M I C R O E N T E R P R I S E



Ms. Foundation for Women
Building women's collective power to ignite change

FIELD
Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination

JUNE 2009

A Final Report on the Fourth Round of the Ms. Foundation for Women's Collaborative Fund for Women's Economic Development

Introduction

When the Ms. Foundation's Collaborative Fund for Women's Economic Development (CFWED) launched its fourth and final round, its goal could be summarized in one word: sustainability. As the Ms. Foundation and its funding partners (The Linked Foundation, The Wells Fargo Foundation, The Citigroup Foundation, and The E. M. Kauffman Foundation) reflected on their long engagement with women's organizations and their clients, and surveyed the field, it was clear that helping both institutions and entrepreneurs become more sustainable and grow was key. Past experiences had demonstrated how challenging this goal was: early expectations that equated institutional sustainability with financial self-sufficiency had proven mistaken.[1] In addition, past research showed that many women's businesses also appeared to plateau at modest levels. The funders asked: Could past results be improved upon? To that end, the Fund established three objectives:

- To assist women business owners to achieve sustainable businesses (and help some grow substantially);
- To increase the organizational sustainability of microenterprise development programs; and
- To provide data and analysis to contribute learning to both programs and funders.

The Fund selected nine organizations with strong potential to achieve results and offer lessons with respect to each objective above, and provided two-year grants in amounts ranging from $30,000 to $40,000. The grantees were:

- **AnewAmerica Community Corporation,** which promotes the economic empowerment of new Americans – new citizens, immigrants and refugees – in the Bay Area through microbusiness development, asset building and social responsibility. With CFWED support, AnewAmerica expanded its Women's Business Center operations, working with women and their families in a three-year program.

- **The Edge Connection (TEC)*,** [2] which creates opportunities for long-term economic self-sufficiency and successful entrepreneurship through comprehensive entrepreneurial training for low- to moderate-income women, minorities and persons with disabilities in the metro-Atlanta area . The organization launched phase one of The Enterprise Center

[1]Self-sufficient organizations can cover all of the costs of providing program services with revenue earned through program operations. Sustainable organizations can meet current needs without jeopardizing the future ability to carry out their mission. Sustainability can be achieved by a planned mix of philanthropic and governmental subsidy, and earned income sources. Currently, there is no self-sufficient microenterprise organization in the United States.

[2]Programs with an asterisk submitted data for the full term of the project and are included in the data findings in this report.

business incubator program aimed at helping female entrepreneurs grow their businesses through increased services and access to new markets. Additionally, it created The Edge Fast Track Business Club, made up of 10 women with growth potential microbusinesses working to generate $1 million in sales within five years.

- **MicroBusiness Development Corporation (MBD),** which worked to promote microenterprise as an economic development tool in some of Colorado's most disenfranchised communities from 1993 to 2008. MicroBusiness Development Corporation used its CFWED grant to create a customized business development program for woman entrepreneurs, integrating access to markets, resources and capital. (MBD suspended operation in mid-2008.)

- **Wisconsin Women's Business Initiative (WWBIC)*,** which is a statewide economic development corporation providing business education, technical assistance, financial awareness and access to capital, with an emphasis on women, lower-wealth individuals and minorities. Through its program, Jobs, Opportunity, Hope: The Microenterprise Development Continuum, WWBIC used CFWED funds to build capacity in several areas: outreach, lending, financial awareness and business education classes.

- **Women's Economic Self-Sufficiency Team (WESST Corp)*,** which is a statewide organization that facilitates entrepreneurial development among women and people of color in New Mexico. It provides microloans and bilingual microenterprise training, with an emphasis on intensive sales and marketing training. CFWED supported MARKETLINK Online, designed to assist low-income rural entrepreneurs to increase sales by at least 50 percent per year by providing marketing training and creating access to new markets.

