

ASSESSING THE EFFECTIVENESS OF TRAINING AND TECHNICAL ASSISTANCE

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To help identify the elements of effective training and technical assistance for low-income entrepreneurs, FIELD selected this critical issue as one of its first grant-making areas. In June 1999, following a Request for Applications process, five organizations were selected to receive two-year, \$100,000 grants to pursue research that ultimately will lead to a better understanding of what constitutes effective services.

FIELD's goal in funding a cluster of grants on this subject was to identify and support practitioner organizations interested in advancing the effectiveness of their business development training and technical assistance. FIELD was especially looking for organizations that are creatively trying to understand the impact of training and technical assistance on low-income entrepreneurs' skills development, as well as on the businesses themselves.

This FIELD Forum is designed to detail the rationale behind the grant cluster, profile the projects proposed by the selected grantees and describe FIELD's plans for extracting and disseminating important findings from their work.

The Issue

FIELD's interest in this area stems from recognition that training and technical assistance are arguably the most important components of microenterprise development services in the United States today, particularly when those services are aimed at low-income clients. Confirmation of that can be found in the *1999 Directory of U.S. Microenterprise Programs*¹, in which 92 percent of practitioner agencies (260) reported providing training and technical assistance services to their clients. In comparison, 70 percent (199) provide financial services. More striking, of the 57,125 individuals served in 1997, fully 89 percent — or 50,972 — were non-borrowers receiving training and technical assistance.

The training and technical assistance these clients receive, its duration and intensity vary widely. Data from the Self-Employment Learning

¹ The Aspen Institute, Washington, D.C.: 1999

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Project's case study research on seven mature microenterprise development programs in the U.S.² illustrates this. Training courses ranged from 24 to 222 hours, over periods from seven to 17 weeks. Two strategies dominated:

- Business development strategies, generally aimed at a mix of clients, focused on guiding participants through the creation of some form of business plan, as well as on other critical business skills. These courses averaged 28 classroom hours.
- Strategies, targeted at low-income and welfare clients, incorporated personal skills development along with business development skills in a more step-by-step, intensive way, in recognition of lower educational levels and entrepreneurial exposure. These courses averaged 80 hours.

Most U.S. programs implement one or both of these strategies. In addition, 71 percent of the programs submitting data to the Directory indicated that providing “more advanced training and technical assistance is a very high priority.”

While programs view these services as

critical to their clients' success, there have been few efforts to rigorously assess their effectiveness. It is known that not all clients who receive services start or expand their businesses, at least not immediately. In fact, among programs submitting proposals to FIELD under the RFA process, rates of business starts or expansions ranged between 10 and 57 percent — with the median being 21 percent. The long-term business survival data that is available is even more variable, and not comparable.

While it is unreasonable to expect that all clients would pursue business (in fact, one very positive outcome of training initiatives can be to help clients clarify whether business is right for them), programs still face the perplexing question of why some clients make it, and others do not. This question leads to others:

- Which skills taught by programs are actually applied by microentrepreneurs?
- Which make a difference in their success?
- Which client groups need what types of services? And,
- How much training and technical assistance is enough?

WHICH INDICATORS BEST PREDICT SUCCESS ?

Intermediate Indicators

Course completion/graduation
 Pre- and post-knowledge testing
 Business plan completion
 Satisfaction
 Hours of training and/or TA
 Sequence of training and TA
 Business skills acquired
 Personal effectiveness skills
 Established networks/relationships



Final Outcomes

Business start-ups, survivals,
 and expansions
 Sales and profit/loss
 Number of employees
 Employee wages and benefits
 Household income, assets and
 net worth
 Change in public assistance

² Elaine Edgcomb, Joyce Klein, and Peggy Clark. *The Practice of Microenterprise in the U.S.: Strategies, Cost and Effectiveness*. Washington, D.C.: The Aspen Institute, 1996.

Practitioner efforts to understand the effectiveness of their services have largely depended on information generated through simple measures applied during or at course completion, including:

- comparing enrollment and graduation rates,
- pre- and post-course knowledge testing,
- the successful production of business plans, and
- satisfaction surveys.

