

SMALL BUSINESSES AND ENTREPRENEURSHIP:
A MICROFINANCE PROJECT IN SANTA CLARA COUNTY

A Project Report

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ABSTRACT

One of the biggest challenges that small businesses and immigrant entrepreneurs face is limited access to capital. U.S. microfinance organizations are trying to close this gap by targeting their financial products to those who do not qualify for a conventional banking loan. Opportunity Fund, a microfinance organization located in San José, California, was trying to reach out to two categories of clients and identify potential partners in Alum Rock without having to use too much manpower. This report documents the anthropological methods I employed; a summary of my interviews and observations; my experience attending the first U.S. microfinance conference held at Stanford University; and the lessons I learned throughout the course of this project. I also discuss the opportunities for applied anthropologists in the field of microfinance and market research.

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I am very fortunate to have parents who instilled in me the importance of education and hard work. Also, I am forever grateful to Seth D. Klinkhammer for his guidance and support throughout my educational journey at San José State University; he has always played a significant role in my life and education. Lastly, I would like to dedicate this research project to the memory of two amazing men who taught me that perseverance is the key to accomplish your goals in life, Juan Manuel “Papi” Aguilar and Mr. Paul G. Klinkhammer.

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INTRODUCTION

In these challenging economic times, we are frequently reminded of the importance of small businesses to our nation's economy. The media pays close attention to the role small U.S. businesses or small firms with fewer than 500 employees (Burrus and Stearns 1997:2) play in the economy because of the overall net job growth these firms have generated over the past 15 years. Net job growth is the difference between gross job creation and gross job destruction. The most recent data available from the Small Business Administration Office of Advocacy reveals that small U.S. small businesses "accounted for... 14.5 million of the 22.5 million net new jobs between 1993 and the third quarter of 2008" (2009:1). Women and minority entrepreneurs have made great strides in small business ownership. The 2002 U. S. Census Bureau from the Survey of Business Owners (SBO) shows that women owned 6.5 million U.S. non-farm firms. In 2007, the number of women-owned businesses increased to 7.8 million (National Association of Women Business Owners). They are increasingly represented in non-traditional industries such as public transportation, business consulting, construction, and other types of services (Langowitz 2003; Center for Women's Business Research 2004). Minorities such as Hispanics, African Americans, Asians, American Indians or Alaskans are also creating small businesses and generating employment. The Small Business Administration Office of Advocacy (2009) reported that in 2002 "minorities owned 4.1 million firms that generated \$694 billion in revenues and employed 4.8 million people." In 2007, this number of minority-owned businesses in the U.S. increased to 5.8 million

(SBO 2007). Such data indicates that women and minority entrepreneurs are key contributors to the creation of small businesses.

One of the biggest challenges these entrepreneurs face, due to the current economic downturn, is limited access to financial capital. Having access to credit, for example, is vital for entrepreneurs who wish to start or expand their own small businesses, and financial institutions are key contributors in providing such financial access. Unfortunately, while these institutions may work well for some, other business entrepreneurs struggle to qualify for a small business loan because of poor credit history (Barr 2004) or lack of collateral. Immigrants are a good example of entrepreneurs who struggle to qualify for a conventional bank loan to start a business, despite the high probability that they will repay their loans. Part of the problem is that some immigrant entrepreneurs may lack conventional documentation available to U.S. citizens and/or may also have limited abilities to speak English and minimal experience dealing with the U.S. banking system.

Because access to credit is critical to immigrant entrepreneurs and small business owners, I developed a project with the goal of helping a microfinance organization find immigrant entrepreneurs and small business owners in need of capital to start or to expand their businesses. This report will detail: 1) my process of engaging ethnographic methods to gather my data, 2) my findings, and 3) my experience working with a U.S. microfinance organization. As an applied anthropologist, I wanted to help address the financial difficulties that U.S. entrepreneurs are encountering because of our nation's current economic downturn. I also wanted to help the representatives of a U.S.

microfinance program learn how to reach out to entrepreneurs seeking financial services. In this introduction, I will explain the importance of applying anthropology in this project and define the theory I used as part of my approach.

Why Applied Anthropology

According to Stuart Plattner (1989:2), “anthropology is the cover term for the subdisciplines of archeology, physical anthropology, cultural anthropology, and anthropological linguistics.” The discipline teaches researchers to look at the human experience from a holistic perspective, “meaning that people’s lives are studied in the context of their many activities, statuses, and roles” (1989:3). One method that anthropologists use in their quest for holism is ethnographic research, which includes open ended, structured, and semi-structured interviews; participant-observation and network analysis (LeCompte and Schensul 1999; Pelto and Pelto 1978; Spradley 1979). Ethnographic research has broad implications in many fields, including health care, business, and education. This type of research gives deep insight into “understanding how other people see their experience” (Spradley 1979:iv).

By using the skills, perspectives, and methodologies that anthropology offers, applied anthropologists or anthropologists who work outside academia “help solve human problems and facilitate change” (Chambers 1985:8). Rather than using anthropological knowledge to study only communities, anthropology has been put to use for practical purposes such as policy analysis and implementation, needs assessments, and program evaluation (Ervin 2005). An important lesson learned from applied anthropology is that researchers must think and communicate pragmatically. Peacock, in

The Future of Anthropology, promotes this lesson and points out that as anthropologists “we bring perspectives to narrower domains” (1997:16). For that reason, the goal of this project is an attempt to apply anthropology (1) to address a program’s concern of: how a U.S. microfinance program can reach out to immigrant entrepreneurs and business owners in need of financial assistance, and (2) how to help a U.S. microfinance program strengthen its relationship with community organizations.

Theoretical Approach

This section covers the definitions of social capital and weak ties. These theoretical approaches were applied to this project in order to understand how business entrepreneurs and community organizations are linked through relationships that are created to obtain information and resources.

Social Capital

Some of us have heard from or said to others, “It is not what you know, it is *who* you know.” This popular and common aphorism can simplistically describe how we understand the concept of social capital. Through our personal and professional experiences we learn that when we fall upon hard times we rely on our “safety net,” meaning friends and family. We also learn that through our memberships we can find support and assistance when these are needed. For example, parents who are involved in their children’s school activities find out through teachers and other parents where their children can be tutored for free to help them improve their math, reading, and English writing skills. High school students interested in volunteering learn through their social networks (e.g., school advisors, church staff, and friends) about community organizations

seeking volunteers. Entrepreneurs interested in learning about how to start or expand a business seek community organizations or a city's redevelopment department for assistance. Unconsciously, we recognize that the basic idea of "social capital" is that family, friends, and associates are an important asset, one that can be used in a crisis and leveraged knowledge gain.

These examples lead me to pose a more formal definition of social capital. My focus here is on Pierre Bourdieu's (1986:248) definition of the concept, as follows:

the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group.

Bourdieu suggests that social capital can be developed through the creation of networks that are "the product of investment strategies, individual or collective, consciously or unconsciously aimed at establishing or reproducing social relationships that are directly useable in the short or long term" (1986:249). In the entrepreneurial process, for example, networks provide access to information, support, problem solving (Hoang and Antoncic 2003:169), and economic resources such as subsidized loans (Portes 1998:4).

Entrepreneurs "are linked to people and organizations that interact among themselves" (Greve and Salaff 2003:4), and these contacts could make available resources to sustain or to create microenterprises.

Weak Ties as Network Bridges

Social networks can take the form of weak tie or strong tie networks, as Mark Granovetter reminds us in "The Strength of Weak Ties" (1973). Strong tie networks are close-knit but small, while weak tie networks are loose but can be large because they

often span over various social groups. Each of these networks can be used according to our different needs. This research project stressed weak tie networks because it involved finding community organizations (called community gatekeepers) that were connected to the Alum Rock community and that could help Opportunity Fund identify entrepreneurs. Weak tie networks are “far more likely to be bridges... [because] they provide access to information and resources beyond those available in [strong tie networks]” (1983:208-209). By acting as a bridge, weak tie networks connect organizations to organizations, and entrepreneurs to organizations.

MICROFINANCE PROGRAMS AROUND THE WORLD

"Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge. And while the lack of financial services is a sign of poverty, today it is also understood as an untapped opportunity to create markets, bring people in from the margins and give them the tools with which to help themselves."

(Kofi Annan, Ghanian Diplomat, 7th UN Secretary-General)

Microfinance, also known as microcredit, is a movement by organizations which provides financial assistance to marginalized groups, typically to poor populations not served by financial institutions (e.g., banks, credit unions). The movement started with the Grameen Bank in Bangladesh which has been the most influential program for the global microfinance movement. It was founded by Muhammad Yunus, a Bangladeshi economist who launched an action research project to examine the possibility of providing financial access to poor rural women. Yunus's concept of providing microcredit to the poor as a tool of poverty reduction proved to be successful. Female

borrowers were creating microenterprises and repaying back their small loans. Over time, the Grameen Bank initiative has grown into a multi-faceted for-profit and non-profit institution. It has been providing financial services such as loans, savings accounts, and pension plans to the rural poor of Bangladesh. The Bank has inspired numerous programs around the world including in the Americas and Europe.

In Latin America, the Foundation for International Community Assistance (FINCA) in Costa Rica is a program that has played a significant role in the field of microfinance. Developed by a U.S. economist and funded by USAID, FINCA is considered a leader in the microfinance field. The program aims to provide financial services primarily to low-income women entrepreneurs (Jurik 2005:35). Like the Grameen Bank, FINCA requires participants to attend meetings, elect leaders, and develop program practices on loan and fund management. The goal of this program has been to help borrowers become productive so that they can improve their standard of living by accumulating assets that can be invested.

Although the main focus of microfinance programs abroad has been to reduce poverty and improve the lives of those who are not served by the formal financial sector, microfinance in developed nations differs slightly in its objectives. Programs in developed nations give priority to individuals who are partially or totally excluded from the well-established financial stream. In Europe, microfinance programs were introduced to assist the unemployed in becoming self-employed. In 1980, the Unemployed Entrepreneurs program in France was established to enable unemployed citizens interested in becoming self-employed to receive a single lump-sum payment for business

start-up capital (Jurik 2005:37). In 1983, Great Britain introduced the Enterprise Allowance Scheme (EAS) to offer financial and technical services to its unemployed citizens. In the United States, microfinance programs were also introduced in an effort to fight unemployment, poverty, and banking exclusion. From their beginning in the 1980s, these programs have grown dramatically (Jurik 2005). For example, ACCION New York, the largest microfinance program in the U.S., increased its loan portfolio from \$5.2 million to \$13 million between 2001 and 2005 (Bowles 2007:37). U.S. programs are “always as much about training and technical assistance as [they are] about access to credit” (Edgcomb et al. 2005:20). They help individuals “lacking access to commercial credit, living on low incomes, or facing other challenges in the labor market” because of their gender, racial or citizenship status (Edgcomb and Klein 2005: 14) to write business plans and understand everything from a commercial leasing agreement to government regulations. ACCION USA, for example, makes use of its wide network of partners to continue mentoring and advising its clients.

Research/Ethnographic Studies on Microfinance

The emergence and popularity of microfinance programs, particularly in southern nations, has led to case studies of their strengths and weaknesses (Blumberg 2001; Wahid 1993; Wood and Sharif 1997). There are also other studies that have documented the origin and development of pioneering programs such as the Grameen Bank in Bangladesh (Bhatt 1995; Counts 1996). From these studies, researchers have identified techniques to evaluate program outreach (Daley-Harris 2002) and operational methods such as group lending, and saving and credit services (Balkenhol 2007). Other studies have shown

positive outcomes, suggesting that microcredit in southern nations has helped clients increase household income, enhance asset accumulation, and improve children's educational opportunities (Bebczuk and Haimovich 2007; Hulme and Mosley 1996).

Although some studies support southern programs' success stories, such claims are not without critics. For example, the few ethnographic studies on microfinance programs in southern nations have examined the effects of the use of microloans on the borrowers from the perspective of the clients. These studies have generally addressed gender-specific issues because women often seek the help of microfinance programs to start their own businesses. In an ethnographic research study conducted in El Alto, Bolivia, anthropologist John A. Brett (2006) found that women entrepreneurs were sacrificing their household finances in order to start and run their microenterprises. These female entrepreneurs scrimped on food and/or sold their furniture in order to pay off their loans. In a different ethnographic study conducted in Ifugauo, Upland Philippines, B. Lynne Milgram (2001) argues that certain negative economic effects on female borrowers are attributed in part to the microfinance program's top-down model approach, which leaves no space for developing socioeconomic strategies for the borrowers. She claims that the Central Cordillera Agricultural Programme (CECAP) has given priority to achieving financial self-sustainability rather than creating opportunities for female borrowers to gain knowledge about how to generate competitive microenterprises and access new markets.

In summary, these studies, particularly ethnographic research, teach us important lessons. They demonstrate that economic development cannot be achieved *only* through

microcredit. It is essential for microfinance programs, regardless of their location, to prepare and continue to mentor clients to help them run successful microenterprises. Such goals could be achieved if these programs provided business education, training and technical assistance, or partnered with organizations that already offer these services. This project provides an excellent opportunity for discussion on how anthropologists in developed nations can help microfinance programs think clearly about how their practices will bring about the changes they seek, especially if they want to reach out to a specific clientele in a particular U.S. community. As anthropologist Maurine Huang (1996) points out, as a developed nation, we should learn from the experiences of programs in southern nations in order to better assist U.S. entrepreneurs in immigrant communities.

