

The ABLED Initiative: Encouraging Entrepreneurship for Persons with Disabilities

Breaking new ground

Since September 2000, a three-way partnership involving two credit unions and a federal investment organization has been making available loans and business advice to entrepreneurs with disabilities in British Columbia. The excellent track record of loan repayment established by this undertaking proves beyond a doubt that good business ideas come in all kinds of packages.

Coast Capital Savings Credit Union in Victoria and VanCity Savings in Vancouver entered into an arrangement with Western Economic Diversification Canada (WD) to make loans of up to \$75,000 to entrepreneurs with self-declared disabilities. WD contributions have helped to pay for managers' salaries, marketing activities and the costs associated with operating an advisory committee. In return, the financial institutions have made in-kind services and donations, such as office space and administrative support. In addition, WD has created a loan loss reserve by contributing an amount equal to 20 percent of the loans paid out.

To date, Coast Capital has made 20 loans totalling \$700,000; the entrepreneurs themselves have leveraged an additional \$356,500. VanCity has loaned \$300,300 to 20 people who have matched this contribution with an extra \$145,000.

Though the loans are vital to business success, it is the professional advice and ongoing mentorship offered to each participant that have received the highest praise. Staff provide assistance with developing business plans, preparing loan applications and identifying other business resources. Loans can be used for starting or expanding a business, purchasing or upgrading new technology, upgrading facilities and equipment, developing marketing and promotional materials, or establishing working capital for anticipated sales increases.

Titled 'Advice and Business Loans for Entrepreneurs with Disabilities' (ABLED), the project owes some of its success to the ongoing involvement of advocacy and business groups. In Victoria, these have included the Victoria

Disability Resource Centre, Business Victoria and its Self-Employment Assistance Program, Victoria Connects (a business information service), numerous employment agencies that assist people with work transitions and Coast Capital Savings branch staff who make referrals to the ABLED initiative.

On the Lower Mainland, economic development groups, educational institutions and disability agencies all have lent their support to ABLED. A partial list of these supporters includes the Surrey Chamber of Commerce, Douglas College, the British Columbia Institute of Technology, the Western Institute for the Deaf and Hard of Hearing, the Social Planning and Research Council of British Columbia, the Richmond Disability Resource Centre, the West Coast Community Development and Community Futures Development Corporations located throughout the Lower Mainland.

Western Economic Diversification Canada and Community Futures Development Corporations have operated similar loans initiatives throughout rural Western Canada since 1997. In order to share the costs and risks of running similar programs in British Columbian cities, WD staff undertook inquiries among urban lending institutions to determine if a public/private partnership was feasible. Coast Capital and VanCity were two financial institutions willing to try out the concept and ABLED was launched.

Many consultations were held between agencies representing the disability community and business groups before the loans process was fully defined. Since it began operations, ABLED's Advisory Council has been careful to provide the project's management group with advice on matters which include establishing performance measures, defining eligibility criteria for loan applicants, selecting criteria for



Victoria ABLED steering committee.

administrative personnel and identifying marketing opportunities and requirements.

The value of character

“Entrepreneurs with disabilities have traditionally had difficulty accessing credit and business services,” says Detlef Beck, Enterprise Facilitator for the Victoria ABLED initiative. “We take the view that loans should be based on an individual’s strength of character and the business plan they put forward.”

Assessing character strength means that ABLED staff spend time learning about each applicant – what kind of family, community and business support they have and what allowances their plans make for managing their disability – in addition to the normal due diligence and credit history checks that are undertaken when a person applies for a loan.

Says Vancouver ABLED Enterprise Development Specialist Marilyn Neudorf: “We have learned and are still learning about this type of lending to entrepreneurs with disabilities. From the onset of this initiative, we had to take care to focus on ‘entrepreneurs who happened to have a disability’ as compared with ‘assisting persons with disabilities who wish to be self-employed.’ We are focussing on those entrepreneurs who happen to have a disability and who require financing to launch or expand their business. We work with individuals, corporations, co-operatives and nonprofits, as long as the focus and majority shareholders are entrepreneurs with disabilities.”

Case study: father and son

Dale is a high school graduate with self-taught computer skills. He heard about the ABLED loans initiative through a friend who is involved in a local disability resource centre. The two men discussed the possibility of starting up a lumber salvage operation, with Dale as the owner and his father as a company employee. The two men worked on a business proposal which they submitted to Capital Coast. Dale’s father has worked in the lumber salvage business for the past 20 years, and thanks to the opportunity presented by ABLED, father and son are now operating their own wood salvage company. “We have a contract with a large logging company to go onto their properties after they’ve finished logging to do cleanup work,” says Dale. “Some wood is collected and sold to residential clients as firewood, but we also salvage large pieces of cedar which we sell to shingles mills around Victoria.”

