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Women Entrepreneurs of Baltimore

INTRODUCTION

Women Entrepreneurs of Baltimore (WEB) was incorporated in 1989 and ran its first training program in 1991, but it did not begin operating in its current incarnation until 1994. WEB was initiated by the Baltimore City Commission for Women after it analyzed various strategies to help the city's population of poor, female-headed households. At that time, 54 percent of all households in the city were headed by women, and 36 percent of them lived below the poverty line. Mayor Kurt Schmoke appointed Awilda Marquez to chair this commission. The Commission reached the conclusion that the city's poor women lacked a range of resources, including skills, contacts, capital, and support to improve their economic standing. WEB was designed to address every need the commission identified, and the program continues to focus on helping low-income women access a wide range of resources.

WEB is one of the majority of U.S. microenterprise programs that currently target women. It is the only microenterprise program operating in the City of Baltimore at the present time.

DEMOGRAPHIC AND ECONOMIC BACKGROUND

Economic Situation

Baltimore is a moderately large city in the Mid-Atlantic region of the United States. Historically, Baltimore's economic success was linked to its location as the most western Atlantic port. The development of the railroads allowed Baltimore to become a gateway to western cities. The first major rail line in the nation, the Baltimore and Ohio (B&O), connected Baltimore's port to Cleveland (and later Chicago) by the middle of the nineteenth century.

As the nation industrialized through the late nineteenth and early twentieth centuries, Baltimore looked like many other northern cities. Again, the dominance of its port allowed Baltimore to remain a strong economic center. The largest employer in Baltimore by the 1960s was Bethlehem Steel.

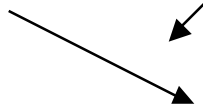


Figure 8.1 Map of Baltimore City and County

Beginning in the early 1970s, two factors led to Baltimore's economic decline. The first was the deindustrialization that occurred in most northern cities. By the 1980s, only a small percentage of its population was still employed in manufacturing. The second element was changes in shipping technologies. Containerized shipping, developing through the 1960s and 1970s, rendered Baltimore's port less and less viable. The new shipping systems required larger boats—vessels that Baltimore's harbor could not accommodate. Much of the commerce in Baltimore's port relocated to the deeper waters of Norfolk and Newark.

Today, Baltimore's economy is markedly different from its traditional industrial mix. The largest employer is Johns Hopkins Hospital System. As detailed below, high rates of poverty, unemployment, and a large number of service jobs characterize Baltimore City. Numerous redevelopment projects have been undertaken in Baltimore since the late 1970s. With varying degrees of success, they have all attempted to bring economic activity back into the city. The Inner Harbor waterfront redevelopment was nationally recognized, but was also criticized for failing to keep capital within the city bounds. In 1995, Baltimore was awarded one of six Empowerment Zones in an effort to foster comprehensive redevelopment, including the growth of locally owned businesses. While preliminary reports are promising, it is too soon to adequately judge the effectiveness of this federal program.

Demographics

The total population of Baltimore City declined markedly from the 1970 level of over 900,000 to just under 700,000 in 1995. According to revised Census Bureau estimates (1997), there were 177,353 people—25.4 percent of the total population—living in poverty in Baltimore City in 1993. According to the same report, there were 46,795 children aged five to seventeen living in poverty, representing 38.4 percent of that age group. In the same period, the statewide poverty rate was at 10.2 percent; the rate in suburban Baltimore County was 7.9 percent.

Baltimore’s unemployment rate of 8.3 percent in 1995 was several points above the national average but below other Northeast cities. The Baltimore Metropolitan Statistical Area (MSA)—a region that includes Baltimore City and six outlying suburban counties—has had unemployment rates near the national average in recent years. Figure 8.2 illustrates both city and regional unemployment from 1990–1995.

