

# THE READINESS CONTRADICTION

— WHY CAPITAL INTENT OFTEN EMERGES BEFORE CAPITAL READINESS —

PHASE 1 | CAPITAL BRIEF



STRONGER  
BUSINESSES



BETTER  
POSITIONED



GREATER  
OPPORTUNITY

# GROWTH PARTNERS ARIZONA

**Our Mission is to provide accessible, fair, and responsible loans and support to Arizona nonprofits and economically underserved small businesses outside the economic mainstream.**



## ABOUT THE BRIEF

Since becoming a Community Development Financial Institution (CDFI), Growth Partners Arizona (GPAZ) has supported entrepreneurs and nonprofit organizations across Arizona through responsible lending, financial capability programming, technical assistance, and capital readiness support.

This brief emerges from direct practice. Across Growth Partners Arizona pathways over a 16-month period, GPAZ observed a recurring tension: many entrepreneurs demonstrated strong ambition, resilience, and financing intent while still actively building the systems and conditions commonly associated with financing readiness.

The findings explored throughout this brief did not emerge from a single program or financing interaction. Rather, they developed progressively through entrepreneur engagement, financing activity, readiness assessments, and ongoing efforts to better understand how readiness forms before financing decisions become most consequential.

These observations informed the early thinking behind The Readiness Contradiction and Growth Partners Arizona's emerging developmental perspective on entrepreneurial readiness:

**What if entrepreneurial readiness is not a fixed threshold to be achieved, but a developmental process that forms progressively over time?**

## WHAT THIS BRIEF IS NOT

This brief does not advocate lowering underwriting standards, redefine lending risk, replace lender due diligence, or claim causal conclusions. Responsible lending depends upon disciplined underwriting and sound risk management. Rather, this brief offers early field observations regarding how entrepreneurial readiness may form before financing decisions occur—and how readiness may develop unevenly across different dimensions over time.

The purpose of this work is not to challenge financing standards, but to contribute to a broader conversation about how entrepreneurial ecosystems can better support readiness before entrepreneurs encounter the highest-friction moments of the capital journey.

While this brief uses the term developmental readiness model throughout, it should be understood as an emerging developmental readiness perspective informed by early field observations, not a validated or causal model. The language of “model” is used directionally to organize observations, inform practice, and guide continued learning as additional evidence emerges.

*Deliver Boldly!*

# ACKNOWLEDGMENTS

This brief reflects a process of observation, co-learning, and reflection shaped by the experiences of entrepreneurs, ecosystem partners, lenders, technical assistance providers, and financial capability efforts across Arizona. The insights explored throughout *The Readiness Contradiction* emerged not from a single program or initiative, but through repeated engagement with entrepreneurs navigating the realities of business growth, financing readiness, and capital access.

We are especially grateful to the entrepreneurs who participated in GrowthHUUB, readiness assessments, financing pathways, financial capability programming, capital prequalification engagement, and broader entrepreneurial support efforts that informed this work. Their persistence, ambition, vulnerability, and willingness to engage candidly with both opportunity and challenge helped surface many of the observations explored throughout this brief.

We also extend our appreciation to the community partners, entrepreneurial support organizations, lenders, technical assistance providers, ecosystem builders, and collaborators who continue to strengthen Arizona's entrepreneurial landscape. Their partnership, shared learning, and commitment to supporting business owners navigating the path toward financing readiness contributed meaningfully to the thinking reflected in this work.

## Special Thanks

We extend special appreciation to the individuals, practitioners, and partners who generously shared their time, expertise, feedback, and reflections during the development of this brief. Their insights helped sharpen our thinking and strengthen the questions explored throughout this work.

## Funder Acknowledgement

This brief and the broader work informing it would not have been possible without the support of mission-aligned funding partners committed to strengthening entrepreneurial ecosystems and expanding equitable access to capital. We extend special gratitude to **Wells Fargo**, whose support funded the GrowthHUUB pilot and much of the entrepreneur engagement and readiness exploration that informed the observations reflected throughout this brief.

We are also grateful to the additional philanthropic, institutional, and community partners whose support continues to advance entrepreneur-centered innovation and opportunity across Arizona.



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# FOREWORD

## Capital Systems Are Optimized to Evaluate Readiness. Not Build It.

Over time, certain observations surface with enough consistency that they warrant closer attention. This brief emerged from one of those observations.

Across Growth Partners Arizona's entrepreneur engagement, financing conversations, technical assistance, and prequalification pathways, a recurring pattern became difficult to ignore. Many entrepreneurs demonstrated strong business commitment, growth ambition, persistence through uncertainty, and willingness to seek guidance while simultaneously encountering persistent barriers to financing readiness.

**“In practice, many appeared both ready and not ready for capital at the same time.”**

This contradiction challenged some of the assumptions that often shape how entrepreneurial ecosystems interpret financing preparedness. Traditionally, capital readiness is evaluated through observable indicators: credit profile, financial performance, documentation, repayment capacity, operational maturity, and business stability. These indicators remain essential. Responsible lending depends on disciplined underwriting, thoughtful risk management, and financing decisions grounded in evidence rather than aspiration.



A handwritten signature in black ink that reads "Andre T. Whittington".

**Andre T. Whittington**  
Executive Director  
Growth Partners Arizona

Many business owners pursue financing while still strengthening operational systems, financial habits, pricing models, cash flow consistency, and documentation. Financing pressure often arrives before preparedness feels complete. What surfaced through GrowthHUUB, entrepreneur readiness assessments, Capital Compass findings, and financing prequalification activity was not a rejection of traditional financing standards, but a different observation about entrepreneurial timing. Entrepreneurs frequently sought financing while key dimensions of readiness remained unevenly developed.

At the same time, many demonstrated clear indicators of resilience, accountability, adaptability, and long-term business intent. In many cases, financing friction appeared less connected to entrepreneurial seriousness and more connected to timing and preparedness evolving at different speeds. This brief should be understood in that spirit: not as an argument for lowering financing standards, but as an emerging field observation worthy of deeper consideration.

