

# NATIVE CDFIs + INDIAN COUNTRY

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## TRIBAL BUSINESS NEWS

*Special Report*

*Funded with support from:*



**W**ith this multimedia reporting project, Tribal Business News is examining the crucial role Native Community Development Financial Institutions (CDFIs) play in supporting small business formation and growth in Native American communities. This special report features conversations with Native CDFI executives, profiles of Native businesses and an online interview with an expert on Native American economies. In support of this special reporting package, Tribal Business News received a grant from URL Media, a national network of BIPOC media outlets, and the Knight Lenfest Local Media News Transformation Fund.



Levi Rickert, publisher



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## EXECUTIVE ROUNDTABLE: Native Community Development Financial Institutions discuss their place in helping Indigenous entrepreneurs succeed

Given the lack of access to capital in Indian Country, Indigenous entrepreneurs have fewer places to turn for help when it comes time to start or grow their businesses.

In a growing number of communities across the country, Native Community Development Financial Institutions (CDFIs) are stepping up to fill part of that void.

These U.S. Treasury Department-certified nonprofit lenders offer more than just loans: They often help Native entrepreneurs with technical assistance to develop their business plans, and connect them to subject matter experts to refine their ideas into viable businesses.

The work Native CDFIs provide is getting noticed, with increased federal funding set in next year's budget, which comes on the heels of additional money in recent years they received as part of various federal pandemic relief efforts.

Native CDFI executive directors also are eyeing even funds in the coming months, including a portion of Treasury's new \$1.75 billion fund targeted at minority lending institutions and the State Small Business Credit Initiative, which includes an allocation of \$500 million for tribes.

However, even with the increased federal and philanthropic funding, Native CDFIs remain resource constrained in many ways, including for so-called "patient capital" they could use to offer longer-term loans as well as unrestricted dollars to bolster their staffs to better meet the needs of Native entrepreneurs.

To get a deeper sense of the role these organizations play in small business formation and growth in Indian Country, Tribal Business News gathered a handful of Native CDFI executives for a roundtable discussion as part of a broader reporting project, which is supported by grant funding from URL Media Group, a network for BIPOC media outlets, and the Knight Lenfest Local Media News Transformation Fund.

Joining this writer and Tribal Business News Publisher Levi Rickert for the discussion were:

- Christopher Coburn, CEO of Mvskoke Fund, which serves Muscogee (Creek)



Tribal Business News convened an executive roundtable to discuss the role Native CDFIs play in small business growth and formation in Indian Country. Participating were: (top row, left to right,) Christopher Coburn from Mvskoke Fund, Cindy Logsdon at Citizen Potawatomi Community Development Corporation, Dave Tovey of Nixyaawii Community Financial Services, (bottom row, left to right) Krystal Langholz at Oweesta Corp., Pete Upton from Native360 Loan Fund and Native CDFI Network and Russ Seagle at Sequoyah Fund.

Nation citizens in Oklahoma and other Indigenous communities in an 11-county area of Oklahoma;

- Krystal Langholz, chief operating officer for Longmont, Colo.-based Oweesta Corp., a national Native CDFI intermediary organization;
- Cindy Logsdon, CEO and director of the Citizen Potawatomi Community Development Corporation in Shawnee, Okla.;
- Russ Seagle, executive director of Cherokee, N.C.-based Sequoyah Fund serving the Eastern Band of Cherokee Indians;
- Dave Tovey, executive director for Pendleton, Ore.-based Nixyaawii Community Financial Services that works with members of the Confederated Tribes of the Umatilla Reservation; and
- Pete Upton, executive director of Grand Island, Neb.-based Native360 Loan Fund Inc. and the interim director of Washington D.C.-based Native CDFI Network.

Here are some highlights from the conversation.

**In our reporting, we keep hearing that it's a good time for Indigenous entrepreneurs to start a business. Are you seeing an uptick in interest?**

**SEAGLE:** It's as good a time for an Indigenous entrepreneur as anybody. Historically, when the economy has hit a rough patch, when inflation is higher, when things are more uncertain, people who start businesses during these times survive longer and perform better. When you start out in the middle of the fire, you tend to be more creative. You tend to be a little more conservative with how you spend your money. So people are a little more thoughtful about how they borrow money at times like these.

**UPTON:** When you look at all the innovation that's going on and that has been developed through the resources that we've been able to create, technical assistance providers have a lot of innovation that we can offer our entrepreneurs that wasn't probably available

two years ago. The pandemic ... forced us to get creative. Just the realization that we can do things via Zoom is remarkable and it frees up so much time for the entrepreneurs where they're not spending two, three hours on the road, meeting with us.

