

Resources to Offer Micro-Entrepreneurs

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Report

Presented to the Faculty of the Graduate School

of

The University of Texas at Austin

In Partial Fulfillment of the Requirements for the Degree of

Master of Science in Community and Regional Planning

The University of Texas at Austin

August 2006

Resources to Offer Micro-Entrepreneurs

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The University of Texas at Austin, 2006

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Abstract

The paper evaluates the support needs of minority small business owners in Austin, Texas, based on a review of literature on support programs available around the country and primary research on the needs of local entrepreneurs. Research included a focus group with local small business owners served by BiGAUSTIN, a nonprofit business support organization, and a survey of 1900 business owners served by the organization in the past. Information was collected on the demographics and economic characteristics of 159 local firms, as well as on their interest in particular types of business training or support services. Based on survey findings, the paper concludes with recommendations for how Central Texas organizations can augment their programs to better assist small businesses in growth and development.

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Chapter One: Introduction and Scope of Study

An estimated 398,928 small businesses in Texas employ more than 1.7 million people (SBA, 2003). However, many small businesses either remain small or do not survive. Business development organizations help small businesses by providing services such as training, business counseling, and capital. Programs are also offered to assist entrepreneurs in achieving sustainability. The sustainability of a business is defined by its ability to maintain employment to support the financial obligations of business owners and provide livable wage jobs for employees of a firm. Business owners need help connecting with networks and receiving specialized industry assistance. The Small Business Administration (SBA), a federal program, funds local programs like the Women's Business Centers and Small Business Development Programs. These programs have micro-loan guarantee programs, and training resources to help small businesses compete in their markets. The purpose of this paper is to evaluate programs currently offered to entrepreneurs in the Central Texas region and evaluate how resources could be better targeted to serve the needs of entrepreneurs. It includes a review of literature and evaluates a survey of 159 small businesses to gain a better understanding of organizations that support small businesses.

A. Case for Small Businesses

Over the past century, several revolutionary breakthroughs can be attributed to small businesses. These include air conditioning, the cotton picker, FM radio, the helicopter, the kidney stone laser, the personal computer, the safety laser, the zipper and more. (SBA) Despite the sustained investment of large firms into research and development (R&D), inventors, who are effectively small business owners, are still the most innovative. According to a 2003 SBA Report: *Small Serial Innovators: The Small Firm Contribution to Technical Change*, “small firms are roughly 13 times more innovative per employee than large patenting firms” (SBA Research). Research shows that large firms build upon the patents of small firms (Hansen). Continued support of small business owners is important to encourage the entrepreneurial spirit which has made significant contributions to our quality of life.

Survey research from the early 1980s shows small businesses outperform large corporations, based on job creation and financial performance relative to size (Hansen, 371). Although small firms create many jobs, there is also a high level of firm failure and job loss. Economic development organizations wanting to stimulate entrepreneurial growth provide specific programs and assistance to promote business development and sustainability. These include providing a good labor supply, wage subsidies like vocational training, management development training, and access to brokerage services like long-term financing, hiring new executives, selecting sites for expansion, and seeking buyers for a firm (Kieschnick, 356-58). More recent business

research on resources to offer entrepreneurs encourage recognition programs for entrepreneurs, targeted business training and mentoring services (Pages). There is an array of programs offered at the federal, regional, state and city levels through both public and private/membership organizations to stimulate and support small business development. This will be discussed throughout this paper.

B. Strategies

Supporters of small businesses propose a variety of ways to assist in development of micro-entrepreneurship. Burt Chojnowski of Brain Belt, an online community for rural and small town entrepreneurs, proposes developing recognition and rewards programs to give small business owners a reason to celebrate their accomplishments. Just like employees, business owners like to be recognized for increased revenues and presence within a community. In Austin, BiGAUSTIN has an annual event, The BiGIDEA Awards that recognizes small businesses in four categories: Rookie of the Year, Best Transition, BiG Alumnus and Creative Business. Other recognition methods include local publications promoting businesses. For example in Central Texas these include, the Austin Business Journal has a Book of Lists and Best Employers. The Chronicle has the Annual “Best of” Poll. Business owners feel a sense of accomplishment when recognized for their contribution to a community. Chojnowski also recommends providing support to accelerate the growth of second stage companies, i.e. those that show traction in the development of their

business. Communities can provide support by offering peer mentoring and networking events for early stage entrepreneurship. Chojnowski proposes doing this by hosting intensive business classes and an extensive business library with current market literature. Boot camps could be offered targeting specific entrepreneurs such as, ‘art-preneurs’, civic entrepreneurs and ‘food-preneurs’. Organizations should host workshops and seminars, build collection of books, magazines and videos in business libraries. And lastly, support creativity, problem solving and entrepreneurship as a career choice for the youth. Early education has been shown to develop a strong entrepreneurial culture. Erik Page recommends maintaining culturally sensitive business support services such as those offered through the Capital City African American Chamber (CCAACC) and the Hispanic Chamber of Commerce (HCC) and offering services to “high growth” businesses (“Changing Demographics”).

Implementing targeted classes and resources using existing business development infrastructure and resources will allow development organizations to better serve entrepreneurs. Nascent entrepreneurs need assistance in developing strong businesses. Federal funding and programs, such as the SBA, support businesses at all levels and provide resources supplemented by lower levels of government through business counseling, capital assistance and training, and organizations that help entrepreneurs build strong businesses. In order to maintain quality services, organizations should consider providing industry specific assistance and resources to entrepreneurs, depending on the businesses’ propensity for growth

and current size. Access to capital and training are concerns for small businesses at all levels, the amount and depth depends on needs and size. Business development organizations can help new business owners build their professional networks by hosting events to connect seasoned entrepreneurs and professionals with new other entrepreneurs.

 In order to further understand the needs of small businesses in Austin, Texas, the entrepreneurial services they use, and the resources they feel are lacking, Business Investment Growth Austin (BiGAUSTIN), a local nonprofit business development organization, conducted a focus group and an online survey. A *Member Services* team was created and the team invited several entrepreneurs to attend a focus group. Results of the focus group were then used to develop a survey instrument to distribute to over 1,900 entrepreneurs in BiGAustin's database. A total of 159 business owners replied to the survey, revealing business and owner demographics, resources used, and services they would be likely to see offered.

This report begins with national incentives used to support small businesses at regional, state and local levels and then discusses survey results of how business development organizations could offer more services to support entrepreneurs. Chapter two provides an overview of existing small business assistance programs offered nationally and in Austin. Chapter three reviews the methodology used to assess and survey small business characteristics and needs. Chapter four details the resources to offer entrepreneurs revealed by the survey. These include the needs of

small businesses and how they might differ by the age of a business and the ethnicity of the business owners surveyed. The concluding chapter provides an assessment of the needs of small businesses and the relationship of those needs to services being offered in order to understand how current services could be better formulated to promote small business development.

Chapter Two: Existing Programs

There are a variety of incentive programs offered to small businesses to encourage employment, growth and economic development within communities. These programs are offered through national, state and local initiatives. This chapter provides an overview of existing small business assistance programs available within the Central Texas region to promote business development.

A. Review of National Incentives

Incentives to small business include financial assistance, tax incentives and abatements, grants, low interest loans, bonding programs and technical assistance. Federal tax incentives give credits to qualifying expenditures. Depending on the location of the business, types of new hires and other factors, tax credits offset various business expenses. Incentives include those targeted at Historically Underutilized Businesses (HUB), Renewal Communities and Empowerment Zones. (United States of America. U.S. Department of Housing and Urban Development) According to the Housing and Urban Development report, “Tax Incentives + Businesses = Jobs” tax incentives are available for labor intensive businesses, to cover capital needs and are for organizations of any size. Typically, tax credits are taken from the net income of the business; therefore, qualifying businesses showing a profit will get the benefits of tax incentives and those with a loss must postpone credits to subsequent years, if applicable. Tax incentives are a way to “reduce the

Federal tax liability of businesses, increase the expensing limits of business assets, permit the issuance of tax-exempt bonds and provide for exemptions for capital gains taxation for properties that are sold” (United States of America. U.S. Department of Housing and Urban Development). These incentives are offered through a number of federal agencies, including the US Dept. of Treasury, and at the state level. Monetary investments come in a variety of forms: tax abatements, incentives, loans and grants to increase cash flow within a business. There are a wide variety of other national incentives, many of which are also offered at state and local levels. Each state has incentives to promote economic development. Texas uses a variety of federal incentives, including Housing and Urban Development Renewal Communities/ Empowerment Zones, or RC/EZ, incentives in parts of El Paso and San Antonio. (Welcome to Community) There are Minority Business Development Centers in Dallas, Houston, San Antonio and El Paso, serving minority entrepreneurs and funded by the Department of Commerce.

B. Incentives Offered by the State of Texas

The Texas Workforce Commission offers hiring and unemployment law assistance along with pay and policy assistance to business owners ("Business & Employers"). Kieschnick in “Venture Capital and Urban Development” and the US Department of Housing and Urban Development report “Tax Incentives + Businesses

= Jobs”, propose using state training programs like Texas Workforce to recruit and educate employees.

The Office of the Governor: Economic Development and Tourism promotes the Economic Development Bank, offering resources for “Early Stage”, “Growth Stage” and “Mature” businesses. Early stage resources are linked to federal services like the Texas Building and Procurement Commission administered by the Housing and Urban Development programs; Texas Economic Development Corporations offer import and export information using SBA and the Department of Commerce funding; and Small Business Development Centers assist businesses using SBA funds (“Small Business Assistance”). The Texas Building and Procurement Commission offers assistance to small businesses in obtaining surety bonds that guarantee work completion and quality. Because bonding can be expensive and potentially cost prohibitive for smaller business owners, bonding assistance programs are helpful in balancing the bid field (United States of America. U.S. Department of Housing and Urban Development). In addition to bonding programs, nascent entrepreneurs can receive business counseling, training, and lending services at regional and city levels.

Grant opportunities for development are typically targeted towards larger organizations and project initiatives. The Texas Enterprise Fund offers incentives for businesses relocating or expanding in Texas. The fund includes \$295 million to attract and grow businesses. In order to be awarded funds, businesses must complete an application to be approved by the Governor, Lieutenant Governor and Speaker of

the House. Central Texas project recipients include: Cabela's, Home Depot, LEARN & Tigre, Samsung and Sematech, either large or public organizations. A second initiative of the Governor is The Emerging Technology Fund aimed at encouraging and expanding research and commercialization of new products in Texas ("Legislation Approves Some"). It funds Regional Centers of Innovation and Commercialization (\$50 million), technology research matching grants (\$25 million) and research at public institutions of higher education within Texas (\$25 million) ("Emerging Technology Fund"). Many of these programs are offered to larger firms or institutions with a significant potential for employment or technology innovation. There is a Product Development Fund and Small Business Incubator Fund offering a revolving loan fund of \$45 million for semiconductor, nanotechnology, biotechnology and biomedicine firms ("Product Development Fund"). These are targeted to potential high growth industries in Central Texas.

C. Regional and City

Studies show that where people live affects the development of entrepreneurial activity (Reynolds, 6). Programs and services vary by regions and cities depending on the size and budget of the metropolitan area. According to a 2003 report in the Austin Business Journal, Austin lags in funding, offering \$500,000 in incentives compared to Dallas's \$2.5 million and Houston's \$3.75 million (Kaspar). In an email to the Manager of Economic Development for the City of Austin,

incentives are offered on a case by case basis and are given based on applicability (Smith). There are an assortment of programs offering technical assistance, one-on-one counseling, lending resources and training.

Technical assistance programs provide general or specialized assistance, depending on the needs of the entrepreneur. There are several centers in the Central Texas Region, including: the Small Business Development Program (SBDP), offered through the City of Austin; the Small Business Development Center (SBDC) through Texas State University serving a 12 county region ("Who We Are"); and the Women’s Business Center through BiGAUSTIN ("Events"). PeopleFund is another business assistance organization which provides large capital (greater than \$30,000) in loans and technical assistance services. The SBDP’s Gold Pages listing services is available in Austin by need (“Gold Pages”). The site lists service categories and organizations providing resources.

Table 2.1: Service Categories & Resources

Service Categories	Resources Available
Bonding	- no listings –
Bonding Preparation	Grijalva & Allen, P.C./ The University of Texas System – Bonding and Technical Assistance Program (BTA), Texas Association of Minority Business Enterprise, Texas Department of Transportation Business Opportunities Program Office
Business Incubator	Austin Technology Incubator (ATI), Business Success Center, Clean Energy Incubator, Greater Austin Hispanic Chamber of Commerce (GAHCC), Rites of Passage Development, Inc.
Business Management	Austin Gay and Lesbian Chamber of Commerce, Austin

	Technology Incubator (ATI), Business Investment Growth (BiG Austin) Women’s Business Center (WBC), Business Success Center, Capital Certified Development Corporation, Capital City African-American Chamber of Commerce, Central and South Texas Minority Business Council (CSTMBC), Clean Energy Incubator, Community Mentor Protégé Initiative (CMPI), Greater Austin Chamber of Commerce, Greater Austin Hispanic Chamber of Commerce (GAHCC), Grijalva & Allen, P.C./The University of Texas System – Bonding and Technical Assistance Program (BTA), Lawyer Referral Services of Central Texas, Rites of Passage Development, Inc., SCORE (Service Corps of Retired Executives), Texas Association of Minority Business Opportunities Program Office, Texas State University Small Business Development Center
Business Plan Assistance	BCL of Texas, BiGAUSTIN Lending Program, BiGAUSTIN WBC, Business Success Center, Capital City African-American Chamber of Commerce (CCAACC), City of Austin – Business Solutions Center, SCORE, Texas Certified Development Company, Inc.
Business Start-Up Assistance	Austin Asian-American Chamber of Commerce, BCL of Texas, BiGAUSTIN WBC, Business Success Center, CCAACC, City of Austin Business Solutions Center, City of Austin Small Business Development Program (SBDP), GAHCC, Lawyer Referral Services of Central Texas, Office of the Governor, Economic Development and Tourism – Office of Small Business Assistance, SCORE, Texas State University SBDP
Computers & Online Resources	BiGAUSTIN Lending Program, BiGAUSTIN WBC, City of Austin –Business Solutions Center, City of Austin On-line Plan Room, GAHCC, Texas Association of Minority Business Enterprise
eCommerce	Business Investment Growth (BiGAustin) WBC, Business Success Center, Texas Association of MBE
Employment Issues	Business Success Center, GAHCC, Hispanic Contractors Association, Inc. (HCA), Lawyer Referral Services of Central Texas, SCORE, Texas Association of MBE, Texas State University of SBDC,
Financing	Accion Texas, BCL of Texas, BiGAUSTIN Lending Program, BiGAUSTIN WBC, Business Success Center, Capital Certified Development Corporation, City of Austin Creative Industries Loan Program, City of Austin –

