

Fulfilling the Promise:

A Guide for Board and Staff

Introduction

The U.S. microenterprise field can point to many important accomplishments in its 20-year history. Yet, the field also faces major challenges, including a changing marketplace, a difficult funding environment, a structure that limits its ability to achieve greater scale and efficiency, and uneven performance across programs. To respond to these challenges, and to forge a vibrant future, the field must move in new directions over the next few years. This will require new thinking and ways of doing business on the part of all microenterprise practitioners, as well as by the trade, research and policy organizations that support the field.

FIELD's publication *Opening Opportunities, Building Ownership: Fulfilling the Promise of Microenterprise in the United States*, not only documents the industry's key achievements and challenges, but also recommends eight directions that could help the field grow and stabilize (see Box 1). Increasingly, the success and survival of every microenterprise program will depend on its ability to move in these directions. Microenterprise programs face the same challenges as any business: they must offer a product that has relevance in the marketplace, deliver that product efficiently and with high quality, and have a business model that allows them to continue to operate over time. Successfully meeting these challenges becomes particularly important in a tight and changing funding environment. The directions identified by FIELD represent the steps that microenterprise programs must take in order to demonstrate and enhance their value to funders and investors, and to build a more sustainable future.

To help practitioners turn these ideas into concrete actions, FIELD has produced a kit for practitioners, which includes this guide. In the pages that follow, you will find: 1) a framework for conducting a reflection process that can help your organization better understand the challenges ahead, as well as how to set priorities for action; 2) an assessment tool designed to help organizations pinpoint the appropriate steps they should consider, based on a profile of their organization and 3) a discussion guide that can help program directors begin a dialogue with staff and board members about the best ways to respond to some of the key ideas in *Opening Opportunities, Building Ownership*.

About FIELD

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. To learn more, visit: www.fieldus.org.

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Box 1: New Directions for the Microenterprise Field

Direction #1: Market, Market, Market

The microenterprise field must gain a better understanding of:

- the demand for microenterprise services and products among potential customers;
- the characteristics and preferences of those customers; the competing services in the marketplace; and
- where there are opportunities for collaboration and/or expansion of services.

Direction #2: One Size Doesn't Fit All

To increase scale and efficiency, microenterprise programs must continue the trend toward developing distinct products for different types of clients. This will demand greater sophistication in product development, including the development of management processes to ensure that new offerings achieve the growth, impact, efficiency and cost recovery goals set for them.

Direction #3: Think Bigger, Work Smarter

The field must begin to reorganize and restructure if it is to expand its reach and product offerings, and realize economies of scale. Programs should explore:

- outsourcing functions;
- co-branding and distributing products offered by other national, regional or local players;
- mergers and acquisitions; and
- forming strategic alliances.

Direction #4: Seize the Power of Technology

Improved management information systems and communications, and on-line and other distance learning technologies, will be key to the ability of programs to increase scale, expand product offerings and realize efficiencies. Practitioners should look to develop partnerships that can leverage the technological capabilities of other providers or, when possible, implement new internal systems.

Direction #5: Quality is Job One

The field as a whole must dedicate itself to the discipline of pushing on the issues of scale, efficiency and cost recovery, as well as on improving program outcomes. Practitioners must:

- connect to national efforts that support and enhance performance;
- invest in systems and processes necessary to collect, analyze and act on performance data; and
- educate donors about how they can support and provide incentives for improved performance.

Direction #6: Policy Matters

One means of reaching larger numbers of potential microentrepreneurs is to promote changes in social, legal and regulatory policies that can support or reduce barriers to business ownership. While policy organizations and trade associations should play the lead role here, practitioners can:

- assist state and national organizations, as necessary, by identifying local resources that can inform their policy development efforts;
- engage in advocacy in support of public policies that support program clients and other local entrepreneurs.

Direction #7: Staying Alive

To make progress toward growth and sustainability, the field must:

- demonstrate the value of microenterprise programs;
- increasingly pursue cost recovery and revenue generation; and
- develop sources of multi-year funding that enable greater stability and better position programs for growth.

Direction #8: What's in a Name?

The very term “microenterprise” may be limiting the field’s ability to attract a broader market, funding streams and strategic alliances. Practitioners can help reposition the field by:

- participating in national efforts to create new language and messages that better convey the field’s essence; and
- building or strengthening relationships with local enterprise and economic development communities.



Forging Ahead: Working with Program Staff and Boards

While these directions are not entirely new ideas, they do suggest new ways for microenterprise programs to think about and provide services. Furthermore, not all of these directions will apply to every microenterprise program; and even if they did, the current tight funding environment would require most organizations to set priorities as to which directions are most important or appropriate for their circumstances.