**TOVEY:** We have a very small business community, probably about 32 active clients. We're seeing more people interested in joining. As we run our demographics on our community, we're seeing a lot more people moving up the chain in their respective organizations, and to me that implies a pent-up demand. So we're trying to prepare ourselves. We don't have a small-business loan product, but we've been doing small business classes for many years. So right now our main target is the State Small Business Credit Initiative.

**COBURN:** It's a mixed bag. Like a lot of Native CFIs, we have some people wanting to be entrepreneurs that aren't ready skill-wise, development-wise (or) personal financial competency-wise. We need to talk (with them) about budgets and expectations and goals ... to see what they're trying to do, (and) where they're going. So a portion of our people are that way.

#### **What are some of the key trends you're observing right now?**

**TOVEY:** Right now, tribal reservations are kind of input-output models. We have high levels of leakage. We have transfers of state and federal grants coming in, but we don't have much way to recirculate those. That's the exciting thing that (Native CDFIs) get to do. We're all interested in seeing more Native CDFIs grow. There's only 70 of us versus 500-plus tribes across the country.

**COBURN:** I do see a lot more demand for capital. Our success (over the past few years) was getting through the pandemic and helping people ...with more training and more sponsoring of things. We got noticed for standing in the gap when everybody else was losing their heads, and the need for help is huge. For my CDFI, right now, internal capacity is at the limit. I need to hire people.

**LOGSDON:** I think Christopher hit something on the head, and it's staff capacity. We're lean and mean, and we've had a credit analyst position posted since September. I've probably had seven applicants and not one is even qualified. That's a struggle.

**LANGHOLZ:** There's definitely huge growth in capital demand. Our Native CDFIs that are in our portfolio, in 2020, lent a total of \$42 million (to small businesses). In 2021, it was \$88 million. Just to contextualize, that's a lot of growth. Most of our Native CDFIs' lending historically has been around job creation and small-business creation, and that remained true. We saw 109 new Native small businesses open last year. But also in the pandemic, there was a huge (outflow)

of capital to existing borrowers to really help them stabilize and survive the pandemic and to scale up operations.

**UPTON:** The thing that I see (is) the SSBCI program. It's really forced us to break down our organizational silos and think outside of our normal operating systems. Really, our environment prior to COVID was probably pretty focused on internal (operations). But (that's changed). Today, I've literally had four different conversations with four different Tribes trying to assist them with all the funding that's coming down the pipe. It's really forced us to think collectively.

**SEAGLE:** We've seen a lot of people moving toward making money with smaller ventures, making money with their art, making money with things that they can do at home. We kind of declared 2022 "the year of the side hustle" here at Sequoyah Fund. So we're rolling out programs to help people cultivate those side hustles.

I would love for the big dollar loans to come back. But I think right now, we're just in a period where people are going to be happy if they can borrow \$2,500 to \$5,000.

#### **We've heard many examples over the past few years about Native CDFIs working together to help Native entrepreneurs. How do these collaborations come together?**

**COBURN:** I'm finding now that we're having more people that want larger deals. We've had to refer our people to other (Native CDFIs) for service. And so we're trying to grow our capacity where we can keep a piece of that and not refer all of that as we grow.

**UPTON:** It's the ecosystem in our Native CDFI world. We do a lot of referrals. We do a lot of partnerships, and it's just a collaborative effort to get funding to our end beneficiary, which is Native Americans.

**LOGSDON:** It's sharing the risk. It could be a bridge loan. We've been working a lot with Native American Bank out of Denver, and those tend to be very large deals. It can be that we're in and out in a year, but at the end of the day, we're able to get a deal done.

It's a strategy of growth for all of us to ensure that a deal gets done. Maybe your loan committee isn't comfortable with the amount. Maybe it's bringing more than one partner together to get a deal done. But at the end of the day, we want to use our Native network. It's all about the job creation and getting the deal done, and maybe that capital stack is a little more complicated than what we're typically seeing.

The Native American Business Incubators Program has been tabbed as one way to create a pipeline of entrepreneurs in Indian Country. How much opportunity do you see for your organizations to get involved in incubators?

**COBURN:** The need for an incubator is there to some degree for probably all our cli-

ents. We're kind of into a hybrid. We're remodeling a space next door to be an incubator so that we'll have three or four shared spaces that clients can come and use if they have older computers, older gear, things of that nature. They can work alongside us. But also online, we have tools available that can enhance that. It's kind of a hybrid and maybe different than what most people think of as an incubator.