**What if entrepreneurial readiness is not a fixed threshold to be achieved, but a developmental process that forms progressively over time?**

If so, an important opportunity may emerge, not simply to expand access to capital, but to strengthen how entrepreneurial ecosystems recognize, support, and sequence readiness before entrepreneurs encounter the highest-friction moments of the financing journey.

# EXECUTIVE SUMMARY



## Growth Intent Often Emerges **Before Stability**

**348**

Entrepreneurs Assessed

*Across Growth Partners  
Arizona pathways over a  
16-month period*

### Behavioral Readiness Signals

**64%**

sought finance and capital access as a primary business need

### Structural Readiness Signals

**60%**

Of prequalification applicants lacked required documentation for financing.

***“Entrepreneurs frequently appear both ready and not ready for capital at the same time.”***

Across entrepreneurial ecosystems, expanding access to capital remains central to strengthening small business growth, economic mobility, and community wealth creation. CDFIs, mission-driven lenders, entrepreneurial support organizations, and technical assistance providers have invested substantially in helping historically underserved entrepreneurs navigate financing barriers. Yet despite these efforts, many entrepreneurs continue to encounter persistent friction as they attempt to move from business ambition to financing preparedness.

Traditionally, readiness for capital is evaluated through familiar indicators—including credit profile, repayment capacity, documentation, financial performance, operational maturity, and business stability—to determine whether financing can be extended responsibly. These standards remain essential. Responsible lending depends upon disciplined underwriting and sound risk management. Yet entrepreneur engagement across Growth Partners Arizona surfaced a recurring contradiction that many practitioners will likely recognize intuitively, but rarely describe explicitly: entrepreneurs frequently appear both ready and not ready for capital at the same time.

Many entrepreneurs demonstrated strong business commitment, resilience, adaptability, and clear financing intent while still strengthening foundational systems commonly associated with financing preparedness. Bookkeeping consistency, financial visibility, forecasting, documentation, and credit positioning frequently remained works in progress.

To better understand this pattern, Growth Partners Arizona examined entrepreneur engagement across four pathways, including 55 GrowthHUUB participants, 20 entrepreneur readiness assessments, 173 financing prequalification submissions, and 100 Capital Compass responses. Across these pathways, several signals surfaced consistently.

GrowthHUUB reflected a concentration of early-stage businesses actively pursuing growth while still building foundational systems. Sixty percent of participating businesses operated within their first two years, while 64% identified finance and capital access as a primary support need, suggesting that financing intent often emerged before operational maturity had fully stabilized.



The findings from Capital Compass surfaced a similar tension. Entrepreneurs demonstrated strong behavioral indicators of entrepreneurial persistence—including adaptability (4.65/5), mentorship-seeking (4.55/5), resilience (4.85/5), and willingness to innovate (4.90/5)—whereas structural readiness remained considerably more uneven. Only 40% reported using accounting software or professional financial support, 25% reported using cash flow forecasting tools, and 55% reported personal credit scores below 600.

### **What if entrepreneurial readiness does not emerge uniformly, but develops progressively across different dimensions over time?**

This brief does not argue for weaker underwriting standards, nor does it diminish the necessity of prudent lending practices. Rather, it advances a different perspective: readiness may be better understood not as a single qualification threshold, but as a developmental process shaped through capability, systems, and financial leadership over time.

Drawing upon early field observations, this brief explores how uneven readiness formation, point-in-time assessments, and multidimensional business conditions may contribute to financing friction through an emerging perspective informed by the Financial Leadership & Capital Readiness (FLCR) Continuum, the competency-based framework that shaped Capital Compass and Growth Partners Arizona’s broader approach to understanding readiness formation.

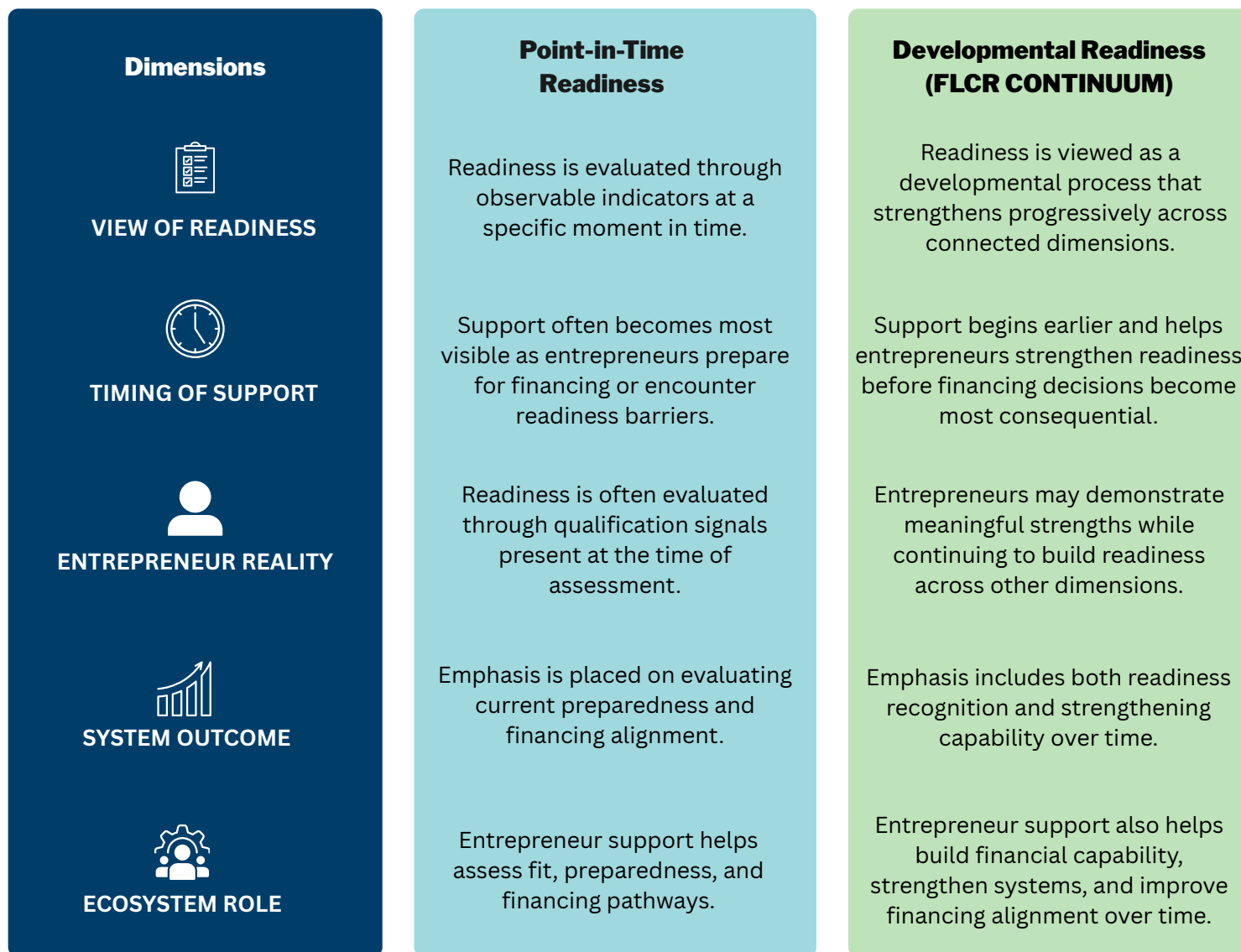
While additional longitudinal evidence remains necessary, the consistency of these observations surfaced an implication that may hold significance for entrepreneurial ecosystems: access to financing and readiness for financing do not always emerge at the same pace.