Programs also have used indirect measures, such as client willingness to pay some portion of training or technical assistance costs, as evidence that clients value their services. Each of these intermediate measures (so-called because they measure outcomes expected to lead to positive effects in the client or business later) provides some valuable information to program operators. But each also is limited in the information that it offers.

Few programs have attempted to document how clients use newly gained information or skills in their businesses, and what they perceive to be most useful. Without that information, it is difficult to truly know the relationship between what is taught and client success at starting, stabilizing or expanding a business. It is also difficult to know the extent to which the intermediate measures outlined above are useful indicators of later client success.

The Challenge

It is clear that the investment in training and technical assistance is substantial, both from the point of view of the programs, which expend notable portions of their budgets to provide these services, and from the point of view of clients, who invest their time.

Programs need continued funding to sustain what are largely subsidized services.

Policymakers and funders are interested in assisting them, but to date programs have not been able to provide the documentation that

would substantiate the need for ongoing operating support. From the client's perspective, the lack of clarity regarding how much training is needed at each stage of a business' development may result in unwarranted or excessive interventions and make participation in training less attractive.

Identifying models of high impact training (contributing to positive business outcomes with reasonable expenditure) is, then, an urgent necessity. Doing so requires that practitioners understand what makes for effective training, and how that effectiveness might be achieved at lower costs.

Defining training effectiveness, however, demands that we first have answers to the following questions:

- What are appropriate indicators for measuring the effectiveness of training and technical assistance interventions directed to low-income clients and their businesses?
- Which intermediate measures are better indicators of final impact on clients and their businesses?
- What practical approaches can programs use to document and track outcomes of training and technical assistance services on low-income clients, and how can that information be used to improve program strategy?

Identifying models of high impact training (contributing to positive business outcomes with reasonable expenditures) is an urgent necessity.

Against that backdrop, FIELD challenged practitioners to propose strategies to respond to these questions, asking them to identify the indicators they believe most promising in terms of establishing the critical link between service and outcomes, and to offer a plan to test them with a group of their clients. The hope was to find a group of programs that had a strong track record in training and technical assistance, interesting hypotheses regarding the link between services and outcomes, and the capacity to address these critical questions.

Importantly, these organizations also were required to demonstrate a substantial focus on low-income individuals in their past work, and in the activities they would undertake with FIELD support. Successful applicants were expected to commit that at least 65 percent of the individuals participating in the activities supported with FIELD funding over the two-year period met FIELD's definition of low-income (that is, at or below 150 percent of U.S. Health and Human Services poverty guidelines).

The Grantees

In all, 55 organizations responded to FIELD's challenge with letters of intent. The five groups selected to receive grants will use quantitative and qualitative research strategies to test the relationship between indicators and final outcomes. They also will test a variety of data collection instruments that other programs may later adapt for their own use. Sample sizes will range from 30 to 400, with more than 650 clients, in all, participating in interviews, surveys and other data collection activities to provide a unique lens on how to assess, apply and benefit from the training services microenterprise programs provide.

On the following pages, a brief description of each grantee and its research proposal are provided (alphabetically by agency name).

Central Vermont Community Action (CVCA), Barre, Vermont

Agency background: CVCA is a non-profit anti-poverty agency operating since 1965 to provide economic and family services for low-income Vermonters. CVCA's microbusiness development services offer low-income clients individual technical assistance, marketing assistance, mentoring, a variety of training options and access to credit through several sources.

Recent evaluation of CVCA's work suggests that one of the important factors in determining an entrepreneur's success appears to be the set of perceptions he/she brings into the program — especially the ability to develop linear, focused and long-term ways of thinking. In fact, 67 percent of CVCA's clients who started businesses exhibited more focused methods of thinking, including a realistic sense of the connection between work and benefits and risks and rewards, as well as a clear perception of personal responsibility and an ability to carry out and modify plans.

Focus of grant: Using a qualitative research design, CVCA will seek to develop measures that track clients' movement from one set of thought patterns to another, and explore how these changes are linked to particular training interventions, as well as to business and personal outcomes. Staff will interview some 30 past participants to further test and develop their framework of measures, and then apply them to at least 40 new and current participants engaged in training activities designed to support cognitive change and provide basic business skills.

