

## MEMORANDUM

**To:** CFGB Board  
**From:** Gus Heard-Hughes, Senior Vice President of Programs  
**Date:** 5/21/26  
**Re:** Capital Collective – Year Two

**Purpose:** To drive economic growth and job creation in our region by filling the gap in support for ‘missing middle’ businesses (\$500K - \$10M revenue). Birmingham’s small business ecosystem is well-resourced for startups but significantly underserves growth-stage businesses with the highest potential to create jobs and regional wealth.

**Need / Opportunity:** In 2024, CFGB made a \$50,000 proactive grant to pilot the Capital Collective model in Birmingham - a 12-week intensive designed to help ‘missing middle’ businesses build financial capacity, sharpen their growth strategies, and connect with the capital they need to scale. The pilot led to impressive outcomes: 12 businesses completed the program, securing \$8.1 million in growth capital and creating 71 jobs. Building on that foundation, The Capital Collective is seeking \$50,000 to fund a second Birmingham cohort. Several factors support a second CFGB investment:

- The missing middle gap in Birmingham is persistent. A 2022 Southern Communities Initiative study found strong startup support but significantly less for later-stage businesses seeking to scale. The Capital Collective remains the only program in the region specifically focused on this segment.
- The program has diversified its funding and is garnering national recognition. JPMorgan Chase has committed \$750,000 and Innovate Alabama has committed \$200,000 (in tax credits) to the 2026 program. ServisFirst, Synovus, River Bank, and First Horizon — several of whom made loans directly to 2025 cohort businesses — have also funded the program. The Collective was featured at the Milken Institute’s “Future of Funding” conference; the U.S. Chamber’s CO magazine and a national think tank will publish features on the program and Birmingham’s results.
- The 2026 cohort expands to Blount, Jefferson, Shelby, St. Clair, and Walker counties, with targeted outreach into rural areas.

### Considerations

- Sustainability is still an open question, though Capital Collective has made progress on securing new and diverse sources of funding. The budget for Year 2 is \$1.6 million, double the Year 1 budget. Capital Collective notes that Year 1 showed them that a full year of structured business support, not just limited support following the 12-week program, is necessary to solidify business improvements and close capital. They provided such support in-kind in the pilot year; the Year 2 budget reflects the cost.

**Evaluation:** The Capital Collective tracks four outcome areas: capital access, financial and operational capacity, network development, and regional economic impact. CFGB should expect an update at cohort conclusion and formal reports at 6 and 12 months.

**Outcome 1 – Capital access**

- \$ capital secured per business and in aggregate at 6 and 12 months post-program
- # businesses closing capital raises within 12 months of program completion

**Outcome 2 – Financial and operational capacity**

- % of participants adopting improved financial management practices (pre/post assessment)
- # businesses engaging C-level advisory support

**Outcome 3 – Regional economic impact**

- # new jobs created at 6 and 12 months post-program
- Revenue growth reported at 6 and 12 months

**Recommendation**

At its 5/6/26 meeting, the Building Capacity Committee recommended a \$50,000 grant from CFGB Proactive funds to The Capital Collective, payable as a one-time disbursement, to support the administration and alumni engagement of the second Birmingham cohort of The Capital Collective's Missing Middle program. **We recommend the Board approve this Building Capacity Committee recommendation for a \$50,000 grant from CFGB Proactive funds for year two of the Capital Collective.**