

## FOSTERING ENTREPRENEURSHIP THROUGH TRAINING AND TECHNICAL ASSISTANCE

Microentrepreneurs often claim that what they need most is capital. Yet, when they seek out microenterprise development programs, the vast majority of clients also want information, technical support, marketing assistance and legal advice. In short, they need training and technical assistance of a broad and substantive nature. In response, microenterprise practitioners have expanded the breadth and depth of business training over the past 15 years, tailoring training strategies to distinct target groups, designing training to different stages of business development and finding ways to harness new technologies for training purposes. Technical assistance, too, has grown more diverse and sophisticated as practitioners adapt their techniques and services to clients' evolving business needs. This fact sheet provides an overview to training content, the rich innovations in technical assistance, emerging responses to ongoing business needs and the challenge to determine the impact of these interventions.

### WHY TRAINING AND TECHNICAL ASSISTANCE?

The expansion of training and technical assistance is driven by demand and necessity. Not only do clients ask for these services; practitioners also recognize that the core elements of success for any business — knowledge, networks, support and capital — have been beyond the reach of low-income individuals. Three of these four elements are nonfinancial services that are in scarce supply for inexperienced, often isolated entrepreneurs working from their homes. In addition to basic business knowledge and confidence to take the risks inherent to self-employment, new entrepreneurs need help accessing the networks and technologies that will enable them to compete in an increasingly sophisticated, global economy. Finally, after the skill development, planning and personal preparation, the entrepreneur will encounter multiple pitfalls as she builds her business — be they legal, financial, logistical or personal — that call for ongoing support. Meeting this broad range of needs and filling in the missing links to successful entrepreneurship for the poor has become the mission of many microenterprise programs.

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## WHAT DOES TRAINING FOR MICROENTREPRENEURS LOOK LIKE?

There is no one model for microenterprise training. Courses vary widely in length, number of hours, subject matter, combinations of classroom and “homework,” and teaching methods. In some programs, participation in training is a prerequisite to applying for a loan or receiving other services. Others offer training in stages, enabling participants to evaluate their own potential as entrepreneurs. However, course content, at least for the core curriculum, tends to fall under three headings — business management, economic literacy and personal effectiveness.

**Business Training** covers the range of topics and skills that entrepreneurs need to know to start, expand or stabilize a business. Training takes participants from a business idea to a business plan, building knowledge and skills in the many steps along the way, including market analysis, costing and pricing, marketing, record keeping and financing. The 15 core business skills in Box 1 are common to most training curricula but are taught with varying degrees of intensity depending on the target group. Courses for new entrepreneurs are often longer than for those who have already started businesses. The lower the client’s income, the more intensive the training tends to be.

### Box 1: 15 Core Business Skills

1. Define and clarify the business vision
2. Identify the target market
3. Identify and assess competition
4. Develop a pricing strategy
5. Develop a marketing strategy and plan
6. Develop a sales technique
7. Develop sales and production cycles
8. Develop business specific processes and procedures
9. Establish record keeping procedures
10. Analyze business costs and develop a budget
11. Make cash-flow projections
12. Use break-even analysis
13. Understand basic financial statements
14. Research and seek financing and funding
15. Identify and develop the components of a draft business plan

Source: Women’s Initiative for Self-Employment, San Francisco, CA

**Economic Literacy** teaches people the “language of money.” Sometimes lack of experience with financial tools and systems as basic as banking, taxes and budgeting are barriers to one’s ability to understand the options for self-employment. More significantly, some entrepreneurs need to understand the role of credit in starting and building a business. Many programs help clients access their credit reports and learn how to repair a history of bad credit as an important step towards financing their business. Building assets, developing savings plans and understanding home ownership are often part of this curriculum. Training in economic literacy strives to:

- ◆ demystify the economic system;
- ◆ help participants understand what internal and external resources are available to them;
- ◆ build participants’ confidence and ability to set realistic goals; and
- ◆ help participants to develop and carry out a plan to realize their goals.

**Personal Effectiveness** training incorporates a holistic view of what it takes to start and operate a business, focusing on those personal qualities and behaviors that can be significant barriers to success. It helps clients assess their values, assets and aspects of their personal lives that need attention before they are ready to start a business. Common themes are building self-esteem and confidence, goal setting, time and anger management, communication and per-

sonal appearance. In addition, a diverse range of needs — childcare, housing, domestic violence, chemical dependency, transportation, and language barriers — often require referral to other agencies for assistance.

While business management is the most widespread of the three content areas described above, some curricula include elements of all three. Specific curricula on economic literacy and personal effectiveness are more common among programs that target very low-income, unemployed or welfare populations. Such courses tend to progress in a slower, more intensive way for these groups in recognition of lower educational levels and more limited exposure to business. To date, courses for this population average about 80 hours, compared to 28 hours on average for just business management training targeted to low- to moderate-income groups. (Aspen, FIELD forum, Issue 1).

