

Post Start-Up Microenterprise Services *Evaluation Report, 2006-2009*

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Introduction

The *Post Start-Up Microenterprise Services Project* (PS) grant is a statewide project of the Vermont Community Action Agencies' (CAAs) Micro Business Development Program (MBDP). Four of the five CAAs are involved, including Central Vermont Community Action Council (CVCAC); Champlain Valley Office of Economic Opportunity (CVOEO); Southeastern Vermont Community Action (SEVCA); and Northeast Kingdom Community Action (NEKCA). The PS grant allowed CAAs to expand services and develop additional post start-up services for expanding microenterprises, helping them create and retain additional jobs. The PS grant also provided business assistance to microenterprises that have received or are applying for loans through capital access partners such as Community Capital of Vermont. This grant is funded by the Job Opportunities for Low-Income Individuals (JOLI) Program to CVCAC 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 Center for Rural Studies (CRS) at the University of Vermont provided evaluation services for this grant. This report presents cumulative evaluation findings from data collected from clients, staff, and project partners. For more information about this study or to request copies of this report, please contact Michele Cranwell Schmidt, Evaluation Coordinator, at (802) 656-0256 or Mschmidt@uvm.edu.

Meeting Grant Goals

A goal of the PS grant is to provide services to approximately **100 businesses each year**, including technical assistance (TA) 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. MBDP surpassed this goal by 159% as 518 clients were served by the four sites over the three year grant period or 172 clients per year.

In addition, MBDP anticipated that **65 new jobs would be created at a cost per job of \$7,692. Forty of these jobs were to come from start-up businesses, with 20 being owner jobs and 20 being additional jobs.** Looking at new positions created during the grant period, 98.5 FTE positions (58 FT and 84 PT jobs) were created after the client started working with MBDP. Including 29 full-time new owner positions and 14.2 FTE owners working less than full-time, **a total of 141.7 FTE new jobs were created by businesses during the grant period**, exceeding the grant goal. MBDP services also helped established business owners stay in business and retain established employee positions. A total of 45 full-time owners, 19 FTE owners, and 17 FTE employees remained employed by established MBDP client businesses at the close of the grant.

Looking at all positions created and supported throughout the grant period, 43 clients employed 66 full-time positions and 49.6 FTE (based on a full time work week of 30 hours per week) positions for a total of 115.6 FTE positions employed by MBDP businesses. Including owner positions (107.15 FTE held by 142 people), **MBDP helped to create and support a total of 222.75 FTE jobs during the course of this grant.**

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 the needed capital 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 and/or business development.
- Identify the support project Partners contribute to the growth and development of participants' businesses.

Methodology

This evaluation report is cumulative for the entirety of the PS grant and presents an analysis of data collected from clients, staff and project partners. This evaluation focused on the project's process and outcomes (Weiss, 1998). The process component examines project implementation to understand the effectiveness and efficiency of activities and interventions, such as client recruitment and retention, provision of training and technical assistance (TA) services, and collaboration with project partners. Process evaluation results have been used over the course of the grant as a management tool for continuous program improvement. Results also help staff identify implementation issues, articulate how they were addressed, and provide recommendations for future implementation. The continuous discussion of best practices to carry out post-start up client services is documented in this evaluation report. Outcome results allow staff and the evaluators to assess the impact of project implementation on microenterprise owners and their businesses. Outcome evaluation results inform whether project interventions produced desirable changes and their potential for being replicated, answering the questions of whether or not and how the program worked to reach stated goals. This evaluation utilized the following methods, including qualitative and quantitative measures.

Client Intake Data

MBDP staff collected data from microbusiness clients during their intake to the program to determine eligibility for services and document baseline demographic data. This data is compared with annual data collected from client telephone surveys. Data include: annual income, receipt of health care and childcare, reliance on public assistance, and assets. This intake form was also used as a tool to help participants identify their goals for being in the program.

Client Telephone Surveys

Follow-up surveys with clients were conducted annually by telephone from September to October 2007 to 2009. 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 related research (Clark and Kays, 1999; Klein, Alisultanov, and Blair, 2003). This study uses a reflexive control design (Clark and Kays, 1995 and 1999; Klein, Alisultanov, and Blair, 2003; Rugg, 2002) where participant outcomes during and after microenterprise training are compared to the baseline collected before they received services.

Surveys were administered at the University of Vermont using computer-aided telephone interviewing (CATI). Trained interviewers called clients from 11:00am to 9:00pm, Monday through Friday during the allotted time frame. Up to 12 attempts were made to contact clients with a valid and working telephone number and callbacks were scheduled

as needed. Surveyors used local and state telephone directories and followed up with business counselors at MBDP in attempts to find a working phone number.

Survey population and sample

Table 1 depicts the calling outcomes of the first and second annual client follow-up surveys. 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%. In 2008, PS JOLI clients were called as part of a statewide MBDP survey including all clients served from all five MBDP agencies. Of the 1193 clients called, 43% (518) were JOLI eligible clients and 66 or 13% of these clients completed the survey. In 2009, 1011 names were provided to CRS by MBDP and 209 surveys were completed for a response rate of 21%.

Table 1 Total survey population and completed surveys, 2007-2009

	FY 07	FY 08	FY 09	Total Respondents, Unduplicated
Total Population	281	518	1011	1011
Completed surveys	74 (26%)	66 (13%)	209 (21%)	306 (30%)

The evaluators took many measures to increase the response rate, including sending initial letters to participants informing them of the survey, completing up to 12 attempts to reach a person that were spaced out over days and times, and leaving answering machine messages with contact information for the person to call back and schedule a time to take the survey. Common reasons given by clients for refusing to take the survey were that they only worked with MBDP for a short period of time and felt they could not give feedback, they never started or closed a business and did not wish to talk about the experience, they completed a survey during a prior data collection period and no longer wished to participate, or they simply did not have time or desire to participate in the survey.

Because the 2007, 2008 and 2009 surveys asked clients the same questions, all non-duplicated responses were aggregated and analyzed for this report for a total sample size of 306 or 30% of the population served throughout the grant. A sample of this size is representative of the larger MBDP population at a 95% confidence interval and 4.6% margin of error. Based on a standard sample size calculation and the confidence level and margin of error achieved, results can be generalized to the statewide MBDP low-income clientele.

Proportion of respondents by agency

Clients from four of Vermont’s CAAs were represented in this study, as shown in Figure 1. Forty-two percent (124) of clients are from CVOEO, 35% (101) are from CVCAC, 14% (42) are from NEKCA, and 9% (27) are from SEVCA.

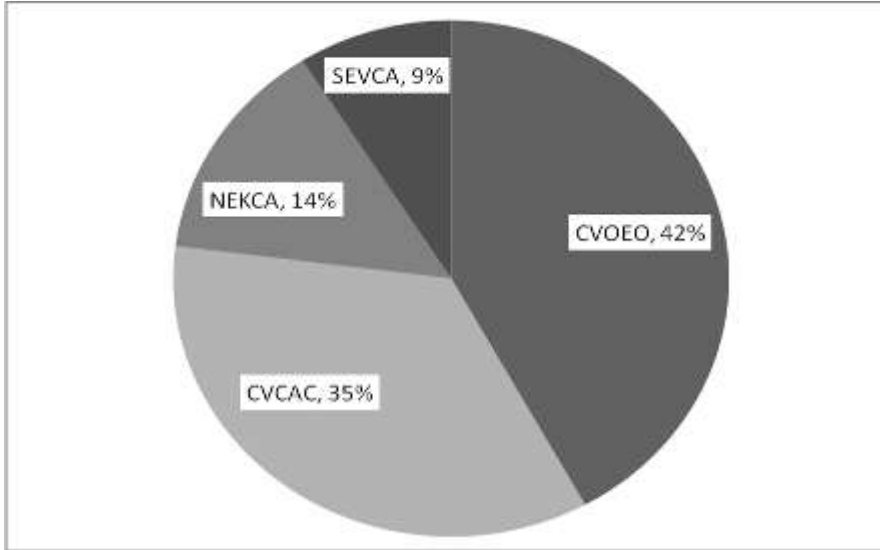


Figure 1 Site location of survey respondents

Client Focus Groups

Eleven focus groups were held with 56 clients over the course of the grant. A total of 26 clients participated in 2007, 18 in 2008, and 12 in 2009. Three focus groups were held in Burlington, VT with CVOEO, Newport with NEKCA, and Barre with CVCAC. Two groups were held in Westminster with SEVCA. While SEVCA attempted to schedule the third group, this meeting was cancelled due to a lack of client attendance. Client focus groups were conducted in person and by conference call. During the sessions, the facilitator and clients engaged in focused discussions 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 information provides data on both project process and outcome.

Staff Focus Groups

Twelve staff focus groups were held in total, with four conducted at each site on an annual basis in October with key project personnel who provide business intake and counseling services and manage MBDP. Focus groups were conducted in person or by conference call. Discussions with staff help document the project's implementation (Glesne, 1999; Patton, 2002), including how each site carried out client recruitment and retention, enrollment strategies, coordination with project partners, and training and TA services. The information collected provides qualitative data on project process, best practices, and lessons learned for improving the project for the final year. Because the grant's purpose was not to compare strategies across sites, data collected is presented in aggregate, with site specific examples presented to demonstrate various best practices.

Data Analysis

Quantitative data were analyzed using Statistical Package for the Social Sciences (SPSS) 17.0. Bi-variate analyses, including T, F, and Chi Square (χ^2) tests, were also conducted to further understand relationships between two variables. P values less than or equal to .10 were deemed significant. A thematic analysis of qualitative data was conducted using common techniques associated with this research (Glesne, 1999; Patton, 2002). Key concepts were coded based on the existing framework of research questions and common and divergent themes that emerged from repeated review of field notes. The validity of results was verified by having multiple researchers independently review the data and analyses to identify common findings and resolve discrepancies. Preliminary findings were also reviewed by key informants for accuracy and comprehensiveness.

Findings

This report reviews cumulative evaluation findings collected over the course of the grant, from October 1, 2007 to September 30, 2009. The first half of this report presents key components of project implementation, as documented from staff focus groups, evaluator observations, and reviews of project related documents. The second half of this report reviews project outcomes by grant goals. This section begins with a profile of clients served, reasons for participating in MBDP services and services received. Outcome data includes quantitative and qualitative data collected from clients during surveys and focus groups. Client feedback on grant services is also reported. Finally, the evaluator draws conclusions and provides recommendations for continued service provision.

PROJECT IMPLEMENTATION

To document project implementation, staff focus groups were held annually with each program site in October 2007, 2008 and 2009. Key project personnel such as MBDP business counselors, intake specialists, and program directors participated in discussion, either in person or by a conference call. Discussions with staff document how post start-up services were implemented, including client recruitment and retention, participant intake, training and technical assistance services, and collaboration with staff and project partners. Focus group participants were also asked to provide anecdotal evidence as “expert witnesses” of how services impact clients and their businesses.

Client Recruitment and Retention

Several strategies were utilized by MBDP over the course of the grant to recruit pre and established micro entrepreneurs whose income and household size placed them at or below 100% of the federal poverty level (FPL) (herein termed “JOLI eligible” as this is the eligibility requirement for provision of services with grant funds). Successful strategies include: networking with partner community agencies; use of mass media and word of mouth advertising; and individual recruitment with potential clients. Additionally, in the second and third year of OCS funding former pre-business JOLI clients self-referred for continued training and technical assistance services post start-up, based on previous positive experiences with MBDP and needs for services specific to the post-start up client. This strategy focused on retaining pre-business and start-up clients to support their businesses post start-up.

Networking with Organizations and Agencies

MBDP business counselors network and continuously communicate with partner community and social service organizations that refer clients to MBDP. Main sources of referrals include: Vocational Rehabilitation, the Department for Children and Family Services, Economic Services Division, and the Department of Labor. Clients are often referred to MBDP because other types of employment are not available in their communities, they lost their job, or have trouble working in a mainstream environment due to a disability. Other referring agencies mentioned over the course of the grant include: other CAA programs and services, the Small Business Development Center,

Women's Small Business Center, Community Capital of Vermont, various women's groups, Community Economic Development organizations, Community Justice Centers, Probation and Parole, and Vermont Refugee Resettlement Program. Business counselors connect with these groups by hosting networking meetings and workshops or making presentations.

Advertising through Media

MBDP advertises program services through various forms of paid and free media. For example, one business counselor wrote an article about a client's successful taxi cab business in a local newspaper with a twofold purpose of promoting the program and advertising for the client's business. Different means of advertising include:

- Writing press releases or articles written 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.
- Posting 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.
- Advertising services in other Community Action services such as the Individual Development Account, the Food Shelf, Computer classes, etc.
- Emailing and mailing current MBDP business owners' information about PS services, such as classes and workshops available.

Personal Interaction with Potential Clients and Word-Of-Mouth Referrals

Referrals through word-of-mouth, mainly from current and former clients who are satisfied with services, have consistently been a successful strategy to recruit new clients. When business counselors follow up with current clients through email and mail notifications and flier distribution, entrepreneurs often share materials with friends who may be interested in starting a business. Recruitment of clients through business counselor outreach, such as by attending craft and other trade shows and farmers' markets, also generates interest in MBDP services specifically for entrepreneurs who want to take their business to the next level. A business counselor who serves a very rural area of Vermont stated that she "seeks out clients, gets in touch with them and informs them of the services...tells them what I can 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.

Retention of Clients through the Post Start-Up Stage

Some JOLI eligible clients come to MBDP with an established business that counselors describe as being "loosely defined," meaning that the individual may be working part time or earning money from their "hobby" but would like to solidify their business and take it to the next level. In addition to established businesses seeking assistance, PS clients also work with MBDP to develop their business concept or idea; many start-up clients remain with the program to receive post-start up focused services. This strategy focuses on retaining clients over a longer period of time and encouraging them to

continue to use MBDP services to support their business as it grows and expands. Part of this long term relationship building includes business counselor follow-up with clients after they have started their business to see how they are doing and how MBDP can assist them. One counselor noted, "I'll go to farmers' markets and see how they are doing at their booths. Or I'll make site visits at their business location." Established entrepreneurs are busy running their business and may not seek out continued or additional assistance; however they usually respond positively when their business counselor follows-up with them to offer support or suggest continued education and services. Classes that offer post-start up services, such as marketing and computer/web site development skills, and networking activities for established business owners, such as evaluation focus groups and networking/business groups, engage clients who are busy running their businesses.

Because of strong and trusting relationships established between clients and business counselors, clients also feel comfortable calling their counselor at any point in time when they need a question answered or more in-depth assistance. Another business counselor commented, "I always encourage people to continue to use our services, especially when they have a momentum going in working with us. But not all clients work with us long term for several years. Only a few fit this long term profile."

Barriers to Client Retention

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.

Unrealistic expectations

Most business counselors commented that clients who meet JOLI income guidelines at intake may come to the program with an idea but often have unreasonable expectations about what it takes to start a business and how MBDP can help them. One business counselor remarked, oftentimes "people will come to MBDP as a last effort if they are out of a job as they think that starting a business would be good. If it is not realistic for them, we let them determine that their business is not going to be a success and they often self-select out of the program." In agreement, another business counselor said that "people come in with a fantasy of what owning a business is like." He feels that his job is "to bring clients to reality, though there is frequently a gap there and people are not often able to make the shift enough toward reality to pull this business off." However, he commented that he "looks for ways to facilitate this shift even if it takes a long time. Oftentimes, many successful business owners go through multiple failures before they become successful."

