



# California Association for Micro Enterprise Opportunity

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## About

The California Association for Micro Enterprise Opportunity (CAMEO) is the statewide network of 130 groups, individuals and corporations dedicated to furthering Micro Enterprise development in our local communities.

The mission of CAMEO is to promote economic opportunity and community well-being through Micro Enterprise Development

CAMEO:

- Expands resources to provide business services and capital to micro business owners
- Promotes best practices and builds the capacity of nonprofit micro enterprise development organizations to serve more clients
- Builds public awareness of the economic impacts of micro enterprises
- Advocates at the state and federal level for public policies that support Micro Enterprise development in California



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# San Francisco Chronicle

## Mirco-lenders ready to loan

By Tim Holt  
May 8, 2009

There's a positive message lurking behind the gloomy news of bailouts and layoffs. President Obama, who recently described small business as "the heart of the economy," is starting to get it: The idea of small business as the driving force behind an economic recovery.

If the president looks a little further, he'll also find lenders who are eager to lend despite the credit freeze, and ready to train budding entrepreneurs for success.

It's hard to imagine a successful recovery program that does not tap into the energy of small entrepreneurs. They're the principal generators of new jobs in this country. But a successful recovery program will have to go beyond just lending.

Lana Porcello and David Muller worked for years raising farm produce and selling it at farmers' markets. Now they've opened their own restaurant in San Francisco's Sunset district, one that features seasonal food from local farms. To get started, they patched together \$35,000 in loans from two Bay Area micro-lenders, nonprofit organizations that specialize in loans of \$35,000 or less and tie those loans to training programs that include money management and marketing.

Micro-lenders draw their loan capital from a mix of sources that include the Small Business Administration, mainstream banks and philanthropies.

Micro-lenders typically look past formal credit ratings to assess qualities like

motivation and experience. They tend to be the lender of last resort for women- and minority-owned businesses and others that can't qualify for conventional bank loans. But increasingly, they're seeing loan applications from established small businesses who have had their lines of credit cut off and new loans denied.

After being turned down by countless banks, Percello and her partner-husband not only received sufficient startup money from the two micro-lenders but personal attention and assistance: "Emily (Gasner of the Bay Area micro-lender Working Solutions) took the time to get to know us, to understand our vision," she says.

The personal attention pays off: After four years of lending, 85 percent of Working Solutions' clients are still in business, according to Gasner.

To be a successful small-business person, it's important to carve out a niche. In Oakland, there's the enterprising lady who sells repossessed mannequins to clothing stores; in San Francisco, the ex-prostitute who used her police contacts to start a business cleaning up crime scenes; in downtown Oakland, the former dishwasher who has opened her own catering and takeout business.

The Obama administration says it's looking for opportunities in this economic crisis. Well, how about all the would-be entrepreneurs among those laid off in the auto and finance industries and other sectors of the economy - people with the time and talent to "create the Googles of the future," as one small-business advocate puts it?

But first the administration needs to get beyond the idea of buying up the banking system's toxic assets to loosen up credit.



The operative model should be that of the small-town banker who develops a one-on-one relationship with clients in which the banker is invested in the success of the business.

Micro-lenders such as Gasner have embraced that model and, unlike mainstream banks, they are ready to lend. Bay Area micro-lenders I spoke with say they could be making anywhere from double to 10 times the number of loans they are now, if they had more capital. Nationwide, there's an immediate need for \$1 billion in additional micro-loan capital, according to Mark Pinsky of the Philadelphia-based Opportunity Finance Network, a consortium of nonprofit lenders.

Unfortunately, the latest stimulus bill passed by Congress contained only about \$50 million to boost micro-loan capital.

These micro-lenders make up a small portion of the financial sector, and can't by themselves pull us out of the recession, but they provide a model for personal, success-oriented lending that can spur job development and economic growth.



# Los Angeles Times

## Los Angeles-area small-business lender receives cash infusion

Valley Economic Development Center gets \$15 million from the city of Los Angeles and \$1 million from Merrill Lynch to bolster nearly drained loan funds.

By Cyndia Zwahlen  
January 5, 2009

After nearly running out of money in its small-business loan funds last month, Valley Economic Development Center Inc. of Van Nuys says it is getting \$16 million to enable it to continue to lend to Southern California firms caught in the stubborn credit crunch.

Most of the money -- \$15 million -- is coming from the city of Los Angeles. Last week, Merrill Lynch & Co. said it would supply the group with \$1 million.

Center President Roberto Barragan said he also was working with two major banks to secure capital: Wells Fargo & Co., to set up a \$1-million loan fund for local firms, and Bank of America Corp., on a national micro-enterprise initiative.

