B. Three Phases of Program Implementation

Overview: Program Pre-Implementation and Development Process
WtW, Inc. has refined, standardized, and replicated its program through a robust network of human service agencies. This section of the Field Manual and Program Guide takes your staff through the steps for becoming a WtW program office in a process that typically takes from four to twelve months. This process begins with the expression of interest by your agency’s Chief Operating Officer and concludes with the execution of a WtW Certification Agreement, which defines the operational aspects of the program as well as your agency’s rights and responsibilities.

The primary point of contact as you proceed throughout the start-up process will be the Business Development Director & Coordinator at the WtW national office.

The program development process typically occurs within the four to twelve month time period mentioned above and consists of three phases in which the national office and the local agency:

1. assess your agency’s General Interest,
2. review your Readiness to adopt the roles and responsibilities of WtW loan office, and
3. assist you in the Launch of your program to the implementation phase.

Since local agencies are responsible for securing operating capital and funding to cover loan defaults, the timeframe for completing your program development is significantly influenced by your success in securing these funds. The national office will aid and support you in your efforts.
Phase 1: General Interest Assessment

Normally, the general interest phase takes approximately three months from an initial inquiry conversation between a senior manager from the local organization and the WtW national office. During this phase, the primary areas of discussion and exploration are:

Program Need
Discussion about agency’s geographic service area to assess the need for private transportation, type of population served, location of employers, and other means of transportation that may be available.

Strategic Fit
Discussion and assessment of the agency’s mission, your experience with other types of car loan programs, if any, the anticipated outcomes for your clients, and the fit between the types of services currently provided by your agency and those that will be provided through the WtW program.

Capacity (management, operational, financial)
Discussion of the agency’s internal capacity which might include the number of employees, the agency’s departmental structure, the size and population of the area you intend to serve, or whether other branches of your agency might be involved in the program.

Alliance for Children and Families Membership
The mission of WtW is to strengthen the capacity of member organizations of the Alliance to serve their communities by promoting strategies to improve the financial condition of distressed families. Therefore, all agencies operating a WtW program are required to be members of the Alliance for Children and Families. If an agency is not a member of the Alliance for Children and Families, the national office will assist you in fulfilling your membership requirement.

Non-binding Letter of Intent
A non-binding letter of intent signed by your agency’s top administrator is an important indication of your agency’s intent to develop and implement a WtW program. An example or sample of such a letter can be provided by the national office prior to your agency’s enrollment as a member of the Alliance.

Strong Program Management
If you are considering additional program offices, service area expansion, or programmatic partnerships, we encourage involving the national office in any strategic discussions to develop, ensure, and maintain strong program management.

Budget
We will also discuss the estimated operating budget for the first 4 years, which includes anticipated revenue (through fundraising), loan volume expectations, and other operating costs.

Board/Senior Management/Community Partner Support
Some agencies require board approval before embarking on a new program, especially when the commitment of agency resources is required. If this is the case with your agency, representatives of the WtW national office will work with you to develop their support, and that of other key partners, (see below) by presenting a brief history of WtW, information on the role of and services available through
the national office and other important background information, including the program model and outcomes.

Note: If board support and approval are not required, and if in the opinion of WtW formal board support is not necessary, your agency CEO or Executive Director may make the necessary commitments to a WtW program through direct interaction with the national office.

Key Community Partnerships
Discussions should take place concerning the need to develop and maintain internal (mid and senior management) and external (financial and other community) partnerships in support of your program. These partnerships help provide additional services and resources to ensure borrower success. Identification of available community partners often takes place in discussions following presentations or discussions with your board. Although the national office does not directly recruit partnerships for local agencies, it can help identify the types of partnerships that the agency should look to create and provide examples on approaches that have worked well for other WtW agencies. Those identified as potential partners may include:

- Local mid-size to large businesses (for borrower referrals, loan committee volunteer members and corporate philanthropy)
- Other child & family serving organizations/non-profits (for borrower resource referrals and loan committee volunteer members)
- Automobile dealers
- Mechanics
- Repossession companies
- Potential funders or others who can help solicit funders
- Financial institutions