- **Women's Economic Ventures of Santa Barbara (WEV)*,** which provides women in both Santa Barbara and Ventura counties with comprehensive self-employment training programs, individual and small group technical assistance, advanced training, networking opportunities and loans of up to $50,000. WEV expanded staff capacity to increase program scale, providing more advanced training programs and support for women to grow their businesses.

- **Women's Rural Entrepreneurial Network (WREN),** which provides entrepreneurial training and support, access to technology, networking and community building to hundreds of low-income rural women in New Hampshire. CFWED funds supported the development of the Wingspan Project, an initiative to sustain and grow women entrepreneurs through increased networking and marketing support.

- **Women's Initiative for Self Employment (WISE)*,** which works to build the entrepreneurial capacity of women to overcome economic and social barriers and achieve self-sufficiency in the Bay Area. The organization used CFWED funding to increase organizational sustainability, strengthen services for business expansion and expand core services to a larger client base. WISE also worked to build a replicable training model that balances investment, impact and sustainability.

- **YWCA Anchorage, Women$Finance,** which runs an SBA Women's Business Center providing full-service small business and microenterprise development to women as they start and grow businesses in Alaska. Its services include training, technical assistance, one-on-one counseling and access to capital counseling. CFWED supported the Alaska Microenterprise Incubation Center, a new initiative that helped women-owned start-ups overcome the business and emotional challenges of operating a sustainable company.

While these nine organizations were bound together by their mission and their commitment to women's economic empowerment, they were very different in their institutional structure, size, strategies, and target markets. This led to a wide array of results across the group.

The Aspen Institute's FIELD program helped the organizations collect data on their program performance and client experience twice during the funding period.

Methodological Summary:

- Grantees were asked to submit program performance data on their activities in FY2006 through FY2008 as well as client outcomes data. All data was collected using MicroTest tools and protocols. MicroTest is a performance measurement tool developed by FIELD for the U.S. microenterprise industry.
- The performance data summarized institutional results with respect to client demographics, scale, costs, credit and training program performance.
- Only clients who received significant services from the microenterprise development organization (training, loan, grant, etc.) were included in the outcomes surveys administered by the grantees.
- Outcome interviews with clients were conducted by five CFWED-supported organizations in the 4th quarter of 2006. The interviews were conducted in 2007 and then again in 2008. Surveys were conducted in person, by telephone, by mail and on-line.
- In 2008, five grantees achieved a 66 percent survey response rate with 129 completed surveys. Longitudinal data was available for 119 clients. Both "snapshot,"(or data collected at survey) as well as longitudinal or change data are included in this report.
- While this report presents longitudinal information on changes achieved by clients and businesses, there are no claims of causality or reporting of the net benefits of the microenterprise development organizations, because there is no comparison group data.

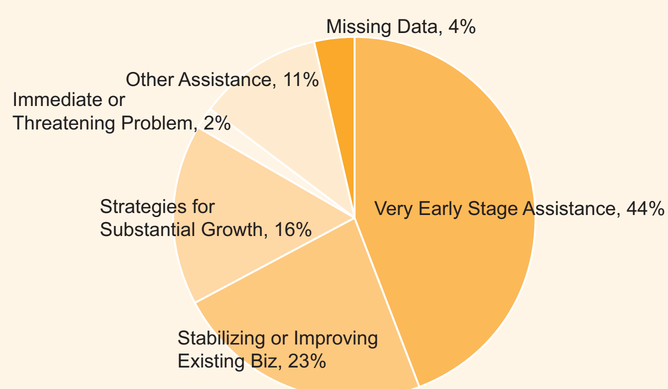
As this report will show, the short timeframe of the program has limited the observable results. Further, only five grantees were able to complete the full data collection. (One organization closed during the course of the grant period; three others did not complete all the expected data tasks.) The available data further suggest how challenging the established objectives were for the scale and length of this grant program. Nevertheless, some findings enhance understanding of what progress toward sustainability might look like for entrepreneurs and microenterprise organizations. These are highlighted below.

