



Women's Initiative Measures Up:

*A Report on the Post-Training Outcomes
for Microenterprise Training Participants from
1999-2002*

April 2004

**Women's
Initiative**
For Self Employment

Managing Your Small Business
allowed me to see a world through new
eyes. A business financial world that
had escaped me for thirty-nine years!
It empowered me by helping me to
realize I was capable. Capable of
having the life I dreamed
and wished for.

It was a real learning experience. It made me go deeper within myself, and it made me see what it's like—how it feels—when you're not hearing people. I'm so thankful for the Initiative! It really was the best thing in my life. Women's Initiative is a one-stop shop.

Women's Initiative Measures Up: Post Training Outcomes for Microenterprise Training Participants from 1999 – 2002

Women's Initiative for Self Employment's entrepreneurship training and technical assistance services have resulted in significant contributions to San Francisco Bay Area low income communities, with an economic return of \$21 for each \$1 invested in the services they received during the three year period of 1999 through 2002. The individual women entrepreneurs we served successfully achieved economic self-sufficiency through entrepreneurial activities, created jobs, and moved out of poverty and into economic security. Increased personal incomes resulted from a combination of wage job income as well as self-employment income, indicating entrepreneurial activity of two kinds: business development and better marketing of skills to potential employers.

As the results of this study demonstrate, microenterprise training, technical assistance, and financing is a proven strategy for supporting economic development efforts that enable low income women to realize the human right of economic security and the American dream of economic self-sufficiency through business ownership. Highlights of the outcomes achieved by 180 survey respondents during the years of 1999 through 2002 include:

- Businesses grew and survived during a time of economic recession and these micro-businesses survived at rates comparable to similar small business studies
- 266 jobs were created by businesses surveyed (including the owners and their employees) and participants' unemployment rates dropped dramatically after training in direct contradiction to rising national and local unemployment rates
- Training participants' personal incomes continued to almost double after training completion
- During the course of the study increasing numbers of participants achieved economic self-sufficiency through self-employment
- Rates of poverty among participants fell during a period of time when the country and the San Francisco Bay Area saw rising rates of poverty
- 78% of clients surveyed cited Women's Initiative as the most helpful source of information and assistance they received over the last 6 months
- Women's Initiative training participants developed many skills, such as money management and time allocation, which have had a positive impact on their personal and professional lives

This report describes the business and personal income results achieved by 180 program participants (the respondents) during the 18 months after they enrolled in Women's Initiative core business management training. Interviews were conducted at least once with 70% of our eligible core training enrollees (the sample group) and approximately 6% of

the total women served (the population) during the Women's Initiative fiscal years of the study period.¹ The analysis compares Women's Initiative's data with national and local business development results and explores the return on investment in Women's Initiative. The goals of this evaluation included attaining greater degrees of organizational accountability and informing strategic thinking and planning efforts, as well as meeting the demands of donors and other external stakeholders for evidence of the results of their investment in this program. Women's Initiative also conducted this study because though there are more than 500 microenterprise training programs across the country, little data has been collected and analyzed to document the success of these programs. The results of this study will be leveraged to increase the integrity of advocacy for support of microenterprise programs as an effective anti-poverty strategy.

¹ *The first enrollees in the Managing Your Small Business course to be included in on-going tracking of outcomes started classes in October 1998. The last classes to be included in this report started in October 2001. Only a small fraction of the enrollees in the program taught in Spanish are included in this report due to a later start date for ALAS client outcomes tracking (June 2002). The first ALAS Developing My Small Business class to be included started in March 2001.*

At what point do you realize that you're going from being self employed to running a business? You can walk away for five days and your business will run itself. What I learned at Women's Initiative was how to do my cash flow projections. I didn't know I had a problem until I came to Women's Initiative and learned the financials. I'm still trying to get my operations down on running a business day-to-day.

About Women's Initiative

Many low income women face obstacles to starting a business: lack of start-up capital and business skills, competing family responsibilities, and limited access to marketing information. Traditional business development programs fail to meet these needs— Women's Initiative bridges the gap. Founded in 1988, our mission is to assist low income women of diverse ethnic and social backgrounds in becoming economically self-sufficient through entrepreneurial activities. Women's Initiative services target low income women, focusing on the needs of traditionally underserved groups including minorities, immigrants, and welfare recipients.

Women's Initiative provides business assessment and entrepreneurial readiness workshops, comprehensive business management training, personal development training, one-on-one technical assistance, business plan writing workshops, financial education, peer support networking groups, personal coaching, and other ongoing business support services. Women's Initiative administers a revolving loan fund, disbursing loans ranging from \$500 to \$25,000, and links women with asset building opportunities, including Individual Development Accounts (IDAs) through which participants' savings are matched on a 2-to-1 basis. Services are provided in Spanish through our Alternativas para Latinas en Autosuficiencia (ALAS) program

In 2001, Women's Initiative was recognized with a Presidential Award for Excellence in Microenterprise Development. Women's Initiative has also been selected as a best practice organization for our services and program evaluation system by the Washington, DC-based Aspen Institute.

Women's Initiative Services

July 1, 1998 – June 30, 2002 (Fiscal Years 1999 - 2002)

3217 Total Women Served

2135 women received services in English

1082 women received services in Spanish

Orientation

1870 women attended 210 sessions taught in English

644 women attended 189 sessions taught in Spanish

Entrepreneurial Readiness

1271 women attended 86 sessions taught in English

395 women attended 40 sessions taught in Spanish

Business Management Core Training

355 attended 30 sessions taught in English

217 women attended 29 sessions taught in Spanish

704 businesses assisted - 250 experienced growth

My goals for my business idea are long-term. Within approximately five years I think that I'll be able to start my business with my family.

We would like to open a Mexican deli. This will allow us as a family to have financial income and to integrate us as a family.

Over all being independently employed has been a positive for me. It's much better for me. I hope I never have to go back to working for anyone again. I'm managing to get by. I'm still struggling but it's much better because I don't have to work for someone else. When you're low income and you don't have a lot of savings one bad thing happening can really affect you. You need some time to get your business going – and a cushion and I just don't have that.

Evaluation Methods And Design: Building On Measuring Success

In 1997, Women's Initiative began to design and implement a system for on-going longitudinal evaluation of program effectiveness.² The results of follow-up survey interviews conducted between January 2000 and February 2001 were published in a February 2002 report, *Measuring Success: A Report on the Post-Training Outcomes of Microenterprise Training Program Participants*.³ The *Measuring Success* report affirmed that Women's Initiative is fulfilling its mission of assisting low-income women in the San Francisco Bay Area in attaining economic self-sufficiency through entrepreneurial activity by documenting positive business and income growth outcomes. The study measured business and economic success through clients' use of standard business development skills, business growth, and personal economic self-sufficiency.

