

FINAL PROJECT REPORT

COMMUNITY TRUST, INC.

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INTRODUCTION

My project involved working with a newly formed group, Community Trust, Inc. The group was initiated in response to the rapid collapse of small, local banks in the Northampton area. Perhaps the most dramatic example of this early 90's activity came when a local bank, Heritage/Northampton Institute for Savings, was acquired by Fleet Bank. During the four month period between the announcement of the acquisition and the actual take over, thousands of depositors pulled a total of 36,000 accounts from the soon-to-be Fleet Bank. A total of \$320 million in withdrawals (representing a third of Heritage's nearly \$1 billion in deposits) fled the bank. The overwhelming majority of these deposits translated into dramatic increases in deposits for the remaining smaller, local banks. In addition to Heritage/NIS, the region also lost several other long-standing local banks during the early 90's (Nonotuck Savings Bank and the First National Bank of Northampton).

A range of sectors in the community were concerned by the shrinking number of possible lenders, and in particular, by the dwindling number of locally-based financial institutions. A group of individuals from Hampshire and Franklin counties sponsored a series of forums during 1993 entitled "Capital Solutions--Capital Ideas" (see Appendix A for sample agenda). From these public forums, a core group of individuals (representing banking, venture capital, small business, and non-profit sectors) began planning the most effective way to meet credit gaps and obstacles that small businesses face in obtaining financing.

The earliest and perhaps most compelling goal that the group expressed (prior to incorporation) was to start a community bank that would take the place of some of the failed local banks and be uniquely responsive to the needs of the community (especially the small business community). Many of the early players, who were big names and titles from the region, I believe were attracted by the idea of founding a bank. There was a strong appeal for many early participants in the idea of owning and controlling a bank: banks traditionally being

seats of local influence and resources.

The plan to start a new community bank was abandoned early on because of the very high capitalization threshold required for a bank charter. In its place, the more manageable idea of a community loan fund became the group's purpose, but in that transition many early players were lost because (my speculation) the loan fund just did not have the same appeal as a bank.

Those people interested in pursuing the creation of a community loan fund incorporated as the non-profit Community Trust, Inc. (CTI) in the fall of 1993, and held their first annual meeting in November 1993. At this time, and no doubt also in response to a period of tight credit, the group began to talk about unmet financing needs.

During the short life-span of the group to date, there has been an evolution in the perception of exactly what the community's unmet credit needs are. The mission, purpose, and direction of CTI likewise has changed. During the course of this report, I will, as much as possible, describe the group's process in a chronological way. This discussion should help to explicate changes in the group's status from the time of my project contract to the present.

WHAT IS THE PROBLEM?: A MOVING TARGET

Because of the composition of the early group, most CTI members were affiliated with business, commercial lending or investing sectors. The group was most sensitive to what became defined as a credit "gap". The generally acknowledged existence of "the gap" was in place before I joined the group (in November of 1993). I can speculate that "the gap" had been discovered and defined probably through anecdotal information. It was believed that credit for small businesses (new or existing) was unobtainable through conventional lenders. Specifically, the range between \$10,000 and \$150,000 was believed to be the Bermuda Triangle of financing. The reasons for this were:

1. Loans over \$10,000 were above the range of the otherwise very good micro-loan programs.
2. Banks were unwilling to make loans below \$150,000 for even a sound business because the transaction costs in relation to the size of the loan made the loan unprofitable even if fully repaid.

Some remarkable, and no doubt true, stories about bank denials were circulated among

the group. One of the most dramatic stories from this period involved a local, well-established and prosperous general contractor who applied for a \$30,000 short-term loan, offering \$30,000 in securities as collateral. The bank rejected the loan application. CTI members shook their heads knowingly.

