MCEDD Lending Program
Long-Term Impact Study

Presented to Mid-Columbia Economic Development District
March 7, 2018

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**Introduction**

This report is an adapted version of the presentation given to Amanda Hoey, Eric Nerdin and other interested parties on March 7th, 2018. Each page is a slide from the presentation with a summary of what was said about it on the right.

The contents of this report give an overview of our process, followed by our biggest observations from the data and a summary of what they mean.
### Part I: Overview

**Who we are**
- Student-run, professionally-managed
- Housed in the Lundquist College of Business at the University of Oregon
- 37 members, open to all majors

**What we do**
- 10-week engagements
- Work with a wide variety of clients
- Service offerings include: market analysis, financial analysis, and business strategy

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**The Oregon Consulting Group**
The Oregon Consulting Group (OCG) is a student-run management consulting firm that operates within the University of Oregon. The OCG prides itself in its mission statement: “Exceptional value for clients, transformational experiences for students.”

Students in the OCG work on 10-week projects for real clients in order to gain experience for their careers. These projects can vary from financial modeling all the way to human-centered design.

Each project team consists of six students. Four team members are consultants, who conduct the research and due-diligence that create findings. A project manager helps the consultants stay on track and communicate findings with the client. A senior manager helps provide big-picture guidance to the team as well as the project manager.

The end of this report contains a profile of each team member who worked this project as well as what they learned.
### About the Project

#### Opportunity
The MCEDD has good visibility to how their loans are benefiting businesses while participating in the loan program, including case studies shared at their quarterly meetings. The issue is that the economic impact of these loans becomes less clear after the businesses are no longer in the program.

#### Project Timeline

<table>
<thead>
<tr>
<th>Week</th>
<th>Planning</th>
<th>Research</th>
<th>Survey</th>
<th>Interviews</th>
<th>Analysis</th>
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<tr>
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<td>8-10</td>
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<td>11</td>
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</tbody>
</table>

The start of the project, weeks one to three, consisted of planning the timeline, conducting background research and building the survey. The survey was sent-out to the MCEDD’s loan clients and findings were gathered over a four week period. In that time the team conducted interviews of loan clients, additional research and analysis of the survey data.

Our team stopped collecting survey data in week eight to form our final findings, build and then dry-run the presentation. The survey remains open, but no additional emails have been sent out looking for responses.

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**Project Purpose**
The Oregon Consulting Group was hired by the MCEDD to study the impact of their lending program long term. The MCEDD has a very good picture of the impact of their lending program in the short term, but loses focus of businesses after they leave their program.

**Project Timeline**
This project was conducted over a ten week span starting January 8th and ending March 16th, 2018.
Part II: Research Process

Background Research
The research process began with interviews with various economics professors and Bob Parker, the director of the Community Service Center at the University. This meeting informed us on what to expect from the survey.

Secondary Research
The secondary research included finding academic journals, articles, and a textbook to identify how to best create the survey, and also what metrics to seek to measure through the survey.

Build Process
We then created objectives of what information we wanted to gather from the survey and developed an outline around these objectives. This process also included collaborating with Eric and Amanda to refine the research objectives to ones that would be conducive to MCEDD’s goals.

Final Draft
We then finalized the survey after many drafts and continued collaboration with Eric and Amanda, and sent the survey out to the client list MCEDD provided.
Background Research

William Harbaugh
Ph.D.
Neuroeconomics, Economic behavior of children

Alfredo Burlando
Ph.D.
Development economics, Economics of corruption, Savings strategies in developing countries

Tim Duy
Ph.D.
Macroeconomics, Monetary policy, local & regional economies

Bob Parker
M.
Land Use, Economic Development, Parks and Natural Resources, Transportation, Public Involvement

Economics Professors
The economics professors we collaborated with included William Harbaugh, Alfredo Burlando, and Tim Duy. Professor Burlando offered key insights as to what metrics to measure in developing communities and their relationship with micro financing, similar to what MCEDD interacts with. However, much of the information and guidance provided by the economics professors was not applicable to the specific circumstances of this project, as it would have required the businesses to provide information that was not readily available.

Community Service Center
The most constructive information as to how to go about creating the survey came from the help of the community service center. Bob Parker provided insight on the survey build process, and how to overcome the challenges of most small businesses not being able to provide detailed information that would have helped the survey. Bob Parker also recommended a textbook for us to read that detailed how to constructively produce a survey and elicit the most effective responses.
### Background Research

<table>
<thead>
<tr>
<th>Research Findings</th>
<th>Metrics for Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal of microfinance: sustain gradual growth</td>
<td>Measure growth of businesses over time</td>
</tr>
<tr>
<td>Growth: increase in employees, revenue, and area growth</td>
<td>Compare these metrics before and after MCEDDD financing</td>
</tr>
<tr>
<td>Success of microfinance is measured in both financial gain and social change</td>
<td>Assess community impact, employee benefits, employee education, amount of family wage jobs</td>
</tr>
<tr>
<td>Self sufficiency as the end goal of microfinancing</td>
<td>Compare businesses’ reliance on loans over time</td>
</tr>
<tr>
<td>Reality as it is vs. reality as it would be without financing</td>
<td>Focus on change that occurred as a result of MCEDDD</td>
</tr>
</tbody>
</table>

After the secondary research from the textbook, academic journals, and articles, we identified these key research findings, that led to us creating metrics for the survey to follow.