**THE READINESS CONTRADICTION**  
**Readiness Develops Over Time.**  
*It's Not a Single Point-in-Time*



# The Readiness Contradiction at a Glance:

## From Point-in-Time Readiness to Developmental Readiness



### KEY REFLECTION

The opportunity may not be choosing one approach over another, but better understanding how both can work together to strengthen entrepreneurial readiness before financing timing becomes most consequential.

The sections that follow explore how these patterns surfaced through GrowthHUUB, entrepreneur engagement, financing pathways, and Capital Compass findings.

# KEY TERMS & READINESS MODEL CONTEXT

This brief draws upon entrepreneur engagement, financing activity, readiness assessments, and developmental observations surfaced through Growth Partners Arizona’s (GPAz) evolving capital readiness model. The findings explored throughout this paper did not emerge from a single assessment or financing pathway. Rather, they developed progressively through multiple entrepreneur engagement points designed to better understand how readiness forms prior to financing decisions becoming most consequential.

## GrowthHUUB

### 2025 Entrepreneur Engagement Pilot

Launched to better understand entrepreneur support needs, financing barriers, and early readiness conditions among Arizona small business owners, surfacing early patterns in financing intent, business maturity, and readiness formation.



### 2026 Developmental Readiness Assessment

Built directly from GrowthHUUB pilot learnings, Capital Compass represents an evolution of GPAz’s early readiness observations designed to better understand how entrepreneurs experience capital readiness before formal financing decisions occur.

#### Assesses readiness across:

Not an underwriting or financing qualification tool. Capital Compass is a developmental readiness assessment designed to better understand how readiness forms while entrepreneurs are still building businesses.



**Entrepreneur Readiness Assessments:** Structured entrepreneur assessments conducted to better understand business stage, financing goals, operational practices, financial management, and entrepreneur preparedness conditions.



**Financing Prequalification:** An early financing screening process used to better understand financing intent, documentation readiness, business conditions, and alignment with potential capital pathways prior to formal underwriting, surfacing recurring patterns related to timing, preparedness, and barriers to financing eligibility.



**Readiness Profiles:** Developmental groupings used to interpret recurring readiness patterns surfaced through Capital Compass. Profiles should be understood as evolving readiness conditions rather than fixed entrepreneur types, recognizing that entrepreneurs may progress as businesses mature and systems strengthen.



## OUR APPROACH

Capital readiness is developmental, not fixed

Growth Partners Arizona approaches capital readiness as a developmental process shaped through behavior, systems, financial leadership, and business maturity over time.

## THE FINANCIAL LEADERSHIP & CAPITAL READINESS (FLCR) CONTINUUM

The competency-based framework that informed Capital Compass and GPAZ’s broader approach to understanding readiness formation over time. FLCR recognizes that financial leadership is a core driver of business resilience, growth, and access to capital.

### FLCR COMPETENCY DOMAINS



#### FINANCIAL AWARENESS & CONFIDENCE

Understanding financial basics and building confidence to act.



#### PRICING & PROFIT STRATEGY

Setting prices and managing costs to achieve sustainable growth.



#### FINANCIAL STRATEGY & LEADERSHIP

Using financial data and strategy to guide growth and decision-making.



#### CASH FLOW & BUDGET MANAGEMENT

Managing cash flow, budgets, and day-to-day financial stability.



#### CREDIT CONFIDENCE & READINESS

Building credit knowledge, strength, and readiness for financing.

