CDFIs Making History Interview

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Mark Pinsky, President & CEO of OFN, conducted this interview on July 29, 2014.

Mark: I’m going to ask you the question, open-ended, are there one or two moments, events, accomplishments, ideas, or other things that really seem important to you that people should know about in terms of CDFIs?

Adina: I’m glad you said one or two, because I was having a very hard time picking between two events, so I’m going to mention two.

Mark: Great.

Adina: One internal to us in the industry and one more external in the world.

The one that was internal to us would’ve been the process and the reveal of the OFN 2003 Strategic Plan, where we came up with the concept of growing to scale.

The one that was more external would be, I don’t know what the year was, but it had to be the late ‘90’s, when Richard [Robert] Rubin, who was Secretary of the Treasury at the time, came to speak to us at, I believe it was, the CDFI Coalition because I know it took place in D.C.

Mark: It was 1998, yeah.

Adina: 1998, okay. Let me talk about that one first. I think they both have the same significance in terms of what the lessons learned were or what affect it had on me. Richard [Robert] Rubin came to speak to us at that Conference.

Mark: Robert Rubin, I just want to correct you because we’re recording.

Adina: Robert Rubin, thank you, Robert Rubin. He came to ...

Mark: Richard Rubin is somebody else.
Adina: Yes he is. Yes, you’re right.

He came to us to speak at the Conference. He came in late. He was breathless. He was coming from doing something with some currency crisis in another country, I believe in Latin America, so something that in my opinion seemed infinitely more important than talking to a bunch of us.

He made the time for us, and he basically, in many different ways—both literally and symbolically—told us we were important, and that we were a critical part of the economic system. That was the first time I think I heard that from a high-level government official and a person who really understood much more complicated things about the economy than I’ll ever understand.

Here he was trying to fix a Latin American economy and currency crisis or whatever it was that was going on at the time. That by making the time to speak to us, and by the words that he told us, he was letting us know that we were part of something much, much bigger, and that we were really important to the American economy.

Mark: How did you feel about that? How did that make you feel?

Adina: I was incredibly moved by it. He was a very—he still is, I’m sure—a very charismatic person, and he was a very effective speaker. I think we were prepared that he might not be able to come because he was so involved in this other crisis. Probably behind the scenes you and others were trying to figure out what to do if he couldn’t make it, who would sub in if he couldn’t come.

I was just incredibly impressed that he came and it made me feel like, ok, this below the radar life that we’ve been leading is over. I know some people started feeling that when the CDFI Fund came into existence a few years earlier, but to me that was the moment when we could no longer accept being below the radar. We were now part of the larger economic system of providing services to lower income people. We had a particular focus, but we were now part of something that was a bigger economic system than just us.

Mark: Is that something when you were running CBAC [Cooperative Business Assistance Corporation] in Camden you thought would happen someday?
Adina: No, I don’t think I imagined that that would happen. I don’t think they did. No, I thought we were kind of like an interesting fringe group. The work was fascinating. It was worthwhile. It was intellectually interesting.

It was providing a necessary service, but I always thought it would be very fragmented and little. I just assumed it would be. I don’t know that I even ever thought about it.

Mark: Sure.

Adina: But that moment was one of those moments where I realized we’re not like that anymore.

Then, similarly, with the reveal of the strategic plan where we committed to growing to scale, that was another moment where we—it’s more of an internal to the industry moment—where we decided, we promoted, we committed to being something much bigger than we had been in the past, and being more committed to serving a much greater range of people and a much greater number of people in a much greater number of places.

That was our—I think as an industry—our moment of saying, ok, we’re no longer this fringe, hippie group who is trying to do good things. We still are trying to do good things, but we want to do it at a much bigger and higher level of impact that we had in the past.

Mark: You had an insider view on that whole process. Can I ask you to walk through that process of how that came about?

Adina: Sure.

Mark: From your perspective as you remember it, as you experienced it.

Adina: There were a couple different highlight or lowlight moments in that process. I remember that process as being in some ways the best of times, the worst of times. I remember the first meeting that we had with the Board feeling it didn’t go very well at all.

