

Ep. 5 Keona Cowan_mixdown

Mon, 4/5 9:33AM 21:23

SUMMARY KEYWORDS

detroit, business, michigan, small business, people, focused, banks, create, venture capital, capital, city, state, invest, access, challenges, building, community development financial, loan payments, opportunity, neighborhoods

SPEAKERS

Announcer, Ed Clemente, Keona Cowan

- A** Announcer 00:01
Welcome to the Michigan opportunity, an economic development podcast featuring candid conversations with business leaders across Michigan. You'll hear firsthand accounts from Michigan business leaders and innovators about how the state is driving job growth and business investment, supporting a thriving entrepreneurial ecosystem, building vibrant communities and helping to attract and retain one of the most diverse and significant workforces in the nation.
- E** Ed Clemente 00:28
Welcome to the Michigan opportunity brought to you by the Michigan Economic Development Corporation. Hello, my name is Ed Clemente. I'm your host today for the show. And we're very fortunate to have Kiana Collins with us today. She's the Executive Vice President for invest Detroit. Welcome to the show.
- K** Keona Cowan 00:44
Thank you, ed.



Ed Clemente 00:46

And I know that you have an interesting job and a lot of people hear Invest in Detroit - I don't know if they really know what that means. But sort of what do you tell people sort of in the I say the elevator speech, but what is your shorter version to tell people what Invest Detroit is?



Keona Cowan 01:04

Well, Invest Detroit is a 25 year old community development financial institution or acronym being CDFI. And really what that means is we're a community based lender that's really focused on helping the underserved, unserved, unbanked community get access to capital. And we do that via our big four, if you will. And our big four really is surrounding supporting small business entrepreneurs and owners as they start their business and or grow. Also within the commercial and industrial space, which is larger operating businesses, maybe in the industrial warehouse manufacturing markets. Thirdly, that being our real estate or commercial real estate endeavors, which is really supportive of commercial corridors in the city, focused on multifamily mixed use mixed income types of properties, which could also include office and hotel. And then fourthly, in our big four is our venture capital arm, which really focuses on seed pre seed, early stage, high tech, high growth, entrepreneurs throughout the state of Michigan, with the intention of, you know, really creating our help to foster an environment of density, with job creation and with a preference and focus on sustainable livable wage jobs that offer benefits, and then also really have a hyper focus on the people of color and immigrants and veterans and for that matter to reentering citizens.



Ed Clemente 02:42

You know, you said this word once but there it's an acronym, CDFI. What does that literally mean, in case anyone doesn't know what that means?



Keona Cowan 02:51

Yeah, it means that we're a community based lender, we are not a regulated bank. But we are really focused and partially validated, certified by the federal government, as a lender that's really focused or an access to capital point for the underserved unbanked community.



Ed Clemente 03:13

So, I mean, if you were to go to like, is this something you'd find - is there other ones besides you, say, in the state of Michigan? Or is this sort of something that's in every major city around the country? Is this like a very normal sort of procedure, how they get, you know, capital out to, to the populations you're talking about?

K

Keona Cowan 03:33

Absolutely. So there's roughly 1200, CDFIs, community development financial institutions, all over the country, right, and they all have varying focuses and missions associated with them. But at the end of the day, it's really to serve that underserved community, folks that otherwise didn't have access. So there are some that are focused on the consumer side. And first time homebuyers. There are some in the commercial, some in the affordable housing arena. Some that are focused on our Native American community or indigenous community. So everyone has a specific mission and focus. But at the end of the day, it's really focused on just that community development.

E

Ed Clemente 04:16

And of those four programs you talked about you specialize mainly in two of them is that what I remember we talked about before, or is it more than just two of those four.

K

Keona Cowan 04:24

So as the executive vice president of lending, I oversee all of the lending, so that includes small business, commercial and industrial, as well as real estate. The venture capital is venture capital team is ran by a team member of ours, the executive vice president of our venture capital team, Patti Glaza.

E

Ed Clemente 04:47

And I'm hoping the audience that listens to our podcast, is maybe people who don't know a lot of the words you and I just were talking about, but tell people just quickly what is your definition of 'venture capital'. What that means to like a regular population - if someone, say someone was a new business person, right. And they, they didn't know what venture capital was, how would you help tell them what it is?

K

Keona Cowan 05:12

That's a tough one. You know, frankly, I come from 20 years of direct lending experience. And so it took me a minute to learn as well, what what VC or venture capital is, and it's

really a way or means to focus on helping businesses that are in the early stages of development, whether it's testing or prototyping, their-their business and needing additional equity, injected into the business in order to create that environment. And in some cases, these venture capital firms end up going public, and establishing IPOs, and so forth, where it's a little different with small business, small businesses, typically, your brick and mortar, your retail, your restaurant, your consumption, consumer consumption types of businesses, that expand into, you know, manufacturing, and so forth. And, you know, it can span from a sole proprietor to, you know, a very large organization that, you know, has 500 plus employees.



Ed Clemente 06:20

So, you said, You came from traditional, I know, you worked at one bank or a couple banks in the past, I don't know.



