Using Small Business Technical Assistance

to Preserve Diversity in Rainier Beach

By Andrea Lehner

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Approved by

For my great grandmother, the immigrant, who encouraged me

to take every opportunity she was never given.

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Executive Summary

Background

Rainier Beach community members have voiced how much they value the ethnic diversity in their neighborhood and have also stated their concern over displacement of minority and immigrant groups that may come with the recent introduction of the new light rail line. The City of Seattle also wishes to preserve the diversity in Rainier Beach and seeks to discover ways to help minority and immigrant-owned businesses stay and prosper in Rainier Beach.

The City of Seattle Office of Economic Development recently commissioned a retail study that, among other conclusions, determined that businesses in Rainier Valley need technical assistance in marketing, visual merchandising, inventory management, accounting, and strategic planning for growth. Technical assistance, as referred to in this report, means one-on-one assistance to business owners or a group workshop or training that covers a wide variety of topics central to running a business. The City hopes that by helping small minority and immigrant-owned businesses prosper in Rainier Beach, these businesses will be less likely to be displaced and diversity will be preserved.

This report examines the technical assistance available to Rainier Beach businesses, and recommends strategies the City of Seattle and its partners can employ to make technical assistance more accessible and effective to minority and immigrant owned businesses.

Methods

Methods of research employed for this report included a literature review of best practices for technical assistance of small minority-owned businesses and interviews with technical assistance providers, lenders, and small business owners in Rainier Beach.

Major Findings

1. Most Rainier Beach business owners have limited business and social networks and therefore cater to small, fragmented ethnic markets. This limitation prevents upward mobility and often causes over saturation of markets.
2. Providers lack resources to address the wide array of needs among minority and immigrant micro-enterprise owners, including translation services.
3. While Seattle's technical assistance providers together offer a wide array of services and service delivery approaches, on the whole the system fails to meet best practices for immigrant and minority-owned microenterprises. Most notable is the lack of outreach to immigrant populations.

Summary of Recommendations

1. The City of Seattle should establish a Technical Assistance Provider Roundtable to coordinate services for the end user, address service gaps, and provide a venue for training the provider staff in new outreach models.

2. The city and its partners should connect regional economic development efforts to Rainier Beach businesses to help Rainier Beach small businesses access larger markets.

3. In order to increase quality and effectiveness of services to immigrant business owners, providers should consider specializing in serving more specific target populations.

4. City of Seattle grants to technical assistance providers should be structured to encourage experimentation with new models of service delivery better suited to immigrant populations and long term performance outcome evaluation.

5. The City of Seattle should conduct a feasibility study for a business incubator in Rainier Beach as a way to deliver enhanced technical assistance services, build on community assets, and connect businesses to regional markets.

Chapter One: Background

"America's economy depends on small businesses for its vitality and growth. According to the 1997 report of the U.S. Census Bureau, the nation's 17 million small, non-farm businesses constituted 99.7 percent of all employers, employed 52 percent of private workforce and accounted for 51 percent of the nation's sales. Small business-dominated industries provided 11.1 million new jobs between 1994 and 1998, virtually all of the new jobs created during that time period. Small businesses are most likely to generate jobs for young workers, older workers and women, provide 67 percent of first jobs and produce 55 percent of innovations."[1]

Small Ethnic Businesses are Economic Drivers

The Office of Economic Development (OED) commissioned a retail study of Rainier Valley that stressed the importance of ethnically-owned small businesses to the area. Typical Rainier Beach businesses are owned by minorities and/or immigrant populations.[2] They are also considered micro-enterprises. A micro-enterprise is a small business that employs five people or fewer and can be fully capitalized by $35,000.[3] "Customers of Rainier Valley's nodes of ethnic businesses bring considerable buying power to Rainier Valley—and it is important to protect this market from erosion."[4] A study by the Self Employment Learning Project indicates that 75% of small business owners were able to increase their household incomes in real dollars over five years, while almost half of poor entrepreneurs climbed out of poverty due to their business.[5]

Small businesses and micro-enterprises as economic drivers are especially important in an ethnically diverse community like Rainier Beach. Research indicates that minority-owned small businesses are more likely to employ minorities and are more likely to provide goods and services for minorities that are ignored by the larger chains.[6][7] In addition, there is indication that some minority-owned businesses do not move out of low income neighborhoods when they become more successful. Instead, they stay and continue to hire from that neighborhood, especially if there are other efforts to regenerate the

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[1] "Small Business in America." Office of Disability Employment Policy, Department of Labor website. http://www.dol.gov/odep/pubs/ek00/small.htm Accessed on February 7, 2010.

[2] "Retail Development Strategy for Rainier Valley." An Economics Corporation report for the City of Seattle Office of Economic Development. December 2009. Page 11.

[3] Dabson, Brian. "Entrepreneurship Advice, Training, and Mentoring for Urban renewal: US Perspectives." *Entrepreneurship: A Catalyst for Urban Regeneration.* Organisation for Economic Co-operations and Development (OECD) Publishing, Local Economic and Employment Development, 2004. Page 92.

[4] "Retail Development Strategy for Rainier Valley." Page 11.

[5] Dabson. Page 92.

[6] Boston, Thomas D. "The Role of Black-Owned Businesses in Black Community Development." in *Jobs and Economic Development in Minority Communities.* Edited by Paul Ong and Anastasia Loukaitou-Sideris. Philadelphia: Temple University Press, 2006. Pages 162-167.

[7] Porter, Michael. "New Strategies for Inner City Economic Development," Economic Development Quarterly, Issue 11, no 1, 1997. Pages 11-27.

area.[8] [9] Recent investments in Rainier Beach such as new transportation infrastructure, façade improvements, and the new community center are meant to support regeneration of the neighborhood. Supporting the existing business owners at the same time of these other investments is one part of a multi dimensional strategy to help Rainier Beach prosper, while avoiding displacement of its existing cultural base.

The Need for Technical Assistance

The retail study also summarized the findings of interviews conducted with many businesses and determined that businesses in Rainier Valley need assistance in marketing, visual merchandising, inventory management, accounting, and strategic planning for growth.[10] Technical assistance, as referred to in this report, can mean one-on-one assistance to business owners or group workshops or trainings that covers a wide variety of topics central to running a business such as:

- Conducting market research
- Creating a business plan
- Marketing—including use of websites and social media
- Staging product and displays
- Inventory management
- Book keeping and accounting
- Government policies and regulations, and
- Industry-specific strategies for success

The retail report recommended intensified technical assistance efforts to Rainier Valley's independent businesses.[11]

> "Entrepreneurship—both of traditional and nonprofit type—is a central pillar of economic development, job creation, and social inclusion, and a catalyst for urban regeneration in deprived areas… The obstacles that entrepreneurs face when they plan to start a business in distressed urban areas are not the same as those that entrepreneurs might affect in more wealthy areas."
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> **--Jonathan Potter, Organisation for Economic Co-operation and Development**

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[8] Boston. Page 167.

[9] Clark, Greg. "Synthesis: Fostering Entrepreneurship and Economic Development in Distressed Urban Areas." *Entrepreneurship: A Catalyst for Urban Regeneration.* Organisation for Economic Co-operations and Development (OECD) Publishing, Local Economic and Employment Development, 2004. Page 278.

[10] "Retail Development Strategy for Rainier Valley." Page 13.

* Cite quote box : Potter, Jonathan and Antonella Noya. *Entrepreneurship : A Catalyst for Urban Regeneration.* Organisation for Economic Co-operation and Development (OECD), Local Economic and Employment Development, 2004. Page 9.

[11] "Retail Development Strategy for Rainier Valley." Page 22.

This report examines the technical assistance available to Rainier Beach businesses, and recommends strategies the City of Seattle and its partners can employ to make technical assistance more accessible and effective to minority and immigrant owned businesses.

Chapter Two explores minority and immigrant-owned micro-enterprises in Rainier Beach, in both their successes and challenges. Chief among these challenges is the ability to build and expand networks that ensure access to resources, markets, and the ability to advance. Chapter Three analyzes the technical assistance available to minority and immigrant micro-enterprise owners, citing gaps in services and the strengths and barriers of Seattle's current technical assistance services system according to best practices. Chapter Four explores business incubators as an enhanced version of specialized technical assistance. Chapter Five brings it all together by condensing the findings from the previous chapters into recommendations for the city and its partners. Before turning immediately to Chapter Two and discussing micro-enterprises in detail, additional background to the underlying values behind this report, the history of technical assistance efforts, and important cultural considerations should be considered.

The Rainier Beach neighborhood has repeatedly voiced its support for maintaining its ethnic and culturally rich diversity in any plans for economic development. The city shares the values of the Rainier Beach neighborhood and wishes to support diversity in Rainier Beach by ensuring the small businesses in the neighborhood have access to tools that will help them prosper, rather than be displaced. All small business owners must overcome challenges in order to have a successful business, but, as will be demonstrated later in this report, minority and immigrant-owned businesses often have less access to the resources available that assist small businesses. While this study focuses specifically on minority and immigrant-owned small businesses in Rainier Valley, some of the findings are not limited to these populations, and can be extended to all small businesses owners and other Seattle neighborhoods.

History of Efforts in Technical Assistance

Aside from the array of technical assistance services provided daily in Seattle, there have been many efforts—much of it federally funded-- to encourage streamlined technical assistance services and small business development.

Self Employment Enterprise Development Program. In the 1980's the US Department of Labor funded Self Employment Enterprise Development in Massachusetts and Washington State in order to help unemployment insurance (UI) recipients create their own jobs by starting businesses. Program evaluations indicated that the programs had a positive and lasting impact on self employment in Washington in particular, with participant groups more likely to have experienced some self employment than those who did not participate. In Washington, increases in self employment also led to increases in earnings from self employment, and the program is credited with having created an additional 0.3 jobs per participant.[12]

Self Employment Assistance Program. As a follow up to the Self Employment Enterprise Development Program, in 1993, Congress authorized states to establish self employment assistance programs for unemployment insurance (UI) recipients. SEAP provides training and technical assistance in self

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[12] Chao, Elaine, Emily Stover DeRocco, Maria K. Flynne, Jeanne Bellotti, et al. *Growing America Through Entrepreneurship: US Department of Labor Employment and Training Administration Interim Report*. US Department of Labor, May 7, 2008. Page 4.

employment and waives some of the requirements for sustaining UI benefits. For example, a participant in SEAP does not have to search for work and can refuse job offers. SEAP pays the participant an allowance equal to their UI check and their allowance is not affected by their self employment income while they are enrolled in the program.[13] The SEAP evaluation indicated that two to three years after the program, participants were more likely than non participants to be self employed. They were also more satisfied with their work than people who were eligible but declined to enroll in the program.[14] Subsequent evaluations of programs closely similar to SEAP demonstrate positive effects on the number of incidences of self employment, on total employment, and on the wages earned by participants in regular wage earning jobs.[15] SEAP is still active in Seattle; authorized providers in Seattle include the Entrepreneur's Source, Seattle SCORE, Northwest Business Training Center, Refugee Resettlement Office, Washington Business Center, and Ujima Consultants.[16]

Start Your Business Right Program. Implemented last month by the Corporation for Enterprise Development (CFED), the Start Your Business Right Program has three aims underway: to assist small businesses with tax preparation in order to save them money; to enhance connections among groups that serve low income entrepreneurs; and to identify gaps in systems of programs and policies. CFED wishes to help low income entrepreneurs start and maintain businesses while also getting the organizations that work with these communities— some of whom offer technical assistance-- to leverage services for better services.[17]

The Washington State Department of Commerce is also investigating how to bridge gaps in services and leverage resources for entrepreneurs all over the state of Washington. They first made a list of all the services and service providers. Now they are beginning to survey to small businesses, asking which services being provided are actually needed and likely to be utilized.[18]

Methods

Best practices and literature review. The literature review was conducted to examine case studies of economic development strategies in areas with high immigrant and minority populations, and to determine national best practices for small business development in such communities. The literature review also consisted of the many reports on Rainier Beach done by the City and other local nonprofits as well.

