

Post Start-Up Microenterprise Services *Evaluation Report, FY I*

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Prepared by:
Michele C. Schmidt, MPA, Evaluation Coordinator
Jane Kolodinsky, Ph.D., Co-Director



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Introduction

The *Post Start-Up Microenterprise Services Project* (PS) grant is a statewide project of the Vermont Community Action Agencies' Micro Business Development Program. Four of the five Community Action Agencies in Vermont are involved, including: Central Vermont Community Action Council (CVCAC), Champlain Valley Office of Economic Opportunity (CVOEO), (SEVCA), and Northeast Kingdom Community Action (NEKCA). The PS grant allows these Community Action Agencies to expand its current training and technical assistance work and develop additional, new post loan and post start-up services to expanding microenterprises, thereby helping these microenterprises to create additional jobs. The PS grant is funded by the Job Opportunities for Low-Income Individuals (JOLI) Program to Central Vermont Community Action Council from the US Department of Health and Human Services, Office of Community Service for three years, from October 1, 2006 to September 30, 2009.

The PS project, through the statewide MBDP, provides business assistance to microenterprises that have received or are applying for loans through its capital access partners such as Community Capital of Vermont. Services will be provided to approximately 100 businesses each year and will include technical assistance in financial management and credit repair, marketing assistance, loan application packaging, government and institutional contracts seminars, and other services designed to help businesses grow and create additional jobs. An anticipated 65 new jobs will be created at a cost per job of \$7,692.

The Center for Rural Studies (CRS) at the University of Vermont provides evaluation services for the PS Grant for the three years of grant funding. The following report provides the evaluation findings for the first year of the project, October 1, 2006 to September 30, 2007. For more information about this study or to request additional copies of this report, please contact Michele Cranwell Schmidt, Evaluation Coordinator, at (802) 656-0256 or Mschmidt@uvm.edu.

Evaluation Goals and Objectives

The following are the evaluation goals and objectives for the PS grant.

- Identify the services that participants used and the impact of these services on participants' skills and business development.
- Determine the impact of technical assistance on client business outcomes of developing a business plan, accessing capital, addressing profitability, improving marketing, sales and outreach, income generation, business growth/expansion, and job creation. Technical assistance includes financial and marketing assistance, loan application packaging, government and institutional contract seminars and other services.
- Determine whether or not participants' decided to access capital and if so, if they received a loan or not.
- Determine if participants businesses generated new employment for others, specifically other low-income individuals. If so, determine the average wage rate and whether or not owners and employees have access to quality childcare and health benefits provided by the business or other source.
- Track client income sources, changes in income and sources, and changes in reliance on public assistance and whether or not this is related to services received and business growth.
- Track the capital gains of participants including human, social, and financial capital development and whether or not this is related to services an/or business development.
- Identify the support project Partners contribute to the growth and development of participants' businesses.

Methodology

This evaluation report is for the first year of the PS Grant and collects baseline data on which the next two years will be based and compared. The evaluation focuses on both project process and outcome evaluation strategies (Weiss, 1998). The process evaluation component examines the implementation of the project. It focuses on the effectiveness and efficiency of the program's activities and interventions, such as recruiting, assessing, and retaining clients, quality of training and technical assistance, usefulness of follow-up, and collaboration with project partners. The process evaluation results are used as a management tool for continuous program improvement while the program is in progress. It also identifies problems that occur, how they are resolved, and provides recommendations for future implementation. The outcome evaluation provides an assessment of project results as measured by collected data that define the net effects of the interventions applied in the project. The outcome evaluation produces and interprets findings related to whether the interventions produced desirable changes and their potential for being replicated, answering the question of whether or not the program worked. The process and outcome evaluations utilize both qualitative and quantitative evaluation methods.

Client intake data

Client intake data was collected upon enrollment to generate baseline data of participants including wage, income, health care, childcare, reliance on public assistance, and assets. This form also helped participants identify their goals for being in the program.

Client outcome data

A client follow-up survey was conducted by the Center for Rural Studies (CRS) at the University of Vermont during September and October 2007 of the first fiscal year to capture baseline data. Clients were surveyed about services received and satisfaction, business financing, business development, job creation, income changes, skill development, social and human capital development, and program feedback. The survey instrument was developed in collaboration with the PS grant project coordinator and key staff, using the models of previous surveys conducted by CRS (Cranwell and Kolodinsky, 2003a and 2003b; Schmidt and Kolodinsky, 2006; Schmidt, Kolodinsky, Flint, and Whitney, 2006) and the Aspen Institute in the area of micro enterprise development (Clark and Kays, 1999; Klein, Alisultanov, and Blair, 2003). This study uses a reflexive control design, similar to that of other researchers (Clark and Kays, 1995 and 1999; Klein, Alisultanov, and Blair, 2003; Rugg, 2002), where participant outcomes after microenterprise training are compared to the baseline collected before they received program services.

The surveys were administered at the University of Vermont using computer-aided telephone interviewing (CATI). Trained interviewers at the University of Vermont conducted the survey from 8:00am to 9:00pm. Up to 12 attempts were made on each telephone number and callbacks were conducted as needed. Surveyors used local and state telephone directories in attempts to track clients down when phone numbers were not current or not in service. Univariate and bi-variate analyses were carried out using the Statistical Package for the Social Sciences and Microsoft Excel.

Survey Population and Sample

Table 1 depicts the calling outcomes of the initial client follow-up survey. A total of 281 names were provided to the evaluator from the four MBDP agencies. A total of 74 surveys were completed for a response rate of 26%. Thirty percent of the sample had a viable phone number but were not able to be reached to complete the survey or schedule a time to take the survey. Seventeen percent refused to take the survey and 27% had a phone number that was not in service, not provided by MBDP, a wrong number, or the person had moved. Many measures were taken in attempts to increase the response rate, including sending initial letters to participants informing them of the survey, making up to 12 attempts to reach a person that were spaced out over day and time, and leaving answering machine messages with contact information for the person to call back and schedule a time to take the survey.

Table 1. Survey population and calling outcomes

	FY 07 Survey
Total Population	281
Completed surveys	74 (26%)
Refused	47 (17%)
No answer	85 (30%)
Moved/wrong number/ not in service	75 (27%)

Client focus groups

Four client focus groups with 26 participants were conducted in October 2007 to obtain information on client immediate outcomes and feedback on course curriculum, presentation, and materials (Appendix A) (Glesne, 1999; Patton, 2002). One group was held in Burlington with CVOEO, one was held in Newport with NEKCA, one was held in Barre with CVCAC, and one was held in Westminster with SEVCA. The focus groups were designed to collect qualitative case study data from clients about their business, services received, impact of services, and program feedback. Business Counselors recruited clients by sending invitations to all active clients who already had a business and had work with PS services in the past year. Dates and times were selected based on the majority of clients' availability. This qualitative data was analyzed by searching for common themes throughout the data. This information provides data on both project process and outcome.

Staff focus groups

Four staff focus groups were held at each program site in October 2007 with the key project personnel who provide business counseling services. These initial staff focus groups were designed to document baseline data on project process. The discussion concentrated on: marketing, recruitment, and enrollment strategies, participant assessment, coordination with project partners, training, and technical assistance and support (Appendix B) (Glesne, 1999; Patton, 2002). The information collected provides qualitative data on project process, best practices, and lessons learned for improving the project over the next two years.

Findings

The following report reviews the findings of the PS grant evaluation for the first fiscal year. This report begins with a summary of all client characteristics to present a profile of clients who participated in the PS grant. This section is followed by a description of the project's implementation, as documented through staff focus groups and document review. Next, client outcomes achieved in the first year are reported, based on the results of the client follow-up telephone survey. Individual stories of clients are then shared from the in-depth information collected during client focus groups. This section is followed by client feedback on the PS grant services and program. Finally, conclusions from the evaluation results and recommendations for program improvement are presented.

Project Implementation

To document project implementation, four staff focus groups were held with the business counselors at each site (site directors did attend if they provided direct services to clients). Questions focused on marketing and recruiting strategies, participant assessment, training and technical assistance provided, and collaboration and relationships between staff and with project partners.

Marketing and recruiting strategies

The business counselors discussed several strategies to recruit the JOLI eligible population to enroll in PS services. Strategies include networking with other community agencies and organizations, use of mass media and word of mouth, and having personal interaction with potential clients.

Networking with organizations and agencies

All of the business counselors discussed how they network and communicate with organizations and agencies that will help lead to client recruitment. Some of these agencies include: other Community Action Services, the Small Business Development Center, Vocational Rehabilitation, Women's Small Business Center, Department of Labor, Department for Children and Family Services, Community Capital of Vermont, women's groups, Community Economic Development organizations, Community Justice centers, Probation and Parole, Vermont Refugee Resettlement Program, etc. Business counselors connect with these groups by hosting networking meetings, workshops or making presentations. The counselors noted that all of these community agencies have provided client referrals and have been a resource for clients who had not yet used their services.

Advertising through media

All of the business counselors interviewed noted that they advertise MBDP services through various forms of media. For example, one business counselor wrote an article about a client's successful taxi business in a local newspaper to help promote the program and advertise for the client. Other means of advertising include:

- Press releases in newspapers and newsletters
- Use of media such as radio through public service announcements or being a guest on a talk show, and television by broadcasting a show on public access television.
- Post fliers and brochures in community agency offices such as Vocational Rehabilitation, the Department of Labor, and thrift stores and childcare programs such as Head Start
- Advertise services in other Community Action services such as the Individual Development Account, the Food Shelf, Computer classes, etc.

