



An Evaluation: African Development Center

**November 2006
Executive Summary**



Davidlyn Moore graduating ADC business development workshop, 2004. With mother Linda Caldwell as owners of 3D Dollar Plus, 2006.



Rainbow Research Inc.

An Evaluation of the African Development Center of Minnesota (ADC)

November 2006

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EXECUTIVE SUMMARY

The African Development Center (ADC) is a not-for-profit organization that started in 2002 with a mission “to work within African communities in Minnesota to start and sustain successful businesses, build assets, and promote community reinvestment.” Its definitive character is that it is a culturally-based economic development organization located in the heart of the African immigrant community. ADC has grown since its humble beginnings in 2002. In 2003 it had one half-time staff and a \$10,000 operating budget; by 2006 it had grown to five full-time staff with an operating budget of \$580,000 and has financially leveraged a total of \$4.5 million in funds.

With growth came the need to measure its impact on the community and to assess the quality of services. In January 2006 ADC contracted with Rainbow Research (Rainbow) of Minneapolis to conduct an assessment of its Business Development and Home Ownership Training programs. This is the first-ever evaluation for ADC and would serve as a benchmark against which it would measure its performance in years to come. ADC’s main interest in the evaluation is “to understand, verify and increase the impact of ADC products and services” on their customers.

The evaluation began by engaging ADC staff in the design of outcome models for both the Business Development and Home Ownership training programs which helped inform and guide the evaluation. The outcomes consisted of short-term and long-term outcomes. The evaluation addressed only those short-term outcomes which could be measured within the January-August time frame for the project. The longer-term outcomes would be addressed in the future.

Client Outcomes

Based on the Business Development program outcome model, the program has achieved the following:

1. Increased clients’ economic self-sufficiency
 - Based on ADC data from April 2004 to June 2006, 40 clients have started their own business, 8 clients have expanded their business, and an additional 66 clients have received training although they haven’t opened their own business. However, training-only BD clients interviewed for this study said they still have plans of opening a business and they would come back to ADC when that time comes. ADC has invested a total of \$524,292 in African businesses.
 - The client survey data revealed that:
 - Business owners said the BD program increased their understanding of the U.S. financial system “a lot. (67%) or “quite a lot” (33%)

- 100% of business owners said the BD program improved their ability to assess their readiness to own a business “a lot.”
 - 83% of business owners said their financial situation now is better than it was before they participated in ADC’s programs. They attributed this improvement to ADC “somewhat” (38%), “quite a lot” (25%) or “a lot” (38%).
 - Business owners said the BD program helped increase their **confidence** to negotiate with business, financial and regulatory entities “a lot” (67%) or “quite a lot” (22%)
 - Business owners said the program helped improve their **ability** to negotiate with business, financial and regulatory entities “quite a lot” (33%) or “a lot” (44%)
2. ADC has attained a standing as a business development and financial resource to the African community and other entities that serve the African community
- ADC has formed relationships with financial institutions or agencies including: Wells Fargo Bank, US Bank, Franklin Bank, Associated Bank, Western Bank, and the Federal Reserve Bank of Minneapolis
 - ADC has formed relationships with a number of economic development institutions or agencies including: Neighborhood Development Center (NDC), Minneapolis Consortium of Community Developers (MCCD), City of Minneapolis – Community Planning and Economic Department (CPED), Minneapolis Economic Development Association (MEDA), Sparc (neighborhood residential and commercial building investors), and Twin Cities Local Initiatives Support Corporation (LISC).
 - ADC provided a number of services to walk-ins and referrals from other agencies: accounting, tax preparation, legal assistance, marketing, and insurance
 - ADC added new services in response to community needs: Financial Literacy Center and accounting services (currently looking for new collaborator)

Based on the Home Ownership training program outcome model, the program has achieved the following:

1. ADC clients increased their knowledge of the home ownership process
 - 57% of the homeowners said the HO program prepared them to become a homeowner “quite well” and 43% said it prepared them “very well.”
 - 54% said they learned “a lot” and 38% said they learned “quite a lot” about what’s involved in purchasing a home.
 - 86% has been able to make use of that knowledge (29% said “very well” and 57% said “quite well”)
2. ADC clients improved their financial literacy
 - Homeowners said the HO program increased their understanding of the U.S. financial system “a lot” (43%) or “quite a lot” (33%)
3. ADC clients possessed the readiness to purchase a home
 - ADC data from December2004-August2006 shows that 159 clients received Homestretch (curriculum) education, 95 clients received general financial counseling, 69 clients received

- credit repair counseling, and 40 clients received assistance in obtaining a copy of their credit report
- The client survey data reveals that the training improved the homeowners' ability to assess readiness to own a home "a lot" (67%) or "quite a lot" (25%)
4. ADC clients achieved home ownership without difficulty
 - ADC data from December2004-August2006 shows that 46 families have bought homes and 26 clients used the services of an ADC partner during that period
 - Based on client survey data:
 - Two homeowners used the homebuyer resources offered by ADC, one of whom used the resources to find an insurance agent (data was missing for the other client)
 - Among those who sought ADC's assistance in finding financing, it didn't take long for them to secure it. It ranged from two weeks to eight months, with a mean of 3.5 months and a median of two months. One client found the lender through ADC.
 - As soon as they received financing, it didn't take long for them to close on their home. This ranged from a minimum of two weeks to a maximum of two months, with a mean of 1.2 months and a median of one month.
 - 69% of HO clients were "very satisfied" and 31% were "satisfied" with the program
 5. ADC clients sustained home ownership
 - All but one homeowner have never been delinquent with their mortgage payments since participating in the HO program
 - All but one homeowner have never defaulted on a home loan since participating in the program
 - 67% of homeowners are able to deal with home repair problems when they come up
 - Homeowners said the HO program helped increase their knowledge of working with home repair contractors and other repair professionals "a lot" (38%) or "quite a lot" (25%)
 6. Incidences of home buying pitfalls in the African community are decreased
 - ADC data from December2004-August2006 shows that no clients have become victims of predatory sub-prime lending

Other Lessons Learned

In addition to the outcomes specified in the outcome models, other lessons were learned from conducting this study based on information provided by clients and other key informants.

- The most common way by which the community learns about ADC activities is word-of-mouth. Both clients and key informants said this was how they became involved with ADC. Thus, ADC attracts people mainly through its community involvement.
- The majority of clients felt well served by the BD and HO programs. Overall, 86% were "very satisfied" with ADC, and 93% would recommend ADC to others who might be thinking of starting a business or purchasing a home. All of the community leaders interviewed also said they would recommend ADC to others.