“Most economists say recovery and new job creation are going to come out of small and microbusinesses, not large companies, so our ability to feed that with dollars and capital becomes extremely important,” said Barragan, whose organization aims to create jobs by consulting with, training and financing local businesses.

The city funds, in the works since last spring and approved in December, will be used to make business loans of \$100,000 to \$400,000. The city borrowed money from the federal government, including

additional money to set up a reserve to cover loans that may go bad. Barragan expects to begin lending the new money by the end of the month and to have lent as much as \$10 million by year-end.

The Merrill Lynch funds are meant for microloans of \$5,000 to \$50,000, he said. Half the \$1 million has already been tapped for loans. Merrill Lynch also gave the center a \$50,000 grant to create a streamlined, computer-based loan approval process it hopes other microlenders can copy. The money will also pay for a new loan officer in the center’s downtown L.A. office.

In addition to running its own loan funds, which are often set up by banks or other lenders in part to meet their federal community reinvestment requirements, the center is a middleman for Small Business Administration loan programs. It funnels potential business borrowers to bank and nonbank lenders that make loans that are partially guaranteed by the SBA.

Demand for all loans has soared in recent months at the center, eventually using all the money available in several of its loan funds.

Although the souring economy has driven some of the demand as struggling small-business owners try to borrow capital, demand also has been fueled by new restrictions on a popular SBA loan program geared to loans under \$35,000, Barragan said.

Dozens of potential SBA Community Express loan borrowers have been turned away by bank and nonbank lenders that have strict new volume caps and higher credit standards. Many borrowers have turned to the center’s own microloan and other loan funds.



“We normally do about \$1 million in loans a quarter,” Barragan said. “Starting in late July, now we’re doing \$1 million a month.”

SBA lenders also have cut back on lending because the secondary market, where they sell packages of SBA loans, has dried up, much like the secondary market for subprime mortgages, he said.

Merrill Lynch also made a \$40,000 grant to the Los Angeles-based Asian Pacific Islander Small Business Program as part of a total of \$250,000 in grants it made to California organizations that support the smallest businesses.

The organization will use the grant to boost its website creation and hosting program for its small-business clients, program founder and Director Cooke Sunoo said.

“It is a very, very welcome addition in this particular year,” Sunoo said. “The Merrill Lynch grant will allow us to take this to another level where we will offer transaction capabilities to the websites.”

His group, a collaboration of five Asian ethnic communities, has seen a strong increase in demand for its services. Part of that has come from entrepreneurs who want to launch a home-based online business because they can’t get funding for a larger start-up.

Such tiny businesses, and other microenterprises that typically have fewer than 10 employees, are an increasingly popular target for groups geared to job creation and creating a healthy small-business community.

As Merrill Lynch expanded its reach in California, including its community development efforts, it has focused on supporting microenterprises.

The company’s efforts were guided in part by work done by the 30-member California Assn. for Microenterprise Opportunity in San Francisco.

The group’s chief executive, Claudia Viek, has pushed for microloan funding, including a proposal for \$50 million in federal economic stimulus funding. The group worked to get microloans included in policy recommendations drafted for the Governor’s Conference on Small Business and Entrepreneurship in November. And she requested the Valley Economic Development Center loan from Merrill Lynch.

“Our work accelerated very quickly as the economic crisis unfolded and we realized these microenterprise providers are undergoing a huge need for funding, both from a liquidity standpoint as well as new businesses that hadn’t come to their doors before,” said Terry Ludwig, president of Merrill Lynch Development Co. in New York and chairwoman of Accion USA, a nonprofit microlender for low and moderate-income entrepreneurs.

She acknowledged concerns expressed by Viek, Barragan and Sunoo, as well as others, that continuing bank mergers and corporate America’s struggles would affect their ability to get the donations and loans their organizations needed to serve small-business clients.

Merrill Lynch was acquired by Bank of America, just one of many transactions in recent months as the industry consolidates.

They are “very active in supporting microenterprise programs,” Ludwig said. “I would fully expect that we will remain committed to this area.”

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# San Francisco Chronicle

## Bailouts for the Big Three and a small business near you

By Tim Holt  
December 9, 2008

A chorus of “too big to fail” plays in the background as the federal government pumps some \$700 billion into failing financial institutions. The nation’s Big Three automakers wait in line for another \$17 billion. Meanwhile, a Riverside County sugar beet grower with a stellar 800 credit rating (out of a possible 850) can’t get a bank loan. An auto body repair shop in San Diego with a 700 credit rating can’t get a line of credit. An Oakland-based retail liquidator with a similar credit rating has seen its line of credit reduced by half.

While the federal government focuses on damage control at the macro-economic level, it has ignored the crucial small business sector. Because of downsizing and outsourcing by larger companies, small businesses have become the principal job generators in this country, accounting for almost all the net job gains in the United States. But in this economic climate they’re having difficulty getting loans and are seeing their lines of credit drastically curtailed.