DEFINING THE GOAL: OR, FILLING THE GAP

As one of CTI's members so aptly put it, the problem was a "no brainer": credit was unavailable in the \$10,000-\$150,000 dollar range, creating a credit gap. The role of CTI was to fill that gap. The purpose of filling the gap was to spur economic growth and opportunities for small businesses (new high-tech. businesses associated with the University of Massachusetts at Amherst were the type most frequently mentioned). A fair number of CTI's initial 25 Board of Directors seemed of the opinion that credit was an inherently good thing: any jobs are good jobs, any development is good development, etc.

Even members who had other social agendas could agree that "the gap" was a negative occurrence, and social concerns could be advanced by filling it. Thus, in its earliest phases the CTI Board of Directors clearly defined its problem: "the gap". The resolution of the problem, at least in general terms, i.e. filling the credit gap, was a goal that everyone in the group could support.

Forming a Group Identity: Or who are we anyway?

The newly formed group spent several months struggling with its identity. When the Board was first formed, many people flooded into the group, based on a well-publicized and well-attended first annual meeting. Combined with talk of the CDFI legislation, there was the sense that CTI would be a "happening" group. Some of the small group of 8-10 people who had been meeting prior to incorporation dropped out, while new people, most of whom had little knowledge of loan funds, joined the 25 member Board of Directors.

The influx and mix of new people caused the group to struggle to redefine itself. Many of the new Board members were technical or professional experts in the financing field, but had not been exposed to the vision and sense of purpose of the original group. The articles of incorporation for non-profit status described the main purpose of CTI as follows: "To provide economic opportunities for low income individuals through the development of alternative

sources of finance and financial services." Yet new Board members found the idea of lending only to lower income individuals to be "limiting". In a series of meetings, the group together came up with threshold definitions about who they would lend to.

In hindsight, I see this activity as being purely about identity formation. Even though we had zero dollars to lend, had done no research to see if people needed this hypothetical financing, we argued passionately about who we would and would not lend our non-existent funds to. The resulting document titled "Who Will CTI Lend To?" is included as Appendix B.

During this series of discussions people who cared less about social mission tended to drop away from active participation. Because some of the most tenacious members had a strong interest in the social impact of lending, CTI moved in the direction of having a social or economic justice agenda.

Another primary motivation for the group's formation was to provide an investment opportunity for local residents that would directly benefit the local economy. This "put your dollars to work at home" ethic has remained with the group throughout its development.

Now that the "why" of the group had been somewhat addressed, the group was still in exactly the same position with regard to capacity and capitalization: no staff, no money. The initial method to solve these issues is described below as Method #1, and was the prevailing method practiced by CTI to try to achieve its goals for at least the first six months of the organization.

METHODS

METHOD #1: Get a grant: hire someone to do the work.

Prior to the first annual meeting, the staff at the Valley CDC submitted a "Special Projects" proposal to the Massachusetts Executive Office of Communities and Development. At the annual meeting, speakers described the exciting advent of the CDFI legislation, with the general expectation that dollars for CTI and other similar loan funds would be rolling down the line. We just had to be ready to receive.

I believe that most people who joined the CTI Board of Directors, myself included, thought that launching the fund and gathering the financial resources necessary would happen

smoothly and naturally, as a result of CTI's excellent timing, and its resonance with community concerns.

The "Get a grant" method is not necessarily a bad one, but can be quite limiting in the event that the group does not actually secure a grant. Then what? It took months for the group to move out of this initial mind-set. These months were characterized by interesting but unfocused discussions about other successful fund models, policy and mission issues, etc.

The first few months saw several sub-committees form. The most popular sub-committee (Capital Formation) was (and still is, with the exception of myself) all male, all white, all professional. Meetings consisted of a general exchange of ideas, brainstorming, swapping business cards, etc.

Meanwhile, even though everyone acknowledged that the most important sub-committee would be the Grants Committee (it was also acknowledged that the most difficult and critical task would be raising operating support) no committee formed. I had signed up for this committee, but was the only person who did so, and the man responsible for convening the committee never did. I am describing this issue in detail because I believe it illustrates a larger and significant problem the group faced, and continues to grapple with.