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[13] Chao et al, Page 2.

[14] Chao et al, Page 4.

[15] Benus, Jacob, Sheena McConnell, Jeanne Bellotti, Theodore Shen, et al. "Growing America Through Entrepreneurship: Findings from the Evaluation of Project GATE." An Impaq report for the US Department of Labor Employment Training Administration. Department of Labor website. http://wdr.doleta.gov/research/FullText_Documents/Findings%20from%20the%20Evaluation%20of%20Project%20GATE%20Report.pdf Accessed on April 25, 2010. Page vii.

[16] "Self-Employment Assistance Training Provider List." US Department of Labor Employment and Training Administration, April 12, 2010. Page 3.

[17] Interview with Brigitte Gavin, CFED consultant, April 28, 2010.

[18] Interview and correspondence with George Sharp, Education and Training Coordinator, Department of Commerce, May 5, 2010.

Feet to the street inventory of businesses. The author of this report walked Rainier Beach's commercial center and plotted every business, while also summarizing the nature of the services and goods offered there in order to get a better understanding of the business core, and the cultural climate. While the City of Seattle also made available B&O data for this report, the on the street inventory was also meant to forge relationships with some businesses owners and also spot some home businesses to be interviewed.

Interviews. It was important to speak with business owners, financiers, technical assistance providers, and community development staff from various nonprofit and public agencies to understand both business needs as well as the needs of some of the City's partners in order to assist the businesses effectively. Surveys were not used for this purpose because semi structured interviews are more likely to lead to more nuanced and in depth information. It was feared that surveys would be too impersonal for some of the business owners, whereas meeting one on one would help garner the trust needed to get information about the person's business they otherwise may not share. Interviews of neighborhood business owners, while a part of the original methodology, were discouraged by other community members as there have been many recent efforts to interview and survey businesses. It was feared business owners would have "survey fatigue". Interviews to businesses were also discouraged due to the desire to not duplicate efforts. There are recent efforts by the Martin Luther King Business Association and the African Business Association of Seattle to assess small business needs in the area and include interview questions on technical assistance. For these reasons, a very small handful of businesses were interviewed for this report.

 Limitations. These methods do have some limitations. Many businesses are home-based, and do not have a street presence. For this reason, these businesses are generally harder to reach and research. Many home-based businesses are also part of an informal economy and have not applied for the licenses and permits required by law. Lack of municipal records makes it difficult to fully understand what services are offered informally in Rainier Beach and what fraction of informal businesses comprise in the local economy, let alone what these businesses may need to become more prosperous or part of the formal economy. A comprehensive study of home-based businesses in Rainier Beach was out of the scope of this project due to time and resource constraints, but is worth further investigation.

Other cultural limitations may have existed as well. Despite the promise of anonymity, many business owners denied interviews perhaps due to lack of time or because they were mistrustful of a research project commissioned by the City of Seattle, and feared to reveal any information about their business practices that may result in penalty or fines. On a similar note, it should be noted the author is white and speaks English as her first language. It is possible that some of her responses in interviews could have been different, than, for example, an Ethiopian immigrant interviewing another Ethiopian immigrant would have received.

Cultural Considerations

Residing in America's most diverse zip code, the Rainier Beach neighborhood has all of the benefits and the complications offered by diversity. First, the many waves of immigrants have interesting implications for the strength of local social networks, as will be explored in the next chapter. In addition, while the neighborhood itself often celebrates its diversity, historical interactions—especially with city government—have influenced perspectives and the nature of neighborhood relationships. The construction of the light rail, for example, has had some unintended effects. In addition to the threat of gentrification, it has shifted some of the perspectives of the businesses along the corridor. Businesses interviewed identified little benefits to their business from the light rail construction and feel that their tax dollars are not being invested in ways that benefit their community. They contend that their business tax dollars go to groups, like the RVCDF, that determine those same business tax payers ineligible for services.[19] Some feel that the City of Seattle, by investing resources along Martin Luther King Jr. Way, has demonstrated favoritism to Vietnamese groups over African groups, because more Vietnamese businesses are located there. They also cite that Vietnamese get most of the resources because their community-based organizations are more well established and connected, and therefore more competitive for grants and funding opportunities.[20] Any actions by the City of Seattle or the partners it supports will be viewed from these lenses, so it is important the city be aware and sensitive of these viewpoints to maintain positive relationships and continue to promote equity in Rainier Valley.

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[19] Their business tax dollars may not be going to these agencies at all, as these agencies have other funding methods such as federal or other grants not funded by business tax dollars.
[20] The author respects these sources right to anonymity.

Chapter 2: Rainier Beach Small Business and Networks

"Why do you think so many Vietnamese own nail salons? It's not because we have a special gift for the nail industry. It's because when looking to start a business, you look to what you know. And if everyone you know has a nail salon, then that's the easiest for you. You already know all the regulations, city policies, and have access to the suppliers you need."
---Quang Nguyen, Chinatown/International District Public Development Authority[21]

Small business in Rainier Beach. Typical Rainier Beach businesses are owned by minorities and/or immigrant populations.[22] They are also considered micro-enterprises. A micro-enterprise is a small business that employs five people or fewer and can be fully capitalized by $35,000.[23] Most Rainier Beach businesses fit this profile. They are also low revenue earners. Seventy percent of Rainier Beach businesses between 2007 and 2009 earned gross revenues under $100,000.[24] [25] Some studies suggest businesses must gross at least $100,000 in order for an owner to make a $25,000 annual income.[26] This means that most micro-enterprise owners in Rainier Beach rely on more than one source of income and may also be considered part of the working poor. Having five or fewer employees means that Rainier Beach businesses are opportunities for self employment, not employment generators.

The importance of self employment and micro-enterprise should not be understated, however. On a national level, 60% of US firms employ fewer than five workers; 20% of US firms have no employees; and 7% of all US workers are self employed.[27] In Rainier Beach, self employment is even more important to the local economy as traditional markets often exclude immigrants both in providing jobs as well as in providing the goods and services to which they may be accustomed.[28] This means that the majority of the businesses started in Rainier Beach are not started out of opportunity, but out of necessity, when other employment and income opportunities are not accessible.[29] [30]

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[21] Interview with Quang Nguyen, Director of Communication Outreach, Vietnamese Chamber of Commerce, April 20, 2010.

[22] "Retail Development Strategy for Rainier Valley." Page 22.

[23] Dabson. Page 92.

[24] City of Seattle Business and Occupation data, 2008-2009.

[25] It is also important to note that these are just the businesses that reported their revenues to the City. The City of Seattle acknowledges many businesses who earn under the threshold believe they are not required to report their revenues, meaning there could be an even higher percentage of businesses than detailed here that have revenues under $100,000.

[26] Carlson, Dan, Mary Myslemwicz, and Leslie Dozono. "Enterprise as a Strategy to Eliminate Poverty." October 25, 2006. Citing Doub and Edgcomb, *Bridges to Success: Promising Strategies for Micro-enterprise Business Growth in the United States,* 2005, Aspen Institute/FIELD.

[27] Chao et al. Page 18.

[28] Porter, Michael. "New Strategies for Inner City Economic Development," Economic Development Quarterly, Issue 11, no 1, 1997. Pages 11-27.

[29] Interview with Abdul Yusuf, business owner and member of the African Business Association, May 1, 2010.

Home-based Industries and Informal Economies. Many businesses with a street presence start off as home businesses. According to the US Department of Labor, 53% of small businesses in the United States are based out of the home.[31] In addition to home-based businesses, there are businesses that are a part of the informal economy—meaning they operate without licenses and do not report revenues to the IRS. Harder to reach, home-based businesses and those that are not a part of the formal economy are often ignored by policy to promote entrepreneurship. Many of these businesses are owned by minorities and immigrants, in particular. As a result, economic development frameworks often fail to address a large portion of the marginal and immigrant labor pool.[32] According to a 2006 study set in Santa Ana, California the informal economy in Santa Ana exceeds $183 million. Similarly, a 2003 study found that while the formal economy in Los Angeles had stagnated, the informal economy was responsible for the growth of the county, providing jobs for 16% of the Los Angeles workforce.[33] It is unclear what impact Rainier Beach home-based businesses and informal businesses together have on stimulating the local economy, but the importance of these businesses should not be ignored in their role of providing employment, income, and services to the neighborhood. This report seeks to include these businesses, recognizing their contributions to economic development and employment generation.

Immigrant Businesses and Isolation

As mentioned in the introduction, Rainier Beach and the greater Rainier Valley are known to be historical magnets for immigrants to Seattle, so it is worthwhile to explore the nature of immigrant-owned businesses, specifically. Immigrants typically decide where to settle based on the presence of informal social networks in a given area that may help them acclimate, find employment, and have access to familiar food and cultural traditions.[34] Immigrants are often more likely to start their own businesses than native born citizens. While immigrant-owned business contributes to revitalization of a community, they are also dominated by working poverty.[35]

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[30] Potter, Jonathan. "Entrepreneurship in distressed urban areas: Future Policy Directions." *Entrepreneurship : A Catalyst for Urban Regeneration.* Organisation for Economic Co-operations and Development (OECD), Local Economic and Employment Development, 2004. Page 294.

[31] "Small Business in America." US Department of Labor website. http://www.dol.gov/odep/pubs/ek00/small.htm Accessed on March 6, 2010.

[32] Valenzuela, Abel. "Incorporating Marginal and Immigrant Workers." *Jobs and Economic Development in Minority Communities,* edited by Paul Ong and Anastasia Loukaitou-Sideris. Philadelphia: Temple University Press, 2006. Page 141.

