

**Project/Program Profile**

**Name of Project/Program:** AnewAmerica Business Incubation model

**Organization:** AnewAmerica Community Corporation (AnewAmerica)

**Location of Project/Program:** San Jose, CA

**Year Project Completed/Program Began Operation:** 1999

**Funding Sources:** Corporate grants, government grants, donations from foundations, small businesses, non-profit organizations, and individuals

**Populations Served:** Contra Costa, Alameda, San Francisco, Marin, and Santa Clara Counties

**Number of People Served:** 13,535

**Number of Staff:** 17 FTE

**Total Cost of Development/Operation:** \$1,145,540

**Partners:** Catholic Charities of the East Bay, Legal Services for Entrepreneurs, Micro-lenders: OBDC Small Business Finance, Opportunity Fund and Southeast Asian Community Center, Monument Community Partnership/Michael Chavez Center merged entity, and Mujeres Unidas y Activas

**Services Provided:** A holistic three-year program, the Business Incubator, that assists new Americans in the San Francisco Bay Area to establish or expand microbusinesses, build personal assets for the sustainability of their families, and develop the community assets necessary to support the political, social, and cultural empowerment of their communities.

## **BUSINESS DEVELOPMENT**

### **Technical Assistance for Micro Businesses**

Use these standards for technical assistance programs for micro businesses. A micro business is defined as a business with less than five employees. Such programs include one-on-one counseling programs, peer mentoring, and business incubators.

(Italicized portions offer further explanation. If the standard is not fulfilled by the project, it is noted in the italicized explanation. Crossed-out portions are not applicable.)

#### **Level 1: Program Feasibility Assessment**

These basic criteria determine the feasibility of a technical assistance program for micro businesses. The focus is on the organizational and financial readiness of the program.

#### **1. NEED**

##### **a. Community Need**

##### **i. The program serves a need for micro business technical assistance.**

- 1. In the San Francisco Bay Area, Latino and Asian immigrants are among the poorest residents with few opportunities for advancement. In California, wages for low-income workers dropped during the 1990s, a "boom time" for the overall economy. Over the last decade, the income of the wealthiest 20% of California families grew from 9.8 to 11.9 times that of the poorest 20%, and that gap between the rich and poor continues to widen.*
- 2. The April 2010 unemployment rate in San Jose was 12.7%, as compared to the national rate of 9.9%.*
- 3. Poverty rates in the San Jose Downtown district are over 13%*
- 4. 92,870 San Jose residents are receiving some kind of public assistance(CalWORKS, Food Stamps, General Assistance, Medi-cal, Foster Care, CAPI, Refugee, and other). This is 9% of the total population.*
- 5. The Business Incubator assists new Americans in the San Francisco Bay Area to establish or expand microbusinesses, build personal assets for the sustainability of their families, and develop the community assets necessary to support the political, social, and cultural empowerment of their communities.*

##### **b. Market Study/Needs Analysis Study**

##### **i. The study confirms the need for, and viability of the program.**

- 1. According to data from the California Employment Development Department, the majority of firms in California and the Metropolitan Statistical Areas of San Francisco and Oakland employ fewer than 4 employees. This shows the need for microenterprise activity and self-employment.*
- 2. A recent study by the Public Policy Institute of California using U.S. Census data concludes that poverty rates are significantly higher among foreign-born Hispanic and Asian community members than among their U.S.-born counterparts.*
- 3. A substantial need exists for services aimed at California's new American communities, specifically targeting community members who have not yet integrated into the socio-economic system.*