The contracts with the logging company and ABLED are both in Dale’s name. His role in the enterprise includes liaising with logging company personnel, attending to company paperwork, running errands, and in the future, hiring and managing part-time staff. “My loan has a payback of four years,” says Dale. “My goal is to be able to earn enough money that I no longer need to collect a disability pension. This year, I’ll put my earnings into an RRSP in the hope that by next year, my monthly salary will be high enough to support me.”

“People with disabilities are often turned down for business loans,” Dale continues. “Because they may not have collateral to secure a loan, they can be seen as a poor risk, but the idea of getting off disability pension programs is a real motivator for success. I think that more

people should get out there and try out their business ideas. Once you take that first step, you're on your way to gaining more independence, making more money and you're able to do more things. One good thing leads to another."

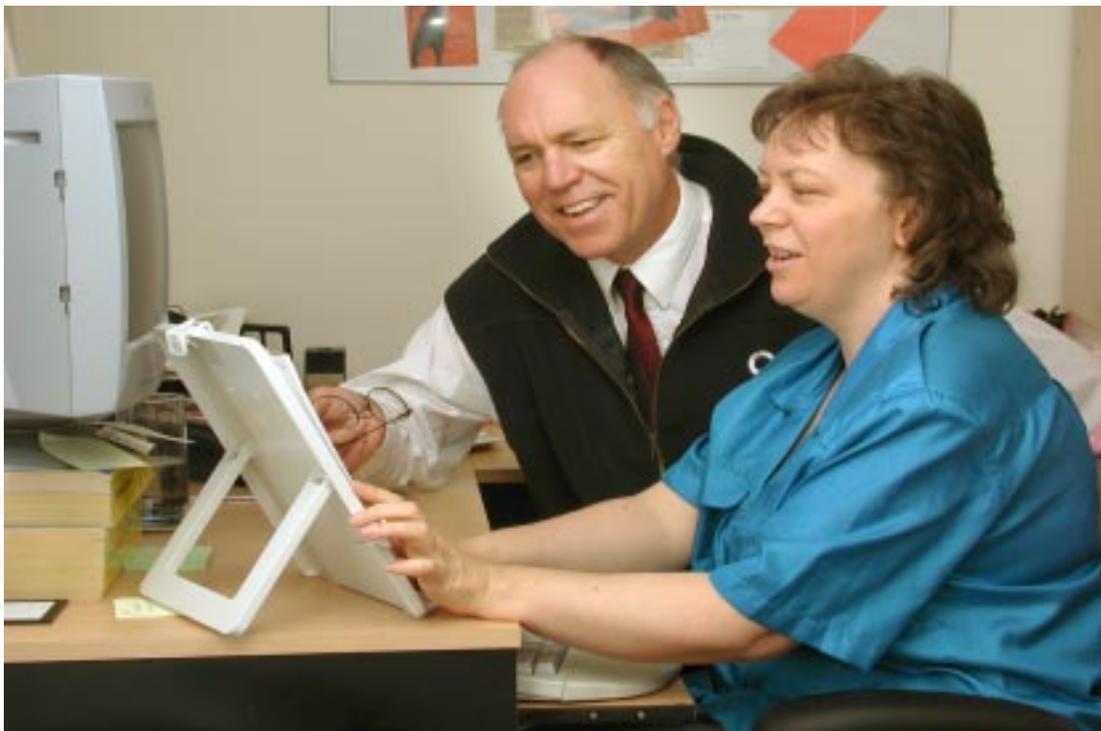
Managing growth

The three-way partnership has been so successful that Western Economic Diversification Canada has extended ABLED for a third year. Coast Capital will now be expanding the ABLED initiative to the Richmond area of the Lower Mainland. Coast Capital ABLED Director Detlef Beck is confident that the expansion will work well, and will further raise the work's profile in areas beyond Vancouver and Victoria.

"Ideally, we'd like larger banks to get involved in this type of work," says Detlef, "but to this point, there's been little interest. The labour-intensive nature of the mentoring aspects of this initiative may make getting involved less attractive, but once a longer-term repayment history is established, the results will speak for themselves."

