



## Overall state of Diversity Equity and Inclusion movement in the CDFI industry

Given the type of mission and history of the industry, a commitment and knowledge of Diversity, Equity, and Inclusion (DEI) issues is believed to be inherent and cultural in CDFIs. However, while these issues are part of discussions and there is a general agreement that economic justice is the next step in the civil rights movement, these values and beliefs are not yet codified into formal policies or procedures. A common theme is that for most CDFIs, their support and implementation of DEI initiatives is an organic process that currently is mostly about moving the pendulum closer to equity.

For many CDFIs, the commitment and driving force behind DEI initiatives is the leader of the organization. In some cases, it is an individual employee who is very focused on these issues and takes on and champions this work in addition to their own responsibilities. There are also cases where the start of these initiatives derived from an organizational change such as a merger or acquisition, leadership change, or participation in an external program related to DEI.

### Practices these CDFIs have in common

- Understanding that D and E and I are not the same issues and deserve equal and different attention
- Mission statement and /or strategic plan that is designed to implicitly address DEI
- Core organizational values that state support for DEI that may include a formal diversity statement
- Committees or groups to research and discuss DEI issues that also might suggest initiatives
- Engaging in discussions about hiring and recruitment policies as they relate to DEI and implementation of at least some modifications to their processes
- Participation in external initiatives or trainings related to DEI

*In 2018, FUND Community Institute (FUND CI) released its landmark study, Perception versus Reality: Women and Change in the CDFI Industry. One of the key findings was that the CDFI industry has a long way to go in terms of achieving diversity and inclusion. To further investigate this issue, in 2019 FUND CI conducted research to identify the best practices of CDFIs that are recognized as being ahead of the curve in fostering diversity, equity, and inclusion both internally and externally. The purpose is to share both innovative and replicable practices for use by other CDFIs in advancing their own diverse, equitable, and inclusive workplaces.*

### Standout Practices

- Formal DEI budget
- Formal evaluation of each department with respect to DEI issues and development of a work plan for change either through hiring of a consultant or by formal internal committee
- Performance evaluations that include employee adherence to DEI core values
- Implementation of comprehensive evaluation and modification of hiring and recruitment policies and procedures
- Making changes to underwriting
- Requesting investors make changes to Board representatives
- Formal compensation study with adjustments to identified inequities

### Where is the movement going?

- DEI incorporated into all formal policies and procedures of the organization
- Dedicated DEI staff member
- Achieving DEI in staff and board composition and in leadership and decision-making positions
- Prioritizing community input and participation on projects



## Diversity Equity and Inclusion (DEI) Planning Services

As indicated in the FUND CI research findings located on the opposite side of this page, there is momentum and ample discussion occurring about DEI topics in both the corporate and non-profit worlds, including the CDFI industry. There is abundant research that indicates that fostering diverse, equitable, and inclusive organizations yields not only positive social outcomes at organizations, but also positively contributes to profit and innovation of the company.

### Outcomes:

- Formally introduce the topic of DEI at the board, management, and staff levels
- Create tools to seamlessly integrate DEI into business practices
- Strengthen CDFI Target Market Accountability
- Increase desirability to attract and retain employees, investors, and partners

*Members of the FUND team have received certification in DEI from the Yale School of Management.*

### Meeting Facilitation

**\$2,500**

- Formal presentation to board and/or staff
- Discussion of benefits of incorporating DEI practices in the organization
- Examples of industry standout practices
- Consensus on next steps

### DEI Assessment

**\$10,000**

- All services listed above
- Inventory of current organizational DEI practices
  - Document review
  - Employee survey
  - Salary assessment
  - Client survey
  - Target Market Analysis
- Benchmark analysis of DEI practices
- Final written report documenting assessment findings with suggested action items

### DEI Plan

**\$20,000**

- All of the services listed above
- Scan to gain candid input on potential strategies
  - Stakeholder Interviews
  - Stakeholder Survey
- Facilitated planning session to identify strategies that align with the organization's goals
- Creation of Action Plan outlining short-term, medium-term, and long-term strategies
- Formal DEI plan documenting the assessment findings, facilitation sessions, and Action Plan
- Proposals for formal policies and procedures



## **Equitable Lending Planning**

CDFIs work to fill the gap left by traditional financial institutions by serving communities that have been historically shut out of the financial mainstream. However, often their lending models are still rooted in that of traditional banks whose systems and policies disproportionately exclude people of color and other underrepresented populations. Examining lending policies and procedures from an equity lens can yield greater impact in the Target Market.

### **Outcomes:**

- Gain an understanding of strengths, weaknesses, and areas of opportunity within current practices
- Examine how technical assistance, training, outreach, and representation all factor into equitable lending
- Create an action plan outlining specific strategies the organization can adopt
- Increase services and impact among underrepresented communities

### **Equitable Lending Assessment: \$10,000**

- Kick-off meeting to identify goals and present methodology
- Assessment of strengths, weaknesses, and areas of opportunity in the organization's current lending, technical assistance, training, and outreach:
  - Interviews with team members
  - Client survey
  - Review of internal documentation
  - Portfolio analysis
- Final written report documenting assessment findings with suggested action items

### **Facilitation & Plan Development: \$20,000**

- All of the services listed above
- Facilitated strategy sessions focused on the different areas of opportunity identified in the environmental scan and best practices related to equitable lending
- Creation of Action Plan identifying specific equitable lending strategies that align with the organization's goals
- Formal plan documenting the assessment findings, facilitation sessions, and Action Plan

*The FUND Family of organizations works collectively to facilitate positive social, economic, and environmental impacts in communities nationwide through consulting services, research, training, and facilitation of opportunities for knowledge sharing. Consisting of FUND Consulting, a for profit consulting firm, and FUND Community Institute, a nonprofit think tank, FUND delivers high quality services with a focus on supporting organizations and practitioners who foster positive outcomes in communities nationwide.*