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Micro-businesses grow macro economy

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Most of us muse about that business idea we have had for a long time or about quitting our 9-to-5 jobs and working for ourselves, but few of us have the entrepreneurial spirit to take that risk. Nevertheless, barbershops, corner markets, boutiques and repair shops with fewer than six employees are not only the cornerstones of our neighborhoods, they are also the foundation of our economy.

Most people think of big business when they think of our economic power; however, micro-businesses such as those mentioned above are the real engines. October is California's first-ever Microenterprise Development Month. Much of the talk around business here focuses on big business and ways to entice companies to set up their headquarters in the Bay Area. But a report from the California Association for Microenterprise Opportunity shows that 77 percent of all new employment growth in California between 1999 and 2003 came from micro-businesses. This is a call to action to all Bay Area residents to spend the same energy supporting our local micro-enterprises: Let's devote the same training and lending that helps them get off the ground that we spend on wooing big business.

Thirty years ago, Muhammad Yunus started the Grameen Bank in Bangladesh to provide small amounts of credit to the poorest of the poor in rural Bangladesh. The result was that thousands of poor people started businesses and moved out of poverty. The success internationally inspired a parallel movement in the United States that has been highly successful in training and providing credit for low-income people, generally women and minorities. People still think of micro-enterprise in international terms, but we have local resources helping low-income people start micro-businesses that flourish in our own neighborhoods.

Low-income people often have great skills and creativity to offer our marketplace. We all miss out when they are underemployed. For many people, traditional employment will never get them out of poverty; they are the working poor. They have used their strong entrepreneurial instincts to make ends meet, yet they want something better for themselves and their families. So, they build jewelry-making businesses, child-care services, cleaning companies, specialty services and products, often starting their enterprise while they still have a full- or part-time job. The majority of all new micro-enterprises are started by women and minorities. They are the future of our economy and of the Bay Area.

By supporting small businesses, restaurants and home-based businesses with training to build successful, sustainable and smart businesses, we can ensure a more stable foundation for our local economy and enjoy vibrant neighborhoods that define our cities. At the same time, jobs are created for people who are often on the financial fringe of our society. **Women's Initiative for Self Employment**, a Bay Area micro-enterprise training and lending organization, reports at least 150 new jobs created by graduates of their training within the last year alone. Every one of these graduates was low income at entry. In fact, women who graduate generally double their income within 18 months of graduation.

The ideal landscape for the Bay Area is one where small, unique businesses flourish. Public officials and chambers of commerce could do more to recognize the importance of micro-businesses and the significant numbers of jobs they create. As a recent national study for ReclaimDemocracy.org showed, \$100 spent at a national retailer yielded a return of about \$15 to the local economy. When that same \$100 is spent with a local retailer however, \$45 is returned to the local economy. Despite these numbers and the documented success rates of programs providing support to this new generation of entrepreneurs, national funding has plummeted -- including important grants from the Small Business Administration.

It must be noted that the city of San Francisco has remained a supporter despite these trends and national pressures, but we all can do more: Buy local, support micro-enterprise training organizations by volunteering your business expertise and donating money to expand training programs. Celebrate the diversity and culture that these micro-businesses bring to the Bay Area. We will all be richer for it.

*Julie Abrams is executive director of the **Women's Initiative for Self Employment** (www.womensinitiative.org).*