[33] Aldersdale, Jamie, John Talmage, and Yusef Freeman. *Measuring the Informal Economy—One Neighborhood at a Time*. The Brookings Institution, September 2006. Page 19.

[34] Tarry Hum. "New York City's Asian Immigrant Economies: Community Development Needs and Challenges." *Jobs and Economic Development in Minority Communities,* edited by Paul Ong and Anastasia Loukaitou-Sideris. Philadelphia: Temple University Press, 2006. Page 176.

[35] Hum, Page 177.

While concentrations of an immigrant group into a neighborhood or enclave at first provide many benefits of adjusting to a new place, often there are little social connections that exist outside the enclave, thereby limiting the immigrant's access to human capital and opportunities that do not exist within the cluster.[36] A study of New York's Chinatown showed that the Asian immigrants typically had less human capital and tended to be concentrated in ethnic enclaves where employment is typically poorly paid, low skilled, and with few benefits. Due to a lack of external networks, enclaves also result in limited employment and mobility, which leads to increased cultural isolation. Immigrant communities, for example, tend to have higher proportions of businesses in transportation, communications, and utilities sectors, thus limiting employment options and mobility.[37] Similarly, low growth industries such as restaurants, food stores, and personal services represent 30% of all employment in minority-owned firms as compared to 17% in non minority-owned firms.[38] Rainier Beach's business composition (to be discussed later in this chapter) demonstrates this limitation as well.

Self employment in an isolated community can also result in less than average incomes. In New York, Asian immigrant-owned businesses earned less than the overall average.[39] The Sunset Park neighborhood in New York (explained to the right) illustrates the small business owner's isolation in face of the possible available resources. These conditions closely mirror those of Rainier Beach.

The Retail Study completed for the City of Seattle Office of Economic Development in Fall 2009 noted that a lot of customers were going outside of Rainier Valley for their needs, but that the businesses could recapture 20-40% of this leakage. One of the suggestions for how they could recapture customers and purchases included expanding the product lines offered. The study noted that many businesses only catered to one ethnic

A New York City Asian Immigrant Neighborhood Case Study in isolation:

"Sunset Park's local labor market generates largely part time employment that pays slightly above minimum wage and typically does not provide health insurance, which suggests that poverty is a prominent result of the neighborhood's economy. Firm operations are highly dependent on informal ethnic networks and resources. Common strategies to raise capital are personal savings and borrowing from family members. Firms seldom reach out to business organizations or institutions since the most common sources of business support are newspapers, friends, relatives, or word of mouth."

--Tarry Hum

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[36] Ibid.

[37] Hum, Page 183.

[38] "New Agenda for Minority Business Development." Prepared by the Boston Consulting Group. Kauffman Foundation website: www.kauffman.org/uploadedFIles/minority_enrep62805_report.pdf Accessed April 21, 2010.

[39] Hum, Page 188.

group and that marketing to new cultural groups would help the business prosper.[40] Some business owners only cater to certain ethnic groups because there are fewer cultural and language barriers. Also, expanding product lines to goods preferred by other cultures is risky if they are never purchased, and requires capital many Rainier Beach small businesses lack.[41] Of course, there are some businesses that have expanded their networks and are working across cultural lines, as depicted in G. Willow Wilson's piece to the right. The retail study indicated such a "lack of balkanization" is not actually the norm among the business community, but remains something to continue to strive to achieve.

Deficient marketing may also be a cause for the isolation experienced by businesses from the greater Seattle economy. The Rainier Valley area has almost 1500 businesses spread over 10 square miles but only one full time staff person—who happens to be on the Rainier Valley Chamber of Commerce-- devoted to retail marketing and development. Community groups like the Rainier Valley Community Development Fund and HomeSight contribute to marketing, but a comprehensive and coordinated strategy is lacking.[42]

Barriers to Self Employment and Entrepreneurship

General barriers to entrepreneurship in areas in need of economic development have been well studied and include: lack of education, and limited financial and social capital, which leads to relying on selling to poor, local markets.[43] [44] These challenges can be summarized around one general theme—access. Unique to Rainier Beach businesses is also lack of access to networks.

> "Mawadda Café, and Iraqi-run halal restaurant catering to the Muslim population, also offers an array of vegetarian options for the yoga and green living crowd. Full Tilt, and ice cream parlor several blocks away, buys Mawadda's famous chai tea and turns it into a delicious frozen dessert… This hands-on interdependent attitude is visible up and down the area's main streets. … Above all, it is this lack of Balkanization that makes Rainier Valley unique—its disparate residents live with each other, rather than separating along unofficial lines of ethnicity, income, or lifestyle."
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> **--G. Willow Wilson***

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[40] "Retail Development Strategy for Rainier Valley." An Economics Corporation report for the City of Seattle Office of Economic Development. December 2009. Pages 8-22.
[41] Interview with Papa Jones BBQ partners. March 18, 2010.
[42] Ibid, Page 30.
* Cite quote box: G. Wilow Wilson. "America's Most Diverse Zip Code Shows the Way." AOL News website. www.aolnews.com/opinion/article/opinion-americas-most-diverse-zip-code-shows-the-way/19414386 Accessed on April 19, 2010.
[43] Dabson. Pages 108-109.
[44] Retail Study, RVCDF

Further, for each aspiring entrepreneur there is a tendency to start up businesses that have low barriers to entry. Barriers to entry are often linked to the entrepreneur's network and can include lacking access to capital, a particular skill set, or knowledge about how a particular market niche functions.[45] For immigrants and those with limited social networks, barriers to entry are lowest in industries familiar to the people they know. As Quang Nguyen's quote suggests at the beginning of this chapter, this often leads to over saturated markets like we see in Rainier Beach and the greater Rainier Valley area. In addition, in attempt to limit risk, entrepreneurs start businesses they see as having demonstrated success. So that if in their neighborhood a grocer seems to be doing well, they may start a grocery as well. Subsequent groceries are opened until competition is so high that profit margins for all grocers are diminished.[46]

Rainier Beach's Most Common Businesses and 2008 Earnings[47]				
Type of Business	Number of Businesses	% of Total Businesses	Combined Revenue in 2008	Avg Earnings per Business
Limited Service Restaurants	13	11%	6,313,152	485,627
Taxi Service	13	11%	171,773	13,213
Automotive Repair	7	6%	717,000	102,429
Supermarkets[48]	6	6%	7,751,634	1,291,939
Miscellaneous Retail	5	4%	2,067,512	413,502
Beauty Salons	4	4%	171,773	42,943

Table 1. Small gross earnings per business may indicate over saturation of market.

According to 2008 City of Seattle data, Rainier Beach has a total of 114 businesses. Taxi services and beauty salons make up roughly one quarter of these. Table 1 to the left shows the most common registered businesses in Rainier Beach and their earnings.[49] Taxi services, despite their preponderance in Rainier Beach, earn the lowest revenues per business at an

[45] Green, Anne E. "Routes to Employment for Refugees: A Review of Local Approaches in London." *Immigration to Integration: Local Solutions for a Global Challenge.* Organisation for Economic Co-operations and Development (OECD) Publishing, Local Economic and Employment Development, 2004. Page 220.
[46] Interview with Abdul Yusuf, business owner and member of the African Business Association, May 1, 2010.
[47] City of Seattle 2008 B&O data.
[48] *Excludes Safeway, using per store average revenues from 2009. Does not exclude Saar's Market which is quite sizeable and is not considered a micro-enterprise like the other five grocers.*
[49] City of Seattle 2008 B&O data.

average of $13,213 annually. The number of beauty salons in Rainier Beach has declined from seven in 2006 to four just two years later, while average annual earnings for beauty salons have increased from $24,908 to $42,943, suggesting high competition.

Community-based Regionalism

Instead of treating each neighborhood as if it were operating in isolation, a community-based regionalism approach to economic development seeks to expand networks by connecting local neighborhood assets to the greater regional economic drivers. Often, neighborhoods in need of economic development are disconnected with the region's larger markets. [50] This is especially true in neighborhoods like Rainier Beach where the immigrant populations already have been shown to have limited networks, mobility, and job opportunity outside of their own enclaves. As stated earlier, minority and immigrant –owned enterprises are more likely to be in low growth industries with low barriers to entry. As was seen in Table 1, the majority of Rainier Beach businesses include limited service restaurants, taxi services, auto shops, and beauty salons. Meanwhile, city-wide and regional investments are being made in vastly different industries. On the following page is a map of the pilot regional industry clusters as identified by the Puget Sound Regional Council. These clusters were identified as regional economy drivers and have been targeted as industries that should be invested in and strengthened. Notice the Seattle thumbnail in the upper left hand corner of the map. The dots show location of businesses that are a part of the identified clusters. In Seattle, Rainier

> **"…the lack of development in the inner city minority neighborhood is not merely the result of a failure to invest in the local neighborhood… It is also the result of the isolation from positive regional trends…"**
>
> **--Manuel Pastor**

Valley is uniquely lacking in industries that are a part of the regional cluster. This means that investments that are made into strengthening regional clusters will largely skip over Rainier Valley and Rainier Beach, further isolating the neighborhood businesses from regional markets.[51]

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[50] Pastor, Manuel, Chris Benner, and Martha Matsonka. "The Regional Nexus: The Promise and Risk of Community-Based Approaches to Metropolitan Equity." *Jobs and Economic Development in Minority Communities,* edited by Paul Ong and Anastasia Loukaitou-Sideris. Philadelphia: Temple University Press, 2006. Page 82

[51] "Economic Analysis of the Puget Sound Region Part II. "
http://www.prosperitypartnership.org/strategy/v2_pt3.pdf   Page 77. Accessed on June 2, 2010.

