



Making Every Business Count:

Findings from a Study of Michigan's
Microenterprise Field

April 2007



THE ASPEN INSTITUTE



This publication was made possible by the generous support of the Charles Stewart Mott Foundation.

The Aspen Institute

The Aspen Institute is an international nonprofit educational institution dedicated to serving leaders throughout the world. The mission of the Institute is to enhance the quality of leadership through informed dialogue about the timeless ideas and values of the world's great cultures and traditions as they relate to the foremost challenges facing societies, organizations, and individuals.

The Aspen Institute has engaged in the field of microenterprise development since 1991 with the inception of the Self-Employment Learning Project (SELP). SELP was a program designed to research the then-emerging field of microenterprise development through longitudinal research of client outcomes, through case study research documenting organizational practice, and through the development of performance tracking of key program indicators. In 1998, SELP was subsumed into the Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD). FIELD was established as the result of a careful and deliberate consultative process, supported by the C.S. Mott Foundation, and involving leading funders, practitioner organizations, and informed observers of the industry. FIELD resides within the Aspen Institute's Economic Opportunities Program (EOP) and has made major contributions in building the U.S. microenterprise field by using research to identify and seed innovations, document and disseminate lessons learned, inform public policy on behalf of the industry, and help leading programs access additional funding. It has also spearheaded the development of key pieces of infrastructure to support the scaling up of the field, particularly in the areas of performance standards, information technology, and mentoring services.

Corporation for a Skilled Workforce (CSW)

CSW is a national, non-profit, 501(c)3, policy and research organization, based in Ann Arbor, Michigan. Established in 1991, CSW's mission is *"To re-imagine everything about work and learning in the global economy, for the prosperity of people, firms and communities."* We believe community is defined in many ways – by shared geography, by shared culture or demographic characteristics, by affiliation with industries or sectors, or by occupations or career focus. We believe all communities must be committed to making continuous improvements to achieve both economic growth and quality of life. We envision a world in which all communities have the tools, resources and resolve to reinvent themselves as growing, prosperous learning communities.

Since its inception, CSW has undertaken projects nationally, in more than 45 states, and in hundreds of communities, both rural and urban. An organization oriented to the entrepreneurial, CSW's work is supported through a mix of state- and community-level consulting projects, partnerships with national organizations such as the National Association of Workforce Boards, the National Association of Manufacturers, the National Governors Association, and the National Network of Sector Practitioners, as well as through grants from foundations and companies such as the Charles Stewart Mott Foundation, the Joyce Foundation, the Lumina Foundation, the Retirement Research Foundation, Microsoft Corporation, and Blue Cross Blue Shield. CSW's major policy and practice areas include: Human Capital Initiatives, Employer Initiatives, and Community Initiatives.

Making Every Business Count: Findings from a Study of Michigan's Microenterprise Field

**Carrie Hammerman and Brian Tell: Corporation for a Skilled Workforce
David Black and Elaine Edgcomb: The Aspen Institute**

April 2007

Overview

In the popular imagination Michigan's economy is its large industry-defining corporations: General Motors and Ford, Kellogg and Gerber, Steelcase and Herman Miller. Yet surprisingly, very small businesses make up a substantial portion of the state's economy. They make up the vast majority (86%) of business enterprises, and a significant (18%) portion of jobs.¹ They provide needed goods and services to local communities, serve as suppliers to the large industries, and function as incubators of the new ideas that will drive the economy forward. The number of new businesses starting each year is substantial (nearly 10,000 businesses with fewer than 5 persons started in 2006), and growing.²

Recognized or not, these businesses are furthering the state's economic development policies and are part of the foundation that will drive future growth. They are contributing to the development of vibrant creative economy urban centers and destination rural towns in areas of the state hardest hit by economic restructuring. They are providing productive outlets for, and retaining the talents of, those downsized in the contraction of large corporations. Notably the ingenuity of these new entrants into the economy is part of the innovation foundation in the state, but their contribution and potential is mostly invisible and certainly not quantified.

