



Measuring Success:

*A Report on the Post-
Training Outcomes of
Microenterprise Training
Program Participants*

Executive Summary, 2002

“I would consider myself a very great success if I could pay my debt. I’m paying it as quickly as I possibly can. And then success would be continuing to deal with clients and have them appreciate my services-continuing to be useful. That to me would be success. It’s not making a lot of money, it’s making enough money to not be living on the edge like I have been for so long.”

- Jane Austin Case Study:

From Second Hand Store to Jane Austin Organizing Services

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A profound optimism—one based on personal responsibility and choice, rather than on wishful thinking – permeates the room as Jane Austin describes her new business, “Jane Austin, Organizing Services.” This optimistic attitude is one that comes from having tried and failed in previous endeavors, and having finally found her niche. According to Jane, her new business provides much needed supplemental income, endlessly interesting work, a feeling of satisfaction derived from helping others, and the flexible schedule that her physical disability, post-polio syndrome, requires. Perhaps most important is the sense of well-being that comes from finally succeeding in something that she loves.

This report presents the findings of a two-year Outcome Evaluation Project conducted by Women's Initiative for Self Employment (Women's Initiative)¹ from July 1999 through June 2001. The project followed 83 Women's Initiative program clients for up to 18 months after comprehensive (core) business management and personal development training. The report focuses on the business and economic outcomes achieved by the program participants. The analysis examines the factors that contributed to the successful outcomes. The implications of these findings are also identified, particularly as they relate to strengthening training programs for low-income entrepreneurs, such as Women's Initiative's, that support microenterprise as a viable economic development strategy.

The goal of this project was to design and implement a system for on-going longitudinal evaluation of program effectiveness. The project was supported by the "Assessing the Effectiveness of Training and Technical Assistance" learning cluster of the Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD) of the Washington, D.C.-based Aspen Institute and the San Francisco Foundation. Between October 1998 and October 1999 the sample group of clients enrolled in 7 class sessions of the comprehensive 14-week Managing Your Small Business course taught in English. Client progress was monitored through follow-up telephone interviews starting at 6 months, 12 months, and up to 18 months after training. Not all clients were interviewed the maximum of three times due to the rolling graduation dates and the short project time-line. Seven in-depth interviews resulted in case studies to provide more detailed qualitative data about the participants' progress and their insights about business development. By the end of the project period, the Women's Initiative Outcome Evaluation Project became an integral component of the English-language business development training and technical assistance program. It progressed from a stand-alone project to a crucial tool for the agency to monitor and assess its services.

Women's Initiative engaged in this project to answer a fundamental question about Women's Initiative program effectiveness: to what extent is Women's Initiative fulfilling its mission of assisting low- and very low-income women in the San Francisco Bay Area to attain economic self-sufficiency through self-employment? Accordingly, the agency established the following indicators to measure business and economic success:

Use of Business Development Skills: Participant developed standard business skills, as taught in the 14-week core training course, and applied them to her business development

¹ Women's Initiative operates a nationally-recognized entrepreneurial training and technical assistance program for low-income women in the San Francisco Bay Area. Since 1988, Women's Initiative for Self Employment has served more than 9,000 women. Through its revolving loan fund, the agency has disbursed \$702,073 to its clients and helped them to leverage more than \$1,000,000 in capital from other lending sources.

As Jane puts it, she is “specializing in home offices and relief of domestic disorder.” I give people tools and techniques to get organized, and I support them in making changes in their lives so that they can feel calm and function better in their office, not lose things, and function better in their homes, not living in chaos.” Her motto for her current business, “When things get straightened out, people’s lives change,” is an apt description of her own experience as an entrepreneur.

Business Growth: Participant was in business and the participant's business grew, as reflected in a change of business status or stage of development²

Personal Economic Self-Sufficiency: Income from the business increased the participant's household income and moved her to economic self-sufficiency³

The project did not intend to prove that Women's Initiative training was the cause of client success. Women's Initiative is just one contributing factor (variable) in the success of its clients. Subsequent evaluation efforts will include Spanish-language program participants (who comprise a quarter of Women's Initiative clientele) and a deeper look at personal and social development outcomes. Additional work can be done to assess the program's impact on the outcomes achieved by using a control group, a longer tracking period, and a more significant sample size.

Key Findings

Women's Initiative program participants are using skills gained during core training.

Of the 14 core business management skills taught during the core training, the following 4 business management skills remained the most highly used by clients over the 18 month study period: Business Vision, Record Keeping, Breakeven Analysis, and Target Marketing. Target Marketing and Record Keeping were the most highly used skills by the most successful clients⁴. It appeared that Record Keeping and Pricing may be the 'make or break' skills that successful clients use more highly than the less successful entrepreneurs (or not at all, as in the case of Pricing). In her case study interview Robyn Cleaves (Pet Sitter) commented on the importance of pricing: “[Women] tend to undervalue their work. And I think that's another thing that Women's Initiative really helps people do, is stand up and say, look, I'm worth X amount of dollars and if you don't want to pay it I'll find somebody who will. 'Cause they're out there.”

