

December 2007

Save the Dates

**2008 GSVC Competition
Call for Entrants:
Executive Summaries
due January 16, 2008**

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**ICA Launches
Business Growth
Workshop Series
January 17th, 2008**

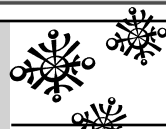

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**Clients and Advisors
End of the Year Surveys
Available Soon**

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ICA's mission is to help build sustainable and responsible inner city businesses that create quality jobs, reinvest in the community, and contribute to the local economy.


Inner City Advisors would like to wish all of our supporters, advisors, and board members a safe and happy holiday season. Thank you for your support this year. See you in 2008!


Inner City Advisors 6th Annual Business Reception and Benefit Auction

On November 15th, ICA held its 6th Annual Business Reception in the historic Rotunda building in downtown Oakland. The event brought together over 200 entrepreneurs, business professionals, investors, community leaders and civic officials to celebrate the work of ICA and its portfolio clients. First and foremost, thank you to all of our sponsors and in-kind donors that made this event possible. In particular, we want to thank our Presenting sponsor, Chevron. We also want to thank our major sponsors – Comerica Bank, Deloitte & Touche, The MattMar Group, Merrill Lynch, PG&E, Reed Smith LLP, Wachovia, and Wells Fargo. Business professionals and community members from various fields mingled over great drinks and appetizers. The event also featured a silent and live auction, with gifts from ICA clients, local entrepreneurs and other corporate and community partners. The proceeds from the auctions benefit ICA's programs and services, which are dedicated to accelerating the growth of emerging businesses that create quality jobs and reinvest wealth in Bay Area's inner city communities. Jose Corona, the Executive Director of ICA commented, "The event was a wonderful way to complement our advisory services by providing access to new business networks and increased publicity." In sum, the evening was a great success, and we could not have done it without our community partners and friends. We thank you all for your constant support and wish you a happy and healthy New Year!



The BDO Band, featuring ICA Board Member, Michael Bush, SOLD to Geoffrey Cheung, CEO

Branding/ Marketing Workshop: "Making Your Ideas Stick"

On November 6th, ICA, the Oakland Business Development Corporation, and Pacific Community Ventures partnered to bring their clients an interactive branding and marketing workshop. Led by Chip Heath, it focused on marketing your business and making your ideas stick. Chip conducted elevator pitches, where entrepreneurs were put on the spot to give us a 30-second run down of what their business does and why we should be interested in what they provide. While some tried to use sex appeal to market home-delivery of groceries, others were not quite sure how to attractively describe their business. However, after Chip's thought-provoking presentation, these entrepreneurs were ready to tackle their pitches again. For example, Planet Organics substituted their sex appeal approach for an unforgettable description of their fresh produce, and how they are delivered right to your door! In the end, it was about finding the unique appeal of your business, and saying it in a way that would make it stick!

ICA Launches Business Growth Workshop Series in 2008

In early 2008, ICA is launching a Business Growth Workshop for its clients and other growth oriented entrepreneurs. Adapted from an executive level entrepreneurship course at Stanford University, this workshop gives entrepreneurs a practical model to tie core business principles together and help them facilitate strategic growth in their companies and future ventures. The key principles addressed in the class will include the Business Plan, Strategy, Work Processes, Resources & Finance, People & Culture, Organizational Structure, and Leadership. The workshop is taught and designed by Michael Bush, an accomplished entrepreneur and ICA Board member. Michael received an MS in management through the Sloan Program in the Stanford Graduate School of Business, and is currently the founder and principal of MattMar Group, providing consulting for small to medium-sized businesses. Michael has been teaching innovative business classes to entrepreneurs for over 10 years, and is looking forward to offering this workshop to entrepreneurs within our local communities.

The workshop series will require a commitment of 10 Thursdays in 2008, and for continuity, it is recommended that one or two representatives from the management team attend all of the classes. Each participating business will need to fill out a client application if they are not an ICA portfolio client. Space is limited, so register early. Please contact Mimi Frusha at mimi@innercityadvisors.org or call 510-271-0142 for enrollment details.

