



Wacif

Washington Area Community Investment Fund:

# Sustainable Entrepreneurship Report



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# Letter from the CEO

Dear Stakeholders,

At Wacif, entrepreneurs promoting environmental sustainability and energy efficiency are at the forefront of our priorities. These visionaries play a crucial role in safeguarding the future of our economy, community, and planet.

We recognize that underinvested and overburdened communities, particularly communities of color, have historically borne the brunt of industrial byproducts and their negative environmental consequences. These same communities are also disproportionately affected by extreme weather events resulting from climate change.

In response, entrepreneurs from these impacted areas are stepping up, introducing innovative solutions and practices to enhance climate resilience, transform industries, and mitigate adverse environmental outcomes.

Wacif is committed to empowering these green entrepreneurs through comprehensive technical assistance and targeted financing. We aim to unleash the power of the green economy for underinvested communities, focusing vital support on BIPOC and women-owned small businesses.

The research highlighted in this report provided valuable insights into Wacif can further advocate for entrepreneurs addressing environmental challenges. We're excited to share what we've learned to continue to drive impact and inform the wider community.

Shannan Herbert  
Wacif Chief Executive Officer





# About WACIF

Founded in 1987, Wacif's mission is to increase equity and economic opportunity in underserved communities in the Washington, D.C. region. As a Community Development Financial Institution (CDFI), Wacif's mission is driven by three strategic pillars – inclusive entrepreneurship, community wealth building, and equitable economic development – and is fulfilled by providing access to capital products and services, and capacity building technical assistance to low and moderate-income (LMI) entrepreneurs.

Since its inception, Wacif has deployed more than \$100M in flexible, affordable capital, supported over 4,500 underserved entrepreneurs with technical assistance and helped create or retain over 44,000 jobs.

- **Financial Capital:** Through specialized loans and grants, we partner with under-resourced entrepreneurs to provide the resources needed to build and grow a business.
- **Knowledge Capital:** Led by industry experts, our programmatic pillar delivers advising, guidance, and empowerment, setting up small business owners for long-term success.
- **Social Capital:** Through dedicated events, groups, and institutions, we are providing a haven in which individuals from underinvested communities can elevate themselves, one another, and their communities.

## Key Centers and Initiatives:

- Office of Women's Initiatives
- Capital Region SBA Women's Business Center
- Anacostia Arts Center
- Underwriting for Racial Justice Initiative
- Retail Readiness





# Executive Summary



# Executive Summary

## Sustainable Entrepreneur Ecosystem

### Background and Purpose

The Washington Area Community Investment Fund (Wacif) recognized an opportunity to enhance its support for entrepreneurs addressing environmental challenges and promoting sustainability. Our focus extended to understanding the unique needs of entrepreneurs in industries directly tackling resource and environmental issues, such as energy efficiency and sustainable construction. Additionally, we aimed to assist entrepreneurs across various sectors in developing their capacity to incorporate environmentally sustainable practices into their business models.

To achieve these goals, Wacif implemented a comprehensive research plan over several months. Our plan included in-depth market analysis to identify trends, challenges, and opportunities in green economy sectors. We gathered valuable insights through multiple channels, including one-on-one discovery calls with entrepreneurs to understand their specific needs and challenges. Collaborative focus groups brought together entrepreneurs to discuss shared experiences and brainstorm solutions, while quantitative surveys helped us identify patterns and priorities across a broader range of businesses. The team administered the research from August 2023 through May 2024.

### Findings

Our research yielded valuable insights that shape our approach to supporting entrepreneurs as they expand their sustainability footprint. The findings inform our financial products, technical assistance offerings, and communication strategies.

In terms of financial support, entrepreneurs expressed a clear preference for lines of credit, equipment and efficiency loans, and grants. These products emerged as the most desired financial tools to facilitate sustainable business practices and growth. Sustainable business training and certification navigation will assist entrepreneurs seeking to improve their understanding of the industry and grow their capacity. The educational opportunities can exist as cohort or one-on-one coaching. Education extends to communications that highlight new technologies, industry updates, or best practices. Ecosystem partners and organizations can apply findings to developing tactics and strategies that support small business owners.





## Key Terms

**Environmental Sustainability:** The practice of responsibly managing and conserving natural resources to ensure their availability for future generations. It focuses on interacting with the planet in a way that does not deplete or unnecessarily waste resources, aiming to improve the quality of human life without putting undue strain on supporting ecosystems. Examples include the conservation of resources, the reduction of pollution and waste, the promotion of renewable energy, and the mitigation of climate change impacts.

