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West Company

INTRODUCTION

West Company (West) began operations in 1988 and serves all of Mendocino County, a rural county located on the northwestern coastal section of California. West has its headquarters in Ukiah, an inland city, and a branch office in Fort Bragg, which serves clients on the coast. Although the program was initiated to serve women, credit and training are now provided to both women and men.

Mendocino County is located in northern California, bordered by Sonoma, Lake, and Glenn counties to the south, Trinity and Humboldt counties to the north, and the Pacific Ocean to the west.



The northern coastal region of California has been significantly dependent upon the timber industry for most of its history. Until the 1920s, this region's coastal redwood forests served a local (California) market; from the middle of the 1920s, a national real estate boom created a far larger market for California timber. According to Belzer and Kroll (1986), the state's lumber production peaked in 1955 with more than six billion board feet produced (Belzer and Kroll 1986, 2).

Figure 7.1 Mendocino County, California

Demand for lumber is generally tied to new housing starts. Belzer notes this trend and points to the prolonged stagnation in housing in the 1970s as a key factor in understanding the downward trend in demand for California lumber.

Second only to Humboldt, Mendocino County was a leader in the timber industry. The dependence of the county on a single resource, however, led to significant hardships as the industry declined. Table 7.1 illustrates the dependency of this county on the lumber industry, as well as its recent decline.

TABLE 7.1
Lumber and Wood Products (SIC* 24)
Mendocino County

	1978	1981	1992	1995
Employment	4,229	3,506	2,300	2,267
Percent of workforce	17.5	14.2	N/A	9.91

* Standard Industrial Classification code

Source: Belzer and Kroll (1986, 9); 1992 Economic Census; and 1995 County Business Patterns

DEMOGRAPHIC AND ECONOMIC BACKGROUND

The county is primarily rural, as mentioned above. There were 1,088 farms in 1992, nearly the same number as in 1978. Most of the county's residents—approximately 70 percent—live in unincorporated areas. The largest city, and the county seat, is Ukiah, with a population of about 15,000.

Long-term unemployment data show that Mendocino County roughly follows national trends but consistently has had unemployment rates three to six points higher than national averages (Figure 7.2).

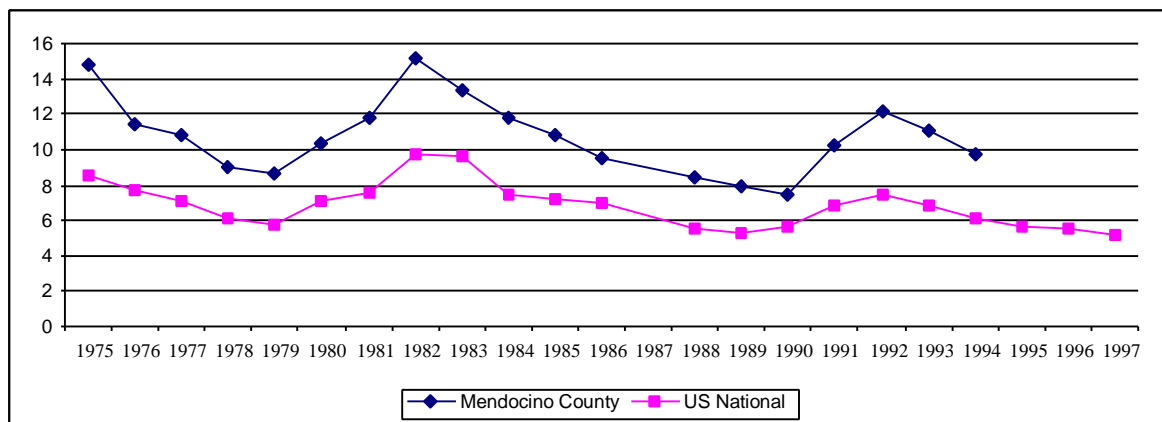


Figure 7.2 Civilian labor force unemployment rate, Mendocino County and U.S., 1975 to present

Source: U.S. Bureau of Labor Statistics

Mendocino County traditionally has been poorer than the rest of the state. Recently, however, Mendocino County experienced some modest growth in income levels. The average annual growth rate of per capita personal income over the past ten years was 4.5 percent. The average annual growth rate for the state of California was 3.9 percent, and for the nation, 4.9 percent (BEA 1995).