ICA Portfolio Client News

EPS Receives 1st Place in International BioPlastics Competition

On December 6th, in Cologne, Germany, Excellent Packaging and Supply was awarded 1st Place for the Best Bioplastics Marketing Initiative at the 2007 International Bioplastics Conference—the longest standing event for those interested in commercialization of bio-sourced plastics. Organized by European Plastics News, the Bioplastics Awards include seven categories, with 3-4 companies in each. EPS beat out two other finalists, Alcan and Novamont. The award was received by Joy Riggs (pictured right), the marketing and HR manager for EPS. To learn more about the event, visit http://www.prw.com/homePBP_NADetail_UP.aspx?D_Site=818&mode=1&ID_Article=23998.



Numi's Reem Rahim: Sustainable Practices

At Inner City Advisors' third Speaker Series of the year, on October 25th, Reem Rahim, co-founder of Numi Organic Tea, spoke about her company's sustainability practices. The informative presentation offered key lessons for incorporating sustainability into the supply chain. For example, Numi's supply chain management, from farmer to packer, or raw material procurement to production, constantly enforces the company's values: to provide the best quality, reduce environmental impact, and improve human/labor power. Reem also focused on Numi's "triple bottom line" principle - balancing people, planet and profits. In all of the company initiatives, they strive to serve the above principles in order to help bring about a *sustainable* global community. Some key factors in sourcing sustainability included creating the company's mission and demand for sustainability, setting clear goals prior to the R&D process, being involved, diligent, and seeking constant improvements. One of the main points that Reem made was: "It is difficult to be fully sustainable. You must continually strive to make improvements and achieve higher standards." Some challenges to sustainability include availability of sustainable materials and transportation, increases in costs, and the willingness of your suppliers to become globally sustainable and change their existing methods. For the full presentation, or any further information, please contact us at info@innercityadvisors.org.



Numi News: Two New Vice Presidents for 2008 and First Numi Tea Garden

Numi Organic Tea is excited to announce 2 new key team members to lead them into 2008: Sandra Arnold, VP Sales and Jennifer Mullin, VP Marketing. Both women are seasoned professionals, bringing a wealth of knowledge and experience that will take Numi to the next level. Numi also launched their first retail teahouse, The Numi Tea Garden, near Oakland's Embarcadero Cove. Loose tea service and a menu of light bites are served Tues-Sat 11am-7pm. The Numi Tea Garden is also available for special events. For more information, visit www.numitea.com.

Research from the Field

New Study on Consumer Products Industry from Deloitte & Touche

Deloitte.

New technologies provide consumers with a wealth of information to make purchase decisions, while also empowering them to shape company reputations. According to a recent survey by Deloitte & Touche USA LLP, which polled a sample of 3,331 consumers over the age of 16, almost 62% of consumers read consumer-written product reviews on the Internet. Of these, more than 82% say their purchase decisions have been directly influenced by these reviews. All age groups are reading and acting on online reviews, and 69% share them with friends, family or colleagues, thus amplifying the impact. "Better-for-you" ingredients, eco-friendly usage, and sourcing were each cited by approximately four in 10 consumers as important factors in making purchase decisions, while eco-friendly production and/or packaging was cited by more than 35%.

"This increasing market transparency can adversely impact the margins, market share and brand equity of consumer products companies," said Pat Conroy, vice chairman and US consumer products group leader at Deloitte. "In the past, clever marketers and advertisers shaped brands, but now consumers are increasingly empowered. "Information about products, pricing, ingredients and sourcing, as well as corporate practices around labor, environment, healthcare and other issues is now instantaneously available to potential customers - and, increasingly, consumers are making decisions based on this information," commented Conroy. "In order to successfully compete, it's imperative for consumer brands to build and maintain their images, create differentiation, and enhance loyalty." For more information and insights, please visit www.deloitte.com/us/cpq.