**Sustainable Entrepreneurship:** Refers to businesses implementing practices, products, or materials that benefit the environment, or supporting businesses in their transition or growth in sustainable industries. This includes promoting the green economy and transition to clean energy and greenhouse gas emission reduction.

**Environmental Justice:** Equitable access to a healthy, sustainable, and resilient environment where individuals can live, work, and thrive. Environmental justice also highlights the importance of empowering marginalized communities in decision-making processes that affect their lives.

**Low Carbon Transition:** A comprehensive process of shifting economic systems, industrial practices, and societal infrastructure from high-carbon, fossil fuel-dependent models to more sustainable, low-emission alternatives. This transition involves systematically reducing greenhouse gas emissions across multiple sectors, including energy production, transportation, manufacturing, and agriculture.

**Community Development Financial Institution (CDFI):** A private financial institution with a primary focus on developing low-income and low-wealth communities within the U.S. by providing personal and business lending and investing opportunities.







02

# Detailed Report





# Introduction

In an era where environmental sustainability exists as a critical global concern, the role of entrepreneurs in driving innovative, eco-friendly solutions has never been more important. Recognizing this, the Washington Area Community Investment Fund (Wacif) executed a comprehensive research initiative to better understand and support entrepreneurs working towards environmental sustainability and energy efficiency.

This research report presents the findings of our in-depth study conducted over several months, focusing on the unique needs, challenges, and opportunities faced by entrepreneurs in the green economy sector. Our investigation encompassed a wide range of industries, from those directly addressing resource and environmental challenges to businesses seeking to incorporate sustainable practices into their existing models.

Through a combination of market analysis, discovery calls, focus groups, and surveys, we gathered valuable insights that will shape our approach to supporting sustainable entrepreneurs. This report outlines our findings on preferred financial products, desired technical assistance, and effective communication strategies. It also explores the broader implications for ecosystem partners and organizations supporting small business owners in their sustainability efforts.

The insights presented inform Wacif's strategy. Moreover, this research contributes to the broader dialogue on fostering a more sustainable and equitable business environment, particularly in underserved communities. As we present these findings, we invite stakeholders, partners, and fellow organizations to consider how this information can be applied to create a more robust support system for entrepreneurs driving environmental sustainability and energy efficiency in our communities.

# Methodology

To design offerings that best address the experiences and needs of entrepreneurs, Wacif implemented a comprehensive research methodology focused on gathering entrepreneur insights. This approach was particularly crucial for advancing services in environmentally sustainable business endeavors and practices. The research plan, executed from January 2024 through May 2024, comprised three main components: discovery calls, focus groups, and surveys.

## Discovery Calls

The team conducted discovery calls with three existing Wacif clients operating in environmental sustainability or energy efficiency sectors. These clients, referred by Wacif staff, represented diverse industries including electric vehicle infrastructure management, construction, and electrical services. The discovery calls utilized a standardized set of questions, which were also employed in the focus groups to ensure consistency across data collection methods.

## Focus Groups

Focus groups targeted businesses that were either new to Wacif or to sustainability practices. Participants were recruited through Wacif's established network of Washington Metro Area entrepreneurs. The team employed various communication channels to invite participation, including newsletters, social media posts, and event flyers. To incentivize participation, we offered a gift card.

## Surveys

In addition to qualitative methods, the team administered surveys to gather quantitative data from a broader range of entrepreneurs. The survey distribution used the same channels as focus group recruitment, leveraging Wacif's network and communication platforms.

## Participant Recruitment and Incentives

For all research components, Wacif leveraged its existing network of Washington Metro Area entrepreneurs. The team employed a multi-channel approach to recruit participants, including: 1) Newsletter; 2) Social media posts; 3) Event flyers. A gift card raffle incentivized participation.





# Results and Analysis – Focus Groups

## Focus Groups

The focus groups, which included diverse businesses such as a moving company, dry cleaning service, and public health organizations, provided valuable insights into the entrepreneur perspectives. The discussions revealed two primary themes that emerged as key enablers for addressing environmental sustainability: community engagement and technology adoption.