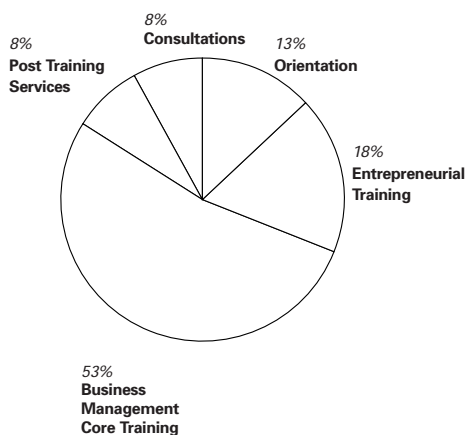
This March 2004 report expands on the findings of the 2002 report by exploring answers to the following questions:

- Do women served by Women's Initiative continue to engage in entrepreneurial activity and attain economic self-sufficiency after participating in core training and do these results measure up to similar results for small businesses? ie: is Women's Initiative fulfilling its mission
- What is Women's Initiative's social return on investment?
- How did Women's Initiative's participants weather the recent economic downturn?

Women's Initiative's on-going outcome evaluation system uses a non-experimental, participatory evaluation model that emphasizes high levels of staff and client participation in design, implementation, analysis, and use. The system tracks the baseline, intermediate, and outcome indicators for all core training enrollees (those served in Spanish and in English). The sample group consisted of enrollees in core training because these clients participated in the most intensive and comprehensive set of services we provide—50% of Women's Initiative's total service hours during the study period. Business management training is Women's Initiative's core business.

The sample's 172 women served in English (79% of 219 enrollees) received 63 hours of business management and personal effectiveness training over a 14 week period through the Managing My Small Business class. The sample's 24 graduates served in Spanish through the ALAS program (62% of 39 enrollees) received between 40-50 hours of business management training in a combination of courses: Personal Finance Management, Exploring My Business Idea, Developing My Business, and Writing My Business Plan. The sample group was enrollees in Developing My Business. All clients in the sample were eligible for one-on-one consultations, post-training services, and financial services—once a graduate, always a Women's Initiative client.

**Women's Initiative
Program Services Breakdown**
July 1, 1999- June 30, 2002



² 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 Economic Opportunities Program, the San Francisco Foundation., and the San Francisco Mayor's Office of Community Development.

³ Available on the Women's Initiative web-site on the publications page: www.womensinitiative.org

Women's Initiative Analysis Methods

Wave or Point-In-Time Analysis is a comparison of all those for which we have data at a point in time. Most common is a comparison of baseline (intake) data to 6, 12 or 18 months after training. These give us 'snapshots' of what was happening for the clients at a specific period of time after the training.

Cohort Analysis compares different groups of clients to each other. The analysis divided the sample into three groups, basing the groups on the fiscal year in which they were served.⁴ A fourth cohort is the group of 24 ALAS clients served in Spanish. These groupings help us to better understand the effects of the economic downturn on clients and the specific experience of ALAS clients after training.

Longitudinal Analysis tracks and describes the experience of a specific individual overtime. These results have the most integrity and are used to support or illustrate the strength of the wave or cohort results.

Social Return on Investment analysis is an economic (monetary) cost/benefit analysis of services to society in general.

External Data Comparison helps set the context and understand how Women's Initiative's results measure up to external business and income growth. The external literature reviewed for purposes of comparison came from a variety of respected industry sources listed in the bibliography of the full report. Comparisons are sometimes more general than an apples-to-apples comparison of similar data sets. Much of the external data about business growth is about small businesses (up to 500 employees—see above for more detailed definitions), not the Women's Initiative clients' micro-businesses (up to 5 employees, with a high percentage of business owners surveyed coming from disadvantaged backgrounds). Thus the business owners surveyed in most of the external reports reflect a more highly educated and higher-earning set of people.

The evaluation methods and design included:

- Longitudinal survey interviews by phone with 180 core training enrollees at 6 months and/or 12 months and/or 18 months after training graduation date. Women's Initiative attempted to contact with 257 enrollees from a total of 21 core training classes. (Time frame: all enrollees from October 1998-October 2001 classes; outcomes until June 2002.)
- 24 Alternativas para Latinas en Autosuficiencia (ALAS) Developing My Small Business enrollees—13% of the of 180 interviewees (ALAS classes starting in March 2001. ALAS outcome evaluation began in July 2002)
- Comparison baseline information from client self-reported applications at intake;
- Qualitative analysis of client comments from open-ended questions about goals, services and needs
- Analysis: point in time, cohort groups, longitudinal, social return on investment, comparison to external literature

The Limits of the Data

- Describes outcomes, not causes (impact);
- Small ALAS and longitudinal sub-groups; and
- Higher number of respondents are graduates than non-graduates.

Comparison of Definitions	Microenterprise	Small Business
Number of employees	1-5	Up to 500
Size of capital or operating loans	Up to \$35,000	\$35,000 - \$2,000,000
Able to access commercial banking services	Generally no.	Yes

Demographic Summary

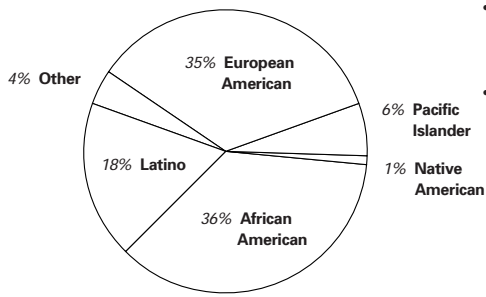
The following demographics describe the survey respondents when they applied to the Women's Initiative program. The resulting profile is similar to the other women served by Women's Initiative during the survey period and is similar to profiles documented in national studies of women entrepreneurs, as well as low income women in general in California.⁵

- **Income:** At entry, nearly all participants were classified as low income or very low income by HUD guidelines, i.e. (\$36,200 for a family of four in FY2000), with 24% with incomes below the federal poverty guidelines (\$16,700 for a family of four), and 13% of respondents

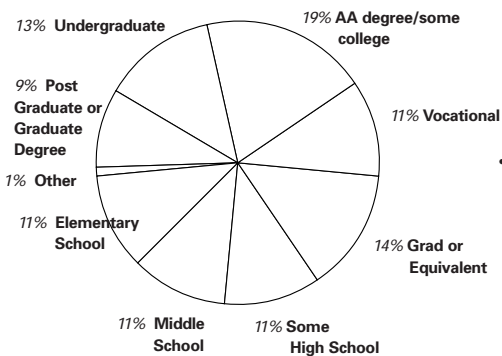
⁴ For example, the first group (Cohort 1) surveyed graduated during the economic boom (February 1999-January 2000), the second group (Cohort 2) graduated during the beginning of the economic downturn (May 2000-May 2001), and the third (Cohort 3) during the height of the downturn (July 2001-December 2001) that included the September 11, 2001 tragedy. During the downturn it was expected that the higher unemployment rates would lead to larger numbers of people seeking self-employment training, falling disposable income spending would make niche markets for entrepreneurs more limited, and in general low and very-low income women would bear the weight of reduced social services. During this period Women's Initiative's goal was to assist women in weathering these consequences of a negative economy by building strong businesses that contribute to strong local economies and recovery of the regional economy.