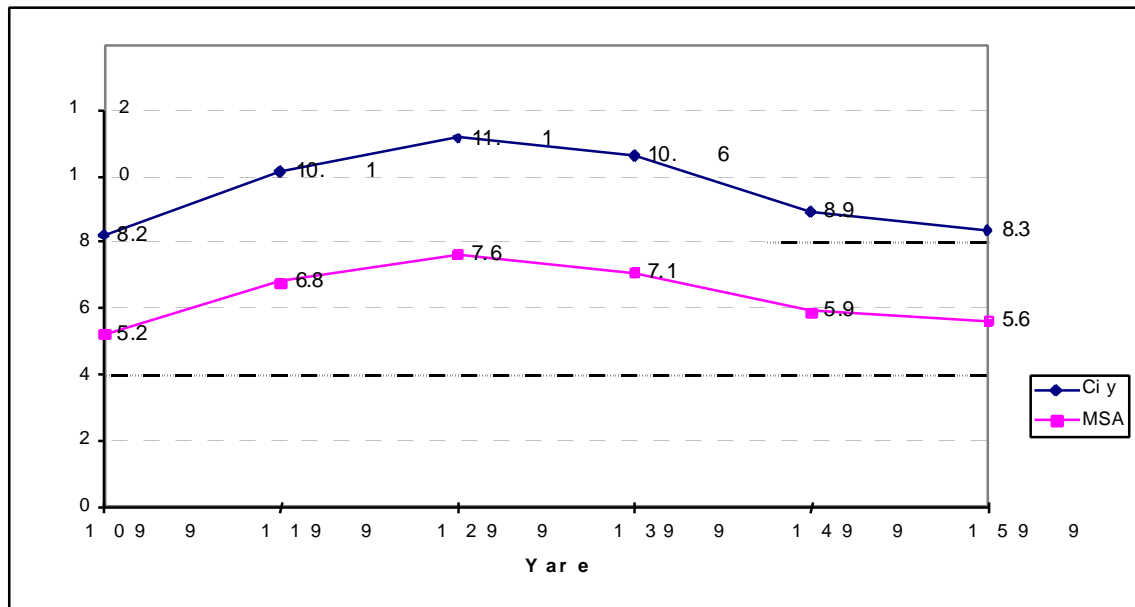


Figure 8.2 Baltimore City and MSA unemployment rates, 1990–1995

Source: Bureau of Labor Statistics

Baltimore City has experienced unemployment rates similar to those of the greater region. These aggregate numbers, however, do not reflect the sectoral differences in employment between Baltimore City and its surrounding metropolitan area.

Paralleling other industrial cities, Baltimore has witnessed a shift in employment from the manufacturing sector to the service sector. In 1995, 37.2 percent of earnings were in the service sector—compared with 27.2 percent just ten years earlier (BEA 1997a). Yet, the total number of jobs continues to decline in the city. According to the Bureau of Labor Statistics (1997), Baltimore City continues to experience a decline in jobs, even though the metropolitan region has witnessed moderate recovery from the most recent recession—recapturing in 1996 as many jobs as there had been in 1990. In this report, it was noted that average employment levels fell for the seventh year in a row, with a loss of 3,500 jobs in 1996. More than 70,000 city-based jobs disappeared during those seven years, a loss of one of every seven jobs located in Baltimore City

in 1989. In 1996, the services industry was the only major industry to show more than incremental growth. The wholesale and retail trade suffered a substantial portion of the long-term losses of 48,100 jobs in the city. Trade lost nearly 31,000 jobs during the last ten years, mostly in the retail sector. In contrast, services gained nearly 21,000 jobs. To illustrate this new mix, Figure 8.3 shows the breakdown of jobs by sector in 1995.

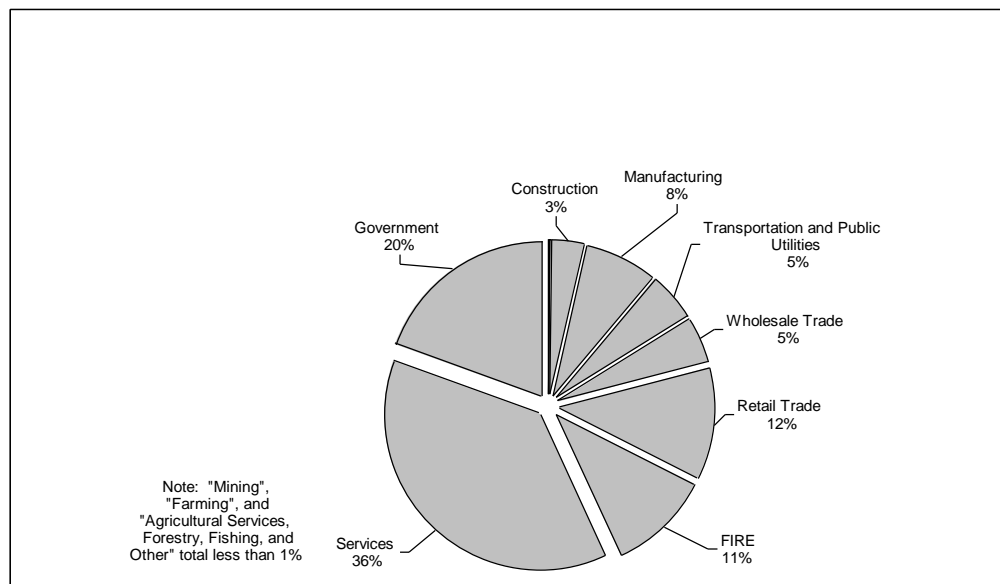


Figure 8.3 Jobs by sector, 1995

Source: 1996 County Business Patterns

Political Context

Baltimore City historically has been characterized by a very strong mayor's office and an often compliant city council. The city is divided into six councilmanic districts, each with three at-large council members. Baltimore is overwhelmingly Democratic, and other party candidates rarely win elected offices. The mayor is also elected at large, but it is often the Democratic Party primary in September that determines the mayoralty, not the November general election.