Case study: virtual secretarial services

Kathy had worked for many years providing secretarial, administrative and writing services in government departments before a severe illness kept her out of the workplace. Her husband had a full-time job, so Kathy was ineligible to receive a disability pension. Her illness made



Detlef Beck visits Kathy.

it impossible for her to leave the house for retraining, so she spent the next four years scraping by on part-time contract work and researching employment programs and options. Fortunately, Kathy is an excellent networker and passionate about her work, but she feared that her disability would make it impossible for her to secure enough work to make ends meet. Kathy and her sister heard about the ABLED initiative when it began in January 2000, and the two of them put together a business plan and secured a loan for a secretarial services company which was established in May of that year.

“I didn’t like the idea of going into debt, having struggled for so long to pay bills, but I knew if I didn’t take a risk, I might not get anywhere. The loan enabled me to purchase the computer system I needed to be competitive, and I directed some of the funds I received to advertising my services,” says Kathy. Now at the end of her second year in business, Kathy is proud of the fact that she has surpassed every financial goal she forecast, and that she was able to hire her sister as a part-time employee – the fulfillment of a long-held wish. Another important aspect of Kathy’s business is to hire other people with disabilities – another dream she also has recently realized. She says: “There were no other options for me to obtain this kind of business financing. I know I wouldn’t be where I am now without the ABLED initiative.”

More traditional loans programs would not have considered Kathy’s application. Her credit rating had suffered when she lost her job and was unable to make some bill payments. Says Detlef Beck: “Kathy and I had spoken many times during the application process. Her honesty and her determination to leave no stone unturned in her search for work were clearly evident. We have had to re-finance her loan several times because she has expanded her business faster than she originally anticipated.”

Case study: embryonics and emeralds

Civil engineer Jorge came to Canada from Colombia in 1977 to take a Master’s degree in Construction Planning and Management at Concordia University in Montreal. He met and married a Canadian citizen, and in 1982, Jorge returned to Colombia with his new family and operated a construction business for 16 years. In 1998, Jorge became ill with bipolar disorder, the Colombian economy suffered a recession, and he and his family returned to Canada, settling in British Columbia.

Jorge had long had a passion for red Holstein cattle. He had been president of the Colombian Holstein Association for six years, and when he came back to Canada, he began harvesting and selling cow embryos. He also had a secondary business buying and selling Colombian emeralds. Unfortunately, he lost a great deal of money during an embryo sale in 1999 when his illness returned and, while in a manic phase of the disorder, he gave away thousands of dollars. He then was unsuccessful in his attempts to find work in the construction industry, but he gave Spanish lessons for free over the next two years while his wife supported the family.

In 2001, Jorge heard about the ABLED program and made a successful application for funds to build up his embryonics business. He speaks proudly of his prize-winning cows – Lady and Latoya have won top prizes at international competitions – and of his dream to establish a second base of business operation in Spain. Says Jorge: “All of my past training and business experiences were reviewed when I made my business plan presentation, but the most important thing the ABLED staff gave to me was their trust. This is a wonderful organization, and even if only one business in 10 is successful, this is a very important program.”

Lessons learned, attitudes changed

ABLED staff continue to refine their lending and application process as they become more experienced with their clients. For example, they now advance funds on proof of receipts or invoices that fall within the business plan, and they are much more involved with regard to loan advances and their repayment. Says Detlef: “We have come to understand the intensive care which many loans require – not only at the business plan development stage, but also after the business has been launched.”

Education which focusses on the possibilities and opportunities of entrepreneurship has moved ABLED away from defining itself as a program, effecting an attitudinal shift in which staff refer to it as a ‘business initiative.’ The word program connotes a passive approach where outcomes are predictable. The reality of conceiving and planning a business strategy is an active process. Not everyone is prepared for the effort required to launch or expand a business, regardless of any differences in ability.

Says Detlef: “Calling this an ‘initiative’ moves ABLED into the business world and away from the social service ‘program’ mode. This may seem a minor point, but it is an important one for us and for society as a whole. Removing barriers for people with disabilities means moving from a service mentality to one that affirms good ideas on their own merits. Our fondest wish would be that the results of this work will demonstrate to everyone in the business community that entrepreneurs are entrepreneurs; they are not distinguished by their appearances, but by their abilities.”

Anne Makhoul

Anne Makhoul works on the ‘community stories’ series for the Caledon Institute of Social Policy.

Contact information

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More information about ABLED Vancouver is available on the Internet at:
www.vancity.com/link?menuId=50150

The ABLED Victoria website is at:
www.coastcapitalsavings.com/menuId/80150

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