Most people who formed the 25 member CTI Board of Directors were either:

- a. constitutionally unsuited and/or too busy to work on pragmatic tasks.
- b. unprepared to do so, because that was not their understanding of what joining the group would mean.

People seemed to want to "be involved", but did not have time or energy to put into the tasks required to move the group forward. Many tasks were seen as appropriate for a staffperson to do, yet we had no staffperson.

Meet Quarterly: Or, the fastest way to disband a Board

A major structural problem with the group was the choice to change from a 12 member Board of Directors to a 25 member Board. The decision was made because so many people had expressed interest in "being involved". It is clear to me that people should have more than a passing interest before they join a Board. An even worse decision was made to have full Board meetings quarterly, with a smaller Executive Committee (about 6 people) meeting monthly.

Some of the 25 Board members, those with the most passing interest, I have never seen at any meeting. Another 10-12 Board members who came to the first few meetings, quickly dropped away, because meeting quarterly with a group that is unclear about its purpose and direction simply does not engage people. Meanwhile, those of us who did come to meetings felt demoralized by always having more members missing than attending, by opening each meeting with a discussion of whether or not we had a quorum.

Method #2: Research: A perilous endeavor (Or: Do we really want to know?)

Because of the major structural problem with the full Board, the most active committee, the Capital Formation Committee, which met monthly until mid-summer, and now meets twice a month, became the engine and steering force of the group. After about four or five months' of meeting without any real movement, this group decided it could not wait for staff to be hired to do some of the most basic tasks.

It concerned the members of this committee that no market study, in fact no research at all had been done to support the idea of forming a loan fund. The members recognized that to undertake a business plan, the need of which was generally acknowledged, some market research would have to occur.

The group started its research by trying to more clearly define "the gap". To do this, each member chose a local bank to call. Each member would then interview the commercial loan officer to find out exactly what the bank was and was not doing to provide small business financing.

A summary of the results of these interviews is included, for the five banks that were contacted, as Appendix C. Members shared their conversations with loan officers at a Capital Formation Committee meeting. What became clear was that, at least according to the bankers, they were already making efforts to fill "the gap". Although we were aware that the information they gave us may have had more to do with P.R. than with their actual lending record, it demonstrated that banks had shifted their focus in recent months to try to accommodate and attract small business borrowers.

In fact, the member of the committee who met with a loan officer from Fleet Bank was so persuaded by the bank's presentation of its lending activity that he shortly thereafter dropped

out of the group. Even though the bank would not lend to everyone, he believed that the people the bank would not serve were also people that CTI would not want to lend to as they represented too great a risk. ("If the bank won't lend to them, then why would we?") The problem of "the gap" was no longer a "no brainer". There were in fact conventional lenders who claimed to be actively lending in the very range we had thought they did not.

The issue changed from one of capital access in a dollar range, to one of capital access for classes of people and types of businesses. Again, those members who were most interested in filling a capital gap, rather than in issues of social impact, left the group.

The smaller, remaining group agreed to draw different conclusions from the bank interviews. Although the banks would provide financing to people who met a certain profile, it was clear (and fairly consistent) which types of borrowers were being excluded because they appeared to present too great a risk. The problem focus changed from a question of amounts of lending capital, to a question of who could access these amounts and who was still shut out.

One of the most glaring omissions, and one that the banks would readily acknowledge, was that they would not lend to a business with less than an 18 month track record (and most banks required a two year track record). This eliminated start-up businesses and businesses in their early stages from getting financing from conventional sources. So who could afford to start a business without a loan? People with private or family resources. So who was shut out? People who lacked private or family resources.