Schedule conflicts

Even though clients face many of the aforementioned issues, some simply cannot find the time to attend MBDP services or 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 (TANF), their time for education is limited

because of the number of hours they are required to work. Established business owners also do not make it a priority to meet with MBDP if they have an opportunity to make money via their business. In addition, business owners who rely on billable hours to earn money often neglect areas that are not considered billable such as infrastructure or financial management evaluation.

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.

TANF recipients

Another barrier that low-income participants who are recipients of TANF face is that they are required to volunteer to receive their benefits. However, one person noted, “with juggling childcare and filling out applications and documenting their work hours, they do not have the time to successfully start a business.” In addition, clients can face 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.

Limited assets and resources

Low-income clients face issues of having little to no assets and resources to support successful business ownership.

Credit and debt. Many clients have no or poor credit, a lack of capital, and poor financial management skills. A business counselor said, “Most people come to MBDP with really poor credit and are not in a place where it is an easy fix.” Further explaining this situation, one person noted, “clients are usually around 30 years of age or older when they come to MBDP, so they have a good decade behind them of creating poor credit.” JOLI clients are also typically on a fixed income, so they do not have a lot of owner investment available for their business. This situation can thwart business development of even those with the best laid plans. Business counselors also mentioned that primary lending sources to which they have typically referred clients have become more restrictive and the criteria for lending are more difficult to meet. One person said, “It is a hard time to help people get money right now.” Clients are also hindered by debt or expenses that they need to pay off before investing in their business.

Transportation and childcare. Clients also face barriers of not having a driver’s license, 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 these barriers, 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.

Personal issues faced

Client business development is also hindered by various personal issues that they face. Business counselors consistently report that clients' personal lives always affect their business development and success. Business counselors generalized that many low-income clients lack "soft skills" such as ambition and follow-through and are held back by low self-esteem and lack of confidence. One person noted, "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 are also impeded by a lack of confidence and hesitation about what they are doing. Sometimes clients who have an established business need more finances, marketing skills or an enhanced understanding of their business topic. A business counselor explained, "I suggested one client join our marketing group, but they felt that it was too hard core and were not ready for that. Their lack of understanding and sophistication around their business topic takes quite a bit of time to work with so they are able to see the larger picture and how they and their business fit into this." To encourage clients to continue working with MBDP, this counselor helps clients to "redirect their energy and thoughts to recognize opportunities for their business and encourages them to act on these on a consistent and regular basis."

Clients also face barriers to learning because of learning disabilities, such as dyslexia, even though they are bright individuals. Other compounding issues include family crises, substance abuse, chronic illness, disability, and physical or mental health. Another business counselor noted, "Low-income clients often face a certain level of upheaval and are moving quite frequently, making it hard to maintaining stability in their lives." Separate from clients' 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.

Client Intake, Assessment and Referral

Once participants are recruited to MBDP services through the PS grant, they go through an intake, assessment, and referral process with an intake specialist or a business counselor to discuss their goals, objectives, and barriers, complete paperwork, and are referred to other service providers. One intake specialist explained that the intake process “typically begins with a 15 minute phone call (or drop in) where the client describes their business idea, what they really want to do, whether the idea involves hiring others and basic experience.”

“Clients who are already in business come to MBDP with real life, practical issues and need help to work through them. Whereas clients’ who are just starting their businesses operate more at a theoretical level. At start-up, clients focus on some format of the business plan to develop their business. However, post start-up clients work on problem solving and operational issues. Key areas to support them in are marketing, bookkeeping, systems operations, not losing faith/morale, and addressing whatever personal problems are thwarting the individual. We really try to address those kinds of impediments that can halt any business success, like medical issues, poor credit, financial management, legal issues, vehicle problems, eviction, loss of spouses, or abusive partners. Disabilities can flare up under stress. Clients also often need help navigating the bureaucracy of the welfare system. Post start-up clients are also impacted negatively if they lack technological skills, such as not having an email address, reading and writing skills, and especially a lack of confidence. In the end, marketing one’s business is about reaching out to others and when push comes to shove, if a person is impeded by these areas they won’t be able to effectively reach out and publicize what they are doing.”

Personal Assessment

The subsequent step is to schedule clients a follow-up, in-person interview, which largely focuses on the intake form. Clients may decide to complete the intake form on their own or fill it out with the assistance of a business counselor during this meeting. Once the paperwork is completed, business counselors talk with participants about why they are interested in starting a business, business goals, previous business and work experience, and barriers or challenges they 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.” Another noted, “We don’t require that they have anything in place to start with MBDP services because we try to meet people where they are, at their level.” This session typically lasts an hour to an hour and a half.

Resource, Asset and Needs Assessment

Cecile Johnston, Intake Specialist at CVCAC, described, “The key to the intake process lies in this interview when I really tell it like it is,” and gives the client as accurate and realistic appraisal of their situation as possible. Life quality is assessed and family food

and housing security are examined. Health insurance coverage is identified as well as access to resources such as WIC and Head Start services. The Intake Specialist also talks with the client about start up costs, including hard assets like tools, equipment, infrastructure, space, and the cost of doing business. They also discuss financial management such as record keeping, cash flow projection, their credit score and credit repair/improvement. Additionally, the counselor and client review different financing options such as savings, a personal loan, grants, or a business loan and steps to writing a business plan. 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.”

Legal Requirements and Educational Resources

Information imparted at this stage gives the client an idea of the possibilities as an entrepreneur, such as the difference between a sole proprietorship and a limited liability corporation, with emphasis on the tax implications. Clients are also advised to review the Secretary of State’s website to gain an understanding of the process to hire employees and certifications, licenses and/or skills required for some occupations, such as health, food, landscape or cleaning sectors. Occasionally clients are referred to the Vermont Department of Labor and/or the Vermont Student Assistance Corporation (VSAC), especially for younger applicants who want to go into a specialty field that requires college or post secondary education. This part of the intake is a critical step, emphasizing individual strengths and weaknesses in a manner that the client can “self-assess.” The goal is to provide the client with information that leads to an action, which may be the decision to not pursue entrepreneurship or to continue work with MBDP.

Referral to Internal and External Resources

The third step of the intake process is referring clients to internal and external resources, which is often managed through phone or e-mail exchanges. Intake specialists commented that during the process of getting to know clients, they assess their readiness to work with MBDP, such as having a safe, stable, and affordable place to live, adequate food, and can pay their bills. If clients face issues in these and other key areas, clients are referred to a network of partner state and nonprofit organizations that can help them address these issues and are provided with a “resource list” of area service providers.

Business counselors commented that they work in conjunction with many other service providers. Rather than sending clients away to these resources, the client, business counselors, and referred agency staff work together as a team. Typical examples of service providers to which clients are referred include: the Vermont Women’s Business Center, Small Business Development Center, Vocational Rehabilitation, the Vermont Reach-Up program (TANF), the Vermont Department of Labor, Section 8 housing assistance, Department for Children and Families, financial literacy programs, Food Stamps, the Food Shelf, Vermont’s state Catamount health care plan, adult basic education, and community organizations or alliances such as an artists guild.

Clients who are not operating in a crisis mode are often referred to other types of resources that can help them develop business skills or enhance their business, such as credit counseling services, the Vermont Individual Development Account (IDA) matched savings program, and the Volunteer Income-Tax Assistance (VITA) free tax preparation program. Clients may also be referred to skill building resources such as Toastmasters, which is a public speaking club. Entrepreneurs are also referred to in-house programs, such as credit repairing courses, workshops on marketing, and peer brainstorming sessions, in addition to referral to other business counselors based on their expertise. Referrals are made to other programs and expertise in the larger CAA network, such as food and fuel assistance, mental health services, and childcare resources.

Issues Encountered During Assessment

One issue that business counselors encounter 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. Other clients face barriers of having poor financial management skills for their household finances. One person noted, “We can’t help people set up a successful business if their household finances are totally shredded. People think that managing business records won’t be a problem.” However, this person explained that by helping clients bolster their household financial skills, they can more readily understand the financial management of a business because of their personal experience. Another counselor commented that clients can have unreasonable expectations of services they can receive. For instance, many clients want to receive grant or free money from MBDP or want to apply for an IDA for a second time, when clients are supposed to only participate in this program once.

Needs Specific to Post Start-up Businesses

Business counselors defined the post start-up business stage as a business that is open and actively soliciting and servicing customers and clients. Post start-up clients need more than the basic business planning and idea generation courses that are frequented by planning and pre-business clients. One business counselor described that “99% of [post start-up] services are one on one. It helps to focus on each individual so they leave knowing what they specifically need to work on for their business.”

Re-examining and Refining Current Practices

Business counselors noted that clients with an existing business often need to revisit their current business practices to understand how they can become more efficient and effective. One counselor terms this as “back tracking to catch them up in key areas.” After having been in business, entrepreneurs begin to encounter issues stemming from things they lacked at start-up, such as marketing, getting financing to sustain and/or grow, registering their business or establishing a trade name and LLC, and having the correct insurance in place. Entrepreneurs also need to refine their skills in communicating with customers to market their services, such as identifying features of their business that appeal to customers.

Establishing and Repairing Credit

Business counselors also identified that post start-up business owners are thwarted by credit issues. A counselor explained, “The greatest difficulty for this moderate and low income group of entrepreneurs is establishing or repairing a credit line.” This issue is especially problematic when entrepreneurs try to access needed capital for growth and expansion, such as through loan financing or a business credit card account.

Financial Management

As a business expands and grows, financial management practices often need to change to accommodate more complex accounting. Skills needed may range from keeping track of and reconciling their checkbooks to using a software program like QuickBooks and maintaining records for tax purposes. To exemplify an issue that clients face, a counselor recounted how “a client missed accounting for a check written and had received 10 insufficient funds notice because their account had not been reconciled.”

Marketing

Once a business is up and running, CVCAC staff commented that clients realize the issue of “scale and need for larger market.” Clients spend a lot of time brain-storming and developing a marketing plan and then need to learn how to actually implement this plan. Business counselors note that assisting clients in this area is most successfully accomplished with individual assistance. Most often the entrepreneur makes a specific product or provides a specific service that requires one-to-one assistance to develop a successful implementation plan over learning general topics in a group setting and then applying them to one’s individual needs.

Training and Technical Assistance

Clients who start the MBDP as an existing business or continue on with services post start-up can benefit from “refresher” classes that start-up and planning clients benefit from. One business counselor noted that he takes a slightly different approach with post start-up clients but there is a lot of crossover in services received, especially in the group learning environment or classes and workshops. However, he remarked, “with experience in running their business, they take a more practical perspective...the learning curve is diminished and we don’t need to spend as much time preparing for this.” In addition to these introductory services, post start-up clients need assistance beyond the basics of running a business. Areas can include marketing strategies to generate awareness about their business, such as developing business cards, a brochure, fliers, a website or other materials; product pricing strategies; and gaining access to additional sources of capital. Other common post startup needs include: assistance with book keeping and financial management, cash flow analysis, accounting, merchandising, website development, legal advice, and hiring employees.

“If the individual stays around long enough to progress with their business development, they eventually require more services and we devote more time to them. The more advanced their business need is, the more individualized attention they need because we don’t have groups of people with the same advanced needs. Ideally, we help clients to start their business and then they keep coming back regularly for post start-up assistance.”

Depending on the number of staff available, office resources, geographic location, and client preferences, MBDP sites offer clients services in a group setting during a class, seminar, or workshop. However, all business counselors commented that as business owners become more experienced, their needs become more individualized, which requires more individualized assistance.

One-to-One Assistance

One-to-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 have needs unique to their business. Types of services provided during individual assistance can include: filling out loan applications, developing marketing materials, and connecting clients with other resources, networks, or clients. A counselor commented, “One-to-one assistance is a great approach because everyone has a different business question, issue, or circumstance and learns differently.”

Personal relationships

In addition, clients who have worked with business counselors over a longer period of time usually develop a personalized relationship with them, thus their counselor becomes their motivator and cheerleader. Describing this type of relationships, a counselor explained that clients set up individual appointments with her every two weeks or more often if needed. She notes, “We have seen some really great results over the past seven years. People keep coming back...we provide a continued support system.” Additionally,

clients may not want to disclose personal circumstances or information in front of their peers, but will talk openly with business counselors in a private setting and are more receptive to support referrals. Having a person attentive and listening to just them can give them better support than in a group setting.

Convenient and flexible

Individual assistance with clients at the MBDP office, on site at the business' location, over the telephone or email communication can also be the most feasible route for providing assistance to clients living in rural or suburban settings. One-to-one assistance works well for clients when they 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, especially given limited or lack of transportation or a driver's license. "Time is money" for business owners so they have less flexibility in their schedule to attend classes. A business counselor who works in southern Vermont said she will "travel to Brattleboro to meet with clients who can't travel up to Westminster" or that she would meet with people at the beginning of the work day, end, or even during their lunch hour to fit their schedule. It is also difficult for business counselors to justify holding a class when attendance is low or diminishes over time. 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." Individual work lets clients focus on their unique needs when it is convenient to them rather than conforming to the schedule of class based training. 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."

Business plan development and refinement

All business counselors work with clients to develop and refine their business plan, which is done mostly on an individual basis. However, business counselors provide varying levels of "hand holding" to support clients with this type of endeavor, depending on the person and their philosophy in working with clients. A few business counselors have gone to the extent of typing the foundation of a client's business plan based on clients' dictation or written draft of ideas. One business counselor explained that "many clients don't have good technical writing skills or basic typing skills, so working one-to-one with them is often the best way for a business plan to get written." However, other counselors firmly state that "we will not do the work for them" explaining that "the work should be manageable because we are not leaving them out on their own." These counselors facilitate the process by offering clients a business plan template to follow, following-up with reminders, and reviewing "drafts in any form".

Group Based Learning

All PS sites offer group based training to clients through classes, workshops and seminars, particularly to address the needs of specific sectors or issues such as tax preparation. Sector specific courses help clients hone their business skills in areas such as the food industry, childcare, artisan, and web-based businesses. With funding from the PS grant, several sites have also offered classes, including contracting with government

agencies and institutions/government procurement, computer and website development skills, credit repair and financial literacy/management. Business counselors discussed ways that post start-up clients have benefitted from group learning, “specifically if it is well-facilitated,” noted a business counselor. Classes cover more general topics; however the enhanced awareness of experienced business owners enables them to quickly recognize the need for additional information or filter out specific pieces of information that they do not find useful for their business. 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.

On-going classes and groups

All locations offer on-going workshop series that have a different focus each session or topic specific courses, such as Build Your Money Muscles, which is a financial literacy curriculum offered over a time frame. Some locations have established on-going networking groups or business roundtables for post start-up clients. Topics that require more in-depth examination include business financial management, business taxes, and credit building and repair. Most popular workshop topics that are usually well-attended focus on marketing and e-commerce. However, business counselors who work in rural areas noted that geographic location among other obstacles circumscribe efforts to pull ongoing training off with reasonable and consistent attendance.