Other Agencies

Mendocino County sponsors a Business Incentives Program designed to encourage economic development. Services provided include site location assistance, economic and demographic data, permit assistance, employee training through local community colleges, and a revolving loan fund. The County is marketing the quality of life in Mendocino—redwood forests, the Pacific Ocean, good schools and health care, as well as a “bustling economic environment” (Mendocino County 1997).

Public Support for Microenterprise

West Company is the only microenterprise program operating in Mendocino County, although neighboring Lake County does have a publicly funded revolving loan fund. There is no public funding at the local level. At the county level, West previously had a very good relationship with the Mendocino County Economic Development Agency, but funding for that agency was historically sporadic and the agency effectively ceased to exist when the last director left in 1995. West also participates in a group called Mendocino Works, which is an informal collective of 86 organizations—ranging from the California Conservation Corps to the Mendocino Transit Authority to the College of the Redwoods—that meets as necessary to discuss problems and issues affecting the county.

West Company is a founding member of California Association for Microenterprise Opportunity (CAMEO), a statewide trade association for microenterprise programs. Sheilah Rogers, executive director of West Company, is a board member of CAMEO and works specifically on policy issues. California historically has not supported the microenterprise movement. For the past three years, Dianne Watson, a state legislator, carried a microenterprise bill. Last year, this piece was included in the welfare-to-work plan, but Governor Wilson vetoed the budget, and the bill therefore is being implemented without a funding stream.

DESCRIPTION OF CASE PROGRAM

History, Mission, and Philosophy

West Company (West) was formed in 1988 and is incorporated as West Enterprise Center. At the time of its inception, West served women exclusively but it is now open to both

women and men. The program is designed to serve low-income people, especially women and minorities, by providing professional planning and management training, consulting, peer support, and access to capital. West partners with other community agencies and contracts to provide services with the Mendocino County Small Business Development Center. West serves all of Mendocino County, a rural area with a population of 86,000 and an economy dominated by agriculture and tourism. The program's headquarters is located in Ukiah, which is about 100 miles north of San Francisco. A smaller office, opened in 1990 and located in Fort Bragg, serves the coastal part of the county.

The mission of West Company is to promote microenterprise as a strategy to increase economic self-sufficiency and social well-being for people with limited access to economic resources. West Company accomplishes this by providing business assistance and access to capital and by fostering policy development that supports microenterprise.

Methodology

Application and Screening Process

Prospective clients approaching West Company with an interest in obtaining credit and/or training first go through an orientation, to learn about the services the program offers. Some clients self-select out at that point if they recognize that the program is not a good fit given their particular needs. According to Toni Klein, the business development director, "A common reason is that many people can't handle the structure, and don't want to make the time commitment needed to completely research their idea." The next stage is attending a one-half day "Starting a Business" workshop in which needs can be assessed and a work plan designed to meet those needs. Individual consulting follows this workshop. Klein generally works with those who are in the start-up phase of their business; those who have larger businesses, or who have been in business longer, are typically referred to one of the SBDC consultants who work with West Company. Sometimes a client will work with Klein for several months before moving on to another consultant once his or her business is past the start-up period.

West Company screens clients to determine their readiness for specific programs. According to Klein, clients come to West Company looking for different things. Some go through the initial feasibility analysis and then leave, either because they realize that their business idea is problematic or because that is all they need at the time.

Target Population

Mendocino County is a poor county with historically high unemployment; West Company targets low-income people. The first funding West Company received (from the James Irvine Foundation and the SBA Office of Women's Business Ownership) was explicitly for women, and West Company started out serving women exclusively. When it became obvious that there was a real need to serve men, given the declining nature of the timber and fishing industries that had long supported the Mendocino economy, West Company opened its doors to men while maintaining a commitment to serving women, particularly low-income women. According to Sheilah Rogers, executive director of West Company, "There is a greater need to serve women, and they have different issues." West Company built a close relationship with the Department of Social Services and works with women on TANF (Temporary Assistance for Needy Families, formerly AFDC). Five percent of the clients served during the past five years were on public

assistance at the time of intake into the program. West Company's current client population is about 70 percent women and 30 percent men.