Spatial Attributes of Pilot Clusters, 2002
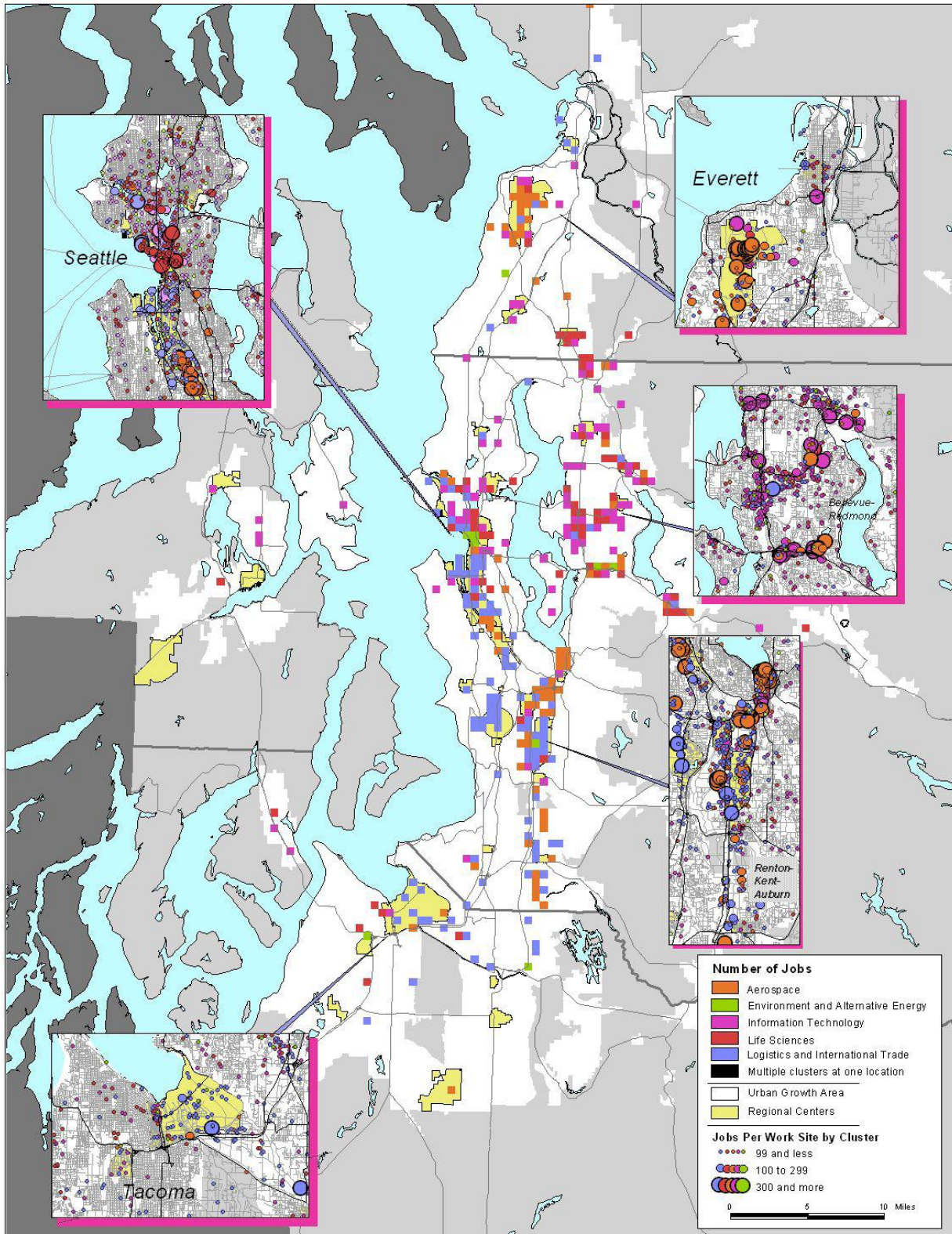
Highlighted in the table below are possible matches between regional, city, and community efforts.

Regional and City Identified Key Industries[52]	Seattle Jobs Initiative Training Industries[53]	Common Rainier Beach Industries [54]
Manufacturing	Manufacturing	Transportation—Taxi Drivers
Maritime	Automotive	Automotive Repair
Life Sciences	Office Occupations	Beauty Salons
Information and Communication Technology	High Tech	Miscellaneous Retail Stores
Global Health/Healthcare	Healthcare	Supermarkets
Clean Technology	Construction	Dry Cleaning and Laundry
Film and Music/ Tourism	Electronic Assembly	Restaurants

Table 2. Rainier Beach businesses are isolated from regional and city industries investments.

Table 2 identifies key industries targeted by the City of Seattle and the Puget Sound Regional Council's (PSRC) Prosperity Partnership for recruitment and growth. The second column lists the top areas of training focused on by the Seattle Jobs Initiative whose mission is to "provide for a critical need of Seattle's low income individuals by providing job training and support services."[55] The third column lists Rainier Beach's most numerous types of businesses. The table shows few connections between the businesses in Rainier Beach and regional or even city efforts for recruitment and business growth. There is one possible connection between city efforts to encourage tourism and Rainier Beach restaurants. City job training efforts for low income populations show little connection to existing workforce skills apparent in Rainier Beach businesses, as well. Some advantages may exist, however, in the mismatch between common business types and areas of job training when local markets are over saturated by the current business types and the job skills training redirects labor into more lucrative fields. A community-based regionalism approach would ensure that the job training received also aligns well within the regional industry clusters while capitalizing on and enhancing the neighborhood assets. For this to be effective in Rainier Beach, however, the job training programs must be accessible through the networks of immigrant communities.

Differences in Business Needs among Minority Groups

The following findings for business needs based on immigrant groups are very preliminary due to the small group of businesses I interviewed, though they are also supported by the technical assistance

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[52] "Seattle's Key Industries." City of Seattle, Office of Economic Development website.
www.seattle.gov/economicdevelopment/maj_ind_sectors.htm Accessed on February 21, 2010.
[53] "How the Seattle Jobs Initiative Works." Seattle Jobs Initiative website.
www.seattlejobsinitiative.com/how/index.html Accessed on February 21, 2010.
[54] City of Seattle B&O data 2008.
[55] "How the Seattle Jobs Initiative Works." Seattle Jobs Initiative website.
www.seattlejobsinitiative.com/how/index.html Accessed on February 21, 2010.

providers and nonprofit community workers interviewed. More data will be available in the coming year from other efforts to interview businesses currently underway—such as that from HomeSight and the Martin Luther King, Jr. Way Business Association.

In general, the business owners interviewed demonstrated an overall lack of knowledge about the array of technical assistance services available for free or low cost. When businesses along the light rail were asked if they had received any help as part of the light rail construction mitigation, the businesses said they did not. The owner of La Tienda Mi Pueblito, for example, said his daily sales dropped from $1500 to $40 for over four months of the construction due to the road being blocked by construction crews. When he applied for assistance, he said he was told his business had been around too long before rail construction and therefore was ineligible.[56] Even though he is looking to expand his business, when told of the types of technical assistance available for free or at low cost that may help him do this, he did not seem to see the value of any of the services except help with taxes.[57] Echoes of the Latino business owner's story reverberated with many other businesses interviewed from different ethnic backgrounds—that they were unaware of the bulk of the services and service providers and seemed unsure of how most of those services may assist their business. Interviews with technical assistance providers, and business association members representing various ethnicities all agreed that many small business owners are unaware of their needs and have doubts about how technical assistance services may be valuable to their business. Instead, most owners identified the need for assistance in acquiring capital but when they applied for loans, they were determined ineligible.

One Vietnamese business owner said he was turned down for a Small Business Administration- backed loan, despite having a business plan developed with assistance from the technical assistance clinic at the University of Washington Foster School of Business and even though his business earns over $4 million annually. He was told it was due to his bad personal credit, even though his company is designated as a Limited Liability Company (LLC).[58] While his business surpasses the defining threshold for micro-enterprises of being capitalized by $35,000, the problem of meeting eligibility requirements for loans involving personal credit after the current recession may be even more problematic for micro-enterprise owners with smaller revenues.

There may be some differences in needs among minority groups. For example, Washington CASH, a lender and technical assistance provider, has noticed their model requiring strong peer group participation and multiple structured meetings has proved popular with women and Latinos, but not with Ethiopian or Somali men, even when translation services are available.[59] There have also been some suggestions that minority immigrant groups that have had a longer presence in Seattle have stronger networks, and therefore have more information on city requirements and resources than more

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[56] While the author was not able to confirm the reason for ineligibility with another source, more pertinent to our discussion is what the immigrant business owner understands from his interactions with the system and different types of assistance programs.

[57] Interview with La Tienda mi Pueblito owner, translated by his son. May 10, 2010.

[58] Interview with Jensen Lee, Business Owner, Evergreen Timber, May 10, 2010.

[59] Interview with Cheryl Sesnon, Executive Director Washington CASH, April 21, 2010.

recent immigrant groups from Africa. In Rainier Beach, the Vietnamese Americans are considered to be more established as many Vietnamese have been here longer than more recent immigrants from eastern and western Africa. Many Somali, Ethiopian and Guinean business owners lack business plans, market analysis skills, and knowledge of city regulations. As more members of the African Diaspora open new businesses, they learn from the established businesses and replicate their practices, with neither group knowing well how to best operate in Seattle's economy. Cultural isolation may play a more damaging role for newer immigrants that have less established social networks than other established immigrant groups.[60] Immigrant network theory as discussed previously in this chapter would support this assertion, though not enough interviews of businesses were conducted for this report to concur decisively. One related observed trend may indicate that those who have more comfortable command of English may have more awareness of resources available and therefore more ability to access them. This may be a factor of how long they and their families have lived in the Unites States, but this finding also implies increased awareness of resources is possible for those who immigrate here with good English skills already.

In sum, while there may be some trends, the collection of micro-enterprises in Rainier Beach is as diverse as the population itself. They provide different goods and services to different populations. They vary in size, age, ownership, and needs. These differences between business owner's needs may exist along gender lines, languages, ethnic lines, and how long the individual has been in Seattle. Because of this, there is no panacea in helping small businesses prosper in Rainier Beach. In addition, it is difficult to understand which services, service delivery approaches, and outreach methods would be the most successful among minority groups when few seemed to understand how they would truly benefit from such services in the first place.

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[60] Interview with Abdul Yusuf, Business Owner and member of the African Business Association of Seattle, May 1, 2010.

Chapter 3: Technical Assistance Opportunities

"It's very important for us to combine resources. Not everyone can or should try to do everything. It's when we create silos that we have problems."

--Darlene Robbins, Business Development Specialist, SBA

There are many agencies in the Seattle area that provide technical assistance to small businesses. They vary by type of services offered, population served, and service delivery approach. The table on pages 27 and 28 summarizes these programs. This chapter evaluates the system of technical assistance providers according to national best practices in technical assistance services, program approach, and outreach specifically for minority and immigrant-owned small businesses. This section does not speak to best practices present in the system for serving other populations.

Best Practices in Services

Services are Thorough. In Chapter One, technical assistance was defined as one-on-one assistance to business owners, or group workshops and trainings that cover a wide variety of topics central to running a business, such as:
- Conducting market research
- Creating a business plan
- Marketing—including use of websites and social media
- Staging product and displays
- Inventory management
- Book keeping and accounting
- Government policies and regulations, and
- Industry-specific strategies for success.

These services are thorough, in that they cover the wide range of business needs. Services also should evolve with the changing needs of business and incorporate new communication, information, and software technologies as appropriate.