Annual and special events

Though ongoing classes may not work well for some clients, MBDP sites offer several annual and special events that bring post start-up entrepreneurs together for professional and business development and celebration. MBDP offices have held open houses and dinners to celebrate the work of current and alumni entrepreneurs. A CVCAC business counselor hosts an annual potluck at her house with micro business owners, so they can eat, socialize and network with others. These potlucks are so well liked that the host is planning her 10th annual potluck! People are more likely to attend these events if they have participated in group learning and bonded with people in the group. In this case, busy entrepreneurs are drawn to annual events to catch up with their friends. An observation by the evaluators and business counselors alike is that clients also benefit from attending annual evaluation focus groups. This meeting provides evaluation data and gives people a chance to connect with others, share stories, offer ideas, and support one another in their business endeavors.

Learning from each other

While individual counseling is often dictated by a specific product or service, a business counselor noted that “sometimes a group approach can teach and get a lot of folks involved through a brainstorming discussion.” She acknowledges that it is “nice when learning emerges from the group rather than dictated by a business counselor.” For example, in a Pricing for Profit workshop held by CVCAC, participants started with a

general topic of packaging that led to a creative brainstorming session on how to better package the specialty products sold by workshop participants. In another CVCAC workshop, participants each shared with the group a public relations narrative for one of their products, which led to generating additional ideas for the products.

Building social capital and support networks

Group learning environments afford opportunities for entrepreneurs to develop support networks. Working with their peers and colleagues who face similar issues supports and encourages people, knowing that they are not in this process alone. Several business counselors noted that clients get a value-added service when they have opportunities to brainstorm and network with others who face similar business issues. One business counselor said that because it can be hard to get clients to attend a formal class, he promotes his group classes as “building business and social support networks.”

Newer business owners use these opportunities to identify other business owners and experts in the field from which they can learn more and mentor. Group participants are encouraged to develop relationships with and have access to each other. Clients usually “swap business cards,” which has proven fruitful for many entrepreneurs. A counselor noted, “Participants would connect outside of the group to collaborate, share and teach each other.” Businesses help promote other businesses and provide others with needed access to markets. For example, several business owners with products but no centralized access to markets have collaborated with a storefront business owner to collectively sell their products at the store. These connections were made at business classes. In addition to developing business to business connections, the MBDP sites have coordinated group based workshops with community partners such as the Vermont Women’s Business Center (VWBC).

Use of external expertise

MBDP sites hosts workshops, seminars and networking groups that feature guest speakers who are experts in such fields as legal topics, tax filing, and hiring employees; all topics needed by post start-up clients. Guest speakers also provide specific technological expertise of which business counselors may only have basic knowledge, such as Internet marketing, use of Facebook and Twitter, and website design. “Having an expert come in gives clients the opportunity to meet and network with this person...and people will often listen to an expert,” explained one counselor. MBDP also partners with other organizations or refers clients to others who teach classes, such as Vermont Adult Learning, the Small Business Development Center, and state colleges.

Pitfalls of group work

Several counselors commented that group based training has pitfalls that sometimes do not outweigh the benefits. Organizing on-going or longer term classes requires a lot of work on their part, which may not yield large returns if the class is poorly attended. 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. Several counselors also stated that clients enjoy coming to classes when they are held, however students may be less successful for several reasons. One interviewee said that “longer classes suffer greater failure rates because clients can lose interest or are not able to make the time commitment.” Attending classes and completing associated “homework” also poses a difficult time commitment for busy entrepreneurs. Others do not associate well with a classroom situation because they did not have a good experience in their formal education. Some clients have literacy issues and may drop out because they have trouble meeting the reading and writing needs of the class. Finally, a few counselors noted that as MBDP classes are free for JOLI eligible clients, sometimes clients place less a value on the class or are less invested because they are not paying for the service.

Sector Specific Assistance

MBDP business counselors reported that many clients they work with operate food based businesses and artisan or craft based businesses. One counselor noted that “both [sectors] go a long way in income patching or supplementing other household income sources.” MBDP sites have also hosted the Artist’s Learning Circle, which provides business development and support systems for artists. Specific training has also been provided for therapeutic and wellness focused businesses, such as reiki, massage and craniosacral therapy. The business counselor from NEKCA recently started a series of classes focused on being a “green business” that came out of a growing interest in establishing a network to trade, recycle, share, barter, and exchange materials and supplies.

Hands-on experience with trade shows and markets

Businesses that require a lot of customer interaction, such as those in retail sales, gain hands-on experience to hone these skills by staffing the MBDP booth at two statewide events, including the Barre City Home Show and Waterbury Home and Garden Show. This activity gives the clients a chance to practice their sales, public speaking and interpersonal skills. Additionally, business counselors have offered assistance for clients that create and sell products, which focuses on improving packaging, display, cash flow, and sales at venues such as farmers’ markets and trade or craft shows. To test market products, practice sales skills and gain market exposure, MBDP has hosted market venues, such as an international themed craft and food market in Burlington, VT called the One World Market. A business counselor explained, “[these markets] are a great way to get hands on selling experience and interaction with customers that can’t be duplicated in role playing or discussions.” Business counselors and other business owners also observe and provide feedback to vendors who want to receive this. This scenario helps clients “learn from and maximize their opportunities to figure out what isn’t working and make improvements in a comfortable environment.”

Topic Specific Training

Similar to offering post start-up clients with sector specific training, services are also provided according to topics of interest, in demand, or that are critical to success of clients’ businesses. Business counselors discussed some of the “hot topics” they have covered through the course of the grant, such as credit building and repair, accessing capital, government procurement, technology integration and advanced marketing.

Credit building and repair

MBDP business counselors and program managers consistently noted the importance of working with low-income clients on building and repairing their credit. Staff at CVCAC noted that “the focus of the post start-up stage has been on locating, applying for, obtaining and reporting back on the acquisition of credit.” Through workshops, group counseling, and individual work with post-start up clients, staff has worked to raise client awareness as to the critical role of credit in business and personal financial management. The scarcity of credit and low credit scores have plagued MBDP programs through the course of the grant, especially in the last two years as the general economy tanked.

Don Welch from NEKCA’s MBDP held a financial literacy class that posed a “seven-day challenge” to clients to document their spending, savings and general cash flow for one week. This activity helped clients to examine different ways to improve budgeting and build savings. Welch also works one on one with people regardless of their financial situation to help clients determine a feasible budget, get items off their credit report and improve their credit score. SEVCA counselors noted that their credit training workshops have been “really successful” and were “well attended,” which demonstrates the need for this service. These workshops were held in conjunction with the Consumer Credit Counseling Services of VT and NH. Denise Mason of SEVCA noted that the training “was three hours and no one wanted to take a break.”

Accessing capital and post loan services

Low-income clients consistently face obstacles with obtaining needed financing, especially with the recent U.S. economic downturn. Clients are thwarted by a lack of collateral, credit, or have a high debt to income ratio. Many clients work hard to “bootstrap” their operation, while others find lending sources through traditional banks, alternative lenders, and eligibility based grants that meet their needs. Clients also may want to take on a loan but their expectations of the application process, business plan, and amount of money desired are unrealistic. Others go through the process of applying for a loan but realize the difficulty of the process and risk associated with taking on debt. Explaining this, a business counselor said, “Taking on a loan can be scary for JOLI clients, because this is additional debt they then have to take on with their already tight income.” Whether or not clients’ take on debt can also be determined by the type of business and level of cash flow they project. If business owners have to wait for clients to pay for services, they might not be able to rely on this income to make regular loan payments. Thus they decide for themselves to opt out of the process. Other sources of financing include use of personal savings, business revenue, credit card debt and money from friends and family.

Regardless of the source, business counselors note that when working with clients to apply for financing, the same amount of effort is put into applying for a \$500 grant to a \$50,000 loan. Clients who do apply and receive business loans usually go through the statewide alternative lender and MBDP partner, Community Capital of Vermont (CCV). CCV recently took on Vermont Job Start loan fund, which is another funding outlet for income eligible entrepreneurs. The business counselor who works in the northeastern

part of Vermont said that other mainstream lenders are available in the area but CCV is usually their first choice because they are an alternative lender and make their decision based on more criteria than credit alone. In her experience with CCV, four of her clients' loans were approved, two clients were in the process of applying and one person was denied a loan.

Other lending sources have included the Vermont Economic Development Association (VEDA), local revolving loan funds, credit unions, and the Veteran's Association (VA). Amy Robinson from NECKA explained how partnerships with VR and VA helped two clients gain access to capital. VR referred these clients to MBDP specifically to assist them in writing a business plan so they could apply for a loan. However, Robinson realized that neither wanted to take out a loan as they did not have enough income to support the monthly payments. Because both were veterans who were injured during active duty, Amy contacted the VA and found a program that provides up to \$25,000 to eligible veterans in grant money that does not have to be paid back. One client received \$25,000 to help pay for business supplies, professional development, marketing, website development and to remodel a garage to store inventory. Another accessed \$21,000 to support his carpentry business and was able to hire two new employees and pay for insurance and workers' compensation.

Clients also apply for small loans or grants from the Vermont Opportunities Credit Union, the Veteran's Association and Vocational Rehabilitation. The process to apply for these loans and grants is a lot like a traditional loan application process, such as the development and review of a client's business plan. Clients also sign up for the matched savings program, Individual Development Account or IDA, and complete training on financial management while consistently saving money over time. This money is then matched by the program at the end with the submission of a business plan on how the funds will be used. Once any type of financing is secured, clients face the pressure of maintaining a steady flow of income so they can make regular payments; business counselors play the role of helping clients manage this and make sure they manage their business and personal finances well.

To support post start-up clients who have accessed capital through various resources, MBDP sites provided financial literacy training that reinforces financial management. Post loan technical assistance has included: organizing, record keeping and bookkeeping; analyzing profit/loss statements, balance sheets and cash flow; reviewing sales and establishing new sales goals; and making purposeful investments such as cash intensive website development. An ongoing follow-up service to support clients post capital acquisition, clients are welcome to call at any time for individual counseling. For example, when someone does get a loan they need immediate (and often remedial) assistance on how to report monthly financial statements to the lender.

Acquiring government contracts

A strategy of the PS grant to support post start-up clients is to connect them with the Vermont Procurement Technical Assistance Center to obtain contracts with government institutions for business services.

This process has worked for some post start-up clients but others were not a good match to this program and market. All MBDP sites held workshops with guest speakers from the Procurement Center to inform clients of this potential opportunity. However, many client businesses are small and owners felt intimidated by the idea of servicing state and federal government. Others were

One client working with NEKCA successfully secured contracts by getting his name on the government procurement directory. He provides supplies for fire and police department stations as well as emergency rescue. His business counselor connected him with Robin Miller from the Procurement TA Center and she worked with him to obtain a DUNS number and complete the process necessary to get on the directory. This entrepreneur now receives bids for contracts on a daily basis, from Vermont and out of state fire and police departments.

challenged by the registration process as this program relies on access to email and skills to use a database. Additionally, businesses that recently achieved the post start-up status did not have the business track record required to be selected as a contractor.

Use of technology and social networking

MBDP sites offer basic and more advanced computer classes to help entrepreneurs improve their technology skills for business management such as using spreadsheets or work processing software. Guest speakers are brought in to provide training on website development and use of social networking modalities such as Facebook, MySpace and Twitter. One business counselor noted that after offering the social networking class, he “realized how far behind he and clients were in tapping into social networking, especially since many clients don’t have great computer skills to begin with.”

Marketing

All business counselors commented that post start-up clients need assistance with marketing, including reevaluating and expanding their marketing efforts periodically to accommodate changes in services or products, customer demand, and tap new markets. Marketing support also helps clients profile their customers, target specific markets, and develop new promotional materials. Marketing training is done individually, as periodic workshops and ongoing series. Programs have also developed marketing plan templates to provide a foundation for clients to build a personalized plan. One program in particular has had great success in hosting monthly business to business marketing groups, where post start-up clients support each other, share ideas, and network.

CVOEO’s monthly meeting of “The Real World Marketing Group.” CVOEO serves more urbanized areas in the state and, with client investment in this program, has successfully hosted a monthly marketing group called The Real World Marketing Group for experienced entrepreneurs. This group meets on a monthly basis for an hour and a half to allow business owners to network with one another, talk about and troubleshoot issues, and develop marketing strategies. During meetings, each person is allotted ten

minutes to talk about business issues they face. They then get feedback and advice from the group. Simeon Giegel, CVOEO business counselor, described this interaction as “using their combined brain power to focus on an issue,” and noted that “hopefully the entrepreneur will take the advice.” While Simeon coordinates the meeting times, guest speakers and topic selection, clients recruit others to attend and facilitate discussion. He estimates that six to ten people consistently attend this group, however, when the group featured the topic of social networking, 26 people attended.

Additional support and resources needed for clients

Interviewees identified ongoing client needs as well as program needs to sustain services. Ongoing client needs noted include: assistance to develop fliers, brochures, business cards, access to affordable, high quality technology, and website development. Additionally, business owners can benefit from working with consultants and gaining access to markets and processing facilities, such as shared-use commercial grade kitchen facilities. MBDP sites should continue to update their colleagues on statewide opportunities for market access, such as the Gallery and community kitchen at the Local Agricultural Community Exchange or LACE storefront market located in downtown Barre, VT. Business counselors also identified the need for additional statewide meeting opportunities to share materials, resources, strategies and best practices in working with clients. To facilitate statewide collaboration among the MBDP sites, business counselors and management staff expressed the need for a user friendly data management system that can be used statewide. At the time of this reporting, the five MBDP sites were operating with three different database systems that were not easily compatible. Counselors recognize the critical utility of databases in program and outcome reporting and tracking client progress as they work with different business counselors to reduce redundancy of services. Federal grant money recently received may be used to support a statewide networked data management system.

Relationships 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.

Collaboration among statewide 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, interviewees noted that they will reach out to others as a resource to best develop their programs. One person specifically commented, “All counselors are generous with their time if I have a question.” Several business counselors working at each site connect by playing a dual role as a representative of MBDP and the Vermont Women’s Business Center. Statewide meetings on the PS grant are also beneficial to business counselors. One person said that “traveling can be a pain but we pick a location that accommodates everyone to an extent.” She adds, “everyone has mixed feelings about traveling and devoting a day to a meeting, but we all benefit

from getting together in one room...this should happen at least once or twice a year.” As a specific reference, several interviewees felt that the “professional development workshop” held in Randolph, VT was beneficial for business counselors to learn from success stories and issues faced by each other. Aside from a few statewide grant meetings, MBDP sites do operate autonomously even as grant partners; this is essential because each office has a different working style and works to best serve the needs of the local culture. Thus each MBDP are independently functioning agencies, even though they serve a similar purpose and share information and resources.