Entrepreneur Motivation, Business Sustainability and Growth

Finding 1: Entrepreneurs enter microenterprise programs with different goals, capacities and starting points. Not all clients with businesses are poised for growth, and programs need to be adept at tailoring services and their investment of resources to these varying needs. Sustainability may look very different depending on the goals of the business owner.

In fact, although these grantees were selected – to a substantial degree – because of their efforts to work with clients focused on growth, 44 percent, or 76 clients surveyed in 2007, indicated that their highest priority for service when they entered the microenterprise program was for "very early stage assistance." Twenty-three percent, or 40 clients, indicated they were looking to "stabilize or improve an existing business" and only 16 percent, or 27 clients, were focused on "strategies for substantial growth." These differences in business focus at program entry affected clients' business goals as well as their achievements. (See Figure 1.)

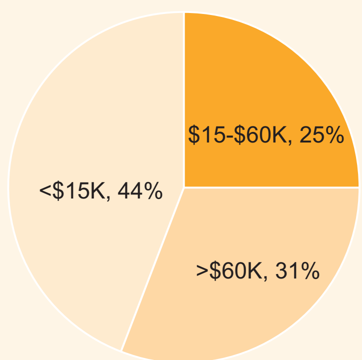
Figure 1: Highest Priority for Assistance at Enrollment



Another way to understand the variation among clients' businesses at program enrollment is to look at business revenue in 2006. Although the median business revenue was $20,000, the mean was $106,951. The discrepancy between the middle value and the average or mean, hints at the large range between the minimum and maximum revenues; ranging from revenues of $0 to $1.35 million.

Figure 2 shows the breakdown of these business revenues. Of all clients with businesses in 2006, 44 percent reported revenues less than $15,000. A quarter of clients had revenues ranging from $15,000 to $60,000, and another third had revenues of $60,000 and above.

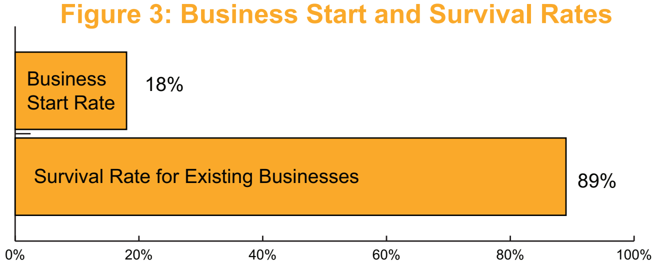
Figure 2: 2006 Business Revenue



Finding 2: If business survivability is the definition of sustainability, then the majority of these client businesses demonstrated that characteristic. However, if the definition is enlarged to consider issues of revenue growth, assets and net worth, the picture is more complex with some of the group demonstrating progress, and others either remaining flat or declining.

Almost 9 in 10 clients with a business in 2006 had a business still open in 2007.

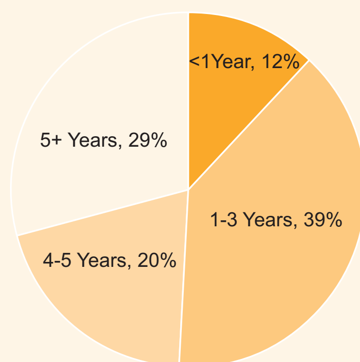
Figure 3: Business Start and Survival Rates



As of the end of 2007, the median age of the 75 businesses reporting was almost 3 years and the mean age was almost 5 years. Figure 4 shows that only 12 percent of businesses had been open less than a year, while 39 percent had been open between 1-3 years, [3] 20 percent from 4-5 years, and 29 percent were open 5 years or more.

However, among those clients who did not have a business in 2006, only 18 percent had opened a business by the end of 2007. The low business formation rate is surprising, but appears to be largely due to the low start-up rate experienced by clients in one program where the early stages of the economic downturn may have made clients more cautious.