You’d think that easing the credit squeeze on this job-generating sector of the economy would be a key part of any economic recovery plan, but it isn’t. Yet Claudia Viek is determined to make that happen. She is the CEO of the San Francisco-based California Association For Micro-Enterprise Opportunities (CAMEO), an umbrella group of small business incubators and nonprofit micro-lenders.

Viek was in Washington last month to “get capital out to Main Street,” as she put it. She and other small business advocates met with the staffs of Federal Reserve chief Ben Bernanke, Speaker Nancy Pelosi, D-S.F., and other major players in the federal bailout effort. They asked for a relative pittance, \$13 billion in bailout money, to go to the Small Business Administration to guarantee loans and provide small businesses with technical assistance. (In another sign of the government’s topsy-turvy priorities, the SBA has had its budget slashed drastically over the past 30 years, by nearly 30 percent during the current president’s tenure alone.)

The credit squeeze has sent small businesses flocking to nonprofit micro-lenders. Viek has 26 of them in her statewide organization. One, the Van Nuys-based Valley Economic Development Corporation, normally does about \$1 million in micro-loans under \$35,000 per year. Valley Economic has done \$1 million worth of them in the past 75 days and is rapidly running out of funds.

On her trip to Washington, Viek is also sought a direct cash infusion of \$50 million for micro-lenders in her organization. To anyone who’d listen, Viek made the point that future infusions of federal bailout money into the banking system should come with the stipulation that it actually be used for loans, because the money pumped in thus far has not been trickling down.

Viek argued that these funds should be made available as well to the micro-lenders who often cater to women- and minority-owned businesses left out of the mainstream banking system. Viek predicts “small business will be on the



front burner” as a new president and a new Congress tackle the economic downturn.

By the time her whirlwind trip was over, it looked as though \$620 million, not \$13 billion, had been leveraged for small businesses - if a bill authored by Sen. John Kerry to provide SBA loan guarantees is passed and signed into law.

There's more than a little of “Mr. Smith Goes To Washington” in Viek’s championing of the Little Guy. But there are also solid, bottom-line arguments for taking that position, and working to loosen the credit reins on small businesses.

In the next few months, we’ll find out if this was all just a quixotic exercise in old-fashioned populism, or if those movers and shakers were really listening - and if Washington is on the threshold of real change.

**Tim Holt is a freelance journalist.**



# San Francisco Chronicle

## How a pianist turned a crisis into a business with the help of a microloan

By Rob Baedeker  
September 2, 2008

A little more than two years ago, Vivienne Fleischer's Oakland-based business was at a critical juncture: full of prospects but short on cash. At the time, she never would have guessed that a "microloan" could provide the capital needed to propel her business forward because, like most people, she didn't know much about them.

But Fleischer's career has been full of the unexpected. Along the way, she's developed a knack for re-directing her talents and finding ways to turn crisis into opportunity. In fact, it was a career-altering injury, decades ago, that set her on a path toward creating the business she runs today.

In 1978, Fleischer enrolled at The Juilliard School, the prestigious performing arts conservatory in New York, where she studied with a professor who gave her a set of piano practice exercises that caused her pain in her hands and arms. "That's good," Fleischer remembered her teacher telling her. "'No pain, no gain,' he said. 'You're developing muscles.'"

In fact, with frequent six-, 10- and, at times, 13-hour practice days (on top of waiting tables, teaching piano, and typing at temp jobs on the side) Fleischer was inflicting serious damage to her hands and arms.

"About three years later," she said, "while I was studying at Oberlin Conservatory in Ohio, I went to hold a cup of coffee. And I couldn't do it."

She was eventually diagnosed with a cluster of repetitive stress injuries in her arms, shoulders and wrists. The medical treatment proposed to her, she said, was to "take pain killers, cancel your concerts, and quit your job."

Fleischer explored a number of ways to deal with the pain and its causes, from cortisone to tai chi, she said, and eventually discovered a piano technique called the Taubman method, which emphasized natural, coordinated movements of the fingers, hands and arms.

"Two years into it I was retrained," she said. "I was finally the pianist I wanted to be. And I was now working with injured pianists."

She continued to temp part-time, and she was still experiencing "flare-ups" of pain from typing.

"Then there was a fateful day on a temp job," Fleischer recalled. "I looked down while I was typing ... and I found my hands in this crazy, contorted position."

"I started to correlate what I was doing at the typewriter keyboard with what I'd been doing at the piano," she said. "And I started transporting the healthy piano movements I'd learned into touch typing. A month later, my typing was unrecognizable. My typing speed went up, and my arms felt great."