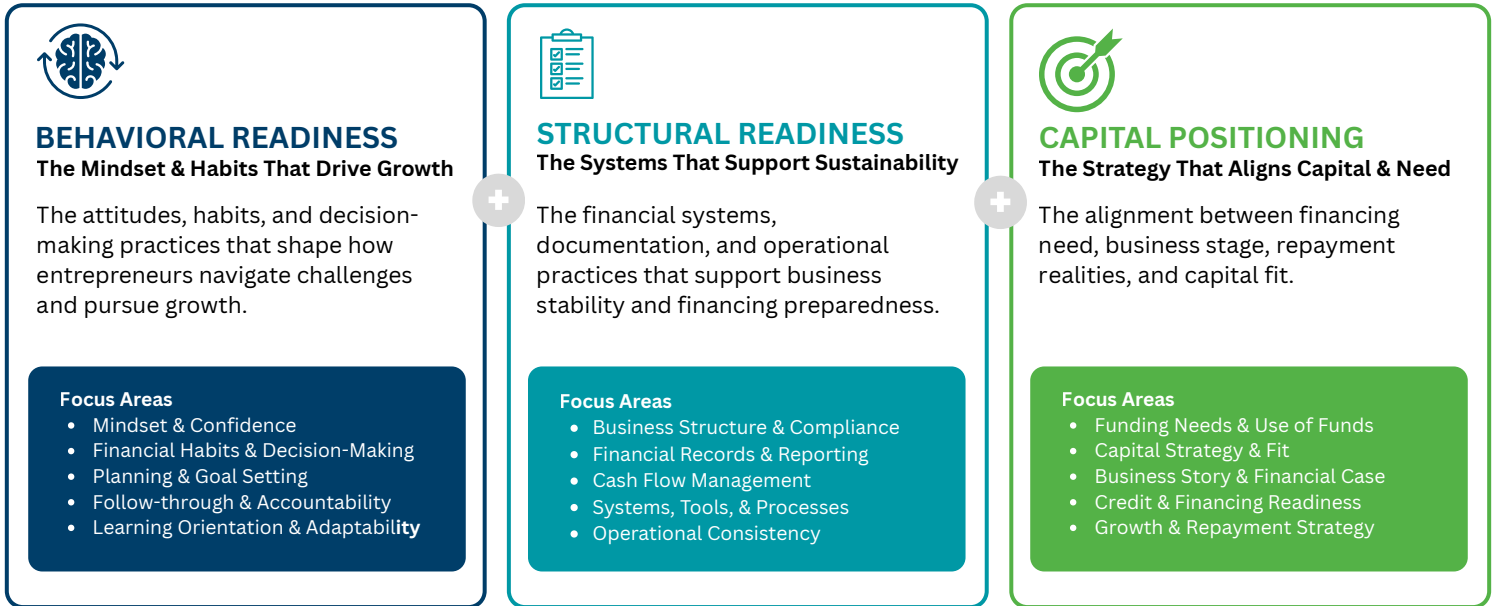


#### ENTREPRENEURSHIP CHARACTER & DISCIPLINE

Demonstrating resilience, discipline, and a growth mindset.

## ENTREPRENEURS GROW AT THEIR OWN PACE ACROSS THREE CONNECTED DIMENSIONS.

### Dimensions of Readiness



### KEY DATA POINTS

- This brief includes data captured between February 2025 and May 2026.
- GrowthHUUB pilot data includes assessments completed between February 2025 and December 2025.
- Capital Compass data includes assessments completed between March 2026 and May 2026.
- Prequalification data includes applications completed between March 2026 and May 2026.
- During this period GPAZ engaged with over 500 small business owners in Arizona.

### ABOUT THE FINDINGS

This brief reflects early field observations rather than definitive conclusions. Findings draw upon engagement across 55 GrowthHUUB participants, 20 entrepreneur readiness assessments, 173 financing prequalification submissions, and 100 Capital Compass responses. While recurring patterns surfaced consistently across pathways, additional longitudinal evidence remains necessary to better understand how entrepreneurial readiness develops over time.



# Why Readiness Appears Developmental

*What We Began Observing Through GrowthHUUB and Entrepreneur Financing Pathways*

The contradiction introduced in the previous section raised an important question for Growth Partners Arizona: why did so many entrepreneurs appear simultaneously committed to growth and underprepared for financing?

Community lenders and entrepreneurial support organizations routinely encounter business owners strengthening financial systems while seeking capital. Missing documentation, uneven bookkeeping, limited forecasting, unresolved credit concerns, and operational instability are familiar realities, particularly among early-stage businesses. Independently, none of these conditions appeared unusual. What began to warrant closer attention, however, was the consistency with which these realities surfaced alongside strong entrepreneurial ambition, financing intent, and long-term business commitment.

Many of the earliest signals emerged through GrowthHUUB, a 2025 pilot launched to better understand entrepreneur support needs, financing barriers, and business readiness conditions among Arizona small business owners. Across 55 participating entrepreneurs, GrowthHUUB became an important observation point. Additional signals surfaced through 20 entrepreneur readiness assessments, 173 financing prequalification submissions, and later,

100 Capital Compass responses. While these observations should be understood as exploratory rather than definitive, the consistency of patterns across entrepreneur engagement raised important questions regarding how financing readiness develops in practice. GrowthHUUB participation offered one of the earliest indications that readiness may not develop uniformly. During the 2025 reporting period, 60% of participating businesses operated within their first two years, including 38% in business less than one year. At the same time, 36% remained pre-revenue, another 18% reported annual revenues below \$25,000, and 64% identified finance and capital access as their highest-priority support need. Financing intent often appeared to emerge while entrepreneurs were still actively building operational systems, financial habits, and business stability rather than after those conditions had fully matured.

Readiness assessments reinforced a similar pattern. Among GrowthHUUB entrepreneurs completing assessments, 45% had operated their businesses for less than one year, yet 50% identified scaling or sustaining growth as a primary objective over the following 12 months, while another 40% remained focused on successfully launching their businesses. Even while businesses remained early in development



many entrepreneurs demonstrated clear ambition, intentionality, and willingness to pursue financing as part of their business growth journey. Financing prequalification activity surfaced a similar tension. Across 173 financing prequalification submissions, entrepreneurs routinely sought \$15,000–\$50,000 or more in financing for productive business purposes including equipment purchases, working capital, expansion, and operational stabilization. Yet many simultaneously operated businesses less than six months old, remained pre-revenue, lacked multiple years of tax documentation, or reported constrained credit profiles. In many cases, entrepreneurs appeared to pursue financing while foundational dimensions of preparedness were still actively taking shape.



**Entrepreneurial capability did not appear to mature evenly across all dimensions at the same pace.**

These patterns became increasingly notable as Growth Partners Arizona launched Capital Compass in 2026 to better understand how entrepreneurs experience readiness before formal financing decisions occur. Rather than measuring qualification alone, Capital Compass was designed to explore a broader question: how might readiness appear if viewed as a developmental process rather than a binary financing outcome? Early findings from 100 Capital Compass responses reinforced many of the same signals first surfaced through GrowthHUUB and financing pathways. Entrepreneurs reported high willingness to seek mentorship and guidance (4.55/5), strong adaptability through setbacks (4.65/5), openness to innovation (4.90/5), and remarkable resilience (4.85/5), even as structural readiness remained considerably more uneven.