Personal interaction with potential clients

One business counselor interviewed who works in a more rural area stated that she “seeks out clients, gets in touch with them and informs them of the services...tells them what they do for clients.” She’ll also ask clients to put her in contact with others if they know anyone who might be interested in MBDP services. All business counselors commented that word of mouth referral through current and previous clients is a great strategy to recruit new clients.

Barriers to recruiting and retaining clients

Several of the business counselors noted that low-income participants often face several barriers to working with MBDP services and starting and maintaining a business, thus hindering their recruitment and enrollment.

With regards to attending MBDP services, some clients are not able to attend classes at the time that they are offered because of scheduling conflicts. For instance, one counselor's client operates two store front locations during the day and cannot attend daytime classes because she does not have anyone to cover for her. Further, if a client is a recipient of federal welfare or Temporary Assistance for Needy Families, their time for education is limited because of the number of hours they are required to work.

Another person interviewed noted that clients often operate in a crisis mode and do not keep a calendar, thus planning to attend a class on a regular basis is difficult. As a result, some clients do not show up for classes or individual assistance when scheduled or simply drop in when it is convenient without prior notice. Another counselor commented that she needs to continually stay in touch with clients in order to keep them focused and involved in the program.

Clients also face barriers of having limited or no transportation and childcare resources to help them get to a class or individual meeting. Many of the counselors commented that to overcome this barrier, they will provide clients with rides to and from meetings, connect clients with other clients who have reliable transportation, or make site visits to

clients' homes. Some counselors also provide clients with on-site childcare during classes.

Another business counselor stated that low-income clients tend to lack "soft skills" such as ambition and follow-through, and low self-esteem and confidence. They noted that "people don't know what their own strengths are and play down their skills because they often fall into the stigma that comes with a person who has a lower income or a disability. Clients also face barriers to learning because of learning disabilities, such as dyslexia, even though they are bright individuals. Clients may also face family and personal issues such as substance abuse issues. In accord with this statement, another business counselor noted that "low-income clients often face a certain level of upheaval and are moving quite frequently, making it hard to maintaining stability in their lives. Other clients face issues such as illness, disability and issues with their physical or mental health."

Separate from client's personal issues, others do not return to working with MBDP because they are not truly committed to starting a business or realize the amount of work a business start-up will require. Many clients decide that starting a business is not for them and that in itself is a success if a person realizes they are better off earning an income in another way.

Another barrier that low-income participants who are recipients of TANF face is losing their welfare benefits if their income crosses the threshold of eligibility because of their business success. Even though moving off the welfare system is often viewed as a success by the federal government, many clients are still not earning enough income to make ends meet. Thus, some clients fear growing their business past this point of income eligibility.

Participant Assessment

Once participants were recruited to participate in MBDP services through the PS grant, they met with either an intake specialist or a business counselor to discuss the project, their goals, objectives, and barriers, complete paperwork, and be referred to other service providers.

Initial meeting with participants

Once an individual is referred to MBDP, the business counselor or intake person either meets with the potential participant or speaks with them on the telephone to review MBDP and PS services and gather information about the client with the use of an intake form. For some of the agencies, clients may decide to complete the intake form on their own or fill it out with the assistance of a business counselor. Once the paperwork is completed, business counselors talk with participants about why they are interested in starting a business, their business goals, previous business and work experience, and barriers or challenges they may face in starting a business. One business counselor noted that "clients don't need to have anything more than an idea or concept for a business. One client came in with a list of 26 ideas and I helped them narrow the list down to three."

Referrals to resources

Clients are also provided with a resource list of services that they may find useful to help them address various needs or issues they may have. Some of the business counselors commented that they work in conjunction with many other service providers in the area so rather than just sending clients away to these resources, MBDP works with them as clients work simultaneously with another resource to meet their needs. Typical examples of service providers to which client are referred include the Women's Business Center, Small Business Development Center, Vocational Rehabilitation, Section 8 housing assistance, Department for Children and Families, financial literacy programs, Food Stamps, the Food Shelf, adult basic education, and community organizations or alliances such as an artists guild.

Determining business plan and goals

One business counselor noted that this initial conversation is important so clients "feel as if they have a common ground and understanding of how MBDP services can help them." During this initial or a subsequent meeting, clients and business counselors also discuss issues such as credit history, how to develop a business plan, cash flow analysis, and loan/financing options. For instance, if a person is not familiar with writing a business plan, one counselor noted that she "gives clients a hard copy outline/template focusing on the different parts of a business plan, so they can begin and continue to develop this plan."

Issues encountered during assessment

The main issue that business counselors noted encountering during the intake process is that clients may not want to give out their personal information, such as a social security number or household or spouse income. Some clients are skeptical about to whom this information will be reported and if they could get in trouble if they do not accurately report their information. One business counselor commented that receiving inappropriate client referrals is another issue with client assessment. She noted that some referral sources will send clients to MBDP who have a mental illness that does not enable them to functionally receive services and start a business.

Technical Assistance and Training

Post start-up and post loan clients have various needs that can be met either working one-on-one with a business counselor or in a group setting during a class, seminar, or workshop. Examples of common post startup needs include: assistance with book keeping, marketing, pricing, cash flow analysis, accounting, financial reporting, merchandising, website development, and legal advice. Depending on the number of staff available, office resources, geographic location, and client preferences, MBDP sites offer clients either individualized assistance, both at their office and at the clients' business site, and group based classes, workshops and seminars.

In addition to the business support training and technical assistance provides clients, many clients also receive moral and emotional support from their business counselor that they do not get from other areas in their life. Clients often gain a more positive attitude and outlook because of this support. Training and technical assistance can also help

clients take a more realistic look at the possibilities of their business and problem solve specific issues they may have that collectively seem overwhelming. Clients have gained technical skills such as loan packaging, business plan development, financial management, and credit repair. Work with business counselors and other clients can also result in more personal outcomes such as making connections within one's community, obtaining health insurance, and resolving personal issues.

One-on-one Business Counseling and Technical Assistance

One-on-one business counseling and technical assistance is often the best resource for a post start-up client because they are busy running their business and this service allows them to focus on their unique needs. In working with post start up clients, one business counselor noted, "Once a person has started a business, they often don't feel they have the time nor need to learn something new. So they will come in for individual assistance if they have a specific need." Examples of services provided during individual assistance includes filling out loan applications, being a motivator or cheerleader, developing marketing materials, and connecting clients with other resources, networks, or clients.

In addition, two of the PS sites that are located in more rural settings offer individualized assistance through site visits at a client's house or electronic mail communications. These methods work well when clients are spread out over a geographic area because it is often difficult or too far for clients to travel to a central location for assistance. Because post start-up clients are working, it is also often difficult to schedule classes at a time the works best for the most clients to get maximum attendance. One person commented that "classes work great initially, but if they run for a length of time, it is difficult to keep attendance up because they are busy running their business." In support of this type of service, another business counselor commented, "one-on-one assistance is the best approach because everyone has a different circumstance and learns differently." For instance, a business counselor stated that "many clients don't have good technical writing skills, so working one-on-one with them is often the best way for a business plan to get written."

Group Based Training

All of the sites interviewed have offered group based training to clients through classes, workshops and seminars, particularly to address the needs of specific sectors or start-up business assistance. Start-up classes work with clients to determine their business goals and feasibility and develop a business plan to help get their business off the ground. Sector specific courses help clients develop their business skills in areas such as the food industry, childcare, artisan, and web-based businesses.

Since the inception of the PS grant, several sites have also offered classes focusing on post-start up assistance such as contracting with government agencies and institutions and financial management. Business counselors have also held seminars featuring guest speakers who are experts in their field, such as business legal, taxes, and hiring issues that post start-up clients face. One person interviewed noted, "having an expert come in gives clients the opportunity to meet and network with this person...and people will often listen

to an expert.” Group based training also provides clients with hands on activities, uses a variety of learning modes, and allows classes to be interactive and discussion based to keep participants interested. Even though centrally located classes are often hard for rural based business owners to make, a counselor stated that they are beneficial to this population because rural owners often thrive from the networking opportunities where they interact and make connections with other business owners in a group setting that they would not get in a more isolated situation.

In addition, business counselors noted that they often partner with other organizations or refer clients out to others who teach classes, such as Vermont Adult Learning, the SBDC, and state colleges. Several counselors also stated that clients enjoy coming to classes when they are held, however students may face challenges to their success in classes. For instance, some students are not willing to do the homework that is required out of class time because they are busy running their business or do not associate well with a classroom situation because they did not have a good experience in education.

Just as students face issues in taking group based classes, all of the business counselors commented that group based training requires a lot of work on their part, which may not yield large returns if the class is poorly attended. For example, the instructor needs to recruit clients, confirm their attendance, follow-up with clients through mail and email, prepare materials and set up for the class, teach the class, follow-up with participants who do not show up for class, and make themselves available out of class time to assist clients. A lot of time and energy is not best utilized if there is low turnout for the class or if students drop out over time.

Relationship with Project Partners

Work with project partners and communication among the MBDP internal staff and statewide agencies is an important aspect to providing services for the PS grant.