In recent years, Baltimore has seen two very strong—and very different—mayors. The current mayor, Kurt L. Schmoke, has embraced a far more community-oriented approach than his predecessor, William Donald Schaefer. Schaefer led the downtown-centered redevelopment that included the Inner Harbor retail development, the Maryland Science Center, and the Oriole Park at Camden Yards stadium. He was often accused of working solely for business interests. Such criticism has not been leveled against Schmoke.

The mayor's office indirectly controls economic development policy in the city. The agency charged with economic development is the Baltimore Development Corporation (BDC). The mayor appoints the BDC's president; in addition, the mayor's office has a dedicated individual acting as liaison to the BDC. The BDC is funded entirely by the City of Baltimore. It provides employment training, site location, financing assistance, and employee recruiting services to new and existing businesses within the city.

Baltimore was one of six communities to receive an Empowerment Zone (EZ) award in 1995. According to a 1997 HUD report, the Baltimore EZ is a "top performer" and has "made significant progress in each of its Strategic Plan categories."

The Business Empowerment Center (BEC), a division of Empower Baltimore, is becoming involved in both entrepreneurial training and lending. While plans are still evolving, three key programs have begun to serve these communities.¹

A voucher program is being developed to subsidize entrepreneurial training and development for zone residents. Local village centers forward promising potential entrepreneurs to the Business Empowerment Center, where vouchers are granted to the best candidates. At present, the BEC has issued requests for proposals to contract with agencies to provide training for these entrepreneurs. The vouchers will pay for training through these outside agencies.

The BEC also has two loan programs. The first is an 80/20 loan program, which is designed to provide security for riskier borrowers, so that commercial lenders are more willing to invest. BEC grants loans to cover 20 percent (maximum) of a given project, up to \$100,000 per borrower. The intention is that this backing will help secure the remaining 80 percent for the project.

A second loan fund, divided into four tracks, is being developed. The first track is for microenterprise loans (under \$50,000). The second is for medium-sized loans of \$50,000 to \$500,000 and is intended to be a lender of last resort. The third track is an equity loan fund, and the fourth is a brownfield grant and loan fund. The microenterprise and equity tracks are not yet operating.

Public Support for Microenterprise

During the early 1990s, the Maryland Department of Business and Economic Development initiated a microenterprise program in Baltimore called Business Owners Support Services (BOSS). According to funders, that program failed miserably, largely because those running it did not understand the issues involved with running a successful microenterprise program. BOSS was initiated at the same time that WEB began its operations. The failure of the BOSS program has adversely affected the policy atmosphere for WEB, because of the perception among state and local policymakers that the microenterprise strategy does not work. According to Amanda Zinn, Executive Director of WEB, it continues to be a challenge to convince state and local officials that microenterprise development “is really a viable tool to help people enhance their income, personal development, gain important community leadership, and stabilize the neighborhood.” Nevertheless, the environment is improving slowly.

DESCRIPTION OF CASE PROGRAM

Mission and Philosophy

The overriding goal of WEB is to provide entrepreneurial support to women, especially economically disadvantaged women, in order to help them become self-sufficient through self-employment. In order to accomplish this mission, WEB provides a range of support services, described below. WEB staffers understand the barriers faced by the population of women it

1. Information about Business Empowerment Center programs was taken from a phone interview with Roderick Simpson, 22 December 1997. Mr. Simpson is a business relationship manager with the BEC.

targets and endeavor to help women remove or surmount those barriers in order to increase their chances for success.

Methodology

Application and Screening Process

WEB runs three 12-week classes each year. Interested women apply to the program on paper and then attend a screening in order to compete for available spots. Screeners include WEB staff and volunteers from the community. WEB screeners place prospective participants in small groups and give them a business scenario to work with. Screeners observe the group and score each participant based on leadership, teamwork, viable business ideas, and communications skills exhibited. They then go through an individual interview, which is similarly scored. They must also submit a writing sample and take a math test. WEB further requires that all of those who are accepted have a viable business idea. According to Zinn, “The selection criteria have evolved as we recognize that we have to get tougher in our screening. We’re trying to get entrepreneurial types to enter, not just anyone.” Typically, between 60 and 90 people go through the screening process for each session, and 31 of these applicants are admitted to the program. The majority of these slots are reserved for low-income women. Once admitted to the program, the completion rate is fairly high.