	Neighborhood Commercial Management Loan Program, GAHCC, Office of Governor, Economic Development and Tourism – Office of Small Business Assistance and Texas Capital Access Fund, PeopleFund, SCORE, Texas Certified Development Company, Inc., Texas Mezzanine Fund, SBA – San Antonio District Office
High Tech	Austin Technology Council, Austin Technology Incubator (ATI), Business Success Center
Insurance Information	GAHCC, Hispanic Contractors Association, Inc. (HCA), SCORE, Small Business United of Texas
International Trade	Business Success Center, GAHCC, Institute for Economic Development - International Trade Center
Legal Services	Lawyer Referral Services of Central Texas
Loan Packaging	Austin Asian-American Chamber of Commerce, BCL of Texas, BIGAUSTIN Lending Program, BiGAUSTIN WBC, Business Success Center, Capital Certified Development Corporation, CCAACC, Greater Austin Hispanic Chamber of Commerce, Texas Association of MBE, Texas Certified Development Company, Inc.
Marketing	Austin Asian-American Chamber of Commerce, Austin Gay and Lesbian Chamber of Commerce (AGLCC), BiGAUSTIN Lending Program, BiGAUSTIN WBC, Business Success Center, CCAACC, Greater Austin Hispanic Chamber of Commerce, Rite of Passage Development, Inc., SCORE, Texas Association of MBC, Texas State University SBDC
Market to City of Austin	Asian Construction Trades Association, Austin Asian-American Chamber of Commerce, Business Success Center, CCAACC, City of Austin – Business Solutions Center, City of Austin SBDC, GAHCC, Texas Association of MBE
Minority Business Enterprise/ Women Business Enterprise Certification	CCAACC, Central and South Texas minority Business Council (CSTMBC), City of Austin Department of Small and Minority Business Resources, GAHCC, Hispanic Contractors Association, Inc. (HCA)
Mentoring	BiGAUSTIN WBC, Business Success Center, Community Mentor Protégé Initiative (CMPI), SCORE, Texas Department of Transportation Business Opportunities Program Office, The IndUS Entrepreneurs (TiE) Austin Chapter
Networking	Accion Texas, Asian Construction Trades Association, Austin Asian-American Chamber of Commerce, AGLCC,

	Austin Independent Business Alliance, Austin Technology Council, BiGAUSTIN Lending Program, BiGAUSTIN WBC, Business Success Center, CCAASCC, CSTMBC, City of Austin SBDP, CN Group, Greater Austin Chamber of Commerce, GAHCC, HCA, Texas Association of MBE, The IndUS Entrepreneurs (TiE) Austin Chapter, Women’s Chamber of Commerce of Texas
Plan Room Services	Asian Construction Trade Association, City of Austin – Business Solutions Center, City of Austin – Department of Small and Minority Business Resources, City of Austin On-line Plan Room, GAHCC, HCA
Regulation & City Issues	Business Success Center, City of Austin Development Assistance Center
Training	BiGAUSTIN Lending Program, BiGAUSTIN WBC, Business Success Center, CSTMBC, City of Austin on-line Plan Room, City of Austin SBDP, GAHCC, Grijalva & Allen, P.C./The University of Texas System – Bonding and Technical Assistance Program (BTA), HCA, Institute for Economic Development – International Trade Center, Rites of Passage Development, Inc., SCORE, Texas Department of Transportation Business Opportunities Program Office, Texas State University SBDC

Source: adapted from “Gold Pages”

A list of service providers, their overall mission and the cost is listed in *Appendix A: Central Texas Services*.

The City of Austin provides support to a variety of loan resources for small business owners. The Neighborhood Commercial Management Program (NCMP) is a city program “designed to create or retain jobs for low and moderate income persons. The program provides low-interest financial assistance to existing businesses seeking expansion, which leads to job creation.” The program offers low interest rates to businesses meeting their criteria (City of Austin). Other lending options include

those offered by BiGAUSTIN¹, Accion Texas² and People Fund³. Each seeks to foster economic development within low-income communities.

Training is also offered by these organizations as part of their portfolio of services offered. Business owners need the assistance of professionals such as attorneys, accountants, real estate agencies, job placement resources, bankers and investors and access to business associations (United States of America. U.S. Department of Housing and Urban Development). When asking professionals to assist small business owners, those professionals should have experience in the issues of entrepreneurship and should be familiar with programs offered to small businesses.

At the 2006 Austin-San Antonio Conference on Entrepreneurship and Regional Competitiveness, several of the speakers recommended dividing services based on the level of the venture. Erik Pages, CEO of Entrenworks, differentiated entrepreneurs as lifestyle vs. growth businesses. Lifestyle businesses are those that

¹ BiGAUSTIN (Business Investment Growth Austin) www.bigAustin.org

² AccionTexas www.accionTexas.org

³ People Fund www.peoplefund.org

allow owners flexibility in hours to pursue objectives other than growing the business. These are unlikely to grow beyond a level that provides the entrepreneur with a target level of income or lifestyle. Growth businesses are those likely to expand by employing more and contributing to the economy. Many of them are technology businesses, but their definition as growth businesses depends on the intention of the entrepreneur.

In order to evaluate the needs of small businesses owners, we developed and distributed a survey to analyze the needs of small business owners. This study uses information gathered through a focus group of five participants and 159 survey respondents. The focus group, hosted in February, 2006, aimed to gain insight into the needs of small business owners. The comments from the focus group were used to develop the 51 question survey instrument. We sent the survey to a database of those who have sought the assistance of the Austin-based small business development organization, BiGAUSTIN. The online survey allowed for us to ask a considerable amount of information. There were a few open ended questions intended to clarify when choices were not applicable to the business. In the survey, we received information on the demographics of the business and its owner, resources used, and services and classes that the business owner would be likely to make use of in developing his/her business.

Chapter Three: Survey Methodology and Characteristics of Respondents

The purpose of the survey is to understand how business development organizations can better serve entrepreneurs. In order to understand the needs of entrepreneurs, we first created a focus group which in turn enabled us to develop a survey that was distributed to approximately 1,900 people in the database of a local non-profit business development organization. The response rate for the survey was 8.3 percent; there were 159 respondents ranging from “not yet in business” to established entrepreneurs. An overview of the survey respondents is found below in “Characteristics of Survey Respondents.”

A. Selection of the Sample

Both the focus group and survey participants were drawn from the database of the local non-profit, BiGAUSTIN. The organization has been providing business assistance to Austin entrepreneurs for 11 years. Services include one-on-one business counseling, training and lending. The target audience for the initial survey was established businesses. In creating the focus group questions, we differentiated between established and start-up businesses since we wanted to know the needs business owners have once they have passed the initial hurdles of the start-up phase. One entrepreneur in the focus group was considered a start-up (less than one year in business), but was welcomed because of his diligence and success in locating

resources within the community. The following is an overview of the focus group's responses to questions.

The Austin-based business development organization sponsored the initiative to learn how programs and service offerings could better serve small business clients. In mid-February, 2006, we invited 20 entrepreneurs to participate in a two-hour focus group to identify their concerns. Our target was to get 8 to 12 entrepreneurs to participate. Of the 20, eight agreed to attend. Five business owners came to the focus group at Austin's City Hall. The purpose of the focus group was to better understand the concerns of small business owners and their ideas of success, challenges, and goals for the future.

B. Focus Group

The owners businesses ranged in age from 45 days to 23 years. Prior to the meeting, twelve key questions were developed to spur discussion between the business owners. The following are key issues and concern of businesses discussed in the focus group:

Successes

The biggest successes have been in creating a business that promotes itself through word-of-mouth marketing and customer loyalty. By cultivating a niche market, several business owners felt they had developed a loyal customer base and created profitable businesses. Keys to these successes were in strategically promoting

their business in adding a “personal touch”. The owners felt that the customers enjoy buying their goods and services and feeling appreciated. However, gaining customer loyalty is not without its challenge in the growth of a business.

Challenges

The major challenges for business owners involved employee relations. The entrepreneurs had concerns ranging from hiring their first employee to dealing with existing employees to terminating people. Current employee issues ranged from low retention to stealing office supplies and inventory to laundering money from the business. There were a variety of solutions offered by the seasoned entrepreneurs in dealing with employees, but they acknowledged employee relations as an ongoing challenge. In order to deal with constant changes, one entrepreneur proposed creating a business model that was not a “mom-and-pop model”, too small to account for outside employees, as the entrepreneurs explained it. An alternative model would allow strategies for growth and safeguards against employee issues like stealing. They suggested equipping employees with clear guidelines for operations and a clear chain of command, and creating systems to implement relevant skills for the business in the interview process. They also exchanged recommendations about not becoming too friendly with employees, and not hiring someone because “they are nice”, but creating clear expectations of job duties and employee responsibilities. In maintaining responsibilities, the business owners suggested developing an employee handbook/operations manual (question set 28). Employee development is also a

strategy for one business owner with many employees. For example, one owner established a monitoring and evaluation system for employees and outlining their goals, both personally and professionally. Making expectations clear is important for the entrepreneur in ensuring the business can run without her being there at all times.

Future

Broadly, the business owners expressed desires to expand their businesses to increase the quality of life for themselves and their families, to help other entrepreneurs and to share their culture. Two of the more experienced business owners said their expectations changed overtime. At first, their desire was to have more time to spend with their families, but they had since decided that making money was a worthy goal. There are a variety of reasons why people go into business for themselves; it is not a surprise that expectations might change.

The business owners also expressed interest in advancing their e-commerce knowledge in order to sell goods and services on the web. They also had goals of better managing their time, making a profit and promoting their business at various levels. These goals were the focus for several questions in the survey, as we tried to identify classes to help business owners in achieving their goals (question 27 & 28). Concrete means of promoting the goals of focus group participants included acquiring necessary technological skills, advancing employee management skills, managing cash flows and making a plan for achieving goals (questions 31 & 32).

Planning for Growth

Several business owners expressed frustration over day-to-day activities and an insufficient allocation of time to strategize for the future. There was a notable lack of having a “living” business plan; several of the business owners admitted developing the business plan and then allowing it to gather dust on a shelf (question 28).

Organizations

There are myriad organizations with which the focus group attendees align themselves, ranging from professional to philanthropic. Professional organizations mentioned include: Network in Austin, Bootstrap Austin, Farmers MarketM, La Dames Culinary and E-Women Networking Group. Philanthropic organizations include a public school mentoring program, the Girl Scouts and the American Heart Association. The entrepreneurs listed charitable organizations because they said they feel a need to give back. Questions 35 and 36 asked entrepreneurs what organizations they choose to align themselves with, if any, and if the organizations have professional and/or social value.

Seeking Advice

Business owners seek advice from a variety of places, including business assistance organizations, professional coaches, resources and networking groups. Low cost business assistance included those offered by business development centers like the SBDP, SCORE and BiGAUSTIN. The business owners also saw the value of

having a professional coach. And they expressed a desire to have an industry-specific mentor. For example, a restaurant owner wanted a mentor in the food distribution industry; a retail store owner wanted a mentor with experience in ecommerce. Matching the industry to interest in expansion is a way of learning how to gain access into new markets of potential expansion. The entrepreneurs in the group also expressed interest in gaining access to equity investors when they are searching for capital. Although this specific financial resource could be difficult for any business development organization to provide, access to capital in general is one of the top challenges of business owners.

Another desire was for gender-focused services in seeking business advice. This is satisfied by having a Women's Business Center funded by the SBA. The organization has a focus on offering training and networking opportunities to women entrepreneurs. However, more regular networking events, or organized training focusing on women's entrepreneurship issues like mentoring or juggling home and work life could help.

The entrepreneurs also focus on learning by networking, attending tradeshows and reading trade magazines in order to keep up with their industry (question 40). When asked what services a business development organization could offer, the entrepreneurs had several suggestions consistent with services suggested by promoters of economic development discussed in the first chapter.

The focus group suggested that the organization offer real-time advice for entrepreneurs, along with opportunities to seek the advice of fellow entrepreneurs (Pages). Several local business organizations like Network in Austin and Bootstrap Austin have blogs and message boards, which allow business owners to communicate with and learn from one another. (Ingram; Goswami). The Kaufman foundation has a database of white papers offering advice on a wide array of topics (Kauffman EVenturing). Several coaching organizations also offer online resources. The group expressed the importance of real-time advice and proposed a hotline option

Overall, business owners would like resources specific to their goals and help in solving problems. For business situations, they favored fewer social business networking events and advocated for opportunities to exchange ideas with fellow entrepreneurs and learn about new opportunities. Since many of the participants are seasoned entrepreneurs, they wanted resources for established to mature businesses. Assistance in developing strategies for growth and exiting were also important. In the survey, these issues were addressed in questions about plan development and handling business growth (e.g., question 28).

Benefits

For health insurance, the focus group participants depend on personal wellness plans like maintaining good eating habits and exercise programs for themselves, and one said she pays high premiums for her children's coverage. Personal wellness plans typically do not, however, take into consideration emergency

health needs. Some of the participants have major medical plans with high deductibles in case of emergencies or are evaluating health savings plans as an option.

Conclusion

The focus group discussion was used to develop the survey distributed to a wider audience of business owners. The overall theme of the discussion was to understand the successes, challenges and future development of the entrepreneurs' businesses. In addressing these, we gained a greater understanding of their diverse plans for growth, organization management and visions, and an understanding of where they currently seek advice and assistance. In addition, we received valuable information on how many of the entrepreneurs do not have medical insurance for themselves and instead opt for wellness plans. Their responses to questions along with their active discussion helped to identify key topics to address in the survey.

C. Development of Email Survey

The survey was originally emailed to 355 business owners who were verified as having completed six months in business; later, we revised the survey pool to include 155 more who also met the criteria of having been in business at least six months. Of that, 24 replied. Because we wanted a sample size of at least 100 businesses, we revised the survey pool and emailed 2,326 people who had received services from the organization regardless of whether they had a verifiably active business. We also added an incentive of two gift certificates valued at \$25 and \$50. A final request of 2,727 business owners was sent on March 24, offering \$10 off a future BiGAUSTIN class for all respondents and announcing the closing date of the survey. Copies of the four email requests are in Appendix B: Email Requests.

Table 3.1 Survey Reponses

Date	Sent	Respondents
3/24/2006	2,727	60
3/20/2006	2,326	72
3/6/2006	165	10
3/3/2006	355	17
Totals	--	159

Source: Survey Monkey: Small Business Survey

During each of the email requests, many were returned undeliverable. We estimate that of the 2,838 surveys on our mailing list, 1,900 were delivered for an approximate return rate of 8.3 percent. Of those surveyed 84 percent have less than five years in business and 74 percent are sole proprietors. The characteristics of the business

owners surveyed is discussed further in Chapter 3 Subsection G: Location, Organizational and Economic Attributes of Respondents.

D. Tabulating Survey

The responses to questions were directly entered into Survey Monkey⁴, an online survey distribution and analysis software. We then exported the file into Microsoft Excel format and input the data into SPSS in order to cross tabulate and correlate datasets. This also allowed us to clean-up any misclassified information and further analyze the data beyond the capability of Survey Monkey. The following chapter is an analysis of survey design.

E. Design of the Survey

The survey went through several revisions by the staff of BiGAUSTIN and advisors in order to ensure it asked questions to adequately address what further

⁴ Survey Monkey – www.surveymonkey.com

services could be offered to better serve entrepreneurs. Investigators aimed to understand what resources entrepreneurs are currently using, and which services business owners would be likely to use if they were offered. This is an overview of how the investigators, employees of the non-profit business development organization, BiGAUSTIN, developed the survey.

F. The Survey

The survey had to be carefully designed because it was to bear the principle burden of the investigation. In order to ensure an adequate number of responses, the investigators concluded that the survey should be divided into five sections of short answer questions. Respondents were told the survey would take approximately 20 minutes to complete, so that there would be fewer who began it but were unable to finish it due to time constraints. We wanted to be sure they understood what they were participating in. In all, 51 questions were asked, including several which required more than one answer. (See Appendix C: Small Business Survey)

Questions Relating to Respondent's Characteristics

Of the 51 questions, 1-26 and 33-46, 48-51 were designed to elicit information concerning the demographics and characteristics of the business and the respondents. The primary survey respondents were the owner or co-owners of the business.

Questions Relating to Training and Assistance

Determining the nature of each respondent's business needs posed several challenges. First, business owners may interpret "business needs" differently. An open-ended question would not allow for uniform responses. Secondly, there is a possibility that respondents would not recall the various types of needs for classes and assistance that they encounter within their business. Therefore, we focused questions around concerns addressed in the focus group, as well as issues heard by the technical assistance counselors and lenders at the business assistance center. In this way, variations in interpretations by different respondents would be kept to a minimum and respondents' memories would be adequately jogged as to the previous, current or future needs within the business. Questions 27, 28, 31 and 32 directly relate to how much interest business owners have in using programs or attending classes.