For example, the BusinesStart program of People Inc. in Abingdon, Virginia offers a 12-hour (four sessions) Business Basics course to residents of rural coal mining communities that covers 1) understanding entrepreneurship; 2) assessing the market; 3) finances; and 4) developing a business plan. This bare-bones curriculum devotes minimal time to personal issues. Although once a prerequisite to applying for a loan, the class is no longer mandatory given the strong demand for loans from established entrepreneurs for whom the course might be too elementary.

In contrast, the Detroit Entrepreneurship Institute, Inc. offers the Enterprise Development Initiative for moderate- to low-income participants that meets two nights per week for 11 weeks for a total of 77 hours. A second training program, the Self-Employment Initiative, was designed specifically for welfare recipients and meets five hours per day, five days per week for 11 weeks.

How program staff view their main challenges as trainers is conditioned by who their clients are and the focus of their courses.

*“...Marketing would be my vote. Most of my students are sure that everyone will love their product and will come in droves to buy it. They don’t understand demographics; they don’t know their target market and have no idea about the cost of advertising. And few will offer critical comments to their fellow students about their product or service.”*

(Debbie Loggans, BusinesStart trainer, People, Inc. Virginia)

**Box 2:  
Skills or Competencies?**

**The Women’s Initiative for Self-Employment (WISE) in San Francisco makes a distinction between core skills and core competencies, those less tangible, harder-to-measure qualities that describe who the entrepreneur is and how she works. Out of a total of 21, three-hour sessions in its Managing Your Small Business Course, seven are devoted to strengthening some of the following core competencies. Because WISE believes that many of these competencies underlie the successful development of basic business skills, they are reinforced in the other sessions as well.**

**Core Competencies:**

- Self-awareness
- Commitment
- Flexibility
- Motivation rooted in values
- Focusing on the future
- Willingness to learn
- Planning
- Communicating
- Making decisions
- Connecting with others
- Solving problems and thinking critically

*“....The biggest challenges are self-esteem, the confidence to make the life change that is now required....Its almost as if clients are addicted and we have to help them break their pattern of acceptance — acceptance of poverty, bad relationships, battering, dependence....”* (trainers from programs serving TANF clients)

## TRAINING CURRICULA

Training curricula for the programs described above come from various sources. Over the years, many programs have designed and redesigned their own courses, adapting traditional business curricula from vocational training institutes, community colleges or the Small Business Administration to the needs of their clients. Typically, such adaptations involve making the materials more participatory and more relevant to the level and type of business common among microentrepreneurs. Some of these are available for sale as published curriculum packages, including course materials, instructors' teaching guides and technical support. More recently, several commercial firms and networks have emerged that offer a range of training services designed specifically for microenterprise programs and their clients (see Table 1).

## TECHNICAL ASSISTANCE

The distinction between training and technical assistance (TA) can be difficult to make. In the simplest of terms, training is associated with groups of clients while technical assistance is typically offered to individuals. In microenterprise development, technical assistance is even more diverse than training in its types, topics and time invested. In some programs, consulting with individual clients on their business is ad hoc; in others it is a required part of the program. Some specify the number of sessions or consulting hours a client can access; others make professional services available for years following the completion of training or taking a loan. Common types and themes include:

**Business plan review:** Most business management training programs build to a final goal that is the client's business plan. However it is one thing to write a plan and another to implement it. Microentrepreneurs often have problems in either finalizing or implementing parts of their plan— such as negotiating a lease, procuring a license or setting up a bookkeeping system — with which they need help to translate the plan into a business.

**Loan applications:** Whether applying for a loan from the microenterprise program or a commercial financial institution, entrepreneurs often seek assistance to complete loan applications. Subsequent technical assistance intended to strengthen the relationship between lender and borrower may also be part of the loan packages.

**Specialized professional advice:** During training, microentrepreneurs are guided through the intensive phase of starting a business, but as they operate or expand their businesses, they confront specific issues for which they often need legal advice, accounting services or assistance in accessing markets. Client demand is strongest for assistance with marketing and preparing financial statements.