Generating even more economic value from these businesses depends upon a system capable of recognizing and capitalizing on the opportunity that these entrepreneurs represent, and delivering services that will advance that potential. Building entrepreneurial skills inclusively across the economy can have lasting benefit to the state's economy, but this will require strengthening the business development infrastructure. Entrepreneurs are simply not reaching the resources that could help them grow their business. The exact nature of the problem is not well understood, but it is apparent that connections between entrepreneurs, capital, and services could be improved.

Our research examined how these entrepreneurs are currently assisted by microenterprise development programs in the state and the extent to which these services are responsive to the scale and scope of the demand. We found that microenterprise development programs have shown great strength in serving some entrepreneurs, with superior outreach and high rates of customer satisfaction. They have been very strong in reaching traditionally disadvantaged populations and

¹ Microenterprise Business Statistics and Microenterprise Employment Statistics were obtained from an analysis of U.S. Census Data prepared by the Association for Enterprise Opportunity. The statistics are available at <http://www.microenterpriseworks.org/index.asp?bid=69>

² Results from InfoUSA database accessed on January 23, 2007

family businesses, and often assist those entrepreneurs in the very early, critical stages of business formation. However, their services are not widely available across the state and the connections to next stage services have been spotty. Although we have not examined other public and private service providers, national studies would suggest that their services likely exhibit similar variations in quality, serve some markets better than others, and leave significant gaps in support.

To capitalize on the market opportunity that very small businesses represent, we make three recommendations.

1. Entrepreneurship needs to be defined broadly, and inclusively recognize the contribution and growth potential of entrepreneurs running very small businesses.
2. The service providers assisting this market of very small businesses need investment to develop their capacity, with a particular emphasis on identifying and filling gaps in service for businesses in all stages of business development.
3. Systems need to be in place to facilitate the connections between entrepreneurs and the services that can help them grow their businesses.

Context for the Study

In 2006, one of the principal issues in Michigan's gubernatorial election was the state's economy. Instability in Michigan's flagship automobile industry led to substantial layoffs in all three domestic auto makers, and in numerous suppliers to these auto makers, such as Delphi and Visteon. Other large employers, such as Pfizer and Comerica, announced significant layoffs or relocation plans. Local newspapers have documented the resulting increases in unemployment, poverty, and population leaving the state.³ The industrial economy in both urban and rural areas was struggling, and perhaps permanently changing.

There was promising news as well. Netlink Software, a leading information technology and Business Process Outsourcing provider founded in Michigan, announced in March 2007 that they would invest \$4 million to expand their facilities within the state, creating 473 new jobs. Gentz Industries, a manufacturing company for the aerospace industry, announced earlier this year that it will undergo a \$3.7 million expansion, creating 282 new jobs. Auburn Hills-based UniSolar, a manufacturer of thin film solar panels, pushed forward with expansion plans as well. Innovations in several different industries were making visible gains.

These cutbacks and expansions triggered a healthy debate over the direction of the state's economy, and the role of the state government in addressing economic conditions. Michigan's current administration has taken a leadership role in facilitating a balanced, sustainable, and competitive state economy. Creating economic value through programs such as the 21st Century Jobs Fund, the three WIRED initiatives⁴, and the pending repeal of the Single Business Tax, economic development policies have moved beyond the traditional activities of promotion and the recruitment and

³ Detroit Free Press: For Growing Poor, Repair Safety Net, August 31, 2006; State Jobless Rate Closes 2006 Higher Than It Began, January 18, 2007

⁴ Workforce Innovation in Regional Economic Development (WIRED) initiatives are long-term economic transformation efforts in partnership with the U.S. Department of Labor. The initiatives are taking place in West Michigan, Mid-Michigan, and Southeast Michigan

retention of large employers. Michigan needed to be competitive with, and connected to, a global marketplace. Policies to encourage a knowledge-based economy were ramped up, especially in the promotion of technology and innovation-oriented industries. And it has been recognized that the business environment needs to be supportive of new entrants, and competitive with the choices of an increasingly mobile set of entrepreneurs and workers.