**UPTON:** We've gone to ... a virtual incubation center just due to the fact we're able to provide the same type of services, but with Zoom and the ability to connect that way. It really has helped us connect to our clients when they're available. So many times with an incubation center, there's some restrictions and there's the cost of the overhead. Going virtually and being able to have the same types of services and the coaches available is, I think, a model that we're really pursuing.

**TOVEY:** Most of our clients are retail, are craftspeople, (so) we're in the midst of planning for a pretty sizable 14,000-square-foot incubator to be adjacent to our building so we can have both that hands-on constant client contact, but also as a link to our SSBCI loan product for the tenant improvements. We're right on the state highway and right off the interstate, so we're trying to configure it to where there's some real good freeway and highway exposure. But, it'll be two years in the making for us.

**SEAGLE:** We're kind of in a unique position right now. We're in the planning stages where we're trying to relocate our offices. We have a lot of programs for artists, so we're trying to come up with a way to nudge the tribe to work with us to build an art incubation space where the artists have places to work, where the public can come in and watch them work and buy their products, and that we can have some office space.

#### **Shifting gears here, Native CDFIs got a 30-percent bump in funding via the Treasury's Native American CDFI Assistance (NACA) Program for next year. That's great, but it's clearly not close to enough. What kinds of challenges around funding are you facing right now?**

**COBURN:** There's money to be had to do training and technical assistance. There's money to be had to borrow for lending capital. What there's not enough of is patient capital. We're in that pinch point. We've got plenty of clients, a giant pipeline; we can borrow money. I can't grow my staff fast enough because I can only shave a tiny percentage of this money from NACA to hire people. I can't scale up enough capacity, and the only way I can do that is with additional debt capital or go to the tribe and hope that I caught them on the right day. But basically it's just we need some sort of patient capital whether that's from a foundation or something.



**SEAGLE:** We are all resource constrained. We are all small. We are understaffed. We are doing heavy lifting with important work in small communities and we have to stop what we're doing once a year, or we have to throw a lot of money at grant writing. I'm not a grant writer. We have to farm that out, so we have to use precious capital to hire somebody to write a federal grant for us. ... If we had a block grant program where the Treasury said, 'You're certified, we're going to give you this money, and then if we don't like what you give us in your report, we're going to claw some of that money back or there will be other repercussions,' I think it would be more efficient for us, more beneficial to our communities, and it would be cheaper for the government.

**What are some of the creative ways you're finding to help bolster your financial positions or access that patient capital?**

**LANGHOLZ:** We are the 'hub' to our 26 Native CDFI 'spokes' through the SBA Community Navigator Program and have tried to do our very best. It's always difficult to be an intermediary on federal money, because if I had all the resources in the world, I'd be like, 'Here's your very flexible capital, do whatever you want with it.'

Unfortunately, that's not how federal money works. But we've tried to structure it to be as flexible as possible so that when our Native CDFIs are providing technical assistance over the next two years, we will be contracting them to do those services in their communities.

**UPTON:** The brilliant thing that (Owesta) did with the program is it's a contract, to where the money that we receive through this grant comes to us as earned income. It's just a flat \$120 per hour. What it does, it increases our self-sufficiency ratio, because we have earned income coming from this program. It's one of those metrics that's very important to a lot of funders, so it really strengthens the core of our foundation for Native CDFIs. It could have been just another grant, but it was positioned as earned income. To me, that was a brilliant move.

**The Treasury's SSBCI program also has received its share of attention from Native CDFIs as a potentially large source of funding, but it would require a partnership with a tribe to access it. How are you looking at this opportunity?**

**TOVEY:** We don't have a small business loan product, (but) it's the one source we can tap to set it up. We're also working on a regional model through the 18 affiliate tribes in the Northwest Indians Economic Development Corporation.

I've got to give a lot of credit to the Treasury folks for being so patient and pushing back some of the deadlines and just having weekly meetings with us. But even so, I still have to say that this is a program that's been shoehorned into Indian Country. It was designed for states, and at our scale it's just a little bit of a challenge to make it fit. If there's any comfort I've found throughout, it's that everybody is equally confused and fearful. We're going to keep soldiering on and try to do what we can with it, because it is so critical to where we are in our growth.

**UPTON:** There's a lot of challenges, but I think it comes back down to you've just got to be persistent. In my region, it's just continuing to have that dialogue and trying to find something that's workable.