A Note on Financial Institutions and the Community Reinvestment Act
The Community Reinvestment Act (CRA) requires banks and savings institutions to provide credit (i.e. loans) to consumers and businesses that are located in the geographic area where the banks have branches and take deposits. Banks and saving institutions need to proactively demonstrate that they are meeting the credit needs (i.e. providing loans, accepting loan applications) of people who live in the community where the banks are located. The CRA is of great importance to all WtW loan offices. The potential to access CRA credit offers a powerful incentive for banks to participate in the program. It is also among the reasons that banks and bankers might give time, talent, and grant funding to the program locally. For more information on CRA, see Appendix.
Phase 2: Organizational Readiness
The readiness phase typically takes no more than three months to complete. During this phase, the program development process focuses on preparing your agency for successful operations. The primary areas of interest are:

Roles and Responsibilities
The national office Business Development Coordinator or the Vice President of Operations will explain and discuss the roles and responsibilities of national office and those of your agency throughout the program development process.

Roles of the National Office
- Provides guidance, consultation, and support throughout fund development process.
- Maintains contact with agency to ensure continuous process.
- Following achievement of each milestone, keeps host agency informed of next steps.
- Assistance with selection of loan officer from finalists.
- On-site assessment of workspace.
- On-site training with written resources (policies, procedures, reference materials, sample agreements, and forms and templates).
- On-going training and support.
- Establishing procedures, best practices, and annual audits of program operations.
- Provides loan capital, loan processing and servicing, and additional oversight of agency’s loan portfolio.

Roles of the Host Agency
- Provides internal support and oversight of program.
- Assumes primary responsibility for fund development activities.
- Accepts the responsibility to provide follow-through and on-going reporting to national office on activities and achievements until last loan has reached maturity.
- Conducts the search and hiring process for loan officer.
- Accepts and assumes the roles and responsibilities of loan officer, program assistant, and program supervisor.
- Develops and solidifies community partnerships.
- Provides a high-touch approach and performs most customer service functions for program participants.

Understanding Program Success Measurements
Ultimate Program Goals
The ultimate long-term goal is the stabilization and/or improvement of the financial condition of participating households. The intermediate goal is the removal of barriers to employment. The immediate goal is to protect current employment and enhance employability by resolving transportation problems.
Portfolio Management, Benchmark Expectations, and Operational Standards
The national office will periodically provide you with information on how to manage your portfolio of borrowers and on the metrics that help define a quality WtW program. These benchmarks and standards will also help your office minimize delinquencies and defaults, while meeting your loan volume expectations. In the past, we have utilized default rates as a quality standard. Going forward, the national office has developed several tools and defined new benchmarking metrics to create a scorecard. These developments have provided both the national office and the local agency methods to assess WtW programs for areas of efficiency and improvement. Historically, the WtW delinquency has never been above 20%, and the default rate has never been above 13%. For more specific information in regard to Portfolio Management, Benchmark Expectations, and Operational Standards please refer to TA Memo #24.

Loan Volume Expectations
Predicting and managing loan volume will be critical to your program’s success. Expectations for loan volume differ among loan programs for a variety of reasons including:
- Contractual commitments with funders.
- Local senior management expectations.
- The funding levels your office has achieved.
- Program staffing levels.
- The population and size of your geographic service area.
- The effectiveness of your marketing strategies.
- The level of need in your community.
- The role of national office in your program’s implementation.

Local loan offices and the national office work together to establish loan volume goals and the local loan officer is ultimately accountable to local management, funders, community partners, and the national office for loan volume results. As a general practice, 1.5 FTEs (full-time employees) or one standard operating unit (SOU) should be able to generate 45-60 loans per year, while managing a current portfolio of 110 loans. For more on loan volume and establishing a loan volume expectation and SOU, see Technical Assistance Memo #10 under the Member Support section on the WtW website.

Host Agency Fund Development
After discussions concerning operational costs (a sample budget is often provided), the national office can provide you with consultation on fund development options, including region-specific database searches of philanthropic sources of funding and a customizable grant proposal guide.

