

## Getting Ready for Enterprise-level Capital

Defining enterprise-level capital:

*The strategic pursuit of business activities and discretionary use of new capital and/or an organization's existing assets—either directly or through leverage—to fund:*

- *business activities (working capital),*
- *growth (investment capital), and*
- *reserves to mitigate risk (permanent capital).*

Our [Strength Matters] working definition distinguishes itself from some other uses of the term. Often times the phrase enterprise finance is simply used to indicate a specific type of loan product made to a parent organization and that does not take real estate as collateral. For instance, one might say, “They got an enterprise finance loan from the bank which they used for pre-development costs on any project they wanted.” Occasionally, the term is used to distinguish the United Kingdom and other similar systems from that of the United States. In the UK, housing associations often hold real estate portfolios directly (rather than in special purpose entities). These associations have received stock transfers (10,000s of units) from the government, have access to operating subsidies and raise capital from the cash flow off of their portfolio.

Our use of the term is intended to encompass the entire practice of managing an organization's many sources of capital in order to better serve its mission; a deliberate attention to the health and effectiveness of the organization and a switch from a project-driven to an organization-driven decision framework. It implies a clear intention to serve mission, the presence of systems and ongoing discipline; all of which must exist for the organization to amass its own capital, access capital from others and manage all of its capital prudently for stability, nimbleness and growth.

--excerpt from *Strength Matters® Enterprise Finance Case Studies* documenting the experience of housing development organizations in amassing, attracting and managing capital at the enterprise level. Documents are available to Strength Matters members via [www.strengthmatters.net](http://www.strengthmatters.net).

