



Feature by SALLYANN PRICE
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Business Class

ROTARIANS ARE
INVESTING IN
DETROIT'S
ENTREPRENEURS

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U.S. and Canadian Rotarians created Launch Detroit to provide microloans, education, and mentoring to small-business owners. Levi Johnson Jr. used his loan to expand his fledgling barbecue sauce business, which he runs out of his home kitchen.

Levi Johnson Jr. makes a mean barbecue sauce. Born in western Tennessee and raised in Detroit, he developed a taste for Southern cooking during childhood vacations in his mother's hometown. She was the first in her family to pack up and head north in search of work, so he was the odd one out on those trips as the only city boy. But he felt at home in the kitchen, where he would watch his grandfather cook and savor the distinctive twang of his signature sauce.

Johnson has lived in Detroit ever since. He raised a family of his own here and worked for years as a mechanic servicing school buses for the Board of Education. He's kept busy the rest of the time by playing music with local bands, helping out at church, and cooking up batches of Mr. Levi's My-T-Fine Soul Sauce for family and friends.

In 2010, amid the economic crisis, a quarter of the city's public schools closed, and Johnson was laid off from his job with the school board. He eventually found another opportunity to do the same work for a private company, but he's not making what he used to, and the benefits aren't as good. "Nineteen years on the job and I was faced with being out of work," he says. "I'm not old enough to retire. So I said, 'Well, I'm going to have to dig deep within myself and see what I can do.' That's how I wound up getting serious about this sauce business."

Johnson is one of 13 entrepreneurs working with Launch Detroit, a project of Rotary District 6400 (parts of Michigan and Ontario) that provides microloans and free business education to small-business owners and pairs them with Rotarian mentors. He heard about the program through a community kitchen for food entrepreneurs at Eastern Market, one of the largest historic shopping districts in the country. "I was talking with someone there about what steps I would have to take to start manufacturing larger quantities of my sauce," Johnson recalls. "Then I got an email the day before the first Launch Detroit information session." He'd looked into other small-business development programs, but many had steep entry fees or required attendance at classes during his workday. "When I heard what Rotarians were talking about doing, it sounded like it was tailored to where I was trying to go. It was that spark that I needed."

The Launch Detroit planning committee accepted Johnson's application and granted him a \$1,000 loan in January. He used it to sign on with a local packaging business that manufactures and



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distributes small batches of craft condiments in the Great Lakes region. The company is working with Johnson to adjust the recipe for wider distribution, redesign the labels, and test the sauce for USDA approval, aiming to get his product on shelves in 60 stores. In the meantime, Johnson's Rotarian mentor is helping him bring his Soul Sauce into high-end suburban delis.

"I've still got a lot to learn, but I'm closer to my goal than I've ever been," Johnson says. "When you have somebody who's willing to get behind you, somebody who believes in what you're doing, there's no reason not to succeed."

Rotary clubs have played a large role in promoting microfinance programs in the United States. Based on the premise that small-scale private loans paired with education and support services can have an outsize impact on troubled communities, the concept has flourished in developing countries and gained popularity stateside in the wake of the Great Recession. And it's a natural fit for Rotarians, who represent a cross-section of business and community leaders with a wealth of experience and connections.

In 2012, Marilyn Fitzgerald, a member of the Rotary Club of Traverse City, brought the idea for a microloan project in Detroit to leaders of District 6400, which encompasses Detroit; Windsor, Ont.; and the suburbs along both sides of the Detroit River. She'd implemented similar projects in the developing world and had adapted that model to help rural farmers in northern Michigan.

"If we can do microloan projects abroad, why can't we do them in Detroit?" Fitzgerald asks. "People are starting to recognize that the economy isn't ever going to be what it was, but it can become something different – even something better."

Larry Wright, chair of the Launch Detroit planning committee, knows that it doesn't take a lot of money to get a business up and running. In the late 1970s, he and his wife, Sarah, started a landscaping company out of their home with a \$2,500 bank loan, which helped them buy equipment. Like many small-business owners, the Wrights encountered some setbacks, but they repaid the loan and have since developed a successful operation, thriving despite the region's lagging economy.

"We're all pained by what we see happening in our metro area, and we know it can be better," says Wright, a member of the Rotary Club of Taylor, a suburb downriver from Detroit. "The timing was right for this type of project. We felt we had an opportunity to step in and do something positive, to try to help rebuild in our small way."