Services are Person-centered. For low income and new entrepreneurs in particular, national best practices also suggest additional services that recognize the entrepreneur as a person who may have barriers outside of their business.[61] Traditional technical assistance programs often only recognize

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[61] Grayson, David. "Entrepreneurship Advice, Training, and Mentoring for Urban Renewal: Perspectives from the United Kingdom and Europe." *Entrepreneurship : A Catalyst for Urban Regeneration.* Organisation for Economic Co-operations and Development (OECD), Local Economic and Employment Development, 2004. Page 109.

common barriers to businesses in general, while sometimes equally significant barriers get ignored. For example, technical assistance providers across the country have found the increasing importance of supplementary trainings on how to improve one's personal credit rating.[62] Even though in many cases an entrepreneur's personal finances are considered to be legally separate from those of their business, many entrepreneurs still face difficulty getting loans. Alternative lenders look to personal credit history as a major contributing factor in determining the character of the loan applicant. Despite the presence of a well reasoned business plan, if the applicant has a poor credit history, the loan is denied.[63] The current recession and financial crisis has impacted many individuals' personal credit history, and will negatively affect their abilities to receive small business loans for many years in the future. Other additional services to help entrepreneurs access technical assistance include childcare, translation services, and literacy support. [64]

Services are Coordinated. This means that supplementary services such as those mentioned above should be coordinated with the business-specific services. Equally important is ensuring services are coordinated among different providers. Fragmented services are often hard for the individual to navigate and lead to system inefficiencies such as duplication of services as well as service gaps.

Best Practices in Program Approach

In addition to services offered, how these services are offered—the service delivery program approach—is also important. For example, teaching the basics of writing a business plans can happen one-on-one, in a workshop with 40 other business owners, or in a small peer group of five people. The service and topic remain the same, but the approaches are very different. Each approach offers its own strengths and weaknesses and may appeal to different individuals.

Service Delivery Approaches are Focused. Program effectiveness is reliant upon a delivery approach that meets the needs of the entrepreneur. Best practices suggest providers specialize in serving a limited number of groups and adapting service delivery approaches to those groups, instead of trying to serve everyone. [65] As discussed at length in the previous chapter, small business owners are diverse, and have diverse needs. In general, technical assistance programs have difficulties meeting all of these needs for many reasons. First, the services are decided upon by the technical assistance providers themselves, and not necessarily by individual needs.[66] Traditional service delivery approaches are often more dictated by the funding mechanisms and input measures than by the service recipient's need. Funders often require a certain amount of businesses to be served per year, and rarely include funding for long term

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[62] Chao et al. Page vii.
[63] Interview with Carole Butkus, Women's Business Center, May 5, 2010.
[64] Valenzuela. Page 154.
[65] Dabson. Pages 95-96.
[66] Ibid.

evaluations of services to measure their effectiveness.[67] Thus, traditional technical assistance services occur in a classroom-type setting in a central location. Workshops are held often for 30 people at a time and meeting two to four hours per session. Many providers also try to cast a wide net by offering many approaches to appeal to multiple populations. If the provider attempts to meet the needs of all populations by offering all types of approaches, they may find their services and resources are being diluted and effectiveness of all program approaches diminished.[68]

Individualized. Best practices suggest that the services be tailored to the individual business owner so that the services meet the person where they are. Assessment is a crucial part of building an individual training plan. In a US Department of Labor pilot program called Project GATE, participants were assessed by a third party that typically does not perform technical assistance training—such as a WorkSource here in Washington State—who then was able to refer the person on to an appropriate provider agency.[69] The Department of Labor stresses the advantages of the third party assessment. First, the assessor attempts to identify the needs of the entrepreneur and designs a training plan for the individual that takes advantage of the resources of the system as a whole, not simply within a single agency. The third party is not a competitor of the other providers and typically has different funding sources so it may give objective referrals. The entrepreneur then becomes aware of the resources available throughout the entire system that are specific to her needs.

In best practices, providers customize their services. In a resource-constrained environment, individualizing services for the wide range of entrepreneurs is rarely financially feasible or desirable. For this reason, and as mentioned above, providers should focus their resources and skill sets on a specific type of entrepreneur or set of needs. Providers with niche populations they serve minimize duplication for services while allowing the provider to develop their skills in serving that population. Ways to ensure individualized services for minority –owned businesses include meeting the entrepreneur at times and locations most convenient for them—including traveling to their actual place of business; providing translation services; and organizing one- on-one consultation and mentoring.

Long Term Connections. While there are many workshops, trainings, and other program approaches for technical assistance, some studies argue there is very little evidence to show that these traditional and short term technical assistance programs increase the viability of the individual enterprise or enhance the local economy. [70] Instead, long term connections with an agency or a mentor appear to be more powerful for long term success.[71] The previous chapter emphasized the importance of networks for minority and immigrant entrepreneurs. Technical assistance providers that design programs to build

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[67] Interview with Michael Verchot, Director of the Business and Economic Development Center, University of Washington Foster School of Business, May 17, 2010.
[68] Dabson, Pages 95-96.
[69] Chao et al. Pages vi-viii.
[70] Interview with Michael Verchot, Director of the Business and Economic Development Center, University of Washington Foster School of Business, May 17, 2010.
[71] Ibid.

long term relationships both with their clients directly while also fostering relationships between their clients and mentors, other small business owners, and lenders are helping to expand the small business owner's network. Expanded networks, as stated, allow for increased access to information, resources, and opportunities for upward mobility.

Best Practices in Outreach

The importance of networks is well demonstrated in effective outreach. As discussed earlier, minority and immigrant communities are often isolated from information, resources, and opportunities due to constrained networks. Technical assistance providers rely on networks just like the populations they serve. Limited networks means less people knowing about the services offered. Traditional networking and outreach activities providers employ include forming relationships with Chambers of Commerce and Rotary Clubs that lack culturally diverse members.

Diverse Staff. One way of increasing an agency's ability to reach out to multi cultural communities is to employ staff members with similar backgrounds to those communities. These staff members have an advantage in expanding the provider's network to these communities because they may speak the same language, attend the same community events, or simply understand better how the community shares information.[72] In addition, some providers have noted that their clients seem to be more at ease and receptive to information when they identify similarities such as race, language, or religion with the staff member delivering information.[73]

Private Sector Partnerships. Technical assistance services are highly dependent on referrals. Most of these referrals are from other agencies and lenders. Having good partnerships with lenders will help guarantee good referrals, but further private partnerships can be leveraged to provide better quality services for the entrepreneur. For the entrepreneur directly, private sector partners may help inform on industry best practices, link small businesses with valued supply chains and distributional channels, and increase access to capital. On the provider level, private entities may also help keep technical assistance training content up to date with changing technology and advise on new programs.

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[72] Interview with Michael Verchot, Director of the Business and Economic Development Center, University of Washington Foster School of Business, May 17, 2010.
[73] Interview with Greg Anderson, Business Development Loan Officer, Rainier Valley Community Development Fund, April 20, 2010.

Non Profit Partnerships. In a largely referral-based system, partnerships with other technical assistance providers and community groups are essential. In the interest of sharing resources while not duplicating services, providers are becoming more focused and specialized on their niche populations. If they encounter a participant from outside of their specialty, they can refer that person to an agency that is better equipped. Also, traditional partnerships with Chambers of Commerce and Rotary Clubs should be expanded to include community groups that maybe are not business-focused, but provide other services to immigrants and minorities. These community groups maybe lack experience with encouraging business growth, but may be able to offer other resources such as diverse staff, familiarity with niche communities, and translation services.

Seattle's Technical Assistance System

Seattle has a wide variety of services and services providers. A summary of the providers, the populations they target, the services they offer, and their service delivery approaches is provided in Table 4 below and on the next page.

Summary of Technical Assistance Providers				
Provider Name	**Population Served**	**Service Fees**	**Services Provided**	**Approach**
City of Seattle Business Advocate	All small business current/prospective owners.	Free	One on one consultation of resources available and information on city/state government requirements.	Individualized to each business, referrals to other services.
Washington Community Alliance for Self Help (CASH)[74]	Low income, immigrants, women, people with disabilities	Small Fees	Training and lending services for self employment.	Structured curriculum, with a peer support model, with 1:1 counseling available.
ShoreBank Enterprise Cascadia	Eligible low income business loan seekers	Free (with loan)	Technical assistance for successful loan application	Customized to applicant

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[74] Washington CASH website: www.washingtoncash.org Accessed on April 14, 2010.

Summary of Technical Assistance Providers (Continued)				
Provider Name	**Population Served**	**Service Fees**	**Services Provided**	**Approach**
Mercy Corps Northwest	All interested entrepreneurs in Washington and Oregon	Varies by services, 6 week class is $150	Trainings on social networking, business writing, online one on one mentor services, 6 week business foundations class	Structured curriculum
Minority Business Enterprise Center (MBEC)[75]	Minority owned businesses with revenue of $500,000 or more.	Fee-based	Professional business consulting.	Customized to applicant.
SCORE-Seattle Chapter[76]	All small business current/prospective owners.	Free one on one services, small fees (under $85) for workshops	One on one specific technical assistance and workshops. Workshop topics include: business plans, financial statements, internet business strategies, starting a nonprofit, marketing, Quickbooks, sales, and starting a new business.	Structured curriculum, 1:1 mentorship services available.
Procurement and Technical Assistance Program of King County[77]	Helps firms competing for government contracts	Free	Helps firms find and successfully bid on contracts with local governments. Training and marketing assistance included.	Structured curriculum
Women's Business Center[78]	All small business current/prospective owners.	Small fees for most classes	Assistance with business plans, marketing, financial management, government contracting, and loan application.	Structured curriculum available, peer support and 1:1 counseling.
UW Business and Economic Development Center	Small business owners, minorities, women	Fee-based	One on one student assessments and consultations for a typical 9 month period.	Customized to each applicant.

Table 4. The majority of providers specifies populations served, have free or small fees for service, and have structured curriculum.

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[75] Ibid

[76] Personal interview with Paul Hirz and Roger Winter, and Seattle SCORE website: www.seattlescore.org

[77] Ibid

[78] "Our Services." Community Capital Development website. http://www.seattleccd.com/wbcmain/services.htm Accessed on March 30, 2010.

Services

Seattle technical assistance services are thorough. Most providers in Seattle offer training and consultation on a range of topics, including newer business opportunities such as internet businesses and marketing through the use of social media. There are also industry-specific classes for those involved in industries such as government contracting or day cares.

Seattle technical assistance services are not person-centered. Services available in Seattle focus solely on the business specific topics, without addressing some of the other barriers to the entrepreneur that may prevent her from being able to access these services in the first place. Best practices suggest additional services such as translation, literacy training, and credit history training are important to help low income and minority populations access the other business specific services they also need. Providers often lack the resources required to provide translation services, for example, and expect the entrepreneur to work through their personal barriers in advance of seeking business-specific training. Some providers do not recognize the lack of translation services in their programs to be a problem, stating that those who have difficulties with English bring a friend or family member able to translate. As mentioned earlier in this chapter, however, providers are only familiar with the needs of those who are coming through their doors and receiving services; they are not familiar with those who are actually not being served. Those who cannot arrange for their own private translation—or for other solutions to personal barriers—are not able to access the business services they need.