GETTING TO KNOW OPPORTUNITY FUND

In 1995, Opportunity Fund (formerly known as Lenders for Community Development) was introduced in the Bay Area to provide financial products to low-income immigrant entrepreneurs and small business owners. The organization follows a development approach, known as microfinancing, in which savings and small loans (microcredit) are offered as an alternative source of financing to underserved entrepreneurs seeking to start or grow small businesses. In general, Opportunity Fund (OF) targets clients who have been or would have been rejected by the formal financial sector. Typically, OF's customers have been rejected by banks for the following reasons: (1) the client has not been in business long enough; (2) the client has no collateral to

secure a loan; (3) the amount requested is too small; (4) the client has no credit history or has a low credit score; or (5) the client's net worth is not high enough. The organization, unlike traditional financial institutions, evaluates clients' strengths by looking at their business plan and personal finance management skills. For example, a client must have a complete written business plan and must present paid billing statements. In addition, the client is evaluated by a loan officer to assess his willingness to improve his credit history.

As part of its mission to introduce clients to financial markets and to help them join the mainstream bankable population, Opportunity Fund has created a suite of three loan products to address distinct needs. Small loans called credit builder loans (\$1,000 or \$2,000) are for individuals seeking to build or re-establish credit. Microloans (\$2,000-\$10,000) are granted to entrepreneurs wishing to start their own businesses and to small business owners in need of capital to buy equipment or remodel their microenterprises. Small business loans (\$10,001-\$100,000) are available to near-bankable clients who are looking for smaller loans than those offered at traditional banks.

The local microfinance organization has been providing its financial products to low-income clients for over a decade. OF's headquarters are located in downtown San José where most of its personnel work on a full-time basis. There is also a small office in San Francisco staffed on a part-time basis, where meetings between potential clients and employees are made by appointment only. Both of these offices are staffed by 27 employees who split their work activities between San José and San Francisco. There are just three staff personnel who work in the marketing department to perform tasks such as interviewing new clients, overseeing new projects, and organizing community

presentations to promote the organization's loan products. As a result, staff members, including the organization's marketing department, become very busy managing and supervising numerous tasks.

In October 2008, Opportunity Fund drafted a plan for a project called "Study of Specified Commercial Hubs" to minimize marketing expenditures and the workload of the organization's personnel. The goal of the project was to identify methods that would help the organization assess the entrepreneurial status of new communities—meaning new geographical areas not yet targeted by OF—without the need for additional manpower and time commitments. Two OF representatives, Evelyn and Happy, requested that SJSU's Applied Anthropology program undertake the project. They specifically asked us to consider the following profile cases as a basis for identifying future clients.

Business Owner (Profile 2): I have an existing, small-scale, home-based business that currently covers my household expenses, and I'd like to expand operations so I don't have to live paycheck to paycheck. I work full-time in my business and come with 1-3+ years of operational experience. I rely on this business to pay for my expenses and don't have alternate income. I'm not wealthy, but I also don't spend personally beyond my means. I probably have no credit history or am repairing my credit. I may be stuck in my habits and require some advice on planning for business growth and personal asset goals. I probably have a specific loan use in mind (purchase a vehicle, equipment, and inventory). A \$5,000-\$20,000 loan would satisfy my needs.

Immigrant Entrepreneur (Profile 4): I'm an immigrant striving for the American Dream – I want to start or acquire my own retail business and work for myself! I am planning on working full-time in the business, though my spouse/savings probably has enough income to cover household expenses for a while. I'm good at managing my family's finances – we don't have much, but I make it a point to use my money wisely. I have actually saved some money to go towards this business. I have good credit – my history may be limited, but I may have operated a similar business in the past or have really done my homework to understand the business. I probably need some advice on how to make my

expectations realistic, and over time, I would like to learn how to become bankable. A loan up to \$50,000 would satisfy my needs.

Three major questions therefore emerged at the beginning of the project:

1. What communities should we target to find business owners (Profile 2) and immigrant entrepreneurs (Profile 4) in sufficient numbers and in support of communities to make it worth Opportunity Fund's time to market there?
2. Once the communities were identified, how could OF identify individuals who conformed to Profiles 2 and 4 be identified?
3. Should specific ethnic groups (e.g., Chinese, Latinos/Hispanics, African Americans, and Caucasians) be targeted? And if not, what alternative strategies should be pursued?

INTRODUCTION OF THE TEAM

Four graduate students in the Applied Anthropology MA program became interested in participating in this project after Evelyn visited Dr. Darrah's Anth 231: Anthropology Applications Core class to describe the "Study of Specified Commercial Hubs" in October 2008. An undergraduate student joined the team after reading an e-mail from Dr. Darrah describing the project. A month before conducting interviews, another person joined the team. The following paragraphs describe each of the team members who were part of this project.

Mayra S. Cerda I received a bachelor's degree in International Business from San José State University in 2007. In the in the Fall of 2007, I was admitted into the Applied Anthropology program. I come from a Nicaraguan family of women entrepreneurs. After

learning from my grandmother that she received micro-loans to expand her small business, I became interested in the field of microfinance. This research project gave me the opportunity to expand my knowledge about the field in developed nations; help immigrant entrepreneurs in need of capital to start their own microenterprises, and gain experience working with a U.S. microfinance organization.

Seema Handu holds a bachelor's degree in Pharmaceutics from Maharaja Sayajirao University in Baroda, India and a Ph.D. in Pharmaceutics from the University of Iowa, Iowa City. She is involved in several non-profit organizations including Cardea Center for Women, Fresh Lifelines for Youth, and the Children's Global Health Initiative. Seema is also a founder of the Enterprising Pharmaceutical Professionals from the Indian Subcontinent, which promotes networking and entrepreneurial mentoring for professionals in the pharmaceutical, biotechnology and related industries. She has been interested in the topic of applications of microfinance. She became involved in this project in the Spring of 2009 after learning about it from Deepa Iyengar.

Deepa Iyengar has a master's degree in Computer Engineering. She became interested in anthropology after reading several books about its application to different global issues. To further her knowledge, she first enrolled at West Valley College, and two years later she decided to take a couple of anthropology courses at San José State University. Deepa is a full-time mom and an active member of Kiva, an online microlending platform that connects lenders to entrepreneurs across the globe. She is interested in the SJSU Applied Anthropology program, and hopes to enroll in a course in the future. This research project

gave Deepa the opportunity to get involved in research with graduate students and apply what she had learned in her undergraduate courses.

Monika Liston Jo joined the Applied Anthropology MA program in the Fall of 2008. After earning her undergraduate degree in anthropology from UC Berkeley, she took a detour and a long break from the discipline of anthropology with a career in marketing. In her current role at Staffing Industry Analysts, Monika became intrigued about issues related to labor, work, “making a living,” and what it all means. This desire to explore these issues—with an anthropological approach—is what brought her back to the discipline. As a former small business owner, Monika also has great interest in entrepreneurship as a form of “livelihood,” which led to her participation in this project.

Maribel Martinez was admitted into the Masters in Applied Anthropology program in the Fall of 2008. She joined the program after having worked in the non-profit field of leadership development and community organizing and outreach for several years. She holds Bachelor’s degrees in Political Science and Sociology. Her areas of interest include community development, social justice education, systems of self determination, evaluations (particularly ethnographic and empowerment-based), curriculum design, and creative arts. This research project combined her interest in community development with her extensive knowledge of East San José. While working on this project, she was able to explore concepts related to service networks and contrast regional-based service delivery to combined-services centers.

Jessica Maynes received her B.A. in Psychology and a minor in Sociology from San José State University. She was accepted into the Applied Anthropology program in the

Fall of 2008. Jessica is interested in becoming a consultant and found the MA program to be the field that could prepare and give her the skills, tools, and knowledge she needs to achieve her goal. She participated in the Opportunity Fund project because she wanted to gain experience working with an outside organization to understand the collaboration process and the benefits produced by it, as well as some of the obstacles that impeded the process. Jessica hopes to become a research consultant and to be involved in the development of new products and services for businesses and for the general public.

PROJECT OVERVIEW

October 2008: From “No Community” to Alum Rock Community

When Evelyn came to the Anthropology 231 class to describe the project in mid-October of 2008, she gave an example of a female immigrant entrepreneur who needed financial assistance to buy a hot-dog cart. Evelyn pointed out that a business plan is one of the organization’s requirements for applicants to qualify for a small business loan. Because the female entrepreneur did not have such plan, OF’s business advisor worked with her to develop it. This particular entrepreneur was later awarded a small business loan after meeting the necessary requirements. After a couple of months, this entrepreneur became successful, meaning she was making a profit with her first hot-dog stand, and she decided to apply for another small loan to expand her business. “Today, this entrepreneur has more than four hot-dog stands and has employed people to help her run these stands.”

This story was framed by Evelyn as an example of one of Opportunity Fund's ideal client profiles. Evelyn explained to the class that the organization was seeking clients who are willing to learn, have a business plan, and are ready to apply for a loan. She added that the organization wanted to find this clientele in a San José community. She then shared the following research questions:

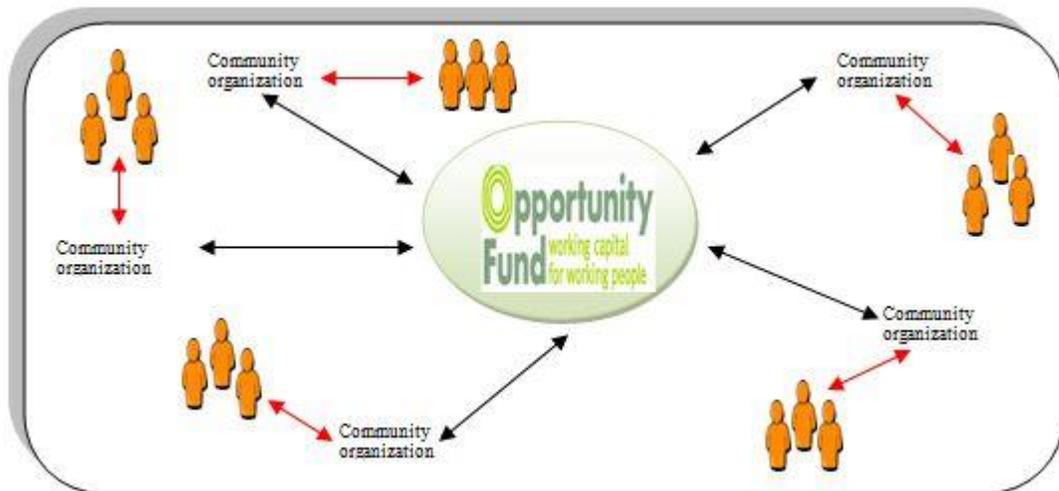
1. Should Opportunity Fund pursue a specific type of San José community (e.g.: a heterogeneous or homogenous community)?
2. Does the San José community fit our profiles? If so, how do we market to the diverse clientele in the community?
3. What community organizations support the clientele, and would they be good marketing partners?
4. Are these clients ready for loans?

I believed that the project would be a great opportunity for me to apply anthropology to help entrepreneurs like the "hot-dog stand lady" seek the financial assistance they needed to start their own microenterprises. The following week, Dr. Darrah introduced me to the Anthropology 231 class as the leader of this project. On that night, graduate students were divided into different groups to discuss the project. Dr. Darrah said that the main objective was to understand the "actions needed be taken to start the project." The students were active participants. Some suggested searching OF's partners and other organizations that may not "officially" be OF's partners (e.g., schools, churches). Others suggested identifying organizations with a common goal and investigating people's social capital.

Best Action Plan

In general, the students suggested that the research team could enhance their chances of finding the target clientele by identifying organizations in the community that are currently partnered with Opportunity Fund because community organizations would be able to identify those individuals who meet the characteristics of a business owner (Profile 2) or of an immigrant entrepreneur (Profile 4). Figure 1 below illustrates the students' recommendations to the research team.

Figure 1. Identifying clients through community organizations.



By the end of October, the research team met with Evelyn and Happy at Opportunity Fund's headquarters in downtown San José. We heard OF representatives say that they had chosen the Alum Rock community in San José for us to develop and apply appropriate methods to find business owners (Profile 2) and immigrant entrepreneurs (Profile 4). When Evelyn introduced the project to us, she told us that it would be our task to find a community, since the organization had not chosen one. Evelyn explained to us that later they decided to choose Alum Rock because there were

only 17 (or 4%) closed loans between FY06 and FY08. She then told us that although she quickly searched online for Alum Rock’s demographics, she was still unsure about the population. She pointed out that, in terms of education, the residents fall under what she called “middle education, not under-educated.”



Figure 2. Alum Rock community next to Central San José

To our surprise, we received an updated copy of the project’s timeline and a map (see fig. 2) from Happy. She said the organization expected us to provide final results by December 14, 2008 in less than two months. We explained that this timeline would not allow us enough time to provide them with a list of potential clients, community organizations, and a final report describing our

methodology. We also explained the importance of having time to contact community organizations to set up and conduct interviews. Evelyn then proposed that we develop a new and flexible timeline. She then turned to discuss the map. Evelyn said she wanted to give us an idea of where Alum Rock is located. Evelyn and Happy did not know that I had lived near Alum Rock for many years, and that Jessica and Maribel also knew the community because they had either worked there or had friends living around the area.

Observation: At this meeting, it was clear that Opportunity Fund was proceeding without a fully developed rationale for choosing participating communities.

Learning about Alum Rock

Although I knew how the Alum Rock community looked physically, such as where some stores are located, and where people liked to gather and meet, I was not aware of Alum Rock's demographics. From my experience, this community had two groups of people with different levels of income: the low-income residents living near the East Side, and the high-income residents living up on the hills. I searched online to learn the ethnic diversity of Alum Rock's residents and what amounts have been reported for household median income. I learned through the 2000 U.S. Census that Alum Rock has a total population of 13,479 residents. The general demographic characteristics in that report classified race as "alone" or as "in combination with one or more races." Whites, which are under the category of one race, represent forty-four percent of Alum Rock's total population. Asians were also under the same category of one race, and represented over eight percent of this community's population. Under the category "combination with one or more races," Hispanics or Latinos represented sixty-seven percent of the residents. The median household income in 1999 was \$54,567; only eight percent of the residents were below poverty level. In terms of Alum Rock's class of workers, I found out that there were 356 self-employed workers who owned their own businesses. In addition, the Census data shows that 2,320 residents were high school graduates, 455 had an associate degree, 449 had earned a bachelor's degree, and 198 held a graduate or professional degree.