Leveraging MBDP resources

Another counselor commented on how the work of one MBDP location, such as the new community kitchen and Gallery in Barre, VT as a result of the partnership between CVCAC and the Local Agricultural Community Exchange (LACE) organization, creates opportunities for clients served by other sites. Clients can access the market at LACE by selling their product at the store front on Main Street in Barre and access technical assistance from the on-site business counselor at LACE. MBDP clients who were not previously aware of LACE now have an outlet for selling their products in the Gallery and Market and developing and refining food products in the community kitchen. Others mentioned that all MBDP clients benefit from the statewide free income tax programs supported by separate grant funding secured by CVCAC as well as curriculum like Building Your Money Muscles and services offered by the Vermont Women’s Business Center.

Collaboration with 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. A business counselor noted, “If I am working with a client who is also a client of Vocational Rehabilitation, I will have regular conversations with their counselor to best benefit the client.” Examples of project partners include:

- Vermont Procurement Technical Assistance Center
- Department of Children and Families
- Vocational Rehabilitation
- Vermont Women’s Business Center
- Individual Development Account Programs
- Vermont Refugee Resettlement Program
- City of Burlington Community Economic Development Office
- Department of Labor
- Local banks
- Vermont state and private colleges
- Local downtown associations
- Head Start
- Farmers’ markets’ associations and artist guilds

At a regional and local level, business counselors also partner with other micro and small business service providers, government programs that focus on business development and education institutions that offer business training. A counselor working in Burlington, VT said that their office participates in quarterly meetings with regional business collaborators at the local City Hall, so they feel “plugged into this network.” There are also neighborhood specific business groups tailored to the demographic profile of businesses and customers who live in that area.

Addressing issues with project partners

During the first year of the grant, business counselors commented that they had low numbers of referrals from agencies who work with families in poverty, such as the state TANF office (Reach-Up). However, in the second year of the grant, this issue was not commonly mentioned. In fact, many counselors commented that the local “welfare” office utilizes them as a service to help people become employed, either by starting their own business or being better employees if their business does not work out. Perhaps collaboration, communication, and referrals between the agencies as well as individual rapport have strengthened their relationship.

Perceived Project Impact

Business counselors discussed several areas in which they have observed impact of PS grant services on clients and their businesses.

Empowerment and confidence

All of the business counselors commented that MBDP clients become more self-confident as they uncover their potential, set plans to action, and work to improve their life situation through self-employment. Interaction with business counselors and other clients reinforces, affirms and validates their ideas and that they have the skills to start a business. One business counselor explained, “Clients can have all the tools, skills and knowledge in the world, but they need the soft skills and self-confidence to make this work.”

Self-employment has helped low-income persons in economically depressed areas make a living or supplement their income.

Success post start-up

A business counselor summed up that he has seen clients achieve success because of MBDP services and having supportive networks in place. Through in-class and practical experience of trial and error, entrepreneurs learn from their own and other’s experiences and hopefully make changes based on suggestions made. Experience also enables clients to be aware and take advantage of opportunities presented to them, such as the benefits of financial literacy training; application of these skills improves business and personal finances, which enables clients to earn money but also save money and reinvest resources back into their business. Other tangible areas of success that clients achieve are applying for and receiving loans and getting their first customers; these “real world” experiences are the most helpful lessons that post start-up business owners can share with each other during networking groups.

Community economic development

Self-employment has helped low-income persons in economically depressed areas make a living or supplement their income. A business counselor who works with clients in a rural area of Vermont states that self-employment is really significant for people to make a living in her area. There are few jobs available in the area and large factories that employ a lot of people have closed down. Free training and technical assistance to help low income persons operationalize their ideas and start a business is always needed in this area. One business counselor gave an example of how she helped an unemployed yet skilled mechanic start a business. “He is older and competing with younger people who are more up to date with newer technology and willing to work for less pay. He could not find a job even though he had been doing mechanic work for 20 years. So he started his own business in the area and now has a good client base because of his social network.” Other business counselors commented that people try self employment to supplement their income.

Artists and crafters who work with MBDP often have one or several other part time jobs in addition to doing their art work on the side for extra income. Micro business development of arts based businesses has helped develop the “creative economy” in

many areas of Vermont. In Bellows Falls, Vermont, a micro business husband and wife team opened an art gallery and retail space in their community. Their business counselor described them as “very talented and resourceful” and said they are earning enough money to pay the rent. Their storefront location has made a difference in the area by offering art education to community members and supporting other local artists. Their art gallery breaks even and the skills they gained from operating this business have led them to start a food based catering business. Another client who completed the IDA program and started a business recruited her two adult children to enroll in the IDA program, which has given them an opportunity to make more than a minimum wage.

PROJECT OUTCOMES

The PS grant measures client success through the achievement of various outcomes. These include business accomplishments, loans received, client outcomes compared to the grant objectives, and the 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 Demographic Profile

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 (N=1052).

Gender and Age

More than half of PS grant clients, 56% (590), are female and 44% (461) are male. The age range of participants is from 18 to 67 years with an average and median age of 42 years.

Family Characteristics

PS client family characteristics are presented in Table 2. Family sizes of participants ranged from one to eight people with a median family size of two people and mode of one person; 28% (294) are single person families and 88% come from a family of one to three people. Thirty-eight percent (375) of individuals served were single parents at the time of their intake to the program and 28% (275) were a two parent household. A total of 22% (217) of clients were single with no children and 11% (111) were a two adult household with no children.

Table 2 Family size statistics

Range = 1-8
Average = 2.5
Median = 2
Mode = 1
Family size of 1-3 = 74% (772)
Family size of 4-8 = 26% (279)

Race and Ethnicity

The main races and ethnicities represented by PS clients include: Caucasian (83%, 868), Native American/American Indian (4%, 38), African American/African (4%, 38), Asian/Pacific Islander (2%, 22), Hispanic/Latino/a (1%, 15), and Indian/Middle Eastern (1%, 13). Five percent (50) identified as coming from a mixed decent, such as Eastern European and Southeast Asian.

Poverty and Public Assistance

A summary of client poverty and health data is presented in Table 3. All PS clients meet the JOLI requirements of being 100% or more below the federal poverty level, a TANF recipient, dislocated worker, or an unemployed person, at their intake to the program. Almost half (49%) of clients received Food Stamps at intake and 14% were TANF recipients. Twenty-nine percent (302) had a verifiable disability at intake.

Table 3 Poverty and health statistics

Statistic	% (n)
100% below poverty	100% (1052)
Food stamps	49% (517)
Disabled	29% (302)
TANF	14% (145)

Annual income and family size

The average annual income of participants upon enrollment (self-reported) was \$8,988 with a range of \$0 to \$33,000. The median annual income was \$8,730 and modal value was \$0 (Table 4). Overall, 96% of clients served have an annual income that is \$20,000 or less.

Table 4 Annual income statistics at enrollment

Average annual income	\$8,988
Range of annual income	\$0 to \$33,000
Median	\$8,730
Mode	\$0

Figure 2 shows the average annual income for each family size. Consistent with poverty guidelines, income and family size are positively correlated; thus, having a higher annual income is a function of having a larger family, not greater family resources.

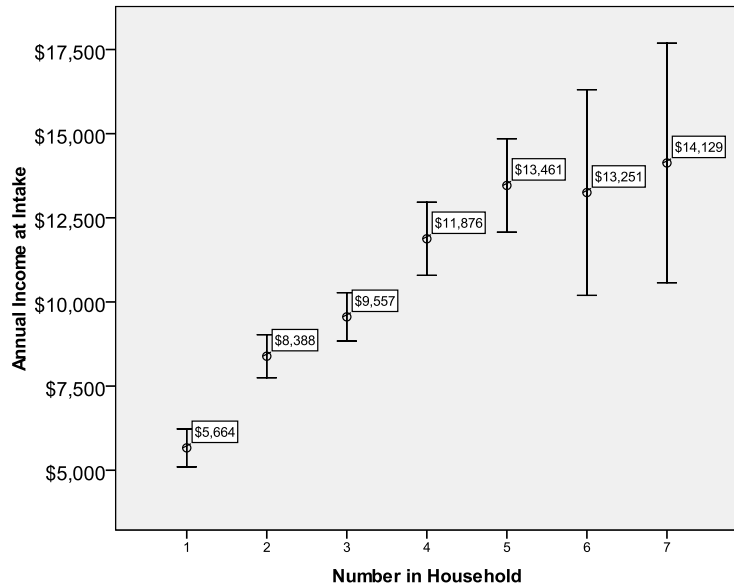


Figure 2 Annual income compared by size of family

Reasons for Participating in MBDP Services

The majority of clients who participated in focus groups decided to work with MBDP because they wanted to start a business. Most clients came to the program with a business idea or concept or an actual product; 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, projecting and planning of sales, product development and market testing, 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, the Department of Labor and other CAA programs. Clients also heard about the good reputation of MBDP counselors as being helpful and supportive from other business owners.

Many clients spoke about the reasons they decided to go into business for themselves; however it should be noted that most clients interviewed had another job earning wages and their micro business provided supplemental income. Several people had a disability such as chronic fatigue syndrome, fibromyalgia, myofascial pain syndrome, heart conditions and high blood pressure that prevented them from working full time in a mainstream work place. Others wanted to be their own boss, simply work from home to take care of their family and avoid childcare costs, or had another job and needed to have flexible working hours to accommodate that other job. 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 more money doing something that I love and using my own skills."

A few clients interviewed were refugees from another country, such as Tibet, Afghanistan, and the Ukraine, and found that starting their own business was the best way for them to make money. Though language barriers and limited technological skills, such as working with a computer, made it difficult to start their business, all indicated that they were very supported by their business counselor. Others commented that there are limited employment opportunities in rural areas, especially in the Northeast Kingdom counties in Vermont, thus starting a business is sometimes the only way that they can be employed and earn an income. One client commented on the fact that her business was looking promising, but when she moved to Vermont her business opportunities were limited. In her interview she did not seem alarmed and knew that MBDP would assist her with this problem.

The type of businesses that clients operated varied such as food service, arts and crafts products, taxi/limo and delivery services, photographer, Pilates instructor, writer, house cleaning services, die cutting services, art and pottery sale, music and voice lessons, managing a gallery, lawn care services, organic herbs and gardening, value-added food products and handyman service provider. All clients interviewed were in a post start-up stage of their business and worked with business counselors on an individual level for post start-up services. Many participants work out of their homes while some have

rented studio or gallery space, a booth at a craft fair, or vendor space within an existing business, or businesses that operate out of a storefront location. In addition, several clients have 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. A small number of clients continued to explore business opportunities related to their skills or hobby, so they did not settle with a specific business for too long.

Clients were also interested in learning from experiences of other entrepreneurs, such as strategies that worked and did not work in their business development. This interaction is similar to a support group and encourages clients to build and run their own successful business. The idea of having a support group and help along the way steered many people to MBDP services.

Services Received

Clients participated in various group based workshops, classes and courses and received individualized assistance from MBDP. MBDP counselors also referred and helped clients' access funds through grant programs such as Trickle Up and the IDA program and loan financing with banks or alternative lenders such as Community Capital of Vermont. Business counselors work with clients to build financial literacy skills so they can better manage their business and personal finances and successfully utilize and repay loans received.

Group based training

Examples of workshops/classes and topics covered include:

- Business Building Blocks Workshops
- Build Your Money Muscles
- Micro Business Planning Group
- Bookkeeping class
- Women's Business Group
- Networking groups
- Hiring & Government Contract Seminar
- Restaurant Management and ServSafe Certification
- Business Basics
- Technology training sessions
- Quicken Training for Home and Business use
- English language classes
- Serve Safe Certification class

One to one business counseling

All participants noted that individualized assistance, support and follow-up provided by their business counselors is crucial to helping entrepreneurs keep their business open and face challenges associated with managing a business. Clients indicated that it is this support and encouragement that helps lower-income individuals get through tough situations or rough patches and keep their focus on their business. They also consistently

help clients' problem solve, determine next steps whenever clients run into a rut or are not sure what to do next, refine their business idea, and determine niche markets. A client who runs a successful cleaning business attributed his decision to become a "green" business by using environmentally friendly products and practices to his business counselor's suggestion of accessing this niche market. Counselors also provide motivation and emotional support. One person explained how 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 from 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 find and focus on my strengths."

Referrals to Other Resources

Approximately two thirds, 62% (172), of clients surveyed said they were referred to other services they needed by their business counselor through the PS grant. MBDP and the PS grant provide training and technical assistance services to clients. However business counselors are a part of and partner with a network of social and business assistance providers, such as project partners, financial institutions and state and nonprofit agencies, to provide clients with services that MBDP does not specifically offer. Micro business clients' needs are unique to each individual and vary by business type; thus, the detailed list below exemplifies the various resources to which clients are referred. Many respondents reported being referred to multiple resources.

Financial services

Access to capital and cash flow availability is crucial to business development; however MBDP is not a lending institution. Thus, appropriately so, the most frequently referred to resources were finance and lending (bank and nonbank) and credit repair/counseling services. Resources noted include:

- Financing/lending services/credit services - examples of commonly noted lenders include:
 - Community Capital of Vermont
 - Vermont Job Start Loan Fund
 - Vermont Opportunities Credit Union
 - Vermont Economic Development Authority programs
 - Local credit unions
- Financial management/bookkeeping/accounting services
- Consumer credit counseling services
- The Vermont IDA program

Business development providers

Another common peripheral service to which clients are referred is Vocational Rehabilitation, which provides grant funding and assistance specifically for persons with disabilities. Other business service providers support MBDP clients, depending on their interest in working with the organization and eligibility. Resources noted include:

- Vocational Rehabilitation
- College level business classes
- Vermont Women's Business Center
- Women's Agricultural Network
- Small Business Development Corporation
- SCORE
- Small Business Administration
- City of Burlington Community and Economic Development Office

Business support services

Other prevalent referrals made are connecting clients with established business owners, informal and professional networks, and local wholesale suppliers and distributors. Networks among local businesses lend assistance to start-up and growing entrepreneurs; business to business connections also help support the local economy.

- Business to business connections – Mentoring with established business owners, business networks, local distributors, wholesalers, publishers, specialty equipment
- Access to markets - Retail shop/Craft fair and farmers' market booth rental, commercial space, the Gallery at the Local Agricultural Community Exchange
- Marketing and advertising - Resources to make business cards and other promotional materials, printing services, website development
- Nonprofit organizations - Vermont Community Foundation, University of Vermont, local public library, Vermont Housing Conservation Board, lead paint safety training, CAA's free tax preparation services
- State office/government services - Secretary of State for business registration, Vermont Chamber of Commerce, Child Care Food Program
- Private agencies - Efficiency Vermont, legal services, business insurance, Certified Public Accountant, marketing and bookkeeping consultant

Personal support services

- Emergency services from CAA – food shelf, fuel assistance, weatherization
- Education - Continuing education, adult basic education, Vermont Student Assistance Corporation for student loans
- Mental and physical health - Personal counseling, physical therapy, religious services, healthcare/insurance
- Obtain a vehicle - The Good News Garage
- Housing assistance/homeownership - Neighbor to Neighbor Works in Rutland to obtain a mortgage, local Home Ownership Centers to purchase a home
- Public assistance - Reach Up/TANF, Food Stamps, WIC, Unemployment, Workman's Compensation, Vermont Department of Labor

Business Outcomes

The following client outcomes reflect the activities and accomplishments self-reported by the clients who participated in the telephone follow-up survey (N=127 for all topic areas below unless otherwise noted). These findings are cumulative from the results of client follow-up in 2007 (48%, 61 of those reported on here) and 2008 (52%, 66). In addition to these clients who completed the intake process and one follow-up survey, a total of 12 clients completed the survey in both 2007 and 2008. Their responses for 2008 were included in this report as they are the most up to date. A sample of 127 is representative of the larger MBDP population at a 95% confidence interval and 7.5% margin of error.