The textbook we read was *Internet, Phone, Mail, and Mixed-Mode Surveys: The Tailored Design Method*. From the textbook readings, we found how to construct a survey to elicit the most effective responses. These methods included asking demographic information at the end of the survey, learning how to quantify qualitative data using rankings and scales, and using language that survey respondents can accurately understand and respond to.

From the academic journals we identified the goals of microfinance, and ways to measure its social benefit. We also identified areas in the United States and around the world who had programs similar to MCEDDD, and how those programs affected the economic development of their respective areas.
This graphic depicts how the background research process led to setting goals for what information was to be collected, getting feedback on the survey outline, readjusting the goals, and finally sending out the survey.

**Drafting Our Outline**
The outline drafting process for the survey entailed taking the information we collected from the background research and collectively brainstorming as to which information we wanted to collect from the survey. This process included collaboration from both the consultants and the MCEDD staff, as they provided feedback as to what information would be the most useful.

**Survey Send-Out**
After finalizing the survey through brainstorming and collaboration, the final draft was sent out to the client list provided by MCEDD.
Survey Makeup

**Employment**
- Effect of financing
- Employee matrix
- Benefits

**Reinvestment**
- How business reinvested because of financing

**Business Health**
- Sales & reliance on loans

**Area Growth & Development**

**Satisfaction**

**Employment**
The employment section measured the effect of MCEDD financing on the business’s employment data, including wages, and the number of employees. The employee matrix was a question that measured the number of employees at specific rage wages over time. Finally, the survey asked for information regarding what benefits the businesses may offer its employees.

**Reinvestment**
The reinvestment section of the survey asked respondents about how the MCEDD financing allowed them to reinvest in themselves, also how they were able to invest in other businesses and the community around them.

**Business Health**
The business health section asked about metrics to measure a business’s overall business health, including its reliance on loans, MCEDD financing in particular and sales.

Continued on page 10...
Survey Makeup

**Employment**
- Effect of financing
- Employee matrix
- Benefits

**Reinvestment**
- How business reinvested because of financing

**Business Health**
- Sales & reliance on loans

**Area Growth & Development**

**Satisfaction**

...Continued

**Area Growth**
The area growth section asked about the physical location of the business, where the business made sales, and if the business was expanding at all.

**Satisfaction**
The survey ended with questions about how satisfied the businesses were with the MCEDD process.
Employment
## Employment

**Survey Questions # 6 to 8**

<table>
<thead>
<tr>
<th>Key Metrics</th>
<th>Questions Asked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth: increase in employees</td>
<td>Employee Wage Matrix</td>
</tr>
<tr>
<td>Success of microfinance is measured in both financial gain and social change</td>
<td>Financing has helped your business to hire more employees</td>
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<tr>
<td></td>
<td>What types of benefits do you offer your employees?</td>
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</table>

When building the employment section of our survey, we identified two key metrics. Mainly: how employment behavior has changed, both before and after a loan and how financing has impacted a business’ ability to hire employees.

### Questions

The most important piece of data in this section was our employee wage matrix, which asked respondents to list the number of employees under specific wage ranges ($20K-$40K, $40K-$60K, etc.) across a 15 year span divided into 5 year increments (2017, 2012, 2007, 2002).

To analyze the financial and social changes that these business loans have, we asked a qualitative question regarding how financing has helped the respondent hire more employees. This was answered on a scale ranging from “Strongly Agree” to “Strongly Disagree.”

For social change, we had respondents select from a list of employee benefits: Health Care, Paid Leave, Disability Insurance, Flexible Compensation, Retirement/Pension Plan, Life Insurance, and Other. This was to get an idea of how their employees are compensated as a whole.
**Employment**

**Total Wage Growth (in Millions)**

Sample Size (28% of Client List):
- $11M in new annual wages since 2002
- $6M family-wages jobs or above

Extrapolated (100% of Client List):
- $40M in wages since 2002
- $21M family-wage jobs or above

Restaurants
- 35% in $20K-$40K restaurant wages

The first point of analysis we could make was how the total amount of annual wages had changed over the past 15 years. The green bars in this chart represent our 41 respondent sample size. We then extrapolated this out across the MCEDD’s entire client list, represented by the grey bars, to find that there has been a ~$40M increase in annual wages since 2002.

However, in our findings, 35% of that $40M were restaurant wages falling specifically between the $20K-$40K wage-range, which is below the family-wage line.