November 2008: Opportunity Fund's Clients

I met with Evelyn in late November to discuss Opportunity Fund's Underwriting Policies, a document that serves as the basis for assessing information on the applicants. She wanted me to become familiar with the client eligibility criteria and the Small Business Loan Program. I began our meeting by asking her to explain to me the last sentence in bold letters on page 4 that says, "Opportunity Fund will work with undocumented immigrants." Evelyn said that part of the organization's mission is to provide financial products to U.S. immigrant entrepreneurs who may not qualify for a conventional bank loan due to their legal statuses. According to Evelyn, OF does not ask for proof of legal status (US Citizenship, or Residence Card); instead, the organization evaluates clients' business plans. She added that potential clients are evaluated "through qualitative (personal character) and quantitative (credit score) factors." Evelyn then shared the following examples to explain the screening process:

- 1) *Micro loan Example (\$10K): This is an immigrant entrepreneur (Profile 4)*
In 2006, the client migrated to the U.S. from Argentina. He wanted to start a marketing business in multimedia. He applied for a \$10,000 loan to buy computer hardware and office supplies to start his business (e.g., marketing products in malls using flat screen TVs). He had a full business plan, was familiar with the business, and worked part-time as an architectural designer. He had a net income \$2,900, paid \$900 a month in child support, and had a total of \$2,200 in household expenses. When evaluating his credit history, OF found that he had a 635 credit score, 8 open accounts, and only 1 derogatory account (past due or collection agency account). His loan request was approved.
- 2) *Micro loan Example (\$6K): This is a business owner (Profile 2)*
The client went to jail for a few years. After he got out of jail, he started working for a friend cleaning carpets. He was good at sales but did not know anything about marketing. He applied for a \$6,000 loan to start his carpeting cleaning business. With the help of OF, this client created a business plan in which it showed gross profit of \$1,800. When evaluated, the loan officer found that he had a credit score of 517 points, 2 open accounts, and 4 derogatory accounts (3 of

these accounts were already paid). Although he still had one unpaid account, he was willing to build his credit. His loan request was then approved.

3) *Credit Builder Loan Example (\$2K): This is a potential entrepreneur*

The client and his wife moved to CA after hurricane Katrina. He wanted to start a comedy show business. Unfortunately, he did not know the logistics (expenses, sales, marketing) for planning such show. He was good at documenting what he wanted but he had no experience managing a comedy show business. His wife worked for an after school program. The only problem was that when they applied for this loan, his wife told us she started working for the after school program 2 weeks before their meeting with a loan officer. They both had a total monthly income of \$3,700 and \$3,600 in household expenses. The client had 513 points as his credit score, 10 derogatory accounts, and a total debt of \$10,000. His wife had 575 points as her credit score, 13 derogatory accounts, and a total debt of \$16,000. His loan request was denied.

After my meeting with Evelyn, I was given permission to interview William, a loan consultant. I was taken to a private office where William called me from his San Francisco office to be interviewed. I asked him to tell me about himself and his job position. He answered that he has a bachelor's degree in Psychology, a minor in Business, and a master's degree in Education and School Finance. He is responsible for interviewing clients about their credit history and personal finances, and he has been doing this for two years. He also said that most of his interviews with clients are done over the telephone "because it is easier to get the application done." He told me to listen to how he conducts his interviews with clients. He called Reyna, the loan applicant in Kansas.

Reyna applied for a small business loan (\$10,001-\$100,000) to start an organic baby product business—a new market that no one has yet explored. Her organic skin care line had been recently approved by the U.S. Food and Drug Administration (FDA), and she was in the process of shooting an infomercial to advertise her product. Two years

ago, she filed for a Chapter 13 bankruptcy under the U.S. bankruptcy code which allows individuals with regular income to adjust their debts to pay back their loans (U.S. Courts). Reyna told William that she had to file for bankruptcy because she had a debt of \$33,000 in medical bills, and could not afford to pay her monthly mortgage of more than \$7,000 and her debt with Provident of more than \$5,000. William pointed out to her that she also has a cable collection with Time Warner, and she quickly responded that the collection is being disputed and is under investigation. William told her that her loan request may not “move forward once it gets to the board because of your bankruptcy and credit history.” He advised her to seek financial assistance by contacting two micro-lenders in Kansas City: First Step Fund and Gross Opportunity Connection.

After the interview, William and I spoke over the phone and he confessed to me that there was another factor that prevented the loan request from being accepted. Reyna lives in Kansas City, a geographical area where Opportunity Funds does not provide its financial products. William also added that “even if she lived in the Bay Area, she wouldn’t qualify for the loan because of her bad credit report. I’m also uncertain about her operational experience, because she sounds more like a sales person.” In fact, she was a sales person. Reyna had been working as an Avon Sales Manager for two years. Although she tried several times to convince William that her skin care line would project \$200,000 in revenue the first year and \$1,000,000 in revenue in the second year of business, such detailed financial forecasts did not impress him. After all, William was not responsible for evaluating business plans; he was responsible for reporting clients’ credit histories and personal finances to the Small Business Loan Program board.

Observation: I learned is that the organization was not targeting specific ethnic groups, instead it was interested in targeting clients with specific eligibility criteria:

1. Client's Business—OF is looking for clients with a business plan.
2. Personal Finance—OF wants clients who can prove they are able to manage personal finances and business responsibilities.
3. Credit History—OF wants clients who are willing to improve their credit history (e.g., paying their bills).

January 2009: Find “Community Gatekeepers”

I was concerned about the status of the project because I did not hear from the representatives after my last meeting with Evelyn in late November 2008. I had sent an e-mail to Happy and Evelyn with a new timeline before the end of the year, but neither of them replied with comments or suggestions. I was not sure whether they agreed with the timeline or if they had decided to cancel the project. After I expressed my concern to Dr. Darrah, he e-mailed the preventatives. Then, he received an e-mail from Happy with two attachments: an Excel sheet to record the “community gatekeepers” information and an updated file of the project with my timeline included. Dr. Darrah scheduled an appointment to meet with Happy to discuss the files and our next steps.

Before our meeting at Opportunity Fund's headquarters in downtown San José, Dr. Darrah and I met in the morning on January 19th to discuss the files that Happy sent him (the Excel spreadsheet and the new timeline). One of the project objectives included gathering data on the roles “community gatekeepers” play in their communities, and classifying them as “high or low priority partners” for OF. The concept “community

gatekeepers” was very intriguing. Dr. Darrah guessed that Evelyn and Happy came up with the concept to describe individuals who have access to an organization where entrepreneurs and small business owners can be found. We agreed that I should look for organizations that are linked to each other and categorize them as high or low priority. He also suggested looking for places where people get together, such as churches and schools.

After my brief meeting with Dr. Darrah, we walked to meet Happy and Evelyn at Opportunity Fund. I told him I was curious to hear OF representatives’ definition of “community gatekeepers” because it sounded more like an individual who could open a door for us to meet a group of people. Dr. Darrah then said that a better concept that could apply to my definition would be “portals,” because they are means of entrance and could give us access to come into an organization to find business owners (Profile 2) and immigrant entrepreneurs (Profile 4). After we arrived at OF, Happy welcomed us and took us to a conference room. She had written some agenda items on the white board, and on the table there were copies of the main agenda titled “Manpower Strategy/Check-in Meeting” (see appendix A). In our meeting, I realized that Evelyn and Happy wanted to make sure that every single point on the agenda was discussed, and that we left the meeting knowing exactly what they wanted from us. They were expecting us to list 20 community gatekeepers on the Excel spreadsheet “for a good sample size,” to have at least 22.5 total hours of interviews, and to conduct 10 focus groups with community gatekeepers. Dr. Darrah and I wondered how they came up with those hours. Evelyn gave Happy credit for proposing the “manpower strategy,” and for organizing the detailed

agenda together. Although the written plans were precise, they did not reflect a systematic needs assessment. However, they did serve as a starting point for discussions about how to implement the project. Before ending our meeting, I asked Evelyn what she meant by “community gatekeepers.” She said that when she thought of community organizations as a way to find clients, she viewed them as gatekeepers. She believed that by approaching them, we could find out if the clients they serve meet the characteristics of Profile 2 or Profile 4. At that point, I told her that my next step would be to work with the team to develop the questionnaires and the descriptions of Profile 2 and Profile 4 before conducting our interviews.

Observation: The community gatekeepers would play a critical role in helping us answer important questions: First, did Opportunity Fund choose an entrepreneurial community? Second, does the Alum Rock community value entrepreneurship? Third, are entrepreneurs and small businesses supported by the Alum Rock community? Fourth, does the Alum Rock community have the institutions that would enable us to find business owners (Profile 2) and immigrant entrepreneurs (Profile 4)?

February 2009: Looking for the gatekeepers and figuring out our role

Dr. Darrah, Deepa, Maribel, and I met to discuss places in Alum Rock where we could find business owners and immigrant entrepreneurs. We were focusing on the idea that individuals rely on social capital and weak tie networks to pursue his/her goals. Maribel suggested contacting different non-profit organizations such as One-Stop, Somos Mayfair, Mexican American Community Services Agency (MACSA), Alum Rock Youth Center, and Mexican Heritage Plaza to find out if the population they were currently

serving could fall into one of the profile categories. Deepa also recommended looking at charter schools (e.g., Learning In an Urban Community with High Achievement (LUCHA), KIPP) where we could find a group of parents who meet while they wait for their children. Deepa pointed out that we could conduct interviews based on the characteristics of the profilers, and then we could classify them. This last thought led us to think about our roles. We asked, “Should we be screening potential clients?” Maribel also wondered how we should present ourselves to the community gatekeepers. She asked, “Are we anthropology students, OF representatives, or both?”

Although I read Opportunity Fund’s Loan Underwriting Policies and Procedures and understood the different financial “products” the organization offers, it was impossible for me to know what questions loan consultants ask and how they evaluate loan requests and potential clients. Two of my fears were: (1) being mistaken by our informants as an OF loan officer, and (2) being asked questions about loan procedures and eligibility criteria. We shared these thoughts with Dr. Darrah who also had the same concerns. He clarified the role we were playing in this project as student researchers. He also pointed out that none of the members in our team knew the organization’s procedures for screening and approving loan applicants. He suggested meeting with Happy and Evelyn to let them know that we were not qualified to screen potential clients, and that it would not be appropriate for us to evaluate their clients. As we moved forward with our discussion, Maribel suggested getting a printed map of Alum Rock to estimate the geographical size of the community.

Jessica and I met later in the evening to discuss my meeting earlier that day with the rest of the team. Jessica conceptualized the idea of preparing either a flyer or a letter from OF describing what the organization has done for small business owners and immigrant entrepreneurs. She believed that handing out such information would attract individuals in need of financial assistance to either start or expand their own small businesses. Jessica also suggested posting the information on school and church bulletins. Next, I asked her to help me brainstorm on the role we would be playing when distributing the information and introducing ourselves to our informants (or community gatekeepers). She quickly told me that we should make sure that our informants understood that we were student researchers. She also added that we should dress very casually when meeting them. She then said,

If we were to table at Berryessa Flea Market, we would find and attract small vendors. We should dress very casual though. Have you seen some people when they table? Sometimes they are tabling wearing suits, and that drives people away.

Jessica's example and observation made sense when we thought about how people become intimidated when they go to a bank to ask for financial assistance. We started sharing some personal observations we have made at community events. I told Jessica that every summer for five years I have attended a community event near Santa Teresa Kaiser because of the variety of performances by belly dancers, Aztec dancers, and local musicians. I told her I was very curious about the people who were promoting services at the tables. I found out that most people were promoting their businesses, others were recruiting for the Armed Forces, and a few others were promoting financial

services from the local credit unions. I noticed that some people avoided walking near the Credit Union tables or would not stop to ask questions. I told Jessica that the people tabling for these institutions came back every year wearing business clothes (e.g., blazer, slacks). Jessica said that she has also observed a similar situation at the Berryessa Flea Market, where some people who manned tables to hand out financial information wore business clothes, although the vendors generally wear casual clothes. We agreed that our team should avoid dressing in business suits so that our informants would not feel uncomfortable around us.

The following week, Deepa, Jessica, and I dedicated some of our time to searching online for community organizations, local schools, and churches within the Alum Rock area to start filling out the Excel spreadsheet that Happy had sent to us (see Table 1 for our data). Deepa chose to concentrate on finding local schools, Jessica searched for churches and local organizations, and I looked for non-profits dedicated to serving business owners and entrepreneurs and for local banks. I also decided to send an e-mail to Happy and Evelyn requesting a list of OF's partners and asking them to answer a few questions regarding partnerships and business plans. It took several days to a week to receive a reply from the OF representatives. Although our team continued with our tasks, it was difficult for me to guide my team because I did not have answers for team members' questions, such as "What kind of partners does Opportunity Fund have? What do Evelyn and Happy mean by 'partners' and which one provided the most referrals? What do they do if a client does not have a business plan?" These were questions that

came up when we met. We wanted to be prepared to answer if a community gatekeeper asked these questions.

Happy responded to my e-mail after five days. In answer to our question about the meaning of ‘partners,’ she replied,

At this time, we do not have official guidelines for potential or current Opportunity Fund partners. We do, however, work well with partners who have related programs/services, service similar populations and/or share similar organizational missions. As for our financial partners that have provided client referrals, the following provided the most referrals in the last year: Citibank Bank of the West, Comerica, Bank of America, Union Bank, Wells Fargo, Washington Mutual, and Meriwest Credit Union

In the last two years, 6% of client inquiries came from banks. At this time, we do not know the profile of clients that they provide.