Table 1:  
A Sample of Microenterprise Training Curricula

**Commercial Curricula**

**Making Cents** offers curricula for youth and adults with varying literacy skills in rural and urban areas. Built on experiential learning methods, Making Cents courses include business planning, a business simulation game and youth entrepreneurship. Training of trainers courses are available to support each of these curriculum. (Contact: [www.makingcents.com](http://www.makingcents.com))

**The National Foundation for Teaching Entrepreneurship (NFTE)** offers business courses, on-line programs for entrepreneurs and summer “BizCamps” for youth. While NFTE’s programs are typically offered in public schools, a shorter curriculum, the NFTE Fundamentals, is also used by community and faith-based organizations. Comprising 54 hours of entrepreneurship training, it can be adapted to a variety of needs and is available in Spanish. (Contact: [www.nfte.com](http://www.nfte.com))

**The NxLevel Training Network** which represents Chambers of Commerce, business incubators, private industry councils, community development financial institutions and loan funds, develops training curricula, shares best practices among network members and strengthens training teams. Its Business Plan Basics is a 15-session course designed to help microentrepreneurs chart a course to self-sufficiency via self-employment. (Contact: [www.nxlevel.org](http://www.nxlevel.org))

**The Education, Training and Enterprise Center (EDTEC)** offers *The New Youth Entrepreneur*, an experiential curriculum presented in 12 user-friendly modules which are also available in Spanish. An Instructor’s Guide accompanies the modules. (Contact: [www.edtecinc.com](http://www.edtecinc.com))

**Curricula produced by Microenterprise Programs**

**Good Work** has licensed three of its training courses: a general *Building Your Business* program and two curricula specifically for childcare businesses and the construction trades. These short courses (four to eight weeks) focus on the most critical skills that entrepreneurs use to manage their business. Licensing offers the purchaser a course manual, all teaching materials, instructions for facilitators and five hours of telephone support. All three should be available in Spanish by 2001. (Contact: [www.goodwork.org](http://www.goodwork.org))

**The Northeast Entrepreneur Fund** offers its CORE FOUR curriculum, a 12-hour training program that guides participants through planning for business success, marketing, cash flow and operations. (Contact: [corefour@neefund.org](mailto:corefour@neefund.org))

**The Institute for Social and Economic Development’s Microenterprise Training Curriculum** is a 13-module program (three hours per module) specifically designed for low-income entrepreneurs with no background in small business. Used and evaluated by over 6,000 participants, the program offers a step-by-step guide to starting a microenterprise, and focuses on the person as well as the business. A trainer’s manual is also available. (Contact: [www.ised.org](http://www.ised.org))

**The Detroit Entrepreneurship Institute, Inc.** helps hundreds of low income individuals start businesses with intensive entrepreneurial training, diverse types of TA and loans. The DEI Training Manual contains an 11-week curriculum with materials on business management, marketing, production and financial analysis. (Contact: [intranet@deibus.org](mailto:intranet@deibus.org))

Note: AEO does not endorse or recommend any of the above curricula. This list is provided only as a sample of available resources.

## SPECIALIZED TECHNICAL ASSISTANCE

The need for focused technical assistance to support business development and growth has spawned a new generation of specialized programs. Notable among these is a type of program known as Access to Markets, offering a service that is increasingly recognized as critical to business success. Many access to market programs are also sector-based and pursue different strategies including:

- ◆ working closely with clients' businesses at all stages, from product development through final sale to ensure that the product meets the demands of its market;
- ◆ concentrating on marketing strategies for individual businesses, teaching clients low-cost "guerrilla" marketing techniques;
- ◆ engaging directly in a client's business by becoming the sales representative or marketing agent;
- ◆ facilitating use of e-commerce; and
- ◆ designing and promoting social or "cause" marketing.

### Box 3: Neighborhood Development Center St. Paul, MN

Like many microenterprise development programs, the Neighborhood Development Center offers a combination of training, loans and technical assistance. But of these three, technical assistance is probably the most important component of the program. To explain why, Director Mihailo Temali likens the program to a pipeline: The pipeline draws in many candidates for training, lends to some along the way and provides a wide range of technical assistance towards the end to ensure that the new businesses survive. What happens closer to the end of the pipeline will have the greatest impact on business success or failure, especially given that most of these entrepreneurs do the bulk of their learning after they start the business. NDC draws on paid consultants and professional volunteers who provide pro bono legal and accounting services. In 1998, it added a new, in-house team of marketing specialists. This multidisciplinary team models how a mainstream management consulting firm operates, sending not one person, but several experts to professionally tackle each type of problem. In 1999, NDC clients received over 2,200 hours of technical assistance.

When long-time NDC client, Clancey's Cooking, a soul food restaurant, ran into financial trouble, NDC's management consultant assessed the situation and found that busy lunch hour clients were staying away because of long delays in getting served. NDC helped the owners to reorganize and renovate to accommodate cafeteria style service. The marketing team identified marketing ideas that fit with their philosophy of combining business with community service, such as, Poet's Night when local poets read their work.

To offset costs, most Access to Markets programs charge for their services via fees or commissions on client's sales. However, external funding is usually necessary.