Industrial legacy issues have also been addressed. Education and ongoing job training programs have been expanded to upgrade the skills and competitiveness of the labor force. The Governor's No Worker Left Behind initiative, announced in early 2007, is illustrative of the Administration's efforts to tackle the state's workforce development challenges. Recognizing quality of life as an important competitive attribute, the state initiated a number of programs to create high-quality places in areas suffering from prior neglect and the historic segregation of race of class. In addition, it has made investments in communication, technology, and civic infrastructure to develop the urban and rural institutions and connections necessary to drive this economic transformation.

At the same time, numerous studies⁵ have pointed out Michigan's relatively low levels of entrepreneurship. The state entrepreneurial climate indices developed by the Small Business Association of Michigan (SBAM)⁶, and the State Development Report Cards by CFED⁷, both gave Michigan relatively poor ratings on their entrepreneurial measures. In her February 6, 2007 State of the State speech, Governor Jennifer Granholm emphasized the importance of entrepreneurship to Michigan's future by outlining it as one of four critical ways the state must diversify and grow its economy.⁸ Still, it is not clear what direction the push for entrepreneurship in the state will take. Will entrepreneurship be promoted narrowly, with only those entrepreneurs that have certain credentials or existing businesses with a ready potential for expansion? Or will entrepreneurship be promoted broadly, to significantly increase the number of businesses and institutions contributing to the entrepreneurial economy?

Driven by an awareness of the changes taking place in Michigan's economy, over the past several years there have been some concerted efforts to try and improve understanding about and support for the microenterprise development field in Michigan. These efforts have included attempts by Michigan microenterprise programs, the Community Economic Development Association of Michigan (CEDAM), and some state legislators to create a state microenterprise intermediary that would better position and integrate microenterprise into the state's economic development strategy. Yet there have remained questions about the role and potential contribution that the microenterprise development programs could fulfill in the state's evolving economic development strategy.

⁵ For instance *The 2007 State New Economy Index* by the Ewing Marion Kauffman Foundation and The Information Technology and Innovation Foundation ranked Michigan 40th of 50 states in entrepreneurial activity.

⁶ *New Study Shows Michigan Entrepreneurs Need Better Support*, <http://www.sbam.org/news.php?id=218>; Referring to the 2006 Michigan Entrepreneurship Score Card published by the Small Business Foundation of Michigan (SBFM), the Edward Lowe Foundation and GrowthEconomics Inc. Michigan was given a "D" for entrepreneurial dynamism, up from an "F" the previous year.

⁷ CFED, *2007 Development Report Card for the States*, www.cfed.org; Michigan was given a C for Entrepreneurial Energy, and ranked 39th for New Business Creation.

⁸ 2007 State of the State speech can be downloaded at <http://www.michigan.gov/gov/0,1607,7-168--161761--,00.html>

Key Tasks and Research Design

It was in this context that CSW and the Aspen Institute, with support from the Charles Stewart Mott Foundation, set out to understand the role of very small businesses in Michigan's economy.

Key tasks for the study were as follows:

- a. Understand and quantify the demand for microenterprise development services;
- b. Understand and quantify the supply of microenterprise development services;
- c. Determine how Michigan's microenterprise development field could strengthen its role in supporting the goals of the State of Michigan's economic development and entrepreneurship strategies; and
- d. Make recommendations for next steps.

We looked at the demand for microenterprise development services through a quick market scan. This included analysis of readily available census data on businesses enterprises in Michigan, a survey sent to 1,000 business owners that incorporated a 1 – 4 person business in 2005, and interviews with selected clients of microenterprise programs. The number of surveys and interviews were limited⁹, and were intended to draw out broad themes rather than represent the depth and breadth of the market in a statistically significant way.

We looked at the supply of microenterprise development services by compiling and analyzing data on program performance in FY2005 using MicroTest, an industry standard tool for measuring performance in the microenterprise development industry.¹⁰ We also interviewed the executive or program directors of each of these programs. The client interviews also informed the supply analysis. From a list of 27 programs obtained from CEDAM (the state microenterprise association), we were able to verify that 16 were delivering microenterprise development services at the time of contact. Nine agreed to participate in parts of this study; these programs are listed in the appendix.