Figure 4: Business Age in 2007



Almost half (49 percent) of those who were business owners when they entered the program reported growth in revenues, and a third reported declining revenues.[4] The median increase was $3,150, and the mean increase was $4,541. But revenue growth varied depending on the business stage and owners' intention with some categories showing much more dramatic growth. Table 1 shows the change in median and mean revenues for each category. Interestingly, the median and mean change for those seeking growth were lower than all other categories. The change for early stage businesses was highest, followed by those businesses that were seeking help to stabilize their businesses. The growth in revenues for owners trying to stabilize their businesses suggests that these businesses have taken an important step forward in their sustainability. On the other hand, the smallest change in median revenues (and a negative change in mean revenues) was found

[3]The actual timeframe was from 12 to 35 months.

[4]No clients reported unchanging revenues and 18 percent were missing revenue data.

among those businesses whose owners had entered the programs stating that their goal was growth. This may suggest that the CFWED microenterprise programs have greater capacity to support early stage businesses, or that the changes required to achieve substantial growth may take longer to produce results. (See Table 1.)

Finally, only 29 percent of the businesses reported an increase in business net worth, and median net worth declined 31 percent from $7,288 to $5,000. While entrepreneurs of the older businesses generally report greater net worth than the owners of the younger businesses (and larger revenue-producing businesses also correspond to higher net worth), in no case is the median net worth very high. To some extent, this may be a function of business type, as 49 percent of all businesses on which longitudinal data was available were service businesses. It also may be that most of these business owners are still more focused on generating revenue for their households than building their long-term investment in the enterprise. (See Tables 2 and 3.)

Finding 3: While these businesses work toward their own sustainability, they contribute to the economic security of others through job creation. Overall, the businesses in this sample produced 74 full-time and 95 part-time jobs, not including the owner. In addition, from one survey to the next, there was a 32 percent increase in full-time jobs, and a 68 percent increase in part-time jobs. Five new businesses and 10 existing businesses added employees for the first time.

Table 1: Revenue Change by Highest Assistance Priority in 2006

	Median Revenues			Mean Revenues			
	2006	2007	% change	2006	2007	% change	N
Early stage/testing	$9,257	$32,000	245.68%	$14,869	$30,049	102.09%	7
Immediate/threatening problem	$149,133	$165,964	11.29%	$149,133	$165,964	11.29%	2
Stabilizing/improving	$17,485	$35,000	100.17%	$64,640	$95,227	47.32%	11
Seeking growth	$67,881	$75,000	10.49%	$280,992	$252,078	-10.29%	13
Other	$186,676	$230,904	23.69%	$230,900	$307,077	32.99%	4

Table 2: Business Net Worth in 2007 by Business Age

Age in 2007	Median	Mean	Minimum	Maximum	N
11 months or less	$1,500	$4,296	($13,800)	$24,000	9
12 months - 35 months	$2,800	$14,857	($11,000)	$224,000	22
36 months - 59 months	$5,189	$22,296	($9,500)	$130,400	12
60 months +	$5,400	$609	($282,700)	$103,000	15

Table 3: Business Net Worth in 2007 by 2006 Revenue Categories

2006 Revenues	Median	Mean	Minimum	Maximum	N
Below $15K	$0	($2,475)	($48,800)	$21,800	12
$15K - $60K	$5,500	$19,960	($6,500)	$51,400	9
Above $60K	$9,650	$19,360	($282,700)	$224,000	14

Finding 4: The ultimate measure of business sustainability might be signaled by its contribution to household income. The majority of business owners were taking a draw and reported satisfaction with the amount of income their businesses were generating as of the end of 2007.

Business owners are traditionally willing to sacrifice income for a period of time as they launch and grow their businesses. However, if the business is to be sustainable long term, it must contribute to household economic security and growth. Forty-nine clients, or 62 percent of business owners on which longitudinal data was available, reported taking an owner's draw in 2007. The median owner's draw for all those that took one was $12,000. Part-time businesses had a median draw of $8,500 and full-time businesses had a higher median draw of $18,000. (See Table 4.)