Fleischer continued teaching piano, and moved to San Francisco in 1989. She also started researching repetitive stress injuries, and continued to develop her own system of workplace ergonomics - she called it "kinetic keyboard training, a keyboard and mousing technique based on healthy principles of piano technique" - and approached companies to offer ergonomics consulting, eventually



teaming up with a doctor in the South Bay and working with patients under his auspices for seven years.

In the late 1990s Fleischer decided to part ways with the doctor to develop the business on her own. She soon realized that while she had learned a lot about ergonomics, she knew less about running a business.

That's when she had a serendipitous cab ride. Fleischer and her daughter hailed a taxi in San Francisco and started talking with the driver, Andrew Blumenfeld. It turned out that Blumenfeld was between jobs as a businessman (with a background in restaurant management). A couple of months later, Fleischer noticed Blumenfeld in a café near her home in Oakland (it also turned out that the two lived only a couple of blocks apart) and they started chatting again.

They struck up a friendship and an informal business relationship. "I'd often talk to Andrew about business ideas," Fleischer remembered, "And everything he suggested worked."

In 1998 Blumenfeld became the business manager of Fleischer's company, Performance Based Ergonomics (PBE).

The business had its ups and downs - the dot-com crash and 9/11 slowed its growth, but they stayed afloat however they could. They solicited investments and loans from friends and family. Fleischer continued teaching music. Blumenfeld waited tables during lean times and loaned the business money through his credit cards. At one point, Fleischer sold her grand piano to keep the business going.

Then, about two years ago, Fleischer said, "We started getting traction, and word of mouth started spreading."

Performance Based Ergonomics was picking up contracts for ergonomics workshops with big companies such as Juniper Networks, Adobe and Johnson & Johnson.

"Now we had a new set of problems," Fleischer said. "How were we going to get the money to pay for the business operations? We had to hire people. There were times we couldn't [give ourselves] paychecks for two or three months. We needed to get financing to help with cash flow, and to do a little more advertising."

"Money was a huge issue," Fleischer said. "I started going to banks and they said, 'Your credit rating is just not good enough.'" Fleischer explained that she had gone through a bad divorce and, as a single mother with no child support, there were a "lot of years of struggle. My personal financial situation was pretty grim." Along the way, she said, her credit score had incurred some "dings and marks."

"Because of my personal credit history, when I went to traditional banks they would just sort of look down their noses and say, 'Ha. Thanks, but no thanks,'" Fleischer recalled. "It was not a pleasant experience."

That's when Fleischer discovered microlending.

At a small-business resource event at San Francisco City Hall in 2006, Fleischer met Emily Gasner, program manager at TMC Working Solutions, a non-profit organization that connects "microentrepreneurs" with resources and capital to start or grow businesses.

While TMC Working Solutions offers microloans (loans up to \$25,000) for small-business owners, Gasner emphasized that the education and



training resources are an equally important part of her organization's mission. "As opposed to just giving out the money, we want to stay involved and connect (entrepreneurs) to resources and education so that they can be successful," she said.

Gasner met with Fleischer and talked about PBE's business plans and needs. She guided her through the microloan-application process, and connected her with some free consulting resources.

Fleischer remembered that TMC's loan-application process "was kind of grueling. I had to create budgets and forecasts and give assumptions and go three years out."

Although the process was rigorous, Fleischer adds, "It was wonderful. I really had to get to know my business. We had to go in front of the committee and go cell by cell and justify everything that was in the budget and why it was there, and why we thought we were going to be able to make money and grow, and what we were going to be able to use this (loan) money for."

About 20 minutes after Fleischer presented her case to the Working Solutions loan committee, in June of 2007, she got a phone call from TMC Working Solutions. Fleischer remembered Gasner telling her, "We really believe in what you're doing ... We think you have a solid plan, and we're going to give you the maximum loan at the minimum rate."

That loan amount was \$25,000, at a 7 percent fixed rate.

"It was an absolute turning point," Fleischer said.

Blumenfeld, who is now the company's CEO, explained the immediate effect that the microloan had on the company: "We didn't have assets to borrow from except for our accounts receivable, so we were constantly dealing with trying to collect money. And we didn't have a lot of discretionary money to be spending on marketing. The loan really helped with that and continues to help with that. It gave us a cushion. We may need more money in the future to get to a different level, but we couldn't have done it without getting this money."

Fleischer explained that the process of preparing for the loan, and her quarterly meetings with Gasner about PBE's financials (another precondition of the loan), have drastically changed her view of her business and money. "I have a background as an artist," she said. "And artists tend to live a little bit with their feet off the ground. One of our skills is that we can be visionary; we see things others can't. But before, if you were to talk to me about budget, I'd say, 'Huh?' I could have the greatest idea in the world, but if it can't be profitable it doesn't matter, because it's not viable. Money just didn't matter to me, and now it's starting to really matter."