“Microenterprise” is defined as any business with fewer than 5 employees (including the owner), and requiring less than \$35,000 in start-up capital.¹¹ This definition describes the majority of business enterprises in the United States, including lawyers and architects, landscapers, restaurants, software designers, hair and beauty salons, mechanics and handymen, artists and artisans. It includes start-ups and businesses that have been operating for decades, limited liability corporations and informal businesses. For our purposes, we use the term “very small businesses” in this report to describe this broad set of businesses.

⁹ We received 84 responses to the 1,000 mail surveys, and interviewed 33 clients of microenterprise development programs.

¹⁰ MicroTest, created and administered by the Aspen Institute's FIELD program, has been endorsed by the Association for Enterprise Opportunity, the U.S. industry's trade association, as the standard for performance measurement and outcomes tracking. 100 organizations across the country currently participate in MicroTest, submitting data on a range of measures that test program effectiveness, efficiency, and sustainability.

¹¹ This definition is consistent with that used by the Association for Enterprise Opportunity, the trade association for the microenterprise development field in the United States

The microenterprise development field generally serves a segment of this market of very small businesses, although it is easier to define that market by its tendencies than by its boundaries. Microenterprise programs target emerging entrepreneurs that have been disadvantaged in terms of their access to mainstream financial and business development services, due to gender, race or ethnicity, income, community location, or disability. There are considerable variations in the constituencies served by individual programs, and some tailor their services to very narrow markets of need (e.g. disadvantaged youth or people with disabilities). More common, however, is for programs to provide an open door to both those who prefer their services and those who lack other options. Microenterprise clients may have the skills to deliver a good or service, but they often lack the management skills necessary to start and manage a business. They may also be unable to access bank financing, and lack the personal, family, and community wealth that finances many “mainstream” businesses. While a key segment of the microenterprise development field’s market includes those looking to escape poverty, in the United States the market for microenterprise development services is quite broad and varied.

Key Findings: Demand Scan and Analysis

There are a large number of very small businesses in the state, and that number is increasing.

In 2004, there were 733,733 businesses with 4 or fewer employees. These very small businesses made up 86% of the business enterprises in the state. Nearly 950,000 people were employed by these businesses in 2004. This represents about 17.5% of total employment across the state, and in some rural counties the employment share was as high as 37%.¹²

The number of very small businesses is growing. In 2003, 7,920 new businesses with 1 – 4 employees were established. In 2006, the number of new businesses with 1 – 4 employees was listed as 9,546, a 17% increase.¹³ The number of new entrants suggests either a net expansion in the number of very small enterprises, or significant “churning” of businesses as new, more innovative businesses replace less competitive ones.

These very small businesses report plans for expansion, and express optimism for the future of their businesses.

Half of all respondents to our survey conducted in the fall of 2006, and 63% of microenterprise development program clients, predicted that they were likely or very likely to hire staff over the next couple of years. In addition, half of all respondents, and 77% of microenterprise development program clients, predicted that they would offer new products and services over the next couple of years. Virtually none expected to be closing their doors within the next two years.

While some may consider such expressions of optimism characteristic of entrepreneurs, national data suggests their comments are not unfounded. According to data collected nationally through MicroTest, the clients of microenterprise development programs report that on average they add 0.6 employees per enterprise one year after receiving a significant level of services from a

¹² Microenterprise Business Statistics and Microenterprise Employment Statistics were obtained from an analysis of U.S. Census Data prepared by the Association for Enterprise Opportunity. The statistics are available at <http://www.microenterpriseworks.org/index.asp?bid=69>

¹³ Results from InfoUSA database accessed on January 23, 2007

microenterprise development program.¹⁴ And while this appears to be a relatively small number, the aggregate increase in jobs can be quite substantial. For instance, if all of the businesses created in Michigan in 2006 grew at this rate, the result would be 5,728 new jobs.

It is important to note that this is an average figure, and that there is significant variation in the experiences of individual entrepreneurs. Not all businesses grow, and most are small by their very nature – they are accountants, real estate brokers, day care providers, restaurant owners, and massage therapists. But some businesses have grown substantially. For example, one Michigan business interviewed for this study grew to over 120 employees in six years.