“

**Perhaps the question is not whether entrepreneurs are ready, but what readiness already exists—and what still needs to be built.**

”

Only 40% reported using accounting software or professional financial support, 25% relied primarily on informal financial tracking methods, 15% reported not tracking finances consistently at all, and just 25% reported using cash flow forecasting tools, while 55% reported personal credit scores below 600. Entrepreneurs frequently demonstrated resilience, confidence, and strong growth ambition while still strengthening the systems, financial visibility, and documentation commonly associated with financing preparedness. Readiness appeared neither absent nor fully formed. Instead, many entrepreneurs seemed to occupy a middle condition—actively building toward financing readiness while simultaneously strengthening important dimensions of preparedness.

Although these observations should be interpreted as directional field signals rather than population-level conclusions, the consistency of patterns across GrowthHUUB participation, readiness assessments, financing prequalification activity, and early Capital Compass findings raised a more nuanced possibility: readiness for financing may not emerge uniformly or simultaneously. Entrepreneurs may frequently pursue financing while readiness remains actively forming, developing unevenly across different dimensions of business capability over time. This dynamic raises an important question for entrepreneurial ecosystems: What happens when a developmental process is evaluated through a point-in-time assessment?



# The Limits of Point-in-Time Readiness Assessments

*Why Financing Friction May Reflect Timing, Not Deficiency*

Within entrepreneurial ecosystems, readiness for financing is most often evaluated through a threshold-based lens. Entrepreneurs are assessed against familiar indicators—including credit profile, repayment capacity, financial performance, documentation, cash flow stability, operational maturity, and business history—to determine whether financing can be extended responsibly. This approach remains both practical and necessary. Community lenders, CDFIs, banks, and financing partners carry an obligation not only to expand access to capital, but also to ensure financing decisions support long-term borrower success and institutional sustainability.

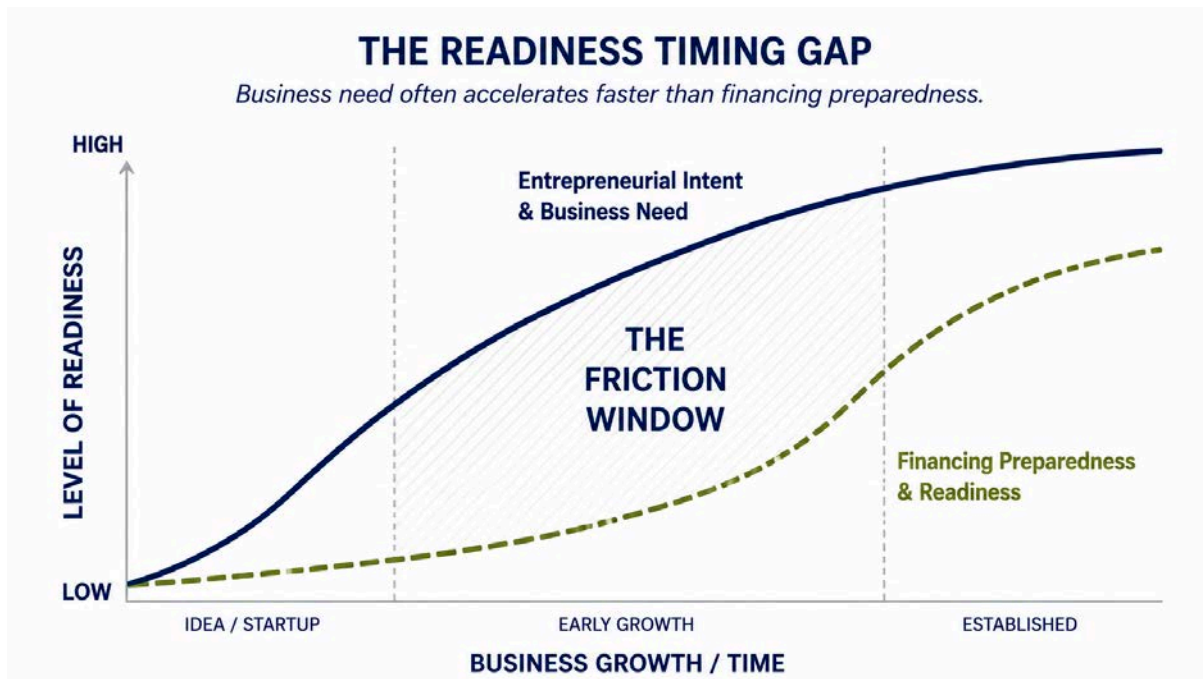
Viewed through this lens, financing friction serves an important purpose. Documentation requirements, underwriting thresholds, repayment standards, and qualification criteria are not arbitrary barriers. In many cases, they function as protective mechanisms intended to assess business viability, repayment confidence, and whether financing can reasonably support sustainable business growth. Responsible lending depends upon evidence available in the present rather than future potential alone. At the same time, entrepreneurial development rarely unfolds in similarly fixed ways. As earlier observations suggest, entrepreneurs frequently pursue financing while key dimensions of business readiness remain actively forming. Financing intent often emerges during periods of transition—while entrepreneurs are refining pricing strategies, strengthening bookkeeping systems,

stabilizing operations, building customer demand, or formalizing financial processes. Business pressure frequently accelerates faster than financing preparedness can mature, particularly when entrepreneurs encounter growth opportunities, operational instability, or urgent capital needs. This dynamic may help explain why financing friction appears so persistent across entrepreneurial ecosystems. In many cases, entrepreneurs are neither wholly unprepared nor fully positioned for financing. Instead, they frequently occupy an intermediate condition—demonstrating meaningful entrepreneurial readiness while still strengthening dimensions of financing preparedness. A business owner may possess strong growth ambition, clear financing intent, and operational discipline while simultaneously lacking sufficient financial visibility, business maturity, documentation, or repayment confidence required for financing at a specific moment.