To begin, FIELD recommends that organizations engage their board and/or staff in a strategic reflection process with three objectives in mind: First, to gain an understanding of the current challenges facing the industry as a whole. Second, to acquire a better understanding of where your organization fits within the field, and in relation to the challenges faced by the industry. And third, to identify key priorities for action. This reflection process involves three key steps.

- ***Understanding the big picture.*** Where is the field and where should it go? *Opening Opportunities, Building Ownership*, explores those questions. Although the full report is important reading for program managers and key staff, most board members and some staff may not have time to read the full report. For that reason, FIELD has developed a PowerPoint presentation that provides an overview of the key points in the paper, as part of the practitioner kit. In addition, the discussion guide at the end of this paper provides an outline for a meeting with your program's board or staff that introduces them to the "big picture" trends facing the industry, and begins a discussion on how these trends affect your program.
- ***Understanding where your organization fits.*** To respond strategically to the challenges and directions identified in *Opening Opportunities, Building Ownership*, it is important for your program to understand its position within the field. Your response to the challenges identified in the publication will depend on whether your program is large or small; on the breadth of its existing market and product lines; on the strength of its recent performance, and whether it faces immediate funding challenges. The assessment framework found in Box 2 provides questions that can help you assess where you are and prioritize the next steps for your program.

It is important to note that assessing your program relative to the field requires some data on your program's recent performance. Chapters 2 through 4 of *Opening Opportunities, Building Ownership* contain data on the industry that can be used for comparative purposes. The FIELD Web site provides the definitions used in generating this data (see <http://fieldus.org/li/pdf/MTMeasures04.pdf>); if you have collected similar data, you can use it to compare your program to the field more broadly. If you have not collected such data in the past, the assessment tool recommends that you build that capacity. For more information on data collection, visit: www.MicroTest.org.

- ***Identifying key priorities and exploring related action steps.*** The assessment tool in Box 2 suggests further steps for consideration, based on the profile of your microenterprise program. FIELD's Web site includes resources that can support your program as the board and staff explore and discuss these recommended next steps. In the near future we will provide additional information and resources, organized by each of the eight directions identified in the paper. FIELD also will continue to update and add resources to the Web site as the field makes progress on these new directions. Therefore, you may find it helpful to bookmark the site: www.fieldus.org.

Box 2: Assessment Framework

Microenterprise Strategic Assessment	
<ul style="list-style-type: none"> • How big is your program? (Small – fewer than 125 clients and 3 FTE staff; medium-size – 125 to 299 clients, 2 – 6 FTE staff; large – 300 or more clients, 6 or more FTE staff.) • How broad is your current target market and product line? • How crowded is your local marketplace? Are there other providers of microenterprise products and services? How do your product lines and target markets compare? • Do you have a sense of your program’s performance, and how it compares to the field as a whole? (See Chapter 3 of <i>Opening Opportunities, Building Ownership</i> for performance data on the field.) • How diverse is your funding base? Is your program depending on one or two sources of funding, or on a range of sources? How secure are those key sources of funding for the next few years? 	
If your program is:	Consider:
Small in scale (fewer than 125 clients), with limited product offerings and a narrow and uncertain funding base.	<ul style="list-style-type: none"> • Conducting market research to assess the program’s opportunities to grow by enlarging market outreach, broadening target market or adjusting product lines. • A merger or strategic alliance with another program or organization.
Small or medium-size in scale, with fairly consistent funding, but lacking information on relative performance.	<ul style="list-style-type: none"> • Building your data collection capacities, including staff and management information systems, and using MicroTest measures to define data elements. • Comparing performance to AEO practice and numerical standards. • Joining MicroTest to access learning on peer group performance and that of top performers.
Small or medium-size in scale, with relatively strong performance in terms of outcomes and training or lending effectiveness, but with relatively high costs and/or issues of long-term sustainability.	<ul style="list-style-type: none"> • Focusing on cost recovery, or on other revenue generation strategies. • Looking to alliances or mergers, or to new technologies, that can reduce costs and increase efficiency. • Strengthening or building relationships with local or regional economic development and entrepreneurship communities. • Conducting market research that can identify new target groups and product offerings.
Medium-size, with mixed or weak performance in terms of costs and effectiveness.	<ul style="list-style-type: none"> • Systematically collecting and analyzing outcomes data to understand where and with whom the program is effective, and where it is not. • Conducting focus group research with clients to determine how products and services could be improved, in order to achieve greater impact and efficiency (i.e., can training or underwriting hours be reduced). • Implementing assessment and screening mechanisms to ensure that clients are efficiently tracked to services that best match their goals and business status. • Seeking technical expertise to help improve program performance and efficiency (i.e., management of loan portfolio, training services, MIS). • Investigating new relationships or technologies that can improve efficiency (i.e., outsourcing or automating some functions).
Large, with high performance on costs and effectiveness.	<p>Focusing on the next breakthrough by:</p> <ul style="list-style-type: none"> • Conducting market research aimed at identifying new markets and products. • Investigating the use of technology (distance learning, contact management, etc.) that can broaden outreach or allow for cost-efficiencies. • Examining current pricing to identify areas for greater cost recovery. • Looking to identify other programs (or private sector partners) that offer potential for additional growth through mergers or partnerships.