Business start-up, survival, and retention

In comparing clients' business stage at the time they contacted MBDP to the time of their most recent survey:

- 20% (59) started a business and 29% (88) grew an existing business
- 30% (92) continued to plan for their business, including writing a business plan
- 14% (43) decided to not pursue and 7% (21) closed or sold their business

In total, 48% (147) of clients surveyed are currently operating a business, while 52% (159) are not currently in business. Active businesses have been open for five months to 40 years, with an average of six years and median/mode of three years. Table 7 shows the wide variation of client businesses. Almost a quarter (23%) is artisan based, including crafts, woodwork, photography, jewelry, and painting. Ten percent of businesses focus on wellness, health, exercise and therapeutic services, 10% are retail based, and 9% focus on food processing/food services (such as catering, baked goods, and prepared meals).

Table 5 Types of Businesses

<i>Business type</i>	<i>n</i>	<i>%</i>
Artisan, crafts, photography, jewelry	33	23%
Wellness, health, exercise and therapy	15	10%
Retail/sales	14	10%
Food processing/food services	13	9%
Consultant	11	8%
Construction	8	6%
Pet care	7	5%
Storefront operation	7	5%
Agriculture, forestry and landscaping	7	5%
Contractor	6	4%
Tourism	5	3%
Trucking	5	3%
Cleaning	4	3%
Technology	4	3%
Education	3	2%
Childcare	2	1%

Start-up and survival rates

The PS grant achieved a 35% (74) start-up rate of clients who were in a planning or pre business stage (n=209) at their intake and started a business after working with MBDP. Of the 74 businesses that started during the PS grant, 80% (58) survived or were still in business at the time of their latest survey.

Retention rate

Of the business owners that came to MBDP with an established business, 94% (88) remained in business at the time of their latest survey.

Business closures

Seven percent (21) of clients surveyed reporting closing their business after operating it for between 1 month to 10 years, with an average operation time of 30 months, median of 22 months and mode of 24 months. Types of businesses operated were retail (25%, 5), artisan and crafts (25%, 5), construction/manufacturing (20%, 4), food processing and services (15%, 3), education (5%, 1), cleaning (5%, 1), technology (5%, 1). The majority of clients surveyed in 2009 who had closed their business cited low sales, a poor economy, and decreased customer demand (7) as reasons for business closure. Other reasons given were sale of property, poor health, and additional family responsibilities. In 2008, reasons included lack of customers/market and poor economy (3), divorce, illness, by choice, and to continue education. In 2007, the main reasons included forced closure due to mold and failed inspection, business was too much to handle, and lack of capital.

Procurement of Business Contracts

A modest 14% (20) of clients surveyed said they were assisted by MBDP in obtaining business contracts, including state and local government and institutional contracts. As previously noted, business counselors reviewed several challenges faced by business owners to accessing the procurement system. Clients who did access this resource were asked to indicate their confidence in their ability to obtain a business contract after having worked with MBDP, on a scale of 0-10 with zero being 0% confident and 10 being 100% confident. Ratings showed that clients have moderate to high confidence in their ability to get business contracts, with ratings ranging from six to ten, averaging nine and a mode of ten. Fifteen clients reported that they secured a total of 46 contracts with the support of MBDP, with the number of contracts secured ranging from one to seven and an average of three contracts. Eleven people secured multiple contracts. The value of contracts procured ranged from \$200 to \$100,000 with a median and mode value of \$2,000.

Sources of Capital

The following are the sources of funding clients reported using for their business (n=237). Detailed information on clients' loans received is also provided below.

- Personal savings or current income source (36%, 85)
- Business revenue/equity (27%, 65)
- Loan financing (13%, 30)
 - Job Start Loan Fund (1)
 - A Credit Union (2)
 - VEDA programs (1)
 - Community Capital of Vermont (3)
 - Vermont Community Loan Fund (1)
- Individual Development Account or Trickle Up program (10%, 24)
- Vocational Rehabilitation grant or other grant funding (7%, 17)
- Family or friend loan/donation (5%, 13)
- Credit card, business or personal (3%, 8)
- *No sources of funding (29%, 68) – primarily businesses that are not active*

Loans received

As indicated above, 13% (30) of clients applied for and received a loan for their business. Loans received ranged from \$700 to \$265,000, with an average loan of \$35,275 and median of \$9,000 (n=20). Excluding the largest loans received (\$150,000 and \$265,000), loans ranged from \$700 to \$55,000, averaged \$16,139 and the median was \$8,000.

Loans not received or not desired

At the time of the latest survey completed, 20% (47) were planning on applying for a loan, 3% (8) were in the process of applying for a loan, and 3% (7) had applied but were not funded. The majority of clients, 60% (141), reported that they had not yet thought about applying for a loan (19%) or had determined that they did not want nor need a business loan (41%).

Net worth, cash flow, and gross revenue

Considering that relatively a small proportion of clients have taken on debt in the form of a loan for their business, 74% (97) of clients indicated that their business has a positive net worth, while a quarter, 27% (35), reported a negative net worth. Anecdotally, 55% (72) noted that compared to when they first contacted MBDP their business income has grown, 25% (33) said income had remained stable and 21% (27) noted a decrease. Likewise, 52% (74) noticed some to great improvement in their business cash flow, 38% (54) reported no change and 10% (14) experienced a decrease in cash flow. Approximate average gross monthly income from self-employment ranged from \$0 to \$60,000, with an average of \$3,783, median of \$1,000 and mode of \$0 in business income. As shown in Figure 3, excluding the five outliers who reported gross earnings of \$30,000 or more per month, the majority of clients (n=101) said they earn an average gross monthly income ranging from \$0 to \$10,000, averaging approximately \$1,745, median of \$1,000 and mode \$0.

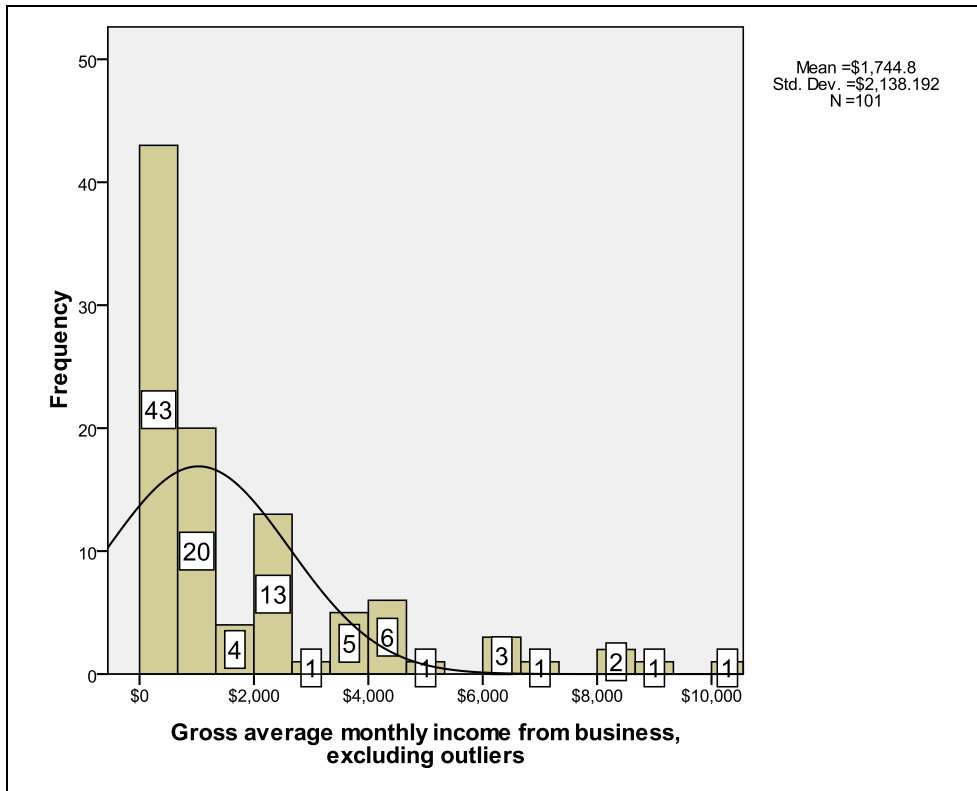


Figure 3 Dispersion of gross average monthly income from business

Business income allocated to household

Three out of four business owners who came to MBDP with an established business (76%, 66) said that their business provides a source of income to their household, with almost half (49%, 41) stating that this is their primary source of income. Likewise, of start-up business owners, 72% (42) earn household income from their business and 40% (23) earn most of their household income from their business. Of all active businesses at the time of the survey, 74% (104) indicated that their business provides a wage to their household and 69 specified how much they earn from this “owner’s draw.” 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 monthly income from self-employment was calculated for all who reported these earnings as a dollar value (Table 6). Figure 4 shows the dispersion of self-reported owner’s draw from self-employment. The normal curve line illustrates that the majority of clients earn \$2,500 a month or less in income from their business.

Table 6 Monthly owner’s draw statistics, self-reported

Range	\$4 to \$6,800
Average	\$1,127
Median	\$700
Mode	\$1,000

(n=69)

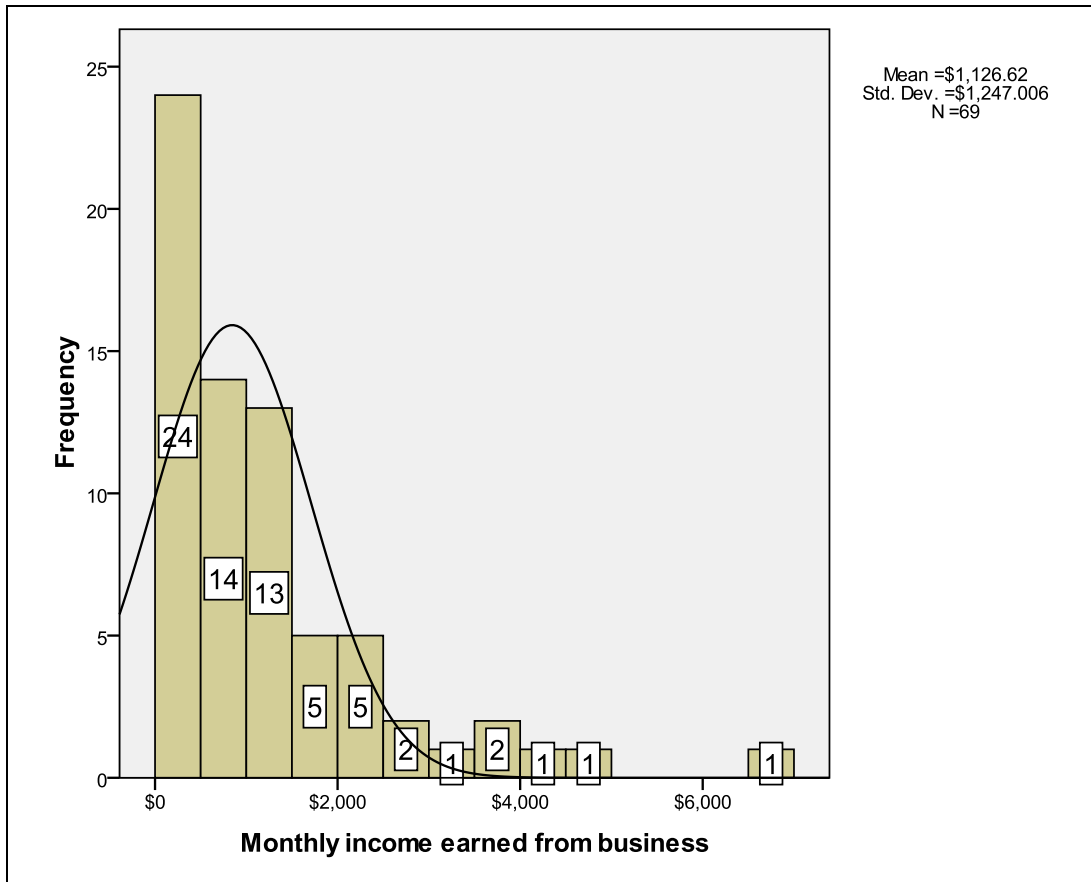


Figure 4 Dispersion of owner's draw

Owner and Employee Jobs Created and Supported

Thirty-one percent (43) of business owners, up from three counted in 2007, reported that their business employs other people in addition to their own job. Table 7 shows the number of new and retained owner and employee positions that are full-time (working at least 30 hours per week) and the number of full-time equivalent (FTE) positions held by individuals.

Table 7 New and retained owner and employee position statistics

	<i>Full-time</i>	<i>FTE</i>
New owner jobs	29	14.2 (27 people)
New employees hired	58	40.5 (84 people)
Total NEW jobs created	87	54.7
Retained owner jobs	45	19 (41 people)
Employees retained	8	9.1 (24 people)
Total RETAINED jobs	53	28.1

Looking at all positions created and supported throughout the grant period, 43 clients employed 66 full-time positions and 49.6 FTE (based on a full time work week of 30 hours per week) positions for a total of 115.6 FTE positions employed by MBDP businesses. Including owner positions (107.15 FTE held by 142 people), **MBDP has helped to create and support a total of 222.75 FTE jobs.** Looking at new positions created during the grant period, 98.5 FTE employees (85%) were hired after working with MBDP. Including 29 full-time owner positions and 14.2 FTE owners working less than full-time, **a total of 141.7 FTE new jobs were created by businesses during the grant period.**

Full-time owner jobs created and supported

- 29 full-time owner positions are new positions created after working with MBDP
- 45 full-time owner positions are supported by post start-up services
- In total, 52% (74) of all owner positions are full-time jobs working a minimum of 30 hours per week and an average of 50 hours per week.

Part-time owner jobs created and supported

- 14.2 FTE owner positions (27 people) are new positions created after working with MBDP.
- 19 FTE owner positions (41 people) are supported by post start-up services.
- In total, 48% (68) of owners working less than full time work between .03 and .90 FTE, working a range of 1-27 hours per week and an average of 14 hours per week.

Full-time employees hired

- 66 full-time employees hold positions at 15 businesses, working an average of 42 hours per week (range 34-90 hours/week) at an average pay rate of \$16.36/hr (range of \$10-\$25/hr).
- 58 full-time positions are new positions created after the business owner started working with MBDP. This is 88% of the 66 full-time employees hired.
- Two business owners provide 12 full-time employees (7 and 5 employees respectively) with medical and health benefits.
- 4 full-time positions (from 1 business) employ recipients of TANF. [Note that 4 business owners did not know this information and 9 business owners indicated that 0 employees were recipients of TANF.]