**In many cases, entrepreneurs may be actively becoming ready.**

Traditional readiness frameworks, however, often operate through binary outcomes: finance-ready or not ready, approved or declined, qualified or unqualified. While these distinctions remain operationally necessary, they may only partially describe what many entrepreneurs are experiencing in practice.



This distinction matters because it changes how financing friction is interpreted. Certainly, friction sometimes reflects meaningful preparedness gaps. Financing institutions must continue to recognize risk, protect repayment outcomes, and avoid extending financing under conditions unlikely to support borrower success. Yet in other circumstances, friction may emerge not because entrepreneurs lack readiness entirely, but because financing timing and business conditions remain temporarily misaligned. An entrepreneur may demonstrate meaningful entrepreneurial capability while still strengthening the systems required to support productive financing. Another may possess legitimate financing need while lacking sufficient operational history or financial visibility to support repayment confidence. In these situations, friction may reflect less about entrepreneurial deficiency or institutional rigidity and more about developmental timing. Friction may sometimes reflect timing, not deficiency. For underserved entrepreneurs, this distinction may carry additional significance. When business owners repeatedly encounter

financing systems during periods when readiness remains incomplete, friction can easily be interpreted as rejection or evidence that systems were not designed with entrepreneurs like them in mind. Over time, this dynamic may weaken trust, reduce psychological safety, and discourage future engagement with financing institutions—particularly among entrepreneurs already navigating historical barriers to capital access. None of these observations diminish the necessity of prudent underwriting, nor do they suggest that financing standards should become less rigorous. Responsible lending remains essential to borrower success, institutional sustainability, and healthy capital deployment. Yet if readiness develops progressively, entrepreneurial ecosystems may face a different challenge than previously assumed: how should financing readiness be understood while entrepreneurs are still in the process of becoming ready? This question becomes particularly relevant when considering whether readiness itself may be more multidimensional than entrepreneurial ecosystems have historically assumed.



# CAPITAL COMPASS

THE CONFIDENCE TO MOVE FORWARD WITH CLARITY



## Early Findings from Capital Compass

*Entrepreneurs Frequently Appear Both Ready and Not Ready at the Same Time*

The observations emerging through GrowthHUUB, entrepreneur readiness assessments, and financing prequalification activity raised an important question for Growth Partners Arizona: what becomes visible when readiness is observed more developmentally rather than evaluated only at a single point in time?

This question informed the launch of Capital Compass in 2026, an early-stage developmental readiness assessment designed to better understand how entrepreneurs experience financial leadership and capital readiness before formal financing decisions occur. Informed by the Financial Leadership & Capital Readiness (FLCR) Continuum, Capital Compass was designed not to determine financing eligibility, but to better understand how readiness may be developing while entrepreneurs are still building toward financing preparedness.

Early findings from 100 Capital Compass responses reinforced many of the patterns first surfaced through GrowthHUUB participation, entrepreneur readiness assessments, and financing prequalification activity. Most notably, entrepreneurs rarely demonstrated uniform readiness across every dimension of business preparedness. Instead, many appeared to demonstrate meaningful strengths in some areas while actively strengthening others.

Behavioral indicators associated with entrepreneurial persistence surfaced consistently. Entrepreneurs reported high willingness to seek mentorship and guidance (4.55/5), strong adaptability through setbacks (4.65/5), openness to innovation and experimentation (4.90/5), and remarkable resilience (4.85/5). These findings suggested that many entrepreneurs possessed qualities commonly associated with long-term business persistence and entrepreneurial commitment, even when financial systems and operational practices remained actively developing.

At the same time, structural indicators of preparedness appeared considerably more uneven. Only 40% of respondents reported using accounting software or professional financial support, while 25% relied primarily on informal financial tracking methods, and 15% reported not tracking finances consistently at all. Cash flow planning reflected similar variation, with only 25% reporting use of forecasting tools, while 55% reported personal credit scores below 600, reinforcing the reality that financial visibility and capital preparedness often remained works in progress.



**The Capital Compass consists of six distinct entrepreneurial behavior profiles.**



Viewed independently, none of these findings appeared especially surprising. Early-stage entrepreneurs frequently navigate incomplete systems, constrained resources, and uneven business conditions while simultaneously building momentum. What became increasingly notable, however, was the consistency with which these structural realities surfaced alongside strong entrepreneurial ambition, financing intent, confidence, and resilience. Entrepreneurs frequently appeared both ready and not ready for capital at the same time. Many demonstrated behaviors associated with long-term business persistence while still strengthening bookkeeping consistency, financial visibility, documentation, forecasting practices, and credit readiness commonly associated with financing preparedness. Rather than fitting neatly into categories of “ready” or “not ready,” entrepreneurs frequently appeared to occupy a middle condition—actively building toward financing readiness while simultaneously pursuing growth.

Because Capital Compass was informed by the FLCR Continuum, these observations could also be viewed through a broader competency lens. Patterns began to emerge regarding how entrepreneurs strengthened financial confidence, managed cash flow, approached pricing, developed credit readiness, demonstrated financial leadership, and exercised entrepreneurial discipline. Importantly, these dimensions did not appear to develop uniformly. Entrepreneurs frequently demonstrated meaningful strength in some areas while actively building capability in others. As these patterns surfaced, Growth Partners Arizona began experimenting with early developmental readiness profiles—not to categorize entrepreneurs rigidly, but to better understand recurring combinations of strengths, growth conditions, and support needs.

These profiles should be understood as developmental readiness patterns rather than fixed entrepreneur types, recognizing that entrepreneurs may move across patterns as businesses mature, systems strengthen, and financial confidence grows. Although these findings should be understood as exploratory rather than definitive, the consistency of patterns across entrepreneur engagement raised an increasingly important possibility: readiness often appeared less like a threshold and more like a developmental process unfolding unevenly across different dimensions of entrepreneurial capability.

