



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			
Application Assessment Tool (AAT)			
Annual Net Loan Loss Ratio	$(\text{Charge-offs } (\$) - \text{Recoveries } (\$)) / (\text{Total Equity Investments Portfolio } (\$) + \text{Total OnBalance Sheet Loan Portfolio } (\$))$	1, 2, 3, 4, or 5	1
Delinquency Ratio	$(\text{Loans Delinquent 61 to 90 days } (\$) + \text{Loans 90 Days (or more) Past Due } (\$)) / (\text{Total Equity Investments Portfolio } (\$) + \text{Total OnBalance Sheet Loan Portfolio } (\$))$	1, 2, 3, 4, or 5	1
Loan Loss Reserve Ratio	$\text{Allowance for Loan and Lease Losses } (\$) / (\text{Total Equity Investments Portfolio } (\$) + \text{Total OnBalance Sheet Loan Portfolio } (\$))$	1, 2, 3, 4, or 5	1
Portfolio at Risk Ratio (PAR)	$(\text{Loans 90 Days (or more) Past Due } (\$) + \text{Other Real Estate Owned (OREO)} (\$) + \text{Troubled Debt Restructuring } (\$)) / (\text{Total Equity Investments Portfolio } (\$) + \text{Total OnBalance Sheet Loan Portfolio } (\$))$	1, 2, 3, 4, or 5	1
Change in Portfolio at Risk Ratio	$(\text{PAR} - \text{PAR (Prior)}) / \text{PAR (Prior)}$	1, 2, 3, 4, or 5	1
Net Asset Ratio	$\text{Total Net Assets or Equity } (\$) / \text{Total Assets } (\$)$	1, 2, 3, 4, or 5	1
Change in Net Asset Ratio	$(\text{Net Asset Ratio} - \text{Net Asset Ratio (Prior)}) / \text{Net Asset Ratio (Prior)}$	1, 2, 3, 4, or 5	1
Total Assets	$\text{Total Assets } (\$)$	1, 2, 3, 4, or 5	1
Change in Total Assets	$(\text{Total Assets} - \text{Total Assets (Prior)}) / \text{Total Assets (Prior)}$	1, 2, 3, 4, or 5	1
Unrestricted Net Asset Ratio	$\text{Unrestricted Net Assets } (\$) / \text{Total Assets } (\$)$	1, 2, 3, 4, or 5	1
Income Ratio	$\text{Total Revenue } (\$) / \text{Total Expenses } (\$)$	1, 2, 3, 4, or 5	1
Interest Coverage Ratio I	$\text{Interest Revenue } (\$) / \text{Interest Expense } (\$)$	1, 2, 3, 4, or 5	1
Interest Coverage Ratio II	$(\text{Operating Revenue } (\$) - \text{Operating Expenses } (\$) - \text{Interest Expense } (\$)) / \text{Interest Expense } (\$)$	1, 2, 3, 4, or 5	1
Net Income	$\text{Total Revenue } (\$) - \text{Total Expenses } (\$)$	1, 2, 3, 4, or 5	1
Change in Net Income Ratio	$(\text{Net Income} - \text{Net Income (Prior)}) / \text{Net Income (Prior)}$	1, 2, 3, 4, or 5	1
Reliance on Government Funding Ratio	$\text{Government Grants } (\$) / \text{Total Revenue } (\$)$	1, 2, 3, 4, or 5	1
Self-Sufficiency Ratio	$\text{Earned Revenue } (\$) / \text{Operating Expenses } (\$)$	1, 2, 3, 4, or 5	1
Change in Self-Sufficiency Ratio	$(\text{Self-Sufficiency Ratio} - \text{Self-Sufficiency Ratio (Prior)}) / \text{Self-Sufficiency Ratio (Prior)}$	1, 2, 3, 4, or 5	1
Financing Capital Liquidity Ratio	$\text{Available Financing Capital } (\$) / \text{Commitments } (\$)$	1, 2, 3, 4, or 5	1
Current Ratio	$\text{Current Assets } (\$) / \text{Total Current Liabilities } (\$)$	1, 2, 3, 4, or 5	1

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 NCFDI



- FACC – Launched 2002, NCFDI 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 NCFDI



- 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 NCFI



- New CDFI MAPS Template – Sources / Impacts



The First American Capital Corp KPIs- Working **on** our NCFI



- 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 NCFDI



- FACC KPI Dashboard V2.0:



The First American Capital Corp KPIs – Working **on** our NCFDI



- **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 a tracking impact of Deferred Revenue



The First American Capital Corp KPIs – Working **on** our NCFDI



- 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 NCFDI



- 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 NCFDI



- **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



Technical Assistance Description:	Annual Goals	Quarterly (Q4)	Year to Date
# of personal/consumer/home assistance clients served/engaged:	450	59	452
# of businesses served/engaged*:	175	34	181
Impactful technical assistance to businesses (# of businesses receiving multiple assistance, 7 hrs. or more of service).	70	11	49
# Workshops Provided:	40	7	37
# of Events Provided:	12	7	23



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



Loan Assistance Description:	Annual Goals	Quarterly (Q4)	Year to Date
# of consumer loans closed	400	96	396
\$ of consumer loans closed	\$1,000,000	\$485,087.07	\$1,439,222.04
# of business loans closed	31	7	26
\$ of business loans closed	\$1,000,000	\$803,991.36	\$1,562,395.53
Business Impacts: # of jobs created	30	12	24
Business Impacts: # of jobs retained	80	16	68



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



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- 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



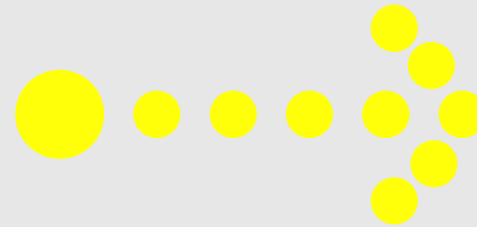
NCDFIs



Target Markets



KPIs



Funders/Stakeholders