This area seemed to lead directly to issues of economic justice. Should a business be able to start based upon a sound plan, a good idea, dedication, or should it be based upon existing private resources? CTI further refined its lending mission to target those businesses we thought were not being served by conventional sources:

1. Start-up businesses
2. Graduates of micro loan programs
3. co-operatively owned businesses

Our basis for believing that co-operative businesses had trouble getting bank loans was based on contact with owners through the group "People for Co-ops and Collectives". Also, we felt it not an unreasonable assumption that the less conventional a borrower seemed, the more unlikely they would receive bank financing.

Other research included a mailing sent to members of the Northampton Chamber of Commerce. Only ten of these were returned. Most business owners indicated their support for a loan fund, but of those who had sought bank financing within the past two years, all had received it.

To be fair to the CTI group, I believe that the more narrow redefinition of the credit "gap" was based on two causes. 1. The group had never done the basic research it should have, to know what was available in the commercial lending market 2. The commercial lending market actually changed quite dramatically over a year period, and so we may have been operating on some old assumptions. It seems that just as CTI began, and identified a credit "gap", banks also began to design programs to address the demand for smaller loans to smaller sized businesses.

A rash of new lending programs for small business loans (many in the \$10,000-\$150,000 range) were released and began to be widely publicized just as CTI was in its early phases. These programs literally had not existed a few months before, then suddenly it seemed that all the commercial banks were courting small businesses. It is quite conceivable that through the series "Capital Solutions--Capital Ideas" and through the publicity surrounding the creation of CTI, banks were influenced to look seriously at the need for smaller loans to businesses. And, I also conclude that our efforts locally were part of a much larger trend, perhaps best illustrated by the CDFI legislation itself, that may have caused banks, in an effort to protect their interests, to expand their range of service, and to slightly increase the lending risks they were willing to assume. And all of this coincided with the end of a period of very tight credit.

Method #3: Fund-raising and Outreach (Or, how to persuade others when you're not sure what you're doing).

After several months of the Grants Committee failing to form, I agreed to convene and chair the group. The group was very small--myself and two other members--but quite skilled and experienced in the non-profit sector and with writing grant proposals. We quickly produced a funding application and a grant application. (See monthly Updates, Appendix D, for blow-by-blow details). Neither of these efforts were successful at raising funds. The original grant for Special Projects apparently was never funded, and the CDFI legislation stalled. So funding

began to look much more difficult than originally expected.

A mail appeal was generated by the Grants Committee and sent out by some Board members to try to raise cash, commitments of lending capital, and new members. It was not particularly successful, largely because not more than 8 or 10 Board members participated (by providing lists of people to mail to and addressing the form letters with private notes), and there was no follow-up to the mailing.

At a meeting of the Grants Committee with Pat Byrnes, who had volunteered her time as a fundraising consultant, it became clear that without: focus, direction, strategies, time-lines, etc. on the part of the larger group, it would be extremely difficult to raise money. She also recommended renaming the Grants Committee to something broader, which we did, and it is now known as the Resource Development Committee.

Method #4: Making an Effort: A Do or Die Chapter

After some persistence, CTI was able to set up a meeting with the Mayor of Northampton, who has virtually sole discretion over the use of CDBG monies in the city. CTI had applied for funding from this source last spring. A small delegation of four members, myself included, met with the Mayor to try to persuade her that, although she had refused funding for CTI in the past, CTI would be a good investment in the future.

She was quite frank in saying that we really needed a business plan, and an active fundraising effort before she would consider investing CDBG money. She was helpful in suggesting a variety of potential sources that we had not considered to approach.

This meeting served as the impetus for one active Board member and myself to create a listing of fundraising sources, dollar goals for each source, and small sub-committees who would pursue each category of sources (see Appendix E). The Resource Development Committee essentially tried to bring in every CTI Board member who was at all active, feeling that we had reached a critical junction, at which we either raised some money, or the group, through lack of momentum, would disband.