## CAPITAL COMPASS



### RESILIENT OPTIMIZER Entrepreneur Profile

*“This profile accurately reflects my ability to stay resourceful, adaptable, and committed while building my business. I’m actively working on creating stronger systems and long-term structure to support sustainable growth.”*

**-Arizona Small Business Owner**



# The Developmental Readiness Model

*Financial Leadership & Capital Readiness as a Developmental Continuum*

The patterns surfacing through GrowthHUUB participation, entrepreneur readiness assessments, financing prequalification activity, and early Capital Compass findings did not emerge in isolation. Rather, they reflected a broader question Growth Partners Arizona had already begun exploring: what if entrepreneurial readiness develops through capability, systems, and financial leadership practices over time—not simply through qualification outcomes?

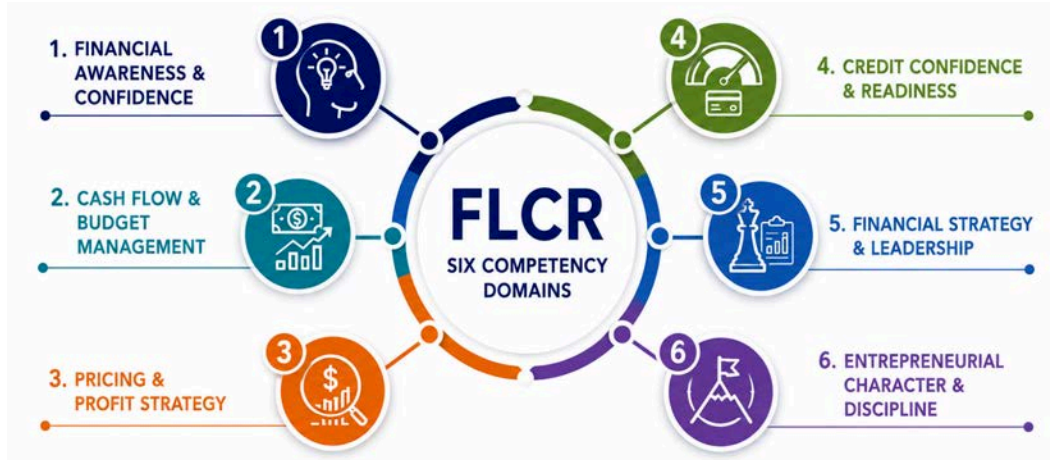
This question informed the development of the Financial Leadership & Capital Readiness (FLCR) Continuum, the competency-based framework that shaped Capital Compass and Growth Partners Arizona’s broader approach to understanding entrepreneur development. At its core, FLCR emerged from a practical observation familiar to many practitioners: entrepreneurs rarely strengthen every dimension of readiness at the same pace.

Traditional financing systems understandably evaluate conditions observable at a specific moment—documentation, repayment capacity, cash flow stability, credit positioning, and business performance. These indicators remain essential to responsible lending. Yet entrepreneurial development often unfolds more unevenly. Business owners frequently strengthen confidence, habits, systems, and financial decision-making gradually while simultaneously navigating uncertainty, operational pressure, and imperfect business conditions.

Rather than viewing readiness as a single threshold to cross, the FLCR Continuum approaches readiness as a developmental process shaped through observable behaviors, financial systems, and leadership practices over time. The framework was designed to create a shared language for entrepreneurs, coaches, educators, and financing partners seeking to better understand how readiness forms in practice and how support may be more intentionally aligned as businesses evolve.

FLCR organizes entrepreneurial financial development across six interconnected competency domains: Financial Awareness & Confidence, Cash Flow & Budget Management, Pricing & Profit Strategy, Credit Confidence & Readiness, Financial Strategy & Leadership, and Entrepreneurial Character & Discipline. Together, these competencies help illuminate how entrepreneurs strengthen financial capability, improve decision-making, build operational discipline, and prepare for increasingly complex business and financing decisions.

Importantly, FLCR should not be understood as a scorecard, funding requirement, or underwriting proxy. The continuum reflects a developmental perspective recognizing that entrepreneurs often demonstrate meaningful strength in some areas while actively building others. An entrepreneur may demonstrate strong resilience and disciplined business commitment while still strengthening forecasting systems.



Another may maintain strong bookkeeping habits but remain uncertain regarding pricing strategy or financing alignment. Still another may possess meaningful business opportunity while actively improving credit positioning or cash flow visibility. Under a developmental lens, these conditions are not contradictions; they are expected features of entrepreneurial growth. For this reason, FLCR approaches progression through a continuum rather than a binary threshold. Entrepreneurs may strengthen competencies across Developing, Proficient, and Mastery stages, recognizing that growth rarely occurs evenly across every dimension at once.

Progress often reflects uneven movement, with entrepreneurs demonstrating advanced capability in some areas while still building foundations in others. This developmental architecture also shaped the design of Capital Compass, which operationalizes FLCR diagnostically by surfacing competency patterns, financial behaviors, and readiness conditions before financing decisions become most consequential. Rather than determining financing eligibility, the assessment helps entrepreneurs, coaches, and ecosystem partners better understand where strengths already exist, which capabilities remain actively forming, and what types of support may be most useful next. The developmental readiness profiles explored in earlier sections emerged through this work.

Importantly, these profiles should not be interpreted as fixed entrepreneur identities or personality types. Instead, they reflect recurring developmental readiness patterns informed by financial competencies, entrepreneur behaviors, and business conditions, recognizing that entrepreneurs may move across patterns as businesses mature, systems strengthen, and confidence evolves over time. Viewed through this lens, the contradiction surfaced throughout this brief begins to look less surprising. Entrepreneurs may not be moving from “not ready” to “ready” in a linear way. In many cases, they may be progressing unevenly across different dimensions of financial leadership and capital preparedness while simultaneously building businesses in real time. This distinction shifts the question entrepreneurial ecosystems ask. Rather than asking only whether entrepreneurs are finance-ready at a specific moment, a developmental perspective encourages a broader inquiry: which dimensions of readiness are already strong, which remain actively forming, and what sequencing may strengthen financing alignment over time?