Among the instruments to be tested will be revised intake and tracking forms, in-depth interview guides, and a family assessment matrix that identifies risks in the household that can bear upon a client's progress. CVCA will also try to understand

differences between those clients who receive minimal services and those receiving more substantive assistance. Clients accessing credit also will be examined to see if there are differences between them and others who do not seek credit assistance.

Detroit Entrepreneurship Institute, Inc., Detroit, Michigan

Agency background: DEI, a business development organization targeting welfare recipients and low- to moderate-income individuals throughout Detroit, emphasizes a comprehensive, one-stop shop approach as the key to effective service provision. Clients participate in an 11-week training session, receive consulting services from successful business owners, and have access to credit, a computer center, a reference library and graphic design assistance. In

addition, welfare clients receive special training focused on personal effectiveness, support systems and job skills development.

Despite this array of services, many client businesses remain marginal. While clients can access consulting services for a minimum of two years, the level of service provided is modest. On average clients receive ten hours of support.

Focus of grant: DEI hypothesizes that more intensive services — weekly consultations in person or by phone coupled with specially tailored guidance by industry experts — will provide a substantial boost in terms of sales, profit, income, asset accumulation, job creation and other business indicators. DEI will track two groups of 25 clients each, one receiving this advanced level of services and the other accessing the organization’s regular assistance package. Data

GRANTEES AT A GLANCE

	Strategy	FY 1998 Clients	Average Hours Training / TA	
CVCA Barre, Vermont	Individualized services offering technical assistance, mentoring, marketing help and a menu of training classes	177	12	4
DEI Detroit, Michigan	Comprehensive, one-stop shop built around core 11-week training, with business consulting, computers, reference center and design services	900	165 (TANF) 77 (other)	10
ISED Iowa City, Iowa	Classroom or one-on-one training focused on business plan development and life management skills, supplemented with individual consulting and other training	906	39	4
WHEDCO Bronx, New York	Basic and advanced professional and business training, with network support, to help women establish and operate successful home-based child care businesses	75	45	42
WI San Francisco, California	Training-led model sequencing required core training classes in business and personal development skills before access to one-on-one technical assistance, peer support workshops, other business support services, and financing.	448	87	2

will be collected from monthly financial statements, quarterly business management audits, annual interviews and focus group sessions.

In addition to comparing overall outcomes between the two strategies, this detailed information will allow DEI to better understand the critical skills clients need as their businesses evolve, and what to emphasize in both up-front training and ongoing technical assistance.

The Institute for Social and Economic Development, Iowa City, Iowa

Agency background: ISED is one of the oldest and largest microenterprise programs in the United States, with headquarters in Iowa City, and regional offices covering the state. Over its 11-year history, ISED has served over 5,300 clients, more than 80 percent of whom were low-income. ISED offers training and technical assistance services at its regional offices and through a network of independent consultants, and serves as broker to business financing provided by cooperating financial institutions. ISED's microenterprise training program focuses on business plan development and life management skills, and is supplemented with individual consulting and training.

It also has a Research and Evaluation Division providing public policy research and social program evaluation services to government agencies and nonprofits.

Focus of grant: Based on its experience, ISED believes that client characteristics, the training intervention, intermediate indicators of client success and final client outcomes are interconnected. However, lack of research makes it difficult to pinpoint the precise nature of these connections and determine how they might improve training interventions. Using a quantitative research design, ISED will track between 400 and 500 clients through its program to answer four key questions:

- How are client characteristics and differences in interventions associated with intermediate and final outcomes?
- How effective are different training strategies after controlling for client characteristics?
- Are various strategies differentially effective for clients with various characteristics? And,
- To what extent are intermediate indicators reliable proxies for final outcomes?

Multiple methods of data collection are planned including: intake forms to capture client characteristics, observation and interviews to capture training style, participation records to track amount and sequence of services, pre- and post-skills tests to capture acquired skills, and follow-up interviews and review of public assistance records to track actual outcomes. ISED plans to use statistical methods to analyze the relationships among the data generated by each process.