Tying in our second question, 85% of businesses agree that financing enabled them to hire more employees. Because businesses are going to MCEDD for reasons such as low interest rates or the inability to receive financing elsewhere, we believe this 85% to be directly attributable to MCEDD.

**Insight**
The big picture from this slide is how significant that $40M increase in wages is compared to the total amount of loans MCEDD has deployed since 2002. This shows how the MCEDD’s funds have a multiplied impact on the community.
This graph is a visualization of the total number of employees each business has had over time and how they have grown since leaving the MCEDD’s lending program. Each point represents the total employment level of a business at a year-increment in our wage matrix. These points are placed specifically around the vertical dotted line in the middle of the graph to show how total employment has grown since businesses have paid off their MCEDD loans.

The data points to the left of the dotted line represent the total employees that businesses reported before they paid off the MCEDD loan. The data points to the right of the dotted line represent the sales that businesses reported after they paid off the MCEDD loan. The green trend line in the average of the sales from before to after the loan.

**Insight**
The key takeaway from this chart is that business employment is, on average, increasing both before and after the loan payoff date.
The previous graph includes an outlier that has experienced exponentially increasing employment to a factor significantly higher than the rest of our sample size. We excluded the outlier in this graph to ensure that the trend is still representative of all of the clients.

**Insight**
Average employment is still trending positively upward even without the outlier. We can conclude that employment continues to increase on average after businesses exit the MCEDD loan.
Looking a bit deeper into this data, we created the next two slides to display employment behavior both before and after a MCEDD loan.

We did this by looking at which businesses increased employment, did not change employment, and decreased employment. The average payoff year for our sample size of past loan clients was 2013, which is why we focused specifically between the years 2012 and now for existing loan clients.

**Insight**

This bar chart represents existing loan client behavior. The clear trend here is that the large majority of current loan clients are increasing employment while they are within the MCEDD’s lending program. We received a 50% response rate from all of the MCEDD’s existing clients, so we feel this trend to be extremely representative of the rest of the MCEDD’s existing loan clients.

40% of existing loan clients offered some type of employee benefits, which will be significant once compared to the number in the next slide.
This bar chart represents past loan client behavior. There is about a 40%, 40% split between past loan clients who continue to increase employment and who do not change employment.

Although our response rate for past loan clients was smaller, we utilized qualitative and quantitative data gathered from our phone interviews to fill any holes of doubt or uncertainty. Therefore, we believe the trends of this data to be very representative of the rest of the MCEDD’s past loan clients.

**Insight**

76% of past loan clients offered some type of employee benefits, which is about 35% more than businesses currently under the MCEDD loan program. This is a clear sign that businesses are able to offer more to their employees after they leave the MCEDD loan program than when they are still in it.

Overall, the big message between these two slides is that the large majority (~80%) of businesses are increasing employment or retaining current employment after they’ve paid back the MCEDD.
Employment

Summary

STRENGTHS
MCEDD contributed to the creation of $40M additional extrapolated annual wages since 2002
- 85% of businesses agree that financing allowed them to hire more employees

After businesses leave the MCEDD loan program, they are most likely to become either a stable or growing business, in terms of employment

40% of existing loan clients offer some type of employee benefits, compared to 76% of past loan clients

WEAKNESS
Restaurants create a large number of jobs, but most jobs are low-paying, part-time, and without many employee benefits

Overall, the majority of MCEDD’s loan clients are either continuing to hire more employees or retaining the jobs they currently have once they’ve paid back MCEDD.

MCEDD has played a significant role in the creation of about $40M in new annual wages since 2002. Of that $40M, over 50% are considered to be family-wage jobs or above.

In terms of employee benefits, ~35% more businesses offer employee benefits once they’ve paid off a MCEDD loan. This essentially shows that the health of these businesses is improving, allowing them to provide more to their employees.

The only weakness in this section of the data is the large number of restaurant jobs within the $20,000 to $40,000 wage ranges that have been created since 2002.
Business Health
### Business Health

**Survey Questions # 12 to 16**

<table>
<thead>
<tr>
<th>Key Metrics</th>
<th>Questions Asked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal of microfinance: sustain gradual growth</td>
<td>Sales and taxes over time.</td>
</tr>
<tr>
<td>Success of microfinance is measured in both financial gain and social change</td>
<td>How has financing allowed you to reinvest in your business, invest in the community and/or increase your savings account?</td>
</tr>
<tr>
<td>Self sufficiency as the end goal of microfinancing</td>
<td>How has your reliance on loans changed since obtaining MCEDD financing?</td>
</tr>
<tr>
<td></td>
<td>Rate the significance of financing is general to your business.</td>
</tr>
<tr>
<td></td>
<td>Rate the significance of the MCEDD loan to your business.</td>
</tr>
</tbody>
</table>

For business health we looked for three key metrics to ask about in our survey.