In our interviews, new business owners identified a set of knowledge and skill needs that could help accelerate the growth of their businesses. When asked about the resources or information that would benefit their early stage venture, the top four responses were marketing, accounting and finance, access to capital, and business plan development. These are the types of services that microenterprise development programs, and other business development providers, regularly provide.

But use of available resources is light. Of those responding to our survey, 80% had not used any public or non-profit business support service, such as a Small Business Technology Development Center (SBTDC), SCORE, SBA, local Chamber of Commerce, or microenterprise development program. Most appear to depend on family, friends, and themselves to gain the resources they need. When they seek outside assistance, they seek the experience of other business owners, which can be an extraordinarily powerful resource for some needs. However, in large part the business owners identified needs that are commonly met very effectively and efficiently through business service providers.

Making the right matches, for capital and knowledge at the proper skill levels, can facilitate the competitiveness and growth of early stage and small venture entrepreneurs. In some cases there are potential opportunities to facilitate quality interactions among entrepreneurs (networking, coaching, mentoring), and between entrepreneurs and financing community (bankers, community development lenders, angel investors and venture capitalists). In a larger sense, however, there are significant opportunities to help link entrepreneurs to the services that are right for them.

Key Findings: Supply Scan and Analysis

Michigan microenterprise development programs are effective in reaching and serving traditionally disadvantaged populations and people living in distressed urban and rural areas. Most of the programs interviewed were established to serve a specific population or distressed area, in response to perceptions that existing services were not effectively reaching these populations with special needs. Community visibility and connections are key to the microenterprise development program outreach efforts. In interviews with clients, most reported coming to a microenterprise development program because of its visibility in the community, and/or because of

¹⁴ MicroTest 2006 Program Report on Client Outcomes

recommendations from friends, acquaintances, other business owners, or referrals from other business providers.

Program statistics describe the segment of very small businesses that the field is reaching. In aggregate, 51% of clients served are women, 46% are persons of color or racial or ethnic minorities, and 60% are low- and moderate-income as defined by Department of Housing and Urban Development.¹⁵ Most seek program services at a very early stage in their business development. Two-thirds of the clients entered the programs before they started their business, a rate twice as high as the national average for the microenterprise development field.

CASE STUDY: William Schramm, a client of Goodwill of Northern Michigan, is proud of his newly acquired skills in entrepreneurship. Through the Jim Casey Youth Opportunities Initiative, he developed skills in business planning and resource management. While attending college, he started a DJ company called Stylish Sounds with a \$2,000 capital investment. He had about 60 gigs his first year, about 6 times what he expected, for school dances, small concerts, charities, store openings, and horse shows. Now, with 2 DJ units, he expects his “phenomenal” growth to continue, supported by his newly developed management skills.