People volunteered to meet with specific contacts they had in banking, the utilities, the Northampton Development Corp., etc. Because we wanted to be able to make a more formal presentation of CTI's plans at these meetings, I undertook writing an informational piece, which

has the basic components of a business plan. Included in the piece, titled a "Prospectus", are sections on outreach/marketing, lending criteria and procedures, structure of the loan fund, fundraising plan, and financials. A draft of the "Prospectus" was reviewed by six other CTI members, who almost all contributed comments. A more final version was printed and bound and is included as Appendix F.

The Prospectus has been used to date at one meeting with a potential funder and other such meetings are shortly to be scheduled. Because the success of this fundraising and networking phase depends on the follow-through of many Board members, utilizing their various community contacts, it remains to be seen whether the group's efforts will be enough to keep CTI alive.

At this point, I feel we have done all the processing and groundwork that is practical without actually raising money. Either we start to amass operating and lending money, or the group should not continue to pursue its current goal of starting a loan fund.

RESULTS

The actual results of CTI's work over the past year have been sprinkled throughout the narrative above. Below, I will compare the anticipated inputs, outputs, products, and minimum objectives as expressed in my project contract, with actual events and/or products.

My initial contract, submitted in December of 1993 was revised in August of 1994. The original goal of CTI, as expressed at its first annual meeting in November 1993 was to amass a one million dollar pool of capital and begin making loans within one year. Because I was new to the group at that time, I did not have my own opinion as to what the group could achieve, but took its goals as my goals. By the summer, I could see that the initial expectations were not going to be fulfilled, and that some assumptions about the CDFI legislation that informed those expectations had changed.

Problem Statement and Goal Statement:

This discussion is based upon the revised project contract, dated August 2, 1994. (A copy can be found in Appendix H). At that time, the problem was still identified as a "gap" in

available financing in the \$10,000-\$150,000 range. As discussed above, the definition of the problem has changed as a result of some research. The goal of the group was identified as providing greater access to capital for residents of the region. The vehicle was identified as a loan fund. The goal and the vehicle have not been fulfilled, but also have not changed.

Project Product:

Again, the project product was to be a community based financial institution, initially a loan fund. The creation of a loan fund continues to be the product CTI is working toward. The ultimate product was envisioned to be a financial institution with a "store-front" presence, such as a community development credit union, or a bank. I think given the shift in our problem statement, the group is tending toward more of a social agenda, and less of an imitation, or replacement, of a local bank. Therefore, the idea of converting to a credit union or a bank no longer seems particularly relevant. Also, the slow progress of the group makes these ultimate products seem particularly far out of reach.

Outputs:

Outputs of the group were expected to be: a brochure, a market survey, a beginning budget, and a business plan. All of these items have been completed in some form (see Appendices F and G for the CTI brochure and prospectus, respectively). The item that is least complete is the market survey. Although some data and surveying of the marketplace was done, it was not complete enough that I would call it a market survey.

The next output identified was outreach in the following forms: community education, solicitation of members, private donors, and private lenders. Some of this work has occurred. Several articles have been published about CTI. The mailing we did served all of the above purposes, but unfortunately did not reach large numbers of people.

Other outputs identified were a legal structure for the loan fund and a physical setting. It has been concluded that the loan fund will be a project of CTI, which will apply for 501(c)(3) status. With our changes in focus, I think it is becoming easier to claim a charitable purpose. It has also been agreed upon by CTI and Valley CDC that the initial staffperson for the loan fund will be located at the Valley CDC offices in Northampton for the first two to three years of operation.

A pool of lending capital was an output listed in the project contract. Although

commitments have been made for small (i.e. \$5,000) amounts of lending capital, CTI has not accepted any lending capital yet. Without operating support and a staffperson, it seemed unwise to begin collecting money that we did not have the capacity to lend. We are in the process of seeking that needed operating support, and feel that if those funds can be secured, the lending money will be relatively easy to raise.

The final output was listed as an increase in CTI's level of public recognition and legitimacy. I think we have made little progress in this area. The "Prospectus" is an attempt to present our plans in a more thorough and creditable way. We have the potential to increase our public awareness through meetings currently being held with prospective funders.

