

FIELD Best Practice Guide: VOLUME 4

4

Keeping It Personalized:

Consulting, Coaching & Mentoring for Microentrepreneurs

FIELD

Microenterprise Fund for Innovation,
Effectiveness, Learning and Dissemination



THE ASPEN INSTITUTE

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Keeping It Personalized:
**Consulting, Coaching &
Mentoring for Microentrepreneurs**
FIELD Best Practice Guide: VOLUME 4

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August 2002

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Acknowledgments

With this publication, we aim to document best practice in delivering business consulting, coaching and mentoring services to microentrepreneurs. What we've learned as we've talked with many program managers, staff and clients, and as we've visited programs and businesses, is how essential one-on-one, customized services are to emerging entrepreneurs. There is little that can substitute for individual attention to the specific needs and issues of a given business. There is incalculable value in the personal support, ongoing concern and guidance of a committed, experienced business consultant. We've also learned much about the challenges of delivering high quality services to low-income entrepreneurs, and the sets of decisions that managers need to make as they respond to these.

The recommendations that we make regarding practice are our own, but are based upon the insights, experience and guidance of respected practitioners across the country. Special thanks are extended to our Advisory Board for the project – Ellen Golden of Coastal Enterprises, Incorporated; Natalie Woodruffe of Women's Rural Enterprise Network (WREN); and Mihailo Temali of Neighborhood Development Center – who helped identify the key issues for the research, provided the benefit of their experience, offered their organizations' programs as case examples, and reviewed drafts of this document. Additional gratitude is due Ellen Golden, the staff and clients of the Women's Business Center of CEI, and DeAnna Green, the staff and clients of the Community Business Network, who allowed us to conduct extensive interviews, to observe their consultations, and to visit their businesses.

Staff members of Neighborhood Development Center, West Company and Women's Economic Ventures participated in extensive interviews by phone and on-line to share their experience, as well. WREN, West Company and WEV, as FIELD grantees, also experimented over two years with a variety of business consulting, mentoring and coaching strategies that have provided important lessons for this module.

Many program managers, business consultants and coaches, too numerous to mention here, shared their experiences with FIELD in three on-line seminars that explored the whole range of issues discussed in this text. Their insights inform much of what is written here and are much appreciated.

Thanks also to FIELD consultants Joyce Klein, Candace Nelson and Amy Kays Blair who authored the other modules in this series and whose recommendations have also helped to improve this one. And, to other members of the FIELD team, including Carol Rugg, Colleen Cunningham, Jackie Orwick, Greg Landrigan, Britton Walker and Sabrina Hardy who have helped bring these products to "life" in the form seen here.

Finally, our gratitude is extended to both our funders for this project, the U.S. Small Business Administration's Program for Investment in Microentrepreneurs (PRIME) and the Charles Stewart Mott Foundation. And, we especially thank Jody Raskind of the SBA and Jack Litzenberg of the Mott Foundation for their encouragement and support.

As we've worked on this publication, we've not only come to appreciate technical assistance more, but also been surprised at how little has been written on this most important component of microenterprise services. We hope that those who are engaged in this work will find the recommendations, case examples and tools included here relevant, practical and helpful to staff members in improving their efforts on behalf of those they serve.

Elaine L. Edgcomb
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FIELD

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Project Overview

The impetus for this project grew out of years of extensive research by FIELD, the Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination, into the types of training and technical assistance provided by microenterprise programs across the United States. FIELD's research revealed that although more than 90 percent of all microenterprise programs provide training and technical assistance, there are few resources available to help implementers improve their services and/or assess their efforts against best-practice standards.

This project aims to address that need. Using grant support from the U.S. Small Business Administration and the Charles Stewart Mott Foundation, FIELD has created this series of “best practices” training modules designed to help microenterprise programs deliver more effective training and technical assistance to low-income clients.

These modules are based on lessons learned from FIELD's past work, as well as from input obtained from leading practitioners, who served as advisors. As funding becomes available, additional guides will be developed. Topics for the first four modules in the series are:

FIELD Best Practice Guide: Volume 1

Entering the Relationship: Finding and Assessing Microenterprise Training Clients explores how program practitioners can conduct market research, develop effective marketing strategies, and appropriately screen and assess incoming clients.

FIELD Best Practice Guide: Volume 2

Building Skills for Self-Employment: Basic Training for Microentrepreneurs offers best practices in core training and their implications for improving training services.

FIELD Best Practice Guide: Volume 3

Training for Microenterprise Development: A Guide to Curricula identifies the characteristics of an effective business-planning curriculum for low-income clients and reviews a set of products currently being marketed to practitioners.

FIELD Best Practice Guide: Volume 4

Keeping It Personalized: Consulting, Coaching & Mentoring for Microentrepreneurs provides a summary of findings from research in business consulting, coaching and mentoring with case-study examples of best practices in all three types of technical assistance targeted to low-income clients.

Introduction

There is little that can take the place of one-on-one technical assistance for aspiring entrepreneurs. That's why most microenterprise programs make great efforts to offer it – whether in association with training or financing, or on its own. No matter how sterling a training course, most entrepreneurs seek individualized advice in applying concepts and skills to their own businesses; in formulating their specific action plans; in resolving operational, legal and accounting issues; and in advancing in their industry. Responding to these needs is challenging for programs – limited as they almost always are in staff and budget – yet essential if they are going to meet the demands of clients who have moved beyond the basics of business start-up.

Effective microenterprise programs have also learned that there is more to technical assistance than offering business information and guidance. Many microentrepreneurs seek more: they seek help in goal setting and action planning, and in addressing the competing demands of their personal and business lives. They seek ongoing support and structures that help them “stay on target” in moving forward in their businesses. Many want access to experienced individuals who can both show them the path toward success and serve as models for getting there. They seek empathy and encouragement along with technical solutions in a wide variety of industries. Because responding to these needs is so challenging and yet so critical, this module focuses on three aspects of technical assistance that many experienced programs have found valuable. They are:

- **Business consulting:** One-on-one analysis, advice and guidance offered by experienced business advisors addressing a broad range of practical business issues. Business consulting also includes connecting clients to legal, accounting and other forms of relevant expertise, as well as helping them select other program services appropriate to their needs.
- **Coaching:** Guidance and motivation in developing goals and implementing action plans that address both life issues and business development. The focus of coaching is more on the process of planning and problem solving and less on technical business content.
- **Mentoring:** Counsel, advice and support provided by experienced entrepreneurs to emerging entrepreneurs in a structured relationship of some duration. Mentoring offers the client an opportunity for an ongoing and supportive relationship with an experienced business person concerned about his or her success, and able to open doors to information and other resources to help the business grow.

This module includes a section devoted to each of these program strategies and presents a set of lessons and findings, based on research conducted by FIELD¹ and others, regarding the best practices in use within the industry today. Each section also includes case studies of experienced microenterprise programs that demonstrate interesting models and valuable lessons for others to consider. At the conclusion are a set of tools that can be adapted by practitioners interested in applying some of the strategies discussed here in their own programs.

Prior to these sections, however, the module begins with an assessment tool. The tool is intended to assist practitioners to identify how well their current practices reflect best practice industry-wide. This tool also serves as a guide to help readers identify which parts of the module might

¹ The research for this module is based on FIELD-funded action research conducted by grantees participating in FIELD's Training and Technical Assistance and Follow-Up Services grant clusters; three on-line seminars in which 30 participants from 21 organizations engaged; interviews with business consultants at Neighborhood Development Center (St. Paul, Minn.); and interviews and site observations with managers, consultants and participants at Coastal Enterprises, Inc. (Wiscasset, Maine) and the Community Business Network of the Massachusetts Association of Community Development Corporations (Boston, Mass.).

be most useful. In an area where an organization scores well, the reader might simply want to review the material to compare his or her organization's experience to that of others. In instances where the organization scores poorly, the reader will benefit from reading the whole section and engaging in broader discussions with other program staff regarding how some of the practices detailed here might be incorporated into their organization's operations.

Assessment Tool: Keeping It Personalized

Please assign one point to each item.

Business Consulting: My microenterprise training and technical assistance program:

- Has clearly identified who our intended clients are and their likely business consulting needs.
- Has determined the specific skills, expertise and knowledge that need to be a part of the consulting services offered, and created a job description that clearly identifies the necessary skill sets for business consultants.
- Has decided what services to offer through staff and what to offer through referral to external organizations.
- Has created a team structure that takes best advantage of our staff skills set.
- Has determined the most strategic and efficient use of our business consulting resources – defining how much service to offer, and to whom and on what terms.
- Has analyzed time and cost implications of our service, and considered a fee structure for consulting services.
- Has built a monitoring and evaluation system process aimed at supporting high program quality, and developed methods for ongoing professional development of staff.

If your organization scores fewer than five points above, read the Business Consulting section, starting on Page 11. If your organization scores five or more points, you may want to refer to the sections of the document associated with any points you have missed.

Coaching: My microenterprise training and technical assistance program:

- Has identified the benefits of coaching, and investigated whether the benefits warrant the investment of resources in establishing a separate coaching service, or whether to offer coaching as a technique that individual business consultants can employ.
- Has identified coaching qualities and strategies, and knows where to find coaching training for staff.
- Has investigated strategies for one-on-one versus group coaching, and identified their differences and benefits for our organization and clients.
- Has analyzed time and cost implications of the coaching services we offer, and considered what fee structure might be appropriate.
- Has developed a system for evaluating outcomes and the effectiveness of coaching on individual clients.

If your organization scores fewer than four points above, read the Coaching section starting on Page 35. If your organization scores four or more points, you may want to refer to the specific discussions of the points you have missed.

Mentoring: My microenterprise training and technical assistance program:

- ___ Has clearly identified the characteristics of clients who can best benefit from mentoring, and determined whether a mentoring service is appropriate to our clients.
- ___ Has developed a mechanism for recruiting and selecting appropriate mentors and protégés.
- ___ Has clarified expectations of both mentors and protégés regarding their roles and responsibilities.
- ___ Has designed a process for matching mentors and protégés, and determined the appropriateness of offering group, one-on-one mentoring or both to clients.
- ___ Has structured a process for the mentoring relationship with a clear beginning, middle and end, and with mechanisms for early exit based on the assessment of the participants.
- ___ Has established ongoing program monitoring and support to the program participants, as well as developed a system for evaluating the overall program.

If your organization scores fewer than five points, read the Mentoring section starting on Page 43. If your organization scores five or more points, you may want to refer to the sections of the text associated with any points you have missed.

Business Consulting

When it comes to technical assistance, business consulting is the most important one-on-one service that a program can provide. For many organizations, it is the heart and soul of what they do. For others, it is an important companion to training or financial services, offered alongside and/or after these services are delivered. Business consulting includes one-on-one individualized business analysis, advice and guidance offered by an experienced business consultant and designed to address a broad range of practical business issues – from business planning to marketing to financial analysis to very specific technical, operational and industry-based issues. Business consulting is characterized by:

- **Flexibility.** Programs can shape the technical assistance offered to best serve the needs of their clients and the capacity of the program. Business consulting can be customized in terms of content, duration, timing and location to best serve the client.
- **Personalized nature.** The essence of consulting is personal interaction. It is colored as much by the client's needs as by the personality and style of the business consultant. The one-to-one relationship offers reassurance and support to people who are risking a lot.
- **Comprehensiveness.** By its very nature, business consulting is designed to solve a wide range of business challenges, and to offer greater depth of guidance than training can provide.
- **Specialization:** Business consulting can also offer practical guidance that acknowledges and addresses the real issues that specific businesses face operating in the industries that they do.

These characteristics are its strength, but they also place great challenges on the program. The following issues arise:

- How does an organization offer the broadest range of service, assure the highest quality of information and counsel, and satisfy client demand within a limited set of resources;
- How can programs best use their scarcest and most valuable resource – their business consultants' time – to greatest advantage;
- How can programs offer specialized knowledge regarding a wide range of industries.

The discussion below seeks to document some preliminary findings regarding these issues and others with the hope of helping practitioners "in the trenches" reflect on their own experiences in a more coherent and explicit way. The first section will consider program structure; the second, the consulting relationship.

PROGRAM DESIGN AND MANAGEMENT

Program managers ask how the needs of the client and the organization can both be met and how services can be offered both effectively and efficiently. Consultants reply that consulting is

inherently a “messy business” and wonder whether to speak of business consulting and efficiency in the same sentence is even possible. Nevertheless, both managers and consultants continue to struggle with these questions, and programs have adopted different strategies in their efforts to answer them successfully. Among the programs studied for this document, for example, there are a number of interesting approaches to program structure that appear quite different on the surface. Each, however, has, to one extent or another, addressed the fundamental design issues that business consulting services must consider. The programs have:

- Identified clearly who their intended clients are and their likely needs;
- Determined the specific skills, expertise and knowledge that need to be part of the consulting services offered;
- Decided what services to offer through staff and what to offer through referral to external organizations;
- Created a team with a balance of skills and experiences and a structure that takes best advantage of that;
- Determined the most strategic use of consultant resources – defining how much service to offer, and to whom and on what terms; and
- Built a monitoring and evaluation system process aimed at supporting high program quality.

The cases below illustrate how this has played out for three different organizations.

Building a Team with Distinct Technical Skills, Coastal Enterprises, Incorporated (CEI)

Coastal Enterprises, Incorporated, offers business consulting services to women entrepreneurs through its Women’s Business Center. The Center’s clients are emerging and experienced women business owners from all parts of Maine – often at transitional moments in their lives – who come to the Center for one-on-one technical assistance, training and workshops; networking opportunities; and access to credit, and who are attracted to a center focused on women, and appreciative of women’s life experience and life issues. CEI also serves refugees and immigrants from a broad range of countries, many with prior business experience in their home countries, but unfamiliar with the U.S. economy.

CEI staff have identified their clients’ needs to include:

- Guidance on business planning and other start-up issues for newcomers;
- Marketing;
- Loan packaging;
- Financial management, including cash-flow management, bookkeeping and systems development;
- Employee issues; and
- Telecommunications, especially e-commerce.

Four consultants form the core team. One is a telecommunications expert and offers services to clients across CEI’s offices. (The organization has offices in eight locations.)

Two have specific geographic responsibilities and respond to a range of client needs. Each, however, also has specialized skills, and all consultants cross refer clients to each other. One is a CPA who focuses largely on financial management and accounting, and provides special support to clients establishing computerized accounting systems on Quickbooks.™ Another is experienced in marketing. The fourth team member has strong cross-cultural and adult learning skills, and leads a special program (StartSmart) for refugees and immigrants. The team can access other CEI services, including those of its loan officers and loan fund as needed.

CEI's Women's Business Center offers its consulting services free and on demand. The program seeks to maximize the use of its consultant resources in four ways:

- **Rationing access by client performance.** New clients may have to wait for an appointment, but once they are "in the system," regular appointments are established on the basis of need and rationed on the basis of client performance. (Clients are expected to follow through on assigned tasks before the next appointment.)
- **Monitoring hours of client service.** While there is no stated limit on the number of hours a client may access, high usage is monitored by management and evaluated to determine whether additional investment of time is warranted.
- **Combining specialized workshops with one-on-one assistance.** Although CEI does offer a nine-hour start-up training on a regular basis, the organization doesn't require a core program for its clients, but organizes special seminars and workshops on the basis of client demand. E-commerce workshops, for example, allow the consultant to communicate basic information to a larger group of entrepreneurs, and then focus one-on-one consulting on more advanced and tailored assessments and guidance. Given the intensive nature of the work with refugees and immigrants, a core training is provided that combines group sessions along with in-depth one-on-one technical assistance. There are four group sessions, each including a four-hour class and a one-hour "lab," allowing people to start applying concepts directly to their own businesses. During the week, individual appointments with the consultant are used to address individual issues, which are often substantial given that clients' often lack familiarity with business protocol in the U.S.
- **Offering networking opportunities.** At least two of the consultants have developed groups for their clients: one is open and the other is by invitation only. The groups provide clients with opportunities for peer support and learning, as well as allow the consultant to provide some services in a group setting.

Consultants generally have a caseload of 230 over the course of a year, and clients access five hours on average, although this is widely variable depending on the client (immigrants average 50-60 hours over the course of a year) and the issue (telecommunications consulting sessions may take two to three hours).

Building a Team Around Language/Cultural Skills and Local Knowledge, Community Business Network of the Massachusetts Association of Community Development Corporations (CBN)

The MACDC is an association of 66 community development corporations across Massachusetts that work together on public policy issues, resource mobilization, public education and program development. Ten of its member CDCs launched the

Community Business Network in 1997 to organize and maximize their business development services to small and micro businesses in specific Boston neighborhoods. The Network's clients have been defined as "start up or existing business owners who have traditionally faced more barriers in accessing support services, including financing." More specifically, these clients represent a wide variety of ethnic and language groups, with varying lengths of history in the U.S. and varying familiarity with local business practice. They include both small and micro businesses reflecting CDCs' emphasis on local community economic development. CBN has tracked the services it provides these clients and found that in Fiscal Year 2000, clients predominantly sought assistance in the following areas:

- Business plan development (52 percent);
- Securing financing (47 percent);
- Marketing (15 percent);
- Record-keeping and taxes (14 percent);
- Locating and securing real estate (14 percent); and
- Management and employee relations (13 percent).