⁵ Please see various publications by the Center for Women's Business Research <http://www.centerforwomensbusinessresearch.org/Research/index.htm>; the Institute for Women's Policy Research <http://www.iwpr.org>; *Failing to Make Ends Meet—The Economic Status of Women in California* www.tufusa.org/publications.html; *The Entrepreneur Next Door* by the Kaufmann Foundation; *Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California* by the Center for Economic Development and Law http://www.nedlc.org/overlooked_registration.htm.

Ethnicity of Outcome Evaluation participants



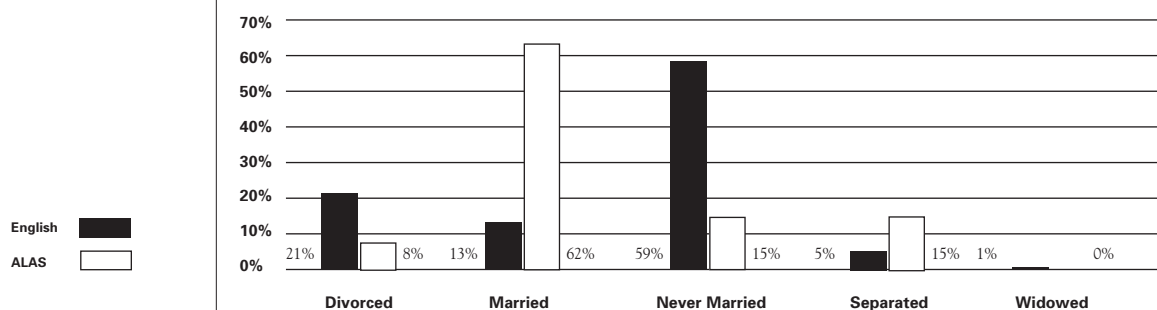
Education Levels of Outcome Evaluation Participants



received welfare benefits (Temporary Aid to Needy Families (TANF)) and/or were required to participate in the state-wide welfare-to-work program, CalWORKs.

- **Age:** The average age for all participants is 42 years both for clients served in English and Spanish.
- **Ethnicity:** Women’s Initiative serves a much higher proportion of African American clients than are represented in San Francisco Bay Area’s general population, with African Americans constituting 36% of the survey respondents, compared to just 9% of the Bay Area population (U.S. Census 2000). While nearly a third of Women’s Initiative clients and 18% of the Bay Area population are Latino, because we began conducting interviews in Spanish in the middle of the study period only 18% of the respondents are Latino.
- **Education:** Overall, participants had an average of 13.5 years of education (just above high school with either some college or vocational training). The ALAS participants had 11 years of education (completed the cultural equivalent of high school), while the participants taught in English had 16 years of education on average (some or completed an undergraduate degree). This was closely in line with the average education level for the City of San Francisco.
- **Disabilities:** Women’s Initiative serves people with disabilities, with 12% of respondents having some sort of disability (defined as “any physical, cognitive, sensory, psychiatric, or other disability”), compared with a 1995 SIPP (Survey of Income and Program Participation) that showed 21% of women nationwide live with disabilities.⁶ We believe that clients have underreported disabilities as a result of issues with the relevant survey question.
- **Household Composition:** While 60% of the ALAS clients were married, 85% of clients served in English were single. More than 30% of respondents served in English were single mothers.
- **Employment:** The Women’s Initiative core training enrollees had, on average, 15 years of employment experience. The participants in the program taught in English had 18 years of experience while ALAS participants had 13 years of employment experience. Twenty percent of the respondents were unemployed at program entry, with later cohorts being unemployed for longer periods than the earlier group of respondents who came in before the recession. Very few of the 24 ALAS program respondents reported being unemployed: this may be due to the classes being offered in the evenings as well as individuals being less likely to qualify for unemployment insurance and other income supports due to issues with immigration status.

Marital Status of Outcome Evaluation Participants



⁶ Chartbook on Women and Disability in the United States. National Institute on Disability and Rehabilitation Research. http://www.infouse.com/disabilitydata/womendisability_1_1.html#figure

Women's Initiative Social Return on Investment

$$\text{Index of Return} = \frac{\text{Social Value Created}}{\text{Cost for Service}}$$

Social Value = \$21.28 million in savings and revenue generated during the study period

Investment = \$1,004,078 million Women's Initiative spent to provide business development services

= 21.20 index of return

- Overall social value calculated for 256 clients using up to 18 months of outcomes from 180 respondents (specific averages and/or totals were used to extrapolate as not all had 18 months of data).
- Overall costs calculated using the MicroTest cost per core training client (based on expenses) for each fiscal year (range: \$2,615 per client in 1999 to \$4,881 per client in 2002).

Savings for study period: **\$6,942,296.00**

- Savings from Public Benefits no longer needed for one year: \$70,012
- Personal savings to enrollees from low WI fee: \$62,600
- Unemployment savings of those who moved off unemployment: \$5,888,172
- Business failure (risk) prevention savings for 41 women who avoided the costs of starting and then closing a business: \$843,656
- IDA savings match for group: \$19,512

Revenue created for the study period: **\$14,347,000**

- Multiplier of local business sales for the local economy = \$10,733,800
- Increased personal income = \$1,950,000
- Increased income for employees of businesses = \$1,368,000
- Sales taxes for products (half of the sales) at 8.25% = \$295,180

Women's Initiative Produces Results

Social Return on Investment Analysis

Analysis of the return on investment in Women's Initiative shows that within the 18 month follow-up period for every \$1 invested in small business training for low-income women, \$21 was generated in the local economy — a social return on investment of almost 500%. For the \$1 million invested in Women's Initiative business development training during the three year study period, \$21 million was generated for society. The report used the term 'society' to include the following factors: the health of the local economy due to revenue from local businesses' 'stay-at-home' profits, additional stimulation of the economy by individual business owners and employees spending of their increased incomes, and savings from public benefits no longer needed. Much of the social value came from three sources:

- 1) New local revenue generated from the economic multiplier effect of local business sales which keep wealth circulating in communities rather than siphoning money off to nationally or internationally owned corporations;
- 2) Increased income for participants and their employees
- 3) Savings created by preventing failed business ventures for those who self-assessed out of the program

The Women's Initiative Social Return on Investment analysis of services contributes to an emerging dialogue within the microenterprise development industry as to how best to represent the value of our programs. REDF, formerly known as the Roberts Enterprise Development Fund, a leader in the movement to document Social Return on Investment (SROI), noted that understanding how to capture and quantify the value created by the nonprofit sector's work has been, and will continue to be, a major challenge. Economic or monetary value may be the most straight forward outcome to measure. Social value is much harder to quantify.⁷ Please see the side bar for Women's Initiative variables and values. There were and continue to be endless other possible social indicators to select—ranging from increases in personal confidence and community leadership to better education and health for children.⁸

In 2001 John Else calculated an estimated return on investment (ROI) for the microenterprise industry in the United States. In his article *Microenterprise Development in the U.S.: Is There a Case for Public Support?* Else calculated least, moderately and most

⁷ Please see the following for examples of social return on investment analysis for similar services calculated using other indicators and time frames: John Else. (2001). *Microenterprise Development in the U.S.: Is There a Case for Public Support? In The Role of Microenterprise Development in the United States.* (International Labor Organization, Geneva, Switzerland). p.57-60. ; *Freedom from Hunger documents Impact Ventures' progress in funding of the Credit with Education program:* <http://www.impactventures.net/theportfolio/measuringperf.html>; *Roberts Enterprise Foundation SROI reporting system:* http://www.redf.org/about_sroi.htm; Susan Zelt, *Social Return on Investment Analysis: Harlem Congregation for Community Improvement, Health and Wellness Division. Poster Session at American Evaluation Association Conference Nov. 2003.* scz2001@columbia.edu

⁸ Examples of other indicators would be more direct social benefits of healthier families and communities: more family spending on education and after school activities for children leads to less incarceration as adults, or spending on better nutrition and self-care leads to fewer chronic illnesses and emergency room visits, etc..

I've used my business skills to make my livelihood doing this for someone else. My paid job is using words. It also sharpens your mind in other things.

favorable estimates to account for the “different assumptions related to the four variables where there are most likely to be differences of opinion.” In the spirit of this exploration Women’s Initiative compared our SROI results to the Else findings as well as to what our results would have been without the three most innovative of the Women’s Initiative variables. In all four cases Women’s Initiative measured up:

• **Comparison to National ROI:** The Women’s Initiative results were higher than the \$2.72-\$2.40 rate of return for each \$1 investment in microenterprise development in the United States as calculated by John Else. Women’s Initiative’s return was \$3.69 to every dollar invested when calculated using the same three indicators as the Else study (savings from public benefits, increased personal and employee incomes).

• **Social Value of Locally Owned Micro-Businesses:** Women’s Initiative’s commitment to community-based economic development made it essential to value and count the contributions very small businesses make to the local economy as part of our social return. WI used an economic multiplier of 3.5 for each dollar of sales generated by the microenterprises to value the additional revenue generated by local businesses within their communities. Using this calculation, Women’s Initiative had \$10.73 million of additional revenue generated by the local businesses. The value of the economic multiplier accounts for an \$18 difference between the Women’s Initiative \$21 and Else’s \$2.4 for each dollar invested. Without this indicator the overall social return was \$11 for every dollar invested.

The economic multiplier rate of 3.5 was pulled from a combination of three different studies.⁹ Two studies compared the revenue and costs of local businesses to chain outlets and the third was an economist’s calculation of input/output dynamics of a local economy. The two studies of chain stores found that in contrast to these kinds of large franchises or box stores, locally owned businesses have a positive economic impact because small businesses:

- make more of their purchases locally (including labor/services);
- spend and give back a higher percentage of their profits locally;
- generate positive returns that in turn generate positive tax revenue for the community (chains generally cost tax payers more than they generate in taxes due to additional required services—such as roads and security); and
- maintain the choice, diversity and character of community services and products.

⁹ See http://reclaimdemocracy.org/independent_business/local_ownership_pays.html for more information.) Another article published in 2000 estimates a multiplier effect of up to five times for independent retailers compared to chain outlets—with the local non-retail business multiplier effect being slightly lower. (Jeff Milchen. *The Benefits of Doing Business Locally*. (See the above web site.) *The U.S. Small Business Administration and the Rocky Mountain Institute* are quoted in a study by the National Main Street Center/National Trust for Historic Preservation in 1997 as saying that three times more of the profits of locally owned, independent businesses are retained in the community than the profits of large chain stores. More complex analysis is done in the study of a community’s economic base and input-output dynamics. A number of possible social indicators are listed and analyzed in Ron Shaffer’s *Community Economics: Economic Structure and Change in Smaller Communities*. Iowa State University Press, Iowa, 1988. pp.256-285. He concludes that at best the multiplier of local consumption generated from local income is 2.5 and at worst 1.05.

I use cash flow to help other people. I use my business skills in my house and in my mind. When I make money I keep all my receipts. I use it at work. We budget now. I work at a center that doesn't have a lot of money so budgeting is really helping.

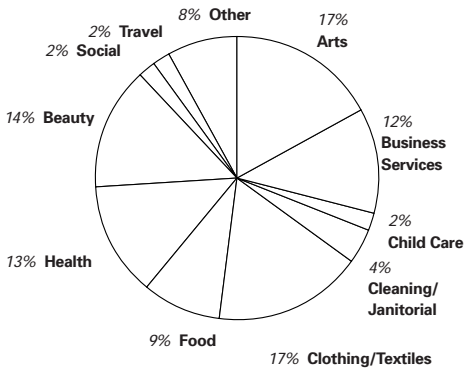
• **Social Value of Successful Risk Management:** The Women's Initiative SROI was \$20 for each dollar invested when calculated without the \$843,656 business failure prevention savings. One of the newest variables developed by Women's Initiative was this savings to a sub-set of participants who did not start a business that was likely to fail ('business failure prevention'). Using the 14% business failure rate after training and the associated costs of those failures, Women's Initiative calculated the savings to 14% of those who chose earlier in the program cycle to not start or grow a business (41 women total). During the entrepreneurial readiness self-assessment phase Women's Initiative considers it a success when participants decide to wait or not to pursue business development. This business failure prevention takes into consideration that 21% of Women's Initiative core training participants would never start a business after core training anyway.