Part-time employees hired (49.6 FTE)

- MBDP businesses employ a total of 49.6 FTE positions. A total of 108 individuals are employed on a part-time basis by 36 businesses, working an average of 14 hours per week (range 1-28 hours/week) at an average pay rate of \$13.84/hr (range of \$5-\$35/hr).
- 40.5 FTE positions (held by 84 individuals) are new positions created after the business owner started working with MBDP.
- One business owner provides 4 part-time employees with medical and health benefits.

- 7 part-time positions (from 5 businesses) employ recipients of TANF. [Note that 8 business owners did not know this information and 23 business owners indicated that 0 employees were recipients of TANF.]

Benefits, childcare, and assets

Eighty-four percent (253) of clients, up from 78% (58) in 2007, reported that they have access to medical and health benefits. Four of these people receive benefits through their business at a cost ranging from \$100 to \$1,900/month. In addition, 26% (21) of 81 parents reported that they have access to quality childcare, paying from \$0 to \$900 a month for this service (average cost of \$275/month). The MBDP defines asset gains as purchasing a home or achieving any post secondary education. Since clients started working with MBDP, 6% (15) have purchased a home and 10% (26) have completed further education. Types of education included attending community college, completing a bachelor’s or a master’s degree.

Personal Outcomes

Sources of Household Income

Table 8 shows the sources of clients’ self-reported personal income. Almost half of clients (42%) earn income from their current business and 35% are employed elsewhere (earning a wage or salary). A quarter of clients receive income because of a disability, such as from SSI or SSDI programs. Finally, nine percent noted that they earn income from other paid work including odd jobs, contract work, teaching workshops, and income from a rental property. When asked what income source provides the majority of their income, 29% (85) noted that they earn the majority of their income from other employment (wage or salary), 24% (69) earn most of their income from being self-employed and 24% (69) receive income from their disability as the majority of their income.

Table 8 Sources of personal income

Source of Income	% (n)
Current business	42% (129)
Other employment (wage and salary)	35% (105)
SSI/SSDI/other disability income	25% (75)
Other self-employment/non wage income	9% (27)
Social security/retirement/pension	7% (20)
Reach-Up/Food Stamps	5% (14)
Child support	4% (11)
Unemployment	4% (11)
Spouse/family member income	2% (7)

(n=303)

Clients self-reported their household’s monthly and annual income. Monthly household incomes ranged from \$0 to \$7,500, with a mean income of \$1,673/month and median of \$1,326/month (n=263). Figure 5 shows the dispersion of self-reported monthly household income. The normal curve line shows that the majority of clients earn a monthly income of \$4,000 or less. Figure 6 shows that the average monthly income increases by family size from one to three people, with a slight decrease in average monthly income of families who have four or more people (up to 8 people). Clients were asked to estimate what percentage of this monthly household income comes from their business. The percentages ranged from 0% to 100%, with an average of 37%, median of 22% and mode of 0%.

Annual household income of respondents ranged from \$0 to \$90,000 with a mean income of \$20,000/year, median of \$16,800/year, and mode of \$12,000/year. Overall, 96% of respondents reported earning an annual income of \$50,000 or less. Average annual income compared by family size follows a similar trend of increased income with additional family members.

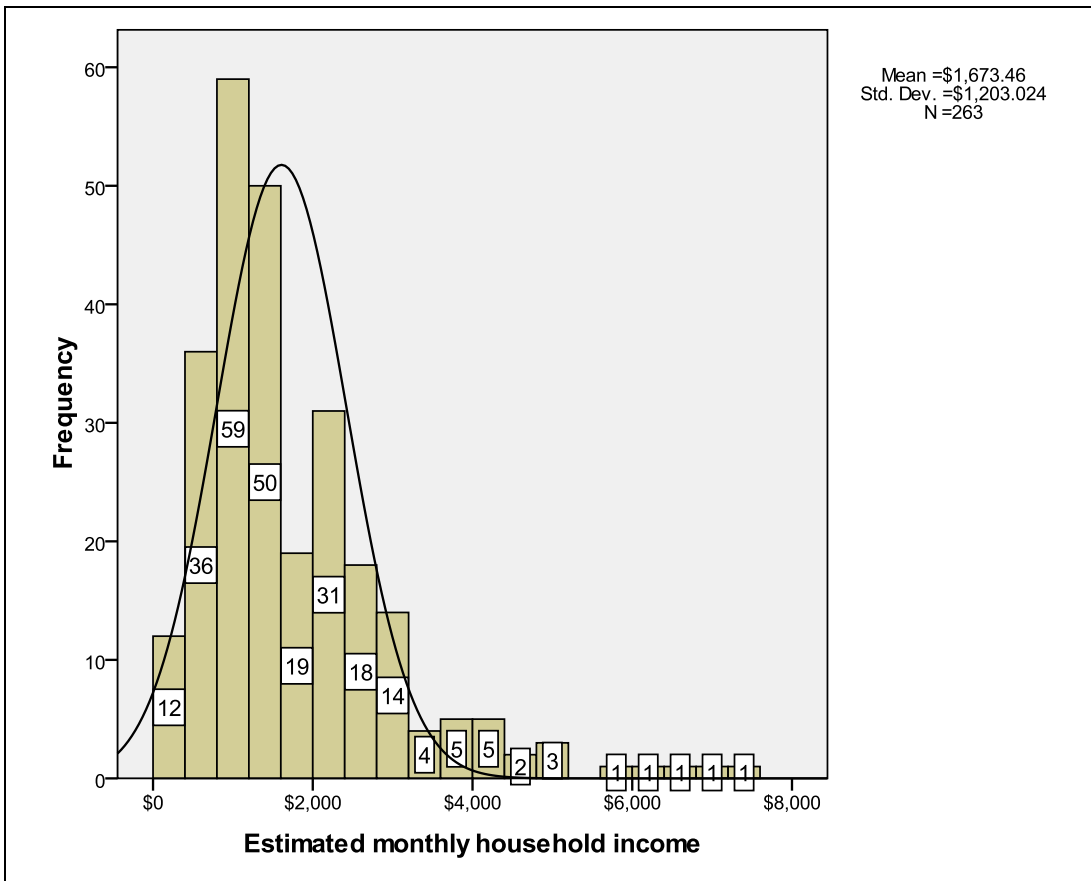


Figure 5 Self-reported monthly household income

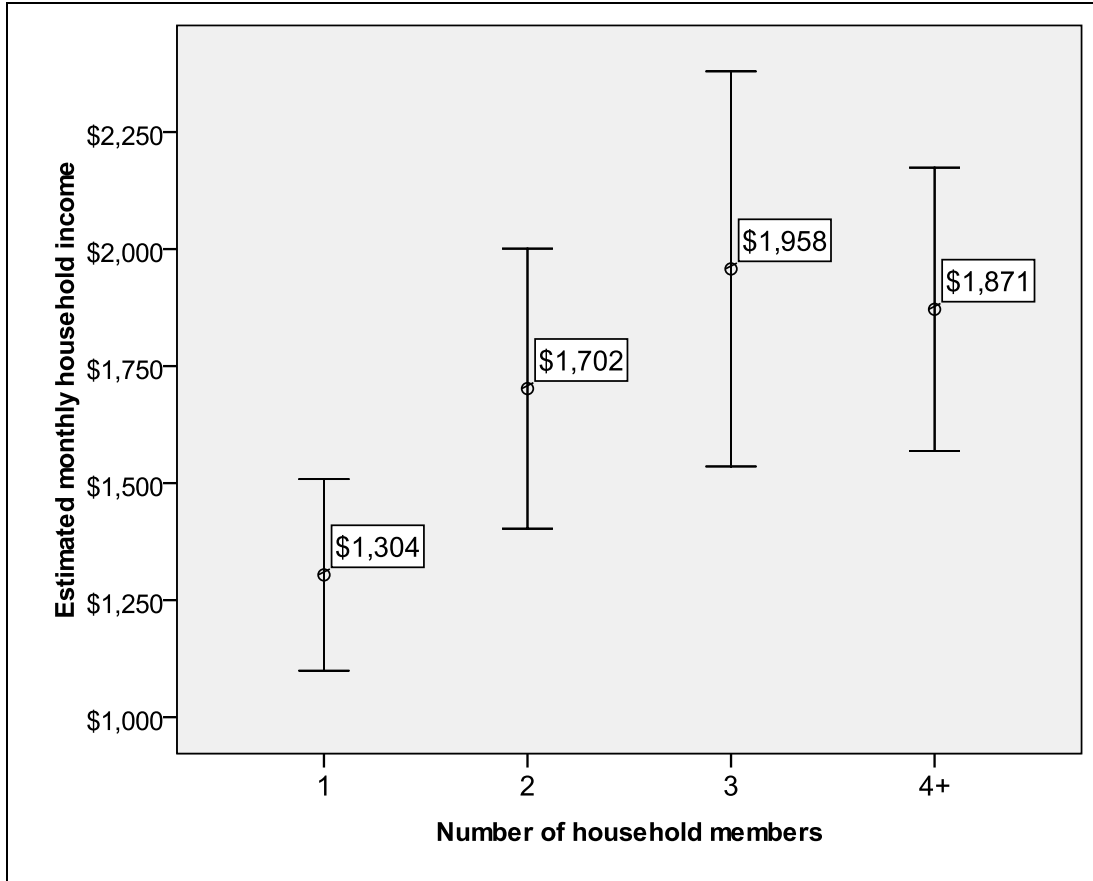


Figure 6 Average monthly income by family size

Regarding change in average monthly household income since starting a business, 38% (53) of clients said that their monthly income had increased, 37% (51) said their income had stayed the same, 23% (31) reported a decrease, and 2% (3) said it was too early for them to determine. Those who reported an increase in household income said this increase ranged from \$40 to \$5,000 per month with an average increase of \$1,125 and median of \$800 (n=43). Reported decreases ranged from \$60 to \$4,100, with a mean of \$1,372 and median of \$800 (n=19).

Public Assistance Receipt

At program intake, 9% (26) of clients surveyed were receiving TANF and 50% (146) were receiving food stamps. At the time of the survey 5% (14) were receiving TANF as part of their income and 42% (104) were receiving food stamps (information on food stamp receipt was asked only on 2008 and 2009 surveys). Looking historically, approximately three out of four people surveyed (72%, 214) said that they have relied on public assistance at some point in their lives. Since clients started working with MBDP, 39% (80) reported that their reliance has decreased, 49% (99) indicated no change in their current reliance and 12% (25) reported an increase in reliance on public assistance.

Main reasons given for decreased reliance on public assistance included: they were no longer eligible because of too high an income; no longer needed subsidized health insurance; and a few chose to no longer receive assistance. A few people commented that they are less reliant on public assistance because they are no longer eligible for certain programs but continue to receive assistance through other programs such as Medicaid and Food Stamps. A few clients indicated that their reliance had increased for reasons such as: they were now eligible for programs such as Food Stamps or WIC because of the birth of a child; they lost their job and became income qualified for programs; realized they qualified for disability income from programs like SSI.

Skills, Knowledge, and Attitude Gains

Clients were asked several questions to assess skill development and changes in personal outlook because of accessing MBDP services. Eighty-three percent (250) indicated having gained at least one type of tangible skill or knowledge from working with MBDP. Those surveyed who reported gaining no skills commented that they participated in the program for a limited time or felt the program was not helpful for their situation.

Table 9 shows the many skills areas in which clients reported gains. The most commonly reported skills, which have consistently been reported over the course of the grant, are how to write a business plan to start a business and access finances, followed by financial management, budgeting, bookkeeping and credit repair skills. Interestingly, 45% (105) of clients said they are using their business plan to guide their business and 15% (39) are in the process of developing their plan; 82% (85) said that their MBDP counselor somewhat to completely helped them implement their plan.

Table 9 Skills gained from MBDP

Skill Area	% (n)
Writing a business plan/accessing finances	40% (121)
Financial management/budgeting/bookkeeping and credit repair	28% (84)
Steps to start/operate a business	21% (63)
Marketing, pricing and sales	17% (50)
Problem solving skills	12% (35)
Learned about resources/resourcefulness	11% (33)
Computing skills	9% (27)
Networking/gaining contracts	7% (22)
Decision making, organization and leadership skills	6% (19)
Self-improvement	5% (14)
Business taxes	4% (12)
Interpersonal skills	3% (9)
Business feasibility	1% (1)

Focus groups with clients collected more in-depth information on skills and knowledge gained from MBDP services. These findings echo results from the statewide client telephone survey. Areas of knowledge and skills gained include:

- Networking
- Problem solving
- Goal setting
- Writing a business plan to apply for funding
- Career building/development
- 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/upgrading
- Improved communication skills
- Enhancement of technological skills
- How to look professional
- Improved English proficiency

A 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 by becoming “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.

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 necessary if they need to apply for a loan. Several clients commented that business counselors helped them to articulate and write their plans and that they would not have been able to do this without their assistance.

Business organization

Clients commented on the helpfulness of MBDP classes that focused on organizing their business, such as strategies for record keeping, registering a business with the State, and tax/legal status. One client noted that she learned to “categorize rather than itemize everything...such as placing items under a larger category such as office products to reduce the time spent in organizing unnecessary details.” Focus group participants also participated in tax preparation classes. One person commented, “I learned about the right kind of paperwork to use to prepare my taxes, where to go and who to go to.” Business owners also learned how to register their business with the Secretary of State and how to obtain a tax identification number for the state and federal government. Classes also hosted guest speakers such as a representative from the VT Business Registry.

Web site development

Many clients interviewed worked with their MBDP counselor and a web development consultant to build a website with the capacity to advertise business services and provide a medium for online sales. In general, clients note that the use of the Internet is a great marketing tool.

Product development and equipment purchase

Several participants noted that their skills, such as sound therapy, are unconventional services. One woman stated, “I specifically signed up for MBDP classes to solidify and congeal a lot of different ideas I had on what my services would actually be,” when describing how MBDP helped her develop her service. Another participant indicated that she accessed funds through an IDA account to purchase more energy efficient equipment for her ceramic studio. Similarly, other clients were able to purchase equipment that is the cornerstone of their business, such as a die cutting machine, a vehicle, musical instruments, or to rent or purchase space for their office/studio.

Marketing skills and strategies

As post start-up business owners, many needed assistance with developing successful marketing strategies. Clients needed assistance in determining their target market or defining their client’s demographic information. Pricing and sales is also a struggle for many people. Several artists noted that writing a business plan and working with their counselor helped them determine their primary audience/market and ways to price and sell their work. Others learned various inexpensive and free ways to get the word out about their services, such as developing business cards, and hanging fliers or posters in places where target customers would see them. One person explained, “I put my name on anything and everything. I just finished developing an advertisement with a local radio station. I also provided free artwork for a local business’ annual calendar in exchange for free advertising space in the calendar.” Another marketing strategy one person used was to join professional organizations, such as an artist’s guild or a national association of teachers. Clients also commented that MBDP helped them to improve their confidence and public speaking skills so they can better articulate their business to others.

Clients noted that the CVOEO marketing group has built a community of microbusiness owners and allows time and space to network and share resources and expertise based on each other's connections and experiences. One person commented that the marketing group has "fostered a sense of unity and community." Additionally, clients appreciated that their business counselor has incorporated client feedback to continuously evolve the group and better suit business needs. Describing the group's evolution, a client noted that "initially the group felt very insular and people were getting feet wet. Now there are 30 plus people involved." Clients also expanded their concept of marketing and business promotion. Many realized the need to use more than one type of marketing strategy and incorporate technology such as using Facebook and Twitter accounts to promote their business. One business owner commented that she "now knows that marketing is a process that you go through and it changes as you learn more about your business."