I think more than anything, the tribes that I'm working with currently all sense the complexity of it, because it's a 10-year program and there's going to be governmental changes within that 10 years. It may be that it's good today and in five years, a new government steps in and they don't want to continue. But I think it's a great opportunity, and I think both sides have to give a little bit.

**As you look ahead to the remainder of this year, what do you see as your single largest challenge for each of your organizations?**

**SEAGLE:** For us, it's physical capacity. We need more people, but in order to bring more people here, I need more office space, which means we've got to relocate. I have a relocation committee, a subset of our board that is working diligently on trying to work with the tribe on available space. Do they want to try to give us land and build something or do we just need to rehab an existing building right now? It's up in the air. But if I brought somebody on tomorrow, I don't know where I'd put them.

We've got to have the space to be able to put in the people. Once that challenge is solved, we'll have this nicely built rocket. We just got to keep fueling it.

**LANGHOLZ:** Keeping up with our growth really is our challenge. We've added so many staff positions. We've basically doubled in size since the start of COVID and we're still in that process, just trying to deploy capital as quickly and effectively as possible to our partners. I also think part of it is there's so many federal resources out there, there's so many new philanthropic resources that are out there. The creativity that you have to do to apply a program that wasn't designed for Native communities and to translate that into Native communities requires a lot of time and energy and effort. I will say that I've been working and serving with Native CDFIs for the last 15 years, and I would much rather take challenges related to growth and opportunity and abundance than I would scarcity.

**UPTON:** For the Native CDFI Network, we're on the road to becoming an intermediary funder ... so we've got to focus on what the Native CDFI Network wants to do in becoming that intermediary. Most of all for the Native CDFI Network, it is being very flexible and then being able to act quickly. We learned that through COVID, and now we're facing the gas prices, we're facing the war in Ukraine and all that affects everyone. It affects our communities, whether we like it or not.

We have to remain at the table with the tribes to try to figure this SSBCI out, because it was intended for the beneficiaries, which are Native entrepreneurs, our Native citizens. We have an obligation to them to figure out a way to make the SSBCI work. That's probably one of the biggest inflows of money into Indian Country that I've seen for small businesses, so we have to find a way to make it work.

**Let me finish on this note: What do Native CDFIs bring to clients versus what they might get in a traditional banking relationship?**

**UPTON:** What Native CDFIs bring is the flexibility and the ability to work with the client to set them up to succeed. Because there's nothing worse than getting into a loan that you're forced into and you can't make the payments. You're immediately set up to fail. What we try to do is set our clients up on a payment schedule and terms that allows them to succeed. Really, Native CDFIs just bring a lot of hope and we're going to find a way to make it work and we set them up to succeed. We don't want anybody to fail.

**SEAGLE:** It seems like a bank (requires) a thousand reasons to say yes, but only one reason to say no. We're the exact opposite. We put ourselves in our client's shoes to see their needs from their perspective. It just comes down to empathy. We're not just in the community, we're part of it, and whatever they're going through, probably we've gone through it too on some level.

**COBURN:** I think the biggest thing is Native people value community, and we value the individual ... if they're a good person, we try to find a way to point them to help. That's not to say we're charities — we aren't. We've got to make money, but hopefully we're doing enough deals that make money that we can have some capital to take some risk to really make some difference in people's lives.

The main thing is we care about our people. This is community-driven, values-driven. Natives take care of Natives. But we can't say yes to dumb decisions, so we've got that balance. We got to be a good business, a great financial institution. I tell my board and our council that we've got to be the best bankers possible so we have enough cash to do these things nobody else can do to help our people. ■

## Entrepreneur taps into Native CDFI to scale up from a hobby to full-time business

HERMON, Maine — When it came time for civil engineer Troy Devoe to expand his screen printing hobby into a full-time business, he turned to a familiar financial adviser for help.

The Passamaquoddy Tribe member previously worked through Four Directions Development Corporation in 2004 to buy his house in Hermon, Maine, about 10 miles from Bangor. He knew the Orono, Maine-based Native community development financial institution (CDFI) also helped Native entrepreneurs start and expand their businesses, so he reached out to see if they could help him get the financing he needed to translate Evolution Graphix LLC into a full-time business.

“I had a little shop in my garage. When we decided we wanted to actually go into this type of business full bore and really give it a shot ... I talked to Four Directions to see if we could get a loan to build a bigger building,” Devoe told Tribal Business News.

The bulky printing equipment, vinyl cutters and embroidery machines Devoe and his fiancé needed to ramp up Evolution Graphix’s business required a dedicated facility.