In 1997, West Company received a three-year grant from the Charles Stewart Mott Foundation to work with the welfare population. This funding supports West Company's business resource groups, which are designed specifically for very low-income women. These programs, which operate twice each year in two locations, run for about five months and are more structured than the rest of the West program.

The Latino population of Mendocino County has increased in recent years, leading West Company to do outreach specifically geared toward this group. Many Latinos in Mendocino County live outside the city limits of Ukiah. They work in agriculture, wineries, and lumber mills. According to Celia Mendoza, the bilingual program manager who works with this population, several challenges to serving this group exist. Some do not have access to transportation and therefore have trouble attending meetings. Others have low literacy and/or poor math skills. Affordable child care is also a major need. Cultural issues also exist. One woman's husband was threatened by her desire to pursue self-employment and asked her to stop attending classes, which she did. Others, who may have experience running businesses in their own countries, have trouble learning about the strict regulatory environment in which U.S. businesses must operate. According to Mendoza, some "do not understand the health regulations [for food businesses]. They don't want to deal with that. They want to start now, and they want to set up a table and some chairs and sell, because that's how business was conducted in their country." At the same time, a tradition of entrepreneurship exists in this population. According to Klein, the Latino population is "very motivated, very entrepreneurial, and they see small business as an option, as a way to get out of minimum wage jobs."

Training

The West Company's loan preparation program is designed to help potential borrowers define their business development goals and evaluate their capital needs. Potential borrowers participate in credit education and financial management sessions and refine their business plans for loan application. The curriculum consists of four chapters covering feasibility, management, marketing, and finance, which clients work through with the help of their business consultants. Completion of all four chapters results in the completion of a business plan.

At West Company, about 40% of the clients work through the business plan training on an individual basis rather than in group classes. According to West business consultants, this decision is based largely on the lack of population density in Mendocino County. There simply are not enough people to run classes continuously. In addition, clients travel significant distances, come to West Company at different stages of their business, and have a range of other time constraints, making the task of scheduling group classes and attracting adequate numbers of participants nearly impossible. After being assigned a business consultant, clients begin preparing their business plans aided by a checklist. According to Toni Klein, who does the majority of training at the West Company's Ukiah office, most clients schedule monthly appointments with her to work through the curriculum. It generally takes about six months for them to become ready to borrow, although the length of time varies greatly depending on the client's motivation and other commitments. The one-on-one nature of the training allows the business consultants to use the curriculum very flexibly. According to Klein, "Things are not linear—they are all tied together."

After the business consultant reviews the business plan and finds it satisfactory, she refers the client to the loan fund manager. In addition to the one-on-one work they do with business consultants, loan clients are required to attend a credit education seminar scheduled by West Company.

West Company also requires that borrowers continue to participate in technical assistance for the entire term of their loans. Upon approval from the loan committee, clients are required to sign a technical assistance agreement to meet quarterly with either the loan fund manager or with their business consultant. Clients are also required to provide West Company with quarterly profit-and-loss and balance sheets.

In addition to individual consulting, West Company offers workshops on topics that generate a great deal of interest. These include: Shoebox to Spreadsheet, a workshop for people who want to learn how to keep records for their business; basic marketing; and Starting a Business.

Ongoing groups include the business resource groups for low-income women, which was described above, and Flexible Business Networks (FBNs) – a new strategy to address access to markets. West Company also offers training in conjunction with the Fort Bragg Chamber of Commerce, the College of the Redwoods, and Mendocino College.

Lending

West Company provides credit through three loan programs: Individual Loan Program; Opportunity Loan Program; and Peer Lending Circles. Under the Individual Loan Program, the West Company grants loans ranging from \$250 to \$5,000 coupled with an individualized program of technical business assistance. Potential borrowers enter a loan preparation program for a six-month period. They participate in credit education and financial management sessions with West Company business consultants, during which they refine their business plans prior to loan application. Upon completion of the program, participants are eligible to apply for loans with one- to two-year terms. According to West Company literature, the purpose of the Individual Loan Program is to provide access to capital for individuals who may not qualify for traditional lending programs. The technical assistance component of this program enables borrowers to assess their business development goals and evaluate their capital needs. Loan approvals are based on the quality of the relationship between the applicant and his or her business consultant(s), along with credit history, available collateral, and other assets. Approval for individual loans is given by the loan fund committee, which meets on the second Wednesday of each month at the Ukiah office. Carol Steele, West Company's loan fund manager, uses a checklist when evaluating loan applications:

I look for cash flow projections, and of course how they will make loan payments. And I look for what resources they have and if they can make the payment from the business. We order credit reports, but for information only. We don't base decisions on that.