Target Population

WEB targets low-income women. When the program first began operations, participants had to have an annual household income of less than \$18,000 in order to be eligible. When current executive director Amanda Crook Zinn joined WEB in 1993, she recommended that the program admit a wider range of participants for three reasons. First, she believed that admitting women higher up the socioeconomic scale would help the program create more success stories faster. Second, she believed that there would be positive benefits to bringing a diverse group of people together. And finally, people who could afford to pay more for the classes would help to fund the program. Program board and staff subsequently decided to prioritize poor women and reserved 60 percent of the training slots for this group. Until very recently, WEB’s classes were approximately 60 percent clients below the poverty line, 35 percent low-income, and 5 percent moderate income. It has become increasingly difficult to attract very low-income women, and WEB has now relaxed its program guidelines further.

Training

WEB is clearly a training-led program, and the most distinguishing feature of the WEB program is the intensity of its training component. All graduates have completed a 12-week course, in which they meet three times each week for three hours each time, for a total of 108 hours of classroom training. In addition, all participants meet with one of the trainers one-on-one two times during the course of the 12 weeks. Many spend additional time with trainers if they need extra help.

Once admitted to the program, participants must sign a partnership agreement that sets out the policies and procedures of the program. This partnership agreement covers the following

areas: attendance; assignments; appointments; organizational responsibility; business plan and business start-up; graduation requirements; follow-up assessments and services; honoring diversity/harassment; drug-free and alcohol-free environment. Any participant who misses more than four classes is dismissed from the program. The partnership agreement emphasizes business start-up, and states that any graduate who has not started a business within nine months of completing the Business Training Course “may be terminated from the program and the benefits of the WEB support/development network.” This emphasis is interesting—most training-led programs define success broadly, without focusing on business starts to the extent that WEB does. This focus on business starts has also evolved and is part of WEB’s renewed commitment to performance measurement.

Participants sign the partnership agreement at the first class session. Their first homework assignment is to complete a business readiness questionnaire, which requires that they assess their own readiness and ability to start a business in the context of their current life situation. Questions encourage them to reflect on their strengths and weaknesses, their skills, and the range of other demands on their time that might affect their ability to work on their business.

This training builds the skills of participants because they are required to do a tremendous amount of work, most of which contributes to their business plan. All participants are required to produce a solid business plan in order to graduate. Participants produce the financial and projections portion of this business plan using a computer spreadsheet, allowing them to develop computer skills and build knowledge about accounting.

Lending

WEB graduates are eligible to apply for loans through two lending vehicles: individual loans and FINCA peer lending groups. WEB has made thirteen individual loans to date, and has also assisted two clients in applying for SBA loans. Overall, including peer-lending, a total of 65 loans have been made to 35 graduates. The average loan size is \$1,182, with an average borrowing per client of \$2,281.²

WEB provides group loans through its partnership with the Washington, D.C., office of FINCA.³ WEB entered this partnership with FINCA in June of 1995 and has lent a total of \$62,000 to the participants in these groups. Table 8.1 shows that the average size of the group loan is \$1,265, with each participant borrowing an average of \$2,480.

TABLE 8.1

Characteristics of WEB Group Lending

Number of Peer Loans	49
Number of Peer Loan Clients	25
Total amount lent	\$62,000.00
Average loan size	\$1,265.31
Average total borrowing per client	\$2,480.00

Source: Program data

2. The two SBA loans are not included in this calculation, as they are significantly larger than the rest of loans. One was for \$40,000, and the other \$100,000.

3. FINCA is a community-based program that initiated peer lending in Latin America in 1984, and expanded its program to the U.S. in 1994.

WEB originally intended to launch three groups each year, one for each class, but has not been able to realize that vision because of insufficient client interest. Each group has between four and ten members. Members begin with a small loan of \$500 and increase the amount that they borrow in incremental amounts of \$1,500, \$3,000, \$4,500, and \$6,000. This process, called “stepping,” is employed by the majority of microenterprise programs that employ the group lending model, including Working Capital, one of the other cases included in this study. The stepping process allows members to test each other’s creditworthiness safely before taking on too much undue risk. It also allows each member to become accustomed to taking on and paying off debt. The FINCA groups are one vehicle that WEB uses to sustain the relationships it creates during training after the training course ends.

Most of the WEB clients who belong to peer groups are happy with their experience. One woman, who bought software with her first loan, describes her experience as follows:

For me, it’s great. It teaches us the importance of making the correct financial decisions. Because you fill out a loan application and the process they give us is like you’re actually preparing a loan package. And most of us if we didn’t have FINCA, we’d just do it with no thought.

Others, however, have found that the model does not meet their needs. One woman, who joined a group but dropped out, reported:

It was too slow for me. Also, I felt that my peers and me were not making good decisions about who should get a loan, so the risk was too great. I was afraid two of the women would not repay and that has actually happened.