Conceived as a pilot for up to six businesses, the program first targeted female entrepreneurs in Southwest Detroit, which has a large Mexican population. But extensive outreach efforts drew applications from all over the city, and the planners accepted twice as many as expected. The final mix of 13 entrepreneurs ranged from urban farmers

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LARRY WRIGHT



Larry Wright, chair of the Launch Detroit planning committee, started his landscaping business with a \$2,500 bank loan. Now he's helping other entrepreneurs secure loans to build their businesses.

Irma Fuentes has run her Southwest Detroit hardware store on her own since her husband died in 2005. The promise of free business education drew her to Launch Detroit.



to computer repair technicians, running start-ups from kitchens and basements to century-old storefronts, all aiming to grow, to move up, to build a business worth investing in.

Fitzgerald helped Wright and his team configure a multipronged approach. In addition to loans of \$1,000 to \$2,500, to be repaid with 5 percent interest over one year, the program would provide education, one-on-one mentorship, and networking opportunities. “Networking as we know it in Rotary is so valuable,” Wright says. “We can bring a lot of those resources from our own networks to our entrepreneurs. That’s vocational service at its core.”

The first step was fundraising. A dozen clubs in the district contributed, and Baker College of Allen Park, whose president is a Rotarian, gave \$30,000. These donations helped pay instructors for business classes, which participants were required to complete before receiving their loans. The group gathered at the Baker College campus for a series of five sessions in the fall of 2013. Each one focused on a different aspect of business management, such as accounting and legal issues, and the series culminated in a business-plan workshop. Prospective mentors came to the classes to observe and mingle, and after a few sessions they were bonding with the borrowers.

Irma Fuentes, a hardware store owner from Southwest Detroit, tended to hang back at these gatherings. She and her husband settled in Detroit after the Mexico City earthquake in 1985 and raised their two sons here, but she’s still self-conscious about her English. She was nervous about going back into the classroom, but with an ailing business, she knew she couldn’t afford to pass up the opportunity.

“Education is not cheap, and when you go back to school at my age it’s not easy,” Fuentes says. “But if you have somebody like a mentor to encourage you, then you can do it. And if you can do it, maybe your neighbor can do it, and maybe people from other cities can do it.”

A yellowed page from an old magazine under the glass countertop in her hardware store traces the building’s history to 1897, when the area was mostly Polish. The economic downturn of the late 2000s hit the neighborhood hard. And though you wouldn’t guess it from Fuentes’ easy smile, it’s been a hard road for her too. She’s run the store by herself since her husband died in 2005, and she battled breast cancer in 2009. But Fuentes has found solace and inspiration in her two sons, her three grandchildren, and the tight-knit community her store serves.

“I always remind my kids, if I can walk one step, they can walk two,” she says. “And I love to be the first in my community to start something new.”

Fuentes completed the business courses and graduated alongside the 12 other entrepreneurs in January. She used her loan to stock

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IRMA FUENTES

up on inventory, and she’s been working with her mentor, Roberto Sanchez, a Spanish-speaking former chief financial officer and past district governor, since the classes ended. He drops by the store occasionally to see how things are going, and this summer he led a volunteer project with local Rotary clubs to freshen up its appearance and draw in some new business.

Sanchez and Wright are among several Launch Detroit board members serving as mentors, and their experience will help shape future stages of the project. “We went in with some initial training for the mentors, but we’re going to put more energy into developing that relationship in the next cycle,” Wright says. “It’ll be easier now that we have been mentors in this program.”

The Wrights have been working with Brianna Bridelle Williams, 26, the youngest entrepreneur in the Launch Detroit program. For three years, she has run D’Created, an online baby boutique she started in her mother’s basement while working concessions at the Detroit Zoo and raising her daughter.

“When we started out, it was just a laptop, a sewing machine, and me and my mom,” Williams recalls. “Today we’re shipping orders to New Zealand and Brazil.” Yolanda, her seamstress mother, does the sewing and pattern-making while Williams handles the business side. She shops for fabric, processes orders, promotes the boutique on social media, and responds to late-night emails from expectant mothers who have questions about her products, which include handmade baby clothes, booties, blankets, diaper bags, and accessories.