(The total is greater than 100 percent because many clients seek assistance in more than one area.)

In forming the Network, the 10 participating CDCs sought to resolve two challenges – how to maximize the use of scarce technical assistance resources and at the same time how to deliver assistance to local communities that was culturally and linguistically appropriate and based on strong local knowledge. The selected program model solves both these challenges with a structure that has the following aspects:

- Three lead CDCs have full-time business consultants prepared to offer assistance on a broad range of business issues. These consultants, based at Allston Brighton, Jamaica Plain and Dorchester Bay serve clients in their areas, as well as clients from other participating CDCs.
- Seven affiliated members commit one-fifth of a staff person to CBN activities, market the program to local businesses, conduct initial client intake, offer some general consultation and link customers to the appropriate lead consultant. Each lead primarily serves between one and three designated affiliates, although services are provided across the network as needed. Between lead and affiliate CBN consultants, the Network is able to provide services in English, Spanish, French, Haitian Creole, Vietnamese and several Chinese dialects.
- Network members agree to meet minimum service numbers each year, in exchange for which they receive a base grant, with additional funding based on an annual multi-part and peer-based review. Participating staff also meets monthly to review program progress, exchange information on client consultations and learn from each other's experiences.

CBN seeks to maximize the use of its consultants in the following ways:

- Consultants give priority attention to loan packaging services and to helping clients access other forms of financial assistance, especially grants from city programs and other sources such as Trickle Up. By default, these resource acquisition-related activities are emphasized over ongoing engagement with clients. Follow-up assistance is provided on a demand-driven basis.

- Clients seeking basic business training are linked to partner organizations in Boston providing these services, including the Center for Women in Enterprise, This Neighborhood Means Business and Jewish Vocational Services. CBN itself organizes short workshops on high demand topics such as marketing, taxes and record-keeping. These workshops are also often conducted by partner organization staff as well as by cooperating banks, legal advisors and other entities.
- CBN organizations and staff have developed strong referral networks that they regularly tap for specialized information and assistance. Organizations include banks, City of Boston entities, colleges and universities and others.
- Staff, through dint of experience, has begun to develop deep knowledge in specific industry sectors and lends that expertise across the network. One consultant has developed capacity in child care businesses; another in restaurants. Business plans for specific industries are shared across the network as well, reducing the learning curve for others. Consultants have identified this deepening of sectoral expertise as an area for greater attention within the group.

Consultants from the lead organizations, on average, serve 33 clients yearly on an intensive basis and many other participants less intensively. They offer about 57 hours a month of preloan assistance, 41 hours of postloan technical assistance and another 69 hours of business consulting across a broad array of issues. Consultants from the affiliate organizations provide 42 hours of business consulting in all three areas, and annually serve nine clients intensively and others with shorter-term assistance, and refer still others to the lead consultants. Services are provided free of charge.

Organizing Client Services by Business Stage, Women’s Rural Entrepreneurial Network (WREN)

Unlike most other organizations, WREN’s enterprise assistance model places network development at the center of its strategy. Individuals seeking assistance from WREN join the network for a modest fee (\$25 minimum annually) and then access a range of services, including short courses on business and technology topics, marketing assistance through its retail shop and support of “affinity groups” (industry-based groups that market together), a full service technology center offering office equipment for hire, one-on-one technical assistance and coaching. WREN has identified its target group as women working in the North Country of New Hampshire seeking to secure and develop their economic livelihoods in a rural, employment-scarce environment. WREN’s network aims to help members do that while building a stronger local economy through increasing their economic interactions with each other. WREN has identified its client needs including:

- Business feasibility assessment and business planning;
- Marketing assistance;
- Financial management assistance;
- Technology assistance;
- Office services; and
- Support with life/work issues.

While some business consulting is offered on an as-needed basis, a substantial portion is delivered under the auspices of two programs, SEED (for new business owners) and

GROW (for more experienced business owners interested in substantially advancing their businesses). Clients joining each program receive the benefit of one-on-one consulting that helps guide their selection of other services and assures that their individual business issues are well addressed. In both programs, clients commit to a minimum one-year program of assistance that begins with an initial assessment, and a six-month mapping session, in which the participant sets goals and develops action steps with the help of the consultant. Clients are then encouraged to access other WREN services based on this plan, and quarterly reviews are used to evaluate progress, make adjustments and define additional service needs. WREN's consulting team providing these services includes two generalist business consultants, each one directing either SEED or GROW; a marketing specialist; a retail specialist; and a technology specialist who provides training and one-on-one assistance with a wide range of computer issues, including e-commerce.

WREN seeks to maximize the efficiency of its business consultant resources by focusing its one-on-one technical assistance on strategic business issues, and gently "pushing" clients to workshops and other group-based services for as much of the other work as possible. Over a two-year period, GROW clients accessed an average of 10 hours of one-on-one technical assistance from the business consultants, an additional 13 hours of one-on-one assistance from the marketing and technology specialists, and a final 21 hours in group-based or independent-use services, such as training workshops, group coaching and technology center use. This intensive use of resources was expected in a program designed to make a significant investment in the growth of member businesses, but comes with a substantial price tag that has been met in most part by subsidy. Clients pay nominal fees of approximately \$5 per hour under this program, although no one is turned away for lack of funds. On average participants annually provided \$130 in financial support for the services rendered.

Each of these program designs has its own rationale, its own primary organizing principle, and its own strengths and weaknesses. Each has attempted to create the most optimal configuration, given its customers, budget, context and mission. They and other programs examined for this publication illustrate several basic lessons for program managers.

Business consulting programs need to satisfy the twin demands of breadth and depth in addressing the needs of their clients for technical expertise.

As the cases give evidence, programs, no matter how tightly defined, see a broad range of clients with an equally broad range of needs. They are at different stages of business development and they represent different industry sectors. Across the board, these clients express some very common needs for assistance. The Detroit Entrepreneurship Institute, for example, found in its FIELD-funded action research that the vast amount of its consultant hours were applied to two issues: marketing and financial management. Participants in a FIELD-sponsored on-line seminar on business consulting identified the following themes as the key needs of their business clients:

- Market research and marketing – guidance on accessing markets, packaging and promotion;
- Financial management – preparing cash flow projections and financial record-keeping;
- Business plan development and loan packaging;
- Employee hiring and management issues;

These are substantial areas for technical assistance, and for which programs must provide high quality assistance. To that end, it is not surprising that the three program models described above feature generalists and specialists offering these services.

But, even though these areas reflect the core services, many clients arrive seeking more – more in-depth assistance in their particular industries; more detailed guidance on Internet-based marketing strategies; and more detailed advice regarding business licenses, regulations, certifications, legal incorporation, accounting issues, etc. This creates a real challenge for programs with limited resources, which can't fund specialists in a wide variety of areas. They must choose their areas of expertise carefully in accordance with what they hear as client demand,² but also in alignment with other services in the market. It is not surprising, for example, that CEI and WREN have chosen technology specialists who can guide clients through the intricacies of e-commerce. The organizations also help clients install and master Quickbooks™ for their bookkeeping. The digital divide is still real for many microentrepreneurs. The Community Business Network, on the other hand, specializes in facilitating financing, both grants and loans, and clients seek them out for this service. The decision to focus on this aspect is client-driven, but it also recognizes the strong web of other resources in the Boston area, particularly with respect to training. CBN has positioned itself to complement these organizations and has created a strong referral relationship with them.

Building a strong referral network is essential to offering broad and deep services. In the CBN case, consultants are strongly connected to a host of external individuals and organizations. They opportunistically maneuver in the world of Boston institutions, and refer clients to the appropriate services. Neighborhood Development Center of St. Paul, Minn., offers another model. It has developed a two-tier structure of consultants attached to its program. There are five core staff consultants supplemented by six on-contract consultants providing enhanced expertise in specific areas. Among them are a marketing specialist, a foods specialist and a merchandizing expert. In addition, NDC draws upon a network of accountants, lawyers and other specialists. Over the last three years, 220 lawyers have offered pro bono services to the same number of enterprises. NDC accesses reduced-rate accounting services through a partnership with a service organization called Accountability Minnesota. The business pays half the fee and NDC pays the other half. They add contract consultants in response to identified client needs, increasing the range of services offered through effective deployment of short-term consultants.

CBN's work also underscores the importance of industry-based expertise in key sectors. For many programs, developing and maintaining this capacity has been a serious challenge. FIELD's research on Access to Markets demonstration programs identified this issue as one of the most challenging for microenterprise organizations.³ At the same time, sector-based knowledge is most critical in providing quality technical assistance. How can programs solve this conundrum?

- **Specialization:** Some programs, like AceNet in Ohio, People Inc. in Virginia and WHEDCO in New York, have selected specific sectors for focus and built their technical assistance services around them.⁴ This approach brings strong advantages to both clients and programs, especially in terms of market development.

² For guidance on market research strategies for training and technical assistance, see FIELD Best Practice Guide: Volume 1, *Entering the Relationship: Finding and Assessing Microenterprise Training Clients*, (Washington, D.C.: The Aspen Institute/ FIELD, August 2002).

³ FIELD has documented the experiences of grantees participating in the Mott Foundation's Access to Markets Demonstration Project, a three-year effort to pilot new strategies to connect low-income entrepreneurs to larger markets. See *Connectors and Conduits: Reaching Competitive Markets from the Ground Up*, The Access to Markets Demonstration Final Report, (Washington, D.C.: The Aspen Institute/ FIELD, 2002) for a summary of findings from this cluster.

⁴ Mary McVay and Madi Hirschland, *Making the Connection: Appalachian Center for Economic Networks (AceNet)*, Access to Markets Case Study Series No. 1, (Washington, D.C.: The Aspen Institute/ FIELD, 2000); Candace Nelson and Karen Doyle Grossman, *Making the Connection: People, Incorporated of Southwest Virginia, Appalmade*, Access to Markets Case Study Series No. 3, (Washington, D.C.: The Aspen Institute/ FIELD, 2001); and Donna Rubens, *Assessing the Effectiveness of Training and Technical Assistance: WHEDCO*, (August 2001); available from www.fieldus.org/li/pdf/WHEDCO.pdf; Internet.

■ **Incremental Capacity Building:** CBN has taken a more incremental approach, with staff building expertise over time in the most common industries in which their clients engage. Their team structure allows the whole network to leverage the experience of individual consultants. Team members share sample business plans for specific business types and consult with clients across the member CDCs. NDC underwrites the development of industry knowledge on the part of its marketing consultant by supporting research time on unfamiliar business sectors, as needed.

A crisis may require legal intervention, debt rescheduling, issues with taxes and payroll, etc. The Neighborhood Development Center has a number of specialized consultants that it works with to resolve these situations – restaurant specialists, accountants, turn-around specialists and so forth. We also have a relationship with a number of large law firms that are willing to provide pro bono legal representation for our businesses.

Rachel Dolan, NDC,
comment in FIELDD's seminar
on business consulting, 25 February 2002.

■ **Staff selection:** Programs, like WREN and CEI, try to hire consultants with a variety of industry experience in their backgrounds. In addition to offering general business assistance to a range of clients, they provide specialized knowledge as needed.

Goal-setting processes help clients take best advantage of the technical assistance available to them.

It's not enough to offer an array of services. Clients need to know how to take advantage of them. Business consultants reported to FIELDD that clients who benefited most from their consulting services were those who were proactive, clear about their needs, and open to advice and actively followed through on it. This is just common sense, but not all clients arrive at a consultant's doorstep as clear as they should be. Especially in "embedded programs" where business consulting is positioned within an array of program services, it is important to create mechanisms that help clients find their own best path. Women's Housing and Economic Development Corporation (WHEDCO) and WREN present similar examples of how this might be done. WHEDCO, which supports a network of family day-care providers and offers core training and short-term courses, technical assistance, marketing materials development and other services, found that it could not assume that day-care providers know how to set goals for improving their businesses or how to use the providers' network to meet their goals. Their action research study⁵ prompted them to shift from a totally client-driven, on-demand model to "guided choice." In this model, day-care providers are strongly urged to participate in quarterly planning sessions in order to set goals, schedule relevant training and technical assistance activities, and review progress from the latest quarter. In WREN's GROW program, the first meeting between client and consultant is focused on an assessment and goal-setting exercise. Clients identify their short term (less than six months) and intermediate goals (seven to 24 months) and complete a one-year action plan addressing marketing, financial issues and general management concerns. Based on goals for each of these areas, clients then select the best resources (technical assistance from generalist and specialist consultants, workshops, group coaching, use of the technology center, etc.) to support their business development. Quarterly meetings allow the client and the business consultant to check progress and make adjustments as necessary.

⁵ Rubens, *Assessing*, Internet.

There are very strong advantages to this goal-setting approach for both the client and the program, and most experienced program managers would say it's absolutely essential.⁶ The client can make more intelligent use of the services available and the program can organize more effective use of its consultants, training and other services. This type of goal setting has an added advantage in terms of documenting client progress and the program's contribution to it. The documentation process, of which the action plan becomes a part, enables programs to record intermediate as well as final measures of success for both program improvement and donor accountability. (See the sample action plan in the Tools section.)

Programs need to develop methods to increase their efficiency.

Consultant time is a program's scarcest resource. For this reason, the programs described above have implemented a variety of ways to maximize their use, most often by stretching their services with some group processes. Clients who seek one-on-one business consulting will not be satisfied without that "high touch," personalized attention to their business issues, and programs recognize that this service often supports the most dramatic improvements in client businesses. But, many clients are willing and enthusiastic participants in targeted group activities, especially if they permit a short-term commitment, and if they are done well.

Other programs, especially those that offer core training, establish participation in that service as a pre-requisite to accessing consulting services. This strategy allows the program to introduce the basics efficiently, and the consultant to focus his or her energy on the more particular needs of the individual. Programs using this strategy, however, need to be careful that clients are not using it as a substitute for full engagement in the class experience. The Institute for Social and Economic Development in Iowa, for example, offers technical assistance to class participants during training as well as afterwards. ISED found in its research study⁷ that clients who sought additional technical assistance outside the classroom were of two types. Either they were actively working on getting a loan, or they exhibited low participation in classroom activities and business readiness. Specifically, they did not complete homework assignments, did not attend classes regularly, had low to moderate commitment to the training (as rated by the trainer), or had never owned a business. This experience suggests the need to introduce and enforce performance-based incentives into the consulting relationship. One example of this is offered by NDC. Its business consulting is limited to training program graduates who are offered four hours of technical assistance on demand. However, future assistance is conditioned upon the client submitting a plan outlining progress to date, and setting out short- and long-term goals. Staff reports that most plans are approved, but the process reinforces the notion of accountability upon the clients and tends to ensure that only the most committed will seek their continuing support. (See the Tools section for a sample of the agreement NDC signs with its training graduates.)

Position business consulting within a menu of services to support business start-up and growth.

The efficiency argument for this has been presented above. But, there are compelling, client-based reasons for creating a structure centered on business consulting as the lead service. First, it is essential for clients with existing businesses. Secondly, despite the intensiveness of many core training programs, many clients are not prepared to "go it alone" upon graduation. Women's

⁶ In the on-line seminar that FIELD facilitated on business consulting, some participants noted that while they agreed with this perspective, there are occasions when the urgent need of a client (especially a new one) requires immediate attention and dominates the consultation. In these instances, the focus on goal setting may be delayed. But, the underlying aim should be to move toward a goal-oriented approach as soon as possible.

⁷ Jan Losby and Jill Robinson, *Assessing the Effectiveness of Microenterprise Training and Technical Assistance Services*, (Institute for Social and Economic Development, November 2001); available from www.fieldus.org/li/pdf/ISED.pdf; Internet.

Initiative's FIELD-funded longitudinal research⁸ showed that businesses start and grow for an extended period after core training. While most start-ups occurred during the first 12 months, there were still start-ups in the next six months. In addition, between 12 and 18 months, clients experienced a series of expansions and stabilizations,⁹ as their businesses continued to grow. At six months after training, 12 percent reported expansion; at 12 months, 37 percent reported expansion; and at 18 months, 29 percent reported expansion. At the same time that clients were experiencing these changes, the data on skills demonstrated that additional reinforcement is needed. Women's Initiative clients were more likely to report using what trainers consider the basic skills and were less likely to use the more advanced skills, such as projecting cash-flow, preparing financial statements, managing sales and production cycles well, or seeking business capital.

Responding to similar findings, microenterprise programs have introduced special program components specifically for this group of emerging entrepreneurs. Neighborhood Development Center introduced its Business Opening Phase Program (BOP) precisely to provide continuing services to its training graduates. Offering one-on-one consulting, its intention is to bridge the gap between the end of training and the actual opening of the business, and helps clients with the range of operational issues that they confront and which aren't well addressed in a basic business-plan course. The BOP work plan/checklist provided to clients contains more than 70 items organized by category, such as business structure, site selection and layout, financing, human resources, operations start-up, and business image development; the trainer assists the client work through all the relevant tasks. (See the Tools section for the BOP checklist.)

