

I. Organization Background Information

Name of Organization:

Grupo Guayacán, Inc ./ EnterPRize Events, Inc.

Mission Statement:

Please limit to 1000 characters. Please be aware that your content may be truncated if you are pasting from another source.

Grupo Guayacán, Inc. (GGI) was founded in 1996 as a private-sector driven nonprofit organization with a unique model that couples private equity investment with a series of programs aimed at developing, strengthening, and advancing PR's entrepreneurial ecosystem.

Our mission is to foster, promote and develop a vibrant market for private equity in Puerto Rico (PR) together with a rapidly growing community of global entrepreneurs and global ventures. We advance our mission through a portfolio of capacity building programs designed to serve businesses at different stages of growth. Our programs offer entrepreneurial education workshops and activities, mentoring and coaching opportunities, and access to early-stage seed capital.

Through our work, we aspire to build an entrepreneurial ecosystem that develops global entrepreneurs and global ventures to be an engine of socioeconomic growth for PR.

Overview of Organization:

Please limit to 2500 characters. Please be aware that your content may be truncated if you are pasting from another source.

For 23 years, GGI has been a leader in the local entrepreneurial and access to capital ecosystem. Since 2005, GGI carries out its educational and developmental mission through EnterPRize Events, Inc. (EEI), its 501(c)(3) affiliate. EEI serves the local entrepreneurship ecosystem through a portfolio of entrepreneurial development and education programs that support ventures at different stages of growth, from idea, to start-up, and growth, including: (1) I-Corps Puerto Rico: a customer discovery bootcamp that helps teams of innovators and entrepreneurs validate their business ideas. Throughout its 8 cohorts since 2015, the program has graduated 120 teams which have raised over \$9.5M to continue developing their ventures; (2) EnterPRize: a business building competition which provides education, mentoring, and equity-free capital to its winners. Since its launch in 2005, it has served over 2,000 participants and granted more than \$1.3M in seed capital; (3) IDEA: a seed investment fund, the first of its kind in Puerto Rico, which provides up to \$225,000 in funding, through a phased investment process, to early stage innovative ventures in Puerto Rico. The fund was launched in 2016 through a partnership with Banco Popular and several local angel investors and has made 10 investments to date; and (4) the Guayacán Venture Accelerator (GVA): An executive-level entrepreneurial education program for established companies seeking new growth opportunities. Since its first class in 2010, the GVA has impacted 100 local businesses representing more than 7,000 jobs.

Over the past two years, after the devastating impact of Hurricane María, we have redoubled our efforts to support the local small business community on its road to recovery. Through this period, we have supported 175 local businesses throughout 31 municipalities, including: 42 business ideas, 100 start-ups, and 33 established companies. These businesses have significant local economic impact, representing over 2,500 jobs and \$250M in annual sales. Half of them were founded by women entrepreneurs, and they represent a wide variety of industry sectors, including technology, healthcare, retail, agribusinesses, and services. Thanks to the support of a wide network of collaborators within and beyond Puerto Rico, including representation from local banks, we were able to restart our programs shortly after the Hurricane and provide over \$1.2M in seed capital and relief and recovery grants.

Website:

www.guayacan.org

II. Proposal Contacts - Please enter information for the Primary and Secondary Proposal Contacts

Primary Contact

First Name

Laura

Last Name

Cantero

Title

Executive Director

Email Address

lcantero@guayacan.org

Phone

787-461-4858

Street Address

268 Ave. Luis Muñoz Rivera, Suite 1004

City

San Juan

State

Puerto Rico

Zip

00918

Secondary Contact

First Name

Gabriela

Last Name

Alvarez

Title

Strategic Development Manager

Email Address

galvarez@guayacan.org

Phone

787-614-0810

Street Address

268 Ave. Luis Muñoz Rivera, Suite 1004

City

San Juan

State

Puerto Rico

Zip

00926

III. Proposal Information

Proposal Title:

Puerto Rico Start-Up Loan Fund

Support Request (check all that apply):

Loan, Investment/Grant

Requested Dollar Amount:

\$1,250,000

Please list other Significant Partners in the Proposal:

We propose to launch the Puerto Rico Start-Up Loan Fund as a complement to increase access to capital for the winners of our yearly EnterPRize Competition. As such, investors and supporters of this new fund will become collaborators of a well-established small business support platform with a 14-year track record. The competition is a prime example of collaboration, bringing together stakeholders from the private, public, and nonprofit sectors as sponsors, mentors, coaches, and program instructors.