² In order to record a business growth event Women's Initiative client businesses had to meet the most basic of requirements: a start-up business had to make steady sales for less than a year, an existing business had to make steady sales for more than a year, and an established business was steadily making a profit and had stable systems. In order to expand, a business had to increase sales by at least 30% and to stabilize, the business had to reach breakeven and have established systems.

³ Self-sufficiency is measured by comparing total household income to the Year 2000 California Self-Sufficiency Standard for the San Francisco Bay Area. This standard calculates the amount of money working adults need to meet their basic needs without subsidies of any kind. Unlike the federal poverty standard (HHS) or the median income guidelines (HUD), this standard takes into account the costs of living as it varies by family type (number of adults and number and ages of children) and county. The calculation includes local housing, childcare, food, transportation, medical care, clothing and miscellaneous costs, as well as taxes and tax credits. For purposes of comparison, the self-sufficiency standard income levels fall at approximately 94 percent of the HUD median area income level (“moderate income”) for a family of two adults in San Francisco County. Two adults would need to make \$54,624 combined a year to attain economic self-sufficiency, compared to the HUD median income of \$57,000.

⁴ The Success Circle is the group of clients who attained economic self-sufficiency through personal income (including income from her business), achieved healthy business growth, and used the standard business skills. This Success Circle is used for analysis purposes only. Twenty-two clients, or 27 percent of the sample group (n=83), were in the Success Circle.

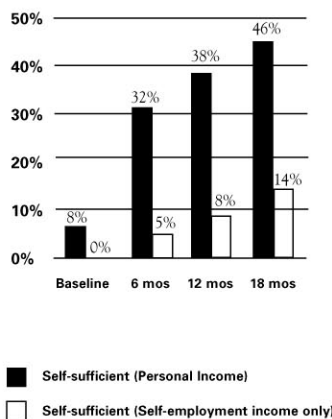
Top Five Skills Used by the Success Circle After Training

(Scale of 1-5; Range of highest average score of 4.7 to lowest average score of 2.7)

6 Months after training	12 Months after training	18 Months after training	Total Average
Record Keeping (4.53)	Record Keeping (4.78)	Business Vision (4.7)	Target Market (4.44)
Business Vision (4.53)	Target Market (4.42)	Record Keeping (4.5)	Record Keeping (4.43)
Target Market (4.4)	Pricing (4.17)	Breakeven Analysis (4.48)	Business Vision (4.38)
Pricing (4.17)	Competition (4.08)	Target Market (4.3)	Pricing (4.23)
Breakeven Analysis (4.0)	Breakeven Analysis (4.0)	Pricing (4.2)	Breakeven Analysis (4.19)

Completion of core training is related to the ability to grow a business. Graduates from the core training were 40 percent more likely to experience business growth than those who did not complete the course. The finding that graduates had higher rates of positive business growth after training more conclusively supports the claim that graduates attained, and then used, their business skills to a higher a degree than non-graduates.

Self-Sufficiency Percentages



Women's Initiative program participants continue to start, strengthen, and establish their businesses after training is completed. Overall, 75 percent of 83 participants experienced some degree of business growth at some point within the 18-month study period after training. Seventy-six percent of the businesses survived for at least one year. Within one and a half years of core training, 46 percent of participants started new businesses, 33 percent of participants strengthened or expanded existing or start-up businesses, and 10 percent of these existing businesses became more mature established businesses. Within a year of training the highest percentage of start-ups had occurred. Most of the expansions occurred between six and twelve months after training, with the highest percentage of stabilizations occurring between graduation and six months after the course.

Not only are Women's Initiative program participants achieving economic self-sufficiency through self-employment, but increasing numbers of clients achieve self-sufficiency over time. Within 6 months of completing core training, 32 percent of respondents achieved economic self-sufficiency through personal income (combined income from self-employment and a salaried or wage job); after 12 months, self-sufficiency had been achieved by 38 percent of respondents; and after 18 months, 46 percent had achieved self-sufficiency. Self-employment income alone brought self-sufficiency to 5 percent of respondents after 6 months, to 8 percent after 12 months, and to 14 percent after 18 months.

Women's Initiative program participants with self-employment income achieved personal income increases more quickly and in greater number than those with wage or salary income alone. Within one and a half years after core training, 54 percent of those who achieved self-sufficiency did so with income derived in whole or in part from self-employment, while 46 percent achieved self-sufficiency through salaried or wage jobs alone. Participants' total average income nearly doubled, increasing 97 percent from \$13,286 at baseline to \$26,233 18 months later. (Median income doubled from \$12,000 to \$24,000.)