Inputs:

The most critical input identified in the project contract was money: operating funds and lending funds. As has been stated, we are still working on acquiring both types of funds. We have gathered and analyzed models of other loan funds, and do have a plan for how the CTI loan fund would operate, as outlined in the "Prospectus". Expertise and participation of community members from public and private sectors was another needed input. This participation has happened, but not at the level or with the consistency that I had hoped for. The final input listed in the contract was either paid staff time or donated time to undertake planning and market research. These activities have taken place, strictly with donated time (primarily on the part of a few CTI Board members). Given that planning and market research was conducted by volunteers, I think we have achieved a fair amount, however, it pales in comparison with what could be done using paid staff time. Getting a staffperson on board is our most immediate objective.

Minimum Objectives:

One minimum objective according to my revised contract was for CTI to develop a business plan for the next phase of the organization. The plan should include a prospective budget, a market plan, lending criteria, and a time-line for gathering lending capital. This objective has been met, in the form of the "Prospectus" (see Appendix G).

The second minimum objective was for the Grants Committee to pursue foundation and government funds, as well as soliciting private donations. The committee has undertaken all of these activities, and continues to do so.

The Future of CTI

I see CTI currently at a crossroads. Either its Board will commit itself to the current fundraising effort and raise operating support for a loan fund staffperson, or I suspect CTI will disband. What members thought was an urgent problem no longer seems as urgent, with banks continuing to bring out loan programs targeted to small businesses. Case in point: the president of CTI owns an established and successful small business selling and repairing bicycles. He recently decided he needed a line of credit to make operations flow more smoothly. He applied to Fleet Bank, and reported to us that the application was simple, the loan was approved within a few days, and he had the line of credit within two weeks time. It does seem that for those borrowers who fit the bank's profile, loans are readily available in almost any amount.

If CTI does not continue, I suspect that those of us on the group who care most about issues of access to capital for people who have traditionally been excluded (and who by and large continue to be excluded), may give our time and energy to other existing groups who are working more explicitly on issues of economic justice.

CONCLUSIONS/RECOMMENDATIONS:

I learned a great deal from being involved with CTI. It is difficult to separate out issues that may have occurred as a result of the specifics of this group, at this moment in time, as opposed to more general truths about working with groups, but I will attempt to primarily discuss the latter:

Conclusion #1:

In the formation of a new group, there occurs a critical transition from the pre-formation planning group to the more formal, in my case, legally defined and elected group. In the case of CTI, because some of the original planning people did not continue with the group, and because there was a large influx of new people unfamiliar with the original vision, the character of the organization shifted.

I believe this was especially true because a large number of private sector "experts" were recruited to the Board, who had expertise in the financing field, but were almost completely unfamiliar with the ways that non-profit organizations function, or even that the group they had

joined had to fulfill some charitable purpose.

Conclusion #2:

It is an extremely bad idea for a beginning organization to have a 25 member Board which meets quarterly. Before people even understand what the group is about, they are away from any exposure for three months. People do not feel useful or informed, and they quickly stop coming to meetings. A quarterly meeting structure is an especially bad idea when a group is strictly volunteer, with no staff capacity to conduct regular mailings, take minutes, send meeting notices, etc.

To stay in a group, people need to develop an initial investment, then continue to feel they have contributions to make, and that they understand what is happening in the organization. Members must also feel that there is some progress, however that has been defined and however slowly it moves. Groups that are too large, meet too infrequently, or which are too unfocused, will not retain members.

Conclusion #3:

In groups, as in life, everything has to do with expectations and perceptions. One must be extremely conscious of a group's underlying expectations, and from what source these expectations derive. Some expectations seem in line with an external reality (in as much as there is an external reality), whereas others are a self-derived, self-reinforcing expectations that may not relate to outside realities, but are no less influential.