To address the ultimate goal of microfinance to sustain gradual growth, we asked businesses to give their sales and taxes over time. We asked for sales and taxes in 2002, 2007, 2012, and 2017, the same intervals as in the employment wage matrix. Comparing this data to the businesses’ loan start and payoff date allowed us to see the effects of the loan on sales growth.

To measure financial gain and social change, we asked the businesses to indicate whether they were able to reinvest in their business, invest in the community, or increase their savings account. We specifically asked if they were able to do these activities since obtaining the loan.

For self sufficiency, we asked the business about how their reliance on loans has changed since obtaining the MCEDD loan (increased, decreased, stayed the same, or N/A). We also asked the businesses to rate the significance of financing in general and the significance of the MCEDD loan on a scale of one to ten (ten being extremely significant), which we compared again to loan start and end date.
This graph is a visualization of the businesses’ sales overtime. Since the businesses paid off the loan at different points in time in the five year increments, we aligned the data by the point of time in which the business paid off their loan.

The vertical dotted line in the middle of the graph represents the year in which the business paid off their loan to the MCEDD. The data points to the left of the dotted line represent the sales that businesses reported before they paid off the MCEDD loan. The data points to the right of the dotted line represent the sales that businesses reported after they paid off the MCEDD loan. The green trend line in the average of the sales from before to after the loan.

The main takeaway from this graph is that client sales are significantly trending upward, particularly after clients exit the MCEDD loan program.
The previous graph includes an outlier that reported sales significantly higher than the rest of our sample size. We excluded the outlier in this graph to ensure that the trend is representative of all of the clients. The average sales is still trending upward even without the outlier. We can conclude that sales do increase after businesses exit the MCEDD loan.

Only four businesses reported that their sales decreased after their loan payoff date.
Business Health
Sales Increase After Paying Off MCEDD Loan

$1,800,000 average sales increase after leaving MCEDD’s lending program

$450,000 median increase of businesses’ sales after paying off the MCEDD loan

The average increase of clients’ sales from before paying off the MCEDD loan to after is $1.8 million. This is found by taking the average of the data points from the right of the dotted line on the previous graph and subtracting it from the average of the data on the left.

The average may be skewed by the outlier. To better describe the norm, we found the median increase from before to after the payoff date. The median increase in sales is $450,000.
We asked the businesses to indicate how their reliance on loans had changed since obtaining the MCEDD financing.

A decrease in reliance on loans indicates that the business has become more self sufficient. Self sufficiency is a goal of microfinancing that we identified through our research. An increase in reliance on loans is not inherently bad however, it may indicate that the business is using the loan for growth or that it is a new business.

We compared the data from this question to the businesses’ loan payoff date. Ten out of the eighteen past loan clients indicated that they have become less reliant on loans in general since paying off their MCEDD loan. We compared this to a few other questions to determine the significance of this.
To see how reliance on loans affected business health, we compared past loan clients who indicated that their reliance decreased to those who indicated that their reliance increased.

First we looked at what these businesses were able to invest in because of the loan. Of the ten past clients that indicated that their reliance on loans decreased, nine reinvested in their business, seven invested in the community, and four increased their savings account. These percentages are higher overall for each category compared to the overall sample.

Of the eight past clients that did not decrease their reliance on loans, three reinvested in their business, three invested in the community and none increased their savings account.

Businesses that are less reliant on loans are reinvesting in themselves and investing in the community more than those that are still heavily reliant on loans.
These 10 past loan clients who decreased their reliance on loans also

- have higher sales
- have more employment
- offer more employee benefits

To elaborate on how a decreased reliance on loans is a sign of business health, we looked to some other metrics in the survey. We compared their sales, employment, and employee benefits to other businesses. These ten past loan clients outperformed all other businesses in these three categories.

This is a strength of MCEDD and affirmation that businesses are comparatively healthier once paying off their loan. Furthermore, past clients that are less reliant on loans outperform all other businesses. This is an additional strength of MCEDD because the majority of their past loan clients decreased their reliance on loans.

It is important to remember that reliance on loans is not explicitly bad. Businesses who are reliant on loans may be starting out or growing. However, if MCEDD wishes to target and increase these metrics, promoting self sufficiency in clients is an attainable way to achieve this.
76% of respondents used MCEDD financing to reinvest in their business’s growth.

Respondents used MCEDD financing mostly to reinvest in their business’s growth rather than just increase savings.

Of the 41 clients that filled out the survey, 31 indicated that they were able to reinvest in their business.

Businesses are using the loans for their intended use, and then using the additional capital generated primarily to further invest in their business.

Only five of the 41 clients indicated that they used this capital to increase their savings account. Each of the five businesses also reinvested in their business.
Business Health
Significance of Financing in General v. MCEDD Loan

Businesses rate MCEDD as having only slightly higher significance than financing in general.

8.2
8.6

We asked clients to rate the significance of financing in general as well as the significance of the MCEDD loan to their business.