• **Costs of Services Per Client:** Women's Initiative social return was \$3.68 when calculated using the total operating expenses (including fundraising, administration, and direct program services) during the years of the study (\$5,761,114 for fiscal years 1999-2002). Microtest uses these same total operating expenses for the fiscal year to calculate the cost per client.¹⁰ Women's Initiative applied the MicroTest cost per client to the sample group of 256 core training enrollees. Women's Initiative took the number of clients in the sample in a given fiscal year and multiplied it by the MicroTest cost per client. These were totaled to arrive at the actual total cost of serving the sample group. Due to the study design the sample was a sub-set of all those served during the fiscal years of the study and the costs also needed to be a comparable sub-set. Women's Initiative matched outcomes to the costs of training those who produced these outcomes.

Women's Initiative has evidence of other significant positive social and personal outcomes after our services for individual clients. Examples were increased self-confidence when a woman moved from welfare to running her own business, got a job in an industry of her business interest, was inspired to return to school after running a business, or decided not to start a business that would be unlikely to succeed. While we considered these outcomes to be of great value to both the individuals served and our communities at large, the most easily quantified indicators of the contribution program participants' businesses made to their communities and society are economic and are partially captured in our SROI and described in more detail in the following sections of this report. The Women's Initiative hopes this report will help inspire other community-based organizations and donors to support the expansion of this dialogue and our evaluation analysis.

¹⁰ MicroTest, a project of the FIELD program of the Aspen Institute, is a management tool developed by practitioners to monitor program performance and outcomes. Over 60 microenterprise organizations are members as of April 2004. <http://www.fieldus.org/li/microtest.html>

Business Types for All Cohorts



Business Outcome: Ownership

Women’s Initiative program participants continued to start and strengthen their businesses after completing training. These findings support the claim that participation in the Women’s Initiative training leads to business growth. The business growth analysis included all core training participants’ business growth events – not only those interviewed for the survey – and all growth reported up to 24 months after training completion dates.¹¹

- 47% of all enrollees grew their businesses at some point during the study period, with 60% of these businesses experiencing growth in the first 6 months.
- 66% of enrollees operated their own business at some point after training.
- Most start-up activity occurred within 12 months after training, with a slower rate of start-ups during the economic downturn.
- During the study period Women’s Initiative served more women starting new business and fewer existing businesses
- In recent classes, more existing businesses are becoming established.
- Business expansion activity was greater during the peak of the economy’s economic expansion and less during the downturn.

Business Growth Summary by Cohort and Time Periods

	FY99-00 (Cohort 1)	FY01 (Cohort 2)	FY02 (Cohort 3)
Growth Rates			
Enrollees Interviewed			
Consulted After Graduation (n)	91	84	41
Any Growth			
6 Months After Training	63%	58%	64%
12 Months After Training	77%	68%	N/A
24 Months After Training			
New Start Ups	47%	38%	N/A
Expansion\Stabilization of Existing Business	48%	33%	N/A
Established	12%	6%	N/A

Women’s Initiative training does make a difference in business growth rates, with graduates more likely than non-graduates to grow their businesses after training. Keeping in mind that respondents were more likely to be graduates, weighting the findings slightly towards success, 53% of graduates and only 27% of non-graduates surveyed experienced business growth.

In comparison, a Center for Women’s Business Research study of small businesses with a mixed income-level target group found that over 50% of the women entrepreneurs surveyed reported that their businesses had grown somewhat or a great deal in the past three years, versus similar results for Women’s Initiative clients in a shorter period of time, up to 2.5 years. According to a report on total global entrepreneurial activity funded by the Kauffmann Foundation, total entrepreneurial activity slumped in the U.S. during the years of the Women’s Initiative study.¹²

¹¹ Information about business growth was reported monthly by the Women’s Initiative training staff as well.

¹² Global Entrepreneurship Monitor (GEM). National Entrepreneurship Assessment United States of America 2002 Executive Report. http://www.kauffman.org/pdf/us_gem_2002.pdf

Business Outcome: Survival

From existing data the indications were that Women's Initiative business survival rates were consistent with or slightly lower than national business survival rates for longer periods of time.

- 84% of the businesses owned by the first Women's Initiative group survived for at least one year (46 enrollees in Cohort 1)
- 96% of the businesses owned by the second Women's Initiative group (24 enrollees in Cohort 2) survived for at least one year after graduation from training

Women's Initiative will need to make programmatic decisions about how intensively and for how long services for more mature businesses will be offered. Only when more long-term information about business survival is available can we draw conclusions about long-term business viability.

- One year survival rates compare favorably to national averages. Nationwide research on microenterprises demonstrates that survival rates range from 57-90 % for periods of at least 2.6 years.¹³
- 18 month survival rates are comparable with a national study. Cohort 1's survival rate of 81% at the end of 18 months is comparable with the Office of Refugee Resettlement (ORR) data which shows an 89% survival rate at the end of the grant periods, which represents an average survival period of 12-18 months at the time the participants were surveyed.¹⁴
- Comparison to 2+ year survival rates: A Self-Employment Investment Demonstration (SEID) study of businesses started by welfare recipients found a 79% survival rate for businesses surveyed on the average 2.6 years following start up. For a comparison to the general population, the Small Business Indicators documented a 76% survival rate for businesses at two years and 50% for small businesses and microenterprises still operating after four years. The Self-Employment Learning Project longitudinal survey found that 49% of the businesses started by people in its poverty subset were still operating after 5 years.¹⁵ In the coming years Women's Initiative will have business survival data for comparable time periods.

Business Outcome: Business Financials¹⁶

Women's Initiative clients' businesses appeared to be steadily increasing their sales and profit margins. Annually, Women's Initiative businesses generated \$3,577,936.50 in sales averaging \$28,809.09 per business during the study period, with an average 50% profit margin.

¹³ Nelson, Candace, Editor. (Fall 2000). *Microenterprise Fact Sheet Series: Microenterprise Development Works!: Outcomes for Clients*. Association of Enterprise Opportunity (AEO) Web Site: www.microenterpriseworks.org. page 3.