Luckily, this woman had savings she could draw on to fund her business.

Relationships with Other Organizations and Institutions

Although the WEB program is dependent on external relationships, these relationships tend to be more with people than with institutions. For example, WEB has catalyzed a group of screeners who are volunteers from a range of government agencies, nonprofit organizations, small businesses, and other community-based groups.

The mentoring program has created a similar network of individuals who are attached to the program as a result of their one-on-one relationship with entrepreneurs. WEB keeps a list of people who are willing to serve as mentors, and program staff introduce them to participants who do not bring in their own mentors. The most formal inter-organizational relationship WEB has entered into is its relationship with FINCA, described above.

Changes in Mission and Methodology Since Inception

The basic philosophy of WEB has remained the same since the program started—mentoring, the close relationship with the caseworker, and resource-sharing were all built into the

program. Recently, WEB has begun to focus more on performance measurement and revising the goals of the organization toward business starts. According to one Program Committee member, “As soon as you say you’re there to create businesses, it affects other parts of the program. The screening will become more rigorous. We want people who want to devote themselves full-time and live off of their businesses.” This focus on business starts, and specifically on the creation of businesses that can support families, is unique among microenterprise programs. Although all microenterprise programs would like to generate businesses that support families, many programs recognize and encourage a broader range of outcomes, including businesses that provide supplemental income and clients who choose to enter the labor market rather than pursuing self-employment.

Since this research project began, WEB has virtually doubled in size. Having been awarded Maryland's Self Employment Assistance initiative contract starting July 1998, WEB has doubled its budget and the number of staff it employs, moved to a location three times larger, and started serving twice as many clients all within a four month period. Although unusually dramatic, this scenario is a common challenge micro-enterprise development practitioners face - being flexible enough to expand and shrink as the funding ebbs and flows.

Funding

Current Sources

As mentioned above, WEB has recently experienced a dramatic growth in funding – a near doubling of the program’s budget with a single contract. For the last complete fiscal year (1 July 1997 to 30 June 1998), WEB was funded by a mix of public and private sources, as shown in Table 8.2. All the public funds in this fiscal year came from federal sources – specifically SBA’s Office of Women’s Business Opportunity (OWBO). Private support came from a number of sources, with a large grant from the California-based Huron Foundation. According to Zinn, however, most of WEB’s foundational support are small grants from local, family-based foundations in the Baltimore area.

TABLE 8.2
WEB Funding Sources, FY98

<i>Source</i>	<i>Amount</i>
Public	\$170,304
Private	\$133,837
Interest, fees, and other revenue activity	\$21,298
Total	\$325,439

Source: Program Data

Sources over the Last Five Years and Explanation of Changes

WEB is unlike most of the other case study programs in that the program's funding mix between public and private sources has remained about the same over the past five years, as illustrated in Table 8.3. In past years, WEB has also received public support from the Department of Health and Human Services (HHS). Private support has varied over time, based on grants from local foundations, according to Zinn. As mentioned, the new grant from the State of Maryland, as well as a pending JOLI application, will significantly alter WEB's funding mix in the future.

TABLE 8.3
Types of Funding, 1994 – 1998 (%)

<i>Source</i>	<i>FY 94</i>	<i>FY 95</i>	<i>FY 96</i>	<i>FY97</i>	<i>FY98</i>
Public	69.8	79.6	77.5	58.4	52.3
Private	27.6	17.9	17.8	36.6	41.1
Interest, Fees, and other Revenue Activities	2.5	2.5	4.7	5.0	6.5

Source: Program data.

Outputs

Number of People Trained

As discussed above, WEB runs three very intensive training classes per year. Generally, WEB aim to have about 30 participants in each class. As shown in Table 8.4, WEB's graduation rate has significantly improved over time. In sum, 374 clients have graduated from the classes, with an overall graduation rate of 76%.

TABLE 8.4
WEB Graduates, by Class

<i>Fiscal Year</i>	<i>Class</i>	<i>Total Entering</i>	<i>Number of Graduates</i>	<i>Graduation Rate</i>
FY91	1	12	8	67%
FY92	2	13	9	69%
	3	24	13	54%
FY94	4	28	22	79%
	5	28	22	79%
FY95	6	28	19	68%
	7	33	27	82%
	8	31	21	68%
FY96	9	29	24	83%
	10	31	23	74%
	11	32	28	88%
FY97	12	31	22	71%
	13	31	26	84%
	14	23	21	91%
FY98	15	29	24	83%
	16	30	20	67%
	17	29	25	86%
FY99	18	28	20	71%
Totals		490	374	76%

Source: Program data.