Self-employment can be an effective strategy for moving out of poverty. At the beginning of the study 80 percent of participants had incomes at or below 185 percent of the federal poverty guideline. Eighteen months after the training, this number had dropped to 35 percent of those interviewed.

Additional Findings and Implications:

Those clients who enter with existing businesses can expect more rapid and successful long-term outcomes. Women who enter with pre-start-up or start-up businesses will need a longer process and a slightly different skill set.

During the project period, Women's Initiative staff and program participants (staff and clients) recommended additional services that they believe would contribute to increased rates of business success. These include continuing to foster client support networks; offering flexible, on-call technical assistance after training completion; and revising the training curriculum to use real-life case studies as well as incorporating personal and business record keeping and financials into the curriculum from the very beginning of the core training. Currently the financials section of the curriculum begins in earnest during week 7 of the 14-week workshop. Based on the percentages of start-up (46 percent), existing (33 percent), and established (10 percent) businesses served, program staff can now tailor the curriculum and technical assistance offerings to meet the specific needs of businesses at the different stages of growth, e.g. more help with business vision and career counseling for entrepreneurs with pre-start-up businesses.

A significant number of program participants "patch" their income (combine income from different sources) even after business start-up. For some clients this is due to their business size and scale of operations; for others, a patching strategy was appropriate to their households needs and composition. Clients can define their own goals for self-employment income and business development based on realistic patterns experienced by the clients in the project group. They can better understand and control the pace at which they can expect their self-employment income to increase and reach a living wage level. For most women it will take more than 18 months to achieve this from self-employment income alone. Wage employment, or multiple income sources, can be part of the transition to full-time self-employment, or a permanent, stable source of income that supports seasonal self-employment. The intuitive knowledge that the wage employment is most beneficial to business development if it is related to her business is confirmed. Determining whether patching continues to be necessary for long-term economic self-sufficiency, or is an income strategy suited only to the early stages of business development, is beyond the scope of this project.

Jane's new business is her second try at self-employment since graduating from the Women's Initiative for Self-Employment core training. At the age of fifty-eight she began a small consignment shop where she sold used household items. Training from Women's Initiative guided her in the early days of opening and running her shop. However, she found that the physical weakness caused by her disability was a major barrier in running the business. After much deliberation she closed her shop, suffering a financial loss of most of her start-up funds. Currently Jane is learning new skills and techniques for organizing. In the future she would like to also offer coaching services. "I'm always learning. It's the most satisfying work I've ever done, and it's really, really enjoyable. It's really helpful for people and I get more money per hour than I would have when I ran the store. And I have to do much less work."

Jane's goals seem securely within reach. Her success is the result of learning from the past, learning to value herself as highly as she values others, and learning to go with what feels right to her, rather than to pursue what others think she should do. "All my life I've tried to fit myself into things that seemed appropriate, or seemed like they'd be fun, or seemed like it was something I could do, and I couldn't. And this is so natural to me that it just feels wonderful. It's so much better than all the other things combined!" Jane sees the Women's Initiative training as instrumental in her current success. As a single woman, the support she received was essential, especially in helping her to have the self-confidence to try again. "It was very inspiring! It was wonderful to sit around a table with other women who were also coming from no place, basically, and putting together a business."

Program participants often see their success in terms of personal development and how they felt about the process of becoming self-employed. Not all participants achieved business growth within the 18 months of this study, but most participants reported an improved quality of life, better jobs, and/or higher personal income – all which contributed to their defining the experience as successful. Contributing factors could include: participating in the group training process, successfully completing the business management training process, and gaining personal competencies through the Personal Effectiveness and Power (PEP) component of core training.

Within the microenterprise industry, there is a mandate to demonstrate how micro- and small business training programs play a significant role in community-based economic development. The number of Women's Initiative program participants achieving business development outcomes (start-up, stabilization, and expansion) as well as increased earnings, indicates that microenterprises are contributing to the local economy by serving local needs, increasing the local tax base, and stimulating local consumer spending.

As a result of the Outcome Evaluation Project, Women's Initiative for Self Employment now has strong tools with which to demonstrate that its training and technical assistance services are indeed a successful strategy for low- and very low-income women who want to increase their income through business ownership. The project also helps demonstrate that microenterprise development is a compelling option for policy makers and donors who want to support effective poverty alleviation measures and sustainable community economic development. Further, the project demonstrates the importance and benefits of institutionalizing longitudinal client tracking systems. For Women's Initiative clients the project provided an opportunity to stay in touch with their business development vision and Women's Initiative services. For Women's Initiative, the project has significantly expanded the organizational capacity for program delivery and development, resource development, and policy advocacy. Perhaps most importantly, clients now have the evidence for what many already intuitively practice: they define their own success. They can be inspired and realistic about the possibilities by knowing the degree to which women who participate in Women's Initiative training succeed. Equally inspiring as the business success stories are the real life stories of overcoming challenges and changing business ideas or using wage employment on the path to self-employment.

Women's Initiative

For Self Employment

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