Social and Human Capital Development

Previous evaluation of MBDP conducted by the authors shows that clients make many personal gains because of MBDP services, such as having a more positive outlook on life and being more motivated. Overall, 83% (230) of clients feel they are better off today because of MBDP services. Areas of positive attitude change are presented in Table 10. Overall, 81% (243) said they experienced some type of attitude change because of MBDP, with a strong majority being positive changes. Consistent with data reported in 2007 and 2008, top areas of attitude change are being more motivated and encouraged and having an increase in self-confidence and self-esteem. A few clients reported experiencing negative changes, which they attributed to the business development process such as feeling less motivated or frustrated. Overall, most clients reported experiencing positive attitude changes, most likely from the positive reinforcement they receive from their business counselors and their own business success.

Table 10 Changes in personal outlook because of MBDP

Attitudinal Area	% (n)
More motivated and encouraged	42% (126)
Increased self-confidence	25% (76)
Increased self-esteem	25% (75)
Broadened scope of possibilities	9% (28)
Improved personal outlook	9% (28)
Less fearful	4% (13)
More responsible	7% (21)
Less motivated/frustrated	4% (5)
Improved overall quality of life	3% (10)

Clients who participated in focus groups reported various impacts that working with MBDP had on their personal and family life and engagement in their community. Business owners also noted the strong business support networks they gained from working with MBDP and interactions with other business owners.

Personal life

- Improved self esteem, communication skills with friends and family
- Increased motivation
- Empowered to be a business owner and as a person capable of achieving success
- Confident in ability to run business
- Less stressed and worrying, enjoy running one's own business
- Realization that client is more savvy and knowledgeable than she thought
- Clients offer each other ideas for their business, support each other, and connect with other owners or markets for products.

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.
- Many clients commented that their businesses now pay for themselves and will soon generate a profit to provide owner income.
- One woman reflected that MBDP has been "very helpful in translating her passion into dollars."

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
- In a few cases, the extra money that was being made increased the opportunities and resources a family had.
- A client noted that her children, who are in their early 20's, are taking MBDP courses on financial management so they can better make use of their finances.

Community engagement

- 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.
- In articulating the rewarding experience in providing a wellness focused service, one person noted, "the business is not yet paying the bills but it has been extremely rewarding to see people's health successfully improve because of my complementary therapy."
- A husband and wife team opened an art Gallery in Southern Vermont and use the space to support other local artists in both creating and showcasing their work.
- Many clients teach at schools or nonprofit organizations, such as art classes for children.

Business and support networks

- “Networking has been fantastic...I get to listen to and learn from other business owners and get ideas from the success of others.”
- Giving and receiving feedback from other business owners in a similar situation provides a supportive, collegial, and constructive environment for people to recognize and make important changes.
- Business owners share a common passion for what they do and this passion helps motivate and encourage other owners to succeed.

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 7.4 and 7.5, respectively. Both areas received a modal value of 10, indicating that the majority of clients are 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

Range: 0-10

Mean: 7.4

Median: 9

Mode: 10

Overall satisfaction with one-on-one counseling and technical assistance

Range: 0-10

Mean: 7.5

Median: 9

Mode: 10

Extent that MBDP program helped client's business to be successful

Range: 0-10

Mean: 5.7

Median: 6

Mode: 5

Table 11 shows that 54% to 75% of clients agreed or strongly agreed with statements that classes met their expectations, MBDP services and counselors aided in business success, and counselors provided necessary on-going support. Consistent with positive remarks about business counselors from client focus groups, 75% (the highest percentage received) of clients said that working with business counselors helped their business to succeed. Cross tabulation and chi square analysis of these four variables, recoded into disagree/agree or neutral, by clients' stage of business showed that business stage impacted agreement or disagreement with the first statement, "MBDP services met my expectations." Clients who were not running a business at the time of the survey (31%, 18) were significantly more likely to disagree that MBDP met their expectations, compared to 14% (8) of those in business ($p \leq .05$). Likewise, clients who did not start their business (32%, 15) were more likely to disagree with this statement compared to 8% (2) of clients who successfully started a business ($p \leq .05$). Business retention status did not impact opinion towards this statement. No other significant differences were found in comparing business status with the other three satisfaction statements.

Table 11 Agreement and disagreement levels with satisfaction statements

Satisfaction Statement	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
MBDP services met my expectations	8% (9)	15% (17)	6% (7)	43% (50)	28% (33)
MBDP services aided in the success of my business	8% (7)	14% (13)	24% (22)	34% (32)	20% (19)
Working with business counselors aided in my business development	8% (7)	9% (8)	9% (8)	47% (42)	28% (25)
Business counselors provided the necessary on-going support for my business	10% (9)	11% (10)	17% (15)	40% (36)	23% (21)

Program strengths

Table 12 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, networking with other entrepreneurs, good technical assistance and skill building. Responses from clients fit the post start-up assistance model discussed by business counselors. Clients focused on skills gained such as budgeting, financial management and literacy skills, marketing and how to set up government contracts. Clients also specifically talked about the helpfulness of both individualized assistance to work through business specific issues and group-based work that allows entrepreneurs to network and learn from their collective experiences.

Through open-ended responses, clients gave positive feedback about MBDP classes offered such as clients appreciating the small class size and the "series of fabulous workshops." Many clients also provided additional comments on individual assistance they received. Several people received one to one assistance to improve their financial literacy skills, such as developing financial spreadsheets and cash flow projections and business budgeting and personal savings. Clients also appreciated that business counselors are available on a weekly basis, take time to schedule around their work lives

and that services are free. Many clients also commented on the helpfulness of networking, sharing and learning from other business owners through MBDP networking and monthly marketing groups.

Table 12 Program areas met client needs

Area	% (n)
Staff support	
Supportive staff	34% (41)
Knowledgeable staff	22% (27)
Positive and affirming staff	15% (18)
Worked with disability	3% (3)
Services provided	
Individual attention	26% (32)
Gave directions/steps	24% (29)
Referrals/resources/networking	18% (22)
Good technical information	16% (20)
Helped gain access to funding/IDA savings	14% (17)
Flexible program/time/schedule/free of cost	3% (4)
Skills gained	
Learned skills	14% (17)
Financial literacy	6% (7)
Change in attitude	3% (3)

Support and guidance provided by business counselors

In support of this quantitative data, qualitative data collected through client focus groups parallels the responses received from survey respondents. Clients, from all agencies involved in this grant, commented on the emotional support that business counselors offered them. One person interviewed stated, “My business counselor provides with me personal support, gives me confidence in my business and validates what I do as a professional.” Another described her business counselor as “a practical backbone to lean on and bounce ideas off of” and that she is always there for her if she needs advice. Further, one client commented that she “felt very empowered in realizing what works and does not work for her and that she has a real advocate behind her.” Many business owners also appreciated the extra effort business counselors made to show their care and concern. One woman remarked, “periodically my business counselor would stop by the Gallery to see how things are going, follow up, or just say hi...taking time just to say hi has helped out!” Several business owners felt the program was so successful for them that their children are now enrolling in MBDP classes to help pursue their dreams and improve their financial management. 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.
- Practicing speaking about one's business in front of others and receiving positive and constructive criticism.
- Being inspired by the stories and work of other business owners and business counselors.

Program areas that did not meet client needs

Fifty-seven percent (70) of clients provided feedback to MBDP on areas within the program that did not work well for them, while, 43% (52) of those surveyed said “nothing” when asked what did not work well for them. Key themes reviewed in Table 13 are feedback on program logistics, services received, areas of personal dissatisfaction, and those beyond the control of MBDP. Regarding program logistics, 10% (12) of clients felt that class schedule, location of services, and distance required for travel were areas that did not work well for clients.

Table 13. Program areas that did not work well for clients

Area	% (n)
Logistics	
Schedule/location did not work/too far to travel	10% (12)
Services received	
Not enough information/information was not helpful	10% (12)
Training was too basic/general/specific information needed for skill	9% (11)
Not enough individual attention/instructor follow-up	6% (7)
Felt overwhelmed with information or specific topic areas	4% (5)
Needed more time in class	3% (4)
Not helpful in locating resources	3% (4)
Needed less time in class	1% (1)
Personal dissatisfaction	
Felt disrespected/discriminated because of disability	7% (8)
Unrealistic expectations	6% (7)
Program was not for me	6% (7)
Felt counselor breached their confidentiality	2% (2)
Areas beyond control of MBDP	
Did not receive funding as planned	7% (9)
Lack of transportation/childcare	3% (3)
Lost interest in business	3% (3)
Personal/life issues got in the way	2% (2)

Under the area of services received, 10% (12) did not get enough information and felt that the information they did get was not helpful, while 9% (11) thought the training they received was too basic and did not address a specific topic area of interest. A few clients felt that material covered could have been learned from a business text book. Two specific topic areas that clients would have liked more information on are business law/legal issues and computer/website development. Others felt that they did not get enough individualized attention or that an MBDP staff person did not follow up with them (6%, 7). Some clients specified that they felt overwhelmed with the volume of information presented or challenged by certain topic areas like using a computer, completing paperwork, and working with business financials. One person specifically mentioned that working with two separate business counselors with different working styles was difficult.

Clients also talked about areas in which they were personally dissatisfied. A few clients felt disrespected or discriminated against because they have a disability and that their business counselor did not know how to work with their personal issue (7%). One client specified that her business idea was not supported by her counselor, who did not offer her much hope for success; however she indicated that her business has now surpassed any initial prospects and is doing well. Clients also had unrealistic expectations surrounding what MBDP could offer them or felt that the program was not a right fit for their needs. Two clients particularly commented that they felt their business counselor breached their confidentiality; one indicated that they disclosed feedback about another staff person to their counselor in confidence, which they felt was then shared with the person in question and resulted in them being asked to leave the program.

Several comments given were areas beyond the control of MBDP business counselors, such as clients not receiving funding or that their loan application was denied (7%). Others faced personal issues related to transportation, childcare, personal interest/motivation, and other life issues that got in the way of their business development.

Suggestions for future programs, services and resources

- Assist in finding grant funding or “angel investors.” Provide clients with guidance on what grant programs are legitimate.
- Provide more time and in-depth information on business taxes. Refer clients to free tax preparation services or provide them with a list of people to hire.
- Offer a website development class that is longer and more in-depth. Computer and website classes should be differentiated by skill level, e.g. a beginner/basics class versus an intermediate/advanced class.
- Facilitate developing supportive groups for business owners.
- Offer a class in developing a brochure and provide resources for printing marketing materials.

Conclusions and Recommendations

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 allowed the Community Action Agencies to expand their 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 cumulative PS grant evaluation report. Recommendations are also made based on staff and client suggestions provided throughout data collected.

MEETING GRANT GOALS

The PS grant has a goal of providing services to approximately **100 businesses each year**, including technical assistance (TA) 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. MBDP has surpassed this goal by 159% as 518 clients were served by the four sites over the two year grant period or 259 per year.

In addition, MBDP anticipated that **65 new jobs would be created at a cost per job of \$7,692. Forty of these jobs were to come from start-up businesses, with 20 being owner jobs and 20 being additional jobs.** Looking at new positions created during the grant period, 98.5 FTE positions (58 FT and 84 PT jobs) were created after the client started working with MBDP. Including 29 full-time new owner positions and 14.2 FTE owners working less than full-time, **a total of 141.7 FTE new jobs were created by businesses during the grant period.** These outcomes exceed the stated grant goals. MBDP services also helped established business owners stay in business and keep their employees employed by their business. A total of 45 full-time owners, 19 FTE owners, and 17 FTE employees remained employed by established MBDP client businesses at the close of the grant.

Looking at all positions created and supported throughout the grant period, 43 clients employed 66 full-time positions and 49.6 FTE (based on a full time work week of 30 hours per week) positions for a total of 115.6 FTE positions employed by MBDP businesses. Including owner positions (107.15 FTE held by 142 people), **MBDP has helped to create and support a total of 222.75 FTE jobs.**

The following summary highlights data and draws conclusions that demonstrate how MBDP, through funding from the PS grant, has met the overarching evaluation goals and objectives.

Recruitment and retention of clients and services provided

Word-of-mouth referrals from current and former clients continue to be a successful strategy to recruit new clients to MBDP, in addition to advertising through media outlets and by networks of project partners. In addition to JOLI clients who come in with an established business, many PS clients are those who first came to MBDP in a planning or start-up stage and stayed with the program to receive services post-start up. This strategy focuses on retaining clients and encouraging them to continue using MBDP services to support their business post start-up. Building strong and trusting relationships with business counselors allows clients to feel comfortable to call MBDP staff anytime they have questions or need further assistance.

- Classes that offer post-start-up services such as marketing and computer/web site development skills and networking activities for established business owners, such as focus groups, networking or business groups, engage clients who are busy running their businesses. Group based training through courses, workshops or monthly networking meetings help established business owners learn from each other, share ideas and resources and give and get feedback. This support network helps clients on a personal level, by providing a support system based on friendship and common experiences but also often leads to business interactions and connections that support each other financially.
- Group-based training can be time consuming for staff to coordinate and poses scheduling conflicts with busy business owners. Thus, the majority of PS clients work individually with business counselors to address their specific needs more in-depth. Key areas of support provided are marketing, bookkeeping, systems operations, providing encouragement and helping clients to not lose morale, and addressing whatever personal problems are thwarting the individual, which can flare up under stress or present a barrier to taking a business to the next level.
- MBDP counselors provide training and technical assistance to clients to help them apply for a business loan, if owners identify the need for one, and to support them once they have received a loan. Once a loans are secured, clients face the pressure of making regular payments, which translates to the need to increase business revenue and making their businesses successes; business counselors play the role of helping clients manage this process and make sure they manage their personal and business finances well. Types of financial assistance provided include budgeting, cash flow projections, recordkeeping, payroll management, savings, and managing expenditures.
- Another aspect of the PS grant is to help clients establish secure sources of income through obtaining government and institutional contracts. A modest 14% (20) of clients surveyed said they were assisted by MBDP in obtaining business contracts. Business counselors noted several challenges faced by owners in accessing the procurement system. Clients who did access this resource reported a moderate to high confidence rating in their ability to obtain business contracts, with ratings ranging from six to ten (ten being the most confident), averaging nine

and a mode of ten. Fifteen clients reported that they secured a total of 46 contracts with the support of MBDP, with the number of contracts secured ranging from one to seven and an average of three contracts. Eleven people secured multiple contracts. The value of contracts procured ranged from \$200 to \$100,000 with a median and mode value of \$2,000.