“We were full. There was no other room,” he said.

Devoe picked up the idea behind Evolution Graphix a few years ago while on a weekend motorcycle trip to Old Orchard Beach in southern Maine. There, he observed how the local shops would make custom screen printed shirts on demand for visitors to the tourist area.

Seeing a business opportunity, Devoe went back to school while working full-time at the Maine Department of Transportation to earn a one-year certificate in graphic design from Eastern Maine Community College.

“I took that step to further my ability to do what I wanted to do,” Devoe said.

Still working as a full-time civil engineer, Devoe went on to register his LLC in 2017 and added various pieces of equipment to the growing business. Still in the hobby phase, Devoe designed and made shirts mostly for friends and acquaintances who had ideas for quick projects.

“From there, I just continued, and we’ve grown it slowly,” he said. “We’ve taken our licks learning stuff and things like that, messing up, making mistakes as you go. But like any growing business, we just kept pushing forward and we’re doing pretty well right now.”

As Evolution Graphix itself evolved, Devoe found himself bitten by the entrepreneurial bug and decided to pursue the business full time. His main constraint was a lack of space.

Working with Four Directions, Devoe secured a \$50,000 loan toward building a 30-foot by 60-foot shop. The building, which opened last November, also has an upstairs area over half its footprint to give him additional room to grow and expand.

“I needed this building,” he said. “If we wouldn’t be able to get the building up, then we wouldn’t be where we’re at. We’d still be doing the same couple of things we did and be very small production.”

The company cut its teeth with orders from local fraternal groups including the Shriners, Masons and the Widow Sons motorcycle club, all of which Devoe was a member. He’s since expanded into serving other lodges, and through word of mouth and search engine optimization has picked up orders from small businesses in the area.

Today, with the added space and additional equip-



Troy Devoe turned a screen printing hobby into a full-time business known as Evolution Graphix LLC in Hermon, Maine. (Courtesy photo)

ment, Evolution Graphix also has ramped up to accommodate larger orders, with runs of up to 400 pieces. The company has expanded its capabilities in embroidery, sublimation, and laser cutting and etching, working with materials ranging from tumblers to wood items to leather, in addition to the typical shirts and hats.

Devoe also branched out into other customized products, including cornhole boards and bags.

“I’m in the process of making some Native shirts and designs. There’s a shop over in Old Town that sells Native stuff and I’ve worked out a deal with them to put some of my stuff over there, which is right next to Indian Island,” Devoe said, noting that he’s also adding a dedicated space on the Evolution Graphix website to sell the products.

One differentiating factor for Evolution Graphix is the personal touch when working with clients and the company’s quick turnaround time, he said.

Devoe credits receiving the loan from Four Directions and building the new facility for the company’s growth.

“They were willing to look at what I wanted to do and work

with me to get that,” he said. “We got a business plan together. They helped me with the direction to get that together, and they were actually interested in what I wanted to do.

“I think it’s a little bit of a slower process than if I had gone through a bank, but they’re right there to work with you all the way through it and help you out with any questions. They pointed me in the direction to help get a business plan and different things that I needed.”

A consummate entrepreneur, Devoe already has his eyes set on the next phase of the business, where he’d be able to step out from running the day-to-day production, begin employing people and then oversee the business while he pursues another passion in real estate.

With Evolution Graphix, he hopes to create something lasting that his children could one day take over.

“I’m always looking to do something to expand,” Devoe said. “For my kids, I want to make a business that they can carry on in and hopefully they’ll work in and I’ll leave them something behind, which is something that I never had.” ■

## Native CDFIs partner to help Oglala Sioux serial entrepreneur acquire Nebraska theater

ALLIANCE, Neb. — Serial entrepreneur Edison Red Nest III elevated his family's passion for movie nights to the next level.

The Oglala Sioux Tribal member took a chance on an opportunity to buy the Sandhills Drive-In in Alliance, Neb. in the fall of 2019 and then followed it up last November by acquiring Alliance Theatre.

While Red Nest said he always hoped to be in a position one day to acquire Alliance Theatre, the pandemic “sped things up” and caused the movie theater’s former owners to tap out given the effects of the pandemic on the industry.

“Originally, we were thinking about purchasing the movie theater after another five years, but the owners were looking at getting rid of it and getting out of that business,” Red Nest told Tribal Business News.

After submitting an offer and a counter offer, the former owners, GEJU Theatres, agreed to sell. However, Red Nest still needed to line up all the financing. That’s when he turned to Kyle, S.D.-based Lakota Funds, a Native community development financial institution (CDFI).

