

Call to Action

Technical Assistance Certification

by Selma Taylor, Executive Director, California Resources and Training



Nationally, there is movement toward developing standards and performance measures within the nonprofit technical assistance (TA) industry. Both the National Community Capital Association, a trade association for CDFIs, and the Aspen Institute, a research institute studying the micro-enterprise field, are looking at ways to more effectively deliver and measure technical assistance services provided to small businesses. California Resources and Training (CARAT) is performing a similar function in California with the goal of helping TA providers better serve the growing small business community in this state.

CARAT was founded in 1995 as a private nonprofit to build capacity within the TA industry in California. CARAT's creation coincided with the formation of CEDLI, the California Economic Development Lending Initiative, a statewide for-profit multi-bank CDC that specializes in lending to small businesses and community organizations. Although separate organizations, CARAT (the nonprofit TA capacity builder) and CEDLI (the for-profit lender) both evolved out of the same three-year planning process—which involved foundations, community organizations, bank regulators and financial institutions.

From the beginning, one of CARAT's primary goals has been to develop performance standards for technical assistance providers through the development of a statewide Technical As-

sistance Certification Program (TACP). We are pleased to report on its progress so far and to share the direction for future action by CARAT and others.

In early 1997, CARAT surveyed 34 banks in California to determine the need for technical assistance certification. Sixty-one percent or 21 banks responded. Fifty-seven percent of the respondents felt there was a need to raise the standards for TA providers and sixty-six percent indicated that a formalized certification would be useful. This initial bank survey resulted in the development of a pilot Technical Assistance Certification Program (TACP) designed to assess the capacity of nonprofits delivering technical assistance to the small business community and identify performance indicators that impact the quality of service delivery. These performance indicators form the baseline standards that will be used to certify technical assistance providers.

PILOT TECHNICAL ASSISTANCE CERTIFICATION PROGRAM (TACP)

In this pilot TA assessment program, CARAT performed in-depth evaluations of ten business assistance providers—five in Southern California and five in Northern California—using a customized assessment questionnaire.¹ The question-

¹ A final report that describes the assessment methodology, organization background, client demographics as well as detailed findings is available from CARAT at (510) 267-8994 or via email at training@caratnet.org

naire was augmented by interviews with the program directors and business consultants of the TA organizations on the following key business areas:

- **Organization Overview and Management**—including organization background, finances, constraints and allocation of time;
- **Consulting Services Quality** including staffing, service deliverables and products;
- **Impact of Services**—including monitoring results and measuring impact and efficacy of services.

Result Findings and Recommendations
Results of the pilot TA assessment reveal that there are eight **performance indicators** that determine the ability of TA organizations to fulfill their missions and measurably impact the operating performance of their small business clients. The following section identifies these indicators and offers recommendations for overcoming them. Many of these recommendations provide meaningful opportunities for banks to make a direct investment in the capacity building of organizations in their communities in the form of professional training, internal systems automation and advisory board participation, to name a few.

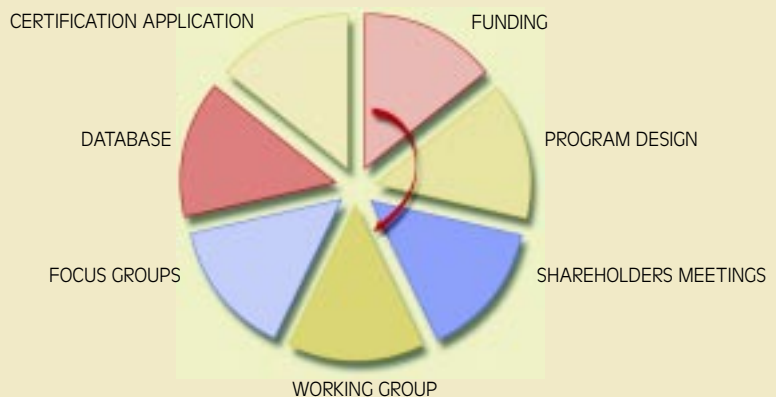
- **Impact of Funding Sources**—Funding is a universal constraint preventing the TA providers from achieving their missions. Because of the chronic dependence on government funding, TA providers are forced to operate with scarce and highly-leveraged resources. Without a more diversified funding base, TA providers become subject to the shifting priorities of government funding, which leads to a “treadmill” effect forcing TA providers to operate at a subsistence level that hinders achievement of a higher standard of service delivery. *TA pro-*

viders would benefit from diversifying their funding base by developing a marketing program for fund development that includes private sector capital as well as fee-based services.

