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Micro-enterprise business Ricos Tacos Dona Mari opens in the Oak View neighborhood of Huntington Beach, California

You Have to Scale Down Before You Can Scale Up: *A Micro-Enterprise Story*

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Introduction

When Margarita got pregnant at 17, she was told by many she would not amount to anything. Proving her critics wrong, she graduated from high school on time with a close-to-perfect GPA. That was just the beginning. Now, at 20, the budding entrepreneur is engaged, a college student, and—with the help of a micro-enterprise program run by Oak View Renewal Partnership (OVRP)—the business manager for her family's newly incorporated small business.

A high teenage pregnancy rate is only one of the many challenges facing the Oak View neighborhood in Huntington Beach, California. "Surf City USA," as it is known,

epitomizes the suburban-meets-beach lifestyle of Southern California. The one-square-mile, 10,000-resident neighborhood is centrally located in the city, but is hidden by a busy business corridor on one side and an industrial zone on the other. Though it is encircled by more affluent neighborhoods, Oak View has not ridden the wave of economic success that the rest of Huntington Beach has enjoyed.

The neighborhood, though on the rise, has struggled with a multitude of problems over the years, including gang activity, high unemployment, low incomes, overcrowded and unfit housing, a significant high school dropout rate, and a generally low level of educational achievement. The community hit a low point in violence

and public safety concerns when its police substation was firebombed April 30, 1992—the second day of the Rodney King riots. Following this incident, however, a community-policing model introduced in the 1990s eventually prevailed in significantly reducing crime and gang presence. This relative stability paved the way for additional services and improvements in education to take hold. Increasing collaboration between residents and neighborhood organizations brought about the success of individuals and families, as well as measureable improvement across the spectrum in Oak View in public safety, health, education, employment, and housing. Yet with all the progress that had been made in public safety and access to services, there remained a shortage of long-term, systemic community development efforts in the neighborhood.

Developing the Oak View Renewal Partnership

In 1997, Jack Shaw, retired vice-chairman of Deloitte and a resident of nearby Newport Beach, was looking for a way to get involved in crafting such community initiatives. Inspired by Eugene Lang's work in Harlem and the subsequent "I Have a Dream" Foundation, Shaw and his wife, Ellen Shockro, a college professor, started a similar academic program in Oak View called El Viento Foundation. Lang popularized the approach of pairing long-term educational enrichment with an eventual college scholarship: a child must be ready to succeed for a scholarship to make a difference. Today, the program in Oak View is still going strong and its first members, who started as fourth graders in the late '90s, are now finishing college.

El Viento's success led Shaw to consider the overall condition of Oak View and why, after the delivery of millions of dollars in social services, it was still mired in poverty. Shaw realized that the focus of all the money and initiatives mainly fell on individuals and families rather than the community at large. This observation was the impetus for the Oak View Renewal Partnership (OVRP). Spearheaded by Shaw, the place-based nonprofit was formally constituted in 2006 to help close the gap between Oak View and the rest of Huntington Beach through community-development initiatives.

OVRP's efforts have included a youth soccer league, mobile medical clinics, farmers markets, community gardens, community cleanup, and afterschool programs. By 2011, the needle was moving in Oak View: per capita income, school test scores, and education-level attainment, among other indicators, showed increases, while the incidence of property damage decreased.¹ These modest gains marked community-wide improvement. The temptation at this point for OVRP was to scale up its existing initiatives, both within the community and outward to similar communities.

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However, improvements in these indicators could not obscure the realization that the gaps between Oak View and surrounding neighborhoods would never be significantly and sustainably narrowed until Oak View saw a considerable and sustained upward shift in its employment rate and per capita income. The 2011 data show a 48 percent employment rate and a per capita income of \$16,700 in the neighborhood, compared to 60 percent and \$31,400, respectively, for Orange County.²

With these disparities in mind, the mantra around the office became, "You have to scale down before you can scale up," and OVRP went back to the drawing board to address Oak View's most pressing need: jobs. OVRP staff selected employment as its key focus issue after door-to-door grassroots surveying verified its importance among residents, and also identified the specific needs residents had in regard to improving their employment prospects.

Thus, OVRP's most ambitious undertaking so far—its comprehensive Workforce Initiative—currently addresses multiple needs: case management; job readiness, training, and placement; and alternately, for residents interested in starting their own businesses, a Micro-Enterprise Development Program.

All aspects of the Workforce Initiative are producing early results and important lessons, but the development of the Micro-Enterprise Development Program best illustrates OVRP's approach and growth.

Best Practices: Building Partnerships, Leveraging Multiple Initiatives, and Engaging the Media

As it developed its Micro-Enterprise Development Program in 2011, OVRP partnered with Goodwill of Orange County, which had existing training available around micro-enterprise. An agreement was struck to hold classes within Oak View in order to ensure accessibility for residents, thanks to in-kind space provided by the local elementary school and school district. In late 2011, ten residents completed the first iteration of the 15-week program. It was offered again in 2012, with ten more completing the program, and a third iteration is scheduled for later this year.