Other organizations use some form of members' association as the vehicle for additional support. WREN's and WHEDCO's network models were discussed above. Similarly, West Company's "Commerce Café," is a membership association for existing business owners. Like the other two models, the centerpiece of the Café is goal setting, coupled with an on-site assessment by, and access to monthly meetings with, a business consultant. Additional services built around this core include monthly information packets, a members-only Web site, quarterly networking meetings, technology training and access to an Individual Development Account program. Responding to specific client needs during its first 18 months of operation, "Commerce Café" members also have access to West Company's "co-mentoring" program and a "personal credit analysis" service that helps clients understand and improve their credit ratings. The Café is operated like a focus group for the program, allowing staff to better understand and respond to business growth needs.

These "guided choice," association-based models appear to offer some real advantages:

- FIELD-supported research under the Training and Technical Assistance cluster suggested that a "better" structure for providing post-training technical assistance services is one that combines client initiative and choice with a regular connection to and reminder of available services. Compared to supply-driven models, where technical assistance was pushed to clients who agreed to participate in a special program,¹⁰ and to laissez-faire models, where services are made available in a fully open way, the business consultant-centered model provides enough structure to keep clients engaged, while at the same time keeping them in the drivers' seat.

⁸ Marian Doub, *Assessing the Effectiveness of Microenterprise Training and Technical Assistance Services*, (Women's Initiative, August 2001); available at www.fieldus.org/li/pdf/WI.pdf; Internet.

⁹ Stabilizations are characterized by reaching break-even and establishing record-keeping and operational procedures. Expansion is defined by increasing sales by 30 percent or more, and may include additional investment.

¹⁰ Elaine L. Edgcomb and others, *Improving Microenterprise Training and Technical Assistance: Findings for Program Managers* (Washington, D.C.: Aspen Institute/FIELD, 2002), and Vanessa Rush and Ken Williams, *Assessing the Effectiveness of Microenterprise Training and Technical Assistance Services*: (Detroit Entrepreneurship Institute, December 10, 2001); available from www.fieldus.org/li/pdf/DEI.pdf; Internet.

- These models also have the potential to help programs deliver services more efficiently. The business consultation not only serves the clients, but also feeds valuable information to the program regarding client demand for specific services. In theory, clients will connect more directly to the services with the highest potential for impact on their businesses.

The real challenge, of course, is how to pay for these additional services. Whenever they are offered, those participating in the services access many more hours of assistance than other clients. FIELD has found that among MicroTest members, the average number of technical assistance hours is 11.¹¹ Contrast that to GROW, through which clients accessed on average a total of 44 hours of service, about half of which was provided one-on-one. For West Company, the totals were less (18.9 hours on average for Café participants), but still more than a two-fold increase over other West Company clients, who accessed an average of 8.5 hours during the same period.

Reported Changes in Businesses of Clients Participating in “Guided Choice” Association Models

WREN: During 2001, their first year of program participation, clients experienced an average increase of 45.6 percent and a median increase of 20.3 percent in gross sales (n = 19).

During 2002, their second year, clients experienced an average increase of 133.6 percent and a median increase of 60.8 percent over their 1999 gross sales (n = 14).

West Company: After one year, clients experienced an average increase of 88 percent in revenues (n = 13; median = 39.5 percent), and an average increase in profits of 155.6 percent (n = 13; median = 66 percent). Of 21 “Commerce Café” members, 66 percent of the group reported reaching stability or profitability. Eighty-seven percent remain in business after two years of participation.

These extra investments of hours are ultimately justified on the basis of impact on clients’ businesses and their lives. FIELD-supported pilot projects and action research on three of these initiatives provide some limited indications of their value. The number of hours accessed by clients suggests that the models have fairly accurately responded to client demand and solved time and place constraints that have affected other, more traditional association or network models. Evidence of their ultimate affect on client businesses is largely qualitative in nature, and presents a variable picture of progress from client to client. Program staff assesses the preliminary results sufficiently positive to continue the programs beyond the pilot stages. But, comparisons of costs and benefits need to be done to determine if these early assessments are supported by data. Importantly, West Company intends to compare “Commerce Café” clients with others not participating in these value-added services.

In the interim, what appears clear is that these menu-based models appeal to many clients who are willing to invest their time and some financial resources to participate in them.

Mechanisms to support cost recovery are hard to devise but essential to a program’s long term sustainability.

Across the United States, microenterprise programs struggle to raise funds to support program services. Data collected under FIELD’s MicroTest program shows that on average, programs

¹¹ MicroTest data presents a somewhat more complex picture than the number indicates. Thirty-nine organizations reported that they provided business-development technical assistance, that is, services designed for business start-up, stabilization and growth. The average number of hours was 11; the median was nine. Thirty-three programs reported providing credit-related technical assistance, that is, services designed to help clients develop loan packages and access a loan either from their program or another source. The average number of these hours was eight; the median was five.

derive 24 percent of their funding from Federal sources, 15 percent from state sources, and 32 percent from private support. Credit programs generate an average of 22 percent of their expenses from interest payments and fees, but training and technical assistance activities have generated only an average of 4 percent of their expenses from participant fees and sales of training materials. This lack of internally generated revenue has many causes. Some donors insist that services be made available free of charge. Programs also operate in contexts where other services are subsidized. There is a strong expectation that business assistance is a public good that benefits both the individuals and the local communities in which they are established. And, the low incomes of many clients make it a severe hardship to pay the full cost of services rendered.

Sample Fee Structures of Business Consulting Programs

Good Work: \$25 per year for training program graduates.

Neighborhood Development Center: \$50 program fee to access Business Opening Phase (BOP) assistance, covering up to six hours of one-on-one consultation provided by NDC trainers.

WREN: Network membership ranges from \$25 for an individual to \$50 for a business partnership. The fee is \$25 per hour for individual consultations, but this is regularly discounted with need-based scholarships and special offers for ongoing services. The fee is \$50 for six months of unlimited consulting for SEED participants; \$10 per hour for quarterly meetings for GROW participants.

West Company: Membership in the “Commerce Café,” an association offering a range of services to established business owners, ranges from \$60 to \$120 annually, depending on income level. Included are an on-site annual assessment with a business consultant, along with monthly sessions in person, by phone or e-mail.

Program managers and staff are conflicted about whether consulting services should be fee-based. And, a focus group with clients demonstrated the same level of conflict. Clients of Coastal Enterprise, Incorporated, acknowledged the real value that business consulting had made in their businesses. Many indicated that they would not have come to the program initially had there been a fee, but having benefited from the services, they see how valuable the support has been. Several clients proposed a fee structure that would “kick in” after a certain number of consulting hours and be based on the financial status of the customer’s business: “Every time she comes I tell her how invaluable the services are that she gives us. We would definitely be willing to pay for what we could pay for. It would be better to say that you pay after a certain amount of sessions or for certain services, but I think that from the beginning, you start with it for free and then move on. ... Having people pay for it at the beginning when you are first starting out is counter-productive.”

WREN charges a membership fee to join the network and has introduced a pricing structure for consultations and other services. While most fees are nominal in relationship to the cost (cost recovery for GROW was just 5.6 percent of last year’s expenses, much lower than the 30 percent projected at program start), WREN believes that the principle of client contributions is an important one to establish. Management is introducing the notion of fee-based services in the coming year to its affinity groups. Each group will be provided a set amount of grant dollars to

“purchase” program services. The hope is that the experience will support two important aims: allocating program services on a much clearer demand-driven basis, and creating a culture of payment for services rendered.

There is no easy solution to making consulting services sustainable. But, managers need to challenge themselves to think about this issue creatively and to test cost-recovery strategies. In doing so, it’s important to remember that how programs start has a great influence on what they’re able to do later. FIELD’s grantees in the Follow-Up Services cluster introduced fee structures for new services in different ways. Programs that initially offered the service free found it impossible to introduce a fee subsequently, while programs that started with at least a small fee found some clients willing to pay. While CEI clients suggested a “start free, pay later” structure, this might be hard to enforce unless clients were advised at the beginning when and how fees would be introduced.

Strategic guidance and oversight, and a focus on the professional development of business consultants, strengthen the quality of business consulting services.

Just like microentrepreneurs, microenterprise programs need to be concerned about the quality of their products and their acceptance by their target markets. In the case of business consulting, this means careful attention both to the larger dimensions of the product’s design and to the delivery of the service at the individual client level. This goes beyond staff recruitment and includes: developing and encouraging a strategic vision among the consultant team regarding the program’s goals and their implications for how they attend to clients, establish priorities, allocate time and enforce ground rules. Consulting involves much more than business knowledge, and like good training, it depends heavily on a consultant’s capacity to empathize, facilitate and support clients in trying out new behaviors and attitudes. Helping consultants develop these softer skills, as well as technical expertise, is essential to delivering quality services.

Suggestions for Building Program Quality

- Have business consultants periodically shadow each other to provide feedback and to learn new skills.
- Have management shadow consultants to better assess the quality of services, to understand consultant challenges and to provide performance feedback.
- Invest in training on adult education techniques.
- Use team meetings to review progress against targets and consider time allocation issues – and to discuss challenging consultant assignments.
- Reflect on and make explicit the underlying "ground rules of engagement" with clients: what is the program’s philosophy of business consulting; what are its desired ends; what is the general range of services and hours provided; how can consultants better draw the line between advising and leading; how should consultants address challenging clients; etc.

Programs researched by FIELD have developed different strategies for continually building program quality. CBN’s member CDCs agree annually to program goals and targets, and to participating in a joint evaluation process that keeps business consulting staff and their organizations accountable to

the overall program mission. Business consultants meet monthly to exchange information, consider program-wide issues, and confer on specific clients. The network is supported by a coordinator who provides assistance with fundraising, program evaluation and other services.

At CEI, the program manager and consultants meet every four to six weeks to review program issues. New consultants shadow an experienced consultant. All consultants are provided professional development opportunities yearly, including opportunities to attend professional conferences and to visit other microenterprise assistance programs. Staff has also gained professional certifications through attending SBDC counselor professional-development training.

There are at least four areas in which all business consultants need continuing development, and which programs need to include in a professional development plan. They include:

- **Technical content:** Consultants need to grow in their fields of specialization, whether they be functional (like telecommunications or finance) or industry-based (like child care or specialty foods). Programs need to have on their staffs people who are more than business generalists; they need to help generalists develop more specialized knowledge as well as foster continued professional development by staff specialists in their fields.
- **Local knowledge:** Consultants need to keep current on the business context in their service areas and the latest in regulations affecting small business owners. They must monitor financing and other opportunities for their clients and maintain an active referral list.
- **Economic trends:** Consultants need to have a current understanding of broader trends in the economy and emerging ideas, and how these might affect microentrepreneurs in terms of either opportunities or challenges.
- **Adult education and communication techniques:** Knowing how to work with adults, and in particular low-income and other marginalized entrepreneurs, requires knowing how to use the consulting relationship to facilitate and empower, and not just to offer information. It requires having active listening skills and knowing how to uncover the problem hiding behind the presentation of the issue. It also involves knowing how to be nonjudgmental in responses, and supportive while maintaining appropriate boundaries.

The better the program is at supporting consultants in all these areas, the better the ultimate services to clients.

Monitoring and evaluation needs to be both quantitative and qualitative. It needs to consider intermediate and final outcomes.

The final design consideration is monitoring and evaluation. What should a program track regularly that will contribute to an assessment of its effectiveness? What information does staff need to know that the work is of high quality and on track? And what does it need to demonstrate its impact both to the organization and its supporters? The answers to these questions are not easy ones. The most important measures of effectiveness are outcomes or impact measures that are not easy to capture. The more easily acquired measures of service delivery – such as average service hours – have little meaning on their own, while the more meaningful data that reveal client effects are harder to capture. In the absence of consensus in the field, programs are experimenting with a variety of strategies, all of which provide useful examples to an organization interested in building a systematic model.

Below are summarized the key monitoring and outcomes questions for business consulting programs.

Key Monitoring Questions	Tools
<p>1. Target Market What are the characteristics of clients receiving consulting services – in terms of poverty, gender, minority status and business status? Do these characteristics correspond to those of the program’s intended target market?</p>	Client intake forms; MIS database
<p>2. Scale of Services How many clients receive business consulting services during the fiscal year? How many receive credit-related consulting? How many receive business-development-related consulting?</p>	Client consulting records; MIS database
<p>3. Hours of Service How many hours of service are business consultants providing? What is the average number of hours a client receives? What is the range? The median? What is the average for credit-related consulting? For business-related consulting? Is the distribution of hours among clients warranted by client need and performance?</p>	
<p>4. Consultation Services What are the issues or topics for which clients are seeking assistance? Which are the priority areas? What is the number of hours of service in each area?</p>	
<p>5. Customer Satisfaction How do clients assess the value of the consulting services they receive? What do they recommend to improve services?</p>	Customer satisfaction surveys (written or phone)
<p>6. Service Effectiveness To what extent do clients implement consultant recommendations? What specific accomplishments do clients achieve as a result of participating in business consulting services?</p>	Periodic reviews of action plans produced by clients with consultants
<p>7. Efficiency What is the cost per client receiving consulting services?</p>	Staff time allocation sheets; income and expense statements; client data
<p>8. Self-Sufficiency/Sustainability What is the revenue generated by the program in relation to its costs? What are the other sources of revenue and their perceived stability?</p>	Program income and expense statements documenting client fees and other sources of revenue
Key Outcomes Questions	Tools
1. What is the business status of clients? (in business, full- or part-time, sole proprietorship or with employees)	Annual phone surveys of a sample of clients
2. Is the business viable?	
3. What level of assets is the business producing?	
4. Is the business contributing to personal and household income?	

The starting point to answering all of these questions is a good management information system that captures key demographic information on all clients as well as documents all services provided. Built upon that are forms for capturing consultation data and client performance that are regularly reviewed by staff and management. Layered upon this activity-based data, programs can implement client satisfaction and outcomes surveys to learn more about the effectiveness of program services.

As experienced practitioners can see, most of the key questions are critical performance issues for microenterprise development services in general. For programs that provide multiple services, managers need to make a determination regarding the extent to which data should be collected and segregated by service, and which should be collected in aggregate form. For example, MicroTest, FIELD's performance measurement system, recommends that programs disaggregate their financial data between credit activities and all training/technical-assistance activities. The MicroTest Excel™ workbook then produces efficiency ratios that allow a program to understand the cost of all its business-development services on a per-client basis, but doesn't tease the numbers apart to understand the cost of training as opposed to business consulting, for example, if both are offered. The data necessary to do this more detailed cost analysis are available in the workbook, however, and the analysis can be produced with the addition of a few extra formulas.

The same is true for outcomes measurement. FIELD's MicroTest project is testing a simple outcomes measurement tool for program staff to use. In the current test, participating programs select a sample of clients across all program services. In some instances, programs may have a sufficient number of clients accessing only business-consulting services to test the effectiveness of this strategy independent of other services. In other instances, this may be more difficult. But, if managers are interested in developing quality business-consulting services, there is little choice but to make the effort to assess the service in a rigorous way.

Sample Monitoring and Evaluation Strategies

CBN: Participating CDCs collect data on numbers of clients and hours of service and compare these to performance targets established by the network. Most uniquely, this collaborative program then builds a peer evaluation upon the quantitative data gathering. Each participating CDC is reviewed by other members of the team who base their assessments on site visits, interviews and qualitative evaluations of client impact. The quantitative and qualitative reviews serve as the basis for addressing critical program issues – such as defining appropriate cultural practices – as well as supporting the allocation of financial resources. This peer review component assures a common level of standards is met in the delivery of business consulting.

Coastal Enterprises: Coastal sends follow-up surveys to all clients accessing a minimum of five hours of consultation to collect customer satisfaction and outcome information. Coastal monitors hours of service against annual performance targets, as well as its distribution across the client portfolio.

WREN: Staff helps clients establish goals and action plans and produces quarterly progress reviews. These reviews serve to provide a qualitative assessment of program performance.

THE CONSULTING RELATIONSHIP

When it is finally said and done, the effectiveness of business consulting depends on the quality of the business consultant – both in terms of the knowledge and experience he or she brings to the consulting relationship and of the skill with which he or she engages with the client. Consultants are called upon to help clients solve urgent crises as well as plan strategically. They are knowledge providers and sympathetic counselors. They are motivators and bridges to resources. In some way, they are expected to be “all things to all people,” and schooling alone doesn’t prepare them for the job. As part of this research, FIELD conducted individual and group interviews with business consultants and business consulting clients; and facilitated an on-line seminar for business consultants, accompanied them on consultations, and listened to their clients. This research clarified the essential skills and characteristics of good business consultants, illuminated the challenges they faced in working with clients, and identified some ways that consultants have developed to work more efficiently and effectively.

A business consultant must have a diversity of skills and characteristics.

It is hard for a formal job description to do justice to what’s expected of a good business consultant. While it can describe the basics, it may fail to capture the elements that experienced consultants – and experienced managers – emphasize when talking about the essentials of this job.