Business Statistics

How to Market to Holiday Shoppers

The sixth annual holiday study surveyed **2,695 online buyers and 116 online retailers** about holiday shopping and found that **78% of retailers will offer free shipping** with minimum purchase requirements this holiday season. Your method to encourage shoppers to buy your products can include offering an additional product for sales of a certain amount (\$75, \$100, etc.), providing a certificate for a specific dollar amount to be redeemed in early 2008, or any other way that's worked in the past, to spark interest and additional revenue this holiday season!

(DMNews: The News Leader in Direct, Database and Internet Marketing- for more information, visit <http://www.dmnews.com/>)

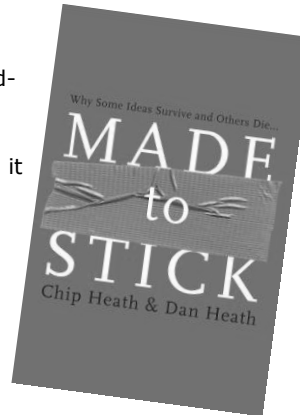
Tips For the Entrepreneur

What Sticks? By Chip Heath

Chip Heath is a professor of organizational behavior at the Graduate School of Business at Stanford University. In his book, *Made to Stick*, Chip and his brother, Dan Heath, show us the vital principles of winning ideas—and how we can apply these rules to making our own messages stick. They outline six key qualities of an idea that is made to stick, and if these principles are followed, they are sure to bring SUCCESS!

Do you want to know how you can pitch your business or idea, to make it stick? It's easy: just think SUCCEs—simplicity, unexpectedness, concreteness, credibility, emotion, and stories:

- Simplicity:** How do you strip an idea to its core without turning it into a silly sound bite?
- Unexpectedness:** How do you capture people's attention...and hold it?
- Concreteness:** How do you help people understand your idea and remember it much later?
- Credibility:** How do you get people to believe your idea?
- Emotional:** How do you get people to care about your idea?
- Stories:** How do you get people to act on your idea?



So next time you are telling someone about your business, or a new idea you have, make sure to keep these things in mind to make it stick!

Preparing Yourself for Debt or Equity by Jim Harris

Jim Harris is the former managing director of Scharffen Berger Chocolate Maker and currently an ICA board member and advisor. He has significant experience evaluating and negotiating equity deals. The second part of his two part series on debt vs. equity underlines the steps to take once you have chosen debt or equity for your business venture. (See September newsletter for the first part of this series). You can also contact Jim at jamesharris@sbcglobal.net.

Now that you have given thought to the question of debt versus equity, you need to make it happen. In order to do so, I suggest the following for either path:

- 1.) **Give yourself enough time.** Waiting only compromises your negotiating position and narrows your choices. Try to think of your financing needs 6 months out by implementing strong strategic planning practices in your business.
- 2.) **Start a formal financing process with deadlines.** You need to keep the financing sources honest by holding them accountable to a timeframe and by forcing them to compete with alternative sources.
- 3.) **Engage an advisor who has experience.** The value brought by an advisor is immense, especially in equity financings. While the advisor could be an investment banker, it could also be a board member or individual. The advisor should understand valuation, structuring (pre-closing and post-closing) and process management.

ICA Developments

New Website Launched

ICA boosted its marketing strategy with the launch of our new website in mid- October. With appealing aesthetics and increased functionality, the website serves to increase ICA's community visibility and improve communication with clients, advisors, and business partners. In addition to learning more about ICA's services and programs, the website also provides interesting news and highlights key events. If you are a client or advisor, you can log on as a member of the website and utilize all of its additional resources. You can go online and check it out at its same address: innecityadvisors.org. For any inquiries, comments, or further information, please contact Mimi Frusha at mimi@innecityadvisors.org or call 510-271-0142.



News of Interest

One Buyer at a Time

A recent article in the Stanford Social Innovation Review discusses the meaning of *demand-driven*, and common misperceptions about what this means in today's business lexicon. Many people assume that marketing is a demand-driven approach to business, but the article argues that most marketing is actually supply-push. In common parlance, marketing means taking a product already in hand and finding somebody to buy it – that is, starting with supply and finding demand. Mature companies commonly invest in advertising and marketing to create consumer demand, and if a company is well capitalized and knows what it is getting into, such a strategy is fine. But this strategy does not work for all small businesses, especially for poor producers in developing countries. The article describes how international development organizations spend a lot of money and effort building the capacity of small businesses, yet often fail to ask whether people want the businesses' goods and services. Stories from Peru, Madagascar, and Azerbaijan are used to show that successful programs start with real buyers who are willing to buy real products. This applies not only to small businesses overseas, but also to those right here in our local communities.