- ii. **The study informs the organization about competition, demographics of the potential entrepreneurs, and barriers to entry.**
    - 1. *The number of immigrant-owned small businesses is rising in the Bay Area, but it does not meet the rate of demographic changes in both urban and rural Bay Area communities.*
    - 2. *Hispanics and Asians comprise a significant segment of the total populations of San Francisco, Alameda, Contra Costa, Marin, and Santa Clara counties of the Bay Area, and they also represent a growing proportion.*
    - 3. *A quarter of the population of Alameda County is foreign-born (27%), compared to 19% for Contra Costa County, 37% for San Francisco County and 34% for Santa Clara County.*
    - 4. *AnewAmerica clients come from 467 different countries.*
    - 5. *Social Barriers for the entrepreneurs are language (mainly Spanish and Vietnamese, crime, and lack of education. Cultural barriers are lack of knowledge of American culture. New Americans are less likely to build assets or have access to financial products or services, causing them to remain in poverty.*
  - c. **Local Support**
    - i. **Neighbors and local community members support the program.**
    - ii. **The program is in alignment with local city, county, state and/or economic development goal(s).**
2. **ORGANIZATIONAL READINESS**
- a. **The organization is willing and able to do this program.**
  - b. **The program is in alignment with the mission of the organization.**
    - i. *AnewAmerica is a non-profit asset-building organization and a Community Development Entity (CDE) that promotes the economic empowerment of new Americans (new citizens, immigrants, and refugees) through microbusiness development, asset building, and social responsibility.*
    - ii. *AnewAmerica’s mission is to promote the long-term economic empowerment of new Americans—new citizens, immigrants and refugees—and encourage their full participation in the political, social, and cultural growth of America.*
    - iii. *AnewAmerica’s Business Incubation Centers serve low-income individuals including TANF recipients, new Americans and other eligible low-income residents of Santa Clara County with job creation through business incubation services in a context of social responsibility with the goal of creating sustainable self-employment jobs and eliminating the need for public assistance among those served.*
  - c. **The Board of Directors embraces a CED strategy and/or embraces the program as a part of the CED strategy.**
  - d. **The organization and/or its partners have a track record of participating in similar programs.**
    - i. *AnewAmerica has successfully replicated its incubation centers at multiple locations in the Bay Area.*
  - e. **The organization has the financial and operational capacity to undertake the proposed program.**
    - i. **The organization can support the additional debt (if any) created by the program.**
    - ii. **The organization has qualified staff that can undertake the program.**
    - iii. **The organization has access to reliable, qualified vendors and service providers.**
3. **FINANCIAL FEASIBILITY**

- a. **Program cost**
  - i. **The program is affordable to the organization, and the projected cost is appropriate to the concept.**
  - ii. **The operator or staff providing the cost estimates is qualified and experienced with technical assistance programs.**
- b. **Funding sources**
  - i. **There are enough sources of funding for the uses.**
    - 1. *AnewAmerica receives corporate grants, government grants, support from foundations, revenue from an annual gala event, and donations from individuals.*
  - ii. **The organization has endeavored to secure all available competitive and noncompetitive funding sources for which the program qualifies.**
  - iii. **The actual disbursement of each source is timely and in sync with the needs of the program.**
  - iv. **The organization is aware of the compliance implications of each source.**
    - 1. *There are several requirements for each source of funding—some require a certain amount of jobs to be created, a certain amount of individual savings, a certain amount of homes purchased, or becoming green certified.*
    - 2. *Wells Fargo loaned \$5M to AnewAmerica, with the requirement of their clients of being green certified. 941 clients succeeded in fulfilling this requirement.*
- c. **Cash flow**
  - i. **The program produces enough cash flow to support the proposed debt structure (if any).**
  - ii. **The program minimally pays for itself over time. It has a sustainable cash flow.**
    - 1. **If the program is low-cost or free, it is subsidized enough to sustain the program.**

## **Level 2: Practical Considerations**

**These criteria are essential for a successful, operating TA program.**

### **1. MARKET BARRIERS**

- a. **The organization understands why past programs have not worked and instead addresses prior issues in innovative and alternative ways.**
  - i. *Although other microenterprise training programs exist in the area, they either do not have the necessary cultural capacities or do not provide long-term, comprehensive business incubation assistance within a social responsibility model.*
  - ii. *AnewAmerica is the only organization in the Bay Area that offers long-term, comprehensive asset development services with an integrated socially responsible agenda for new citizens, immigrants, and refugees.*
  - iii. *The business incubation model not only fosters the launch of an income generating business, but guides participants on how to best manage their new income to build assets and move out of poverty.*