She added that the knowledge she's gained about business and finance has affected her approach to personal spending as well. She recently remarried, and said, "For years my husband was saying, 'Can we just have a budget?' And last year I think he fainted right there on the spot when I said, 'You know what? I created a budget for us.'"

"And my credit score is now in the medium range," Fleischer beamed.



Before she met Gasner, Fleischer didn't know very much about microlending. She said she'd read an article on microloans about a year earlier, but thought that they were for much smaller amounts and so didn't pursue them.

In fact, Gasner said, there is generally a low level of awareness about microloans and microenterprise development.

"Whenever I meet people and tell them I work at a microlender," she said, "they immediately ask, What country do you make your microloans in? Is it India? Or Bangladesh?" But microlending has a very strong history here in the U.S., going back at least 30 or 40 years."

Claudia Viek, CEO of the California Association for Micro Enterprise Opportunity (CAMEO), an organization of microlenders and small-business centers throughout the state (including TMC Working Solutions), said that, while CAMEO's 68 member organization served 18,000 entrepreneurs last year, there's still not much public consciousness of microlending.

"When people think of microcredit or microfinance in the Grameen Bank lingo," she said, referring to the Nobel-prize winning microfinance institution started in Bangladesh, "they think of \$150. In the U.S., people can't do anything with that amount of money to grow a business. They need usually somewhere between \$2,500 and \$10,000."

Viek added that almost every community in California has access to a microenterprise program, but emphasized that the assistance available to help entrepreneurs grow their businesses may or may not include a loan. "It isn't just lending. It's the resources and technical assistance to grow your business," she explained.

Viek said Fleischer is "a very typical example of the highly motivated, fiercely independent and creative individual who seeks to support themselves through self employment and entrepreneurship." And this kind of motivation, Viek said, by way of explaining CAMEO's broader mission, "results in business creation, job creation and tax revenue generation in our local communities."

Gasner said Fleischer has been "fantastic" with her loan repayments. Blumenfeld explained that since the loan, he and Fleischer have been able to "make a livable income - and more than that - and pay our people (PBE currently employs an occupational therapist, physical therapist, corrective therapist and a vocational rehab counselor), and pay our accounts payable. And we haven't had a cash-flow issue since. And it's been well over a year since the loan."

Fleischer said she enjoys many facets of her business, including the staff she works with and the feedback she receives from clients who have overcome pain with the help of PBE's ergonomic training. "I like seeing the business grow," she adds, "and I like making more money."

Fleischer remembered the moment she decided to sell her grand piano to keep her business afloat: "My mother was on the couch crying, saying, 'What are you doing?'"

Fleischer reassured her mom: "I'm confident we'll get this business to a level where I'll be able to buy a beautiful Steinway someday."

She still plays on a small upright piano, but the Steinway remains part of her long-term budget forecast. "There are going to be two of them one day," she said, "one facing this way, one facing that



**way, so you can play duo piano. That's the dream."**

For more information about microenterprise programs throughout California, visit [www.microbiz.org](http://www.microbiz.org); Information about local workshops and other microenterprise resources is also available at [www.tmcworkingsolutions.org/](http://www.tmcworkingsolutions.org/).

Do you have a person or topic you'd like to see covered in Money Tales? Let us know. E-mail Rob at [rbaedeker@sfgate.com](mailto:rbaedeker@sfgate.com)

Rob Baedeker is a writer living in Berkeley. He is the co-author, with the Kasper Hauser comedy group, of "SkyMaul," the catalog parody.



# The Sacramento Bee

## Daniel Weintraub: Tiny businesses becoming engine for new economy

By Daniel Weintraub  
dweintraub@sacbee.com

July 23, 2008

Claudia Viek thinks Servio Gomez is at the heart of the new economy.

A native of El Salvador who once sold oranges at the end of a Los Angeles freeway offramp, Gomez worked in a San Francisco frame shop and then, with dreams of being his own boss, opened a store of his own. It flopped, but that was just the start of his story.

Gomez didn't quit. He enrolled in a business-planning course given by a local nonprofit, pulled together a few bucks and started over on Valencia Street in San Francisco's Mission District. This time his store survived and grew. Gomez has opened a second frame shop that his brother runs and two coffeehouses, one in the Mission and another in Bayview.

The story is important for at least two reasons. First, it illustrates the value that a little professional help can bring to a struggling entrepreneur. Many times it can mean the difference between making it and going under.

But the story's timeline also tracks the amazing explosion in small business and self-employment that is transforming the economy and the labor market, almost without being noticed by the governing class and the political world.

