

## 2007 MicroTest Outcomes: A Summary of Microentrepreneurs and Their Businesses

Since 2003, MicroTest has conducted the only annual survey in the United States of the business, household, and individual outcomes of microenterprise program clients. The information includes: 1) the status of the client upon entering a microenterprise development organization (MDO) and 2) the client's status approximately one-year after receiving services. The result is a before and after snapshot of programs' clients. In 2007, MicroTest collected survey data from 34 MDOs nationwide that attempted to collect data on a sample of 3,484 clients. The surveys were conducted from June to September 2007, and resulted in 1,758 completed surveys – a 50 percent response rate.

The first section of this fact sheet provides a general portrait of the clients who received services from MDOs in 2005. The second section presents findings from the survey's major indicators; this section only includes clients who completed a survey.

***Upon Arrival for Services: Mostly Females and Minorities; Most Receive Business Training***

MDOs serve those who have difficulty accessing mainstream business services. Sixty-three percent of clients were female, and 64 percent were people of color or of other ethnic or racial minorities when they first entered the program in 2005 or before. MDOs offer a variety of

### 2007 MicroTest Outcomes Survey

#### Methodological Summary:

- Only clients, those who received significant services from the MDO (training, loan, grant, etc.) are eligible to participate in the MicroTest Outcomes survey.
- Only clients who received services in 2005 were eligible to be surveyed about their outcomes in 2006. The survey was conducted in 2007.
- Surveys were conducted in person, by telephone, by mail, and on-line.
- While this fact sheet presents longitudinal information on changes achieved by clients and businesses, there are no claims of causality or reporting of the net benefits of the microenterprise development organizations, because there is no comparison group data. There is evidence, however, that clients found value in program participation, and that the information and skills they received were used in running their businesses. As a result, it is likely that at least some of the changes observed are attributable to the services they received.

#### Diagnostics:

- 50% survey response rate
- 1,758 completed interviews
- 34 participating MDOs

#### Major Indicators:

- Business start and survivability rates
- Business growth
- Job creation from business
- Contribution to household income
- Health insurance status

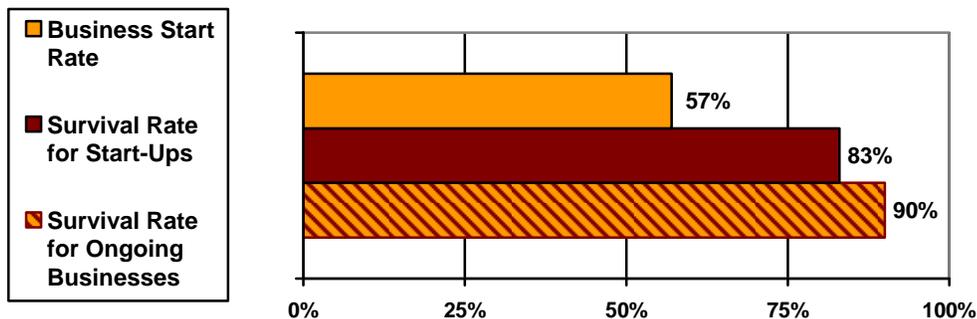
services to clients seeking to start a microenterprise. Table 1 lists the primary services captured in the 2007 MicroTest Outcomes Survey. Most clients received some training or technical assistance (TA), related to business development (87 percent) or credit (71 percent). Most loan recipients received only one loan, although multiple loans are common. Among the 34 MDOs, all organizations offered some form of training or technical assistance, 79 percent offered loans, and 41 percent offered grants.

Table 1: General Portrait of Client Characteristics, 2007	
Services received from MDO	% of clients who received service when offered*
Business Training or TA	87%
Credit Training or TA	71%
Microloan	54%
Grant	29%
Demographics	
% of clients	
Female	62%
Male	37%
Racial or Ethnic Minority	59%
* Not all MDO's offer all the services mentioned above. Percent of clients who received service refers to clients of MDOs that offered the service and whom received the service.	

**High Survival Rate among Existing Businesses**

Nearly six in ten clients who did not have a business prior to receiving services opened a new business. Those who had start-up businesses (under a year old) when they entered the program and those who had ongoing businesses (more than a year old) reported high survival rates of 83 percent and 90 percent, respectively. See Figure 1.

Figure 1: Business Start and Survival Rates



**Business Revenues Increase after Receiving Services**

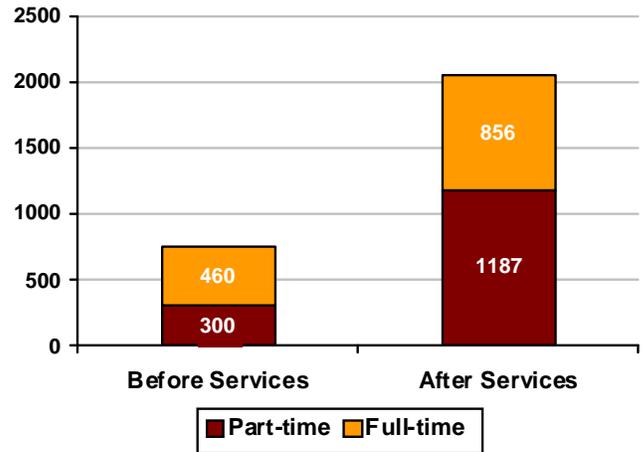
Revenues for existing businesses increased, with the mean value doubling and the median value almost doubling. New businesses reported mean revenues of \$95,000 and median revenues of \$24,000 at survey. See Table 2.