Question 29 relates to interest in health care plans for entrepreneurs. All questions were given a rating scale of very interested (1) to not interested at this time (4). These were the primary questions used to answer what services or resources a business development organization could offer to better serve entrepreneurs.

In order to understand how the variety of needs of business owners relates to their stage of development, the following section evaluates the characteristics of those surveyed. . A majority (68.7 percent; 101 respondents) of the survey respondents are women; 31.3 percent are male owned businesses (46 respondents) (12 non-responses). Compared to business ownership within the state of Texas, women

represent 27 percent business owners. The following section shows aggregate data for the overall businesses surveyed.

G. Location, Organizational and Economic Attributes of Respondents

The target audience for the survey was Austin based businesses. In order to understand how business development organizations can better serve entrepreneurs, we had to gather basic demographic information about the survey audience. The location, organizational, and size of the businesses show that, in fact, the online survey reached the intended target audience of small businesses primarily in Austin.

Location

A majority of the survey respondents identified their businesses as being within Austin (73.6 percent). A few of the respondents are from other states and are identified in the 'Other' category. Considering that the out-of-state respondents replying to the online survey would have used the Central Texas business development resource at some time (possibly before moving their household and/or business), we included them in the survey analysis. The following table lists the geographical distribution of the survey respondents by Central Texas locations:

Table 3.2: Distribution of Respondent Firms by Central Texas Cities

City	Respondent Firms	Percentage
Austin	117	73.6%
Pflugerville, Georgetown or Round Rock	15	9.4%
Other	19	11.9%
No Responses	8	5%
Total	159	

A majority of the respondents are home-based businesses, followed by a significant number who rent their facilities.

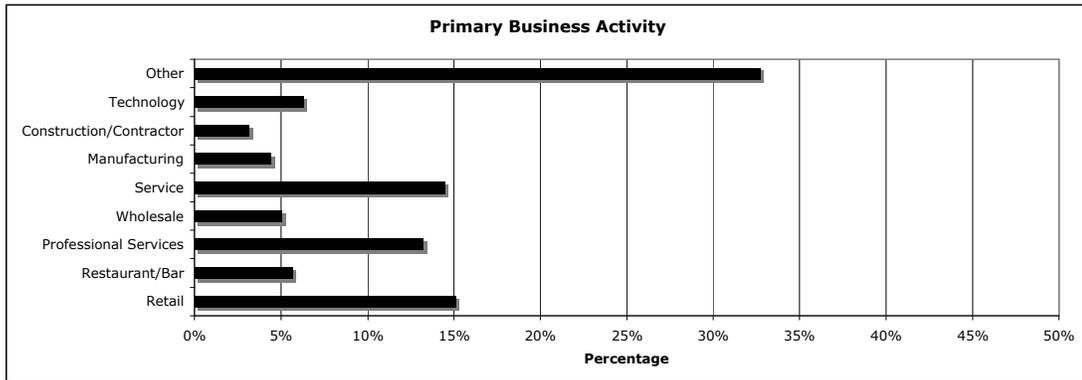
Table 3.3: Rent or Own Facility

Location	Number of Firms	Percentage
Home-based business	83	52.2
Rent	52	32.7%
Own/Purchasing	12	7.5
Lease with purchase option	2	1.3
No Response	10	6.3
Total	159	100%

Considering the high number of home-based businesses, it is important to note that the target market of BiGAUSTIN whose database was used for the survey includes mostly start-up, micro-enterprises. Micro-enterprises are defined as those with five or fewer employees (Association for Enterprise). This would account for the significant majority of home-based businesses along with the fact that many do not require store front locations. Primary business activities like service-based businesses (ex. salons or massage businesses), and professional services (ex. market consulting, or graphic design) may also explain the high number of home-based businesses.

As seen Figure 3.1, the primary business activity fell under the heading ‘Other,’ which includes creative industries (TV-Video) and health care-related firms. Retail businesses represent the second highest sample population at 15 percent.

Figure 3.1: Primary Business Activity



Organization

A majority of the business owners identified themselves as the President, CEO or Owner of the organization. Respondents were also the primary managers of the business (81.8 percent). If owners were not the primary managers, family members (5 percent), employees (2.5 percent) and partners (3.8 percent) actively manage the business.

The business owners work an average of 40–59 hours per week within their business. A majority of the business owners are sole proprietors and a majority 85 percent have five or fewer years in business (Table 3.4: Age of Firm).

Figure 3.2: Owners Hours/Week in Business

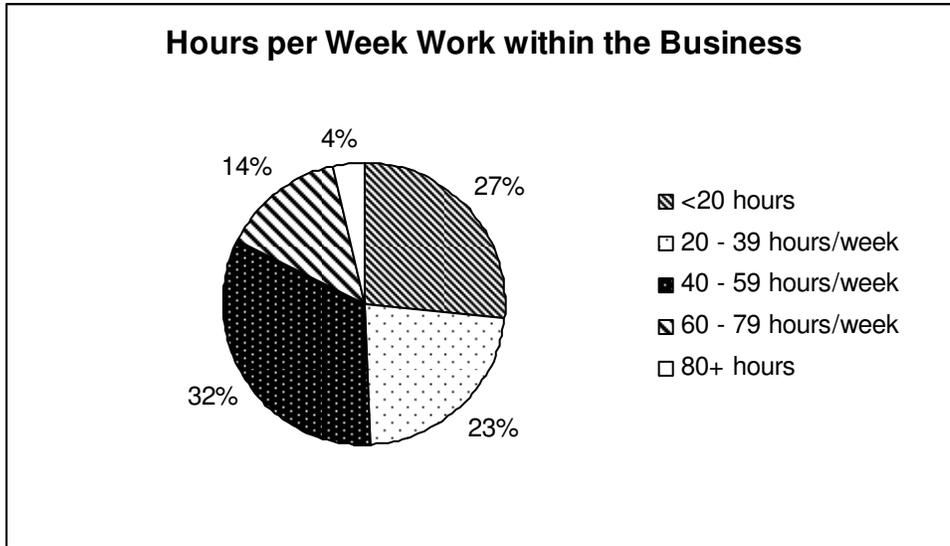


Table 3.4: Legal Form of Organization

Legal Form	Number	Percentage
Sole Proprietor	73	45.9%
Partnership	15	23.9%
S or C Corporation	38	23.9%
LLC	27	17%
Non-Profit	2	1.3%
Unsure	4	2.5%
Total	159	100%

Most of the firms have been in business less than two years, reflecting the target group of BiGAUSTIN.

Table 3.5: Age of Firm

Age	Responses	Percentage
Less than 1 year (2005 to now)	62	41%
1 – 2 years (2003 – 2004)	40	26.49
3 – 5 years (2002 – 1997)	26	17.2
6 – 10 years (1996 - 2001)	7	4.6
Over 11 years (before 1996)	16	10.6
Total	151	100

* 8 respondents did not reply

Of the firms surveyed, a majority are actively managed by their owner who works an average workweek of 40 – 59 hours within the business. A majority of the firms are sole proprietorships with less than two years in business. However, despite their lack of longevity, they are contributing to the economy in the form of jobs and revenues earned.

Demographics

In Tables 3.6 and 3.7, survey responses are compared with the state using 2005 US Economic Census State of Texas data and the 2004 SBA report “Small Business Profile: Texas”. There were disproportionately more women and fewer men who replied to the survey than those represented in the State of Texas. The survey did not take into account co-ownership, so skipped responses were put into a table category of “skipped or owned equally”, although there is no way to tell definitely if

there is another reason for no response; 12 respondents fell into this category (7.5 percent).

The ethnicity of respondents for the survey gave an equal population representation of Hispanic entrepreneurs in Texas. African-American respondents represented 21.4 percent in this survey, but only account for 5 percent of business ownership in the state. However, the number of White/Caucasian respondents was lower than their share of the total business owner population in Texas.

Table 3.6: Survey Responses Compared with Texas Entrepreneurs

	Survey Respondents		Texas Business Owners	
	Number	Percent	Number	Percent
Total	147	100%	1,734,648	100%
Female	101	63.5	469,049	27%
Male	46	28.9	1,018,495	59%
Skipped or Owned Equally	12	7.5	207,412	12%
Ethnicity				
Hispanic/Latino	29	18.2	319,460	18%
Non-Hispanic	124	78.0	1,375,495	79%
White/Caucasian	71	44.7	1,514,298	87%
African-American/Black	34	21.4	88,777	5%
Native American	1	.6	16,863	1%
Asian American	4	4.5	78,018	4%
Uncategorized	14	8.8	-	-

Source: 2002 Survey of Business Owners Preliminary Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race: 2002

The demographic/ethnic representation of survey respondents when compared with the state could differ because of the target audience of the non-profit business development organization who provided the database for the survey. The organization

targets low-income, minority and women owned businesses, which would account for the increased responses from women and African-American respondents.

On average survey respondents had lower sales and receipts and employment compared to the State. However, minority survey respondents have slightly higher employment, but still lower average sales.

Table 3.7: Average Revenues and Number of Employees

	Survey Respondents		Texas	
	Average Sales and Receipts	Full-time equivalent employees	Average Sales and Receipts	Average Number of Employees
Total	45,001– 60,000	1.6	1,009,036	5
Female	Less 20,000	1.6	120,241	1
Male	45,001-60,000	1.6	457,554	3
Owned Equally	-	-	213,967	2
Ethnicity				
Hispanic/ Latino	\$20,001 –30,000	1.3	103,251	1
Non-Hispanic			388,086	3
White/ Caucasian	\$60,001-100,000	1.8	355,637	2
African-American/ Black	\$45,001-60,000	1.5	54,008	1
Native American	-	1.8	166,764	1
Asian American	-	1.6	258,067	2
Native Hawaiian and Other Pacific Islander	-	-	156,854	
Publicly-held, foreign- owned, and not-for- profit	-	-	33,540,320	114

Source: Adapted from 2005 US Economic Census

Revenues of the firms listed reflect the survey pool as being small businesses; 31 percent earn less than \$20,000 annually. The second largest concentration of firms surveyed earns greater than \$100,000 on average, although few listed their exact revenues when asked.

Table 3.8: Size Distribution of Firms (By 2005 Average Sales per Year)

Amount	Responses	
	Number	Percentage of Respondents
Less than \$20,000	50	31.4%
20,0001 – 30,000	11	6.9
30,0001 – 45,000	5	3.1
45,001 – 60,000	9	5.7
60,000 – 100,000	18	11.3
Greater than 100,000	32	20.1
Total	125	100%

*34 firms chose not to respond

For gross margins, we were trying to discover how many business owners were familiar with the terminology regarding profit margins or, if so, whether they tracked their margins. It was a surprise that 47 did not know. The ‘no products sold’ category represents service providers offering professional or consulting services, where the product is labor such as accounting or graphic design services.

Total 3.9: Average Gross Margins

Average Margins	Responses	
	Number	Percentage
Less than 10%	9	5.7%
15 – 20%	23	14.5
21 – 30%	22	13.8
Greater than 50%	8	5.0
Don't Know	47	29.6
No Products Sold	40	25.2
Total	149	6.3

The median personal income for survey respondents giving income information (53 percent) was \$40,000. Average income was \$45,348.

H. Current Use of Resources

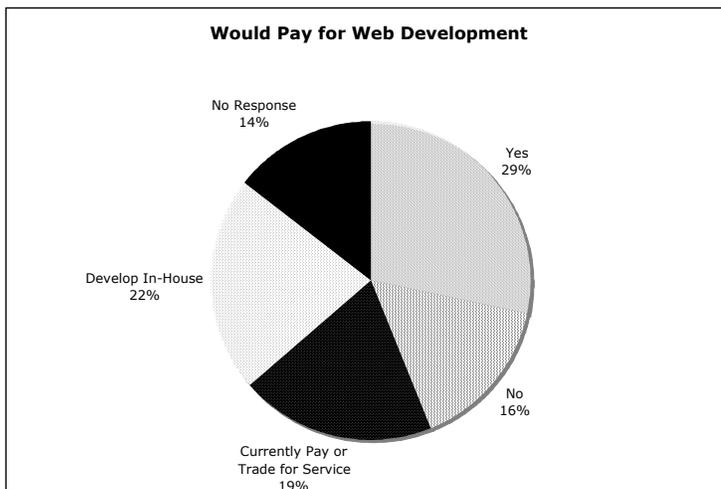
The survey respondents were asked a variety of questions in order to understand their use of technology, resources and practices in marketing and advertising.

Use of Technology

Considering this was an online survey, naturally, 98 percent of the respondents reported using a computer within their business. A majority of the respondents (59.6 percent) reported having a website for their business. However, only 35.8 percent of the owners sell products online. Of those without a website, 58 businesses, 54.1 percent believe a website will help their business. There were 11 business owners who did not know if a website would help their business and five said a website would not help their business.

There were 45 businesses (33.1 percent) who said they would pay someone to develop a website for their business, while others develop sites in-house (25.7 percent) or currently pay or trade someone to develop their site (22.8 percent).

Figure 3.3: Paying to Develop a Website



To determine the interest business owners have in learning about virtual opportunities, we also asked if they would be interested in participating in marketing or sales training to increase online sales. Of those who replied, 80 percent were interested or said participation would depend on the price (30 percent) and time (5 percent).

Figure 3.4: Paying to Develop a Website



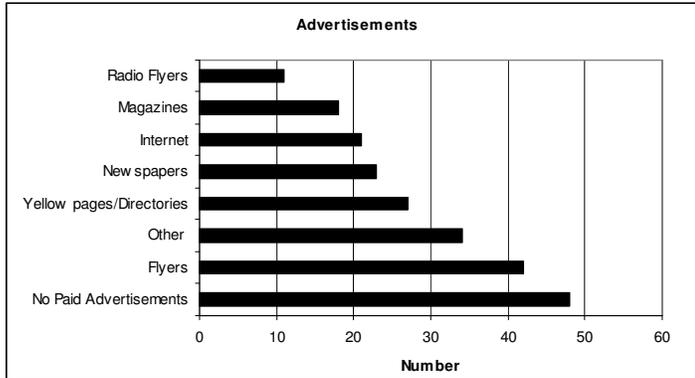
* Include 121 of 159 respondents

Business owners are seeing the internet as a way of expanding markets and opportunities, but they are still using traditional means of promotion.

Promotion

Business owners promote their business in a variety of ways, including, as the focus group said, promoting customer loyalty. Respondents (34 respondents, 41 percent) answering the question as 'Other' included word-of-mouth marketing as their strategy for promotion. Flyers, yellow pages, directories and newspapers are the traditional forms of advertising that ranked high as common methods of promoting a business.