**Behavioral readiness may signal developmental potential, but does not replace structural readiness requirements for financing decisions.**

# Strategic Implications for Entrepreneurial Ecosystems

*A Different Strategic Question for Community Finance*

If entrepreneurial readiness develops unevenly, an important implication follows for entrepreneurial ecosystems. The challenge may not simply be expanding access to capital, but strengthening how readiness itself is recognized, supported, and sequenced before financing decisions become most consequential. For decades, community finance institutions, CDFIs, entrepreneurial support organizations, and technical assistance providers have worked to address persistent barriers to financing access, particularly among historically underserved entrepreneurs. These efforts remain essential. Access gaps continue to matter, and financing inequities remain real. Yet the observations surfaced through GrowthHUUB participation, financing prequalification activity, and early Capital Compass findings suggest that entrepreneurial ecosystems may also face a different challenge than previously assumed.

In many cases, financing friction may not solely reflect entrepreneurial deficiency or institutional rigidity. Timing may also matter. Entrepreneurs frequently pursue financing during periods of transition while strengthening bookkeeping systems, stabilizing cash flow, refining pricing strategies, formalizing operations, or building documentation. Business urgency rarely waits for preparedness to feel complete. Contracts emerge, equipment fails, inventory must be purchased, and growth opportunities often appear unexpectedly. By the time entrepreneurs seek financing, the developmental work of strengthening readiness may already be competing with immediate business pressure. Viewed through this lens, entrepreneurial ecosystems may benefit from reconsidering not only what support entrepreneurs receive, but when support occurs. Many systems understandably concentrate resources around financing application periods.

Yet if readiness develops progressively, entrepreneurs may benefit from earlier opportunities to strengthen financial leadership, operational systems, financial confidence, and capital decision-making before financing urgency intensifies. A developmental perspective also suggests that support may be most effective when aligned to an entrepreneur's current conditions rather than applied uniformly. Some entrepreneurs may benefit most from strengthening financial awareness and confidence. Others may need stronger cash flow systems, improved credit readiness, or greater clarity regarding financing fit and timing. Still others may benefit primarily from stronger alignment between business stage, financing purpose, and available capital pathways.

Traditional financing categories—finance-ready or not ready, approved or declined—remain operationally necessary. Yet these distinctions may not fully describe what many entrepreneurs are experiencing while actively building businesses. If readiness develops unevenly, entrepreneurial ecosystems may benefit from approaches that better recognize progression, strengthen capability over time, and create clearer pathways between entrepreneur conditions and appropriate forms of support. Responsible lending and prudent underwriting remain essential to long-term borrower success and institutional sustainability. Yet the question emerging through this work is broader than financing qualification alone: how might entrepreneurial ecosystems better recognize and strengthen readiness while entrepreneurs are still in the process of becoming ready?

**The answer to that question may shape not only financing outcomes, but also how trust, confidence, and long-term entrepreneurial sustainability are strengthened across the communities entrepreneurial ecosystems seek to serve.**



“Growth Partners Arizona is revolutionizing support for small businesses by creating funding that is more accessible and manageable. This truly sets them apart from traditional lending. It’s a major key for any small business looking to grow and expand.”

-Shalonda, Owner of Stardust & Sage

# CONCLUSION

## *Rethinking How Readiness is Recognized*

Entrepreneurial ecosystems have long worked to expand access to capital for businesses historically excluded from traditional financial systems. Across the CDFI sector and broader community finance landscape, institutions have invested deeply in lending products, technical assistance, financial capability-building, coaching, and entrepreneur support intended to strengthen business growth and economic opportunity. These efforts remain essential, particularly as entrepreneurs continue navigating persistent barriers to financing access.

Yet despite continued innovation, many entrepreneurs still encounter meaningful friction as they attempt to move from business ambition to financing preparedness. This brief emerged from a recurring observation surfaced through GrowthHUUB participation, entrepreneur readiness assessments, financing prequalification activity, and early Capital Compass findings: entrepreneurs frequently appear both ready and not ready for capital at the same time.

Across 55 GrowthHUUB participants, 20 entrepreneur readiness assessments, 173 financing prequalification submissions, and 100 Capital Compass responses, a consistent pattern surfaced. Many entrepreneurs demonstrated meaningful persistence, resilience, financial intentionality, and growth ambition while simultaneously strengthening the systems, documentation, financial visibility, and operational consistency commonly associated with financing preparedness.

In practice, readiness frequently appeared neither absent nor fully formed. Entrepreneurs often seemed to occupy a middle condition—actively building toward financing preparedness while simultaneously navigating the realities of business growth. Financial leadership, operational systems, confidence, and financing readiness did not always appear to strengthen uniformly or at the same pace. Viewed through this lens, financing friction may sometimes reflect more than entrepreneurial deficiency or institutional rigidity.





Entrepreneurs frequently seek financing while readiness remains actively developing, often during periods when business urgency, operational pressure, and growth opportunity accelerate faster than financing preparedness can mature. If so, entrepreneurial ecosystems may face a different challenge than previously assumed: not only helping entrepreneurs access capital, but better understanding how readiness itself develops over time. Importantly, this brief should be understood as an emerging field observation rather than a definitive conclusion.

The patterns surfaced through GrowthHUUB participation, financing prequalification activity, and Capital Compass findings appear meaningful and increasingly consistent, but additional longitudinal evidence remains necessary to understand how readiness develops across entrepreneur populations and whether developmental readiness pathways measurably improve financing alignment and business outcomes over time. Even so, the observation itself may be worth deeper consideration. Community finance institutions have long recognized that capital alone rarely produces business success. The findings emerging through this work may extend that understanding one step further by suggesting that access to financing and readiness for financing do not always emerge at the same pace. The question, then, may be less whether entrepreneurs are ready and more how entrepreneurial ecosystems can better recognize, strengthen, and sequence readiness as it develops.

**If entrepreneurial readiness is indeed developmental, then one of the greatest opportunities facing entrepreneurial ecosystems may lie not only in expanding access to capital, but in strengthening the conditions that help entrepreneurs become prepared to use capital productively before opportunity arrives faster than readiness can mature.**



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