### Community Engagement

Participants strongly emphasized the importance of community partnerships in developing effective sustainability solutions. The focus group discussions highlighted that:

- Community involvement is crucial for identifying and implementing context-appropriate sustainability measures.
- Local partnerships can provide valuable resources, knowledge, and support for businesses transitioning to more sustainable practices.
- Engaging with the community can lead to increased customer buy-in and support for sustainability initiatives.

### Technology as an Enabler

The role of technology in facilitating sustainable practices was another key theme that emerged from the focus groups. Participants recognized that technological solutions could significantly enhance their ability to implement and maintain environmentally friendly business practices.

### Organizational Support

A significant focus finding included the participants' insistence on the role of organizations like Wacif in facilitating success in sustainability efforts.

Two specific areas of support were highlighted:

- Relationship Brokering: Participants expressed a need for assistance in identifying beneficial partnership opportunities. This suggests that organizations can play a crucial role in connecting businesses with potential partners, suppliers, or customers who share sustainability goals.
- Certification Navigation: The focus groups revealed a demand for guidance in navigating the often complex process of obtaining sustainability certifications. This indicates an opportunity for organizations to provide targeted support in this area, potentially through workshops, one-on-one coaching sessions, or resource guides.

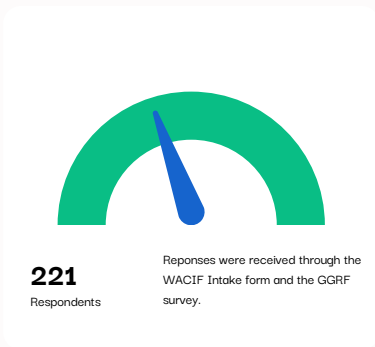


# Results and Analysis – Surveys

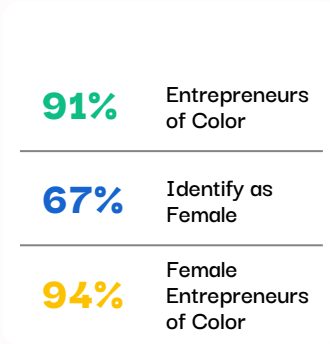
## Survey Respondents

The survey, which garnered 221 responses, provided valuable insights into the current state of sustainable entrepreneurship financing interests, technical assistance needs, and communication preferences. The results highlight significant opportunities for organizations to support and educate businesses in their sustainability journey. The majority of respondents identified as women of color residing in Washington, DC. Most began their businesses within the past 10 years and operate in professional services, educational services, and food services.