While GGI is the main sponsor of the competition's top 3 prizes (totaling \$50,000), we have recruited a broad group of 25+ sponsors for industry-specific Special Track Prizes (totaling over \$130,000 in cash and over \$250,000 in in-kind support). These sponsors include Puerto Rico's 3 local banks (Popular, First Bank, and Oriental), multinational corporate players (Assurant, Walmart, Liberty, TOTE), large local companies (Caribbean Produce, MCS, Grupo Ferré Rangel), and foundations (Fundación Angel Ramos, Titín Foundation, Fundación Segarra Boerman), among many others.

The competition is also sponsored by the Puerto Rico Industrial Development Company (PRIDCO), a government corporation which is part of the Department of Economic Development and Commerce.

Proposal Description:

Please limit to 2500 characters. Please be aware that your content may be truncated if you are pasting from another source.

We propose to launch the Puerto Rico Start-Up Loan Fund to provide accessible, flexible financing to local start-ups that are winners of our yearly EnterPRize Competition. The Fund would provide loan capital to match the prizes attained by competition winners, enabling us to double our impact on these small businesses. This initiative would allow us to advance our mission of increasing access to capital for entrepreneurs in Puerto Rico by building on our track record and expertise on small business development and funding for emerging ventures.

Through an investment in the new Start-Up Loan Fund, financial institutions in Puerto Rico and the United States would be able to impact a new population of emerging small businesses that are likely not part of their current constituent base, but which may grow to become future customers with expanding capital and banking needs. Supporters will be able to leverage their impact by contributing to an existing and proven platform of start-up support, such as the EnterPRize Competition. They will also gain access to a significant pipeline of vetted entrepreneurs that have gone through the competition's rigorous process which includes a robust entrepreneurial education curriculum, ongoing coaching, and mentoring, and post-program support. The Loan Fund, acting as a co-investor, would make microloans available alongside the equity free seed capital that is awarded through competition prizes. For example, a second-place winner who receives a \$15,000 prize award could receive a microloan for up to the same amount, for a total investment of \$30,000. Prize awards are grants but subject to the approval of a milestone and use of funding plan that is developed in collaboration between the GGI program management staff and the small businesses and would also serve as part of the due diligence and underwriting processes for the new Fund.

Through our proposal for Investment Connection, we seek to establish partnerships with financial institutions that can provide up to \$1M in seed funding to capitalize the new Start-Up Loan Fund and \$250,000 in grant capital to cover start-up, launch, and ongoing operational expenses. We estimate that a \$1M fund would allow us to impact local start-ups that are former or future winners of the EnterPRize Competition. We plan to focus on the 5 cohorts that comprise the winners from 2017 to 2021 and estimate annual deployment capacity at approximately \$200-\$250K per year.

Issues Addressed (check all that apply):

Asset Building / Financial Access, Capability and Empowerment, Community Development
Finance, Disaster Relief, Small Business Development / Microlending, Workforce Development /
Economic Development

If your project affects multiple states or counties, please use the CTRL key to multi-select.

Geographic Impact

State-wide

U.S. States & Territories:

Puerto Rico

Population Served:

Please limit to 500 characters. Please be aware that your content may be truncated if you are pasting from another source.

We will target emerging small businesses (up to 5 years old) at the pre-revenue or early revenue stage with a validated product/service and existing prototype or minimum viable product. We anticipate strong participation from the technology, agriculture and food, services, and retail industries. These companies are usually limited in their access to traditional financing sources; the new fund seeks to bridge this gap. High potentials will be identified through the EnterPRize Competition process.

Population Income by Area Median Income (AMI) and other identifiers (percentage of Free and Reduced Lunch for youth or designated "Disaster Area" or designated "Distressed or Underserved" served by proposal:

Our proposal will support underserved small businesses around the island of Puerto Rico which face significant challenges given that they operate within a severely depressed economic region limiting their access to capital and growth opportunities. For this reason, nearly 98% of the island has been designated by the United States Congress as an economically distressed area for the Opportunity Zone program. Additionally, these companies are also geographically and culturally disconnected from opportunities in the mainland United States, further restricting their potential.

Many of these small businesses are led by professionals that are either significantly underemployed, or even unemployed, and who have decided to start a company as a way to create new opportunities for themselves, their families, and their communities. Puerto Rico must support and retain this significant pool of talented individuals who have decided to put everything at risk in order to launch new ventures. Programs and initiatives that support and nurture emerging businesses are one of the ways we can reduce and revert the brain drain that has plagued Puerto Rico for over a decade.

Furthermore, many of these small businesses, and their founders, were significantly impacted by the devastation brought by Hurricane María. Those that were in operations back in 2017 had to survive incredibly challenging times where every aspect of their business model came under stress, while many other businesses arose from the needs that were made evident after the Hurricane.