The rating is on a scale of one to ten, ten representing extremely significant. We averaged the significance of each across all respondents. The average significance of financing in general is just over eight out of ten. The significance of the MCEDD loan is about eight and a half out of ten.

We also compared the average rating by the loan payoff year, which was consistent with the collective average.

This is the only weakness we identified in business health. Clients only rated MCEDD as being about half a point more significant than financing in general. We hypothesize that this may be because businesses seek out MCEDD financing because they are not able to receive it elsewhere.
**Business Health**  
**Summary**

**STRENGTHS**  
Businesses generally have higher overall sales after paying off their loan to MCEDD

Businesses are less reliant on loans after leaving MCEDD

Most businesses’ use their financial freedom from not having to pay loans to reinvest in their business’s growth rather than just increase savings

**WEAKNESSES**  
Businesses rated MCEDD in about the same significance as financing is general, regardless of when they exited the program

Overall, the business health of MCEDD’s loan clients is very good. The overall increase in clients’ sales from before to after the loan payoff date is a testament to how MCEDD is helping businesses’ health. The average increase of $1.8 million and median increase of $450,000 is concrete evidence of the impact MCEDD has on these businesses.

The majority of businesses that have exited MCEDD’s loan program indicated that they are less reliant on loans. Decreased reliance on loans is an indicator of business health because these businesses are able to invest more in their business, community, and savings. Additionally, they report higher sales, employment, and employee benefits.

The majority of all clients are using their financial freedom for growth rather than to increase their savings account which is a sign of a healthy growing business.

The one weakness is that the MCEDD loan is only rated slightly higher than financing in general, probably due to the fact that the main thing that sets them apart is availability.
Area Growth
Area Growth
Survey Questions # 17 to 20

Key Metrics

<table>
<thead>
<tr>
<th>Size and reach of business</th>
<th>Questions Asked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your business have multiple locations?</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Intent to grow in or out of region</th>
<th>Questions Asked</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the near future, are you planning to geographically expand or move out of The Columbia Gorge Area?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependence on local community</th>
<th>Questions Asked</th>
</tr>
</thead>
<tbody>
<tr>
<td>What percentage of your sales are local, that is, within or around The Columbia Gorge Area? (Before Financing, After Financing)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Integration into local community</th>
<th>Questions Asked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has the number of local suppliers you’ve engaged with changed since obtaining financing?</td>
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</tbody>
</table>

In this section we were trying to ascertain the size and reach of a business.

We asked each business if they had multiple locations to know the size and reach a business within the region.

To determine if a business intended to grow or if they were thinking of moving out of the region, we asked if they were planning on expanding in or out of the region in the near future with the options being expand within the area, expand out of the area, move out of the area, all of the above and stay the same.

To determine the dependence of a business on the local community and if they were bringing outside revenue into The Columbia Gorge Area we asked what percentage of their sales were local before and after financing.

We also wanted to determine how integrated and dependent on the local community the businesses were by asking how the number of local suppliers they engaged with had changed since they obtained financing with the options being increased, decreased, did not change and do not know.
**Area Growth**
*Change in Geographic Area*

Has your geographic area grown or shrunk since financing?

Of the **16 past** loan clients, **10** indicated that they **grew** — **63%**.

Of the **22 current** loan clients, **15** indicated that they **grew** — **68%**.

Out of the 41 respondents, 16 indicated that they were past loan clients while 22 indicated that they were current loan clients.

Out of the 16 past loan clients, 63% (10) indicated that they had grown since financing. Showing that majority of clients could attribute growth to MCEDD financing even after they roll off the program.

Out of the 22 current loan clients, 68% (15) indicated that they had grown since the start of financing showing that clients can directly attribute growth to MCEDD financing during the financing period.

Another key insight is that 63% and 68% are comparable, showing that growth attributable to MCEDD financing is consistent and clients can still attribute growth and stability to MCEDD even in the long run.
Area Growth

Intentions for Geographic Growth

In the Future are you planning to expand or move your business outside the gorge?

Of the 22 respondents who indicated they were current loan clients:

- 8 want to stay the same
- 14 want to expand

In this question, out of the 22 respondents who indicated that they were current loan clients, only 8 indicated that they wanted to stay the same while 14 indicated that they wanted to expand their geographic area.

This shows that clients are more likely to want to expand and grow while they are on the loan than want to stay the same.
Area Growth

Intentions for Geographic Growth

In the Future are you planning to expand or move your business outside the gorge?

Of the 17 respondents who indicated they were past loan clients

11 want to stay the same

6 want to expand

In this question, out of the 17 respondents who indicated that they were past loan clients, 11 indicated that they wanted to stay the same while only 6 indicated that they wanted to expand their geographic area.

This shows that clients are more likely to want to stay stable than to want to expand after they roll off the loan. Moreover, none of them are intending to decrease the area they operate in.