"One Buyer at a Time" by James T. Riordan, appears in the Winter 2007 issue of *Stanford Social Innovation Review*.

The article can be found at www.ssireview.org/articles.

Upcoming Events & Deadlines

Call for Entrants: 2008 GSVF Competition- The World's Premier Business Plan Competition for Social Ventures, Executive Summaries due January 16, 2008

Description: The Global Social Venture Competition (GSVC) is the largest and oldest student-led business plan competition providing mentorship, exposure, and financial awards to emerging social ventures from around the world. If you are an entrepreneur (or budding entrepreneur) with a financially sustainable venture that addresses a social or environmental problem, you are encouraged to apply. The GSVF has awarded more than \$300,000 to emerging social ventures and nearly 25% of past GSVF entrants are now operating companies. Winning plans in the past have ranged from global health to microfinance, fair trade to community development, and have included for-profit and non-profit models. To get involved as a GSVF Entrant, Mentor, Judge, or Sponsor, and find out more about the competition, visit www.gsvf.org.

Business Growth Workshop Series: Commitment, Creativity, and Cash- designed and taught by Michael Bush. Thursday evenings: January 17th, 2008, to March 20th, 2008.

Exact Ten Dates: (1/17, 1/24, 1/31, 2/7, 2/14, 2/21, 2/28, 3/6, 3/13, 3/20)

Time: 7:00 PM-9:00 PM. Location TBA: Oakland, CA. Cost: \$175. Scholarships are available.

A light dinner will be served starting at 6:30 PM. (More details in front page article). Please contact Mimi Frusha at mimi@innecityadvisors.org or call 510-271-0142 to enroll in the series.

ICA Clients and Advisors: End of the Year Surveys Available Soon

As 2007 comes to a close, ICA will be surveying clients and advisors to get feedback on our services and your experience working with ICA. The surveys will be made available on-line from the end of December 2007 till early January 2008. Please take the time to complete the surveys. We value your input and look forward to hearing your insights as we use it to improve current services and shape future programs. Thank you.

Appreciations

ICA would like to thank the following organizations, institutions and individuals for their financial support in 2007. Without your support, our programs and our work to help grow inner city businesses and build strong communities would not be possible. We look forward to our continued partnership in the years to come.

Funders:

Chevron Corporation
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Walter & Elise Haas Fund
Wells Fargo
Wachovia Bank
Bank of America
Citibank
Deloitte & Touche LLP
Reed Smith LLP
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Firedoll Foundation
PG&E
Community Bank of the Bay
Port of Oakland
Wendel, Rosen, Black & Dean LLP
OneCalifornia Bank
Green & Associates
Darlen Louie
Jack Russi



ICA would not be sustainable without the hard work and commitment of our board of directors, committee members, and business advisors. Thank you all for your time and energy!

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Join Inner City Advisors !

Inner City Advisors is looking for qualified business advisors and potential client companies. Below are the criteria for each.

Advisor Criteria:

- Business management or ownership experience
- Problem solving and teamwork skills
- Time commitment of approximately 2 -5 hours/month over 12 months
- Motivated to help inner city businesses grow

Client Company Criteria:

- Commitment to remain in, or relocate to, an inner city neighborhood
- Independent for-profit corporation, partnership or proprietorship
- Stable management team
- Defensible & sustainable business and financial models
- Commitment to participate in community leadership roles and contribute back to the inner city
- Potential to scale business and create quality jobs for local residents

Get Involved

If you fit the criteria and are interested in getting involved, please contact Mimi Frusha for more information at mimi@innecityadvisors.org. Thank you for your interest.



Newsletter Questions or Contributions

Please contact Mimi Frusha mimi@innecityadvisors.org or 510-271-0168.