In the case of CTI, there were several very important expectations that time proved to be incorrect, and yet were so formative that changing them meant changing the nature of the group and its main objectives.

One such expectation was that CTI would rapidly acquire funding to hire staff, who would then take the loan fund to its next stage of development. Because of this expectation, Board members were not prepared for the kind of time commitment needed to do this same work on a volunteer basis, and some aspects of CTI's development simply stalled, because there was no one to do the tasks required.

Another such expectation was the understanding of the financing marketplace, and the

credit "gap" that was identified. The group's perception of this "gap" proved to be incorrect, or to have changed significantly over time. When the group realized that its initial perception was incorrect, some members left, because the group was no longer addressing a problem that they cared about.

Groups should be wary of creating internal realities, in which if enough group members believe it, it must be true. Expectations and perceptions need to be checked against external realities on a regular basis, through research, surveys, interviews, etc. Groups should also be aware that this is not a simple task. Part of the attraction of being in a group is to form internal ideas and internal perceptions about how things really are. Most groups I have worked with are quite resistant to checking these already formed group beliefs against any external measures.

Volunteer groups, in particular, have the additional problem that their members often feel their expertise, ideas, and attendance at meetings are a full contribution. They are often unprepared to take on tasks outside of meetings. If a group has no staff support, incoming members should be clearly presented with the expectation that they will need to contribute time beyond meeting time if the group is to accomplish more than a social exchange.

Conclusion #4:

This is more of an observation than a conclusion. CTI's core group is composed primarily of upper middle-class professional white men. Most of these men seemed particularly adverse to doing the mundane tasks associated with volunteer groups, i.e. taking or typing minutes, working on a mailing, setting up appointments, making phone calls, etc. Meeting after meeting would commence and I appeared to be one of only two people who felt any compulsion to take minutes.

Also, there was a higher level of comfort than I personally feel with throwing out and debating ideas, time after time, with no follow-through on a pragmatic level.

I cannot begin to sort out how to attribute these characteristics: to gender, race, class, expectations, or all of the above. But I do know that the group was almost exclusively male, and that it also had a disproportionate number of "idea" people versus "task" people, and that this hampered its progress in my eyes. I believe that a more balanced composition might have led to greater success.

Conclusion #5:

I have given much thought to the question of where the true strength of an organization or an idea lies. Appearances can be deceptive: CTI started with a bang--great press coverage, 50 people at a first annual meeting, 25 people ask to join the Board, etc. Yet the group lacked the people resources to follow through with its ideas. Why?

One question I would ask is, how dedicated can volunteers be to a project that does not, and will not, affect them directly? None of the people working in CTI to start the loan fund had much chance of being directly effected by it. People were in it because they felt it was a worthwhile idea. Even the small business owners, who could potentially have borrowed money from the loan fund, were "bankable" and therefore did not really need an alternative source of financing.

How far can a group go when no one working on a project stands to have any direct impact from its accomplishment? I think this is an innately difficult barrier for a group to overcome.

Conclusion #6:

My involvement with CTI did have direct impact for me, in terms of my participation in the CED program. Having an "ulterior motive" to my participation definitely changed the way I participated. It made me both more willing to take on the group's "chores" and less willing to assume a leadership role. Ideally I wanted to be a support person for the group, helping others to fulfill their vision of a community loan fund.

Because I did not have a great personal investment in the specific outcome of CTI's work, it allowed me to more easily facilitate meetings, and carry on in the face of the sometimes frustrating levels of the group's inaction. It allowed me to follow others' suggestions, even if they produced a change in the group's direction or basic assumptions. There was a definite advantage to my detachment in terms of the amount of work I was able to produce.

If I had the choice to make again, however, I would probably choose to work with a group whose mission felt closer to my personal interests and values. This, I believe, would result in a better quality of participation on my part, even though, based on my own past experience, it would also be accompanied by a greater emotional cost.