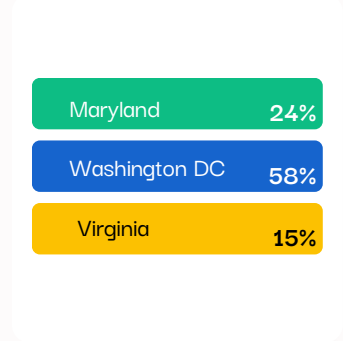
### Responses



### Demographics



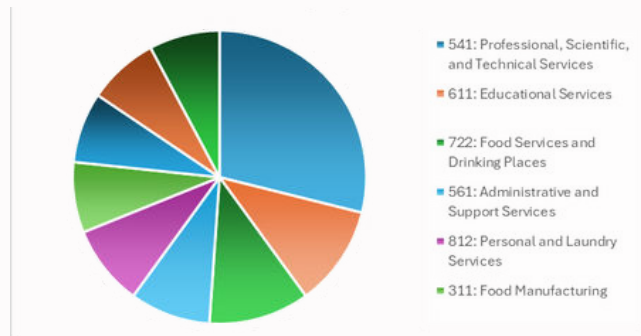
### Location



### Years in Business



### Industry (By NAICS)

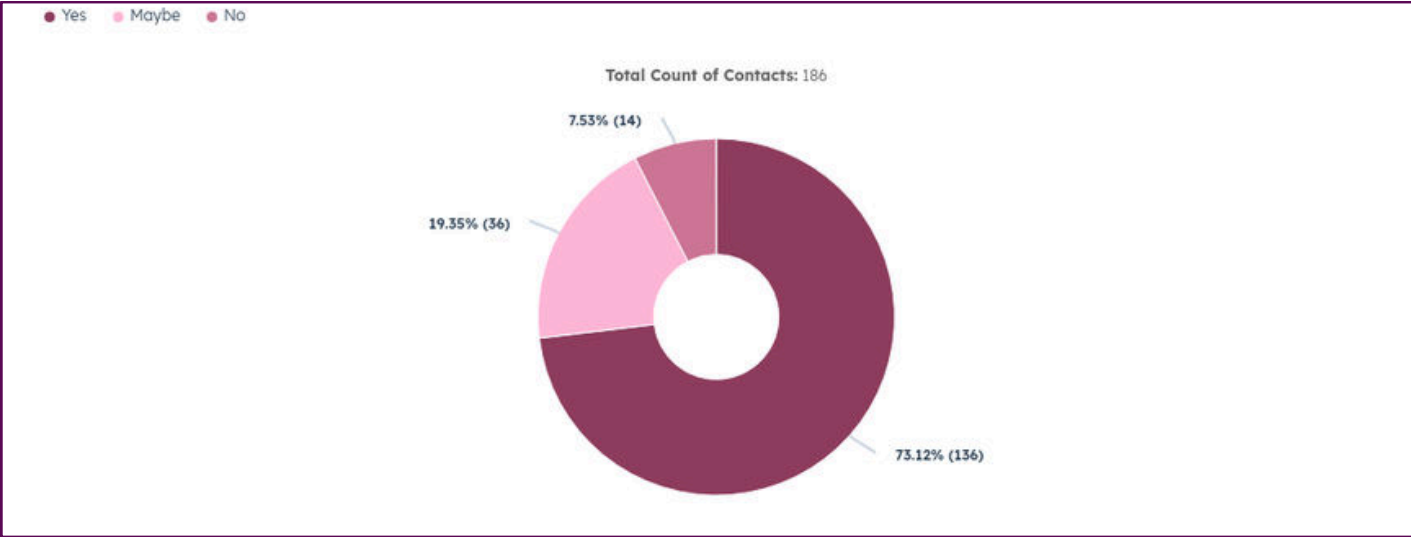


# Results and Analysis – Surveys

## Interest in Sustainable Entrepreneurship

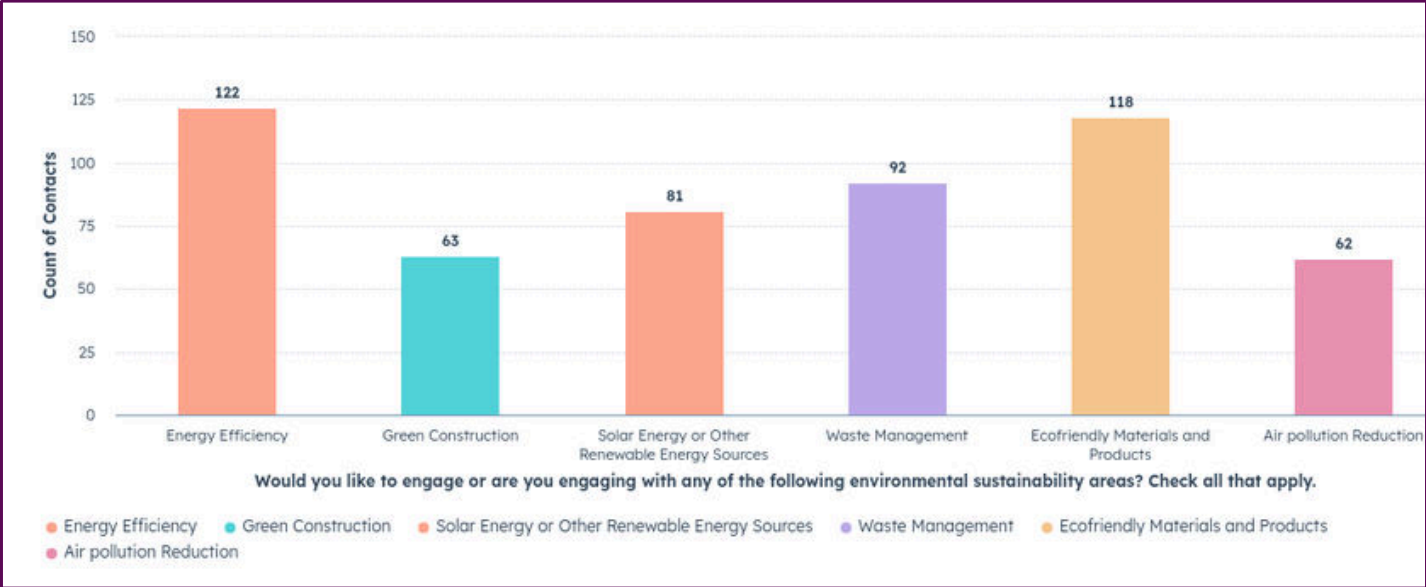
Approximately fifty-five percent of individuals surveyed said they are previously engaged or are currently engaged in sustainability. Seventy-three percent of entrepreneur respondents have a future interest in sustainability with energy efficiency and ecofriendly materials and products identified as top areas of interest.