In addition, 51 percent reported that the income completely or mostly met their expectations, and 27 percent reported an increase in their satisfaction with the amount of income generated by their business from one survey to the next. This is a positive trend.

Finding 5: Microenterprise programs' expectations that a set of business practices equates with growth appears borne out by the experience of these clients. While good business practice may not be a sufficient condition for survival, it is certainly a necessary one. The results discussed in this section reinforce messages programs often emphasize to clients regarding why employing these practices is important and can translate into business success.

Table 5 shows the use of business practices by the clients clustered according to their highest priority for assistance. Generally, the lowest reported rates of formal business practices are reported by those focused on early stage business assistance, and the two businesses reported seeking help for an immediate or threatening problem.

Table 4: Non-Zero Owner's Draw

	Median	Mean	Minimum	Maximum	N
Full-Time (Full year) Businesses in 2007	$18,000	$24,395	$600	$100,000	33
Part-Time (Full year) Businesses in 2007	$8,500	$13,761	$200	$32,000	9
All Businesses	$12,000	$20,624	$200	$100,000	49

Table 5: Business Formalization

(shading for practices used by 60 percent or more of all respondents in each category)

As of December 2007	Early stage/ testing	Stabilizing/ improving	Seeking growth	Immediate/ threatening problem
Business incorporated or registered	47%	62%	81%	100%
Permits? Comply with regulations?	82%	77%	88%	100%
Public identity or brand	59%	69%	81%	50%
Financial statements	53%	62%	69%	50%
Access to accountant	65%	62%	81%	50%
Formal business plan	59%	54%	56%	50%
Marketing plan	65%	54%	44%	100%
Access to mentor and/or network	59%	62%	81%	100%
	N = 17	N = 13	N = 16	N = 2

Finding 6: Business sustainability clearly depends on a customer base. The findings discussed in this section suggest the importance of access to market strategies, especially for those who are at an early stage of their business development, or who are seeking help to stabilize or improve their businesses.

Table 6 shows clients' assessments of their markets. Not surprisingly, those with early stage businesses report that their market is growing, and the change in revenues for this group supports this optimism. At the same time, 71 percent of respondents seeking business growth said that in 2007 their customer base was growing, and yet these businesses experienced the smallest change in revenues between the two surveys. Interestingly, fewer business owners in this group reported having marketing plans (only 44 percent). To warrant such client optimism, it appears critical for microenterprise programs to provide marketing assistance to clients focused on growing their business.

Microenterprise Program Sustainability

Any discussion of the progress toward sustainability attempted by these microenterprise programs must be prefaced by a definition of key terms. While self-sufficiency means that a program can cover the full costs of its services through revenue earned through program operations, a sustainable program is one that can cover its costs and fulfill its mission over the long term by continually generating revenue from an array of sources (internal and external). As the Nonprofit Finance Fund describes it, achieving sustainability involves balancing mission, program and capital structure in such a way that organizations can deliver services well, and remain intact.[5] The following section summarizes the paths of five of the CFWED programs toward sustainability, and what has been learned from their experience.

Finding 7: The organizations have demonstrated the capacity to serve large numbers of individuals, particularly those who are disadvantaged. Their operating budgets are relatively large for the U.S. microenterprise field, and demonstrate the growth that they have achieved over time.

As of FY2008, the mean and median number of participants served by the CFWED's grantees was more than 1,000. The mean and median number of clients was more than 500.[6] Three of the five

Table 6: Clients' Assessment of Their Customer Base

	Early stage/ testing	Stabilizing/ improving	Seeking growth	Immediate/ threatening problem	Other
Growing	63%	50%	71%	50%	60%
Shrinking	6%	17%	7%	50%	20%
Staying the same	31%	33%	21%	0%	20%
	N = 16	N = 12	N = 14	N = 2	N = 5

[5] Clara Miller, "Linking Money and Mission: An Introduction to Nonprofit Capitalization" (New York: Nonprofit Finance Fund, 2001), 5; available from http://www.nonprofitfinancefund.org/docs/Linking_MissionWebVersion.pdf; Internet.

