provided reviews and recommendations for improvements during 2017 -- see Table of Contents/DEMO
The First American Capital Corp KPIs – Working on our NCDFI

• Current FACC KPI Dashboard V3.0:
The First American Capital Corp KPIs - Working on our NCDFI

- **Return on Investment** – examples of the value of KPI Reports to FACC staff and management – working in and on FACC:
  - **Transparency** of real time management performance and progress towards achieving operational goals – valued by the Board of Directors
  - **Monitor** MPS/PAR to adjust mid-year performance to meet, exceed or stay within acceptable ratio thresholds (e.g. increased marketing/outreach to adjust deployment ratios, need for targeted post-loan TA to address PAR, monitor potential impacts of Deferred Revenue - i.e. **adaptive management**)
  - **Tracking client TA delivery/loan deployment** in our statewide service area to adjust presence/representation in gap coverage areas (e.g. on-off reservations, tribal affiliation, type of businesses/NAICS being served) resulting in adaptive management throughout the year (e.g. targeted zip code social media marketing)…
The First American Capital Corp
KPIs - Working on our NCDFI

• **Question** – what are the real costs, and potential opportunity costs, of not developing, maintaining and management use of KPIs?
The First American Capital Corp KPIs – Working on our NCDFI

• It must be noted that FACC has the good fortune to have developed an intern relationship with the UW-Milwaukee School of Business – these bright students helped FACC staff refine the KSP Dashboard over time – and lead to the 2018 hire of the **FACC Business Development Assistant/Data Analyst**

• Looking forward, the FACC is working with Sweetgrass Consulting and Oweesta to assist FACC in using OTIS to both take a deeper dive into the type of both quantitative and qualitative client information being collected, outputs and impacts – as well as labor saving automation – to build out new selected Key Performance Indicators reporting - Andrea
OTIS Demo

- Andrea
The Wisconsin Indian Business Alliance Case Study on Emerging Aggregate KPI Dashboards – Fern

• Intro – what is WIBA and how do we work together in our shared / overlapping target market in Wisconsin? See https://www.wibanative.org/
The Wisconsin Indian Business Alliance Case Study on Emerging Aggregate KPI Dashboards – Fern

• Good fortune of obtaining WIBA operating funds from the Wisconsin Economic Development Corporation (WEDC)

• Current WEDC quarterly WIBA Aggregate Impact Reporting Requirements – see DEMO
The Wisconsin Indian Business Alliance Case Study on Emerging Aggregate KPI Dashboards – Fern

<table>
<thead>
<tr>
<th>Technical Assistance Description</th>
<th>Annual Goals</th>
<th>Quarterly (Q4)</th>
<th>Year to Date</th>
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<tbody>
<tr>
<td># of personal/consumer/home assistance clients served/engaged:</td>
<td>450</td>
<td>59</td>
<td>452</td>
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<tr>
<td># of businesses served/engaged*:</td>
<td>175</td>
<td>34</td>
<td>181</td>
</tr>
<tr>
<td>Impactful technical assistance to businesses (# of businesses receiving multiple assistance, 7 hrs. or more of service).</td>
<td>70</td>
<td>11</td>
<td>49</td>
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<tr>
<td># Workshops Provided:</td>
<td>40</td>
<td>7</td>
<td>37</td>
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<tr>
<td># of Events Provided:</td>
<td>12</td>
<td>7</td>
<td>23</td>
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</table>
The Wisconsin Indian Business Alliance Case Study on Emerging Aggregate KPI Dashboards – Fern

<table>
<thead>
<tr>
<th>Loan Assistance Description:</th>
<th>Annual Goals</th>
<th>Quarterly (Q4)</th>
<th>Year to Date</th>
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<tbody>
<tr>
<td># of consumer loans closed</td>
<td>400</td>
<td>96</td>
<td>396</td>
</tr>
<tr>
<td>$ of consumer loans closed</td>
<td>$1,000,000</td>
<td>$485,087.07</td>
<td>$1,439,222.04</td>
</tr>
<tr>
<td># of business loans closed</td>
<td>31</td>
<td>7</td>
<td>26</td>
</tr>
<tr>
<td>$ of business loans closed</td>
<td>$1,000,000</td>
<td>$803,991.36</td>
<td>$1,562,395.53</td>
</tr>
<tr>
<td>Business Impacts: # of jobs created</td>
<td>30</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Business Impacts: # of jobs retained</td>
<td>80</td>
<td>16</td>
<td>68</td>
</tr>
</tbody>
</table>
The Wisconsin Indian Business Alliance
Case Study on Emerging Aggregate KPI Dashboards – Fern

• We are now building out from required WEDC collective WIBA Reporting – Client/Borrower Profiles - Tribal affiliation, statewide locations (on and off reservations)..., TA/workshop delivery, and Borrower impacts...

• Demonstrating Wisconsin NCDFI relevance
The Wisconsin Indian Business Alliance Case Study on Emerging Aggregate KPI Dashboards – Fern

• As WIBA KPIs are becoming more widely known/understood (e.g. WIBA e-Newsletter), stakeholders are taking note… https://goo.gl/SyhZme

• WIBA was recently invited to join the Wisconsin Economic Development Association / CRA Network – http://www.weda.org/
The Wisconsin Indian Business Alliance Case Study on Emerging Aggregate KPI Dashboards – Fern

• Building out collective statewide loan production, impacts, client profiles & TA is setting the stage for collective NCDFI KPIs

• Plans to utilize OTIS for collaborative client data collection / management / analysis / reporting – Andrea DEMO
Andrea

- OTIS Demo
The Wisconsin Indian Business Alliance Case Study on Emerging Aggregate KPI Dashboards – Fern

• As a ‘rehearsal’, the WIBA hired Oweesta to perform an Aeris type analysis of the combined WIBA (four WI NCDFIs) organizations –

• Caleb – overview of results DEMO
The Wisconsin Indian Business Alliance Case Study on Emerging Aggregate KPI Dashboards – Fern

• Potential benefits of amplifying the collective statewide NCDFIs’ performance and impact story through aggregate data collection, analysis and KPI reporting...

• Building the case for using, supporting, and networking with WIBA/NCDFIs
Take away

• All NCDFIs collect, manage and report out key performance data – mostly historical lookbacks

• Reformatting performance data facilitates use by management to monitor, analyze and adjust performance real time

• KPI ROI – potentially increase NCDFIs growth, competitiveness & accelerated self-sufficiency
Q&A Open Discussion

NCDFIs → KPIs → Target Markets → Funders/Stakeholders

weesta

First Nations WEESTA Corporation
Subsidiary of First Nations Development Institute

Sponsors:
- Administration for Native Americans
- Northwest Area Foundation
- PROSPERITY NOW
- NeighborWorks America
- AMERIND Risk
- Capital One Bank
- Clearinghouse CDFI