Knowing the intention of future growth for past loan clients is important in seeing how they change over time. This will work into our summary of findings later.
Area Growth

STRENGTHS

Majority of respondents grew
- 63% of past clients indicated that they had grown because of financing, comparable to the 68% of current clients
- Shows that clients can still attribute growth and stability to MCEDD even in the long run

WEAKNESS

Stable businesses tend to stay stable
- 64% of current clients intend to expand while only 36% of past clients intend to expand

Though several of the questions in this section have inconclusive results with too wide of a spread of answers and respondents to analyze, there are several key insights.

A strength found in the area growth of MCEDD clients who responded was that a majority of clients can attribute their growth to MCEDD. This is both in the short term and in the long term, with the percentage of clients indicating growth since the loan being comparable between both past and current clients.

Another key finding was that while a majority of clients indicate that they want to grow while in the loan program, they are less likely to grow after they roll off the loan program.

Though a business attaining stability and wanting to remain stable is good for the economy in The Columbia Gorge area, the MCEDD should take into consideration that businesses are much less likely to grow after paying off the loan and advise them accordingly based on their goals for the region.
Summary
As we unpacked the information from both the survey and calls, we had a good look into what various points of data meant. But how did all of these points fit into the big picture?

Thinking about the survey data overall, we can pull out some trends in what happens to businesses before and after they receive a MCEDD loan. We can easily express these trends through a map, with the x-axis being time and the y-axis being a qualitative position for overall business health.

We’ve observed a flat or declining trend in business’ health before they are connected with the MCEDD. After the red bar where a business receives the MCEDD loan, we have observed that business’ health improves overall. This is not new information to the MCEDD, but it is useful to verify.

We have strong information about what happens before and during the MCEDD loan process, but what about after? The performance of clients after leaving the MCEDD’s lending program is what we are looking to find.
Summary of Insights
Path After Leaving MCEDD

Once an organization leaves the MCEDD’s lending program there are three logical paths they can take: grow, remain stable or shrink.

We can piece the qualitative information we learned in the calls together with statistics from the survey to form profiles based on each path. We were able to identify businesses that fit each profile and will walk through some specific cases that represent each profile well. From there, we can estimate how many businesses have left MCEDD and achieved a positive outcome.
Shrinking Businesses

Examples
Orchard
Local Market
Fruit Canning Company

Characteristics
Industry Trends
Economic Trends

The first of these profiles is that of shrinking businesses. This was by far the smallest category, which is likely due to the MCEDD’s rigorous vetting process. Stated obviously, this is not the ideal outcome.

The only trend we can pull from these responses is of overall economic or industrial decline. These were unforeseen trends that ended up closing or hurting the business after it left the MCEDD.

Of the businesses we talked with, a few cases stood out to us. Two of those businesses were in the fruit canning industry, where consumer preferences forced the industry into decline. The other most notable case was a local market and deli out of a small town that closed because business dried up. After the Great Recession, there wasn’t enough business to support the market so the owner closed it and started another outside of the MCEDD.
Stable Businesses

**Examples**
Coffee Company
Franchise Business

**Characteristics**
No intention to grow in the near term
Typically businesses held for fixed income
Mostly local

Stable businesses represented a large part of the past loan clients we talked to. These are businesses with no intention to grow in the near term.

A trend in characteristics of these businesses is that they tend to be held for fixed income by the owner. Typically, they are a local coffee shop or restaurant that is doing well, usually with only one location.

We talked with one coffee company that exemplified this profile well. It was run by an older woman who was close to retirement and was planning on selling the business in a few years. She told us “I have no plans to expand, that’s up to the next people who own this place” which is representative of the other businesses in this profile.

It is important to note that stable businesses are good for the economy. These businesses add a steady base of jobs and income to the area that reinforce the economy long-term. A stable, healthy business is just as much a success story as one that is growing.
Growing Businesses

**Examples**
Manufacturing Company
Restaurant

**Characteristics**
Grows much faster than other businesses in the area
Brings in business from out of the area
Pay employees well and invest in their training
Less reliant on loans

The growing business profile is the most positive outcome for a business once it leaves the MCEDD’s lending program.

Businesses in this segment are typically based in manufacturing. These businesses distribute product outside of the MCEDD, which amplifies their ability to grow. Overall, these type of businesses grow much faster than others in the area. These businesses are also less reliant on loans overall. One thing we noticed with this segment was that businesses invest in the education of their employees.

We talked with a few companies that exemplified this profile. One was actually a restaurant that used the MCEDD loan to buy the business and turn it around. Since the loan, the business had increased revenue to five times what it previously was.