Content experience: First and foremost is content knowledge. As discussed earlier, clients seek help with a range of issues, and programs need to assure that the program’s consultant pool can address these needs. Because programs are limited in the number of consultants they can hire, broad experience and versatility are essential. But, these must be coupled with deep knowledge in one or more of the areas in which clients seek special help – marketing and financial management, technology, sectoral expertise, etc. Whether previous business ownership is absolutely essential was debated by the consultants interviewed. Entrepreneurs need access to individuals with skills – like accounting or technology – that may have been acquired in other ways. But, all agreed that the team itself must contain as many individuals as possible with specific entrepreneurial experience. It engenders credibility, builds rapport, and grounds the advice that is the consultant’s stock in trade.

Organizational skills: Often the most important role of a business consultant is to help clients make sense of the work they have already done, and organize their goals and next steps. Clients may have great ideas, but lack a framework for making progress. This need for organizational support covers both strategic issues and everyday systems. NDC staff, for example, reported that clients need help with file organization as well as higher level issues. NDC staff also emphasized the value of common sense on the part of the consultant. By thinking logically and keeping things simple, consultants are better able to serve their clients.

Strong listening and facilitation skills: Consultants build trust through the honesty and respect with which they treat their clients. Patience is also extremely important. Consultants emphasize the need to be a good listener and an observer who pays attention to the client’s body language, and to the doubts and hesitations of the business person. A WREN consultant, describing consultants’ skills wrote: “We are all very approachable and have keen listening skills. We work at being supportive but not condescending. We believe in suggesting possibilities but never telling a participant what they HAVE to do.” According to the consultants of Coastal Enterprises, there’s an underlying philosophy in consulting that, like adult educational theory, is grounded in respect for the client’s expertise, and uses adult education techniques. Consultants need to know how to approach different learning styles, get people engaged, create a safe space for learning and a willingness to test new things.

A Case for Organization — NDC

According to one NDC consultant, “90 percent of accounting or bookkeeping is file organization,” but getting clients to organize their paperwork is a major challenge. NDC has tried several strategies, none of which have been satisfactory for all their clients. They’ve included training in manual journal entry systems, and they’ve financed accounting services, a highly cost-ineffective approach when the client arrives with a raft of unfiled receipts and invoices. They find clients making tax payments based on estimates, and trying to sort it all out at the end of the year. “While clients are good at understanding what they need to do, it is difficult to get them to the point of implementing. Often programs emphasize the need to educate clients about accounting software, such as Quicken,TM but if clients are not putting their invoices into a file, QuickenTM is not going to help.”

So, what’s the next step? NDC is looking to make contacts with people who do file organization, write checks and pass on the paperwork to the accountant at the end of the month. However, this, too, is costly. NDC struggles with the issue of how to get the entrepreneur to do enough to keep himself on track, and then access someone else’s skills to help him or her manage the detail work

Flexible and responsive: Consultants must find the style that most matches that of the client. A business consultant from West Company in Ukiah, Calif., used the metaphor of a chameleon to characterize this quality: “A chameleon style seems to work, one where the consultant adjusts to the place where the client is, the client’s learning style, the client’s motivational style. Some are moved by money and some by vision. Some clients move fast and others slow. Just being an advocate for the underserved doesn’t work. Trust comes from building from the client’s strengths and acknowledging growth.”

Coaching skills: While the main purpose of business consulting is to provide technical assistance, helping clients keep on track through motivational support is also part of the job. The consultant can find himself or herself playing the supportive role of a cheerleader, or simply a listener. As one consultant at NDC says, “[the consulting relationship] can be much more of an exchange on a personal level or encouragement, rather than using any specific coaching techniques. We are not therapists or clergy members, so it is a challenge to have to talk clients through this and then move on to the business. I see this as a plus in the relationship, because it shows that they [clients] have trust in the relationship.” While few consultants have formal coaching skills, what the best do is certainly informed by the philosophy or approach that informs the field of coaching. And, many could benefit from learning more about how to apply these strategies. (Detailed information on coaching can be found in the next section of the module.)

A strong rolodex – the importance of connections: Consultants need to know where they can send someone. Knowing one’s limitations and being unafraid to acknowledge them is important. Effective consultants know where to refer people, the resources of the community and the right people, and can make the call. They are located in a web of organizations that can help – from legal services to local councilpeople to alternative loan funds to city grant programs to educational resources. WREN consultants, who call on outside individual experts and organizations to supplement their in-house skills, speak of the importance of referrals in the process of building trust with clients. One WREN staff member wrote, “We establish trust by being honest with our participants and when we don’t know the answers, we refer out or try to give them the means to find the answers themselves.”

A Sample Job Description for a Women's Business Counselor, Coastal Enterprises, Inc.

Summary

Provides management consulting to women business owners to facilitate business start-up, survival and business expansion. Provides business planning and management assistance.

Essential Duties and Responsibilities

I. Provides training and management consulting to women business owners to guide them in all aspects of business management and growth.

- Provides training and support on business start-up, development and management, such as business planning, financial projections, marketing, administrative and production systems, technology, communications, etc.
- Establishes/coordinates peer mentor/networking groups for women business owners.
- Assists clients in finding funding, putting together loan packages and negotiating with lenders.
- Conducts research for clients.

II. Represents Women's Business Center and CEI to the public through presentations, workshops and participation at events.

- Speaks to outside groups about the Women's Business Center and other CEI activities.
- Develops and conducts workshops on business development and management.
- Attends seminars and conferences to develop knowledge and provide input to women's business issues.
- Works with national, state and community associations and networks to further the mission of CEI and the Women's Business Center.

III. Produces required communications about counseling activities, e.g., reporting, phone logs and counseling records. Maintains client records.

IV. Maintains resource library.

Qualification Requirements

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill and/or ability required.

1. Four-year college degree plus master's degree in related field, such as business administration, or professional designation;
2. Minimum of five years related business and/or professional experience;
3. Broad knowledge of all aspects of business management, women's issues and entrepreneurship;
4. Proficiency in working with business software and technology;
5. Effective written and oral communication and presentation skills;
6. Strong interpersonal skills;
7. Ability to work collaboratively;
8. Experience as a small business owner; and
9. Teaching and curriculum-development skills.

Culturally appropriate communications skills: Consultants need the capacity to speak to clients in the language and within the cultural context that makes sense to them. As CBN consultants have noted, this means more than being bilingual. Ideally, it means being bi-cultural. As one consultant remarked, being from the same culture “helps [the consultant] to understand why clients say the things they do and what they’re thinking. If I understand the culture of my client, I can see it how they see it.” Another consultant expressed the importance of trust: “It’s the trust issue. For example, the tofu manufacturer I worked with was desperate to talk to someone who spoke Mandarin about his management crisis.” Sometimes sharing the same language or culture helps to establish this trust from the beginning of the relationship.

Over and above language and general cultural rapport, consultants need to be aware of very specific characteristics and experiences of their clients that influence their approach to business development or to learning. This includes understanding and developing approaches to address, for example:

- The clients’ orientation to education and, in turn, their expectations of what is effective training or consulting (some traditions are quite formal; others are more oral; some expect a didactic approach; others are more socially-oriented).
- The clients’ prior business experience or their assumptions about the way business works based upon their homeland economy (informal, buy-sell activities or highly regulated markets; tax-enforcing or tax-avoiding).
- Household roles and expectations, and how this might influence the roles of men and women in business development.

A program like CBN effectively addresses these issues with a team of consultants reflecting their key constituencies, but a program like CEI has only one consultant to support representatives from many ethnic groups. In challenging situations like this, cross-cultural or diversity training – and experience – provide the base upon which a consultant can build the knowledge and skills needed.

Striking the balance – between being too proactive and too passive – is an important posture that consultants need to master.

Business counseling is exhilarating work. Emerging entrepreneurs arrive with exciting ideas, interesting problems and challenging situations. It is easy to become overly engaged in an individual’s life story or overly committed to his or her business success. Of course, the consultant tries to see and treat the client as an equal, respecting his or her business ideas and serving as a sounding board rather than dictating what the client should and should not do. But sometimes this position is not easy to maintain. FIELD’s research found that consultants often struggle with becoming too involved in the businesses that they support. At times, they can become so invested in the business that they take on too much responsibility. The strong connection to and emotional investment in the business and the individual entrepreneur can lead to the consultant’s overstepping the appropriate boundaries of the consulting relationship.

Interviews with consultants and clients include similar statements with respect to how consultants should perform their roles and how they shouldn’t. Acknowledging that there is a fine line that can easily get overstepped, all parties would emphasize the following “dos and don’ts:”

	Do	Don't
Clients say	<ul style="list-style-type: none"> ■ Ask questions. ■ Provide information and answer clients' specific questions. ■ Offer guidance. ■ Express enthusiasm for the business idea. ■ Offer good referrals. ■ Assign serious homework that moves the business along. ■ Provide reassurance. ■ Listen for "no" when the client can't engage at the level or pace suggested. ■ Check in periodically. ■ Be clear about the limits of your knowledge. 	<ul style="list-style-type: none"> ■ Push. ■ Overwhelm with too many ideas. ■ Suggest too many activities. ■ Encourage networking when the client isn't ready.
Consultants say	<ul style="list-style-type: none"> ■ Establish a relationship. ■ Ask questions that "peel the onion" – to uncover real goals and vision. ■ Provide guidelines and frameworks for working through a problem. ■ Break tasks down into small steps. ■ Work in collaboration with the client. 	<ul style="list-style-type: none"> ■ Rush clients into work they're not ready for. ■ Be a pair of hands for them.

But, while everyone would agree to these guidelines, it sometimes is easy to cross the fine line between being an advisor and a partner. Non-English-speaking clients, recent immigrants and refugees, have less language capacity and/or knowledge of the way things work to produce written business plans and loan applications, file for licenses, and complete other forms, and clearly need more support with documentation, finding their way through the system, and representation than other clients. But, even here, consultants need to be concerned about not doing anything that the client can do himself. The more treacherous ground is where the consultant engages too much simply out of an excess of enthusiasm and drive. Learning to be attuned to clients' signals is a necessary component of a consultant's job.

FIELD staff observed several consulting sessions. Below are two composite examples that reflect two different approaches to business consulting observed – one consultant is helpful and the other consultant offers too much help, verging on inappropriate.

Fictitious Case Examples – Finding the Balance:

The questioner, consultant George G – George G opens the session asking questions of Sally May, the owner of a fine arts store. He starts by asking what the client has done since the last visit, and about the progress made. George G and Sally May next look over financial records, and the consultant asks questions and makes suggestions about additional columns needed to reflect the hours she and her brother (her business partner) were spending as employees of the business. As the business is not yet breaking even, Sally May and her brother are not yet paying themselves, and also not accounting for their time. George G suggests steps to be taken before the next meeting. These include:

- adding an estimated salary for Sally May and her brother on the cash-flow sheet to see what this looks like,
- more precisely estimating the time it takes to complete a fine art piece.

George G also suggests Sally May and her brother both come to the next session in order to jointly consider how better to estimate the amount of labor her brother invests in each work of art, and to discuss what changes might be made in the business to move it to profitability. George G lets the client set the timing for the next visit and decide whether she will, indeed, bring her brother to the appointment.

The invisible partner, Consultant Kelly P – Kelly P opens the session by asking how the business is going. The client, Peter the Pizza Man, has a successful pizza shop downtown. Peter feels that the business is going well, and that all he needs now is just to be spending his time at the store. Then Peter adds that he is looking for someone to help him with his bookkeeping. Kelly P suggests a couple of options (including her own father). She says that she will be on the look-out for bookkeepers and will let Peter know when she finds one. Kelly then suggests that Peter could really use some new pizza stones for the parlor, and suggests that she go searching for some, and call Peter with the details and price of the stones when she finds them.

It is a fine line consultants walk between being an advisor and a partner.

Effective consultants create clear and positive accountability in the consulting relationship.

This is done by assigning tasks at each meeting, scheduling follow-up appointments, and working with clients to document their goals and progress. In doing this, the trick is to foster a sense of accountability on the part of the clients without instilling an unproductive feeling of hierarchy into the relationship. Accountability underscores that consulting is a business relationship and the client maintains access through reciprocity of effort. Programs and business consultants assign tasks for the short term after individual sessions, and in services offering longer-term support, build more comprehensive and strategic action plans with clients that create a road map for their business' growth.

Case Example – Building Client Accountability into the Relationship

WREN's GROW program (Graduate Resources of WREN) commences with a mapping exercise that includes an assessment of the business and the establishment of goals and objectives. Each member spends two hours with the business consultant discussing her vision for the next step of the business and identifying what she thinks is needed to move forward. Together, they spend time mapping out management, marketing and financial plans, and set realistic goals for the upcoming year. Then the member checks in with the business consultant quarterly to assess progress and update this plan.

WREN developed three tools to help with this process. They include:

- A questionnaire about the status of the participant's business;
- An initial one-year action plan completed by the business consultant with the client

that includes a long-range exit strategy, and marketing, financial-management and general/management goals; and

- A quarterly review plan consisting of written documentation with an updated action plan following the quarterly assessment meeting with each client.

These approaches foster accountability and consistency in business development. GROW participants said that the work-plan mapping and assessment have forced them to write down everything, providing structure to their self-employment activities.

Having a comprehensive “bag of tricks” makes business consulting more efficient.

Business consultants don’t have the structure of a training curriculum to guide their work with individual clients. But, this doesn’t mean they shouldn’t draw upon a variety of tools to support their advising. These tools may include pre-established opening questions or processes to guide the conversation, sample marketing plans, cash-flow statements, sample business plans, goal-setting documents or a list of referral organizations. All are ways of maximizing time spent with the client. As the consultant’s experience grows, it is assumed that his or her bag of tools will grow with experience. And, so should the program’s. Sharing tools among a team of consultants is one good, easy way to build both quality and efficiency. CBN consultants, for example, share sample business plans across the network to reduce the learning curve among their members. As expertise is gained around specific sectors, such as child care or restaurants, it can be preserved and transferred quickly. NDC and WREN staff is considering developing a common library of resources that all consultants can draw upon. Additionally, WREN staff is contemplating making resources available to clients in a resource center, and asking clients to share their own helpful tools.

Tools

Consultants use a variety of tools to help them provide better service. Below is a list of some used by organizations involved in FIELD research.

Business Planning:

- Business-plan guides that help clients work through different parts of the business;
- Sample business plans;
- Business action and accountability plans (include establishing goals, and identifying potential barriers and action steps for the next meeting with the consultant); and
- Business progress checklists.

Marketing:

- *Demographics Now*. A Web-based program that enables clients to study demographic trends in target locations;
- Hand-outs on how to “promote your business;”
- Hand-outs on how to evaluate the competition;
- Sample customer surveys;
- Sample marketing plans; and
- Marketing cost estimate worksheets and sales projections worksheets.

Financial:

- Income and cash-flow projection sheets;
- Guidelines for setting up a ledger system; and
- Financial record-keeping sheets.

Other Tools:

- Hand-outs on buying and selling a business;
- Resource guides for insurance;
- Industry packets – e.g., truck driving, child care, restaurants, etc. – which include contact information for suppliers, licensing information, market analysis and sample business plans;
- Lists of CD-ROM databases that provide descriptive and financial information on companies, demographic information, economic and trade data and periodical guides; and
- Loan application checklists for loan packaging.

Consultants also use certain set frameworks of questions or problem-solving structures to help guide a consultation with a client. For example:

- A marketing consultant always begins his first meeting with a client with three questions and a request: *Who is the customer? Who is the competition? How do you add value to your market? Sell me your product.*
- A business consultant working with clients caught in adversarial situations uses a conflict resolution framework to guide the process. It includes an identification of every party’s interest in the dispute, a list of options that each party has and an analysis of the best steps toward a resolution.

Coaching

Coaching is an emerging area of practice in the microenterprise field. A few organizations offer it as a separate business development service. And, some business consultants report that they coach as part of their one-on-one technical assistance. Modeling the development of this service in the larger, corporate world, coaching is being recognized as a defined set of skills and processes that are valuable to many microenterprise clients. The more consultants are educated about these skills and strategies, the more they will be able to incorporate these services into their regular consulting. According to practitioners and Coach U, coaching:

- Is a collaborative process where the coach “stands for” the client, asks the client to go beyond their perceived boundaries in specific and measurable ways, and provides support, resources and accountability.
- Helps the client to shift his or her orientation – to stand in a different place in relation to goals and barriers.
- Helps the client to clarify his or her short- and long-term goals, and identify and work through barriers.
- Empowers the organization, business or person to use resources already at hand.
- Takes the client through the process of applying what he or she has learned and makes him or her accountable to transferring the learning experience into his or her business and life.¹²

If this sounds similar to the role a business consultant plays in helping clients establish goals and action plans, it is. But, there are some differences, too:

- Consultants are experts who know the answers (content-oriented) and facilitate their clients in applying those answers to specific situations. A coach is a facilitator of the client’s own process (process-oriented). Because the client is the most valuable resource, the coach does not have to have specific expertise in content areas (although it helps).
- A coach is sometimes asked to give advice, or offers to brainstorm with the client, but this is usually only with the permission of the client.
- Business consultants help to set up long-term goals and a business plan. Coaching helps clients to identify what they have “going for them” and what is holding them back in achieving these goals. The coach plays the role of helping the client to dissect the bigger picture and break down the larger goals into smaller “to-dos.”