His location in the middle of the Nebraska panhandle posed a challenge since it was outside of the typical service area for Lakota Funds, which serves Native Americans on and around the Oglala Sioux Tribe’s Pine Ridge Reservation. However, Lakota Funds found a way to help Red Nest finance the deal by partnering with Native360 Loan Fund Inc., a fellow Native CDFI based in Grand Island, Neb. From start to finish, the deal took about five weeks to complete.

Rather than roll the dice with a large corporate bank, Red Nest thought he stood a better chance to work with a Native CDFI on what proved to be the largest credit application he’s made so far — certainly a far cry from the small credit union loan applications he’s done in the past.

“I drove it all the way up to the reservation and handed it to (Lakota Funds Loan Officer) Tony Taylor, so we had the meeting right there,” he said.

Red Nest said his situation offers an example of how Native-led CDFIs provide credit that’s often difficult to obtain otherwise, even when an application doesn’t fit their conventional criteria.

“The relationship with Native360 and Lakota Fund has been nothing but helpful, especially with things like funding, but also following up and asking if there’s anything we need and helping us make different connections with people regarding the business,” Red Nest said.

Acquiring Alliance Theatre provided Red Nest and his wife and business partner, Courtney Red Nest, with the chance to show movies year round. While Sandhills Drive-In stays open from April to October showing second-run movies, Alliance shows first-run films all year.

The Red Nests employ five people at Alliance Theatre and have focused their recent efforts on rebuilding a traditional projector for use in the main theater. Sandhills Drive-In employs an additional three people.

So far, Red Nest said the investments are paying off. While the couple entered into a 15-year loan with Lakota Fund



Alliance Theatre in Alliance, Neb. (Courtesy photo)

and Native360, their current level of business could enable them to pay it off in three.

“That’s part of our five-year plan, paying the theater off,” Red Nest said.

### Getting over past prejudices, mistakes

That a Native-owned business is growing in the middle of Alliance shows how far the area has come since its days as a “sundown town” in the 1950s, when Native Americans weren’t allowed in city limits at night, according to Red Nest.

“If you weren’t white, you had to get out of Alliance at sundown back then. They would have police patrolling the bridges, making sure that Indians didn’t cross that bridge,” Red Nest said. “There were signs around town that said, ‘No Dogs, No Indians.’ We were treated less than the dogs, really.

“Owning the theater being a Native person and a Native family is a big deal as far as the community. It gives a good outlook on Native Americans.”

The successful business enterprises he’s built in the city also serve as a demonstration of the progress Red Nest has made since serving time in prison for dealing cocaine.

“I used that time in prison to really learn about the culture, learn heritage, a little bit of language, a little bit of song and craft — whatever I could,” he said. “Whatever I was exposed to in there, I soaked it in with the idea of giving back as soon as I got out.”

Prior to his incarceration, Red Nest said he “was just taking and not really giving back. That weighed heavy on me, so I started

looking for some sort of redemption and how I could give back.”

After his release, Red Nest dove headfirst into his culture, joining drum groups, learning his language and working with other Native organizations, which eventually culminated in him forming Native Futures.

The for-profit Native Futures provides contract services for organizations that help Native Americans. Participants in Native Futures’ programs get access to drum circles, talking circles, and language classes that helped bring Red Nest back into his culture. Contract clients include Nebraska’s Department of Health and Human Services, as well as Nebraska’s Judicial District 12, where the company provides probation services.

But the serial entrepreneur’s roots in the local business community run deeper still. In Alliance, he also owns a bespoke bike taxi transportation service and a food truck, plus a youth lacrosse team.

With all of those ventures under his belt, Red Nest has three pieces of advice for up-and-coming entrepreneurs: stay sober, find your passion, and take advantage of the resources that are available, including Native CDFIs.

“They gave me hope,” Red Nest said of Native CDFIs. “I was able to say that yes, we just might get this loan, whereas at a regular bank, we’ve been denied simple requests like car loans before. These CDFIs are advantageous for Native Americans. It would be great if there was more awareness, more exposure about resources like this, because there are a lot of Natives who want to do better.” ■



## Native trucking company credits First American Capital Corporation for rebirth, expansion

MILWAUKEE, Wis. — After a year out of work due to a bad injury in 2005, Norman Kitchenakow lost his independent trucking business, his house and all the good credit he'd built up to that point in his life.