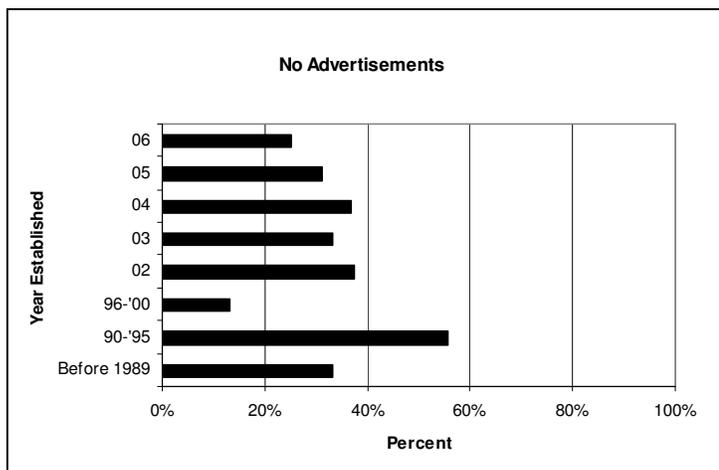
Figure 3.5: Advertisements



*Respondents could have more than one answer

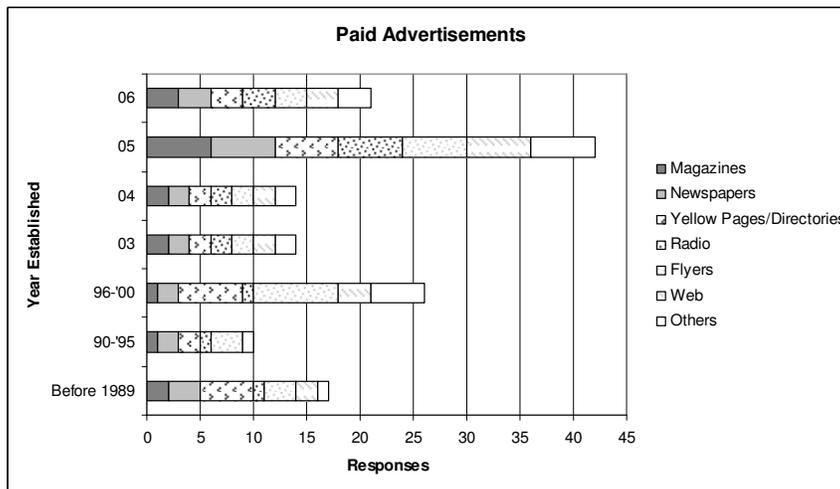
Of those surveyed, 71 percent advertise in some way. Those who do not advertise are newer businesses established within the last year (18 respondents, 39 percent). The chart below shows the percent who do not advertise divided into age categories.

Figure 3.6: No Advertisements



Businesses established before 2000 are more likely to use a variety of media for promotion, including magazines (27 percent), newspapers (17 percent) and telephone directories (32 percent). Conversely, businesses established within the last four years are more likely not to advertise or they diversify their marketing dollars less. The following chart analyzes the types of advertisements business owners use, relative to the year established.

Figure 3.7: Paid Advertisements



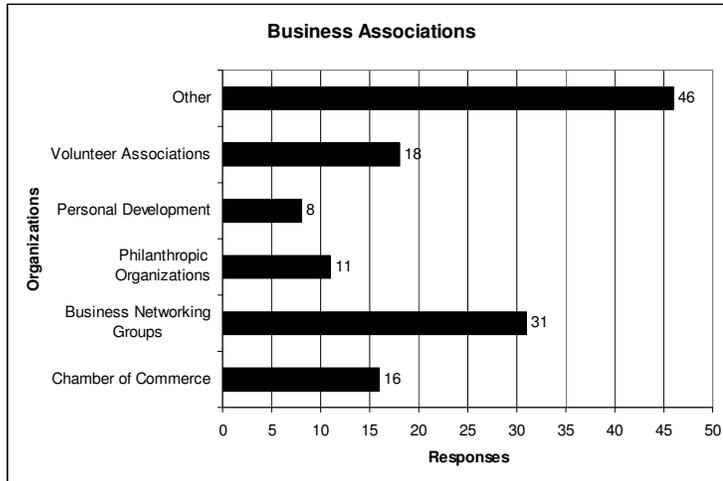
Advertising is a primary means for entrepreneurs to “get their name out”. However, recent entrepreneurs are using less costly forms of advertising, such as distributing flyers or using word of mouth marketing, captured in the ‘Other’ category. Of businesses established since 2000, 26 percent report not advertising at all.

I. Organizational Affiliation

As seen in the focus group, there are various organizations with which business owners align themselves. In order to better understand with which organizations business owners affiliate themselves, and where they get advice, we asked a variety of questions about what professional or business organizations they are part of; 52.5 percent of the respondents identified themselves as being part of professional/ business organizations (question 35). However, to the question of what organizations business owners are part of, the response rate increased to 58.8 percent of the respondents participating in groups (question 36).

Entrepreneurs surveyed currently seek information in a variety of ways, although some (10 respondents, 6.2 percent) reported not seeking help at all. Entrepreneurs seek resources through traditional avenues like the local Chamber of Commerce, business networking groups and philanthropic organizations like the Rotary or Lions Club. Others participate in volunteer and other organizations.

Figure 3.8: Organizations



Business owners find benefits in these organizations professionally (46 percent), socially (35 percent) and by developing and maintaining business/client relationships (29 percent). Almost an equal number (52 percent) of respondents attend informal meetings or gatherings to discuss business with fellow entrepreneurs (question 38). Austin offers support systems for entrepreneurs through a variety of groups. A majority of business owners seek advice through fellow entrepreneurs (47 percent), industry newspapers and magazines (44 percent), Business Investment Growth Austin (BiGAUSTIN) (48 percent) and other business associations (31 percent). However, a small minority (6 percent, 10 respondents) said they do not seek business advice.

Conclusion

A majority of the business owners are located in Austin. They use a variety of resources and although small, surveyed businesses contribute to the economy by

creating jobs and generating taxable income. However, those surveyed have lower sales and receipts and fewer employees on average. Women and African-Americans were overrepresented among respondents, reflecting the target group served by BiGAUSTIN. However, minority entrepreneurs surveyed have a greater number of full-time employees than those within the state (see Table 3.7: Average Revenues and Number of Employees). The business owners align themselves with a variety of philanthropic organizations and business networking organizations. As the importance of networking becomes more widely understood, an interesting market of networking organizations has developed. Central Austin has local networking groups, like the Chamber of Commerce or the Rotary Club, and local groups like Network in Austin and BootStrap Austin. These groups help entrepreneurs network with each other, and develop peer networks for both personal development and to grow their company (entreward.com). The following section defines what resources entrepreneurs would be likely to use in the development of their business if they had access to them.

Chapter Four: Resources to Offer Entrepreneurs

The survey results show that many of the business owners surveyed value learning how to use technology as a tool in expanding their business. Many of the business owners show an interest in expanding their use of technology. The online survey biases the participants to those already familiar with online use so this sample may be more interested in technology than other small businesses. This section starts with their use of technology and expands to how entrepreneurs surveyed would like to expand their knowledge and potentially use resources offered.

In total the survey asked how interested business owners were in 28 specific classes. The top 10 choices overall included the following:

Table 4.1: Overall Classes of Interest

	Interested	Respondents	Percentage
1. Promoting Your Business	109	150	73%
2. Business Strategy Development	101	149	68%
3. Cash Flow Management	92	150	61%
4. Business Operations Management	90	149	60%
5. Researching New Markets	90	150	60%
6. Building Business Capacity	90	150	60%
7. Legal Business Issues	88	150	59%
8. Developing an Operations Plan	84	150	56%
9. Developing a Business Plan	81	150	54%
10. Accounting Software	81	150	54%

For an organization wanting to meet a broad audience without necessarily targeting their services, these classes would be ideal, if they could reach a similar audience as those surveyed. However, many organizations have grant requirements

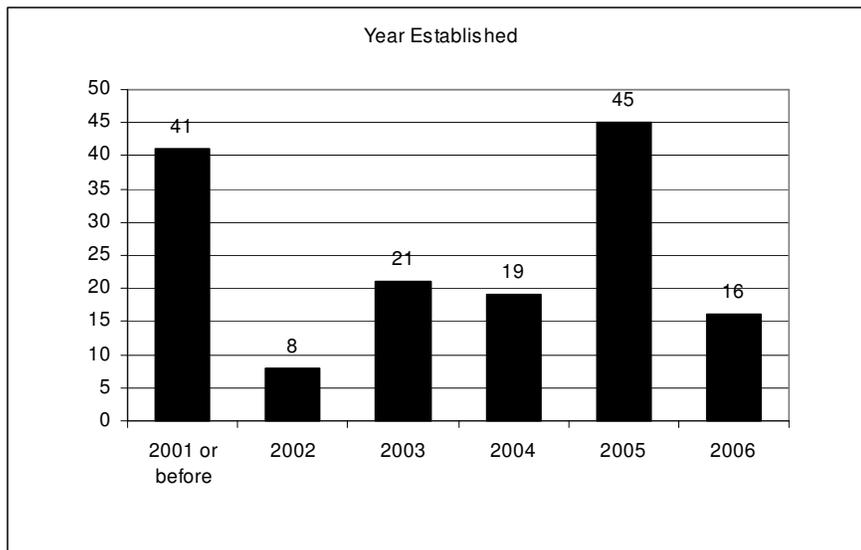
for a target audience. That is organizations like BiGAustin and Peoplefund have a mission to serve low-income, minority and women entrepreneurs. Peoplefund, formally Austin CDC, targeted certain neighborhoods. They have since broadened their scope of areas to serve. For this analysis, business owners' were categorized by years in business and ethnicity. When we look at other factors, including age of business and ethnicity of business owner, class preferences change. Gender did have an effect on class preferences when comparing percentages. Women entrepreneurs surveyed are more interested in all but six categories. Women are 22 percent more interested than men in a proposed Reaching New Markets class, 16 percent more interested in an Accounting Software class and 15 percent more interested in Research and Developing Products and Services. See Appendix F: Gender Class Preferences for the charted comparison of classes of interest by gender. In the following section, we will take a closer look at how age of business and ethnicity of business owner differ in service offerings of interest.

A. Age of Business

According to Entrepreneur.com, “the first four to five years are the ‘survival years.’” (Edwards) Further, there is no year where a firm is more prone to going out of business than the others, but the first two years are the most difficult. (Edwards) For this reason, we divided these years out. In order to evaluate the businesses, groupings were necessary. Six groups were formed, those before 2001 are together

while businesses formed post-2001 received their own category because of their statistical instability (Edwards). The following chart illustrates the number of businesses surveyed by year established.

Figure 4.1: Year Established of Survey Respondents



A majority of the businesses surveyed, 28 percent, were formed in 2005. The next largest portion formed in 2000 or before (41 respondents, 21.5 percent). In order to understand areas of interest, proposed class offerings were divided into five main categories: employee relations, technology applications, basic computer skills, business planning and management and marketing.

Employee Relations

Despite the significant interest expressed in the focus group for managing employees, the business owners have a low overall interest in Employee Management and Hiring classes. Those businesses established before 2001 have the greatest

interest, which may be a reflection of their experience in dealing with employee issues or size.

Figure 4.2: Year Established and Employee Relations

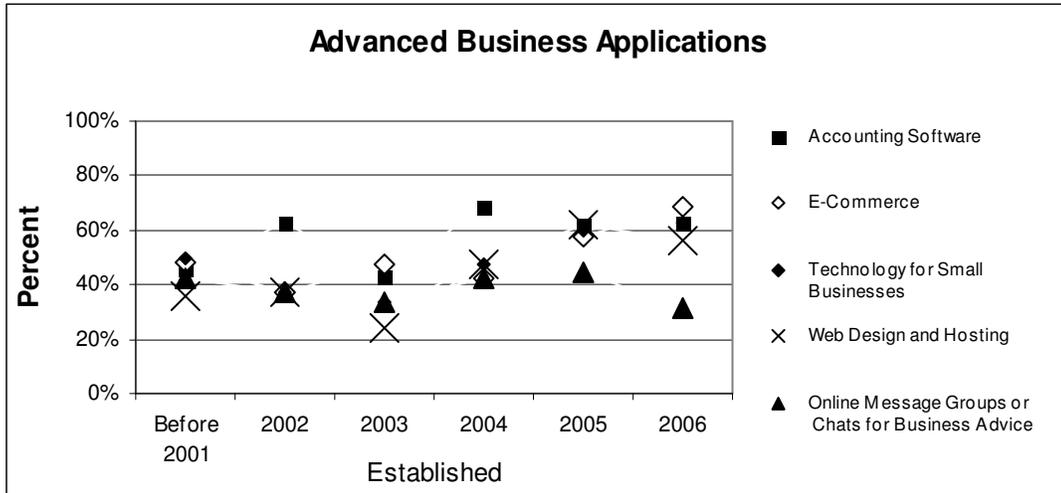


Of the businesses formed before 2000, they have on average 3.68 employees, whereas those formed in 2002 to 2006 have 2.68 employees (Appendix A.2: Average Number of Employees by Year). There is an opportunity to offer services to all business owners because of the importance of remedying employee issues and the potential need for these skills as businesses age; however, this is not a priority need as identified by the survey.

Technology Applications

Newer businesses are interested in ecommerce and less interested in online message groups or chats focusing on business advice. They may be accessing local message groups, such as Networking in Austin, Boot Strap Austin or Yahoo and Google groups. Older businesses, however, are less interested in advanced business applications.

Figure 4.3: Year Established and Advanced Business Applications

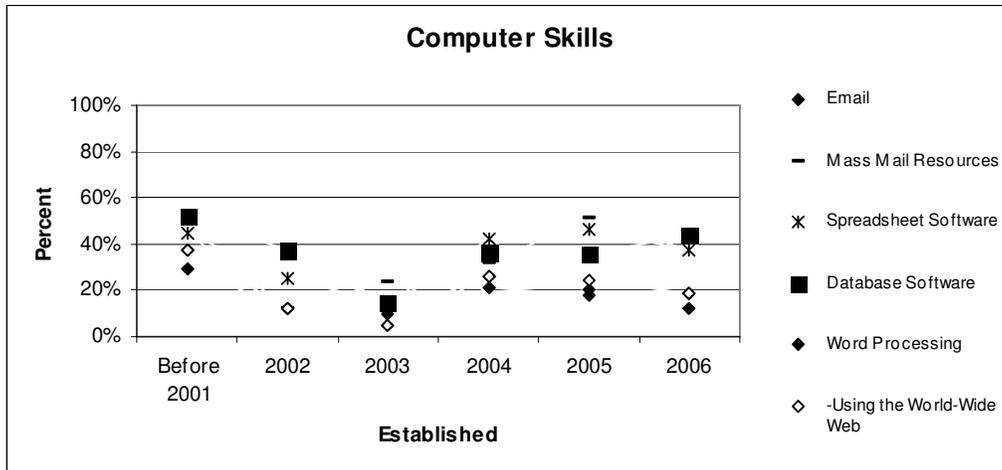


For newer businesses, the greatest areas of interest are accounting software and e-commerce. On average, from 60 to 51 percent of businesses formed between 2002 and 2006 are interested in accounting software and e-commerce, while fewer than 38 percent are interested in using online message groups or chat forums for business advice as identified by question.

Basic Computer Skills

Basic Computer Skills ranked low for a majority of the year-established categories. Because of the nature of the online survey, business owners were able to check their email, access a link to complete the survey, and type responses to open-ended questions. Those tasks required knowledge of three of the six categories: using the world-wide-web, email and word processing. The other categories were database software, mass mailing and spreadsheet software. These three did rank slightly higher in percentage of respondents interested.

Figure 4.4: Year Established and Computer Skills



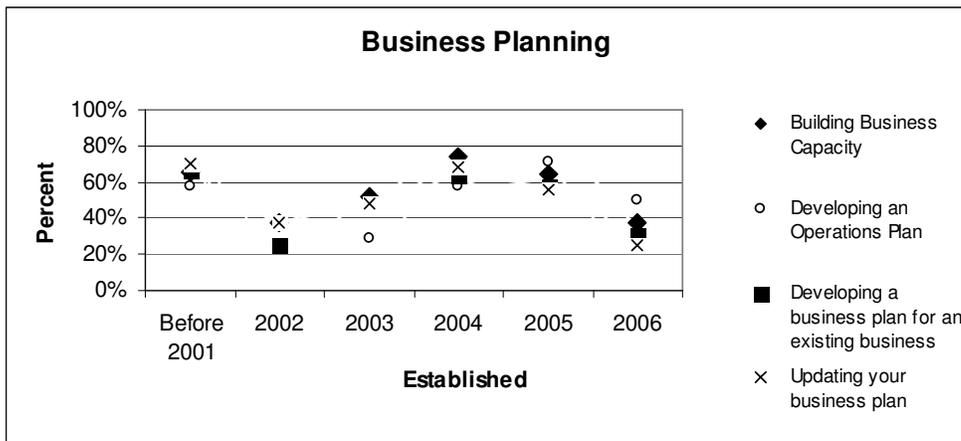
Overall, business owners have the highest interest in database software; they are also interested in spreadsheet software. The areas of least interest are software and using the world-wide-web. If an organization chooses to teach these classes to entrepreneurs in the similar target audience of those surveyed, the organization should consider creative and unique ways to frame discussions so that business owners can build upon existing skills. These results, again, could be biased due to the online survey format.