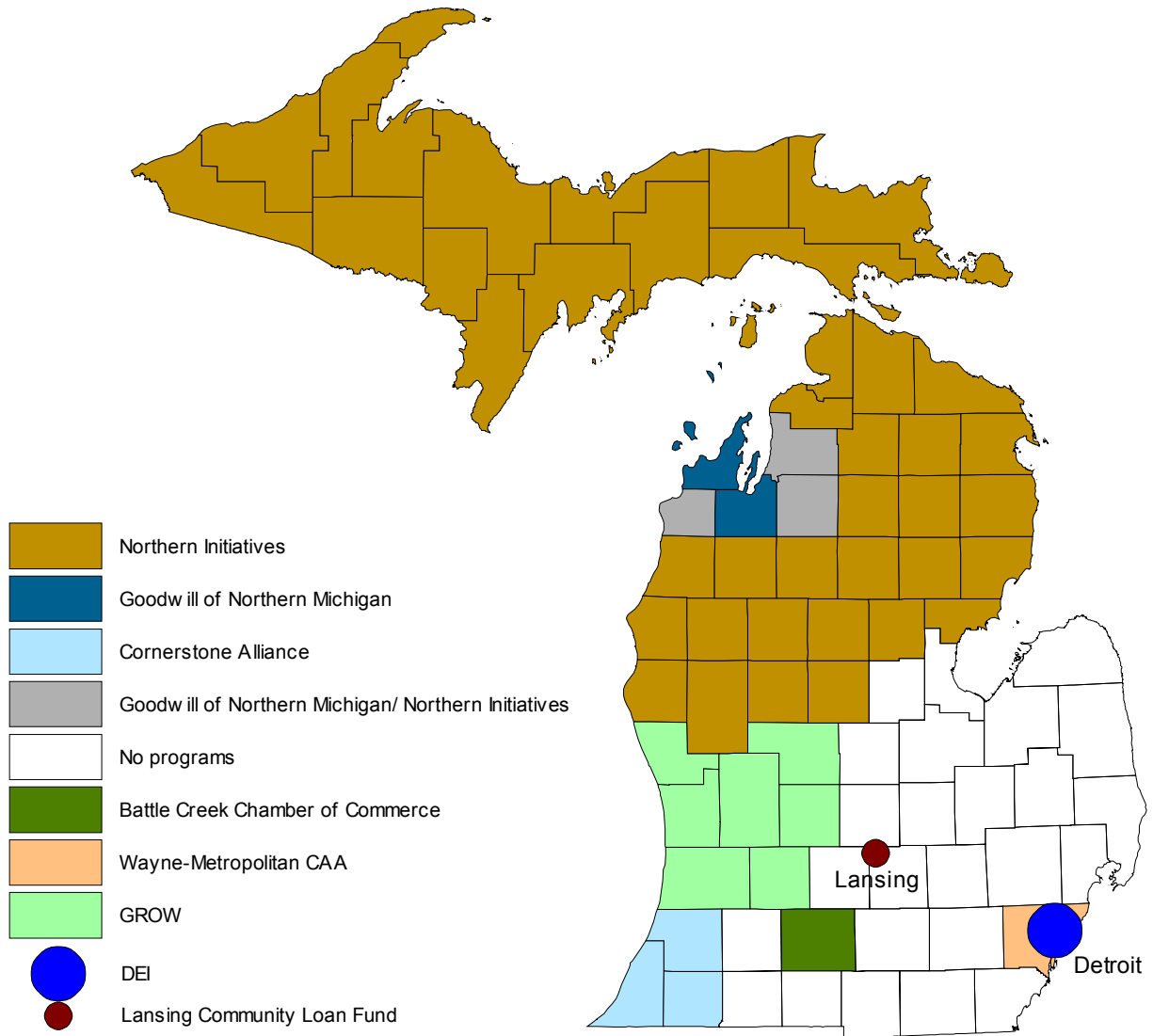
Microenterprise development programs are competently delivering needed business development services. Microenterprise development programs provide access to capital, and marketing, finance, and business plan development services. All of the microenterprise programs participating in the study offer training and technical assistance to clients. Some use national curricula, such as NxLevel, FastTrack, or Core Four. At least half of the programs offer economic literacy and asset development programs, and some offer access to markets training and technical assistance in areas such as e-commerce. Half of the programs offered lending products. Overall, the programs met industry standards for lending and training program quality.¹⁶

Place is important to the Michigan microenterprise development programs. Nearly all have a geographic feature in their name, which signals a territory of service. Often there is an assumption that clients come from a particular target area, and place-based funding (usually CDBG or municipal contract) can theoretically restrict which clients can be served. In practice clients come from as far as they want to travel, and because programs raise funds from a variety of sources, managers are usually able to draw upon some less restricted funding to meet the needs of whomever seeks their services.

¹⁵ The Department of Housing and Urban Development defines low- and moderate income households as those earning 80% or less of the median household income for their metropolitan area.

¹⁶ The Association for Enterprise Opportunity Numeric Accreditation Standards

The areas of coverage of the programs are seen in the map below.



Map conveying the geographic coverage of Michigan microenterprise development programs that participated in this study

There is evidence that customer satisfaction is high, and that the role of the programs is valued by other stakeholders. Virtually all former microenterprise development clients reported being satisfied with the services they received, and that the services had a positive impact on their business. Although we did not interview other service providers (such as SCORE, SBTDCs, banks, etc.), microenterprise development programs and their clients reported that the other service providers value the role that microenterprise development programs play in serving populations with specific needs or expanding access to capital.