I prefer to do it [coaching] individually because I already have direction in terms of what I want to do. Having other people there would be helpful, if I wanted to bounce ideas off of people or if I was more at the beginning stages. Once you get your own direction, the one-on-one coaching can be more individualized and target individual needs. When you are in a group of other people, you can get support and other ideas, but I was not at a point where I was really needing that.

A WREN Client

¹² FIELD On-line Coaching Seminar, 20-27 March 2002.

Coaching can be offered one-on-one or through a group. Largely for cost reasons, microenterprise programs researched by FIELD have offered group consulting, although the coach for one program – WREN – offers one-to-one assistance to several clients on a fee-for-service basis. The extent to which this makes a difference in terms of results likely depends on the individual.

The cases below demonstrate two different models of group coaching:

Group Coaching Guided by a Certified Coach, WREN

In 2001, as a part of its Graduate Resources of WREN (GROW) Program, WREN offered group coaching to clients organized in small groups of four to six. Under this model, the coach opened each session by asking people to spend five to 10 minutes to respond to the following questions:

- What did you accomplish in the past week?
- What are your new opportunities?
- What are your challenges and goals for next week?

After this introduction, the group spent about 20 minutes on specific problems or obstacles that individuals in the group were facing, brainstorming ideas about how to confront these obstacles. Each session ended with the coach asking what each person was planning to do between the current meeting and the next meeting, and concluding with her own suggestions about decisions or tasks that individuals should accomplish for the next meeting.

One of the first exercises assigned to WREN coaching participants was developing an “elevator speech” for the business. Each client, when answering the initial questions of the day, started by giving her “elevator speech,” and the coach gave feedback to clients about how they could improve their individual speeches (too long, more detail, less detail, etc.). One client commented that when she goes to WREN networking events, she can tell who has participated in the coaching sessions, because they are able to speak about their businesses with greater confidence, and they are direct and succinct in their description of their business.

Another client of WREN’s coaching services and business consulting described the difference between business consulting and coaching in the following terms:

“Business consulting and coaching complemented each other. Business consulting helps you to identify what you need to do and coaching helps you to understand how you can get it done. Coaching touches more upon the whole person, and business consulting is about the business. The business consulting sessions helped me to write the business plan, financial plan and marketing plan. And, the coaching sessions gave me the ‘how are you going to do that.’ [The coach] would get specific. She expected us to have weekly results.”

Finally, a specific goal of the WREN group coaching program was to build participants’ coaching skills. During the sessions the coach pointed out what she had done as a coaching technique, and the distinctions between coaching and lending a friendly ear. For the last few coaching sessions, the coach asked participants to coach each other and critiqued them on their coaching skills.

In a one-year period, 26 clients participated in group coaching, accessing an average of 7.5 hours each.

The Mastermind Model, Women’s Economic Ventures (WEV)

WEV offers Mastermind groups as a part of its service offerings to clients. Like WREN, WEV does this in addition to traditional business-consulting sessions. The Mastermind groups consist of three to six people who come together to create a “collective super intelligence” to supply individuals with guidance, creative ideas, positive support, honest feedback and accountability in reaching professional and economic goals. A “collective super intelligence” expresses the notion that a “group mind” can be created from all the knowledge, creativity, energy, thoughts, ideas and experiences of the members of the group, and can move the individual participants to produce results that they would not be able to achieve on their own.

Sample Mastermind Agenda

- 3 min. Start the meeting by having the facilitator read the Mastermind purpose. Then, have each person read her own mission statement aloud.
- 15 min. Go around and have each person state what goals she accomplished since the last meeting. If someone didn’t accomplish goals, she puts a dollar in the kitty (optional, decided by each group). As each person speaks, she should also hand out any relevant information to the other group members, such as fliers for upcoming events.
- 25 min. Group process: group discusses an individual’s specific issue.
- 15 min. Goal setting: go around and have each person state her goals for the upcoming week. Other group members give feedback and ideas, acknowledge the speaker’s effort, and give support by making an affirming statement.
- 2 min. Close: the facilitator should choose a short (two minutes) activity that will motivate the group and foster group alignment. This can be as simple as reading a quote, recapping the group’s progress or getting brief feedback from group members.

These two models demonstrate several key points about coaching.

Coaching assists a wide range of clients, but especially those in the start-up phase and those who are intent on expanding their businesses.

WEV created its Mastermind groups to support clients graduating from its Self-Employment Training program, including both business owners and individuals just starting their businesses. While both types participated in the groups, inexperienced entrepreneurs seemed more likely to take advantage of the service. (Only 53 percent of a sample of Mastermind participants had a business when first enrolling in WEV, compared to 75 percent of a sample of participants who

did not join Mastermind.) WREN initially started offering coaching to more established businesses in the GROW program. After receiving positive feedback about the coaching services from GROW clients, WREN included SEED program participants (emerging businesses).

Coaching appears to help clients who need more time and support in developing and implementing action plans, and in addressing both personal and business issues impacting their business activities.

FIELD conducted an on-line seminar with coaches from different microenterprise programs. The respondents emphasized that coaching's greatest value is twofold. It helps clients to clarify their most important issues, set goals, identify and address barriers to their accomplishment, and create action plans that work. Secondly, coaching provides clients with a structure in which they are accountable to someone else – either their coach or their coaching group – and this structure enables them to accomplish more than they would on their own:

"I felt like there was someone else that cared about what happened to my business. It was motivating to have someone to be accountable to."¹³

Coaching addresses both personal and business issues, and is therefore of great value to those clients facing both. In fact, seminar respondents agreed that personal and business issues cannot be separated in the coaching experience: "The client who comes to you for business coaching needs 20 percent business coaching and 80 percent personal coaching."¹⁴ In order to be efficient and effective, it is important to deal with the whole person. And, the personal issues presented can be broad. They may include "fear of success" or "fear of selling," as WEV has found. They can also include a certain "conditioning" that "they cannot, should not or are not able to do things that make them successful," challenges that business consultants note are not gender or race specific.¹⁵ Finally, coaching – especially when offered as a separate service – also appears valuable to those who need more time and support than is usually provided in a business-consulting session. It presents an opportunity for clients to work through their action planning in a more detailed way. As observed by WREN's coach:¹⁶

"WREN [coaching] clients usually want to grow their business, but they really aren't sure what the barriers to that are. Some don't even understand what marketing is and how that would apply to them, or why it would be useful to have a business plan. On the personal side, they might complain about "not having enough time," but they don't understand how that relates to their tolerations, inability to prioritize, saying 'no,' etc. ... I have found that WREN coaching participants definitely needed support in understanding how their training experiences or lack thereof applied to their goals for themselves and their businesses. This is where coaching is really valuable because it can take the person through the process of applying what they have learned and make them accountable to transfer the learning experience into their life. Coaching also deals with other personal barriers. ... It's unrealistic to think a person can separate their personal life from their business life and I think that's why coaching has become so popular, efficient and effective – it deals with the whole person."

For practitioners interested in considering coaching, these experiences raise at least two major questions:

¹³ Coaching client of Women's Rural Enterprise Network, phone interview by FIELD staff, 26 June 2002.

¹⁴ Lea Belair (Women's Rural Enterprise Network coach, and graduate of Coach U), e-mail communication, from FIELD On-line Coaching Seminar, 21 March 2002.

¹⁵ Marc Nolte of ISED, e-mail communication from FIELD On-line Coaching Seminar, 21 March 2002.

¹⁶ Lea Belair, e-mail communication from FIELD On-line Coaching Seminar, 21 March 2002.

1. What are the benefits of coaching? Do the benefits warrant the investment of resources in establishing a separately defined coaching service?
2. Is coaching best considered a technique that individual business consultants can use on behalf of specific clients?

In consideration of these questions, FIELD looked to WEV and WREN.

FIELD grantees WEV and WREN implemented specific coaching strategies and documented the benefits of these services in largely qualitative terms. In both instances, these grantees were able to cite clients' positive endorsements of the differences these services made in their lives and their gratitude for them. But, their efforts to identify specific quantitative benefits were compromised by very small samples of participants, and especially in WREN's case, the challenges in isolating the effects of this intervention from the full GROW package of services. As many programs working with women have discovered, WREN staff found that women seeking to grow their businesses faced a "common dilemma with finding balance in their lives between business, family and self. Coaching was an important support element in resolving many of these issues. Learning how to set priorities, to schedule time effectively, setting goals and defining an action plan were all addressed within the coaching sessions."¹⁷ WEV's small-scale study suggests that while coaching support is important to some women in addressing these and other issues, others do equally well without it. In a comparison of a group of clients who chose not to participate in Mastermind with a group that did participate, WEV found few differences. This led them to conclude:

"Given the fact that the results/ outcomes achieved by the control group and the participant group are quite similar, we believe that some women can achieve successful outcomes simply by participating in the WEV Self Employment Training (SET) program. For other women, they need the ongoing support of Mastermind groups to allow them to achieve these same types of outcomes. The challenge is to determine if the women who needed the 'extra support' could have achieved these outcomes without it. We can only rely on anecdotal feedback from these participants when they state 'I would not be where I am today without my Mastermind group.'"¹⁸

WEV Survey Results: Mastermind Coaching Program

	Mastermind Participants (15)	Non-Participants (16)
Had a business before WEV	53%	75%
Started a business since WEV	13%	6%
Grew my business	27%	37.5%
Decided not to start	13%	20%
Completed a business plan	27%	62%
Still working on a plan	47%	
Business Success:		
Feel somewhat successful	20%	50%
Feel highly successful	80%	50%
Business financial success:		
Barely getting by	38%	56%
Able to pay the bills	50%	33%
Producing comfortable owners' draw	12%	11%
Increased personal income	20%	50%
Decreased personal income	27%	25%

¹⁷ Women's Rural Enterprise Network, annual progress report to FIELD, 1 April 2001 to 31 March 2002.

¹⁸ Women's Economic Ventures, annual progress report to FIELD, 1 April 2001 to 31 March 2002.

In the WEV case, clients resisted paying a semi-annual fee that was introduced a year after the service was initiated. In the WREN case, clients participating in GROW subsidized the service as part of their fee for the overall program, but when WREN was unable to maintain its larger subsidy for the service, only a small number of clients committed to continuing coaching services on a one-to-one, private-pay basis with the WREN coach. This reality should not be taken to mean that clients did not appreciate the services. There are many strong endorsements of its positive effects by both clients and the program staff who participated in and observed the strategy. But it does mean that within the larger scope of things, clients have difficulty assigning this expense priority among many others that they face.¹⁹ And, programs may face this same reality. WEV’s subsidy for a program that included three types of coaching services amounted to about \$450 per client.²⁰ WREN’s subsidies to a smaller group of clients totaled around \$250 per person. Offering this level of subsidy would be a challenge for most programs.

Fee Structure for Coaching Programs	
WEV	\$50 for six months of weekly meetings with a facilitator
WREN	Group coaching covered by GROW fee is \$5 to \$10 per hour. Private individual coaching is offered to WREN clients at a rate of \$50 per session, 50 percent of the coach’s regular fee.

Two options programs have in reducing costs are fostering peer coaching and incorporating coaching into business consulting. The first strategy involves teaching clients coaching skills and then forming self-directed groups. As a result of the WREN coaching program, some of its graduates established their own peer-to-peer coaching group. To some extent, WEV has tested this approach. Women are introduced to basic coaching techniques during core business training, and invited to form Mastermind groups. At least two of these groups chose to “go it alone” without a facilitator at the point that WEV introduced its fee. Whether many clients have the motivation and skill to do this effectively has not been tested yet.

Cost alone may be the greatest incentive for programs to incorporate coaching into the role of the business consultant. But, how easily can it be incorporated into the skills set and tools box of a program’s business consultants? A number of consultants have argued that not only do they provide these services, but also that offering them within an ongoing technical assistance relationship is the right place for them to be provided. Certified coaches, on the other hand, would likely argue that their work embodies a set of skills and tools that are not intrinsic to all business consultants, and that separating the technical consulting from the broader process consulting is more effective. Another challenge is that when integrating coaching into the business-consulting relationship, consultants may run a greater risk of crossing boundaries, as raised in the business consulting section of this guide.

For business consultants to be effective as coaches, they will need to develop a set of skills and master a set of strategies that are not innate, even in people with strong content backgrounds. Providing coaching within the business-consulting relationship can be seen as analogous to business trainers incorporating participatory adult-learning techniques into training: many business trainers say that they do it, but few are really skilled in these techniques or do it well. Training in participatory training strategies is an essential professional development opportunity. It is similarly important for business consultants to have the chance to build their mastery of

¹⁹ The cost of personal coaching is prohibitive for many. Even at a discounted rate for WREN clients, the charge for a one-hour session was \$50.

²⁰ This sum included the cost of an evaluation component, as well as recurring costs.

coaching skills through training and experience. While not every client may need coaching, it is certain that there are many who would benefit. In an organization seeking to offer the best personalized services to clients, coaching is an area that should not be overlooked.

Coaching qualities and strategies:

A good coach is someone who:²¹	A good “coachee” is someone who:²²
<ul style="list-style-type: none"> ■ separates the ego from the process; ■ brings out the best in the client; ■ is curious, supportive and asks more of the client than the client would ask of himself or herself; ■ respects the client; ■ acknowledges the client; ■ advocates for the client; ■ has an excellent personal foundation; ■ is aware and self-managing, and invests in continuous learning and resource gathering so as to be a resource to the client; ■ has a coach himself or herself; ■ has mastered coaching skills; and ■ is an excellent communicator. 	<ul style="list-style-type: none"> ■ listens with an open mind to other ideas; ■ is flexible; ■ is not threatened or defensive; ■ expresses himself or herself fully; ■ demonstrates commitment to growth for himself or herself and his or her business by accepting input; ■ understands he or she is being “mirrored” to help to see things he or she can’t see about himself or herself; ■ acknowledges input; ■ says “thank you;” ■ is accountable – If he or she is not willing to do the work necessary to progress, no amount of coaching will help.

Strategies a coach uses to support clients:²³

- Ask permission to coach.
- Create a safe place in which everything can be said.
- Use an agenda for each meeting.
- Use time limitations in the meeting – each person gets equal time.
- Stay focused.
- Ask the right questions.
- Listen generously; understand their point of view.
- Make this a collaborative process – it is about helping the other person find solutions, rather than telling them what they should do.
- Provide the structure to assist the client in maintaining his or her momentum in carrying out the action plan.
- Assist the clients in achieving their results faster so that the value of the assistance is measurable.
- Be unconditionally constructive.
- Share their intuitions.
- Use silence.
- Provide structure.
- Make requests.
- Draw distinctions.
- Plant seeds.
- Clear distractions.
- Put things into context/ perspective.
- Negotiate.
- Create and maintain rapport.
- Reframe.
- Model.
- Clarify.
- Strategize.
- Brainstorm.

²¹ Adapted from Women’s Economic Ventures, handout.

²² Women’s Economic Ventures, handout.

²³ Adapted from Lea Belair of Women’s Rural Enterprise Network, e-mail communication from FIELD On-line Coaching Seminar, 22 March 2002.

RESOURCES FOR INFORMATION ABOUT COACHING:

There are more than 50 coaching training schools worldwide.²⁴ Coach training is delivered in person, on the telephone and over the Internet (depending on the program). The following Web sites for information about coaching were recommended to FIELD staff by coaches:

International Coaching Federation, <http://www.coachfederation.org>

Information about finding and becoming a coach, training programs, certification and more.

CoachVille, <http://www.coachville.com/>

Information about coach training school, association of coaches, coaching techniques, coaching literature and tapes.

Coach U, <http://www.coachu.com>

Information about the Coach U training program, corporate coaching training program, free "1, 2, 3 Coach" teleclass, bookstore and resources, and coaching question-and-answer pages.

²⁴ International Coaching Federation; Web site; <http://www.coachfederation.org/training/organizations.htm>; Internet.

Mentoring

Mentoring is another potentially powerful form of personalized assistance that microenterprise programs can offer their clients. Mentoring offers programs the opportunity to expand the range of skills and expertise available to clients, and to extend the number of hours of personalized assistance that they can offer. Mentors can provide industry insights that program staff may lack; they can make connections to other resources, and they can motivate by example.

According to *Webster's New World Dictionary*, the term mentor comes from the name of a character in Homer's *Odyssey*, who was "the loyal friend and adviser of Odysseus and teacher of his son, Telemachus." A mentor is further defined as "a wise, loyal adviser," or a "teacher or coach." In addition to providing information, a mentor can:

- **Coach** – showing the protégé²⁵ how to carry out a task or activity;
- **Facilitate** – creating opportunities for the protégé to use new skills;
- **Counsel** – helping the protégé to explore the consequences of potential decisions; and
- **Network** – referring the protégé to others when the mentor's experience is insufficient.

Mentoring is a wonderful concept; its value has been burnished over the years as people have come to understand the critical role an individual mentor can make for a climb up the corporate ladder, educational success, adolescent formation and many other purposes. Certainly mentoring offers the same potential for microentrepreneurs. And, mentoring brings benefits to the mentor as well as the protégé. Mentors seeking to "give back" to others experience the rewards that come with developing a personal relationship with someone aspiring to grow, and with seeing the fruits of their advice. But, programs that have implemented mentoring programs have found it not so easy. There are real organizational and educational challenges associated with managing a process for emerging entrepreneurs.