Internal communication with other MBDP staff

All of the business counselors reported having frequent contact with their fellow staff persons within each MBDP office, either by working in the office together, staff meetings, telephone calls or electronic mail communications. One person specifically noted that face to face contact with their co-workers is helpful to discuss issues and get feedback on how to best handle certain situations. Regarding statewide collaboration among the MBDP agencies, a few interviewees noted that they will reach out to others as a resource to best develop their programs. However, aside from a few statewide grant meetings, all noted that they have not actively shared or collaborated with other MBDP sites that are funded through this grant. One person commented that each MBDP within the state has a different working style and local culture, thus each MBDP are independently functioning agencies, even though they serve a similar purpose and share information and resources. Several persons interviewed felt that a “professional development day” or meeting with the other MBDP sites to catch up on what they are doing and clarify grant outcomes would be beneficial to the work of all sites.

Project partners

Each MBDP site works with specific agencies to assist clients and serve as a referral source and source of referral. Communication with these partners can range from holding formal meetings, dropping by for informal conversations, dropping off fliers and brochures, and making presentations, phone calls and electronic mail communications. Examples of project partners include:

- Vermont Procurement Technical Assistance Center
- Department of Children and Families
- Vocational Rehabilitation
- Individual Development Accounts
- Vermont Refugee Resettlement Program
- Community Economic Development Office
- Department of Labor
- Vermont Women's Business Center
- Local banks
- Vermont state and private colleges
- Local downtown associations

Issues with project partners

Several business counselors interviewed that they do not get many referrals from the Department of Children and Families welfare services office. This office could be a primary referral source for JOLI eligible clients; however, this is often not the case. One business counselor commented anecdotally that their local DCF office has "given up on micro business as a viable means for employment." However, on the contrary, many counselors commented that Vocational Rehabilitation has expressed more interest in self employment as an option for their clients.

The business counselors suggested the following strategies to improve the relationship with project partners.

- Counter the stereotype and bias of low-income people by highlighting success stories of TANF recipients
- Increase the use of emails to communicate
- Meet with collaborators and answer questions they have about MBDP
- Increase communication and support with MBDP peers

Project Outcomes and Impact

The PS grant measures client success through various outcomes. These include business accomplishments, loans received, client outcomes compared to the grant objectives, and impact of the PS project on client business, personal, and financial life. The following highlights the client outcomes for the first year of the grant, beginning with describing the characteristics of the clients who participated in the MBDP program.

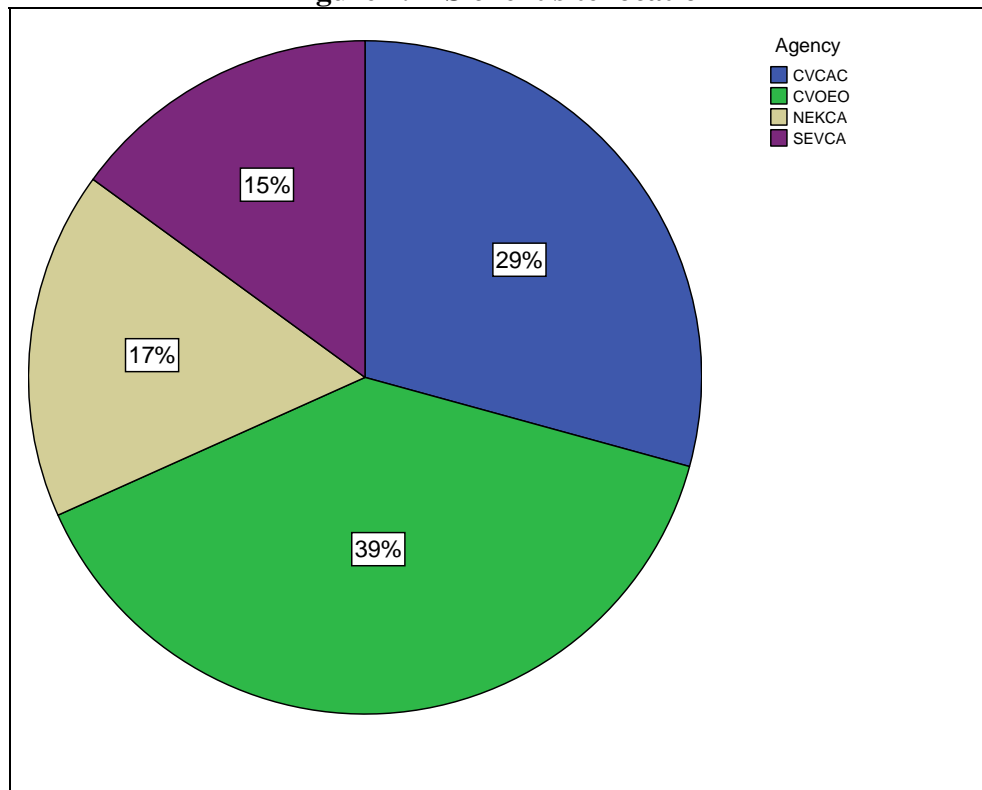
Client Characteristics

Client characteristics of gender, ethnicity, age, education, family characteristics, poverty and public assistance, income, and status in the labor force were collected at intake. The following data represents all MBDP clients for which intake data was provided from the business counselor to the evaluator.

Site Location

Clients from four Community Action Agencies were represented in this study, as shown in Figure 1. Thirty-nine percent (112) of clients are from CVOEO, 29% (84) are from CVCAC, 17% (48) are from NEKCA, and 15% (43) are from SEVCA.

Figure 1. PS client site location



Gender

More than half of PS grant clients, 58% (167), are female and 42% (120) are male.

Ethnicity

Eighty-two percent (238) of clients identified their ethnic background as Caucasian. 5% (14) identified as Native American, 4% (12) identified as African/African American, 2% (6) as Hispanic/Latino/a, 2% (5) as Asian/Pacific Islander, and 1% (3) self-identified as coming from a mixed decent. Three percent (9) of individuals did not define their ethnicity.

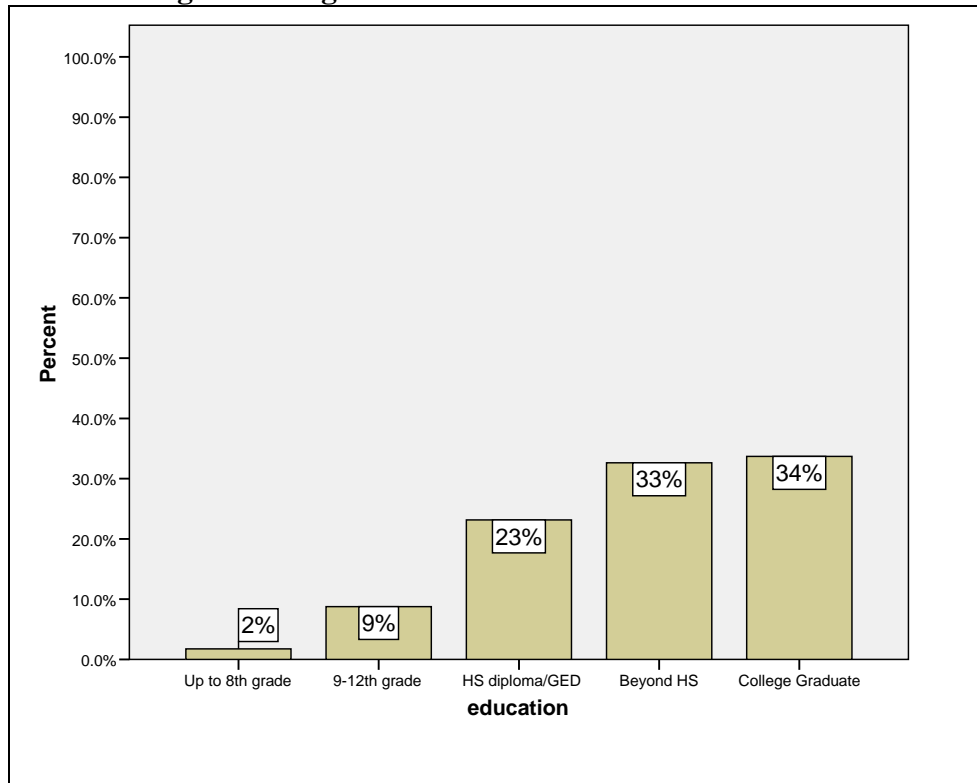
Age

- Mean = 42
- Median = 43
- Mode = 43
- Range = 19-66

Education

Thirty four percent (96) of clients reported having a high school degree or less education. One third of clients, 33% (93) had completed education beyond high school, and 34% (96) completed a degree program or four or more years of education beyond high school (Figure 2).

Figure 2. Highest level of education at client intake



Family Characteristics

PS client family characteristics are presented in Table 2. Family size of participants ranged from 1-7 people with a median family size of 2, mode of 1 and average of 2.4. Most of the people in the PS project come from small families, with 79% (226) coming from a family of one to three people. Twenty percent (57) come from a family of four to six people and 1% (4) come from a family of seven people.

Table 2. Family characteristics of PS clients

Family Size
Range = 1-7
Average = 2.4
Family size of 1-3 = 79% (226)
Family size of 4-6 = 20% (57)
Family size of 7 = 1% (4)

Poverty and Public Assistance

Client information on poverty and public assistance is presented in Table 3. All of the PS clients meet the JOLI requirements of being 100% or more below poverty level, a TANF recipient, dislocated worker, or an unemployed person, at their intake to the program. Twenty percent (56) of clients received TANF benefits at intake. Thirty-two percent (91) reported that they have a verifiable disability, with 22% (62) receiving SSI or SSDI at intake (disability income). More than half of participants (54%) receive food stamps, 18% (53) receive housing assistance or live in public housing and four individuals are homeless.