At the end of the first session, one of the prospective businesses stood out as the most prepared to move forward. It would become Ricos Tacos Doña Mari, a



*Micro-enterprise business owner
Margarita Ruiz of Ricos Tacos Dona Mari*

Photo credit: Michael Connors

family catering business run by Margarita and her parents, Maria and Juan. OVRP could have decided to simultaneously help many businesses get off the ground from the first group who completed the training, but OVRP ultimately chose to begin with a single-business pilot. Consistent with the scaling down approach, the idea was that additional businesses would most effectively be assisted by OVRP in the future if they could first focus on the key factors that enable a business to thrive and develop a set of best practices around lessons learned. Even though OVRP is only formally involved with one business at this time, many of the program graduates are moving forward with their businesses independently.

OVRP turned to additional collaborators to help make the family's dream a reality. Prior to starting the Micro-Enterprise Development Program, they had been running a fledgling catering business within the neighborhood. Some of the challenges now were licensing, incorporation, bookkeeping, and marketing. OVRP helped them navigate the licensing and incorporation process. Employees from Wells Fargo, one of OVRP's primary funders, generously donated their time to mentor the family in financial and administrative matters. And a local marketing firm offered pro-bono services to create professional collateral.

At the same time, OVRP was operating a farmers market in Oak View, and Ricos Tacos Doña Mari initially launched as a food vendor at the market. This turned out to be a critical step for the business because of the ready-made customer base, and as a result, built the confidence of the first-time business owners. This initial positive experience in their own neighborhood propelled them into independent catering jobs across the county.

In this way, OVRP's multi-initiative approach has been advantageous. OVRP did not necessarily plan to plug the micro-enterprise pilot business into the farmers market, but it happened to be the perfect launching point for Ricos Tacos Doña Mari. OVRP has discovered that over time, systemically focused organizations can be particularly successful running multiple interrelated initiatives simultaneously. This strategy requires flexibility and adaptability, but produces greater opportunity for cross-pollination, or integration of initiatives, making them stronger and more sophisticated overall.

Today, Ricos Tacos Doña Mari is flourishing. The family reports that before they completed the Micro-Enterprise Development Program and the incorporation process in mid-2012, revenue was only about \$200-\$300 a month. Since then, it is averaging over \$1,000 a month, operating primarily as a weekend business that supplements their regular household income. The family plans to continue growing the catering business, so they can someday leverage it into a restaurant.

The final, but certainly not least important, component for success is effective media outreach. Since late 2011, OVRP has taken a professional and deliberate approach to media relations across all its initiatives. It starts at the top with the board of directors, which has a communications committee to plan efforts. At the staff level, output includes consistent media alerts, press releases, media kits, invitations to events, and lunch meetings with individual reporters and editors.

Traditionally, media relations has been something of an afterthought for some nonprofit organizations. Executive directors may sometimes categorize it as part of overhead, where it may be overlooked. Or the responsibility for media outreach may be designated as an additional task for an already overworked staff member with no communications experience—whose inadvertent errors could lead to disastrous media gaffes. For these reasons, and due to its perception as a high-risk endeavor, organizations may not fully pursue or may even actively avoid media opportunities. OVRP, however, feels that nonprofits that are ambivalent toward or eschew the media do so at their own peril. OVRP considers the media to be an important outlet through which it can communicate its work to the public, and this attitude has paid off. The organization found it beneficial to enlist media professionals to develop and carry out its plan. These individuals are able to foresee vulnerabilities and to mitigate unintended consequences. Since OVRP started sending press releases in May of 2012, highlights include five front-page local newspaper stories; a story in a national on-line publication; and even coverage on TV news in Los Angeles, one of the world's biggest media markets. The latest front-page story was on the Micro-Enterprise Development Program and Ricos Tacos Doña Mari, which should help strengthen the program and the business even further.

Anecdotally, morale is up among residents, and OVRP has more name recognition due to the media coverage. Most importantly, the coverage is helping in the ongoing effort to break down the isolation between Oak View and the rest of Huntington Beach. Some from outside the neighborhood have even said that they have gotten involved in Oak View due to the media stories. Quantitatively, since implementing a media plan, OVRP's funding is up 39 percent; name recognition and communication of accomplishments have indirectly enhanced fund development.

Lessons Learned

Some time ago, one of our board members remarked, "Money is the easy part." This is not to be taken literally, because OVRP has had to work extremely hard for its funding, and it is currently hoping to attract a national foundation so all aspects of the Workforce Initiative will be realized. Rather, what the board member meant was that

leadership and capacity building should be the top priorities for an organization like OVRP, which in turn should help funding to more easily fall into place. He noted that there can in fact be additional money on the sidelines in some cases, because funders often hold back until they are convinced that an organization has the leadership and capacity to make good use of the financial resources.

