

SECURING A \$250,000 LOAN

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A Note from Rich Tafel, Managing Director at Raffa Social Capital Advisors, Pastor of Church of the Holy City, and Co-Founder of The American Project at Pepperdine School of Public Policy

This case is one of a startup seeking significant capital to secure facilities and launch a financially viable business venture.

What makes it unique is that the loan was requested by a church, of both its local and national boards, as opposed to a private sector entrepreneur seeking a commercial bank loan. It, none-the-less, has all of the hallmarks of a commercial loan, including formal approval criteria, cash disbursement schedule, repayment schedule, and the inclusion of the lending market's going commercial loan interest rate.

THE SITUATION



The Church of the Holy City (The New Church - Swedenborgian) is recognized as one of the 10 most beautiful churches in Washington D.C., and is located on the Heritage Trail. Construction began in 1894 and the church has, since its inauguration, been an architectural centerpiece in the community.

The church made its movie debut in the classic “The Day the Earth Stood Still” starring Michael Rennie, and its location is cited in Dan Brown’s Novel “The Lost Symbol”.

Like many aging churches in the U.S., maintenance and repair costs for the Church of the Holy City have risen, much of the usable space is underutilized, and the church is financially strapped for cash.

THE IMPACT

If these challenges are not addressed, the property will fall into a permanent state of disrepair. It is already at risk of falling prey to acquisition and demolition to make way for commercial real estate development projects.

With a directive to reverse the negative trends and make the church financially viable, Reverend Rich Tafel was hired to lead it into a new era, or oversee its demise.

In addition to being an ordained minister, Rich has an extensive background in governmental, social, educational, and entrepreneurial affairs, so he naturally looked at the challenge from those perspectives - in addition to the spiritual mission of the church.

“Having experience in both in the spiritual sector and the social impact sector, I saw two large unmet needs. In the church world, I saw 10,000 churches closing in America each year. What these lovely buildings were offering wasn’t relevant to a secular culture. On the flip side, I saw a growing social venture sector that lacked personal moral development for leaders as well as a lack of places for office space.

The question was, ‘Could this 150-year-old gem of a church building rise up and serve the needs of the next generation? Most experts we consulted said it was a losing proposition. Investors that I brought to the church suggested I sell it for condos. But DC and the world at large desperately needs “holy space” not another high-end condo.

So I came up with this crazy idea of using the underutilized church space to create a Spiritual Entrepreneur Center - a space where spiritual leaders seeking to bring heaven to earth through transforming organizations will be able to obtain office space, mentoring, coaching and investment. We will both work with spiritual leaders launching their own enterprise and be a resource for business leaders seeking to develop their own spiritual life. Our work is not religion specific and is open to all faith paths seeking to do good in the world.”

Rich’s presumption was that the successful launch of the Spiritual Entrepreneur Center would make the church financially viable, but that the combined costs to make some necessary improvements to the facilities and launch the new business venture would require nearly a quarter of a million dollars in startup capital.

“My first inclination was that it would be difficult for the board to grasp the vision. My second inclination was that obtaining the necessary capital, at best, was a long shot. When our team pitched the idea of a loan to the leaders in our denomination, the long-standing building fund committee, and the national board members, they immediately understood the proposition. The national treasurer correctly pointed out a loan might be possible, but that I would have to develop a realistic business plan to support the request before it could be considered any further.”

Without the plan, there would be no loan. Without the loan, there would be no entrepreneur center. Without the center, there would be no saving the church.

THE RESOLUTION

Rich had 3 immediate orders of business. First, he needed to assemble a team of people to develop the plan. Second, he had to determine how the team would go about building the plan. Third, he had to determine how to present the plan to the local and national boards – all in 3 months.

He already had an intimate knowledge of Plan Canvas, having formerly been a business and life coach to Plan Canvas founder Jon Umstead. He also had provided an in-sleeve review for the book *Business is ART*, which laid the foundation for Plan Canvas.

“Knowing Jon personally made Plan Canvas a logical place to start looking for a planning solution, but it was the straight-forward approach and simplicity of both the software and the actual plan documents produced from it that made Plan Canvas a logical choice. We had to move fast, simplistically, and in a way that would make it easy for stakeholders to grasp.”

Rich’s team used Plan Canvas to facilitate online workshops, beginning with the capture of foundational components like the vision, mission, and purpose, then drilling down further into strategic goals and objectives, before diving deeper into detailed financial analysis and capacity planning.

“In my experience working with entrepreneurs at Raffa Social Capital Advisors, I often see entrepreneurs with a great vision but no idea how to drill things down to an actionable plan. I also see entrepreneurs who immediately dive so far down into the details that the plan becomes unactionable, losing the vision and strategy in the process.

What I like about Plan Canvas is that it brings both the top down and the bottom up approaches together. When the resulting narrative flows logically, from start to finish, is right there in front of you in easy to understand terms, it just all makes sense to the audience. That’s what we needed and that’s what we got.

I think it’s a big part of why what I thought was going to be a very hard if not impossible sell became comparatively easy. The board liked what it saw and subsequently granted us the loan.”

If they can see it, they can get it. If they can get it, they can get onboard with it.

THE EPILOGUE

As of the writing of this case, the loan has been approved and the terms negotiated. There remains a lot of work to prepare the facilities and launch the Spiritual Entrepreneur Center. Rich’s intention is to continue using Plan Canvas to execute the build-out and launch strategy included in the plans he ultimately delivered to his board.

This case will be updated as that effort continues.