WtW Program Office Staffing
The recommended staffing level for a fully operational program office is 1.5 FTEs, which is a full-time loan officer and a part-time program assistant. However, staffing level may vary depending on agency size, service area, and program interest.
Loan Officer
The loan officer is responsible for coordinating, facilitating, and implementing an effective WtW program by administering the loan program process. In order to promote a skill set that supports the loan-centered program model, loan officers are often recruited from financial services backgrounds. Loan program administration includes:

- Recruiting and screening borrowers.
- Reviewing applications and applicant interviews.
- Ensuring the provision of financial education.
- Managing the borrower approval process.
- Borrower customer service.
- Ongoing case and loan portfolio management.
- The development and maintenance of community partnerships.
- With program manager/supervisor, marketing the program to build a pipeline of qualified borrowers.
- Establishing, monitoring, evaluating, and reporting on program goals, objectives, outcomes, key performance indicators, and client evaluations.

Program Assistant
The program assistant is generally responsible for:

- Receiving, screening, and recording inquiries.
- Mailing and receiving completed applications with supporting documentation.
- Scheduling client interviews.
- Data entry, filing, and other related responsibilities.

Program Manager/Supervisor:
The responsibilities of the Program Manager/Supervisor include:

- The responsibility to provide direct oversight of staff, finances, and risk management on the loan portfolio.
- Ensuring that program office staff achieve or exceed operational benchmarks for productivity and provide continuous case management (to minimize delinquencies and defaults).
- Maintaining a dialogue with national office and report changes in staffing.
- Collaboration with the national office to ensure appropriate training and support is delivered to the agency.
- Oversight of the active loan portfolio to manage agency’s risk of loss.
- The management, recruitment, and turnover of program staff in a timely manner.
- Working with the national office to ensure that the local staff receives national office support as appropriate.
- With loan officer, marketing the program to build a pipeline of qualified borrowers.

WtW Program Office Sustainability
Discussion with the national office should confirm your understanding that your agency is responsible for securing sufficient operating capital to sustain your program office and funding to cover potential loan defaults. To the extent possible, national office will aid and support your efforts.
In high performing loan offices, the local agency’s senior management and development staff generally support fund development activities, since leaving this responsibility up to the loan officer may diminish their capacity to operate the program.

At present, no earned income opportunities exist for the program, although this is a future goal of the national office.

**Reporting**

**National Office**
The national office provides weekly reports on the agency’s loan portfolio and provides monthly reporting on agency’s overall program activity, along with a comparison to other agencies within the network.

**Agency (Program Activity)**
Your agency provides monthly reporting of program activity to the national office through the use of Business Internet Banking (BIB), which is the 24/7 portfolio management system, and through the use of the WtW software.

**Agency (Financial)**
Your agency also ensures that the national office receives internal quarterly financials and annual audited financials.

**Agency (Demographics/Other Program Data)**
The national office may ask local programs to report on demographics or other program evaluation data.

**Loan Closing and Servicing**
Before your agency is ready for launch, the WtW national office will review your Loan System Application and will establish a maximum dollar value of loans that your agency may have outstanding at any given time. This is referred to as the Guidance Credit Line or Loan Authority Level. After the Guidance Credit Line has been defined, training in operations and loan closing and servicing will be provided by the national office loan administrator on-site and by telephone.

**Financial education**
Financial education is an important component of the WtW program and is very important to your borrower’s success. It is provided in two components—in a classroom-type setting and during the one-on-one interview with the loan officer. Your loan officer needs the skill sets necessary to review credit reports and assist clients in the development and implementation of family budgets. The national office recommends at least three hours for the classroom financial education and provides a curriculum developed by M&I Bank of Wisconsin to be used by any agency if desired.

The national office recommends finding a banking partner that is willing to collaborate and perform the financial education. This provides CRA credits for your banking partner, as well as increasing staff efficiency.
Loan Committee Development
The Loan Committee is a group of volunteers (5 to 8) that represent a cross section of the area’s businesses, and who meet on a regular basis to review loan applications presented to them for consideration by the loan officer. National office guides the development of local loan committees by providing descriptions and recommendations of the types of community partners to solicit as volunteers.