[6] MicroTest is a national data collection system developed and managed by FIELD at the Aspen Institute that tracks the performance of more than 100 microenterprise programs. In MicroTest, a client is someone who received a significant amount of service during a fiscal year, such as having an outstanding loan or receiving a substantial amount of training or technical assistance. (The rule of thumb is approximately 10 hours.) A participant is someone who has received any level of service from a program during the fiscal year. More information is available at www.microtest.org.

Table 7: Program Size as Measured by Number of Individuals Served

	Participants	Clients	% of Women Clients	% of Minority Clients	% At or Below 100% HHS Poverty	% At or Below 150% HHS Poverty
Mean	1,794	633	75%	65%	30%	43%
Median	1,527	514	75%	71%	28%	42%
Range	632 - 3,110	348 - 1,220	54% - 99%	35% - 77%	26% - 37%	39% - 52%

institutions are among the largest that FIELD tracks under its MicroTest performance measurement program.[7] Table 7 also reveals their focus on the disadvantaged, as represented by the percentages of women, minorities, and those disadvantaged by poverty being served.

Finding 8: Programs have built fairly diversified funding streams, and programs report a strong measure of perceived funding reliability.

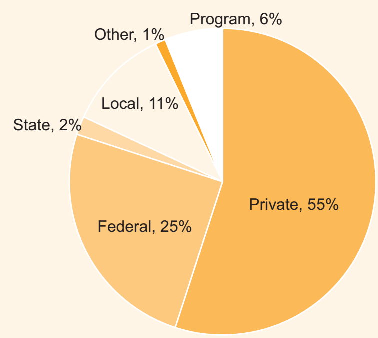
Table 8 reports the mean, median and range of the operating budgets and cost recovery these grantees achieved by the end of 2008. The operating budgets of the five programs are well above both the mean and median for the operating budgets of other programs FIELD tracks through MicroTest, (mean $784,912, median $411,176). Four of the five programs fall in the top 20 percent of all MicroTest programs with operating budgets over $947,133. All five of the reporting programs have experienced growth in their operating budgets from FY2004 to FY2008, although the growth has not been linear for all of them.

Table 8: Operating Budgets

	Operating Budgets (Total Expenses)	% Cost Recovery
Mean	$2,232,354	6%
Median	$1,980,513	6%
Range	$897,700 - $5,113,863	2% - 16%

Figure 5 provides an aggregate look at the sources of program funding across the five reporting programs in FY2008. Within the group, there were marked differences with respect to the rate at which programs have accessed federal dollars (ranging from 6 percent to 59 percent of all funding) and how diversified program funding sources were. One program has three sources providing at least 20 percent of total revenue. Three programs have at least 15 percent of revenues from three sources.

Figure 5: Funding Sources



While some recent literature suggests that funding diversification may not support sustainability as has been previously presumed, these organizations rate the reliability of their funding in generally positive terms.[8] Table 9 shows the mean and median rating programs ascribed to their funding. The percentage reflects the extent to which the organization rated funding in each category as "very,' "somewhat" or "not very" reliable in future years. As the table indicates, the mean and median values for "very reliable" were the highest. Four out of the five programs rated at least 88 percent of their funding as either "somewhat" or "very reliable."

[7] At the end of FY2007, the top 20 percent of values for participants and clients was 1,023 and 442, respectively.
[8] Clara Miller, "Truth or Consequences: The Implications of Financial Decisions," The Nonprofit Quarterly (Summer 2008): 10-15, available from http://www.nonprofitfinancefund.org/docs/2008/CMiller_NPQ_Summer_08.pdf; Internet.

Table 9: Funding Security

	Very Reliable	Somewhat Reliable	Not Very Reliable
Mean	73%	18%	9%
Median	59%	25%	9%
Range	34% - 95%	0% - 54%	0% - 24%

Finding 9: Grantee experience demonstrates that volume and pricing are critical factors in increasing the self-sufficiency of microlending.