Some programs have been effective in bringing significant new resources into their communities. The Detroit Entrepreneurship Institute, for example, has been awarded federal funds through the Department of Health and Human Services' Job Opportunities for Low-Income Individuals (JOLI) Program. Northern Initiatives has raised capital from the CDFI Fund and the Small Business

Administration's Microloan Program that, in turn, have leveraged assets from local community banks.

CASE STUDY: Suzanne Rabitaille and Judy Keast recognized a market opportunity and started the Borealis Seed Company to grow and distribute native Michigan seeds. A loan from Northern Initiatives was instrumental in getting their family business started. The business serves individuals, businesses, and the National Park Service, and is doing so well that the two partners, and their two part-time employees, report having a hard time keeping up, and that additional capital and technical assistance would help them capture this significant market opportunity.

But the current microenterprise development program capacity is limited. Programs in Michigan are small by industry standards, and services aren't available in all areas of the state. In aggregate the programs served 1324 participants with training, technical assistance, or financing in FY2005¹⁷, and disbursed 26 loans for \$343,870 in that year.

Participants Served in FY2005 (if in operation)

- Total Participants Served: 1,324
- Range by Program: 47 – 615 participants
- Average: 221 participants
- Industry Average: 663 participants

Loans Disbursed in FY2005

- Total: 26 loans for \$343,870
- Range: 1 – 15 loans disbursed
- Industry Median (single program): 39 loans for \$291,703

Loans Outstanding at End of FY 2005:

- Total : 86 for \$844,274
- Range: 9 to 44 loans outstanding
- Median loans outstanding: 33 loans for \$290,094

Capacity is limited in part because of funding challenges. Many programs expressed difficulties as a result of reductions in funding. Nearly every program talked about how they were worried about the availability of funding to continue current operations, how they needed to find new funding sources to survive, or how they were going to operate in an environment with fewer programs providing complementary services. Those with the majority of their funding coming from

¹⁷ MicroTest FY2005. MicroTest defines a *client* as someone who received either a significant level of services and/or a micro loan in FY2005. The rule of thumb for significant service is ten hours over the course of a year, although some programs may use a lower benchmark depending on the program's methodology. Most importantly, however, programs are advised to consider services "significant" if they would expect to see documentable changes in client outcomes as a result of the services offered, and would be willing to test those outcomes through evaluation. MicroTest defines a *participant* as someone who receives any level of service over the course of a fiscal year. A total of 778 clients were served in FY2005, or an average of 130 per program. A *participant* received any level of services. The programs in Michigan served a total of 1324 participants in FY2005, an average of 221 per program.

outside the state, and those with a significant portion of their budget coming from earned income, were generally more optimistic. Those relying more on local public and philanthropic funding were usually more at risk.

Programs serve very specific market niches defined by their program missions. All of the programs were established to address a specific mission-based need, and in some cases these missions were defined narrowly - to revitalize a specific distressed area, for example, or to serve a specific population whose needs were not being met. In a few instances target markets have been broadened. For instance Northern Initiatives, set up to help family businesses in the Upper Peninsula, have since expanded its services to counties of the Northern Lower Peninsula, and to some counties in Wisconsin. Grand Rapids Opportunities for Women (GROW) was set up to serve women, and while they are the organization's primary client, men are also welcome. At the same time others remain focused on their original core target group. Goodwill of Northern Michigan, for example, serves only at-risk youth.

Some entrepreneurs expressed frustration in finding more advanced services, or larger amounts of capital. Virtually all interviewed microenterprise program clients reported satisfaction with the services they received. However those that were seeking more advanced services or larger amounts of capital expressed frustration with the program's capacity to connect them to that next service provider who could meet those needs.

To develop the Michigan's entrepreneurs, and their ideas, multiple institutions will need to work together in new ways. While we did not have the resources to conduct an analysis of all of the business support providers across the state, our experience in other areas of the country suggests that an infrastructure of relatively small generalists and niche service providers is not unusual. To maximize effectiveness, the various institutions should be aware of themselves and each other as part of a larger system.

