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MICROFINANCE MAVENS: Debra and Nicholas Schatzki started Project Enterprise in 1997 after visiting the renowned Grameen Bank in Bangladesh while on their honeymoon.

Microlender nurtures city's startups

By **Bruce W. Fraser**

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Starting a business in a difficult economy is tough enough. And these days, securing startup capital from traditional sources like banks is tougher—even if you have a great idea.

Twice denied loans because his credit scores were not high enough, Derrick Guest of Harlem reached out to Project Enterprise, a nonprofit microlender based in the neighborhood. With two separate loans totaling \$2,500, he purchased a camera, a tripod, lights and insurance and set up his own business, Griot's Roll Film Production & Services Inc.

The film and video production company netted just \$300 from first-year sales in 2007. But Mr. Guest, a graduate of Brooklyn College, expects sales in 2009 to exceed \$30,000, despite New York's lousy economy.

The experience with Project Enterprise has been empowering, he says.

"Not only have I met other entrepreneurs who have helped mentor me," says Mr. Guest, 35, "I've also gained friendships that have helped my business and made me feel I'm a part of something great."

Without fanfare, Project Enterprise has granted microcredit to hundreds of low-income people in New York over nearly a dozen years, assisting them in their efforts to become successful entrepreneurs and live the American dream.

Debra Schatzki, a Manhattan wealth manager, and her husband, Nicholas, started Project Enterprise in 1997. Modeled on the renowned Grameen Bank, founded by Nobel Prize winner Muhammad Yunus, it supports and develops entrepreneurs in under-resourced neighborhoods across New York City. The program provides individuals with loans, training and access to business networks. Recipients have predominantly been African-Americans.

Project Enterprise was the first to apply the Grameen Bank model in the U.S., says Ms. Schatzki. Their program, which started with a handful of borrowers, has now disbursed more than \$1.6 million in loans to entrepreneurs starting or expanding businesses. Project

Enterprise has made loans to more than 600 people to date. The loans, averaging \$2,500, in turn support more than \$5 million in local wages annually, according to the organization.

Mr. and Ms. Schatzki, who is president and chief executive of the wealth management division of accounting firm Weiser, visited the original Grameen Bank in Bangladesh in 1997 on their honeymoon and were struck by the fact that the bank made it simple to lend money to very poor people.

"We realized we were blessed, and we wanted to give back," says Ms. Schatzki. "We decided to study microfinance and bring it to New York. It was our commitment to try to make a difference to people in all the struggling neighborhoods here. We have centers in Harlem, Brooklyn, Queens, the Bronx and Mount Vernon [in Westchester County], and we hope to expand geographically."

Unlike banks, for example, Project Enterprise and other microlenders can provide small loans without requiring a credit history, collateral or a guarantor—an advantage to borrowers without a strong credit or employment background. Such sums are too small for mainline banks to deal with, notes Ms. Schatzki. Project Enterprise charges 12% interest, less than most banks and credit card companies charge.

Ms. Schatzki adds: "When people get in trouble, we don't close the door. We'll work with our borrowers if business is down to restructure their loans so they can afford them"—an approach different from that taken by traditional financial institutions.

"Through programs like this, individuals get access to credit that they would not be able to get at a bank because they don't necessarily have full credit qualifications or full employment," says Jorge Pinto, a professor of finance at Pace University's Lubin School of Business in New York, and a former executive director of the World Bank in Washington, D.C. "Mostly, they're self-employed or micro-businesspeople."

At Project Enterprise, Mr. Guest teaches new entrepreneurs the basics of starting a business, focusing on financial management concepts like projecting sales and cash flow.

Mr. Guest has become a center leader in Harlem, where he mentors others, reviews microloan applications from would-be entrepreneurs and promotes community events and workshop opportunities through Project Enterprise.

Crystal Cotton, 43, of Jamaica, Queens, used a \$1,470 loan from Project Enterprise this year to help launch her workplace-communications consulting firm, which works with small businesses and city agencies. Ms. Cotton used the money to create a Web site and promotional materials.

Like Mr. Guest, she's giving back to Project Enterprise by mentoring others who are applying for loans.

"For a lot of people, the loan process can be intimidating," says Ms. Cotton. "Even though it's not like sitting in front of a loan officer at a bank, there's a lot at stake."