Number of Hours Spent on One-on-One Technical Assistance (TA)

In FY 98, 130 clients received one-on-one technical assistance, of which 73 were from previous classes. According to program staff, an average of four hours of staff time was spent per client to provide such service. This time does not include any “in-kind” benefits received from WEB volunteers (such as pro bono legal). In that same fiscal year, there were a total of 88 clients in classes (classes 15-17), who received formalized, classroom-based training. This means that 57 of these 88 clients received *additional* one-on-one technical assistance, beyond the training received in the classroom.

Outcomes

Number and Types of Businesses Started

According to a 1996 survey of graduates (Class 1 through Class 12), roughly two-thirds (68.9%) of WEB clients started businesses in the service sector. Table 8.5 gives a more detailed breakdown of the businesses started by WEB graduates, including graduates through Class 17. While a number are indeed in the service sector, they tend to be in higher paying fields, such as consulting or other business services. Here, as in our other case study programs, a number of graduates have started businesses in the Art/Crafts sector.

TABLE 8.5

Businesses Types of WEB Graduates		
<i>Business Type</i>	<i>Number of Clients</i>	<i>Percent of Total</i>
Art	25	7%
Beauty salons and products	31	9%
Child care and products	20	6%
Cleaning services	17	5%
Clothing	44	13%
Construction and design	15	4%
Consultant		
Computer or Business	8	2%
Event Planning	7	2%
Financial	10	3%
Other	19	6%
Food (catering and manufacturing)	25	7%
Home care (adult and elder)	19	6%
Medical services	10	3%
Publishing	14	4%
Retail	41	12%
Transportation	5	1%
Travel Agency	5	1%
Word Processing	26	8%
Total	341	100%

Source: Program data.

Findings from the Client Side

Typical Client/Range of Clients Served

As discussed, WEB historically served low-income women. As shown in Table 8.6, and discussed above, that has changed significantly over time. WEB now serves a broader range of clients. All of WEB's graduates in the first three classes were poor, defined by WEB as failing to meet the HHS threshold at the time of intake. However, that has changed over time, and fewer clients are now below this threshold. In FY98, for example, only 23 percent of graduates were below the poverty line.

TABLE 8.6

Graduates in Poverty

<i>Class</i>	<i>Percent of graduates below poverty line</i>
1	100%
2	100%
3	100%
4	41%
5	59%
6	47%
7	48%
8	62%
9	54%
10	35%
11	36%
12	77%
13	42%
14	52%
15	42%
16	10%
17	16%
Cumulative Average	49%

Source: Program data.

The majority of WEB clients (73%) are between the ages of 30 and 50, according to a 1996 survey of graduates. It also revealed that 72% of graduates had either attended college, or were college graduates. This finding is consistent with our other case studies. A report written by Lori Aniti about WEB found that 81% of WEB's graduates were African-American (Aniti 1997). Aniti also found that more than 75% were without husbands (single, divorced, widowed, or separated), and 67% were the head of household.

Definitions of Success / Client Goals

For these clients, the definition of success depended on where they came from and how they perceived their business. One woman, who holds two part-time nursing jobs while also operating her balloon business, said:

I haven't achieved all of my goals, but I've accomplished something. I'm in my 40s and I grew up in the Deep South. My parents were sharecroppers and I was the first of the whole family to go to college.

Another, who has avoided working in the mainstream economy for her entire working life, explained:

I would like to be comfortably self-supporting in my business. I don't need to be super-rich. I believe in sustainable economies. If I can do something I love and be around people who make me happy, and make a living at it, that's all I need.

Another, whose business enables her to work around her illness, claims:

As long as I can pay the bills, pay for medical insurance, stay medicated, I'm satisfied. I have no desire to be superwoman and have a chain of salons.

Yet another described her success in terms of the ways she believes her business contributes:

It has helped me to give back to other people, which is very important to me. Being able to hire someone at \$10 an hour feels really great. It's wonderful to be able to create good, thriving, fun jobs for other people. And my household financial situation is more stable now.

Reasons for Pursuing Self-employment

WEB clients, like clients of most microenterprise programs, pursued self-employment for a variety of reasons. One woman started her skin care and massage business because she suffers from chronic depression and could not hold down a full-time job:

I would like to have a 40-hour-per-week job but I just can't, and people don't understand depression that's chronic like mine and that keeps me from working. So it came to a point where I could either work on my own, become homeless, or go on disability. Working on my own is the best option for me because I have to be here for my clients, but if I do have a bout of depression I can call them and let them know I'm sick. I'm not going to get fired.

Another learned to be an electrician so she could spend more time raising her children than her corporate job as an accountant would allow her:

I was in corporate America and it was the '70s. For big business, it was supposed to be your job first and family second, and that didn't work for me. So I decided to learn a trade. I became an electrician because I thought I could have the kind of flexible schedule I needed.