The state, and the various service providers, should see the effort of developing entrepreneurs as augmenting, rather than taking something away from, other economic development efforts. A goal of economic development effort is to expand ideas and talent in the marketplace. Innovation and the ability to commercialize that innovation are key drivers of the new economy. There are opportunities for everyone to contribute. To use a large-enterprise analogy, ingenuity on the shop floor can be just as valuable as that in the research and development department, or in the executive suite

Recommendations Based on Key Conclusions from the Study

Although this is a preliminary scan, it appears clear that there is a real market opportunity. The large number of very small and emerging businesses in the state represents a potential source for greater economic growth that should not be overlooked.

At the same time, available services to support both business formation and business development are limited, and those that are available are not sufficiently well connected to support the highest development of the entrepreneurial potential embodied in many of these businesses.

There is a need for the development of the state's infrastructure to deliver these services. This includes building the capacity of current microenterprise development programs, and potentially enlarging and expanding their role. It also includes other business development service providers broadening their outreach and service offerings in order to assist underserved portions of the market.

We suggest the following three recommendations:

- Entrepreneurship needs to be defined broadly, and inclusively recognize the contribution and growth potential of entrepreneurs running very small businesses.
- The service providers assisting this market of very small businesses need investment to develop their capacity, with a particular emphasis on identifying and filling gaps in service for businesses in all stages of business development. Regional approaches, taking into account the existing infrastructure of support, may be a good starting point to understand the strengths and weaknesses of the current infrastructure. The limited financing currently being offered through the microenterprise development programs, and the reports of capital needs from the surveyed entrepreneurs, suggests that there are needs for financing in this segment of the market beyond the new seed and pre-seed funds for technology companies and the reinstated capital access program launched last year. However, more research is needed to determine specific recommendations.
- Systems need to be in place to facilitate the connections between entrepreneurs and the services that can help them grow their businesses. There are a set of initiatives in other states and regions employing: transparency strategies that inventory service providers and promote referrals among programs; pull strategies that utilize coaches or investors that work with entrepreneurs around a very clear agenda to grow their businesses; and networking strategies that bring together entrepreneurs and various resources in constructive ways. The path or paths chosen will depend, in part, on local circumstances.

Michigan has a strong base of talent from which to work. By building economic competitiveness across all types of entrepreneurs, Michigan is not only signaling its commitment to inclusiveness. It is also laying the foundation for an entrepreneurial culture that can make innovation a fundamental part of the state's economy.

Appendix: Participating Microenterprise Development Programs

Battle Creek Chamber of Commerce

Linda Wendt, Chief Operating Officer
77 East Michigan Avenue, Suite 80
Commerce Pointe
Battle Creek, MI 49017
(269) 962-4076
<http://www.battlecreek.org/chamber>

Cornerstone Alliance, Small Business Services

Robert Jones, Resource Development
Coordinator
38 W. Wall Street/ P.O. Box 428
Benton Harbor, Michigan 49023
(269) 925-6100 Ext. 206
<http://www.cstonealliance.org>

Detroit Entrepreneurship Institute

Cathy McClelland, President/CEO
1010 Antietam
Detroit, MI 48207
(313) 877-9060
<http://www.deibus.org>

Detroit Microenterprise Fund

Mary Fayerweather
(248) 852-2670

Goodwill Industries of Northern Michigan

Marcia Whittig
2279 South Airport Road West
Traverse City, MI 49684
Phone (231) 922-4805
<http://goodwillnmi.org>

Grand Rapids Opportunities for Women (GROW)

Rita VanderVen, Executive Director
25 Sheldon St, SE suite 210
Grand Rapids, MI 49546
(616) 458-3404
<http://www.growbusiness.org>

Lansing Community Micro-Enterprise Fund

Denise Peek, Executive Director
316 N. Capitol Ave.
Lansing, MI 48933
(517) 483-4051
<http://www.lansingmicrofund.org>

Northern Initiatives

Dennis West, President
228 W. Washington St/PO Box 7009
Marquette, Michigan 49855
(906) 226-1671
<http://www.niupnorth.org>

Wayne Metropolitan Community Action Agency

Miryam Lulion, Asset Programs Coordinator
3715 W. Jefferson
Ecorse, MI 48229
(313) 843-2550 ext 223
mullion@waynemetro.org