One of West Company's primary goals is to make clients bankable. West partners with small, local banks to buy into larger loans. According to Ross Welch, a loan officer at Savings Bank of Mendocino County who has worked with West Company's Fort Bragg office for the past few years:

You want them to be bankable, and they get them there or teach them to be bankable. To start a business, you have to figure out all the costs, and they do that. . . . It also weeds out people who don't have the passion, who don't want to get into the numbers. [Getting through the West program] shows the dedication.

The purpose of the Opportunity Loan Program is to provide access to capital to individuals who require a small amount of money—between \$100 and \$250—immediately. West Company requires verbal credit reports as well as personal references for all borrowers. These loans are written as demand notes, and all are due and payable within 90 days. These loans require less bureaucracy. Approvals can be made by two loan fund committee members, rather than a majority.

When West Company began operations, it emphasized peer lending. It has since largely phased out this program, and West is not encouraging any others to start. In the Peer Lending Circles loan program, the members of the circle must follow the policies and procedures set by the group. West has had five groups that dissolved very quickly, a couple that lasted long enough to accomplish what they were intended to accomplish, and one that lasted five years and just recently disbanded. West peer groups required a large time commitment, and many clients barely have enough time for their lives and their businesses as it is.

West Company made 55 loans between 1993 and 1997. Table 7.2 illustrates loans by year.

TABLE 7.2
West Company Loan Fund History

<i>Year</i>	<i>Number of Loans</i>	<i>Average Loan Size</i>
1993	11	3,266
1994	10	3,019
1995	9	3,417
1996	8	1,051
1997	17	\$2,650

Source: Data provided by program

Those clients interviewed who have obtained loans from West Company have used them for a range of purposes, from equipment (a massage table, a potter's wheel and kiln) to credentials (licensing fees) to working capital (paper for making cards, clay) to purchasing buildings. Some clients rely on West Company for credit and have taken out several loans. Others have graduated to banks.

Relationships with Other Organizations and Institutions

West Company is a small program operating in a large and very dispersed county. The partnerships it has entered into with other organizations and institutions help West Company reach a larger population and leverage greater resources than it could acting on its own.

West works with the SBDC in both the inland and coast offices. The financial structures of West and the SBDC are separate, but the provision of services is quite fluid. Although some staff believe that the partnership could be improved, Rogers claims that the relationship with the

SBDC enables West to serve more clients, and a broader range of clients. The partnership, she says, is “a way to offer more.”

County-wide, West Company works with two community colleges, the County of Mendocino Department of Social Services (DSS), and the Private Industry Council. West Company works with DSS on a welfare-to-work program called Job Alliance. West and Job Alliance provide coordinated services to people on TANF who are trying to become self-employed. According to Judy Morgan, the resource person for the Job Alliance program:

If someone [on welfare] is there [at West] trying to start a project of their own, they would be better off over here. We think it is to their benefit because we can get them child care and transportation, to give them time to work on their project, plus get them some money if they are just starting out. They have six months before they need to make minimum wage.

In Ukiah, West Company collaborates with Mendocino College for two purposes: 1) to continue to develop collaborative curricula and services to assist local small businesses with their business planning, start-up and/or expansion needs, and 2) to develop a regional workforce development plan with other training and service providers. One of the latest ventures between West and the college was a series of specialty short courses for production-based textile, fashion, and home interior businesses. The courses were team taught by Mendocino College, West Company, and private-sector instructors and employers.

In Fort Bragg, West Company partners with the Chamber of Commerce, the College of the Redwoods, and the Savings Bank of Mendocino County. The latter relationship was described in the section on lending, above. At one time, West had a collaboration with Advancement Enterprises, which provides life skills training for welfare recipients. Although the need for that kind of work continues to exist, this program lost its funding and ceased operations. In addition, the City of Fort Bragg has committed to the establishment of a loan fund for small business owners who live in the city.