Three hours later Evelyn replied,

Like Happy alludes, we don’t have concrete definitions for “partner.” For now, we categorize our partners to include:

- a. Community Organizations/Nonprofits
- b. Banks
- c. Government Agencies
- d. Businesses (for example, equipment vendors that sell to our clients)
- e. Media
- f. Previous borrowers/applicants

In answer to my question regarding clients not having business plans, Happy said,

In this case, if the client does not have all the information requested, we would give that client homework to fill in the blanks. We want to make sure that our clients are set up to succeed. If they cannot sufficiently provide the information requested about the business model/plan, then they would not have all that they require to be successful. Whenever

possible, we will provide the client with resources to assist them in the process.

Understanding client success was important to Opportunity Fund. In 2008, two graduate students in the Applied Anthropology program led a project proposed by the organization to study the experiences of OF's "successful" entrepreneurs. Overall, the report shows that clients' willingness to learn and motivation were key factors for overcoming challenges when running their businesses and considering themselves successful entrepreneurs. Happy's response and our previous conversations, led me to understand that the organization considered a business plan a key factor when assessing whether or not a client is likely to be a successful entrepreneur. In an article, Mark Shreiner (1999) points out that U.S. microfinance programs use business plans for screening clients' creditworthiness and business acumen. Applicants' business plans help OF loan officers track clients' self-employment effort, assess the feasibility of the business, and evaluate applicants' need for capital.

Table 1. List of community gatekeepers

Organization	Type	Contact	Email	Phone	Website
1. Our Lady of Guadalupe	Church	Javier Reyes, Pastor		408-258-7057	http://www.sanjoelgparish.org/page2.html
2. Alum Rock Youth Center	City of San José Youth Program	Lolita Jackson, Principal Leslie Eichler, Dir. of Community Outreach	ljackson@kipheartwood.org , leichler@kipheartwood.org	408-251-5757	
3. KIPP Heartwood Academy	Public Charter School in Alum Rock (Middle School)	Lolita Jackson, Leslie Eichler	ljackson@kipheartwood.org , leichler@kipheartwood.org	408-928-2400	http://kipheartwood.org
4. KIPP San Jose Collegiate	High School	Melissa Gonzales, Principal	mgonzales@kippsanjose.org	408-728-2688	http://www.kippbayarea.org
5. Somos Mayfair Community Ctr	Non-profit	Diana Jauregui, Family Support Lead Promotora	djauregui@somosmayfair.org	408-251-6900	http://www.somosmayfair.org
6. Alum Rock Counseling Center	Non-profit			408-294-0500 X113	www.alumrockcc.org
7. Eastside Adult Education Program-Alum Rock Branch Library	Adult Education			408-808-3090	
8. Eastside Adult Education Program-Tully Community Branch Library	Adult Education			408-254-8101	
9. Adelante Dual Language Academy	K-5	Sandra Garcia, Principal	sandra.garcia@arusd.org	408-928-1900	http://www.arusd.org/schools/adelante/index.cfm
10. Cesar Chavez Elementary School		Rene Sanchez, Principal	rene.sanchez@arusd.org	408-928-7300	http://www.arusd.org/schools/cesarchavez/index.cfm
11. Sheppard Middle School	K-8	John Rastatter, Principal	john.rastatter@arusd.org	408-928-8800	http://www.arusd.org/schools/sheppardms/index.cfm
12. The Flea Market Berryessa Road		Chris Lepe, Vendor Organizer	marketing@sjfm.com	408-425-4430	http://www.sjfm.com/
13. Work2Future	Non-profit / NGO	Suzanne Wolf	suzanne.wolf@sanjoseca.gov		http://www.work2future.biz/
14. Silicon Valley Small Business Development Center	Non-profit/NGO	Gail Buettgenback	clientservices@svsbd.org	408-494-0240	http://www.siliconvalley-sbdc.org/
15. Silicon Valley SCORE	Non-profit/NGO			408-288-8479	http://www.svscore.org/index.htm
16. Mexican American Community Service Association (MACSA)	Non-profit	Laura Beeson, Adult Day Health Care Program Director	beeson@macsa.org	408-928-1153	www.macsa.org
17. Catholic Charities of Santa Clara County	Non-profit	Maritza Maldonado, Dir. Of Educational Services; Ellen Dumesnil, Dir. Of Economic Development	mmaldonado@ccsj.org , edumesnil@ccsj.org	408-468-0100	http://www.catholiccharitiessc.org
18. International Rescue Center (IRC) in San Jose	Non-profit	Sead Eminovic, Job Developer	Sead.Eminovic@theirc.org	408-453-3536 x25	http://www.theirc.org/where/united_states_san_jose_ca/theirc_in_san_jose.html
19. Independence Adult Center	Adult Education			408-928-9300	
20. Services, Immigrant Rights, and Education Network (SIREN)	Non-profit	Patricia Diaz, Executive Director	patty@siren-bayarea.org	408-453-3003 x106	http://www.siren-bayarea.org/
21. Filipino American Chamber of Commerce of Santa Clara County	Non-profit	Maricris Benitez, President-elect Financial Lender		408-283-0833	http://filchamber.org/om.php
22. Business Owner Space.com	City-Run Program	Theresa de la Vega	Clientservices@svsbd.org		http://www.businessownersspace.com

23.	The Greater San Jose Chamber of Commerce	Membership	Carlos Figueroa	info@gsjhcc.org	408-494-0296; cell 408-903-9150	http://www.gsjhcc.org/2007/index.asp
24.	Entrepreneur Foundation	Membership	Diane Solinger, Executive Director	dsolinger@efbayarea.org	408-278-2203	www.efbayarea.org
25.	Joint Venture		Seth Fearey, Vice President	fearey@jointventure.org	408-278-2220; 408-278-2294	www.jointventure.org
26.	Bank of America	Financial Institution			408-983-0588	
27.	Lucha Elementary School	Public School	Kristin Henny, Principal		408-928-8300	http://www.acepublic.org/Schools/LUCHA.html
28.	Mexican Heritage Plaza	Non-profit	Elisa Echaverria	elisa.echaverria@sanjoseca.gov	408 920 6070	http://www.mhcviva.org/index.html

Methods

Deepa and I worked on creating a questionnaire and an understandable description of the two profilers (business owners and immigrant entrepreneurs). We wanted our interviews to be conversational (semi-structured) and somewhat informal. Our goals in developing a set of semi-structured interview questions were (1) to obtain general information on the services community organizations provide to their clients, (2) to locate the organizations or entities they collaborate with, (3) to determine whether or not our informants are serving the population that OF is targeting, and (4) to find out whether or not OF could find its target clientele in Alum Rock. In relationship to the description of each of the profiles, we decided to make it as simple as possible by listing the specific information that OF examines when evaluating each of these two clients. Our goal was to help our informants easily identify clients who meet either of the profiles.

Table 2. Characteristics of Business Owners and Immigrant Entrepreneurs.

Entrepreneur Profile 2: If I meet clients' profile 2, they would:

1. Have an existing business that currently covers their household expenses
2. Work full-time in a business that s/he has had for 1-3+ years
3. Have good personal and business financial management skills; have the ability and knowledge to provide information for a business plan
4. Want to expand business operations but have inadequate savings and are building credit history
5. Have no collateral of value but are seeking advice on planning for business growth

Entrepreneur Profile 4: If I meet clients' profile 4, they would:

1. Be immigrants who want to own a full-time business
2. Have enough income to cover household expenses while starting business
3. Have good personal financial management skills, are seeking business advice, and have the ability and knowledge to provide information for a business plan
4. Have operated a similar business in the past or have studied the business and understand it
5. Have good credit, but have inadequate savings, and insufficient collateral

Going beyond Alum Rock

Deepa and I examined the map that Paul, the City of San José Neighborhood Team Manager, printed out for me after I contacted him to explain the purpose of my project. Deepa and I noticed that King and Story Roads were bordering Alum Rock and that some our contacts were located there. I found out that in 2005 the City Redevelopment Agency reported that King and Story Roads had a combined population of 311,577 residents within a three-mile demographic ring. This figures increased to 568,854 residents when the Agency estimated the population of both Roads within a five-mile demographic ring. The median household income for the residents living within a three-mile demographic ring in 1999 was \$63,024. Thirty-eight percent of the total population had one to four years of college education. For the residents living within a

five-mile demographic ring, it was estimated that their median income was \$71,987 and that fifty percent of the population had one to four years of college education. Deepa and I also found that there were three major shopping centers at the intersection of King and Story Roads: Mi Pueblo, Tropicana, and Plaza de San José. We decided to propose that Evelyn and Happy allow us to add these two communities to our research population.

Testing Our Methods

In late February, I met with Jaime to conduct my first semi-structured interview for this project. Jaime works for GenerationEngage, a nonpartisan initiative aimed at encouraging young adults to “become political leaders in their communities and more active participants in our democracy” (Mobilize.org). I e-mailed him before our interview to explain the project and its objectives. When we met, I gave him the document describing the Profiles, and proceeded to explain them. He understood the differences between the profiles and immediately started mentioning places where I could find OF’s target clientele. For Profile 2 (business owners), Jaime recommended contacting Chris, a vendor organizer at the Berryessa Flea Market. He told me that due to our economic crisis, visitors and customers were not shopping at the Flea Market as they had done previously. Although vendors wished to expand and promote their businesses to attract clients, the formal financial sector (e.g., banks) was not offering loans for the type of businesses those vendors were managing. For Profile 4 (immigrant entrepreneurs), he suggested contacting Work2Future, NOVA, and the Entrepreneurs Foundation. He said that Work2Future, a non-profit that works with low-income individuals, helps clients with their business plans, seeks inexpensive office space for them, and guides them with

their business ideas. He added that South Bay residents are getting free services but only two percent of the population knows about them.

Observations: (1) The way we organized our questionnaire was useful because it was structured to gather information about GenerationEngage, its clients, and the Alum Rock community. Jaime gave me a brief overview of GenerationEngage and provided me with names of some organizations where I could find Opportunity Fund's target market. (2) The description of the profiles was clear to Jaime. I did not have to explain each of the profiles in depth. (3) Jaime said I would have no problem finding clients for OF in Alum Rock because there would probably be small business owners and immigrant entrepreneurs in need of capital to run a business.

March 2009: Opportunity Fund's Way of Thinking

On March 3, 2009, Evelyn and Happy wanted to meet with us to discuss the documents we sent (profile descriptions and gatekeepers' list). Evelyn started the meeting by letting us know that the organization has struggled with identifying Profile 2 (business owners) and Profile 4 (immigrant entrepreneurs). She told us that at a staff meeting, they discussed the possibility of categorizing clients in order to focus on the population the organization intended to target. After evaluating some former and current loan applications, the staff developed five profile descriptions, including the ones we were trying to find in Alum Rock. All profiles were considered to be OF's "ideal clients," but only two of them were the organization's priority. At that point, Dr. Darrah asked Evelyn if the organization was looking for potential business owners and immigrant entrepreneurs. She quickly responded, "I want them to be 2's and 4's." I then informed

her of our decision to not screen clients and let the community gatekeepers find clients for us. She agreed that it would be inappropriate to ask us to screen clients if we did not know how loan officers evaluate each applicant.

Happy then shifted our conversation by telling us that Opportunity Fund could use a tool called “market sizing.” To our surprise, she told us they had discussed the project with a marketing consultant and asked him for his opinion. The consultant believed the organization should find out “clients’ demographics, opinions, beliefs, [etc.]” At this point, I and the other team members became confused. I was not sure if the project had completely shifted to something different or if Happy and Evelyn had decided to let a consultant handle the project. Monika looked at Evelyn, who was seated next to her, and said, “This means we are going back to starting all over again.” Monika’s remark left OF representatives silent. Evelyn “broke the ice” by reassuring us that she wanted us to tell her if “Alum Rock will work or not” and what methods we employed to find the organization’s “ideal clients.” I then asked for her consent to let us research two communities neighboring Alum Rock. I explained to Evelyn that some of our contacts were located on King and Story Roads and that they could lead us to finding small business owners in need of OF’s financial products. Evelyn said she would not object to the idea of adding different communities, as long as our focus was on finding Profile 2 (business owners) and Profile 4 (immigrant entrepreneurs).

Our work was not discussed or questioned by the representatives at this meeting. We listened to Happy and Evelyn describe how difficult it had been for the organization to classify clients, and how they were interested in learning marketing methods to target

other communities. Dr. Darrah decided to join my meeting with Deepa later that day to help us design a diagram to incorporate what was discussed earlier with OF representatives, and explain how our approach could be applied in other places (see Appendix C for diagram). The first step of the diagram begins by asking whether OF would have reason to believe there would be people who meet Profile 2 (business owners) and Profile 4 (immigrant entrepreneurs) characteristics in some town, city, or county. The organization will make its decision based on existing data or references that will help OF to decide which town, city, or county to target. The second step explains that if the information collected confirms that there could be such clientele, OF would want to identify the community gatekeepers. The third step explains that some gatekeepers initially identified may not be useful, but others will be added to a list of contacts as the organization talks with various gatekeepers. The fourth step says that, based on the information gathered from the community gatekeepers, OF would then be able to determine the prevalence of Profile 2 (business owners) and profile 4 (immigrant entrepreneurs) in one or more town, city, or county, based on the information gathered from the community gatekeepers. The fifth step explains that if OF decided to focus on a single site, it should assess whether or not the site meets the organization's minimum expectations as a worthwhile investment of its marketing resources. If OF decides to focus on two or more potential towns, cities, or counties, then the organization should decide which site is the best market for its products. The last step explains that once OF makes that decision, then its staff will interview the community gatekeepers more in

depth in order to obtain information on specific clients who meet either Profile 2 (business owners) or Profile 4 (immigrant entrepreneurs) characteristics.