Keona Cowan 06:26

I've worked at two banks that have had legacy banks within them. So, names that will be familiar to you. I started my career at NBD, National Bank of Detroit, which is now JPMorgan Chase, and then the latter bank that I spent the last 12 years that I started when it was standard federal and we know it all today is Bank of America.



06:50

Okay, good. You know, it's so funny, I used to run a chamber of commerce, and it was like, seemed like people were getting bought out - especially banks, credit unions, even remerging. So it was always interesting to know the legacy of where they all kind of came from at one time. The thing I was going to mention to you too, is, you know, you probably like a lot of us this last year has been a bit of a challenge with COVID-19, especially doing stuff remotely, what kind of sort of pivot points or what kind of adaptations you had made to get people invested in money, because I would imagine you did in person, a lot of it before, or you met with people.



Keona Cowan 07:29

So and I will tell you that and I'll give you the perspective, both internally and externally. So from an internal perspective, we had to pivot ourselves. So invested trade is has roughly 35 employees and growing, right, so we're a small business and ourselves by nature of just how many employees we have. But we're we traditionally have operated in

an office environment, more face to face. And we had just done a test run of going virtual as a recommendation, because we just didn't know what was going to happen in the environment. And that was our last day in the office. Because that following Monday, the governor invoked the executive order. And the beauty is we had already transitioned to all laptops, we've gotten rid of our desktops, we had already established, you know, an online system that allowed us to do some video chatting, and, and other things like that. So we actually transitioned and pivoted ourselves internally and have been operating remotely for our entire staff since March 13. as it pertains to our borrowers, we certainly understand and appreciate the challenges that COVID has, has has press pressure that is putting put on their businesses, such that, you know, there were businesses that couldn't open or operate at all for the first three or four months, simply because of the type of business they were in whether it was essential or the like. So we were very flexible and identifying ways to delay or defer we would call loan payments in order to be supportive so they could focus on how do they create technology to pivot their business? How do they rethink about their business? How do they reorganize? How do they adapt to this environment with their staff, their families, small businesses, frankly, in a lot of ways, personal finances and business finances overlap. And so it's really important for them to be able to manage all aspects of their life. So we did some of that we were also very thankful for as being a recipient of some grant funding that allowed us to apply that grant money to their loan payments. So they were gifted, in some cases, loan payments on their behalf that created also that space and flexibility. We also share with them continuously The opportunities for access to capital, whether it was the payment protection program through SBA, or the economic injury disaster loan program through the SBA or grant programs that were being administered at the state, and the city level or even the county level. But also, we created a technical assistance platform, if you will, in partnership with our friends over at Tech town, and others to really focus on helping these businesses helping these businesses pivot helping them to address some of their questions. And then also we have been a very intimate partner in the Detroit means business initiative being that that entry point for all things, small business such that businesses know how to access capital, know where to get PPE, know where communication is coming from, and being able to rely on it. And then us also being on the ground really focused on how can we be of help, and where we need to be patient, definitely be patient, where we need to, you know, help provide some additional services doing that. And then again, that blessing, and I'm going to call it that blessing of a grant that allowed for small us to apply, apply, apply funding to small businesses, loan payments was huge. It's a huge relief.



Announcer 11:23

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E

Ed Clemente 11:40

Let's stay on that topic just for a second about, you know, I know the MEDC was very involved with some of the loans. I don't know who your partners are, but I think you've done some work with the MEDC and other partners, but who are some of the stakeholders you guys work with to help work some of your magic.

K

Keona Cowan 11:57

So if I'm gonna use this analogy, and I've said it quite a few times, in different platforms, it takes a village, it really does. And so we have partners, whether it's our public private partnership, philanthropic partnership with the city of Detroit, and corporate funders, and foundations, as we think about our initiative in the strategic neighborhoods, in building the 10 focus neighborhoods, or whether it's in the small business arena and working with other small business CDFIs, like the trade, Detroit Development Fund, or Prosper Us, or Michigan Women Forward, or App Fund, and the list goes on and on, because those are also fellow community development organizations, but then also the Detroit Economic Growth Corporation and the city of Detroit, and the technical assistance providers and neighborhood in there. Oh, gosh, I'm drawing a blank on NEI - New Economy Initiative.

E

Ed Clemente 12:57

Initiative. Right.

K

Keona Cowan 12:59

All of those it takes them - I'm gonna tell you that Detroit means business was really formed by a 60 plus organization collaboration that included names that, you know, I've already mentioned, but but other key partners that were really focused on, how do we support the small business - the very small to medium size - small businesses in our ecosystem? Because they are the foundation of our economy?

E

Ed Clemente 13:27

Yeah, and your borders? They're hard Detroit borders, or do you guys go beyond the border, you're mainly just Detroit, right?

K

Keona Cowan 13:33

So for our loan products, it is hard Detroit lines. For venture capital, it is throughout the state. And again, it's really hyper focused, because of our limited capacity, that we're really focused on that creating that density and those nodes that hopefully, over time, will, you know, accentuate and expand, such that we're really focused on, you know, the greater downtown, as well as the 10 strategic neighborhoods, and then any of those commercial industrial pockets within the city to just create that density and the level of jobs to help with sustainability.