¹⁴ *The Role of Microenterprise Development in the United States March 2001*, Association for Enterprise Opportunity, 95 pages. P.33

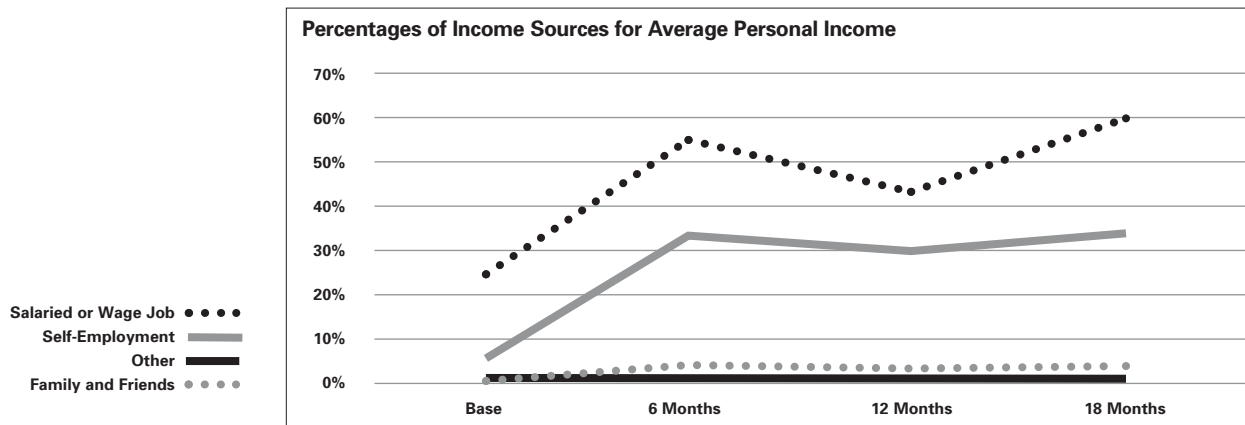
¹⁵ *The Role of Microenterprise Development in the United States March 2001*, Association for Enterprise Opportunity, 95 pages. P.34

¹⁶ *Women's Initiative used two analyses to examine growth in business financials. The first was a wave analysis in which we compared the average values of financial data for the respondent groups at each point in time. Because we were unable to interview the same clients in each round of interviews, differences in averages may reflect the different composition of clients in each sample. Therefore, to affirm trends suggested by our wave analysis, we have conducted a longitudinal analysis by matching outcome data to intake data for clients for whom both sets are available.*

I feel so comfortable having money and making money. Before my husband did that. Now I budget. If I feel like I'm going to need more money I can plan for that.

Personal Income Changes

Women's Initiative clients overall showed a significant increase in earned income after completing training. On average their earned incomes nearly doubled during the period of the study. While 32% of the increased income was from self-employment by 18 months after the training, most of the remaining income came from wage or traditional employment at a better job. It should be highlighted that most comparison data tracks household income, Women's Initiative analyzes incomes of the individual client and not her total household. Since 63% of the sample were single women this means that the remaining 37% are likely to have additional household income from partners who were not included in the following results. These findings can also help us understand how close a woman was to economic independence—irrespective of her likely reality of a larger shared household income.



Income Outcome: Personal Income

The average earned income combined salary or wage jobs earnings and self-employment earnings. The average total earned income at baseline was \$13,472 and by 18 months after training the average income had increased to \$24,951—an 85% increase. (It should be noted that the median income was similar.)

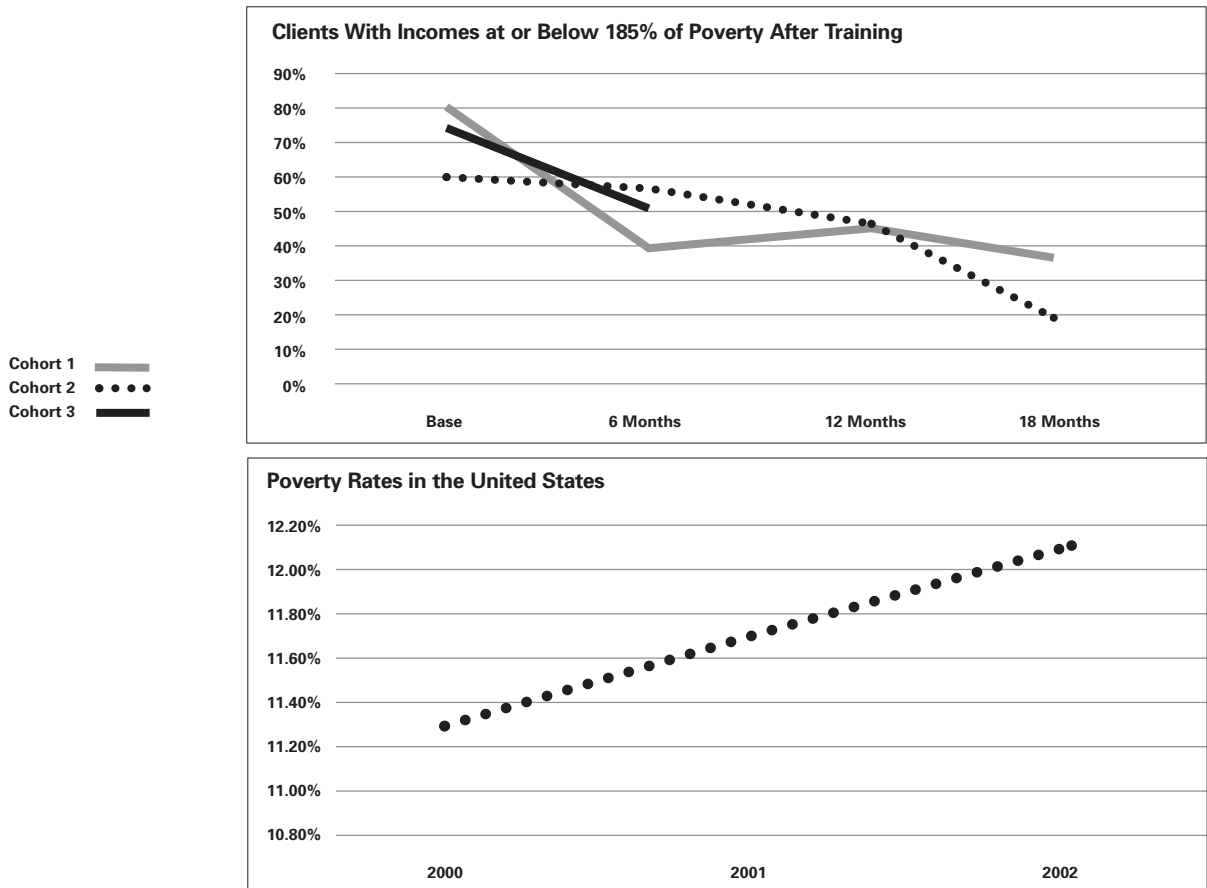
Income from self-employment increased more dramatically than any other income source: from 7% to 32% of total personal incomes on average. (The actual dollars from her business each year went from \$2,361 at baseline to \$7,323 at 18 months.) These findings were confirmed by the longitudinal analysis of the data. Wage employment appeared to play an important role in the transition to self-employment. The Women's Initiative trainers, curricula, and services can now affirm this reality with participants. Services are increasingly tailored to support women who juggle multiple responsibilities: job, business, home life, and contribution to community (church, school, and other formal or informal service activity). During the economic downturn it was expected that the higher unemployment rates would

ALAS has given me 100% security in the work area. For me it was great because even though I had experience in the business area I learned to be able to defend myself. They taught me that I could improve my business. I learned things that have helped me get more sales.

lead to larger numbers of people seeking self-employment training, falling disposable income spending would make niche markets for entrepreneurs more limited, and in general low and very-low income women would bear the weight of reduced social services. During this period Women’s Initiative’s goal was to assist women in weathering these consequences of a negative economy by building strong businesses that contribute to strong local economies and recovery of the regional economy.