Impact of technical assistance on business outcomes

In total, 48% (147) of clients surveyed are currently operating a business, while 52% (159) are not currently in business. Active businesses have been open for five months to 40 years, with an average of six years and median/mode of three years. Almost a quarter (23%) of businesses is artisan based, including crafts, woodwork, photography, jewelry, and painting. Ten percent of businesses focus on wellness, health, exercise and therapeutic services, 10% are retail based, and 9% focus on food processing/food services (such as catering, baked goods, and prepared meals). The PS grant achieved a 35% (74) start-up rate of clients who were in a planning or pre business stage (n=209) at their intake and started a business after working with MBDP. Of the 74 businesses that started during the PS grant, 80% (58) survived or were still in business at the time of their latest survey. Of the business owners that came to MBDP with an established business, 94% (88) remained in business at the time of their latest survey.

- The most commonly reported skills gained was how to write a business plan to start a business and access finances, followed by financial management, budgeting, bookkeeping and credit repair skills. A total of 45% (105) of clients said they are using their business plan to guide their business and 15% (39) are in the process of developing their plan; 82% (85) said that their MBDP counselor somewhat to completely helped them implement their plan.
- 74% (97) of clients indicated that their business has a positive net worth. More than half of clients reported increased business revenue (55%, 72) and cash flow (52%, 74) after working with MBDP. Approximate average gross monthly income from self-employment ranged from \$0 to \$60,000, with an average of \$3,783, median of \$1,000 and mode of \$0 in business income. Excluding five outliers who reported gross earnings of \$30,000 or more per month, the majority of clients said they earn average gross monthly revenue of \$0 to \$10,000 with an average of \$1,745, median of \$1,000 and mode \$0.
- Three out of four business owners surveyed (76%, 66) said that their business provides a source of income to their household, with almost half (49%, 41) stating that this is their primary source of income. The majority of clients earn \$2,500 a month or less in income from their business, with an average of \$1,127, median of \$700 and mode of \$1,000.

Participants' access to capital

A total of 13% (30) of clients applied for and received a loan for their business. Loans received ranged from \$700 to \$265,000, with an average loan of \$35,275 and median of \$9,000 (n=20). Excluding the largest loans received (\$150,000 and \$265,000), loans ranged from \$700 to \$55,000, averaged \$16,139 and the median was \$8,000.

- Clients who apply and receive business loans usually go through the statewide alternative lender and MBDP partner, Community Capital of Vermont, which also operates the Vermont Job Start Loan Fund. Clients also apply for loans with local credit unions and revolving loan funds, Vermont Economic Development Authority funding programs and the Veteran's Association.
- Reasons why clients do not apply for or receive loans sought include the following. Many clients decide to "bootstrap" their capital rather than take on additional debt. Clients are also denied loans if they have unrealistic expectations about business plan and the amount of money desired. Others choose to not apply for a loan because they do not want to take on additional debt and make monthly payments with an already tight budget.
- Other sources of business capital include personal financing with savings or income from another job (36%), reinvesting business revenue (27%), use of the IDA program (10%), other grant funding from programs such as Vocational Rehabilitation (7%), money from family members and friends (5%), and use of a credit card (3%).

Community economic development and generation of new employment

Self-employment has helped low-income persons in economically depressed areas make a living or supplement their income. Free training and technical assistance to help low income persons operationalize their ideas and start a business is always needed in Vermont. Forty-three clients interviewed or 31% of active businesses reported that their businesses had created jobs for other people in addition to their own.

- 66 full-time employees hold positions at 15 businesses, working an average of 42 hours per week (range 34-90 hours/week) at an average pay rate of \$16.36/hr (range of \$10-\$25/hr). 58 full-time positions are new positions created after the business owner started working with MBDP.
- 49.6 FTE positions, held by 108 individuals, are employed part-time by 36 businesses, working an average of 14 hours per week (range 1-28 hours/week) at an average pay rate of \$13.84/hr (range of \$5-\$35/hr). 40.5 FTE positions (held by 84 individuals) are new positions created after the business owner started working with MBDP.
- Including 29 full-time new owner positions and 14.2 FTE owners working less than full-time, **a total of 141.7 FTE new jobs were created by businesses during the grant period.**

- A total of 45 full-time owners, 19 FTE owners, and 17 FTE employees remained employed by established MBDP client businesses at the close of the grant.
Overall, **MBDP has helped to create and support a total of 222.75 FTE jobs.**

Change in client income and sources and reliance on public assistance

In 2007, the highest proportion of respondents (34% (24) reported that their self-employment provided the majority of their personal income, followed by a wage job (31%, 21). However by the end of the grant, almost half of clients (42%) earn income from their current business and 35% are employed elsewhere (earning a wage or salary). A quarter of clients receive income because of a disability, such as from SSI or SSDI programs. Monthly household incomes range from \$0 to \$7,500, with a mean income of \$1,673/month and median of \$1,326/month (n=263).

- Regarding change in average monthly household income since starting a business, 38% (53) of clients said that their monthly income had increased, 37% (51) said their income had stayed the same, 23% (31) reported a decrease, and 2% (3) said it was too early for them to determine.
- At program intake, 9% (26) of clients surveyed were receiving TANF and 50% (146) were receiving food stamps. At the time of the survey 5% (14) were receiving TANF as part of their income and 42% (104) were receiving food stamps (information on food stamp receipt was asked only on 2008 and 2009 surveys). Looking historically, approximately three out of four people surveyed (72%, 214) said that they have relied on public assistance at some point in their lives. Since clients started working with MBDP, 39% (80) reported that their reliance has decreased, 49% (99) indicated no change in their current reliance and 12% (25) reported an increase in reliance on public assistance.
- Clients indicated that their reliance on public assistance has increased as they were now eligible for programs such as Food Stamps because of the birth of children or they were no longer employed and thus became income qualified.

Improvements in clients' human, social, and financial capital

MBDP clients become more self-sufficient as they uncover their potential, set plans to action and work to improve their life situation through self-employment. Interactions with business counselors and other clients reinforce, affirm and validate their ideas and that they have the skills to start a business.

- Overall, 83% (230) of clients feel they are better off today because of MBDP services. Overall, 81% (243) said they experienced some type of attitude change because of MBDP, with a strong majority being positive changes. Consistent with data reported in 2007 and 2008, top areas of attitude change are being more motivated and encouraged and having an increase in self-confidence and self-esteem.

Support from project partners

Staff and clients talked about the various types of support and assistance received from project partners, which contributed to the growth and development of participants' businesses. Project partners assist staff and clients by referring appropriate clients to MBDP services. Main sources of referrals mentioned during conversations with staff in the second grant year are Vocational Rehabilitation, the Department for Children and Family Services, Economic Services Division, and the Department of Labor. More specifically, clients are being referred to MBDP to try to start a business because they can't find a job, have been laid off of work or have trouble working in a mainstream environment due to a disability.

- Project partners also provide services for clients in which MBDP does not specialize; 62% (172), of clients surveyed said they were referred to other services they needed by their business counselor through the PS grant.
- Service areas include: financial, business development, business support and personal support services. Examples include: loan acquisition with Community Capital of Vermont and the Vermont Opportunities Credit Union; grants through Vocational Rehabilitation; matched savings accounts through the Individual Development Account program; networking groups that are sector or topic specific (such as artists guilds or marketing groups); continuing education and business courses through institutions and other agencies like the Vermont Women's Business Center; and social services like health care, housing assistance, weatherization, Food Stamps, TANF and the food shelf.
- Project partners also support clients businesses by guest lecturing in classes or workshops, providing tax filing assistance, and leveraging community resources such shared kitchen space for commercial preparation of food. By partnering with Vermont Procurement Technical Assistance Center, staff from this office has worked with all MBDP sites to provide workshops and individual assistance on how to obtain government contract work.

Participant feedback

Clients expressed high satisfaction with services and individual assistance received from MBDP. Common themes on the MBDP's strengths include: supportive, knowledgeable and positive staff, individualized attention, networking with other entrepreneurs, good technical assistance and skill building. Responses from clients fit the post start-up assistance model discussed by business counselors. Clients said they gained skills in areas of budgeting, financial management and literacy skills, marketing and how to set up government contracts. Clients also specifically talked about the helpfulness of both individualized assistance to work through business specific issues and group-based work that allows entrepreneurs to network and learn from their collective experiences.

- 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 7.4 and 7.5, respectively. Both areas received a modal value of 10, indicating that the majority of clients are highly satisfied with services received.
- 54% to 75% of clients agreed or strongly agreed with statements that classes met their expectations, MBDP services and counselors aided in business success, and counselors provided necessary on-going support. Consistent with positive remarks about business counselors from client focus groups, 75% (the highest percentage received) of clients said that working with business counselors helped their business to succeed.
- One area that did not work well for clients focused on program logistics such as inconvenient class schedules, location of classes and distance required for some to travel to classes. Clients also felt that they did not get enough information or that courses covered too general of topics. A few clients expressed dissatisfaction with how they felt they were treated by staff. Clients also acknowledged that issues outside the control of MBDP, such as eligibility for loans or grants, personal motivation/interest level, and life issues get in the way of business development.

RECOMMENDATIONS FOR PROGRAM IMPROVEMENT

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

Facilitate statewide networking of business counselors for professional development

- Continue to hold one or two annual “professional development” workshops with MBDP staff that provide similar services so that they can communicate on areas of success, issues faced and addressed, and ways to improve services.

Continue to strengthen relationships 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
- Utilize the expertise of partners as guest speakers and workshop/class instructors.

Increase networking opportunities for clients

At least one client at each focus group conducted for this evaluation commented that they would like to have more networking opportunities with other business owners. In addition, 20% (25) of survey respondents talked about the need for MBDP to provide/coordinate more networking opportunities with other business owners. 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. Other suggestions include:

- Hold ongoing monthly meetings such as a lunch break or coffee hour for people to meet and discuss topics (6 people)
- Extend length of time that CVOEO Marketing Group meets and invite guest speakers
- Organize sector specific networking groups such as artists
- Have successful clients come to classes/networking sessions as guest speakers to learn about their experience
- Networking with contractors and services for business operation as well as commercial real estate professionals
- Establish an email list of clients who attend classes so they can keep in touch and network over email

Increase follow-up and individual work with clients

Another suggestion commonly made by clients during focus groups and from 24% (29) of telephone survey respondents were to have business counselors increase follow-up and follow-through with clients. One person specifically said she needed “more hand-holding” to help keep her motivated. 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. In addition, 7% (8) of survey respondents said they would like more individual assistance and more time during these sessions to address their needs. Several respondents commented that counselors are “busy with so many clients” and felt they did not get the attention they needed.

- Follow-up more with clients, such as on a weekly, monthly or quarterly basis depending on the client’s needs/regularly by email (17)
- Be more accessible for clients and responsive to email and phone calls (9)
- Follow through with services offered (3)
- Provide more individual assistance and more time during these sessions (7)
- Provide clients with personal support
- Improve communication between office staff to ensure follow-through with clients

Address topic areas of interest to post start-up clients

The need for on-going classes/seminars for post-start-up businesses was mentioned as a suggestion for additional services by 8% (10) of telephone survey respondents. Some people specifically requested a “fast track” option for advanced entrepreneurs or a higher level course for experienced owners (4). Many topic areas were provided as suggestions for individualized assistance or classes/workshops. Consistent with the post start-up model discussed by the business counselor, a majority of people who provided topic areas were interested in marketing topics (12), bookkeeping assistance, accounting and taxes (7). Business owners also asked for assistance with hiring and managing employees and the various issues that go along with hiring others, such as offering benefits and workers’ compensation. The following are topic areas suggested by clients for further exploration and coverage. Since many of these topic areas are covered in classes that are currently offered or have been offered in the past, MBDP staff should ensure that they effectively advertise and recruit for these classes.

- Marketing/internet marketing/advertising/determining business niche (12)
- Revisit/update business plan (5)
- Business tax assistance (4)
- Bookkeeping assistance/training/Use of QuickBooks/accounting (3)
- Hiring and managing employees and workers’ compensation (2)
- Computer classes (2)
- Other types of training available for business owners (2)
- Simplified business language (2)
- More goal setting based on a timeline to help motivate business owners (2)
- Hiring consultants/expert support
- Help clients with personal/life issues
- Legal issues for low-income clients/assistance with contracts and lease development
- Classes for artists only
- Information for home-based business operation

- Assistance with making fliers or business cards
- Starting a non-profit organization
- Running a “green” business

Need for financial resources

Another common theme that emerged from focus group and survey data were clients needing access to more funding. Clients recognize that MBDP is not a microloan program, even though several suggested that MBDP offer this service in the future. However, because this need was mentioned consistently by 16% (20) of clients surveyed, it is noteworthy and should be addressed. Some clients provided suggestions that are directed to their actual lender, such as that their loan process took too long. Perhaps MBDP counselors can talk with lenders about this complaint and clarify expectations of a timeline for the loan process so business owners can be prepared for this outcome. These are specific comments provided by clients:

- Need more funding/access to capital (11)
- Provide clients with microloans (2)
- Grant funding/ writing (2)
- Loan process took too long (2)
- Low to no interest loans for low-income persons
- Client was required to plan his business schedule differently than he desired, which he felt hurt his business financially in the long run
- Provide funding for businesses to hire consultants such as bookkeepers

Client recommendations for staff improvement

Eight percent (10) of survey respondents provided specific suggestions on how business counselors can improve their work, relationships and interactions with clients. As previously mentioned, the majority of focus group and survey participants expressed high satisfaction and deep gratitude for the assistance provided by their business counselors. However, it is noteworthy that a small portion of clients felt disrespected and unsupported by their business counselor. These individuals expressed specific feelings that should be taken into consideration by staff when working with clients facing various issues, specifically those with disabilities. A few clients also remarked that they felt their business ideas were shut down and not supported by business counselors, which may be a factor of unrealistic expectations for business ownership.

- Be more respectful and motivational; improve people skills (4)
- Improve partnership with Vocational Rehabilitation to help people with disabilities (2)
- Be more open to business owners’ ideas
- Consult with external expertise or refer client to resources if staff are not familiar with the topic/idea
- Staff should be more professional such as dress more professionally and not eat while working with clients

Client recommendations for programmatic changes and improvement

Ten percent (12) of survey respondents suggested that MBDP increase their outreach and visibility to the community, such as high school students, to help other start-up businesses. This recommendation is positive as it corresponds with high satisfaction with services. Client comments around programmatic changes and improvements also echoed the need for expanded resources and staff within MBDP, specifically staff with business experience. Clients who live in areas further from MBDP office sites also requested that classes be made available closer to their location, especially in Newport and Morrisville, VT. Business owners also asked for classes to be offered at different times (such as daytime and evenings) and locations so they can take advantage of them. The following are specific suggestions for programmatic changes and improvements:

- Outreach to others to let them know about MBDP services (12)
- Increase number of business counselors available (9)
- Increase funding/resources for MBDP to strengthen and expand services (6)
- Hire more qualified/experienced staff (6)
- Provider smoother transition for clients during times of staff turnover
- Evaluate services and make changes more quickly
- Allow clients who are slightly over income to partake in services
- Hire business counselors who have their own business so they can provide feedback based on their experience and knowledge
- Lobby/advocate the state government to be more “friendly” to micro businesses

Space/location

- Hold classes at different times and locations so more people can take them (5)
- Provide additional satellite office locations to serve non-centrally located clients (4)
- Provide business incubator space with shared administrative and overhead services
- Provide shared gallery space

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