Table 3. Poverty statistics of PS clients

100% below poverty	100% (287)
Receive TANF	20% (56)
Income from SSI or SSDI	22% (62)
Food stamps	54% (155)
Housing assistance	26% (8)
Live in public housing	13% (4)

Participant Income

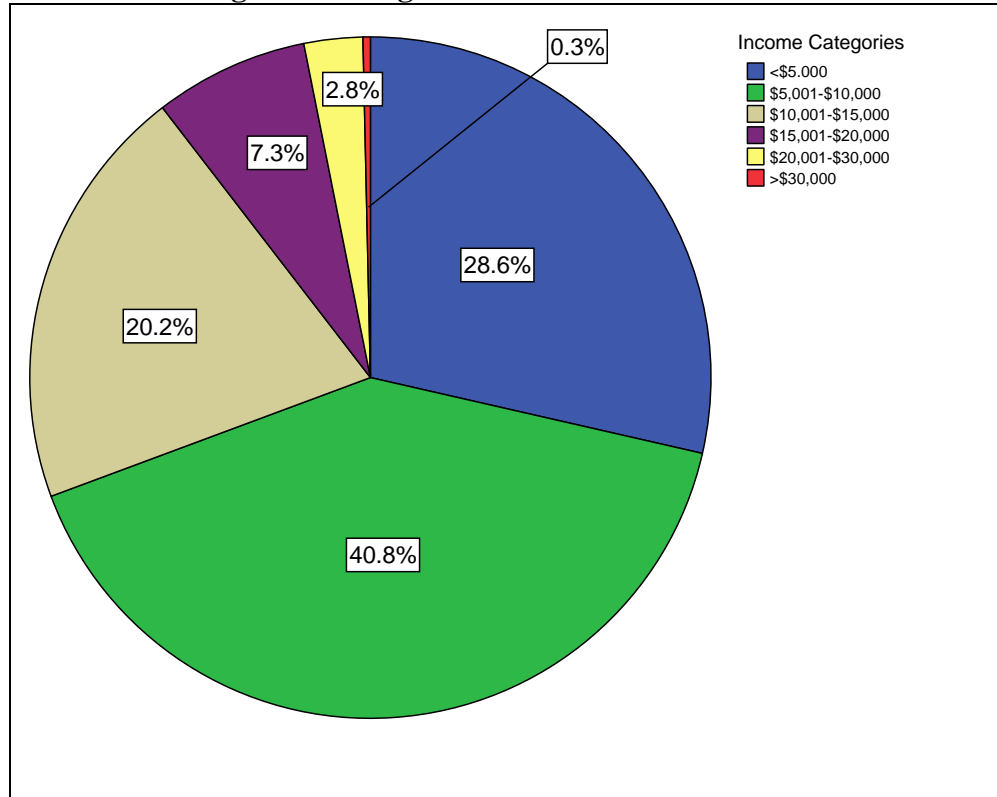
The average annual income of participants upon enrollment (self-reported) was \$7,900 with clients' annual incomes ranging from \$0 to \$35,000 at intake. The median annual income was \$7,860 and modal value was \$0 (Table 4).

Table 4. Income statistics of PS clients upon Enrollment

Average annual income	\$7,900
Range of annual income	\$0.00 to \$35,000
Median	\$7,860
Mode	\$0

Looking at participant income broken into categories (Figure 3), more than two-thirds of the respondents (69%; 199) reported an annual income of under \$10,000 upon enrollment. Twenty percent (58) of respondents reported an annual income of \$10,001-15,000, 7% (21) reported an income of \$15,001-20,000, 2.8% (8) reported an income of \$20,001-30,000, and 1 person reported an income of over \$30,000. It should be noted that families with higher annual incomes had larger family sizes. For example, those earning less than \$5,000 had an average family size of 1.7, while those with an annual income between \$15,001 and \$30,000 had an average family size of 4.1.

Figure 3. Categorized client income at intake



Status in the Labor Force

At participant intake, 29% (83) of PS clients were employed, 25% (72) were self-employed, 7% (20) were unemployed, and 9% (26) did not have a source of income (Table 5).

Table 5. Employment status of PS clients at intake

Status	% (n)
Employed	29% (83)
Self-employed	25% (72)
Unemployed	7% (20)
No source of income	9% (26)

Client Outcomes

The following client outcomes reflect the activities and accomplishments self-reported by the clients who participated in the telephone follow-up survey.

Business start-up and retention

In comparing clients' business stage at the time they contacted MBDP to the time of the survey

- 34% (24) started their business
- 27% (19) remained an established business
- 25% (18) continued to plan for their business
- 10% (7) decided to not pursue their business
- 4% (3) closed their business

N=71

Overall, based on the clients surveyed the PS grant achieved a 46% (24) start-up rate of those in the planning stage at intake. Further, the PS grant supported and retained 100% (19) of businesses that were already established at intake.

Type of business and owner job status

The length of time a client's business has been open ranges from three months to 22.5 years. The average length of time a business has been open is four years and median of two years. Almost half of clients with a business (45%, 19) reported working full time for their business at an average of 48 hours per week. Twenty-nine percent (12) reported working half time for their business at an average of 22 hours per week. Finally, 26% (11) reported working less than half time at an average of 10 hours per week. The types of client businesses include:

- Services (31%, 13)
- Construction (19%, 8)
- Arts/crafts/design (14%, 6)
- Retail (12%, 5)
- Health care/healing arts (7%, 3)
- Agriculture (5%, 2)
- Transportation (5%, 2)
- Food service (5%, 2)
- Education (5%, 2)

N=42

Three clients closed or sold their business. Their businesses were open for three months, one year and five years respectively. Reasons for closing the businesses included: mold and inspection issues forced closure, business was too much to handle on own, and could not get grant funding for business. These three clients indicated that they have a current job to support themselves.

Business contracts and referrals

- 10% (4) of PS clients were assisted in **obtaining business contracts**, such as state and local government and institutional contracts.
 - These four clients were asked to indicate their confidence in their ability to obtain a business contract on a scale of 0-10 with zero being 0% confident and 10 being 100% confident. One client indicated a confidence rating of 7, two indicated 8 and one indicated 10.
 - A total of 10 contracts were secured by three clients, with one receiving two, one receiving three and one receiving five contracts. Two clients reported the dollar value of these contracts, with one indicating a value of \$1,000 and one indicating a value of \$2,000.

- 68% (47) were **referred to other services** they needed through the PS grant.

Referrals included:

 - Financing (7)
 - Classes (5)
 - IDA (4)
 - State office/government service (3)
 - Computing help (2)
 - Consultant (2)
 - Craft fair/farmer's market (2)
 - Networking sessions (2)
 - Other CA programs (2)
 - Resource guide (2)
 - Credit counseling (1)
 - Home ownership (1)
 - Religious organization (1)

Sources of capital

The following are the sources of funding clients reported using for their business. Detailed information on loans received is provided below.

- Personal savings (54%, 33)
- Business revenue (44%, 27)
- Grant funding (11%, 7)
- Individual Development Account (10%, 6)
- Family or friend loan/donation (10%, 6)
- Credit card (5%, 3)
- Vocational Rehabilitation (5%, 3)
- Another bank loan (3%, 2)
- Trickle up (3%, 2)
- Job Start (2%, 1)
- VEDA (2%, 1)
- Community Capital of Vermont (2%, 1)
- VT Community Loan Fund (2%, 1)
- SSI (2%, 1)
- Social security (2%, 1)
- *No sources of funding (15%, 9)*

Loan applications submitted and received

At the time clients contacted MBDP, 22% (15) were in the process of applying for a business loan, one person had already received a loan, and 77% (52) were not considering applying for a business loan. When asked about loans at the time of the survey, one person who was planning on applying for a loan did apply and received a loan for \$7,000. Almost a quarter of clients, 23% (14), were still planning on applying for a loan, 47% (28) were not planning on applying for a loan, and 28% (17) felt it was too early for them to tell if they needed a business loan.

Business income and net worth

Anecdotally, 40% (14) of clients noted that compared to when they first contacted MBDP their business income or revenue has grown. More than half, 54% (19), commented that their business income had remained stable and 6% (2) noted that it had decreased. Clients also self-reported their *gross average monthly* income or revenue from their business. Responses for clients ranged from \$0 to \$7,000 with an average of \$1,532, median of \$650 and mode of \$1,000. Examining self-reported net worth, 79% (30) of MBDP clients reported having a positive net worth or “owning more than what they owe”. While 21% (8) reported that they owed more than they owned or had a negative net worth on their business.

Seventy-one percent (30) of clients reported that their business provides a source of income to their household, with 57% (17) of these people stating that this is their primary source of income. “Owner’s draw” was defined in the survey as “gross business revenue minus business expenses or some other amount that is taken out of business revenue.”

The majority of clients surveyed provided this figure as a monthly amount, thus this amount and relating statistics are displayed in Table 6.

Table 6. Monthly owner's draw statistics, self-reported

Range	\$65 to \$2,400
Average	\$940
Median	\$700
n	19

Table 7 shows that almost two thirds of clients (60%) felt their cash flow has somewhat to greatly improved since they started working with MBDP.

Table 7. Change in client cash flow availability because of MBDP (N=42)

Change in cash flow	Percent (%)	n
Has greatly improved	10%	4
Has somewhat improved	50%	21
Has not changed	31%	13
Is worse	10%	4

Personal income

Forty-four percent (31) of clients indicated that they did not need a job other than their self-employment, 41% (29) have another job in addition to self employment, and 16% (11) are looking for another job in addition to self-employment. Table 8 shows the sources of clients' personal income. Fifty percent (37) of respondents earn part of their personal income comes from their current business and 42% (31) indicated that income from a wage job is part of their income. Eighteen percent (13) of clients receive some income from SSI or SSDI and 15% (11) also earn money from another self-employment. In addition, 4% (3) of clients commented that they did not have a source of income. Self-employment businesses provide the majority of one's personal income for 34% (24) of interviewees. While 31% (21) reported that their wage job provides the most of their income.