Retail and production incubators (such as retail minimalls or commercial kitchens) offer another strategy for fostering microbusiness development. In the latter case, the organization will equip a kitchen which

Box 4:  
An Access To Markets Program

Operating in rural Appalachia, Appalmade is helping very low-income women who are primarily home-bound caregivers to earn desperately needed income. Given that most of these women reside in isolated communities whose economies were tied to the failing coal industry, Appalmade realized that it would have to help them engage in a business activity with access to regional or national markets. Building on clients' existing skills, staff introduced them to a product line of handmade decorative items. Appalmade markets this product line in three distinct venues: wholesale markets, its own retail outlet and through churches across the country. Most recently, Appalmade items have been offered on a number of web sites. In addition to marketing, Appalmade staff designs new products in response to market trends, teaches the producers techniques for high volume production and exerts quality control.

meets all local, state and federal guidelines for food preparation and rent it to entrepreneurs who want to experiment with production runs too large or complicated to do at home. Other incubators offer low-cost production or retail space to new entrepreneurs.<sup>1</sup>

**FOLLOW-UP SERVICES**

Microenterprise development programs in the United States are moving towards offering advanced training and longer-term technical support. Seeking better business outcomes, program staff and clients have indicated in surveys their priority for additional, relevant services.

Despite the apparent demand, the challenges of expanding services are obvious: *time* (for busy staff to offer them and busy entrepreneurs to use them), *expertise* (beyond the general knowledge needed to support nascent businesses); and, as always, *cost*. However, these challenges are spawning innovative methods of delivering ongoing training and services that rely on old fashioned peer support and new internet-based services. With the emergence of such a diverse set of activities that include mentoring, peer support and electronic chat rooms, technical assistance has outgrown its traditional association with one-on-one advisory services.

Whichever methods that practitioners choose, most will need to explore and learn two new skills: 1) "just in time" presentations of information that respond to the client when he recognizes the need for advice; and 2) customer research to help design, price and deliver appropriate and effective services.

Box 5:  
New Delivery Methods for Ongoing Training and Technical Assistance

- ◆ Weekly peer coaching and training
- ◆ Monthly round-tables for business owners that offer guest experts
- ◆ Web-based consultations and discussion in Commerce Cafés
- ◆ Business information and technical bulletins distributed by email, fax and mail
- ◆ Affinity groups and trade associations
- ◆ Annual site visits to businesses by technical consultants
- ◆ Periodic advanced training
- ◆ Training by video
- ◆ Mentoring that matches a new microentrepreneur with an established business owner in the same industry for ongoing support and advice
- ◆ Business service centers offering clients access to computers, the internet, copying, graphic design and other office services and equipment

Source: The Aspen Institute, FIELD forum Issue 4

## KEY CHALLENGES

Two issues, impact and cost, are key inter-related challenges for the future of training and technical assistance. To secure stable support for services that have limited potential for cost recovery, practitioners are challenged to identify models of high-impact training that contribute to positive business outcomes at a reasonable cost. To achieve this goal, practitioners need to ask and answer the following questions on an ongoing basis:

- ◆ Of the skills they learn, which do microentrepreneurs actually use?
- ◆ Which skills, or other training content, make a difference to their business success?
- ◆ How much training and technical assistance is enough?
- ◆ What personal characteristics are linked to successful business outcomes?

**Box 6:**  
**Training/TA Cost Measures**

<b>Average cost per client</b>	<b>\$1,600</b>
<b>Average cost recovery</b>	<b>2.5%</b>

Source: FIELD forum Issue 4

Practitioners need feasible methods that enable them to link training inputs to business outputs. Rigorous tracking of business starts, stabilization and survival rates is expensive. But the simple, available indicators, such as course enrollment and graduation rates, pre- and post-test results and completion of business plans don't directly measure the relationship between what is taught and client outcomes. Appropriate assessment methods that yield valid information and immediate feedback for program improvement are currently being developed under the Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD) program. A welcome addition to the field, such tools will help practitioners invest their limited resources in those services that truly make a difference.

## RESOURCES

Langer, Jennifer; Jackie Orwick; and Amy Kays. 1999 Directory of U.S. Microenterprise Programs. (Washington D.C.: The Aspen Institute, 1999)

The Aspen Institute, Economic Opportunities Program. FIELD forum Issues 1 & 4, Newsletter of FIELD. (Washington D.C.: The Aspen Institute, October 1999 and July 2000)

Association for Enterprise Opportunity; Microenterprise Training Institute Manual, 4th revision. (Washington, D.C.: Association for Enterprise Opportunity, December 1999)

## ENDNOTES

1. The Aspen Institute is preparing a series of case studies on access to market programs. The first in this series Appalachian Center for Economic Networks (ACEnet) by Mary McVay and Madi Hirschland profiles an organization in Ohio that operates an incubator for entrepreneurs who produce speciality foods.

## FOR FURTHER INFORMATION

The Association for Enterprise Opportunity (AEO) is the national professional association of organizations committed to microenterprise development. It holds an annual forum for members, serves as a nexus of communication about the field and advocates at the federal level on behalf of its members. Its Web site contains additional information about microenterprise and links to many other resource organizations.