Business Planning

Business Planning is strongly encouraged and sometimes required in the start-up and lending phase of a business. However, equally important is to make the plan a “living document”, as discussed in the focus group. More experienced business owners, with businesses established before 2000, have the highest interest in business planning (67 percent). The category “building business capacity”, defined as how to

effectively and efficiently handle business growth, is also a category of significant interest to business owners (65% before 2001). Updating the business plan has a mirror image in the years established; older businesses need to update (70 percent), while not even half (45 percent) of newer businesses are interested in developing a business plan. This could be because the new businesses have a business plan or have opted not to develop one. The survey did not ask if the business owners have a plan, but in a 1993 study conducted through the Wharton School of Business, only 42 percent of businesses surveyed had a business plan. (Schiff)

Figure 4.5: Year Established and Business Planning



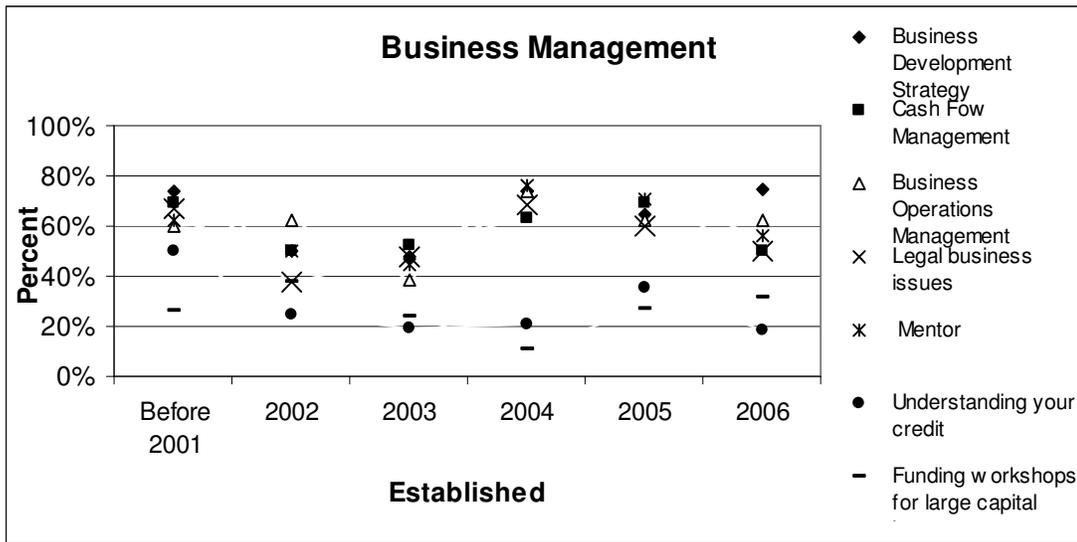
It is strongly encouraged that business owners have a “game plan” for their businesses and such plans are required by many lending institutions for access to capital. In the article, Business Planning: Who Needs It? “...companies with strategic plans enjoy greater revenue and profit growth than companies that don’t have one, and their failure rate is much lower” (Schiff). As unexciting as it sounds to many,

offering classes in developing or updating a business plan or strategic plan, could benefit those who take advantage of the opportunity.

Business Management

In the business management category, understanding credit and workshops for large capital (> \$250,000) were of little interest at all levels. The top workshops of interest in the business management category were: Business Development Strategies (64 percent), Cash Flow Management (59 percent) and Business Operations Management (60 percent). Finding a mentor also ranked high (60 percent).

Figure 4.6: Established and Business Management



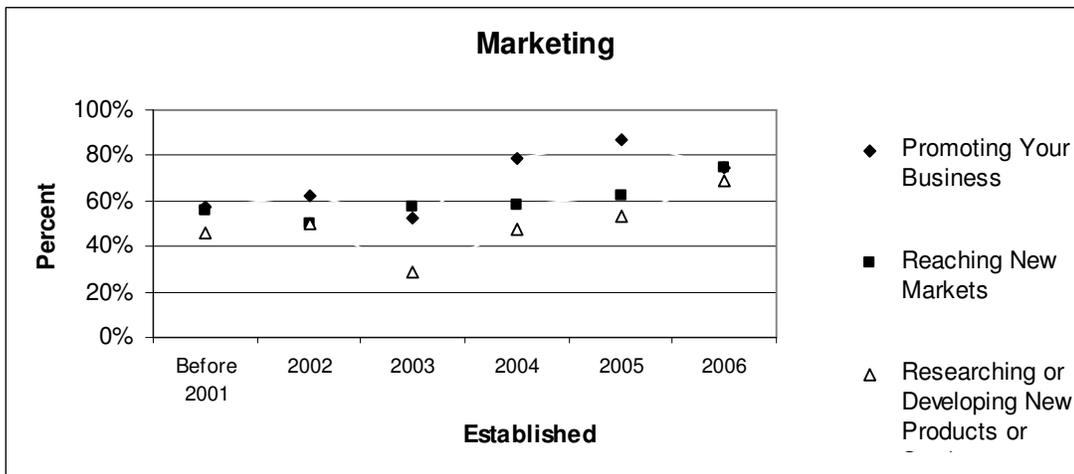
Some of these classes may need to vary by industry as suggested by Erik Page of EntreWorks, a strategic economic development organization. For the Business Management category in particular, there may be a need to differentiate classes and

services by industry. This is chiefly the case for finding a mentor which fits the needs of the entrepreneur as was discussed in the focus group.

Marketing

Businesses are continually exploring the best ways to promote their business and build brand identity. The focus group participants valued their loyal customer base and considered that their biggest success. In many of the marketing categories, there is a significant interest in promoting their businesses.

Figure 4.7: Established and Business Management



Newer businesses expressed significant interest, 71 percent on average (with more than 87 percent of the 45 businesses established in 2005) interested in a class on promoting their business. Newer businesses were also interested in Reaching New Markets (60 percent) and Researching and Developing New Products (50 percent). In understanding the businesses, class facilitators can evaluate if business owners

adequately researched their market before entering into business and if they are targeting appropriate audience.

Conclusion

By differentiating years in business and desired class offerings, we address the need to target business owners based on sustainability and experience (or lack thereof) within the market. More established business owners were more likely to be interested in employee relation type classes, while newer business owners were interested in advanced business applications like accounting software or e-commerce classes. Overall, business owners have less of an interested in basic computer skills perhaps because those who took the online survey already have these skills. Business Planning, Business Management and Marketing categories have varying interest. Fewer businesses were interested in Web Design and Hosting, possibly because 48 percent of those who respondent either currently pay/exchange services or develop in-house sites. The following section examines how interest in various classes varies by ethnicity.

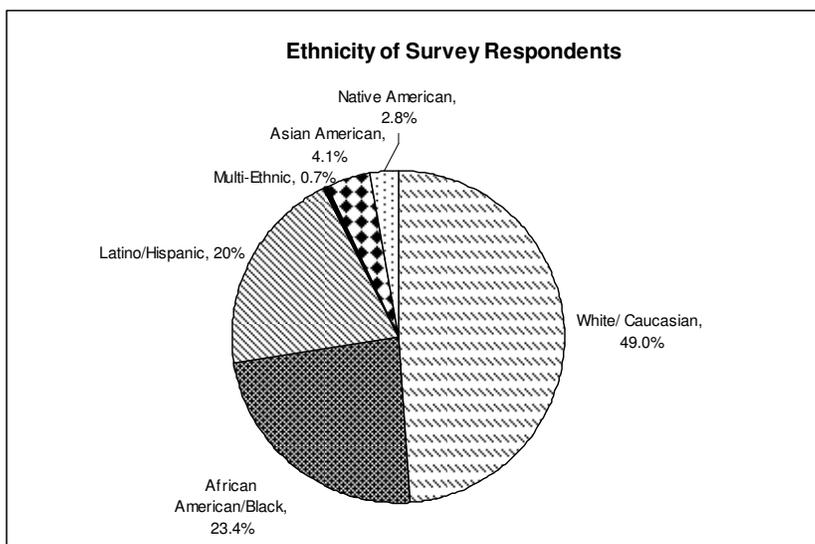
B. Ethnicity of Owner

On average, White business owners have four years in business, while African American have seven and Hispanic owned businesses have three years in business. However, we were unable to cross tabulate the survey data on areas of interest by both ethnicity and years in business, because of the shrinking of the survey pool (i.e.

there are 13 Caucasian, 15 African American and 4 Latino businesses formed before 2001).

Several local business development organizations promote assisting minority entrepreneurs. There are government certification for underrepresented populations and tools to assist entrepreneurs based on ethnicity. A majority of business owners surveyed were White/Caucasian (49 percent, 71 respondents), followed by African American (23.4 percent, 34 respondents) and then Latino/ Hispanic (20 percent, 29 respondents). As shown in Chapter 3, *Table 3.5, Survey Responses Compared with Texas Entrepreneurs*, Hispanic (20 percent) and African American (23.4 percent) entrepreneurs surveyed are overrepresented relative to their population within the state. The other categories, multi-ethnic, Asian-American and Native American respondents are too small to allow for adequate analysis.

Figure 4.8: Ethnicity of Survey Respondents



The primary business activity reported by firms was not correlated with race or ethnicity. The strongest concentration found was in the Other category by White/Caucasian business owners comprised of mostly health care, media type businesses and a variety of other business types.

Table 4.2: Primary Business Activity by Ethnicity

Ethnicity	Retail	Restaurant/ Bar	Professional Services	Whole- sale	Service	Manufac- turing	Construction/ Contractor	Technol- ogy	Other
White/ Caucasian	15%	3%	4%	6%	15%	7%	3%	6%	41%
African American/ Black	12%	3%	21%	3%	21%	3%	3%	3%	32%
Latino/ Hispanic	17%	17%	17%	3%	7%	3%	3%	10%	21%
Multit- Ethnic	-	-	-	-	-	-	-	-	100%
Native American	25%	-	25%	-	25%	-	-	-	25%
Asian American	-	-	33%	17%	33%	-	-	-	17%
Not Defined	21%	7%	21%	7%	0%	-	7%	14%	21%
Total	15%	6%	13%	5%	14%	4%	3%	6%	33%

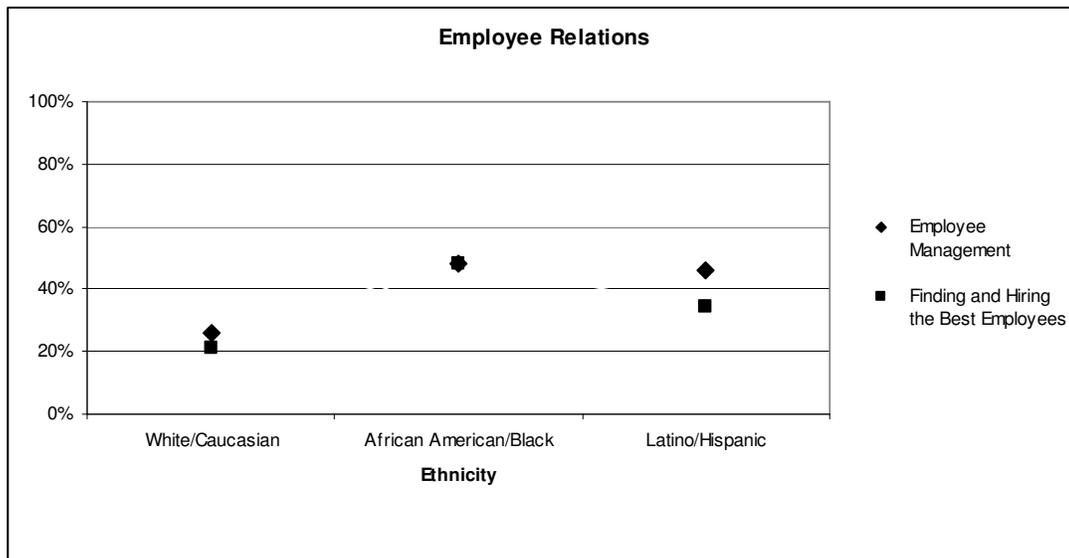
Note: Ethnicities total to 100%

The following are classes of interest in categories of: employee relations, advanced technology applications, basic computer skills, business planning, business management and marketing.

Employee Relations

For the ethnicity divisions, the interest for employee relations did not exceed 50 percent for the respondent groups. The average interest for the Employee Relations class for all ethnicities is 40 percent for Employee Management and 35 percent for Hiring Employees.

Figure 4.9: Interested in Employee Relations Classes by Ethnicity



On average White owned businesses have four years in business and 3.1 employees, while African American firms have on average seven years in business and 2.9 employees; Hispanic firms employee 2.3 people and have three years in business. Hispanic firms, although on average employ fewer people, they have the greatest interest in Employee Relation classes. There is no correlation between number of employees, years in business, ethnicity and interest in employee relation type training.

Table 4.3: Ethnicity and Employees

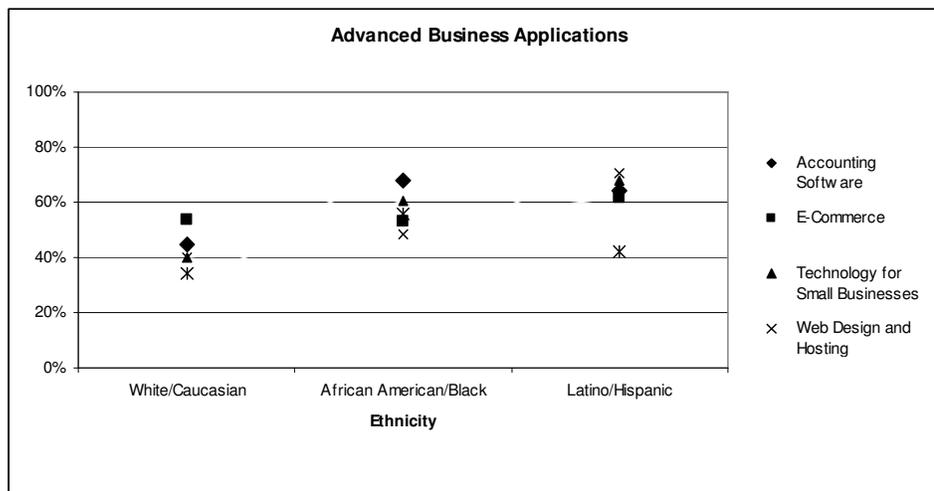
	White	African American	Latino
Employees by Ethnicity	222	100	66
Firms Surveyed	71	34	29
Average Number of Employees by Firm	3.1	2.9	2.3

*note Table 3.5: Average Revenues and Number of Employees represents full-time equivalent

Technology Applications

All minority entrepreneurs expressed strong interest in technology training. Online message groups ranked the lowest while 68 percent of African Americans are interested in Accounting Software and 70 percent of Hispanics are interested in Web Design and Hosting. Technology for Small Businesses also ranked high among minority groups.