Table 8. Sources of personal income (N=74)

Source of Income	Percent (%)	N
Current business	50%	37
Wage employment	42%	31
SSI/SSDI	18%	13
Another self-employment business	15%	11
Spouse/family member income	5%	4
Unemployment	3%	2
Reach-Up/Food Stamps	3%	2
Child support	1%	1
Savings	1%	1
Financial aid	1%	1
Social security	1%	1

Looking at monthly and annual household income, the monthly household income of respondents ranged from \$0 to \$9,000, with a mean income of \$1,775 a month and median of \$1,200. Table 9 shows a categorized breakdown of respondents' monthly household income by survey groups. Clients were asked to indicate what percentage of this monthly household income comes from their business. Responses ranged from 0% to 100%, with an average of 33% and median of 6%. Fifty percent (21) reported that between 0% and 5% of their monthly household income comes from their business. Twelve percent (5) reported that between 6% and 25% comes from their business, 10% (4) reported between 26% and 50%, 5% (2) reported between 51% and 75%, and 24% (10) reported between 76% and 100% of their monthly household income comes from their business.

Table 9. Respondent's monthly household income

Income	% (n)
\$1,000 or less	40% (25)
\$1,001 to 2,500	43% (27)
\$2,501 to 4,000	11% (7)
\$4,001 to 7,000	5% (3)
\$7,001+	2% (1)

The annual household income of respondents ranged from \$0 to \$75,000 with a mean income of \$18,331 a year, median of \$15,300, and mode of \$24,000. Table 10 shows a categorized breakdown of respondent's annual household income by survey groups.

Table 10. Respondent's annual household income in 2006

Income	% (n)
\$20,000 or less	64% (37)
\$20,001 to 40,000	28% (16)
\$40,001 to 75,000	9% (5)
\$75,001 +	0

Regarding change in one's average monthly household income since starting one's business, 35% (14) of clients surveyed noted that their average monthly household income has increased and 50% (20) indicated that it had stayed the same. The dollar value of client's increase in income ranged from \$65 to \$30,000, with an average of \$3,500 and median of \$500. Thirteen percent (5) reported that their average monthly household income had decreased, with two clients noting a decrease of \$1,000.

Public assistance

At program intake, 14% (10) of clients surveyed were receiving TANF and 46% (34) were receiving food stamps. At the time of the survey only one respondent was receiving TANF as part of their income. In addition, 66% (48) of clients indicated that they have at one point relied on public assistance. Since clients started working with MBDP, 44% (20) reported that their reliance on public assistance decreased and 52% (24) said that it had stayed the same. Reasons given for this decrease in reliance on public assistance were that they were no longer eligible for a program because of their income or because their relationship status changes such as through marriage. Many people specifically cited no longer being eligible for food stamps. Two clients indicated that their reliance had increased as they were now eligible for food stamps.

Job creation

As shown in Table 11, 7% (3) of the respondents indicated that their business has created jobs for other people in addition to their own. The following summarizes the highlights of client job creation statistics.

Table 11. Whether or not respondent's business created jobs (n=42)

Created other jobs	Percent (%)	N
Yes	7%	3
No	93%	39

- Thus far in the grant, three clients created 8 FTE (based on 40 hours per week) part time and 3 full time jobs separate from their own job, for a total of 11 FTE jobs created. Of these jobs, **9 or 82% of them were created after clients had worked with MBDP**. Including the owner's job (27.3 FTE held by 40 people), **MBDP has helped to create and support a total of 38.3 jobs**.
- **Part time jobs** – Two clients hired 11 part-time employees at 30 hours a week. One person reported paying their employee \$22/hr and the other reported an annual payroll of \$50,000 for 10 part time employees.
 - Ten of these jobs (hired by one client) were hired after having worked with MBDP and five of these employees were TANF recipients.
- **Full Time jobs** – Two clients hired three full time employees who work 40 hours per week at an average hourly rate of \$21/hr.
 - Two of these employees were hired by one client after having worked with MBDP.

Benefits and assets

Seventy-eight (58) percent of clients reported that they have access to medical and health benefits, but none receive this through their business. None of the employees hired by MBDP clients are provided with medical and health benefits through their job. In addition, 19% (4) stated that they have access to quality childcare, while the remaining 81% (17) said that they do not. Two of those who have access to childcare reported paying \$270 and \$500 a month respectively. The MBDP defines asset gains as purchasing a home or achieving any post secondary education. Since clients started working with MBDP, one person had purchased a home and three completed further education. Types of education included attending community college, completing a bachelor's and a master's degree.

Skill development

Clients were asked several questions to assess skill development and attitude and life changes they have gained because of MBDP services. Table 12 shows the many skills areas in which clients reported gains. The most commonly reported skill was how to write a business plan, followed by financial management, budgeting and credit repair skills. Interestingly, 40% (24) of clients reported using a business plan to guide their business, while 50% (30) are not and 10% (6) did not write one. All but two of the clients who wrote a business plan (92%, 22) indicated that their MBDP counselor somewhat to completely helped them implement their plan.

Table 12. Skills gained by PS clients (N=74)

Skill Area	% (n)
Writing a business plan	35% (26)
Financial management/budgeting/credit repair	28% (21)
Steps to start/operate a business	22% (16)
Marketing and sales	18% (13)
Problem solving skills	14% (10)
Computing skills	12% (9)
Interpersonal skills	4% (3)
Leadership and confidence	4% (3)
Loan application process	3% (2)
Organizational skills	3% (2)
Business taxes	1% (1)
Business feasibility	1% (1)

Regarding three specific skill areas, clients were asked to rate the level to which this skill area has improved on a scale from 0 to 10 with 0 being no improvement and 10 being a lot of improvement because of their work with MBDP. The skill areas included financial management skills such as managing business cash flow, bookkeeping, and financial report; developing and implementing a marketing plan to increase business sales and markets; and credit management skills to monitor and repair credit and manage debt. Corresponding with reported skill gains indicated above, Table 13 shows that the most improved skill area was financial management. Whereas clients expressed less improvement in their marketing plan and credit management skills.

Table 13. Change in skills since working with MBDP

	Financial Management Skills	Marketing Plan Skills	Credit Management Skills
Range	0-10	0-10	0-10
Mean	4.8	4.5	3.2
Median	5	5	1.5
Mode	5	0	0
n	62	64	59

Attitude and life changes

Previous evaluation of MBDP conducted by the authors of this report shows that clients make many personal gains because of MBDP services, such as attitude and life changes. Overall, 87% (58) of clients indicated that they are better off today because of MBDP services. Areas of positive attitude change are presented in Table 14. Half of the clients indicated that they are now more motivated and encouraged, while approximately a quarter reported an increase in their self-esteem and self-confidence.

Table 14. Attitude changes reported by PS clients (N=74)

Attitudinal Area	% (n)
More motivated and encouraged	50% (37)
Increased self-esteem	26% (19)
Increased self-confidence	24% (18)
Broadened scope of possibilities	12% (9)
Improved personal outlook	5% (4)
Less fearful	3% (2)
More responsible	1% (1)
Improved interpersonal skills	3% (2)
Better attitude towards saving money	3% (2)
Public speaking skills	1% (1)
Less positive attitude	4% (3)
No change in attitude	16% (12)

Table 15 shows client's self-reported improvement in their personal, family, and community life since working with MBDP. Clients were asked to rate this change based on a scale from 0 to 10 with 0 being no improvement and 10 being a lot of improvement. Although all three areas show a modal value of 0 or no improvement, all areas received between a 4 and 5.5 median rating, indicating that many people saw moderate improvement in all areas. Some people also saw great improvement as the highest rating received in all areas was a 10 or a lot of improvement.

Table 15. Change in client personal, family and community life since MBDP

	Personal life improvement	Family life improvement	Improved relationship to local community
Range	0-10	0-10	0-10
Mean	4.5	3.6	4.9
Median	5	4	5.5
Mode	0	0	0
n	64	62	68

Focus Group Client Outcomes

Four client focus groups with 26 participants were conducted in October 2007 to obtain information on client immediate outcomes and feedback on course curriculum, presentation, and materials (Appendix A). One group was held in Burlington, VT with CVOEO, one was held in Newport with NEKCA, one was held in Barre with CVCAC, and one was held in Westminster with SEVCA. The focus groups were designed to collect qualitative case study data from clients about their business, services received, impact of services, and program feedback. Business Counselors recruited clients by sending invitations to all active clients who already had a business and had worked with PS services in the past year. Dates and times were selected based on the majority of clients' availability. This qualitative data was analyzed by searching for common themes throughout the data. Client case study information is excerpted from these interviews. The following section summarizes the data collected from clients during their focus group.

Reasons for participating in MBDP services

The majority of clients who participated in the focus groups decided to initially work with MBDP because they wanted to start a business. Most clients came to MBDP with a business idea or concept; however they needed to learn how to start the business, such as writing a business plan and financing the business through grants or loans. As the majority of clients interviewed were currently in business, they continue to use MBDP services for post-start up areas such as bookkeeping, marketing, and organizational assistance. The main ways that clients learned about MBDP services were through word-of-mouth referrals and social service programs such as Vocational Rehabilitation, Section 8 Housing Services, and the Department of Labor.