The importance of microlending varies from grantee to grantee. The median number of loans disbursed in FY2008 was 51, and the mean was 56. However, the range was from 7 to 115 loans disbursed across the group. The average loan size was $12,764. Table 10 shows the group's results with respect to cost recovery, which ranged from 4 percent to 16 percent. These results are below the mean and median results for other microlenders tracked by FIELD (40 percent and 20 percent respectively). Higher cost recovery is a function of the size of lending efforts, the efficiency of operations and their pricing. Interestingly, the two programs with the highest financial self-sufficiency rates, 16 percent and 10 percent respectively, have the largest outstanding portfolios and the greatest efficiency (as measured by their operational cost rates).[9] This suggests that programs with smaller portfolios pay a premium to maintain them, subsidizing their operations at a higher level. While organizations may have strong reasons to maintain these programs, the pressure it puts on fund-raising should be recognized.

Finding 10: These grantees generally spend more per client on business development services than other programs, but they also deliver more training and technical assistance services.

Table 11 presents the mean, median and range of costs reported by the grantees with respect to providing business development services. Their median costs exceed that reported by the median of other programs tracked by FIELD ($1,702), as well as that reported by those organizations that define themselves as training-led ($1,848), which these institutions do. However, the CFWED grantees report higher levels of interaction with their clients. While overall, programs tracked by MicroTest spent an average of 12 hours (median: 14) providing training and technical assistance services to their clients, the four CFWED-supported programs

Table 10: Credit Program Cost Recovery

	Average Loans Outstanding	Financial Self-Sufficiency	Operational Cost Rate	Yield on Loan Fund
Mean	$776,162	9%	0.87	8.8%
Median	$651,546	9%	0.90	9%
Range	$320,730 - $1,317,028	4% - 16%	0.57 - 1.72	7% - 10%

Table 11: Business Development Services (BDS) Cost Recovery

	Training Program Expenses	BDS Cost per Client	Training Program Cost Recovery
Mean	$1,682,500	$2,841	5%
Median	$897,700	$2,346	3%
Range	$738,881 - $4,349,586	$1,668 - $4,139	2% - 19%

[9] The short-term financial self-sufficiency represents a lending program's ability to cover the full costs of its credit program with internally generated income. It is calculated by dividing the financial income derived from the loan fund by the sum of the credit program's operating costs and financial expenses. The operational cost rate measures the efficiency of a credit program. It calculates the amount required to make and manage each dollar in the portfolio.

reporting this data provided an average of 24 and a median of 22 hours of assistance to their clients. This greater level of engagement may be due to the multiple services that these mature organizations have developed as they have grown over the years, which allows them to assist clients at many levels of experience.

For most of them, these services are funded, in large measure, through the subsidy that they raise. One organization recovers almost a fifth of its costs; one covers 7 percent, and the rest are in the 2 to 3 percent range. Except for the high end result, these figures are similar to those of other programs: the MicroTest median was 3 percent and the mean was 10 percent. As the size of the organization's budget increases, however, the funding burden also increases. The ability of these institutions to generate these resources speaks to their fund-raising capacity and funder relationships, as discussed above.

Finding 11: Programs have grown and made gains on some cost recovery measures, while continuing to struggle with others.

The five programs discussed in the program performance section of this report have provided data to MicroTest since at least FY2004. The data in Table 12 outline the aggregate change over time for key measures reflecting scale and self-sufficiency from FY2004 to FY2008. The results are mixed. The operating budgets for four of five increased, reflecting their growing strength in fund-raising and capacity. And three of four grew their loan portfolios, producing an increase in both the mean and median loans outstanding. Four of the five also documented growth in the number of participants served, although only three reported increases in clients served.