It felt like we just, as we discussed further and further what our biggest commitments were. We were trying to do the Jim Collins process of peeling back the onion. It felt like the more we peel
back the onion the worse I felt. I think other people had a similar feeling.

I remember that evening when we went out to dinner and nobody really wanted to talk to each other. In fact, I think there was a band where we went out to dinner and that was great because it distracted us from the differences we... [CROSSTALK]

Mark: It was a saving grace. I remember that.

Adina: Yeah, yeah.

But then, as we worked further on it in the intermittent months between that and the second meeting, I remember that you spent a lot of time talking to each Board member and really going round and round with them. I was very impressed with the communication that you had with them and the invisible consensus building process that that was, I think.

Then, I also remember the moment that together you and I came up with this idea that the CDFI industry as a whole was going from one stage to the next in terms of organizational stages of development. That the CDFI industry as a whole had done go-go growth of stage two during the Clinton Era, and now we were entering into stage three, a more mature era where we were going to have to be more strategic and that would allow us to grow in a different kind of way, and that became growing to scale.

I remember the moment in Chicago, the meeting that we had in Chicago with the whole Board. Especially conversations that I had with Bill Bynum and others about the impact of prejudice and racism in their lives, and how the CDFI industry was their response to those experiences that they had—that was just a really incredible, incredible conversation.

I remember it as one of the, I would consider, holy moments of my life. Of people being willing to share that deeply and being willing to explain how that led them to work in this industry. It really made me feel very proud and very connected to the industry.

Then, of course, in New York at the OFN Conference that year, when we presented it: our theory and our idea of the CDFI industry growing to scale. On the one hand, it was a very high moment for
me. But thinking back on it now, I think we really had a huge communication miss in that event, because I think a lot of people misinterpreted it as each organization had to grow to scale.

There was a lot of backlash of smaller CDFIs that was, in retrospect, unnecessary, and perhaps we could have seen that that could happen. Perhaps we could’ve communicated that more appropriately. I know I that spent a good chunk of the next two years, kind of correcting, working on correcting that miscommunication, which was, again, unfortunate.

I think it really set the whole industry on a new path. And seeing things like CDFIs utilize Salesforce, or seeing things like CDFIs contract with others to manage their loan collection process. Or, things like the ACCION Texas system to analyze microloans for other CDFIs.

All of those things directly or indirectly are a result of that Strategic Plan and of opening up the concept that not every CDFI had to do each thing for themselves. The idea was to increase impact, not to do each part of the process perfectly by yourself. Efficiency was also an important component to having greater impact and having greater scale.

Those are some of the things that I remember. I really feel like a lot of the growth of the industry, a lot of the things that we see now like TRF [The Reinvestment Fund] offering its supermarket financing expertise in this creative way that they are all over the country.

All of those kinds of things are indirectly or in some ways very directly related to the fact that we promoted that concept back in 2003 and stuck with it, stuck with it for a really good long time. It wasn’t like a flash in the pan. We—both at OFN and other organizationsreally promoted the concept, and all sorts of positive results have come of it.

Mark:

One of the things that I really have seen—and it hit me, honestly, with the JPMorgan Chase collaboration grant-making—is that this is all the stuff that we saw then or we heard from our Members about that was beginning to simmer. But it took 10 years to come to a boil.
Now there’s a tremendous amount of that kind of horizontal and vertical collaboration and innovation really starting to show up. That’s how it feels to me.

Adina: Yeah, I totally agree. I felt like the JPMorgan Chase Collaboration Initiative that came out last year was in some ways a culmination of a lot of things that we saw back then. The fact that the circumstances of that RFP were so bad that you had to apply so quickly and you had to pretty much have your collaboration precooked, and up until then, a lot of people would’ve probably said CDFIs are pretty bad at collaboration.

The fact that so much good is coming out of it really speaks to the fact that the industry was now ready for that concept, where it probably wasn’t 10 years ago.

Mark: Yeah, and in fact, as we've sat and talked with folks at JPMorgan Chase beyond those that they were able to fund there were a bunch of really sound things going on—and there are—that didn’t get funded, but that are out there. It even more gives me hope that that idea we had some time ago, you know, took root. It just took a while to get above ground.

Adina: Absolutely, absolutely.