### **2. DEVELOPMENT TEAM & PARTNERSHIPS**

- a. **The organization has assembled the best team for the project, including translators, outreach coordinators, counselors, trainers, and management staff.**
  - i. *Staff is fluent in English and either Spanish or Vietnamese.*
- b. **If the organization is lacking in any area (financial, experience), it has partnered with another entity to operate the program.**

- c. The program is supported by public sector, private sector, and community partners.**
  - i. Catholic Charities of the East Bay (CCEB). This is one of only three local agencies that can offer extensive immigration legal services. AnewAmerica directs its clients to CCEB given their needs.*
  - ii. Legal Services for Entrepreneurs (LSE). This organization connects entrepreneurs from low-income communities to lawyers who offer free legal consultations on business issues. LSE-referred lawyers have advised AnewAmerica clients on such items as business entity formation, contracts and employee/contractor law.*
  - iii. Micro-lenders: OBDC Small Business Finance, Opportunity Fund and Southeast Asian Community Center. AnewAmerica work with these regional sources of alternative capital to secure financing for AnewAmerica's entrepreneurs.*
  - iv. Monument Community Partnership/Michael Chavez Center merged entity. This important partnership helps AnewAmerica provide economic empowerment services in the Monument Community of Concord, where one third of the population speaks little or no English and the poverty rate is 63%.*
  - v. Mujeres Unidas y Activas. This agency works with immigrant women and their families who are domestic violence survivors and take them through a process that empowers them to become community leaders. AnewAmerica works with these women on business-related and financial literacy programs.*
- d. Through an open dialogue with the community, the organization has sought and incorporated community participation in the program.**
  - i. AnewAmerica reaches out to the community to help them find clients. Community partners usually leads them to the unemployment office.*
  - ii. AnewAmerica also keeps in contact with local churches, synagogues, and other religious establishments because struggling, low-income individuals tend to spend more time in safe-base institutions.*

### **3. SITE CHARACTERISTICS**

- a. The location makes sense for the program and the target participants.**
  - i. The program targets the low-income Spanish and Asian Community.*
- b. The project is located near or adjacent to transit.**
  - i. AnewAmerica serves populations around the San Francisco Bay Area, which is transit-friendly through BART(Bay Area Rapid Transit), MUNI, and bus lines.*
  - ii. AnewAmerica San Jose Business Incubation Center is located at the heart of Downtown San Jose, next to City Hall. It is accessible to all forms of transportation, including the light rail system.*

### **4. PROGRAM DESIGN & OPERATION**

- a. The program is run in the appropriate language(s) to the target population(s).**
  - i. AnewAmerica staff speaks English, Spanish, Vietnamese, Mandarin, Cantonese, Thai, German, and French.*
- b. The program is culturally appropriate to the target population(s).**
  - i. AnewAmerica's services target the Hispanic and Asian populations.*
  - ii. Because AnewAmerica targets women and their families as a primary market for our services, AnewAmerica is a Women Business Center affiliated with the Small Business Administration (SBA). This designation allows immigrant women to benefit from the extraordinary incubator model that characterizes AnewAmerica and also from the SBA national network resources available only to their designated women business centers across the nation.*