Income Outcomes: Poverty Reduced and Self-Sufficiency Increased

Fewer Women’s Initiative survey respondents lived with poverty-level incomes after training—with 70% of participants living within reach of poverty at the beginning of training and only 28% 18 months later.¹⁷ While overall poverty rates in the U.S. increased from 11% to 12% of the general population between 2000 and 2002, the poverty rates of Women’s Initiative clients drastically decreased. Taking data that is completely within the 2000-2002 time range, Cohort 1 poverty rates decreased 19% from 12 months to 18 months, Cohort 2 decreased 13% from baseline to 18 months, and Cohort 3 decreased 9% from baseline to 6 months. While the initial percentage of respondents with poverty-level incomes were much higher than the U.S. statistics, in all cases they dropped to below the overall percentage of the general population with poverty-level incomes.



Source: Poverty Climbs, Incomes Slide, Census Releases Numbers on Household Finance. By GENARO C. ARMAS, AP, Copyright 2003 The Associated Press <http://aolsvc.news.aol.com/news/article.adp?id=20030926100709990003&mpc=news%2e6>

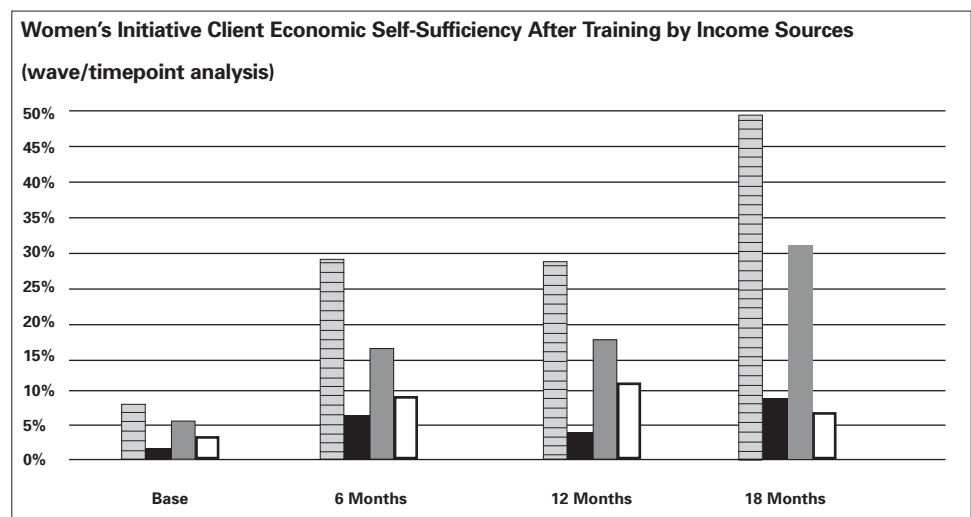
¹⁷ "Within reach of poverty" was defined based on the federal Department of Health and Human Services (DHHS) national poverty guidelines increased by 85% to adjust symbolically for San Francisco cost of living. For a family of three this would be an income of \$25,678 a year.

In ALAS they encouraged me so that I wouldn't back down from my business idea. I felt supported and this is priceless. This has been important both for me as a businessperson and for my family because we are building the business very fast.

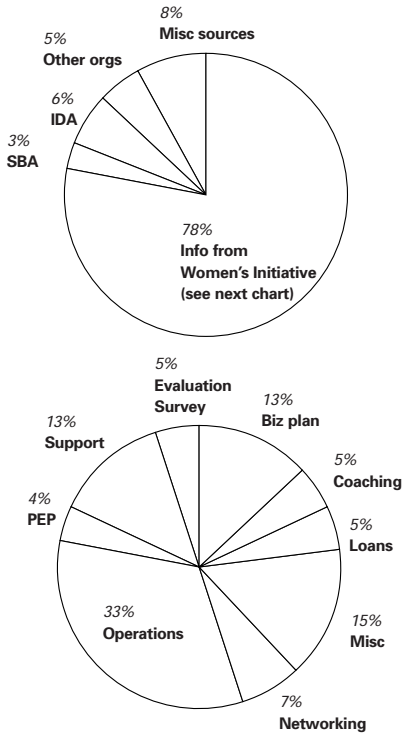
Unlike the federal poverty standard, the 2000 self-sufficiency Standard, takes into account county of residence, family size, family make-up, and expenses such as housing, food, transportation, taxes, tax credits, healthcare and childcare to calculate wage adequacy. The self-sufficiency standard for a family of four, with two adults and two school age children in San Francisco County was \$49,156 in 2000 – approximately three times the federal poverty standard.

Comparison of Year 2000 Income Guidelines for San Francisco County			
Size of Family Unit	self-sufficiency Standard	100% DHHS Poverty	100% HUD Median Area Income
1 adult	\$22,764	\$8,240	\$50,700
2 adults	\$54,624	\$11,060	\$57,000
1 adult, 1 preschool, 1 school age child	\$50,640	\$13,880	\$65,200

Nearly 50% of Women's Initiative participants achieved self-sufficient incomes within 18 months of program completion, compared with 7% at program entry. These results are particularly impressive given that they are based on her income alone. Greater numbers of participants achieved adequate incomes from wage employment (i.e. jobs) but self-employed participants made the largest gains in income. Micro-entrepreneurs often 'patch' together multiple sources of income—primarily income from a wage job with self-employment income. Common reasons for patching include wage jobs giving them more security and access to health insurance. Patching may be most appropriate during the start up phase of their business, the specific industry or personal circumstances, and/or if they lack of the capital to grow their business large enough to live off of the profits alone or while they are saving for future business growth. Over time increasing numbers of Women's Initiative-trained business owners transitioned to economic self-sufficiency through business income alone as opposed to patching business income with wages from a job. Economic self-sufficiency was a much greater challenge for women receiving public benefits. Of the 35 women receiving benefits at enrollment for whom we had follow up data, 5 (14%) achieved economic self-sufficiency.



Of all the information and received over the past six months, what has been the most helpful for you at this stage of your business?