Figure 4.10: Interested in Advanced Business Applications Classes by Ethnicity

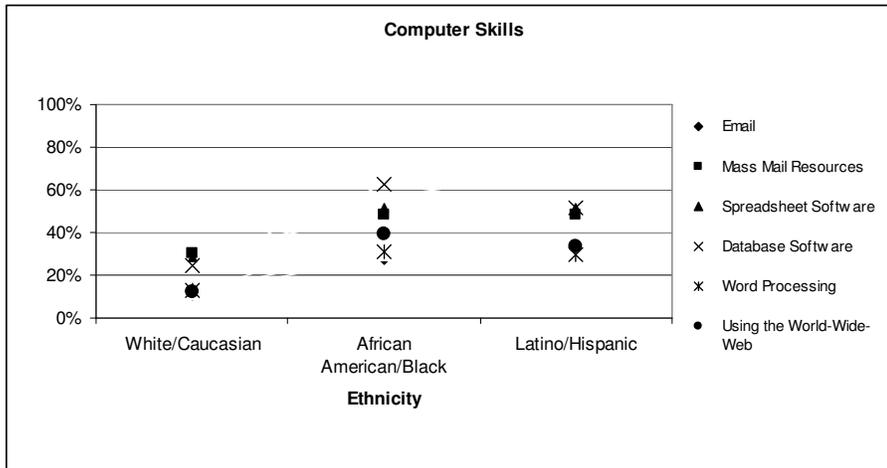


In contrast to the interest in Advanced Business Applications, basic computer skills were the least interesting to entrepreneurs, as discussed earlier.

Basic Computer Skills

Although lacking in significant interest, entrepreneurs are interested in database and spreadsheet software, which could be categorized as an advanced business applications. These categories captured 50 percent or greater of the interest level of African American and Latino entrepreneurs.

Figure 4.11: Interested in Computer Skills Classes by Ethnicity



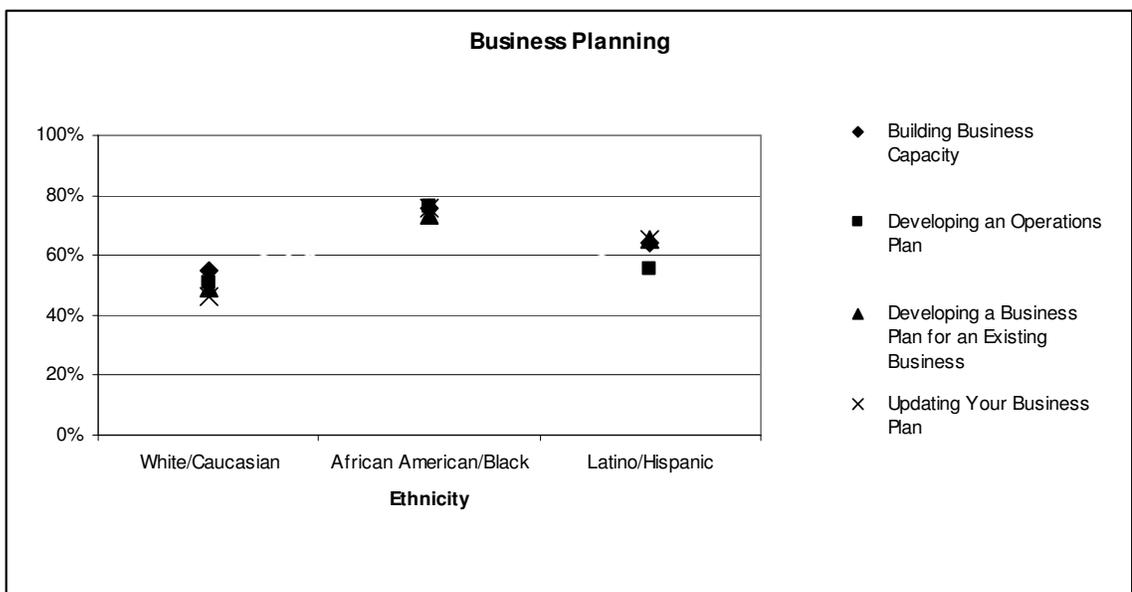
Again, because of the nature of the survey, respondents have basic computer skills. When offering computer classes, it is necessary to build on the skills of entrepreneurs and not offer classes that are too basic (depending on the audience).

Business Planning

High percentages of entrepreneurs, regardless of race or ethnicity, reported an interest in business planning. More than 75 percent of the African Americans

entrepreneurs are interested in all classes and service offerings for business planning. Hispanic survey respondents are mostly interested in developing and/or updating their business plan and building business capacity. Nearly 50 percent of White/Caucasian entrepreneur were interested in each of the business plan categories.

Figure 4.12: Interested in Business Planning Classes by Ethnicity



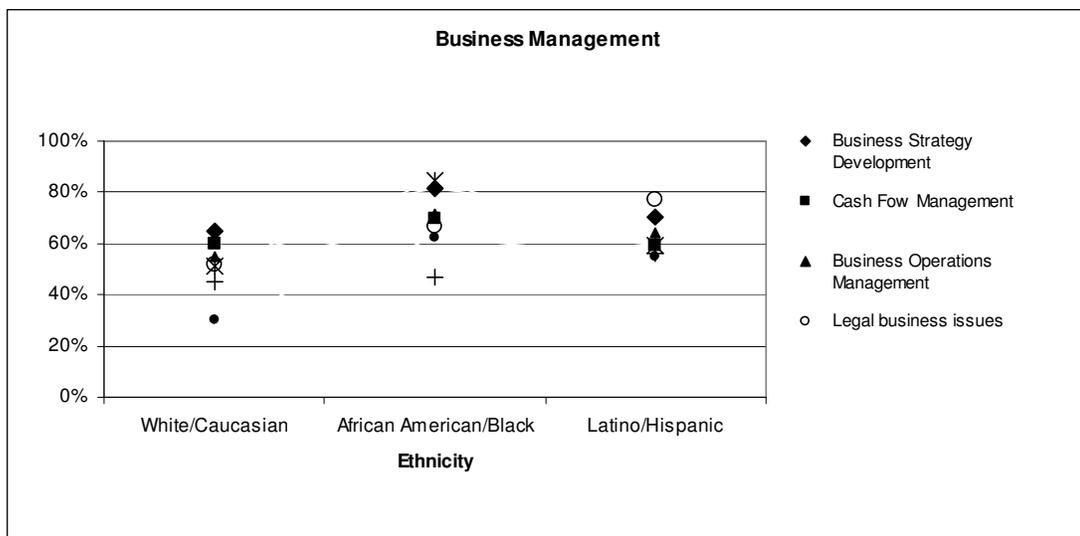
When focusing classes targeting needs of entrepreneurs, business planning is an ideal class offering because of its broad appeal. Another category to consider is business management.

Business Management

A significant proportion of the respondents are interested in business management training pertaining to Developing Strategies, Cash Flows and Business Operations Management. The classes of least interest include, Understanding Your

Credit and Funding Workshops for Large Capital Investments. For minority entrepreneurs, Business Strategy Development, Legal Business Issues and Mentoring also were of high interest. Eighty-four percent of African American entrepreneurs are interested in having mentors.

Figure 4.13: Interested in Business Management Classes by Ethnicity

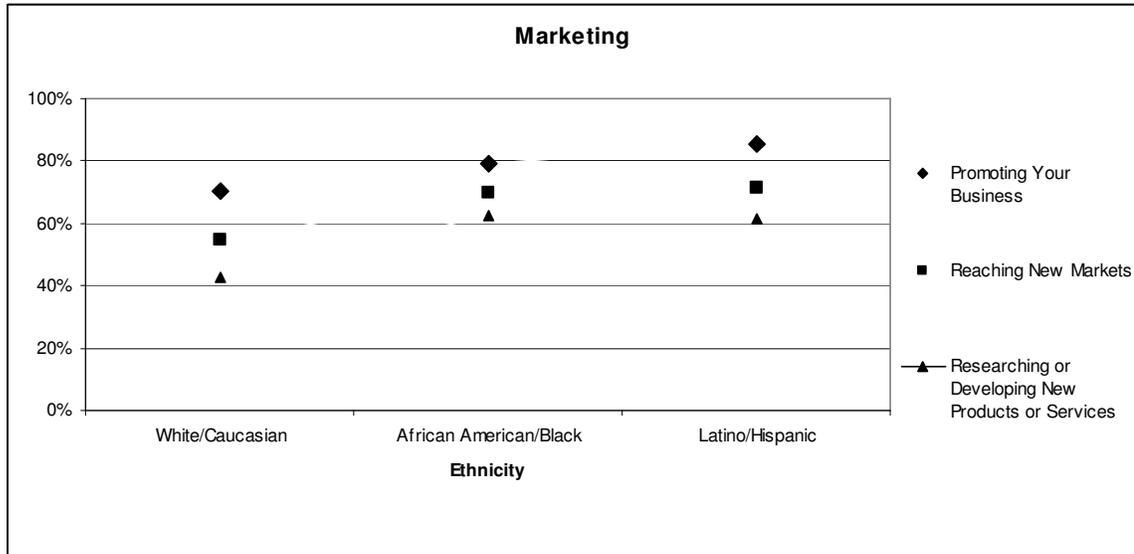


The fundamental classes seem to be the greatest interest, while credit and financing may be more dependent on the lifecycle in the business process.

Marketing

Learning to Promote Your Business was the top interest for entrepreneurs, followed by Reaching New Markets and Researching and Developing New Products. White/Caucasian entrepreneurs are less interested in the latter, while minority entrepreneurs have a greater interest in each category.

Figure 4.14: Interested in Marketing Classes by Ethnicity



The three categories of class/service offerings: Business Planning, Management and Marketing have an appeal across ethnicities. Interest in mentoring is significantly higher for African American entrepreneurs when compared with White entrepreneurs (51 percent) or Hispanic (59 percent) entrepreneurs.

Conclusion

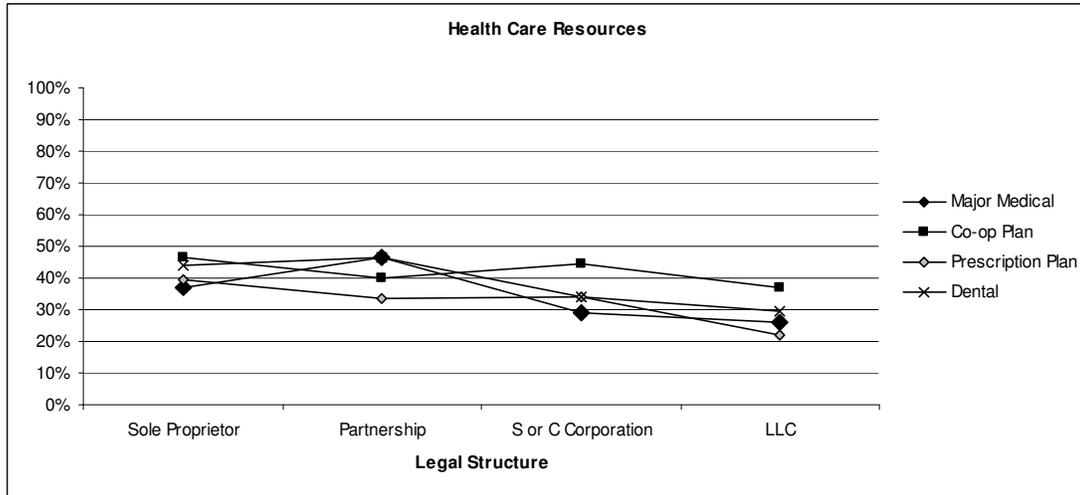
Offering services of interest to entrepreneurs from minority groups is important for building upon community networks. These are established through Chambers of Commerce like the Hispanic Chamber of Commerce, the Capital City African American Chamber of Commerce (CCAACC) and the Asian Chamber of Commerce. Minority entrepreneurs, according to the survey, are more interested in advanced business application, business planning and management classes. A mentoring program is also of greater interest to minority entrepreneurs than their

White/ non-Hispanic counterparts (72 percent vs. 51 percent). Business network organizations frequently collaborate with local business assistance organizations to target communities of interest. Understanding classes and services of interest will help organizations to better serve their target communities and improve services offered to minority entrepreneurs.

C. Health Insurance

Health care is a major concern for business owners. Finding coverage for themselves, their family and employees is expensive and sometimes inaccessible. During a recent personal interview with an insurance agent, he said 40% of those inquiring about coverage could not get a policy because of high risk factors and lack of affordability. Survey respondents were interested in potential healthcare offerings ranging from major medical, co-op plans for small businesses, prescription and dental discount plans. Sole proprietorships and partnerships were interested in all types of coverage, while there is decreasing interest among business owners with more sophisticated corporate business structures.

Figure 4.15: Interest in Health Care Coverage



A majority of business owners were interested in coverage for either themselves or their families. While, 36% said they were not interested in coverage. The business owners interest in health insurance may be based on a variety of factors including, perceived ineligibility and the expense, past experiences and current coverage. To understand actual interest, we would need to ask additional questions about knowledge of services offered and current coverage.

Chapter 5: Implications and Conclusions

Small businesses create a significant portion of the jobs in the US, and are important sources of innovation, promote prosperity, and are an aspiration for many. Businesses are supported through a variety of programs funded at the federal, state, and local levels. Through these programs, businesses can receive tax incentives, abatements, grants (occasionally), loans, technical and bonding assistance and training.

Promoters of small business development, Erik Pages, CEO of Entrenworks and Burt Chojnowski of Brain Belt, suggest development organizations offer targeted training and services depending on the skill level, purpose and needs of entrepreneurs. Owners of lifestyle businesses may have little interest in services oriented to growth businesses. Growth businesses are likely to expand, employ more people, earn greater revenues and, thus, be interested in services supporting these goals.

This study attempts to assess the needs of minority small business owners in Austin, Texas, by looking at the characteristics of these businesses and their interest in particular business support services. Research included an initial focus group with business owners served by BiGAUSTIN, followed by a survey of small business owners served by the organization at some time in the past

Focus group participants' time in business ranged from 45 days to 23 years. They expressed concerns with, promoting their business, challenges in employee relations, needs for advanced technology training, planning for growth, seeking

advice and accessing medical benefits. Participates suggested creating employee guidelines, a “living” business plan and operations manual, providing a mentoring/consulting network to provide real-time advice and providing more affordable health insurance options, if possible. In the survey, we asked entrepreneurs about the demographics of the business’ owners and employees, along with what services they would be likely to use if offered.

In this analysis, we looked at overall responses regarding services of interest for entrepreneurs. Then we divided entrepreneurs by age in business and ethnicity. There were 159 survey respondents.

Table 5.1: Demographics of Survey Respondents

Gender	Number	Percent
Women	101	63.5%
Men	46	28.9
Non-response	12	7.5%
Ethnicity	Number	Percent
White	71	44.7%
Minority Total	68	43.0
Hispanic	29	18.2
African American	34	21.4

These included 109 businesses formed in the last five years (68 percent), and 63 Hispanic and African American (minority) entrepreneurs (40 percent).

We then queried entrepreneurs about their interest in specific training classes corresponding to areas of need we learned about in the focus group. These are the Top 10 classes of interest that emerged from the survey.

Table 5.2: Overall Classes of Interest

	Proposed Class/Service Offerings	Percentage Very and Somewhat Interested
1.	Promoting Your Business	73%
2.	Business Strategy Development	68%
3.	Cash Flow Management	61%
4.	Business Operations Management	60%
5.	Researching New Markets	60%
6.	Building Business Capacity	60%
7.	Legal Business Issues	59%
8.	Developing an Operations Plan	56%
9.	Developing a Business Plan	54%
10.	Accounting Software	54%

Entrepreneurs that formed their business within the last 5 years are interested in many of the same categories shown in the Top 10 like Promoting Your Business and Business Strategy Development. However they are also interested in Mentoring services and classes on E-Commerce.