Observation: There was one factor that reassured us that we were still responsible for overseeing the project. This was Evelyn's interest in getting the final result that could help the organization reach out to business owners and immigrant entrepreneurs in other communities (geographical areas) in the future.

April 2009: Opportunity Fund's Client Decision Tree

After sending our diagram to the representatives, Happy e-mailed Dr. Darrah and me asking us to use the organization's Ideal Client Profile Decision Tree (see Figure 3) to conduct our interviews. She also pointed out that she wanted us to answer Step 5 (picking a site) of our diagram, and not ask OF for its decision. Dr. Darrah sent an e-mail explaining to Happy that OF had already made its decision to look at Alum Rock to assess the prevalence of the organization's target clientele: Profile 2 (business owners) and Profile 4 (immigrant entrepreneurs). He also explained that neither a tool nor SJSU can make decisions for the organization. OF should use its own judgment to decide which community, city, town, or county is worth exploring and investing its financial products into in the future. Lastly, the organization's Decision Tree provided an inadequate basis for our questions. The document was an organizational decision tree and only OF employees understood its meaning, purpose, and goal. It did not constitute a series of questions that could actually be asked of our informants; in this case, the community gatekeepers. We could not have proceeded to gather data if each team member were to translate the decision tree to their informants in different ways. When someone looks at a

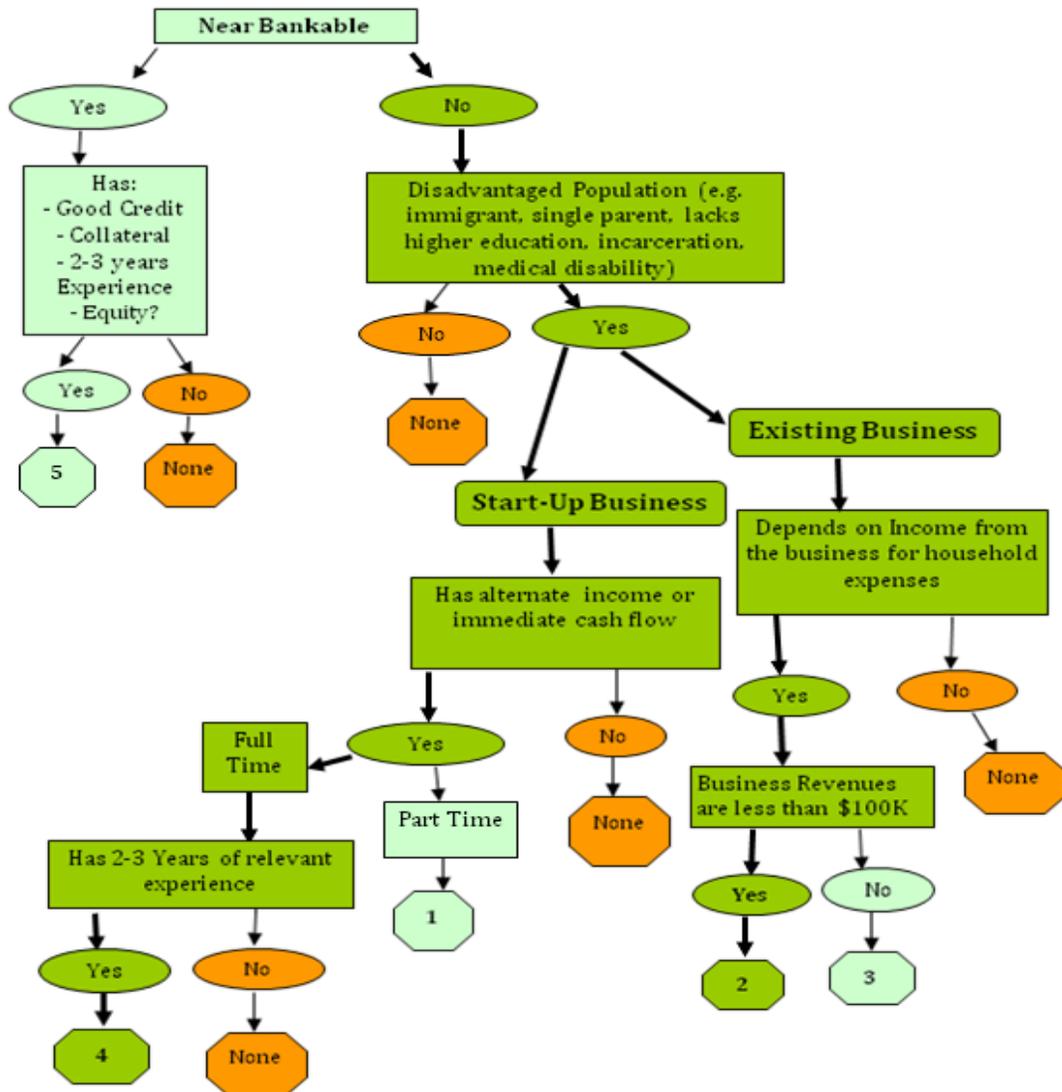
tree diagram that shows arrows and geometric figures such octagons and rectangles, it would only make sense to them if they had the background knowledge on how OF thinks, makes decisions, and categorizes and selects clients. We wanted to avoid making the process complicated and gathering mixed and insignificant data.

Happy explained that the Ideal Client Profile Decision Tree could be used to supplement what we already had developed. Next, she returned to a discussion of our diagram. She mentioned that by using the “market measuring tool” from Step 1, one should be able to estimate the prevalence of Profile 2 (business owners) or Profile 4 (immigrant entrepreneurs) and the need for OF’s products in a community. She also added that Step 6 could be accomplished through the use of focus groups with community gatekeepers. At this juncture it seemed as if OF was assuming that we were trying to change the project objectives. Instead, we were explaining how OF could proceed using the same process in other geographical areas to find the organization’s target clientele; this goal had already been agreed upon. We were also providing OF with the approach that Evelyn had requested at the last meeting. She agreed with us that conducting focus groups would take time and incentives, and that we should focus on conducting our semi-structured interviews.

Observation: Although Evelyn and Happy agreed to the plan for this project, weeks later it seemed that their own understandings of it diverged. This was due to the fact that we were unaware of discussions in which OF representatives and other people made unilateral decisions. Whenever we walked into our next meeting, Evelyn and Happy proceeded as if we knew what was discussed and agreed upon with others. Such

miscommunication made us believe that we were not doing our job and meeting their expectations. However, the biggest lesson I learned after each of these meetings is that communication *within* OF was as problematic as it was with us.

Figure 3. Opportunity Fund's Ideal Client Profile Decision Tree



May 2009: Meeting the Community Gatekeepers

Community gatekeepers were organizations that we believed would give us access to individuals who met the characteristics of Profiles 2 and 4. We conducted our interviews with the following gatekeepers.

Business Owner Space.com

Theresa was very interested in meeting with me after she received my e-mail describing the project, and asked me for an interview. When I arrived at the building where the organization is located, I noticed there were five young men waiting at the front desk. One of the men was filling out a form and the others were holding some papers. On the left hand side of the first floor, there were also people, some with children, waiting to be assisted. When Theresa came down, she was excited to tell me about the organization. Before we reached the stairs to go to the second floor, she immediately told me that the clients I saw were either applying for a job or signing up for a training course. She said that Work2Future, a workforce and economic development program established by City of San José Office of Economic Development, worked with job seekers to help them develop skills, and assisted businesses by helping them meet their workforce and economic development needs. She also told me that the City of San José sponsored Business Owner Space.com. Once we reached her office, Theresa started describing the organization and its clients.

Business Owner Space.com is a collaborative agency that helps small businesses and entrepreneurs. It is a website that provides information. The types of entrepreneurs we serve are those that need a business to get income, those that have started but need specific information, and those in

business who know what they want but don't have the connections.

Theresa also mentioned that Business Owner Space.com had strong relationships with other organizations. For example, if a client needed counseling, she would send him to SCORE for counseling and to participate in business workshops. For those clients "in the conceptual stages," she would find an organization that meets their needs. However, clients would be referred to different organizations depending on "the type of entrepreneur they are." Theresa explained to me that she would recommend a woman entrepreneur to the Women's Initiative for Self Employment, and that if the client was an immigrant, she would recommend him to visit AnewAmerica. In terms of advising clients on how to finance their businesses, Theresa said that there were three options for them to get financing: (1) clients can invite an investor, (2) finance their own businesses, or (3) seek loans. If the entrepreneur is interested in applying for a loan to finance his business, she "will directly refer him to Opportunity Fund."

After sharing how Business Owner Space.com worked, she asked me about the objectives of the project. I gave her a copy of the description of the profiles and told her that OF was interested in finding this type of clientele. She told me that some of her clients became business owners after losing their jobs, and that the network of organizations highlighted on the website had also served as a guide to help immigrant entrepreneurs start their own businesses. She was glad to learn that a project from OF was focused on finding such clients, but she was critical of each of the profiles. The followings were Theresa's comments about the file:

Profile 2 (business owners):

Line 1: Have an existing business that currently covers their household expenses

Theresa: They may cover their expenses through credit cards. I can't tell whether they cover their household expenses through their existing businesses.

Line 2: Work full-time in a business that s/he has had for 1-3+ years

Theresa: This is specific enough.

Line 3: Have good personal and business financial management skills; have the ability and knowledge to provide information for a business plan

Theresa: We rely on what the person says about his personal and financial skills.

Line 4: Want to expand business operations but have inadequate savings and are building credit history

Theresa: There is no way to tell they have good credit. They may believe they have good credit but they don't! Our clients fill out some paperwork in which they describe their qualities. We rely on what they say.

Line 5: Have no collateral of value but are seeking advice on planning for business growth

Theresa: You need to be more specific. What do you mean by collateral of value? Do you mean having a house, or a car? The instrument is susceptible to various interpretations.

Profile 4 (immigrant entrepreneurs):

Line 4: Have operated a similar business in the past or have studied the business and understand it

Theresa: You should rephrase it. For example, he has a business background.

Theresa added that some clients usually do not know how to write a business plan, but they always come to her saying that it is in their heads. She said that I would be able to find Profile 4 (immigrant entrepreneurs) at Work2Future, and suggested contacting the program's New Citizen Coordinator. In addition, Theresa told me that there was no way

she could tell whether or not there were entrepreneurs in Alum Rock. One reason for not knowing such information was that Business Owner Space.com did not keep a demographic record of its clients. Theresa said that the organization probably had clients from Alum Rock but she believed that many of them did not live there. However, she assured me that I would be able to find small businesses run by immigrants who might be interested in applying for a small loan.

Observation: First, the relationship or partnership between Business Owner Space.com and other organizations seemed to be vital. Organizations such as SCORE, AnewAmerica, and Women's Initiative for Self Employment made available services that Business Owner Space.com does not provide to its clients. Second, Theresa was critical about the word "collateral" because she believed OF should be listing items instead of using a broad concept.

The Entrepreneur Center: AnewAmerica

The Entrepreneur Center, located in downtown San José, provides support services to local business owners and entrepreneurs. The Center is made possible by a partnership between the U.S. Small Business Administration, Cisco Systems, the City of San José, and a number of national corporations and non-profit organizations.

AnewAmerica, a non-profit organization, has offered technical assistance for 10 years to small businesses and new immigrants. The organization has a three year program in which immigrant entrepreneurs are supported in the areas of business planning, training, financing and management. Linda, the director of AnewAmerica, was very interested in learning about my project and working with OF. When she received my e-mail

explaining the project, she immediately responded that she would be able to provide information on Profile 4 (immigrant entrepreneurs).

On the day of my meeting with Linda, I arrived 15 minutes early so that I could walk around the Center. On the first floor of the Entrepreneur Center, I found a large classroom full of people who were listening to someone dressed in business casual clothes. The large, wide projector screen showed that the speaker was talking about business law. Next to the classroom there was the Service Corps Of Retired Executives (SCORE) office. I walked in and asked what services they provided. The receptionist told me that the organization “is a resource partner with the U.S. Small Business Administration (SBA) focused on educating entrepreneurs and helping small businesses start, grow, and succeed. Clients have access to computers, internet, and SCORE’s library to search for information.” A tall man joined the receptionist and asked me if I was looking for business assistance. I explained the purpose of my visit in the building and my connection with OF. He gave me a business card and told the receptionist to schedule an appointment to meet with me. He introduced himself as “Charlie,” and told me he has worked with OF before and was interested in talking to me about a potential partnership.

After scheduling an appointment with Charlie, I walked towards the back of the first floor to find out what other offices were located there. I was struck by an old marketing poster that described OF’s mission and services. The sign read “Lenders for Community Development (LCD),” the organization’s former name, and *not* Opportunity Fund. As I got closer to the sign, which was placed in the middle of the first floor next to the stairs on the back, I noticed an empty office behind it. I looked through the glass and

noticed that it belonged to OF. The office looked as if it had been unoccupied for several months. The environment did not seem inviting; there were old flyers with the organization's former name written on them and some scattered papers on the desk. After making a full observation of the area, I rushed to the stairs to meet with Linda at the AnewAmerica's office on the second floor.

Linda gave me a tour of AnewAmerica's office and introduced me to one of her staff. She also gave me a full description of the organization and the type of clients she serves. She told me that some of her clients had been able to provide jobs to family and community members. Recently, a successful female client hired her husband because he had lost his job in this recession. Another client brought his mother and father to participate in the AnewAmerica six-month business training program because they each wanted to start their own businesses. She also explained that since some of these clients did not qualify for a bank account, financing their businesses was made possible through her network of organizations, such as Opportunity Fund and the Women's Small Business Center. At that time, Linda said that AnewAmerica had established partnerships with 80 to 120 organizations (e.g., Hispanic University, San Jose Library, SCORE, Business Associations). Although AnewAmerica had not closely worked with the Alum Rock Business Association (ARBA), clients (including those living near the border of Alum Rock) were recommended to participate in ARBA's events such as the Tamale Festival. Linda said that,

There is a great possibility for Opportunity Fund to do business in Alum Rock. There is an extremely large number of Hispanics and Asians in that community. And

both immigrants and non-immigrants are always interested in starting a business, even with this recession.