This focus on leadership and capacity is another reason OVRP decided to scale down by starting with a pilot business in its Micro-Enterprise Development Program. Capacity was redefined as building partnerships, not building the size of the program. As mentioned earlier, Wells Fargo, Goodwill of Orange County, and a local marketing firm partnered with OVRP to develop the pilot business. In regard to leadership, OVRP focused on managing a tight network of the partners and pilot business. In addition to internal leadership, external leadership is stressed: the Micro-Enterprise Development Program's model requires a business manager for each enterprise. OVRP discovered that it is crucial to scale down and focus on leadership and capacity, so that when the time comes to scale up, your initiative will be highly attractive to funders.

Another lesson learned is the importance of being place-based. This is not a new concept in community development, but the Micro-Enterprise Development Program serves to reinforce this lesson. OVRP feels strongly that the partnership would not have come together and the successful pilot business would not have been formed had it not been for the place-based emphasis. It went all the way back to the initial partnership with Goodwill of Orange County and its agreement to offer the program in the Oak View neighborhood. In other words, initiatives should engage residents where they are. Typically, potential program participants work long hours, are raising families, and do not have adequate transportation. Even bus fare can be a burden, so an easily accessible program location is critical to an initiative's success.

The importance of agility also tops the list of lessons learned. OVRP, by design, is a lean nonprofit. In fact, its executive director position is its only full-time permanent position. The nonprofit also has two full-time AmeriCorps VISTAs, three part-time employees, and one part-time contracted position. The aim of this staffing strategy is to leverage partners and resident leadership, instead of becoming a large organization. OVRP's goal is to eventually put itself out of business when the neighborhood becomes self-sufficient. This will never happen if the nonprofit becomes an entrenched neighborhood institution.

Another aspect of agility is OVRP's funding stream. From the start, the nonprofit made the decision not to apply for public funding, instead relying on grants from corporate and family foundations. The primary reason for this decision was to "make the pie bigger." OVRP does

not wish to compete with existing neighborhood organizations for limited public funding. A secondary consideration was to avoid tax-payer support of programs that some may find controversial. But the decision also resulted in more agility. Grants for public funding can be relatively laborious to administer and may restrict programming. The advantage of private funding came into play with the Micro-Enterprise Development Program. After the first iteration, Goodwill of Orange County could no longer offer the program. Because most of OVRP's funds are unrestricted and internal bureaucracy is minimal, OVRP was able to contract directly with the instructor to continue the program for additional sessions in the neighborhood, seamlessly avoiding a potential pitfall.

The final, and perhaps most important, lesson is the importance of amenability. The program accommodates residents' needs, yet expectations remain high. Small examples include allowing some room for tardiness and absences. Again, because most residents in Oak View lead extremely challenging lives with many competing demands on their time, their involvement in OVRP programs can be tenuous, and a hardline approach could turn them off for good.

This emphasis on amenability resulted from a hot-but-ton initial discussion of English-only instruction. Some in the conversation insisted such instruction would highlight the importance of learning English to succeed. A second consideration was the potential controversy of holding the classes in Spanish. But English-only was not realistic if the program was to include those from the entire neighborhood, as a high proportion of middle-aged and older residents do not speak English fluently. In the end, the decision was made to offer instruction in Spanish, so that all of those who were interested in the program could participate. Organizationally, this was a bold move, and one that

was not made without a sense of conflict, because OVRP still believes that it is important for all residents to learn English. However, being amenable to the reality of the neighborhood's situation and needs allowed the program to move forward and take hold in the community.

Conclusion

OVRP prides itself on being a grassroots organization that is in touch with the residents of Oak View. However, an anecdote from Ricos Tacos Doña Mari's development shows that even OVRP can miss what is most important to residents if it does not pay attention.

The business recently had the privilege to take part in Taste of Huntington Beach, a prominent local event that showcases the city's best restaurants and catering companies. One of OVRP's staff members who could not attend saw one of the family members in the neighborhood the next day and was quick to ask her how it went: Did people like the food? Did a lot of people take your card? Do you think you will get a lot of catering jobs from it? While these were important questions in light of the family's hard work building their business, they were not the only outcomes that the family member wished to focus on. She wanted to talk about how fun it was and the antics of the attendees who, in addition to the food at the event, were enjoying the beer and wine. And she concluded, "The best part was seeing my parents having a good time. They like living (in Oak View), but they hardly ever get out of the neighborhood. They had a lot of fun."

Isn't that what it's all about? If we can move the needle and have fun in the process, there is no telling what can be accomplished. The lessons have now been learned from scaling down. It is time to scale up by developing more businesses in Oak View. **CI**

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