Seattle technical assistance services are not coordinated. Providers lack complete knowledge about other provider's services. In speaking with the provider agencies, representatives often knew of each other and the general models other agencies operated under, but thought other providers services to be more limited or more elaborate than reality. This is problematic for the service recipient who is relying on a lender or provider on good referrals to help navigate the different services available. In addition, some service providers feel as though they are in competition with each other for clients or funding sources.[79] [80] While each provider noted resource constraints, the feeling of being in competition with one another acts as a disincentive to providers from coordinating services and sharing resources. The result is an inefficient system with duplicative services simultaneously existing with service gaps, that is also hard for an outside user to navigate.

Program Approach

Focus. Seattle technical service providers, as can be seen in Table 4, often specify their general target populations, but the majority of providers often use the traditional classroom model of providing technical assistance that does not work for all cultural groups. Most providers lack the resources to adapt their program delivery to the various cultural groups present in Rainier Beach. Immigrants and those with limited English proficiency (LEP), for example, receive less technical assistance than others.[81] Local technical assistance providers often specialize in serving different types of entrepreneurs in different stages of business development, and while some specialize in services to minorities, all

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[79] Interview with Paul Hirz, Business Counselor, Seattle SCORE, April 21, 2010.
[80] Dabson. Page 96.
[81] A sentiment echoed by all providers and business owners interviewed.

providers interviewed indicated that there seemed to be an under representation of immigrant and LEP populations in their clientele. This suggests that the simple label "minority" or "low income" is not specific enough. Seattle providers can do a better job of focusing their approaches to tailor to the immigrant communities least served.

Individualized. There is no third party assessor In Seattle to help determine the individual's needs and help them develop a plan to navigate the system's services. Seattle providers perform this function and do give referrals to other agencies the provider may think is more equipped to serve the person. However, the lack of coordination and accurate, complete knowledge about all of the providers hinders the ability of providers to do this effectively. When it comes to customizing services to immigrants and other members of the least served, Seattle's technical assistance providers lack the resources to be flexible and experiment**.** As technical assistance is extended to more and more diverse groups of business owners with different needs, there are no current best practices to serve each group. Providers across the country are still experimenting with service delivery approaches to find the best fit. Providers not only must adapt their trainings for the changing business climate, they must also adapt their program delivery for new cultures. Grants to providers that rely heavily on input and performance targets while also not providing for long term program evaluation, may hinder an agency's ability and willingness to experiment with new, unproven programs to meet the needs of new populations. Funding opportunities that emphasize the number of businesses served fail to allow the provider to focus on the effectiveness of the services delivered and the approach used. Without resources to experiment or track effectiveness, providers continue to use traditionally accepted approaches, despite the negative effects of not serving a significant portion of Rainier Beach's small businesses. In order for providers to adapt and individualize services, they need resources and funding mechanisms that allow for the ability to experiment with different approaches.

"The way forward seems to be a shift in focus to one of social capital facilitation where… service providers pay more attention to developing skills of diagnosis, facilitation, and organizaing in support of these networks rather than marketing standard services and products."

--Brian Dabson, Corporation for Enterprise Development

Long term. Most approaches include networking opportunities among peers and some include connecting the entrepreneur with a mentor to develop longer term relationships. While there are efforts to help small business owners establish long term connections, the vast majority of efforts and resources are funneled to providing generic minimal touch workshops. These workshops or classes typically have thirty or more business owners, are taught in two to 4 hours, and include no follow up with the business owner to see how they have applied the concepts taught in class to their specific businesses.

Outreach

Most technical providers perform very little direct outreach to aspiring or even established business owners. Every provider interviewed indicated that outreach was not a focus in their program largely because the system is referral-based and also that they were at capacity given the resources available. Many providers had wait lists and have seen large increases in people seeking services since the financial crisis of 2008. In general, all providers indicated they lacked access to minority and immigrant populations. Similarly, marginalized populations such as immigrants who lack expanded networks have little opportunity to hear what technical assistance is available.

> **"There is a system that if you are not well established, there is no room for you."**
>
> --Abdul Yusuf, Business Owner[1]

Diverse Staff. To combat cultural barriers and access underserved populations, providers acknowledge the need for more technical assistance counselors and staff who are from the populations that need services, but in general lack the knowledge or resources to recruit a more diverse group of trainers. For example, 65 percent of the businesses in Rainier Valley are Asian, and most of these are Vietnamese-owned, but the majority of technical assistance providers does not have a single Vietnamese speaking staff member.[82]

Private Sector Partnerships. Seattle's technical assistance service system is well linked to private sector partners. Providers involve different members from the private sector such as lenders and industry experts. Many even have partnerships with leading small business owners who are also immigrants or minorities. These relationships seem to be well leveraged as the providers often match clients to these partners for assistance with various discrete and time limited tasks such as getting a loan or receiving individualized help with setting up a book keeping system.[83]

Nonprofit Partnerships. Seattle providers perform outreach to traditional nonprofit groups such as Chambers of Commerce and Rotary Clubs. In limited and rare cases, non profits have approached

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[82] Interview with Quang Nguyen, Director of Communication Outreach, Vietnamese Chamber of Commerce, April 20, 2010.

[83] Interview with Greg Anderson, Business Development Loan Officer, Rainier Valley Community Development Fund, April 20, 2010.

providers to implement a few classes to their members.[84] [85] In these cases, the nonprofit groups offered to perform translations services and advertise the classes to their membership base. These classes had mixed success, with less attendance than hoped, but this may have been due to rushed timelines for outreach.[86] Another type of partnership occurred where Washington CASH trained a technical assistance counselor from a nonprofit serving a group typically underrepresented in Washington CASH's services. The trainer was then able to use other Washington CASH resources while tailoring the training methods to their community. While there have been no long term evaluations of the effectiveness of these partnerships, the providers were able to leverage partnerships with non profits to reach populations typically underserved.

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[84] Interview with Carole Butkus, Women's Business Center, May 5, 2010.
[85] Interview with Cheryl Sesnon, Executive Director Washington CASH, April 21, 2010.
[86] Interview with Carole Butkus, Women's Business Center, May 5, 2010.

Seattle's Technical Assistance (TA) System Compared to Best Practices			
Best Practices		**Seattle's System Practices**	**Meets Best Practice?**
Services	Thorough and Evolving	Seattle hosts a wide array of services that cover the basics of operating any business, as well as industry-specific trainings, and the use of new technologies.	Yes
	Person-centered instead of Business-centered	While the business services are thorough, they do not address all of the entrepreneur's personal needs that may impact their access to those business services, such as translation services and how to improve one's credit score.	No
	Coordinated	Service providers often lack complete knowledge of each other's services and strengths, causing confusion for the user and duplication of services.	No
Outreach	Persons from diverse Communities on staff	Providers cite the difficulty and lack of knowledge in recruiting diverse staff members.	No
	Partnerships leveraged with private sector	All providers have established and engaged partnerships with lenders, angel investors, and industry leaders.	Yes
	Partnerships leveraged between providers and other minority community groups	Most providers have waiting lists and therefore lack incentive for outreach to harder to reach populations. Providers establish relationships with traditional groups that typically lack minority members.	No
Program Approach	Focused Participant Niche	Most TA providers specialize in populations served. Currently, however, immigrants are the largest underserved population.	Needs Improvement
	Individualized	While TA providers do an excellent job of offering a wide range of approaches including short topical workshops, peer mentor groups, and 1:1 mentorship, most providers require the participant to choose from a menu of services, instead of customizing the menu for the participant.	Needs Improvement
	Establish Long Term Connections	While some agencies have matched business owners with mentors, and established peer mentoring groups, minority and immigrant mentors are hard to find. Workshops and 2 hour training sessions are pervasive.	Needs Improvement

Table 5. An analysis of Seattle's technical assistance system according to best practices in reaching minority and immigrant populations shows both strengths and opportunities for improvement.

Chapter 4: Business Incubators

"Even if the number of new business established in incubation is small as compared with all the new enterprises, they have a very important role to play as spearheads of innovative businesses and as reformers of the local business structures and the supply of services."[87]

--United Nations

Business incubators take the idea of technical assistance one step further by providing a more supportive environment for a startup to grow and expand.[88] Because there are currently no small business incubators in Rainier Beach, this chapter explores the possible strengths and weaknesses of incubators as a means to help minority and immigrant-owned micro-enterprises prosper in the neighborhood.

What are Business Incubators?

A business incubator is an economic development tool designed to accelerate the growth and success of entrepreneurial companies through an array of business support services and resources.[89] A typical incubator provides an enterprise for its first two years less than market rate rent, access to loans, marketing support, shared use of office machines, administrative staff, and supplies until the firm is independently viable. Incubators often reduce overhead for start- up businesses while the business grows and matures and is able to afford absorbing the costs of independent operations. In this way, incubators help to mitigate market incapacities such as high cost to entry and unequal access to information that exists especially for women, young people, minorities, and immigrants.[90] Incubators have been developed across the country for all types of businesses providing a variety of goods and services, and may have as few as five or as many as 80 small businesses in one building. The Fulton-Carroll Center in Chicago, for example, housed as many as 71 tenants at a time and since 1980 when it opened has helped develop 177 businesses, created 1500 jobs-- 80% of which went to local residents.[91]

According to the US Chamber of Commerce, "Incubators' most important advantage, however, may be the entrepreneurial intensive care that tenant firms get from incubator managers and business development experts, who guide tenant companies to maturity and help them finally move out or graduate."[92] The great advantage of business incubators is having the technical assistance in the same building as the start-up tenant, making services more accessible than typical technical assistance

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[87] *Best Practices in Business Incubation.* A United Nations Publication, New York: United Nations, 2000. Page 51.
[88] Potter and Noya. Page 11.
[89] Dabson, Page 97.
[90] *Best Practices in Business Incubation.* Page 55.
[91] Ibid.
[92] McKee, Bradford. "A Boost for Start Ups." *Nation's Business,* U.S. Chamber of Commerce 1992.

providers. Business incubators also provide long term mentorship and networking among the business tenant members, in addition to typical technical assistance.

Incubator Model Examples

Business incubators can have different forms of governance. The most common are:

- A nonprofit incubator running with the help of a community based organization for economic development,
- A private or for profit incubator, most often operated by venture capitalists and investors,
- Jointly operated through nonprofit and public partnerships, and
- University-operated[93]

The Accelerator. Today, many new incubators are to help grow technology firms and foster innovations in communications or the biosciences, such as the Accelerator in South Lake Union. The Accelerator has used partnerships with venture capital firms, learning institutions, and private companies to successfully launch four new biotech firms since its creation in 2003.[94] Reasons for the Accelerator's success extend beyond its powerful partners. First, it capitalizes on resources available. South Lake Union is well known in Seattle to be the biotech hotspot with proximity to large research institutions and a trained workforce. Also, biotech is an industry listed with both Seattle and the Puget Sound Regional Council's as a key industry. Rainier Beach lacks these biotech resources and therefore cannot duplicate successfully another Accelerator incubator, but there may be other assets Rainier Beach can leverage to create their own successful incubator.