Viek has been there from the beginning, first running her own center in San Francisco to advise hopeful

entrepreneurs like Gomez, now as chief executive of a network of these centers across the state. They focus on immigrants, minorities, women and the disabled, and low-income communities, places where opportunity has not always been obvious but is still there to those who are willing to work hard and can catch a break.

Rather than job training or employment development, Viek sees self-employment and ownership as the best way out of poverty for a lot of people.

"Micro-enterprise is where it all begins," Viek says. "It should be the centerpiece of our state's economic development."

She has a point. Hardly a week goes by when Gov. Arnold Schwarzenegger does not announce a new grant to a company or employment agency to retrain laid off workers or give new skills to employees in danger of losing their jobs. Last month, the governor claimed credit for keeping electric car manufacturer Tesla Motors in California by granting the firm a major tax break.

But those high-profile examples of new jobs created or old jobs eliminated are really not what make the economy go or slow these days. You find the true energy in the millions of small businesses, and much of the action is in the smallest of the smalls, the Sergio Gomezes of the world.

Firms of five employees or fewer now represent nearly 90 percent of all businesses in California, and from 2000 to 2005 the number of such enterprises grew by nearly 25 percent, according to the state Senate Office of Research. At the same time, the number of jobs provided by these firms increased by 23 percent, to 3.7 million. The number of sole proprietorships – companies



owned and operated by a single person – increased by 24 percent to 2.6 million.

What is happening? According to Viek, a lot of the growth is coming from the state’s growing immigrant community, where entrepreneurship has always found a home. Women juggling work and family, or frustrated by the glass ceiling, are also increasingly forming their own businesses. Early retirees who want to leave the business world but still make some money on the side are doing the same. And in a striking development, Viek says a recent survey found that 75 percent of college students say they want to own their own business.

“This is totally new,” she says of the shift in attitudes among the young. “This was not the case 15 years ago.”

One big factor in all of this is technology, which allows more people to work at home or in rural areas without the infrastructure of the large company around them. But it is also a mindset in favor of decentralization and independence.

“People are seeing that corporations are not going to take care of you,” Viek says. “You have to find a way to take care of yourselves and your family.”

In fact, some social critics suggest that the trend toward self-employment and small business is simply another way that the little guy is being squeezed by the economy. Without an employer, these people are forced to fend for themselves, find their own health insurance and retirement plan. But people such as Viek and Assemblyman Jose Solorio, a Democrat from Santa Ana, say they see the trend as a way to open the door of economic opportunity and mobility to everyone.

“It’s all about having hope,” Solorio told me.

Viek and Solorio both say they would like to see government doing more for entrepreneurs, especially from disadvantaged communities. Certainly the scrappy, hardworking dreamers that Viek’s network tries to help deserve a level playing field with big business.

But based on the numbers, the new entrepreneurial economy seems to be doing pretty well on its own. Maybe the best they can hope for from government is to continue to be left alone.



# San Francisco Chronicle

## Female entrepreneurs needed the Initiative

By Patricia Yollin  
February 17, 2008

A preschool in San Francisco. An Aztec restaurant in Oakland. A pest-control outfit in Vallejo. A massage studio in San Jose.

These ventures, which seemingly have nothing in common, share a crucial reason for their existence: Women's Initiative for Self Employment, a Bay Area nonprofit marking its 20th anniversary this year.

A microenterprise training and microlending organization, Women's Initiative has helped low-income women start or expand more than 1,600 businesses in Northern California.

Guisell Osorio is one of those women.

A 37-year-old immigrant from Chile, she runs Sabores Del Sur, a food and catering company that specializes in South American cuisine.

"I'm surprised people say I can sell because I didn't think I could," Osorio said one morning at her weekly stand in San Francisco's Alemany Farmers' Market.

Osorio and thousands of other women have learned to do more than just sell. Through a 20-session business management course at Women's Initiative, they've figured out how to come up with business plans, target their markets, analyze the competition, price their product or service, handle cash-flow projections, and do all the other things that entrepreneurs must.

When they graduate, some receive microloans from Women's Initiative to start their enterprises. And all of them can benefit from the network of successful women who will be with them from graduation to the grave.

On a recent Saturday, Osorio's customers besieged her from shortly after 6 a.m. until she closed more than six hours later, lining up for her homemade empanadas and South American cookies, called alfajores, as well as coffee, espresso drinks, chai, hot chocolate and store-bought pastries.

"We've become regulars," said Jennifer Tam, accompanied by her husband. "I like the espresso - it's rich without being bitter - and her sparkling personality. The fact she remembers us and that we chat. It's like seeing a friend."

Osorio's enormous smile and expansive manner have made her a magnet at the market in the two years she's been there. Those qualities are augmented by the business know-how she acquired at Women's Initiative in the early 1990s, after she was laid off from her job as a social worker.