Discussion Guide for Board and Staff

This discussion guide presents a model for a board and/or staff discussion regarding the key ideas identified in *Opening Opportunities, Building Ownership: Fulfilling the Promise of Microenterprise in the United States*. It presents a model for a 75- to 90-minute discussion. The meeting centers around the PowerPoint presentation included with the practitioner kit. A printed version of the script is also included, allowing you to modify as appropriate for your organization. The discussion questions below are designed to guide a conversation, following the PowerPoint presentation, on the participants' reactions to the issues and directions raised, and their sense of how these directions apply to your organization.

Meeting Agenda:

Meeting Objectives:

- To provide board and staff members with an overview of the key messages and directions in *Opening Opportunities, Building Ownership: Fulfilling the Promise of Microenterprise in the United States*.
- To stimulate discussion on how these directions apply to your microenterprise program.

Background/Accompanying Materials:

- Board and staff members should read a copy of the executive summary of *Opening Opportunities, Building Ownership* prior to the meeting. (A copy of the Executive Summary is included in the practitioner kit.)
- A printout of the PowerPoint presentation (also included in the practitioner kit) should be made available at the meeting.

Meeting Timeline:

- Meeting objectives and overview: 5 minutes
- PowerPoint presentation: 25 – 40 minutes
 - The slide for each of the eight directions recommended by FIELD includes a set of assessment questions for microenterprise programs. If you choose to stop after each of these slides to discuss these questions with the group, the presentation will require about 40 minutes. If you elect to proceed straight through the presentation, it will require 25 minutes.
- Discussion (see questions below): 40 – 60 minutes



Discussion Questions for Microenterprise Program Staff

- First, ask for the group’s overall responses to the presentation. Is the group surprised? Concerned? Intrigued?
- How do the challenges identified in the presentation relate to your experiences in the program, or your understanding of the field’s current circumstances? Which of these challenges, in your opinion, is the most pressing challenge facing your organization?
- Which of the new directions identified in the presentation seems most important, or pressing to you? Which of the directions resonate most with your experience working in your role within the organization – either working directly with clients, raising funds, collecting and reporting data on program performance, or directing the program as a whole?
- Finally, review the “Microenterprise Strategic Assessment” tool as a team. Does your program have the data required to answer the assessment questions found at the top of this tool? If yes, develop a plan for pulling this information together, and for setting a time to discuss the next steps suggested by this tool. If the answer is no, discuss how your program might move forward, in terms of developing and using performance information.
- Once the data is gathered and the questions at the top of the framework are answered, see where you fit among the program types listed on the left side of the framework, and then look at the directions suggested for focus. Do these make sense to you? How would you rank them in terms of priority for action?
- What steps do you think the organization should take in response to this priority ranking?

Discussion Questions for Microenterprise Program Boards

- First, ask for the group’s overall responses to the presentation. Are board members surprised? Concerned? Intrigued?
- Reflect on the accomplishments noted in the presentation. Which of these are most impressive to you, as someone who is an advocate and salesperson for this organization? Which ones can your organization claim?
- Which of the challenges identified in the presentation concerns you the most as an individual with a key role in supporting the growth and longevity of a microenterprise program? Have you seen this challenge begin to affect this organization?
- Which of the new directions identified in the presentation seem the most important or pressing to you?
- If the staff has earlier completed the self assessment, and identified priority directions for the organization, how do they compare to the board’s initial list? Where is there agreement?
- Do you have resources or contacts that can be brought to bear on any of the priority directions (e.g., expertise in market research, product development, data collection, or technology; experience with strategic alliances or mergers; contacts or relationships with local/regional economic development organizations)?
- Which new directions should the organization begin to explore as strategic priorities? And what are the next steps for the board?