Table 2: Mean and Median Revenues by Business Status, 2007				
	Mean Revenue at Intake	Mean Revenue at Survey	Median Revenue at Intake	Median Revenue at Survey
Business at intake but not at survey	\$43,000	N/A	\$8,000	N/A
New businesses	N/A	\$95,000	N/A	\$24,000
Business at both intake and survey	\$87,000	\$175,000	\$27,000	\$40,000
All figures rounded to the nearest \$1,000				

**Microenterprises Create Jobs**

As businesses were created and grew, they generated jobs in their community. As Figure 2 shows, the total number of jobs increased from 760 before services to 2,043 after services. Thirty-four percent of existing businesses had employees prior to receiving services. Post-service, 36 percent of businesses reported having employees. In addition, 39 percent of new businesses had employees.

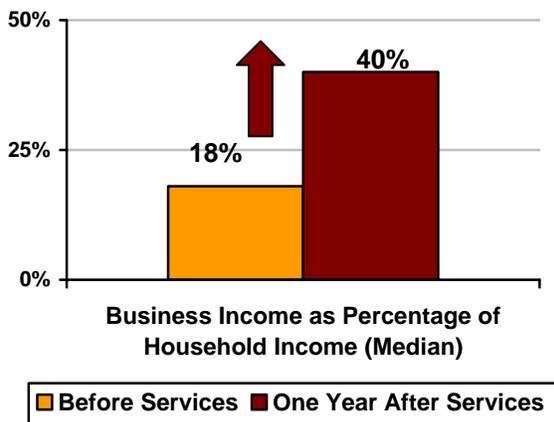
**Figure 2: Number of Microenterprise Employees (excluding owner)**



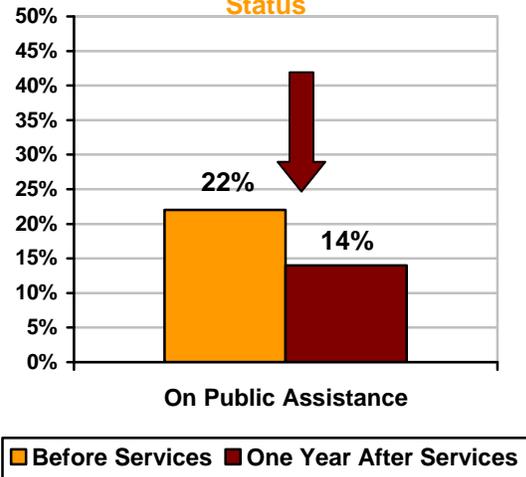
**Business Income Contributes More to Household Income; Public Assistance Down**

The median share of business income (as a percentage of household income) grew from 18 to 40 percent one year after services (Figure 3). The mean share of business income also increased less dramatically, from 32 to 39 percent. These data indicate that more entrepreneurs reported business income making up a higher percentage of overall household income. Additionally, lower rates of public assistance were reported – down by 8 percentage points, from 22 percent at intake to 14 percent at survey (Figure 4). At intake, 281 clients reported receiving public assistance benefits; at survey that number had dropped to 178.

**Figure 3: Contribution of Business Income to Household Income**



**Figure 4: Public Assistance Status**



### ***Most Clients Have Health Insurance***

Sixty-eight percent of surveyed clients reported having some form of health insurance in 2006. The plurality of those with health insurance received coverage through their job (32 percent).<sup>1</sup> Almost a quarter of clients (22 percent) reported receiving insurance through their spouse's job, 20 percent through a private policy and 12 percent through their own business. See Table 3.

<b>Table 3: Top Four Sources of Health Insurance</b>	
<b>Source of coverage</b>	<b>Share of Clients</b>
Through their job	32%
Through spouse's job	22%
Through private policy	20%
Through business	12%

<sup>1</sup> Forty-five percent of those surveyed had paid employment outside of their own business.

#### **Credits:**

**Author:** Tamra Theftord with assistance from consultants Karlo Marcelo and Ilgar Alisultanov

**Editor:** Carol D. Rugg

**Designer:** Colleen S. Cunningham

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#### **The Aspen Institute**

One Dupont Circle  
Suite 700  
Washington, DC 20036  
Phone (202) 736-1071  
Fax (202) 467-0790  
Web Site: [www.microtest.org](http://www.microtest.org)  
E-mail: [microtest@aspenninst.org](mailto:microtest@aspenninst.org)

The MicroTest Outcomes Fact Sheet Series reports findings from client outcomes data collected by a group of MicroTest member programs. The data include information on the changes clients have experienced related to their business, household income, wage employment, health insurance, and savings. The series provides a focused look at few major findings from this extensive annual data collection effort.

For additional information about MicroTest and data collected on the microenterprise field see: <http://fieldus.org/MicroTest/pubs.html>.

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