"It made me believe I could do something," Osorio said. "Other women were having businesses, and I could, too. Without that, I wouldn't have done it."

Some days are long. She often has a catering engagement after her farmers' market stint. Her record is 25 hours straight, from the time she left her Walnut Creek home until she returned.

However, her company now has 16 employees, and she has gone as far as Monterey and Lake Tahoe to cater conventions, parties and corporate events. Meanwhile, the cookies, made



from her grandmother's recipe, can be found in almost 20 upscale markets in the Bay Area.

"I even have a secretary now," marveled Osorio, who had gotten up at 3 a.m. to make the empanadas and coffee she was selling at the Alemany market.

Her next goal is a restaurant. "I want to have during the week what I have here on Saturdays," she said. "I like to interact with people and see them when they try my cookies for the first time. Earlier today, a woman from Argentina had one. When an Argentinean says my cookies are good, that's a real compliment."

If the tales of rags to riches - or at least solvency - seem too good to be true, the numbers convince most skeptics.

Julie Castro Abrams, the organization's chief executive officer, said 68 percent of graduates are in business within 12 months of completing the 10-week program, which costs \$100, although a sliding scale means the applicants most in need pay less.

"A couple years later, they're too busy to return our phone calls," Abrams joked. "But they send checks and volunteer, or they come to be guest speakers and tell other women how to do it."

The agency has served more than 16,000 women in two decades. The average client is 41 years old, and 78 percent are women of color. Twenty-nine percent are single mothers, 15 percent have a disability, and 46 percent speak Spanish as their first or only language - which is why Women's Initiative offers programs in Spanish. All of the women are struggling, with an average household income of only \$13,000 a year, and some are illiterate.

"Low-income women in particular have a whole set of issues about their self-perception and some of those demons that have become roadblocks for them in the past," Abrams said. "We help them visualize and get rid of them - like not pricing themselves appropriately because they don't think they're worth it, or giving themselves all the million reasons in the world not to go out and shake a hand or make sales because they're terrified."

The organization, which has a \$4.9 million budget this year, relies on donations from foundations, corporations, government and individuals. In 2007, Women's Initiative made 160 loans to clients to help with their businesses, totaling \$311,363 and ranging from \$1,000 to \$25,000.

In San Francisco last year, eight graduates received first-time leaseholder grants of \$9,000 apiece, with the assistance of the Mayor's Office of Community Development, to help overcome a frequent problem: prohibitively high commercial rents.

"I looked for a year for a space to rent," said Carmen Rios, 38, who grew up in Mexico City and received one of the grants.

She opened Rose Nails in August on Valencia Street in San Francisco's Mission District. Her clients get manicures, pedicures, waxes and facials. The specialty is Latin American art nails, or *encapsuladas*, which can contain ribbons, flowers, snake skin, leaves or whatever.

Rios graduated from the business management course at Women's Initiative in 1996. She worked at a travel agency and sold clothes before opening her salon.



“It took me 10 years,” Rios said. “It is very difficult. It is hard for Spanish women to find someone to believe in you.”

She said Women’s Initiative gave her confidence - and advice that continues to this day.

“When you come to the United States, you are alone,” Rios said. “This was the first organization I can come to where they talk my language. I felt like I’m alive and I can survive.”

Her 17-year-old daughter helps out in the salon, where candles create an amber glow and the scent of rosewater is pervasive. Statues of San Martin Caballero and Our Lady of Guadalupe keep company with foot repair cream and dozens of bottles of nail polish.

Rios works more than 60 hours a week and has one employee. The salon operates nine hours a day, and has just started opening Sundays as well.

Paulette Meyer said she co-founded Women’s Initiative in 1988 because she saw a desperate need in the Bay Area.

“We had a lot of women with a lot of talent, and it seemed like it would fill a real niche,” she said. “It has exceeded my wildest expectations in terms of the number of people who have been served.”

Meyer, chairwoman of Equal Rights Advocates in San Francisco, said Women’s Initiative is one of the forces that pioneered the microcredit movement, which focuses on tiny loans to very poor people to create small businesses.

“There are a lot of organizations doing those things now,” she said. “There weren’t when we started.”

Bob Graham, founder of NamasteDirect, a microcredit organization in San Francisco, said people often ask him if microcredit is being done anywhere in the United States as successfully as it is in much of the developing world.

“I always reply that it is, in a few cases,” he said. “And the best example is Women’s Initiative. It has a track record second to none.”

AnewAmerica, the Small Business Administration and the Renaissance Entrepreneurship Center in San Francisco are among the agencies that now help people start enterprises. Abrams is not aware, however, of any Bay Area organizations that offer what Women’s Initiative does, combining training, microfinance and access to networks of women.