- Ninety-two to 100 percent of business and home owners interviewed said ADC's staff possessed admirable qualities. Key informants cited ADC staff as the organization's most outstanding feature. They lauded its diversity, cultural competence, technical skills, good relationship building skills, and high morale.
- Clients put their confidence in ADC when it comes to making the big decisions, even if it meant not going through with the plan to start a business or purchase a home.
- Mere ownership was not the ultimate goal for those that decided to start a business or purchase a home. For business owners it also meant being their own boss, having greater control over their source of living, having a financial asset, reaping the financial rewards (income), and family involvement. For homeowners it meant a sense of independence, pride, confidence and responsibility, financial benefits (tax breaks), a safe and private place for their children and an opportunity to teach them about the rewards of hard work.
- The benefits that clients have derived from participating in the BD and HO programs extend beyond the more tangible business/home ownership or a loan. They also experienced life-enhancing benefits that included increased understanding or learning, a widened social network, and a strong sense of accomplishment, security and independence.
- The key informants believe that ADC is having a social and economic impact in the African community, both at the individual and community levels.
 - At the individual level, ADC helps individuals invest in businesses and homes. This has led to: the realization of many people's dreams, economic self-sufficiency, and increased confidence and pride. They also spoke of ADC's role in building relationships and trust between individuals and between individuals and institutions, building organizations and creating leaders.
 - At the community level, ADC gives the community hope, provides the community with a voice, has changed people's perspective on power and recognition and respect, serves as a catalyst for community change, creates wealth, and has elevated the level of business excellence.
 - Indirectly, ADC also has had an impact on African communities outside of Minnesota. Africans in Minnesota have relatives in other states and other parts of the world, and thus they are able to share with them the knowledge and wealth they gained as a result of ADC.
- High on the key informants' list of ADC accomplishments is its role in helping African business secure financing so they could participate in the Midtown Global Market project. This accomplishment raised ADC's status as a community economic development organization.
- ADC's leadership has been effective in building bridges within and across cultures, particularly bridges to the mainstream community which controls the resources key to ADC's success.
- Success can create increased demands for ADC's services. A challenge to ADC will be to carefully measure and monitor their growth so that they don't rapidly expand beyond their capacity, and to stay focused on its mission. The key informants believe ADC should take a balanced approach to growth.
- Key informants generally support the strategic direction that ADC is taking. Many agree that encouraging wealth preservation in the African community is an appropriate role for ADC, as is encouraging participation of Africans in the financial, educational, and regulatory institutions.
- Over time, they believe it would be important for ADC to achieve a position of economic self-sufficiency if it is going to meet its long-term goals. ADC is a nonprofit entity competing with many other nonprofits for finite resources. ADC needs to find ways to generate income in order to reduce its reliance on grants. Some informants would like to see ADC create business

opportunities that can provide it with an ongoing source of income. Some key informants also want to see ADC develop a more diverse clientele. Other improvements that ADC can consider include: expanding Islamic financing to the HO program, acquiring or building commercial property that it can lease or rent to African entrepreneurs, and making bigger-size loans (currently it is only a microlender).

- ADC has shown that it is a remarkable sprinter, but its long-term future is tied to its ability to become a long distance or marathon runner. Key informants' vision for ADC for the coming years is an organization that is bigger and better, has more statewide and national exposure, is viable and sustainable, and one that will create an impact on public policy and practice. It will continue to grow, but having already achieved significant growth in the last four years further growth will be in smaller but carefully designed increments. Other organizations, African-led or mainstream social service organizations that serve Africans, might come into the picture and offer the types of services ADC is currently offering, but key informants predict that ADC will remain the premier provider of services.

Recommended Next Steps

- The first step for ADC would be to take a step back and examine the results of this evaluation, then ask if these are the things that they had hoped to find out.
- The next step would be to review the other outcomes that the evaluation was unable to address, either because data for the indicators were unavailable at the time the evaluation was conducted or they were longer-term outcomes that are yet to be measured.
- Thus, a reexamination of the outcome models for the BD and HO program is recommended. ADC staff members have to ask themselves if these are the outcomes that define ADC's success and if these are what they want to measure themselves against. This exercise would also include a reexamination of the indicators (how the outcomes would be measured) and the sources of data.
- Another important step to take is to decide how much information needs to be collected so as to achieve wide representation from its many clients and key informants, but also to achieve generalizability of findings. One limitation of this evaluation is that due to time and budget constraints only 30 clients and 12 key informants were interviewed, and at times the numbers are too small to make generalizations. ADC might consider increasing these numbers in the future.
- One way to overcome the time and budget constraints is for ADC to establish a culture of evaluation in the organization. When evaluation becomes integrated into ADC as a regular activity, then the staff would be continually engaged in it, especially in data collection, and it doesn't become an obstruction in the performance of their tasks. The client survey can be turned into an exit interview of all clients who complete the program with a follow-up interview conducted at the same time staff perform follow-up technical assistance with clients. The key informant interviews can be conducted in conjunction with ADC's annual appreciation banquet and questionnaires can be sent out with the invitations.
- As an organization, ADC appears to be running smoothly and going in the right direction and most importantly, with strong support from its board, staff and the community. ADC has been successful in assembling a highly capable and competent staff. It would be important for the board of directors to find ways to recognize and reward staff for their excellent work and encourage them to remain with the organization.