### Future Interest in Engaging in Environmental Sustainability



Source: Wacif Sustainable Entrepreneurship Report, February 2025

### Environmental Sustainability Potential Areas of Focus



Source: Wacif Sustainable Entrepreneurship Report, February 2025



# Results and Analysis – Surveys

## Financing

The survey revealed a substantial knowledge gap in sustainable lending products:

- 92% of respondents reported no experience with such products, indicating a significant opportunity for education and outreach.
- The top lending products of interest were:
  - Lines of credit
  - Building efficiency upgrades
  - Equipment loans

This suggests that entrepreneurs are primarily interested in flexible financing options and investments that can directly improve their operational efficiency and sustainability.

## Green Lending Interest



Source: Wacif Sustainable Entrepreneurship Report, February 2025





# Results and Analysis – Surveys

## Technical Assistance

Seventy-eight percent of respondents have no experience pursuing sustainability training. They expressed interest in learning about various aspects of sustainability. The top areas of interest include:

- Grant opportunities
- Partnerships
- Eco-friendly products
- Energy efficiency technologies

## Education and Training Topics of Interest



Source: Wacif Sustainable Entrepreneurship Report, February 2025

## Communication

Respondents expressed a desire to learn more about available resources and technologies to grow their sustainability practices. This suggests that there is a strong appetite for practical, actionable information that can help businesses become more environmentally friendly.

These findings underscore the importance of bridging the knowledge gap, providing targeted financial products, and offering comprehensive support to entrepreneurs seeking to enhance their sustainability efforts.





03

# Application





# Financing

Our research findings highlight the critical role of tailored financial products in supporting small business owners as they transition towards more sustainable practices and industries. The data reveals a clear preference for three main types of financial support: lines of credit, energy efficiency/equipment loans, and grants.

## **Lines of Credit:**

The strong interest in lines of credit underscores the need for flexible financing options in the sustainability sector. This preference likely stems from the unique cash flow challenges faced by businesses implementing green practices. Lines of credit offer a valuable lifeline, allowing entrepreneurs to bridge financial gaps while awaiting returns on their sustainability investments. This flexibility is particularly crucial in the early stages of adopting eco-friendly practices, where upfront costs may be high and returns may take time to materialize.

## **Energy Efficiency and Equipment Loans:**

The demand for energy efficiency and equipment loans reflects the tangible, physical changes many businesses need to make to become more sustainable. These loans can finance upgrades such as energy-efficient lighting, HVAC systems, or specialized equipment for waste reduction. By providing targeted funding for these improvements, financial institutions can directly support the transition to greener business operations.

## **Grants:**

The interest in grants indicates that many entrepreneurs see value in non-repayable funds to support their sustainability initiatives. Grants can be particularly beneficial for projects that may not generate immediate financial returns but offer significant environmental or community benefits. They can also serve as catalysts for innovation in sustainable practices, allowing businesses to experiment with new technologies or approaches without the pressure of loan repayments.





# Technical Assistance

The research findings highlight a significant demand for technical assistance in green lending and sustainability practices among entrepreneurs in the Washington Metro Area. This demand is coupled with a scarcity of existing offerings, creating a clear opportunity for organizations to fill this gap.

## **Certification Navigation:**

The demand for assistance in navigating certification processes reflects the increasing importance of environmental credentials in the business world. Certifications can provide a competitive edge and demonstrate a commitment to sustainability, but the process can be complex and time-consuming for small business owners. Offering guidance in this area could significantly lower barriers to entry for green entrepreneurship.

## **Educational Format Preferences:**

The research indicates that entrepreneurs are open to both cohort-based and one-on-one coaching models for technical assistance. This flexibility in learning formats suggests that a diverse approach to education delivery could be effective. Cohort-based programs can foster peer learning and networking, while one-on-one coaching can provide tailored support for individual business needs.