Many of these relationships grew out of Mendocino Works, a county-level association of organizations that work together on economic development and labor force issues.

Changes in Mission and Methodology Since Inception

Perhaps the biggest change in the mission of the West Company was the expansion of the program to serve men. According to West staffers, this decision was made out of necessity, because there were not enough sources of funds to support a women-only program. This shift to serving men had something to do with another major change—a new focus on individual lending rather than peer lending. The way West peer groups were structured required a significant amount of staff time, and the individual training and lending seemed to yield a greater return. The West Company started out doing only peer lending, but quickly added individual loans after it reached the realization that not everyone would commit to the long-term work of building a group.

Funding

Current Sources

Table 7.3 shows West's sources of funding and the percent of the 1997 budget that comes from each source. Over the past five years, West Company has increased the portion of its budget that comes from private foundations. Staffers credit the program's greater visibility, which has enabled it to establish relationships with national funders, for this increase in foundation funding. In addition, the program has seen an increase in its contracts to use funds available through local sources. West has formed relationships with local economic development practitioners that have led to these contracts. These practitioners have exhibited a greater willingness to collaborate with West as the program has become more established.

TABLE 7.3
West Company 1997 Budget

<i>Source</i>	<i>Amount</i>	<i>% of Budget</i>
<i>Federal</i>		
Forest Service	\$50,000	15
SBA (OWBO)	7,500	1
<i>State</i>		
Redwood Empire SBDC	34,800	10
<i>County</i>		
Mendo County CDBG	69,647	28 (combined)
Fort Bragg CDBG	24,750	
<i>Private</i>		
Mott Foundation	61,613	46 (combined)
Ms. Foundation	55,024	
Share Our Strength	6,925	
Ms. Foundation	2,413	
Unrestricted Funds	11,050	
Reserve	10,965	
Wells Fargo	8,359	
TOTAL	\$343,046.00	

Source: Data provided by program

Outcomes

West Company has served 1,108 clients since 1993. West defines a client as anyone who has received technical assistance. Table 7.4 illustrates the number of clients served in each of the last five years.

TABLE 7.4
West Company Clients Served 1993–1997

Year	Number of Clients Served
1993	218
1994	186
1995	154
1996	174
1997	376

Source: Data provided by program

Of the 1,108 clients served, 3 percent obtained loans and 11 percent started businesses. One hundred percent of the businesses West Company has helped were still in business one year later, and 80 percent were still in business after three years.

Business-related Outcomes

Of the 1,108 clients served in the past five years, 423 are in business. Of these 423, 126 have started businesses and 49 have expanded their businesses. West counts the remaining 248 as stabilized businesses, although some clients may have been start-ups that stabilized and then even expanded during this five-year time period. Of the 423 businesses served in the past five years, 267 were in the service sector, 87 were in retail trade, 33 were manufacturing businesses, and 25 were wholesale businesses. Twenty-four percent of these businesses have employees; they have created a total of 126 jobs. Sixty-three percent provide the primary source of income for their households. Thirty-nine percent of clients (168) had prior business experience, although not necessarily in their current line of business. The listing below provides a more-detailed breakdown of the businesses served in the past year.

Business Served by West Company, 1997

Manufacturing	Restaurant (4)
Candles	Street Vendor
Clothing/Costumes (3)	Variety Store/Specialty (9)
Hemp Products	
Machines/Tools (2)	Service
Skin Products / Botanics (2)	Alterations
Wood Furniture and Tools (4)	Answering Service
	Building (10)
Retail	Communications
Beauty/Skin Products (3)	Cosmetology
Bicycles	Costume Rental
Clothing (3)	Editing/Writing/Self-Publishing (7)
Collectibles	Electrology
Computer/Software/Accessories	Engineering
Cosmetology	Entertainment-Radio (7)
Crafts-Beads (2)	Event Coordinator
Farm Supplies/Saddlery (2)	Financial-Accounting (4)
Food (13)	Service (cont.)
Florist (3)	Food—Catering
Gift/Greeting/Paper (4)	Framing (3)
Jewelry	Graphic Design