E

Ed Clemente 14:14

Detroit means business is not even that old, is it?

K

Keona Cowan 14:20

Yeah, Detroit Means Business actually came out of a formation of COVID. It's a result of taking a crisis and learning from that - learning where we have gaps, learning where we have growth, where our strengths are, and building on all of that. And so it has not been quite a year yet. We actually spent about a week's time we meaning the collaboration, not necessarily invest to trade individually, even though we were on the ground as it was being formed, created a website created access points, created communication tools in a very, very rapid timeframe, trying to be thoughtful about and strategic about how we target, you know, the small business ecosystem that otherwise may have been overlooked.

E

Ed Clemente 15:12

So that sort of addresses my other question. I think that you just did it. But making sure that there's equitable opportunity and access to capital. That's sort of what you're trying to do. And that's sort of like an underlying foundation to everything sounds like what you're trying to get done to help turn around neighborhoods, as well as different corridors and things like that, right?

K

Keona Cowan 15:33

Amen. That's our mission. That's our focus. That is exactly what drives us every day. What what gets us up every morning, is how do we create low barrier entry, you know, easily access to the resources, the tools and the capital necessary in order to break down the barriers of systemic racism, as well as just building generational wealth?

E

Ed Clemente 16:02

Yes, you know, you did touch on one thing, and I don't know if you ever knew but I'm first generation to right. And but my family I remember years ago about how personal gets involved with the business, you know, we had a restaurant. So it was like constantly hammering my dad not getting paid some weeks, because he still had to pay the employees. And you had to get a new pizza oven, because it broke. So there'd be a shortage here and there. And imagine that same problem exists every day throughout the entire city with those kind of issues. Still, I mean, who - yeah, give me some of the lists, like you said, immigrants, but like, what other groups are probably the underserved, at least what you think really needs to help the most, or you work with a lot.

K

Keona Cowan 16:42

People of color. You know, so African Americans, Latino, next, people of color that are under - so if you think about the population of the city of Detroit, it is 90 plus percent people of color. However, the proportion of... it's disproportionate as far as how many of how many small businesses in our market are actually owned by people of color, right, um, low to moderate income families, low to moderate income households. Part of it is they don't know how to access. Part of it is, you know, frankly, the trust that goes along with access to capital and using federal funding, and banks, and so forth, because of, you know, the challenges with redlining and so forth that historically gone on, frankly, in this country, right, so we're trying to create to break down those those nodes of thinking and open the doors to here is the access to these resources. And here is your opportunity. But you have to do that in a very deliberate way that they can relate to it. Otherwise, it's it's going to, you know, go right past them, because of all the challenges and the weight that they've been carrying on their shoulders as far as, 'Is this truly for me?'

E

Ed Clemente 18:03

Well, you know, you're not going to believe this. But we're almost out of time. So I've got just a couple more questions for you, too. So you would probably, like if you had any future entrepreneur in the city of Detroit, just say go to your website, that would probably be the best route for people to get started? Or do you have any other suggestions for anyone thinking of doing something that some of the groups we just talked about?

K

Keona Cowan 18:26

So I will say a couple things, right? If you're ready, and you think you're ready for access to capital, definitely go to investdetroit.com/needshelp and that'll take you right to our

products, and access to our online application, you certainly can reach out to us directly. Invest Detroit has a central line, it's 313-259-6368. We'll be glad to take your call talk you through it. And let me just be honest about this. If you're not if we're not at a place where we're ready to be able to provide capital, it's not a no, that's not how we handle things. We identify where there may be challenges where there are growth opportunities such that you're ready. And so we refer you to technical assistance providers that can help you get ready so that you can when you're when when that happens, and you've gotten that additional, you know, growth, knowledge that we can then be able to lend to you. So we like to say it's not a no, it's a 'yes, but' or a 'yes, and.'

E Ed Clemente 19:29

Well, the I think you might have answered my second-to-last question, but what's the future probably for Invest Detroit unless you had something else you wanted to add in that area. If you don't, don't worry, because I have another question. It might take more time. But what is your favorite part of living in Michigan?

K Keona Cowan 19:48

My favorite part of living in Michigan is that you can be in multiple parts of the state and experience completely totally different environments. So I'm gonna be honest and say I've traveled to beaches and other countries and other parts of this country. But it was just last year because of COVID that I spent some time on the west side of the state and was actually at beaches that I felt like I was in Florida, right? This summer was my first time actually going up north and spending time up there and just seeing our beautiful state more than just Southeast Michigan, or Lansing where I went to school that or East Lansing, should I say, when I went to school at Michigan State University. So I what I like most about Michigan is the diversity from the culture from the aesthetics from the landscape and accessibility. So Michigan is a great state to live in. And I'm exploring more and more about it.

E Ed Clemente 20:51

Well, that was an excellent answer. I'll make sure Pure Michigan hears your response they might want to follow up. Keona Cowan, again, Executive Vice President for Invest Detroit. Thanks again for being on the show today.

K Keona Cowan 21:02

Thank you, Ed.



Announcer 21:04

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