Anticipated Outcomes/Impact:

Please limit to 2000 characters. Please be aware that your content may be truncated if you are pasting from another source.

We expect the Puerto Rico Start-Up Loan Fund to serve as a new driver of economic opportunities for high potential emerging small businesses that can positively impact and shape Puerto Rico's future. By increasing access to capital for these high potential start-ups, we expect to see accelerated growth and a faster achievement of key milestones. In turn, this faster growth will result in increased revenues, the creation of new jobs, and the opportunity to raise additional capital as needed.

In the short term, the main impact of the new fund will be to double our capacity to offer seed funding to the winners of the EnterPRize competition. This additional source of capital will help us "double down" on our high potential ventures, allowing them to accelerate their development and growth plan. Through this process, we expect to (1) generate increases in key metrics such as sales revenue, jobs, and expansion opportunities, (2) support small businesses through difficult early stages so they can become established companies with access to traditional financing alternatives, (3) engage new funders and financial institutions to support emerging small businesses, and (4) create material economic impact for Puerto Rico through entrepreneurship and innovation, resulting in a more sustainable and resilient economy for all.

The companies that receive financing will also benefit from a platform of entrepreneurial support services, including: (1) educational opportunities, (2) ongoing coaching and mentoring, (3) milestone and use of funding tracking, and (4) access to our in-kind service provider network.

Lastly, the Fund will bring new opportunities for diversification and greater impact for the financial institutions that support it. By helping to seed and support these emerging companies, investors will have access to a curated pipeline of high impact companies which can grow into a new base of clients as they continue their development.

Describe evaluation methods used to measure success:

Please limit to 2000 characters. Please be aware that your content may be truncated if you are pasting from another source.

high potential entrepreneurs that are winners of the EnterPRize competition. We define success as being able to accelerate the growth and development of these small businesses by doubling the amount of capital we can put to work immediately after the competition concludes. As a result of this process, companies will be faster in achieving “bankable” status, able to access traditional sources of financing for their continued growth. In order to ensure transparency with our funders, we will closely monitor our progress and key metrics with a commitment towards impact.

As is the case with our seed capital awards, recipients of microloans from the new fund will be subject to an ongoing support and monitoring process that will allow us to closely track their progress, flag issues before they become big challenges, and obtain data to measure our impact. As part of the due diligence and underwriting process, we will identify the key milestones and performance indicators that are most relevant for each company, in addition to a set of overall indicators that will be tracked for all. We plan to document this process with a set of company-specific documents, including: Milestone Plan, Use of Funding Plan, Financial Metrics, Repayment Schedule, and Impact Metrics.

Evaluation methods will include: (1) compliance with design and delivery of the milestone and use of funding plan; (2) quarterly progress reports including updated financial and operational information; (3) before and after evaluation of key company impact metrics (sales, jobs, profitability, etc.); (4) fund-level metrics including number of applications, loans provided to date, active clients, average loan per client, etc.; and (5) fund-level financial performance indicators such as portfolio yield, return on assets/equity, loss/default/delinquency rates, etc.

Project time frame - Is your request for an existing or new program?

New Program

IV. Submit Supporting Documentation - Please attach your most recent audited or reviewed financials in PDF format to this proposal application. Your proposal application will be considered incomplete until the appropriate financial documentation is provided. By submitting a proposal application you agree to share with the Federal Reserve information regarding connections that were made with funders regarding the proposal or other work your organization conducts that was identified by a funder that used the Investment Connection platform. After you submit a proposal application, we will follow up with you to see if Investment Connection was helpful with your informational and business needs.

Upload your most recent audited or reviewed financials

(for internal uses only)

Audited Financial Statements 2018 - Grupo Guayacán, Inc. + EnterPRize Events, Inc..pdf

V. Other Supporting Documentation - You may submit a photo (jpeg) and/or a video (mp3 or mp4) that helps describe your proposal. (information available to funders)

Upload a picture or video that helps describe your proposal or organization

(information available to funders)

Ishmael Lebrón (Zomio) Video Testimonial 2019.mp4

Upload additional picture or video

(information available to funders)

Guayacán's 2018 Year Recap.mp4

Add any additional links to supporting documentation

(information available to funders)

Our Impact: 2 Years After María (<https://www.guayacan.org/tag/impact-report/>)

VI. Disclaimer - The Federal Reserve Banks do not endorse or make any representations as to the propriety or suitability of organizations, investments or programs listed. Organizations should perform their own due diligence before engaging in any transactions with these entities to ensure that any such transactions meet the organization's objectives.