Case for Support

2020 was a year of extraordinary challenge and growth for NEON. The COVID-19 pandemic and civil unrest following the killing of George Floyd shone a spotlight on—and exacerbated—the North Minneapolis’s significant, longstanding wealth and opportunity gaps. At NEON, we have seen an unparalleled surge in demand for our services from our clients, pointing toward the resilience and grit of entrepreneurs and small businesses to survive and thrive despite these adversities. We met this challenge with 125% growth in technical assistance (TA) delivery, 89% growth in clients served, and an 8,191% increase in funding disbursement in partnership with Minnesota DEED and Hennepin County.

Of the 1,352 clients who came to NEON in 2020, some needed technical assistance to navigate pandemic- and unrest-related challenges, but more were drawn by the promise of North Minneapolis as a home for opportunity. Even before 2020, NEON saw substantial year-over-year growth in client services, indicating sustained demand that will outlast the effects of a pivotal year. As our community moves forward, NEON has a critical role to play ensuring development in North Minneapolis is driven by Northsiders, for Northsiders. We have reached a tipping point in our maturation as an organization: NEON must grow to better support small business owners and entrepreneurs bringing economic freedom and prosperity home to a thriving North Minneapolis.

NEON’s Grow & Thrive Northside Campaign will catalyze $5 million in philanthropic support to grow capacity; create a permanent home for North Minneapolis’s Culture of Entrepreneurship at 1007 West Broadway; and establish a commercial kitchen to incubate food businesses. With these investments, we will be better equipped to deliver the full range of expertise, business advisement, wrap-around services, and affordable commercial and professional space to our network of majority BIPOC entrepreneurs and small business owners. Grow & Thrive Northside equips NEON to drive positive, homegrown transformation, building neighborhoods and economic ecosystems reflective of North Minneapolis’ culture and supportive of its full potential.
**Organization Description**

**MISSION & VISION**
Our mission is to build wealth for low- to moderate-income entrepreneurs in North Minneapolis and surrounding communities. Our vision is to transform North Minneapolis and the surrounding area into a prosperous, visible, sustainable, and highly diverse multicultural community of entrepreneurs.

**HISTORY & COMMUNITY NEED**
North Minneapolis exemplifies the untapped potential of historically Black neighborhoods across the country. For much of the 20th century, Northside residents were subject to discriminatory policies like redlining and racial covenants preventing families of color from building the heritable assets upon which intergenerational wealth and financial stability are built. The effects of these policies still resonate: Black (48% of Northsiders), Asian (15%), and Latinx (11%) residents face unemployment rates 10 times higher than their white neighbors and median household income is nearly $20,000 less than Minneapolis as a whole (MN Compass 2018). Decades of under-development and -investment have also created a deficit of essential services and amenities conducive to a livable community.

North Minneapolis is the country’s fifth largest food desert—an area with little-to-no access to grocery stores or fresh, health food—contributing to poorer health outcomes for residents and nearly $30 million in food dollars leaving the area each year. Nevertheless, North Minneapolis today is home to a dynamic community of diverse, low- and moderate-income entrepreneurs with the vision, ingenuity, and enterprise to build sustainable businesses, create family-supporting jobs, deliver much-needed services and amenities, and reimagine the Northside as an economic and cultural destination.

NEON was founded in 2006 to support and accelerate the growth of the Northside’s entrepreneurial community to build wealth and foster economic vitality. Studies show having an entrepreneur in the family increases wealth for Black and Latinx families by 400-600%, making entrepreneurship a powerful lever for closing the racial wealth gap. This potential can only be realized with access to robust financing, support services, and technical assistance. By equipping and cultivating Northside entrepreneurs, NEON helps catalyze innovation, create employment opportunities, and build prosperity.

**OUR WORK**
Each year, NEON provides 700+ aspiring entrepreneurs and small business owners—90% of whom are BIPOC, 80% Black, and 100% LMI—with the tools, resources, and access to capital and expertise needed to plan, launch, grow, and thrive in North Minneapolis:

- Business incubation and TA
- Co-working and private office spaces
- Marketplace events for product and service testing
- Training and workshops
- Individualized business development and feasibility assessments
- Loan origination, packaging, and application support
- Micro-granting
COMMUNITY IMPACT

Below service statistics are from 2019, which provide a more representative baseline than 2020

- 700+ clients served
- $1.2 million in loans packaged
- 123 jobs created or retained
- $448,000 in business funding secured
- 42 new businesses started
- $46,203 in microgrants and small loans provided to 26 businesses
- 3,020 hours of TA

From idea to institution, NEON improves the clients’ odds for survival, growth, and prosperity at every stage of their entrepreneurial journey. Our impact as a home for entrepreneurial growth is best illustrated by the experience of long-time clients like KB Brown, owner of Wolfpack Promotionals, LLC:

KB Brown owns an apparel, marketing, and printing business on West Broadway. Starting in mid-March 2020, COVID slowed KB’s stream of orders to a trickle and he was forced to furlough three employees—all Northside residents. NEON provided technical assistance to launch e-commerce on Wolfpack’s website and boost orders. Then, in May, Wolfpack’s storefront was vandalized and looted in the civil unrest following the killing of George Floyd. Once again, NEON offered KB critical support, helping replace lost equipment and inventory and engaging a bookkeeper and accountant to bring the books up to date. Now, KB and all three employees are back at work and better equipped to make strategic, well-informed decisions about Wolfpack’s future.