Sidelined in a wheelchair by a broken knee, Kitchenakow (Menominee Tribe) watched his life's dream of owning his own truck and being his own boss vanish in front of his eyes. Once he healed up, he took a welding fabrication job for Milwaukee County and spent years working diligently to repair his credit.

"When I say my credit was trashed, I don't think anybody would've touched me," Kitchenakow told Tribal Business News.

As Kitchenakow built back his credit, he got the itch once again to start an independent trucking business. A couple of calls to his tribe led him to connect with First American Capital Corporation, a Native community development financial institution (CDFI) based in the Milwaukee suburb of Hales Corners. There, he linked up with the late Craig Anderson, the organization's co-founder, to discuss his plans to get back into trucking.

"When I originally went in there, I told Craig what my credit rating was and he was like, 'Well, that's what we're here for is to help community members that are unfinanceable. We give them a second chance,'" Kitchenakow said.

Working with First American Capital Corporation for

technical assistance, Kitchenakow went deep into the details of developing a thorough business plan that outlined his path forward to starting his own business, NJK Trucking LLC.

"It was quite a long process, but it was as much to help me understand what I was getting into as it was for them to know that I knew what I was getting into," he said, noting that he learned a lot about business ownership by going through the process.

"The paperwork is important when it comes to business. Not that I didn't know that already, but it actually did make me really look at the fine details of the business and come up with a better plan from what I had previously when I was in business. ... As much of a pain in the ass as the business plan is, it is such a big help. That's one of the biggest things that they ask you to do, but it's also the biggest thing that's going to help you."

Kitchenakow worked with First American Capital Corporation to purchase his first truck in 2018. Today, he owns a tractor-trailer with a dump trailer that he uses to haul aggregates and bulk materials for various customers in Wisconsin and out of state.

But First American Capital Corporation's help didn't stop once Kitchenakow signed the initial loan documents. He's worked with the Native CDFI for several loans now, and the team currently is assisting him in the pursuit of a disad-



Norman Kitchenakow (Menominee Tribe) worked with First American Capital Corporation to rebuild his credit and start NJK Trucking LLC. (Courtesy photo)

vantaged business enterprise (DBE) designation to help NJK Trucking better access work with local governments.

He's simultaneously applying for DBE certifications out of state to potentially pick up larger jobs alongside the company whose aggregates he typically hauls.

"The first application is a pretty long process. There's just an ungodly amount of documents that they want uploaded," Kitchenakow said. "The reason why it is so difficult to get your DBE is a deterrent: People that aren't serious about it aren't going to apply for it. They're not going to go through the whole process."

As well, Kitchenakow is working with executives at First American Capital Corporation to expand his business with another truck and trailer. He said his business plan for NJK Trucking included eventually adding additional trucks, a step that he got serious about after a friend turned him on to an opportunistic deal for some used equipment.

Kitchenakow credited the entire team at First American Capital Corporation for going above and beyond in helping him find ways to grow the business.

As well, adding trucks also fits in with NJK Trucking's pursuit of the DBE certification.

"With me having one truck, having that DBE really isn't very beneficial for me, but with me starting to expand, I could start

bidding on some of the work for the city of Milwaukee, for the County of Milwaukee, for (the Department of Transportation), that type of stuff," he said. "They want you to bid on all of the trucking, not just one truck's worth. The more trucks you have the easier it is for you to get that type of work."

Kitchenakow hopes one day to grow the business to the point that he could open a northern Wisconsin location near the Menominee Indian Reservation in Keshena so he can help train younger Native Americans to drive and offer them a path to decent employment.

"Or if they don't want to work for me, they go somewhere else. But that was my goal, to give some kids some hope to do something other than what they have going on up there," he said.

Kitchenakow credits the assistance First American Capital Corporation has provided at every step of the way for helping position him achieve success with NJK Trucking.

"Without them, I would've never been able to get back into business. To be honest with you, I think I would still be working for another employer," he said. "The thing about First American Capital Corporation is they are so willing to help people out. If you're serious about it and it is a good thing for you to be doing and there's a strong possibility of success, they'll go 100 percent to help you out to try to get you there." ■



## HeSapa Enterprises founder credits Native CDFI for early successes, expansion

RAPID CITY, S.D. — Walt Swan Jr. says his “ugly mug” adorns the front of the South Dakota Economic Impact Report from Google because of advice he received from the Four Bands Community Fund.

Swan, a Cheyenne River Sioux tribal member who helps run HeSapa Enterprises LLC, said Four Bands advised him to buy HeSapa’s website domain for two years, which helped raise the company in Google’s algorithm and improved their online presence.