Marketing
National office works with local agencies to develop marketing plans and offers suggestions of strategies that have worked for other successful program offices. More detailed marketing strategies appear in Section 4.

Oversight
The national office provides oversight of local host agencies and their program operations by monitoring program activity and providing guidance when warranted. The experiences of WtW’s best performing program offices confirm that program success is more likely when there is strong support and additional oversight of the program throughout the hosting agency.

Training
Mandatory basic and advanced training in program operation, collections, and quality improvement are provided on-site at your agency by the national office to the loan officer, program supervisor, and interested agency executives.

On-Site Requirements
Your agency and the national office will discuss the need to protect certain borrower information obtained through your confidential discussions with borrowers or via, for example, interviews, the review of credit reports, family budget development, etc.

Host Agency and WtW Program Agreements
Your agency will enter into several formal agreements with WtW national office to establish a program office(s). These include the following:

Certification Agreement
This agreement is between the host agency and WtW, in which WtW certifies that the agency has met the requirements to run a WtW program and in which the host agency agrees to adhere to all WtW program policies and reporting requirements.

Loan System Agreement
This agreement provides the terms and conditions for the sourcing, funding, and servicing of loans for the WtW consumer loan program as operated by your loan office. It also outlines the host agency’s underwriting responsibility and summarizes the roles of both the agency’s program office and national office in relation to processing applications, and the funding and servicing of loans.
Guidance Credit Line Agreement
This agreement is intended to supplement the Loan System Agreement and provides for the parties’ agreement to the terms regarding the maximum dollar value of loans attributable to the program office that may be originated and outstanding at any one time under the WtW Loan System Agreement.

For samples of all loan system agreements, refer to Section 6.A.

Operations
In preparation for program launch, the national office recommends that local offices should consider the following points and put as many as possible in place prior to program implementation:

- **Credit report access** - local office needs to find a reputable source for pulling borrower credit information. National office requires source provide OFAC (Office of Foreign Assets Control) check. Local offices may use the national office credit access vendor.

- **Auto dealerships and mechanics** - referrals for auto purchases and vehicle inspections.

- **Repossession firm** - the local office is obligated to pursue all available collection efforts that will facilitate voluntary repayment from the loan recipient before taking such severe action as repossession. Taking a car from a client happens when all efforts to receive payment from the loan recipient have been exhausted. **UNDER NO CIRCUMSTANCES SHOULD LOAN OFFICERS ATTEMPT TO PERSONALLY REPOSESS A VEHICLE.** Refer to Technical Assistance Memo #5 under the Member Support section on the WtW website at [www.waystowork.org](http://www.waystowork.org) for more specific guidelines as relates to repossession.

- **Legal counsel** - provides service for buy backs and repossession. Contact the national office for advice when considering the services of legal counsel.

- **Forms and templates customization** - forms and templates, as provided in the Technical Assistance section under Member Support on the WtW website, should be customized with the WtW logo and your local office address and contact information.

- **Marketing materials** - for use in both general and targeted marketing efforts. See Appendix for a limited selection of marketing pieces developed by some local offices. For a more comprehensive selection of marketing materials that can be utilized for your office, please refer to the Marketing section under Member Support on the WtW website.

- **Social service resources** - referral options for borrowers in need (i.e. food banks/pantries, employment agencies/staffing firms, child care, etc.).
Phase 3: Program Launch
The launch phase begins on the date the loan officer (program operator) starts employment at the local organization. The launch phase typically takes no longer than three months to complete.

During this phase, the local loan office and the national office will pay keen attention to the following in order to make sure that your local WtW operation launch will be a success:

- Basic operations training
- Loan committee training
- Software training
- Policies and procedures
- Oversight
- Reporting
- Loan portfolio management
- Forms and templates
- Program marketing recommendations

The program launch phase concludes and the implementation phase begins on the date the first application is distributed to an applicant.

WtW National Office: Resources and Continuing Learning
The national office is never more than a phone call or email away. If you need assistance during the various phases of your program development, contact the Business Development Coordinator at the national office by phone at 866-252-7171 or via email at bizdevelopment@waystowork.org.