Health-Fitness (2)	Tourism: Lodging, Reservations (3)
-Hypnotherapy (3)	Upholstering
-Martial Arts	
-Massage (9)	Wholesale
-Providers (8)	Agriculture / Nursery (3)
-Training	Auto Supplies
Interior Design Consulting	Coffee
Landscaping (3)	Building Materials
Leadership Building Consultants (2)	Leather Bags
Legal (2)	Water—Bottled
Photography	
Printing (2)	Artists
Real Estate (2)	Ceramic, Pottery
Repair (6)	Paints, Drawings (8)
Sign Design and Manufacturing	Studio, Instructors (2)
Specialty Consulting	Supplies
Transportation – Taxi Service (2)	Theater

Findings from the Client Side

Typical Client

Clients vary greatly in terms of their backgrounds, their businesses, and what they hope to get from West Company. Mendocino County is home to a large population of artists who need to support themselves but had not been pursuing that line of work because of its limited income-generating potential.

Currently, 5 percent of West Company clients receive public assistance. This percentage is likely to grow in the next couple of years as a result of the institution of the Business Resource Groups. Clients' average annual income in 1997 was \$22,164. The majority of clients are between 39 and 48 years of age. Most have had some college. Table 7.7 shows the breakdown of clients by age.

Table 7.7
West Company Clients by Age

<i>Age Range</i>	<i>% of Clients in Range</i>
18–28	7
29–38	22
39–48	38
49–58	28
59–68	5
69 and older	less than 1

Source: Data provided by program

Two-thirds of West Company clients are women, reflecting both the initial women-only orientation of the program and the fact that the microenterprise strategy generally attracts more women than men. Sixteen percent of West Company clients are the heads of their households; the average household size is 2.6 people.

Definitions of Success/Client Goals

The West Company philosophy includes the belief that each client defines success for herself or himself. According to Rogers:

Some people's success is opening a checking account or going into a bank and knowing what to do next. How to function in some kind of institution. Going back to school. It's very different for different people. [The] bottom line is are we helping people to start and maintain businesses and get income from those businesses. We have always felt that those who go back to work for someone else after West would be better employees. That is success, too.

Watson agrees that definitions of success vary a great deal: "Some people keep their income to a minimum for a variety of reasons, so that they don't have to pay taxes, or they don't want the paperwork."

West clients' definitions of success reflected their diversity. Many of those interviewed—in particular the artists—did not define success in monetary terms. Two of these artists—a ceramicist and a woman who makes greeting cards using her own photographs—have made decisions not to expand businesses that were potentially very lucrative. The ceramicist went through a process of getting her work shown and sold in over twenty galleries, and found that she spent all of her time filling orders and maintaining these gallery relationships. She also found that producing for the market did not allow her to grow as an artist. "If I just want to make money, all I have to do is make blue bowls," she said. The photographer has begun to sell her cards in large national retail outlets such as Pier One Imports. She has also been approached by companies who want to use her images on other items, such as posters, mugs, and calendars. However, she and her husband began their photography business to be able to work at home and care for their children, and she worries that if her business grows too quickly her lifestyle will change:

I realized I needed employees, but I remembered that I didn't want to be a factory. And I have seen people lose their whole lifestyle. So can I keep the business small and still turn a profit? I'm not sure. But to allow myself to chase the big accounts means I would have to move to bigger space, it would mean employees and managerial stuff, and overhead. I'm not that kind of person.

A few of the clients interviewed have employees, and for these entrepreneurs, providing stable jobs is a big part of their definition of success. One client, who runs an answering service and started her ten employees at one dollar over the minimum wage, said:

My goal hasn't been income for me. It is a stepping stone for the employees. The whole focus is on employees. Give them the opportunity to get skills so they are going up when they leave.

Many feel successful because they do quality work with which their customers are satisfied:

[It's about] taking a project to completion, having people see it and feel good about it. I've had several people buy things that they really appreciate, and it is good to know that.

Other definitions of success include the following:

I would define success beyond the monetary. Have enough money to pay bills and be recreational, help society out in general. I think having respect from people in the community, being a part of it and making enough money. That's how I would define success.