- c. **The program is tailored to the geography of the target population(s). For example, information about business licenses is in accordance with the target population's local jurisdiction regulations.**
- d. **The program assists entrepreneurs with obtaining microloans.**
  - i. **The program helps participants establish credit worthiness.**
    - 1. *Entrepreneurs receive coaching in asset building, which entails credit education and repair and assessing credit for family or business purposes.*
  - ii. **The program instructs participants on reorganizing financial documentation.**
  - iii. **The program connects entrepreneurs to funders for microloans that are appropriate for micro businesses.**
  - iv. **The program guides participants with the application process.**
- e. **The program provides information on permitting and other government requirements that are applicable to micro businesses.**
- f. **The program connects entrepreneurs to potential clients, including the community and government contracts.**
- g. **The program connects entrepreneurs to technology that is appropriate for micro businesses.**
  - i. *Entrepreneurs receive technology training covering basic computer operations, basic and intermediate internet communications, preparation of business documents and basic business accounting. Clients develop professional marketing materials, gain familiarity with internet research tools, and enhance their computer skills.*
- h. **The program provides information on marketing that is appropriate for micro businesses.**
  - i. *Entrepreneurs receive assistance on business development, which includes marketing their business.*
- i. **The program provides information on expansion.**
- j. **The program provides information on business planning that is appropriate for micro businesses.**
  - i. *Entrepreneurs attend a 25-week course implemented in partnership with Holy Names University and other local colleges where they produced a tangible business plan, business permits and related licenses, and receive a non-degree college certificate in business planning.*
  - ii. *AnewAmerica provides a 3-year microbusiness development program that focuses on asset building, business incubation, community development, and social responsibility. After 3 years of participation, new American microentrepreneurs will have:*
    - 1. *Produced a business plan and earned a college certificate in business planning*
    - 2. *Launched and expanded a socially responsible business*
    - 3. *Moved their business from the informal to the formal economy*
    - 4. *Build assets through homeownership, savings and retirement funds*
    - 5. *Accessed banking services including credit*
    - 6. *Entered into community networks and joined a local business associations*
    - 7. *Exercised leadership to improve our community and our planet*
    - 8. *941 out of 13,545 clients have completed this business incubation program.*
    - 9.

**Level 3: From Feasible to Exemplary**

**These criteria elevate a program to an exemplary TA program.**

**1. FUNDING & FUNDING REQUIREMENTS**

**BUSINESS DEVELOPMENT: Technical Assistance for Micro Businesses**

- a. **The program uses a funding program or funding source that is new and innovative.**
- b. **Each funding source was heavily leveraged to gain further resources.**
- c. **Certain features of the program were adapted to capture funding, but the program was not completely changed in order to capture one particular funding source.**
- d. **There are multiple stakeholders providing funding, and this mix of funding sources maximizes the feasibility of the program.**
- e. **The design of the program exceeds minimum standards required by funding sources.**
  - i. **The program assists more entrepreneurs than required by funding sources.**
  - ii. **The program assists more micro businesses than required by funding sources.**
  - iii. **There is deeper low and moderate income targeting than required by funding sources.**

## **2. FUTURE PROJECTS**

- a. **The program strengthens the position (financial, political, capacity, experience) of the organization.**
  - i. *Strengthening the in-house business operations in all critical areas of the organization including management, financial administration, human resources, office and infrastructure administration, technology and information systems, corporate governance, among others is fundamental for our organization's future viability and to enable effective program performance.*
- b. **Through the program, the reputation of the organization was enhanced. Issues that the staff faced were dealt with in a diplomatic manner, enabling future programs.**
  - i. *For the future of the organization, AnewAmerica is prioritizing organizational stability in the long run by means of increasing the capacity for resource development; strengthening the board capacity for resource development; improving the involvement of the staff in resource development; diversifying revenue sources; and continuing to build assets.*
- c. **The success of the program will enable future funding on other programs.**
  - i. *There is a policy of maintaining 25% of the budget as an operating reserve.*
- d. **The community is happy with the project and will participate in more/similar programs in the future.**
- e. **The community is more knowledgeable about micro businesses.**

## **3. ENVIRONMENTAL IMPACT**

- a. **The program has an educational component that teaches participants about green features, tax incentives, and green jobs that are applicable to their micro businesses.**
  - i. *AnewAmerica's Green Business Certificate program encourages its entrepreneurs to adopt sustainable business practices such as conserving energy, developing products from sustainable and non-toxic materials, and engaging themselves in social activities to build sustainable neighborhoods*
  - ii. *Some clients sell environmentally friendly products or reduce their business operation's negative environmental impacts.*