Women's Housing and Economic Development Corporation, South Bronx, New York

Agency background: WHEDCO is a community-based organization providing housing, workforce development services, health and family services to women and families in need in the South Bronx, New York. Among its interventions at the Urban Horizons Economic Development Center is the Family Day Care Program, providing basic and advanced training to help women establish and operate legally registered and successful home-based child care businesses. In addition to training, the program also supports a network of business owners offering ongoing support, referrals and technical training to women. Staff also facilitate informal support groups for women contemplating the establishment of regulated businesses.

Focus of grant: Family day care is an increasingly important sector in the microenterprise field, playing a key role in the transition from welfare to work for many women — both for providers as well as those entering employment. In addition, as a professional field, it offers a career with options for advancement in several directions. WHEDCO seeks to understand the specific indicators associated with success in operating a high-quality, financially viable, family day-care business, and expects to test measures in four key areas: business development, professional development, personal effectiveness as an income provider, and effectiveness as an entrepreneur.

Using a sample of 30 new or recent network members, the qualitative research design will involve data collection at intake and in quarterly home visits using standard checklists and instruments for evaluating family day care homes/businesses. These will be complemented with review of participation records, participant observation, and records of staff interaction with participants. WHEDCO's management information system will be adapted to accommodate this wide variety of data. The system already allows the organization to track client participation across its various programs and services, providing the infrastructure to understand the effects of multiple interventions.

Because early work by WHEDCO suggests that five particular attributes may be critical to success, the research will specifically examine: general orientation to training, length of time in and stage of business, personal and professional goals, literacy and educational attainment.

Women's Initiative for Self-Employment, San Francisco, California

Agency background: Established in 1988, Women's Initiative provides bilingual microenterprise development, training, consulting and financial services for low- and very low-income women in the San Francisco/Oakland areas of California. The organization uses a training-led model that requires all clients to participate in core training classes before accessing one-on-one technical assistance, peer support workshops, other business support services and financing. The curriculum is based on the premise that clients need to learn, understand and practice certain skills in order to succeed in business, and that entrepreneurs are more likely to be effective if they also experience personal growth. To this end, the curriculum includes 14 sessions devoted to business skills development and seven devoted to personal development training.

Focus of grant:

Women's Initiative will test these premises using a mixed method model of research tracking 102 clients at program entry, during training and at five-month intervals. Data will be collected using a revised application form, participation tracking forms, testing of post-training use of business skills, and business status reviews. Progress toward economic self-sufficiency will be gauged by comparing household income to a California-based Family Self-Sufficiency Standard developed by Wider Opportunities for Women.

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The Learning Assessment

To ensure that the findings from these grant activities will benefit other practitioners, FIELD staff will facilitate a learning assessment that includes:

- Meetings at which grantees can exchange information on research and training methodologies, implementation issues, preliminary findings and final results.
- Documentation of research results, as well as tools and strategies for data collection and analysis.
- Production and dissemination of documents that capture lessons learned across programs on key areas of inquiry that are broadly relevant to the field.

Reports will be disseminated broadly to policymakers, practitioners and other interested parties during and after the two-year grant period.

About FIELD

The Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD) is a research and development fund dedicated to the expansion and sustainability of microenterprise development efforts, particularly those aimed at poor Americans. Designed to make a significant, strategic investment in building the capacity of the microenterprise industry, FIELD makes targeted grants to practitioner organizations pioneering promising approaches to key challenges facing the field today. Its mission is to identify, develop, and disseminate best practices, and to broadly educate policy makers, funders and others about microenterprise as an antipoverty intervention.

OVERLAPS IN AREAS OF INQUIRY

	CVCA	DEI	ISED	WHEDCO	WI
Client Perceptions and frames of reference	X			X	
Client characteristics			X	X	
Family Functioning	X				
Program Participation (intensity; specific elements)	X	X	X	X	X
Business skills acquisition	X	X	X	X	X
Life skills acquisition	X				
Training style			X		
Post-training technical assistance		X	X		
Access to Financing	X		X		
Participation in public engagement activities	X				