Four Bands Community Fund “has helped us in so many different ways,” Swan told Tribal Business News. “We’re on the front of that report and that all goes back to that little bit of information.”

Founded in 2015, Rapid City, S.D.-based HeSapa Enterprises provides screen printing, engraving, embroidery, knitting, and sand carving services. The business had been a part-time family business, but it eventually expanded twice into the full-time, growing enterprise it is today.

Eagle Butte, S.D.-based Four Bands Community Fund is a Native community development financial institution (CDFI) that provided capital, technical assistance and advice to HeSapa Enterprises that have proven “invaluable” to the business’ growth, Swan said.

Native CDFIs play a key role in helping to address the chronic lack of access to capital in Indian Country. Building culturally competent institutions within the communities they serve can address issues ranging from lending to Natives who often cannot offer

land collateral to reaching rural communities frequently left out by more traditional banks.

In the case of HeSapa Enterprises, Swan engaged with business development professionals at Four Bands to help the business grow and evolve.

“They helped us with the application to try and get some things started, and we had to go through all the training and courses,” Swan said. “We talked about all these things that were significant to us as a business that we didn’t even know existed.”

Swan pointed to lines of credit as an example. Prior to working with Four Bands and eventually locating a local bank that worked well with HeSapa’s business model, the printing company was limited to smaller orders with lower upfront costs.

With Four Bands’ technical assistance, Swan learned how to take out lines of credit to help absorb the upfront costs of larger orders that would make a significant return on investment.

“When we started to get bigger accounts, it was costing us \$2,000 or \$3,000 to make some of these. It was hard to get those started,” Swan said. “Learning how to secure and then understanding what to do with a line of credit allows us to make bigger purchases for bigger clients, and then make that money back and pay the line of credit and still operate our business.”

Swan credits the technical assistance as being as valuable as the initial loan Four Bands provided.

“They’ve helped with all kinds of things, especially through the pandemic. They



told us about grants that were available, and applied it to our loan balance. We started with a hefty loan balance, and now we’re paying it off quickly,” Swan said. “They had really great insights into what we should do to expand our business, what kind of new equipment we should get.”

Swan contrasted his experience with a Native CDFI with his attempts to work with larger banks, where he felt mistreated and unseen. Larger banks’ inexperience with Native customers — and a gulf in expectations between the two parties — contribute to credit access issues in Indian Country, as Tribal Business News previously reported.

Swan found many of the banks to be impersonal at best and discriminatory at worst. The larger banks may have “a flashy appeal, but you get in there and it’s dog-eat-dog,” Swan said. “There’s also that racist piece to it, where they see that you’re Native and they start you on these lower rungs.”

Engaging with Four Bands, however, meant working with other Native Americans who had a better cultural understanding and a stronger relationship with their surrounding communities, Swan said.

“You get to speak to (Four Bands Executive Director) Lakota Vogel,” Swan said. “She’ll make time. You go in there and she’ll come out of her office and talk to you. That’s a huge difference.”

Swan said he would “absolutely advise” Native entrepreneurs to seek out Native CDFIs like Four Bands while trying to start businesses. Starting out with a Native lender can help set expectations and provide burgeoning business owners with a clearer understanding of how to operate their new venture.

“It’s like a lender with a heart — they look out for you. It’s not like they just sit around and take your money,” Swan said. “That’s our experience with Four Bands. They’ve been really good to us.” ■

## VIDEO INTERVIEW:

# Kunesh weighs in on Native CDFIs' role in helping Native entrepreneurs access capital

Patrice Kunesh has a unique perspective on the effects that Native community financial development institutions have across Indian Country.

As the founding director of the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis, Kunesh helped develop some of the foundational research on Native CDFIs that demonstrates their value for small business formation and growth within Native communities. She

went on to found and serve as director of Pe'hín Haha Consulting, a social enterprise focused on policy, advocacy and leadership for Native community building.

Last year, President Biden appointed Kunesh, who is of Standing Rock Lakota descent, to the Community Development Advisory Board, where she serves as a voice for Native Americans and advises on policy issues for the Treasury Department's CDFI Fund.

Kunesh joined Tribal Business News via Zoom for a conversation about what Indigenous entrepreneurs need to understand about Native CDFIs' role in accessing capital and how they differ from traditional banks. She also offers her outlook on federal funding levels for Native CDFIs and provides some advice to tribal leaders who may be considering starting a new CDFI, or supporting an existing one.



## WATCH HERE



<https://www.youtube.com/watch?v=pysGB7onnNE>

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