Many clients spoke about the reasons they decided to go into business for themselves. Several people had a disability such as chronic fatigue syndrome or fibromyalgia that prevented them from working in a mainstream work place. Others wanted to be their own boss or simply work from home to take care of their family and avoid child care costs. One woman commented, "I tried a lot of different types of work, but I wanted to do something that I loved to do. I also felt stuck in a minimum wage job that would not give me a chance to make any more money. I wanted to do something to make money that love to do using my own skills." A few clients interviewed were refugees from another country and found that starting their own business was the best way for them to make money. Others commented that there are not many employment opportunities in rural areas, thus starting a business is a good option to make money for oneself.

The type of businesses that clients operated varied such as food service, crafts, taxi cab driver, photographer, pilates instructor, writer, and handyman service provider. Most of the clients interviewed were in a post start-up stage of their business. Many participants worked out of their homes while some rented a studio or gallery space or store front location. In addition, several clients had a web presence for their business, with some running the business entirely online. Some clients had run one type of business over

time, while others had dabbled with several different businesses before settling on a specific idea.

Course work or training received through MBDP

All clients participated in a variety of courses and individualized assistance offered by MBDP. Many clients indicated that they came to MBDP with the idea that they could receive grant money, as it takes money to make money. However, realizing this is not an MBDP service, many clients accessed funds through Trickle Up, and IDA program, or a loan through a bank or alternative lender such as Community Capital of Vermont.

Several workshops and classes attended include:

- Building Your Money Muscles class
- Micro Business Planning Group
- Bookkeeping class
- IDA program
- Women's Business Group
- Networking meetings
- Hiring & Government Contract Seminar
- Restaurant Management and Serve Safe Certification
- Business Basics
- English language class

In addition to MBDP resources, clients discussed several resources they are now using because of MBDP services. These include the Women's Small Business Center, physical therapy, bookkeeping skills, and investment in an IDA.

All participants commented on the importance of the individualized assistance, support and follow-up offered by their business counselors in keeping their business open. Based on discussion with clients, it is this support and encouragement that help lower-income individuals get through tough situations or rough patches and keep their focus on their business. They also consistently help clients problem solve and determine next steps if clients run into a rut. One person commented that her business counselor "...is supportive and helpful with information. She gives me ideas on what to try, resources, networking and helps me decide what next steps I should take. She is my cheerleader, keeping me going." Another person at a different focus group echoed this sentiment in stating "Yes, I am in business, but it really depends on my health issues. My business counselor supports me through this because it is easy to get overwhelmed with life's issues and I don't have a boss telling me to be at work. It is easy to make excuses. If I didn't have my business counselor to encourage me continuously, I don't know if would still be in business. I do get a disability check each month, but for my own emotional well-being, I need to provide for myself. My business counselor encourages me to focus on my strengths."

Knowledge and skills gained from MBDP services

The course work and individualized assistance in which clients have participated have led to knowledge and skill development as well as strengthening of clients' businesses.

Areas of knowledge and skills gained include:

- Networking
- Problem solving
- Goal setting
- Managing credit issues
- Increased self-esteem, motivation, moral support
- Information on grants and financing
- Completing paperwork
- Bookkeeping and financial tracking and management
- Office management and development of business branding materials
- Financial investment
- Marketing, customer/market identification
- Product pricing and labeling
- Equipment purchasing
- How to look professional

In addition to these specific skills learned, many clients elaborated on their business plan and web site development.

Business plan development

Most clients worked with their business counselor to develop a business plan. Many clients indicated that during their planning/start-up stage, the exercise of writing a business plan was extremely useful. This plan helps clients hone in on a specific idea and think of all potential areas or scenarios that may come up while running the business. Further, several clients noted that the business plan is useful if they needed to apply for a loan at a future point in time. Several artists who participated in the focus group noted that writing a business plan helped them determine their primary audience/market and ways to price and sell their work.

Further, several clients noted that the business plan is useful if they needed to apply for a loan at a future point in time. Several artists who participated in the focus group noted that writing a business plan helped them determine their primary audience/market and ways to price and sell their work.

Web site development

Many clients interviewed worked with their MBDP counselor to develop a website to support or maintain sales for their business. The use of the Internet has been a great marketing tool for most clients.

Networking Success Story

One success story comes from three women from CVCAC who formed a strong relationship and helped one another through relationship hardships and physical illness and became "power partners." They indicated that they can help each other get through anything. Through this support, these women have used each others creativity and muscle to accomplish work, such as making and marketing products. This relationship they forged because of working in a group setting through MBDP has led to what they call a "symbiotic relationship" to foster each other's business success.

Impact on social and human capital

PS clients reported various impacts working with MBDP had on their personal life, financial situation, family situation, and community life.

Personal life

- Improved self esteem
- Increased motivation
- Empowered
- Confident in ability to run business
- Less stress and worrying
- Enjoy running one's own business
- Realization that client is more savvy and knowledgeable than she thought

Financial situation

- Several clients indicated that their involvement in the IDA program has helped their financial situation. One person indicated that they were able to save and earn \$3,000 to purchase business supplies.

Family situation

- Business experience provided an opportunity for one person to achieve personal growth
- Two people were in business with their spouses, which strengthened their relationship

Community life

- Made friendships and built relationships and support networks with other business owners. These relationships help market clients' products.
- Made new connections in the Community Action program and through referrals
- Through earning money from her business, one client was able to give back to her community by making contributions to auctions and fundraisers.

Participant Feedback

Survey respondents and focus group participants were asked to provide feedback on MBDP services received and their business counselors. Client feedback included satisfaction with services, areas that worked well and did not work well for clients, suggestions on improving services, and other types of services desired.

Satisfaction with Services

Overall, most clients expressed high satisfaction with services and individual assistance. On a scale from 0 to 10 with 0 being 0% satisfied and 10 being 100% satisfied, clients reported an average satisfaction with overall services and individual assistance as 7.2 and 7.2. Both areas received a modal value of 10, indicating that the majority of clients were highly satisfied with services received. However, clients overall rated the MBDP program as moderately helpful in the extent the program helped clients' businesses to be successful, as an average of 5.7 and mode of 5 was received. Although responses ranged from 0-10, indicating that some clients found MBDP to be very helpful in their business success.

Overall satisfaction with services n=71

Range: 0-10

Mean: 7.2

Median: 8

Mode: 10

Overall satisfaction with one-on-one counseling and technical assistance n=70

Range: 0-10

Mean: 7.7

Median: 9

Mode: 10

Extent that MBDP program helped client's business to be successful on a scale from 0-10 with 0 being did not help at all and 10 being completely helped my business success.

n=58

Range: 0-10

Mean: 5.7

Median: 6

Mode: 5

Further, Table 16 shows that two thirds or more of clients agreed or strongly agreed that classes met their expectations, business counselors aided in their business development, and provided the necessary on-going support needed for their business. However, 54% agreed or strongly agreed that MBDP services aided in the success of their business, which corresponds to the moderate ratings reported above. This measure will be an area to examine in the second and third year of the evaluation as client's potentially experience varying levels of business success.

Table 16. Agreement and disagreement levels with satisfaction statements

Satisfaction Statement	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
MBDP services met my expectations (n=69)	9% (6)	9% (6)	7% (5)	49% (34)	26% (18)
MBDP services aided in the success of my business (n=57)	7% (4)	11% (6)	28% (16)	35% (20)	19% (11)
Working with business counselors aided in my business development (n=56)	7% (4)	9% (5)	4% (2)	54% (30)	27% (15)
Business counselors provided the necessary on-going support for my business (n=57)	7% (4)	11% (6)	16% (9)	42% (24)	25% (14)

Program strengths

Table 17 depicts the areas within the MBDP program that worked well for clients. Overall, common themes of the program's strengths include supportive, knowledgeable and positive staff, individualized attention, and good technical assistance and skill building.

Table 17. Program areas that worked well for clients (N=74)

Area	% (n)
Supportive staff	38% (28)
Knowledgeable staff	27% (20)
Individual attention	27% (20)
Learned skills	23% (17)
Gave directions/steps	19% (14)
Good technical information	18% (13)
Helped gain access to funding	16% (12)
Positive and affirming staff	14% (10)
Referrals made	11% (8)
Resources/networking	9% (7)
Flexible program/time/schedule/free of cost	8% (6)
Workshops/classes offered	7% (5)
Worked with disability	4% (3)

In support of this quantitative data, qualitative data collected through client focus groups parallels the responses received from survey respondents. The following were mentioned as aspects of MBDP that worked well for focus group participants.

- Writing business plan and helping clients learn the basics of starting a business.
- Receiving emails/notices of resources and workshops within and beyond MBDP.
- Social networking and having human contact with business counselors and other business owners especially for those who work out of their homes or live in rural areas. Gaining a support network from staff and other business owners and encouragement of self-care strategies.
- Learning financial management skills through courses such as Building Your Money Muscles.

- Assisting clients with transportation to and from sites and assisting one client to obtain a car and insurance.
- Benefiting from group classes that have students from a variety of backgrounds, experiences and business stages, which enabled both new and experienced persons to learn from others' experiences.

