



Christine Coles, designer/owner of Dance of Life Art Quilts in Willits, California, received help with her micro-business from West Company.

FIELD nurtures big opportunities through small businesses

BY DUANE M. ELLING

For many would-be entrepreneurs, starting a small business represents the chance to begin a new career, explore unique challenges and build a sense of personal accomplishment. And for some low-income households, self-employment also can offer a meaningful pathway out of poverty and the opportunity to create a new future for their families.

Helping the micro-enterprise industry identify ways to strengthen and expand such opportunities — and promote recognition of self-employment as a viable anti-poverty tool — is the focus of the Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD). The program — launched in 1998 by the Washington, D.C.-based Aspen Institute — has become widely recognized as a leading resource for micro-enterprise-related research, training, evaluation and dissemination.

A micro-enterprise is a small business — owned either by an individual, family or through a formal partnership — that has fewer than five employees, is started with less than \$35,000 in capital, and generally lacks access to commercial financing.

As a lead funder and primary architect of micro-enterprise development in the U.S. — especially as a tool for alleviating poverty — the Mott Foundation has helped pioneer efforts to explore and strengthen the industry, including the launch and subsequent work of FIELD. Mott support for the program has totaled \$3.9 million since 1997.

Foundation grantmaking in the area of micro-enterprise, which has totaled more than \$33 million since 1989, also has included support for:

- the design and operation of services to micro-entrepreneurs;
- networking opportunities through the Association for Enterprise Opportunities (AEO), a national trade association of micro-enterprise development organizations; and
- informing state and federal governments about micro-enterprise-focused public policy.

FIELD's work has included the collection, synthesis and sharing of information gathered by initiatives that test the micro-enterprise strategy, including the Microenterprise Welfare to Work Demonstration and Evaluation. The five-year, \$3.6-million demonstration was funded by Mott in 1998 and evaluated by Aspen with a \$1.4-million grant. It studied the challenges, successes and innovations of 10 micro-enterprise programs working to help former welfare recipients attain self-sufficiency.

Microenterprise as a Welfare to Work Strategy: Two-Year Findings — a November 2003 report issued by FIELD on the demonstration — found that the median household income among participating entrepreneurs grew from \$10,114 to \$18,952 within a two-year period. The report also indicated that supplementing self-employment with traditional wage-earning work produced the greatest economic gain.

Estimates from the micro-enterprise industry also suggest that more than 21 million micro-enterprises currently operate in the U.S., with nearly 250,000 micro-entrepreneurs receiving supportive services annually from more than 500 field-related programs.

FIELD Director Elaine Edgcomb says these statistics reflect mounting evidence of the effectiveness of micro-enterprise in helping strengthen self-reliance among many low-income households. Research indicates that, in addition to offering families a sustainable income with growth potential, such ventures also build financial assets — both within the business and the home — and support the entrepreneurs’ sense of self-direction and empowerment.



Elaine Edgcomb

“Successfully starting a business requires developing such skills as strategic thinking, financial management and project planning,” Edgcomb said. “Those skills, in turn, impact how low-income business owners approach virtually every other aspect of their lives and help them shape their own future.”

MicroMentor is one of several products, services and tools designed by FIELD to help micro-entrepreneurs turn their dream of self-employment into reality. The online service, launched in 2000, connects participants needing business-related guidance and advice with mentors who possess industry-specific experience.

The ground-breaking program, which earned the Innovation Award for Technology from AEO in 2003, was born out of lessons learned from the Mott-funded Access to Markets project. That three-year, multi-site demonstration tested innovative strategies for helping low-income entrepreneurs link their goods and services to new markets.

Michele Miller is among the 200-plus entrepreneurs who have participated in the program. Miller, along with her business partner, Dimitri Spathis, launched An Occasional Cookie in 2003.



Michelle Miller and Dimitri Spathis

The San Francisco-based venture produces custom decorated gourmet cookies, which are sold and distributed largely over the Internet.

Miller joined MicroMentor in early 2004 while seeking help with growing her fledgling business. After a year of working with a mentor, she and Spathis successfully broadened their market to include corporate clients, producing specialty cookies for employee incentive programs and company events. That strategy has resulted in an annual sales increase of nearly 25 percent.