“Other folks have little pieces, but nothing else is designed for low-income women with a one-stop shop that really takes them from A to Z,” she said.

Abrams said the women who come to her organization are excited but fragile. Maybe they’ve just gotten divorced or fired, perhaps they’re on welfare, maybe they’re a victim of domestic violence.

“It might be that one little last burst of hope and belief in herself that she’s showing up here,” Abrams said. “Their lives are complicated. They’re desperate for something that works with their lives, that provides flexibility and dignity. Because working for minimum wage for someone else on a rigid schedule is not going to cut it when you’ve got kids to pick up or parents that need medicine.”

Doris Shahrokhimanesh came to the San Francisco office in September, an hour early, for a free class that women



must attend if they want to enter the 20-session management course.

This first step would assess whether her dream was practical. And so the Pittsburg woman had taken BART and arrived with plenty of time to spare. She sat in a chair near the front door, beautifully dressed and clutching a jar of barbecue sauce that she'd made and hoped to market.

Three months later, she was juggling two home health care jobs and facing foreclosure on her house. But the visit to Women's Initiative had given her hope.

"I need that class," she said. "Regardless of whether I lose my home, I'm not going to lose focus on this barbecue venture."

She'll enter the program in mid-March in the organization's new Concord office.

There are also offices in San Francisco, San Rafael and Oakland - downtown and in Fruitvale. Another one will open in San Jose this summer.

The Fruitvale office opened in June. During a walking tour afterward, visitors checked out some Fruitvale businesses created by graduates of Women's Initiative: Ruth's Beauty Salon, Skin Time, Mixcoatl Arts and Crafts, El Huarache Azteca and Fruitvale Beauty Salon.

"Before, I used to live in a hotel," said Ruth Medellin, owner of one of the beauty salons. "Two years ago, I bought a house. For me it was really hard. I came here from El Salvador."

Abrams said the goal, always, is a safe and honorable life.

"You might not think she's succeeding, making \$30,000 a year," Abrams said. "But if you know the alternative - being

illiterate, she might not even make minimum wage."

On Wednesday, a new class began in the downtown Oakland office of Women's Initiative. Sixteen women brought their business ideas with them, including a Christian bookstore, a day spa, a shoe salon, a flower shop, a high-end denim boutique and a healing center.

"The way you catch someone's attention is to solve their problem," said their trainer, Carolyn Johnson, who was born and raised in East Oakland and has a background in venture capital and investment banking.

"When they get into this group of women that are all about starting a business, it's a new identity you can create," Abrams said. "And you go through this transformation together. There's a bond that is really a big deal."

Kristy Le, a 25-year-old from Hayward, said she wanted to sell organic egg rolls, just like those made by her mother, an immigrant from Vietnam.

"It's kind of like a childhood dream to own my own business," Le said after class. "But my mother is very pessimistic. She asked, 'Who's going to buy it?'"

Her fellow classmates, in an exercise, wondered the same thing. And where would she sell them? How much would they cost? Could they be eaten right away? And what would distinguish them from the millions of competing egg rolls out there waiting to be devoured?

At the end of class, Abrams greeted them. She noted that 70 percent of the graduates are in business five years out, and added that Women's Initiative would help them long after the class was over, with such things as



follow-up consultations, mentoring and conferences.

“You’ll cry together, you’ll sweat together, and you’ll create friendships that you’ll have for a really long time,” Abrams said.

She was encouraging, down to earth and completely pragmatic - reflecting how the organization feels about its clients.

“It doesn’t matter where she came from,” Abrams said. “It’s where she’s going that counts.”

For details on Women’s Initiative for Self Employment, go to:  
[www.womensinitiative.org](http://www.womensinitiative.org)

A sampling of businesses started by women’s initiative graduates:

Kelly Smith - Rubber Ducky Soap Co., San Francisco, natural bath and beauty products

Sheron Campbell - World of Braids, Oakland, hairdressing

Elizabeth Woods - EW Foods Magnificent Quiche, Oakland, frozen food distribution

Kim Le - Nurturing Spa for Wellness, San Francisco, healing and massage services

Erica Varize - EVarize Apparel, Berkeley, clothing boutique

Kelly Zubal - Inticing Creations, San Francisco, specialty cakes

Serena Bartlett - GrassRoutes Travel, Oakland, urban eco-travel guides

Amy Faust - Amy K. Faust, San Francisco, jewelry made from beach glass and other recycled materials

Nancy Rothstein - Nancy Rothstein Photography, Oakland, wedding and event photography and portraits

Adriana Razo - Crayon Box Preschool, San Francisco, bilingual preschool

Cindy Twomey - No Slippy Hair Clippy, Pleasanton, hair clips, especially for fine hair

Bobbi Williams - Maternity Xchange, Alameda, mobile maternity consignment shop

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