Areas that did not work well for clients

Overall, 49% (36) of clients surveyed did not report any areas within MBDP that did not work well for them. A variety of individual responses were received from those who did report something that did not work well for them, as presented in Table 18. Some clients focused on program logistics, such as the schedule or location of services not being convenient for people. Others felt that they did not receive enough individualized attention or that an MBDP staff person did not follow up with them. Others faced issues relating to their business, such as not receiving the right resources or funding, or various life issues thwarted their business. Similar to survey respondents, very few focus group participants had issues with the MBDP. Those who did provide comments would have liked referrals to health related programs, such as mental health counseling and health insurance in general.

Table 18. Program areas that did not work well for clients (N=74)

Area	% (n)
Schedule/location did not work	8% (6)
Not enough individual attention/instructor follow-up	7% (5)
Not helpful in locating resources	7% (5)
Unrealistic expectations	4% (3)
Felt disrespected/discriminated	4% (3)
Did not receive funding as planned	4% (3)
Personal/life issues got in the way	4% (3)
Business was not working as planned	4% (3)
Program was not for me	3% (2)
Information was not clear	3% (2)
Lack of transportation	3% (2)
Needed more time in class	1% (1)
Needed less time in class	1% (1)
Lost interest in business	1% (1)
Too much paperwork	1% (1)

Suggestions for improving MBDP Services

Focus group participants had several suggestions for improving the MBDP. Several participants commented that they would like to have more networking events and be assisted in starting a micro business association to have a collective voice. The need for more networking was echoed by another client who suggested that monthly or biweekly meetings be arranged so that people can share enthusiasm, success stories, suggestions, and learn from different experiences. A few focus group participants also felt that their business counselor did not properly follow-up with them in a timely fashion to receive needed assistance. Thus, a suggestion was made to ensure that business counselors consistently follow-up with clients in a timely manner.

Survey respondents also provided suggestions for improving MBDP services. Themes such as networking with other businesses and staff following up more consistently with clients emerged in this data as well. Other themes included topic areas for future classes/workshops, funding support, areas for improvement within staff, and issues related to space and location.

Networking

- Provide networking opportunities with other business owners (9)

Topic areas for future workshops/classes

- Clarify how to write a business plan (3)
- Marketing support (4)
- On-going classes for post-start-up businesses (2)
- Bookkeeping assistance
- Computer classes
- Consultant/expert support
- Help clients with personal/life issues
- Legal issues for low-income clients

Funding

- Need more funding (4)
- Low to no interest loans for low-income persons
- Grant funding

Staff

- Follow-up more with clients (3)
- Outreach to others to let them know about MBDP services (3)
- Increase number of business counselors available (2)
- Improve partnership with Vocational Rehabilitation to help people with disabilities
- Be more respectful
- Provide more individual assistance

Space/location

- Provide business incubator space with shared administrative and overhead services
- Office locations near central Vermont/satellite offices

Topic areas that should be covered more in depth

Focus group clients suggested various topic areas that should be covered more in-depth, either through resource material, courses, follow-up workshops or individual assistance. One client indicated that they would like to receive a list of people who were starting micro businesses in their area so they could network with one another. Others also commented that MBDP should hold more networking events so clients can share experiences/success stories with each other. The idea of holding a regular meeting time to motivate each other and build off the enthusiasm and suggestions of others.

Other topic areas that clients would like have covered more in-depth:

- Using QuickBooks and financial management, bookkeeping, debt management
- Merchandising, marketing and pricing assistance
- Self-confidence building exercises
- How to obtain various sources of funding such as Trickle up grant funding/other grant funding
- Grant writing skills
- Computer skills and website development
- Business programs for women
- Home-buying seminar
- Legal issues facing business owners
- Literacy issues for immigrants
- Networking with others starting a business
- Retirement planning
- Tax assistance

Conclusions

The *Post Start-Up Microenterprise Services Project* grant is a statewide project of the Vermont Community Action Agencies' Micro Business Development Program. The PS grant allows these Community Action Agencies to expand its current training and technical assistance work and develop additional, new post loan and post start-up services to expanding microenterprises, thereby helping these microenterprises to create additional jobs. The PS grant is funded by the Job Opportunities for Low-Income Individuals (JOLI) Program to Central Vermont Community Action Council from the US Department of Health and Human Services, Office of Community Service for three years, from October 1, 2006 to September 30, 2009. The following summarizes the major findings of the PS grant evaluation report for 2007.

Project Implementation

Focus groups conducted with PS staff gathered information on how the project was implemented at each of the four sites.

The most effective recruitment strategies include:

- Networking with other community agencies and organizations
- Using mass media and word of mouth
- Having personal interaction with potential clients

Major barriers to recruiting low-income clients include:

- Not being able to attend classes at the time that they are offered because of scheduling conflicts
- Operate in a crisis mode
- Have limited or no transportation and childcare resources
- Lack "soft skills" such as ambition and follow-through, and low self-esteem and confidence
- Have disability and/or illness issues, many stress related
- Face losing welfare benefits if their income crosses the threshold of eligibility because of their business revenue

Participant assessment

Once participants were recruited to participate in MBDP services through the PS grant, they met with either an intake specialist or a business counselor to discuss the project, their goals, objectives, and barriers, complete paperwork, and be referred to other service providers.

Technical assistance and training

Depending on the number of staff available, office resources, geographic location, and client preferences, MBDP sites offer clients either individualized assistance, both at their office and at the clients' business site, and group based classes, workshops and seminars. One-on-one business counseling and technical assistance is often the best resource for a post start-up client because they are busy running their business and this service allows

them to focus on their unique needs. In addition, two of the PS sites that are located in more rural settings offer individualized assistance through site visits at a client's house or electronic mail communications.

Group based training provides clients with hands on activities, uses a variety of learning modes, and allows classes to be interactive and discussion based to keep participants interested. In addition, business owners often thrive from the networking opportunities where they interact and make connections with other business owners in a group setting that they would not get in a more isolated situation.

Examples of common post startup needs include: assistance with book keeping, marketing, pricing, cash flow analysis, accounting, financial reporting, merchandising, website development, and legal advice.

Relationship with project partners

All of the business counselors reported having frequent contact with their fellow staff persons within each MBDP office, either by working in the office together, staff meetings, telephone calls or electronic mail communications. Regarding statewide collaboration among the MBDP agencies, a few interviewees noted that they will reach out to others as a resource to best develop their programs. However, aside from a few statewide grant meetings, all noted that they have not actively shared or collaborated with other MBDP sites that are funded through this grant. One person commented that each MBDP within the state has a different working style and local culture, thus each MBDP are independently functioning agencies, even though they serve a similar purpose and share information and resources. Several persons interviewed felt that a "professional development day" or meeting with the other MBDP sites to catch up on what they are doing and clarify grant outcomes would be beneficial to the work of all sites.

Each MBDP site partners with specific agencies to help assist clients and serve as a referral source and source of referral. Examples of project partners include:

- Vermont Procurement Technical Assistance Center
- Department of Children and Families
- Vocational Rehabilitation
- Individual Development Accounts
- Vermont Refugee Resettlement Program
- Community Economic Development Office
- Department of Labor
- Vermont Women's Business Center
- Local banks
- Vermont state and private colleges
- Local downtown associations

Client Demographics

Gender and age

- 58% female, 42% male
- Average age of 42, range of 19-66

Education

- 34% have a high school degree or less education
- 33% completed one to two years of education beyond high school
- 34% completed a degree program or four or more years of education beyond high school

Family characteristics

- Family size of participants ranged from 1-7 people with a median family size of 2, mode of 1 and average of 2.4

Poverty and public assistance

- 100% are at or below 100% of federal poverty level
- 20% Receive TANF
- 22% Income from SSI or SSDI
- 54% Food stamps
- 26% Housing assistance
- 13% Live in public housing

Annual income

- Average annual income = \$7,900
- Range of annual income = \$.00 to \$35,000
- Median = \$7,860

- 69% earn less than \$10,000
- 89% earn less than \$15,000

Status in labor force

- 29% Employed
- 25% Self-employed
- 7% Unemployed
- 9% No source of income

Client Outcomes

Business status

- Based on the clients surveyed the PS grant achieved a 46% start-up rate of those in the planning stage at intake.
- The PS grant supported and retained 100% of businesses that were already established at intake.
- 10% of PS clients were assisted in obtaining business contracts, such as state and local government and institutional contracts.
- 68% were referred to other services they needed through the PS grant.

Sources of funding

- Main sources of business capital include personal savings and business revenue.
- 22% were in the process of applying for a business loan, one person had already received a loan for \$7,000, and 77% were not considering applying for a business loan.

Business revenue

- Clients' self-reported *gross average monthly* income or revenue ranged from \$0 to \$7,000 with an average of \$1,532, median of \$650 and mode of \$1,000. 71% of clients reported that their business provides a source of income to their household, with 57% stating that this is their primary source of income.
- 44% of clients indicated that they did not need a job other than their self-employment, 41% have another job in addition to self employment, and 16% are looking for another job in addition to self-employment.

Household income and public assistance

- Monthly household income of respondents ranged from \$0 to \$9,000, with a mean income of \$1,775 and median of \$1,200.
- Since starting one's business, 35% of clients noted that their average monthly household income had increased, 50% indicated that it had stayed the same and 13% said it had decreased.
- Since clients started working with MBDP, 44% reported that their reliance on public assistance decreased and 52% said that it had stayed the same. Reasons given for this decrease were that they were no longer eligible for a program because of their income or because their relationship status changes such as through marriage.

Job Creation

- Thus far in the grant, three clients (7%) created 8 FTE (based on 40 hours per week) part time and 3 full time jobs separate from their own job, for a total of 11 FTE jobs created. Of these jobs, **9 or 82% of them were created after clients had worked with MBDP**. Including the owner's job (27.3 FTE held by 40 people), **MBDP has helped to create and support a total of 38.3 jobs**.