One woman left the stable job she'd had at Social Security, accepting an offer that seemed more promising. When that company closed, she decided to try self-employment. Others are driven by their ideas and their products, as well as their desire to be their own boss.

Advantages/Drawbacks of Self-employment vs. Mainstream Work

Clients cited the following advantages of self-employment:

I have more freedom to be creative. I don't have to answer to anyone. And it makes me feel good to make people feel happy with what I do.

To me, working for myself is a spiritual quest. It has to do with what I can create, what I can learn about myself. It has to do with being on the edge, with not being safe.

Flexibility to do what I want when I want to do it.

I like the autonomy of being self-employed. I'm extremely motivated, so I can deal with having no set schedule. For me the discipline is knowing when to quit.

At the same time, they also recognize the disadvantages:

Money. Sometimes it goes down. People come in and they want everything for nothing. Over the last few years I've learned what to give away and what not to give away. People don't always appreciate the skill it takes to do this work.

[Lack of] security, sociability, self-discipline. Setting realistic goals. Also motivation and the lack of support. You need to find your own support systems.

I don't make nearly as much money as I used to. Some clients don't take me seriously because I'm working at home.

Relationship with WEB

The training also serves to build a strong bond between participants and between participants and the program. Participants interviewed for this research often identified themselves as members of a particular class—“I’m from Class 9”—indicating that the program achieves the “groupness” it intends to achieve. In addition, the connection they feel to the program is strong enough that they continue to use WEB as a resource long after they have graduated. Some clients lose touch with the program when they are very busy with their business, but those who have stabilized sometimes return, often in order to give back to the program. One client claimed that she did not have time for WEB during the three years it took to get her cleaning business off the ground:

For a long time . . . I divided myself between my business and my family and I cut out everything else extracurricular. Now that my schedule is a bit more free I’m starting to go back and do more with [WEB] again. Another woman who was in my class and I are revamping the whole mentoring program. . . . I’ve also gone in and accessed the business advisor.

In addition to the training, WEB serves as the catalyst for creating other kinds of relationships as well. WEB requires that each participant in the program have a mentor who can help her achieve her goals for her business. Some participants find their own mentors. One woman, who runs a very successful commercial cleaning business, had already established a relationship with the uncle of a friend, who was in the same business. He became her mentor for the program. WEB also maintains a list of volunteers and helps match participants with mentors when necessary. The mentoring program was established at WEB in order to institutionalize another layer of support that would extend past the end of the formal training. In practice, this aspect of the program is rather uneven. The client who does skin care and massage out of her home never really had a mentor. The woman WEB matched her with quit before they ever met, and she was not matched with anyone else. Another attributes much of the success of her bartering service to her relationship with her mentor:

From the very first meeting, she has said, “Tell me about your business. How many clients do you have? How many appointments do you have?” She got me very focused with setting up appointments, closing deals, getting them to sign on. Some meetings we discuss how I’m doing on my goals. She got me set up with a bookkeeper that I do with barter. The bookkeeper gives me profit and loss statements and I bring them to my mentor and she helps me to understand them.

WEB also encourages graduates to form Success Teams, which are groups of graduates who meet regularly to lend each other support and work through the business issues each faces after program completion. A client who graduated from WEB nearly a year ago and belongs to both a FINCA group and a Success Team said the following about her Team:

[W]e meet over lunch and talk about where we’re at. And we’ve been talking about doing some investment kind of thing. And that way you can help a

sister that needs help. So the follow-up of WEB is just as great as before in class.

WEB also maintains a network of professionals, such as lawyers and accountants, who will work with graduates on a pro bono basis. Many microentrepreneurs need periodic legal and financial help but cannot afford professional services or to keep experts on retainer. Without WEB, many would not recognize the necessity of obtaining this kind of help, and they certainly would not have access to free services. Some graduates have gotten to a point where they can afford to pay for these services.

Several clients asserted that participating in WEB helped them take their business to a new level:

I had no idea what I was doing. I wasn't paying sales tax, I was just taking cash and working completely undercover. So I found out what I could and couldn't do, how to do bookkeeping, how to make it legal.

I don't think I would be in business right now if I hadn't gone to WEB. The scariest thing is taking that first step. We needed to write our business plan and get going.

Some claim that they continue to use WEB as a resource when issues arise:

Whenever I need advice on what to do next or whether I should take a step, I call WEB. They help or give me the number of someone who can. When you're out there, you're all alone, and there are people out there who are crooks and will steal your ideas. So it's important to have a place like WEB to go.

I got a list of resources, places I can go. There's this thing that Henry Ford said when he was being sued for something. He was asked a question he couldn't answer and he said, "I can't answer that, but I have six telephones on my desk and I can pick one up and talk to someone who can." WEB gave me Ford's six telephones.