Table 12: Program Growth

	Mean	Median
Participants	↑ 38%	↓ -6%
Clients	↑ 21%	↓ -20%
Average Loans Outstanding	↑ 15%	↑ 90%
Total Expenses	↑ 79%	↑ 48%

Three of the five programs reported an increase in total program cost recovery, and three also reported an increase in training cost recovery. (See Table 13.) Only one of the four lenders reported gains in financial self-sufficiency rates. A scorecard that reflects individual institutional progress against these measures shows that only one experienced positive change in all areas. Clearly, progress is never even, and scale and self-sufficiency are not intertwined. Scale can come with greater costs, and not all strategies are equally built to generate revenues.

Table 13: Change in Cost Recovery

	Mean	Median
Total Program Cost Recovery	↑ 12%	↓ -7%
Financial Self-Sufficiency	↓ -27%	↑ 31%
Training Program Cost Recovery	↑ 82%	↑ 38%

Conclusion

The CFWED program was an ambitious one. Over a short two years, the intent was to help build more sustainable women's businesses, and more sustainable women's enterprise development organizations. The funding and peer learning that accompanied the process were important support for what, in effect, have been the goals of these grantee organizations for some time. But two years is a short time to see substantial change, and what these findings have offered is a window into the grantees' progress in a quantitative sense. But there are entrepreneurial stories behind these numbers, some full of inspiration and progress, and others of challenge. And there is more to organizational sustainability than can be captured by financial data. Rather it's the character of the leadership and staff, their ability to systematically build the organizational foundations of sustainability, and their flexibility and innovation in responding to changing circumstances that, combined with numeric data, will tell the full tale.

Still numbers are important guideposts for organizations that wish to be successful. And the fact that only five of the nine were able to produce this data over two years suggests the challenges that some of these organizations have faced, and the fragility of a few. Those that stayed the course have demonstrated how complex the path toward sustainability is for clients and programs.

The strong business survival rates, the high numbers of entrepreneurs drawing money from the businesses for their households and reporting satisfaction with their draw, the growth in revenues – especially for those at the start-up and stabilization stages – signal that many of these businesses have achieved at least one level of sustainability. The job creation numbers also testify to the importance of these businesses to their communities, and why further strengthening them has important economic purpose. Yet the numbers also show that the businesses are generally still small in terms of revenue and net worth, and the optimism of their owners still runs ahead of their skills and practice. It is hoped that these will catch up as the years go on.

As for the programs, the data testify to the maturity of these institutions and the breadth and depth of their outreach – and service – to disadvantaged entrepreneurs. Within the microenterprise field, these are large players that have demonstrated the capacity to consistently grow and attract funding to support their efforts. This is no mean accomplishment. The skills these organizations have in development are certainly being put to the test in these hard economic times. At the same time, the low rates of cost recovery, and the incremental growth in these rates over time, increase the pressure on the leadership to search for ever more subsidy to achieve the scale and impacts they desire. Several of these organizations are implementing social enterprises, and building incubator programs that further increase their range and depth of services, as well as add new revenue streams. The story isn't finished here. Their future progress will provide more lessons for the field, and will be well worth watching.

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Ms. Foundation for Women's Collaborative Fund for Women's Economic Development:
The Ms. Foundation for Women, a social justice foundation, delivers strategic grants and capacity-building to more than 150 grassroots and national advocacy organizations throughout the U.S., enabling groups to create connections across issues, constituencies and policy-making levels that strengthen social movements and ignite just and lasting change on behalf of women, families and communities. The Ms. Foundation established the CFWED in 1991 to support organizations helping low-income women start and grow microenterprise, community-based and cooperative businesses.

FIELD:
The Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination, is a research and development organization dedicated to the expansion and sustainability of microenterprise development efforts, particularly those aimed at low-income Americans. Its mission is to identify, develop and disseminate best practices, and to broadly educate policy makers, funders and others about microenterprise as an anti-poverty intervention.

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For additional information on CFWED and reports on previous rounds of the collaborative, please see the FIELD Web site: http://fieldus.org/MicroTest/mscollaborative.html.