Knowledge, skills and attitude changes

- The most commonly reported skill was how to write a business plan, followed by financial management, budgeting, and credit repair skills.
- 87% of the clients indicated that they are better off today because of MBDP services.
- Half of the clients indicated that they are now more motivated and encouraged, while approximately a quarter reported an increase in their self-esteem and self-confidence.

Focus group client outcomes

Four client focus groups with 26 participants were conducted in October 2007 to obtain information on client immediate outcomes and feedback on course curriculum, presentation, and materials.

Knowledge and skills gained from MBDP services

- Networking
- Problem solving
- Goal setting
- Managing credit issues
- Increased self-esteem, motivation, moral support
- Information on grants and financing
- Completing paperwork
- Bookkeeping and financial tracking and management
- Office management and development of business branding materials
- Financial investment
- Marketing, customer/market identification
- Product pricing and labeling
- Equipment purchasing
- How to look professional
- Business plan development
- Website development

Impact on social and human capital

PS clients reported various impacts working with MBDP had on their personal life, financial situation, family situation, and community life. Examples of impacts on one's personal life include improved confidence, personal growth, and recognition of strengths. Several clients indicated that their involvement in the IDA program has helped their financial situation. Many clients also made friendships and built relationships and support networks with other business owners.

Participant feedback

Overall, most clients expressed high satisfaction with services and individual assistance. Two thirds or more of clients agreed or strongly agreed that classes met their expectations, business counselors aided in their business development, and provided the necessary on-going support needed for their business. However, 54% agreed or strongly agreed that MBDP services aided in the success of their business. This measure will be an area to examine in the second and third year of the evaluation as client's potentially experience varying levels of business success.

Program strengths

Common themes of the program's strengths include supportive, knowledgeable and positive staff, individualized attention, and good technical assistance and skill building.

Areas that did not work well for clients

A variety of individual responses were received from those who did report something that did not work well for them. Some clients focused on program logistics, such as the schedule or location of services not being convenient for people. Others felt that they did not receive enough individualized attention or that an MBDP staff person did not follow up with them. Others faced issues relating to their business, such as not receiving the right resources or funding, or various life issues thwarted their business.

Suggestions for improving MBDP services

Respondents provided several suggestions for improving MBDP services. Themes such as providing opportunities for client networking with other businesses and having staff follow up more consistently with clients emerged in both qualitative and quantitative data. Other themes included topic areas for future classes/workshops, funding support, areas for improvement within staff, and issues related to space and location.

Recommendations for Program Improvement

The following are recommendations for improving the PS grant project and MBDP services, based on the various evaluation data presented in this report for the first year of the grant.

Recommendations from business counselors for professional development

- Several business counselors interviewed felt that a “professional development day” or meeting with the other MBDP sites to catch up on what they are doing and clarify grant outcomes would be beneficial to the work of all sites.
- Several business counselors would like clarification on what is defined as a “post start-up” client and if clients in a start-up stage can be included in this population because they eventually will become post-start up.

Recommendations to improve the relationship with project partners

- Counter the stereotype and bias of low-income people by highlighting success stories of TANF recipients
- Increase the use of emails to communicate
- Meet with collaborators and answer questions they have about MBDP
- Increase communication and support with MBDP peers

Client Recommendations for improving MBDP services

Networking

- Provide networking opportunities with other business owners

Topic areas for future workshops/classes

- Clarify how to write a business plan
- Marketing support
- On-going classes for post-start-up businesses
- Bookkeeping assistance
- Computer classes
- Consultant/expert support
- Help clients with personal/life issues
- Legal issues for low-income clients

Funding

- Need more funding
- Low to no interest loans for low-income persons
- Grant funding

Staff

- Follow-up more with clients
- Outreach to others to let them know about MBDP services

- Increase number of business counselors available
- Improve partnership with Vocational Rehabilitation to help people with disabilities
- Be more respectful
- Provide more individual assistance
- Work with one client for a few years for consistency purposes

Space/location

- Business incubator space with shared administrative services
- Office locations near central Vermont/satellite offices

Topic areas that should be covered more in depth

Focus group clients suggested various topic areas that should be covered more in-depth, either through resource material, courses, follow-up workshops or individual assistance. One client indicated that they would like to receive a list of people who were starting micro businesses in their area so they could network with one another. Others also commented that MBDP should hold more networking events so clients can share experiences/success stories with each other. The idea of holding a regular meeting time to motivate each other and build off the enthusiasm and suggestions of others.

Other topic areas that clients would like have covered more in-depth:

- Using QuickBooks and financial management, bookkeeping, debt management
- Merchandising, marketing and pricing assistance
- Self-confidence building exercises
- How to obtain various sources of funding such as Trickle up grant funding/other grant funding
- Grant writing skills
- Computer skills and website development
- Business programs for women
- Home-buying seminar
- Legal issues facing business owners
- Literacy issues for immigrants
- Networking with others starting a business
- Retirement planning
- Tax assistance

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Appendix A. Client Focus Group Questionnaire

1. Introductions
2. Please describe your current business:
 - a. Stage of your current business?
 - b. Business location – home based? Describe the type of community in which your business operates. (rural, urban, suburban)
 - c. Type of business and clientele served?
 - d. Why you decided to start this type of business?
 - e. If business was already started prior to your work with Micro Business, how many years have you been in this current business?
3. Why did you decide to use Micro Business services (training, coaching, and counseling) and how did you hear about it/who referred you to it?
4. What course work or training have you participated in through MBDP?
5. What other Community Action provided services have you used for your business? How did you benefit from them?
6. What knowledge and skills did you gain from the MBDP training and/or working with a business counselor on an individual basis? (Such as business plan, regulations, etc)
7. What resources did you learn about or are you now using that you previously were not because of MBDP training?
8. How has MBDP training and individual business counseling helped you to strengthen your business? Network with other businesses or community members?
9. How have you been able to network with other entrepreneurs through these services? What benefits have you experienced from this networking? (i.e. building supportive networks)
10. We'd like to understand how your participation in these services improved your life outside of your business or work life. What effect did your participation have in this course and the progress you have made (or not made) had on your personal life, financial situation, family life, and community life?
 - a. **Personal life** (health, Increased self esteem, Change in attitude, Increased motivation)
 - b. **Financial situation** (Income changes, Health care, Child care)
 - c. **Family situation** (parenting skills, improved family relations)

d. **Community life** (building supportive networks, involvement in community, neighborhood, friends, etc.)

Now I'd like to ask you to provide feedback on the MBDP training and individual assistance you participated in.

11. What parts of the MBDP program specifically worked well or were most helpful for you or your business?
12. What parts of the MBDP program did not work well for you?
13. Were there any topic areas that should have been covered more in depth?
14. Do you have any suggestions on ways the class, materials, or presentation may be improved? I.e. class timing, length of class (longer or shorter), topics covered, materials, etc.
15. What services or topic areas would you like to see covered in future courses by the program?

Appendix B. Staff Focus Group Questionnaire

Marketing, Recruitment, and Enrollment strategies

1. What **marketing and recruiting strategies** are used to attract JOLI eligible clients to intake and sign up with MBDP services? What strategies are used to attract clients in need of post-start up services?
2. Who are major sources of **referrals** for clients?
3. What **type of clients/businesses** are you recruiting?
4. Have you encountered any **problems** in recruiting and retaining clients?
5. What are **major barriers** that clients' face that may impede in their participation in the program?

Participant Assessment

6. What **strategies** are used for the **initial intake** of clients into the program?
7. What, if anything, should clients have in place before they can begin working with PS services?
8. What are the **major sources of referrals** (internal and external) to which you recommend clients? Do you get feedback on whether or not they are helpful?
9. Are there any **problems** that you have encountered in the intake process and how have they been overcome?

Training

10. What **training or other classroom** services are offered to clients? What is the focus of the training and do you observe that outcomes are achieved by clients once they complete this training?
11. What **changes, if any, have occurred in training or curriculum** offered so that clients may be better served?
12. What are the **main issues** encountered in conducting trainings and courses? How have they been overcome? Are you meeting the grant goals in serving a specific number of clients?
13. What barriers to clients face to training and how are they overcome?

14. **What are** best practices in teaching these courses?

Post Loan Technical Assistance and Support

15. What **type of technical assistance** and support is offered to clients? Is this in addition to or in lieu of training?
16. What are **outcomes** that clients achieve as a result of the TA?
17. How are clients assisted in obtaining **contracts** with government, institutions or private industry?
18. How does **access to a loan** assist client's business development compared to clients who do not apply for a loan?

Successfulness of collaboration

Internal communication

19. What **communication strategies among staff** are used to coordinate efforts and effectively serve clients (seamless services)?
20. How do you communicate and work with other CAP agencies? What role do they play in your services?

Project partners

21. Who have been the key project partners? What role do they play in **referring** and **serving** clients?
22. How do you **communicate** with partners to effectively meet participants' needs (seamless services)? Is communication **regular and frequent** with partners? What is the primary mode of communication? Groups? Individuals?
23. What has been **effective/successful** about collaborating with project partners?
24. What challenges has the program faced with project partners? How have these been **overcome**?

For more information or additional copies of this report,
please contact:

Michele Cranwell Schmidt
Evaluation Services
The Center for Rural Studies
207 Morrill Hall
The University of Vermont
Burlington, Vermont 05405
(802) 656-3021
<http://crs.uvm.edu/evaluation>



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