Practitioners with experience in facilitating mentoring programs have identified the list below as the most important design considerations:

- Clearly identifying the characteristics of clients who can best benefit from mentoring;
- Developing a mechanism for recruiting and selecting appropriate mentors and protégés;
- Clarifying expectations of both mentors and protégés regarding their roles and responsibilities;
- Designing a process for matching mentors and protégés;
- Structuring a process with a clear beginning, middle and end, and with mechanisms for early exit based on the assessment of the participants; and
- Establishing ongoing program monitoring and support to the program participants.

²⁵ In a mentoring relationship, the client is called a protégé.

Programs need to select clients who are “mentor ready.”

As in marriage, it's just as important to be the right person as to find the right person. Microenterprise programs have found that not all clients are at a stage where they're able to benefit from the intensive support that a mentor can provide. Staff members who have implemented these programs highlight the following as some key “readiness criteria” that should be assessed when recruiting clients into a mentoring service. Clients need to:

- Be at a point in their business where they can dedicate some time to a mentoring relationship (and this is more likely for an established business rather than a start-up);
- Have a clear set of issues or questions they want to work on;
- Have a certain level of self-confidence that would enable them to engage in a one-on-one professional relationship; and
- Have a demonstrated capacity to develop and achieve business goals, and implement recommendations made by program staff for business improvement.

While these recommendations seem self-evident, they have been hard-won. Practitioners who have been engaged in mentoring efforts have noted how difficult it can be for clients to exhibit these characteristics. Those at the earliest stages of business formation may not know enough about their own business yet to know how to engage professional advice. Clients coming from disadvantaged backgrounds can find it challenging to interact with strong-minded, assertive entrepreneurs. And people beset with personal issues may not be able to implement recommendations at a pace consonant with a mentor's expectations.

Who Benefits from Mentoring?

Those who are specific about their needs, prepare for meetings, and follow through on recommendations do best in a mentoring relationship. Clients who have felt positive about these counseling arrangements have emphasized several key things:

“Make sure you have a clear agenda for each meeting. Make sure you prepare materials. ... I felt that they were really giving me a gift, so it was my job to take it very seriously.”

“Discipline is what's important [and the] ability to filter ... ideas and discuss them. ... If you're too defensive, it wouldn't be good; if you're too sure, it wouldn't be good.”

Clients do not arrive at a program innately prepared to be protégés. They may not have experienced the power of such a relationship in their lives, and they need guidance on what to expect. As one program manager stated, “It's interesting to note that when we ask our clients how many want a mentor, they all say ‘yes.’ Once they learn what it actually means to have a mentor, how much work they have to put into it, how much of the responsibility is on them, most opt out.”²⁶

Programs also need to recruit, select and train mentors sensitive to the needs and characteristics of low-income entrepreneurs.

If program staff members would say anything, they would say that experience or content knowledge is essential but not sufficient for mentors working with microentrepreneurs.

²⁶ Valerie Ellis of Women's Economic Ventures, communication, 16 April 2002.

Equally, mentors need to be interested in participating in a relationship where they have as much to learn as to give. They need to understand the unique characteristics of microentrepreneurs, appreciate their talents and experience, and support their efforts to overcome the barriers they experience. They must be able to provide current, useful business advice, and be able to do so in a way that presents it in small, manageable steps that are realistically achievable by the protégés. One experienced protégé commented that mentors “need to work hard at listening. It could be challenging for a business owner to just be thrown a ton of advice. It really needs to be a discussion. They need to be sensitive to try to understand the business owner’s perspective and point of view. They need to listen well, so that when they do give feedback, it is really relevant.”²⁷

Recommended Mentor Qualifications	Recommended Protégé Qualifications
<ul style="list-style-type: none"> ■ A desire to help; ■ Positive, past experience being mentored formally or informally; ■ Experience as a business person with a track record of helping others develop their skills; ■ Time and energy to devote to the relationship; ■ Current business and /or technological knowledge and skills; ■ Willingness to learn; and ■ Demonstrated coaching, counseling, facilitating and networking skills. 	<ul style="list-style-type: none"> ■ Clear and realistic expectations of what a mentoring relationship can provide; ■ Defined set of business issues or challenges for which advice is needed; ■ Willingness and ability to provide time and energy to the relationship, and to pursuing the recommendations made by the mentor; ■ Self-confidence; ■ Demonstrated capacity to set goals and implement plans to achieve them; and ■ Willingness to be accountable to the mentor.

And, as one staff person noted, they need to be able “to celebrate every accomplishment” of the microentrepreneur. Their role is as much coach and motivator as technical advisor.

Program design needs to recognize and address the common pitfalls that have plagued mentoring programs.

The most often experienced pitfalls include the following:

- **Mismatches between mentor and protégé:** This is probably the most challenging issue. Because the relationship depends both on technical competence and personal interaction, matching is more than just aligning a need with a resource. An organization cannot guarantee that every match between a mentor and a protégé will be a successful one. One or both people may feel uneasy with the other, or they may not be able to achieve the level of trust necessary for successful communication. Program staff needs to assess personality fit as well as business fit. Other solutions both lie in better orientation, and in developing clear processes for evaluating the relationship and ending it with grace.
- **Unrealistic expectations:** Problems in the relationship can occur if the protégé expects or demands too much from the mentor, and vice versa. It is important, therefore, that expectations are clearly defined from the beginning.

²⁷ Client of Coastal Enterprises, Inc., interview, 6 May 2002.

- **Breaches of confidentiality:** Both parties in the mentoring relationship must realize and accept the fact that a high level of trust is essential to develop an effective relationship. Therefore, codes of conduct regarding the confidential nature of the relationship should be clearly defined and understood by both parties at the beginning of every mentoring relationship.
- **Misunderstandings regarding the nature of the protégé's problem:** Programs and mentors need to recognize the “real” problem that may be hiding behind the protégé's descriptions or manifestations of the issue. Many times, microentrepreneurs have difficulty pinpointing the exact nature of the problems within their businesses. They may also define the problem as a business issue, when it, in fact, is a personal one. The greater extent to which programs can ascertain and clarify the business problem upfront, the greater chance the mentoring relationship will have.
- **Protégé accountability:** Programs have experienced instances where clients don't maintain contact with their mentors, don't follow up on recommendations made, and don't discuss their reasons why. As one staffer noted: ... “This is also very difficult to track as neither party usually lets us know about ‘lack of contact’ until much after the fact.”²⁸ Regularly scheduled check-ins can catch these contact lapses before it's too late.

Mentor recruitment and mentor-protégé matching need to be designed in a way that provides for some choice.

This is difficult to accomplish but appears to be an essential ingredient in an effective relationship. Both mentors and protégés feel the need to have some say in whom they're going to work with and invest their hopes, dreams, ideas, counsel and, not least of all, time. But this is not easy to ensure. Few programs report a surfeit of mentors and finding ones with the characteristics described above is difficult.²⁹ This is why recruitment is an important component of program execution. Here are a few ways some experienced programs are addressing the challenges of recruitment and matching:

- **Have clients do some of their own recruitment:** CEI, for example, helps clients establish advisory boards with several members who provide advice and guidance. While CEI will identify some candidates for the board, the client is also expected to try to identify candidates.
- **Use word of mouth:** CEI has also found that its best advisors have been those it has recruited by referral. Those who came via general announcement were less appropriate. This can, however, present problems in small communities and in situations where specific types of mentors are sought.
- **Use somewhat more experienced microentrepreneurs to mentor others:** West Company has recognized that individuals slightly further on the entrepreneurial path may have much to give to newcomers. And, the less experienced, self-confident and professionally-adept someone is, the less prepared they may be for a more “mainstream” business advisor.
- **Create a mechanism for potential mentors and protégés to meet and decide whether to initiate a relationship:** CEI encourages clients and potential mentors to meet one-on-one before commitments are made. West Company uses an “organic” method

²⁸ Valerie Ellis of Women's Economic Ventures, communication, 18 April 2002.

²⁹ For this reason, FIELD is supporting a pilot program called MicroMentor the goal of which is to identify and match experienced business people with emerging entrepreneurs working in the same industry. Launched in California with CAMEO, the state microenterprise association, West Company, Start Up and CompuMentor, MicroMentor is testing a Web-based approach to recruiting mentors and linking them to clients in need. More information is available from www.micromentor.org; Internet.

of matching: individuals meet in a group setting where advice is exchanged among the participants at first – from many to many. Individual mentoring relationships emerge from experience in the group process.

- **Jump-start the mentoring relationship with shorter-term commitments:** West Company's group process supports this. WEV also promotes "mentoring moments" in which short-term consultations are established as a prelude to and test of a longer commitment.

Options other than one-to-one mentoring may be more appropriate for some microentrepreneurs.

While a personal relationship with a mentor can be intense and truly life-altering, there can also be drawbacks. On the one hand, some clients are not prepared for that level of engagement either in terms of time or intensity. Others may have business challenges that can benefit from having more than one mind engaged in the exploration of solutions. For these reasons, two organizations, West Company and Coastal Enterprises, Inc., have established group-based mentoring structures for their clients of very different types. West Company's structure is designed for very low-income women with little prior experience; CEI's for experienced businesswomen. West Company's structure offers a flexible and open-ended mechanism for engagement with many-to-many and one-to-one options; CEI offers a formal and longer-term process in which a team of advisors provides periodic counsel to a business person based on a fairly substantial knowledge of the business and its issues. Each works for the intended target group.

From One-on-One to Group Mentoring and Back, West Company

West Company believed that their clients would benefit from one-on-one, business-to-business mentoring relationships, and so designed a program that matched clients with established business owners experienced in areas where the new business owners needed help. But, West Company found that the one-on-one mentoring program was not successful with those clients who most needed assistance – their very low income and welfare-to-work clients with little or no business experience. Tola Levison of West Company wrote about their one-on-one mentoring program:

"There were issues of trust and the lack of a "level playing field" that made many of these mentor matches not as effective as we originally thought they would be. People told us that they felt pressured by their mentor to do what had been suggested, even though it didn't fit what they wanted. Mentors often had a results expectation that made protégés feel pressured to perform so that the mentor didn't feel like they were wasting their time. Eventually the protégé stopped returning the mentor's calls or failed to show up for planned lunch meetings. The results were often frustration for both parties. The mentor felt like they had wasted their valuable time and the protégé felt like they had failed to perform in the expected way."

West Company did facilitate a few successful one-on-one mentoring matches. However, these matches were more effective with more experienced, "sophisticated" clients. One of West Company's clients who had a failed mentoring relationship supports this hypothesis:

"I feel that mentoring should be a relationship that just kind of happens. You can't set it up. It should be someone you look up to and see qualities you want to cultivate in yourself. I wasn't sure if I was ready to take on another commitment in my life. I felt that I had too much going on in my life already, but West Company

was pushing me to have one. Clients need to want a mentor, they need to be ready. Now I would consider a mentor, because I don't have as many things going on. I would want it to be open so if things aren't working out, I could change to someone else."

When asked how she would set up a mentoring program, she answered:

"I would have a group of mentors and people that want to be mentored, get them together and allow people to make their own choices about how to meet. Co-mentoring would also be a really good thing. Two different business people could mentor each other instead of one person saying that they know it all. I think that when someone is a mentor, they should automatically have that kind of respect for the other person."

Based on this type of feedback, West Company piloted a group mentoring program specifically for their very low income and welfare-to-work population. Called Co-Mentoring, its premise is that everyone has expertise to share. There were no pre-defined mentors or protégés, and matches were made "organically" through casually structured pot-luck, dinner meetings. Participants included current clients and community members interested in assisting others to become economically self-sufficient. West Company encouraged people with current or prior business ownership as well as other community members with expertise such as bookkeeping, childhood education, nutrition and counseling. Participants were encouraged to bring their children and significant others with them to the dinners. The process, as reported by Levison, is the following:

"The client is identified by the business consultant. The client is invited to join the group. At this time, the client has already identified the specific goals they need to address.

"Introductions and expertise are exchanged at every meeting. The protégé might say 'hi my name is ... I'm starting a business called ... The strength I bring to this table is that I can make great-looking flower arrangements.' The mentor might say 'I'm ... I work at Head Start; the strength I bring to the table is that I love children and have taught pre-school for 10 years.' The group facilitator acts to coordinate the skills and expertise by keeping track of all the experts in the room.

"After introductions are made we usually get up and get our meal (pot-luck). This allows people to change their seating arrangements. They are invited to re-seat themselves next to someone they would like to get to know better. People will naturally gravitate toward what they need. I would compare it to the process of ionic exchange; positive particles are attracted to negative; people who have a need will seek out those who have the answers, if they are afforded the proximity to each other. A mentor might approach a protégé from a strength-based perspective after viewing that a parent is having difficulty getting their child to finish their meal. Rather than approaching the parent with parenting advice, they might focus on that client's strength, 'I was wondering if we could get together on this weekend – I need to make a centerpiece for a dinner we are having for a co-worker who is retiring?' This creates the basis for a mentor-protégé relationship. In this case you might ask, 'Who is who?' It is unclear who is mentoring whom; that is exactly what needs to happen! The person who identified herself as a flower arranger might also be a good typist; they might identify that skill at the next meeting, thus allowing someone who needs help typing their business plan to ask them for help.

“After a few months, people become comfortable with each other and initiate activities that I only learn of after they happen. They help each other with child care, transportation, business plans, taxes, firewood, resources of all types, as well as and maybe most importantly, they give each other emotional support when it is needed. Best of all, if one person has a favorable experience with the lady who works at Head Start, next time someone says they are having difficulty with a pre-school aged child, someone in the group will urge them to talk to the Head Start lady.”

The co-mentoring group now operates in a largely self-directed fashion, with West Company providing facilitator support. Convinced that low-income, rural entrepreneurs need more access to mentors with special, industry-based knowledge, the organization continues to pursue and test other mentoring programs. It is now a founding member of MicroMentor, a Web-based matching program designed to connect microentrepreneurs with appropriate expertise, wherever it may be found. The pilot hopes to adapt the learning of West Company and other programs to an Internet- and phone-based model.

Business Advisory Boards, a Many-to-One Mentoring Program, CEI³⁰

Coastal Enterprises, Inc., has operated its Advisory Board Program since 1998, and since that time has facilitated the creation of boards for 19 women. The program is adapted from strategies used by executives of small to mid-size growth-oriented firms seeking to amplify the quality of strategic guidance and substantive advice available to them in a low-cost way.³¹ The staff of CEI developed the advisory boards to provide the entrepreneur with a diversity of sources of advice in different arenas. In addition, the staff anticipated that a board that included a few people, versus a one-on-one relationship, would provide a less pressured relationship, reducing the risk of failure. CEI has structured the program as follows:

Description:

The purpose of the program is to provide targeted management assistance to women business owners who have been in business at least five consecutive years and are committed to growing their businesses and improving the quality of their operations. Management assistance is provided by volunteer advisory boards composed of at least three members who are recruited based on the skills and experience needed to help the business owner achieve her business goals.

Business owners must apply to be part of the program. Applications are screened according to the criteria listed below. Acceptance into the program is also based on assessment of the appropriateness of business goals to the Advisory Board Program.

Eligibility Criteria for Business Owners:

- at least five consecutive years of business ownership, and at least two in the current business;
- a business that is at least 51 percent woman-owned;
- responsibility for the major decisions in the business;
- willingness to complete a project application that includes a written business

³⁰ Adapted from Coastal Enterprises publication.

³¹ Lester A. Picker, “Hatch Ideas with Outside Advisors to Boost Profits,” *Your Company*, June/July 1996, 32-35.

description and financial information, a statement of business goals and objectives, a statement of the desired outcome from project participation, and an assessment of what she can offer as an advisor to another project business;

- a commitment to participate in project activities for the term of the project;
- a commitment to serve on the Advisory Board for another woman-owned business;
- a willingness to recruit one Advisory Board member to serve on her Board; and
- a willingness to participate in project data collection.

Criteria for Advisory Board Members:

- substantial business experience in their area of expertise;
- willingness to lend their skills, experience, strengths and interest to working with small business;
- commitment to serve for the term of the project and participate in project activities; and
- willingness to participate in the project evaluation.

Program Structure:

1. Number of people on the Board

- at least five. Six is ideal, so if one person misses a meeting, there are enough participants.

2. Orientation for advisors and business owners, including information packet and confidentiality agreements

- an orientation with both business owners and advisors is held to review expectations, roles and responsibilities, and ground rules;
- information packet is distributed that includes project background information, a statement of purpose, advice on how to structure meetings with advisors (e.g., two to three hours, agenda prepared in advance by the business owner), and other relevant information.

3. Quarterly meetings for each business owner and her advisory board

- each business owner meets quarterly with her advisory board;
- each business owner is responsible for scheduling her advisory board meetings.

4. Informal evaluation

- CEI staff will collect feedback about the project process and effectiveness from advisors and business owners.

CEI has developed a set of tools to support this program including an application form, a set of implementation guidelines, a participation agreement including confidentiality requirements and a waiver of liability, and guidance on board roles. (See the Tools section.)