La Cocina. With many restaurateurs in the Rainier Beach area, La Cocina provides an interesting model. A commercial kitchen with professional equipment for rent by the hour, this business incubator based out of San Francisco provides space and technical assistance to over 20 businesses in catering and specialty (mostly ethnic) cuisines. The staff members are multilingual and English proficiency is not necessarily a requirement. To be accepted, a business first must have met all the licensing and insurance requirements. If the application (applications in both English and Spanish are available) is accepted, they enter "Pre-Incubation" where they receive six months of training in marketing, operations, and finance. Upon successful completion of the training, they are considered for entry into the Incubation Phase where they are required to place a $500 security deposit for the equipment and are able to continue to access the industry-specific restaurant technical assistance and mentoring as well as the professional equipment. La Cocina also provides marketing assistance for the businesses through its website and farmers market booths. [95]

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[93] *Best Practices in Business Incubation.* Page 85.
[94] "Accelerator's fifth has California Connection." Accelerator website: http://www.acceleratorcorp.com/node/64 Accessed on May 3, 2010.
[95] La Cocina website: http://www.lacocinasf.org/ Accessed on April 24, 2010.

Thurston County. Estimated to create between 200 and 300 new jobs in the next 10 years, the Thurston County Small Business incubator provides space for more than a dozen offices in downtown Olympia. In addition to providing their full time small business tenants typical access to high speed internet, shared office equipment, and conference rooms, the incubator also provides professional business one on one consulting, education in financial management, marketing, and human resources. Current tenant businesses using the office space provide a variety of services including custom home construction, video production, international trade, and public relations. For acceptance into the incubator, businesses are required to provide a business plan and references.[96]

Incubators as Economic Development Tools

Business incubators have been adopted as part of economic development strategies across the country, as incubators increase their sales by an average of 400% during their stay in the incubator.[97] For nonprofit incubators, returns on investment are measured in job creation, not in profits because the goal is to increase employment opportunities.[98] For the Economic Development Administration (EDA), business incubators are the most cost effective measure to create new jobs, with an average cost of $144-216 per job created. For every one dollar of public subsidy invested, $30 in local tax revenue is generated.[99] Of course, the main purpose of business incubators is to help reduce business failure rates.[100] Eighty-seven percent of incubator graduates are still in business three years later.[101] Meanwhile, the success rate of typical start ups is only 50 percent in the first five years.[102] In addition, 84% of businesses that started in an incubator stay in their communities.[103] Incubators can be especially useful for home-based and informal businesses to get a legitimate street presence.[104]

Business incubators also serve as natural network expanders. Not only do business tenants have the ability to network with each other, the incubator also links them with mentors, technical assistance services, lenders, and regional economic development groups. For this reason, incubators can also be

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[96] Thurston County Small Business Incubator website: http://www.thurstonchamber.com/Incubator/index.htm Accessed on May 4, 2010.
[97] Cited from the National Business Incubation Association, Thurston County Chamber of Commerce Website. http://www.thurstonchamber.com/Incubator/index.htm Accessed on April 27, 2010.
[98] Ibid
[99] "Busines Incubation FAQ." National Business Incubation Association website: http://www.nbia.org/resource_library/faq/index.php#13a Accessed on May 4, 2010.
[100] Adkins, Dinah. President and CEO, National Business Incubator Association (NBIA). In correspondence with members. NBIA website: http://www.nbia.org/resource_library/works/files/EDA_Funding_Appropriations.pdf Accessed on May 3, 2010.
[101] Dabson. Page 97.
[102] Headd, Brian. "Redefining Business Success: Distinguishing between Business Success and Closure." Small Business Administration website: http://www.sba.gov/advo/stats/bh_sbe03.pdf Page 1. Accessed on May 29, 2010.
[103] Dabson. Page 97.
[104] Ibid.

especially useful for home-based and informal businesses that typically have significant barriers to access these networks.

There are some critiques of business incubators, however. Few nonprofit incubators survive long term, due to the amount of subsidy they require in rent and services. Further, critics also argue that business incubators require a large amount of intensive investment while serving fewer businesses at a time than traditional technical assistance approaches.[105]

Best Practices

Aside from criteria mentioned in the previous chapter on best practices in technical assistance, there are a few best practices specifically for business incubators.

Focus on a certain tenant type. Similar to best practices for technical assistance providers mentioned last chapter, business incubators that cater to a particular type of business tend to do better than those that attempt to serve a wide mix.[106] For example, since established in 1986, the William Factory business incubator has served to house only the back-end offices for starting business. It did not attempt to provide retail space as well. La Cocina, similarly, provides only commercial kitchen space and does not attempt to serve businesses in need of office space and conference rooms like the William Factory Incubator. This tenant type should also cater to the community's existing skill sets. The preponderance of restaurants in Rainier Beach, for example, suggests a commercial kitchen incubator may be a good fit for Rainier Beach.

Private and nonprofit partnerships. Business incubators are most successful when linked with other resources**.** Partnerships with universities, trade schools, lenders, investors, and community based organizations help leverage assets to make the business incubator more viable and increase the chances for individual business success.[107] Community partnerships also help make business incubators the most cost effective infrastructure investment for job creation.

Accessible entrance criteria. The business incubator, if it is to serve the community, needs to have eligibility criteria that make the space accessible to community businesses. [108] Immigrant-owned micro-enterprises interviewed for this report cited that of the resources and assistance of which they were aware, they were determined to be ineligible. Policies should ensure eligibility criteria into the incubator are not too stringent for local neighborhood businesses.

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[105] Interview with Quang Nguyen, Director of Communication Outreach, Vietnamese Chamber of Commerce, April 20, 2010.
[106] *Best Practices in Business Incubation.* Page 45.
[107] Ibid. Pages 17-27.
[108] Potter. Page 294.

Chapter 5: Conclusions and Recommendations

"The importance of networking among entrepreneurs has been attracting much attention as a highly effective means of building capacity, knowledge, and social capital."[109]

--Brian Dabson, Director, Corporation for Enterprise Development

Findings

Rainier Beach residents have asked for investments from the City of Seattle that will help increase jobs and boost the local community economy, without displacing its current residents. Rainier Beach is one of the most diverse Seattle neighborhoods, and many residents fear some economic development strategies will push out low income populations, many of whom are minorities and immigrants. This report has explored the use of technical assistance in helping minority and immigrant-owned micro-enterprises prosper in Rainier Beach. Small ethnic businesses have been shown to be economic drivers in job creation and in increasing incomes.

Interventions to help micro-enterprise owners in Rainier Beach should consider the importance of networks. As discussed in Chapter Two, immigrants especially have traditionally limited networks, resulting in limited mobility and over saturation of markets. Similarly, there are few efforts to connect industries and skill sets in Rainier Beach to the larger regional economy.

The technical assistance system in Seattle is particularly strong in the array of services it offers, the partnerships formed with the private sector, and in the presence of varied program approaches. The technical assistance system itself, however, faces network limitations. Services among providers lack coordination causing inefficient use of resources, simultaneous to existing service gaps. There are also missed opportunities for partnerships with nonprofit entities, as providers admit to their own insufficient outreach capabilities to business owners with limited English skills. Meanwhile-- and largely due to funding and reporting structures-- service recipients are expected to fit within the services available, instead of having the services be formed around their needs.

Recommendations

Based on the findings of this report, the following are recommendations for what the City of Seattle and its partners may do to help increase the accessibility and effectiveness of technical assistance for small minority and immigrant micro-enterprise owners.

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[109] Dabson. Page 98

The City of Seattle should establish a Technical Assistance Provider Roundtable. The goals of this roundtable would be to ensure coordinated services for the business owner, address service gaps to specific populations, and provide a venue for training of trainers in new outreach methods. The roundtable should be a forum to expand the networks of the providers themselves and facilitate partnerships between technical assistance providers, regional economic development efforts, and other community non profits that work with ethnic minorities and immigrants. The city could then leverage those agencies for outreach on City policies and regulations affecting businesses.

Several providers voiced interest in attending a roundtable as described above. They also agreed the city should take the facilitation role, feeling that coordination among service providers is not likely to happen without the city's guidance and intervention. A roundtable would require few direct monetary investments from the city, but would require some devoted staff time and should be consistently implemented, in order to maintain productive interest.

The roundtable could then explore the possibility of system revisions in order to increase coordination, customize services to meet the individual's needs, and allow for easy navigation by the end user. For example, in Louisville, Kentucky the city and county government helped form a service provider network with the goal of establishing a single point of entry for minority entrepreneurs to the network of organizations and of providing training to agency staff for assessment of clients.[110] The US Department of Labor also found that entry assessment was a key component of their technical assistance program Project GATE.[111]

The City and its partners should connect regional economic development efforts to Rainier Beach businesses. Minority and immigrant-owned businesses have limited networks and often suffer from cultural isolation. Helping to expand micro-enterprise networks to tap into regional markets will improve

On Community-based Regionalist Approaches:

"…local markets are generally too small to sustain growing neighborhood businesses and they need access to regional or metropolitan economic drivers to survive and expand. Advice, training, and mentorship should be geared to broadening the horizons of local entrepreneurs beyond their immediate neighborhoods, to challenging them to expand their marketing aspirations, and to reach out to other businesses across the city or country."

--Brian Dabson, Director, Corporation for Enterprise Development

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[110] Dabson. Page 97.
[111] Chao. Page vii.

mobility and access to information. The City should employ community-based regionalist methods and work with groups like Enterprise Seattle and the PSRC's Prosperity Partnership to form connections between their initiatives, the providers and nonprofit community groups the city supports, and small businesses in Rainier Beach. The Universal Transportation and Translation Company (UT&T) is a good example of this community-based regionalism approach. Rainier Valley has a high proportion of transportation businesses—mostly consisting of taxi and limo services. With a loan from RVCDF, UTT was able to harness local skill sets in transportation as well as translation services and tap into regional economic efforts such as the health care industry. They now provide transportation and translation services for individuals needing assistance with their doctor appointments.[112]

Providers should also consider specializing in serving a specific target population. Technical assistance and self employment programs should be flexible enough to meet participant's needs. For technical assistance firms to be viable and efficient, firms should be encouraged to provide a wide array of services while specializing in serving one type of business owner. For example, one firm could specialize in immigrant-owned start ups, while another firm may serve businesses that are more well-connected who are looking to expand. As another example, some providers may develop approaches that reach some underserved ethnic groups better than others. This would decrease competition between providers and the amount of duplicated services and approaches in order to use resources more efficiently and cover the variety of unmet needs.