Another business that fits this profile well was a manufacturing company that used the loan to expand their capacity. Because of the increased capacity, they were able to distribute product out of the region and have posted sales growth intervals as a steady rise in the millions of dollars.
Oregon Consulting Group

Business Groupings

<table>
<thead>
<tr>
<th>Growing</th>
<th>Stable</th>
<th>Shrinking</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 businesses</td>
<td>7 businesses</td>
<td>2 businesses</td>
</tr>
<tr>
<td>47% of previous loan clients</td>
<td>41% of previous loan clients</td>
<td>12% of previous loan clients</td>
</tr>
</tbody>
</table>

We now have a good qualitative picture of what happens to businesses after they leave the MCEDD’s lending program. The next step is to see how these profiles are reflected in the survey data from past loan clients.

The column graphs below show how past loan clients answered key questions in each section of our insights. Each graph has three columns, one for each profile. Depending on how they answered the question we can sort them into these three groups.

The first section on the left is employment, where we looked at whether the total number of employees at the firm before and after paying off the loan. The next section is sales, where we again categorized them based on how they changed after paying off the loan. The next is area growth plans, which was their plans to expand their business at the time of answering our survey.

From this we can identify how many businesses fit into each grouping. We can then apply that ratio to the whole client list in a percentage, given that this information is representative of the whole.
Ideas for Further Impact

*Business plan following loan payoff*

*Focus businesses around growth*

*Vary customer facing business investment depending on needs*

From this data we can then pull out strategic ideas for how the MCEDD could further its economic impact.

The first of these is to develop a business plan with loan clients right before they pay off the MCEDD loan. This would help businesses think long term about their business’ goals and plan for the future.

Our second idea goes with the first, in that businesses need to focus on growth. Overall, businesses that grow are less reliant on loans in the future. This helps to achieve the MCEDD’s goal of making sure their loan clients don’t need to use them again.

The last point sits on a conundrum we identified in that customer facing businesses, such as restaurants, are the largest total employer but do not hire for family wage jobs. Many of the employees they hire are part time and do not receive benefits as well. Add to that the fact that customer facing businesses have the highest investment in the community. Ultimately, this means that the MCEDD needs to fully consider its priorities when lending to these businesses because their overall impact can vary greatly.
Main Attributes of Previous Loan Clients

- 500 jobs created
- 85% attribute to MCEDD
- $450K median sales increase after paying off MCEDD
- Less reliance on loans after leaving MCEDD

88% of businesses remain stable or growing after leaving MCEDD

We thought we would end on the statistics that stood out to us the most about the MCEDD’s long-term impact. This is what reflects the overall theme of our data the best.

Based on our survey data, we can estimate the total number of jobs, median sales increase and overall reliance on loans for businesses after they leave the MCEDD. These statistics are overwhelmingly positive, and reflect the deep economic impact the MCEDD continues to have after businesses roll off its loan program.

Ultimately, these positive insights lead into the big-picture takeaway that 88% of businesses remain stable or growing after leaving the MCEDD. This is something the team at the MCEDD can be very proud of.
What We Learned
Choosing to work for the Oregon Consulting Group has been the best choice of my college career. I have learned more in the last 10-weeks than I ever have during any other time of my life. Probably the best experience I had on this project was during our phone call interviews. Coming into that section of our project, I expected large, established businesses to be the only ones contributing. However, I was taken back at how many small businesses gave back to their communities in such generous and creative ways.

The most important thing I have learned from this project was how to process data efficiently. Prior to this project, I had barely any experience working in Excel. The work I have done this term to organize, analyze, and visualize the data we’ve collected will go with me into my next project with the OCG and help prepare me for a professional career after college.
About Clarissa
This is Clarissa’s fourth project in the OCG.

After she graduates, Clarissa is interested in working in financial consulting. She is a member of the University of Oregon Dance Team, competing nationally as well as performing at athletic events. She also works part time as a business tutor for student athletes.

Clarissa spent her most recent summer studying abroad in Copenhagen, Denmark. She was an exchange student at the Copenhagen Business School in the International Summer University Program. She took courses in International Finance as well as Consumer Behavior and Customer Analysis. In addition to her studies she traveled to Sweden, Norway, Germany, Belgium, and the Netherlands.

In her free time, she enjoys traveling, spending time outdoors, running, and playing with her husky puppy.

What I Learned
One of my goals going into this project was to work on my data analysis skills. There was plenty of opportunity for this in this project since we had so much quantitative data from the survey.

I learned how to take a spreadsheet full of numbers and turn it into a meaningful story. I learned how to pull out significant data and extract why this is important for the future of the MCEDD. It started out as a bunch of overwhelming pieces of data, but I learned how to break it down and cross reference responses to find themes and significant insights.
What I Learned
As an economics major I had always been under the impression that economic studies were easy to conduct as long as there was a standard set of procedures followed.

This project definitely changed my perception of how concepts are applied to real world problems. Though it would have been ideal to use standard procedures such as the creation of a control group, through this project it became clear that sometimes these procedures were unfeasible and may result in incomplete or inaccurate data.

I learnt that sometimes academic suggestions are better in theory than in practice and that you have to adjust to the parameters and scope of what you are given as well as listen to the respondents/subjects intently in order to gain the best understanding of the situation.