Setting small goals and reaching them. I learned to write down small, manageable goals at West and the goals become more complicated as time goes by.

One woman, who runs an answering service, claims that her definition of success has shifted since starting out:

For me it has always been being successful in business, making money, being top dog. But not so much anymore. Now it's more about balance.

Reasons for Pursuing Self-employment

Some of the clients interviewed left relatively stable jobs to pursue self-employment. One woman had a state job as a heart therapist, which she left to start a ceramics business. Another man got the idea for his business—constructing and selling redwood steps—after delivering hot tubs and hearing customers ask again and again if the company he worked for sold steps. His wife worked for a state congressman, and when the congressman lost the next election, she lost her job. The business now supports the husband and wife, as well as nine employees.

One woman, who has a history of mental illness and currently receives her income from SSI, is pursuing self-employment because her disability prevents her from working in a regular job:

I do the work when I am capable of doing the work. Sometimes I can't focus. It has really disabled me from holding a job. In fact, I need to design my place in [the business] so that I can make a living even if I am not well.

A massage therapist whose children are ages four and six months explained:

At this stage, with a family, it is easier. A lot of the work around my business is work I can do at home. Being gone from them for the massage sessions is minimal.

Another woman, a ceramicist, also turned her art into a career for family reasons:

I left my husband and I had nothing. My daughter was not well. . . and I felt like I couldn't leave her alone after school, so I had to find something that was the same hours as school. She was my priority. I got welfare and immediately got into a training program. I did the training in a year and set up a ceramic studio and gallery in Mendocino.

Advantages/Drawbacks of Self-employment vs. Mainstream Work

Several of the artists interviewed never really considered pursuing mainstream work. Some patch together income from their art with part-time work that brings in a predictable stream of income. One woman, a ceramicist, cares for an elderly woman nights and does her art during the day. Others have found a way to make their art pay. The ceramicist who gave up a career as a heart therapist to pursue her art generates the bulk of her income by selling the tools and molds she developed for her own work. She is in the process of developing a line of funerary urns, a product that she believes would sell well. Recognizing and exploiting market niches that use her specific know-how has enabled her to generate enough money to live and enough time to pursue her art.

Even those who have freely chosen to follow their hearts rather than pursue a more stable employment route grew wistful at times about what they give up by not taking jobs in the mainstream economy:

The security of working for someone else, just knowing you could pay your bills. That no matter how free anyone is, being insecure year after year, not knowing you will have money to buy stuff [gets old].

One of the disadvantages is definitely that there are no benefits. If I want to offer my work to inns, I feel like I need to be there, so there are times when I work 14 days in a row. But then there are times when it is slow. There is always a pile of paperwork, too.

Relationship with West Company

The clients interviewed, with one exception, felt very supported in their relationships with the West business consultants. Many did not see themselves as “natural” entrepreneurs and thought that West Company helped them to understand and become comfortable with the business end of their business:

It isn't my natural inclination. If I was strongly motivated, I could make a whole living at this. But artists' brains classically don't work like this. West was gently persistent in how to do things, and setting up a business plan. I didn't take 100 percent, but I took some of it, I go back to it. West is a gift.

It put me on a different level in terms of approaching work. I am doing the same kind of thing, but somewhat better.

I am an artist who doesn't deal with things I don't want to. I don't ever think I will be a shining example of a businessperson.

My business consultant told me, "Don't think of this business as the supplement. Think of the old business as the supplement to your income." that was powerful advice. It changed my thinking from [getting my cards] into ten shops to [getting them into] 200 shops. I started getting bigger and bigger orders.

Many came to West for direction:

I found out right away that it wasn't a good idea to just grow carelessly and indefinitely to the point that I was a factory. I don't have the means or the capital for that. And that's when I came to the West Company. To have that free consultation, to have someone to bounce ideas off of, is the most valuable thing. And I would not have paid for it. I couldn't have.

I initially went to West for a loan, and because [my husband] was working too hard in the business. And then they made us write up the business plan. We had never done that. That was a big deal. We discovered our pricing was too low.

