

THE 2021 CEO BLUEPRINT FOR RACIAL EQUITY: COMPANY PROFILE

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WITHIN THE COMPANY

WITHIN THE COMMUNITY

WITHIN SOCIETY



Providing Employer-Sponsored Small Dollar Loans

Rhino Foods, a Vermont-based Certified B Corporation, is pioneering an effort to break down the structural barriers that prevent people from accessing wealth. In 2007, Rhino Foods partnered with United Way Northwest Vermont and North Country Federal Union to create the [Income Advance Program](#) (IA). The program, an easy-to-implement, yet highly impactful solution to facilitate employee access to emergency funds, has been instrumental in increasing employee financial security. With growing evidence of its success and benefits attained for employees and employers alike, IA serves as an opportunity to help bridge the racial wealth gap at the national level.

In the United States, 40 percent of people do not have enough cash on hand for a [\\$400 emergency](#), and 67 percent of Americans have difficulty coming up with \$1,000. More notably, the country's history of systemic racism has resulted in a disproportionate number of Black, Indigenous, and people-of-color (BIPOC) individuals finding themselves stuck in a structure of generational poverty. Many are unable to access affordable credit due to a bad banking experience resulting in damaged credit or to being unbanked altogether. Rhino Foods is attempting to undo some of this structural imbalance through IA. The program stands to benefit BIPOC, a group that has been disproportionately impacted by generational poverty and limited access to credit. However, IA has proven to benefit everyone, not only the most vulnerable. Rhino Foods has embarked on a journey to achieve wide adoption of its model as a mainstream practice across the country.

How Rhino Foods is building financial security – and how you can too

Focusing on the user experience. IA grew out of an existing commitment to provide stability for Rhino Foods employees, including offering advance payments or facilitating emergency loans from an employee's 401(k). IA formalized this type of employee support, aiming to assist employees experiencing a funding emergency, with the only quick solution otherwise being a high-interest payday loan. Rhino Foods ensured that the program was easy to use, shame-free, and no questions asked. As long as employees are in good standing with the company, the bank will approve an emergency loan. In this way, a person's employment stability serves as a proxy for assessing their financial risk, thus opening access to affordable credit to people historically excluded from the banking sector. This people-centered, inclusive practice is helping eliminate the predatory system causing financial distress for so many.

Creating long-term value for employees and the company. One central benefit of IA is that repayment of loans helps employees build their credit. Further, once an employee has paid off a loan through payroll deductions, they have the option to continue the deductions, which are then placed into a savings account. Through this mechanism, Rhino Foods is not only helping address employees' emergency needs, but is also setting them up to break out of systemic poverty. After being approved for several loans through IA, one struggling employee was able to build up their credit and obtain a car loan and later, a mortgage. With \$645,000 loaned to date, employees' enhanced financial wellness has reduced stress, improved credit, and increased savings – with 97 percent of employees continuing to make automatic deposits into savings accounts. For the company, it has meant reduced absenteeism, greater productivity, and a 38 percent increase in retention. Companies can set employees on a path to greater resilience while simultaneously creating long-term business benefits.

Scaling the model. The Rhino Foods Foundation has a mission to spread impactful programs that drive systemic change, achieved primarily through scaling IA. Leveraging local business convenings and B Local community meetings, among other channels, Rhino Foods has facilitated a statewide IA adoption across Vermont. The program has proved easy to understand and implement as long as there is C-suite buy-in. Now Rhino Foods seeks to replicate the model of providing small dollar loans at the national level. At the local level, companies can partner with local financial institutions to implement the program. However, large companies will likely need an automated solution to avoid engaging multiple financial institutions. Fintech platforms TrueConnect and HoneyBee are partnering with Rhino Foods to develop user interfaces to facilitate loan access in a simple and quick manner. Rhino Foods aims to present companies with an easily scalable solution while driving down interest rates and eliminating predatory loan products. While IA loans do have interest, the rates are significantly lower than those offered by payday lenders. Companies seeking to implement this program should not be looking to make a profit and should be cognizant that the financial institution will be the one carrying the financial burden. Rhino Foods is nearly ready to offer the model to interested companies, following the successful pilot of the program with a large American clothing brand. Small dollar loan programs like Rhino Foods', currently a differentiating benefit, have the potential to become a norm across the corporate sector.



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