## **4. ECONOMIC IMPACT**

- a. **The program will increase the independence of participants.**
- b. **The program creates jobs.**
  - i. *From 1999-2011, AnewAmerica has had 13,535 clients.*
    - 1. *Among those clients, 451 jobs were created.*
  - ii. **Jobs created provide a living wage.**
  - iii. **Jobs created are for local hires.**
  - iv. **Jobs created are for low and moderate income individuals.**

1. *Robert Lattimore, the Chief Operating Officer of AnewAmerica, believes that there is an intangible struggle that the middle class can overcome, while the lower class cannot. In addition to poverty, language and gender barriers preclude their success and growth in society. AnewAmerica targets the low-income and very-low income community to help them overcome these struggles and be one step closer to achieving the American Dream.*

**v. Jobs created provide life skills.**

1. *Some clients choose to donate a percentage of their profits to a local charity or take leadership positions in their communities like advocating for immigrant or labor rights.*

**vi. Jobs created provide health benefits.**

**vii. Jobs created have potential for upward mobility.**

1. *As individuals become actual business owners, their career develops as their businesses succeed, with the ultimate goal of eliminating the need for public assistance.*

2. *4,254 clients received information on home ownership, and 123 of them bought a home.*

**viii. Jobs created require less funding per jobs created.**

**5. COMPREHENSIVENESS**

**a. The organization provides or connects to other programs that provide multiple services e.g. social services.**

*i. AnewAmerica works with SCORE, Small Business Development Centers, the SBA, Opportunity Fund, the Hispanic Chamber of Commerce, work2future, the National Hispanic University, the Cardea Center for Women, Neighborhood Housing Services, Vivo, other CBOs, and local libraries to provide multiple services for their clients.*

**b. The program contains or connects to other programs that provide economic literacy.**

*i. Community Informational Seminars(CIS) and long standing partnerships with various community-based organizations(CBOs) provides programs for economic literacy.*

**6. DIVERSITY**

**a. The program serves a mixed income clientele.**

**b. The program encourages mixed age, gender, ethnic, etc. participation.**

*i. Clients come from 467 different countries.*

**c. The program encourages minority businesses.**

**7. PUBLIC BENEFITS**

**a. The project provides a service that is needed by the community but is currently lacking.**

**b. The project stimulates long-term job creation.**

**c. The project results in other positive physical impacts.**

**d. The project results in other positive economic impacts.**

*i. New American families owning small businesses contribute to the economic health of their communities by building assets, such as a first home, retirement funds, and college mutual funds, for the long-term sustainability of their families and communities; and by exercising leadership in local government and on the boards of community organizations*

**e. The project results in other positive social impacts.**

*i. Through AnewAmerica's efforts of developing small businesses and creating jobs, particularly in green business, services and child care, it hopes to address the issues of crime and poverty and the gap in child care in San Jose and the surrounding Santa Clara County*



**8. EVALUATION**

- a. **The organization reevaluates its programs periodically and adapts to the changing needs of the community.**
- b. **The program tracks its participants during and following the program.**

**9. REPLICABLE/SCALABLE**

- a. **This program can be replicated in other communities, regions, and/or states.**
  - i. *AnewAmerica's core region is defined by the Bay Area, and it is the belief of the Board and staff that there is still extensive need for additional services in this region. Key counties represented by the client base are Alameda, Contra Costa, San Francisco, Santa Clara, San Mateo, Solano, Sonoma, Napa and Marin. Decisions related to services and infrastructure will be based on factors of 1) client demand; 2) opportunities for resources; and 3) sustainability over time.*
  - ii. *AnewAmerica will develop a Replication Toolkit based on our model, program and delivery strategies, to be used by organizations in other states or cities to serve new Americans. A partnership structure with these organizations will be researched and developed as well. Potential for earned revenue from this type of replication will also be researched.*