- **Business Planning for the Organization**—There are discrepancies among TA providers with respect to business planning. Often TA providers set annual goals without a long-range plan for executing them. *TA providers would benefit from developing and implementing business plans that are readily updated and become part of their ongoing strategic planning process. Planning resource gaps can be bridged with active business oriented advisory board members and sufficient staff.*
- **Types of Services Requested and Types of Services Delivered**—In organizations with technical assistance as their primary focus, the TA services delivered generally match the types of services requested by small business clients except for technology-related training such as Internet and e-commerce. *In order to meet the market expectation that small businesses use technology routinely, TA providers will need to develop the knowledge, capacity, skills and/or talent banks to provide computer systems assistance in ways essential to the start-up, growth and expansion of clients’ enterprises.*

- **Professional Staff/Consultant Skills and Expertise**—A variety of staffing arrangements (i.e. full-time staff, part-time staff and consultants) are used to provide small business clients with professional TA services. *Providing training that enhances the skills of business counselors would enable TA organizations to attract and retain quality staff. The development and regular use of internship programs with universities and colleges could become an asset to the delivery of business assistance services.*
- **Internal Systems—Standards and Procedures**—For the most part, standardized pre-screening tools are used to qualify clients for service delivery eligibility. Initial “best practices” to automate standardized client intake and assessment processes and procedures are underway in a number of the TA organizations. However, the majority of TA organizations do not use standardized forms to for instance define scope of service or update client activity and are therefore not able to effectively track the counseling process over time. *TA providers can benefit from the automation of their services. Information received would be useful in ongoing case management, client profile analysis and measuring impact.*

Statewide Technical Assistance Certification Program (TACP)—Phase 1



- **Client-driven Services vs. Case Management Strategies**—Average client caseloads vary widely. The majority of business assistance organizations do not utilize formal case management strategies. Most TA processes are client-driven which means that the client requests each and every consulting session. Our assessment indicates that this results in lower client retention. By contrast, the systematic use of case management strategies is known to produce higher client retention. *TA providers would benefit from standardized scope of services and other formal case management strategies.*
- **Work Products**—For the majority of the TA organizations, quality control of their work products is informal. Loan packaging preparation and documentation appears to be the most consistent work product. There is a need for substantial intervention by TA providers in developing other work products such as business and marketing plans. *TA providers should provide clients with formats for generating work products and routinely engage them in a process of learning by doing. There is a need for business counselors to help clients bridge skill gaps with “hands on” assistance.*
- **Client Evaluation and Actual Impact of Services on Clients**—The majority of clients indicated a high level of satisfaction with services received from organizations having technical assistance as their primary function. However, limited resources impair the ability of TA providers to assess the long-term impact of their client services. *TA providers should establish formal procedures to measure client satisfaction and evaluate over time the actual impact of services on the performance of the businesses served.*

TACP IMPLEMENTATION

A working group of TA professionals and public and private sector funders has been assembled to develop certification criteria and a certification process. The working group will use the performance indicators outlined above as the platform for developing evaluation criteria for TA provider certification.

We are seeking volunteers from the banking and TA community to participate in focus groups to provide feedback on the certification criteria as it is developed. These focus groups will meet in various locations throughout California during the first quarter, 2001. Comments from the focus groups will be incorporated into the design of the statewide technical assistance certification program.

Bank participation in this certification process makes good business sense for both the TA providers and the banks. Assuming that our working hypothesis is correct, namely, that appropriate technical assistance can mitigate the risk of lending to a small business, then banks have a vested interest in encouraging certification and building capacity among TA providers. To that end, CARAT invites you to participate as a sponsor, focus group participant or both to ensure that your needs are addressed and your ideas are considered. We are also seeking financial investment from banks to assist in implementing the statewide certification program for the ultimate purpose of enhancing the delivery of quality technical assistance.

Funding, staffing, technology constraints and the lack of familiarity of potential funders (e.g., banks, corporations, foundations) within the TA community are the primary constraints that impact the ability of TA providers to build capacity. This certification program will have a decisive impact on identifying and overcoming the constraints TA organizations face in upgrading the expertise of their staffs and improving the quality of technical assistance services for their small business clients. **CI**



ABOUT THE AUTHOR

SELMA TAYLOR joined California Resources and Training (CARAT) in 1996 as the executive director. CARAT, a private nonprofit corporation, is a statewide initiative designed to enhance community economic development in California. CARAT provides training and capacity building programs for business assistance providers throughout California. Ms. Taylor has worked as a technical assistance professional since 1978. Prior to joining CARAT, Ms. Taylor served ten years as the executive director of both the East Bay Small Business Development Center (SBDC) and the Center for International Trade Development (CITD) based in Oakland and serving the Bay Area. The centers provided technical assistance to over 5,000 small business clients during her tenure.

Ms. Taylor holds a masters degree in public administration and a bachelor of arts degree in political science from West Virginia University.