Linda then became curious about finding out why Opportunity Fund chose Alum Rock, if I was getting funds for working on this project; if she will be receiving a letter from OF inviting her participate, and if I would be the person interviewing her clients. I made it clear to her that my only role in this project was that of a graduate student and that I was not and would not be receiving any financial assistance from OF. In regard to the community OF chose to conduct this project, I told her that Evelyn based her decision on the few loan applications the organization received between FY06 and FY08. I also let her know that a full report will be presented to OF, and I would definitely let Happy and Evelyn know about her request for a letter of participation. After answering her questions, she became relaxed and started to speak softly. Linda told me that she had a few concerns about a recent client who graduated from the program with a business plan and went to OF to apply for a business loan. She said her client had contacted OF to verify the status of her loan request but no one from the organization had called her back.

Mayra, if I were to give you a list of these 2's and 4's you are looking for, will Opportunity Fund work with my clients?

Observation: There are three reasons why AnewAmerica appears to be an excellent and potential partner for Opportunity Fund. First, AnewAmerica serves clients who meet the description of Profile 4 (immigrant entrepreneurs). Second, clients receive the support (e.g., three years of free business advice) they need while starting and growing their businesses. Third, each client graduates from the organization's business courses with a written business plan.

The Entrepreneur Center: Service Corps Of Retired Executives (SCORE)

When I arrived at SCORE, Charlie immediately took me to his office and asked me about the purpose of the project and its connections to Opportunity Fund. I first introduced myself and then I explained to him that OF was interested in finding clients who met the characteristics of Profile 2 (business owners) and Profile 4 (immigrant entrepreneurs). I told Charlie that OF wanted to partner with local organizations that can potentially refer these clients. He then carefully read the description of each of the profiles and pointed out that it could be difficult to determine if an immigrant entrepreneur had good personal and financial management skills. He also mentioned that language was a barrier and that this type of client may be likely to have no collateral or credit history in the United States. Since he did not seem to understand how an immigrant could possibly qualify for a business loan, I decided to tell him the story of the Argentinean immigrant entrepreneur who met the characteristics of Profile 4 (immigrant entrepreneurs) and who was granted a small business loan. Charlie then confessed that SCORE generally did not work with immigrants because the organization had no Spanish, Vietnamese, or Chinese speaking consultants or translators. Usually, immigrant entrepreneurs lacking English-language skills were referred to AnewAmerica. He told me that he would be asking SCORE's counselors for a list of clients who met the characteristics of profile 2 (business owners), but first I needed to make some changes on the descriptions of the characteristics. He recommended the following modifications:

Profile 2 (business owners):

Line 1: Have an existing business that currently covers their household expenses

Charlie: In order for the client to cover household expenses, the business must be profitable.

Line 3: Have good personal and business financial management skills; have the ability and knowledge to provide information for a business plan

Charlie: Add at the end of financial management skills ‘*and current financial statements.*’

Profile 4 (immigrant entrepreneurs):

Line 5: Have good credit, but have inadequate savings, and insufficient collateral

Charlie: Instead of saying ‘good credit,’ *we* should write ‘acceptable credit or credit history.’

After going over his suggestions with me, Charlie told me I would be able to find small businesses around the Alum Rock community that might need financial assistance. He also let me know that this project and my involvement in it were important to him because access to capital is needed and young people need to understand the importance of small businesses to our economy. In addition, he stated that as a former Silicon Valley chief executive officer (CEO), he recognized that microfinance organizations were playing a significant role in the Valley by providing the financial assistance needed for business creation and growth. Although he was interested in building a stronger partnership with OF, it concerned him that neither Happy nor Evelyn had returned his calls. He said,

I want to know *why* SCORE isn’t working with you people to help you with the nonperforming loans. Mayra, SCORE could help OF on its marginal and non-performing loans. For example, OF and SCORE could work with clients who haven’t been paying their loans and with businesses that are in trouble. *That’s* a way SCORE can help with.

Observation: This meeting with Charlie made it clear that Opportunity Fund had a problem with not having enough staff to maintain stronger partnerships. Through this research project, OF was trying to find a solution to this problem.

Story Road Business Association

Deepa and I tried to contact the Alum Rock Business Association several times, but no one returned our e-mails or phone calls. Seema, on the other hand, was able to arrange a general meeting with the Story Road Business Association (SRBA). Frank, the SRBA President, e-mailed the details about the meeting to Seema, and offered to post any flyers or details about our presentation on a website. At first, I wondered why we would post a flyer if our goal was not to provide or promote OF financial products. It also did not make sense to create a PowerPoint presentation, as Seema had suggested, if we had already created an effective instrument that had been used prior to meeting with SRBA. My biggest fear was that we might be portrayed or labeled by the SRBA as an OF loan officer; this was something we wanted to avoid. I made it clear to Seema that we had to be very careful when introducing ourselves and make sure that our audience at the meeting understood the differences between the profiles. Although Seema still believed we should have created a PowerPoint presentation, she agreed to e-mail Frank to clarify our role in the project. I spoke with Seema before our meeting with SRBA. I believed it was my responsibility as project manager to let her know that we had to respect what *our* team had decided to do to complete this project. I also wanted her to know that although I appreciated her ideas, we could not change our methodology, because it was working.

She agreed to use our tools (e.g., questionnaire, profile descriptions) and told me it was best to let me handle the SRBA meeting.

Before the SRBA general meeting, Seema and I prepared ourselves by making 30 copies of the letter (see Appendix D) which Happy drafted for us, and 30 copies of the profile descriptions. We were told by Frank that small business owners and SRBA members were attending the meeting. Seema and I decided to arrive at Emma Prush Farm Park thirty minutes earlier to network with the attendees. Sonia Lopez from Patelco Credit Union introduced herself and asked us if we were new SRBA members. While Seema and I were introducing ourselves and our project, we noticed that more people started gathering around us to listen. Sonia was interested in finding out more about OF financial products, because according to her, Patelco did not provide small business loans due to our nation's economic downturn. She asked us to detail how OF works with undocumented clients seeking small business loans. Before I could answer her question, Monica Amador who works for El Observador newspaper told us that she had worked with undocumented immigrant vendors at The Flea Market. Through her experience, Monica believed it was difficult to imagine having an organization that provides access to capital to undocumented immigrants, because in her own words "undocumented immigrants don't like to be identified by the government if they were required to get a number to facilitate a loan process." I asked our audience if they knew the history of microfinance and how these organizations work in the United States. Since neither of our listeners knew anything about the subject, I explained the goal of microfinance programs in the United States and shared the stories of some OF immigrant clients (e.g.,

Argentinean and hot-dog lady entrepreneurs) who have qualified for a small business loan and ran successful small businesses. Monica became interested in helping us find clients and advised us to attend a community meeting at Mexico Lindo, located between Race and Alameda Streets. Right away, another person also told us to contact the Hispanic Chamber of Commerce to find clients meeting the description of Profile 4 (immigrant entrepreneurs). Eva, who worked for the City Redevelopment Department, later mentioned that she had clients who met the characteristics of Profile 2 (business owners) and she could take us to them after the meeting.

After the general meeting started, Frank announced that the Alum Rock Business Association (ARBA) was no longer organized due to differences between its members and their lack of commitment. He proposed inviting ARBA small business owners to come to the SRBA general meeting for support, “after all, we all want our businesses to succeed.” There was no one who opposed Frank’s proposal, and all agreed to support ARBA members in any way possible. Shortly after some members made some announcements, Frank introduced us as “SJSU graduate students who are working on a project for an organization providing small business loans to low-income entrepreneurs.” Seema then handed out a copy of the description of the profiles and the letter from OF. I explained OF’s mission and the objectives of the projects. A man who was sitting next to Frank asked me for examples of people who have qualified for a small business loan. I started noticing that stories were playing a key role when describing each of the profiles. Although our audience read the descriptions very carefully, they were fascinated with the idea that an undocumented person got a loan to start a small business and that a female

entrepreneur, who once had only a business idea, had hired employees to manage her hot-dog stands. After sharing the stories of these entrepreneurs, people started asking questions as if I was a loan officer.

What is the maximum loan amount for a small business loan? What are the qualifications to get the loan? What are the qualifications for someone who is an undocumented immigrant entrepreneur?

I tried to answer each question based on what the Loan Underwriting Policies and Procedures stated and suggested to our audience to contact OF for more information. I avoided answering the questions about qualifications because I had no idea how OF evaluates its clients. However, my lack of knowledge in the field of assessing potential OF clients did not stop many members from wondering if we were planning on coming back to their SRBA meetings and if our project would be ongoing. They wanted us to help Story Road's small businesses get the financial assistance they needed to grow. Eva's client, whom we met at his business after the SRBA general meeting, was interested in expanding his business, but did not qualify for a small business loan at Bank of America. Eva told me that one of her biggest struggles was finding capital for her clients because they were either undocumented or the amount of the loan they requested was too small.

Observation: It was interesting to learn that members of the Story Road Business Association approved the idea of helping Alum Rock's small business owners. It shows that small business owners in these communities are very supportive of one another. There is no doubt that Opportunity Fund could reach out to individuals who meet the description of Profile 2 (small business owner) and develop a partnership with the SRBA.

Telephone Interviews

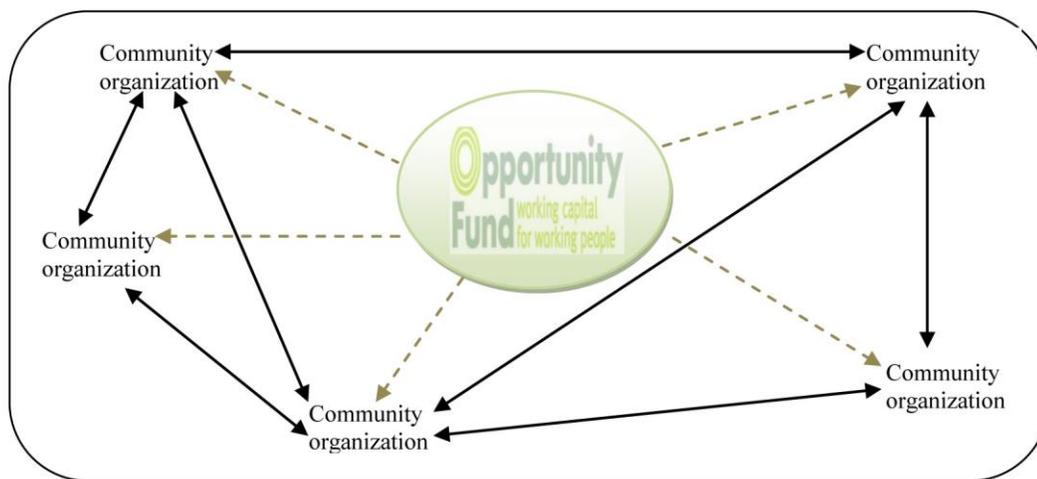
My telephone interviews with some community gatekeepers were rather difficult to conduct because I had a very limited amount of time to ask enough questions to obtain the information I needed. When I contacted Carlos, who worked for Greater San José Hispanic Chamber of Commerce, he was interested in helping me find entrepreneurs who met the description of Profile 2 (business owners) and Profile 4 (immigrant entrepreneurs). However, his tone of voice changed when I mentioned Opportunity Fund. He quickly let me know that he had “done some promotion work” with OF and had no time to meet with me in person. He suggested e-mailing him the letter Happy drafted for us and the profiler descriptions, but he never committed to calling or e-mailing me in response. A similar situation happened when Gail, who works for Silicon Valley Business Development Center which is located in the Entrepreneur Center, showed great interest in learning about the profiles but seemed reluctant to know more after she learned that clients would be referred to OF. Generally, these few interviews over the telephone with informants who were not pleased with OF would use the word “busy” to let me know that our conversation was over or that they could not promise getting back to me any sooner.

Nevertheless, Deepa and I interviewed other community gatekeepers over the telephone who had never heard of Opportunity Fund. Some of our informants were able to refer us to other individuals who knew the Alum Rock community, and others provided us with information about their clients. Our informant at the Alum Rock Youth Center (ARYC), for example, spent more than thirty minutes asking me questions about

the project, Opportunity Fund, and the profiles. Mr. Garcia sounded very curious about the profiles and was willing to help me find clients. He referred me to Mr. Solis, a man who worked at MayFair and knew some of Alum Rock's business owners. Sandra, Work2Future's New Citizen Program Coordinator, was another contact who was also interested in the project. She allowed enough time to be interviewed and to understand the type of clients OF was targeting. Sandra sounded excited about being able to refer clients who met the characteristics of Profile 4 (immigrant entrepreneurs) to OF. She quickly let me know that she had two clients from New Zealand who were exploring opening their own businesses.

Observation: Overall, our telephone interviews were not as effective as our face-to-face interviews. We spent more time trying to explain the purpose of our project than gathering information on the community gatekeepers, their organizations' missions, and the populations they served. In spite of this limitation, we were able to learn from our informants about other organizations that were serving a population of entrepreneurs. We also learned that Opportunity Fund did not have enough social capital with the community gatekeepers. However, we realized that the community gatekeepers created and sustained strong relationships with other organizations.

Figure 4. Strong and solid social capital between community organizations.