About Linnet
This is Linnet’s fourth project in the OCG.

Linnet decided to work towards a business degree after completing an internship where she was required to analyze trends in data, peaking her interest in operation and business analytics. As a Student Consultant in the Oregon Consulting Group, she is able to use her skills to help find answers to actual issues clients may have.

Linnet joined the consulting group in the Winter of 2017. Her first project involved market sizing in the Tech-Ed Space and evaluating future options for the client leading to them deciding to shift fields of interest. As an international student from Singapore, Linnet hopes to return to Singapore and work as a consultant.

Linnet is fluent in both English and Mandarin. She enjoys outdoor activities such as hiking, snowboarding and rock climbing as well as reading fiction and watching TED talks.

Linnet Sim

Major
Operations & Business Analytics and Economics
Dual Major

Graduation Date
June 2018

Role
Consultant
Braxton Williams

About Braxton
This was Braxton’s first term as a consultant in the OCG.

Braxton started his educational career with the Lundquist College of Business as a sports business concentration, however switched to finance and marketing after wanting to broaden the scope of his education.

Along with working with the OCG, Braxton works as a career ambassador in the Lundquist College of Business Career Services Center. As a career ambassador, Braxton advises fellow Lundquist College of Business students on career decisions, cover letters, and resumes. In this role he also is in charge of organizing marketing efforts and promotional events to educate students on respective career paths.

Outside of his school and professional life, Braxton enjoys watching and playing sports with his friends. He is an avid basketball and soccer fan, and die-hard Los Angeles Laker fan.

What I Learned
Being that this was my first project with the Oregon Consulting Group, the intense learning curve provided an invaluable learning experience.

This data intensive project taught me the importance and value of qualitative data. I had many preconceived notions that qualitative data could not play such an important role in areas such as economic development and the impact of financing. However, after learning about methods to empirically measure qualitative data I learned how effective a role it could have. The qualitative data we analyzed was mostly subjective. It was a learning experience figuring out how to properly glean the most useful information, that would lead to the most compelling results.

Major
Business Administration: Marketing & Finance

Graduation Date
June 2019

Role
Consultant
Hank Manilla

**About Hank**
This is Hank’s fifth project in the OCG.

Born and raised in Portland, Hank’s love of business first started when he finished first in a high school stock market game. Motivated by this, he learned to love accounting because of its complex nature and interconnectedness in all parts of business.

Hank has been with OCG since the Fall of 2016. The projects he has worked on take a wide range from financial modeling to human-centered design. Of what he has worked on, his favorite was a project that conducted uncertainty analysis for a firm on the brink of deciding to make a large investment decision.

In his free time, you can find Hank on or around the Willamette River or Portland area. He loves going boating, paddle boarding, surfing or longboarding with friends and routinely finds himself there when it is warm.

**What I Learned**
As my second term as a manager, this project taught me a lot about managing high-performing teams.

The team we put together for this project was incredibly impressive in their ability to get work done. There are a lot of difficulties that come with group projects in a business school, such as team members not doing their share of the work. It’s refreshing to have the difficulties be on the other side, where work gets done very efficiently and we need to strategically think about the extra things we can complete on top of what we have done. This group of students has a distinct desire to do everything they do well and they are remarkably effective in achieving that.

**Major**
Accounting and Economics Dual Major

**Graduation Date**
June 2018

**Role**
Project Manager
About Colt
Colt Sauers is a Senior at the University of Oregon majoring in Business Administration with concentrations in Finance and Business Analytics along with minors in Economics and Computer Science.

Colt joined the Oregon Consulting Group in the Winter of 2016-17. He first worked on a project analyzing the debt lending landscape in Oregon, and afterward led a team of Consultants to build an online strategy for a commodity distributor. After successful performances as a Consultant and a Project Manager, Colt was promoted to Senior Manager in the Spring of 2017.

Outside of school, Colt acts as a consultant for startups and established businesses with a focus on data-driven decision making. He has done independent consulting for media agencies, e-commerce retailers, real estate investors, and digital marketing firms. He spent the summer of 2017 working at Intel as a Financial Analyst tasked with increasing the ROI on artificial intelligence marketing campaigns. When not focusing on work or school, Colt enjoys lifting weights, reading non-fiction, and spending time with his family in Southern Oregon.

What I Learned
As a finance student with a minor in economics, this project was an invaluable learning opportunity for me.

My main takeaway from this project is how important qualitative data is in understanding the broader context of a data-backed story. As a student studying finance, business analytics, economics, and computer science, numbers are my comfort zone. The work done by the team on this engagement was analytical and quantitative in nature, but it was rooted in the qualitative data they found in their interviews with business owners.

I learned how qualitative information can fill in holes not identified solely through quantitative analysis. This contributes to story building that cannot be replicated with numbers alone.
Thank You