## **Rarity of Offerings in the Washington Metro Area:**

The scarcity of technical assistance offerings in the region presents both a challenge and an opportunity. While it indicates a current lack of support for green entrepreneurs, it also suggests that there is significant potential for organizations to establish themselves as leaders in this space. By developing comprehensive technical assistance programs, Wacif and similar organizations could play a crucial role in fostering a robust green business ecosystem in the area.





# Communication

Education plays a crucial role in promoting sustainability awareness among small business entrepreneurs. By leveraging various communication methods to highlight new technologies, industry updates, and best practices, we can effectively address the sustainability awareness gap that exists in this demographic. Additionally, organizations must be clear about how they are defining sustainability.

## **Content Strategies**

How-to guides can serve as valuable resources, offering step-by-step instructions on implementing specific sustainable practices, such as reducing energy use or improving waste management. These guides empower entrepreneurs to take actionable steps toward sustainability.

Tailoring content to different industries is essential, as each sector faces unique sustainability challenges and opportunities. By addressing these specific needs, communication becomes more relevant and impactful.

## **Emphasizing Business Benefits**

Highlighting the cost savings associated with sustainable practices can be a powerful motivator for small business owners. By demonstrating how reducing energy consumption or minimizing waste can lead to long-term financial benefits, entrepreneurs may be more inclined to adopt these practices. Showcasing how sustainability drives innovation can also capture interest. Businesses that embrace sustainable practices often discover new opportunities for growth and differentiation in the marketplace.

Finally, educating entrepreneurs about the growing consumer demand for sustainable products and services is vital. Understanding this trend can encourage small businesses to align their operations with consumer preferences, ultimately enhancing their market competitiveness.





# Research In Action – Sustainable DC

## Sustainable DC Project

Wacif's research findings led to the development of the Sustainable DC Demonstration Project, launched in late 2024 in partnership with The Coalition (formerly CNHED):

### Grants and Loans

The project provides up to \$300,000 in grants and \$2 million in flexible, non-predatory loans to support BIPOC and women-owned small businesses in sustainable industries or those implementing sustainable practices.

### Technical Assistance

Extensive advisory services help businesses navigate regulations and resources specific to sustainable entrepreneurship. The project delivers thousands of hours of business advisory services and technical assistance, along with a cohort-based accelerator program.

### Certification Support

The project assists entrepreneurs in obtaining green certifications, which are crucial for participating in the sustainable economy. This support helps businesses meet industry standards and increase their competitiveness in the green marketplace.

### Opportunity Identification

Small businesses will be connected to local and federal investment opportunities, including access to the EPA's \$27B Greenhouse Gas Reduction Fund. The project also facilitates connections to green supply chains and major customers including universities and hospitals, helping entrepreneurs identify and seize new business prospects.

### Advocacy

The Coalition's strength in advocacy will drive support for policies and practices that build a more sustainable and equitable small business ecosystem for DC's underinvested communities.





# Conclusion

Wacif's comprehensive research initiative aimed at understanding and supporting entrepreneurs in the environmental sustainability and energy efficiency sectors yielded critical insights. By implementing a robust methodology that included discovery calls, focus groups, and surveys, Wacif effectively gathered valuable entrepreneur insights necessary for advancing services.

Discovery calls with existing Wacif clients revealed three significant themes: communication, community, and accessibility, while focus groups provided additional insights, particularly regarding community engagement and technology adoption. Notably, strong demand exists for organizational support with relationship brokering to identify beneficial partnerships and certification navigation to assist businesses in obtaining sustainability certifications.

Survey results further illuminated the current landscape of sustainable entrepreneurship, revealing a significant knowledge gap regarding sustainable financing options—92% of respondents reported no experience with such products. This gap presents a substantial opportunity for Wacif and similar organizations to develop and educate entrepreneurs about available financial products, such as lines of credit and equipment loans, which can directly enhance their operational efficiency and sustainability.

Overall, Wacif's research not only informs its strategy for developing targeted financial products and technical assistance programs, but also contributes to the broader dialogue on fostering a sustainable entrepreneurship ecosystem. By leveraging these insights, stakeholders can create a robust support system that empowers entrepreneurs in their pursuit of sustainability, ultimately leading to more resilient communities and a healthier planet.

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Wacif

Sustainable Entrepreneurship Report 2025