May 28, 2009: Microfinance, CA 2009

Although attending this conference was not part of the initial project plan, it provided an excellent opportunity to learn more about microfinance in the U.S. When Deepa and I arrived at the conference, we approached Evelyn and Happy to greet them, sign in, and receive our small business tour passes. The conference started with a welcome speech and an introduction to microfinancing from Opportunity Fund’s CEO, Eric Weaver. He stated that U.S. microfinance intends to reach “those outside the financial mainstream,” and to become a “realm of hope” by stimulating the development of businesses by “providing a small fraction of loans.” Another guest speaker from the Silicon Valley Community Foundation spoke about the economic difficulties that the nation and the state are currently facing, and how microfinance programs are making a great contribution to the economy. Dr. E. Carson stated that the people most affected by the downfall of the banking system have been African Americans and Latinos. “There is

a demand for small loans because ethnic businesses are rising, but there is no capital available from the formal financial sector.” Therefore, U.S. microfinance makes financial products available to the underserved and helps many achieve the “American Dream.”

At this conference, we also learned how U.S. microfinance programs differ from those in foreign countries. Evelyn offered four reasons to differentiate between these programs. First, she pointed out that microfinance programs abroad have used the peer lending model, in which individuals receive a loan based on the approval of their peers. They do so because borrowers are likely to remain at their villages. In the United States, however, the peer lending model does not and will not work because people tend to move. Second, foreign programs are focused on helping their clients gain income over time, while U.S. programs believe in the accumulation of assets such as savings as a base for family economic security and development. Third, U.S. programs’ cost structure is higher due to technical assistance and other factors. As an example, Evelyn mentioned that OF had staffed bilingual individuals to assist the organization’s ethnically diverse clientele in their native language. Such service is costly for an organization where 17 languages are available. Lastly, Evelyn stated that the scale size was another factor that made U.S. microfinance programs different from those abroad. Programs in India, for example, reached out to more clients than OF. She argued that although OF is the biggest microfinance program in the Bay Area, the organization has struggled with being able to reach new clients. Evelyn said,

People think it should be easier for clients to find us, and that they should be knocking on our doors. *That’s* actually not the case. We have to put a lot of effort into marketing.

This begs the question: How do U.S. microfinance programs market or promote their services? The Mainstream Microfinance panel discussion provided the answers to this question. The Mission Asset Fund (MAF) is a non-profit organization based in San Francisco's Mission District which works to expand access to financial opportunities for working poor individuals, and reaches out to customers by locating a network of organizations in the community. A representative for the organization listed the following networks: churches, schools, neighborhood assistance meetings, business associations, and board meetings. The MAF representative also pointed out the importance of creating, maintaining, and continuing a relationship with networks that are likely to provide to microfinance organizations the type of population they seek to aid. As an example, the MAF representative mentioned that MAF had invited financial institutions and other community-based organizations to partner to help integrate immigrants into the financial mainstream through active participation in community events.

Meeting the entrepreneurs

Cecilia is an immigrant entrepreneur born and raised in the Mexican village of Tocumba in the state of Michoacán. Tocumba is believed to be the first place to produce paletas in Mexico. (Paletas are frozen ice cream bars on a wooden stick). Cecilia, with the help of AnewAmerica, developed business and marketing plans to start her own microenterprise in the United States. Due to the growing demand for her ice cream by local restaurants, she started working on another business plan: packaging and preserving her product to distribute it around the country. We bought ice cream at her business and I noticed she had an ice cream flavor from a fruit that does not grow in the United States.

When I told her my observation, she immediately told me that some of the fruits she uses are imported. She gave each of us a sample to taste. I then asked her if her husband also helped her make the ice cream. Cecilia told us that because her business was newly started, her husband kept his daily job to cover their household expenses, and helped her make ice cream in the evening. She then turned to look at a representative from OF to let her know that she had applied for another small business loan to buy an additional machine. The representative promised that she would look into the process and ask a loan officer about the status of her loan application. I decided to ask both the OF representative and Cecilia whether they knew each other. The representative told me that she helped Cecilia with her first loan while she was a client of AnewAmerica. Cecilia later added that,

... thanks to Opportunity Fund's small business loan program, I was able to buy the machine I needed and rent this small place to start my own business. Even AnewAmerica has been very supportive. I wouldn't know where to start if it wasn't for the training and guidance I received from AnewAmerica.

After our visit to Cecilia's palettería, the tour bus drove us to Emma's Eco-Clean office. Three females welcomed us to their office and shared the story of their microenterprise with us. The oldest of the females told us that Emma's business, Eco-Clean, was started by two women who were interested in becoming entrepreneurs and offering employment to low-income females. These two entrepreneurs drafted a business plan with the support and guidance of WAGES (Women's Action to Gain Economic Security) to start an eco-friendly housecleaning cooperative. In 2004, OF granted them a start-up loan with additional financing to facilitate Eco-Clean's growth. The cooperative has grown from

five member-owners in 1999 to 27 in 2009. Currently, Eco-Clean's members are educating clients and students on how to use eco-friendly products to clean furniture, mold, and windows. They created "Healthy Cleaning Recipes" and handed us a copy to teach us about household products that are non-toxic to humans, pets, and the environment.

Observation: Although there was no mention about whether U.S. microfinance programs target their services only to women, it was obvious that female entrepreneurs were primarily served by these programs. I never saw a male entrepreneur give his testimony at any of the panels. Instead, a female entrepreneur who started a recycled Tupperware business in San Francisco shared her story with the audience after Evelyn's presentation.

June 2009: Exit Interview with Opportunity Fund

Before our last meeting at Opportunity Fund, Deepa, Seema, Dr. Darrah, and I met to discuss some updates and points we had made on our report. Deepa and I first went over the organizations we had categorized as "high priority partners" and how we had based our decision. I told her that AnewAmerica provided us with a list of eight clients who had completed a six-month business course and were ready to apply for a small loan. In addition, Linda had e-mailed me to let me know that she was interested in having OF come to the organization's Wednesday trainings in order to meet other entrepreneurs who would finish the course in a couple of weeks. Dr. Darrah pointed out that the last minute material we had received was vital and explained why AnewAmerica fell under the category of "high priority partner." I told Dr. Darrah that I wanted to make sure that Evelyn and Happy understood that in order to strengthen and continue a

partnership with any of the gatekeepers we had listed, the organization *must* first take internal action. Dr. Darrah reminded me that as anthropologists we help others reflect on their actions by describing our findings and observations, and that my goal should be to guide Happy and Evelyn to help them realize that OF needs to take action if the organization wants to reach out to more clients.

After our group meeting, Dr. Darrah, Seema, Deepa, and I walked to meet with Evelyn and Happy. I started the meeting by describing the methods we used to contact all the gatekeepers on our list and how we collected the information to find out the entrepreneurial status of Alum Rock. I also let Evelyn know that the organizations listed as “high priority partners” were able to provide us with information about Alum Rock and clients who meet the characteristics of one or both of the profiles. Evelyn was thoughtful and asked me to choose three out of the seven “high priority partners” that I believed OF should focus on. I let her know that all seven organizations were essential, but if OF did not have enough manpower to work with all of them, the organization should focus on AnewAmerica, SCORE, and the SRBA. She said that the reason she asked for my advice was because the organization’s main problem has been appointing a person who could be focused on the partners only. Dr. Darrah proposed that she should consider having a liaison intern or staff member who could be trusted and dedicated. Evelyn liked the idea but she feared making the same mistake she made when the organization wanted to target the Vietnamese population. OF partnered with a well-known Vietnamese radio host who was also part of an immigrant and refugee resettlement organization “to be a liaison with the clients but not the gatekeepers.” Her

role was to get applications for OF within a certain profile. However, the radio host's liaison position did not turn out well because she (1) was not a staff member, (2) did not have experience in underwriting, and (3) could not answer enough questions that the clients had or answered them incorrectly. Some of her listeners believed they were qualified for a loan, but after they were screened, they were told that they did not meet the Small Business Loan Program underwriting requirements (e.g., business location, loan use, eligibility to repay a loan). As a result, 'the liaison' and her listeners were left with a negative perspective about OF and its business loan program.

Despite the fact that OF decided later to designate Happy to play the role of a liaison to maintain a relationship with community gatekeepers, it was difficult for Happy to continue constant communication with them due to the amount of tasks she performed every day. Evelyn tried in many ways to explain why Happy had not been able to keep up a relationship with community gatekeepers. Deepa tried to help her understand that it was important for the organization to have a constant presence instead of showing up just at one meeting to hand out information. Seema also mentioned the importance of gaining trust to build stronger relationships and the effort to make time available to gain it. Evelyn agreed with her points and turned to Happy to ask for her opinion on training someone who will not be a staff member nor a community representative, but a reliable person who will serve as a bridge between OF and community gatekeepers. Happy quickly answered that she did not want to train someone and expose him to a community without building a relationship with the person and making sure he understood the basics

on how OF works and screens clients. Evelyn looked thoughtful and took notes on what had been discussed.

Thinking like a marketer

Our conversation then shifted to Happy's marketing questions: what is the potential and how do we reach that potential? I first did not understand what she was asking but she then asked whether it was worth spending their time on the "high priority partners" if they probably had one client who met one of the profiles characteristics. Dr. Darrah said that they could answer that if they decided to do a comparative project that could provide the organization with information on who has the most clients meeting the characteristics of Profile 2 (business owners) and Profile 4 (immigrant entrepreneurs). In addition, a comparative project could also tell OF what communities have the highest number of community gatekeepers. The challenge would be deciding which community to choose: Should Opportunity Fund choose a community with a good percentage of potential clients that look like Profile 2 (business owners) and Profile 4 (immigrant entrepreneurs) clients? *Or* should the organization choose a community with the most community gatekeepers?

There was some silence in the room. For a few seconds Happy and Evelyn looked thoughtful. Then Deepa, Seema, Dr. Darrah and I seemed to become invisible to them.

Happy surprised us as she turned to look at Evelyn to say,

I think our mentality... from what I hear shifted. We've been thinking about how to reach 2s and 4s directly through the gatekeepers. I think that our marketing is to the gatekeepers.

Evelyn agreed with Happy and reminded her of the event they attended at Tropicana Shopping Center where they were handing out loan applications. According to Evelyn, they “intentionally tried to get clients” but they failed in recruiting at least one client. Evelyn paused for a few seconds to analyze the situation and then looked at Happy to say that the outcome could have been different if they had a community gatekeeper helping them. This is when I believed they realized that the organizations we categorized as “high priority partners” could play a key role in referring clients to the organization. I also believed they understood that they were too concerned with finding two types of profiles, rather than paying attention to how they have been presenting themselves. They seemed to have forgotten that the anthropologists were still observing them in the room. The more they talked to each other, the more I found myself smiling with joy. My joyfulness increased when Evelyn understood that OF marketing strategies needed to change. She said,

Even the structure of our presentations... on our last presentation we talked about what we cannot do. Why not starting out with a story or testimonial? Let's begin with a positive note and *then* we'll share the other information.

“What could we do better next time?”

Before ending our meeting, Happy wanted to understand which method of face-to-face or telephone interviews could help the organization create better and stronger relationships with the community gatekeepers. I suggested making an effort to build relationships through face-to-face meetings. The community gatekeepers wanted OF to be more visible and engaged. They were also interested in learning about the organization, what it can do for their clients, and how everyone can work together to help

entrepreneurs and small businesses succeed. A telephone interview would limit the amount of information and interaction that both parties would need from each other to accomplish their goals. Since time seemed to be a factor that prevented Happy from keeping a constant presence with the gatekeepers, Dr. Darrah suggested three options: (1) focusing only on the gatekeepers, (2) finding a person who could act as a liaison, or (3) narrowing the number of gatekeepers with whom Happy would interact.

Evelyn seemed satisfied with our recommendations and asked us for our feedback about working with them. Although that request took me by surprise, I knew I had to choose some of my words carefully because OF had a good partnership with the Anthropology Department. I answered her request by letting her know that it was difficult for me and my teammates to move forward through some of the phases of the project because we had to wait for up to two weeks to get the material we needed from both of them. However, my overall experience working with a U.S. microfinance organization was very rewarding and educational. Dr. Darrah also answered Evelyn's question by pointing out an important event that had shifted the direction of the project and made us wonder if we were still leading it. He reviewed one of our meetings in March when Happy told us they were discussing the project with a marketing consultant. He suggested that they route meetings in the future to keep everyone informed and involved in any decision OF makes. Evelyn nodded and then looked at me to let me know that it would have been good for her to be 'pushed' by me. She argued that they were not anthropologists and had no idea at the beginning of this project about how long it takes to conduct interviews. She also said that she relied on me to tell her directly what my expectations were so that they

could be good managers. She concluded, saying that we all shared the same mission, which was helping the organization and its clients.

LESSONS LEARNED

When I decided to work on this project, I joined the team with the objective of helping Opportunity Fund find its ideal clientele in Alum Rock and community gatekeepers who were interested in partnering with the organization. This objective changed while conducting my interviews and observations. I found out that Opportunity Fund's major problem was not about finding entrepreneurs and partners in the community, it was about the organization's lack of maintaining a relationship *with* the community. I concluded that OF representatives have worked for two years perfecting the description of each of the profiles, but they forgot the importance of fostering the organization's partnerships. Although I wanted to tell Evelyn and Happy that they needed to start focusing on strengthening their relationships with the gatekeepers, I did not want to perform the role of a typical consultant who tells her clients *what* to do and *how* to do it. I wanted Evelyn and Happy to identify the factors that were preventing the organization from maintaining its partnerships and working with the community gatekeepers. I then decided to employ what I have been taught in the Applied Anthropology program: problematize my findings.