Some credit their relationship with West with more tangible gains, such as growth in the business or their ability to obtain financing:

I don't think I would have been able to tackle the business plan by myself. Qualifying for a loan would have been beyond me. I would have been able to limp along, but to make this next big move, acquiring debt, wouldn't have happened.

For many, the support they gained from the people at West was the most important thing:

I really didn't want to ask my family for money. I felt bad even asking [my ex-husband] to co-sign for me. I still have risked his \$5,000. And when I went to present it to [the loan fund committee] I felt I was in over my head. And they were older, banker-type ladies, but they were so encouraging, besides just the loan. Every time I went there they were so positive. I kept getting acknowledgment.

[With self-employment] you are living day after day, by your wits. Nobody is there if you have a screw-up with the manufacturer, no one is there to hold your hand. You are totally alone. To have somebody to go to for guidance and moral support is great.

I just needed somebody else. Someone who understood. I can't get that from my friends and families. This is a whole new field for me.

According to Klein, "It's close, but not a personal relationship, which is appropriate. This

is a small town, so you do have to be a little careful about the confidentiality issues. We want them to feel comfortable that we're keeping their information confidential." Indeed, one client told me that she had not shared some of her personal history with her business consultant because she was afraid it might not remain confidential and could ultimately threaten her business.

Goals for Business

The feasibility research that is part of West Company's curriculum helps clients to determine how workable their business idea is and whether it meets their individual goals. According to Klein:

The same set of facts may work for one person and not for another. Let's say you can produce this much income, that may work for someone who has a long-term partner who is also bringing in income and she really doesn't want to go out and build a big business, that's not her goal. The next person comes in, with exactly the same business and figures, and this person has three children, all in school, and she needs to completely support her family. She has this great idea but she has to support a family, so it depends on her goals.

On the client side, those interviewed varied widely in terms of their goals. Few were very interested in high growth. One woman plans to upgrade the equipment in her answering service business in the next year, but hopes to sell it within five years. Another hopes to take her greeting card business and move it into new, more profitable market niches that would allow her to focus on the artistic aspect that she enjoys most while realizing larger profit margins.

Still a third is interested in expanding her business while maintaining a high-quality product:

Keep up the personal service. Last year we sold 5,000 steps, and we want to sell more. We toyed with the idea of opening facilities around the country. Right now we need to perfect the product and pay good wages. We want people to be able to afford to work here, and to keep people through the winter.

What Makes West Company Unique

West Company is a relatively small program with a large area to cover. In order to accomplish its mission, the program has created strategic alliances with banks, government agencies, and other regional actors. West is not alone in its ability to creatively employ partnerships, but it is a noteworthy feature of the program. West Company has shifted from serving only women to serving women and men. This shift in target population is one example of the adaptability of this program. Another is the introduction of innovative program strategies that respond to new client needs, such as welfare-to-work programs and the implementation of Flexible Business Networks. It has demonstrated an ability to survive and to respond to changes in the political and economic climate of the area it serves.

Challenges

Many of the challenges West Company faces come from serving a very dispersed rural population. There are pockets of people in very remote parts of the county who need different services, and who may also have transportation issues. At the same time, the population is very diverse. West serves relatively recent Latino immigrants who have low language skills and college-educated artisans who have chosen to live in Mendocino County for lifestyle reasons. According to Watson, the toughest group to reach are those who are very low-income. Mendocino County is also home to the Round Valley Reservation, which is the second largest Native American reservation in the state and has an 80 percent unemployment rate. Staffers at West would like to work with this group, but the reservation is located in a remote part of the county, and resources are already stretched thin.

Another challenge involves tying together all of the policy pieces at the federal, state, and local levels. Keeping abreast of policy changes and accessing support for microenterprise have become increasingly complex as more actors have entered the arena. In addition, West Company is committed to working with welfare recipients and therefore needs to respond to welfare reform. Serving this population requires dealing with the range of personal issues that this group often brings to the table. It also requires utilizing collaborative relationships and referrals, which take time to establish and maintain.

The economic context within which West Company has always worked continues to be a challenge. West must work together with other economic development actors to bring environmentally sustainable businesses into the county.

Finally, Rogers believes that West Company needs to build a stronger board of directors, one that takes on greater responsibility for fund-raising and for initiating and putting into action new ideas.