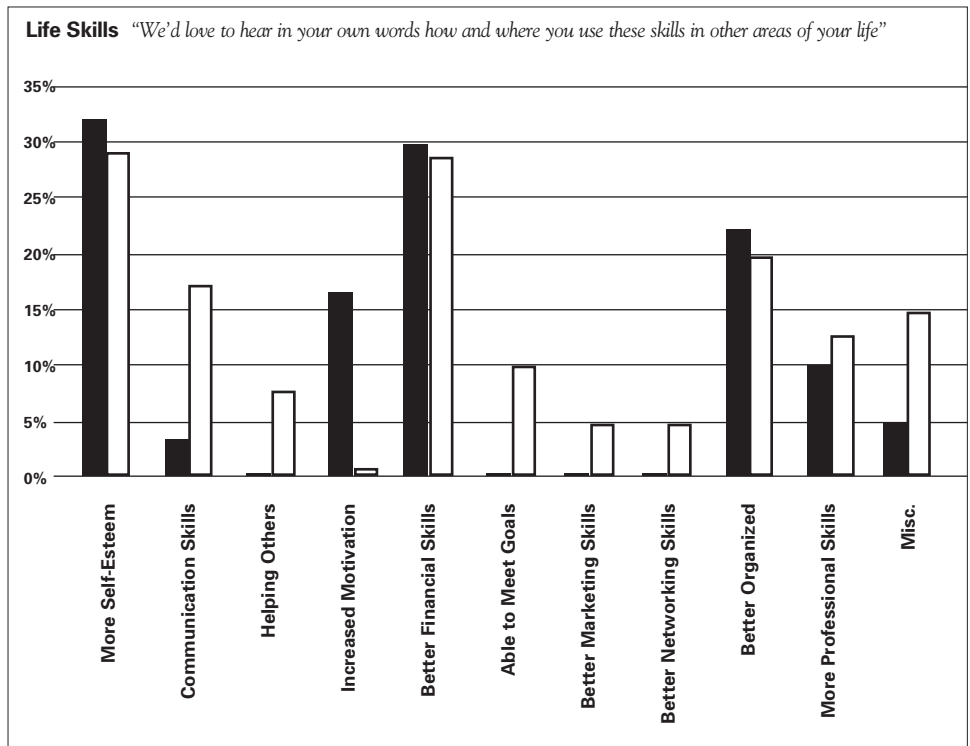


Most useful information from Women's Initiative program in English

Other Personal and Social Outcomes

In addition to these quantifiable economic benefits, economic independence and stronger life skills translated into many other positive personal and social outcomes. These included better health, increased financial literacy, and the pursuit of higher education. For example, women reported that the skills they learned in Women's Initiative trainings were transferable to other areas of life, including employment in a business owned by someone else, i.e. a wage job. In an open ended survey question about transfer of skills, the most frequently mentioned uses for the skills were increased self-esteem and financial management. Trainers also observed that after training clients were better able to allocate their time and income, both in their personal and professional lives. Though Women's Initiative is best known for helping women start successful businesses, the role of our entrepreneurial readiness and business assessment workshops in helping women decide that their business idea is not viable cannot be underestimated.

In addition, 78% of clients surveyed cited Women's Initiative as the most helpful source of information and assistance they received during the last six months. Clients reported that the most helpful services reported were the business operations and planning, followed by general networking and support.



The class was wonderful! All the material that was taught—having it all in one place—was necessary. Being able to be with other women who were doing this crazy thing called starting a business was very empowering. And the fact that it was racially diverse and taught by a woman of color was very empowering.

Conclusions

Program implications—

- Business growth: trainers can now help clients develop realistic expectations, i.e. that business start ups or major growth does not happen in the first six months after training—50% happen within the first year after training.
- Wage employment appears to play an important role in the transition to self-employment. Women’s Initiative trainers and training can now affirm this reality with their clients.
- Given that clients’ businesses are growing and surviving at respectable rates, Women’s Initiative will need to make a programmatic decision regarding how intensively and for how long services will be designed and offered for the maturing businesses—those with more employees and capital needs. Many business training programs nationwide offer services that expand the clients’ access to markets. The program will need to decide if Women’s Initiative’s role is to bring businesses to the small business level and then refer them to more readily available services for small businesses (local chambers of commerce, Small Business Development Centers, etc.).

Strategic organizational implications—

During the evaluation period Women’s Initiative clients successfully achieved the organizational mission of attaining economic self-sufficiency through entrepreneurial activities. During strategic planning Women’s Initiative may recommit to the existing organizational mission of increasing the rates of economic self-sufficiency attainment by low and very low income women. Clearly defining the overall definitions of success (‘bottom lines’) will help clarify who and what the emphasis of service best accomplishes the mission. If the organization decides to increase the rates of business growth and survival, then significant attention needs to be paid to attracting and training women with businesses at multiple levels of growth stages (with an emphasis on start up and existing businesses) and intensifying post-training business support services within the first year after training. If the organization decides to increase the rate of service to those most in need then significant attention needs to be paid to strengthening the entrepreneurial readiness stage, including career planning and support services. Ideally, increasing the numbers of women served would not sacrifice the quality of service or the results. Growth will need to be paced over a number of years to achieve level quality during expansion.

Microenterprise Industry Implications—

- Microenterprise training programs, such as Women’s Initiative, appear to be more effective at alleviating poverty by increasing incomes than job training programs and equally effective at raising incomes as college-level education. Two studies of job skills training outcomes show increases in income after training that are half of the increases

experienced by Women's Initiative respondents.¹⁸ Many studies have documented the strength of a secondary education as a strategy for leaving poverty behind.¹⁹

- Women's Initiative's social return on investment augments other findings of the positive contribution microenterprise training programs and the businesses make to society.
- The industry needs to continue to increase and strengthen services for those most in need—women and women of color who make up the largest percentages (after children as a group) of those living in poverty. Due to the glass ceilings experienced by women of color in the work force (African American and Latinas make less to the dollar than Asian and European American women), self-employment is a truly viable option with the most potential self- and community-integrity.

¹⁸ *The Workforce Alliance*. September 2002. *Skills Training Works: Examining the Evidence* p.6 www.workforcealliance.org. and *Institute for Women's Policy Research*. April 2002. *Job Training and Education Fight Poverty*. p.2 www.iwpr.org.

¹⁹ *Institute for Women's Policy Research*. April 2002. *Education and Job Training Build Strong Families*. www.iwpr.org. and *Center for Law and Social Policy*. May 2002, *Credentials Count: How California's Community Colleges Help Parents Move from Welfare to Self-Sufficiency*, Anita Mathur with Judy Reichle, Chuck Wiseley and Julie Strawn. May 2002, www.clasp.org

Women's Initiative

For Self Employment

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