“Our mentor not only validated many of the ideas we had, he also offered others we hadn’t thought of and helped us think about ways to make them work,” Miller said. “It was an incredibly helpful experience.”

Initially, FIELD also supported the micro-enterprise industry via grants to organizations for the development and testing of new services to clients. While FIELD has transitioned out of such grantmaking, Edgcomb says the early work documented various issues, trends and successes in the industry, thereby helping shape future strategies and practices.

Among the outcomes is MicroTest, a tool designed by FIELD to help micro-enterprise programs collect data and assess their overall effectiveness in working with low-income business owners.

The information collected since MicroTest’s launch in 1997 has provided the industry with a formal framework of micro-enterprise program standards and performance measures. Those criteria, which have since been adopted by AEO as the desired benchmarks for its members, help programs design and modify services to best meet the needs of their clients.

The result, says Edgcomb, are outcomes that demonstrate to policymakers and other potential funders the success and importance of micro-enterprise programs.

“MicroTest encourages organizations to stretch and achieve a high level of service quality, while increasing their overall accountability and transparency,” she said. “As a result, it’s improving practices in the field and building a case for strengthening and sustaining it over the long haul.”

The Jefferson Economic Development Institute (JEDI), located in Mt. Shasta, California, is among the more than 70 micro-enterprise-focused programs around the country using MicroTest.

Nancy Swift, executive director and founder of JEDI, says data collected by the organization over



■ Chef Yoshiki Sokane owns Oco Time restaurant with his wife, Naoko, in Ukiah, California, also the home of West Company.

the past six years has revealed important trends in client needs and helped staff review and adopt improved services. She also points out that, by helping the micro-enterprise industry develop and adhere to key performance standards, MicroTest is helping the field better understand and promote its role in alleviating poverty and economic development.

“It’s helping us define who we are and what we’re doing, and, as a result, validating the strengths of the strategy,” Swift said. “As such, the tool is critical to the future of micro-enterprise.”

Edgcomb notes that, while industry outreach has gained ground in recent years, there are an estimated 10 million micro-entrepreneurs who could benefit from assistance in strengthening their businesses. FIELD’s work in research, evaluation and information sharing seeks to expand the industry’s reach to those small business owners by building public understanding and support for the strategy.

FIELD’s most recent publication, *Opening Opportunities, Building Ownership: Fulfilling the Promise of Microenterprise in the United States*, synthesizes collected findings on the industry’s performance, as well as various outcomes experienced by low-income entrepreneurs. The report also identifies the strengths, weaknesses and accomplishments of the micro-enterprise field, and underscores needed actions that will contribute to the industry’s long-term growth and sustainability. Among those recommendations:

- improve understanding within the industry of the changing market for micro-enterprise services, as well as the need for — and opportunities to expand — quality products and services;
- increase the field’s reach by growing individual programs and establishing creative collaborations and strategic alliances;
- build support for the industry by rigorously demonstrating program outcomes and impacts; and
- experiment with new approaches to generating revenue and sustainability.

Edgcomb says those findings will also guide FIELD’s own continued development of products, training, research and other supports for micro-enterprise programs, helping them develop finance options that support

small businesses and bring promising practices in the field to scale.

Also key for FIELD, says Edgcomb, will be helping the industry reposition itself through research and advocacy to engage state officials and economic development leaders in conversations about the important role of, and need for, quality micro-enterprise programs.

“For some low-income people, self-employment offers the best opportunity to support their families and make the most of their life circumstances,” she said. “And the economic context and trends in our country are such that micro-enterprise is — and will remain — an essential and meaningful part of our economy.” ■



hotlinks: where on the web

Mott.org/mosaicv4n3/links

- An Occasional Cookie
- Aspen Institute
- Association for Enterprise Opportunities
- FIELD
- Jefferson Economic Development Institute
- MicroMentor

Special features on Mott.org:

- Q&A with Bill Edwards, executive director of the Association for Enterprise Opportunities