Grow & Thrive Northside represents a pivotal investment in NEON’s work and boots-on-the-ground revitalization effected by people like KB. By deepening NEON’s ability to provide the culturally competent expertise, trust-based financing, access to affordable commercial real estate and workspace, and centrally located commercial kitchen our clients need, we are making homegrown, generational investments in the financial, cultural, civic, and community value of North Minneapolis.

The Campaign

FUNDING PRIORITIES & IMPACT

Grow & Thrive Northside seeks $5 million in philanthropic capital investment in three areas:

- **$1.5 million** | Increase NEON’s Business Advisement Staff
  - **Add 3 Business Advisors** to conduct business needs and feasibility assessments for clients, provide individualized TA, and deliver enhanced wrap-around services (HR, marketing, IT)
  - **Hire a Loan Officer** to manage loan origination, servicing, and packaging; help clients qualify and apply for loans; and manage NEON’s commercial real estate fund program
  - **Hire a CFO** to optimize NEON’s financial performance, forecast cash flow needs and financial management, and manage the increased financial complexity of our evolving assets

- **Impact** | Growing NEON’s staff and business advisement services will position NEON to sustainably meet demand for services and continue serving an average of 850+ clients annually. This investment will move us closer toward a 1:40 advisor-to-client ratio and support deeper per-client investment nearer 20+ hours of TA per year—a 500% increase—to accelerate clients’ plan-to-launch timeline. As we complete our CDFI certification, our Loan Officer and CFO will oversee service expansion focused on lowering institutional barriers to capital for historically disenfranchised entrepreneurs with character-based lending practices underwritten by NEON’s TA.
$2 million | Secure NEON’s West Broadway Home

**Purchase 1007 West Broadway** to cement NEON’s permanence as a North Minneapolis institution, ensure the availability of affordable commercial real estate for our clients, and establish a centralized, accessible community resource to host meetings, client marketplace and pop-ups, and private events.

**Renovate the Building** to minimize future operating and maintenance costs, optimize spaces for heightened productivity, and ensure security for NEON staff and clients.

**Enhance Spaces & Technology** to increase NEON’s usable space from 6,560 SF to 16,222 SF and boost rental suite revenue; enhance print and copy services; and create space for a shared conference room, kitchenette, and full-time receptionist.

**Impact** | Securing NEON’s home on the West Broadway corridor ensures our presence as a one-stop hub for small business support and uninterrupted access to affordable commercial real estate and co-working space—an increasingly scarce asset in North Minneapolis. NEON’s renovated space will double our capacity for co-working spaces and commercial suites, helping mitigate the displacive effects of gentrification on the Northside, lowering client overhead to accelerate growth, and generating program-sustaining revenue from space rental.

$1.5 million | Build a Shared Commercial Kitchen

**Secure a Central, Accessible Site**, to host NEON’s Northside Food Business Incubator (NFBI) program and establish a 24/7 access shared commercial kitchen in North Minneapolis.

**Build NEON’s Shared Commercial Kitchen** to equip food business clients—nearly 40% of NEON’s clientele—with the professional space and tools to develop and test products with minimal overhead; host food service certification trainings; and support 40-50 food truck clients per month.

**Impact** | 22 NEON clients lost access to a shared commercial kitchen in 2020, effectively halting their businesses’ development. Building NEON’s own shared commercial kitchen ensures a permanent home for the NFBI program and 24/7 access to a purpose-built space for food business clients. The kitchen will host food prep, product testing, and development for 150 of our 340 food business clients each year, as well as pop-up events, catering for the nearby Capri Theater, and Certified Food Management licensure trainings and FDA contract services. With a projected $10-15,000/month in earned revenues, we anticipate the kitchen will be a self-sustaining asset providing workforce development, business incubation, and food services to the Northside community. For NFBI clients, the kitchen is critical to minimizing overhead costs and accelerating the incubation period of North Minneapolis entrepreneurs building a more resilient, healthful local food system.

**LEARN MORE & GET INVOLVED**
For additional information on Grow & Thrive Northside, visit neon-mn.org/grow-thrive-northside. For more on NEON’s work, opportunities for partnership, and the impact your gift can have on North Minneapolis, contact Ken Rance or Trisha Skajewski at (612) 746-4150 or grow@neon-mn.org.