Table 5.3: Classes/Services of Interest for Newer Businesses

	Proposed Class/Service Offerings	Average Percentage
1.	Promoting Your Business	71%
2.	Business Strategy Development	62%
3.	Reaching New Markets	60%
4.	Business Operations Management	60%
5.	Accounting Software	60%
6.	Mentor	60%
7.	Cash Flow Management	57%
8.	Building Business Capacity	53%
9.	Legal business issues	53%
10.	E-Commerce	51%

In averaging the classes of interest to Hispanic and African American entrepreneurs, Mentoring ranks third as a topic of interest. Some organizations offer mentoring resources, but as discussed in the focus group, industry specific mentors would be helpful in accessing new markets and guiding business growth.

Table 5.4: Classes/Services of Interest for Minority Businesses

	Average Percentage
1. Promoting Your Business	82%
2. Business Strategy Development	76%
3. Mentor	72%
4. Legal business issues	72%
5. Updating Your Business Plan	71%
6. Reaching New Markets	71%
7. Building Business Capacity	70%
8. Developing a Business Plan for an Existing Business	69%
9. Business Operations Management	68%
10. Developing an Operations Plan	66%

There were six common courses of interest to the overall business owners, new entrepreneurs (one to five years in business) and minority business owners. They include: Promoting Your Business, Business Strategy Development, Business Operations Management, Reaching New Markets, Building Business Capacity and Legal Business Issues classes. As a sample, BiGAUSTIN offered the following classes in the last year:

Table 5.5: Courses Offered and Target Audience

Courses Offered in the Last Year	Descriptions	Target
Employee Relations		
Hiring Guidelines for Startups	--	Existing
Advanced Technology Applications		
QuickBooks	Taught the basics of the accounting program QuickBooks	Startup & Existing
Growing Your Own Web Based Business	Basics for developing a website with shopping cart capabilities	Startup & Existing
Basic Computer skills		
Ecommerce	Marketing your business online	Startup & Existing
Business Planning		
Start Smart	Business overview in the fields of business management, law, marketing, finance & accounting. 7-week course	Startup
Legal Business Structures	Understanding various legal structures – Taught by a Business Lawyer	Startup & Existing
Business Basics	Steps for starting a business with information on legal forms, name registration and taxes, business licenses and permits and regulations	Startups
Business Management		
Making Your Website Work for You	Web marketing techniques	Startup & Existing
Employment Law	--	Startup & Existing
Taking Financial Control	Information for receiving additional loan funding, being more competitive, investing for growth, or protecting cash flow	Startup & Existing
Financial Statements	Understanding financial statements: including Profit and Loss and Cash Flow	Startup & Existing
Focus on Success	--	--
Marketing		
Tell it So They Get it – Powerful Marketing message	Target marketing techniques	Startup & Existing
Entrepreneur Marketing	--	Startup & Existing
Reaching New Markets	Market research techniques for new and expanding business owners	Startup & Existing
Marketing 101	--	Startups

Other		
Real Estate Investment	--	Existing
Instant Loan Pre-Qualification for Micro-Loans	How to workshop for loans \$500 – \$15,000 for start-ups (<2 years in business); up to \$50,000 for existing	Startups
Express Loans	--	--
Credit Basics	Helps participants to understand and establish or improve personal credit and score	--
Access to Capital	Various resources for gaining access to capital including micro-loan programs	Startup & Existing

-- denotes no descriptive information listed

Source: Email from Gavin Wilson, Business Counselor at BiGAUSTIN
“Events” at www.BiGAUSTIN.org

A majority of the classes offered though BiGAUSTIN are targeted to a broad audience including startup and existing entrepreneurs.

According to the focus group, more tailored services based on industry would be helpful. Nurturing new entrepreneurs is important in providing more advanced resources and services to businesses. This includes providing culturally sensitive business support and services based on entrepreneur needs such as helping qualified firms move to the next level. (Pages) By providing a mix of services which provide new entrepreneurs with tools to learn about business development, and strategies for seasoned entrepreneurs to learn and network, organizations can help businesses be to more sustainable.

Appendix A: Central Texas Services

Table A.1: Development Organizations in Central Texas

Name	Purpose	Cost of Services
<i>Public – National</i>		
Texas State Small Business Development Center (SBDC)	“SBDC promote the economic vitality of small businesses through innovation, improved productivity and increased profitability”	Costs vary from free courses to more than \$300 Seminars, one-on-one counseling, research and referrals to other sources
Accion – Texas	“Provides credit to small businesses that do not have access to loans from commercial sources”	Loan fees
Small Business Development Program (SBDP)	“...[P]rovide counseling and assistance to small businesses	\$0
<i>Public – State</i>		
Texas Department of Transportation Business Opportunities Program Office	Certification program, and assistance for small businesses in the process of bidding and performance of TxDot projects.	\$0
Texas Association of Minority Business Enterprise (TAMBE)	TAMBE is a non-profit international trade association dedicated to provide trade promotion services to the State of Texas, US and foreign country business enterprise	\$0
Central South Texas Minority Business Council (CSTMBC)	The mission of CSTMBC is to create opportunities for minority business enterprises to grow and expand and to actively involve corporate members in these positive business relationships and to create an environment that encourages MBE success through corporate supplier diversity programs	Corporations pay dues Minority Businesses Certification - \$150 Annual Renewal - \$100
Capital Certified Development Corporation	As a full-service small business lending firm, Capital CDC, provides innovative solutions for businesses and communities. Our focus is to maximize the utilization of existing financial resources for our clients.	Unknown
Texas Certified Development Company, Inc.	To assist businesses with securing financing including SBA 504 loans, SBA 7(a) Loans and conventional loans	Loan packaging fee dependent on size of loan request and technical assistance needed
Service Corp of Retired Entrepreneurs (SCORE)	Provides small business consulting services	\$0
Institute for Economic Development – International Trade Center	We are leaders in building the economy. We strengthen businesses and communities through excellence in service	<i>One-on-one consulting, training workshops</i>

The Clean Energy Incubator (CEI)	CEI is a program of the IC2 Institute of the University of Texas Austin. The goal is to foster the development and growth of companies focused in clean energy technology, including renewables, energy efficiency and energy management/distributed resources.	<i>Application process – Payment of Space and Service Fees</i>
<i>Public – Local</i>		
BiG Austin (Lending & Women’s Business Center)	BiG Austin’s mission is to provide high-quality, ongoing entrepreneurial training and technical support as well as affordable, accessible small business loans to economically disadvantaged individuals in the Central Texas area who possess the drive and initiative to start or expand a business	Loan interest rates 11 -13% plus annual fees One-on-one counseling (\$0) Training (\$0 - \$300)
People Fund	“...[P]romote economic vitality and opportunity in low-income communities by providing financial services and technical assistance	Primarily assist loan clients
City of Austin On-line Plan Room	The program, which is administered by the City Department of Small and Minority Business Resources (DSMBR), established procurement goals for the City departments that target minority – and women-owned business enterprises.	\$0 for Plan Room, nominal fees for printing, copying and fax services
City of Austin – Development Assistance Center	The mission of the Development Assistance Center is to inform and assist citizens and consumers who are considering and preparing development proposals for submittal through the City’s alnd development and permitting processes.	\$0 – informal development assessment or consultation with individual planners \$110 plus \$5/acre for sites over 5 acres – formal development assessment Additional fees for: Site plan exemptions - \$75 Change of use site exemptions \$50 Site plan corrections - \$165
City of Austin -Business Solutions Center	The Business Solutions Center is a resource center for existing small business owners, construction contractors or those considering entrepreneurship.	Minimal fees for printing, copying or faxing
<i>Private – Local</i>		
Networking in Austin	“Connecting the Austin networking community”	\$79 annual to \$599 (lifetime)
The IndUS Entrepreneur (TiE) Austin Chapter	The mission of the IndUS Entrepreneur (TiE) Austin Chapter is to foster entrepreneurship and nurture entrepreneurs, provide a networking platform for its members and help members integrate with the mainstream community	Membership (\$100/year) Formal Dinner Events (\$) Monthly networking (\$) Mentor network Resource Center Annual one-day conference
NBX North & South	Networking among mostly consultants	\$10s for lunch at weekly meetings
Rare Magazine	High end publication of locally owned businesses	Cost of publication (sometimes work on barter system)
Greater Austin Chamber of Commerce	“...Provide(s) leadership that will help create regional economic prosperity and success for its member in Central Texas.”	\$100 + depending on exposure and involvement

CN Group	Promote economic growth by matching promising ventures to potential investors, educating companies and investors on business financing issues, and linking emerging companies with appropriate professional business expertise	<i>Unknown</i>
Capital City African American Chamber of Commerce (CCAACC)	“promote the creation, growth and general welfare of African-American businesses in the Austin community”	<i>Unknown</i> provides referral programs, seminars, training and marketing
Austin Gay and Lesbian Chamber of Commerce (AGLCC)	Promote networking, education and support for gay and gay-friendly businesses and professionals	<i>Monthly lunch and dinner networking meetings (\$), Annual Business Expo, and the organization/ production of the Annual AGLCC Pride Parade</i>
Business & Community Lenders (BCL) of Texas	The mission of BCL of Texas is to support economic development and sustainable job creation throughout Texas	<i>Free consultation. Fee are assessed for loan processing, closing, and servicing</i>
Rites of Passage Development (RPD)	Provide personnel to local businesses; assist new businesses to survive and grow when they are most vulnerable--during start-up period; provide business plan review and preparation, advice on product/service design and production, marketing and sales support, referrals for financial resources and assistance in securing contracts. “integrated contiguous, comprehensive growth and development plan for the African-American family and community”	<i>Unknown One-on-one classroom training</i>
Greater Austin Hispanic Chamber of Commerce	To serve as a business resource that provides quality service to members and advocates the economic benefits of diversity.	<i>Varies Classes, one-on-one technical assistance</i>
Austin Asian-American Chamber of Commerce	Promote, assist, and enhance Asian-American businesses, provide a bridge between the Asian-American community and the Austin community at large, work with other minority chambers, enhance cooperation within the business community, promote business opportunities with Asian counties and work with other small minority and women-owned businesses	<i>Varies based on event and membership status</i>
Austin Independent Business Alliance	“...seeks to preserve and support locally owned, independent businesses”	\$150 for posting on website and directory and notice of networking opportunities
Hispanic Contractors Association	“...allows Hispanic contractors to share information with each other, bid jobs together, and meets with policymakers to advocate for the needs of its members”	<i>Unknown</i>

Grijalva & Allen, P.C./ The University of Texas System – Bonding and Technical Assistance Program (BTA)	The mission of UT System Bonding and Technical Assistance Program is to assist minority and women-owned businesses to build business capacity and to successfully compete for work on UT System construction projects.	
Business Success Center	To keep the owner of an existing business on course to make his or her while business more stable, profitable, and transferable while keeping work and personal issues in balance...	<i>Monthly fees for services</i>
Community Mentor Protégé Initiative (CMPI)	CMPI's mission is to promote sustainable initiatives which will increase and foster diverse relationships adding value to our Austin Community; and to those communities throughout the State of Texas	<i>Unknown</i>
Lawyer Referral Services of Central Texas	The Lawyer Referral Services of Central Texas is a non-profit service ... to assist individuals who do not have counsel and are seeking help with a legal problem. Referrals made to lawyers who through an application process have indicated that he or she is qualified to handle the legal matter presented.	No fee referral \$20 for a 30 minute consultation Attorneys fees will be applicable for an extended consultation or if the attorney is hired
Austin Technology Incubator (ATI)	ATI supports promising high growth companies in a variety of technology-based and multi-media industries, through a targeted services package that includes strategic advice, access to financing, marketing & PR support, benefits program, mentoring and turn-key infrastructure	Charged near market rates for office space and a 1% equity stake in the company
Asian Construction Trades Association	Promote construction-related businesses and to improve the availability of small and minority businesses, especially Asian-American firms, to perform work on projects of public agencies as well as for the private sector.	Membership - \$100 annually Corporate - \$500 annually

Appendix B: Survey Tables

Table B.1: Classes of Interest by Year Established

<u>Class of Interest</u>	Before 2000	2002	2003	2004	2005	2006
<u>Employee Relations</u>	Before 2000	2002	2003	2004	2005	2006
Employee Management	50%	38%	29%	42%	33%	19%
Finding and Hiring the Best Employees	52%	38%	24%	37%	24%	31%
<u>Advanced Business Applications</u>	Before 2000	2002	2003	2004	2005	2006
Accounting Software	46%	63%	43%	68%	62%	63%
E-Commerce	48%	38%	48%	42%	58%	69%
Technology for Small Businesses	50%	38%	33%	47%	60%	63%
Web Design and Hosting	36%	38%	24%	47%	62%	56%
Online Message Groups or Chats for Business Advice	42%	38%	33%	42%	44%	31%
<u>Computer Skills</u>	Before 2000	2002	2003	2004	2005	2006
Email	38%	13%	5%	21%	18%	19%
Mass Mail Resources	44%	13%	24%	32%	51%	38%
Spreadsheet Software	44%	25%	14%	42%	47%	38%
Database Software	52%	38%	14%	37%	36%	44%
Word Processing	29%	13%	10%	26%	20%	13%
Using the World-Wide-Web	38%	13%	5%	26%	24%	19%
<u>Business Planning</u>	Before 2000	2002	2003	2004	2005	2006
Building Business Capacity	65%	38%	52%	74%	64%	38%
Developing an Operations Plan	58%	38%	29%	58%	71%	50%
Developing a business plan for an existing business	67%	25%	48%	63%	58%	31%
Updating your business plan	70%	38%	48%	68%	56%	25%
<u>Business Management</u>	Before 2000	2002	2003	2004	2005	2006
Business Strategy Development	74%	50%	48%	74%	64%	75%
Cash Flow Management	69%	50%	52%	63%	69%	50%
Business Operations Management	60%	63%	38%	74%	62%	63%
Legal business issues	67%	38%	48%	68%	60%	50%
Mentor	63%	50%	45%	76%	71%	56%
Understanding your credit	50%	25%	19%	21%	36%	19%
Funding workshops for large capital investment	26%	38%	24%	11%	27%	31%
<u>Marketing</u>	Before 2000	2002	2003	2004	2005	2006
Promoting Your Business	57%	63%	52%	79%	87%	75%
Reaching New Markets	56%	50%	57%	58%	62%	75%
Researching or Developing New Products or Services	46%	50%	29%	47%	53%	69%

Table B.2 Average Number of Employees by Year

Year Established	Firms with Employees	Total Employed	Average
2000 and before	38	140	3.68
2002	8	26	3.25
2003	21	60	2.86
2004	18	44	2.44
2005	40	106	2.65
2006	15	37	2.47

Table B.3: Classes of Interest by Ethnicity

<u>Employee Relations</u>	White/ Caucasian	African American/ Black	Latino/ Hispanic
Employee Management		26%	48%
Finding and Hiring the Best Employees		21%	48%
			35%
<u>Advanced Business Applications</u>	White/ Caucasian	African American/ Black	Latino/ Hispanic
Accounting Software		45%	68%
E-Commerce		54%	53%
Technology for Small Businesses		40%	61%
Web Design and Hosting		40%	48%
Online Message Groups or Chats for Business Advice		34%	56%
			42%
<u>Computer Skills</u>	White/ Caucasian	African American/ Black	Latino/ Hispanic
Email		12%	28%
Mass Mail Resources		30%	48%
Spreadsheet Software		29%	52%
Database Software		24%	63%
Word Processing		13%	31%
Using the World-Wide-Web		12%	39%
			33%
<u>Business Planning</u>	White/ Caucasian	African American/ Black	Latino/ Hispanic
Building Business Capacity		55%	76%
Developing an Operations Plan		51%	76%
			56%

Developing a Business Plan for an Existing Business	49%	74%	65%
Updating Your Business Plan	46%	76%	65%

<u>Business Management</u>	White/ Caucasian	African American/ Black	Latino/ Hispanic
Business Strategy Development	65%	81%	70%
Cash Flow Management	60%	70%	59%
Business Operations Management	55%	72%	64%
Legal business issues	52%	67%	77%
Mentor	51%	84%	59%
Understanding Your Credit Funding Workshops for Large Capital Investment	31%	62%	55%
	45%	47%	56%

<u>Marketing</u>	White/ Caucasian	African American/ Black	Latino/ Hispanic
Promoting Your Business	70%	79%	85%
Reaching New Markets	55%	70%	71%
Researching or Developing New Products or Services	43%	63%	62%

Appendix C: Email Request

March 3, 2006

Dear [LastName],

BiGAUSTIN, Business Investment Growth Austin, is conducting a survey, and your response is appreciated. The purpose of the survey is to understand how we can better serve existing businesses.