Critics of this approach suggest that competition between providers is a good thing and that it drives providers to improve services and approaches. Some duplication of services may also be desirable for the provider's bottom line or for the user who

"For policy makers and urban planners, the call to support social capital formation among ethnic communities in order to improve their chances for economic development becomes quite challenging in 'multiple melting pot' neighborhoods… Policy responses for economic development strategies might differ significantly from one ethnic group to another."

--Kauffman Foundation*

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[112] "Loan Fund Helps Stabilize Business." Rainier Valley Community Development Fund website: http://www.rvcdf.org/success_stories_utt.php Accessed on May 23, 2010.
*Cite quote box: "New Agenda for Minority Business Development." Prepared by the Boston Consulting Group. Kauffman Foundation website: www.kauffman.org/uploadedFIles/minority_enrep62805_report.pdf Accessed April 21, 2010.

may not want to work with multiple agencies, specializing in different services to get their needs met. It is not suggested here to completely eliminate competition, or service duplication. Instead, the goal is to coordinate resources among providers in order to use those resources more effectively with program delivery approaches that have been proven to work, and thus improve access to services for the end user.

The City of Seattle should partner with technical assistance agencies and community groups to support the creation and experimentation of new models. One specific method of service delivery that allows for specified services while leveraging partnerships is to train a person from a specific community or ethnic group as their resident technical assistance expert. This person would receive curriculum used by providers to teach how to write business plans, use book keeping software, develop marketing plans, etc. Once fully trained on typical subjects and also knowledgeable about all the technical assistance services available in the system itself, this person would then go back to their community to adapt the curriculum and work directly with business owners. Ideally the person would be able to speak the language of their community and would be a trusted and knowledgeable person in their community who could expand entrepreneurial networks. Washington CASH has already employed this model with some community groups and is actively looking to continue to perfect this model with other groups.[113]

Another way to leverage partnerships with community groups to deliver technical assistance to limited English proficient population is to partner with English as a Second Language (ESL) classes taught in community colleges or by other community groups. With the help of the providers, the ESL trainers can tailor the ESL course curriculum to business terminology and pair this class with technical assistance classes. This way, business owners learn English in the context of operating their business, which may help them navigate other business resources. This service delivery method is already being used by Highline Community College's Start Zone program in coordination with Highline's I-Best Program.[114]

City of Seattle grants should be structured to encourage long term evaluation and focus on performance outcome measures, instead of input measures. Funding opportunities should focus on rewarding the effectiveness of the services delivered, not the number of businesses served, while encouraging provider experimentation. The diversity in Rainier Beach businesses poses an interesting challenge for technical assistance providers to adapt their services and delivery approaches in order to serve minority and immigrant business owners well. Each group has different needs and relies on different methods of learning and communication for those needs to be effectively met. Because there is no panacea to meet those needs, providers need to be able to experiment with different models and delivery methods to find out what works. Seattle's technical assistance system already lacks long term evaluations to see how effective the services truly are, and evaluation becomes even more important when experimenting with new methods. The city should encourage both experimentation and evaluations through current funding streams.

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[113] Interview with Cheryl Sesnon, Executive Director Washington CASH, April 21, 2010.
[114] Interview with Mike Skinner, Start Zone Program Manager, Highline Community College, May 26, 2010.

The city should encourage partners to focus services to the business owner, not just the business. As discussed in Chapter 3, current technical assistance services in Seattle are more business-centered than person-centered so that the services often fail to address all of the barriers to accessing existing technical assistance services many entrepreneurs face. Credit history trainings, childcare services, and translations services are just a few examples. The City of Seattle should help move the focus from the business itself to the individual by helping forge partnerships with other community nonprofits that already perform these services and by expanding funding criteria for these services where necessary. The first step in this direction employed in other areas of the country is a third party assessment (performed by organizations such as WorkSource) that helps to develop an individual service plan that considers the services of the entire technical assistance network.

The City of Seattle should conduct a feasibility study for a business incubator in Rainier Beach. The study should determine the presence for community support of an incubator, identify local resources and entrepreneurial assets, funding mechanisms, and how to integrate these assets with regional efforts. As mentioned earlier in this report, Rainier Beach residents have commented on the need for economic development and more job growth in their neighborhood. Studies suggest incubators do contribute positively to community employment and that businesses, once graduated out of the incubator, stay within the neighborhood. Incubators may be good for some immigrant and minority groups as well, because they provide a supportive environment and actively seek to make connections and expand the networks of their tenants.

One challenge of supporting an incubator in Rainier Beach is deciding on what kind of incubator may be most successful in Rainier Beach. Business incubators are not ideal for every type of business—nail salons, auto mechanics, and full service sit-in restaurants would be difficult to house in an incubator. Washington CASH is considering the possibility of starting a commercial kitchen business incubator and this idea is supported by a community-based regionalist perspective. Community-based regionalism models leverage community assets to meet a regional industry demand. Judging by the number of ethnic restaurants in Rainier Beach and surrounding neighborhoods, this seems to be a local skill. The commercial kitchen incubator could follow La Cocina's model, and link the ethnic incubator businesses to the larger Seattle markets. Similarly, Start Zone is currently developing another program that is more like a virtual incubator. Their program utilizes a cooperative structure to pool independent business owner talents and resources in order to compete for larger contracts the small self employed business owner would not be able to achieve on their own. Business owners within the cooperative would start off as apprentices and receive technical assistance as necessary from the technical assistance provider to help the cooperative of business owners collectively compete, win, and execute government and private contracts.[115]

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[115] Interview with Mike Skinner, Start Zone Program Manager, Highline Community College, May 26, 2010.

Appendix A: Recommended Readings

Benus, Jacob, Sheena McConnell, Jeanne Bellotti, Theodore Shen, et al. "Growing America Through Entrepreneurship: Findings from the Evaluation of Project GATE." An Impaq report for the US Department of Labor Employment Training Administration. Department of Labor website. http://wdr.doleta.gov/research/FullText_Documents/Findings%20from%20the%20Evaluation%20of%20Project%20GATE%20Report.pdf Accessed on April 25, 2010. Page vii.

- This is the follow up evaluation report on Project GATE (for initial report see Chao, below), citing project successes, lessons learned, and recommendations for best practices in technical assistance programs.

***Best Practices in Business Incubation.* A United Nations Publication, New York: United Nations, 2000.**

- While the case studies are compiled from international examples, there are many parallels that can be drawn to the Seattle area.

Chao, Elaine, Emily Stover DeRocco, Maria K. Flynnne, Jeanne Bellotti, et al. *Growing America Through Entrepreneurship: US Department of Labor Employment and Training Administration Interim Report*. US Department of Labor, May 7, 2008.

- Informing on many past federal programs for technical assistance, this is a great resource for best practices and also describes in detail Project Gate, a federally funded program for technical assistance.

***Immigration to Integration: Local Solutions for a Global Challenge.* Organisation for Economic Co-operations and Development (OECD) Publishing, Local Economic and Employment Development, 2004.**

- This book offers international perspectives on best practices for incorporating immigrants into local communities and economies. Its subject expands beyond simply micro-enterprises and self employment to include other immigration topics.

La Cocina website: http://www.lacocinasf.org/ Accessed on April 24, 2010.

- La Cocina seems to be a great model for a commercial kitchen incubator that can be duplicated in Rainier Beach. For more information on La Cocina's model and successes to date, see their detailed website.

"New Agenda for Minority Business Development." Prepared by the Boston Consulting Group. Kauffman Foundation website: www.kauffman.org/uploadedFIles/minority_enrep62805_report.pdf Accessed April 21, 2010.

- This report gives an overview of minority-owned businesses, their challenges, and ideas for supporting success.

Ong, Paul, and Anastasia Loukaitou-Sideris. *Jobs and Economic Development in Minority Communities,* **Philadelphia: Temple University Press, 2006.**

- Many articles were cited from this book. It offers good examples of job training and micro-enterprise studies in multiple ethnic communities across the US.

Porter, Michael. "New Strategies for Inner City Economic Development," Economic Development Quarterly, Issue 11, no 1, 1997.

- Michael Porter, professor at the Harvard Business School, has written many works on public policy interventions with the private sector. This one in particular focuses on inner city development and low income communities.

Potter, Jonathan and Antonella Noya. *Entrepreneurship : A Catalyst for Urban Regeneration.* **Organisation for Economic Co-operations and Development (OECD), Local Economic and Employment Development, 2004.**

- This is a great resource for articles on economic development through encouraging minority-owned micro-enterprises.

"Retail Development Strategy for Rainier Valley." An Economics Corporation report for the City of Seattle Office of Economic Development. December 2009.

- Often referred to as "the Retail Study", this is the report to inspire further research into economic development strategies for Rainier Beach including the present report on technical assistance and the attached works by James Bush and John Vander Sluis.

Appendix B: Interview List

Name	Organization	Contact Info
Lenders/ TA Providers		
Greg Anderson	Rainier Valley Community Development Fund	722.5208 ext102
Alice Davis	Community Capital Development	206.324.4330. ext 100
Paul Hirz	SCORE Seattle counselor	pauld@Hirz.net
Roger Winter	SCORE Seattle Chair	rwinter333@aol.com 206.948.8907
Darlene Robbins	SBA- Seattle	
Cheryl Sesnon	WA CASH	cheryl@washingtoncash.org
Jim Thomas	Community Capital Development	206.324.4330 ext 108
Mike Skinner	Start Zone, Highline CC	206.878.3710 ext 334
Carole Butkus	CCD- Women's Business Center	206.324.4330 ext 103
Community		
Kristin Pula	HomeSight/MLK Business Association	206.723.4355
Quang Nguyen	Chinatown/International District PDA	206.624.8929
Abdilli Ahmed	African Business Association of Seattle	206.290.9497
Abdul Yusuf	African Business Association of Seattle	206.551.2600.
Michael Verchot	UW Foster School of Business	206.543.9327
Pat Chemnick	SouthEast Effective Development	pchemnick@seedseattle.org
Susan Davis	Rainier Valley Chamber of Commerce	susand@rainierchamber.com
Businesses		
Rainier Valley's Best Cleaners	Chinese American-owned	Rainier Beach
Thai Video	Thai American-owned	Rainier Beach
Papa Jones BBQ	African American-owned	Rainier Beach
La Tienda mi Pueblito	Latino American-owned	Rainier Beach
International Market	Somali American-owned	Othello

Abdul Yusuf's Auto Sales	Ethiopian American-owned	MLK Way
Evergreen Timber	Vietnamese American-owned	Rainier Beach
Other		
Brigitte Gavin	Corporation for Enterprise Development	bgavin@cfed.org
George Sharp	WA Dept of Commerce	george.sharp@commerce.wa.gov
Tina Vlasaty	City of Seattle OED	tina.vlasaty@seattle.gov