“I know there are things I don’t know. I’m learning as I go along,” Williams says, though she projects the passion and self-discipline of a seasoned professional. “Larry and Sarah have more experience than I do, so if I find myself in a situation that I’m not sure about, I know I have someone I can call and ask for advice. That’s tremendous.”

The Launch Detroit loan helped bring a long-held dream to life for Williams: She used it toward a down payment on a bricks-and-mortar storefront on a stretch of Livernois, nicknamed the Avenue of Fashion for its history of upscale retail. Mother and daughter have worked seven days a week to keep up with demand since they opened their doors in March, and business picks up even more in the summer, when they sell their wares in sidewalk sales and craft fairs across the metro area.

Williams also has found her own path to vocational service, partnering with the Wrights’ Rotary club to support a longstanding maternal health project in Nicaragua. Her business provided 1,800 cloth diapers for layettes bound for new mothers in Chinandega. “We’ve tried to share that Rotary ethos with the



Before Launch Detroit, Brianna Bridelle Williams ran her business from her mother's basement. Now she sells handmade baby clothes out of a storefront.



entrepreneurs,” Wright explains. “To say, ‘This is what Rotarians do, and we hope that you do the same thing as you grow and become more successful in business – that you’ll be able to give back to the community.’”

Launch Detroit board members hope to begin another cycle of business classes with the next group of entrepreneurs this fall. Wright’s team has visited other Rotary clubs in the meantime, aiming to model an adaptable approach to microfinance and inspire engagement with local business. And the group is far from finished with the first class of entrepreneurs, offering monthly workshops on topics such as advanced accounting and grassroots marketing. They’re also raising funds and exploring partnerships with other business development organizations so that borrowers who pay back their first loans and show success can qualify for bigger loans and keep growing.

This is an especially exciting prospect for a young entrepreneur like Williams. While many Detroiters of her generation have fled the Motor City in search of sunnier career prospects elsewhere, she’s committed to keeping her business local. “I definitely want to keep D’Created here in town,” she says. “The future for Detroit is bright.” ■

‘WE’RE NOT TRADITIONAL’

The Rotarian spoke with author Marilyn Fitzgerald about how and why microfinance works in the United States. A member of the Rotary Club of Traverse City, Fitzgerald is research director for the Rotarian Action Group for Microfinance and Community Development.

THE ROTARIAN: What changes do you make to microfinance models to adapt them to the United States?

FITZGERALD: Borrowers in developing countries can start a business and be profitable with \$250. The goal there is to get food in their bellies and get their children’s education paid for. We’re probably not going to do that with \$2,500 loans here in the United States, where the cost of doing business is much higher, but we can help build credit. Traditional borrowers in this country have a credit history and collateral. We’re trying to take non-traditional borrowers and turn them into successful business owners who can eventually work with banks in a more traditional way.

We have a high rate of small-business failure in this country. Most entrepreneurs are not overnight successes. Many have already tried things that didn’t work, but they’re resilient – they keep hanging in there. Microfinance programs provide opportunities for these businesses and give them the best chance of becoming sustainable.

TR: How do you ensure repayment when you take credit history and collateral off the table?

FITZGERALD: In developing countries, we do more peer lending, where everyone in the group is responsible for the loan and the group decides how to handle non-payment. We’re doing individual loans here, but we’ve got Rotarians with skin in the game who are providing education, mentorship, and hands-on support. If you take out a loan from a bank and don’t pay, you get a bunch of letters in the mail that you don’t even want to open. That’s the traditional model. But we’re not traditional; we’re about building relationships. If a borrower isn’t successful, we’ll go talk to that person and find out why. Then we’ll alter either the payment plan or the business model to make it work.

TR: Any words of advice for Rotary clubs building their own microloan programs?

FITZGERALD: The first thing to do is gauge interest. In Detroit, they put up fliers and held meetings to ask potential clients what they were looking for, what would be helpful for their businesses. You’ve got to get close to your borrowers: Look at the resources they already have, see how you can put those to best use, and find out what they think they need to build on them. Then you have to figure out what’s important for you and your organization and negotiate with the potential borrowers to find a format that will work.

You also need to decide what you want the big picture to look like. It can’t just be a feel-good thing – you have to know how you’re going to measure whether your program was successful. And a strategic plan can help attract donors because it helps them understand what you’re trying to do. Especially with Rotary clubs, you’re talking to entrepreneurs about entrepreneurs and asking for opportunities, not charity. Rotarians understand that.