Board members and clients have identified these positive aspects of the program. Boards:

- Provide focus, accountability and discipline;
- Support difficult decisions and make issues manageable;
- Help identify alternatives and “right” choices;
- Challenge assumptions;

- Support strategic thinking;
- Build skills;
- Reduce isolation; and
- Help separate business and personal issues.

The structure also poses challenges. Most important among them are:

- Time requirements – effective use of boards demands solid meeting preparation;
- Developing trust – requires both time and effective facilitation;
- Determining how much information is enough for advisors; and
- Clarifying expectations regarding what boards can do (be a sounding board) and can't do (be a partner).

Examples of clients who used advisors successfully include:

- A successful microentrepreneur who sought help analyzing the prospects of a second business idea;
- A client who sought help developing a marketing plan and strategy;
- A woman who sought help on how to manage her growing business, including planning for maternity leave; and
- A client who wanted to grow her business while remaining a sole proprietorship.

But other clients used them more strategically. As one client commented: "I was looking for a broader critique. Others may have more specific things they are looking for. It is always valuable to have someone who is really outside of your business to really look at it. I used them more on a strategic level." Another commented on how the guidance influenced her whole outlook on her life and work. And, a third commenting on the value of the board to her noted: "I would have gotten there, but it would have taken me a lot longer." All agreed that the value of the board depends on what the client puts into it. The CEI program demonstrates that the clients' preparedness and investment of energy are crucial in making this and any mentoring relationship work.

The necessity of education and support for both protégés and mentors can't be underestimated.

It is likely that most organizations that have commenced mentoring programs had little understanding of the level of investment that it would take to make the initiative succeed. Staff members need to attend to recruiting candidates for both sides of the equation; they need to provide up-front orientation and ongoing education, and they need to offer ongoing support. Orientation needs to address the full range of issues discussed here – qualities of effective mentors and protégés, the mentoring process, potential pitfalls and how to address them, ways to ask for and give advice, and ways to assess and improve the process. West Company staff members note that fear is common among many protégés: "They are scared that their attempts to make things better will make things worse; they are frozen in fear."³² Education is the pathway out of this bottleneck.

Experienced programs use several strategies to properly orient participants. They include written materials that describe program structure and process, guides to effective mentoring

³² Tola Levinson of West Company, e-mail communication to Lea Belair during FIELD On-line Coaching Seminar, 16 April 2002.

relationships, a general description of the stages of a mentoring relationship, orientation meetings for participants, etc. Program staff meet with potential mentors and protégés first, and separately, and then arrange for the parties to meet. In addition, staff maintains contact with mentoring program participants on a regular basis, checking in to find out if things are proceeding smoothly from both participants' perspective, and intervening to address issues as they emerge.

The Mentoring Process

Evolution of the mentoring relationship: The first communication should address the start-up issues. Initial goals should also be addressed. Both parties should come well prepared to all communications so that the relationship develops smoothly.

Orientation – building the base for a successful relationship: During the first month, both the mentor and protégé are getting to know each other, building trust, and developing expectations of each other. The interaction that occurs at this stage will lay the foundation for a strong and beneficial relationship.

Relationship development – growing the mentoring relationship: The development phase is when the “meat” of the relationship occurs. Once the goals and objectives are decided upon and the trust is established, the mentor and protégé will be able to focus on the protégé's business needs.

Dissolving the relationship: After a certain amount of time, the mentor and protégé will review the goals achieved with the mentoring relationship. If the mentor chooses to continue and the protégé is interested, both parties renew their commitment. If not, the partners reflect on their accomplishments and amicably end the relationship.

When check-ins should occur obviously depends on the length of the mentoring relationship. West Company and WEV suggest a six-month mentoring commitment appears to be appropriate, with the possibility of renewal. Within a timeframe like this, it would make sense to do an early check-in, monthly follow-up calls and a review at the end. These reviews don't need to be elaborate, but they do provide an opportunity for either party to present issues and seek solutions in a productive way. There needs to be a parachute for both parties: term limits and a regular check-in are positive approaches to providing them.

Because mentoring programs have costs, they need to be evaluated.

Most of the assessment of mentoring programs has been qualitative. Customer satisfaction has been dominant in evaluating whether a program is working or not. Programs can and should track the number of matches they make and hours of advice they provide, how many achieve their full life expectancy, and how many are renewed. This, in addition to customer feedback, is a good way to monitor and know if one is on track. But ultimately, the program needs to understand what the outcomes are and whether they are “worth” the resource investment that the program is making in organizing and providing the service. A more complete framework for assessment might include the following elements:

Program effectiveness	Number of matches; Hours invested by mentors; Duration of relationships compared to expected duration; Number of renewals; Mentor and protégé satisfaction with the program.
Cost efficiency	Number of mentor hours generated in relationship to program costs. Comparison of cost of a “mentor” hour to a business consultant hour.
Outcomes	Number and percent of clients reporting that the goals for which they sought mentoring assistance were achieved; Number and percent of recommendations implemented; Catalogue of changes made to and experienced in the business; Catalogue of changes made in personal life; Estimates of any “bottom line” results that clients attribute to the mentoring advice.

This is stated with full knowledge of how tricky it can be in capturing the value of an essentially personal, and hopefully, transformational relationship. As one client assessed the value of such a relationship to her, it was in “clarifying what I wanted in my business, what was important to me in my life and my work. That was the big one.”³³ That certainly was big and oh so very hard to measure. But, that’s the way with all three services described in this document. “Keeping it personalized” ultimately means evaluating things in the terms that the client does, but with as much rigor and objectivity as can be brought to the process.

³³ Client of Coastal Enterprises, Inc., interview by FIELD staff, 6 May 2002.

Conclusion

If this module has accomplished anything, it is hoped that it has given **business consulting** (and its related technical assistance services), **coaching** and **mentoring**, their due. Entrepreneurship is hard, and microentrepreneurs seek customized and personalized assistance all along the path from start-up through business growth. While the specific issues and challenges may change, what doesn't change is the need clients feel for very precise understanding and guidance related to their specific businesses, and for the encouragement and motivation that experienced advisors provide.

The experience of program managers, staff, consultants and clients that served as the basis for this document have resulted in a set of recommendations we make to readers interested in improving their program services or adding new components to their technical assistance. Most important is the recommendation that programs must start with a clear understanding of who their clients are, and tailor their services according to their business experience and needs, as well as their need for help in goal setting, planning and task management. Not all clients either need or will benefit from the three types of technical assistance discussed here, and a very careful matching between client and service is required for good things to happen.

In addition, the document has highlighted the challenges in designing strong **business consulting** services, and in building a strong consulting team. There's more art than science in creating a quality program, but those who seek to apply best practices appear to do a set of things well. They:

- Recognize that clients come with a range of issues from a variety of industries and, therefore, place great emphasis on putting together a strong team with the right skill set and sectoral knowledge;
- Extend their team resources through an effective network of organizations and individuals they can call upon;
- Help clients to be clear about their goals and use those goals to select the technical assistance services they need;
- Create structures that use their consultants' time efficiently;
- Foster the continuing professional development of their staff;
- Develop some mechanisms for cost recovery; and
- Evaluate their program on both intermediate and final results.

Business consultants are the heart and soul of these programs, and the module identifies the range of skills and characteristics they must have. The work they do is exciting, and it is demanding. It requires that consultants be both strong in content and skilled in facilitation. It is not enough to know the right answers; like training, it is equally important to help the clients use those answers to develop their own plans and make their own way. Good consultants know how to resist the temptation to "do" too much for their clients while, at the same time, providing strong support to clients engaged in often high-risk activities. They know how to help clients

develop accountability, too – not only to the consultants, but most importantly, to their own goals and plans. Doing all this requires a strong set of tools, a bag of tricks that they can match to the situation at hand. One strong recommendation to all programs is to increase the sharing of tools among consultants, building libraries to maximize the resources available to each consultant and to every client. Finally, the professional development of business consultants is very, very important. Programs need more than business generalists in these roles. They need to invest in them and in their growth in their fields of specialization. They need to help them increase their adult-education and communications skills. And they need to help them keep current on economic trends both nationally and locally. Explicit attention to their development in all these areas can only increase the caliber of the assistance provided to entrepreneurs and their ultimate success.

Coaching's value lies in its ability to help clients not only set goals, but also devise step-by-step plans to reach them. It also provides tools to help clients overcome barriers to completing tasks, and to maintain momentum in business development. Many clients – both at business start-up and at the point at which they've made a decision to seriously grow their businesses – appear to benefit from coaching. This module has described several approaches to offering this assistance: one-on-one, in a group setting, with professional coaches or facilitators, through a peer process, or by business consultants themselves. There are two big challenges here: knowing how to do this well and paying for it. For many programs, the cost issue may suggest that fostering peer processes or having business consultants do it is the right way to go. And, it well may be. But, saying that one coaches and actually coaching are two different things. If business consultants are to act as coaches (as many say they do informally), then they need to learn techniques and strategies to do the job well. Not all that operates under the label is the real thing.

Finally, **mentoring** has been presented as a strategy to extend the type of individualized and content-based services that a program can offer, drawing upon the volunteer spirit of experienced and committed business people who want to “give back” to others following the path of entrepreneurship. The message that comes across loud and clear from those who have developed programs of this type is that it is not easy. The clients who most benefit are those who have more business experience and who have the skills and confidence to work in a close relationship with someone who is often high powered and who expects results. In fact, managing the expectations of both protégés and mentors, and helping each side understand their roles and the mentoring process are elements to which managers must pay strong attention. Microenterprise program experiences suggest that there are ways to offer mentoring through group structures, and that these may help in at least two ways. They can reduce the tension of the intimate one-to-one relationship, and they can offer more technical support than sometimes one person can. But, these structures do not absolve a program from paying attention to the same design components that a one-to-one methodology requires. They must articulate which clients can best benefit from the service and market it to them appropriately; they must find ways to recruit the type of mentors they need. They must develop a mechanism to match mentors and protégés, and design a program that includes good orientation and ongoing support to participants, that has a defined structure that everyone understands, and that ensures ongoing monitoring and support from program staff. If microenterprise program managers think that mentoring is an easy way to gain additional advisors for clients, they should think again. It is not easy, but it is worth it when well designed and executed, as it offers a real opportunity to create the personalized service that clients love most.

These recommendations and the more detailed discussion that accompanied them in the text seek to illustrate what best practice looks like in the areas of business consulting, coaching and mentoring. Clearly, there's more that can be said. High performing programs have applied much that's written here and have shown others what can be done. But high performing programs also acknowledge their failures along the way. More than anything, they demonstrate a willingness to experiment and to capture the learning from that experience in a close and careful way. As they do so, they continue to improve and provide an even more detailed road map for others. We hope that readers will exhibit that same spirit of testing and assessing what works as they consider and apply what's written here.

Tools for Business Consulting and Mentoring

This section presents a range of program tools used by microenterprise organizations to support their business consulting and mentoring programs.

These tools provide concrete examples of processes used by organizations, which we hope can help to clarify the points made in the earlier text. Secondly, they provide a starting point for the reader as she or he seeks to adopt some of the practices described. A cautionary note: each of these tools was developed by the organization with a good deal of thought to the specific circumstances in which it was operating. A number of factors – including the organization’s mission, client base, geographic context and scale of operations – influenced the final design of these tools. Thus, as the reader seeks to adopt them, it is important to consider how they might – and in fact, should – be adapted or changed to fit the context of the organizational settings. With that statement, the hope is that these tools can be a practical starting point for organizations seeking to enhance their level of practice.

The tools included here are:

Business Consulting:

1. GROW One-Year Participant Action Plan, WREN
2. GROW Participant Review Form, WREN
3. GROW First Quarter Review, WREN
4. Business Opening Phase Trainer Instruction, NDC
5. Business Opening Phase Agreement, NDC
6. Business Opening Phase Checklist, NDC

Mentoring:

7. Women’s Advisory Board Program Implementation Guidelines, CEI
8. Role of Advisory Board, CEI
9. Advisory Board Participation Agreement, CEI
10. Women’s Advisory Board Program Application, CEI

GROW One-Year Participant Action Plan Women's Rural Entrepreneurial Network

Participant's Name:

Participant's Business:

Date:

The following represents the primary areas of technical assistance that are available to the GROW Program. This plan will cover a one-year period. There will be a quarterly assessment of the plan to assess progress with obtaining the stated goals.

Marketing

Goals:

- 1.
- 2.
- 3.

Duration of Activities

By

- 1.
- 2.
- 3.

Intermediate (7 months to 1-2 years)

- 1.
- 2.
- 3.

Resources Needed:

- 1.
- 2.
- 3.

Outcomes:

- 1.
- 2.
- 3.

One-Year Action Plan
Participant's Name:

Financial

Goals:

- 1.
- 2.
- 3.

Duration of Activities

By

- 1.
- 2.
- 3.

Intermediate (7 months 1-2 years)

- 1.
- 2.

Resources Needed:

- 1.
- 2.
- 3.

Outcomes:

- 1.
- 2.
- 3.

One-Year Action Plan
Participant's Name:

General Management

Goals:

- 1.
- 2.
- 3.

Duration of Activities

By

- 1.
- 2.
- 3.

Intermediate (7 months to 1-2 years)

- 1.

Resources Needed:

- 1.
- 2.

Outcomes:

- 1.
- 2.

GROW Participant Review Form
Women's Rural Entrepreneurial Network

Participant's Name: _____
Business Name: _____
Date Business Established: _____

General Assessment

1. Have you completed a comprehensive business plan?
(including a marketing and financial plan)
If no, why not? Yes___ No___

2. Are you currently selling a product or service?
If no, why not? Yes___ No___

If yes, describe product or service.

3. Do you have a business checking account?
If no, why not? Yes___ No___

4. Do you have business insurance?
If no, why not? Yes___ No___

If yes, what kind?

5. Do you have the necessary equipment to effectively produce your product or service?
Yes___No___

If yes, list equipment:

If no, what is needed?

6. Do you have sufficient suppliers? Yes___ No___

If yes, how many?

If no, why not?

7. Do you purchase supplies at wholesale prices? Yes___ No___

If no, why not?

8. Do you have adequate workspace to produce the product or service? Yes___ No___

If yes, where is the workspace located?

If no, why not?

9. Have you filed 2001 taxes for your business? Yes___ No___

If no, please explain?

If yes, what were your gross sales?

\$_____

What percentage of your household income does this represent?

9b. What were your gross sales for 2000

\$_____

What percentage of your household income did this represent?

10. Do you have employees? Yes___ No___

If so, how many are: Part-time_____ Full-time_____

What is their average hourly rate of pay?

10a. Are you willing to hire employees as your business grows? Yes___ No___

If no, why not?

11. How much do you want to expand/grow your business?

12. Do you have a federal tax I.D. Yes___ No___

13. Do you have an accountant? Yes___ No___

If no, please explain.

14. Do you have legal counsel? Yes___ No___

If no, please explain.

15. Do you use a computer for your business now? Yes___ No___

If no, why not?

16. Are you connected to other businesses that are similar to yours? Yes___ No___

If yes, how?

If no, why not?

17. Do you participate in the various networking activities offered by WREN? Yes___ No___

If yes, which ones?

If no, why not?

18. How do you keep current in your industry?

Internet

Trade magazines

Trade shows

Networking activities

Other, please list.

19. Do you currently collaborate with other businesses?

If yes, how?

If no, why not?

Financial Assessment

1. Do you maintain business expense receipts? Yes___ No___

If no, why not?

2. Do you have an adequate bookkeeping system? Yes___ No___

If yes, what system are you using?

If no, why not?

3. Is your bookkeeping current? Yes___ No___

If no, why not?

4. Do you have current financial statements (income & expense report & Balance sheet, etc.) Yes___ No___

If no, why not?

5. Do you have adequate inventory? Yes___ No___ N/A___

If no, why not?

If yes, please list inventory.

6. Do you have problems collecting receivables? Yes___ No___ N/A___

If yes, please explain.

7. Do you have a current price list? Yes___ No___

If yes, please attach a copy of the list.

If no, why not?

8. Do you have a deposit policy? Yes___ No___ N/A___
If yes, please attach.

If no, please explain

9. Do you have a refund policy? Yes___ No__ N/A__

If yes, please attach.

If no, please explain.

10. What were your gross sales for the past 3 months? \$_____.

If no sales, please explain.

11. Is your business profitable? Yes___ No__

If not, why?

12. What is your business' estimated net worth? \$_____

What is your business current debt amount? \$_____

Marketing Assessment

1. Have you identified your market segments (population/geographic areas)? Yes___ No__

If yes, how many are there?

If no, why not?

2. Have you identified a target market(s) within your market segment(s)? Yes___ No__

If yes, how many are there?

Who and where?

If no, why not?

3. Can your current market(s) adequately support your business? Yes___ No___

If yes, please explain.

If no, why not?

4. Do you have a one-year marketing strategy? Yes___ No___

If yes, please list the components of the plan.

5. Are you actively following the strategy? Yes___ No___

If not, please explain.

6. Do you have adequate marketing tools? Yes___ No___

List tools (brochures, flyers, business cards, etc.) and provide a sample of each.

If no, please explain.

Comments:

Participant's signature

Date

GROW Coordinator's signature

Date

GROW 1st Quarter Review
Women's Rural Entrepreneurial Network

Participant's Name:

Participant's Business:

Date:

The following is an updated Action Plan based on our 1st quarter meeting.