By problematizing my findings, Evelyn and Happy began to understand that the organization and its marketing department needed to make some changes. It was interesting observing both representatives, especially Evelyn who looked shocked after I

asked her if the office at the Entrepreneur Center was still occupied. While Happy kept quiet, Evelyn seemed to be wondering why I asked if there was an employee from the organization using the abandoned office. She could only tell us, without going into further detail, that the office was occupied once a month by an OF staff member. This is when I came to the conclusion that both representatives were embarrassed and that neither one of them had a good excuse for not upgrading, reorganizing, and staffing the abandoned office. This episode helped Evelyn reevaluate Happy's job and proposed that Happy should focus her marketing outreach on three "high priority partners." A couple of months later, I learned that Happy was given the title of Relationship Manager and that another person was hired as the organization's Sales and Marketing Manager—Happy's former job title. I realize now that this notion of problematizing one's findings can lead to actions. OF created a new job title and understood how valuable it is to build and to foster partnerships focused on supporting a community of entrepreneurs.

Another lesson I learned while working on my master's project is that there is a strong relationship between the community gatekeepers that keeps their organizations connected so that they can better support their clients. For example, SCORE specializes on providing business counseling to clients, but lacks expertise on working with immigrant entrepreneurs. A SCORE counselor will most likely refer these entrepreneurs to AnewAmerica because its programs are designed to serve those populations. There is also the example of Business OwnerSpace.com which refers small business owners in need of employees to Work2Future and directs women entrepreneurs to the Women's Initiative for Self Employment to learn about business management. I discovered through

my interviews that the community gatekeepers in each of the organizations were fully engaged in the process of communicating and using the knowledge they have acquired through their relationships. Such engagement is what Etienne Wenger (2006) calls communities of practice. According to Wenger, “communities of practice are formed by people who engage in a process of collective learning in a shared domain of human endeavor” (2006:1). Members of a community of practice also engage in discussions, share information, and provide guidance and resources when needed. In this sense, the community gatekeepers created their own well-organized community of practice that enables them to learn from each other and to obtain the resources (e.g., financial assistance, training and consulting services) they need to help their clients.

On some occasions, I found myself feeling like I was the last resource that could connect the community gatekeepers to Opportunity Fund. In fact, the community gatekeepers introduced me to their partners and explained my connection to OF. Linda from AnewAmerica, for example, spent more than fifteen minutes after our interview showing me the Entrepreneur Center and introducing me to other organizations and their leaders. I noticed that she constantly started her introduction by saying, “Mayra is an anthropology graduate student working on a project *with* Opportunity Fund.” I realized that I never had the chance to explain the profiles in more detail because Linda was too excited describing my role in the project and my connection to OF. This same situation occurred at the Story Road Business Association. People introduced me as “the student working on a project with a local microfinance organization.” Such descriptions of me sometimes overwhelmed me because I feared being portrayed as one of OF’s

representatives. I later realized that my presence and my connection to OF made people interested in learning about how the organization could help their clients. They also appreciated the fact that I was there to listen to their concerns and expectations about OF.

Another important subject related to listening to the gatekeepers is learning how they viewed microfinance organizations in the United States. From Charlie's perspective, microfinance organizations are needed in Silicon Valley to help small businesses during our economic downturn. He said that as a former Silicon Valley Chief Executive Officer, he understood the importance of microfinance organizations in the United States, especially when the financial sector is currently not providing financial services to small businesses. Also, Sonia Lopez from Patelco Credit Union made a related statement at the SRBA meeting. She believed that the financial system was putting too much emphasis on assisting home borrowers when they should be also focusing on helping local small businesses. Their perspectives on microfinance organizations helped me understand the significant role they are playing in our economy by financially assisting a population that is not being served by the formal financial sector. I now understand that there is no reason for applied anthropologists to not work with U.S. microfinance organizations.

OPPORTUNITIES AND FUTURE APPLICATIONS

At the Microfinance, CA conference, I became aware of the support that U.S. microfinance organizations are receiving from financial institutions and private investors. Some of the attendants (e.g., a lawyer and a human rights activist) I spoke with believed that microfinance organizations will be a key part in economic development policies. As

applied anthropologists, we can assist these organizations to develop such policies. We have the skills to analyze local markets and their wider networks and economic activities, and the nature of the demand for financial services in communities. We also have the skills to guide and assist microfinance organizations to develop stronger relationships with the communities they want to serve. For that reason, applied anthropologists have the expertise and ability to work with microfinance programs to influence the economic development policies that will benefit underserved communities across the United States.

Market research is another opportunity for applied anthropologists to bring their analytical and communication skills to financial companies that are interested in studying and exploring new target markets. While conducting my interviews, I found that most immigrant entrepreneurs not only distrust financial institutions, they also do not understand how the financial system works or what services are available to immigrant entrepreneurs. Cultural analysis provides an understanding of why people from some countries are suspicious of the U.S. banking system. This analysis can also be used to acquire information on how different racial and ethnic groups perceive the practices of borrowing and saving. Cultural analysis may be of interest to financial companies and U.S. microfinance organizations because it can be applied to facilitate the development of outreach strategies and financial services.

There are implications for organizations and companies that hire applied anthropologists. They can expect to discover internal issues that were not visible to them. They can also anticipate being guided by the anthropologists to analyze problems to find solutions. If I were to work with another microfinance organization in its marketing

department, I could employ the methods my team and I developed to find new communities, partners, immigrant entrepreneurs and business owners. I could work alone because I have experience interviewing, documenting, and identifying issues that might hinder potential partnerships. It is also worth noting that as an anthropologist, I am responsible for making sure that my findings and recommendations benefit not only my clients, but that they also make a positive impact on the people and communities which I study.

CONCLUSION

In summary, one can learn the following things from my project. First, when a nation faces an economic downturn, immigrant entrepreneurs and small business owners are likely to struggle to qualify for a small business loan. Second, U.S. microfinance organizations are trying to close a financial gap by providing a diverse portfolio of financial products to underserved communities. Third, project objectives can sometimes change and such adjustments can help clients identify internal issues that need to be addressed. Fourth, this project was successful because of the employment of anthropological methods that were used to analyze and find a solution to practical issues related to outreach, partnership, and organizational problems. Lastly, applied anthropologists can contribute to the growing field of microfinance in the United States by helping these organizations make critical decisions to accomplish their mission: to give individuals who are rejected by the financial mainstream access to capital.

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APPENDIX A: Manpower Strategy/Check-in Meeting

Goals:

1. Review Changes/Additions to Project Outline
2. Project Status Check-in
3. Adjust Calendar Accordingly
4. Create a Strategy for Assembling Adequate Manpower to execute project

Agenda:

1. Review Project Outline and additional tools
 - a. Objectives/Deliverables
 - b. CG Spreadsheet
 - i. What is on the spreadsheet
 1. Organization Name – Identification
 2. Type of Organization
 - a. What our expectations are for a good sample size = Total of 45 Organizations
 - i. 20 Community Partners
 - ii. 10 Religious Organizations
 - iii. 5 Financial Institutions
 - iv. 5 City Organizations
 - v. 5 “Other” organization
 3. Mission of Organization – Compared to Our Mission, how aligned are we with this organization? Obvious Synergy?
 4. Contact Information – For information purposed only
 5. Services
 - a. What is it that they offer?
 - b. How can we use these to partner with them in the future?
 6. Clientele
 - a. Overlapping Target Market – Important factor in determining where this partner lies on the high, med, low spectrum
 7. Marketing
 - a. Determine their level of Marketing – important factor in determining where this partner lies on the high, med, low spectrum
 8. Partnership – what is our history with the partner
 2. Project Status Update by SJSU
 - a. Part I
 - b. Part II
 3. Manpower/Time Commitment to Complete the project
 - a. Breaking down the balance of open tasks, what are your thoughts on how much time is needed to complete the project
 - i. Methodology for finding Ideal Clients
 - ii. Research on who are the Community Gatekeepers
 - iii. Organization of Manpower for SJSU
 - iv. Focus Groups
 - v. Analyze/Categorize Community Partners
 - vi. Information Organization and Exit Interview
 4. Adjusting the Calendar

APPENDIX B: Opportunity Fund's Loan Preparation Questions



Business Planning

1. What products/services does your business offer?
2. What are your revenue expectations over time? How many units do you have to sell and at what price to reach those expectations?
3. What are the expenses of the business?
4. What does the cash flow model of the business look like – when do you have to pay for expenses and when will you be paid for your products/services?
5. Who are your customers, and how do you define your target market?
6. How are you planning to market to your customers?
7. Who is your competition, and how are you different?
8. If your business is in a commercial space, where is it located? What are the terms of your lease?
9. What systems do you have in place to manage your financials? Your employees?
10. Do you have all the required permits and licenses for your business?
11. If you are acquiring an existing business, what is the acquisition price based on? Do you have copies of the previous owner's tax returns and/or financial statements?

Is a Loan the Right Answer?

1. What specific items would you purchase with a loan?
2. If you're looking for "working capital," what is happening in the business (new expansion, unexpected losses) that is causing the need?
3. What assets (inventory, equipment, cash) and liabilities (accounts payable, credit cards, loans) does your business currently carry?
4. How much money are you able to contribute to the business from savings and/or home equity?

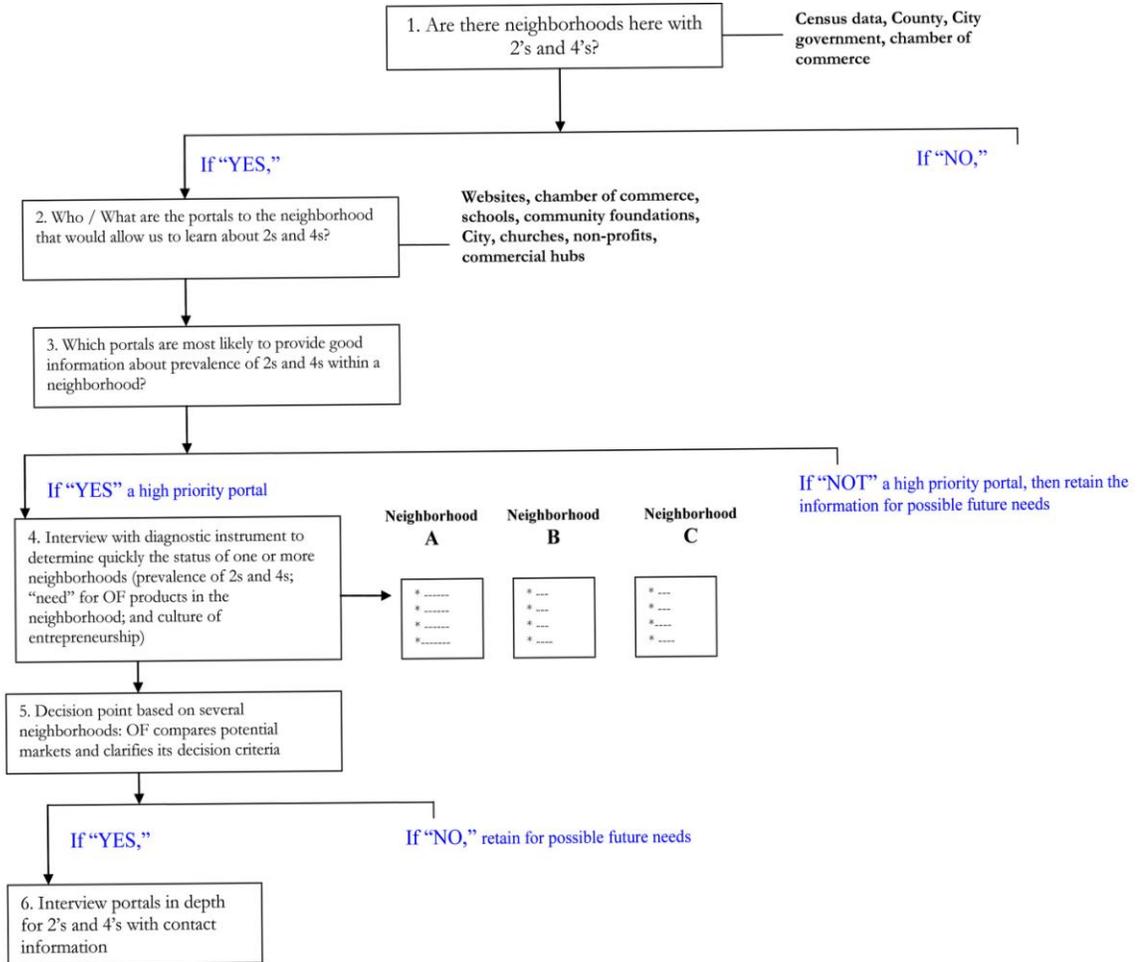
Personal Finances

1. What are all sources of income into your household?
2. What are all the expenses of your household?
3. Is your household income sufficient to cover all household expenses?
4. If you own a home, what kind of mortgage do you have? Do you have any equity available to use as collateral? If you have a negatively amortizing loan, what are you plans to manage your monthly payment if/when your bill increases?

Credit

1. What is your credit score?
2. What is your impression of you credit score and what are your plans to improve your score over time?
3. Do you have any recent late payments or accounts currently in collection?
4. Have you ever declared bankruptcy? If so, explain what was happening in your life at the time.
5. How much credit card debt do you currently carry? Are you trying to consistently pay down your principal balance?

APPENDIX C: Diagram



APPENDIX D: Opportunity Fund's Letter



April 21, 2009

To Whom It May Concern:

The Anthropology Department at San Jose State University is partnering with our organization, Opportunity Fund, a local microfinance nonprofit, to complete a project that will help determine the prevalence of entrepreneurship within the Alum Rock and East San Jose community of San Jose, Santa Clara County. We would like to understand how to better reach and serve low-income clients who can successfully run small businesses by identifying organizations and individuals in these communities that can partner closely with Opportunity Fund.

The project will be completed by undergraduate and Applied Anthropology graduate students who will be working under the supervision of the Head of the SJSU Anthropology Department, Dr. Chuck Darrah.

If you have any questions, please feel free to contact me directly.

Sincerely,



Happy Dayleg
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