Mark: So, one of the reasons that I think we were able to do what we did in that strategy—and you and Kathy Stearns played a really important role in this—was that I think we were listening to what people were thinking about in the field.

Adina: Right, absolutely.

Mark: Because you were out there doing so much consulting, in contact with so many Members in so many ways, and Kathy was through financing. So I just wonder if you have thoughts about that, that it’s industry driven in some way.

Adina: That the 2003 strategic plan was really industry driven, even though it was way ahead of the industry in certain ways, is that what you’re trying to...[CROSSTALK]?
Mark: Yeah, and in some ways that the strength of the field is that the innovation is happening on the ground, whether it’s in Pine Ridge or North Philly right? It’s that “laboratories of democracy” or whatever you want to call it, right, sort of thing.

Adina: Yeah.

Mark: I don’t know. It just, it’s always been really important to me, and I don’t know that other people always understand it.

Adina: Yeah, as much as I enjoyed working at OFN and, at that high level, one of the things I really enjoy about the consulting practice that I have now is that I do get to work closer to the ground. That was always one of the things that was both a blessing and a curse about working at OFN, is I felt further removed from the actual people that we were helping or working with.

Working more direct...spending a higher percentage of my time doing consulting allows me to be more aware of all these different innovations and trends and challenges and ideas. How the big groups are approaching them and how the little groups are approaching them. Whether there really are differences between rural and urban and all those kinds of questions. I get to see it from a somewhat different perspective from the role I play now.

Mark: Absolutely.

Adina: Yeah, that is always one of the really great things about CDFIs is that it’s very bottom up. The knowledge that we have is very reality-based. It’s not some theory. Sometimes it’s hard to articulate what we actually know because it’s not scientific or based on some highfalutin something-or-other. It’s based on actual experience.

Mark: Yeah, what a crazy concept, huh?

Last thing I’m going to ask you is...

Adina: Ok.

Mark: ...when you look to the future, having done so much to build—as so many people have, right—to help build this industry to where we are today. What seems most important to you or what do you think
about? It may be around human capital because that’s where you’ve dedicated so much time, but it could be about anything else.

Adina: I guess I would go back to the themes that I raised about my memories. I think that going forward I see us becoming more and more a part of the actual fabric of delivering financial services in America, and more acknowledged.

Just like OFN has a strategic initiative around geographic coverage, I hope we also begin to have more initiative about all different services, more inclusive services, more wraparound services, so we become more active in savings products and other kinds of financial capability products, as well as lending products. That we help people, both on the asset side of their personal balance sheet, as well as on the debit side of their personal balance sheet. That CDFIs become more flexible about the product area that they work in rather than focusing, as it is now, most CDFIs are either business or they're real estate based.

I would hope that going forward that there’d be more uniform services in more areas so that we can really be an effective player in the financial services world.

Mark: Yeah, great. I promised you that was the last question I was asking you, but if you’ve got anything else you wanted to say I’ll take it. This is great stuff Adina, so I’m so grateful that you made it time for it.

Adina: Thank you. Thanks for including me. I’m really looking forward to seeing how you use it. It’ll certainly be better than, was it the 20th where we tried to sing a song and we were miserable at it or was it the 15th?

Mark: You remember that?

Adina: Yeah.

Mark: You know what I remember about that was, I ended up singing a song a cappella—and I can’t sing—because Mark James and Laura unplugged their mics.

Adina: They finked out on you. Yeah, it was ...
Mark: They finked out on me.

Adina: It was a bad scene. [LAUGHS] It was a bad scene.

Mark: It was terrible. I’m so glad most people don’t remember it. I wish you didn’t. That was in Denver, where we’re going this year, so I don’t want anybody to remember that.

Adina: I thought it was in Denver. Yeah, that was my recollection.

Mark: I may have to disinvite you from the Conference, Adina. You’re probably doing twelve sessions, but...

Adina: [LAUGHS] I promise, now that I’ve had my opportunity, I promise not to bring it up again.

Mark: I would be so grateful to you. I’ll owe you for that one.

Anyway, Adina, thank you so much.

Adina: Thank you. Yes, thank you.

Mark: Thank you.

Adina: We’ll see you soon.

Mark: I hope so, thanks.

Adina: Okay, bye-bye.