Another woman went to WEB even though she already had an MBA. WEB helped her with her business plan and with her support network:

I knew a lot of these skills, but you don't have that closeness, you're not meeting a whole lot of people. And once you leave school that's it. But with WEB, we come back, we do success teams, we talk about where we're at. I had a business plan when I went there. But I was able to shape it and mold it and now I know that it's not a forever thing and it always changes, and I'm getting ready to change it again.

Goals for Business

Clients' goals for their businesses ranged from selling the business to expansion:

Mostly just staying in business. Keeping it going. I love where I am right now, but maybe when I can afford it I could see getting a shopfront that's already zoned properly.

I'd like to be out of nursing and spend all of my time on the business.

I'd like to sell it. That's why I'm doing a lot of marketing right now. I really thought about all of the possibilities, even selling 49 percent and keeping the controlling interest, but I decided the best course of action is to pull out. What I want to do next is be available for my family.

A few have gotten their businesses to a place they are comfortable with. They work as much as they want to, make enough money, and do not want to hire employees.

What Makes WEB Unique

The clear strength of WEB is its intensive training program. Participants who complete the program take their businesses more seriously than when they started. The training program also provides them with skills that not only help them run their businesses but are useful in understanding the economy.

Many of the women interviewed spoke of the discipline they had learned from WEB. In completing the program, they were required to do all the work necessary to write a solid business plan, and completing the business plan opened up other avenues for them that they might have been unable to access on their own. Jessica, who does seminars on communication, time management, and diversity for corporations, claims that she would not have gone into business without WEB:

I wouldn't have done the business plan without it. We [she and her husband] had checked all sorts of books out of the library but we never wrote down a word and the books went back. So I really needed that discipline. And research, we did a lot of research.

She became so motivated to succeed that halfway through the course she quit her job in order to devote her energy full-time to her fledgling business. One year later, she has more work than she can manage, and her husband/business partner intends to quit his job within six months so that both will be full-time employees of the business.

The client with the cleaning business claims that the business plan she wrote with WEB enabled her to obtain a loan, which she needed in order to expand her business. Similarly, the

woman who does skin care claims that going through the WEB program gave her access to the health insurance she needed:

[B]ecause I did the WEB class and learned to run my business legally and properly, I was able to get insurance. I needed to have the evidence [that I was self-employed] to get the insurance, and I wouldn't have been legal without WEB. And they cover preexisting conditions.

For this woman, who suffers from chronic depression, the treatment and medication available to her are what makes it possible for her to function in the world.

Program Challenges/New Directions

WEB was initiated with a mandate to serve very low-income women and women in poor communities. In recent years, fewer women from this socioeconomic group have attended the screenings. Staffers cite the departure of the program's community organizer as one key reason the program has had trouble attracting this client group. The job of the community organizer was to go out into the poor neighborhoods and recruit people for the program. WEB is in the process of reorganizing the program and plans to hire a community affairs manager in the next six months. The new person will have the responsibility of adding to the range of groups WEB partners with, both in the neighborhoods and in the corporate community.

WEB staff are primarily white, though serving a primarily minority clientele. This has created some tensions between staff and clients. Staff members cited the diversity of the client base—in education level, economic level, and racial background—as a major challenge. Diversity, although it adds a dimension to classes that program staff value, continues to be an issue that has the potential to divide clients and to create distance between clients and staff. Since this research project began, WEB formed a Diversity Task Force which has planned for a consultant to provide diversity training to WEB's stakeholders (board, staff, volunteers, graduates and current participants). This consulting firm will also provide *train the trainer* sessions so WEB will be able to continually provide this training as new stakeholders cycle in. According to Zinn, "This initiative became even more critical since the State contract as the people we serve under that contract are demographically quite different than our traditional target market."

The other challenges WEB faces have to do with funding and measurement issues. These challenges are common to most microenterprise programs—indeed, most nonprofit organizations. Zinn notes, "In the past we have had a federal grant which was renewed but there was a three-month period between funding cycles. It presents quite a challenge to be able to maintain even service delivery and staffing pattern with uneven funding tides." To meet this gap, WEB has secured lines of credit to ensure operational stability.

The program also requires staff who are relatively highly skilled, yet the budget does not allow for sufficient compensation. According to Zinn, "Some of our staff are really stressed out, overworked, and of course, underpaid. . . . That's fine for a while, but if you keep squeezing these people and want them to do more, they will leave."

As for evaluation, WEB sees measurement as an issue that goes hand in hand with funding. "Foundations, government, the private sector—nobody is giving enough money, but that's because nobody believes it's actually achieving results." Recognizing this, WEB has made

a renewed commitment to justify the work of the program by measuring the work done and proving that it does produce results.