Here is a link to the survey:

[SurveyLink]

Thank you for your participation,

Please note: If you do not wish to receive further emails from us, please click the link below, and you will be automatically removed from our mailing list.

[RemoveLink]

March 6, 2006

Dear [FirstName],

BiGAUSTIN, Business Investment Growth Austin, is conducting a survey, and your response is appreciated. The purpose of the survey is to understand how we can better serve existing businesses. The five (5) part survey will take approximately 20 minutes to complete.

Your input is invaluable. Here is a link to the survey:

[SurveyLink]

Thank you for your participation,

Please note: If you do not wish to receive further emails from us, please click the link below, and you will be automatically removed from our mailing list.

[RemoveLink]

March 20, 2006

Dear [FirstName],

BiGAUSTIN, Business Investment Growth Austin, is conducting a survey, and your response is appreciated. The purpose of the survey is to understand how we can better serve existing businesses. The five (5) part survey will take approximately 20 minutes to complete.

Here is a link to the survey:
[SurveyLink]

Those who complete the survey will be entered into a drawing to win a \$50 gift certificate to Carmelo's Italian Restaurant or a \$25 Best Buy gift card. We will contact the winners.

Thank you for your participation.

March 24, 2006

Dear [FirstName],

Last Call! BiGAUSTIN, Business Investment Growth Austin, is conducting a survey, and your response is appreciated. The purpose of the survey is to understand how we can better serve existing businesses. The five (5) part survey will take approximately 20 minutes to complete.

Here is a link to the survey:
[SurveyLink]

Those who complete the survey will be entered into a drawing to win a \$50 gift certificate to Carmelo's Italian Restaurant or a \$25 Best Buy gift card. All respondents will receive \$10 off a BiGAustin class of your choice.

We appreciate your contribution in helping us to better serve Central Texas's small business owners. We will close the survey on Monday, March 27th at noon.
Sincerely,

Appendix D: Small Business Survey

All information submitted will be kept strictly confidential

General Business Data

1. Business Name: _____
2. Address: _____
3. Telephone number: _____ Email address (*if available*):

4. Mailing Address (if different): _____
5. Owner's Name/Title: _____

6. Primary Business Activity:

- | | | |
|--|---|--|
| <input type="checkbox"/> Retail | <input type="checkbox"/> Wholesale | <input type="checkbox"/> Construction/Contractor |
| <input type="checkbox"/> Restaurant/Bar | <input type="checkbox"/> Service (salon, auto repair) | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Professional Services | <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Other: |

(*accountant, consultant, etc.*)

7. What type of product(s) do you sell? _____

8. Legal Structure:

- | | | |
|--|---|-------------------------------------|
| <input type="checkbox"/> Sole Proprietor | <input type="checkbox"/> S or C Corporation | <input type="checkbox"/> Non-Profit |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> LLC | <input type="checkbox"/> Unsure |

9. How many years have you filed taxes for your business? _____

10. How many hours per day is your business open? (*example: 9am – 5 pm = 8 hours*)

- | | |
|---------------------------------------|--|
| <input type="checkbox"/> 8 hours | <input type="checkbox"/> 12 – 20 hours |
| <input type="checkbox"/> 8 – 12 hours | <input type="checkbox"/> 20 – 24 hours per day |

11. Which days of the week is your business open?

20. Do you use a computer in your business? Yes No
21. Do you have a website? Yes No Address? _____
22. Do you think a website would help your business?
 Yes No Don't know N/A
23. Would you pay for someone to develop a website for your business?
 Yes No Currently pay Develop in-house
24. If you advertise, where do you advertise? (*Please check all that apply*):
 No Advertisements Magazines Flyers
 Newspapers Radio Other _____ Yellow Pages/Directories

III. Resource Interest for Small Businesses

25. If we offered the following resources, how interested are you in using them?

Business Management Assistance	Very Interested	Somewhat interested	Possibly	Not interested at this time
Mentoring service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business management class	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legal issues class	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Online message groups or chats for business advise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evaluation of strategy for development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

26.

Targeted Training Classes	Very Interested	Somewhat interested	Possibly	Not interested at this time
Employee management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E-Commerce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Web design and hosting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Researching new markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

27.

Developing an operations plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing a business plan for an existing business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Updating your business plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Building business capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others				

28.

Health Care	Very Interested	Somewhat interested	Possibly	Not interested at this time
Major medical	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Co-Op plan for small businesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prescription discount plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dental plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

29.

Computer Training	Very Interested	Somewhat interested	Possibly	Not interested at this time
Basic computer skills:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Word processing (ex. Microsoft Word)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spreadsheet software (ex. Excel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Database software (ex. Access)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Email (ex. AOL, Hotmail, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Using the world-wide-web	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accounting software	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others				

30. Which medium is the best way to get information to you?

- Letter or postcard
 Through organizations
 Local Newspaper
 Online or by email
 Radio
 Other _____

31. When is the best time for you to attend business training classes?

- Weekdays (M-F 8am-5pm)
 Saturday Mornings (8am-noon)
 Sunday Afternoons (1pm-5pm)
 Weekday Evenings (M-F after 5pm)
 Saturday Afternoons (1pm-5pm)
 Please list specific times if necessary

IV. Involvement in Professional Organizations

32. Are you a member of any business/professional organizations?

- Yes No

If yes, which?

- Local Chamber of Commerce
- Philanthropic Organizations
(Rotary Club or Lions Club)
- Personal Development
(Toastmasters, etc.)
- Volunteer Associations
(Girl Scouts, Neighborhood Assoc.)
- Other _____

33. Do you attend any informal meetings or gatherings to discuss business with fellow entrepreneurs? Yes No

If yes, how often?

- Once a week
- Bi-monthly
- Monthly
- Several times a year
- Annually
- Without frequency

34. Where do you look for business advice? (check all that apply)

- Business Associations
- Newspapers & Magazines
- Local Business Owners
- Family & Friends
- Industry Newspapers & Magazines
- Never

V. Owner Profile and Interests

35. Gender of Owner: Male Female

36. Age of owner:

- <30
- 30-44
- 45-59
- 60+

37. Ethnicity of owner:

- White/Caucasian
- Latino/Hispanic
- Native American
- Asian American/Black
- Multi-Ethnic
- Other _____

38. Do you, as owner, actively manager the business? Yes No

If no, who is the primary manager of the business?

- Family member
- Partner

Employee Other_____

39. As the owner, how many hours per week do you work within the business?

<20 40-59 80+

20-39 60-79

40. Would you like to be a mentor to a new business owner?

Yes No

How much time per month can you dedicate to mentoring/volunteering?

< 2 hours 5 – 7 hours > 10 hours

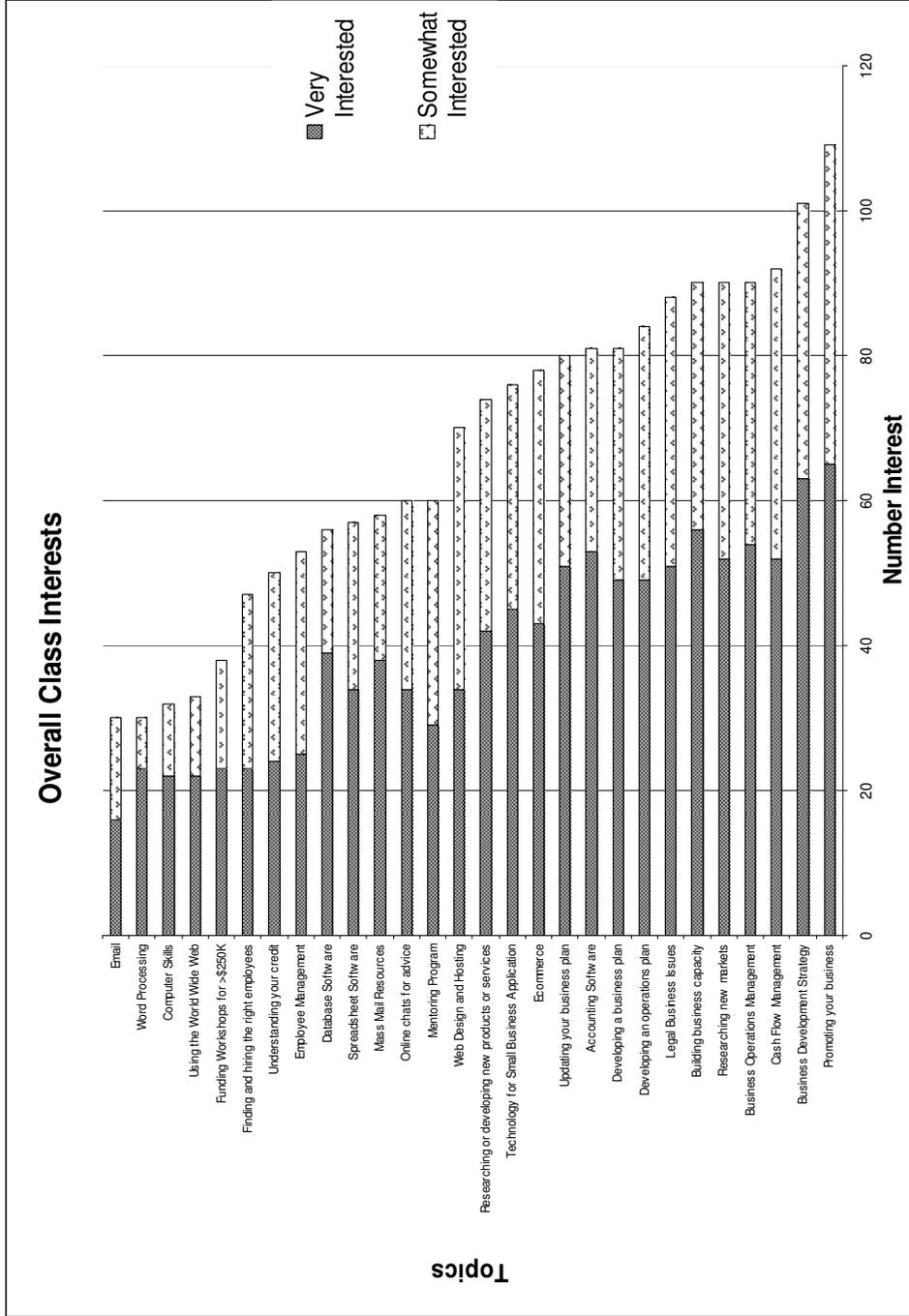
2 – 4 hours 8 – 10 hours

41. Can the project coordinators contact you in the future for more information?

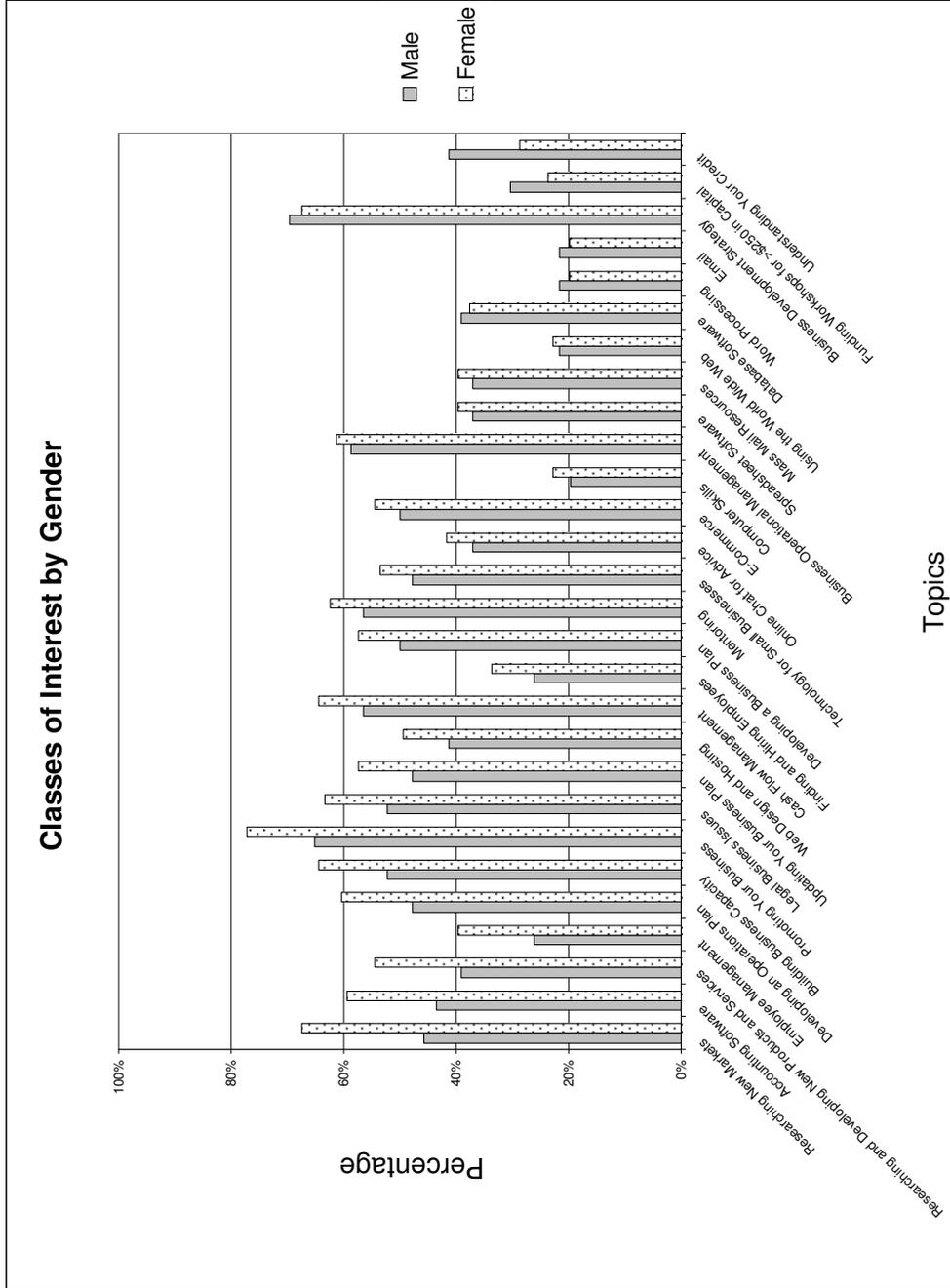
Yes No

Thank you very much for your time ☺

Appendix E: Overall Preferred Classes



Appendix F: Gender Class Preferences



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Vita

Amy Maelaina Loftis was born in Fort Worth, Texas on August 17, 1976, the daughter of Doyle Lynn Loftis, and the sister of Damon Lynn and Lance Devin Loftis. After finishing high school in Shreveport, Louisiana in 1994, she joined the US Navy and honorably concluded her service in 1998. That same year she began her studies at Olympic College in Bremerton, Washington for her associate degree and transferred to the University of Washington in Seattle. She finished undergraduate studies in 2003 with a Bachelors of Arts in Business Administration and Anthropology. During the following years she worked as a business counselor in the micro-enterprise development field. In September, 2004, she entered The Graduate School at The University of Texas.

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