Continuing Plans and Goals Going Forward
Marketing

Goals:

- 1.
- 2.

Duration of Activities:

By

- 1.
- 2.

Intermediate (7 months to 2 years)

- 1.
- 2.

Resources Needed:

- 1.
- 2.

Outcomes:

- 1.
- 2.

Marketing Accomplishments:

1st Quarter

- 1.
- 2.

2nd Quarter

- 1.
- 2.

3rd Quarter

- 1.
- 2.

4th Quarter

- 1.
- 2.

Participant's Name:

Financial

Goals:

- 1.
- 2.

Duration of Activities:

By

- 1.
- 2.

Intermediate (7 months to 2 years)

- 1.

Resources Needed:

- 1.

Outcomes:

- 1.
- 2.

Financial Accomplishments:

1st Quarter

- 1.
- 2.

2nd Quarter

- 1.
- 2.

3rd Quarter

- 1.
- 2.

4th Quarter

- 1.
- 2.

General Management

Goals:

- 1.
- 2.

Duration of Activities:

By

- 1.

Participant's Name:

Intermediate (7 months to 2 years)

- 1.
- 2.

Resources Needed:

- 1.

Outcomes:

- 1.
- 2.

General Management Accomplishments:

1st Quarter

- 1.
- 2.

2nd Quarter

- 1.
- 2.

3rd Quarter

- 1.
- 2.

4th Quarter

- 1.
- 2.

Business Opening Phase (BOP) Trainer Instruction

**NEIGHBORHOOD DEVELOPMENT CENTER, INC.
Micro-Entrepreneur Training Program, January, 2002**

Background

In an effort to assist Micro-Entrepreneur Training Program alumni to complete the start-up details required to open their business, NDC has developed the Business Opening Phase (BOP) training. BOP is a trainer driven initiative that will provide alumni with up to six hours of guidance and direction to achieve outcomes jointly identified by the alumni and trainer. Students will be charged a \$50.00 fee for this service.

BOP will allow trainers to continue to work with students who complete their business plans including projections and are preparing to open their businesses. BOP will provide a comprehensive approach to help training program graduates address the multitude of details involved in opening a business. The following guidelines will assist the trainer through the BOP process.

Marketing BOP services

NDC will provide BOP brochures to each trainer. These brochures will highlight BOP services and expectations and should be provided to all students participating in each training class. Trainers should discuss BOP with students when they are getting close to finishing their business plans and are starting to look at actual start-up details.

BOP Qualifications

In order to qualify for BOP services a student must have completed all 12 hours of one-on-one training (8 regular hours plus 4 additional hours), have a completed business plan including monthly income, expense, and cash flow projections and a preliminary uses and sources of fund statement, and be prepared to move forward toward opening their business.

Program Expectations

Students will be expected to undertake all activities identified on the BOP work plan necessary to start their businesses successfully. The trainer should carefully identify all activities to be undertaken and work with the entrepreneur to make sure the list is complete and to guide entrepreneurs to resources as needed and

available. Trainer's time should be used effectively for consulting and guidance while the entrepreneurs implement the work. Trainer should schedule periodic meetings to ensure that the entrepreneur is making forward progress with work plan items. We recommend meetings of 45-60 minutes each, to review progress and go over next steps.

This program is focused on start-up activities and not financing the business.

Participation in the BOP program does not guarantee business financing through NDC's Loan Program.

BOP Resources

NDC will make available to the trainer, a list of resources and service providers that BOP students may call on for assistance. This list is an ongoing, ever changing directory. All trainers are asked to provide NDC contact information that would be helpful for all trainers and students to use.

NDC does not endorse or guarantee any of the service providers. Trainer and student should use standard due diligence when using a private service provider.

BOP Agreements and Cost

Each BOP participant will be required to sign an agreement and workplan, which will provide for up to six hours of BOP guidance with the trainer.

BOP participants will pay a fee of \$50.00 upon signing of the BOP agreement.

Trainers will sign an amendment to their original contract's and will be paid \$40.00 per hour for up to 6 hours of consulting services per BOP participant. Do not begin working with entrepreneurs on the BOP activities until they have signed the agreement and paid the \$50.00 fee.

Check-in with NDC staff

After you and your potential BOP participant have prepared the BOP checklist, fax it to Mara O'Neill at 651-291-2597 for review to determine level of business complexity. For businesses looking for NDC financing and/or more complex business start-up projects, Mara will assign an NDC loan officer to spend approximately 20 minutes over the phone with the trainer to review the work plan and identify any red flags or areas of concern, which may require specialized services.

Mara will assign an NDC loan officer or technical assistance staff to have closer contact with trainer during BOP phase when:

1. The business requires more than \$15,000 of financing
2. The business is a restaurant, grocery store or other complex business
3. The business has to spend more than \$500 for start up costs.
4. The business is considering signing a lease or other documents obligating it to a financial commitment
5. If a specialized business expert (like a food product specialist, etc.) is required.
6. Any other situation when the trainer desires or could use some assistance

Basic NDC Lending Guideposts

1. For any business that needs \$20,000 or more of financing to open, entrepreneur must have cash equity (or equivalent) of at least 20%.
2. If entrepreneur has credit problems, he/she must have reasonable explanation for those problems and a repayment plan in place and underway.
3. Entrepreneur must be open and receptive to advice from trainer and NDC representatives.
4. For any business that needs \$10,000 or more of financing to open, entrepreneur must have hard collateral to cover at least 50% of the loan.
5. Projections must be reasonable and thorough and contain detailed explanation of assumptions.
6. Business Plan must include at least a preliminary uses and sources of funds statement.

Reporting

Each month during BOP and upon completion of BOP hours, trainer will submit his/her invoices for BOP hours along with a written summary report to entrepreneur and NDC, which will include a progress report and next steps.

**BUSINESS OPENING PHASE (BOP)
AGREEMENT
Neighborhood Development Center, Inc.**

Whereas, the Neighborhood Development Center, Inc., (hereinafter known as "NDC"), in partnership with _____, (hereinafter known as "Neighborhood Partner") provided a 16-week class on entrepreneurship to _____, (hereinafter known as "Entrepreneur"), for a _____ business; and

Whereas, NDC's trainer for the class attended by Entrepreneur was _____; and

Whereas, Entrepreneur has successfully completed the 16-week class and finished their business plan; and

Whereas, Entrepreneur desires to open this business in the _____ neighborhood based on the plan they wrote in this NDC class;

Therefore, NDC agrees to provide additional services during the Business Opening Phase (BOP) to assist the entrepreneur accomplish all steps outlined in the attached BOP work plan. Trainer will provide up to 6 hours of consultation to guide entrepreneur through BOP work plan.

It is the responsibility of the entrepreneur to complete all activities outlined in the BOP work plan.

For the above stated services, the Entrepreneur agrees to pay \$50.00, which is due and payable upon the signing of this contract.

Entrepreneur Date

Trainer Date

Neighborhood Development Center, Inc. Date

**Neighborhood Development Center, Inc.
Business Opening Phase
Checklist**

	ENTREPRENEUR	TRAINER	OUTSIDE SOURCES	COMPLETION DATE
BUSINESS STRUCTURE ORGANIZATION				
Select Entity Type				
Prepare and Register Organizing Documentation				
Obtain Federal, State, and Unemployment ID Numbers				
Apply for Assumed Name				
Obtain Required Permits or Leases				
FINANCING				
Obtain Financing if Needed				
Determine how much and from whom				
Gather all necessary materials for a loan application				
Business Plan				
Personal Financial Statements				
Tax Returns				
Loan Application Form				
Gather Owner Investment				

**Neighborhood Development Center, Inc.
Business Opening Phase
Checklist**

	ENTREPRENEUR	TRAINER	OUTSIDE SOURCES	COMPLETION DATE
FINANCIAL MANAGEMENT				
Select bank and open business account				
Select and learn an accounting system on hire qualified bookkeeper/accountant				
Obtain an understanding of tax responsibilities				
Hire a payroll service				
Obtain Liability, Worker's Comp and other required insurance				
Price Products and Services				
Prepare cash flow projections				
Organize inventory control procedures				
Select an Attorney				

**Neighborhood Development Center, Inc.
Business Opening Phase
Checklist**

	ENTREPRENEUR	TRAINER	OUTSIDE SOURCES	COMPLETION DATE
SITE SELECTION				
Select a location for your business				
Obtain confirmation of proper zoning				
Finalize Lease after trainer and legal review				
Complete a floorplan				
Identify required leasehold improvements				
Obtain two bids to complete leasehold improvements				
Complete leasehold improvements				
Obtain furnishings, equipment and fixtures				
Test all equipment				
Obtain vehicle if necessary				
Install security system				
Order phone, utilities and garbage services as needed				

**Neighborhood Development Center, Inc.
Business Opening Phase
Checklist**

	ENTREPRENEUR	TRAINER	OUTSIDE SOURCES	COMPLETION DATE
HUMAN RESOURCES				
Prepare initial hiring documents (applications, W-4's, I-9's)				
Interview and hire initial employees				
Conduct customer service and other pre-start training				
BUSINESS IMAGE DEVELOPMENT				
Design company logo				
Order letterhead, business cards, invoices, price lists, menu's etc.				
Create promotional items				
Install signage				
Select and order uniforms				
Prepare pre-opening marketing including Ad copy, run dates, costs				
Prepare on-going marketing campaign				
Plan Grand Opening Festivities				

**Neighborhood Development Center, Inc.
Business Opening Phase
Checklist**

	ENTREPRENEUR	TRAINER	OUTSIDE SOURCES	COMPLETION DATE
OPERATIONS START-UP				
Select vendors				
Apply for Credit with Vendors				
Order Initial Supplies				
Select and learn cash register, train employees				
Set-Up daily opening and closing routines				
Plan and Walk through an opening day routine				
Conduct a test run of the production process				

**Women's Advisory Board Program
Implementation Guidelines
Coastal Enterprises Incorporated**

The success of the program depends on everyone meeting his/her commitment and investing the necessary time and energy to make it work.

Meetings:

The first advisory board meeting is an orientation to the business. To help the advisors get a good picture of the business, the first meeting should cover:

- personal goals and aspirations
- business history
- current operations
- specific issues facing the business
- review of products or services
- identification of key personnel and their responsibilities
- discussion of competition
- discussion of industry trends
- updated financial statement (meeting timed to fit the financials)
- promotional material
- tour of facilities
- list of Board of Directors, if applicable
- exit strategy

The business owner sets the agenda for the initial advisory board meeting and defines the areas for discussion. For subsequent meetings, the agenda is established in consultation with the advisors.

Business owners should be as clear as possible about in stating their goals and their desire for advice.

The business owner facilitates the meeting.

Meetings are scheduled in advance with written agendas mailed to each advisor prior to the meeting.

Each meeting should include a report on the items discussed at the previous meeting and results or changes, if appropriate.

Advisors and business owners should respect each others' time; meetings should start and end on schedule.

Interaction Between Advisors and Owners :

Business owners are free to add advisors to meet the needs of the business, but they should inform CEI.

Business owners must be willing to listen to advice.

Advisors should be diplomatic and tactful in offering advice.

Advisors should be mindful of the issues and demands facing small business owners.

The relationships between the advisors and the business owner is a professional relationship. Each should feel free to be rigorous.

If a conflict arises between a business owner and an advisor, contact CEI as soon as possible.

If an advisor needs to withdraw from the program, contact CEI as soon as possible.

Role of Advisory Boards for CEI's Women's Advisory Board Program Coastal Enterprises Incorporated

Advisors provide advice on:

- business plans and strategic planning
- new positions and compensation
- analyze financial issues, need for new capital and obtaining loans
- earnings potential and revenue/expense statements
- pricing
- leasing, buying, and building new facilities
- new markets
- changes in organizational structure

Need of Advisors

- access to financial information
waiver of all claims against advisors

Limits on Advisors

- should not make decisions or assume authority over the business
- should not make recommendations without adequate information from the business
- abide by conflict of interest rules

Directors are responsible for:

- setting business policy
- selection and supervision of officers and high level employees
- financing, raising capital through stock offerings, and assessing capital need
- dividend policy
- setting pricing policies
- construction of new plants
- territorial expansion
- changes in organizational structure
- delegating duties to officers, employees or outsiders, reserving the right to supervise or terminate services

▪

Rights of Directors

- to inspect corporate books and records
- to defend suits brought against the director and to be indemnified for litigation expenses
- to sue directors and officers for misconduct

Duties of Directors

- act within their authority
- be diligent: become familiar with corporate affairs and act when irregularities are discovered
- be loyal, e.g., no competing, taking advantage, profiting from inside information, oppressing minority shareholders, or developing conflicts of interest

ADVISORY BOARD PARTICIPATION AGREEMENT
Coastal Enterprises Incorporated

This Agreement is made as of _____, 200__ between

_____ (the Company) and _____
_____ (the Advisor).

RECITALS:

1. The Company has agreed to participate in the Women's Advisory Board Program of the Women's Business Center at Coastal Enterprises, Inc.
2. The Advisor has agreed to be a member of the Advisory Board for the Company, on the terms stated in the Project Description prepared by the Women's Business Center at Coastal Enterprises, Inc.

NOW, THEREFORE, the Company and the Advisor agree as follows:

(a) Confidentiality. The Advisor agrees to keep secret all confidential information relating to the business of the Company which the Advisor acquires at any time during the Advisory Board Program, and shall not use it for the Advisor's own benefit or for the benefit of any other person or business entity. Confidential information includes production methods, product composition, financial, marketing and sales information about the Company, software and computer processing systems developed or used by the Company, the identity of and any confidential information relating to former and existing vendors, licensors, licensees, customers or other parties doing business with the Company, other know-how and trade secrets of the Company, and documentation of such confidential information. The information covered by this paragraph does not include: (i) information which is generally known, (ii) information which becomes known to the public within the industry, through no breach of this agreement by the Advisor, or (iii) general skills, knowledge and experience acquired by the Advisor before the Advisor's engagement with the Company.

(b) Waiver of Liability. The Company assumes responsibility for its business decisions during the term of this Agreement. In consideration of the assistance to be provided by the Advisor, the Company waives all claims against the Advisor, unpaid consultants or other advisors referred by the Advisory, and affiliates of the Advisor which arise from their assistance to the Company, other than claims under paragraph (a).

(c) Indemnity. The Company indemnify and hold the Advisor harmless for all claims against the Advisor arising as a result of the Advisor's participation on the Advisory Board for the Company, and all related suits, proceedings, demands, assessments, judgments, costs and expenses (including reasonable attorneys' fees).

IN WITNESS WHEREOF, the parties have signed this Agreement as of _____, 200__.

COMPANY:

Print or type name

By: _____
President/Owner/General Partner
Cross out those that do not apply

ADVISOR:

Print or type name

WOMEN'S BUSINESS CENTER AT COASTAL ENTERPRISES, INC.

Women's Advisory Board Program Application

Name of Owner(s) _____

Name of Business _____

Business Address _____

Business Phone _____ Fax _____ E-mail _____

Date of Application _____ (Applications are due: November 26, 2001)

The purpose of this application is to give you a way to describe your business and your business goals to your new advisors. The application follows the basic outline of a business plan and may also serve to help you manage your business.

STATEMENT OF PURPOSE

Briefly explain how your business will benefit from this project.

BUSINESS BACKGROUND

Describe your business. Explain what you do, where you are located, and how long you have been in business.

MARKETING

Explain who buys your product or service and why. What share of the market do you have? How do you advertise? Discuss your marketing strategies and ideas.

COMPETITION

Identify your competition. How do you compare?

PRODUCTION

How is your product or service made? Are there are special materials or processes used? How are these obtained?

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Additional copies of this report and the other Best Practice Guides can be downloaded free from the FIELD Web site (www.fieldus.org/publications/index.html), or ordered by calling the Publications Hotline: 410-820-5338. Only a limited number of copies can be distributed free; a small shipping-and-handling fee may apply.

ALSO AVAILABLE:

Improving Microenterprise Training and Technical Assistance: Findings for Program Managers, a synthesis and compilation of executive summaries drawn from research projects undertaken by five microenterprise programs seeking to identify the elements of effective training and technical assistance. This 60-page volume can be downloaded free or ordered for \$10 to cover shipping and handling.

Full reports written by the five microenterprise programs that conducted research for *Improving Microenterprise Training and Technical Assistance: Findings for Program Managers*, are posted on FIELD's Web site, www.fieldus.org/li/improvingME.html, and can be viewed or downloaded free.

Assessment Tools for Microenterprise Training and Technical Assistance, a manual offering 13 tools designed and used by practitioners to conduct in-depth assessments of their training and technical assistance services. Priced at \$15, the manual explains the purpose of each tool, as well as when, during the training and technical assistance process, it should be applied.

A section of FIELD's Web site (www.fieldus.org/li/index.html) also provides information about FIELD's research into such topics as: how practitioners can deliver ongoing technical assistance to clients at reasonable costs; how microenterprise organizations can expand their outreach and generate significantly higher numbers of clients; and how organizations can help microentrepreneurs sell their products in more lucrative markets. For general information about FIELD, please visit: www.fieldus.org

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